

# Covid-19 fully exposes Zimbabwe's comatose economy

By Tapiwa Chagonda

The Covid-19 pandemic has left Zimbabwe in an extremely difficult catch-22 situation. Given the nation's parlous health system, conventional wisdom would suggest that the country should go into a total lockdown in a bid to contain the spread of the virus. However, such a decision is not easy to implement in the Zimbabwean context. Why is this the case?

## Zimbabwe's fragile economy

Zimbabwe has a broken economy which has been shrinking since 2000. In March 2020, the International Monetary Fund (IMF) gave a very bleak assessment of the country's economic performance when it reported that Zimbabwe's economy was thought to have contracted by 7.5% in 2019, the worst performance in Sub-Saharan Africa, with extreme poverty levels rising to 34%, which translates to around 5.7 million people in the country falling under this category (Smith, 2020). The implementation of a total nationwide lockdown – as was announced by President Emmerson Mnangagwa on 27 March 2020, in a bid to halt the spread of Covid-19 (Munhende, 2020) – will most likely inflict further damage to an already extremely fragile economy.

The absence of a stimulus financial package for businesses when the first lockdown was announced might leave some businesses facing total collapse. It is telling that a number of informal

traders have continued to defy the lockdown regulations, as many Zimbabweans survive hand-to-mouth from their informal economic activities. Warning signals in the form of whistles are given in areas where informal traders operate, as a way of alerting them to the impending arrival of the police or the army (Mataranyika, 2020).

A full-blown lockdown was never going to work in a context such as the Zimbabwean one, where the economy is in a precarious state. The predicament, however, is that an explosion of Covid-19 cases would leave Zimbabwe's limping health system totally exposed because of its lack of preparedness to deal with the highly infectious virus. The country's main opposition leader, Nelson Chamisa, called for the immediate imposition of a nationwide lockdown in the wake of Zimbabwe's first recorded Covid-19 death on 23 March 2020 (Chibamu and Munhende, 2020). The Mnangagwa regime, however, dithered over making such a drastic call, confirming the government's fears over such a move on an already weakened economy.

## The huge informal economy

An IMF working paper released in 2018 suggested that Zimbabwe's informal economy is the largest in Africa and second only to Bolivia's worldwide, as it accounts for at least 60% of all of Zimbabwe's economic activity (Medina and Schneider, 2018). With the imposition of an indefinite nationwide

lockdown on all informal businesses (barring those that sell food), one wonders how the millions of Zimbabweans who make a living through the informal economy will survive, when most of them are already mired in extreme forms of poverty. This may explain why President Mnangagwa exempted those who sell food (who account for a sizeable number of informal traders) from the lockdown regulations (Munhende, 2020). Zimbabwe's first total lockdown was therefore not a *de facto* one, as a sizeable chunk of the informal sector was permitted to continue trading in food. This then raises questions on whether the Covid-19 pandemic can be fully combatted, given the difficulty of exercising social distancing in people's interactions when buying and selling food, in a country that is facing its worst hunger crisis in more than a decade (Smith, 2020). Due to the shortage of essential food staples such as maize meal, one cannot discount the usual stampedes that have been witnessed in the past few months at food markets. President Mnangagwa's caveat of sending health officials and security services to ensure that food markets are operating in a hygienic way and exercising social distancing (Munhende, 2020) shall be tested in the coming weeks.

### 'Level 2' Lockdown Regulations

On 1 May 2020, President Mnangagwa announced a further two weeks of Zimbabwe's lockdown and, out of the blue, for the first time, started pronouncing Zimbabwe's lockdown levels, by announcing that the extended phase of the lockdown was going to be 'Level 2', which would entail most formal businesses opening between 8 am–3 pm. President Mnangagwa also promised a stimulus package of ZWD 18 billion (USD 720 million) to assist small to medium industries in the informal sector. However, the million-dollar question is where this money will come from. The Zimbabwean treasury's coffers are empty, as was revealed in a leaked letter to the Bretton-Woods institutions by Zimbabwe's Minister of Finance, Prof Mthuli Ncube (Dzirutwe, 2020). In the letter, dated 2 April 2020, Ncube pleaded with the Bretton-Woods institutions for a financial bailout, without which Zimbabwe's economy would totally implode in the wake of the Covid-19 pandemic, which requires a huge purse to combat. Zimbabwe's dire economic situation – compounded by Covid-19 – will probably

force the government to print money, which might stoke the fires of hyperinflation which ravaged Zimbabwe in 2008 when the country's inflation rate peaked at an astronomical official rate of 231 million percent (Chagonda, 2016). The country's current rate of annual inflation is believed to be over 500% (Smith, 2020).

### Fixing a health system that is in a parlous state

Given the challenges of enforcing total compliance with lockdown regulations in Zimbabwe, the Mnangagwa regime must speedily act on ensuring that the current Covid-19 referral health centres are fully equipped with ventilators and intensive care unit (ICU) facilities. The two designated centres – Wilkins Hospital and Thorngrove Hospital – are currently woefully unprepared for this enormous task (New Zimbabwe, 2020). The government also needs to urgently provide health personnel with the requisite personal protective gear. Hopefully, the fact that Covid-19 does not discriminate between elites and the poor – a point that has been made more stark by global travel restrictions which now make it impossible for the high-heeled in Zimbabwe to seek medical treatment internationally, as has been the case in the past – will hasten the Mnangagwa regime's actions on this very serious issue. ■

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