



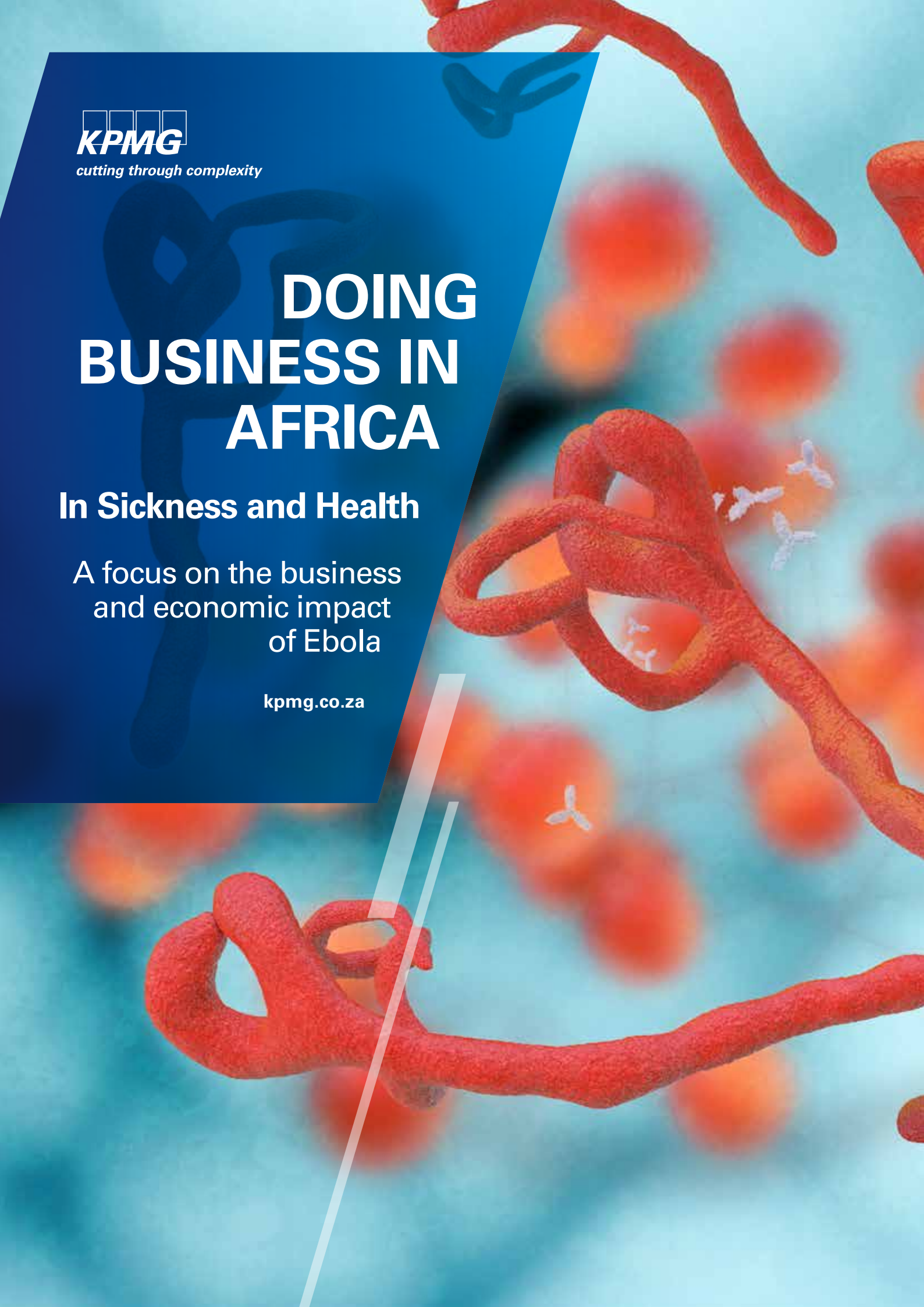
*cutting through complexity*

# DOING BUSINESS IN AFRICA

## In Sickness and Health

A focus on the business  
and economic impact  
of Ebola

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## Executive summary

The recent Ebola outbreak in West Africa has been a shock to the healthcare systems in the affected countries. Despite the recent economic growth in these countries the inherent weaknesses that persists in these healthcare systems has been exposed by the outbreak. The negative impact of the outbreak on the economies of these countries has less to do with direct costs of dealing with the disease, than the costs of aversion behaviour. This type of behaviour has also shown to affect other African countries, many miles away from the countries in which the disease is. Business has the potential to fundamentally influence the course of the epidemic by providing support. We are one world; we are affected by the wellbeing of our neighbours and our business partners.







# 01

## Is Fear or Ebola the real threat to African Renaissance?

The stories of human suffering coming out of West Africa are staggering. The human cost of this strange disease, immense. The fall-out of the epidemic is not, though, just health related. It is also economic.

As recently highlighted by Graca Machel, 'HIV should have taught us lessons we can apply in the Ebola situation... But Ebola found African countries totally unprepared.'<sup>1</sup>

<sup>1</sup> Graca Machel, Mail and Guardian African Truth Dialogue Series.

KPMG Africa has collaborated across our healthcare practices in West, East and Sub-Saharan Africa to explore the impact of Ebola, both on the affected countries as well as on the businesses of some of our key clients. These insights are shared with you in this report, which we hope will highlight both the direct effects and the externalities of this devastating epidemic, which has not only exposed the dire state of healthcare systems in the affected African countries, but has also raised many questions about the responsibilities of companies who are doing business on the Continent.

For three countries, Liberia, Sierra Leone and Guinea, just recently able to bask in the rays of political and economic stability, the economic damage, is depressing. Although these three countries account for just 1% of the Sub-Saharan African (SSA) economy, the World Bank estimates that the Ebola epidemic could cost the West African region, in the mid-term, up to \$32.6 billion, if the spread of the disease to larger neighbouring economies, is not rapidly contained.<sup>2</sup> In December 2014 the World Bank reviewed this estimate and declared it valid given the continued spread of the virus.

This begs the question as to how much priority governments of growing African economies are giving to developing health systems. Few are meeting the 15% of GDP target recommended by the World Health Organisation (WHO) for healthcare.



According to Fatima Shabodien,  
Country Director, ActionAid,

**'We must acknowledge that this  
(the current Ebola epidemic) is a  
development crisis manifesting in  
medical terms.'**

Perhaps not surprising, however, is the fact that most of the economic cost does not relate to expenses such as medical care and reduced labour output, typically used by economists to measure economic impact. As was seen with the Severe Acute Respiratory Syndrome (SARS) outbreak in 2003, large cross-border epidemics tend to result in what economists term 'Aversion behaviour'. In the case of SARS, \$50 billion of economic damage resulted from an epidemic that caused 800 deaths and infected 8000 people, a cost out of proportion to the death toll. The severe economic damage was a result of fear-driven behaviour and overreaction.

This includes fear of associating with other people and withdrawal from the work place, and shutting down of businesses, transportation and borders with affected countries. Trade, travel and commerce are disrupted by flight cancellations, reduced shipping and cargo services. Investors withdraw and share prices plummet. In the words of a World Bank economist '...We posit that a rapidly- moving, often fatal disease elicits "aversion behaviour," as economic agents withdraw from commercial interaction, shun what they perceive to be exposed assets, and postpone or divert investment from affected economies'.<sup>3</sup> It is estimated that in both the SARS (2003) and H1N1 Epidemic (2009) between 80% and 90% of economic damage was due to these 'behavioural effects'<sup>4</sup>.

Closing of borders with affected countries has been a common but contentious move, by a number of countries, to preventing transmission. Both Senegal and Cote d'Ivoire sealed borders with Guinea early on in the epidemic and have succeeded in containing the epidemic there, in the short-term. Both Nigeria and Kenya – on being identified by the World Health Organisation as a high risk destination, on the other hand, have put in place a range of measures to prevent transmission, without closing borders. These include entry screening for suspected cases at airports, seaports and land crossings throughout the region, particularly of travellers from affected countries; providing medical advice to travellers about Ebola; implementing measures to detect, investigate and manage the Ebola Virus.

On the one hand, closing of borders, may, to some extent, contribute to protecting citizens from exposure and reassure the population that measures are being taken to ensure public safety. However, borders between many African countries are porous with substantial informal mobility between them. Closing of borders frequently results in increased illegal movement with dramatically less opportunity to monitor disease and provide information. It also impacts negatively on trade-flow and tourism and therefore limits growth and development.

Still, until governments can demonstrate that they are able to contain transmission of the disease internally, sealing of borders and other examples of aversion behaviour are likely to continue. The CEO of the World Health Organisation (WHO) has attempted to rally governments around an emergency '70:70:60' response to epidemic whereby 70% of people who have died of Ebola are buried safely. In local cultural practice families wash bodies of the dead, exposing members to infected blood and other body fluids. This is a common source of transmission warranting urgent education regarding protection. In addition, 70% of Ebola patients should be placed on treatment. Both of these steps should be taken within 60 days of briefing.

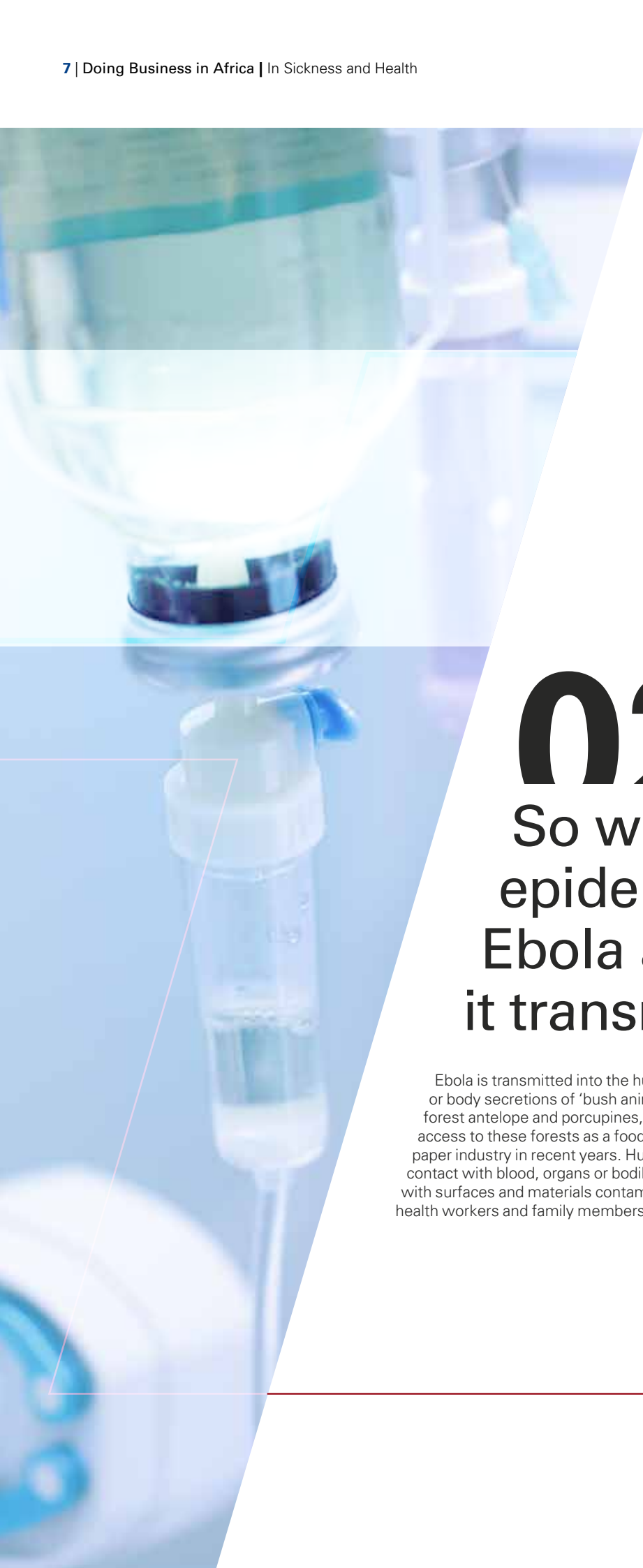
This is going to be a huge challenge given the strain under which health systems were functioning even prior to the current Ebola outbreak. The burden of communicable diseases such as lower respiratory disease, malaria and HIV/AIDS is heavy and this will be exacerbated by Ebola. Many people are too scared to go to poorly equipped clinics now, for fear of contracting the disease. Gains made in containing these are, in many instances, being lost.

<sup>2</sup> 'The Economic Impact of the 2014 Ebola Epidemic: Short and Medium Term Estimates for West Africa', World Bank, 2014.

<sup>3</sup> Ebola's Economic Damage to Africa: How Much, How Long?, Maryla Malewzewska, undated.

<sup>4</sup> Same as 2 above.





# 02

## So what is the epidemiology of Ebola and how is it transmitted?

Ebola is transmitted into the human population through contact with blood, organs or body secretions of 'bush animals' such as bats, chimpanzee, gorillas, monkeys, forest antelope and porcupines, found dead or alive in rainforests. Communities gained access to these forests as a food source, due to the construction of roads for use by the paper industry in recent years. Human to human transmission also occurs through direct contact with blood, organs or bodily secretions of infected people or through contact with surfaces and materials contaminated with these fluids. It is for this reason that both health workers and family members have so frequently become victims of the virus<sup>5</sup>.

<sup>5</sup> World Health Organisation, Fact Sheet 103, September 2014.



While there have been a series of Ebola outbreaks in Africa in the last 50 years, none have been as serious as the current epidemic. This is due, for the most part, to transmission into densely populated urban areas of Liberia and Sierra Leone; dysfunctional health systems and the slow local and international response.

A brief history of Ebola in Africa is provided below.

## Ebola Virus Disease - 1976 to date



**1976**

The first recognised outbreak of EVD occurred in Zaire (*Zaire ebolavirus*, EBOV), now the Democratic Republic of the Congo. There were 318 reported human cases, and 280 deaths.

A *Sudan ebolavirus* (SUDV)\* outbreak also occurs in Sudan (now South Sudan), with 284 reported cases and 151 deaths.

\* The *Zaire ebolavirus* and the *Sudan ebolavirus* are two different species of the *ebola virus*.



**1989**

In Reston, Virginia, macaque monkeys imported from the Philippines are found to be infected with the Ebola virus (later named the Ebola-Reston virus)



**1990**

In Texas and Virginia quarantine facilities, four humans develop Ebola antibodies after contact with monkeys imported from the Philippines. None of the humans had symptoms.



**1995**

An outbreak in Democratic Republic of Congo (formerly Zaire) leads to 315 reported cases and at least 250 deaths



**2000-2001**

A Ugandan outbreak results in 425 human cases and 224 deaths.



**2007**

An EVD outbreak occurs in the DRC 187 of the 284 cases reported result in death. In late 2007, an outbreak in Uganda leads to 37 deaths, 149 cases were reported.



**2008**

November 2008 - The Ebola-Reston virus (RESTV) is detected in five humans in the Philippines.



**2001-2002**

An EVD outbreak occurs on the border of Gabon and the DRC, resulting in 63 deaths in Gabon and 43 deaths in DRC



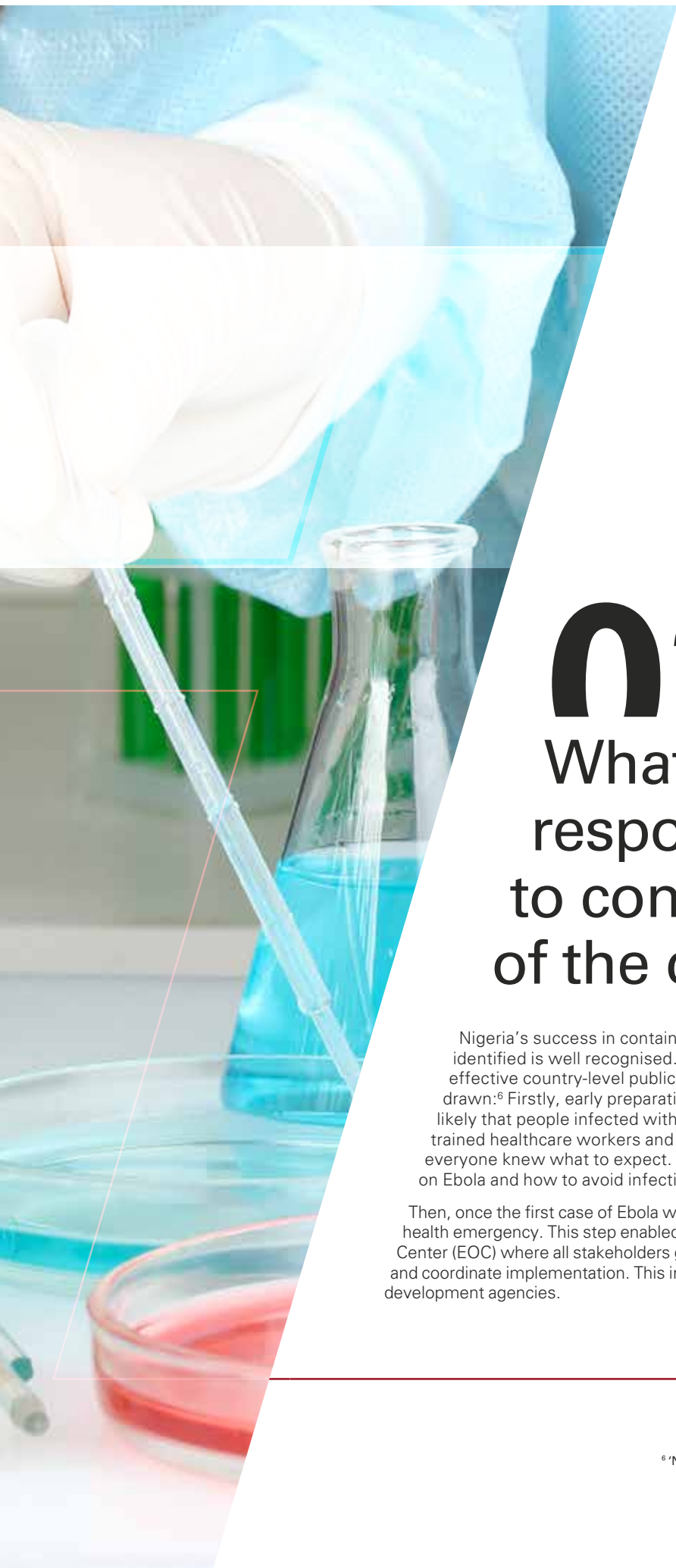
**2002-2003**

December 2002 - April 2003. An EVD outbreak in the DRC resulting in 143 reported cases and 128 deaths.



**2014**

August 26 2014, The Ministry of Health in the DRC notifies the World Health Organisation of an Ebola outbreak in the country. It is the seventh outbreak in the country since 1976, when the virus was first identified near the Ebola river. The outbreak is not related to the ongoing outbreak in Guinea, Liberia, Nigeria and Sierra Leone. As of October 9, 68 cases and 49 deaths have been reported in the Democratic Republic of the Congo.



# 03

## What kind of response is needed to contain the spread of the disease?

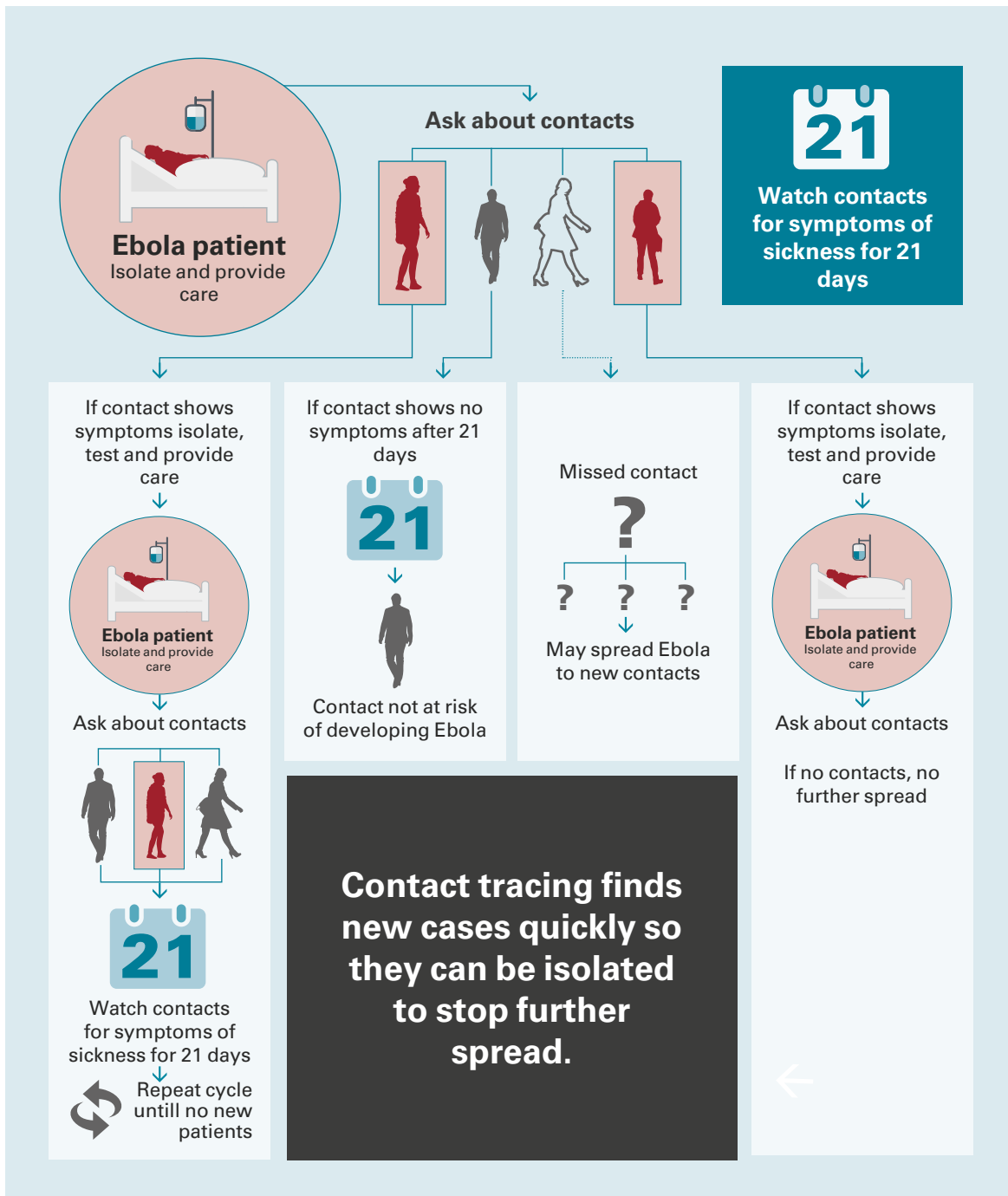
Nigeria's success in containing the spread of the virus after 20 cases were identified is well recognised. This experience provides a useful example of an effective country-level public health response, from which the following lessons are drawn:<sup>6</sup> Firstly, early preparation is essential. The Ministry of Health knew that it was likely that people infected with Ebola would enter the country and so immediately trained healthcare workers and distributed information across the country so that everyone knew what to expect. Every resident received a SMS providing information on Ebola and how to avoid infection.

Then, once the first case of Ebola was confirmed, government declared a national public health emergency. This step enabled the Ministry to form an Emergency Operations Center (EOC) where all stakeholders grouped to agree on strategies, develop a single plan and coordinate implementation. This included government as well as staff of international development agencies.

<sup>6</sup> 'Nigeria is Ebola-free: Here's what they did right', Time Magazine, 19 October 2014

Effective contact tracing was carried out<sup>7</sup>. This involves listing all people that the patient has had contact with and monitoring them for symptoms, such as fever, for the 21-day incubation period. Should symptoms develop, the person is isolated and provided with treatment. All contacts of this person are then followed-up for 21 days. Contact tracing is the most effective way of identifying new cases and ultimately halting the spread of the disease.

The diagram summarises these steps:



Source: US, Department of Health and Human Services, Centres for Disease Control and Prevention (CDC), undated.

According to Dr Shuaib from the Emergency Operations Center, managing fear is a critical step. Over and above providing information on social media, all cases successfully treated were publicised. Also, emphasising that reporting to hospitals early increases survival rates, assisted in reducing fear levels.

Nigeria also decided to keep borders open. Government decided that implementing public health strategies to contain transmission would be more effective than closing borders, which would stifle commercial activities in countries whose economies were already hurting. Nigerian government views outbreak response as a continuous process. Even though the current outbreak is contained, training and preparation for more cases is ongoing.

<sup>7</sup> Graca Machel, Mail and Guardian African Truth Dialogue Series

# 04

## The Business and Economic Impact of Ebola across Africa

### West Africa

The three countries in West Africa hardest hit by the epidemic are Liberia, Sierra Leone and Guinea, where the current outbreak started. Liberia and Sierra Leone have now experienced severe impacts, in part because the disease took hold in densely populated urban areas. Previous outbreaks were contained in less populated rural districts.



## Liberia

Liberia has experienced a sharp economic impact across all sectors with World Bank GDP estimates for 2014 decreasing from 5.9% to 2.5%. The greatest economic impact has resulted from fear-driven behaviour changes, as opposed to direct costs such as sickness, death and caregiving time. This has affected employment levels, income and demand for goods and services. The MTN Liberia, Chief Financial Officer emphasises that a lot of skills in Liberia were drawn from expatriates, a large percentage of whom have returned home due to family or business concerns about the Ebola epidemic. He notes though that there are already signs of the trend reversing.

The fear-driven evacuation of expatriates noted by MTN Liberia CFO, has, indeed, had a dramatic impact on key sectors of the Liberian economy. These are services (45% of labour force), mining (17% of GDP) and agriculture (nearly 50% of the workforce and 25% of GDP). The Services sector has been hardest hit with wholesale and retail traders reporting a 50-70% decline in turnover, the largest reduction being in markets serving expatriates. Commercial, residential and government construction are all in decline as contractors have evacuated key personnel. In agriculture large investments in palm oil have slowed, by Sime Darby, the world's largest producer of palm oil, due to the evacuation of managerial and supervisory staff. Domestic agriculture has also slowed due to quarantines of rural food producing districts and migration of families at the start of the outbreak. This has affected harvesting and replanting of crops, restricted transport and marketing of produce resulting in food shortages and increased prices. Similarly, iron ore mining has been impacted by closure of operations by China Union in the epicentre of the epidemic and a hold on expansion plans by ArcelorMittal, the world's leading steel producer.

## Sierra Leone

The Sierra Leone economy has similarly been hard-hit by aversion behaviour related to the epidemic. The quarantining by government of affected districts has led to restrictions on internal travel and market closures, resulting in a decline in economic activity disproportionate to the human toll. World Bank estimates for GDP growth for 2014 are down to 8 percent from 11.3 percent; still relatively high given robust growth in the first half of the year.

Key sectors of Sierra Leone economy are agriculture (50% of the economy), industry, mainly mining (20%) and Services (30% of the economy), which, similarly to Liberia, is hardest hit. There has been a wide range of Ebola-driven shut-downs and restrictions on markets, restaurants, bars and nightclubs as well as on transportation. Cancellation of commercial flights to the country are also impacting on the hospitality industry (31 flights a week in August down to 6 flights a week in September) and increasing isolation of the country from international markets. Hotel occupancy rates are down from 60-80% to 13%. In agriculture, government-induced quarantines on the two most active food-producing districts are expected to impact heavily on rice production (staple food) and likely to increase rice prices by as much as 30%. This will impact heavily on districts where 30% of the population is already food insecure. The World Food Programme estimates that over 1 million people are likely to be in dire need of food due to the epidemic. Calls for an emergency operation have been made, amounting to 65 000 tons of food. Chronic malnutrition (35% of children 6-59 months), already a serious problem, is likely to be exacerbated by the upheaval in agriculture and food production. In the mining sector, there had been few disruptions to production by the end of September because most mines are not in severely affected areas. Many mines are, however, functioning with fewer expatriates so the risk of disruptions remains high.

For more insights into the impacts of Ebola on Sierra Leone, see the Focus on Sierra Leone section later in this document.

## Guinea

The main impacts of the Ebola epidemic in Guinea have been in agriculture. This is due to a swift response of the Ministry of Health and Medecins Sans Frontieres to setting up contact tracing and follow-up in affected areas. Projected agriculture growth has been reduced from 5.7 to 3.3 percent. Again aversion behaviour by way of mass migration from affected areas has affected key export commodities such as cocoa and palm oil. Coffee production has decreased by half, cocoa declined by a third and palm production down by 75%. The impacts of international aversion behaviour is evident in the services industry. Mining companies Vale and Rio Tinto have evacuated many foreign workers affecting service industries. In addition, air lines have reduced travel, Senegal and Cote d'Ivoire have shut borders with the country and many expatriates departed. Hotel occupancy rates in Conakry have halved.

## Focus on Sierra Leone

**Sierra Leone is one of the countries that has been worst hit with the Ebola Virus outbreak in West Africa. In a country where the disease is totally new and the public lacked sensitisation about the disease, the infection rate has grown rapidly.**

This is associated with the fact that in Sierra Leone people are very involved in funeral practices, for them it is important to bury the bodies of the dead near them. Funeral practices include rubbing the corpses down with oil, dressing them in fine clothes, and then having those at the funeral hug and kiss the dead body. Also at the beginning of the outbreak, many did not believe that the disease existed. Some members of the community thought it was a bad spirit, a devil, poisoning or a bewitched aircraft that crashed in a remote part of Sierra Leone, casting a spell over three West African countries.

The disease has not only caused the death of its victims but poses a great threat to the country economically and socially. According to the Minister of Finance and Economic Development, Dr. Kaifala Marah, the combined effect of the disruptions to agriculture, mining, manufacturing, construction, transportation, domestic and international trade and tourism activities has significantly lowered the growth prospects of the economy. Preliminary analysis shows that economic growth will slow down to 4.0 percent in 2014 compared to the original projection of 11.3 percent. The Ebola Virus Disease poses a great threat to macroeconomic stability, human development and poverty reduction.

The measures adopted to stem the spread of the Ebola outbreak, including the closure of periodic markets, internal travel restrictions and the closure of borders, while appropriate, have also severely disrupted the supply of domestic food and non-food items. This has resulted in rising consumer prices, especially for essential commodities. The national currency, the Leone, depreciated by 9.2 percent in the official market and by 13.2 percent in the parallel market between the end of May and the end of October this year due to excess demand pressures for foreign exchange.

The financial sector has also been adversely affected. Normal banking hours have been reduced by 1-2 hours daily while some banks closed operations in epicenters with consequences on internal trade. Some Community Banks and Financial Services Associations (FSAs), which provide services for farmers and small scale businesses in rural areas, have either closed down or scaled down operations.

As a consequence of the impact on economic activities, domestic revenue collection dropped and is estimated to decrease by about Le390 billion, equivalent to US\$90 million in 2014.

The Ebola epidemic has also negatively impacted the social fabric of Sierra Leone. It has disrupted health and education programmes and halted the implementation of water and sanitation projects, especially in the rural areas. The disease also worsened the already fragile situation of women, children and the physically challenged. In particular, it eroded the gains achieved in the country's healthcare services, especially the flagship, Free Healthcare Initiative.

Moreover, NGO operations in the water sector have either been suspended or scaled down while resources for expanding the Water, Sanitation and Hygiene infrastructure have been diverted to Ebola-related activities. This is likely to lead to an outbreak of water-borne diseases, further putting pressure on an already overstretched healthcare system.

More women than men have contracted the disease. This is attributable to (i) women's role as caregivers in their families, which places them at higher risk of exposure to the Ebola disease; (ii) majority of healthcare workers are female nurses; and (iii) women are mainly engaged in informal trade in crowded open markets and at border towns. The loss of livelihood and stigma has a disproportionate effect on women.

Available statistics indicate that 170 children have died from the Ebola disease as at November 11, 2014; those children who have survived are stigmatised and many are roaming the streets of our communities. The elderly also face increased poverty and social exclusion since many of them are not eligible for a pension and rely on family members for social support. The physically challenged are far more affected and exposed. For instance, the blind depend on the sense of touch, which exposes them to the disease. Additionally, many of them depend on begging on the streets. This does not only expose them to the disease but has also now limited their movement and sources of livelihood.

## How the country has responded to the outbreak:

### » Establishment of the Emergency operations center

At the onset of the outbreak, the Government, in collaboration with its partners such as WHO, MSF, Red Cross and other UN organisations established an Emergency Operations Centre (EOC) to coordinate all Ebola related activities.

### » State of emergency

The country declared a state of emergency on 30 July 2014 and called in troops to quarantine Ebola victims, imposing controls as the death toll from the outbreak of the virus continued to rise. The president, Ernest Bai Koroma, announced a series of emergency measures, to initially last 60 to 90 days, which has been extended to a period of one year. Security forces enforce a quarantine on all centers of the disease and help health officers and aid workers to work unhindered, following attacks on health workers by local people.

### » New Airport Controls

The country introduced Ebola screening procedures at the Lungi International Airport for all arriving and departing passengers. These new measures include body temperature scans and washing of hands with chlorinated water. It is, however, important to note that there were several cancellations of flights by airlines due to the fear of the Ebola epidemic.

### » Closure of Educational Institutions

All schools are closed and public exams postponed indefinitely in a country with over two million school-aged children. Universities and other tertiary institutions are also closed indefinitely. Government officials have launched a project to deliver school lessons to those kids over the airwaves, through radio and television programmes. This will cover primary, secondary and senior secondary students, as well as a weekly pre-school lesson on Wednesday. The University of Sierra Leone has also put measures in place to introduce E-Learning for students.

### » Massive sensitisation

Despite several media and community sensitisation campaigns the Government embarked on a three day door-to-door sensitisation to visit every home in the country of six million to track down people with Ebola and remove dead bodies and also to create more awareness about the disease and encourage the washing of hands. The government also involved various stakeholders such as Politicians, Religious Leaders, Tribal Heads, Chiefs, Civil Societies, the Media, etc. to spread the Ebola message.

### » Prohibition of Public Gathering

To minimise physical body contact, government has ordered the closure of places where people congregate, like cinemas, clubs, trade fair markets etc. Also reducing the number of passengers a taxi is allowed to take and placing a ban on motorbike riders after 7p.m.

## The Impact on Key Clients

- » The Sierra Leone National Brewery Limited has been negatively impacted, with a decline in sales by 16% as stated by the Managing Director, Mr. Willy Ngana. The management has therefore asked about 50% of the company's workforce to proceed on strategic leave indefinitely. Due to the poor financial performance, they have also embarked on cost cutting including non-increase in audit fees.
- » Rokel Commercial Bank's major source of income (interest on loans and advances) has significantly reduced due to customers being unable to meet their payment obligations. The management have therefore had to embark on a rigorous debt recovery strategy by allocating staff to chase payments from customers and have even had to take legal action, says the Acting Managing Director, Michael Collier.
- » Standard Chartered Bank has recorded a loss for three consecutive months. Major customers like mining and manufacturing companies are mostly affected in terms of their turnover and meeting financial obligations. The Executive Director, Finance and Administration says they have implemented cost reduction strategies.
- » The National Power Authority has experienced a significant drop in revenue collection since the Ebola epidemic started in the country. The closure of operations by some of their corporate customers in highly affected areas has contributed to a decrease in revenue. They have also put cost cutting measures in place says the Acting Head of Finance, Cecilia Koroma.
- » For the Bank of Sierra Leone, which is, the central bank of the country, the depreciation of the Leone has led to a higher inflationary trend. The implication of the increase in weekly auctions to earn more income has led to a reduction in reserves. They have therefore increased the weekly foreign exchange auction from \$500,000 to \$3,000,000, says Abdul Aziz Sowe Director Accounts and Budget.
- » Adrian Simpson Managing Partner of Tropical Farms said that as there is no certainty to the end of the breakout some investors are reluctant to commit more funds into Sierra Leone, as a result, their company opted to terminate the services of some of their employees.

Despite all the measures put in place by the government and its international partners, the country continues to experience an increase in the number of new infections, mainly in the Western Area and in the Northern Province

## Neighbouring economies

The Ebola epidemic has had a limited effect on neighbouring West African economies. Some movement of Ebola cases to Nigeria and Senegal resulted in immediate measures being taken to contain the spread. This did result, though, in a 20 - 40 percent reduction in demands in commercial business in Lagos (mainly shopping in malls), due to some initial public anxiety. Important to note is the price tag on a speedy response to containment. In Senegal, a single case of Ebola was reported and close to US\$1 million spent on treatment and contact tracing of 67 close contacts of the patient. In addition, Senegal has spent US\$3 million for surveillance, community outreach and coordination of these efforts. In Nigeria, 19 cases were confirmed and 890 contacts listed for which the Nigerian government spent US\$13 million in direct costs. Of course, this is money well spent considering the economic costs reflected above – but not surprising that the most affected countries, some of the poorest countries in the world, did not manage similar efforts.



## Focus on Nigeria

**KPMG West Africa health specialist, Nkata Chuku, provides the following insights into Ebola in Nigeria:**

The first reported case in Nigeria was a conference delegate who flew in sick from Liberia, on 20 July 2014. The patient was diagnosed with Ebola in a hospital in Lagos and died 4 days after arrival. Nigeria successfully contained the spread and was declared Ebola free on 19 October 2014, 42 days after the last confirmed case was declared cured. Overall, Nigeria had 20 cases, 19 laboratory-confirmed cases and 8 ebola deaths. A total of 890 contacts were listed and followed up during the outbreak.

Nigeria's success in quickly containing the spread has been attributed to its coordinated response and adequate funding of the response. Nigeria established an Emergency Operations Center (EOC) modeled after a similar center that had been effective in coordinating the polio response. The EOC took overall responsibility for coordinating the response and worked with the Nigerian Center for Disease Control (NCDC), affected states and international organisations such as the World Health Organisation and US Government Center for Disease Control (CDC). The government set up isolation and treatment centers in Lagos with the support of WHO. To provide the workforce needed, government recruited volunteers to help with clinical management of ebola patients. Volunteers were also engaged for health screening, contact tracing and community mobilization. Volunteers were trained, provided personal protective equipment (PPE) and paid daily stipends. Those whose roles involved contact with infected persons, were also offered life insurance to further incentivize them. The EOC coordinated aggressive tracking of all contacts of infected persons, massive sensitization and education of the populace and introduction of temperature screening points at the airports.

## Economic Impact of Ebola in Nigeria

The economic impact of the ebola on Nigeria and its GDP is not considered significant relative to other affected countries. The World Bank estimates that Nigeria's GDP growth will still close at 6% in 2014. However, the Nigerian Finance Minister reported a 0.5% deduction from the 2014 GDP forecast as a result of insurgency and ebola. The low impact on the economy is largely attributed to how quickly the outbreak was contained, Nigeria's relatively low foreign tourism industry and revenue dependence on oil whose exploration is mostly offshore and not affected by the outbreak.

## Government expenditure on ebola

The Federal government allocated approximately \$11.5 million for the ebola containment. The World Bank estimates a total federal and state government allocation across the 2 affected states of \$13 million, for direct costs to contain the outbreak. The expenditure was mostly on treatment, contact tracing, surveillance systems, community sensitization and education. These allocations were in the face of dwindling government revenue and competing development needs.



## Aviation industry

Nigeria's largest domestic and regional airline, Arik air, canceled flights to Guinea, Liberia and Sierra Leone. They also stopped flights to Gambia and Cameroun following border restrictions from those countries. In the words of Captain Ado Sanusi, the Deputy Managing Director and Head of Flight Operations of Arik Air in a press interview in August 2014, "I cannot put figures to it but we are losing a lot of revenue. We are losing revenue because of daily flights. We have about four flights to Liberia and about three flights to Freetown and we were connecting Ghana with Freetown. We were also connecting Ghana with Monrovia and Banjul, so there are a lot of economic activities that are going on within the West Africa countries, which now is not being done..." Other regional flights also suspended flights to these countries from Nigeria. Local flights were largely unaffected.


## Hospitality industry

Review of the hospitality industry in August showed a decline of average occupancy rates of hotels in highbrow areas of Lagos by greater than 50%. This was attributed to the ebola outbreak by industry experts. It was lowest occupancy rate for the year and lower than same period results from the previous year. There was also a reported 50% drop in dinning in same period, by a restaurant manager.

## Events Cancellation

There were several cancellations of international events billed for Lagos and Nigeria during the outbreak. A major financial services conference was moved to South Africa from Lagos and a Lagos-based communications firm canceled an event for local and international music aficionados, amongst others.

## Focus on Ghana



**Director, Asare Evans from KPMG Ghana, indicated that Ghana has been declared Ebola-free. Despite this, the hospitality industry has been hit hard as hotel room occupancy rates are down from 70% to 50%, and the usage of conferencing facilities has also dropped.**

The government has, however, put in place a range of mechanisms to ensure that it retains its Ebola-free status. It has committed to GH-7million (US\$2.18 million) to fight the deadly virus. In addition, the US government, through the USAID is also providing \$1.7 million to help the Government of Ghana with its Ebola preparedness and response plan.

The following has been put in place:

- » Training of health personnel in Infection Prevention and Control at national and regional levels
- » Development of job aids for health staff
- » Revision and reproduction of standard operating procedures for various aspects of the Ebola response
- » Support to undertake simulation exercises at health facilities in targeted regions to test skills and level of preparedness
- » Procurement of supplies for Infection Control and Prevention at health facility level including gloves, chlorine, soap, hand sanitizers, aquatabs, etc
- » Support for the development of Ebola Prevention materials in coordination with the Ministry of Health to be distributed through the Ghana Education Service's School Health and Education Program.'

## Southern and East Africa – Economic Impacts

To date, no cases of Ebola have been detected in the Southern and East Africa regions, related to the current West African outbreak. As we are now coming to expect, however, aversion behaviour is impacting on the economies of both. The affects are being felt primarily in the tourism industry.

### Focus on Kenya

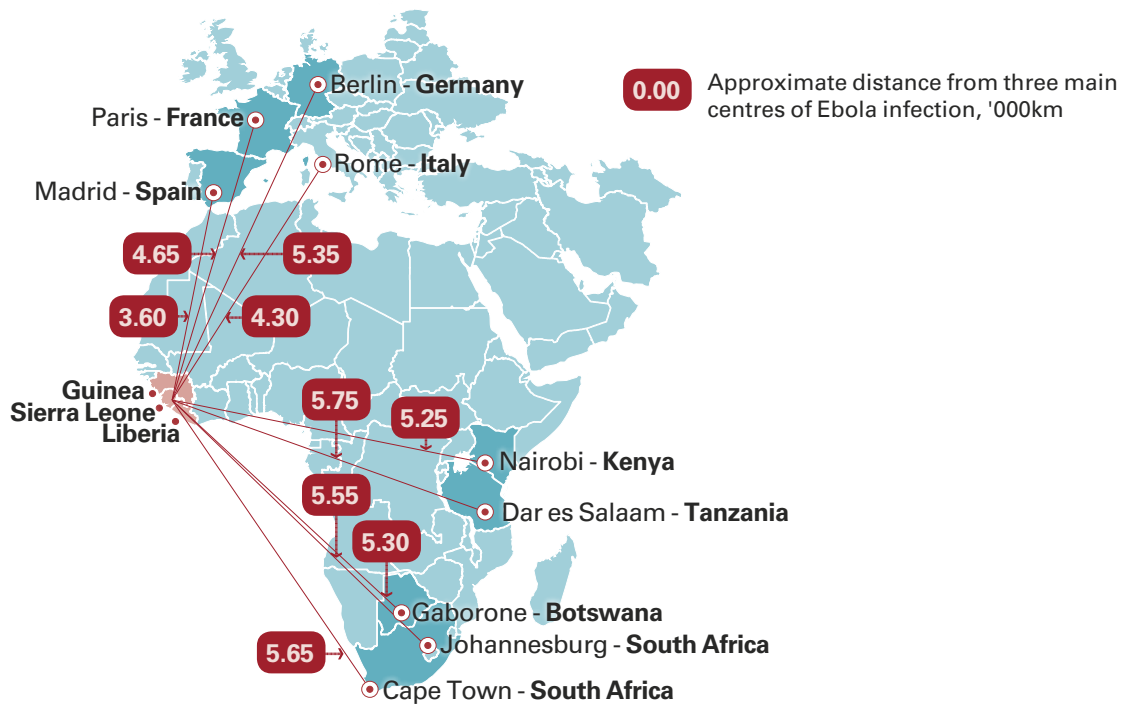
According to KPMG East Africa health specialist Rita Owino 'The tourism industry in Kenya is experiencing serious negative affects related to international tourist concerns about the Ebola virus. Tourism is the country's second largest source of foreign exchange.

There has been a drop in international arrivals in Kenya of 15 - 20 percent and game lodges are closing with resultant job losses of personnel such as drivers and guides. Kenya Airways has also had to stop flights into Liberia and Sierra Leone and is experiencing associated losses to earnings before tax of 3 to 4 percent or US\$ 40 million. This blow to the tourism industry is difficult to bear given that Kenya has only just started to recover from the decline in visits related to the 'Westgate Mall' terrorist attack of 2013. Most difficult is that this decline is ignorance- based since Kenya and the East Africa region still have not had a single case of Ebola.'

Tourism accounts for around 10 percent of the Sub-Saharan African economy, is worth US\$170 billion a year and provides millions of jobs. In 2013 alone 36 million people visited the continent and the number has been increasing by 6 percent every year. In a survey of 500 tourism operators carried out by SafariBooking.com (September 2014), the biggest drop in bookings in living memory, was reported. A decline in bookings of between 20 and 70 percent has been reported. The trend is said to be accelerating in countries such as Kenya, Tanzania, Botswana and South Africa, where many lodges are becoming redundant. A number of American and European operators have also stopped booking tours during this period.



Concern has been expressed by operators that American and European tourists frequently view the African continent as a single country and are not aware of the vast distances between regions. As shown in the picture below, many European countries are closer to affected countries in West Africa, than are popular tourist destinations in Southern and East Africa.



Source: The Economist, 15 November 2014

Perhaps impacting on public perception is the WHO declaration of Kenya as a high risk destination. This due to the 76 flights that arrive there weekly from West African countries. The East African Community (EAC) has taken immediate measures to develop a regional response and mitigate risks of Ebola transmission. These include entry screening for suspected cases at airports, seaports and land crossings throughout the region, particularly of travellers from affected countries, providing medical advice to travellers about Ebola, and implementing measures to detect, investigate and manage the Ebola Virus.





# 05

## Business Options for measured response: for the short-term and in the long-run

Globally, we are embarking on a new decade of health. The Ebola Epidemic demonstrates with absolute clarity the interconnectivity of countries and continents. According to KPMG head of health markets, Dr Anushchka Coovadia in South Africa, 'More than ever the world is married to Africa and Africa is married to the rest of the world. And that is why the state of a fragile healthcare system in rural Guinea can have a direct impact on the streets of New York City. The role of business is fundamental to containing the epidemic.'

This level of global integration demands a new paradigm – a new approach to our relationship with Africa. No longer can we do business, while ignoring the dire state of the healthcare systems of the countries we trade in. Dr Coovadia emphasises that 'as business we are able to drive awareness, raise funding and work in communities using our own internal capacity and infrastructure to assist with training and research.'

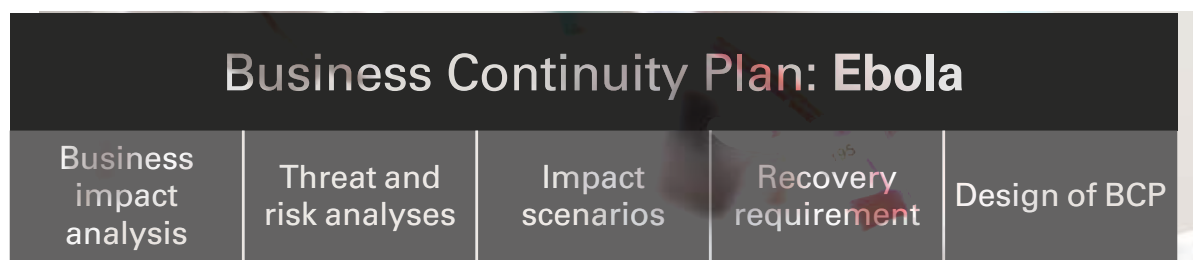


The responsibility to find ways to support development is ours because, now more than ever, the consequences of neglecting this, will be felt by all of us.

The benefits of putting in place a Business Continuity Plan – to deal with the threat of epidemics in the short-term – as discussed below. Such plans will assist companies to prepare for the worst while also staying in business, during this or future epidemics or crises. However, for going into the future, companies will need to reflect on their commitment to development, their commitment to the continent, their staying power for the long-haul. A range of immediate, medium and long-term responses are discussed below. We urge you to embrace some of these responses and be part of the African Renaissance.

## Business Continuity Plans

Some businesses that are concerned about the impact of Ebola on their staff, operations and bottom line, are looking for a measured response to Ebola that does not feed into the panic so damaging to development. The following approach may be applied at a country level and at each site:



**A business impact analysis** will assess the nature of the Ebola threat on different business functions and identify which of these are critical and non-critical. Critical functions are those where disruption is regarded as unacceptable. A function may also be considered critical if dictated by law.

**Threat and Risk Analysis** will identify the nature of the threat and understand transmission.

A process of developing **impact scenarios** will involve assessing a range of exposures and classifying the threat from mild to severe.

The **BCP design** may include, for example, a crisis management reporting structure, evacuation procedures, exploring the possibility of secondary work-sites and communication plans

Once a business is confident that they understand the real threat of the epidemic impacting on business and have planned to manage these, the following responses can make an important contribution to local stability.

## Engage stakeholders in ensuring business continuity

(See Unilever example below)

Business can play a leading role in coordinating a local response to the epidemic by bringing together international and local stakeholders to plan a joint response that supports local communities and ensures business continuity. Planning and management skills are an important contribution to an epidemic response in countries where health systems are weak and management skills scarce.

## Continuous training of staff in affected countries regarding protection against infection

It is critical that staff have accurate and up to date information on the nature of transmission and how to prevent it. If relevant to the work being carried out, the provision of protective clothing is, of course, critical. Personnel who are informed and understand how to protect themselves are less likely to panic and withdraw from the workplace.

## Developing Funds to support the health of employees and local communities

Create a development Fund to support employees as well as local health initiatives such as community education and prevention campaigns.

Collect funds from offices in unaffected countries to buy protective clothing for local health workers. Make contact with local health facilities to identify immediate needs and the kind of support that can be provided.

## Contribute to existing funding initiatives

The Ebola Response Fund is an example of a Fund established in South Africa by the Minister of Health to support affected countries. Cash and in-kind donations will be distributed to the countries most affected.

(Email: [info@ebolaresponse.co.za](mailto:info@ebolaresponse.co.za)).

In Conclusion, whether it be in sickness or in health, global businesses will need to remain committed to the countries in Africa, which they seek to do business in. We are now more connected to each other's success and well-being than ever before and the shock of the Ebola epidemic has made us all aware of the inherent dangers and sheer negligence of continuing to ignore the dire state of healthcare systems in Africa, while expecting to do business on the Continent.

We hope that with collaboration, cooperation and ongoing investment in Africa, an emerging African healthcare system will possibly be one of the only positive outputs of this human tragedy – a new system for Africa that is defined locally and designed to take the best from the more advanced healthcare systems, but practice acceptable, relevant medicine which builds communities, promotes social cohesion and leads to inclusive economic growth

## Unilever Response to Epidemics

Unilever with 100 years in Africa supports business, employees and communities in three distinct areas, in particular during Pandemic scenarios.

The Code of Business Principles mandates the way in which we conduct business and includes all stakeholders. Medical and Occupational Health support the health of employees and communities alike.

The Unilever Sustainable Living Plan endeavours to reach a billion people with nutrition and hygiene solutions. 'We address the Ebola crisis like most other business, natural or pandemic crises; First and foremost we continue the business and strive to engage all our stakeholders in working with business, government and global agencies to ensure that business continuity within the Code of Business Principles is sustained.'

The M&OH response with our Safety, Health and Environment and Security functions, provides pandemic plans for each site and country according to WHO and internal triggers – in place in all African countries for Ebola.

USLP will be working with affected countries to deliver a unique community care programme utilizing the expertise of our food and hygiene brands.

## PharmAccess's response KPMG request

Nicole Spieker, director quality, PharmAccess Group.

The Ebola crisis shows indisputably the necessity and importance of early detection and management of infectious diseases. What started in Guinea, rapidly spread to neighboring countries and threatened to become a global epidemic. A determining factor behind the seemingly uncontrollable contagion was poor risk management. Patients were not identified and immediately isolated or kept in isolation. The emergency highlights the need for systematic improvements in risk and quality management within every layer of the health system. Early detection of high-risk infectious diseases is crucial to manage public health emergencies.

In West Africa, the Ebola epidemic has forced many hospitals to shut down and destroy their equipment. It is important that these clinics will get the resources to rebuild their facilities and to invest in quality improvement –systems, processes and standards- to pick up early warning signs that will help to contain future outbreaks of any highly infectious disease. We experience a rise in demand for loans and investments to help finance this reconstruction effort.

In East Africa, the Ebola crisis has fuelled awareness among health facilities about the risks of rapidly emerging highly infectious diseases. We see that clinics feel the need to be better equipped to respond adequately in such incidences. With our SafeCare stepwise quality improvement program and with loans through the Medical Credit Fund, we help facilities to adopt systematic risk management.



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