As countries continue to meet the immediate needs of the COVID-19 pandemic, the crisis is forcing policymakers to consider the unavoidable trade-offs between saving lives and preserving jobs and livelihoods. Throughout Asia-Pacific, governments are considering options for restarting their economic engines and putting people back to work, including in key sectors that have been most impacted by the pandemic. Experts are considering what recovery might look like once the virus is contained but also how countries can use this recovery opportunity to achieve longer-term resilience goals, including decarbonisation of the world economy.

This brief was developed by the UN Office for Disaster Risk Reduction, Regional Office for Asia and the Pacific, in collaboration with United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the Secretariat of the International Recovery Platform (IRP). It aims to highlight the challenges, lessons learned from past disaster recovery events, and recommendations on how countries can start preparing for a recovery that is climate-sensitive, inclusive and contributes to global efforts to build more resilient systems that are better placed to prevent such crises in the future.

The brief reflects interventions and feedback from the UNDRR Asia-Pacific webinar on 7 May 2020, titled ‘COVID-19: Opportunities for Resilient Recovery,’ which was co-organized with ESCAP and IRP.
The COVID-19 pandemic has been far more than a health crisis. It has posed challenges to governments and societies at their core on multiple levels, especially as countries have had to consider trade-offs between safeguarding lives by containing the spread of the disease and safeguarding livelihoods by getting people back to work.

The pandemic’s socio-economic consequences have been especially devastating, deepening poverty and inequalities across the region, and potentially derailing efforts to achieve the Sustainable Development Goals (SDGs). The International Monetary Fund (IMF) expects growth in Asia to stall at zero percent in 2020 - the worst performance in 60 years, and projects a recovery in 2021 if the world contains the virus and adopts the necessary economic measures.

Throughout Asia-Pacific, governments are considering options for restarting their economic engines and putting people back to work, including in key sectors that have been most impacted by the pandemic. However, they are challenged by the uniqueness of the crisis that has and will continue to have direct, indirect and cascading impacts across diverse development sectors. The shape of the recovery itself will build on the baseline economic, social and environmental status of the region prior to the COVID-19 crisis but will also be determined by the depth and length of the disruption in each country.

Lessons from past recovery efforts, including from disasters related to natural hazards, must be applied to ensure that this crisis provides a watershed moment for health emergency preparedness, disaster risk reduction and resilience building. It also provides an impetus for investment in critical 21st century public services and effective delivery of global public goods.

The recovery process itself must provide an opportunity to build more resilient, inclusive and sustainable systems that are better placed to prevent such crises in the future. As has been learnt from past disasters, poorly coordinated recovery may lock-in existing risks that have been underscored and possibly exacerbated by the prevailing crisis. Hence, once the immediate health crisis is over, countries must not revert back to “business-as-usual” practices that increase emissions, degrade the environment and increase disaster risks. Doing so would be a loss and a missed opportunity.

This crisis also has brought into sharp focus global vulnerabilities considering the ongoing climate and biodiversity emergencies as the world remains on a dangerous 3 degrees pathway. Hence, as countries recover from the crisis, they should seek to strengthen their sustainable development, disaster risk reduction and climate commitments and to select investments that can propel the world towards a more inclusive, sustainable and resilient future.

This brief focuses on recovery from the COVID-19 crisis, and the challenges therein, weighing the COVID-19 crisis against past recovery efforts, and offers policy guidance to shape the recovery pathway that will lead the region to a more resilient “new normal”. 

"The recovery from the COVID-19 crisis must lead to a different economy.”

UN Secretary-General António Guterres Virtual Leaders’ Summit of the G-20, 26 March 2020
1. **Unclear disaster risk management “phases”**

A key characteristic of the COVID-19 crisis that distinguishes it from other disasters is the uncertainty in transitioning from the response to recovery stage. Unlike an event-centric disaster, in the case of COVID-19, preparedness, response and recovery overlap. This results in the dilemma of managing the long-lasting shock, while preparing for recovery and addressing all pre-existing challenges of poverty and inequality.

The challenge also lies in the extent of the disaster where regional and bilateral aid and assistance efforts for response and recovery might be hampered because the crisis is affecting all countries in the region. Further, in the absence of a vaccine or known treatment, the disease may rebound as countries move towards recovery.

Hence, countries cannot simply transition to a full-scale recovery. They need to embed recovery into the ongoing response, prioritizing public health interventions and preparedness measures, followed by socio-economic interventions.

2. **Existing deep-rooted socio-economic inequalities**

In Asia-Pacific, 40 percent of the population has no access to health care and 60 percent has no access to social protection. The prolonged duration of the COVID-19 crisis is expected to erode community resilience and deepen inequalities. When this overlaps with other disasters, as seen recently in Vanuatu with Cyclone Harold, in the Philippines with Cyclone Vongfong and in the Bay of Bengal with Cyclone Amphan, the impact on communities can be devastating.

Almost 40 percent of disaster impacts in Asia-Pacific - based on a review of 29 Post-Disaster Needs Assessments (PDNAs) across 20 countries - are on sectors such as health, education, and livelihoods, which not only deepens poverty but also widens inequalities and the likelihood that poverty continues over generations.

Additionally, the COVID-19 crisis itself will create new vulnerable groups, and exacerbate existing vulnerabilities, including those related to age, sex and disability. This will challenge recovery efforts in the short-term and impede progress in achieving the SDGs in the long run.

3. **Governance challenges**

COVID-19 has exposed challenges in risk governance which has manifested in weak coordination among key ministries, disaster risk management entities, the development and humanitarian sector and the civil society.

Recovery efforts will require a multi-sector approach for which institutional coordination is a necessity. Governments will need to balance the urgency of a speedy recovery, while taking advantage of opportunities to settle into a new normal. Countries will have to make tough choices balancing investments amongst the health sector, social protection and vital public services. Moreover, access to communities living in remote and hazardous locations remains a challenge. In Small Island Developing States (SIDS) and the Least Developed Countries (LDCs), governance-related capacity gaps will need to be addressed for a resilient recovery.
Finally, structural governance challenges will impede recovery efforts. These include rising inequality, social vulnerability, human rights violations, security challenges, risk communication, and managing uncertainties. Policy makers will also have to think of means to ensure the continuity of production and service lines beyond offering economic incentives, while also minimizing impacts on supply chains and food systems.

4. Social and economic challenges to recovery

The social disruption caused by COVID-19 lockdowns could lead to a long-term deterioration in social trust and social capital among individuals and communities. Overstretched medical and health personnel, school closures, and long-term homestays are all expected to have social consequences. It is much easier to repair physical and economic infrastructure than to repair social and cultural infrastructure and networks.

The pandemic induced labour migration has affected both the demand and the supply sides of the labour market and has had huge implications for employment, pushing many families into poverty and increasing existing inequalities. This is expected to impact future production processes as the opening of industries will need to be matched with workforce availability which may not happen immediately. Migrant workers will need to make a choice between “push factors” at both ends – a shortage of employment opportunities at one end and uncertainty of employment on the other hand, due to potential secondary waves of infection.

5. Challenges to globalization

The International Monetary Fund has revised its prediction for global economic growth in 2020 - from 3 percent to -3 percent. Given the varied impact of COVID-19 across countries, a return to a normal world of easy movement across borders may not be imminent.

To avoid secondary waves of infections, countries may choose to open their borders sequentially and selectively. This in turn may result in a split world where travel takes place only among a subset of countries, categorized by their ability to contain the contagion. This will also have an impact on supply chains and trade. Such a changing world order would be detrimental to a truly globalized world, which in turn can jeopardize global collective action against COVID-19.
The COVID-19 crisis is an opportunity to consider global resilience, not just to COVID-19 but also to an uncertain future, where climate change looms large. Every aspect of society needs to transform, and countries must work together and learn from one another to accelerate action. Even while this crisis is far from over, and the full extent of its impacts has yet to be seen, countries and communities must plan for recovery now, so that when ready, they have a roadmap with processes, people, and resources in place to build back better. Key recommendations to inform this resilience pathway include:

1. **Adopt a phased approach appropriate to the context**

Countries will need to adopt recovery strategies in incremental phases as their policy focus moves from reducing the health impact to boosting socio-economic resilience. These measures will range from livelihood generation and restarting industries (weighed against the potential resurfacing of quarantine measures at the local level) to regenerating human and natural capital and resuming infrastructure investments. Fiscal and economic stimulus will need to be carefully applied to specific ‘acupressure points’ in the economy and selectively targeted.

While doing so, countries should note that the incremental phases will not be the same everywhere. Just as COVID-19 has impacted different countries differently, the recovery process cannot follow a ‘one-size-fits-all’ approach.

Governments should hence examine the magnitude and depth of the impacts across sectors and vulnerable communities to project the most appropriate recovery measures. The urgent focus on short-term needs should not come at the cost of opportunities to achieve long-term goals (See adjacent box).

2. **Invest in governance and institutional coordination**

The recovery process can help economies bounce-back and build-back-better into the future, but it depends on strong governance.

The recovery process provides opportunities for institutional capacity building to strengthen internal processes within governments and provides avenues to benefit from the private sector and civil society.

To facilitate this, four key elements need to be in place to expedite the recovery process; inspirational leadership, strong governance and coordination mechanisms, data collection and management, and the adoption of people-centered strategies to ensure no one is left behind.

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**A sustainability checklist for policymakers to plan for COVID-19 recovery**

Stimulus packages from governments will be guided by many factors, including immediate needs, institutional capacities, market conditions, borrowing thresholds, in addition to the intent to spur job growth and investments. When coupled with the long-term objectives of decarbonization and disaster resilience building, policy choices can become tough for governments as they weigh their options against short-term and long-term objectives.

To support informed decision making, the World Bank has proposed a ‘Sustainability Checklist’ that aims to help policymakers assess or rank stimulus proposals. Offering a range of considerations over the short- and long-term, the tool raises questions that governments should consider when assessing and prioritizing projects.

The checklist, which is being refined, draws heavily on analyses of the 2008 economic crisis and considers whether complementary policy or institutional changes are required to enhance project effectiveness.

The Bangkok Principles for the implementation of the health aspects of the Sendai Framework can provide a framework for governments to integrate health sector needs fully into PDNAS and recovery planning and for the application of the principles of ‘build back better’ in disaster recovery.\textsuperscript{viii}

3. Strengthen and expand disaster-responsive and adaptive social protection\textsuperscript{x}

The 2008 financial crisis demonstrated clearly that countries with robust social protection systems suffered the least and recovered the most quickly.\textsuperscript{x} Shock-responsive social protection is an efficient way to help people cope with major shocks, as seen in Fiji after Hurricane Winston\textsuperscript{xi}, among other examples. The Asia-Pacific Disaster Report found that increasing investments in social protection in line with global averages (i.e. 11 percent of GDP) would have the greatest impact on reducing both poverty and inequality. Past crises have also shown that support to social protection needs to be a core element of stimulus packages.\textsuperscript{xii}

While social protection is a strong instrument for both short and long-term recovery objectives, past experiences have shown that systems and mechanisms for recovery should be in place \textit{before} a disaster strikes. Further, if the systems are created post-event, they should be sustained over time to increase resilience and preparedness for the next crisis.

This was successfully demonstrated in the immediate aftermath of Typhoon Haiyan in 2013, where the Government of the Philippines addressed large-scale increases in vulnerability by expanding the existing national conditional cash transfer programme (4Ps). Conditions for receiving cash were waived, and World Food Programme (WFP) and United Nations Children’s Fund (UNICEF) used the system’s existing infrastructure to reach an extra 100,000 households with cash transfers.

In addition, simple and practical mechanisms like a pre-existing registry of households, bank accounts of target groups, updated addresses, etc. can greatly enhance the efficiency and reach of social protection mechanisms.

4. Streamline data and information systems

Good practices in COVID-19 response have highlighted the importance of data openness and transparency\textsuperscript{xiii}. Data and information systems are essential to creating trust with and among people, which is a key prerequisite to ensure smooth implementation of recovery operations, as proven in previous disaster events. The use of open and standardized data and information systems also aids in the development of comprehensive damage and loss assessments captured through post-disaster surveys.

Moreover, the COVID-19 crisis offers opportunities to rethink conventional official data collection and statistical processes which largely remain dependent on face-to-face interviews \textsuperscript{xiv}. To support long term recovery efforts, big data can be used to identify vulnerable populations in risk hotspots, who might have been left out of available data. Additionally, as lives move more and more into the digital world, statistical systems have a unique opportunity to harness internet- and mobile-based big data to extrapolate real time official statistics.

Instituting digitization of data management systems and digital identities can improve real time access to services and social protection entitlements and ensure that no one is left behind. A digital identity for beneficiaries can create a foundation on which to build new services that are risk-informed and adaptable to the stage of the disaster cycle.

Pakistan’s biometric COVID-19 benefits scheme, Ehsaas Emergency Cash, has disbursed roughly US$695 million to nine million households (Source: \textit{The News}, Pakistan)
Finally, digital financing will be of central importance, especially in LDCs as they recover. Transparent, low-cost financial transactions that can help close the digital divide can contribute towards both inclusion and building resilience to future disasters.

5. Be innovative in financing mechanisms

Most countries have rolled-out economic stimulus packages that form a substantial proportion of their national GDPs. However, a one-time stimulus will not be enough to overcome the impact of the pandemic. As the immediate health crisis subsides, many households will have depleted savings or incurred large debts and will be forced to consume less. Countries may fall into recession with shrinking economies and reduced government revenue. The cash stimulus packages will most certainly lead to increases in fiscal deficits and public debt.

Hence, direct government interventions, propelled by macroeconomic policy packages, will be required to transition towards the medium-term recovery and return to a healthy economic situation. Depending on the context, these may include tax cuts, fiscal reforms, cash transfers and subsidies. Concerted efforts will be needed to ensure debt sustainability, especially for those that are already at high or increasing risk of external debt distress.xv

To address decreasing demand, an employment strategy for a medium to longer-term recovery of jobs and incomes will be needed. This includes supporting employment creation in strategic sectors, restoring a conducive business environment (with a focus on MSMEs and the informal sector), reinvigorating productivity growth, diversifying the economy and spurring structural transformation, and making the best use of technological advancements.xvi A good mix of projects that generate livelihoods while developing infrastructure (e.g. climate mitigation and disaster control infrastructure) and ensuring environmental sustainability, should be a key focus of the recovery stage.

6. Fuel resilient infrastructure investments

Infrastructure investments contribute to the economic growth of countries and improve the lives of millions of people. However, the current global infrastructure investment gap of US$ 15 trillion xvii is expected to be further widened by COVID-19 as a result of increasing fiscal pressure on governments and elevated private sector risk aversion.

The COVID-19 crisis has amplified the growing calls for resilient and adaptable infrastructure that can effectively operate during moments of crisis. As countries plan for recovery, they should invest in infrastructure projects that offer the opportunities to address short-term job losses and longer-term resilience and decarbonisation objectives at the same time.

![New Zealand’s COVID-19 Response and Recovery Fund has set aside NZ$3 billion to fund infrastructure projects across the country. (Source: New Zealand Government)](image)

Infrastructure projects have been used effectively to recover from other crises as the typically labour-intensive projects put people back to work, and infuses greatly needed cash back into local economies, while creating and building back needed infrastructure and restoring services. Moreover, prioritizing cost-effective investments in disaster resilient infrastructure and decarbonisation offers a rare opportunity to recover faster and more inclusively.

Given this immense opportunity, it is imperative that countries embark on investing in infrastructure that is sustainable, technologically advanced and resilient, even as they deal with the present crisis. Projects that focus on mitigating climate change and optimizing technologies should receive continued or even enhanced funding from governments to avoid risking long term economic or environmental sustainability.
Opportunities for investment in inclusive infrastructure should be identified at the macro-level through a consideration of the requirements of countries with specific climate vulnerabilities and development challenges (e.g. SIDS and LDCs), and at the micro and cross-sectional level by considering the specific needs of people living with specific vulnerabilities.

7. Promote sustainable consumption and nature-based solutions

Due to the pandemic, global carbon dioxide emissions are expected to decline by 8 percent in 2020, compared to 2019\textsuperscript{xviii}. The temporary reductions in both carbon emissions and energy demand have given the environment some breathing space. However, the rebound in emissions may be larger than the decline, unless economic incentives and investments to restart economies are geared to promote cleaner and more resilient energy infrastructure.

While there are important short-term challenges around how to manage the shock associated with COVID-19, governments should not compromise long term global objectives around decarbonisation, combating climate change and sustainable consumption. Post-COVID recovery should lead to a “new normal” that is more equitable and climate sensitive.

Given the increased cost effectiveness of sustainable technologies like renewable energy, as compared to conventional energy sources, there are many opportunities for an environmentally sustainable recovery. The tax reform component of stimulus packages can also be used to harness these opportunities by creating fiscal incentives to reduce carbon emissions.

8. Ensure mental wellness and psycho-social care

Long-term effects of a pandemic go beyond the demographic and economic losses. Analysis of past pandemics show that losses in social trust and capital constrained economic growth in subsequent decades.\textsuperscript{xx} The COVID-19 recovery process requires a collective effort society to implement recovery activities in a manner that provides psychosocial support and long term rehabilitation to communities that need it most.

Specific attention needs to be given to the frontline medical and health personnel who have been overstretched during the COVID-19 response and to impacted families. The Government of New Zealand has developed a comprehensive Psychosocial and Mental Wellbeing Recovery Plan that provides a national framework for actions to support whānau (families) and communities adapt and thrive in the next 12 to 18 months of recovery from COVID-19.

COVID-19 Recovery: An opportunity to build a resilient and sustainable future for Asia and the Pacific

The COVID-19 recovery provides an opportunity to rethink an economic growth path that has come at a heavy cost to people and the planet.

According to the latest ESCAP assessment on implementation of the 2030 Agenda for Sustainable Development, Asia-Pacific is not on track to achieve any of the 17 Sustainable Development Goals (SDG) by 2030, with regression on several environmental Goals.

The region is currently paying the price amid a health emergency in a region that holds 97 of the 100 most air-polluted cities in the world and 5 of the 10 countries most vulnerable to climate change.

Policymakers should not lose sight of a looming climate crisis, but use recovery as an opportunity to design economic stimulus packages that have social inclusion and environmental sustainability built into every decision.

The ESCAP Economic and Social Survey 2020 highlights that $240 billion worth of annual subsidies are spent on fossil fuels while investments in renewables remain at $150 billion.

Governments in the region should decarbonize development by taking embedding sustainability in their policymaking and implementation to finally transition out of fossil fuel dependency and support financing green and clean development.

9. Promote and strengthen regional integration and solidarity

The long-term impact of COVID-19 on commodity prices, capital flows and disruptions in trade and
supply chains will affect the capacity of many countries to recover better. Therefore, international financial support and coordinated fiscal and monetary policies will be essential to support global recovery to the benefit of the weakest as well as the strongest economies.

To tackle COVID-19 in developing countries in the region, the Economic and Social Survey of Asia and the Pacific 2020 estimates that health emergency spending must be increased by US$ 880 million per year through to 2030. Therefore, fiscal support will be crucial in enhancing health responders’ ability to monitor the pandemic and care for infected people.

Regional and sub-regional cooperation can help support countries with limited health capacity through assistance, medical resources, and concessional emergency financing. For instance, a public health emergency fund coordinated at the sub-regional level is currently under discussion in ASEAN and SAARC, and can help mobilize resources to provide targeted support for the most affected countries. They can also facilitate intercountry, sub-regional and regional data sharing.

On 21 May 2020, UN Member States adopted a resolution at the 76th session of the ESCAP Commission to address the socioeconomic effects of pandemics and crises in Asia and the Pacific. The resolution seeks to analyse the ability of the Asia-Pacific region to recover from COVID-19 and wide-scale crises and to develop ideas for concrete and coordinated actions by countries, the UN system and relevant stakeholders. These actions will help address the socioeconomic impacts of COVID-19 and support guarding against future pandemics and crises in the region. Moreover, they will enable countries to build back better in line with the 2030 Agenda.

10. Capitalize on the UN plans for social and economic recovery

The potential socio-economic impacts of the COVID-19 pandemic are increasingly becoming evident as seen in several recent assessments.

The World Bank has warned that the pandemic could push between 40 and 60 million people into extreme poverty this year, with Sub-Saharan Africa hit hardest followed by South Asia. The International Labour Organisation (ILO) expects the equivalent of 195 million jobs lost, while the World Food Programme (WFP) projects that 135 million people are facing crisis levels of hunger and another 130 million are on the edge of starvation.

The UN Framework for the Immediate Socio-Economic Response to COVID-19 provides a strategy for the urgent socio-economic response, based on five critical pillars: protecting health services and systems; providing social protection medium sized enterprises, and the most vulnerable productive actors; strengthening macroeconomic response and multilateral collaboration; and promoting social cohesion and community resilience.

In this regard, the UN’s socio-economic response at country level is led by the UN Resident Coordinators and countries must capitalize on this opportunity in their pursuit of a better recovery. The UN Secretary General’s call to mobilize for a decade of action to build a sustainable and resilient future is, hence, a policy imperative.
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Additional Resources
   https://bit.ly/2TgBDAG
3. Resources on Post-Disaster Needs Assessment https://www.recoveryplatform.org/pdna/

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