COVID-19 and Private Sector Development Synthesis:
Emerging economic recovery and resilience strategies

This note summarises emerging trends in economic recovery and resilience strategies in the context of COVID-19. It is based on a review of web pages, strategy statements and press releases by the DCED’s 25 member agencies. This note is complemented by a separate summary of short-term adjustments of Private Sector Development (PSD) interventions in response to COVID-19.

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Much of the immediate coronavirus response related to PSD has focused on the short-term survival of vulnerable businesses and sectors, and leveraging private sector contributions to crisis management. While the trajectory of the virus and its impacts remain uncertain, thoughts are beginning to turn towards preparing for the longer-term recovery and the role PSD might play.

Emerging strategic priorities for recovery efforts
Despite the pandemic’s devastating effects around the world, rebuilding economies offers opportunities to promote businesses and sectors that help to address global challenges such as climate change, inequality, and rapid urbanization. Themes and priorities for post-crisis PSD include:

- Greener growth with a focus on reduced carbon emission, pollution, and biodiversity loss (e.g. OECD, GIZ)
- Transition towards digital economies with the potential to promote skilled jobs and encourage business start-ups especially for young people (World Bank, BMZ)
- Prioritising economic opportunities for women and girls, very poor people and other disadvantaged groups (e.g. ITC, SIDA)

New budget allocations to finance recovery efforts
DCED members explicitly recognize that in addition to strengthening health systems, broad-based employment and other income earning opportunities will be essential. While most short-term responses have been financed by existing budget allocations, some donors have now pledged additional resources for new bilateral initiatives (e.g. Germany’s anticipated €3bn supplementary development budget for 2020 and 2021). Many have also announced significant new contributions to multilateral responses such as the IFC’s $14bn support package which combines emergency support with longer-term measures for companies in growth areas such as healthcare and technology.

Continued mobilisation of existing partner companies to support recovery and resilience
Agencies are also actively exploring near-term opportunities to build on practical partnerships created as part of the emergency response – e.g. BMZ’s work with VW and BMW to mobilise additional capacity for COVID-19 treatment in South African hospitals. The IFC is looking at business environment reforms to promote effective public-private partnerships as part of the recovery.

Linking recovery efforts to broader aid agendas
Beyond the general emphasis on equitable and sustainable economic recovery, some funders - like Australia and Germany - make explicit links between rebuilding economies and future stability and refugee flows. However, ODA and PSD budgets may be negatively affected by GDP reductions as already
demonstrated by reviews of existing programmes and commitments in Denmark and the UK.

Next steps in strategy development: Internal planning processes and external consultations

DCED members are taking various steps to better define what these broad agendas could mean for future specific PSD initiatives. Many focus on analysis of how COVID-19 is changing the dynamics for their particular areas of interest, e.g. FAO for food markets and UNIDO for industrialisation. Beyond financial resources, agencies are strengthening their internal capacity to plan for and contribute to economic recovery in partner countries (e.g. USAID’s new Agency Planning Cell). Significant efforts are also going towards engaging the wider public in the debate about what ‘building back better’ should look like, e.g. the ILO’s global summit on coronavirus and the world of work which explores issues such as:

- Formalising the informal economy to tackle the inequalities highlighted by COVID-19
- Options for regulating new technologies that will increasingly feature in the workplace
- Using the recovery as an opportunity for strengthening youth employment

For more information and resources on efforts to promote economic recovery and resilience post COVID-19, go to our dedicated knowledge page here.