

SDGS FOR CRISIS RECOVERY AND RESILIENCE IN AFRICA CASE STUDIES: GHANA, ZAMBIA AND NIGERIA

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2 OUTLINE OF THE PRESENTATION

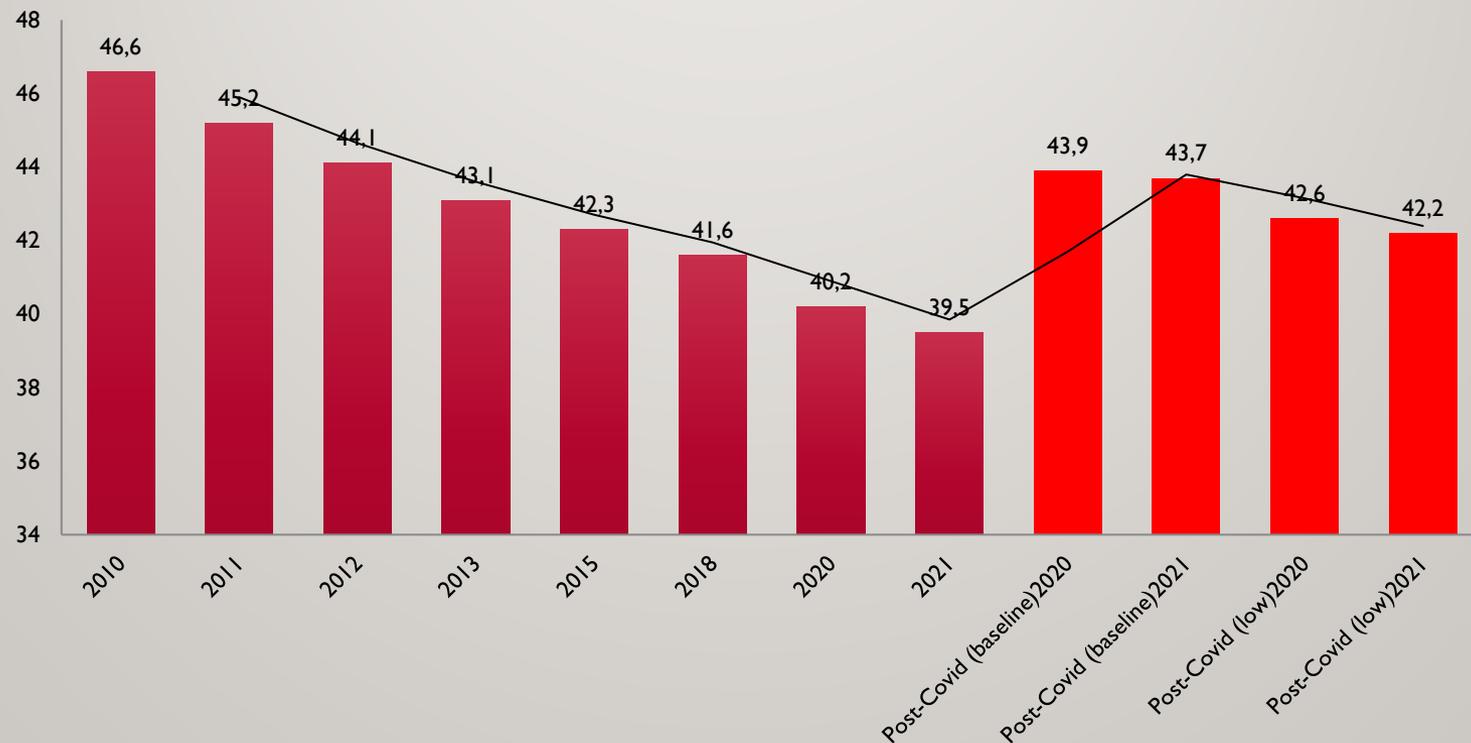
- ❑ Introduction
- ❑ The socio-economic impact of COVID-19 in Africa in relation to the 2030 Agenda and SDG 8
- ❑ Government responses for recovery and resilience and their coherence with SDG 8 and Agenda 2030: country cases.
- ❑ Conclusions and Recommendations

3 Introduction

- ❑ This presentation focuses on the novel coronavirus pandemic and its impact on the economy of three countries in Africa.
- ❑ It highlights the slowdown in economic activities and the expected contraction of African economies, the fast disappearance of jobs and livelihoods, supply chain disruptions
- ❑ It addresses impact on the Sustainable Development Goals (SDGs).
- ❑ It also screens governments' responses to the pandemic in the context of Agenda 2030 and
- ❑ It provides policy recommendations to governments and development partners for effective responses to build recovery and resilience from the crisis

4 The Socio-economic Impact of COVID-19 in Africa in Relation to the 2030 Agenda and SDG 8

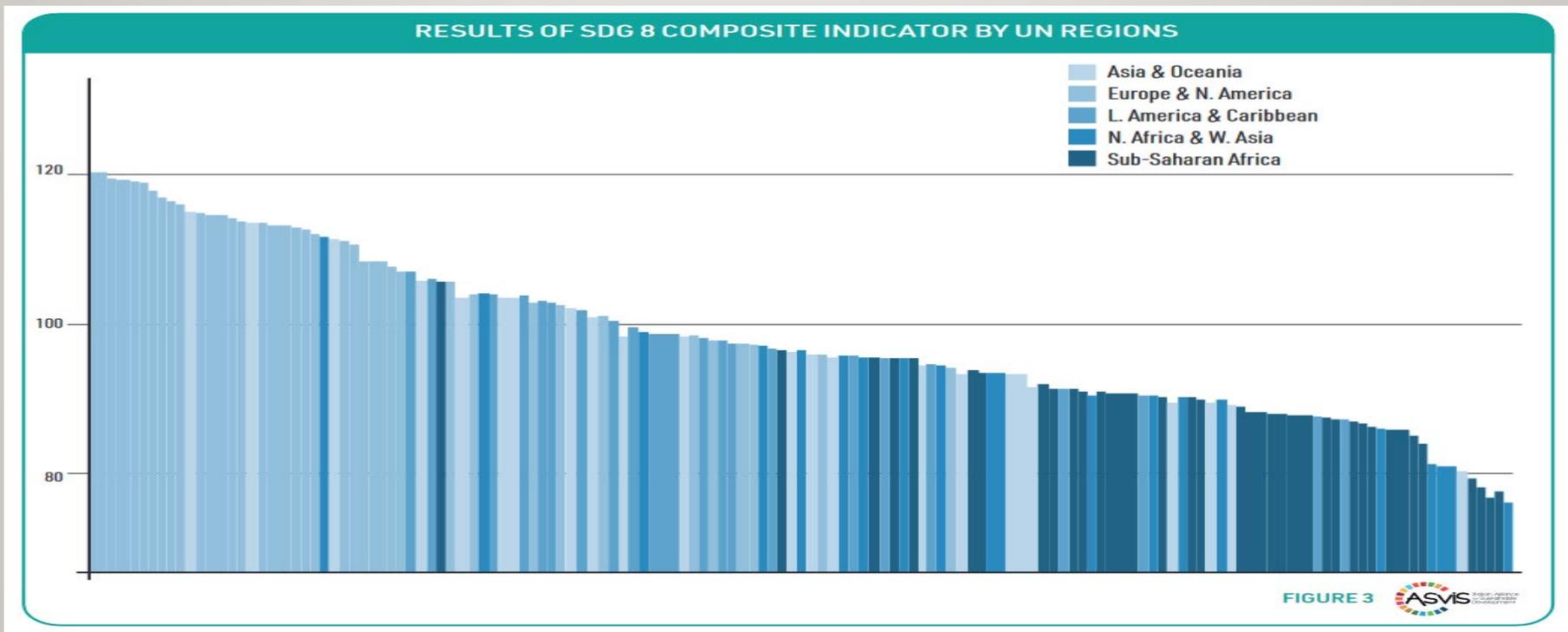
Figure 1: Impact of COVID-19 on Poverty Rate in SSA (%)



Source: World Bank blog, Dabalen and Paci (2020)

5 On SDG 8: Inclusive and sustainable economic growth, employment and decent work for all.

- The ITUC SDG 8 Monitor shows progress in attaining the SDGs, building on the driving power of SDG 8.
- The graph below shows the results of the SDG 8 composite indicator by UN regions before the pandemic.



On Economic growth

- ❑ In the best-case scenario, the Economic Commission for Africa (ECA) projects growth of 1.8 percent for Africa for the year 2020.
- ❑ But the Commission says growth could actually contract by 2.6 percent in the worst case.
- ❑ REVENUES: According to the UNCTAD, Africa will experience a decrease in public revenues of about 5 percent in 2020.
- ❑ Mendez-Parra (2020) estimate that Africa will be losing between US\$36 billion and US\$54 billion in export revenues
- ❑ Fiscal deficits will increase to a projected 7% in 2020 from 4.3% in 2019.

On Economic growth

- Public debt is expected to rise because of the revenue-expenditure gap.
- Africa's debt stock as a proportion of GDP rose to 57.6 percent in 2019 (OECD, 2020).
- The COVID-19 pandemic is set to worsen the debt situation.
- Africa's exports are projected to fall by 8 percent while imports will dip by 16 percent in 2020 (WTO, 2020).
- Africa will see FDI decline by between 25 and 40 percent; and on course to experience significant outflows due to the uncertainties over COVID-19.
- However, the COVID-19 situation appears to have boosted confidence in domestic solutions and strengthened sentiments against trade and globalization.

On Employment and livelihoods

- ❑ The continent had lost the equivalent of 60 million full-time jobs at the end of the first half of the year (ILO, 2020).
- ❑ The losses were higher in North Africa (21.2%) compared to Sub-Saharan Africa (14.5%). Within Sub-Saharan Africa, Southern Africa (20.3%) had the highest decline in jobs while Western Africa (13.9%) had the least.
- ❑ According to the AU, 20 million jobs are at risk of being lost on the continent in 2020 because of COVID-19
- ❑ The ECA (2020) is predicting a slowdown in growth of job creation in the formal economy by 1.4 percent.
- ❑ This will increase informal and vulnerable employment from the currently figures of 60 percent for men and 75 percent for women.

On Employment and livelihoods

- ❑ Informal workers remain the most subject to the ravages of COVID-19.
- ❑ ILO (2020) estimate that in the very first month of COVID-19 measures earnings of informal workers in Africa declined by 81% in the midst of rising general price level.
- ❑ Without access to income replacement in the forms of social protection informal workers with little or no savings became severely impacted.
- ❑ Women and young people are the most affected by the pandemic.

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**GOVERNMENT RESPONSES FOR
RECOVERY AND RESILIENCE AND

THEIR COHERENCE WITH SDG 8
AND AGENDA 2030: COUNTRY
CASES**



II GHANA

	Composite Indicator SDG 8	Economic Well-being	Employment Quality	Labour Vulnerability	Labour Rights
Ghana	96,68	95,63	107,47	78,83	107,70

12 GHANA

- GDP growth for 2020 is now projected at less than one percent, the lowest growth since 1984.
- Overall, government revenue is projected to decrease by about GHS8.0 billion (the equivalent of US\$1.4 billion);
- On the expenditure side, government spending is projected to increase. The resulting fiscal deficit for 2020 is projected at 11.4 percent.
- The decline in output or GDP has translated into sizeable decreases in employment and in destruction of livelihoods.
- The most affected are casual workers and workers with insecure tenure as well as those in the informal economy – vulnerable workers.

13 GHANA

- More than eight in ten households have lost income as a result of COVID-19, 55 percent of households that survive on incomes from wages have experienced decreases in incomes.
- The households that suffered the most decreases in incomes were in rural Ghana where restrictions were also the lightest;

14 GHANA

Measures to support workers, income and social protection

- For workers who have lost their jobs and livelihoods because of COVID-19, the government is implementing a GHS100 million (US\$20m) programme to offer training and retraining.
- And in preparation for future crises, the government has proposed the establishment of an unemployment insurance scheme.
- Free water for the entire country for 9 months.
- Free/Subsidized electricity
- Free distribution of food
- Healthcare workers have had taxes on their incomes waived, additional allowance of 50 percent of their pay and free transportation.

15 GHANA

- The government implemented the CAP Business Support Scheme (CAP-BuSS), a soft loan scheme to support micro, small and medium-sized enterprises (MSMEs);
- Ghana COVID-19 Alleviation and Revitalisation of Enterprises Support (GHANA-CARES) Programme;

Social dialogue and the role of trade unions

- Trade unions and employers have had a unique opportunity to participate and contribute to measures/policies to combat COVID-19 and its economic and social impact.

16 NIGERIA

	Composit Indicator SDG 8	Economic Well-being	Employment Quality	Labour Vulnerability	Labour Rights
Nigeria	87.13	82,30	94,95	82,46	89,44

17 NIGERIA

- The National Bureau of Statistics expects the economy to shrink between 4.4 percent and 7.2 percent.
- The World Bank estimates the Nigerian economy will contract by 3.2 percent, the worse decline in outputs since the 1980s.
- The projections are that COVID-19 will add almost 40 million people to the pool of the unemployed, pushing the overall unemployment rate to 36.6 percent (ESC, 2020).
- The self-employed and people in vulnerable employment are the hardest hit.
- COVID-19 will lead to a rise of 2.4 percentage points in the poverty rate, implying 7.2 million Nigerians will become poor in 2020. COVID-19 will be responsible for pushing 4.9 million Nigerians below the poverty line in 2020

18 NIGERIA

Measures to support workers, income and social protection

- Government is directly supporting vulnerable groups affected by the pandemic with a spending package of US\$225.4 million.
- The federal government commenced a conditional cash transfer of the sum of 20,000 naira (US\$52.00) in 2.6 million vulnerable households
- The social register increased by 1 million households to 3.6 million.
- Other measures include distribution of 77,000 metric tons of food to vulnerable households in the three most affected states and the continuation of the nationwide school feeding programmes;
- The Central Bank of Nigeria (CBN) is spending US\$129.6 million to support affected households,

19 NIGERIA

- The most significant effort to prevent loss of employment occurred in the banking sector. In a joint press release by the Central Bank and the Bankers' Committee, the banks committed to not “retrench or lay off any staff...”, including full-time and part-time workers.
- When it becomes necessary for any bank to lay off any staff, it has to seek “the expressed approval” of the Central Bank.
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20 NIGERIA

Measures to support businesses

- The aviation industry is being supported with US\$70.94 million to save the industry and jobs;
- An SME Survival Fund with seed funding of US\$674.18 million has been created to sustain 500,000 jobs in 50,000 SMEs;
- Companies in the pharmaceutical sector intending to expand or build capacity are supported with an intervention fund of US\$259 million;
- The government is also spending about US\$39.8 million to sustain jobs in the micro, small, and medium enterprises;
- Government is spending the equivalent of US\$1.64 billion to boost agricultural production and create five million jobs there

21 NIGERIA

Investments in the Green Economy and Just Transition

- The government is spending, or plans to spend, US\$647.25 million to create 250,000 jobs in the energy sector, leveraging solar power for five million households by 2023
- Additional US\$60.58 million is earmarked to convert some 30 million houses from the use of dirty fuel (Kerosene, charcoal and diesel) to LPG.

Social dialogue and the role of trade unions

- The unions signed an MoU with the Nigeria Employers Consultative Forum to protect jobs in the private sector.

22 ZAMBIA

	Composite Indicator SDG 8	Economic Well-being	Employment Quality	Labour Vulnerability	Labour Rights
Zambia	87.68	73,70	96,07	87,01	95,6

23 ZAMBIA

- COVID-19 adds to the already difficult economic environment.
- The IMF predicts that the Zambian economy will experience negative growth this year, shrinking by at least 2.6 percent (Ng'andu 2020);
- The Zambian government also predicts a 19.7 percent revenue shortage in 2020 (Ng'andu, 2020);
- Public and publicly guaranteed debt has reached unsustainable levels and is estimated at 95 percent in 2020.
- In November 2020, Zambia missed a US\$42.5 million interest payment on US\$1 billion of Eurobonds;

24 ZAMBIA

Employment

- COVID-19 has exacerbated the employment situation in the country;
- The tourism sector could lose more than 60 percent pre-Covid-19 jobs.
- Without mitigation measures, the agriculture sector could see job losses of up to 55,492
- The wholesale sector could lose 36,050 jobs;
- SMEs employ 88 percent of the Zambian workforce and contribute 70 percent to GDP.
- In an online survey, 93 percent of SMEs believe the pandemic will negatively affect their businesses, and more than half did not believe their businesses would survive the pandemic (UNDP, 2020).

25 ZAMBIA

Poverty

- The proportion of the population below the international poverty line (US\$1.9) consisted of 54.4 percent; 40.8 percent are extremely poor and 13.6 percent are moderately poor (ZSA, 2018).
- The general incidence of poverty is projected to increase by 3.5 percentage points from about 60 percent to 63.5 percent.
- In rural areas, COVID-19 will push the poverty threshold from 83.3 percent to 86.2 percent.

26 ZAMBIA

Measures to support workers, income and social protection

- Zambia entered the pandemic with limited fiscal space and is now facing an extreme debt service crisis;
- In March, the government announced a scale down of expenditures to accommodate falling revenues and rising debt service burden;
- the government issued an 8-billion-kwacha bond (2.4 percent of GDP) to finance COVID expenditure;
- In 2020, government allocated five percent of the budget to the farmer inputs programme;
- .The government released US\$27.8 million to reduce the arrears of 1,500 retirees further US\$9.5 million to banks to reduce outstanding third-party arrears and other employee-related commitments.

27 ZAMBIA

Measures to support businesses

- The government provided a business stimulus fund of 10 billion kwacha (US\$555.5 million) to support small and medium-sized enterprises affected by COVID-19.
- Another US\$7.8 million was earmarked to pay off local contractors.
- The government also announced tax relief measures for industry and households. The government suspended tariffs on imported ethanol used in alcohol-based disinfectants;
- Tax relief was granted for imported spare parts, lubricants and stationery.

ZAMBIA

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- ❑ The Tripartite Consultative Labour Council (TCLC) has urged employers to adhere to the labour laws during the pandemic.
- ❑ The TCLC admonished employers to consider granting workers annual leave with full pay in lieu of termination.
- ❑ The Zambia Congress of Trade Unions (ZCTU) commended government for releasing funds to the Public Services Pensions Fund to pay retirees and third-party arrears.
- ❑ The ZCTU further lauded the refinancing facility by the Central Bank targeting SMEs and the initiative to promote local production and consumption.

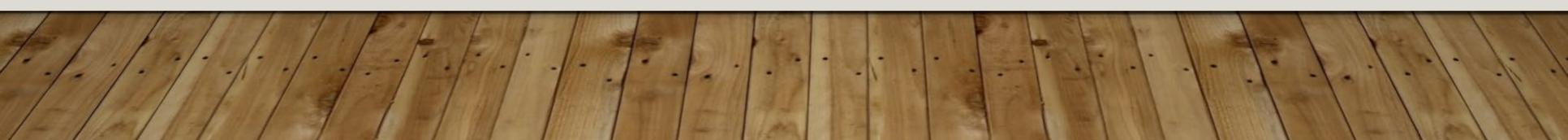
29 RECOMENDATIONS

- Supporting and rebuilding the real economy is one such key area and falls under SDG 8, targets 8.2 and 8.3, concerning sustained economic growth.
- The stimulus support measures must be tied to the creation of decent jobs and protection of workers' rights.
- The stimulus and the recovery it promotes must be climate sensitive and based on a Just Transition, negotiated with the social partners.
- The recovery process ought to incorporate a universal social protection floor including universal access to basic healthcare.
- Social dialogue should be at the heart of building resilience in the recovery phase.
- Struggling governments in Africa need the support of the international community to finance their recovery and build resilience going forward.

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END OF PRESENTATION

THANK YOU

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