

# Navigating Through The COVID-19 Pandemic: The New Challenge to CEOs and Senior Executives

Meeting structure & agenda

# Agenda

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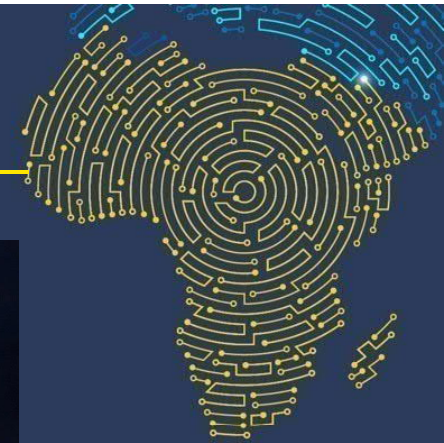
1. Introduction CPA Edwin Makori
2. Global and regional outlook CPA Nancy Muhoya
3. Emerging areas of concern and Next steps /EY Recovery Plan CPA Nancy Muhoya
4. Panel discussion
  - CPA Edwin Makori;
  - CPA Nancy Muhoya;
  - FCPA Fernandes Barasa;
  - FCPA Dr. Nicholas Letting;
  - CPA Joshua Oigara.





# Global and regional outlook

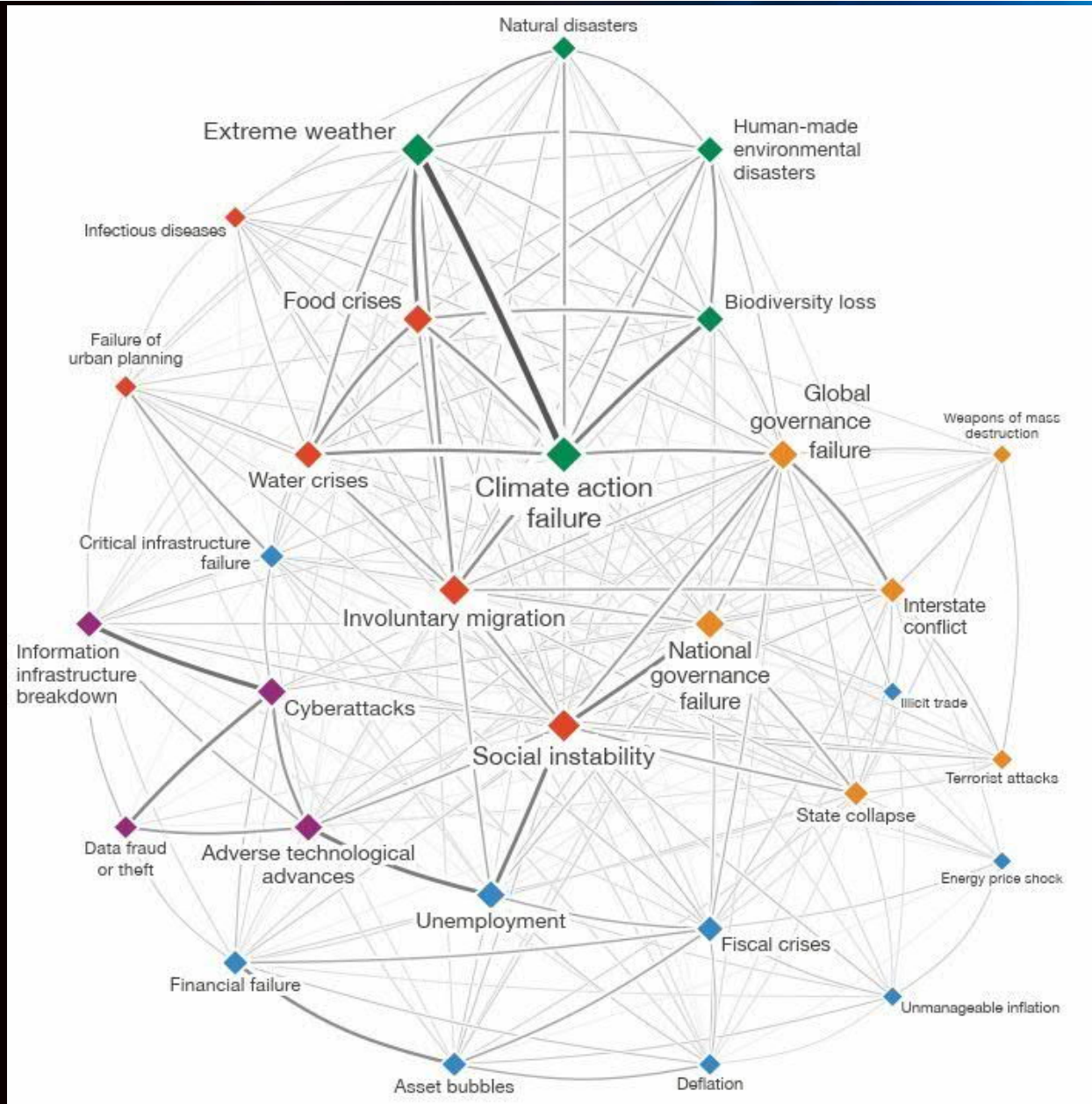
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**EY**

Building a better  
working world





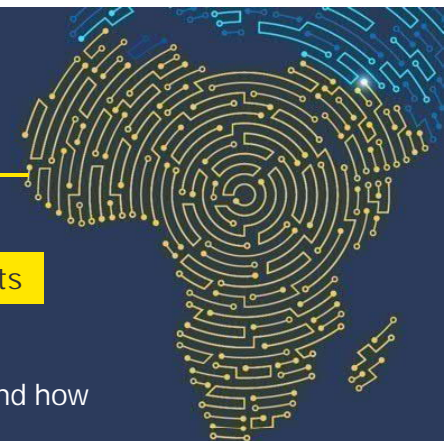
# Global Risks Interconnections Map, 2020



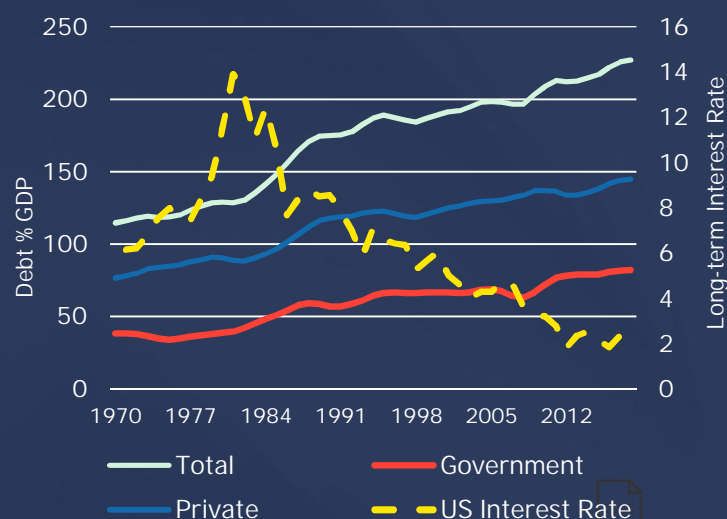
Source: World Economic Forum - Global Risks Report, 2020



# High debt levels and low interest rates constrain fiscal options, which increases uncertainty in making economic projections



Global Debt & US Interest Rates, 1970-2019



- The rapid rise of global debt limits the room available for fiscal stimulus measures
- Low policy and long-term interest rates make further policy rate cuts difficult

## Uncertainty in Forecasting Economic Effects

1

**Pandemic Factors.** What will be the propagation pattern of the disease and how many people will become infected?

2

**Labor Mobility Factors.** How long are travel bans in place? How extensive are quarantine and exclusion restrictions? How many people can work remotely?

3

**Business Liquidity Factors.** How many businesses are able to sustain long-term disruption?

4

**Debt & Interest Rate Factors.** How do existing fiscal constraints impact how governments can formulate new stimulus measures?

5

**Political Factors.** Will the world be able to forge a multilateral response to the crisis?

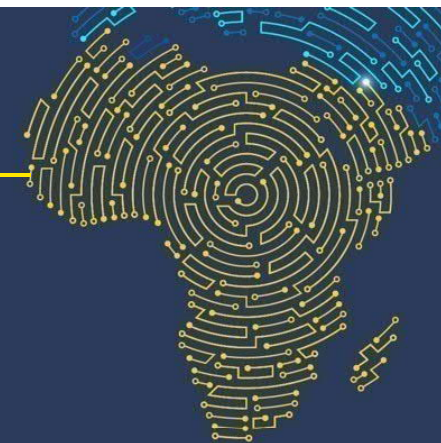
Sources: World Bank. 2019. Global Waves of Debt: Causes and Consequences; OECD Long-term Interest Rates, U.S. Congressional Research Service.



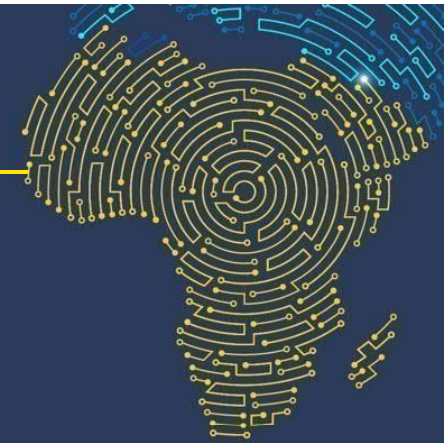
# Regardless of the specific outcome, governments need to consider stimulus measures in line with the progression of COVID-19



Sources: Centre for Economic and Policy Research (CEPR), EY analysis, IMF, World Bank.



# How is COVID-19 disrupting organisations world-wide?



1	Workforce Health & Safety	Serious concerns for the safety of workers and customers reducing face2face interactions.	Increased absenteeism amongst workers as the concerns for health increase
2	Waning Demand	Traditional purchase triggers are being defeated as consumers stay away (retail, travel, entertainment)	Fears of possible consequences of the outbreak reducing discretionary spend
3	Supply Chain Disruption	Lean, JIT, tier 1 suppliers have led to inflexibility and inability to switch	Disruption of global supply chains affecting production across the world
4	Legal implications	Invocation of 'force majeure' clauses in contracts	Working capital constraints leading to staff redundancies/ costly operating model reviews
5	Working Capital Constraints	Falling revenues as consumer confidence takes a knock and many lose employment	Disruption of the supply chains leading to capital being held up, production runs delaying, distributors unable to pay and suppliers unable to deliver
6	Cybersecurity	Monitoring centres shut down as personnel become affected	COVID-19 Phishing emails on the increase driving up vulnerability.

## The Upside:

- ▶ Social Responsibility
- ▶ Need to correct inequality but in the meantime provide economic support to the most vulnerable.
- ▶ Increased revenues: Home Entertainment, e-commerce Amazon (100k more workers) UBER Eats
- ▶ Operating models shift e.g. restaurants.

## EY COVID-19: A framework for business response

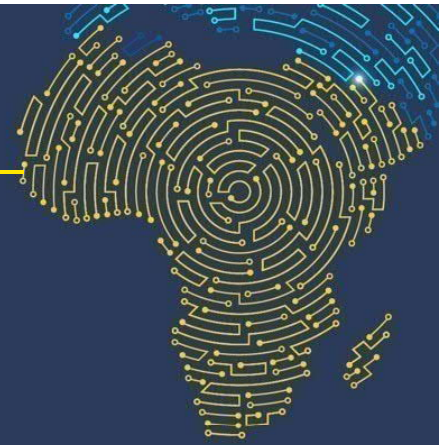




# EY COVID-19 Crisis Management Solution- EY 100 days Plan

The proposed crisis management solution (detailed below) is aimed at ensuring, within the span of 1-2 months (i) **activation and execution of the business continuity plan, protecting the business and resilient return to growth.**





## 4. Panel Discussion

