



## ECONOMIC & SOCIAL JUSTICE TRUST

### **SAVING LIVELIHOODS**

### **Coronavirus Requires Decisive Action**

*Press Release, 1 April 2020*

The threat of the coronavirus is truly a global pandemic and has reached Namibia as well. It requires immediate intervention as Southern Africa and most of the rest of the continent does not have the capacity to care for a large number of infected people. Structural Adjustment Programmes (SAPs) as pushed for by the International Monetary Fund (IMF) and the World Bank have significantly reduced funding for health care and so have our own cost-cutting measures in recent years. To make matters worse, the capacity for testing is very limited. The only option left is to prevent the spread of the virus and it is against this background that we welcome the declaration of a state of health emergency by the Namibian president.

Its implementation proves to be tricky, however, because of structural challenges. Social distancing and self-isolation to avoid a further spread is virtually impossible under overcrowded conditions in informal settlements and when transport means jumping into packed taxis. What makes matters worse is a lack of potable water and sanitation which still affects a large number of Namibian households. These conditions have to be systematically redressed in the years to come to ensure that future health pandemics can be dealt with. For now, all efforts have to focus on preventing a spread of the virus and on isolation as China has managed with considerable success in Wuhan.

A key issue during the Coronavirus crisis is to ensure survival. There is no doubt that the economic consequences will be severe but unlike during the global financial and economic crisis of 2008, the focus this time has to be on household support and not on bailing out corporations. We therefore propose the following immediate steps:

1. The Namibian Labour Act states that work can be reduced for a period of up to 3 months (and possibly extended) while workers need to receive at least 50% of their wages during this period. This, however, is not sufficient to deal with the current crisis as some employers have already started retrenching workers or sending them home on unpaid leave. It is thus essential for government to pass additional regulations that

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explicitly prevent the retrenchments of workers during the lock-down. Employers should be required to continue paying their staff and in cases where they are financially unable to do so, they must provide proof to government as a precondition to be assisted through tax exemptions etc. A particular focus will have to be on small and medium-size enterprises who will face the greatest challenges in maintaining and paying workers.

2. Available data of the Namibian labour market indicate that only a minority of Namibians have permanent jobs with income security and benefits. The majority are in insecure forms of employment, with low salaries often as low as N\$ 1500 – 2500 per month. Many are in seasonal or contract employment or have no sources of income at all, depending on relatives and friends for survival. In a situation like this, government must immediately step in and the most effective way are cash grants to households. Our failure to implement the Basic Income Grant (BIG) comes to haunt us now and this must certainly be redressed in the very near future. An immediate intervention to secure survival was provided by Rwanda where President Kagame reportedly decided to provide free food, water and electricity to avoid collection of firewood. Government officials were instructed move from house to house to provide food and this happens under supervision to avoid favouritism. Taking food to households prevents people from having to queue which would put them at risk.

3. Such support for vulnerable households can be partly funded through the reserve fund of the Social Security Commission which must be directed accordingly. It has a special responsibility to provide social protection for Namibians and has to take extraordinary steps in this time of crisis. Likewise, NAMWATER and NAMPOWER have to be instructed to render the required support to households and municipalities.

4. For the period of the lock-down, government should declare a moratorium on rent and bond payments so that nobody loses housing or falls into further debt. This cannot be left at the discretion of financial institutions.

5. Finally, we suggest immediate steps to stop racketeering and price hikes on essential goods like food, hand sanitizers, masks etc. South Africa provided a good example in this regard by making such practices punishable by a fine of N\$ 1 million or 10% of the business turnover. Furthermore, businesses are named and shamed for such ruthless and selfish practices. This is something we need to follow immediately as some shops are already guilty of racketeering.

These are some of the immediate interventions required to mitigate the socio-economic impact of the Corona pandemic. In the medium-term, we need to solve the housing and sanitation crisis, improve our public health care system, implement an unemployment insurance scheme and provide a basic income grant for all. Only then will Namibia be able to improve livelihoods and be better prepared for future challenges.

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