

VALLIS GROUP LIMITED**WEEKLY BULLETINS IMPACT OF COVID-19 ON THE SUPPLY CHAIN****BULLETIN 3 – CHALLENGES IN DIFFERENT SECTORS****1. SUMMARY OF CHALLENGES**

1.1 This bulletin will cover the following areas and how they have been affected by COVID-19;

- 1.1.1 Employment;
- 1.1.2 Uncertainty;
- 1.1.3 Commodities;
- 1.1.4 Development sector.

1.2 Overall challenges caused by COVID-19

- 1.2.1 COVID-19 is causing unprecedented challenges, far beyond any normal crisis. Much is still unknown about the virus, government responses to it, and the implications for political and trade relations globally.
- 1.2.2 Businesses are trying to cope with constant changes to **government measures**, health advice, and to international **transport arrangements**.
- 1.2.3 Businesses depending on the supply chain are likely to be more heavily affected by the current crisis. 94% of the Fortune 1000 companies so far have experienced disruption due to COVID-19.

1.3 Impact on employment**1.3.1 Reduced staff numbers;**

- 1.3.1.1 Staff levels have decreased due to a combination of national 'lockdowns' implemented to reduce social contact, and illness, resulting in limited staff in factories, warehouses, production lines, and transport, amongst other areas.
- 1.3.1.2 Some companies are being forced to let staff go mainly as a result of financial strains and their uncertain future stability. This has led to increased unemployment and potential delays when businesses are able to reopen.
- 1.3.1.3 In Africa, 71% of their workforce is in informal employment, with no access to benefits whilst unable to work.

1.4 What do the levels of uncertainty caused by COVID-19 affect?

- 1.4.1 The situation with COVID-19 is consistently changing, making it incredibly hard to predict future government policies, availability of workers, effect on transport and fluctuations in demand.

1.4.2 The last pandemic on this scale was the Spanish Flu in 1918, which took place in a very different society with a very different global response. Therefore, unlike other crises, there is no relevant experience against which to judge likely developments.

“Though service leaders are familiar with business continuity and disaster recovery planning, pandemic planning is very different because of its wider scope and the uncertainty of impact”, John Quaglietta, senior director analyst, Gartners Customer Service and Support Practice

1.4.3 90% of newspaper articles which refer to “economic policy uncertainty” in March 2020 also use phrases directly related to COVID-19, such as “coronavirus”, “COVID” and “pandemic” (*Baker et al.*). Figure 1 shows the biggest challenges as described by marketers.



Figure 1: The Biggest Challenges facing Marketers, *Uncertainty the Greatest Business Challenge as Coronavirus Crisis Deepens*, Sarah Vizard, 19 March 2020

1.5 How has the price of commodities been affected?

1.5.1 The price of oil has decreased significantly due to a combination of reduced global economic activity and a short-lived price war between Russia and the OPEC producers. This has had a substantial impact on African economies, such as Nigeria, which relies on the gas and oil sector for a third of its GDP.

1.5.2 A similar impact is visible on non-oil commodities, such as copper in Zambia and flowers in Kenya. Copper prices decreased by 25% between January 2020 and the end of March 2020. Only in the last few weeks have signs of a very early recovery been visible.

1.6 How is the developmental sector being affected?

1.6.1 There has been a 41% increase in direct debit cancellations to UK charities, which could result in the international developmental sector losing £1.28 billion, says [British Overseas NGOs for Development \(BOND\)](#).

1.6.2 It is feared that this impact will be even greater as the economic impact of COVID-19 hits. The future of NGOs is uncertain, as shown in Figure 2.

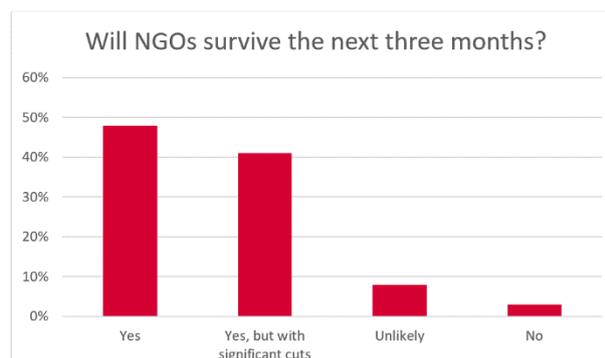


Figure 2: Will NGOs survive the next three months? *How is COVID-19 affecting NGOs’ finances and operations?* 8 April 2020

- 1.6.3 86% of NGOs have made the decision to, or are considering, cancelling or delaying programmes. This is due to increasing operational costs, health risks and difficulties due to lockdowns.
- 1.6.4 60% of NGOs have cut back on staff. See [here](#) for more information, from the Institute of Fundraising.
- 1.6.5 It is estimated that 27 million people in Africa could be pushed into extreme poverty by COVID-19, with expected growth down to 1.8% from 3.2% in a best-case scenario.

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