This Policy Brief presents the findings and recommendations of a report entitled, Rapid Socioeconomic Assessment of COVID-19 in Eswatini (hereafter abbreviated to “Assessment Report”).

The objective of the Report is a preliminary rapid socioeconomic assessment of the COVID-19 pandemic in Eswatini and ascertain its implications for achieving national development objectives as formulated in the National Development Plan (NDP), Strategic Roadmap (SRM), and Sustainable Development Goals (SDGs). The Assessment Report is a result of a combined effort of a wide UN team, comprising the United Nations Country Team (UNCT) Task Team UNDP, United Nations Population Fund (UNFPA) and the World Food Programme (WFP); an inter-agency technical team composed of the Resident Coordinator’s Office (RCO), UNDP, UNFPA, United Nations Children’s Fund (UNICEF), the Food and Agriculture Organisation (FAO), International Labour Organisation (ILO), International Organisation for Migration (IOM), and the Joint United Nations Programme on HIV/AIDS (UNAIDS) working in collaboration with the Economics Association of Eswatini. The team was led by UNDP, as the UN’s global technical lead on socioeconomic response to COVID-19 under the global UN framework for the immediate socioeconomic response to COVID-19.

The assessment is aligned with the “UN framework for the immediate socioeconomic response to COVID-19” launched by the Secretary-General in April 2020. The framework is one of the three critical components of the UN’s efforts to save lives, protect people, and build healthier communities through health response, led by the World Health Organization (WHO), and the humanitarian response led by United Nations Office for the Coordination of Humanitarian Affairs (OCHA).

The Assessment Report addresses aspects of the framework, in terms of the people to be reached under the five pillars of the proposed UN Development System response. These cover health first; protecting people; economic response and recovery; macroeconomic response and multilateral collaboration; as well as social cohesion and community resilience. The last subsection in this policy brief deals with resource mobilization for development.
KEY MESSAGES

The COVID-19 index case in Eswatini was confirmed on 14 March 2020. On 17 March 2020, the Prime Minister invoked Section 29 of the Disaster Management Act 2006 and declared a National Emergency for two months. The government introduced surveillance measures to track travellers and strengthen emergency preparedness. These included a cancellation of national events (e.g. Army Day, King’s birthday celebration, Good Friday and Easter services); a cancellation of social events (e.g. MTN Bushfire Festival, Intervarsity Games); the closure of schools and tertiary institutions, limiting of social gatherings to 20 people; and continued screening and contact tracing.

The Rapid Assessment Report indicates that the economy will contract by 6.2 percent due to COVID-19. The pandemic met Eswatini in an already fragile economic and social condition. The country's economic growth has been subdued in recent years, expanding at an average growth rate of 1.7 per cent from 2014-19 owing to mounting fiscal challenges, a difficult external environment and the impact of the 2015/16 drought. Nevertheless, GDP growth rose to 2.4 per cent in 2018, driven by recoveries in agriculture and services sectors before falling to 1.3 per cent in 2019. The NDP indicates that a minimum of 5 per cent growth rate is needed to achieve sustainable economic progress. The estimated GDP at constant prices due to COVID-19 means levelling the economy roughly within 2014-2015 status, a five-year setback. Government budget thus requires substantial adaptation as the Southern African Customs Union (SACU) revenues are falling below projections. But while revenues are falling, there has been exponential growth in new COVID-19 infections with the highest being among the productive age group, which has implications for labour supply.

Manzini, the commercial nerve centre and national transport hub of Ngwenya-Mbabane-Manzini, is also the epicentre of the virus. This is the underlying reason for considering this as a health, humanitarian, and socioeconomic crisis.

COVID-19 will most likely exacerbate food insecurity in the country given Eswatini’s profile as a net importer of food with 58.9 per cent of people living below the nationally defined poverty line in addition to another 20.1 per cent living in extreme poverty. Furthermore, about 65,800 people would likely be added to the existing number of those living below the poverty line because of weak growth outcomes due to the negative impact of COVID-19 in just 2020 alone. Approximately 15,550 would have been lifted out of poverty were the pre-COVID-19 per capita growth to be realized. The primary sector has shown some resilience; hence it is crucial to invest in it to ameliorate not only the negative economic growth, but also poverty, inequality and vulnerabilities.

Consequently, fiscal 2020-21 economic policies will be dictated by efforts to restore macroeconomic stability in the aftermath of a severe economic contraction in 2020 (owing to the simultaneous supply and demand shocks delivered to the global economy by the outbreak of the coronavirus pandemic and the subsequent lockdown of significant Swazi economic partners such as South Africa).

Manufacturing supply disruptions mean that the ability of the sector to sustain the workforce is limited if the supply contraction from China continues for long.

Overreliance on South Africa has exposed the vulnerability of the country. Hence, for instance, the trade list of essential products had to be made consistent with products allowed by South Africa, exports to SACU (43.9 per cent) and imports from SACU (71.8 per cent). Lockdown of borders and air transport in South Africa has a direct impact on exports.

School dropout rates might rise, signalling that school closures have higher socioeconomic costs for communities, particularly for vulnerable boys and girls. The girl child faces higher vulnerabilities than boys, and school closures increase the risk of hunger for orphaned children.
Health spending is skewed in favour of tertiary healthcare, and the costs of medical products are high. The lockdown imposes great risks on women and infants as most medical supplies necessary for pregnancy, antenatal care and infant care are imported.

People living with HIV/AIDS and TB are at a high risk of contracting COVID-19, and people with disabilities are at an even higher risk because physical distancing norms cannot be followed in most instances. The elderly population faces both health and income risks as remittances to support them are reduced because of lockdowns.

Food insecurity exposed the limited investments that the country has made in the agriculture sector, which employs 70 per cent of the rural population. The primary sector has shown some resilience; hence it is crucial to invest in the sector to deal with poverty and vulnerabilities. The challenges must be clearly understood as low productivity among smallholders has a long-term impact not just on food insecurity but also the rest of the socioeconomic sector.

Human development is facing an unprecedented hit since the concept was redefined in 1990. Globally, COVID-19 adjusted Human Development Index (HDI) projected to see a steep decline in 2020 with close to six years of progress wiped out.

In addition to immediate relief measures given to the most vulnerable people as a response to COVID-19 effects, the country also needs medium- and long-term plans to rebalance and reinvigorate the economy from the crisis. A broad socioeconomic development plan needs to be developed and supported with sector plans which give adequate emphasis to the promotion of innovative and sustainable business models for micro, small and medium size enterprises (MSMEs).

**KEY MESSAGES**

**POLICY RESPONSES TO THE CRISIS**

The policy response to this unprecedented crisis calls for a holistic approach that involves the government working in close partnership with all sectors and citizenry. It requires managing the immediate health and socioeconomic shocks to achieve sustained recovery. It also involves making difficult decisions to balance the demands of responding directly to COVID-19 while also maintaining essential health services delivery and helping to mitigate the risk of a health systems collapse.

Nevertheless, this profound health, socioeconomic and humanitarian crisis offers an unparalleled opportunity to review past government practices and priorities. As humanity transits to a post COVID-19 world, Eswatini cannot continue business as usual. It should seize the opportunity to outline more equitable ways of managing resources, tackle systemic risks and development shortfalls exposed by the pandemic. The time to start building back better is now. Stakeholders from the state and non-state sectors need to embark on a strategic conversation around how to shape the recovery stage by building back better, more sustainably and equitably, including beaming a strong lens of support on the most vulnerable segments of society.
HEALTH FIRST: Protecting health services and systems during the crisis

Policies to ramp-up the health system, including proper funding, should gain priority and focus on the identified needs of the health sector with a priority on health personnel. Adequate personal protective equipment and an additional wage subsidy for healthcare workers fighting COVID-19 should be considered. It is important to ensure the continuity of essential health services by providing essential medicines, health workers, equipment required for reproductive, maternal, new-born, child and adolescent health care, and nutrition. Ample provision should also be made for adequate sanitation as well as the management of chronic diseases like malaria, HIV and tuberculosis; otherwise, many lives may be lost to the pandemic.

In giving a comprehensive health response to the pandemic, a twin approach may be considered. First is to mobilize to save lives and livelihoods, focusing attention on where the risk is most acute. Although the precise impacts of the unfolding crisis cannot be fully predicted yet, the likely channels of transmission and impact on the most vulnerable populations can be determined. Commensurate action to support people in a time of great need is important. These actions should consider including investment in tools that can enhance crisis response now and in the future.

There is need for government to invest in communication that is clear, direct, and effective to all levels of society projecting a committed, accountable and transparent leadership. Government can consider deployment of credible leaders, role models and icons to every sector and community to promote public awareness and action as well as stop new infections by tracing all index cases.

Both government and the media need to communicate messages that promote understanding and empathy for infected people and frontline health workers. Public understanding of the need to prevent new infections by staying at home, handwashing, wearing of face masks and maintaining physical social distancing needs to be created. The role of national, regional, Nkhundla, chiefdom and community structures for the purpose of having an effective strategy to reduce infections and compile a blueprint that would be activated for any future pandemic needs to be reviewed. This is an assignment for the National Emergency Response Council on HIV/AIDS (NERCHA), Ministry of Health (MoH) and other relevant stakeholders.

The MoH can explore the possibility of using retired health professionals (doctors, nurses and allied services) as well as local community volunteers in the fight against pandemics. Since the country is at war against an invisible enemy, the MoH can consider linking up with Umbutfo Defence Force to deploy its health personnel in the nationwide fight against COVID-19.

Conducting routine tests to screen all frontline health workers and non-clinical staff who are in essential services is important. The MoH, therefore, needs to intensify the investigation of cases and clusters as well as maintain its COVID-19 surveillance. When clusters become large, it is necessary to test and isolate suspected cases, quarantine contacts and break transmission chains.

It is also important for the MoH to consider partnering with non-governmental organisations (NGOs) such as International Mental Health Resources Services (IMERSE) and others working in mental health), private sector practitioners, and professional associations and institutions to assess the impact of COVID-19 on the mental health of patients while designing appropriate intervention measures for communities.

Government should restrict movement within the Code Red areas (especially the corridor stretching from Manzini to the Ngwenya Border Gate which has become an epicentre of the pandemic). This should be supplemented with community-level, house-to-house testing and counselling. Provision of enhanced access to screening and testing capacity to the health centres needs to be considered.

In recognition of the fact that public transport may be a key vector in promoting the spread of the infection, a policy ought to be put in place to promote the disinfection of the interior of public vehicles before commencing each new trip. Specific areas of focus should include door handles, floors, handrails and seats. Authorities should also scan the ID card of every passenger on board to create a register in case there is a need for contact tracing. The temperature of passengers should be checked before they can board the vehicle. As an additional containment measure in the public space, government should require everyone using public transport to wear face masks and minimize talking while in transit.

The Ministry of Health should consider decentralizing COVID-19 screening centres to all Tinkhudla so that people showing coronavirus symptoms can be quickly referred to appropriate healthcare centres. This should be combined with the usage of local community leadership in reinforcing messages from the MoH on minimizing infection and fatality rates.
PROTECTING PEOPLE: Social Protection and Basic Services

Experience during the Ebola outbreak shows that more people died from the interruption of social services than from the virus itself. Hence, it is of utmost importance to ensure that the population everywhere continues to have access to social services and social protection.1

Wide consultations between state officials and various actors would assist in designing tailor support, especially the provision of social safety nets to suit the needs of people with disabilities, people living with HIV, remote and rural dwellers, and other vulnerable groups. Safety net measures could go together with financial inclusion initiatives to reach many people and to lay the groundwork for quick recovery over and above mitigating the impact. This includes targeting the poor, responding to the different needs of both genders, and helping the informal sector and food-insecure regions to prevent increasing existing inequalities.

Viable options exist to provide social safety nets for vulnerable groups. These include emergency cash transfers via mobile money networks to women-headed households with a waiver of costs for cash transfers to vulnerable families. Moreover, in-kind food assistance and provision of agricultural inputs and storage facilities to most vulnerable farmers would alleviate the immediate negative impact on food security, support farmers during the lean season, and improve farm productivity.

Distance-learning options should continue as complementary tools for the future. Long-term improvement should start through effective crisis-recovery strategies. For now, onsite feeding modalities should be converted into take-home rations so that schoolchildren can continue to benefit from the largest social safety net in the country. Additionally, food insecurity, malnutrition and poverty can be mitigated by diversifying local food production. Inclusive food systems which support smallholders to invest in basic market infrastructure and promote inclusive local agribusiness models present a more sustainable solution.

To achieve these results, government can align food security closely with communal land held in trust under the custody of traditional leadership. Development of a master plan which consolidates existing community development plans and gives orderly direction for community-level development is critical. These plans need to be introduced where they do not yet exist. The Ministry of Tinkhundla, in collaboration with the Ministry of Agriculture can consider developing a national land use map and provide capacity building for local communities to make effective use of natural resources and protect the environment. This plan would provide a picture of the location of good soils, production capacity of various communities and potential for crops diversity. This would constitute a basis for engagement with all chiefs to integrate food security priorities in community development plans.

Government should consider that the vulnerable children should start benefitting once again from the warm food made available through existing Neighbourhood Care Points (NCPs).

As the elderly have lost the home-keeping support of their relations due to job layoffs and pay cuts, many are now household breadwinners. To mitigate their suffering, government should also consider giving them food parcels to supplement their social welfare grants.

1 A UN Framework for the Immediate Socio-economic Response to COVID 19 April 2020
ECONOMIC RESPONSE AND RECOVERY: Protecting Jobs; Micro, Small and Medium-Sized Enterprises; and Informal Sector Workers

This pandemic is also a jobs and livelihoods crisis that threatens the SDGs progress. Small and medium-sized enterprises (SMEs), farm workers, the self-employed, daily wage earners, refugees and migrant workers are hardest hit. Jobs in the service industries are affected, including in culture and tourism.\(^2\)

In Eswatini, business enterprises account for almost 14 per cent of households’ income. Eswatini MSME sector is estimated to consist of 59,283 business owners (10 per cent of the population) and employs approximately 93,000 people (16 per cent of the total working-age population). The MSME business owners are household heads, 65 per cent of whom are female, and three quarters of whom rely on business as their only source of personal income, while 74 per cent are based in rural areas.

As a sector, agriculture has shown some degree of resilience in comparison to the manufacturing and services sectors which are all projected to be in a contraction mode. Recognising such resilience, government can consider implementing strategies that strengthen agriculture and move the country from being a net importer of food. The Namboard mandate to promote agricultural production and achieve optimal agricultural exports as well as imports should be re-calibrated to design value chains which promote rural production.

A similar policy for the promotion of appropriate value chains should be considered for the textiles industry which dominates the manufacturing sector. Government can target this industry and build investment chains around it rather than relying on imports. Current diversification efforts associated with the African Growth and Opportunity Act (AGOA) and Generalized System of Preferences need to be intensified with due identification of comparative and competitive advantages of the country that can support diversification.

As COVID-19 has knocked down many micro, small and medium-sized enterprises, government would need to come to their aid by providing emergency plans to support their businesses. Small and medium producers, vendors and informal sector workers have great difficulty in accessing credit. But with tailored programmes, government could provide a support line to reboot their enterprises through small grants and loans. A bold measure government could undertake is to design an ambitious stimulus package targeting informal sector entrepreneurs, MSMEs and their workers who are affected by COVID-19. This support could include a freeze on National Provident Fund payments, arranging debt freezes with the banking system and providing affected small business and their staff with food relief packages.

Other measures could include the following:

- Granting unemployment benefits backed by emergency disbursement measures, such as for workers in industrial parks, and in highly impacted sectors of the economy – e.g. informal sector operators, tourism, textile in manufacturing.
- Establishing a recovery fund to support all businesses that are creating jobs in the economy to minimize closures, bankruptcy, etc. This fund can consider providing interest-free loans, low-cost credit and credit guarantees for MSMEs to improve liquidity and refinance debts.
- Designing specific rescue packages for the hardest hit non-agricultural sectors such as textiles, art and entertainment.
- Granting temporary waiver on any administrative fees and regulations imposed on MSMEs and informal sector enterprises by government and municipalities.
- Prioritizing support to protect and promote new businesses which started in response to the coronavirus pandemic (e.g. producers of hand sanitizers, face masks and some level of personal protective equipment) and other innovative products.
- Designing a mechanism for identifying opportunities for locally produced products, sustaining, promoting and protecting them as infant industries and the foundation for a new range of Made-in-Swaziland product lines.
- Identifying, in collaboration with municipal authorities and the Ministry of Commerce, licenced SMEs, hawkers and other small businesses closed due to the Coronavirus and sustain their livelihoods with cash and food parcels and stimulus packages to enable their recovery to the post-COVID-19 phase.

Make good use of Eswatini’s established institutional mechanism for dialogue on important national issues, especially those affecting the tripartite social partners of government, labour and employers. Despite COVID-19 restrictions being in place, a social dialogue should be convened in line with standing protocols of the Ministries of Labour and Social Welfare to deliberate on (a) finalizing the adoption and implementation of the Unemployment Insurance Fund; (b) agreeing on how to equitably share the costs of disruptions in production and employment due to national disasters such as COVID-19; (c) mitigating the suffering of workers who were laid off due to COVID-19; (d) investigating how the Wages Guarantee Fund can be used to support workers during the lockdown period; (e) prioritizing the piloting of the Unemployment Insurance Fund in Parliament; and (f) investigating the feasibility of using the Workers Compensation Fund to support workers who have been without incomes since the lockdown.

2 A UN Framework for the Immediate Socio-economic Response to COVID 19 April 2020
MACROECONOMIC RESPONSE AND MULTILATERAL COLLABORATION

Despite the terrible effect of the pandemic on countries across the world, one of its positive effects is that it has sensitized many countries to new realities. As a result, many countries now will be taking a new, holistic look at their macroeconomy and determine to rebuild what has been destroyed by the pandemic.

Considerations for the macroeconomic options for Eswatini may include:

Using the crisis as an opportunity to make investments in the creation of necessary supply capacities in-country to support the manufacturing and services sector. This requires strategic policy choices and prioritized budget spending coupled with reforms in land, financing, labour and ease of doing business.

Considering the rapid development and implementation of pro-employment macroeconomic and sectoral policies (fiscal, monetary, investment, trade, and industrial policy), which maximize employment outcomes for the general public. These may be consolidated in a unifying National Employment Policy that guides government action on employment and in response to COVID-19;

Pro-actively joining the African Union (AU) -wide calls for international debt-relief for all African countries during the current crisis in order to expand fiscal space.

Implementing policies that protect the resilience of the primary sector as a priority as it directly impacts on the ability to bring back growth, mitigate poverty trends and strengthen food security.

Increasing fiscal spending on health to strengthen, safeguard and maintain the health system.

Finding innovative ways to establish cottage industries that can anchor a culture of a domestic economy founded on domestic production and export.

Looking through the lens of COVID-19 and recognizing the high cost of the total reliance on South Africa as a gateway to the international markets. The government should, therefore, prioritize innovative ways to reduce this dependency.

Prioritizing the strengthening of a national vital statistics collection system to keep a current and accurate register of the population and strengthen easy identification of citizens to enable financial transactions to move online to save high transaction costs and prevent the spread of epidemics through cash handling.

Promoting fiscal and monetary policies that support economic diversification. Given the fragile state of the economy, it is recommended that there should be an identification of new value-adding options for locally produced raw materials. An example is the present sugar industry which could be transformed into a cane industry whose future lies beyond sugar. Other options include the legal medicinal and pharmaceutical applications of cannabis and ethanol which are now used globally in the manufacture of sanitizers. All of this could be new value chains for reviving an economy destroyed by COVID-19. Facilitation by government in all the examples is crucial.

SOCIAL COHESION

Identifying and addressing the needs of vulnerable populations and those left behind will be a critical part of a successful response, and especially for COVID-19 recovery. The effect of lockdowns created domestic tensions resulting, in some cases, in brutal domestic violence and gender-based violence. The needs, especially of women victims of gender-based violence, must be prioritized. Similarly, the needs of the disabled, those facing domestic violence, children, unemployed youth, and people living with HIV&AIDs face added burdens due to COVID-19. It will be important to quickly respond to their needs and have a viable plan for recovery.

New investment in institutions for continued trust-building is necessary to strengthen communication between government and the public as this will be critical in minimizing the social and economic impact of COVID-19. Provision of services and support to those who need it most; access to justice; as well as consistent and clear communication on national response measures; will all help in cementing social cohesion and greater trust.
BUILD BACK BETTER:
Lessons Learnt, Resilience, Preparedness and Sustainability

The education system should be resilient, and its disaster preparedness mechanism should continue to be employed all through the duration of the crisis. The mechanism should rely on using strategic investment and deployment of communication technologies. Preparedness should include fast-tracking curriculum reform to incorporate effective use of existing resources such as radio and TV as well as the internet, computer and phone applications.

The country is ripe for curriculum development and reform to mainstream science and digitization as complementary modes of education delivery. These measures can help reposition the education system to aim for a new globally competitive human capital formation.

Preschool children require special forms of instruction through stories and play. The Ministry of Education should give priority to reforming the preschool curriculum to equip teachers to create radio and TV contents that benefit young children during and after the epidemic.

With the inflow of resources and rising expectations of citizens regarding the response to the crisis, it is paramount to ensure the transparent and accountable use of these resources. It is an opportunity to restore the link of trust between government and citizenry. Some of the creative ways to achieve this are as follows:

Development of a social protection policy and finalisation of the social protection framework for the country to manage the devastating effects of future crises and implement a nationally defined, well-financed social protection that guarantees access to health care and a basic level of income security.

Development of a real-time monitoring system that ensures the inclusion of vulnerable people in planning and response.

Building better data for better policy advice. Eswatini needs timely data to allow for better policymaking.

Conducting an in-depth multisectoral impact assessment of COVID-19 to help strengthen the response.

Conducting poverty mapping and compute multidimensional poverty indices to assist in determining proper intervention policies in the country.

Conducting regular food insecurity evaluations and mapping of real-time vulnerability to monitor changes and target the most vulnerable households. Data should be gender-disaggregated to enable the monitoring of equity issues.

Update and implement the National Development Plan (NDP) effectively to make progress on the Agenda 2030. The crisis has shown that lagging in the implementation of a consistent development plan is detrimental to the capacity to prepare, respond to and recover from challenges, both old and new. Hence, the need to update and urgently implement the NDP to make room for economic recovery.

Development of strategies to protect the country’s economic interests even while interfacing with other regional partners for mutual development. In this connection, it is important to cooperate with other SACU and the Southern African Development Community (SADC) countries on how best to handle cross-border trade during lockdowns.

Recognition of the fact that life will not be the same after the Coronavirus pandemic and so prepare for the new challenges. Global changes inspired by the COVID-19 experience demand that Eswatini invests in systematic and structured ways for capturing the impacts, lessons learnt and determine effective ways of applying them for disaster preparedness, early recovery and resilience.

Convening of a national tripartite social dialogue of government, employers and workers to fully understand the impact of the disaster, identify lessons and recommend early actions to preserve the economy, improve efficiencies and determine measures for sustaining employment as well as incomes.
RESOURCE MOBILIZATION

for DEVELOPMENT

On 20 April 2020, the World Bank, International Monetary Fund (IMF) and the International Finance Cooperation (IFC), in collaboration with the G7, agreed on broad measures to support the disaster response of African countries, including debt cancellation for the least developed countries (LDCs) and concessional funding. Because of its lower middle-income country (MIC) status, Eswatini will largely not benefit from this international financial assistance. Government may consider an advocacy campaign to highlight the negative implications of the MIC status for a country whose development profile is not very different from that of many LDCs.

A potential boost to economic growth and development can occur through the Millennium Challenge Corporation (MCC), funded by the United States of America where the MIC status for Eswatini would not be a hindrance. Eswatini is already competing with other MIC countries in three broad areas, namely:

- Ruling justly – promoting good governance, fighting corruption, respecting human rights, and adhering to the rule of law.

- Investing in people – providing adequate health care, education, and other opportunities for promoting an educated and healthy population.

- Economic freedom – fostering enterprise and entrepreneurship as well as promoting open markets and sustainable budgets.

The efforts underway to qualify for entry programme into this are greatly encouraged as this can release between US$90 million and US$700 million over a 5-year period. Besides this, the country should work more on resource mobilization for development.

Strategies to adopt may include:

- Developing innovative financing instruments to expand Eswatini’s access to a global pool of capital – e.g. impact financing, SDG Investment mapping and green bonds.

- Accelerating the development of digital connectivity to support competitive industries and development of e-Commerce, e-Governance e financial services.
This assessment is a joint effort of the United Nations System in Eswatini in collaboration with the Economics Association of Eswatini. It is prepared as part of the broader development support to the Government of the Kingdom of Eswatini to contribute to the national response to COVID-19.

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