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# COVID-19 & ESG: Blessing for the E, Eye Opener for the S, & Heavy Duties for the G

*This is the third article in the series of IdealRatings coverage about COVID-19 in ESG. Find the rest of the articles available at IdealRatings* latest publications.

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## Eye Opener for the 'S'-Part 2

Companies are quite in an unenviable position; between taking cutting costs decisions and being asked to provide a helping hand for the community in its fight against COVID-19. The list of companies that offered help to the society is quite long; from companies providing donations, to ones that shifted their main business activities to produce needed items during this period like masks and sanitizers, to even ones that publicly shared IP rights of required equipment. Expected changes might take place in the form of:

1. Possible reductions in donations, due to the economic slowdown and some companies going out of business.

2. An increased role of the capital market through the issuance of social bonds. This kind of bonds can assist countries and companies hit by COVID-19 in countless ways. It can help in supporting the healthcare system, delivering the long-awaited vaccine, economic recovery, sustaining business, etc. So far, the market has witnessed such issuances from supranationals including; European Investment Bank that issued SEK3bn social bonds, African Development Bank with $3bn issuance, and the International Finance Corporation that came with two issuances $1bn and SEK3bn.

3. A shift away from certain previous targets to other ones in the charity field. Sustainable Development Goal (SDG) number 3, Good Health and Well-Being, is the one gaining traction at the meantime where lots of companies and even governments support are directed towards healthcare sector, medications and the development of a vaccine for this virus. This sector is facing quite a challenge as the number of patients have exceeded its capacity, even in highly developed nations.



In light of the above, it is worth explaining how COVID-19 is derailing SDGs from its expected targets. As per the World Bank, the virus is pushing around 40-60mn people into extreme poverty, with 49mn being the best-case scenario. Forecasts are that "COVID-19 is likely to cause the first increase in global poverty since 1998, when the Asian Financial Crisis hit". IMF is expecting that economies will contract in 2020 by 6% in the developed countries and 1% in the emerging and developing countries. A growing number of workers are losing their jobs, facing salary and/or benefits cuts that's beside job insecurity. Workers who survive on daily income and migrant workers that who no longer send money to their families are facing a distressing financial status. Hence, SDGs 1 and 2; No Poverty and Zero Hunger, respectively, are facing massive threats. Also given the high interrelationship between SDGs, it could be noted that also the following goals will be affected in one way or another; 8, 9, 10, 11,12, and 17 which are;

Decent Work & Economic Growth, Industry, Innovation & Infrastructure, Reduce Inequalities, Sustainable Cities and Communities, Responsible Consumption & Production and Partnership for the Goals, respectively.

Even the education process, one of the basic human rights, has already been interrupted due to school closures in almost 905 of the countries. UNESCO has estimated that about 70% of the world's student population are affected. Even with online education being the alternative solution, its effectiveness varies according to students, subjects, teachers and countries' level of development. The effect of this issue doesn't stop at SDG 4, Quality Education, alone, it will also have a probable downside on SDG 2 since some families depended on school meals, that is in addition to opting for unfavorable decisions to meet household basic needs such as forcing their children to work. This could have its adverse toll on SDG 5; Gender Equality.

COVID-19 was also found directly affecting this latter goal from various aspects; risks of women losing jobs due to the move towards men-dominated industries such as technology and the decrease or closure of women-dominated jobs as flight attendants and hotel cleaners. Also, the possibility of more females catching the virus due to higher reliance on public transportation compared to men, increased family violence with lockdown, in addition to higher workload and possible effect on the outcome's quality due to taking care of family members during working hours.

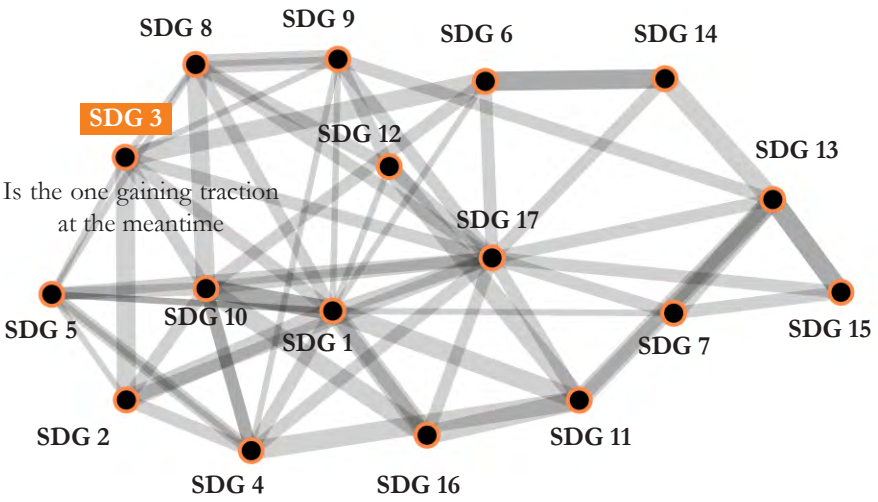
The virus came with mixed effects on the environment and its related goals. As highlighted in the previous article, COVID-19 came with positive effects on goal 13 and 15; Climate Action and Life on Land, respectively, and an expected temporary downturn on goal 7; Affordable and Clean Energy. Despite these encouraging outcomes, it still might have adverse consequences on the water resource.

Higher water consumption for hand washing and increased production of household detergents, disinfectants, and plastics (e.g. gloves and sanitizers' bottles) could have its undesirable impact on water quality and quantity. Environmentalists are skeptic about the negative effect on sea creatures thus affecting goal 14; Life Below Water.

Moreover, according to the UN, around 3bn people don't have access to basic hand washing facilities which indicates the challenge in attaining goal 6; Water and Sanitation.

Goal 16 is also facing assorted effects. As global poverty rates are expected to upsurge, we might observe a climbing rate of crimes and corruption cases. However, the virus could be considered as a call for peace as the UN tweeted on behalf of its Secretary General, Antonio Guterres, "It is time to put armed conflict on lockdown and focus together on the true fight of our lives". Myanmar's military and Saudi coalition have already declared COVID-19-related ceasefire. The UN Security Council is in discussions to release a resolution for global ceasefire, though currently on hold due to a meaningless fight between US and China about including the WHO or "specialized health agencies" in the resolution!!

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## COVID-19 Showed the High Interrelation between All SDGs

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