



# Brief on COVID-19 Local Economies Tracker Wave 1



+233-303-932401

info@statsghana.gov.gh

29-September-2020

## Government Statistician Says:

*"COVID-19 has undoubtedly had a devastating impact on households, businesses, and the local economies in Ghana. To understand the effect of COVID-19 on the local economies, the Ghana Statistical Service (GSS), in collaboration with the United Nations Development Programme (UNDP), conducted the Local Economies Tracker on 2,770 communities/localities in all the sixteen regions of Ghana. The results show that COVID-19 had both economic and social effects on localities. These imply that strengthening of district assemblies to take initiatives during shocks, provision of basic amenities, strengthening of social structures, the involvement of district security agencies and non-state organisations would assist localities to deal effectively with future shocks."*

## Key Findings

- Rise in crime:** 34.1% of localities saw an increase in crime. Lockdown localities saw the highest (47.1%) increase in crimes. Theft and burglary were the two most common crimes, followed by domestic violence and assaults in that order.
- Negative economic impact:** About 72% and 90% of local businesses saw reductions in production and sales, respectively. Furthermore, businesses faced labour shortages and high cost of credit during the lockdown. Prices of almost all products increased, with food and non-alcoholic beverages experiencing the highest price increase of 4.8%.
- Major role played by non-state organisations:** Though, most localities received assistance from the Government and Members of Parliaments, 41.5% and 40.8% of lockdown localities received support from churches and philanthropists respectively. Lockdown districts received the most extensive assistance in comparison to the rest. Food was the largest assistance received.
- Relatively few district assemblies enacted economic initiatives:** Even though district assemblies were the main source of direct support and driver of social and political initiatives, over 75% of localities indicated that their district assemblies have not taken economic initiatives to lessen the economic impact of COVID-19. Few district assemblies initiated economic mitigating measures such as alternative markets for local produce, subsidies on inputs and soft loans for businesses/farmers.
- Limited reach of the subsidies on utilities:** Close to 25% and 78% of localities did not benefit from the subsidies on electricity and water respectively because of the unavailability of these amenities. For electricity, this is because these localities were not connected to the national grid, and for water, because localities relied on other alternative sources of water and were not served by the Ghana Water Company Limited.
- Low resilience to shocks:** Resilience to COVID-19 was lower in the lockdown districts relative to the other districts. This suggests a longer duration for lockdown districts to fully recover from the effects of the COVID-19 pandemic.
- Existence of social structure to mitigate shocks:** 55.1% of localities have in place social structures at the district level that will help them recover from future shocks, such as COVID-19. The most common structures are district standing committees, community development committees and business assistance committees.
- Pessimism on economic recovery:** Approximately 38% of localities think it will take more than a year for the local economy to recover from the COVID-19 pandemic.

## Introduction

Although various containment strategies have been put in place to stop the spread of the COVID-19, it is evident that the pandemic has had negative effects on households and businesses, as well as the local economies in Ghana. To assess the impact of the pandemic on the local economies, the Ghana Statistical Service (GSS) conducted a survey on

2,770 localities in the country from May to June 2020. Out of the total number of localities surveyed: 554 of them are in districts that were in lockdown areas; 1,169 were in districts that share international borders with other countries (border districts); and 1,047 were neither in lockdown nor border districts (other districts). These results present the key findings from respondents involved in this survey.

It is worth mentioning that GSS carried out two other parallel COVID-19 tracker surveys the Business Tracker and Household and Job Tracker. The Local Economies Tracker departs fundamentally from the aforementioned trackers in terms of the source of information. The statistical information collected by the Local Economies Tracker emanates from a group of key opinion leaders ranging between four to ten representing each of the selected communities. The data for the Business and Household Tracker Surveys are collected from an individual representing a business entity and the household respectively. The Local Economies Tracker focuses on the impact of the pandemic on the communities and tries to raise the challenges of vulnerable communities to inform policy and non-governmental organisation's intervention.

Ghanaian local economies across four broad areas:

1. Impact of the pandemic on social and economic issues
2. Mitigating measures
3. Resilience to COVID-19 and future shocks
4. Expectations on economic recovery

## Economic Activities

Localities are engaged in different types of economic activities, with the dominant economic activity being crop farming (77.9%), followed by trading (14.5%) and capture fisheries (2.8%). While almost all localities in border (94.0%) and other districts (85.9%) engage in crop farming, the proportions in the lockdown (29.1%) is a little over a quarter. Whereas trading is the leading economic activity in Lockdown districts (57.2%), less than 10 percent of localities are into trading in the border (1.8%) and other (6.1%) districts.

This brief focuses on the effect of COVID-19 on the

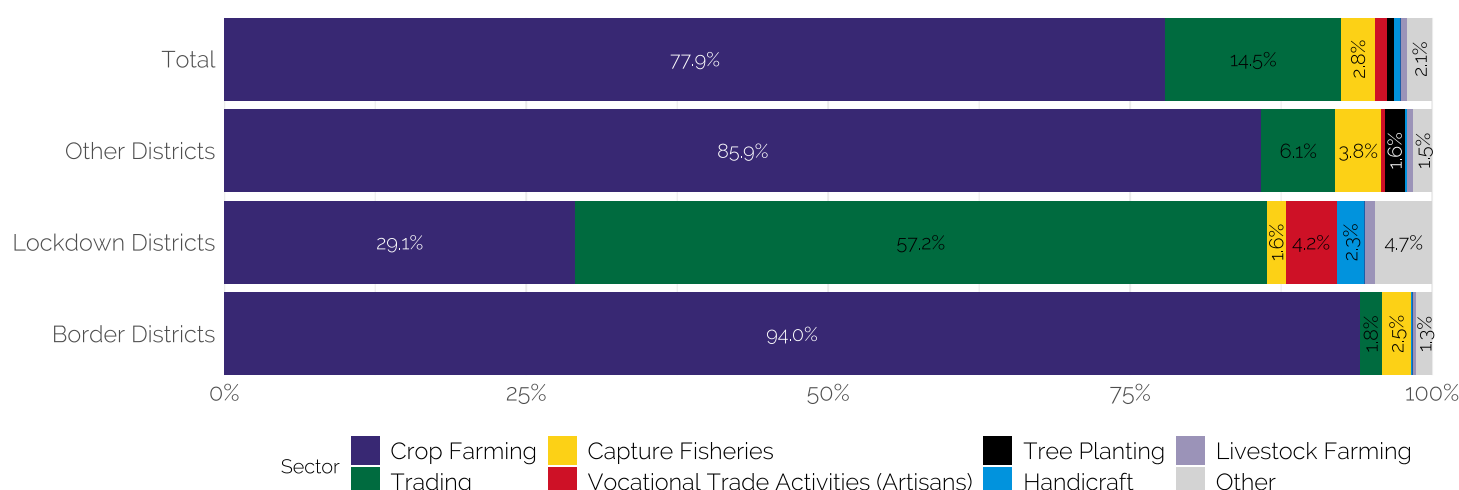


Figure 1: Economic Activity by District Type.

## Crime

Overall, 34.1% of localities saw an increase in crime during the lockdown period (see Figure 2). Theft (31.4% in total) and burglary (13.1%) were the two most common crimes in all

district types. These were followed by domestic violence (3.7%) and assaults (3.1%). Localities in lockdown districts experienced the highest increase in overall crime rate and the various forms of crime.

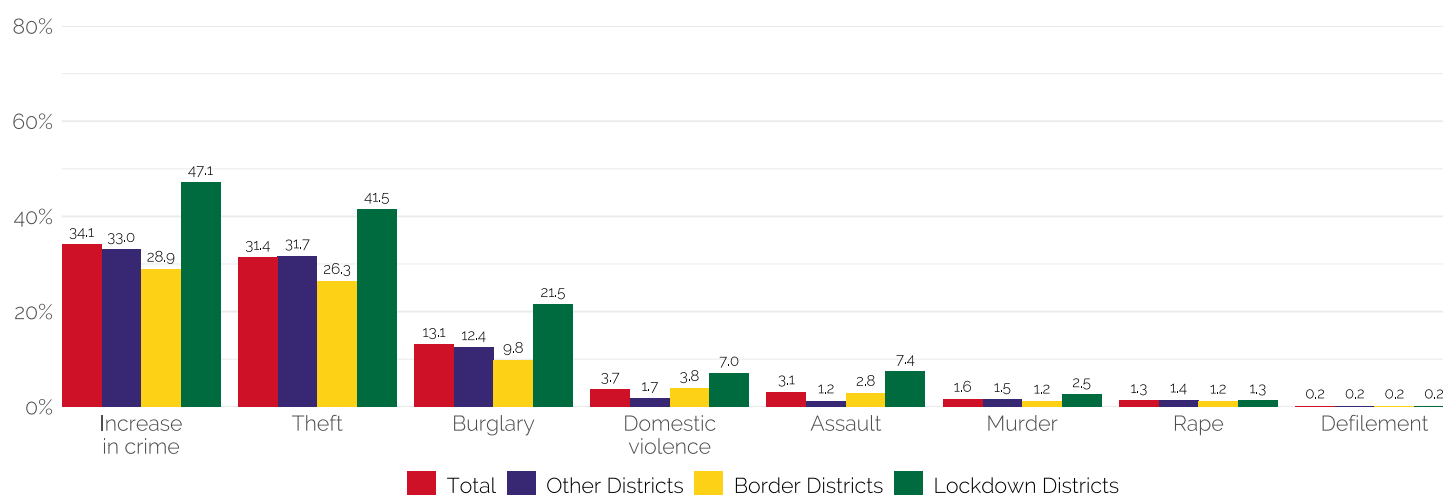


Figure 2: Increase in Criminal Activities by District Type.

## Economic Impacts

As a result of the lockdown restrictions in March 2020 by the government in Greater Kumasi and Greater Accra

including the Awutu Senya East, most businesses saw reductions in production (71.7%), sales (89.7%), and labour supply (36.0%), as well as an increase in the cost of credit (25.9%) as shown in Figure 3.

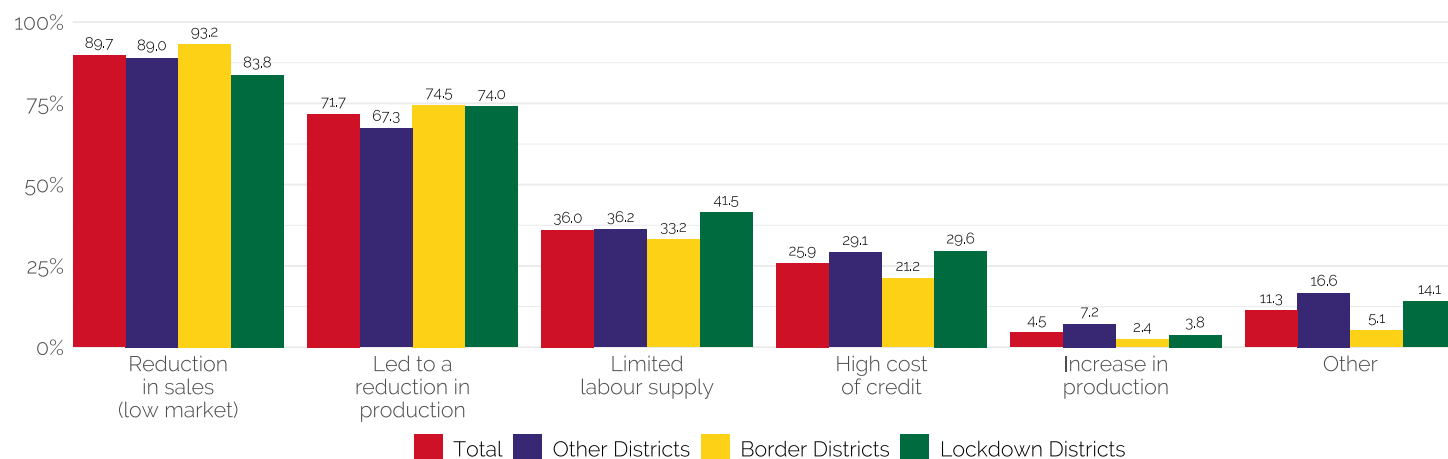


Figure 3: Effects on Economic Activities

## Prices and Product Availability

Prices of products increased in all localities by an average of 4.2%. Generally, food and non-alcoholic beverages recorded the highest price increase (4.8%), followed by transport (4.1%) and alcoholic beverages, tobacco and narcotics (4.0%). Although the overall prices of transport increased by 4.1%, localities in the lockdown districts saw a reduction in transport prices possibly due to the restrictions

on movements in such districts. Localities in border districts recorded higher price increases in food and non-alcoholic beverages compared to price surges in lockdown and other districts (see Table 1). Not all items were equally available throughout the different types of districts. Figure 4, shows which items were unavailable to members of the different types of localities. Lockdown localities saw the highest availability of different items.

Table 1: Increases in Prices (in %) of Commodity Group between April and May 2020 by District Types

Group	Lockdown Districts (%)	Border Districts (%)	Other Districts (%)	Overall (%)
Food and Non-Alcoholic Beverages	2.5	6.6	5.0	4.8
Alcoholic Beverages, Tobacco and Narcotics	1.3	5.1	5.0	4.0
Clothing and Footwear	-0.6	0.0	0.0	-0.3
Housing, Water, Electricity, Gas and Other Fuels	-1.1	1.6	0.5	0.4
Furnishings, Household Equipment and Routine Household Maintenance	0.9	3.5	3.2	2.6
Health	2.1	4.4	2.8	3.2
Transport	-1.9	11.1	2.4	4.1
Information and Communication	0.0	3.7	6.3	3.7
Restaurants and Accommodation Services	-0.6	1.0	4.6	1.8
Insurance and Financial Services	0.8	1.3	-1.9	0.0
Personal care, Social Protection and Miscellaneous Goods and Services	2.2	2.8	3.5	2.9
Overall	2.0	5.8	4.4	4.2

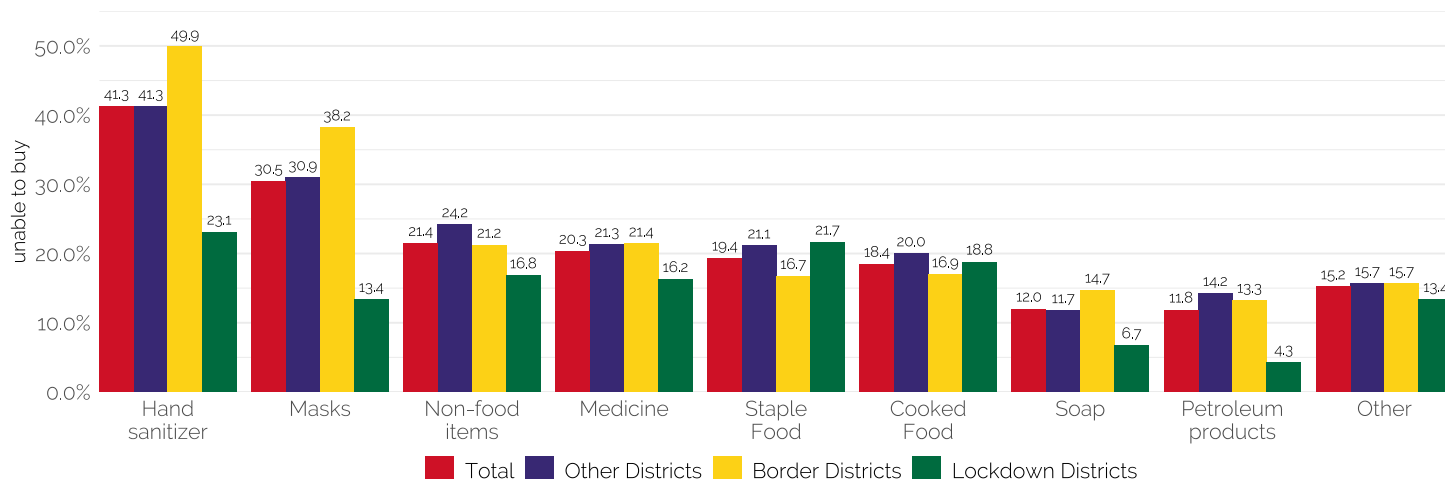


Figure 4: Since the beginning of the pandemic (12th March 2020), have members of this locality been unable to buy [ITEM] because they are out of stock? *More than one answer possible.*

## Mitigating Measures

In response to the pandemic, various individuals, institutions, and government agencies assisted localities in different forms. About 71% of localities received some form of assistance to mitigate the adverse effects of COVID-

19 (see Table 2). Lockdown districts received the most extensive assistance relative to the border and other districts. Most localities in the lockdown districts were assisted with food (either cooked or raw). A large proportion of localities in all district types, particularly in border (60.5%) and other (63.1%) districts were also assisted with Veronica Buckets.

Table 2: Types of Assistance to Localities by District Type (%)

Assistance	Lockdown Districts (%)	Border Districts (%)	Other Districts (%)	Overall (%)
Cash	6.7	0.6	0.9	1.9
Food (cooked)	78.9	0.3	0.7	16.1
Food (Raw)	73.8	1.6	2.5	16.4
Water	33.0	5.3	13.1	13.8
Veronica Bucket	70.6	60.5	63.1	63.5
PPEs	37.9	30.9	28.1	31.0
Other	1.3	2.3	9.6	4.8
Percentage of localities that received any type of assistance	89.9	65.6	67.8	71.3

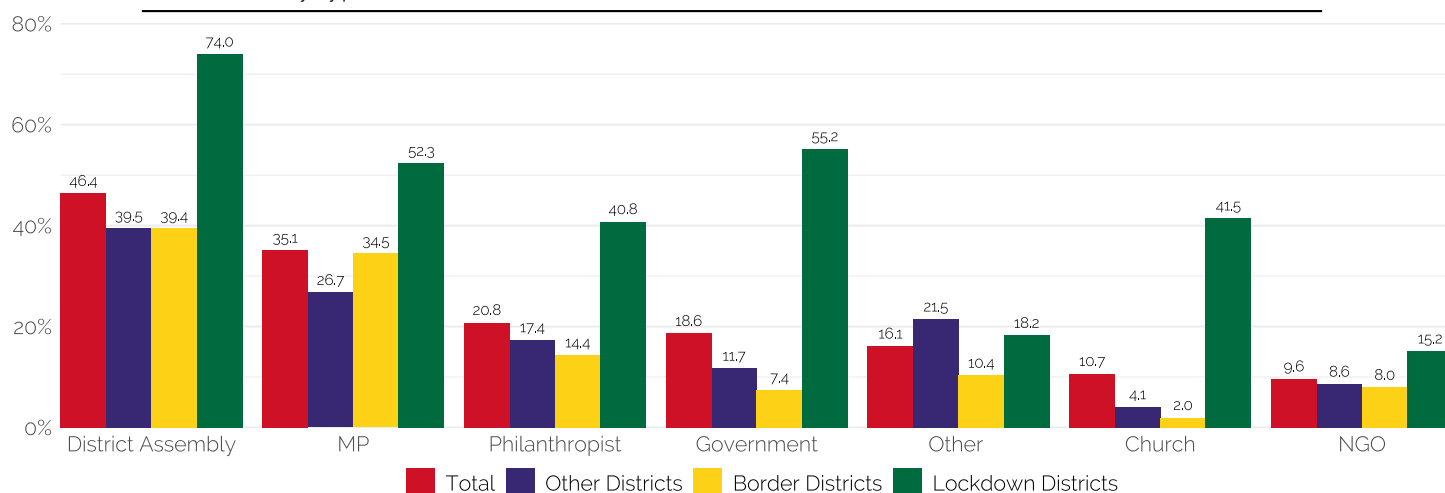


Figure 5: Source of Assistance to Localities by District Type. *Localities that indicated not having received assistance are included in this analysis.*

The source of assistance to localities in response to COVID-19 differed across district types (see Figure 5). In the case of lockdown districts, more than 50% of localities received assistance from Government and District Assemblies. Members of Parliament were a large source of assistance to localities in border (34.5%) and other districts (35.1%). Non-state organisations, particularly churches and philanthropists, also assisted localities.

## Local Initiatives

The local governance structure in Ghana enjoined the district assemblies as the frontline development helpdesk

during the outbreak of pandemics, including COVID-19. Most respondents indicated that district assemblies had not taken any economic initiative to assist them, with localities in border districts recording the highest responses (85.7%), followed by other districts (74.6%) and lockdown districts (60.0%). However, few respondents indicated that district assemblies created alternative markets, provided subsidised inputs, and gave soft loans to businesses and farmers (see Figure 6).

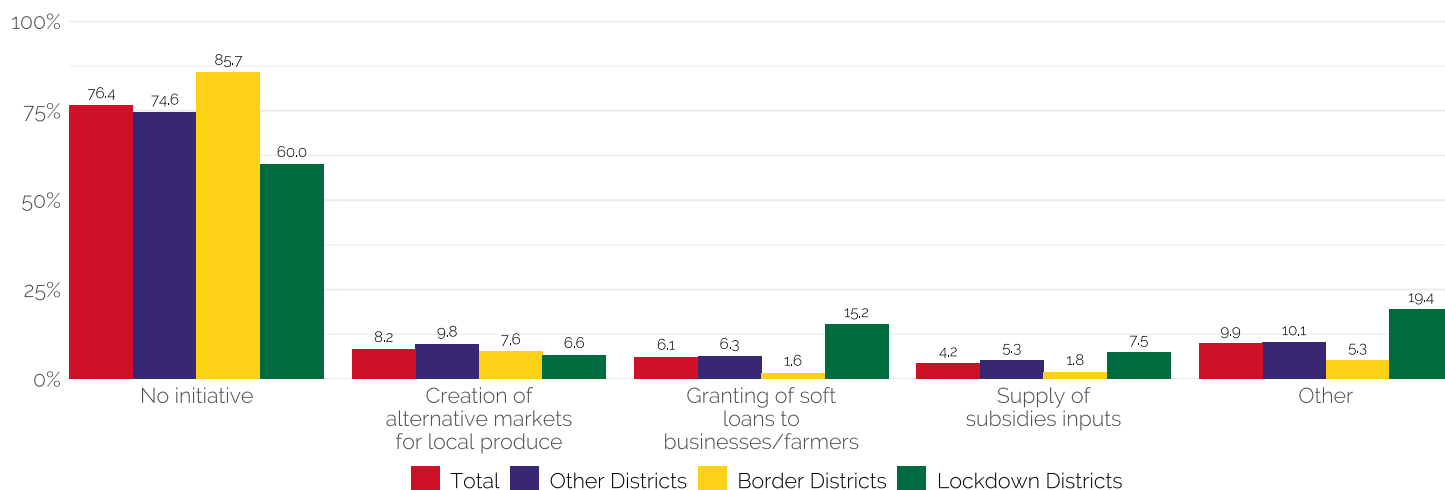


Figure 6: Measures taken by District Assemblies by District Type

To curb the spread of COVID-19, both households and localities adopted different measures. Figure 7 summarizes how different types of social events were influenced by the

COVID-19 pandemic. The most common measure was the cancelation of events and the stopping of hand shaking.

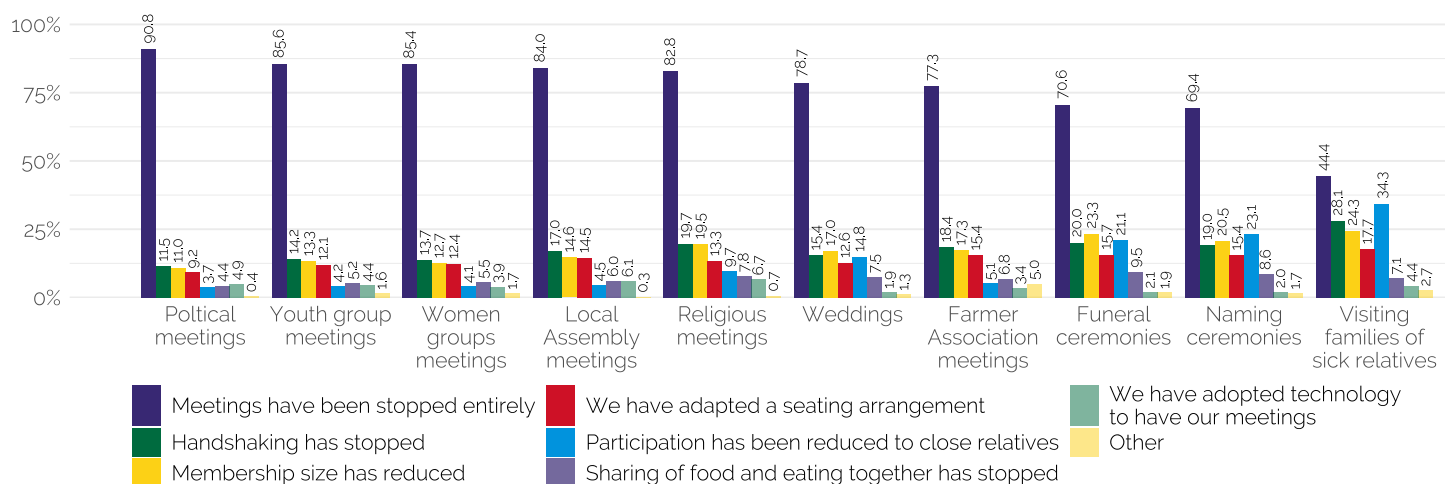


Figure 7: Behavioural Change by Members of Community. More than one answer possible and only Ghana's total is shown.

More than half (55.1%) of localities across all district types indicated that they have structures at the district level that will help them recover from future negative shocks, such as COVID-19 (see Figure 8 for both district

and locality level). The most common structures are district standing committees and community development committees. Overall, there are more structures available at the district level than at the locality level.

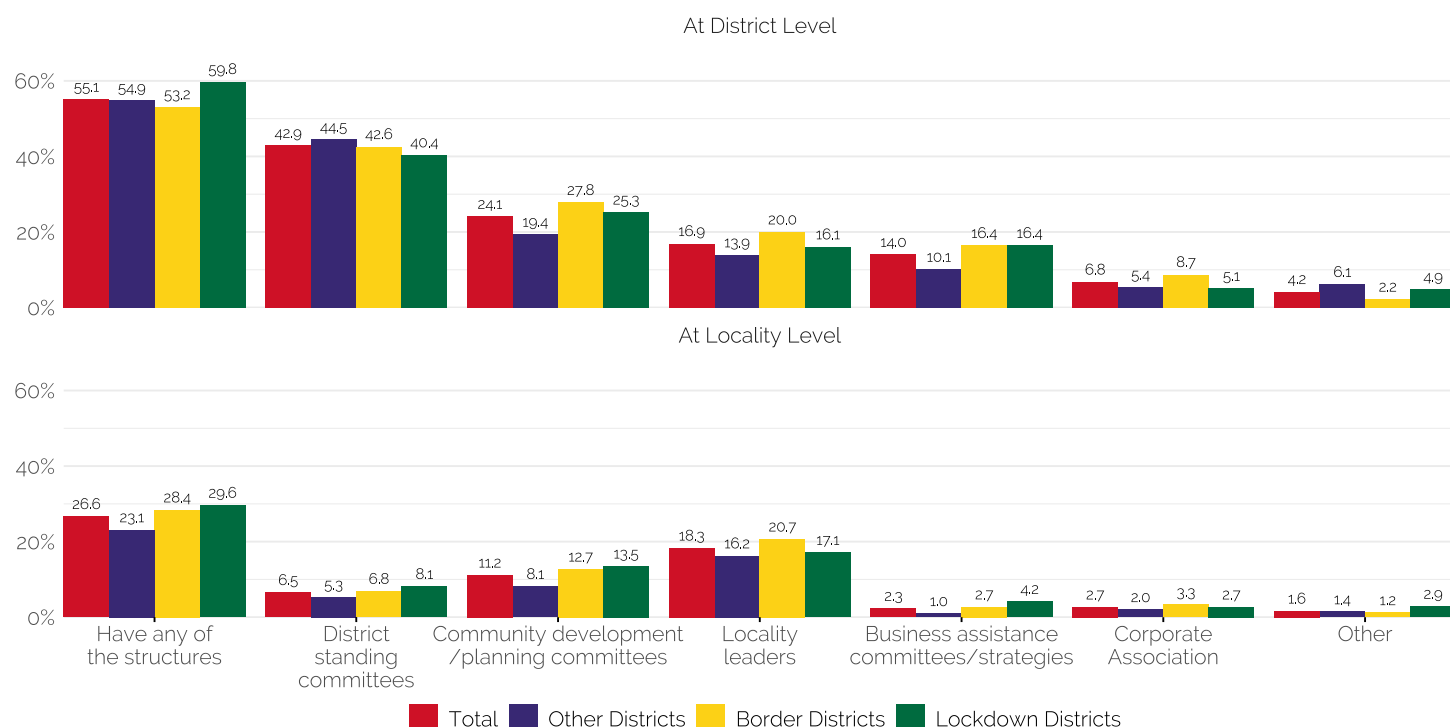


Figure 8: Type of Structures to Overcome Shocks in Localities and in Districts by District Type

## Subsidies on Utilities

As part of measures to mitigate the negative impacts of COVID-19, the government of Ghana absorbed the water bills of all Ghanaians, provided free electricity for lifeline consumers (those whose monthly electricity is up to 50 kwh) and gave 50% subsidy on electricity to consumers who consume more than 50 kwh of electricity per month. However, about a third of localities in the border districts did not benefit from the government's relief package on electricity since they are not connected to the national grid. Also, most localities did not benefit from the free water provided by the government since they do have access to pipe-borne water (see Figure 9).

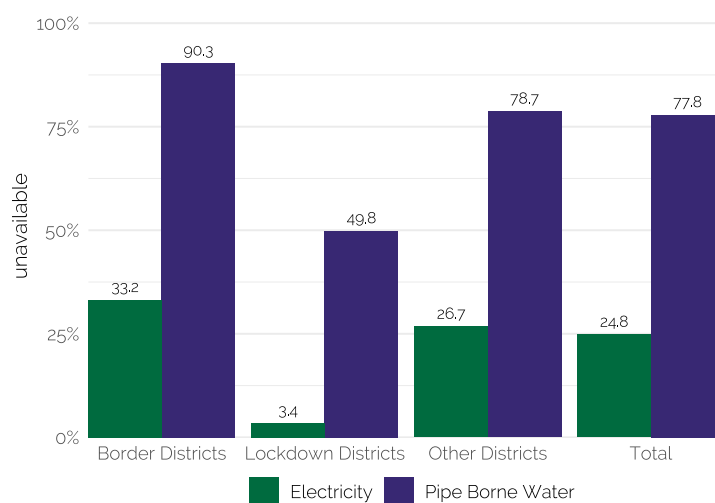


Figure 9: Localities without Electricity and Pipe Borne Water (in %) by District Type

## Coping Strategies

Members of localities adopted different coping strategies to mitigate the negative impact of shocks they experienced. The most widely used strategies were borrowing and receiving assistance from families and friends, as well as a reduction in food consumption. More than half of localities in the lockdown districts reported that at least a member of their locality received assistance (39.4%) and borrowed (36.5%) from family and friends compared to a sixth of localities across the border and other districts.

Also, 14.4% of localities in lockdown districts reported that at least a member of their locality delayed their payment obligations with about 18.8% taking loans from financial institutions and 11.4% purchasing on credit, which are likely to lead to debt overhang with its accompanied long-term consequences. Further, 18.4% of localities in the lockdown districts mentioned that at least a member of their locality relied on saving, whereas 17.9% sold their assets as a way of dealing with the effect of the pandemic and the associated restrictions (see Figure 10).

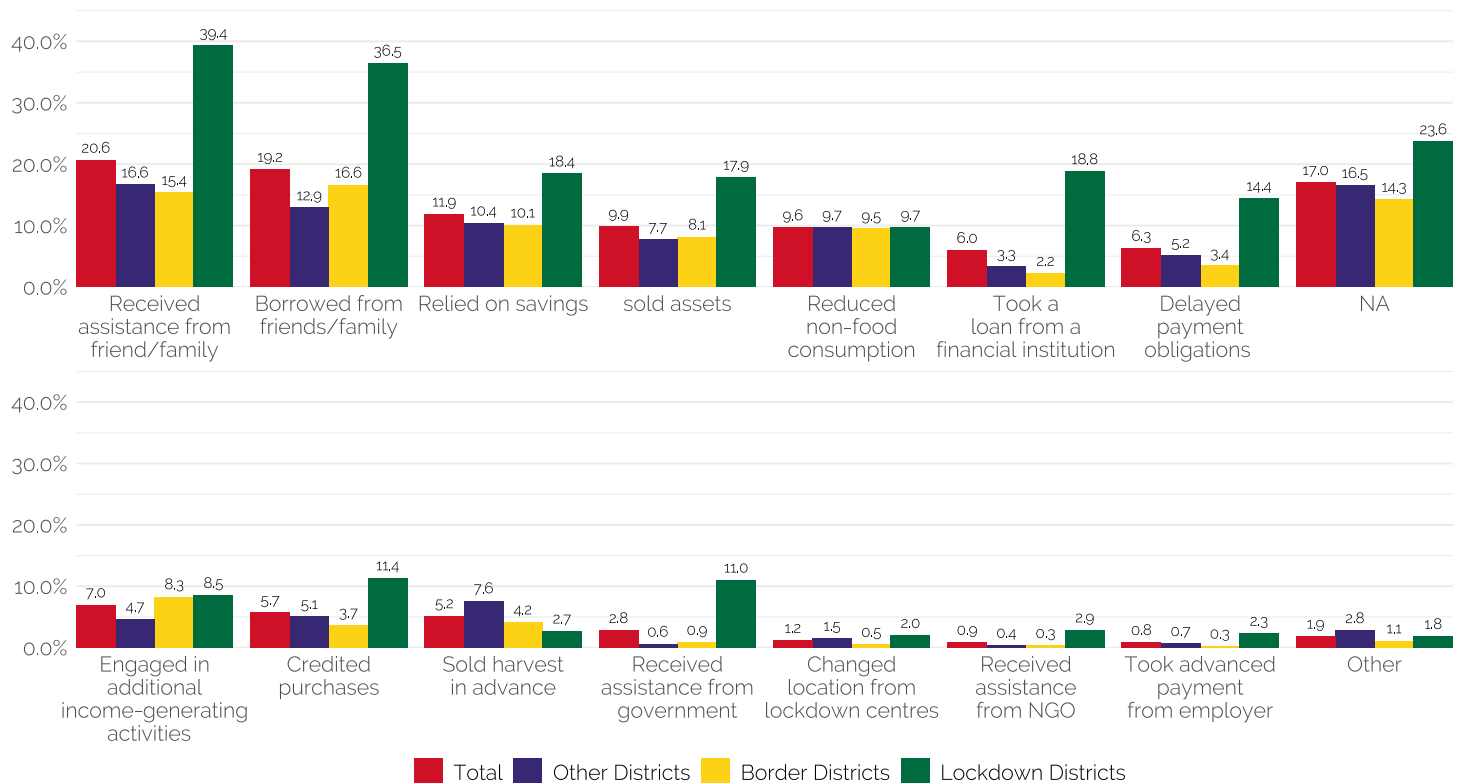


Figure 10: Locality Members' Coping Strategies by District Types

## Resilience of Local Economies

Local economies' resilience to the COVID-19 was assessed with a resilience index constructed from four domains using a principal component analysis:

1. Economic constraints and shocks
2. Current living conditions of localities
3. Availability of essential goods and services
4. Citizenry network belongingness and availability of district structures to respond to shocks

Based on the above domains, Figure 11 depicts the mean resilience across district types. The lower the index, the less resilient and the reverse also holds. Numbers have been standardized, so on its own carry no meaning apart from a relative comparison to other district types. From the figure, the index is lowest in the lockdown districts compared to the other districts. This suggests that a longer period may be needed for the lockdown districts to recover fully from COVID-19.

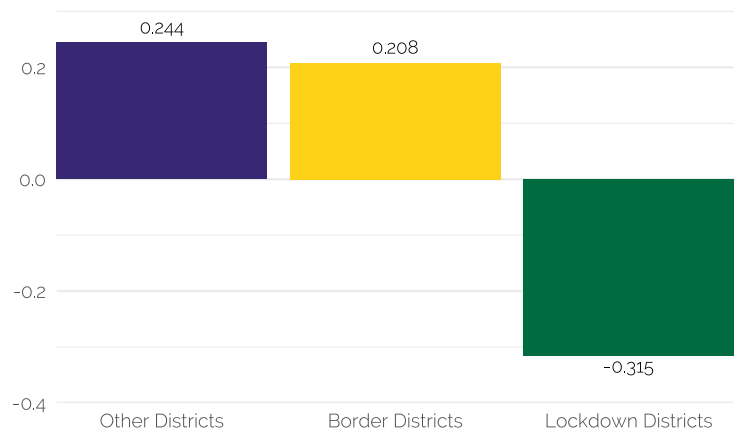


Figure 11: Resilience index of Local Economies. Higher numbers indicate a higher resilience



## Expectations on Economic Recovery

The general expectation is that COVID-19 will be with us for a much longer period (see Figure 12). Almost 2 out of every 5 localities reported that it will take more than a year for the local economy to recover from the pandemic.

However, a quarter of the localities think they will recover from the COVID-19 pandemic within a year. Over 30% of localities have no idea when the local economy might recover from COVID-19. A greater proportion of localities in lockdown districts have worse expectations on when they might recover from the pandemic than the rest of the district types.

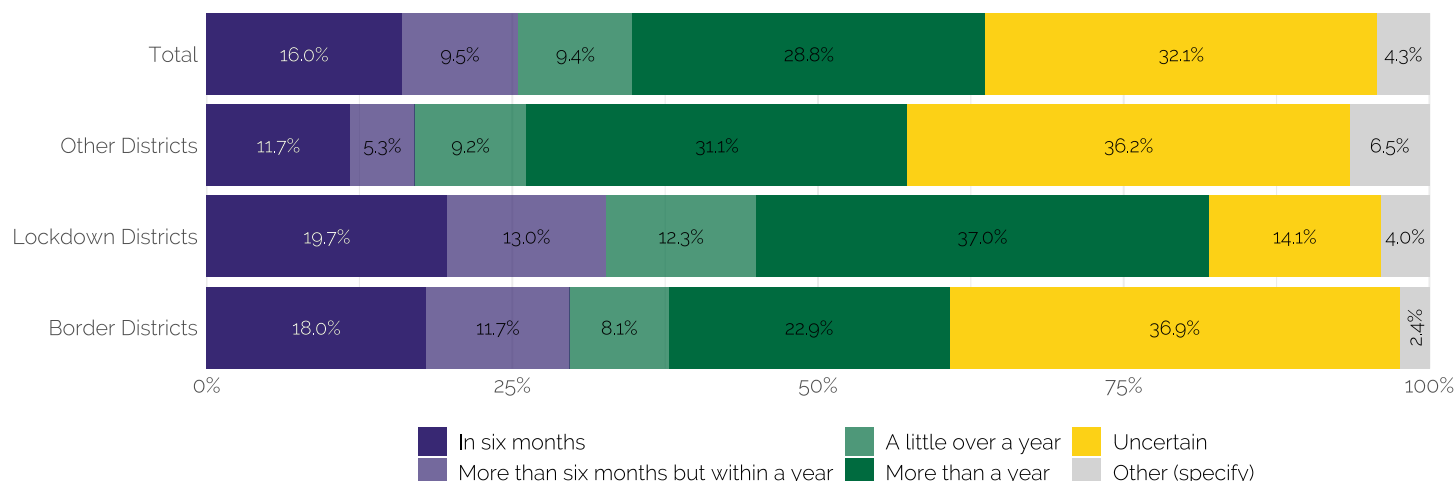


Figure 12: Expectations on Economic Recovery Duration by District Type

## Notes on Methodology

- This is the first wave of the Local Economies Tracker
- The sampling frame emanated from the 2020 Census updated locality list
- Statistical information was collected from 2,770 localities out of assigned 2,875 representative localities across the 16 administrative regions of the country
- This included 554, 1,169 and 1,047 localities for lockdown, border and other districts respectively
- Data were sourced from a group of key opinion leaders ranging from four to ten representing each of the selected communities.
- The overall response rate for the survey was 96.3%
- Data was collected between May to June 2020
- Further details on the methodology will be published in the main report by the Ghana Statistical Service

## Partners

This project comes from a continuous cooperation between GSS and the United Nations Development Programme (UNDP).

