

ALLIANCE FRAMEWORK DOCUMENT



The Political Economy of the Global COVID-19 Pandemic and South Africa's Response

FINAL REV.13, 25 May 2020

"Conference reaffirmed the need to strengthen the developmental state in order to ensure seamless implementation for radical socio-economic transformation. The capacity of the state is a macroeconomic issue because it influences the behaviour of the economy as a whole."

Resolution from 54th ANC National Conference (2017)

The purpose of this **Alliance Discussion Document** is to frame and sharpen analysis of the nature of the novel coronavirus (Covid-19) pandemic (nationally, continentally and globally) and the pillars of South Africa's responses to the crisis (Part 1). Part 2 outlines a Strategic Framework for the ANC-led Alliance's response to Covid-19, including guiding principles, programmatic proposals, mobilisation programmes, selective release of lockdown and ideas on a post-Covid-19 reconstruction plan in a changed world.

The paper is the product of Alliance Political Council and Secretariat meetings, held weekly during April and May 2020, in the midst of the global public health emergency. The virtual meetings of the Alliance allowed for consultations, joint strategizing and leadership in response to the Covid-19 pandemic.

Protect Yourself.
Defend Each Other.
Let's Do it Together.

Part 1 **ANALYSIS OF THE COVID-19 CRISIS, GLOBALLY, SOUTH AFRICA'S RESPONSES AND OPPORTUNITIES**

INTRODUCTION

1. The novel coronavirus pandemic (Covid-19) that started in December 2019 impacted the entire global community of nations, with over 180 countries recording cases. Its first case was first reported to the World Health Organisation (WHO) Country Office in China in December 2019, hence the acronym 'Covid-19'. The first Covid-19 case in South Africa was recorded on 5 March 2020 and by the time of the finalisation of this framework on 25 May 2020, it had over 24 000 confirmed cases and over 500 deaths.
2. Shortly after the confirmation of the first case, government declared an unprecedented state of national disaster. This was followed by the extraordinary measure of a nationwide lockdown instituted by government to protect the people. The measures to deal with the pandemic affect individuals, families and households, and all sectors of society, including communities of faith, sports and cultural organisations, communities, workers, the unemployed and businesses. Government called for maximum unity of the people as a whole in order to defeat the silent and invisible enemy. The ANC-led Alliance committed to engaging with government leadership to use the capacity of the democratic state, coupled with co-operation with the people, their respective communities and all social partners, in order to respond effectively to the health, social and economic crisis posed by Covid-19.
3. The pandemic hit South Africa 25 years after the attainment of democracy, which has seen massive advances towards addressing the basic needs of the people. At the same time, the persistence of inequality, poverty and unemployment, and their racial, gender, class and uneven spatial development dimensions still define our country. The global economic crisis that broke out in 2007/2008, compounded by our mistakes, had an adverse effect on the South African economy. Over the last few years we have seen low levels of economic growth, rising unemployment, poverty and inequality.
4. Thus, South Africa found itself faced with the global Covid-19 pandemic in the context of national and global challenges, threats and opportunities. It is therefore imperative that through effective short- and medium-term interventions against the Covid-19 pandemic, we pursue an agenda to improve the lives of South Africans through radical socio-economic transformation, development and inclusive economic growth.

GLOBAL TRENDS IN THE COVID-19 PANDEMIC

A Global Public Health Emergency

5. The pandemic has seen infections spread across the globe in fast-climbing numbers – from 150 000 on 3 March 2020, to 5 million by 20 May 2020, affecting all regions and over 180 countries (Table 1. Figures by Region). By the time this document was finalised on 25 May 2020, the global infections stood at over 5.5 million, with over 340 000 global deaths reported, and more than 2.3 million recoveries. In the more recent Ebola pandemic (2014-2016), which was a regional pandemic limited to parts of West Africa, 11 310 people died

Figure 1 **Covid-19 INFECTIONS, DEATHS, RECOVERIES, TESTS BY REGION AND SELECTED COUNTRIES**

REGION (number of countries/territories)	Total Cases	Total Deaths	Total Recovered	Total Tests	Tests per 1 million
GLOBAL		353 079	2 456 564		
NORTH & LATIN AMERICA, CARRIBEAN (39)		116 870	598 405		
USA		100 765	480 320		47 031
Canada	86 647	6 639	45 339	1 502 990	39 857
Mexico	74 560	8 134	52 219	235 129	1 826
Cuba	1 963	82	1 709	97 003	8 564
Haiti	1 174	33	1 119	3 475	305
EUROPE (48)		169 977	927 185		
Russia		3 968	142 208	9 415 992	64 525
Spain	283 339	27 117	196 958	3 556 567	76 071
UK		37 048		3 681 295	54 255
Italy	230 555	32 955	144 658	3 539 927	58 540
France	182 722	28 530	65 879	1 384 633	21 217
Germany	181 530	8 498	162 800	3 595 059	42 922
Sweden	35 088	4 220	4 971	238 800	23 659
Poland	22 303	1 025	10 330	824 774	21 790
ASIA & MIDDLE EAST (48)		28 469	599 077		
Turkey	158 762	4 397	121 507	1 873 607	22 239
India	154 369	4 381	65 511	3 242 160	2 352
Iran	141 591	7 564	111 176	856 546	10 211
China	82 993	4 634	78 280		
Saudi Arabia	78 541	425	51 022	738 743	21 253
Indonesia	23 851	1 473	16 321	278 411	1 019
Japan	16 623	846	13 810	276 170	2 183
South Korea	11 265	269	10 295	852 876	16 637
Vietnam	327	0	278	275 000	2 828
SOUTH AMERICA (14)	686 365	33 989	272 506		
Brazil	394 507	24 593	158 593	871 839	4 104
Peru	129 751	3 788	52 906	875 721	26 597
Chile	77 961	806	30 915	501 125	26 237
Ecuador	37 355	3 203	18 003	106 554	6 049

REGION (number of countries/territories)	Total Cases	Total Deaths	Total Recovered	Total Tests	Tests per 1 million
AFRICA (56)	122 321	3 635	50 611		
South Africa	24 264	524	12 741	605 991	10 230
Egypt	18 756	797	5 027	-	-
Algeria	8 697	617	4 918	-	-
Morocco	7 584	202	4 969	163 375	4 431
Nigeria	8 344	249	2 385	44 458	216
Ghana	-	34	2 317	203 383	6 560
Cameroon	5 436	175	1 996	-	-
OCEANIA (6)	8 747	124	8 129		
Australia	7 139	103	6 566	1 338 321	52 544
New Zealand	-	21	1 462	267 435	55 502

**Figures as on 26 May 2020, sources WHO and WORLDOMETER.ORG*

according to the World Health Organisation in the two years that the pandemic lasted. During the deadly global 1918-1920 H1N1 flu pandemic (also known as the Spanish Flu), around 500 million people (one third of the global population) were infected, and between 20 and 50 million people died. In South Africa, it is estimated that the H1N1 virus (Spanish Flu) killed around 300 000 people. According to the South African Regional Global Disease Detection Centre, normal flu (influenza) annually kills around 10 000 people, with 40 000 hospitalisations each year.

- In Africa, with a delayed arrival of the pandemic, by 25 May 2020 most countries reported rising numbers of cases, with South Africa (24 264), Egypt (18 756), Algeria (8 697), Morocco (8 697), and Nigeria (8 344) and Ghana (7 117), accounting for nearly half of the Africa's recorded 122 321 cases. By this date, African countries had also been ramping up testing. South Africa by then has done the most in absolute numbers of testing (605 991), with Mauritius the highest level of testing (82 291 for every one million people), followed by Djibouti (23 140 per one million), South Africa (10 230 per one million), Botswana (7 513 per one million), Ghana (6 560 per one million), Gabon (5 108 per one million) and Eswatini (4 309 per one million).
- Because Covid-19 is a 'new' ('novel') virus in humans, there is no medicine yet to cure it. There is no vaccine, although research and development for both therapeutic medicine and a vaccine are in progress. One of the best ways to fight the virus is to contain it from spreading, through, among other measures, early and strong limits on physical contact and a focus on hygiene, testing and isolation. In the four months since it was recognised, it has spread explosively. Before symptoms develop, affected people are already infectious, spreading the virus into the general population. If this happens, health systems are swamped with cases on short notice, leading to higher death rates inside and outside hospitals, with very high personal, social and economic costs.

8. The initial global shortage of test materials for Covid-19 made it difficult to scale up testing to identify positive cases and hotspots on time. This has led to greater reliance on large-scale lockdowns, rather than on more limited isolation of hotspots or households and screening, tracing and testing. The alternative has been to screen for symptoms, especially rising and high body temperature, cough, sneeze, and loss of taste or smell. The contagious nature of the disease also created global shortages of personnel protective equipment (PPE) and hospital ventilators for the 1 percent of infected persons who became critical, also affecting health-care workers on the frontlines of the pandemic.
9. According to a report by the United Nations (UN) Economic Commission for Africa released in April 2020, African countries on average have 1.8 beds per 1 000 people. The continent required \$100 billion to immediately respond to its health-care and social safety net needs. Elsewhere it was reported that some countries may have less than 10 ventilators. The pandemic therefore hit a continent with weak health-care systems, and in addition an already disproportionate burden of global communicable, maternal, nutritional and new-born diseases.

Social impact of the global COVID-19 pandemic

10. Across the world, pressures on public health, combined with lockdowns, place considerable strain on the public as well as governments' capacity and legitimacy. Lockdowns and isolation measures succeed with considerable public support because of their scale and the personal and economic hardships they impose. This requires large-scale, consistent and effective communication, as well as firm but also fair actions. If enforcement of the necessary measures is seen as insensitive or inequitable, the process loses legitimacy and effectiveness.
11. Mass migration, large numbers of refugees and economic and undocumented migrants across the world also pose specific global challenges, with lockdowns and social relief tending to focus more on citizens and/or documented migrants. The rise of xenophobic attitudes against certain categories of migrants in various countries is also posing a challenge.
12. Countries are monitoring food security and access to food, in developed and developing countries alike. Developing countries, already affected by high levels of poverty and hunger, are severely impacted. This is further compounded by lack of access to basic services and goods, such as shelter, clean drinking water and sanitation, as well as the absence of comprehensive social security systems.
13. Where societies have strong social capital, as well as capable, developmental and responsive states, their governments have advanced effective responses to the deadly disease..

Economic impact of the COVID-19 pandemic

14. Across the world, governments have to contend with a number of economic challenges and how to best respond in order to safeguard their economies and peoples. The challenges include:
 - 1.1 Reprioritising budgets and mobilising resources for the immediate public health responses required.

- 1.2 A sharp fall in output as a result of lockdown related production downtime and travel restrictions.
 - 1.3 In 'emerging economies', like South Africa, a sharp fall in export prices, mainly mineral resource prices, and capital flight. Related to this has been shrinking in China and the global north. Gold is an exception, because some investors see it as a safe haven when world markets are unstable. As a result of capital flight, most emerging markets and developing countries have experienced rapid depreciations of their currencies, including the rand.
 - 1.4 An expected fall in gross domestic product (GDP), a recession, or even a depression, in 2020.
 - 1.5 Sectors such as travel and tourism, hospitality and aviation, have been particularly hard hit, among others, and globally we see the airlines facing severe difficulties.
 - 1.6 Already massive retrenchments are occurring. In the US, 22 million people applied for unemployment benefits in just a few weeks. In all countries, economic policy responses are looking at how to prevent and mitigate retrenchments. Malaysia, for example, looks at a fall of up to 20 per cent of their workforce, about 3 million workers. In South Africa, the number of workers applying for the Unemployment Insurance Fund (UIF) reached 1.9 million by mid-April 2020, one in eight of all workers, and one in five of formal sector workers.
 - 1.7 As global production plummeted, a landslide fall in oil prices occurred, reaching an all-time low, or retreating to prices last seen in the 1970s.
 - 1.8 All these have far-reaching implications. It is too early to measure the full extent of the crisis that is unfolding and social as well as political consequences.
15. Given how governments have responded, the new era, brought about by Covid-19, is increasingly being referred to as an 'era of stimuli'. China, Japan, India, Singapore, the USA, Australia, Germany, Spain, Malaysia, a number of countries in Africa and elsewhere, have announced economic stimulus packages.
 16. Globally, countries are looking at all manner of other hitherto 'unconventional' policy responses. These include broadening the social security net, increasing debt-to-GDP and deficit ratios, measures to stop or slow down the outflow of capital, and quantitative monetary policy easing by central banks. Business bailouts and rescue are rebounding, following the Great Recession of 2008.
 17. The economic crisis caused by the Covid-19 pandemic is amongst the worst since the Second World War. Indications are that it is bound to worsen. Conversely, the crisis has opened up possibilities for progressive, and even revolutionary, responses. Our collective view is that we should not waste this opportunity, in our definitive march towards realising the goals of the Freedom Charter.

Multilateralism, Regionalism and Integration Under Strain

18. Like with the misnamed 1918 'Spanish flu' pandemic, that is the H1N1 virus, the rapid spread of Covid-19 has seen travel restrictions and increasingly 'hard' closure of national borders. But in 2019–2020, unlike back then, in 1918, world connectivity is more advanced and deeper. Globalisation has contributed to the rapid spread of the Covid-19 across the world. In order to halt the spread of the virus, many of the integration efforts in different global regions have also ground to a halt.
19. Multilateralism was already severely strained prior to the Covid-19 pandemic, mainly due to the unilateralism and coalitions characteristic of the so-called 'war on terror'. The World Health Organisation (WHO), however, emerged as the leading global voice, a Covid-19 co-ordinating multilateral mechanism. The US attack on this multilateral mechanism by withdrawing its funding commitments to the WHO, in the midst of a global pandemic, is an example of this unilateralism. Fortunately, the rest of global humanity recognised this folly, and are mobilising to fill the funding gap.
20. The European Union (EU) entered the pandemic battered by the aftermath of the 2008 global economic crisis and Brexit, and has not redeemed itself following its now self-acknowledged lack of solidarity with countries like the hard-hit Italy and Spain. Within the EU, the major economic issues have been deflation and austerity measures, thus the region has not achieved notable growth. Similarly, in other regions, solidarity amongst neighbours and the role of regional organisations have been limited. Instead, leaders in global solidarity have been Cuba and China, providing assistance in the form of health-care aid and supplies.
21. The African Union (AU) is hailed as an exception to this rule, with co-operation amongst countries through the Africa Centres for Disease Control (Africa CDC). Acting on time, the Africa CDC deployed epidemiologists across the continent to help with preparations for the pandemic. Where the continent received medical supplies and equipment, it pioneered a continental programme of distributing the equipment to AU member states and the sharing of other resources. The regular video conferences that President Ramaphosa, as the 2020 AU Chairperson, holds with the AU Commission, the Africa CDC and other regional Heads of State and Government, also help to mobilise international support for public health as well as economic relief, and further cement common African positions in global platforms.
22. The US administration, even before the pandemic, targeted China, viewing it as its 'new global enemy'. This was manifested in the Southeast China Sea manoeuvres and trade wars against China. The US is also blaming China for 'starting the pandemic' and 'not being open about it' – regardless of China first openly recording the pandemic to the WHO China Country Office as far back as December 2019 and further warning the US about it on 3 January 2020. There is an argument that the rattling of the cages by the neo-conservative establishment is similar to the language and information barrage that preceded the invasion of Iraq. This has serious implications for world peace, solidarity and global ability to contain the pandemic and respond to it with full potential. The WHO, led by an African, has become a US casualty in this war of words and resources.

Environmental impact of COVID-19

23. There is evidence of a drastic decrease in pollution across the world, as production declined and traffic came to a standstill. As the world celebrated the 50th anniversary of Earth Day on 22 April 2020, for the first time on virtual platforms only, as a result of Covid-19 lockdown and production downtime responses, questions are being raised about our global preparedness for the impact of climate change, given how poorly we responded to the Covid-19 pandemic. Another risk is that given the urgent need for economic recovery, environmental issues may be even more ignored, especially if oil prices remain low.
24. As countries also ponder saving their economies, more prominence is being given to food security, local and small-scale production, consumption-based growth models, biodiversity, and more generally escalating investments in green sectors and technology, when humans are in lockdowns.

A New Post COVID-19 World

25. Without overstating the case, there are wild and wonderful speculations about the world after Covid-19: from state intervention, the nature of economies, the nature of and resilience to global risks, to the nature of work and education, multilateralism and regionalism, shifting global power, geopolitics and the crisis of capitalism. However, as discussed in the preceding sections, there is a negative reaction of these, on the other hand.
26. Our task as the Alliance is to ensure that we continue to fight for progressive policies that serve our people as a whole, advance the cause of global equity, social justice, peaceful co-existence and ecological sustainability.

SOUTH AFRICA'S RESPONSES TO THE COVID-19 PANDEMIC

27. South Africa started its crisis preparedness by February 2020. By 15 March 2020, with less than 20 cases and no Covid-19 death, the President declared a national state of disaster and thereafter instituted a nationwide lockdown, placing restrictions on gatherings and travel, as well as closing schools. As the number of reported cases steadily increased, especially locally-transmitted infections, the decisive step was taken a week later to declare a 21-day nationwide lockdown, which President Ramaphosa announced on 23 March 2020, except for essential and critical services and goods. The President extended the South African nationwide lockdown until the end of April 2020 and later announced a risk adjusted strategy to ease it. The Risk Adjusted Strategy allows for mobility between different intensity levels of lockdown based on public health, and social and economic risk factors.
28. From March to 20 April 2020, the following interventions – across seven pillars – were introduced by government to contain the pandemic and deal with the social and economic impact:
- **Public Health:** education on how the virus is spread, encouraging hand washing, sanitizers, physical distancing and preparing health facilities to ensure treatment, including isolation/quarantine facilities, mobilisation of health workers, accessing of PPE and hospital ventilators, screening and testing.

- **Social relief, food security and basic services:** supply of clean drinking water through tanks, provision of food parcels, arranging shelter for the homeless, sanitizing public spaces, ensuring consistent refuse removal, mobilising the financial sector to provide payment relief to households and families, mainly working and middle class with mortgage bonds and vehicle finance, and appealing to property owners to delay rentals and not to evict their tenants, ensuring appropriate interventions in dense informal settlements and townships.
- **Fostering national unity and solidarity:** The President and government have been very deliberate in seeking to engage a wide range of forces, including in the ANC-led Alliance, opposition parties, labour and business, faith-based organisations, civil society and community-based organisations. A national Solidarity Fund was established to mobilise donations and other funds to assist individuals in need and businesses, especially small, medium and micro enterprises as well as the informal sector.
- **Support to small businesses, informal sector and workers:** Redesign of the UIF to assist workers laid off or losing income as a result of Covid-19. The South African Revenue Services (SARS) concessions to expand wage subsidisation for a wider range of low-income workers. Companies were granted flexibility to make income tax (PAYE) contributions over a longer period. A special funding for the tourism and hospitality sectors was established. There were engagements with the financial sector, having been excepted from competition law as part of Covid-19 interventions, to assist small businesses. Spazas/tuck shops and traders were issued with permits allowing them to trade in essential and critical goods and services (for example, groceries, food, vegetables, and so on). Interventions were put in place to ensure that they are stocked, as part of supportive measures to curb movement of people.
- **Business support, stimulus and rescue:** An agriculture and agro-processing plan to ensure and monitor food security and the food supply chain was adopted. Industrial capacity was mobilised towards the production of essential and critical items such as hospital ventilators and PPE for health and other essential and critical workers. Competition policy was loosened where necessary, including through exemptions, and also tightened where necessary, especially to prevent price-gouging by unscrupulous operators who sought to unfairly push up the prices of crucial items during the lockdown. There were further engagements, including with various business sectors on conditions for post-lockdown business opening.
- **Communication and information:** This includes daily updates by the Department of Health, Covid-19 Command Council and Centre briefings and frequent Presidential addresses to the nation, complemented by information provision at provincial and municipal spheres of government. The SABC also continues to carry live briefings usually on its TV News Channel 404, and at times has extended this to its other free to air channels and to radio stations. The ANC, COSATU and the SACP also issue regular messaging and address issues as they occur. There needs to be more effective messaging in all official languages.
- **International:** South Africa, as chair of the AU convenes regular meetings with the AU Commission, regional Heads of State and the Africa CDC, and has appointed high level envoys to engage globally on behalf of Africa. South Africa is also active in multilateral forums, in both its national and AU Chair capacities, such as the WHO, BRICS, the G20, the Non-Aligned Movement, and others. There are bilateral engagements by DIRCO around the exchange of nationals and the repatriation of South Africans and foreign nationals, given the international travel bans.

Pillars of South Africa's Covid-19 Response

29. Like in times of war, these interventions entail massive resource mobilisation and necessitate a significant expansion of the country's budget deficit. Due to increased expenditure and the negative impact which Covid-19 has already started having on tax revenue, a rising budget deficit is indeed inevitable. The stabilisation of the country's debt and fiscal situation will become an increasing priority post-Covid-19.
30. As a result of the impact of the pandemic, the South African Reserve Bank has cut interest rates twice, in March and April 2020, assisted in guiding the banking sector's response to the crisis, and moved to purchase government bonds in the secondary market in order to stabilise capital markets and boost liquidity.
31. Indications are that the lockdown and disaster measures have helped to slow down a peak in the curve of infections and deaths, and have provided South Africa with more time to conduct widespread testing and prepare its health system for the impact of Covid-19. Initial steps have been taken to begin easing the lockdown, following a risk adjusted approach, in order to allow economic activity to resume in areas affected by lockdown production downtime. However, the option to rapidly reinstate a higher level of lockdown in particular localities, should a need arise, remains open to contain the spread of the virus.

COVID-19 IMPACT ON THE POLITICAL ECONOMY OF SOUTH AFRICA

32. Given South Africa's structural legacies of the past, the challenges of dealing with the Covid-19 pandemic are particularly pronounced. South Africa is still characterised by deep-rooted inequalities, in terms of both income and wealth, as well as uneven development, and has high levels of poverty and unemployment. In the fourth quarter of 2019, for instance, South Africa had an unemployed population of approximately 10.4 million active and discouraged work-seekers, according to the Statistics South Africa's Quarterly Labour Force Survey released in February 2020. The youth and women, mostly black, are the most affected by unemployment. These realities undermine the fight against Covid-19, which is exacerbating the impact of these pre-existing social and economic challenges.
33. These inequalities, which remain, by and large, articulated more along the lines of race, gender and spatial development, mean that the burden of Covid-19 and lockdown are unequally distributed.
34. In theory, workers outside of essential and critical services and goods production are allowed to work from home during the lockdown. That is usually impossible for manual workers, however, as well as for retail. Some employers have tried to continue paying wages during the crisis, but some have applied the 'no work no pay' approach.
35. The situation is worse for casual and temporary workers, who have mostly lost their employment. The 1.7 million informal sector workers, some of who sell food or engage in construction, have generally had to shut down due to a combination of physical distancing regulations and a sharp drop in activity. Loss of income has a vastly different impact on households because of South Africa's very high income and wealth inequality. The richest 10 per cent of households

account for over half of all household income and more than three quarters of financial savings. They can manage a decline in income for a month or two. In contrast, the poorest 60 per cent of households live on less than R6 700 a month. Two out of five survive on less than the food poverty line. These households have few options in a situation of income loss, even only for a few days.

36. Social grants contribute around 25 per cent of income for the poorest 60 per cent of households. Because of high joblessness, three million households rely primarily on social grants. But most grants are not sufficient to lift households out of poverty. The old-age and disability grants of R1 860 a month reach 4.7 million people. The child support grant, which is R445 a month, covers 13 million people.
37. The personal and family burden of staying in one's own residence also varies with income. The 1.2 million families living in informal settlements (8 per cent of all households) inevitably share space and facilities with neighbours. For instance, three quarters of informal settlement residents rely on communal taps and toilets, and two out of five families live in a single room. Defining the lockdown space as their personal shacks alone imposes impossible choices on individuals and families.

COVID-19 Economic impacts on South Africa

38. The economic impact of the pandemic on South Africa stems both from the global economic slowdown, including as a result of the direct effects of national lockdowns.
39. Shrinking global demand has led to a sharp fall in prices for South Africa's main mineral exports, except for gold. Gold prices increased because some investors see it as a safe haven when world markets are unstable. Taken together, coal, gold, iron ore and platinum account for around half of South African exports.
40. The lockdown in South Africa closed down all economic activity outside of essential and critical services and goods, defined primarily as food, healthcare, utilities and security, including inputs (agriculture, packaging, coal mining, freight and commuter transport, and so on). Even where production was permitted, exports were hindered at least initially by the partial closure of Transnet ports and rail.
41. In addition to essential services, mining production in coal was permitted, and in other areas was expected to gradually ramp-up to 50 per cent of production capacity as the lockdown was eased under strict health and safety measures. The regulations extending the lockdown until the end of May 2020, published on 16 April 2020, also permitted refineries and furnaces downstream from the mines to re-open.
42. Despite the partial exemptions, the lockdown has led to a sharp fall in production. As of mid-April 2020, the Reserve Bank forecast a 6 per cent fall in GDP for 2020. Official data has not been published on overall employment impact. Two data points however indicate the scale of the immediate impact. First, travel to work, as measured by cell phone positioning, has fallen 50 per cent, and travel to retail by 80 per cent. Second, electricity use dropped by half, mostly due to a sharp fall in industrial production.

43. Virtually all businesses have cut output, even if they operate in areas of essential and critical services and goods:
- On the one hand, they have had to close down non-essential and non-critical parts. For instance, the packaging sector could supply only food and health-care products, but not any others; taxis were limited to essential commuting times, and the clothing sector could only produce PPE such as masks. Even where producers were able to meet health-care needs, many have been unable to land contracts with the public sector due to rigid procurement procedures and existing commitments to export orders.
 - On the other hand, even essential and critical services and goods such as food and health-care have seen falling demand. Lower income households in particular cut their food purchases as their incomes dropped. Moreover, medical suppliers saw a decline in non-Covid-19 procedures.
 - The closure has caused a severe cash flow problem for most producers because they still have to meet some fixed costs. As noted, many have continued to pay wages, and virtually all are still liable for rates, rentals, some municipal services, taxes, security and other overheads. Yet their income has fallen sharply or even dried up altogether, engendering a problem, even to employment. In a survey of 180 enterprises (based on responses, however, rather than selected scientifically), one in six said they would shut down if re-opening was delayed much further, and another third said they would retrench and downsize. Large companies generally said they could manage the liquidity problems, but smaller producers are often on the verge of bankruptcy.
 - Business is squeezed because South Africa has experienced a prolonged period of very low and at times negative economic growth since the end of the global minerals commodity super cycle following the 2008 economic crisis, in 2011. Economic trends in South Africa have largely tracked prices of its main mineral commodity exports. The growth situation was aggravated even before the Covid-19 outbreak by the rapid increase in electricity costs and load shedding, as well as the effects of state capture. The working class, as noted, for instance, in terms of unemployment, inequality and poverty, and in addition, a declining share of labour's income, is particularly the worst affected in class terms by the economic stagnation, with women, youth, and black people in majority, at the receiving end.

Food insecurity and hunger

44. The lockdown and economic impact of Covid-19 is having a severe impact on the already precarious food security situation of 20 per cent of South African households that already, in 2017, had inadequate or severely inadequate access to food, affecting 6.8 million South Africans who were subjected to hunger, according to a 2017 report by Statistics South Africa. With closure of schools due to the pandemic, 9 million children who received a daily meal at school are also now under threat of hunger. The apartheid spatial patterns compound our challenges, with people having to travel to 'town' in order to get food in bulk or cheaply, or to buy food not available at local spaza/tuck shops or small supermarkets.
45. Given the unequal impact of the lockdown, its legitimacy can be threatened if the government appears insensitive to the needs of the majority or enforcement is seen as unnecessarily heavy handed. In practice, implementation has relied primarily on the police and army, with little visible effort to mobilise community support. In these circumstances, cases of violence against residents, even deaths, risk de-legitimising the entire lockdown project. Similarly, continued forced

evictions in informal settlements during the lockdown, however legally defensible, seemed likely to increase resentment as well as make control of Covid-19 more difficult.

46. Most low-income communities have seen only limited and delayed implementation of promised support programmes. The largest single support programme, the use of the UIF to cushion job losses, had not made massive payments by mid-April. Access to food relief was unpredictable and poorly monitored, so it was impossible to discover how many households had actually benefited.
47. We must continue to monitor the situation in terms of food in the country, even though indications are that we are fine for at least this year, but it must be rigorously monitored. This should also be done within the Southern African Development Community (SADC) regional context, given the impact on South Africa of hunger in any part of the region.

OPPORTUNITIES WITHIN THE COVID-19 PANDEMIC

48. While the Covid-19 pandemic confronts us with serious challenges, it however also presents a number of opportunities, including the following:
 - a) More investment in and improvement of the health infrastructure and systems. It is hugely beneficial to have a healthy citizenry and productive workforce. A global lesson to date is that countries with universal health coverage (e.g. Germany, Scandinavians, China) have dealt much better with the pandemic with fewer deaths and more tests. We therefore need to use the crisis to accelerate the roll-out of the National Health Insurance (NHI) system now, including the co-operation of the public and private health-care sectors under decisive state-led intervention.
 - b) Ramp up of local production in critical health products and other necessary, identified products – focus on sharpening industrial policies and programmes. Some reports indicate that only 2 per cent of the medicines Africa's needs are produced on the continent, the rest are imported. For example, support African Development Bank initiatives on this like the grant to Tunisia to ramp up local pharmaceutical manufacturing, in line with the AU African Pharmaceutical Plan.
 - c) Use this period to negotiate and reach agreement/s on a social accord between the National Economic Development and Labour Council (Nedlac) social partners.
 - d) Transformation and especially turnaround of state-owned enterprises (SOE) as part of building developmental state capacity. This requires the SOEs sector to be fit for purpose in the period ahead, in line with the strategic and developmental roles of SOEs in relation to economic recovery, transformation and development. The principles of equity, fairness and efficiencies are important in this area as in others. The financial impairment of many SOEs is a major source of concern and needs to be addressed. In particular, a developmental mandate should not be viewed in isolation from developmental funding but as going together and mutually supportive.
 - e) Ensuring that banks and development finance institutions (DFIs) are less risk-averse, and ensuring a seamless flow of credit and debt relief to consumers and businesses.

- f) Eskom ramping up maintenance of power plants during the lockdown period to avoid maintenance-related breakdowns and prepare for uninterrupted supply of electricity after the lockdown.
- g) Capitalising and strengthening the capacity of the Land Bank in the provision of financial support to the agricultural production and farming sector.
- h) Call for debt relief, concessions and cancellations (in some instances) for countries.
- i) Robustly engage, continentally and globally regarding economic (inclusive of health) stimulus and relief measures.
- j) Counter 'vulture funds' that would want to benefit from severely distressed African and other developing countries, as demonstrated in the past.
- k) Explore the possible creation of a Debts of Vulnerable Economies Fund (a 'DOVE' fund) to help deal with Africa's private sector debt.
- l) Projections indicate that most of the workers who will lose their jobs in this period will be women, so the **gender aspect will have to be addressed**. At the same time, with the envisaged expansion of care workers in the period ahead, it also provides an opportunity for socialisation of care work, currently part of women's unpaid labour to society.

Part 2 **STRATEGIES TO MITIGATE THE SOCIAL IMPACT OF COVID-19 AND STIMULATE ECONOMIC RECOVERY AND TRANSFORMATION**

1. South Africa has thus far worked to flatten the curve of infections through the early and decisive public health interventions, buying the country time to prepare the health system and put in place social and economic measures.
2. Despite the progress with our early interventions, the scientists are unequivocal that 'the difficult truth is... that we will not escape the worst of this epidemic, ...that exponential spread is unavoidable,' according to Dr. Salim S A Karim, Chair of the Health Ministerial Advisory Group on Covid-19. The advisory group estimates that South Africa may likely reach the peak of the pandemic in June/July or best case scenario by August/September 2020. The country, therefore, has to plan for a large-scale emergency medical response, including triage hospitals for when the health system is likely to become overwhelmed in the months ahead.
3. The disruption of economic activity resulting from the lockdown to contain the spread of Covid-19 is expected to last for many months. That is also the period that experts have suggested a vaccine could be ready. As the tremors of this pandemic are reverberating through countries, its historic 'novelty' (in human beings) is becoming apparent. Together with the other economic shocks, it is truly unprecedented, many suggest since the Great Depression.
4. There are strong views that the economy as we have known it will change permanently as countries emerge from their respective lockdowns. The intervening period, between now and the peak of infections, presents an opportunity for the development of principles that guide how scarce fiscal and other resources (both time and money) are spent in a constrained economic environment.
5. These 'principles' must be informed by the imperative to achieve the goals of the shared strategy of the Alliance, the national democratic revolution, in line with the Freedom Charter, and in the case of the ANC, a vision of a national democratic society as described in its 2017 Strategy and Tactics: '(as a society) founded on a thriving economy ... (with) cutting edge technology, labour-absorbing industrial development, a thriving small business and co-operative sector, utilization of information and communication technologies and efficient production and management', which combine to ensure national prosperity. In the immediate, this vision, held by the ANC, of a 'thriving economy' remains relevant in the pursuit of a credible and coherent set of actions and tasks aimed at the reconstruction of the productive capability of our national democratic society.
6. The key task of the ANC-led Alliance is to frame, guide and inform the response of society to these challenges. Moreover, it is to inform and guide the response of the national democratic developmental state that we seek to build in line with the commitment to use the state to direct national development through 'fiscal redistribution, utilization of state owned enterprises, effective regulation, procurement and other measures', as suggested in the 2017 Strategy and Tactics, to mitigate the economic risks brought about by this crisis.

Guiding principles

7. The Alliance agrees that the public health, social and economic crisis is dire, and in the words of President Ramaphosa, we must do whatever it takes to respond to this crisis. The following guiding principles ought to inform how these tasks are undertaken.

- **Invest in Public Health System and NHI:** Resources mobilised for public health responses should, wherever possible, be directed in a manner that strengthens capacities of the public health system and accelerates the implementation of the National Health Insurance. For example, additional wards and buildings should be added to existing public health facilities, rather than only spent on temporary field hospitals. Procurement should also be directed towards the development of local and African pharmaceutical production capacity, in line with ANC Conference resolution on a national pharmaceutical manufacturing company and the African Pharmaceutical Manufacturing Plan.
- **Stimulus package:** the measures introduced by government to assist workers and businesses are important, but the additional measures are required to stimulate economic activity. This will necessitate a much larger package. Issues here include where to source the money for such a package given the current fiscal constraints (e.g., budget deficit, debt), what it should be spent on, implementation capacity, how it will be monitored, etc.
- **Scale and speed of deployment:** For interventions to be effective, especially in light of the time delays in the peak caseload provided by the lockdown, they have to occur at a scale necessary to justify their economic cost, and also at a speed that allows relief and support to reach our people where and when they need it most. The speed of deployment of interventions requires the prioritisation of existing programmes, mechanisms and structures to deliver support and rapid implementation, rather than the creation of ‘novel’ interventions.
- **Redistributive and Inclusive:** The ‘national democratic society’ should continually implement anti-poverty programmes and ‘use the redistributive mechanism of the fiscus’ to provide a safety net for the poor. As such, the interventions to mitigate the impact of Covid-19 need to balance distribution of the social burden of containment measures in the ‘interests of equality, solidarity and social justice.’ As part of efforts towards an inclusive economy, it must also direct expenditures towards and ensure that stimulus measures contribute to investments in the second economy, in small businesses and co-operatives, and in townships and rural economies.
- **Targeted:** Priority should be placed (how and where we intervene) on densely populated, overcrowded and poor communities that face the greatest vulnerability. Targeted, timely and redistributive programmes that will have the greatest impact will be those that are aimed at reaching the most vulnerable people, the majority of whom are the working class, poor and unemployed. Specific groups also need to be targeted, for example children on the school feeding scheme, and the over 10 million long-term unemployed who receive no grants, mainly young people. In economic terms, small businesses and sectors that are vulnerable to the supply and demand-side shocks of Covid-19, need to be prioritised as well.
- **Timebound measurers:** Relief measures should be time-bound or ‘temporary’ and communicated as such. Relief measures should therefore be ramped down as conditions normalise. In areas where certain interventions should be kept in place that should be made clear. The democratic government and the Alliance must communicate clearly. In these crisis conditions, temporary policy decisions should be designed to be unwound at an appropriate time where evidence, national goals and conjunctural factors require it, after this period.

- **Development of 'strategic' state capacity:** The building of a national democratic developmental state remains paramount during the Covid-19 crisis and for economic and social recovery, broader social transformation and development. Such a developmental state must more than ever guide national economic development and broader social transformation, and mobilise domestic resources and foreign direct investment, as well as other social partners to achieve this goal. As we confront the current crisis, we must use it to build capacity to intervene in a people's economy, an economy that serves all the people. Structural transformation of the economy, higher rates of inclusive growth and development are crucial.
Sustainable programmes that address unemployment, poverty and inequality should be advanced. The capabilities developed thus far during the Covid-19 pandemic – for scientific and policy based planning and execution, of decisive, targeted and swift action, for inter-governmental co-ordination and implementation, as well as effective communication and coherent leadership capacity – should be harnessed and lessons learnt from them. As we provide social and economic relief to millions of people, workers, traders, economic sectors and small, informal and large sectors of the economy during this period, we should develop deep insight and knowledge of the economic activities our people are engaged in, of specific sectors and linkages across the economy and the means best suited to support and align their efforts to achieve national development.
- **Embed the District Development Model:** The District Development Model requires co-ordinated inter-departmental and inter-governmental planning, budgeting, information sharing and implementation to the level of the district or metropolitan municipality. Already district disaster management centres have been established to co-ordinate efforts against the pandemic. National departments must work with these and local spheres of government, to ensure maximum impact and social mobilisation, enhancing local capacity and social capital.

PROPOSALS ON FURTHER PRIORITY INTERVENTIONS

8. Based on the above strategic principles, the following are proposed. The proposals include short- to medium-term interventions aimed at strengthening and/or expanding existing interventions towards Covid-19 support, economic and social recovery:
 - Urgent capacity enhancement of the UIF to equip it to deal effectively with increasing demand; ensure that employers and workers are aware of its Covid-19 funds; that employers are directed to apply for the funds on behalf of and after agreement with their workers; that the UIF toll-free hotline is optimally functional; that the UIF website and its online applications portal work effectively; and that the UIF is declared an essential service and its application centres re-opened with the necessary health and safety measures in place. Use of municipal halls or even stadiums should be considered by the UIF where it is appropriate to attend to the UIF needs of the workers.
 - Expand basic minimum income social grants support by considering proposals such as an increase in the child grant to make up for the school feeding scheme, an introduction of a time-bound Covid-19 grant for long-term unemployment, also covering workers in the informal sector. Consider the proposal for the South African Social Security Agency (Sassa) to provide grant recipients with food parcels as well, at the next pay-out date, especially pensioners who are a particularly vulnerable group. Explore the feasibility of replacing the food parcels with food vouchers.

- Provide economic support package to sectors that will find it more difficult to operate in the context of a sustained Covid-19 persistence – retail, manufacturing, transport, tourism and particularly informal sector and small businesses, with the conditionality of job retention.
- Engage the financial sector around effective measures to provide relief to firms and households in distress around bonds and other loan re-payments. Similarly, engage property owners to explore relief from rental payments.
- In addition, large-scale efforts should be made to reduce fixed costs for sectors severely impacted by Covid-19, for instance, by delaying municipal and national taxes.
- Alignment of macro-economic policy to support the health response to the Covid-19 pandemic and programmes for economic support, reconstruction, development and an inclusive growth path.
- In particular, an extra-ordinary and reprioritised budget should be tabled in Parliament in order to appropriate resources for the public health response and the economic and social interventions required to protect livelihoods over the period of economic disruption caused by the Covid-19 pandemic. The current fiscal constraints cannot be ignored, however. Revenue will fall sharply and government bond markets are volatile. Innovative thinking is needed to mobilise additional resources for the emergency response, while ensuring a responsible fiscal stance.
- Continue to strengthen SOEs, ensuring that they are turned around to play their strategic role and deliver on their developmental mandate. This would require adequate capitalisation, financial support on developmental terms, so that they do not place undue strain on the fiscus, and SOEs playing a more effective role in national reconstruction and development and contributing to the realisation of an inclusive growth path post-Covid-19. Employment and skills development should be key amongst the developmental mandate of SOEs, based on their strategic and developmental structural position in the economy and their repositioning to thrive.
- Develop a comprehensive approach towards the education sector and its Covid-19 strategies, and consider an innovative national effort to support e-learning, including through engagement with the SABC as part of its public broadcasting role.
- Foreground and increase support for centres of innovation like the Council for Scientific and Industrial Research (CSIR), National Institute for Communicable Diseases (NICD), Human Sciences Research Council (HSRC) and other critical innovation, academic and public research institutions.
- Expedite the finalisation of sector master plans, so that re-industrialisation and localisation become key pillars of national reconstruction, development and pioneering of an inclusive growth path. This should cover increased localisation of medicine innovation, research and development as well as manufacturing – both of medicines and health-care equipment. This necessarily requires great importance to be attached to building a state pharmaceutical company going forward sector.
- Maintain, going forward, adequate investment in public health so that we strengthen our national capabilities and capacity to overcome any future pandemics.
- Punish severely those elements that see the Covid-19 pandemic as an opportunity to privately profiteer and enrich themselves through exploitation of state procurement and looting of public resources.

OTHER CRITICAL MATTERS

MOBILISATION OF DOMESTIC AND INTERNATIONAL RESOURCES FOR COVID-19 AND ECONOMIC TURNAROUND

Investment resources mobilisation and impact investments

9. Covid-19 public health, social and economic responses will require a massive injection of resources, which will have to be effectively directed and executed. This should not only be directed to the short-term priorities of building health capacity and providing social and economic relief, but should also be directed and spent in a manner that is redistributive and contributes to inclusive growth and radical socio-economic transformation.
10. Resourcing the post-Covid 19 recovery and development must include a large drive towards domestic resource mobilisation from both the public and private sectors, through among others, impact investments, interchangeably developmental and productive asset investment requirements.
11. During the apartheid era the then government required pensions funds, life assurance companies and the Public Investment Corporation to allocate a prescribed portion of their investments to fund prescribed assets. These prescribed assets, which were operative between 1958 and the 1980s and governed by the Pensions Act, were used to fund massive infrastructure programmes. As a result, investment in infrastructure (roads, ports, housing, water, energy, rail, etc) as a percentage of GDP was relatively high, peaking in 1979 (at just under 30%) and declining up to 1994. As a result of this decline, social and economic infrastructure inherited by the democratic government in 1994 was ageing, poorly located, undermaintained, and ill-equipped to serve a modern, changing economy. (SA Government, Towards a Twenty-Five year Review, p104). The infrastructure development investments under apartheid was mainly aimed at white communities and business, reflected in the legacy of apartheid spatial planning. Since 1994, the democratic government made impressive achievements in delivering social and economic infrastructure to address apartheid backlogs¹, although major backlogs in all these areas remain.
12. It is clear that government on its own will not be able to address this legacy, and at the same time meet the demands of an inclusive, modern economy. We must therefore vigorously explore with social partners the mobilisation of domestic resources through impact investments. This is not simply about addressing a historical injustice, but also an important stimulus to the economy. According to National Treasury, investment in infrastructure has a multiplier effect of 1.9 times, as we have seen with the large infrastructure programmes during the 2010 World Cup. Domestic (and foreign direct) investments should be directed towards infrastructure, but also towards building domestic productive capacities and investments in SMMEs. This will therefore be in the interest of all South Africans, to not only kickstart growth, but also to address

¹ According to the 25 Year Review (2019, pp 104-122), the democratic government built (including SOEs) 1.6 million houses by 2004, and over the last twenty years over 84 000 classrooms, 1500 new health facilities, 18 new hospitals and renovated over 400 other hospitals. South Africa during this period also made significant progress in providing access to water (from 60% of households in 1994/95 to 95% in 2011/12), sanitation (50% of households 1994/95 to 83% in 2011/12) and electricity (50% of households in 1994/95 to 86% in 2011/12). During the same period, substantial investments were also made in upgrading and building of airports, roads and stadiums, as well as infrastructure projects in energy, rail, communications and ports.

inequality, unemployment and ultimately an inclusive, vibrant mixed economy. A review of Regulation 28 (Pension Fund Act) should be considered to support the impact investment and to raise the levels of public and private domestic investment.

13. The focus on domestic resource mobilisation will further require developmental and proactive macro-economic policies that support national reconstruction, development, and an inclusive growth path, with employment creation as a key pillar, in line with the 2019 ANC Election Manifesto.
14. Domestic resource mobilisation must therefore remain the mainstay for tackling the Covid-19 pandemic and for South Africa's reconstruction, development and an inclusive growth path.

International investment resources mobilisation and safeguarding democratic national sovereignty

15. To complement domestic resources and ensure an injection of public and private capital, mobilisation of funds internationally, from international finance and development institutions, as well as foreign direct investment, should be encouraged.
16. The Alliance urged caution in government's approach to funding from the International Monetary Fund (IMF) and World Bank, given the unpleasant role of these institutions in Africa and other developing global regions. It noted how funding from the Bretton Woods institutions, particularly the structural adjustment programmes imposed on Africa since the 1980s, have been accompanied by conditionalities – which reinforced under-development, inequality and dependency. The policy prescripts, high interest charged, unfavourable exchange rates and shroud of secrecy around agreements with countries, undermine the independence and sovereignty of states, and ultimately the fundamental right of developing countries to self-determination, locking them into a debt-trap.
17. International finance should therefore only be accepted if the conditions do not undermine, compromise or subvert South Africa's national sovereignty, democracy or independence, and neither interfere with our domestic development policies and goals nor our fundamental right to self-determination.
18. In concluding international borrowing agreements, we must therefore ensure that we also negotiate for affordable and low cost interest rates and guard against unfavourable exchange rate risks.
19. Any foreign debt from international finance places obligations of debt servicing and repayment, not only on current, but also future generations. The Alliance Political Council therefore urged transparency in all international finance agreements, and mandated ANC Officials to scrutinise conditionalities embedded in or attached to such agreements, before the country signs. The Alliance agreed that consistent consultation at the Alliance Political Council level, including reports on and breakdown of funds, with specific attention on foreign finance and related terms and conditions, is crucial to ensure collective leadership and responsibility for the national democratic revolution.

20. Moreover, as AU Chair and G20 and UN Security Council Member, South Africa must approach international and multilateral institutions to make sufficient funds available for wider African Covid-19 related needs. It should continue to advocate for further debt service relief and debt restructuring, including through debt write-off/cancellation, for African countries, and for Africa's right to chart the continent's own chosen path of development..

Basic minimum income support grant

21. The Covid-19 pandemic has laid bare the ugly realities of inequality, poverty and unemployment in our country. This is partly reflected in the rising number of households facing hunger, of unemployed people, of informal workers thrown into poverty, of businesses closing temporarily or permanently, and of people in informal settlements and backyards in townships experiencing hunger. Although the social assistance grants introduced over the last 25 years have brought relief for many, millions remain marginalised economically and have been pushed into severe distress by the pandemic.

22. Indeed the 'combination of social assistance grants, minimum wages and the social wage (education, health care, free basic services, RDP houses, transport subsidies, school feeding schemes etc) make a significant impact on poverty and inequality. However, a huge gap exists: people over the age of 18 and under 60 years who are without waged work and live in poverty are without any income. They are destitute and dangerously disengaged. The majority are young, African, women and many live in rural, informal areas and impoverished townships. The depth of poverty has increased for them.'²

23. To address this situation, alongside economic transformation policies, the issue of a basic income grant has been raised over the years, as a measure to address the severe poverty that characterises South African society. The Alliance, in the light of the current crisis we face, resolved to again explore and investigate the feasibility of introducing a minimum income support grant.

Fighting corruption and racketeering

24. The Alliance notes that the large amount of resources to be mobilised present dangers of wastage, racketeering and corruption. It therefore calls for swift action against corruption, mismanagement and bad governance. We already see reports – albeit isolated cases – of alleged corruption in the distribution of food parcels and in the conduct of procurement, unscrupulous profiteering through price gouging, schools being vandalised and robbed, large businesses benefiting at the expense of co-operatives, small, medium and micro enterprises, and also undermining localisation. Vigilant local communities, social media and traditional media have made it possible for us to quickly learn of such cases and take action.

² Taylor, Vivian (2018). 'Social Wage and Human Security: Poverty, Inequality and Unemployment', Powerpoint presentation to the NEC Lekgotla commission, 30 July 2018

25. We must all agree that such conduct flies in the face of our national efforts to effectively tackle the pandemic and advance economic and social transformation of our society. Corruption and crime not only undermine public confidence, but also social cohesion and trust.
26. The ANC-led Alliance must therefore act decisively when those in government, or other public representatives or cadres involve themselves in unscrupulous acts of corruption. In every corruption case there are elements from the private sector involved. They, too, must be dealt with, with equal force.
27. The security cluster, and other institutions set up to safeguard public resources, protect consumers, deal with corruption and crime and advance democratic transformation, must act with vigilance and without fear or favour during this period, and going forward, including through special measures to ensure swift investigations and justice.

GENDER-BASED VIOLENCE AND THE SCOURGE OF PATRIARCHY

28. The proximity forced on families and partners during lockdown, compounded by the socio-economic stress of loss of income, hunger, unemployment and uncertainty, also expressed itself during the Covid-19 pandemic in the rise in gender-based violence, especially domestic violence and intimate partner violence.
29. This is amongst the persistent socialisation effects of patriarchy, where men's worth is still being judged by their ability to provide for their families, and as breadwinners, even though more than one third of families today are female-headed.
30. Across class and race, patriarchy assigns the roles of breadwinners and heads of families to men, and caring roles for home, children, the elderly, sick and people with disabilities, are assigned to women. Thus, domestic violence, and physical, emotional, verbal and other forms of abuse of women, of some men, and of children in homes, do not occur because society tells men it is fine to be abusive, but because patriarchy tells them they are entitled to control over 'their' women and children.
31. As we therefore fight the Covid-19 pandemic and its socio-economic effects, the struggle to challenge and transform patriarchal relations should continue on all fronts. In this regard, we must consciously scrutinise all interventions during this period through a gender lens, as a key unit of analysis, and the impact on women's economic and social position, on power relations between men and women, and especially the impact on poor, elderly and working class women.
32. The Alliance must therefore work with government, with gender and women's organisations and NGOs, to put in place a systematic programme to monitor, report and respond to rising gender-based violence, giving support to victims during and beyond the pandemic, and uniting in the struggle against patriarchy.

A MOBILISATION PROGRAMME OF THE ALLIANCE

33. The Covid-19 crisis requires social mobilisation, which the ANC and its Alliance partners must lead and play an active role in. This includes a role in grassroots, sectoral and community

mobilisation for adherence to lockdown regulations, monitoring business compliance to protect workers, public education, assisting businesses to access support packages and opportunities, supporting the public health response and building solidarity and local resilience. In addition, local structures such as community policing forums, ward committees, health committees and school governing bodies must be strengthened to help build community solidarity, safety and resilience. The Alliance cannot abdicate the responsibility to work with communities and the state to build social compacts at all levels and drive societal mobilisation.

PROSPECTS FOR AND APPROACHES TO EASING THE LOCKDOWN

34. As already indicated, the process of easing of the lockdown will have to be a phased and carefully co-ordinated approach, so that we do not run into an explosion of infections as soon as the lockdown ends. The easing should therefore consider the following:
- Consideration which sectors would be easier to have adequate protections in place for workers (sanitizers, water and soap, face masks, etc.) and can deal with screening and testing, as well as isolation in case of infection.
 - A plan for mass transit transport (for example, taxis, buses, trains, planes) so that the masses are not exposed to contracting the virus and the transport they use does not become the vector of infection.
 - Understanding which sectors will take longer to recover. Engagements in Nedlac around the sectors to be prioritised for re-opening and the health and safety and other protective measures in place for all workers and customers.
 - A plan for the education sector, including schools, TVET colleges and universities.
35. The Alliance welcomed the risk adjusted, phased lockdown easing approach adopted by government, which takes into consideration public health, as well as social and economic factors.

TOWARDS A POST COVID-19 GROWTH AND RECONSTRUCTION PLAN

“Our Investment Plan aims to increase the levels of investment by R1.2 trillion over the next four years to grow our economy and create jobs. In addition to mobilising labour, business and government around the target of lifting investment levels to 25% of GDP from around 19% currently, we will create a publicly-led infrastructure fund to build more roads, schools, health facilities, water and sanitation infrastructure, transport networks, ICT systems and energy generation and distribution capacity.” ANC 2019 Election Manifesto

36. **A plan for post-Covid-19 reconstruction, development and an inclusive growth path:** South Africa will have to pay for the programmes and financial bridges that we have put in place to carry the country through the Covid-19 pandemic. Radical transformation of the structure of the economy to ensure post-Covid-19 reconstruction, development and an inclusive growth path, through re-industrialisation, involving manufacturing expansion and diversification, and economic upgrading, should be considered a key mechanism to pay for these programmes and financial bridges.

37. At the centre of this strategy is the necessity to develop total productive forces as rapidly as possible in order to sustain reconstruction, development and drive an inclusive growth path that systematically eliminates inequality, radically reduces unemployment through high impact employment creation and decent work state interventions, and also eradicates poverty.
38. Therefore, while re-industrialisation, and within its ambit manufacturing expansion, diversification and growth, is critical, our effort to raise the levels of national production should be comprehensive and thus take into account the importance of upgrading our economy as a whole. The ANC May 2019 general election manifesto, drafted in consultation with the Alliance and endorsed by the decisive majority of the electorate, remains a relevant electoral mandate. Included in the manifesto are sectors identified as motors to drive an inclusive growth path, and those include industries of the future, such as cleaner and renewable energy. The 'Jobs Drivers' philosophy of the New Growth Path policy document also remains relevant. Industrial strategy will require, as the ANC May 2019 election manifesto states, an alignment of our macro-economic framework and greater coherence of monetary and fiscal policy in support of building domestic productive capacity through re-industrialisation initiatives, including sectoral master plans.
39. If we do not rapidly transform and grow our economy after the Covid-19 crisis, then the negative effects of the pandemic – in the form of higher levels of unemployment, poverty and inequality as well as crippling debt – will continue to haunt South Africa and act against social and economic transformation for many years to come.
40. Our post-Covid-19 reconstruction, development and pioneering of an inclusive growth path must therefore be transformative and fundamentally developmental in its objectives, approach and goals, to create employment and decent work, diversify our economy, strengthen the capacity of the state, rapidly roll back under-development and decisively tackle inequality, unemployment and poverty.
41. We need to place greater emphasis on eliminating under-development in our country, as part of human development, whilst at the same time addressing the crises of social reproduction. We must tackle inequality decisively, which includes uneven spatial development, as well as income and wealth inequality, manifested, among others, in the large numbers of people still living in poverty, densely populated, under-developed townships, under-developed rural areas, and informal settlements. The persisting legacy of these problems of under-development, inequality, unemployment and poverty, stands in the way of responding to Covid-19 more effectively, and is part of the underlying factors why in certain cases there appears to be what could be seen on the surface as "resistance" or "defiance" in complying with lockdown regulations.
42. Black women, still burdened by the legacy of triple oppression (class exploitation, racial oppression and gender domination), remain the most affected by the social and economic impact of the pandemic. As we implement immediate and medium-term measures to tackle the Covid-19 pandemic and reconstruction, we must consider and strengthen all policy instruments that can help us to tackle patriarchal and other inequalities.
43. Our arsenal includes macro-economic policy instruments, monetary and fiscal policies, industrial and other production development policies, as well as social protection and human development policies.

44. In addition to the spatial transformation of the apartheid geography and ensuring that schooling, TVET colleges and universities programmes recover from the impact of Covid-19, we should articulate specific and accelerated plans in key sectors, including: energy and industry, water infrastructure, manufacturing, telecommunications, mining, tourism and hospitality, agriculture and agro-processing, as well as transport. Investment in public infrastructure development should be regarded as another key priority, elaborated in the ANC 2019 Manifesto.
45. In response to the Covid-19 crisis, the ANC-led Alliance must seek to lead South Africa in a new programme of reconstruction, development and a radically transformative, inclusive growth path, pursuing a series of detailed social compacts and investment plans to drive re-industrialisation, stimulate the economy in general, and pioneer employment creation, as well as shaping a just transition.
46. In addition to the economic transformation priorities as contained in the 2019 Manifesto, the Alliance also needs to deepen its analysis of the long-term implications of the Covid-19 pandemic on work and the organisation and future of work, and skilling and re-skilling of the South African workforce. Our considerations should include a more progressive taxation, a comprehensive social security system, public health investment, transformation of gender relations, and responding to global risks.
47. Post-Covid-19 reconstruction, development and pioneering of an inclusive growth path will require a decisive advance of financial sector transformation. The ANC's 2019 Election manifesto entails important elements in that regard. The Alliance will build on the manifesto through further engagements, towards a comprehensive financial sector transformation strategy.
48. We also need to look at the implications of the African Continental Free Trade Area and economic diversification across the continent, as well as the global challenge of climate change.

CONCLUSIONS

The Alliance resolved that urgent work be done by the Secretariat, to prepare a document on a united, action-oriented approach to a Post-Covid-19 Reconstruction, Growth Plan, to enable us to speed up work towards a new, more inclusive and just economy in South Africa.

The Alliance also recognises the dialectical link between what we do today - as we tackle the pandemic and its public health and socio-economic challenges – and the South Africa and Africa we want.

Postscript

PHASE 2 PACKAGE ANNOUNCED ON 21 APRIL 2020

1. President Ramaphosa on 21 April 2020, following the Alliance Political Council of 19 April and the ANC Extended NWC and Cabinet on 20 April, made announcements on South Africa's stimulus package in response to COVID-19 amounting to R500 billion. The package of R500 billion is to be resourced from new budgetary allocations, budget reprioritisation, the mobilisation of the UIF, tax relief measures and international resources.
2. The President indicated that this is the 2nd phase of a three phase approach:
 - Phase 1 (March-20 April 2020): Initial responses outlined above in Part 1 (para. 25-29)
 - Phase 2 (announced 21 April 2020): R500 billion stimulus package
 - Phase 3 (to be announced): Economic recovery strategy post COVID-19
3. The package announced for Phase 2 is summarised in the attached Table.
4. The Alliance will monitor the implementation of this package, which it has to a large measure advocated for, to ensure that it achieves the key objectives, namely:
 - **Economic Stimulus,**
 - **Scale and Speed of Interventions,**
 - **Redistributive**
 - **Targeted, and**
 - **Contribute towards Development of Strategic State capacity.**
5. The expectations are that government departments, provinces and municipalities are at work to ensure implementation, working with social partners. The Alliance will continue to consider its role in expediting implementation and mobilising support for and uptake of these measures, as well as monitoring implementation, preventing abuse and assessing impact.

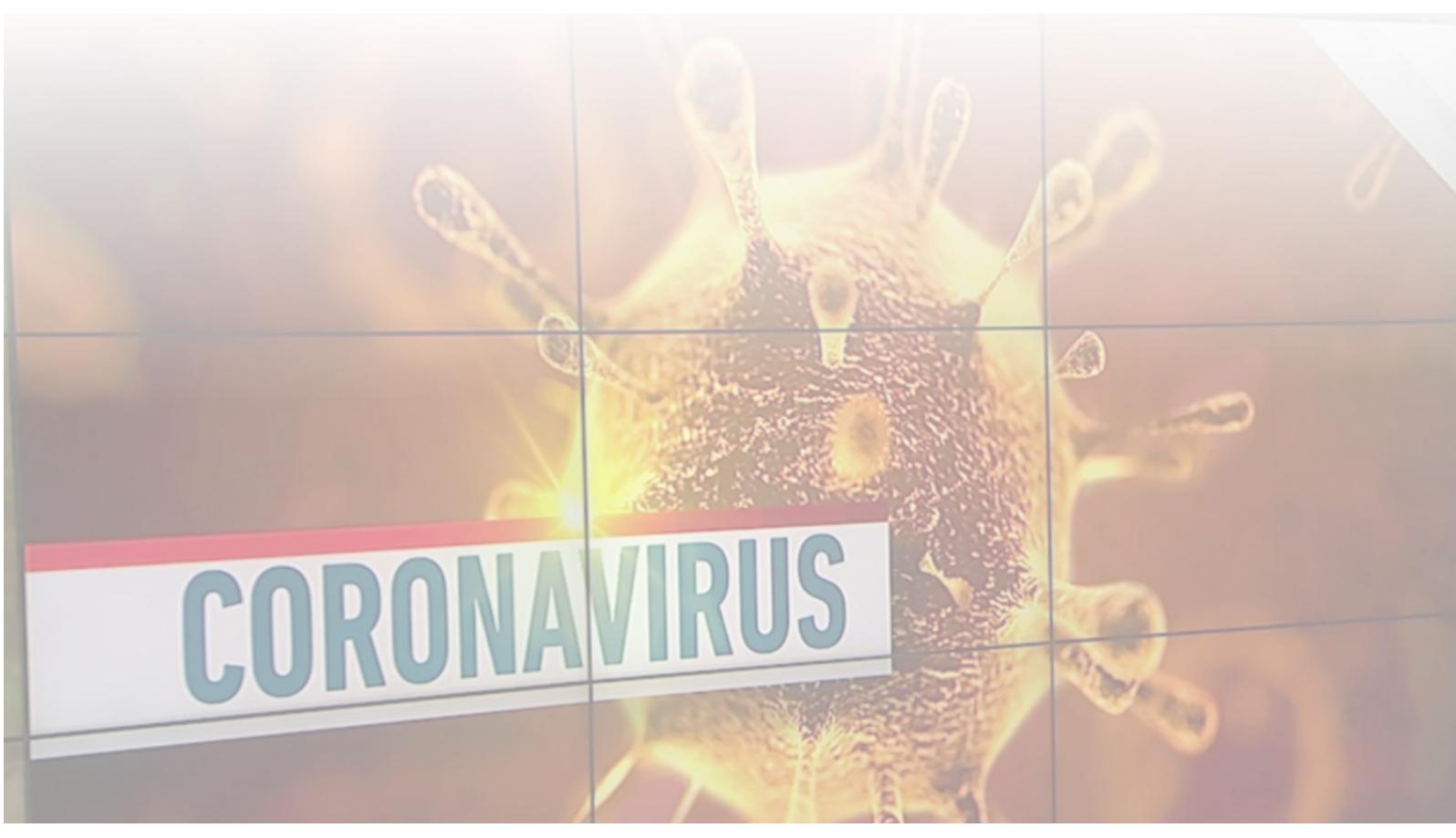
TABLE

PILLAR	PACKAGE OF MEASURES	VALUE
1. Public Health	<input type="checkbox"/> Community screening <input type="checkbox"/> Protective gear for Health workers <input type="checkbox"/> Increase testing capacity <input type="checkbox"/> Additional beds in field hospitals <input type="checkbox"/> Ventilators and medicines <input type="checkbox"/> Staffing	R20 billion
2. Social relief, food security and basic services	<input type="checkbox"/> Support to municipalities for provision of emergency water supply, sanitation of public spaces, and food and shelter to homeless	R20 billion
	<input type="checkbox"/> Temporary 6 months Covid-19 grant to unemployed not receiving social grants or UIF <input type="checkbox"/> Increase of Child grants for 3 months (R350 in May, R500 June-October) <input type="checkbox"/> Increase by R250 in other grants for 6 months from May <input type="checkbox"/> SASSA technology-based food voucher system <input type="checkbox"/> 250,000 food parcels by SASSA, Solidarity fund <input type="checkbox"/> Actions against those looting food system	R50 billion
3. Support to Workers, SMMEs and Information sector	<input type="checkbox"/> Additional for protection and creation of jobs <input type="checkbox"/> UIF Special Covid-19 benefit: to date R1.6 billion, 600,000 workers and 37,000 businesses <input type="checkbox"/> Income Support payment to workers whose employers are not able to pay wages	R100 million R40 billion
	<input type="checkbox"/> Loans, grants and debt restructuring to SMMEs, Spaza shops and other informal traders (to date R100 million), additional support <input type="checkbox"/> Support to artists, athletes and technical personnel <input type="checkbox"/> Support to waste pickers and public works participants in the environmental sector.	R2 billion
	<input type="checkbox"/> Business loan guarantee scheme with banks, National Treasury and Reserve Bank <input type="checkbox"/> Focus on companies with less than R300 million turnover, 700,000 companies and 3 million workers	R200 billion
4. Business support, stimulus and rescue	<input type="checkbox"/> IDC facility to procure or manufacture for personal protective equipment (R162 million to date)	
	<input type="checkbox"/> Additional support for taxi industry	
	<input type="checkbox"/> Added to tax relief: 4 months skills levy holiday, fast-track VAT refunds and 3 month delay on carbon tax. <input type="checkbox"/> Tax credit for contribution to Solidarity Fund	R70 billion
	<input type="checkbox"/> SARB cut in the repo rate by 200 basis points <input type="checkbox"/> Other SARB measures to provide added liquidity in the financial system	R80 billion
	<input type="checkbox"/> Phased re-opening of the economy	

Protect Yourself.

Defend Each Other:

Let's Do it Together.



CORONAVIRUS