

## BACKGROUND NOTE: SPSF/EAEO/ILO WEBINAR 19 AUGUST 2020

### “DEVELOPING POLICY FRAMEWORKS FOR RECOVERY AND PROSPERITY FROM THE COVID 19 PANDEMIC”

#### I. The Economic Impact of COVID 19 on the Private sector

As the economic effects of the pandemic became more apparent in the second quarter of 2020, Employers and Business membership Organisations (EBMO) across the sub-region surveyed their members to assess the impact on businesses and how they have responded. ACTEMP worked with seven EBMOs (Comoros, Kenya, Tanzania, Uganda, Burundi, Eswatini and Malawi) to roll out the surveys<sup>1</sup>. The results were startling, if unsurprising:

- A vast majority (96 per cent) feel the financial impacts of the pandemic.
- 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 per cent) or raw materials available (55 per cent).

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

#### II. The Impact on EBMOs, new services, finances

All EBMOs across the continent feel the impact of the crisis on membership. The ILO ACTEMP/International Organisation of Employers [Survey](#) (June 2020) on the effects of COVID 19 on EBMOs, and the findings in Africa suggest:

- Fifty-six per cent of EBMOs have introduced incentives of some sort to maintain members and these appear to be effective.
- As of June 2020, 67 per cent reported no significant losses in membership, but some have been severely affected (9 per cent have lost over 30 per cent of members).
- Eighty per cent of EBMOs expect membership loss in the next 12 months as the economic consequences become more pronounced.
- Ninety-five per cent of EBMOs expect reduced revenue (combined from all sources) in the next 12 months as there is a high reliance on subscriptions from members.
- Over half expect staff reductions in this period.

Most EBMOs in the region are now offering virtual advisory, legal and consulting services and have been able to move some training services to online platforms. 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,

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<sup>1</sup> A total of 470 firms were part of the survey, firms were cross sectorial and a variety of firm sizes.

virtual conferences and events to members and non-members alike, free of charge webinars as well as services through social media platforms.

However, connectivity and ICT infrastructure remain 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.

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. An increase in their value proposition and leadership role is reported (67 per cent).

### III. EBMOs leadership role

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. 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-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. 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.

### IV. 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.

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.

### V. The Road to Recovery & Prosperity

A key focus of SPSF and EAEO, with ILO support, will be developing policy frameworks to drive Recovery and Prosperity. A thorough understanding of the effects of the COVID pandemic on the external environment and how these affect businesses need to underpin these frameworks. 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.

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

## VI. Agenda:

### **Welcome and introduction**

Nardos Bekele-Thomas, the UN Regional Coordinator for South Africa

### **Session One: EBMO Experiences in Developing Policy Frameworks for Recovery and Prosperity:**

- a. **The South African Experience**  
Cas Coovadia, Chief Executive Officer, BUSA
- b. **The Seychelles experience**  
Oliver Bastienne, President Seychelles Chamber of Commerce
- c. **International experiences**  
Phil O'Reilly, Chairperson, Business & Industry Advisory Committee to the OECD
- d. **Questions and Answer**

### **Session Two: Tools and resources that EBMOs can use to develop policy frameworks for Recovery and Prosperity**

This session will present new tools and methodologies developed by the ILO to assist EBMOs in the development of policy frameworks.

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