



COVID-19 Report

Exchange South Africa

[Abstract](#)

Report on the effects of COVID-19 in South Africa

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The information in this volume is destined to provide a description of the COVID-19 status and its impact on social and economic life in the 5 Sub-Saharan African countries with cooperation programmes of Exchange vzw. The ambition is to give insights, based on information gathered by Exchange’s business development managers based in these countries. Exchange vzw. can not be held responsible for errors, omissions or lack of accuracy and disclaims any liability in connection with the use of this information. Feedback is welcome at info@exchangevzw.be



Summary

On the 24th of May, after 58 days of lockdown, President Cyril Ramaphosa addressed the nation and announced **a scaling down of the lockdown to Alert Level 3 from 1 June 2020** to gradually open up economic activity, schools and educational institutions. He also warned that the coronavirus pandemic in South Africa will get much worse, before it gets better and identified a number of so-called hotspots where healthcare will receive special attention. National borders will remain closed except for the transport of goods and repatriation of nationals.

Churches and other religious organisations will also be allowed to hold services or meetings under Lockdown Level 3, subject to strict conditions such as a limit of fifty persons per gathering and social distancing.

There will be a **differentiated approach to deal with those areas that have far higher levels of infection and transmission**. These areas will be declared **coronavirus hotspots**. A hotspot is defined as an area that has more than 5 infected people per every 100 000 people or where new infections are increasing at a fast pace. The following metros have been identified as coronavirus hotspots: Tshwane, Johannesburg, Ekurhuleni, Ethekewini, Nelson Mandela Bay, Buffalo City and Cape Town. The other areas that are hotspots are West Coast, Overberg and Cape Winelands district municipalities in the Western Cape, Chris Hani district in the Eastern Cape, and iLembe district in KwaZulu-Natal.

The country is particularly concerned about the situation in the city of Cape Town and in the Western Cape generally, which now has more than half the total infections in the country.

The national borders will remain closed except for the transport of goods and repatriation of nationals.

Despite strong government response, COVID-19 and a remittance drop have serious economic, security, and governance implications

Key Facts:

- 13% of the population (1 million people) are expected to lose their jobs as a result of the crisis
- Police and army patrols have used lethal force to enforce lockdowns
- Controversial new regulation criminalising misinformation can easily be exploited to limit free speech



Declaration of National Disaster – 15 March 2020

COVID-19 epidemic: the statement of President Ramaphosa of 15 March on COVID-19 and the travel restrictions imposed.

Fellow South Africans,

I am addressing you this evening on a matter of great national importance.

The world is facing a medical emergency far graver than what we have experienced in over a century.

The World Health Organisation has declared the coronavirus outbreak as a global pandemic.

There are now more than 162 000 people who have tested positive for the coronavirus across the globe.

Given the scale and the speed at which the virus is spreading, it is now clear that no country is immune from the disease or will be spared its severe impact.

Never before in the history of our democracy has our country been confronted with such a severe situation.

From the start of the outbreak in China earlier this year, the South African government has put in place measures to screen visitors entering the country, to contain its spread and to treat those infected.

As of now, South Africa has 61 confirmed cases of people infected with the virus, and this number is expected to rise in the coming days and weeks.

Initially, it was people who had travelled out of the country, especially from Italy, who had positively tested for the virus.

It is concerning that we are now dealing with internal transmission of the virus.

This situation calls for an extraordinary response; there can be no half measures.

Cabinet held a special meeting earlier today.

After which, due to the serious measures we are going to announce, I have consulted the premiers.

We have decided to take urgent and drastic measures to manage the disease, protect the people of our country and reduce the impact of the virus on our society and on our economy.

We have now declared a national state of disaster in terms of the Disaster Management Act.

This will enable us to have an integrated and coordinated disaster management mechanism that will focus on preventing and reducing the outbreak of this virus.

We will also be able to set up emergency, rapid and effective response systems to mitigate the severity of its impact.

Following an extensive analysis of the progression of the disease worldwide and in South Africa, Cabinet has decided on the following measures:

Firstly, to limit contact between persons who may be infected and South African citizens.

We are imposing a travel ban on foreign nationals from high-risk countries such as Italy, Iran, South Korea, Spain, Germany, the United States, the United Kingdom and China as from 18 March 2020.

We have cancelled visas to visitors from those countries from today and previously granted visas are hereby revoked.

South African citizens are advised to refrain from all forms of travel to or through the European Union, United States, United Kingdom and other identified high-risk countries such as China, Iran and South Korea. This is effective immediately.

Government will continue to regularly issue travel alerts referring to specific cities, countries or regions as the situation evolves based on the risk level.

Any foreign national who has visited high-risk countries in the past 20 days will be denied a visa.

South African citizens returning from high-risk countries will be subjected to testing and self-isolation or quarantine on return to South Africa.

Travellers from medium-risk countries – such as Portugal, Hong Kong and Singapore – will be required to undergo high intensity screening.



All travellers who have entered South Africa from high-risk countries since mid-February will be required to present themselves for testing.

We will strengthen surveillance, screening and testing measures at OR Tambo, Cape Town and King Shaka International Airports South Africa has 72 ports of entry in the country which are land, sea and air ports.

Of the 53 land ports, 35 will be shut down with effect from Monday 16 March.

Two of the 8 sea ports will be closed for passengers and crew changes.

Effective immediately, all non-essential travel for all spheres of government outside of the Republic is prohibited We further discourage all non-essential domestic travel, particularly by air, rail, taxis and bus.

Secondly, it is essential therefore that we minimise the risk of the spread of this virus by limiting contact amongst groups of people.

While we appreciate the economic, religious, and cultural significance of social and community gatherings, the coronavirus is spread through contact between persons.

As we have said before, the current circumstances require extraordinary measures to curb the spread of infections. Countries that have heeded the call to implement these radical measures, have fared much better than those than do not.

Therefore to encourage social distancing Cabinet has decided on these additional measures:

Gatherings of more than 100 people will be prohibited.

Mass celebrations of upcoming national days such as Human Rights Day and other large government events will be cancelled.

Where small gatherings are unavoidable, organisers will need to put in place stringent measures of prevention and control.

Schools will be closed from Wednesday, 18 March, and will remain closed until after the Easter Weekend.

To compensate, the mid-year school holidays will be shortened by a week.

Government is working closely with colleges, universities and other public facilities such as Parliament, prisons, police stations and military installations to intensify hygiene control.

Visits to all correctional centres are suspended for 30 days with immediate effect.

Government is aware of the confirmed case of a student who has tested positive for the coronavirus at Wits University.

Those who have been in contact with the student will be quarantined.

The Minister of Higher Education, Science and Innovation is consulting with Vice Chancellors of universities and colleges across the country and will soon be announcing measures in this regard.

We call on all businesses including mining, retail, banking, farming to ensure that they take all necessary measures to intensify hygiene control.

We also call on the management of malls, entertainment centres and other places frequented by large numbers of people to bolster their hygiene control.

Thirdly, to further strengthen our health response: Government is strengthening its surveillance and testing systems.

We are in process of identifying isolation and quarantine sites in each district and metro.

Capacity is being increased at designated hospitals in all provinces.

We are also increasing the capacity of existing contact tracing processes.

We are partnering with the private sector to set up a national tracking, tracing and monitoring system of all people infected with the coronavirus and those they have been in contact with We are undertaking a mass communication campaign on good hygiene and effective prevention behaviour.

Therefore, we are calling on everyone to:

- . Wash their hands frequently with soap and water or hand sanitisers for at least 20 seconds;
- . Cover their nose and mouth when coughing and sneezing with tissue or flexed elbow;
- . Avoid close contact with anyone with cold or flu-like symptoms.



In essence, we are calling for a change of behaviour amongst all South Africans.

We must minimise physical contact with other people, and, encourage the elbow greeting rather than shaking hands.

Because of the severity of this virus and its rapid spreading, government will make funding available to capacitate the sectors dealing with the national response to the Coronavirus outbreak.

Since the outbreak of this pandemic, our government's response has been led by an Inter-Ministerial Committee, chaired by the Minister of Health, Dr Zweli Mkhize.

We congratulate them on the outstanding work they have done - together with their able support teams - to steer our country through this challenging and un-certain period.

As part of the intensification of this effort, we have decided to establish a National Command Council chaired by the President.

This Command Council will include, amongst others, members of the Inter- Ministerial Committee and will meet three times a week, to coordinate all aspects of our extraordinary emergency response.

My fellow South Africans, In addition to the impact that this pandemic will have on health and wellbeing of our people, and the impact it will have on the day-to-day life of our society, COVID-19 will also have a significant and potentially lasting impact on our economy.

In the last few weeks, we have seen a dramatic decline in economic activity in our major trading partners, a sudden drop in international tourism and severe instability across all global markets.

The anticipated effects of the decline in exports and tourist arrivals will be ex-acerbated by both an increase in infections and the measures we are required to take to contain the spread of the disease.

This will have a potentially severe impact on production, the viability of businesses, job retention and job creation.

Cabinet is therefore in the process of finalising a comprehensive package of interventions to mitigate the expected impact of COVID-19 on our economy.

This package, which will consist of various fiscal and other measures, will be concluded following consultation with business, labour and other relevant institutions.

It is clear that this disease will be extremely disruptive.

Our priority must be to safeguard the health and well-being of all South Africans, to minimise the number of infections and to ensure all those infected get proper treatment.

While we are battling a contagious virus, perhaps the greatest dangers to our country at this time are fear and ignorance.

We must appreciate the extent of the threat that this disease presents, we must accept the anxiety that it causes, but we cannot allow ourselves to be overwhelmed by fear and panic.

We should stop spreading fake and unverified news and create further apprehension and alarm.

While we are facing a medical emergency far graver than we have experienced in recent times, we are not helpless.

We have the knowledge, the means and the resources to fight this disease.

If we act swiftly, with purpose and collectively we can limit the effects of the coronavirus on our people and our country.

Although we may be limiting physical contact, this epidemic has the potential to bring us closer together. We are responding as a united nation to a common threat.

This national emergency demands cooperation, collaboration and common action.

More than that, it requires solidarity, understanding and compassion.

Those who have resources, those who are healthy, need to assist those who are in need and who are vulnerable.



All the institutions of the state will be mobilised to lead this effort, but, if we are to succeed, every company, trade union, NGO, university, college, school, religious group and taxi association will need to play its part.

We thank those people who suspected they may have been exposed to the virus for coming forward to be tested and for taking measures - such as self-isolation - to prevent further transmission.

We thank the medical teams around the country who are leading our response and are putting the well-being of others ahead of the risks they face themselves.

On Saturday we welcomed 104 of our compatriots who were in Wuhan City, China.

We thank the repatriation team for the task they performed with pride and efficiency to return them to the country and ultimately to their families.

The repatriation has been successful and those who have returned have settled in the quarantine area.

We thank the military health officials, pilots, cabin crew and all those who participated in this exercise.

We thank the leadership and the people of Polokwane and Limpopo for warmly welcoming our fellow South Africans.

We also extend our gratitude to the staff and management of the Ranch Hotel who have accommodated our compatriots and also subjected themselves to quarantine.

We extend our appreciation too to the companies, organisations and individuals who have taken it upon themselves to disseminate information about this virus and to raise awareness.

We thank those businesses that have taken steps to protect their employees, and those unions that have taken steps to protect their members.

Ministers who are at the frontline of coordinating our response to this crisis will be briefing the nation tomorrow, where they will unpack details in relation to the measures we announced tonight.

Fellow South Africans,

This is the most definitive Thuma Mina moment for our country.

I have great trust that our people will respond positively to this call to common action.

Fellow South Africans,

This epidemic will pass.

But it is up to us to determine how long it will last, how damaging it will be, and how long it will take our economy and our country to recover.

It is true that we are facing a grave emergency.

But if we act together, if we act now, and if we act decisively, we will overcome it.

A Debt Relief Fund to assist SMEs impacted by the novel coronavirus

Fin24 article on the SME Debt Relief Fund announced on March 19, 2020.

A Debt Relief Fund is on the horizon to assist small businesses impacted by the novel coronavirus, the Department of Small Business Development announced on Thursday, March 19.

The department said it had been "inundated with enquiries" from Small, Medium and Micro Enterprises (SMMEs) about measures to mitigate the financial impact of the virus on their businesses, amid interruptions in productivity and loss of income.

"The Debt Relief Fund is aimed at providing relief on existing debts and repayments, to assist SMMEs during the period of the Covid-19 State of Disaster," the department said.

The value of the fund was not disclosed.

The facility would assist entities to acquire raw materials, and pay labour and other operational costs. Business owners must demonstrate a direct link between the impact or potential impact of the pandemic on their operations in order to be eligible for assistance, according to the department.



For eligible businesses, the fund will offer working capital, stock, bridging finance, order finance and/or equipment finance, and the amount required will be based on the funding needs of each business. Enterprises seeking assistance must register on the SMME South Africa portal at www.smme.gov.za, which will open on 24 March.

Small businesses often face difficulties with raising capital, with limited resources to cushion them against various forms of economic shocks.

The announcement of a debt relief fund follows a meeting earlier this week between various government departments and social partners to find ways to mitigate the impact of the coronavirus on the country's already struggling economy.

Minister of Trade and Industry, Ebrahim Patel, told journalists after the meeting that one of the key interventions would be "support for companies in distress".

In other measures, the Reserve Bank on Thursday cut the repo rate by one percentage point, from 6.25% to 5.25%, citing a weak domestic economic outlook.

It warned that the impact of the virus may cause disruptions to supply chains and to normal business operations. The Bank expects the economy to contract by 0.2% in 2020, though it expects GDP growth to rise to 1.0% in 2021 and to 1.6% in 2022.

Lockdown - to begin at 23:59 on 26 March and end on 16 April 2020

News24 article summarising the lockdown restrictions announced on 23 March 2020.

On Monday 23 March, President Cyril Ramaphosa took the unprecedented step of announcing a nationwide lockdown to contain the spread of the novel coronavirus (Covid-19). He announced stringent restrictions which will be every South African's responsibility to bare to "flatten the curve" of Covid-19 infections. As of Monday, there were 402 positive Covid-19 cases. The president said the number would continue to rise. The lockdown, set to begin at 23:59 on Thursday 26 March and end on 16 April, will impact almost every sector of society, as well as ordinary people. Sacrifices and swift action now will save lives later, Ramaphosa explained in his Monday night address to the nation:

Without decisive action, the number of people infected will rapidly increase from a few hundred to tens of thousands, and within a few weeks, to hundreds of thousands. While this measure will have a considerable impact on people's livelihoods, on the life of our society and on our economy, the human cost of delaying this action would be far, far greater.

The lockdown will affect everyone. No one will be allowed to leave their homes for the 21 days unless under strictly controlled circumstances, including seeking medical care, buying food, medicine or other supplies and collecting social grants. For homeless people, shelters which meet hygiene standards are being identified, and for those who are unable to self-isolate at home, quarantine sites will be identified.

All shops will be closed for this period except for:

- Pharmacies;
- Laboratories;
- Banks;
- Essential financial and payment services, including the JSE;
- Supermarkets;
- Petrol stations; and
- Healthcare providers

Companies that are essential to the production and transportation of food, basic goods and medical supplies will remain open.



People necessary for the response to the virus are also exempted from the lockdown, including health workers, emergency personnel and security services (police, traffic officers, military medical personnel and soldiers).

It will also include those involved in the production, distribution and supply of food and basic goods, essential banking services, the maintenance of power, water and telecommunications services, laboratory services and the provision of medical and hygiene products.

The South African National Defence Force (SANDF) has also been deployed to support the police in ensuring these measures are implemented.

This nationwide lockdown will be accompanied by a public health management programme which will significantly increase screening, testing, contact tracing and medical management.

This means community health teams will focus on expanding screening and testing for Covid-19, especially in high-density and high-risk areas.

A "centralised patient management system" for severe cases of Covid-19 will also be implemented to ensure hospitals are not overwhelmed. Mild cases will receive "decentralised primary care".

To ensure people practise good hygiene, emergency water supplies will be provided in informal settlements and rural areas using storage tanks, water tanks, boreholes and communal standpipes.

While restrictions were placed on travellers coming in and going out of the country, Ramaphosa has tightened these measures.

South African citizens arriving in the country will have to undergo a 14-day quarantine period.

International travellers arriving from high-risk countries will simply be turned back.

Those who landed after 9 March from high-risk countries will be confined to their hotels for a 14-day quarantine period.

Ramaphosa reiterated the dire impact Covid-19 could have on the economy, which could cause businesses to close and many to lose their jobs.

He announced economic plans to cushion South Africa against the impact of the virus, including a solidarity fund geared at support for those whose lives have been disrupted and to combat the virus.

Anyone can start contributing to the fund at www.solidarityfund.co.za.

A safety net for people in the informal sector whose businesses will suffer because of the lockdown has also been developed, and more details will be announced.

To alleviate congestion at payment points, old-age pensions and disability grants will be available for collection from 30 and 31 March 2020, while other categories of grants will be available for collection from 1 April 2020.

ATMs, retail point of sale devices, post offices and cash pay points will remain open.

A proposal for a special dispensation for companies in distress because of Covid-19 has been put forward. This will include wage payments for employees through the Temporary Employee Relief Scheme to help companies pay employees during this period and avoid retrenchment.

Employees who fall ill due to exposure in the workplace will be paid through the Compensation Fund.

Government would provide tax subsidies of up to R500 a month for the next four months to private sector employees earning less than R6 500. This would assist over four million employees.

Human and economic cost of the virus – 27 March 2020

On the first day of the 21 day lockdown in South Africa, the first two deaths caused by COVID-19 were recorded in the Western Cape. The economic cost and the impact on small businesses in the shut-down tourism sector, have particular significance. In this regard, the article below, by Thabi Leoka, on the economic cost and measures to help small businesses provides a good overview to which can be added easing of loan repayments to banks and the Debt Relief Fund.



Article by Thabi Leola:

We are living in uncharted territory filled with uncertainties. There are currently just under 500.000 Covid-19 cases and just over 21.000 deaths globally. Beyond the deaths and human suffering, the global economy has been devastated and a contraction is expected in 2020. In the past two months, investors have sold off more than \$80 billion in stocks and bonds from emerging markets – the largest sell-off on record, and three times that of the global financial crisis in 2008.

➤ **Interventions**

In response, governments have applied a combination of approaches in order to limit the damage caused by this virus. These include aggressive easing of monetary policy and fiscal packages to expand healthcare provisions, provide additional unemployment insurance, defer tax payments and monthly bank repayments, protect payrolls, provide additional unemployment insurance and avert unnecessary bankruptcies.

The challenge for many emerging markets is the lack of fiscal space to release fiscal bazookas that have been unleashed by the developed world. The European Central Bank unleashed an audacious Pandemic Emergency Purchase Programme to expand its asset purchases by €750 billion over the next nine months, and the US Senate passed a \$2 trillion Coronavirus Stimulus package, which is almost 10% of the US GDP, 70% of the Indian economy and bigger than the South African economy. Most emerging and low-income countries rely on foreign income from tourism, commodity exports and remittances, and as activity has halted, these economies will sink.

➤ **A necessary lockdown**

After a two-day meeting with his cabinet members, President Cyril Ramaphosa announced that the country will be in lockdown as from midnight 26 March 2020. The lockdown was necessary given the exponential increase in COVID-19 cases in the country. Countries such as China and South Korea have shown that a complete lockdown can flatten the curve of infections.

The president announced that all South Africans should remain at home except for essential services, which include police and security services, health workers, emergency personnel, essential banking services, laboratory services and power, water and telecommunications services.

This means a large section of the economy will be unproductive and a great concern is whether many companies, especially the informal, small and some medium-sized entities will recover post coronavirus.

World trade rocked by virus sees worst collapse in a generation – Fin24 Mar 26 2020 – Bryce Baschuk

The global economy's most abrupt and consequential shock in at least a generation is unfolding at ports and other hubs of international commerce. The Great Recession, the September 11 attacks, the 1973 oil embargo - none of these modern crises constricted trade flows as quickly and as sharply as the Covid-19 disease has. Not even World War II delivered the kind of sudden economic knockout that is paralysing global supply chains and rendering almost silent the most bustling cities in the developed world as businesses close and consumers obey orders to stay at home.

"This could be seen as a war-like scenario without the physical asset destruction," World Trade Organization Chief Economist Robert Koopman told Bloomberg in a telephone interview.

Incoming data from some of the world's busiest ports, already seeing diminished cargo traffic with China's economy shut down during the past two months, paint an ugly picture of a further collapse that many economists expect to persist well into the first half of the year. US import and export volumes slowed in the weeks leading up to shutdowns in American cities, according to IHS Markit data compiled by Bloomberg. US exports have been hit particularly hard, and those figures will be key to watch in the days ahead to gauge the severity of the downturn. The port of Shanghai - the largest in the world - saw a 20% year-over-year drop in container throughput in February, according to the Shanghai Municipal Statistics Bureau. Last month, cargo volume at the Port of Long Beach declined 9.8% from a year earlier and the total container



throughput at Hong Kong's port fell 11% on a cumulative basis. Ports in British Columbia, in Canada, have seen a "material slowdown" in cargo volumes due to a number of events, including the impact of coronavirus on imports from Asia, said Mike Leonard, president and CEO of the BC Maritime Employers Association. The Port of Savannah has seen a 20% drop in container business in March. It's expecting a surge of full containers to sit in storage for at least a short period, as the current lockdown at many US retailers and factories reduces demand, said Georgia Ports Authority Executive Director Griff Lynch.

"We are looking at a very sharp, unprecedented decline in trade, especially because of the speed at which it is happening," former White House economist Phil Levy said by phone.

"If we are already starting to match Great Recession statistics, that means we are on pace for the modern record," said Levy, now the chief economist at freight logistics company Flexport Inc.

As reported cases approach half a million people worldwide, the disease has forced governments to implement nationwide lockdowns that have stalled factories, closed many restaurants and retail shops, and left consumers scrambling for necessities. The result has been a twin supply-and-demand crisis that's upended the shipping industry, which transports about 80% of the world's food, energy, raw materials and manufactured goods.

On Wednesday, India's government created uncertainty about how goods will flow in and out of the world's seventh-largest economy when it told its major ports that the pandemic provides reasonable grounds for invoking force majeure - a contractual escape clause in the event of natural disasters.

On Tuesday, the Manila International Port temporarily closed after one of its employees tested positive for the new virus, and the Port of Houston temporarily closed two of its public container terminals last week after an employee contracted the disease.

Few Spared

Few economies have been spared the virus's wrath - especially those in Europe, which is currently the epicenter of the global pandemic. Europe's largest seaport, in Rotterdam, observed a "significant" drop in throughput volumes for all cargo flows over the past three months, said Leon Willems, a spokesman for the Port of Rotterdam.

"The pandemic is disrupting the production and logistics chains at the global level," Willems said by email.

"There is a realistic probability that throughput volume for the whole of 2020 will be significantly lower than in the past two years."

Even China, which is gradually beginning to recover after its cases first emerged in December, is still having trouble rebooting its stalled supply chains.

Driver Dearth

"Production is starting to slowly restart in the country but they are having challenges finding truck drivers and getting through the heightened levels of screening that's required to get these products overseas," said Gaurang Shastri, managing director at Lincoln International's North American Logistics & Transportation.

The US experienced an unprecedented 45% year-on-year slump in imports from China during the first two weeks of March, according to S&P Global Market Intelligence. The consumer electronics industry is taking a hard hit with a 66% drop in Chinese shipments of machinery and electronics and a 64% decline in imports of computers compared with a year earlier.

➤ Financial help

The government has put some measures to help fund those impacted financially by the virus. These measures include the Solidarity Fund, where contribution from the public, organisations and businesses will be used to support businesses affected by the lockdown. Financial assistance for the informal sector will be provided by the Small Business Ministry and funds from the IDC to the amount of R3 billion will help support the manufacturing sector. Banks have stepped in to assist their clients by deferring monthly payments. People who earn less than R6 500 a month will get a wage subsidy of R500 and tax-compliant



businesses with a turnover of less than R50 million will be allowed to delay 20% of their pay-as-a-you-earn liabilities over the next four months. These are some of the efforts put together after a consultation between the president and business. On the monetary policy side, the SARB has done well, so far, in providing the much-needed liquidity to stabilise the economy.

After over 40 central banks had cuts rates since the beginning of 2020, with some central banks such as the Canadian central bank and the Fed having cut interest rates twice in March after holding emergency meetings, expectations for a deep cut in interest rates grew. At its MPC meeting on 19 March, the SARB cut rates by 100 basis points, the largest cut since May 2009, in an attempt to quell the markets and inject liquidity.

➤ **Panic**

Usually, a cut in interest rates has a corresponding effect on the bond and swap curve; however, the most recent 100bps cut in interest rates led to a rise in market rates. This implies that lower interest rates did not had the desired effect of easing financial conditions and funding costs. When bank funding remains tight due to the shortage of cash, bank lending is limited. The coronavirus panic has led to outflows from emerging markets as they are perceived to be risky assets. Investors are selling emerging market bonds for cash and the high percentage of foreign ownership in South Africa's bond market results in a volatile bond market. Bonds and swaps at current levels typically attract buyers given the attractive rates; however, there haven't been enough buyers. As bonds sell off, margin calls have escalated, leading to asset managers having to access cash to meet those margin calls. This, in turn, has led to the selling of equities, gold, longer-duration fixed income and futures position.

On 20 March 2020, the SARB announced measures to enhance liquidity in the local market by extending the size and pricing of its liquidity management policies. The SARB also changed the frequency of auctions in an attempt to provide some relief. This was a conservative move which signalled that more will be done. On 25 March, the SARB announced that it will be buying government bonds in the open market to provide liquidity in the market. The amount of government bonds to be purchased was not stipulated; however, the market responded positively, and bond yields recovered somewhat.

➤ **There's a cost**

In the absence of fiscal space and some limitations to what the SARB can do, measures to flatten the curve will come at a cost. According to the UN's trade and development agency, the slowdown in the global economy caused by the coronavirus outbreak is likely to cost at least \$1 trillion. They expect a global GDP of under 2% and if the global economy contracts by around 0.2%, the economic cost is likely to be around \$2 trillion. For South Africa, a recession is eminent in 2020.

Very few companies will come out the other side unscathed. Consumers will cut spending and demand will be adversely impacted. As most sectors will be affected, the number of corporate layoffs and possibly bankruptcies will increase.

Step-by-step guide to registering business as essential service – Fin24 Mar 26 2020 – Lameez Omarjee
*South African businesses are now able to apply online and automatically download a certificate to prove they are essential service providers, as the country gears up to implement a 21-day national lockdown. During this period, only businesses deemed essential by government will be able to continue trading. Minister of Trade and Industry Ebrahim Patel on Wednesday announced that businesses can apply for required certification via the Companies and Intellectual Property Commission's **BizPortal website** (bizportal.gov.za/). A list of businesses recognised as essential services has been gazetted by Cooperative Governance and Traditional Affairs Minister Nkosazana Dlamini-Zuma. The gazette (Regulation Gazette 43148) indicates that essential goods and services include grocery stores, pharmacies, spaza shops, and funeral services, among others. The application and registration process would be*



"immediate". It is an automatic electronic process and certification will be made available instantly. Businesses will be able to apply throughout the duration of the lockdown period.

The person applying must fill out their contact details, as well as the number of employees that will be working during the lockdown period. A certificate stating that the business is allowed to remain trading will be emailed or can be downloaded from the site. The certificate can then be used as evidence to authorities – to show the business has been given government permission to trade, according to the DTI. The business's employees will have unrestricted movement, only in the course of the trade.

With unemployment already at high at 29%, we are likely to see further increases in the unemployment rate and a growing number of people will be reliant on the state. The manufacturing sector has a global supply chain and China is one of the main suppliers of components for large industries. Business are also pulling back on orders for goods due to the impact of the spreading coronavirus. Global supply chain disruptions, the weak rand and disruptions on the production-side due to the government-imposed lockdown will negatively affect this sector. The tourism sector has been shut down because of government's travel ban, and reviving it may take some months, depending on how quickly the global economy normalises. The financial sector typically does well the when the economy is doing well. Even though there is some support for the informal sector, many people do not have access to the internet to make an online application for funding and some may not be tax compliant and therefore will be reluctant to apply. Short-term measures to help support the economy will need to be extended beyond the Covid-19 crisis, and given public funding limitations, the private sector will have to play a greater role than ever before in helping the economy to recover. The decision to contain the virus by reducing economic activity will slow the progression of the virus and reduce the infection rate, but it will also impose a greater economic cost. The human cost of not doing anything will be far greater. The reallocation of the Budget needs to be considered, as some sectors such as tourism and sports, arts and culture may not require their full financial year Budget allocation. The funding of new projects may also need to be reviewed. Post-Covid-19 policies need to focus on health and jobs. A global agreement needs to be made to help recirculate outflows back to developing countries, but for South Africa, lessons should be learnt on the danger of running a large deficit.

Moody's cuts a credit rating to junk - Mar 27 2020

Fin24 article – Jan Cronje

On Friday March 27 the ratings agency Moody's cut South Africa's credit rating to sub-investment grade. The following Fin24 article provides a good summary:

Rating agency Moody's has cut South Africa's sovereign credit rating to sub-investment grade, meaning the country now has a junk rating from all three major international rating agencies. The downgrade comes on the same day that South Africa entered a 21-day national lockdown in an effort to slow the spread of the coronavirus pandemic. In a statement on Friday evening, Moody's cited the deterioration in SA's fiscal strength and "structurally very weak growth" for its decision to lower the country's rating to Ba1 from Baa3. The outlook remains negative. Before March 27 2020, Moody's was the sole major rating agency to not have downgraded SA to junk. Rival agencies Fitch and S&P both downgraded SA to junk in 2017. The announcement on Friday evening was not unexpected. It comes after Moody's downgraded its outlook for SA's credit rating to negative in November 2019, warning of SA's growing debt-to-GDP ratio. Due to the downgrade, South Africa's government bonds will be excluded from the FTSE World Government Bond Index.

Coronavirus to make economic challenges worse

The unprecedented deterioration in the global economic outlook caused by the rapid spread of the coronavirus outbreak will exacerbate the country's economic and fiscal challenges, and complicate the



emergence of effective policy responses. Unreliable electricity supply, persistent weak business confidence and investment as well as long-standing structural labour market rigidities continue to constrain South Africa's economic growth. As a result, South Africa is entering a period of much lower global growth in an economically vulnerable position. The government's own capacity to limit the economic deterioration, in the current shock and more durably is constrained.

The rating agency added that progress on structural economic reforms had been very limited.

Update on COVID-19 - 03.04.2020 – BDM Helen Clarke

There are many above the law defiant citizens who continue to move around and visit stores “for fun”. This is very distressing to see but unfortunately the police and army are so small and simply can't police the situation or the offenders. Sadly we start to see the COVID-19 start to affect townships in Cape Town, Johannesburg and Durban. Limpopo and Mpumalanga are still relatively low but the numbers are not correctly reported.

<https://www.bbc.com/news/world-africa-52125713>

BBC NEWS – 3 April 2020: “Heading the fight here against Covid-19, President Cyril Ramaphosa has emerged as a formidable leader - composed, compassionate, but seized by the urgency of the moment and wasting no time in imposing tough restrictive steps and galvanising crucial support from the private sector. And one rung below the president, Health Minister Zweli Mkhize has likewise garnered near universal praise for his no-nonsense, energetic performance, and his sober, deeply knowledgeable, daily briefings.

Of course, there have been mistakes, and worse. The police and army have, at times, acted with thuggish abandon in their attempts to enforce the three-week-long lockdown, humiliating, beating, and even shooting civilians on the streets of the commercial capital, Johannesburg, and elsewhere.

There has been confusion about some of the regulations, clumsy messaging and U-turns from some of the country's less impressive ministers.

Above all, there has been the struggle to impose social distancing and effective hygiene in South Africa's poorest, most crowded neighbourhoods, where many fear the virus could yet wreak havoc.”

Update on COVID-19 – 07.04.2020 – BDM François van der Merwe

On the 7th of April the official number of Covid-19 infections in South Africa stood at 1686 with the number of deaths at 12. The infections in Gauteng were at 713 and in the Western Cape it was 462.

On the 6th of April the South African Reserve Bank (SARB) predicted that the economy will contract by between 2 and 4 per cent this year. This after the Fitch rating agency on the 3th of April followed Moody's and also downgraded South Africa's rating, which had already been at sub-investment grade. The Rand weakened significantly in response, but has since recovered somewhat.

The spread of the virus in Afrika

A useful link about the evolution of the spread of the virus in Africa is found on:

<https://www.bbc.co.uk/news/resources/idt-4a11d568-2716-41cf-a15e-7d15079548bc>

Summary of measures to assist SMEs by Business Insider

Update on COVID-19 – 13.04.2020 – BDM François van der Merwe.

The latest number of confirmed cases of Covid-19 in South Africa stands at 2 173 with 25 deaths. However, only 80 085 tests have been conducted so far and it is quite possible that many more are undetected as

yet. Since the announcement at the end of last week that the lockdown will be extended to the end of April, there is much debate about the detrimental effect this will have on the economy.

A number of measures to assist small businesses have been announced. Some of the Exchange South partners are informed about these measures to ensure they are aware thereof.

There is now a range of measures - from government, banks, and insurers - available to South African businesses and individuals amid a crippling corona-induced economic crisis.

From loans to tax breaks, most interventions are aimed at getting small businesses in particular through the next couple of months. More measures are expected to help individuals, the self-employed and the informal sector.

On Thursday, 9th of April, when he announced a two-week extension to the national lockdown, president Cyril Ramaphosa also promised that a new package of urgent economic measures is coming as well as more support to protect poor and vulnerable households. For now, here's where you can find help, and money, to get through the coronavirus disaster.

➤ **For all businesses**

Tax breaks:

Companies can claim back up to R1,500 a month per employee who earns less than R6,500 (for those younger than 30), and R500 for those 30 and older. These amounts will be paid back every month by SARS as part of the Employment Tax Incentive (ETI) programme.

UIF payouts:

As part of the special Temporary Employee/Employer Relief Scheme (TERS), administered by the Unemployment Insurance Fund (UIF), money will be paid out to workers in distressed companies. The amounts paid will be a percentage of an employee's salary, according to a legislated sliding scale from 38% (for the highest earners) to 60% (for the lowest earners). The maximum benefit is R6,730 a month. Companies struggling to pay salaries due to the coronavirus crisis need to report this per email to Covid19ters@labour.gov.za. The first of the new coronavirus benefits will be paid in the next few days.

Struggling with rent?

While new regulations pave the way for large property landlords and retailers to work together to come up with rent relief schemes, there is not yet any official announcement on rental holidays. But The Foschini Group has already announced that it won't be paying rent during the lockdown. For now, individual tenants are advised to contact their landlords to agree on new terms.

➤ **For small and medium-sized businesses**

Government funding: There are two main government schemes aimed at small businesses. "The Debt Relief Finance Scheme" will assist distressed small companies with funding. Then there is the "Business Growth/Resilience Facility" aimed at small companies which can take advantage of supply opportunities resulting from the coronavirus pandemic or a shortage of goods in the local market. For both of these, companies first need to register at <https://smmesa.gov.za/>. Further details to apply for both schemes will be released on Thursday April 16. (Money will be paid out within seven business days after an application has been approved, the department of small business development promised.)

Delay in payment of provisional tax:

Instead of paying 50% of their expected tax bill six months into the tax year, and then settling the full amount at the end of the tax year, companies are now allowed to pay only 15% after six months, and another 50% by the end of the tax year. Then, by 30 September 2021 (or six months after the end of its financial year), the company needs to pay the outstanding balance. (This option is only for companies with an annual turnover of less than R50 million.)

Delayed employee tax payments:

Businesses with an annual turnover of less than R50 million can also keep back 20% of the pay-as-you-earn (PAYE) payments they were supposed to hand over to the SA Revenue Service (SARS) for the next four



months. But they will have to pay back this amount in equal instalments, with the first payment expected on 7 September 2020.

➤ **Help for different sectors**

[Small farmers:](#)

Financially distressed small-scale farmers who have an annual turnover of between R20,000 and R1 million can apply for R1.2 billion in government funding. Applications will close on Wednesday 22 April.

[Tourism companies:](#)

The Department of Tourism will pay once-off grants of R50,000 to approved small and medium enterprises. Applications will be evaluated by a panel of experts – and black empowered companies will get preference.

[IDC funding:](#)

The Industrial Development Corporation (IDC) has allocated billions in emergency funding to help manufacturers with working capital, as well as for companies in agriculture, tourism, energy, and vehicle components manufacturing.

[Film industry:](#)

The National Film and Video Foundation (NFVF) has invited the industry to submit funding applications for script development, animation, and post-production projects. The call for these applications was supposed to have opened in August, but this has been hastened “to keep the industry busy during this downtime”. The NFVF will also provide a once-off cash injection of R500,000 to the ten companies currently commissioned by the organisation.

[Musicians:](#)

The South African Music Performance Rights Association (SAMPRO) has brought forward the distribution of royalties scheduled for August 2020 to April 2020.

[Minibus taxi owners:](#)

SA Taxi, which finances more than 32,000 minibus taxis, has announced a repayment holiday of a month (from April 1) for its clients.

[OUTsurance suppliers:](#)

The insurance company has allocated money (part of R102 million in total) to some of its service providers, such as panel beaters and plumbers. Companies need to have a turnover of less than R50 million per year, and the rand value of work allocated by OUTsurance must drop by more than 50% during the period April to June 2020. Other requirements also apply.

[Spaza shops:](#)

Government's new support scheme for spaza shops will give them funding to buy stock and assure bulk-buying discounts at approved wholesalers. But the spaza shops need to be registered with the SARS, the Unemployment Insurance Fund, and the Companies and Intellectual Property Commission (CIPC).

COVID-19 Funding Resources for SA Busines – 7-4-2020

Update on COVID-19 – 13.04.2020 – BDM Helen Clarkeess – 7-4-2020.



Covid-19 Crisis funding support for South African businesses



COVID-19 Crisis

Businesses across the globe have been impacted by the recent pandemic, and many entrepreneurs are looking for funding or financial relief to assist them to survive or thrive. This is a brief funding guide specifically for registered, tax compliant businesses in South Africa.

ARE YOU STRUGGLING TO PAY YOUR TEAM'S SALARIES DUE TO LOCKDOWN?



UIF Covid-19 Temporary Relief Benefit

- Temporary UIF relief fund for businesses that suffer distress directly due to Covid-19 - claims for 3 months or less.
- You need to be up-to-date with all UIF payments
- Employee will be paid in terms of the income replacement rate sliding scale (38% -60%) as provided in the UI Act, max R17 712 per month.
- Businesses to apply on behalf of employees.
- Email applying documents to covid19ters@labour.gov.za.



SA Future Trust (SAFT)

- Salary support for SMEs < R25 million annual revenue.
- Must be under stress directly due to Covid-19 outbreak and in strong financial position prior to crisis.
- Interest-free loan with 5-year term, paid directly to employees from banks.
- R750 per qualifying employee per week, over a max period of 15 weeks, or R11 250 per permanent employee
- Standard Bank, Nedbank, FNB and Absa to manage applications and weekly payment.
- More information available at <https://opp-gen.com/saft/>

IS YOUR BUSINESS UNDER STRESS, DIRECTLY DUE TO COVID-19 OUTBREAK?



Sector Relief Funding - Tourism, Sports, Arts & Culture, Agriculture.

- Many government departments are providing sector specific funding.
- **Hospitality & Tourism:** R200 million fund for tourism and hospitality sector businesses with annual turnover of < R2.5 million. Preference will be given to applicants in rural areas, townships, women, young people & people with disabilities. www.tourism.gov.za
- **Sports, Arts & Culture:** R150 million fund for cancelled events, digital solutions and a wide array of projects. More details & applications available the website www.dac.gov.za
- **Agriculture:** R1.2 billion fund for agricultural support & relief. More information available via www.daff.gov.za



small business
development
Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

SME Debt Relief Fund

- Department of Small Business Development
- Working capital, stock, bridging finance, order finance & equipment finance.
- Amount based on business needs, interest rate of prime -5%,
- Preference will be given to women and youth applicants.
- Register on www.smmesa.gov.za.



Sukuma Relief Fund - Business Partners

- Available for all industries but must have evidence of financial viability prior to Covid-19 as well as be tax & regulatory compliant.
- **Close corps, companies and trusts:** must be registered, unsecured interest-bearing loan of R250, 000 - R1 million coupled with a non-repayable grant of R25,000. 60-month max loan term. No repayment obligations in yr 1, no interest for yr 1, interest at prime and repayment commence from yr 2
- **Sole proprietors:** Non-repayable grant of R25,000. Must be registered and compliant, and employing 2 or more people.
- Online application process only, payouts in 7 days.
- Apply at <https://finance.businesspartners.co.za/welcome-to-the-sukuma-relief-programme/>



IDC Working Capital Support

- Provision of short-term working capital for the Mining & Minerals, Agriculture & Agro-processing, and Automotive sectors.
- More information is available at www.idc.co.za

IS YOUR BUSINESS WELL POSITIONED TO PROVIDE ESSENTIAL SUPPLIES OR SERVICES?

SME Growth & Resilience Fund

- Working capital (only direct costs), stock, bridging finance, purchase order finance and capital equipment finance for SMMEs (gov definition per sector) that manufacture locally or supply items which are in demand due to the pandemic.
- Loan facilities provided at Prime - 5% pa.
- Priority will be given to businesses owned by Women, Youth and People with Disabilities
- More information and applications available at www.smmesa.gov.za



IDC COVID-19 Essential Supplies Intervention

- Soft loan for companies for the acquisition and/or the manufacturing of essential supplies on an urgent basis to combat the Covid-19 pandemic.
- Short-term (3 month) loans available for once off- contract or import funding.
- Must have contract orders in place or proof of demand.
- More information is available at www.idc.co.za



NEF Covid-19 Fund

- Funding for working capital, machinery and equipment to manufacture and supply a range of medical products.
- R500 000 to R10 million concessionary loan for black-owned businesses with existing retail supplier relationships.
- Up to 60 months repayment, 0% interest in first year.
- Applications open through NEF website www.nefcorp.co.za





AND YES, THERE IS SOME TAX RELIEF...



PAYE

Businesses with a turnover of less than ZAR 50 million will be allowed to delay 20% of their pay-as-you-earn (PAYE) liabilities over the next 4 months.

ETI

All businesses, regardless of size, can apply for extended and increased Employment Tax Incentive (ETI) claims. ETI payouts changed to monthly.

Provisional Tax

For IRP601 return (1st provisional tax return of 2020/ 2021) You will be required to pay only 15% of your total estimated provisional tax

Tax Subsidy

Employees who earn R6,500 or less will receive a tax subsidy of R500 per month over the next four months.

More details on VAT relief on essential goods and imports available on the SARS website www.sars.gov.za

Emergency Hotline: 0800 029 999

WhatsApp Support Line: 0600-123456

COVID-19
Online Resource & News Portal
SAcoronavirus.co.za



www.fraserconsulting.co.za

Designed and developed by the Fraser Consulting team

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South Africa's biggest spending plan ever to fight coronavirus

Update on COVID-19 – 22.04.2020 – BDM François van der Merwe.

The Covid-19 lockdown in South Africa has now lasted 27 days. So far 126 937 people have been tested for the virus of whom 3 465 were positive. The number of deaths are 58. The devastating effect of the lockdown on the economy has made an economic and social rescue plan imperative. The plan was announced the 21st of April in the evening and the following fin24 article (Lameez Omarjee and Khulekani Magubane) provides a good summary thereof.

Ramaphosa announces South Africa's biggest spending plan ever to fight coronavirus.

South Africa has unleashed its biggest once-off stimulus injection into the struggling economy in response to the Covid-19 pandemic that has led to a lockdown of the country for the past 25 days.

President Cyril Ramaphosa's plan to inject R500 billion into a social and economic support package is the country's biggest one-time fiscal outlay and is almost ten times the amount spent in preparation for hosting the Soccer World Cup ten years ago.

"The impact of the coronavirus requires an extraordinary coronavirus budget – of around R500 billion – to direct resources towards fighting the pandemic," he told the nation in a televised address on Tuesday.

The support package bolsters spending from a mere 0.1% of GDP to 10% of GDP.

The response to the pandemic, which has seen economists forecast a contraction as high as 10% in the economy, comes after engagements with several stakeholders over the past week – including Cabinet, the National Coronavirus Command Council, the President's Coordinating Council, and the National Economic Development and Labour Council.

Even before the coronavirus pandemic hit South African shores, the economy was beset with headwinds, including a technical recession, credit ratings downgrade, load shedding, stubborn unemployment and lacklustre growth figures. These grim economic realities have prompted calls from economists and business formations for government to reopen the economy to some degree, to prevent South Africa's dire economic prospects from worsening.

Top of mind for government has been the urgent distribution of funding to those suffering a loss of income due to the lockdown, which was raised by labour federation the Congress of South African Trade Unions at a Nedlac meeting on Friday last week. Before the lockdown was instituted, in order to slow down the rate of Covid-19 infection, Ramaphosa noted that it would have consequences for the SA economy especially the vulnerable and the poor.

➤ **Well targeted**

Investec chief economist Annabel Bishop said that the stimulus package appeared well targeted, "but the details will reveal how effective it will be".

Of the R500 billion, an amount of R130 billion would be reprioritised from the current budget. The remainder is to be sourced from international finance institutions and local sources like the Unemployment Insurance Fund, as well as international finance institutions such as the World Bank, International Monetary Fund.

Details weren't announced as to when Finance Minister, Tito Mboweni, will deliver the adjusted budget. Chief economist of IQ Business Sifiso Skenjana commented that government was working within its "confines" to address the consequences of the pandemic and its potential to exacerbate inequality.

The relief announced is a start to closing the "inequality gap" that may result because of the impact of the virus, he added.

While the health budget will be bolstered to fight Covid-19, Skenjana noted that the president had not addressed whether the health system would also be capacitated to treat other illnesses.

➤ **Raft of measures**

Earlier this month, Ramaphosa announced a raft of measures as part of the first phase of responses to mitigate the impact of the Covid-19 crisis, including tax relief as well as R30 billion special National Disaster benefit Fund from the Unemployment Insurance Fund to be made available to retrenched workers.

A Solidarity Fund was also established to raise financial assistance to support the vulnerable, which has since received donations from the Motsepe Foundation and its associated companies as well as the Oppenheimers and other companies, such as Naspers.

Ramaphosa said government would be taking a "risk adjusted approach" when it came to the re-opening of the economy in the midst of the coronavirus pandemic.

"If we end the lockdown too soon or too abruptly, we risk a massive and uncontrollable resurgence of the disease. We will therefore follow a phased approach to gradually lift the limits on economic activity," Ramaphosa said, adding that Mboweni would unpack provisions and guidelines for re-opening the economy as the days go by.

The president appeared to be "considering a "very, very slow" process of starting to open up the economy," chief economist of the Bureau of Economic Research, Professor Hugo Pienaar said, adding that the support package was probably more than what most people expected.

Several other economists agreed that Ramaphosa's measures showed he was aware of Covid-19's social and economic ramifications for South Africa.



Efficient Group economist Dr Francois Stofberg called Ramaphosa’s address "positive", saying government had demonstrated its understanding of a long-term emerging trend of governments pooling resources to protect workers using borrowed funds and transfers.

Economist from the National Agriculture Marketing Council, Sifiso Ntombela, praised Ramaphosa’s commitment to protecting the most vulnerable South Africans. He said he looked forward to seeing how Mboweni would implement’s the said "risk-adjusted approach".

Business Leadership South Africa CEO Busisiwe Mavuso added that it was "central" that government was "clearly trying to ensure that there is money in the hands of South Africans".

"The president knows those growth figures and unemployment projections that are coming. He also knows that without disposable income, you can’t kickstart the economy," said Mavuso.

Risk-adjusted strategy for economic activity – proposal for phased economic recovery

Update on COVIC-19 – 24.04.2020 – BDM Helen Clarke.

President Cyril Ramaphosa spoke on April 23 in the evening about the planned easing of lockdown. It is such a difficult decision but there are millions starving and masses are becoming violent. South Africa will go to stage 4 on Friday April 24 (now stage 5 in SA).

Risk-adjusted strategy for economic activity

What we know now

There is early evidence that the full national lockdown imposed since 26 March 2020 has successfully limited the spread of the coronavirus. However, there are serious risks associated with lifting lockdown restrictions too soon, or in an unsystematic and disorderly manner.



Risk-adjusted strategy for economic activity

The balance between “lives” and “livelihoods”

Evidence from the Spanish Influenza pandemic of 1918 shows that the long-run economic consequences for cities experiencing a rapid infection rate and high cumulative infections were significantly worse than those for cities enduring temporary restrictions on economic activity.

"On the one hand, NPIs constrain social interactions while they are in place, and thus necessarily depress any type of economic activity that relies on such interactions. On the other hand, because the pandemic itself has severe economic consequences, by reducing the severity of the pandemic, NPIs can mitigate the most severe economic disruptions. While an interruption of economic activity may be inevitable, this interruption can be shorter-lived and less extensive with NPIs in place that solve coordination problems." (p. 17)

Pandemics Depress the Economy, Public Health Interventions Do Not: Evidence from the 1918 Flu

Sergio Correia, Stephan Luck, and Emil Verner*



Risk-adjusted strategy for economic activity

An alert system with levels of restriction

Restrictions on economic activity need to be adapted to epidemiological trends, and may need to be relaxed and tightened in different periods. An alert system should be created with clearly defined levels of restriction that can be imposed by the National Command Council as necessary.

- If lockdown regulations are amended to allow some economic activity to resume, it is possible that the infection rate will accelerate and that the virus will resurge. In this scenario, it would be necessary to quickly revert to more stringent restrictions in order to arrest further transmission.
- An “alert system” with four to five levels would allow for flexibility and responsiveness, and would reduce the need to amend regulations in future.
- At each level restrictions would be more or less severe, and sectors and companies would know what activity is permitted depending on the level imposed at any time.
- Government would be able to switch between levels with far greater speed, and could use mass communications platforms (such as an SMS notification system) to signal this to the public.
- Different levels could be imposed in specific provinces and areas based on the risk of transmission.
- **NB: A gradual transition between alert levels can be implemented where necessary.**
- Detailed health protocols should be imposed at all levels of alert.



Risk-adjusted strategy for economic activity

An alert system with levels of restriction

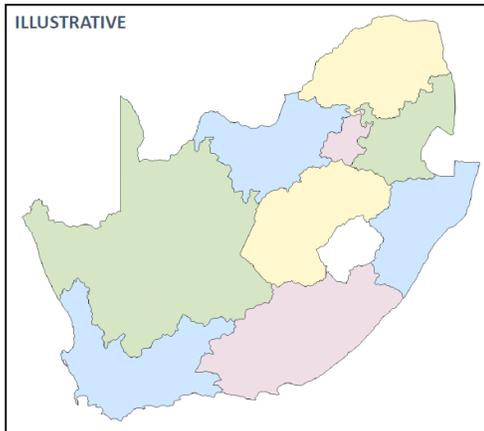
Ongoing feedback loop informs decision to remain at a particular level, relax restrictions further, or return to a higher level of restriction.

Level 1	Low virus spread, high health system readiness
Level 2	Moderate virus spread, with high readiness
Level 3	Moderate virus spread, with moderate readiness
Level 4	Moderate to high virus spread, with low to moderate readiness
Level 5	High virus spread, and/or low readiness



Risk-adjusted strategy for economic activity

An alert system with levels of restriction



Different levels of alert can be declared in specific provinces and districts based on epidemiological trends and the risk of infection.



Risk-adjusted strategy for economic activity

Criteria for return to activity

To determine which sectors should be allowed gradually to resume activity, three criteria should be used:

1. Risk of transmission (including the ease of implementing mitigation measures)
2. Expected impact on the sector of continued lockdown (including prior vulnerability)
3. Value of the sector to the economy (e.g. contribution to GDP, multiplier effects, export earnings)

Sectors that have a low risk of transmission (or where this risk can easily be mitigated), that would suffer most acutely from a continued lockdown in terms of retrenchments, company failures, or loss of productive capacity and international market share, and that have a high value to the economy should be prioritised.

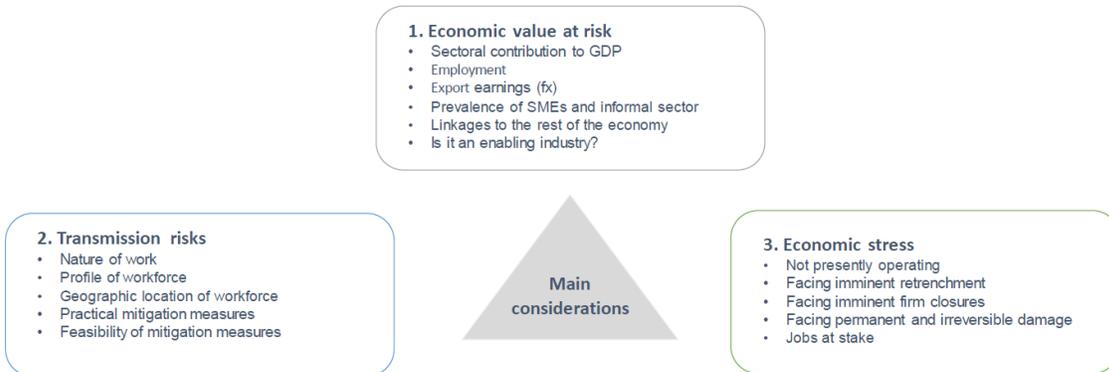
These criteria should themselves be subject to an ordinal ranking of priority. Thus, sectors with a high risk of transmission should not be allowed to resume activity until this risk is reduced, regardless of the potential impact on their sector or their value to the economy. Among those sectors with a low or manageable risk of transmission, considerations of impact and value can be used to attribute priority.

Low transmission risk AND severe impact OR high value



Risk-adjusted strategy for economic activity

Criteria for return to activity



Industries that return to work first should:

1. Have acceptably *low transmission risk* (or be able to attain this through mitigation measures) *and*
2. Be of critical *value to the economy* *or*
3. Be under severe near-term *economic stress*



Risk-adjusted strategy for economic activity

Economic value of sector

Sectors	GDP contribution (%) ¹	Employment contribution (%) ²	MSME intensity ³	Economic linkage intensity ⁴	Export exposure ⁵	% operational ⁶
Other manufacturing	11.1%	7.4%	Medium	Medium	Medium	
Wholesale & retail (includes home deliveries)	7.9%	10.8%	High	High	Low	
Agriculture & food services	7.6%	4.4%	High	High	Medium	
Mining	8.9%	7%	Low	High	High	
Transport	6.2%	4.6%	Medium	High	Medium	Unknown
Financial intermediation	5.5%	6.9%	Low	Low	Low	
Construction (includes electrical & plumbing services)	5.0%	3.1%	Medium	High	Low	
Professional services	4.9%	5.6%	Medium	High	Low	Unknown
Real estate	4.7%	0.8%	Medium	High	Low	
Automotive	4.0%	6.1%	Low	Medium	Medium	
Post & telecommunications	2.5%	1.5%	Medium	Low	Low	
Electricity	2.3%	1.6%	Low	Medium		
Health & social work	2.2%	1.9%	Medium	High	Low	Unknown
Insurance	2.1%	2.6%	Low	Low	Low	
Petroleum refineries	1.9%	1.3%	Low	Low	Medium	
Pharmaceuticals	1.6%	1.1%	Medium	Medium	Low	
Chemicals	1.3%	0.9%	Medium	Medium	High	
Hotels & restaurants	1.0%	0.8%	Medium	Medium	Medium	
Water	0.8%	0.4%	Low	Medium		Unknown
Recreation, cultural & sporting	0.5%	0.5%	High	High		
Forestry	0.2%	0.2%	Medium	Medium	Low	
Radio, TV, communication equipment & apparatus	0.2%	0.2%	High	Medium	Medium	Unknown
Fishing	0.1%	0.1%	Low	Medium	Medium	
Sewerage & waste disposal	0.03%	0.03%	Medium	Medium		Unknown

1. GDP output at basic prices. StatsSA, Supply and Use Table, 2017. 2. StatsSA, Quarterly Labour Force Survey, 2017. 3. IFC, 2018. The Unseen Sector: A Report on the MSME Opportunity in South Africa. PPGI Industry Survey. 4. StatsSA, Supply and Use Table, 2017. 5. Self reported data from PPGI industry survey. 6. ILO. Accessed from <https://www.bangkokpost.com/world/313829/south-africa-hobbled-by-shove-legs-of-domestic-work>



Risk-adjusted strategy for economic activity

Expected impact of continued lockdown

	0 – 20%	21 – 40%	41 – 60%	61 – 80%	81 – 100%	Proportion of payroll that is likely to be paid at the end of May (%)	Proportion of the pre-crisis industry workforce that is likely to be retrenched (%)	Proportion of large firms in your industry that are likely to close (%)	Proportion of SMEs in your industry that are likely to close (%)
Agriculture and food supply						75	25	15	15
Automotive						85	5	0	0
Banking						85	5	0	0
Chemicals						85	5	0	0
Construction						15	25	15	35
Creative - arts, music						5	15	5	15
Creative - film						45	35	0	5
Defence industry / Aerospace						35	35	15	25
Fibre optic						65	35	0	45
Fleet management						75	0	0	0
Forestry						75	25	0	25
Gas and oil						85	5	0	5
Global Business Services						35	25	15	25
ICT and digital						75	15	5	25
Long term insurance						85	5	0	25
Manufacturing						85	5	0	15
Mining						5	15	5	45
Oceans						5	5	0	15
Online Retail						35	35	15	25
Pharmaceutical						85	15	5	15
Professional services						85	5	0	15
Renewable energy						45	25	5	35
Retail (clothing)						35	25	25	35
Retail (Food)						85	5	0	15
Retail (takeaway)						45	15	25	35
Short term insurance						85	5	0	5
Tourism						35	35	25	75
Transport (Aviation)						35	45	25	75

Source: Self reported data from PPGI Industry survey, Genesis Analytics 2020



Risk-adjusted strategy for economic activity

Risk of transmission: matrix rationale

Risk matrix for businesses				
General Guiding Criteria	High	Medium	Low	Explanatory notes
1. Nature of business requires dense public congregation of customers	<i>Exclusion</i>			<i>Certain non-essential congregation activities (mass gathering in cinemas, stadium events, large functions) per se excluded</i>
1.1 General density of interaction (inside and outside workspace)	<2 m ² per person	2-6 m ² per person	>6 m ² per person	
2. Geography of workplace(s)	High risk province & urban/metro area	High risk province OR urban/metro area OR crossing borders	Low risk province & rural area & within provincial boundaries	
3. Employees can work remotely	Less than 30%	30-60%	60-100%	All workers who can continue to work remotely must do so
For % of the workforce who cannot work remotely:				
4. Travel risk of employees	60%+ use public transport OR 20%+ crossing borders	30-60% use public transport OR 10-20% crossing borders	<30% use public transport AND <10% crossing borders	
5. Ability to separate vulnerable employees / customers	<i>Isolation for pensioners and immuno-compromised</i>			<i>Most vulnerable population groups should not enter the workspace at all (both employee and customer). Instead, treated separately and/or remotely</i>
	> 50 years (especially Male)	30 – 50 years	<30 years old	
6. Resources & capacity to implement risk mitigation measures at work	Cannot implement all mitigation measures	All those relevant, but not immediately	All those relevant, immediately	See general measures (where?)



Risk-adjusted strategy for economic activity

Risk of transmission

	Agriculture, food, beverages & tobacco	Automotive	Chemicals	Coke oven & petroleum refineries	Construction	Electricity	Financial intermediation	Fishing	Forestry	Hotels and restaurants-tourism
% of employees can work remotely	2	2	2	2	2	2	0	1	2	2
% of workforce that is older than 50	2	0	2	2	0	0	1	1	2	2
% of workforce in geographies with high transmission (GP, KZN, WC)	0	0	2	1	0	0	1	2	0	2
Ability to enforce social distancing of 2m at work	0	0	2	0	1	0	0	1	0	2
Ability to provide masks to employees	1	0	0	2	1	0	0	1	0	2
Ability to screen all employees	2	0	2	2	1	0	0	1	0	2
Ability to isolate all ill employees	0	0	0	2	1	0	0	1	0	2
% of employees who use public transport	0	1	1	2	1	2	1	2	1	2
% of employees who must cross provincial border to start work	0	0	0	0	2	2	0	1	0	2
SCORE	7	3	11	13	9	6	3	11	5	18



Risk-adjusted strategy for economic activity

Risk of transmission

	Hotels and restaurants-retail takeaways	Insurance-long-term	Insurance-short term	Mining	Other manufacturing-defence industry	Other manufacturing-manufacturing	Pharmaceuticals	Post and telecommunication-fibre optic	Post and telecommunication-ICT and Digital	Professional services
% of employees can work remotely	2	1	1	2	2	2	2	0	0	0
% of workforce that is older than 50	2	2	2	1	1	2	1	0	0	0
% of workforce in geographies with high transmission (GP, KZN, WC)	2	1	0	0	2	1	2	1	1	1
Ability to enforce social distancing of 2m at work	2	0	0	0	0	2	0	2	0	0
Ability to provide masks to employees	2	0	2	0	0	2	1	0	1	0
Ability to screen all employees	2	0	2	0	1	2	2	0	2	0
Ability to isolate all ill employees	2	0	0	0	0	0	0	0	0	0
% of employees who use public transport	2	0	1	2	0	2	1	0	0	0
% of employees who must cross provincial border to start work	2	0	0	2	0	0	1	2	1	1
SCORE	18	4	8	7	6	11	10	5	5	2



Risk-adjusted strategy for economic activity

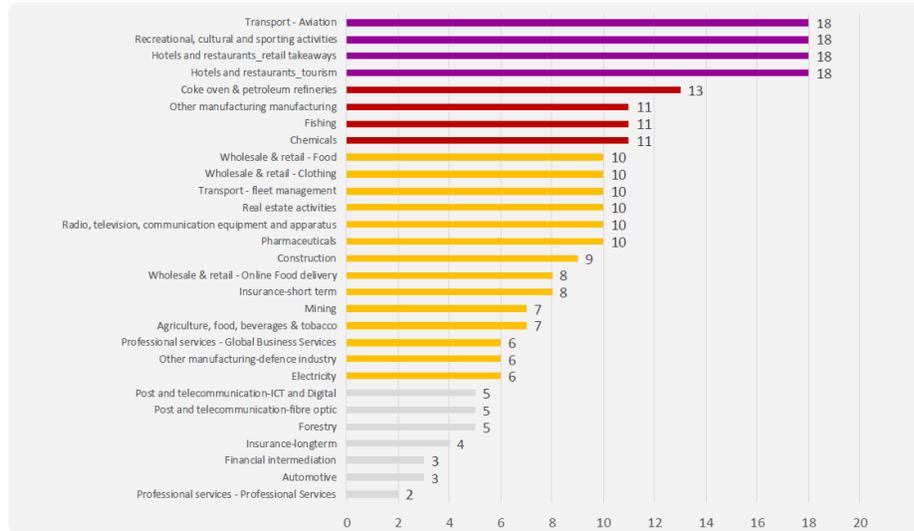
Risk of transmission

	Professional services- Global Business Services	Radio, television, communication equipment and apparatus	Real estate activities	Recreational, cultural and sporting activities	Transport - fleet management	Transport - Aviation	Wholesale & retail - Clothing	Wholesale & retail - Food	Wholesale & retail - Online Food delivery
% of employees can work remotely	1	2	1	2	1	2	2	2	2
% of workforce that is older than 50	0	1	2	2	2	2	1	1	0
% of workforce in geographies with high transmission (GP, KZN, WC)	2	1	1	2	0	2	1	1	0
Ability to enforce social distancing of 2m at work	0	2	0	2	2	2	0	0	1
Ability to provide masks to employees	0	1	0	2	1	2	0	0	1
Ability to screen all employees	0	1	2	2	2	2	2	2	1
Ability to isolate all ill employees	0	1	2	2	1	2	2	2	1
% of employees who use public transport	2	1	1	2	1	2	2	2	2
% of employees who must cross provincial border to start work	1	0	1	2	0	2	0	0	0
SCORE	6	10	10	18	10	18	10	10	8



Risk-adjusted strategy for economic activity

Risk of transmission



Risk-adjusted strategy for economic activity

Considerations for first phase of easing restrictions

Consideration	Description
Low transmission risk	Economic activity can resume with low transmission risk <i>or</i> Economic activity can resume under conditions whereby transmission risks can be effectively managed
Regulated and organised	Precedent of good compliance and enforcement of regulations in sector <i>and/or</i> Industry bodies / unions / lead firms can support coordination of sector response
Localised / low movement of people	Economic activity can resume with no/minimal movement across provincial borders and between rural and urban areas, <i>and</i> movement is limited to low risk geographies
Enabling of other sectors or essential services	Resumption of economic activity is crucial for the effective functioning of a sector that produces, distributes or sells goods / services designated as essential or other sectors prioritised for opening



Risk-adjusted strategy for economic activity

Post-lockdown: General exclusions

The following restrictions will remain in place after the national lockdown, and regardless of the level of alert at any given time:

- Sit-in restaurants and hotels
- Bars and shebeens
- Conference and convention centres
- Entertainment venues, including cinemas, theatres, and concerts
- Sporting events
- Religious, cultural and social gatherings

No gatherings of more than 10 people outside of a workplace will be permitted.

Passengers on all modes of transport must wear a cloth mask to be allowed entry into the vehicle. Hand sanitisers must be made available, and all passengers must sanitise their hands before entering. Public transport vehicles must be sanitised on a daily basis.



Risk-adjusted strategy for economic activity

Rules applicable across all levels

The following rules will be imposed across all sectors and alert levels:

- Industries are encouraged to adopt a work-from-home strategy where possible, and all staff who can work remotely must be allowed to do so.
- Workers above the age of 60, as well as workers with comorbidities identified by the Department of Health should be offered a work-from-home option or allowed to remain on leave with full pay.
- There should be workplace protocols in place that would include disease surveillance and prevention of the spread of infection.
- All employers to screen staff on a daily basis for symptoms of COVID-19, including a symptom check as well as temperature assessment.
- All employees to use a cloth mask especially where social distancing is not possible.
- Work environment to have sanitisers available or hand washing facilities with soap.
- Stringent social distancing measures should be implemented in the workplace.

The Department of Health will issue a comprehensive guidance note stipulating health and safety practices for returning to work.



Risk-adjusted strategy for economic activity

Additional rules pertaining to sectors and firms

Before any sector resumes activity, the following conditions must be in place:

- In addition to generally applicable health and safety protocols, each sector must agree upon a COVID-19 prevention and mitigation plan with the Minister of Employment and Labour, the Minister of Health and any other Minister relevant to the sector.
- Individual businesses or workplaces must have COVID-19 risk assessments and plans in place, and must conduct worker education on COVID-19 and protection measures:
 - Identification and protection of vulnerable employees
 - Safe transport of employees
 - Screening of employees on entering the workplace
 - Prevention of viral spread in the workplace:
 - Cleaning of surfaces and shared equipment
 - Good ventilation
 - Managing sick employees
- Monitoring systems must be in place to (1) ensure compliance with safety protocols and (2) identify infections among employees



Risk-adjusted strategy for economic activity

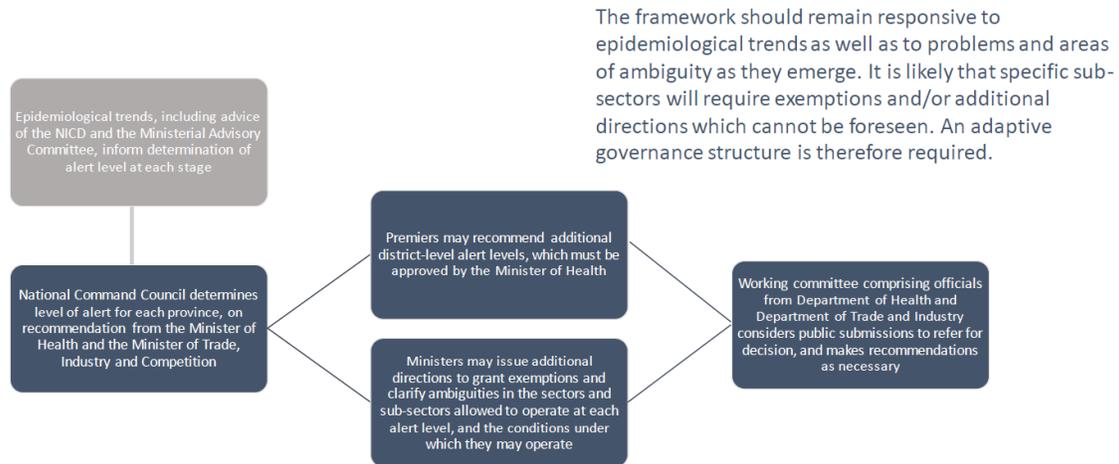
Governance framework

- Levels of alert (1-5) will be determined by the National Command Council at each meeting, upon a recommendation from the Minister of Health and the Minister of Trade and Industry. **A single national alert level may be determined, or an alert level may be determined for each province.**
- The highest burden of the disease is currently concentrated in Gauteng, Western Cape, KwaZulu-Natal and Eastern Cape. The remaining provinces have a limited number of cases.
- Within the provinces the infection is concentrated largely in the metro areas.
- Given the disproportionate distribution of infections there is an opportunity to have a differentiated approach to the lockdown based on the geographic distribution.
- The initial plan is to determine alert levels at a provincial level based on the number of cases in each province.
- Premiers may thereafter determine an alert level for specific districts, with the approval of the Minister of Health. Those districts with lower risk levels could in this way embark on increased levels of economic activity.
- **Individual Ministers, upon consultation with and approval from the Minister of Health, may provide for exceptions and additional directions in sectors within their domain.**
- A working committee should be established comprising officials from the Department of Health and the Department of Trade and Industry to consider changes to the sector restrictions as they are required.



Risk-adjusted strategy for economic activity

Governance framework



Risk-adjusted strategy for economic activity

Alert system: Level 5

	Sectors permitted	Transport restrictions	Movement restrictions
Level 5: High virus spread, and/or low health system readiness	Only essential services	Bus services, taxi services, e-hailing and private motor vehicles may operate at restricted times, with limitations on vehicle capacity and stringent hygiene requirements	No inter-provincial movement of people, except for transportation of goods and exceptional circumstances (e.g. funerals)



Risk-adjusted strategy for economic activity

Alert system: Level 4

	Sectors permitted	Transport restrictions	Movement restrictions
Level 4: Moderate to high virus spread, with moderate readiness	<p><i>All essential services, plus:</i></p> <p>Food retail stores already permitted to be open permitted may sell full line of products within existing stock</p> <p>All agriculture (horticulture, export agriculture including wool and wine, floriculture and horticulture, and related processing)</p> <p>Forestry, pulp and paper</p> <p>Mining (<i>open cast mines at 100% capacity, all other mines at 50%</i>)</p> <p>All financial and professional services</p> <p>Global business services for export markets</p> <p>Postal and telecommunications services</p> <p>Fibre optic and IT services</p> <p>Formal waste recycling (glass, plastic, paper and metal)</p>	<p>Bus services, taxi services, e-hailing and private motor vehicles may operate at all times of the day, with limitations on vehicle capacity and stringent hygiene requirements</p>	<p>No inter-provincial movement of people, except for transportation of goods and exceptional circumstances (e.g. funerals)</p>



Risk-adjusted strategy for economic activity

Alert system: Level 3

	Sectors permitted	Transport restrictions	Movement restrictions
Level 3: Moderate virus spread, with moderate readiness	<p>Licensing and permitting services, deeds offices and other government services designated by the Minister of Public Service and Administration</p> <p>Take-away restaurants and online food delivery</p> <p>Liquor retail within restricted hours</p> <p>Clothing retail</p> <p>Hardware stores</p> <p>Stationery, personal electronics and office equipment production and retail</p> <p>Books and educational products</p> <p>E-commerce and delivery services</p> <p>Clothing and textiles manufacturing (<i>at 50% capacity</i>)</p> <p>Automotive manufacturing</p> <p>Chemicals</p> <p>Bottling</p> <p>Cement and steel</p> <p>Machinery and equipment</p> <p>Global Business Services</p> <p>SANRAL construction and maintenance</p> <p>Transnet at 100%</p>	<p>Bus services, taxi services, e-hailing and private motor vehicles may operate at all times of the day, with limitations on vehicle capacity and stringent hygiene requirements</p> <p>Limited passenger rail restored, with stringent hygiene conditions in place</p> <p>Limited domestic air travel, with a restriction on the number of flights per day and authorisation based on the reason for travel</p>	<p>No inter-provincial movement of people, except for transportation of goods and exceptional circumstances (e.g. funerals)</p>



Risk-adjusted strategy for economic activity

Alert system: Level 2

	Sectors permitted	Transport restrictions	Movement restrictions
Level 2: Moderate virus spread, with high readiness	Construction All other retail All other manufacturing Mining (<i>all mines at 100% capacity</i>) All government services Installation, repairs and maintenance Domestic work and cleaning services Informal waste-pickers	Domestic air travel restored Car rental services restored	Movement between provinces at Level 1 and 2 restrictions



Risk-adjusted strategy for economic activity

Alert system: Level 1

	Sectors permitted	Transport restrictions	Movement restrictions
Level 1: Low virus spread, high health system readiness	All sectors	All modes of transport, with stringent hygiene conditions in place	Interprovincial movement allowed, with restrictions on international travel



Proposal for phased economic recovery Recommendations

- A system of “alert levels” should be adopted, and further work done to determine which sectors (and under what conditions) may operate at each level. The Department of Trade and Industry and the Department of Health should collaborate to develop this system.
- To make the determination of which sectors should be allowed to resume activity at each level of alert, three criteria should be considered:
 - Risk of transmission (including the ease of implementing mitigation measures)
 - Expected impact on the sector of continued lockdown (including prior vulnerability)
 - Value of the sector to the economy (e.g. contribution to GDP, multiplier effects, export earnings)
- A decision about whether to institute a lower alert level should be made by the National Command Council based on evidence gathered during this week about the spread of the virus.

A five-level phased approach towards easing lockdown restrictions

Update on COVID-19 – 24.04.2020 – BDM François van der Merwe.

After 29 days of a hard lockdown in South Africa, the latest number of confirmed Covid-19 cases stand at 3 953. According to the latest update, 75 deaths have been recorded in the country. So far, 143 570 tests have been conducted.

On the same day the country recorded its biggest spike in the number of positive Covid-19 cases, President Cyril Ramaphosa announced the lockdown would be eased from 1 May. Addressing the nation on April 23 in the evening, President Ramaphosa announced the government would follow a five-level phased approach towards easing lockdown restrictions, i.e. phase 4 from 1 May. He said it would implement a risk-adjustment strategy that would be deliberate and cautious, measured and incremental. South Africa entered the lockdown at midnight on 26 March to prevent the spread of the Covid-19 pandemic. It was expected to end on 16 April, however, President Ramaphosa announced a few days before its end it would be extended for a further two weeks. The lockdown in its current form is expected to end on 30 April. During his address to the nation, President Ramaphosa announced that beyond the end of April, a risk-adjusted strategy would be implemented to ease the current lockdown restrictions. While the SA National Defence Force (SANDF) will continue to support the police in enforcing Disaster Management Act regulations, as the country enters a new phase of the lockdown, soldiers will be providing assistance in other essential areas, including health care. Businesses that are allowed to resume activity will be allowed to do so under specific conditions. Every business will have to adhere to detailed health and safety protocols to protect their employees, and plans will have to be put in place for disease surveillance and to prevent infection. The President did not announce which businesses would be allowed to reopen – though he did say cigarettes, and some other additional goods, would be on sale. Food retail stores that are already open are expected to be allowed to sell the full line of products within their existing stock. In weighing up whether a sector would be allowed to operate, its economic contribution, the effect on livelihoods, and the risk of transmission in each sector would be considered.

More detail will emerge over the coming week.



COVID-19 – April 2020 – Africa’s Pulse – Policy paper by the World Bank

A very interesting policy paper by the World Bank – to advise to Governments on policies to support micro and informal firms.

www.worldbank.org/en/region/afr/publication/africas-pulse

Afriwise - Complimentary COVID-19 Module covering South Africa

Get access to the free COVID-19 Module. As COVID-19 continues to spread globally, Afriwise can support you and your business, and can help you navigate this complicated and ever-changing environment.

Afriwise has launched a COVID-19 module on the Afriwise Platform to assist you as you prepare and respond to the potential legal consequences of COVID-19 in the African jurisdictions in which you operate. Afriwise offers free access to this module for South Africa.

Get the answers you need, quickly and easily, in relation to some of the challenges you’ll have to face handling the legal consequences of COVID-19 in the African jurisdictions in which you operate. Whether it relates to managing contractual risks, financial arrangements, insolvency risks, run your company, manage the workforce, sign new contracts remotely, the COVID-19 module will assist in responding appropriately to events ahead.

Click on the button to secure your free access to our COVID-19 Module and to find the answers to related legal questions: [Give me free access to the COVID-19 module](#)

COVID-19 - Infections could rise by 10% per day after lockdown lifts

News24 - 2020-05-01 – Sarah Evans

Related Links:

- [ANALYSIS: What can - and can't - we learn from the official Covid-19 data?](#)
- [ANALYSIS: The big problem with South Africa's official Covid-19 numbers](#)
- [Winde says infections will rise as Western Cape launches Covid-19 'stats dashboard'](#)

The Covid-19 infection rate could jump from 5% to 10% per day as South Africa emerges from a five-week hard lockdown from May 1. Scientists are expecting a "rapid rise" in infections ahead of the disease hitting its peak in summer.

Not all experts agree on just what the increase will be, but two of the country’s foremost experts on Covid-19 believe the easing of the lockdown will see the infection rate increase until about September.

Professor Tulio de Oliveira, director of the KwaZulu-Natal Research and Innovation Sequencing Platform at the University of KwaZulu-Natal, an organisation that has assisted the government with data analysis for its Covid-19 response, says the infection rates will increase to about 10% per day after the lockdown is downgraded.

Professor Salim Abdool Karim, who chairs the ministerial advisory committee on Covid-19, which advises the Minister of Health on how the government should respond to the pandemic, said the infection rate would increase, although he said he did not know what the percentage increase would be.

No time for complacency

Although the lockdown will no longer be at Level 5, the highest risk assessment level, Abdool Karim says this is no time for complacency.

Abdool Karim said: "Hopefully, we will still practice social distancing and so on, so that the rate at which it increases will be tempered, and I think we will see a slow and steady rise in cases. I think that will sort of lead to a point where it will rise more rapidly," he said, adding that the "mathematical models" put the peak of infections at August or September.



Minister in the Presidency Jackson Mthembu also indicated this week that the government expected the infections to peak around September.

Abdool Karim said the lockdown was initiated when the virus was growing exponentially, and all of the steps put in place by the government, including stopping international travel and the lockdown, had led to a lower level of community transmissions.

"So, perceivably, the threat is different now than it was then. But that's not a reason for complacency because that exponential growth is coming. And if we adopt the approach that we have got nothing to worry about, then we underestimate this virus, and we'll go back to square one quite quickly.

"And we are banking on people persisting with precautions: wearing a mask, washing their hands, keep social distancing," he said, adding that these precautions were "absolutely key".

"So if we stop doing that, we'll undo all of the benefits. You can't look at what we did under the lockdown as, now it's all done, let's go back and have a party. You can't do that. And I have tried to explain that. Life is going to be different."

Rise in infections

De Oliveira has been tracking SA's trajectory versus the United Kingdom's, as the two countries had strikingly similar trajectories in the early days of the outbreak.

Both had a daily infection rate of about 33% in the beginning, but SA's is now at around 5%, thanks to the measures the government has put in place, he says.

De Oliveira says a rise in infections, from 5% -10% a day, is likely when the lockdown is eased.

"This means a real time doubling of the epidemic of 10 to 20 days," he says.

"For example, at the start of the outbreak, South African cases were doubling every third day. So it means that cases would go from 100 to 200 (in three days) to 400 (in three days) to 800 (in three days); in this example, in nine days the cases would increase from 100 to 800. We were basically following the UK trajectory. If we had kept following this trajectory, with little government response in the first two months of the outbreak, we would have around 60 000 infections now (and not the approximate 5 000 that we have now)," he says.

He says our daily rate of infections has reduced from 33% per day to about 5% per day.

"This is analysing real data, provided every day by the NICD (National Institute for Communicable Diseases) and the DoH (Department of Health)."

The 10% increase is not a worst-case scenario, he says.

The worst-case scenario, De Oliveira says, is that we return to the 33% daily increase, where the epidemic doubles every three days.

Are we prepared?

Aside from trying to slow down the exponential growth of the infection, the lockdown's purpose was also to buy the country time to prepare for the growth that was coming. An essential part of this was to ramp up testing and screening across the country.

Abdool Karim said the country's screening programme has been immensely successful, with just over 10% of the entire population having been screened so far. And the country's testing programme has also increased significantly, particularly in the last two weeks, he said.

"I think we are well on track to reach the initial target of about 10 000 tests per day within the next few weeks. We've done close to 200 000 tests ... in a population of 55 million, that's a lot of testing."

He said this was mostly driven by active case finding, which began on 7 April, where roughly 28 000 community healthcare workers went door-to-door looking for potential cases.

"That is not the patient coming to us, that is us going to the patient," he explained.

"The number of cases identified by active case finding is now somewhere between 15%-20% of all the cases. So nearly 1 out of 5 cases is a case we went out and found. And that's what we think gives us an edge... We're trying to deal with it before it pitches up to our hospitals, by going into the community and



finding it. So that's a big part of the strength of our response. And I don't know of any other country that's done that, by the way."

Apart from screening, the health department made a presentation to Parliament this week, outlining the state of the country's response to Covid-19.

He said the country had not yet had to utilise its approximately 4 000 available ventilators; just 27 patients are currently on ventilators.

The country has embarked on a National Ventilator Project, which aims to produce 10 000 ventilators in the next few months. The department anticipates that the country will need 7 000 ventilators when the infection peaks.

Overall, the country has over 23 000 planned quarantine sites around the country.

Members of the portfolio committee on health raised concerns on Monday when it emerged that the Eastern Cape, a Covid-19 hotspot, had no quarantine beds. But Mkhize said the department had consulted with the Nelson Mandela Bay University, which had committed to 800 beds.

Workplaces

But, as the government attempts to reopen the economy, one of its biggest concerns are workplaces, which until now have been hotspots for clusters of infections.

Minister of Cooperative Governance and Traditional Affairs Nkosazana Dlamini-Zuma said that workplaces needed to prepare for their employees to return, as they would have to close again if there was an outbreak at their facility.

Employers needed to ensure proper physical distancing, hand sanitising, the use of masks, as well as other precautions.

[Update on COVID-19 – 06.05.2020 – BDM François van der Merwe](#)

The first Covid-19 case was diagnosed in South Africa on 5 March 2020. Twenty-one days later, On 26 March South Africa entered a lockdown, initially until 16 April later classified as a level 5 lockdown and extended to 30 April. On 1 May 2020 the lockdown was adapted to a level 4 lockdown, mainly to allow more people to resume economic activity so as to salvage the livelihood of millions facing abject poverty. On the 41st day of the lockdown the official statistics of the spread of the virus are as follows:

- 5 May: Total tests **268064**, positive cases **7 572**. There have been **148 confirmed deaths so far**.
- **As at 2 May, there have been 2 746 recoveries so far. The provincial breakdown for recoveries as at 2 May were: Gauteng (979), Western Cape (833), KwaZulu-Natal (415), Free State (96), Eastern Cape (341), Limpopo (27), Mpumalanga (22), North West (20), Northern Cape (13).**
- **Cases and deaths – provincial breakdown:**
 - 3 609** - Western Cape - **71** deaths
 - 1 697** - Gauteng - **15** deaths
 - 1 142** - KwaZulu-Natal - **36** deaths
 - 838** - Eastern Cape - **18** deaths
 - 128** - Free State - **6** deaths
 - 57** - Mpumalanga
 - 40** - Limpopo - **2** deaths
 - 35** - North West
 - 26** - Northern Cape
 - 0** - Unallocated

Expectations are that with more people going back to work and with schools having to reopen soon, the rate of infections will increase.



It is important to note that the damage to the economy is already substantial and the latest forecast of the Treasury predicts that the GDP can contract by as much as 15% this year. Many businesses have already closed and some economists fear that unemployment can reach as much as 50%. These are of course worst case scenarios which everyone would like to prevent but the dangers are huge. Tourism is one of the sectors most affected. In this regard there is much controversy around the Government's decision to apply BEE criteria to applications for financial relief which means in effect that white-owned companies will not receive assistance.

The President, in his latest statement, referred to the importance of environmental hygiene which will have to receive more attention in the future. Exchange waste management programmes will remain very relevant in the post-pandemic era.

President on COVID-19 – 05 05 2020 – The worst is still coming

News24 – 06.05.2020 – Kaveel Singh

Despite the Level 4 lockdown downgrade, President Cyril Ramaphosa says South Africa needs to plan for the worst, as the country is yet to experience the worst of the Covid-19 pandemic.

"We've got to plan for the worst. We are informed that the worst is still coming. We are going to get more people infected. The important thing is that we need to show that we lessen the pace at which these infections take place."

President Cyril Ramaphosa was addressing the KwaZulu-Natal Provincial Command Council in Mayville, Durban. The council in charge of the province's response to Covid-19.

He said the only way to lessen the impact of the virus was to ready the health system.

"We will be able to do that by getting facilities ready and there continues to be social distancing and people continue to wash their hands. It is through actions as individuals that we spread the virus."

Economy

President Cyril Ramaphosa said there would also be an acute focus on the economy going forward.

"Covid-19 has brought about the total destruction of the economy. The economy, as we speak now, is under a great deal of stress. We now collectively must respond to how we will rebuild and reposition the economy."

He said the impact of Covid-19 on the economy was akin to a post-war scenario.

"How do we reconstruct our economy after coronavirus, knowing it has dealt a huge blow? I'm characterising the coronavirus like a post-war situation. We have been fighting an invisible enemy and now we must start planning for a post-war situation."

There's no reason for our people to live in squalor

President Cyril Ramaphosa said that South Africa had to undertake a massive hygiene campaign, post-Covid-19 and post-Level 5 lockdown.

"We identified the issue of hygiene as the key area that needs to be addressed. I guess with the lockdown, we could not properly wrap our hands around it."

He said something had to be done as soon as possible.

Update on COVID-19 – 21.05.2020 – BDM François van der Merwe

The following self-explanatory News24 article by Kyle Cowan on the projected evolution of the Covid-19 pandemic in South Africa makes depressing reading but it explains the Government's reluctance to ease lockdown restrictions.

Covid-19 projections show 12 to 13 million cases by November



Projections by a consortium of experts advising the government have been clarified to show that 12 million to 13 million Covid-19 cases could have cumulatively occurred in the country by November, of which only roughly 3.7 million will be detected.

News24 reported on the 20th of May that the South African Covid-19 Modelling Consortium projected a figure of between 1 and 1.2 million cases and that the model was not a crystal ball prediction, but subject to change as more data became available.

During a further media briefing by the consortium and other modelling groups, in conjunction with Health Minister Zweli Mkhize, it has been clarified that the one million cases are the expected number of active cases at the peak of the country's infection curve at that specific moment in time.

Peak infection is expected to occur between early-July (pessimistic, 1.2 million cases) and mid-August (optimistic, 1 million cases), according to the consortium's model.

The total number of detected cases would be around 3.7 million to 3.9 million cases by November, a report by the consortium published on the National Institute for Communicable Diseases (NICD's) website shows. But the detection rate was dependent on the availability of testing.

Available ICU bed capacity was again highlighted as a concern. According to estimates, South Africa has around 3 300 ICU beds, which would quickly be overwhelmed.

As of 20 May, the Western Cape had 6 157 active cases and 211 reported deaths – representing well over half of confirmed cases nationally.

The number of deaths expected remains around 40 000, cumulatively.

Of the projected 12 million to 13 million cases, 475 000 to 680 000 would require hospitalisation over time, Professor Juliet Pulliam, the director of the South African Centre for Epidemiological Modelling and Analysis, who is part of the consortium, said.

The clarification means:

- Between June and November, 40 000 to 45 000 people could die from Covid-19, with nearly 500 deaths by the end of May.
- The total number of cases between June and November is expected to be between 12 million and 13 million, with around 50 000 cases expected by the end of May.
- Projected need for ICU beds is between 20 000 and 35 000 between June and November, and 500 by the end of May.
- General hospital beds required are expected to be between 75 000 and 90 000 between June and November, with just more than 2 000 beds required by the end of May.
- Provinces are expected to peak at different times, with varying levels of infection and deaths, but the national peak infection rate is expected around early-July to mid-August.

The South African Covid-19 Modelling Consortium is made up of key experts from several university-based institutions and convened by Dr Harry Moultrie, a senior medical epidemiologist based at the NICD: Modelling and Simulation Hub Africa (Masha) from the University of Cape Town, the South African DSI-NRF Centre of Excellence in Epidemiological Modelling and Analysis (Sacema) from the University of Stellenbosch, Health Economics and Epidemiology Research Office (HE2RO), which is made up of experts from the University of the Witwatersrand and Boston University School of Public Health, based in the US. Moultrie said the consortium would release updated models on a regular basis as new information and data became available.

Moultrie said during the previous briefing that the models would be updated regularly.

"These projections are subject to considerable uncertainty and variability. Estimates will change and improve as the epidemic progresses and new data become available," the consortium's report dated 6 May reads.

The report also clarified that the projections are based on the assumption that, after the lifting of the hard lockdown, Level 4 restrictions are assumed to be in place for one month, following which physical



distancing would continue at a moderate level – but did not account for changes in behaviour across the population as mortality rates became clear.

Other models introduced

Other models from groups separate from the consortium were also briefly presented.

Ashleigh Theophanides, of Deloitte and Business South Africa, similarly projected 20 000 cases by the end of May, and three million Covid-19 cases by December, with 120 000 hospitalisations during the peak infection curve in July.

Barry Childs, the healthcare committee chair of the Actuarial Society of South Africa (ASSA), briefly presented their projections, which are based on four scenarios. These scenarios take various factors of transmission rates of the virus, lockdown effects and non-pharmaceutical interventions into account at varying degrees.

The various ASSA scenarios differ in outcomes, but agree centrally, for the most part, on a projected number of deaths at just over 40 000.

"Much remains unknown," he said.

Africa COVID-19 Tracker – South Afrika

<https://www.one.org/africa/about/policy-analysis/covid-19-tracker/>

The ONE Africa COVID-19 Tracker contains the latest reliable data from global institutions, governments, and universities on questions like:

- How many hospital beds do African countries currently have?
- What social protection measures are governments undertaking?
- How many people have insufficient food?
- Which governments are receiving debt relief?

Headline South Africa:

Despite strong government response, COVID-19 and a remittance drop have serious economic, security, and governance implications

Key Facts:

- 13% of the population (1 million people) are expected to lose their jobs as a result of the crisis
 - Police and army patrols have used lethal force to enforce lockdowns
 - Controversial new regulation criminalising misinformation can easily be exploited to limit free speech
- South Africa, which currently has the most cases on the continent, was already experiencing a recession when the economy took significant hits from the pandemic. Current estimates project it could contract by 10% in 2020. Over 6.7 million South Africans were unemployed prior to the pandemic, and another 1 million are estimated to lose their jobs because of COVID-19, nearly 13% of the population. While President Cyril Ramaphosa has announced a first-of-its-kind stimulus package for the jobless, the monthly payments of R350 are too little to even cover food costs, given South Africa's food poverty line is R561 per month.

In the midst of the dismal economic situation, other systemic problems and governance concerns have been highlighted. Police and army patrols have used lethal force to enforce lockdowns, sometimes in areas with informal housing that makes staying inside and social distancing impossible. Inequality in the water-scarce country has manifested in access to running water, which some communities have lacked for decades, making hand washing in those areas impossible without government intervention. Disinformation on social media has been rampant, and a controversial new regulation criminalising misinformation can easily be exploited to limit free speech.



South Africa's response to the Coronavirus pandemic – 24 May 2020

It is exactly 10 weeks since a national state of disaster in response to the coronavirus pandemic was declared. Since then, there have been implemented severe and unprecedented measures – including a nation-wide lockdown – to contain the spread of the virus. As a result of the imposed measures South Africa did manage to slow the rate of infection and did prevent the health facilities from being overwhelmed.

The most effective defense against this virus is also the simplest. Washing our hands regularly, wearing a face mask, keeping at least a 1.5 meter distance from other people, avoiding touching our faces with unwashed hands and cleaning surfaces we touch regularly. It is through diligently and consistently observing these basic practices that we will overcome this pandemic.

There are 22 583 confirmed coronavirus cases in South Africa. Around half of these people have recovered. Some 429 people have died. Over 580 000 coronavirus tests have been conducted and more than 12 million screenings. There are nearly 60 000 community health workers who have been going door-to-door across the country to identify possible cases of coronavirus.

In preparation for the expected increase in infections, around 20 000 hospital beds have been, and are being, repurposed for COVID-19 cases, and 27 field hospitals are being built around the country.

A number of these hospitals are ready to receive coronavirus patients.

At the same time, South Africa has experienced several challenges, including a shortage of diagnostic medical supplies as a result of the great demand for these supplies across the world. This has contributed to lengthy turnaround times for coronavirus testing, which in turn has had an impact on the effectiveness of the programmes.

The lockdown would only delay the spread of the virus, but it would not be able to stop it. Until there is a vaccine available to all, the coronavirus will continue to spread in the population. This means that we must get used to living with the coronavirus for some time to come. There is a massive global effort to develop a vaccine, of which South Africa is part. Government is supporting and funding several research projects, including a plan to locally manufacture coronavirus vaccines as soon as candidates are available.

As scientists had predicted, the infections in South Africa have now started to rise sharply. One-third of the cumulative confirmed cases were recorded in the last week alone. And we should expect that these numbers will rise even further and even faster.

Various models have been built to predict the trajectory of the virus. These models tell us two important things. Firstly, that the coronavirus pandemic in South Africa is going to get much worse before it gets better. Secondly, and most importantly, they tell us that the duration, scale and impact of the pandemic depends on our actions as a society and on our behavior as individuals.

The five-level COVID-19 alert system has been introduced to manage the gradual easing of the lockdown. This risk-adjusted approach is guided by several criteria, including the level of infections and rate of transmission, the capacity of health facilities, the extent of the implementation of public health interventions and the economic and social impact of continued restrictions.

It is on the basis of these criteria – and following consultation – that Cabinet has determined ***that the alert level for the whole country should be lowered from level 4 to level 3 with effect from 1 June 2020.***

Moving to alert level 3 marks a significant shift in the approach to the pandemic. This will result in the opening up of the economy and the removal of a number of restrictions on the movement of people, while significantly expanding and intensifying our public health interventions.

It is important to be aware that there are a few parts of the country where the disease is concentrated and where infections continue to rise. There will be a differentiated approach to deal with those areas that have far higher levels of infection and transmission. These areas will be declared coronavirus hotspots.



A hotspot is defined as an area that has more than 5 infected people per every 100 000 people or where new infections are increasing at a fast pace. The following metros have been identified as coronavirus hotspots: Tshwane, Johannesburg, Ekurhuleni, Ethekwini, Nelson Mandela Bay, Buffalo City and Cape Town. The other areas that are hotspots are West Coast, Overberg and Cape Winelands district municipalities in the Western Cape, Chris Hani district in the Eastern Cape, and iLembe district in KwaZulu-Natal. The country is particularly concerned about the situation in the city of Cape Town and in the Western Cape generally, which now has more than half the total infections in the country.

Should it be necessary, any part of the country could be returned to alert levels 4 or 5 if the spread of infection is not contained despite the interventions and there is a risk of our health facilities being overwhelmed. In time it will be possible to place areas where infections are low on levels 2 or 1.

The implementation of alert level 3 from the beginning of June will involve the return to operation of most sectors of the economy, subject to observance of strict health protocols and social distancing rules.

The opening of the economy and other activities means that more public servants will be called back to work.

At level 3, all people need to take personal responsibility for their safety and the safety of others:

- Keep a distance of 1½ meters from other people
- Wash or sanitise your hands regularly
- Clear surfaces regularly
- Wear a cloth mask in public
- Crowds and gatherings are prohibited

There have been fruitful discussions with leaders of the interfaith religious community on their proposals for the partial opening of spiritual worship and counselling services subject to certain norms and standards. They have all agreed to have further discussions on this issue and are confident to find a workable solution. In opening up the economy we will rely on social compacts with all key role players to address the key risk factors at the workplace and in the interface between employees and the public.

A number of sector protocols will therefore be finalized and every company has to develop a workplace plan before they re-open. According to these plans, companies will need to put in place sanitary and social distancing measures and facilities; they will need to screen workers on arrival each day, quarantine those who may be infected and make arrangements for them to be tested.

They also need to assist with contact tracing if employees test positive.

Because of their vulnerability, all staff who are older than 60 years of age and those who suffer from underlying conditions such as heart disease, diabetes, chronic respiratory disease and cancer should ideally stay at home. Employees who can work from home should be allowed to do so.

Subject to these measures, all manufacturing, mining, construction, financial services, professional and business services, information technology, communications, government services and media services, will commence full reopening from 1 June. Appropriate restart and phasing in arrangements will need to be put in place for every workplace. Wholesale and retail trade will be fully opened, including stores, spaza shops and informal traders. E-commerce will continue to remain open.

Other sectors that opened previously, such as agriculture and forestry, utilities, medical services, food production and manufacture of hygiene products, will remain fully opened.

Certain high-risk economic activities will remain prohibited. These include:

- Restaurants, bars and taverns, except for delivery or collection of food.
- Accommodation and domestic air travel, except for business travel, which will be phased in on dates to be announced.
- Conferences, events, entertainment and sporting activities.
- Personal care services, including hairdressing and beauty services.
- The return to work will be phased in so that the workplace can be made coronavirus-ready.

It must be done in a manner that avoids and reduces risk of infection.

There have been discussions with the tourism, hotel and restaurant industry regarding the challenges and hardships these sectors are experiencing. They have made several proposals, regarding the measures they intend to put in place when their sectors are opened. There will be given consideration to the proposals. There are many companies that have gone beyond what is required by regulation to support the coronavirus response, including those who already provide screening, testing and even isolation facilities for their employees.

One of the greatest challenges to face with the move to level 3 – which will enable the return to work of up to 8 million people – will be the increased risk of transmission in public transport. A partnership will be needed between commuters, taxi and bus operators, business and government to keep the people safe. Commuters will always need to wear masks, to wash their hands before and after they have travelled and avoid touching their faces with unwashed hands. Commuters will also need to keep a safe distance from other commuters. Taxi and bus operators need to observe the regulations to be announced by the Minister of Transport, including ensuring that their vehicles are regularly sanitized.

A number of businesses are looking at how they can reduce congestion on public transport, including through staggering working hours and providing transport for employees.

The national borders will remain closed except for the transport of goods and repatriation of nationals.

Another difficult challenge is the reopening of schools. The priority is the health and well-being of learners, students, educators and workers in these institutions. South Africa is also concerned about the growth and development of the children and that an entire generation of learners should not be permanently disadvantaged by this pandemic. Therefore a phased approach will be taken to the re-opening of schools, guided by medical advice and in consultation with all stakeholders. It is understandable that there is some concern about the re-opening of schools. No parent will be forced to send their child to school if they are worried about safety.

From 1 June, all public universities are expected to implement remote teaching and learning strategies to ensure that all students are given a fair opportunity to complete the 2020 academic year.

With the start of alert level 3, no more than a third of the student population will be allowed to return to campuses on condition that they can be safely accommodated.

Institutions will open up further as the coronavirus alert level changes.

What's allowed under South Africa's level 3 Covid-19 restrictions:

- Domestic air travel for business travel will be allowed
- Sale of liquor will be permitted under certain times
- Commercial building projects
- All clothing sales
- All household appliances sales
- No more restrictions on outdoor exercise. People are allowed to exercise any time during the day
- Wholesale and retail, including spaza shops, will be allowed to completely reopen

What's not allowed under South Africa's level 3 Covid-19 restrictions:

- No social gatherings
- No interprovincial travel
- Mask wearing will remain compulsory
- High-risk economic activity such as restaurants, pubs, lodges and hotels remain closed
- Gyms and fitness centers to remain closed
- Conferences events and gatherings
- Hotels and accommodation for leisure



As South Africa mobilize the health resources to meet the expected surge of coronavirus cases, it is important not to create the space for the emergence of other health crises. Routine health services should therefore be fully opened and continue to provide services with attention to childhood immunization, contraceptive services, antenatal care, diagnosis and treatment of tuberculosis and HIV, management of chronic diseases and support for survivors of gender-based violence.

Update on COVID-19 – 29.05.2020 – BDM François van der Merwe

President Ramaphosa has announced that churches and other religious organisations will also be allowed to hold services or meetings under Lockdown Level 3, subject to strict conditions such as a limit of fifty persons per gathering and social distancing. This has prompted much debate, as has the continued ban on the sale of tobacco products and the desirability of reopening schools.

It is generally expected that the infections will soar when the economy is reopened from 1 June onwards. Currently, on day 63 of the lockdown, we have 27913 identified cases and 602 deaths. Current predictions are that the pandemic will peak in November. The numbers of expected deaths are depressing, as are the numbers of people expected to experience famine.

Update on COVID-19 – 08.06.2020 – BDM François van der Merwe

On the 73rd day of lockdown (08.05.2020), most schools reopened for classes for two grades. Covid-19 infections are still spreading rapidly and are expected to reach 50 000 at the end of week 24 with deaths expected to reach 1000. The Western Cape is still the epicenter.

The reopening of schools is as controversial as the lockdown itself which has been declared unconstitutional by a court. The Government has decided to appeal the finding but it has negatively affected people's adherence to the restrictions. Worldwide protest action against police brutality also plays a part in furthering defiance. These factors combined bode ill for attempts to contain the pandemic.....