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Part III  
Asia and the Middle East

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# Alternative Priorities

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The correlation between security, democracy and development is a basic principle of modern political and sociological thought. To prioritize one at the expense of the others would be a wasted effort, since priorities are based on the specific conditions of different countries and their different histories. Problems of security and development can only be addressed together, in a comprehensive effort to face conditions that, on one hand, cause stability and instability, and, on the other, stimulate or hinder development.

This is why impartial and objective international cooperation is important. International cooperation should aim to remove the causes of violence and eradicate obstacles to the development of different countries, especially those with low development rates and scarce human and natural resources. The question of funding, including its standards and bases, can be fruitfully discussed only in this context.

In the last decades of the 20<sup>th</sup> century, reports from the UN and related entities confirmed that aid is not a charitable act in which the "rich brother" donates some of his money to the poor family. Aid is a duty

determined by the reality of human interconnectedness. Secondly, it is a political act that guarantees stability in international relations and allows the safe flow of commodities, capital, and labor (the latter facing constant discrimination and restraints), especially in a period that has seen the flourishing of the dictums of globalization and free trade.

## **Quick overview**

Globalizing the economy, however, undeniably leads to the globalization of security. Technological advances have also made violence more widespread and more deadly than in any other period.

The Arab region is an ideal example of the correlation between security, development, and cooperation. Its current problems should stimulate the search for solutions that would guarantee both stability and progress and enhance the prospects for democracy, human rights, and respect for the law. The international community, together with national and regional powers, can benefit from participation in this search.

The region – from western Asia to the whole of the southern Mediterranean coast

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— has witnessed a long chain of crises, wars, civil conflicts, and open disagreements between its different ethnic and sectarian components. Today, it faces a continuing wave of religious fundamentalism. In some circumstances, fundamentalism has been a carrier of legitimate resistance. But in most cases, it has created an ideological human resource pool for violence and terrorism.

The series of wars in the Middle East began with the creation of Israel in 1948 and continued in the trilateral aggression on Egypt in 1956, the Arab-Israeli wars of 1967 and 1973, the Israeli invasion of Lebanon in 1982, and the Iraqi wars against Iran and Kuwait in 1979-1989 and 1991, respectively, ultimately leading to the US occupation of Iraq. All these conflicts resulted in the reinforcement of two trends that have had a profound impact on the Arab situation in general:

**First:** Defense and security became a priority at the expense of development and social security. Military spending reached extraordinary levels in the countries on the front-line with Israel. Beginning in the 60's, it reached 30 to 40% of the total budget of Egypt until 1975, and in Syria, until today.<sup>1</sup> Even some countries relatively remote from the center of the Arab-Israeli struggle purchased billions of dollars worth of military equipment that they could not use. This increase was the result of concerns over Israel's possession of nuclear weapons. Due to the relatively modest budgets of productive installations, they were overshadowed by military spending that managed to consume large parts of produced capital. It is only natural that this situation reflects negatively on all development projects and impedes the possibilities for accumulation — a slow process to begin with.

**Second:** Political systems became militarized as a result of the nature of the leaderships that took power following military coups. This militarization has become a self-

legitimizing process, justified by nationalism and patriotism. Slowly but surely, state control over society has been legitimized, political and security repression increased, and despotism has become the political heir to the national liberation period that was coming to an end. State authority became a closed and concentrated power circle, overshadowing society and with no accountability. Democracy became formal, merely a mask to conceal authoritarian practices.

In the absence of oversight, especially by legislative bodies, the press, and civil society organizations, hypocrisy and duplicity thrived in politics. Slogans and promises were on one side and the miserable truth on the other. The thick curtain covering leaders and their actions also concealed a web of corruption and back-room deals, the squandering of resources, mismanagement, patronage and clientelism.

With the increasing awareness by the people of the issue, but with their inability to prevent it or take it into account, social values deteriorated. Public aspirations were lowered, social security institutions collapsed, political parties grew smaller, and culture was vulgarized. The "individual way out" became an alternative to development.

The high cost of war is known by Iraq more than any other Arab country. Following a period of various levels of hostility to its neighbors, the Iraqi regime began two open wars against Iran and Kuwait. The consequences of these wars lasted until the occupation of Iraq by the US and its allies. The cost of reconstruction, today handled primarily by US-based multinationals, is estimated at hundreds of billions of dollars. The war also did considerable damage to the economies of some neighboring countries (especially Jordan and Syria).

At the political level, the progress of the political process — building state institutions,

and increasing participation in various elections by active political forces and parties — has been linked directly to the improvement of economic performance and to development projects. The fact remains that instability in security and the terrorism of small religious groups is a real danger to Iraqi society. Even the resistance movement, with its focus on the forces of occupation, cannot make serious progress towards regaining independence and sovereignty without coordination with the democratic political movements that have a declared position on independence and without the maturity of an inclusive national awareness. The most dangerous consequence of terrorist activities is the possibility of an ethnic or sectarian breakup of the Iraqi entity and the social melting pot that had sustained its cohesion historically despite earlier calamities.

Many Arab countries suffered, and some are still suffering, from long civil wars (Somalia, the Sudan, and Lebanon). Some live in a state of political instability and insecurity due to ethnic, sectarian, and tribal conflicts. The direct results of these conflicts are the destruction of human and material resources and of social and political structures. The countries that survived the wars need extensive efforts for many years to recover. But this is only the visible part of the problem. Underneath, there lie backward allegiances that weaken the state, hinder civil society's impact, and attack the foundations of democracy. This is in addition to environmental damage, the absence of state control, the decline in social values, and the breakup of family relations and citizenship.<sup>2</sup>

### **Impeded development**

This miserable reality in the region accounts for the failure of development projects and the collapse of the economic and social

policies of Arab states in the post-independence period. All the three main models used to classify Arab political and economic regimes ended up failing to achieve the required development. Countries of the first model that followed the path of general developmental indicators and kept semi-despotic regimes intact<sup>3</sup> and countries of the second model that export oil, still depend on a rentier economy<sup>4</sup> based entirely or mainly on one product, oil. Their traditional social structures and the hereditary and lineage-based political systems are still intact, characterized by the absence of democratic practices and women's participation in public life. All these are factors that shackle development and impede growth. Those countries which chose to open up economically and politically to the West at an early stage, such as Morocco, Jordan, and Tunisia, despite some positive indicators in the past few years<sup>5</sup>, remain very far from any hope of achieving real breakthroughs in the development process, especially with their relatively high rates of population growth.

What makes these doubly pathetic is that the failures were not a result of lack of political awareness or of resources. The slogans of progress, freedom, and justice were part of popular awareness and of the programs of political parties for more than half a century. On the other hand, oil wealth, correctly managed, could have been a strong foundation for a thriving and multi-sectoral economy benefitting all Arab peoples.

In this regard, the occupied Palestinian territories are tragically unique. Following their re-occupation by Israel in 2002, based on [Israeli Prime Minister Ariel] Sharon's plans to destabilize the authority of the late Palestinian President Yasser Arafat, direct losses due to the invasion were estimated at a billion US dollars, just for that year. The rate

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of unemployment reached 60% of the workforce. Two-thirds of the population lived under the poverty line, estimated at three US dollars per day. Imports decreased by half and exports fell to a third. Industrial installations functioned at 20 to 30% of their capacity. Today, these figures are almost the same<sup>6</sup>.

## Required aid

This summary of the situation in the Arab region shows two facts:

**The first** is the fragility of the general political atmosphere in the region, its profound weakness in a large number of Arab countries, and the dangers of current or future instability.

**The second** is the setback in development processes or their reversal due to several reasons, one being the interlink between political stability and a steady, long-range development plan.

What role then do grants and aid play in this situation, and how are they perceived by both donors and recipients?

We can easily say that the main decisions concerning the quality of grants, loans, and aid and their criteria are made by the large institutions (the World Bank and the IMF) created following Bretton Woods, in addition to the WTO. These institutions are the main tool of the large global powers in dealing with poor and underdeveloped countries.

1. Arab oil-producing countries are the only Arab sources of grants, but they are still very modest compared to international donors. Total official Arab aid is less than that of Sweden alone.<sup>7</sup> The situation in Lebanon is symbolic. Lebanon is living in a state of a highly acute crisis and has a special status, with a high amount of consideration, according to the declarations of

leaders in oil-rich states.

Nevertheless, in its reconstruction plan of 2000, the country could source only 2% of the needed funding from grants and aid. In the plan for the years 2000-2007, the allocation was zero percent.<sup>8</sup> Arab aid, although very small, faces another obstacle that further weakens its efficiency: lack of planning. The Arab League is still failing to create a center for development efforts, or even an institution with the ability to develop economic strategies. Bilateral relations that control the issue of aid are based on a short-sighted vision and are meant to contain crises or to support immediate policies. Therefore, they suffer from discontinuity and unevenness on the side of the donors, and are misused by beneficiary regimes and authorities due to the lack of transparency and accountability and the ease with which laws are broken. Although some of these grants are merely "donations" to ease one's conscience (the feeling of those who provide quickly and with minimal effort), they have an important positive side. Unlike those provided by international organizations for example, these grants are not conditional, and the support is not linked to an implementation mechanism that serves the interests of donor countries.

2. At the beginning of the paper, there was mention of the perspective of the UN and related organizations concerning development in general, particularly the role of aid. Today, the UN's battle against poverty is

conducted on this basis. The number of forces and individuals that support this view is increasing, both in the North and South. Consequently, international aid has become more important and, step by step, an affective tool in the battle. From this long experience, it is clear that the most beneficial aid to developing countries is aid that comes from the side that has the lowest ambition for hegemony, and with the least inclination to invest aid in narrow political choices. In poor countries (the South in general), especially in Africa, responsibility for backwardness is seen clearly as that of European colonialism. This idea converges with the theory that sees the disparity of progress between the capitalist centers and the backward peripheries in the current order as a result of the logic and mechanisms of modern capitalist accumulation. These countries consider aid as very minor retribution for the sins of the past, and some of those that continue in the present. The United States, along with a number of major contributors in international aid, looks at the situation pragmatically. Aid is a tool that has its own logic. It should be used to serve the neo-liberal project — there are minor disagreements, of course, but the key phrase is “the free market”. If this goal happens to agree with positive development standards, needs and virtues become tied together. If not, then we should sacrifice for the most important goal: free trade, freedom for capitalism, and freedom for large companies.

### Where does this vision appear in the aid provided to the region?

During the Cold War, aid was part of political, economic, and ideological investment in the struggle to “win over the world”. Both the US and the USSR were forced to be lenient, allowing beneficiaries a wider margin of freedom in planning and envisioning benefits from external aid. After the collapse of the Soviet Union, the US changed its goals but the political logic of aid only saw formal and minor changes. The fixed foundation remains as that of serving the economic and political strategies of the lone hegemon: aid is given, or stopped, based on the willingness of the beneficiary to succumb to structural adjustment needs, both at the economic level as well as at the level of political choices. This is done through a list of conditions presented by “friendly” donor institutions. This is the tried and tested policy of “the carrot and the stick”.<sup>9</sup>

In the Arab region, “opening-up” has been the axis used by the US and Western aid strategies since the 1970s. This was on two interlinked levels, economic and political:

#### The economic level

Opening-up had to include the freeing of trade and currencies from restrictions similar to those in so-called socialist experiments. This means:

1. Reducing the size of the public sector in an effort to eliminate it completely, if possible, and removing economic policy-making from the hands of the state.
2. Using privatization as an alternative approach in productive sectors, even those considered as public services, such as transportation, energy, telecommunications, and health.

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3. Weakening the social and political weight of labor, including public employees, in relation to capital through new types of contracts, reducing the role of labor and professional unions, and marginalizing political forces that defend the rights of workers and marginalized segments.

In spite of the apparent failures of development efforts based on these principles and the regression of economic performance indicators (as in Egypt and Algeria in the 1980s), neo-liberal circles still insist that the mistake was not in the policy of openness, but in the fact that it was not done in a complete and immediate manner.

Similar to today's globalization strategies, "opening-up" neglects the social dimension and its political impact. The poor who know that they "give society much more than their share in wealth" are in an ever increasing crisis. The state has provided some protection for these segments, but the decline of the economic role of the state results in a decrease in its ability to influence the distribution of income. The weak are thus alone in facing a bleak destiny that pushes them into despair and social explosion.

## The political level

For the United States, the concept of "opening-up" goes hand in hand with the resolution of the Arab conflict with Israel. The relation with Israel is an indicator for the relation with the rich and civilized world: following their peace agreements with Israel, economic aid to Egypt and Jordan increased dramatically. Today, following each step towards an "agreement at all cost", Palestinian moderation is rewarded with a lot of promises, but trickles of support. But even this becomes cause for intimidation following any attempt at an independent

position on the peace process. The Palestinian Authority is held responsible for the acts of its political opponents.

On the other hand, Israel receives more than 5 billion US dollars of aid every year from the US alone, without any political or economic conditions. Here, economic experts do not intervene to give advice on privatization, even though the public sector in Israel has a strong weight in major industries (especially the military industry). The US administration does not pressure Israel to implement UN or UNSC resolutions, as is the case with other countries, nor to cease violating the right of self-determination of the Palestinian people, or even their basic human and legal rights.

## Drying-up the well of terrorism

Currently, a new goal is included in the political priorities of the US and the international community: drying-up the well of terrorism — according to George W. Bush. The truth is that after the crime of 9/11/2001 and the consequent terrorist attacks on European and Arab countries, terrorism has become a real danger to global security.

Terrorism is a form of rebellion that takes the ultimate form of violence against those perceived as enemies, without discrimination between the innocent and the guilty. (For Al-Qaeda, as an example, and as mentioned by its leaders, the West, as a whole, becomes the enemy. There is no difference between a military leader and a tax payer). This is exactly why terrorism should be condemned and why resistance against occupation and targeting occupation forces should be justifiable. Terrorism is not a legitimate progeny of any religion or ideology. At the same time, it does not appear out of nowhere. It is the result of the accumulation of many factors, namely feelings of profound injustice and being



unable to achieve change through legitimate means. To justify its violent methods, terrorist forces opt for their own explanations of religious teaching, for example, or of revolutionary theory, in the most closed and adversarial manner.

The question remains, how can we get rid of terrorism? And, is facing the results enough to remove the cause?

Facing the challenge head-on, such as breaking up networks, assassinating leaders, and removing funding sources cannot solve the problem. These can always be rebuilt or replaced. But to eradicate this phenomenon, there needs to be another type of challenge. I will give one example. Israel's refusal to abide by international resolutions does not result in US pressure or any threat of any kind. On the contrary, it is rewarded with tolerance and understanding by the US administration and other Western powers. Can a Palestinian or Arab citizen, thus, not feel blatant discrimination in the actions of the international community? Can this discrimination not produce the sentiments of anger and rebellion, even against the legitimacy of the international community itself? That is why those who know the depth of the problem in the region see that a just solution to the Palestinian cause is essential in the fight to eradicate terrorism.

Seeing this side is not enough. What is also required is to open up the horizon for hope in the future through improving the living conditions of people and respecting their right by establishing real developmental processes. Here, democracy plays a pivotal role. When some political forces, including those with a religious background, were barred from their share in power, their popular support did not diminish. This ban, nevertheless, increased their tendency towards violence. The experiences of Algeria and Egypt are prime examples of this fact. On

the other hand, the democratic solution chosen by Turkey, for example, reinforced moderation in Islamic circles, and blocked the path, until now, of violent choices.<sup>10</sup>

If the use of force and pressure does not remove the roots of terrorism, then using economic might for political manipulation almost always results in the opposite of what is aimed for. The best example is the economic embargo on Iraq. The sanctions did not weaken the oppressive regime in Iraq. They did not form popular resentment into an act of political change. What happened was the opposite. The leaders of the regime were living in luxury, while the people died quietly due to excessive repression. Children died due to lack of medication. This resentment was channeled against those considered to be responsible for the famine, meaning those countries that imposed the sanctions. The conditions for a future explosion lay between desperation and the build-up of pressure.

### **Cooperation between nations: a new order**

If the world's rich are seriously convinced that aid is not a coin that is thrown to a beggar on the sidewalk, if they believe that contributing to comprehensive human development is a responsibility and duty to allow "neighbors in one world" to live in peace, and if backwardness and despair are the repository of conflict, the causes of terrorism, and the land of bigotry and isolation, then there is a need to find another system for aid based on different types of strategies:

**First:** Aid should complement local development plans. This requires rising above "national" obstacles hindering these plans, such as lawlessness, the absence of democracy, and the prevalence of corruption, in addition to the lack of expertise and

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scarcity of technology. If conditionality is on issues such as the freedom to vote, the right of expression and belonging, and the independence of the judiciary, rather than on privatization and the removal of subsidies that support basic services, then, the aid regime could become the developmental lever needed badly by poor countries.

**Second:** Local development plans should answer the needs of the majority of the population that lives below the poverty line in most countries in the South. External aid in support of these plans will contribute to raising the living standards of real people, and not merely raise general economic indicators that benefit only a minority.

**Third:** The aid regime should be removed from its biased political use in international relations. It will then gain the credibility of human duty and responsibility for world peace. Using aid to influence conflicts, no matter on which side, will only stoke the fire of violence and lead the disadvantaged to look for other sources (still available even in a unipolar world). The vicious circle continues in the

shape of wars and internal clashes. Linking aid to a just peace, based on international legitimacy, should make the ultimate goal nearer: ending the use of wars for political ends.

It could be useful to look into two practical issues related to aid in general.

The **first** is to continue demanding and exerting pressure on private capital to fulfill its responsibility towards development aid, through a UN agency funded by a tax on monetary exchange. No matter how small this tax, its impact will be enormous due to the size of the transaction in the global financial markets.

The **second** would be to consolidate aid, identify sources, sizes of grants, and their conditions, in specialized bodies wholly accountable to the UN. This will mean that big and rich powers should only use their wealth, accumulated through the efforts of billions of poor around the world, to serve goals with humanitarian dimensions, such as eradicating poverty, fighting disease, maintaining world peace, spreading democracy, and protecting the environment.

## Notes

<sup>1</sup> Bilan du Monde, Edition 2003, p. 116

<sup>2</sup> Hamdan, Kamal, 'Al-Azma Al'Lubnaniya' (The Lebanese Crisis), Al-Farabi, Beirut, 2001 (Arabic)

<sup>3</sup> For development indicators, please see Human Development Report 2005, UNDP, Beirut 2005, p. 17-21 (Arabic)

<sup>4</sup> 'Dirasaat Fi Al-Tanmiya Al-'Arabiya' (Studies in Arab Development), Center for Arab Unity Studies, p. 285 (Arabic)

<sup>5</sup> For each of the three countries, please see the Arab Economic Report by the General Union of Chambers of Commerce, Industry, and Agriculture in the Arab Countries, September 2005

<sup>6</sup> Bilan du Monde, op. cit.

<sup>7</sup> Human Development Report, op. cit. p. 287

<sup>8</sup> Arab NGO Network for Development, 'Post-War Lebanon', ANND, Beirut 2005, p. 34-36

<sup>9</sup> Edwards, Michael, Future Positive, London 2000, p. 111-127

<sup>10</sup> It is very important to follow the results of the latest elections in Egypt (December 2005) because of their impact on the political life of the country. With the Muslim Brotherhood gaining around 20% of the votes, this party became the main opposition force. The left opposition, on the other hand, along with the traditional opposition, lost some of their vital positions. Their share does not exceed 7% of the votes, including the various independent candidates.

# Nepal: The Militarization of Foreign Aid

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Attempts to establish a multiparty system within a constitutional monarchy in Nepal have been failing repeatedly since 1950, when the first multiparty constitution was introduced. The first general elections were held in 1958 with the promulgation of the second constitution, but the government was dissolved in 1960 after a coup by King Mahendra, who imposed a partyless Panchayat system that lasted till 1990.

Ruled since then mainly by the Nepali Congress and partly by the Communist Party of Nepal (Unified Marxist and Leninist), the country faced many problems. A succession of governments failed to introduce pro-people social and economic policies and to restructure the State security forces. They also failed to implement progressive land reform and to eliminate class and caste-based discrimination. Today over 70% of the 24 million population lives below the poverty line. The Communist Party of Nepal (Maoist) launched a Peoples' War in February 1996.

In an attempt to address the insurgency, the political parties made some efforts at peace through negotiations, but failed mainly due to the vested Indian and western

interests in Nepal. Instead of supporting the democratic processes, the US, the UK, Belgium, India and even China began to supply arms to the Royal Nepal Army (RNA) in the name of suppressing the Maoists.

King Gyanendra inherited the throne after the suspicious Royal massacre of June 1, 2003. He dissolved the elected government in October 4, 2004 with the support of the army. He assumed all executive power in February 1, 2005 and is now running the country despite the Supreme Court's declaration in February 13, 2006 that his rule is unconstitutional. The Maoists are in control of most of the country. The US is supporting the Royal military regime openly and has condemned the agreements between the political parties and the Maoists for a peaceful settlement of the existing crisis.

## **Military aid to Nepal**

Although direct foreign military assistance to the regime is not large, it is politically and symbolically significant. The US provided \$12 million in military support to Nepal through Foreign Military Financing (FMF). The amount is nearly 10 times what Nepal received in the decade prior to 9/11. Nepal has also

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received nearly \$0.4 million under the International Military Education and Training program (IMET), and \$3 million under Economic Support Fund (ESF) financing.

In 2003, Nepal was provided \$0.5 million in IMET, \$3 million in FMF and \$6 million in ESF. In 2004, Nepal was promised \$0.6 million in IMET, \$10 million in FMF and \$6 million in ESF. To give continuity to its military ties, the US compelled Nepal to sign an agreement with the US Government in April 2003 for the establishment of an anti-terrorist assistance program and to further expand the intelligence network.<sup>2</sup>

The goal is to prevent Nepal from falling into the hands of a Maoist government. But Nepal has also become a highly strategic location for the US, from where it can intensify its surveillance of China as well as India and Pakistan.

The US has thus become the biggest hindrance to a negotiated settlement of the present crisis. For example, the US is committed to increasing the numerical strength of the RNA from its present estimated number of 78,000 troops to over 200,000 in a few years time. This is opposed by many Nepalese who see no reason for maintaining a permanent army or any further increase in its size, and who believe that a civilian police force will be sufficient to maintain law and order.<sup>3</sup> The US is also opposing any involvement of the UN or EU in facilitating the peace process, and is insisting on the unity of the King and the parliamentary parties against the Maoists. And yet the parliamentary parties have declared their commitment to a pluralist republic by writing a new constitution through an elected constituent assembly.<sup>4</sup> The latest political development is the conclusion of the second agreement on March 19, 2006 between the seven-party alliance and the Maoists, which further emphasizes the need for the enforcement of the previously

agreed 12-point understanding dated November 22, 2005.

The US position is "no peace with terrorists." In 2004, the US also listed the Maoists as terrorists and provided the Nepal government another \$20 million in military aid to discourage peace negotiations. And yet, solving the conflict with the Maoists militarily is only a dream, and even if all the Maoists were killed, the basic problems of poverty elimination, democratization and social security will continue.

In the 1980s, the US provided aid in the western part of Nepal supposedly for integrated development, but grossly failed to deliver development. In fact, the division of the population into rich and poor that it created in that area is one of the root causes of the Maoist uprising.

The European countries' position towards the Royal military regime is different from that of the US and is rather constructive. Norway has reduced its bilateral financial assistance for 2006 by 15 million Kroner (10%), and has terminated its support for the controversial Melamchi Water Supply Project. It has not entered into any new agreement except for the ongoing Education for All Programme (EFA). Norway has also decided to "focus on effort[s] to promote democracy and human rights, including support to the United Nations Office of the High Commissioner for Human Rights (OHCHR) mission in Nepal."<sup>5</sup>

Nepal's donors and lending agencies agree that poverty is one of the main reasons for the Maoist uprising and the tremendous rise in public support for it. Lack of land reform to address poverty, rather than foreign-aid-led poverty alleviation projects managed by corrupt government officials and retired members of the elite, the absence of effective and meaningful decentralization, the replacement of democratization processes by militarization

and the continuing socio-cultural exclusion of marginalized groups and communities are the other fundamental problems Nepal faces. Surprisingly, even the World Bank has recognized the Maoists as an ideology-based political movement rooted in poverty and the unequal distribution of development resources.<sup>6</sup>

Nevertheless, the main problem is the lack of collective realization by Nepal's donors that negotiation is possible, peace inevitable and development definite with their positive cooperation, or at least non-intervention in the conflict and in development decision-making.

The European Commission is underlining its support for peace and democracy by providing €12 million in assistance for human rights and conflict settlement, and €7 million for conflict mitigation through the National Human Rights Commission and the Supreme Court. The funding is also said to be for providing legal support for those who need it, through the Nepal Bar Association. An additional €5 million is for an international human rights monitoring mission to be managed by the OHCHR.<sup>7</sup>

Japan has mainly been interested in providing technical assistance in profit-making infrastructure projects. The main purposes of Japanese aid have been to pay for high-cost consultancy, to sell expensive equipment, and the return of most of its aid money through these schemes. Japan is less interested in actual poverty reduction strategies and programs, but claims that big infrastructure projects automatically help poverty reduction.<sup>8</sup>

### **Nepal's immediate neighbors**

Both China and India have maintained close ties with Nepal, where they have their own security interests. The amount of aid they provide is fairly high and mainly concentrated in infrastructure development.

The role of India in the Maoist insurgency has been as disturbing as that of the western countries. It considers the Maoist insurgency a "shared security threat".<sup>9</sup> India also has its eyes on Nepal's huge water resources and the need for dam-building in the Himalayas. In recent years, India has provided huge military support to the Nepali King by giving arms and ammunition as aid or as business in the name of assisting the army in fighting the Maoists.

Although India's support for the Royal military regime was reduced after the February 1 coup last year, it has not stopped the arms supply even when there are protests from within and outside Nepal. India also maintains the so-called special and secret relationships with Nepal as regards military cooperation.<sup>10</sup> There are some doubts about India's attitude towards the involvement of the UN and/or any other third party in any peace negotiations in Nepal. It reportedly fears that it may set a "bad" precedent towards conflict resolution initiatives in the region in the background of the decades-long Indo-Pakistani dispute over Kashmir and the internal conflict in the North-East of India, or in other SAARC countries. But in November 2005, India made a positive contribution towards conflict resolution by providing shelter and support to Nepali political parties and the Maoists in Indian territory so they could agree to work together in overthrowing the monarchy.<sup>11</sup>

After India shifted its support to the democratic forces by publicly endorsing their demands and facilitating their meetings within India, the Royal military regime is now turning to China for more help. China is closely watching political events in Nepal for the sake of its own security interests. When all the donor and friendly countries were asking the King to restore democracy and support peace, China considered it an internal affair, expressed hopes for social

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stability, economic development and national reconciliation, and concern over the anti-government insurgency. It called for peace negotiations at the earliest.<sup>12</sup> At the same time, however, China has been selling arms to Nepal and providing military assistance directly despite concerns from India and other countries. It was only in January 2006 when China for the first time expressed its serious concerns over recent political developments in Nepal.<sup>13</sup>

## Security sector reform in Nepal

Security Sector Reform (SSR) is crucial in countries with armed conflicts, provided that it is focused on the democratization of State security forces and making them accountable to the people. It is also important if the reform is about their best use in national development and poverty eradication. It means that SSR can only be justified if a democratic government is in control, and Parliament is not immune from judicial scrutiny for their acts. SSR in these terms should be a fundamental component of democracy, development and human rights.<sup>14</sup>

Given the poor record of Nepal's security forces, donors have started showing concern on the impact of the on-going armed conflict on development projects, but it is rather too late for them to go back. The fundamental issue as far as the donors are concerned is the need for them to change their policies and practices so they may address the needs and priorities of poverty reduction and elimination in Nepal. These donors actually helped increase poverty in the past. They are not contributing much at the moment, and the same will prevail in the future even after Nepal achieves peace and needs to reconstruct its economy and to achieve development. The donors and the international community should not only express their concern over deteriorating

economic and development situations but should also start correcting their wrongful policies that in the past helped fuel the present conflict. They cannot escape their accountability and responsibility for knowingly funding the Nepalese elite and security forces directly or indirectly.

In spite of the concern of donors over the internal conflict, some major donor countries have supported Nepal with military assistance in their 'war on terrorism' directly. This focus overshadowed SSR after 9/11, even if it has had any positive elements. The dual character of most donors — providing military aid on one hand, and talking about democracy and peace on the other — has never been helpful.

According to some analysts,<sup>15</sup> the mapping of SSR in Nepal is a delicate and complex process. The loyalty of the security sector to the government, particularly to the RNA is in dispute. The RNA has violated constitutional provisions by defying the executive order of the Prime Minister mobilizing them for counter-insurgency in the past. It took the position that such orders should come from the King as the Supreme Commander-in-Chief of the RNA. The concern in Nepal at present is that SSR is not on the national agenda, because the primary aim of the regime is to strengthen the armed forces and consolidate absolute monarchical power by enhancing the capacity and effectiveness for repression of the State's coercive apparatuses.

The law governing control of the army should be clear for times of peace and for times of crisis, and whether the threat is internal or external. The security forces should be accountable to Parliament in any situation. Since the sovereignty and territorial integrity of the Nepali State is not threatened by any external powers, its national security policy should be towards the decrease in the size of the army. In the current SSR, Nepal

was and is not free from donor-driven security sector reform. The increase in the number of armed personnel from 47,411 in 2001 to the current officially claimed figure of 78,000 (which is actually around 90,000 including reserves) is an indicator of the rapid increase in militarization. In the 10-year plan, there is a move to increase the size of the armed forces to 125,000 with more divisional headquarters.<sup>16</sup>

The maintenance costs of the armed forces have also increased from slightly over Rs. 1 billion (US \$14.07 million) in 1990/91 to over Rs. 8 billion (US \$112.53 million) in 2004/05.<sup>17</sup> On the other hand, Nepal's civilian police force, with 48,500 personnel, has been supplemented by the Armed Police Force as the army had earlier denied to be engaged in the Maoist conflict unless a national emergency is declared, anti-terrorist laws introduced and a consensus is built among the major political parties.<sup>18</sup> The budgetary allocation in the 2000/01 for the police increased two-fold in comparison to that of the army.<sup>19</sup> Now Nepal's security forces comprise the civilian police, the armed police and the royal army (total estimate 142,500 with a 51% increase since 2001)<sup>20</sup>, and have become the subject of concerns nationally and internationally for their brutality in committing gross violations of human rights as well as war crimes against the international human rights and humanitarian laws which Nepal had ratified. They have also become so corrupt that even the government officials have to pay them for special security from the Maoists.<sup>21</sup> The figures, the tenders and the official statements clearly show that the Royal military is interested in purchasing more and more arms and will not give away their hold on the army even after peace. For this, the army has demanded an additional budget of Rs. 11 billion (US \$154.73 million) to improve the security situation in the country.<sup>22</sup>

### **Diverting development funds to the army**

After intensified attacks by the Maoists on most of the local government bodies — e.g., on Village Development Committee (VDC) buildings — VDC officials moved to the relatively secured District Headquarters for their day-to-day functions. As the people became desperate for access to these VDCs, the government took the chance of taking control of local resources and administrative control by introducing the Integrated Security and Development Programme (ISDP). In ISDP, army officers are the overall in-charge of development decision-making as well as the appropriation of funds. No questions can be raised about the diversion and/or misuse of funds for any other purpose by the army due to fear and their unlimited political power.

There are no legal, administrative or political safeguards and mechanisms to guarantee that aid money is not diverted to military purposes, or that it reaches the people and meets the goal of poverty reduction. No questions can be raised, and the army cannot be held accountable for corruption or illegitimate budget diversion. The army is free to ask any amount of money they want. For example, the army has asked for Rs. 13.86 billion (US \$195.21 million) to spend under the so called Unified Command for the year 2004-2005.

### **Misappropriation of funds**

As regards dealing with the conflict and security situation, there are just too many foreign experts and consultants in the country. They may have a role to play in understanding the dynamics of the conflict and in helping convince the international community, particularly the US, that Nepal needs support for peace, and for a peaceful and democratic resolution of the political crisis. But they are not doing this as much as they are engaged in conflict-related projects. This needs to change. The money available for conflict-related activities such as community awareness, mediation and humanitarian work

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should be channeled directly through local organizations and by involving local experts.

There is a criticism that donors are also pouring money haphazardly to some Nepali and foreign NGOs without even considering their need and capacity. This approach is wrong, costly and imposed from the above. Pouring money for consultants and advocacy groups on conflict does not make any sense unless the Maoist-Government conflict is understood in Nepal's social, cultural and political contexts and rather than treating it as terrorism. Terrorism is not about any political ideology or resistance, but consists of specific and sporadic acts of violence and terror that are committed more by State security forces rather than armed groups anywhere. Nepal is not an exception.<sup>23</sup>

## Shift in international concerns

The holding of a municipal election by the King on February 8, 2006, was a mess. He used his security forces to field candidates, and forced them to file nominations and to stand for the fake exercise. Some candidates were even kept in army barracks and police stations or sent to India to hide from possible Maoist attacks. The fear was that they may withdraw their candidacies and even resign after the election – which many of them did and are still doing. There was hardly a 20.58 percent turn out. All the major political parties boycotted the election. The seven-party alliance condemned the election and said that the “drama of the so called election staged by massively misusing state force and funds has become a total failure due to the people’s boycott.”<sup>24</sup>

In a press statement issued from Washington DC, Sean McCormack, spokesman of the Department of State said, “The United States believes Nepal’s municipal election called by the king today represented a hollow attempt to legitimize his power. There

was a clear lack of public support for these elections.”<sup>25</sup> Nepal’s largest donor country, Japan, deplored that the municipal election was held without broad support from the people of Nepal. In a press statement issued by the Director-General for Press and Public Relations of Japan’s Ministry of Foreign Affairs, the Japanese government said that “What Nepal now needs is for the government and the political parties to reach out to one another with the spirit of reconciliation, and Japan expects that positive steps will be taken soon to that end.”<sup>26</sup>

India described the poll as lacking in credibility. The statement issued by the spokesperson of the Indian Ministry of External Affairs said, “Any credible electoral exercise should have the active involvement and participation of all mainstream parties. Only then would such elections be able to contribute to the restoration of democracy and political stability.” The statement further said that “the grave challenges facing Nepal demand the initiation of a genuine process of national reconciliation, dialogue and participation which can facilitate a peaceful political settlement.”<sup>27</sup>

The UK said that “The low level of turnout at the municipal elections indicate that they didn’t have public support”<sup>28</sup> and urged the King to reach out to political parties to develop a common agenda for “full return to multiparty democracy” by stressing the need for an inclusive and comprehensive process to achieve a negotiated peace.

During a visit in March 2006, the State Councilor of China, Tang Jiaxuan, said “The Chinese government and the people have never interfered with the internal affairs of Nepal and highly respect the mode of development chosen by the Nepalese people.”<sup>29</sup> He emphasized the need for reconciliation among democratic forces and a dialogue among them.



However, this positive shift of the international community towards the peaceful settlement of Nepal's political crisis is being derailed by US obstructionism. US Ambassador James F Moriarty, in a speech in Kathmandu, criticized the coalition between the seven-party alliance and the Maoists, urged the King to urgently reach out to political parties, and asked the seven-party alliance to withdraw from its agreement with the Maoist rebels. His main worry was that "If the armed Maoists and unarmed parties successfully implement Prachanda's and Baburam Bhattarai's vision of a violent revolution, the Maoists will ultimately seize power, and Nepal will suffer a disaster that will make its current problems pale in comparison."<sup>30</sup>

As a result of this US diatribe, the King has become even more brutal. His ministers are calling the political parties allied with the Maoists as terrorists.<sup>31</sup> The licensing of 10 FM radio stations for a propaganda war against the Maoists is also being considered as part of the King's ploy towards the total militarization of Nepal with the help of the US.<sup>32</sup> During his visit to India in early March 2006, US President Bush urged the King to reach out to the political parties for the restoration of democracy. Bush said, "In Nepal, the Maoists should abandon the path of violence. We (with Indian Prime Minister Man Mohan Singh) agreed that the King should reach out to the political parties for the restoration of democracy."<sup>33</sup>

### Conclusions and recommendations

- The post 9/11 or the so called "war on terrorism" led by the US has had a tremendous impact on Nepal's democratization process. The ruthless monarchy and the brutal RNA found a way to survive militarily by usurping all executive and legislative power and suppressing all activities for democracy, human rights and the rule of law. When the civilian governments, the political parties and the Maoists were ready for peace negotiations, the US derailed the peace process by opposing the internal political consensus and by funding and supporting the army overtly or covertly.
- More and more aid resources have been diverted to security in Nepal in the name of the fight against terrorism. The trend of increasing bilateral security arrangements and donor-led security sector reforms is taking more resources from the development sector directly or indirectly. Furthermore, the concentration of wealth, the pro-rich tax system, and the unfair distribution or no distribution of national revenue to those in dire need continue to fuel social unrest and insurgency.
- The securitization of aid, supported by a series of so called anti-terrorist laws, has made the effectiveness of existing development aid more questionable than in the past. The taking of the "poor" peoples' own resources and the external domination of domestic markets by the forces of privatization and globalization are additional factors contributing to the further increase in poverty and insecurity.
- The tying of development aid to security has tremendous negative impacts on resolving internal conflict. The Maoist insurgency would not have been born if the post-1990 democratic transition was not taken over by the donors with their domination of all economic and development decision-making in furtherance of their interests. They also made the internal democratic process ineffective and the political leadership and technocrats vulnerable.
- The donors need to learn that their unilateral, non-transparent and undemocratic decision-making is not helping Nepal at all. Rather are they increasing donor-dependency and creating a huge debt burden. In the case

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of Nepal, they must apply a human rights framework to development financing and poverty-reduction measures.

- The donors should not divert the money that is supposed to be for poverty-reduction to ineffective, foreign experts and national NGO elites-led peace or conflict-related projects. They should invest such money in direct peace-building and conflict resolution processes at local levels.
- Finally, there should be no increase in any military expenditure at the cost of

funds needed to eliminate poverty. No aid of any kind should be given to an absolutist or military regime and those who oppose peace negotiations and the peaceful transition of a country towards democracy.

- The international community should stop any kind of military assistance to Nepal in the future, suspend all development aid and discontinue the involvement of the RNA and the police force in UN peace-keeping operations till the restoration of democracy, human rights in the country.

## *Annex 1. Nepal's Budget on Security and Development In Rs. million*

Particulars	1995/96	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Total Expenditure	46,542 (US\$ 655)	66,273 (US\$ 932)	79,835 (US\$ 1123)	80,072 (US\$ 1126)	84,006 (US\$ 1181)	89,443 (US\$ 1258)	126,885 (US\$ 1785)
Percent change		42	20	0.2	4.9	6.4	41.8
Total security expenditure	4,053 (US\$ 57)	6,750 (US\$ 95)	9,009 (US\$ 127)	11,987 (US\$ 168)	13,618 (US\$ 192)	14,866 (US\$ 209)	18,786 (US\$ 264)
Percent change		66.5	33.4	33	13.6	9.1	26.3
Defence Military expenditure	2,126 (US\$ 30)	3,486 (US\$ 49)	3,813 (US\$ 54)	5,860 (US\$ 82)	7,382 (US\$ 104)	8,520 (US\$ 120)	10,905 (US\$ 153)
Percent change		64	9.4	53.7	26	15.4	28
Police expenditure	1,927 (US\$ 27)	3,268 (US\$ 46)	5,195 (US\$ 73)	6,128 (US\$ 86)	6,237 (US\$ 88)	6,346 (US\$ 89)	7,880 (US \$ 111)
Percent change		69.6	59	18	1.8	1.7	24

This shows that:

1. Total security expenditure has increased over the years, from 33.4% in 2000/01 and 33% in 2001/02 after the declaration of the first post-1990 emergency rule.

2. During the first few years after the Nepalese emergency, police expenditures increased by double digits, whereas military (army) expenditure did not increase so much. Absolute expenditure for the military was less than that for the police.

3. In 2001/02, military expenditures increased by almost 54% and in double digits during the years after the dissolution of the elected government by the King on October 4, 2002.

**Annex 2. Who says what on development aid to Nepal?****Dr. Baburam Bhattarai, the Maoist leader**

Financial capital as a social relation logically promotes certain class configurations in society which are conducive to its continued reproduction. Within the present world imperialist order, promotion and/or preservation of capitalist classes would be the natural concern of metropolitan financial capital even during its operation in backward and underdeveloped formations. In the context of Nepal, however, since foreign financial flow takes places exclusively in the form of 'aid', the preservation and strengthening of the present class and state structure becomes more direct and glaring. This may be better expressed in the word of a seasoned observer thus:

*"... aid has assisted the monarchy both directly and indirectly to create a better-equipped and better trained army and to put a large number of potentially restive, educated young men on the bureaucratic payrolls... Thus, in the short run at any rate, foreign assistance has enhanced the monarchy's chances of survival and has inhibited the growth of pressures for fundamental change".*

Source: Bhattarai, B. 2003. The Nature of Underdevelopment and Regional Structure of Nepal: A Marxist Analysis. Adroit Publishers, Delhi. p. 383.

**Dr. Siera Tamang, gender and development analyst**

According to one of Nepal's leading development analysts, most development agencies have withdrawn to the district headquarters if not Kathmandu. More aid will not ameliorate the situation of those who live beyond the immediate control of the state. Financial commitments now will amount to support for the current counter-insurgency methods of the state. The case of the election budget being diverted for military and palace expenditures highlights the ease with which an unaccountable government can distort budgetary allocations. With gaps in the development finances being filled by donors, the possible militarisation of international aid needs to be taken seriously. The biggest weakness of both the government and the international community is the absence of plans to help the Maoists move from being a military organisation to a political/civilian entity.

Source: Tamang, S. Business as Unusual. Nepali Times No. 94, 30 April-6 May 2004.

**Manjushree Thapa (living in self-exile), renowned author of 'The Tutor of History' and 'Forget Kathmandu: An Elegy for Democracy'**

*"Many foreigners in Nepal's international community seem to rely more on cocktail hour chatter than on in-depth study to learn about this country, where they wield great influence. Outsiders turn to insiders for insight; they ought to also read up. It would greatly help Nepal if influential foreigners*

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*here would read, read, read – not just newspapers. Actual books. And if there aren't enough good books around, then support the intellectual ferment gathering force today: invest in new scholarships."*

Source: Thapa, M. *Educating Foreigners*. Nepali Times No. 186, 5-11 March 2004.

## **P.M. Blaikie, John Cameroon and David Seddon**

The extent and depth of popular disappointment and disillusionment as the failure of successive governments to deliver the promise of genuinely progressive social and economic policies – particularly after the dramatic rise of the People's Movements – was not foreseen.

Source: Blaikie, P. et al. 2001. *Nepal in Crisis: Growth and Stagnation at the Periphery*. Adroit Publishers, Delhi. p. 310.

## **Notes on the Historic Political Change and Current Situation in Nepal**

The political situation has drastically changed in Nepal after the popular April revolution (2006). It was the result of a joint alliance of the Communist Party of Nepal (Maoist) and the Seven Party Parliamentary Alliance. Nepal now is moving towards an all party government, and the election of the first ever Constituent Assembly on the writhing of a new Constitution. The popular demand in Nepal is the abolition of the notorious and repressive monarchy institution, once and for all.

During the month of April revolution, the US and India played a cunning role to save the King, King Gyanendra, and to sideline the Maoist. They did this by forcing the king to agree on the restoration of parliament and dismiss the demand of the vast masses for an all party national conference leading to an interim government and the constituent assembly.

Very surprisingly and very unfortunately, the US is already offering to resume the previously suspended military assistance which is ridiculous and really not the need of the time. Such an attitude of the donors will only help derail the peace process. The issues relating to Nepal's security forces and foreign assistance in the context of the changed situation is radically different, because the debate now is not for escalation of militarization, but a significant reduction on the size of the army and arms. Besides, foreign intervention of any kind should be totally avoided as far as militarization and arms assistance is concerned.

The only constructive role that the donors can play is give Nepal unconditional foreign aid for the democratic development of the country. Every resource that is available should go towards poverty eradication, and nothing else.

## **Acronyms**

EFA	Education for All Programme	RNA	Royal Nepal Army
ESF	Economic Support Fund	SAARC	South Asian Association for Regional Cooperation
FMF	Foreign Military Financing	SSR	Security Sector Reform
IFIs	International Financial Institutions	UK	United Kingdom
IMET	International Military Education and Training Program	UN	The United Nations
NGOs	Non- Governmental Organizations	US	United States
OHCHR	United Nations Office of the High Commissioner for Human Rights	VDC	Village Development Committee

## Notes

- <sup>1</sup> 'Chintan' and Shrestha are directors at the Nepal Policy Institute and members of the Reality of Aid, Asia-Pacific. The authors would like to acknowledge the contribution of Laxman Acharya, Jagadish Parajuli and Prabin Man Singh from Nepal, and Thomas J Mathew and Bela Malik from India.
- <sup>2</sup> Kumar, D. and H. Sharma. 2005. *Security Sector Reform in Nepal: Challenges and Opportunities*. Friends for Peace. Series 8, Kathmandu. pp. 34-35.
- <sup>3</sup> Acharya, N. *Annapurna Post* (Nepali daily). January 16, 2005.
- <sup>4</sup> Nepal's major seven-party alliance and the Maoists signed a Memorandum of Understanding on November 22, 2005 in New Delhi, India.
- <sup>5</sup> Royal Norwegian Embassy. Press Statement No. 01/05. July 20, 2005.
- <sup>6</sup> World Bank. *Nepal Country Assistance Strategy 2004-2007*. p. 9.
- <sup>7</sup> Benita Ferrero-Waldner, European Commissioner for External Relations and European Neighbourhood policy, said: "To break the cycle of escalating violence in Nepal, it is essential that we boost human rights - and end impunity for those who commit human rights abuses. Today's announcement shows the EU is committed to help pave the way for a brighter future for the country."
- <sup>8</sup> Siwakoti, G 'Chintan', "Who's aiding whom? Poverty, conflict and ODA in Nepal," In Randel, J. et al. (eds), *The Reality of Aid 2002*. IBON Foundation, Inc., Manila, pp. 81-87.
- <sup>9</sup> *The Himalayan Times*, September 11, 2004.
- <sup>10</sup> Nepal and India signed a controversial Peace and Friendship Treaty in 1950 followed by a secret arms deal in 1965. The provisions include the understanding and cooperation for mutual security interests and giving priority to Indian arms supplies.
- <sup>11</sup> Indian Ambassador to Nepal, Shiv Shankar Mukherjee says, "The issue of military supplies is under constant review by the Government of India, taking into account the evolving situation in Nepal. In view of the disturbed situation in Nepal it is a fact that no military supplies have been delivered since February 1, 2005." India is opposing third party UN mediation in resolving the insurgency. "A third party brings in more complications, my government does not see at the moment the need to muddy the water further. Certainly, an insurgency should be talked to, they have grievances that should be addressed, but the methods they use must be resisted and they must be encouraged to come to the table." Says Mukherjee. *Nepali Times*, No 236, 25 February-3 March 2005.
- <sup>12</sup> Chinese Ambassador Sun Heping, "It is essentially Nepal's internal affair. As a friendly neighbour, we sincerely hope that Nepal can realise social stability, economic development and national reconciliation. Meanwhile, we respect the choice of the Nepali people for their social system and development in line with Nepal's national realities. As Nepal's close neighbour, China is concerned about the issue of anti-government insurgency in Nepal. We strongly condemn any violent activities against civilians and civil infrastructures. Peace and stability in Nepal is not only in the interests of Nepal and its people, but is also conducive to regional peace and stability. We hope that the peace process here can be restarted as soon as possible so lasting peace can be realised at an earlier date." *Nepali Times*, No 249, 27 May-2 June 2005.
- <sup>13</sup> *The Kathmandu Post*. January 26, 2006.
- <sup>14</sup> For details, see Kumar, D. and H. Sharma. 2005. *op. cit.*
- <sup>15</sup> *Ibid.*
- <sup>16</sup> *The Himalayan Times*. April 20, 2004 and *Deshantar Weekly*. July 25, 2004.
- <sup>17</sup> Kumar, D. and H. Sharma. 2005. *op. cit.*, p. 41.
- <sup>18</sup> *Ibid.*, p. 43.
- <sup>19</sup> *Ibid.*, pp. 46-47.
- <sup>20</sup> *Ibid.*, p. 93.
- <sup>21</sup> *Ibid.*, p. 47.
- <sup>22</sup> *Ibid.*, p. 60
- <sup>23</sup> See, Mahat, R.S. 2005. *In Defence of Democracy: Dynamics and Fault Lines of Nepal's Political Economy*. Adroit Publishers, Delhi. p. 385.
- <sup>24</sup> *The Kathmandu Post*. February 9, 2006.
- <sup>25</sup> *Ibid.*, February 10, 2006.
- <sup>26</sup> *Ibid.*
- <sup>27</sup> *Ibid.*
- <sup>28</sup> *Ibid.*, February 11, 2006.
- <sup>29</sup> *Ibid.*, March 18, 2006.
- <sup>30</sup> *Ibid.*, February 16, 2006.
- <sup>31</sup> *The Rising Nepal*. March 25, 2006.
- <sup>32</sup> *Samay Weekly (in Nepali)*. No. 2, Issue 96, March 3-9, 2006.
- <sup>33</sup> *The Kathmandu Post*. March 3, 2006.

# Aid and Conflict: the Philippine Case

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Aid donors have long recognized, even before 9/11, the problems posed by armed conflict in the Philippines and the important role foreign aid plays in easing its social impact. In the mid-1990s, donors even used development aid to help facilitate the peace process in Mindanao, where Muslim groups have engaged the national government in a separatist war since the 1970s.

But the armed conflict has continued to escalate, although the national government signed a peace agreement with the Moro National Liberation Front (MNLF) in 1996 and is currently in the process of forging another with the Moro Islamic Liberation Front (MILF). But the 36-year old war for national liberation and democracy led by the Communist Party of the Philippines — New People’s Army (CPP-NPA) remains the biggest security concern of the government.<sup>1</sup>

The conflict in the Philippines took a new complexion after 9/11 when the current government of President Gloria Arroyo declared unconditional support for the “war on terror” declared by the Bush administration. All of a sudden, the country became a hotbed of terrorism as well as the “second front” in the war on terror. Along with

it came renewed commitments from major donors for more economic and military aid.

Decades of fighting the communist and Muslim wars have taught the government that the strength of these groups lies in the wide mass support they have from the poor communities in the countryside where they operate. All-out war and peace negotiations in the past have failed because many of the social and economic issues of the people remained unaddressed.

Post-9/11 military strategists of the government have thus developed a grand design to resolve the insurgencies — the National Internal Security Plan (NISP), which more systematically combines military campaigns and poverty alleviation/social development initiatives, some of which are funded by official development assistance (ODA).

The intensified campaign of the national government against armed groups — whether they be legitimate rebel groups like the CPP-NPA, MILF, and MNLF, or criminal organizations like the kidnap for ransom gang, the Abu Sayyaf — within the NISP framework has distorted the concept of peace and development.

More disturbingly, the stepped-up campaign of the Armed Forces of the

Philippines (AFP) against the CPP-NPA has also resulted in accusations of rampant military-perpetrated human rights abuses against non-combatants, including the rising incidence of assassinations of activists, leaders, members, and supporters of legal political parties and people's organizations.

### **NISP: military hijack of development work**

The perennial bankruptcy and chronic fiscal problem of the national government have made the Philippines one of the world's most foreign aid-dependent countries in Asia. The latest available data show that the Philippines ranked sixth in 2004 among all Asian countries in terms of net ODA received from the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). It also received the 11<sup>th</sup> biggest net ODA disbursement in Asia from all multilateral and bilateral donors during the same year.<sup>ii</sup>

Not surprisingly, the Arroyo administration was quick to capitalize on the tragic events of 9/11 to secure the commitments of aid donors to bankroll its anti-poverty campaign as well as the modernization of the AFP and the Philippine National Police (PNP) within the framework of fighting terrorism.

The increased volume of military aid has raised the issue of aid militarization, where security and defense-related assistance has overwhelmingly outpaced the expansion of economic and anti-poverty assistance. US economic aid to the Philippines, for example, has been growing by an average of 33% per year since 9/11, a far cry from the 551% annual increase in its military aid to the country.

Increased foreign military aid and the presence of foreign troops tend to escalate existing conflicts especially in the absence of a comprehensive and effective program to

address the poverty, inequity, and social injustice that feed it.

What is worse, however, is how the Arroyo administration has allowed the military establishment and its foreign supporters to hijack poverty-reduction and social development efforts in the country, including programs and projects funded by ODA.

This form of aid militarization should cause more alarm than the increase in direct military aid from foreign governments because it subsumes peace efforts, development goals, and poverty alleviation under a militarist mindset and in the process aggravates the conditions for conflict.

This military takeover is embodied in the NISP, which is one of the products of the Trilateral Senior Leader Strategic Planning Symposia between the Philippines, the US, and Australia.<sup>1</sup> It was approved by President Arroyo on 26 November 2001 through Memorandum Order 44.<sup>2</sup>

The NISP is anchored on tight "civilian-military links" and has adopted a multi-faceted approach to the insurgency problem in the Philippines. As described by the Department of National Defense (DND), it is "a coordinated, synchronized, interrelated and mutually supporting campaign of the whole government machinery and its resources to uplift the socio-economic condition of the Filipino people, particularly those at the local levels (sic)."<sup>3</sup>

With the DND as the lead agency, the NISP combines the social development and nation-building functions and tasks of government departments and agencies on social welfare and development, health, education, land reform, agriculture, housing, anti-poverty, etc. with the anti-insurgency and internal security campaign of the government's armed forces.

The linking of military and civilian operations is being done through the Area Coordinating Centers (ACCs) created in places where rebel groups are strong. It is a

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24-hour physical facility that serves as the “nerve center” for responding to security and development needs, including disaster relief and rehabilitation, and keeping peace and order. Through the ACCs, the AFP, the local government units (LGUs), and the local offices of national civilian agencies closely coordinate their activities.<sup>4</sup>

To further embed the NISP concept within the AFP, the DND is currently implementing its Philippine Defense Reform (PDR) program in which it identifies the enhancement of the AFP’s capability to conduct “civil military operations” as one of the key areas for improvement. Under this program, the military aims to “diminish the underlying socio-economic conditions and spur development in the countryside” and “support the construction of ‘Affirmative Action Roads’ that will facilitate economic dispersion in conflict areas.”<sup>5</sup>

Under the NISP, the government no longer defines priority areas for development projects and programs in strictly development and poverty-reduction terms. What has become more important in determining priority areas for government’s social development initiatives is their strategic importance to the anti-insurgency campaign of the AFP.

## The “War on poverty”

With the NISP as its strategic framework in managing conflict and addressing insurgency, the Arroyo government has designed the Kapit-Bisig Laban sa Kahirapan (Unity against Poverty – KALAHATI) program. KALAHATI is the national government’s overarching program for a focused, accelerated, convergent, expanded, and strategic effort to reduce poverty. According to the National Anti-Poverty Commission (NAPC), the lead agency in KALAHATI, all government poverty reduction programs and projects shall be anchored on KALAHATI.<sup>6</sup>

As envisioned in the NISP, KALAHATI shall have an inter-agency convergent mechanism composed of the National KALAHATI Convergent Group (NKCG) and the Regional KALAHATI Convergent Group (RKCG).

Among the functions and responsibilities of the RKCG, which is made up of the regional counterparts of national agencies in the NKCG plus Local Government Units (LGUs), is “close collaboration with the AFP and the PNP” to ensure a strong link between the anti-poverty and internal security efforts of the government.<sup>7</sup> Around 36 of the 65 provinces with KALAHATI sites are classified as conflict areas, the majority of which are CPP-NPA guerilla fronts.

One of the major projects under the KALAHATI initiative is the KALAHATI-Comprehensive and Integrated Delivery of Social Services (CIDSS), a six-year (2003-2008) project with \$100-million in funding from the World Bank. It covers 42 of the poorest provinces in the Philippines and according to the World Bank “aims at strengthening local communities’ participation in barangay (village) governance, and developing their capacity to design, implement, and manage development activities that reduce poverty.”<sup>8</sup>

In reality, the KALAHATI-CIDSS is essentially the “social development” component of the AFP’s pacification campaign. For example, to help implement the projects in Muslim areas in Mindanao under the KALAHATI-CIDSS, President Arroyo announced in 2003 the formation of Salaam Soldiers. Salaam means peace and in this case is an acronym for the Special Advocacy on Literacy/Livelihood Advancement for Muslims.

At least half of this special team is composed of Muslim regular soldiers and integrees (former MILF or MNLF rebels) who have been tasked to provide “psycho-social and medico-civic services” as well as to ensure peace and order in their area. But the AFP itself said that the Salaam Soldiers



are similar to the special operations teams (SOTs) deployed in insurgency areas in the early 1990s.

The SOTs combined civic action with intelligence-gathering and were largely credited for the decline of the communist insurgency in some regions of the country. Together with vigilante and paramilitary groups, they were accused of countless human rights violations in Mindanao.

### Development funds for war

Strictly speaking, military aid does not qualify as ODA under DAC definitions. However, as many critics have pointed out, official policy papers calling for a re-definition of aid imply a clear link between poverty and terrorism and the need for aid “calibration” more in keeping with the new counter-terrorism-centered security agenda, thus “militarizing” ODA.<sup>9</sup>

DAC donors attempt to downplay this concern with clarifications on the eligibility of conflict, peace, and security expenditures as ODA. Donors, for instance, say that “eligible assistance is limited to non-military competence/capacity-building and strategic planning activities that promote political, institutional and financial accountability, civilian oversight, and transparency,” and that “any such support to defense ministries must be part of a national security system reform strategy.”<sup>10</sup>

They further claim that support for civilian peace-building, conflict prevention and resolution activities including capacity-building, monitoring, dialogue and information exchange must exclude engagement in military strategy and defense cooperation.

But in the Philippine case, the NISP-KALAHATI has put poverty alleviation and social development – the core purposes of ODA – within the ambit of the government’s military campaign against insurgency. Therefore, practically all bilateral and multilateral ODA

funding for such programs and projects is being used for military operations.

This has serious implications because aside from ODA’s falling behind in terms of annual growth compared to military aid, that part of ODA which the DAC defines as conflict and security-related expenditures has also been eating into an increasing portion of DAC donors’ ODA to the Philippines since 9/11 at the expense of other sectors that directly benefit the poor and marginalized.

To illustrate, between 2001 and 2004, DAC funding for conflict, peace, and security has been growing by 59% per year, while funding for health has been declining every year by 2 percent. Consequently, the share of ODA expenditures for conflict, peace, and security grew from 8% to 16%, while the total ODA for social infrastructure and services like health and education fell from 14% to 3% during the same period. (See **Graphs 2 and 3.**)

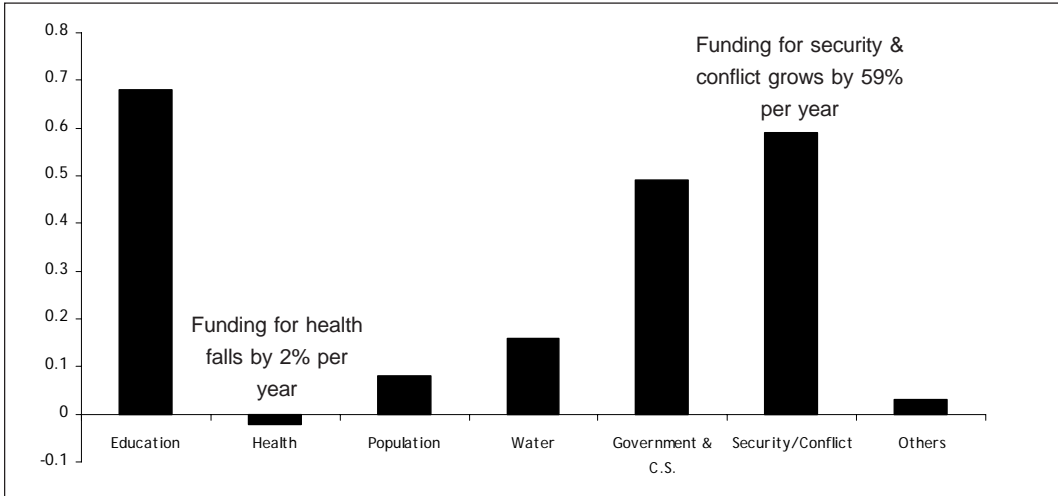
### Shortcut to peace

Mindanao has a special place in the overall peace and security efforts of the national government and donors. Some analysts have pointed out that this is not only because of the dramatic attacks by the notorious Abu Sayyaf terrorist group based in Mindanao. A more compelling reason behind the campaign to stabilize security in Mindanao is the huge economic potential of the region owing to its vast but under-exploited natural resources.

Major donors with economic interests in Mindanao like the United States, Japan, Australia, and Canada have been directing a substantial portion of their aid to the Philippines for the resolution of the conflict in Mindanao. A partial list of these programs and projects show that at least \$112 million in DAC ODA is directly being used for the peace efforts in the region mainly for livelihood projects for former Muslim rebels as well as social and economic infrastructure. (See **Table 5.**)

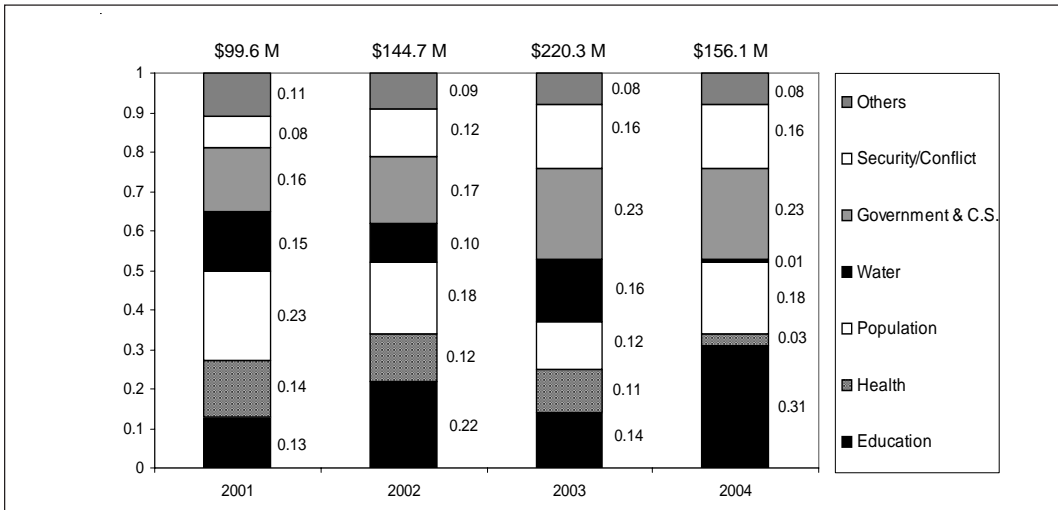
# Philippines

**Graph 2. Annual Growth of ODA Commitments from DAC Donors for Social Infrastructure & Services in the Philippines, 2001-2004**



Source of Basic Data: OECD-DAC

**Graph 3. Distribution of DAC ODA Commitments for Social Infrastructure and Services in the Philippines, 2001-2004**



Source of Basic Data: OECD-DAC

Consistent with the NISP approach, the national government and the donors also continue to use ODA as a bargaining chip to entice Muslim rebels into surrendering. The

national government, for instance, has been trying to raise resources for the Mindanao Peace Fund. The Fund would be used to build soft and hard infrastructure in Mindanao, but

**Table 5. Partial List of Ongoing/Committed Peace and Security-Related Programs/Projects in Mindanao**

Country	Amount	Details
<b>US</b>		
Conflict Resolution in Mindanao		
a. Integration of former combatants	\$1.86 million	Assistance in the form of production inputs, training, technical support, & marketing assistance as well as provision of post-harvest facilities
b. Improving economic infrastructure in conflict-affected areas	\$19.92 million	Construction of 100 community infrastructure projects such as water systems, jetty improvements, bridges, farm-to-market roads, ports, etc. to facilitate movement of goods & services
c. Accelerating business & economic development	\$5.5 million	Technical assistance to expand the production & marketing of high-value crops & products; Assist in formation/strengthening of business organizations
d. Increasing access to micro-finance services	\$5 million	Technical assistance to 110 rural bank units based in conflict-affected areas
e. Improving governance & delivery of social services in the ARMM tbd - to be determined	\$5.5 million	Assistance for improving school administration in the ARMM; Expanding linkages between schools & business community; Improving internet access for ARMM students; improve efficiency, transparency, & accountability of ARMM regional government
f. Livelihood assistance for former fighters	\$4 million	Livelihood assistance to 4,000 MILF former MILF combatants & their families
<b>Japan</b>		
UN Emergency Rehabilitation of Agri-based Livelihood for Disadvantaged Farmers & Returning Internally Displaced People in Mindanao	¥200 million	Japan's support to the project of the Food and Agriculture Organization (FAO) of the UN
ARMM Human Resource Development Project	nda	Technical cooperation project; Training courses for 700 high-level ARMM officials; Assistance for reformulation of ARMM Regional Development Plan (2005-2010) & Regional Development Investment Program

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Country	Amount	Details
Support Package for Peace & Stability in Mindanao		
a. ARMM Social Fund for Peace & Development	¥2.5 billion	
b. For socioeconomic development & peace-building in ARMM	¥1.5 billion	
c. Past commitments	¥40 billion	Completion/continuation of various ODA-funded infrastructure projects in Mindanao
<b>Canada</b>		
Mindanao Program for Peace & Development	P52.53 million	Livelihood & enterprises project in Mindanao's Special Zone for Peace and Development areas
Local Governance Support Program in ARMM	\$18 million	Enhance local governance capacity in ARMM with respect to local government leadership & management, service delivery, resource generation & management, participatory development governance, & peace building
<b>European Commission</b>		
Aid for displaced people in Mindanao	\$0.58 million	Improving access to safe water, sanitation, & public health; Boosting of security of food sources
tbd - to be determined nda - no data available		

Sources: AusAid; USAID; CIDA; Japan Embassy; Associated Press

would only be available if the national government and the MILF reach a final peace agreement.

The US initially committed \$30 million, but later withdrew a portion of it and blamed the "slow progress" in the government-MILF peace talks.<sup>11</sup> Other contributors to the peace fund include the World Bank (\$2 million plus administration of the fund), Australia (amount to

be determined), European donors, and UN agencies.

By making the conclusion of a peace agreement a prerequisite to access to the fund, the proponents actually defeat its purpose of helping achieve genuine and lasting peace in Mindanao. The need for rehabilitation and poverty reduction cannot wait for the conclusion of peace talks and may actually

provide field conditions to promote peace. On the other hand, using development funds as enticement for concluding peace talks has failed as experience in Mindanao shows, nor can development funds be used as a shortcut to sustainable peace.

The national government already tried this approach in 1996 when it signed a peace agreement with the MNLF.<sup>iii</sup> But only five years later, an MNLF faction continued the armed struggle against the government because the underlying issues of their revolution had not been addressed by the peace agreement.<sup>iv</sup>

### Increased military aid

Meanwhile, US military aid has been pouring into the country since 9/11. Arroyo's support for the US "war on terror" has warmed Philippine-US aid relations, which turned "cold" when in 1991 the extension of the 1947 Military Bases Agreement (MBA) that allowed the US to maintain naval and air bases and other military facilities in different parts of the country was rejected by the Philippine Senate.

From 1992 to 1997, US military and economic aid to the Philippines had steadily declined until the 1998-1999 period when the Visiting Forces Agreement (VFA), which allowed joint military exercises and training between Filipino and American troops, was negotiated and eventually approved. But the sharpest increases in US aid occurred after 9/11 with American military assistance to the Philippines growing by a staggering 1,639% between 2001 and 2002.<sup>12</sup> (See **Graph 4.**)

The Philippines now ranks as one of the most important destinations of US military aid worldwide. Between 2001 and 2005, for instance, US Foreign Military Financing (FMF) for the Philippines is expected to have increased by 1,171%. In comparison US FMF for Afghanistan is projected to have increased by 692% during the same period; Israel, 11%,

and Pakistan, 98 percent. Note, however, that while US FMF for the Philippines is one of the fastest growing in the world, Afghanistan, Israel, and Pakistan still account for the biggest share in US FMF.<sup>v 13</sup>

Aside from the provision of military hardware, US military aid to the Philippines also involves the conduct of the Balikatan (rough translation: shouldering the load together) exercises. The Balikatan actually started in 1981 under the 1952 Mutual Defense Treaty (MDT), but has become bigger in terms of the number of visiting US soldiers as well as the frequency and scope of the exercises under the 1999 VFA and the "War on Terror".<sup>vi</sup>

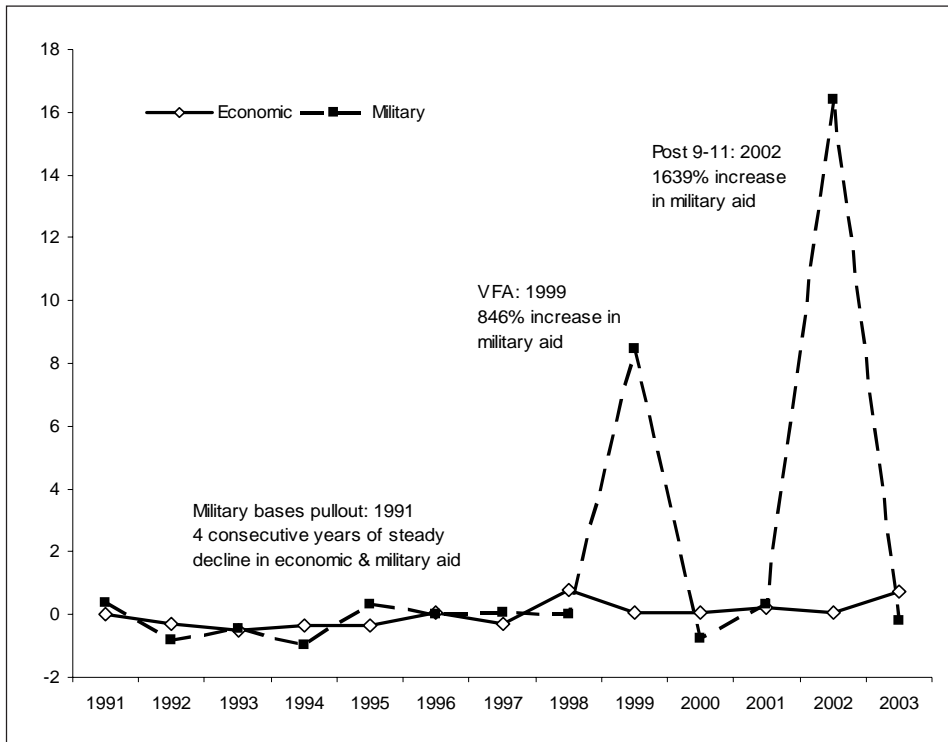
Another active donor in terms of military assistance to the Philippines is Australia, which has an ongoing three-year (2003-2006) \$5-million Philippine Counter-Terrorism Assistance initiative. The package aims to build the capacity of key government agencies to combat terrorism with a particular focus on law enforcement, border control, port security, and regional cooperation.<sup>14</sup>

It includes the 18-month Port Security Capacity-Building Project worth \$1.3 million and the Australian Aid (AusAid) /AFP law enforcement counter-terrorism capacity-building project worth \$3.65 million, both approved in April 2004.

In October 2005, President Arroyo held a closed-door meeting with Australia's defense minister. Manila and Canberra affirmed their commitment to a higher level of security cooperation in fighting terrorism. The two countries are now in the process of ironing out an agreement to enhance military cooperation particularly on intelligence exchanges, maritime security, and military training.<sup>15</sup> Under this pact, Australian soldiers may hold regular military exercises with their Filipino counterparts similar to the Balikatan.

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**Graph 4. Comparative Annual Growth of US Military and Economic Aid to the Philippines 1991-2003**



Source of Basic Data: *US Overseas Loans & Grants (Greenbook)*

Aside from the US and Australia, the Philippines also has existing defense cooperation programs with other major DAC donors such as the UK, France, Spain, and Italy.

## Reign of (state) terror

As the Arroyo administration aggressively used anti-poverty and social development initiatives as well as foreign military aid in the government's intensified campaign against insurgency in the country, an alarming trend in human rights abuses has begun to afflict the people, particularly in the vast Philippine countryside. While human rights violations perpetrated by military and paramilitary units

against civilians are no longer new, such attacks have become more numerous and more vicious since President Arroyo declared all-out support for the US-led war on terrorism.

The incidence of assassination of leaders and members of militant groups and progressive political parties as well as their supporters has been rising since 2001. Anyone — from town officials, church leaders, and lawyers to activists, ordinary farmers and workers — *suspected* of supporting or being a member of the CPP-NPA could be targeted for assassination. Meanwhile, the number of murdered

journalists in the provinces in the last five years has also been steadily increasing.

In Mindanao, the atrocities of military units against the Muslim people remain unabated. In February 2005, for example, five Muslim civilians including a 14-year old boy were massacred in the province of Sulu by soldiers from the 53<sup>rd</sup> Infantry Battalion of the Philippine Army. One of the victims, a village official, was accused by the military of being an Abu Sayyaf member.<sup>16</sup>

An independent report by the human rights group Karapatan (Rights) recorded a total of 150 victims of political killings in 2005, of which 80 were confirmed activists while 70 were suspected by the military to be sympathizers, supporters, friends, or relatives of communist or Muslim rebels. The number of victims of political killings from January to November 2005 is almost double the annual average from 2001 to 2004. (See Table 6.) Overall, 874 different cases of human rights violations have been recorded in 2005 involving 99,011 victims, "the worst since the days of the dictator Ferdinand Marcos," the group said.<sup>17</sup>

### Peace means social justice

Donors may argue that they should not be held accountable for the human rights abuses that the Philippine military may have been

committing, since, unlike the military aid that some donors like the US and Australia provide, their engagement in the country is only in the field of social development and poverty alleviation. But as already discussed, the NISP has already blurred the distinction between military operations and social development/poverty alleviation work.

The NISP is bound to perpetuate conflict in the Philippines because the military establishment is oriented and trained for war and conflict. ODA resources used within a strategic framework of subsuming the peace and development process under a military-defined internal security effort therefore help perpetuate the conflict and the rampant violation of the people's most fundamental human rights.

It is thus imperative for all donors to take a hard look at how their programs and projects in the Philippines are being hijacked for the militarist pacification campaign of the government.

At the minimum, direct military aid and other forms of foreign assistance to the AFP and PNP must be immediately suspended in the light of the alleged state/military terrorism and violence against the people.

Clear, verifiable standards and mechanisms must be put in place to

*Table 6. Selected Indicators of Human Rights Abuses Under the Arroyo Administration (Number of victims)*

Indicator	2001-2004	2001-2004 annual average	Jan-Nov 2005
Killing	349	87	150
Frustrated killing	68	17	52
Enforced disappearance	108	27	41
Torture	199	50	66
Physical assault or injuries	1498	375	118

*Compiled by Karapatan Alliance for the Advancement of People's Rights*

# Philippines

distinguish ODA poverty reduction programs from government anti-insurgency programs which must not be allowed to use ODA funds. ODA funded programs for peace and development in conflict areas must be decentralized and implemented by independent parties involving non-government players and the local communities in particular. The government and its armed units are adversaries directly engaged in the war, and as such they should not have a monopoly over peace and development work. In many cases, popular confidence in the government and the military is seriously challenged in conflict areas, creating difficulties in providing effective services and even in implementing infrastructure projects.

However, for the engagement of non-government players and affected communities to be more effective, the NISP framework

must be abandoned because it does not promote the democratic participation of other forces in society in the peace and development process in the conflict areas. Non-government development workers face a serious danger of being tagged as terrorists or enemies of the state, if they act independent of government, because of the AFP's anti-insurgency campaigns and the NISP framework.

There will never be lasting peace and sustainable development without social justice. Social justice can only be defined by the people themselves — the landless farmers and other marginalized sectors who make up the base support of the communists and the poor Muslims who have suffered decades of displacement and oppression — and cannot be imposed by the military nor by well-meaning donors.

## Annexes

### Annex 1.

#### *Brief Profile of Major Rebel Groups in the Philippines*

**New People's Army (NPA):** The NPA is a communist-led guerilla army in the Philippines, formed in March 29, 1969. The NPA is the military wing of the Maoist Communist Party of the Philippines (CPP) which is carrying out a revolutionary program for national democracy and liberation. Starting out with 60 fighters and 34 rifles, the NPA quickly spread throughout the Philippine Islands during the dictatorship of Ferdinand Marcos. The armed struggle in the Philippines, deeply rooted in the countryside, helped in the downfall of the dictatorship. In its 36<sup>th</sup> anniversary statement, the NPA said that it is now operating in 130 guerilla fronts covering significant portions of nearly 70 provinces in around 800 municipalities, and more than 9,000 barrios all over the country.

**Moro National Liberation Front (MNLF):** Founded in 1969, the MNLF draws its members primarily, though not exclusively, from the Tausug, Samal, and Yakan ethnic groups. Its first members were Muslim nationalist youth activists recruited by the traditional Muslim leadership for military training in Malaysia. Like Nur Misuari, MNLF's chairman, these young men generally had a secular education, and some had briefly taken part in left-wing

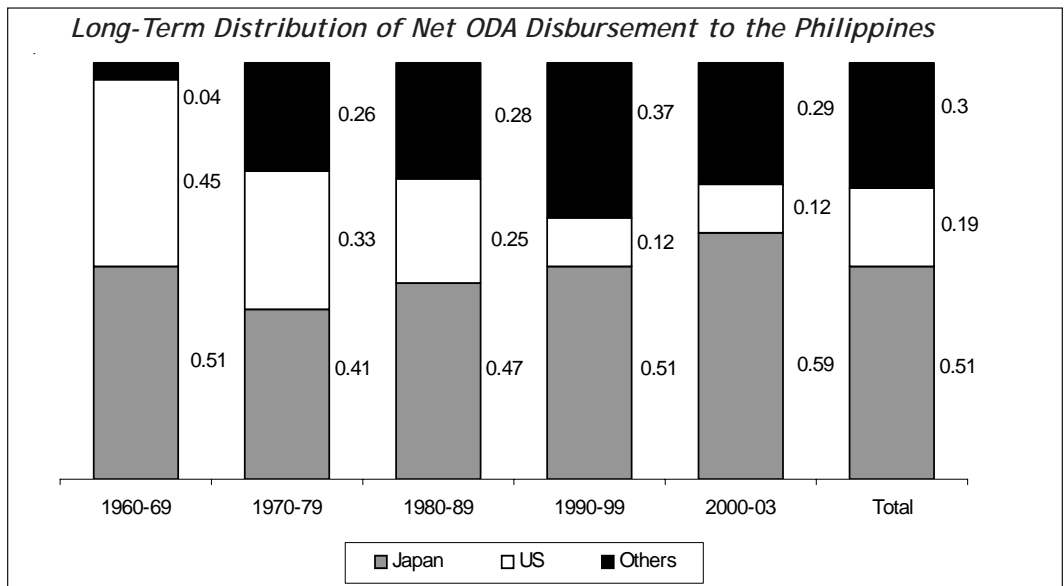


student politics. When the MNLF was founded, its objective was to create an independent Bangsamoro homeland. However, under pressure from some Islamic states, it has accepted autonomy within the Philippine state. Some MNLF leaders currently serve in the ARMM administration while Nur Misuari leads a breakaway faction that reinitiated armed activities against the government.

**Moro Islamic Liberation Front (MILF):** While the MILF was officially founded in 1984, its origins were in a group led by Central Committee member Salamat Hashim that left the MNLF shortly after the collapse of the Tripoli Agreement in 1977. At first called the New MNLF, it formally established itself in 1984 as the MILF. The organization puts much greater emphasis on Islamism than the MNLF, and most of its leaders are Islamic scholars from traditional aristocratic and religious backgrounds. The MILF claims to have 120,000 armed and unarmed fighters and many more supporters. Recent Philippine government estimates put the MILF strength at 8,000 while Western intelligence sources put it at 40,000. Most members come from the Maguindanaon and Iranun ethnic groups, although Maranaw recruits seem to be increasing.

*Sources: New People's Army, Wikipedia, The Free Dictionary ([http://en.wikipedia.org/wiki/New\\_People%27s\\_Army](http://en.wikipedia.org/wiki/New_People%27s_Army)); Raise the People's War to a New and Higher Level against US Imperialism and the Arroyo Puppet Regime, Message to the NPA on its 36<sup>th</sup> founding anniversary by the Central Committee of the Communist Party of the Philippines, 29 March 2005 (<http://www.philippinerevolution.org/cgi-bin/statements/statements.pl?author=cc;date=050329;language=eng>); Separatism in Mindanao, Philippines by Alyson Slack, ICE Case Studies, No. 118, May 2003*

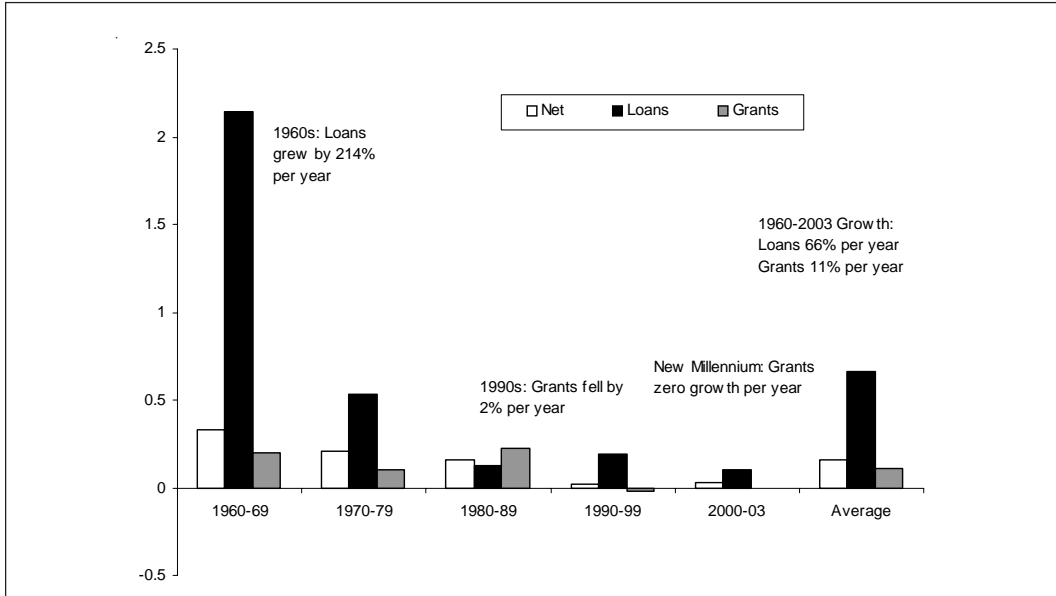
## Annex 2.



Source of Basic Data: DAC-OECD

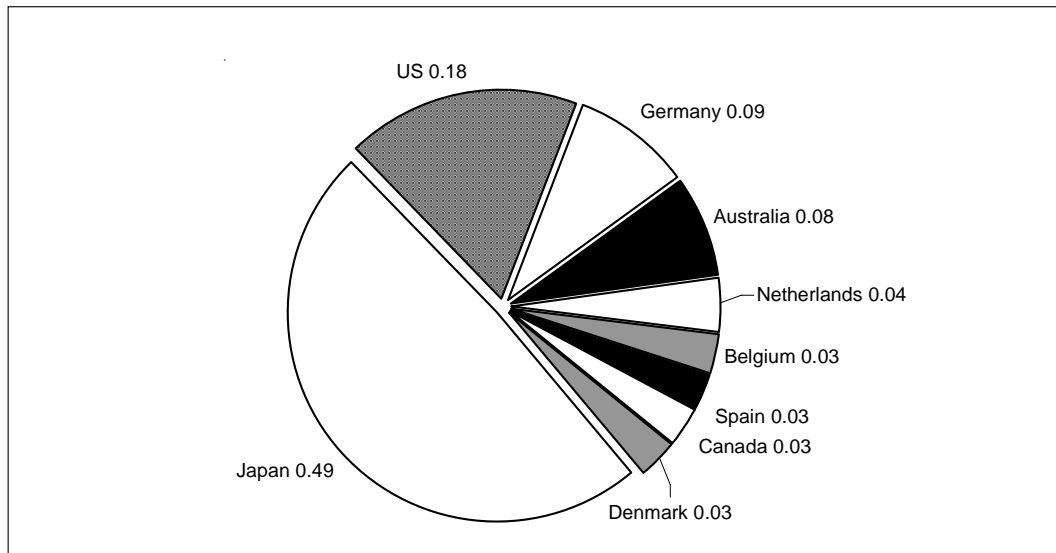
# Philippines

**Annex 3. Long-Term Annual Growth Rate ODA Disbursement to the Philippines**



Source of Basic Data: DAC-OECD

**Annex 4. Distribution of ODA Net Disbursed to the Philippines, By Donor, 2004**



## Notes

- <sup>i</sup> See Annex 1 for a brief profile of the major armed rebel groups in the Philippines.
- <sup>ii</sup> See Annexes 2, 3, & 4 for an overview of the long-term distribution of and annual growth rate in net ODA disbursement to the Philippines from 1960 to 2004, as well as the current distribution of bilateral ODA funding in the country by donor.
- <sup>iii</sup> The Ramos administration (1992-1998) used a package of ODA-funded social development programs and projects to woo the MNLF to surrender and sign a peace agreement with the government. The package would supposedly help in the "transition" of the MNLF rebels from guerrilla fighters to productive and law-abiding citizens. A USAID livelihood project under the package, for instance, was responsible for enticing 13,000 MNLF fighters to surrender and reintegrate into the mainstream society.
- <sup>iv</sup> According to Khaid O. Ajibon, MNLF State Chairman of the Sulu State Revolutionary Committee, the issues of the ongoing conflict between the MNLF and the Philippine government are: (1) The root causes of the war, which includes the issue of the Moro people's right to self-determination; (2) Non-implementation of the 1996 GRP (Government of the Republic of the Philippines)-MNLF Peace Agreement; (3) Continuing human rights abuses against the Moro people; and (4) Justice for MNLF chairperson Nur Misuari who was jailed for rebellion in 2001. (*For more details, please see "Sulu: State of War, Calls for Peace" by Atty. Soliman M. Santos Jr. which can be accessed at [http://www.cyberdyaryo.com/commentary/c2005\\_0506\\_01.htm](http://www.cyberdyaryo.com/commentary/c2005_0506_01.htm)*)
- <sup>v</sup> In 2005, the World Policy Institute estimated that US FMF for the Philippines was \$29.8 million. Israel remains the largest beneficiary of US FMF with \$2.2 billion, followed by Afghanistan (\$396 million); Jordan (\$204.4 million); and Pakistan (\$148.8 million). To access the complete list of US FMF beneficiaries, please visit <http://www.worldpolicy.org/projects/arms/reports/WatWTable3.html>.
- <sup>vi</sup> The gross imbalances in the VFA favoring the US, particularly the provision allowing US custody of US military personnel involved in criminal cases committed in the Philippines, again became a national debate when a 22-year old Filipina accused five US Marines of rape. The US suspects were among the 4,500 troops who arrived in the country in October 2005 for one of the Balikatan exercises.

## Endnotes

- <sup>1</sup> *Trilateral Strategic Defense Capability Planning Symposium* by Dr. Kent Hughes Butts and Lieutenant Colonel Curtis Turner, US Army War College, Center for Strategic Leadership, Issue Paper, Volume 7-04, September 2004
- <sup>2</sup> *The War on Terrorism in Southeast Asia: Strategic Implications for Philippine-China-US Relations* by Professor Rommel C. Banloi, Paper presented at the Institute for Southeast Asian Studies in Zhongshan University, Guangzhou, China, in connection with his visit on 8-17 January 2002
- <sup>3</sup> Department of National Defense, Accomplishment Report, January to June 2004
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- <sup>5</sup> Implementing the Philippine Defense Reform (PDR) Program, Department of National Defense ([http://www.dnd.gov.ph/DNDWEBPAGE\\_files/html/pt1agenda.htm](http://www.dnd.gov.ph/DNDWEBPAGE_files/html/pt1agenda.htm))
- <sup>6</sup> Briefer on the Kapit-Bisig Laban sa Kahirapan (KALAH), National Anti-Poverty Commission (NAPC) in cooperation with the United Nations Development Program (UNDP)
- <sup>7</sup> KALAH Database, National Anti-Poverty Commission (<http://www.napc.gov.ph/>)
- <sup>8</sup> Kapit-Bisig Laban sa Kahirapan - Comprehensive and Integrated Delivery of Social Services (KALAH-CIDSS) Project, Projects and Operations, The World Bank (<http://web.worldbank.org/external/projects/main?pagePK=104231&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P077012>)
- <sup>9</sup> *From the War on Poverty to the War on Terror? The Shifting Priorities of ODA* By Carl Dundas, GSD

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<sup>10</sup> *The ODA Eligibility of Conflict, Peace, and Security Expenditures*, Background Note, DAC Meeting, 10-11 February 2005

<sup>11</sup> "Government Sorry for US Partial Pullout of Funds in Mindanao" by Maila Ager, *Inquirer News Service*, 7 July 2004 ([http://www.inq7.net/brk/2004/jul/07/brkpol\\_8-1.htm](http://www.inq7.net/brk/2004/jul/07/brkpol_8-1.htm))

<sup>12</sup> Aid figures were generated from the US Overseas Loans and Grants [Greenbook] (<http://quesdb.cdie.org/gbk/>)

<sup>13</sup> Growth figures were based on data from the World Policy Institute, Arms Trade Resource Center

(<http://www.worldpolicy.org/projects/arms/reports/WatWTable3.html>)

<sup>14</sup> *Reducing Terrorism Risks in the Philippines*, Australian Aid, Media Release, 27 April 2004 ([http://www.ausaid.gov.au/media/release.cfm?BC=Media&Id=7540\\_4789\\_3694\\_2613\\_1112](http://www.ausaid.gov.au/media/release.cfm?BC=Media&Id=7540_4789_3694_2613_1112))

<sup>15</sup> "RP Thanks Australia for Military Aid" by Genalyn D. Kabling, *Manila Bulletin*, 18 October 2005

<sup>16</sup> "The Philippines' Nasty Little War" by Leila Halud and Tyrone Velez, *Asia Times*, 13 April 2005

<sup>17</sup> "Militant Group Accuses Government of Rights Abuses," Agence France Presse, *Philippine Daily Inquirer*, 3 December 2005