

INTRODUCTION – CHANGING CONTEXTS, CHANGING STATES

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Unless governments were able to design and implement appropriate public policies, administer resources equitably, transparently and efficiently, and respond efficaciously to the social welfare and economic claims of citizens, markets nor democracies could not function well.

– Merilee
Grindle

People Power II was about the democratic imperative for good governance – government characterized by honesty, integrity, transparency, and accountability. It exposed the shortcomings of the country's political institutions as mediators of political and social conflicts within the framework of the rule of law. It has drawn attention to the imperative of good governance in sustainable development and puts on center stage the choices between intrusive and minimal governments, and between strong states and soft states. Development history is replete with painful lessons learned from intrusive state-led development strategies. Combined with centralized political control, they have resulted in economic stagnation, inefficiency, authoritarianism, and corruption. The response to intrusive governments has been an ideological shift to market-oriented approaches for generating economic growth.

The market is attractive as a mechanism for resource allocation because it is not governed by politics and, therefore, is considered efficient. Reform initiatives have taken the form of dismantling structures of political control and economic protectionism, liberalizing domestic and international trade, privatizing state-owned industries, and stabilizing macroeconomic conditions. Government is no longer expected to engage directly in economic activities. Instead, its role is to create an [enabling environment](#) that promotes economic competition and growth. To bring about this enabling environment, the state needs the capacity to formulate and implement policies that would spur economic growth, level the playing field, and improve national competitiveness and productivity.

Various studies show that economic measures cannot be sustained without redistributive reforms. These consist of asset reforms and equity-enhancement measures designed and implemented by the state to transfer claims, access, rights to assets (including food and income), credit, and policy to disadvantaged groups. The purpose of these measures is to reduce liabilities and barriers that hinder the poor from enjoying the benefits of development and participating in [mainstream economic and social activities](#).

What adds urgency to the need for redistributive reforms is the pressing demand for political reforms. Unless people benefit from democracy and good governance, they will remain alienated from government and continue to be

dependent on "[episodic patronage dispensed by politicians](#)" that may render the state susceptible to capture by the economic and political elite. The Philippine political system is dominated by particularistic interests. Decisions and outcomes are based not on any fair or rational balancing of competing social objectives but by narrow group interests. The entrenched patron-client relations existing in the political landscape is the source of such particularistic interests.

Globalization compels government to improve its competitiveness in the international market for the economy to survive. Its response to globalization, however, continues to be challenged by sectors in society who feel that they have been further marginalized and impoverished by globalized markets. These events conspire to make government increasingly aware of the need to build its institutional capacity to manage the changes resulting from globalization and to improve its own functioning. This requires building the state's capacity to make informed policy choices when faced with various development trade-offs. It also requires revitalizing regulatory governance mechanisms to provide incentives to the private sector while also safeguarding the welfare and interest of the public.

A recent World Bank Report indicates that about a quarter of the Philippine population (18.2 million Filipinos) are still poor. [Poverty incidence](#) is 37 percent in rural areas and 12 percent in urban areas. From 1985 to 1997, the Bank noted a steady decrease in the number of people living below the poverty line, with those living below moving closer to the threshold. The statistics also show that absolute poverty has become less acute. On the other hand, while there has been a decline in poverty levels, the national Gini coefficient index has steadily declined from 1985 to 1997. This means that incomes of the country's upper income groups grew faster than those of the lower income groups. [Inequality](#) was also seen to worsen in Northern Mindanao, Central Mindanao and Western Mindanao regions.

Table 1-1: Poverty Incidence in the Philippines

	Poverty Incidence	Depth	Severity	Gini Index
1985	40.9	13.2	5.8	0.447
1988	34.4	10.1	4.2	n.a.
1991	34.3	10.6	4.5	0.447
1994	32.1	8.7	3.4	0.451
1997	25.1	6.4	2.3	0.487
Rural	36.9			
Urban	11.9			

Source: World Bank Philippines. May 31, 2001. The Remaining Agenda – Growth with Equity; Speech of Secretary Teresita Quintos-Deles, Lead Convenor, National Anti-Poverty Commission before the Philippine Economic Society, 26 March 2001.

The 1998 and 1999 Annual Poverty Indicators Survey conducted by the National Statistical Office (NSO) to measure the adequacy of public services provision to the poor also revealed a large gap in access to health, family planning, water, electricity, and sanitary services between the poor and the non-poor. The inequity is most acute in access to safe drinking water and other infrastructure services. The experience with market-oriented strategies has led to the "rediscovery of the state". The ultimate task of the state is to ensure the well being of its people. Amidst profound economic, social, and political challenges, accomplishing this does not propose a dominant role of the state. The issue now is no longer big or minimal government but the need to strengthen government's capacity to be efficient, effective, and responsive. There is equally a need to infuse it with the capacity not only to manage macroeconomic policy but also regulate some forms of [market behavior](#).

In Asia, economies have been slow to recover from the recent economic crisis. Poverty levels are increasing. These vividly show that markets and democracies cannot function well in terms of responding to the needs of the people, unless governments are transparent, accountable, predictable, efficient, effective, responsive, and participatory.

Objectives and Methodology of the Report

Governance is the exercise of power and authority in which society influences and enacts policies and decisions to manage their development process and resolve conflict toward a desired goal and direction. It covers a whole range of institutions and relationships involved in the process of governing with the state playing an important role in providing direction because of its authority and responsibility to formulate and implement policies. The concept of governance alters the exercise of power. Power in governance is shared and no longer wielded simply by government with authority defined by the [participation and consent of the governed](#) rather than control of the ruler. Introducing change in governance thus necessitates addressing the dynamics of such interaction.

There is sufficient consensus around the world regarding the link between good governance and poverty reduction goals. The difficulty is in actualizing this link. Hence, a Philippine governance report is important because it contributes to the discourse on what is an acceptable and workable way of governing in the Philippines. The single overriding rationale is that we need to take stock of where we are and the governance issues that continue to beset us.

This report addresses advocates of reform – policy makers, academics, private sector groups, and civil society organizations. The specific aims are the following:

- Identify key elements in determining good governance fundamentals;
- Assess the present state of governance with respect to poverty alleviation goals on the basis of performance based on government's own rhetoric and desired outcomes and goals;
- Recommend an agenda for action, if necessary, including policy and institutional reform; and,
- Serve as a material for discourse, learning, and advocacy for good governance.

Much has been said about what is wrong with government. Reforms have been initiated by every administration but the public continues to be disappointed. Many studies have been conducted to identify good governance indicators, but again citizens continue to be skeptical of government's sincerity and political will to benchmark its performance against these standards. Various initiatives have been launched and are currently undertaken to compel government to achieve these [standards](#).

This Philippine Governance Report focuses on governance by the state in carrying out its mandate in ensuring the well being of its people, particularly its effect on poverty reduction. Key government agencies charged with delivering essential services and managing natural resources for economic productivity and equity are analyzed.

The specific services discussed are social welfare, education, health, housing, environment, and agriculture. The report includes a section on how key government agencies are prioritizing peace and development in Mindanao.

Basic Ingredients in Governance Analysis

This governance report analyzes government performance in the following areas:

- **Public sector management**, whether government discharges its functions effectively, efficiently, and equitably through the design, formulation, and implementation of sound policies and programs vis-à-vis poverty reduction goals and objectives;
- **Institutional framework for development**, what are the priorities set by government and the laws, regulations, structures, and processes to achieve these priorities, including its ability to influence the behavior of the market by leveling the playing field and protecting public interests; and,
- **Relationship of government with society's stakeholders**, how government encourages and builds meaningful and empowered partnerships with private sector and citizens' groups as the latter endeavor to articulate their interests and exercise their rights and obligations in influencing the economic, social, and political development of the nation.

To serve any real benefit, an initiative such as this report must avoid political bias and have rigor and objectivity. This is why the Philippine Governance Forum followed a multi-stakeholder approach in producing the report. The focus and framework was deliberated upon and defined by a Board of Advisers, composed of practitioners and academicians from policy communities and [public administration institutions](#). The experts assigned to write the chapters are known experts of the field or have been immersed in the sector either as postgraduate students, researchers or policy advocates. The advisers guided the writers on how to pursue the discourse of the subject matter. They deliberating with them the key governance issues of the sector, referred them to existing studies and key informants, and commented on the substance and flow of the report.

The specific reports also were subjected to the scrutiny of designated readers, who are experts of the sector. The reason for this was to validate issues identified, review the analysis resulting from the discourse of the issues, and examine the viability and feasibility of the recommendations presented.

Although this Philippine Governance Report looks at the current state of governance by comparing current rhetoric with actual results, its analytical approach is historical. Governance in each sector is analyzed by tracing the directions of institutional change. It uses the parameters of effectiveness, efficiency, and responsiveness of involved government agencies. It looks at the consistency, reliability, equity, and sustainability of policies and the degree of participation of other societal stakeholders in decision-making.

GOVERNING THE SOCIAL WELFARE SECTOR

Social welfare service provision in the Philippines has evolved from a centralist approach to a decentralized approach based on partnerships with non-government organizations, people's organizations, and local government units. The chapter on social welfare examines the transformation from a simply welfare approach to an increasingly developmental approach of government in addressing the basic needs of the citizens. It also looks at the various institutions and institutional arrangements forged by government to alleviate poverty.

The chapter presents the innovations done by the Department of Social Welfare and Development (DSWD) in the implementation of the Comprehensive and Integrated Delivery of Social Services program. These innovations, which include the use of community organizing and of objective data for better program design and targeting, could lead to advancing participatory approaches in the delivery of social and welfare services. The chapter also presents the accomplishments of the DSWD in the areas of policy formulation for the promotion and protection of the rights and welfare of target sectors (e.g., children and youth, women and persons with disabilities, elderly, victims of disaster, and family), and innovations in social technology development.

As to the impact of devolution on the marginalized, there has been an improvement in terms of client perception of the delivery of social welfare services from pre-devolution to devolution years. Still, a number of problems need to be addressed. These problems include low prioritization of social welfare programs by local chief executives, political intervention especially in the appointment or upgrading of positions, lack of regularity in monitoring social welfare programs, lack of dialogue and consultation with different stakeholders, and duplication of services and target clientele by local government units and regional offices.

Among the reform measures recommended by the chapter writer are the following: install a monitoring system that is useful and acceptable to both national and local governments; create a partnership between the DSWD and the Department of the Interior and Local Government to hone the capabilities of local officials for participatory governance and advance their commitment to the social development requirements of the poor; institutionalize effective innovative management technologies; and, provide appropriate incentives to local governments that show good governance.

GOVERNANCE IN HEALTH

This chapter predicates its examination of the health care system by analyzing the system's ability to harness and mobilize resources to fulfill three fundamental goals. These goals are (1) improve the health of the population to help achieve productivity or social goals, (2) respond to people's expectations, and (3) provide financial protection against the costs of ill health.

The health care delivery system in the post-Marcos years saw an increasing number of stakeholders participating for better health, the decentralization of health services delivery, capacity building of local government units in local health care management system, and the expansion of the boundaries of the health system.

While there have been considerable gains in the health status of Filipinos over the last decade (including a gradual decrease in maternal mortality, a significant drop in infant mortality rate, and improved access to safe water supplies and sanitary toilets), these improvements have been modest and might not be sustainable. The public continues to face such problems as low access to health care, high costs of drugs and their inadequate and ineffective use by the poor, and lack of effective family planning services.

The chapter notes that as local governments increasingly took on health service functions devolved to them, the inadequacy of their health management support

system became more pronounced. The health information system at the local level is still incapable of generating and utilizing accurate and updated information for decision-making and planning. Among the reasons for the inadequacy of information is the skepticism of local officials over the value of planning. Although the majority of Rural Health Units undertake annual health planning, their plans do not automatically have assured resource support. Moreover, support from the Department of Health (DOH) is not based on a local government's determined needs but on the Department's own targets and allocations. This reinforces the perception that local planning is not essential. The budgetary requirement for devolved health services has strained local budgets and has led to under-investment in hospitals and other health care facilities.

In response to the challenges faced by the health sector, the DOH is currently pursuing a Health Sector Reform Agenda, which was initiated under the previous administration. This reform agenda includes the reorganization of the DOH consistent with the requirements of devolution. The main role of the DOH is to provide assistance to local government units and communities in achieving the promotion of health and in the prevention and control of diseases.

Another important component of the health reform agenda is health financing. Much remains to be done in easing the burden of health cost. The National Health Insurance Act of 1995 brought a promise of equity in access quality health care, especially among low-income and indigent Filipinos. Its creation also identified a number of priorities for the DOH, such as the development of local health systems, ensuring access and availability of quality and affordable drugs by the public, and improvement of standards for local health facilities. The Philippine Health Insurance Corporation, a body established under the National Health Insurance Act, was given the mandate of administering and managing a sustainable program that will ensure quality and relevant health care services to a broader membership base at an affordable cost. To date the National Health Insurance Program is still characterized by limited coverage in terms of the number of Filipinos it has enrolled and in terms of the benefits it provides to its members.

The chapter emphasizes the value of NGOs and other civil society groups in improving health service delivery. The author refers to them as the source of innovation in the health sector – initiating autonomous, community-based health projects, co-implementing DOH-initiated projects, advocating sound health governance, and building the capacity of providers for communities. Certainly, their engagement in health care needs to be strengthened and sustained.

To optimize and mobilize resource for health, the report strongly recommends the development and maintenance of a health information system. Policies that are formulated should be appropriate and doable. Since there are many stakeholders in the health sector, consensus building and synchronization of efforts needs to be consistently pursued.

ENVIRONMENTAL GOVERNANCE IN THE PHILIPPINES

The chapter on environmental governance examines how the democratization process in the Philippines shaped the politics of environmental decision-making. Specifically, it analyzes environmental governance on four fronts: (1) role of national government in policy-making, its worldview and preferences; (2) corresponding management approaches, tools, and strategies employed to carry

out policy objectives; (3) civil society formations as a response or driver to environmental decisions; and, (4) external forces and evolving discourse. The focus is on green environment particularly forests and a coastal system where most of the resource users are poor and completely dependent on these resources for survival. The report asserts the critical role of the state in providing the framework for a participatory mode of environmental governance. It also emphasizes the invaluable role of local communities, NGOs, and POs in shifting their resource management approach from a centralized and regulatory-based approach to a participatory and decentralized one.

The chapter shows the evolution of the environmental management framework from a historical perspective beginning from colonial times to the present. It characterizes environmental decision-making in the Philippines up to the mid-1980s as predominantly centralized and regulations-based. The democratization processes after the Marcos dictatorship were significant in the history of environmental decision making in the country. The broadening of political space unleashed the energies of civil society groups who engaged in policy-making and resource management activities at the local level. The environmental activism of civil society groups contributed significantly to the adoption of developmental approaches to resource management that would significantly impact policy and institutional change.

International events such as the World Conference on Environment and Development in 1987 provided the framework of sustainable development where most of the goals and agenda of civil society groups were based. This dynamism of civil society groups also produced significant shifts in policy. The policy environment with the enactment of the Local Government Code, the Fisheries Code of 1998, the National Integrated and Protected Area System Act, and the Indigenous People's Rights Act directed the shift toward a more participatory, conservationist, and people-oriented environmental protection framework. This allowed for complex innovations in resource management practices characterized by partnerships between government and community. Examples are the tenure-based approach, protected areas management, and co-management arrangements.

The trend toward people-oriented and participatory forms of environmental management further revealed the institutional inadequacies of the Department of Environment and Natural Resources (DENR) in enforcing environmental policies. These inadequacies relate to ineffective field inspection (which may lead or have led to corruption at the implementation level), lack of coordination with other government agencies, unclear and overlapping mandates of the various bureaus and attached agencies, and inadequate technical support from the central office to communities.

Policy gaps have also been identified. These gaps, as the chapter explains, are caused by contradictory objectives pursued under different policy frameworks such as trade, agricultural and fisheries modernization, and economic development. An example of a policy gap is the lack of official statements from the President on the relationship of poverty alleviation objectives with sustainable resource management.

Another gap is the absence of a new forestry code that would be consistent with the incorporation of community-based forest management strategies. Forest management is still under the extraction-oriented and regulatory framework of the Forestry Code. The chapter points out how the structural separation of the

Department of Agriculture and the DENR continues to reinforce the bureaucratic and policy divide between resource protection and agricultural development.

The chapter recommends the institutional reforms that would be critical to improving environmental governance in the country. Ideally, the reforms should be built upon the gains of validated community-based and participatory arrangements in resource management. There are two major reform areas.

The first is that law enforcement and inter-agency coordination need to be strengthened. Tenure based instruments for coastal and marine resources should be established. Local institutions for participatory decision-making body should be established in community forest management as they are institutionalized in fisheries and aquatic resource management.

The second reform area deals with monitoring and evaluation of community-based resource management projects. This should include indicators that measure the social inclusion of target beneficiaries and communities and their political and economic well being as a result of their participation in local resource management bodies. Continuous capacity-building of local government units should be pursued so that they can adequately perform devolved functions in environmental management.

GOVERNANCE OF THE EDUCATION SECTOR

The chapter looks at the state of Philippine education and assesses how current governance systems relate to the problems that plague the country's educational system. These problems are: inequity of access, poor quality of education, insufficient public investments for education, and lack of adequate facilities. These problems have persisted through several administrations. The study separately looks into the strategy, structures, and mechanisms of the Department of Education (DepED), the Technical Education and Skills Development Authority (TESDA), and the Commission on Higher Education (CHED) to manage the delivery of basic education, technical and vocational training, and higher education. The discussion also includes problems regarding the cost of education and financing in the sector.

DepEd is currently pursuing various forms of shared governance with local governments, schools, communities, civil society, and private sector to improve the management of education in the country. The effectiveness of this strategy, however, is currently hindered by the national government's budgeting and management system. For example, for primary education, Congress provides DepEd with a detailed specification of the budget per division. This limits the Department's flexibility to respond to the changing requirements of individual schools.

TESDA, on the other hand is faced with the problem of directly operating training institutions, which is not part of its original mandate. Managing these institutions diverts both staff time and finances from core functions of standard setting, research and development, accreditation, and advocacy for enhancing middle skills development.

The large and growing number of State Universities and Colleges or SUCs with extremely varying degrees of quality education complicates CHED's task in rationalizing the higher education system. The proliferation of SUCs dilutes the

already limited funds and makes the improvement of quality programs delivered by such institutions extremely difficult.

The study concludes with a set of suggested governance reform initiatives to improve public sector responsiveness to education needs at various levels. The proposals focus on strengthening current initiatives for shared governance with local governments, communities, civil society, and the private sector. They also call for strengthening the capability to set and enforce standards.

GOVERNANCE IN AGRICULTURE AND RURAL DEVELOPMENT

Deregulation and liberalization is the government's official policy to spur agricultural development. This path has been chosen based on the premise that import liberalization will benefit farmers and consumers. Competitive forces unleashed by liberalization would force farmers to either adopt more efficient and more productive methods or shift to more profitable crops. Consumers, on the other hand, will enjoy lower food prices resulting from higher production and cheap imports. Support and opposition to the government's policy hinges on the attainment of food security for the country.

The chapter presents the contending forces on the issue of food security that impact on the ability of government to be consistent and effective in affecting liberalization and deregulation in the agricultural sector. On one hand are those who object to trade liberalization because they believe it exposes agricultural commodities to the vagaries of the world market. They assert that it would render the agricultural sector captive to the interests of a few transnational players. It would further disenfranchise and impoverish the rural poor. On the other end of the spectrum are those who advocate trade liberalization on the premise that the policy will reduce poverty because the increased export earnings from high value crops will allow the country to pay for whatever food items the people would need. The failure of government to craft a consensus within and outside itself and manage these competing interests has resulted in a lack of focus and coherence, as reflected in the way it allocates resources.

The chapter asserts that government should instead focus its energies and resources on preparing the agricultural sector and the farmers for the eventual removal of tariffs in 2004. Government should engage in higher productivity enhancing investments. It should build the capability of farmers to address the challenges of liberalization.

The rural poor continue to suffer from lack of access to productive resources. As the report states, the current situation of the Comprehensive Agrarian Reform Program or CARP shows the "difficulties or the impossibility of implementing a compulsory agrarian reform program under a liberal democratic regime, particularly one in which political life is dominated by parties of the elite and beneficiaries of the program remain marginalized from the policy-making process." The agrarian reform program is at a standstill. This does not only deprive the potential direct beneficiaries of the program of their rightful control of the land they cultivate but also leads to a decrease in the amount of private investments in agriculture. Both situations do not augur well for the rural poor.

The chapter also cites the weaknesses of the institutions that govern the agricultural sector. The bureaucracy suffers from a great degree of politicization, which results in shifts in focus and strategies with every change in political leadership. The politicization of the Department has led to an inadequate core of

civil service personnel to provide continuity of policies and programs. There is a tendency to prefer politically expedient and short-term solutions to problems, over long-term but low visibility responses.

The chapter proposes a number of measures:

- Government needs to strengthen its capability to free itself from particularistic interests that dominate the agriculture sector and hinder it from vigorously pursuing rural development and national industrialization.
- Government should be decisive and resolute in eliminating forms of protectionism and monopolistic elements that impede or discourage growth
- Investments in agriculture should be more strategic. Government should give priority to higher productivity enhancing infrastructures, such as irrigation, research and development, extension work, and rural roads and ports. The impasse in the agrarian reform program should be addressed.
- The land transfer process should be completed at the soonest time possible. Various options on how to achieve this should be explored.
- The reform of the bureaucracy, particularly the strengthening of the civil service career system, should include the improvement of the capabilities of civil servants.

A HOUSE FOR EVERY FILIPINO – A PIPE DREAM IN THE LAND OF PROMISES?

This chapter illustrates the dilemma of allocating scarce resources in society and state vulnerability to powerful interests. The housing sector includes a number of non-state players with varying perspectives on the value of housing and attached expectations as to the role of the state. For advocates of market-based reforms, government must lay down appropriate policy and regulatory mechanisms in order to encourage market players to supply the components necessary for housing and to rationalize its subsidy scheme to ensure that the poor are served. For industry players, government is expected to provide support through extension of credit and guarantees and to create government housing projects for their continued operations. For NGOs and people's organizations, government is mainly responsible for providing resources for the poor to obtain shelter security.

Among the important assertions of the chapter is that the provision of housing cannot be isolated from urban development. It examines how several factors related to urban development affect the housing situation. These are the following: (1) the inadequacy of institutional capability for land administration and urban land resource management; (2) inadequate and competing policies as to land use and competing policy objectives; (3) lack of basic infrastructure services, such as roads, electricity, water, and sanitation systems; (4) weak urban governance caused by inadequate local government capacity and continuous dependence on national government; and, (5) the lack of incentives for the private sector to participate in low cost or socialized housing projects.

The report summarizes the situation confronting the housing sector as "still under-funded and poorly targeted". The approach of government to the housing problem has been largely through supply-driven housing policies, where it brings in institutional arrangements to provide all kinds of resources needed by both suppliers and end users. This precludes well-defined targets that ensure

equitable distribution of housing assistance with focus on those who need it most. The energies of government have been sapped continuously by various and diffused housing program undertakings, resulting in a failure to strategically address the need for a "sustainable housing finance system". Weak institutional capacity for effective shelter delivery also characterizes the sector. The study points to such weaknesses as fragmented and overlapping programs, inefficiencies in the shelter agencies, lack of information sharing especially on the same types of clientele, lack of technical expertise, and even the propensity of some agencies to report as output projects yet to be completed.

It is in this particular context that the report considers the creation of a housing department. What value will a department of housing have in addressing present institutional weaknesses? The study proposes a number of reform measures for the housing sector:

- A sustainable housing finance system should be created, one anchored on the provision of shelter security and guided by the improvement of the housing market and the provision of transparent, targeted and on-budget subsidies for the poor (i.e., creation of a secondary housing mortgage market);
- Legislations, policy, and regulatory measures should be designed not only to guide market players but also to ensure that benefits will redound to socialized housing;
- There should be capacity-building of local government units to undertake shelter delivery, particularly in the formulation of land-use plans and alternative resource generation to meet their responsibilities under the UDHA;
- The capability of shelter agencies' personnel also should be strengthened to ensure matching between the agencies' mandate and available human resources;
- The decentralized shelter delivery system needs to be strengthened; this includes strengthening the capacity of regional and local offices to deliver frontline services and deepening their understanding of the housing market and their roles vis-à-vis market players.

GOVERNANCE AND DEVELOPMENT IN MINDANAO

Three factors have a bearing on good governance in Muslim Mindanao. These are the absence of social cohesion, the situation of conflict, and the limited prospects for development. "The high incidence of poverty and inequality in ARMM is a consequence of the asymmetrical relations the Muslims have with the state and of the lack of harmony among the tri-peoples in the region, and more so, between Muslims and Christians. ... Second, conflict, a natural result of low social cohesion, exacerbates the already lamentable ARMM situation. Ultimately, peace and development in Mindanao rests where grassroots support for it is strong and sustained. Third and last, ARMM faces limited prospects for long-term development, inasmuch as its situation of conflict compels government to focus a substantial part of its resources to relief and emergency work."

The chapter writer offers three major recommendations. The first is to "address the deeply rooted discord in Mindanao [by] the mainstreaming of Muslim or *lumad* life into Mindanao society." Among others, this calls for recognizing the complexity of the Mindanao situation and putting in place more *relevant* ways to identify the beneficiaries of public programs. Community-based and culturally sensitive mechanisms also should be adopted to build bridges among Muslims,

lumads, and Christians. The second recommendation is to "work toward generating wide grassroots support for the peace talks, and for a culture of dialogue as a path to peace." Parties in the conflict, and other stakeholders, need to agree on workable mechanisms for solving problems that might arise in the ongoing talks between the MILF and the government. The information, advocacy, dialogue, and networking activities of civil society should receive support as these activities are important in building trust and solidarity in the region.

The third recommendation outlines a development work plan for Mindanao. The chapter writer proposes "a peace and development program for Mindanao...that has agriculture and fisheries modernization and basic education at its core." There should be investments in poverty alleviation programs, especially among the most vulnerable in ARMM and in building the capacities of government institutions and civil society groups.

A CONSTITUENCY OF REFORM

Together, the chapters clearly illustrate that the immediate task is to build a constituency of reform within government. Getting good government is the paramount task at hand. Sustained and equitable development and the achievement of poverty reduction goals hinge on the ability of government to deliver results. To make this happen, several factors are essential. First, government needs to be effective in performing its core functions. These include the protection of territorial integrity, safeguarding of the physical security and welfare of its citizens, mobilization of public savings, coordination of resource allocation, institution of redistributive reforms, and upholding of conditions necessary for the [effective exercise of citizenship](#). Second, government needs to enjoy autonomy from dominant political and economic interests that have historically captured the bureaucracy to protect and further narrow economic and political agendas. Third, government needs to forge broader alliances with key groups that are capable of stimulating socio-economic and political change.

Government can perform these tasks if it has strong institutional, technical, administrative, and political capabilities. Institutional capability refers to the authority, legitimacy, and capacity of government to define and enforce its laws and policies. Technical capability means the ability of the state to set and manage effective macroeconomic policies. Administrative capability refers to the ability of government to plan, organize, coordinate, and implement policies and programs for efficient and effective performances of its functions. Finally, political capability is the ability of government to establish channels and mechanisms for citizen participation, social claim-making, consensus-building, and conflict resolution.