



PRESS STATEMENT ON FISCAL MITIGATORY MEASURES TO CONTAIN THE IMPACT OF CORONA VIRUS 2019 (COVID-19)

INTRODUCTION

1. The Coronavirus 2019 (COVID-19) is spreading fast to the rest of the world, placing unprecedented pressure on humanitarian services as well as economic activities.
2. In view of the above impact of COVID-19 on the economy, Treasury has come up with the following mitigatory interventions covering both prevention and support to our productive sectors. Measures in support of production, will continue to be reviewed, in order to save lives and limit damage to the economy.

Fiscal Resource Mobilization

3. Treasury has since availed ZWL\$500 million to fight against COVID-19, and is ready to attend to further requests on this issue. In addition, Treasury has provided an additional ZWL\$50 million to Premier Service Medical Aid Society (PSMAS) for preparedness against COVID-19 and to cater for the health requirements for civil servants who are the majority members of the Society and Treasury will be providing further resources as and when required.
4. In order to augment resources required to alleviate the impact of the pandemic, Treasury is making the following proposals:

Expenditure Reprioritisation: Redirecting Capital Expenditure
5. Treasury is redirecting capital expenditure allocations under the 2020 National Budget towards health related expenditures including water supply and sanitation programmes. However, Government will continue implementation of selected priority programmes and projects to sustain the economy and these include roads and dam construction, irrigation and water and sanitation projects, among others.
6. The 2% Intermediated Money Transfer Tax (IMTT) which is currently ring-fenced for social protection and capital development projects and hence, will ordinarily be channeled towards COVID-19 related mitigatory expenditures.
7. Additional resources will constitute some cuts from respective Ministry allocations/budgets and details are being worked out. Treasury has issued a Circular of 20 March 2020 instructing line Ministries to identify areas for cuts and areas for redirecting expenditures.

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Foreign Currency Mobilisation

8. A large part of the above resources will be required in form of foreign currency. Treasury is, therefore, working closely with the Central Bank in mobilising the requisite resources from all possible sources.
9. During the initial stages, Treasury availed US\$2 million for urgent and immediate health related imports and will continue to mobilise and ring-fence the necessary foreign currency required for additional imports for the short to medium term.

Ring-Fencing COVID-19 Resources

10. Resources earmarked for mitigating the COVID-19 pandemic are being ring fenced to ensure achievement of planned activities. Treasury has directed the utilisation of the existing National Disasters Accounts to serve the purpose of this crisis.

Hiring of Additional Medical Staff

11. Treasury has also concurred to the unfreezing of over 4 000 health sector posts and creation of an additional 200 medical posts with a view of scaling the response to the COVID-19 pandemic.

Social Protection & Cash Transfers

12. Vulnerable groups in our society are the most exposed under this COVID-19 crisis. Accordingly, Treasury has set aside resources to cover one million vulnerable households under a Cash Transfer programme and payment will commence immediately.
13. Treasury will initially be availing an amount of ZWL\$200 million per month under a Cash Transfer programme over the next 3 months and both the amount and duration of payments will be reviewed as necessary.
14. The Social Welfare Department will use its usual mechanisms to identify the beneficiaries.

Insurance Cover

15. Treasury is currently engaging the Health Services Board and the Public Service Commission to urgently put into place a comprehensive insurance cover for all Government employees whose nature of work involves direct interaction with COVID-19 patients in line with international best practice.

Support of Economic Activity/Relief to Productive Sectors

16. The demand and supply shocks all spell economic doom for the economy and this calls for a mixture of temporary short term relief measures covering at least three months. The measures should also balance the required support to productive sectors and the necessity for enhancing revenue to meet the various requirements during these difficult times.
17. Accordingly, in addition to the above fiscal measures, the following measures are being implemented:

Corporate Tax

18. Treasury will ensure that ZIMRA expedites processes on refunds and requests for extension of the time period within which tax is payable without accruing interest and penalties for companies that shall experience COVID-19 related cash flow challenges.

Processing of VAT Refunds

19. Delays in the processing of VAT Refunds continues to affect business cash flows and in some instances compelling business to contract expensive short term funding. In this regard, ZIMRA is working on a program to expedite processing of VAT Refunds from the statutorily prescribed 60 days.

Suspension of Duties on COVID-19 Essential Goods

20. In recognition of the significance of the health sector, Government has availed a number of tax incentives for production and importation of essential drugs and health related capital equipment, as well as other medical supplies.
21. Furthermore, in order to enhance preparedness to fight the corona virus, and also guided by the United Nations Covid-19 Medical Supplies, Treasury further suspends duty and tax on various list of goods and services related to testing, protection, sterilisation, and other medical consumables, among others.
22. The Zimbabwe Revenue Authority will, with immediate effect, allow duty free importation of the above-mentioned goods, pending gazette of the necessary legal instrument.

Procurement

23. Treasury has instructed PRAZ to review its procurement regulations with a view of facilitating speedy procurement of essential goods and services necessary during this difficult time. A circular to this effect has already been issued by PRAZ.

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Capacitating Local Industry

24. Government is engaging and supporting the local industry to identify capacity to locally produce within the shortest possible time, basic food stuffs, and pharmaceuticals and provide services as an import substitution measure.

DEVELOPMENT PARTNER SUPPORT

25. Development partners are also complementing Government efforts in a number of ways focusing on humanitarian assistance. Given the magnitude of the resources required to fight this crisis, Government will continue to approach and engage more development partners, as well as our own private sector to combine efforts towards fighting this pandemic.
26. To date, Government acknowledges support and pledges from the following development partners:

Chinese Foundation

27. Jack Ma and Alibaba Foundation have already delivered 20 000 test kits, 100 000 masks and 1 000 medical use protective suits

United Kingdom

28. The United Kingdom Government has pledged £1.7 million towards the COVID-19, while United Kingdom's Department for International Development (DFID) donated corona virus protective equipment to Wilkins Hospital worth about 100 000 British Pounds (US\$129 390).

Chinese Government

29. The Chinese Government is already supporting the upgrade of Zimbabwe's main isolation centre at Wilkins Hospital for suspected corona virus patients in the capital Harare. Further, support will be directed on funding for equipment for the Hospital in order to provide better conditions for suspected coronavirus patients.
30. In addition, the Development Research Centre of the State Council of the People's Republic of China provided and delivered 3 000 daily protective masks through the Zimbabwe embassy in China.

Global Fund

31. The Global Fund has pledged US\$25 million to improve the country's preparedness and strengthen local mechanisms against Coronavirus (COVID-19).

USA Government

32. The Government of USA has pledged US\$470 000 to fight the spread of COVID-19 in Zimbabwe through life-saving activities such as preparing laboratories for large-scale testing for COVID-19, implementing a public-health emergency plan for points of entry, and activating case-finding and evidence-based surveillance for influenza-like illnesses

Global Financing Facility – World Bank

33. Government will receive Additional Financing V for Health Sector Development Support (US\$25 million) of which US\$5 million will support the Government's prioritised Covid-19 preparedness and response plan.

European Union

Additional Fund to the 11th European Development Fund (EDF) National Indicative Programme (NIP) 2014-2020

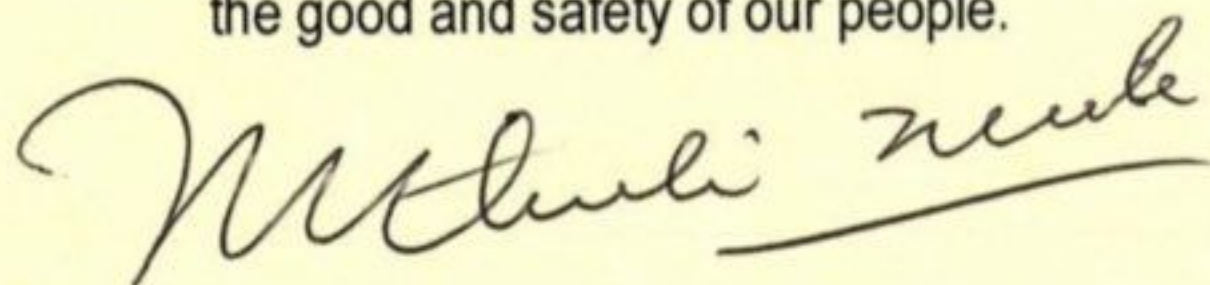
34. European Union through the 11th European Development Fund pledged additional funds of 38 million EUR to support COVID-19 through the Health Development Fund.
35. Further, EU through European Civil Protection and Humanitarian Aid Operations (ECHO) pledged to provide funds for the humanitarian response in Zimbabwe including COVID.

Balances from 11th European Development Fund (EDF) National Indicative Programme (NIP) 2014-2020

36. The EU is proposing for Government to utilise resources in the NIP as additional funding to the Health Development Fund in order to support the COVID-19 Preparedness & Response Plan and the health sector in general, in line with the EDF objectives.

CONCLUSION

37. The virus is spreading very fast, therefore, Treasury will remain alert to further developments on this risk and will continue to explore all necessary measures to mitigate this pandemic for the good and safety of our people.



Hon. Prof. Mthuli Ncube

MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

30 March 2020

