



# How COVID-19 is affecting firms in Ghana

## Results from the Business Tracker Survey – Wave 2

### IMPACT OF COVID-19 PANDEMIC ON GHANAIAN FIRMS

The shock caused by the COVID-19 pandemic has had considerable impacts on Ghanaian firms. Collaborating with the United Nations Development Programme (UNDP) and the World Bank, the Ghana Statistical Service’s Business Tracker Survey aims at providing critical information to help the Government of Ghana, development partners and other organizations monitor the effects of the pandemic on businesses. The second round (a panel survey) was conducted between August 15 and September 10, 2020, following up on the first round conducted between May 26 and June 17, 2020. A total of 3,658 firms were interviewed as part of the second-round survey.



### KEY FINDINGS

#### Firm closings:



**8%** of firms closed during the partial lockdown

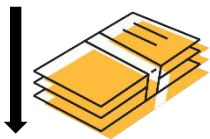


**30%** of Educational Establishment closed after the easing of the lockdown



**12%** of Accommodation & Food and Transport Sector (closed)

#### Employment:



**28%** of business establishments reported that they reduced wages for **25.7%** of the workforce



An estimated 297,088 workers



**1%** of firms indicate that they have laid off workers, corresponding to **0.4%** percent of the workforce



An estimated 11,986 workers

## Digital solutions:



About **50%** started or increased their use of mobile money



About a tenth of firms **8.0%** started or increased their use of internet to do business.

## Government intervention:



Only **9%** of firms received government assistance, with “not being aware” of government programs indicated as the most common reason

## Business confidence:

Firms report substantial uncertainty in future sales and employment, with average expectations of declines of **15%** of sales and **7%** of employment in the worst-case scenario.



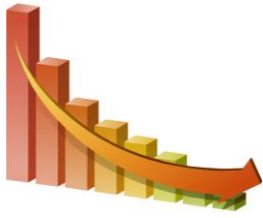
**AfCFTA:** In January 2021, trading is expected to start under the African Continental Free Trade Area (AfCFTA). The second round of the survey asked businesses about their knowledge and perspectives of the AfCFTA. A quarter of firms (26.2%) report that they are aware, and after receiving an explanation, three-quarter of firms (75.6%) believe that AfCFTA can help transform their businesses. Large firms see more benefits than smaller firms and are also more aware. Large firms report that removal of policy and regulatory bottlenecks would be important in terms of support, while small firms would like to see lower costs of credit.

The findings indicate that there have been some improvements, but that Ghanaian businesses continue to be affected by the pandemic through a variety of channels and expect continuing impacts in the future. In the short-run, policies that support firms in managing financial shocks will likely be beneficial, including increasing awareness of current schemes. In the longer term, policies that (i) increase customer and business confidence, (ii) help re-establish broken supply channels and (iii) assist firms adjusting to the new reality (e.g., by leveraging digital technologies) can be expected to help businesses recover from the shock.

## About this survey

The second-round of the COVID-19 Business Tracker Survey (BTS) re-interviewed firms from the first wave of the survey. The BTS was conducted by the Ghana Statistical Service (GSS), in collaboration with UNDP and the World Bank, to better understand the impact of COVID-19 on the private sector. A total of 3,658 business establishments and household firms were interviewed in the second round, lower than the original 4,311 firms sampled in the first round due to attrition. The original sample in the first round was drawn from the 2013 Integrated Business Establishment Survey (IBES), the 2017 Ghana Living Standard Survey (GLSS), and supplemented with listings of SMEs provided by the National Board for Small Scale Industries (NBSSI) to ensure inclusion of recently established firms. The sample is nationally representative (see also Box 1 for a description of the methodology).


## Impact on firms



Even though businesses reported improvements compared to the first-round survey and more businesses have re-opened, firms nevertheless continue to report declines in sales, difficulties in sourcing inputs and finding financial resources to cover revenue shortfalls.

## Firms closing

### Re-opened firms

Partial lockdown in March/April 



**36%** of business establishments



**24%** of household firms reported being closed

### Second-round

Shares

**8.7%** of business establishments

**8.3%** of household firms

### August/September

Fully open

**86%** of business establishments &

**90%** of household establishments

## Second round

The sectors with the highest levels of closures during the partial lockdown 

May/June

August/September

August/September



Education

**65.4%**

**30%**



Accommodation /  
Food Services

**47%**



Transport  
& Storage

**47%**

**13%**

## Demand shocks

### OPEN BUSINESSES

Sales were below the value of the same month last year



Business Establishments

**91.4%**

**80%**

Round 1

Round 2



Household firms

**95.7%**

**73%**

Round 1

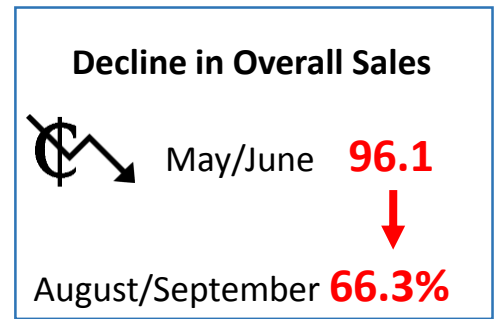
Round 2

Firms in the trade **93.7%** and manufacturing **92.7%** were largely affected. The average decrease in sales was 60.6 % This corresponds to an estimated 115.2 million Ghana Cedis.

In August/September, the average decrease was **51.5%**, corresponding to an estimated 85.5 million Ghana Cedis.

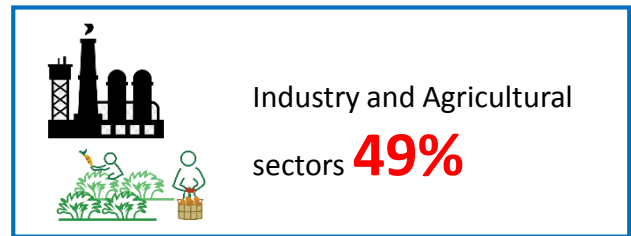
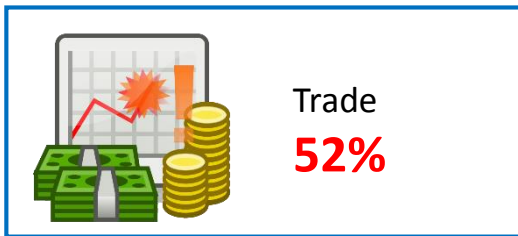
This is an improvement compared to May/June.

Exporting firms have been similarly hit.

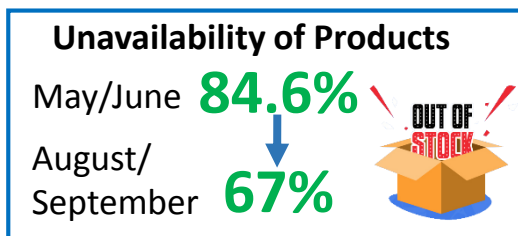


45% report difficulties in sourcing inputs in August/September.

Most affected sectors:



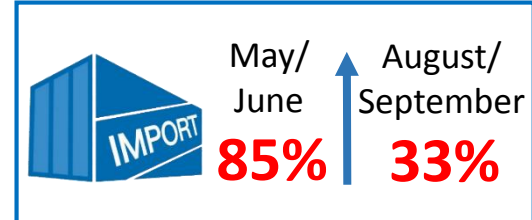
### Firms Reporting Difficulties



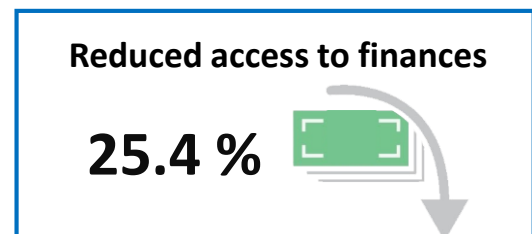
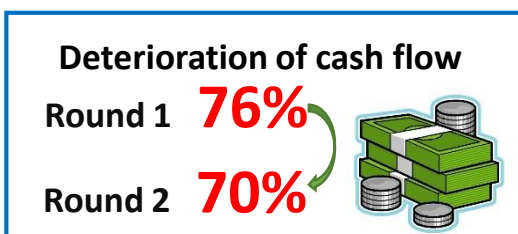
### Firms relying on imports



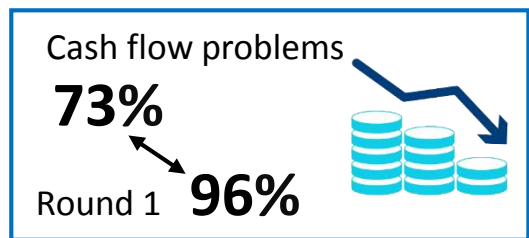
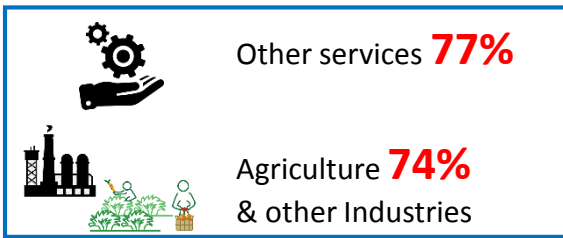
### Decrease in imports



### Firms facing declining sales



## Firms with Cash flow problems



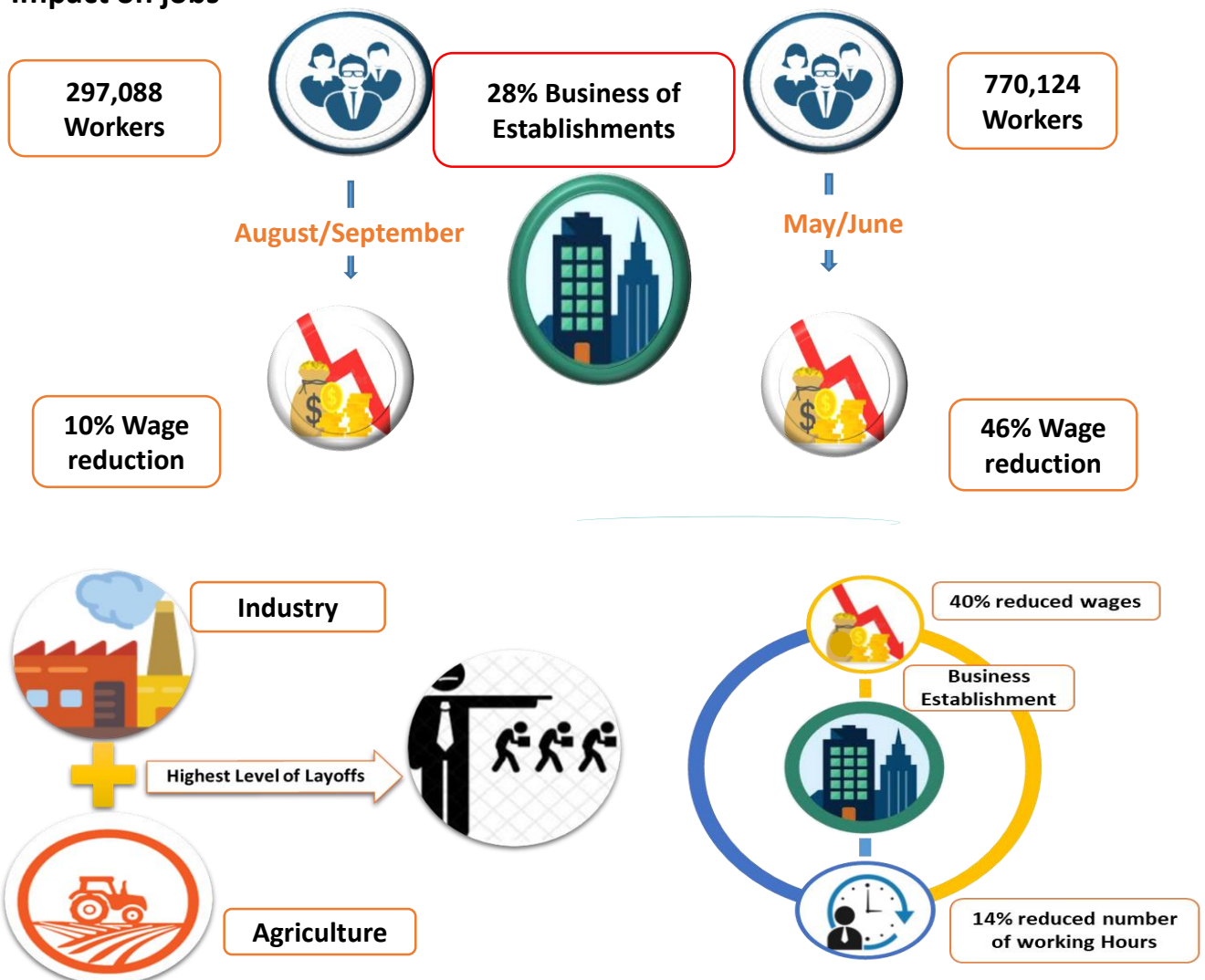
### Accessing finances

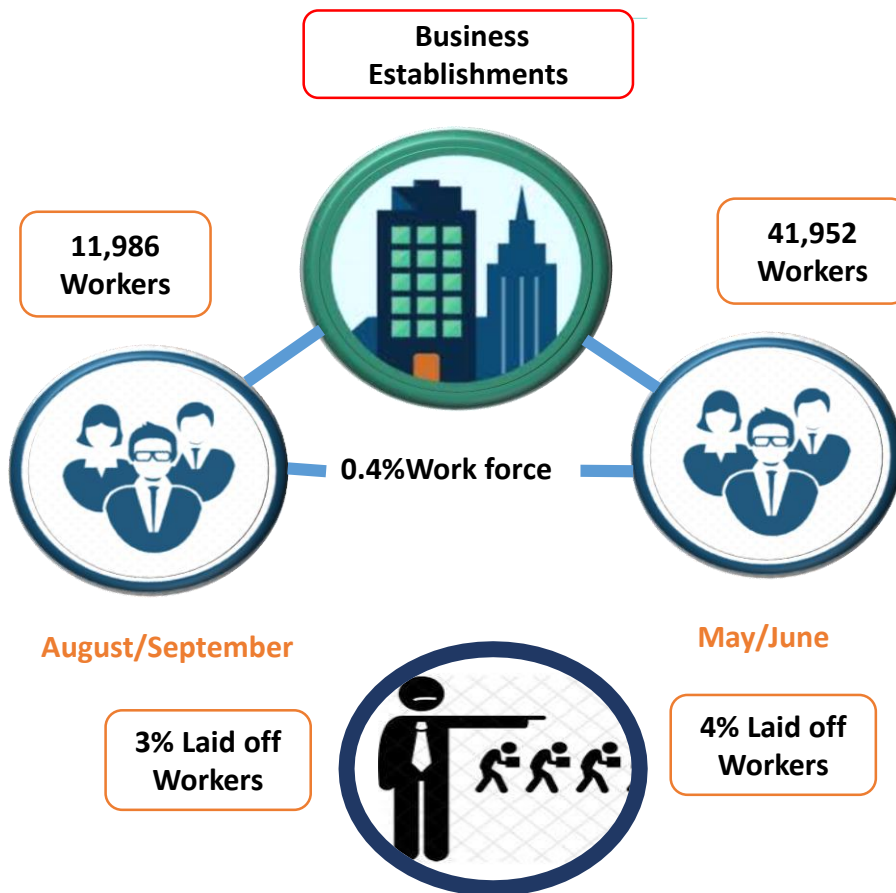
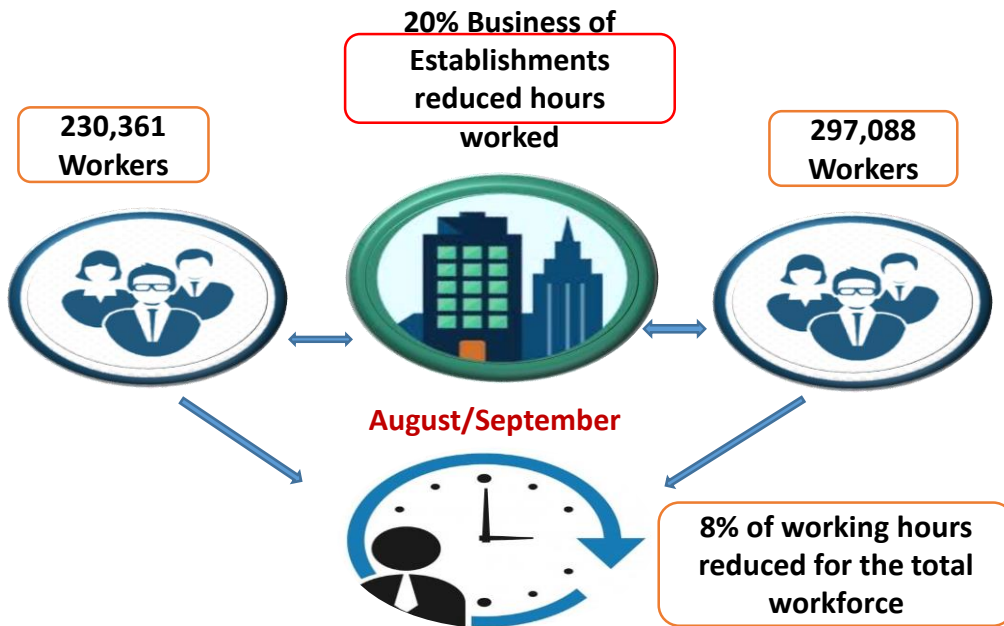
14% of business enterprises and 22% of household firms reporting decreased access to finance in August/September compared to 25% and 29% respectively in wave 1.

## Responses by firms

The decline in sales have continued implications for employment and the operating model of firms. The COVID-19 shocks forced many firms to reduce costs by reducing staff hours, cutting wages, and in some cases laying off workers. This pattern continued during the second round, even though some improvements can be seen. Furthermore, more firms are using mobile money for sales, while the use of other digital solutions reduced.

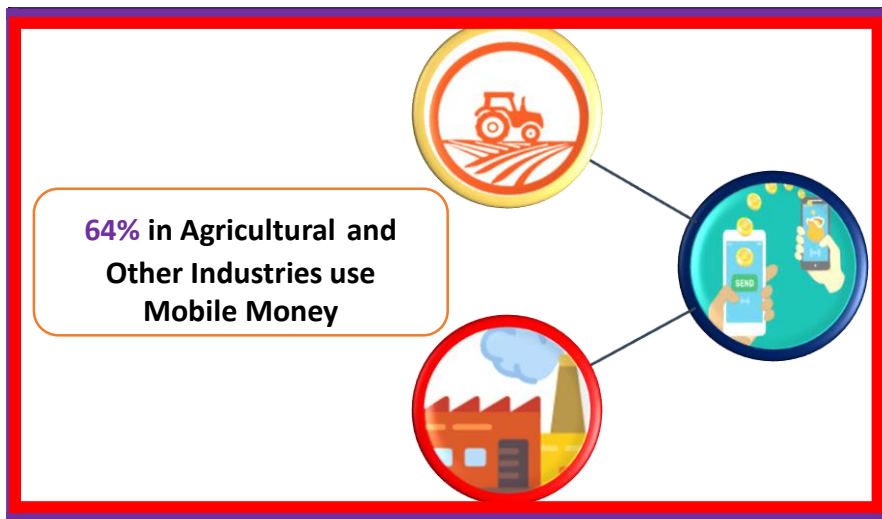
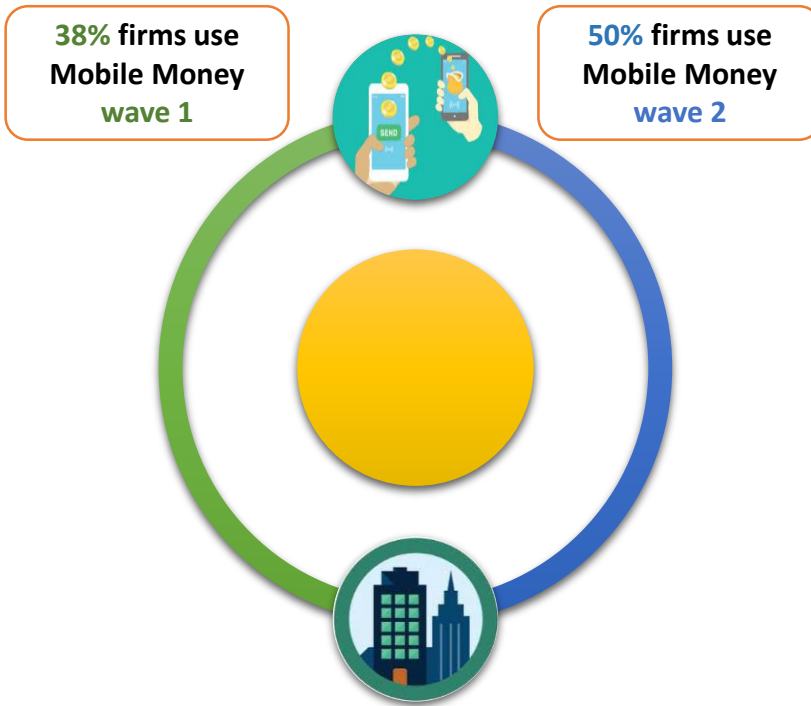
## Impact on jobs



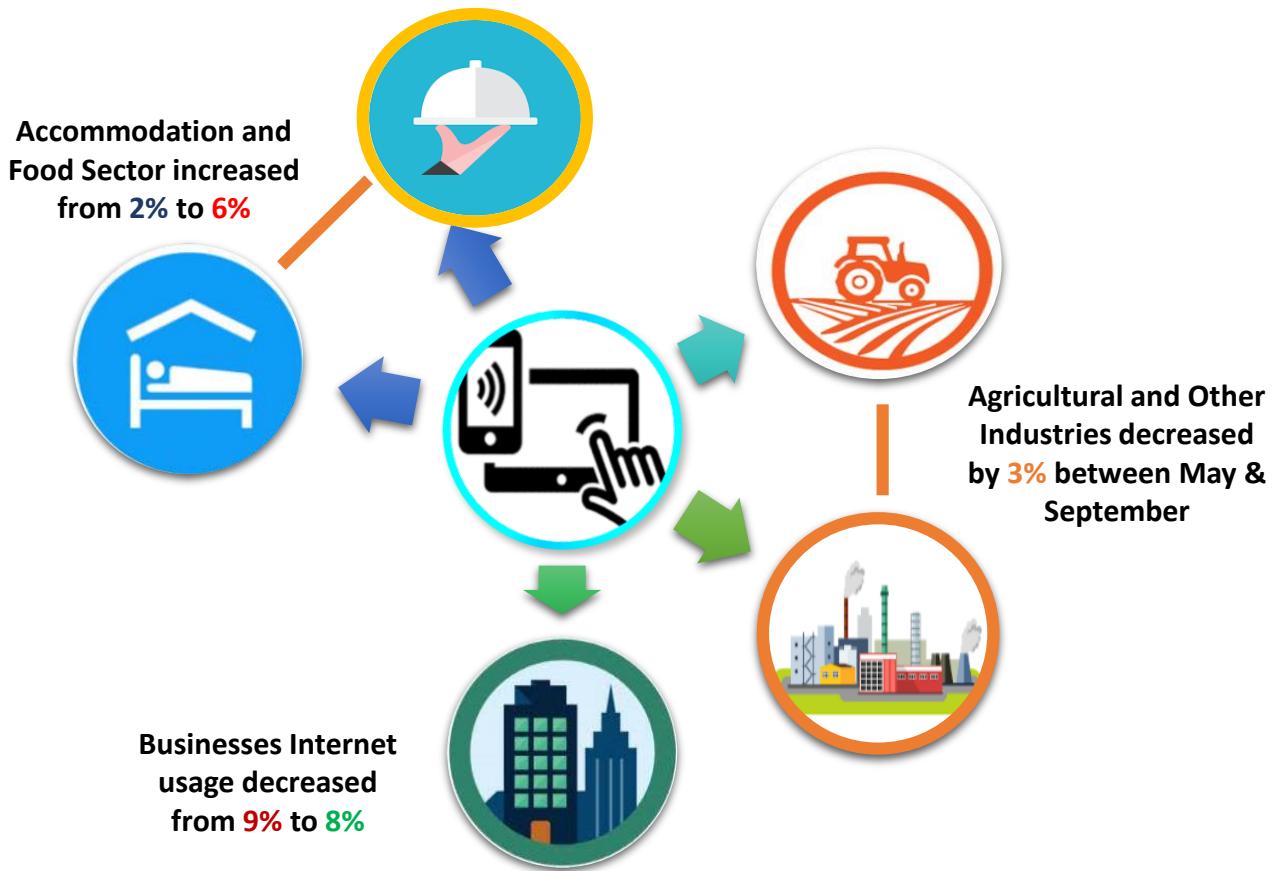


# Use of Digital Solutions

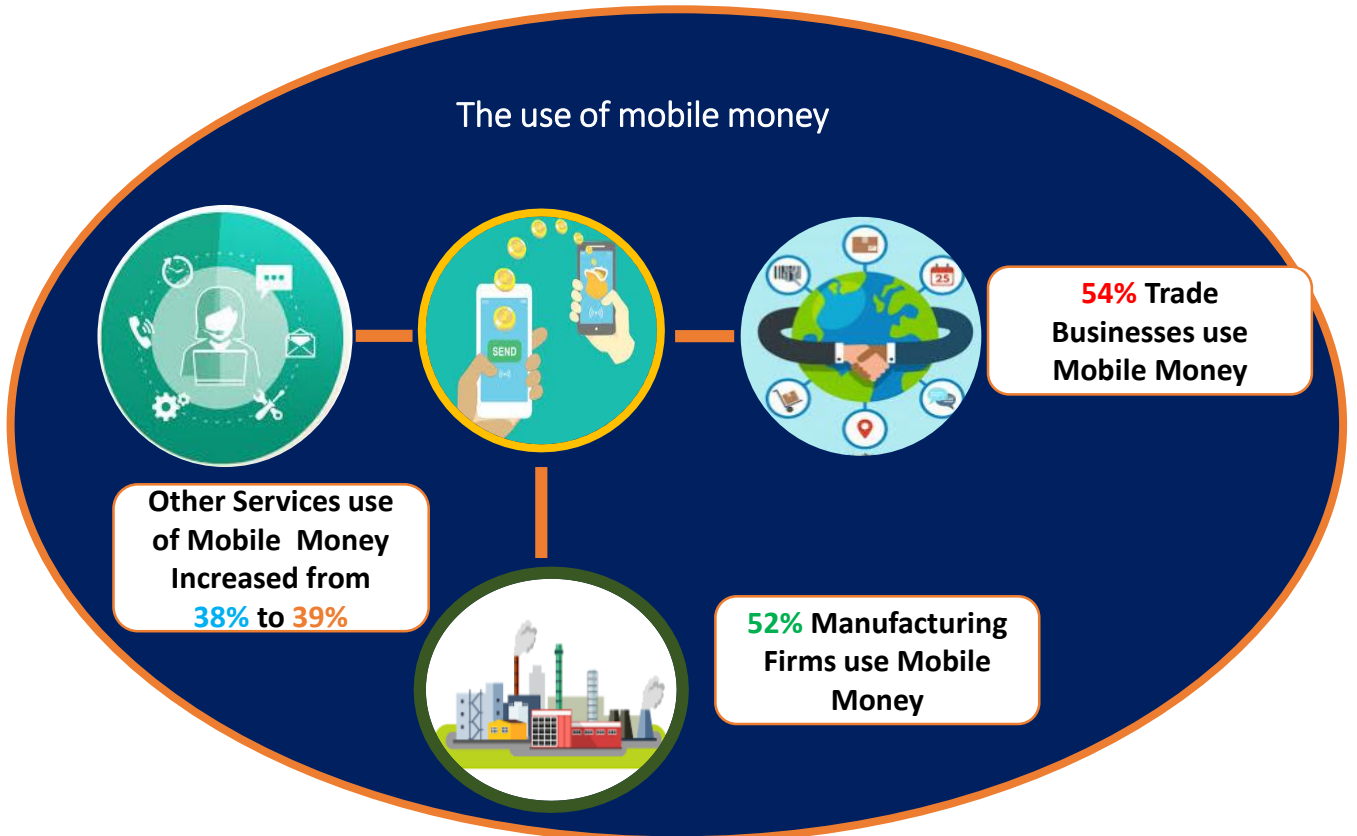
## Mobile Money Usage for Sales



## Internet usage for sales



## The use of mobile money





# Expectations

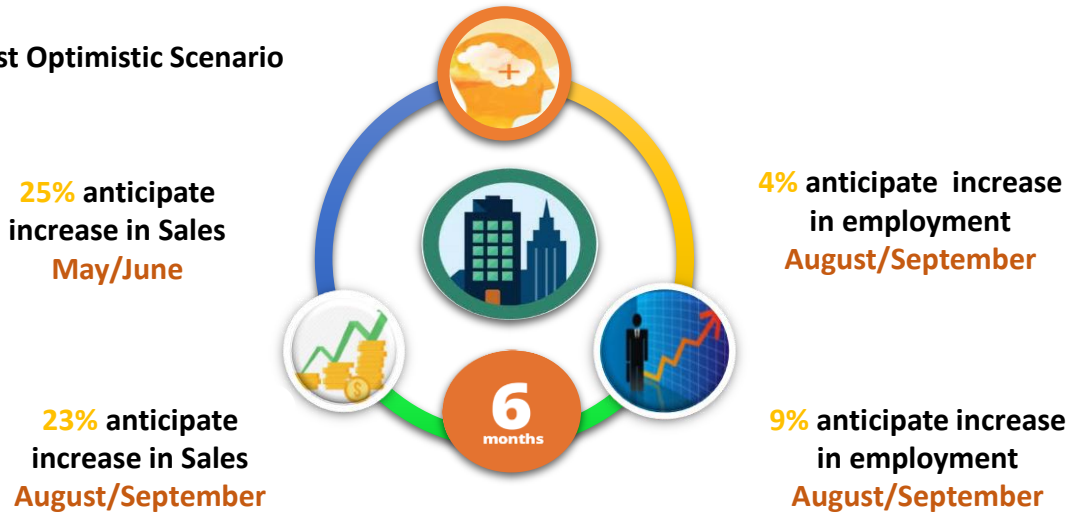
## Pessimistic Scenario



## Most Likely Scenario



## Most Optimistic Scenario



## Supports received

7% firms did not apply because they said it was too difficult to apply in wave 1 and 18% in wave 2

Only 3.5% received Government support in wave 1 and 9% in wave 2



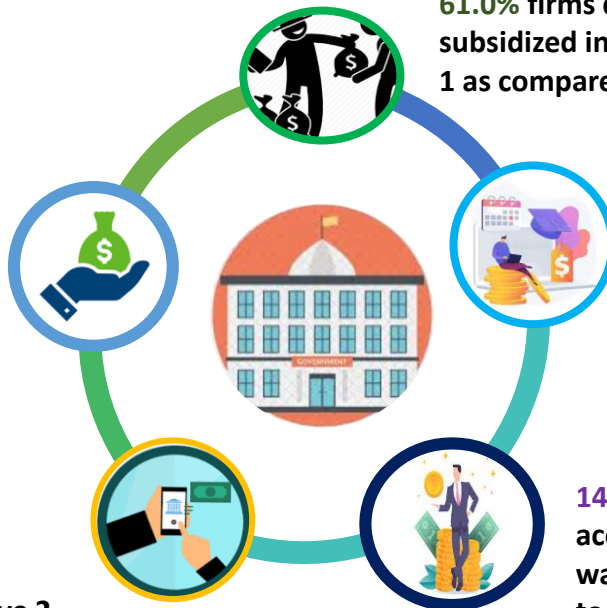
35.1% firms lack awareness of Government's support in wave 1 and 30% in wave 2

12.2% firms did not apply because they thought they would not be assisted in wave 1 and 19% in wave 2

## Desired Policies

2% firms desire wage subsidies in wave 1 as compared to 1% in wave 2

32% firms desired cash transfers in wave 1 as compared to 41% in wave 2



61.0% firms desire loans with subsidized interest rate in wave 1 as compared to 67% in wave 2

15% firms desire deferred rent in wave 1 as compared to 25% in wave 2

14% firms desires access to credit in wave 1 as compared to 11% in wave 2



### AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)

Wave 2 of the Business Tracker asked additional questions on the African Continental Free Trade Area (AfCFTA), which is expected to start on 1 January 2021. Firms were asked whether they are aware of the agreement on the African Continental Free Trade Area (AfCFTA). Only 26.2% are aware nationwide, with 24.9% and 24.8% among micro and small firms respectively. The awareness is more for medium and large firms at 63.8% and 72.7 % respectively