The Philippines has long been regarded as the “sick man of Asia.” Economically more advanced than most Asian countries in the 1950s, bad governance and misguided economic policies wasted the opportunities for sustained growth amid the propitious climate for global trade and finance. Regulatory capture, political instability, and governance impunity stifled growth and broadly based economic development.

Recently, there has been a noticeable resurgence of optimism about the economy, sparked largely by President Benigno S. Aquino’s pursuit of good governance as the overarching strategy to achieve inclusive growth and development. The Administration’s efforts are working. The Philippine economy is expected to grow close to 6 percent in 2012 despite global shocks. Sound macroeconomic fundamentals, a stable banking system, and an improved outlook on the country’s growth potential have led to successive credit-risk upgrades by credit rating agencies, record peaks in the stock market, and inflows of FDI. The World Bank and the Asian Development Bank have raised growth projections for the country this year and the next.

The country’s greatest challenge is the high incidence of abject poverty. Sustained economic growth is necessary to address this. Beyond growth, the country also has to deal with festering issues on inequity in access to opportunities, especially in education, health, infrastructure, and land. Making growth more inclusive is essential not only to speed up poverty reduction but also to sustain growth over the long term. Deepening policy reforms to sustain improvement in the investment climate and fiscal space that generate high-quality jobs for the country’s rapidly growing population is a major test of President Aquino’s administration.

**Dr. Arsenio M. Balisacan** is Socioeconomic Planning Secretary and concurrent Director-General of the National Economic and Development Authority (NEDA). Prior to his appointment in the Cabinet of President Benigno S. Aquino III, he was Dean and Professor of the University of the Philippines (UP) School of Economics and Executive Director of the Philippine Center for Economic Development. He also served as Director-Chief Executive of the Southeast Asian Regional Centre for Graduate Study and Research in Agriculture (SEARCA, 2003-2009), the Center of Excellence for Agriculture of the Southeast Asian Ministers of Education Organization (SEAMEO), and as Undersecretary for Policy and Planning of the Department of Agriculture (2000-2001 and 2003). Before joining the UP faculty in 1987, he was Economist at the World Bank in Washington, D.C.

An internationally recognized expert on poverty, inequality, agricultural and rural development, human development, impact assessment, and governance issues in East and Southeast Asia, Dr. Balisacan holds a PhD in Economics from the University of Hawaii at Manoa, an MS degree in Agricultural Economics from the University of the Philippines Los Baños, and a BS degree in Agriculture from the Mariano Marcos State University. He was an EWC Research Intern, Joint Doctoral Research Intern, and finally Research Fellow.