COVID-19:

GENDER, SOCIOECONOMIC AND FISCAL

RESPONSE MEASURES

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1.0 Introduction

Most developing countries have limited capacities to handle the socio-economic fallout of the COVID-19 pandemic and are already facing significant difficulties and would continue to face them in the foreseeable future. The pandemic has far-reaching consequences beyond the spread of the disease itself. These consequences include supply-line shortages, decreased business activities, especially in the service sector as a result of lock-downs around the world to contain the virus.

The economic disruption and the decline in hours of work across the world is now equivalent to the loss of more than 300 million full-time jobs, according to the International Labour Organization (ILO). The ILO estimates that an additional 420 million more people will fall into extreme poverty while the World Food Programme (WFP) predicts that 265 million people could be facing malnutrition. The World Bank has also estimated that the crisis will push some 11 million people into poverty as a result of this. But the developing economies, where most of this impact will be felt, have little fiscal room for maneuvering compared to the richer countries.

The economic fallout globally includes weakened trade and remittances to developing and emerging economies which the IMF estimates at about $100 billion and which is projected to increase global poverty. Capital outflows from emerging and developing countries is also projected at $100 billion by the IMF in the first two months alone. UNCTAD projects that foreign direct investment could fall by up to 15% globally as against earlier prediction in January 2020 of about 5% between 2020 and 2021. For developing countries, this decline will affect commodity exports to the detriment of their economies. In many developing economies, such as Ghana, the pandemic and its impact would be exacerbated by existing problems such as poor delivery of clean water, food, electricity and sanitation as well as a fragile economy, high unemployment , pervasive inequalities and food security issues.

It is feared that the COVID-19 is in line to cause one of the largest global recessions in history. The disruption to global production units and attendant job losses is increasingly becoming a big worry. The IMF has predicted that the global economy would contract by about 3% in 2020 (WEO, April 2020). In Ghana, real GDP is projected to contract from 6.8% to 1.5% in 2020.

Fiscal responses are particularly limited in developing countries such as Ghana due to the fragile economic situation. Moreover, as the pandemic hits jobs and wages in many sectors of the global economy, a slowdown in remittances of migrants in developed countries back home rears its ugly head.

The particular vulnerability of poor countries is apparent. The World Bank has pledged US$160 billion over the next 15 months to aid both immediate health priorities and longer-term economic recovery. It remains unclear whether that US$160 billion is adequate and will reach vulnerable households, particularly given the negative impact of the World Bank and IMF's past interventions and programmes, have had on the health care systems of many developing countries due to strict spending conditions. Also, the G20 announcement of debt payment suspension for 77 least well-off countries, estimated at $12 billion, is a welcome relief. These are important measures that can help alleviate some of the plight of developing countries during the pandemic and beyond. However, policymakers must be ready to make the right choices and ensure efficiency and effectiveness in implementation.

2.0 General Impact on Livelihoods in Ghana

Developed economies such as the UK, Germany, US and many others have rolled out billions of dollars' worth of economic recovery and emergency packages in their countries. Developing countries, on the other hand, with limited capacity, have intervened in their own ways to contain the fallout of the pandemic. Despite the impact on government revenues, the Government of Ghana responded with some direct and indirect social and economic packages to curtail the impact of the pandemic. The Government plans to roll out a GHS 3 billion guaranteed package through the banks to support specific industries. The amount, it is said, would be disbursed to industries that have been severely affected by the COVID-19 pandemic in the form of loans.

Also, the Government launched a GHS 1.2 billion COVID-19 Alleviation Programme (CAP) for businesses. Out of this, GHS 600 million would go to support Micro, Small and Medium Scale Enterprises (MSMEs). The GHS 600 million would be disbursed as loans to over 180,000 targeted MSME beneficiaries with a one-year moratorium and a two-year payment period with three percent interest (3%). However, from past experiences, targeting problems are anticipated, including partisan politicisation, leading to repayment challenges, especially if there is a change of government. According to the President of the Republic, the support programme is an integral part of the resilience and recovery plan being put in place to ensure the renewal of economic activity and sustenance of livelihoods.

On its part, the Bank of Ghana has announced policy measures aimed at minimizing the potential negative impact of COVID-19 on the economy and the banking sector. These measures include reduction of the Monetary Policy Rate (MPR) by 150 basis point units from 16% to 14.5%. This reduction is expected to transmit to lower bank lending rates and help ameliorate the challenges in securing credit at reasonable rates in the difficult socioeconomic environment. The Government is also providing additional relief, such as extension of the tax filing date from April to June for businesses and individuals; a two percent (2%) reduction of interest rates by banks, effective 1st April, 2020; the granting by the banks of a six (6) month moratorium of principal repayments to entities in the airline and hospitality industries, i.e. hotels, restaurants, car rentals, food vendors, taxis, and uber operators as well as tax waivers and a 50 per cent topup of the basic salary for front-line health workers added up to the Government's intervention programmes.

In addition, Ghana's Government is providing reliefs on utility bills (water and electricity) for households for three months as part of the CAP. These and other direct household interventions to over 450,000 households and individuals are designed to alleviate the immediate socio-economic impact of the pandemic. Some businesses have had to close down leading to loss of earnings by their employees, putting them in a vulnerable situation. The packages will help put a lid on many household expenditures. But most of these packages were designed to last for three months. Without the relief packages, especially for the utilities, people will most likely experience cuts in supplies and the attendant pressures on government as a result of probable increases in cost of living. In a situation where the job losses are not regained, the toll will be hasher for many households. However, the government is reported to have directed the water and electricity providers to levy VAT (12.5%), GETFund levy (2.5%) and the National Health

Insurance levy (NHIL) (2.5%) on their supplies a month after this policy was announced, rendering the intervention less beneficial, especially after the three months concession.

2.1 Fiscal /Economic Impact

It is obvious that the Government would likely be missing its fiscal deficit target of 4.5% of GDP in 2020 and could be on the way to break a cardinal principle in the Fiscal Responsibility Act, 2018 (Act 982), which allows for a fiscal deficit of up to 5 percent of GDP. The fiscal situation has become dire with almost a freeze in many economic activities. However, the Act makes provision for situations like this where the Minister of Finance may suspend the fiscal responsibility rules due to a force majeure such as a public health pandemic among others. The Minister of Finance has already obtained approval from Parliament to do this.

Particularly the impact on Government collections; taxes and royalty income has been badly hit. The 2020 total projected revenues (tax and non-tax) are projected at GHS 67billion, about 23% more than attained in 2019. As a commodity dependent economy, the plummeted Global oil prices meant one of Ghana's major sources of revenues is negatively impacted. Ghana's 2020 budget predicted global oil price at about $63/barrel for the budget, but it is currently hovering around $30/barrel, hence the dire implications for the revenue target. It is estimated the country will lose about Ghc 5.6 billion in oil receipts in 2020, according to the Minister of Finance. The Minister also estimates that non-oil tax revenues could fall by about GHS 2.25 billion which would lead the Annual Budget Funding Amount to experience a shortfall of about GHS 3.5 billion. He further estimates that economy wide losses could be about GHS 9.505 billion. This is more than the entire capital budget for the 2020 fiscal year, but these losses could be more if economic activity is unable to pick up before the end of the year.

Following this, the Finance Minister, through parliament as required by Section 30 of the Bank of Ghana Act, 2002 (Act 612) as amended by Act 918 (2016) requested a GHS 10 billion financing from the Central Bank, breaking the 5% of previous income rule with its attendant implications for inflationary pressures. However, this will still be within the ECOWAS convergence rules of which the treasury must not be financed by more than 10% of its previous income from the Central Bank. Exposure of Ghana's currency (Cedi) to the US dollar is also a challenge that could affect Ghana's dollar denominated foreign debt stock and adding more inflationary pressures.

Taxes on employment and corporations have been deferred from April to June 2020 by the Ghana Revenue Authority (GRA) as a relief measure for businesses. These together with the need for emergency expenditures means the wider economy has been thrown out of gear. According to the Bank of Ghana, growth in investments, consisting of bills, securities, and equity fell to 7.2 percent in February 2020 as compared to 33.3% in February 2019 (Banking Sector Report for March 2020).

The Government used a fiscal measure to provide relief to frontline health workers involved in tackling the COVID-19 pandemic. Taxes on personal emoluments worth about GHS 288.6 million were waived for three months (April to June 2020). Also, the front-line health workers will receive additional allowances of 50% of their basic salary worth GHS 51 million in the period. Besides, there is the support for households' water and electricity bills of about GHS 200m; GHS 3billion Government guaranteed business support facility; GHS 600m stimulus package for MSMEs etc., brings Governments committed expenditures as a result of the COVID-19 pandemic so far to over GHS 3.93 billion. This means that the fiscal impact as a result of unplanned expenditures will be enormous but the main problem is going to be the overall fiscal impact as a result of reduced revenues to Government coffers. The Covid-19 induced foreign inflows of $1.6 billion (GHS 9.15 billion) from the IMF and the World Bank may not suffice while the impact lasts several months into the year.

3.0 The Stimulus Package

Typically, stimulus packages are prescribed to elicit or encourage private sector economic activity by engaging in targeted expansionary monetary or fiscal policies. This cannot be the same for the COVID-19 induced problem. This is not a natural slowdown of demand but a forced one. Hence any package must aim at relieving businesses of the sudden impact. The idea of a stimulus package means policies are designed for specific responses. In this case the

Government should focus more on relieving businesses of their existing labour cost as opposed to new investments. Such a measure will require Government leadership for the desired impact.

The major fallout for businesses has been the loss of market for goods and services as well as loss of supply lines as a result of reduced domestic production, curtailed imports and the higher costs of labour. A major feature of these costs is the job losses associated with the lockdown as a result of the inability of businesses to operate. Hence, many businesses laid off workers to reduce payroll losses. The result ultimately for the wider economy is the induced loss of aggregate demand and the repercussions for taxes to the Government. The Trade Union Congress (TUC) of Ghana estimates GDP loss at about GHS 18 billion ($3.1billion) as a result of this.

The estimated inflows of about GHS 9.1 billion ($1.6billion) from the IMF and the World Bank is going to be woefully inadequate considering the estimated economy wide losses of about Ghc 9.6 billion. Already, the government's announced relief packages could amount to about GHS 4.0 billion. The Government estimates a fiscal gap of GHS 11.4 billion ($2 billion)

What is obvious is the funding gap for the Government under the circumstance in spite of other sources, such as the COVID-19 Response Fund. The biggest challenge, however, is the increasing loss of control of fiscal and monetary policy leverage as a sovereign country, considering the significant foreign inflows and the attendant indebtedness, not to talk about the already high indebtedness to both domestic and foreign creditors.

3.1 Impact on livelihoods and Employment

The fallout from the pandemic didn't take long to spread from health concerns to impact enormously on livelihoods and national economies. The impact on livelihood and the Ghanaian economy can be seen in the loss of income and jobs in many sectors. The COVID-19 pandemic has hit the labour sector hardest in terms of job losses. In a dipstick survey on Ghana by the BFA Global in April 2020, 75% of the people interviewed reported significant decreases in their personal incomes as well as increases in expenditures. And in a preliminary assessment by the Ghana Trades Union Congress (GTUC), over 400,000 people in the hospitality industry alone may have lost their jobs as a result of the lockdown in April 2020. Losses across other sectors such as education, transport, aviation, manufacturing, agro-processing, etc. are difficult to quantify but could be several thousands. The Ghana National Council of Private Schools (GNACOPS), representing a section of private schools associations in Ghana said they have been unable to pay about 400,000 employees' salaries, SSNIT contributions, PAYE payments as well as loan repayments to Banks since the closure of these schools in April 2020.

In particular, private educational institutions and the hospitality industry (hotels, restaurants etc.), the aviation and transportation sectors, suffered instantaneous income losses because Ghana's version of the lockdown in April directly impacted these sectors. Those of the informal sector such as farmers, traders, barbers, shoe-shine boys, hairdressers, and hawkers also lost their livelihoods during the lockdown in April 2020. Some employees of formal establishments, especially in the hospitality sector suffered pay cuts and in most cases it never came again after one month. This is also the case for many employees in private schools who depend on school fees for salaries.

Meanwhile, the government's support to MSMEs has delayed in coming. It is nevertheless a very considerable step by the Government. The intervention must not kowtow to the 'business as usual' support to businesses as known in the past, where relief packages are treated like political candies. Government must be clearer in its focus. Business support would come in various forms but they must focus on the hardest hit aspects of business operations, particular at this time. While calling for prudent use of such packages by businesses, Government must set the rules in favour of keeping payroll or employees in place as a livelihood measure.

An employment driven "stimulus package" is required to address the COVID-19 induced business shutdown in Ghana. Even in developed countries such as the US and UK, stimulus packages were voted mainly to keep people in employment as a way of keeping aggregate demand and ensuring that joblessness is reduced. The problem requires social intervention and the MSME stimulus package should be targeted at keeping people in employment rather than just a broad business support package without end. It presupposes that this is not the time to emphasise other aspects of businesses such as expansion and retrofits etc., but being able to maintain the workforce and resuming normal operations must be a major focus for Ghana.

Currently, it is obvious the debate about reopening of schools or not is being influenced by the livelihood needs of some against others, especially those in the private sector who may not be earning any income while schools stay closed. This should alert Government about the disproportional toll the pandemic has on various sections of the population and should provide them with targeted support.

Where the relief measure goes to alleviate hardship on those who have lost jobs and income as a result of the COVID-19 shutdown, it could focus on persons at the lower ends of the employment spectrum, who easily get dispensed away. This will go a long way to help the households that depend on such incomes. These should be from the hardest hit social sectors such as in education (private schools), factory hands, hospitality attendants and many other associated employees of these sectors. A relief of this nature would double as a livelihood measure if jobs and incomes are assured as well as a business relief if such employee costs are met.

The Government's instruction, that states, "*disbursement of funds will depend on the availability of funds,*" as displayed by the National Board for Small Scale Industries (NBSSI) on the instructions for the COVID-19 funds, is particularly not reassuring and undermines the broader Government intention. Government should be looking to meet the needs of all who are in difficulty at this time, especially if they have been active taxpayers. This is why a criteria that emphasise people on a payroll but at the risk of losing jobs or have lost income but are known to the Tax Authorities is particularly also important to keep the link to the Government's fiscal pot. While this means transferring cash into people's pockets, it also means they will in turn contribute taxes while boosting demand in the economy.

Considering that people form the primary production unit, support to labour will have a beneficial impact directly on the households which depend on such income as well as the businesses that require the labour. If Government targets employees as a front-end intervention it would have a double-edged effect as a pro-poor livelihood intervention with beneficial impact at the household level as well as the business unit level.

4.0 Pro-poor/ Gender Responsive Measures

Poor countries are particularly hit hard with the Covid-19 pandemic but the poorest of the poor are going to be the ultimate bearers of the brunt. Groups such as women and other vulnerable groups in the informal sectors of the economy, would be adversely impacted where they are not identified and helped. With the Covid-19, the poorest of the poor and women have been hit hardest because of the "trickle-down" nature of the Ghanaian economy. This group is usually low on savings and where there are no other sources of income support the impact is hardest.
Also, women and the vulnerable have often been the largest group operating in the informal economy and tend to be neglected unless they find themselves organized. They could therefore be missed in any targeting policy.

Women have particularly always taken on a huge share of unpaid care work and rely on the trickle down of income from others to survive. And where job losses are exacerbating household income, their plight is going to be even worse under the COVID-19 scenario. Majority of low-income earners and women work in the hospitality and frontline areas of the economy and these sectors experienced instantaneous layoffs during the lockdown, which disproportionately affected this group.

The Government of Ghana in its initial response, particularly in Accra, Kumasi and its suburbs undertook direct intervention by distributing food, water and other livelihood packages for the poor and vulnerable. In its water and electricity intervention to households, the Government's measure was expected to have gone a long way to relieve the plight of women and many vulnerable groups. With special packages to frontline healthcare workers where a greater number are women, the Government intervention is commendable. Spending in the social sector such as in education, health, water and sanitation has always been a good indication of Government's pro-poor policies. With the pandemic, this sector has seen a relative uptick in direct spending overall. Government Covid-19 induced funding for the social sector could amount to about Ghc2 billion so far in May 2020 which is hoped to have a positive impact.

However, these are still temporary measures so far, but the COVID-19 effects are going to linger on now and post pandemic. Any further Government fiscal measure must equally be viewed with the gender lens. With shortfalls in Government projected revenues, sector allocation cuts are going to be inevitable. While this is not clear, they are likely to affect some social programmes, including gender-oriented spending.

It must also be noted that the Government's stimulus package has minimum requirements for enrolment, including some formal status in order to enjoy the package but many vulnerable people including women originally operate in the informal sector and would have difficulties in meeting the requirements such as providing Tax Identification Numbers or having a govering board for their businesses.

Many surgical theaters in major Government hospitals have closed until further notice for some good reasons, but the impact is that many poor people who do not have the financial means to consider expensive alternatives in private hospitals will suffer the consequences.

4.1 Impact on Women Entrepreneurs

According to the Mastercard Index of Women Entrepreneurs (MIWE) 2018, women continue to make notable headways in the entrepreneurial landscape. In 2016 alone, an estimated 163 million women were starting or running new businesses in 74 economies around the world. The gender divide in entrepreneurship narrows on various fronts. First, an increase of 10% in women's Total Entrepreneurial Activity (TEA) rates between the 2014 to 2016 period brought the gender gap down by 5%. However, the world still lacks a reliable definition of female entrepreneurship in developing countries and its impact on their economies even though the economic impact of female entrepreneurial activities on economies is very significant (ILO 2000).

Despite the massive contribution of women to socio-economic development, not much information exist on women entrepreneurs in developing countries as most of the literature on women entrepreneurs are confined to developed countries; (Saffu and Takyiwaa Manu 2004).

Ghanaian women beat all their global peers in Women's Business Ownership, playing a pivotal role in agriculture. It is estimated that their contribution accounts for around 70%-80% of food consumed across the country. In a lower-middle income Country like Ghana and as a factor-driven market, women out of the will to survive and provide the necessary support for themselves and their families typically turn to necessity-driven entrepreneurial activities. These activities are often operated in the informal micro to medium-scale agriculture, manufacturing and services sectors of the economy and take the form of self-employment (as opposed to job creation or business growth). The key role that women play as farm owners, farm partners and farm laborers are remarkable.

Most women especially in female-headed households, have also become increasingly responsible for the financing of the education of their wards as well as the provision of their other material needs.

The COVID 19 has resulted in disruption of global business operations without sparing the SMEs in both developed and developing economies. It would further worsen the situation of women businesses, most of which are near collapse and require an immediate intervention.

It is in light of the above that the stimulus package of the government is welcome by all but should be engineered to help women entrepreneurs. Transparent measures must be put in place to ensure that the interventions get to the targeted beneficiaries who are mostly the women in entrepreneurial activities especially those of women-headed households.

5.0 The Fiscal Challenge

While the lockdown and the restriction of movements continue, the primary source of Government income from taxes would be hugely affected. In addition, the deferment of the filing of tax returns and payment of taxes due from April to June by the tax authority (GRA) will also negatively impact government revenues. However, the external funds from the IMF and the World Bank may have given the Government some spending space however the government needs to explore additional sources, such as the following measures:

5.1 Financial Services Tax

In 2017, the Ghana Revenue Authority (GRA) directed all financial institutions to discontinue the charging of 17.5 per cent Value Added Tax (VAT) on financial services they provide for their clients. The Government labeled the tax as a nuisance tax. However, financial services tax is a legitimate tax and should be used to raise extra revenues for development without hurting the economy, more so, in these times where capital flight continues to be perpetrated by multinational companies. The IMF estimates that about $100 billion worth of capital have left developing and emerging markets since the pandemic started. It is, therefore, the right period to go back for such a tax to; 1) to discourage capital outflows; and, 2) raise more revenues for development.

5.2 Tax Incentives.

The Government's incentive measure to individual and corporate donations to the COVID-19 funds could be interpreted as a welcome measure where government liquidity is in question and requires these donations to meet immediate demands on Government. Such direct COVID-19 tax waiver policies may be required as stop gap measures. However, the Income Tax Act already makes exemptions for such donations and need not be announced as if they are new interventions.

However, taxes are the way-back for the economy and Government must not be granting other tax incentives at this time of the pandemic. Any support to businesses or corporations must be targeted, direct and related to the COVID-19 pandemic. This way, specific demands and focus is required from such businesses. Granting tax waivers at this time can undermine the effort of economic recovery and resources to meet the several demands on the Government. The economy would recover on the back of taxes and it must not be downplayed. Businesses must be able to sacrifice for the economy and where they cannot, government support to them must come in the form of a stimulus package that requires repayment rather than tax incentives.

6.0 The Debt Service Suspension Initiative

In April 2020 the World Bank granted Ghana a debt repayment freeze of $500m. This was in line with the Global G20 debt suspension measure. When the G20 met to review debt issues following the COVID-19 pandemic, debts amounting to about $12bn for 77 countries around the world was suspended. The G20 Debt Service Suspension Initiative (DSSI) which aims to provide temporary debt service relief to developing and most fragile countries which have weak health care systems and under developed domestic capital markets is an opportunity for a temporary relief. The DSSI calls on official creditors for a time-bound suspension of public sector long-term external debt repayments, upon request from the borrower.

Ghana is a highly indebted country with debt-to-GDP ratio of about 65% and more than a third of government revenues going into interest payments. This leaves little for national development, not to talk about the increased cost of the pandemic on the economy. The level and outlook of debt is dependent on national revenues that ultimately underwrites all Government debts. The relief from the debt suspension could therefore provide liquidity space for the Government if it opts for the initiative where proceeds of funds are to be used for immediate liquidity needs arising from the COVID-19 pandemic. This would give space for debtor countries to save money towards responding to the health and economic issues in-country.

While Ghana stands to benefit from the DSSI programme and can use the DSSI to lessen the burden of debt service repayments, she is among few countries such as Nigeria, Angola, Côte d'Ivoire, Kenya and Pakistan that are heavily indebted to private creditors, hence the bilateral and multilateral debt suspension may yield little benefit due to the significant exposure to private lenders (mostly the Eurobond). Ghana owes about 50% of its debts to these private creditors and particularly, the Euro Sovereign bond, hence the benefit of the debt suspension for Ghana is minimal. For example in examining Ghana's debt repayments to private creditors between May and December 2020 stands at about $1132 million (GHS 6.45bn) which is outside the G20 Debt Service Suspension Initiative (DSSI). The repayments as well as the servicing of these debts will have additional significant toll on government expenses.

7.0 Challenge

For a pandemic of this nature, the right approach would be to be able to target beneficiaries with the right packages. One of such means is the Government income tax reliefs as provided by law. However, the use of employee tax reliefs for proper targeting of beneficiaries as a fiscal measure is hampered by the following reasons:

1. The job losses means prospective applicants may not have the grounds to apply for these reliefs;
2. Many employees in Ghana typically do not file their tax returns, a means by which one is able to enjoy such reliefs;
3. Ghana, like many other developing countries, does not have many options out of the pandemic.

The government requires liquidity from foreign lenders to be able to respond adequately to the impact of the pandemic but it also has debt implications for the future, that is post pandemic challenges to the economy. Furthermore, Ghana, like many other countries that are heavily exposed to the capital markets, is desperate to keep positive financial market ratings for future borrowing activities. This is making it difficult to demand more ambitious concessions or loan cancellation from its private creditors. The challenge of issues around credit ratings and yields on bonds is holding back many countries who stand to benefit significantly if private creditors were to join the DSSI. The dependence commodities, such as crude and cocoa exports which prices have plummeted exacerbates the problem for countries like Ghana.

8.0 Conclusion

The COVID-19 pandemic and the attendant focus on stimulus packages for businesses could divert attention away from the need for other social interventions. However, this must be viewed as much with a social protection lens. This is why the Government’s intervention must double as a relief package for most entities rather than just a stimulus package, which usually tends to consider the economic hardware, leaving out needed social protection spending and benefits.

Setting up an expansive and inclusive safety net requires time, but usually the people most in need do not have that time. However, to avoid unnecessary human misery, some administrative speed is of the essence. This was so with the water and electricity reliefs for households which are largely postpaid systems. However, for businesses, especially where it bothers on employee livelihoods, the government support processes are long, also because there are no prior existing systems to rely on.

The Government's caution that d*isbursement of funds will depend on the availability of funds and that such disbursement to eligible applicants is based on a 'first-come, first-served' basis."* is not reassuring and comes across like a 'business as usual' process, because even with the challenges, Government must be reassuring and endeavour to meet the needs of all who qualify for the support. Granted that the fiscal challenge to Government is enormous, the danger of offloading this challenge onto the citizenry if the right measures are not pursued is imminent and must be guarded against. Government must be forthcoming with data and must work closely with all stakeholders to lessen the burden.

The impact of the Covid-19 will disproportionately affect women and the vulnerable in society- While the Government relief packages have been a blessing, the inability to target these resources is in itself an impediment to vulnerable groups, where these scarce resources become over stretched. The stimulus package could be a blessing for women entrepreneurs but many of these enterprises may not be able to access the fund due to their peculiar nature (usually without appropriate documentations). They may require special dispensation to help them. The increasing focus on Covid-19 related illnesses would undoubtedly affect general healthcare access which in turn would have adverse impact on the poor and vulnerable.

9.0 Recommendations/Proposals

In the first place, the COVID-19 pandemic has shown that a more organised society, where the different segments of our society, be it employment status, social or economic status, living conditions, addresses and many other planning data have become even more essential in managing the pandemic and Government must begin to put notes to these issues.

In diagnosing the fallout of the COVID-19 pandemic, livelihoods and employment income were the hardest hit. Government should focus its stimulus package on these issues. Such a policy would require specific government driven instructions that prioritise jobs in the MSME stimulus package being rolled out. The mitigation of the impact on businesses, employment and livelihoods can be achieved in one intervention. Especially, considering that certain sectors such as employees of private education establishments and the transport sector operators suffered directly as a result of government directives on the pandemic, it is fair that government reaches out to these groups with special packages to relief their burden.

As an expansionary measure, the stimulus package can be a means to boost demand as well as keeping a link to government revenues through taxable incomes. When people are kept in employment, the potential to pay taxes immediately is higher and where they are not on a payroll or known to the tax authorities, this should be facilitated to rope in more people as a formalisation measure. Businesses must, therefore, be supported on the basis of keeping their employees or maintaining their payroll. More so, recovery of such facilities becomes easier when the employer acts as the guarantor.

Government should be strategic with the “stimulus package” by targeting sectors that have the biggest potential for a rapid response and jobs. For example, the Agricultural sector has the potential of generating more jobs, even for those who may have lost jobs elsewhere. Boosting the agricultural sector at this time may just provide the rapid recovery required. There are reports of food shortages around the world. Ghana’s Statistical Service has also noted the marginal increase in consumer inflation as coming from food price increases. Since we are in the rainy season, it’s the right time to attract to the Agricultural sector those who might have lost jobs .

There is the temptation for businesses to seek tax waivers at this crucial time. But this is not the time for granting tax waivers or incentives unless it is extremely crucial and directly linked to the COVID-19 response agenda. Any recovery will require the sacrifices of the individuals and institutions still in gainful employment. Such entities must not seek for waivers but must rather be the fulcrum of recovery and Government must be able to communicate this to businesses and individuals who will like to take advantage of the situation in this regard.

This is an opportunity to encourage the formalisation of many business activities. Where businesses are formalised and officially identifiable, Government support can be well planned and targeted. The COVID-19 response by Government should be used to encourage businesses to formalise. It is also recommended that the country brings back tax on financial services because it will help raise additional revenues and will curtail the likely rapid exodus of capital as a result of the COVID-19 pandemic.

The financial gap in terms of expected inflows versus expenditures against the fallout of the pandemic is already enormous. Debt repayments outside the G20 Debt Service Suspension Initiative (DSSI) to private creditors is estimated at about $1132 million (GHS 6.45bn) by the Jubilee Debt Campaign, UK. This will have additional significant toll on Government expenses. The state must use the savings from the DSSI to lessen the burden of debt service repayments, particularly because Ghana is very much exposed to private creditors.

The Government employee income relief system could be an important means to target beneficiaries with specific packages. This system over the years has become ineffective because many people do not file tax returns, the means by which one can access the relief. This requires a formalisation and the requirement of employees to regularly file their tax returns and it will provide a win-win system other than being allowed to go waste and should be encouraged for the future.

Government should consider making expenditure savings through repurposing the national budget by making cuts to non-essential aspects of the budget in view of the pandemic to reduce the fiscal gap. This is important considering the escalating Covid-19 situation into several months. Such a review of the national budget should consider increases in the budget to target women and the vulnerable groups in society.

Considering that after the month of June many relief interventions would terminate, any discontinuation of these initial social interventions (April-June, 2020) will have wide ranging repercussions for all Ghanaians but more so for the poorest. Government must ensure that such a measure if undertaken should redirect such resources to target the poorest in communities. Hence Government should increase the Ministry of Gender Children and Social Project's (MoGCSP) budget.

The Agriculture sector through its flagship programmes such as the planting for food and jobs as well as the rearing for food and jobs programmes should have special strands to target women household heads, particularly those in Agriculture to boost their food producing activities and livelihood needs. Also, besides the stimulus package for MSMEs, the Government should consider measures through the MoGCSP for those who may not be able to access the intervention as it is the case that many vulnerable people fall in this category.

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