



BUSINESS FIGHTS POVERTY

BUSINESS AND COVID-19:

SUPPORTING THE MOST VULNERABLE

with  **HARVARD Kennedy School**
Corporate Responsibility Initiative

THE NOVEL CORONAVIRUS (COVID-19) PANDEMIC IS CREATING THE WORST HUMANITARIAN AND ECONOMIC CRISIS IN A GENERATION, THREATENING THE LIVES, LIVELIHOODS AND LEARNING OF PEOPLE AROUND THE WORLD.¹ GOVERNMENT LEADERSHIP IS CRUCIAL, BUT COMPANIES AND CIVIL SOCIETY ORGANIZATIONS ALSO HAVE A VITAL ROLE IN WORKING TOGETHER TO RESPOND TO THE IMMEDIATE CRISIS AND DEVELOP PLANS FOR LONGER-TERM RECOVERY AND RESILIENCE. THIS INCLUDES THE URGENT NEED FOR CONCERTED ACTION TO SUPPORT THE MOST VULNERABLE PEOPLE.

COVID-19 poses risks for everyone and the impacts across all aspects of life will be profound and long-lasting for every segment of society. They are especially serious for those who are most vulnerable: the elderly and those suffering from underlying health conditions; those with poor access to affordable health services, insurance or savings; those in low-income, informal and insecure jobs or independent workers; and those who are providing healthcare and other essential services.

The human costs are already scaling rapidly across the most advanced economies, and the human toll in less developed economies with weak health systems and institutions, and lack of social safety nets is likely to be devastating.²

Government leadership at every level – multilateral, national, regional and local – will be the deciding factor in how effectively the immediate humanitarian and economic crisis is managed, and in supporting longer term recovery and resilience. At the same time, business and civic leaders have a vital role to play, both individually and in partnership with others, even as many of them are having to focus on addressing their own operational continuity, financial and supply chain resilience and other systemic risks and challenges.

From a company perspective, the corporate responsibility to respect human rights is more essential than it has ever been. This includes protecting the health, safety and livelihoods of direct employees and supporting the company's most vulnerable stakeholders among its customers, workers and small business partners in its value chain, and its communities. The UN Guiding Principles on Business and Human Rights offer useful guidance.³

There is also an urgent need for companies to identify and scale up innovative solutions, through their core business capabilities and operations, philanthropy and social investments and their engagement in policy dialogue and helping to strengthen institutions. **This paper sets out a COVID-19 Response Framework for how business can support the most vulnerable.**

IMPACTS

There are three main areas where the pandemic's impacts on people will be most felt.⁴ In each, there will be short-term personal, family and community crises and loss, but also long-term scarring effects that could last generations without public and private support to increase resilience. Across all dimensions, there will be a disproportionate impact on women.

LIVES: HEALTH AND SAFETY

The EIU estimates that “the virus will infect around 50% of the world population; 20% of the cases will be severe, and 1-3% will result in deaths.”⁵ Most at risk are older adults and those with an underlying health condition such as lung disease, diabetes or heart disease.⁶

There are substantial health and safety risks for healthcare workers, first responders and other workers providing food, transportation and essential services, many of whom are working exhaustingly long hours in stressful circumstances and with limited personal protection equipment.

There are social and psychological impacts, from social stigma to the sense of community disconnection due to forced isolation and social distancing measures. This is likely to have a direct effect on mental health issues, and will be felt hardest by those who do not have the technology to stay connected to friends and family. The elderly are at particular risk of isolation, given the higher risks to them of social contact. There are also concerns that stay-at-home orders could increase the incidence of domestic violence.

A particular challenge is the prevalence of health myths and non-credible information sources that are adding to public confusion.

LIVELIHOODS: JOBS AND INCOMES

There will be widespread economic and business disruption.⁷ As a growing number of countries implement national lockdowns and international and domestic travel restrictions, hundreds of millions of livelihoods will be impacted.⁸ This will hit all businesses, though some industries, such as hospitality, aviation, tourism, and insurance will be particularly affected.⁹ Small businesses, that typically face high cash flow risks, will face very real threats of collapse.

**BOX:
IMPACT ON SMES**

SMEs are the backbone of economies. They represent about 90% of businesses and account for more than 50% of employment worldwide.^{10,11}

COVID-19 will severely impact SMEs.¹² SMEs typically have very limited cash flow reserves, often less than two months, and for the smallest, as little as two weeks even in large economies like the US¹³ and China¹⁴. Even a temporary disruption to cash flow could prove catastrophic for these businesses.

A growing number of governments have introduced temporary income protections for small businesses and workers.¹⁵ These are part of some of the largest national rescue packages in history. However, in countries with seriously constrained national budgets, weaker social protection systems and/or a large informal economy, small and micro businesses and workers are at significant risk. The ILO estimates that in Africa, 85.8% of employment is informal, with the proportion at 68.2% in Asia and the Pacific, and 68.6% in the Arab States. For workers, this means no social protection or rights at work, and for businesses, a lack of access to most forms of emergency finance.

SMEs in emerging markets and developing countries are those most vulnerable in the event of an economic catastrophe. Small businesses that operate stores or cash models are not able to transition to remote working. Even if they close their doors temporarily, it can have a devastating social impact. Al Jazeera reports, for example, that in India, “the government has urged people to work from home. But that is not an option for around 81 percent of India’s workforce, comprising daily wage earners and the self-employed who have no paid leave, sick leave or other benefits to fall back on when demand for their goods and services dries up.”¹⁶

BOX: GENDER IMPACTS

COVID-19 is likely to impact women and girls disproportionately.

- In 104 countries analysed by the WHO women made up 70% of workers in the health and social care sector, exposing them to greater risk.¹⁷ In Hubei, for example, women make up more than half of the doctors and 90% of the nurses.¹⁸
- Health resources which are normally allocated to reproductive health are likely to go towards emergency response, leading to an increase in maternal, neonatal, and stillbirth deaths.¹⁹
- In the wake of a sustained emergency and 'stay at home' regulations, intimate partner violence is expected to rise. In the UK, for example, Avon and Somerset police reported a 20.9% increase in domestic abuse incidents during the first two weeks of lockdown.²⁰
- Workers in the garment industry, 80% of whom are women²¹, in countries like Bangladesh, Cambodia and Vietnam, are facing destitution as factories close in the face of collapsing demand.²²
- The future education and livelihoods of young girls can also become threatened.²³ Studies show that during the Ebola outbreak in Sierra Leone an increase in adolescent pregnancies were widely attributed to the closure of schools.²⁴
- Closing schools means many working parents have no other choice than to take time off or try to work while caring for their children. This affects women in particular as they still bear much of the responsibility for childcare.²⁵ Women carry out three times more unpaid care work than men.²⁶
- As the main carers of family relatives that may fall ill, women are placed "at higher risk of exposure as well as sacrificing their time".²⁷

This has implications for all workers, especially those who cannot work remotely, by virtue of the nature of their work or through lack of access to the digital technology to do so. Hourly, gig economy and other independent workers, with no employment security or access to paid sick leave, will be severely impacted.²⁸ We are also seeing devastating impacts on migrant workers.²⁹

LEARNING: EDUCATION AND SKILLS

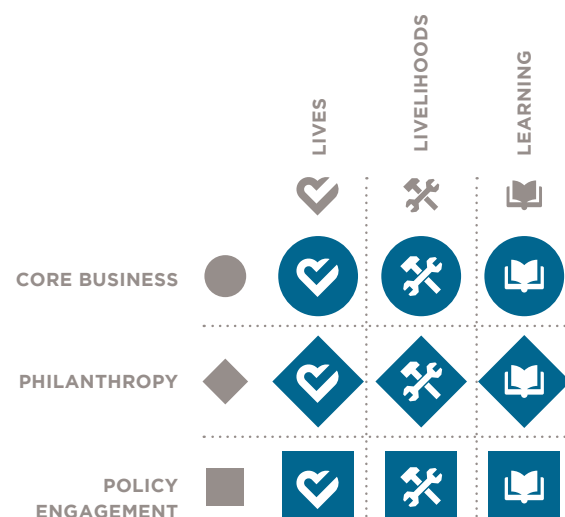
Governments have implemented school closures nationwide in over 130 countries, leaving more than a billion students out of school.³⁰

While remote education is an option for those with digital access, even for these students online learning may be classified as "enrichment" rather than be a graded part of the curriculum.³¹ This will have direct impacts on children's learning and well-being, as well as on their parents' ability to work.³²

Universities are also closing, with disruptions to the nature and quality of learning and research. Meanwhile, restrictions on gathering size have forced large meetings, conferences and training events to be cancelled, with knock on effects for professional training and networking.

BUSINESS ACTION

Businesses have a vital and urgent role to play in each of these impact areas, through their core business capabilities and activities, philanthropic donations and volunteering, and policy engagement, advocacy and support for institution strengthening. This can be visualised as a three-by-three matrix:



ACTIONS	LIVES: HEALTH & SAFETY 	LIVELIHOODS: JOBS & INCOMES 	LEARNING: EDUCATION & SKILLS 
 CORE BUSINESS <i>Put people first. Identify vulnerable stakeholders in the company's operations, value chain and communities, identify the most salient human rights and economic risks they face and develop plans to address these through enhanced policies, processes, products, services, technologies, financing mechanisms and business models.</i>	 Ensure health and safety of employees and customers, and regularly share information among employees, suppliers and distributors. Increase existing or surge production and/or repurpose manufacturing facilities to produce essential health supplies, such as face masks, hand sanitizer and ventilators. Leverage and repurpose other corporate capabilities and assets such as laboratories, logistics and distribution networks and convert hotels and restaurants to produce and deliver essential products and services. Use brands and marketing to spread public health messages that promote consumer awareness of preventative measures, such as handwashing and social distancing, and provide accurate and up-to-date health information.	 Extend access to paid sick leave, support remote working, and support hourly employees, contractors and factory workers financially. Support small scale suppliers, such as through changing payment terms and conditions to address short-term cash flow issues. Increase accessibility to essential products and services that impact livelihoods, by reducing prices, loosening usage or financing terms, offering flexible refund policies and waiving late fees. Maintain rigorous ethics and compliance systems to limit increase in price gouging, counterfeiting, corruption and other unethical activities that most damage smaller businesses and low-income consumers.	 Adapt learning content and resources to new digital formats. Increase access to digital learning platforms and video-conference technology. Move learning and networking events to an online setting.
 PHILANTHROPY <i>Explore ways to leverage corporate philanthropy, employee engagement and social investment to support the most vulnerable and ensure that community voices are heard.</i>	 Provide flexible, emergency or unrestricted support grants to nonprofit organizations working on the health crisis and other social challenges at the community level, such as food banks and shelters. Provide free products and services to hospitals, health workers. Support employees who have medical expertise and other relevant skills to volunteer. Explore support for employee giving programs and online funding platforms.	 Provide cash grants or emergency loans to small businesses or workers. Provide funding to organizations supporting small businesses. Provide grants to organizations supporting low-income and at-risk populations.	 Provide free access to learning content. Provide free access to learning platforms. Support organizations that train and empower teachers.
 POLICY ENGAGEMENT <i>Engage in policy dialogue, awareness raising and institution strengthening partnerships to support those who are most vulnerable.</i>	 Support government efforts to collect data and disseminate evidence-based information on health. Contribute directly or help to finance essential health R&D. Engage with governments to understand and mitigate food security risks alongside health risks.	 Advocate for governments to support better workers' protection, small businesses and social safety nets as part of economic support packages. Advocate for continued trade and open borders for essential products and services.	 Work with governments and other partners on supporting teacher training and ensure that low-income households and students have better technology access.

A growing number of companies are stepping forward with initiatives across the matrix. Specific actions and contributions vary depending on industry sector, size and location, but many companies are implementing a comprehensive approach that is both agile and adaptive as the crisis unfolds. New public-private funding mechanisms are also being established at the local, national and global level. Two key global examples are the COVID-19 Solidarity Fund,³³ managed by the United Nations Foundation, and the United Nations' \$2 billion appeal³⁴ to tackle coronavirus in the most vulnerable countries.

While the immediate focus is on crisis management and response to meet the most urgent needs of those affected, attention will need to turn in the near future to options for recovery and to rebuilding and strengthening

resilience.³⁵

In all cases, effective business action will require coordination and partnership with other businesses, civil society leaders, trade unions, medical and health professionals, regional and national governments, and in many countries, UN agencies, bilateral and multilateral development finance institutions and humanitarian NGOs.

At the country level, this will involve working through existing Chambers of Commerce, business leadership roundtables and industry associations or through establishing business-led COVID-19 taskforces to serve as a coordinated business voice for working with government and civic leaders to identify public priorities and combine the public and private resources needed to address them.

GET INVOLVED

This paper is intended to support a process of rapid shared learning and co-creation. We hope that it will provide a useful framing for practical conversations, and will inform coalition building and local action.

The paper forms one part of a wider response that we are convening to crowdsource and share best-practice examples and insights from a variety of companies, industry sectors and countries. It is accompanied by an active program of online events and virtual peer group convenings.

We are developing a live database of business case studies, mapped across the Response Framework, as well as topic- and sector-specific practical toolkits to guide immediate and longer-term decision-making.

We are working with an international coalition of partners, businesses and business networks.

This includes the UK *Department for International Development*, the *UNDP Business Call to Action*, and *Business Partners for Sustainable Development*, an initiative of the US Council for International Business (USCIB) and the USCIB Foundation. We are supported by a core group of companies and are partnering with a wide range of expert organisations and networks.

The work is grounded in local action, and we are connecting into national coalitions. This includes the Kenyan National Business Compact on COVID-19 that is developing a unified communication platform on hand washing and other measures to stop the spread of coronavirus, as well as a flexi-fund to support government-prioritised community activation. Our aim is to facilitate and learn from local action.

We invite other individuals, businesses, civil society organizations, government agencies and networks to get involved to scale this collective effort to drive global learning and local action.

We invite you to get involved at <https://snlpbfp.org/coronavirus>

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Endnotes

- 1 The framing of impacts set out in this paper builds on the “Lives” and “Livelihoods” frameworks set out by McKinsey (<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/safeguarding-our-lives-and-our-livelihoods-the-imperative-of-our-time>) and the World Economic Forum (<https://www.weforum.org/whitepapers/outbreak-readiness-and-business-impact-protecting-lives-and-livelihoods-across-the-global-economy>)
- 2 <https://www.undp.org/content/undp/en/home/covid-19-pandemic-response.html>
- 3 See for example Shift (<https://www.shiftproject.org>) and The Institute for Human Rights and Business (<https://www.ihrb.org>).
- 4 The Business and COVID-19 Response Framework presented in this paper on opportunities for business engagement on supporting vulnerable stakeholders was developed by Business Fights Poverty and Jane Nelson, Director, Corporate Responsibility Initiative, Harvard Kennedy School as part of the Business Fights Poverty Business and COVID-19 Response (<https://snipbfp.org/coronavirus>) and is based on the original framework developed by Jane Nelson.
- 5 <https://www.eiu.com/n/novel-coronavirus-outbreak/>
- 6 <https://www.cdc.gov/coronavirus/2019-ncov/specific-groups/high-risk-complications.html>.
- 7 <https://www.mckinsey.com/business-functions/risk/our-insights/covid-19-implications-for-business?cid=soc-web>
- 8 <https://www.ft.com/content/d9ec9aed-6553-4fef-84ed-8a6809e59a46>. See also: <https://www.weforum.org/agenda/2020/03/u-s-jobs-at-risk> and <https://www.mckinsey.com/business-functions/risk/our-insights/covid-19-implications-for-business>
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- 14 <http://www.oecd.org/cfe/COVID-19-SME-Policy-Responses.pdf>
- 15 See for example, for the UK (<https://www.gov.uk/government/news/chancellor-announces-workers-support-package> and <https://www.gov.uk/government/news/chancellor-gives-support-to-millions-of-self-employed-individuals>); for other European countries (<https://www.weforum.org/agenda/2020/03/covid-19-quarantine-sick-pay/>); for the USA (<https://www.theguardian.com/world/2020/mar/26/us-coronavirus-stimulus-all-you-need-to-know>)
- 16 <https://www.aljazeera.com/ajimpact/indias-looming-battle-save-workers-coronavirus-200325043906292.html>
- 17 <https://www.cgdev.org/blog/how-will-covid-19-affect-women-and-girls-low-and-middle-income-countries>
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