

## CHAPTER 3

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### The Philippines' Security Outlook in 2010

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#### Introduction

The security outlook for the Philippines in 2010 will generally be stable on the assumption that a smooth transition of power takes place following the scheduled general elections in May of this year. Some degree of continuity in policies in addressing key security issues of the country may be expected under a new administration. Even so, the Philippines will continue to face a number of security challenges that would likely have an impact on domestic politics and economy. This paper identifies five major security challenges the Philippines will face in 2010 and what their implications are for the short-term stability of the country.

#### Security Challenges

##### *Peace and Order Situation in the Run-up to the 2010 Elections*

National elections were scheduled on 10 May 2010 and a new president is expected to take over from Gloria Macapagal-Arroyo by the end of June. Apart from the positions of president and vice president, at stake are also 12 seats of the 24-seat Senate and the more than 250 district positions in the lower house of the legislature, and local government positions down to village level heads.

Historically, the level of political violence in the Philippines increases in the run up to national and local elections, which are simultaneously held. Although the official campaign period has not started, a number of election-related political violence has already taken place as early as November of last year. The most gruesome of them, which was widely reported in the domestic and international media, was the Maguindanao massacre involving the ruling political clan of the Ampatuans in one

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of the provinces of the Autonomous Region of Muslim Mindanao (ARMM). It is estimated that more than 60 people, including some 30 journalists and innocent civilians, were killed in the massacre. The government of President Arroyo was forced to declare a state of emergency in the province and later placed it under martial law for a few weeks after the incident. This enabled the government to arrest the suspects in the crime and enabled the military and police to dig up a cache of arms and munitions reportedly belonging to the Ampatuans and their private armies. Following strong criticisms by some Manila-based opposition groups and even her allies in the Philippine Congress, President Arroyo decided to lift martial law in Maguindanao even before the legislators could debate on the constitutionality of the declaration. This effectively avoided a confrontation between the executive and legislative branches of government, which could have created a constitutional crisis for the country. Media reports however indicated that the declaration of martial law in Maguindanao was welcomed by many people in the province and other parts of Mindanao<sup>2</sup> because the Ampatuans, erstwhile a close political ally of President Arroyo, are known to resort to extra-judicial killings to eliminate political rivals and their supporters.<sup>3</sup> It was in fact the perceived closeness of the Ampatuans to the Arroyo administration that forced the government to act swiftly and decisively in containing further bloodshed in Maguindanao, which, according to President Arroyo, could have led to a civil war involving the regular military forces and the private army of the Ampatuans.<sup>4</sup> Because of the breakdown of law and order, and the continuing volatile situation in Maguindanao, the processing of the case and court hearings against the Ampatuans had to be moved to Manila. Court hearings began in the first week of January 2010

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<sup>2</sup> A Catholic Archbishop in Mindanao, Orlando B. Quevedo, for example recognized the necessity of the imposition of martial in Maguindanao after the massacre. See Orlando B. Quevedo, OMI, "Commentary: After martial law in Maguindanao, what?" *Mindanews Online*, 17 December 2009. Available at [http://www.mindanews.com/index.php?option=com\\_content&task=view&id=7366&Itemid=120](http://www.mindanews.com/index.php?option=com_content&task=view&id=7366&Itemid=120), accessed on 17 December 2009.

<sup>3</sup> See for example the following Philippine media reports: "Andal Jr. known as 'hatchet man'," *Inquirer.net*, 27 November 2009. Available at <http://newsinfo.inquirer.net/inquirerheadlines/nation/view/20091127-238648/Andal-Jr-known-as-hatchet-man>, accessed on 27 November 2009; Nikko Dizon, "Before backhoe, there were chainsaws: CHR probing 200 other murders," *Inquirer.net*, 10 December 2009. Available at <http://newsinfo.inquirer.net/inquirerheadlines/nation/view/20091210-...4/Before-backhoe-there-were-chainsaws-CHR-probing-200-other-murders>, accessed on 10 December 2009; and Maria Ressa, "Blowback: The Massacre in Mindanao — Maria Ressa," *ABSC-CBN News online*, 1 December 2009. Available at <http://abs-cbnnews.com/views-and-analysis/12/01/09/blowback-massacre-maguindanao-maria-ressa>, accessed on 2 December 2009.

<sup>4</sup> The rise of the Ampatuans in Maguindanao and ARMM was primarily due to the militia support it gave to the military in its counter-insurgency operations against armed Muslim separatist groups like the MILF.

where the principal suspect, Mayor Andal Ampatuan Jr., charged with 56 counts of murder, pleaded not guilty to the charges.

Another member of the Ampatuan family, Zaldy Ampatuan, who was the governor of ARMM, was stripped of his position following the massacre. He was also criminally charged, along with the elder Ampatuan, who is the governor of Maguindanao. Because of this, there was widespread call from various sectors for local elections in the ARMM to be held earlier than the general elections in May in order to avoid further election-related political violence in Maguindanao and the autonomous region. This would also allow the elections commission to efficiently deal with several election hotspots in the country with the help of the military and police. Maguindanao has been at the centre of election cheating controversies in the past, including the alleged vote rigging in 2004 that almost brought down the government President Arroyo in 2005 (dubbed as the “Hello Garci” controversy). For now, with the Ampatuan clan disenfranchised, it is hoped that the forthcoming elections would be clean, fair, and honest given that, for the first time, national elections are going to be fully automated.

However, the use of automated polling system in the Philippines would not necessarily mean that the results of the elections would be totally free from allegations of fraud. It is possible that many people would feel disenfranchised on election-day especially if their votes would not be considered valid by the polling machines (due to some human or technical error, for example), or if the machines fail to operate on the day of election in some places (power failure or poll machine glitches). Rotating brown outs has been the order of the day in parts of country, especially in Visayas and Mindanao, and may also be the case in the main island of Luzon because of onslaught of the El Nino. Also, it has been reported by the local media that some of the polling machines that came in from China have malfunctioned in initial tests. Given the significant lack of trust by the general public on the Arroyo administration since the controversial elections in 2004<sup>5</sup>, the reported malfunctioning of some polling machines would

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<sup>5</sup> President Arroyo's net approval rating has not recovered since the aftermath of the 2004 elections controversy. Latest survey figures indicate a negative 23 net approval rating, her lowest since she took over as president of the country in 2001. See “Satisfaction with Arroyo gov't at all-time low—survey,” *Inquirer.net*, 12 January 2010. Available at <http://newsinfo.inquirer.net/breakingnews/nation/view/20100112-246837/Satisfaction-with-Arroyo-govt-at-all-time-low---survey>, accessed on 13 January 2010.

only further fuel speculations —real or imagined— that the present government is determined to commit election fraud.

The security implications of anticipated problems mentioned above for the political stability of the country has been recognized by no less than the National Security Council (NSC) of the Philippines. Specifically, in a recent conference held in Davao, a NSC official stated that the government has to be prepared for the possibility of mass actions in the streets if there is a perceived failure of elections by the general public. The official also said that “the potential for a crisis situation in 2010 exists because there are uncertainties and divisive issues currently surrounding the coming polls” and that the general public’s paranoia primarily springs from the country’s lack of experience in automated election system. Accordingly, it was acknowledged that there are three scenarios that would likely push people to go to the streets, such as: 1) allegations of mass cheating in the elections; 2) allegations of government manipulation if elections were deferred or there is a failure of elections; and 3) if by 30 June 2010, no president is proclaimed and the position remains vacant.<sup>6</sup>

What is complicating the situation even further is the anticipated rise in election-related violence given that there are some politicians that have private armies. During a recent command conference at the Commission on Elections (COMELEC) office, the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP) have identified some 68 armed and partisan groups that could disrupt the general elections in various parts of the country. These law enforcement agencies have also identified 6 regions in the Philippines that are on their watch list for election-related violence, three of which are in Mindanao (including the ARMM) as well as the National Capital Region (NCR) or Metro Manila. In total, there are 8 provinces that are on the watch list including 558 municipalities and cities.<sup>7</sup> Following the Maguindanao massacre in November 2009, President Arroyo created a commission

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<sup>6</sup> This was based on a briefing by Ms. Carol Redojo, head of the National Security Council’s (NSC) national security monitoring and assessment center during the Bishop-Ulama conference in Davao City. From “May elections crucial for the Philippines —NSC official,” *ABS-CBN News Online*, 10 January 2010. Available at <http://abs-cbnnews.com/nation/01/10/10/may-elections-crucial-country-nsc>, accessed on 11 January 2010.

<sup>7</sup> See Reynaldo R. Santos, “Dismantle 68 private armed groups —COMELEC”, Newsbreak, as reported in *ABS-CBN News Online*, 8 January 2010. Available at <http://abs-cbnnews.com/nation/01/08/10/dismantle-68-private-armed-groups-time-polls-comelec>, accessed on 11 January 2010.

that was given broad investigative powers and tasked to make recommendations on dismantling private armies all over the country. The commission, whose members were appointed in early January 2010, is mandated to finish its task within four months, or a month before the elections in May.<sup>8</sup> It is estimated that there are some 800,000 loose firearms all over the country that are in the hands of private armies.<sup>9</sup>

### *Armed Rebellion: the CPP/NPA and MILF*

Apart from the peace and order situation in the run-up to the May 2010 elections, the Philippine government would have to continue to deal with internal armed security challenges to the state. Specifically, the communist rebellion led by the Communist Party of the Philippines/New People's Army (CPP/NPA) and the separatist movement led by the Moro Islamic Liberation Front (MILF) will continue to be a major internal security concern for the country. Peace talks between the government and these armed rebel groups have not resumed and may likely be postponed until a new administration takes over by the end of June.

Although the CPP/NPA no longer poses a serious threat to the stability of the state given its declining influence, it still has the capability to undertake guerrilla attacks against the military and police, as well as harassing private companies and candidates during the election period. For example, the CPP/NPA is known to have imposed "revolutionary taxes" on transportation and telecommunications businesses in areas of the country where they have a sizeable territorial control or influence. If these companies fail to pay their dues, communist guerrillas stage torching or bombing attacks on transportation facilities (buses for example) and communication towers (in the case of mobile phone companies for instance). During elections in the Philippines, local or territorial commands of the CPP/NPA charge candidates "campaign fees" that would allow them to conduct election rallies or campaigns in areas where the

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<sup>8</sup> TJ Burgonio, "Six named to panel vs private armies," *Inquirer.Net*, 1 January 2010. Available at <http://newsinfo.inquirer.net/inquirerheadlines/nation/view/20100101-245098/Six-named-to-panel-vs-private-armies>, accessed on 2 January 2010.

<sup>9</sup> *Ibid.*

communist rebels have considerable control or influence.<sup>10</sup> Even so, the guerrilla capability of the CPP/NPA has reportedly declined considerably, with the AFP placing its current strength at less than 5,000 armed guerrillas or about 78.8 percent decline from its peak during the Marcos period. As well, the number of villages under the influence of the communist rebels had declined by 81 percent over the past 23 years. The AFP estimates that only 1,301 villages (out of a total of 40,000) are still affected by the communist insurgency.<sup>11</sup>

In 2006, President Arroyo instructed the AFP to completely wipe out the communist rebellion before the end of her term in 2010. Peace talks between the Philippine government and the communist rebels, which were supposed to have resumed in August 2009 in Norway, have stalled due to disagreements over the preconditions for resumption of negotiations. Specifically, the National Democratic Front (NDF) has demanded the release of 14 members of the NDF as a precondition for resumption of peace negotiations. The Arroyo government, however, refused the NDF's demand and was willing to release only 4 of the 14 members even as it argued that those members were criminally charged.<sup>12</sup>

Meanwhile, peace negotiations between the government and the MILF resumed on 8 December 2009 in Kuala Lumpur after they broke down in 2008 after the aborted signing of the Memorandum of Agreement on Ancestral Domain (MOA-AD). It

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<sup>10</sup> Some military sources refer to these fees as permit to campaign (PTC) or permit to win (PTW). Candidates negotiate with the NPA on the mode of payment, which vary across the country. A recent newspaper report quoted a Philippine army spokesperson in Bicol province on how much the NPA charge candidates during elections: P500,000 (about US\$10,000) for those running for national congress; P50,000 (US\$1,086) for vice governor; P30,000 for local councillor or board member; and P20,000 for vice mayor. See "Pols urged not to pay NPA permit to campaign," *Inquirer.net*, 11 January 2010. Available at <http://newsinfo.inquirer.net/inquirerheadlines/regions/view/20100111-246785/Pols-urged-not-to-pay-NPA-permit-to-campaign>, accessed on 12 January 2010 and Cet Dematera, "Rebels collect P20,000 up to P500,000 for permit to campaign fees — official," *Philstar.com*, 15 January 2010. Available at <http://www.philstar.com/Article.aspx?articleId=540906&publicationSubCategoryId=63>, accessed on 15 January 2010.

<sup>11</sup> Jocelyn Uy, "Red Revolution at 41: Aging and beaten, guerrillas explore new battlefronts," *Inquirer.net*, 26 December 2009. Available at <http://newsinfo.inquirer.net/inquirerheadlines/nation/view/20091226-243989/Aging-and-beaten-guerrillas-explore-new-battlefronts>, accessed on 27 December 2009.

<sup>12</sup> Christian V. Esguerra, "Govt open to releasing only 4 NDF men," *Inquirer.net*, 26 August 2009. Available at <http://newsinfo.inquirer.net/breakingnews/nation/view/20090826-222149/Govt-open-to-releasing-only-4-NDF-men>, accessed on 27 August 2009. See also Joyce Pangco Panares, "Hawkes have taken over peace talks, says govt," *Manila Standard Today online*, 26 August 2009. Available at <http://www.manilastandardtoday.com/insideNews.htm?f=/2009/august/26/news1.isx&d=2009/august/26>, accessed on 27 August 2009.

must be recalled that some factions of the MILF staged guerrilla attacks even against innocent civilians in Mindanao after the aborted signing of the MOA-AD, which was subsequently declared unconstitutional by the Philippine Supreme Court. Prior to the resumption of peace talks, an International Contact Group (ICG) was set up composed of the governments of the United Kingdom, Japan and Turkey, and non-government organizations such as The Asia Foundation, The Centre for Humanitarian Dialogue, the Conciliation Resources, and the Muhamadiyah. Following their peace negotiations in Kuala Lumpur in December, the Philippine government and MILF panels agreed to: 1) request for the renewal of the Terms of Reference of the International Monitoring Team (IMT) tasked to oversee the implementation of ceasefire, humanitarian, rehabilitation, development, and civilian protection agreements; 2) invite again Malaysia, Japan, Brunei, and Libya into the IMT and expand its membership to include non-government organizations such as the International Committee of the Red Cross (ICRC), Mindanao People's Caucus (MPC), and the Non-Violent Peace Force (NVPF); and 3) revive the Ad Hoc Joint Action Group (AHJG) to coordinate interdiction and isolation of criminal and other lawless elements.<sup>13</sup>

For now, it is not clear how the peace talks will proceed and what are the talking points for both panels in ending the MILF separatist rebellion. The aborted signing of the MOA-AD in 2008 may still be a contentious issue in the negotiations and would most likely be a major stumbling block to achieving a final peace agreement. And even if a peace deal is signed, there is no guarantee that it would mean an end of the separatism and violent conflict in Mindanao. It must be noted that there are several factions within the MILF and the success of any peace agreement with the government will largely depend on the commitment of all factions within the MILF to honour the deal. This is one important lesson that can be drawn from the peace agreement between the Philippine government and the Moro National Liberation Front (MNLF) in 1996 that created the ARMM: it did not automatically bring peace in Mindanao even as some former members of the MNLF, who were dissatisfied with the peace deal then, set up another separatist rebel group that is now the MILF. The strength of the MILF guerrilla forces is placed at a low of 12,000 to a high of 15,000 by the military. The AFP on

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<sup>13</sup> Carolyn O. Arguillas, "Finding the good in bad news Mindanao 2009," Mindanews online, 9 January 2010. Available at [http://www.mindanews.com/index.php?option=com\\_content&task=view&id=7453&Itemid=50](http://www.mindanews.com/index.php?option=com_content&task=view&id=7453&Itemid=50), accessed on 11 January 2010.

various occasions have alleged that some of the MILF factions have cooperated with the Abu Sayyaf Group (ASG) in countering military operations against the terrorist group in Basilan and other parts of Mindanao.<sup>14</sup> Even the United States has expressed concern about reported links between the Jemaah Islamiyah and some MILF factions as early as 2002.<sup>15</sup> The MILF leadership, however, has repeatedly denied all these allegations. For instance, the MILF spokesperson in 2007 had pointed out that the group had cut ties with the ASG and denied any involvement in the terrorist group's kidnapping and beheading activities.<sup>16</sup>

Overall, the armed communist rebellion led by the CPP/NPA and the separatist insurgency led by the MILF in Mindanao will continue to be major internal security concerns of the government even after the Arroyo administration steps down by the end of June 2010.

### *Terrorism and the Abu Sayyaf Group*

The Abu Sayyaf Group (ASG) is likely to remain a major terrorist headache for the post-Arroyo government in the Philippines. While the number of its followers is estimated to be less than 500 men, the ASG is expected to carry on with its attacks on military and police forces while at the same time continuing to engage in terrorist activities such as kidnap-for-ransom and beheading of civilians and military personnel. In 2009 alone, the ASG engaged in kidnapping of civilians, such as journalists, teachers, priests, and humanitarian aid workers like those from the ICRC. In August and September 2009, the ASG, with reported assistance from other rebel groups, killed more than 30 AFP soldiers in separate encounters in Basilan and Jolo.<sup>17</sup> In December 2009, some 31 high risk prisoners in a Basilan jail that

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<sup>14</sup> See for example Joel Guinto, "Military probes into possible MILF involvement in Basilan," *Inquirer.net*, 26 September 2007. Available at [http://newsinfo.inquirer.net/breakingnews/regions/view/20070926-90840/Military\\_probes\\_possible\\_MILF\\_involvement\\_in\\_Basilan\\_clashes](http://newsinfo.inquirer.net/breakingnews/regions/view/20070926-90840/Military_probes_possible_MILF_involvement_in_Basilan_clashes), accessed on 12 January 2010.

<sup>15</sup> See Larry Nicksch, "Abu Sayyaf: Target of US-Philippine Anti-Terror Cooperation," *CRS Report for Congress*, 25 January 2002. Available at <https://www.policyarchive.org/handle/10207/1338>, accessed on 12 January 2010.

<sup>16</sup> "Militants kill 14 marines, behead 10," *Agence France Press*, 11 July 2007, as reported in *The Financial Express* online. Available at <http://www.thefinancialexpress-bd.com/2007/07/12/4093.html>, accessed on 12 January 2010.

<sup>17</sup> Norimitsu Onishi, "Curbed in Towns, Philippine Islamists Take to the Forests," *The New York Times* online, 25 September 2009. Available at [http://www.nytimes.com/2009/09/26/world/asia/26phil.html?\\_r=1&pagewanted=all](http://www.nytimes.com/2009/09/26/world/asia/26phil.html?_r=1&pagewanted=all), accessed on 12 January 2010.

included suspected MILF and ASG militants escaped from prison after a jailbreak attack staged by militant rebels.<sup>18</sup>

Since 2002, the United States and the Philippines have conducted various military exercises under the revived security alliance that focuses on counter-terrorism cooperation against the Abu Sayyaf in Mindanao. In August 2009, the Pentagon decided to keep its 600-strong elite counter-insurgency units in the Philippines to continue helping the Philippine armed forces in dealing with the ASG and the militant factions of the MILF.<sup>19</sup>

### **Natural Disasters: Lessons from Worst Flooding in 2009**

As a tropical country located in the “ring of fire” and in the path of tropical storms and monsoon rains, the Philippines would have to continue bracing up for natural—and sometimes “man-made”—disasters like earthquakes, volcanic eruptions, landslides, floods, and sea mishaps (e.g., sinking ferries). The Philippine government must continue to build its capacity, as well as those of the local government units, to effectively respond to natural disasters, even as the general public must also be continually educated in disaster preparedness particularly during the monsoon season. In late September 2009, the Philippines experienced the worst flooding in the national capital region after typhoon Ondoy (Ketsana) hit. Less than a week following this tragic incident, northern and central Luzon were also hit by another tropical storm Pepeng (Parma) causing damage to crops and property due to rains and flooding. Some 600 people died after the two storms hit the country and caused an estimated P30 billion damage to infrastructure and agriculture.<sup>20</sup> President Arroyo came under fire for her government’s slow response to these disasters. Subsequently, however, she set up a commission to undertake a post-mortem study and coordination of rehabilitation efforts to address the problems related to these disasters.

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<sup>18</sup> “Islamists flee Philippine prison after militants’ raid,” *BBC News Online*, 13 December 2009. Available at <http://news.bbc.co.uk/2/hi/asia-pacific/8410364.stm>, accessed on 12 January 2010.

<sup>19</sup> Thom Shanker, “U.S. Military to Stay in Philippines,” *The New York Times online*, 20 August 2009. Available at <http://www.nytimes.com/2009/08/21/world/asia/21military.html>, accessed on 12 January 2010.

<sup>20</sup> TJ Burgonio, “Arroyo forms body for rehab; MVP is chair,” *Inquirer.net*, 14 October 2009. Available at <http://newsinfo.inquirer.net/inquirerheadlines/nation/view/20091014-229935/Arroyo-forms-body-to-run-rehab-MVP-is-chair>, accessed on 12 January 2010.

One significant lesson from the worst flooding that hit Metro Manila, for example, was the need to revive the Marcos-era flood control waterway project, which was not pursued after his ouster in 1986. Many of the waterways in the national capital region have been blocked by informal settlers, which have caused flooding. In Marikina, which was the worst hit by flooding in the metropolis, many of the affected families were in residential development areas that were natural water basins for floods coming down the mountains. Thus, the local government was partly to blame for allowing real estate developers to build residential projects in these areas. As well, some local government officials tolerate the proliferation of informal settlers in waterways and flood-prone areas because these inhabitants translate into votes during election time.

Some local government officials have become more conscious of the need to improve their community's disaster preparedness following a series of natural disasters that hit the country in 2009. For example, the governor of Albay province in the Bicol region effectively implemented a disaster management plan during the time that the Mayon volcano was expected to erupt in December 2009. Some 47,000 people living in towns close to the volcano were forced to evacuate during the Christmas holiday until it became safe to allow them to return to their homes. The close coordination between the local government and national government disaster management agencies also helped the latter in containing potential losses from a disastrous volcanic eruption.

The Philippine government may be expected to continue with disaster relief cooperation with other countries in the region as an important avenue for building the capacity of the state and local government units in dealing with natural disasters. The presence of American troops in the Philippines under the bilateral security arrangement like the annual Balikatan exercises, for example, have been quite helpful in enabling the government to respond more effectively in search and rescue operations when there are mishaps at sea, earthquakes, and landslides. To some extent, this has also improved the soft power image of the United States in the Philippines as the former's military presence in the country is perceived more positively by some communities that directly benefit from American soldiers' disaster relief efforts as well as their involvement in medical missions and community projects (e.g., building of roads and schools).

## Human Security Challenges: Poverty Alleviation and Impact of Global Economic Crisis

Poverty alleviation remains one of the most important human security challenges facing the country in 2010. Some 30 percent of the Philippines total population (estimated at more 90 million) is considered poor, with about 13.20 percent of Filipinos living below US\$1 (PPP) per day.<sup>21</sup> The latest statistical data (2006) available from the government put the average poverty incidence in the Philippines as very high among three marginal sectors, namely: fishermen (49.9 percent), farmers (44 percent), and children (40.8 percent). The Autonomous Region of Muslim Mindanao (ARMM) registered the highest level of poverty incidence among farmers, fishermen, children, youth, urban population, and senior citizens in the country in 2006. The poorest in the country are those from the fisheries sector, which registered the highest poverty incidence of 66.7 percent, followed by children (66.2 percent) and farmers (62.3 percent) [See Table 1 and Figure 1 below].

In terms of hunger, the latest survey figures indicate that some 4.4 million households or 24 percent of families experienced involuntary hunger in the last quarter of 2009. This is a record number compared to the 23.7 percent record-high hunger incidence in October 2008. The 2009 survey showed that the level of hunger incidence increased across the Philippines including the national capital region (Metro Manila) where it increased to 27 percent (665,000 families) in December from 16 percent (394,000 families) in October.<sup>22</sup>

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<sup>21</sup> Asian Development Bank Key Indicators 2007, as cited in Josef T. Yap, "The 2008 global financial and economic crisis: impact on the Philippines and policy responses at the national and regional levels," *Philippine Institute for Development Studies (PIDS) Policy Notes* No. 2009-3 (November 2009), p. 4.

<sup>22</sup> Jesus F. Llanto, "Record- high hunger among Pinoys — SWS Survey," *Newsbreak*, 12 January 2010. Available at <http://www.abs-cbnnews.com/nation/01/12/10/record-high-hunger-incidence-among-pinoys-sws>, accessed on 13 January 2010.

**Table 1: Poverty Incidence in the Philippines (% , 2006)<sup>23</sup>**

SECTOR	POVERTY INCIDENCE		REGION	
	Highest	Lowest	Poorest	Least Poor
Fishermen	66.7	23.9	1 Caraga	1 Region III
			2 ARMM	2 Region II
			3 Region V	3 NCR
Children	66.3	15.2	1 ARMM	1 NCR
			2 Region IVB	2 Region III
			3 Region VIII	3 Region IVA
Farmers	62.3	16.9	1 ARMM	1 Region II
			2 Region IX	2 Region III
			3 Region X	3 Region I
Woman	58.9	9.7	1 ARMM	1 NCR
			2 Region IVB	2 Region III
			3 Caraga	3 Region IVA
Youth	53.2	7.3	1 ARMM	1 NCR
			2 Caraga	2 Region IVA
			3 Region IVB	3 Region III
Urban Poor	52.4	7.4	1 ARMM	1 CAR
			2 Region IVB	2 Region IVA
			3 Caraga	3 NCR
Senior Citizens	46.5	4.4	1 ARMM	1 NCR
			2 Region IX	2 Region III
			3 Caraga	3 Region II
Migrant and Formal Sector Workers	36.8	4.8	1 Caraga	1 NCR
			2 Region IVB	2 Region IVA
			3 Region V	3 Region VII

<sup>23</sup> Table 1 is from a Powerpoint Presentation Slide Presentation of Ms. Lina V. Castro (OIC-Assistant Secretary General, National Statistical Coordination Board), "2006 Poverty Statistics of Basic Sectors," presented in the Users' Forum on the 2006 Poverty Statistics of Basic Sectors and 2006 Child Development Index, 25 June 2009, Dusit Thani Hotel, Manila, Philippines.

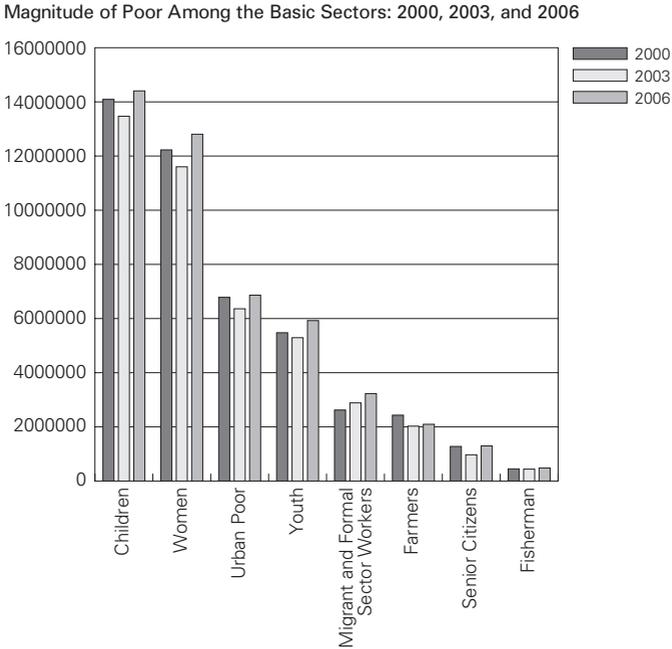
**Table 2: Magnitude of the Poor across Different Sectors (2006)<sup>24</sup>**

SECTOR	POVERTY INCIDENCE		REGION	
	Highest	Lowest	Poorest	Least Poor
Children	1,420,163	262,711	1 Region V	1 CAR
			2 Region VI	2 Region II
			3 Region IVA	3 Caraga
Woman	1,183,088	245,306	1 Region V	1 CAR
			2 Region VI	2 Region II
			3 Region IVA	3 Caraga
Urban Poor	1,138,424	37,563	1 NCR	1 CAR
			2 Region III	2 Region II
			3 Region IVA	3 Region IX
Youth	547,595	135,222	1 Region VI	1 CAR
			2 Region V	2 Region II
			3 Region IVA	3 Caraga
Migrant and Formal Sector Workers	400,251	41,863	1 Region VI	1 CAR
			2 Region III	2 ARMM
			3 Region IVA	3 Caraga
Farmers	212,188	47,118	1 ARMM	1 Region II
			2 Region VII	2 Region III
			3 Region V	3 CAR
Senior Citizens	144,473	26,936	1 Region VII	1 Region II
			2 Region VI	2 CAR
			3 Region VIII	3 NCR
Fishermen	116,725	2,512	1 ARMM	1 Region II
			2 Region V	2 NCR
			3 Region VII	3 Region III

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<sup>24</sup> Table 2 is from Lina V. Castro, *ibid.*

**Figure 1: Magnitude of Poverty among Basic Sectors in the Philippines<sup>25</sup>**



The impact of the global economic crisis on the Philippines is considerably mild relative to other countries in the region. One Filipino economist, Dr. Josef T. Yap, even pointed out that “the blow rendered by the crisis was softened by existing structural problems in the Philippine economy.”<sup>26</sup> Specifically, he pointed out that the dichotomy between the country’s export and manufacturing sectors “shielded the domestic economy from the more severe consequences of the contraction in global trade.”<sup>27</sup> With regard to the impact of the global economic crisis on poverty incidence, Yap thinks that it is expected to be small given the latter’s weak relationship with the GDP growth in the Philippine context, as well as a large marginalized sector in the

<sup>25</sup> Figure 1 is also from Lina V. Castro, *ibid.*

<sup>26</sup> Josef T. Yap, “The 2008 global financial and economic crisis: impact on the Philippines and policy responses at the national and regional levels,” *Philippine Institute for Development Studies (PIDS) Policy Notes* No. 2009-3 (November 2009), p. 2.

<sup>27</sup> *Ibid.*, p. 3.

country that is apparently unaffected by the mainstream economy.<sup>28</sup> For him, what would directly have an impact on poverty incidence in the country would be the high inflation rate since 2008 and the devastation brought about by three typhoons in September and October 2009.<sup>29</sup> The average inflation rate in the Philippines stood at 3.2 percent in 2009,<sup>30</sup> which is significantly lower than the 9.3 percent average in 2008. However, inflation rate is expected to increase in the months leading to the May 2010 elections. A more serious problem is the ballooning deficit in the national budget, which in December 2009 stood at more than US\$5 billion and is expected to reach US\$6.24 billion or 3.5 percent of the country's GDP in 2010.<sup>31</sup> Much of this is attributed to the decline in revenue collection by the national government.

### **Implications for the Defense Sector**

The Armed Forces of the Philippines (AFP) will continue to have its hands full in dealing with internal security challenges within the country for the rest of the year. Its capability will also be severely put to the test with the forthcoming elections in May as it is also tasked to deal with the peace and order situation in a number of election hot spots in the country where the level of political violence is expected to increase in the run-up to the polls. Much of this could be attributed to the presence of private armies by a number of political clans and politicians in these areas.

As far as armed rebel groups are concerned, the AFP may be expected to focus on containing the threat posed by the CPP/NPA and the MILF even as it attempts to end the communist rebellion before President Arroyo steps down from power in the middle of the year, which is a tall order for the defense sector. With regard to the separatist rebellion in Mindanao led by the MILF, the AFP would simply have to continue to be on alert for guerrilla attacks and remain vigilant in engaging the MILF rebels in the absence of any clear sign that the peace talks between the government

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<sup>28</sup> Ibid., p. 4. According to Yap, there has been a slow decline in the country's poverty incidence despite modest economic growth between 1994 and 2003, for example. In fact, poverty incidence rose to 32.9 in 2006 even though GDP growth improved between 2005–2007.

<sup>29</sup> Ibid., p. 5.

<sup>30</sup> "Philippine inflation rate in 2009 averaged 3.2 percent," *All Headline News*, 6 January 2010. Available at <http://www.allheadlinenews.com/articles/7017440373>, accessed on 13 January 2010.

<sup>31</sup> "Philippines sees 2010 budget deficit at 3.5 percent of GDP," *Reuters*, 29 December 2009. Available at <http://www.reuters.com/article/idUSMNA00252120091229>, accessed on 13 January 2010.

and the separatist group will succeed before the end of Arroyo's term. Coupled with the terrorist threat posed by the ASG, the AFP would also have to rely on the continuing military assistance of the United States in dealing with both the problem of separatism and terrorism in Mindanao.

Another important issue for the defense sector in the Philippines is the need for the next administration to sustain the defense reform program that started under President Arroyo with the help of the United States. It may be recalled that several issues were raised by a group of rebel military soldiers who staged a mutiny against the Arroyo administration in July 2003, which included allegations of corruption within the AFP. The Philippine Defense Reform Program, which was launched following the completion of the Philippine-US Joint Defense Assessment in 2003, envisions both short-term and long-term reforms in the defense sector. The short-term measures include "improvements on critical operational and functional areas such as manpower and medical service and involve providing better benefits and services to soldiers, such as housing, retirement fund and funding pension benefits, development of medical evacuation capability and improving the AFP grievance system," while long-term measures "necessitate comprehensive, systemic, organizational/structural and legislative measures" and include "the establishment of multi-year budgeting, acquisition procedures and professional career advancement."<sup>32</sup> Clearly, the defense reform program of the Philippines would enable the AFP to respond to many of internal security challenges identified in this paper through the improvement in its systems of management, training, and recruitment, as well as boosting the morale of the soldiers.

On defense procurement, the Department of National Defense recently revived a US\$13.1 million military aircraft project as part of the country's military modernization program. Specifically, the project allows for the purchase of 18 new Italian-made SF260 trainer aircrafts for military pilot training.<sup>33</sup> The defense department was also reportedly engaged in talks with four foreign governments on the purchase of other military equipment, such as an armor system for the army,

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<sup>32</sup> "The Philippine Defense Reform," *Department of National Defense*. Available at [http://www.dnd.gov.ph/DNDWEBPAGE\\_files/PDR-NEW/09-aug-07.htm](http://www.dnd.gov.ph/DNDWEBPAGE_files/PDR-NEW/09-aug-07.htm), accessed on 22 February 2010.

<sup>33</sup> Anthony Vargas, "Gov't revives US\$13.1m military aircraft project," *Dateline Philippines Online*, 19 March 2010. Available at <http://dateline.ph/?p=8201>, accessed on 10 May 2010.

multi-role vessels for the navy and long-range patrol aircraft, medium lift aircraft and attack helicopters for the air force in the next two to three years.<sup>34</sup> Essentially, defense procurement under the Macapagal-Arroyo administration is in support of her government's desire in eradicating the country's armed insurgency before she leaves office by the end of June 2010. In particular, the ambitious Capability Upgrade Program (CUP) of the AFP gives priority to infantry weapons, land vehicles, modern communications equipment, and missile-armed fast attack craft. However, the budget allocation for this program remains inadequate to be implemented and much of the AFP's modernization will depend on the country's sustained economic growth and lower inflation.<sup>35</sup>

## Conclusion

The forthcoming general elections in the Philippines in the middle of 2010 are an important turning point for the country. A peaceful transition of power, notwithstanding the challenge posed by conducting the elections under a new automated polling system, is essential for the long-term stability of the country. The credibility of the results of the elections, particularly with regard to choosing a new President that will lead the country for the next six years, is quite critical for a smooth transfer of power to the next administration. But that is just one major hurdle. The new government that will be sworn in by the end of June 2010 will face an enormous task of addressing a number of major security challenges facing the country, the most important of which have been identified in this paper. Specifically, the trial of the Ampatuans in relation to the Maguindanao massacre will likely preoccupy the attention of the general public, even as the issue of dismantling private armies will test the resolve of the new government in ending political violence and warlord rule in various parts of the country. The MILF separatist rebellion will also be a major preoccupation for the new administration that will take over from President Arroyo, even as there is yet no clear direction on how the peace talks will proceed following its resumption in late 2009. The ASG will likely continue to be a major terrorist threat, even as natural disasters

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<sup>34</sup> Alexis Romero, "DND in talks with 4 foreign governments on buying military equipment," *Philippine Star Online*, 26 April 2010. Available at <http://www.philstar.com/Article.aspx?articleid=569889>, accessed on 10 May 2010.

<sup>35</sup> Tim Huxley, "Defense Procurement in Southeast Asia", paper presented in the 5th Workshop of the Inter-Parliamentary Forum on Security Sector Governance in Southeast Asia, Phnom Penh, 12–13 October 2008, pp. 12–13.

and human security concerns will also pose continuing security challenges for the country for the rest of 2010.

### **Postscript: the 10 May Elections**

The first automated elections in the Philippines were successfully held with few reported glitches. Senator Benigno Aquino III, a frontrunner in the presidential elections, was the clear winner with 40 percent (or 13 million) of the total votes cast. Other presidential candidates except for Joseph Estrada (a former president who was ousted in 2001) have conceded within 48 hours of elections. In general, the public was elated with the fast election result and generally accepted the outcome. The Philippine Congress has yet to officially proclaim Aquino III as the new president as of this writing. During the campaign period, Aquino promised to increase defense spending by as much as 2 percent of the country's GDP. He also vowed to end corruption in military procurement in the government and said that his incoming administration would review all contracts of outgoing President Macapagal-Arroyo.<sup>1</sup>

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<sup>1</sup> Reuters, "Aquino vows more spending for Philippine defense," *Arabnews.com*, 22 April 2010. Available at <http://arabnews.com/world/article46095.ece>, accessed on 10 May 2010.