Impacts of COVID-19 regulatory measures on small-scale and informal trade in Zimbabwe

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Question

1. What is the evidence available on the impact of COVID-19 regulatory measures on internal trade in Zimbabwe? Please focus on both formal and informal sectors.
2. What is the evidence available on the impact of COVID-19 regulatory measures on cross-border SME and informal trade in Zimbabwe?
3. What are neighbour countries doing to protect or support economic recovery of the informal sector.

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1. Summary

As of 19 May 2020, Zimbabwe has 46 confirmed cases of COVID-19 and 4 deaths. A national lockdown has been put in place since 30 March 2020; this was extended indefinitely on 16 May 2020, though the restrictions will be reviewed every two weeks. Zimbabwe’s borders are closed to all human traffic (except returning Zimbabwean nationals and permit holders) but remain open for cargo. The lockdown was relaxed in week 4 to allow some formal businesses and companies to reopen under strict measures. The informal sector, outside of agriculture and farmers’ markets and some manufacturing, remains closed (Machivenyika, 2020). Zimbabwe is not only tackling the spread of COVID-19 but is also facing a severe hunger crisis in 2020, with a major deterioration in acute food insecurity expected (FSIN, 2020).

This rapid review provides a snapshot of the current and recent COVID-19 measures in place in Zimbabwe and how these have impacted on small-scale and informal domestic and cross-border traders. The final section provides some brief information on other Southern African countries' responses to COVID-19 and their economic recovery packages. The information is accurate as of 19 May 2020. The review is limited by the information publicly available and the ongoing nature of the pandemic and Zimbabwe’s response to it, which is still unfolding at the time of writing. Although many international organisations are following developments and monitoring aspects of the COVID-19 response and its impacts in Zimbabwe (such as the Famine Early Warning Systems Network1 and the food crises). Certified empirical data (at regional and local levels) and information on impacts, especially on trade and livelihoods, is not yet widely available. This is further hampered by the availability of reliable data in Zimbabwe more generally. Hence, this review has drawn on newspaper articles and blog posts to get the most recent information and insights on the COVID-19 situation. Therefore, caution needs to be taken when reading information from these sources as these articles may be subject to inaccuracies or biases. This review has attempted to highlight where possible the type of literature the information has been taken from. More academic and practitioner-based papers were used in the sections discussing the importance of small-scale trade and informal cross-border trade to livelihoods in Zimbabwe. Hence, this review is not exhaustive.

Key findings include:

Importance of informal and small-scale cross-border trade:

- The informal sector in Zimbabwe sustains many families’ livelihoods; many who work in the formal economy augment their income through informal sector activities (Chagonda, 2020). Reliable information on the informal economy is scarce, but a large number of Zimbabweans make a living in this sector (estimated at 94.5% in 2014 (IMF, 2016)).

- The informal economy in Zimbabwe contributed on average 61% towards the country’s GDP over 1991 to 2015, making it one of the largest informal economies in the world (Medina & Schneider, 2018). Informal economy activities in Zimbabwe have grown significantly over time.

- Women and youth make up the main actors in the informal economy. The main informal sectors in which women are participating in include cross-border trade, vending, agriculture, retail, manufacturing, and artisanal mining (LEDRIZ, 2017).

1 See https://fews.net/southern-africa/zimbabwe [accessed 15/05/2020]
Informal cross-border trade (ICBT) (also known as small-scale cross-border trade) is pervasive in Africa. Estimates of the importance of ICBT in Southern Africa vary due to its rather loose definition, but they all indicate that it constitutes a significant part of total intra-African trade. Afrika and Ajumbo (2012) estimate that ICBT contributes between 30-40% of total intra-Southern African Development Community (SADC) trade.

One of the key benefits of ICBT is the employment creation potential. Revenues are often the main source of income for the households of cross-border traders (Brenton & Soprano, 2018). ICBT also offers supplementary family income, assists in eradicating poverty and is more responsive to shocks compared to formal trade (Koroma et al., 2017). Further research is needed on its long-term developmental impacts.

Negatives associated with ICBT include corruption, harassment, sexual abuse and confiscation of goods (Koroma et al., 2017). Stuart (2020b) highlights that the costs of formal clearance for informal traders can be prohibitive, due to regressive duties structures and complex clearance procedures.

Typically, women represent up to 70% of ICBT in sub-Saharan Africa, trading a variety of commodities (Afrika & Ajumbo, 2012). 90% of all ICBT in the 1990s in Zimbabwe was conducted by women (Ndelela, 2006 cited in Bouët et al., 2018: 27). Another study found that over 65% of ICBT traders were women between Zimbabwe and South Africa (Lesser & Moisé-Leeman, 2009: 16 cited in Bouët et al., 2018: 27).

Impacts of COVID-19 measures

The lockdown has confined millions of people reliant on informal economic activities to their homes.

**Poverty and subsistence:** Chagonda (2020) argues that the COVID-19 lockdown in Zimbabwe will be challenging for the informal economy as most traders are subsistence traders and are already mired in extreme poverty. Stuart (2020a) assessed the potential impact of border closures on the vulnerability of host ICBT communities around a market shed centred on Mazabuka in south-central Zambia, which also includes a portion of north-western Zimbabwe. These communities are vulnerable and live subsistence existences reliant on cross-border trade for survival. Border closures and the resulting denial of access to markets, therefore, represent an existential threat (Stuart, 2020a). The border closures are expected to disproportionately affect women and youth, who make up the majority of the population working in ICBT.

**Enforcement of lockdown, lack of savings and livelihoods:** Zimbabwe has a history of cracking down on informal traders (Resnick, 2020). There have been news reports of a national crackdown on vendors, particularly in the poorer urban areas, with police officers raiding vegetable markets and destroying produce (Ndebele & Matimaire, 2020). Many small-scale and informal traders have precarious financial realities without savings, and are unable to survive without some form of daily trade (Quartz Africa, 2020). Furthermore, there is a cyclical effect at play, as many low-income households cannot afford to stock up on food, thus creating some demand for small-scale traders.

**Food value chains, food security and livelihoods:** Governments in the Eastern and Southern African region have not coordinated a regional response; mitigation efforts are starting to have significant adverse impacts on local food value chains, food security and livelihoods (Hambloch et al., 2020). Zamchiya et al. (2020) argue that restrictions on the movement of goods, people and services will likely have far-reaching impacts on the farming sector and affect food supply systems, likely worsening the food insecurity...
situation in rural and especially in urban poor areas where people live hand to mouth. Food chain shocks by COVID-19 could disrupt flows of production and trade and result in unstable market effects and implications on both food prices and agri-food based incomes, as well as nutrition (Mhlanga & Ndhlovu, 2020).

- **Travel restrictions, the urban poor and livelihoods:** Lockdown travel limitations are restricting the daily commute of people in (peri-)urban neighbourhoods to the city; this can imply a total loss of income for casual labour, vendors, minibus drivers and others reliant on daily wages (Hambloch, 2020). This is especially significant in Zimbabwe, where there is a strong reliance on the informal sector and people are already food stressed (an estimated 7.7 million people affected by food shortages in 2020 (WFP, 2020)). People are hence compelled to defy the lockdown to buy food from local markets. Ripple effects from lockdown could also be felt on nutrition and income prospects of many (Resnick, 2020).

- **Lack of coordination of border closures and health impacts:** Bouët and Laborde (2020) explain that full impacts and consequences of border closures for ICBT are still unclear due to a lack of recent data. Most border closures have been imposed with little clear knowledge of what is happening on the ground and there has been little international or regional coordination of these border-related decisions. The World Health Organization (WHO, 2019) has often expressed reservations about border crossing bans as these can push the movement of people and goods to informal border crossings that are not monitored, thus increasing the chances of the spread of disease.

- **Post-COVID-19:** More generally, experts have put forward the likelihood of further pressure on the informal sector post-COVID-19 (Roelen et al., 2020). High rates of unemployment are thought to be significant in pushing people into the informal economy and informal cross-border trade (Chikanda & Tawodzera, 2017). Increasing unemployment rates due to COVID-19 measures will likely push more people into the informal economy, potentially displacing workers (Roelen et al., 2020).

**Suggestions for improving the situation:**

- Zamchiya et al. (2020) suggest the following recommendations: Provide protective equipment and sanitisers to smallholder farmers and informal food traders so that they can safely continue to produce, distribute and sell food. Prioritise buying food from smallholder producers and relax regulations that exclude smallholder producers. The government should assist with transport for smallholder farmers to ferry their produce to markets safely. Local authorities should set up new markets to prevent informal food traders over-crowding and ensure social distancing in traditional marketplaces.

- Resnick (2020) recommends the need for local government to communicate with market leaders about how to best handle a shutdown and reopening. She also suggests the temporary relaxing of bylaws that prevent citizens from selling outside their homes, which would still provide some income and help discourage travel to markets. Other feasible options include opening markets every other day and sanitising on the off days and allowing for trading around the clock to reduce consumer congestion (Resnick, 2020).

- Bouët and Laborde (2020) suggest a number of possible solutions to the border closures: Border checkpoints set up to provide health checks and screening, possibly followed by quarantine and/or hospitalisation for the infected. Physical distancing requirements at border crossings may also reduce the spread of the virus, but would require supplementing the teams of customs officers so as not to slow down cross-border trade.
too much. Import taxes on agricultural and food products should be reduced to compensate for higher transport costs. New border restriction measures should be announced in advance in order to allow people time to adapt. Countries should coordinate their policies.

- A number of authors argue the need for social protection systems to be made more inclusive (Bouët and Laborde, 2020: Resnick, 2020; Roelen et al., 2020).

### 2. COVID-19 in Zimbabwe

As of 19 May 2020, Zimbabwe has 46 confirmed cases of COVID-19 and 4 deaths. A national lockdown was first put in place on 30 March 2020 for 3 weeks, and included the suspension of all public activities and closure of most nonessential businesses, unless involved in manufacturing, supplying, or providing essential goods or services. This has since been extended twice and is currently extended indefinitely since 16 May 2020; though the restrictions will be reviewed every two weeks. Colleges, universities and schools remain closed and gatherings of than more 50 people remain suspended. Zimbabwe’s borders are closed to all human traffic except for returning Zimbabwean nationals and permit holders; they also remain open for cargo. Screening checks have been instituted based on WHO regulations, including thermal scans and review of travel history within the previous 14 days.

The lockdown was relaxed in week 4 to allow some formal businesses and companies to reopen under the condition that they test their employees and clear them of COVID-19 and adhere to strict measures, including conducting temperature checks, observing social distancing and wearing face masks (“Mnangagwa hints at,” 2020, para 14). With the most recent government address (16 May 2020), opening hours have now been extended, and businesses can open from 08:00 to 16:30. Another news report notes that the informal sector outside of agriculture and farmers’ markets and some manufacturing, which were allowed to operate under previous phases of the lockdown, remain closed (Machivenyika, 2020). The government have confirmed that with the indefinite extension of lockdown (announced 16 May 2020), informal street markets “would remain shut while the government consulted health specialists on how to reopen them safely” (“Zimbabwe extends coronavirus,” 2020, para 3). The announcement on 16 May 2020 has also introduced a 21-day quarantine (in school and college buildings) for the hundreds of Zimbabwean migrants returning home every week, mainly from South Africa and Botswana (“Zimbabwe extends coronavirus,” 2020, para 5). Wearing a mask in public is mandatory. Public buses are the only mode of public transport allowed, and these must be disinfected twice a day and commuters must wear masks, have their temperatures checked and hands sanitised before boarding. Intercity public transport remains banned, as are taxis and kombis (Machivenyika, 2020).

Zimbabwe’s policy responses to COVID-19 include (taken from the IMF’s COVID-19 policy response tracker):  

- A COVID-19 National Preparedness and Response Plan was launched on 19 March 2020, and a state of disaster was declared on 20 March 2020.

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2 Information taken from https://www.worldometers.info/coronavirus/country/zimbabwe/ [accessed 19/05/2020]
3 Information taken from https://zw.usembassy.gov/covid-19-information-2/ [accessed 19/05/2020]
4 Taken from https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#Z [last updated 16/04/2020; accessed 14/05/2020]
The authorities launched on 2 April 2020 a US$2.2 billion domestic and international humanitarian appeal covering the period April 2020 to April 2021. Of this, US$220 million is targeted at fighting COVID-19, US$37 million for other critical health spending, and US$34 million for water, sanitation and hygiene (WASH). Other critical needs include US$956 million for food insecurity and US$20.8 million for social protection.

On 30 March 2020, the authorities announced a ZWL$600 million cash transfer programme that targets 1 million vulnerable households over the next 3 months. Government has committed to assist ZW$200 to vulnerable families. According to a recent news report (Karombo, 2020), this has now been increased to ZW$300 (US$12) to account for the negative effects of hyperinflation; furthermore, no disbursements from the fund have yet been made.

On 4 May 2020, the authorities announced a larger COVID-19 economic recovery and stimulus package including measures to:

i. Provide liquidity support to several sectors, including agriculture (ZWL$6 billion), mining (ZWL$1 billion), tourism (ZWL$0.5 billion), SMEs (ZWL$0.5 billion), and arts (ZWL$0.02 billion).

ii. Expand social safety nets and food grants (ZWL$3.9 billion).

iii. Set up a health sector support fund (ZWL$1 billion).

iv. Upscale investments in social and economic infrastructure in Cyclone Idai affected communities (ZWL$18 billion).

The authorities returned the multicurrency system allowing both Zimbabwean dollar and the US dollar to be legal tender (was banned in June 2019).

Current Statutory Instrument

The relaxing of the lockdown announced on 4 May 2020 was prescribed by Statutory Instrument 99 of 2020, which set out the re-opening procedure for businesses (Government of Zimbabwe, 2020). A key point in the re-opening procedure includes proving that the business is formal, as indicated by any one of the following (Mutambanengwe, 2020):

- Having a shop license or other operating license; or
- Having a formal lease; or
- Being registered with the Zimbabwe Revenue Authority (Zimra); or
- Being part of a recognised National Employment Council.

If businesses have any of the above, they can resume operations, subject to:

i. Getting all employees tested by calling the Ministry of Health Call Centre or the Ministry of Information Call Centre.

ii. Providing masks, sanitisers and other relevant protective wear to employees

iii. Ensuring observance of social distancing during transportation and at the workplace

The SME Association of Zimbabwe (SMEA) further explains that exemption letters are no longer necessary for staff to travel (Mutambanengwe, 2020).

ZW$500 million COVID funding targeting SMEs was also announced by the government on 4 May 2020. SMEA (2020) highlights that although detailed guidelines have not been given on how
the funds will be disbursed, the President indicated that it will be through the formal financial sector. SMEA (2020) therefore suggests that businesses should prepare the standard loan application requirements if they intend to access the funding. These include a business plan; company documents; financial records (management accounts); and a tax clearance certificate. It is not clear whether there will be a requirement for collateral.

3. Small-scale trade and COVID-19 in Zimbabwe

Importance of small-scale and informal trade

The informal economy is difficult to define. A commonly used definition is provided by Medina and Schneider (2018: 4), who define the informal economy as all economic activities that are hidden from official authorities for monetary, regulatory and institutional reasons. However, Ligomeka (2019: 6) highlights that "aligning informal businesses with traders that engage in activities hidden from the authorities does not provide the full picture, as many small-scale traders who are called informal are registered with formal agencies."

Zimbabwe’s political and economic crisis, which reached its peak in 2008, resulted in declining output in the formal sector, shrinking tax revenues and the rapid growth of the informal sector (Kanyenze et al., 2003, ZIMRA, 2016 both cited in Dube & Casale, 2019: 54). The growth of informal employment both in the formal and informal economies has accompanied the growth of the informal economy in Zimbabwe. In 2011, of the 5.4 million employed aged 15 years and above, 4.6 million (84%) were in informal employment (Labour and Economic Development Research Institute of Zimbabwe (LEDRIZ), 2017: 8). In 2014, it is estimated that the informal economy accounted for 94.5% of employment in Zimbabwe – as measured by the 2014 Labour Force and Child Labour Survey (LFCLS) – compared with 84% in 2011 (IMF, 2016: 39).

It is estimated that the informal economy in Zimbabwe contributed on average 61% towards the country’s GDP over 1991 to 2015, making it one of the largest informal economies in the world (Medina & Schneider, 2018: 23). Furthermore, it is estimated that informal economy activities in Zimbabwe have grown significantly over time, from contributing 57% of annual GDP in 1991 to 67% of GDP in 2015 (Medina & Schneider, 2018: 68, 76). Although, the exact size of the informal economy is unclear, with estimates varying. It is also difficult to define what constitutes the informal economy in Zimbabwe as there can be crossover between formal and informal activities and sectors.

Ndelela (2006 cited in Bouët et al., 2018: 33) highlights that formal trade in Zimbabwe is subjected to a host of regulations regarding the establishment and operation of a business. Compliance with these is costly, time consuming, complicated, and is often beyond the means of those in the informal sector. In 2005, the Zimbabwean government decided to broaden the tax base through the introduction of presumptive taxes targeted at the informal sector (Government of Zimbabwe, 2005 cited in Dube & Casale, 2019: 54).

Gender considerations

Women and youth make up the main actors in the informal economy. It was estimated in the 2011 Labour Force Survey, that 53% of those in informal employment and 29% of those in formal employment in Zimbabwe were female (cited in LEDRIZ, 2017: 8). Furthermore, the 2014 Labour Force and Child Labour Survey noted that the majority of females in the informal
economy were engaged in informal wholesale and retail trade (78.8%), followed by manufacturing (7.6%) (cited in LEDRIZ, 2017: 9).

The challenging macro-economic environment in Zimbabwe has meant that more women are venturing into buying and selling, and less into manufacturing activities which at times require significant start-up capital. The main informal sectors of the economy in which women are participating in and making a living from include cross-border trade, vending (both food vending and fruit and vegetable vending), in agriculture (mainly poultry rearing and selling in more urban areas and market gardening in rural areas), in retail (tuck shops and cosmetics), in the service sector (such as hairdressing and domestic services), in manufacturing (those still involved have diversified into making lotions, floor polish and both household and industrial detergents, as well as the more traditional sewing and knitting), and in artisanal mining and stone crushing (LEDRIZ, 2017: 18).

The ILO report (LEDRIZ, 2017: 24) concludes that “Most of the women have entered the informal economy not by choice but, due to lack of opportunities for employment in the formal economy.”

A study by Mazhambe (2017) sought to determine the contribution of street vending to Zimbabwe’s economy. The study was undertaken in Harare Central Business District. The study’s results found that 86.6% of street vendors depended entirely on street vending as their source of income, implying that street vending has become an important source of employment for the urban poor. Furthermore, the majority of vendors in Harare CBD were females. A third of the respondents made profits averaging more than US$10 per day. The majority of vendors operated without a hawker’s licence. According to the study, the main reason people in urban areas take up street vending is because of limited employment opportunities. Only 10.5% of respondents paid taxes while 89.5% did not pay any taxation from the profits they had generated in the last 12 months. The study also found that about 77.60% of the respondents expressed their willingness to pay income tax and 79% said they were willing to relocate to designated vending zones (Mazhambe, 2017: 98). The study indicates that street vending contributes to Zimbabwe’s economic development by creating jobs, providing alternative source of income particularly for women and providing low cost products to mainly low-income groups in the city (Mazhambe, 2017: 91).

Taxation of small-scale and informal trade

Zimbabwe is slowly, but increasingly taxing its small-scale and informal traders. In 2005 the country introduced a simplified tax regime targeting small-scale businesses, requiring them to pay a presumptive tax instead of the standard corporate tax. Initially, only a limited number of business types were subject to the presumptive tax. However, in 2011 additional small-scale business types were included in the regime. Ligomeka (2019) explores the kind of taxes that flea market traders in Zimbabwe pay, and whether there is gender disparity in the taxation of flea market traders. The study’s main findings include (Ligomeka, 2019: 18):

1. Flea market traders are subject to tax-like payments other than presumptive taxes, such as storage fees, market fees and toilet fees. It is hence important to consider all other payments that the traders make aside from formal taxes.
2. Most flea market traders double as cross-border traders. This results in these traders paying presumptive taxes twice.
3. Most traders who operate in flea markets have a higher tax burden compared to formally salaried individuals who are subject to personal income tax, or companies that are subject to corporate income tax.

4. The taxes flea market traders pay are regressive. Those who earn a higher income have a lower relative tax burden than those who earn less, unlike those who pay personal income tax or corporate income tax.

5. Women have a higher effective tax rate than men because most women earn less than men and are therefore more adversely affected by the regressive tax system.

Impact of COVID-19 regulatory measures

An article in the Conversation by Tapiwa Chagonda (2020), Associate Professor of Sociology, University of Johannesburg, highlights how the informal sector in Zimbabwe sustains many families’ livelihoods. He further argues that “almost everyone who is employed in the formal economy augments their income through informal sector activities” (Chagonda, 2020). Reliable information on the informal economy is scarce, but a large number of Zimbabweans make a living in this sector. Chagonda (2020) argues that the COVID-19 lockdown in Zimbabwe will be challenging for the informal economy as most traders are subsistence traders and are already mired in extreme poverty.

Enforcement of lockdown, lack of savings and livelihoods

Zimbabwe has a history of cracking down on informal traders (Resnick, 2020). According to a news article by Quartz Africa (2020), illegal money-changers in Zimbabwe who “used to operate in the city [centres] and shopping malls in suburbs now conduct business at home, inviting customers who want to buy foreign currency to come over.” The article highlights that many small-scale and informal traders have precarious financial realities and “are unable to survive without some form of daily trade and don’t have the luxury of bank savings, credit cards and online commerce to be able to stay indoors” or isolate for extended periods. Many informal traders and businesses across sub-Saharan Africa “continue to operate out of a sense of necessity and desperation.” A cyclical effect is also at play, as many low-income households cannot afford to stock up on food, thus creating some demand for small-scale traders. Informal trade has high-risk factors for COVID-19 as it often involves close person-to-person contact and cash-based transactions (Quartz Africa, 2020).

There have been news reports of a national crackdown on vendors, with police officers raiding vegetable markets and destroying produce (Ndebele & Matimaire, 2020, para 1). On 3 April 2020, Sakubva vegetable market in Mutare was raided causing more than 300 vegetable vendors to flee and leave behind their produce, police then burnt the vegetables (Ndebele & Matimaire, 2020). This was despite the agriculture sector being flagged as an essential service during the lockdown. The vendors are yet to be compensated for their loss. The Zimbabwe Chamber of Informal Economy Associations (ZCIEA) (an informal traders’ organisation) was reported in a news article for Chat263 expressing distress over the recent destruction. It is claimed that local authorities “have taken the current COVID-19 lockdown [as an opportunity] to clear illegal structures” (Ntali, 2020). It is reported that the lockdown measures have been heavily enforced and are causing further hardship, particularly in the poorer urban areas, where informal traders have particularly been targeted (Scoones, 2020b). Movement restrictions and the collapse of markets have also impacted on farmers.
Livelihoods and food security

The lockdown has confined millions of people reliant on informal economic activities to their homes. Zamchiya et al. (2020), in a post on Future Agricultures Consortium (FAC) blog, contend that "Lockdown templates used by developed countries with formal food supply systems, and with the capacity to expand social assistance programmes are bound to be problematic if they are adopted by poorer countries, like Zimbabwe, without being adapted to local contexts." They raise questions on how the government can lockdown the informal sector without destroying the livelihoods of millions of people who depend on it. Statistics show that the majority of rural households in Zimbabwe are poor, and extreme poverty is increasing (estimated to have risen from 29% in 2018 to 34% in 2019) (Food Security Information Network (FSIN), 2020: 35). Zimbabwe is also facing a severe hunger crisis in 2020, with a major deterioration in acute food insecurity expected as a result of persisting economic difficulties, eroded household resilience, rainfall deficits and forecast of low harvests (FSIN, 2020: 196). This was all true before COVID-19. Zamchiya et al. (2020) argue that national lockdown restrictions on the movement of goods, people and services will likely have far-reaching impacts on the farming sector and affect food supply systems, likely worsening the food insecurity situation. They highlight the following (Zamchiya et al., 2020):

- The family farm sector (dominated by women) produces 70% of staple foods, but it is highly vulnerable to external shocks such as the lockdown measures. These farmers also occasionally sell surplus food informally outside their farms or on the roadside.
- The more affluent family farmers are connected in the loose urban value chains through informal agreements of exchange with supermarkets like Spar and OK Zimbabwe and other indigenous supermarkets in urban areas. These supermarkets are allowed to remain open during the lockdown.
- Farmers also feed the urban population through informal markets and street vending. The products are packaged in different sizes to fit different needs for different households. These supplies work for the urban poor who live from hand to mouth.
- For example, three days into the lockdown, the police raided the informal food traders at Sakubva Musika market in Mutare city. Despite the majority struggling with access to food, the police confiscated and destroyed tonnes of fresh fruit and vegetables. Furthermore, Zamchiya et al. (2020) highlight that “Though the government promised small and medium enterprises a grant to cushion them during the lockdown, the process has been very slow; halfway through the shutdown informal traders in Bulawayo still have not received any funds.”

Zamchiya et al. (2020) suggest the following recommendations:

1. The government, with support from the private sector and international donors, should ensure that smallholder farmers and informal food traders (including street food vendors) have protective equipment and sanitisers as recommended by medical experts so that they can safely continue to produce, distribute and sell food.
2. The state, private institutions and supermarkets should prioritise buying food from smallholder producers. They should relax the regulations that exclude smallholder producers.
3. The government should assist with transport for smallholder farmers to ferry their produce to markets. Public transport is hardly available during the lockdown. In each
district, farmers can organise to ferry their products to a central place where the government provides transport to different designated markets within a reasonable distance. Transport logistics and delivery should ensure social distancing.

4. Local authorities should set up new markets to prevent informal food traders over-crowding and ensure social distancing in traditional marketplaces like Mbare and Sakubva. Community halls and sports fields that are near residential areas can be used as food markets. Those urban poor who live hand to mouth need to gain access to food in nearby spaces.

5. The government needs to speedily compensate farmers and informal traders whose produce was confiscated and destroyed by the state during the lockdown. This will enable the farmers to rebuild their livelihoods, feed families and other citizens. On the other hand, the municipalities should waiver tax for the registered informal food traders during the lockdown period.

Using previous viruses such as Ebola to extrapolate, Mhlanga and Ndhlovu (2020) investigated the potential socio-economic impacts of COVID-19 for smallholder livelihoods in Zimbabwe. This study was not peer reviewed. (Mhlanga & Ndhlovu, 2020: 13) argues “that not only will vulnerable producers such as smallholders experience greater difficulties accessing enough food for survival and adequate nutrition due to COVID-19, but also many individuals and whole communities that rely on them for food production. Food chain shocks by COVID-19 could disrupt flows of production and trade.” They argue that this could result in unstable market effects and implications on both food prices and agri-food based incomes. Furthermore, impacts could extend beyond the pandemic, including amplified impacts on “human/cognitive growth as a result of extended lean seasons and other caloric deficiencies, especially among those who are already food insecure.”

Transport restrictions, food value chains and livelihoods

A blog post for the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) by Hambloch et al. (2020) explores the impact of COVID-19 on local food value chains in Eastern and Southern Africa. They argue that mitigation efforts by governments in the region are starting to have significant adverse impacts on local food value chains and have significant ramifications for food security and livelihoods. The blog highlights that governments in the region have not coordinated a regional response. Trade disruptions and national COVID-19 mitigation measures are “expected to disrupt local food value chains in the short to medium term through transport, logistics, processing and sales bottlenecks in (peri-) urban areas.” Knock-on effects of the lockdown in Zimbabwe are being felt in the food processing industry, impacting on the availability of processed food products. According to FAO’s latest Food Price Monitoring Analysis report for Zimbabwe, prices for staple foods have increased sharply, driven by low production prospects for the 2019/2020 season, low food reserves and an unstable currency, prompting a high level price warning to be issued. The disruptions in local value chains will be an additional shock to smallholder farmers in rural areas in Zimbabwe, and smallholder farmers are likely to face increasing poverty, and witness rising levels of malnutrition as nutritious food becomes less accessible (Hambloch et al., 2020). Hambloch et al. (2020) argue that despite the negative impacts of COVID-19, there is an opportunity for Zimbabwe and other countries in the region to strengthen their local food value chains to mitigate impacts and build resilience to future shocks.

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Especially “strengthening urban-rural value chains producing drought-tolerant and nutrient-dense small grains and legumes as a resilient response to COVID-19.”

**Travel restrictions, urban poor and livelihoods**

In a blog post for African Arguments, Ian Scoones (2020a) gives the opinion that people living in the rural areas in Zimbabwe, who may be more likely to have food to eat or sell, solid local networks to draw on, and with limited expectations of the state, may be the most resilient in the face of COVID-19 measures. He argues that people in densely populated townships in Zimbabwe, distant from places of work, reliant on precarious, informal work and with poor services, are most at risk from COVID-19 and economic cessation. However, Scoones also emphasises the resilience of the Zimbabwe population; they are used to living with uncertainty in a highly unpredictable economic and political climate.

In Zimbabwe, restrictions have been placed on public transport with only some public buses allowed to operate; intercity public transport remains banned, as are taxis and kombis (Machivenyika, 2020). In their blog post, Hambloch et al. (2020) argue that the lockdown is hence restricting the daily commute of people in high-density (peri-) urban neighbourhoods to the city; this can imply a “total loss of income for casual labour, vendors, minibus drivers and others reliant on daily wages” (Hambloch, 2020) This is especially significant in Zimbabwe, where there is a strong reliance on the informal sector and people are already food stressed (with an estimated 7.7 million people affected by food shortages in 2020 (WFP, 2020)). Hambloch et al. (2020) argue that as food shortages increase in Zimbabwe “people are compelled to defy the lockdown to buy food from local markets.”

In a blog post, Danielle Resnick (2020), a Senior Research Fellow with IFPRI, argues that the pandemic will affect Africa’s already fragile food systems, especially for the urban poor, many of whom work in the informal sector as vendors or traders and rely on it for food. She argues that “how food traders are managed could have substantial ripple effects on the nutrition and income prospects of many across Africa.” Many small-scale markets and street vending activities now fall under the mandates of local governments and generate significant tax revenue. Resnick (2020) argues that “Shutting them down would therefore have negative effects on the broader urban political economy.” Markets are generally well-governed by cooperatives or associations organised along product lines. Therefore, she recommends the need for local government to communicate with market leaders about how to best handle a shutdown. She also suggests the temporary relaxing of bylaws that prevent citizens from selling outside their homes, which would still provide some income and help discourage travel to markets. Other feasible options include opening markets every other day and sanitising on the off days and allowing for trading around the clock to reduce consumer congestion (Resnick, 2020). Informal food traders in Africa have long been excluded from traditional safety nets enjoyed by those in the formal sector, including sick leave and pensions, and usually rely on rotating credit groups and neighbourhood and funeral associations to offer support in the event of shocks. With a systemic shock like COVID-19, such ad-hoc social coping mechanisms are likely to be strained. Thus, social protection systems need to be made more inclusive (Resnick, 2020).

**Post-COVID-19**

More generally, experts have put forward the likelihood of further pressure on the informal sector post-COVID-19 (Roelen et al., 2020). High rates of unemployment are thought to be significant in
pushing people into the informal economy and informal cross-border trade (Chikanda & Tawodzera, 2017: 11). As unemployment rates around the world increase due to COVID-19 measures, this will likely push more people into the informal economy, potentially increasing competition between informal businesses and displacing workers (Roelen et al., 2020). Governments will also be seeking to raise additional revenues in the coming years to recover from the economic impacts of COVID-19. With already narrow tax bases, pressure may increase to broaden them by further taxing the informal economy (Roelen et al., 2020).

4. Informal cross-border trade and COVID-19 in Zimbabwe

Characteristics and importance

Informal cross-border trade (ICBT) – which can also be referred to as small-scale cross-border trade⁶ – is pervasive in Africa. The definition of ICBT is rather loose, due to the nature of the practice itself; in other words, trade that happens outside of the formal channels (i.e. of customs authorities), where entry, exit or both could be illegal (Stuart, 2020b). Several studies have tried to estimate the importance of ICBT in Southern Africa. Their methodologies differ, in part, due to how ICBT is defined in the study (Bouët et al., 2018). The most commonly cited figures come from a study by Afrika and Ajumbo (2012), which estimates that ICBT contributes between 30-40% of total intra-SADC trade. Some studies estimate that average value of ICBT in the Southern African Development Community (SADC) region stands at USD 17.6 billion per year (EAC (East African Community Secretariat), 2011 cited in Afrika & Ajumbo, 2012: 4). Cross-border trade is dominated by agricultural and livestock products, and so is an essential part of food security in many places (Brenton & Soprano, 2018). According to Brenton and Soprano (2018: 4), small quantities of modest value are usually exchanged by traders, “due to a variety of constraints including limited financing, poor-quality inputs, low capacity, lack of machinery, and inefficient marketing and distribution channels, among others.” Cross-border traders typically pass through official crossing points and even undergo formal clearance procedures, yet their consignments are often so small that they escape official records. The main items traded include foodstuff such as maize, rice and beans, although additional products such as handicrafts and minerals are also commonly traded in the region (Afrika & Ajumbo, 2012: 4). While estimates vary, they all indicate that it constitutes a significant part of total intra-African trade.

Benefits and challenges

ICBT presents unique benefits and challenges. One of the key benefits is the employment creation potential. According to Koroma et al. (2017: vi) “In Zimbabwe, where unemployment is estimated at up to 90% when considering only the formal economy, [ICBT] has created significant employment opportunities, with an estimated 5.7 million people currently employed in the informal economy.” ICBT offers supplementary family income in the wake of shrinking formal employment opportunities, it also assists in eradicating poverty and has “proven to be more responsive to shocks compared to formal trade especially in times of food crises” (Koroma et al.,

⁶ In the existing literature, many sources refer to the phenomenon as “informal cross-border trade (ICBT)” – however, Brenton and Soprano (2018) argue that “this often carries a negative connotation as ‘informal’ can be easily confused with ‘illegal’. It also inaccurately reflects the reality of trade flows on the ground, as traders may indistinctly use both formal and informal crossing channels depending on a variety of factors, such as the value of their consignment, the length of the queue at the border, or the mood of the individual official on duty.” They refer to it instead as small-scale cross-border trade.
Revenues from cross-border trade are often the main source of income for the households of cross-border traders (Brenton & Soprano, 2018: 4). Small-scale cross-border trade can help drive poverty reduction in border areas, but further research is needed on its long-term developmental impacts.

Brenton and Soprano (2018: 4) highlight that “infrastructural, policy, procedural, and behavioural constraints at the border hinder traders’ ability to grow and formalise.” Border infrastructure rarely caters for the needs of small-scale traders, and unpredictable trade policies tend to be highly regressive, affecting small operators disproportionately. Generally, “only large, established operators who can leverage economies of scale are typically able to comply with existing requirements” (Brenton & Soprano, 2018: 5). Negatives associated with ICBT include corruption (where officials solicit bribes to smuggle goods), harassment, sexual abuse and confiscation of goods (Koroma et al., 2017: vi). Stuart (2020b) highlights that the costs of formal clearance for informal traders can be prohibitive, due to regressive duties structures and complex clearance procedures. Furthermore, a particular problem faced by small-scale traders is their vulnerability to exploitation by corrupt officialdom. ICBT also represents a significant revenue loss for governments (Koroma et al., 2017). In a study by UN Women (2011 cited in Koroma et al., 2017: 14) 84% of the traders interviewed in Zimbabwe paid the required duties for the goods they imported into the country. There are also large challenges to ICBT’s expanding their businesses, as traders are constrained by lack of access to capital, limited knowledge of business procedures, and limitations on the distance they can travel from the border, both regulatory and logistical (Brenton & Soprano, 2018: 5). These challenges are particularly acute for women traders.

Gender considerations

Importantly, gender is a fundamental dimension when it comes to ICBT. ICBT in sub-Saharan Africa typically happens at a small scale, and is often dominated by women (Brenton & Soprano, 2018). These women who, by crossing borders every day and selling their products, make a major contribution to the welfare of their families and communities (Bugingo, 2018: 11). Typically, women represent up to 70% of ICBT in sub-Saharan Africa, trading a variety of commodities (Afrika & Ajumbo, 2012). Often, they play a key role in food security, carrying basic food products from areas where they are comparatively cheap to others where they are in short supply (Bugingo, 2018: 11).

A discussion paper for IFPRI into ICBT also highlights the strong gender dimension. The paper summarises the findings of other papers on Zimbabwe, highlighting that, in contrast to the formal sector, the informal sector is dominated by females. 90% of all ICBT in the 1990s in Zimbabwe was conducted by women (Ndelea, 2006 cited in Bouët et al., 2018: 27). Another study found that over 65% of ICBT traders were women between Zimbabwe and South Africa (Lesser and Moisé-Leeman, 2009: 16 cited in Bouët et al., 2018: 27).

Other characteristics of ICBT traders

In a report for the Southern African Migration Programme (SAMP), Chikanda and Tawodzera (2017: 1) sought to provide a current picture of ICBT in Zimbabwe by interviewing a sample of 514 Harare-based informal entrepreneurs involved in cross-border trading with South Africa. They found that ICBT remains a female-dominated activity, with women making up 68% of their sample. Reflecting previous findings, traders exhibit a relatively youthful profile. In this sample,
they found that the cross-border traders were generally well educated, with 66% of the sample holding a high school diploma, and 14% having post-secondary educational qualifications. This is in contrast to findings from the 1990s when cross-border trade was associated with the less educated and unskilled. Nearly 90% of the respondents had started their businesses in the post-2000 era and most had never held a formal job and went into ICBT either because they were unemployed or already involved in informal sector activities.

Seventy percent of the traders rely on ICBT only for survival and have no other sources of income. An examination of motivation to start an ICBT business shows that even though some took it up only out of economic necessity, many saw opportunities here. The initial capital used to start the business was low, and most of the traders acquired their start-up capital from personal sources and continue to rely on their personal networks to obtain loans when needed for the business (Chikanda & Tawodzera, 2017: 1). The traders travelled regularly to South Africa (three-quarters go at least once per month) and make a monthly profit of more than ZAR4,000 per month, which exceeds the salaries of most people in formal employment. This is despite a small initial capital outlay, averaging around ZAR5,000 for the initial investment. Chikanda and Tawodzera (2017: 2) found that on average, the ICBT traders were only spending 1.8 days in South Africa each trip, making them highly mobile. The vast majority do not have their own means of transport and rely on bus services.

Interestingly they found that “in the past, ICBT was important in moving foodstuffs to Zimbabwe, but that is no longer the case” (Chikanda & Tawodzera, 2017: 3). The study also found that although the majority of the traders sell their goods in the Harare (where the survey was conducted), over 10% also sell goods in other major cities such as Bulawayo and Masvingo and in smaller urban centres such as Gokwe and Mutoko. The traders have multiple ways of selling their goods: the majority (86%) sell their products in their own stall in an informal market, 24% sell through friends, family and other personal networks, 16% sell from their own house, 10% from their own shop in the informal sector and 9% on the street (Chikanda & Tawodzera, 2017: 25). Cross-border traders confront numerous challenges in the course of their business activities. Key challenges include: (a) those related to customs and immigration at the border and (b) those related to their daily business operations in both South Africa and Zimbabwe (Chikanda & Tawodzera, 2017: 31). The report concludes that ICBT has become more than a survivalist strategy and is now an important pillar of the Zimbabwean economy.

Impact of COVID-19

A blog by John Stuart (2020b) for tralac provides information on ICBT and COVID-19 measures put in place. Many African countries, including Zimbabwe, have closed land borders, most of them as blanket closures only allowing freight to pass under tighter controls. Although some countries, such as the Democratic Republic of Congo, Kenya, Liberia, and Namibia, have not imposed blanket closures and are instead making the entry of people at border posts subject to temperature control and testing, followed by hospitalisation and/or quarantine if necessary (Bouët & Laborde, 2020).

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7 tralac's mission is to build trade law and policy capacity in east and southern Africa; assisting these countries to develop their capacity to produce tradables competitively, to enhance their trade performance and to ensure that trade contributes to development, within a rules-based system of international trade governance (taken from https://www.tralac.org/about.html).
Stuart (2020b) highlights that there are varied drivers of ICBT, and policy makers have begun to respond to the needs of small-scale cross border traders by implementing simplified trade regimes. However, the advent of the COVID-19 pandemic and the consequent closure of borders in sub-Saharan Africa threatens to throttle these informal markets. Stuart (2020b) argues that COVID-19 policy action needs to be nuanced to take into account the very straitened conditions under which many rural and informal sub-Saharan African communities live.

**Poverty and subsistence**

Stuart (2020a) in another blog for tralac, proposes a method for assessing the potential impact of border closures on the vulnerability of host ICBT communities, most of whom live below the poverty line. He uses the example of the market shed centred on Mazabuka in south-central Zambia, which also includes a portion of north-western Zimbabwe. This market shed across the border is more accessible to the residents of this part of Zambia, with lower ‘time to market’ than the market shed to the South in Zimbabwe. Analysis by Stuart (2020a) of “purchasing power and poverty datum data for this region reveals that the population on the Zambian side fall into the 60-80% below poverty line class while the residents on the Zimbabwean side fall into a similar or slightly poorer group.” These communities are vulnerable and live subsistence existences reliant on cross-border trade for survival. Border closures and the resulting denial of access to markets, therefore, represent an existential threat to these communities (Stuart, 2020a). Stuart (2020a) concludes “that land border closures for the sake of COVID-19 action should be undertaken with full cognisance of the potentially disastrous impact on small-scale cross border trade.” The border closures are expected to disproportionately affect women and youth, who make up the majority of the population working in ICBT.

In a newspaper article for the Global Press Journal (Masiyiwa, 2020), the president of the Zimbabwe Cross-Border Traders Association, Killer Zivhu, says that the coronavirus has put many cross-border traders “in a dire situation as many live a hand-to-mouth existence and must sell goods to earn money.” Closing the border with South Africa has especially “left traders and workers who support them vulnerable and without money to pay for rent, school fees or food.”

**Lack of coordination of border closures, travel restrictions and health impacts**

Bouët and Laborde (2020) in a blog post for IFPRI explain how intra-African trade will be slowed down by stricter sanitary border controls on the transport of products. ICBT will also be stopped with the prohibiting of people crossing the border. They explain that full impacts and consequences of these measures for intra-continental trade are still unclear due to a lack of recent data. Most border closures have been imposed with little clear knowledge of what is happening on the ground and there has been little international or regional coordination of these border-related decisions. For example, curfew times often vary between neighbouring countries, compounding their economic impacts. They also argue that the “Most of these measures were imposed with little warning, taking local populations by surprise and leaving them to contend with the fallout. With informal trade interrupted, many people have had little opportunity to find alternative livelihoods.”

Furthermore Bouët and Laborde (2020) highlight that the World Health Organization (WHO) has often expressed reservations about the border crossing bans and their role in protecting public
For example, in July 2019 in response to the Ebola outbreak in DRC the WHO (2019) strongly advised against the closure of borders or travel and trade restrictions as these measures push the movement of people and goods to informal border crossings that are not monitored, thus increasing the chances of the spread of disease. Most critically, such measures are not supporting public health efforts as they negatively and significantly affect response operations from a security and logistics perspective and can compromise local economies. They increase the likelihood that people will cross borders through places not covered by customs authorities and evade health checks.

Bouët and Laborde (2020) suggest a number of possible solutions to the border closures:

- They suggest the need for governments to provide ample safety nets to protect those affected, e.g. informal traders (a number of researchers in opinion pieces also argue for this, see for example Resnick, 2020 and Roelen et al., 2020). They recognise that safety nets are costly and difficult to design.
- Bouët and Laborde (2020) recommend border checkpoints be set up to provide health checks and screening, possibly followed by quarantine and/or hospitalisation for the infected.
- Physical distancing requirements at border crossings may also reduce the spread of the virus, but this would require supplementing the teams of customs officers so as not to slow down cross-border trade too much.
- In terms of intra-African trade policy, import taxes on agricultural and food products should be reduced to compensate for higher transport costs. A suspension of export bans on these same products should also be considered.
- New border restriction measures should be announced in advance in order to allow people to adapt as best as possible. Countries should also coordinate their policies to allow for exchanges of information on the spread of the virus and responses.

5. The situation in other SADC countries

This section provides brief information on some of the Southern African Development Community (SADC) states’ reactions to COVID-19, especially about protecting or supporting the economic recovery of the informal sector. The information has been presented for Botswana, Malawi, Mozambique, Namibia, South Africa and Zambia.

The main sources used include COVID-19 trackers from KPMG and the IMF. KPMG has put together an overview of government and institutional responses to COVID-19, country information was prepared by local KPMG professionals. The IMF has also put together a COVID-19 resource hub, which includes a COVID-19 policy tracker.

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8 See https://www.who.int/news-room/articles-detail/updated-who-recommendations-for-international-traffic-in-relation-to-covid-19-outbreak [last updated 29/02/2020; accessed 15/05/2020]
Botswana

Botswana has declared a state of emergency, effective 2 April 2020, and has adopted a list of containment measures, including social distancing and travel bans. The government has extended the lockdown and announced 22 May as a tentative date for the lifting of all restrictions.13

- The government established a COVID-19 Relief Fund with a 2 billion Pula (about 1.1% of GDP) contribution from the government. The private sector is called upon to generously contribute to the Fund. The fund will: i) finance a wage subsidy amounting to 50% of salaries of affected businesses (1000-2500 pula per month for a period of 3 months); ii) finance a waiver on training levy for a period of 6 months (150 million pula). The Ministry of Finance also decided a tax deferral of 75% of any quarterly payment between March and September 2020 to be paid by March 2021; iii) Build-up of fuel and grain reserves, as well as the acquisition of relevant medical equipment and improvement of water supply (475 million Pula); iv) Fund a government loan guarantee scheme of 1 billion Pula (20% financed by commercial banks) for businesses that are tax compliant (including those who are not eligible to pay taxes).14

KPMG has the following information on Botswana’s COVID-19 measures and response:15

- The implementation of a COVID-19 Wage Support Scheme to provide financial support to employees in the travel and tourism sector, export-oriented enterprises, ICT/BPO sector, SMEs and other sectors of the economy, who become technically unemployed temporarily due to the impact of the Coronavirus.
- Development of post-Corona Economic Stimulus Package.
- A range of services have been specified as essential.
- Heavy fines, penalties and/or imprisonment may be imposed for non-compliance with the Regulations.

Malawi

On 4 April 2020, the government instituted a partial lockdown of the country, with essential services continuing to function and critical businesses working in shifts. All international flights to Malawi have been suspended except those carrying essential health and other supplies and returning Malawian citizens or residents. A two-week mandatory self-quarantine for people arriving from areas highly affected by coronavirus disease is in effect.16

- An Emergency Cash Transfer Programme of about $50 million (0.6% of GDP), mostly financed by development partners, will be implemented during May-November 2020 to support small businesses in major urban areas.

13 Taken from https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#B [last updated 07/05/2020; accessed 11/05/2020]
14 Taken from https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#B [last updated 07/05/2020; accessed 11/05/2020]
16 Taken from https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#M [last updated 07/05/2020; accessed 11/05/2020]
To support small and medium enterprises (SMEs), commercial banks and micro-finance institutions will be, on a case-by-case basis, restructuring SME loans and providing a three-month moratorium on their debt service. Fees on mobile money transactions have been temporarily waived to encourage cashless transactions.

The government of Malawi had originally announced a stronger 21-day lockdown on 15 April 2020, but this was blocked by a High Court judge until more had been done to help those worst affected. The Human Rights Defenders Coalition (HRDC) challenged the government in the courts because of the devastating impact the lockdown would have on workers who would lose their incomes. Traders in Blantyre and Mzuzu had protested after plans to restrict movement were first announced. The lockdown remains delayed whilst the case has been referred to the Constitutional Court and is awaiting a ruling (“Malawi’s cash handouts,” 2020).

**Mozambique**

Early on, the government took several actions early on to contain an outbreak of COVID-19, stating that “prevention remains the best strategy.” On March 30, President Nyusi declared the state of emergency for April, and it has then been extended until 30 May. The measures to prevent the spread of the new coronavirus now include:17

- Imposing limitations on movements within the country and border entries (only cases of State interest, the transport of goods by duly accredited operators and health-related situations are exempted).
- Ban on all types of public or private events.
- Closure of non-essential shops or, where applicable, their reduction in activity.
- Monitoring prices of essential goods for preventing price gouging.
- Redirecting the industrial sector toward the production of goods necessary for the prevention and mitigation of the COVID-19 pandemic.
- Introducing job rotation (or other forms of organisation).
- The Government is asking Mozambique’s development partners for US$ 700 million for help to deal with the economic impact of the pandemic. This fiscal package would finance temporary and well-targeted tax exemptions to support families and the health sector (VAT and import tariff exemptions on food, medicine and medical equipment), and (ii) higher spending to respond to the health crisis and humanitarian needs, including higher health-related spending on goods and services, and higher cash transfers and subsidies to the poorest households as well as micro-businesses and SMEs.

**Namibia**

The government declared a national state of emergency and adopted containment measures, including social distancing, work from home initiatives (including suspension of the parliament for 21 days), lockdowns in some regions, and travel bans on visitors from high-risk countries, and screening at ports of entry. The domestic travel lockdown was relaxed on May 4th (so people can

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travel inside the country with some constraints on the number of vehicle occupants), while foreigners are still not allowed in the country.\textsuperscript{18}

The KPMG webpage for Namibia includes the following information on its COVID-19 measures and response:\textsuperscript{19}

- On 1 April 2020 the government launched the Economic Stimulus and Relief Package to mitigate the impact of COVID-19. The total Stimulus and Relief Package amounts to N$8.1 billion (or 4.25\% of GDP), comprising of N$5.9 billion as direct support to businesses, households and cash flow acceleration payments for services rendered to Government and N$2.3 billion to further support low-interest loans for small and agricultural businesses, and individuals.
- Wage subsidy for hardest hit sectors. To avoid further retrenchments in the hardest-hit sectors, Government will provide a wage subsidy to aid businesses in retaining jobs in the tourism, hospitality, travel and aviation and construction sectors. Details will vary across sectors. Government is setting aside about N$400 million for this subsidy.
- Non-agricultural small business loan scheme. The government will guarantee a N$500 million concessional rate loan scheme for non-agricultural small businesses, with funds provided through the Development Bank of Namibia. The loans will be extended to businesses experiencing or expected to experience cash-flow pressure as a result of a loss in revenue due to COVID-19.
- Agricultural business loan scheme. The government will further guarantee a N$200 million loan scheme for framers and agricultural businesses by extending a guarantee for such loans to the Agricultural Bank of Namibia. The loans will be extended to cash flow-constrained farmers and small to medium-sized farming businesses that have experienced a significant loss of revenue.
- Tax-back loan scheme for non-mining corporates. To provide breathing room for tax-paying cash flow-constrained businesses in the non-mining sectors, such businesses can borrow an amount equal to 1/12th of their tax payment in the previous tax year, to be repaid after one year.

South Africa

The government has declared a national state of disaster and adopted containment measures, including social distancing, travel bans on visitors from high-risk countries and quarantine for nationals returning from those countries, screening at ports of entry, school closures, screening visits to homes, and introduction of mobile technology to track and trace contacts of those infected. A nationwide lockdown was in place from midnight 26 March and was extended through 30 April, with only critical workers and transport services, essential food and medicine production, and retail, operating. The banking sector has been open for business.\textsuperscript{20}

Reopening the economy: On 1 May 2020, a phased lifting of the lockdown began, allowing a few sectors to resume operation and others only partially. Remote work is still encouraged where

\textsuperscript{18} Taken from https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#N [last updated 07/05/2020; accessed 11/05/2020]
\textsuperscript{20} Taken from https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#S [last updated 06/05/2020; accessed 11/05/2020]
possible. Many mines, factories and agricultural businesses can resume work in phases, starting with only a third of employees. Restaurants can reopen for deliveries only. People are now permitted to leave their homes for exercise between 6 a.m. and 9 a.m. A night curfew is in place from 8 p.m. until 5 a.m. Public transport, including trains and buses, can operate with restricted numbers of passengers. But the ban on domestic and international travel remains.\(^{21}\)

**Key fiscal policy responses:**\(^{22}\)

- The government is assisting companies and workers facing distress through the Unemployment Insurance Fund (UIF) and special programmes from the Industrial Development Corporation. Additional funds are being made available for the health response to COVID-19, workers with an income below a certain threshold will receive a small tax subsidy during the next four months, and the most vulnerable families will receive temporarily higher social grant amounts for the next six months.
- The Employment Tax Incentive (ETI) has been extended to employees between 30 and 65 years of age but also employees between 18 and 29 years of age who were employed before 1 October 2013.\(^ {23}\)
- A new 6-month COVID-19 grant was also created to cover unemployed workers that do not receive grants or UIF benefits and the numbers of food parcels for distribution was increased.
- Funds are available to assist SMEs under stress, mainly in the tourism and hospitality sectors, and small-scale farmers operating in the poultry, livestock, and vegetables sectors.
- Allocations are also being made to a solidarity fund to help combat the spread of the virus, with the assistance of private contributions, and support municipal provision of emergency water supply, increased sanitation in public transport, and food and shelter for the homeless.
- The revenue administration is accelerating reimbursements and tax credits, allowing SMEs to defer certain tax liabilities, and has issued a list of essential goods for a full rebate of customs duty and import VAT exemption. A 4-month skills development levy tax holiday is also being implemented.
- On 19 and 27 March, the Department of Trade and Industry introduced regulations against price gouging and export control measures on essential goods respectively.

**Zambia**

Early actions to contain the virus included: (i) the closures of schools and universities; (ii) suspension of non-essential foreign travel; (iii) mandatory quarantine for all foreign travellers; (iv) closure of bars, cinemas, and casinos; (v) delivery and take-out regime for restaurants; (vi) restrictions of public gatherings to at most 50 people; (vii) restrictions on sports activities; and (viii) a lockdown of the town of Kafue. Besides, the Zambian economy will be adversely impacted by the large decline in copper prices, sharp depreciation of the local

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\(^{22}\) Taken from [https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#S](https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#S) [last updated 06/05/2020; accessed 11/05/2020]

currency, increase in yields on public debt, and economic disruptions due to lockdowns in trading partners.²⁴

Reopening of the economy: Starting from April 24, the government is slowly lifting restrictions, subject to social distancing, including on churches, some non-contact sports, and barbershops and salons, as well as the lifting of lockdown.

Other fiscal measures include:

- The Zambian government has announced a release of 2.64 billion-kwacha (0.75% of GDP) to clear arrears and pay contractors. Import duties on mineral concentrate and export duties on precious metals were suspended to support the mining sector.
- The government has waived tax penalties and fees on the outstanding tax liabilities resulting from COVID-19, suspended customs duties and VAT on some medical supplies and medical-related commodities, removed provisions relating to claim of VAT on imported spare parts, lubricants and stationery to ease pressure on companies.
- The government had set up an Epidemic Preparedness Fund amounting to 57 million kwacha (0.02% of GDP) and had approved a COVID-19 Contingency and Response Plan with a budget of 659 million kwacha (0.2% of GDP).

6. References


²⁴ Taken from https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#Z [last updated 07/05/2020; accessed 11/05/2020]


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**Key websites**

- tralac (Trade Law Centre): https://www.tralac.org/
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