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UPDATE ON THE SOCIO-ECONOMIC SITUATION FOLLOWING COVID-19 OUTBREAK IN THE GAMBIA

INTRODUCTION

The coronavirus also known as COVID-19 has been rapidly spreading globally since December 2019 when it was first discovered in Wuhan, China. It has since been declared a global pandemic by the WHO and as at March 25th, 2020, there have been 413,467 confirmed cases and 18,433 deaths. The Gambia registered its first case on March 17th, 2020, an imported case but this has increased to 3 confirmed cases (all imported) and 1 death within the space of one week. The Minister of Finance and Economic Affairs stated that the economic impact of the COVID-19 outbreak would be a loss of GMD2.5 billion and that the economy will shrink to by 3 percentage points to 3.3 percent from a projected growth rate of 6.3 percent in 2020. This will also have implications on the budget and net domestic borrowing negatively impacting the concessionary fiscal stance the Government had been undertaking in recent years.

DEVELOPMENTS FROM COVID-19 OUTBREAK

A number of developments have taken place since the first reported case in The Gambia which will have significant implications on the economy and society of the country:

- The Government suspended non-essential travels by Government officials, including Ministers, Permanent Secretaries, Managing Directors and Directors of all Ministries, Departments and Agencies.
- All public gatherings have also been suspended. This includes international and local conferences, workshops and seminars to be hosted in The Gambia. Lumos (open markets) and Gamos have also been suspended for 21 days.
- The Truth, Reconciliation and Reparations Commission suspended its hearings and activities while court proceedings have also been suspended, impacting the justice sector.
- All schools, including universities, madrassas and daras or majilis have been closed from 18th March 2020 for 21 days.
- All travelers from hotspot countries are to be isolated for 14 days upon arrival in The Gambia. The border between The Gambia and Senegal was closed on Monday 23rd March 2020 for a period of 21 days but the closure will not affect essential services, such as movement of security personnel, foodstuff, medical services, related items and equipment between the two countries. Senegal is The Gambia's only land neighbor and all ground trade between The Gambia and the rest of world essentially has to pass through the Senegambian border.

- A joint press release by the Ministry of Trade, Industry, Regional Integration & Employment and the Ministry of Justice informed the public that the President had promulgated the Essential Commodities Emergency Powers Regulations, 2020 to maintain the prices of essential commodities and to prohibit the hoarding of the same amid fears of rising food prices and potential shortages while also prohibiting the re-export of these commodities and petroleum products.
- The Government has asked all non-essential workers to stay home as measures to contain the spread of COVID-19 continue.
- The Government approved a GMD500 million COVID-19 Emergency Fund. The Government also produced a National COVID-19 Response Plan with an indicative budget of US$8.8 million to address the situation in the country. The UN System in The Gambia is providing support in all areas of the response including coordination, case management, logistics and safety, epidemiological and laboratory surveillance, risk communication and social mobilization and psychosocial care and support. The UN is also working with the Government to kickstart recovery efforts mainly to safeguard livelihoods and sustainable development progress.
- The Jack Ma Foundation, Ali Baba Foundation and the Prime Minister of Ethiopia have committed to providing medical supplies and medical equipment to each of the 54 countries in Africa. Each country will receive 20,000 test kits, 100,000 face masks, 1,000 sets of protective clothing and 1,100 sets of protective shields. The supplies for The Gambia will be arriving on 28 March, 2020.

STATUS OF THE HEALTH SECTOR IN THE GAMBIA

The healthcare structure in The Gambia is characterized by three service delivery levels namely Primary, Secondary and Tertiary. The primary healthcare level focuses more on villages with a population of over 400 people where a Health Worker and Traditional Midwife will be initially trained and assigned to deliver primary healthcare to their village of responsibility. The Village Health Workers (VHWs) are assigned the role of maintaining the supply of essential drugs, the provision of outpatient care, making home visits and carrying out health education programs. The traditional birth attendants conduct deliveries and identify and refer at-risk mothers. At the secondary healthcare level, medical care is provided by the large and small health centres which are around seven main government-run and private health centres. Each facility has its resident nurses, doctors and ancillary staff. Until recently, Minor Health centres had only registered and enrolled nurses and other support staff. These facilities provide out-patient services and in-patient services at a small scale. Dispensaries, on the other hand, are staffed by enrolled and community health nurses. However, at the tertiary healthcare level, services are delivered by four main referral hospitals where are located in Banjul, Farafenni, Bwiam and Bansang. The Edward Francis Small Teaching Hospital (EFSTH), located in Banjul, is the main referral hospital offering specialist consultant services. With the outbreak of COVID-19, there is urgent need to strengthen the health system governance structure and further facilitate access to health facilities for the people, especially the most vulnerable and those at greatest risk. This will involve strengthen infrastructure as well especially road infrastructure.

GLOBAL DEVELOPMENTS

The Gambia has a small, undiversified economy heavily reliant on tourism, trade, remittances and substance agriculture. The country is heavily dependent on imports from abroad to sustain the economy with some of the main imports being fuel and oils, iron and steel, cereals, sugars, vehicles and cement. Imports amount to about 32 percent of GDP compared to 7 percent for exports. Looking at trade over the course of the year, trade is usually heaviest in the periods during Ramadan and Tobaski which take place in late April and late July this year respectively. The closure of land and air spaces will have a significant negative impact on trade. Wholesale and retail trade accounts for about 33 percent of GDP and a significant negative shock will have an equally negative effect on the country's growth outlook in 2020 and beyond.

The Gambia's largest trade partner is Cote D'Ivoire, a fellow ECOWAS member, as that is where the country imports the majority of its fuel products. Any decline or shortage in fuel will also have ripple effects throughout the Gambian economy from agriculture, to manufacturing, to electricity generation to tourism. The spread of COVID-19 will make access to commodities such as fuel difficult as not only The Gambia but other neighboring countries are also taking protective measures and closing their borders.

Outside of Africa, The Gambia's largest trading partner is Europe (about 25 percent of imports) also severely affected by the COVID-19 outbreak. The Gambia's main trading partners in Europe include the United Kingdom and Spain and the absence of these markets will negatively impact trade both in terms of imports of goods and export earnings leaving the country with an even greater trade deficit than US$45.8 million (2.6% of GDP) registered in 2019.

The COVID-19 outbreak also places uncertainty on global food prices which is the main determinant of inflation in The Gambia. Rising global food prices due to production declines as expected will severely impact The Gambia's steady inflation situation, its exchange rate stability and its import cover in terms of gross external reserves.

In terms of remittances, with developed nations in which a number of Diaspora Gambians live also facing the negative effects of the COVID-19 outbreak, especially Europe and USA, remittances from abroad are sure to decline worsening the situation for many dependents in country.

BANKING SECTOR

The banking system had been adequately capitalized, liquid and profitable with a capital adequacy ratio of 31.5 percent in December 2019, the ratio of liquid assets to total assets at 61.1 percent and the ratio of non-performing loans to total loans low at 4.6 percent. The first impact is that with unemployment sure to rise given the disruption of the tourism and hospitality industry amongst others, non-performing loans are also sure to rise an unwanted effect for the banking industry. At the last Monetary Policy Committee Meeting in February 2020, amid fears of the impact of COVID-19, the Central Bank reduced the policy rate

to 12 percent. With the policy rate falling, this will also lead to a fall in savings rates which banks rely on to acquire customers and drive deposits. However, the negative impact of the Coronavirus on businesses presents the banks (13 in the country) to generate goodwill with SMEs and economic actors by providing financial assistance to affected businesses to help them weather the storm and increase their customer base once the outbreak is over. The Coronavirus outbreak will also increase the need for Government borrowing and banks can capitalize on this through the issuance of Treasury Bills as was done in the years prior to 2017.

TOURISM SECTOR

The closure of hotels, restaurants, and evacuation of tourists in the country whilst the country is in midst of the tourist season and was already dealing with the shock of the Thomas Cook bankruptcy will certainly have a negative impact on the tourist industry. The ramifications will also permeate throughout the economy and society as businesses such as travel agencies will also be affected, and many people will lose the livelihoods and source of income as tourism is the largest FX earner for the country. The Gambia Tourism Board stated that the industry has 42,000 people benefitting from direct employment in the tourism industry and the industry contributes 18 to 20 percent of GDP. The GTB, Ministry of Tourism, Gambia Bureau of Statistics and UNDP were working on a satellite account to establish the true empirical data to inform the country of the importance of tourism to GDP. The forecast was 20 to 25 percent indicating the significance of the tourism sector to the economy and the significant negative effect on GDP, employment and foreign exchange earnings as a result of COVID-19.

EDUCATION

The closure of schools has affected over 67,000 children in The Gambia. This is only the number from Early Childhood Development to senior secondary school not including tertiary education where there are about an additional 6000+ students. The implications are that it will be difficult for schools to achieve 100 percent school contact hours in 2020. The Ministry of Basic and Secondary Education have been using innovative methods such as the use of media platforms for children to have access to education while being at home. The Gambia had been making significant progress on SDG 4 on Quality Education especially in terms of Gross Primary Enrolment Rates. A huge worry is that of special needs children as well as children who do not have access to media platforms at home, as often these children are left to play in the streets which is extremely dangerous in the current climate.

RELIGION AND CUSTOMS

Religious leaders have offered to suspend congregations – the Christian Council has suspended all church services while the Supreme Islamic Council has ordered all imams to suspend congregation in mosques until the COVID-19 situation is improved. The enforcement and public acceptance of these measures will go a long way in curbing the spread of COVID-19. Religious gatherings play a large role in the lives of many

Gambians, but suspension of these activities for 21 days will help social distancing efforts that have been proven effective in other countries in curbing the spread of the virus.

MSMES

MSMEs are the backbone of the Gambian economy and the engine of growth for inclusive and sustainable development. MSMEs in The Gambia are the driving force to the attainment of the SDGs, 71 percent of MSMEs are in the informal sector and they employ 95 percent of the informal sector workforce. Most workers in the MSME sector rely on daily activity to sustain themselves and their families. The impact of the closures brought on to mitigate the spread of COVID-19 will negatively impact these individuals and business more than anyone. A potential lockdown would be even worse as it would induce many people into poverty instantly and erase many of the gains made in terms of entrepreneurial and private sector development. A stimulus package to the extent the Government can manage it would be a useful remedy to support MSMEs during this difficult period. The majority of informal sector workers are women and protecting the economic empowerment of Gambian women has to be of utmost priority at this time given its implications on families and poverty reduction.

IMPACT ON PEOPLE

The impact of the COVID-19 outbreak on the people of The Gambia is of the utmost importance. Safeguarding the lives of the people especially the poorest and most vulnerable is the immediate priority of the Government and the United Nations. Given that almost half of The Gambia's 2 million population (48.6%) are living below the poverty line, a large number of the population is still vulnerable to shocks and a crisis like COVID-19 will move most of the vulnerable populations back into poverty while increasing vulnerability for others. In such situations, women and children tend to be more adversely affected mostly because of the gendered nature of the informal sectors. The Gambia is also facing an employment crisis with an unemployment rate of 35.2 percent. Female and youth unemployment are even higher at 57.1 and 41.5 percent respectively. With the COVID-19 outbreak creating an even more turbulent economic environment, many more people will enter unemployment and find it difficult to secure jobs.

The Government will have to take into account the people when instituting policy measures to combat the spread of COVID-19. For example, the possibility of lockdown might lead to increased problems as many Gambian households are ill prepared for self-isolation/staying at home (access to electricity, water, sanitation). Most people live their lives through daily earnings so a total lockdown may not be as effective as it is in more developed countries. A measure the Government can consider would be to declare a state of emergency and instill a curfew, which would allow people to conduct business and protect their livelihoods albeit with caution.

UN SUPPORT

The UN System in The Gambia is providing support in all areas of the response with the UN Resident Coordinator chairing the crisis management team including coordination epidemiological and laboratory surveillance, case management, logistics and safety, risk communication and social mobilization and psychosocial care and support. The UN is also working with the Government to kickstart recovery efforts mainly to safeguard livelihoods and sustainable development progress.

The UN COVID-19 Response and Accountability Framework consists of the Programme Response Working Group led by WHO, the UN Business Operations and Medical Support led by UNOPS, Risk Communication and Community Engagement led by UNICEF, Logistics led by WFP and Recovery led by UNDP.

UNDP is leading the Recovery Working Group with membership from the UN-RCO, the World Bank, the IMF, WFP, FAO, UNICEF, UNFPA, IOM, UNCDF, UNAIDS, ITC and Government partners with the purpose of consolidating the United Nations efforts in limiting the negative impact of COVID-19, developing strategies for ensuring recovery and building back better while safeguarding SDG progress for The Gambia. A consultant will be hired to conduct a comprehensive socio-economic impact assessment for The Gambia starting with short-term impacts and recommendations for mitigation and recovery and eventually looking at medium- to long-term impact and mitigation measures.