
COVID19

Building Hope while Managing Fear

An up-to-the minute comment from the CEO Summit Secretariat:

A call to action

Amidst this tumultuous time, our joint historic mission is to solve both the human to human transmission of the virus through containment and adjust the economy for a new global order.

Youth unemployment

The pandemic has found us all at the same time in the grip of the locust invasion among others while recovering from the revised GDP growth rates downwards from 6% to 5.2%. The global price of crude oil has stepped to lowliest of the tons at \$ 20 per barrel. The last time the crude oil price fell this low was in the 1770s.

Emergency response on COVID 19 pandemic

Corona is the Latin word for “**Crown**”. Scientists have told us that they called the pathogen **Corona** because of, - irony of ironies It has a graceful crown like look under the microscopes.

Whatever happens, we shall defeat this COVID19- not out of misplaced optimism. Informed analysis highlights the challenging decisions faced by Governments in the coming weeks and months-but demonstrates the extent to which **rapid, decisive** and collective action now could save millions of lives.

Man has defeated such epidemics before and will do so this time around. The epidemics have terrorized and devoured us but we have finally prevailed. Examples of past pandemics:

- The Black death : of Great plague – (1347-13511)
- The Spanish Flu (1910-1920)
- Ebola (2013 – 2016)
- Sars and Avian flu in addition to small pox



Its imperative to note that every crisis yields new opportunities. Nevertheless, this Corona virus calamity will leave us Smarter, Wiser and Humbler than before.

With all our science and super technology;- the 4IR; our heightened feelings of omniscience and omnipotence have been flattened by a small tiny insect. As Steven Magee said, *“I would never have thought a mutant flu virus could crash the global stock markets.”*

The uncertainty of tomorrow about our health and safety and of our loved ones is at stake!!. The Government has been, by Ugandan standards, quite impressive. The media has exceeded itself in disseminating timely and accurate headship.

The religious folks too have sourced and communicated a valuable spiritual war chest while our health workers in all corners of the country have given all their best in responsible and effective detection, treatment and tracking of the virus.

As we all know, a lot has been done –much more remains to be done.

Everything in the Economy is changing; there are well founded fears of a severe economic down burn. Businesses are gripping in a deathly swing; extended lockdown as a real possibility and jobs will be lost. People need money to spend, to save and to invest.

Sustained livelihoods are a key to getting people out of poverty for equitable and inclusive growth. Our rural folks are most vulnerable given the adversely disrupted supply lines which power for instance agricultural production, productivity and processing.

The key question to this evolving shutdown to our economically inter connected networks which props up our fragile economy is, ***“how long this virus will take and what the full measures of Uganda’s big four impact will be to Agriculture? Agro based manufacturing? Services and Tourism? and ICT?”***

[Emergency response to secure livelihoods](#)

The path to the next normal:

The enormous energy that has been invested in suppressing the virus needs now to be vigorously demonstrated in preventing the worst economic cases of this pandemic:

- Can the treasury realign the National Budget to consider **Universal Basic Income (UBS)** as a first step to protect lives and livelihoods during and beyond COVID19.



UBS involves giving Citizens cash payments each month to spend however they see fit often in addition to retirement benefits. The question then is:

- who should UBS Cover if implemented?
- Will it include those who live below the poverty line?
- What about those who have recently been rendered jobless, who have been living from paycheck to pay check?
- What will be the mode of disbursement and identification of the individuals?

Unprecedented times call for unprecedented actions! Our priority focus should be the vulnerable groups who are really holding up our economy and not necessarily businesses because they provide aggregated demand.

Pastors, Imams, Sheikh, Church Ministers, Bishops, Vicars, Rabbis, Priests, Church Elders, Deacons, Canons, Cardinals, Nuns and Parish Clerks must now use their influence to speak with one voice and use every resource available and accessible to use the words in Mathew 28:19 “Go ye and teach all nations.....***That there is life beyond COVID19!***”

As Adam Smith said, ***“as long as gatekeepers run on empty, those who occupy the palace can never be at ease in their sleep.”***

Emergency response commitments to COVID 19’s GDP impact

Leaders from the public, private and civil society as well as public experts and practitioners need to come together, work together and stay together in order to conceive and rigorously execute a fivefold draft of measures namely:

1. Reinforce what Banks and telcos have already done in the money transfers and payments space to cushion their customers including fee reduction and loan restructuring – a vital movement towards cashless.
2. Strengthening the digital economy – experts confirm that a 40-50% drop in discretionary spending translates to a roughly 10% increase in GDP. This is unprecedented – almost historically unimaginable.



3. In line with number 2 above, discourage layoffs and instead opt for negotiated pay adjustments. The last thing anyone needs now is loss of a job! We urgently need broad employee consensus with trade unions; professional associations to be aware, to understand and support the full implications of this transition into the ***Next Normal***.
4. Ministry of Finance and Bank of Uganda to consider relaxing the monetary policy to stimulate flow of affordable capital into Uganda's Health care and the Big four; this will help in resuscitating the economy. Joint support from the public and private sector is needed in order to curb uncontrolled spikes and stem the inflationary trade.
5. URA should selectively institute tax deferment especially PAYE for SMEs and other critical practitioners in Uganda's big four sectors for example Agriculture, Healthcare, Agro-based manufacturing, Tourism, Services and ICT. Uganda's major trading partner China is on the rebound.

The road map ahead

An Inter-disciplinary National Emergency Response Team (NERT) ought to be setup (not more than 10 members). The NERT will be mandated to:

- Keep updating scenarios.
- Build socially desirable, financially viable and technically feasible recovery policy options.
- Periodically reassess and realign measures that reinforce agreed upon actions- to ease lockdown to sustainable levels.

“Governments, the Private sector and development institutions need to double down on their already proven resolve - and expand existing efforts to safeguard economies and livelihoods across Africa”McKinsey April 2020 (Tackling COVID19 in Africa)

Safe guarding lives. The Nerve centers of livelihoods.

- This could be the most abrupt shock to the global economy in modern history.



- There is a real risk for our lives and our livelihoods to suffer permanent and possibly irreversible damage from this crisis.
- While we must take action to control the speed of the virus and save lives vigorously, we must also take action to protect livelihoods.
- Dynamic interventions by the National Response Team could help us get most people back to work and get everybody's lives back on track.
- Reports to the president H.E for action should be as prompt as can be.

1. Should we create a Solidarity Fund to deliver a Strategic Multi sectoral Approach to:
 - respond to the emergency by providing new and additional financial and material resources to curb the Pandemic?
 - support a fragile public health care system in the prevention, surveillance and treatment of COVID 19?

Prevention, testing and Clinical management are extremely costly. Hence the Captains of Business and Industry can take leadership like some have already commendably done to raise cash and materials to support Government efforts. Together, we can do more.

Global Philanthropists such as Jack Ma of Alibaba have donated testing kits and masks and Mike Bloomberg has donated 40 million dollars to developing countries to manage the plague. There is spread of goodwill in the country, but we need structures to collect, use and account for all donations. Structures that will harness more resources.

President Cyril Ramaphosa of South Africa has just done that and so has President Museveni who has and continues to encourage patriots with big pockets and large hearts to step forward for recognition in this crisis.

In south Africa, two billionaire families i.e. the Rupert and Oppenheimer families each have contributed in excess of 150 billion to the National Solidarity Fund.

Tonny Elumelu, a Nigerian economist, entrepreneur, and philanthropist has already donated to Uganda 150,000 USD.

In the addition to the above, we still need aggressive investment into testing equipment, ICU beds, ventilators and respirators. We need to reinforce professional capacity in surveillance and tracking people who have interacted with those who have tested positive.



2. Can we Reinforce, Strengthen the Digital Economy through Social and Mobile technologies for instance in our Education system, Judicial system, Financial services?
3. How do we incentivize those who live at and below the poverty line, the hand to mouth group and the vulnerable SMEs?
4. Wont we need a massive Marshall Plan similar to the one of post-World War II, Europe?
5. Without steady FDI's, tourism revenue and diaspora interest, how can import substitution, Agricultural production, Productivity and processing support the Marshall plan mentioned above?
6. Shouldn't speed be of essence to avoid too little too late?
7. What will happen to the millions of people who live in depressed parts and low rent back yards?
8. Will the Government provide them with food and water for the duration of crisis?
9. What will happen to those who live hand to mouth on a daily basis- to fend for their families?
10. Won't it be hard for Government to bail out the informal sector?
11. How can we identify and reach out authenticate citizens who live outside the tax bracket- with no traceable record in URA?
12. If and when we mobilize Corporate Uganda to fundraise and supplement Government efforts – how will the funds be collected, used and accounted for? Useful recent examples in Kenya, Nigeria and South Africa where business have had a big role to play in the Pandemic battle.
13. Will businesses suffer and eventually go bankrupt? What other businesses will go down with them?
14. Will import and export supply links be restored in a timely way? What will happen if they don't?
15. Where will jobs come from? Can Import substitution create new jobs especially in Agricultural Production, Productivity and Processing?
16. What will happen to mortgage services?
17. How do we match Uganda's Revenue Authority demands amidst this income/revenue slump?
18. Will PPDA still follow old guidelines to deliver value for money outcomes to revive public sector delivery in a timely and effective way?
19. Will interest rates be revised for all outstanding loan facilities?



- 20. What will be the impact to liquidity and cashflow of the credit providers?
- 21. How will be the priority pillars for the budget 2020/2021?
- 22. Who will be accountable for this **Next Normal**?

This crisis is both a health challenge and secondly an economic and social threat. The IMF Chief, Ms. Kristalina Georgieva predicts that the impact of COVID19 will be worse than the great global recession of 2007-2009.

In line with the 2015 launch of the **UN sustainable goals**; Humanity needs to pull together and stand together. This is the time when all businesses must discover the meaning of purpose, principles, and people and planet.

“African governments will need to foster intense and closely aligned collaboration with the private sector and development partners.”McKinsey April 2020 (Tackling COVID19 in Africa)

Decoding the Economics of COVID19:



Source:Dcode EFC Analysis