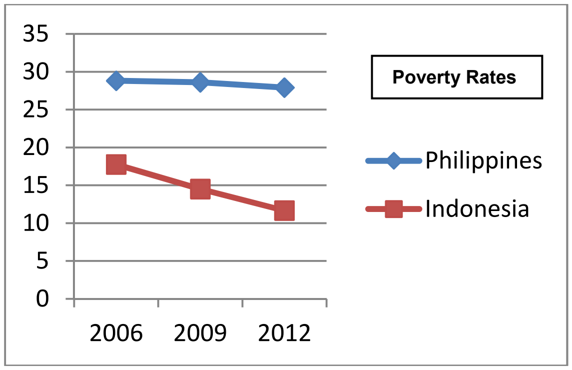
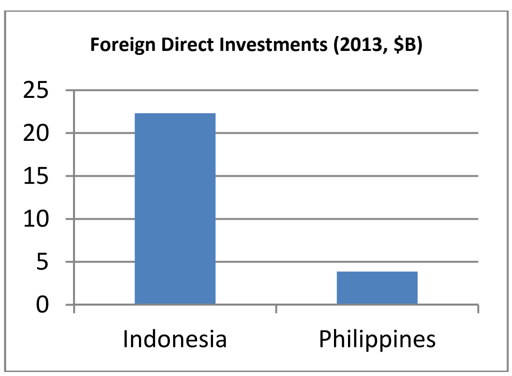
Reducing Extreme Poverty in the Philippines

Does President Aquino really need two terms (12 years) to make a real dent on extreme poverty? The graph below shows how Indonesia has trumped the Philippines in its efforts to uplift the poor. Indonesia's poverty rate reduction in just 6 years was significant: from 17.75% in 2006 to 11.66% in 2012 or a 6.09-point decline. In the Philippines, change was statistically insignificant: from 28.8% to 27.9% in the same period.



To be fair, the data cited includes only two years of President Aquino's term. Some of his administration's anti-poverty programs, such as conditional cash transfers and investments in education, are also on the right track. However, they will take years to show results. Getting people jobs (e.g., through a significant industrial base expansion) and/or making them productive (especially in the agricultural sector where most of the poor are) seem to be the more pressing and immediate solutions. The Philippines needs some serious catching up to do on that front. In 2013, foreign direct investments in Indonesia totaled $22.31 billion. Compare that to only $3.86 billion in the Philippines. Budget for agriculture is a measly 3.38% of the total annual budget.



Important Note: The latest Philippine poverty rate of 24.9% in 2013 was based on the new Annual Poverty Incidence Survey (APIS). Prior figures (2006, 2009, and 2012) were from the Family Income and Expenditure Survey (FIES). APIS numbers tend to be lower than FIES results, so it is dishonest to claim decline based on the two different data sets. President Aquino has disingenuously used the 2013 APIS figure to boast that his policies have lifted more than 2 million people out of poverty.