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**Draft Report on the Status of Poverty and Inequality  
in Southern Africa**

Gaborone, Botswana  
6 November 2023

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## Executive summary

### Introduction

Poverty and inequality continue to cast long shadows over the nations of Southern Africa, challenging their aspirations for sustainable development and leaving behind a significant portion of their populations marginalized and struggling to meet basic needs. Southern Africa, encompassing countries such as Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe, grapples with a complex tapestry of historical, economic, social, and political factors that perpetuate poverty and deepen inequality. In recent decades, and drawing heavily on the work of Amartya Sen, the conceptualisation of poverty has broadened to include non-economic components. Thus, poverty is increasingly being recognised as multi-dimensional, distinguishing the numerous aspects of people's lives affected by poverty, including economic and non-economic dimensions. The study sought out to address the poverty and inequality situation in Southern Africa, and the interplay with vulnerability, as well as highlighting variations within and between countries. Understanding the multifaceted nature of poverty and inequality is essential in formulating effective strategies to address these challenges. High unemployment rates, inadequate access to quality education and healthcare, gender disparities, land and resource inequalities, and weak governance systems are among the core elements exacerbating the cycle of poverty and furthering inequality and vulnerability.

### Key issues

Southern Africa is the poorest subregion on the African continent both in terms of monetary and multidimensional measures of poverty. The subregion is also the most unequal of all the regions of the world in terms of income and wealth. The causes of poverty and inequality are varied; they include colonial legacies whereby colonial powers established extractive economies that focused on extracting raw materials, such as minerals, timber, and agricultural products, for export to Europe. This led to a lopsided economy that was heavily dependent on primary commodity exports and has limited diversification and a weak manufacturing base. Additionally, the introduction of a system of racial segregation led to the distribution of economic resources such as land, forests, and waters, based on race. This system e new culture introduced by colonial settlers displaced indigenous cultural systems and led to a loss of cultural identity and fueled sub-optimal progress in social development. The political system at the time was mostly interested in maintaining control rather than promote the welfare of the population, leading to the neglect of social services, such as education and healthcare.

There are ongoing debates about whether colonialism can be referred to as a cause of poverty and inequality in Africa way after it was ended. In fact, some evidence indicates that inequality in South Africa for example is more now than during apartheid era.

Other than colonial legacies, the study reports structural, cultural, and transient factors that fuel poverty and inequality in the subregion. These include limited access to resources, low

employment, geographical location, low educational levels, race and ethnicity, corruption, and gender inequality among others. Transient factors affect vulnerable populations more. Natural and man-made disasters, including civil wars, climate change and pandemics fall in this category. Civil wars and conflicts have been common in Southern Africa recently as seen in countries like Mozambique, Zimbabwe, South Africa and Eswatini. The negative impact of climate change has also been seen in countries like Mozambique, Malawi, and Zimbabwe which have been exposed to severe tropical storms with devastating impacts. The COVID-19 pandemic was most severe in Southern Africa both in terms of the number of people infected and the number of fatalities with South Africa bearing the heaviest burden. Both climate change and the pandemic have worsened poverty and inequality.

In terms of the status of poverty and inequality, the situation in Southern Africa is dire. Malawi with 77.5 per cent, is reported to be the poorest in terms of the proportion of people living in income poverty in the subregion. Mozambique, Zambia, and Angola follow after Malawi with 65.5 per cent, 61.2 per cent, and 54.7 per cent respectively. Multidimensional poverty is equally high in the subregion with Mozambique having the highest proportion of multidimensionally poor people, at 73 per cent. Countries like Zimbabwe, Malawi, Zambia, Namibia, and Angola also have relatively high proportion of people with multidimensional poverty.

Southern Africa performs very poorly in all metrics of inequality including income, wealth, and multidimensional. The subregion is the most unequal in the world with seven countries among the 10 most unequal countries in the world in terms of income, found in the subregion. South Africa is the most unequal country in the world with a Gini coefficient of 63.8 per cent, followed by Namibia at 59.8 per cent. Wealth follows the same pattern, and there are six Southern Africa countries in the world's top ten countries with the highest inequality. In terms of multidimensional inequality, the results are largely varied but it is important to note that there are still enormous inequalities on the basis of age, gender, and socio-economic status in the subregion. On education and learning, for example, there has been noticeable progress made in the subregion in terms of primary school enrolment; however, secondary school enrolment remains a concern in both male and female. Apart from Mauritius, where more than 80 per cent of all children of school-going age have been enrolled in Secondary school, the rest of the subregion still has enormous challenges in this regard. In Mozambique for example, only 19 per cent for both genders have access to education.

Addressing poverty is crucial to fighting both inequality and vulnerability in the subregion. It is important for countries in the subregion to address the aspect of economic growth because most policies that increase growth also reduce poverty, and many policies that are effective for reducing poverty also reduce inequality, and vulnerability to poverty. Growth and better distribution of resources are complementary, rather than competing goals in the fight against poverty, inequality, and vulnerability. More equal distribution of income and assets can foster growth, whereas high inequality can retard it. Anti-poverty strategies should not be limited to reducing immediate poverty but should also reduce vulnerability to poverty and strengthen resilience against future shocks.

## Recommendations

Here are some strategies that Southern African countries can consider in alleviating poverty and reducing inequality and vulnerability.

First on economic growth, there is need to promote inclusive economic growth through concerted efforts to diversify economies, value addition to the vast natural resources, and creating employment opportunities. This can be achieved through investment in sectors with high growth and job-creation potential, supporting entrepreneurship and small businesses, and attracting foreign direct investment.

Second on economic diversification, many Southern African countries remain heavily reliant on a few sectors, such as mining and agriculture, which often perpetuate inequalities and limit inclusive growth. Promoting economic diversification by supporting sectors such as manufacturing, services, and technology and innovation can create a more inclusive and resilient economy, generating more employment opportunities and reducing dependency on a single industry.

Third on empowering small and medium enterprises (SMEs), supporting the growth of these SMEs can reduce poverty and promote inclusive economic development. Governments can implement policies and provide financial and technical support to help SMEs access markets, finance, and training. This can stimulate entrepreneurship, create employment, and reduce income disparities.

Fourth on social protection programmes, strengthening and expanding these programmes is vital in addressing poverty and inequality. Governments can establish comprehensive social safety nets that provide targeted assistance to the most vulnerable populations, including cash transfers, food security programs, and access to healthcare. These programs can help mitigate the immediate impacts of poverty while supporting individuals and families in their journey towards economic independence.

Fifth there is need to address social exclusion by promoting gender equality and empowering historically disadvantaged populations including women and youths through targeted policies and programmes. Actions needed include ensuring equal access to education, healthcare, and economic opportunities. Addressing gender disparities can contribute to poverty reduction and inclusive development.

Sixth there is need to strengthen governance and accountability by e reducing corruption, ensuring equitable resource allocation, and promoting inclusive development. Strengthening institutions, promoting the rule of law, and fostering an enabling environment for civic participation can contribute to reducing inequalities and fostering sustainable development.

Finally, there is need to deepen regional cooperation through collaborative efforts among Southern African countries to address common challenges that perpetuate poverty and

inequality. Regional initiatives can focus on sharing best practices, coordinating policies, and implementing joint projects that tackle regional disparities and promote inclusive growth.

# 1. Introduction

## 1.1 Background

1. The issues of poverty and inequality continue to pose a critical challenge for many regions of the world, and Southern Africa is not an exception. Despite being one of the most resource-rich regions in the world, Southern Africa has struggled with poverty, inequality, and vulnerability for many decades. Three of the 10 African countries with highest level of poverty are found in Southern Africa, namely, Zambia, Mozambique, and Malawi. On average, around 45.1 per cent of people in Southern Africa live in extreme poverty, facing significant socio-economic challenges, and vulnerability. Measurements of poverty including the Human Development Index (HDI) and the Multidimensional Poverty Measures (MPM) for Southern Africa indicate sub-optimal progress towards equality and poverty reduction relative to other regions. Southern Africa is the most unequal subregion of the world: of the ten most unequal countries worldwide in terms of income, seven are in Southern Africa.

2. The dire poverty and inequality situation in Southern Africa also fuels vulnerability to various risks and shocks, such as economic downturns, natural disasters, and health crises with poorer people more likely to live in hazard-exposed areas and less able to invest in risk-reducing measures. The lack of access to insurance and social protection means that people living in poverty are often forced to use their already limited assets as a buffer against disaster losses, driving them into further poverty. Poverty is therefore both a cause and consequence of disaster risk. The impact of disasters on the poor can lead to loss of life, injury, and damage, cause a total loss of livelihoods, displacement, poor health, food insecurity, among other consequences. Tropical cyclones Idai and Kenneth are cases in point in Southern Africa. Both cyclones left more than 1,500 people dead and millions of others affected across Mozambique, Malawi, and Zimbabwe. Strong winds and extensive flooding from cyclones wiped away harvests, destroyed homes, displaced millions of people, and thus exacerbating food insecurity, nutritional deficiencies, poverty, and vulnerability.

3. Furthermore, COVID-19 has exacerbated the poverty situation in Southern Africa. The World Bank reported that the pandemic drove 51 million people in sub-Saharan Africa into extreme poverty, raising the total to 491 million (42.1 per cent of the population) by the end of 2021. The Southern African Development Community (SADC) countries are some of the hardest hit in Africa, with a 4.7 per cent decline in real GDP in 2020. The economic shock resulting from the pandemic extend beyond the GDP to the day-to-day lives of ordinary people across Southern Africa region. On average, more than 60 per cent of citizens in six SADC countries (Mauritius, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe) reported lost income and work, among the highest impact on work and earnings seen globally.

4. The ongoing Russia-Ukraine war is disrupting the slow recovery from COVID-19 in sub-Saharan African, including Southern Africa and significantly contributing to poverty and vulnerability. The real impact of the crisis on each economy is associated with the level of dependency on oil, gas, grain and, particularly in Southern Africa, fertilizer imports from the two countries. While the short-term impact of the crisis has been rising food and fuel prices, inflation, and financial instability, the long-term will include socio-economic instability and debt unsustainability, further deepening poverty and inequality.



5. Gender inequality is equally quite pronounced in Southern Africa, fuelled by, inter alia, customary practices, labour market discrimination and unequal access to social services and economic resources such as land. Furthermore, Southern Africa is characterized by low decision-making authority among women within households, low women representation in the national assembly, high prevalence of intimate partner violence against women, as well as gendered impact of HIV/AIDS with females being the most affected. Challenges faced by women in trade include lack of access to technical information and finances and are often subject to harassment and extortion at the border. Moreover, women are more readily denied access to key trader networks and information about the relevant procedures. Time-consuming trade measures and documentary requirements impinge more heavily on women.

6. Southern African governments are making frantic efforts to address poverty and inequality in the subregion. As part of the global and regional community, Southern Africa is committed to meet Sustainable Development Goal 1 and number 10 which are dedicated to reducing poverty and inequalities respectively. This is in line with to Goal 1 of the African Agenda 2063 on “A high standard of living, quality of life and well-being. As socially constructed phenomena(Lawson and Group, 2012), poverty and inequality vary significantly across social, cultural and geographical spaces. This also means that there are contextual differences in poverty and inequality as well as the efforts directed towards meeting commitments for poverty reduction and equality.

## **1.2 Justification for the study**

7. The 2030 Agenda for Sustainable Development have made eradicating poverty in all its forms and dimensions, including extreme poverty, as a top priority. SDG number 1 aims to “End poverty in all its forms everywhere”<sup>1</sup>. It targets, among others, to eradicate extreme poverty for all people everywhere, reduce at least by half the proportion of men, women and children of all ages living in poverty. The global community is also concerned about inequalities and thus designated SDG number 10 to reducing within and between-country inequalities. However, despite concerted efforts to meet regional and international commitments for poverty reduction, poverty and inequality situations in Southern Africa are still a challenge.

8. Reducing poverty and inequality is critical not only for the well-being and prosperity of individuals, communities, and nations but also to bolster resilience against vulnerabilities. The poor are more vulnerable than any other groups to health hazards, economic downturns, natural disasters, and man-made violence. Southern Africa has received its fair share of natural hazards and health hazards such as flooding, droughts, epidemics, and agricultural pests. Being one of the most unequal societies across the world, it is evident that the impact of these shocks in Southern Africa have fallen heavily on the poor and disadvantaged, including those facing discrimination on account of gender, age, race, class, and disability.

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<sup>1</sup> United Nations. Transforming the World: The 2030 Agenda for Sustainable Development. Available at: [https://sustainabledevelopment.un.org/content/documents/21252030\\_per\\_cent20Agenda\\_per\\_cent20for\\_per\\_cent20Sustainable\\_per\\_cent20Development\\_per\\_cent20web.pdf](https://sustainabledevelopment.un.org/content/documents/21252030_per_cent20Agenda_per_cent20for_per_cent20Sustainable_per_cent20Development_per_cent20web.pdf)

9. Southern Africa aims to meet global and regional benchmarks on poverty and inequality through several regional initiatives including accelerated industrialization, digitization and technological advancement, manufacturing value added, intraregional trade, infrastructure development, as well as deepened regional integration. The sub-region has developed or committed to policy frameworks to help entrench these initiatives include SADC Industrialization Strategy and Roadmap 2015-2063 and the African Continental Free Trade (AfCFTA) among others. There are significant milestones which have been recorded under these frameworks especially in ICT and digital infrastructure where there is improved coverage in mobile phone network as well as digital financial services which has accelerated financial inclusion for most of the population in the Southern Africa. However, major challenges exist in the implementation of broader frameworks to drive economic growth and most importantly, the translation or trickle-down effect of these frameworks into improved livelihoods and quality of life of ordinary people through equality and poverty reduction.

10. The lack of economic trickle-down effects leads to the reproduction of poverty and inequality, which have the potential of not impoverishing people but also fueling civil wars, and instability, and thus is a matter of security and safety as well. In this regard, constant profiling and monitoring of poverty and inequality is warranted to assess the effects of development initiatives in view of national, regional, and international targets, as well as examine the extent to which any progress made has real impact of lifting ordinary people out of poverty, inequality, and vulnerability.

11. The objective of the Economic Commission of Africa, Sub-regional Office of Southern Africa (ECA-SRO-SA) is to deepen regional integration, promote inclusive industrialization and support national and regional institutional frameworks to achieving economic development and reduce poverty and inequality. It is in this regard that the review of progress on the status of poverty and inequality in the sub-region is needed to profile inequality and better inform policy interventions in the sub-region.

### **1.3 Objectives of the study**

12. The overall objective of the report is to profile the status of poverty and inequality, and their interplay with vulnerability in Southern Africa, as well as assess progress made in meeting national, regional, and international benchmarks such as the African Union Agenda 2063 and the 2030 Agenda for Sustainable Development. The intent is to guide policy action to accelerate progress towards poverty, inequality, and vulnerability reduction, and to meet related commitments at various levels.

13. The study aimed to achieve the following specific objectives:

- i. To provide an in-depth understanding of the poverty situation and inequality in all its manifestations in Southern Africa in terms of trends and causal factors, and their interplay with vulnerability.

- ii. To highlight variations in poverty, inequality, and vulnerability within and between countries in Southern Africa, as well as challenges and opportunities in meeting national, regional, and international commitments.
- iii. To suggest policy options and measures that could bolster the capacity of Southern African countries to meet national, regional, and international commitments to reduce poverty, inequality, and vulnerability.
- iv. To foster experience sharing, including best practices and lessons in reducing poverty, inequality, and vulnerability in Southern Africa.

## **1.4 Scope of the study**

14. The report is largely focused on the 11 countries of Southern Africa covered by the ECA Sub-regional Office for Southern Africa, namely, Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia, and Zimbabwe.

## **1.5 Design and Methodology**

15. Multiple methods were used in this study to gather relevant data, and they included desk review, African Multidimensional Poverty Index, and other secondary data sources were used in this study.

### *1.5.1 Desk review*

16. A detailed desk review of relevant publicly available documents that contain discussion and analyses on poverty, inequality, and vulnerability that affects Southern African people. The desk review provided the scope of poverty, inequality, and vulnerability in Southern Africa and well as methodological and data analytic insights on the factors contributing to poverty and inequality in the subregion.

17. The report was informed by secondary data and information sources relevant to poverty and inequality discourse in Southern Africa. Empirical data analysis of secondary data sources was conducted on relevant topics, and these included the household surveys such as the Demographic and Health Surveys (DHS) and Multiple Indicator Cluster Surveys (MICS). Other datasets which were used included the World Development Indicators (WDI) and the Afrobarometer surveys. Relevant ECA entities were also be consulted for possible pointers to relevant data sources. Data and information gathered were analyzed using appropriate tools to inform the drafting of the report.

### *1.5.2. African multidimensional poverty index*

18. The study borrows the methodology developed by ECA's measuring the multidimensional poverty study. The African multidimensional poverty index (AMPI) is anchored on the mandate of the Economic Commission for Africa – to promote the economic

and social development of its Member States, foster intraregional integration and promote international cooperation for the continent's development<sup>2</sup>. This work complements ECA Southern African Subregional Office's mandate of fostering inclusive industrialization aimed at reducing poverty and inequality in the subregion as indicated above.

19. The AMPI has four dimensions (health, education, standard of living and economic activity) and 11 indicators (nutrition, child mortality, years of schooling, school attendance, cooking fuel, sanitation, drinking water, electricity, housing, assets, and unemployment). The Alkire and Foster (2011) methodology was followed in the construction of the African multidimensional poverty cut-off point of 25 per cent. The cut-off point is the outcome of dividing 100 per cent by four dimensions, all equally weighted at 25 per cent (United Nations Development Programme and Oxford Poverty and Human Development Initiative, 2019). However, because of methodology robustness, it was decided that the African multidimensional poverty cut-off point be put at 26 per cent. It was then decided to put the cut-off point at 26 per cent. The two cut-off points (25 per cent and 26 per cent) give the same result (Alkire, Kanagaratnam and Suppa, 2020).

20. By contrast, the global Multidimensional Poverty Index has a cut-off point of 33.3 per cent, in view of the three dimensions obtained as one third of the total. This means that an individual is considered poor if he or she has a deprivation score that is equal to or greater than the poverty cut-off point. For the African index, a person is identified as poor if he or she has a deprivation score that is equal to or greater than one quarter of the total.

### *1.5.3 Data analysis*

21. This report was mainly based on secondary quantitative data. Data analysis was conducted in Microsoft Excel generating frequencies and percentages using bar and pie charts across countries. The African Multidimensional Poverty Index (AFMPI) was calculated for all countries where data were available. The calculation of AMPI was done in the R Environment based on the information provided by the Global Multidimensional Poverty Index documentation.

### *1.5.4 Peer review process*

22. The report was peer reviewed through an internal process involving ECA Sub-regional office of Southern Africa in an iterative process from inception to finalization. The external validation process was also undertaken through a validation workshop involving experts and stakeholders from member States.

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<sup>2</sup>Measuring the multiple dimensions of poverty in Africa: A case study of Côte d'Ivoire, Uganda, the United Republic of Tanzania, Zambia, and Zimbabwe. Available at: <https://repository.uneca.org/bitstream/handle/10855/49377/b12023231.pdf?sequence=1&disAllowed=y>

## 1.6 Limitations of the study

23. Like any other study there are a few limitations to this study. The limitation of the study relates to data availability. The study sought to provide a comprehensive understanding of the situation of poverty and inequality in Southern Africa. However, some datasets used either didn't have all the variables required for the study or did not have data for all the countries in the Southern African subregion. Moreover, the heterogeneity among countries prevented a universal analysis that considered all countries as the same. Most of the recommendations made could apply to a few and not all countries.

## 1.7 Outline of the report

24. This report is divided into six chapters including the present introductory chapter. Chapter 2 discusses the analytical and conceptual issues that underpin the study. The chapter begins by defining the major concepts of the report including defining poverty, inequality, and vulnerability in all their manifestations. It concludes by outlining the analytical framework of the study.

25. Chapter 3 examines the causes of poverty beginning with historical factors where issues of colonialism and its economic, social, and political legacies are discussed. Macroeconomic policies of post-independent countries are also discussed here focusing on how they have been unable to establish economic conditions necessary for economic growth, sustainable development, and poverty reduction for citizens. The study highlights that this was because of the failure to make critical investments for structural transformation, knowledge, and human capital. The chapter also discusses how structural and cultural formulations cause poverty in the subregion, including lack of access to resources, inadequate education and skills training, race, gender and ethnicity, and corruption and poor resource management. Other factors discussed are external natural and man-made shocks such as climate change, civil unrest, the COVID-19 pandemic, and the ongoing Russia-Ukraine conflict.

26. Chapter 4 elaborates the status of poverty and inequality in the subregion. The chapter is more analytical in nature, and it brings out the status of several types of poverty, inequality and vulnerability using empirical data from different sources. The core message is that poverty, inequality, and vulnerability are still problematic in Southern Africa albeit with enormous variability between and within countries.

27. Chapter 5 Provides an appraisal of all countries in the subregion, and it analyses each country's development process in terms of current macroeconomic performance, the unique situations of poverty, inequality, and human development, as well as policies implemented in each country to deal with poverty and inequality. This chapter also makes suggestions specific to each country in terms of ways to tackle poverty and inequality.

28. Chapter 6 brings out the conclusions and policy options arising from the findings of the study. Methodological implications are also discussed fully in this chapter considering the opportunities and challenges of the African Multidimensional Poverty Index and other metrics

## 2. Conceptual issues and analytical framework

29. This chapter presents the conceptual and analytical frameworks that guided the study on the status of poverty and inequality in Southern Africa. The analytical framework provides the rationale for the approach taken and the selection of indicators of poverty, inequality, and vulnerability. The chapter begins by identifying and defining key concepts that anchor the study, including poverty, inequality, and vulnerability, as well as relationships among them. The chapter then premises the major concepts in the capability approach, which acts as a foundation for the multidimensional conceptualisation of poverty, inequality, and vulnerability.

### 2.1 Defining and measuring poverty

30. Poverty is a complex and multifaceted phenomenon which can be defined and measured in various ways. The method of defining and measuring poverty determines who is poor and the extent of poverty in a society. This is important because it raises the visibility of poverty, keeps poor people on the policy agenda, and helps to motivate the formulation of appropriate interventions. Such a method should be based on a justifiable normative theory of what exactly people in poverty lack. It is an evaluative standard that allows classification of those who are poor within different social contexts, whether in specific societies or worldwide (Beck et al., 2020). Although most of the literature focuses on indicators of deprivation such as income, food, access to housing and so on, the choice of indicators to measure levels of deprivation can often be arbitrary and hence may not reflect a full-scale measure of unmet basic needs in different social contexts. This discrepancy leads to concepts such as poverty, social exclusion and vulnerability being used interchangeably in development discourse<sup>3</sup>.

31. While allowing for variations in indicators of unmet basic needs, poverty is generally considered to be a measure of deprivation of the basic needs that a person, household or community requires to have a basic standard of living. In this regard, deprivation can be based on an *absolute* or *relative* threshold standard, also known as the absolute/relative poverty dichotomy. Absolute poverty is a measure of poverty that is based on a minimum standard of living that is considered essential for human survival. This standard of living is typically defined in terms of access to basic needs such as food, shelter, and clothing. Relative poverty, on the other hand, is a measure of poverty that is based on a comparison of an individual or household's income or consumption with those of others in society. Relative poverty is often defined as having an income or consumption that is below a certain percentage of the median income or consumption in a given country or region.

32. Both the absolute or relative standards can be measured in either purely monetary terms or more broadly by referencing non-monetary indicators as well. Within the huge variety of possible definitions and measurements of poverty, there are two main categories into which poverty can be divided, and these include monetary income measures and multidimensional poverty measures.

#### 2.1.1 Monetary economic measurements of poverty

33. Monetary economic measures of poverty still constitute the most well-known type of poverty standard. These measurements of poverty are based on the amount of income a household or individual has and whether it falls below a certain threshold, which can be a fixed number, or a ratio based on the

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<sup>3</sup> Development Initiatives (2016). Defining and measures of poverty. Available at: <https://devinit.org/wp-content/uploads/2016/07/Definitions-and-measures-of-poverty.pdf>

level of economic prosperity within a social context. This threshold is often set at a level that is considered the minimum necessary to meet basic needs such as food, shelter, and clothing. The most used measure of income poverty is the poverty line, which is typically calculated as a percentage of the median income. The population of people and households whose incomes are below this line, is then derived through a head count. For example, the World Bank defines extreme poverty as living on less than US\$2.15 per day. The poverty line determines the threshold of income or expenditure, separating poor and non-poor people. It also determines how people's and household incomes are distributed around the poverty line.

34. One of the advantages of income poverty measures is that they are relatively easy to compute and compare across different countries and regions. For national governments, the availability of comparable poverty measures can provide important information when dealing with the implementation or evaluation of policies and programmes. Without international comparisons, it is difficult for countries to measure their progress towards eradicating poverty<sup>4</sup>. In Southern Africa for example, having the same metrics of measuring poverty will ensure comparability of approaches and poverty conditions among Southern African countries as well as to those prevailing in other subregions, in order to establish programmes based on what has been done in similar contexts.

35. However, monetary economic measures of poverty have some limitations. For example, they do not consider the cost of living or differences in the availability and cost of basic goods and services in different countries or regions. Additionally, monetary poverty measures do not account for non-monetary factors that can contribute to poverty, such as access to education, healthcare, and social services. Furthermore, scholars as well as policymakers acknowledge that monetary measures of poverty do not permit a satisfactory analysis of all relevant issues related to poverty and inequality. They generally fail to take cognizance of other aspects of the quality of life that are not well correlated with economic advantage, including aspects such as health, education, gender, and racial justice (Grusky and Kanbur, 2006). Additionally, evidence suggests that income transfers to the poor typically fail to eliminate feelings of social exclusion (and may even exacerbate them), thus suggesting that income deprivation should not be regarded as the sole and defining feature of poverty. Similarly, some scholars especially in the sociology field have argued that measurement strategies based on the income distribution alone impose an excessively abstract, analytic, and statistical lens on a social world that has much institutionalized structure to it, a structure that mainly takes the form of social groups (Grusky and Kanbur, 2006).

36. The United Nations Development Programme (UNDP)'s Human Development Index (HDI) has acted as an alternative measure to the unidimensional monetary economic measures of poverty for many decades. HDI is a weighted sum of three components (income, literacy, and life expectancy), and it assesses the standard of living of individuals and populations in an explicitly multidimensional way and hence addresses some of the foregoing concerns (Fukuda-Parr, 2001). HDI has indeed, raised awareness of the non-income aspects of poverty. It is thus, important to understand the conceptual foundations of HDI which is rooted in the concept of multidimensional poverty.

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<sup>4</sup> United Nations Economic Commission for Africa (UNECA) 2017. Guide on poverty measurement. Available at [https://unece.org/fileadmin/DAM/stats/documents/ece/ces/bur/2017/October/14\\_Add.pdf](https://unece.org/fileadmin/DAM/stats/documents/ece/ces/bur/2017/October/14_Add.pdf)



### 2.1.2 *Multidimensional poverty*

37. Multidimensional poverty measures consider a range of different factors that contribute to poverty, including access to education, healthcare, housing, and basic services. These measures are based on the idea that poverty is not only about income or consumption but is also about social and economic exclusion. Multidimensional poverty measures are calculated using a range of indicators that reflect different dimensions of poverty, and households or individuals are considered poor if they lack access to a certain number of these indicators (Nussbaum, 2003).

38. Multidimensional poverty is based on the capability poverty theory of Amartya Sen (1996) and presents a multidimensional poverty index (MPI) that included education, health, living conditions, and sometimes economic activities, as important elements in the measurement of poverty (Alkire and Foster, 2011). Many scholars have written about Sen's distinction mark, which is the significant role he played in moving development economics away from emphasising maximisation of income and wealth, towards issues of personal well-being, agency, and freedom. For Sen, human capabilities are the preferable method for measuring poverty. They are understood as opportunities for realizing certain objectively valuable functionings, such as being adequately nourished; being educated; being assisted by medical professionals in a situation of need; and leading a long and healthy life, among many other things that humans are or do (Kwadzo, 2010; Nussbaum, 2003; Sen, 1999). The capability approach does not say that people must fulfil all these intrinsically and instrumentally valuable functionings, but that it should be at least be possible for them to do so if they wish.

39. According to the capability approach, poverty is a deprivation of the freedom and capability to lead a life that is valued by the individual. Capabilities refer to the various things that an individual can do or be, such as being healthy, having access to education, being able to participate in the community, or having the ability to make choices and decisions that affect one's life (Nussbaum, 2006). Poverty, then, is not just about a lack of material resources, but also about a lack of opportunities and choices that limit an individual's ability to realize their potential. This means that addressing poverty is not just about providing individuals with material resources, but also about creating an enabling environment that supports their agency and freedom to make choices.

40. Multidimensional poverty is premised on the capability theory in the sense that it looks beyond income or consumption in its conceptualisation of poverty. The advantages of multidimensional poverty measures are that they provide a more comprehensive and nuanced picture of poverty than income or consumption poverty measures. They consider the complex and interconnected factors that contribute to poverty and can help to identify the most vulnerable populations. It is in this regard, that there is worldwide consensus for the 2030 UN Agenda for Sustainable Development to view poverty as multidimensional (Alkire and Jahan, 2018).

41. However, multidimensional poverty measures are not without limitations. At the conceptual level, there are many dimensions which make up multidimensional poverty and there is no consensus regarding how many dimensions would constitute deprivation.

## 2.2 Defining and measuring inequality

42. Inequality is a broader concept than poverty in that it is defined over the entire population, not just for the portion of the population below a certain poverty line (Khandker and Haughton, 2009). The study of inequality has largely taken place within single dimensions such as income, health, and education, which reflects the fact that experts predominately concentrate on a discipline and field of study. Just like poverty, most of the discourse on inequality has focused on economic inequality, which refers to the unequal distribution of resources and opportunities among individuals or groups within a society. Within the economic sphere, income and wealth inequalities have been dominant in literature. Knowledge of income and wealth inequality has advanced considerably over the years. Long time series of income and wealth data from the United Nations, World Bank, and other organizations have contributed to this phenomenon.

43. However, even with a narrow emphasis on only two indicators of inequality in income and wealth, it has taken some time to build a clear picture of the scope of inequality and whether inequality has been increasing or not, within countries, between countries, and globally. This has been attributed to the fact that studying inequality involves both normative (including moral judgments about justice) and positive (proving the facts) components<sup>5</sup>. The selection of inequality measurements, judgments about the forms of inequality we should be concerned about, and definitions of what constitutes high, low, and "acceptable" levels of inequality all have an impact on normative elements.

44. Recent analysis of the global picture of income inequality trends underlines the importance of being clear about how we understand and measure inequality, as different measures show contrasting trends both in terms of global inequality, and between and within countries. There is growing consensus among scholars, activists, and practitioners, that inequality should be studied using a multidimensional approach considering that just like poverty, it goes beyond income and wealth status. The multidimensional inequality framework (MIF) developed by Oxfam, the School of Oriental and African Studies (SOAS), the Centre for Analysis of Social Exclusion, and the International Inequalities Institute at the London School of Economics has been used by many scholars to encapsulate the multidimensional nature of inequalities (Itriago, n.d.).

45. This study adopts the multidimensional approach to inequality, but it also includes economic measures for complementary purposes. Considering that income and wealth

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<sup>5</sup> Multidimensional inequality framework. Available at <https://sticerd.lse.ac.uk/inequality/the-framework/media/mif-framework.pdf>

inequalities are still the mainstay of inequality research, it is deemed important in this study to discuss, analyse, and compare the two approaches. It is important to here that the discussion in this study focuses on inequality in outcomes, as opposed to inequality of opportunities (skills, access to education, skills, and other limitations imposed by parental circumstances). While inequality of opportunities is undoubtedly important for understanding the factors behind economic inequality, this study relies on more readily observable indicators of economic inequality, including income and wealth.

### *2.2.1 Income inequality*

46. Income inequality is the extent to which income is distributed unevenly across people or across households. Income encompasses labor earnings (such as wages, salaries, and bonuses), capital income derived from dividends, interest on savings accounts, rent from real estate, as well as welfare benefits, state pensions, and other government transfers (Trapeznikova, 2019). In addition, it is possible to distinguish between individual versus family income, pre-tax versus after-tax (disposable) income, and labor earnings versus capital income.

47. There is hardly any contemporary society where economic resources are distributed equitably. In all, there are rich, poor, and those in the middle. What differs among societies, however, is the relative gap between economic groups, particularly between those at the top and those at the bottom (Marger, 2013). Income is a major determinant of quality of life, affecting the health and well-being of individuals and families, and varies by social factors such as sex, age, and race or ethnicity.

48. In developed countries, wages and salaries are the major source of income for most households, while property, including capital gains, is the major source for the most affluent. Although income inequality may reflect individual differences in talent and motivation, there are also significant structural and cultural causes, such as segmented labor markets, discrimination, institutionalized racism and sexism, gender roles, and family responsibilities<sup>6</sup>.

49. Income inequality can be studied within countries, between countries, or across the world's population without regard to national boundaries. The Gini coefficient is probably the most frequently used measure of inequality. It is based on the Lorenz curve (Gastwirth, 1972). The Gini coefficient is defined as the area between the Lorenz curve and the 45-degree line, divided by the total area under the 45-degree line. This inequality index (calculated in practice based on a formula) takes values between 0 (which refers to "perfect equality") and the maximum value of 1 (when one person earns all the income). The lower the Gini value, the more equal a society is (Neckerman and Torche, 2007).

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<sup>6</sup> These factors are detailed in chapter three of this study

### *2.2.2 Wealth inequality*

50. Wealth is the value of one's assets, or property (Trapeznikova, 2019). Economists have also distinguished income and wealth by describing the former as a flow of money over time and the latter as a stock of things owned that have market value. Income and wealth are not perfectly correlated. This is because a high earner might be in the upper end of the income distribution while being relatively poor in terms of assets. Likewise, an elderly worker might have accumulated substantial wealth such as owning a house but have low wages. Different policies ranging from income and inheritance taxes to government schemes for first time home buyers will affect different groups of individuals and might have opposing effects on wealth and income distributions (Lang and Lingnau, 2015).

51. As one of the most significant challenges of modern times, wealth inequality encompasses not only the lack of financial resources but also the lack of social and human capital, which allows an individual to access the networks and opportunities necessary to live a dignified life (Marger, 2013). This raises conceptual challenges of what components of wealth should be included in the measurements. Moreover, the aspect of measurement itself may be in question considering that components of 'wealth' in this case may include intangible assets that could not easily be sold (e.g. pension rights or entitlements to future government transfers). In practice though, applied research on wealth usually focuses on net "marketable" wealth (Davies and Shorrocks, 2000), which also corresponds to the largest part of the currently available data.

52. Regarding the inequality measures, there are different methods that are used including looking at the share of wealth held by the top 1 per cent, 5 per cent, or 10 per cent. This measure looks at the percentage of total wealth held by the wealthiest individuals or households in a society (Alfani, 2019). The ratio of median wealth to mean wealth is also another measure of wealth inequality. This measure compares the median wealth of a society to the mean wealth. If the ratio is less than 1, it indicates that the distribution of wealth is highly skewed towards the wealthiest individuals (Alfani, 2019). However, just like the case with income inequality, the Gini index is an obvious choice to be used in the current study, not only because of its vast application in the social sciences, but also because a significant amount of the information we have available for wealth inequalities between countries is expressed as a Gini value.

### *2.2.3 Multidimensional inequality framework*

53. The multidimensional inequality framework (MIF) is a relatively good measure of inequality as it offers a systematic multidimensional approach to assessing inequality in the quality of individuals lives. The MIF draws on the capability approach to provide a clear methodology for assessing inequalities in individual well-being. This focuses on differences in people's capabilities to live life they value highly.

54. For the purposes of the MIF, there are generally three conversion factors which play an important role in the identification of inequality drivers and candidate policies. These are a)

personal conversion factors (such as personal characteristics: physical and mental aspects, age, and sex); (b) social conversion factors (such as social institutions, social norms, gender, religious, cultural, moral), and (c) environmental conversion factors (e.g. climate, pollution, and deforestation). These factors influence the conversion rate from individual resources into ‘functionings’ (outcome or achievement) and capabilities (real opportunities or positive freedoms).

55. Several domains reflect drivers of inequality, and these are life and health, physical and legal security, education and learning, financial security and dignified work, comfortable independent and secure living conditions, participation, influence, and voice, and individual, family, and social life. Each domain has empirical indicators and data on these indicators will be extracted from several households and country-level databases for analysis purposes. Measures of inequality within each domain include a combination of differences in prevalence of advantage and disadvantage between groups. For example, life and health may have avoidance of premature mortality as one of the indicators and this will be analyzed with respect to gender, socio-economic status, and geographical location among others. Analytical techniques which involve finding relationships between two or more variables will be applied in this regard to determine groups which may have an advantage and those which may not within a country.

56. The MIF allows for contextual flexibility in terms of the indicators applied and the selection of such indicators will largely be determined by data availability. It is envisaged that data on certain indicators will not be uniformly available across included countries. Relative between-country variations in indicators is expected in the analysis.

## **2.3 Defining and measuring vulnerability to poverty**

57. Vulnerability refers to the risk that some future event will negatively affect an individual or household wellbeing. For poor households, dealing with risk and uncertainty preoccupies their livelihoods, and their inability to effectively deal with shocks often lies at the core of their poverty. There are several types of vulnerability that can be drawn from the definition. On the one hand, there are vulnerable households that are currently poor and expected to remain poor in the future. These households are often categorized as living in chronic poverty. On the other, vulnerable households that are currently non-poor but face enormous risks and are likely to fall into poverty in the future, and these may further be classified as living in transient poverty. Just like in the case of poverty and inequality, there are two approaches to vulnerability analysis. One being monetary and the other being multidimensional.

### *2.3.1 Monetary vulnerability to poverty*

58. In its 2021 Economic Report on Africa (ERA) which addresses poverty and vulnerability in Africa during the COVID-19 pandemic, the ECA defines vulnerability in terms of people whose income is above the poverty line but who are at risk of falling into poverty if

faced with an adverse shock. The study uses a simple rule-of-thumb of distance of consumption from the vulnerability poverty line (VPL) to estimate individual or household vulnerability to falling into or remaining in poverty. The VPL is the level of expenditures below which a household is vulnerable to poverty. The VPL allows for the calculation of a headcount vulnerability rate, a direct analogue to the analogue of the "headcount poverty rate"<sup>7</sup>

59. This approach recognizes that, although vulnerability is an unobservable ex-ante state, whether an individual vulnerable to falling into poverty does so depends on the type and duration of the shock, which can vary by country often because of differences in government response, the extent of containment measures and fiscal stimulus.

### *2.3.2 Multidimensional vulnerability to poverty*

60. There is international consensus over the last few decades that poverty goes far beyond the lack of income because a poor person may have several deprivations at certain points in time. As a result, the global MPI is currently available for several countries, including those from Southern Africa. The variable of multidimensional poverty has been incorporated by a few recent studies to estimate the vulnerability to poverty of households. Using this approach, the report uses available data to establish the extent to which non-poor households are vulnerable to multidimensional poverty, whether households vulnerable to multidimensional poverty are currently poor, as well as factors that may contribute to multidimensional poverty.

61. These are relevant questions in the context of Southern Africa, given important lessons from several events in the subregion such as cyclones, droughts, flooding, agricultural pests, and the pandemic, that policymakers should not limit their efforts to combat poverty, because vulnerability to poverty is a phenomenon threatening the wellbeing of households as well. The reason is not only the probability of suffering future negative shocks as the ones described above, but insulation from other severe shocks such as health, economic and environmental, which will mainly affect poor population.

62. Vulnerability according to the multidimensional poverty approach, is the probability of households being multidimensionally poor in the future. The evaluation of household vulnerability is based on the multidimensional poverty measure suggested by Alkire and Foster (2011), who established a methodology for calculating poverty inspired by Amartya Sen's reflections on poverty as a phenomenon that goes beyond income in which several dimensions of poverty experienced by households are simultaneously analyzed. In this sense, the multidimensional poverty measurement approach recognizes the different types of deprivations suffered by households, such as lack of education, unemployment, inadequate health conditions, and low living standards. Households that are deprived of some dimensions are identified and the degree of deprivation required to be considered poor is established.

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<sup>7</sup> Open Knowledge Repository (ODK) (2023). Quantifying Vulnerability to Poverty: A Proposed Measure, Applied to Indonesia. Available at: <https://openknowledge.worldbank.org/entities/publication/242804be-3bb4-555c-9431-0f2e6d29640b>

## 2.4 Subregional, regional, and global frameworks

63. The Southern African subregion is almost synonymous with the Regional Economic Community (REC) of Southern African Development Community (SADC). SADC's poverty reduction framework is anchored in the Regional Indicative Strategic Development Plan (RISDP), which singles out poverty eradication as the overarching priority of regional integration in SADC. It also states that its ultimate objective is to deepen integration within SADC with a view to accelerate poverty eradication, and to achieve global poverty frameworks. The RISDP further identifies two groups of main intervention areas: i) cross-cutting intervention areas; and ii) sectoral cooperation and integration intervention areas. Poverty eradication is one of the priority interventions under the cross-cutting group. The RISDP also states that poverty eradication is integrated and mainstreamed in all priority interventions areas.

64. Pillar III of the SADC vision 2050 focusses on human capital development, and projects a high quality of life by 2050, in which SADC citizens are well educated and enjoy long, healthy, and productive lives that reinforce the link between economic growth and sustainable human development, to end poverty in all its manifestations<sup>8</sup>. This strong and inclusive human capital base will enable SADC citizens to play a pivotal role in the region's socio-economic development, through enhanced productivity. Under this pillar, the region commits to make headways in specific poverty intervention areas including improved food and nutrition, increased access to quality and relevant education and skills development, increased job creation and enhanced quality of life.

65. The SADC frameworks are in line with the African Union (AU) Agenda 2063 with aspiration Number 1 focusing on prosperous Africa, based on inclusive growth and sustainable development. Accordingly, the first aspiration includes the goal of enhanced standard of living, quality of life and well-being for all citizens<sup>9</sup>. Poverty, inequality, and hunger reduction are some of the priority areas under the associated goal and focus area. The 2004 AU Declaration and Plan of Action on Employment and Poverty Alleviation. During the implementation period of the plan of action, political leaders stressed the importance of strategic topics such as social protection for the informal economy and rural workers, productivity improvement in SMEs, micro enterprises of the informal economy and the public sector, labor migration and the need to strengthen technical cooperation between Member States<sup>10</sup>. More recently the continent has seen further initiatives could contribute to accelerating poverty and inequality reduction including the AfCFTA, one of the flagships of the AU Agenda 2030. If well implemented, the Agreement is projected to reduce poverty by 11 per cent.

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<sup>8</sup> SADC Vision 2050, available at [https://www.sadc.int/sites/default/files/2021-08/SADC\\_Vision\\_2050..pdf](https://www.sadc.int/sites/default/files/2021-08/SADC_Vision_2050..pdf)

<sup>9</sup> African Union (AU) Goals and Priority Areas of the Agenda 2063. Available at <https://au.int/en/agenda2063/goals>

<sup>10</sup> African Union Plan of Action on Employment and Poverty Alleviation. Available at: [https://au.int/sites/default/files/newsevents/pressreleases/27983-pr-plan\\_of\\_action-english.pdf](https://au.int/sites/default/files/newsevents/pressreleases/27983-pr-plan_of_action-english.pdf)

66. At the global level, the importance of poverty and inequality reduction is encapsulated in the 2030 UN Agenda for Sustainable Development whose first and 10<sup>th</sup> goals focus on ending poverty and inequality reduction respectively. There are clear links among subregional, regional, and global protocols and frameworks that focus and/or include poverty and inequality reduction. The AU Agenda 2063 aspiration and Goal number 1 for example, can be linked with the 2030 SDGs 1 and 10, dealing with ending poverty, and reduction of inequality, respectively.

## 2.5 Analytical framework

67. Among different kinds of causal connections, this study adopts contributory causality, which acknowledges the complex nature of social phenomena (Sarlo, 2019). This approach acknowledges the complication that the weight given to each of the possible factors may vary between individuals and for the same individuals, over the course of their lives. As such, firm and universal assertions about the causes of poverty are not possible in studies that focus on social phenomena like this one.

68. As has been highlighted in the methodology section, the study relied more on secondary data to derive insights to meet the stated objectives. The complex and multidimensional nature of poverty, inequality, and vulnerability requires that data analysis is based on clear and well conceptualized terms, their indicators, and related subregional, regional, and global frameworks, as well as potential data sources. The analysis of poverty and inequality must also reflect an understanding of structural causes, such as colonialism, economic policies, and social norms, as well as the impact of external shocks, such as climate change, war and conflict, and global economic and health crises. Both monetary economic measures and multidimensional poverty was used in this study. Monetary economic measures of poverty used the current international poverty line of US\$2.15 to compare countries in the Southern African region.

69. Regarding multidimensional poverty, the analysis builds on the global Multidimensional Poverty Index (MPI) and its ten indicators: nutrition, child mortality, years of schooling, school attendance (these first four weighted at 1/6th), cooking fuel, sanitation, drinking water, electricity, housing, and assets (weighted at 1/18th). A person who is deprived in at least one-third of the weighted indicators is identified as being multidimensionally poor, or MPI poor.

70. As highlighted above, the most widely used single measure of inequality is the Gini coefficient. In this study, the Gini coefficient were regarded as complementary to multidimensional inequality framework. Both wealth and income inequality for Southern African countries were calculated and the results were compared with the multidimensional inequality framework that included several domains discussed above.

71. Vulnerability to monetary poverty uses the poverty line as a reference and recognizes that poor people move in and out of poverty; so the distance from the poverty line is time variant, meaning that a person's vulnerability changes over time. Three kinds of movements are relevant in analyzing vulnerability: the movement of non-poor people into poverty, the



movement of poor people out of poverty and chronic continuation of poor people below the poverty line. The static poverty headcount ratio provides a snapshot of the net sum of these movements at a particular point in time.

72. The analysis will consider the headcount of the population likely to fall into poverty because of a shock like drought, flooding, or COVID-19, expressed in both absolute numbers and percentage of the total population. This is consistent with research that measures vulnerability as an ex-ante expectation of household-level poverty, which is then aggregated to the population or country level. This will be done for each country in Southern Africa and complemented by aggregated vulnerable headcounts from population level data in view of limited comparable household data for all Southern African countries.

73. This report assesses progress towards the SDGs by examining the distance to targets. The 2022 SDG report includes 94 global indicators. The SDG index also shows trends in terms of whether a country is the wrong direction, stagnant or making progress. Since these are related to the AU Agenda 2063 and SADC the RISDP either directly or indirectly, the evaluation of the SDGs will be related to the Agenda 2063 and the RISDP in view of the limited operationalization of the two documents. The linkages between the SDGs, Agenda 2063, and the RISDP, make it possible to evaluate regional and subregional commitments on the basis of SDGs.

### 3 Causes of poverty and inequality in Southern Africa

74. Causes of poverty in Southern Africa can be divided into historical and colonial legacies, structural and cultural causes, and transient factors (Addae-Korankye, 2014; Brady, 2019). Historical and colonial legacies relate to economic disadvantages orchestrated during colonialism and those inherited in the aftermath of independence. Structural and cultural factors relate to persisted or permanent socio-economic deprivations and is linked to a host of factors such as limited productive resources, lack of skills for gainful employment, endemic socio-political and cultural factors, and gender.

#### 3.1 Colonial legacy and other historical factors

75. The colonial heritage shared among Southern African countries is often seen as the beginning of the social, economic, and political problems in the subregion. The contribution of colonialism to poverty and inequality in Southern Africa will be discussed and delineated according to social, economic, and political legacies.

##### *3.1.1 The social legacy of colonialism*

76. The social legacy of colonialism has been a significant cause of poverty and inequality in Southern Africa. The colonial powers imposed cultural norms and values on the subregion, often suppressing local customs and traditions. This led to the erosion of traditional social structures, which contributed to the breakdown of social cohesion. This has had long-lasting effects on social development, as traditional support systems have been weakened, leading to the loss of identity and heightened conflict among the indigenous population of Southern Africa thus, contributing to poverty and inequality (Ferguson, 1999; Magubane, 1987).

77. Moreover, the colonial powers introduced a system of racial segregation, which perpetuated inequality and discrimination. This system of segregation was more severe in some countries compared to others and contributed to the marginalization and impoverishment of the black population. In South Africa, for example, the apartheid system, was a form of institutionalized racial segregation and discrimination designed to maintain the political, social, and economic dominance of the white minority over the black majority, through the use of discriminatory laws, policies, and practices (Mariotti and Fourie, 2014).

78. One of the significant ways in which apartheid continues to undermine development today is through its impact on land ownership. During apartheid, the government implemented a policy of forced removals, resulting in the dispossession of black communities from their land and the concentration of land ownership in the hands of white South Africans. Originally over 80% of the (Black) population confined to 13% of land and 87% of land to less 20% of the (White) population, at the time<sup>11</sup>. The legacy of this policy continues to contribute to poverty and inequality today, as black South Africans still own a small fraction of the land in

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<sup>11</sup> South African Government.2022. Land reforms. Available: <https://www.gov.za/issues/land-reform>

the country and struggle to access the resources and opportunities that land ownership provides (Ntsebeza and Hall, 2007; Seekings and Nattrass, 2008). Moreover, the legacy of inequality introduced by apartheid continues to affect the education system as the quality of education received by children is still largely determined by their race and socio-economic background.

### *3.1.2 The economic legacy of colonialism*

79. One of the most significant impacts of colonialism on Southern Africa was the economic exploitation of resources. Colonial powers established extractive economies that focused on extracting raw materials (e.g. minerals, timber, and agricultural products) for export to Europe. This led to a lopsided economy that was heavily dependent on primary commodity exports with limited diversification and a weak manufacturing base (Rodney, 2018). The extractive nature of the colonial economy also resulted in significant environmental degradation, further undermining the subregion's economic potential. Large-scale mining activities and deforestation had a devastating impact on the natural environment, degrading the soil, water, and air quality. This has had long-lasting impacts on agriculture, wildlife, and human health (Frank, 1979).

80. Additionally, Southern Africa inherited an economic dualism system, a distorted kind of capitalism with a small enclave formal sector which accounted for less than 20 per cent of the labor force and a large informal sector where most of the population were found. This system failed to produce dynamic growth and development because it alienated most indigenous people from the key factors of production, including land, mining, and labor markets. The informal sector where most people worked was marred by problems such as lack of access to capital, unequal access to productive markets, as well as technological inefficiencies. This situation served to setup most of the population onto a trajectory of extreme poverty as well as socio-economic inequality that has been difficult to correct for decades now (Africa, 2011).

81. Moreover, the neglect of infrastructure development (e.g. roads, bridges, and telecommunications), has limited access to markets, education, and healthcare, particularly in rural areas. This has contributed to disparities in economic opportunities and access to basic services, which have perpetuated poverty and inequality. Furthermore, the colonial powers also introduced a capitalist economic system, which emphasized profit over social welfare, leading to the exploitation of workers, particularly in the mining and agriculture sectors. The exploitation of workers and disregard for social welfare contributed to the perpetuation of poverty and inequality, as workers were unable to earn a living wage and lacked access to social services (Sachs and McArthur, 2005).

### *3.1.3 The political legacy of colonialism*

82. The political legacy of colonialism has been a significant cause of poverty and inequality in Southern Africa. The colonial powers established political structures that were designed to maintain their control and exploit the region's resources. The imposition of

arbitrary boundaries and the division of ethnic groups created political fragmentation, which has had long-lasting effects on social cohesion and political stability. This has contributed to conflict and displacement, which have undermined economic development and contributed to poverty and inequality (Mamdani, 2018).

83. The colonial powers also established systems of governance that were designed to maintain their control, rather than promote the welfare of the population. This led to the neglect of social services, such as education and healthcare, and deepened poverty and inequality in the subregion. The legacy of authoritarian and corrupt governance has continued in many countries, undermining political stability and further exacerbating poverty and inequality (Boone, 2003).

84. The colonial powers established a system of indirect rule, with high-status Europeans overseeing the colonies. By the end of the nineteenth century, colonial administrations were self-financing systems. Local indigenous leaders were bribed with titles, land, and tax breaks. This created an atmosphere of privilege that would create problems after decolonization. Local leaders then helped colonial administrators to force the local population into a capitalist economic system. Primary commodity production, or the production of raw materials, became the enforced norm, undermining traditional crafts and mixed farming systems which perpetuated divisions between different ethnic groups, and limited the development of a national identity (Mamdani, 2018).

#### *3.1.4 Macroeconomic policies of post-independence*

85. Post-independence Southern African states have generally been unable to establish economic conditions necessary for inclusive economic growth, sustainable development, and poverty reduction. Critical investments for structural transformation and increased productivity in human capital, infrastructure, knowledge, and innovation as well as technology transfer that were necessary to foster meaningful economic turnaround that would benefit most of the population were not achieved. Economic growth was, and largely still is, associated with increased exploitation of non-renewable natural resources. The economic structures remained largely undiversified and based on raw material extraction with limited value addition and job creation. In some countries, there was lack of leadership, political will, and capable bureaucracy to guide the developmental process post-independence. Furthermore, there was failure to mobilize the private sector and local entrepreneurship to play a significant role in the development process of the sub-region.

86. During the structural adjustment programme (SAP) era in the 1980s, macroeconomic policies advocated by multilateral agencies such as the IMF and World Bank, deepened poverty and inequality. (Hope and Kayira, 1997). The implementation of SAPs were intended to enhance long-term wealth creation and economic growth through prudent macroeconomic management, including public debt reduction. However, although there are protracted debates on the economic benefits of SAPs, it is widely accepted that they failed to meet their objectives and resulted in the collapse of local manufacturing and loss of jobs. Furthermore,

conditionalities attached to SAPs, which included cutbacks in spending on social services such as education and healthcare deepened poverty and inequality, raised unemployment levels, limited access to healthcare, and reduced educational opportunities among the disadvantaged communities..

### **3.2. Structural and cultural causes of poverty and inequality**

87. As already indicated, structural causes of poverty and inequality are more permanent and are inherent in either the economy or in several other interrelated institutional environments that serve to favor certain groups over others. These may include such factors as limited access to resources, lack of skills, locational disadvantage, education, gender, or race.

#### *3.2.1 Limited access to resources*

88. There are disproportionately high rates of poverty among populations with limited access to resources such as land. In South Africa for example, where there is evidence of the economic disparities caused by historical and racial discrimination, the indigenous black population have been marginalized in terms of economic benefits derived from land and natural resource. The legacy of racially unequal land control confronts mainly the former settler colonies of Zimbabwe, Namibia and South Africa (Moyo, 2005).

#### *3.2.2 Lack of skills and low employment levels*

89. While generally the non-poor suffer from transitional or involuntary unemployment, the poor face structural unemployment due to lack of skills, medical problems, geographical isolation, and in some countries, discrimination based on race or ethnicity (Ajakaiye and Adeyeye, 2001). Further, underemployment occurs largely in the informal sectors and results in low incomes for an important segment of the labor force. Lack of skills and low employment levels lead to a future of impoverishment and high levels of inequality. This is because long-term unemployment results in a loss of earnings and many households are left without enough money to cover their living expenditure.

90. In Southern Africa, while unemployment rates are high, the reported figures may not reflect an accurate picture as many people classified as employed, are severely underemployed. Most employment statistics consider the informal sector or low-productivity agriculture as full employment when people engaged in these activities are barely surviving. Working in the informal sectors in Africa and Southern Africa in particular, comes with challenges that include lack of social safety nets and inadequate access to social amenities, which are a major source of vulnerability and poverty. These are usually on the receiving end of external shocks such as economic and health shocks and climate disasters.

91. Arguably, joblessness is largely due to low economic growth than to labour market imperfections. Nonetheless, growth of the economy is necessary for poverty reduction. In developing countries such as those in Southern Africa, growth that is employment generating and with a large export base is desirable to achieve growth that is equitable and poverty

reducing. Extensive research has linked economic growth to poverty and inequality reduction (Ajakaiye and Adeyeye, 2001).

### *3.2.3 Geographical location*

92. Poverty and inequality are also determined by geographical location in most regions of Africa, and Southern Africa is no exception. Most of the population in Southern Africa reside in rural areas, averaging about 55.7 per cent according to the World Bank report (2021) Malawi has the highest proportion of people living in rural areas, at 82.31 per cent whereas Botswana is the most urbanised, with a rural population of about 28.44 per cent of the total population. Evidence suggests that the difference between rural and urban residence in Southern Africa goes beyond mere population distribution. Rural areas in most cases represent lower productivity of economic activities, higher poverty levels and lower quality infrastructure and services. Mostly, the rural population lack access to resources, services, technologies, markets, finance, and economic opportunities compared to the urban population.

93. Evidence shows stark disparities between rural and urban areas relative to several health and healthcare indicators. For example, an estimated 2 billion people living in rural areas around the world do not have adequate access to essential health services. Furthermore, an estimated 56 per cent of the global rural population lacks health coverage, compared with 22 per cent of the urban population, and rural populations in Africa are the most disadvantaged in health coverage<sup>12</sup>. In Southern African, the situation is not expected to be different. Moreover, rural areas are often geographically isolated, with challenges of terrain or poor road networks, making it difficult and expensive to build and maintain infrastructure. Infrastructure development and technology deployment can also be expensive, and rural areas may not be able to afford the costs of building and maintaining infrastructure or purchasing new technology<sup>13</sup>.

### *3.2.4 Low educational levels*

94. Education is a key driver for human development and economic prosperity across the world. It is the principal institutional mechanism that develops the human capital, skills, and knowledge. Education is also a critical determinant of economic growth, social development, and individual well-being, and individuals with lower levels of education are often excluded from the benefits of economic and social progress.

95. However, access to quality education has continuously been a challenge in Southern Africa. The mean years of schooling in Southern Africa ranges from 11.4 in South Africa to about 3.2 in Mozambique. Secondary school completion rates in countries are quite varied with

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<sup>12</sup> World Health Organization (WHO), WHO Guideline on Health Workforce Development, Attraction, Recruitment and Retention in Rural and Remote Areas (Geneva, 2021)

<sup>13</sup> World Economic Forum. (2017). The Digital Transformation of Industries: The Role of Digital in Unlocking the Potential of Rural Areas. Geneva

Mauritius recording 103 per cent, and Angola, 20.7 per cent. Policies that aim at lowering the number of dropouts is critical in ensuring a high quality of educational service provision.

### *3.2.5 Race and ethnicity*

96. Race and ethnicity also contribute to poverty and vulnerability situations in Southern Africa. Race entails a social group with distinctive physical features, such as Whites, Black Africans, Indians among others. In contrast, an ethnic grouping is a population or group of people who share a common cultural background and have a distinct language. Poverty and deprivation are often distributed along race and ethnic lines due to several factors that may include a history of economic, social, and political exclusion. South Africa typifies this phenomenon with enormous black-white gap in poverty and material well-being.

### *3.2.6 Corruption and poor resource management*

97. Corruption and resource mismanagement are illicit means of achieving wealth and obtaining privilege, of securing and sustaining political and economic power. In Southern Africa, corruption has become a concerning developmental issue. The corruption perceptions Index (CPI) scores of more than half of the Southern African countries are below 50 per cent. There is evidence that corruption fuels poverty through negative effects on economic factors such as economic growth, foreign and domestic investments, quality of government expenditures, and tax and government revenues among others.

98. Poor resource management manifests in waste and misallocation of resources by government officials which denies the wider population of vital social services and infrastructures, thus contributing to poverty. Poor accountability and transparency in resource allocation and weak programme implementation and monitoring, are causes of resource mismanagement. Ultimately, development programs are rendered ineffective poverty reduction initiatives are therefore ineffective and resources wasted (Ajakaiye and Adeyeye, 2001).

### *3.2.7 Gender and youth dynamics*

99. Gender inequality is a persistent dimension in Southern Africa, and it is found in virtually all spheres of life. Gender inequality describes the disparities in roles, characteristics and behaviors between men and women that are grounded in the expectations and social norms prevailing in local society (Blanc, 2001). Women work mostly in the agriculture sector and grow most of the food produced for subsistence in Africa, and yet few have access to land<sup>14</sup>. It is often more difficult for women to gain access to information and technology, resources, and credit. Agricultural extension and formal financial institutions are more favourable towards a male clientele' despite women's importance as producers. It is expected that women are likely to work twice as long as men a day, but often earn only one tenth as much.

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<sup>14</sup> Kajoba (2002). Women and land in Zambia: A Case Study of Small-Scale Farmers in Chenena Village, Chibombo District, Central Zambia. Eastern Africa Social Science Research Review. Available: <https://muse.jhu.edu/journal/51>

100. There is still a wide gender gap in education. Lack of resources and pressures on time and energies put enormous constraints on the ability of women to maintain their own health and nutrition as well as that of their children. Although food and nutrition are women's prime concerns in Africa, and they are the principal participants in agriculture, independent farming by women has been relatively neglected. Women's family labor contribution has increased but still goes unpaid. This results from inequalities in access to secondary and tertiary education and low female participation in hard-core science and technology courses. Gender inequality is also present in the gendered impact of HIV/AIDS, gender-based violence, where women are more likely to be victims and bear the negative consequences compared to men.

101. Gender inequality is also found in business, trade, and resilience to external shocks, among other challenges. They tend to dominate trade informality and the women-led SMEs are known to be the most fragile. Other challenges faced by women include lack of access to technical information and finances and are often subject to harassment and extortion at the border. Moreover, women are more readily denied access to key trader networks and information about the relevant procedures. Time-consuming trade measures and documentary requirements impinge more heavily on women.

102. Young people in the SADC region are mostly on the receiving end of unemployment, underemployment, and inadequate education. Formal unemployment rate for those aged 15–35 years is much higher than for adults aged 36–64 years (Pharatlhathe and Byiers, 2019). The youth vulnerable unemployment rate is also higher than that of adults. It is of concern that many of the well-educated youth school leavers either remain unemployed or cannot find jobs, thus threatening social and political stability, as witnessed during the xenophobic attacks of foreign nationals in South Africa in the recent past. This also makes youth more vulnerable to economic, health, and climate shocks that are likely to uproot and destabilize their livelihood.

103. Given the continent's demographics, youth unemployment is likely to increase if Southern Africa's jobless growth continues. Addressing the unemployment constraint is central to harnessing the demographic dividend, arising from the huge youth bulge of approximately 35 per cent of the population. This can only be possible through economic transformation strategies that create demand for employment and provide education and the right skills to ensure competitiveness in the job market.

## **4.1 Other factors**

### *4.1.1 Conflict and civil unrest*

104. Conflict and civil unrest have significant impacts on poverty in Southern Africa. These disruptions can exacerbate existing challenges and create new ones, ultimately pushing individuals and communities further into poverty. Disruption of Economic Activities is one way in which civil unrest can contribute to poverty in Southern Africa. Conflict and civil unrest disrupt economic activities, including agriculture, trade, and production. Markets can be closed, supply chains interrupted, and businesses forced to shut down, leading to decreased



income and economic growth. This disruption can result in loss of livelihoods and income sources for individuals and families, pushing them into poverty. There are several examples which exemplify this phenomenon, starting with the significantly documented struggles of independence in most of the countries and more especially in South Africa. Post-independence conflicts and civil unrest have been recorded in Angola, Mozambique and Southern Africa. Other consequences of conflict and civil unrest include destruction of infrastructure, forced displacement and migration, food insecurity, negative impact on education, and economic decline among others.

105. However, the conceptualization of conflict and civil unrest in Southern is mainly in terms response to poor governance and provision of services. Access to land, minerals and gas deposits seem to fuel instability in Southern Africa. The post-2000 resource boom, driven by the discovery of precious metals and natural gas led to increased poverty and inequality, and thus discontentment among the marginalized population, fueling resentment against government elites. These unrests may impact directly and indirectly on many different aspects of poverty. The direct results of civil conflicts have been the destruction of value and assets; and the impact on livelihoods of households and communities has been significant and negative. Studies indicate that the impact of war and conflict is one of stagnation in economic growth rates and social welfare (Luckham et al., 2001).

106. Moreover, civil unrests have been common in Southern Africa, caused by and further contributed to, poverty and underdevelopment. Civil unrests typically manifest in form of protests, demonstrations, riots, sabotage, and more severely crimes which may include robberies, attacks, civil unrest, and conflicts. A wide range of factors may be responsible for civil unrest but in Southern Africa, it is generally conceived as a symptom of social, economic, and governance problems experienced by the wider population. These may include widespread poverty, poor governance, and severe inequality to access to natural resources, lower wages, and poor service delivery.

107. There are many examples of civil unrest in Southern Africa albeit with enormous variations in form and intensity. In Eswatini, a wave of pro-democracy protests swept the country in 2021 arising from dissatisfaction with high poverty levels, whereas in Zimbabwe increases in fuel prices, higher student fees, and high cost of living have been the reasons for civil unrest in recent times. In South Africa, wide-spread unemployment, inequality, poverty, corruption, and high cost of living have been the reasons behind several unrests and xenophobic violence that have engulfed the country in the recent past. Mozambique has equally seen its fair share of violence and civil wars.

108. The Russia-Ukraine war is disrupting the slow recovery from COVID-19 in sub-Saharan African, including Southern Africa and significantly contributing to poverty and vulnerability in the sub-region. The real impact of the crisis on each economy is associated with the level of dependency on oil, gas, grain and, particularly in Southern Africa, fertilizer imports from the two countries. The most visible impact of the crisis is the rising food and fuel prices, inflation, and financial instability. The long-term implications of the war may include

socio-economic instability and debt unsustainability which will subsequently lead to deeper poverty and widening inequality.

#### *4.2.2 Climate change*

109. Consistent with global climatic shifts, Southern Africa has been warming significantly over the last century, and trend analysis of the temperatures across the region indicate that temperatures have been increasing at a rate of 0.4 °C per decade (Davis and Vincent, 2017). The consequences of climate change are already evident in the Southern African sub-region. These included increased scarcity of water, agricultural pests, frequency of droughts and floods as well as increased intensity and frequency of storms and cyclones. For example, Tropical cyclones Idai and Kenneth left more than 1500 people dead and millions of others affected across Mozambique, Malawi, and Zimbabwe. Strong winds and extensive flooding from cyclones wiped away harvests, destroyed homes, displaced millions of people, and thus exacerbating food insecurity, nutritional deficiencies, poverty, and vulnerability.

110. Environmental degradation can be considered to a cause of accentuated poverty. At the same time, poverty itself can be a cause of environmental degradation. This reverse causality stems from the fact that for poor people in poor countries such as those in Southern Africa, several environmental resources are complementary in production and consumption to other goods and services while a number of environmental resources supplement income most especially in time of acute economic stress or health crises. This can be a source of cumulative causations, where poverty, high fertility rates and environmental degradation feed upon one another. In fact, an erosion of the environmental resource base can make certain categories of people destitute even when the economy on the average grows (Dasgupta, 1993)

#### *4.2.3 COVID-19 Pandemic*

111. COVID-19 has exacerbated the poverty situation in Southern Africa. The World Bank reports that the pandemic drove 51 million people in sub-Saharan Africa into extreme poverty, raising the total to 491 million (42.1 per cent of the population) by the end of 2021 (Martin, 2022). The Southern African Development Community (SADC) countries are some of the hardest hit in Africa, with a 4.7 per cent decline in real GDP in 2020. The economic shock resulting from the pandemic extend beyond the GDP to the day-to-day lives of ordinary people across Southern Africa region. On average, more than 60 per cent of citizens in six SADC countries (Mauritius, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe) reported lost income and work, among the highest impact on work and earnings seen globally.

112. The pandemic has resulted in significant economic impacts in Southern Africa, including job losses, reduced income, and increased poverty. Lockdowns and other restrictions on economic activity have had a disproportionate impact on informal workers and those in the informal economy, who make up a large share of the workforce in Southern Africa<sup>15</sup>. The

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<sup>15</sup> World Bank. (2021). COVID-19: Economic Impacts and Recovery in Southern Africa. Washington, DC: World Bank Group

pandemic has also had significant health impacts in Southern Africa, including increased morbidity and mortality from COVID-19, and disruptions to routine health services, such as immunizations and antenatal care. The health impacts of the pandemic have been particularly severe in areas with weak health systems and high rates of poverty and inequality. Moreover, school closures and disruptions to education have also had significant impacts on children and families in Southern Africa, particularly those from disadvantaged backgrounds. Children who are unable to access education during the pandemic may face long-term impacts on their educational and economic opportunities. The pandemic has further highlighted existing gender inequalities in Southern Africa, with women and girls facing increased risks of gender-based violence, economic hardship, and reduced access to healthcare.

## 4. The Status of Poverty, Inequality, and Vulnerability in Southern Africa

113. This chapter examines the status of poverty, inequality, and vulnerability in Southern Africa. The chapter adopts an analytical approach and features current statistics from different sources as well as calculated information from different datasets. The chapter begins by highlighting the progress that have been made by each country comparing the African Union Agendas 2063 and the SDGs in terms of progress made. It will also discuss the socioeconomic profiles of Southern African countries indicating current macro-economic indicators, and an overview of projected economic growth going forward in the subregion. It shows that the issue of poverty and inequality in Southern Africa is complex with several interrelated factors. It analyses different manifestations of poverty, inequality, and vulnerability to poverty. These include monetary or income as well as multidimensional factors.

114. Table 1 compares the African Union Agenda 63 and the SDGs on poverty and inequality reporting the progress that each Southern African country has made on each of the goals and aspirations. Goal number 1 in the Agenda 2063 is focusing on the high standard of living, quality of life and well-being for all citizens and the associated aspiration is having a prosperous Africa based on inclusive growth and sustainable development. The table shows that generally a lot still has to be done to achieve both the Agenda 2063 and the SDGs. Lesotho for example is still in the single digits on the AU target. Mauritius on the other hand has made enormous progress in the SDG1, which seeks to eliminate extreme poverty by 2030.

Table 1. Comparing progress in the AU Agenda 2063 and SDG 1 and 10

Countries	AU Agenda 2063		SDG 1		SDG 10
	Agenda 1	Aspirations	Headcount ratio 1.90/day	3.20/day	Gini coefficient
Angola	**	**	51.3%	75.7%	51.3%
Botswana	15%	29%	16.5%	31.7%	53.3%
Eswatini	10%	36%	32.2%	49.4%	54.6%
Lesotho	4%	26%	30.1%	51.2%	44.9%
Malawi	72%	39%	69.7%	88.7%	44.7%
Mauritius	51%	45%	0.7%	1.7%	36.8%
Mozambique	**	**	59.9%	80.4%	54.0%
Namibia	20%	28%	24.0%	37.5%	59.1%
South Africa	14%	22%	26.7%	37.1%	63.0%
Zambia	39%	27%	58.9%	76.8%	57.1%
Zimbabwe	33%	61%	**	**	50.3%

\*\* Data not available

### 4.1 Macroeconomic performance of the subregion

115. In 2021, Southern Africa had estimated growth of 4.2 per cent, which represented the largest recovery among all the n subregions of Africa, from a contraction of 6.0 per cent. The growth rate was largely underpinned by strong recovery in some countries like Botswana (12.5

per cent), Mauritius (4.0 per cent), and South Africa (4.9 per cent)<sup>16</sup>. The easing of the COVID-19 pandemic lockdowns, favourable weather conditions, and a rise in mining output on global minerals market contributed to the positive recovery. Growth in the region was projected to decline to 2.5 per cent on average in 2022 as the effects of large fiscal stimuli petered out. There is a projected stability in economic growth among Southern African countries going forward as shown in Figure 4.1.

Table 2. Projections of the real GDP growth for the subregion (annual percentage change).

Country	2022	2023	2024
Angola	2.8	3.5	3.7
Botswana	6.4	3.7	4.3
Eswatini	0.5	2.8	2.5
Lesotho	2.1	2.2	2.3
Malawi	0.8	2.4	3.2
Mauritius	8.3	4.6	4.1
Mozambique	4.1	5.0	8.2
Namibia	3.8	2.8	2.6
South Africa	2.0	0.1	1.8
Zambia	3.4	4.0	4.1
Zimbabwe	3.0	2.5	2.6

Source: IMF World Economic Outlook 2023

116. Other macroeconomic indicators are reported in Table 12 and it shows that Inflation is still high in most countries with three countries posting double digits including Zimbabwe, Angola and Malawi. Zimbabwe has been characterised by high inflation levels for a long time now, but it is projected to significantly reduce from 99 per cent in 2021 to 32.6 per cent in 2022. Angola's inflation is projected to remain high at 22.3% in 2022, due to supply-side factors. Higher oil exports helped to sustain international reserves at 8.1 months of imports in 2021.

Table 3. Other macroeconomic indicators, 2022 projections

Countries	Inflation	Fiscal deficit	Public dept
Angola	22.3	6.3	63.1
Botswana	8.0	-3.2	25.0
Eswatini	4.2	-4.1	41.1
Lesotho	7.1	-7.7	59.8
Malawi	21.5	-7.7	61.0
Mauritius	8.6	-4.0	68.1
Mozambique	5.3	-9.4	NA
Namibia	5.7	-5.6	77.1
South Africa	4.5	-5.7	69.9
Zambia	9.9	-6.7	130.0
Zimbabwe	32.6	-1.5	56.7

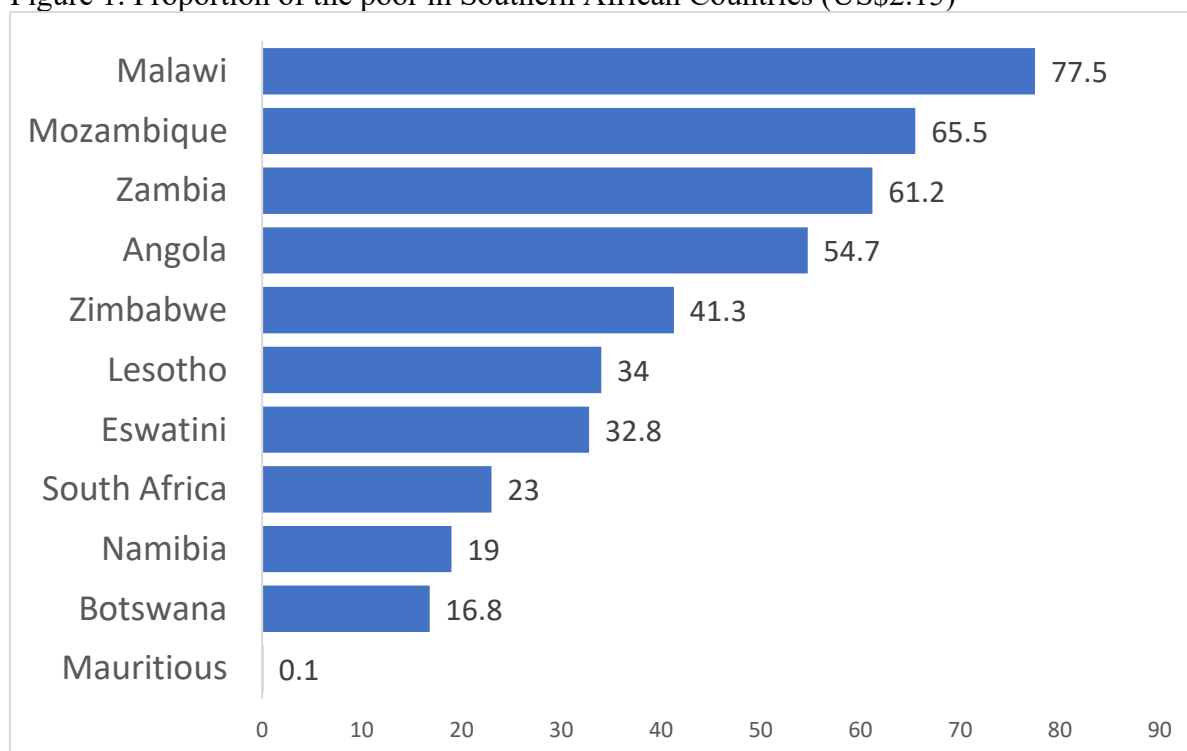
Source: African Development Bank 2022

<sup>16</sup> African Development Bank's African Economic Outlook, 2022

## 4.2 Status of income poverty

117. Figure 4.1 reports the proportion of poor people in the Southern African subregion using US\$2.15 as a threshold. The results show that poverty is still problematic in the subregion. Malawi is reported to be the poorest in terms of the proportion with no or lower income, followed by Mozambique, Zambia, Angola, and Zimbabwe. These statistics show that income poverty is still a concern in the subregion, and efforts aimed at dealing with it are yet to yield the much-needed change. Mauritius has for decades been on a positive poverty reduction trajectory towards its eradication. Botswana, Namibia, and South Africa have recorded promising strides towards poverty reduction.

Figure 1. Proportion of the poor in Southern African Countries (US\$2.15)



Source: Author calculation based on data from the World Bank's PovcalNet data

## 4.3. Status of multidimensional poverty

118. In accordance with the criteria indicated in Chapter two above, Multidimensional Poverty Index (MPI) developed by the United Nations Development Programme (UNDP), over half of the population in several countries in Southern Africa are considered multidimensionally poor. For example, in Zimbabwe, 25 per cent of the population lives in multidimensional poverty, while in Mozambique, that figure is about 73 per cent. Other countries with relatively high levels of multidimensional poverty include Angola, Malawi, Zambia, and Namibia.

119. Table 4 shows multidimensional poverty distribution for Southern African countries. A lot still needs to be done to address the problems of multidimensional poverty in the subregion.

The results show that Mozambique has the greatest challenge in terms of multidimensionally poor people.

Table 4. Multidimensional poverty in Southern Africa

Country	Survey year	Value	Percentage
Angola	2015/16	0.28	51.1
Botswana	2015/16	0.07	17.2
Eswatini	2014	0.08	19.2
Lesotho	2018	0.08	19.6
Malawi	2019/20	0.23	49.9
Mauritius	**	**	**
Mozambique	2019/20	0.37	61.9
Namibia	2013	0.19	40.9
South Africa	2016	0.03	6.3
Zambia	2018	0.23	47.9
Zimbabwe	2019	0.11	25.8

Source: Global multidimensional poverty index 2023

\*\* No data available

120. Table 5 below indicates the contribution of the three dimensions to multidimensional poverty in each of the countries. Although there are significant variations between countries, the standard of living, which includes cooking fuel, sanitation, drinking water, electricity, housing, and assets, contributes most to multidimensional poverty compared to health and education.

#### 4.4 African multidimensional poverty index

121. The African multidimensional poverty index is reported in Figure which includes economic activities as the fourth dimension, and it reports comparable values to the Global multidimensional poverty index. Mozambique has the highest number of people with deprivation and South Africa has the lowest. It is noted that a number of countries report their own multidimensional statistics.

Figure 2. The African Multidimensional Poverty Index by country

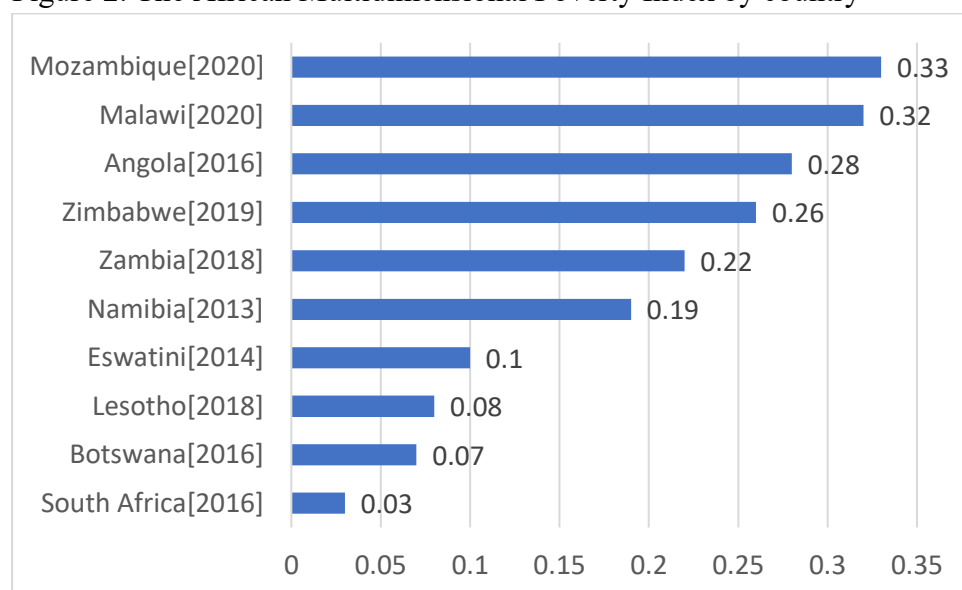


Table 5. Contribution of deprivation dimension to overall multidimensional poverty

Country	Health	Education	Standard of living
Angola	21.2	32.1	46.8
Botswana	30.3	16.5	53.2
Eswatini	29.3	17.9	52.8
Lesotho	21.9	18.1	60.0
Malawi	18.6	25.5	55.9
Mauritius	**	**	**
Mozambique	27.3	26.3	46.4
Namibia	31.6	13.9	54.4
South Africa	39.5	13.1	47.4
Zambia	21.5	25.0	53.5
Zimbabwe	23.6	17.3	59.2

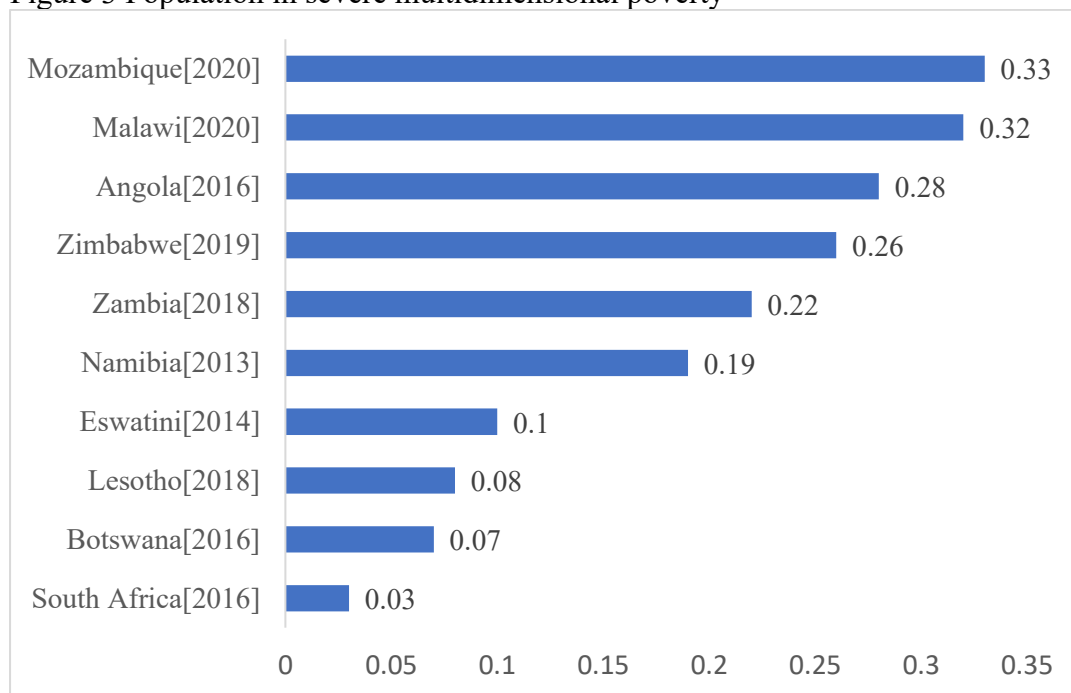
Source: Global multidimensional poverty index 2022

\*\*No data available

122. In terms of severe multidimensional poverty, among the 10 countries for which data are available, Mozambique has the highest prevalence at 49.9 per cent, followed by Angola (32.5 per cent) and Zambia (21 per cent). South Africa has the lowest rates of deprivation with regard to multidimensional poverty in the subregion.



Figure 3 Population in severe multidimensional poverty



Source: Global Multidimensional Poverty Index, 2023

#### ECA African multidimensional poverty index

### 4.2. Status of inequality in Southern Africa

123. This section presents multidimensional inequality in a number of areas or domains which are important for human life. It provides a snapshot of the state of inequality, using the most recent data available to measure its prevalence. It does not provide a trends analysis for the inequalities presented due to limitations in data availability in all the countries of the subregion.

#### 4.2.1 Income inequality

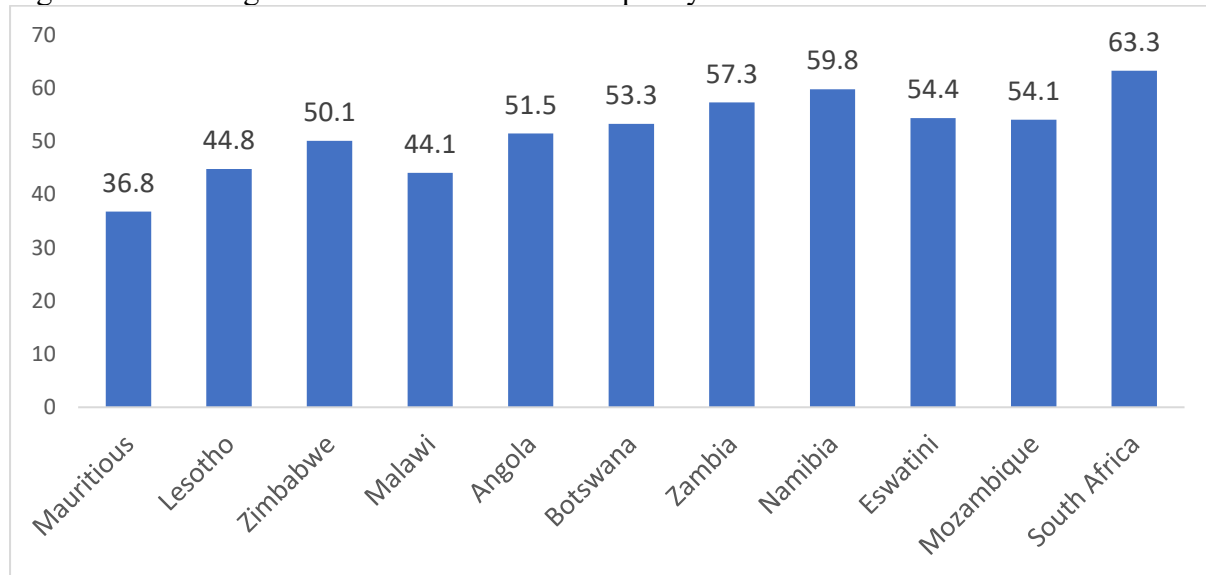
124. As indicated above, income inequality continues to be problematic in Southern Africa given its status as the most unequal region in the world. Seven of the 10 most unequal countries are from Southern Africa, namely South Africa, Namibia, Zambia, Botswana, Eswatini, Mozambique, Angola, in descending order. Income inequality translate into inequalities in access to basic services and lower opportunities to get out of the poverty trap. The gap between the rich and the poor in education and health remains striking in most Southern African countries. Poor children are more likely to be malnourished, less likely to use health care and less likely to complete five years of primary school<sup>17</sup>. Children under 5 from the poorest

<sup>17</sup> African Development Bank (2021). Income inequality in Africa. Available at [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Revised-Income\\_per\\_cent20inequality\\_per\\_cent20in\\_per\\_cent20Africa\\_LTS-rev.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Revised-Income_per_cent20inequality_per_cent20in_per_cent20Africa_LTS-rev.pdf)

households are likely to be underweight, and less likely to be immunized against diseases than their richer counterparts (Wiysonge et al., 2012).

125. Within Southern Africa however, South Africa is the most unequal of all countries. South Africa's income inequality has become worse over the years. The top 1 per cent of earners take home almost 20 per cent of income and the top 10 per cent take home 65 per cent. That means that 90 per cent of South African earners take home only 35 per cent of all income. Incomes in South Africa remain racialized, gendered, and spatialized, meaning that white people are more likely to find work (and work that pays better) than their black counterparts; female workers earn about 30 per cent less than male workers, and urban workers earn about double those in the countryside. Figure 4 shows income distribution of Southern African countries.

Figure 4. Percentage distribution of income inequality in Southern Africa



Source: Author based on World Bank's PovcalNet data

#### 4.2.2 Status of wealth inequality in Southern Africa

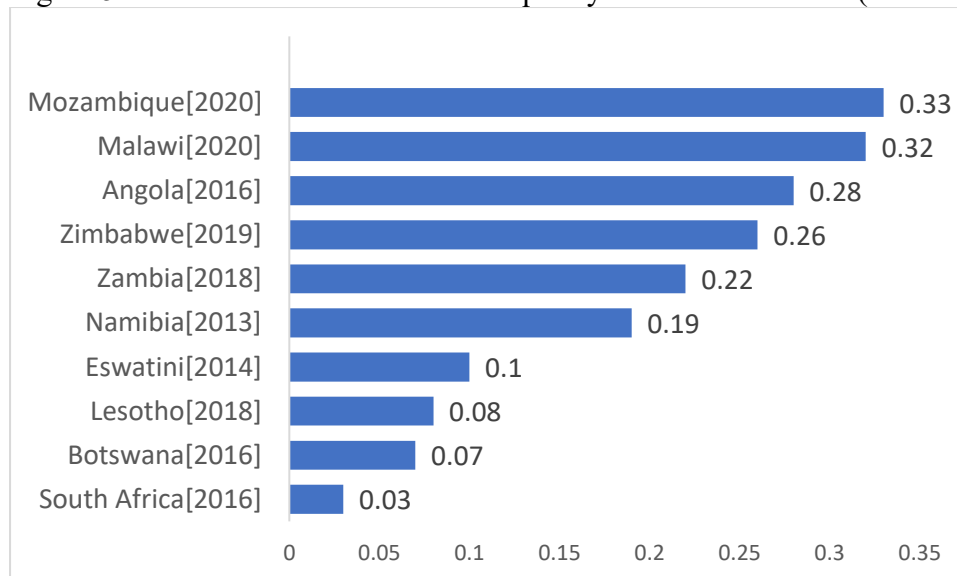
126. Consistent with global estimates, wealth inequality measured by Gini coefficient in Southern Africa is not only persistently higher than income inequality, it is also rising much faster in comparison (Mbewe and Woolard, 2016; Piketty and Zucman, 2014). South Africa is still the most unequal country in Southern Africa in terms of wealth, followed by Mozambique and the third place is shared by three countries - Zambia, Namibia, and Eswatini. Like other types of deprivation, wealth inequality is racialised, gendered, and spatialized. In Southern Africa, the racial wealth gap between the Black race and the White race is high. In South Africa for example, a typical Black household holds relatively less than 5 per cent of the wealth held by a typical White household (Mbewe and Woolard, 2016).

127. Wealth is also distributed on account of gender in that men are likely to have more wealth than women. This is often due to deep rooted gender ideologies and practices that

favours men compared to their female counterparts (Deere and Doss, 2006). Additionally, wealth is also concentrated in urban areas, and this is mainly because of limited financial literacy, lack of infrastructure, and lack of access to technology in the rural areas. Other prohibitive factors in the rural areas include lack of social protection, food insecurity, lack of access to health and healthcare, as well as lack of access to high quality education.

128. The consequences of wealth inequality are dire for Southern Africa, and this included economic stagnation, political stability, social exclusion, as well as educational and health disparities. On political stability for example, wealth inequality can exacerbate existing social and political divisions, as marginalized groups become increasingly frustrated with their lack of economic opportunities and representation<sup>18</sup>. This can lead to civil unrest, protests, and even violence, which can in turn undermine political stability and economic growth. On social exclusion, Wealth inequality can create a sense of social exclusion and stigma for those who are unable to access wealth or resources. This can lead to feelings of resentment and frustration among those who feel left behind by the economic system and can also exacerbate social tensions between different groups in society<sup>19</sup>.

Figure 5. The distribution of wealth inequality in Southern Africa (Gini coefficient)



Source: Author based on World Bank data

#### 4.2.3 The status of multidimensional inequality

129. Using terminology from the Multidimensional Inequality Framework (MIF) and as discussed in Chapter 2, the main expressions of inequality analysed in this report relate to domain 1 (Life and health), domain 2 (Personal and legal security), domain 3 Education and learning, domain 4 (Financial security and dignified work) and domain 5 (Adequate living

<sup>18</sup> Institute for Democracy in South Africa (2017). "Poverty and Inequality in South Africa: Policy Considerations in an Emerging Democracy

<sup>19</sup> Wealth inequality can create a sense of social exclusion and stigma for those who are unable to access wealth or resources. This can lead to feelings of resentment and frustration among those who feel left behind by the economic system and can also exacerbate social tensions between different groups in society.

conditions). Within the domains analysed, one or more subdomains or specific priority issues are addressed, and these mainly relate to gender, age, area of residence, and socioeconomic status, especially education. The group analysis is based on data availability.

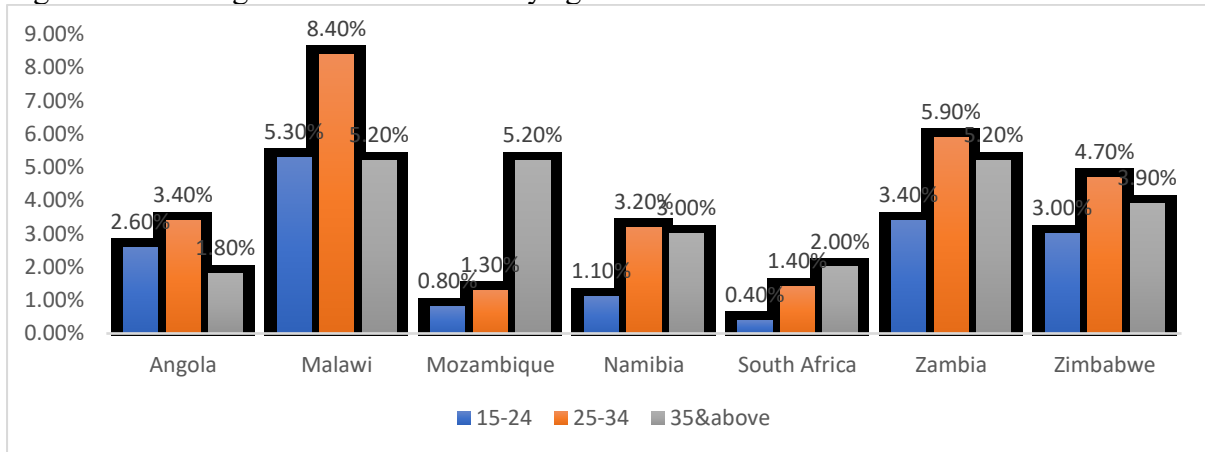
### Domain 1: Life and health

130. This domain generally involves inequality in the capability to be alive and to live a health life and avoid premature death. Inequality measures capture differences in mortality risk which may be due to differences in exposure to dangerous situations, lifestyle factors and differences in medical treatment. In relation to inequality in premature death, this domain covers instances of death from violations and infringements of people's safety and security by individuals, organisations, and the state. It includes death from non-natural causes in institutions (e.g. police custody, prisons, and care homes) and as a result of war, conflict, and protest.

131. In terms of indicators of the life and health domain, the MIF shows a number of measures designed to pick-up any threat to human life and these may include maternal mortality, live births, suicide, homicide, and domestic homicide. It also indicates that threats to human life under this domain can be determined by the differences between men and women on account of gender biases in power, resources, entitlements, norms and values, and the way in which organizations are structured and programmes are run that may damage the health of millions of girls and women.

132. In the present report, similar to a report from Central America and the Dominican Republic on multidimensional inequality, sexual violence and intimate partner violence are as indicators for domain 1. These are analysed in relation to age, area of residence and educational status. Figure 6 shows the percentage of women who have experienced sexual violence by age. There are differences between countries in the relationship between sexual violence and age. In most of the countries, women in the age group 25-34 experience more sexual violence than those in other age groups. However, Mozambique seems to be an outlier as it shows women who are 35 years and above being significantly more likely to experience sexual violence than other age groups.

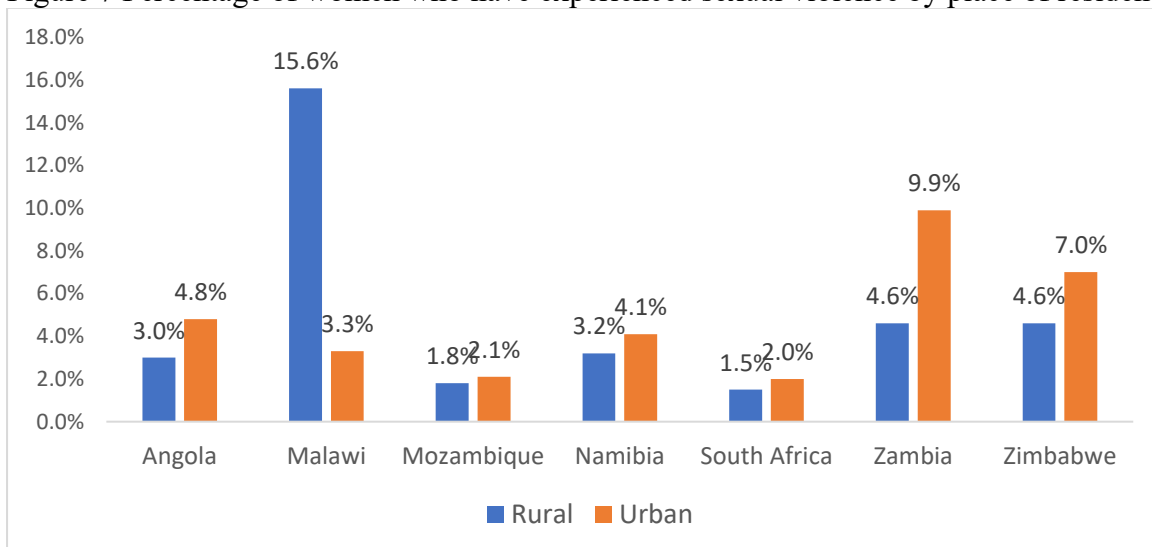
Figure 6 Percentage of sexual violence by age



Source: Author calculation using data from Afrobarometer 2022

133. Figure 7. Reports the percentage of women who have experienced sexual violence by place of residence. Malawi has the highest levels of sexual violence compared to other countries followed by Zambia. Specifically, in Malawi 15 per cent of sexual violence happens in rural areas. This is different from what has been observed in other countries where sexual violence is more prevalent in urban areas. Research indicates that the high prevalence of sexual abuse in this study may reflect cultural beliefs that support sexual aggression by men and submission by women<sup>20</sup>

Figure 7 Percentage of women who have experienced sexual violence by place of residence



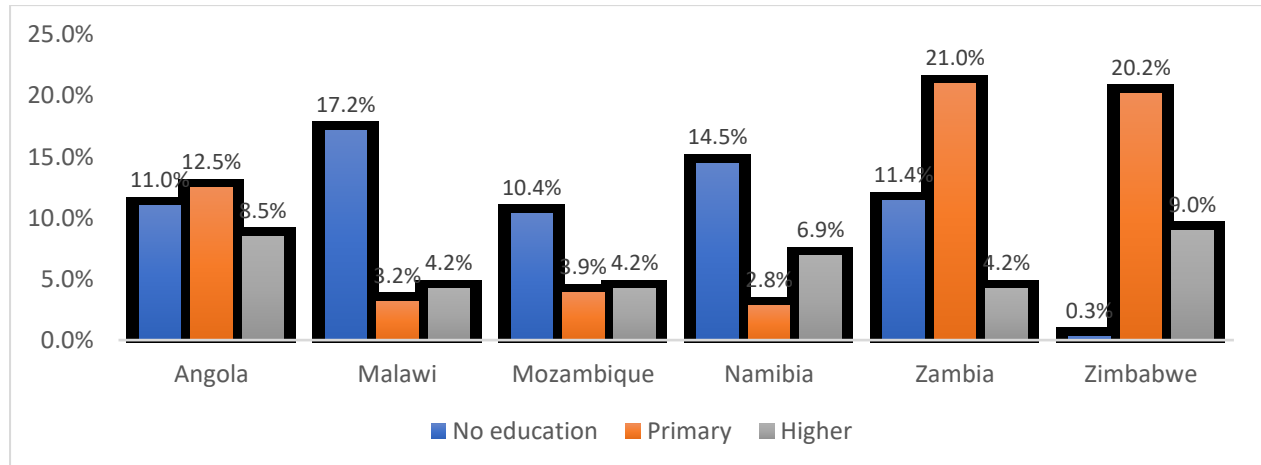
Source: Author calculation using data from the demographic and health surveys (DHS). Eswatini, Lesotho, Mauritius and Botswana have no data on the domestic violence module

134. Figure 8 analyses the percentage of women who have experienced intimate partner violence by educational status. Generally, women who have no education are more susceptible to experiencing sexual violence victimization compared to other women. However, in Angola,

<sup>20</sup> Chilanga et al 2020. Prevalence and determinants of intimate partner violence against mothers of children under-five years in Central Malawi, BMC Public Health

Zimbabwe, and Zambia, the results show that those who have attained primary education are most likely to experience sexual violence compared to other education groups. Attaining a higher level of education seems to be a deterrent against partner violence in some countries.

Figure 8. Percentage of women who have experienced Intimate partner violence by educational status



Source: Author calculation using data from the DHS

## Domain 2 Physical and legal security: Inequality in the capability to live in physical safety and legal security

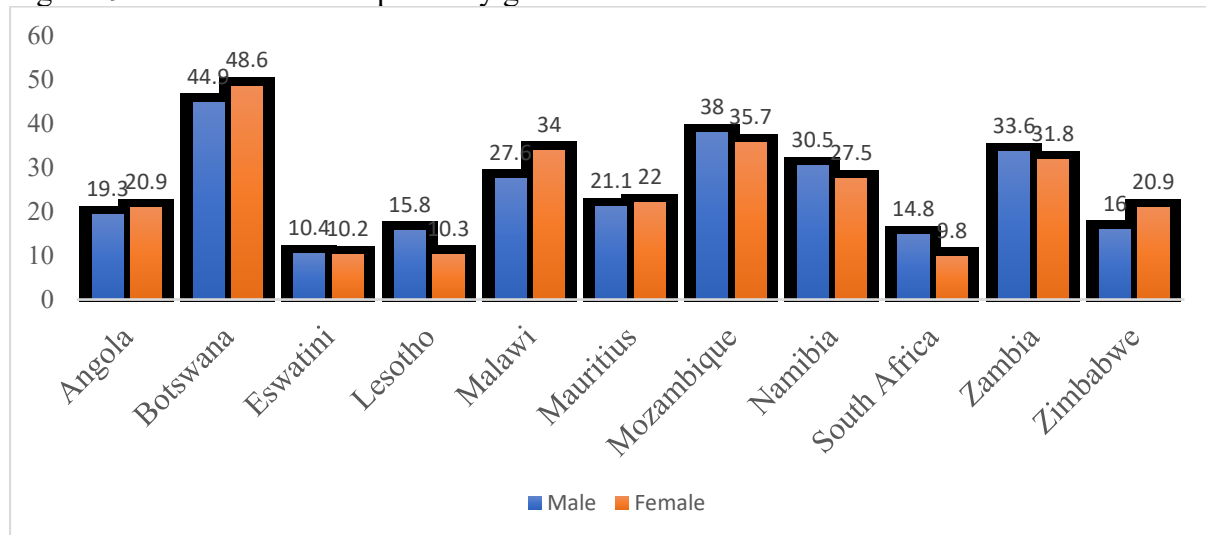
135. This domain covers the key elements of physical security through indicators and measures that highlight absence of physical security as well as subjective measures reporting individuals' sense of physical security and safety. To avoid inequalities in legal security, people need to be protected and treated equally and fairly by the law. This domain covers inequalities in treatment before the law and within criminal or administrative systems in relation to gender and area of residence.

136. The domain covers both objective and subjective measures of physical security. Objective measures are to do with the experience of physical violence. Studies in this domain have prioritized violence against women including physical, sexual, and emotional. Subjective measures on the other hand, include whether people feel physically secure at home, in their neighbourhood and the extent to which people worry about physical attacks (Itriago, 2019.).

137. The indicators for this domain have included objective measures derived from household surveys, particularly the demographic and health survey which asks respondents whether they have been victims of different types of domestic violence and the study reports on physical, sexual, and emotional violence across Southern African countries in relation to age, socioeconomic status, and geographical region. This has been covered in the first domain. In terms of subjective measures, opinions regarding the performance of public institutions such as the police and the justice system were analysed also in relation to gender, age, education, and socioeconomic status.

138. Figure 9 reports the results of the question of whether respondents had confidence in the police service. Similar to the other domains, the results showed wide variations among countries. Overall, women and men report relatively moderate confidence in the police. South Africa, Zimbabwe, and Eswatini reported significantly less confidence in the police.

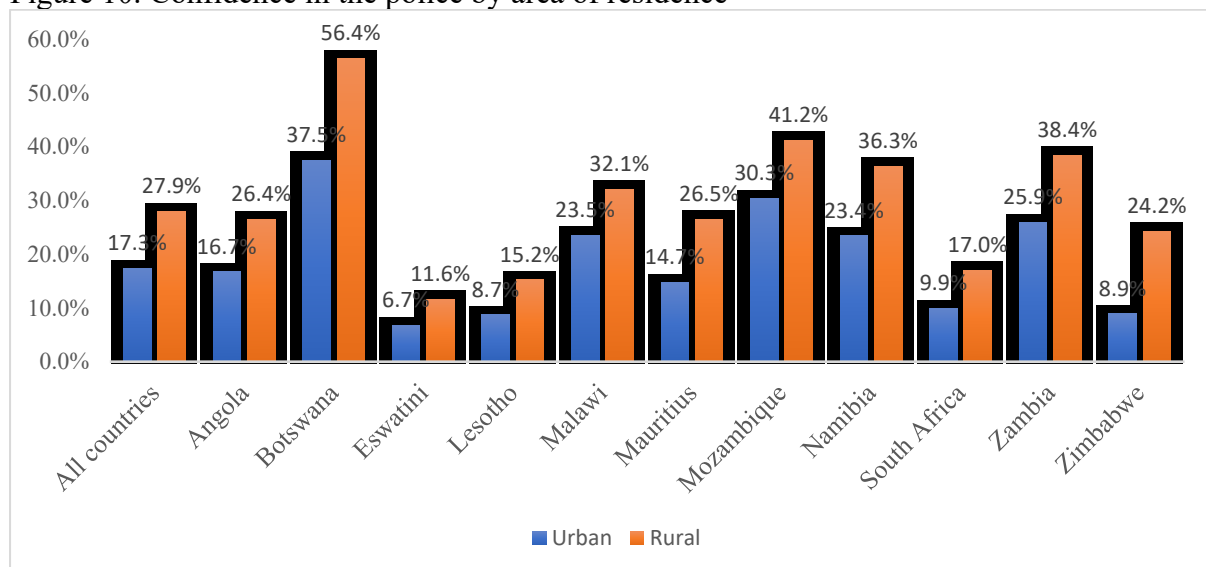
Figure. 9. Confidence in the police by gender



Source: Author calculation using data from the Afrobarometer surveys (2022)

139. Figure 10 reports the question of whether people have confidence in the police service by area of residence. In almost all countries, people in rural areas seemed to trust the police more than those in the urban areas. Across Southern Africa, people in rural Botswana had the highest confidence in the police.

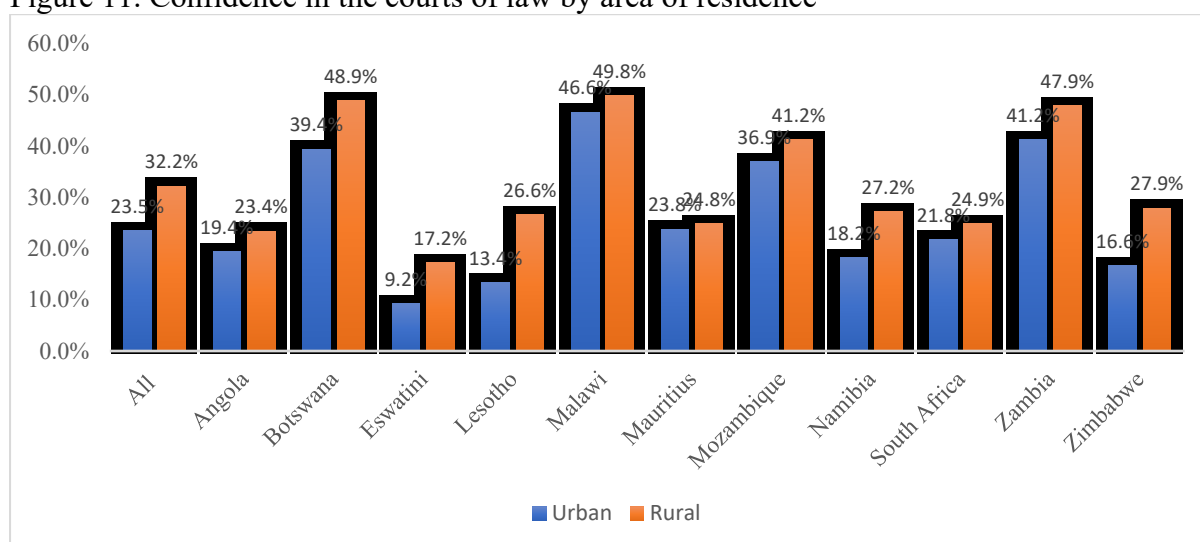
Figure 10. Confidence in the police by area of residence



Source: Author calculation using data from Afrobarometer (2022)

140. Figure 11 reports the level of confidence people have in the courts of law. The results indicate similar patterns to the level of confidence in the police service - people in the rural areas have more confidence in the courts of law than those in urban areas. People in Malawi, Botswana, and Zambia had the highest levels of confidence in the courts of law compared to other countries.

Figure 11. Confidence in the courts of law by area of residence



Source: Author calculation using data from Afrobarometer (year?)

### Domain 3: Education and Learning.

141. Inequality in the capability to be knowledgeable, to understand and reason, and to have the skills to participate in society. Domain 3 of the Multidimensional Inequality Framework (MIF), on education and learning, addresses the inequalities that people may experience in their capability to have knowledge, understanding and reasoning, and to have the skills necessary to participate in society (Itriago, 2019). There are several sub-domains that can be considered under education and learning, and in this regard, the report focusses on primary and secondary school enrolment by sex as well as educational status by place of residence (rural/urban).

142. Table 6 reports the percentage of primary and secondary school enrolment by gender. All countries have made significant progress over the years with regard to enrolment in primary school, male and female included. Mauritius posits the highest enrolment numbers both at primary and secondary levels, followed by Namibia and Lesotho. However, some countries still have challenges of net enrolment especially at secondary levels. Mozambique for example, is at 19.3 per cent for females and 19.2 for males.



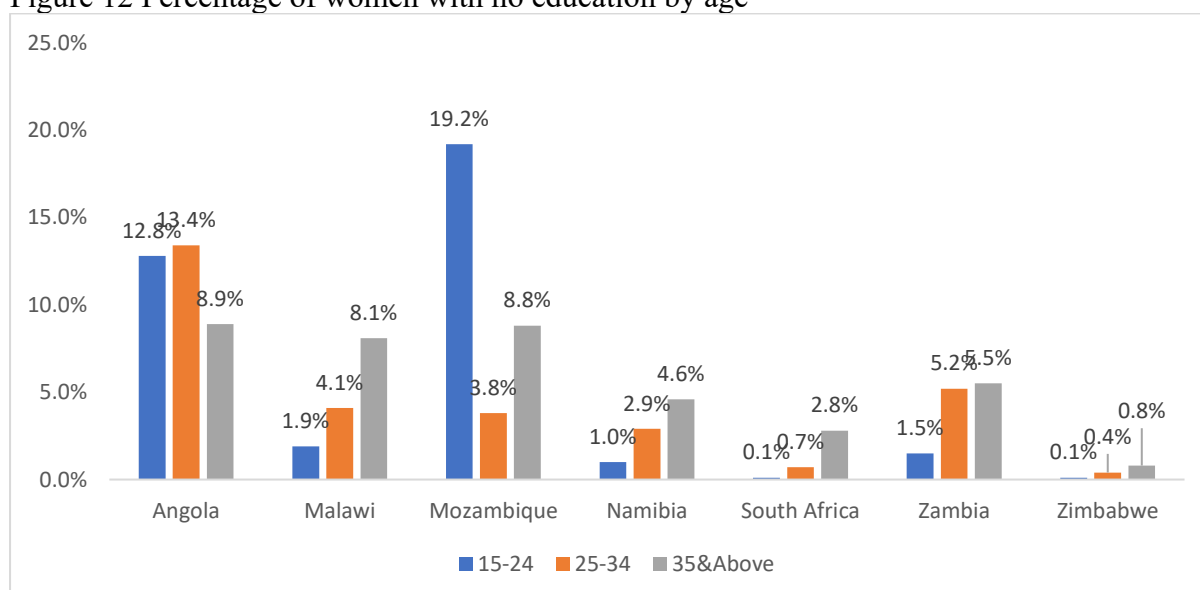
Table 6. Percentage of primary and secondary school enrolment by gender

Country (Year)	Primary school enrolment		Secondary school enrolment	
	Female	Male	Female	Male
Angola (2011)	67.3	88.9	**	**
Botswana (2014)	88.1	87.2	**	**
Eswatini (2017)	82.4	82.7	47.1	36.4
Lesotho (2017)	93.4	93.2	50.0	32.9
Mauritius (2013)	97.2	94.9	87.1	81.7
Malawi (2018)	**	**	34.7	33.7
Mozambique (2018)	92.5	95.4	19.3	19.2
Namibia (2012)	96.15	94.3	**	**
South Africa (2017)	86.7	87.3	78.5	65.4
Zambia (2017)	85.0	81.4	**	**
Zimbabwe (2013)	**	**	48.5	48.9

Source: World Bank's World Development Indicators

143. Figure 12 reports the percentage of women with no education by age. In almost all countries, it is clear that women who are 35 years of age and above are less educated compared to other women of a younger age groups. Mozambique is an outlier as it shows more young women with no education (figure?) compared to elderly women, at 19.2 per cent. Why???

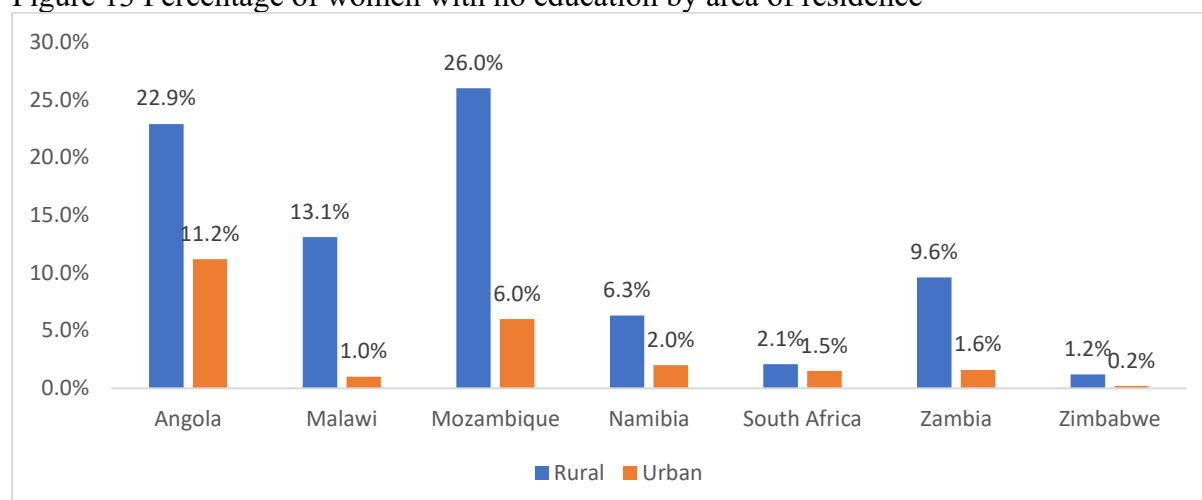
Figure 12 Percentage of women with no education by age



Source: Author calculation using data from the DHS

144. Figure 13 indicates the percentage of women with no education by area of residence. It is not surprising that in almost all countries, there are geographical inequalities between urban and rural population, in that those in rural areas have more people with no education. Mozambique has the highest percentage of people without any education, while Zimbabwe has the lowest percentage of people without any education.

Figure 13 Percentage of women with no education by area of residence



Source: Author calculation using data from the DHS

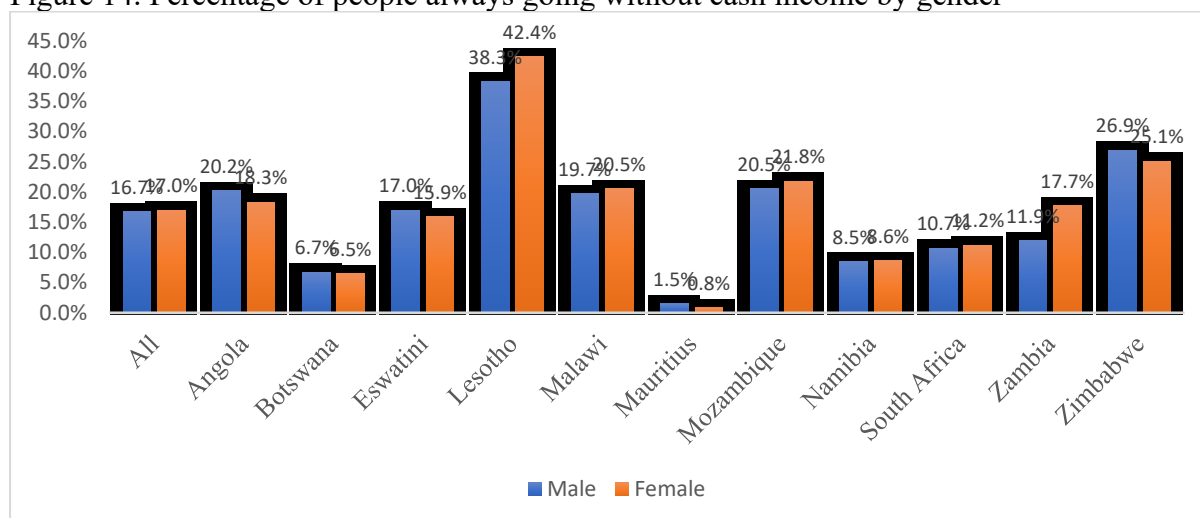
#### Domain 4: Financial security and dignified work

145. Inequality in the capability to achieve financial independence and security, enjoying dignified and fair work, and recognition of unpaid care work. Domain 4 of the MIF addresses the inequalities people may experience in achieving financial security and independence and accessing dignified work, as well as in the recognition of unpaid care work. Within this, several priority subdomains are analysed: financial independence (cash income), employment and quality of employment, and unpaid work.

146. The inability of the subregion's development model and production strategy to generate quality jobs that guarantee adequate income and decent living conditions for the entire population throughout the life cycle continues to be both a cause and a consequence of inequality. In turn, social gender inequality due to the sexual division of labour is yet another structural barrier to the participation of women in the subregion in the labour market and/or to their uptake of economic opportunities.

147. Figure 14 reports the percentage of people going without money. It shows that Lesotho has a large percentage of people without income, followed by Zimbabwe. Mauritius reports the lowest percentage of people without money. On average, gender does not seem to matter much when it comes to access to income.

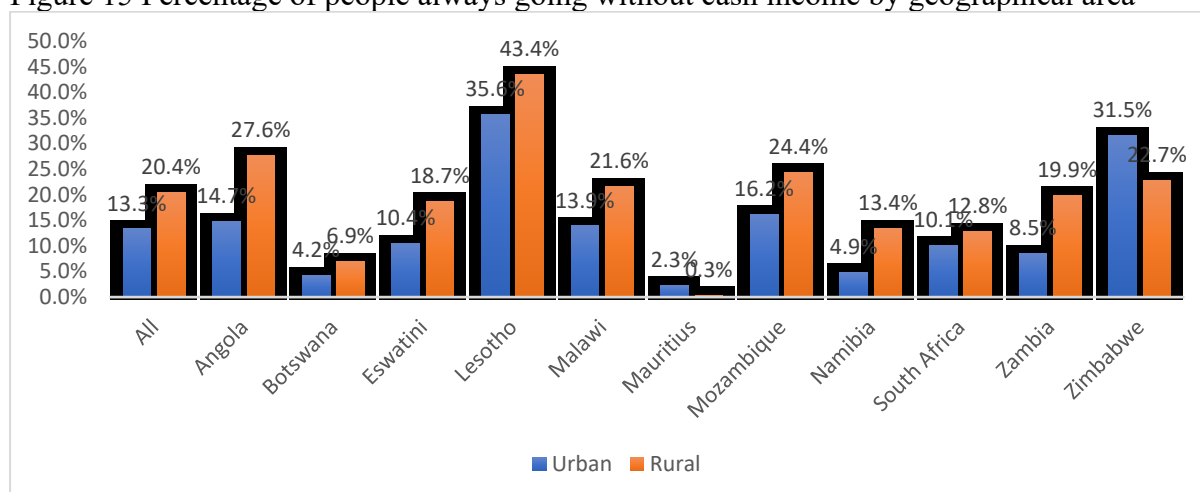
Figure 14. Percentage of people always going without cash income by gender



Source: Author calculation using data from Afrobarometer (2022)

148. In relation to geographical inequality, as shown in Figure 15, rural areas have more people going for longer periods without income compared to people in urban areas. This seems to be the trend across all countries of the region. Lesotho reports the highest percentage of people without income in the rural areas compared to other countries. Similarly, Mauritius has the lowest number of people without income.

Figure 15 Percentage of people always going without cash income by geographical area



Source: Author calculation using data from Afrobarometer 2022

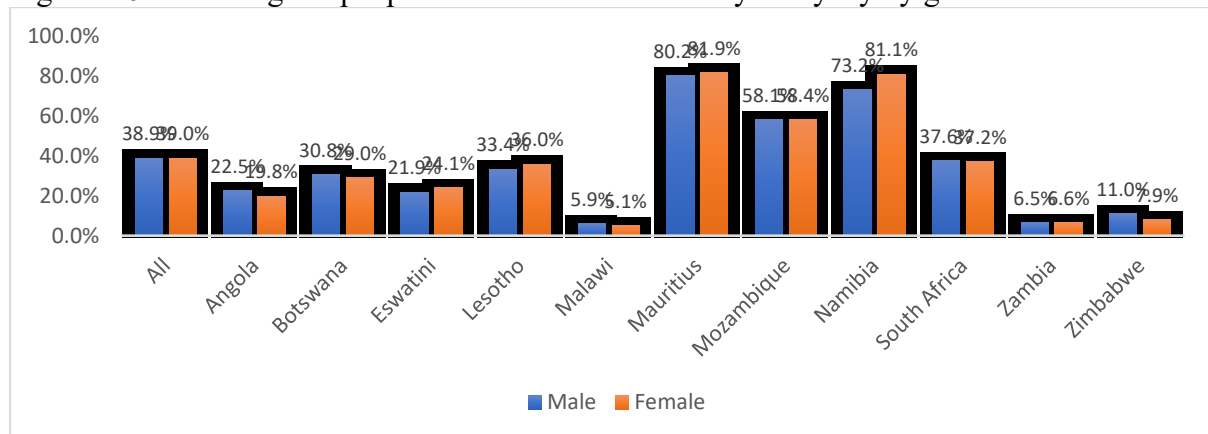
### Domain 5: Adequate living conditions. Inequality in the capability to enjoy comfortable, independent, and secure living conditions

149. Domain 5 of the MIF is on adequate living conditions, addresses inequality that people may experience in their capability to have access to and enjoy comfortable, independent, and

secure living conditions. Within this, it analyses a number of subdomains or issues, including secure access to electricity and clean water.

150. In terms of electricity, Figure 16 shows the percentage of people with available electricity everyday by gender. Access is highest in Mauritius followed by Namibia and Mozambique. Difference in access based on gender is negligible.

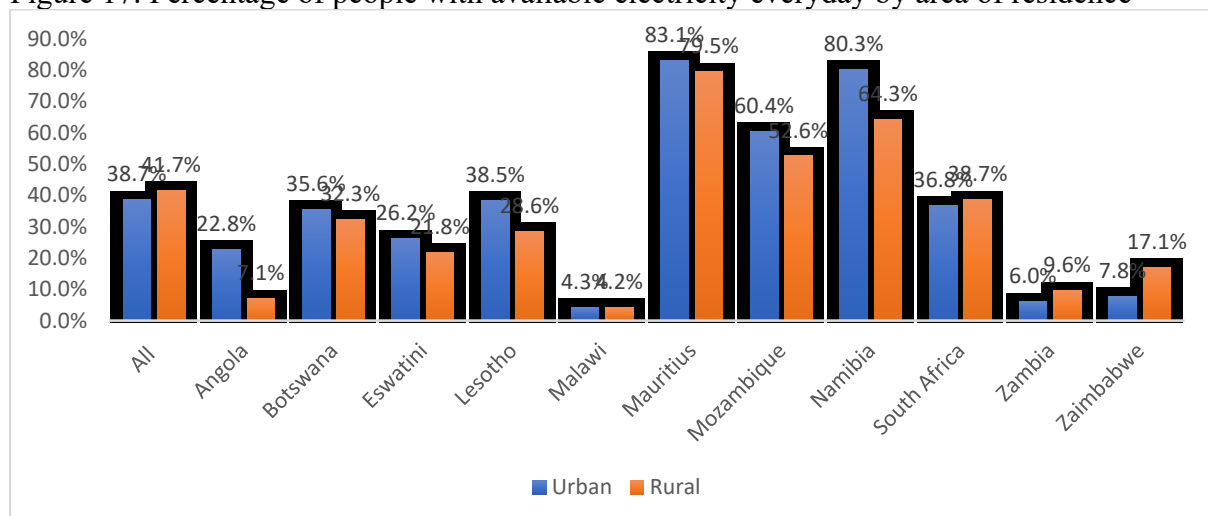
Figure. 16. Percentage of people with available electricity everyday by gender



Source: Author calculation using data from Afrobarometer (2022)

151. With regard to area of residence, people living in urban areas generally have more access to electricity than those living in rural areas. Conversely, in South Africa, Zambia and Zimbabwe, the rural population have slightly higher access to electricity than in urban areas, although the nature and type of electricity is not specified.

Figure 17. Percentage of people with available electricity everyday by area of residence



Source: Author calculation using data from Afrobarometer 2022

## 4.3 The Status of vulnerability in Southern Africa

### 4.3.1 Vulnerability to poverty

152. In the absence of an established benchmark, the number of vulnerable people is estimated both above and below the extreme poverty line (US\$2.15 in purchasing power parity terms a day) at different levels namely, +/-10 per cent of the extreme poverty line, +/-25 per cent and +/-33 per cent. Individuals whose consumption is 0–10 per cent, 11–25 per cent and 26–33 per cent above the extreme poverty line are considered vulnerable to falling below the poverty line, depending on the size and duration of the shock and the impact on the economic sector where the individual works. Individuals whose consumption is more than 33 per cent above the poverty line but below US\$5.50 (in purchasing power parity terms) a day are poor based on that poverty line but are considered the least vulnerable to falling into extreme poverty.

153. Similarly, individuals whose consumption is 10 per cent, 25 per cent and 33 per cent below the extreme poverty line are vulnerable to staying in poverty. Those closer to the poverty line, within 25 per cent or 33 per cent, could exit poverty soon but are likely to be adversely affected by the economic downturn accompanying the COVID-19 pandemic and unable to exit poverty for some time. Those whose consumption is more than 33 per cent below the poverty line (that is, less than US\$1.30) would require very high growth elasticity of poverty to exit poverty. They are likely to remain in poverty over the long term.

154. Table 7 shows a large percentage of people in Southern Africa who are living in extreme poverty and are vulnerable to staying in poverty with a consumption band of less than US\$1.30, at 34.6 per cent. The combined percentage of people living in extreme poverty and are vulnerable is 55 per cent. Altogether the vulnerable population in the subregion are around 70 per cent on average.

155. Table 7. Percentage distribution of poor people and people vulnerable to staying in or falling into poverty in Southern Africa<sup>21</sup>

Level of vulnerability	Consumption band US\$	Distance from extreme poverty	Percentage
Living in extreme poverty and vulnerable to staying in poverty	<1.30	<-33	34.6
	1.30 – 1.40	-25 to -33	5.5
	1.41 – 1.71	-10 to -25	9.3
	1.72 – 1.90	0 to -10	5.5
Not living in extreme poverty but vulnerable to falling into poverty	1.90 – 2.10	0 to 10	4.8
	2.10 – 2.40	10 to 25	6.2
	2.40 – 2.50	25 to 33	3.0
Least vulnerable	2.51 – 5.50	>33	31.0

Source: ECA Economic Report on Africa 2021

<sup>21</sup> Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia, Zimbabwe

156. Table 8 shows the number of people who are vulnerable to poverty by country. South Africa has the largest number of people who are vulnerable to poverty, followed by Zimbabwe and Malawi. Mauritius has the lowest number of vulnerable people at 3,672.

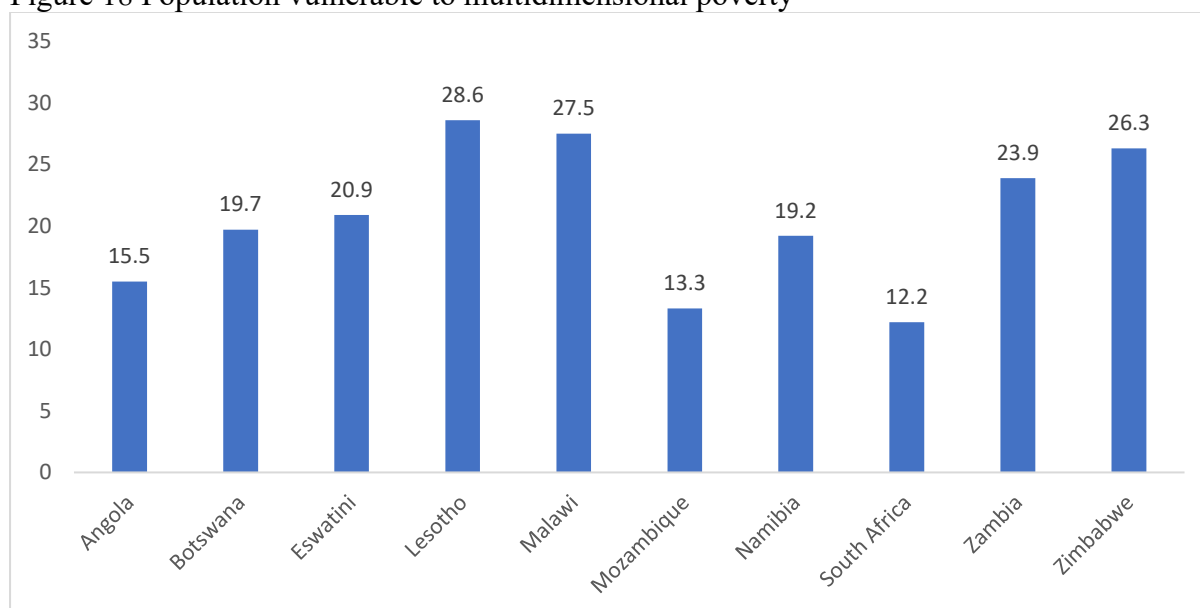
Table 9 Number of people vulnerable to poverty by country

Countries	Number of people vulnerable to fall into poverty in 2022
Angola	3,027,104
Botswana	225,525
Eswatini	115,497
Lesotho	188,516
Mauritius	3672.33
Malawi	1,581,017
Mozambique	2,746,749
Namibia	175,980
South Africa	4,697,460
Zambia	1,275,271
Zimbabwe	1,580,633

Source: ECA Economic Report on Africa 2021

157. In terms of vulnerability to multidimensional poverty, Lesotho has the highest percentage of people who are vulnerable, followed by Malawi and then Zimbabwe. South Africa has the lowest percentage of people vulnerable to multidimensional poverty. Data could not be accessed for Mauritius.

Figure 18 Population vulnerable to multidimensional poverty



Source: Global Multidimensional Index 2022

### 4.3.2. Vulnerability to climate change

158. The Global climate risk index (CRI) analyses quantified impact of extreme weather events both in terms of fatalities and economic losses that occurred. Three Southern African countries were among the ten most affected countries in 2019 including Mozambique, Zimbabwe, and Malawi. Table 10 shows the climate risk index among Southern African countries. Mozambique was the most affected and highest ranked country in Southern Africa and the world. Zimbabwe and Malawi occupied the second and third positions respectively. The high rankings of the three countries were mostly influenced by the tropical Cyclone Idai which caused catastrophic damage and humanitarian crisis in all three countries as indicated above.

Table 10. Climate risk index for Southern African countries

<b>CRI Rank</b>	<b>Country</b>	<b>CRI Score</b>	<b>Fatalities in 2019 (Rank)</b>	<b>Losses in million US\$ (PPP)(Rank)</b>
23	Angola	32.33	44	22
117	Botswana	99.83	106	107
130	Eswatini	118.00	106	130
61	Lesotho	64.67	106	58
5	Malawi	15.17	20	35
125	Mauritius	105.17	106	113
1	Mozambique	2.67	2	4
113	Namibia	98.17	75	111
24	South Africa	32.50	16	31
59	Zambia	63.33	80	56
2	Zimbabwe	6.17	6	21

Source: Climate risk index 2021

## 5. Country appraisals on poverty and inequality in Southern Africa

159. These will cover economic situations, extent of within-country variations in poverty, inequality, and vulnerability, including progress towards achieving subregional, regional and global goals on poverty and inequality. Additionally, the chapter will also look at government efforts, policies, and actions initiated to address them. Success stories, best practices and lessons will be presented where they exist. The following countries are appraised in this chapter, beginning with a snapshot of progress made in key poverty and inequality indicators:

- Angola
- Botswana
- Eswatini
- Lesotho
- Malawi
- Mauritius
- Mozambique
- Namibia
- South Africa
- Zambia
- Zimbabwe

### Angola

The Table below offers a snapshot of Angola’s progress in key indicators of poverty and inequality over time

Table 11: Progress in poverty and inequality reduction in Angola

Indicator	Sustainability trend	Remarks on trends
Poverty- proportion of people living below \$2.15 per day	↘	The number of people living in poverty has continued to increase in Angola challenging the concerted efforts that the country is making towards poverty reduction
Multidimensional poverty	→	More than half of the Angolan population still experience multidimensional poverty. Needs improvement in the standard of living elements of the MPI
Income inequality	↘	Income inequality still persists with the poor and vulnerable still unable to access opportunities for poverty eradication
Gender inequality	→	Apart from labour force participation where progress is being made. Other metrics of gender equality are still lagging and needing more effort.



## *Economic growth*

160. Angola's economy depends mostly on the oil and gas industry, which contributed roughly one-third of Angola's GDP. The country is the second largest oil producer in Africa, having recorded an output of nearly 65 million metric tons in 2020<sup>22</sup>. However, the oil and gas has not been performing optimally over the years, and this contributed to the country being in recession between 2015 and 2020, leading to a reduction in production of 5.2 per cent. The extraction and refine of crude oil and natural gas added 28.9 per cent to the country's economy, slightly below the share recorded in 2020 (32 per cent). The COVID-19 pandemic only exacerbated the problem and contributed to the lengthy recession leading to a GDP declined by a cumulative 10.2 per cent between 2016 and 2020<sup>23</sup>.

## *Poverty, inequality, and human development*

161. Negative growth has not been favourable to poverty and inequality reduction. Poverty is estimated to have increased to 48.4 per cent in 2019 compared to 47.6 per cent in 2018 when using the USUS\$ 1.9 per person per day (2011 PPP). Poverty levels currently stand at 54.7 per cent using USUS\$ 2.15 and 51.1 per cent of multidimensional poverty. Income inequality is estimated to be at 51.5 per cent while wealth is concentrated within a narrow elite, with a majority of the country's population struggling to meet basic needs. Wealth inequality stands at 89 per cent. It is clear that COVID-19 negatively affected labour and non-labour income. The slowdown in economic activity due to social distancing measures led to loss of earnings in the formal and informal sector, among informal workers that cannot work remotely or whose activities were limited by Government. Poverty is expected to remain high during the next three years as economic performance worsens.

162. Employment rate in Angola is averaging 62.7 per cent. This indicates that unemployment continues to be a challenge in Angola with youth unemployment being relatively higher, as the employment rate amounts to 56.7 per cent. Vulnerable employment is equally high in Angola, averaging 73.7 as a percentage of total employment. The drivers of unemployment in the country are mainly lack of skills training and inadequate education resulting in relative literacy levels of around 72.3 per cent.

163. The gender gap index (GPI) score in Angola slightly decreased to 0.64 in 2022, meaning that females were 36 per cent less likely to have the same opportunities as males in the country. Gender equality is a major issue in the country, on all levels. A high maternal mortality ratio and adolescent birth rate persist, as well as a low percentage of the female population with at least some secondary education and a lower female labour force

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<sup>22</sup> Statista.2023. Share of the oil and gas industry in Angola's Gross Domestic Product (GDP) from 2010 to 2021. Available at [https://www.statista.com/statistics/1301790/share-of-the-oil-and-gas-industry-in-angola-gdp/#:~:text=As per cent20of per cent20the per cent20third per cent20quarter,Gross per cent20Domestic per cent20Product per cent20\(GDP\).](https://www.statista.com/statistics/1301790/share-of-the-oil-and-gas-industry-in-angola-gdp/#:~:text=As per cent20of per cent20the per cent20third per cent20quarter,Gross per cent20Domestic per cent20Product per cent20(GDP).)

<sup>23</sup> World Bank. 2020. Poverty and equity brief. Available at [https://databankfiles.worldbank.org/public/ddpext\\_download/poverty/33EF03BB-9722-4AE2-ABC7-AA2972D68AFE/Global\\_POVEQ\\_AGO.pdf](https://databankfiles.worldbank.org/public/ddpext_download/poverty/33EF03BB-9722-4AE2-ABC7-AA2972D68AFE/Global_POVEQ_AGO.pdf)

participation in comparison to males. Low level of education translates into fewer and less attractive employment opportunities for women.

164. Climate change poses a threat to Angola's development ambitions. Agriculture, which employs a large part of the population, is the most vulnerable sector to climate change due to changing rain patterns. IPCC analyses indicate decreases in annual rainfall in the north and south of Angola, and an increase on or along the central coast; however, due to intensity of precipitation episodes in the south, flooding more likely. Floods and coastal erosion are of serious concern in Angola as 50 per cent of Angolan population lives in coastal areas.

#### *Efforts towards poverty and inequality reduction*

165. Despite the gloomy prospect, Angola has made significant headways in terms of macroeconomic fundamentals in the aftermath of the COVID-19 pandemic<sup>24</sup>. The removal of COVID-19 related restrictions, the lagged impact of macroeconomic reforms, and the government's efforts to diversify the economy boosted non-oil growth, particularly in agriculture and services. The Angolan government's efforts to reduce poverty and inequality are multifaceted, and include addressing a range of economic, social, and political factors that contribute to these challenges. While progress has been made, there is still much work to be done to ensure that all Angolans can live dignified and fulfilling lives.

166. Angola launched its National Development Plan (NDP) 2018-2022<sup>25</sup>, aimed reducing poverty and inequality by promoting economic growth and diversification, improving social services and infrastructure, and enhancing good governance and human rights. The country also intends to transform the state-led and oil-funded economic model into a sustainable, inclusive, private-sector-led growth model. While much remains to be done to achieve this transformation, the Angolan government has taken important steps to safeguard macroeconomic stability and delivered on several key reforms. This includes a more flexible exchange rate regime, active debt management, the Law on Preventing and Combating Money Laundering, the Fiscal Responsibility Law, and the Privatization Law. The country underwent relatively peaceful elections in 2022, resulting in the renewed term for the President.

167. The country has implemented several social safety net programs to support vulnerable populations, including cash transfers to poor families, food subsidies, and healthcare services. The government has also established a National Institute of Social Action to coordinate and implement social protection programs. In the area of education and training, Angola has made efforts to increase access to education and training programs to improve human capital and promote economic development. The government has increased investment in education, expanded access to primary and secondary education, and implemented vocational training programs to improve skills and employability. The country has also made significant efforts in

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<sup>24</sup> UNCTAD. 2021. Economic and Social Impact of COVI-19 in Angola. Available at: [https://unctad.org/system/files/official-document/aldcinf2021d6\\_en.pdf](https://unctad.org/system/files/official-document/aldcinf2021d6_en.pdf)

<sup>25</sup> Angolan National Development Plan. 2018. Available at: <https://www.cabri-sbo.org/en/documents/national-development-plan-pnd-2018-2022>

terms of promoting agriculture and rural development to improve livelihoods especially in rural areas, which are often the most vulnerable to poverty and inequality. The government has invested in agricultural extension services, improved access to credit and markets for smallholder farmers, and implemented programs to improve land tenure and management.

168. Angola has made efforts to promote job creation and entrepreneurship to help lift people out of poverty. The government has established programs to support small and medium-sized enterprises, improved access to credit and financing for entrepreneurs, and implemented policies to attract foreign investment and create jobs in key sectors such as agriculture, manufacturing, and tourism. Gender equality and women’s empowerment have been prioritised by the country, recognizing that women are often disproportionately affected by poverty and inequality. The government has implemented policies to improve access to education and health care for women, promote women's participation in decision-making, and combat gender-based violence.

169. The AfCFTA is another promising prospect going forward with its projected benefits for State Parties. Angola has ratified the AfCFTA Agreement and has initiated actions towards the development of a national AfCFTA implementation strategy. Angola is one of the pilot countries for the AfCFTA Country Business Index (ACBI) indicator, developed by UN Economic Commission for Africa, to assess the business perceptions of AfCFTA and trade opportunities and barriers. In the initial findings, released in February 2022, the overall score of the ACBI indicator for Angola is at 4.9 out of 10 (0 indicating negative perception, 10 – very positive perception) of the overall impact and potential of the AfCFTA for business. The score for Angola indicates a neutral perception by business actors of the potential impact of the AfCFTA.

170. In terms of progress towards SDGs overall has been slow and insufficient for the country to make significant strides. The latest SDG Index score for Angola is at 50,9 per cent, ranking it as 154 out of 163 countries ranked. According to the upcoming CCA for Angola (UN, 2023), the iSDG model exercise project that at current levels of investment, only 25 per cent of SDGs goals would be achieved by 2030. Additional investments of up to 5 per cent of GDP in human capital, productive activities, infrastructure (the new NDP priorities), and especially environment protection, could lift this achievement up to almost 40 per cent.

## Botswana

Table 12: Progress in poverty and inequality reduction in Botswana

Indicator	Sustainability trend	Remarks on trends
Poverty- proportion of people living below \$2.15 per day	↗	The country is one of those that have experienced a significant reduction in poverty over the years due to general improvements in people’s standard of life

Multidimensional poverty	→	Multidimensional deprivation is low in the country due to high economic growth with a trickle-down effect of relatively high standard of living.
Income inequality	↘	Even with better performance in terms of poverty reduction, income inequality is still problematic as the country is still one of those with the highest income inequality in the subregion
Gender inequality	↗	The country is performing well on the gender equality metrics including education and labour force participation.

### *Economic growth*

171. Botswana has been one of the fastest growing economies in Africa during the last decade anchored mainly on the fortunes of the diamond sector which accounts for more than one third of the GDP, almost all export earnings and half of the government’s revenues. As such, the government made significant improvements in the living conditions of the people, resulting in significant reduction in poverty. Botswana registered a GDP expansion of 12.5 per cent post the COVID-19 pandemic restrictions as the international diamond market recovered. The country’s economy had contracted by an estimated 8.7 per cent in 2020, after growing by 3.0 per cent in 2019, as the COVID–19 lockdown and other restrictions pushed back economic activity. Falling global demand for diamonds precipitated a decline in mining output. The fiscal deficit financed through borrowing and a reserves drawdown widened to 6.2 per cent of GDP in 2021. However, public debt, at 18.6 per cent of GDP in 2021, remains sustainable compared to regional member States. The Bank of Botswana’s monetary policy stance was accommodative, with its policy rate at 3.75 per cent in 2021 though average annual inflation in 2021 rose above the upper end of the central bank’s range of 3–6 per cent to 7.2 per cent from 1.9 per cent in 2020 due to higher fuel prices, value-added tax, and domestic demand.

172. The current account deficit narrowed to 1.9 per cent of GDP in 2021, from 10.6 per cent in 2020, as diamond prices and SACU revenues rebounded due to an upswing in economic activity as the pandemic and the associated restrictions waned. However, the country’s reliance on diamonds for export receipts and government revenues heighten vulnerability to external shocks as was evident during the COVID-19 pandemic when the economy contracted by 8.7 per cent in 2020 due to the disruption of supply chains leading to lower revenues while at the same time fiscal pressures escalated as the Government supported industry through concessions. Growth has continued to rebound in 2022 to reach 11.4 per cent and is expected to cool off in 2023 at 4.1 per cent.

### *Poverty, inequality and human development*

173. Using the poverty line of upper middle-income countries like Botswana (US\$5.50 per person per day in 2011 PPP), the share of the population living in poverty declined from 65 per cent to 56 per cent between 2003 and 2010. However, between 2010 and 2016, the progress in poverty reduction came to slowed down, and poverty rate increased to 59 per cent and

moderately reversing some gains<sup>26</sup>. COVID-19 worsened economic consequences on the country. It is estimated that in upper middle income country standards, poverty increased to 60 per cent.

174. Although Botswana's performance was only in the middle of the worldwide shared-prosperity distribution, inequality decreased with the Gini index falling from 60.5 per cent to 53.3 per cent. Nevertheless, Botswana remains one of the world's most unequal countries. Inequality in Botswana remains among the highest in the world<sup>27</sup> and the country is among the 15 most unequal countries in the world with a Gini Coefficient of 53.3 in 2017<sup>28</sup>. It has a national poverty headcount ratio of 16.3 per cent (2015/16) with the headcount being higher in rural areas at 24.2 per cent compared to urban areas at 9.4 per cent<sup>29</sup>.

175. Unemployment in Botswana was high at 26 per cent at the end of 2021<sup>30</sup> and has shown no significant changes between 2021 and 2020 although it rose between 2019 and 2020 from 22.6 per cent to 24.9 per cent mainly as a result of the COVID-19 restrictions. Unemployment among the youth is exacerbated by the mismatch between available opportunities and skills among the unemployed. In terms of gender inequality, the World Economic Forum's (2022) Global Gender Gap Index, ranks Botswana 66<sup>th</sup> among 146 countries in terms of gender parity in the critical dimensions of economic opportunities, education, health, and political leadership. Within sub-Saharan Africa, Botswana places 14<sup>th</sup> among 36 countries. The Gender inequality index (GII) of Botswana declined from 0.5 in 2011 to 0.47 in 2021<sup>31</sup> and the country ranked 117<sup>th</sup> out of 191 countries. The country's Human development index has steadily increased from 0.58 in 2000 to 0.693 in 2021<sup>32</sup> and its Gender Development Index at 0.981 in 2022 was comparatively high.

### *Efforts towards reducing poverty and inequality*

176. There are several strategies aimed at enhancing private sector competitiveness and growth, such as the Excellence Strategy, 2008; the Economic Diversification Drive, 2011; the National Export Strategy, 2010-2016; the Private Sector Development Strategy, 2009-2013; investment in broadband width; and modernization of the payment system, among others. Botswana's prudent fiscal policy remains one of the hallmarks of its macroeconomic framework. Prior to the 2008 GEFC, the Government ran budget surpluses and accumulated substantial savings. The budget outturn for 2012/13 recorded a small budget surplus of 0.7 per cent of GDP, largely on account of improved revenue from SACU. In order to lower the Government's wage bill, efforts have been made to rationalize state-owned enterprises and

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<sup>26</sup> World Bank. 2020. Poverty and equity brief. Available at [https://databankfiles.worldbank.org/public/ddpext\\_download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/SM2020/Global\\_POVEQ\\_BWA.pdf](https://databankfiles.worldbank.org/public/ddpext_download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/SM2020/Global_POVEQ_BWA.pdf)

<sup>27</sup> World Bank, 2022, Inequality in Southern Africa: An Assessment of Inequality in SACU

<sup>28</sup> World Bank Poverty Database

<sup>29</sup> <https://www.statsbots.org/bw/>

<sup>30</sup> Statistics Botswana (2020) Multi-Topic Survey: Labour Force Module Report

<sup>31</sup> United Nations **Development** Programme **Human Development** Report, 2021-22 Statistical

<sup>32</sup> <https://hdr.undp.org/data-center/>

outsource programmes to the private sector. The broad structure of revenue is such that tax revenue accounts for around 70 per cent of total revenue, with VAT accounting for about 14 per cent. Botswana’s monetary policy objective is to achieve price stability, targeting inflation rates within a range of 3 per cent to 6 per cent, and recording 4.1 per cent in December 2013.

177. Other effort by the government have included that of promotion of agricultural development and improving livelihoods in rural areas, which are often the most vulnerable to poverty and inequality. The government has implemented programs to improve land tenure and management, provide access to credit and markets for smallholder farmers, and promote agribusiness development. Botswana has implemented a range of social safety net programs to support vulnerable populations, including the elderly, people with disabilities, and low-income households. These programs include cash transfers, food subsidies, and other forms of social assistance.

178. The government has invested in infrastructure development, including the construction of roads, bridges, and water supply systems, to improve access to basic services and promote economic growth. Botswana has made efforts to promote agricultural development and improve livelihoods in rural areas, which are often the most vulnerable to poverty and inequality. The government has implemented programs to improve land tenure and management, provide access to credit and markets for smallholder farmers, and promote agribusiness development.

179. Job creation and entrepreneurship: Botswana has made efforts to promote job creation and entrepreneurship to help lift people out of poverty. The government has established programs to support small and medium-sized enterprises, improved access to credit and financing for entrepreneurs, and implemented policies to attract foreign investment and create jobs in key sectors such as mining, tourism, and agriculture.

180. Furthermore, Botswana has made an effort to leverage the African Continental Free Trade Area (AfCFTA). Botswana ratified the Agreement Establishing the AfCFTA and deposited instruments with the African Union in February 2023. The country is currently being supported by ECA to develop a national AfCFTA implementation strategy.

## Eswatini

Table13: Progress in poverty and inequality reduction in Eswatini

Indicator	Sustainability trend	Remarks on trends
Poverty- proportion of people living below \$2.15 per day	→	Poverty levels remains relatively high in Eswatini and the trend show that there’s just a slight improvement in the poverty headcount ratio over the years.

Multidimensional poverty	→	Multidimensional deprivation is low, which results from high standard of life, improved quality of life and high primary enrolments among others
Income inequality	↘	Even with better performance in terms of multidimensional poverty reduction, income inequality is still relatively high.
Gender inequality	↗	The country is performing well on the gender equality metrics including education and labour force participation.

### *Economic growth*

181. The economy of Eswatini has not been performing well for the past two decades, posting economic contraction of approximately two per cent. Most economic indicators have been on the decline especially during the COVID-19 pandemic periods. For example, its economy in 2020 declined by an estimated 3.2 per cent after a gain of approximately 2.2 per cent in 2019. Manufacturing declined sharply as export-oriented industries were constrained by temporary business closures, disruptions in global value chains, and weak demand. Construction dropped as the COVID-19 pandemic upended input supplies. Investment weakened, and consumption, a key driver of aggregate demand, retreated, crippling the performance of key services such as wholesale and retail, tourism, and hospitality<sup>33</sup>

182. GDP growth continues to be very poor averaging about 2.6 per cent between 2001 and 2010, and about 2.05 per cent between 2011 and 2020. According to the Central Bank of Eswatini (CBE), real GDP is estimated to have increased by 7.9 per cent in 2021 compared to a 1.6 per cent contraction realized during the height of the COVID-19 pandemic in 2020. The rebound was supported by a resurgence in the secondary and tertiary sectors, particularly manufacturing, construction, and ICT. Diversification of the manufacturing sector, value-addition, investing in high-value crops and developing a dynamic MSME sector will be key for the country's growth prospects.

183. The poor economic performance is characterised by high vulnerability to external shocks, growth that is highly dependent on government activities for stimulus, and a fiscal crisis with high deficit levels largely financed through borrowing which has led to fast increasing debt levels with high interest payments combined with increasing arrears that led the private sector into a state of indebtedness. The fiscal deficit worsened to 8.6 per cent of GDP in 2020, from 5.3 per cent in 2019, prompting the government to approach international financial institutions (IMF, WB and AfDB) for budget support. Gross public debt, which includes domestic arrears, rapidly rose to nearly 48 per cent of GDP from 38 per cent in 2019, well above the government's threshold of 35 per cent of GDP. Headline inflation has remained well within the Common Monetary Area target of 3-6 per cent, though an upsurge in domestic administered prices continues to be a downside risk going forward. Inflation increased from

<sup>33</sup> AfDB (2021). Eswatini Economic Outlook (afdb.org)

2.6 per cent in 2019 to around 4 per cent in 2020, stoked by supply constraints, elevated food prices, and a weakening domestic currency – which hit its lowest exchange rate to the US dollar in April 2020, having depreciated by 22 per cent since January 2020.

### *Poverty, inequality, and human development*

184. Smallholder agriculture remains the backbone of rural livelihoods, with over 70 per cent of the country's people relying on subsistence farming<sup>34</sup>. Post-harvest losses are estimated at 30 per cent of all food produced, and inefficient supply chains contribute to high costs that discourage smallholder production. As a result, while farming is an important source of food for poor rural families, production is not enough to meet households' food needs.

185. The country is vulnerable to recurrent climate-related and external shocks. The 2015-16 El Niño- induced drought, the worst in 50 years, caused a 40 per cent drop in production of the staple maize. Recurrent droughts and poor performing agricultural seasons, poor economic growth and reduced income opportunities have eroded further households' ability to cope with shock, leaving them more vulnerable to food insecurity.

186. High unemployment and the high concentration of employment in low value-added activities such as subsistence agriculture are a major factor behind the relatively high incidence of poverty. Poverty is largely rural, in part because progress towards poverty reduction continues to be tied to the performance of the agricultural sector which is highly vulnerable to adverse weather conditions. Other challenges to poverty reduction include slowing economic growth combined with high inequality and the highest prevalence of HIV/AIDS in the world (27.2 per cent in 2017). Women are disproportionately affected, with 35 per cent living with HIV compared to 19 per cent of men. More than 50 per cent of children under 17 are orphaned, with about 59 per cent having lost parents to HIV- and AIDS-related deaths.

187. Income distribution within the country is extremely unequal. The wealthiest 10 per cent of the population account for nearly half of total consumption and there is an ever-widening gap between urban and rural development. There are clear signs that poverty and unemployment are on the rise<sup>35</sup>. About 84 per cent of the country's poor people live in rural areas, where per capita income is about four times lower than in urban areas, and food consumption is two times lower. A large proportion of rural households practice subsistence agriculture. About 66 per cent of the population is unable to meet basic food needs, while 43 per cent live in chronic poverty. When any disaster hits in Eswatini, more than one quarter of the country's population would require emergency food aid.

### *Government effort to address poverty and inequality*

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<sup>34</sup> World Food Program.2023. Eswatini. Available at <https://www.wfp.org/countries/eswatini>

<sup>35</sup> IFAD.2016. Enabling the rural poor to overcome poverty in Swaziland



188. Eswatini's development strategy was anchored on the 2007 national poverty reduction strategy aimed at bolstering the socioeconomic conditions in the country focussing on three ongoing priorities including maintaining macro-economic stability and accelerate economic diversification; boosting strategic infrastructure; and unlocking human capacity. Macroeconomic stability was to be achieved both through improving public financial management and the investment climate in order to stimulate private sector growth. Emphasis for example, was placed on reducing the size of the large public sector wage bill by promoting Voluntary Early Retirement Scheme (EVERS).

189. The poverty reduction strategy identified seven priority sectors, and these include tourism, agriculture, financial services, information, communications, and technology. It also identifies cross-sectoral reform priorities such as the fiscal reform, FDI, domestic investment, human capital development, infrastructure, and trade. These sectoral reform priorities were expected to help Swaziland achieve an annual economic growth rate of at least 5 per cent and the creation of 30,000 new jobs. However, this milestone has not been reached this far, as the Eswatini growth rate is expected to be 1.4 in 2021. Underfunding, capacity constraints, and other external factors hampered the ability to facilitate and achieve quick wins.

190. In the 2020 doing business report, Eswatini was ranked number 121 out of 191 economies, against a projected number of above fifty by 2014. Which means that the country is still needs to do more in terms of spurring the investment climate in the country. Eswatini is the process of developing its National AfCFTA Strategy and is on course to diversifying its manufacturing base. The country was among the first 8 countries to ratify the Agreement in 2018. The strategy is expected to be validated and politically launched by the end of this quarter (31 March 2023). The country relied heavily on South Africa which absorbs on average 74 per cent of imports and 69 per cent of exports. Although there are other important markets such as the EU, USA and other Sub-Saharan countries, these remained underutilized. Thus, the AfCFTA creates the impetus for the Eswatini economy to increase its product base and its export orientation.

## Lesotho

Table 14: Progress in poverty and inequality reduction in Lesotho

Indicator	Sustainability trend	Remarks on trends
Poverty- proportion of people living below \$2.15 per day	→	The country has experienced a relative reduction in poverty headcount ratio. However, poverty is mostly concentrated in rural areas
Multidimensional poverty	→	Multidimensional deprivation is relative low occasioned by improvements in quality of life including sanitation and clean drinking water
Income inequality	→	Income inequality still persists although with some marked progress due to among other reasons, a robust social protection scheme.
Gender inequality	↗	The country is performing well on the gender equality metrics in many respects including education and labour force participation.

### *Economic growth*

191. Lesotho continues on a modest recovery path from the COVID-19 pandemic but continues to face the challenges of rising food inflation and the adverse effects of climate change including droughts which is further undermining the agriculture sector and food production. The economy, which had contracted by 8.4 per cent in 2020 and rebounded by 1.3 per cent in 2021 due to increased activity in the service and construction sectors. The economy advanced by 4.56 per cent year-on-year in the third quarter of 2022, accelerating from a 0.40 per cent gain in the previous three-month period, reaching the highest growth since the second quarter of 2021<sup>36</sup> on the back of services and the secondary sector. Economic growth is expected to continue an upward trend to reach 2.5 per cent for 2022 and 2.8 per cent in 2023 on the back of continued growth in the services and construction sectors. Furthermore, the forecast rebound in SACU revenues will lead to a narrowing of the fiscal deficit to 4.6 per cent and 3.7 per cent of GDP in 2022 and 2023 respectively. The current account is projected to improve from a deficit of 6.8 per cent of GDP in 2022 to 5.4 per cent in 2023 on reduced imports.

192. Inflation was 5.8 per cent in 2021, up from 5.3 per cent in 2020, on account of supply chains disruptions which precipitated shortages and hence price increases. Inflation is projected to reach 7.6 per cent in 2022 and 5.9 per cent in 2023 owing to an increase in food price inflation due to the disruption in the supply of fertilizers and grain as a result of the Ukraine crisis. The fiscal deficit widened to 5.8 per cent of GDP in 2021, from 3.8 per cent in 2017, reflecting a fall in SACU revenues on account of the slow economic activity during the pandemic. The current account deficit narrowed from 7.9 per cent of GDP in 2017 to 2.8 per cent in 2021, due primarily to a decline in imports as supply chains were disrupted during the pandemic. The deficit was financed with capital transfers from South Africa. Public debt was estimated at 53.5

<sup>36</sup> [Lesotho Economic Outlook | African Development Bank - Building today, a better Africa tomorrow \(afdb.org\)](https://www.afdb.org)

per cent of GDP in 2021, up from 48 per cent in 2020. The projection for total debt is 50.2 per cent and 50.8 per cent in 2022 and 2023 as post COVID recovery continues.

### *Poverty, inequality, and human development*

193. Economic growth in Lesotho has not been inclusive. Poverty headcount is estimated at 32.4. The country ranks among the top 20 per cent of most unequal countries in the world with a Gini Coefficient of 44.5 in 2017<sup>37</sup>. Gender inequality continues to be a constraint on improving social and economic performance. Women and youth, and particularly adolescent girls and young women, the poor, and those living in rural areas, are especially vulnerable and disproportionately impacted. The Global Gender Gap index for Lesotho, which combines measures of economic participation and opportunity, educational attainment, health and survival, and political empowerment, has declined slightly since 2006 and the country's global ranking has declined from 43rd in 2006 to 87<sup>th</sup> in 2022.<sup>38</sup>

194. The unemployment rate in Lesotho increased from 22.44 per cent in 2019 to 24.56 per cent in 2020 due mainly to the impact of the pandemic which resulted in industries halting operations. However, the main factors inhibiting returns to labour and jobs in Lesotho are, the lack of skills, the high burden of disease especially HIV/AIDS and tuberculosis, the poor investment climate, and the lack of key infrastructure.

195. Lesotho ranked 61 out of 180 countries on the 2021 Global Climate Risk Index. Lesotho's geography and location means that the country is directly affected by climatological patterns from both the Indian and Atlantic Oceans thus increasing vulnerability to both worsening patterns of climate variability as well as the long-term impact of climate change. The country is witnessing an increase in temperatures, an increased frequency of droughts, an increased variability in rainfall, increased rates of soil erosion, increased desertification, and reduced soil fertility. In 2019 one-quarter of the population faced severe food insecurity because of a widespread drought. The introduced the National Adaptation Program of Action in 2007 to reduce GHG emissions by 10 per cent through 2030 at a cost of about US\$5.37 billion.

### *Government policies to address poverty and inequality*

196. Lesotho's development policy framework is based on the National Strategic Development Plan (NSDP) II, 2018/19 – 2022/23 (Government of Lesotho 2018), which was designed to enable the country to be able to meet the SDGs, the Southern African Development Community's Regional Indicative Strategic Development Plan, and the African Union Agenda 2063 Goals. The NSDP II sought to achieve sustainable pro-poor inclusive growth as the basis by which poverty reduction would be fostered. To do this, it identified four key policy areas:

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<sup>37</sup> World Bank Poverty Database

<sup>38</sup> An improvement in expected and mean years of schooling is compatible with a decline in literacy when the quality of education deteriorates.

enhancing private sector-led export-oriented economic growth and job creation; the strengthening of human capital formation; the building of an enabling infrastructural environment; and the strengthening of national governance and accountability systems. Its export-oriented economic growth and job creation emphasis focused on four sectors of activity: agriculture; manufacturing; tourism and the creative industries; and technology and innovation.

197. In the agricultural sector, NSDP II identified organic meat production, the wool and mohair industry, the poultry and dairy sub-sectors, and horticulture as areas where agriculture could grow, commercialization could be fostered, and exports increased. In the mining sub-sector, the NSDP II identified the need to increase yields to boost growth and to improve the efficiency of the use of the revenue tools needed to capture natural resource rents. In textile and apparel manufacturing, NSDP II sought growth through the fostering of the vertical integration of the sub-sector, to enhance its regional and global competitiveness.

198. In the travel and tourism sub-sector, NSDP II argued that growth was constrained by limited access to finance, insufficient infrastructural development and maintenance, poor inter-institutional coordination, limited tourism brand management and communication. As such, the NSDP II sought to increase private sector investment in the sub-sector; improve brand management by fostering the creation of Lesotho as destination of choice; improve the management and protection of tourism assets; improve the institutional framework; and build sustainable infrastructure.

199. However, implementation of the NSDP has been problematic due to crisis occasioned by the COVID-19 pandemic which undermined the government's capacity to meet the objectives of the NDSP II. In view of the emergency of the AfCFTA, Lesotho became a State party to the Agreement Establishing the AfCFTA having deposited her instruments of ratification with the Chairperson of the African Union on November 2, 2020. The country is yet to develop a national AfCFTA Implementation Strategy to guide engagement within the AfCFTA and consultations with the sub regional office are currently underway to initiate the process.

## Malawi

Table 15: Progress in poverty and inequality reduction in Malawi

Indicator	Sustainability trend	Remarks on trends
Poverty- proportion of people living below \$2.15 per day	→	The country is still grippling with high poverty levels. The country hasn't seen much change for more than a decade now.
Multidimensional poverty	→	More than half of the country's population are multidimensionally deprived. The intensity of poverty is above 50%, meaning that nationally poor people experience, on average, more than half of the weighted deprivations.

Income inequality	↘	Income inequality still persists in the country. The gap between the rich and the poor has been increasing over time.
Gender inequality	↗	The country is performing well on the gender equality metrics in many respects including education and labour force participation. For example, the female-to-male mean years of education is above 100 per cent

### *Economic growth*

200. Economic growth increased to 2.8 per cent of GDP in 2021 as the economy continues to recover slowly from the COVID-19 pandemic. Growth was driven by the strong performance of the agricultural sector, aided by favourable weather and increased input use. This offset weak growth in industry and services, which were more significantly impacted by restrictions related to COVID-19<sup>39</sup>. Headline inflation increased to 13.0 per cent in February 2022, above the monetary policy rate of 12 per cent. Food inflation reached 15.3 per cent, largely due to an increase in maize prices, while non-food inflation has been driven by rising fuel prices. The official exchange rate remained relatively stable for the second half of 2021 but rising global commodity prices contributed to inflation, and the spread between the official and cash exchange rate has widened. The country’s public debt is currently assessed to be in distress, though ongoing debt restructuring negotiations will help ensure debt sustainability over the medium term.

201. Growth is projected to decline to 2.1 per cent in 2022. This reduction is largely due to the combined effects of adverse weather and weather-related shocks, high government expenditure, acute foreign exchange shortages, disruptions to electricity and high inflation. These mean that Malawi continues to face an economic slowdown, macro-fiscal imbalances. The late onset of rains has been compounded by heavy rainfall and floods caused by Tropical Cyclones Ana, Gombe, and Freddy which have negatively impacted production of key export crops and other sectors that rely on agricultural inputs.

### *Poverty, inequality, and human development*

202. Progress in poverty and inequality reduction has been limited in Malawi despite relative economic growth in the past two decades. Poverty levels stand at 77.5 per cent in Malawi using USD 2.15, the highest in Southern Africa. Multidimensional poverty is at 49.9 per cent. In terms of inequalities, Malawi seems to be doing relatively well society, with income and wealth inequalities standing at 44 and 88 per cent respectively. However, its human capital development performance ranks worst. With a HDI of 0.512, it ranks 169th out of 191 countries in the world and is even lower than Lesotho, and in the “low human development” category of

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<sup>39</sup> World Bank. 2022. Macro poverty report. Available at: <https://documents1.worldbank.org/curated/en/09974340422227821/pdf/IDU0110533700066b04d650b6be0c4ffced4f445.pdf>

the 2022 HDI. It also fairs badly on the gender inequality index (0.554), ranking 142nd in the world and only slightly better than Lesotho's (0.557) highest in the region.

203. High population growth, low levels of economic growth and reliance on low-productivity, rain-fed small-holder agriculture are the core drivers of stagnant poverty levels in Malawi according to the World Bank<sup>40</sup>. However, poverty levels have decreased in rural areas in the northern and southern regions of the country. Drivers of poverty reduction in rural areas included short term labour force participation, household businesses, and salaried employment, and those that improved their levels of education. Agriculture has generally declined as the main source of household income from 70 per cent to below 50 per cent.

204. In 2021, the unemployment rate in Malawi remained nearly unchanged at around 5.66 per cent. With a decline of 0.02 percentage points, there is no significant change from 2020. Over time, the unemployment rate has been subject to fluctuation. The unemployment rate of a country or region refers to the share of the total workforce that is currently without work, but actively searching for employment. It does not include economically inactive persons, such as children, retirees, or the long-term unemployed. The youth labour underutilization rate in Malawi is high at 77.5 per cent. The share of underutilized labour potential consists of 61.1 per cent of the youth population in irregular employment (either in self-employment or paid employment with contract of less than 12 months), 11.2 per cent unemployed and 5.1 per cent inactive non-students.

205. Though educational outcomes are low in Malawi, notable progress in school enrolment has been registered over the past decade. Primary school enrolment for females (per cent of gross) stands at 147 per cent while that of males stand at 143 per cent. The net secondary enrolment for females is 34 per cent while that of males is 33.7 per cent. Literacy rate is estimated at 62 per cent (69 per cent for men and 59 per cent for women). Overall, the education sector faces significant challenges, including a high pupil-teacher ratio of 76:1 (up to 100 children in some classes) and high repetition and drop-out rates. At 20 per cent in primary education, repetition rates are among the highest in Africa, translating into poor and irrelevant education. Expected years of schooling is 12.7 years while the mean years of schooling is 4.5 years<sup>41</sup>

### *Government policies to address poverty and inequality*

206. As the backbone of Malawi's economy, agriculture sector performance is uniquely significant for the country's economic growth and reduction of social and economic inequalities and poverty – especially in rural areas. The Malawi government has engaged in a

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<sup>40</sup> World Bank. 2023. Escaping poverty in Malawi requires improved agricultural productivity: <https://www.worldbank.org/en/news/press-release/2022/11/08/escaping-poverty-in-malawi-requires-improved-agricultural-productivity-climate-resilience-and-structural-transformation#:~:text=High%20population%20growth%2C%20low%20levels,drivers%20of%20stagnant%20poverty%20levels>.

<sup>41</sup> Human Development Report 2022

clear case of massive, government-led investment, supported by donors, in smallholder farming and supporting infrastructure that works for women and men in a context of volatile weather patterns.

207. The Malawi Growth and Development Strategy (MGDS) is a major framework that catalyses Malawi’s development agenda, and the second version was launched in 2017. It contains a set of priorities for development whose successful implementation is expected to enable Malawi to move out of poverty. The overall objective of the MGDS is economic growth for poverty reduction in the medium term. The Government of Malawi concentrates its development efforts on increasing agriculture's contribution to economic growth. This is to be achieved through increased food production, as well as through agro-processing and manufacturing for the domestic market and export markets.

208. Malawi is also committed to improve sustainability of the water supply and an integrated rural water supply, with the added possibility that proper water conservation may contribute to electricity generation. The country also wants to reduce the number and duration of power blackouts, and to increase the access to reliable and affordable electricity in rural areas and other targeted areas. It is also the priority of government to prevent and manage nutritional disorders and HIV and AIDS.

209. There has been some progress on paper, including constitutional reforms outlawing marriage below the age of 18.<sup>23</sup> Malawi has also shown rapid progress is possible, by achieving gender parity in primary education. However, far more action is needed to close Malawi’s gender divides in access to public services, in the quality of women’s participation in productive sectors (like agriculture and mining), and in their access to decent and equally paid work.

## Mauritius

Table 16. Progress in poverty and inequality reduction in Mauritius

Indicator	Sustainability trend	Remarks on trends
Poverty- proportion of people living below \$2.15 per day	↗	The incidence of poverty measured at 2.15/day is very low in the country and it contuse to reduce over time. Only about 1 in 10 Mauritians are below the upper middle-class poverty line of \$3.20/day
Multidimensional poverty	→	Data is unavailable but individual elements that contribute to multidimensional poverty such as education, health and standard of living have een significant improvements over the years
Income inequality	↘	Despite impressive poverty reduction trends in the country, income inequality still persists. The gap between the rich and the poor has been increasing over time.

Gender inequality	↗	The country is performing well on the gender equality metrics. For example, the ratio of female-to-male mean years of education is above 96.9 per cent and is showing an increasing trend
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### *Economic growth*

210. The Mauritian economy has weathered the global slowdown in economic growth relatively well in spite of its exposure to the euro area which accounts for nearly 60 per cent of its exports and tourists. Based on data from Statistics Mauritius, GDP growth is expected to hit 7.8 per cent in 2022. The IMF World Economic Outlook 2022 as of October 2022 projected a GDP growth rate of 6.1 per cent and a forecast rate of 5.4 per cent in 2023. The island has sustained growth in 2022 due in part to a good trade performance. Based on analysis by the Mauritius Economic Development Board, exports of goods reached USD 2.6 billion in 2022, driven by growth in exports of textile, sugar, and medical devices amongst others as operators maximize on the opportunities obtained under recently signed agreements with China, India, and the African continent. Exports of services recovered as the island re-opened borders, reviving the tourism sector. Growth was also spurred by accelerated investment both from the public and private sectors with FDI standing at USD 0.6 billion, surpassing pre-pandemic levels (EDB, 2022).

211. However, inflation rose in 2022, owing to the impact of the Ukraine war, hitting 10.3 per cent in November 2022 compared to only 4.4 per cent in the same month in 2021. External debt levels in 2021 amounted to 109 per cent of Gross National Income, with a debt service to exports of 29 per cent. Debt sustainability should be monitored on the island as well as the uses of debt. Mauritius is a Very High Human Development country, based on UNDP's Human Development Index 2022, the only one in Africa in that category, ranking 63 out of 191 countries. However according to the UN CCA 2022, poverty and inequalities remain persistent among vulnerable groups. Compared to other African countries however poverty in Mauritius was estimated at a low 2.1 per cent in 2017 (pre-COVID) (below the US\$ 3.1 a day line in 2011 PPP) while extreme poverty has been eradicated in Mauritius (World Bank 2020).

### *Poverty, inequality, and human development*

212. Mauritius is doing well in both poverty and income inequality metrics, standing at 10.3 and 36 per cent respectively, and the least poor country in the subregion. Mauritius ranks number 64 on the latest human development index with the HDI index value of 0.8, and the country is classified in the category of 'very high human development' and the only sub-Saharan country in that category.

213. Mauritius has unemployment rate of 8.2 per cent among population aged 15 and above, 7.6 per cent among males and 9.1 per cent among females. The unemployment rate among the young (aged 15 to 24) is high however, hovering at 25.5 per cent (25.1 per cent among males



and 26.1 per cent among females), suggesting that youth unemployment is a pressing challenge to be addressed by Mauritius.

214. Mauritius ranks No. 82 on the Gender Inequality Index (GII) out of 191 countries. This contrasts to its high position as a Very High Human Development country, indicating that addressing gender inequalities is an ongoing important challenge to address. Female labour participation rate in Mauritius is low at only 43.3 per cent of those aged 15 and above. The country is keen on taking advantage of the AfCFTA programmes especially the protocol on Women and Youth under to accelerate women and youth's involvement in the development agenda. The promotion of women entrepreneurship through better leveraging of trade agreements can prove an avenue for boosting productive employment among women.

#### *Government policies for poverty and inequality reduction*

215. As stated in the UN Common Country Analysis (CCA) 2022, the Government Programmes for 2015 to 2019 and 2020-2024 outlined the vision of the Government of Mauritius (GoM) to "...transform Mauritius into a truly forward looking, environmentally sustainable, economically vibrant, and innovative country with modern infrastructure, global connectivity, high skills, and technology". In the Government Program 2020-2024, the Government of Mauritius has stated its objective as "achieving an inclusive, high-income, and green Mauritius". The achievement of this Vision however has been set back by the advent of COVID-19 and now the Ukraine crisis. Mauritius did achieve High Income Status by July 2020 but with the negative impact of COVID-19, the country slipped back into Upper Middle-Income status by end 2020.

216. As part of its strategy to achieve HIC status and accelerate its economic transformation and diversification, the country has bilateral free trade agreements with China and India for Mauritius to leverage on to expand exports and trade revenues. Currently Mauritius mainly with a few countries in Africa namely South Africa and Kenya. Over the period 2017-2019, Mauritius' exports to COMESA only represented 12 per cent of its total exports, or USD 237 million on average, whilst its exports to SADC represented 19.2 per cent, or USD 381 million on average. Those exports are mainly made up of three sectors: textiles, sugar, and plastics.

217. In 2022, with support from the ECA and the European Union, Mauritius validated its National African Continental Free Trade Area (AfCFTA) Response Strategy. Key products that have been identified for exports to Africa include pharmaceuticals, agriculture, textiles and apparel, ICT services, educational services, and jewellery. Mauritius is currently among seven countries selected to be part of the "AfCFTA Guided Trade Initiative". It joins Kenya, Tanzania, Tunisia, Cameroon, Egypt, and Ghana in a trial phase to start trading under the AfCFTA framework, which will see these states conduct business without being subject to tariff barriers.

## Mozambique

Table 17: Progress in poverty and inequality reduction in Mozambique

Indicator	Sustainability trend	Remarks on trends
Poverty- proportion of people living below \$2.15 per day	↘	The incidence of poverty in terms of headcount ratio is above 60 per cent making the country the second poorest in the subregion. There has only been a slight reduction in poverty with an increase in economic growth over time.
Multidimensional poverty	→	The country has the highest multidimensional poverty in the subregion. About one third of the population is multidimensionally poor with enormous rural-urban differences
Income inequality	↘	Income inequality is high in the country at 54 per cent and it has continued to increase over time. Income inequality is demonstrated partly by the growing deprivation of people in rural areas.
Gender inequality	↗	There is an improvement in gender inequality over the years especially in terms of education and representation but other areas such as employment and economic empowerment still require attention.

### *Economic growth*

218. The onset of the COVID-19 pandemic halted Mozambique's good economic performance. Real GDP contracted by an estimated 0.5 per cent in 2020, the first decline in 28 years, after growing 2.2 per cent in 2019. A slowdown in construction, tourism, and transport, and a decrease in demand for commodities exports were the main drivers of the deceleration. Economic activity was also hurt by the escalating political conflicts in the northern province of Cabo Delgado, which has displaced more than 250,000 people and resulted in more than a thousand deaths.

219. Mozambique is projected to achieve an economic growth rate of 4.9 per cent in 2022 compared to an estimated 3.7 per cent in 2021. As was noted in the UN Common Country Analysis (CCA) of Mozambique, there is a need for Mozambique to accelerate a transition towards a more inclusive and diversified economic model. Mozambique remains a commodity-dependent country, sourcing most of its export revenues from raw materials such as oil, gas and aluminium. This inhibits the ability of Mozambique to take advantage of regional and global trade agreements and integrate in regional and global value-chains. The lack of inclusion, marginalization of vulnerable groups and rising inequalities remain a source of risks for fanning social tensions in parts of the country.

220. The Mozambican economy is characterised by a duality, consisting of a private sector engaged in capital-intensive mega projects in the extractive sector and informal enterprises. Economic and industrial diversification must be accelerated with pro-active policies towards supporting formal micro, small and medium-sized firms (MSMEs). Private sector development in Mozambique and the Southern African region remains critical areas for support, if the country and subregion are to benefit from global and regional trade and investment agreements.

221. In 2022, inflation is projected to hit 15.4 per cent. In August 2022, inflation reached 12.1 per cent, year on year and according to the IMF this was its highest level since September 2017. The IMF notes that the Bank of Mozambique (BM) has responded proactively to contain inflation, increasing the policy rate to 15.25 per cent in March 2022, and pursuing a continued tightening of monetary policy that started a year ago. The government has acted to cushion the impact of fuel price rises, including on the most vulnerable households, and has announced measures to strengthen the recovery and encourage private sector development (IMF, 2022). Fiscal space will continue to narrow as governments allocate more revenues to support local populations to cope with the impact of the Ukraine crisis. Poverty and inequality will increase as fuel, food and transport prices remain high due to the current crisis.

222. Debt sustainability is a continued development priority for Mozambique. As a least developed country, is characterised by a lack of structural transformation, a low Gross National Income per capita of US\$ 473, a low Human Assets Index of 53.9 and an Environmental Vulnerability Index of 41.4. Mozambique is a low Human Development Index country. Based on UNDP Human Development Report 2022, Mozambique ranks 185 out of 191 countries on the HDI. Based on the same source, 45.5 per cent of incomes are held by the richest 10 per cent of the population, making Mozambique an unequal country with a Gini coefficient of 54. Based on the same report, 49.9 per cent of the population were living in severe multidimensional poverty (data pre-COVID). The advent of COVID and Ukraine crises would have raised these numbers. Mozambique is also a fragile and conflict-afflicted state. Concessional financing and aid should be prioritised for Mozambique as it tries to address its debt situation.

### *Poverty, inequality, and human development*

223. Head count poverty in Mozambique stands at 65.5 per cent, the second highest in the subregion after Malawi. Multidimensional poverty rate is 0.42. Mozambique is ranked number 184 out of 191 countries with an index of 0.4, categorized as low human development and the lowest ranking among all the subregional countries. Inequality is also relatively high in Mozambique with income inequality at 54 per cent and wealth inequality at 0.92.

224. The rate of unemployment in Mozambique is estimated by the ILO based on 2015 data at only 3.4 per cent. However, the UN CCA notes that Mozambique lacks adequate data on the labour market and that the last fully-fledged labour force survey was carried out in 2005. According to the UN CCA, youth unemployment stands at 42 per cent, and there is a mismatch between the supply and demand for skills. Analysis of the 2017 census reveals that 34 per cent of youth aged 15-24 are not in employment or education, an increase by 13 points since 2007.

Informality remains prevalent in Mozambique with approximately 80 per cent of the Mozambican labour force working in the informal sector, mostly in agriculture and informal self-employment. Very few workers are employed formally with social security only covering 6 per cent of the labour force. The primary sector remains the largest employer, with almost three out of four Mozambicans working in agriculture, fishing, and hunting (UN CCA). The creation of jobs in the formal sector can only happen if Mozambique accelerates industrialization and economic diversification and pursues business enabling reforms as well as strengthen governance institutions in the country. The strengthening of anti-corruption programmes and the combat against illicit financial flows should be supported by the international community.

225. Mozambique ranks 136 out of 191 countries on the Gender Inequality Index. According to the UN CCA, labour market opportunities are more limited for women. Mozambican women are less likely than men to work in the small formal sector and are paid less. Overall, only 12 per cent of workers receive a wage, and 80 per cent of these are men, while the female-to-male wage ratio is 64 per cent. Women are more prevalent in the informal sector, making up 59 per cent of informal workers. Women carry the burden of domestic work and care of relatives, but they are not remunerated.

#### *Policies for poverty and inequality reduction*

226. To achieve the objective of inclusive economic growth for reducing poverty, the government of Mozambique has defined general objectives, to which government efforts are directed including increasing output and productivity in the agriculture and fisheries sectors; to promote employment; and to foster human and social development, while maintaining a joint focus on governance and macroeconomic affairs and fiscal management.

227. Mozambique has not yet ratified the AfCFTA Agreement, being among the 10 remaining member States of the AU left to do so. The UNECA, with support from the EU, is currently supporting Mozambique to validate its National AfCFTA Strategy. To benefit from the AfCFTA, the strategy will have to be implemented with the support of the UN (UNECA, UNCTAD, ITC, UNDP etc) and critical donors such as the EU and the Southern partners.

## Namibia

Table 18: Progress in poverty and inequality reduction in Namibia

Indicator	Sustainability trend	Remarks on trends
Poverty- proportion of people living below \$2.15 per day	→	The incidence of poverty in terms of headcount ratio at \$2.15 is relatively low in the country and there is a considerable decline in poverty levels over time.
Multidimensional poverty	→	More than 40 per cent of the population live in multidimensional poverty. Poor people in Namibia

experience, on average, 44.0% of the weighted deprivations.		
Income inequality	↘	Namibia is the second most unequal country in the world in terms of income at 59.8 per cent. High inequality continues to exist despite many government efforts to reduce it.
Gender inequality	↗	There is a constant improvement in gender inequality over time especially in terms of education, representation in parliament and employment.

### *Economic growth*

228. Namibia is a geographically large country with a small population of about 2.5 million (2021) and a 1,500 km-long coastline on the South Atlantic. The driest country in Sub-Saharan Africa, it is rich in mineral resources, including diamonds and uranium, sharing borders with South Africa, Botswana, Zambia, and Angola. Political stability and sound economic management have helped poverty reduction and allowed Namibia to become an upper-middle income country. However, socio-economic inequalities remain extremely high and were worsened by the COVID-19 pandemic.

229. Namibia's economic performance was constrained even before the COVID-19 pandemic, exhibiting a downward spiral from 6.1 per cent in 2014 to -1 per cent in 2017. This was attributed to persistent structural rigidities, poor performances in construction and mining, severe drought, lower commodity prices, reduced public investment and weakening demand for Namibian exports. The nominal growth of 1.1 per cent registered in 2018 was short-lived as the economy shrunk by a further 9.1 per cent to a low of -8 per cent by 2020 due to the exigencies of the COVID-19 (with major impacts in tourism, retail, trade and investments, health, and education). The increased expenditure in 2020 and subsequent fiscal deficit required large public debt financing, which triggered the rise in public debt-to-GDP from 50.4 per cent in 2018 to a staggering 72 per cent in 2021.

230. However, the economy grew by 2.7 per cent in 2021, by 3 per cent in 2022 (est.) and is projected to grow by 3.2 per cent in 2023<sup>42</sup>. This is on the back of a steady recovery in financial services, tourism, retail and wholesale trade, and the mining industries, coupled by an improvement in the regional and global economic environment. Inflation was already on a downward trend during the 2016–20 period, closing off at a paltry 2.2 per cent in 2020, reflecting steady decline in housing prices and transport costs.

231. The economy still faces substantial risks and challenges to the recovery efforts in the short to medium term mostly owing to the uncertainties with the twin shocks of the COVID-19 pandemic and spill overs from the Russia-Ukrainian War. Public investment has historically been an important driver of growth for the country, but elevated debt levels constrain fiscal

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<sup>42</sup> IMF country data for Namibia

space, making it important to encourage greater investment and participation from the private sector.

### *Poverty, inequality, human development*

232. The national poverty level of 15.6 per cent recorded in 2015, though showing a significant improvement from the 28.7 per cent recorded in 2009-10, remained high for the country's development. Lack of inclusiveness in the economic activities and significant disparities/inequality (with a Gini coefficient of 59.1 in 2015, ranking second in Africa) undermine the prospects for further advancement. The current headcount poverty in Namibia stands at 18 per cent while multidimensional poverty stands at 0.19. Namibia is one of the second worst country in terms of income inequality in Southern Africa after South Africa, and it is in the top ten most unequal countries in the world. Namibia has a Gini coefficient of 58.9 and 0.91 for income and wealth inequality respectively.

233. Rural areas in Namibia are poorer than the urban areas, reported at 59.3 per cent and 25.3 per cent, respectively. About 64 per cent of children who live in rural areas are multidimensionally poor compared to 30 per cent in urban areas. Across the fourteen administrative regions of Namibia, the incidence of multidimensional poverty is highest in Kavango West (79.6 per cent), Kavango East (70.0 per cent) and Kunene (64.1 per cent). The incidence of multidimensional poverty is higher among female-headed households (with a rate of 46 per cent), than male-headed households (with a rate of 41 per cent).

234. The country's employment level of just above 46 per cent of the total population showing that unemployment remains a major. The duality of the labour market (characterized by a highly developed modern sector, co-existing with an informal subsistence-oriented one) combined with slow job creation and low primary-sector productivity, results in very high unemployment.

235. In Namibia, 91.7 per cent of legal frameworks that promote, enforce and monitor gender equality under the SDG indicator, with a focus on violence against women, are in place. 44.2 per cent of seats in parliament are held by women. By 2013, 80.4 per cent of women of reproductive age (15-49 years) had their need for family planning satisfied with modern methods and the adolescent birth rate was 63.9 per 1,000 women aged 15-19 by 2016, down from 82 per 1,000 in 2012. However, with a Gender Inequality Index of 40.1 (ranking number 37 in Africa)<sup>43</sup>, there is need for more to be done in order to achieve gender equality.

### *Policies for poverty and inequality reduction*

236. Namibia has shown adequate commitment to curb poverty and inequality. On the 10 June 2021 Namibia launched its official national Multidimensional Poverty Index (MPI) report

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<sup>43</sup> AfDB 2016 economic outlook report

to guide and inform its poverty reduction strategies<sup>44</sup>. The Namibian MPI will serve as a strategic tool to inform budgeting and policymaking, while also providing baseline data for measuring progress towards eliminating poverty in all its forms in line with the Sustainable Development Goals.

237. National Conference on Wealth Redistribution and Poverty Eradication was hosted from 26 to 27 October 2015 in Windhoek, with the objective of validating the findings and recommendations from the regions on what needs to be the priorities in order to eradicate poverty and reduce inequality. Many observations and recommendations were made during this event and notable among them were to enhance social safety nets; to address deprivation from basic social services; to expand training and skills development; and to promote employment creation through SMEs and community development activities.

238. Recommended that appropriate empowerment programs for the vulnerable members of society be designed to target those with capacity and ability, and to ensure support and mentoring programs are instituted. Reiterated the need to pursue sustainable interventions, and urged the Ministry of Poverty Eradication and Social Welfare to immediately finalize the Blueprint framework on wealth redistribution and poverty eradication, which contains amongst others (a) establishment and functioning of food banks; (b) review and propose sustainable social safety nets targeting the vulnerable persons; (c) multi-sectoral coordination, review and monitoring and evaluation mechanisms.

## South Africa

Table 19. Progress in poverty and inequality reduction in South Africa

Indicator	Sustainability trend	Remarks on trends
Poverty- proportion of people living below \$2.15 per day	→	The incidence of poverty in terms of headcount ratio at \$2.15 is moderate, at 23 per cent and the number of people in extreme poverty is on the increase.
Multidimensional poverty	→	Only about 6.0 per cent of the population live in multidimensional poverty. But these statistics is marred by high levels of inequality in the country.
Income inequality	↘	South Africa is the most unequal country in the world in terms of income, at 63.3 per cent. High inequality continues to exist despite many government efforts to reduce it.
Gender inequality	↗	There is a constant improvement in gender inequality over time. For example, South Africa has about 47 per cent women representation in the national parliament

### *Economic growth*

<sup>44</sup> Multidimensional Poverty Peer Network. 2023. Namibia multidimensional poverty report. Available at <https://mppn.org/namibia-launches-national-mpi-to-guide-poverty-reduction/>

239. South Africa is Sub-Saharan Africa's most industrialized economy—underpinned by a wealth of natural resources and a diversified industrial base—but it faces persistent structural constraints, such as high unemployment, skill deficits and power shortages.

240. The real GDP grew by 4.9 per cent in 2021 following a COVID-19 induced contraction of 6.9 per cent in 2020. Economic growth was driven by recovery in fixed investment, trade, tourism, mining, and manufacturing. However, the economy remains structurally weak as indicated by a low growth of 1.9 per cent in 2022 and 1.4 per cent projected in 2022 amid a severe energy crisis.

241. Inflation is well-anchored. Over the last 5 years, inflation in South Africa has been close to the midpoint of the central bank's 3-6 per cent target range. In 2021 inflation peaked at 4.5 per cent from 3.3 per cent in 2020 due to higher food and transport prices on rising oil prices due to the Russia-Ukraine crisis. Average annual consumer price inflation was 6.9 per cent in 2022, 2,4 percentage points higher than the corresponding average of 4.5 per cent in 2021.

242. Due, inter alia, to slow economic growth, transfers to failing state-owned enterprises, high public sector wage bill and since 2020 the COVID-19 pandemic, South Africa's fiscal position has deteriorated over recent years. The consolidated budget deficit was 10 per cent of GDP in 2020/2021 up from 3.6 per cent in 2018/19 and 5.7 per cent in 2021. Public debt as a percentage of GDP has doubled during the last decade, reaching 71.4 per cent of GDP in 2022.

243. The country continues to grapple with high levels of poverty and income inequality levels. In 2022 around 18.2 million people in South Africa lived in extreme poverty; that is, below the daily poverty threshold USUS\$1.90. South Africa is most unequal country in the world in terms of income distribution, with a Gini coefficient of 63.0 in 2022. The table below shows selected macroeconomic indicators for South Africa.

#### *Poverty, inequality, and human development*

244. The country continues to grapple with high levels of poverty and income inequality levels. In 2022 around 18.2 million people in South Africa lived in extreme poverty; that is, below the daily poverty threshold USUS\$1.90. South Africa is most unequal country in the world in terms of income distribution, with a Gini coefficient of 63.0 in 2022. The table below shows selected macroeconomic indicators for South Africa.

245. South Africa has over the years suffered from high unemployment, exceeding 30 per cent on average. Even if it came slightly down to 32.9 per cent in 2022 from 35.3 per cent in 2021 joblessness remains high, with youth unemployment at 59.6 per cent in 2022. Several factors account for this situation including history of apartheid, inadequate education and training, labour demands and supply mismatch, lack of interest and support for entrepreneurs, slow economic growth, and recently the COVID-19 pandemic. The distribution of unemployment between 2017 and 2022 is displayed in Figure. 1 below.



246. The gender gap index score for South Africa is 0.78, placing the country high at the 20<sup>th</sup> position relative to 146 countries. However, gender disparity remains high in political empowerment of women. Other gender issues relate to reproductive and sexual health. For instance, there is about 3.6 per cent of women aged 20–24 years old who were married or in a union before age 18. The adolescent birth rate is 40.9 per 1,000 women aged 15–19 2017, down from 71.1 per 1,000 in 2015. In 2018, 13.1 per cent of women aged 15-49 years reported that they had been subject to physical and/or sexual violence by a current or former intimate partner in the previous 12 months. Also, women and girls aged 10+ spend 15.6 per cent of their time on unpaid care and domestic work, compared to 6.5 per cent spent by men.

## Zambia

Table 20: Progress in poverty and inequality reduction in Zambia

Indicator	Sustainability trend	Remarks on trends
Poverty- proportion of people living below \$2.15 per day	↘	The incidence of poverty in terms of headcount ratio at \$2.15 is high, at 61 per cent and the number of people living in extreme poverty continues to increase over time
Multidimensional poverty	→	More than 47 per cent of Zambians live in multidimensional poverty with an additional 24 per cent vulnerable to multidimensional poverty.
Income inequality	↘	The country is among the top ten most unequal countries in terms of income and this phenomenon is increasing over time.
Gender inequality	→	There is a constant improvement in gender inequality over time. But the country is still not performing well in some areas including women representation in parliament.

### *Economic growth*

247. The Zambian economy continues to recover post COVID-19 shock anchored on favourable copper prices, and positive market sentiment following the approval of the IMF Extended Credit Facility. However, potential growth is constrained by external debt burden. The country is making efforts to restructure its debt so as to increase fiscal space. Zambia has an estimated GDP of US\$21.2 billion and was recently re-classified by the World Bank as a low income from lower middle income, for the 2023 financial year. Zambia's economy like many others in the region and the world, contracted due to the adverse impact of the COVID-19 pandemic. Real GDP contracted by 2.8 per cent in 2020, after growing by 4.0 per cent and 1.4 per cent in 2018 and 2019. Broadly, all key sectors of the economy were contracted in an unprecedented manner.

248. Even before the pandemic, the economy was experiencing serious macroeconomic challenges. Unsustainable debt levels, high inflation, low international reserves, and tight

liquidity conditions. Inflation has been rising, mainly driven by the pass-through effects of the depreciation of the kwacha and elevated food and transport prices. Following the outbreak of COVID-19, inflation rose and peaked at 24.6 per cent in mid-2021 and closed at 16.4 per cent. However, as the country rebounded from the health shock, inflation has been on a downward trajectory towards the target range of 6 per cent–8 per cent<sup>45</sup>. In 2022, inflation closed at 9.9 per cent from 16.4 per cent as at end-December 2021.

249. The Zambian economy rebounded in 2021, with GDP growing at 4.6 per cent, and is estimated to grow by 3.1 per cent in 2022. Similarly, the Kwacha exchange rate has maintained relative stability after a sharp appreciation in the post-election period, buoyed by favourable market sentiment stemming from the approval of the IMF Extended Credit Facility (ECF) on August 31, 2022. However, in the last quarter of 2022, excess demand resulting from the procurement of agricultural and petroleum products exerted pressure on the Kwacha to depreciate.

250. External debt remains a major macroeconomic challenge. Zambia defaulted on its external debt in November 2021, the first African country to default in the COVID-19 era. The Government has sought assistance from the IMF and has participated in the G20 Common Framework for Debt Treatments. As at end of the second quarter 2022, external debt stood at US\$13.2 billion<sup>46</sup>, of which Chinese creditors dominated at approximately 31 per cent of the total debt stock.

### *Poverty, inequality, and human development*

251. The Living Conditions and Monitoring Survey (2015) indicates that Zambia still ranks among the countries with high incidences of poverty and inequality in Africa and globally. Total poverty was estimated at 54.4 per cent in 2015, with overall poverty being higher in rural areas at 76.6 per cent compared to 23.4 per cent in urban areas.

252. Zambia faces unemployment rate of 12.5 per cent according to the labour force survey of 2021. Unemployment is predominantly among the youth and women. The unemployment rate among the youth is higher than the national average, at 17.4 per cent in 2021.

253. The Gender Inequality Index (GII) value was valued at 0.540 in 2018. Zambia remains in the bottom 38 countries with the highest levels of gender inequalities. Inequalities persist within population categories and across geographical areas for most social and economic indicators.

254. Zambia is vulnerable to natural hazards and the impacts of climate change. The 2020 University of Notre Dame Global Adaptation Initiative index ranked the country as the 41<sup>st</sup> most vulnerable country to the impacts of climate change out of 182 countries. Climate change

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<sup>45</sup> Bank of Zambia Monetary Policy Committee Statement, November 2022

<sup>46</sup> Ministry of Finance and National Planning, Zambia- Public Debt Summary, End June 2022

and variability has led to adverse effects such as droughts, floods and extreme temperatures on key sectors including energy, agriculture and water which have caused decreased hydroelectricity generation capacity and food insecurity.

### *Policies for poverty and inequality reduction*

255. According to the 8<sup>th</sup> NDP, in addition to strategies towards strengthening economic performance and enhance sustainable growth and development, to address poverty, vulnerability and inequality, the Government focuses on improving coordination of social protection programmes and enhancing the welfare and livelihoods of poor and vulnerable people through various interrelated strategies. One of these is through the harmonisation and strengthening of social protection delivery systems at district and community levels in order to improve efficiency in the delivery of social protection programmes and address the multiple causes of poverty and vulnerability - review and harmonise all social protection-related legislation and domesticate international and regional social protection agreements.

256. The second strategy is to reduce developmental inequalities. The Government is implementing interventions to address gender, income, and spatial inequalities. Livelihood and empowerment programmes will be enhanced in order to positively impact on incomes, while infrastructure development will, among others, be undertaken in different sectors to address spatial inequality through a) Gender equality b) Integrated development planning c) Rural roads connectivity d) Rural industrialisation e) Life skills development and resilience building f) Rural electrification g) Youth entrepreneurship and vocational skills training

257. Third is increasing access to decent and affordable housing the Government will facilitate the provision of affordable housing finance, provide incentives for private sector participation, and promote investments in research on alternative building materials and technologies. a) Housing sector reforms b) Public and social housing c) Settlement improvement d) Housing finance e) Research and development

Fourth is Reducing vulnerability associated with HIV and AIDS : to reduce the national HIV and AIDS incidence and prevalence the commitment aims at achieving the 95-95-95 treatment targets by 2026 - 95 per cent of people living with HIV will know their status, 95 per cent of people tested positive for HIV will have access to treatment services and 95 per cent of people on antiretroviral treatment will achieve HIV viral load suppression through HIV testing and treatment b) Stigma and discrimination reduction c) HIV and AIDS financing Strategies and Programmes.

258. Fifth is to enhance welfare and livelihoods of poor and vulnerable people through a) Social Cash Transfer b) Livelihood and empowerment schemes decentralisation c) Public Welfare Assistance Scheme d) Disability services e) Sports, culture, and arts development f) Resettlement schemes development g) Self-help initiatives h) Food security support i) Gender-based violence elimination j) Child protection k) Migration services.

259. Sixth is addressing vulnerability to Climate Change: Zambia is vulnerable to natural hazards and the impacts of climate change. The 2020 University of Notre Dame Global Adaptation Initiative index ranked the country as the 41<sup>st</sup> most vulnerable country to the impacts of climate change out of the 182 countries assessed. Climate change and variability has led to adverse effects such as droughts, floods and extreme temperatures on energy supply (hydro power generation), agriculture production and rain unavailability. The direct end result has been decreased hydroelectricity generation and national food insecurity leading to the exacerbation of poverty and inequality. The implementation of adaptation actions in Zambia's Nationally Determined Contributions to achieve improved adaptive capacity, reduced vulnerability and enhanced resilience to climate change, for both human and biophysical systems will be prioritised. The Government will also promote engagement in the carbon markets, engage in resource mobilisation through green bonds, climate financing and enhance climate adaptation and mitigation action and the pursuit of a low carbon green economy.

## Zimbabwe

Table 21. Progress in poverty and inequality reduction in Zimbabwe

Indicator	Sustainability trend	Remarks on trends
Poverty- proportion of people living below \$2.15 per day	↘	The incidence of poverty in terms of headcount ratio at \$2.15 is high, at 41 per cent and the number of people living in extreme poverty continues to increase over time
Multidimensional poverty	→	About 26 per cent of Zimbabweans live in multidimensional poverty with an additional 26 per cent vulnerable to multidimensional poverty.
Income inequality	↘	As poverty increased, so did inequality, with the Gini index at 50.1 percent, Zimbabwe is one of the most unequal countries in the subregion. Inequality is increasing in the country over time.
Gender inequality	→	Although the country is still behind in most of the measures, there is a constant improvement in gender inequality over time in most areas including education, employment and women representation.

## Economic growth

260. Zimbabwe was already undergoing severe economic challenges when the COVID-19 pandemic hit in view of climatic shocks associated with drought and cyclone, which all had profound impact on the country's food security, health systems, and the economy at large. The Zimbabwean economy contracted by 6.1 per cent in 2019 and by 5.3 per cent in 2020. In 2021 the GDP rebounded to 6.3 per cent growth but slowed to 3.5 per cent in 2022. Strong recovery in agriculture, mining, electricity, construction, transport, and communication as well as finance and insurance have sustained Zimbabwe's economic growth. Economic growth is seen maintaining the same growth trajectory assuming that the COVID-19 pandemic continues to recede.

261. A mix of improved revenue mobilization and expenditure restraint contributed to a positive fiscal balance of 0.6 per cent of GDP in 2021. The fiscal deficit is forecast to narrow to 0.2 per cent of GDP given continued fiscal discipline. The ratio of national debt to GDP was 92.64 per cent in 2022 but it is forecast to continue decreasing during 2022-2027 due to arrears clearance, debt relief and Restructuring Strategy implementation that Zimbabwe developed in 2021 to guide engagement with donors and creditors for clearing its debt and unlocking development financing.

262. Inflation dropped to 98.5 per cent in 2021 from 557.3 per cent in 2020, reflecting a fall in food price inflation aided by improved food supply. In 2022 inflation continued dropping to 85 per cent and is projected to reach 43 per cent on the back of food price and exchange rate stability.

### *Poverty, inequality, and human development*

263. Poverty levels remain high in Zimbabwe even if it has decreased somewhat as a result of a 2021 bumper maize harvest season. After peaking at 43 per cent in 2020 absolute poverty rate fell to 41 per cent in 2021 and 40 per cent in 2022. The decline in poverty is primarily driven by rural areas, thanks to the good agricultural productivity. There was also a marked improvement in food security, with the share of population in severe or moderate food insecurity falling from 61 per cent to 38 per cent within 2021. However, the urban areas do not show any improvements in the extreme poverty rate, and this suggests that despite the reopening of the economy and loosening of COVID-19 restrictions, intermittent closures continue to affect employment, incomes, and livelihoods of urban residents. The GINI coefficient of Zimbabwe stands at 50.4 and in the top 20 most unequal countries in the world, reflecting high levels of income inequality. The table below highlights some macroeconomic indicators for 2022.

264. Unemployment levels reduced to 5.2 per cent in 2021 down from 5.7 per cent in 2020. Youth unemployment rate at 27.6 per cent is more pronounced than the average jobless rate. A weak economy and domestic socio-political challenges have pushed many people especially youths into high levels of unemployment. Although the general employment rates are relatively low, most of those are in the informal sector and agriculture, characterised by job insecurity and lower wages. The Figureure below indicates the distribution of unemployment for Zimbabwe during 2017-2022.

265. In 2022, global gender gap index for Zimbabwe was 0.73 index. Global gender gap index of Zimbabwe increased from 0.65 index in 2009 to 0.73 index in 2022 growing at an average annual rate of 1.29 per cent. A lot of work needs to be done in reproductive and sexual health where about 33.7 per cent of women aged 20–24 years old who were married or in a union before age 18 years. The adolescent birth rate is 107.9 per 1,000 women aged 15-19 as of 2017, down from 110 per 1,000 in 2014. In 2018, 18.2 per cent of women aged 15-49 years reported that they had been subject to physical and/or sexual violence.

266. Zimbabwe is number two on the 2021 Global Climate Risk Index. Climate change has increased the frequency of extreme weather events such as droughts, floods, storms, and heat waves in the country. Cyclone Idai in 2019 caused direct damage of an estimated US\$622 million to infrastructure, properties, crops, and livestock. It affected more than 270,000 people, leaving more than 340 dead and many others missing. It is because of the negative impact of Idai that through its National Development Strategy 2021–2025 that the Government has prioritized mainstreaming climate change and related financing in national programs. This is for purposes of strengthening early-warning systems; promoting climate-smart innovation and technology transfer; and strengthening capacity building and awareness on climate change adaptation and mitigation. Zimbabwe requires domestic and international support to push through with mitigation and adaptation measures against the negative impact of climate change.

### *Policies, inequality, and human development*

267. The Zimbabwean government prioritises achieving macroeconomic stability, improving agricultural productivity, promoting equitable access to high-quality jobs, and strengthening the social protection program are some of the most important steps for improving the living standards of Zimbabweans. The Zimbabwe Assessment report launched in 2022 highlights several interventions against poverty and inequality in the country<sup>47</sup>.

268. Social safety nets are anchored on the National Social Protection Policy Framework (NSPPF) of 2016. These interventions range from social assistance, social insurance, labour market interventions, and programmes aimed at supporting livelihoods and building resilience. Zimbabwe’s social assistance programmes include: the Harmonised Social Cash Transfer (HSCT), Cash for Food and Public Assistance Programmes that provide cash transfers to households; Food Deficit Mitigation (FDM) and School Feeding Programmes providing in-kind food rations to households and children at school respectively; Basic Education Assistance Module (BEAM), Tuition Grants, and Assisted Medical Treatment Order (AMTO) that provided fee waivers for accessing education and health services.

269. These interventions aim to support individuals and households to cope with chronic poverty, destitution, and vulnerability, as well as to enhance their resilience and create equal life-long opportunities. In addition, the Zimbabwe also has a crop input support programme to support vulnerable households<sup>1</sup> and the national social security assistance which is a contributory programme.

270. Social protection plays a pivotal role in reducing social and economic vulnerabilities, poverty, and deprivation, and is key in bolstering equity, social inclusion, and access to basic social services. In recent years, social protection has become more relevant with the heightened socio-economic vulnerabilities emanating from a difficult macroeconomic environment,

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<sup>47</sup> OXFAM. 2013. Even it Up: Time to End Extreme Poverty

elevated exogenous shocks from natural disasters (droughts and floods), and disease outbreaks such as typhoid and cholera. The scourge of COVID-19 which initially was a health crisis has morphed into a broader socio-economic problem and is worsening vulnerabilities across all social and economic sectors.

## 6 Conclusion and recommendation

### 6.1 Conclusion

271. The study sought out to address the poverty and inequality situation in Southern Africa, and the interplay with vulnerability, as well as highlighting variations within and between countries. This was in order to not only appreciate the challenges and opportunities in meeting international policy frameworks but also to foster the sharing of best practices in reducing poverty and inequalities across the subregion. The study makes conclusions that poverty and inequality have reached extreme levels in Southern Africa: the sub-region is the poorest subregion on the African continent and the most unequal of all the regions of the world in terms of income and wealth. Both monetary and multidimensional poverty measurements show higher levels that need to be tackled with urgency.

272. Although Southern Africa is characterized by poverty and inequality levels, countries continue to take actions as highlighted in this study. Country appraisals discussed in the report show that some countries have made some progress in terms of economic growth, diversification of production, value addition and exports. Employment, education, and skills training as well as reducing gender inequality. Specific insights from the report on each of the elements under study are discussed below, including poverty, inequality, and vulnerability. Methodological implications and future suggestions are also discussed accordingly.

### 6.2 Poverty

273. Poverty has increasingly been considered to be multidimensional in nature across the world. Multidimensional poverty is seen as the gold standard in poverty measurements. It considers a range of non-monitory factors that contribute to poverty such as education, health, and standard of life. This measure of poverty was used in this report in combination with the traditional poverty headcount ratio, which is based on the international poverty line. In many respects, this report extends the Global Multidimensional Poverty measures to calculate the African multidimensional poverty index (AMPI) to apply the global measurements to the African context. This is done by adding the dimension of employment, considered critical for people's well-being and the development of the continent.

274. In Southern Africa, poverty is widespread with the subregion housing some of the poorest countries in the world. Malawi is reported to be the poorest in terms of the proportion of people living in monetary poverty in the subregion, at 77.5 per cent. Mozambique, Zambia, and Angola also have high levels of poverty. African multidimensional poverty is equally high in the subregion with Mozambique having the highest proportion of multidimensionally poor people, at 73 per cent.

275. The causes of poverty and inequality are varied, and they include colonial legacies and historical factors, structural causes, climatic conditions, conflict and civil unrest, and natural and man-made crises. Colonialism structured the economy of Southern Africa in such a way



that it depended on the extractive industry especially on raw materials, such as minerals, timber, and agricultural products, for export to Europe. This led to a skewed economy that is heavily dependent on primary commodity exports and has limited diversification and a weak manufacturing base. Countries are still struggling to make headways out of the colonial economic structure and establish economic that are well suited to accelerate economic growth and reduce poverty and inequality in the subregion.

276. Structural factors that fuel poverty in the subregion include limited access to resources, low employment, geographical location, low educational levels, corruption, and gender inequality among others. These factors often have implications on gender, age, race, and ethnicity. Transient factors have been a common occurrence in the subregion: civil wars and conflicts, adverse climate change effects and the impact of COVID-19 have severely affected Southern Africa. These are associated with poverty and inequality both in terms of causes as well as consequences.

### 6.3 Inequality

277. Inequality continues to be problematic in Southern Africa given its status as the most unequal subregion in the world, with seven of the 10 most unequal countries coming from the subregion. Income inequality translate into inequalities in access to basic services and lower opportunities to get out of the poverty trap. The gap between the rich and the poor in income, wealth, education, and health remains striking in most Southern African countries. High income and wealth inequality translate into inequalities in access to basic services and lower opportunities to get out of the poverty trap.

278. In line with a growing consensus that inequality should be studied using a multidimensional approach, this report attempted to implement the multidimensional inequality framework (MIF) in addition to measuring wealth and income inequality. The report uses the MIF to encapsulate the multidimensional nature of inequalities.

279. In terms of income inequality, the report finds that Southern African's inequality levels are still unacceptable as the subregion occupies the status of the most unequal in the world in terms of income and wealth. Within Southern Africa however, South Africa is the most unequal of all countries. South Africa's income inequality has become worse over the years. The top 1 per cent of earners take home almost 20 per cent of income and the top 10 per cent take home 65 per cent. That means that 90 per cent of South African earners take home only 35 per cent of all income.

280. In terms of multidimensional inequality, the main expressions of inequality analysed in this report relate to domain 1 (Life and health), domain 2 (Personal and legal security), domain 3 Education and learning, domain 4 (Financial security and dignified work) and domain 5 (Adequate living conditions). These are done in relation to gender, age group, geographical location, and socioeconomic status. Data availability determined for the most part, determined the choice of indicators that are used in the domain and disaggregation thereof. Enormous

between-country variations in multidimensional inequality are observed on various domains and on various categories.

281. Regarding life and health, middle-aged women living in urban spaces are found to be mostly at risk of sexual violence which is a threat to their lives. Having some form of higher education in some form seems to cushion the likelihood of victimization in most countries albeit with various across countries. The domain of personal and legal security is concerned about the key elements of physical security. It involves the subjective measures of reporting the individuals' sense of physical security and safety. Both in terms of confidence in the police and people in the rural areas have more confidence than those in urban areas.

282. On the domain of education and learning, In almost all countries, it is clear that relatively older women are less educated compared to other women of a younger age groups. In almost all countries, the rural population have more people with no education than urban population. In terms of financial security, gender does not seem to matter much when it comes to access to income. However, access to finance seem to be more problematic in rural areas than urban areas. The final domain of living conditions, access to electricity was analysed on the basis of geographical areas and it was found that increasingly those in rural areas have more access to electricity than those in urban areas.

#### **6.4 Vulnerability**

283. In this study, vulnerability is considered as the risk that some future event will negatively affect an individual or household wellbeing. Both monetary and multidimensional vulnerability to poverty is considered. The number of vulnerable people is estimated both above and below the extreme poverty line (US\$2.15 in purchasing power parity terms a day). Multidimensional poverty approach is the probability of households being multidimensionally poor in the future.

284. The combined percentage of people living in extreme poverty and are vulnerable is 55 per cent. Altogether the vulnerable population in the subregion are around 70 per cent on average. In terms of vulnerability to multidimensional poverty, Lesotho has the highest percentage of people who are vulnerable, followed by Malawi and then Zimbabwe. South Africa has the lowest percentage of people vulnerable to multidimensional poverty.

285. Vulnerability to climate change was also discussed in view of the global climate risk index. Three Southern African countries were among the ten most affected countries in 2019 including Mozambique, Zimbabwe, and Malawi. Mozambique was the most affected and highest ranked country in Southern Africa and the world. The high rankings of the three countries was mostly influenced by the tropical Cyclone Idai which caused enormous burden on these countries.

## 6.5 Methodological issues

286. The report relied on secondary data and information sources relevant to poverty and inequality across Southern Africa. Specifically, the study used the household surveys such as the Demographic and Health Surveys (DHS) and Multiple Indicator Cluster Surveys (MICS) as well as the Afrobarometer surveys. Other data sources from ECA and other international These data are publicly available, requires minimum ethical procedure, and are robust enough to be used to calculate poverty levels in the subregion. As these datasets are repeated in equal intervals, this presents an opportunity for continued reproduction of useful poverty, inequality, and vulnerability insight over time.

287. However, there are still some methodological challenges associated with studying poverty, inequality, and vulnerability in Southern Africa, just like in Africa as a whole. Some variables related to poverty, inequality and vulnerability may not be available in existing datasets, making it difficult to adequately measure these concepts. For example, there is no data on the extent of vulnerability to conflicts and civil unrest, and health crises which poses preparation and mitigation difficulties for risk counties. Additionally, tracking changes in poverty and inequality can better be done using longitudinal data. As this technique is highly resource-intensive and may face challenges related to respondent attrition and changing circumstances, many countries are unable to execute these types of studies.

288. Multidimensional analysis requires the presence of associated variables on specific domains. These variables may be unavailable in some datasets. Multidimensional inequality for example requires several variables on each domain but these are often unavailable in some of the publicly available datasets.

## 6.1 Recommendations

289. Addressing poverty is crucial to highlighting both inequality and vulnerability in the subregion. It is important for countries to boost economic growth because most policies that increase growth also reduce poverty, vulnerability to poverty. Growth and better distribution of resources are complementary, rather than competing goals in the fight against poverty, inequality, and vulnerability. More equal distribution of income and assets can foster growth, whereas high inequality can retard it. Anti-poverty strategies should not be limited to reducing immediate poverty but should also reduce vulnerability to poverty and strengthen resilience against future shocks.

290. Reducing poverty, inequality, and vulnerability in Southern Africa requires a multi-dimensional approach that addresses the identified root causes of these issues. There are several measures which could be considered to alleviate Southern Africa from high levels of poverty, inequality, and vulnerability.

291. Whether it is to redress colonial legacies or structural poverty, it is recommended that countries focus on economic growth and job creation. Promotion of inclusive economic growth

can be done by diversifying the economy, value addition, and creating employment opportunities. This can be achieved through investment in sectors with high growth potential, supporting entrepreneurship and small businesses, and attracting foreign direct investment. Many Southern African countries are heavily reliant on a few sectors, such as mining or agriculture, which often perpetuate inequalities and limit inclusive growth. Promoting economic diversification by supporting sectors such as manufacturing, services, and technology can create a more inclusive and resilient economy, generating more employment opportunities and reducing dependency on a single industry.

292. In line with economic diversification and value addition, governments should also focus on providing vocational training and skill development programs to equip the workforce with the skills needed for emerging sectors. Investing in quality education and skills development programs is crucial for breaking the cycle of poverty, inequality, and vulnerability. Enhancing access to education, particularly for disadvantaged groups, and improving the quality of education can provide individuals with the tools and knowledge needed to secure better job opportunities and participate fully in the economy.

293. Empowering small and medium enterprises (SMEs). Supporting the growth of SMEs can contribute to poverty reduction and inclusive economic development. Governments should implement policies and provide financial and technical support to help SMEs. There is need to enhance access to affordable and appropriate financing options for SMEs. This can be achieved through the establishment of dedicated SME financing institutions, guarantee schemes, venture capital funds, and microfinance institutions. Governments can also provide targeted business development services to support SMEs including access to training, mentorship, and technical assistance in areas such as business planning, marketing, financial management, innovation access markets, and training. This can stimulate entrepreneurship, create employment, and reduce income disparities.

294. Collaborative efforts among Southern African countries can help address common challenges related to poverty and inequality. Regional integration is already underway under SADC protocols and the African Continental Free Trade Area (AfCFTA). It is important for these initiatives to be inclusive and focus on sharing best practices, coordinating policies, and implementing joint projects that tackle regional disparities and promote inclusive growth. The AfCFTA for example is projected to provide millions of jobs and reduce extreme poverty. Countries can leverage such an initiative. Expanded markets, trade facilitation, infrastructure development, diversification of economies, skills and knowledge exchange, and peace and stability are some of the benefits of a successful regional integration programme.

295. Invest in infrastructure development, including transportation, energy, water, and sanitation. Improved infrastructure enhances productivity, facilitates trade, and improves access to basic services, particularly in rural areas. It can also attract investment and create employment opportunities. Infrastructure development can also enhance digitization. This includes promoting access to reliable electricity, broadband connectivity, and e-commerce

platforms. Governments can invest in infrastructure development, particularly in rural areas, to facilitate financial inclusion and market access.

296. **Social Protection Programs:** Strengthening and expanding social protection programs is vital in addressing poverty and inequality. Governments can establish comprehensive social safety nets that provide targeted assistance to the most vulnerable populations, including cash transfers, food security programs, and access to healthcare. Some countries like Zambia, Malawi, and Lesotho are already providing these. Expansion of these programmes in such countries is warranted to cover many more vulnerable populations. Provision of such programmes in countries not offering them will mitigate the immediate impacts of poverty while supporting individuals and families in their journey towards economic independence.

297. Addressing social exclusion is crucial. Promote gender equality and empower historically disadvantaged populations including women and youths through targeted policies and programs. This includes ensuring equal access to education, healthcare, and economic opportunities. Addressing gender disparities can contribute to poverty reduction and inclusive development in the subregion.

298. Strengthening governance and accountability. Enhancing transparency, accountability, and good governance is essential for reducing corruption, ensuring equitable resource allocation, and promoting inclusive development. Strengthening institutions, promoting the rule of law, and fostering an enabling environment for civic participation can contribute to reducing inequalities and fostering sustainable development.

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