



Novel Coronavirus (COVID-19)

Ghana Business Impact Survey

22nd March 2020



MESSAGE FROM THE EXECUTIVE DIRECTOR

Ms. Adjoba Kyiamah

Combating COVID-19 is a collective effort that all of us, and not just medical professionals, have a responsibility for. As the Executive Director of UK Ghana Chamber of Commerce, I wish everyone remains healthy and safe and I believe that we will be able to overcome this obstacle together. While fear and uncertainty are understandable sentiments, I encourage everyone to confront this situation with calmness and reason and, more importantly, care for and support each other and extend compassion to those who are in need.



Introduction and Acknowledgements

This COVID-19 Business Impact Survey is an attempt to better understand the impact of the current pandemic, the challenges faced by respondents and the support they are/will be seeking in the weeks and months ahead. It is intended that there will be a monthly follow up to measure the pulse of the private sector as the issues around the pandemic evolve. The output of these reports will be shared with the Government of Ghana and other stakeholders to inform policy/intervention development.

The survey was executed as a semi-structured questionnaire, posted online for respondents to access. Some additional follow up calls with a number of respondents were held to validate the initial answers and glean some additional detail behind the answers offered to the questionnaire.

The development of such surveys is a team collaborative effort and we acknowledge the support of many individuals, the UK-Ghana Chamber of Commerce team and partner organisations such as Invest in Africa who have all aided in the distribution of the survey questionnaire. Special acknowledgement is however given for invaluable support provided by Wardour Global Ltd who designed the survey, analysed the survey results and drafted this final report. .

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Executive Summary

The first case of COVID-19 was reported in December 2019. It took over three months to reach the first 100,000 confirmed cases, 12 days to reach the next 100 000. The pace of new infections is increasing, with WHO reporting 66,000 new cases globally in the past 3.5 days. Such growth in infections needs quick actions to be taken to curb the spread of the virus, and we commend the Government of Ghana for the decisive actions they have instigated to date.

The survey has shown that the private sector has already responded in the work place with the top three actions being: introduction of flexible/remote working; introducing improved health precautions in the workplace; and in equal third place limiting contact with external parties; and improving IT communication platforms.

However, these top actions mask the emerging and more worrying responses to the pandemic and its impact on market demand and import/export supply chains. Companies are reporting steps being taken to reduce operational expenditures, including: the laying off of workers or intent to do so or in the extreme cases complete closure of the business. All of these point to the economic challenges that Ghana will face in the coming weeks and months. These challenges warrant unprecedented actions to be taken by both the government and development partners to mitigate the economic impact.

The Bank of Ghana on 18th March 2020 announced measures to increase liquidity in the banking sector in the wake of the COVID-19 pandemic. Whilst these measures to increase liquidity and reduce interest rates are welcome, we

question whether they will have the desired effect given that the initiatives do not address the underlying deteriorating credit risk environment, driven by drop in market demand and output from the private sector and challenges to get products to market. We ask the government to consider similar measures as introduced by the UK Government by offering credit guarantees to banks lending to the private sector during this period.

In responding to the survey the participants were asked what initiatives/policy interventions they would like from the Government of Ghana. The top responses are noted below:

- Financial Support/Grants for impacted companies;
- Tax breaks/holidays;
- increased testing facilities for COVID-19 and free treatment for those infected with the virus;
- ensuring that the logistics chains remain open and lifting travel restrictions as soon as possible; and
- Increased education of society on the risks related to COVID-19

Further details around these requests are captured on the next page.

With the uncertainty about how long this pandemic will last and the respective restrictions, respondents are understandably concerned about the enduring impacts this pandemic will have on their businesses. 61% of the responding businesses remain optimistic about the return of market demand.

Interventions Sought

When faced with pandemics such as COVID-19 it is a time for bold and decisive decisions to be taken in order to ensure the economic hardships that are expected do not turn into an economic crisis. In the survey we requested respondents to put forward their suggestions as to what the Government could offer by way of interventions to soften the impact. With 21% of the respondents advising that they have incurred considerable costs in responding to COVID-19 (one as high as \$2m already) and the medium term outlook suggesting business viability issues the following list highlights the top six interventions sought from government by the respondents.

Guarantees to Banks Lending

Whilst the intervention announced by Bank of Ghana to improve liquidity in the banking sector is welcome, the intervention does not deal with the deteriorating credit risk environment as a result of the slowdown in the economy. We encourage the Government to consider a scheme whereby GoG offers credit guarantees to banks

Financial Support/Grants

41% of the respondents indicated that they were looking for financial support during this period, by way of grants to microbusinesses, support for labour wages to prevent layoffs, suspension of utility payments and suspension of interest rates. Such interventions have to be tested for affordability and whether legislation needs to be amended to accommodate this costs.

Tax Holidays/Breaks

This was the second highest request from the respondents to the survey with suggestions ranging from:

- Delays in reporting requirements
- Tax Suspension
- Suspension of PAYE

Increased Testing/Free Treatment

With rapid infection rates observed in other countries, respondents are concerned about the affordability of treatment should the virus spread in Ghana. They are requesting that the Government confirm that treatment can be obtained from the Government free of charge to encourage compliance with the restrictions and facilitate expeditious recovery of those infected.

Keep Supply Chain Platforms Open

The slide on keeping supply chains open explains the challenges faced by businesses in restricting logistics channels and finding alternative routes to markets. Clarity is required on how the restrictions will operate in the sea ports and land borders to ensure minimal disruption during the period the borders are closed to international travellers.

Increased Education of Society

98.5% of the respondents advised that they were suitably informed as to how to respond and protect their workforce. However they felt more public education was required to counter a lot of false news circulating and direct the public to credible and reliable sources of information for updates.

Respondent Profile

Respondents

62

Sectors Represented

15

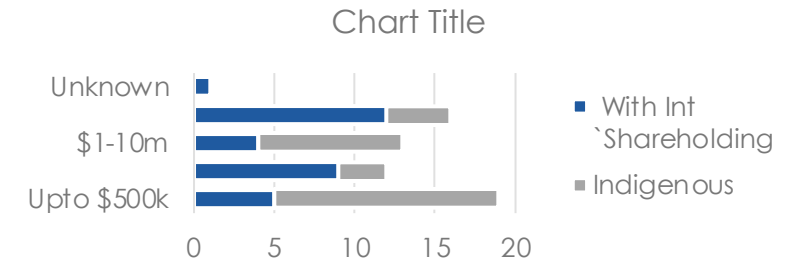
No of Exporting
Companies /
Supporting Exporters

42

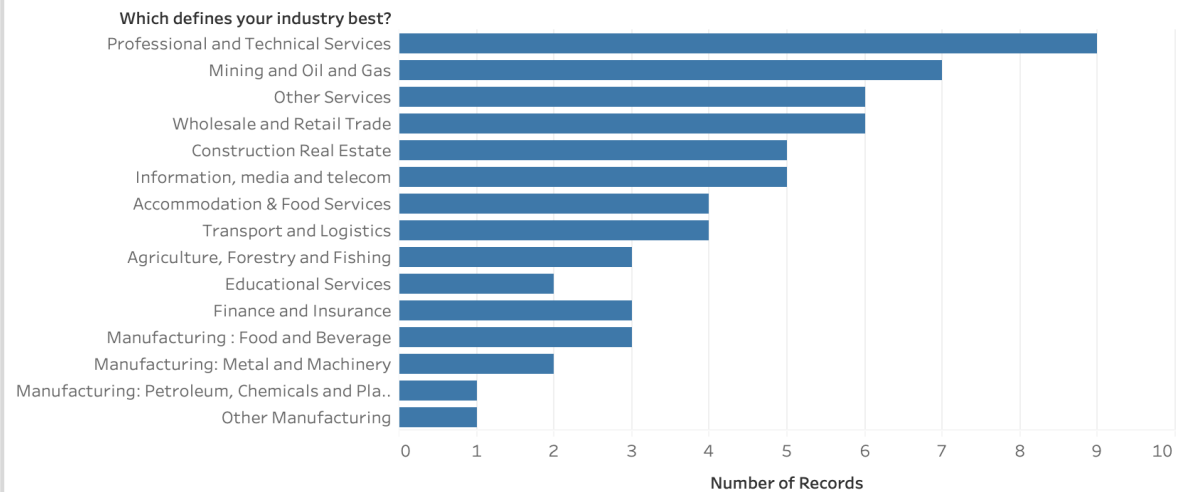
of Employees in the Company



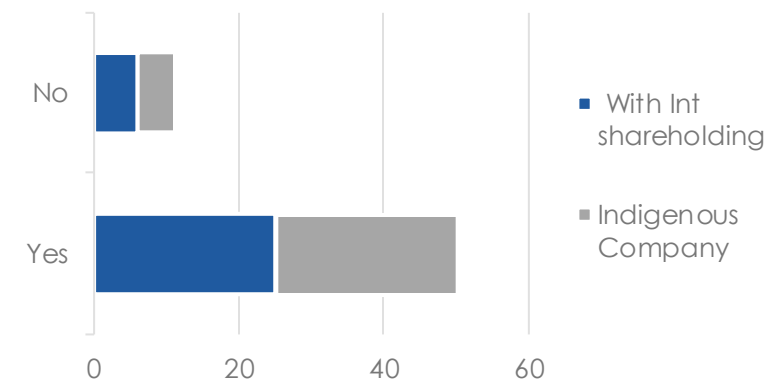
Turnover and Foreign Shareholding Profile



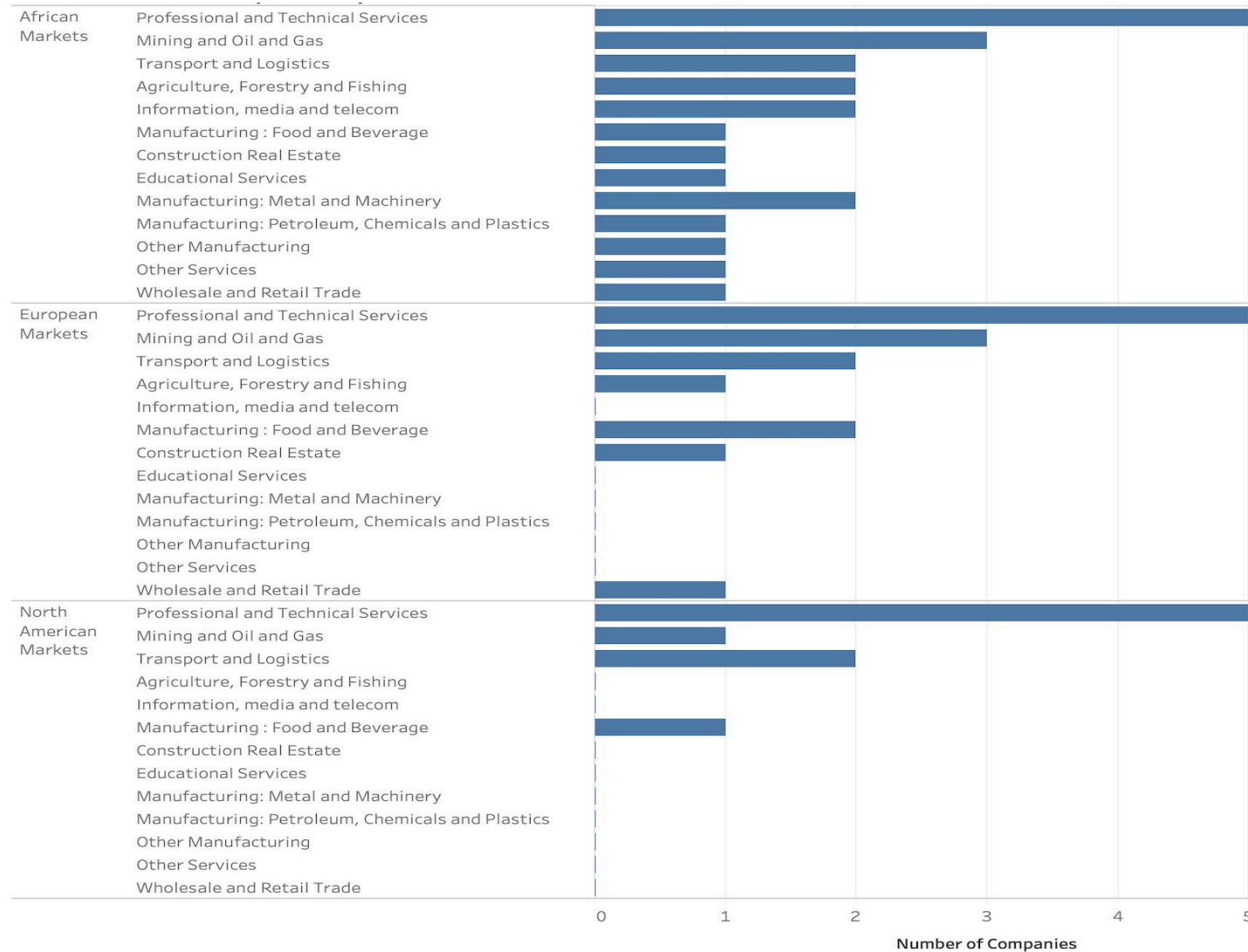
Sectors Responded to COVID-19 Impact Survey



Business Continuity Plans In Place



Export Markets



We can see from the vast majority of respondents that the most prevalent export market supported is the African market followed by the European markets.

Across all three markets Professional and Technical Services dominate the export sector amongst the respondents. However beneath that we have mining, oil and gas and agriculture, forestry and fishing sectors that we will see later in this report rely heavily on multi modal logistics chains.

Business Continuity Plans immediate response

Companies were asked what changes they have made in the operations of their businesses in response to the COVID-19 pandemic in addition to the top four actions noted below respondents have advised that they are seeking to strengthen the input supply chain, undertake cashflow/business exercises, changing stock levels (increasing and decreasing), offering discounts to clients to reduce stocks, increase demand, making provision for delays to projects, move to online trading and reposition focus to domestic customers. 43% of respondents have indicated their clients have requested additional measures to be deployed. However only 3% of the respondents have been able to recover these additional costs from their clients.

01 Flexible/Remote Working

We are seeing this being applied across most sectors. However there are some sectors that cannot adopt this such as the accommodation and food services, agriculture and manufacturing sectors.

02 Health Precautions

All sectors are reporting adopting increased health precautions. Measures adopted include making hand sanitizer available, offering face masks and following other WHO recommendations.

03 Limiting Contact

Companies primarily in the finance, insurance, manufacturing, wholesale/retail trade professional and technical services are reporting that they are restricting visitors to their premises or providing PPE to employees to limit physical contact with customers.

04 Reducing Costs

This emerging action is in response to fall in demand or challenges to being able to get products to market. The key sectors reporting these actions include:

- Mining, Oil & Gas;
- Transport & Logistics;
- Construction & Real Estate;
- Information, media and telecom;
- Other Services; and
- Manufacturing

Actions have included a reduction in staff numbers and/or putting employees on part time hours.

Business Continuity Plans next steps

Given the fast pace of change around the pandemic there remains a lot of uncertainty about what the future holds and the coming weeks will inform companies how to respond further. In addition to the immediate steps, companies are planning for additional steps. The timing of when these additional steps will be executed will be informed by how long the situation continues. However, 3 months seems to be a significant milestone for many.

01 Increasing Inventory

A number of companies have reported a need to increase inventory to cope with disruptions in supply chain. However they face challenges in doing this as a result of challenges in access to finance.

02 Reductions in Labour

Many respondents are suggesting that if these restrictions continue beyond three months there will be reductions in the labour force with figures up to 50% being reported.

Some respondents also indicate the peak seasonal workers are unlikely to be hired. Others have indicated that they might change work patterns for their employees to work on shifts basis. See separate slide for details.

03 Updating Budgets

Given the uncertainty amongst many respondents, 15% of them have indicated they will be revisiting their budgets with an expectation these will be revised downwards.

04 More Remote Work

Some respondents advised that they are looking at how to embed longer term remote working for their teams and looking to understand the costs and efficiency of this in the coming weeks.

Anticipated Impact on Workforce



Do you anticipate any impact on the labour force



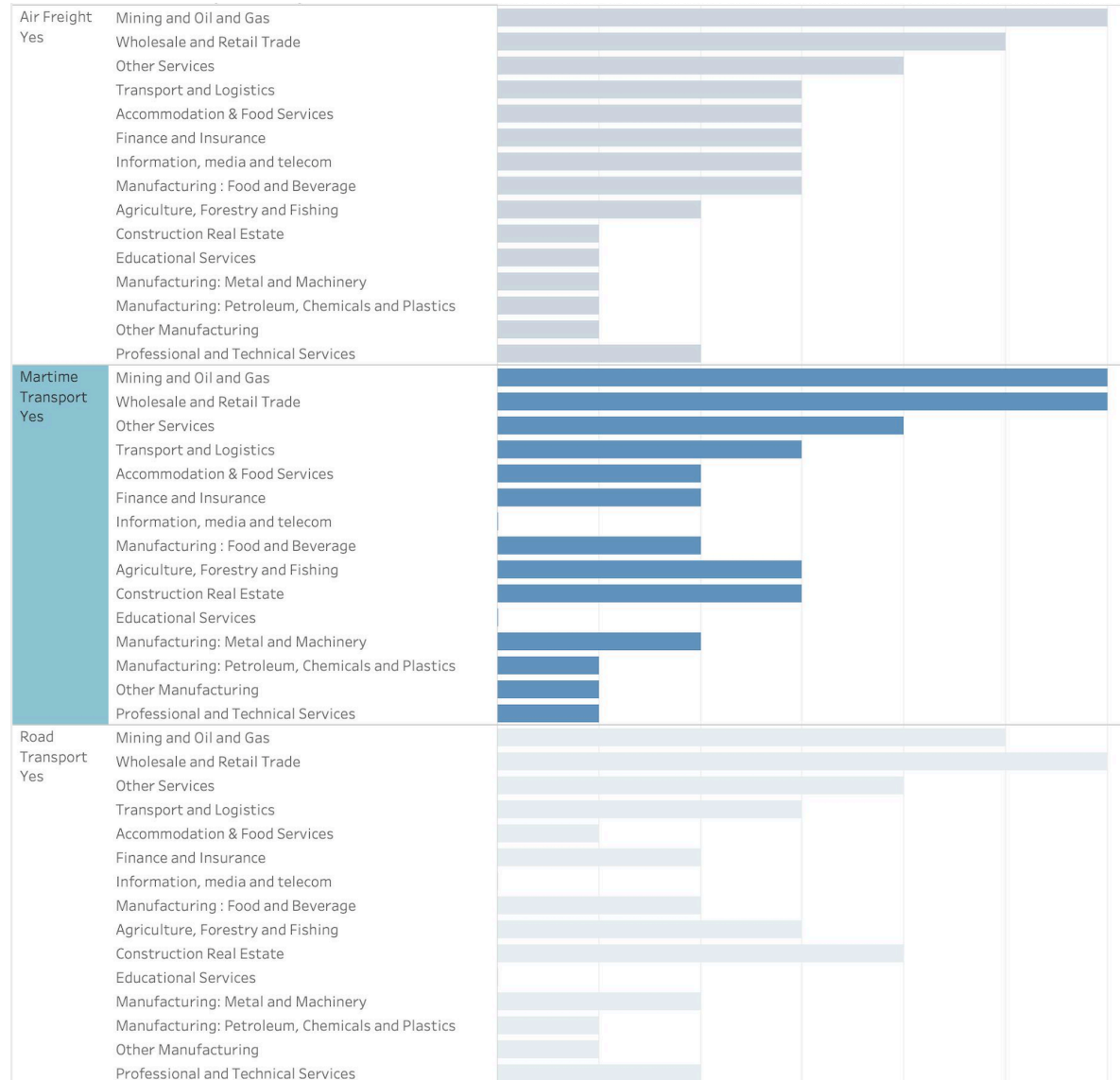
As part of the reduction in costs, respondents have indicated that they are or intend to reduce their labour force. The responses show that these views are held largely across all 15 sectors who responded to the questionnaire.

Encouragingly there are some respondents in four sectors (Accommodation and Services, Agriculture, Forestry and Fishing, Mining and Oil and Gas and Other Services (NGO's) who indicate they may not reduce their workforce.

However there are some respondents in two other sectors who remain uncertain, namely: Construction and Real Estate and Information, Media and Telecom sectors.

These responses clearly show there is a need to develop an intervention to protect those in work today.

Keeping Supply Chain Channels Open



Intermodal transport services are crucial to keeping economies moving. From the survey, Mining and Oil and Gas sector companies indicate that they will be negatively impacted by any restrictions on logistical services. It is these sectors together with the manufacturing sector that have expressed a desire to come up with protocols that allow essential business travel to continue. Suggested protocols have included testing of individuals before they board a flight to Ghana given that there are rapid testing for COVID-19 are available.

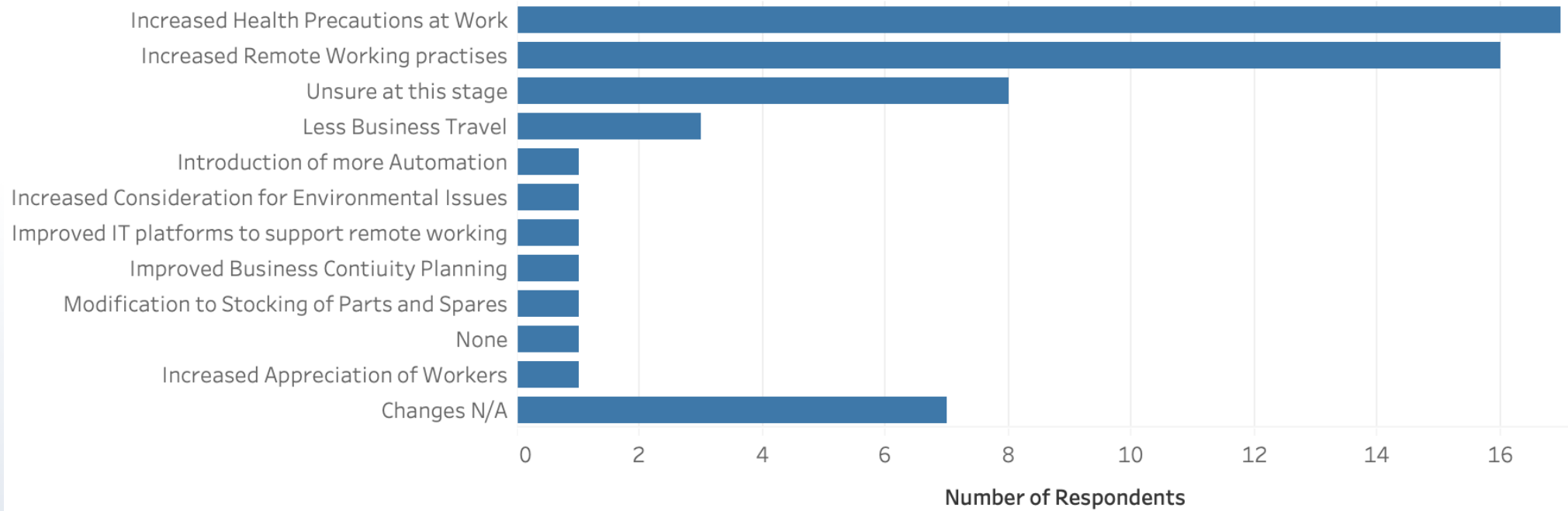
Of immediate concern is the logistics platform for fresh agricultural produce being exported from Ghana. One member of the UKGCC has advised that their route to market relies on passenger flights to transport goods to the UK and other countries in Europe as air cargo flight patterns and schedules do not, currently, meet the needs of their sector. They are facing the potential of having to close the business unless a solution can be found either through wider aggregation of fresh produce to UK and European markets or subsidized flights to ensure routes to markets remain open. 15% of the respondents have indicated that they are looking for alternative routes to markets.

MTN and Vodafone are to be applauded following their announcement to provide free connectivity in order to support remote education solutions during this period.

Enduring Changes to Business Operations

The speed at which this pandemic is impacting global trade and economies it will force companies to think about how they will change the way they operate. Companies were asked what they think the enduring changes to their business will be after this pandemic is over. The chart below reflects the responses received and whilst some are reporting it is too early to say there are three clear changes around remote working, reduced business travel and improved health precautions at the work place.

From this we can see that there will be additional demand on IT communication platforms and software required to support remote working. Whilst Ghana enjoys some of the lowest internet access rates in West Africa, the UK-Ghana Chamber of Commerce encourages the Government of Ghana to expedite initiatives to increase the internet coverage in Ghana and provide the regulatory environment to encourage changes to be closer to that enjoyed in more developed countries.



How Can UKGCC Help?

We encourage everyone practice compassion for others, especially those who are currently in infected regions low on necessities and resources. As an Organisation, we are committed to support our members and others in anyway we can.

If you are in good health and believe you have the means to, please also extend your help to others who might need it.

The key asks from the respondents are:

Offer info on best practises

We commit to provide our members regular updates. If you have any questions please contact us at info@ukgcc.com.gh

Engage with GoG around Support Required

This we have already started and if you have any specific request please contact Adjoba at adjoba@ukgcc.com.gh

Platform to Facilitate Digital networking

UKGCC has setup a digital conferencing platform for members. Please contact Jennifer at jennifer@ukgcc.com.gh for further details

Trade Facilitation

We will support UKGCC members and work with our partners and associates to support your efforts. Please contact Sara at saraadelaide@ukgcc.com.gh for further details

Respondent

Manufacturing Sector

'Dialogues with Government on how business can get support and tax reliefs during these difficult times , especially if there is a lock down at a later date.'

Respondent

Professional and Technical Services Sector

'More information on how other businesses are coping, policies and practices '

Links and Resources

[Government of Ghana COVID-19 Ghana's Outbreak Response Team](#)

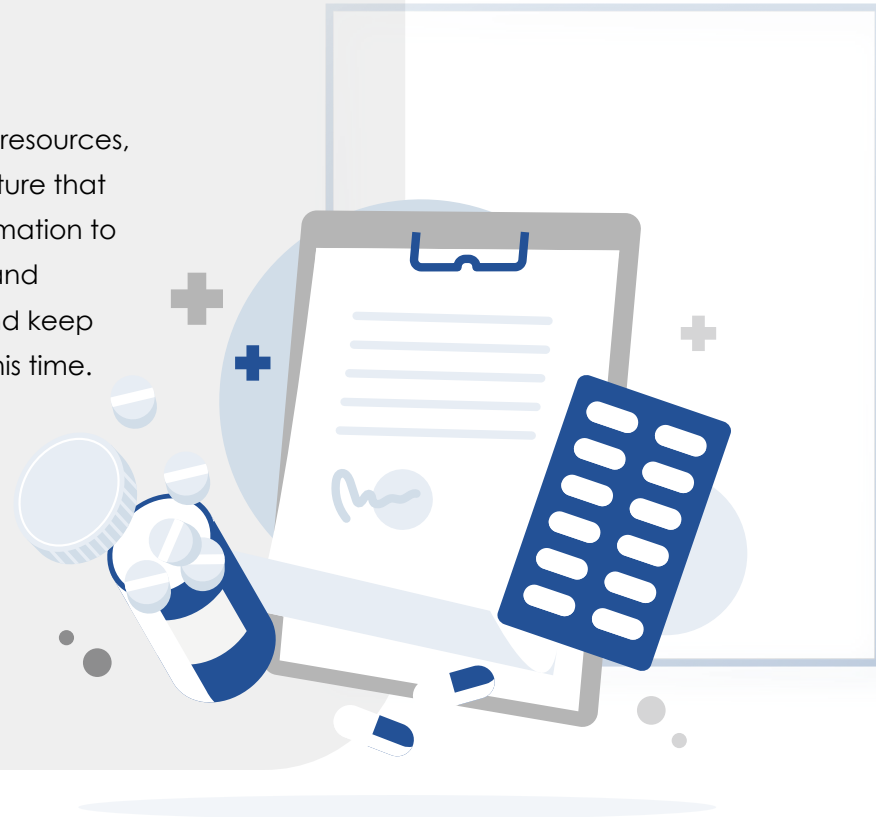
[WHO Coronavirus disease \(COVID-19\) advice for the public](#)

[Coronavirus \(COVID-19\): guidance for UK businesses](#)

[UK Government Coronavirus \(COVID-19\) guidance for employees, employers and businesses](#)

[UK Government Travel Advisory to Ghana](#)

Here are links to some resources, official sites, and literature that contain essential information to help you prepare for and combat COVID-19, and keep you informed during this time.





STAY HEALTHY, STAY CALM

We wish you and your family good health during this precarious time. We are confident that this too shall pass and we look forward to seeing everyone together once this pandemic passes.

Remember let us "spread the message, not the virus"

