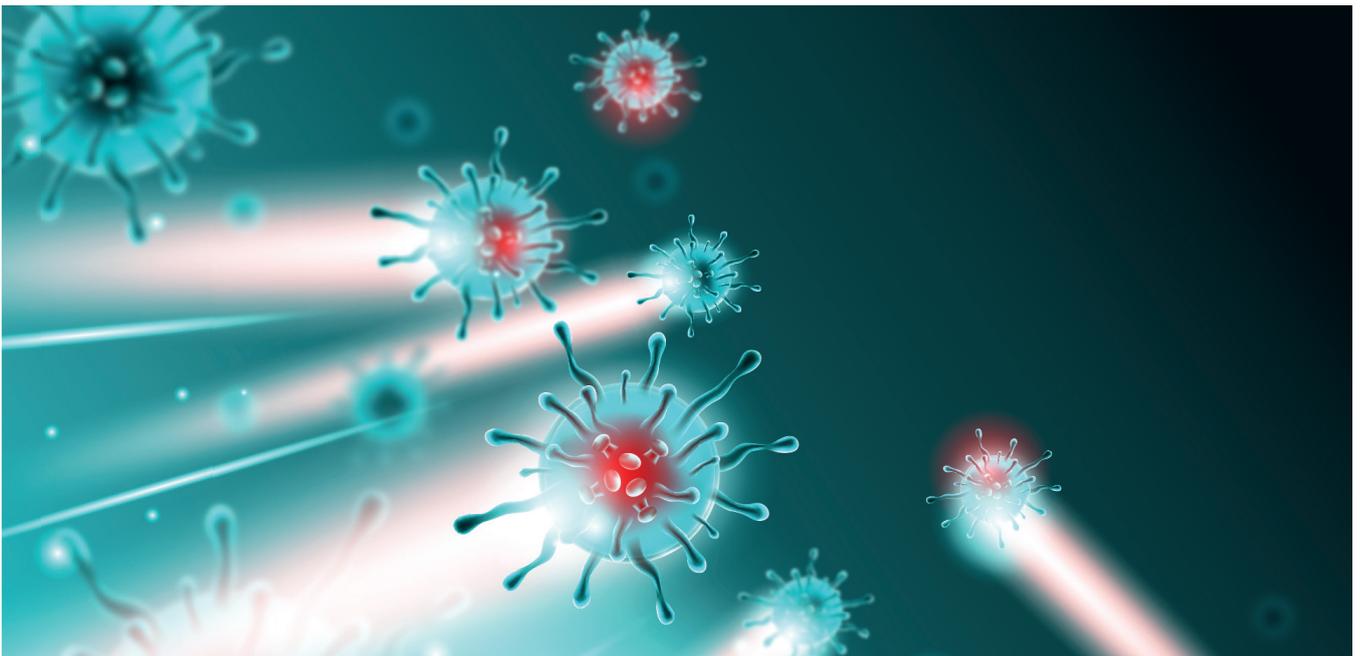


FIGHTING COVID-19 IN ZAMBIA: THE NEXT PHASE

PRESS STATEMENT

FOR IMMEDIATE RELEASE

Friday 10th April, 2020



The Coronavirus,

With more than 1.39 million cases and 79,382 deaths globally, the world continues to battle the COVID-19 pandemic. Even before the outbreak, the outlook for the world economy and especially developing countries was fragile, as global GDP growth was estimated to be only 2.5 % in 2020. The spread of the pandemic in Africa however has been relatively slow with around 11,000 cases and 500 plus deaths relative to the continent's 1.2 billion population. **In Zambia so far, out of more than 1672 tests conducted, we have recorded 39 cases, with 24 people discharged, 14 still in admission and 1 tragic death recorded.** The numbers look very promising but indeed this is the time to continue stepping up efforts. So far, Government has instituted several measures aimed at cushioning the effect of COVID-19 on the economy.

On 9th April 2020, His Excellency President Edgar Lungu addressed the nation on the continued fight of the COVID-19 and announced a further extension of measures by two more weeks. The President's directive for an extension of the current measures is indeed very timely due to the fact that global and regional trends are all signaling a surge in the pandemic. **The COVID-19 is being fought through an integrated and collaborative approach at both national and international level and thus it is prudent that external factors and trends are considered, even though our statistics in Zambia currently look favorable.** COVID-19 is not just a health pandemic but has also negatively affected economies, societies and communities. Several currencies such as

the Ghana cedi, the Egyptian pound, the Tanzanian shilling and the Zambian kwacha among others have all been negatively affected by the COVID-19.

The reality of COVID-19 has resulted in several sectors being affected, businesses closing and people being sent home. This is indeed a call for concerted efforts and working towards cushioning the effects of Covid in the economy.

What are the additional measures announced by the President?

1. Government has released K2.5 billion to reduce domestic arrears owed to domestic suppliers of goods and services. The money also includes the reduction on outstanding arrears to pensioners under Public Service Pension Fund and retirees who are claimants under the Ministry of Justice. It is also aimed at reducing outstanding third-party arrears and other employee related commitments.
2. Government has released K140 million to pay local contractors in the road sector. This move is aimed at protecting the business of local contractors whilst also extending the wide effect to the families and societies.
3. Government has removed provisions of Statutory Instrument no. 90 relating to the claim of VAT on imported spare parts, lubricants and stationery. This is aimed at easing pressure on companies and enables them to continue in Business.
4. Further the Bank of Zambia (BOZ) has taken measures to encourage use of digital financial services and mobile transaction services.
5. The Bank of Zambia has provided a K10 billion line of credit to banks that may face liquidity challenges and revoked statutory instrument for classification and provisioning of loans. This is aimed at encouraging financial service providers to provide relief to the private sector and facilitate long term lending to productive sectors of the economy.

PMRC welcomes these policy interventions by Government, as they will indeed provide some relief and ensure sustainable amount of liquidity in the economy. From these decisions, we expect the Bank of Zambia to immediately act by **directing Commercial Banks on lowering interest rates as much as possible, so as to promote increased borrowing for Small and Medium Enterprises (SMEs) and households alike.** Commercial Banks have been directed to oblige and provide loans at very affordable rates and this must be adhered to. This is in alignment with the President's call to the Ministry of Finance to ensure that priority is given to SMEs that are adversely affected by the impact of the COVID-19. **The ultimate goal is that these interventions should benefit businesses such as schools, gymnasiums, restaurants, bars, and nightclub owners whose businesses have been halted and have sent their workers home.** Another component that was highlighted is adherence to the Public Finance Act, of which PMRC has been a strong proponent. **Just as the President has emphasized, PMRC further calls for consolidation of internal controls to ensure that the funds are indeed channeled according to the guiding provisions.**

Further, we also submit that another critical component that must be considered is adequate electricity provision. Available electricity is a necessity considering that Government through the Ministry of Education has introduced education channels on local television, therefore this should be accompanied by adequate electricity to households. **This is a call to the service provider; ZESCO to explore all possible ways to ensure that adequate electricity is supplied to also support the section of the workforce that are now working from home.**

As Government continues to explore further measures towards cushioning the economy from the effects of COVID-19, **PMRC commends the Republican President for fostering social safety**

net policies that are aimed at paying off some pensioners at a critical time as this, and as well as continuing to explore more social security policies that will be extended to needy households under the social welfare umbrella.

Conclusion

There is still an opportunity to sustain the gains that we have attained to date and preserve the country's health security by scaling up interventions that have proven to be effective. In this moment, it is imperative that we continue to explore tools for an expansionary monetary policy. Our aim should be to increase liquidity and work towards lowering interest rates thus making loans cheaper. This will allow for businesses and households to borrow more at favorable rates and sustain their businesses and livelihoods in this period. In the short term, Zambia, and the region at large needs greater fiscal space to boost health expenditures, contain the spread of COVID-19, help the hardest-hit sectors, and stimulate domestic consumption, while the Central Bank could cut interest rates and channel liquidity to firms and households.

For Citizens, the call is to ensure that we are all compliant and adhere to the provisions as stipulated by the Ministry of Health and World Health Organization.

PMRC also commits to continue working with the Government ministries to continue exploring strategic policies that will cushion the effect of COVID-19 for the economy. We also commit to continue sensitizing the public on the key policy measure as instituted by the Government.

As we commemorate Easter, this is time to also reflect on the Love of Christ for us all. We have and shall still continue to seek the divine intervention of God in this global pandemic. We indeed remain hopeful, resolved and very positive that truly we shall win this fight against COVID-19. In the spirit of sacrifice and giving, let us all reflect on what we can do in our institutional and individual capacities to help in whatever ways we can for the benefit of our country.

Wishing you all a Happy Easter

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