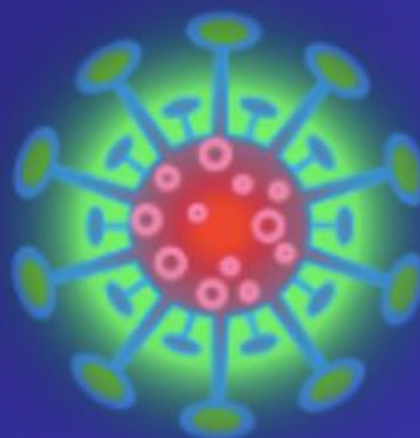




BEYOND RECOVERY: A LEAP INTO THE FUTURE



EXECUTIVE SUMMARY

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BEYOND RECOVERY:

A LEAP INTO THE FUTURE

Can we turn the greatest reversal of human development into a historic leap forward? This is no time to get 'back to normal'. 'Normal' was a world steeped in inequality and climate crisis. It is time to move beyond recovery—a sustainable, inclusive and resilient future.

The COVID-19 pandemic has condensed the experience of a slow, cumulative 80-year climate crisis into an 18-month health emergency, revealing the full extent of human vulnerability on a global scale. Just like the climate change, no-one is truly protected from the spread of this virus. The pandemic has the potential to shift incentives to act in ways that were not on the policy, legal and regulatory table before – to lift the financial, institutional and political constraints that had kept the Sustainable Development Goals off-track prior to the pandemic.

Today, governments are making urgent decisions on five simultaneous fronts: providing health care services, expanding social protection and basic services, protecting jobs, SMEs and supply chains, making fiscal and financial resources available for the response and strengthening inclusive governance, human rights and social cohesion. Some of these choices will have ripple effects large enough to change the future of development.

We should not expect a quick recovery in the developing world. GDP growth rates are plummeting, [unemployment](#) is expanding, inequalities are deepening and [poverty and hunger](#) rates are expected to rise, reversing the gains of many years, and intercommunal tension is on the rise; in addition, [disrupted supply chains](#) are expected to affect productivity and per capita income for as long as a decade.

Other enduring changes are in store. We are seeing changing patterns in society, some positive and others of serious concern. On the positive side, changes in production and

consumption patterns, increased reliance on telemedicine and working from home are leading to a drop in air pollution and shifts in social expectations. On the negative side, varying levels of [trust in government](#), surges in [gender-based violence](#), eroding socio-economic prospects of youth, episodes of xenophobia and human rights abuses, stalled or stalling peace processes, disrupted global trade, finance, and services are all cause for concern and expected to have lasting effects.

This paper presents a vision of this uncertain future, discusses tipping points that may sway development trajectories, and describes urgent challenges in the immediate future.

The Present: Choices Under Uncertainty

Uncertainty is a central fact of the current crisis. Projections are not as useful when the parameters are unknown, including active [infection rates](#), excess [mortality rates](#), [duration of the pandemic](#), and the permanent effects of the [global economic recession](#) on supply chains, productivity, jobs, and income.

Despite this uncertainty, policymakers around the world are making urgent choices. These choices are like the branches of a decision tree that stretch out years into the future, and they occur on [five simultaneous fronts](#):

- Providing health care services,
- Expanding social protection and basic services,
- Protecting jobs, SMEs and supply chains,
- Making fiscal and financial resources available for the response, and
- Strengthening inclusive governance, human rights and social cohesion.

The interaction between these types of decisions is country-specific. As policymakers refine the scope of the problem, they also take policy, legal and regulatory action. We describe this action in three response horizons:

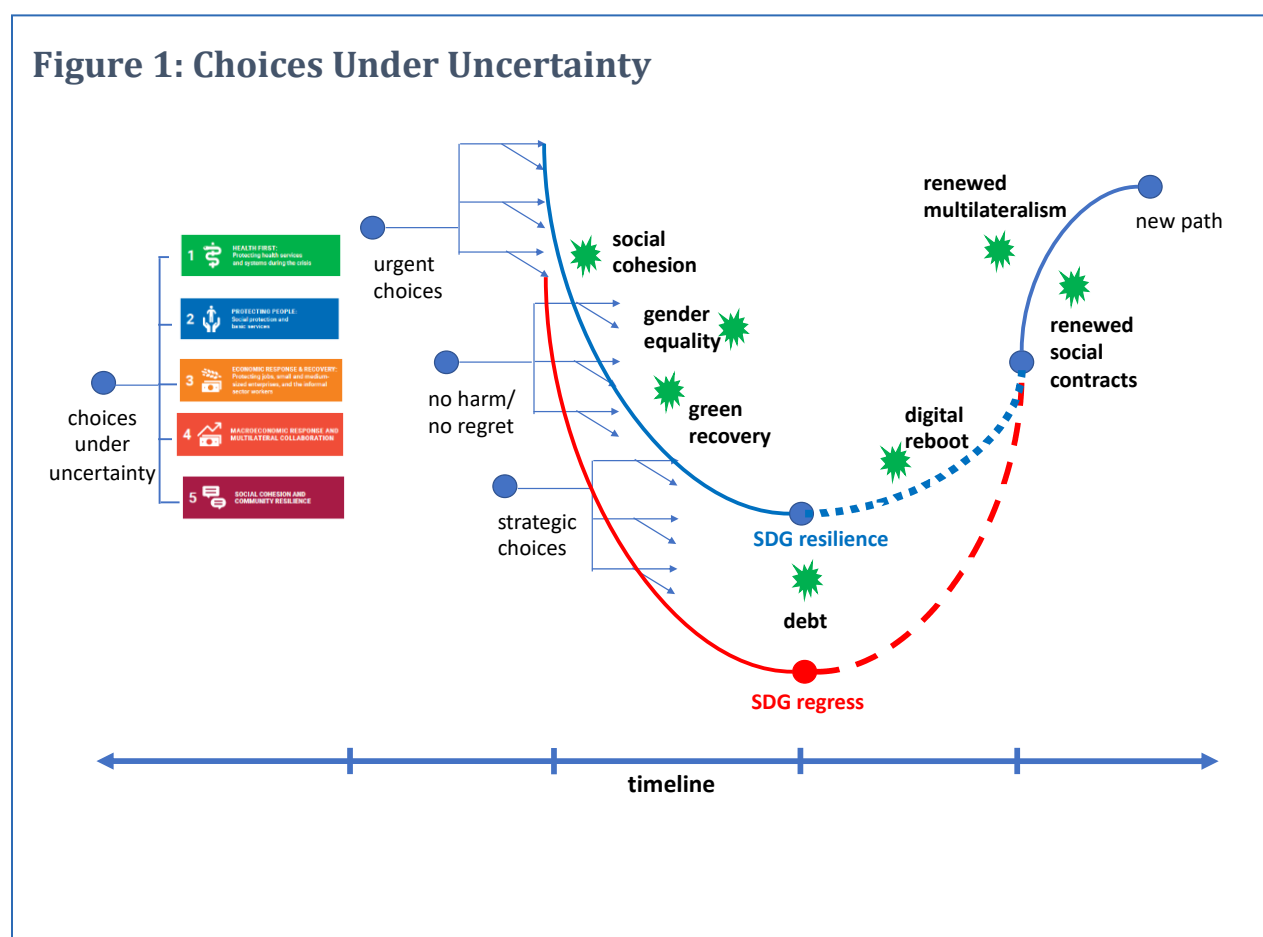
Urgent responses designed to mitigate the effects of the crisis: These include [how to implement full or partial containment](#) measures, given a host of conditions (i.e., testing, tracing capacity, health response capacity, fiscal social protection resources, financial business credit lines); [how to re-open fully or partially](#) after containment measures; [how to ensure vital food and medical supplies during the crisis](#), and others.

No-harm/no regret responses that will take place for the duration of the crisis: Such responses include [investing in data](#), strengthening evidence-based policymaking, building up the [preventive features of the public health system](#) (including testing and

vaccine deployment capabilities and pandemic preparedness), [leaving no one behind](#) during the response, and [protecting human rights](#) and freedom of expression in every action along the way.

Strategic responses that may shift the course of development trajectories into the future: These responses include steering fiscal and financial resources into [green recoveries](#), making the [response inclusive](#) and oriented towards building better health and social protection systems; ensuring the policy, legal and regulatory framework for building back is made with an eye on [resilience to future shocks](#) and preparedness. They carry long run effects that transcend U- L- or W-shaped recovery paths.

Figure 1: Choices Under Uncertainty



The Near Future: Tipping Points for Development

Choices made today can have ripple effects long into the future. Some of these effects will be large enough to shift the course of fiscal, financial, institutional, and political constraints—constraints that had kept the SDG agenda off-track prior to the pandemic.

We consider these small shifts that lead to larger shifts to be [tipping points](#)—and imagine how they might reshape trajectories of development over the long run. Two building blocks are critical in this process: first, *pre-existing inequalities, unsustainability and vulnerabilities* that are exacerbated during the pandemic; and second, *policy actions* that are shaping pathways out of the crisis.

Tipping point #1: A shift in behaviours and social expectations is highlighting that accountable and inclusive governance is needed and people are agents of change. A return to the old normal is unlikely, because we are seeing a loosening of constraints in governance systems against a backdrop of social divisions and inequalities. The post-pandemic era, likely remaining wobbly and uncertain, will need to provide a robust space for public deliberation, citizen participation and renewed attention to what the social contract entails in the 21st century. The transition out of the pandemic is likely to be a social milestone in the developing world.

Tipping point #2: Inequalities have been exacerbated during the crisis, starting with access to health care and extending to basic incomes, social protection, and care. The pandemic plays out over pre-existing patterns of asset, income, service and other inequalities. Some of the possible Covid-resisting effects of the [youth-age profile](#) are overwhelmed by the Covid-worsening impact of [pre-existing health conditions](#) among the poor that are disproportionately affecting people with poor access to adequate nutrition and health services (obesity, malaria, TB, and others), disruption of essential health services and the [lack of access to ICUs and adequate health](#) services. The exacerbated effects of inequalities can be expected to ignite renewed interest in Universal Health Coverage (UHC), social protection floors, and more decisive action on gender equality and the determinants of health.

Tipping point #3: There is a historic opportunity to initiate a green recovery, with sustainable uses of nature and climate. [Policy trackers](#) are suggesting that most fiscal and financial stimulus in developing and emerging economies are arising from expenditure-switching on the order of 1 to 3 percentage points of GDP. At the same time, [oil and fossil fuels](#) are hitting historic price lows. Even with a meager investment, there is an opportunity to accelerate the move to [renewable energy](#), green public procurement, and a green recovery.

Tipping point #4: This crisis is reassessing what is needed to secure gender equality. A surge in gender-based violence is exposing the urgency to address the deeper and intersectional drivers of gender discrimination and bias, implicit in social norms, laws, policies and everyday behaviour. A new economic paradigm preserving social reproduction and the care system, new forms of leadership, and the inclusive digital sphere are central to changing our future. Only by changing [gendered social norms](#) that are connected to deeply-held biases on political power, work, and care, will we build more equitable relationships, and a more ethical world. The marginalization experienced by young people in many societies and communities is also deepening, as employment and economic prospects of youth are eroding in the wake of the post-Covid-19 economic recession. The inability to recognize youth, young peace builders, youth activists and youth organizations as agents of change and to provide responses to youth's concerns and needs is exacerbating young people's frustrations with established institutions and widening the rift between generations.

Tipping point #5: The wave of tele-working, tele-schooling, tele-medicine and digital payments during the Covid-19 crisis are likely to usher in a deeper use of digital technology. Artificial Intelligence, blockchain, cryptocurrency, virtual reality, and the Internet of Things were already transforming the world prior to the pandemic. Technology is being repurposed to address the crisis and is likely to thrive even more in a post-pandemic period.

Tipping point #6: The crisis reveals the particular needs of fragile and conflict- and crisis-affected contexts and building resilience against shocks. In conflict and crisis contexts, exclusion, protected and legacy drivers of instability, climate insecurity, state society rifts and protest movements, justice and security-related concerns will be more acute. While guidance exists to address protection issues in humanitarian contexts, there is a need to review how prevention, peacebuilding, governance, justice and security institutions are functioning across the humanitarian-development-peace nexus. Already weakened state institutions at different levels will likely be unable to respond effectively, further compounding mistrust in the state. The unchecked spread of misinformation can further exacerbate conflict.

Tipping point #7: Unmanageable debt, capital flight and trade stops threaten the recovery. The IMF projects a 2020 build-up of [additional external debt](#) of 8 percentage points of GDP across the globe. For developing and emerging economies, service payments are expected to be [\\$3.9 trillion in 2020 \(or \\$2.9 trillion excluding China\)](#)—where existing standstills cover about \$45 billion of that service bill. Experts expect the debt hangover to slow future growth, tip businesses and governments into

[default and bankruptcy](#), and overwhelm the capacity of the financial system to adjust to post-pandemic risk.

The Long-Term Future: A Leapfrog Vision

The pandemic has helped to condense the experience of a slow and cumulative 80-year climate crisis into an [18-month health emergency](#). It has the potential of shifting incentives to act in ways that were not on the policy, legal, and regulatory table before.

As we scan the horizon, we sense that [human vulnerability](#) has been revealed on a global scale—magnified by pre-existing inequalities. This is a glimpse of the future, multiplied many times over by the ongoing climate crisis. The intersection between vulnerability, inequalities and unsustainability will define the future course of development.

Has the ‘convergence narrative’ of development of the past 30 years run its course? [The Great Convergence](#), [The Great Escape](#), [Getting Better](#), [The Rise of the South](#)—have all illustrated the power of a particular concept of development: namely, that technological catch-up, global trade, and the exponential power of income growth can drive progress, reducing inequality between countries and leading to a point of convergence. In this view, development is about climbing a ladder and holding on to the highest rung possible.

But what if development is not like climbing a ladder at all? [UNDP's 2019 Human Development Report](#) takes note of the remarkable improvements in well-being achieved over the past three decades, but zooms in on a critical insight: the very dynamics that drove these improvements also drove inequalities, unsustainable patterns of production and consumption, gender inequality, and violence.

In most countries, [convergence in one dimension of well-being includes divergence in others](#). This churning process leaves millions behind in the digital economy, the race for newer and better skills, better health and longevity. Any future cycle of well-being will need to redress these legacies (closing the loop on the convergence cycle of the past 30 years) with a higher ambition: delivering well-being [de-coupled from CO₂ emissions, protective of nature](#), ready for more climate and pandemic shocks as the century unfolds.

While we have often talked about the potential for transformative change, the tipping points catalyzed by this pandemic may actually move the needle. From the greatest reversal of development, may arise a historic leap forward.

This is the challenge of our times.

Looking Back From 2050: A Thought Experiment

The Great Disruption set in motion a set of interrelated tipping points that were long in the making. A number of historic achievements emerged from this process.

Rights-based **social contracts** anchored on the rule of law, governance, human solidarity, and humane communities; a **capabilities revolution** focused on health, well-being, social protection, and systems of care, but also on basics incomes; a **climate and nature-based transition**, de-coupling growth from carbon emissions and unsustainable consumption and production patterns; a decisive move to a **gender-equal society**, celebrating inclusion and diversity; a **digital disruption** rebooted for people and planet; **peaceful and resilient societies** capable of prevention, preparedness and risk management; a **green Bretton Woods**, reasserting a rebirth of multilateralism fit for the 21st century.

How did all of this happen? The crisis that paralyzed the world from March of 2020 through the end of 2021 lifted fiscal, financial, political, and societal constraints that had seemed impossible to lift in the past. The size of the policy response to the global pandemic helped to contain multiple emergencies that saved lives across the globe. This was the first disrupting step.

Other steps soon followed. Shifts in social expectations, changes in behaviour, failed government responses and protracted W-shaped recoveries in dozens of developing economies set in motion other disrupting steps. The experience of repeated crises left an indelible mark for the future.

As countries recovered, tipping points became reform agendas, that seeped into social and political systems—just as they had after the Great Recession, the World Wars, and the end of the Cold War.