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EU Thematic Brief on COVID-19

Private Sector Engagement in COVID-19 times

Contents

Outline.....	2
Private sector mobilisation to tackle coronavirus.....	2
Shifting production lines and donations.....	3
Private sector initiatives for broad-based communication.....	4
Digital innovations and start-ups.....	5
Support strategies for the private sector	8
Governments support measures.....	8
Ensuring business continuity	9
Structured public-private dialogue.....	10
Informal sector and cooperatives.....	12
Multi-stakeholder partnerships	15
Funding strategies for SMEs and responses of the financial sector	16
Redirecting development finance and realignment of PSE programmes	18

Outline

The private sector demonstrates it brings valuable contributions to address the sanitary and socio-economic impact of the coronavirus outbreak, and that governments and development partners should more than ever actively look for ways to diminish the impact of the crisis on businesses and job losses, and pave the way to a quicker and sustainable economy recovery. Private sector engagement in EU interventions to mitigate the health, social and economic repercussions of the COVID crisis. It is also one of the means to achieve the 2030 Agenda for Sustainable Development.

Development partners and DFIs have a key role to play to ensure business continuity, address their financing need, and encourage businesses to contribute mitigating the health, economic and social impacts of the crisis and maintain livelihoods. Multi-stakeholder partnerships have proven their capacity to catalyse public and private strengths in many occasions but need to be carefully examined and strongly supported if relevant.

Under current circumstances, social distancing and lockdown measures request stakeholders to adopt innovative solutions to conduct a meaningful and inclusive dialogue, such as Information and Communication Technologies where possible. Such innovative tools for dialogue with the private sector, as well as digital solutions developed by start-ups offer many solutions to address the socio-economic impacts of the crisis.

Supporting Public-Private Dialogue (PPD) for Business Environment Reform is considered as a useful tool allowing Governments and development partners to assess the impact of the COVID19 epidemic on the economy, but also as a necessity to adopt the much-needed emergency measures to support businesses operations continuity. PPD is a key element to cope with the current situation. Special attention should be given to identify and address the informal sector's constraints.

An important effort should be made by development partners to realign the investment to support the private sector to combat the crisis, and all options should be scrutinized for this purpose including monitoring and supporting remittances flows. In this sense, the Green Deal priorities need to be considered, in particular for tackling the root causes of the pandemic and building back more sustainable and more resilient economies.

Finally, aid agencies need to reassess their private sector engagement strategies to leverage the most contributions from the private sector to the pandemic. In terms of international cooperation and private sector engagement, recently on 4th May the European Commission has led the international pledging Coronavirus Global Response Conference that will require strong collaboration with the private sector¹.

Private sector mobilisation to tackle coronavirus

In the midst of the coronavirus pandemic, examples of private sector initiatives are flourishing and sometimes leading to the establishment or the realignment of multi-stakeholder partnerships. This section aims to illustrate various ways in which the private sector contributes to mitigate the effects of the crisis and paves the way to a quicker economy recovery in developing countries. To be pragmatic, we will provide practical examples collected from the field and put forward specific recommendations allowing DEVCO and EU Delegations to support such initiatives

¹ The Coronavirus Global Response Conference raised EUR 7.4 billion to kick-start international cooperation to find and deploy novel solutions. This initiative is comprised of three partnerships around vaccines, diagnostics and therapeutics, and will also support health systems strengthening. These will require strong collaboration with the private sector, and will open new opportunities in the broader pharmaceutical and medtech sectors. This includes to facilitate supply chains and international trade, in particular for vaccines, diagnostics and therapeutics.

Shifting production lines and donations

The most common private sector initiatives to tackle the COVID-19 crisis undertaken by multinational firms are aiming at shifting production lines to produce safety and medical equipment or making donations.

For instance, **AB Inbev** in Brazil (Ambev) will produce 500 thousand units of alcohol gel to distribute to public hospitals in the states of São Paulo and Rio de Janeiro and in the Federal District, where there is a greater number of confirmed cases of the new coronavirus. Each health unit will receive 5,000 bottles. The company will use the brewery line in Piraí, in Rio de Janeiro, to produce ethanol and 500 thousand packages. Considering that one of the restrictions for the replacement of the product on the market is the packaging for filling, Ambev will make available alcohol in gel in PET bottles like those used for its drinks.

The same type of initiative is being carried out by alcoholic beverages company **Diageo**, manufacturing Johnnie Walker whisky and Smirnoff vodka. It has committed to produce 135,000 litres of sanitiser to help protect Kenya's health workers to tackle COVID-19. Diageo decided its subsidiary East Africa Breweries would enable production of the sanitiser to help overcome shortages and protect frontline healthcare workers. It will provide Grain Neutral Spirit, a 96 % ethyl alcohol used primarily in the production of vodka and gin and make it available at no cost to hand sanitiser producers, to help overcome shortages in local healthcare systems.

In order to ensure to reduce the risks of coronavirus viral disease contagion, the company **CMPC** – through Softys, its subsidiary of hygiene and personal care products – purchased two automated manufacturing machines of surgical masks, which will be installed in the plants located in Puente Alto in Santiago, Chile, and in Caieiras, Sao Paulo, Brazil. Each machine reaches a production capacity of 1.5 million thousand masks per month and will be transported to their respective destinations by air, in order to speed up the process and start the production of masks within about 30 more days. These masks will be distributed free of charge through the public health services of both countries, and CMPC will only reserve a few masks necessary for the use and care of its own collaborators and neighbouring communities².

These CSR activities are not limited to multinational companies, but also concern large local firms in various occasions. For example, in **Madagascar**, five companies of the Special Economic Zone have shifted production lines and plan a daily production of nearly 150,000 masks and offer them to the Malagasy state. This initiative not only helps the government to fight the health crisis, but also allows to maintain the jobs of several thousand workers in the national garment industry.

Examples of donations from banking institutions are also numerous in the midst of the COVID-19 epidemic. Among them, we can mention contributions from Senegalese banks to the Ministry of Budget amounting for 1.5 million EUR, **Standard Chartered Bank Group** pledging 25 million USD to support emergency relief. The pan-African bank **United Bank for Africa Plc** (UBA) announced a donation of over 14 million USD aimed at supplying medical equipment, critical care facilities, and provide financial support to Governments.

Safaricom, Kenya's largest telecom provider, has announced it will implement a fee-waiver on East Africa's leading mobile-money product, M-Pesa, to limit the physical exchange of currency in response to the COVID-19 outbreak³. The company announced that all person-to-person (P2P) transactions under 1,000 Kenyan Schillings (10 USD) would be free for 90 days. **MTN** also implements measures aimed at slowing the spread of the disease and

² Established in 1920, CMPC produces and markets solid wood products, pulp, paper, tissue, personal care and packaging products in Latin America.. It is one of the biggest forestry groups in Latin America, producing around 4 million tonnes of cellulose per year.

³ <https://techcrunch.com/2020/03/31/africa-roundup-africas-tech-ecosystem-responds-to-covid-19/>

reducing data costs for consumers. The table below presents the measures taken by MTN in several countries⁴:

MTN South Africa	<ul style="list-style-type: none"> • Cost-free USSD line for reporting infections and for other critical information. • Two zero-rated Ayoba COVID-19 channels sharing updated news and information. • Family members and friends can stay in touch through a free 20MB Ayoba Data Lifeline that can be accessed via the Ayoba app. • Mobile Money (MoMo) allows cost-free peer-to-peer cash payments under R200
MTN Nigeria	<ul style="list-style-type: none"> • MTN Nigeria will introduce its Y’ello HOPE package – several new measures as part of a concerted effort to support customers. These include further amplifying governments sensitisation efforts – using more channels to deliver health and safety information • Suspending fees for all money transfers using their Momo Agent network
MTN Ghana	<ul style="list-style-type: none"> • MTN MoMo customers can now send money transfers values up to GHS100 daily to MoMo wallets and other networks for free. • Cost-free access to education sites to support online learning • Cost-free access to Ghana Health Service’s website so that users can access information about the virus
MTN Uganda, Rwanda, Zambia	<ul style="list-style-type: none"> • Gratuity or reduction of costs of mobile money transfer service

Action 1 – Promote CSR through collaborative platforms

To support CSR activities from MNCs and local firms, efforts can be made to raise awareness and demonstrate the potential of CSR activities to tackle the COVID-19 epidemic. Such awareness raising campaigns could take advantage of existing collaborative platforms such as Inclusive Business Action Network (IBAN), World Business Council for Sustainable Development (WBCSD), Business Fights Poverty and CSR Europe.

Reinforcing these collaborative networks to collect best practices, draft and disseminate notes and guidelines, and supporting these to engage with a broader spectrum of businesses and public entities would be instrumental to kickstart more CSR initiatives. Finally, proposing governments to provide additional tax incentives could help boost private companies’ donations.

Private sector initiatives for broad-based communication

To support governmental communication efforts, private businesses and PSOs are bringing precious support and channel sanitary information to populations. In Cameroon, a local commercial bank – Crédit Communautaire d’Afrique Bank (CCA) is regularly informing its clients through social media about sanitary measures allowing to circumscribe the virus propagation: how to wear a mask, survival duration of the virus on surface, hygiene measures, etc. Many PSOs implement similar initiatives: In Côte d’Ivoire, the federation of businesses (CGECI), KEPSA in Kenya, and same for its Malagasy homolog GEM and Cameroonian GICAM.

⁴ <https://www.mtn.com/mtn-ramps-up-efforts-to-support-customers-and-communities-as-covid-19-spreads-across-markets/>

An interesting initiative can be spotted in the Democratic Republic of Congo (DRC) where the ITOT Africa startup (in partnership with the Kinshasa Digital Academy) has **developed an online platform that informs in real time about the spread of the COVID-19 virus, government directives, protective measures and several other information.** The websites www.stopcoronavirus.cd and covid-19info.cd are both already online and will be accessible without the need for a landline internet connection, thanks to the support of the four telecom operators in the country and Facebook. This private initiative has been transferred to the Ministry of Health. Among the awareness-raising tools used by this Ministry, text messages will also be sent to all phone holders so that they are informed in real time of the latest information related to coronaviruses in the DRC. In such countries, where the population is underinformed and often victim of false alerts and rumours, these initiatives are precious to help contain the COVID-19 pandemic spread.

Action 2 – Engage private sector to ensure broad-based communication

Since the inconsistency of the information being circulated is problematic, and while governments are struggling to keep their citizens well informed on effective preventive measures and prevent fake news, engaging the private sector to ensure broad-based communication is critical to address the sanitary and socio-economic impact of the coronavirus crisis. Specific interventions can be implemented to support such broad-based communication efforts:

- Request telecom companies to lower the cost or offer free mobile data and public internet access to support remote working and access to information
- Using multiple private media platforms (radio, TV, print media, social media) to disseminate this information to provide frequent updates to citizens in local languages
- Create real-time data platforms embedded within the websites of health ministries to provide credible information to citizens and also give governments access to up-to-date information on trends and areas that may need resources.
- Use SMS platforms to provide tracking information to inform citizens of new cases in a specific location and previous locations that the infected person may have visited. This should be effective in encouraging voluntary testing among individuals who may have visited similar locations
- Work with businesses in educating citizens on the importance of complying with some of the measures that have been imposed. Community-level engagement using PSOs and businesses operating nation-wide will be particularly relevant

Digital innovations and start-ups

Digital innovations can contribute to limit the COVID-19 epidemic, and start-ups in developed and developing countries are actively brainstorming to imagine, develop and implement such solutions. Some areas of digital innovations deserve particular interest: **mobile money and fintechs, e-commerce, digital health solutions, and e-learning.** The table below offers various examples of African start-ups and combines the findings collected by the AfDB⁵ and VC4A⁶ and the TPSD Facility.

⁵ See <https://www.afdb.org/en/news-and-events/covid-19-pandemic-bolsters-case-technology-based-economic-resilience-35255>

⁶ Venture Capital for Africa (VC4A) is an online platform connecting startup entrepreneurs with the knowledge, support programs, mentors and investors they require to succeed, see collection of examples here: <https://vc4a.com/blog/2020/03/27/innovative-african-startups-in-the-battle-against-covid-19/>

Area	Objectives	Specific examples
Mobile money / fintechs	Physical money acts as a vector for the virus' spread whereas technology makes payments possible and safe. Governments and start-ups across Africa are implementing measures to shift payment transactions toward mobile money and cashless, as recommended by the WHO	<p>Electronic Esusu (Nigeria) is a unified digital finance management solution designed to automate the process of thrift savings, collection and microcredit so as to eradicate the problems of traditional and manual savings scheme enhancing financial inclusion for everyone.</p> <p>Envisionit E-pay (South Africa) as developed ClickPesa as an online payment platform facilitating payments, remittance, payment disbursement & cross-border transactions</p>
E-commerce	Online business and e-commerce platforms help maintain social distancing and reduce the potential spread of COVID-19. Online delivery applications have become the ideal medium to order food, groceries and medical supplies.	eMart (DRC) is an online store marketing food product supplied by local producers. Today, it is the largest e-commerce platform in the DRC and its express delivery services have seen a boom since the announcement of a lockdown in the Gombe district of Kinshasa. Congolese from the diaspora can also pay groceries purchases for their relatives in DRC.
Digital health	Telemedicine platforms based on chatbots enable people to ask questions about symptoms and treatment. These platforms also allow the public to assess the probability of infection. Other innovations, such as medical tips generated via sms or WhatsApp, advise recipients on responsible behaviors. Chatbots can also direct patients to nearby hospitals and enable healthcare professionals to track the pandemic's spread in real-time.	<p>Ilara Health (Kenya) has launched a readiness package that will allow peri-urban clinics and pharmacies to be the first line of defence against the COVID-19 pandemic. This package includes a self-assessment chatbot and clinic-based triage tools for symptom checking, as well as digital symptom checkers including a COVID-19 health assessment tool and clinical decision support software.</p> <p>Digital Health Access (Uganda) is a cloud-based platform that is connecting health professionals with users via an app.</p> <p>Rema (Benin) is a mobile application for remote medical collaboration developed for doctors in Africa. Its goal is to connect doctors in the continent and allow them to exchange best practices and collaborate in real-time to make better medical decisions. After the breakout of the COVID-19 pandemic, REMA made access to their medical communication system free for health ministries.</p>
E-learning	Internet infrastructure and virtual platforms can support businesses and learning institutions to reach out to remote workers and students	KlasRoom (DRC) is a collaborative e-learning platform allowing teachers to stay in interaction with students in connection with lessons / lessons, tests and communication. Teachers develop their modules, create their virtual classrooms and upload their content directly on the website. 5000 students use the website as of today.

Business incubators are more than ever active in supporting start-ups to design, develop and market solutions to tackle the COVID-19 pandemic. For instance, Africa's largest innovation incubator CcHub has announced it will offer funding and engineering support to tech projects aimed at curbing COVID-19 and its social and economic impact. CcHub will provide funding from 5,000 USD to 100,000 USD to incubate digital health, e-commerce and communication solutions proposed by start-ups across the continent. A recent

call for COVID-19 projects was supported by GIZ and the Africa CDC and identified 8 companies which will receive 5000 USD grants.

Different initiatives implemented by development partners can be presented at this point:

Africa Digital Financial Inclusion Facility⁷ (ADFI) is a financing vehicle aiming at catalysing digital financial inclusion across Africa. ADFI is structured as a blended finance vehicle composed of a multi-donor special fund with a target envelope of USD 100 million and resourced with donor's grant money and debt funding of up to 300 million USD from the AfDB. ADFI currently has committed funding of 40 million USD from three initial donors: The Bill and Melinda Gates Foundation (BMGF), The Government of Luxembourg and the AFD.

Orange Corners⁸ is an initiative of the Kingdom of The Netherlands providing young entrepreneurs across Africa and the Middle East with the necessary training, mentorship, network, funding and facilities to start and grow their businesses. It partners with various stakeholders, including local, Dutch and international companies, universities, governments and other organisations. Orange Corners currently operates in South Africa, Mozambique, Angola, Morocco, Sudan, Nigeria, Senegal, Côte d'Ivoire, Ghana, DRC, Iraq, the Kurdistan region of Iraq and Algeria, and new programmes are being initiated in various other African and Middle Eastern countries and regions.

Afrilabs was founded in 2011 to build a community around rapidly emerging tech hubs—innovation spaces that serve as meeting points and communities for developers, entrepreneurs, and investors. It acts as a knowledge sharing and collaboration hub, builds capacity of hub management teams to help them identify sustainable revenue streams and their business models, and organized events and workshops.

#AfricaVsVirus Challenge⁹ is organized by the Jobs for Youth in Africa Initiative of the AfDB to support tech and non-tech solutions to tackle the socio-economic consequences of the COVID-19 pandemic. A 72-hour collaborative digital process will allow interested parties (experts, citizen, businesses and non-profit organizations) to brainstorm on issues related for instance to public health and epidemiology, businesses and economy, education, environment and energy, and food security. Following this challenge, the best solutions will be selected and will be fully implemented with partners and donors in Africa and worldwide.

Action 3 – Scale up innovation through business incubators, innovation and crowdfunding platforms

To help cope with the coronavirus outbreak, Development agencies can scale up innovation, and support hatching of start-ups and inclusive businesses. Various interventions can contribute doing so:

- Supporting existing business incubators through technical assistance and additional funding
- Building incubation networks and organizing competitions, trainings, awareness raising activities
- Establishing or reinforcing crowdfunding platforms, networks of angel investors
- Improving the regulatory environment for start-ups by creating special legal forms for business with a social mission and providing tax incentives

⁷ <https://www.afdb.org/en/adfi>

⁸ <https://orangecorners.com/>

⁹ <https://africavsvirus.com/>

Support strategies for the private sector

In the previous sections, we have seen that the private sector brings valuable contributions to tackle the consequences of the COVID-19 outbreak. How can we support firms to further contribute, continue to operate and ensure stronger resilience?

Governments support measures

According to the London School of Economics, Governments can broadly mitigate the economic effects of the COVID-19 pandemic through four areas of macroeconomic interventions¹⁰:

- Government spending on public health sector
- Tax relieves, tax cuts, tax holidays, tax incentives
- Tax rebates and temporary universal income to households; cash grants to firms
- Cut interest rates, launch Quantitative easing programmes and lending schemes

To design and implement macroeconomic interventions, developing countries can conduct a benchmarking exercise of international practice. For instance, the Government of Senegal adopted its Economic and Social Resilience Programme to respond to the COVID-19 epidemic¹¹ based on a comparison of measures taken globally around 5 areas: loan guarantee schemes; bank support measures; fiscal measures for businesses; economic measures for employees; and support interventions for households. The table below offers an overview of measures adopted by various countries in these five areas.

Government spending programmes have to be deployed rapidly, however it is important to ensure external control by the national supreme audit institution. In what relates to tax cuts and incentives, it is important to ensure that they are sufficiently targeted, reviewed and time bound to not undermine medium and long-term domestic revenue mobilisation needs of the government.

Table 1 – General areas of government support measures to alleviate the COVID-19 crisis¹²

Areas of intervention	Countries	Examples of government support measures
Loan guarantee schemes	Albania, Bulgaria, Croatia, Georgia, Poland, Romania, Russia, Uruguay, Malaysia, etc.	Romania: Increase in the guarantee ceiling for working capital and investment loans contracted by SMEs, from EUR 1 billion to EUR 2 billion. These loans will be fully subsidized Guarantee of up to 90% for loans up to to 0.2 M EUR and up to 80% for loans of more than EUR 0.2 million. The ceiling could reach EUR 3 billion if necessary and will guarantee SME access to finance, while protecting banks against the risk of default
Bank support measures	Bahrein, Bulgaria, Croatia, Indonesia, Jordan, Mauritius, Philippines, Poland, Russia,	Turkey: 90 days default period for credits to be deemed as non-performed loans has been extended to 180 days Principal and/or interest payments of loans that are classified as performing loans after re-structuring and within one-year

¹⁰ London School of Economics, The economics of a pandemic: the case of COVID-19, March 2020, p87

¹¹ Ministère de l'Économie, du Plan et de la Coopération, République du Sénégal, Programme de Résilience Économique et Sociale, March 2020

¹² Based on various sources including Ministère de l'Économie, du Plan et de la Coopération, République du Sénégal, Programme de Résilience Économique et Sociale and LexMundi, COVID-19 Government Support Measures, March 2020. The IMF also tracks global policy responses, see <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>

	South Africa, Turkey, UAE, Chili, etc.	supervision period are due more than thirty days or such loans which have been re-structured once again within its one-year supervision period, they will not be required to be classified as third category loans (defined as loans with limited ability to be collected)
Fiscal measures for businesses	Argentina, Albania, Brazil, Cabo Verde, Costa Rica, El Salvador, Hungary, Jordan, Kenya, Laos, Lebanon, Morocco, South Africa, etc.	<p>Myanmar:</p> <ul style="list-style-type: none"> - Income and commercial tax payments due in the second and third quarters of the fiscal year have been made extendable to end of the fiscal year, and an exemption for the 2 percent advance income tax on exports to the end of the fiscal year has been announced - The Ministry of Hotels and Tourism announced that fee for renewal license of hotels and tourism businesses will be exempted for one year up to end of March 2021. - Starting April 20, the customs department has reduced duties for businesses operating with the Myanmar Automated Cargo Clearance System.
Economic measures for employees	Argentina, Armenia, Chile, Costa Rica, Indonesia, Ireland, Kazakhstan, Pakistan, Philippines, Romania, Thailand, etc.	<p>Chile:</p> <p>Law that modifies the Employment Code regarding teleworking</p> <p>Bill that protects employment and strengthens unemployment insurance. The bill intends to establish the possibility of reducing working hours and remuneration, allowing employees to partially collect unemployment insurance.</p> <p>Bill that empowers access to unemployment insurance benefits: The Bill announced by the government would allow the employment contract to be suspended with respect to those employees who cannot provide their services under teleworking mode. Employees may collect unemployment insurance for the duration of the suspension of the employment relation.</p>

Ensuring business continuity

Because of the crisis, private firms, particularly SMEs, negatively impacted by a shrinking demand and a declining supply. **PSOs and private firms can also be engaged by Governments and development partners to inform firms about measures allowing business continuity.** For instance, the National Small Business Chamber (NSBC)¹³ has developed a small business relief centre with the support of partners including Microsoft, the South Africa Department of Trade and Industry, Google, Absa Bank and Vodacom. The small business relief centre provides guidance and training on a range of aspects such as creating a business continuity plan, digital marketing strategies in a time of crisis, how to handle and implement hygiene protocols and new staff policies, how to move from face-to-face to online meetings, cybersecurity, etc.

Action 4 – Leveraging PSOs and business support services providers to ensure business continuity

To build businesses' resilience capacities, it is crucial to share best-practice and equip them with tools or methods allowing them to cope with the crisis and ensure the maximum

¹³ NSBC, established in South Africa in 2007, is a non-profit membership organisation of small businesses throughout the African continent. It has currently a base of over 127 000 SMEs members. The small business relief centre can be accessed here <https://www.nsbcafrica.com/COVID-19/posts>

economic security for employees. Technical assistance can be provided by aid agencies to PSOs and business support services providers in order to enhance the resilience of firms to navigate the COVID-19 crisis and ensure business continuity¹⁴:

- Support business continuity through new platforms for doing/accelerating business such as online sales channels, online marketing.
- Improve business efficiency to meet emerging needs as a result of reduced market demand due to crisis (e.g. analysis of cost-saving measures, developing financial projections, enabling online sales, reviewing product portfolios to address demand changes, developing new products and services to address changing market opportunities).
- Assist businesses to negotiate with lenders on refinancing/restructuring and identifying other sources of concessional capital to jump start business

For instance, DAI has developed a training module called 'Tips for Entrepreneurs and SMEs during COVID-19 crisis' allowing businesses to identify the challenges to your business, find leads and customers ahead of time, establish/grow their social media marketing and e-Commerce platform, adapt their services to the current situation, market their solutions with coronavirus in mind and use alternative solutions to maintain their operation. Other organizations, like YGAP, have developed business resiliency toolkits¹⁵.

Structured public-private dialogue

To ensure business continuity and adopt macroeconomic measures that are adapted to the emergency context, Governments of partner countries need, more than ever, to conduct consultations of the private sector. PPD allows to receive rapid feedback from businesses about the impact that the COVID-19 outbreak has on their operations (and consequently realize economic impact assessments and macro-fiscal and revenue projections), depending on the sectors of activity and types of firms. Furthermore, capable business associations (those endowed with business advocacy and policy formulation capacities) are instrumental in informing public policy for the development of a rapid response mitigation plan to minimize the impact of the outbreak and putting forward enabling policy and regulatory changes. The example of the work of KEPSA in Kenya is illustrative of a responsive and well-functioning PPD in the context of the COVID-19 epidemic. Consultations should also include workers' organisations, who can be also instrumental in the response to the COVID crisis and are part of the social dialogue structures¹⁶.

Another example of efficient PPD can be found **in Madagascar, where a coalition of private sector organisations** including the large businesses association Groupement des Entreprises de Madagascar (GEM), small and informal firms FIVMPAMA and sectoral associations (SEBTP for the construction sector, GOTICOM for IT and telecom, GEFP for the foreign textile, service and manufacturing industries) jointly **called the Government to adopt fiscal measures and treasury management dispositions**, as well as various

¹⁴ DAI, Potential DAI Program Interventions for COVID 19 Response, March 2020

¹⁵ https://ygap.org/wp-content/uploads/2020/04/ygap_Resiliency_Toolkit.pdf

¹⁶ A joint call to action in the garment sector has been launched by International Employers Organisation and International Trade Union Confederation with technical support by ILO https://www.ilo.org/global/topics/coronavirus/sectoral/WCMS_742343/lang-en/index.htm

changes simplifying the temporary technical unemployment regime¹⁷. Several meetings were held jointly with the Ministry of Economy and Finance, and most of the measures requested by the private sector were accepted.

Two observations can be drawn from the case of Madagascar. Firstly, for the sake of reacting quickly to the COVID-19 crisis, it appears that **Malagasy PSOs, traditionally fragmented, united and spoke one voice to the government**, leaving aside their divisions and increasing their chances of success. **Secondly, the EU Delegation, alongside with other development partners, are actively participating to the PPD in Madagascar** in order to identify and implement complementary supporting interventions. By way of example, the EUD will search for ways to use the EFSD guarantees or credit lines from the EIB to support local commercial banks.

In Myanmar, it appears that the process of diagnosing the impact of the novel coronavirus and formulating an economic mitigation plan could be brought forward by a European Business Organisations (EBOs). In March 2020, the European Chamber of Commerce in Myanmar (EuroCham Myanmar) conducted a survey to map out the expected economic impacts with European businesses active in Myanmar¹⁸ (33 European businesses surveyed). According to the respondents, more than 60% claim they are already either significantly or moderately affected; with a forecasted loss of revenue averaging from 30% to above 50%, small and medium companies would be the most impacted and automotive, retail and manufacturing are sectors at the frontline.

The three most awaited responses from the government to support the economy were: 1) Faster import procedures and customs clearance procedures to support the import/export industries cope with the sudden drop in trades; 2) Subsidies and relief for import and export companies to maintain a strong and steady supply chain; and 3) Provide corporate tax rebate for the year 2020 to ensure sufficient treasury for concerned companies. No reaction has been received from the government yet, as EuroCham Myanmar still has to draft and submit the position paper to the Myanmar Economic Recovery Committee, but this EBO is already engaged with the committee on different key hot advocacy issues such as distribution authorizations for healthcare products. The strategy now is to draft a joint position paper with the other foreign chambers of commerce (EuroCham Myanmar being the lead) and submit all recommendations in the next few days.

For Marc de la Fouchardiere, Executive Director of EuroCham Myanmar **“EuroCham Myanmar has never been more relevant for EU businesses in Myanmar in light of its advocacy mandate. On the one hand, we have received a lot of requests from members to address government policy responses to the COVID-19 crisis (some of them decided in a rush and not relevant). On the other hand, the Myanmar government has been requesting advice and support on how to handle the situation. Getting regular feedback is therefore essential to an efficient policy response. From a EuroCham Myanmar perspective, the main risk we are facing at the moment, is companies not being able to renew their membership fee and therefore putting our operation at risk of not being financially sustainable. Our biggest need at the moment is a financial support. Additionally, we could use the expertise of the TSPD [Facility] to formulate our approach with the government.”**

Action 5 – Supporting PSOs to conduct economic impact assessment and formulate coherent economic mitigation measures

Not all PSOs are equally equipped to conduct quality economic impact assessments and formulate coherent economic mitigation measures. This is especially the case for those

¹⁷ Ministère de l’Economie et des Finances (Madagascar), Procès-verbal de rencontre entre le secteur privé et le Gouvernement relative aux mesures économiques et fiscales face à la lutte contre le Coronavirus, mars 2020

¹⁸ Eurocham Myanmar, The Economic Impact of the COVID-19 Outbreak with European companies in Myanmar, March 2020

active in Fragile and Conflict Affected States (FCAS), and for business associations representing marginal categories of economic actors such as the informal sector or women entrepreneurs. In addition, the novel Coronavirus epidemic is jeopardizing financial resources of PSOs since they are likely to collect less revenues from membership fees.

To enhance the contribution of PSOs and their responsiveness to crisis, increase effectiveness and inclusivity of PPD, and ultimately allow Governments to better evaluate the impact of COVID-19 and adopt economic mitigation measures with finer granularity, we suggest that the European Commission implements actions to:

- 1) Support PSOs to carry out **online surveys** on the economic impact of COVID-19 and present the results in a structured manner (differentiation by sector and type of firms)
- 2) Assist PSOs to formulate **coherent economic mitigation plans** and submit them to Government (applying sector and type of firms differentiation as well)
- 3) Provide technical expertise to PSOs to design the most relevant mitigation interventions in light with the best practices from other countries facing similar challenges (**benchmarking**)

This catalytic technical assistance could typically be provided on the short-term by the TPSD Facility through the **Helpdesk Service on Private sector engagement and trade in COVID-19 times**¹⁹. The TPSD Facility has experience in similar processes (for instance, the TPSD Facility has remotely conducted mappings of EU businesses using IT tools), and such assignments are feasible within a short-term period. Priority could be given to FCAS where private sector has limited impact assessment and policy formulation capacities.

Supporting PPD would complement the Global EU response to COVID-19 since it could provide the technical input (economic impact assessment / policy formulation) necessary to allocate budget support and concessional financing for partner countries to adopt reforms for socio-economic development and poverty reduction, and measures to protect workers during the crisis. Furthermore, establishing a structured dialogue and providing technical assistance with/to local financial institutions (commercial banks, microfinance institutions, guarantee funds) would also contribute to support the private sector, especially SMEs and the self-employed, by rapidly assessing their needs and channelling EFSD guarantees, liquidity and technical assistance towards short-term risk-sharing on loans.

Informal sector and cooperatives

In the current context, we need to pay **special attention to the informal sector**. In part 1, we have underlined that the response from Governments to tackle the socio-economic consequences of the COVID-19 will greatly depend on the importance of the informal sector in their economy. The informal businesses are disproportionately affected by this epidemic, and also usually underrepresented in PPD mechanisms since they're unorganized by definition.

On aspects related to sanitary and health services, **informal workers and their relatives face additional challenges during the epidemic** since they are located and operate in crowded public spaces, lack water and sanitation infrastructure and have limited access to health care. In microeconomic terms, they depend on their daily income to survive and therefore will be more likely to fall into extreme poverty as a result of government-ordered lockdowns. Finally, women informal workers face more difficulties than men because they are also responsible for additional care and domestic responsibilities.

¹⁹ The TPSD Facility is already in discussion with EUDs to start such short-term assignments

For all these reasons, **it is key to support engagement between national and local decision-makers and grassroots organisations to adopt practical and appropriate crisis mitigation measures.** Street vendor associations, waste picker cooperatives, domestic workers' unions and home-based worker networks are examples of grassroots organisations to work with in this context. Examples of such advocacy campaigns, as well as policy responses by developing countries' governments have been collected by WIEGO²⁰, an NGO active in this field.

Out of this collection of experience, we can mention the **case of India** (informal employment represents roughly 90 per cent of all employment in this country), where the Self-Employed Women's Association (SEWA), a trade union gathering 1.7 million members, has urged the government to provide emergency income support and distribute food rations to informal economy workers and their relatives to cope with the current context, and meet their basic needs. In reaction to this appeal, the Indian government quickly announced a \$22.6 billion relief package including supply of free food rations and an accelerated disbursement of social security funds for building and other construction workers. The package also comprises cash transfers, insurance schemes and food security interventions²¹.

In the below table, we present a collection of government measures addressing the needs of informal workers during the present crisis in developing countries²².

Countries	Examples of government support measures targeting informal workers
Argentina	Argentina will pay a lump sum benefit of AR\$ 10,000 (US\$ 160) to workers from 18 to 65 years-old that will not have any source of income because of the quarantine, nor receive any sort of state subsidy. This payment will inaugurate the "Family Emergency Income" programme, after the government announced a shutdown period. This grant, explicitly aimed at informal workers and self-employed workers who earn less than AR\$ 26,000 (US\$ 400), should be paid in April and should benefit 3.6 million families.
Colombia	National government has announced that water reconnection service would be done free for vulnerable families, so that they do not lack service in the midst of the emergency; in addition to this, there will be a freeze on the aqueduct tariff until April. The government confirmed that the process of VAT refunding will be carried out for the most vulnerable, a benefit to which they will have access from April. Government has also announced an emergency cash grant of COL 160,000 (US\$ 40), targeted at 3 million poor families from informal workers. The delivery will be done either through bank transfers, for those who have accounts, or by electronic transfers, by mobile phone
Dominican Republic	Government will increase its current cash grant programme to include other 600,000 families, bringing the total number beneficiaries to around 1.5 million families. They will receive a monthly cash transfer of RD\$ 5,000 (US\$ 90), and households with elderly people will receive an extra RD\$ 2,000 (US\$ 37). The new beneficiaries were included using the registered information from social assistance database (Sistema de Único de Beneficiarios, Siuben), with workers who earn less than RD\$ 14,000 (US\$ 260) a month.
Nepal	Measures in Nepal that affect informal workers are related to food security and fees/tax relief. More directly targeting informal workers, food assistance package will be distributed these workers and those in need of assistance through ward committees at local level. To be funded by local and provincial level governments with top-ups from federal as required. Households will get discount/subsidy on electricity consumption (25% for below 150 units, internet and data packages (25%), and

²⁰ See <https://www.wiego.org/covid19crisis>

²¹ See <https://economictimes.indiatimes.com/markets/stocks/news/fm-announces-rs-1-7-lakh-crore-relief-scheme-for-poor/articleshow/74825984.cms>

²² Extracted from <https://www.wiego.org/government-responses-covid-19-crisis>

	waiver of late fees for one month on all public utility fees (water, telephone, electricity etc.).
Indonesia	Government has announced an increase of Rp 50,000 (US\$ 4) to the national cash-transfer programme, bringing the total amount to Rp 200,000 (US\$ 14). Moreover, the government prepared funding totalling 4.6 trillion rupiah (US\$ 324 million) for the Affordable Food Program (Sembako Murah), to enable 15 million low-income households to purchase staple food products at discounted prices
Burkina Faso	Cash transfers amounting US\$ 8,3 million to informal sector workers (fruits and vegetable sellers), in particular women. In addition, several utilities support including: subsidies for water bills and water points, subsidies for electricity bills (100% for certain types of connections, 50% for others), removal of penalties on water and electricity bills, reduction of costs of solar panel kits by 50% for poor households, and finally, subsidies on water and electricity costs for market vendors. Moreover, price controls for staple foods. Type of food included in this measure are cereals (rice, millets, sorghum, maize, beans) and others food items (sugar, oil), but also gasoline and cooking gas. Lastly, announcement of in-kind transfer programme to market vendors, aimed at the most vulnerable people of the markets that have been closed.
Cape Verde	Informal workers who have a monthly income of less than CVE 20,000 (US\$ 196) will be granted an emergency income of CVE 10,000 (US\$ 98). The goal is to reach 30,000 informal workers, registered at the database (Cadastro Nacional Único) of the National Social Security Institute. The government is also undertaking food security measures, to distribute staple food baskets to 22,500 poor families.
Zimbabwe	Government has approved a paltry \$200 (US\$ 0,50) once-off cushioning allowance, per person, for needy people on the Ministry of Public Service, Labour and Social Welfare database to cover their needs during the 21-day national lockdown period. The government has partnered with OneMoney, a mobile money transfer platform operated by a mobile network operator, NetOne to disburse the money to the beneficiaries. Negotiations between the government and Telecash and EcoCash, mobile money platforms operated by Telecel Zimbabwe and Ecocash Zimbabwe respectively, are ongoing.

To avoid the entry into extreme poverty of millions of informal workers as a consequence of COVID-19 disruptions, savings and credit, as well as agricultural cooperatives have a central role to play. Under normal circumstances, they allow to secure low-cost credit, to purchase supplies and equipment for farming and household needs, to market products, even to secure many services, like electric power, irrigation, health, and insurance.

To cope with the coronavirus epidemic, cooperatives implement coping strategies aiming at shifting production operations, adopting working safety measures, supply chain stabilization, providing sanitary information, support customers and communities, and advocating for emergency measures through PPD (see the SEWA case above). For instance, the Uganda Cooperative Alliance (UCA) has recently made public a document on the impacts of the crisis on their operations and measures taken by their members during the coronavirus pandemic²³:

- *Financial cooperatives*: Registered Savings and Credit Cooperative Societies (more than 9000) have been affected in terms of reduced savings, increased loan default and increased withdraws for people to buy food and other basics. However, during this time of COVID-19, SACCOs continue to serve their members though with some strict hygiene measures like disinfectants and hand sanitizers in areas of their work. Speaking to a staff from Rukiga Sacco in Rukiga District, he reports decline in Savings and withdraws have increased and majority of loan holders are not paying back loans due uncertainties.

²³ UCA, Measures taken by Uganda Cooperative Alliance during the coronavirus pandemic, April 2020

- *Agricultural Cooperatives*: Even with lockdown measures in place, the agricultural cooperatives will continue producing food to ensure its availability on the markets and avoid price fluctuations and shortages. Yoweri Museveni, President of the Republic of Uganda, urged all farmers to continue with production of food to avoid food shortages. Cooperatives in coffee production for example are reporting difficulties in transportation of coffee across borders due to the restrictive measures by neighbouring countries and some containers are blocked at the port in Mombasa. Agricultural production faces challenges on the supply side (availability of inputs and financing), as well as on the demand side where marketing represents the biggest challenge. For instance, sales of honey have drastically shrunk due to public transport bans.

Agricultural cooperatives integrated in global value chains, in commodities such as coffee, maize, cocoa are particularly affected by two consequences of the COVID-19 crisis in their marketing operations: restrictions on cross-border and regional trade, and high cost of transportation. According to Rabo Partnerships (a subsidiary of the Rabobank – world leading agricultural cooperative bank based in the Netherlands), a strong advocacy is necessary towards government to alleviate these key bottlenecks.

As an example of what can be done by value chains development projects and donors, GROW Liberia²⁴ is now undertaking : a) conducting rapid assessments to better understand potential market disruptions and household risks; b) adapting delivery and support project partners to adapt themselves, including the provision of basic public health guidance to businesses and farmers; and c) developing resources to help government and development partners to better understand, support and make use of local market systems during this time of emergency in order to accelerate recovery later on²⁵.

Multi-stakeholder partnerships

Everywhere, coordination and partnership with other businesses, CSOs, trade unions (in particular through already established social dialogue), health professionals, regional and national authorities, development agencies, development finance institutions and NGOs will be necessary to achieve effective business action to curb the epidemic. Multistakeholder partnerships (MSP) already exist or emerge at various levels to address the economic impact of the COVID-19 pandemic: country level, regional level and international level. This includes existing social dialogue structures and their importance in facilitating workers and employers response to COVID including workers’ protection. In the table below, we provide examples of MSPs at these levels:

National level	National Business Compact on Coronavirus ²⁶ . This Kenyan coalition is composed of Kenya Association of Manufacturers, KEPSA, Public Relations Society of Kenya, AMREF, Association of Practitioners in Advertising, SDG Partnership Platform, and the UN family in Kenya. Its goal is to catalyse local action and support government efforts in fighting the epidemic outbreak.
Regional / Continental level	AfroChampions initiative ²⁷ : The African Union, together with the Africa Centres for Disease Control and Prevention (Africa CDC) have established a public-private partnership called the Africa COVID-19 Response Fund . This PPD seeks to raise an initial 150 million USD for immediate needs to prevent the virus spread and up to US\$ 400 million to support sustainable medical response to the COVID-19 pandemic by pooling the resources required for the procurement of medical supplies and commodities; supporting the deployment of rapid responders across

²⁴ GROW Liberia is a value chain development projects financed by SIDA operating through a market systems development approach

²⁵ <https://us19.campaign-archive.com/?e=&id=5de6913e48&u=ec1af996d7fd4aed0173157a3>

²⁶ <https://www.covid19businessresponse.ke/>

²⁷ <http://afrochampions.com/news-highlights/african-union-and-african-private-sector-launch-covid-19-response-fund/>

	the continent as well as providing socio-economic support to the most vulnerable populations in Africa.
International level	GAVI: GAVI works with donors (World Bank Group, WHO), including governments, private sector foundations (Bill & Melinda Gates Foundation) and corporate partners; NGOs, advocacy groups, professional and CSOs, vaccine manufacturers; research and technical health institutes. This alliance will provide 29 million USD in urgent initial funding to lower-income countries to support their response to COVID-19, supporting them to purchase medical equipment and diagnostic tests, and train healthcare services personnel ²⁸ .

Under good conditions, MSPs can make it possible to leverage assets and resources across business, government and civil society and achieve 'more than the sum of its parts results'. In 2015, a team at the Global Development Incubator (GDI) supported by USAID wrote a guidance addressed to development agencies and public and private decision-makers on how to make MSP work²⁹. In this publication, the authors issue a warning that establishing an MSP is a high-risk venture, and the stakeholders doing so should proceed with caution.

In addition to requiring significant time – which is missing under current circumstances - and solid financial support, MSPs sometimes don't meet expectations. Before deciding to establish an MSP, it is therefore key to answer a series of questions: Can the MSP address the problems of concern? Are objectives aligned with the resources of the MSP? Is an MSP the best format for the issue? Is the MSP likely to succeed? This guidance tool also addresses a series of recommendations to development agencies considering whether and how to support a new MSI:

- **Start to launch a conversation, not an institution:** an MSP should be launched only after thorough consultation with and buy-in from a broad spectrum of stakeholders
- **Long-term engagement:** long-term commitment and funding is necessary for MSPs
- **Establish an independent agency:** The leadership of an MSP needs the autonomy to make strategic and budgetary decisions free from distracting political or donor pressures.
- **Take comparative advantage of development agencies:** for instance, by capitalizing on their technical expertise, equipment/facilities, convening power or networks

Funding strategies for SMEs and responses of the financial sector

Small companies will most probably be hardly hit by the COVID-19 pandemic and will suffer more than bigger firms in the private sector because they are inherently vulnerable. To cope with the crisis, small and medium-sized enterprises (MSMEs), should adopt **various strategies related to critical cash and cost management:** Defer/extend payments with vendors and landlords; ask lenders to defer principal payments; accelerate receivables; consider asking new customers for a deposit or partial payment upfront; send invoices early and often; and collect on past-due accounts³⁰. **Changing payment terms and conditions to address short-term cash flow issues** is definitely a smart strategy to support small scale suppliers, such as through changing payment terms and conditions to address short-term cash flow issues. Negotiating accelerated or advance payments allows to provide businesses with the necessary funds in circumstances such as national emergencies, or natural disasters in order to accelerate cash flow to the impacted health care providers and suppliers for instance.

As the main source of funding for business operations, **commercial banks are adopting measures to adapt to the current circumstances.** For instance, **Absa Bank** (South Africa) announced a COVID-19 payment relief programme. Corporate and business

²⁸ <https://www.gavi.org/>

²⁹ Global Development Incubator, Making multistakeholder initiatives work, 2015

³⁰ DAI, Tips for Entrepreneurs and SMEs during COVID-19 crisis, March 2020

customers will receive tailored solutions specific to their individual circumstances with no additional administration fees. These solutions will apply to credit products including: Loans, mortgage-backed business loans, and commercial asset finance products³¹.

Interviewed by the TPSD Facility, **Rabo Partnership**³² explained it organized special information sessions with partnering financial institutions about our policies on crisis management and the mitigation of coronavirus crisis. For instance, it has shared its policies on defining skeleton staff at banks, scenario development, but also providing technical assistance on secure systems allowing working from home. Assistance is also offered for cashless banking and the promotion thereof in emerging markets and the various safety measures towards staff in branches.

Similarly, **microfinance institutions** take actions to mitigate the consequences of the coronavirus. These include³³:

- *Debt rescheduling*: with periods of grace sufficient to allow recovery, capitalization of interest in arrears and, in some cases, reduction of interest rates on the rescheduled debt;
- *Debt restructuring* replacing term loans with other instruments to strengthen capital, such as subordinated loans or debt equity swaps;
- *Fresh Capital*: restructurings will require injection of new capital to support revival from the crisis. This will include working capital facilities, and equity or quasi equity
- *Interest rates*: rescheduled / restructured loans and capital should be provided at low or subsidized rates

Concerning **remittances**³⁴, this sector is also suffering from the COVID-19 outbreak. For instance, for the case of Somalia, the volume of remittances could have dropped by as much as 50% according to the London School of Economics³⁵. Specific measures can be adopted to support the contribution of these financial flows to economic resilience in developing countries. These include supporting public authorities to treat remittance service providers as essential services and mitigate any operational impacts to their functioning or providing appropriate financial instruments to effectively manage the credit and liquidity risks of remittances firms and financial intermediaries³⁶. In addition, remittances flow should be carefully monitored, remittance channels must be protected and money transfer companies operating in developing countries should be incentivized to reduce their transaction fees to help maintain the flows.

Action 6 – Strategies for Helping Financial Sector Address Crisis

To support the financial sector navigate the crisis, various interventions are suggested³⁷:

- Counsel banks, MFIs, Cooperative on response (delays, maintain contact, keep resources
- flowing). Encouraging financial institutions to express solidarity with clients and population (e.g.

³¹ <https://www.absa.co.za/personal/covid-19/covid-19-payment-relief-plan/>

³² Rabo Partnerships is a subsidiary of Rabobank, a Dutch cooperative bank currently global leader in agribusiness financing. It provides capital, management services and technical assistance to local partner banks active in the agribusiness. End 2016, it provided financial services to 7.3 million customers amounting to USD 14.5 billion deposits and USD 14.2 billion credit. 50 percent of this total credit portfolio is related to the Food & Agri value chain.

³³ Ira W. Lieberman and Paul DiLeo, COVID-19: a framework for the microfinance sector, April 2020, p6

³⁴ According to the World Bank, emerging markets and developing economies took in over 500 billion USD of remittances in 2019. For 66 countries, remittances represented more than five percent of GDP, often exceeding foreign direct investment (FDI) and official development assistance (ODA) flows. They accounted for more than 20 percent of GDP for some countries, including Haiti, Honduras and Nepal

³⁵ <https://blogs.lse.ac.uk/crp/2020/04/07/remittances-affect-the-somali-covid-19-response/>

³⁶ <https://blogs.worldbank.org/psd/remittances-times-coronavirus-keep-them-flowing>

³⁷ DAI, Potential DAI Program Interventions for COVID 19 Response, March 2020, p2

drop fees for transfers and payments or minimum balances or repayments) while also ensuring

cleanliness (washing ATMs and keeping banks open but with social distancing)

- Develop and/or (re) capitalize savings and loan groups to mobilize community recovery for banks (or programs) that serve these groups
- Assist financial institutions in coordinating discussion with central bank on policy approaches, avoiding destructive policy measures (mandated debt forgiveness, highly subsidized loans) that put stability of sector at risk in favour of refinancing facilities and portfolio guarantees.
- Help providers maintain and build out cash and digital finance acceptance networks to allow for purchasing, money transfers without contact
- Encourage providers to reduce digital finance transaction fees, provide flexibility in rules to allow individuals to provide cash out services where agent networks are closing
- Monitor remittance flows, work with remittance firms and banks to ensure incoming flows, offer short – term credit against flows
- Support the role out or expansion of product, new, existing or modified, that directly address the crisis, e.g. funeral insurance, life insurance, health insurance.

Redirecting development finance and realignment of PSE programmes

The EU Response includes a global package of more than 20 billion EUR, composed of 502 million EUR for emergency response actions addressing immediate health crisis and resulting humanitarian needs; 2.8 billion EUR for research, health and water systems; and 12.28 billion EUR to address the economic and social consequences, including through budget support, public sector lending and debt relief, as well as some private sector finance. Furthermore, the EU has adopted the 'Team Europe' approach to improve coordination both internally and with EU member states and their DFIs³⁸.

The European Investment Bank Group (EIB) announced on April 8 a comprehensive response to the coronavirus pandemic for partner countries outside the EU, amounting up to 5.2 billion EUR over the next few months. This funding is based on guarantees from the EU budget, will target urgent investment in the health sector and accelerate support for private sector investment. "*The EIB will support new business and health investments and will work closely with the European Commission, EU Member States, European development finance institutions and other multilateral financial institutions to facilitate access by public and private partners to the funding essential to meet pandemic shock*³⁹", said Werner Hoyer, President of the EIB. Technical assistance will also be provided.

AfDB has established a 10 billion USD COVID response facility made of 5.5 billion USD for sovereign operations in AfDB countries, and 3.1 billion USD for sovereign and regional operations for countries under the African Development Fund, AfDB' concessional instrument targeting fragile states. An additional 1.35 billion USD will be devoted to private sector operations. AfDB has also launched a \$3 billion Fight COVID-19 Social Bond⁴⁰, the world's largest US dollar-denominated social bond ever on the international capital market.

³⁸ San Bilal, Stephany Griffith-Jones, Sony Kapoor, Stephen Karingi, Vera Songwe and Dirk Willem te Velde, Saving Africa's private sector jobs during the coronavirus pandemic, April 2020, p8

³⁹ <https://www.eib.org/en/press/all/2020-096-eib-group-contributes-eur-5-2-billion-to-eu-response-to-covid-19-outside-european-union.htm>

⁴⁰ <https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-group-unveils-10-billion-response-facility-curb-covid-19-35174>

According to Griffith-Jones and te Velde, governments should urgently work with DFIs to consider three options to address the private sector financial needs, and pay special attention to trade finance and women entrepreneurship⁴¹:

- *Fast-track response*: DFIs need to fast-track increased finance to support investments even if they are risky. This means temporarily lifting criteria on financial returns
- *Moratorium on repayments for firms in distress*: DFIs should allow severely affected investee companies a delayed repayment of loans
- *Bounce Back Better facility*: to provide loans to transformative firms that support many workers and livelihoods (e.g. garment or flower farm workers) including recapitalisation for distressed firms in need with equity injections and credit to shift production lines for the public good (e.g. face masks or hand sanitiser)

To illustrate this, **FMO** adopted a COVID-19 response package combining financial and non-financial assistance around three pillars:

1. Remote advisory services, covering crisis management, business continuity coaching;
2. Emergency grants (focused on end-beneficiaries – e.g. grants for COVID-19 testing kits, etc.).
3. A learning & exchange platform to bring together clients in webinars.

According to Griffith-Jones and te Velde, reorienting guarantees towards shorter term risk sharing on loans for micro-entrepreneurs and SMEs can also be part of the solution.

To cope with the effects of the COVID-19 crisis, **EU Member States' development agencies** are readjusting their Private Sector Engagement⁴² (PSE) approach as well. For instance, alongside with its ongoing quarterly developPPP.de ideas competitions, **BMZ** has recently started to finance private firms that directly and significantly mitigate the negative impact of the corona pandemic in developing and emerging countries. Suitable projects can be funded with up to 200.000 EUR, in exceptional cases and in compliance with EU law higher funding may be possible. The public contribution can reach up to 100% of the project costs. European companies as well as for companies from developing or emerging countries are eligible for this call for proposals⁴³.

The **Netherlands Ministry of Foreign Affairs** has reviewed its interventions in light of COVID-19 as well: The Dutch Good Growth Fund has adjusted its maximum support in line with the revised EU State Aid rules, whereby companies may be granted up to EUR 800,000 in subsidies (previously EUR 200,000), e.g. in the form of a higher level of concessionality of loans. The number of applications is likely to go down; funds will therefore be increasingly allocated to the most vulnerable running projects. The Ministry has also launched a task force on the Coronavirus in Africa, with a focus on the health sector⁴⁴.

⁴¹ San Bilal, Stephany Griffith-Jones, Sony Kapoor, Stephen Karingi, Vera Songwe and Dirk Willem te Velde, Saving Africa's private sector jobs during the coronavirus pandemic, April 2020, p10

⁴² Private Sector Engagement (PSE) refers to the interest of donors and others to work more strategically and systematically with business. The OECD has proposed a very broad definition of PSE as "an activity that aims to engage the private sector for development results and involves the active participation of the private sector⁴²". The typology of PSE strategies developed by the OECD comprises: a) knowledge and information sharing, b) policy dialogue, c) technical assistance, d) capacity development, and e) finance.

⁴³ <https://www.developpp.de/en/covid19/>

⁴⁴ DCED, Current responses of DCED members to COVID-19, April 2020, p2