

RONALD U. MENDOZA, PH.D

# COVID 19: NAVIGATING INCLUSIVE RECOVERY TOWARDS **THE NEW NORMAL**

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# COVID-19: NAVIGATING INCLUSIVE RECOVERY TOWARDS THE NEW NORMAL

WRITTEN BY  
RONALD U. MENDOZA, PH.D

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Manila, Philippines

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9F 6780 Ayala Avenue, Makati City 1200

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## ABOUT THE ORGANIZATION

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**Victor Andres “Dindo” C. Manhit** is the President of Stratbase Albert Del Rosario Institute for Strategic and International Studies. Concurrently, he is Philippine Country Head of the renowned BowerGroupAsia (BGA). He was a former Chair and recently retired Associate Professor of the Political Science Department of De La Salle University. Among the government positions he held include Undersecretary for External Affairs and Special Concerns of the Department of Education, Culture and Sports and Deputy Secretary for Administration and Financial Services of the Philippine Senate. Meanwhile, his legislative experience encompasses the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, and 12<sup>th</sup> Congress as the Chief of Staff of the late Former Senate President Edgardo Angara and senior policy research adviser in key senate committees.

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**Manuel V. Pangilinan** is CEO and managing director of First Pacific Company Limited. He is also the chairman of Metro Pacific Investments Corp., Philippine Long Distance Telephone Company, Manila Electric Co. (Meralco), and Smart Communications, among others. He is a recipient of several prestigious awards including the Ten Outstanding Young Men of the Philippines (TOYM) Award for International Finance in 1983 and the Presidential Pamana ng Pilipino Award by the Office of the President of the Philippines in 1996.

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**Ernest Z. Bower** is a senior adviser for Southeast Asia at the Center for Strategic and International Studies (CSIS), having founded the first chair for the region. He is CEO of BowerGroupAsia (BGA) and a leading expert on Southeast Asia.

**Renato C. de Castro, Ph. D** is a full professor of international studies at De La Salle University – Manila (DLSU). In 2009, Dr. de Castro became the U.S. State Department ASEAN Research Fellow from the Philippines and was based in the Political Science Department of Arizona State University. A consultant in the National Security Council of the Philippines during the Aquino administration, he has written over 80 articles on international relations and security.

**Judge Raul C. Pangalangan, Ph. D** is a judge of the International Criminal Court. He was previously the dean of the University of the Philippines College of Law and publisher of the Philippine Daily Inquirer. He has taught in many universities around the world, such as Melbourne University, Hong Kong University, and Harvard Law School.

**Epictetus E. Patalinghug, Ph. D** is a professor emeritus at the Cesar E.A. Virata School of Business, University of the Philippines (UP), Diliman. He received his doctorate degree in Agricultural Economics from the University of Hawaii. His works have been featured in various publications around the world.

**Francisco A. Magno, Ph. D** is the executive director of the Jesse M. Robredo Institute of Governance and former President of the Philippine Political Science Association. He is a professor of political science at DLSU and previously served as Chair of the Political Science Department and Director of the Social Development Research Center.

**Carlos Primo C. David, Ph. D.** is a licensed geologist and professor in UP Diliman having obtained his PhD in Environmental Science and Geology from Stanford University. He is a former Executive Director of DOST-PCIEERD. A project leader of the DOST's Project NOAH, Dr. David pioneers short term rainfall forecasting in the country and climate change-related research on water resources.



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## ABSTRACT

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There are two forms of contagion associated with COVID-19—one related to the virus, and the other to the economic slowdown it has triggered. This paper outlines a framework to better understand the different phases of COVID-19 crisis response, spanning relief, recovery and the possible “new normal”; and it elaborates on the balancing act between economic and health policies.

There are two main forms of contagion sweeping the world in early 2020. Clearly, the first one has to do with the spread of the virus itself, as well as the health risks attached to it. However, the very same measures necessary to control the spread of this disease are likely anathema to the economy, i.e. quarantine, social distancing, travel bans and restrictions and lockdown.

Hence, a second form of contagion now affecting the global economy has to do with the economic aftershocks associated with COVID-19. One has to do with the demand-side “chilling effect” caused by the risk posed by the spread of the disease (i.e. tempered consumer demand notably in retail, food and restaurants, travel and tourism, due to fears of contracting the disease). Another aftershock has to do with the supply-side impact generated by, among others, quarantine, social distancing and travel restrictions, which have tempered the spread of the disease, but they have also slowed many economies to a near halt.

Drawing on a review of international and Philippine policy responses across these different stages, this paper contributes to the crisis response literature by developing a proposal to use the Philippine healthcare sector as a lynchpin of more inclusive and stable economic recovery. Better healthcare and crisis response systems could effectively contain the virus, while also minimizing the economic costs. Emerging evidence suggests that countries with adequate and more inclusive healthcare and social protection systems did not need to resort to draconian crisis contagion measures. What is needed are robust investments that build stronger inclusiveness and coverage by a country’s health system, and enable this to rapidly re-align and ramp up absorptive capacities during a crisis should the need arise.



# COVID-19: NAVIGATING INCLUSIVE RECOVERY TOWARDS THE NEW NORMAL

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RONALD U. MENDOZA, PH.D

“We are not all in the same boat. We are all in the same storm. Some are in yachts.  
Some have just the one oar.”

*Damian Barr, 2020*

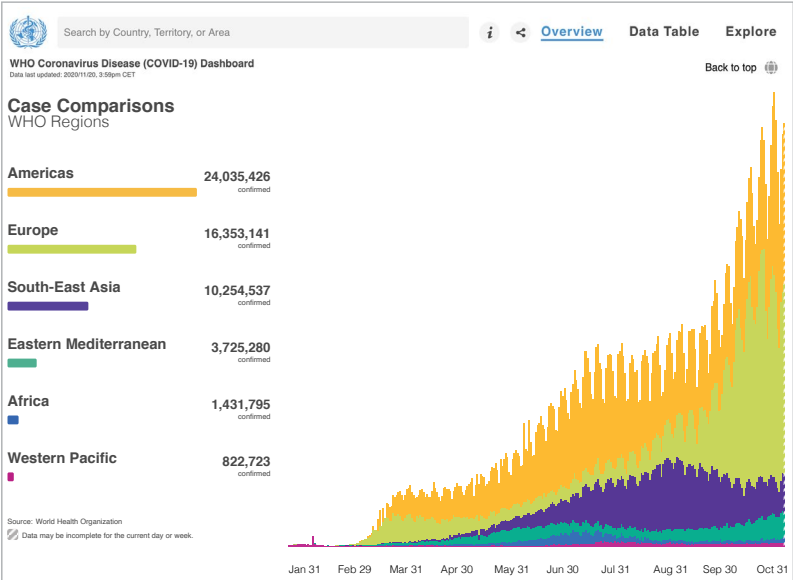
COVID-19 originated in one country (China) with the first reported cases in December 2019, and this virus has since spread across over 200 countries, territories, and areas in less than four months. At the time of writing this article, it is associated with over 3.9 million cases, and over 274,000 deaths.<sup>1</sup> In the Philippines, from the first case confirmed on January 30, 2020 (i.e., a 38-year-old Chinese national), COVID-19 cases have since shot up to 10,974 confirmed cases, with 719 deaths in a span of about three months since that first case.<sup>2</sup> (See Figures 1-3.)

The benefits from disease control particularly for highly virulent diseases like COVID-19 could potentially benefit all; hence controlling it could be considered a global public good. These benefits include better managed health risks and diminished disruption of the economy. The policy conundrum, however, is that the means of

disease control—anchored around minimizing human contact and the possible transmission of the disease—also creates the conditions for a potentially severe economic downturn. This prompts policymakers to consider nuanced crisis relief and recovery plans that seek to flatten the curve without flattening the economy.

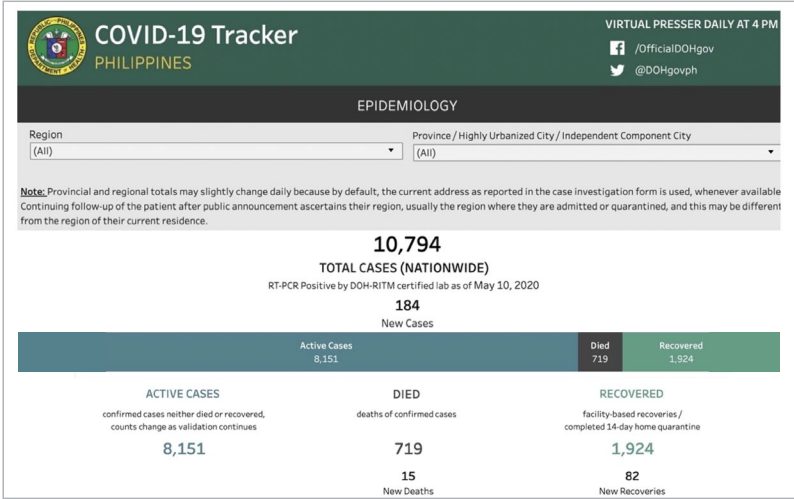
Beyond immediate crisis response, relief, and recovery efforts, it is also critical to consider the terrain of the post-COVID-19 world, the so-called “new normal.” This paper develops a framework for understanding the ongoing transition towards a possible “new normal.” It then analyzes the emerging evidence on the risks and opportunities under the new normal, and it outlines a proposal for a more inclusive, health-anchored economic recovery.

*Figure 1 . WHO COVID-19 Tracker, Total Global COVID-19 Cases  
(by Geographic Region, May 9, 2020)*



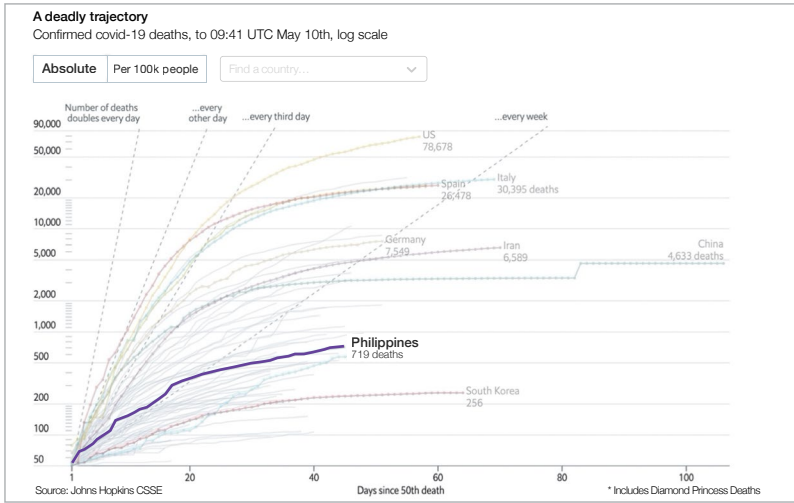
Source: <https://covid19.who.int/>

Figure 2 . Philippine Department of Health COVID-19 Dashboard, Total COVID-19 Cases in the Philippines (May 10, 2020)



Source: <https://ncovtracker.doh.gov.ph>

Figure 3 . COVID-19 Deaths Per Country (Log scale as of May 10 2020)



Source: <https://www.economist.com/news/2020/03/11/the-economists-coverage-of-the-coronavirus>

Section 1 reviews the two forms of contagion associated with COVID-19 and elaborates on the balancing act between economic and health policies required to address the crisis. Section 2 briefly outlines a framework to better understand the different phases of crisis response, spanning relief, recovery, and the possible “new normal”. It also briefly reviews the international and Philippine policy responses (as well as possible responses in the case of the hypothesized “new normal”) to COVID-19 across these different stages. Section 3 outlines a proposal to use the Philippine healthcare sector as a lynchpin of more inclusive and stable economic recovery.

## **Fighting Twin COVID-19 Contagions**

There are two main forms of contagion sweeping the world in early 2020. Clearly, the first one has to do with the spread of the virus itself, as well as the health risks attached to it. In order to allow the health sector to provide adequate treatment, the strategy promoted by the World Health Organization is to flatten the epidemiological curve so that COVID-19 cases do not peak beyond the domestic health sector’s absorptive capacity. On the other hand, the very same measures necessary to control the spread of this disease are likely anathema to the economy, i.e. quarantine, social distancing, travel bans and restrictions and lockdown.

Hence, a second form of contagion now affecting the global economy has to do with the economic aftershocks associated with COVID-19. One has to do with the demand-side “chilling effect” caused by the risk posed by the spread of the disease (i.e. tempered consumer demand notably in retail, food and restaurants, travel, and tourism due to



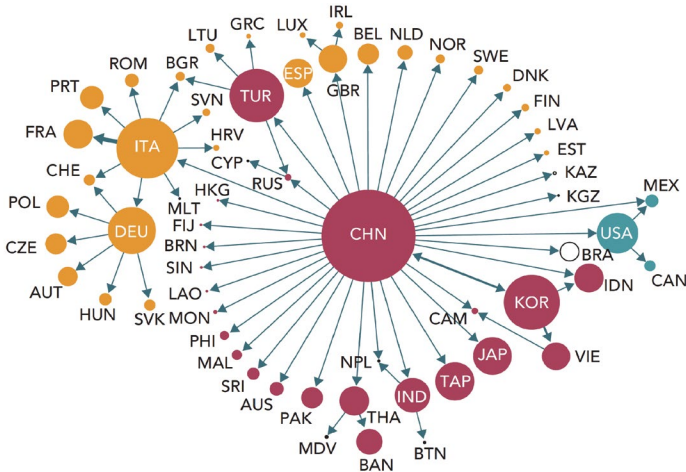
fears of contracting the disease). Another aftershock has to do with the supply-side impact generated by, among others, quarantine, social distancing, and travel restrictions to control the spread of COVID-19. These policies have tempered the spread of the disease, but they have also slowed many economies to a near halt.

Across national borders, both demand and supply side effects are as contagious as the actual disease because countries are economically and financially interconnected. For instance, weaker consumption in COVID-19 affected countries like Italy, United States and United Kingdom inevitably affect exports from other parts of the world. In addition, absent key inputs from manufacturing plants in China, entire production chains were immediately impacted in Southeast Asia and eventually Europe and North America. Figures 4 and 5 illustrate the global value chains in manufacturing textiles and ICT products respectively. The central role of China is clear, as the size of the circles represents the magnitude of value-added exports. The volume of value-added flow between each pair of trading partners is represented by the thickness of the line linking the two.

The Asian Development Bank examined the COVID-19 impact, tracing it through the decline in domestic consumption in disease affected countries, the chilling effect on tourism and business travel, disruptions in trade and production lines, and the effects on health due to disease and mortality risks. ADB estimates a global impact of US\$77 to US\$347 billion (or 0.1% to 0.4% of global GDP), with China accounting for up to two-thirds of the total (ADB 2020a).

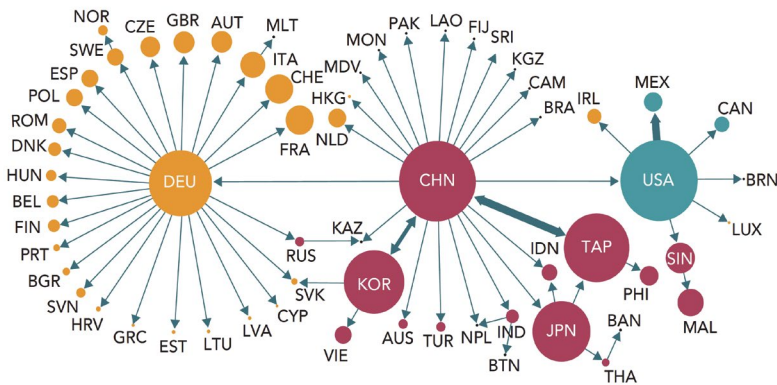
The Center for Economic Policy and Research (CEPR) examined the impact of the global pandemic on “factory Asia”, which includes some of the largest economies in the region: China, Japan, South Korea and Singapore. Pointing to “supply chain contagion”, CEPR noted how

*Figure 4 . Complex Global Value Chains in Textiles Manufactures  
(2017 Data)*



Source: WTO (2019:28)

*Figure 5 . Complex Global Value Chains in ICT Manufactures  
(2017 Data)*



Source: WTO (2019:29)

Asia's world-beating supply chain system has been exposed for its vulnerabilities to a health pandemic. Some of the largest economies in the world eventually ended up with high infections, including the United States, China, Japan, Germany, UK, France and Italy which together account for 60% of the global economy, 65% of global manufacturing and 41% of global manufactured exports.

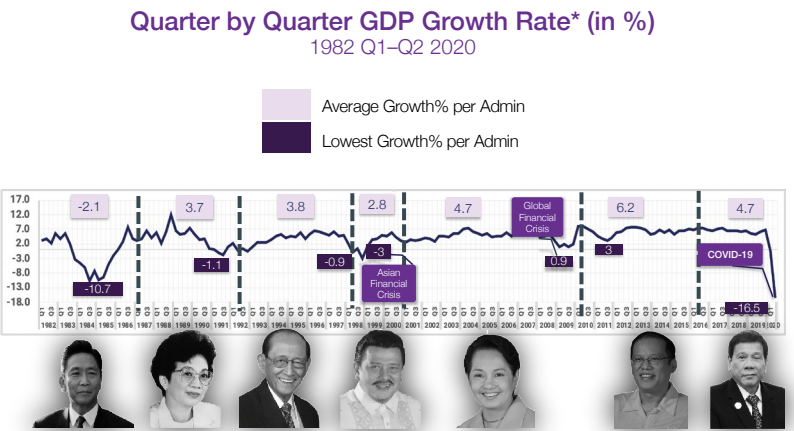
COVID-19 triggered a chilling effect on the demand side (consumption and investments) in these and other major economies; and this in turn combined with supply-side disruptions. Beyond health-specific crisis management, countercyclical measures to buttress the economy and vulnerable economic actors have become critically necessary (Baldwin and DiMauro 2020).

In April 2020, the International Monetary Fund (IMF) reported that the global lockdown crisis will cause the world economy to contract in 2020 with -3% real growth—far worse than the global economic slowdown in 2008 to 2009 which resulted in -0.1% real economic growth in 2009 (IMF 2020a). The IMF further predicts that the real output contraction in 2020 and 2021 could reach up to US\$ 9 trillion and income per capita will shrink in over 170 countries. Extreme poverty worldwide is expected to increase by 40 to 60 million people.<sup>3</sup> Recovery in 2021 will critically depend on the opening up of many economies by the 2nd half of 2020.

As regards COVID-19 impact on the Philippine economy, NEDA (2020) estimates that the Luzon-wide quarantine could increase the budget deficit to around 4.4 to 5.4% of GDP in 2020 even without additional government spending and assuming the same revenue effort. NEDA expects the combined demand and supply-side shocks will shrink the economy by PhP428.7 to PhP1,355.6 billion in gross value added (in current prices), equivalent to 2.1 to 6.6% of nominal

GDP in 2020. Sans countercyclical measures, this would mean a reduction in the Philippines’ real GDP growth to -0.6 to 4.3% in 2020. The reported first quarter of 2020 GDP growth for the Philippines was -0.2%, which ended an 84-quarter streak of uninterrupted growth for the country (See Figure 6).<sup>4</sup>

Figure 6 . COVID-19 Ends the Philippines’ 84 Quarter Growth Streak



Source: PSA

## A Framework for Phases of Crisis Management

In the case of managing the COVID-19 crisis, there are several main and interlinked objectives. The first is to contain the spread of COVID-19, and as already mentioned, to flatten the epidemiological curve so that domestic health systems are not swamped with cases. A second objective is focused on a sustained and stable recovery, aspiring towards a V-shaped recovery rather than a W-shaped one.

The latter implies a possible relapse if the virus manages to flare up again, triggering another round of demand- and supply-side shocks.

However, there are several main challenges as COVID-19 crisis relief efforts soon transition to crisis recovery. At the time of writing this paper, policymakers grapple with the benefit-cost trade-offs between tempering the risk of COVID-19 contagion and mitigating its adverse impact on the economy due to the social distancing, quarantine and lockdown measures. When exactly to open up has become the subject of intense debate. On the one hand, opening up too soon may risk a relapse, while on the other hand, opening up too late may cause a deeper than necessary economic contraction. In addition, the timing and coherence across different relief and recovery interventions could also be clarified, in order to enhance their effectiveness.

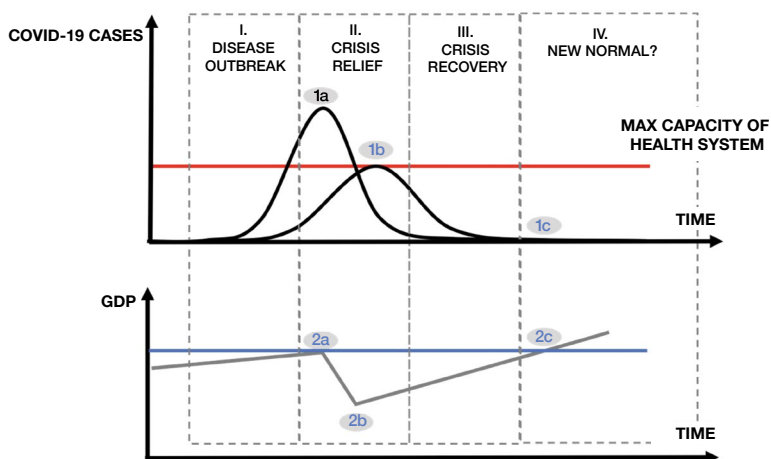
The lack of clarity and differentiation between the “new normal” and the recovery phase following lockdown, for example, is reflected in an effort by some legislators in the Philippines to create a “New Normal Law”,<sup>5</sup> legislating the different social distancing and other social and commercial adjustments to be implemented during the recovery phase. However, many of these items in the proposed law are likely to become unnecessary once herd immunity has been achieved or a vaccine has become widely available.

In order to help illustrate, Figure 7 juxtaposes the two curves of interest with respect to a country’s efforts to “flatten the epidemiological curve without flattening the economy”. The first is the epidemiological curve illustrating the number of cases of people infected by COVID-19. The goal is to “flatten that curve” by slowing the rate of infection so that the peak infection incidence (1a) is a number that the country’s health system can handle (indicated by the red line). Hence, the flatter epidemiological curve has a peak (1b) which is smaller and more

manageable compared to a scenario with limited interventions by government (1a). These interventions include the social distancing, travel restrictions, quarantine measures, and lockdown protocols that most countries have implemented during the global pandemic.

These very same policies designed to contain COVID-19, however, could result in a dramatic contraction in the economy. Hence, the second curve for policymakers to monitor is the economic curve represented by total GDP. Figure 7 roughly illustrates how policies designed to lower the peak incidence from 1a to 1b is also likely going to contract the economy. This contraction is illustrated by the drop in output from 2a to 2b. This period can be roughly described as the crisis response and relief stage when COVID-19 containment measures needed to be complemented by relief efforts for the disruptions caused by the lockdown period.

*Figure 7. Stages of Crisis Management Juxtaposed against the Epidemiological and Economic Curves*



Source: Author's elaboration, drawing from US Centers for Disease Control ([www.cdc.gov](http://www.cdc.gov)) and IMF (2020)

Roughly speaking on the timing, only when the COVID-19 incidence starts to decline will the policies on lockdown and quarantine be relaxed. Therefore, that is also the period when one expects the economy may start to recover. We “timebox” this in Figure 7, but in reality, it is not clear to what extent the two will occur simultaneously given other factors, such as the possible lingering effect of the demand-side chilling effect. (We will explain this later as one of the rationales for boosting the healthcare sector in the recovery plan.) Full output recovery occurs when the economic curve intersects the blue line in Figure 6, so that total output implied by 2a is equal to 2c.

Figure 7 also illustrates the four possible stages of crisis management. In practice, crisis management policies probably overlap across these different phases, but it could still be helpful to illustrate them distinctly, in order to better understand how policy objectives evolve over the entire crisis period and eventually the post-crisis situation (which some have begun to describe as the “new normal”). Building on Figure 7, and drawing on the emerging evidence, the four stages are as follows.

**Stage 1: Crisis Outbreak.** This is the period immediately following a crisis triggering event, and it is usually characterized by incomplete information and initial proclivity of policymakers to belittle the risks posed by the crisis. In some cases, it is difficult for policymakers to discern whether and to what extent a full-blown crisis is about to take place. In the case of COVID-19, different countries responded to this threat with varying degrees of urgency. In the Philippines, the first reported case of COVID-19 was on January 30, 2020 (i.e. a 38-year-old Chinese national). However, several weeks before this, there were already calls to ban flights from China as reported cases in that country (the epicenter of the disease) had already reached 41 by January 11, 2020, 93 by January 21, 2020 and 1,741 by January 30, 2020.<sup>6</sup> The

WHO declared COVID-19 an international public health emergency on January 30, 2020.

On February 2, 2020, President Duterte finally banned foreign travelers coming from China, Hong Kong and Macau.<sup>7</sup> Nevertheless, he continued to publicly downplay the risks of the disease, noting in a press briefing on February 3 2020:

*“Okay. Let’s start with the narratives by saying that everything is well in the country. There is nothing really to be extra scared of that coronavirus thing although it has affected a lot of countries but in... You know one or two in any country is not really that fearsome. And in the Philippines, we only have two cases — two reported deaths and... But they were Chinese, it’s imported. Hindi galing dito. (It didn’t come from here.) It was not a native of the Philippines but rather it was an imported one and the person involved was a Chinese.”<sup>8</sup>*

The first part of crisis response focused on social distancing, travel restrictions and quarantine protocols, among many other virus-contagion-fighting policies that different countries have turned to, with varying degrees of intensity. The Philippines’ response on this front was somewhat delayed, but this was the case too for many other countries. On March 7, 2020, the Department of Health acknowledged the possibility of community transmission, as they could no longer associate some of the cases with travel history and existing infections tracing.<sup>9</sup>

After initially denying the gravity of the risks posed by this disease, and well over a month after the WHO declared COVID-19 an international public health emergency, President Duterte eventually signed Proclamation No. 922 on March 8, 2020, placing the entire Philippines under a state of public health emergency due to the threat of COVID-19. By then, there were 10 COVID-19 cases reported in



the Philippines, even as many suspected there were many more cases unreported due to a dearth of test kits.

On March 11, the WHO declared COVID-19 a global pandemic. The following day, President Duterte announced the community quarantine of Metro Manila, which would commence on March 15 and last until April 14, 2020. On March 16, 2020, President Duterte extended this by declaring an enhanced community quarantine (ECQ) covering Luzon area, to take effect on March 17, extending to April 14, 2020. However, by then there were already 187 COVID-19 cases in the Philippines (as of March 17, 2020). Over 2 weeks later, in his April 6 2020 address to the nation, President Duterte claimed he warned about COVID-19 “at the start” noting:

*“Itong COVID na ito, ito talaga ‘yung tunay na at the start sinabi ko sa inyo bantay kayo dito, bantay tayo, talagang yayariin tayo nitong COVID na ‘to. It might not really cripple a country but it will of course, you know, cause a sadness and fear kung paano tayo makaraos dito (At the start, I’ve said that the COVID-19 must be carefully watched because it will greatly affect us. It might not really cripple a country but it will of course, you know, cause a sadness and fear on how we will recover from it.)”<sup>10</sup>*

Duterte later announced two extensions of the ECQ: first extending it to end April 2020 (announced April 7, 2020) and later extending it to May 15, 2020 (announced April 24, 2020). In late April, Duterte also announced the extension of the ECQ in high-risk areas (NCR, Central Luzon, Calabarzon, Cebu and Davao), while the ECQ was relaxed to a general community quarantine (GCQ) in areas with zero reported COVID-19 infections.<sup>11</sup>

As regards the effectiveness of these contagion control policies, there is emerging empirical evidence in other cities on effectiveness. For instance, researchers analyzing big data on mobility in the

Chinese city of Wuhan conclude that the:

*“... Wuhan lockdown reduced inflow into the city by 77 percent, outflow by 56 percent, and within-Wuhan movement by 54 percent. They find that the lockdown significantly contributed to reduction in the total cases of infection outside of Wuhan, even with the social distancing measures later imposed by other cities. The study estimates that there would have been 65 percent more COVID-19 cases in the 347 Chinese cities outside Hubei province, and 53 percent more in 16 Hubei province cities other than Wuhan, had Wuhan not been locked down on January 23. Imposing enhanced social distancing policies in 63 cities outside Hubei province effectively reduced the impact of population inflows from the epicenter cities in Hubei province on the spread of the virus in destination cities elsewhere (Fang et al 2020).”*

On the other hand, it also quickly became clear that the cure could be worse than the disease, if the lockdown generates an economic contraction with all of its social and economic costs mounting over time. Based on a customized survey of over 100,000 respondents in the U.S. for example, Coibion et al (2020) found evidence that:

*“About 50% of survey participants report income and wealth losses due to the coronavirus, with the average losses being US\$ 5,293 and US\$ 33,482 respectively. Aggregate consumer spending dropped by 31 log percentage points with the largest drops in travel and clothing. We find that households living in counties that went into lockdown earlier expect the unemployment rate over the next twelve months to be 13 percentage points higher and continue to expect higher unemployment at horizons of three to five years. They also expect lower future inflation, report higher uncertainty, expect lower mortgage rates for up to 10 years, and have moved out of foreign stocks into liquid forms of savings.”*

Nevertheless, there is also further evidence from the U.S. that the “labor market slowdown was due primarily to a nationwide response

to evolving epidemiological conditions and that individual state policies and own epidemiologic situations have had a comparatively modest effect.” Put simply, it was the over-all chilling effect of COVID-19 on the entire economy that probably accounted for the spike in unemployment in the U.S. in March 2020 (Rojas et al 2020).

*Stage 2: Crisis Relief.* Immediate responses to different crises vary, but they usually center around crisis relief efforts, offering social protection for the worst hit, complemented by policies to mitigate the crisis and limit its costs to society. Within days of the ECQ, it was the private sector, civil society and Church groups, followed later by local governments and the central government that pushed for various forms of crisis response and relief efforts. The relative agility of civil society, the private sector, local governments and central government (in that order) appears to be a pattern in crisis relief efforts in the Philippines. One can perhaps describe this as a “federalism of crisis relief” that is quite agile in the Philippine context. Private sector groups adjusted their operations to the ECQ period, with some ensuring salaries for their employees and suppliers, and others adapting work arrangements so that some staff could work from home, while others could follow schedules and arrangements allowed by the ECQ.

Around 40% of the country’s 45 million labor force are less likely to have formal work arrangements, with little access to social protection and insurance.<sup>12</sup> Hence at least around 16 million workers and their families will need support to immediately supplement their incomes. Without this support, and since the majority are in a “no work, no pay” situation in a country with no unemployment insurance, they will most likely continue to go out and seek work had the government not provided cash and food support. The economic implications of economy-wide seizure due to COVID-19 (or COVID-19 responses

by the State) should also be better understood, so that countercyclical responses could be better designed. Otherwise, it is also possible that the “cure” may also prove worse than the disease.<sup>13</sup>

Civil society and Church groups mobilized donations of food and other needs for lockdown-affected poor and low-income

*Figure 8 . Selected Private Sector Led Crisis Relief Efforts*



Source: [cnn.com](http://cnn.com)

communities, while many small and large donors mobilized domestic production capacity to manufacture PPEs (personal protective equipment) due to an apparent lack of equipment for health sector frontliners in both public and private sector hospitals. Some of the country's largest firms and conglomerates mobilized to provide support to poor and low-income communities, displaced workers and medical frontliners, collectively mobilizing several billion pesos of crisis relief and support by early April 2020.

This private sector support included direct cash transfer programs like Project Ugnayan, organized by several large Philippine corporations and the PDRF (Philippine Disaster Resilience Foundation), which sought to transfer PhP1000 food vouchers to almost 8 million Filipinos in crisis-affected communities in Metro Manila,<sup>14</sup> and Bayan Bayanihan, a partnership involving the Asian Development Bank, the Department of Social Welfare and Development (DSWD), the Philippine Army, Philippine Chamber of Commerce and Industry and PDRF.<sup>15</sup> Bayan Bayanihan is described as a bridge program designed to provide quick emergency relief for about 55,000 of the most vulnerable households in Metro Manila, while ADB-funded large scale cash-transfer program is being prepared and rolled out in partnership with the Philippine government (see also Figure 8).

As regards the public sector, early in the crisis, various countries already turned to countercyclical fiscal and monetary policies to counter the economic contagion effects of the virus, as well as to temper the lockdown impact on the economy. These measures included (but are not limited to): payroll tax relief, tax rebates and deferrals for businesses, direct assistance to sectors hit hardest (e.g. transportation and tourism sectors), suspension of mortgage and debt payments, quantitative easing (e.g. money printing) combined with central

*Table 1 . Governments' Countercyclical Policy Responses*

	LIQUIDITY	SOLVENCY
<b>Households</b>	Suspension of mortgage payments, student loans	Cash transfers
	Tax and social security contribution deferrals	Unemployment insurance
		Meal vouchers for students who are away from school
<b>Businesses</b>	Extension of loan maturities	Equity injections
	Tax and social security contribution deferrals	Subsidies for maintaining employment
	Purchase of commercial paper and bonds	Direct subsidies based on past sales (tax based)
	Direct credit provision	
	Credit guarantees	
<b>Financial Sector</b>	Liquidity provision for financial intermediaries	Equity injections
	Actions to preserve market liquidity	Government guarantees

*Source: IMF (2020b)*

bank spending on exchange traded funds, social protection and cash transfer packages, subsidized credit, and lower interest rates (Dayrit and Mendoza 2020). Generally, these countercyclical policies sought to ease the effects of the crisis by targeting households, businesses (particularly in deeply affected industries) and the financial sector in general (See Table 1).

As regards the Philippine government, it quickly became apparent that it lacked the immediate resources for sufficient crisis relief, so legislators rushed the Bayanihan to Heal as One Act which was proposed and rushed through Congress on March 23, 2020, and signed into law on March 24, 2020 (Republic Act 11469). Its implementing rules were published on April 1, 2020,<sup>16</sup> yet further delays in the bureaucracy are said to have affected part of its roll out that month. This law gave

the Executive branch the ability to reallocate resources among other powers that fell short of take-over of private sector entities as part of crisis response (a proposal in the original draft bill that was later dropped after pushback from the public).<sup>17</sup>

The Philippine government's initial countercyclical packages (to be differentiated from responses by LGUs and other stakeholders which started to roll out much earlier) were crafted around early April (shortly after the Bayanihan to Heal as One Act was passed) and they focused on four pillars:<sup>18</sup>

- First pillar: PhP305.2-billion emergency support for vulnerable groups and individuals, including displaced workers, small businesses and local governments. Includes: PhP205 billion in cash subsidies to 18 million low-income households; and PhP35 billion in wage subsidy for those employed by micro, small and medium enterprises (MSMEs). (Up to 1.2 million Filipinos are expected to temporarily lose their jobs amid the pandemic. (See Figure 9.)

- Second pillar: PhP35.7 billion for health sector, including health insurance coverage for all COVID-19 payments, special risk allowance, hazard pay and personal protective equipment for front-line health workers, as well as increased testing capacity.

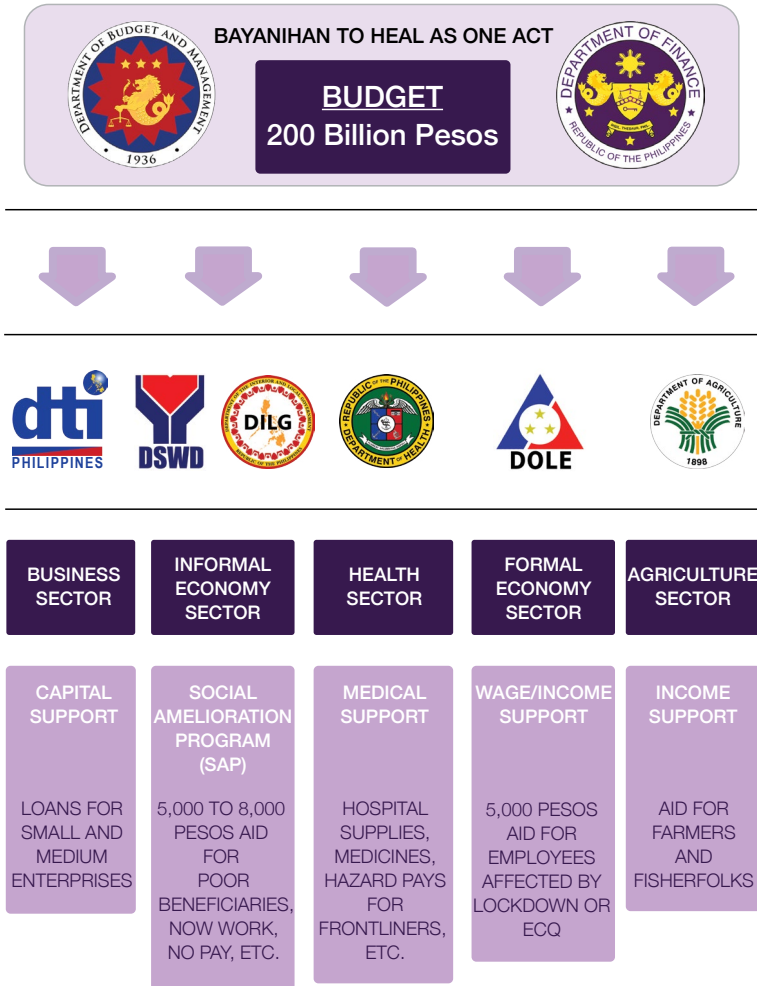
- Third pillar includes Fiscal and monetary policies to keep the economy afloat, worth PhP830.5 billion, including PhP 310 billion or US\$ 6.1 billion in borrowings from multilateral lenders and bilateral partners.

- Fourth pillar is focused on a job-creating economic recovery plan which was still being crafted in early April.

An update on accomplishments under the Bayanihan to Heal as One Act is submitted to Congress on a weekly basis.<sup>19</sup> On May 2, 2020, more than a month and a half since the ECQ was declared, the

Department of Social Welfare and Development (DSWD) reported that only 104 of 1,632 LGUs managed to meet the April 30 deadline

Figure 9. Bayanihan to Heal as One Social Protection Components



Source: PCOO.gov.ph



*Figure 10 . Images of Social Amelioration Program (SAP) Distribution  
in Barangay Pasong Tamo, Quezon City  
(May 4, 2020)*



Source: [facebook.com/abscbnNEWS](https://facebook.com/abscbnNEWS)

Figure 10 . Images of Social Amelioration Program (SAP) Distribution in Bagong Pag-Asa Elementary School, Quezon City (May 10, 2020)



Source: facebook.com/CNNPhilippines/

for full payout of the PhP5000 to PhP8000 emergency cash subsidy for low-income families under the Social Amelioration Program (SAP), designed to cushion the impact on households of COVID-19 and the lockdown. And of the 104 that managed to complete the payout, only 10 complied with the 100% liquidation reporting which is required to receive the follow up tranche.<sup>20</sup>

By May 5, a DSWD official confirmed that around 71% of the 18 million household beneficiaries and PhP70 billion of the PhP100 billion by the end of April was disbursed to families.<sup>21</sup> Nevertheless, the Department of Interior and Local Government (DILG) also received numerous complaints in early May—some local officials prioritized their relatives and political allies in the cash distribution, while others divided the total cash and tried to spread it for distribution to a large set of families in the area.<sup>22</sup> Meanwhile, the private sector, Church, civil society and at least some local governments have stepped in where they can to fill the void.

**Stage 3: Crisis Recovery.** There is not always a clear delineation of how crisis relief eventually transitions to crisis recovery. One can expect that many relief efforts will simply continue into part of the crisis recovery phase. However, the recovery phase should probably focus on distinct steps to reclaim some degree of normalcy and demonstrate resilience, notably by bringing back the economy. In the context of the COVID-19 crisis, some of the main guideposts indicating readiness for the recovery period may include:

- a. Declining COVID-19 cases or a “flattening curve” (indicating diminished pressure on the health sector and a chance for it to recover its absorptive capacity);
- b. Strong public-private partnerships to implement a phased and gradual re-opening of the economy and normal social life;

c. Roll out of robust economic stimulus packages that aim to support industries and firms to sustain operations and prevent mass-bankruptcies and mass-layoffs; and,

d. Health system capable of responding to any renewed flare up of cases, notably an agile system for testing, tracing and treating COVID-19 cases.<sup>23</sup>

While some have advocated for using the total COVID-19 cases and a decline in the epidemiological curve as a signal of having controlled the virus, a principal challenge during the recovery phase has to do with the decision on when to lift quarantine and lockdown protocols, particularly given widespread concern that it is likely under-detection of COVID-19 due to limited testing and growing evidence of asymptomatic carriers. Policymakers will face a difficult risk management balancing act: on the one hand extend the lockdown in order to curb the spread of the disease; and on the other hand lift the lockdown to prevent a deeper than necessary economic downturn.

Indeed, with better healthcare and crisis response systems in place, this could be a false choice since countries like Taiwan,<sup>24</sup> Vietnam<sup>25</sup> and South Korea<sup>26</sup> effectively flattened the curve and managed to minimize the damage to their economies. The key ingredients include agile test, trace and treat systems to contravene any flare-ups, strong public-private partnerships in the health industry, effective application of technologies for information dissemination and contact tracing, and all this, with less dependence on draconian lockdown measures. Some of these countries have also invested heavily in their respective health sectors, enabling their health systems to rapidly re-align and ramp up absorptive capacities should the need arise. (We will further elaborate on the usefulness of a “surge component” in the health sector later,

with our proposal for a health-sector underpinned recovery in the next section.)

The key point here is that the tools for crisis response (i.e. lockdown) will eventually yield to a new dispensation that better balances different risks against social welfare. Nevertheless, there is considerable pressure on the side of re-opening the economy because of the political economy of the quarantine lifting decision. First, both business and labor are more likely to ally themselves with opening up given that crisis relief efforts were never expected to be enough. Cash transfers and food distribution for badly hit poor and low-income households, and emergency credit for small and medium-sized firms could only serve as emergency relief for so long.

Second, there is evidence of low healthcare-seeking among poor and low-income Filipinos, which compounded with under-testing and under-detection tends to paint a more ideal health-sector scenario for re-opening the economy. Finally, a dramatic contraction of the economy hits many of the country's largest businesses which have a large stake in the economy and a strong voice in policy. Meanwhile, government itself can only sustain the relief efforts for so long, notably, if the economy slows, tax revenues shrink, and the borrowing headroom eventually begins to narrow.

The crisis recovery phase will likely involve elements that gradually relax the restrictive containment phase of the crisis, but it will also require strong systems to rapidly test, trace and treat COVID-19 patients to prevent another explosion of cases, which in turn will require a return to the restrictive containment protocols, triggering another trough in the economic curve. The goal is to carefully navigate a V-shaped recovery (as illustrated by Figure 3 earlier), avoiding a W-shaped recovery which implies a relapse.

While scientific findings on immunity are still emerging at the time of writing this article, analysts consider that the crisis could eventually end firmly with either herd immunity achieved (at least 70% of the population carrying the antibodies against the disease) or the mass availability of a vaccine against COVID-19.<sup>27</sup>

Roughly speaking, analysts expect the recovery phase could—at the very least—last well into 2021, which is when some analysts also consider a vaccine to be available on the market (and assuming countries like the Philippines will be able to allocate sufficient resources for a mass vaccination program). On April 29, 2020, the WHO noted that: “More than 120 potential vaccine candidates have been proposed globally, and WHO continues to track their type and progress. Seven candidate vaccines are already in clinical evaluation and 82 vaccines are in pre-clinical evaluation.”<sup>28</sup>

And even if no vaccine is developed, this simply emphasizes the importance of robust health systems that can effectively test, trace and treat, allowing societies to attain some degree of normalcy even as the risk of COVID-19 remains.<sup>29</sup> “Test-trace-treat” has become the short-hand for systems designed to catch potential virus flare-ups quickly and isolate them from the general population, in order to prevent an exponential increase in infections and mass transmission.<sup>30</sup> Even with gradual opening up of the economy, nations with robust healthcare systems possessing agile test-trace-treat capabilities are likely to more successfully navigate the recovery phase with or without a vaccine.

Finally, the crisis recovery phase could be supported by robust economic stimulus packages, hopefully focused not simply on relief, but also efforts to “build back better” after the crisis. Similar to other countries, the Philippines is augmenting its initial countercyclical



policies with a possible economic stimulus package that will likely roll out during the country's economic recovery phase. At the time of writing this article, two proposals are circulating, which include among other elements:<sup>31</sup>

- Second wave of social protection policies, such as wage subsidies for critically-impacted businesses, freelancers, the self-employed and repatriated OFWs (also unemployment insurance for the coming waves of OFWs who are likely to be retrenched due to the global economic slowdown), and SSS and GSIS employee compensation for private establishments and government agencies in the form of paid sick leaves;

- Calls for regulatory forbearance, notably for BIR, Securities and Exchange Commission (SEC), Philippine Competition Commission, and other relevant regulatory agencies to suspend deadlines for all payments and submissions due within the ECQ period and extend due dates;

- Grants for the education, training and advising of MSMEs so as to improve business resilience in the post-COVID-19 era, and improve access to technology (e.g. telework, online platforms to enhance efficiency of supply chains) and strengthen prevention and containment protocols and retrofitting businesses to better prepare for (and avoid) any possible relapse;

- Enhanced loan packages provided by the Small Business Corporation, Land Bank of the Philippines and Development Bank of the Philippines for MSMEs (and in the case of SBC through PhP20 billion for paid up capital, with a priority focus on those establishments involved in supporting initiatives of the DOH

- PhP10 billion to support agricultural development, notably steps toward farm consolidation or clustering, tapping mechanization,

technology, marketing and delivery for a more robust food supply chains;

- Assistance to the tourism industry (e.g. interest free loans, incentives for domestic tourism, and grants for education, training and advising on coping with health risks in the industry);

- Support for the Board of Investments so that it could provide grants and support for export industries;

- Apply zero tariff rates on essential imported raw materials and the temporary suspension of the export percentage requirements for export enterprises to allow domestic sales of select manufactured goods while export markets are in the process of recovery;

- Create a National Emergency Investment Corporation that will be managed under the DOF and will consolidate distressed businesses and extend loans and make equity investments in businesses at risk of bankruptcy or insolvency due to COVID-19 crisis;

- Implement an enhanced Build-Build-Build program worth up to PhP650 billion focused on the construction and development of modern health facilities in support of the Universal Healthcare Law and in preparation for any future pandemics, and the construction and creation of “Schools for the Future” which would be geared towards competitiveness in the 4th Industrial Revolution, and construction in support of creative industries and a more competitive agricultural sector;

- Craft a long-term plan for economic resilience which would include structural reforms to this effect; and,

- Create a coordinating body for the recovery (i.e. the Economic Stimulus Coordinating Board under Cong. Salceda or the Inter Agency Task Force for the Economy Moving Forward as One under Cong. Quimbo).

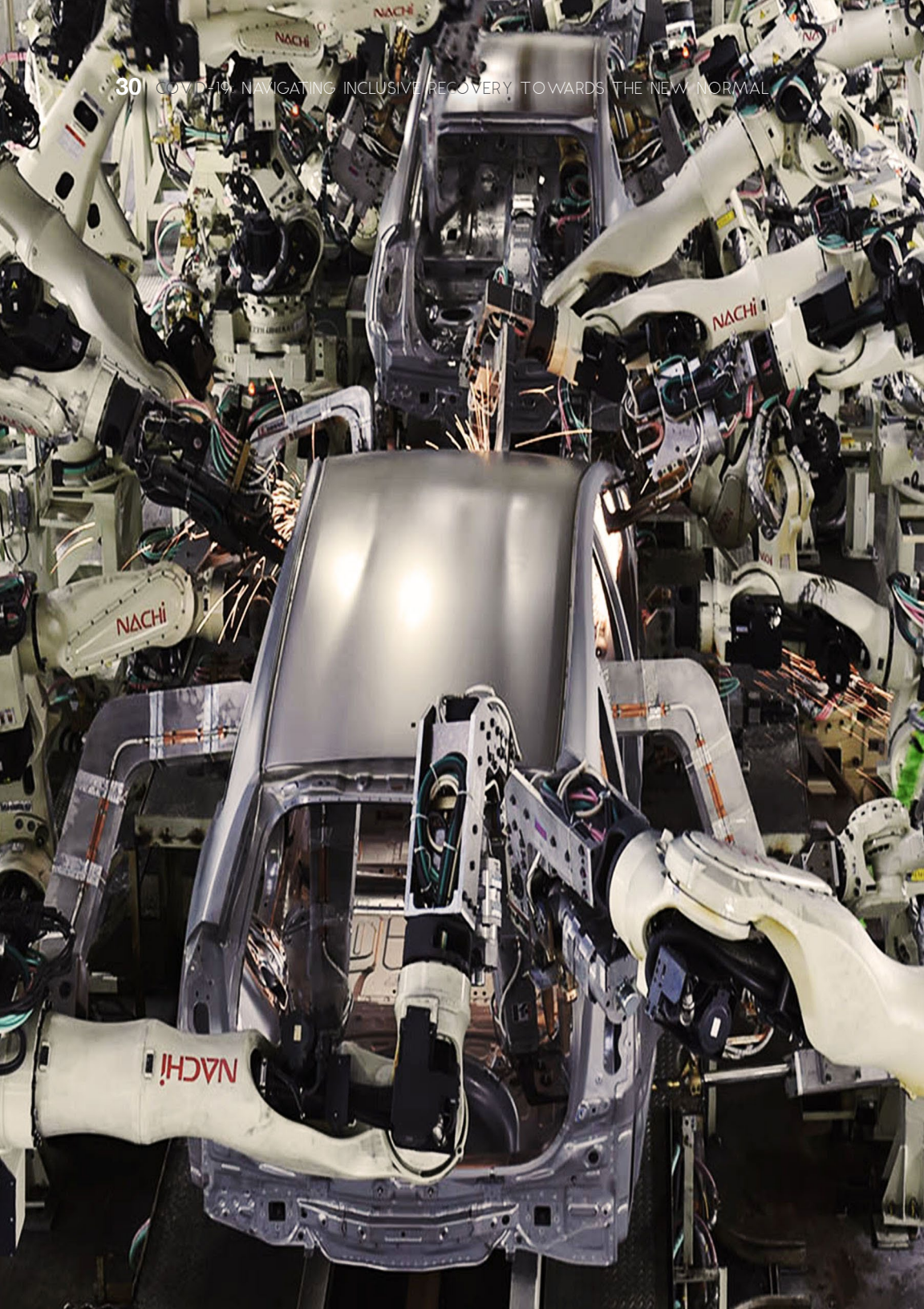


Both economic stimulus proposals carry important elements that should not only boost growth, but could also help usher a more inclusive recovery process. The support for MSMEs and the continued emphasis on protecting workers (including OFWs), as well as poor and low-income communities, in addition to pro-health and pro-education investments emphasized by both bills, all potentially contribute to greater inclusivity and, if implemented well, could also help build resilience against future pandemics. Perhaps further elaboration on the pro-education and pro-health investments going beyond infrastructure will be necessary, and our final section in this article outlines some ideas in this direction.

**Stage 4. New Normal.** Finally, there has been extensive discussion of what the “new normal” might look like. Before describing it, it is also critical to understand what exactly will distinguish the crisis and recovery periods from the post-crisis “new normal”. As mentioned earlier, some legislators in the Philippines seek to craft a “new normal” law to begin to institutionalize social distancing and other policies during the lockdown.

Both conceptually and practically speaking, some of these adjustments are less tenable over time since they will entail high social and economic costs to implement and enforce. (As illustrated earlier in Figure 7, even the lockdown will need to give way to some form of rebalancing, otherwise the cure will imply higher social costs than the disease itself.)

In practice, it is unlikely we will identify a fixed point in time from which to link the beginning of the “new normal”. What is probably more critical is to begin to gear public policy and business strategy to better thrive under that new dispensation, since early movers will likely fair better. As the science and our understanding of the virus is



still evolving, it is likely that the main features of this “new normal” will further evolve. The following are some main points noted by emerging analyses:

- *Automation and the 4th Industrial Revolution.* Even prior to the COVID-19 pandemic, a growing number of analysts and policymakers began to recognize the emergence of the 4th industrial revolution (FIR), comprised of trends in the adoption of new technologies fueling automation, harnessing massive amounts of data for analysis, and interlinking vast numbers of people, economies and systems underpinning an “internet of things” (IOT). A disease outbreak may end up accelerating many aspects of FIR through several channels. First, robots don’t catch a cold, and in an era of global pandemics, there is a distinct advantage behind manufacturing, transport, and other systems that are less impacted by disease outbreaks and the means through which they are contained. Automation is likely to have received a dramatic boost from COVID-19.<sup>32</sup> This brings us to the second point as regards social distancing, quarantine, travel restrictions and lockdowns which (even in crisis recovery phase) will create massive inefficiencies in the economy (e.g. a sub-optimal number of passengers in airlines, shoppers in malls, riders of mass transport, and even fewer workers (working in shifts) in manufacturing. All of this will likely intensify the need to invest in increased efficiency such as through technologies linked to big data and the IOT. Finally, some of the responses to fight COVID-19 are also drawn from the FIR, offering a demonstration effect on how useful these new technologies are (and could be used to underpin stronger health systems from now on): telemedicine, contact tracing applications, AI-powered and big-data enabled epidemiological simulations, and automation in retail, hospitals, and various other sectors.<sup>33</sup>

- *Green and Sustainable Recovery.* Due in large measure to the lockdown, international travel restrictions and the general slowdown in the global economy, greenhouse gas emissions are likely to have declined. In China alone, during the period from early February to mid-March, there was an estimated 18% reduction in carbon emissions, roughly equivalent to 250 million metric tons of carbon pollution. The European Union is also expected to decrease their carbon footprint by 400 million metric tons of carbon emissions this year due to the global economic slowdown. While these reductions are not yet enough to make a dent on the global sustainability goals, they do amply demonstrate how a global green stimulus could take advantage of the present reform opportunity to gear the global economy towards a more sustainable economic model.<sup>34</sup>

- *Education and Online Learning.* Social distancing, lockdown and travel restrictions across over 188 countries affected by COVID-19 means that up to 1.5 billion children and youth (over 90% of total enrolled in schools) are likely to have been affected by this crisis. The necessity to push online learning is likely to spur innovations in online education which may introduce cost-effective models that could last beyond the COVID-19 crisis. Nevertheless, experts fear the crisis is likely to exacerbate the “Matthew effect”—a deepening inequality in access to education and quality of learning across the digital divide.<sup>35,36</sup> In addition to this, there is growing recognition of the necessary investments for more effective hybrid online education options, which go well beyond immediate (and often haphazard) efforts to deliver “emergency remote teaching” as a result of the lockdowns.<sup>37</sup> Hence, there is an opportunity to dramatically enhance online learning capabilities, and in ways that may effectively complement traditional teaching. This will require a re-tooling of the education system so



that countries go well beyond mere “emergency remote teaching”, with key investments in both hardware (classroom connectivity) and software (notably proper teaching skills build up). Such an education system can also be better prepared for any future pandemic, providing more options in education with potentially less disruptions in learning and education outcomes.

- *Supply Chains.* As noted earlier in Section 1, the global pandemic that started with the first COVID-19 infections in China triggered a cascade of quarantines, travel restrictions and lockdowns beginning with the Chinese city of Wuhan. These social distancing strategies quickly spread across borders in hopes of overtaking and eventually containing the virus. However, these very same contagion control strategies also quickly disrupted international production chains, starting with those linked to Chinese manufactures, and exposing the fragility of international production chains linked to China. Domestic and international trade in China plummeted by 56% in mid-February 2020; and the U.S., U.K. and Europe similarly suffered a combined contraction of 26% by early April.<sup>38</sup> Analysts expect COVID-19 will accelerate a general tendency for China to lose its central position in global production chains, yielding to countries in ASEAN due to diversification away from over-concentration in China, or to Brazil and Mexico in order to bring supply chains closer to final markets in North America.<sup>39</sup> Re-alignment of production chains could be fueled by public policies to support private sector decisions in this direction. Japan, for example, included in its stimulus plan state subsidies for its firms to diversify away from China and into ASEAN.<sup>40</sup> This kind of diversification may be replacing the supply chain mantra of “just in time” with “just in case.”

- *Healthcare and Social Protection.* The global pandemic has also



re-emphasized the importance of inclusive social safety nets and a strong domestic healthcare system. In addition to its usefulness for vast numbers of citizens who may literally fall into poverty from catastrophic health spending, strong and inclusive social safety nets and healthcare systems also anchor most countries' resilience strategy, particularly against health shocks like COVID-19.<sup>41</sup> In countries with weak healthcare systems, contagion control becomes more difficult, and is often delayed, allowing the health crisis to fester and generate much higher social and economic costs.<sup>42</sup> Emerging best practices in crisis response—notably from countries like Taiwan and South Korea—point to the critically important role of robust and inclusive social protection and healthcare systems as part of the ingredients to their success in flattening the COVID-19 curve. Taiwan has a top-ranked health insurance system with very low co-pay and 100% coverage of the entire population. South Korea turned to strong public-private partnerships in their test-trace-treat strategy which has been forged out of earlier lessons combatting SARS and MERS. These countries' confidence in their respective systems allowed them to apply less draconian quarantine policies, which is in turn paying off in terms of lower economic disruption.<sup>43,44</sup>

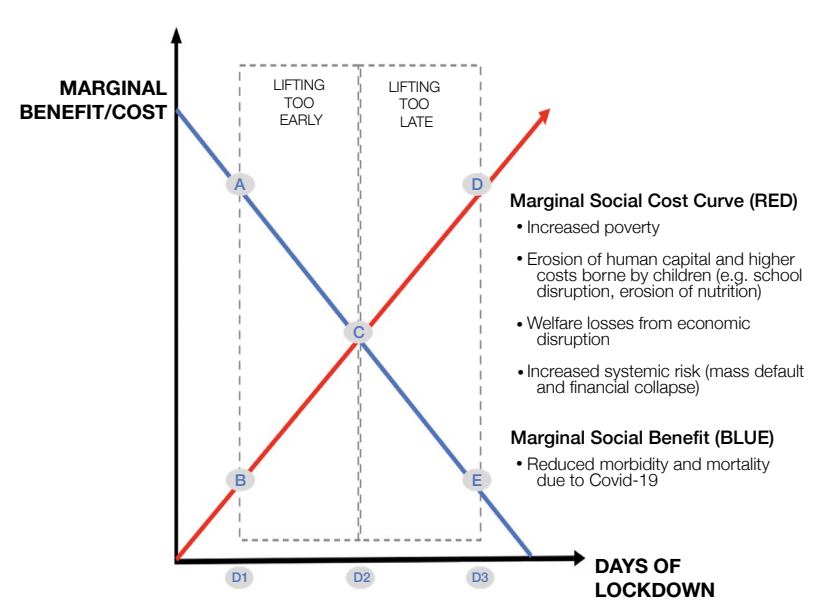
### **Ideas for a Robust and Inclusive Recovery**

This paper has outlined a framework that includes several phases of crisis response to the global pandemic, the underlying main elements of each, and a much clearer rationale for understanding “build back better” after this crisis. To summarize, more crisis resilient systems at the country level—which include but are not limited to inclusive social

safety nets, universal healthcare, crisis-resilient health and economic ecosystems—combined with good governance and strong trust in the public sector are some of the main components for a more effective crisis response and crisis resilience.

*“Build back better” to Enhance Future Crisis Response.* To help illustrate, one can think of a framework showing the marginal social costs and benefits of a policy tool like a lockdown. The marginal social costs of lockdown are likely to increase over time due to its mounting social and economic side effects (e.g. increased job losses, higher risk of systemic collapse due to multiple bankruptcies, cumulative efficiency

Figure 11 . Theoretical Optimum Lockdown Scenario



Source: Author's elaboration



losses, etc.), while the marginal social benefits of lockdown (e.g. diminished mortality and morbidity, diminished risk of overwhelmed healthcare systems) may start to diminish as COVID-19 infections are better contained. Figure 11 illustrates the “economics of lockdown” to clarify how it is possible to lift a lockdown too early, as well as too late from a social welfare lens. This is purely illustrative as there are myriad factors that shape social welfare. It also abstracts from issues of possible relapse in this illustration.

The framework is still useful to illustrate how policymakers face difficult trade-offs on the lockdown decision. Most likely, contagion control policies like those associated with the lockdown will be progressively adjusted, while weighing these benefit-cost trade-offs. In the figure, the number of lockdown days D1 represents a premature lifting since the marginal benefit A is still larger than the marginal cost B of the lockdown. The number of lockdown days D3 represents a late lifting as by then the marginal cost D is larger than the marginal benefit E. Optimal lockdown is represented by the number of lockdown days D2 and where marginal benefit is equal to the marginal cost of lockdown at point C.

More importantly, the slope of each curve depends on the systems in place. With more effective test, trace and treat programs and “surge-component” built into healthcare and crisis response systems, the marginal social benefit curve is likely to be steeper (allowing a country to reach the optimum point with less lockdown days). More responsive and inclusive social protection, unemployment insurance, and more crisis resilient education systems (e.g. readiness for hybrid online learning) could also help flatten the marginal social cost curve, buying the country more time since additional lockdown days will have less marginal social costs, *ceteris paribus*. Conceptually, this allows us to

think about strengthening systems to “build back better”. Without those systems, countries’ coping strategies and policies during a crisis will likely need to be harsher (i.e. more lockdown days) and with higher implied social costs.

For practical application, the policymaker will need a significant amount of information to ascertain point C and the optimal number of days D2. Hence, systems for data capture and information flows from government to citizens (and back) also become critically important investments for stronger crisis resilience in the future. Yet even if the information were to be available, policymakers still face the difficult choice of weighing the trade-offs, along with their deep redistributive implications across society. In practice, a deep store of social capital and public trust in the State will be necessary to navigate these policy choices. Countries will need to find ways to invest in this strong trust-building too, likely underpinned by institutional reforms and robust systems such as those that protect citizens’ privacy of information, as well as broad information campaigns to assure the public that during crises, inclusive social protection and healthcare systems will help mitigate crisis impact.

*“Build back better” for a Health-anchored Inclusive Recovery.*

There now appears to be growing recognition that countries cannot simply go “back to normal” because what had become “normal” was part of what exacerbated the crisis in the first place (Pantuliano, 2020). Issues here include insufficient and non-inclusive healthcare and social protection, combined with a growing level of inequality that, in part, reflected itself in densely populated urban slums vulnerable to contagion, as well as easily impacted heavily by quarantines and lockdowns. The case of the Philippines highlighted how the deep divides between the healthcare-haves and have-nots, and the

technology-haves and have-nots (for online education and work-from-home vs “no work no pay” daily wage earning) made the crisis trade-offs noted earlier even more acute. Moving forward, among the key areas for policy focus under the “new normal”, strengthening and building a more crisis-resilient and inclusive healthcare system is probably the most critical investment from both medium-term and long-term perspectives.

- First, it is still consistent with immediate crisis response and recovery objectives to ensure that the health system (particularly public and private hospitals) is also able to recover due to the challenges brought about by COVID-19 which not only include higher risks faced by health front-liners, but also the two-pronged pressure of higher costs combined with dramatically lower revenues. At the time of writing this paper, there have already been early indications of strong financial stress faced by many hospitals, such that some of them have already resorted to budget cuts, lay-offs, and closure of some services.<sup>45</sup>

- Second, the gradual easing of lockdown and quarantine, and the subsequent economic recovery period should be underpinned by a test, trace and treat capabilities in the health care system designed to prevent a relapse, or a W-shaped recovery. (This will require a variety of adjustments, including changes in behavior at the individual level emphasizing personal discipline and responsibility such as wearing masks and getting tested and self-isolating if they develop symptoms, retooling by businesses to observe gradual easing of social distancing and quarantine rules, and strong partnerships across central and local governments as well as business, civil society and local communities.)

- Third, a strong healthcare system underpinning the recovery and providing a credible assurance of coverage for all citizens should

they need it, and diminished relapse risk will also be critical in backstopping the psychology of recovery. Simply put, a strong health system can help bring back stronger confidence in recovery—otherwise, this is likely to be timider and more uncertain, if many consumers and investors continue to fear a relapse due to a lack of trust in crisis response capabilities, notably the health sector.<sup>46</sup>

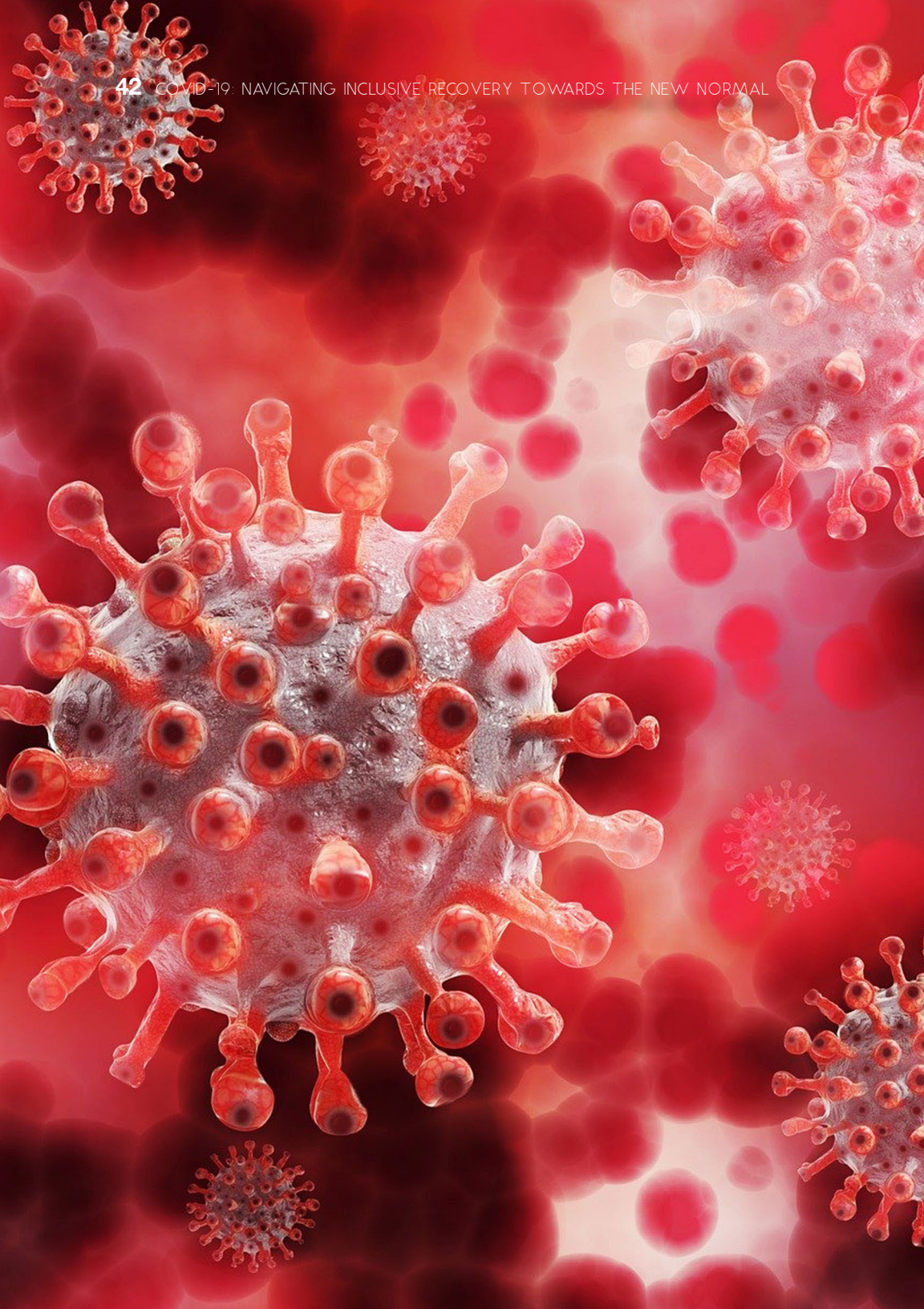
- Finally, the Philippines' healthcare system also offers strong investment and growth opportunities as a driver of economic growth (e.g. medical tourism has been identified as a sunrise industry),<sup>47</sup> and as a lynchpin of stronger readiness against future health shocks.

COVID-19 exposed the weaknesses in healthcare and social protection systems—notably inequality in coverage and access—and this same inequality has been shown to exacerbate the social costs of the crisis. Yet, crises offer important windows for deep re-thinking and systems reform. Drawing on international good practices in COVID-19 response, the Philippines' healthcare system can be further strengthened through important innovations and reforms. For instance, ICT systems and innovative apps for telemedicine could be used to share and manage information in collaboration with the central and local governments, and across public and private hospitals, testing centers, and other healthcare units. Prior to a crisis, one could set-up emergency coordination mechanisms to rapidly re-arrange and re-align the local health system to form “surge capabilities” anchored on strong public-private partnerships for crisis response. Policymakers could also pursue integrative health crisis planning and investments in both institutions- and skills-development to strengthen resilience against future health shocks. Perhaps most importantly, reforms and investments could help enhance affordable healthcare, minimizing out of pocket expenses

notably for poor and low-income citizens and more effectively managing costs through inclusive social insurance and efficient public-private balance in healthcare provision.<sup>48</sup>

In summary, what appears in the literature and the emerging COVID-19 experience is that stronger and more inclusive systems for healthcare and social protection build upon and also reflect the level of social cohesion in countries. It is unsurprising that those same countries tend to have a deep well of social capital and public trust in crisis responses of the State, in turn, making it much more effective in crisis response.





<sup>1</sup> Data as of 10 May 2020. See <https://covid19.who.int/>.

<sup>2</sup> Data as of 10 May 2020. See <https://www.doh.gov.ph/covid19tracker>.

<sup>3</sup> Mahler et al (2020).

<sup>4</sup> <https://business.inquirer.net/296679/ph-gdp-contracts-0-2-in-q1-covid-19-pandemic-ends-84-quarter-growth-streak>

<sup>5</sup> <https://www.cnnphilippines.com/news/2020/4/28/House-bill-new-normal-coronavirus-COVID-19.html>

<sup>6</sup> <https://covid19.who.int/region/wpro/country/cn>

<sup>7</sup> <https://www.cnnphilippines.com/news/2020/2/9/Duterte-travel-ban-still-allows-China-flights.html>

<sup>8</sup> <https://pcoo.gov.ph/media-interview/media-interview-of-president-rodrigo-roa-duterte-following-the-briefing-on-the-2019-novel-coronavirus-acute-respiratory-disease/>

<sup>9</sup> <https://www.gmanetwork.com/news/news/nation/730026/doh-philippines-now-has-sustained-covid-19-community-transmission/story/>

<sup>10</sup> <https://pcoo.gov.ph/wp-content/uploads/2020/04/20200406-Talk-to-the-Nation-of-President-Rodrigo-Roa-Duterte.pdf>

<sup>11</sup> [https://manilastandard.net/mobile/article/323022?fbclid=IwAR17g8rwK\\_1B8VbiMcPsOC\\_iTpOqY29MqoUzQR9xmc9xeVlAvsRNemMJ6eQ#.XrC81urDa7U.facebook](https://manilastandard.net/mobile/article/323022?fbclid=IwAR17g8rwK_1B8VbiMcPsOC_iTpOqY29MqoUzQR9xmc9xeVlAvsRNemMJ6eQ#.XrC81urDa7U.facebook)

<sup>12</sup> <https://www.ilo.org/manila/areasofwork/informal-economy/lang-en/index.htm>

<sup>13</sup> Researchers emphasize that the social and economic costs of school closures and lockdowns may add to the chilling effect on the domestic economy, and may also produce longstanding implications on human capital investments, not to mention immediate poverty and hunger for those deprived of livelihoods. See for instance, Chalkidou and Krubiner (2020) and Keogh-Brown et al (2010).

<sup>14</sup> <https://www.pdrf.org/media/newsroom/business-groups-raise-1-5-billion-to-help-metros-urban-poor-under-project-ugnayan-initiative/>

<sup>15</sup> <https://www.adb.org/news/videos/emergency-covid-19-food-supply-program-launched-philippines-capital>

<sup>16</sup> <https://www.officialgazette.gov.ph/2020/04/01/implementing-rules-and-regulations-of-section-4aa-of-republic-act-no-11469-otherwise-known-as-the-bayanihan-to-heal-as-one-act/>

<sup>17</sup> The Bayanihan to Heal as one Law aims to: a) mitigate and contain the transmission of COVID-19; b) immediately mobilize assistance for the provision of basic necessities to families and individuals affected by the enhanced community quarantine, especially the poor; c) undertake measures to prevent the overburdening of the country's healthcare system; d) immediately provide ample healthcare, including medical tests and treatments, to COVID-19 patients, persons under investigation (PUIs) and persons under monitoring (PUMs); e) undertake a recovery and rehabilitation program as well as social amelioration program and other social safety nets to all affected sectors; f) ensure adequate, sufficient, and readily available funds to undertake the above-stated measures and programs; g) partner with the private sector and other stakeholders in the quick and efficient delivery of these measures and programs; and h) promote and protect the collective interests of all Filipinos.

<sup>18</sup> <https://newsinfo.inquirer.net/1257607/dominguez-ph-financially-able-to-arrest->

economic-fallout?utm\_medium=Social&utm\_source=Facebook&fbclid=IwAR1cgFlCXMxKbclfw-xtJ8e3mF2uEYYIVVunymhqrTnheil-AVufz63AqfI#Echobox=1586731359

<sup>19</sup><https://www.covid19.gov.ph/bayanihan-accomplishments-tracker/>

<sup>20</sup><https://www.philstar.com/headlines/2020/05/02/2011293/only-104-1632-igus-have-completed-sap-payout?fbclid=IwAR2Z1-XEhKQ9-f8TKIXJvldxs9YU-4sjacMgLGUOuWqhGwz7UQvv8Wv98>

<sup>21</sup> Personal communication with Mr. Camilo Gudmalin, 5 May 2020.

<sup>22</sup><https://www.philstar.com/headlines/2020/05/04/2011645/dilg-receives-thousands-sap-complaints-vs-barangay-officials?fbclid=IwAR2Gyyx0rbOSrRnbmocL6Abl81DwJTgdZSdUmnVO7u rJC3NCjV7NJ-NRSuM>

<sup>23</sup>The WHO outlined several conditions for re-opening the economy:

1. Disease transmission is under control;
2. Health systems are able to “detect, test, isolate and treat every case and trace every contact”;
3. Hot spot risks are minimized in vulnerable places, such as nursing homes;
4. Schools, workplaces and other essential places have established preventive measures;
5. The risk of importing new cases “can be managed”;
6. Communities are fully educated, engaged and empowered to live under a new normal.

See <https://www.npr.org/sections/goatsandsoda/2020/04/15/834021103/who-sets-6-conditions-for-ending-a-coronavirus-lockdown>.

<sup>24</sup><https://atlanticcouncil.org/blogs/new-atlanticist/lessons-from-taiwans-experience-with-covid-19/>

<sup>25</sup> Black (2020).

<sup>26</sup> Kim (2020) and Thompson (2020).

<sup>27</sup> Nevertheless, there is a debate regarding strategies to pursue herd immunity by deliberately letting COVID-19 spread across the population. Not only does this imply a high level of deaths, it also implies a large number of hospitalizations that could put immense pressure a country’s health system. One epidemiologist writes: “It’s also worth thinking about the repercussions of this disastrous scenario – the best estimates put COVID-19 infection fatality rate at around 0.5-1 percent. If 70 percent of an entire population gets sick, that means that between 0.35-0.7 percent of everyone in a country could die, which is a catastrophic outcome. With something like 10 percent of all infections needing to be hospitalised, you’d also see an enormous number of people very sick, which has huge implications for the country as well” (Meyerowitz-Katz 2020).

<sup>28</sup><https://www.who.int/southeastasia/news/detail/29-04-2020-who-convenes-manufacturers-regulatory-authorities-meet-on-covid-19-vaccines>

<sup>29</sup><https://www.cnnphilippines.com/news/2020/5/3/no-coronavirus-vaccine.html?fbclid=IwAR0I4Y9SMZAG1rTkmkSA1QfR6wlc79wtZDZjAiajSGm5IImQWMYw4IQdQNI>

<sup>30</sup><https://www.endcoronavirus.org/projects-1/what-models-can-and-cannot-tell-us-about-covid-19>

<sup>31</sup>The two bills are credited to Congresswoman Stella Quimbo and Congressman Joey Salceda.

<sup>32</sup><https://www.forbes.com/sites/blakemorgan/2020/04/22/10-examples-of-robots-helping-to-fight-covid/#71fa3c14f4bf>

<sup>33</sup><https://eiuerspectives.economist.com/financial-services/why-coronavirus-will-accelerate-fourth-industrial-revolution>



<sup>34</sup><https://www.theguardian.com/environment/2020/may/05/green-stimulus-can-repair-global-economy-and-climate-study-says>

<sup>35</sup><https://unesdoc.unesco.org/ark:/48223/pf0000373229>

<sup>36</sup><https://voxeu.org/article/impact-covid-19-education>

<sup>37</sup><https://er.educause.edu/articles/2020/3/the-difference-between-emergency-remote-teaching-and-online-learning>

<sup>38</sup><https://www.weforum.org/agenda/2020/05/this-is-what-global-supply-chains-will-look-like-after-covid-19/>

<sup>39</sup><https://oxfordbusinessgroup.com/news/impact-covid-19-global-supply-chains>

<sup>40</sup><https://www.japantimes.co.jp/news/2020/05/05/business/japan-manufacturing-asean-china-coronavirus-supply-chains/#.XrP8iBMzafU>

<sup>41</sup> Clay et al (2020) analyzes US data on access to health insurance during a crisis and finds evidence of a clear link with diminished infant mortality. Their analysis looks into cross-State conditions of Medicaid access under two influenza pandemics — the 1957-58 “Asian Flu” pandemic and the 1968-69 “Hong Kong Flu”. While they find no relationship between Medicaid eligibility and pandemic infant mortality during the 1957-58 outbreak, they do find evidence that access to insurance in high-eligibility states substantially reduced infant mortality during the 1968-69 pandemic. They also observed that “The reductions in pandemic infant mortality are too large to be attributable solely to new Medicaid recipients, suggesting that the expansion in health insurance coverage mitigated disease transmission among the broader population.”

<sup>42</sup> Gilbert et al (2020) and Chalkidou and Kubiner (2020).

<sup>43</sup> Kim (2020).

<sup>44</sup> Thompson (2020).

<sup>45</sup> Salen (2020).

<sup>46</sup> Manhit (2020).

<sup>47</sup> Picazo (2013) and Ziemba (2015).

<sup>48</sup> Hartigan-Go et al (2020).

<sup>49</sup> Page 30, picture credit: [theaseanpost.com/article/southeast-asia-and-fourth-industrial-revolution](https://theaseanpost.com/article/southeast-asia-and-fourth-industrial-revolution)

<sup>50</sup> Page 34, picture credit: [lowyinstitute.org/the-interpreter/debate/economies-brink-covid-19-effect](https://lowyinstitute.org/the-interpreter/debate/economies-brink-covid-19-effect)

<sup>51</sup> Page 42, picture credit: [sydenhamcurrent.ca/2020/08/11/two-new-covid-19-cases-confirmed-in-chatham-kent](https://sydenhamcurrent.ca/2020/08/11/two-new-covid-19-cases-confirmed-in-chatham-kent)

<sup>52</sup> Page 48, picture credit: [thejakartapost.com/seasia/2020/07/14/philippines-sees-regions-biggest-daily-rise-in-covid-19-deaths.html](https://thejakartapost.com/seasia/2020/07/14/philippines-sees-regions-biggest-daily-rise-in-covid-19-deaths.html)

<sup>53</sup> Page 50, picture credit: [panaynews.net/face-shields-a-must-too-inside-malls](https://panaynews.net/face-shields-a-must-too-inside-malls)

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## ABOUT THE AUTHOR

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### **Dr. Ronald U. Mendoza**

*Current Dean*

*Ateneo School of Government*

Before Dr. Mendoza assumed his post as the head of the Ateneo School of Government, he had a long career in education, development policy formulation, and economic research where he collaborated with government institutions, international groups, the private sector, and civil society organizations to promote policies and projects that combat poverty and create environments conducive to inclusive economic growth and political development.

Dean Mendoza started his work with the Ateneo de Manila University when he served as an Adjunct Lecturer from 1995 to 1996. Immediately after this, he branched out to work with the Ateneo Center for Economic Research and Development (ACERD), where he worked as a Graduate Research Assistant for a year. After this brief stint with ACERD, Dean Mendoza spent a considerable amount of time working outside the Ateneo. Three of these years were spent at Fordham University in New York, where he served as a research assistant from 1996 to 1998, and Adjunct Faculty from 1998 to 1999. Dean Mendoza then went on to work as a Teaching Fellow at Harvard Kennedy School from 1999-2001. Following his work at the Harvard Kennedy School, he worked as an economist for nine continuous years. First, he worked as an Economist for

UNDP for seven years from 2001-2008. After this, he worked as an economist for UNICEF from 2008 to 2010. Immediately before being appointed as Dean, Dean Mendoza served as both Director of the Asian Institute of Management Policy Center as well as Associate Professor of Economics from 2011 to 2016.

His work has appeared in peer-reviewed economics and policy journals, and he has also published several books on international development, public finance, and international cooperation. His work includes *Providing Global Public Goods: Managing Globalization* (Oxford University Press 2003), *The New Public Finance: Responding to Global Challenges* (Oxford University Press 2006), and *Children in Crisis: Protecting the Vulnerable and Promoting Recovery for All* (Palgrave MacMillan 2012). His work, *Building Inclusive Democracies in ASEAN* (Anvil Press 2015), won the Outstanding Book Award for 2016 of the National Academy of Science and Technology. He has also co-authored a major study on the impact of political dynasties on poverty in the Philippine countryside.

Dean Mendoza has an extensive educational background in development, governance, and economics, which acts as the backbone of his research and work with the public sector as well as non-government organizations. He obtained his Bachelor's Degree in Economics (Honors Program) from the Ateneo de Manila University in the Philippines, his Masters in Public Administration and International Development (MPA-ID) from the John F. Kennedy School of Government, Harvard University, and his M.A. and Ph.D. in Economics from the Fordham University Graduate School of Arts and Sciences.

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## **STRATBASE ADRI FOR STRATEGIC AND INTERNATIONAL STUDIES**

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