



President Emmerson Mnangagwa

HIGHLIGHTS:

- ED extends lockdown by 14 days, unveils US\$360m economic package
- Mthuli's appeal: Policy discord laid bare
- Playing catch-up: Zim's new COVID-19 testing plan
- Make face masks mandatory - doctors
- Another huge food import bill
- Tobacco more important than ever, as coronavirus hits economy

ED EXTENDS LOCKDOWN BY 14 DAYS, UNVEILS US\$360M STIMULUS PACKAGE

President Emmerson Mnangagwa has announced a Z\$18 billion economic relief package as he extended the national lockdown by another 14 days.

Under the new relaxed rules, formal industries

and other commercial enterprises will join mining companies in re-opening under strict conditions, which include mandatory screening for all employees, who will also be required to wear masks. Business hours will be between 8am and 3pm, Mnangagwa said.

ZIMBABWE COVID-19 STATISTICS FOR APRIL 30

				
8 314	40	4	5	0
SCREENING & DIAGNOSTIC TESTS	CONFIRMED CASES	DEATHS	RECOVERIES	NEW CASES

The government has also made it mandatory for people to wear masks in public.

With the exception of individuals and entities in the agriculture value chain, the informal sector remains closed. Only conventional passenger buses will be allowed to operate, with kombis and taxis remaining barred.

Schools will also remain closed and any reopening strategy will prioritise exam classes.

Highlights of lockdown measures:

- 14 more days.
- Schools remain closed. Reopening will prioritise exam classes.
- Industry and commerce to re-open. All employees to be screened for COVID-19

and required to wear masks. Operations from 8am to 3pm.

- The informal sector remains closed, with the exception of the agriculture value chain and food markets.
- Only conventional buses to provide public transport. Kombis and taxis still barred. Bus operators required to disinfect buses twice daily, take passengers' temperature readings and provide sanitisers. Passengers must wear masks.
- Public gatherings of more than 50 people are still banned.
- Churches, gyms, bars and restaurants are still closed.
- Mandatory quarantine for returning residents and international travellers still 21 days, with testing on Day 1, Day 8 and Day 21.

Mnangagwa said Zimbabwe's poor standing with global lenders meant the country could not benefit from emergency funds that many countries are accessing to fight the COVID-19 pandemic and its effects on the economy. He, however, acknowledged bilateral financial aid from China, the UK, US, India and support from the African Union and the European Union.

Without elaborating on the funding sources, Mnangagwa announced a Z\$18 billion stimulus package, which is the equivalent of 9% of Zimbabwe's GDP and 28.6% of the 2020 national budget.

Highlights of the economic stimulus package:

- Health workers get a 6-month income tax break.
- Z\$6.1 billion for agricultural production.
- Z\$3 billion concessionary lending for the manufacturing sector
- Z\$2.5 billion allocated for a food aid programme for the vulnerable.
- An additional Z\$1 billion for the health budget, to upgrade facilities, procure COVID-19 test kits and PPE.
- Z\$1 billion credit support facility for miners.
- Z\$500 million support for the tourism and hospitality industry.
- Z\$500 million for small to medium enterprises.
- Loans to the various economic sectors to go through banks, at 10% interest per annum. There is a 6-month grace period on the loans, whose repayment will be spread between 1-4 years.



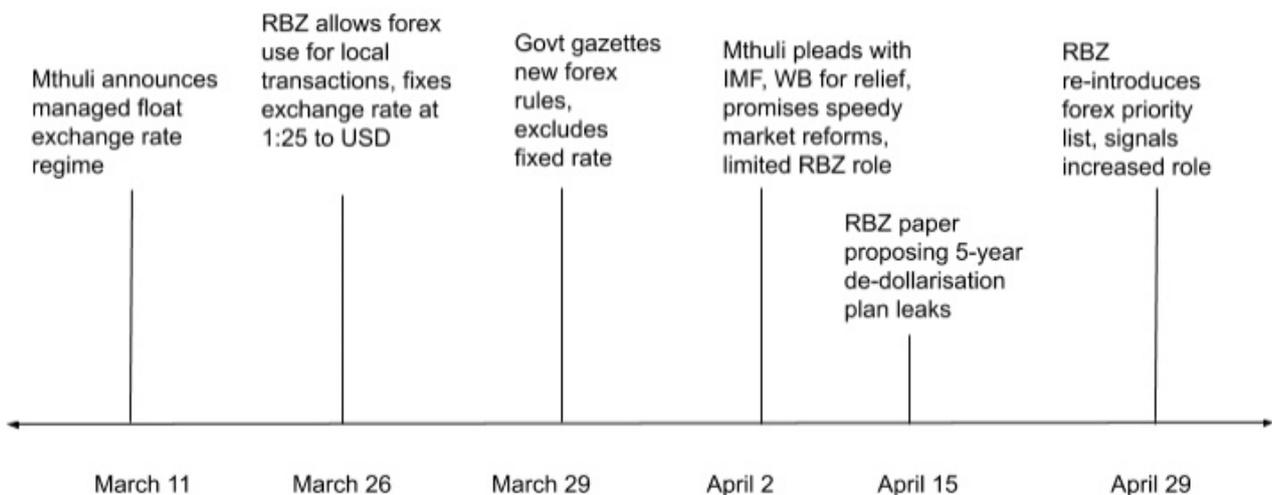
MTHULI'S APPEAL: POLICY DISCORD LAID BARE

As Finance Minister Mthuli Ncube was crafting his letters to the International Monetary Fund and the World Bank to seek emergency economic relief, central bank governor John Mangudya was making his move.

As panic set in over the likely devastating impact of COVID-19 on the economy, Mangudya was slipping into default mode - fixing the exchange rate that Mthuli had tried to float

also increase its concessionary lending to the productive sector by Z\$1 billion to Z\$2.5 billion

After seemingly being rendered superfluous by Mthuli's decision to set up a "currency stabilisation taskforce", chaired by the minister himself in a clear vote of no confidence in the governor's handling of the currency, Mangudya was clawing back lost territory under the cover of COVID-19.



As Mthuli was promising global lenders reform measures which would end the RBZ's direct lending schemes, its quasi-fiscal operations and exchange rate manipulation, the central bank was furiously peddling in the opposite direction.

"The government of Zimbabwe fully recognises that requesting a process for arrears clearance and debt rescheduling at this point in time, given the policy missteps during late 2019, is rightfully a cause for concern to our development partners," Mthuli wrote.

"The government wants to assure development partners of its resolve to implement a comprehensive and credible policy reform agenda."

The central bank's policy posture just days before Treasury's letters got to Washington did not provide reassuring evidence of this commitment.

For anyone tempted to view the RBZ's March 26 intervention as a reflex reaction to the immediate economic risks posed by COVID-19, a leaked "de-dollarisation plan"

prepared by the central bank's economists reveals the reserve bank's reluctance to take its tentacles off the economy.

The country would maintain a fixed exchange rate and fuel subsidies until 2022. Incentive schemes for commodities such as gold, which the IMF has repeatedly slammed and which Mthuli's March 11 announcement said would soon end, would remain in place for another year if the RBZ had its way.

By bumping up its direct lending scheme to Z\$3 billion (potentially rising to Z\$5 billion) and reverting to forex payment priority lists, the central bank is not backing up Mthuli's claims of commitment to reform.

Zimbabwe, which expects its economy to shrink by as much as 20% this year, is just one of some 170 economies the IMF projects to contract due to the impact of the COVID-19 pandemic.

But perhaps more than most, Zimbabwe's checkered history with global lenders means we need to do more to convince them we are proper candidates for emergency aid. Mthuli's letter is just the latest one in a long string of letters, some of them as "Letters of Intent", that Zimbabwe has written to IMF over the past 20 years, making promises and seeking aid.

Zimbabwe is also not the only country begging for IMF money. We are just one of over 100 other countries queuing outside the IMF's door to beg for support.

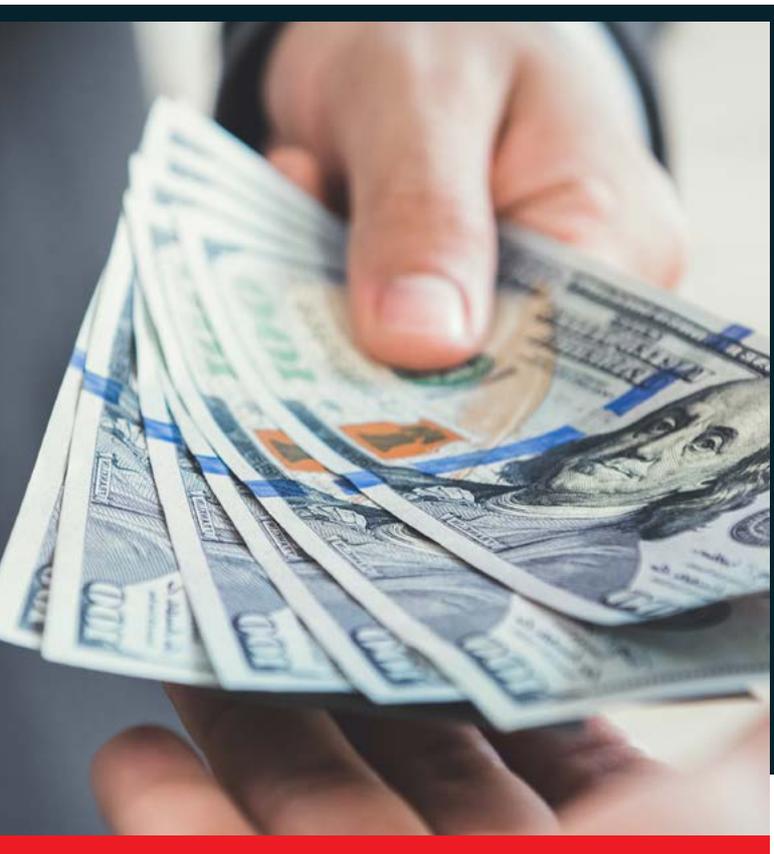
IMF: By the numbers, at April 30

102: The number of countries that have applied for IMF money to survive COVID-19

US\$100 billion: The emergency money available

20: Number of African countries that have so far received IMF COVID-19 bailouts

US\$7.9 billion: The IMF money disbursed to African countries so far





PLAYING CATCH-UP: ZIM'S NEW COVID-19 TESTING PLAN

- All admitted patients being tested
- Tests for all medical staff
- Security services to be tested
- Tests for immigration officers, returnees, truck drivers
- Expanded localised sampling and testing

Zimbabwe had a slow start to COVID-19 testing, and health officials admit they are playing catch up now using a new plan.

As at Wednesday, only 7,642 people had been screened and tested in Zimbabwe. This is way below the 40,000 that the Ministry of Health had targeted for April.

What has been holding up the tests? Personal

Protective Equipment (PPE), according to Health Minister Obadiah Moyo.

“This was delaying us because we could not send our people to collect samples without protective equipment. We have received some more PPE and we can move forward with testing,” said.

What does this new testing plan look like? According to the strategy, it is being rolled out in two phases.

The first phase, already underway, is seeing compulsory testing of all frontline medical staff, such as doctors and nurses. Every patient admitted in hospital is also being tested. Over the past week, these tests have seen at least six new cases among medical staff and admitted patients.

Other groups targeted for testing are security personnel, returning citizens, immigration officials and drivers at truck stops.

The second phase will see expanded testing and collection of samples across all provinces and districts.



MAKE FACE MASKS MANDATORY - DOCTORS

Senior doctors have asked the government to make face masks compulsory in public places, as part of efforts to reduce the transmission of the novel coronavirus.

Although government officials, including President Emmerson Mnangagwa, have taken to wearing masks during public engagements, Zimbabwe is yet to join a growing list of countries that have made face masks mandatory.

“The COVID-19 virus is spread via droplets; we also tend to have a lot of asymptomatic carriers within the young and middle aged members of the society,” the Zimbabwe Senior Hospital Doctors Association wrote to the government this week.

“Scientific evidence has greatly shown that if face masks are worn correctly, they greatly reduce the chance of transmission of the COVID-19 virus via droplets.”

The doctors also asked the government to

subsidise the cost of face masks to make them affordable to all who need them.

In the region, countries such as South Africa, Kenya, Rwanda and the Democratic Republic of Congo have made wearing masks compulsory.

Globally, there have been conflicting positions on face masks, particularly during the early stages of the COVID-19 outbreak, with the World Health Organisation (WHO) recommending that healthy people did not need to wear them, unless they were taking care of infected persons. The WHO has subsequently advised that wearing a medical mask is a prevention measure that can limit the spread of certain respiratory viral diseases, including COVID-19.

In their letter, the doctors also warned the government against reducing the mandatory quarantine period for people returning to the country to eight days, saying this was contrary to scientific evidence as well as WHO recommendations. They also call on the government to step up testing and to report rapid screening tests from the more definitive PCR tests in official reporting of covid-19 statistics.

An April 27 health ministry update said 2466 PCR tests had been conducted by then, with 4368 being rapid tests. The ministry has not provided any split for the subsequent days.



EMPTY BASKET: HUGE FOOD IMPORT BILL AS MASSIVE MAIZE, SOYABEAN DEFICITS LOOM

The government's initial crop assessment is out, and it makes for sobering reading.

The drought, the worst in 40 years, has left Zimbabwe facing another poor harvest. There are significant deficits forecast for key crops, maize and soyabean.

A crop assessment done at the end of February by the agriculture ministry shows that 7% of the total planted area for maize was written off due to the dry spell. This was after the total planted area had been reduced by 5%, as many farmers opted not to plant at all due to the poor rains.

A more detailed assessment of the crop and livestock situation is usually published in May.

Of the total planted area, 42% was put under maize in November. It is this crop which suffered the most. The overall crop assessment for maize is "fair to poor", the

report says.

Soyabean planting declined by 40%, to 34,000 hectares. At a generous yield projection of 2 tonnes per hectare, the expected output from this would be a tenth of the country's requirements.

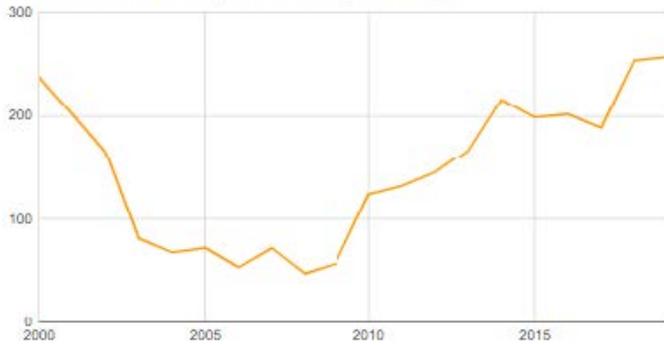
We spend an average of US\$200 million on soyabean imports per year, for edible oil production as well as stockfeed.

It's not all bad news. The government's push for farmers to grow more drought-resistant small grains such as sorghum saw a significant increase in the total planted area for these crops.

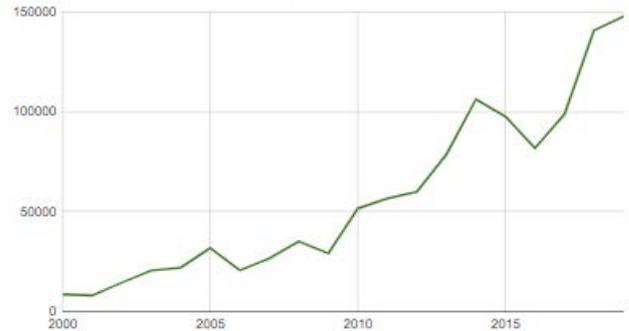
Sorghum planting increased by 52% to 305 865 hectares, while hectareage under pearl millet and finger millet expanded by 10% and 37%, respectively.



Tobacco mass sold per season (million kg)



Registered Tobacco Growers



UP IN SMOKE: TOBACCO MORE IMPORTANT THAN EVER, AS CORONAVIRUS HITS ECONOMY

Tobacco has always been an important crop for Zimbabwe's economy, but its value is set to grow even more this year, as the COVID-19 crisis disrupts the country's other vital sources of foreign currency.

Last year, Zimbabwe earned US\$745.6 million from tobacco exports, according to RBZ data, confirming the crop's position as one of the major forex income generators, alongside mining, tourism and remittances.

With the exception of safe-haven gold, mineral commodities have taken a hit, and the virus has also laid waste to tourism, which earns the country US\$1 billion annually, on average.

All this underlines tobacco's importance to Zimbabwe's already precarious balance of payments situation. The crop, which is now grown by over 100,000 farmers annually, from 8,537 farmers in 2000, also provides direct employment and household sustenance for many.

But the crop is not without its problems this year.

All indications point to lower output and, possibly, lower average prices this year, compared to 2019.

Output is expected to fall this year to 230 million kg from the record 259 million kg grown in 2019, officials say. Hectarage under tobacco was 12% lower during the last planting season, while seed sales fell 20%.

On Wednesday, Tobacco Industry and Marketing Board chairman Pat Devenish said the number of registered growers this marketing season is 148,084 compared to 178,721 the prior year, with more than 7,609 growers having registered for the first time.

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