Journal of Economics, Finance and Management Studies

ISSN (print): 2644-0490, ISSN (online): 2644-0504

Volume 5 Issue 06 June 2022

Article DOI: 10.47191/jefms/v5-i6-08, Impact Factor: 6.274

Page No. 1565-1575

# Key Socio-Economic Policy Responses to the Covid-19 Pandemic in Southern Africa

**Dr. Austin Mwange[1], Dr. Windu Matoka[2], Marien Matafwali[3], Nyawa Msidi[4], Kutemba Kaping'a[5], Mary L. Musonda[6], Chipo Hamachila[7], Kaping'a Wa Tshimanga[8], Nyambe William Imamba Mululu[9]**

[1]Department of Economics, School of Social Sciences, ZCAS University, Zambia;

[2]Department of Business Administration, School of Business, ZCAS University, Zambia

[3]Department of Management, School of Sciences, ZCAS University, Zambia

[4]Department of Laws, School of Social Sciences, ZCAS University, Zambia

[5-9]Graduate School of Business, University of Zambia, Zambia

[4 - 9]Graduate School of Business, University of Zambia, Zambia

**ABSTRACT**

**Purpose:** This paper attempt to highlight various intervention measures /policy responses to the Covid-19 Pandemic specifically focusing on Southern African Countries. The paper will particularly concentrate mostly on social, economic, monetary, and fiscal interventions in Southern Africa.

**Design/Methodology:** This study was done using a combination of both narrative and systematic literature reviews. A number of databases were searched for articles on Covid-19 economic interventions in Southern Africa and other regions. The searches were done mainly on Google scholar and Web of Science.

**Findings:** The COVID-19 pandemic and the measures deployed by various governments in conjunction with the private sector institutions to contain its spread were numerous. They included the following; lockdowns, quarantines, social distancing, travel bans and restrictions, masking requirements, and shutdowns of non-essential activities. These measures in turn caused severe socioeconomic dislocations in African economies. Many Governments in Southern Africa responded with programs to mitigate personal hardship and disruptions to economic life. At the same time, central banks had to cut policy rates and injected liquidity on an astounding scale into the economies. It goes without saying, that the pandemic and the actions taken to contain it have exacted substantial costs on Southern African economies and the rest of the world, including deep economic contractions. Specifically, some of the socioeconomic impacts of the COVID-19 pandemic are; Decrease in GDP and GDP growth, loss in employment, increase in poverty, price increases and food insecurity, increase in exposure to corruption, and so forth.

**Research Limitations/Implications:** The limitation is that the research was only based on existing literature. The implication is that different countries had different economic conditions and situations. Comparisons of such measures may not be universally applied to different countries as some countries for example are landlocked while others are not.

Practical Implication; While these policy measures were welcome in as far as mitigating the negative effects of Covid-19, they were critiqued for largely being geared towards formal activities and not the informal sector of these economies where many micro and small-sized enterprises operate. Also, the responses were mostly short rather than long-term measures that targeted the impact of the pandemic on the key processes guiding the development of productive capacities. In this regard, there was the need for a more holistic policy response to the pandemic to ensure an inclusive and sustained development outcome. Policymakers therefore should endeavour to consider these realities in similar measures in the future.

**Findings:** The COVID-19 pandemic and the measures deployed by various governments in conjunction with the private sector institutions to contain its spread were numerous. They included the following; lockdowns, quarantines, social distancing, travel bans and restrictions, masking requirements, and shutdowns of non-essential activities. These measures in turn caused severe socioeconomic dislocations in African economies. Many Governments in Southern Africa responded with programs to mitigate personal hardship and disruptions to economic life. At the same time, central banks had to cut policy rates and injected liquidity on an astounding scale into the economies. It goes without saying, that the pandemic and the actions taken to contain it have

exacted substantial costs on Southern African economies and the rest of the world, including deep economic contractions. Specifically, some of the socioeconomic impacts of the COVID-19 pandemic are; Decrease in GDP and GDP growth, loss in employment, increase in poverty, price increases and food insecurity, increase in exposure to corruption, and so forth. This paper attempt to highlight various intervention measures /policy responses to the Covid-19 Pandemic specifically focusing on Southern African Countries.

**KEYWORDS:** Covid-19 Pandemic, Socio-Economic Policy Response, Economic Policy Measures, Monetary Policy Measures, Fiscal Policy Measures Southern Africa.

## INTRODUCTION

Over the last two years, Southern African Countries and the entire world experienced the worst Socioeconomic challenges of distressing proportion. To be precise, on 30th December, 2019, an epidemiological alert was issued by the Chinese Wuhan local health authority of the emergence of a new strand of the coronavirus called severe acute respiratory syndrome coronavirus (SARS-CoV-2), which causes what has become famously known as coronavirus disease 2019 (COVID-19). Africa's first case of COVID-19 was recorded in Egypt on 14 February 2020 thereafter the pandemic spread gradually to the rest of the continent as in other parts of the globe.

The COVID-19 pandemic and the measures deployed by various governments in conjunction with the private sector institutions to contain its spread were numerous. According to African Development Bank (2020), many Governments in Southern African responded with programs to mitigate personal hardship and disruptions to economic life. At the same time, central banks had to cut policy rates and injected liquidity on an astounding scale in the economies. It goes without saying, that the pandemic and the actions taken to contain it have exacted substantial costs on Southern African economies and the rest of the work, including deep economic contractions.

Firstly, there is a common recognition that the COVID-19 pandemic has severely affected the Southern African countries just like the rest of the world, collectively and individually. According to Seidman (2021), this can be attested through the decrease in GDP and GDP growth, the loss in employment, increase in poverty, price increases and food insecurity, and the likely increase in exposure to corruption, and so forth.

## RESEARCH PURPOSE AND AIM

This paper attempt to highlight various intervention measures /policy responses to the Covid-19 Pandemic specifically focusing on Southern African Countries. The paper will particularly concentrate mostly on social, economic, monetary and fiscal interventions of all countries within Southern Africa. This study will be done through systematic review of existing literature.

The aim of this study is to review the various socio-economic policy responses to the Covid-19 pandemic that respective countries in the Southern African implemented at the height of the pandemic.

## RESEARCH QUESTIONS

1. What were some of the economic interventions/responses?
2. What were some of the social policy responses?
3. What were some of the fiscal policy measures?
4. What were some of the monetary policy measures?
5. What other economic measures or responses were introduced in the SADC Region?

## MAIN RESEARCH OBJECTIVE

The main objective of this study is to review the various socio-economic policy responses to the Covid-19 pandemic that respective countries in the Southern African implemented at the height of the pandemic.

## SPECIFIC OBJECTIVES

1. To evaluate the social policy responses to Covid -19 by Southern African countries
2. To evaluate the economic policy responses by Southern African countries
3. To evaluate the fiscal policy measures by Southern African countries
4. To evaluate the monetary policy measures by Southern African countries
5. To evaluate other measures or responses implemented as a result of the pandemic

**SIGNIFICANCE OF THE STUDY**

The rationale of this paper is to highlight the various Covid-19 intervention measures that were implemented by Southern African countries. It highlights the fiscal and monetary policy measures implemented as well as social and economic policy responses undertaken. This study covers eleven southern African countries, these are; Zambia, Angola, Madagascar, Namibia, South Africa, Botswana, Zimbabwe, Swaziland, Lesotho, Malawi and Mozambique. The comparison of various policies and intervention measures implemented by different governments in southern Africa gives insight to scholars and policy makers on what worked for different countries. This study not only benefits scholars but key decision-makers of governments to understand other policies and measures they could implement to counter the impact of covid-19.

**METHODOLOGY**

This study will be done through systematic review of existing literature through platforms like google scholar, Published journals, magazines and newspaper articles, official webpages and independent websites of various institutions and non-government organizations etcetera.

**PRESENTATION OF DATA**

This paper will be presented case by case for the countries in Southern Africa. The case study countries will be all Southern African countries. A conclusion will later be drawn. Finally, some recommendations will be stated at the end.

KEY SOCIO-ECONOMIC POLICY RESPONSES TO THE COVID-19 PANDEMIC IN SOUTHERN AFRICA

NAMIBIA

Namibia recorded its first COVID19 case on March 13, 2020. At the start of the crisis, the government declared a nationwide state of emergency and put in place containment measures, including social distancing, work-from-home initiatives. They have undergone lockdowns in some areas, closing all points of entry and completely restricting cross-border travel. Regarding vaccinations, the government paid 1.6 million dollars by November 2020 to get the vaccine dose enough to immunize 20 per cent of the population. Through the COVAX facility; and signed the remaining $9.1 million financial commitment agreement (IMF, 2020).

**THE KEY POLICY RESPONSES**

Fiscal Policy Measures

The Namibian government launched an Economic Recovery and Relief Package to mitigate the impact of COVID19 (N$8 billion) which includes; spending measure of N$2.6 billion on health, wage subsidies for affected sectors and subsidized income; Guarantee up to 2.3 billion USD to support low-interest loans for small businesses, agribusinesses and individuals. The government announced that it expanded the deadline for submission of personal income tax declarations from June 30 to September 30 and was not taxed, still maintained on June 30. Namibia Bank announced that they will participate in the operation of lending guarantee program providing $ 50 million with targeted capital for SMEs.

**Monetary Policy Measures**

Some of the Monetary measures introduced by the country were; Central bank's monetary and macroeconomic feedback reduced 25 basic policy rates to 3.75% on August 19, 2020 (a total of 250 BPS, because the emergency status was declared). The central bank announced changes in the financial sector and its regulatory setting, which included; allowing banks to grant loan payment moratorium (payment holidays) ranging from 6 to 24 months, regulatory and policy relief changes, such as relaxing the determination on liquidity risk management reducing the capital conservation buffer rate to 0 per cent for at least 24 months to support banking institutions to supply credit, Postponing the effective date of implementation of the 25 per cent single borrower limit and concentration risk limit. However, no measures were taken under the exchange rate and the balance of payments.

**SOUTH AFRICA**

South Africa reported the first case of Covid19 which was confirmed on March 5, 2020. The Government declared a national astronomical country, lasting until July 15, 2021 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 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 put in place with only critical workers, transport services, banking, essential food and medicine production, and retail operating food and medicine production, and retail operating.

**THE KEY POLICY RESPONSES**

Fiscal Policy Responses

The government fiscal policy has helped businesses and workers deal with suffering through the Unemployment Insurance Fund (UIF) and special programs of the Corporation Industrial development. Additionally, additional funds were made available for the health response to COVID-19 workers who had an income below a certain threshold received a small tax subsidy for four months and the most vulnerable families received a temporal higher social grant amount until End-October 2020. Other measures include; a new temporary COVID-19 grant was created to cover unemployment workers that do not receive grants or UIF benefits, the number of food lots for distribution had increased and additional funds had been awarded in 2021 budgets for public works programs. In addition to these measures, funds have also been provided to small and medium enterprises with stress, mainly in the field of tourism, hospitality and small farmers operating in poultry, livestock and vegetables sector, including a new fund of 1.2 billion Rand, which was announced at the end of January 20, 2021.Other measures includes; An official loan guarantee scheme was introduced to provide bank loans, guaranteed by the government, to eligible businesses to assist expenses, Allocations were made to a solidarity fund to help combat the spread of the virus, with assistance of private contributions, and support municipal provision of emergency water supply, increased sanitation in public transport, and food and shelter for the homeless, A 4-month skills development levy tax holiday was also implemented (IMF, 2020).

**Monetary Policy Measures**

The central bank reduced the policy rate progressively during the pandemic. The central bank also announced measures to facilitate liquidity conditions by; Increasing the number of repo auctions to provide intraday liquidity support to clearing banks at the policy rate, reducing the upper and lower limits of the standing facility to lend at repo rate and borrow at 200 bases below the repo rate, raising the size of the main weekly refinancing operations as needed.

On the 26th March, 2020, the South African Reserve Bank (SARB) issued guidelines on modalities to provide debt relief to bank customers. Furthermore. On August 3, 2020, the South African Reserve Bank (SARB) announced that the macro privacy policy easing will be extended until further notice. With regards to Exchange rates, the Central Bank still maintains its longstanding practice of not intervening in the foreign exchange market.

**Other Economic Measures**

On March 19 up until the 27th of March, 2020, the Department of Trade and Industry introduced regulations against price gouging and export control measures on essential goods respectively. The government also outlined measures for COVID-19 emergency procurement including the specifications of the health essentials and the maximum prices for the personal protective equipment.

BOTSWANA

The Key Policy Responses

Social Policy Responses

In February, 2020 preventive and control measures (Republic of Botswana, 2021) where adopted by Botswana as follows: Use of media platforms and other means for public education, Screening at all points of entry for early detection, diagnosis and treatment, advised self-quarantine for suspected cases as well as rapid specimen collection for testing, isolation for suspected cases or symptomatic individuals following screening at designated health facilities followed by contact tracing instituted to combat the virus spread, maintaining social distancing in public places like malls, shops, work, gyms, places of worship etc. Other measures were; Community lock down for places that gather in large numbers e.g. training institutions, and restricted movements within and outside the country.

Economic Policy Responses

To complement the short term economic relief package, the Government developed an Economic Recovery and Transformation Plan (ERTP) to support the restoration of economic activity and incomes, facilitate economic growth, accelerate economic transformation and build the resilience of the economy (United Nations, 2020).

Fiscal Policy Measures

In order to support the economy and complement disease containment measures, the government designed a short term COVID-19 Economic Relief Recovery Package with a 2 billion Pula (about 1.1 percent of GDP) contribution from the government (International Monetary Fund, 2021; Republic of Botswana, 2021). This package covers the following interventions; A wage subsidy for a period of 3months for the adversely affected workers which amounts to 50% of salaries of affected businesses (1000-2500 pula per month),training levy waiver levy for a period of 6 months (150 million pula),a tax deferral on any quarterly payments of 75% between March and September 2020 to be paid by March 2021,build-up of fuel and grain reserves, additional health expenditure as well as improvement of water supply (475 million Pula); established a government loan guarantee scheme of 1 billion Pula for easy access to bank credit by affected businesses. The maximum per borrower is 25 billion pula and covers a guarantee period of 24 months. The scheme is 20% financed by commercial banks. Furthermore, the VAT refund period was reduced from 60 days to 21 days.

To undertake the above-mentioned interventions, the Government established the Covid-19 pandemic Relief Fund where contributions flocked from private sector, individuals and families, development partners and civil society organizations (United Nations, 2020; The World Bank, 2021).

Monetary Policy Measures

The Bank of Botswana (BOB) at its Monetary Policy Committee (MPC) meeting held in April 2020, reduced the bank rate by 50 basis points from 4.75 percent to 4.25 percent to support the domestic economy, reducing the primary reserve requirement (PRR) from 5 percent to 2.5 percent to inject liquidity. The bank rate was further reduced by 50 basis points by October 2020.Furthermore, the 3-month Treasury Bill was reintroduced in October 2020 in place of the 91-day Bank of Botswana Certificate to support the Government Treasury Bill market. Other measures were; Rescheduling of loans and waiver of penalties for the affected business sectors, rescheduled retirement fund contributions and life insurance payment premiums for at least three months, Capital requirement rules relaxed by BOB and measures introduced to improve liquidity. The reduction of Capital adequacy ratio for banks has been from 15 to 12.5 percent, and regulatory forbearance for non-performing loans (Bank for International Settlements, 2021). Additional measures were reduction of Overnight funding costs by doing away with punitive 6 percentage points above the bank rate, broadening access to repo facilities with maturity of up to 92 days, extension of collateral constraints for bank borrowing from the BOB to include corporate bonds and traded stocks, and raising electronic payments transaction limits (Bank for International Settlements, 2021).

Other Policy Responses

In May 2020, the Bank of Botswana implemented a new annual downward rate of crawl of 2.87 percent which contributed to further easing of real monetary conditions in the economy (International Monetary Fund, 2021).

**ZIMBABWE**

**THE KEY POLICY RESPONSES**

Fiscal Policy Measures

US$100 million to be complemented through donations was set aside for the vaccination program by the Government, as discussions to procure more vaccines from India, Russia, EU, America, COVAX and African Union were still ongoing having received 800,000 vaccinations donations from China (IMF, 2021). Zimbabwe has administered a total of 7,747,334 vaccine doses as at 14th February, 2022 (World Health Organisation, 2022). To boost the tourism industry, the vaccination program targeted mass vaccination of the Victoria Falls resort city (IMF, 2021).

$13.7 million grant from African Development Bank was received by the government with an aim to support training for lab technicians and medical staff on best case management and prevention (African Development Bank, 2020).

In 2020, COVID-19 cash transfers amounting to ZWL$754 million were given to 309,000 labor constrained and food poor households by, the Ministry of Public Service Labor and Social Welfare. For 2021, the ZWL$450 million budgeted allocation has not been disbursed to cover planned intervention (IMF, 2021)

The government introduced a covid-19 Risk Allowance for the health sector and civil servants of ZWL$468 million/year and ZWL$20.3 billion. In addition, the government hiring freeze was lifted for the health sector in order to add to the medical personnel by over 4,713 (IMF, 2021).

Payment of corporate taxes was extended, while duties and taxes on covid-19 related goods and services were suspended to facilitate speedy procurement of essential goods and services. In addition, VAT on Domestic Tourists Accommodation and VAT on visitor services were exempted in order to support the Tourism sector (IMF, 2021).

AN Economic Recovery and Stimulus package for Covid-19 worth ZWL 18 billion was unveiled by the government in 2020 to provide support to all the affected productive sectors of the economy and protect employment. This was aimed at revitalizing the economy and relief provision to individuals, families, small businesses and industries impacted due the pandemic (IMF, 2021; KPMG, 2020).

Despite having restricted access to regional and international finance due to heavy indebtedness, Zimbabwe managed to secure a US$10 million loan from the Arab Bank for International Development (BADEA) to procure laboratory equipment and PPE towards the Covid-19 pandemic (IMF, 2021).

Inflation has been high and notwithstanding the Covid19 induced effects, the year on year inflation reduced from 837.5 percent in July 2020 to 60.7 percent in December 2021 (Mangudya, 2022).

Monetary Policy Measures

**Key Socio-Economic Policy Responses to the Covid-19 Pandemic in Southern Africa**

In march 2020, the Monetary Policy Committee (MPC) resolved to increasing the medium-term bank accommodation facility from ZW$1 billion to ZW$2.5 billion for supporting productive sector activities, empowerment programs for SMEs, artists and sports, Microfinance Banks and other Savings Banks (Mangudya J. P., 2020; IMF, 2021).

The bank issued an Open Market Operations (OMO) Corporate Bills to support the exchange rate and stabilize prices in the economy. This is a necessity for monetary targeting framework enhancement (Mangudya J. P., 2020).

In its February 2021 Monetary Policy Statement, the central bank Reduced the statutory reserve ratio from 5% to 4.5% in march 2020, which was lowered further in June 2020 from 4.5% to 2.5% and the Bank policy rate was increased to 40% after reducing from 35% to 25% in march 2020 for the purpose of stemming speculative borrowing (IMF, 2021; MANGUDYA, 2021). June 2020.

The Monetary Policy Committee Statement of June 2021, maintained the Bank policy rate at 40% with the Medium Term Accommodation Facility interest rate at 30% per annum, thereby the reserve money growth target reduced from 22.5% to 20% per quarter as a measure to further tighten monetary policy

Exchange Rate and Balance of Payments

The Reserved Bank of Zimbabwe (RBZ) in March 2020, suspended managed floating exchange rate system and adopted a fixed exchange rate system to provide for greater certainty in the pricing of goods and services in the economy at interbank level of ZW$25 to the US$1. This is a measure subject to review upon stabilization of markets from the effects of the pandemic (Mangudya J. P., 2020). In June 2020, the bank introduced a foreign currency auction system due to acute foreign currency shortages and reinstated the 30-day limit of liquidating surplus foreign exchange receipts from exports and further revised it to a 60-day limit for FX liquidation (IMF, 2021).

**MADAGASCAR**

The Government of Madagascar implemented non-pharmaceutical interventions (NPIs) nation-wide when the first cases of COVID-19 were detected (3). This included barrier measures (mandatory use of facemasks, hand-washing, and social distancing); bans on public gatherings; school closings; and lockdowns in major cities. The international airport was closed to commercial flights, beginning March 20 and continuing until the end of October 2020, and then closed again in April of 2021. Roadblocks were established on all national roads leaving the capital to prevent movement across regional boundaries and public transportation was suspended. NPI implementation and timing presented high variability for each region of the island based on case counts. By early September 2020, as reported cases dwindled and fears of an over-run health system diminished, many NPIs were lifted including restrictions on movement, though loosely enforced mask mandates remained in effect (World Bank,2020).

Economic Policy Measures

According to the WHO (2021), the COVID-19 pandemic has had severe economic consequences in Southern Africa, resulting in an unprecedented decline in production and employment. Similar policy responses were introduced in the country similar to those across the region, centred on temporary and inadequate relief for workers and businesses; The country had very limited fiscal and monetary stimulus efforts; and vague and under-resourced commitments to accelerate industrialization and infrastructure investment. Responses to the pandemic recession have underscored the country's limited power on global financial markets, which has constrained both relief programmes and fiscal policy.

**ESWATINI**

Eswatini formerly known as Swaziland learned a lesson when it experienced high death tolls between the mid 1990's and early 2000's caused by the HIV/AIDS pandemic. And so when they recorded their first case of Covid-19 on the 14th March 2020, the country was quick in declaring a state of emergency on the 17th March 2020. This pronouncement was followed by a partial lock down effected on the 27th March 2020 to contain the pandemic. On this same day, Eswatini adopted the Covid-19 Regulations under Section 43 of their National Disaster Management Act which not only provided for containment measures against the spread of the pandemic, but also provided for the establishment of a task force responsible for providing relief assistance to the poor. Only essential sectors of the economy were allowed to work under highly strict hygiene conditions. Other sectors like transportation were allowed to work at 70% capacity whilst ensuring that all passengers were masked up (Trajman, 2021). By the end of April, up to 100 cases and one Covid-19 related death had been reported. As at 2nd September 2020 there were 4,618 confirmed Covid-19 cases, 3,562 recoveries, 962 active cases and the country had experienced 94 deaths, according to the Ministry of Health (Mamba, 2020).

**THE KEY POLICY RESPONSES**

Social Policy Responses

Mamba explains that the Department of Social Welfare has two main components namely Old Age Grant and Public Assistance Grant. The former welfare program caters to elderly citizens from the age 60years going upwards whilst the latter caters to those that are differently abled, OVCs and offers an educational grant. The monthly OAG was increased from SZL 400 to SZL 500 in an effort to cushion the elderly from the devastating effects of Covid-19. To add on, the government shifted from making these payments manually to avoid overcrowding and contain the spread of the pandemic to making online payments in April 2020.

The PAG equally did not perform as successfully in curtailing the effects of the pandemic on the disabled and OVCs. For example, approval of new beneficiaries of the disability grant has been suspended leading to up to 64% of beneficiaries being excluded from the program. Despite this disparity, the grant was increased from SZL 180 to SZL 280. On the other hand, a survey revealed that only 19% of households with orphans received the OVC grant against a backdrop of 60% of children being classified as vulnerable and 71% of children being classified as orphaned children (Mamba, 2020).

In light of the above, the government initiated fiscal, monetary, and financial sector measures to alleviate the socioeconomic impacts of the pandemic on vulnerable households and businesses. In this regard, the World Bank Group approved the release of a $40 million Development Policy Loan to assist the government in executing its programs for reforms and ongoing efforts to mitigate the impact of the pandemic, particularly on the poor and vulnerable (Ratshitanga, 2020). Furthermore, the IMF approved $10.4 million to the nation to assist in its attempt to address the devastating impacts of the pandemic. To add on, the government increased spending on healthcare, food assistance programs, social protection transfers, enhanced access to water and sanitation. According to a report by Mamba, a percentage of the capital budget for 2020 was redirected towards refurbishing hospitals and completing wings of new hospitals (Mamba, 2020).

Monetary Policy Measures

In an effort to mitigate the impact of the pandemic, The Bank of Eswatini reduced the discount rate up 3 times between March 2020 and July 2020 from 5.50% to 3.75% after which it was maintained until March 2021. The Central Bank further reduced the liquidity reserve requirement for banks by 600 cumulative basis points by March 2020 which released more billions which cushioned the banks and allowed them further amidst the pandemic. Other responses were; Banks were advised to restructure their loans use moratoriums or payment holidays for affected clients. Whilst banks with surplus capital were encouraged to use this to lend more instead of paying dividends, the limits on mobile money transactions were increased and electronic payments were encouraged for banks and mobile network operators (IMF, 2020).

Fiscal and Economic Policy Responses

The economic impact of the pandemic on the Kingdom of Eswatini was so severe that the IMF approved a package worth $114 million under the Rapid Financing Instrument in the efforts to meet urgent balance of payment needs resulting from the pandemic. This will complement the efforts the response to the pandemic and post Covid-19 fiscal consolidation and structural reform plans to guarantee economic stability encourage growth that benefits all citizens (Zhang, 2020). Some of the responses were; Spending in the efforts to improve crisis preparedness was increased by SZL 100 million (0.14% of GDP),Giving businesses the possibility of filing provisional loss returns with no tax payment through tax relief systems, SME businesses that were tax compliant, retained their employees and continued paying salaries during the pandemic have been scheduled to be given refunds totaling SZL 90 million (0.3% of GDP) (IMF, 2020).

Other measures the government has taken is to stop social contribution payments and salary negotiations in private institutions to save jobs. Dismissal of employees during the pandemic was suspended but this was not sustainable due to the varying impact of the pandemic. To solve this problem, the government released SZL 12.8 million to relieve employees who had lost their jobs due to the Covid-19 pandemic (Mamba, 2020).

## MALAWI

### THE KEY POLICY RESPONSES

Social Policy Response

The Covid-19 pandemic presented a lot of hardship especially for low income earning individuals in low income countries. To curb the spread of the deadly pandemic, governments implemented a number of measures to protect the citizens and the economy at large. Some measures implemented disrupted livelihoods of citizens especially those whose source of income depended on daily interaction with others such as street vendors/ marketeers and other small businesses. This posed a great threat to economic activities as such, government implemented social policies to alleviate the economic shocks on its citizens. Some of the social policies included New cash transfers where poor families were provided with temporal income support when the pandemic hit. The assumption was that these families were conventional pre Covid vulnerable groups and they faced Covid intensified vulnerability (Devereux, 2021). The other measure was Lockdowns where Partial lockdowns on movements and international flights to Malawi were suspended except those carrying returning Malawian citizens. (IMF, 2022)

Other social policies implemented included wearing face masks in public places, the government also put a ban on public events and gatherings that were restricted to a hundred people. Additionally, the government also implemented the closing of working places of non-essential workers (Mzumara GW, 2021)

Fiscal Policy Measures

The Malawian government planned $39 Million in spending on health care and other targeted social assistance programs. They hired additional health workers to work during the pandemic, waived off taxes on imports of essential goods. Additionally, $50 Million was provided for emergency cash transfers. (IMF, 2022)

Monetary Policy Measures

The reserve bank of Malawi reduced monetary rates on the following, the policy rate by 12%, the currency liquid reserve requirement to 3.75% and Lombard rate to 12.2%. additionally, the emergency assistance framework was introduced to support banks that were facing liquidity challenges. Furthermore, the Malawian government restructured loans for Small and Medium Enterprises (SMEs) to contain economic shocks, the government also encouraged cashless transactions by reducing fees on mobile money transactions. (IMF, 2022).

**MOZAMBIQUE**

**THE KEY POLICY RESPONSES**

Social Policy Response

The Mozambique government introduced a number of social policy measures to contain and prevent new infections of the covid-19 pandemic. Among the social measures implemented are: Limitation on the movement within the country and restriction on boarder entries, closure or reduction of non-essential shops, a ban on both private and public events (IMF, 2022). The government also increased cash transfers paid to the poor and vulnerable citizens during the duration of the lockdown (Devereux, 2021). The Mozambique parliament approved the amnesty and pardon of inmates with sentences not exceeding one year in order to decongest the prisons and limit the spread of corona virus in correctional facilities (UN, 2020). Furthermore, the government put stringent measures for all citizens, they suspended sports and cultural activities, requested some workers to work remotely and public gathering of people were banned (IGC, 2022).

Fiscal Policy Measures

Mozambique implemented a fiscal package that introduced temporal and well-targeted tax exemptions to support families and the health sector such as Value Added Tax and import tariffs on food, medicine, medical equipment, sugar, vegetable oil and soap. Additionally, they implemented higher cash transfers and subsidies to the poorest households (IMF, 2022).

Monetary Policy Measures

The central bank reduced the reserve requirements for foreign currency to 11.5% and the domestic currency deposit to 34.5% to cushion the impact of the pandemic. Additionally, they introduced lower fees on charges for digital transactions through commercial banks, mobile banking and e-currency for three months. The government announced measures to support the financial markets and encourage prudent loan restructuring by introducing foreign currency credit line of $500 million for institutions participating in the inter-market foreign exchange market (KPMG, 2022).

**ZAMBIA**

In light of the spread of Covid-19, the government has taken several steps to mitigate its effects on the economy.

**KEY ECONOMIC MEASURES**

Monetary Policy Response

In respect of monetary interventions, the Central Bank, Bank of Zambia scaled up open market operations to provide short-term liquidity support to commercial banks on more flexible terms. This standard monetary policy tool would help reduce interest rates and encourage business activity and liquidity in the economy. Further the central bank had also revised rules governing the operations of the interbank foreign exchange market to support its smooth functioning. Given the increased deterioration and volatility of the Kwacha, this measure was expected to restore stability and business confidence in the economy. The bank however was contemplating on taking measures that would target SMEs as they were perceived to be hardest hit by the effects of the pandemic.

In addition to these monetary measures, the Government had forged partnerships with the private sector to promote business continuity and cushion the effect of the pandemic on output and employment. For example, it had introduced tax waivers for business, including a waiver on interest on outstanding tax liabilities associated with the pandemic. It had also reduced supply chain disruptions through providing cross-border trucks in transit with officials to escort them to avoid unnecessary stoppages.

## Key Socio-Economic Policy Responses to the Covid-19 Pandemic in Southern Africa

Fiscal Policy Response

On 23 March,2020, Zambia's Cabinet approved a Contingency Plan including its budget aimed at enhancing the fight against the Covid-19 pandemic. Zambia's Covid-19 National Multi-Sectoral Contingency and Response Plan (NMRCP) aimed to guide the preparedness and response mechanism to be undertaken in the context of the threat from the global outbreak of the novel coronavirus disease. The plan considers three scenarios of public health risk from the Covid-19 and their response action level. It had an estimated budget of ZMW 659 million which remains largely unfunded for quite some time.

On 26 March,2020, the then Minister of Finance, Hon. Bwalya Ng'andu, highlighted several measures that the ministry would be taking to mitigate the negative impacts of Covid-19. These measures included: providing funding towards COVID-19 response, accessing resources available from multilateral organizations such as the IMF and the World Bank, and measures to ease liquidity and give tax relief. He also highlighted some measures to be implemented by the financial sector and others to allow for business continuity.

On 20 April, he gave a second address where he indicated further tax relief and liquidity measures. Many of the measures identified to ease liquidity, however, were measures that the government had already indicated it would implement in 2020 National Budget.

On 3 April, 2020, the Bank of Zambia communicated measures in Response to the Deteriorating Macroeconomic Environment due to the Coronavirus to complement the measures taken by the other arms of the government. One of the measures included the establishment of a Targeted Medium-Term Refinancing Facility with an initial amount of ZMW 10 billion to provide medium term liquidity. The intention was to help relieve the Covid-19 related liquidity constraints by enabling banks and other financial institutions to refinance, restructure or lend capital to local investors.

ANGOLA

KEY ECONOMIC RESPONSES

The Angolan Government through its Central Bank, the Angolan Central Bank (BNA) introduced some economic measure to mitigate the effects of the Covid-19 Pandemic.

Monetary Policy Response

According to African Development Bank (2020),some of these measures were ; reduced the rate on its 7-day permanent liquidity absorption facility from 10 percent to 7 percent, announced the equivalent of 0.5 percent of GDP to be provided as liquidity support to banks and created a liquidity line (in local currency, equivalent toUS$186 million) for the purchase of government securities from non-financial corporations, expanded its credit-stimulus program that allows banks to deduct from their reserve requirement obligations the amount of credit extended to selected sectors targeted by an ongoing import substitution/export promotion program. The Central Bank also allowed financial institutions that carry out credit operations to grant their clients a moratorium of 60 days for servicing the debt. Furthermore, the Central Bank announced that the minimum allocation of credit to promote the production of a set of priority products would increase from 2 percent to 2.5 percent of the commercial banks net assets. In an attempt to mitigate risks of shortages of essential goods which are predominantly imported, the Central Bank instructed banks to provide credit in local currency to assist importers.

Furthermore, the Development Bank of Angola (BDA), made available a credit line of 17.6 billion Kwanzas for loans for the purchase by commercial operators of the following products: corn, wheat, rice, sugar, sugar cane, massambala, massango, matata reindeer, sweet potato, manioc, beans, ginguba, sunflower, soy, table banana, banana bread, mango, avocado, citrus etc. The loans subject to interest at 9 percent have a capital grace period of 180 days and maturity of 2 years.

Fiscal Policy Response according to the International Monetary Fund (2020), taxation-related changes were also approved in March 2020, which were expected to result in an increase of annual fiscal revenue equivalent to 0.36 percent of GDP.

The authorities further announced a fiscal package in late March 2020 to tackle the impact of the pandemic and lower oil prices. Notable tax reforms implemented were the increase in personal income tax and the reduction in corporate income tax. A tax exemption was introduced for incomes below Kz70,000 per month (compared to the previous threshold of Kz34,450) and higher rates became applicable for higher earning brackets. Corporate income tax was reduced from 30 to 25 percent. Tax on agriculture, fishing, forestry and livestock activities was reduced to 10 percent, with an exemption applicable to the wood industry. Activities in the banking and insurance sector and on telecommunications operators, increased from 30 to 35 percent and for Angolan oil companies it decreased from 50/65.75 percent to a flat rate of 35 percent. Consumption taxes on imported luxury cars and cigarettes also increased. Reforms aimed at broadening the property tax base were also introduced.

**CONCLUSION**

In conclusion, this paper has discussed the Covid-19 economic intervention measures/policy response in Southern Africa. For example, the government of Madagascar implemented non-pharmaceutical interventions (NPIs) nation-wide when the first cases of COVID-19 were detected (3). Some countries implemented barrier measures (mandatory use of facemasks, hand-washing, and social distancing); bans on public gatherings; school closings; and lockdowns in major cities. Mozambique implemented a fiscal package that introduced temporal and well-targeted tax exemptions to support families and the health sector such as Value Added Tax and import tariffs on food, medicine, medical equipment, sugar, vegetable oil and soap. Furthermore, The Reserved Bank of Zimbabwe (RBZ) in March 2020, suspended managed floating exchange rate system and adopted a fixed exchange rate system to provide for greater certainty in the pricing of goods and services in the economy at interbank level of ZW$25 to the US$1.

**RECOMMENDATIONS**

While these policy measures were welcome in as far as mitigating the negative effects of Covid-19, they were critiqued for largely being geared towards formal activities and not the informal sector of these economies where many micro and small-sized enterprises operate. Also, the responses were mostly short rather than long-term measures that targeted the impact of the pandemic on the key processes guiding the development of productive capacities. In this regard, there was need for a more holistic policy response to the pandemic to ensure an inclusive and sustained development outcome. To this end, the following policy recommendations should have been considered by the various Governments in Southern Africa. First, there is the need to lift the binding credit constraints facing domestic enterprises, particularly small and medium-sized enterprises in the manufacturing sector in these countries. It is generally agreed that, it is often more difficult for a manufacturing firm to obtain a loan from financial institutions than firms in other sectors of the economy. Once these policy recommendations are considered, more meaningful benefits are to be realized from the policy measures.

**REFERENCES**


1) African Development Bank (2020). African Economic Outlook 2020-Supplement: Amid COVID-19, African Development Bank, Abidjan.
2) Baldwin, R and E Tomiura (2021), "Thinking ahead about the trade impact of COVID-19", in R Baldwin and B Weder di Mauro (eds), Economics in the Time of COVID-19, a VoxEU eBook, CEPR Press.
3) Bank for International Settlements. (2021, February). BIS. Retrieved from BIS: https://www.bis.org/review/r211230c.pdf.
4) Bank of Zambia (2020). Measures in Response to the Deteriorating Macroeconomic Environment and the Coronavirus.
5) Common Market for Eastern and Southern Africa (2020), Tackling Covid-19 Together: The Trade Policy Dimension, GTA Report.
6) IMF. (2021, July 2). International Monetary Fund. Retrieved from International Monetary Fund: https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19.
7) International Monetary Fund, (2020). Policy Responses to Covid-19. Available at: https://www.imf.org/en/Topics/imf-andcovid19/Policy-Responses-to-COVID-19.
8) International Monetary Fund [IMF]. (2020). IMF Country Focus: Six Charts Explain South Africa's Inequality. Retrieved from https://www.imf.org/en/News/Articles/2020/01/29/na012820six-charts-on-south-africas-persistent-and-multi-faceted-inequality.
9) IMF. (2020). Kingdom of Eswatini - Request for Purchase Under the Rapid Financing Instrument. International Monetary Fund.
10) International Monetary Fund (2020) Policy Reponses to Covid-19. Available at: https://www.imf.org/en/Topics/imf-andcovid19/Policy-Responses-to-COVID-19.
11) International Monetary Fund. (2021, July 2). International Monetary Fund. Retrieved from International Monetary Fund: https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#B
12) KPMG. (2020, August 14). KPMG. Retrieved from KPMG: https://home.kpmg/xx/en/home/insights/2020/04/zimbabwe-government-and-institution-measures-in-response-to-covid.html
13) Mangudya, J. P. (2020, March 26). Reserve Bank of Zimbabwe. Retrieved from Reserve Bank of Zimbabwe: https://www.rbz.co.zw/documents/press/March/Press-Statement-COVID-Measures--website.pdf
14) Mangudya, J. P. (2021, February 18). Reserve Bank of Zimbabwe. Retrieved from Reserve Bank of Zimbabwe: https://www.rbz.co.zw/documents/press/2021/February/Monetary-Policy-Statement-18-February-2021.pdf
15) Mangudya, J. P. (2022, February 7). Reserve Bank of Zimbabwe. Retrieved from Reserve Bank of Zimbabwe: https://www
16) Mamba, M. (2020). The Potential Soci-Economic Impact of Covid-19 in Eswatini. United Nations – Eswatini
17) Ratshitanga, Z. (2020). World Bank Approves US$40 Million Loan to Support the Kingdo of Eswatini's Program for Economic Recovery to Mitigate Impacts of Covid-19. Washington: The World Bank.

18) Republic of Botswana. (2021). GOV.BW. Retrieved from Government of Botswana: https://www.gov.bw/covid-19-relief-fund
19) Republic of Botswana. (2021). GOV.BW. Retrieved from Government of Botswana: https://www.gov.bw/about-covid-19
20) The World Bank. (2021, June 11). The World Bank. Retrieved from World Bank: https://www.worldbank.org/en/news/press-release/2021/06/11/botswana-s-economic-recovery-efforts-gets-250-million-boostworldbank
21) Trajman, A. (2021). Assessment of Early Covid-19 Compliance to and Challenges with Public Health and Social Prevention Measures in the Kingdom of Eswatini, using an Online Survey . Plos One .
22) Seidman Makgetla, N. (2021). The COVID-19 pandemic and the economy in Southern Africa (No. 2021/113). WIDER Working Paper.
23) Southern African Development Community (2020). Economics in the Time of COVID-19, a VoxEU eBook, CEPR Press.
24) United Nations. (2020, July). United Nations. Retrieved from United Nations: https://sustainabledevelopment.un.org/content/documents/26833Botswana_General_Debate.pdf
25) Welch, K. (2021). Trade Liberalization and Growth: New Evidence. Stanford University Graduate School of Business Research Paper.
26) World Health Organization (WHO, 2021). The Impact of Covid-19in Southern Africa. Washington DC.
27) World Trade Organization (WTO,2021). Covid-19 in Southern Africa. South Africa
28) World Bank. (2020) Trade, Regionalism and Development. World Trade Organization, 2000, “Trade Policy Review in Tanzania. New York times.
29) World Health Organisation. (2022, February). WHO (COVID-19) Homepage. Retrieved from WHO Health Emergency Dashboard: https://covid19.who.int/region/afro/country/zw
30) Zhang, T. (2020). IMF Executive Board Approves $110.4 Million in Emergency Support to The Kingdom of Eswatini to Address the COVID-19 Pandemic. International Monetary Fund