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Report on

Recent Economic and Social Conditions in Southern Africa for 2020, and Prospects For 2021

After a COVID-19-induced abysmal socioeconomic outcome in 2020 for Southern Africa, a turnaround is expected in 2021 as vaccination programmes accelerate, economies open, and global commodity prices firm up thus helping to arrest further macroeconomic deterioration. Nonetheless, 2023 is the earliest year during which some semblance of pre-pandemic socioeconomic situation can be expected to return. In the meantime, a slow restoration of normalcy promises the return of some SDG gains lost due to the pandemic: manufacturing and thus industrialization will soon be back on track; the commodity price surge will help in stabilizing macroeconomies: stopping further rise in public debt, arresting at least externally-induced inflation as exchange rates stabilize and even strengthen; and trade resumes in earnest. It will take a while longer to have jobs at pre-COVID-19 levels, but faster actions are needed to normalize social sectors such as education and health; and greater efforts must address destitution due to the pandemic and worsening climatic conditions.

International support on debt restructuring has helped financially strained member States stay afloat, but sound debt management and transparency remain critical. Even as countries emerge from the crisis, fiscal and monetary support to industries reeling from the pandemic's effects, should not be withdrawn prematurely. Lessons from the importance of digital technologies should be absorbed and hence a need to bolster investments in ICT infrastructure. There should be no letup on social programmes as the legacy of COVID-19 will linger for the foreseeable future.

The resolve of the leadership during the 41st SADC Summit to "*turn our talk on regional integration into our walk*" is welcomed as it affirmed the region's collective ability to restore economic stability, eradicate extreme poverty, address food insecurity and infrastructural underdevelopment, and build region back better.

Member States' representatives and other stakeholders attending the 27th ICSOE meeting are invited to consider this report and its recommendations, as well as share updated country data on economic and social conditions to improve future analysis.

SECTION 1: INTRODUCTION

1. This report on the Economic and Social Conditions in Southern Africa for 2021 is a document presented annually to the Inter-Governmental Committee of Senior Officials and Experts (ICSOE) of Southern Africa. The main objectives of this report are to: (i) provide member States with economic and social situation in Southern Africa in 2020 and prospects for 2021; and (ii) offer advice on selected policy issues in the region.

SECTION 2: WORLD ECONOMIC DEVELOPMENTS AND IMPLICATIONS FOR SOUTHERN AFRICA

2.1 Global economic growth

2. The global economy is projected to grow by 6 per cent in 2021 up from a 3.2 per cent economic contraction in 2020. The strong expected recovery stems from the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and as economies adapted to new ways of working. The additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of 2020 have contributed to the global recovery. As Table 1 shows, this global recovery is projected for all the major global economies. The largest economic growth is projected for the Emerging Market and Developing Economies at 6.3 per cent. Sub Saharan Africa's economic growth is projected at 3.4 per cent – the slowest of all regions due to large output losses for most countries in the region that rely on tourism and commodity exports.

2.2 Commodity prices

3. The COVID-19 pandemic undermined economic growth across the world and disrupted supply chains and this weakened prices in key commodity markets. The price of crude oil fell by more than 60 per cent from US$64/bbl in January 2020 to a low of US$23/bbl in April 2020, as a direct consequence. Metal prices declined by 16 per cent over the same period but firmed to pre-pandemic peaks such that by March 2021 prices for several commodities had reached their highest levels in a decade (WCMO, 2021). Generally, commodity prices have improved since late 2020 and this recovery continued during the first half of 2021 with about 80 per cent of commodities above their pre-pandemic levels.

4. The global economic recovery from the recession and the impact of commodity-specific supply factors for crude oil, copper, other base metals and food commodities have preciptated the current upward trend in prices. For example, copper prices were nearly 50 per cent higher in March 2021 relative to the end of 2019 and have continued to strengthen and almost doubled from US$5,687.75/mt in March 2020 to US$9,450.82/mt in August 2021 on account of supply disruptions in Peru and Chile. Similarly, production disruptions in Australia resulted in firm iron ore prices. The non-energy commodity price index of the World Bank rose for 11 consecutive months since April 2020. During this period, base metals and ore prices rose with strengthening demand across advanced and emerging market and developing economies (WCMO, 2021). Copper and iron ore reached record highs in May buoyed by the global economic recovery. The strong U.S. dollar and concerns

that the Chinese government would implement further measures to curb rising commodity prices have continued to prop up prices. For nickel, cash prices surged in June, boosted by a strike at Vale's Sudbury operation in Canada as well as supply concerns from major primary nickel producers in Indonesia and Russia.

5. The commodities market looks much brighter in the medium term with agricultural prices projected to rise by about 14 per cent in 2021 before stabilizing in 2022. Similarly, metal prices are forecast to rise by 30 per cent in 2021 due to a combination of supply constraints and stumulus-packages induced demand before declining in 2022 as the impact of these factors wanes. Oil prices are expected to continue on the upward trend from an average of US$56/bbl in 2021 to about US$60/bbl in 2022 due the more positive global economic outlook. Overall, the improving global economic outlook, aided by monetary and fiscal stimulus in advanced economies, and the steady increase vaccination rates leading to the return of normalcy are proping up the upward trend in prices (WCMO, 2021). The expected continuous booming of the Chinese economy is particularly important for the commodities market as China is the single largest consumer of global metals and accounts for the largest share of global refined lead, zinc and tin production. On current trends, analysts project a commodity prices super-cycle as experienced in 2000.

6. For Southern African economies, the rising commodity prices are a relief from the disruptions caused by the COVID-19 pandemic and could be an avenue out of the indebtedness emergent from funding fiscal stimulus packages. For Zambia, for example, the last few months have already seen the firming of the Kwacha against the United States dollar on the back of increased inflows from the mainstay of the economy, copper, whose prices have improved significantly. Similarly, for Angola, high oil prices have had comparable positive impacts. In the medium to long-term, both greenfield and brownfield mineral exploration spending is expected to increase as mineral prices continue to firm. However, this super-cycle brings to the fore the need for efficient revenue collection (through efficient resource rent taxes) and prudent management of the revenues, including through financing diversification and setting aside future generation funds (sovereign wealth funds).

2.3 Manufacturing sector

7. The contribution of the manufacturing value added (MVA) to GDP in Southern Africa remains small in most countries and in 2019 ranged from a low of 5.2 per cent in Botswana to a high of 29 per cent in Eswatini. Overall, MVA to GDP averaged 11.8 per cent in the eleven member States covered by SRO-SA in 2019. The average growth rate of the manufacturing sector declined by 0.5 per cent in 2019 from a rate of 2.0 per cent in 2018. However, on a country by country basis, while Zimbabwe recorded a manufacturing sector growth rate of 10.6 per cent in 2019, South Africa and Lesotho experienced contraction by 0.8 per cent and 3.1 per cent respectively. Overall, the regional manufacturing sector declined sharply in 2020 as export-oriented industries were constrained by temporary business closures, disruptions in global value chains, and weak demand. Yet, industrialization and the growth of the manufacturing sector are key to the export of value added products to the rest of the African continent under the AfCFTA.

8. The key manufacturing industries differ among member States with the food and beverages sector being the most common across all countries. For South Africa, for example, food and beverages, petroleum and chemicals products, the metals industry (basic iron ore and steel, basic non-ferrous metals and metal products) dominate the manufacturing sector. For Botswana on the other hand, food and beverages, textiles and garments, jewelry making, metal and metal products dominate. As economies continue post-COVID recovery, the manufacturing sector, anchored on the key role of micro, small and medium enterprises, could catalyze exports growth and regional transformation. Yet, the electricity deficit remains a major constraint to manufacturing sector growth.

2.4 International Capital and financial flows

9. Foreign Direct Investment (FDI) is a source of international financial flows in Southern Africa, in addition to portfolio investment flows and other flows such as official development assistance (ODA) and remittances. In a global environment that was marked by a decline in global FDI inflows associated with the fallout from the pandemic, unsurprisingly FDI inflows slumped in the region in 2020 compared to 2019. FDI inflows in Africa as a whole fell by 16 per cent in 2020 compared to 2019 driven by falls in commodity prices to a level of only US$40 billion, not seen for 15 years according to the UNCTAD World Investment Report 2021. The same report notes that FDI fell by 16 per cent in Southern Africa to US$4.3 billion, with most inflows accounted for by South Africa and Mozambique (UNCTAD, 2021). FDI inflows fell by 39.4 per cent to US$3.1 billion in South Africa in 2020 relative to 2019, South Africa is one of the top five FDI host economies of the continent. In Angola, net inflows of US$1.9 billion were registered, an improvement over 2019, as repatriation of capital by Multinational Enterprises (MNEs) in the oil and gas industry slowed down (UNCTAD, 2021). Preliminary estimates from the Central Bank of Zambia indicates a contraction of FDI to GDP in 2020 to negative 0.46 per cent from 2.35 per cent in 2019.

10. Movements in net direct investment flows, net portfolio investment flows and other investment flows affect the Net Foreign Assets (NFA) or Net International Investment Position (NIIP) of countries. Based on the latest available balance of payments data, the following was noted across the region: Botswana's NIIP rose from 55.4 billion Pula in 2019 to 57.1 billion Pula in 2020. In Eswatini, the Central Bank reported NFA as at December 2020 at E9.3 billion, compared to E6.8 billion a year earlier. This reflects an excess of financial outflows over inflows in both countries in 2020. In Lesotho, capital inflows of capital transfers slowed down as most construction projects were put on a temporary halt due to national lockdown measures. The financial account recorded outflows underpinned by commercial banks transfers abroad and a build-up of international reserves (CBL, 2020). Remittances from migrant workers dropped due to COVID-conditions in South Africa. In Mauritius, gross direct investment flows were estimated at Rs14.2 million in 2020 compared to Rs22.3 million in 2019, with the real estate sector as the major recipient and about 54 per cent of the gross inflows originating from the Euro area. In Malawi, NFA fell from MK403.4 billion in 2019 to MK187.7 billion in 2020. In Mozambique, there was a contraction of net financial flows by US$172 million between 2019 and 2020. In Zimbabwe, net direct investment flows improved from US$247.1 million in 2019 to US$153.9 million in 2020 while net portfolio investment rose from US$-3.7 million in 2019 to US$81.6 million in 2020. Several countries experienced a buildup of

foreign exchange reserves due to emergency funding from the IMF from the Rapid Credit Facility and Rapid Financing Instrument (e.g. Lesotho).

2.5 Developments in African Economies

11. The COVID-19 pandemic had a negative impact on Africa's economic performance in 2020, though to a lesser extent than most initial projections[1]. The continent's gross output contracted by 2.1 per cent in 2020 after a growth of 3.4 per cent in 2019, which was mainly driven by the large contribution of investment and exports of commodities. However, in 2020, the pandemic led to major disruptions in global value chains and several containment measures across the globe, resulting in significant decreases in Africa's commodity exports, private investment and consumption. Tourism-dependent countries and resource-intensive economies were among the most heavily affected by the adverse effects of the outbreak. The negative effect of the pandemic on the continent's economic performance was mitigated to some extent, by a rebound in commodity prices and a recovery of global economic activity in the last quarters of 2020, as well as the less stringent lockdown measures generally experienced in African countries. According to projections by AfDB (2021), the continent's GDP is expected to grow by 3.4 per cent in 2021, underpinned by a resumption of tourism activities and a continued increase in commodity prices. Nevertheless, important uncertainties and risks remain regarding the economic outlook, especially as several countries have been dealing with severe second and third waves of the pandemic, in addition to already existing economic deficiencies.

12. Central governments' balance sheets have been significantly affected by the pandemic. Member States have implemented several fiscal measures including investment in health and social protection systems as well as support to the private sector, which contributed in the significant deterioration of primary balances. The average fiscal deficit increased from 4.6 per cent of GDP in 2019 to an estimated 8.4 per cent in 2020. However, the average inflation rate only slightly increased from 9.8 per cent in 2019 to 10.4 per cent in 2020, stemming from countervailing price pressures. National currencies had significantly depreciated in 2020, especially in the second quarter – during the peak of the crisis; and the exchange rates have been particularly volatile in tourism-dependent and resource-intensive countries. Furthermore, external financial inflows to Africa, including FDI, remittances and official development assistance, significantly declined in 2020. For instance, remittances, the most significant and stable type of inflows to Africa, suddenly declined from US$85.8 billion in 2019 to US$78.3 billion in 2020.

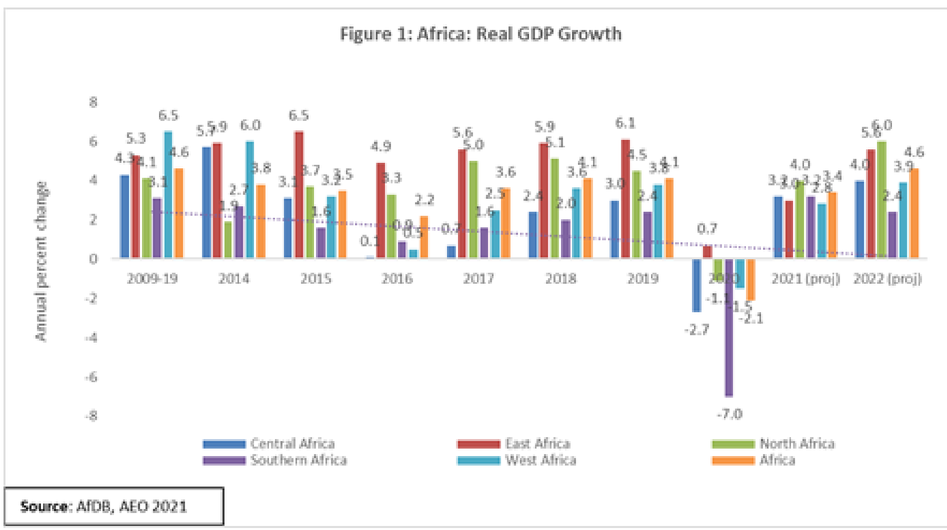
13. Economic performance varied across the five regions (figure 1). East Africa was the most resilient, with a positive GDP growth of 0.7 per cent in 2020, although much lower than the 5.3 per cent registered in 2019. The region is relatively more diversified, relying less on primary commodities, which partly contributed to attenuate the impact of the pandemic on its performance.

14. North Africa' GDP contracted by 1.1 per cent in 2020, mainly owing to the relatively robust performance of Egypt (3.6 per cent economic growth). The rest of the

[1] For instance, UNECA (2020) estimated that Africa's economy would contract by about 3 per cent, pushing 27 million of its population into extreme poverty.

countries in the region were heavily affected by the pandemic, especially Libya whose GDP contracted by an astounding 60.3 per cent (AfDB, 2021). The deceleration of GDP in West Africa was estimated at 1.5 per cent in 2020. Most countries in the region registered economic growth, partly due to lower spread of the virus and less severe lockdown measures. However, Nigeria, the largest economy in the region, contracted by 3 per cent and had to deal with important political and social tensions in addition to the significant impact of the pandemic on its economy.

15. Central Africa's GDP contracted by 2.7 per cent in 2020, which was the second lowest performance in the continent. The region's heavy dependency on natural resources and lack of diversification have been the key drivers of its economic fragility. Southern Africa was the hardest hit by the pandemic with a GDP contraction of 7 per cent in 2020. This followed a dismal performance of about 0.7 per cent in 2019. For instance, Mauritius and South Africa, the two most advanced countries in the region plunged into recession, with their economies shrinking by 15 per cent and 8.2 per cent respectively.



16. The global macro-economic and social developments shaped largely by the COVID-19 pandemic and the attendant responses anchored the regional economic outlook and will influence the prospects for the year ahead. Firming commodity prices since late 2020 are a relief to the regional economies which are highly dependent on the extractive sector. The brighter world economic outlook in 2021 underpinned by stronger-than-anticipated worldwide economic recovery from additional fiscal stimuli and normalization is expected to stimulate the demand for commodities and, coupled with a supply deficit, will push prices even higher in the short to medium term. For example, the projected growth of the Chinese economy by 8.4 per cent in 2021 will invariably translate into higher demand and prices for both base (copper, lead, tin, zinc) and precious metals (gold, platinum group metals).

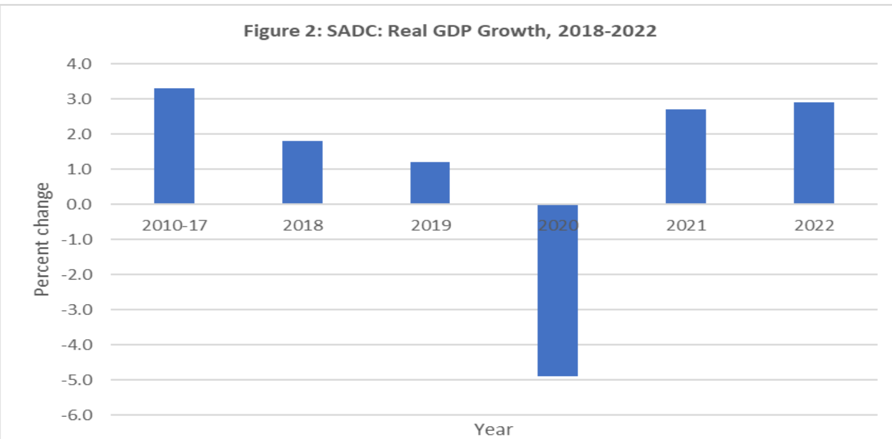
17. Furthermore, as economies recover, the transition to electric vehicles (clean energy transition) which had stalled during 2020, will exert further upward pressure on the demand for battery minerals, mostly cobalt, lithium and nickel, further benefiting regional economies. It is estimated that the production of electric vehicles will increase to 27 million by 2027 and demand for copper in these vehicles will 1.74 million tonnes. Furthermore, copper prices are predicted to hit US$20,000 per tonne by 2025 due to a tight market. However, rising oil prices while benefiting Angola and stimulating investment in new oil and gas finds in Zimbabwe, they will increase the import bills of non-oil producing regional

economies. Overall, these fluctuations in commodity prices highlight the importance of counter-cyclical policy measures for buffers, the need to promote further beneficiation and value addition and the importance of diversification, where economies are dependent on a narrow range of commodities.

SECTION 3: RECENT MACROECONOMIC PERFORMANCE IN SOUTHERN AFRICA AND PROSPECTS FOR 2020

3.1 Economic performance overview

18. The SADC regional GDP contracted by 4.8 per cent in 2020, from a growth of 2.1 per cent in 2019. All member States recorded contractions in real GDP growth in 2020 except for Malawi and Tanzania who recorded growth rates not exceeding 5 per cent (figure 2 and table 4). South Africa's GDP contracted by a revised 6.4 per cent following the rebasing of GDP from 2010 to 2015 constant prices. Lesotho's GDP contracted by 5.7 per cent in 2020 from a growth of 2.2 per cent in 2019 due to COVID-19 precautionary mitigation measures which have hampered economic activity, as well as low external demand which adversely impacted the mining and manufacturing industries. The economy of Mauritius contracted by 14.9 per cent in 2020 compared to a growth of 3 per cent in 2019 as the pandemic disrupted economic activity especially in the first half of 2020. The Namibian economy contracted by 7.3 per cent in 2020 on the back of global restrictions and weakening prospects in the country's main trading partners (South Africa, Angola) as well as contraction in mining, trade, financial services sectors.



Source: SADC, 2021a

19. A turnaround in 2021 is expected as the rollout of vaccination programme gains momentum allowing economies to open. Furthermore, the rise in commodity prices will help the recovery including through FDI inflows into the commodities sector. For example, as discussed in section 4 below, the transition to clean energy through electric vehicles has jolted up the prices of copper, cobalt, lithium and nickel, thus helping economies most active in these minerals/metals (e.g. Zambia and Zimbabwe). South Africa's GDP expanded by 1.2 per cent in the second quarter of 2021 following a 1 per cent increase in the first quarter, on the back of strong transport, storage and communication industries. Namibia's domestic economy is set to expand by 2.7 per cent in 2021 (BoN, 2021), while the Reserve Bank of Malawi sees Malawi's GDP up by 4.5 per cent in 2021 "*contingent on the evolution of the pandemic*"[2].

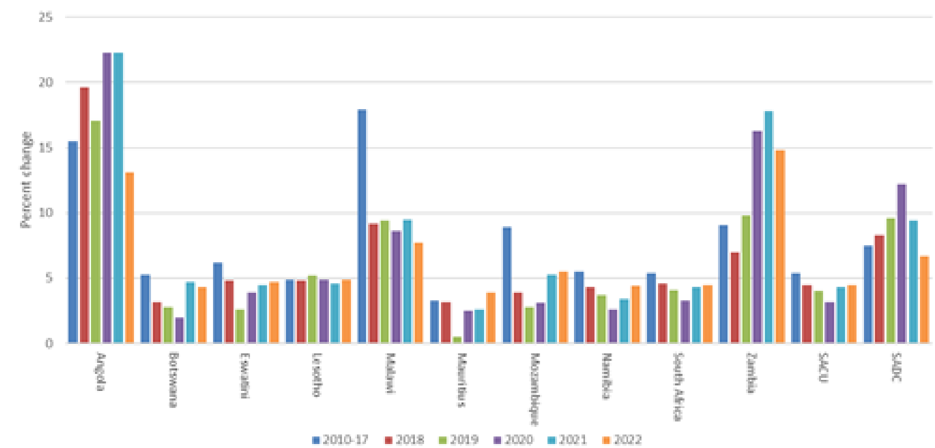
[2] See https://times.mw/economy-poised-to-rebound-in-2021/

20. Finally, continued fiscal and monetary accommodative policies will boost local investments including through support to industries and public infrastructure rollout. However, per capital output is not expected to return to 2019 levels until after 2022—in many countries, per capita incomes will not return to pre-crisis levels before 2025. The 2021 economic turnaround is still subject to uncertainty, still dominated by evolving global pandemic. Southern Africa could still encounter several COVID-19 waves before vaccines become widely available. Other uncertainties include the availability of external finance (official and private), political instability, and the return of climate-related shocks (e.g. floods, heatwaves and droughts).

3.2 Price movement developments

21. Figure 3 (excluding Zimbabwe[3]) and table 4 show price movements in Southern Africa. SADC regional inflation rose to an average of 49.6 per cent in 2020 from 16.6 per cent in 2019, largely due to heightened inflationary pressures in Zimbabwe stemming from the sharp depreciation of the newly issued local currency, the Zimbabwe Dollar (ZWL dollar), re-introduced in February 2019. SADC's average inflation excluding Zimbabwe averaged 6.4 per cent in 2020. Southern African countries (bar Angola, Malawi, Zambia and Zimbabwe) met the regional inflation target of 3-7 per cent range. Annual inflation rate in the SADC region is projected to ease to 15.4 per cent in 2021.

Figure 3: Consumer Prices, 2018-2022
(Annual average, Annual percent change)



Source: IMF REO Apr 2021; SADC Selected Economic Indicators & Social Indicators, 2021

22. Zimbabwe's inflation is expected to decelerate significantly to 134.8 per cent in 2021 from 654.9 per cent in 2020 largely due to floatation of the exchange rate and the introduction of the foreign exchange auction system in June 2020 thus increasing efficiency and transparency in the foreign exchange market and stabilizing the exchange rate. As such, annual inflation is projected to recede to 134.8 per cent in 2021 while end period inflation is expected at lower double-digit figures (SADC, 2021). Inflation is expected to remain above the regional benchmark in 2021 for Angola, Malawi, Zambia and Zimbabwe. For the remaining member States, relatively tame inflation outlook will encourage authorities to maintain accommodative policy in support of economic recovery.

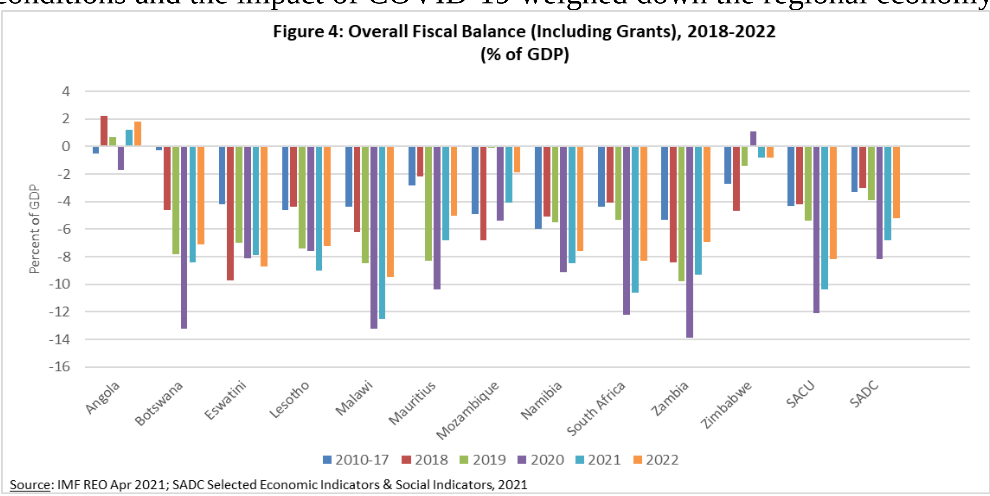
[3] Zimbabwe's consumer prices during the same period were: 2010-17: 1.1 per cent, 2018: 10.6 per cent, 2019: 255.3 per cent, 2020: 557.2 per cent, 2021: 99.3 per cent and 2022: 24.7 per cent.

3.3 Exchange rates

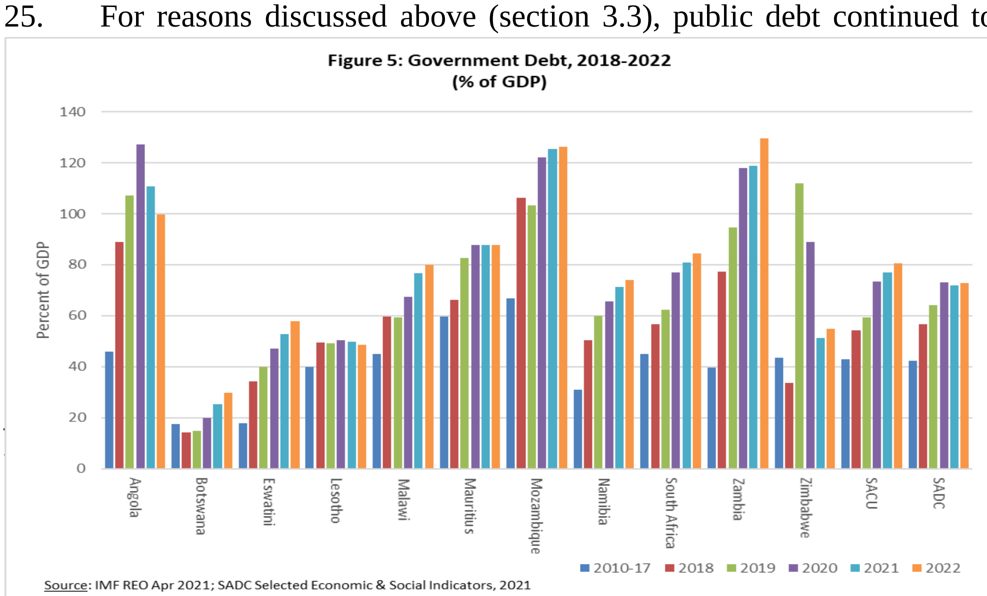
23. Depreciating exchange rates, alongside growing interest rates, high primary deficits, high inflation, weak governance, increased security spending, and weaknesses in revenue mobilization, are responsible for rising public debt in Southern Africa. The currencies depreciated due to downward revisions of economic growth projections, power supply interruptions and the COVID-19 outbreak which resulted in a massive sell-off of risky assets and capital flows to safe-haven assets such as the US dollar. Throughout 2020, the Angolan kwanza, the Zambian kwacha and the South African rand were the most volatile currencies. Malawian kwacha was the least volatile among the 11 countries[4] which are the primary focus of this report (SADC, 2021).

3.4 Fiscal performance and public debt

24. The global economic developments, weak commodity prices, adverse weather conditions and the impact of COVID-19 weighed down the regional economy in the second and third quarter of 2020 and these had varying negative impacts on the fiscal positions in Southern African countries (figure 4 and table 4). Fiscal deficit deteriorated from 3 per cent of GDP in 2019 to 7.3 per cent of GDP in 2020. Only Angola, DRC, Lesotho, Madagascar, Tanzania and Zimbabwe achieved the regional fiscal deficit target of 3 per cent of GDP in 2020. This fiscal deterioration was a result of synchronized increases in government expenditure to support the recovery from the impact of COVID-19.



25. For reasons discussed above (section 3.3), public debt continued to trend upward and has breached the regional threshold of 60 per cent of GDP due to weakening fiscal positions in



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2020 (figure 5 and table 4). For all SADC member States, the public debt increased from 56.3 per cent of GDP in 2019 to 67.1 per cent of GDP in 2020. The increasing public debt levels will put additional burden to member States' resources as debt service costs increase. Consistent with the need to address the socioeconomic impacts of COVID-19 debt burden is expected to worsen before it gets better. The risk of defaulting to service external debt is now high with Zambia reported to have been Africa's first pandemic-era sovereign defaulter[5] in 2020. For Angola, a depreciating Kwanza and stagnating GDP growth due to low oil prices is seen keeping the sovereign at risk of default, even as debt re-profiling efforts have lowered near-term debt-servicing costs.[6] Of the 11 focus countries only Botswana, Eswatini, and Malawi have remained below public debt of 60 per cent as percent of GDP in 2020. Following the GDP rebasing in South Africa from 2010 to 2015 constant prices, gross debt as percent of GDP has dropped from 80.3 per cent to 71.1 per cent for 2020/2021 fiscal year (Statssa, 2021).

3.5 Trade and current account developments

26. In Angola, the balance of trade in goods registered a positive 6.84 billion Kwanza in 2020, after exports of goods slumped by 4.3 per cent compared to 2019, outweighed by reductions in imports of 6.4 per cent. The Republic of China was Angola's major export destination (62.5 per cent of total merchandise exports) while in Africa its major trading partner was South Africa. In Botswana, total merchandise trade deficit totaled 25.8 billion Pula, an increase of 82 per cent over 2019. 88 per cent of Botswana's merchandise exports were from diamonds and the biggest export partners were United Arab Emirates (29 per cent), followed by India (21.5 per cent). SADC accounted for 11.8 per cent of its exports. In Eswatini, goods export proceeds for the year until November 2020 amounted to E25.4 billion, 2.7 per cent lower than the corresponding period in the previous year. Reductions in imports allowed the Kingdom to register a merchandise balance surplus until November 2020 that was 19 per cent higher than the corresponding period in 2019. In Lesotho, the external sector position was expected to register a surplus of 1.9 per cent in 2020, lower than the 3.9 per cent realized in 2019. Both merchandise exports and imports were expected to fall in 2020. Textile exports were expected to fall due to relatively low external demand and temporary closure of some of the manufacturing companies. In Malawi, total merchandise exports decreased to MK 326.6 billion for the period July to December 2020, a 26.2 per cent fall compared to the same period in 2019. This shortfall in exports led to a widening of the trade balance deficit to MK831.8 billion for that period in 2020. The major export product of Malawi is tobacco, followed by sugar and confectionaries and oil seeds. Belgium, the United Kingdom and South Africa were its top three major export destinations in that period. In Mauritius, the current account deficit has been provisionally estimated to increase by almost 100 per cent compared to 2019. The trade deficit is primarily due to a collapse in net trade in services falling from a positive Rs30.2 billion in 2019 to Rs 880 million in 2020, driven by the collapse in tourism.

[5] Zambia's new administration argues that the country's US$12.7 billion (about 27 per cent of GDP) external debt is an underestimation with some deals having been "*structured outside normal channels…without parliamentary approval*" (Business Day, 2 September 2021).
[6] In November 2020 Angola adopted a draft bill that envisages narrowing fiscal deficit and basing its revenue inflows on a conservative oil price estimate, as part of fixing fiscal situation. Nonetheless the rating agency Fitch downgraded Angola's rating to 'CCC' owing to a combination of deteriorating public finances and external vulnerabilities (https://www.focus-economics.com/country-indicator/angola/public-debt).

27. South Africa recorded a current account balance surplus of 2.2 per cent of GDP, in stark contrast to its deficit last year of 3 per cent of GDP, owing to a good performance on its trade balance aided by contraction in imports. In Zambia, the rebound of copper prices, matched by contractions in imports due to COVID-related supply chain disruptions, continued depreciation of the Kwacha and mitigated domestic economic activity led the country to experience a rise in its overall trade surplus. Its top export destinations for copper are Switzerland, Republic of China, Singapore, and Luxembourg. After Switzerland and Asia dominated by China, the dual SADC-COMESA group is Zambia's third largest export market, dominated by the Democratic Republic of Congo. Finally, Zimbabwe also benefited from rising commodity prices in the fourth quarter 2020, ending the year with a narrowing of its trade deficit compared to the third quarter from US$131.5 million to US$39.7 million. In the fourth quarter, its major exports destinations were South Africa (44.5 per cent), the United Arab Emirates (20.2 per cent), Mozambique (8.7 per cent) and others,

28. Key policy challenge facing Southern Africa is continuing to address COVID-19 pandemic and its socioeconomic impacts while ensuring that economic turnaround gain traction and government financial position does not worsen further. In this regard, member States have to continue to save lives and livelihoods while making the best use of international solidarity in terms of access to vaccines, on the health side, and using judiciously the resources made on the back on renegotiated external loan payments, commodity price boom, and increased international reserves made available under IMF's expanded Special Drawings Rights allocation. Macroeconomic policies should remain accommodative to support economic growth, render assistance to suffering industries especially MSMEs where most jobs are, and overall avoid citizens falling into destitution.

SECTION 4: SECTORAL DEVELOPMENTS IN SOUTHERN AFRICA

4.1 Agriculture and Food Security

29. Agriculture is a strategic sector in Southern Africa, with immense potential to contribute to inclusive and sustainable development. It has been the major underpinning for economic transformation activities, and a direct income support to more than 70 per cent of the region's population. However, the performance of the sector has typically been subject to climate conditions. Southern Africa has been prone to extreme climatic shocks including droughts and flooding, hence its designation as climate "hotspot" by the Intergovernmental Panel on Climate Change. The 2020/2021 cropping season has been relatively successful due to abundant rainfall in many parts of the region, although a few member States such as Angola, Namibia and Mozambique, experienced localized prolonged dry spells. In fact, the crop production outlook is generally promising, with several countries expecting bumper harvests (SADC, 2021).

30. The principal cereal crop in the region is maize, accounting for about 70 per cent of total cereal production. South Africa, the region's major producer of maize, is expected to harvest 16.18 million tons for the 2020/2021 season, which is 5.8 per cent higher than its previous season's production. Zambia produced 4,461,188 tons of maize against a national requirement of 2, 932, 208 tons. Zimbabwe increased its production by about 200 per cent to reach 2,717,171 tons. Furthermore, Namibia, traditionally a net importer of cereals, recorded a total cereal harvest of 157,000 tons, which is 29 per cent above, though slightly

lower than the 162,500 tons of the previous season. However, the maize production of the country is estimated at 53,700 tons, which is 4 per cent higher than last year. Likewise, Eswatini is expected to increase its maize production by 15 per cent to reach 98,988 tons, mainly owing to favourable rainfall. One key challenge for crop production during the 2020/2021 season, has been the African Migratory Locust (AML) outbreak, with sightings reported in Angola, Botswana, Namibia, Zambia and Zimbabwe. In addition, there have been localised losses of crop production due to incidents of leaching, waterlogging, and flooding of crop fields caused by excessive rains.

31. The impact of the COVID-19 pandemic on food security in the region has mainly been through a reduction in households' purchasing power stemming from reduced incomes. However, access to food and other essential commodities has also been somewhat affected by the pandemic related movement restrictions. Prior to the outbreak, hunger had already been increasing in the region, caused by several factors including pervasive poverty, conflict, climate change, gender disparities, diseases, pests and natural disasters. According to SADC (2021), a record 49.1 million people in 13 SADC member States were food insecure in 2020. However, this figure is expected to decrease to about 47.6 million in 2021, partly due the favourable rainfall of the 2020/2021 season.

4.2 Mining

32. The minerals sector remains key to economic development and transformation in Southern Africa, albeit at varying degrees, from the mono-mineral economies of Botswana (diamond), Namibia (diamond) and Zambia (copper) to South Africa and Zimbabwe which have highly diversified mining sectors. For example, in South Africa the sector contributes 8-10 per cent of GDP and, on average, each of its almost half a million-labour force supports the livelihoods of nine dependents. The sector's importance to industrialization with beneficiation and value addition anchoring the pursuit of regional value chains is underscored in the SADC Regional Mining Vision. However, during the pandemic mining was disrupted and mines were placed under care and maintenance due to adverse operational environment, disruptions of input supplies undermined productivity, and staffing disruptions at mining sites. As prices plummeted due to economic contraction during the first half of 2020, mines scaled down production for some operations and restructured. Only the precious metals sector remained bouyant during the pandemic due its appeal as a store of value.

33. Rapidly increasing prices towards the end of 2020 precipitated a reversal of production plans[7]. In addition, the opportunities offered by the transition to clean energy through electric vehicles has anchored the upward trend in prices of copper, cobalt, lithium and nickel and this will entail a windfall for economies most active in these minerals/metals. The growing market for rechargeable lithium-ion batteries offers value chains development opportunities and cobalt and lithium producers such as Zambia (cobalt at Chambishi) and Zimbabwe, which hosts the largest lithium deposits in Africa and one of the top ten reserves globally producing 2 per cent of world output, will reap the benefits in the medium to longterm.

7 https://chamberofmines.org.na/wp-content/uploads/2021/07/2020-Chamber-of-Mines-Annual-Review.pdf

34. In addition to the challenges of fluctuating prices, sector policy consistency, certainty and stability issues, skills and finance continue to undermine the competitiveness of the regional minerals sector despite the high geological prospectivity across countries. For example, in Zambia, mineral royalty concerns remain unresolved and this continues to hold back brownfields investment. In South Africa, political uncertainty and recent civil unrest has added to the underlying challenges to investment in the sector. The declining greenfields exploration investment across the region continues to underline the importance of policy consistency and competitiveness. Exploration is the lifeblood of the minerals sector, it has knock-on effects on brownfield, mid-stream and downstream mineral value chain projects, and the minerals supply chain. Furthermore, in the absence of structured policy direction, addressing the issues around the social licence to operate continues to create uncertainties and disincentives for investors. Balancing risks and rewards to all stakeholders including communities remains key for sustainability in the sector and together with addressing policy inconsistencies and the perennial power deficit will be key for stability in the sector.

4.3 Manufacturing

35. Southern Africa has prioritized the manufacturing sector as the engine of growth to drive the industrialization process in the region in the Revised SADC Indicative Strategic Development Plan (2015-2020) and the signing of the SADC Protocol on Industry in August 2019 will anchor the SADC Secretariat's role in coordinating the implementation of regional industrial activities. The protocol on industry will complement the AfCFTA's single market for goods and services in Africa that aims to unlock manufacturing potential and facilitate industrialisation, drive sustainable growth and jobs. However, the sector is small in most member States.

36. In 2020, the share of manufacturing sector to GDP for the SADC region stood at 11.01 per cent, a slight increase from the 2019 share of 10.7 per cent. This share of manufacturing has declined steadily since 2009 from a high of 12.4 per cent to its lowest share of 10.1 per cent in 2013 after which the share gradually increased to 11.01 per cent in 2020.

4.4 Transportation infrastructure

37. Road and rail transport are the dominant modes of transporting goods and people within SADC. They handle the bulk of imports and exports in the respective countries, thus providing a vital transport link for the countries' diverse import and export commodities. Most of the SADC countries are landlocked, making road and rail networks very important in linking countries to principal ports in South Africa, Mozambique, Angola and Namibia. The index of the quality of port infrastructure shows an improvement of 0.2 in Namibia, 0.4 in South Africa, 0.6 in Angola and 0.9 in Mozambique, over the last decade (table 2). This index assesses progress in port infrastructure, ranging from an extremely underdeveloped infrastructure (index=1) to a well-developed and efficient infrastructure according to international standards (index=7). On this basis, the quality of the port infrastructure in Southern Africa is currently above the average standard. In Namibia, the index is 5.2, 4.8 in South Africa, 4.2 in Mauritius, and 3.6 in Mozambique. South Africa, Mauritius and

Angola rank respectively 3rd, 5th and 6th among African economies according to the liner shipping connectivity index (UNCTAD, 2019).

38. The national road and rail systems provide links to all major centres in each country as well as to neighbouring countries. The road system provides access to remote districts, thus serving as strategic links to these areas. The Africa Infrastructure Development Index (AIDI), a measure of the status and progress of infrastructure development across the continent shows that in 2020 only Seychelles (96.7 points), South Africa (79.3 points) and Mauritius (79.1 points) score above the 50.0 points mark. The countries with the least scores according to the index were Mozambique (12.6 points), Madagascar (11.3 points) and DRC (8.6 points).

39. The transport composite index of the AIDI which assesses the total Paved Roads (km per 10,000 inhabitants) and the Total Road Network in Km (per square km of exploitable land area), indicates that only Seychelles (51.9 points) was above the 50.0 points (table 3). The other top scores were for Mauritius (36.7 points) and Botswana (25.8 points) while the least scores were recorded for Madagascar (2.9 points), Mozambique (2.1 points) and DRC (1.5 points) for the year 2020.

4.5 Tourism and other services

40. Covid-19 had a particularly severe impact on tourism dependent economies, given that the sector ground to a halt almost overnight with travel bans, social distancing and border closures. Several other services sectors linked to tourism such as transportation and logistics, retail trade, entertainment and hotels and restaurants also suffered. A recent paper found that in South Africa, the pandemic had devastating effects on various sectors of the tourism economy such as aviation, maritime, special events, accommodation and attraction sectors, as a result of which public and private airlines were liquidated or placed under business administration with far-reaching implications for various destinations and travel sectors (Dube, 2021). Conservation efforts for South African national parks are also being endangered.

41. Covid-19 precipitated the fall of South African Airways and its sister company South African Express –both went into bankruptcy with windfall adverse effects on commercial travel in the Southern African region and regional tourism. According to the Tourism 2020 report released by Statistics South Africa, tourist arrivals in 2020 dropped from by 71 per cent from just over 15.8 million in 2019 to less than 5 million in 2020, with the largest precentage decrease of visitors coming from Australia (an 81.4 per cent drop). Another Southern African country whose services industry that took a bad hit from Covid-19 is Mauritius. The island saw its current account deficit doubled in value from 2019 to 2020 as exports revenues from services, dominated by travel collapsed. Tourist arrivals in Mauritius dropped to 309,000 arrivals from 1,383,500 in 2019. Tourism earnings fell to Rs17.6 billion in 2020 from Rs63.1 billion in 2019. Another Southern african country that was hard hit is Namibia where tourist arrivals in 2020 dropped by 89.4 per cent.

4.6 Energy

42. The regional energy mix is dominated by hydrocarbons (petroleum), coal and electricity (hydro and thermal) (Muñoz, et al, 2020). However, within the region, South

Africa has the most diverse electricity generation portfolio, combining fossil fuels, nuclear energy, pumped and conventional hydropower, solar and wind energy projects, and electricity imports. The supply of electricity for both consumptive and productive purposes remains unstable despite new generation capacity coming on stream in the region, eg. Kafue Gorge Lower hydro power staion in Zambia. Access to electricity remains highly varied across the region with Mauritius having close to 100 per cent access and Malawi, on the other end, having about 20 per cent access. This is despite initiatives to accelerate energy access through Rural Electrification Agencies and through dedicated rural electrification master plans across member States.

43. The instability in the supply of electricity continues to undermine productive sectors including mining and manufacturing.[8] Given this deficit, the development of a sustainable solution to electricity generation and supply through various strategies including the encouragement of private generation for self-use and the diversification of the energy mix is imperative. The potential for solar and wind to power industry is immense across the regional member States and exploitation of these opportunities requires an environment underpinned by appropriate fiscal, industrial, environmental and energy policies. Furthermore, as the world transitions into green recovery post-COVID, the commitment of both the manufacturing and the minerals industries to a greener environment and green industrialization has become apparent. The scalability of renewables in these sectors and the integration of renewable energy generation - biomass, hydro, solar, thermal, and wind – into manufacturing and mining operations has become more evident as the costs of these technologies continue to decrease countering the rise of demand for cleaner solutions to reduce carbon emissions.

44. The transition to green energy can trigger demand for local goods and create investment and jobs[9], expand supply chains, expand regional trade in services, create markets, reduce balance of payments deficits, and revitalize geographical areas where the renewable energy resource is located. Furthermore, given the centrality of access to affordable electricity to the achievement of Sustainable Development Goals and Agenda 2063, the success of the AfCFTA and post COVID-19 recovery strategies and plans, member States should; facilitate investment in electricity infrastructure through appropriate policies and strategies that crowd-in the private sector more actively; diversify electricity supply and provide incentives and mechanisms to increase the share of renewable energy in the power systems including through feed-in-tariffs, auctions, self-generation, debt/equity, and energy targets; introduce cost reflective tariffs while monitoring efficient generation of electricity to lower the costs and where feasible, countries should introduce natural gas as a transitionary fuel to replace coal and facilitate full deployment of renewables.

SECTION 5: COVID-19 AND REGIONAL ECONOMIC DEVELOPMENT: IMPACT AND COPING STRATEGIES IN SOUTHERN AFRICA

5.1 Introduction

[8] https://www.sacreee.org/sites/default/files/documents/files/GDP_SADC_Report_EN_Nov_16.pdfhttps://www.sacreee.org/sites/default/files/documents/files/Electricityper cent20Planningper cent20inper cent20SADCper cent20-per cent20Statusper cent20Reportper cent20per cent28Mayper cent202021per cent29.pdf

[9] https://www.sacreee.org/sites/default/files/documents/files/policyper cent20brief.pdf

45. The unprecedented spread of the COVID-19 pandemic brought enormous human, social, and economic disruption in Southern African like any other part of the world though the impacts were disproportionate across the region. Since the region first reported a COVID-19 case on March 5, 2020, over 3.8 million cases had been reported with over 105,000 fatalities as of end-August 2021 (table 5), making Southern Africa the epicentre of the COVID-19 in Africa with South Africa being the most hit in the region. In collaboration with the WHO and the African Centre for Disease Control and Prevention, national governments in the region introduced precautionary measures, most notably flight restrictions, enhanced screening at international airports, isolation, and contact tracing, as well as training of health personnel to stem the quick spread of the pandemic. A combination of national lockdowns, border closures, restrictions on international travel, closure of schools and businesses, the mandatory wearing of masks, encouraging non-essential staff of both private and public institutions to work remotely, extensive testing and geographical area quarantine managed were implemented. Laws and regulations were also put in place to enforce and ensure compliance with the measures. Nonetheless the pandemic has had severe impacts on economic and social sectors.

5.2 Impact on economic sectors

46. First is the adverse impact on real economic growth: The service sector, which accounts for over 50 per cent of the GDP of most of the regional economies was negatively through travel bans, as well as disruption to transport, distribution, hotels and restaurants, entertainment, retail and trade. Second, COVID-19 slowed down existing investment projects and the approval processes of new projects. Global economic recession delayed the implementation of projects or new investment projects decisions while low oil prices and global demand for Africa’s commodities further reduced resource-seeking FDI to the continent.

47. Third, the global economic downturn due to COVID-19 largely led to a decrease in commodity prices and a heavy impact on the export receipts in the region. Oil has been particularly affected as the containment measures involved sharp reductions in transport and production, hence low oil demand. Similarly, revenues from the export of services (e.g. tourism) dropped sharply. Fourth, the ban on international travel also had a huge negative impact on the tourism sector in the region which accounts for over 45 per cent of Africa's travel and tourism industry. A decline in tourist arrivals had a negative impact on employment and income along the supply chains as the sector has strong backward and forward linkages with other sectors of the economy.

48. Fifth, remittances declined as countries hosting significant migrants such as South Africa were affected due to slowdown in economic activity and lockdowns resulting in job losses and reduced incomes. Sixth, restrictions imposed by the national lockdown across the region disrupted local food systems, rural livelihoods and food security, especially among rural farming communities where livelihoods are largely anchored on agricultural production including MSME activities. Finally, the already high joblessness in the region worsened as businesses were forced to reduce work to minimize costs or losses as well as to

comply with the government lockdown regulations, with the informal sector workers even worse off due their inability to work from home.

5.3 Impact on the social sectors

49. First, in the health service delivery, the outbreak of the pandemic exerted additional pressure on the already weak health facilities as more infections emerged due to the spread of the virus. The demand for intensive care beds and ventilators increased as more people were infected. As a result, access to other health services (e.g. family planning, pre-and post-natal services, antiretroviral therapies and treatment of endemic diseases) became restricted. Second, children were less affected directly by COVID-19 infections compared to the older population but the closure of schools across the region affected about 48 million children with the majority being in primary schools and also being girls, threatening health, education and future income security.

50. Third, mental health was adversely affected as heightened feelings of uncertainty, unrest, loneliness, job losses, grief, no social interactions, GBV and substance abuse, set in. Fourth, the closures of borders had negative consequences for not only the tourism sector and cargo flows, but also traders, especially informal ones throughout the region. Restrictions undesirably affected lives, livelihoods and cross-border trade in several southern African countries to which women and the youth are the majority. Finally, the falling per capita income among those affected by lockdowns and layoffs, including migrants had a stronger impact on rural households and will reverse gains made in poverty reduction, human security and social development. Women suffered much greater job losses, especially in the first part of the lockdown.

5.4 Lessons Learned from the COVID-19 For Future Pandemics

51. COVID-19 has unearthed some invaluable lessons which can be used going forward, building back better economies and societies which are more resilient and self-reliant. First, all countries in the region are interdependent and should cooperate to fight pandemics. COVID-19 has shown the importance of cooperation by all stakeholders at different levels whether within a country, regional and international levels, or the private sector and the civil society. Greater regional cooperation and across sectors is imperative to eradicate the virus.

52. Second, regional self-sufficiency is important. As a region, SADC should be self-reliant in food security, pharmaceuticals, energy and transport among others to mitigate the risks of relying on other regions. The pandemic has shown how global value and supply chains across the regions can easily be disrupted by nationalism. Increased productivity coupled with involvement by member States in whole value chains is critical for self-reliance. Furthermore, healthcare sectors that are self-sufficient from manufacturing of equipment and drugs to comprehensive care capacity and management of pandemics is critical for the region.

53. Third, information and data sharing is important for planning. In global emergencies like the COVID-19 pandemic, open science policies can remove obstacles to the free flow of research data and ideas in developing regional capacity for predictive models, and thus accelerate the pace of critical research critical to combating such pandemics. There is a need to ensure adequate data governance models, interoperable standards, sustainable data-sharing agreements involving the public sector, private sector and civil society, incentives for researchers, sustainable infrastructures, human and institutional capabilities and mechanisms for access to data across borders.

54. Fourth, embrace the Fourth Industrial Revolution (4IR) and digital solutions going forward. COVID-19 has accelerated the uptake of the 4IR technologies that could automate and possibly eliminate certain job occupations. Government policies to mitigate the economic impacts of the pandemic such as quantity easing through lower interest rates or subsidies for digitalization reduced the costs for automation and further accelerate the uptake of 4IR technologies are needed. It is critical to embrace the 4IR and digital solutions as well as prepare businesses and traders, including MSMEs, to transition to these digital systems and platforms.

55. Fifth, entrench transparent governance of state resources to ensure that resources reach those most in need and are not lost to corruption. Anti-corruption authorities and oversight institutions must have adequate capacity, resources and independence to perform their duties. Good governance ensures that financial resources are deployed efficiently and effectively by maintaining accurate accounting; frequent, timely and complete disclosure of information; and the adoption of procedures to allow for ex-post evaluation and accountability.

56. Sixth, improve resilience and access of healthcare systems. Reinforce health systems to remain ready to deliver other life-saving services and better withstand future pandemics by prioritizing investments in the healthcare facilities, human capital and skills development. Access to health care should be equitable and treated as a fundamental human right for all citizens. Disease preparedness and responsiveness together with clear and transparent communication with the public, and resource mobilization is important to build resilient health systems in the region which can absorb the shock of a global pandemic and the management of severe cases and future epidemics. Lessons from other countries such as China, Singapore, Taiwan, and Hong Kong show that swift action even at the risk of overreacting as a strategy can greatly influence the trajectory of new infections. In comparison, the shocking trajectory of the epidemic in other parts of the world such as Europe and America confirms that, in the absence of drastic action, even the best health systems in the world may crumble under the weight of this epidemic.

57. Seventh, improve access to education. Most learners in the region were unable to go to school during national lockdowns. The introduction of remote learning through radio, television and online programs introduced in most countries covered a much smaller proportion of leaners due lack of access to the learning platforms, radios, televisions, computers and the Internet. There is a risk of reversing the gains of universal schooling for

the vulnerable especially girls, and widening inequalities in access to education. The shortcomings and inequalities of educational systems require the deliberate and deployment of more resources, technologies and innovations to the most vulnerable learners.

58. Finally, social safety nets (SSNs) are a key tool for crisis management created to address chronic poverty, reduce social inequality and enhance the livelihoods of the poor in many countries. With the rapid spread of the COVID-19 pandemic, many countries in the region introduced SSNs to reduce the negative impacts of the pandemic and enhance community resilience. It became necessary to expand the nature of the social protection programmes to support the poor and vulnerable to achieve multiple objectives of fighting poverty and hunger and increasing the resilience to various shocks.

SECTION 6: SELECTED KEY MESSAGES AND RECOMMENDATIONS

59. At its recent 41st Summit, the SADC leadership resolved, *inter alia*, to accelerate the implementation of the SADC Regional Indicative Strategic Development Plan (RISDP) 202c0-2030 and the SADC Vision 2050, and to establish a SADC Humanitarian and Emergency Operations Center. It further underscored the need to address the inequalities and disparities in accessing COVID-19 vaccines. On the AfCFTA it expressed its determination to utilize the productive capacities and turn the economies into engines for sustainable growth using this agreement. The Chair said "*The revival of the economies depends on the collective ability and step up the efforts toward economic stability, overcoming serious challenges together to eradicate poverty, food insecurity, and infrastructural underdevelopment, and build our region back better*." These resolutions best capture the issues raised in this report to address longstanding socioeconomic challengs which have been intensifed by the pandemic. Some of the needed actions both in the short- and medium-term in the region include:

- Addressing macroeconomic issues that include mounting public debts, and for some member States, runaway inflation. This is despite to need to loosen selectively to address the pandemic and its impact. Accordingly, sound debt management and transparency remains key to promote good economic governance, thus avoiding debt traps and corruption.
- Strengthening healthcare systems including by injecting more resources as part of measures to address the pandemic.
- Utilizing resources made available by international corporations and development partners judiciously because in the end most of these resources will have to be paid back.
- Urgently investing in broadband infrastructure to enable member States to leverage digital technologies.
- Continuing to commit resources towards the industrailization agenda to boost productive capacity and provide a platform for the pursuit of value chains including investment in the pharmaceuticals sector.

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Annex

Table 1: Global GDP Growth Rates

	2015	2016	2017	2018	2019	2020	2021
World	3.5	3.3	3.8	3.6	*2.8*	*–3.2*	*6*
Advanced economies	2.4	1.8	2.5	2.3	*1.6*	*–4.6*	*5.6*
Euro area	2.0	1.9	2.6	1.9	*1.3*	*–6.5*	*4.6*
EM & DE	4.3	4.5	4.8	4.5	*3.7*	*–2.1*	*6.3*
Sub-Saharan Africa	3.2	1.5	3.1	3.2	*3.2*	*–1.8*	*3.4*

Notes: EM & DE = Emerging Market and Developing Economies; 2021 are projections
Source: Source: IMF WEO April 2021 and July 2021

Table 2: Africa Infrastructure Development Index

Country	2015	2016	2017	2018	2019	2020
Seychelles	93.7	93.9	94.1	94.3	95.0	96.7
South Africa	75.9	75.5	79.6	78.5	78.4	79.3
Mauritius	74.3	74.1	75.5	76.8	77.5	79.1
Botswana	35.6	35.6	36.6	36.8	37.0	37.5
Namibia	28.7	28.8	28.6	28.7	29.0	30.0
Eswatini	24.7	24.6	25.4	25.8	27.1	28.2
Zimbabwe	24.2	24.1	24.4	24.5	24.4	25.5
Zambia	21.5	21.5	22.1	22.3	23.2	24.0
Malawi	18.0	18.4	18.4	21.0	20.8	21.8
Angola	16.8	16.5	17.5	19.0	18.9	20.1
Lesotho	15.7	15.7	15.7	16.0	16.4	16.3
Tanzania	11.9	12.0	12.2	12.5	14.1	14.9
Mozambique	11.7	11.6	12.3	12.5	11.9	12.6
Madagascar	8.2	8.4	8.5	10.7	10.4	11.3
DRC	8.1	8.2	8.2	8.1	8.0	8.6

Source: AfDB. Africa Infrastructure Development Index 2020

Table 3: Transport Composite Index

Country	2015	2016	2017	2018	2019	2020
Seychelles	51.8	51.6	52.0	51.8	51.7	51.9
Mauritius	35.3	35.1	35.8	36.7	36.6	36.7
Botswana	26.6	26.2	25.4	25.0	24.7	25.8
South Africa	13.0	12.9	23.4	23.3	23.2	22.6
Namibia	19.3	19.0	17.5	17.2	16.9	17.6
Eswatini	8.8	8.7	8.6	8.5	11.8	13.2
Zimbabwe	12.9	12.7	12.1	12.0	11.4	12.2
Lesotho	7.4	7.3	7.3	7.3	7.2	7.3
Zambia	10.1	9.8	13.3	4.9	6.8	6.8
Angola	2.1	2.0	2.0	1.9	1.9	4.3
Malawi	5.0	4.9	4.9	3.8	3.8	3.8
Tanzania	3.9	3.8	3.1	3.1	3.0	3.0
Madagascar	3.1	3.1	3.0	3.0	3.0	2.9
Mozambique	2.0	2.0	1.9	2.1	2.1	2.1
DRC	1.5	1.5	1.5	1.5	1.5	1.5

Source: AfDB. Africa Infrastructure Development Index 2020

Table 4: SADC – Primary Macroeconomic Convergence Indicators and GDP (2016 – 2021)

	2016				2017 (Revised)				2018 (Revised)				2019 (Revised)				2020 (Provisional)				2021 (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%)
Angola	30.4	-3.8	76.6	-2.6	30.4	-2.9	66.0	-0.1	19.7	2.0	91.0	-2.0	17.1	0.6	113.0	-0.6	22.2	-1.5	129.0	-5.2	22.5	2.6	100.0	0.9
Botswana	2.8	0.6	21.1	4.3	3.3	-1.1	18.1	2.9	3.2	-4.6	17.9	4.5	2.8	-3.9	17.6	3.0	1.9	-5.6	18.3	-7.9	5.6	-8.2	21.5	8.8
DRC	3.2	-0.5	17.6	2.4	39.2	0.0	18.1	3.7	31.0	-0.4	11.0	5.8	4.9	0.0	11.0	4.4	9.0	-1.2	12.3	1.7	8.6	-0.3	13.4	3.8
Eswatini	7.8	-8.6	19.2	1.1	6.3	-6.0	21.1	2.0	4.8	-6.9	29.5	2.4	2.6	-6.2	36.0	2.2	3.9	-8.1	36.8	-2.4	4.3	-8.1	36.3	2.7
Lesotho	6.6	-8.7	35.4	3.6	5.3	-2.1	36.0	-3.2	4.1	-4.1	42.4	-1.2	5.2	-4.8	45.2	2.2	5.0	0.5	69.6	-5.6	5.2	-9.5	68.5	4.5
Madagascar	6.7	-1.7	35.2	4.0	8.6	-2.0	34.9	3.9	8.6	-2.2	30.3	3.2	5.6	-1.3	28.8	4.4	4.5	-2.9	36.2	-4.2	5.4	-6.6	39.8	3.2
Malawi	21.6	-2.8	57.8	2.7	11.5	-2.8	43.3	5.2	9.2	-4.4	45.7	4.4	9.4	-4.6	45.0	5.4	8.6	-6.6	53.8	0.9	8.4	-8.4	49.6	3.8
Mauritius	1.0	-3.5	59.3	3.8	3.7	-3.5	59.0	3.8	3.2	-2.9	57.0	3.8	0.5	-3.2	58.0	3.0	2.5	-11.8	75.0	-14.9	3.0	-5.6	85.9	5.4
Mozambique	19.9	-5.5	111.5	3.3	15.1	-3.4	82.0	3.7	3.9	-7.8	86.0	3.4	2.8	-1.5	79.0	2.2	3.1	-3.9	62.7	-1.3	5.6	-5.3	123.5	2.3
Namibia	6.7	-8.3	39.9	0.0	6.2	-7.1	42.8	-1.0	4.3	-5.1	48.3	1.1	3.7	-5.0	56.1	-0.6	2.2	-9.5	62.4	-8.0	3.2	-8.7	65.8	2.7
Seychelles	-1.0	-0.3	73.0	4.6	2.9	0.0	66.0	4.4	3.1	3.0	62.0	4.1	1.7	2.6	59.0	3.5	3.8	-19.2	96.0	-13.5	2.9	-6.0	85.0	4.6
South Africa	6.3	-3.9	50.5	0.4	5.3	-4.1	53.0	1.4	4.6	-4.0	56.6	0.8	4.1	-5.7	63.3	0.2	3.3	-14.0	80.3	-7.2	3.9	-9.3	81.9	3.3
Tanzania	5.2	-2.6	40.0	6.9	5.3	-0.3	41.0	6.8	3.5	-1.7	41.3	7.0	3.4	-2.5	39.9	7.0	3.3	-2.0	39.1	4.8	3.5	2.6	39.2	5.7
Zambia	18.2	-5.8	46.7	3.8	6.6	-6.1	53.8	3.4	7.9	-7.0	58.0	3.5	11.7	-9.1	75.5	1.4	15.7	-14.4	118.3	-3.0	13.3	-9.0	119.6	1.6
Zimbabwe	-1.6	-6.8	54.1	0.8	0.9	-9.4	67.5	4.7	10.6	-6.0	46.9	5.5	173.3	0.3	88.1	-6.0	654.9	-0.5	78.4	-4.1	134.8	-1.3	64.5	7.4
SADC AVERAGE	8.9	-4.1	49.2	2.6	10.0	-3.4	46.8	2.8	8.1	-3.5	48.3	3.1	16.6	-3.0	54.4	2.1	49.6	-6.7	64.5	-4.7	15.4	-5.4	66.3	4.0
NO. ACHIEVING TARGET	10	6	12	0	10	8	11	0	9	6	12	1	11	7	10	1	10	6	6	0	10	4	6	3

Source: MSADC, 2021, Regional Economic Performance and The Business Environment iIn 2020 And Medium-Term Prospects

Table 5: COVID-19 in Southern Africa (as at 31/08/2021)

	COMFIRMED CASES	RECOVERIES	DEATHS
Angola	47,544	43,421	1,217
Botswana	156,927	148,519	2,261
Comoros	4,068	3,901	147
DRC	55,145	31,054	1,059
Eswatini	43,371	34,778	1,101
Lesotho	14,395	6,830	403
Madagascar	42,862	42,566	955
Malawi	60,494	47,806	2,177
Mauritius	10,639	1,950	19
Mozambique	146,316	133,574	1,864
Namibia	125,046	117,898	3,375
Seychelles	19,976	19,362	104
South Africa	2,777,659	2,544,563	82,261
Tanzania	16,970	178	50
Zambia	206,327	201,124	3,602
Zimbabwe	124,773	113,057	4,419
TOTALS	**3,852,512**	**3,490,581**	**105,014**