

GHANA EMPLOYERS' ASSOCIATION



CIRCULAR TO ALL MEMBERS

OUTBREAK OF COVID-19 IN GHANA

Further to our previous circular to all members regarding the above subject, we would like to inform members that some key recommendations have been made to Government for consideration as follows:

- **Containment of the Pandemic**

Businesses and employers expect government to do everything possible to completely contain the spread of the virus and allay all fears in the populace. Fears of escalation of the pandemic could lead to panic buying and withdrawals, a situation that will create shortages, supply chain disruptions, rapid rise in the inflation rate and reduced real income levels as well as heightened suffering of the people.

Containment of the situation is also paramount in helping to prevent high post COVID-19 losses in key sectors of the economy such as tourism, manufacturing, pharmaceutical and banking and finance. It will further protect the health sector from being overwhelmed with cases and medical staff being over stretched.

- **Emergency Economic Response Strategy**

GEA would like Government to lead in the development and implementation of a comprehensive Economic Response Strategy (ERS) to the COVID-19 pandemic. This will require the development of stabilization and stimulus packages for businesses and households to reduce the impact of the pandemic both in the crisis period and after the threat of the virus has been eliminated. The ERS, which should comprise of fiscal and monetary plans will subsume the monetary policy measures prescribed by the Central Bank. Knowledge of government's plan for the private sector in this critical period will play a significant role in guiding employers to allocate resources efficiently and safeguard investment to sustain businesses. It will further reduce uncertainties and risk in the economy.

- **Support local production of raw materials**

Ghana depends largely on imports, which include inputs for the production of most of our goods and services. The spread of the virus, has dampened global demand, which

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will in the coming months create supply chain shortages for businesses and employers in Ghana. To help address the situation, the GEA recommends that Government works with GEA and other Business Associations to identify and support local firms that produce substitutes of the imported products to ensure continuity of production and consumption in the Ghanaian economy.

For those inputs that will still have to be imported, the GEA recommends that the exemption made for cargo to arrive by sea, air and land (following the Presidential announcement of March 21, 2020 shutting all our borders – land, sea and air) is maintained under all lock down scenarios.

- **Continued Operations of Existing Commercial Bank Facilities**

A good number of businesses (if not all) operate on the strength of Commercial Bank Facilities. The drastic dislocation in the finances of these businesses – small, medium and large – occasioned by the negative impact of COVID-19 cannot be over emphasised. GEA strongly recommends that Government works with the Commercial Banks to assure that these businesses are allowed by the Banks to continue to access the facilities under more flexible conditions so that the Businesses do not collapse for want of working capital, among others.

- **Deferring VAT and Income Tax Payments**

The GEA urges Government to defer payment of Value Added Tax (VAT) for a three-month period (or during the pendency of the COVID-19 threat) to cushion businesses hard-hit by the outbreak of the pandemic. Also, income tax payments for up to the mid-year (or beyond as appropriate) be deferred or be allowed to be paid in instalments by businesses after prior agreement with the revenue authorities. All registered businesses in Ghana must be eligible for this relief.

- **COVID-19 Interruption Loan Scheme**

This is a temporary loan scheme intended for SME's and distressed but potentially viable big businesses, to cushion them against the impact of the pandemic. These loans must have government guarantees in order to give the lenders the needed comfort and assurance in financing the scheme.

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- **Emergency Fund**

We urge Government to create an Emergency Fund to help address the financial challenges or fallout from the outbreak of the pandemic. Businesses could access the fund for the payment of workers salaries, procurement of raw materials, working capital, among others during these critical times of COVID-19 if they are to retain employees on their respective payrolls.

- **Potential Impact on Employment**

A good number of businesses, especially those sectors who are hardest hit by the pandemic are likely to review the employment relationships with their workers including some potential lay-offs. In such a situation there would be the need to engage the Trade Unions concerned or the Workers' Groups through negotiations and dialogue on the financial implications of the lay-offs since the disruption of the employment contracts may not have been contemplated by the parties.

- **Potential Business Closures**

In the unlikely event of total Business closures in the country, there would be the need for Government to support affected organisations in the following ways:

- i. Support in the payment of workers salaries for the period of the closure of the businesses.
- ii. In the event of a lay-off of workers as a consequence of the pandemic Government would support payment of redundancy packages to affected workers.

GEA shall continue to update employers on developments and accordingly urges members to contact the Secretariat for prompt support or intervention on challenges or issues arising out of the COVID-19 crises period.

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