

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

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## 2 OUTLINE OF THE PRESENTATION

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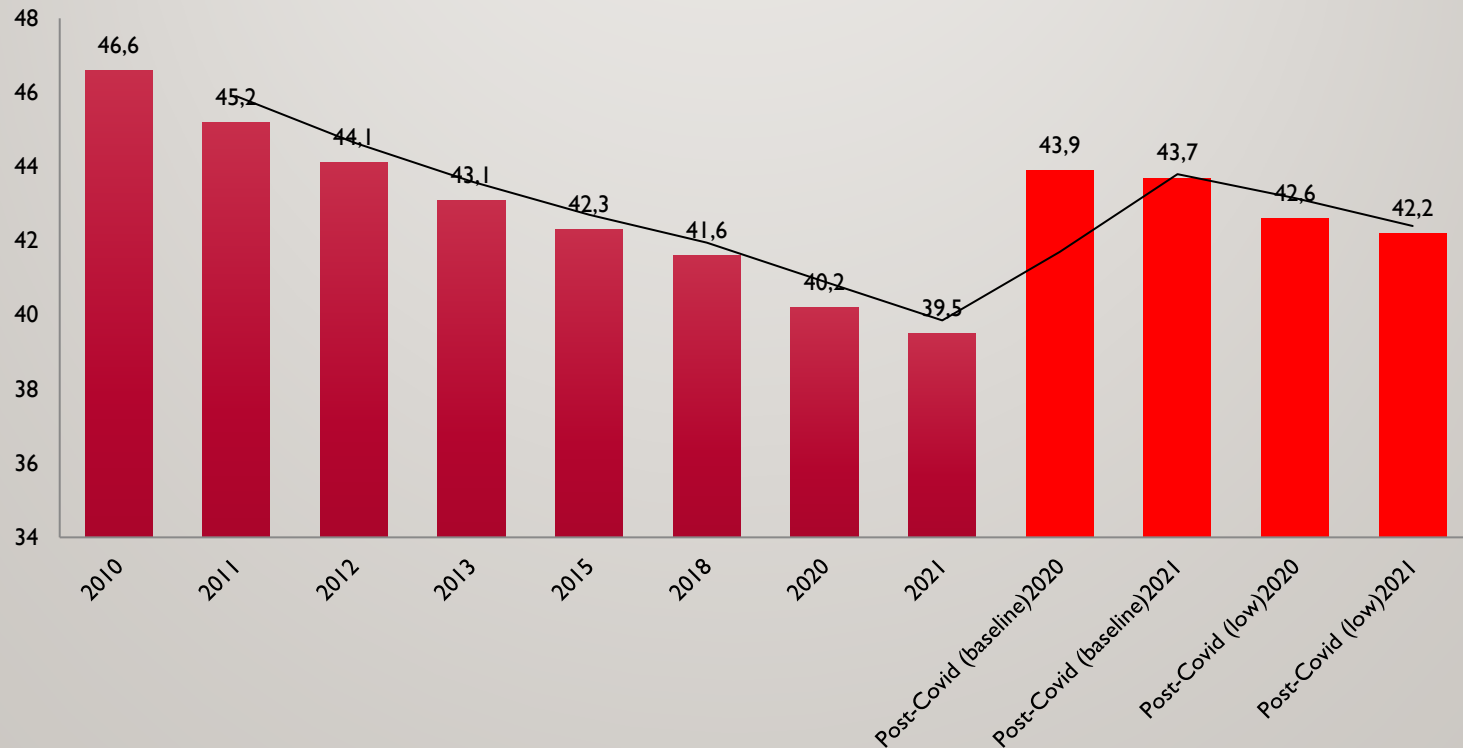
- ❑ Introduction
- ❑ The socio-economic impact of COVID-19 in Africa in relation to the 2030 Agenda and SDG 8
- ❑ Government responses for recovery and resilience and their coherence with SDG 8 and Agenda 2030: country cases.
- ❑ Conclusions and Recommendations

### 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

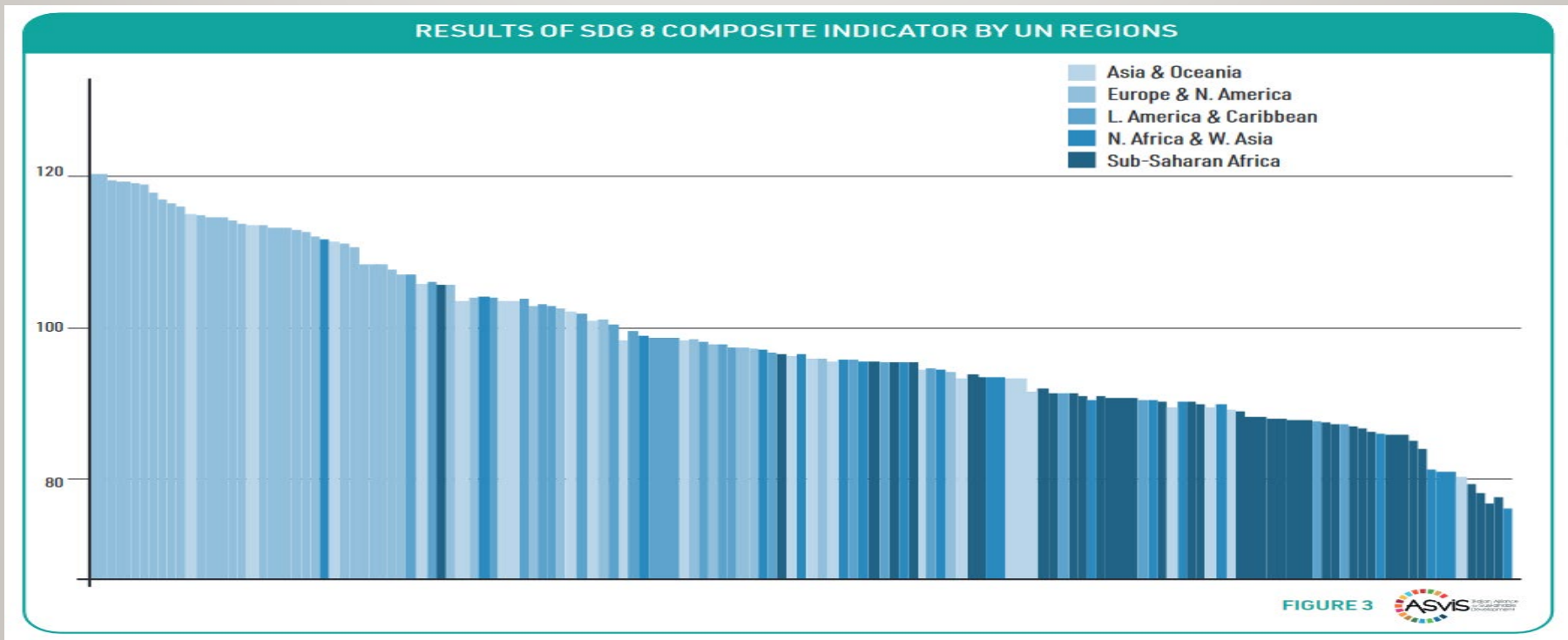
Figure 1: Impact of COVID-19 on Poverty Rate in SSA (%)



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

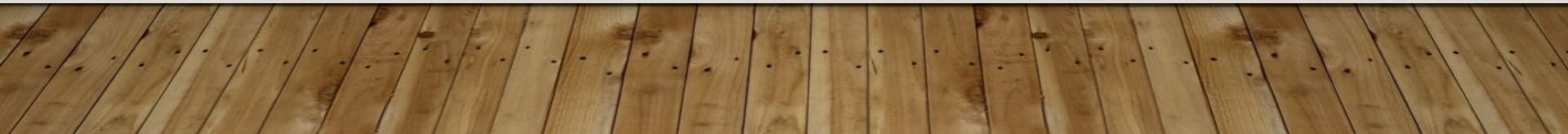
- ❑ Informal workers remain the most subject to the ravages of COVID-19.
- ❑ ILO (2020) estimate that in the very first month of COVID-19 measures earnings of informal workers in Africa declined by 81% in the midst of rising general price level.
- ❑ Without access to income replacement in the forms of 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  

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



## II GHANA

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

## 12 GHANA

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- 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

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- 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

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## *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

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- 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

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	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

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- 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

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## *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

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- 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

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### *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

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### ***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

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

## 23 ZAMBIA

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- 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

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### *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

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### **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

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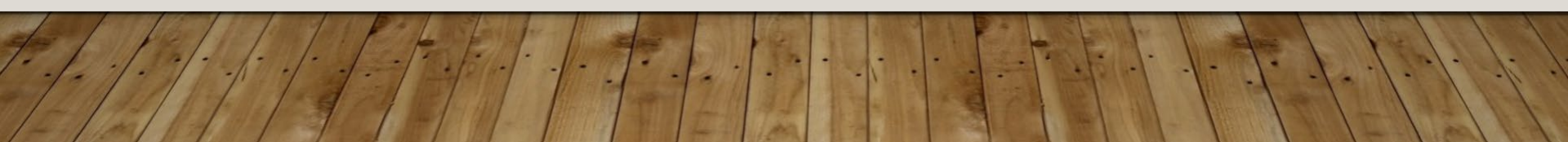
### *Measures to support workers, income and social protection*

- 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

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### *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.
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# 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

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- 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***

