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Armed conflict in Bicol: the price does not come cheap

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Achieving the goal of peace through national reconciliation and development has become the paramount concern of the government after the fall of the Marcos regime and President Aquino's assumption of office in 1986. Thus, through the years, peace efforts have increasingly focused on the resolution of the internal strife with various rebel groups, notably the Communist Party of the Philippines-New People's Army (CPP-NPA) movement, the Muslim secessionists, and the Cordillera rebels.

As studies indicate, the armed conflict in the Philippines is more than an issue of differences in political and ideological beliefs, and views on the presence of foreign intervention and domination. The root causes actually involve legitimate socioeconomic and political issues such as relative/absolute deprivation, (political, social and cultural) marginalization, landlessness, militari-

zation, human rights violations, and resource exploitation (Ferrer 2004). These concerns actually parallel those identified by the National Unification Commission (NUC) in its 1993 sectoral consultations as the root causes of government armed conflict with the CPP-NPA-NDF and the Muslim rebels.

One of the conflict-stricken areas in the Philippines is Bicol, the third poorest region in the country.¹ Fifty three percent of its population live below the poverty line—19 percentage points higher than the national figure of 34 percent. Bicol also has the worst poverty situation in Luzon. Box 1 provides a poverty profile of the region while Figure 1 shows the map of the Bicol region.

¹ The two regions exhibiting poverty incidence higher than Bicol are the Autonomous Region of Muslim Mindanao and Central Mindanao.

PIDS Policy Notes are observations/analyses written by PIDS researchers on certain policy issues. The treatise is holistic in approach and aims to provide useful inputs for decisionmaking. This *Notes* is a condensed version of "Case study on the human development and economic costs/spillovers of armed conflict in Bicol" written for the *Philippine Human Development Report 2005* by the same authors. Ms. Sheila V. Siar helped in condensing this *Notes*.

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Pockets of armed conflict between the military and the CPP-NPA in Bicol that span more than three decades have claimed numerous lives, including the future of innocent children, and led to the displacement of many from their homes and livelihoods. The conflict has also exacerbated the poverty and underdevelopment within the communities it directly affects and the region at large, taking its toll on an economy already suffering from severe poverty.

As this *Notes* will show, the price of the armed conflict in Bicol does not come cheap. It involves considerable social, financial and economic costs, and negative (and some positive) spillovers. The bulk of the data were gathered from secondary sources such as newspaper articles and periodic reports from regional offices of the Department of Social Welfare and Development, the Commission on Human Rights, the Philippine National Police city and municipal stations

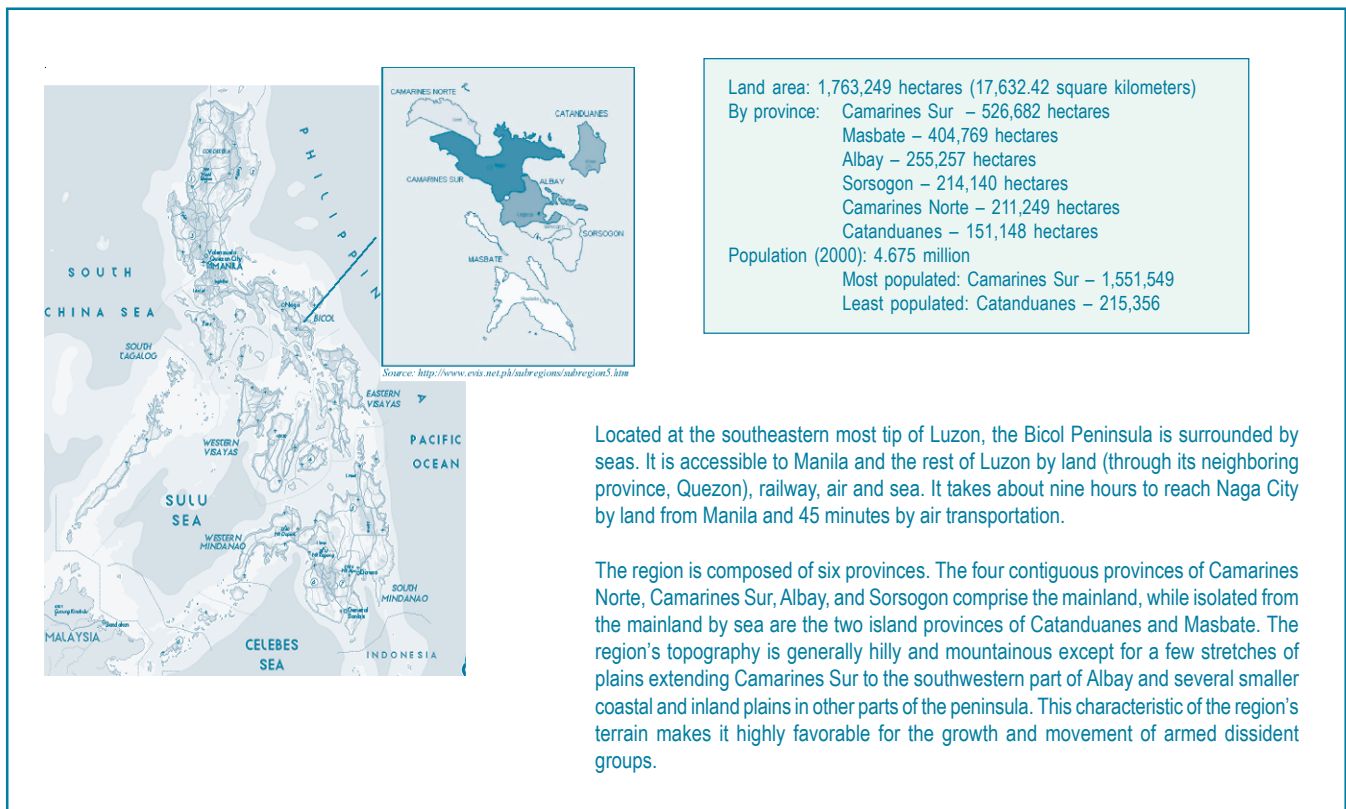
(Camalig, Ligao and Libon, in Albay), a local radio station in Albay, (i.e., DWBS Radyo Veritas Legazpi), and articles published in the Internet. Coordinators of cause-oriented groups, residents of areas where CPP-NPAs maintain zones, and human rights advocates also served as key informants.

Costs and spillovers

Social and political costs

Combat-related deaths, recruitment of children, and displacement of civilians constitute the scores of social costs that can be linked to the armed conflict in Bicol. The damage is particularly highest in Camarines Sur and Albay where the CPP-NPA forces are believed to be strongest and the conflict most intense, but more recently, armed encounters, atrocities and other types of human rights violations have also been reported in Sorsogon, Masbate, and Catanduanes.

Figure 1. Map of Bicol region



As many as 25,000 combat-related deaths have occurred since 1969 when open hostilities between the military and the CPP-NPA organization began. In 2000, at least 49 persons in the region were killed, and at least three women in Barangay Pawa, Masbate in 1999 were included among the 115 persons killed nationwide.

The exploitation of children as soldiers, spies or messengers is another grave impact of the conflict, clearly a violation of the rights of children. There were reports of the NPA recruiting children into their ranks, which has been attributed to the increase in the strength and number of firearms of the rebel groups in the Bicol region. Based on reports, recruited are mostly adventurous high school students in remote areas who are particularly vulnerable to the lures of combat as well as progressive college students of some universities and state colleges in the region who are easily enticed to join because of their political ideologies.

Furthermore, over 50,000 people have been displaced by the conflict. For example, in Libmanan, Camarines Sur, some families had to move from their homes where the CPP-NPA groups are maintaining zones leaving their farms untilled after resettling in the *poblacion* (town center). Another example is the displacement of some 500 families in Barangay Bulalakao Presentacion when men posing as NPAs started harassing them. Because of a previous incident when military soldiers also posed as NPAs, the families immediately vacated the area. People were terrorized when the men started hopping from house to house to eliminate suspected rebels.

The extortion activities of the rebels are also a source of hardship for the affected groups. It is believed that they resort to these activities to increase their resources and build their logistics. The extortion was in high gear during the 2004 national elections wherein the rebels exacted money from politicians in exchange for a permit to campaign. Many politicians especially in Albay were reported to have yielded to this coer-

sive act of the rebel groups. A more recent incident involved the burning of a four-classroom school building at the Cancahorao Elementary School compound in Baleno, Masbate after the teacher-in-charge failed to pay extortion money.

Another serious cost of the armed conflict pertains to the numerous incidences of insurgency-related human rights (HR) violations carried out by either the military or the CPP-NPA forces. The long list of violations includes killings and abductions, arbitrary arrest and detention, illegal search, physical arrest and torture, grave threats and coercion, and illegal trespassing to dwellings.

For the period 2000-2004 alone, about 81 cases were monitored by the Commission on Human Rights Region V, with the highest number of violations taking place in Albay (39), Camarines Sur (19), and Sorsogon (12), as shown in Table 1. Out of these 81 cases, a total of 170 violations were recorded, in which there were more male than female victims (Figure 2).

Financial and/or economic costs

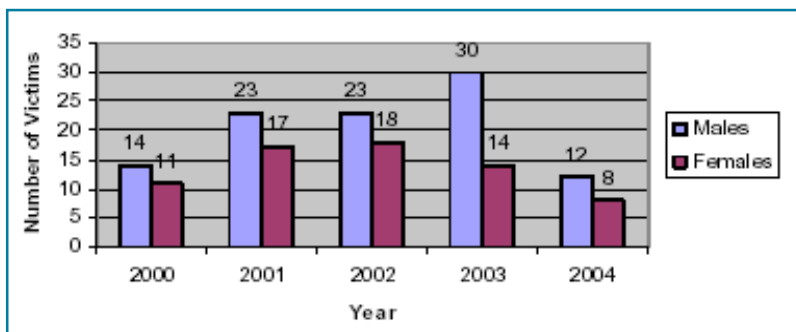
The extent of financial losses resulting from the armed conflict may be gauged from the bombing incidents and destruction to properties perpetrated by the rebel groups. The cases of destruction to properties are believed to be the rebels' act of retaliation to the owner's failure to meet their demand for revolutionary tax. Huge amounts of money are funneled into the hands of the rebel groups in the form of revolutionary tax which, from their perspective, is a legitimate way of generating funds for the revolutionary government.

The rebel groups reportedly have an organized system of tax collection. They have their own finance officer and there are also tax collectors. (Some barangay officials were reported to be working as tax collectors.) Taxes are collected from farmers every harvest time, from fisherfolk, and from small businesses in the community such as videoke bars and *sari-sari* stores. They are also collected from government projects and private

Table 1. Summary of human rights violation cases related to armed conflict in the Bicol region by province, 2000-2004

Cases	Albay	Camarines Norte	Camarines Sur	Catanduanes	Masbate	Sorsogon	Total
Killing of civilian by the NPA	16	2	4	4		8	34
Killing of the AFP by the NPA	5	3	1	2		3	14
Killing of the CPP/NPA by the PA	4					1	5
Killing of civilian by the PA	3		1				4
Killing of civilian by the NPP/PA (crossfire victims)	1		2				3
Encounters/ambush	2						2
Harassment/fear of PA/grave threats (per location)	4		4				8
Less serious physical injuries by the NPA	1						1
Less serious physical injuries by the PA	1						1
Serious physical injuries by the PA	1						1
Damage to property by the PA		1					1
Theft/robbery by the PA		1					1
Torture/mauling by the PA		3					3
Acts of lasciviousness by the PA/PNP	1						1
Unlawful arrest by the PA							1
Total	39	5	19	6		12	81

Figure 2. Summary of victims based on the recorded CHR V cases by gender



contractors of infrastructure projects (roads and bridges, electrification, irrigation, and other civil works). Although most people perceive the system as plain and simple extortion, many business owners give in to the demands of the NPAs for fear of harassment and stoppage of their business operation. For civil works, the range of revolutionary tax imposed is anywhere between 5 and 10 percent of the project cost regardless of the

nature of the project. A civil engineer key informant puts the estimated cost of the revolutionary tax at P110,000 for a project cost of P1 million for the building of a one-kilometer road.

Recent attacks on the cell sites of the three biggest telecom companies in the country (Globe, Smart, and RCPI/Bayantel), which took place in five separate incidents in 2002-2003, are believed to be a result of their inability to meet the tax demand of the rebel groups. They reportedly demand from P50,000 to P200,000 as yearly tax per site, and as much as P500,000 for a newly set up cell site.

An informant puts the approximate cost of damage from the bombing of the cell sites from P1 to P2 million per cell site if only the base is destroyed; if the entire cell site is destroyed, the cost of rebuilding it may be anywhere between P10 and P20 million. Smart and Globe are said to

be two of the biggest sources of revolutionary tax of the NPAs in Bicol. An addition to these bombing incidents is the burning of the St. Jude, Raymond and Philtranco buses. The owners reportedly incurred losses amounting to P24.7 million.

A glaring evidence of the armed conflict's negative spillover is its adverse effect on the growth and development of the areas where the insurgents maintain a stronghold. Undoubtedly, the volatile peace and order situation translates to hefty sum of forgone investments and lost opportunities that could have otherwise been beneficial for the region's development and especially for improving the social and economic conditions of the poor.

A case in point is the \$50-million World Bank-funded Community-based Resource Management Project (CBRMP) that was prevented from taking off after some members of the NPA reportedly sent letters to the LGU project coordinators asking them to discontinue their activities. These cases were reported in the municipalities of Castilla and Magallanes in Sorsogon, San Miguel in Catanduanes, and Presentacion and Bato in Camarines Sur, all NPA strongholds in Sorsogon and Camarines Sur (Calara 2002). This coercive act of the rebels even led to the discontinuation of the project in Presentacion. A marble-cutting industry was also halted in the same town due to the very high cost of revolutionary tax being demanded by the rebels.

A serious repercussion of this practice by the rebels is the loss of confidence by investors for fear of being harassed. In fact, there were cases of entrepreneurs preferring to put up their establishments (agricultural supplies/equipment, rice mills or metal craft) in the town centers and not anywhere outside to evade the tax collection of the rebel groups. Plans for putting up additional cell sites and expansion of the communication lines in Bicol were also frequently deferred for long periods pending the search for a suitable place to avoid the high tax requirement of the

NPA groups or the destruction of cell sites in case of nonpayment.

Negative (and some positive) spillovers

Geographic impact

The hilly and mountainous terrain of the Bicol region makes it very conducive for the growth and movement of rebel groups. The poor state of rural infrastructure is also one of the main problems that hamper the region's growth. One of the infrastructure projects carried out in the past decade to support the development of Bicol is the construction of the Quirino Highway that connects the entire Luzon to the Bicol region. The Quirino Highway was a welcome relief to most Bicolanos when it was opened because it shortened the travel time although its construction took several years to complete due to the harassment activities in the area.

Intergenerational impact

Families of rebels, especially children, are certainly living in poverty and deprived of the benefits of education in the absence of a provider, a cycle that is repeated in the succeeding generations. Orphaned children of rebels, including those of the military, stand to suffer most from the loss in terms of better education and opportunities for a better future.

Land reform

Rebel groups in remote upland areas with absentee landowners have developed a reciprocal arrangement with the farmers. In return for allow-

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ing them to cultivate or maintain the lands that the rebels have illegally seized, the farmers serve as their “eyes and ears” or “asset,” or *poste* as they are locally called. In other cases, the rebels take control of lands foreclosed by the bank after the original owner has failed to redeem it by repaying a loan for which the land serves as collateral. As in the first case, the farmers serve as *poste* in exchange for the privilege of cultivating the land.

On one hand, this kind of illegal land acquisition serves to fulfill the rebels’ mission of instituting revolutionary land reform. On the other hand, it may be viewed both as a positive or negative spillover: positive because the benefits of tilling the land directly accrue to the poor farmers, and negative because the real owners of the land lose their right to sell the land through the voluntary offer-to-sell (VOS) program of the Department of Agrarian Reform. Also in connection with the second case, the bank loses its legitimate prerogative to recover even part of the amount it has expended as loan to the original landowner.

Social services

The animosity between the military and certain cause-oriented groups like the Bayan Muna, Gabriela, and Anak Pawis has sometimes led to the failure of some communities in remote areas of Bicol to avail of the much-needed health services and medicines. An example is the joint medical mission of the UNICEF Psychosocial Therapy for Children and a cause-oriented group in November 2004. The mission was almost halted when an army officer approached the UNICEF group to ask if there are members of cause-oriented organizations in their team. The UNICEF group had to do some serious explaining to the military to persuade the latter to allow their members to proceed with the medical mission.

Environmental concerns

There were reported cases of illegal fishing in connivance with either the military or the rebel groups in the third district of Albay. It is believed

that they may be taxing the fishermen. The destruction of the environment also remains unabated as the local government units have difficulty in implementing the laws in the remote areas. There are also reports of NPAs involved in illegal logging or people engaged in illegal logging and paying revolutionary tax to the NPAs. These practices effectively lead to the proliferation of illegal activities that are destructive to the environment. It is difficult to see how these activities may be abated when the rebel groups could freely impose their authority in their base areas and when local officials are condoning these illegal activities in exchange for some concessions. The problem is both an environmental and a governance concern.

Effect on governance

The failure of some candidates to reach the remote areas during the campaign period because of their nonpayment of the permit to campaign or their not being able to seek a compromise for the purpose deprives the residents in these areas of valuable information for their meaningful participation in the political exercise. Consequently, this situation undermines the people’s right to free participation in the electoral process as they are denied of the means to know the candidates and decide whom to vote for. It also raises questions as to how a free and honest election could be guaranteed in the area. On the other hand, politicians who submit to the authority of the rebels are helping to perpetuate these unlawful activities while tacitly acknowledging the mandate of the revolutionary government.

Security of buildings and properties

The increase in nonlife insurance premiums to protect commercial and industrial establishments and other properties is a consequence of the rebels’ indiscriminate practice of destroying properties when owners are not able to meet their revolutionary tax obligation. This negatively impacts not only on the business owners but also on the consumers whenever the owners pass on to them the burden in the form of higher prices. Insurance

premiums for ordinary and first-class buses may also increase, which may result in corresponding increases in bus fares.

Cost of infrastructure projects

Allocating additional budget in anticipation of the NPA revolutionary tax effectively increases the cost of government infrastructure projects. By virtually channeling its already meager resources to sustain the needs of the rebels, the government ends up short of funds to finance more beneficial projects. In the same vein, the payment of the permit to campaign which reportedly is taken from the politician's community development fund or the giving of a certain portion of the barangay's internal revenue allotment to settle the revolutionary tax payment is tantamount to depriving the communities of the much-needed capital to pursue even small development projects that could help in the improvement of the socioeconomic conditions of their constituents. Even the likelihood that the institutionalization of the revolutionary tax payment may lead to corruption is also not remote.

An urgent call

Given the high cost of the social, economic and political impacts of the armed conflict in Bicol, there is clearly an immediate need in the short term for measures to mitigate the effects of the armed conflict. On the part of the government, a joint AFP, PNP and LGU Peace Forum is being conducted. Its activities include information dissemination, grand *pulong-pulong*, launching of the Kalahi Info Caravan, medical and dental outreach programs, and socials or sports and entertainment activities.

In the long term, however, what is needed is a comprehensive program on peace building, one that addresses the real causes of the insurgency and views human security not from a purely state security approach.

The government's strategy in solving the country's insurgency problem is a two-pronged approach

that consists of a left hand and a right hand. "The right hand is through the arm of the law, and the left hand is the hand of peace and development," President Gloria Macapagal-Arroyo said. (<http://www.gov.ph/news/?newsid=3272>.)

As a national strategy, this approach has been translated into "the Strategy of Holistic Approach," with components addressing the political, legal and diplomatic situations, the socio-economic-psychosocial realm, the peace and order and security, and information. It points to insurgency as not only a result of poverty but also of ignorance (lack of good education), disease (poor health and malnutrition), and injustice (human rights violations, graft and corruption, and land conflicts). This approach was based on the new model of human security which looks at the armed conflict not merely as a result of extreme poverty but as something that is deeply rooted in grave injustice and inequity, as well as other oppressive situations that undermine the dignity of a person. 📄

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Box 1. Bicol: a profile of poverty

Despite large tracks of fertile soil suited for the cultivation of a wide variety of crops, Bicol suffers from low productivity. Located within the so-called typhoon belt, it is seriously affected by frequent visits of typhoons each year. This has been the most serious problem that besets the region and the reason why it has remained to be one of the poorest in the country. The situation is made even worse by extreme weather abnormalities such as the El Niño and the La Niña, which, of late, are becoming more frequent and intense than in previous decades.

Based on the 2002 Annual Poverty Indicator Survey (APIS) data, Bicol has the largest proportion of families (62.8%) falling within the lowest 40 percent income range—22.8 percentage points higher than the national figure of 40 percent. Although these figures closely approximate the national statistics for rural areas (60.3%), they reflect a far worse situation than the Cordillera Administrative Region (41.4%). The average family size for the region which is 5.2 is also higher compared with other Luzon provinces, a factor which more likely contributes to the poverty of the Bicolanos.

Among the Bicol provinces, Masbate is the poorest with a poverty incidence of 70.8 percent in 2000. Measures of depth and severity of poverty also point to Masbate as the most disadvantaged while Catanduanes appears to be the least deprived among the six provinces. Measures of human development—the human development index (HDI) and the human poverty index (HPI)—also showed Masbate as one of the poorest performing provinces in the country, ranking 72nd in both HPI and HDI in 2000 among the 77 provinces in the country.

Substantial increases in unemployment rates from 1997 to 2000 were also evident in the six provinces, with the situation particularly severe in Camarines Sur (from 8.4 to 10.5) and Catanduanes (from 6.1 to 10.4). Generally, however, the unemployment rates in the Bicol region do not significantly depart from the national figures of 8.6 in 1997 and 11.1 in 2000.

Only a little more than two-thirds of the Bicol population 6 to 24 years old (70.5%) are currently attending school, closely approximating the national situation of 69 percent. When disaggregated by age group, a slight deviation from the national picture is observed with 60.3 percent of the Bicol children aged 6 to 12 attending school as compared to 56.8 percent nationwide. The reverse is true for the 17 to 24 age group, where the proportion of those attending school in Bicol (14.2%) is slightly lower than the national level (17.5).

Three major reasons emerged in the APIS data for the nonschooling status of a large segment of the school-age population, namely: (1) the need for employment or to look for work; (2) not being able to afford the expenses on schooling; and (3) lack of personal interest. Other factors include the absence of a school within the barangay or the school is located at some distance and absence of regular transportation facilities or good road network, illness or disability, or difficulty in coping with school work.

In terms of income distribution as measured by the Gini index, Albay and Masbate have the greatest income inequality in year 2000 (42.1 and 38.9, respectively). Sorsogon exhibits the lowest, with 32.3. While the drop in their Gini measures from 1997 to 2000 projects an improved income distribution for Catanduanes, Camarines Sur, Camarines Norte and Sorsogon, the slight increase in income inequality exhibited by Albay and Masbate over the same period presents an interesting contrast.

The large majority of the poor in Bicol can be found in the agriculture sector, which mainly includes crop farmers categorized as *small farm owners-cultivators*, *landless rural agricultural workers*, and *marginal upland farmers*. The latter comprise the most vulnerable group because they live close to areas maintained by rebel groups and are also the most disadvantaged in terms of access to basic social services.