BACKGROUND NOTE:

SPSF/EAEO/ILO WEBINAR 19 AUGUST 2020

"DEVELOPING POLICY FRAMEWORKS FOR RECOVERY & PROSPERITY FROM THE COVID 19 PANDEMIC"

Southern and Eastern African Employers & Business Membership Organizations (EBMOs)

Foreword

Countries across the continent have been battered by the cruel winds of the COVID-19 pandemic. It has had a devastating effect on our economies. Many businesses have closed while many others have greatly struggled. Jobs and livelihoods are lost. The economic and social toll has been high.

While the COVID-19 pandemic hit Africa later than some other parts of the world, the number of cases has grown significantly in recent weeks. As of mid-July, Africa had 625,000 cases across forty-seven countries, resulting in over 13,700 deaths.[1] Of these forty-seven countries, none have been hit harder than South Africa, which has nearly 600,000 cases (as of the middle of August 2020). While projections are changing almost weekly, recent forecasts suggest that Africa's GDP could decline by as much as 4% this year (ADB June 2020). The pandemic has put thousands of businesses and millions of jobs are at risk, particularly in hard-hit sectors (and employment-intensive ones) such as tourism and hospitality. Tens of millions of people may slide back into poverty.

Against this backdrop, Employers and Business Membership Organizations (EBMO) have been very active in supporting the private sector, in particular at the policy level. EMBOs, however, are not immune from the crisis, and many are struggling with challenges such as reduced revenue, in much the same way as their member companies. They face new operational restrictions and realities. Key revenue-generating services, such as training and events, have been severely effected. Some have been able to move online, but many have been postponed entirely. However, the crisis also offers EMBOs' opportunities. Most significantly, the advocacy role of EMBOs has taken centre stage. The crisis has given EMBOs new visibility and highlighted the value proposition they bring to members.

This short paper has been developed by the SADC Private Sector Forum (SPSF), The East African Employers Organization (EAEO) and the ILO (ACTEMP). The paper specifically presents ideas and approaches for EBMOs as they chart national roadmaps for recovery and prosperity. The paper references much of the survey work that has been carried out over the last number of months and catalogues some of the many initiatives of EBMOs.

EBMOs are acutely aware that planning needs to start now to position their organisations for a post-COVID-19 policy environment.

There are some early indicators of how the crisis may be shaping longer-term policy assumptions. The global disruption to supply chains caused by the pandemic seems likely to encourage more firms to limit their risk exposure in future. This will result in probably much

[1] https://www.afro.who.int/health-topics/coronavirus-covid-19; https://www.africanews.com/2020/07/15/coronavirus-in-africa-breakdown-of-infected-virus-free-countries/

more use of automation and Artificial Intelligence as these technologies can facilitate production of goods closer to the markets they are sold in. This has major implications for employment.

However, terrible as the pandemic has been, it is a temporary event. Much of the spending and investment that is forgone today will take place when the health emergency subsides. It is critical at this moment that all parties - the government, employers and workers - are working together to develop policy frameworks to build prosperity for what will be a different future.

That is now the next and most pressing challenge.

About SPSF

SPSF, SADC's Private Sector Forum, brings together the private sector from across the Southern African Development Community to facilitate integration and trade and to reduce barriers to investment and sustainable growth. The SPSF Secretariat exists to support its **16 Member Organisations** (Angola, Botswana, Comoros, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe) and to represent SADC's private sector interests.

About EAEO

The East African Employers Organization (EAEO) was founded in 2010 to promote the interests of employers at the East African Community (EAC) level. The EAEO is a membership organisation regrouping the national apex organisations of employers from Burundi, Tanzania (Mainland and Zanzibar), Kenya, Uganda and Rwanda. It is an independent organisation.

About ILO ACTEMP

The Bureau for Employers' Activities (ACT/EMP) is a specialized unit within the ILO Secretariat. Its task is to maintain close and direct relations with Employer and Business Membership Organizations (EBMOs) in member States, to make the ILO's resources available to them and to keep the ILO constantly aware of their views, concerns and priorities. ACT/EMP seeks to foster well-functioning EBMOs, which are important actors in shaping an environment conducive to competitive and sustainable enterprises, good governance, political and social stability, democracy and socio-economic development. ACT/EMP assists EBMOs in building strong, independent and representative organizations that respond to their members´ needs and challenges though its technical cooperation programme, which provides assistance to EBMOs in developing and transition countries.

I. Introduction

The COVID-19 crisis is a multi-layered health, economic and social crisis requiring responses from all sections of society. An economic slowdown is triggering revenue declines for small businesses and larger companies operating in Africa. Citizens are facing job losses, and reduced wages as companies lay off workers. Workers operating in the informal economy have been especially hard hit. Foreign direct investment on the continent has stalled.

Many African countries face unique and compounded challenges presented by COVID-19. Health-care systems on the continent are often (but not universally) under-resourced. Many people have underlying health issues—such as HIV, tuberculosis, hypertension, malaria and diabetes. Social/physical distancing is proving difficult to establish. In urban areas —and particularly in tightly packed informal settlements—keeping people apart is no simple thing.

The response to a crisis of this magnitude has placed significant stresses on governments across the region. Most African countries have narrow tax bases, weak tax collection mechanisms, and a heavy reliance on commodity revenues. These sources of income are under significant pressure, placing further strain on already limited resources. Companies and governments are facing shortages of cash and working capital. Tax receipts are dropping, limiting government liquidity.

African industries import over 50 per cent of their industrial machinery and manufacturing and transport equipment from outside the continent. COVID-19 related disruptions in global supply chains, especially from China and Europe, led to a decrease in the availability of final and intermediate goods imported into Africa. Lower value-added sectors such as agribusiness, flowers, or garments have suffered immediate and large drops in demand.[2]

The working-hour losses in the first quarter of 2020 are estimated at 2.4 per cent or 9 million jobs across the continent. The total working-hour loss in the second quarter of the year is estimated at 12 per cent or 45 million jobs (globally). In Africa, the workinghour losses in the first quarter of 2020 are estimated at 2.4 per cent, or 9 million FTE jobs.In many African countries, limited opportunities for teleworking and the greater vulnerability of informal workers appear to be exacerbating the effect of the downturn and creating new labour market challenges.

[2] COVID-19 and Africa: Socio-economic implications and policy responses

http://www.oecd.org/coronavirus/policy-responses/covid-19-and-africa-socio-economic-implications-and-policy-responses-96e1b282/

In Africa, the total working-hour loss in the second quarter of the year is estimated at 12.1 per cent, or 45 million FTE jobs, up from the previous estimate of 9.5 per cent. In terms of subregions,6 estimates for working-hour losses in the second quarter of 2020 indicate that Northern Africa experienced the sharpest decline (15.5 per cent), followed by Southern Africa (12.2 per cent), Central Africa (11.9 per cent), Western Africa (11.6 per cent) and Eastern Africa (10.9 per cent).[3]

Compared to the pre-COVID-19 forecast, Africa's economy will be between US$349 billion and US$643 billion smaller in 2030. In the best-case scenario, GDP per capita will recover to 2019 levels in 2024. In the worst case, Africa will only return to 2019 levels in 2030. In 2030, an additional 38 to 70 million more people would be classified as extremely poor. This translates to poverty rates of 35% to 37% of Africa's total population. COVID-19 is set to constrain further Africa's progress towards attaining the 2030 Sustainable Development Goals. The pandemic is expected to significantly reduce government revenue and health expenditure and undermine debt sustainability in several African countries. In the worst case, more people will have died from the impact of reduced health expenditure and hunger by 2030 than from COVID-19.[4]

Yet there are also unique advantages in Africa. Responses to HIV/AIDs as well as Ebola have provided many African countries with unique experiences in handling pandemics. Expertise has been built up in recent decades. The fact that Africa has a young population (over 60 per cent of sub-Saharan Africans are under the age of 25) should offer some degree of protection from the very worst consequences. Low levels of urbanisation and urban population densities, and limited internal travel networks, both within countries and between countries are another positive in stemming the flow of the virus.

However, the Director-General of the World Health Organization Tedros Ghebreyesus reiterated (29 June 2020) the COVID-19 crisis is far from over and the worst is yet to come.

In Africa, we can probably expect the number of cases and fatalities to increase considerably in the coming months. Eighty-three thousand to 190 000 people in Africa could die of COVID-19, and 29 million to 44 million could get infected this year if containment measures fail, according to a (May 2020) study by the World Health Organization (WHO) Regional Office for Africa. Encouragingly we are not seeing this predications come to light as of yet.

Different countries and regions will probably experience spikes in cases, and there may be further periods of restrictive movements.

We are still in the midst of a raging storm.

[3] All data above from the ILO's "COVID 19 and the World of Work" fifth Monitor (30 June 2020)

[4] Data from "Impact of COVID-19 in Africa: a scenario analysis" Institute of African Security Studies

II. The Economic Impact on the Private sector

The economic and social impacts of the pandemic across the region have been swift. Measures like travel bans, social distancing, and restricted economic activities, have led to a drastic declines in demand for goods and services, especially in high employment sectors such as hospitality, tourism, transportation, and manufacturing for local markets (e.g. food and beverage). Lower global commodity prices are also depressing the region's export earnings. The impact has been and continues to be devastating.

In the tourism sector, African conference venues are feeling the impact of travel restrictions which have forced the cancellation of most events in 2020. Countries like South Africa, Mauritius, Madagascar, Kenya, Tanzania and Seychelles, all heavily dependent on tourist income, have been hardest hit. The International Air Transport Association (IATA) estimated $419 billion in revenue losses for 2020, with 7.5 million flights cancelled between January and July this year. However, there is also opportunity in the long term as Africa gets approximately 5% of global tourism flows and an even smaller 4% of China's tourists.

A drop in oil prices and exports has put additional strain on oil-exporting African economies. Port closures, travel restrictions and manufacturing shutdowns are all decreasing demand, causing oil importers to cancel purchases of African oil, forcing sellers to divert cargoes as they seek new buyers often at discounted prices. One of the most exposed sectors is mining, across almost all minerals. Iron ore (South Africa), copper (Zambia) and oil (Nigeria, Angola and Ghana) has been hardest hit. The picture is somewhat more upbeat for gold. Significant outbreaks of COVID-19 in mining regions in Africa could affect workforce productivity, the availability of skilled technicians to travel from affected areas and the capacity of labour-intensive mining operations to produce raw materials.

The threat of a food crisis is real, and by some estimates, nearly 50 per cent of the population face food insecurity.[5] Locust swarms in East Africa, regional instability and conflict, climate-change-related droughts and flooding were already placing pressure of agro-processing supply chains before the pandemic.

Now with such economic uncertainty, it is likely that many informal micro, small, and medium enterprises that are critical to food supply chains may go out of business. Misinformation, panic, or unexpected border disruptions could trigger prices shocks.

The challenge for African agribusinesses is that they must operate much higher on the value chain, producing processed goods for domestic consumption and export. Africa is a huge net

5 'Safeguarding Africa's food systems through and beyond the crisis'(Mckinsey June 5, 2020 | Article)

food importer, at the cost of more than [$47 billion in 2018.] Supportive government policies toward food systems transformation can play an important role.

On the other hand, if borders remain open and trade continues to flow reasonably well, countries in Africa could hold up better than economies in other parts of the world because the demand for agriculture products are high.

Retailers in Africa are preparing for the impact of a potential drop in sales due to constraints in both the supply of products and consumer demand, which will affect their liquidity and could lead to job losses. On the positive side, online retailing is a notable beneficiary of COVID-19's impact – the sector has experienced growth as people turn to online shopping to avoid crowded shops or because they are quarantined and unable to leave home.

The Manufacturing sector has been greatly disrupted with reduced output across the continent. A key concern for the manufacturing term in the longer term is will the crisis speed up automation choices. This would have significant consequences for employment in the longer term. Almost half of company bosses in 45 countries (EY global survey) are speeding up plans to automate their businesses as workers are forced to stay at home during the coronavirus outbreak.

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As the economic effects of the pandemic quickly impacted in the second quarter of this year, EBMOs across the region surveyed their members to assess the impact and ascertain how they can respond. ACTEMP specifically worked with seven EBMOs (Comoros, Kenya, Tanzania, Uganda, Burundi, Eswatini and Malawi) in rolling out impact assessment surveys.[6]

The results were startling, if unsurprising.

All firms bar a small minority (4 per cent) were feeling the financial impacts. Over half (52 per cent) said the level of financial impact was high. Ninety per cent of firms stated that they had changed business operations or service delivery. Sixty-five per cent were using loans, grants or savings for business recovery plans. Nearly two-thirds of firms (59 per cent) said they had insufficient funds for recovery. For most firms, cash flow to maintain staff and operations was the biggest challenge (69 per cent) followed by suppliers unable to provide inputs (64%) or raw materials available (55%).

At the time of the survey (Q2 2020), only a quarter of firms had retrenched employees, and a third said they planned to retrench staff. That figure is undoubtedly higher today.

[6] A total of 470 firms were part of the survey, firms were cross sectorial and from a variety of frim sizes.

III. The Impact on EBMOs, new services, finances

All EBMOs across the continent are feeling the impact of the crisis on membership. The economic contraction and decline in enterprise activity has had a direct impact on the income streams of EBMOs. Many EBMOs have experienced or will experience challenges with regards to their membership as companies traditionally cut "discretionary" costs in times of economic downturn.

According to an ILO-ACT/EMP and IOE global survey on the impacts of COVID 19 on EBMOs, some 56 per cent of EBMOs (in Africa – all figures below refer to African EBMOs only) have introduced incentives of some sort to maintain members. Mostly these have been effective. So far (June) (67 per cent reported no significant losses in membership, but some have been badly affected (9 per cent have lost over 30 per cent of members).

However, firms are feeling the economic consequences and many EBMOs expect these losses in membership to increase in the coming months. Eighty per cent of EBMOs expect membership loss in the next 12 months. Ninety-five per cent of EBMOs expect revenue (combined from all sources) to be reduced in the next 12 months. Over half expect staff reductions in this period.

Cuts in revenue from services may also hamper the ability to adapt and reinvent service provision and delivery to new circumstances, thus further reducing the value proposition for membership. All of this is happening at a time when EBMOs need to increase, not decrease their role as the voice of the private sector to decision-makers.

Many EBMOs have too high a reliance on subscriptions from members. Income from training and other services averages only 20 per cent of total revenue sources.

Most EBMOs in the region are now offering virtual advisory, legal and consulting services and most have been able to move some training services to an online platform. Ninety-one per cent of EBMOs in the region have responded by adapting to the new environment, such as offering virtual and online services. EBMOs are also offering "other services" such as guidance and resources on COVID-19, virtual conferences and events to members and non-members alike, free of charge webinars as well as services through social media platforms. For example, the Federation of Kenyan Employers (FKE) launched an online training programme starting with employment contracts in terms of COVID 19 training. Most EBMOs are providing regular webinars. The Federation of Ugandan Employers (FUE) has hosted numerous webinars on COVID themes. It is now a regular FUE service offering.

Regionally the move online is an increasing feature. The SADC Private Sector Forum (SPSF) developed a Compendium of the Labour Laws in the SADC Region as a Labour Law Guide to Labour Laws in the region. The Labour Law Guide is a first-of-its-kind African knowledge platform. It allows users to search for any labour laws by country or legal area, compares laws across and in any two SADC countries. The Guide also features a specific COVID-19 Dashboard featuring regulatory highlights.

However, connectivity and ICT infrastructure remains an issue. Only 25 per cent of EBMOs were operating at a 100 per cent capacity in Quarter 2 of 2020. Forty-seven per cent were operating below 50 per cent capacity. That is deeply worrying and a significant constraint on attempts to move services online.

> *"As the world is getting ready to enter in the post-COVID-19 phases, much lessons have been learnt regarding the importance of digital tools. Going digital is unavoidable. It requires openness, innovation, agility and flexibility. Digitalisation should help us to work in a more efficient manner, with better impact and to avoid unnecessary heavy workload."*

Prof. Mthunzi Mdwaba

Vice President, International Organisation of Employers (IOE)

The vast majority of organisations are looking at the pandemic as both a threat/opportunity to their business model. Fifty-eight per cent will review their strategic approach to membership. Thirty-nine per cent will review revenue sources and structures, and 39 per cent will seek to increase internal resilience measures.

On the positive side, all EBMOs are reporting an increase in their advocacy role and visibility. Their value proposition has increased. Fully 67 per cent report that their leadership role has been enhanced.

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The COVID-19 pandemic is dramatically changing the economic landscape and having a significant impact on EBMOs across our region. The survey results show that most EBMOs have been quick to feel the impact of the crisis, which has forced them to adjust their operations and services. EBMOs anticipate further changes in membership in the short-term and medium to long-term, as a proportion of their members are likely to struggle to stay commercially viable. A large majority of those EBMOs surveyed reported a drop in income and, consequentially, they are taking on cost-cutting measures to counter the loss.

Despite these difficult circumstances, the survey demonstrates that EBMOs are not in a state of paralysis. On the contrary, they are taking the initiative in pulling together all the various parts of the private sector and are proactively leading business in response to the crisis and the recovery efforts.

The evidence so far reveals that EBMOs are agile and responsive to membership needs and are swiftly adapting their services and guidance to address the specific challenges of COVID-

19. Also, EBMOs are making efforts to increase their public visibility in the crisis by intensifying their outreach to members through various communication channels and by partnering with other business organisations to provide joint solutions. The magnitude of advocacy efforts by EBMOs towards the government and relevant stakeholders are evidence of the fundamental role that EBMOs continue to play as institutions that on the one hand put forward policy choices accurately reflect the needs of businesses, and on the other, seek to accommodate the wider expectations of society.

> *"Employers' Organisations are facing significant loss of membership and income due to the financial difficulties that our member enterprises are facing ranging from the risk of insolvency or actual closure. This has made it difficult for them to pay their membership fees. As a result, some Employers' organisations are in a dire financial situation and have been forced to suspend certain critical services and operations to survive. This situation puts at risk our capacity to fully represent the private sector's voice and effectively engage in advocacy and social dialogue. So, the pandemic also poses an unprecedented challenge to social dialogue and tripartism, at the very moment when we need it most in order to chart the path to recovery to build back better in Africa"*

Ms. Jacqueline Mugo,

Executive Director, Federation of Kenyan Employers (FKE)

IV. EBMOs leadership role

Such is the speed of impact caused by COVID 19 dramatic policy choices are being made in days or weeks rather than years. Yet the crisis has shown the vital role the private sector can and will play in its resolution. As the central collective organisation pulling together all the various parts of the private sector, EBMOs have been thrust into key leadership role. This has entailed:

- Disseminating information concerning the crisis to members (e.g. guidance on how companies will be impacted by new laws and new policy realities).
- Influencing policy solutions and highlighting business priorities through close and regular communication with members on what is happening in their businesses/experiences.
- Providing a channel for organised access to decision-makers (providing a collective and empirically sound business voice to the government).
- Making proposals to the government based on real experience on the ground (bringing practical solutions – not problems).[7]
- Deepening collaboration with key stakeholders (now is the time for deeper dialogue with unions).
- Supporting hardship funds to help vulnerable parts of society.[8]

The crisis has highlighted the role of EBMOs in society and provided the opportunity to bring a new value proposition. The crisis in many countries has also deepened the role of EBMOs in decision making processes.

Martin Kingston, Vice-President of Business Unity South Africa (BUSA), outlined this new approach in South Africa. He said the relationship with the government has changed fundamentally since the crisis began. The change is even more fundamental than a step change, and a different type of dialogue is emerging, which needs to be built on. It has been a positive and enabling situation.

According to an ILO ACTEMP/International Organisation of Employers Survey (June 2020) EBMOs across the continent see an increase in their engagement with government. Eighty-

[7] For example, The Private Sector Federation (Rwanda) is part of the newly established Economic Recovery Fund (ECF) that started with an initial RWF100 Billion distributed towards the hospitality sector loan refinancing, businesses in manufacturing (including agro-processing), transport and logistics as well as small and medium enterprises linked to domestic and global supply chains.

[8] For example the Private Sector Federation (PSF) in Rwanda; Business Botswana; Business Mauritius and the *Groupement des Employeurs* (GEM (Madagascar) have all been at the fore of these efforts.

one per cent of African EBMOs say such engagement with government is now "effective" or "very effective". Similarly with unions. A full 76 per cent report "effective" or "very effective" engagement.

This is a time when governments are open to significant policy shifts. In Tanzania, the Association of Tanzanian Employers (ATE) is advocating for tax reforms that perhaps normally would not receive a hearing. ATE has also seen traction on long-standing policy goals. For example, there has been a reduction of Skills and Development Levy (SDL) from 4.5 per cent to 4 per cent of employers' total compensation, a long sought after policy objective.

Major policy decisions have been made quickly and have been shown to be successful. This presents tremendous challenges and opportunities for those organisations, such as EBMOs that seek to influence public policy. Seeking a policy and regulatory change may in the future be different. Not necessarily harder, just different with probably more emphasis on evidence-based policymaking.

V. New visibility and communication role

The pandemic has unquestionably raised the visibility of EBMOs. Across the continent, the presence of EBMO leaders in the media and television is noticeably more prominent.

In times of crisis, people everywhere are seeking greater clarity on the risks they can expect to face and how to minimise them best. They search for reliable information from trusted sources. People have multiple concerns and seek authoritative information to help them make choices about what they should do in the home, community, residential institutions, workplaces, places of religious worship, at sporting events and so on.

One crucial lesson of the response to Ebola is that even the best-designed government response will not work unless people take the mitigating steps that the government recommends. Early outbreaks of Ebola, initially saw misinformation and rumours, which fuelled distrust of formal institutions and led communities to resist acting in ways that were critical to their safety. Eventually, authorities overcame that challenge through insights from anthropologists, who helped adapt the epidemic response to the local context, and through support from the community and faith-based leaders and local organisations.

As the COVID 19 Pandemic takes hold, the business community has increasingly been seen as an authoritative source of information. This is a good example from Business Unity South Africa (BUSA) Board Member Stravos Nicolaou who specifically addresses issues of panic within the wider community and provides reassurance.

Workers place considerably more trust in their employers to accurately communicate the crisis, compared to the government and the media. Workers expect frequent updates regarding coronavirus-related health and workplace policies, according to a new report on COVID-19 by Edelman.[9] This report found that employers are seen as the most credible source for coronavirus-related communication: 63 per cent of global respondents said they would believe the information provided to them by their employers after seeing that information repeated two times, compared to 58 per cent for a government website, 56 per cent for a health company website, 51 per cent for traditional media and 28 per cent for social media.

More respondents (13 per cent) said they would automatically assume coronavirus information provided to them by their employers is true, compared to all other

[9] The study surveyed 1,000 people in Brazil, Canada, France, Germany, Italy, Japan, the Republic of Korea, South Africa, the United Kingdom and the United States, 6–10 March 2020. The report is available at www.edelman.com/research/edelman-trust-covid-19-demonstrates-essential-role-of-private-sector (accessed 15 April 2020).

communications channels with the exception of government websites, which ranked as the most credible channel (14 per cent).

Nearly two thirds (62 per cent) of respondents said they trust their employer to respond effectively and responsibly to the coronavirus outbreak, beating out the government, NGOs, the media, schools and educational institutions and private or government-run health insurance companies. In the ten countries polled—with the exception of Germany and Canada—respondents ranked "my employer" as better prepared for the virus than "my country."

Above all else, in a crisis such as this, EBMOs must *communicate with empathy.* Empathetic leaders express genuine concern and take steps to alleviate suffering where they can. As an EBMO leader, two of the most essential attributes to display are informed awareness and empathy. Below is an example from Sipho Pityana, the President of Business South Africa (BUSA).

> *"We are urging our member organisations to ensure that the President's measures are implemented as speedily as possible, and to increase awareness and positive action wherever possible. The President also referred to the potentially damaging impact on our economy that the COVID-19 virus will have. This will exacerbate the economic crisis we are already experiencing, and business will work with government and labour to pull resources and capacity together to mitigate the economic, health and social risks posed by the virus."*

Multiple approaches are needed to demonstrate clear leadership. Videos and televised addresses can be an effective way to communicate how EBMOs are actively responding to the crisis. For example, the President of the EBMO in Mauritius (Business Mauritius), Vidia Mooneegan, gave a video address on COVID-19. This is another example from Douglas Opio, the Executive Director of the Federation of Ugandan Employers (FUE).

Effective communicating in a crisis characterised by complexity and uncertainty – as is the case with the COVID-19 pandemic – requires a carefully calibrated approach. Week to week, the most relevant messages may change. Today it may be about managing the health infrastructure and responding to an economic recession. Tomorrow it could be about rising social unrest or retrenchments. Each requires a different approach.

The critical thing for each EBMO is to make sure is that its recommendations are repeated and easily understood. Leadership means providing reassurance and communicating, as the old Persian saying says, "this too shall pass". Take this example from the President of the *Seychelles Chamber of Commerce and Industry* Oliver Bastienne.

> *"The Seychelles Chamber of Commerce and Industry believes that, for almost all businesses, this is a temporary event. It is critical at this moment that all parties - the*

government, employers and workers are working together as a collective to overcome this challenging and difficult time."

In the coming months as the economic fallout hardens, many businesses will struggle to survive. EBMOs advocacy efforts will focus on measures designed to protect businesses and to try and keep them financially viable. This requires hard choices and potentially tough medicine.

Explaining the full impact of the crisis and the gravity of the economic situation and not downplaying the consequences is critical (this is an example from the Federation Kenyan Employers). EBMOs across the region have not shied away from bad news thus far realising that people prefer to hear unpleasant truths rather than to be misled.

In the coming months across the region, bad news will sadly become more frequent. EBMOs need to continue to communicate with empathy, compassion and honesty.

VI. Working with Trade Unions

Social partnership has shown in these last months just how invaluable a tool it is. It is doubtful that many of the momentous decisions could have been made without it, certainly not as swiftly or without rancour. The ability of representative organisations of the labour market to mobilise the views of the real economy and put together proposals and solutions in hours and days should not be underestimated. It has been a critical tool in this crisis.

According to an ILO ACTEMP/International Organisation of Employers Survey (June 2020) EBMOs across the continent are seeing an increase in their engagement with union partners. A full 76 per cent report "effective" or "very effective" engagement with unions in responding to the pandemic.

The efforts of social partners can provide social ballast to societies, rocked by the voracity and suddenness of the virus. In all of the chaos, its reassuring see key parts of society pulling as one. Below is a good example of this comes from a joint statement of the Federation of Uganda Employers (FUE) and the National Organisation of Trade Unions (NOTU) which conveys a visible sense of collaboration to the wider community:

> *"As Employers (FUE) and Workers Representatives (NOTU) in Uganda, observe as follows to re-invigorate efforts and commitment of employers and workers in the prevention and control of COVID-19 and ensure that the response is comprehensive, ensuring that no one is left behind, particularly people living with HIV, persons with disability, migrants and peoples in other vulnerable situations."*

Unions and employers have been very active in coordinating activity and getting the policy to work for employers and workers. Take the following example from Uganda.

> *"NSSF (social security) has already agreed with employers to defer payment for three months so that they don't pay immediately. That will reduce the wage bill cost. But if government could delay to recover PAYE and VAT as well, it would allow employers to continue employing people. But if those things are not possible, we will reach a limit where you can't continue to employ when you are not making any money."*

The above is a media statement by Douglas Opio, Executive Director of the Federation of Uganda Employers (FUE). What he showed here was that FUE has already had a policy win (NSSF payments have been delayed); he outlines that this approach worked and asks for further measures based on this approach. More importantly, FUE coordinated the message with the unions (the National Organisation of Trade Unions) who basically said the same thing as the measure would save jobs.

In Kenya, the tripartite partners signed a Memorandum of Understanding (MOU) which recognises the importance of social dialogue and good faith to support and manage both the business and to save jobs during the pandemic. The agreement from an operational perspective is designed to enable flexibility between the parties involved in making adjustments in the workplace such as suspension of collective agreements, pay cuts, unpaid leave and freezing wages. However, its political purpose is to send a message of fairness, collaboration and dialogue.

VII. The Road to Recovery & Prosperity

The coronavirus crisis is an reflection point unique to this generation. It will change economies and societies in ways we cannot yet fully understand. The all-encompassing nature of the crisis is likely to accelerate current disruption trends, such as in politics and economics. This crisis lays bare the interdependencies between business and its environmental, social, technological and governance context. The social contract that underlies societal support for business may shift in the post-COVID-19 environment. Having experienced a new way of living, consumers may alter their habits.

The post-COVID-19 environment will be different, and history teaches us that. All of the major crisis of the last 100 hundred years, be they political, financial, or health ushered in periods of change. Economies will change. New companies will emerge, and older ones will disappear. Take the most recent (global financial) crisis in 2008. The top five companies in 2008 were Exxon, General Electric, Microsoft, AT & T; P&G. Only two of them are in the top ten today.

Following all of the major global crisis (health, political, financial) in the last 100 years, the sectorial makeup of economies changed and new companies and new sectors emerged or expanded. Management consultancy as a mainstream business emerged in the 1920s (McKinsey was formed in 1926); aviation similarly in the 1920s; health and the modern pharmaceutical sector in the 1930s; modern tourism in the 1950s (Best Western Hotels were founded in 1946 and the Holiday Inn followed in 1952); medical innovations flowed from the massive research on HIVAIDS in the 1990s; technological innovation soared in the years following the 2008 financial crash.

There are some early indicators of how the crisis may be shaping longer-term policy assumptions and changing the role of business in society. The global disruption to supply chains caused by the pandemic seems likely to encourage more firms to limit their risk exposure in future. This will result in probably much more use of automation and AI as these technologies can facilitate production of goods closer to the markets they are sold in. This has major implications for employment, particularly in manufacturing.

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What the crisis has shown is that radical choices can be made quickly. The belief that major policy choices cannot be implemented, without very careful (and lengthy) deliberations, study reports, consultations and more consultations has been exposed. The crisis has shown this is not necessary. That "*the impossible is always impossible until its done*" has never seemed so pertinent.

Seeking a policy and regulatory change in the future will be different and potentially more rewarding for those that can present empirically solid arguments. This is an opportunity to present big ideas for the future. Now is the time they may get some traction.

Teleworking can provide more time and end pointless commutes; decrease traffic in our cities, and reduce carbon footprints. Could this help end gridlock in cities like Lusaka, Nairobi and Kampala? Certain elements of teaching can be done through digital platforms, and there is currently a big increase in internet-based education services. Could this widen access to education for youngsters in remote and rural areas? There has been a surge in telemedicine, and as video technology improves, diagnostics such as measuring temperature, heart rate, and blood pressure may be done through a webcam. This could have big implications in terms of widening access to health systems.

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EBMOs are acutely aware of the need to plan now for this emerging future and are in the midst of this process - setting out visions for the future.

In the Seychelles, the SCCI (with ILO support) set out a new **A Framework for Recovery & Prosperity** **(July)**

> *"We needed to have a better understanding of the effects of the COVID pandemic on the external environment, how those changes in the external environment have and will affect Seychellois business, and more importantly how SCCI can respond to that new environment. That formed the basis of our new Framework for Recovery and Prosperity which outlines a vision of how our economy can emerge from this crisis into one that is technologically savvy, based on strong environmental sustainable principles, capable of high growth and inclusivity for all of our people. In the view of the chamber, this is very possible."*

Oliver Bastienne, President SCCI

Importantly SCCI is proposing a new mechanism for Public-Private consultation that can be built around the new framework, one that specifically is designed for the post-COVID policy environment.

Business For South Africa (B4SA) (a group set up by all leading EBMOs in SA and led by BUSA Vice President Martin Kingston) similarly issued a new framework for recovery in July titled "A New Inclusive Economic Future for South Africa Delivering an Accelerated Economic Recovery Strategy".

The recovery plan has synthesised and prioritised 12 key projects and initiatives, from a list of over 50, some of which can be launched immediately and others progressively, across ten high impact sectors. B4SA estimates that implementation of the plan could result in an increased GDP by over R1 trillion (tn), generate 1.5 million (m) jobs, and increase tax revenues by R100 billion (bn) per annum.

At the end of June 2020, Business Botswana presented Private Sector COVID-19 Recovery Plan and the results of the rapid assessment to the Ministry of Finance. The study and plan were developed with the support of the UNDP and the ILO. The plan is the private sector's idea of what it will take to not only restore the economy back to its pre COVID-19 trajectory but rather to move it towards the high-performance path that the Minister of Finance spoke of in his 2020 Budget Speech.

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In the coming period a key focus of SPSF and EAEO, with ILO support, will be developing policy frameworks to drive Recovery and Prosperity. Such frameworks need to be underpinned by a thorough understanding of the effects of the COVID pandemic on the external environment and how those changes in the external environment will affect business.

A vaccination will be developed in the coming 12 months, or if not, increased tools will be developed to help us manage to live with the virus. 2021 will see the return of some degree of normality.

Now is the time for bold thinking and presenting big ideas for the future.