

# Managing the Impact of COVID19 on Associations



# Managing the Impact of the Coronavirus on Associations

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Quite suddenly and unexpectedly, the world has changed. We all have been plunged into an unprecedented global crisis, triggered by the Coronavirus – or more precisely – the COVID-19 pandemic. This crisis that impacts the daily life of every individual, as well as the operations of most companies, the public sector, and NGOs alike. Associations are no exception: their focus on networking, knowledge sharing and advocating for their members requires constant interactions, regular meetings and a significant amount of travel. In addition, the health of an association is closely related to the health and the priorities of its members: in times of tightening budgets and high risks, association management may not be a priority.

Depending on the location, membership and activities of your association, this may (still) feel like a minor nuisance, a significant challenge, or as an existential threat to the existence of your association. For the 20+ association that we serve, COVID-19 presents an unprecedented challenge – a fast-pace development that is difficult to fully grasp, to assess and to address. Not only do boards and secretariats lack the experience of managing this crisis, they are often required to deal with crises of their own – in their own offices, companies and sector.

To tackle the COVID-19 challenge with limited resources and under volatile conditions – we need to build on three things: sound information, agile crisis management and continuous communication. This COVID-19 briefing has been developed for the associations we serve to tackle all three points - through intense research & collaboration with a team of legal, event and public affairs experts. However, in this time of crisis, we want to do more than serve our association clients, we aim to act as a catalyst

for collaboration in the sector – and to share any insights gained as openly as possible. This briefing and the free webinars & help clinics offered with it are part of our effort.

Please join us in sharing your insights and good practice with the association community. Get in touch and let us know how we can tackle COVID-19 together.



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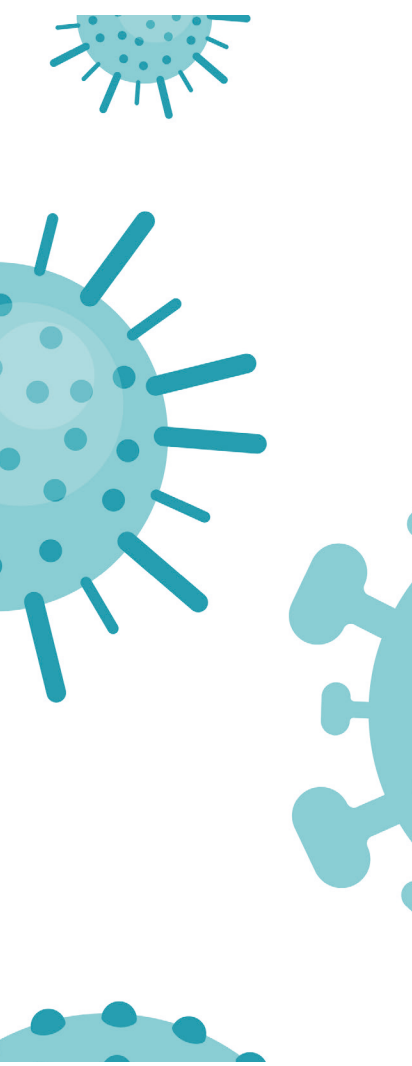
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# 1. Getting the Facts Right – What is the Coronavirus

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Coronaviruses (CoV) are a large family of viruses that cause illness ranging from the common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV). Coronavirus disease (COVID-19) is a new strain that was discovered in 2019 and has not been previously identified in humans. First appearing in China at the end of 2019, it has since spread all over the world. On 11 March, WHO characterised COVID-19 as a pandemic - i.e. a global outbreak of a disease that affects an exceptionally high proportion of the population - as was the swine flu (H1N1) in 2009-2010.

Person-to-person spread of COVID-19 appears to occur mainly by respiratory transmission with 4-14 days for symptoms to appear. Common signs of infection include respiratory problems, fever, cough, shortness of breath and other breathing difficulties. In more severe cases, infection can cause pneumonia, severe acute respiratory syndrome, kidney failure and even death.

There is no region that is not affected by the Coronavirus outbreak at this moment, and the situation changes daily. The WHO Dashboard (<https://experience.arcgis.com/experience/685d0ace521648f8a-5beeeeee1b9125cd>) offers live updates on the global status. COVID 19 is estimated to have a significant impact on the global economy. UNCTAD estimated a slowdown in the global economy to under two per cent for this year, and a cost in the order of \$1 trillion.

## 2. What is the Impact on Associations?

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At this moment, it appears like the COVID-19 pandemic is shutting down the economy everywhere, and with undistinguishing force and totality. However, the travel sector, one of the largest industries in the world with \$5.7 trillion in revenue, will be the hardest hit – primarily due to the cancellation of events and business travel taking the biggest hit.

Associations – key actors in the travel and meetings sector - are already feeling the impact and are likely to do so until at least the end of 2020. But there are further – often less obvious risks – to deal with. These can be classified into four main areas.

**A**

### **Risk Area A: Association Events & Activities**

Risk related to the cancellation or postponement of live events, networking and education activities - potentially leading to a decrease in member services, member relevance and financial loss.

**B**

### **Risk Area B: Sound Governance & Leadership Legitimacy**

Risk related to the cancellation or postponement of in-person governance meetings such as general assemblies and board meetings - potentially leading to challenges in relieving volunteer leaders of their obligations, protecting them from liability and generally observing the legal, financial and statutory obligations of the association.

**C**

### **Risk Area C: Maintaining Impact and Relevance**

Risk related to loss of access to key (policy) stakeholders, shifting policy and funding priorities, and ensuring full operations in times of serious restrictions.

**D**

### **Risk Area D: Ensuring Return on Membership**

Risk related to the impact of COVID-19 on association members – including significant loss of income, conservative planning, limited capacity to engage and shifting priorities – that can influence the ability to join, to renew or even to pay membership.

# 3. How Can Association Manage COVID-19?

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There is little doubt left that COVID-19 will affect the finances, services and operations of associations. However, the impact will vary greatly depending on geography, sector, mission, membership, activities, financial health and - most importantly - the quality of your risk and crisis management.

While we all face significant risks, there are also opportunities - for technological advancement and innovation, for increasing your relevance to members and positioning yourself as a thought leader in your sector. In short, if you don't have a risk management plan in place, now is the time to do so.

Risk management is the identification, evaluation, and prioritisation of risks, followed by proactive efforts to avoid, reduce and manage the impact of this risk and to take advantage of new opportunities.<sup>1</sup> In the case of COVID-19, each association needs to answer four questions:

- What are the potential risks of COVID-19 to my association?
- How likely are they to occur, and what is the likely impact?
- How can we best prepare for these scenarios?
- Are there any new opportunities to add value & increase our relevance?

This white paper guides you through the risk management process, and offers detailed advice on how to identify, assess and manage key COVID-19 risks in your association.

In each of the COVID-19 association risk areas, we will

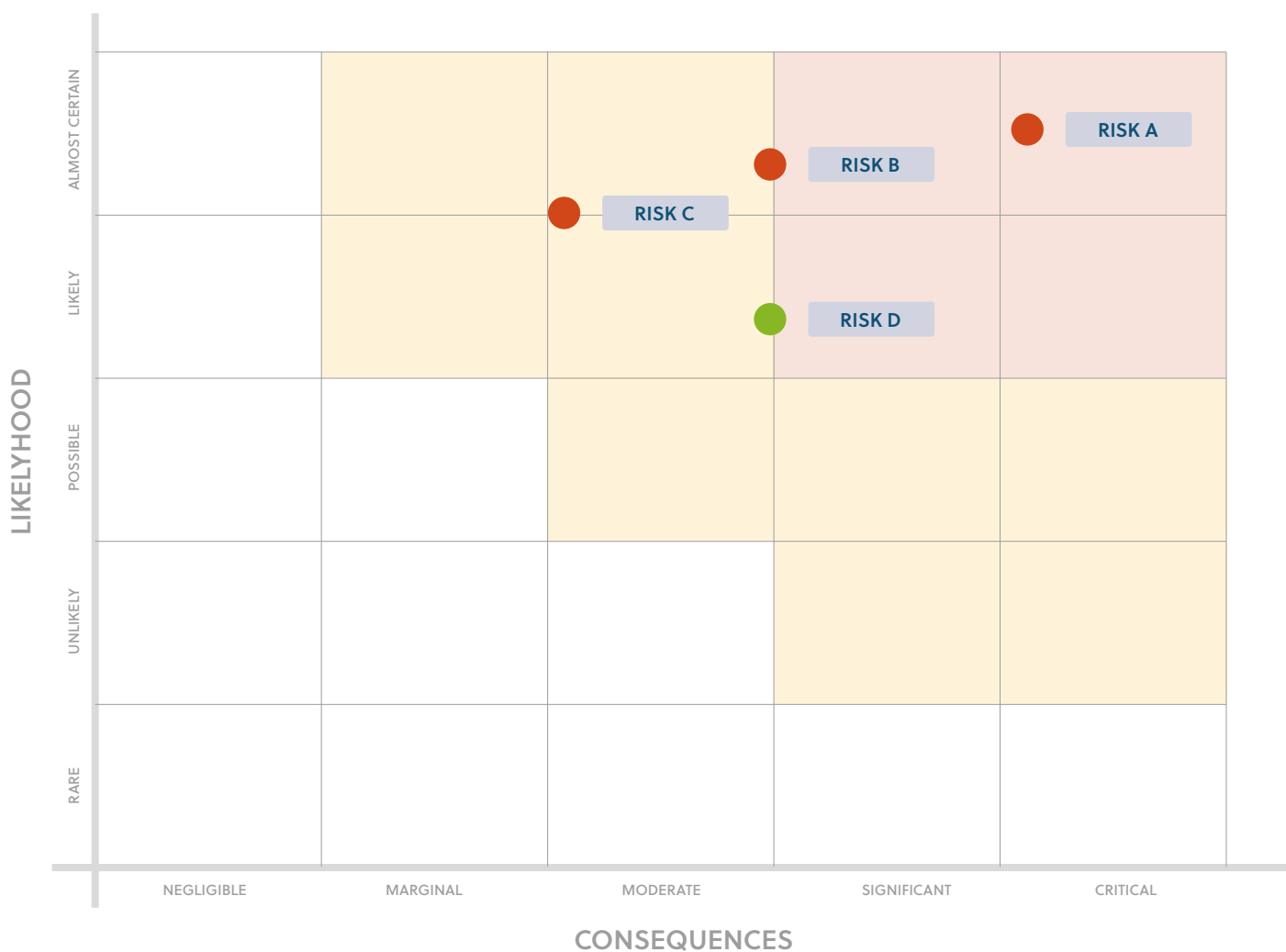
1. review the likelihood & severity of consequence of scenarios using the risk matrix,
2. identify ways to avoid, reduce or share the negative impact of the most critical scenarios - and to exploit opportunities,
3. offer links to reliable tools and resources that can help with the implementation of such a plan.

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1 [https://en.wikipedia.org/wiki/Risk\\_management](https://en.wikipedia.org/wiki/Risk_management)

# 4. COVID-19 & Association Activities

## 4.1. Risk Assessment





Key scenarios to consider when it comes to the impact of COVID-19 on association activities are:

### A. Impact on large-scale international live activities

#### ***Likelihood: Almost certain***

**For events in the first half of 2020:** Most countries have banned large-scale meetings until at least mid-April. It is therefore extremely likely that your large-scale meeting has to be cancelled or postponed. The chances that this will be extended in key regions is high. In addition, countries and employers are enforcing strict travel policies, minimising both long- and short-haul travel. Borders are being shut down, airlines are closing certain routes and public transport is likely to be compromised. This makes it unlikely for delegates to be able to travel to your meeting destination. Fear of exposure and contagion will dissuade many from joining.

#### ***Consequence: Significant - Critical***

**For events in the first half of 2020:** Significant loss of income due to cancellations and loss of sponsor, exhibitor, and partner contributions. Loss of investment due to existing commitments to venues and suppliers. Loss of immediate key member benefits such as CPD, education, networking & exchange, thought leadership. Significant drain on resources for contingency and crisis management.

**For events in the second half of 2020:** There is still a chance that bans on large-scale gatherings and travel restrictions remain for certain regions. People may still be more reluctant to attend large-scale events. Increased competition for venues, hotel rooms and suppliers leading to higher prices and less availability. Delegates may have to choose from an increased number of options and may already be committed.

**For events in the 2nd half of 2020:** Loss of income in case of cancellation from certain regions. Significant competition with other activities that were postponed from the first half of the year - such as competing events, internal meetings, new roll-out. Likelihood of smaller budgets and changed priorities by delegates. Increased drain on local resources, hotel availability, suppliers may lead to shortages, higher prices or lower quality.

## B. Impact on medium-scale live activities

### ***Likelihood: Almost certain***

Similar likelihood as large-scale meetings. Many countries have banned all meetings and gatherings until at least mid-April. Strict national and corporate travel restrictions and reduced travel options make attendance highly difficult. Fear of exposure and contagion will dissuade many from joining. Even in the second half of 2020, there may still be meeting and travel bans affecting associations.

### ***Consequence: Moderate - Significant***

**Forevents in the first half of 2020:** Potential loss of income due to cancellations and loss of other contributions. Some loss of investment due to existing commitments to venues and suppliers. Loss of immediate key member benefits such as CPD, education, networking & exchange, stakeholder engagement. Potential challenges to ensure statutory requirements are met if annual general meetings cannot take place. Some additional resources will be needed for contingency planning and crisis management.

In any case, there will be a larger competition for the attention of delegates - both by competing meetings and other priorities that emerged from the COVID19 situation.

**For events in the 2nd half of 2020:** Potential reduction in participation due to ongoing travel restrictions (national/ company policies/ budgets). Increased competition for delegate's time and attention; potentially higher meeting costs due to increased demand for venues, hotels and supplier services.

## C. Impact on small-scale live activities & EU policy events

This includes: Workshops, networking events, training, publicity events, board meetings, etc. attracting less than 40 participants - often from several countries.

### **Likelihood: Likely - Almost certain**

Many countries have banned all meetings and gatherings until at least mid-April. Strict national and corporate travel restrictions, some national or local lockdowns and reduced travel options make attendance near impossible. Fear of exposure and contagion will dissuade many from joining.

When it comes to EU policy events, EU officials have limited their meetings with external stakeholders; a factor that should be taken into consideration if the target group of a given meeting is EU officials. Some have imposed a "ban" on external visitors which is likely to be extended in

the foreseeable future; organising event that involve EU officials is therefore impossible at this stage. Even if the ban is lifted, the rules can change last minute with all the cost and programme implications that this may have for the organiser.

From June onwards, the situation may normalise in most regions with bans and restrictions lifted for smaller gatherings. Participants may focus on only the most critical events to participate, reducing attendance of non-essential meetings.

### **Consequence: Moderate**

Some possible loss of income due to cancellations. Some loss of investment due to existing commitments to venues and suppliers. Potential challenges to ensure statutory requirements are met. Some additional resources may be needed for contingency planning.

## D. Impact on hybrid, online and digital association activities

This includes: Digital conferences, webinars, online training, digital member platforms, publications, position papers, newsletters, videos & social postings.

### ***Likelihood: Likely***

With bans on physical meetings and travel being implemented around the globe, people are likely to explore alternative means of sharing insights and news, of networking, CPD and education. Technology providers already register a significant increase in demand for webinar and digital conferencing platforms – sometimes bringing them to their technical limitations.

In addition to virtual meetings, association members are likely to look at alternative channels for engagement – such as member platforms & fora, publications, eCampaigns and social media.

### ***Consequence: Moderate - Significant***

Finding substations for physical exchanges is a great opportunity for innovation and technological advancement. Associations already equipped with digital and online services will have the opportunity to exploit these further and increase member uptake. Associations

that rely heavily on face-to-face interactions should use this opportunity to review their tools, communication channels and means in order to continue serving their members. This will require investment, training and a board that is willing to give strategic direction.

## 4.2. Risk Management: Top Tips for Managing COVID-19 Risks Related to Association Activities

- 1. Avoid the risk of having to cancel or postpone due to meeting & travel bans** by refraining from scheduling non-essential medium- or large-scale meetings & events before at least September 2020. Avoid scheduling any meetings before June-July 2020 - depending on meeting size, location and the origin of the expected delegates.
- 2. Reduce the risk of cancellations due to venue, hotel or supplier issues** by creating strong partnerships. Consult with legal experts about your responsibilities, and the impact on event insurance, contracts and refund policies. In case your contract is not yet signed, closely review the terms and conditions and negotiate the option of postponing at no cost. Note that you are unlikely to find an event insurance that covers the effect of COVID-19. Carefully select locations based on the development of COVID-19 clusters and delegate origin.
- 3. Reduce the loss of delegates, sponsors, exhibitors & partners** by continuous communication, by investing in onsite health & safety procedures, developing clear cancellation terms, offering alternative ways of participation (e.g. virtually, hybrid via local groups, access to post-event videos).
- 4. Manage delegate, sponsor and partner concerns** through continuous dialogue and communication. Understand both their needs and their concerns. Address these in the way the event is designed, communicated and executed. Provide your stakeholders with real-time updates from reliable sources about travel and meeting precautions.
- 5. Benefit from the demand for alternative ways of interacting** by creating webinars and hybrid events, by investing in a membership platform and by producing engaging content in alternative formats (white papers, manifestos, videos, research & opinion polls, etc.)

## 4.3. Frequently Asked Questions Related to COVID-19 and Association Events

### Does a Force Majeure Clause cover COVID-19 in contracts & insurances?

It depends. The first question is **what is defined as a force majeure event** in the contract. Typically, it will be defined as any circumstance not within a party's control and includes two cumulative conditions being (i) no fault of either party or (ii) the insurmountable nature of the obstacle. The insurmountable nature of the obstacle shall be analysed in a reasonable and humane manner. This typically includes a material, practical, legal and moral impossibility of execution, which involves, *inter alia*, public health issues such as COVID-19. However, the force majeure clause often includes a specific list to define force majeure further - such as terrorism, war, etc. It is still rare to find specific reference to epidemics and pandemics in their force majeure clauses.

Even if communicable diseases are covered in your contract, hotels, convention centers, and other event venues generally favour force majeure clauses that allow

termination without penalty only if it is *impossible* to host the event. You would have to be able to show that it is impossible to hold the event, and that COVID-19 is the sole cause for your inability to honour the contract. Some contracts also specify that parties must use "reasonable endeavours" to overcome a force majeure event. For instance, if all meetings are cancelled by the government due to COVID-19, you are covered. If – on the other hand – you are just worried that delegates may stay away or don't have the capacity to provide adequate onsite support, this clause cannot be employed. Ultimately you may have to count on dialogue, relationship and goodwill from venue and suppliers.

Lastly, don't forget to check the notice provisions of any force majeure clause to check if and when a notice is required and what information it must contain.

### Can I insure myself against the impact of COVID-19 on my event?

When it comes to your event cancellation insurance, definitions are equally strict, with communicable diseases often being a premium option that can be purchased. However, as of mid-January 2020, coronavirus is now expressly excluded from coverage under most event cancellation insurance policies.

## New Date, New Place, New Format: How to Limit the Need for Refunds

Generally, delegates, exhibitors and sponsors are entitled to a full refund if an event is cancelled by the organiser. Only costs such as admin and booking fees often do not have to be reimbursed.

To avoid the need for refunds to all delegates, exhibitors, sponsors and partners, you are advised to establish viable alternatives before communicating the activity cancellation: reschedule the event for a later date. Offer an online version with additional long-term benefits instead. Depending on the terms and conditions of your contract,

this will allow you to offer a ticket exchange, rather than a refund to delegates, exhibitors and participants.

When it comes to sponsors and partners, continuous communication is key. You will have to be able to demonstrate that moving to a new date – or a new format – offers them the same return on investment. Listening to their needs and making them an active partner in shaping the new offer will be key to avoiding the demand for refunds.

## Crucial Success Factors for Transforming A Physical Event into a Virtual Experience

**Invest in Technical Production:** Make sure you have the technological know-how and infrastructure to succeed. The bigger your event, the more important to invest in tried-and-tested technology and in a production team that knows how to make it work. Speakers, moderators and panellists have to be well briefed and comfortable with adapting their content to the new environment in order for delegates to have a rewarding experience. Test everything (workflow, video & audio quality, upload speed, etc.) extensively order to prevent mishaps during your online event.

**Redesign:** Quite often, virtual events are simply recordings of live events: a shot of a stage with a speaker, showing slides. However, going virtual requires new formats - think more 'producing television' and less 'ballroom theatre'. You will want to 'produce' a 'show' with engaging short segments. While you may need to be a keynote or two, but think about interviews, animations & graphics, one-on-one sessions, and interactive elements to help keep attendees interested and engaged. Record some gems ahead of time to ensure best production quality. Invest in good moderators as the dynamic of meeting changes when they become virtual. Long pauses

feel awkward and people are less likely to speak up, so a good moderator can keep the meeting alive and moving.

**Over-Communicate:** Due to the COVID-19 situation, the decision to move to virtual is made very late - and has only been chosen as second-best option. You now must overcome the disappointment and reinvent a virtual version in an incredibly short period of time. This requires understanding the real needs of this gathering: why did people want to join? How can we offer this value in a virtual setting? It is important to invest in constant communication and honest dialogue with key stakeholders such as chairs, speakers, sponsors, exhibitors.

# 5. Risk Area B: Maintaining Compliant Governance

## Current Challenges (Risk Assessment)

For a couple of weeks, an increasing number of states are taking more and more measures to restrict or ban travel and gatherings. Like many other sectors, the non-profit and trade associations sector is seriously affected by these measures.

Indeed, Belgian non-profit associations (hereafter: "NPA") and international non-profit associations (hereafter: "INPA") have to cancel their board of directors' and general assembly's meetings although some of these were scheduled for months. There are mainly two reasons for these meetings to be cancelled:

(i) Associations are forced to cancel their meetings because gatherings and travel are banned to/in

the country where the meetings were supposed to take place.

or

(ii) Associations voluntarily decide to cancel their meetings because the required presence quorum for the meetings to validly deliberate and take decision would not be met.

Consequently, associations are caught between a rock and a hard place and are trying to come up with solutions on how best to comply with the states' measures to prevent Covid19 from spreading and their legal obligations (e.g. approval of the annual accounts, appointment of directors, etc.).

## The Best Way Forward (Risk Analysis & Planning)

- If physical meetings can be maintained, using a large number of proxies to reach the presence quorum and validly take the required decisions; and/or
- Holding meetings via conference call, video or web call; and/or
- Take decision via written/online procedures.

In addition, the new Belgian companies and associations Code of March 23, 2019 (hereafter: "Code") also regulates to certain extent some of the above-mentioned solutions for NPAs. However, the Code does not provide any provisions for INPAs neither for the board of directors nor for the general assembly. Solutions and alternatives shall therefore be found for in the AoA of INPAs.



## Identifying Alternative Options (Risk Mitigation)

In case neither the AoA nor the Code provide for any clear and legally compliant suitable solution or alternative to holding a physical meeting, associations may decide:

To organise their board of directors' and/or general assembly's meeting through a mean of deliberation and voting not provided for in the AoA. In such a case, the concerned associations shall be aware that the validity of the meetings of the board of directors or general assembly and the decisions taken by the latter may be challenged by any person (e.g. a member) who/which has an interest in the compliance with the legal rules which has been infringed. In such case, the decisions could be declared null and void by the competent Enterprise Court; or,

To postpone their board of directors' and/or general assembly's meeting to a later date. Such decisions may also have an impact on the compliance with legal obligations. For example, in case an ordinary general assembly (i.e. the meeting of the general assembly approving the annual accounts and the budget) is postponed to a later stage than within six months after the closure of the financial, (i) the concerned association may incur a fine for any a late filing of the annual account with the National Bank of Belgium and (ii) directors may incur a specific liability.

Consequently, each association shall carefully assess to which extend some of the decisions on the agenda of the meetings of the board of directors and general assembly require urgent actions and try as far as possible to identify and mitigate the risks incurred.

## Minimising Negative Impact (Risk Planning & Communication)

It results from the above that unfortunately there is no straightforward solution for the non-profit and trade associations sector. Indeed, finding solutions and alternatives for each association requires a case-by-case analysis that will mainly depend on (i) the legal form of the entity (NPA or INPA), (ii) the AoA (possibility to hold meeting by means of written resolutions or conference call), and (iii) the practical specificities of the association (i.e. political sensitivity on certain questions, number of members, whether members are natural persons or legal entities, etc.).

Although the present situation is unprecedented, the non-profit and trade associations sector had already

been impacted in 2015 by the measures taken by the Belgian state following the terrorist attacks in Paris (i.e. "Brussels lockdown") and in 2017 following the terrorist attacks in Brussels whilst many people were reluctant to travel to Brussels. On these occasions, many associations had already to cancel meetings and other events.

The multiplication of these situations shows the urgent necessity for associations to better anticipate them. Indeed, associations should expressly provide in their AoA for mechanisms allowing them to comply with their legal obligations although physical meetings are not possible (e.g. remote participation to meetings, online voting systems, etc.).

# 6. More infos on COVID-19 and Association Events

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**For reliable information on COVID-19, the pandemic development and measures taken, we recommend:**

WHO Coronavirus Information: <https://www.who.int/health-topics/coronavirus>

European Centre for Disease Prevention and Control: <https://www.ecdc.europa.eu/en/novel-coronavirus-china>

National channels, such as official Belgian COVID-19 Information <https://www.info-coronavirus.be/en/>

Meeting Planners International's Coronavirus Tools: <https://www.mpi.org/tools/coronavirus>

Council on Coronavirus: <https://www.eventscouncil.org/Industry-Insights/About-coronavirus> Joint

Joint Meetings Industry Council on Coronavirus: <https://www.themeetingsindustry.org/novel-coronavirus/>

Interel's COVID-19 Association Briefing

# About This Briefing

This COVID-19 briefing has been developed specifically **for the associations and alliances that use the services and expertise of Interel**. It is part of our full-service package and accompanied by other support measures such as education, crisis planning and communication, leadership- and member support. The briefing will be evolving with the COVID-19 crisis and updated on a regular basis, so get in touch if you would like to receive the latest copy.

We are deeply grateful to the input by our client association, by our diverse internal expert teams and by our trusted partners, without whom we could not have delivered this content. In particular, we would like to thank EY Law Belgium's Non-Profit & Trade Associations Team for their invaluable contribution when it comes to ensuring that this briefing reflects the latest advice in legal and statutory matters.

**Interel Association Management** – 'the' European AMCI-certified Association Management Company is the coordinator, editor, and main author of this briefing. With over 20 years' experience, our mission is to advance international associations through full-service management & secretariat services, strategic advice, project support, advocacy & public affairs expertise and consulting services. Find out more at <https://interelgroup.com/association-management/>, connect with us via email, Twitter or Instagram, or get in touch with Benita Lipps, Head of Association Management at Interel (benita.lipps@interelgroup.com)

**EY Law Belgium's Non-Profit & Trade Associations team** provides legal unique assistance to Belgian and European (international) associations and foundations in many aspects of their corporate life by taking into account the specificities of the non-profit sector to assist its clients. EY Law lawyers work alongside professionals from other parts of EY's businesses, including tax, assurance, accounting, transactions and advisory. Should you have any legal question or should you require any assistance, please do not hesitate to contact Antoine Druetz, Associate Partner at EY Law ([antoine.druetz@be.ey.com](mailto:antoine.druetz@be.ey.com)) (<https://www.eylaw.be/practice-areas/non-profit-law/>).

