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## ZCTU RESPONSE TO THE IMPACT OF COVID-19 (CORONAVIRUS) PANDEMIC ON WORKERS AND THE ZIMBABWEAN ECONOMY, MARCH 31, 2020

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**Abstract:** The objective of this paper is to map out and delineate a labour market response to the COVID-19 pandemic and outline measures to mitigate its impact as well as that of measures adopted to contain it (e.g. national lockdown) on the working people of Zimbabwe. What is particularly critical under such national emergency is that human security is protected as much as possible. This would include ensuring that no employee loses their job as a result of the pandemic and measures to contain it (e.g. national lockdown), that incomes are protected, and where necessary, Government subsidizes employment costs to secure incomes. It is also of great urgency under such extra-ordinary circumstances to ensure that citizens access public utilities such as electricity, water and sanitation as well as vital medical supplies. Given the extra-ordinariness of the context, it would be prudent for Government to waive applicable taxes, and where necessary reactivate the Distressed Industries and Marginalised Areas Fund (DIMAF) in order to save businesses in distress as a result of the pandemic and measures instituted to address it (e.g. national lockdown). In addition, workers in designated critical services would also require special allowances given the abnormal working conditions and health risks.

### 1. Background

COVID-19 (coronavirus) outbreak, which started in China in December 2019 has now been declared a global pandemic. As at 29 March 2020, there were a total of 634,835 confirmed cases, 29,891 confirmed deaths in 202 affected countries, areas or territories<sup>1</sup>. The pandemic has weighed on global economic performance, with varied in-country socio-economic impacts.

Zimbabwe has not been spared by the COVID-19 pandemic. As at 27 March 2020, the Ministry of Health and Child Care announced that out of the 188 tests conducted, 7 cases were COVID-19 positive, 181 cases were negative, and one death recorded.

Governments across the world are putting in place COVID-19 response mechanisms. In the case of 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 and sporting activities;
- iii. Public gathering – 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 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 shield.

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

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<sup>1</sup> <https://www.who.int/emergencies/diseases/novel-coronavirus-2019>

- 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;
- ii. Suspension of all public transport operations excluding ZUPCO and Public Service Commission;
- iii. Security forces may be deployed;
- iv. Government and local authorities to ensure regular water supply to all areas including refuse collection;
- v. A hotline #2019 for the period;
- vi. Expedition of COVID-19 testing to be decentralized to provincial centres;
- v. Employers to show compassion to their workforce; among others.

Whilst Governments globally are putting in place various measures and mechanisms, trade unions and employers across the world are also awake to the impact of COVID-19 on workers and businesses, and were also putting in place preventative and mitigation mechanisms to protect workers during this period. The trade unions and employer organizations had already put in place migratory measures against exposure to COVID-19 infections, namely: allowing workers to work from home, as well as scaling down on activities that have the potential of exposing staff and members to the virus such as cancellation of activities.

Whilst this is the case, it is critical to assess (i) the risks and likely impact of the COVID-19; and, (ii) the impact of the measures stated above on the economy and workers in Zimbabwe as discussed below.

## **2. Economic impacts of COVID-19 on the Zimbabwean economy**

The economic impact of COVID-19 will largely be felt through mechanisms such as trade disruptions, travel bans and closure of borders, low remittances, disruptions in agriculture, manufacturing and other sectors, and exports, depressed Foreign Direct Investment (FDI), disruptions in supply chains and the re-channelling of resources initially meant for humanitarian assistance towards in-country COVID-19 support systems amongst donor countries. These disruptions have the potential to cause fiscal constraints on the Zimbabwean economy. As indicated in Figure 1, the sources of Government's liquidity that include exports (60%), remittances (30%), Foreign Direct Investment (FDI) (5%) and loans (8%) will be negatively affected by the pandemic, with pressures from COVID-19 related global recession worsening the situation.

**Figure 1: Sources and drainers of market liquidity**



**2.1 Trade, especially exports will be disrupted due to depressed global demand caused by COVID-19:** The interconnectedness of Zimbabwe with trading partners such as South Africa, China, USA, and Europe, which have been adversely hit by the pandemic means that the economic slowdown in these countries will impact the country's export performance. The Organisation for Economic Co-operation and Development (OECD) interim economic outlook report of March 2020<sup>2</sup> projected a decline in the world's economic growth from 2.9 percent to 2.4 percent. It further projected that for the Euro area, economic growth would decline from 1.2 percent to 0.8 percent, and that of the G20 from 3.2 to 2.7 percent. Furthermore, the projected fall in Chinese demand, with the contained COVID-19 outbreak scenario, would reduce world Gross Domestic Product (GDP) by 0.5 percent, whilst the downside scenarios would reduce global GDP by 1.5 percent. Hence, slow recovery of these trading partner economies will have a domino effect on the country's agriculture, mining and manufactured exports, further straining the country's economy.

Furthermore, the restrictions or closure of ports and borders by countries in the region and abroad translates to the lock out and / or disruption of revenue flows mainly through trade-related taxes and transport and logistics-related taxes, thereby threatening the income streams of the economy and the already constrained fiscal space.

- **Agriculture exports will be hard hit:** The outbreak and spread of COVID-19 coincides with the country's 2020 tobacco marketing and trading season. Tobacco is one of the country's major foreign currency earners, with export earnings reaching US\$142,2 million by February 2019, an increase of 122 percent from US\$63,5 million recorded in the comparative period in 2018<sup>3</sup>. Sadly, the major importers of flue-cured tobacco, namely China, South Africa, selected European countries, among others are among the hardest hit by COVID-19. Thus, depressed demand and slow recovery in these countries will likely have an impact on the country's export earnings. The same uncertainties also apply to other agriculture exports, particularly, horticulture exports, whose main markets are in Europe.

<sup>2</sup> <https://www.oecd.org/economic-outlook/>

<sup>3</sup> <https://equityaxis.net/2019/02/11/tobacco-exports-surge-by-over-122-percent/>

- **Mixed impacts on the mining sector and mineral exports:** COVID-19 is likely to have a negative impact on the mining sector and mineral exports. Whilst commodity prices of some minerals are likely to decline, gold prices are likely to improve as investors see gold as a safe haven in periods of economic crisis. However, exports of mineral commodities are likely to slow down as a result of depressed demand from China and advanced countries following COVID-19 impact on their economies. Already the lockdown in China has resulted in a decline in demand for steel and iron ore. This is likely to cause a domino effect of commodity prices of such minerals which the country also relies on for export revenue. As an exporter of raw commodities, Zimbabwe is likely to be negatively affected, posing threats to its economic recovery.

**2.2 Remittances will slow down, undermining fiscal space and worsening vulnerabilities of remittance-dependent households:** Economic slowdown in countries where Zimbabwean diasporans are found, is likely to negatively impact remittance (both formal and informal) flows into the country. Remittances have been growing over recent years, becoming one of the key sources of income and liquidity (Figure 1) for the Government and the general populace. For instance, the country received US\$635 million in diaspora remittances in 2019, up from US\$619 million dollars in 2018, representing a 2.6 percent increase. Whilst there are no formal data on remittances through informal channels, clearly, they have served as an important social protection buffer for the majority of households. Thus, any disruptions in remittances will have a double impact on (i) fiscal space; and, (ii) household vulnerability to poverty.

**2.3 Channelling of global resources towards fighting COVID-19 and its impact will leave little or no resources for humanitarian assistance for the country:** The COVID-19 related slowdown in the (advanced) economies that usually provide humanitarian assistance to Zimbabwe has a potential of worsening the humanitarian situation in the country, as most of the advanced economies' resources will now be channelled towards provision of COVID-19 stimulus packages in order to mitigate the pandemic's impact and boost their economies. This means development assistance to developing countries may decline as more countries become more inward-looking. Pre-COVID-19 humanitarian assistance to Zimbabwe was estimated at US\$467.9 million, covering 5.53 million people who were food insecure between October 2019 to April 2020<sup>4</sup>. The country's humanitarian situation is projected to escalate in light of the impact of COVID-19 pandemic.

**2.4 Slowdown in Foreign Direct Investment (FDI):** The outbreak and spread of COVID-19 will negatively affect global FDI flows. The UNCTAD March 2020 report projected a negative impact of COVID-19 on global FDI flows ranging from -5 percent to -15 percent in 2020 (with the effect of the demand shock filtering through 2021). According to UNCTAD, much of the impact will be driven by delayed investment as a result of the global demand shock, with a significant negative impact in economies and industries that are highly dependent on global value chain trade. Given that Zimbabwe is low on the global investment radar, not much is expected in that area, especially at a time FDI inflows had already declined sharply from US\$717 million in 2018 to US\$259 million in 2019.

**2.5 Poor infrastructure to support working from home:** The world of work is being profoundly affected by the COVID-19 pandemic. A number of organisations such as CSOs and NGOs and other businesses are encouraging workers to work from home as a preventative measure against the spread of the disease. However, in the Zimbabwean context characterized by poor supporting infrastructure,

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<sup>4</sup> Humanitarian Appeal Revision: February 2019 - April 2020, [https://reliefweb.int/sites/reliefweb.int/files/resources/ROSEA\\_Zimbabwe\\_HumanitarianAppealRevision\\_06082019.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/ROSEA_Zimbabwe_HumanitarianAppealRevision_06082019.pdf)

including power cuts, unstable internet connections, and high cost of internet data or bundles, the noble measure may not be conducive to promote full productivity, in an already fragile economy.

**2.6 Lockdown will negatively affect the rural economy and livelihoods, increasing vulnerability to poverty:** The lockdown will inevitably disrupt the rural-urban agriculture supply chain. The rural communities play a critical role in the production and supply of agriculture commodities, particularly fresh vegetables to surrounding major cities' and towns' vegetable markets. A typical example is Mbare Musika / Market, and similar markets across the nation. Such an ecosystem sustains employment, incomes and livelihoods for both rural (suppliers) and urban (buyers) population. Whilst open-air food markets and supermarkets will be allowed to operate during the lockdown period, demand for these agriculture commodities will decline as there will be less human traffic due to the travel restrictions. This will result in loss of incomes and increased vulnerability to deeper poverty for people, predominantly women who rely on these markets at a time rural poverty had increased from 84.3 percent in 2011/12 to 86 percent by 2017 (see ZimStat 2017 Poverty Report).

**2.7 COVID-19 impact will slow down the country's economic progress:** The lockdown will inevitably result in disruption of economic activity at a time when the economy is already experiencing a significant slowdown. This is likely to put downward pressure on the projected economic growth which was originally estimated at 0.8 percent by the IMF, 2.7 percent by the World Bank, and 3 percent by the Government for 2020. This follows a negative growth of 6.5 percent in 2019.

### **3. Workers at high risk of COVID-19 and its impacts**

#### **3.1 Workers in service sectors will be hardest hit**

Workers in service sectors such as health, tourism, transport and logistics, and retail sectors are among those that will be hardest hit by the pandemic. This is due to the fact that most of the jobs involve person to person contact, especially consumer industries such as tourism, catering, trade, entertainment and logistics (particularly for small and medium-sized enterprises). Workers in these sectors are at high risk of contracting the virus once they are in close contact with COVID-19 positive customers, clients and guests.

**3.1.1 Tourism and hospitality sector workers:** COVID-19 has a double effect on workers in the tourism sector (particularly for small and medium-sized enterprises). On one hand, workers in this sector are at high risk of contracting the virus once they are in close contact with COVID-19 positive customers, clients and guests. On the other hand, the travel bans, closure of borders and self-isolation has already started negatively affecting especially those in tourist-based towns such as Victoria Falls and others. This is amidst the first reported coronavirus case announced on 20 March 2020 involving a man who returned to his home in the tourist resort town of Victoria Falls from Britain. Additionally, the lockdown on weddings, conferences and workshops will severely impact on companies in the hospitality and tourism sectors. Some operators in this sector have already recorded

The Africa Albida Tourism Group will temporarily cease operations at all its Victoria Falls properties for the next 3 months starting March 31, 2020. The affected businesses include Victoria Falls Safari Lodge, Victoria Falls Safari Club, Victoria Falls Safari Suites, Lokuthula Lodges and The Boma – Dinner & Drum Show.

**Source:** [https://mcusercontent.com/44d89d6770f14113ea889729c/files/ad4c5cf6-bda1-4623-bcc3-1a8a26a448ac/VFSL\\_Closure\\_Trade\\_Release\\_2020\\_final.pdf](https://mcusercontent.com/44d89d6770f14113ea889729c/files/ad4c5cf6-bda1-4623-bcc3-1a8a26a448ac/VFSL_Closure_Trade_Release_2020_final.pdf).

cancellations of bookings and trips by international travelers following the outbreak of COVID-19. Resultantly, workers in this sector who are largely precarious (casual and contract) workers will be negatively impacted through forced leave and loss of income, the majority who could barely sustain decent livelihoods due to eroded incomes on account of exchange rate volatility and high inflation.

**3.1.2 Health sector workers:** Health sector workers are the “frontline soldiers” in the fight against COVID-19 and they too need to be protected as they are at high risk of contracting the disease, especially if they are not well equipped with the relevant and specialised personal protective clothing and equipment (PPC/E), complemented by relevant capacity building programmes (specialised education and training) to deal with the virus. For instance, in Italy, 20 percent of responding health-care workers were infected, and some have died<sup>5</sup>. Already, nurses and doctors are on strike due to lack of appropriate and adequate PPC/E to deal with COVID-19<sup>6</sup>.

**3.1.3 Retail sector workers:** As the case with tourism sector workers, these workers are also exposed to COVID-19 due to the nature of their jobs that involve person to person contact. Worse still, the lock down in industry and business means that the majority of these workers whose work is precarious will lose incomes, exposing them to penury as most already earn low wages. Some retail supermarkets have closed shop due to the virus, thus affecting their employees. Certain companies have started to scale down or close down, giving themselves 14 days before reopening.

Moreover, the lockdown will have an adverse impact on the sector’s supply chain. Downward spiral effect on the suppliers of goods and services to hospitality and tourism sectors such as agriculture and manufacturing sectors will kick in as hotels, restaurants, and lodges subsequently reduce demand of quantities. This will consequently threaten workers’ jobs and income security in these sectors.

**3.1.4 Workers in trade, transport and logistics:** The restrictions or closure of ports and borders by countries in the region and abroad translates to the lock out and disruption of many businesses in trade and transport and logistics, those working on transport systems through which supply chains pass through thereby threatening the livelihood of workers in these industries.

### **3.2 Workers in the informal economy are most vulnerable to the spread and impact on COVID-19**

**3.2.1 High informality is a risk during the COVID-19 period:** The deterioration of the country’s economy and high levels of de-industrialisation has resulted in the exponential growth of the informal economy, as most workers cannot afford being unemployed, amidst high levels of poverty. The 2019 Labour Force and Child Labour Survey revealed that employment in the informal economy grew from 859,060 in 2014 to 975,880 in 2019 representing a 14 percent increase. Similarly, an IMF report of 2018 on shadow economies indicated that Zimbabwe’s share of informal economy at 60.7 percent of GDP ranked third globally after Georgia at 64.9 percent, and Bolivia at 62.3 percent of GDP. Furthermore, the 2019 LFCLS indicated that the share of informal economy employment was 76 percent of total employment, clearly indicating the high levels of informality in the country, a development that has implications for the spread of COVID-19 and its overall impact. Under such

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<sup>5</sup> [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(20\)30644-9/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)30644-9/fulltext)

<sup>6</sup> <https://www.newsday.co.zw/2020/03/covid-19-disaster-nurses-plot-strike/>

conditions, those eking out a livelihood in the informal economy may not be able to avoid going to work in the absence of social protection mechanisms.

**3.2.2 Over-congested informal economy markets and artisanal mining areas, with poor water and sanitation is a COVID-19 time-bomb:** The high levels of informality aggravate vulnerabilities and risks of rapid spread and impact of the COVID-19. The already over-congested informal economy markets such as at Fourth Street in Harare CBD, Mupedzanhamo Market, Mbare Siyaso home industries, Glenview Area 8 Furniture Complex, and many others in various parts of the country, pose high risks of the spread of COVID-19 for the majority of workers in those areas. In addition, there exists many other informal economy workers in the streets trying to make a living in the context of high levels of poverty. Those working in these areas, including artisanal mining areas are exposed to indecent working conditions characterised by poor Occupational, Health and Safety and Environment (OSHE) standards, poor water and sanitation, and insecure incomes. The informal economy employers and workers have difficulty in accessing COVID-19 personal protective equipment (PPE) such as masks and sanitisers given their meagre, insecure and irregular incomes, as well as implement social distancing. Furthermore, the call by the Ministry of Health and Child Care to enhance personal hygiene, including washing hands with soap and water to avoid COVID-19 infection, is difficult to implement in these informal economy workspaces, home industries, artisanal mining areas which either have erratic water supplies or no water supplies at all.

If the gender-lens are factored, the high prevalence of women in the informal economy means that more women are at risk of being infected, with the risk becoming higher given women's gender-roles of caring for the families. It is therefore the responsibility of the Government through Municipalities to implement robust-COVID-19 response mechanisms targeting informal economy workers through social dialogue with associations that represent them, in order to protect the lives of the workers and their families, and the nation at large.

**3.2.3 A lockdown without alternative sources of incomes and livelihood support for informal economy workers may render COVID-19 precautionary measures weak:** The informal economy workers, including artisanal mining, are contributing immensely to the country's economy, employment, household welfare as well as filling the social protection gaps created by the deteriorating economy. Thus, any lockdown will result in enormous disruptions to sources of income. This has a potential to further push workers into abject poverty, as any day's loss in income has ripple effects on livelihoods. Without any other source of income or livelihood support from the government, it could be business as usual in informal economy markets, worsening the vulnerabilities of risk and exposure to COVID-19. Given these circumstances, it may be challenging for informal economy players to sustain a lockdown of 21 days.

**3.3 Hoarding of basic food commodities causing inflationary pressures:** Panic buying before and after the announcement of the 21-day national lockdown resulted in some citizens hoarding basic commodities such as sugar, cooking oil, bread as well as sanitisers. Resultantly, shortages ensued whilst some supermarkets reacted by increasing prices of basic goods, for instance, by as much as 50 percent (from \$44 to \$66 per 2kg sugar packet<sup>7</sup>), at a time when wages and salaries remained stagnant, leaving the majority of workers who are already "working poor" stranded. Inflationary pressures will likely be worsened by increased shortages as most businesses rely on imports, mainly from South Africa.

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<sup>7</sup> <https://www.sundaymail.co.zw/coronavirus-its-not-business-as-usual-anymore>

#### 4. Recommendations

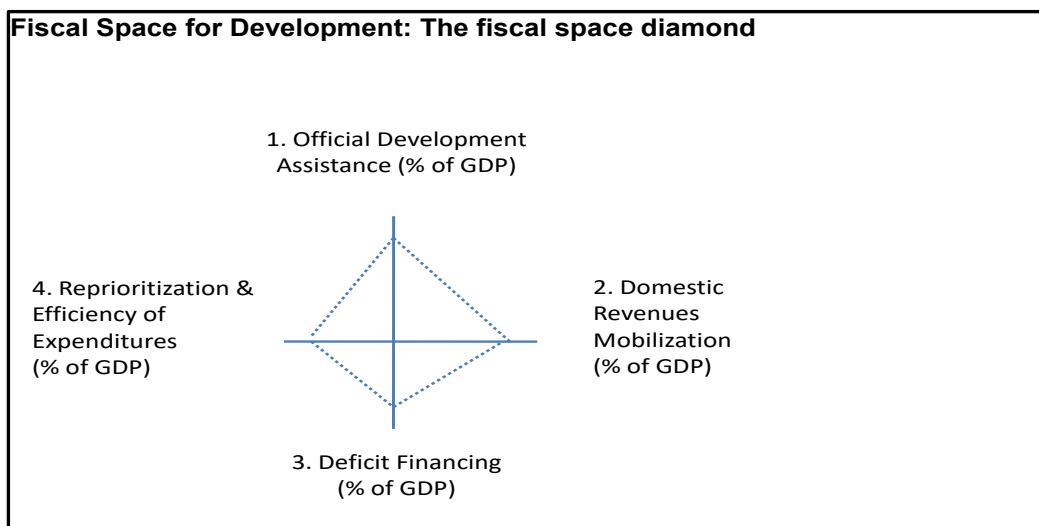
In light of the above, the TNF social partners agree to implement the following measures:

**4.1 Employers in both formal and informal economy to put in place robust COVID-19 mechanisms to protect workers in risky sectors, especially service sectors where there is more person to person contact.** Adopting enhanced COVID-19 OSHE standards, PPC/E, and workplace reorganisation (work shifts) without undermining workers job security is critical. In cases of essential services, there must be a transparent and inclusive TNF approval mechanism to determine all applications for exemptions. Basic minimum conditions for workers attending to essential service should include agreed reasonable hazard allowances, life assurance, medical aid for the workers and their families, safe transport, suitable accommodation to isolate workers in case of infections, agreed workplace access modalities as well as external suppliers' access modalities. These should be undertaken through effective social dialogue and in line with World Health Organisation (WHO) and International Labour Organisation (ILO)

Workers livelihoods and that of their families should not be sacrificed.

guidelines on COVID-19 as well as national protocols. Workplace social dialogue mechanisms such as works councils should take centre stage in developing win-win outcomes and reviewing strategies in the context of new developments as the pandemic unravels. Particular attention should be taken for workers and citizens with disabilities. They need specific measures such as appropriate information dissemination and food distribution

**4.2 Reprioritisation and efficiency of Government expenditures:** Government has four avenues in which it can create fiscal space, namely; Official Development Assistance (ODA), domestic revenues mobilisation, deficit financing and reprioritisation and efficiency of expenditures as indicated in figure below. In the context of lack of international re-engagement, government has limited recourse to the first pillar, Official Development Assistance, and has had to rely almost exclusively on domestic revenue mobilization.



However, out of the four avenues, and in the context of COVID-19 crisis, Government must concentrate on reprioritisation and efficiency of expenditures in order to free-up resources



that can be used to support efforts to deal with direct and indirect impacts of COVID-19 pandemic. Given that this is an emergency and a humanitarian crisis, external support is also a feasible option to complement domestic efforts.

**4.3 Enhanced social protection support:** Since COVID-19 is a global pandemic, it is critical for Government and local stakeholders to draw lessons from other countries on how they are managing the COVID-19 crisis in order to minimize its impact on the economy, and especially protecting citizens and businesses against its direct and indirect shocks. For instance, the Australian Government announced an economic stimulus of US\$10.19 billion, mainly for job security, business continuity and for SME owners; whilst in South Korea its economic stimulus of US\$9.8 billion will focus on vulnerable sectors such as SMEs and others in the informal economy. In USA, the stimuli package of US\$2 trillion includes US\$500 million to be distributed to each taxpayer with an average amount of US\$1,000, depending on income and household size, among other measures. Japan, Canada, South Africa, among others have come up with similar packages.

According to UNCTAD Director, Richard Kozul-Wright, the only choice for Governments is to provide stimuli as adopted by a number of countries.

It is therefore, critical for the Government to be proactive in order to mitigate the adverse impacts of the pandemic on workers, businesses and citizens, the majority of whom depend on the informal economy which has already been disrupted and impacted by the lockdown. Stimuli options can be tailor-made according to the country's Social Protection Policy Framework, whose measures are grouped into five broad categories namely:

- i. Social Assistance
- ii. Social Insurance
- iii. Labour Market Interventions
- iv. Livelihoods and Resilience Interventions.
- v. Social Support and Care.

The 2019 Labour Force and Child Labour Survey indicated that only 2 percent of the population is covered by some sort of social security scheme. This leaves 98 percent of the population vulnerable to the direct and indirect shocks of COVID-19 pandemic. Provision of socio-economic support will also lessen the care burden of women given their gender-roles.

Therefore, the table below presents the scenarios that could inform the social protection floor that Government can adopt to cushion individual employees and households through income support. Scenario 1a uses the Food Poverty Line to benchmark the level of support required to cushion all employed persons (formal and informal), the majority of whom were earning below the poverty datum line. Scenario 1b also targets total employment (formal and informal), and uses the current gazetted minimum wage of ZWL\$2,500 (US\$100) as the basis for compensation. Instead of using the levels of employment, Scenario 2a looks at the projected households in distress based on the estimated 1 million level that Government has used in its social protection framework. Scenario 2b compensates the households in distress (1 million) on the basis of the current gazetted minimum wage of US\$100. These scenarios

provide the lower and upper limits to the social protection floor, and therefore, the resources required to cushion employees from the effects of COVID-19 and the measures adopted to mitigate its impact (e.g. national lockdown).

### Scenarios for Government's COVID-19 social support

Scenarios	No. of Persons	% Population to be targeted	FPL (ZWL) Dec 2019 <sup>8</sup>	FPL (USD) Dec 2019 <sup>9</sup>	FPL @ current rate (ZWL) <sup>10</sup>	Estimated total support (ZWL)	Estimated total support (USD) <sup>11</sup>
<b>Scenario 1a</b> – 95.4% out of the employed in vulnerable employment	2,763,799 <sup>12</sup>	95.4%	1,863	111	2,777	7,675,846	307,033,842
<b>Scenario 1b</b> – 95.4% out of the employed in vulnerable employment	2,763,799	100	2,500 <sup>13</sup>	US\$100	-	6,909,497,500	276,379,900
<b>Scenario 2a</b> - vulnerable households	1,000,000 <sup>14</sup>	100	1,863	111	2,777	2,777,280,859	111,091,234
<b>Scenario 2b</b> – Vulnerable households	1,000,000	100	2,500 <sup>15</sup>	100	-	2,500,000,000	100,000,000

Given the rise in urban poverty and the fact that urban citizens pay for almost all services (rentals, water, electricity, etc) as compared to rural households, it may be prudent to remember this dimension as Government seeks to mitigate the impact of COVID-19, including the lockdown.

<sup>8</sup> ZIMSTAT

<sup>9</sup> RBZ interbank exchange rate USD1:ZWL16.77, <https://www.rbz.co.zw/index.php/research/markets/exchange-rates/13-daily-exchange-rates/811-december-2019>

<sup>10</sup> Calculated as Dec 2019 FPL (USD) multiplied by current exchange rate of 1USD:25ZWL

<sup>11</sup> Using the current exchange rate of 1USD:25ZWL

<sup>12</sup> Calculated from 2019 Labour Force and Child Labour Survey where total employment was put at 2,897,064.

<sup>13</sup> The recently gazette minimum wage.

<sup>14</sup> According to the National Social Protection Policy of 2015, 500 000 households were deemed to be below the Food Poverty Line and eligible for all forms of social assistance. Given the developments since 2015 (droughts, Cyclone Idai, and the pandemic), an estimated figure of 1,000,000 has been applied by Government in its response.

<sup>15</sup> The current gazette minimum wage.

Additionally, the Government should expedite addressing mealie-meal shortages in the suburbs in order to avoid long queues which can be a potential for the spread of COVID-19 infections. There have been unjustified price increases of basic commodities further deepening the suffering of citizens. The Government must subsidise, or control prices of basic food and non-food items such as mealie-meal, cooking oil, sugar, bread, soaps, LPG gas etc.

**Zimbabwean Government can afford COVID-19 stimulus package:** *there is need for the Government to re-prioritise its expenditures and create fiscal space to deal with the impact of COVID-19. Given the humanitarian dimension, Government's efforts should be complemented by assistance from development partners, including crowd funding.*

Countries that have adopted comprehensive stimuli packages have included the following:

- i. support for health services and operational funds to make lockdowns or partial lockdowns effective;
- ii. direct cash aid for citizens to enable consumption and support the domestic real sector;
- iii. Targeting SMEs, the hardest hit economic sector, with loan guarantees and avoiding layoffs;
- iv. the most severely affected sectors on the verge of bankruptcy and that would add to unemployment; and,
- v. lowering interest rates and bank reserve requirements, and tax stimuli for individuals and corporations.

**Government can seek support from development partners.** *Already UNDP, UNICEF, WHO, African Development Bank, among others, are preparing COVID-19 support for affected countries at various levels.*

**4.4 Support to business enterprises:** Support to businesses also means protection of jobs threatened by direct and indirect disruption to businesses, for instance through the 21-days lockdown. Already, some of the companies are suffering from low capacity utilisation (some to as low as between 35-40 percent) and may be further affected by the national lockdown. Government support can be in the form of:

- ✓ *Tax relief measures; and/or;*
- ✓ *A stimuli package for hardest hit sectors such as tourism, agriculture Targeting and manufacturing. Since Government already had the Distressed Industries and Marginalised Areas Fund (Dimaf), this could be reactivated to support companies in distress as has been done in the past, and as recently as 2019. Access should be conditional mainly based on guarantees for job preservation. This facility must be broadened to support the informal sector players taking into account their peculiar circumstances.*

**4.5 Moratorium on retrenchments:** There is need to protect direct and indirectly affected workers by adopting a moratorium / freeze on retrenchments during the lockdown or slowdown in

business activity as such retrenchments would further contribute to socio-economic dislocations. Businesses will be covered by special measures suggested above (*see point 4.4*).

**4.6 Paid Leave and Sick leave:** Non-essential workers must be put in paid special leave not vacation leave. Those infected must proceed in terms of the statutory sick leave.

**4.7 Upscaling of health systems and infrastructure, water and sanitation:** Government must upscale investments in health systems and infrastructure as well as water and sanitation across the country. The impact of COVID-19 must never be underrated. The shortage of water and poor sanitation and weakened health systems in many of the communities across the country will make it almost impossible to deal with the pandemic. The Government must place social service delivery as a higher priority in its operations. Putting people at the centre of development as called for by the Sustainable Development Goals (SDGs) should take centre stage and inform Government's interventions.

Additionally, Government and municipalities must upscale provision of adequate and safe water and sanitation in informal economy workspaces / markets in order to reduce the high risk of spread of the virus.

*Given President Mnangagwa's SONA on Friday 28 March 2020 which directed the Ministry of Local Government to ensure availability of water in all residential areas while councils were required to religiously collect refuse and guarantee sewer reticulation services, **it is critical that these be actioned swiftly.***

**4.8 Subsidisation of essential social services:** Government must consider subsidisation of social services such as water and electricity to households during the lockdown so as to avoid citizens queuing at service providers' offices to pay for these services. This will go a long way in preventing mass gatherings of citizens at one place/ area, and will also alleviate the distress amongst households who hardly have the capacity to meet these expenses.

**4.9 Swift response in decentralisation of COVID-19 information:** Government must expedite decentralisation of COVID-19 information dissemination (cases and response mechanisms) in order to avoid speculation by the public and misinformation.

**4.10 Transparency and accountability in the distribution of COVID-19 related funds and donations, including donations by Jack Ma and Alibaba Foundation.** This also fosters equitable distribution of the commodities in areas of most need. As is well known in Zimbabwe, corruption thrives during crises. Thus, measures must be put in place to curb abuse of COVID-related public funds, donations and aid. Transparency and accountability will enhance the social contract between Government and the citizens.

**Resource Mobilisation:** Our situation is a serious humanitarian crisis and we need coordinated effective resource mobilisation strategy. The government in consultation with multisectoral stakeholders should put in place a resource mobilisation task force. This must reflect our diversity and composed of respected and trusted

**4.12 Reorganizing the informal traders:** Informal traders selling vegetables, tomatoes and other food stuff needed by low income households are very critical in many neighbourhoods. Many families are leaving from hand to mouth and therefore survive on these vendors at the same vein the vendors themselves need to survive with their economic activities. To allow our people to still be active with sustainable incomes it is important that informal traders be reorganized in such a way that they are not crowded and maintain social distance amongst themselves will providing services just like other business outlets in operation.