



Aga Khan Economic Planning Board for Tanzania

Update on Coronavirus (COVID-19) and its Economic Impact in Tanzania and Zambia

The Government of Tanzania reported its first case of Coronavirus (COVID-19) on March 16, 2020, with another 11 cases reported as of March 22, 2020 bringing the total to 12 cases. Zambia has reported 3 cases as of March 22, 2020.

The Government of Tanzania has since announced a number of measures aimed at containing the spread of the COVID-19 and mitigating the economic impact of the pandemic.

In Africa, 36 out of 54 countries have confirmed more than 700 COVID-19 positive cases, while globally over 380,000 people have been infected.

African countries have so far lost an estimated \$29 billion to the economic disruption, an amount equal to Uganda's Gross Domestic Product (GDP), according to United Nations Economic Commission for Africa estimates.

Below we aim to answer some of the key concern's members of the Jamat may have.

1. How will COVID-19 impact Tanzania's economy? Which sectors could be impacted?

COVID-19 poses a threat to the world's economy. A reduction in the movement of people and goods will lead to lower foreign investment and transactions. Global travel bans and social distancing measures, which are essential to fight the pandemic, are sharply reducing demand in many key sectors such as Tourism and Hospitality, Transport and Logistics, Service Industry, Food and Catering, Trade, and Manufacturing.

The sector most directly impacted at present is Tourism and Hospitality, which accounts for roughly 13% of the country's GDP. Foreign tourists have cancelled bookings. Zanzibar has recently banned all incoming flights from jurisdictions that have cases of COVID-19.

1.1 The Dar es Salaam Stock Exchange (DSE) Market Reports show that the market capitalization dropped by nearly 13% as of March 18, 2020. Analysts project continuing slowdown of equity markets activities due to challenging business and economic situations, as investors are now rushing to risk free instruments, including gold and government debt instruments¹.

1.2 Currencies over the globe have lost value against the USD following this outbreak. We expect the devaluation of global currencies to continue in the near future until the situation stabilizes.

1.3 Health systems are overstretched, meaning that the country will need time and help to return to a semblance or normalcy. Centre for Disease Control and Preventions (CDC) Africa is working closely with most of the countries in Africa (TSH 1 billion of the Government funding is being directed to the response for COVID-19)

1.4 It is mandatory for all travellers, including returning residents arriving from affected countries, will be subject to mandatory isolation for 14 days at their own cost at designated facilities identified by the government.

¹ <https://www.dse.co.tz/dse/market-report>

1.5 All travellers arriving into Tanzania will be subject to an intensive screening and, where necessary, COVID-19 rapid testing.

1.6 Tanzanians are advised to avoid non-essential travel to affected countries.

1.7 Only the Prime Minister and the Minister of Health are responsible for releasing updates on COVID-19 to the public.

2. What measures has the Government of Tanzania taken so far to address the pandemic?

2.1 Closure of educational institutions ranging from nursery to university level for 30 days beginning March 17, 2020.

2.2 Closure of all sports activities and events including the recent Vodacom Premiere League.

2.3 Reduction of mass gatherings.

2.4 Monitoring of inflow and outflow movement of travellers from bordering countries and international bodies, with mandatory isolation for 14 days.

2.5 All public service vehicles must not carry excess commuters as part of measures to contain the spread of COVID-19.

2.6 Special centres have been identified for isolation and treatments.

2.7 Tanzania's Fair Competition Commission (FCC) warns importers, traders, manufacturers and dealers of antiseptic, face masks, gloves, that price fixing, creating artificial shortages, and refusing to sell such products during the crisis constitutes an offence under the Fair Competition Act 2003 (FCA)².

3. Suggested Recommendation to the Jamat in the current situation

1. Towards Businesses and Employers

- ✓ The Employment and Labour Relations Act 2004 (ELRA) provides the procedure on retrenchment and sick leave, but not on unpaid leave. Employers should however look at their own company employment contracts and policies which may provision for unpaid leave and other leave entitlements. The Association of Tanzania Employers continues to consult with the Government and the Trade Unions on the situation and its effects on business^{3 4}.
- ✓ Ensure health and safety of all staff by providing flexible working conditions either through split working or working from home
- ✓ All non- essential costs should be mitigated in your business during this time.
- ✓ Call all suppliers and see if they will accept more flexible payment terms (extended credit terms, digital payment methods).
- ✓ Call your bank/service providers today to discuss your circumstances and see if they will be more accommodating on loans (loan repayment terms). Selected banks are promoting cashless transactions through waiving online banking fees of TISS and EFT.

² https://competition.or.tz/PUBLISHE_DOCUMENTS/FCA/fca_no_8-2003.pdf

³ <https://mailchi.mp/ate.or.tz/employment-and-labour-matters-and-the-impact-of-covid-19>

⁴ <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/68319/104204/F-894240970/TZA68319.pdf>

- ✓ Review insurance payments, will and power of attorneys to ensure that they are updated and relevant to the current situation.
- ✓ Create contingency plans, re-visit cash flow models, profit and loss, balance sheets in each scenario.
- ✓ Identify variables that could drive significant liquidity events, identify critical; operations, or employees.
- ✓ Protect customers (e.g. no penalties for cancellations, waiving fees, preserve customer loyalty example premium discounts, pursue online strategy as means of outreach).
- ✓ Scale back or defer aggressive expansion plans or speculative ventures.
- ✓ Scout for alternate suppliers to reduce dependency.
- ✓ Optimise inventory levels in line with reduced demands for certain goods.

2. Towards Households

- ✓ Ensure you manage all your expenses and only spend on essential items.
- ✓ Review your monthly subscriptions and only keep those that are necessary.
- ✓ Create a budget and reserve fund that covers you in the short and medium term.
- ✓ If you are not able to make monthly rental payments, please make sure you speak to your landlord to renegotiate the terms.
- ✓ Review insurance covers especially medical, wills and power of attorneys to ensure that they are up to date and accessible.
- ✓ Optimise inventory levels in line with reduced demands for certain goods.
- ✓ Monitor inventory levels of essential supplies for non-perishable goods, medicines and essential groceries.
- ✓ Revisit and renegotiate your credit lines.

4. Some suggested economic opportunities that the Jamat may consider exploring during the COVID-19

1. Leverage on agency banking (wakalas), mobile, digital banking and e-commerce for all cash-based transactions.
2. Delivery channels for restaurants example take away, door-to-door deliveries, social media sale point's example, WhatsApp, Instagram and Facebook.
3. Investment opportunities in small-scale businesses example soap and detergent making, hand sanitizers and small-scale delivery options.

5. How can I obtain more information or advice on employment or business matters?

The Jamat is encouraged to contact the Economic Planning Board on **+255 768 327 766** on email at epb.tanzania@aktz.org for any employee and or business-related issues.

The National Council is closely monitoring the situation and will keep the Jamat informed of any further developments in a timely manner.