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Report on Recent Economic and Social Conditions in Southern Africa

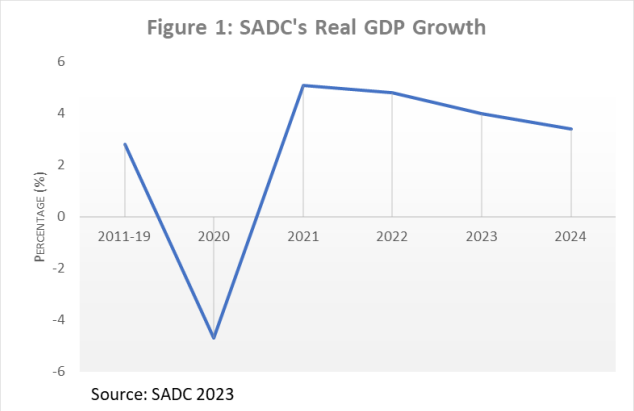
SECTION 1: INTRODUCTION

1. This report on *Recent Social and Economic Conditions in Southern Africa* is presented annually to the ICSOE of Southern Africa. Its objectives are to: (i) provide member States with an update on the social and economic situation in the region; and (ii) offer recommendations on key policy issues.

2. Member States' representatives and other stakeholders attending the 29th ICSOE meeting are invited to deliberate on the report and its recommendations, and to share updated country data on social and economic conditions to improve future analysis.

SECTION 2: RECENT MACROECONOMIC PERFORMANCE

2.1 Economic performance overview



3. The sharp economic rebound post-COVID-19 in 2021 was not sustained in 2022 due to fiscal support withdrawals, rising interest rates, poor agriculture production and climate change impacts, and energy deficits. The regional economic growth (figure 1 and table 1 in the annex) averaged 4.8 per cent in 2022 down from 5.1 per cent in 2021. Fast growing member States in 2022 were Mauritius (8.7 per cent), Botswana (5.8 per cent) and Mozambique (4.1 per cent). GDP growth rates of 2 per cent and less were recorded in Eswatini (0.5 per cent), Malawi (0.8 per cent) and South Africa (2.0 per cent). A pick-up in domestic demand and full reopening of national borders allowing resumption of tourism activities, supported growth in Mauritius. Botswana's economic growth, which had slowed from 11.4 per cent in 2021, was supported by water, electricity and diamond sectors, while Mozambique's growth reflected the execution of energy projects.

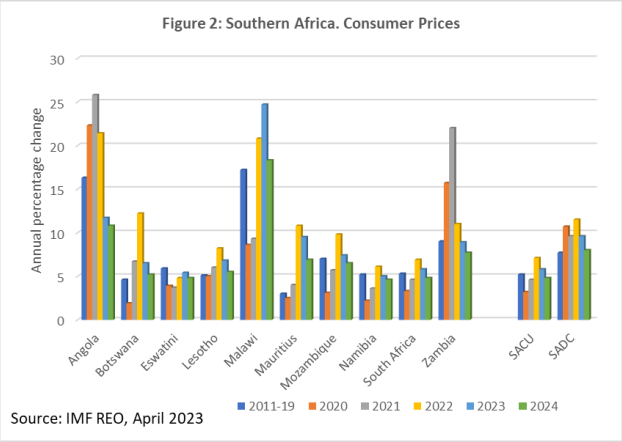
4. The deceleration in Eswatini's economic growth from 7.9 per cent in 2021 was attributed to poor agriculture performance caused by high input costs as a result of the Ukraine crisis. Climatic events affecting agricultural production, energy shortages, and low foreign exchange reserve levels affecting the importation of inputs for production, curtailed Malawi's economic performance. South Africa's economic growth slackened from 4.9 per cent in 2021 on COVID-19's lingering impacts on investment decisions and the severe electricity outages on production, as well as disruptions in freight and logistics networks which eroded competitiveness.

5. The remaining countries' growth rates emerged from several fronts including high prices of oil and other minerals (Angola); the construction of Lesotho Highlands Water Project Phase II, high agriculture production, favourable global diamond prices and rebound of mining activities due to return to full-scale production (Lesotho); higher diamond production and activity improvements in the manufacturing, and electricity and water sectors (Namibia); transport and storage, education, and ICT sectors (Zambia); and mining (with gold, coal, platinum, palladium and diamonds exceeding their target output), agriculture. accommodation and food services, and ICT sectors (Zimbabwe).

6. Looking ahead, the South African Reserve Bank sees the country's economic growth rate at 0.7 per cent in 2023 as energy and logistical constraints, high interest rates, and constricted fiscal space take a toll on economic activity[1]. Southern Africa's other barriers to faster growth include high public debt levels in Zambia (GDP growth will slow to 2.7 per cent in 2023) and Zimbabwe (GDP will slow to 3.7 per cent in 2023), and adverse weather conditions (see section 6). Overall, Southern Africa's economic performance in 2023 will largely be shaped by global economic recovery and inflation developments, the evolution of the Russia/Ukraine conflict, new conflicts in the Middle East and other geopolitical tensions, occurrence of climate calamities and financial conditions.

2.2 Price movement developments

7. SADC region annual inflation rose from 14.6 per cent in 2021 to 22.3 per cent in 2022 (figure 2, excluding Zimbabwe), reflecting increased demand after the reopening of economies post-pandemic peak, supply chain disruptions, as well as high food and energy prices due to the Russia/Ukraine conflict. Adverse weather conditions also contributed to food insecurity resulting in high food inflation.

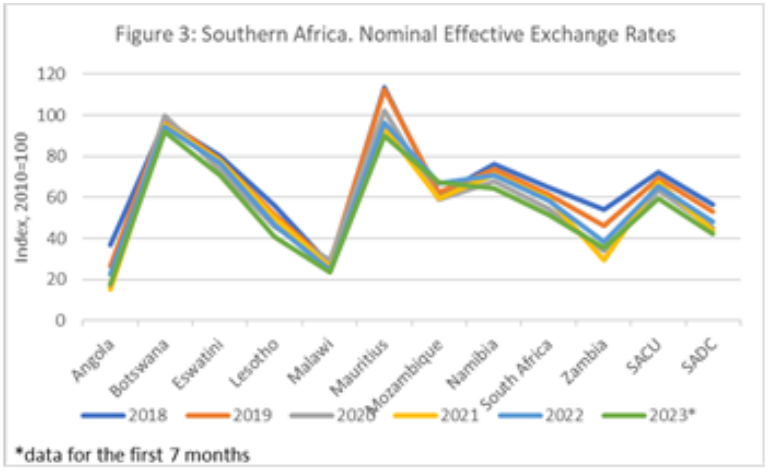


8. Zimbabwe's inflation rose from 98.5 per cent in 2021 to 194.5 per cent in 2022 on high domestic food, fuel and fertilizers prices, and local currency depreciation. Eswatini, Namibia and South Africa achieved the 3-7 per cent target range in 2022.

9. To lower inflation rates the subregion's central banks continued tightening policy in 2022 into 2023 with some successes, while acknowledging that rather than being demand-driven, the inflation was supply-driven, including the Russian-Ukraine conflict and subsequent economic sanctions against Russia which increased energy prices.

2.3 Exchange rates

10. The US dollar continues to serve as a global reserve currency and a prominent international medium of exchange. Its appreciation in 2022 in response to the US central bank's tenacity to keep raising policy rates to rein in high inflation adversely affected economies across the globe, including Southern Africa (figure 3)[2]. The region faces higher inflation from global food and fuel costs due to its cereal demand, fuel imports, and the strong US dollar. If the crisis continues and oil price increases persist these will exert more pressure on the region's currencies.



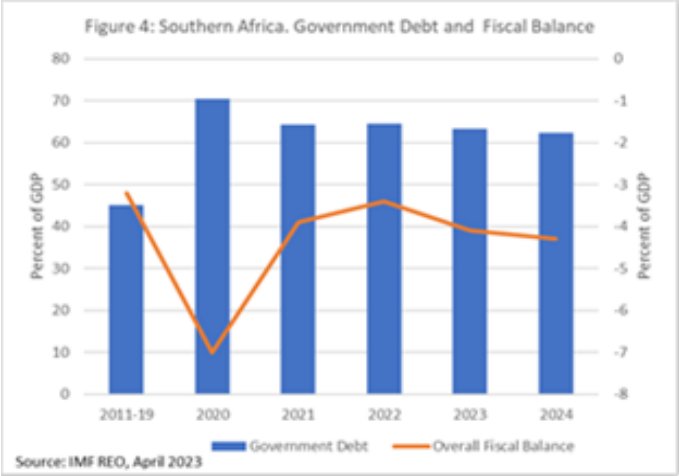
[1] 21 September 2023 SARB Monetary Policy Committee Statement
[2] Darvas, Z. M. (2021). Timely measurement of real effective exchange rates (No. 15/2021). Bruegel Working Paper.

11. Aside from inducing inflationary pressures, the US's aggressive interest rate hikes in 2022 led investors to exit emerging market economies' assets toward "safe" US treasuries. As a result, most Southern Africa commodity exporters experienced sustained exchange rate depreciations despite higher international commodity prices in 2022. Zimbabwe's dollar was among Southern Africa's weakest currencies in 2022, depreciating by around 323.4 per cent against the US dollar.

12. Some member States' currencies however gained or remained stable. For example, Angola's kwanza appreciated by 27 per cent year-on-year against the US dollar in 2022, reflecting the combined effects of higher oil revenues and improved credit rating by major rating agencies. The Zambian kwacha was bolstered by creditors' agreement to restructure the country's external debt, which triggered approval of the IMF's three-year US$1.3 billion Extended Credit Facility. The resultant investors' favourable outlook for Zambia's macroeconomic situation boosted the kwacha, which appreciated by 15 per cent year-on-year against the US dollar in 2022.

2.4 Fiscal performance and public debt

13. Figure 4 and table 1 (annex) show SADC's overall fiscal balance and government debt. While still being pummeled by adverse global economic developments, the Russia/Ukraine conflict, adverse weather conditions and the lingering COVID-19 pandemic's impact, fiscal deficit improved to 3.9 per cent of GDP in 2022 from 4.2 per cent of GDP in 2021 with Angola, Botswana and Zimbabwe achieving the regional fiscal deficit target in 2022 (table 1). The budget deficit narrowed in several member States partly reflecting prudent fiscal management in a constrained environment experiencing negative shocks.



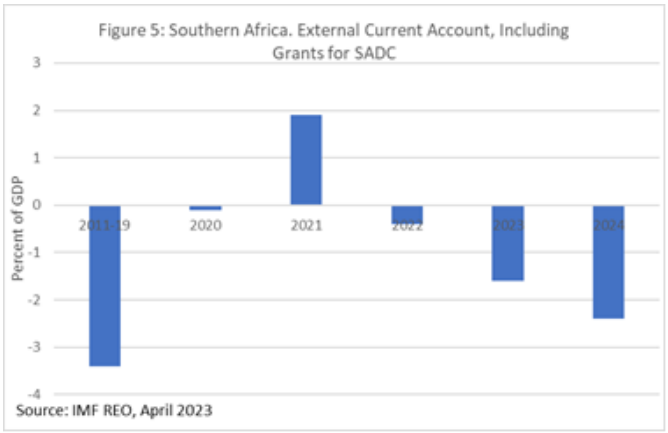
14. Huge budget deficits in Mozambique and Malawi reflected a battery of developments ranging from high import bills for fuel, fertilizer and food (Malawi), disaster responses to cyclone Freddy (Mozambique, Malawi), as well as support to affected and vulnerable groups. Zambia's budget deficit, still high at 7.8 per cent of GDP in 2022, was nonetheless an improvement from 9 per cent of GDP in 2021, thanks to high company tax collection and positive performance under PAYE attributed to improved payments compliance, and total expenditures falling below target.

15. Botswana, Eswatini and Lesotho met the target of 60 per cent of GDP of public debt in 2022 (table 1). Malawi, Mozambique, South Africa and Zimbabwe registered public debt levels above 70 per cent of GDP in 2022. Malawi's public debt grew as the country was responding to the impacts of cyclone Freddy and COVID-19 pandemic. Malawi's public debt is projected to reach 74.5 per cent of GDP in 2024. Mozambique has benefited from the Debt Service Suspension Initiative giving the country greater liquidity to respond to the COVID-19's socioeconomic impacts. Also, the IMF's Extended Credit Facility Arrangement has provided the country with access to SDR 45.44 million (US$60.6 million), enabling the country to reduce public debt and financing vulnerabilities.

16. South Africa's increasing indebtedness stems from perennially poor GDP growth, resulting in low revenue collections and leading to widening budget gap. The fiscal position is projected to further weaken on low mineral revenues, the Eskom debt relief arrangement and public sector wage bill pressures. The National Treasury is mulling a fiscal anchor as part of measures to contain rising debt and regain the country's fiscal credibility.

2.5 Balance of payments developments

17. Figure 5 and tables 2 and 3 show the external current account of balance of payments (BOP) in Southern Africa. Current account deficit as a share of GDP for the region improved slightly from 4.3 per cent in 2021 to 4.1 per cent in 2022. Angola, Botswana, Eswatini, Zimbabwe, Zambia, South Africa and Malawi performed above the regional threshold. However, most member States experienced a deterioration in their current account balances relative to 2021, save for Malawi and Botswana who benefited from good performance in mineral exports and tourism.

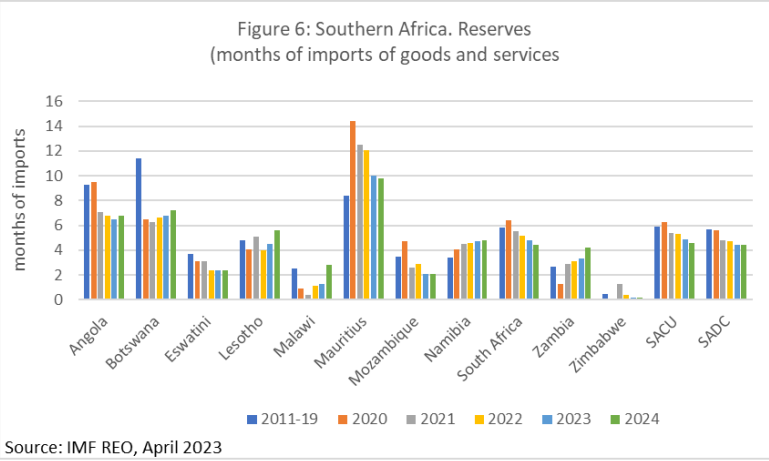


18. On the capital account of BOP side, total external financial inflows to Africa - foreign direct investment (FDI), official development assistance (ODA), and remittances - have rebounded by around 20 per cent to US$216.5 billion in 2021 with Southern African countries benefitting. South Africa received the largest FDI in 2021, attracting investments worth over US$40.9 billion, accounting nearly half the total inflows to Africa. Mozambique also received significant FDI inflows, amounting nearly to US$5.1 billion, mainly directed at greenfield projects in the energy sector.

19. The surge in ODA since 2020 reflects international community's support to African governments to tackle the humanitarian and socioeconomic impacts of the pandemic and navigate the challenging global environment. Angola has been the largest recipient of ODA in Southern Africa, but most assistance went to countries in other regions of Africa, pointing to the need for the subregion to enhance efforts in leveraging this external support to build more resilient economies. These efforts are important given risks that advanced economies may shift resources to reconstruction and humanitarian assistance in Ukraine and pare back on their committed ODA contributions to Africa.

20. Remittances have rebounded following their fall during the height of COVID-19 pandemic and show increased personal transfers to Angola, Zambia, and Zimbabwe since 2021, driven by improved economic conditions in top African migrant destination countries, including the OECD and the Gulf countries. Remittances have become a vital source of foreign financing for many African countries, serving as a bulwark against people's vulnerability to severe shocks.

21. SADC international reserves declined from 5.9 months of import cover in 2021 to 4.4 months of import cover in 2022 (figure 6). Angola, Botswana, and Mauritius however met the regional target of 6 months of import cover in 2022. Mauritius had the highest import cover of 11.6 months, although this was a decline from 17.6 months in 2021. All other countries experienced slight decline in reserves partly reflecting unfavorable terms of trade, high import bills and subdued export performance. Zimbabwe and Malawi recorded the lowest import cover of 1.4 and 1.3 months respectively.



SECTION 3: INDUSTRIALIZATION

3.1 Overview of the manufacturing sector in Southern Africa

22. Successful, inclusive and sustainable industrialization is the missing link for the structural transformation and sustained economic growth that countries in Southern Africa so greatly desire. Yet, immense opportunities exist for industrialization[3] in the subregion through value addition to commodities, mineral beneficiation and regional integration.

23. Despite the subregion's relatively high growth rates in the early 2000s, industrial gross domestic product (GDP) has remained low with most economies still highly undiversified and dependent on a few primary commodities for revenue. Though the *level* of industrialization in the subregion's per capita has steadily increased over the last two decades from roughly 320 to 440 as measured by manufacturing value added (MVA) per capita, this increase has been driven primarily by the performance of a few outlier economies; namely, Eswatini, Mauritius and South Africa.[4] Except for minimal declines in the (post-) COVID era, only Mauritius and South Africa consistently increased their capacity to produce goods and services between 2000 and 2019, with scores above 30 on the productive capacities index.[5] At the same time, the *share* of MVA to GDP in the eleven member states covered by ECA SRO-SA declined from a roughly 15 per cent contribution in the early 2000s to 2008, to an average of 11.8 per cent in 2018, with country ratios ranging from 4.8 per cent in Angola to 32 per cent in Eswatini.[6,7] This downward trend is further reflected in the decline in average growth rate of the manufacturing sector in the subregion by 0.5 percentage points in 2019 from 2 per cent in 2018 even before the negative effects of COVID-19 registered. Yet, at 63 per cent the imports of manufactured goods continue to dominate imports to the subregion, most of which are sourced from outside the continent.

[3] Industrialization is the process of shifting the focus of the economy from agriculture towards manufacturing (www.investopedia.com/terms/i/industrialization.asp). It is often defined as "moving up" the value chain from the production of raw materials to manufactured goods and, ultimately, to capital goods, technology development and design.
[4] Reference inclusive industrialization issues paper; WDI, 2022
[5] UNCTAD Statistics Database
[6] Reference inclusive industrialization issues paper; WDI, 2022
[7] The share of manufacturing to GDP for the SADC region as a whole declined from 17.6% in 1990 to 11.9% in 2020. (SADC Macroeconomics Statistics Bulletin, November 2021)

3.2 Industrialization in Southern Africa

a) Low state of industrialization in the subregion

24. Southern Africa has a low level of industrialization, as depicted by the performance across several indicators (table 5). In 2021, the annual average growth for MVA in the subregion stood at 5.4 per cent compared to 4.9 per cent for Sub-Saharan Africa and close to 8 per cent for the world. In the same year, MVA as a percentage of GDP in the subregion was 12.5 per cent, compared to 11.6 per cent in Sub-Saharan Africa and 16.5 per cent in the world.[8] The figures on exports of value-added products from Southern Africa are also low with only 1.7 per cent of manufactured exports (in all SRO-SA member States excluding Angola) being classified as high-technology products in 2020, compared to 4.6 per cent in Sub-Saharan Africa, 13 per cent in Africa as a whole, and 22 per cent in the world.[9] The overall productive capacities index is also low in Southern Africa, at an average 37 per cent in 2021, compared to 48 per cent in the world.[10] The levels of policy development for industrialization in the subregion are also weak. Only a few countries in the subregion have comprehensive industrialization strategies, and there is a lack of coordination between national and regional policies.

b) Special Economic Zones and industrialization in Southern Africa

25. Special economic zones (SEZs) as key industrial development strategies has a long history dating to the 1950s. The UN reports a recent rise in SEZs around the world noting that more than 1,000 new zones were established between 2014 and 2019 alone.[11] In Southern Africa countries are pursuing the establishment of zones, with functional zones in South Africa, Mauritius and Zambia and nascent ones in Malawi, Namibia and Zimbabwe. SEZs are common strategies to foster private sector development and inclusive industrialization[12] and they encompass traditional export processing zones, industrial parks, eco-industrial zones, service parks, science and technology zones, as well as high-tech parks[13]. SEZs are established as a tool to produce for the export market, facilitate exports, promote investment, create employment, develop industrial infrastructure and anchor economic activities[14].

26. An emerging phenomenon of SEZs in Southern Africa are cross-border economic zones anchored on complementarity in resource endowments and the desire to promote industrialization through regional value chains. The clean energy transition is at the heart of the ongoing development of the Democratic Republic of Congo-Zambia cross border SEZ[15] on the Electric Vehicle Battery (EVB) initiative. The two countries host significant reserves of cobalt, graphite, manganese, lithium and nickel, critical minerals for EVB value chain and are collaborating to develop an industrial cluster to facilitate the emergence of a fully integrated EVB sector with deep domestic linkages across the

[8] World Bank, 2023
[9] World Bank, 2023
[10] UNCTAD Stats, 2023
[11] Conference on Trade and Development (2019). World Investment Report 2019: Special Economic Zones. United Nations publication
[12] Economic Commission for Africa (ECA) (2022). Harnessing the Potential of Special Economic Zones for Private Sector Development and Inclusive Industrialization in Southern Africa.
[13] Farole, Thomas (2011). Special Economic Zones in Africa: Comparing Performance and Learning from Global Experiences. Washington, D.C.: World Bank.
[14] Mutize, M. (2015). Special Economic Zones (SEZs) in Southern African Development Community (SADC). Journal of Governance and Regulation, vol. 13, No. 3, pp. 233–263.
[15] With technical support from Afreximbank and the Economic Commission for Africa (ECA)

two countries. Similarly, Zambia and Zimbabwe's collaboration on a common agro-industrial park[16] focused on exploiting the agriculture potential of the two countries and facilitating the establishment of a cross border SEZ is a novel initiative in supporting socio-economic transformation through agriculture and industrial value chains development, anchored on the African Continental Free Trade Area (AfCFTA).

c) AfCFTA link with industrialization

27. The AfCFTA comes with new trade opportunities alongside industrial transformation across Africa. The practical implementation of the AfCFTA has the potential to foster regional value chains (RVCs), enabling investment and job creation thus enhancing the competitiveness of Africa in the medium to long term. The International Trade Centre has estimated the target market of the AfCFTA at 1.27 billion people; this is projected to rise to 1.7 billion by 2030, of whom about 600 million will be middle class. It has further estimated that Africa's aggregate GDP will soar to US$6.7 trillion in purchasing power parity terms with an estimated US$4 trillion in investment and consumer spending.[17]

28. At regional level, intra-SADC trade has remained very low, at only 17 per cent of total SADC trade despite persistent efforts to boost trade within the region.[18] The value of exports from the region are largely dominated by unprocessed or minimally processed products mainly from the agricultural and mineral sectors, thus providing very low value returns - approximately 10 per cent of the potential value of the products from the agriculture sector.[19]

29. The AfCFTA's potential to transform Southern Africa's economies, which are predominantly agriculture-based from an overdependence on primary commodities to strong, more inclusive, manufacturing-based economies is fundamental in measuring the competitiveness of RVCs. Furthermore, the AfCFTA's provisions on leveraging technological advancement has potential to drive Southern Africa's industrial development through increased productive capacities of industries as well as MSMEs.

3.4 Manufacturing sector and industrialization – challenges and opportunities

30. The challenges facing the manufacturing sector in Southern Africa are multiple and complex. The data over the last 20 years indicates a slowing of the manufacturing base and a process akin to de-industrialization, as the services sector expands, whilst the agricultural sector and manufacturing sector has typically shrunk over this period. 2022 GDP and GDP growth has been constrained, despite a bounce back in economic growth post-COVID19 pandemic, largely fuelled by pent-up demand and extractive industries exports. This constrained growth is partly a consequence of the underperformance of the manufacturing sector, which should typically act as an engine of growth, economic diversification and job creation necessary to drive the industrialization process. This *prima facie* challenge remains – how to accelerate growth of the manufacturing sector and fuel industrialization.

31. Notable opportunities on the horizon for the region include expansion of new era SEZs with access to affordable renewable energy, digital systems and transport systems facilitating access to

[16] With technical support from ECA, UNIDO, African Development Bank under the leadership of COMESA
[17] International Trade Centre (2018). "A Business Guide to the African Continental Free Trade Area Agreement." Geneva.
[18] SADC Industrialization Strategy and Roadmap (2015-2063), SADC Secretariat, Gaborone, Botswana.
[19] ibid

markets. These SEZs will drive agricultural value chains, electric automobile value chains, textiles and apparel, pharmaceuticals and green energy to (particularly green hydrogen production and solar) support the energy transition process are all identified as key industries that will deepen intra-Africa trade under the aegis of the AfCFTA. Additionally, a focus on green growth, the blue and circular economies proffers opportunities for increased competitiveness, innovation and commercialization of new products for regional and international markets.

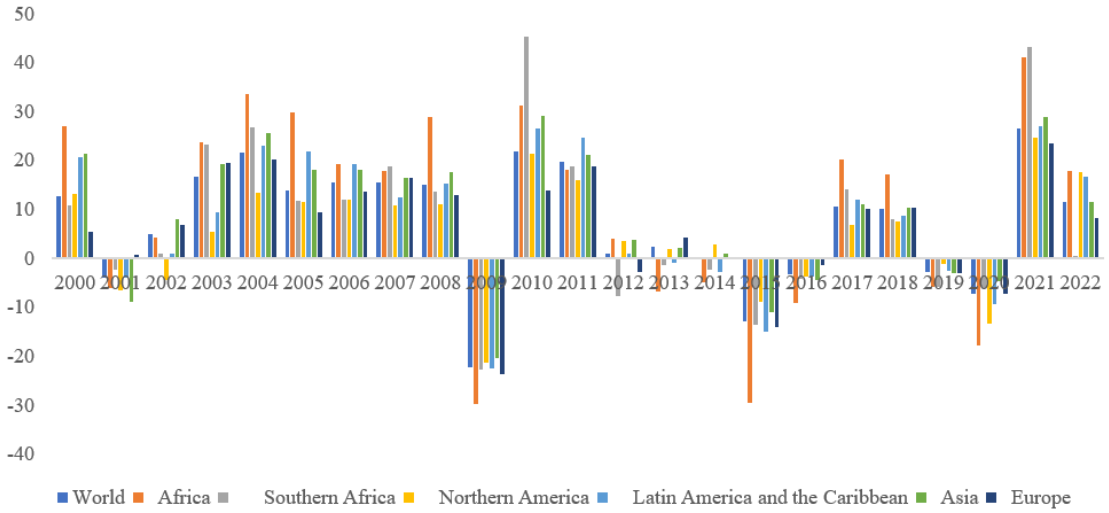
SECTION 4: INTRAREGIONAL TRADE

4.1 World trade environment remains gloomy amidst a lingering COVID-19 impact and ongoing crisis in Ukraine

32. The mid-year *Trade Monitoring Report* of the World Trade Organization (WTO)[20] reports that merchandise trade remains weak, having slumped in the last quarter of 2022 and having remained below trend in the first quarter of 2023 (WTO, 2023). The report notes that the ongoing war in Ukraine, climate change related events, high food and energy prices, elevated inflation, as well as the lingering effects of the COVID-19 pandemic, are having serious implications for the global economic environment. The pace of implementation of new export restrictions by WTO member States has increased since 2020. Although some of these have been rolled back, as of mid-May 2023, 63 export restrictions on food, feed and fertilizers were still in place, in addition to 21 COVID-19 related export restrictions on essential products. During the review period, WTO member States introduced 182 new trade-facilitating and 110 trade-restrictive measures on goods, unrelated to the pandemic. No new COVID-19-related services measures were reported by WTO member States, but many measures introduced in 2020 remain in place. Since the beginning of the pandemic, 156 COVID-19-related services measures were identified, with 22 reported as terminated by mid-May 2023. The number of new COVID-19-related support measures to mitigate the social and economic impacts of the pandemic fell sharply (WTO, 2023).

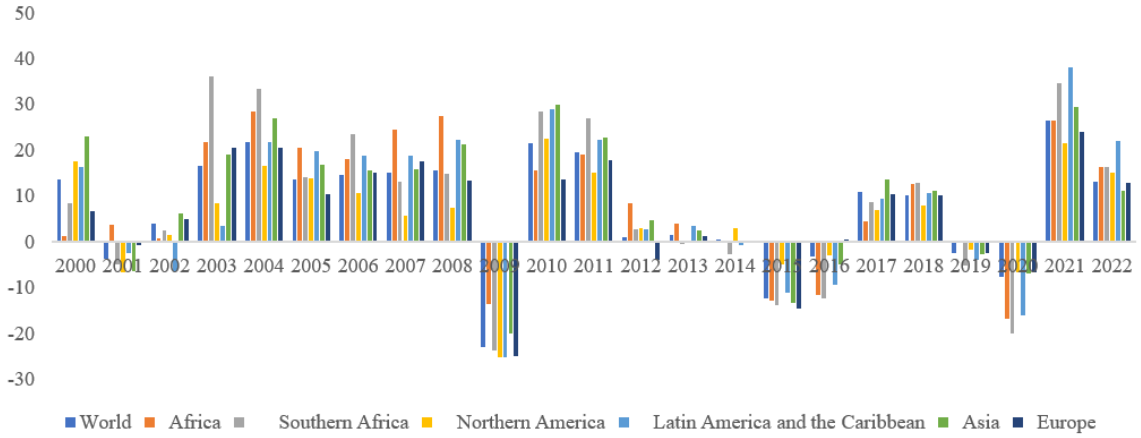
4.2 The differential impact of COVID-19 and Ukraine in Africa and Southern Africa

Figure 7a. Trends in Merchandise Trade 2000-2022: Merchandise Export Growth (annual percentage)



[20] WTO (2023). WTO Trade mid-year monitoring report. July 2023. World Trade Organisation. Geneva

Figure 7b. Trends in Merchandise Trade 2000-2022: Merchandise Import Growth (annual percentage)



Source: UNCTADStats.[21]

33. In 2020, world merchandise exports fell by 7.2 per cent but rebounded by 26.6 per cent in 2021 and 11.5 per cent in 2022 (figure 7a). In Africa the fall in merchandise exports was steepest of all the other regions (Europe, Latin America and the Caribbean, Northern America, and Asia) at 17.8 per cent in 2020. In SACU member States, the fall was lower at 6.0 per cent. The rebound in 2021 however was strongest in Africa, compared to Europe, Latin America and the Caribbean, Northern America and Asia at 41.0 per cent and stronger still in SACU member states at 43.2 per cent. In 2022, during the Ukraine crisis, exports grew the highest in Africa compared to all other regions by 17.8 per cent (slightly higher than Northern America which was 17.7 per cent) while in SACU member States it was way more subdued at 0.5 per cent. COVID-19 in 2020 impacted African exports more harshly than the Ukraine crisis in 2022 while for the Southern African region, proxied by the SACU member states the opposite seems to hold true.

34. On the imports side, world merchandise imports fell in 2020 by 7.5 per cent with the contraction strongest in Africa by 16.6 per cent and in SACU member states stronger still at 20.0 per cent (figure 7b). In 2021, imports grew by 26.5 per cent worldwide and by 26.6 per cent in Africa, lower than import growth in Latin America and the Caribbean (38.2 per cent), Asia (29.5 per cent) and SACU member states at 34.7 per cent.

35. Africa recovered strongly from the COVID crisis in 2021 and withstood well the impact of the Ukraine crisis in 2022, compared to other regions, with exports growing faster than imports in both 2021 and 2022 indicating no significant deterioration in the balance of trade. However Southern Africa, as proxied by SACU member States showed higher growth in imports compared to exports in 2022, an opposite scenario to 2021, and seems to have been more impacted by Ukraine crisis than Africa as a whole.

36. Table 6 shows trends in merchandise export and import growth rates of the 11 ECA SRO SA member States from pre-COVID to 2022. Net merchandise trade improved during the COVID era in 2020 in South Africa and Zambia owing to import contraction and deteriorated the most in Botswana and Mozambique. Botswana and Mozambique registered the highest net merchandise trade growth

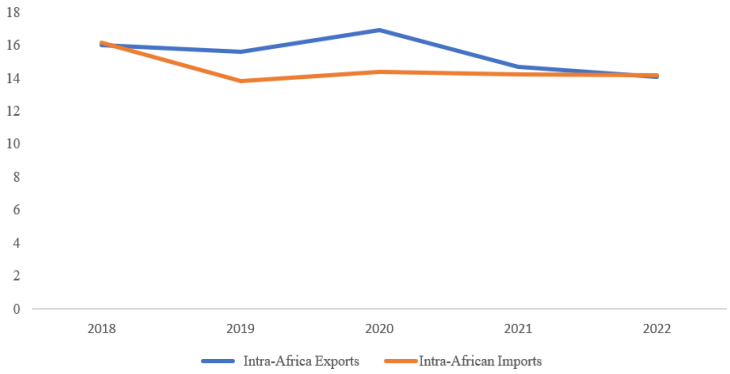
[21] Southern Africa refers to the SACU member states of Botswana, Eswatini, Lesotho, Namibia and South Africa.

while South Africa and Zambia experienced the most deterioration. COVID-19 and the Ukraine crisis had differing impacts on a few countries owing to differences in export composition.

4.3 Intra-African trade

37. Based on data from UNCTAD[22], intra-African exports fell to 14.2 and 14.1 per cent in 2021 and 2022 respectively compared to 16.9 per cent in 2020 (figure 8). Intra-African imports fell from 16.1 per cent in 2018, to 14.4 per cent in 2020 and 14.2 per cent both in 2021 and 2022. The continent was not able to deepen intra-regional trade during the post-pandemic. Data on intra-African trade by Southern African country (table 7) depicts that a few countries were better able to leverage regional markets to weather the shocks of COVID-19 and the Ukraine crisis as reflected by their growth rates on net intra-African trade. These include Angola, Botswana, Lesotho, Malawi and Mozambique in 2021; and Angola, Botswana, Eswatini, Mozambique, Namibia and Zimbabwe in 2022.

Figure 8. Trends in Intra-African Trade:2018-2022



Source: UNCTADStats

4.4 Intra-regional trade as a lever of industrialization and global trade

38. UNECA continues to advocate to African countries to deepen their access to regional markets, within and outside their RECs in order to better harness the gains from trade. The AfCFTA can provide opportunities for economic and trade diversification for the continent and Southern Africa, provided efforts are deployed to promote inclusive industrialization and other sectoral policies including agricultural development and services. The AfCFTA however should not be positioned as a substitute to global trade.

4.5 Regional value chains for increased intraregional trade and participation in global value chains

39. To deepen their benefits from regional integration, Southern Africa countries should accelerate implementation of their National AfCFTA Strategies as well as their national industrial policies and regional frameworks such as the SADC Regional Industrialization Strategy. Private sector development is critical as micro, small and medium-sized enterprises (MSMEs) must be supported in their insertion in regional value-chains to amplify trade in intermediates, where most opportunities lie, as opposed to trade in final goods alone. Building capacities of MSMEs to comply with rules of origin within SADC and the AfCFTA should be given attention, in addition to promoting utilization of science, technology and innovation (STI) including digital technologies among MSMEs to enhance their competitiveness in regional and international markets.

[22] WTO (2023). WTO Trade mid-year monitoring report. July 2023. World Trade Organisation. Geneva.

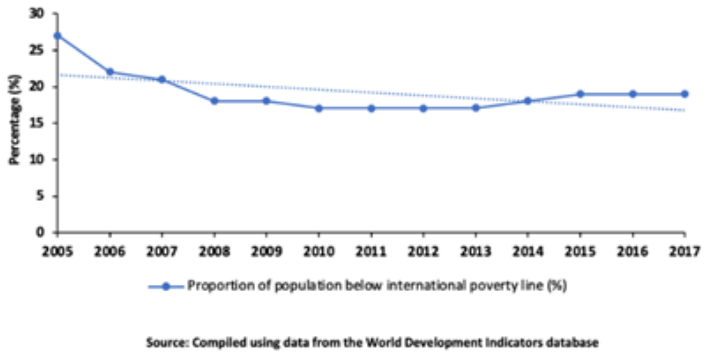
SECTION 5: OVERVIEW OF SOCIAL DEVELOPMENT IN SOUTHERN AFRICA

5.1 Worsening poverty levels in Southern Africa

40. Southern Africa continues to be characterised by high levels of poverty and inequality, ranking as one of the poorest subregions on the African continent and the most unequal in the world, hosting the world's three most unequal countries – South Africa, Namibia, and Zambia[23]. Despite being resource-rich, the subregion has been unable to significantly reduce wealth gaps, poverty and vulnerability despite showing some improvement in the past few years (figure 9).

41. The 2023 SDGs report and the 2022 ASDR show in Southern Africa, the COVID-19 pandemic pushed 4.24 million people into extreme poverty in 2021, up from 3.34 million people in 2020, projecting an increase to 87.4 million by 2030 under the COVID Baseline scenario, which is significantly higher than 81.4 million people under the No COVID scenario[24]. Recently, the region was hit by several cyclones, leaving more than 1,500 people dead and millions of others affected across Mozambique, Malawi, and Zimbabwe, and worsening food insecurity, nutritional deficiencies, poverty, and vulnerability in the region. The Russia-Ukraine crisis has equally continued to exacerbate the price of key economic goods like crude oil, fertilizer, wheat.

Figure 9: Poverty Prevalence in Southern Africa



Source: Compiled using data from the World Development Indicators database

42. Against the above backdrop, the 2023 SDGs report has called on governments and stakeholders to target underlying factors and develop strategies to alleviate deprivations across multiple dimensions. This includes promoting inclusive economic growth (diversifying the economy, value addition, and creating employment opportunities), economic diversification, empowering small and medium enterprises (SMEs), expanding social protection programs, addressing social exclusion, strengthening governance and accountability, regional cooperation, climate change financing. The aim is to address inter-linkages within the social sector, as well as between the social, economic, and environmental dimensions of sustainable development in the region (2023 UN SDGs Report).

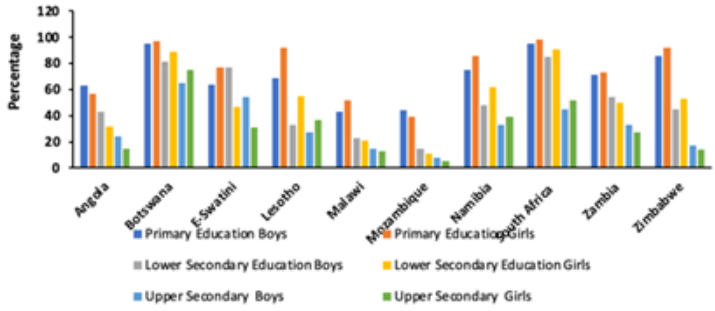
5.2 Status of key Social Development Indicators in Southern Africa

[23] OXFAM International. (2022). Poverty and extreme inequality worsen in southern Africa as COVID-19 battered countries embark on a dangerous austerity path.

[24] 2022 Africa Sustainanble Development Report ASDR.

43. Access to education is identified as a major driver of human development and utlimately of poverty and inequality eradication. This is because education builds human capital, which in turn promotes economic growth, innovation, decent work, and the elimination of extreme poverty, and helps overcome gender and other inequalities. As such countries must strive to expand and transform their education systems. Figure 10 shows South Africa and Botswana as the only countries in the region that have attained above 90 per cent primary level completion rate. The 2022 ASDR has implored the region to increase funding for education infrastructure, especially on pre-primary and primary education, investing in the training of teachers, and digital connectivity[25]

Figure 10. Completion rate in Southern Africa by Country, level, and sex



Source: Compiled from UNESCO, Global Monitoring Report 2021-2022

44. Health has equally beeen identified as one of the key enablers of social development and pathway way through which poverty and inequality can be eradicated. As health and well-being are important at every stage of one's life, starting from the beginning. The table index statistics on figure 11 represent countries' major health priorities: reproductive, maternal, newborn, child and adolescent health; communicable and non-communicable diseases; universal health coverage; and access for all to safe, effective, quality and affordable medicines and vaccines.

Figure 11: Health index in Southern Africa by Country and Global Score

	COUNTRY	LIFE EXPECTANCY 2000-2019		HEALTHY LIFE EXPECTANCY 2000-2019	
		Country Index	Global Index	Country Index	Global Index
1.	ANGOLA	63.1%	73.3%	50.6%	61.5%
2.	BOTSWANA	60.9%	72.3%	53.9%	63.7%
3.	ESWATINI	47.4%	70.5%	50.1%	63.7%
4.	LESOTHO	50.7%	73.3%	44.2%	63.7%
5.	MALAWI	56.8%	70.5%	57.1%	63.7%
6.	MAURITIUS	72.3%	74.1%	63.7%	63.9%
7.	MOZAMBIQUE	58.1%	73.3%	50.4%	63.7%
8.	NAMIBIA	62.9%	72.3%	56.1%	63.7%
9.	SOUTH AFRICA	65.3%	73.3%	56.2%	63.7%
10.	ZAMBIA	62.5%	73.3%	54.4%	63.7%
11.	ZIMBABWE	58.5%	72.3%	53.1%	63.7%

Source: World Health Organization-World Health Statistics 2023, Monitoring Health for the SDGs

45. The above figure (figure 11) reveals some mininal progress in terms of attainment of SDG 3 with Mauritius scoring high in the region with. Improvement has been in countries like Zambia whose life expectancy has moved from 39 years in 2000 to 54.4 years in 2019, Zimbabwe from 46.6-60.7 years in 2019[i]. Need for investment in the health sector especially in rural areas has been recognised if the attainament of SDGs 3 is to be actualised and this includes in the infractracture, skilled health personnel, all forms of vaccines (World Health Statistic 2023).

46. Equally, gender equality has been recognized as precondition for meeting the challenge of reducing poverty, promoting sustainable development, and building good governance" (Kofi Annan, 1998). Figure 12 reveals that the region has been making some progress though minimal in terms of attaining SDG 5, as most countries except for Mauritius, South Africa and Namibia.

[25] UNECA (2021). Economic Report on Africa: Addressing poverty and vulnerability during the COVID-19 pandemic. United Nations Economic Commission for Africa. Addis Ababa.

47. However, figure 12 also reveals that opportunities for women and girls in terms of economic and political engagement, legal frameworks and violence against women within the region are still stagnating in most of the countries especially for Zimbabwe which shows retrogretion as of 2022 (2022 SDG Gender Index Report). This compromises efforts towards attaining both the SDGs and Agenda 2063 Goals, as women's full and effective participation and equal opportunities in leadership positions at all levels of decision making in political, economic, and public life are critical in eradicating poverty and inquality[ii].

Figure 12: Status of Gender Inequality in Southern Africa by Country

Country	SDG Gender Index	Change In Points
1. Angola	49.2%	-
2. Botswana	60.3%	0.9 ▲
3. Eswatini	54.2%	-
4. Lesotho	51.1%	1.6 ▲
5. Malawi	48%	0.8 ▲
6. Mauritius	75.3%	1.6 ▲
7. Mozambique	54.6%	2.8 ▲
8. Namibia	60.7%	0.6 ▲
9. South Africa	70.9%	1.6 ▲
10. Zambia	54.4%	1.7 ▲
11. Zimbabwe	53%	-0.8 ▼

Source: 2022 SDG Gender Index Report

5.3 Snapshot of poverty and inequality in Southern Africa

48. To better understand whether the region is on track to end extreme poverty, figure 13 shows how individual countries are faring based on the global Human Development Index, Gini Coefficient and Multi-dimension Poverty Index. Figure 13 also reveals that the HDI in Southern Africa has a simple average of 0.603, which is higher than the average for Sub-Saharan Africa at 0.547, the positive score is attributed to higher HDI recorded in Mauritius, South Africa, Botswana, and Namibia. With a few countries like Lesotho, Malawi and Mozambique behind (UNDP (2022).

49. Figure 13 also reveals that multi-dimensional poverty in the region is lower than the average in Sub-Sharan Africa in all countries except Mozambique. Based on data available from tle latest UNDP Human Development Report (HDR), only 11 countries in the world score above 50 on the Gini Coefficient, and 8 of these 11 countries (Angola, Botswana, Eswatini, Mozambique, Namibia, South Africa, Zambia, Zimbabwe) are in Southern Africa, a stark statistic that places the region as among the most unequal in the world.[26]

Figure 13. Southern Africa. Multi-Dimensional Poverty

Country	HDI and Global Rank	Gini Coefficient	Multidimensional Poverty Index (MPI)
Angola	0.586 (No.148)	51.3	0.282
Botswana	0.693 (No.117)	53.3	0.073
Eswatini	0.597 (No.144)	54.6	0.081
Lesotho	0.514 (No.168)	44.9	0.084
Malawi	0.512 (No.169)	38.5	0.252
Mauritius	0.802 (No.63)	36.8	--
Mozambique	0.446 (No.185)	54.0	0.417
Namibia	0.615 (No.139)	59.1	0.185
South Africa	0.713 (No.109)	63.0	0.025
Zambia	0.565 (No.154)	57.1	0.232
Zimbabwe	0.593 (No.146)	50.3	0.110
Sub-Saharan Africa	0.547	-	0.286
Other regions:			
Arab States	0.708	-	0.071
East Asia and the Pacific	0.749	-	0.023
Latin America and the Caribbean	0.754	-	0.030
South Asia	0.632	-	0.131
World	0.732	-	-

Source: UNDP Human Development Report 2022. Data are based on surveys that were conducted in different years across countries.

50. The 2022 World Bank[27] report has revealled that the leading cause of income inequality in the region relates to inequality in opportunity, which in turn is perpetuated by poorly functioning labor markets that are characterized by high unemployment especially among the youth, inherited circumstances, barriers to accessing productive assets such as education, skills, and land that people need to generate income and improve their

[26] UNDP (2022). Human Development Report 2021/2022: Uncertain times, unsettled lives: Shaping our future in a transforming world. United Nations Development Programme. New York.
[27] World Bank (2022). Inequality in Southern Africa: An assessment of the Southern African Customs Union (SACU). World Bank. Washington D.C.

wellbeing[iii]. Circumstances at birth and during childhood, such as gender, race, location, parental education, and family wealth, are also strongly associated with inequality of opportunity, even before people interact with factor markets. the 2023 UN SDGs Report has since called for strong inclusive investment in diversifying and transforming of the regional economies.

SECTION 6: IMPACT OF EXTERNAL SHOCKS AND CLIMATE CHANGE ON FOOD SECURITY

6.1 Food security eroded by high food inflation

51. As noted in section 2.2 central banks' fight against high inflation rates is succeeding; however, food inflation, where a large proportion of the poorer citizens' income goes, remains high (figure 14)[28]. For example, while seven of the eleven member States considered in this report were within the monetary authorities' inflation target band, food inflation was higher (bar Mozambique). The key drivers include weak currencies that make food imports more expensive and entice local food producers to raise prices to match or export for more; energy shortages increases food spoilage, interrupts crop irrigation and causes mass poultry deaths from heat stress; hot, dry weather or drought in major food production areas; global conflict such as the war in Ukraine causes shortages of grain, seed oils and fertilisers; supply chain problems such as transport logistics and ongoing pandemic repercussions; crop and animal disease outbreaks such as maize necrosis, swine fever or avian flu; and punitive import duties and added tariffs. As the poor divert income to secure food, other essential areas suffer. This section examines two sources of this soaring food prices in the world, continent and in particular Southern Africa, namely the Russia-Ukraine war and impact of climate change (table 8).

Figure 14. Southern Africa. Food inflation 2023

(year-on-year percent change)

	Food Inflation	Inflation Rate
Angola	15.3*	13.54*
Botswana	9*	1.2*
Eswatini	15.7**	5.3***
Lesotho	6***	4.5***
Malawi	39.4*	28.6*
Mauritius	7.4*	5.9*
Mozambique	3.67*	4.93*
Namibia	10*	4.69*
South Africa	8.2*	4.8*
Zambia	12.7*	10.8*
Zimbabwe	70.8*	77.2*

*August, **May, ***July

6.2 Russia-Ukrainian conflict

52. The onset of the Ukraine conflict on 24 February 2022 came at a time when global food and fertilizer prices were already hitting record highs. As a net importer and price-taker of various commodities such as wheat, vegetable oil and petroleum products, prices in the Southern Africa region have already surged. The Ukraine conflict has dealt a blow to the region's food availability and accessibility at a time when governments are grappling with limited fiscal space due to the COVID-19 pandemic. Although sanctions and the move to reduce reliance on Russia could potentially benefit natural resource exporters in the longer term, surging prices will make food, fuel and fertilizer less affordable to countries in the region and negatively affect food security in the near term.

53. According to UN Comtrade data from 2020, some Southern Africa countries ranked among the top 25 importers of Russian wheat, South Africa (ranked 8th), and Mozambique (ranked 21st).

[28] Source Trading Economics available at https://tradingeconomics.com/country-list/food-inflation?continent=africa

On **wheat** imports from Ukraine, Mozambique (ranked 23rd) and South Africa (ranked 24th) were some of the largest importers. Both Mozambique and Zambia imported approximately a third of their wheat imports from Russia and Ukraine combined. The Southern Africa region is a net importer of vegetable oils, with import volumes standing at roughly 50 per cent above local production. Although the Southern Africa region is typically self-sufficient in **maize** and does not import significant volumes from international markets, countries have imported from both Russia and Ukraine in the past when the El Niño-induced drought crisis occur. The Southern Africa region heavily relies on imports for its **fertilizer** supply. With Russia being one of the world's largest exporters of nitrogen, phosphorus and potassium fertilizers, and the largest natural gas exporter, tighter supplies and further upward pressure on fertilizer prices were felt. For example, Malawi registered low redemption of the Affordable Inputs Programme, indicating that smallholder farmers in some areas had planted crops without fertilizer. Although some countries in Southern Africa have reserves of crude **oil** (i.e. Angola), the region is a net importer of petroleum products as there is limited refinery capacity. South Africa, which has the largest refineries in the region, is the largest importer of petroleum oils.

6.3 Climate Change

54. Climate change is making it difficult for Southern Africa to achieve development goals. The subregion is grappling with adverse impacts of climate change: an increase in frequency and intensity of extreme weather events manifested in protracted dry spells, seasonal droughts, intense rainfall and tropical storms, severe floods, and outbreaks of pests and diseases. These hazards have adversely impacted food, water, health and energy security. Southern Africa's high vulnerability to climate change is not only due to exposure to extreme weather events but also to low adaptative capacity and high dependency on climate-sensitive livelihoods and natural resources.

55. During 2021 and 2022 the SADC region experienced six cyclones, which affected over 2.5 million people in Madagascar, Malawi, Mozambique and Zimbabwe. Climate change poses a particular risk to the predominately rain-fed agricultural sector, which is critical to SADC's regional development, as about 70 per cent of the subregion's population depends on it for livelihood opportunities (employment and income). The downward and highly variable trend in rainfall has put national agricultural production at stake. In the past two decades, an increasing number of SADC member states have reported declining crop yields due to the impacts of climate change. According to the *2022 Global Report on Food Crises*[29], over 43 million people in 11 SADC states (Angola, the DRC, Eswatini, Lesotho, Madagascar, Malawi, Mozambique, Namibia, Tanzania, Zambia and Zimbabwe) are reported to be experiencing acute food insecurity.

SECTION 7: KEY MESSAGES AND RECOMMENDATIONS

56. The Southern Africa's real sector has had a mixed performance recently, hobbled by external geopolitical tensions and climate change shocks. The agricultural sector was hit hard by cyclones, droughts, pests's infestation, as well as fertilizer shortages due to the Ukraine crisis. The mining sector's good performance, on high commodity demand and prices, could not make up for the agricultural sector's misfortunes. As a result, the fiscal sector's position became unattainable as it strived to finance development agendas, especially ending poverty, and mitigate the impacts of climate shocks in a fiscally sustainable manner. The monetary sector did not make the attainment of development goals any easier as monetary authorities tightened policy to tame the largely externally-

[29] Available at https://docs.wfp.org/api/documents/WFP-0000138913/download/?_ga=2.47356007.151571132.1661163235-297778391.1661163235

induced inflation, resulting in rising cost of borrowing that undermined private sector (especially MSMEs') growth and by extension manufacturing which is key to achieving the subregion's industrialization agenda.

57. This report therefore echoes clarion calls for concerted efforts to address obstacles towards a sound real economy, including resolute implementation of protocols to support the key sectors of agriculture, mining and tourism. Steadfast pursuit of natural resource-based industrialization will be key in this endeavour as this entails promoting value addition to primary commodities; nurturing MSMEs including building their capacities; leveraging STI in search of green industrialization and economic growth; and taking advantage of regional, continental and global trade agreements to advance the industrialization agenda.

58. Fixing the subregion's real sector will enable economies to generate enough resources to fund national, regional, continental and global development agendas, and improve resilience to external shocks and climate change. Moreover, the subregion will rely less on temporary and capricious financial flows (speculative capital, foreign aid) but rather attract long-term FDIs and other inflows, thus perking up external reserve positions to healthy levels, and making monetary policy easier to manage.

ANNEX TABLES

Table 1: SADC. Macroeconomic Convergence Primary Indicators

	2017 (Revised)				2018 (Revised)				2019 (Revised)				2020 (Revised)				2021 (Provisional)				2022 (MS Preliminary)				2023 Projections*			
	Inflation (3-7%)	Fiscal Deficit (3% of GDP)	Public Debt (60% of GDP)	Real GDP (7%)	Inflation (3-7%)	Fiscal Deficit (3% of GDP)	Public Debt (60% of GDP)	Real GDP (7%)	Inflation (3-7%)	Fiscal Deficit (3% of GDP)	Public Debt (60% of GDP)	Real GDP (7%)	Inflation (3-7%)	Fiscal Deficit (3% of GDP)	Public Debt (60% of GDP)	Real GDP (7%)	Inflation (3-7%)	Fiscal Deficit (3% of GDP)	Public Debt (60% of GDP)	Real GDP (7%)	Inflation (3-7%)	Fiscal Deficit (3% of GDP)	Public Debt (60% of GDP)	Real GDP (7%)	Inflation (3-7%)	Fiscal Deficit (3% of GDP)	Public Debt (60% of GDP)	Real GDP (7%)
Angola	29.8	-6.3	61.6	-0.1	19.6	2.3	84.8	-1.3	17.1	0.9	105.9	-0.7	22.3	-2.0	130.4	-5.8	25.8	3.8	829	1.2	21.7	1.0	699	3.1	11.7	-0.2	633	3.5
Botswana	3.3	-1.1	14.7	4.1	3.2	-5.3	15.0	4.2	28	-4.2	16.3	3.0	19	-9.6	19.7	-8.7	67	-0.1	210	11.4	122	2.8	223	5.8	6.5	-27	206	3.7
DRC	35.7	0.1	12.9	3.7	29.3	-0.8	10.7	4.8	47	-1.2	10.9	4.6	11.4	-2.0	11.5	1.7	90	0.6	168	6.2	11.6	-1.7	155	8.9	108	-1.5	110	6.8
Eswatini	6.2	-6.0	21.9	2.0	4.8	-6.9	26.5	2.4	26	6.7	31.4	27	39	-4.6	39.0	-1.6	37	-4.6	390	7.9	4.8	-4.9	435	0.4	5.4	0.7	393	2.8
Lesotho	5.2	-1.2	37.6	-1.5	4.7	-5.5	46.5	-0.5	52	-6.1	44.5	-0.8	50	0.0	52.8	-5.6	61	-5.5	512	1.6	8.3	-5.4	585	1.7	6.8	2.5	585	2.2
Madagascar	8.5	-1.9	2.1	3.9	8.5	-1.0	2.2	3.2	56	-1.0	1.4	4.4	41	-5.4	35	-7.1	58	-3.2	362	5.7	8.0	-4.5	382	4.2	8.6	-6.9	407	4.9
Malawi	11.5	-2.1	40.2	5.4	9.2	-4.1	42.3	4.4	94	-4.3	44.6	5.7	86	-6.3	46.8	0.8	93	-6.7	568	4.2	209	-8.8	699	1.7	247	-7.8	722	2.4
Mauritius	3.7	-2.5	55.1	3.9	3.2	-2.0	55.1	4.0	05	-2.2	57.1	29	25	-11.0	73.0	-14.6	40	-6.7	794	3.7	108	-5.6	759	8.7	6.8	-3.9	687	5.3
Mozambique	15.1	-1.9	81.8	3.7	3.9	-5.2	82.9	3.4	28	-0.5	78.8	23	36	-7.9	97.1	-1.2	64	-4.8	800	2.3	103	-8.9	782	4.2	11.5	-4.4	734	7.0
Namibia	6.2	-4.1	39.6	-1.0	4.3	-1.6	41.1	1.1	37	-3.3	48.3	-0.8	22	-9.2	57.6	-8.0	36	-8.0	656	3.5	6.0	-5.2	659	4.6	5.0	-4.1	685	2.8
Seychelles	2.9	0.5	33.1	4.5	3.7	2.6	60.8	0.4	1.8	2.6	59.4	4.9	12	-18.2	91.9	-7.7	98	-6.6	813	5.4	2.6	-1.6	699	9.0	1.4	-2.9	681	4.3
South Africa	5.3	-5.2	44.0	1.2	4.7	-6.1	46.5	1.5	4.1	-7.3	49.7	0.3	33	-10.4	58.7	-6.3	45	-9.8	688	4.9	6.9	-4.6	71.1	3.4	5.8	-5.9	723	0.1
Tanzania	5.3	-1.5	40.0	6.8	3.5	-2.2	39.7	7.0	34	-3.6	39.3	7.0	33	-1.7	38.8	4.8	37	-3.8	41.7	4.9	4.3	-3.5	423	4.7	4.9	-2.9	40.1	5.2
Zambia	6.6	-5.3	52.3	3.5	7.5	-8.8	59.7	4.0	9.2	-7.9	61.9	1.4	15.7	-13.1	103.7	-2.8	22.1	-9.0	105.8	4.6	11.1	-7.8	883	4.7	8.9	-6.3	-	4.0
Zimbabwe	0.9	-12.9	65.2	4.7	10.6	-9.1	46.9	5.0	255.3	0.2	48.7	-6.3	557.2	1.5	51.2	-7.8	98.5	1.7	584	8.5	194.5	0.6	851	6.5	279.5	-3.0	130.4	5.3
SADC AVERAGE	9.8	-3.4	40.1	3.0	8.1	-3.6	44.1	2.9	21.9	-2.1	46.5	2.0	43.1	-6.7	58.4	-4.7	14.6	-4.2	59.0	5.1	22.3	-3.9	59.6	4.8	26.6	-3.3	59.1	4.0
NO. ACHIEVING TARGET	10	9	12	0	9	7	12	1	11	8	12	1	10	5	10	0	9	4	8	3	5	5	6	3	8	8	6	1

Source: SADC, 2023

Table 2: Southern Africa. External Current Account, including grants

SADC member States						
External Current Account incl Grants, 2019-2023						
(Per cent of GDP)						
	2010–18	**2019**	**2020**	**2021**	**2022**	**2023**
Angola	3.3	6.1	1.5	11.3	11	4.9
Botswana	2.1	-7	-10.8	-0.5	0.5	2.8
Eswatini	4.6	4.3	6.7	0.5	-2.1	-0.2
Lesotho	-6.5	-2.1	-2	-9.3	-15.6	-8.9
Malawi	-9.3	-12.6	-13.8	-14.5	-17.3	-15.4
Mauritius	-6.5	-5.4	-12.5	-11.1	-14	-8
Mozambique	-30.7	-19.1	-27.6	-22.4	-44.9	-39
Namibia	-8.3	-1.8	3	-7.3	-6.9	-4.4
South Africa	-3.4	-2.6	2	3.7	1.3	-1
Zambia	1.1	0.6	12	6.7	4.4	4.3
Zimbabwe	-9.9	4	4.7	3.6	2.5	1.5
SACU	-3.3	-2.7	1.5	3.1	0.9	-1
SADC	-3.3	-1.9	-0.1	1.9	0.4	-1.3

Source: IMF REO, 2023

Table 3. Balance of payment figures between 2015-2021 for Southern African countries

Country Name	2015	2016	2017	2018	2019	2020	2021
Angola	-3531,5	2642,7	7341,5	15501,5	12880,8	5858,8	14828,7
Botswana	-909,0	1308,0	623,2	169,9	-1483,5	-2662,7	
Eswatini	53,3	44,9	-32,8	-167,6	143,4	112,4	
Lesotho	-1074,6	-1060,1	-1219,2	-1171,1	-1136,9	-1078,0	-1140,5
Malawi	-1242,6	-1225,1	-1727,5	-1840,0	-1939,4	-1931,2	
Mauritius	-1170,5	-1258,1	-1777,9	-1941,1	-2106,4	-2136,4	
Mozambique	-6469,7	-4105,8	-2829,6	-4487,5	-3971,1	-3994,0	
Namibia	-2943,1	-2565,4	-1686,3	-1386,2	-1220,5	-1048,4	-2102,1
South Africa	-4456,3	1533,9	4349,1	1830,4	2039,8	15103,2	26028,4
Zambia	-645,1	-511,9	350,9	-210,4	222,2	2722,2	3954,4
Zimbabwe	-3250,6	-2129,6	-1581,1	-2464,0	-131,4	-226,0	

Source: Author calculation based on World Bank data

Table 4. Human Development, Inequality and Multi-dimensional Poverty in Southern Africa

Country	HDI and Global Rank	Gini coefficient	Multidimensional Poverty Index (MPI)	Gender Inequality Index
Angola	0.586 (No.148)	51.3	0.282	0.537 (No.136)
Botswana	0.693 (No.117)	53.3	0.073	0.468 (No.117)
Eswatini	0.597 (No.144)	54.6	0.081	0.540 (No.138)
Lesotho	0.514 (No.168)	44.9	0.084	0.557 (No.144)
Malawi	0.512 (No.169)	38.5	0.252	0.554 (No.142)
Mauritius	0.802 (No.63)	36.8	--	0.347 (No. 82)
Mozambique	0.446 (No.185)	54.0	0.417	0.537 (No. 136)
Namibia	0.615 (No.139)	59.1	0.185	0.445 (No.111)
South Africa	0.713 (No.109)	63.0	0.025	0.405 (No.97)
Zambia	0.565 (No.154)	57.1	0.232	0.540 (No.138)
Zimbabwe	0.593 (No.146)	50.3	0.110	0.532 (No.134)
Sub-Saharan Africa	0.547	-	0.286	0.569
Other regions:				
Arab States	0.708	-	0.071	0.536
East Asia and the Pacific	0.749	-	0.023	0.337
Latin America and the Caribbean	0.754	-	0.030	0.381
South Asia	0.632	-	0.131	0.508
World	0.732	-	-	0.465

Source: UNDP Human Development Report 2022. Data are based on surveys that were conducted in different years across countries.

Table 5. Levels of Industrialisation in Southern Africa, various indicators from 2018- 2021

Indicator	Country	2018	2019	2020	2021
Employment in industry (% of total employment)	Angola	7.4	7.4	7.5	7.8
	Botswana	15.4	15.7	14.3	14.7
	Eswatini	24.2	24.0	24.1	24.5
	Lesotho	34.0	34.4	34.4	34.9
	Malawi	7.7	7.8	7.9	8.1
	Mauritius	24.1	23.9	23.4	23.6
	Mozambique	8.5	8.7	8.9	9.3
	Namibia	16.2	16.1	16.1	16.4
	South Africa	20.6	19.7	17.6	17.3
	Zambia	9.9	9.1	8.7	8.8
	Zimbabwe	10.2	11.2	11.3	11.6
Medium and high-tech manufacturing value added (% manufacturing value added)	Angola	3.4	3.4	3.4	..
	Botswana	5.8	5.8	8.2	..
	Eswatini	2.2	2.2	2.2	..
	Lesotho	..	..	..	..
	Malawi	11.3	11.3	11.3	..
	Mauritius	4.9	5.3	5.3	..
	Mozambique	10.9	10.9	10.9	..
	Namibia	7.3	7.3	7.3	..
	South Africa	24.4	24.4	24.4	..
	Zambia	9.7	9.7	9.7	..
	Zimbabwe	9.5	9.6	9.6	..
Manufacturing, value added (% of GDP)	Angola	6.1	6.1	7.1	6.5
	Botswana	6.1	6.1	5.7	5.2
	Eswatini	29.0	29.8	26.5	26.6
	Lesotho	16.6	16.9	15.9	16.6
	Malawi	..	..	..	..
	Mauritius	11.3	10.5	10.8	11.7
	Mozambique	8.7	8.8	7.8	7.8
	Namibia	12.3	12.5	11.0	10.7
	South Africa	12.5	12.4	11.7	11.8
	Zambia	6.8	6.8	7.7	9.4
	Zimbabwe	13.7	14.2	15.7	12.4
Manufacturing, value added (annual % growth)	Angola	0.6	-5.1	2.7	0.8
	Botswana	-1.2	4.5	-14.9	8.1
	Eswatini	-0.6	5.3	-10.0	16.6
	Lesotho	14.1	-0.7	-9.1	7.7
	Malawi	..	..	..	..
	Mauritius	0.2	1.4	-17.7	8.3
	Mozambique	1.8	1.4	-1.3	1.5
	Namibia	-0.4	4.7	-17.1	-1.2
	South Africa	1.6	-1.0	-12.5	6.5
	Zambia	4.1	2.4	1.0	4.2

		Zimbabwe	1.4	-10.8	-18.5	1.2
	High-technology exports (% of manufactured exports)	Angola	25.2	27.0	..	..
		Botswana	0.6	0.4	0.4	0.3
		Eswatini	0.9	0.3	0.3	..
		Lesotho	0.6	0.2	0.1	..
		Malawi	3.1	7.6	2.9	..
		Mauritius	2.6	2.1	2.3	0.4
		Mozambique	5.6	1.0	1.0	..
		Namibia	0.2	0.2	0.5	..
		South Africa	5.3	4.9	5.6	..
		Zambia	2.2	2.3	1.4	..
		Zimbabwe	2.1	4.9	2.4	..
	Productive capacities index (PCI), annual	Angola	30.4	30.4	28.8	29.2
		Botswana	45.0	45.7	44.2	44.8
		Eswatini	38.9	38.8	36.5	37.6
		Lesotho	41.4	41.0	40.4	40.9
		Malawi	22.7	22.4	19.1	19.0
		Mauritius	54.0	53.8	52.3	52.0
		Mozambique	30.1	30.7	28.5	29.1
		Namibia	45.7	44.1	42.5	41.3
		South Africa	53.5	53.6	51.0	52.3
		Zambia	33.8	34.1	30.7	32.4
		Zimbabwe	31.0	28.9	30.5	29.6

Source: World Bank (2023). World development indicators[30] and UNCTAD Stats for PCI.

Table 6. Net merchandise trade growth in Southern Africa 2018-2022

	Merchandise Exports					Merchandise Imports					Net merchandise trade growth				
YEAR	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Angola	17.8	-14.8	-39.7	60.4	41.6	9.2	-10.6	-32.4	23.6	43.6	8.5	-4.2	-7.3	36.8	-1.9
Botswana	12.0	-20.4	-18.6	73.5	12.2	18.3	4.1	-0.7	28.6	-6.5	-6.3	-24.4	-17.9	44.9	18.6
Eswatini	2.3	8.6	-12.5	18.0	0.4	15.2	-1.4	-12.4	32.3	-5.6	-12.9	10.0	-0.1	-14.2	6.0
Lesotho	18.8	-12.9	-16.5	19.5	5.3	5.8	-18.4	-11.1	16.3	4.3	13.1	5.5	-5.4	3.2	1.0
Malawi	-0.4	3.7	-14.5	28.9	-6.2	6.3	8.7	-7.3	19.5	-2.7	-6.7	-4.9	-7.2	9.4	-3.5
Mauritius	1.0	-6.0	-19.5	9.7	17.3	7.7	-1.1	-24.6	21.6	28.9	-6.7	-4.9	5.1	-12.0	-11.6
Mozambique	6.1	-6.9	-23.1	55.6	49.3	20.9	7.0	-12.9	33.2	2.6	-14.8	-13.8	-10.3	22.4	46.7
Namibia	43.2	-16.5	-10.5	19.6	6.0	22.3	-2.4	-15.6	33.7	7.4	20.9	-14.0	5.1	-14.1	-1.4
South Africa	5.6	-4.2	-4.6	44.0	-0.5	12.2	-5.6	-21.8	35.6	19.5	-6.6	1.4	17.2	8.4	-20.0
Zambia	12.9	-22.1	12.6	27.5	15.3	18.5	-24.2	-26.3	21.8	40.6	-5.6	2.1	38.9	5.7	-25.2
Zimbabwe	16.6	5.2	3.0	37.3	9.1	26.2	-24.6	3.8	50.7	15.2	-9.6	29.8	-0.9	-13.4	-6.1

Source: UNCTADStats.

[30] https://data.worldbank.org/indicator/

Table 7. Net merchandise intra-African trade growth in Southern Africa 2018-2022

	Merchandise exports to Africa				Merchandise imports from Africa				Net merchandise trade from Africa			
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
Angola	-72.7	-34.3	138.4	26.0	-30.3	-45.6	32.1	-6.6	-42.4	11.4	106.3	32.6
Botswana	-17.4	-16.1	48.8	56.3	-2.4	-7.4	29.2	3.7	-15.0	-8.7	19.6	52.6
Eswatini	6.4	-13.9	15.7	5.2	-0.5	-13.4	33.8	-12.9	6.9	-0.5	-18.2	18.1
Lesotho	-4.5	-21.8	27.3	-8.7	-18.2	-20.3	15.9	6.2	13.7	-1.5	11.4	-14.9
Malawi	4.5	-18.8	41.6	1.3	-0.3	8.2	2.7	6.7	4.7	-27.0	38.9	-5.4
Mauritius	-4.5	-13.0	20.3	16.8	-6.8	-29.4	24.2	42.8	2.3	16.4	-3.9	-26.1
Mozambique	-5.5	-22.0	24.0	35.6	11.3	-11.5	19.6	16.2	-16.8	-10.5	4.4	19.4
Namibia	-4.9	-18.5	20.3	11.6	3.7	-19.0	35.4	-5.2	-8.6	0.5	-15.1	16.8
South Africa	-9.3	-13.7	27.8	7.5	-13.8	-25.2	29.6	22.4	4.5	11.5	-1.8	-14.9
Zambia	-10.9	9.3	24.1	22.5	-29.6	-18.8	32.5	41.1	18.6	28.1	-8.4	-18.6
Zimbabwe	7.9	-5.1	30.8	46.6	-23.4	4.7	46.3	16.0	31.3	-9.8	-15.5	30.6

Source: UNCTADStats.

Table 8. Impact of external shock in Southern Africa: Climate change and Russia/Ukraine crisis

Type of shock	Impacts	Cumulative effect
Cyclone Freddy	• About 2,267,458 people affected • 659,278 people displaced (336,252 females), 679 people dead & over 530 people missing	• Cumulative damage estimated at US$1,185 billion • Cyclone Freddy alone cost the economy at least US$506.7 million in different sectors • Annual growth slowed down and now stands at 1.9 percent • 50.7 percent of the population below the national poverty line
Cyclone Ana	• About 900,000 people affected, 46 people dead	
Cyclone Gombe	• Affected bout 159,226 people, 27 injured, 39 dead, 11,008 displaced households	
Cyclone Idai	• Affected 1 million people, 60 deaths	
Global Conflicts: Russia-Ukrain war	• Annual inflation rate increased to 28.7 percent from less than 10 percent;	

[i] World Health Organization-World Health Statistics 2023, Monitoring Health for the SDGs

[ii] African Union, AUDA-NEPAD (2022) Second Continental Progress Report on the Implementation of Agenda 2063, AUDA-NEPDA, Johannesburg

[iii] World Bank (2022a). Inequality in Southern Africa: An assessment of the Southern African Customs Union (SACU). World Bank. Washington D.C.