

HOT ISSUE EXPLAINED

# Build Back Better



As Malaysia approaches Budget 2021, we should think about “build back better” as the ultimate objective for the nation, as we strive to recover from the pandemic and **weather the storm** with a challenging economic outlook in the coming year.



# What is “Build Back Better”?



## Coined for post-crisis reconstruction

"Build Back Better" was originally a terminology coined by the United Nations in 2015 to indicate recovery and rehabilitation efforts after a disaster that integrate disaster risk reduction measures to **increase the resilience**, of the community.

The concept was later extended to a post-conflict context, where it is used to refer to the **reconstruction and nation-building** in war-torn countries and in fragile environments.

It includes cross-cutting developmental issues relating to the revitalization of livelihoods, economies, and the environment.

# What does “Build Back Better” have to do with COVID-19?

## The crisis is a chance to fix broken systems.

In the light of the COVID-19 pandemic, which has brought forth unprecedented development challenges globally, the UN Secretary General Antonio Guterres has said that we must “build back better” in order to **shape a more resilient, sustainable and inclusive society**, and urged nations to “turn the recovery into a real opportunity to **do things right for the future.**”

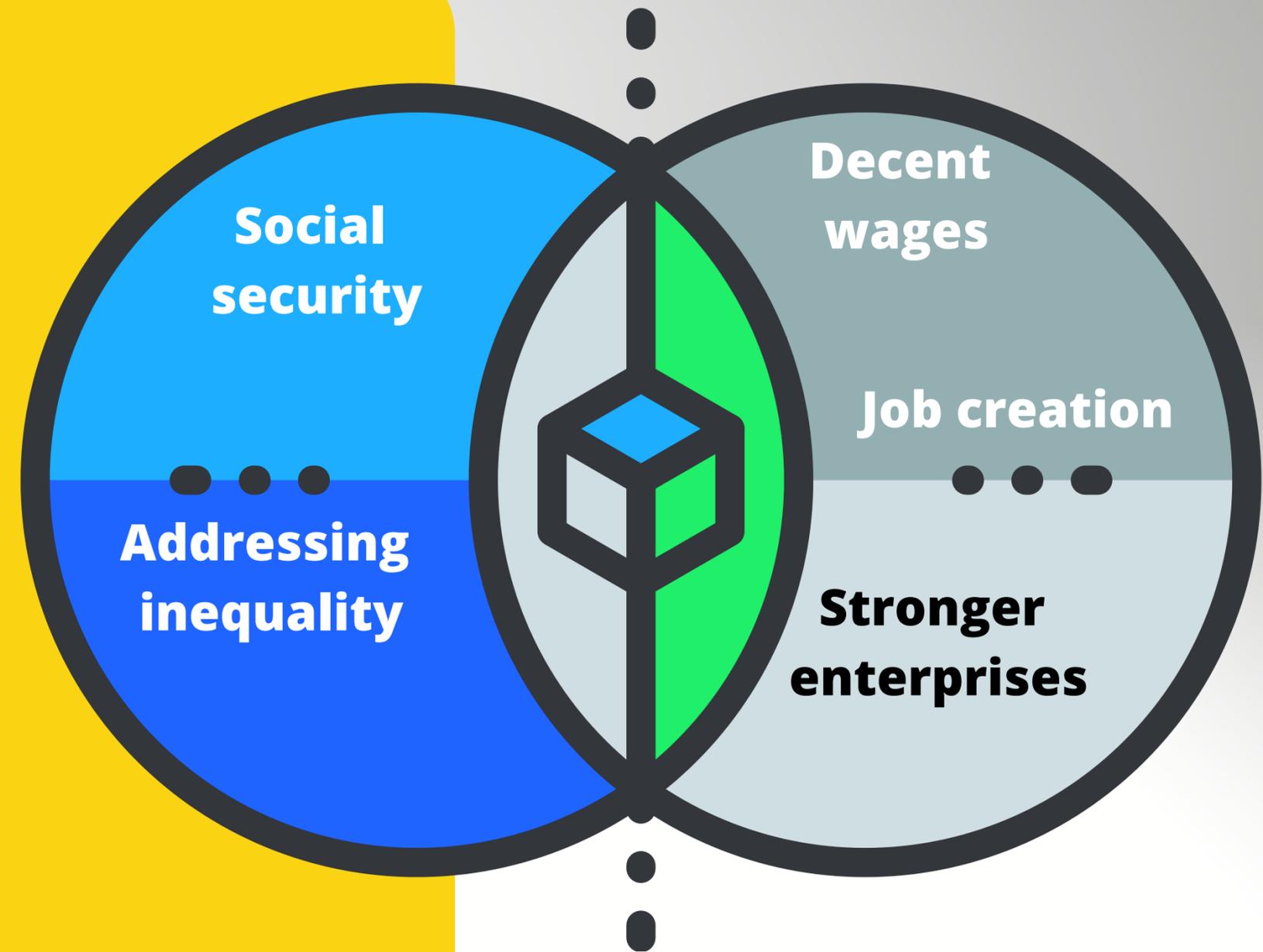
“Build Back Better” is often most linked to climate change and green agenda – another existential threat of humankind aside from the pandemic. European Union has said that its European Green Deal will play a leading role in its post-COVID-19 recovery and growth.



# Why do we need to “Build Back Better”?

The COVID-19 crisis has shown us the structural weakness of our economic system.

A recent survey done by UNICEF/UNFPA shows that low income households in Kuala Lumpur are vulnerable as they are recovering at a slower pace while many of their children risk dropping out of school.



# The COVID-19 crisis reveals underlying structural issues in our economic system

**Our job market has not been successful in creating jobs that pay well.**

This is partly due to our long term reliance on cheap foreign labour that has in turn suppressed wages for local blue collar jobs.

**With almost 800,000 people unemployed.**

Our social protection system needs to be more robust to provide economic security to Malaysian workers, particularly those in the informal sector.

**Our enterprises have also shown not to be crisis-proof.**

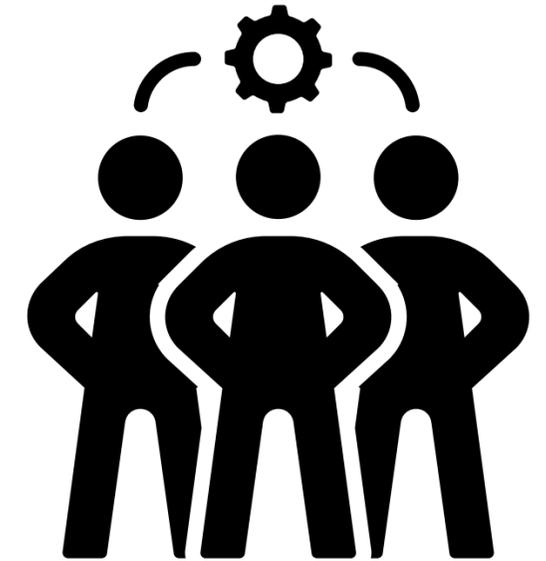
One in five of our SMEs has said that they do not have enough cash flow and plan to permanently close down in the next six months.



**Essentially, the COVID-19 crisis should be treated as an opportunity for us to correct some of the past mistakes in our system, in order to build resilience into our economy and society when future crises hit.**

# How do we “Build Back Better” in the post-pandemic world?

The process should be **inclusive and participatory**. We must reform our institutions to ensure the policy process will take into consideration the voices of all Malaysians.



## Stakeholders Capitalism ✓

Reset our global economy to create a “Stakeholders’ Capitalism” that positions the **private sector as the trustee of society**, instead of “Shareholders’ Capitalism” which focuses on maximising profit.

## Mission Oriented approach ✓

The **state takes the front seat** in driving economic growth by investing in “missions” that deliver societal goods.

## Future forward and emerging trends ✓

As digitalisation and IR4.0 grows in importance, we must **address the “technology divide”** to ensure that no one is left behind.

## Sustainable and green economy ✓

Cut fossil fuel subsidies and **incentivise renewable energy**.