



This insights summary is based on a Deloitte's Digital Dialogue on *The imperative for inclusive growth in a post-COVID world* which was held with business leaders and professionals across the globe including **Dr Jennifer Blanke**, Vice President, Agriculture, Human and Social Development; African Development Bank (AfDB); **Dr Martin Boehm**, Dean, IE Business School; **Kuseni Dlamini**, Chairman, Massmart and Aspen; **Shamina Singh**, Founder & President, Mastercard Center for Inclusive Growth; **Admassu Tadesse**, President and Chief Executive, Trade Development Bank. Moderated by **Dr Martyn Davies**, Managing Director, Emerging Markets & Africa, Deloitte Africa.



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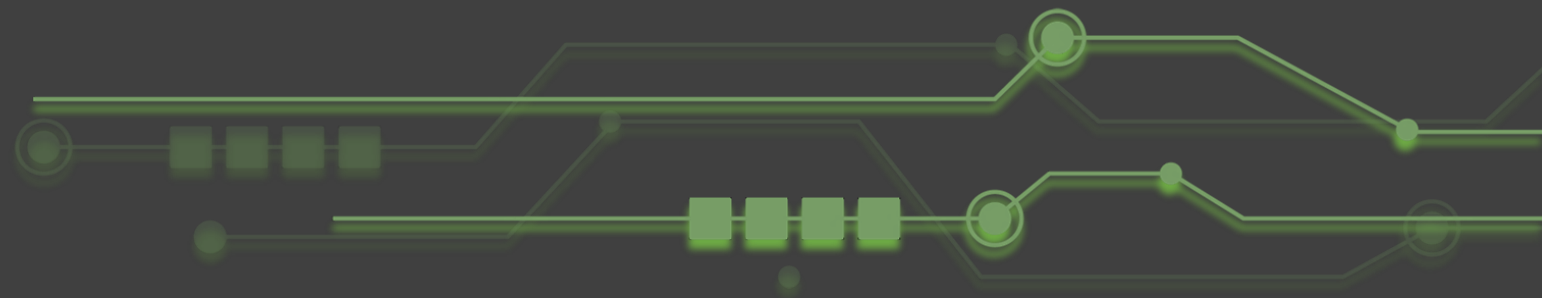


# The imperative for inclusive growth in a post-COVID world

As we continue to live in times of COVID-19, Deloitte is hosting a series of digital dialogues to provide insights for clients and support decision-makers both within business and government to navigate through the world post COVID-19.







*“COVID-19 has brought to the forefront the urgency of inclusive growth and the impact of unequal growth.”*

– Shamina Singh, Founder & President of Mastercard Center for Inclusive Growth

The world has become increasingly unequal in countries, societies and businesses. The trend of inequality is likely to accelerate, partly also by the economic damage of the current COVID-19 crisis.

Despite the economic shocks, advanced economies as well as developing ones will have to contend with the three “Ds”, namely, the suppressive effect of debt on growth; the acceleration of digitisation, especially as companies will work differently; and de-globalisation, where peripheral countries and regions will become even more sidelined. There may be some opportunities arising from de-globalisation, however these may not be conducive for inclusive growth.

Yet, the global economy will at some point recover. This will occur in different phases and at different times depending on where a certain country is in the outbreak cycle.

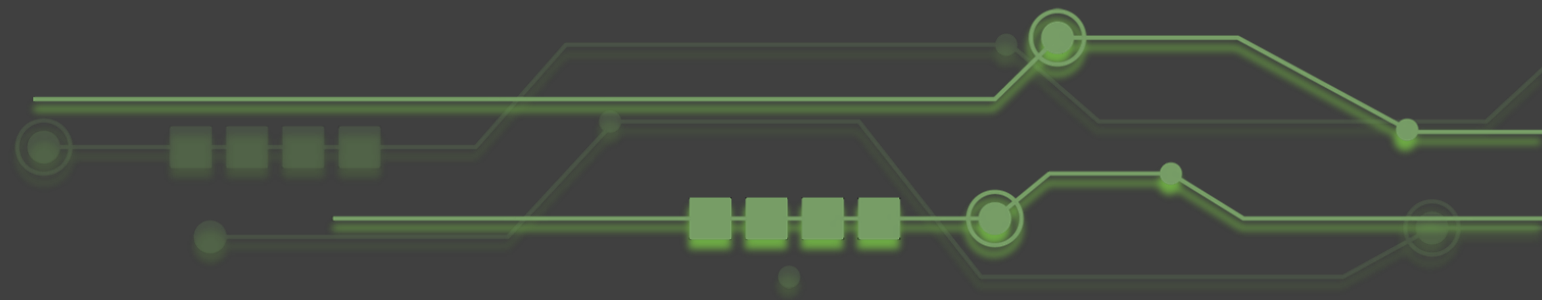
### **Inclusive recovery through digitisation**

As mentioned by Shamina Singh, Founder & President of the Mastercard Center for Inclusive Growth, “COVID-19 has brought to the forefront the urgency of inclusive growth and the impact of unequal growth.”

Inclusivity has proven to be one of the important elements for growth and should therefore be approached with a sense of urgency, more so in times of crisis.

Technology is constantly changing and digital economies are fast approaching. Therefore, building resilient nations and ensuring an inclusive recovery will require more work such as the upskilling of citizens for digitisation, adaptation to changes in the digital economy and encouraging partnerships between private sector and governments to build adaptable ecosystems.

The acceleration of technology has played a significant role in doing business and in career development. Research has shown that organisations that have been able to adapt to a digital economy much faster than others have had greater chances of survival in times of crisis. It is necessary for organisations to build internal digital skills and educate its employees about the basic use of technology to prepare for changes in the way people live and work in the future.



*“The COVID-19 crisis has shown that a crisis aggravates some of these differences with respect to personal and professional developments of children.”*

– Dr Martin Boehm, Dean of IE Business School

*“Youth unemployment is nothing new in Africa.”*

– Dr Jennifer Blanke, Vice President for Agriculture, Human and Social Development at the AfDB

One of the main challenges in attaining educational development is inequality. With the crisis having forced social distancing and increased apprehension over human interaction, digitisation might be a solution for the delivery of education in the long run.

However, due to the high level of inequality in the world, students without access to the necessary tools required for online learning (or even access to the internet) will be excluded from achieving educational development. “The COVID-19 crisis has shown that a crisis aggravates some of these differences with respect to personal and professional developments of children”, said Dr Martin Boehm, Dean of IE Business School. Education systems need to cultivate inclusivity in education, address all forms of exclusion in the system and implement inclusive policies that cater for all student needs.

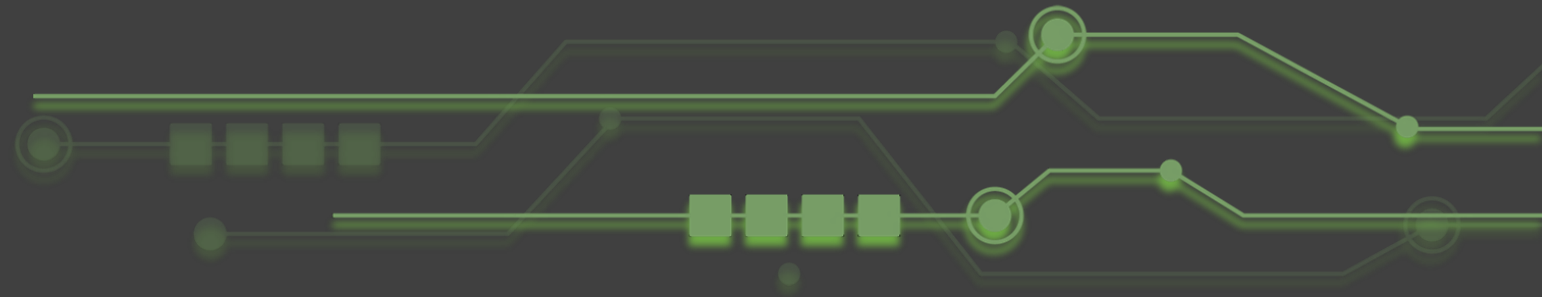
### **How a post COVID-19 world will impact youth unemployment**

Youth unemployment is a major challenge across several countries. As economies are currently shrinking dramatically, unemployment levels will worsen for a number of years.

Supposing that the struggle of the lost generation occurs – where those that graduated from university struggle to find employment due to a dramatically shrinking economy – and this persists for about three years or so, “this would lead to the deterioration of human capital contribution to potential employers” stated Dr Boehm, thus reducing the likelihood of employment.

Going forward we could see a similar situation where graduates struggle to find employment and might be unemployed for many years. Africa will be one of the regions experiencing increased youth unemployment. As Dr Jennifer Blanke, Vice President for Agriculture, Human and Social Development at the AfDB, emphasised, “youth unemployment is nothing new in Africa”.

Governments and higher education institutions have to step in and think of alternative measures in order to, at a minimum, keep developing learners and graduates, continue educating them and help them stay relevant whilst they seek employment in challenging economic times ahead.



*“Lack of jobs in general, and youth unemployment in particular, will loom large as one of the major challenges out of this crisis.”*

– Kuseni Dlamini, Chairman of Massmart and Aspen

### The role of business in inclusive growth

“Lack of jobs in general, and youth unemployment in particular, will loom large as one of the major challenges out of this crisis”, said Kuseni Dlamini, Chairman of Massmart and Aspen. He further added that organisations have to think about the nature of work and how it is going to be disrupted by the fall-out of COVID-19.

As seen with the increased number of jobs lost in some parts of the world such as the US,<sup>1</sup> more jobs will be lost all around the world post-COVID-19 owing to the negative economic outcomes arising from the pandemic. This gives businesses greater opportunity to use their assets to ensure an inclusive recovery and rebuild new, inclusive economies by supporting local entrepreneurs, investing in innovative ideas, creating employment for young people and women through new industries, and bringing more people into the formal economy. “The private sector cannot pull back in times like these”, said Shamina Singh, Founder & President of Mastercard Center for Inclusive Growth.

COVID-19 will definitely alter the way we live and work. Kuseni Dlamini mentioned that these changes would present new opportunities for innovation, new forms of work and industries.

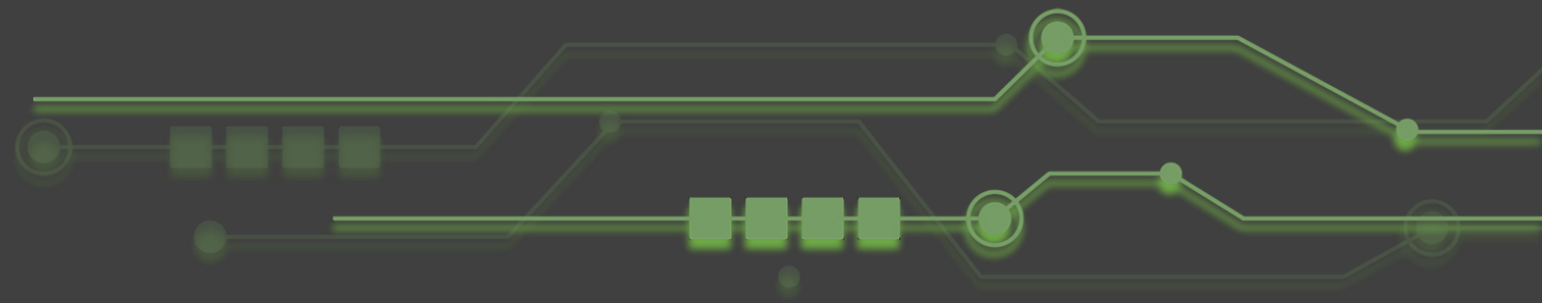
### The imperative of debt in pursuit of inclusive growth – Africa

There has been a lot of effort in attempting to create enough fiscal space for developing countries by giving some form of financial relief.

“Africa has come a long way in improving economic governance”, said Admassu Tadesse, President and Chief Executive of the Trade Development Bank. For example, Africa has seen an increasing number of large projects coming through over the years. Most of these projects are however financed through external debt which can have a suppressive effect on growth and inclusivity, by for example, hindering a country’s ability to respond to sudden global economic changes and increase spending.<sup>2</sup>

<sup>1</sup> Bloomberg, 2020. Job Losses Deepen in Pandemic With U.S. Tally Topping 30 Million. Available [Online]. <https://www.bloomberg.com/news/articles/2020-04-30/another-3-8-million-in-u-s-filed-for-jobless-benefits-last-week>

<sup>2</sup> IMF, 2019. High Debt Hampers Countries’ Response to a Fast-Changing Global Economy. Available [Online]. <https://blogs.imf.org/2019/04/10/high-debt-hampers-countries-response-to-a-fast-changing-global-economy/>



*“Africa has come a long way in improving economic governance.”*

– Admassu Tadesse, President and Chief Executive of the Trade Development Bank

Africa must ensure that debt incurred is being invested in building valuable assets in the form of infrastructure developments, which will at some point bring returns to the regional economy and create jobs, increase domestic production and foreign direct investments.

Africa has managed to access international capital markets including financial markets and that has created new avenues to raise resources. However, if the African continent does not utilise incurred debt in a smart way, “there may be unintended effects of shutting Africa out of these capital and financial markets in future,” Tadesse added.

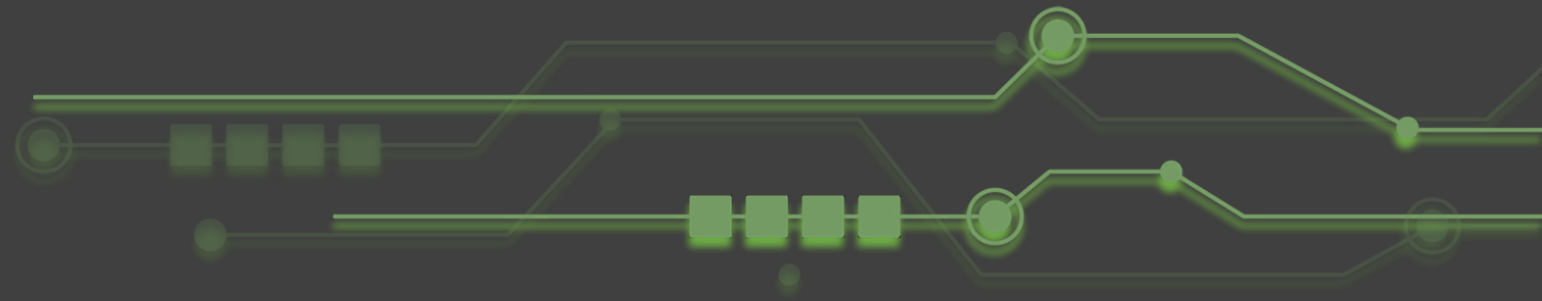
### Emerging markets moving towards inclusive growth

COVID-19 has brought to the forefront urgency with the poor typically impacted first and hardest in both developed and developing economies. Emerging markets need to work in a more collaborative manner and create areas of excellence in producing local world class products by re-strategising supply

chains and creating new opportunities for local industries. Furthermore, local industries must be well-developed in order for them to be incentivised, either through policy, funding or other instruments.

Emerging countries must also have the political will and commitment to take advantage of all existing opportunities and the determination to make the necessary structural reforms to transform economies, formulate strong policies that would attract and retain capital, and also mobilise domestic capital, particularly in global manufacturing and export markets.

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This insights summary is based on a webinar with the same title that was hosted by Deloitte Africa's **Dr Martyn Davies**, Managing Director of Emerging Markets and Dean of Deloitte Alchemy School of Management on 7 May 2020. Speakers included:

- **Dr Jennifer Blanke**, Vice President, Agriculture, Human and Social Development; African Development Bank (AfDB)
- **Dr Martin Boehm**, Dean, IE Business School
- **Kuseni Dlamini**, Chairman, Massmart; Chairman, Aspen
- **Shamina Singh**, Founder & President, Mastercard Center for Inclusive Growth
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