

Cyril Ramaphosa

President of the Republic of South Africa
The **Presidency**, Union Buildings
Government Avenue
Pretoria

9 April 2020

Dear Mr. President,

Re: Shutdown cannot be a long-term solution

We applaud your swift action on the nationwide shutdown for a period to slow the spread of the Coronavirus and the various fiscal initiatives to assist citizens and business. Your leadership has been decisive and strong, and your generals have executed quickly and decisively.

We need the same strength and decisive decision making to a plan to get the economy ticking over.

That said, extending the shutdown will damage the SMME business sector beyond repair. South Africa simply does not have the fiscal strength to support an extended lockdown and provide the amount of financial support businesses would require.

As a CEO of a mid-sized company in the telecommunications sector, our business has already felt the financial impact of the lockdown, even though as a business we are on the list of essential services. In turn our fellow peers, friends and clients who own businesses, are feeling the financial impact too.

These businesses simply are not in a position to sit at the table with you and your advisors, to develop solutions that will restore and stimulate the SMME business sector.

We simply cannot have a shutdown mentality as a longer-term approach. We need to think differently and have a measured approach to restore economic activity as fast as possible.

This will require a multi-pronged approach as outlined below:

1. Move from Shutdown to Easing

If we continue to have a shutdown for extended periods, the more we will exacerbate the current economic situation of our country.

Easing is a way to protect the vulnerable communities, hotspots and people. It is also a means of getting healthy people back to work. In addition, it will provide South Africans a positive plan forward out of the current fear. Easing would involve a blend of partial shutdown and return to work. It would save thousands of jobs and companies from losing their source of income and closing down forever.

2. Develop and quickly implement a detailed plan to get the economy and businesses back on track

Remember Mr President, SMME's on the ground have no access to the Presidency nor do they have the cashflow to carry a sustained shutdown.

Some big businesses who have the cash reserves to honour their payments to SMMEs are taking advantage, leveraging SMME's for payment gaps, this is disappointing as it is not in the spirit of Ubuntu, whereby those companies should honour their commitments to smaller companies unless they are in real financial trouble.

That said, many companies are also going above and beyond. Some executives are cutting salaries to keep people employed.

Another point to consider is the pace of being able to **get cash into the hands of SMEs**, through the various initiatives of financial relief, simply will **not be quick enough** to impact the cash flows of SMME's. SMME's often run month-to-month and don't have enough cash flow to maintain salaries beyond a month or two without income, or access to funding to allow them to weather this storm till they can start producing and supplying goods and services to earn an income. A total of 81000 businesses had registered after the first week of launching the assistance fund.

Simply put with all the good intentions the relief is nowhere near enough for the majority of businesses. **Our biggest and most realistic economic relief and stimulus plan - is to get people and businesses back at work.**

In all probability Covid-19 will be with us for a while. We need to come up with alternatives as opposed to extended periods of total lockdown.

A strong plan includes getting healthy people back to work.

3. Test and return to work with a permit

Testing should be accelerated, however those citizens who have been cleared should be issued with an official permit, and immediately be able to return to work. This may require that they get tested twice, 14 days apart.

Surely our health industry, researches, laboratories and health technology companies can come up with an effective way to test quickly?

Perhaps there are antibody tests that can show you have had Coronavirus - and can no longer infect other people - or develop antibody tests so those people that cannot spread the virus to others can return to work.

This means the ability to test a massive amount of people quickly. We simply need the resolve to make that happen.

Lockdown and test hotspots aggressively to limit the spread are critical, as well as keeping the elderly and vulnerable in isolation.

4.A unique Solution for a Unique Country

We need to push the boundaries of traditional thinking here to get tests faster and implement our own course of action as a country to limit the impact on our people and the economy.

Partial easing will require as much planning as the lockdown, with its own set of rules regulations and objectives, but needs to be seriously considered if we are to limit the damage to our society.

We also need other ways of easing the financial burden as far as possible. Interest rate drops, and further tax relief needs to be aggressively implemented. Tax relief with the purpose of keeping people in jobs, extended access to loan funds and more. That's for another discussion.

Mr. President, you and your general's have a massive task ahead of you. Thank you for your strong leadership and commitment to your people.

Mr President. I believe a multipronged approach is our best option to get the SMME sector up and running as quickly as possible.

Yours sincerely,

Frank Mullen
Chief Executive Officer