



DIGITAL
OPPORTUNITY
TRUST

SPEAKING OUT, REACHING OUT:

Country Brief - Ghana



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Introduction

Ghana is one of the fastest growing economies in the world. Its political stability and access to key global export commodities like oil, gold, and cocoa make it one of the strongest and most stable economies in sub-Saharan Africa. Prior to COVID-19, the Ghanaian economy was growing at double the average pace of emerging economies worldwide.¹ Despite the strong performance of the Ghanaian economy in recent years, it has not translated into improvements in employment conditions, particularly for youth.² As a result, Ghana has the highest rates of youth unemployment in sub-Saharan Africa at 12.1%, with an additional 50% of youth underemployed.³ Micro, small and medium enterprises (MSMEs) make up 70% of the country's GDP, and 46% of them are run by women– the highest rates of women-owned businesses in the world.⁴

During COVID-19, the Ghanaian economy contracted for the first time in four years due to the economic impact of lockdown restrictions, and the falling price of global commodities, particularly oil, on the world market.

Despite this, Ghana is one of less than 20 countries on the continent that are still expected to expand in 2021.⁵ Ghana's economy overall is more resilient than many other African countries due to recent economic reforms and stabilization of the budget deficit. Despite this resilience, the economy is projected to grow at a pace slower than any other period in almost four decades, and the effects are most likely to continue to be felt for some time in informal sectors and in the tourism and service industries.⁶



**"I listen to the radio...
to give me hope that
there are things I can
do even in the face of
the COVID"**

- Man, 30

¹ Oxford Business Group. (2020, December). Ghana Covid-19 response report. Retrieved March 2021, from OBG: <https://oxfordbusinessgroup.com/blog/souhir-mzali/focus-reports/report-how-has-ghana-responded-covid-19-pandemic>

² Aryeetey, E., Baffour, P., Turkson, F. (2021). Addressing youth unemployment in Ghana by supporting the agroprocessing and tourism sectors. Retrieved January 2022 from Brookings: Dontoh, E. (2020, September 16). Ghana economy contracts first time in four years on lockdown. Retrieved March 2021, from Bloomberg: <https://www.bloomberg.com/news/articles/2020-09-16/ghana-s-economy-contracts-first-time-in-four-years-on-lockdown>

³ World Bank (2020).. Addressing Youth Unemployment in Ghana Needs Urgent Action, Calls New World Bank Report. Retrieved September 2021 from <https://www.worldbank.org/en/news/pressrelease/2020/09/29/addressing-youth-unemployment-in-ghana-needs-urgent-action>.

⁴ Innovations for Poverty Action (2020). The Effects of COVID-19 on Business and Employment in Ghana. IPA: RECOVR Policy Analysis Series.

⁵ Dontoh, E. (2020, September 16). Ghana economy contracts first time in four years on lockdown. Retrieved March 2021, from Bloomberg: <https://www.bloomberg.com/news/articles/2020-09-16/ghana-s-economy-contracts-first-time-in-four-years-on-lockdown>

⁶ ibid.

INTRODUCTION

The economic shocks of COVID-19 have had dire effects on employment in the country, particularly in the informal sector and among self-employed workers, amplifying existing vulnerabilities.⁷ While the lockdown period in Ghana was short-lived, and labour markets recovered substantially, the negative economic impacts continue to be felt among the most vulnerable, including informal workers, women, and youth, who were more likely to drop out of work in the early phases of the pandemic and saw a slower recovery in both employment and earnings. The government has developed several recovery policies, including emergency food packages and loans for SMEs.

Grounded in commitment to enabling youth to tell their own stories of coping and adapting

in the face of the COVID-19 pandemic, DOT and the Mastercard Foundation supported a youth-led investigation effort in Ethiopia, Kenya, Ghana, Rwanda, and Uganda that examined how young people in these countries are navigating and responding to the pandemic's social and economic impacts. This report details the findings of the data collected in Ghana and reveals that the pandemic is having a profound negative effect on the lives and livelihoods of Ghanaian youth. The findings of this investigation offer development agencies, funders, community-based organizations, and financial institutions firsthand evidence of what young women and men in Ghana want and need, not only to survive the COVID-19 pandemic, but to thrive in spite of it.

⁷ Schotte, S., Danquah, M., Osei, R., and Sen, K. (2021). How COVID-19 is affecting workers and their livelihoods in urban Ghana: Results from the GSPS-COVID panel survey. Retrieved January 2022 from UNU-Wider: Dontoh, E. (2020, September 16). Ghana economy contracts first time in four years on lockdown. Retrieved March 2021, from Bloomberg: <https://www.bloomberg.com/news/articles/2020-09-16/ghana-s-economy-contracts-first-time-in-four-years-on-lockdown>



#DOTYouth Damaris Saku and Stephen Adomako Agyekum

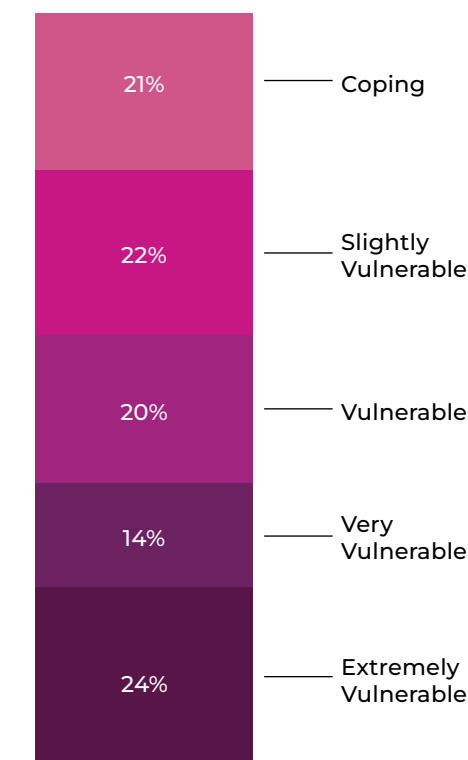
Who is Speaking Out?

In line with the investigation's commitment to raise the voices of youth, research was conducted in Ghana by a team of 10 youth leaders, who surveyed a total of 326 other youth (41% women; 59% men). 24 youth also participated in focus group discussions and in-depth case study interviews. To capture a cross-section of different vulnerabilities, the investigation aimed to be inclusive, recruiting a diverse group of young men and women that considered gender, rural and urban divides, employment status, level of education and household dynamics. As a result, youth from all walks of life participated, including young parents, youth with disabilities, and youth refugees.

30% of Ghanaian youth surveyed live in poverty, defined as living on less than \$3.20/day⁸, compared to the country's national poverty rate of 15% and the urban average of 5%. 58% of survey respondents are defined as vulnerable according to 60db's vulnerability index (Figure 1).⁹

FIGURE 1:

Vulnerability index¹⁰



⁸ All figures included in this report are in United States Dollars (USD).

⁹ The vulnerability index was developed by 60 Decibels. The index is a composite of multiple indicators that together assign a vulnerability score between 0 and 97, with higher scores indicating higher levels of vulnerability.

¹⁰ Values are rounded to the nearest percentage and therefore may not sum to 100%.

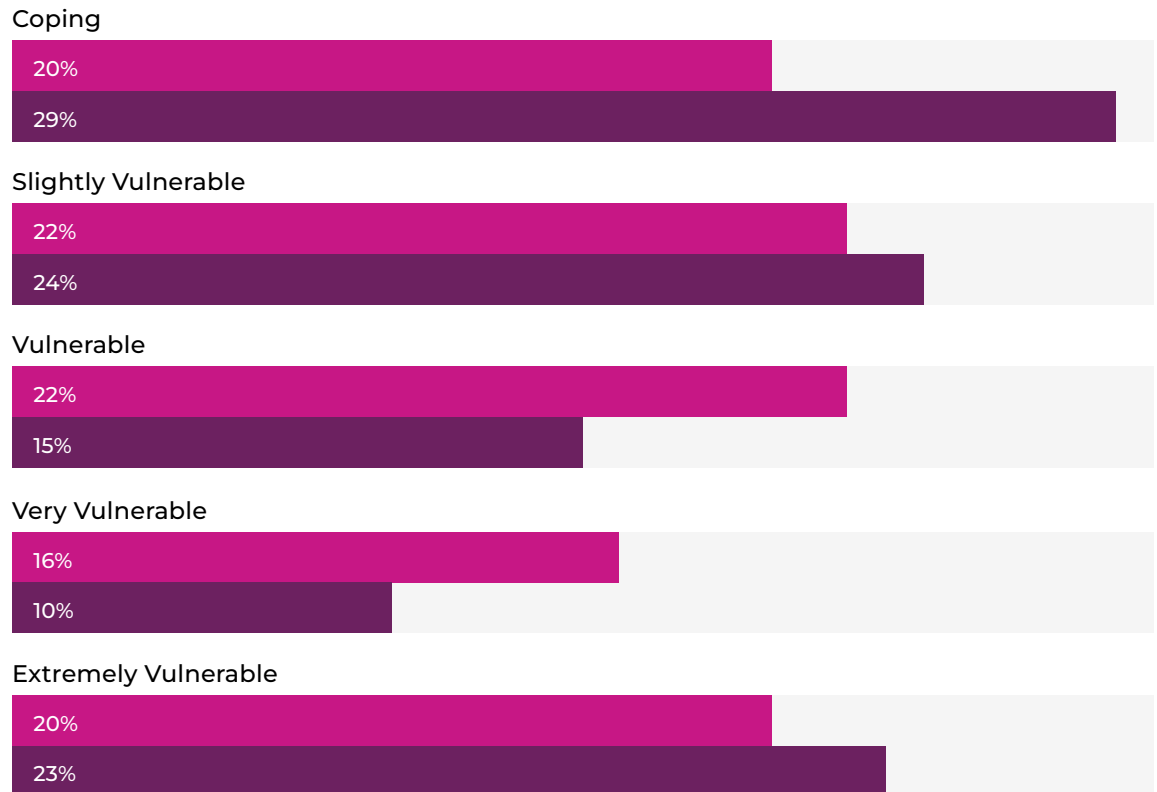
WHO IS SPEAKING OUT?

A higher percentage of women than men are coping with the effects of the pandemic (29% vs 20%). However a slightly greater proportion of women surveyed (23%) than men (20%) are conversely classified as extremely vulnerable (Figure 2).

FIGURE 2:

Vulnerability by gender

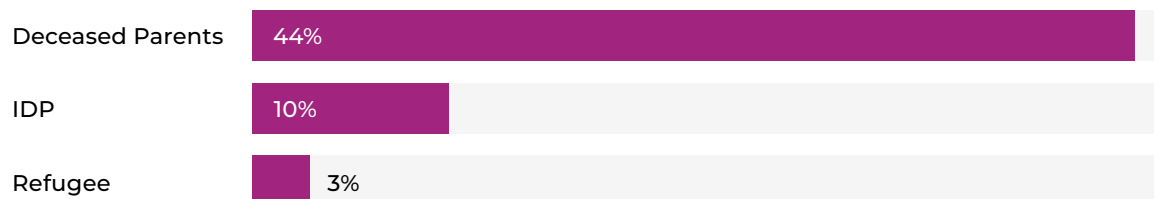
- Women
- Men



56% of respondents are the primary income earners in their households, and 56% have children under the age of 18, with an average of four dependents. Additional drivers of vulnerability reported by respondents include having one or more deceased parents, being internally displaced, or having refugee status (Figure 3).

FIGURE 3:

Drivers of vulnerability

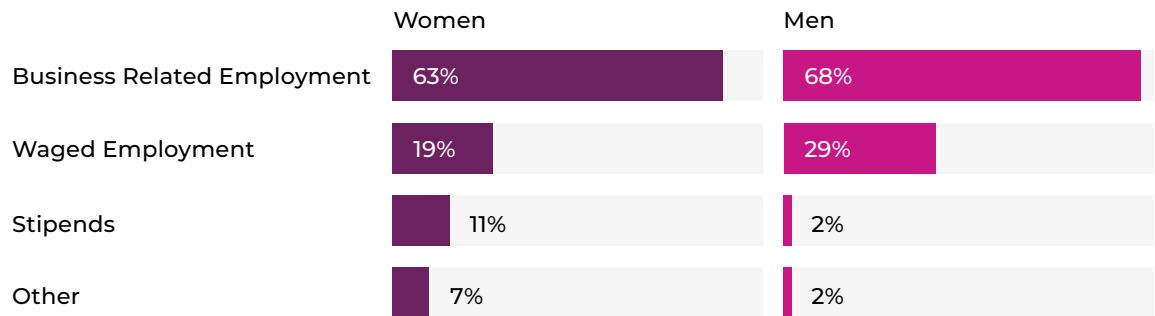


WHO IS SPEAKING OUT?

66% of respondents are business owners, and 25% report waged employment as their primary source of income (Figure 4). For this reason, this investigation is uniquely suited to articulate the impacts of COVID-19 on the lives and livelihoods of youth entrepreneurs.

FIGURE 4:

Types of employment among respondents¹¹



¹¹ Values are rounded to the nearest percentage and therefore may not sum to 100%.



#DOTYouth Ira Osei Akoto

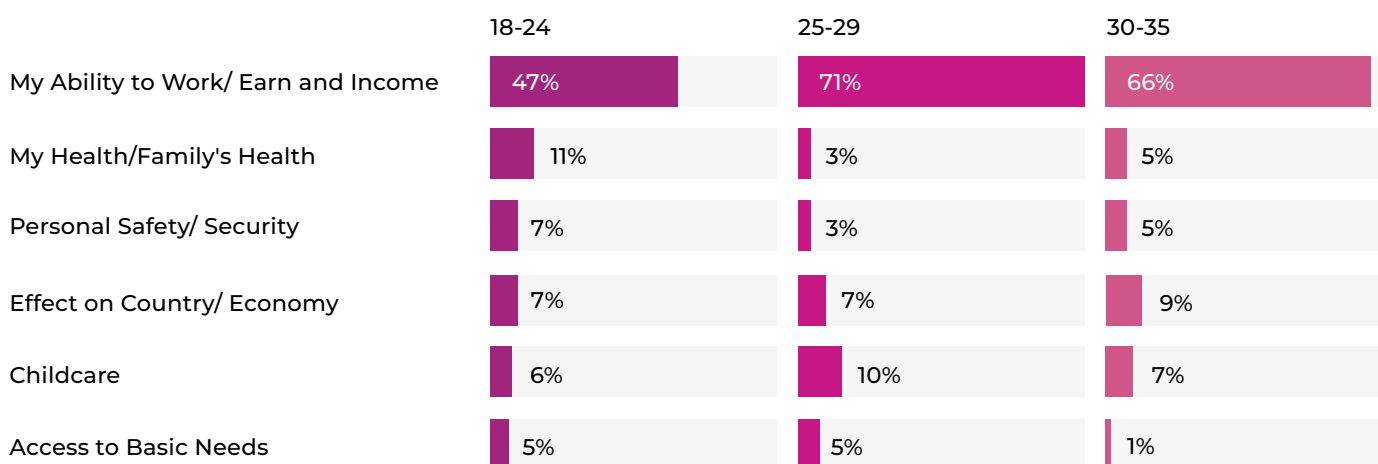
Country Results

Data was collected in Ghana from October to December, 2020. The country results presented here therefore represent the impact of the pandemic during the main period of lockdown, and do not represent changes in the lives and livelihoods of youth since. The results of this investigation were distilled through a robust process of youth engagement in analysis, synthesis, and reflection.

CHALLENGES GHANAIAAN YOUTH ARE FACING AS A RESULT OF COVID-19

Young women and men in Ghana have numerous concerns about the effects of the pandemic on their lives and livelihoods. The majority of youth surveyed indicate that their top concern is their ability to work and earn an income, followed by the effect of the pandemic on their health and well-being. Youth in older age groups were more likely to be concerned by their ability to earn an income than youth between 18-24 years old (Figure 5).

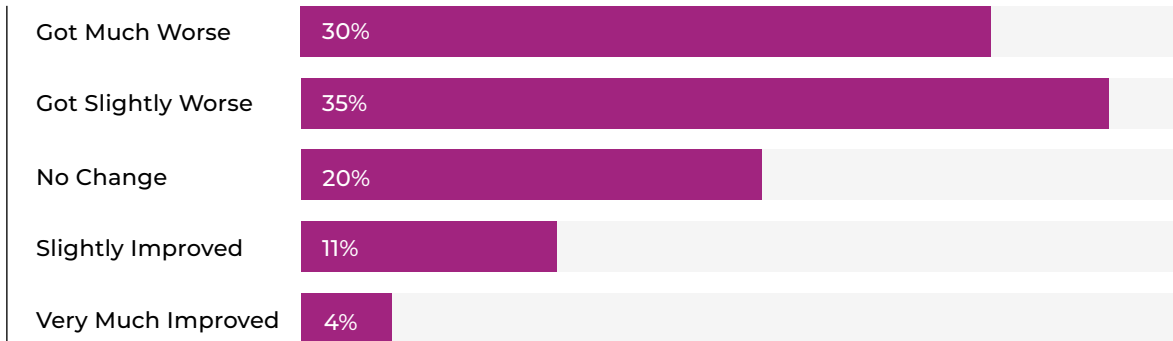
FIGURE 5: Top concerns by age group¹²



Young women and men in Ghana report their quality of life worsened during the lockdowns, with 30% indicating their lives became much worse and 35% reporting their lives became slightly worse. 20% report no change in their quality of life (Figure 6).

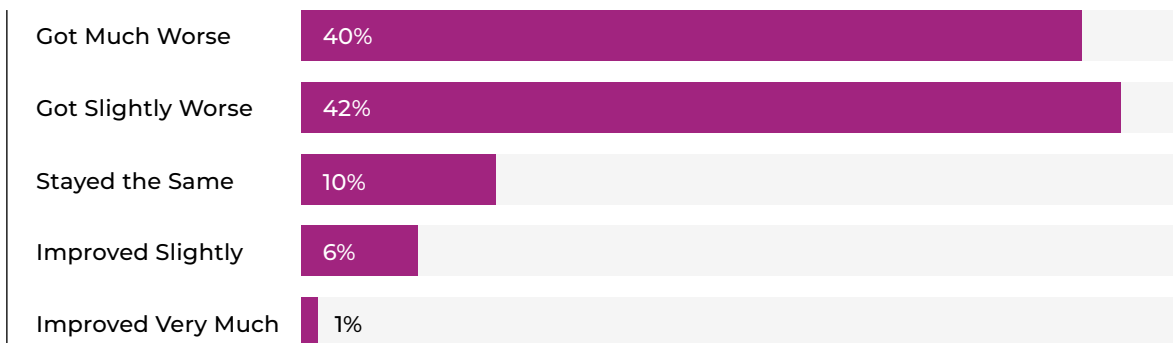
¹² Values are rounded to the nearest percentage and therefore may not sum to 100%.

FIGURE 6:
Quality of life



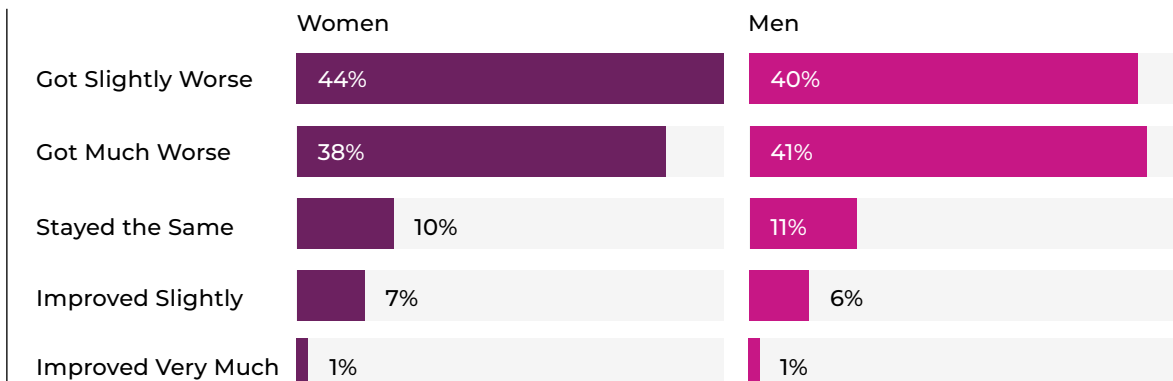
Ghanaian youth are experiencing substantial household financial shocks, with 82% indicating their family financial situation has worsened (Figure 7).

FIGURE 7:
Family financial situation¹³



The economic impacts are affecting women and men similarly, with 82% of women and 81% of men reporting that their financial situation has deteriorated (Figure 8).

FIGURE 8:
Financial impacts by gender¹⁴



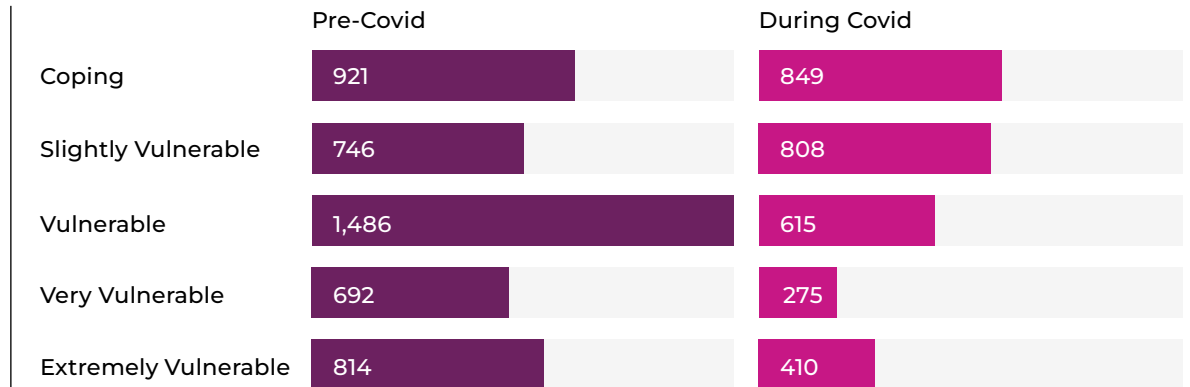
The financial impacts are most acutely felt by those who are more vulnerable, with youth classified as vulnerable experiencing the greatest declines in monthly income (Figure 9).

¹³ Values are rounded to the nearest percentage and therefore may not sum to 100%.

¹⁴ Values are rounded to the nearest percentage and therefore may not sum to 100%.

FIGURE 9:

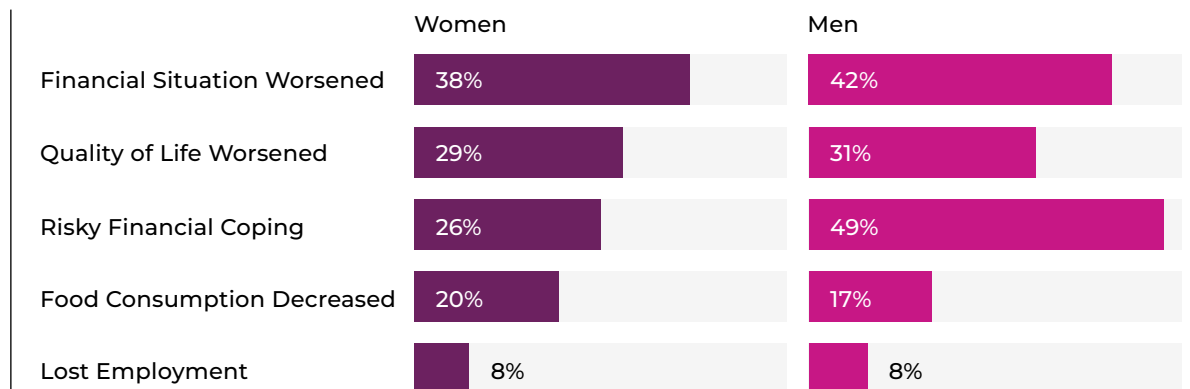
Change in monthly income (GHC)



Young women and men in Ghana are similarly impacted by the pandemic in terms of the effects on their quality of life, financial situation, employment and food consumption. However, substantially more men than women are employing risky financial coping strategies such as taking on additional debt (Figure 10).

FIGURE 10:

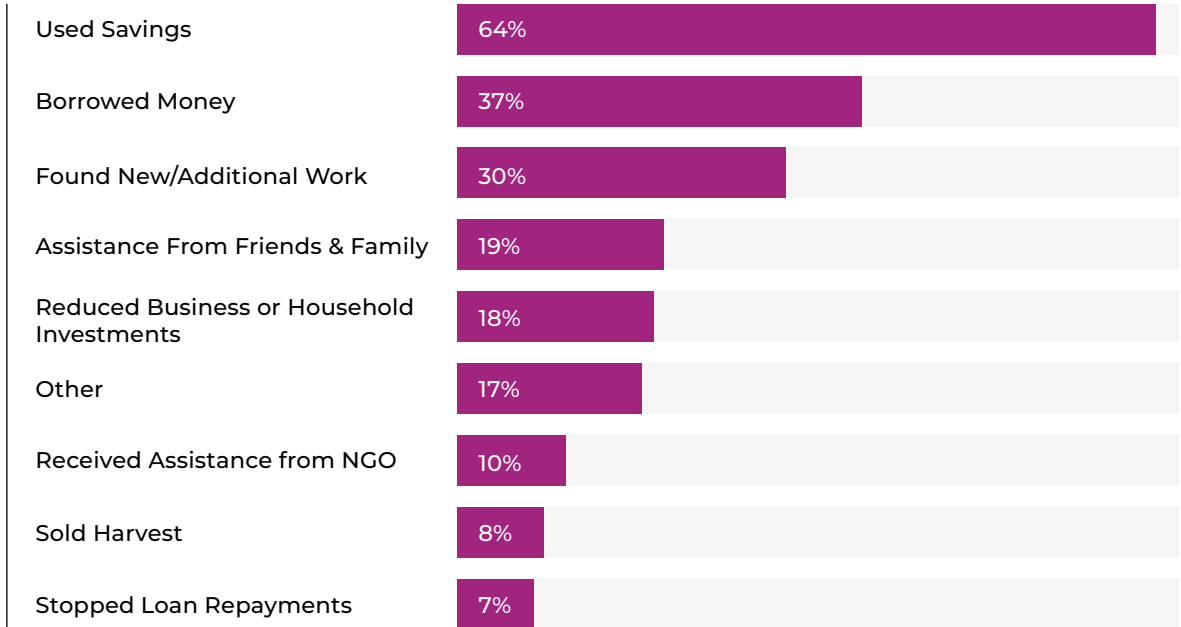
COVID-19 impacts by gender



The vast majority of Ghanaian youth are coping with the economic challenges wrought by COVID-19 by using their savings or borrowing money. They are also having some success replacing lost income, with 30% of youth surveyed reporting they have found new work during the pandemic (Figure 11).

FIGURE 11:

Coping strategies

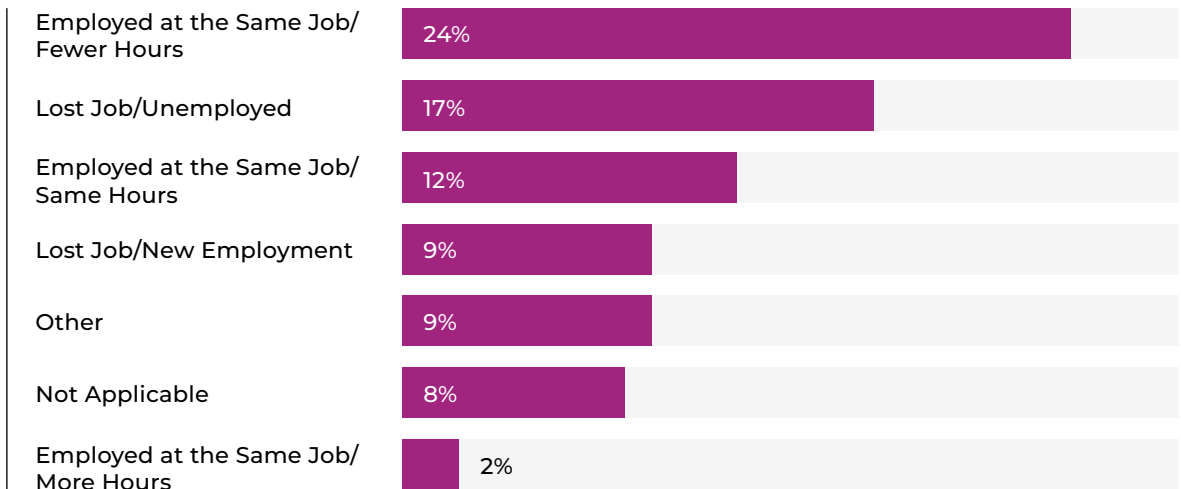


IMPACT OF COVID-19 ON YOUTH EMPLOYMENT

For youth who have waged employment as their primary source of income, the pandemic has had a significant impact, with 17% indicating they have lost their job and remain unemployed, and 24% reporting a reduction in hours. Just 12% maintained their pre-pandemic level of employment, and only 9% were able to replace their lost income with a new job (Figure 12).

FIGURE 12:

Impact of COVID-19 on employment among waged employees

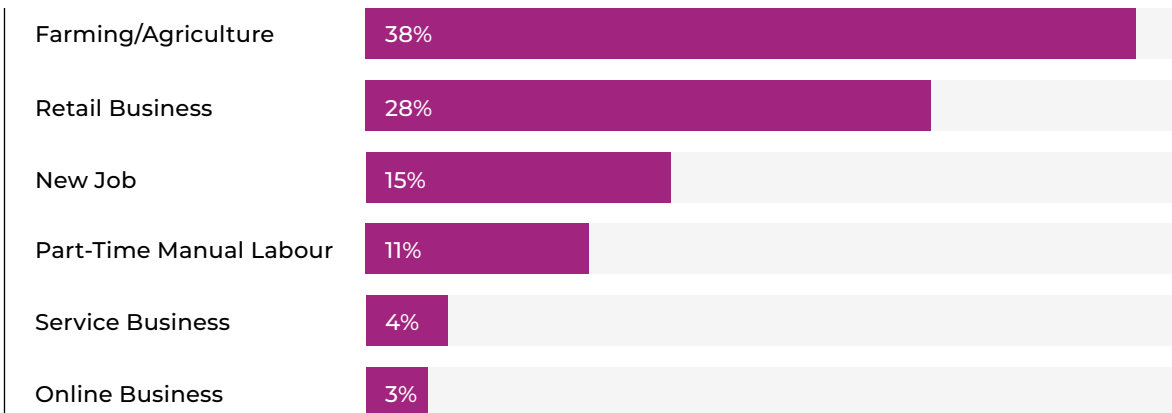


COUNTRY RESULTS

Despite that only 9% of youth surveyed have successfully found a new job to offset job loss, they are having greater success cobbling together numerous sources of informal income generation, such as farm work, casual labour, selling small items and handicrafts, and making masks (Figure 13).

FIGURE 13:

Sources of additional income



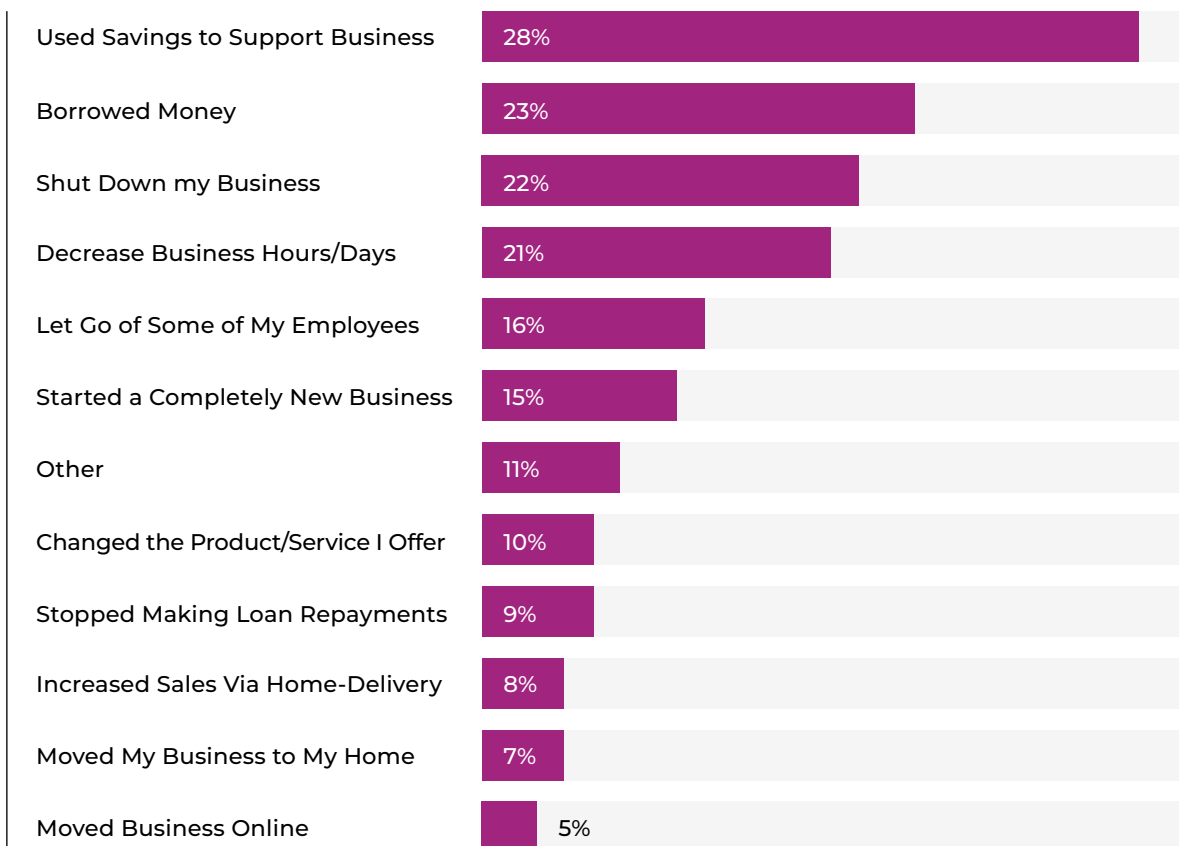
#DOTYouth Hero-Godsway Zilevu

IMPACT OF COVID-19 ON YOUTH ENTREPRENEURSHIP

The economic contraction of the economy in Ghana coupled with reduced consumer demand and supply chain disruptions is having a substantial impact on youth entrepreneurs who face reductions in revenues that are making it difficult to stay in business. 27% of entrepreneurs report closing their businesses altogether, with an additional 25% reporting that they reduced the number of hours or days their business was open, and 16% indicating they laid off employees to cope with decreased revenues (Figure 14).

FIGURE 14:

Coping strategies among entrepreneurs

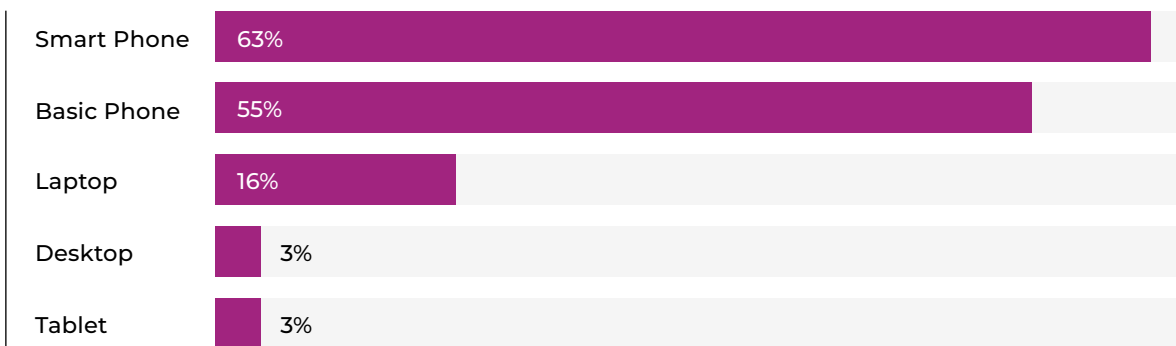


Entrepreneurs who managed to stay in business are primarily employing survivalist or remedial coping strategies such as using their savings or borrowing money to keep the business afloat. While this is helping them survive in the short-term, these strategies are not focused on improving longer term resilience. Fewer youth are employing creative coping strategies to adapt their businesses to changing market conditions, such as digital pivots, changing the product or service offered, or starting a new business (Figure 14).

DIGITAL PROFILE OF GHANAIAN YOUTH

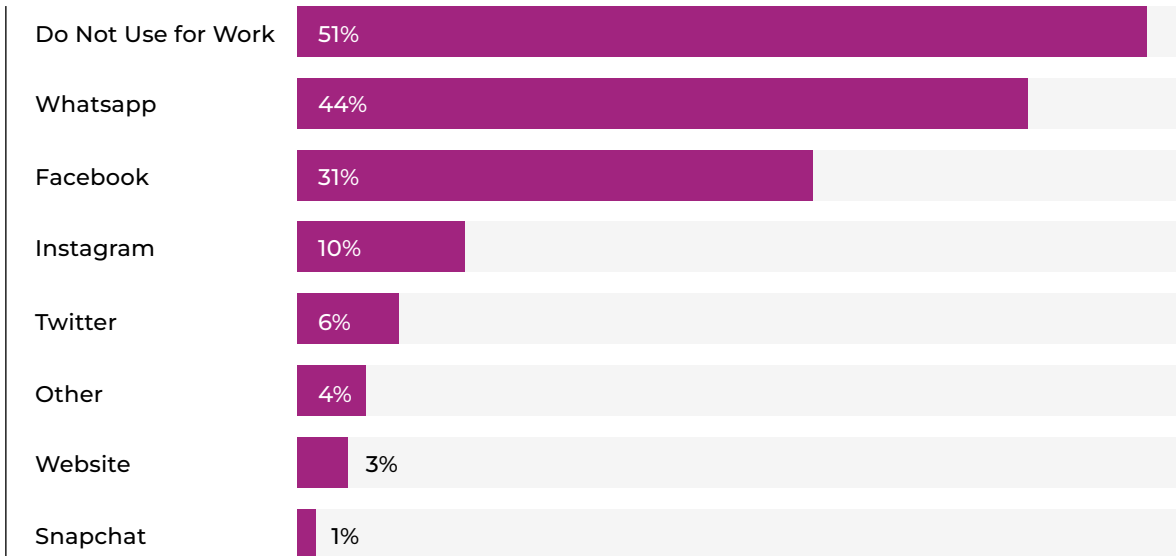
Access to digital devices is very high among Ghanaian survey respondents, with 63% of owning a smart phone (Figure 15). However, there is a significant difference between men and women in terms of access, with young men much more likely to own a smartphone than young women (72% vs 50%). Access to a laptop computer is limited among both genders, but men are again more likely to own a computer than women (19% for men compared to 12% for women).

FIGURE 15:
Digital device ownership



The majority of youth surveyed in Ghana are not using social media apps at all for work or business. Of those who are, WhatsApp is the most commonly used platform, followed by Facebook (Figure 16).

FIGURE 16:
Social media apps used for work or business

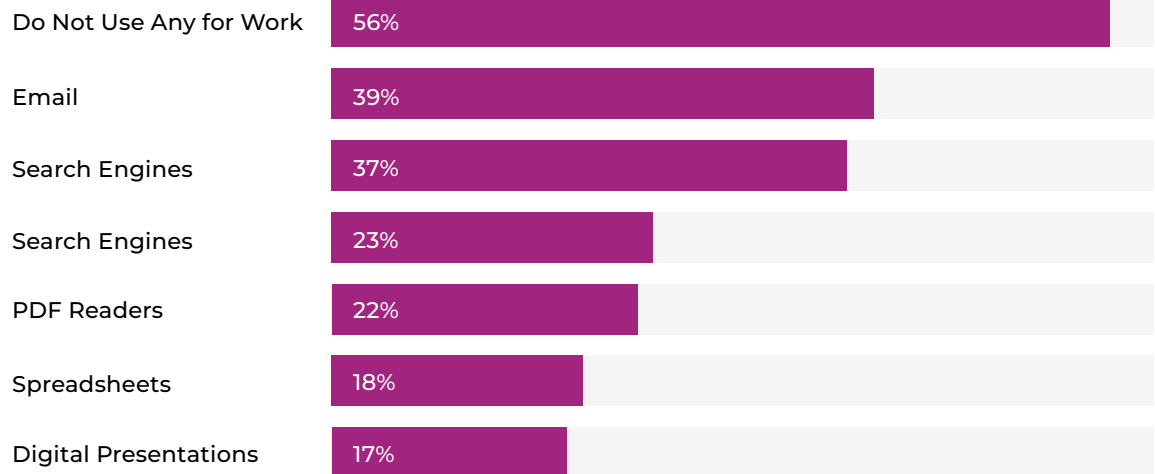


COUNTRY RESULTS

Similarly, the majority of youth surveyed report they are not using any digital tools for work or business, despite the high levels of smartphone ownership. Of those who are, email is the most commonly used tool, followed by search engines and word processors (Figure 17).

FIGURE 17:

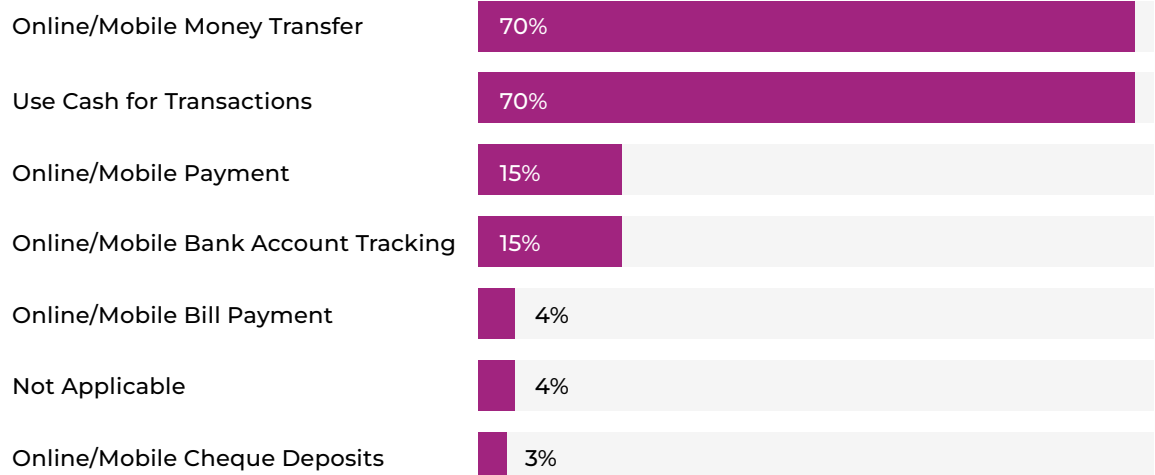
Digital applications used for work or business



Youth surveyed in Ghana report relatively high rates of fintech adoption, with 70% indicating they use mobile money in their work or business. Despite this high level of adoption, many young people report that they still primarily use cash for transactions (Figure 18).

FIGURE 18:

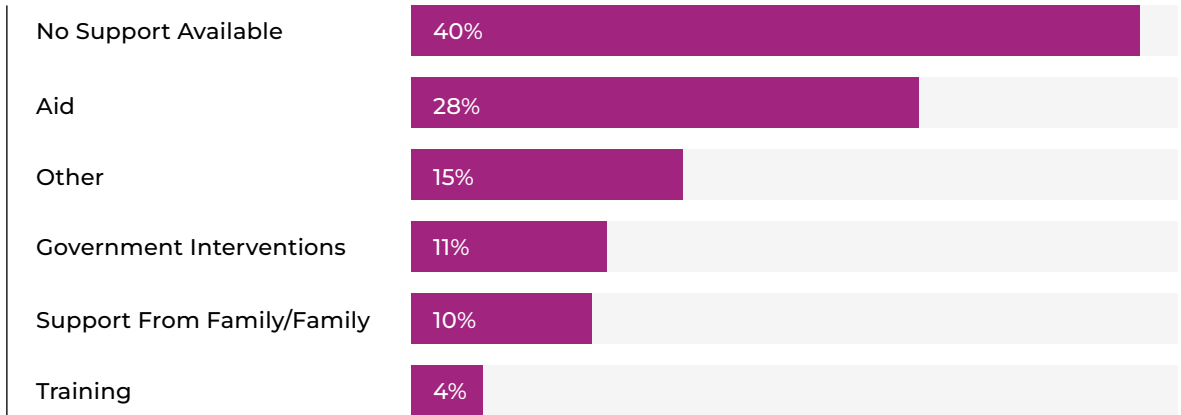
Fintech used for work or business



SUPPORT NEEDED

40% of young women and men in Ghana report that they are not aware of any support available to help them cope and recover from the secondary effects of COVID-19. Of those who have access to support, it is mostly focused on the most urgent and short-term needs, such as provision of emergency aid and supplies. 10% of youth report relying on support from family and friends (Figure 19).

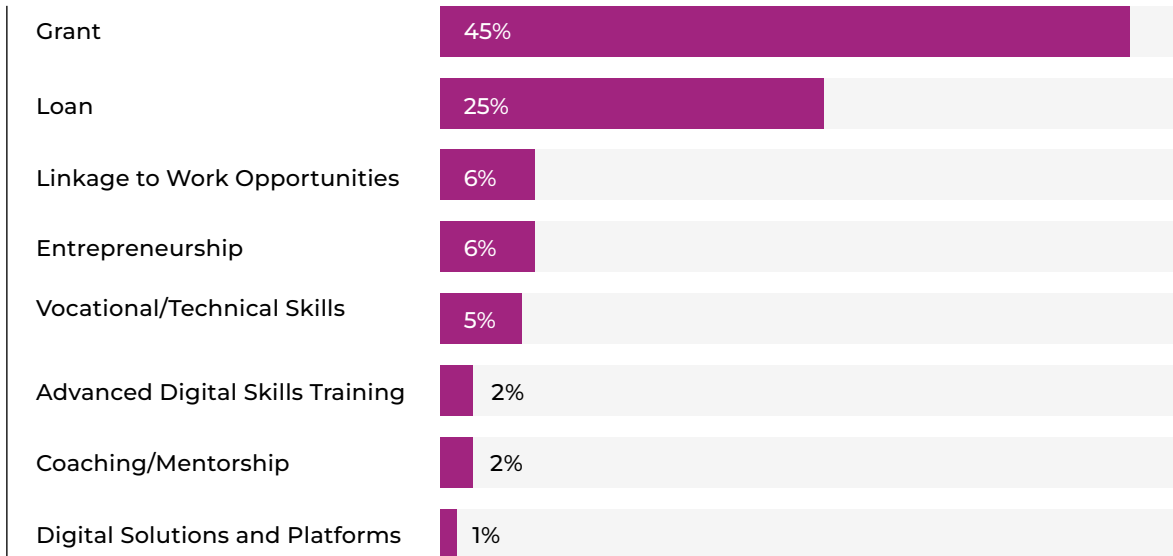
FIGURE 19:
Sources of support



The supports that youth have access to do not match their needs, with the majority of youth indicating they need financial support in the form of grants or loans to recover economically. Respondents also indicate they need linkages to new work opportunities and training in entrepreneurship and vocational skills to help them get back on their feet (Figure 20).

FIGURE 20:

Support needed



Ghanaian entrepreneurs report they need, on average, \$3,704 of capital to recover their businesses post-pandemic.



\$3,704

Average capital needed for recovery

\$833

Median capital needed for recovery

\$51

Minimum capital needed for recovery

\$108,000

Maximum capital needed for recovery

Conclusions

The COVID-19 pandemic has revealed access to digital technology and the opportunities it affords is unequal and needs to be addressed.

- + Digital technology solutions and products should be localized where possible and take connectivity challenges and economic barriers into account. Youth also need support to optimize existing digital services for their livelihoods, including fintech, e-commerce and e-marketing platforms.
- + Youth need to be included in discussions about improving access to digital technology to ensure their barriers and constraints are taken into account in the design of policies and programs.

Short-term emergency support needs to be followed up by recovery programs that promote longer-term recovery and resilience.

- + Governments and non-profits often lack information about what youth need to enable greater livelihood resilience. Youth-led research can help ensure that initiatives are designed to take into account the unique challenges young people face
- + Training and coaching in live skills, business development, and job readiness will help young women and men in Ghana take advantage of emerging opportunities in rapidly changing contexts.

- + Initiatives supporting Ghanaian youth should be decentralized to the regional level. This will ensure diverse social and economic contexts are taken into account, and also strengthen local enabling environments.
- + Young entrepreneurs need targeted support and youth-friendly policies to access higher-income growth sectors, and transition from informal to formal businesses.



#DOTYouth Sharon Elizabeth Morgan

Youth entrepreneurs need support to integrate new technology into their businesses in ways that respond to digital transformations that COVID-19 has accelerated. Women entrepreneurs need tailored support to integrate digital technologies in their business operations.

+ The gender digital divide in Ghana is impacted both by economic and social divisions. Gender sensitive training programs should be designed by young women, and take into account barriers to access and use of digital technology among women business owners.

- + Youth business owners should work with companies designing digital financial services to ensure they are youth friendly, and respond to the financial constraints young people face, including low financial literacy and lack of experience with formal banking institutions
- + Young women and men entrepreneurs need coaching on how to leverage digital marketing and e-commerce platforms to reach new customers and meet new consumer demands.



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