



# Statement by Employers Federation Of Pakistan the COVID-19 crisis and how we as a nation can collectively respond

► Date: March 2020

## I. Introduction

The World Health Organization (WHO) has declared COVID-19 a pandemic, raising the outbreak beyond a global health emergency.

This is a health, economic and social crisis requiring multi-layered responses from all sections of our society. The effects of this pandemic will be protracted. A vaccine is likely to be at least 12 months off. We can expect periodic spikes in the crisis over the course of the next 12 to 18 months most likely. Now is the time for collective and immediate action.

The economic aspects of the COVID-19 crisis are unprecedented. It will require a very different set of policy responses to those used in previous crises. In particular, the impact of COVID-19 on the economy will be negative as economic activity is being curtailed by direct government action and business decisions to close in order to limit the spread of the virus in many countries [including our country](#). The danger looms large that we may see extensive job layoffs over the coming weeks and months. Many of those losing their incomes will be in lower paid sectors of the economy and self-employed. Major coordinated efforts are required to keep workers in their jobs, to protect them from loss of income, to alleviate financial losses and to expedite the economic rebound.

The country must show responsibility, solidarity and efficiency in facing this emergency, by protecting all its affected citizens, workers and enterprises. All efforts need to be undertaken to bolster the resilience of workers, enterprises, economic activities and public services in the face of this crisis and be able to return to their activities when the crisis ends.

## II. Policy measures

EFP requests the government to set up a national-level committee comprising private sector representatives along with other key stakeholders such as trade unions, academics, scientists and community groups along with related ministries to deal with the economic and social fallout of the COVID-19 pandemic. Through collaboration between the government, workers and employers organizations on finding ways to mitigate the negative impact of the pandemic, EFP believes the economic and social crises created by COVID-19 can be overcome.

### Measures to support the health system:

- ▶ Avoid bans and export restrictions especially for export/import of medical equipment and medicines.
- ▶ Enterprises can assist staff members who have support roles in the health service (e.g. volunteering, part time roles) with leave and other modalities to support critical health service work.
- ▶ Measures will be needed to ensure essential workers, in particular any workers in the health sector or other frontline sectors can get to work during periods of restrictions on movement.
- ▶ Enterprises can support and reinforce public health measures such as reviewing safety precautions for workers continuing to work in light of social distancing measures.

### Measures to support workers:

- ▶ Businesses should ensure that guidance on social distancing measures to help avoid unnecessary gatherings, while preserving the delivery of essential services and supply chains are respected; EFP will provide information on safety procedures for businesses and their workers and in facilitating businesses to understand and manage their risks. These include measures such as: implementing enhanced cleaning procedures, such as increased cleaning of hard surfaces in common areas. Eliminating self-service buffets in cafeterias, increasing the number of hand sanitizer stations, and reducing the number of chairs in common rooms to support social distancing.
- ▶ Government needs to ensure adequate support in particular towards households and workers with family responsibilities during school closures so that the economic hardship of the crisis is mitigated while it lasts.

- ▶ Government should provide financial provision so employers can introduce or extend paid sick leave arrangements and eligibility for unemployment benefits.
- ▶ Government should explore providing grants for immediate cash-flow boost and support prompt payments.
- ▶ The introduction of additional wage subsidies and social welfare measures can provide a basic income to all workers impacted by the crisis and this should be explored by government.
- ▶ National funds such as social security funds can be accessed at low-interest rates to provide some of these supports. Additionally, special national ‘COVID-19 national funds’ can be established that enable contributions from donors, philanthropists, the private sector and private citizens to support the above measures.

### Measures to support enterprises:

Government must now introduce measures to support vulnerable businesses and avoid large scale job losses and keep businesses in operation. The government must ensure that financial support reaches enterprises, especially SMEs, and all workers, including the self-employed. Everything must be done to maintain our economic infrastructure and keep people in jobs and businesses as going concerns. To do this, sufficient resources must be made available and clear and regular information on the mechanism(s) for redistributing these funds must be disseminated. Therefore, EFP suggests the following measures:

- ▶ The government must further extend its liquidity supports and forbearance measures through taxation authorities (and local government where relevant) and continue to adjust supports which can help preserve as many enterprises as possible through the crisis period.

- ▶ The government could provide a zero-interest loan programme to enterprises under a certain size that are impacted by COVID-19 (measured by industry and/or decline in revenue).
- ▶ The government could make direct grants to enterprises to cover some share of payroll expenses or revenue losses.
- ▶ The taxation authorities should provide flexibility to help distressed companies with their cash flow constraints.
- ▶ In order to free up cash for the payment of charges, a delay of several months (to be readjusted according to the evolution of the situation) in the payment of taxation should be considered.
- ▶ Measures to grant temporary leave without pay until recovery from COVID-19 should be considered for struggling businesses.
- ▶ Where discussions on minimum wage negotiations are scheduled these should be postponed until the crisis abates.

### Measures to support hard hit sectors:

The impact of a collapse in demand and revenue for frontline consumer and hospitality businesses will affect other sectors over the coming weeks.

EFP will support these sectors by developing collaborative networks and forums to devise sector specific responses. We specifically will support interaction between enterprises and regulating authorities at sectorial level to outline specific sectorial constraints/issues. Sectorial stimulus measures for most severely impacted firms may be warranted.

### Measures to support supply chains:

In this period of uncertainty, with unprecedented disruptions, enterprises may struggle to access key raw materials; deliver products and access key markets. Essential goods such as food and feed supplies including livestock, vital medical and protective equipment and supplies need to continue flowing.

The main issues concerning supply chain interruptions include:

- ▶ Access to raw materials - cost and quality.
- ▶ Access to markets – perishable products lost in transit due to longer delivery periods
- ▶ Working capital disruptions – longer lead times.
- ▶ Market loss – e.g. export markets constrained by logistics or replaced by production.
- ▶ Surge of imports to address the spike in demand (in certain product groups).
- ▶ Underperforming budgets – impact of extended downtime.
- ▶ Reduced productivity along the supply chain – workers well-being (physical and psychological).

EFP underlines its concern of the need to ensure no disruption to essential supplies to combat COVID-19. We recommend the following measures:

- ▶ Assisting government to compile a master list of suppliers and importers, and gathering key data on manufacturing capacity, ability to scale, constraints.
- ▶ Support for the manufacturing of essential medical products.
- ▶ Financial support for trade finance to import essential medical products.
- ▶ Making sure key public utilities suffer no disruptions e.g. (electricity, water).
- ▶ Working with government to ensure that any emergency measures by government do not cause disruption of supply chains of essential services (food, medicines for example).

### Measures to support the recovery now:

The government should communicate its intent to deliver a significant fiscal and monetary stimulus (in coordination with national partners and donors). The government can now help offset some of the panic which is permeating all elements of our economy and society. Signalling

the intention to unveil further stimulus measures to support demand recovery in the future will help preserve many businesses and jobs during the crisis period. A coordinated international and multi-agency fiscal stimulus package will most likely be required in order to reboot our damaged economy. We advocate to government to now:

- ▶ Prepare stimulus measures for when the public health emergency subsides.
- ▶ Plan for range of fiscal stimulus measures to ensure V-shaped recovery from crisis (i.e. a fairly sharp drop in the economy's health and a fairly speedy recovery).
- ▶ Upscale public investment employment intensive programmes for housing and other infrastructure.

### Measures to support the informal economy:

Like any other businesses, informal economy businesses are experiencing a reduction in customers because of the pandemic. Customers avoid crowded markets. Social distancing between workers in informal markets is difficult because of crowding. The same can be found in other informal sectors like in public transport, vehicle repair and metal work. Maintaining hygiene by hand washing with soap and water in these sectors is very difficult.

Without economic relief for the informal small businesses, this will have negative knock-on effects on poverty in poor communities. Proposals linked to State benefits, to tax relief, to new lines of credit or to enterprise grants all limit the response to formal enterprises and formal workers. None will reach the informal economy. Government response aimed at economic relief must consider the informal economy where job and income losses are likely to be severe and no form of social protection exists. We need to augment our existing social support systems so that assistance is provided to those who are in the greatest need. Doing so will directly address the impending crisis of heightened poverty and deliver a trickling up effect to the wider economy.

EFP believes it is vital to provide supports to the informal economy during this crisis. Support to the informal economy also matters because of the crucial role it can play in the containment effort during this period.

- ▶ As many informal workers are in contact with large numbers of people, they need to be provided with sanitizer, masks and other protective equipment to protect themselves and others.
- ▶ Water points should also be set up in markets and other informal sector clusters.
- ▶ Providing targeted assistance to these in the informal economy (or those who receive no other form of social grant) needs to be considered. A special grant could address the needs of the most vulnerable. It could also act as a trickle-up economic stimulus for the economy as a whole. There are also opportunities for significant innovation in the design of such grants, to optimise the economic multipliers in local economies. The use of block chain technology on mobile platforms can circumvent costly banking transactions at the same time as providing a high level of security. Use of mobile money includes the ability to track mobile transactions, giving a wealth of spatial economic data.

EFP supports the establishment of a special national 'COVID-19 national fund for vulnerable citizens' that could be established that enable contributions from donors, philanthropists, the private sector and private citizens to support the above measures.

### III. What EFP is doing

EFP will undertake a needs assessment survey of its members to assess how the pandemic is impacting on enterprises and their workers. This information can then help calibrate national responses.

- ▶ We will work closely with the government, throughout the crisis, to share accurate information as the crisis unfolds. This is critical to combat fake news and panic and to calm social tensions.
- ▶ We will work with the banking sector and financial intuitions to explore measures such as soft loans to SMEs, debt freezes and other mechanisms to support SMEs.
- ▶ We propose the establishment of a facility to manage the problem of compensation arising out of breach of contracts caused by issues such as the inability to conduct exports because of the shortage of raw materials.
- ▶ In the context of commercial leases, flexibility should be offered by landlords and we will develop a consultative process to this end.
- ▶ We will set a consultation facility to enable closer collaboration and cooperation between the public and private health systems.
- ▶ We will work with members to identify key areas of public services that will come under pressure in the coming months and how private actors can respond.

Most critical is having robust business continuity plans (BCP) to prepare for the weeks and months ahead. We will work with members in the immediate period to support them in the development of BCPs.

### IV. How we will operate

EFP is fully operational during the pandemic and we will continue to provide the services you depend on. While there are challenges to this new reality as we adjust to social distancing, travel restrictions, work from home and rescheduled or cancelled meetings, we have implemented a business continuity strategy for conducting our daily routine that allows us to protect our workers and respect the role we all play in preventing the spread of the virus to our families, friends and communities.

**On the policy front:** The COVID-19 pandemic has significant implications for every policy area in which EFP engages. We remain focused on how we can best engage with our partners in business, and government to bring business solutions. We will maintain the flow of information and advocacy critical to support your interests, our staff continue to monitor and report back any new measures or developments relevant to the business community.

**Our training services:** We have implemented social distancing protocols in all our training modules. Sanitizers and other protective equipment is provided. We believe that our training programmes are a safe space. We are also examining – if the crisis prolongs – how we can move some of our training into an E-virtual space and conduct training online.

**Communication:** We will use our weekly e-newsletter (or other regular communication tool) to stay in touch on what we, are doing to ensure the continued, proactive representation of your interests to government. We have also developed a dedicated web page on COVID-19. This space will also spotlight EFP-member initiatives. This page is now live and will be updated daily.

\*\*\*\*

EFP believes that all measures should be regularly evaluated to determine if they are sufficient and suitable. Our country is experiencing a major crisis of exceptional magnitude, which is impacting us all. It is therefore a question of doing the maximum now to preserve the economic fabric and the social balance of our country.

ENDs

► **Contact**

Employers Federation of Pakistan  
2nd Floor, State Life Building 2 Wallace Road Off. I.I. Chundrigar Road, Karachi  
Email: [info@efp.org.pk](mailto:info@efp.org.pk); [fs@efp.org.pk](mailto:fs@efp.org.pk)  
Web page: <https://efp.org.pk/covid-19/>