

Press Release

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The COVID crisis may increase the gap between developing countries and developed ones.

- Finland is best placed for recovery capacity in the world, followed by Norway, Germany, Switzerland and Australia.
- United States is 7th despite current challenges. China performs best among large emerging markets at 32nd, followed by Russia at 36th, Brazil at 51st, India at 62nd and South Africa at 77th.
- Countries need to invest in workforce adaptability and the digital economy and build social capital in order to recover. Recovery and stimulus programmes need to target these areas to strengthen growth.
- The Index compares the factors that will help countries weather the economic crisis and support recovery across 122 countries.
- Access the full report, country profiles, infographics and more [here](#).

Geneva, Switzerland, 9 September 2020 – COVID19 triggered the worst recession in decades with a lightning blow to industries and jobs. It also exacerbates countries' structural vulnerabilities - economic and socio-political.

The COVID Economic Recovery Index assesses how 122 countries are positioned to weather the economic impact of the pandemic and recover from the crisis. It is the first global assessment of countries' capacity to weather the COVID19 crisis and recover. It uses a unique data set of over 100 health, social and economic indicators combined in a sophisticated analytical framework.

Top-ranking economies stand out for social security systems, active labour market policies and flexible working conditions. They also have highly digitalized economies, strong governance and social capital (trust, values, sense of common identity), as well as resilient and well-functioning financial systems. As economies face potential sea changes in industrial structure and employment, those factors will be crucial to managing upcoming transformations into the new normal.

Regional and country highlights

Finland ranks first with a score of 79.03 out of 100 and is followed by Norway, Germany and Switzerland. Top ten are rounded up by Australia (5th), Netherlands (6th), United States (7th), Denmark (8th), Iceland (9th) and Sweden (10th). United Kingdom (12th) France (18th) and Korea (17th) rank ahead of Japan at 19th.

The **United States (7th)** scores low on health system capacity (65.0 out of 100) and on absorptive capacity of the economy (67.0 out of 100) but has a highly resilient economy (79 out of 100) that will allow the country to bounce back despite the current challenges.

Among the G20 countries, **China (32nd)** stands out as the best performing large emerging market, followed by the **Russian Federation (36th)**, **Brazil (51st)**, **India (63rd)**, and **South Africa (77th)**, the poorest performer among the G20 countries. China is less dependent on vulnerable sectors (65.4 out of 100) and international markets (89.2 out of 100) than many other countries. However, important vulnerabilities persist in China due to low adaptability of the workforce (46.9 out of 100). Among other G20 countries, **Turkey** comes in at 44th, **Saudi Arabia (48th)**, followed by Indonesia (49th) and Mexico at 58th.

Among **African countries**, Mauritius has the highest recovery capacity (50th) followed by Kenya at 74th. Many African countries' recovery capacity is among the lowest in the world – e.g. Zambia (120th), Mozambique (121st) and Chad (122nd). Many African countries are less exposed to the economic fallout because their industries are less vulnerable and their economies less internationally connected. However, Africa will struggle to recover due to weak economic resilience.

In Europe, Nordic countries outperform the rest of Europe due to high levels of social resilience, their highly digitalized economies and adaptable workforce. Among the large economies on the continent, **France** places at 18th, **Spain** at 25th, and Italy at a low 40th. Eastern European countries perform well, notably **Estonia (16th)**, Latvia (20th), Czech Republic (22nd) and Poland at 30th due to low debt levels and a strong employment track record.

Countries from **Asia and the Pacific** are very diverse in terms of their recovery capacity. Australia (5th) and New Zealand (13th) have moved ahead the rest of the region. Further down, Korea, Rep. places at 17th followed by Singapore (23rd). Within developing Asia, Thailand places at 29th Malaysia at 38th and Indonesia at 49th, followed by Viet Nam (66th), Bangladesh (85th) and Pakistan (96th).

In the Middle East and North Africa, Israel places at 28th. In the Arab World, the UAE boasts the highest recovery capacity at 38th whereas Saudi Arabia, at 48th, remains more vulnerable. The region remains vulnerable due to countries' industrial structure (notably reliability on tourism), income inequality, and low levels of health system preparedness and food security.

Key messages

The COVID crisis may end the economic convergence of developing countries towards developed ones. Unlike following the Global Financial Crisis, developed countries will rebound faster from the pandemic than developing countries, because they are more resilient. The pandemic could end the decade long period of convergence of developing economies towards developed ones.

The COVID pandemic exposes countries to the risk of a perfect storm of food and financial crises, and societal tensions. Lebanon, Cyprus, Portugal or Ireland as well as a number of African countries display vulnerabilities to financial crises due to high debt levels and low resilience in the financial sector. COVID exposes some countries to the risk of food crises and social unrest, for example South Africa, Venezuela, or Botswana.

Recovery programmes need to strengthen resilience for the future. Even the most developed countries have important gaps in terms of resilience. Countries should ensure that economic recovery programmes contribute to strengthening resilience to future risks. Examples include support to the digitalization of companies, upskilling/reskilling programmes that explicitly target future skills or infrastructure to connect remote areas.

About Horizon Group

The HORIZON Group (HG) is an independent, international think tank that promotes the transition towards a future economy that is sustainable, inclusive and technology-driven. Horizon originated from the communities of the World Economic Forum and the UN and is based in Geneva.

Notes to editors

- Read the report at www.covidrecoveryindex.org
- Access country profiles at www.covidrecoveryindex.org
- Follow Horizon Group on **Twitter** at <https://twitter.com/HorizonGroup8>