

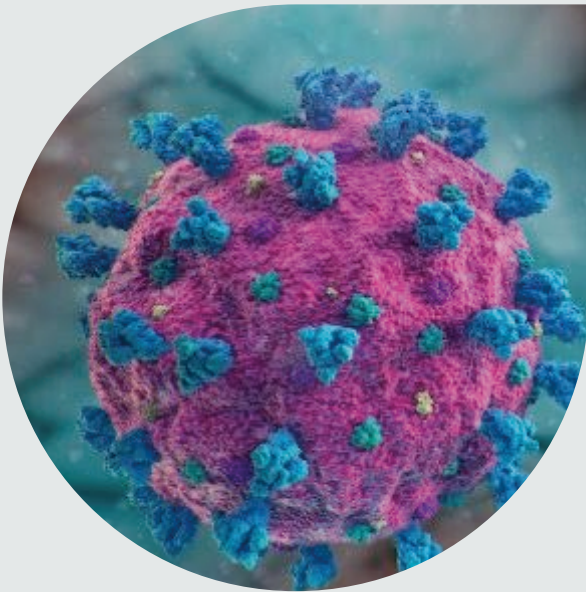


Chamber of
Aquaculture
Ghana



CHAMBER OF AQUACULTURE GHANA

SURVEY OF THE IMPACT OF **COVID-19 (CORONA VIRUS)**
ON BUSINESSES IN THE AQUACULTURE SECTOR OF GHANA



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The Chamber of Aquaculture Ghana conducted a survey of stakeholders in the aquaculture sector of Ghana to ascertain the impact of the COVID-19 pandemic on their businesses. The following report summarizes the key findings of that survey.

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The Chamber of Aquaculture Ghana

ABOUT THE CHAMBER OF AQUACULTURE GHANA

We present research, facts, and policy preferences about the aquaculture sector to persuade government into action. We also advocate for more sustainable production practices and the adoption of modern methods of aquaculture through our partnerships with businesses, academia, host communities of fish farms and relevant state agencies.

SURVEY OF THE IMPACT OF COVID-19 (CORONA VIRUS) ON BUSINESSES IN THE AQUACULTURE SECTOR OF GHANA

1. Introduction

The recent outbreak of the Covid-19 (corona virus) pandemic has had significant impact on the global economy and the reverberating shocks have been felt in Ghana. Unfortunately, the aquaculture sector has been one of the worst hit sectors of Ghana's economy. Businesses operating in the aquaculture sector are in dire straits due to the pandemic. This has compelled governments and organisations around the world to come up with measures to support vulnerable businesses during this pandemic (Gov.UK, 2020; European Commission, 2020). Consequently, the Chamber of Aquaculture Ghana deemed it appropriate to conduct a survey to ascertain the impact of Covid-19 on businesses in the aquaculture sector of Ghana.

2. Methodology

The Chamber of Aquaculture Ghana distributed questionnaires via email to 90 stakeholders in the aquaculture sector between April 2020 and May 2020. The questions in the questionnaire were aimed at understanding the extent to which the Covid-19 had affected businesses in the sector and the type of help they might need to stay afloat. However, only 60 out of the 90 distributed questionnaires were fully completed representing a response rate of 66.67%. The responses were then analysed and interpreted for easy understanding.

2a. Survey Audience

A total of 60 stakeholders in the aquaculture industry in Ghana willingly participated in the survey. The survey participants were mainly fish farmers, fish mongers, fish feed producers, fish health experts, and inputs suppliers. To have a clear understanding of the audience, the size of the respondents was identified using the guidelines established by the state we started by identifying the size of the organisations of the respondents using the guidelines established by the state as can be seen in figure 1 below (Ghana Statistical Service, 2015). The four key organisational sizes identified in the study are:

- Micro-Sized Establishments (not more than 5 employees) – 30% (n = 18)
- Small-Sized Establishments (6-30 employees) – 40% (n = 24)
- Medium-Sized Establishments (31-100 employees) – 20% (n = 12)
- Large-Sized Establishments (more than 100 employees) – 10% (n = 6)

SIZE OF ORGANIZATIONS

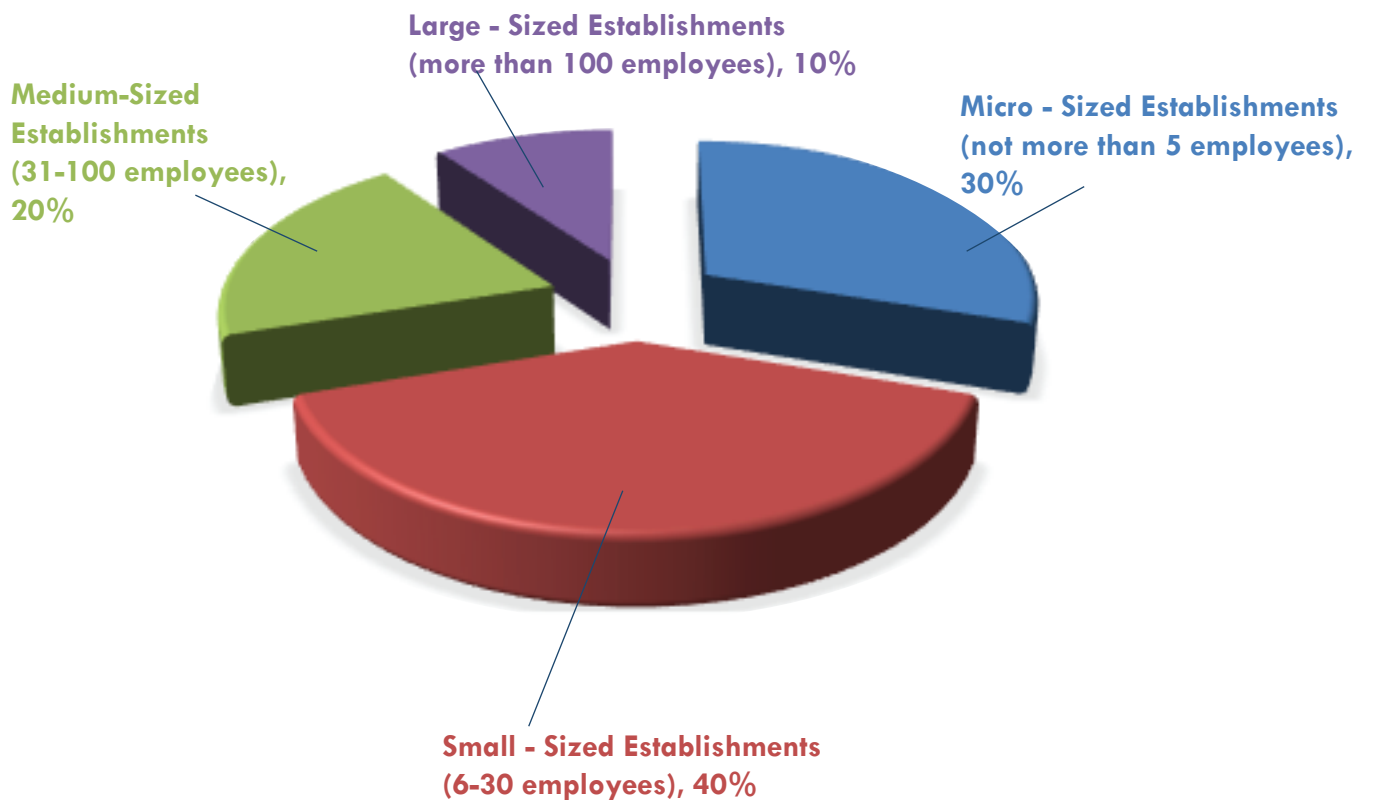


Figure 1: Size of Organisations

3. FINDINGS

After receiving all the responses, they were analysed to gain insight into the real challenges facing businesses in the aquaculture sector due to the Covid-19. A summary of the findings is presented in the subsequent paragraphs.

3.1. The impact of the Covid-19 pandemic on businesses

All the organisations that participated in the survey claimed that their businesses were affected by the pandemic as illustrated in figure 2. Specifically, 70% (n = 42) of the organisations were of the view that the pandemic had significantly affected their businesses; 20% (n = 12) of the organisations were moderately affected; and 10% (n = 6) were slightly affected. In this survey significantly affected was defined as 50% drop in business of an organisation, moderately affected as 30-49% drop, and slightly affected was defined as less than 29% drop in business of the organisation.

IMPACT OF COVID - 19 ON BUSINESS IN THE AQUACULTURE SECTOR

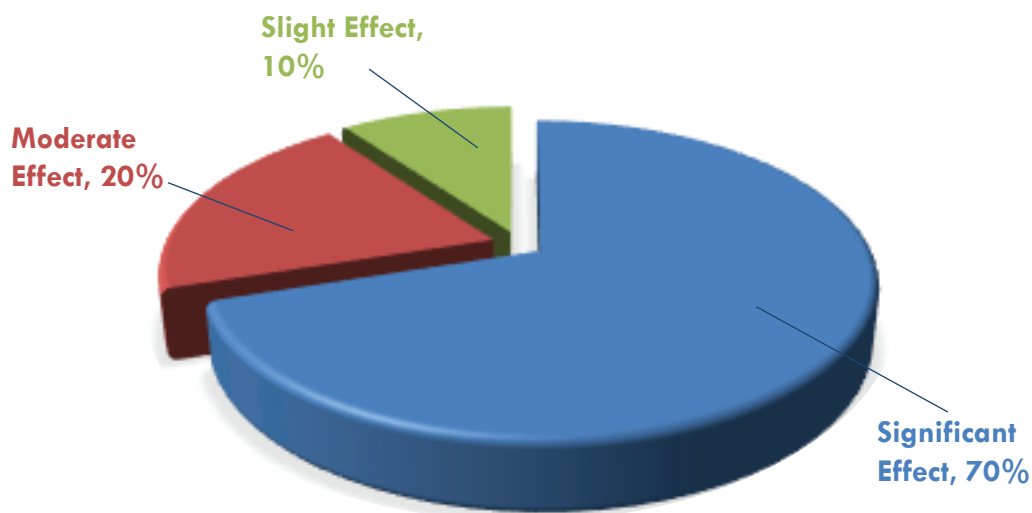


Figure 2: Impact of Covid-19 on businesses in the aquaculture sector

3.2. Functional areas of aquaculture business organisations most affected by the Covid-19 pandemic

Respondents were asked to identify the functional areas of their businesses most affected by the Covid-19 pandemic. Finance, human resources, supply chain/distribution, and production were identified by the participants as the areas within their businesses which were worst hit by the pandemic (see figure 3). However, those who had multiple areas of their businesses affected by the pandemic were also given the option to choose 'most or all the functional areas' as their response. Out of the responses collected, 41.7% (n = 25) of the participants identified finances as the worst hit by the Covid-19 pandemic. This was not surprising as the cash flows of organisations have seriously been affected. Out of the responses collected, 25% (n = 15) selected production, 16.7% (n = 10) selected supply chain, 8.33% (n = 5) selected human resources, and 8.33% (n = 5) selected most or all the above business aspects.

FUNCTIONAL AREAS OF BUSINESS AFFECTED BY THE COVID-19 PANDEMIC (%)

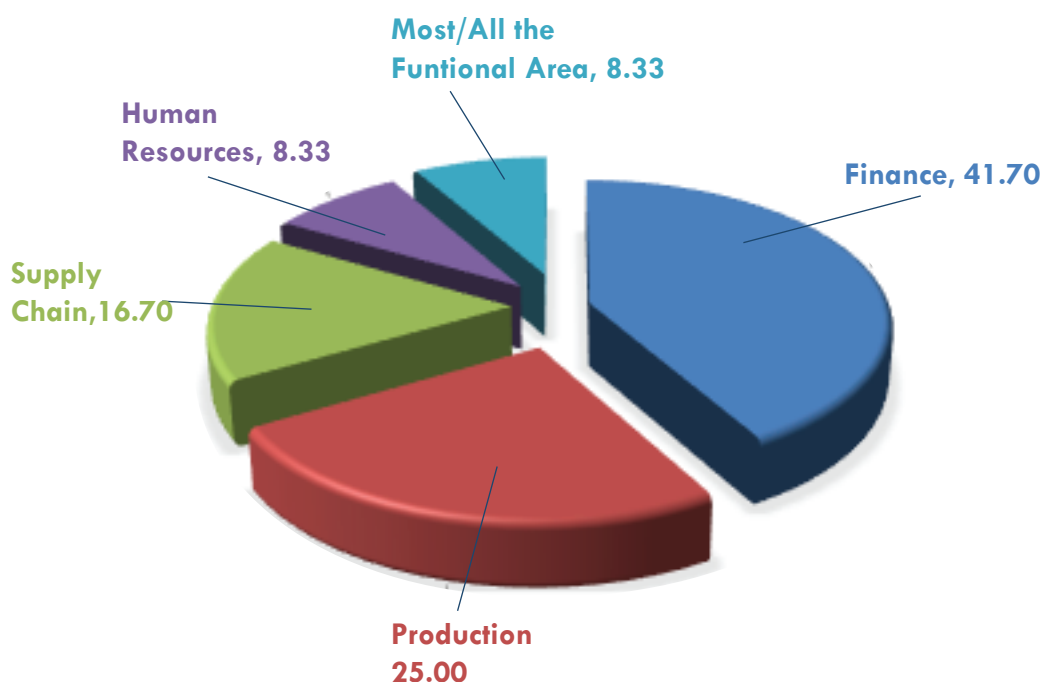


Figure 3: Functional areas of business affected by the Covid-19 pandemic

3.3. The Impact of Covid-19 on production

Responses collected revealed that social distancing protocols and restrictions imposed by the Ghanaian government are having negative effect on production (see figure 4). 40% (n=24) of the participants indicated that they were producing below capacity due to drop in demand of ready fish products. On the other hand, 35% (n=21) of respondents attributed the inability of employees to be very productive at work due to social distancing protocols introduced by the government. 10% (n = 6) of participants reported of the inability of their employees to travel to production sites, and 15% (n = 9) complained about disruptions to purchasing raw materials.

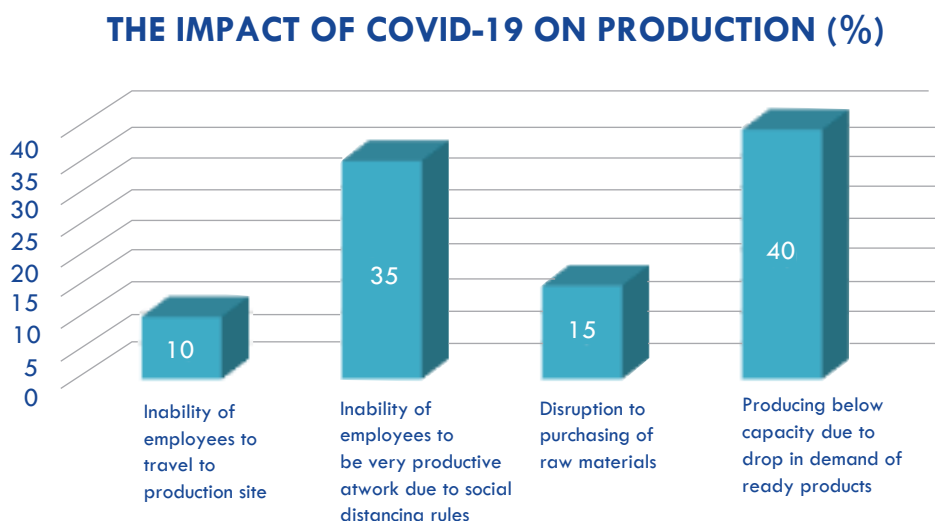


Figure 4: The impact of Covid-19 on production

3.4. Impact of Covid -19 on supply chain and distribution

The Covid-19 pandemic has had significant impact on supply chain and distribution of aquaculture products (see figure 5). 30% (n=18) of businesses reported that the distribution of matured fish had been affected by the pandemic. Another 30% (n = 18) of participants complained about the increased cost of delivering products and services. Additionally, 40% (n = 24) complained of disruptions in the local supply chains. For instance, the lockdown in most of the major cities gravely affected the transporting of inputs to the farms.

THE IMPACT OF COVID-19 ON SUPPLY CHAIN AND DISTRIBUTION (%)

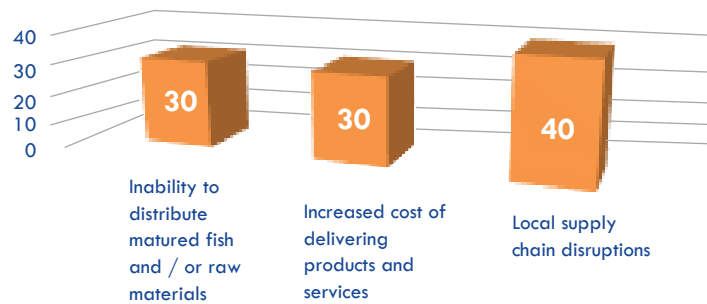


Figure 5: The impact of Covid-19 on supply chain and distribution

3.5. Impact of Covid-19 on finances

Enterprises operating in Ghana’s Aquaculture Industry are witnessing decrease in demand for their products and services. As depicted in figure 6 below, approximately 50% (n = 30) of participants stated that there was a decrease in demand for their products and services since the outbreak of Covid-19 pandemic. Moreover, 30% (n = 18) of research participants have seen an increase in operational cost which has consequently affected their finances. Furthermore, 20% (n = 12) of participants indicated that their businesses were unable to meet their contractual obligations.

THE IMPACT OF COVID-19 ON FINANCES (%)

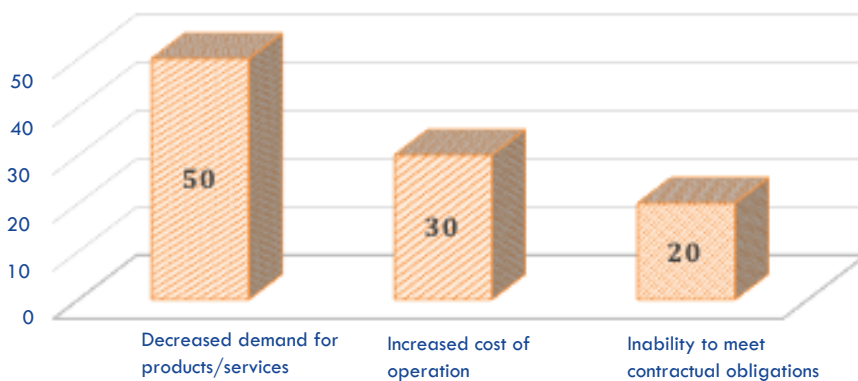


Figure 6: The impact of Covid-19 on finances

3.6. Impact of Covid-19 on revenues of businesses

Dwindling demand for fish products and services has affected the revenues of enterprises operating in the aquaculture sector in the outbreak of the pandemic (figure 7). Approximately 50% (n = 30) of participants posit that their revenues had reduced significantly. Moreover, 40% (n = 24) of respondents were of their view that their revenues had moderately reduced, and 10% (n = 6) participants witnessed slight reductions in the revenues of their businesses.

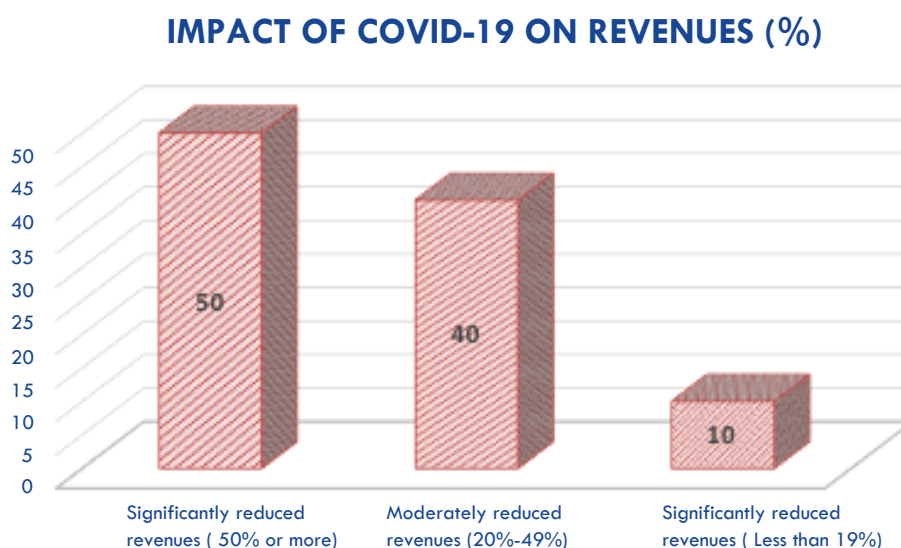


Figure 7: The impact of Covid-19 on revenues

3.7. Impact of Covid -19 on human resources

The human resources of businesses have also been affected by the Covid-19 pandemic as illustrated in figure 8 below. Out of the 60 respondents, 48.3% (n = 29) confirmed that they have recorded reductions in the productivity of their employees. Moreover, 31.7% (n = 19) complained of challenges related to working remotely. Additionally, 15% (n=9) of respondents saw increased staffing shortages. However, 5% (n=3) of participants revealed that the Covid-19 disease did not have any effect on their human resources.

IMPACT OF COVID-19 ON HUMAN RESOURCES (%)

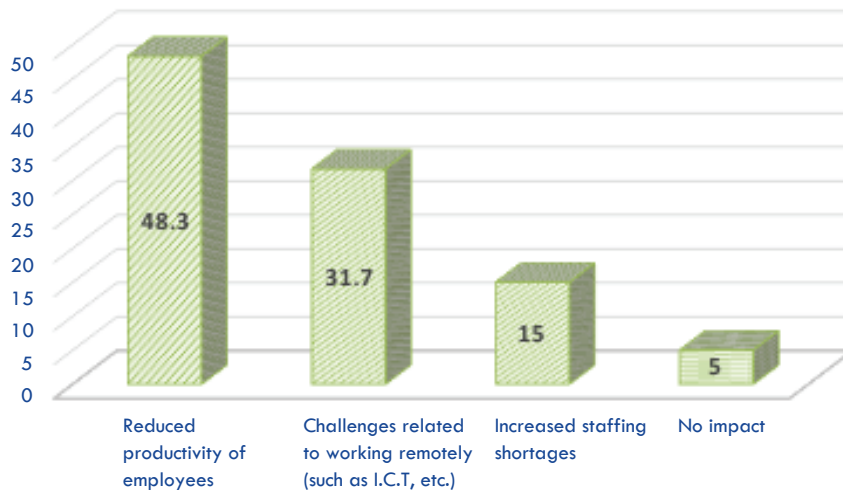


Figure 8: The impact of Covid-19 pandemic on human resources

3.8. Support Needed by Businesses

To alleviate the devastating impact of Covid-19 on the aquaculture sector; respondents were asked to specify the form of support they would like to receive (see figure 9). Out of the responses collected, 50% (n = 30) of respondents asked for credit facilities with low interest rates, 25% (n = 15) demanded that government provides subsidies on raw materials for production, 16.7% (n = 10) appealed for a clear government plan for the aquaculture sector post Covid-19, and 8.3% (n = 5) requested for corporate tax waiver for 2020.

TYPE OF SUPPORT NEEDED(%)

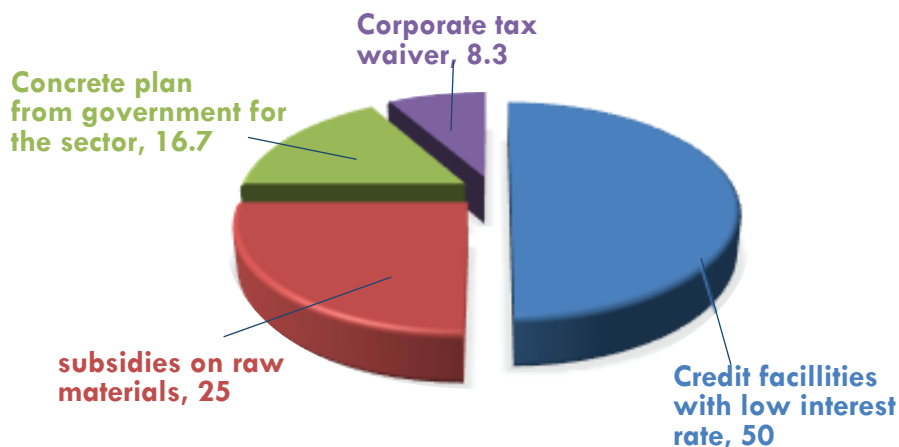


Figure 9: Type of support needed

3.9. Expectations of recovery to pre Covid-19 business levels

This survey attempted to ascertain when the organisations expect their businesses to return to the levels they were before the pandemic (see figure 10). Out of the 60 participants, 15% (n = 9) were very optimistic and expected some level of normalcy by the year 2021. Moreover, 40% (n = 24) and 20% (n = 12) were of the view that their businesses will return to normalcy by the year 2022 and 2023, respectively. Additionally, 10 (n = 6) were of the view that their businesses will return to pre-pandemic levels at some other time in the future. However, 15% (n = 9) were very pessimistic and believed that their businesses will never return to the levels they were before the Covid-19 pandem

EXPECTATIONS OF RECOVERY TO PRE COVID-19 BUSINESS LEVELS

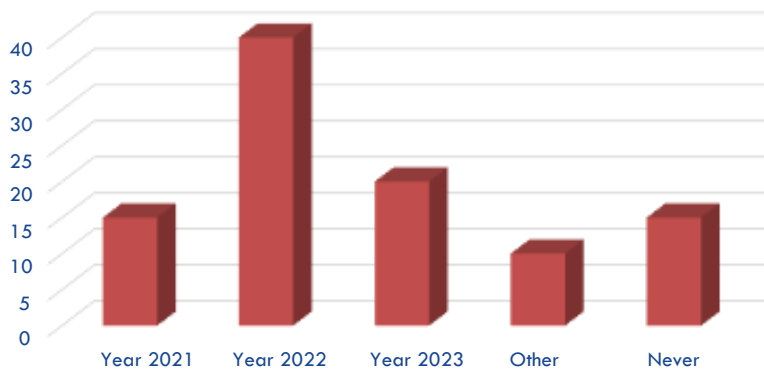


Figure 10: Expectations of recovery to pre Covid -19 business levels

4. Discussion

This survey has shown that businesses are struggling due to the on-going Covid-19 and the consequences of the pandemic could linger for many years. This is expected to greatly diminish the revenues of businesses in the aquaculture sector. Due to the restrictions imposed on social gathering by the government, this is likely to drastically affect staff productivity because in aquaculture sector, very little work can be done remotely. Thus, employees are often more productive when present at their farms, offices, or sales points to engage directly with other stakeholders. Moreover, the pandemic is expected to impact businesses in terms of sales and revenue as demand is likely to drop. Furthermore, the Covid-19 pandemic is expected to lead to an increase in production cost as farmers have been compelled to continue feeding their matured fish because there is significant drop in demand for aquaculture product as a result of Ghana government's restrictions on tourism, hospitality and social gathering.

5. Conclusions & Future Research Directions

Research has shown that the aquaculture sector of Ghana if given the needed support has the potential to reduce the unemployment rate in the country and generate extraordinary revenues for the country (Aheto, Acheampong & Odoi, 2018). However, the outbreak of Covid-19 has indeed affected the aquaculture sector in Ghana. The Covid-19 pandemic has exacerbated the already dire situation of businesses in the aquaculture sector leading to even the collapse of some businesses. Specifically, it has affected fish distribution, demand for aquaculture products, disruption to fish production and deployment of human resources due to social distancing protocols and other measures introduced by the government. There is growing evidence that businesses are incurring higher production cost due to unsold live fish stock. Moreover, a chunk of workers employed in the aquaculture supply chain (such as fish production, fish processor, vendors, transport workers and fish distributors) have been laid off. There is also a decrease in demand for aquaculture products partly due to restrictions imposed on tourism and the hospitality industry. Albeit many businesses have been severely affected by the pandemic, its impact on micro enterprises and small enterprises have been very devastating as many of them are struggling to sustain their businesses due to the decrease in revenues. It is the hope of the Chamber of Aquaculture Ghana that this survey has given some insight into the plight of businesses in the sector. The Chamber of Aquaculture Ghana is calling on the Ministry of Fisheries and Aquaculture Development (MoFAD) to initiate processes in establishing an Aquaculture Development Fund given the peculiar nature of the sector. Moreover, MoFAD should also lead the way in securing review of Act 905 Customs (Amendment) Act, 2015 for tax exemption on agriculture imported inputs to include fish feed raw materials. Tax exemption on fish feed raw materials will drive down cost of fish feed and sustain production after post Covid-19. Also MoFAD should collaborate with all stakeholders to develop Post Covid-19 strategy for the Aquaculture Industry.

Furthermore, the government should assist affected businesses in the aquaculture sector to recover from the Covid-19 pandemic as it is being done in other countries around the world. Finally, based on the findings of this survey, future studies could investigate the specific production challenges and the types of supply chain and distribution challenges faced by businesses in the aquaculture sector due to Covid-19.

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Thank you to all who participated in this survey.

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