



BUSINESS AND COVID-19

BUSINESS FIGHTS POVERTY

LIVE WEBINAR SUMMARY

26 MARCH 2020

“A lot has been said about the impact on business, but less has been said about the opportunity to really get business into solving the crisis.”

Myriam Sidibe, Handwashing Expert, Senior Fellow, Mossavar-Rahmani Center for Business and Government, Harvard Kennedy School

“If ever there was a time for us to stand up together, to bring whatever we can – whether that is networks, funding, or other assets – now is the moment to do that.”

Zahid Torres-Rahman, CEO, Business Fights Poverty

Business Fights Poverty convened a webinar on 26th March 2020 to deep-dive into the impacts of COVID-19 and what action businesses can take, particularly to support those who are most vulnerable in their value chains and in the communities in which they operate. The webinar was viewed by over 1,000 people, demonstrating the deep desire of many to learn how they can act to lessen the impact of the pandemic on those who will be worst affected. This report summarises the key points, and the full discussion and slide presentations are available [here](#).

CONTEXT

The world is currently faced with an unprecedented humanitarian and economic crisis. The presentation – delivered by Kurt Chauviere and Arvind Govindarajan, both Partners at **McKinsey & Company**, with reaction and commentary from Jane Nelson, Director, Corporate Responsibility Initiative and Myriam Sidibe, Handwashing Expert, Senior Fellow, Mossavar-Rahmani Center for Business and Government, both from **Harvard Kennedy School**, along with Sahba Sobhani, Global

Director, Private Sector, Connecting Business Initiative, **United Nations Development Programme (UNDP)** – gave a detailed picture of the progress of the pandemic and its predicted economic consequences.

At present, China makes up only 0.4% of new cases, and the epicentre of the pandemic has moved to Europe and the USA. Whilst these countries have responded with broad lockdown and social distancing measures to control the spread of the virus, other countries like Singapore, Hong Kong, Taiwan and South Korea have combined extensive testing with localised lockdowns to contain the spread and lessen the impact. China is beginning to relax its lockdown measures, but South America and Africa are bracing themselves for what is yet to come. With some reports suggesting that up to 15% of cases require hospitalisation, the consequences of COVID-19 on even the most advanced healthcare systems have been considerable. For vulnerable countries with weak healthcare and social security systems, the impact of the pandemic is likely to be catastrophic.

THE COMMERCIAL IMPACTS ON BUSINESS

McKinsey predicts that the immediate economic impact will be unprecedented, resulting in an 8-13% reduction in the USA's GDP in the second quarter of 2020. This is a shock far greater than the 2008 financial crash and potentially on a par with the Second World War. Long-term, McKinsey expects global recovery to depend heavily on the effectiveness of governments' economic response, as well as the extent to which the virus can be contained until a vaccine becomes available. By McKinsey's current estimates – which are being continuously updated as new information comes to light – world GDP could recover to pre-crisis levels by the end of the year, or early 2021, in a best-case scenario. On the other hand, if there is a slower or more mixed response from governments, particularly in the West, South America and Africa, and containment proves more difficult, pre-crisis global productivity levels may not return until 2022.

The recovery is likely to differ across geographical regions and sectors, with the hospitality, aviation, retail and travel industries being particularly affected, having seen 80-100% reductions in trade in some areas. We are seeing large companies in need of assistance, but the burden will inevitably be heavier on small enterprises and individual contractors with limited cash reserves. Emerging markets reliant on international exports will be doubly impacted, suffering from both reductions in domestic consumer spending and reduced international trade flows. The long-term structural implications are unknown – but the longer the crisis lasts, the more likely it is that supply chains will be permanently changed and entire industries depleted.

RECOMMENDED CORE BUSINESS ACTIONS

McKinsey suggests that business leaders should think across five horizons as they respond to the challenge (see box 2): **resolve** immediate challenges for workforce, customers, partners and supply chains; improve **resilience** and planning for different scenarios to unfold; the **return** to a degree of normalcy as the crisis plays out; **reimagine** business models to fit the new “normal”; understand how regulatory and competitive **reform** of industries will affect the business. A smooth and effective response will require the creation of dedicated teams to manage issues relating to workforce, finance, supply chain, integration and decision-making, as well as communication to stakeholders. The most effective responses will be strategically designed using reliable data with the big picture in mind. Businesses can gain more insights into how to build their resilience from the [McKinsey & Company website](#).

“We have seen a shock that is unlike any other economic shock in modern economic history. There are going to be very important questions about how we as a society continue to respond and manage ourselves, be that public policy or public health policy, and there are going to be important questions about how businesses can rethink their organisation... In the middle of a shock, there is an opportunity to think about better ways that we as a society can function to protect ourselves and how businesses can guard against another shock in the future to protect ourselves and our workers.”

Kurt Chauviere, Partner, McKinsey & Company

THREE FOCUS AREAS: LIVES, LIVELIHOODS AND LEARNING

Whilst businesses are rightly attending to the crucial question of their own survival and resilience, there are also immediate actions that they can take to protect the most vulnerable in their value chains, workforces, communities, and more broadly.

Jane Nelson recommends that businesses focus on actions they can take to protect **lives, livelihoods** and **learning**. The COVID-19 crisis is not only a health crisis but also threatens the livelihoods of millions of people, particularly those in developing and emerging economies and in the gig and informal economies. Furthermore, the necessary social distancing measures have caused significant disruption to students' education, as well as training and skills development more generally.

THREE LEVELS OF BUSINESS ACTION: CORE, PHILANTHROPY AND POLICY ENGAGEMENT¹

"It is time to put people first even while companies are looking at business continuity and, in many cases, survival."

Jane Nelson, Director, Corporate Responsibility Initiative, Harvard Kennedy School

The corporate responsibility response will differ across sectors, but Jane Nelson suggested three levels of action around which all businesses – and particularly large companies – can coordinate their response:

1. CORE BUSINESS

As businesses take immediate action and make continuity plans to secure their survival, it is important that they prioritise concern for people's welfare, particularly the most vulnerable. This includes the physical and mental health of their employees as well as the financial needs of small businesses in their supply chain – for example, workers in factories, distributors, and small farmers in developing countries. Women and girls, in particular, will be disproportionately affected.

"There is no time to lose – taking action now will reduce the severity of the impacts on the most vulnerable groups."

Jane Nelson, Director, Corporate Responsibility Initiative, Harvard Kennedy School

We are already seeing examples of good leadership in the area of products and services, whether it is businesses increasing production of essential goods and food, or repurposing their factories, labs, hotels, and distribution networks to support the public sector response – for example, beer companies are switching production lines to make hand sanitiser, and textile companies are producing vital masks for personal protective equipment (PPE). Information technology companies are adapting digital platforms to help remote working and education initiatives, and businesses are deploying their marketing capabilities to share public health messages. One example is the partnership between [WHO and FIFA](#).

At this time of instability, companies can also shore up their ethics and compliance functions, in particular making sure that anti-corruption procedures are in place to prevent bad actors exploiting the crisis for personal gain.

¹ This Response Framework is elaborated in a paper published separately by Business Fights Poverty, with the Harvard Kennedy School Corporate Responsibility Initiative:

<https://snipbfp.org/C19ResponseFramework>

“Many companies are thinking about how do we harness our core business operations and capabilities and networks, [asking questions such as] how do we really engage in our communities, and, how do we take a different approach to lobbying and policy dialogue [to] support people generally and the most vulnerable in particular?”

Myriam Sidibe, Handwashing Expert, Senior Fellow, Mossavar-Rahmani Center for Business and Government, Harvard Kennedy School

2. PHILANTHROPY

COVID-19 requires an unprecedented global humanitarian response. Businesses can support existing public sector and non-profit organisations who are already working in the most vulnerable communities to provide access to handwashing facilities, public information and healthcare. Many companies are already donating products and funds to increase the availability of medical supplies, PPE and food in those areas which will be hardest hit.

In addition to donations, businesses can enable their employees to volunteer critical skills – for example, in the health sector, qualified employees can contribute to research and volunteer in local hospitals and clinics. Additionally, businesses can leverage their talent, particularly in media and communications, to support NGOs and public health campaigns. Often, employees who are now working from home are keen to make a positive contribution.

3. POLICY ENGAGEMENT

Businesses are strategically engaging with government and public sector bodies on the content of the economic and social packages that are required to protect livelihoods. This can be done individually, but also through business associations and industry groups. There have been encouraging examples of businesses acting as advocates for the millions who are losing their jobs and speaking out on the need to support not just employees but also independent workers, thereby influencing governments' initial response to the crisis. Businesses can also play a role in drawing attention to the possible unintended consequences of proposed policies.

Longer-term, all our panellists raised the need to reimagine new approaches to business and society, and to create more resilient and inclusive financial, health, education and energy systems. The crisis is testing our commitment to move towards more inclusive models of stakeholder capitalism and to deliver on the calls to action to provide businesses with sustainable purpose and to meet the Sustainable Development Goals. Businesses will need to come together with governments to engage in these policy questions, to rethink some of the fundamental assumptions on which our businesses and public policies are based. Alongside this public policy engagement, businesses can review their own business models, utilising existing frameworks which place people at the heart of business, such as the [UN Guiding Principles on Business and Human Rights](#).

Looking to the future, Sahba Sobhani of UNDP suggested: *“As we shift towards resilience, recovery and reimagination, [business must] come together with government at a national or city level. [We must consider] what do more resilient financial, health, energy, and education systems look like? What does the future public-private partnership look like to get back on course to economic growth and achieving SDGs?”*

FORM LEADERSHIP COALITIONS TO MEET THE NEEDS OF THE VULNERABLE

This unprecedented crisis calls for business to build on existing networks and build leadership coalitions dedicated to protecting lives, livelihoods and learning for the most vulnerable, in partnership with the public and non-profit sectors. In particular, these coalitions can concentrate on delivering public health messages and on ensuring that critical supplies are available to those who need them.

As Myriam Sidibe pointed out, it is essential that vulnerable populations are reached with the message of prevention and behaviour change because their public healthcare systems will not be able to cope with a pandemic. She advised that these campaigns must be realistic to the actual living situations of the poorest of the poor, as well as being consistent with, and supportive of, government public health information. It should also be delivered in the local language or vernacular and communicated in new and surprising ways to maintain public interest in the longer term. According to Kurt Chauviere, the role of the private and not-for-profit sectors may be particularly important in delivering messages that people trust, as data shows there are varying degrees of trust in government sources.

People in low-income urban settings in Africa, for example, may be living eight to a room, without access to clean water or soap, living day-to-day with no financial security. In this situation, it may be impossible for them to follow public health guidance without support. Businesses must ask how their actions can be even more inclusive, ensuring that the poorest have access to vital products to maintain good hygiene practices and that people can socially distance without suffering starvation or increased social insecurity as a consequence. This involves ensuring the resilience of critical supply chains and local distribution networks so that essential products continue to be available to those who need them most. This applies not only to handwashing facilities but also to food packages, blankets, medical supplies and community-level support workers. Businesses

can partner with local NGOs, such as Amref or the Red Cross, who understand the local context and have existing relationships with vulnerable people.

In addition, there are opportunities for business to help buttress the healthcare systems in the most vulnerable countries, for example through the multilateral response led by WHO, who are delivering laboratory equipment and supplies and developing the humanitarian response plan in conjunction with UNDP.

CASE STUDY:

KENYAN NATIONAL BUSINESS COMPACT ON COVID-19

Spearheaded by Myriam Sidibe, the Kenyan National Business Compact on COVID-19 is a national business coalition campaign. It brings together businesses that produce essential hygiene products to protect vulnerable populations in Kenya from the spread of COVID-19.

It has already mobilised almost US\$1 million in donations – both financial and in kind – to scale up public information campaigns around handwashing and transmission of the virus, as well as providing handwashing facilities and support to local communities.

If your business has links to Kenya and you would like to get involved or make a donation, please contact

team@businessfightspoverty.org

CASE STUDY:**CONNECTING BUSINESS INITIATIVE (CBI)**

CBI is a multi-stakeholder initiative transforming the way business engages before, during and after natural and manmade disasters and humanitarian crises to create more resilient communities, increase local capacity and alleviate human suffering, from the United Nations Development Programme (UNDP) and the United Nations Office for the Coordination of Humanitarian Affairs (OCHA).

For example, in the Philippines, the initiative convenes a business-led coordination body to address key gaps in disaster risk management and to complement the government in areas where it was restricted by limited capacities, budgetary constraints and/or bureaucratic challenges.

More information on how the CBI Secretariat and CBI networks are engaging in the COVID-19 response is available here: [COVID-19 response by CBI supported networks](#). If you are interested in the work of CBI please contact Karen Smith, CBI Programme Coordinator at smith3@un.org

GET INVOLVED

The COVID-19 crisis has placed companies and workers under enormous personal and professional pressure. However, there are many encouraging examples of individuals and businesses taking action on a local, national and global basis to try to lessen the impact on the world's most vulnerable people. Here at Business Fights Poverty, we are reaching out to our network to gather knowledge and insight from across different sectors and geographical contexts, to share best practice, and to provide practical guidance to help the private sector support the enormous efforts of governments, public sector institutions and the non-profit sector at this deeply worrying time. Can you share your experiences with us, or do you have urgent questions on this topic? To discuss, contact team@businessfightspoverty.org

THANKS

We are extremely grateful to all our panellists for the generous sharing of their time and expertise:

Kurt Chauviere, Partner, McKinsey

Arvind Govindarajan, Partner, McKinsey

Jane Nelson, Director, Corporate Responsibility Initiative, Harvard Kennedy School

Myriam Sidibe, Handwashing Expert, Senior Fellow, Mossavar-Rahmani Center for Business and Government, Harvard Kennedy School

Sahba Sobhani, Global Director, Private Sector, United Nations Development Programme (UNDP)

Moderator: Zahid Torres-Rahman, CEO, Business Fights Poverty

NOTE:

Please refer to this summary in the context of the full webinar and accompanying slides. These resources can be accessed here:

https://snipbfp.org/COVID19_REC01

HERE AT BUSINESS FIGHTS POVERTY, WE ARE REACHING OUT TO OUR NETWORK TO GATHER KNOWLEDGE AND INSIGHT FROM ACROSS DIFFERENT SECTORS AND GEOGRAPHICAL CONTEXTS, TO SHARE BEST PRACTICE, AND TO PROVIDE PRACTICAL GUIDANCE TO HELP THE PRIVATE SECTOR SUPPORT THE ENORMOUS EFFORTS OF GOVERNMENTS, PUBLIC SECTOR INSTITUTIONS AND THE NON-PROFIT SECTOR AT THIS DEEPLY WORRYING TIME.

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