

Reset and Rebuild for a Better Philippines in the Post-pandemic World

Theme for the 2021 Development Policy Research Month and Annual Public Policy Conference

Virtual DPRM Kick-off Forum

02 September 2021



Philippine Institute for Development Studies

Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

Background

The Annual Public Policy Conference (APPC) theme is also adopted as the overall theme for the Development Policy Research Month (DPRM).

APPC 2021 Scientific Committee

Adoracion Navarro

Margarita Debuque-Gonzales

Kris Francisco-Abrigo

Preliminaries

Will there be a post-pandemic world?

- The only infectious disease that has been eradicated in the history of humankind is smallpox
- The end of the 1918 flu pandemic came when much of the world's geographic areas achieved herd immunity through natural infection in the middle of 1920
- Governments were hoping that herd immunity from COVID-19 could be achieved in 2021 or 2022 through unavoidable natural infection and deliberately scaled up vaccination across the globe. The Delta variant and ongoing mutations changed that!

Preliminaries: Post-pandemic scenarios

5 scenarios with varying levels of globalization and collaboration (Talebian and Kemp-Benedict 2020)

1. “Responsible globalization” - an interconnected world where valuing society, sustainable development and protection of human life are shared principles of the global community
2. “Chaotic globalization” - a world in which inequalities increase significantly, and tumultuous interconnections, opportunism, and growing rivalry undermine global collaboration
3. “World of walls” - a fractured world in which there is an upsurge in nationalist values, conflicts grow substantially, and international institutions lose their legitimacy
4. “Cold peace” - a highly polarized world splintered into two opposing blocs; each remains politically stable and grows economically, but global collaborative efforts collapse, and trade networks are disrupted
5. “Adaptive mosaic” - a localized world focused on sustainability; countries collaborate across borders, but emphasize resilience and self-sufficiency and reduce their dependence on global markets and supply chains

Preliminaries: Post-pandemic scenarios

3 scenarios based on adaptation and learning (Pefini 2021)

1. “Particularist retreat” - business as usual; promotes taking refuge in the nation-state, disregards the global interrelatedness of COVID-19 issues, and ignores existing interdependencies.
2. “Adaptation scenario” - The state, the market, and civil society communicate and adjust to complexities without completely abandoning settled practices. Multilateralism at the international level is strengthened, states invest in public health, and markets deepen digitalization and promote scientific cooperation but with full intellectual property protection. Civil society promotes responsible consumption, subsidiarity, self-care, and sustainable development.
3. “Collective learning scenario” - Global governance on topics such as public goods provision, risk reduction, and catastrophe prevention. The state prioritizes public policies that revolve around the notion of care and reducing inequalities. Markets prioritize short-distance logistics and localization of production and consumption; “essential activities”; network of “prosumers”.

Preliminaries: Post-pandemic scenarios

3 scenarios in an unequal world (Morea 2020)

1. “Business as usual” - most pessimistic view; there will be no major changes and policies for recovery will be based on the tried and tested consumerism-based rescue of the capitalist system
2. “Paradigm shift” - associated with a chaotic situation where COVID-19 causes the global economic order to fall apart and puts the environmental and climate crisis at the center of the need for recovery; paradigm shift based on a total rethinking of natural resource management, animal-based food production, supply chains, and the environment in general
3. “Managed transition” - gradual process of change in sustainable consumption, reduction of the economy in scale, circular economy, green economy, and blue economy

In an unequal world where achieving sustainable development goals may be more feasible for some countries than for others, the post-pandemic futures that countries will confront will depend on their starting point in the current world order and capitalist system.

2021 APPC and DPRM Theme

Reset and rebuild for a better Philippines in the post-pandemic world

RESET: to clear errors, remove problematic applications, or put away things that entangle.

REBUILD: to make extensive changes, demolish obsolete rules, processes, and systems, and provide new ones.

Imagine a **BETTER** Philippines and enable a more effective functioning of our systems and processes.

2021 APPC and DPRM Theme

Resetting Capitalism

```
graph TD; A[Resetting Capitalism] --- B[Ethical Business]; A --- C[Green and Inclusive Recovery]; A --- D[Robust and Healthy Workforce];
```

Ethical Business

Green and Inclusive Recovery

Robust and Healthy Workforce

Main theme: Resetting Capitalism

“ The Great Reset ”

The **Great Reset** is a proposal by the World Economic Forum to rebuild the economy sustainably following the COVID-19 pandemic.

- ☑ Build new foundations for the world's economic and social systems
- ☑ Steer the market towards fairer outcomes
- ☑ Investments advance shared goals, such as equality and sustainability

Main theme: Resetting Capitalism

Questions for discussion during the APPC

- ❑ How must we reset our ways of life and rebuild toward a better normal?
- ❑ How can we build new foundations for the world's economic and social systems?
- ❑ How can we steer the market towards fairer outcomes?
- ❑ How can we ensure that investments advance shared goals, such as equality and sustainability?

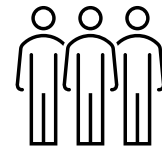
Subtheme 1: Ethical Business

Which economic system would best serve us today?



Shareholder Capitalism

- Interests of only one stakeholder (the owner) dominate
- Goal: Maximize profits and shareholder value



Stakeholder Capitalism

- All stakeholders are considered, including employees, customers, and suppliers
- Focus: Long-term value creation

Subtheme 1: Ethical Business

In the US, about 190 firms signed a **Business Roundtable Statement** on corporate purpose declaring “a fundamental commitment to all stakeholders.”

Over 60 global industry leaders, including in developing Asia, committed to the **Stakeholder Capitalism Metrics** released by the International Business Council under the WEF.

In late 2020, the Philippine Business Group (comprising more than 20 business associations in the country) similarly signed a **Covenant for Shared Prosperity**.

The Philippine Securities and Exchange Commission has supported elements of stakeholder capitalism, now enshrined in the **Code of Corporate Governance** which took effect in 2017.

Subtheme 1: Ethical Business

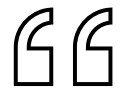
Questions for discussion during the APPC

- ❑ Will a stakeholder model foster or hinder corporate/economic growth in a post-COVID environment? What kinds of tradeoffs can be expected?
- ❑ How willing are businesses to follow a stakeholder model? Will they be inclined to adopt universally accepted environmental, social, and governance (ESG) metrics, which are designed to help achieve the SDGs?
- ❑ What will be the effect on firms? On financial markets? On the latter, do we have an investor base that is cognizant of the long-term benefits of a sustainability/stakeholder mindset among firms?
- ❑ Should stakeholder principles be further enshrined in corporate governance laws? What are the pros and cons of codification? What have been the good/bad outcomes of the recent changes in the corporate governance code?

Subtheme 2: Green and Inclusive Recovery



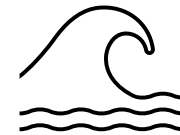
Green Economy



One that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.


Low carbon, resource efficient and socially inclusive. 

-United Nations Environment Programme 2011



Blue Economy



Sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health. 

-World Bank 2017

In a sense, the blue economy is part of the green economy.

Subtheme 2: Green and Inclusive Recovery

Building resilience entails conservation of green and blue ecosystems as well as climate change adaptation and mitigation.

The conservation strategies of the Philippines are somewhat inadequate if juxtaposed with the targets.

PH progress on SDGs pre-pandemic:

SDG 14 (life below water)
Stagnating

SDG 15 (life on land)
Decreasing

-Sachs et al. 2020

Climate targets and well-being targets should be seen as complementary.



Food security



Energy development and use



Waste management



Conservation of green and blue ecosystems



Preparing for climate change-related diseases and addressing health inequities

Subtheme 2: Green and Inclusive Recovery

Questions for discussion during the APPC

- ❑ Who are the crucial stakeholders in accelerating climate targets and building resilience in the green and blue economy? Are they doing enough?
- ❑ In what areas of green and blue economy can public-private partnerships or even pure private sector participation flourish? Are there areas that can be targeted by stakeholder capitalism?
- ❑ What are the tradeoffs in pursuing a low carbon future for a developing country like the Philippines? In which sectors are the tradeoffs prominent and can these be quantified?
- ❑ How accessible are innovations and solutions for the transition to resilient green and blue economy for developing countries such as the Philippines? What is the extent of the technological capacity for developing countries to research and develop solutions on their own?

Subtheme 3: Robust and Healthy Workforce

COVID-19 highlighted existing health inequities faced by low-compensation workers as they are more likely to encounter poor work-related conditions.

They are more likely to:

- live in crowded conditions or in areas with high levels of pollution
- take congested public transportation
- lack the financial resources to afford adequate protection even while away from the workplace
- feel compelled to go to work even on sick days as the opportunity cost of not working is just too high
- have pre-existing health conditions given the environment they are in and the stresses they encounter

Subtheme 3: Robust and Healthy Workforce

While digitalization and the Fourth Industrial Revolution have facilitated the transition to remote work and distance learning, ***differences in the ability to access*** these technologies have exacerbated existing inequalities among households and across countries.



Rethinking social protection systems for the workforce



Focusing on health at work



Reimagining schooling and future-proofing education



Mobilizing a reskilling revolution



Closing the gaps (digital divide, gender gap, youth unemployment)

Subtheme 3: Robust and Healthy Workforce

Questions for discussion during the APPC

- ❑ What needs to be fixed in social protection systems for workers to reduce inequities and ensure inclusion during and after the pandemic?
- ❑ How has digital technology been used to cope with the impacts of COVID-19 on labor and employment and social protection? What are the best practices and models around the world that a developing country like the Philippines may emulate?
- ❑ What is the future of training and re-skilling, labor and employment, and social protection? What should the new and better normal in these areas look like post-pandemic?



Philippine Institute for Development Studies
Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

Service through
policy research

Thank you!

WEBSITE: www.pids.gov.ph

FACEBOOK: facebook.com/PIDS.PH

TWITTER: twitter.com/PIDS_PH

EMAIL: anavarro@mail.pids.gov.ph,
mgonzales@mail.pids.gov.ph,
kfrancisco@mail.pids.gov.ph