



Post Covid-19 Era- Opportunities and Risks



July 2020

POST COVID-19

Agenda

- 1 Introduction and the nature of the crisis
- 2 Impact so far – global and Ghanaian context
- 3 Opportunities
- 4 Risks & concluding thoughts





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Introduction





“The COVID-19 pandemic is the defining global health crisis of our time and the **greatest challenge** we have faced since **World War Two.**”

-UNDP

Cases in Ghana keep rising steadily but recovery is encouraging



Cases per region

Greater Accra Region	16,426
Ashanti Region	7,646
Western Region	2,492
Central Region	1,333
Eastern Region	1,214
Volta Region	573
Bono East	430
Bono Region	426
Northern Region	302
Western North	298
Upper East	282
Oti	172
Ahafo	116
Upper West Region	75
Savannah	57
North East Region	9

Confirmed COVID-19 cases as at 24 July 2020

Cases overview



Confirmed	Recovered	Deaths	Tests
31,851	28,438	161	374,612



Confirmed	Recovered	Deaths
16.1M	9.27M	645K
+284K		+6,270

- As at 24 July 2020, all 16 regions in Ghana had confirmed positive cases of the coronavirus bringing the total number of confirmed cases to 31,851 with 28,438 recoveries and 161 deaths recorded.
- The hotspots are in the Greater Accra and Ashanti regions.
- Ghana has a slightly higher death rate of 5% compared to global death rate of 4%. However, recovery rate of 89% is higher than the global recovery rate of 58%.

Measures by Government

- Emergency response team
- Public education and awareness campaign on the virus
- Closure of borders
- Social distancing and restriction on public gatherings to 25 persons
- Covid Alleviation Programme
- Absorption of utility charges for 3 months.
- Contact tracing
- Closure of schools and universities
- Fiscal measures – reducing expenditure, withdrawal from stabilization fund
- Monetary policies – reduction in MPR, primary reserve, capital conservation buffer

Source: Ghana Statistical service, GHS



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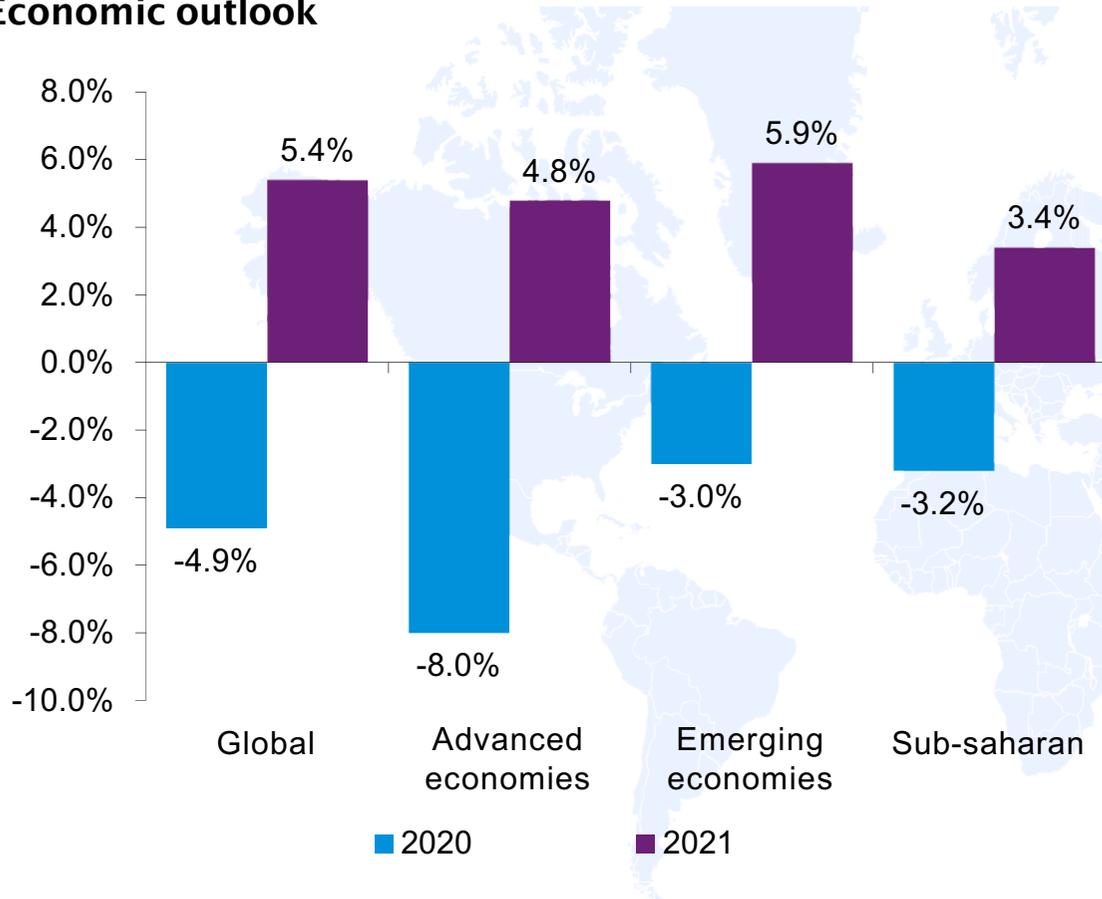
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Impact so far – global and the Ghanaian context



The Global Economic output is expected to shrink in 2020 & rebound in 2021

Economic outlook



- Uncertainty surrounding the pandemic appears to be causing growth to shrink from earlier 3% dropping further by 1.9%
- There is a surge in some economies and the prospect of a second wave
- Slump may be attributable to weakened demand, contraction in trade (projected to fall by 12%), restrictions on movement and social distancing.
- 2021 is projected to see a recovery but this is subject to the pandemic being controlled
- Trade is expected to grow by 8% next year as fiscal policies by governments and multilateral institutions take effect.
- The prospects of a vaccine in 2021 will serve as a boost.
- **However, if the situation persist longer and further restrictions are imposed, growth targets may be at risk.**

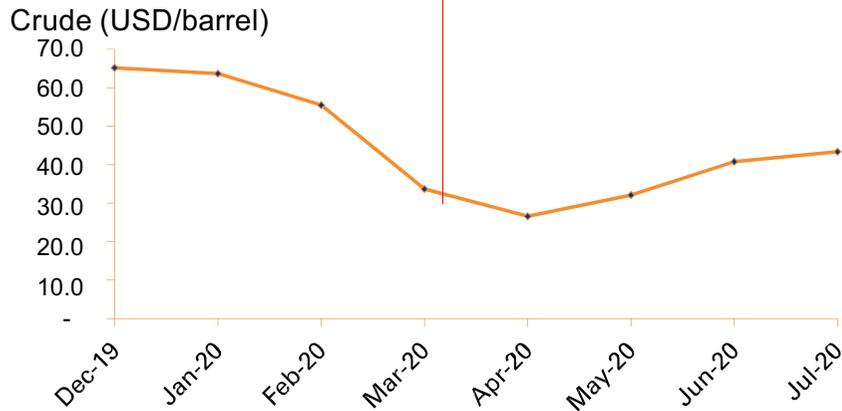
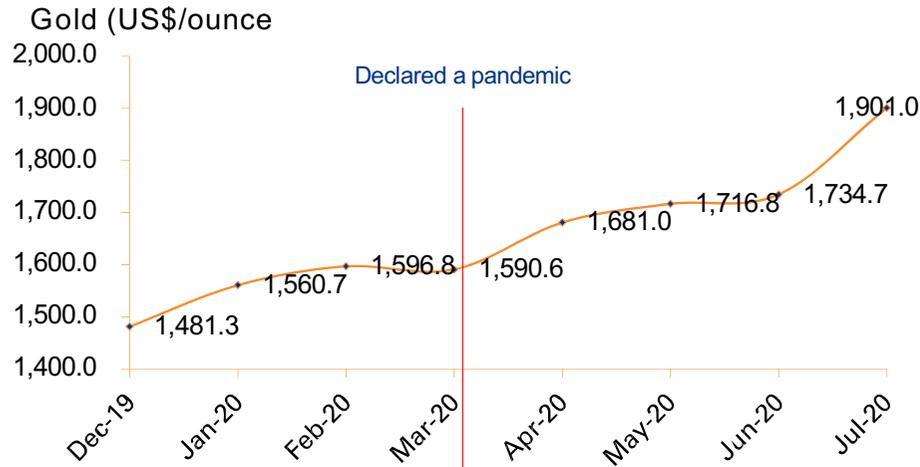
Source: IMF



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Commodity prices & the financial markets showing signs of recovery but uncertainties persist

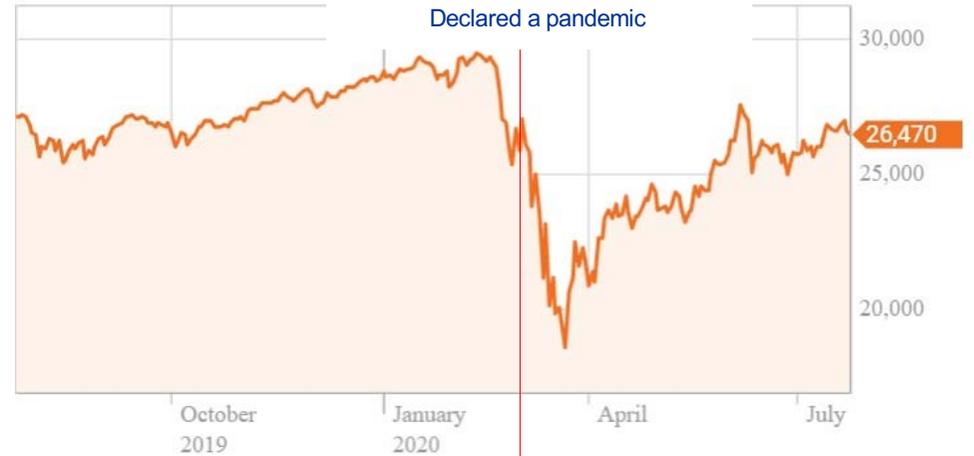


Source: BoG & KPMG Research

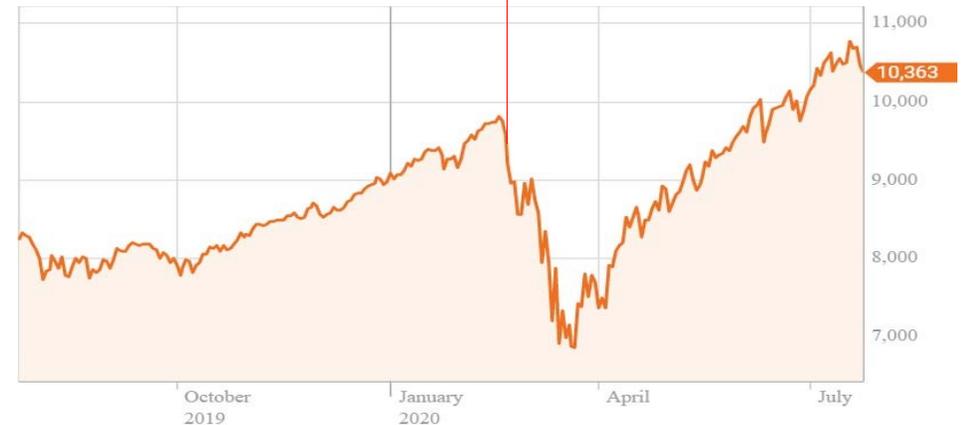


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DOW Jones



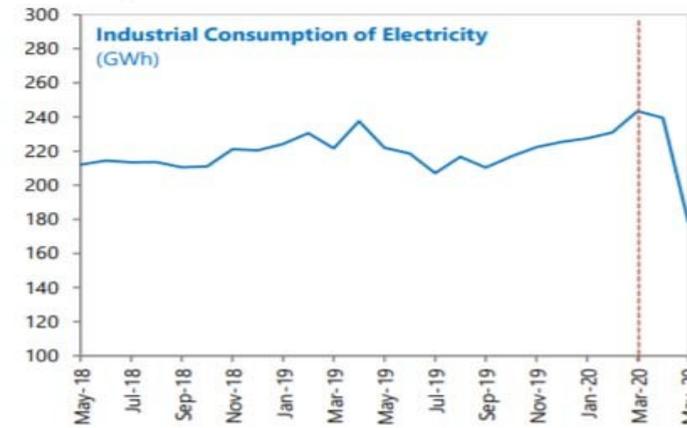
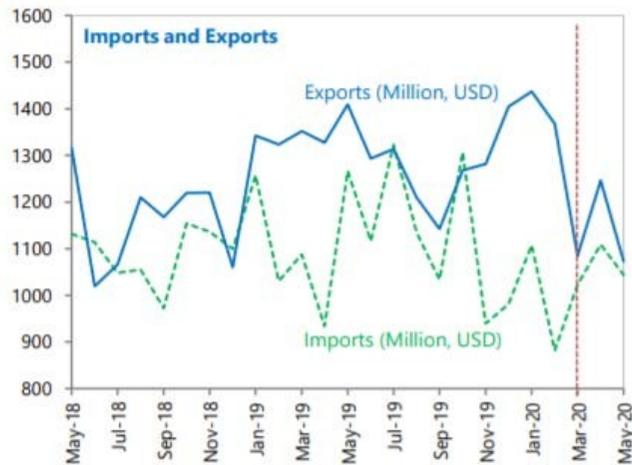
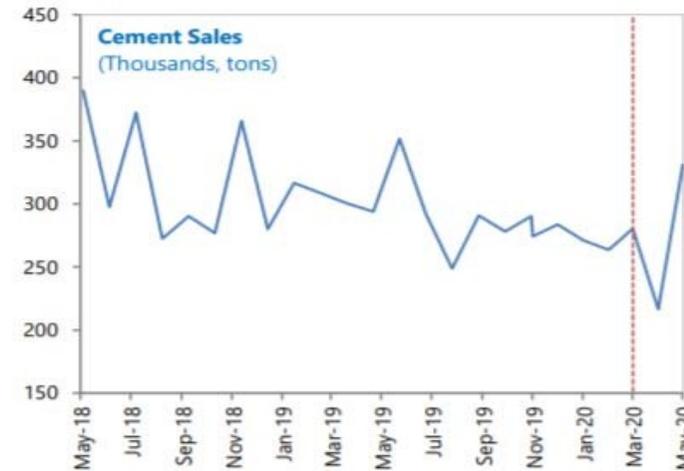
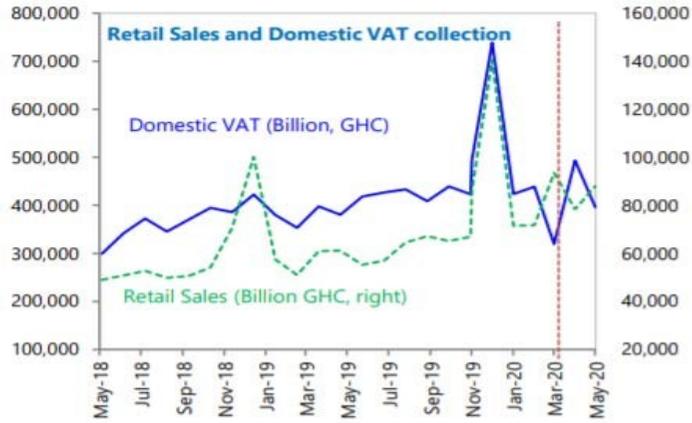
NASDAQ



Source: Reuters



Trends show a slump in business activities from March

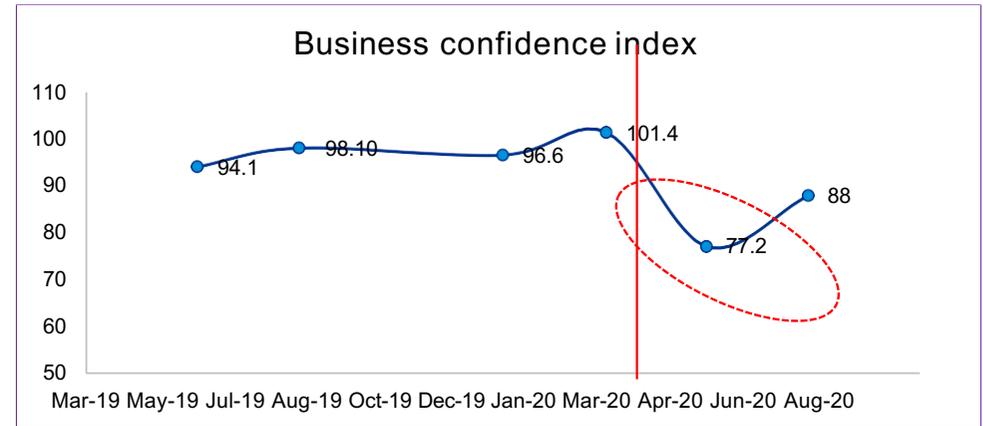
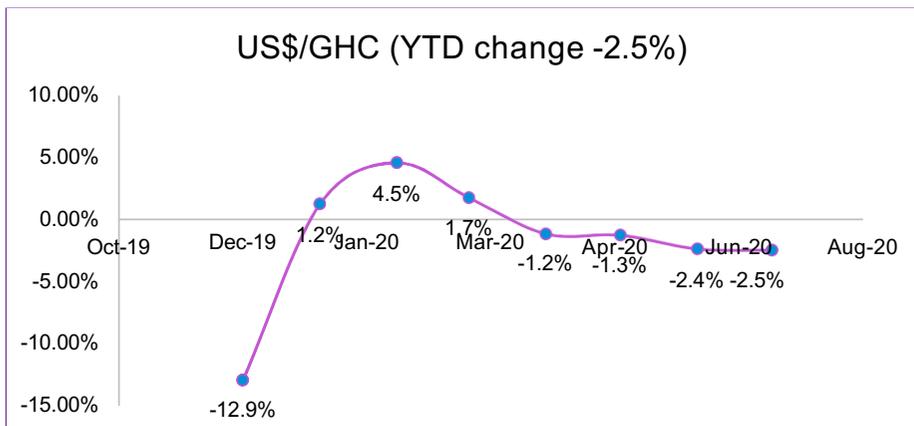
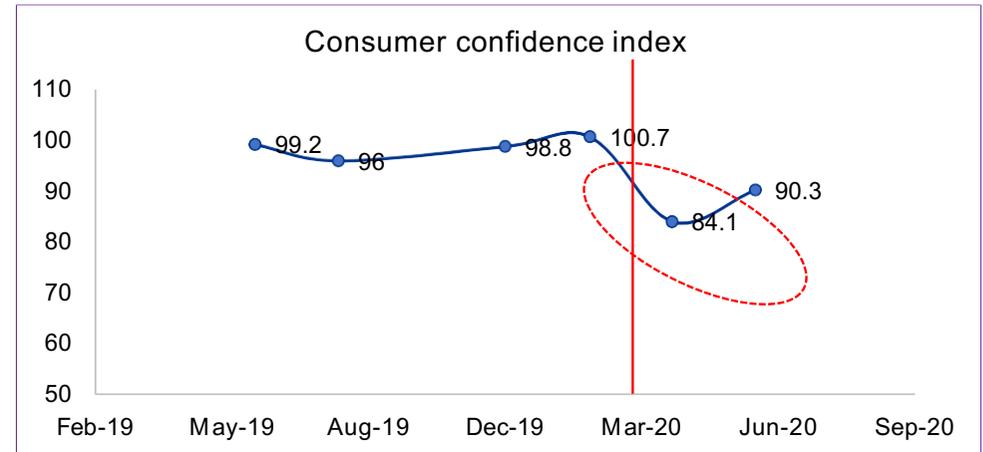
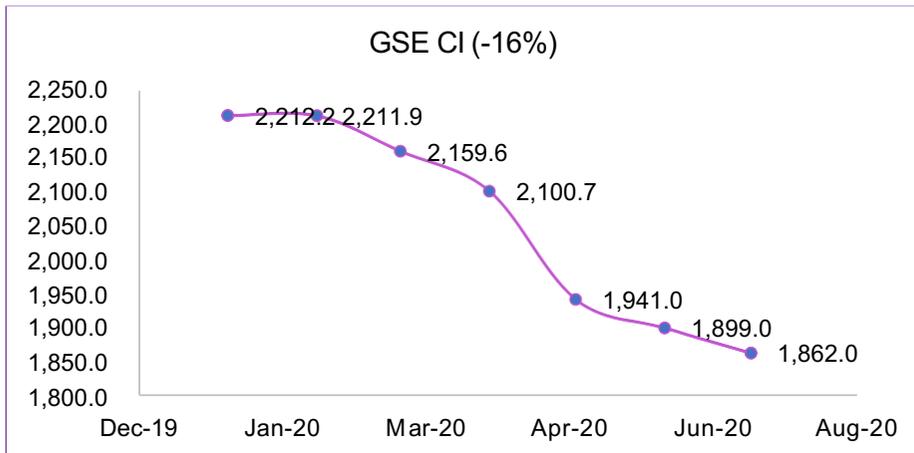


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Source: BoG & KPMG Research



Stock market shows continuous decline and cedi also weakening slightly Consumer & business confidence appears to be have bent the curve upward



Source: BoG & KPMG Research

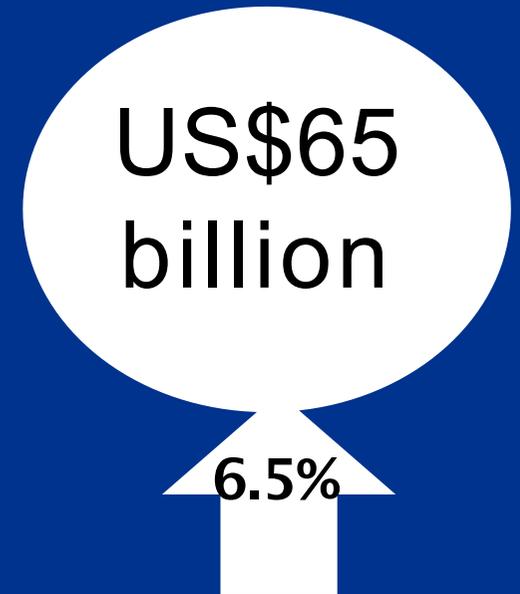


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Sectors & Growth Trends (2019)

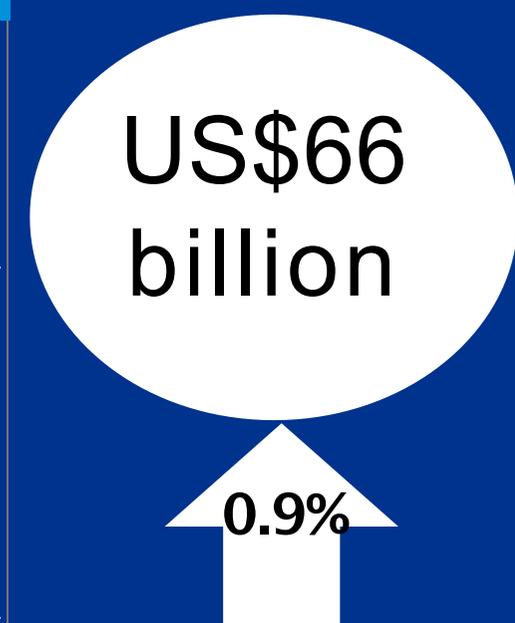
Expanding Sub sectors		Contracting Sub sectors	
19%	Agriculture 4.6%	• Crops	5.3%
		• Livestock	5.4%
		• Fishing	1.7%
34%	Industry 6.4%	• Mining & quarrying	12.6%
		• Manufacturing	6.3%
		• Electricity	6.0%
47%	Services 7.6%	• Trade, repair of goods	3.7%
		• Hotels & restaurants	6.0%
		• Transport & storage	4.3%
		• Info & communication	46.5%
		• Prof, Admin & support services	5.1%
		• Health & socialwork	10.4%
		• Education	9.4%
		• Other service activities	2.6%
		• Finance & insurance	1.6%
		• Real estate	19.9%
		• Forestry & logging	-1.7%
		• Water & sewage	-4.4%
		• Construction	-4.4%



Source: 2020 Mid Year Budget statement

Growth in 2020 significantly lower than budgeted target to 6.8%

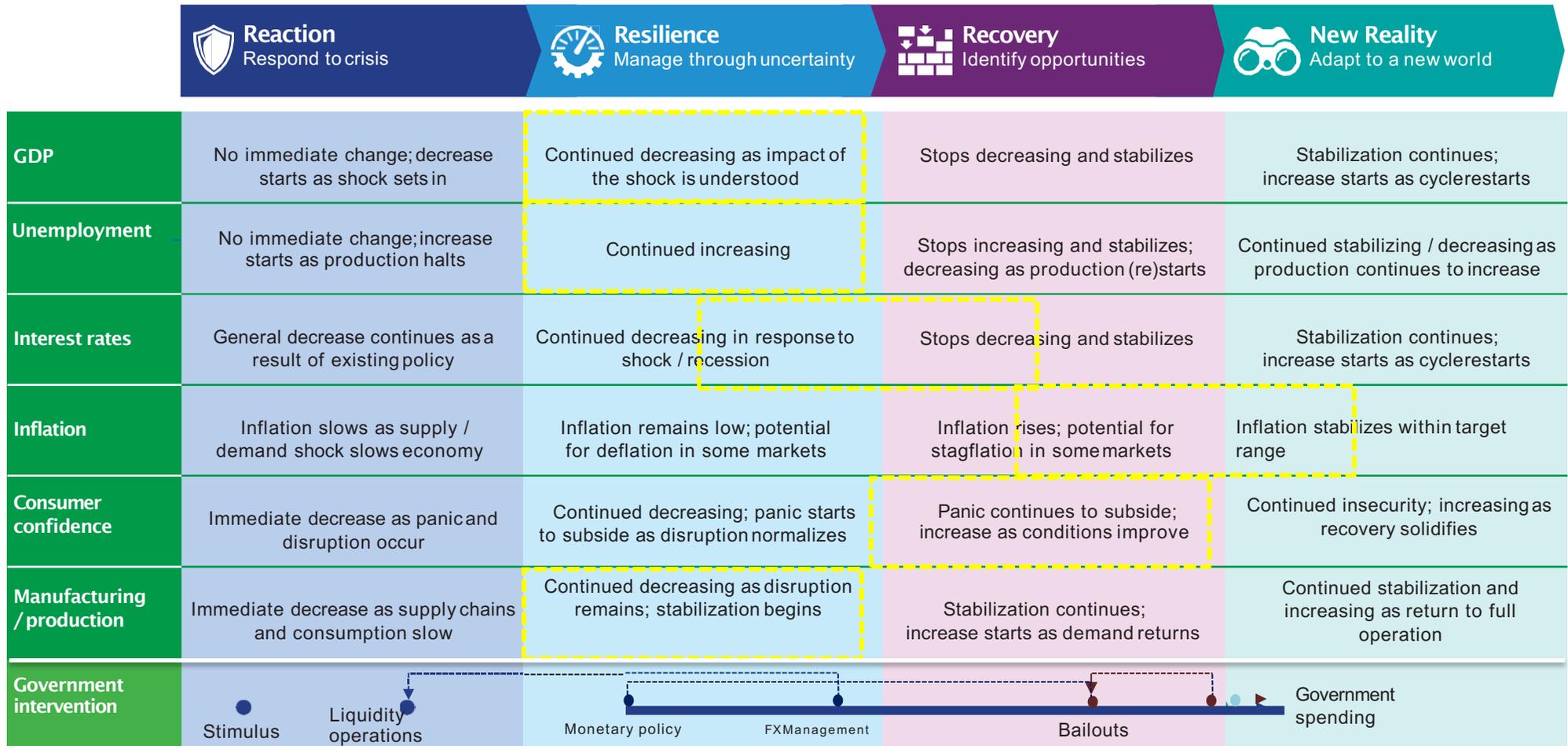
Expanding Sub sectors		Contracting Sub sectors			
19%	Agriculture 3.7%	• Crops	54.1%		
		• Livestock	4.5%		
		• Fishing	0.5%		
		• Forestry & logging	0%		
34%	Industry 0.8%	• Mining & quarrying	0.7%	o.w. Oil % gas	-7.7%
		• Manufacturing	0.5%		
		• Electricity	3.0%		
		• Water & sewerage	1.6%		
		• Construction	1.0%		
47%	Services -0.8%	• Info & communication	5%	•Trade, repair of goods	-3.2%
		• Prof, Admin & support services	0.5%	•Hotels & restaurants	-6.5%
		• Health & socialwork	4.3%	•Transport & storage	-3.0%
		• Education	4.5%	•Real estate	-2.5%
		• Finance & insurance	0.5%	•Other service activities	-1.5%



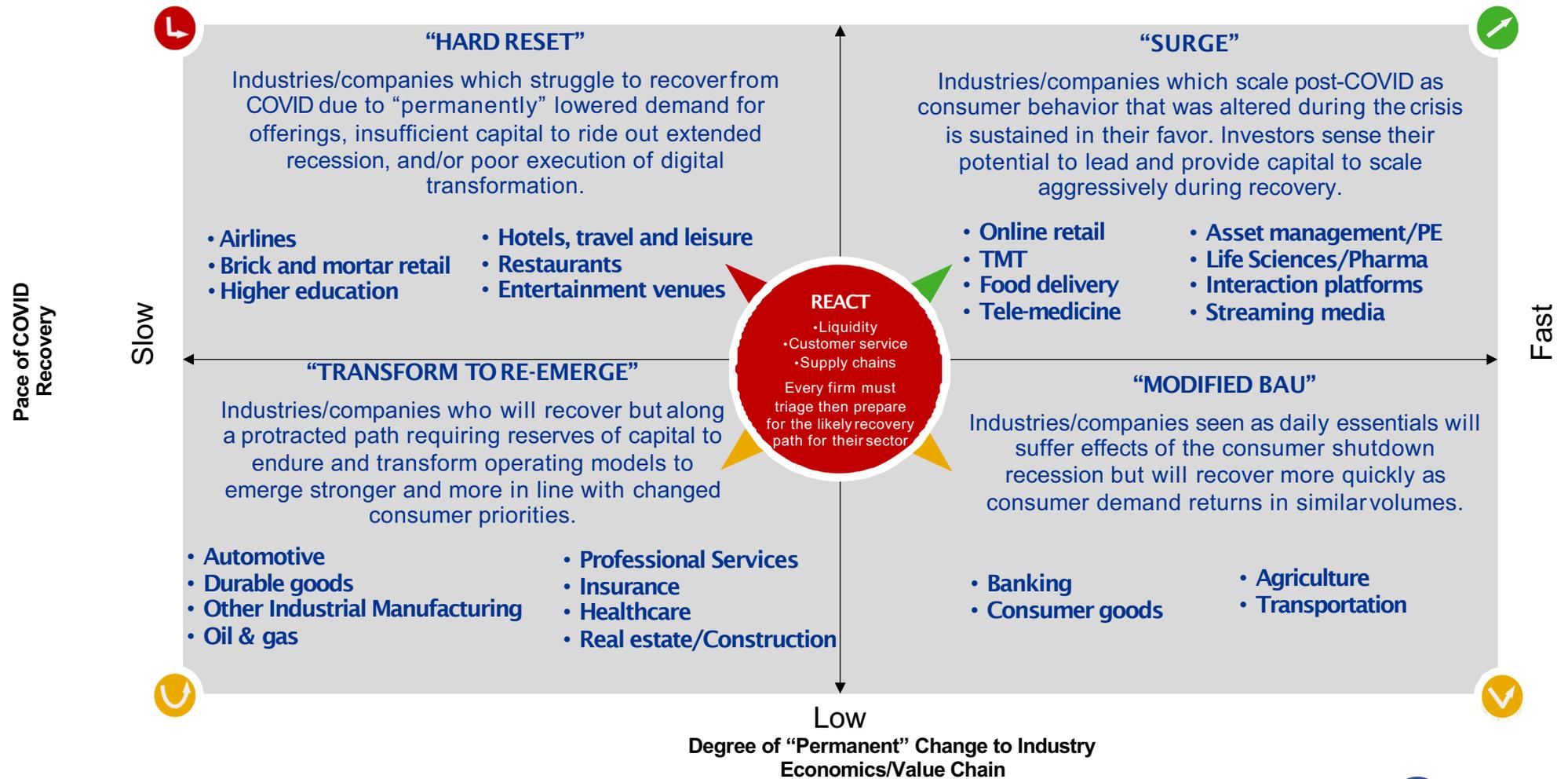
Services sector appears to be the hardest hit

Source: 2020 Mid Year Budget statement

Economic signals from the trends so far shows resilience and signs of recovery



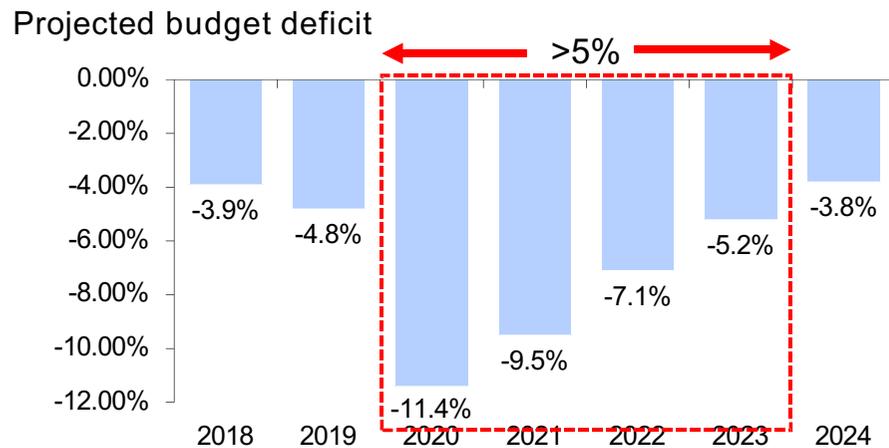
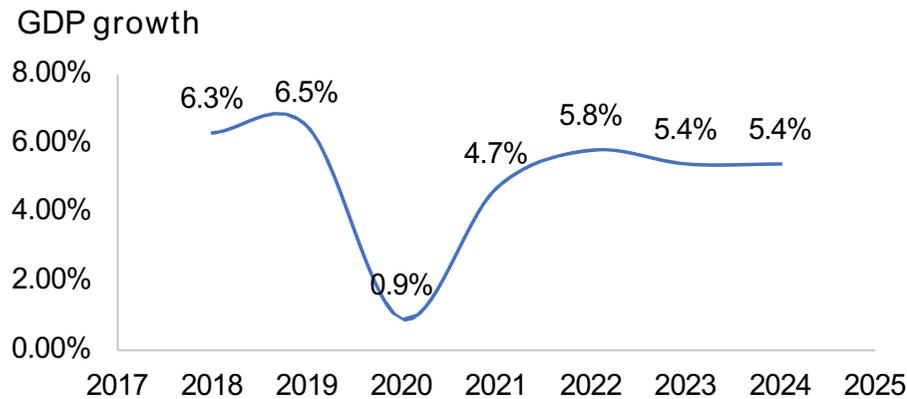
COVID-19 impact will create some winners and losers and a long recovery



Business signals show confidence rising and business adjust to the new norm

	 Reaction Respond to crisis	 Resilience Manage through uncertainty	 Recovery Identify opportunities	 New Reality Adapt to a new world
Steady cash flow	Immediate cash flow disruption	Disruption normalizes and more consistent cash flow is forecasted	Forecast remains steady; consistent cash flow returns	Consistent cash flow continues to return; forecast remains steady
Reliable supply chain	Immediate disruption to supply chain halts BAU operations	Continued disruption; alternatives are tested though limited operations	Limited operations continue; supply chain (re)optimization efforts begin	(Re)optimization efforts continue to become new BAU
Manageable demand	Unable to plan for, stimulate or influence demand due to crisis	Constraints on demand management capabilities remain	Demand management evaluated in response to consumer shifts	Ability to plan for, stimulate and influence demand returns
Relevant business model	Disruption impacts relevance of existing business model	Business model evaluation begins and BCP tweaks implemented	Post-pandemic business model (re)defined; execution begins	Continued execution with (re)defined post-pandemic model
Effective operating model	Disruption impacts effectiveness of existing operating model	BCP measures embedded; operational (re)evaluation begins	Post-pandemic operating model (re)defined; execution begins	Continued execution with (re)defined post-pandemic model
Digitization journey	Scramble to implement digital tools to maintain operations/work remote	Rethinking and acceleration of digital strategy	Digitization strategy implemented; automation replaces some jobs	Digital tools widely adopted; use becomes BAU
Deals activity	Near-final deals move to close quickly; abrupt halt to preserve cash	M&A plans frozen; PEs begin to pursue 'lifeline deals'	Corporate development plans (re)evaluated; PEs ramp up deals	Companies that emerge with cash on hand resume 'normal' M&A activity

Prognosis and economic outlook



- Fiscal gap likely to push the government to the debt market as domestic sources contract. This will increase debt sustainability pressure
- Increased public domestic borrowing to further squeeze capital to the private sector
- Cedi will come under pressure in the projected period as pressure from foreign debt service and possible capital flight from bond sell-off
- Stable commodity prices to ensure revenue from exports.
- Even though outlook remains positive, downside risks remain as the virus still evolves.

Source: 2020 Mid-Year Review of the Budget Statement and Economic Policy of the Government of Ghana, Ghana Statistical Service

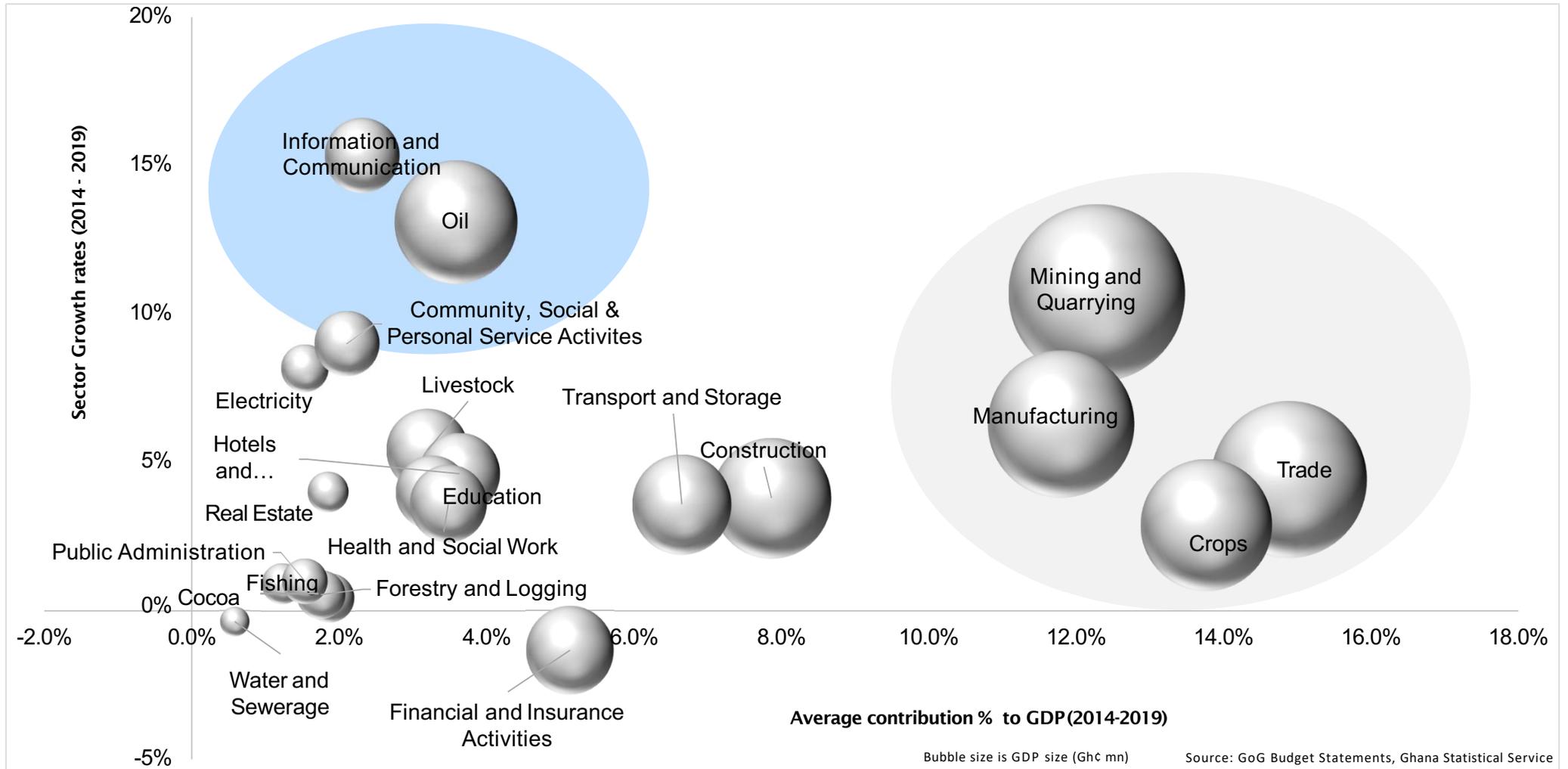


Opportunities

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Traditional sub-sectors expected to remain economic base but ICT and energy hold growth potential



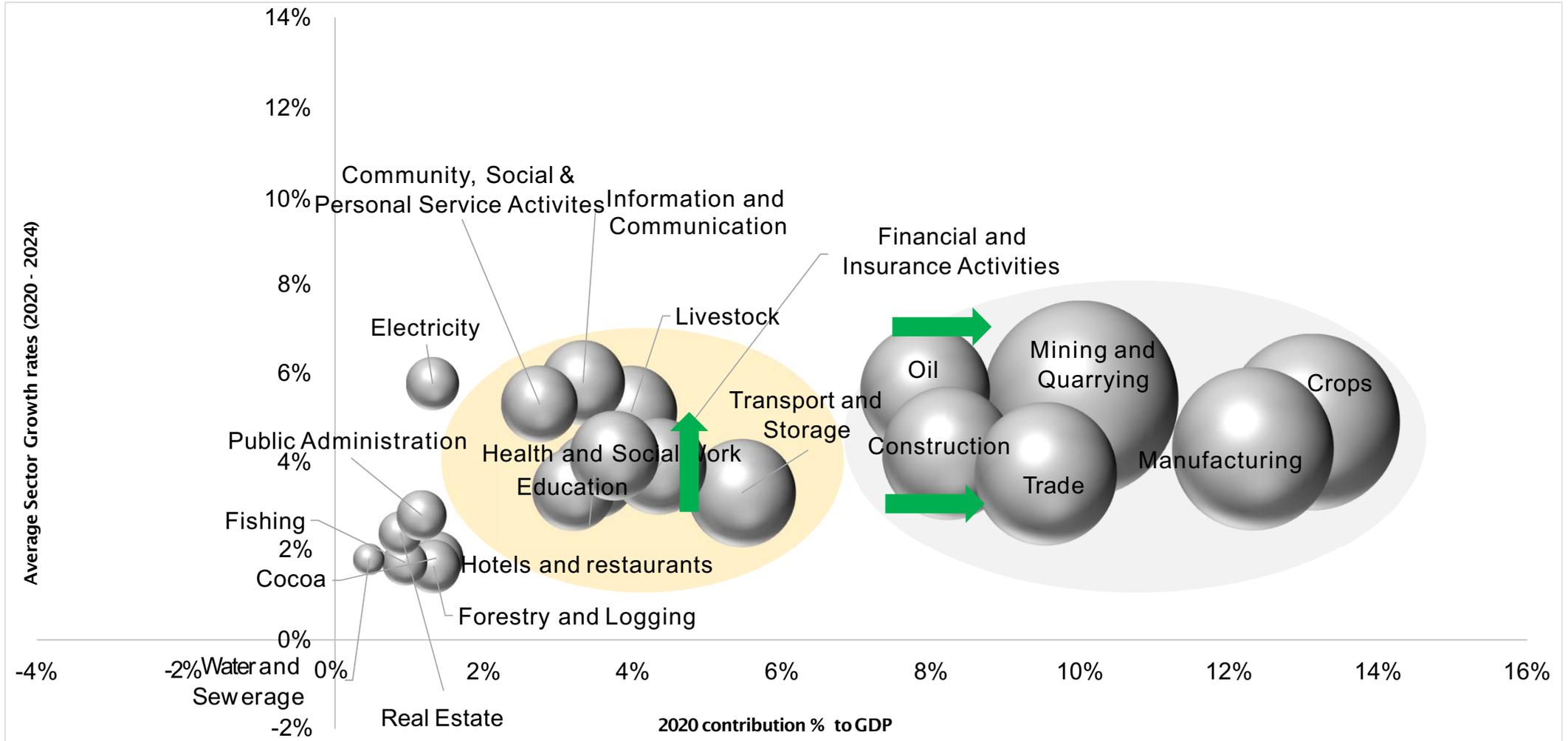
Bubble size is GDP size (Gh¢ mn) Source: GoG Budget Statements, Ghana Statistical Service



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Industry sector to dominate growth over the next five years driven by oil and gas and construction



Bubble size is GDP size (Gh¢ mn) Source: 2020 Mid-Year Review of the Budget Statement and Economic Policy of the Government of Ghana, Ghana Statistical Service



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Key initiatives from mid-year budget



Ghana CARES targeting investment of GHC100.0 billion (US\$17 billion)

1

2

Sustainable Development Goals and Green Bonds



Extractives – bauxite/aluminium and iron

3

4

Ghana Guarantee Scheme



PPP Act to support private sector participation in infrastructure

5

Investment opportunities

Technology/ Digitisation

- E-commerce
- E-learning
- Fintech

Financial sector

- Infrastructure fund
- Green bonds
- Insurance
- Mortgage scheme

Infrastructure

- Transport
- Low income housing
- Local participation in hospital projects

Energy

- Oil and gas
- Renewable energy

Industrial

- Industrial park
- Business incubation park

Pharmaceutical

- Research & development
- Production of generic

Agribusiness

- Agro-processing
- Agric technology (irrigation)

Automobile

- Vehicle assembly (CKD or SKDs)



Risks & concluding thoughts

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Even though outlook is positive key risks remain

1

Uncertainty

The risk of a second wave and a surge in the virus may threaten the gains

2

Weakened demand

Job losses and disruption to supply chain likely to impact consumption and production

3

Credit to the private sector

Weakened demand may result in a squeeze in credit to the private sector

4

Rising public debt

Public debt has been rising and likely put pressure on debt sustainability and the currency

5

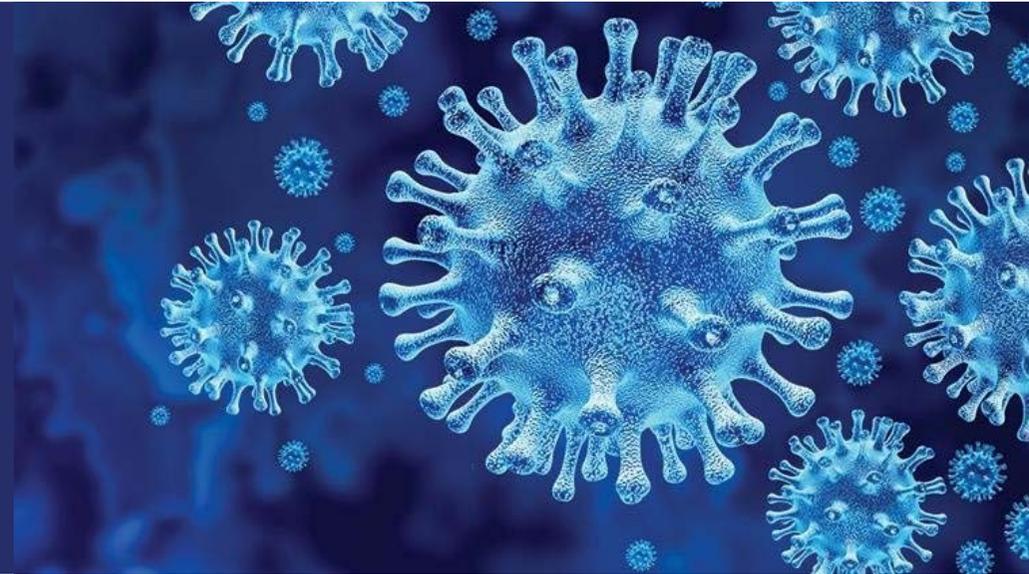
Political tension

With elections planned for the end of the year, political temperature may be heightened

Risk management of businesses is being tested by Covid- 19. It is therefore imperative that businesses activate risks management as a strategic tool to pre-empt the occurrence of events that prevent organisations from achieving their objectives.



Concluding thoughts



- The Covid-19 pandemic is a **medical crisis** that is rapidly leading to an **economic crisis** and may become a **financial crisis**.
- Post-Covid-19 era requires businesses to be **agile**, and be ready to adapt quickly to the possible '**new normal**' instead of waiting for the return to '**normalcy**'.





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