

Investing in People for Social and Economic Justice



# Entrenching Social and Economic Justice in Post COVID-19 Response and Recovery Efforts



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## Executive summary

At the backdrop of the socio-economic impacts of the COVID-19, this policy brief projects the economic aspiration of the people of Zimbabwe in the post COVID-19 recovery, reconstruction and rehabilitation process. Using qualitative methodologies which included key informant interviews, documentary review and desktop research this policy brief summarises the wishes and desires of the marginalised Zimbabwean people in laying the foundation of a viable recovery process. Targeting key policy and programme makers and implementers, this brief recommends that the post COVID-19 recovery efforts should be inclusive and people-driven so that no one is left behind.

This policy brief recommends the introduction of inclusive social safety nets, ring fencing of the 2% tax, inclusion of the informal economy businesses in policies and government grants, capacity strengthening of watchdog institutions to deter corruption and rent-seeking, transparency in tender bidding processes and a bottom-up approach in policy formulation which encompasses wide consultation.

The brief further articulates the rationalisation of the taxation system culminating in the ring fencing of the 2%, arrest and prosecution of high public officials to deter corruption and rent-seeking activities in public administration.

To further strengthen recommendations on arresting graft in the economy, the policy brief notes that the parliament and auditor general's office must be given sanctioning powers to enforce their recommendations and prosecute corrupt public officials.

To ensure a more inclusive economy that is tuned to the current realities, the policy brief advises government to find ways of harnessing the informal businesses and make them part of the mainstream economy by capacitating them through government grants and tenders.

Finally, the Policy brief advocates for the devolution of power and authority to the lowest level of governing authority. In this regard, the government should utilise Village Development Committee (VIDCO), Ward Development Committee in policy consultation, formulation and implementation of a Five-Year Development Strategy to have an appreciation of the people's socio-economic aspirations.

*"On 31 December 2019, a cluster of pneumonia cases of unknown aetiology was reported in Wuhan, Hubei Province, China. On 9 January 2020, China CDC reported a novel coronavirus as the causative agent of this outbreak, which is phylogenetically in the SARS-CoV clade. The disease associated to it is now referred to as novel*



## Background and Problem Analysis

All these effects have a grave impact on emerging economies such as Zimbabwe, which are still trying to attain a place in the development and economic competitive realm. The withdrawal of the US\$ 83 billion from emerging markets is an impediment to growth and development in many African states. This can be supported by the fact that, Kenya's GDP was at 5.7% prior to the pandemic and decreased to 1%, Ethiopia's GDP was at 6.2% and decreased to 3.2% and Tanzania's GDP was at 5.3% and declined to 2%. Zimbabwe being part of the globe is not immune to the economic effects of the pandemic her economy continues to deteriorate in 2019 it's GDP contracted by 6.5% in 2020 International Monetary Fund (IMF) projected a 7.4% decline. The World Bank noted that, by the end of 2019, Zimbabwean inflation had reached triple digit levels and by June 2020 it was at 737.3%. Trade and production disruptions will likely have disproportionate impacts on emerging economies. Zimbabwe's economy relies heavily on the primary sector, mining and agriculture for foreign currency which have all been undermined by the pandemic. Uncertainties concerning the depth and length of the health induced crisis have increased risks and volatility in financial markets as well as in corporate decision-making.

Zimbabwe's Health Sector (ZHS) was found wanting with its institutional and preparedness operating below par. Studies carried out by various organisations, researchers, policymakers, regional and continental boards all corroborate to the fact that the ZHS is completely overwhelmed. Dilapidating equipment, poor wages for health workers and unavailability of Personal Protective Equipment (PPE) culminating in the creation of infrastructure and economic gaps are all complementing each other in militating against effective pandemic management. This was allegedly to have been exacerbated by the Draxgate scandal in which US\$60 million was looted in a tender scandal. The then Minister of Health is allegedly to have directed that Drax be awarded the tender to supply COVID-19 equipment, medicines and face masks. This was in direct violation of Public Procurement and Disposal of Public Assets Act (Chapter 22:23) as Drax's ability to deliver was not assessed and also the tender bidding process was not followed. It is imperative to note that; this had a grave impact on public finance management. This is because that money will be paid by Zimbabweans through taxes and this will culminate in the shrinking of the fiscal space and service delivery as the money would have benefited a few individuals. The Draxgate scandal illustrates how corruption has permeated the public sector and the concept of economy of affection which Hyden described as an impediment to African development and growth.

Zimbabwe also encounters policy formulation and implementation challenges owing to the lack of citizen consultation and inclusion in decision making. For far too long the citizens

European Centre for Disease Prevention and Control. 2020. *Outbreak of novel coronavirus disease 2019 (COVID-19): increased transmission globally-fifth update, 2 March 2020*. Stockholm: ECDC

Mutiwza, B. 2020. COVID-19 a Global Nightmare: Revamping the Zimbabwean Health Sector (ZHS) For Future Epidemic and Pandemic Management, *Journal of African Problems and Solutions*, 2(1):59-73.

Delvartas, A & Scholz, N. 2020. *Economic impact of epidemics and pandemics*. European Union Parliamentary Research Services.

Mutiwza, B. 2020. COVID-19 a Global Nightmare: Revamping the Zimbabwean Health Sector (ZHS) For Future Epidemic and Pandemic Management, *Journal of African Problems and Solutions*, 2(1):59-73.

African Union. 2020. *Impact of Coronavirus (COVID-19) on the African Economy*. Addis Ababa

DeSilva, 2020. *Economic impact of the COVID-19 pandemic on East African economies*

United Nations Zimbabwe. 2020. *Immediate Socio-Economic Response To COVID-19 in Zimbabwe. A Framework for Integrated Policy Analysis and Support*. [www.worldbank.org/en/country/zimbabwe/overview](http://www.worldbank.org/en/country/zimbabwe/overview)

Nyoka, S. 2020. *Coronavirus: Zimbabwean broadcaster Zororo Makamba died "alone and scared"*. Retrieved from [www.bbc.co.uk/news/world-africa-52061697](http://www.bbc.co.uk/news/world-africa-52061697)

Muroni, C. 2020. *In Zimbabwe, lack of tests sparks fear COVID-19 goes undetected*. Retrieved from <https://www.aljazeera.com/news/2020/04/zimbabwe-lack-tests-sparks-fear-covid-19-undetected-200409175206798.html>

Changano, N. 2020. *Zimbabwe doctors and nurses down tools over lack of protective coronavirus gear*. *China 25 March*

Mutiwza, B. 2020. COVID-19 a Global Nightmare: Revamping the Zimbabwean Health Sector (ZHS) For Future Epidemic and Pandemic Management, *Journal of African Problems and Solutions*, 2(1):59-73.



have been neglected in policy consultation and the results have always been detrimental to policy success as they will be less participation from the masses. The failure by the government to initiate wide inclusive people-driven consultation can be said to be at the core of elitist policies that generates marginalisation of various groups in the society. At times pseudo consultations are done while the government has already reached its decision. This can be evidenced by the 2019 budget consultation where citizens were consulted yet the government had its own policy "austerity for prosperity". The recent constitution consultation also testifies to that effect. It is such unwillingness to initiate inclusive people-driven consultation that creates disparities between policy objectives and people's needs. An effective policy should be people-driven, projecting the issues that citizens want the government to address. It is such an inclusive and wide consultation policy process that can reboot Zimbabwean economy in the post COVID-19 era.

## Economic aspirations of marginalised Citizens in Zimbabwe

### 1. Inclusive Social Safety

Although in many cases social safety nets are not primarily an economic aspiration than there are economic policies. At the core of the people's aspiration was the issue of inclusive social safety nets. Various nations across the globe have introduced stimulus packages to curtail the effects of the pandemic. Zimbabwe, being part of the international community also introduced the same. On the 1<sup>st</sup> of May 2020 the President announced the ZWL\$18 billion Economic Recovery and Stimulus Package aimed at reviving the economy and providing relief to individuals whose businesses had been affected by the pandemic coupled with a 17 million Youth Relief Fund. The Minister of Finance also announced a ZWL\$ 600 million safety net. He went further to state that not everyone was going to benefit, but the government was going to use special sophisticated algorithms to identify the most vulnerable and affected families. This was going to be necessitated by the compilation of databases by various ministries namely Public Service, Labour and Social Welfare, Women Affairs, Small and Medium Enterprises and Local Authorities. The introduction of the stimulus packages was a noble idea nonetheless, responses by the community members shows evidence of anomalies associated with the adopted special sophisticated algorithm as they know nothing about the social nets. Furthermore, key informants' responses to online surveys and interviews also demonstrated ignorance to the issue of safety nets. They argued that they have heard about the issue on television but their local authorities have not said anything to that effect. Those who knew about the social nets lamented how they were excluded citing how partisan politics affected the distribution process.

Youths also share the same sentiments with those who felt that the distribution of relief grants

Mutiwa, B. 2020. COVID-19 a Global Nightmare: Revamping the Zimbabwean Health Sector (ZHS) For Future Epidemic and Pandemic Management, *Journal of African Problems and Solutions*, 2(1):59-73. [www.newzimbabwe.com/mnngaga-wa-sucked-into-us60-million-covid-19-tender-storm/](http://www.newzimbabwe.com/mnngaga-wa-sucked-into-us60-million-covid-19-tender-storm/)  
[www.theafricareport.com/30676/zimbabwe-covid-19-drugs-scandal-lays-bare-the-rot-in-the-system](http://www.theafricareport.com/30676/zimbabwe-covid-19-drugs-scandal-lays-bare-the-rot-in-the-system)  
[www.france24.com/en/20200620-zimbabwe-health-minister-charged-over-virus-kits-scandal](http://www.france24.com/en/20200620-zimbabwe-health-minister-charged-over-virus-kits-scandal)

Hyden 1983, p. 8 defined economy of affection as a "network of support, communications and interaction among structurally defined groups connected by blood, kin, community or other affinities." The loyalty in the concept of economies of affection lies in the group and not state. Thus it is an institutionalised sophisticated network that breeds corruptions and rentseeking

Hyden, G. 1983. *No Shortcuts to Progress: African Development Management in Perspective*. Berkeley: University of California Press

Kawara, M., T. 2017. *Disaster management and preparedness as a way of fostering sustainable livelihoods in Zimbabwe: A Case of Mutoko District (2009-2016)*. B.Sc. Thesis. Midlands State University, Iluvhijika.

A. 2018. From corporate mess to corporate hygiene: dealing with corruption in Zimbabwe's public sector. *Journal of Public Administration and Development Alternatives (JADA)*, 3 (2): 52-72.

[www.newsday.co.zw/2018/11/austerity-for-prosperity-or-poseivity/](http://www.newsday.co.zw/2018/11/austerity-for-prosperity-or-poseivity/)



had been politicised. Allegations of partisan politics in the distribution of aid or social safety nets by the government are not a new phenomenon. However, there seems to be an inherent problem when it comes to allocation of aid. The distribution is often not inclusive but influenced by social, political and economic factors with those that get such allocations having client-patron relations with economic and political elites or their representatives. This can also be evidenced by the Cyclone Idai aid distribution, where allegations were levelled against the Civil Protect Unit over unfair distribution and politicisation of aid. People with disabilities and women complained that they are being neglected in government grants programmes yet they are the part of the most disempowered and vulnerable groups. To this end, inclusive safety nets which do not segregate based on political affiliation, gender and disability is part of the people's aspirations for post COVID-19 and recovery efforts.

## 2. Ring Fencing of the 2% Tax

On the 12<sup>th</sup> of October 2018, the government gazetted into law the 2% tax on electronic transactions. The 2% tax was proposed in alignment with the Transitional Stabilisation Programme. Statutory Instrument 205 of 2018, Finance Rate and Incidence of Intermediated Money Transfer Tax Regulations which repealed section 22G of the Finance Act (Chapter 23:04) brought woes into the lives of Zimbabweans, this is because analysis from the research indicates that many citizens viewed the 2% tax as retrogressive and an impediment to growth and development. The 2% tax has grave impact on the majority of the Zimbabwean population who are into informal economy activities. A study by International Labour Organisation (ILO) in 2020 noted that approximately 80% of the Zimbabwean population is in the informal sector. The informal sector has become the new normal supporting many households. This is corroborated by ILO 2018 which argued that *"informal employment is the main source of employment in Africa, accounting for 85.8 per cent of all employment. In other words, informal economy in Africa is not a marginal phenomenon, but rather the space where the majority of working men and women sustain themselves"*. Therefore, this entails that, the majority of the people that are being gravely affected by the 2% tax do not have formal employment which makes their livelihoods difficult.

The research noted that, the people's aspiration is having the 2% tax ring fenced for financing an inclusive social safety net as the first step towards post COVID-19 recovery and reconstruction effort. This is because currently the 2% tax has induced a shadow pandemic in the people's livelihoods and has not been invested in social programmes that have directly benefited communities. A report by World Bank in 2020 has noted that poverty levels increased sharply in 2019 and are expected to aggravate in 2020. 6.6 million is the number of the people that are said to be anguishing in poverty with urban poverty rising tremendously from 4% to 10% than rural poverty. The people are of the view that, their agony

[www.sundaneews.co.zw/comment-safety-nets-during-lockdown-commendable/](http://www.sundaneews.co.zw/comment-safety-nets-during-lockdown-commendable/)

[www.sundaneews.co.zw/comment-safety-nets-during-lockdown-commendable/](http://www.sundaneews.co.zw/comment-safety-nets-during-lockdown-commendable/)

Communities from Chiredzi District, Malipati, Jerera, Ngundu, Checheche, Chisumbanje, Tanganda, Mwenezi, Bikita, Hwange, Victoria Falls, Harare, Mutare and Bulawayo were consulted.  
Mutwa, B. 2020. An Investigation into Organisational Capacity for National Disaster Management in Zimbabwe: The Case of the Civil Protection Unit 2000-2019. MSc Thesis, University of Zimbabwe.  
Mafirikureva, G. 2019. "Zanu PF doles out cyclone donations to loyalists". *Newsday*, 8 April 2019.  
Communities from Chiredzi District, Malipati, Jerera, Ngundu, Checheche, Chisumbanje, Tanganda, Mwenezi, Bikita, Hwange, Victoria Falls, Harare, Mutare and Bulawayo

ILO. (2020). Women and Men in the Informal Economy: A Statistical Picture. Employment Sector, International Labour Office, Geneva.  
Stuart, E., Sammon, E. & Hunt, A. 2018. Informal is the new normal: Improving the lives of workers at risk of being left behind. London, Overseas Development Institute.



is likely to intensify as the economic contraction continue, loss of employment and income, exacerbated by the inflationary pressure, restriction on mobility as well as drought conditions. To this end, they are advocating for the ring fencing of the 2% tax for support inclusive social safety nets. Ring-fencing the 2% tax towards inclusive social safety nets will feed in the government's 2030 vision of having an upper-middle class economy. Furthermore, communities are calling for the rationalisation of the entire taxation system as this will lessen tax burden on their shoulders and allow them to channel that money into their savings, profits and businesses culminating in independence, growth and development.

### 3. Inclusion of Informal Economies

As aforementioned, citing a 2020 report by ILO, more than 80% of the Zimbabwean population is surviving through informal economy activities. The informal economy plays a vital role in the development and growth of every country. What differs is the country's ability to harness the gains of the informal sector into the mainstream economy. A research carried out by the Labour and Economic Development Research Institute of Zimbabwe and Friedrich-Ebert-Stiftung in 2015 propounded that, in 1980, the informal economy contributed 10%, 20% in 1986 and 1987, 27% in 1991 27% and 60% in 2000 since then it has never dropped. Therefore, with respect to the above submission the informal economy businesses are vital for national development and growth. Their contributions and capability to deliver is what differs from one business to the other but they have mostly transitioned and matured. Small to Medium Enterprise (SMEs) players engaged as part of the research indicated that the sector plays a significant role in the growth and development of the country and should be prioritised. They further on called for an equal opportunity to participate in tender processes. The sector feels that if they are awarded tenders and participate in government policies and strategies as well as receive grants they will play a strategic role in executing post COVID-19 recovery efforts.

### 4. Strengthening Watchdog Institutions to Deter Corruption and Rent-Seeking

Data gathered through the research shows that, among the people's aspiration for the post COVID-19 and recovery efforts is the need to strengthen watchdog or ombudsman institutions. Allegations of corruption from central to local government have all derailed robust pandemic management worsening economic and infrastructural gap. Corruption is inimical to good corporate governance and an impediment to good disaster management, development and growth. Corruption worsen the country's debt by interrupting good debt management. The US\$ 60 million scandal by the then Health Minister is a clear testimony to that effect. This is because US\$ 14.25 million from World Bank in Rwanda enabled the government to finance the COVID-19 Emergency Response Project. The US\$ 60 million that was lost through alleged corruption in Zimbabwe eclipses the resources that Rwanda had which however did so much for the COVID response.

ILO (2018) *Women and men in the informal economy: a statistical picture*, International Labour Organisation.

[www.worldbank.org/en/country/zimbabwe/overview](http://www.worldbank.org/en/country/zimbabwe/overview)

The project Rwanda project was designed to empower the COVID-19 National Preparedness and Response Plan by financing robust mitigation measures such as risk assessment to identify virus hotspots and, contact tracing, screening of travellers at port entries and rapid diagnosis of COVID-19 suspected cases. Robots have also been introduced as frontline workers removing nurses and doctors from the contaminated environment.



## 5. Transparency in Tender Bidding Processes

Effective post COVID-19 and recovery should be anchored on transparency in tender bidding process. The Public Procurement and Disposal of Public Assets Act (Chapter 22:23) and the Procurement Regulatory Authority of Zimbabwe (PRAZ) states that transparency, competition and fairness are the yardstick of effective tender process. Nonetheless, during the course of the pandemic public officials have been seen abusing their offices implementing rent-seeking strategies to avoid tender bidding processes. This has had a negative impact on the management of the pandemic culminating in the exposure of frontline workers, nurses and doctors, eroding public confidence and loss of human capital through the deadly pandemic. To this end, the people want their government to ensure transparency, fairness and competition in tender bidding process as it is the yardstick of viable pandemic management, rehabilitation and reconstruction efforts.

## 6. Bottom-up Approach in Policy Formulation Which Encompasses Wide Consultation

The research was cognisant of the approaching expiring date of the Transitional Stabilisation Programme (TSP) (2018-2020) and the need for a new Five Year Development Strategy (2021-2025). The research revealed that Inclusive and wide consultation in the formulation process of the new strategy is considered as fundamental. Some of the responses to the study indicated ignorance of the expiry of the current development strategy and the opportunity to influencing the next Development Strategy (2021-2025). The people's aspirations are that, the government should engage them fully for their input and expectations on the policy. The policy has to be crafted bearing in mind of the current operational environment which include the pandemic, unemployment and the need for a robust economic reboot that will facilitate for a swift post COVID-19 reconstruction and rehabilitation process. Other remarks from key informant interviews noted that, being excluded in policy formulation and implementation is not a new phenomenon in Zimbabwe. It has been so since the colonial era when policies .will just be imposed on the public without their input and the results have all been the same, nothing progressive comes out of such policies.

## Policy Recommendations

To ensure that the aspirations of marginalised citizens towards the post COVID-19 recovery, reconstruction and rehabilitation processes are captured, the government should consider the following recommendations:

1. **Government Social Safety Nets Should Be Timely, Inclusive and Feasible.** The Ministry of Public Service, Labour and Social Welfare together with the Ministry of Finance and Economic Development should create inclusive social safety nets that are cognisant of the marginalised groups, thus they have to be gender and

The African Union 2020, p. 11 stated that all this was necessitated by the fact that France announced 334 billion Euro as response to COVID-19, Germany 13.38 while England reduced interest from 0.75% to 0.25% and 37 billion as a cushion to the COVID-19 pandemic.

[www.fta.org.uk/consumers/fin-fencing](http://www.fta.org.uk/consumers/fin-fencing)

[www.bbc.co.uk/news/world-asia-53543065](http://www.bbc.co.uk/news/world-asia-53543065)

Godfrey, P., C. 2011, Toward a Theory of the Informal Economy, The Academy of Management Annals, 5(1) 231-277.

Heintz, J. 2012 Informality, inclusiveness and economic growth: an overview of key issues, Amherst: University of Massachusetts Political Economy Research Institute



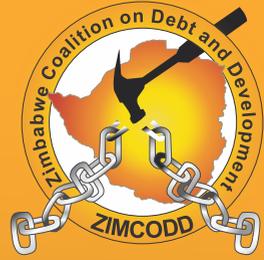
disability sensitive. France, Germany and England have all utilised data collected by various ministries and government departments to create timely, inclusive and feasible social safety nets.

2. **Government through the Ministry of Finance and Economic Development Should Rationalise the taxation system** culminating in the ring-fencing of the 2% tax for supporting social services that benefit the citizens directly. This will also feed in the government's vision 2030 of creating an upper-middle class economy. Ring-fencing is indispensable strategy of development and growth. Ring-fencing works, it was implemented in the United Kingdom following the 2007 financial crisis.
3. **Arrest and prosecution of corrupt public official** The Ministry of Home Affairs and Cultural Heritage and the Zimbabwe Anti-Corruption Commission (ZACC) should arrest and persecute corrupt public officials to deter corruption and rent-seeking activities in the corridors of administration. Malaysia uses the same method to sanitise its public sector. The arrest and prosecution of former Prime minister Najib Razak is a clear testimony.
4. **Parliament and Audit Office must be given sanctioning powers to enforce their recommendations** and prosecute corrupt public officials. This will also strength accountability and prosecution of cases that are often dragged and lost through the system.
5. **Government through the Ministry of Women Affairs, Community, Small and Medium Enterprises Development should integrate the Informal Businesses** into the mainstream economy by capacitating them through government grants and tenders. The informal businesses play a vital role in the development and growth of the nation by contributing greatly to the national GDP and reducing the level of unemployment. Developed nations such as Canada, United Kingdom have embraced this concept hence growth and development continues.
6. **Government through the Ministry of Justice, Legal and Parliamentary Affairs should utilise Village Development Committee (VIDCO), Ward Development Committee in policy consultation**, formulation and implementation of country development strategies to have an appreciation of the people's socio-economic aspiration.



## Conclusion

Responding to the economic aspirations of marginalised citizens is vital to entrench social and economic justice in post COVID-19 response and recovery efforts. Inclusive social safety nets, ring fencing of the 2% tax, inclusion of informal economies, strengthening watchdog institutions to deter corruption and rent-seeking, transparency in tender bidding processes, bottom-up approach in policy formulation which encompasses wide consultation are the aspirations of the marginalised citizens. Timely, inclusive and feasible, social protection mechanisms targeting marginalised groups particularly women and children should be at the core of Covid 19 recovery efforts. This can be supported through robust domestic resource mobilisation mechanisms inclusive of reforms to the taxation system, arrest and prosecution of corrupt public officials and effective safeguards against illicit financial flows. Stronger oversight and accountability by parliament and audit office is also critical to enhance public resource management and reduce resource leakages. Oversight bodies must therefore be given sanctioning powers to enforce their recommendations. These comprehensive and integrated efforts spanning fiscal and monetary policies and the overall transformation of Zimbabwe's economy for the purposes of social and economic justice will require political will, effective citizen mobilisation and the support of Zimbabwe's development partners.



Investing in People for Social and Economic Justice



## Entrenching Social and Economic Justice in Post COVID-19 Response and Recovery Efforts



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