

COVID-19: SOCIO-ECONOMIC IMPACT IN GHANA



Briefing Note No.1, April 2020

Business Impacts and Recovery Pathways for Ghana

COVID-19 evolution and measures to stop its spread

Ghana has reported over 1000 COVID-19 cases and taken several measures to stop its spread, including closure of borders and lockdown in 40 districts and municipalities. Similar measures are in place in at least 40 countries on the continent – including neighbouring Burkina Faso, Côte d’Ivoire and Togo. Because of land border closures, we can expect the economies of 46 border districts of Ghana to be negatively impacted. This is true for border economies across the 40 African countries that have closed land borders – leading to a significant disruption in supply chain and reduction in consumption. In addition, the restrictions on movement will also impact individuals and businesses in those localities. Hopefully this pain will not be long, and sooner or later, we shall begin the process of recovery.

COVID-19 impact pathway

The COVID-19 impact pathway will be more than the supply-chain disruptions – across the land borders, seaports and the airports, although they will likely be a big part of it. The restricted movements, either because of lockdowns or people choices, will result in a drop-in consumption and business investments. This has informed an [online survey](#), a COVID-19 Business Tracker, initiated by the Ghana Statistical Services (GSS) in partnership with the United Nations Development Programme (UNDP), to assess the impacts of the pandemic on businesses and to provide data to inform policy choices.

The negative impacts of supply-chain disruptions will largely hurt people and businesses connected to external supply chains, and economies of border districts. Person-to-person businesses like hairdressers, bars, and micro-finance institutions will also be hurt by movement restrictions, which could lead to jobs losses. It would be important to

Highlights

- Initial pathway of the COVID-19 impact seems to be mainly supply-chain disruptions – across the land borders, seaports and the airports.
- Negative impacts of supply-chain disruptions will largely hurt people and businesses.
- The impact of COVID-19 will also be positive, as businesses with direct external competition will get relief and may be strengthened post COVID-19 if global companies take longer to recover. Some businesses will also shift to new opportunities.
- COVID-19 recovery pathway will not just be easing of the supply disruptions, it will create new opportunities of doing things differently.



Industrial fish processing for marketing (Photo: UNIDO)

monitor and address any signs of social distress in these difficult times. Hopefully the idea of borderless Africa and the continental free trade area will not suffer as a result.

The impact of COVID-19 is not only negative. Businesses with direct external competition will get relief and may be strengthened post COVID-19 as global companies take longer to recover. Some businesses will shift to new opportunities to fill the void brought about by increased demand due to COVID-19 (e.g. hand sanitizers, gloves or masks) or due to irregular importation of specific commodities and services.

Measures to mitigate impacts

Ghana, like most countries in Africa and across the world, has been bold in taking actions to mitigate the immediate impacts of measures put in place to stop the spread of COVID-19. The COVID-19 National Trust Fund, which has so far received GH¢8.75 million and counting, will likely be part of the SDG Financing architecture. The Coronavirus Alleviation Programme is meant to mitigate the immediate impact of COVID-19 on business and household and therefore address the disruption in economic activities. It is essential that these measures form the building blocks for businesses and the economy to recover and build back better.

COVID-19 recovery pathway

The good news is that one day COVID-19 will end.

People and families, small and large businesses, and local and national economies will have to recover and build back better. The most important question is when should it start? The best time should have been yesterday or now. It is essential that we recognize that recovery will not just be about money, there will be quick wins through policy choices.

First, COVID-19 recovery pathway will probably begin with gradual easing of the supply-chain disruptions across all borders. The conditions for easing will depend on the evolution of COVID-19 within Ghana as well as within our neighbours of Burkina Faso, Côte d’Ivoire and Togo. It is probably the same principal with Ghana’s trading partners on the continent and beyond.

As we contain COVID-19, it may be useful to build on existing cross border collaboration efforts such as COVID-19 surveillance to organize recovery structures and actions. It is important that such recovery structures are coordinated with the national leadership of the four countries and possibly within the continent.

The second recovery pathway relates to businesses that have taken on the role to produce goods and services that would otherwise have been imported. This is certainly a critical one because this is at the heart of accelerating industrialization and manufacturing. The world economy is not expected to fully recover until early 2022. It is an opportunity



Dry mangoes processing for export in Ghana (Photo: UNIDO)

to quickly remove any policy bottlenecks and support such businesses to take a foothold. We should also expect a faster drive in domestic tourism and ensure tourism-related businesses are able to recover.

The third recovery pathway relates to businesses that could not operate either due to restricted movements or due to a call for social distancing. These are mainly person-to-person businesses. Commercial banks and lending institutions will be helpful with better terms. The cost of borrowing for such businesses will need to be examined further to ensure it does not sink these businesses further as they try to recover.

The fourth recovery pathway relates to harnessing new opportunities. We should, for example, expect a growth in new online businesses, and more firms taking their operations online – including person-to-person businesses.

In a nutshell, COVID-19 recovery pathway will not just be easing of the supply disruptions, it will create new opportunities of doing things differently. Together, these will ensure that the society recovers faster and builds back better. It is important that these become vehicles for Ghanaians to protect and reinforce the spirit of social cohesion, democracy and leadership for the rest of the continent.

Consolidating recovery efforts

Now, more than ever, and due to enormity of the recovery challenge, it is critical to devise an inclusive COVID-19 recovery architecture. Here are some of the elements of this architecture:

- Coordination structures at districts linked to a national coordination structure and possibly linked to continental efforts. This could have a leadership tier and a technical tier to be led by Government with representatives from the UN, business leaders, bilateral and multilateral partners.
- Critical streams of work could be identified within the coordination structures. E.g. data and intelligence; building resilience of district economies and the national economy; nurturing effective partnerships; and nurturing transformative communication.

Written by:

Frederick Mugisha, Economics Advisor, UNDP Ghana

