

# Inseparability of Political and Economic Dimensions in Good Governance: An Analysis of Basilan Province, Philippines

Jamael A. Indal

College of Public Administration and Management, Basilan State College  
Sumagandang, Isabela City, Basilan, Philippines 7300

**Abstract**—This paper examines the intrinsic relationship between political and economic factors in achieving good governance, with a specific focus on Basilan Province in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), Philippines. Through an analysis of governance challenges, development indicators, and institutional frameworks, this study demonstrates that effective governance cannot be achieved by addressing political or economic dimensions in isolation. Basilan's experience with protracted conflict, poverty, and governance deficits illustrates how political instability undermines economic development, while economic deprivation fuels political grievance. The findings suggest that integrated approaches combining political reform, economic investment, and institutional capacity-building are essential for sustainable governance improvement in conflict-affected regions. This research contributes to governance literature by providing empirical evidence from a conflict-affected province where the political-economic nexus is particularly pronounced.

**Keywords**— Good governance, political economy, Basilan Province, BARMM, conflict-affected areas, institutional development.

## I. INTRODUCTION

Good governance has emerged as a central paradigm in development discourse, representing the institutional foundation necessary for sustainable economic growth and social progress [1]. The World Bank defines good governance as encompassing participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness, efficiency, and accountability [2]. However, scholarly debates have often artificially separated political governance from economic management, treating them as distinct domains requiring specialized interventions.

This artificial separation becomes particularly problematic in conflict-affected regions where political instability and economic underdevelopment create mutually reinforcing cycles of deprivation. Basilan Province in the Philippines exemplifies this challenge. Located in the Sulu Archipelago with a population of approximately 500,000, Basilan has experienced decades of armed conflict, political instability, and persistent poverty [3]. Despite its agricultural potential and strategic location, the province consistently ranks among the poorest in the Philippines, with a poverty incidence of 49.6% as of 2018 [4].

The case of Basilan provides a compelling natural laboratory for examining the inseparability of political and economic dimensions in governance. There are some local

studies that related to peace and development, for instance the study of Sattar and Arriola [33] and Indal [34]. This study asks: How do political and economic factors interact to shape governance outcomes in Basilan Province? What lessons can be drawn for governance improvement in similar conflict-affected contexts?

## II. THEORETICAL FRAMEWORK

### Defining Good Governance

Good governance transcends mere governmental efficiency; it encompasses the quality of relationships between rulers and ruled, the capacity of institutions to deliver public goods, and the legitimacy of political authority [5]. North, Wallis, and Weingast argue that sustainable development requires transitions from "limited access orders" characterized by elite rent-seeking to "open access orders" featuring competitive political and economic systems [6].

In conflict-affected regions, governance challenges are compounded by what Collier et al. term the "conflict trap"—a situation where poor governance leads to conflict, which further degrades institutions, creating a downward spiral [7]. Breaking this trap requires simultaneous attention to both political settlement and economic reconstruction.

### The Inseparability Thesis

The inseparability of politics and economics in governance rests on three fundamental propositions:

First, political institutions determine economic possibilities. Acemoglu and Robinson demonstrate that "extractive political institutions" that concentrate power in narrow elites inevitably produce "extractive economic institutions" that discourage broad-based investment and innovation [8]. Conversely, inclusive political institutions create conditions for inclusive economic growth.

Second, economic conditions shape political stability. Relative deprivation theory suggests that perceived economic grievances fuel political mobilization and, in extreme cases, violent conflict [9]. In resource-scarce environments, competition over economic resources becomes intertwined with political contestation.

Third, governance quality mediates both political stability and economic performance. Kaufmann, Kraay, and Mastruzzi's Worldwide Governance Indicators show strong correlations between governance quality (measured across six

dimensions) and both political stability and economic outcomes [10].

### III. METHODOLOGY

This study employs a mixed-methods approach combining quantitative analysis of governance and development indicators with qualitative examination of policy documents and institutional assessments. Data sources include:

1. Philippine Statistics Authority socioeconomic data for Basilan Province (2010-2023)
2. World Bank Worldwide Governance Indicators
3. Bangsamoro Autonomous Region governance assessments
4. Academic literature on Mindanao conflict and development

The analysis focuses on three governance dimensions: (1) political stability and institutional legitimacy, (2) economic development and poverty reduction, and (3) institutional capacity and service delivery. By examining temporal correlations and causal mechanisms linking these dimensions, the study illuminates the political-economic nexus in governance outcomes.

### IV. CONTEXT

#### *Basilan Province*

##### *Geographic and Demographic Profile*

Basilan is an island province in the southwestern Philippines, part of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) established in 2019. The province comprises Basilan Island and several smaller islands, with Isabela City (a highly urbanized city administratively independent of the province) serving as the commercial center [3].

The population is predominantly Muslim (approximately 70%), with significant Christian minorities. This religious diversity, combined with Indigenous Yakan communities, creates a complex social fabric requiring careful governance approaches that balance competing identity-based claims [11].

##### *Historical Background: Conflict and Governance Challenges*

Basilan's governance challenges are rooted in historical grievances dating to the Spanish colonial period and intensified during American colonization and the post-independence Philippine state. The Moro National Liberation Front (MNLF) rebellion beginning in the 1970s reflected broader Muslim Mindanao grievances regarding political marginalization and economic exploitation [12].

The Abu Sayyaf Group (ASG), emerging in the early 1990s, transformed Basilan into a focal point of violent extremism and criminality [13]. While initially claiming ideological motivations, ASG evolved into a hybrid organization combining extremist rhetoric with kidnapping-for-ransom operations, creating persistent insecurity that undermined governance and economic activity.

Military operations against ASG, while reducing its capabilities, created governance complications. Civilian casualties, displacement, and human rights concerns sometimes undermined state legitimacy even as security improved [14]. This illustrates the governance dilemma in

conflict zones: security operations necessary for stability can paradoxically erode political legitimacy if not carefully managed.

##### *Economic Profile and Poverty*

Basilan's economy is primarily agricultural, with rubber, coconut, coffee, and fruit production as major sectors. However, economic potential remains largely unrealized due to conflict-related constraints. The province's poverty incidence of 49.6% (2018) significantly exceeds the national average of 16.7% [4].

Unemployment and underemployment are chronic problems, particularly among youth. Limited access to credit, markets, and agricultural extension services constrains productivity. Infrastructure deficits—inadequate roads, unreliable electricity, limited telecommunications—further isolate the province economically [15].

Crucially, economic deprivation is not randomly distributed but correlates with political marginalization. Muslim-majority municipalities generally experience higher poverty rates than mixed or Christian-majority areas, reflecting historical patterns of resource allocation and development investment [16].

### V. ANALYSIS

#### *Political-Economic Interactions in Basilan's Governance*

##### *Political Instability Undermining Economic Development*

The most direct manifestation of political-economic inseparability in Basilan is how conflict and political instability have systematically undermined economic development. Several mechanisms are evident:

**Investment deterrence:** Persistent conflict has made Basilan a high-risk environment for private investment. Businesses face security costs, supply chain disruptions, and reputational risks associated with conflict zones. Foreign direct investment is virtually absent, and even domestic firms avoid significant capital commitments [17].

**Human capital flight:** Educated and skilled Basilenos disproportionately migrate to other regions or abroad, seeking security and opportunity. This brain drain depletes the province of the human capital necessary for economic modernization and institutional development [18].

**Infrastructure neglect:** Security concerns and fiscal constraints have limited infrastructure investment. Roads in conflict-affected municipalities remain unpaved, limiting market access for agricultural products. Electricity provision is unreliable, constraining commercial and industrial development [15].

**Agricultural productivity losses:** Conflict directly reduces agricultural productivity through displacement, land abandonment, and disruption of farming cycles. Farmers in conflict-affected barangays report yields 30-40% below provincial averages [19].

##### *Economic Deprivation Fueling Political Grievance*

The reverse causation—economic conditions affecting political stability—is equally important in Basilan's governance challenges:

**Recruitment into armed groups:** Economic desperation makes young men vulnerable to recruitment by armed groups. ASG

and other organizations exploit unemployment and poverty, offering immediate income where legitimate opportunities are scarce [20]. Addressing armed group recruitment therefore requires economic as well as security interventions.

**Erosion of state legitimacy:** The Philippine state's failure to deliver economic development in Basilan undermines its political legitimacy. When citizens perceive that government cannot or will not address basic needs, they become receptive to alternative authorities—whether traditional leaders, religious authorities, or armed groups [21].

**Elite capture and patronage politics:** Economic scarcity intensifies competition for control of government resources, encouraging clientelism and corruption. Local political elites establish patronage networks distributing government benefits to supporters while excluding opponents, perpetuating divisions and undermining meritocratic governance [22].

**Inter-group competition:** Economic scarcity exacerbates competition between ethnic and religious groups. Competition over land, government positions, and development resources becomes intertwined with identity politics, making conflict more intractable [23].

#### *Governance Quality as Mediating Factor*

Institutional quality mediates the relationship between political stability and economic development in Basilan:

When governance improves, even modest improvements in security and institutional capacity can trigger positive feedback loops. The period 2016-2019 saw enhanced coordination between national security forces and local government units, reducing major security incidents. This created space for agricultural expansion and small business development in previously contested areas [24].

When governance deteriorates, negative spirals accelerate. The COVID-19 pandemic (2020-2022) strained already weak institutions, reducing service delivery and economic support while increasing grievances. This illustrated how governance capacity determines resilience to shocks [25].

**Institutional design matters:** The creation of BARMM in 2019, following the Bangsamoro Organic Law, represents an attempt to address governance deficits through political reform. By providing greater autonomy and resource allocation to Muslim Mindanao, the framework aims to enhance both political legitimacy and economic development capacity [26]. Early assessments suggest improved local ownership of development priorities, though implementation challenges remain [27].

## VI. CASE STUDIES

### *Integrated Governance Initiatives in Basilan*

#### *Comprehensive Local Integration Program (CLIP)*

The Philippine government's CLIP, implemented in Basilan beginning 2013, exemplifies integrated political-economic governance approaches. CLIP provides financial assistance, livelihood support, and social services to former combatants who surrender, while simultaneously working with communities to improve security and development [28].

CLIP's relative success stems from recognizing that reintegration requires both political settlement (ceasefire, amnesty, community acceptance) and economic reintegration

(skills training, capital, employment). Beneficiaries receiving both security guarantees and economic support show lower recidivism rates than those receiving only one component [29].

#### *Payapa at Masaganang Pamayanan (PAMANA)*

The PAMANA program (Peaceful and Resilient Communities) invests in conflict-affected communities through infrastructure, livelihood, and institutional development. In Basilan, PAMANA projects include farm-to-market roads, communal irrigation systems, and local governance capacity building [30].

PAMANA's theory of change explicitly links economic investment with political stabilization. By delivering tangible "peace dividends" in contested areas, the program aims to increase state legitimacy while creating economic alternatives to conflict. Evaluations indicate positive impacts on both community perceptions of government and local economic activity, though sustainability concerns remain when external funding ends [31].

#### *Local Governance Performance Management System (LGPMS)*

BARMM's LGPMS, adapted from national frameworks but tailored to autonomous region context, establishes performance metrics spanning political, economic, and social governance dimensions. For Basilan's municipal governments, this creates accountability for integrated performance [32].

The LGPMS explicitly measures both political indicators (citizen participation, transparency, peace and order) and economic indicators (business environment, employment, poverty reduction). By refusing to separate these dimensions in performance assessment, the system encourages mayors and local officials to adopt integrated strategies recognizing political-economic linkages.

## VII. DISCUSSION

### *Implications for Governance Theory and Practice*

#### *Theoretical Contributions*

Basilan's experience enriches governance theory in several ways:

First, it provides empirical support for institutional economics' emphasis on political-economic complementarities. Acemoglu and Robinson's framework, developed largely from historical cases, finds contemporary validation in Basilan's ongoing governance struggles [8].

Second, it demonstrates scope conditions for governance interventions. In conflict-affected contexts, governance reforms addressing only political or only economic dimensions show limited effectiveness. The most successful interventions—CLIP, PAMANA—explicitly integrate both dimensions.

Third, it highlights temporal dynamics in governance improvement. Basilan shows how negative political-economic spirals can persist for decades, but also how carefully designed interventions can trigger positive feedback loops. The challenge is sustaining momentum long enough for institutional improvements to become self-reinforcing.

#### *Policy Implications*

For policymakers and development practitioners, Basilan's experience suggests several principles:

**Integration over separation:** Development programs should integrate political and economic components rather than treating them as separate sectors. Security assistance without economic development, or livelihood programs without political reform, show limited impact.

**Sequencing and simultaneity:** While some reforms must be sequenced (basic security before commercial investment), political and economic governance improvements generally work best when pursued simultaneously. Waiting for complete political stability before economic investment, or vice versa, wastes opportunities for positive feedback effects.

**Local ownership and legitimacy:** External assistance is most effective when channeled through locally legitimate institutions. In Basilan, programs working through BARMM institutions and respecting local political settlements show better outcomes than those imposing external templates.

**Long-term commitment:** Breaking conflict traps requires sustained commitment beyond typical project cycles. Basilan's decades of conflict cannot be resolved through short-term interventions; sustained engagement over 10-20 years is more realistic.

**Context-specific adaptation:** While general principles about political-economic integration apply broadly, specific mechanisms vary by context. Basilan's particular ethnic, religious, and historical context requires tailored approaches rather than generic templates.

#### *Limitations and Future Research*

This study has limitations suggesting avenues for future research.

First, data limitations in conflict-affected areas constrain quantitative analysis. More systematic data collection on governance indicators at municipal and barangay levels would enable more rigorous statistical testing of causal mechanisms.

Second, this analysis focuses primarily on conflict and security as the central governance challenge. While this reflects Basilan's reality, other governance dimensions—environmental sustainability, gender equality, Indigenous rights—deserve more attention in future research.

Third, comparative analysis with other conflict-affected provinces in BARMM and beyond would illuminate which findings are Basilan-specific versus generalizable. Systematic comparison with Sulu, Lanao del Sur, or even international conflict zones could refine theoretical understanding.

Finally, the BARMM autonomous government is still in early implementation stages. Longitudinal research tracking how political devolution affects economic development and governance outcomes will be crucial for assessing whether this institutional reform successfully addresses the political-economic governance nexus.

#### VIII. CONCLUSION

Basilan Province's governance challenges powerfully demonstrate that politics and economics are inseparable in achieving good governance. Decades of conflict have prevented economic development, while persistent poverty has

fueled political grievance and violence. Neither political reform alone nor economic investment alone has proven sufficient to break this cycle.

The most promising governance improvements in Basilan come from integrated approaches recognizing political-economic complementarities. Programs like CLIP and PAMANA that combine political settlement with economic reintegration show better outcomes than single-dimension interventions. The BARMM autonomous framework represents an institutional innovation attempting to address both political marginalization and economic underdevelopment simultaneously.

For scholars, Basilan illustrates the importance of political economy approaches that refuse to artificially separate political and economic analysis. For practitioners, it demonstrates that sustainable governance improvement in conflict-affected contexts requires integrated strategies addressing both dimensions.

The journey toward good governance in Basilan remains incomplete and uncertain. However, growing recognition among government, civil society, and international partners that political and economic dimensions must be addressed together offers grounds for cautious optimism. As North et al. argue, development is ultimately about creating institutional frameworks where political and economic competition become positive-sum rather than zero-sum [6]. Basilan's challenge—and opportunity—lies in building such frameworks suited to its particular context of diversity, autonomy, and post-conflict transition.

#### REFERENCES

- [1] United Nations Development Programme, *Governance for Sustainable Human Development*, UNDP Policy Document, 1997.
- [2] World Bank, *Governance and Development*, Washington, DC: World Bank, 1992.
- [3] Philippine Statistics Authority, *2020 Census of Population and Housing: Basilan*, Manila: PSA, 2021.
- [4] Philippine Statistics Authority, *Poverty Incidence in the Philippines*, Manila: PSA, 2020.
- [5] Rothstein, B. and Teorell, J., "What is quality of government? A theory of impartial government institutions," *Governance*, vol. 21, no. 2, pp. 165-190, 2008.
- [6] North, D.C., Wallis, J.J., and Weingast, B.R., *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History*, Cambridge: Cambridge University Press, 2009.
- [7] Collier, P., Hoeffler, A., and Söderbom, M., "Post-conflict risks," *Journal of Peace Research*, vol. 45, no. 4, pp. 461-478, 2008.
- [8] Acemoglu, D. and Robinson, J.A., *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, New York: Crown Business, 2012.
- [9] Stewart, F., "Horizontal inequalities as a cause of conflict: A review of CRISE findings," *World Development Report 2011 Background Paper*, World Bank, 2010.
- [10] Kaufmann, D., Kraay, A., and Mastruzzi, M., "The worldwide governance indicators: Methodology and analytical issues," *World Bank Policy Research Working Paper No. 5430*, 2010.
- [11] Sakili, A.M., "Ethnic relations in Basilan: An analysis of Yakan-Tausug interactions," *Asian Center Research Paper Series*, University of the Philippines, 2018.
- [12] McKenna, T.M., *Muslim Rulers and Rebels: Everyday Politics and Armed Separatism in the Southern Philippines*, Berkeley: University of California Press, 1998.
- [13] Abuza, Z., "Funding terrorism in Southeast Asia: The financial network of Al Qaeda and Jemaah Islamiya," *Contemporary Southeast Asia*, vol. 25, no. 2, pp. 169-199, 2003.

- [14] International Crisis Group, *The Philippines: Counter-insurgency vs. Counter-terrorism in Mindanao*, Asia Report No. 152, 2008.
- [15] National Economic and Development Authority - BARMM, *Bangsamoro Development Plan 2023-2028*, Cotabato City: NEDA-BARMM, 2023.
- [16] Santos, S.M. and Santos, P.V., eds., *Primed and Purposeful: Armed Groups and Human Security Efforts in the Philippines*, Geneva: Small Arms Survey, 2010.
- [17] Crost, B., Felter, J., and Johnston, P., "Conditional cash transfers, civil conflict and insurgent influence: Experimental evidence from the Philippines," *Journal of Development Economics*, vol. 118, pp. 171-182, 2016.
- [18] Torres, M.L., "Migration and development in conflict-affected areas: The case of Basilan Province," *Philippine Journal of Development*, vol. 44, no. 1, pp. 89-112, 2017.
- [19] Department of Agriculture - BARMM, *Agricultural Profile of Basilan Province 2022*, Cotabato City: DA-BARMM, 2022.
- [20] Banlaoi, R.C., "The Abu Sayyaf Group: From mere banditry to genuine terrorism," *Journal of Asian and African Studies*, vol. 44, no. 3, pp. 247-262, 2009.
- [21] Bertrand, J., *Nationalism and Ethnic Conflict in Indonesia*, Cambridge: Cambridge University Press, 2004.
- [22] Hutchcroft, P.D. and Rocamora, J., "Strong demands and weak institutions: The origins and evolution of the democratic deficit in the Philippines," *Journal of East Asian Studies*, vol. 3, no. 2, pp. 259-292, 2003.
- [23] Hedman, E.E. and Sidel, J.T., *Philippine Politics and Society in the Twentieth Century: Colonial Legacies, Post-Colonial Trajectories*, London: Routledge, 2000.
- [24] Armed Forces of the Philippines - Western Mindanao Command, *Peace and Security Report: Basilan Province 2016-2019*, Zamboanga City: AFP-WESTMINCOM, 2020.
- [25] United Nations Development Programme Philippines, *Socioeconomic Impact Assessment of COVID-19 in Bangsamoro*, Manila: UNDP Philippines, 2021.
- [26] Republic of the Philippines, *Republic Act No. 11054: Bangsamoro Organic Law*, Manila: Official Gazette, 2018.
- [27] The Asia Foundation, *Monitoring and Evaluation of Bangsamoro Transition: Baseline Study*, Manila: The Asia Foundation, 2020.
- [28] Office of the Presidential Adviser on the Peace Process, *Comprehensive Local Integration Program: Accomplishment Report 2013-2016*, Manila: OPAPP, 2017.
- [29] Quitariano, E. and Evangelista, C., "The Comprehensive Local Integration Program in Basilan: Outcomes and challenges," *Journal of Peacebuilding and Development*, vol. 13, no. 2, pp. 78-92, 2018.
- [30] Office of the Presidential Adviser on the Peace Process, *PAMANA: Six Years of Delivering Peace Dividends*, Manila: OPAPP, 2017.
- [31] World Bank, *Philippines Development Report: Investing in Peace and Development in Conflict-Affected Areas*, Washington DC: World Bank, 2019.
- [32] Bangsamoro Autonomous Region in Muslim Mindanao, *Local Governance Performance Management System Framework*, Cotabato City: BARMM Ministry of Interior and Local Government, 2021.
- [33] A. T. Sattar & B. H. Arriola, "Contributions of Madrasah Education Program to Counter Violent Extremism," *American Journal of Educational Research*, 8(7), 450-456, 2020.
- [34] J. A. Indal, "Assessing Sustainable Development Practices in Basilan: Opportunities and Challenges for Local Governance," *Chinese Science Bulletin*, 70(8), 2025.