INTRODUCTION
The completion of peace talks between the government of the Philippines and the Moro Islamic Liberation Front (MILF) means that the peace process in Muslim Mindanao enters a new phase. Peacebuilding efforts will now focus on the implementation of the Comprehensive Agreement on the Bangsamoro. This peace agreement provides a roadmap for the creation of an autonomously governed political entity – the Bangsamoro – for the predominantly Muslim population in the western part of Mindanao.

One of the key challenges is to create a stable and secure environment in which the transition to an enhanced form of autonomy can take place. This includes decommissioning the MILF, creating a new police force, dismantling private armed groups and neutralising armed groups that seek to undermine the peace process. Stakeholders in the peace process recognise the importance of strengthening the rule of law and maintaining peace and order. However, largely missing from this discourse is the challenge posed by the illicit drug economy in the Bangsamoro. The virtual silence that surrounds the drug economy in the Bangsamoro should be regarded as a cause for concern, because this shadow economy can have a detrimental effect on security, development and democracy in the region.

The purpose of this policy brief is to revisit the drug problem in the Bangsamoro and highlight some of the key issues that need to be addressed. The paper concludes with a number of priorities and recommendations that can begin the process of solving the Bangsamoro’s drug problem in the context of the current peace process.

NATIONAL DRUG SITUATION
Illicit drug markets are not confined to the Bangsamoro; they exist and thrive across the Philippines. The national drug situation should therefore be taken into account when looking at the Bangsamoro’s drug problem. The Philippines has the highest estimated rate of methamphetamine use in East Asia and is considered a major methamphetamine production centre within the region. 'Shabu’, the Filipino street word for methamphetamine, is the drug of first choice among drug users. The Philippines also has the most expensive amphetamine market in East Asia, with shabu fetching a higher price on the street than cocaine.

Apart from curbing the shabu economy, the priorities for anti-narcotics agencies include combating the cultivation of cannabis, international drug trafficking and transnational drug syndicates that operate locally or use the Philippines as a transhipment point to traffic drugs to international markets. The recent arrest of three individuals with ties to the Mexican Sinaloa drug cartel has once again placed a spotlight on the transnational character of the country’s drug problem.
The shabu economy has become firmly entrenched in the Philippines, despite considerable progress in drug law enforcement. Criminal groups have successfully deployed a number of coping strategies to deal with the crackdown on their activities. This includes downsizing and relocating shabu manufacturing sites to avoid detection. Shabu suppliers are increasingly resorting to smuggling to compensate for the loss in domestic production capacity. Profitable street prices and ‘porous borders’ provide the incentive and opportunity for smugglers to step into the breach. In the cat-and-mouse game between law enforcement agencies and criminal groups, the latter have proven remarkably adept at absorbing the impact of improved surveillance and policing capabilities.

VIBRANT DRUG ECONOMY IN THE BANGSAMORO

Reliable information on the scope of the drug problem in the Bangsamoro remains patchy. Nevertheless, the available evidence confirms that the region has its own share of drug-related problems. For instance, in 2011 alone 19 ‘drug dens’ – makeshift places where drug users purchase and use drugs – have been dismantled. In recent years, a number of shabu manufacturing sites and warehouses have been discovered. Anti-narcotics agencies also continue to come across cannabis cultivation sites across the region. These are indicators that a vibrant drug economy exists in the Bangsamoro.

Notwithstanding the Bangsamoro’s image as a troubled region, facile assumptions about its drug problem must be avoided. The bulk of shabu is manufactured in the National Capital region – directly under the gaze of the state, not in Mindanao’s ‘unruly borderlands’. Moreover, although the geography of the Bangsamoro offers suitable locations for cannabis cultivators, most of the country’s cannabis production occurs in the mountainous north of the Philippines. Insider reports also suggest that local drug groups source high-grade shabu from elsewhere (e.g. Metro Manila, China, etc.), which is then diluted and sold locally. This means that the drug economy in the Bangsamoro should not be treated as an insulated phenomenon: it forms an integral part of national and regional drug markets.

What sets this region apart from the rest of the country is the weak administrative and politico-military reach of the state in these territories. This facet in turn has resulted in the proliferation of warlord armies, paramilitaries and a decades-long rebellion. The armed conflict has created a favourable environment for the emergence of the local drug economy. Put simply, context matters for criminal activities. The peace and order situation works against effective governance and the rule of law, thus facilitating the entrenchment of the drug economy. It is less clear to what extent armed groups are involved in drug manufacturing and trafficking. The evidence remains largely speculative in nature. Claims about Abu Sayyaf or even MILF involvement in the drug economy are difficult to verify and should therefore be treated with caution. The presence of armed groups undoubtedly complicates drug law enforcement, but the key determinant of the thriving drug economy is the fragility of state institutions in the Bangsamoro.

NARCO-CORRUPTION: PROTECTION, SILENCE AND IMPUNITY

In the last decade, there has not been a single drug-related conviction in the Bangsamoro. This poignant statistic signals serious shortcomings in the campaign against illicit drugs. Law enforcement in the Bangsamoro has neither the capacity nor resources to effectively thwart the operations of drug criminals. The dismal conviction rate also highlights a more insidious phenomenon: drug-related corruption or ‘narco-corruption’. This entails public officials providing protection to drug groups. Local governance institutions across the region are ruthlessly exploited through targeted corruption. Arrests of police officers during drug raids confirm that the lure of big money can tempt police officers to protect rather than regulate the drug economy. The poorly functioning criminal justice system in the Bangsamoro represents another target for narco-corruption.

The lack of drug-related convictions reinforces a widespread belief that criminals have free rein in the Bangsamoro. This perception of impunity is reinforced by the pervasive culture of silence that surrounds the region’s drug economy. Informants attribute this to the complete control of drug criminals over local government and private armies within their respective territories. The combination of protection rackets, colluding public officials and the culture of silence has a corrosive effect on local governance in the Bangsamoro. Narco-corruption diminishes law enforcement and generates a climate of impunity that is conducive to the drug economy.

NARCO-POLITICIANS

News about ‘narco-politicians’ regularly crops up in the media. This reflects the growing concerns about connections between the drug economy and the political system in the Philippines. During the run-up to the 2010 elections, it was revealed by the Dangerous Drugs Board that 14 mayors were suspected of involvement in the drug economy, five of them from Mindanao. Because of its enormous profit base, the drug economy can provide corrupt political elites with the resources to usurp power. In the case of the Bangsamoro, the political landscape is marked by intense competition between clans, political dynasties and local strongmen. Collusion with organised crime can give these political entrepreneurs a decisive advantage.

Anti-narcotics agencies have been monitoring the activities of a drug cartel in Lanao del Sur, one of five provinces in the Bangsamoro. This cartel is said to involve municipal and city mayors who are suspected of involvement in
the drug economy and other illicit activities. It is thought that this cartel of politico-criminal entrepreneurs is able to corner the drug market through its control over political offices in the province. The cartel exemplifies how illicit sources of wealth can propel the careers of local politicians. Once elected into public office, narco-politicians are in a position to subvert the rule of law in order to maintain their hold over the proceeds from the drug economy. By actively undermining and abusing the fragility of local governance institutions, narco-politicians foster the criminalisation of state institutions in the Bangsamoro.

PEACEFUL DRUG ECONOMY

While drug markets are prone to violence, not every drug economy is a markedly violent affair. This applies to the Bangsamoro as well. Drug-related violence remains the exception rather than the rule. The drug market does not appear to be a significant driver of community-level violence. There are no violent turf wars between rival drug groups, nor is there an open drug war between criminal organisations and anti-narcotics agencies.

The low level of drug-related violence can be attributed to corrupt officials and narco-politicians, who ensure that drug criminals can operate with minimal interference from local authorities. In this smoothly functioning drug market, there is no need for extreme violence to protect market share, ward off law enforcement or enforce the informal rules of this economy. Rather than entering into a direct confrontation with the state and risk a disruption of their operations, drug criminals in the Bangsamoro seek to capture the state through targeted corruption of public officials.

The accommodation between corrupt officials and organised crime may have a pacifying effect on the drug market, but the subsequent criminalisation of local governance is likely to have a detrimental effect on democracy and development. It would therefore be a grave mistake to consider the relative absence of violence in the drug market as a cause for optimism. A narrow focus on drug-related violence is unhelpful, because it conceals the pernicious impact of criminal interest groups capturing local institutions.

VIOLENT SPILLOVER EFFECTS

Drug-related corruption plays a role in reducing the level of violence within the Bangsamoro’s drug economy, but there is a potential for violent spillover effects. One spillover effect that requires careful consideration is that a heavy-handed crackdown on the operations of drug groups in the Bangsamoro could provoke a violent response, especially in areas where the level of trust between local communities and the government’s security agencies is low. Law enforcement agencies need to assess the risk of unintended consequences at a delicate moment in the peace process.

The drug economy poses a real threat to the fledgling institutions of the future Bangsamoro government. To achieve the end goal of a durable peace that is free from violence, stakeholders in the peace process need to turn their attention to this economy.

The second spillover effect concerns the role of the drug economy in the struggle for political domination across the region. When drug money becomes the currency of political power, it simply raises the stakes of the political game. This should be treated as a cause for concern given the propensity for violent competition in the political marketplace of the Bangsamoro. Peacebuilding initiatives that seek to address election-related violence at the local level therefore need to factor in the potential impact of the drug economy on local conflict dynamics.

CONCLUSION

The completion of peace talks heralds a shift towards building peace in the Bangsamoro. The promised ‘normalisation’ of the peace and order situation represents a major plank of the peace transition. As reflected in the peace agreement, this requires the decommissioning of weapons in the hands of the MILF, the creation of an effective police force, the redeployment of government military units outside the region and the disbanding of private armies.

The problem of organised crime and the drug economy in particular does not figure in the discussion about normalisation. Yet, the drug economy poses a real threat to the fledgling institutions of the future Bangsamoro government. Narco-corruption, in combination with narco-politicians and drug-related violence, is likely to have an adverse effect on the credibility and effectiveness of newly established governance institutions. To achieve the end goal of a durable peace that is free from violence, stakeholders in the peace process need to turn their attention to the drug economy.

The implementation of the peace agreement offers an opportunity to start addressing the drug problem. The government, law enforcement agencies and the peacebuilding sector need to understand that the Bangsamoro’s drug economy is not simply the outcome of blunt violence and sheer intimidation. It is primarily the product of targeted corruption, elaborate protection rackets and control over local governance institutions. Rolling back the influence of drug criminals therefore necessitates an equally strategic and focused approach.

To be effective, responses to the drug problem need to combine elements from peacebuilding, statebuilding and law enforcement.
RECOMMENDATIONS

• **Utilise drug law enforcement as a confidence-building measure:** Achieving visible success in terms of drug law enforcement should be regarded as a critical pathway to building confidence in the capacities of the future Bangsamoro government to enforce the rule of law. To achieve this, the MILF, which will lead the Bangsamoro Transition Authority, needs to be enlisted and capacitated as a key partner in the response against illicit drug markets.

• **Insulate the Bangsamoro police force from narco-corruption:** It is of vital importance that any newly constituted police force for the Bangsamoro function as a bulwark against drug criminals and organised crime. The Independent Policing Commission (IPC), which will recommend an appropriate police force for the Bangsamoro, should propose concrete anti-corruption measures to prevent the police from being captured by criminal elements.

• **Target drug-affected municipalities with development interventions:** In some areas of the Bangsamoro, the drug economy functions as a livelihood economy for impoverished individuals and communities. Socio-economic development programmes, which form part of the normalisation strategy, need to generate alternative livelihoods in areas where the drug economy is currently flourishing. Special attention should be paid to preventing ex-combatants from entering the drug economy.

• **Challenge the perception of impunity for drug crimes:** A concerted effort to prosecute narco-politicians and top-tier drug criminals is required. This would signal an end to the prevailing sense of impunity, which continues to hamper drug law enforcement. Strengthening police capabilities in asset forfeiture procedures and the handling of evidence should be a priority. Of equal importance is strengthening the witness protection programme, in order to end the culture of silence around drugs.

• **Do more to prevent money laundering by drug criminals:** Preventing the laundering of drug money is an essential element in the fight against drug criminals. Using the Anti-Money Laundering Act as guidance, measures need to be put in place to protect citizens and institutions in the Bangsamoro from the corrupting influence of drug money. Of equal importance is the need to strengthen the role of financial institutions in preventing the laundering of drug proceeds by drug criminals.

• **Drive a wedge between political authority and organised crime:** Narco-politicians embody mutually reinforcing spheres of political power and organised crime, which have a detrimental effect on public institutions. The focus should be on breaking the connections between the drug economy and the political system. One option is to revise the provisions on electoral contributions in the Omnibus Election Code in order to curtail the influence of drug money within the political system of the future Bangsamoro.


Endnotes

4 Interview with a high-ranking army officer (name and date withheld).