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Zimbabwe: How to promote an inclusive adaptation to and recovery from the Covid-19 crisis

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Key messages

- The ongoing Covid-19 pandemic has devastated Zimbabwe's economy and amplified existing vulnerabilities, particularly for poor women, through income loss, food insecurity, increased unpaid domestic work and caregiving burdens.
- Targeted fiscal and sectoral support policies can play a crucial role to protect vulnerable groups and help the country to build back better.
- Specific measures include the design and/or implementation of policies to:
 - protect vulnerable jobs and facilitate the re-entry of poor women into the job market
 - diversify the economy, establish well-functioning social protection programmes, re-engage with the international economy and tackle corruption.

The Covid-19 crisis exacerbates economic struggles for Zimbabwean women

Zimbabwe reported its first confirmed case of Covid-19 on 20 March 2020. The country launched immediate lockdown measures, with restrictions on travel and movement of people, the closure of certain businesses and public places, and the bolstering of hygiene and general behavioural controls. By 20 June 2022, the number of confirmed Covid-19 cases had risen to 253,061, with 247,527 recoveries and 5,534 deaths (Worldometers, 2022). As of 15 October 2022, the number of confirmed Covid-19 cases had risen to 257,893, with 251,904 recoveries, 383 active cases and 5,606 deaths (NewsDay, 2022). **Poor women, in particular, have faced the biggest impact through income loss, food insecurity and increased care-giving burdens.**



Women and Covid-19 recovery

Three Zimbabwe-specific features related to women have a strong bearing on the impacts of the Covid-19 pandemic and prospects for economic recovery.

1. Women are employed in sectors that are hardest hit by Covid-19 and often as low-skilled workers in vulnerable occupations. Policies to protect vulnerable jobs and/or facilitate the re-entry of women into the job market can reduce the likelihood that women will lose their jobs permanently as a result of Covid-19.

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The study

This PEP-supported study presents a modelling analysis of the impact of alternative Covid-19 mitigation and recovery scenarios in Zimbabwe. Through its evidence-informed policy and knowledge translation, the work was timely in informing the Government about the ex-ante effects of changes in Covid-19 mitigation and recovery policies on macroeconomic and distributional effects. There was a particular emphasis on female and male workers, income distribution and poverty as the crisis unfolded.

2. Poor women are highly represented in small-scale own-account agriculture, which is characterized by low capital-labour ratios. Concerted efforts to increase capital stocks in this sector help to enhance earnings.
3. Women are carrying the domestic burden of unpaid work (e.g., housework and care work). Such chores reduce their chances of a successful re-entry into the labour market after losing their jobs. Policies to reduce domestic burdens and allow women higher labour market participation have an important role to play in Zimbabwe's economic recovery.

Methodology

A tailored Zimbabwean computable general-equilibrium model was used for this purpose, along the lines proposed by Decaluwé et al. (2013) with adjustments to follow some Zimbabwean stylized characteristics. The model was linked to a household survey-based micro-simulation model. A Social Accounting Matrix developed by Davies et al. (2013) was used to implement the models, updated to 2019 and coupled with a gender disaggregation on the labour markets and a 2017 household income survey.

Key findings

Various scenarios were assessed, using the models to shed light on the impact of Covid-19 mitigation and recovery measures. **These scenarios consisted of a baseline or 'business-as-usual' scenario, with two other scenarios simulating a mild and severe Covid-19 impact without policy interventions. The mild and severe Covid-19 impact scenarios were then extended by two mitigation and recovery scenarios and by two gender-friendly policy scenarios.**

Based on the modelling analysis, Table 1 summarizes the major findings. The descriptions and conclusions for each scenario are presented on page 3.

Table 1: Policy scenarios and findings

Policies criteria		Scenario 1 Mitigation scenario	Scenario 2 Recovery and investment scenario	Scenario 3 Gender scenario
1	Impact on production	Yes (in short run)	Yes (Short to medium term)	Yes (in short run)
2	Cushioning vulnerable groups	Yes	Yes	Yes (women and the poor)
3	Impact on most female-intensive sectors	Yes	Yes	Positive
4	Effectiveness	Yes	Yes	Yes
5	Feasibility	Yes	Yes	Yes (On assumption of adequate financing resources of subsidies)
6	Equity	Yes	Yes	Yes (women and the poor)
7	Acceptability	Yes	Yes	Yes
8	Negative unintended effects	No	No	Yes
	Recommended?	Yes	Yes	Yes



Scenario 1: Mitigation

This scenario simulates a stimulus package to scale up production in all sectors, support small-scale industries, improve health facilities and cushion vulnerable groups from the negative effects of the pandemic.

In this scenario, the majority of citizens benefit and even the vulnerable groups are cushioned against the impact. This is because the mitigation policies are expected to ramp up production in the economy's most female-intensive sectors, including clerical support, services and sales, and elementary occupations (e.g. domestic helpers, farm hands and labourers) among others.

Scenario 3: Gender-responsive scenarios

Zimbabwe's population is largely rural (68%) and the majority of its people are female (52%) (ZIMSTAT, 2019). The main occupation is largely subsistence agriculture, characterized by low-skilled job opportunities and the production of crops (and animals) that fetch very low prices. As a result, the majority of women tend to be poor. The gender scenarios consist of measures that grant higher subsidies to the most female-intensive sectors rather than the economy-wide subsidy simulated in scenario 2. Two alternative subsidy policies are considered. The first policy subsidizes the employment of women in the non-agricultural sectors by making their employment costs lower for the producer.

The second subsidizes capital in the agricultural sectors to enhance agricultural earnings. The model findings confirm that subsidies will promote the poor – and women in particular – when these schemes are implemented effectively and efficiently, permanently lifting the majority of families out of the poverty trap.

Scenario 2: Recovery and investment

This scenario relates to the implementation of proposed policies and strategies to boost general economic recovery and revival in the short to medium term.

Its centrepiece is a subsidy that reduces the cost of production for all sectors, leading to a fall in prices. The reduction in product prices as a result of subsidized production activities improves the standards of living for all citizens, including women and various vulnerable groups.



Conclusions and policy implications

The key recommendations emerging from our research aim to enhance economic growth; diversify the economy to make it more resilient to shocks, establish and strengthen well-functioning social protection programmes, re-engage with the international economy, and tackle corruption. They are as follows.

- There is a need for more effective implementation of existing production-enhancing policies, such as those in the agriculture, mining and manufacturing sectors.
- The Government needs to find ways to change the labour market to make it more women-friendly. One option implied by this study is a national employment subsidy for female workers that reduces employment costs in female-intensive sectors, or capital acquisition within small-scale agricultural sectors.
- Industrial policies that explicitly encourage public investments and enable production diversification should be pursued.
- The Government should implement reforms founded on a social compact and an economic restructuring package that allocates the burden of adjustment equitably. Public investment in infrastructure with a high social value should be a high priority.
- The continued intensification of ongoing measures such as zero tolerance for corruption, improved safety and security, targeted investment promotions/campaigns and ease of doing business should be pursued as complementary interventions to boost much-needed investment.
- The Government needs to implement strategies and policies that will enhance revenue mobilization to finance targeted fiscal and sectoral support policies to help protect the vulnerable during the pandemic and into the future.

References

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This brief summarises policy analysis outcomes from the project **MPIA-20586**. To find out more about the scientific research methods and findings, read the full research paper **No. 2022-15**, published as part of the **PEP working paper series**.



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