

**EMCOZ Report and Presentation to the IOE in Response to Specific Questions as Indicated Below Made on 9 April,2020 With Respect to Zimbabwe.**

**What Social and Economic Measures Have Been Taken By Government?**

The corona virus scourge has visited Zimbabwe at a time the economy is already in crisis arising from, among other things, a currency crisis where the Zimbabwean dollar is losing value almost on a daily basis, high inflation the latest of which is at a staggering annual rate of 540% and the climate induced devastating effect of Cyclone Idai which caused the death and disappearance of hundreds of citizens, displaced thousands, destroyed infrastructure and ravaged the agriculturally productive province of Manicaland (the province is yet to recover from the devastating effect of this natural calamity).The effect of this cyclone went beyond Manicaland to include neighbouring provinces. This means that the COVID19 pandemic is a crisis within an already existing crisis and this compounds the nature of the problems facing the country.

As Zimbabwe has not been spared by the COVID-19 pandemic the authorities had to respond to try and mitigate the impact of the scourge on the economy and citizens. As at 27 March 2020, the Ministry of Health and Child Care announced that out of the 188 tests conducted, 3 cases were COVID-19 positive, 181 cases were negative, and one death recorded. To date there are more than 300 tests conducted with 11 confirmed cases and 3 fatalities. The mortality rate as a proportion of confirmed cases is very high at almost 30%and newspaper reports suggest that the deaths resulted from inadequate care and preparedness for the pandemic.

**Zimbabwe, COVID-19 response measures by the 23<sup>rd</sup> of March 2020 included:**

- i. Boarder control – banning of all non-essential travel (excluding returning residents) and traffic, both inbound and outbound, except for movement of cargo;
- ii. Ban on entertainment and recreational activities such as nightclubs, bars, beerhalls, movie houses, swimming pools, gymnasium, soccer and other sporting activities;
- iii. Public gatherings – which should not exceed 50 people in the following: religious fellowships, weddings, conferences, workshops and funerals; and,
- iv. Restricted hospital visits which have been reduced to one visit per day involving 1 relative per patient.

In addition to the above, the Government, through advice from the Tripartite Negotiating Forum (TNF) declared the pandemic a national disaster. On the 24<sup>th</sup> of March 2020, the Government received a COVID-19 donation windfall from Jack Ma and Alibaba Foundations namely: 20,000 laboratory diagnostics test kits, 100, 000 medical face masks, and 1,000 protective suits and face shields.

**Subsequent to this, the Government announced additional measures, namely:**

- i. A total lockdown for 21 days starting Monday, 30 March 2020. Only essential movement related to seeking health services, to the purchase and procurement of food and medicines and for other essential supplies and critical services will be exempted from a general travel ban;
- ii. Suspension of all public transport operations excluding ZUPCO (government owned) and Public Service Commission (transport operation specifically for civil servants);
- iii. Security forces deployed to enforce lockdown measures;
- iv. Government and local authorities to ensure regular water supply and sanitary facilities to all areas including refuse collection;

- v. A hotline #2019 for the period to alert health authorities of COVID 19 related emergency assistance ;
- vi. Expeditious COVID-19 testing to be decentralized to provincial centres;
- v. Employers to show compassion to their workforce; among others in terms of relaxation of certain employment contractual obligations including leave and pay.
- vi. Social grants to cover vulnerable groups including the informal sector. A figure of ZWE\$200 (USD8) per person has been proposed but there is a practical difficulty of identifying and classifying deserving vulnerable groups/individuals/households.
- vii. Establishing of a national taskforce led by the Minister of Health and Ministers from economic ministries to coordinate the response strategies to COVID 19.
- viii. Refurbishments to the existing infectious diseases hospitals which had very limited capacity to handle and accommodate critically ill patients in terms of intensive and critical care.
- ix. Appealing for donations from the private sector and international donor community for both financial and material resources needed to combat COVID 19 and establishing a Fund to that effect.
- x. Educating the general public in terms of required standards of hygiene through advertising in both the print and electronic media
- xi. Encouraging the use of sanitisers and wearing of PPE when there is potential or risk of exposure to COVID 19.

#### **What Has Been the Private Sector Reaction?**

Business Member Organisations (EMCOZ, Confederation of Zimbabwe Industries , Zimbabwe National Chamber of Commerce, Chamber of Mines, Zimbabwe Business Council for Tourism) Banker Association of Zimbabwe collaborated on the formulation of possible responses to the pandemic. The BMOs participate in and feed into the national coordination mechanism and task force teams referred to above.

Snap survey is in progress to assess impact of COVID 19 on business operations and recommend a rescue package to businesses.

Negotiate with government measures to support vulnerable businesses to avoid large scale job losses. The measures include grants for immediate cash-flow boost and support prompt payments, tax concessions, holidays in respect of contributions to statutory obligations, rescue and recovery packages as well as labour market related incentives .

Resource mobilisation; so far companies donated resources towards general hospital refurbishments, fuel purchases, clinic facilities, testing kits and ambulance services. A major case in point is the refurbishment of a major hospital owned by the Catholic Church in Harare to make it ready for intensive and critical care with respect to COVID 19 infected and ill patients as a private sector contribution to hospital capacity creation to cater for COVID 19 sick people.

Impact on employees; Employees sent on leave, some working from home, some on reduced working hours and rotation to reduce overcrowding. Non critical staff, vulnerable groups like the aged and expecting mothers as well as the majority of those who use public transport are not reporting for duty and staying at home in observance of social distance and minimisation of risk/exposure.

Mobilisation of PPE to use by employees and those at the frontline of taking care of COVID 19 patients and donating some to government to augment its own equipment.

Working with labour centres and government as a tripartite in terms of formulating policies that would create win/win remedies to both business and employees given the effect of COVID 19.

### **Which Sector Has Been Hardest Hit?**

The full impact of the pandemic on business operations will be known once the survey results are out. However, it is abundantly clear that the tourism and hospitality sector as well as the public transport sector and airlines have been affected the most with some operations completely closed. In the manufacturing sector, capacity utilisation has declined to below 35% on average and other services sector businesses have also been affected by the lockdown induced measures coupled with recommendations to implement social distancing which business owners were already effecting to protect their workers. Cross border informal traders and SMES have also been affected because of border closures and general ban on cross border movements thereby cutting the supply chain to SMES and given the fact that Zimbabwe is landlocked. Major companies in the distribution and supply services have also been disrupted by the closure of borders and suspension of operations by their suppliers in the value chain.

### **How Does Informality and Infrastructure Hamper the Response to COVID 19?**

Social distancing in the informal sector is difficult to implement due to lack of awareness and understanding of the impact of the pandemic. The sector is operating without or with little access to running water, personal protective clothing, sanitizers and other essentials. Informal traders and vendors who constitute about 90% of the working population feel that their livelihoods will be seriously threatened if they are unable to run their businesses as a result of the lockdown and that the proposed compensation will not do much to ameliorate their plight and therefore are breaching the lockdown conditions imposed by government. Rural households who largely depend on agriculture and have limited access to information also do not easily appreciate the objectives of the lockdown as they see this as an unnecessary disruption to their way of life. The reliance on public mass transport makes it extremely difficult for workers to commute to work hence leading to a compromise of social distancing measures as well as restrictions on public transport. The majority of workers in essential services that are supposed to be operating during the lockdown depend on public transport which is not readily available and therefore are finding it difficult to access their workplaces and to negotiate their way to work past police checkpoints and roadblocks mounted to enforce the lockdown. Most transport operators are in the informal sector and are not able to offer their services because of the lockdown and this compounds the problem for essential service workers intending to access their workplaces.

### **How does the Crisis compare to previous crisis?**

COVID 19 being a novel virus whose impact cannot be compared to any other virus is really devastating especially if the end game cannot be predicted by both authorities and the ordinary citizens. There has been crises before like the 2007/2008 economic meltdown, the Idai Cyclone disaster, the sporadic cholera outbreaks of the same period and beyond, the AIDS pandemic before treatment regimes became available, the periodic droughts of 1992 and 2002, the war for liberation leading to independence in 1980 and other catastrophes in the country but none in this century or second half of the 20<sup>th</sup> century have had such devastating effect on livelihoods in Zimbabwe as COVID 19.

### **Recommendations**

**In light of the foregoing the following recommendations are proposed;**

- That government mobilises resources from all possible sources of funding to finance a rescue package for businesses both large and small with a view to resuscitating enterprises that will find it difficult to recover from the effects of COVID 19 including lockdown measures intended to combat the scourge.
- That the central bank comes up with wider and more encompassing stimuli in terms of financial packages that can be accessed by businesses to finance recovery efforts (so far the central bank has offered to reduce statutory reserve requirements by a mere 0.5% from the current 5% to 4.5%) which is inadequate in terms of creating liquidity required to increase banks capacity to finance industrial and services recovery as there is no sufficient pool of financial resources from which to borrow at concessionary rates of interest.
- That the BMO representing commercial banks, namely the Bankers Association of Zimbabwe makes bold and specific pronouncements in terms of what packages and lines of credit they are prepared to offer at subsidised interest rates with a view to assisting businesses to recover. This should extend to postponement of or rescheduling of loan repayments, debt relief and debt refinancing mechanisms that are directed at giving business recovery space and opportunity to re-establish and sustain themselves during the crisis and post the COVID 19 crisis.
- That government invokes the tripartite negotiating social partners platform (TNF) to negotiate labour market interventions and measures intended to save employment and strengthen social protection especially given the fact that only about 10% of the working population has social protection and safety nets while the informal sector workers do not have any form of social protection.
- That government grants concessions such as tax holidays, subsidies, deferment of statutory payments and obligations and suspension of tax penalties so as to provide recovery space to businesses that are currently and will be in distress following the impact of COVID 19.
- That government through SADC partners and other bilateral measures ensures that there is minimal disruption to cross border trade especially the movement of goods from one country to another regard being had to the fact that some countries like Zimbabwe are landlocked and can only access products from offshore through other SADC member states.
- That a special package be designed to ensure a quick recovery of the hospitality, tourism, commuter transport and airlines industries as well as save jobs in those sectors which are currently in limbo and under care and maintenance.
- That government invests more in health delivery and medical care facilities by increasing and upgrading hospital capacities in terms of human resources and health care infrastructure so that it is better prepared to manage not only pandemics and critical/intensive care but generally able to deliver quality health service to its citizenry.
- That government revamps and rebuild its disaster management capacity, preparedness and responsiveness so that in future it is better able to respond and manage disasters of whatever nature and in this respect it also takes into account the input of the tripartite social partners and civic society as well as the general citizenry.

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