



Poverty Reduction Forum Trust's (PRFT) Discussion Paper on the Social and Economic Implications of Corona Virus Disease (COVID-19) and Financing Options for Zimbabwe

Introduction

With Zimbabwe confirming its first COVID-19 positive case on March 20, 2020 and the second positive case confirmed a day later on the 21st of March, 2020, concerns has been raised over the country's preparedness. The death of the second confirmed case and the allegations that followed from the deceased's family that suggested that the hospital is not fully functional due to non-availability of essential equipment such as ventilators, medicine and oxygen. The death has since galvanised other stakeholders including citizens and the private sector into action with donations of equipment such as ventilators and Personal Protective Equipment (PPE) among others, refurbishment of hospitals that have been lying idle, citizens' crowdfunding initiatives and other activities.

This discussion papers aims to review the measures that the government has undertaken thus far and assesses possible future interventions looking at the social and economic impact of these measures especially on the poor and most vulnerable members of the community including persons with disabilities, the elderly, women and children. The paper aims to open up discussions on potential recommendations that the government should take on board to ensure that no one is left behind in the fight against COVID-19.

Zimbabwe COVID-19 Measures

The Zimbabwe government has introduced a number of measures since the COVID-19 outbreak including the declaration of COVID-19 pandemic as a State of National Disaster, the Covid-19 national preparedness and response plan and other restrictions measures such as the National lockdown.

State of National Disaster

The President declared the COVID-19 a State of National disaster on the 17th of March 2020 to enable the Government to mobilise resources towards COVID-19

response. Other measures included postponement of national events including the Zimbabwe International Trade Fair (ZITF), all independence celebrations, and banning of public gatherings of more than 100 people for 60 days which was later reduced to 50.

Schools and tertiary institutions (colleges, polytechnics and universities) were forced to close earlier on Tuesday, 24 March, 2020, as a precaution against the outbreak and spread of Coronavirus.

Second round of Measures

Government introduced new measures to combat COVID-19 on the 23rd March 2020. The measures included the immediate closure for all non-essential travel for both in-bound and out-bound traffic. Returning residents will be subjected to strict screening procedures including rigorous enforcement of the 21-day self-quarantine. Other measure included immediate ban on gatherings around night clubs, bars, beerhalls, movie houses, swimming pools, gymnasiums and sporting activities indefinitely. Additionally, the Government was discouraging unnecessary travel within the country including unnecessary movements beyond homes.

Hospital visits were reduced to one visit by one person per day, while public gatherings have been cut from 100 to 50. While informal markets will remain open, citizens are encouraged to limit their visits while health and security personnel will be deployed to enhance screening services. Government was encouraging automated electronic services to minimise human contact and interface particularly in dispensing essential services such as banking and payment of utility bills.

Potential Measures

Zimbabwe has so far undertaken a phased response to the COVID-19 pandemic. However, the President hinted that the Government will continue to refine the measures informed by the situation on the ground including closing informal markets should the need arise. Lessons from other countries has shown that the once first cases are reported they rise exponentially and can easily get out of hand. According to World Health Organisation (WHO), globally it took 67 days from the first reported of Covid-19 to reach 100,000 cases, 11 days for the second 100,000, and just four days for the third 100,000.

South Africa which is the only African country to have tested extensively, now has more than 1000 cases as of the 27th of March 2020 after administering more than 20,000 tests within three weeks after the first reported case. Zimbabwe on the other hand now has 7 confirmed cases from 185 tests conducted within the first week of the first reported cases. Faced with the reality of increasing reported cases a number of countries have gone into some sort of lockdown where certain activities are

restricted. China has attributed the lockdown measure as one of the key ways that it has managed to contain the spread of the disease with Wuhan, the first city to experience a lockdown now recovering. Other countries that have introduced intense lockdown include, Italy, Spain, India, Rwanda and South Africa among others.

According to the WHO Director General while, physical distancing could buy time by slowing down the spread but there is need for these to be complemented by other measures. The suggested measures includes testing every suspected case, isolating and caring for every confirmed case and tracing and quarantining every close contact. Protection of health workers is also key in the fight against the pandemic.

Chances are high that extensive testing will lead to the number of positive cases increasing which could lead to Zimbabwe following the lead of the countries. However in taking this option, the country faces a number of challenges. The health sector has been struggling as is the economy even before COVID-19. Now with COVID-19 the economy will be hard hit with the major foreign currency earners of tobacco, minerals and tourism affected by subdued demand. Travel restrictions will seriously affect the tourism sector while remittances are also going to suffer due to global economy slowdown and the lockdown taking place in source countries. Manufacturing and retail sector which relies heavily on imports of raw materials, capital and retail goods from South Africa and China will suffer. The US\$1.4 billion Hwange Thermal Power Station and new Parliament building are some of the affected infrastructure projects.

Zimbabwe also has a weak infrastructure including for Water, Sanitation and Hygiene (WASH). Added to that is the fact that Zimbabwe has a highly informal economy and according to ZIMSTAT's Labour Force and Child Labour Survey only 32% of the population is employed in the formal sector with the informal and household sectors having equal proportions of 34% each. Of those employed in the informal sector, the majority (42%) are in the retail trade, sale and repair of motor vehicles and motor cycles industrial group. ZIMSTAT in its Mini-Poverty Income and Consumption Expenditure Survey (PICES) for 2019 noted that people in extreme poverty (using the food poverty line) increased from 30% in 2017 to 38% in 2019. As such the local and international travel restrictions have affected the informal sector.

The above challenges makes the implementation of a complete lockdown a delicate balancing exercise which needs coordinated planning with the involvement of all stakeholders to ensure that no one starves to death during this crucial period. So far the long queues for mealie meal, at banks and public transport renders the ban on large gathering an academic exercise. Should a lockdown be in place it is important that the Government comes up with a better plan for people to buy food and other essentials in a way that promotes the required social distancing for containing COVID-19. The loss of income due to the closure of people's livelihoods also mean that Government will have to set up an expanded social security

Government must also consider Persons with Disabilities, Women, children and other vulnerable groups in the distribution of aid. As other countries are implementing their lockdown, Zimbabwe must take notes to avoid the chaos and extreme human rights violation that are taking place in other countries. Equally important are the measures put in place to cater for the poor especially from India and China which also have a significant population in the informal sector as well as informal settlements.

Water, sanitation and hygiene are key in the fight against COVID-19 thus adequate resources must be channelled towards the area. Initiatives to have facilities for washing hands must be made available at all public spaces in the country.

COVID Financing Mechanism and Fiscal Policy Options

Zimbabwe launched the US\$26 million preparedness and response plan for Corona Virus on the 20th of March 2020. Additionally, the response plan is also being supported by contribution of other development partners and countries including China, United Kingdom, United States of America and others.

Zimbabwe Covid-19 national preparedness and response plan

On the 20th of March 2020, Zimbabwe launched the US\$26 million preparedness and response plan for coronavirus aimed at building an integrated and coordinated strategy on preventing the spread of the virus and mitigating its effects . The country has also received US\$25 million from the Global Fund for fighting COVID-19. Other development partners gave Zimbabwe their contributions for the preparedness and response include the Chinese Government refurbishing Wilkins hospital, the UK Government's Department for International Development (DFID) giving the country £1, 7 million (USD2, 1 million) and the United States of America with UDS\$470 000.

WHO and UNICEF are financing risk communication and capacitation of health workers in Zimbabwe. Mimosa donated thermal detection equipment and Zimplats pledged Information, Education and Communication (IEC) materials. The Jack Ma and Alibaba Foundation donated 20,000 laboratory diagnostic test kits, 100,000 medical face masks and 10,000 protective suits and face shields. As the donations continue to come in there is need for transparency and accountability in the utilisation of COVID-19 resources both from local and external sources to ensure that there is no double dipping and funding gaps are easily identifiable. Measures must be put in place to ensure the right goods and services are acquired at the right prices.

21 Day national lockdown plan

The 21 day national lockdown strategy announced by government as a measure to curb the spread of the corona virus is commendable. However, the strategy should allow critical sectors such as energy, banking, communications, basic food shops to

continue functioning with maximum precautionary measures enforced to protect workers in these sectors. Government should also ensure there is a plan in place to ensure the provision of basic food and sanitation services to the vulnerable groups in society such as the elderly, disabled and orphaned children.

Financing and Fiscal Policy Measures

According to the International Monetary Fund (IMF) governments must prioritise fiscal policies that protect people during the Coronavirus outbreak and targeted fiscal, monetary, and financial market measures to help affected households and businesses. While the World Bank Group and the IMF have unveiled massive financial-support packages to help countries overcome the health crisis, Zimbabwe is ineligible for any bailout packages. The country's high debt makes it difficult to borrow sustainably either in the domestic and external market. There is not much fiscal leg room for the country to come up with a stimulus package as other countries are doing.

However, this does not mean the country must fold its hands but rather is an opportunity for Government to call upon all stakeholders including citizens, Civic Society Organisations (CSOs), political players, business and labour representatives to come up with home grown solutions. Given that COVID-19 will likely lead to an increase in government expenditure and depressed government revenue, there is need for a revised 2020 national budget factoring the new realities.

The revised budget must consider reallocation of resources from suspended projects and less pressing government expenditure towards health expenditure and a social assistance package that will mitigate the negative impact of COVID-19. Health expenditure must focus on personal protective equipment, screening, diagnostic tests, and additional hospital beds.

The Government must also be alive to both equality and equity issues considerations in the distribution of resources. Given the infectious nature of the disease there is need for decentralisation of resources including ensuring that there are fully functional testing equipment, isolation and treatment centres at district level.

There is also need to ensure free access of COVID-19 related services including ambulances during this period. Health access issues for PWDs and people with underlying conditions such as HIV and Non Communicable Diseases must be prioritised. Government must increase the COVID-19 awareness campaign so that it reaches everyone. This will help deal with myths about the disease and also information on how to handle suspected cases without risking increasing new infections.

Fiscal measures must also be considered for the worst affected industries such as the tourism sector, Small to Medium Scale Businesses and informal sector. Other measures could include temporarily lowering of taxes on mobile transactions to encourage the use of electronic money thereby decongesting banking halls which are sources of huge crowds. Government must also consider significant tax deductions to corporates that donate COVID-19 related equipment to public institutions.

Recommendations

The specific recommendations from the above discussion include:

- Ministry of Finance must come up with a revised budget which includes a COVID-19 Fund and reflects the expected reduced government revenue and increased expenditure.
- Revised budget must reallocate resources from suspended projects and less urgent expenditures towards increased health expenditure, increased WASH expenditure and expanded social safety nets (both cash and in-kind) to deal with the loss of income as a result of current restrictions and possibility of lockdown.
- Decentralisation of COVID-19 health related services to ensure all districts have fully equipped and functional isolation and treatment centres with ventilators, testing equipment and personal protective clothing for the health workers.
- Expanded social safety nets to include food packs, temporary energy subsidies, and free COVID-19 health related services including ambulance services for Persons with Disability, the poor, women, children and other vulnerable groups.
- Prioritisation of persons with underlying conditions and challenges such as those having HIV/AIDS, NCDs patients and malnutrition.
- Coordinated humanitarian response from international and local NGOs & facilitation of movement of donated goods from citizens' initiatives.
- Fiscal measures for the worst affected businesses in the tourism sector, Small to Medium Scale Businesses and informal sector and tax deductions to companies that donate COVID-19 related materials to public institutions.
- Lowering of taxes on mobile transactions to encourage the use of electronic money and decongest banking halls.
- Transparency and accountability of COVID-19 resources with regular public updates of funds received and expenditure.
- Government should have a clear communication strategy in place that will inform the citizens regularly on COVID 19 related developments. Correct and reliable information is critical in containing the spread of this virus.

Conclusion

The challenges can only be surmounted if the country shows unity of purpose and speed in implementation of the necessary measures. Government must also ensure that it provides regular and accurate information to citizens to build citizens confidence.