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Improving disaster recovery

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When natural disasters strike, governments step up. Here's how they can improve the odds of a successful long-term recovery.

We live in a world where natural disasters are increasing in frequency and severity. A large proportion of disaster-related losses are borne by governments: for example, estimates suggest that the United States has a disaster-related unfunded liability that could be even greater than that of Social Security (up to $7.1 trillion versus $4.9 trillion).[1] And governments across the world increasingly share the common challenge of having to design and lead expensive and complex recovery efforts that often take years.

Yet the elements of recovery coordination—aligning internal stakeholders, getting input from stakeholders, allocating and managing public resources, and delivering services and benefits—are functions governments perform every day. So why does disaster recovery seem so difficult? We examined lessons learned from working with governments around the world at all levels, and found that governments face four common challenges in the aftermath of disasters: heightened political pressure and public scrutiny to "get money out the door," the time it takes to receive and spend recovery money, being confronted with a magnitude of resources and complexity of tasks that leaders are (appropriately) unprepared to administer, and an aversion to making bold organizational changes that are required for effective recovery governance.

The short answer is that because disasters are, by definition, unexpected and extraordinary, they place complex demands on public agencies. By applying our global experience to disaster recovery efforts in the United States, we have identified clear lessons for how governments can act in the immediate aftermath of a disaster to maximize the odds of a successful long-term recovery.

Nine steps to successful long-term recovery

Getting the first several months right in the aftermath of a disaster contributes significantly to the odds of a successful long-term recovery. Why? Implementation time lines are longer than the public expects and require periods of preparation during which progress is invisible to the public. Completing this preparation before public scrutiny becomes too critical allows implementing governments to demonstrate visible progress much sooner. Moving swiftly also helps mitigate staff burnout by avoiding build-up of pressure associated with unmet expectations.

[1] Kate Sheppard, "Flood, rebuild, repeat: Are we ready for a Super Storm Sandy every other year?," *The Atlantic City Lab*, July 29, 2013; J. David Cummins, Michael Suher, and George Zanjani, "Federal financial exposure to natural catastrophe risk," in *Measuring and Managing Federal Financial Risk*, ed. Deborah Lucas, Chicago: University of Chicago Press, February 2010. Range depends on assumptions of growth and discount rates.

In the early days following a disaster, governments can set the stage for a successful long-term recovery by taking nine critical actions covering four dimensions of recovery: organizational capabilities, strategic focus, aligned execution, and community engagement. While no major US recovery effort to date has managed success across all dimensions, those recoveries with the best outcomes—the least public and media criticism and the fewest management challenges—have taken some combination of these steps. And while all nine actions are critical, their sequencing and timing also matter. Some actions, such as strategically phased procurement of recovery services (for example, case management for housing recovery, grant management IT systems, application processing services) are only successful to the extent they proceed from a prioritization framework aligned on by a core recovery leadership team.

1. **Appoint a strong, experienced leadership team and establish an integrated governance body.** Governments must quickly establish an organization to coordinate and deliver recovery programs. This organization should have direct accountability to the governor's or mayor's office to ensure rapid access and the high-profile executive sponsorship to remove or appropriately circumvent agency-level or interagency obstacles. Leadership of this organization should consist of a board and a high-level executive, ideally a chief recovery officer (CRO) experienced in complex program management in a highly regulated environment.

2. **Conduct a thoughtful, phased approach to strategic procurement of external expertise and implementation support.** Even when the government has established a recovery-management organization staffed with excellent public servants, every large-scale disaster requires the procurement of significant external support, especially for large, complex programs such as housing reconstruction or major-infrastructure recovery. Conducting these procurements well is critical for securing high-quality, cost-effective external contractors who deliver effective recovery programs. The consequences of poor management of procurements can be severe, and nearly every disaster-recovery effort experiences them: for example, a more effective procurement process could have accelerated one government's housing recovery time by as much as a year and reduced program delivery costs up to $120 million.

3. **Establish a strong, dedicated recovery-management organization with a dual coordination-implementation mandate and hard-charging, performance-driven staff.** One of the first tasks a CRO often confronts is to build up a recovery-management organization (RMO) from scratch. An effective RMO has four critical features: independence, a mandate to both coordinate and implement recovery efforts, senior staff to manage specific areas of recovery programming and cross-cutting functions, and performance-driven staff.

4. **Develop a framework for prioritizing recovery needs to guide sequencing of rollout.** Recovery is an extraordinarily high-stakes environment, with many urgent needs. Developing a framework to prioritize those needs is critical for two reasons: certain needs are more immediate than others, and recovery funds are typically released gradually and may ultimately be insufficient to meet all needs.

5. **Develop a truly integrated budget based on the prioritization framework.** The prioritization of recovery needs should form the basis for a comprehensive road map of programs and an integrated budget for funding those programs. Development of this road map and budget is a complex task that requires a dedicated, public-finance-savvy team early in the process—state and local governments facing recovery should establish a strong financial leadership team, identify and incorporate additional sources of funding, and build a system for tracking expenditures.

6. **Plan for and develop creative solutions to mitigate capacity constraints that the scale and urgency of the recovery will impose.** A large-scale disaster requires delivery of services at a scale and urgency very few governments are prepared for. Bringing on external vendors to run programs typically does not fully address the capacity constraints associated with this scale and urgency, and two types of capacity constraints are often especially problematic: government functions, where federal-program requirements or other constraints may prevent outsourcing of some areas of program implementation; and specialized skills, where certain skill sets simply may not exist in sufficient quantities at the local level.

7. **Invest early in developing a data infrastructure and reporting cadence.** Recovery organizations can truly balance recovery goals, like timeliness, fraud prevention, and cost-effectiveness, only if they have a performance management system that captures the right data, generates easy-to-understand reports on a frequent basis, is closely linked to decision-making processes, and is fully operational at an early stage of program implementation. While legal and regulatory compliance is important in the recovery context, often data platforms and reporting processes are focused too narrowly on serving a compliance function, rather than also enabling program managers to improve programs continuously based on real-time data.

8. **Implement bold innovations in the design of recovery programs and processes that move beyond traditional models for a better balance of the potentially competing goals of recovery.** In designing recovery programs and processes, state and local governments are faced with myriad potential goals that often may compete with one another. Every government engaged in a recovery process will face the challenge of having more demands than resources available. One critical approach for managing resource constraints in any setting, whether in the public or private sector, is through process innovation; disaster recovery should be no different.

9. **Make a meaningful commitment to community engagement and public communication.** Too many governments mistakenly treat a strong community-engagement strategy as a "nice to have," rather than a critical component of their recovery efforts. With limited staff and massive programs to design and scale, decision makers may understandably view allocating time and resources to public engagement as a lower priority. But an early, meaningful commitment to engagement is critical to the success of recovery efforts, because it helps manage public expectations, fosters trust, and generates innovative ideas for recovery.

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State and local government officials facing the daunting task of recovering from a major disaster can benefit from lessons learned by others. Setting the stage for recovery in the immediate aftermath of a disaster may be difficult for officials facing the more urgent needs of response, but the effort is critical for long-term success. State and local leaders should understand the most critical actions on the path to recovery. □

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