United Nations
Economic Commission for Africa

SOCIO-ECONOMIC IMPACT OF COVID-19 IN SOUTHERN AFRICA

MAY 2020

Lusaka
ZAMBIA

COVID-19
RESPONSE

Table of Contents

Executive Summary

This report is an analysis of the impact of COVID-19 on socio-economic development patterns in Southern Africa where as of 27 May 2020 over 800,000 regional citizens had been tested in the eleven member States covered by the Sub regional Office in Southern Africa. Since the first COVID-19 positive case was recorded in the region in early March 2020, Southern Africa has slowly emerged as the epicenter of the pandemic on the African continent. The report observes the rising number of COVID-19 positive citizens as member States expand testing and further observes the rise to continue as testing coverage is more extensive.

The report alludes to the adverse impacts of the pandemic on key social and economic development indicators and identifies commodity and export dependence, declining foreign direct investment and lower tourist arrivals as the principal routes through which regional economies will be undermined. It observes that declining growth prospects in the major export markets of China, the United States and the European Union due to the virus has led to lower commodity prices and hence lower export revenues for the highly commodity dependent region. Consequently, the already challenged Southern African Development Community economy is expected to contract by about 3.3 percent in 2020, debt levels are expected to increase to 90 percent of regional gross domestic product (GDP) and budget deficits will balloon to 9 percent of GDP due to the increase in health spending as well as the provision of stimulus packages to sustain economies.

The depreciation of local exchange rate will result in accelerating price increases for imported products, including medicines and medical equipment required to fight COVID-19, and will increase foreign currency-denominated debt burden, making debt management and servicing more challenging. The economic contraction of the highly informalized regional economies will result in higher levels of unemployment, especially among women and the youth, who are the principal entrepreneurs in cross border trade and micro, small and medium enterprises. The pandemic will increase financial fragility in Southern Africa, as foreign investors pull money from the local markets, further undermining the regional economies. Similarly, the already strained healthcare systems, the struggling education sectors, and the high levels of inequality and poverty will be worsened.

The report attests to the individual and collective efforts by member States to contain the spread of the virus within countries and across the regional borders. It alludes to the deployment of strategies such as travel restrictions, border closures, extensive testing, social distancing, quarantining, the use of masks and lockdowns as the primary strategies introduced by countries to restrict transmission and hence manage the spread of the virus. Fiscal and monetary stimulus strategies such as establishment of relief funds, increased health spending, wage subsidies, interest rate cuts and moratoria on loan repayments have been deployed to provide support to business and buttress recovery. It also observes the easing of lockdowns across all regional member States since mid-May.

The report alludes to the implementation of harmonized regional strategies focused on transit policy harmonization, transit facilitation, information sharing and pooled procurement of medicines spearheaded by the SADC Secretariat. It calls for continued

implementation of fiscal and monetary stimulus mechanisms to support economies as well as stronger regional collaboration as countries slowly ease of the lockdowns.

SECTION 1: INTRODUCTION

1. Southern Africa has become the epicentre of the coronavirus on the African continent since the fist positive case was recorded in the region in early March 2020. Table 1 shows that by 27 May 2020 over 800,000 regional citizens had been tested for COVID-19 with 26,415 (3.3 percent) testing positive of which 14,191 (53.7 percent) had recovered and 557 (2 percent) died. South Africa with 24,264 COVID-19 positive cases including 534 deaths is the regional epicentre and has conducted 74.8 percent of the total tests in the region.

2. Lesotho declared its first COVID-19 positive case in mid-May 2020 while at about the same time, Mauritius declared itself virus free after all the positive cases at the time had recovered. Southern Africa remains on high alert as positive cases continue to escalate in South Africa and Zambia, the two hotspots currently accounting for 95.9 percent of the region's cumulative positive cases.

Table 1: COVID-19 Summary in Southern Africa as of 27 May 2020

Country	Cumulative Positive Cases	Recoveries	Deaths	Total Tests
Angola	70	18	4	7,580
Botswana	35	20	1	17,991
Eswatini	261	164	2	unavailable
Lesotho	2	0	0	unavailable
Malawi	101	37	4	3,372
Mauritius	334	332	10	101,052
Mozambique	214	71	1	9,330
Namibia	21	14	0	3,186
South Africa	24,264	12,741	534	605,991
Zambia	1,057	779	7	24,275
Zimbabwe	56	25	4	37,474
Total	**26,415**	**14,191**	**557**	**810,251**

Source: Ministries of Health, SADC Summaries

3. This report presents an analysis of the actual and projected impacts of the pandemic on regional socio-economic development patterns. Although it is too early to conclusively gauge the full extent of this unfolding tragedy on the lives of citizens and the economies of Southern Africa as the numbers are still rising and the duration of the pandemic is unknown, preliminary estimates show a devastating effect on livelihoods and development in the region.

SECTION 2: MACROECONOMIC IMPACTS OF THE PANDEMIC

2.1 Slowing Economic Activity in Major Trading Partners

4. The region's direct links with China through trade, investment and movement of people, have exposed regional growth prospects to the contraction in China. Although China seems to have contained the pandemic and that some of the European countries like

United Kingdom, Spain and Italy are slowly emerging from the pandemic and are easing lockdowns, there are concerns that in Africa the pandemic has not yet peaked as testing is still limited. Although most countries who had strict lockdowns in both Europe and in Southern Africa have started easing them to allow some economic activity to take place significant production shutdowns and value chain disruptions are still evident in the region and will continue to undermine regional economic activities. The pandemic continues to disrupt trade, logistics and tourism and for an uncertain period as recent projections by the World Health Organizations attest to the fact that the virus will be around for long. The low intra-SADC trade which currently stands at only 19.3 percent means that international trade remains a critical route for growth and development. However, micro, small and medium-sized firms will suffer the most from the disruptions of supply chains.

5. The pandemic hit when the region's economies were already experiencing flaccid growth rates. For example, South Africa's gross domestic product for the final quarter of 2019 decreased by a further 1.4 percent, after contracting by 0.8 percent in the third quarter, plunging the country into a fresh technical recession. Since then, further hurdles have emerged, including a fresh spate of load shedding; and the coronavirus pandemic, which has wreaked havoc on regional and global markets precipitating further contraction. Angola, Botswana, Zambia and Zimbabwe all face similar dim growth prospects due primarily to lower commodity prices, drought and power shortages.

6. The slowdown in Chinese growth (at least in the first half of 2020 and possibly for longer)[1], and the expected slow global recovery will depress commodity prices further, including raw materials, oil and minerals, the main exports from Southern Africa. For example, the Government of Botswana expects the mining sector to contract by as much as 33.6 percent, in response to lower commodity prices, dragging the economy down by about 13.1 percent.

7. International travel restrictions and the imposition of social distancing to contain the spread of the pandemic have hit the travel and sector particularly hard. The economies of Mauritius, Lesotho, Namibia and Botswana where the sector contributed over 20 percent, 13 percent, 13 percent and 10 percent to GDP in 2017, respectively will be particularly hit. As an added blow to the tourist sector, and due to fears that the virus will spread from one member country to another, the authorities in the region have closed borders and thus restricted movements across the member States. All countries in the region have imposed some form of travel restrictions on foreign nationals to contain the spread of the pandemic, and protect their citizens and the economies. These border closures will have negative consequences for not only the tourism sector and cargo flows, but also for traders, especially cross border traders, both formal and informal. Informal cross-border trade is a significant feature of regional trade and international mobility in Southern Africa and accounts for an estimated US$18 billion worth of trade per annum. It generates substantial income and employment in the region, allowing vulnerable populations to access goods and services that are key for their economic and social recovery-hence playing a critical role in poverty alleviation, food security and household livelihoods.

[1] The most recent statistics show Chinese industrial production slid more than expected by 13.5 percent during the first two months of 2020, fixed asset investments slumped by 24.5 percent and retail sales-a key metric of consumption- fell by 20.5 percent.

Demographically, women and youth constitute a significant proportion of cross-border traders and thus the border closures will disproportionately affect women and youth.

8. The average real GDP growth the region for forecast to contract by 4.5 percent in 2020 (Table 2) according to member States and the World Economic Outlook, this is a downward revision from the forecast made in October 2019 of a growth of 1.6 percent. The hardest hit economies are Zimbabwe (-7.4 percent), Mauritius (-6.8 percent), South Africa (-5.8 percent) Botswana (-5.4 percent) and Lesotho (-5.2 percent). The fall in commodity prices will be the main contributor to the contraction of the economies since they are anchored on primary sectors, particularly agriculture and mining.

Table 2: SRO-SA Real GDP Growth

Country	2020[a]	2021[a]	2020[b]	2021[b]
Angola	1.15	2.87	-1.37	2.64
Botswana	4.34	5.91	-5.38	6.78
Eswatini	0.51	0.64	-0.94	1.81
Lesotho	-0.17	3.68	-5.21	5.12
Malawi	5.10	5.50	1.00	2.50
Mauritius	3.83	3.93	-6.80	5.90
Mozambique	6.04	4.00	2.20	4.70
Namibia	1.55	2.43	-2.48	3.20
South Africa	1.08	1.44	-5.80	4.00
Zambia	1.70	1.73	-3.51	2.35
Zimbabwe	2.72	2.52	-7.38	2.52
SRO-SA Average	**1.59**	**2.13**	**-4.47**	**3.75**
[a] October 2019 Estimate [b] April 2020 Estimate				

Source: ECA based on data from Member States, IMF WEO October 2019 and April 2020

9. The contraction of the economies will also affect the living standards in the region which have been deteriorating for a period. In 2020 the real GDP per capita will on average deteriorate by 6.3 percent compared to a deterioration of 1.8 percent in 2019 (Table 3). The living standards within the region as measured by per capita GDP vary amongst the member States, the most affected countries in the region are Zimbabwe (-9.1 percent), Botswana (-7.1 percent), South Africa (-7.2 percent), Mauritius (-6.8 percent), Zambia (-6.4 percent) and Lesotho (-5.8 percent).

Table 3: Real GDP per Capita Growth rates (%)

	2017	2018	2019	2020
Angola	-3.2	-4.2	-4.4	-4.2
Botswana	1.0	2.6	1.1	-7.1
Eswatini	1.3	1.3	0.0	-2.0
Lesotho	-1.6	-0.3	0.5	-5.8
Malawi	1.1	0.3	1.6	-1.8
Mauritius	3.7	3.7	3.4	-6.8
Mozambique	1.0	0.7	-0.5	-0.5
Namibia	-1.2	0.3	-3.2	-4.3

South Africa	-0.1	-0.7	-1.3	-7.2
Zambia	0.4	0.9	-1.5	-6.4
Zimbabwe	3.2	2.0	-9.9	-9.1
SRO-SA Average	-0.3	-0.7	**-1.8**	**-6.3**
Source: **ECA based on data from Member States and IMF WEO April 2020**				

10. Overall, the already challenged regional macroeconomic environment will contract even further due to adverse impacts of the pandemic on economic anchors such as commodity prices, international trade, inflows of foreign investment and the slowdown in global growth.

2.2 Impact on Price Levels

11. The expected supply shortages, depreciating exchange rates and macroeconomic stimuli measures pose risk to near term inflation outlook. However, price levels should remain moderate for most countries in Southern Africa due to slack demand (Table 4). Most central banks in Southern Africa have taken measures to ease credit conditions and ensure soundness of the financial system in the face of the COVID-19 challenges.

12. On the fiscal side, the region already is in acutely fragile position, constricted by low economic growth and high public debt and debt service costs. Nonetheless fiscal authorities are expected to increase fiscal outlays including by deferring payroll taxes on businesses and individuals, inject stimuli resources to counter demand slack and roll out infrastructure and services, particularly in the health sector. South Africa announced that it is considering utilizing surpluses from the Unemployment Insurance Fund (UIF).[2]

Table 4: Recent Inflation Rates in SRO-SA (Year-on-year, %)

Country	Dec. 2019	Jan. 2020	Feb. 2020	Mar. 2020	Apr. 2020
Angola	16.9	17.9	18.7	19.6	20.8
Botswana	2.2	2.2	2.2	2.2	2.5
Eswatini	2.0	2.7	2.8	-	-
Lesotho	4.8	4.1	-	4.0	4.2
Malawi	11.5	11.1	11.0	9.8	
Mauritius	1.9	2.0	2.2	2.9	4.2
Mozambique	3.5	3.58	3.5	3.1	3.3
Namibia	2.6	2.1	2.5	2.4	1.6
South Africa	4.0	4.5	4.6	4.1	-
Zambia	11.7	12.5	13.9	14.0	15.7
Zimbabwe	521.2	175.66	540.1	676.4	-

13. While lower oil prices have reduced fuel prices in the near term for the region that is a net importer of oil, and in the process contributing to lower moderate inflation

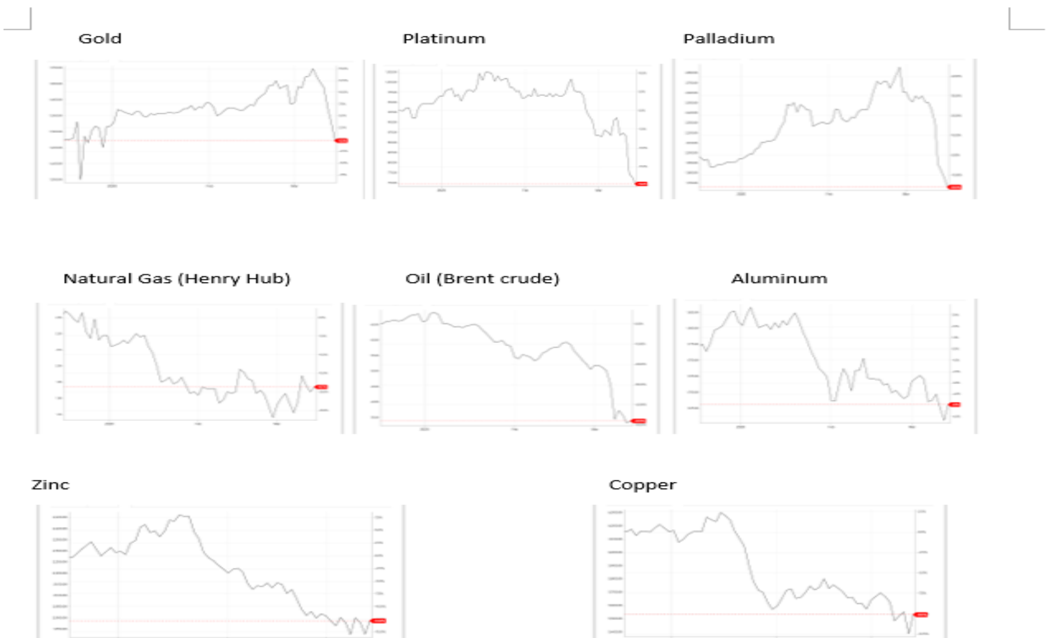
[2] The Unemployment Insurance Fund (UIF) offers short-term relief to workers when they become unemployed or are unable to work because of maternity, adoption leave, or illness. It also provides relief to the dependants of a deceased contributor.

pressures, it is important to note that for countries where data is available the inflation rates have all gone up in the month of April 2020.

2.3 Declining Commodity Prices

14. Southern African countries are exporters of diverse commodity products including, iron ore, aluminum, chrome, manganese, copper, gold, diamond, palladium, platinum, coal and oil, many of these, in semi-processed state and will be negatively affected by the downturn in prices induced by waning demand. Since commodity dependence varies across member States, countries will be impacted differently by the falling prices. For instance, a run for safe commodities will benefit gold exporters even if the metal makes a small contribution to the overall GDPs; and the sharp drop in oil will benefit most regional member States but will hurt Angola for whom 92.4 percent of export earnings was generated from oil in 2018. Slow growth in China, Angola's largest oil importer will further dampen growth prospects in the latter. Similarly, for South Africa, China is a key market for chrome, iron-ore, manganese and metallurgical coal and subdued growth in the latter will drag down prices. Overall, as the global demand for both manufactured goods and mineral resources decline, economies in Southern Africa will struggle to grow. The less diverse economies like, Zambia (copper) and Botswana (diamonds) will be affected more by the commodities prices wane than those who are reasonably diversified.

Figure 1: Trends in Selected Commodity Prices



15. Gold prices rose as investors sought a haven due to the low returns in US dollar denominated securities. However, prices of precious metals used for industrial applications such as diamonds and platinum group metals are on the decline. Prices of base metals key for industrialization, copper, aluminum, chrome and manganese, have all weakened due to lower Chinese demand as China consumes about 45 percent of metallic minerals produced worldwide. As a key market for South Africa, the region's major minerals exporter, China's contraction will dent in local growth. Although the COVID-19 outbreak reached

its peak in China in early April, the world's largest base metals consumer, base metals prices are unlikely to rebound firmly in the near term considering the current global macro environment which remains unstable.

16. Southern African countries are heavily reliant on petroleum products made from imported crude oil, particularly in the transport sectors. Most of these countries are net importers of these petroleum products, with Angola being an exception. Lower oil prices may help level the high balance of payments deficit in countries such as Malawi, Mozambique and Zimbabwe, for example, while undermining the Angolan economy which is heavily dependent on the oil sector. Unfortunately, due to reduced economic activity during the lockdowns, the benefits from lower oil prices were not appropriated in full.

2.4 Depreciating Exchange Rates

17. The depreciation of local exchange rate will result in accelerating price increases for imported products, including medicines and medical equipment required to fight COVID-19 and will increase foreign currency-denominated debt burden, making debt management and servicing more challenging, and increasing the probability of default. Currency instability may also lead to higher costs for crossborder transactions. The depreciating trend of currencies in Southern Africa has worsened since the pandemic hit the region. Before the onset of the pandemic, many currencies in Southern Africa were already on the downward trend, pushed down by twin deficits in fiscal and current accounts in the region. This trend has worsened as currencies from high yielding emergency markets come under significant pressure as investors flock towards the US dollar, considered the most liquid currency and the safe-haven of choice (see Figure 1).[3]

18. Central banks in the region have continued to loosen monetary policies and bank liquidity rules (i.e. cutting benchmark policy rate as well as introducing additional measures to enhance liquidity in the market) to mitigate the macroeconomic impacts of the coronavirus. Indeed, the policy rate cut will further weigh on their currencies by narrowing the gap in yields between their assets and those in developed countries. To the contrary, limited foreign exchange reserves and upcoming debt servicing requirements will limit Angola's ability to put in place monetary buffers to cope with the COVID-19.

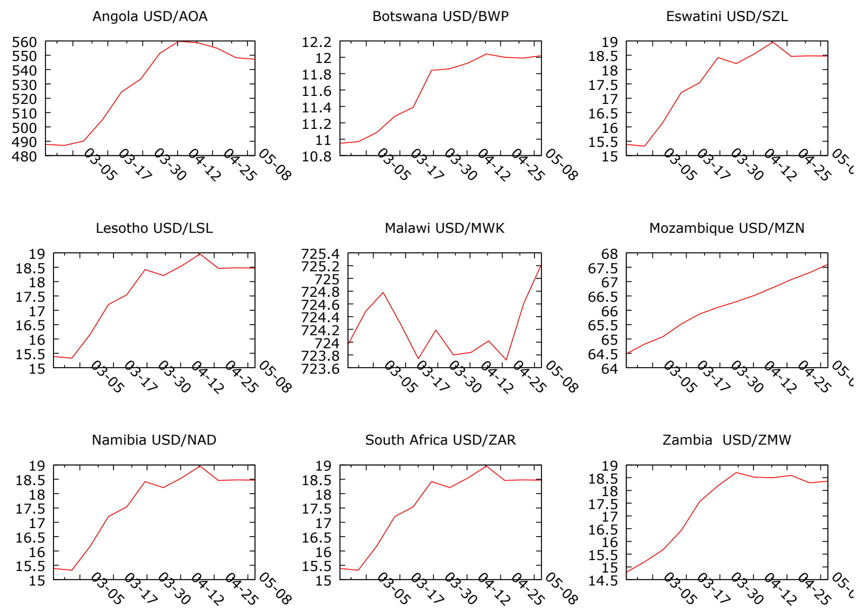
19. The South African Rand and the SACU members' currencies directly linked to it, as a currency that is often correlated to market sentiment regarding risk-sentiment and emerging market sentiment, has been hit hard by the outbreak, from just over R15.39/US$1 on 14 February 2020 to moving to R18.47/US$1 by 11 May 2020, as government bond investors leave *en masse*. However, the Rand, like most regional currencies, was already on a downward trend due to poor economic fundamentals, the pandemic has accelerated the downward spiral.

20. Overall, Southern African currencies continue to weaken (see Figure 1) in reaction to the coronavirus spread due to being commonly correlated with risk and emerging market

[3] The appreciation of Malawian kwacha against United States dollar in early February is due to annulment of last year's controversial election.

sentiment, restricting the freedom of the central banks to lower interest rates as part of countercyclical policies. Furthermore, lowering interest rates lowers the appeal of money market yields, causing outflows and more currency depreciations. The authorities will not lose sight of the inflationary impact of weak currencies and will therefore be less enthusiastic to follow their overseas counterparts on drastic scales.

Figure 2: Weekly Exchange Rates in SRO-SA (24 Feb to 11 May 2020)



Source: Oanda, accessed at https://www1.oanda.com/fx-for-business/historical-rates accessed on 18 May 2020

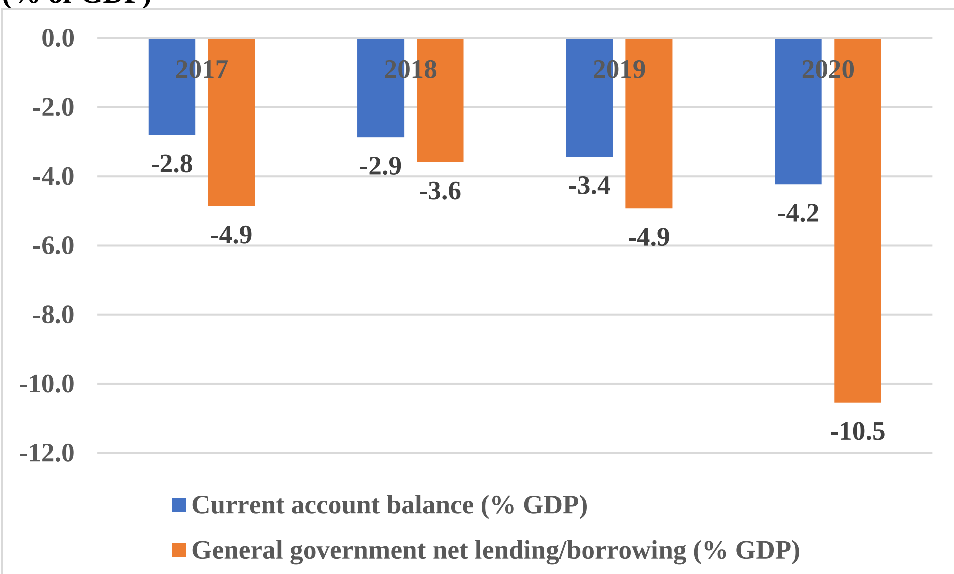
21. Weakening currencies precipitate inflation due to the rising cost of imports, especially the rising importation of medicines and medical equipment required to fight COVID-19 related deseases. This will negatively impact on economic growth rates in 2020.

2.5 Tightening Fiscal Situation Against Already High Public Debt Situation

22. The pandemic will iincrease financial fragility, as foreign investors pull money from the local markets, leading to a potential public debt crisis for already fragile economies in the region. Several countries in Southern Africa are at high or medium risk of debt distress, including Zambia with an estimated debt of US$11.2 billion at end 2019, Zimbabwe where arrears to external creditors amount to almost 30 percent of GDP, South

Africa where debt is projected to rise to 70 percent of GDP, Angola with debt at 102 percent of GDP and Mozambique caught up in litigation with its Eurobond holders (according to the *Financial Times*, 10 March 2020). According to estimates by the SADC Secretariat, regional debt is expected to worsen from 60.2 percent of GDP in 2019 to 70 percent in 2020.

Figure 3: SRO-SA General government net lending/borrowing and Current account balance (% of GDP)



Source: ECA based on data from member States and IMF WEO April 2020

23. Both the regional current account balance and government lending/borrowing as percentage of GDP is forecast to worsen in 2020. According to the IMF, the current account balance will deteriorate from -3.4 percent in 2019 to -4.2 percent in 2020. General government net lending/borrowing as a percentage of GDP is forecast to deteriorate by 5.6 percentage points from the -4.9 percent registered in 2019 to -10.5 percent in 2020. However, the SADC Secretariat expects the deficit to reach 9 percent of GDP in 2020.

24. Yields continue to rise for sovereign bonds as the market prices in risk, placing highly indebted countries such as Zambia and Mozambique at risk of sovereign default. Angola’s Eurobonds have taken a hit as investors exit emerging and frontier markets. According to *Euromoney* magazine, Angola’s 2029 Eurobond saw yields increase sharply from 7 per cent to 14.2 percent (with a peak at 16 percent) between February 21 and March

13.[4] International capital flight flows to safe harbor assets due to COVID-19 fears, will make it costly for Southern African countries to raise capital (or service loans) on Eurobonds and will likely delay any debt issuance (for example, South Africa) until global financial markets stabilize. South Africa is reliant on portfolio flows to finance the current account deficit due to low exports. A sub-investment downgrade by Moody's will adversely affect these flows and will lead to the increased debt servicing cost.

2.6 Slowing Trade and Ebbing Inward Flows of Investments

25. On the current account, the decline in the economic activity in many advanced and emerging market countries will result in a significant decline in remittances, especially for Lesotho and Zimbabwe with high number of citizens working outside the country. For example, remittances are as high as 23 percent in Lesotho[5] and Zimbabwe receives a reported US$1 billion in remittances annually and these remittances help plug the constrained foreign currency gap and fund the importation of key inputs for other sectors.

26. Angola and South Africa dominate as the countries that receive the largest share of FDI flows into SADC. South Africa's FDI is dominated by mergers and acquisitions deals in business services and petroleum refining, whereas FDI in Angola is concentrated in the petroleum extraction industry and mining. South Africa is the second-largest recipient of FDI in Africa and received about US$5 billion in 2019. Market-seeking investment and FDI projects in extractive industries are being delayed in the region because of negative demand shocks and supply chain disruptions due to COVID-19.[6]

SECTION 3: IMPACT ON ECONOMIC SECTORS

3.1 Agriculture Sector

27. Agriculture is a key pillar of socio-economic transformation and sustainable development in Southern Africa. About 70 percent of the region's population heavily depends on agriculture for food, income and employment. However levels of productivity in the sector remain low, due to several reasons, including insufficient access to modern means of farming and climate change and variability. Enhancing the production of higher-value agricultural products and value addition to agricultural commodities are at the centre of efforts towards developing and strengthening regional value chains in the agro-processing industry. Poor agriculture performance has had severe implications on food security in the region. According to the SADC Synthesis report on the state of food and nutrition security and vulnerability in Southern Africa 2019,[7] about 41.2 million people were estimated to be food insecure, representing an increase of 28 percent from 2018 (Table 5).

[4] https://www.euromoney.com/article/b1ks8nprqk465l/african-eurobond-plans-off-the-table-after-oil-price-plunge
[5] https://www.brookings.edu/blog/africa-in-focus/2020/03/18/strategies-for-coping-with-the-health-and-economic-effects-of-the-COVID-19-pandemic-in-africa/
[6] https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2299
[7] https://reliefweb.int/sites/reliefweb.int/files/resources/SADC_2019_Synthesis_Report_on_the_State_of_Food_and_Nutrition_Security_and_Vulnerability_in_Southern_Africa.pdf

Table 5: Food insecure people in Southern Africa, 2015-2020 (March 2020 estimations)

Country	2015/16	2016/17	2017/18	2018/19	2019/20	% change from 2018/19	% change from 5-yr average
Angola	1,253,048	755,930	749,500		1,139,064†		16.90
Botswana	30,318	57,411	12,000	35,055	38,300	9.26	10.64
DRC	4,456,106	5,900,000	7,700,000	7,249,998	13,100,000†	80.69	70.55
Eswatini	320,973	638,251	159,080	122,086	232,373	90.34	-21.11
Lesotho	463,936	709,394	306,942	308,966	433,410	40.28	-2.50
Madagascar	1,800,000	1,140,000	855,796	1,261,323	916,201	-27.36	-23.31
Malawi	2,833,212	6,692,114	1,043,000	3,306,405	1,126,147	-65.94	-62.46
Mozambique	375,905	1,980,000	313,481	891,000	1,648,646*	85.03	58.25
Namibia	578,480	729,134	798,384	257,383	289,644	12.53	-45.41
South Africa	14,349,445	14,349,445	13,700,000	13,930,354	13,670,000††	-1.87	-2.36
Tanzania	358,505	358,505	118,603		740,000		87.86
Zambia	798,948	975,738	77,000	954,120	2,330,182**	144.22	126.85
Zimbabwe	2,829,159	4,071,233	1,052,768	2,423,568	5,529,209	128.14	73.81
SADC	**30,448,035**	**38,357,155**	**26,886,554**	**30,740,258**	**41,193,176**		

Source: SADC (2019)

28. The impacts of coronavirus on agriculture performance and food security in the region will be through international supply and demand side channels and agricultural commodity prices in global markets. The demand of staple foods is not expected to suffer significantly in the medium to long terms as counttries still need to feed themselves. However, relatively weaker global demand could still be expected in the short term. The main damage will result from the insufficient supply of agricultural products stemming from the loss of human capital and the stagnation of product markets, especially in the heavily affected countries, including China, United States and Eurpean Union. This situation may impinge on food security figures in the region as most of the member countries are net food importers, with a significant proportion of their imports coming from these markets. Cereal production in Southern Africa includes maize (80 percent of cereal production), wheat, sorghum millets and rice.

29. South Africa is the principal supplier of regional grain and is currently the most affected by the virus in the region. According to SADC latest figures, the countries with the highest cereal import requirements in the 2019/2020 marketing year are Angola (1,132,000 tons) and Zimbabwe (761,000 tons). Containing the spread of the virus in South Africa is critical to food security in the region. Furthermore, the rising coronavirus infection and death tolls in China and around the world have led to a decline in commodity prices due to low Chinese demand. The prices of soybeans and cotton, the latter being linked to textiles and manufacturing, have declined. The delcining global price imply loss of revenues, especially for smallholder farmers in South Africa, Malawi, Zambia and Zimbabwe, the major regional producers, that are already suffering from low productivity due to poor agronomic practices. Likewise, corn and wheat prices have declined and remained relatively volatile due to market pressures from the coronavirus worries. Finally, the agriculture sector depends on global supply chains for access to essential inputs includnig feed and equipment, that are produced in China and other affected countries and the current disruption of supply chains will further undermine the sector. Regional movement of fertilizer, seed and chemicals will be disrupted by the current supply chain challenges. Similarly, restrictions on the movement of goods and people across borders will have significant socio-economic repercussions on people's livelihoods, affecting the

most vulnerable groups. While these restrictions are necessary to limit the spread of the virus, they are likely to disrupt market chains and trade of agricultural goods, with significant potential impacts on 70 percent of the regional population that depends on the sector livelihoods, food and nutrition security and employment. A combination of the adverse weather conditions in the 2019/2020 season and the impact of COVID-19 on farm productivity will worsen food insecurity in 2020/21.

3.2 Minerals, Oil and Gas Sectors

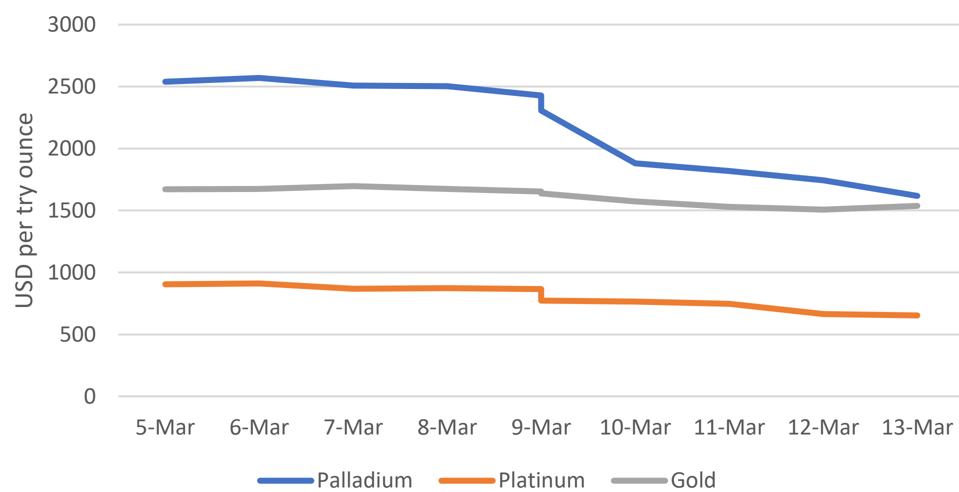
30. The mining sector accounts for about of 10 percent of regional GDP, 25 percent of regional exports, about 7 percent of direct employment and 20 percent of government revenues. The dependence on the sector varies markedly across the region with copper accounting for over 80 percent of Zambia's export earnings and mining (diamonds) accounting for 20 per cent of Botswana's GDP and over 90 percent of exports. The over 100 minerals and compounds produced in the region including copper, nickel, cobalt, iron ore, manganese, chrome and limestone, are feedstocks into manufacturing, energy/power, infrastructure and agriculture but are mostly exported as ores, concentrates, alloys or metals due to limited fabrication. This leaves regional economies highly susceptible to fluctuating commodity prices.

31. Major consumers of metallic and precious minerals such as China are key players in the market. Over the last 20 years China and other developing countries have accounted for more than 60 per cent of the increase in consumption of many mineral commodities. Currently China consumes an estimated 54 percent of world aluminum production, 48 per cent of copper, 50 percent of nickel and 45 percent of all steel. Overall, China consumes close to 50 percent of all metallic minerals produced in the world and its demand for aluminum, copper, nickel and iron ore has significant impacts on international prices. Hence the declining growth in China, estimated to slow to 4.9 percent in 2020, causing demand shocks, will see the consumption of metals and minerals such as manganese, chrome, iron-ore and metallurgical coal declining and will hurt countries such as South Africa, the biggest supplier of manganese, chrome and one of the biggest suppliers of iron-ore to China.

32. The travel ban will adversely affect Botswana's diamond sights at the end of the month as buyers will not be able to travel to Gaborone. As a consequence, the mining sector in Botswana is expected to contract by 33.6 percent in 2020 which will contribute to a 13.1 percent contraction in the economy. Although mineral commodity prices including precious metals, remain on a shallow downward trend, the projected decline in China's economic growth accompanied by the slowing uptake of mineral commodities will dampen commodity prices further during the next quarter and will adversely impact supplies of mineral commodities from Southern Africa. For base metals, prices continue dropping; for example, aluminum declined by 9.5 percent from US$1,825 per ton in December 2019 to US$1,651 in March 2020. Similarly, copper declined to below US$5,000 per ton since November 2016 and the fact that Chinese copper smelters have not yet resumed total production since the earlier shut down when the virus hit has contributed to the lower prices and continues to undermine any recovery. Nickel prices declined dramatically from US$14,044 per ton in January 2020 to US$11,900 per ton by mid-March 2020 and this is hurting regional producers. Gold and silver prices continue to trade moderately due to the looming world economic recession looms (see Figure 4).

33. There is a demand shock as car sales decline and consumer confidence is dented and Chinese gold-jewelry demand falls sharply due to coronavirus-induced shutdowns of wholesalers in Shenzhen, the hub of China's jewelry industry. The intensification of beneficiation and value addition along the various value chains remains an imperative to generate regional demand as feedstocks. The electric vehicles industry provides regional opportunities for development from the lithium, cobalt, platinum group metals copper, zinc and other minerals resources. Importantly, regional industrialization anchored on the various commodity value chains identified in recent studies should be implemented to provide the impetus for higher linkages within the regional economies.

Figure 4: Gold, Platinum and Palladium Prices



Source : https://www.bloomberg.com/markets/commodities/futures/metals

34. Oil prices have retreated significantly during the last two weeks due to primarily the refusal of Russia to cooperate with OPEC leading to the reaction by Saudi Arabia to further discount prices. The price of crude oil this week slumped to its lowest since 2016 as the coronavirus pandemic continued to weigh on global demand amid a price war between OPEC and its allies that is boosting supply. The lower international oil prices will have a positive impact on the fiscal positions of the oil importing countries in the region and might stem the rise in domestic fuel prices but will hurt Angola as oil revenues account for about a third of the country's GDP and 90 percent of exports and thus further falls in the price will undermine the national budget and adversely impact on State-supported social programmes and progress towards SDGs. Overall, the price war between Russia and Saudi Arabia in the face of the coronavirus-induced world economic recession threatens to continue undermining the international price of oil.

35. Although the mining sector is not a significant direct employer, accounting for only 7 percent of the regional job market, contraction in the sector due to low demand and low prices will diminish direct job opportunities in the sector as well as the indirect jobs along the supply chains. Furthermore, even as economies relax the lockdown conditions and conform to social distancing, employment opportunities in the sector will remain diminished.

3.3 Transport Sector

36. Although transport infrastructure is relatively well developed in the sub-region as compared to other parts of the continent, several countries in the region still have considerable unpaved road networks. For instance, according to the AfDB's regional economic outlook for Southern Africa (2019), only 37 percent of the road network is paved in Botswana, 20 percent in Lesotho, 26 percent in Malawi, 21 percent in Mozambique, 15 percent in Namibia and 45 percent in Eswatini. In addition, transport infrastructure, including roads, rails, ports and air transport, are generally of poor quality and inefficient, which could significantly impede competitiveness of firms. This situation is particularly concerning in countries such as Lesotho, Madagascar, Malawi, Mozambique, Zambia and Zimbabwe. According to the World Economic Forum's *Global Competitiveness Index 2018*, these countries are respectively ranked 135, 121, 131, 114, 112 and 113, out of a sample of 137 countries, in terms of the quality of their transport infrastructure. Infrastructure efficiency is also key, especially considering the scarcity of financial resources, whether public or private. Lesotho, Angola, Mozambique, Malawi, Zambia and Zimbabwe are among the worst performers in terms of efficiency of transport infrastructure, which includes efficiency of train services, air transport and sea ports. In fact, Lesotho is the least efficient country out of a global sample of 140 countries when it comes to efficiency of train services and air transport.

37. The virus outbreak is unlikely to have long term impacts on trransport infrastructure, considering the nature of infrastructure projects but will affect the completion of projects already underway. Evidently, the effect on human capital and the stagantion of economic activities along the value chains will slow down the development of existing projects at all levels. In addition, finance both private and public may be an issue due to loss of revenues at the level of States and tepid activity of the private sector during these difficult times, which could also compromise significantly efficiency levels. China, through the government and Chinese firms, is involved in the development of several transport infrastructure projects in the region and these could be delayed due to economic contraction in China, a result of disruptions from the virus.

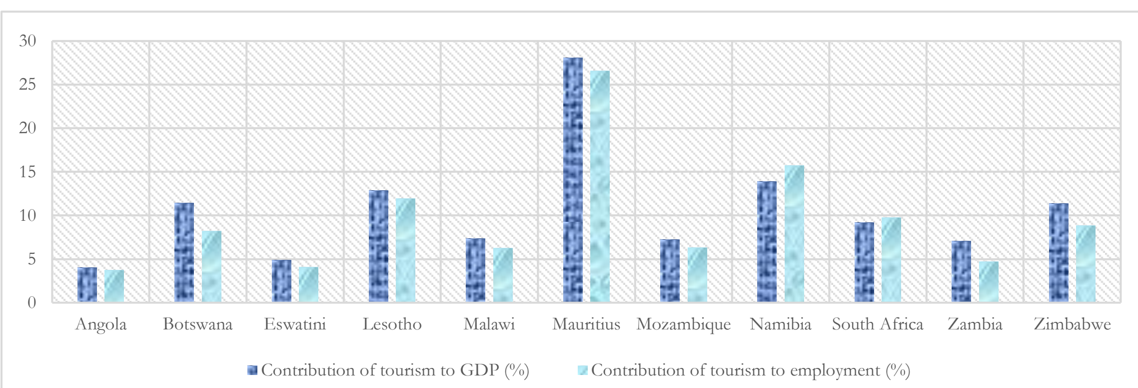
38. The impacts of the outbreak on the transport sector are more evident as the spread of the virus will potentially lead to further restrictive measures by regional countries, including temporary transportation controls on the movement of goods and people. Despite agreements at regional level to ease cargo movements, travel bans and restrictions on public transport have negatively affected the sector and have seen a significant reduction in passenger numbers leading to losses in revenues. The reduction in shipping volumes has affected supply chains with rail and truck volumes likely declining due to the reduced flow of international goods. Overall, the extent of the disruptions will depend on the spread of the virus and the length of the pandemic. While South Africa may appear to be the most affected country in the region thus far, it may produce ripple effects across the region's transport systems and the land-linked countries of Botswana, Eswatini, Lesotho, Malawi, Zambia and Zimbabwe will suffer immensely from supply chain disruptions.

3.4 Tourism Sector

39. Tourism is a key economic sector in Mauritius, Namibia, Lesotho, South Africa, Botswana and Zimbabwe (see Figure 4). For example, in Mauritus the sector accounts for 28 percent of GDP and 27 percent of total employment. Thus, the spread of COVID-19 will paralyze tourism activities and adversely affect many regional economies. In the worst case, the economic loss linked to a decline in tourism in South Africa will be only the sixth in terms of importance. At worst, GDP and employment in South Africa would decline by 9.2 and 9.8 percent respectively. Similarly, for Mauritius the loss would be 28.1 percent of GDP and 26.6 percent of employment. After the detection of two cases in Namibia on March 14,2020, restrictive measures similar to those in South Africa were adopted. In the worst case scenario, Namibia would be the second country in Southern Africa most affected by the collapse of tourist activities. However, Angola and Eswatini will have the weakest effect, less than 5 percent. Malawi, Mozambique and Zambia would suffer a loss of up to 7.3 percent while Botswana, Lesotho and Zimbabwe would lose at least 8 percent of their direct jobs and at most 12.8 percent of their GDP. Hotel occupancy rates in Livingstone and Victoria Falls have plummeted to about 30 percent despite this being the peak season. It is estimated that the number of hotel rooms and similar establishments could drop by more than 82,000 in South Africa, 22,000 in Mozambique and Zambia, 11,000 in Angola, Mauritius and Namibia, by 6,000 in Botswana and Zimbabwe and by 2,000 in other countries due to the virus (*ecastats*, *2020*).

40. South Africa is currently the Southern African country most affected by the COVID-19 virus outbreak with 116 confirmed cases. Given the rapid spread of the virus, the South African government has restricted entry to its territory by closing two of its eight ports on the sea and prohibiting entry to foreign nationals from eight countries including the USA, the UK, Italy and China. In addition, domestic travel is not recommended, schools and universities have been closed and a ban on all gatherings of more than 100 people has been imposed. This last measure suggests the cancellation of important events and gatherings such as the annual Easter religious service and Africa's Travel Indaba which usually mobilizes more than 8,000 delegates around the world.

Figure 5: Approximate economic loss due to a COVID-19 shock on tourism in Southern Africa.



Source: SRO-SA based on ECA Statistics (2020)_
https://ecastats.uneca.org/data/sectorIndicators.aspx

41. The adverse economic effects on the tourism sector are being transmitted through, among others; reduced travel, reduced visa receipts, currency exchange bureaus, hotels, restaurants, travel insurance, arts markets, and throughout taxi and vehicle rental activities. As regional member States have tightened restrictions on travel into individual countries, the volumes of tourists have declined markedly. The services sector, accounting for about 50 percent of regional GDP decimated by transport challenges, closure of sports, and disruption of supply chains.

3.5 Manufacturing

42. The manufacturing sector, through agro processing and mineral value chains, has been prioritized as the engine for growth to drive the industrialization process in SADC for the coming decades. The *SADC Industrialization Strategy* identifies the development of manufacturing as key to self-sustaining regional development due to linkages with the rest of the economy and implores Member States to develop harmonized industrial policy frameworks to support the growth of the sector through regional value chains. The manufacturing sector contributed 11.9 percent of regional GDP and grew by 4.3 percent in 2018. However, the sector has been on a steady decline since 2009 when it contributed 13.1 percent to regional GDP. The size of the sector in terms of contribution to GDP varies markedly across the region with the sector accounting for 32.8 percent of GDP in Eswatini in 2018, 18 percent in the Democratic Republic of the Congo (DRC), 13.2 percent in South Africa and 14.5 percent in Lesotho. Similarly, growth in the sector in 2018 varied markedly across Member States with Zimbabwe and Tanzania recording growth rates of 12.1 per cent and 8.3 percent in 2018 respectively whilst manufacturing in the DRC declined by 0.8 percent. Despite struggling from the widespread load shedding, overall, manufacturing has performed better than other economic sectors since from 2014 to 2018 as the sector grew faster than the overall growth for the region .

43. Apart from the direct impact on the loss of jobs and incomes, especially where no cushioning mechanisms are in place, the national lockdowns will impact on the already struggling regional manufacturing sector through reduced export demand from the major markets in Europe, United States and China as well as from a general reduction in commodity prices. The European Union is the SADC Economic Partnership Agreement Group's largest trading partner, with South Africa accounting for the largest part of EU imports to and EU exports from the region. For example, the South African manufacturing sector, the most diversified in the region, comprising of agro processing, automotive, chemicals, ICT, electronics, metals and textiles which has been in decline since 1994 when it contributed 20 percent to GDP, will suffer from, among others, the declining growth overseas (exports), uncertainty, lower commodity prices and constrained local consumer demand. The largest manufacturing subsectors of metal production, machinery fabrication and household goods will suffer the most from the reduced local and international demand. Furthermore, manufacturing is the fourth largest industry in South Africa accounting for 13 percent of jobs and thus any contraction with undermine progress towards reducing poverty and inequality. For Eswatini, whose major export markets are South Africa (59.7 percent in 2018), USA (8.8 percent) and European Union (8.8 percent), waning growth in these markets will constrain a manufacturing sector which accounted for 32.8 percent of GDP in 2018 and employed 24 percent of the labour force. Eswatini exports soft-drink concentrates, canned fruit, clothing and textile to these markets. The country’s sugar sector

dominates economic activity and Eswatini is one of the major producers of sugar on the continent. In the DRC manufacturing, which accounted for 18.8 percent of GDP in 2018, is dominated by agro processing and textiles, both with an exports focus. The textile, apparel and footwear manufacturing industry remains Lesotho's largest formal private sector employer as more than 90 percent of manufacturing jobs this subsector and accounts for 43 percent of exports. It has for long been the main vehicle for growth and job creation in the economy. The United States is the country's key market outside SACU. The textile manufacturing sector in Lesotho has benefited from preferential trade agreements under the African Growth and Opportunity Act to become one of the largest exporters of garments to the US in Sub-Saharan Africa. Lesotho's two top exports to the US during 2018 were knit apparel worth US$213 million and woven apparel valued at US$108 million. Thus, the contraction of the American economy will undermine growth prospects in Lesotho and will perpetuate and precipitate unemployment.

44. As the region industrializes, diversifies products and markets, it will be able to create domestic demand and linkages and insulate itself from the adverse impact of growth in foreign markets. The implementation of the regional industrialization strategy, especially in the priority sectors of agro processing, mineral value chains and pharmaceuticals will boost the manufacturing sector and diversify exports.

45. The micro, small and medium enterprises sector constitutes between 75 percent and 95 percent of the total number of firms in the region and accounts for 48 percent of employment will continue to be adversely affected by disruption of supply chains through reduced access to inputs, closure of ports and trade routes for a highly dependent manufacturing sector.

SECTION 4: IMPACT ON SOCIAL SECTORS

46. The disease will have economic impacts, as well as repercussions on social outcomes, with implications on progress towards the SDGs. The impact on health (SDG 3), education (SDG 4), poverty (SDG 1) and inequality (SDG 5 and SDG 10) are examined below. Vulnerable groups such as the poor, women, children and young, and socially marginalized groups are at heightened exposure to suffer from the impacts of COVID-19 due to the nature of ther jobs (informality) and limited access to quality health, safe non-public transport, water and sanitation.

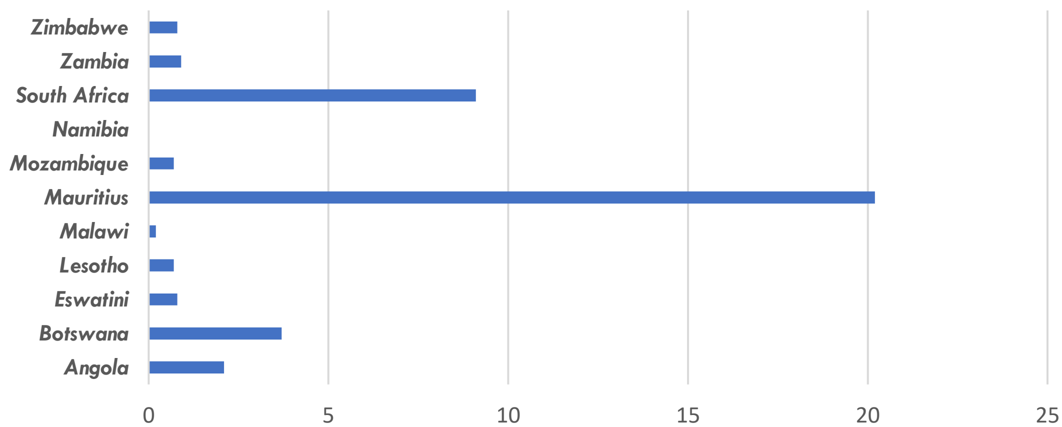
4.1 Impact on Health Systems

47. COVID-19 is most likely to have a net negative impact on health system in the Southern African region. Any health system relies on a healthy workforce to function efficiently. The recommended number of service providers in the well-functioning systems is estimated to be at least 23 physicians, nurses and midwives per 10,000 population. The impact of COVID-19 on the health workforce manifest itself in several ways.

48. COVID-19 has created an atmosphere of fear among those involved in the outbreak, and the likelihood of health staff being stigmatised and rejected by communities is high. The sheer numbers of patients to deal with and the difficult decisions to be made on who lives or who dies will have negative psychological impacts on healthcare workers. This

will be compounded by the fact that the numbers of doctors per 10,000 population in the region is already well below the recommended threshold of 10 (see Figure 6). Only Mauritius surpasses the threshold and while nine of the regional members do not even have half the recommended number of medical doctors.

Figure 6: Medical Doctors per 10,000 population 2009-2018

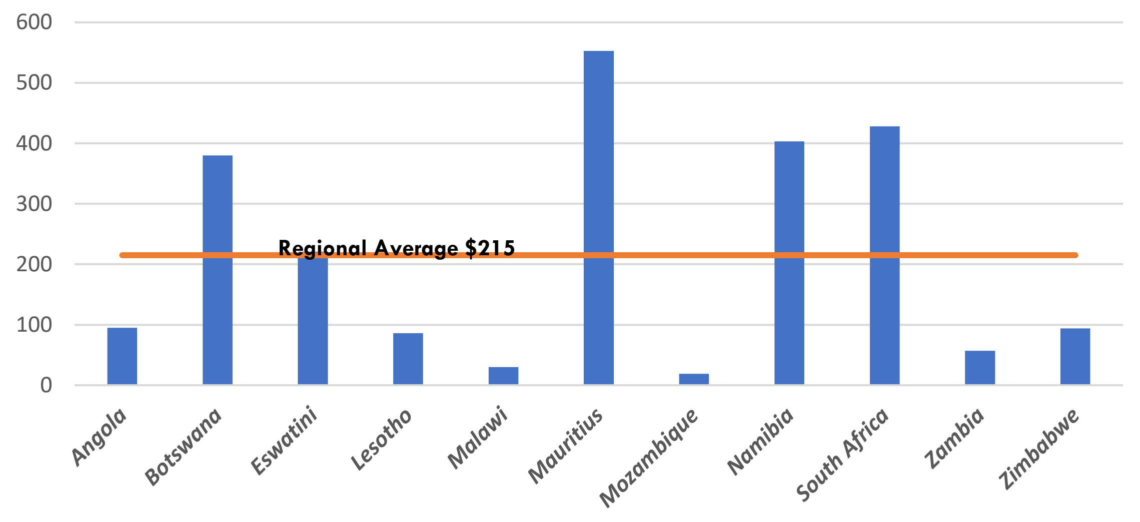


Source: ECA based on data World health statistics 2019, World Health Organisation

49. The fact that the health personnel are in the frontline in any outbreak, it is inevitable that COVID-19 will claim many lives among healthcare workers. This will weaken an already understaffed healthcare system, and impose an additional burden on existing healthcare workers, that led to increased exhaustion and fatal mistakes. Nurses and other public health become the frontline of any pandemic like COVID-19, will threatened their productivity and decrease their efficiency. During a pandemic like the current COVID-19, the management of human resources for health in the member countries will be threatened due to potential high turnover rate, and staff not knowing who to report to, and not having the appropriate skills to respond to the outbreak.

50. For a health system to function, it requires adequate financing. The danger with the current pandemic is that even in countries that have strong financial health funding mechanisms, they have been unable to prevent both its spread and contain the death toll. It is therefore worrisome to think of the impact on the southern African region where funding for health systems is not as high as the other regions. Health financing is indispensable to maintain and improve human welfare by ensuring workforce employment, availability of medicines and offering promotion and prevention public health programs. This will be much more difficult in most countries in the region where average current expenditure per capita is US$250 (see Figure 7), this is well below the global average of US$1,001 per capita but above the US$103 for the continent.

Figure 7: Current health expenditure per capita US dollar, 2016

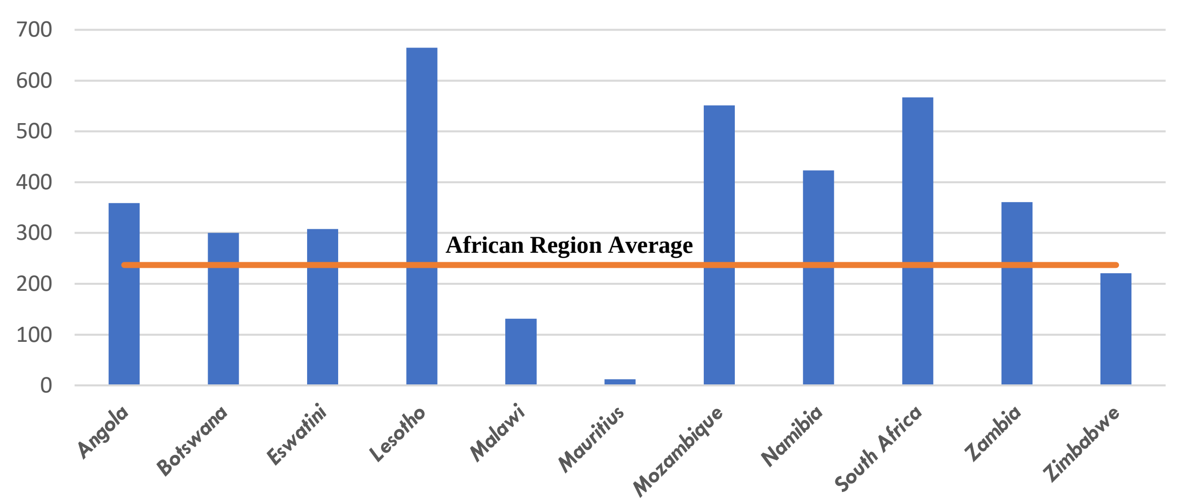


Source: ECA based on data World health statistics 2019, World Health Organisation

51. The lack of adequate funds invested in health system infrastructure and purchase of supplies will hamper the management of the outbreak. COVID-19 will impact healthcare systems indirectly as well. There can be a loss of trust in the healthcare system and fears of getting COVID-19. Most people suffering from other diseases will avoid health facilities and may resist seeking treatment for their conditions due to this fear, and this reluctance will have devastating consequences for the people.

52. The indirect impact of COVID-19 is that it will lead to a setback in the treatment and control of other diseases such as HIV, tuberculosis and malaria. These diseases are prevalent in Southern Africa relative to the rest of the continent (see Figures 8 and 9).

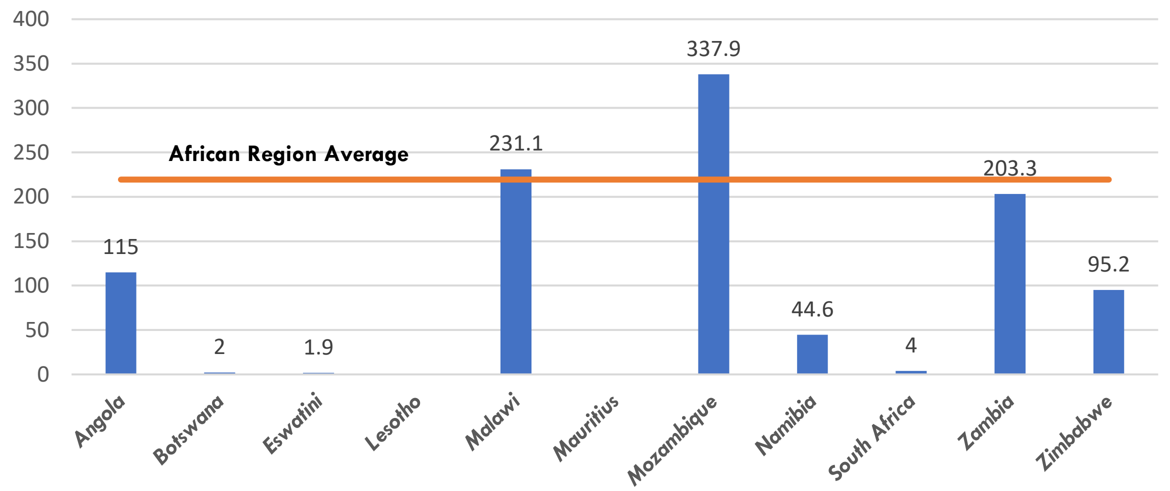
Figure 8: Tuberculosis incidence (per 100 000 population)



Source: ECA based on data World health statistics 2019, World Health Organisation

53. An increase in patients and a decrease in healthcare workers will overwhelm medical facilities and disrupt services for routine healthcare, vaccinations and maternity care. Border closures, lockdowns and transportation disruptions will also affect the number of people seeking healthcare and therefore cause more health problems other than COVID-19.

Figure 9: Malaria incidence (per 1000 population at risk)



Source: ECA based on data World health statistics 2019, World Health Organisation

4.2 Impact on Education

54. According to the WHO-China Joint Mission on Coronavirus Disease 2019 report released in January 2020, COVID-19, so far, appears to be largely sparing children compared with other infectious diseases such as influenza.[8] Indeed, many children infected with COVID-19 appear to have mild symptoms, or even no symptoms at all (that is, asymptomatic). While much about COVID-19 remains unknown, even asymptomatic children, could play a ‘major role’ in disease transmission. School closures could limit the spread of the pandemic across communities in the region and may be preferable from a health perspective to minimize transmission from children to others, including family members who may be at greater risk from the infection, such as family members with chronic medical conditions.[9]

55. The number of children, youth and adults not attending schools or universities because of COVID-19 has been increasing in Southern African countries. To contain the COVID-19, six countries, namely Botswana (affecting over 600,000 children and youth), Lesotho (affecting over 570,000 children and youth), Mauritius (affecting over 270,000 children and youth), Namibia (affecting 746,000 children and youth), South Africa (affecting over 14 million children and youth) and Zambia (affecting over 4 million

[8] In China, only 2.4 per cent of reported cases were children (under the age of 19) and only 0.2 per cent of reported cases have developed critical disease, according to the final report by World Health Organization released in February 2020. China has reported no case of a young child dying of the disease COVID-19.
[9] Experience with pandemic (H1N1) 2009 in many countries has demonstrated the role of schools in amplifying transmission of the pandemic virus.

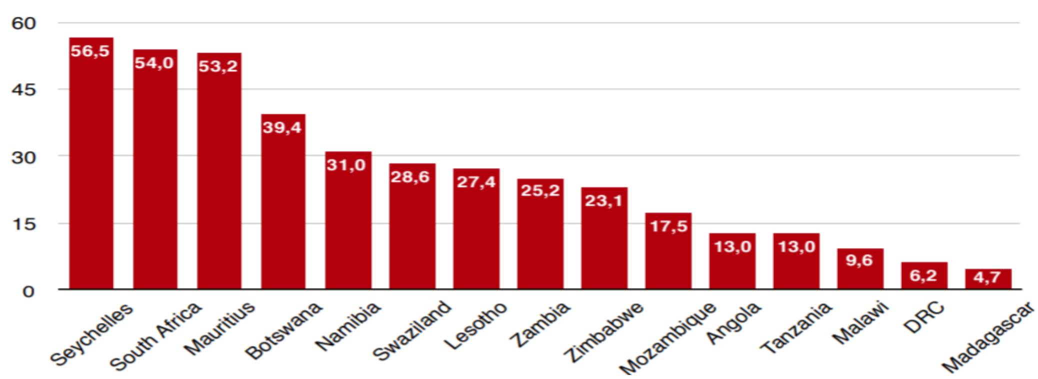
children and youth) have closed educational institutions (from pre-primary to tertiary education) nationwide.[10] It is expected that more countries in the region will implement nationwide school closures soon with thousands of additional learners experiencing education disruption.

56. With schools temporarily closing across many countries in the region in response to COVID-19, open and distance learning, where technology is available, can help children continue learning at home. However, challenges remain. Despite a SADC regional infrastructure policy (2012)[11] aimed at establishing affordable, always-on Internet availability in the region, low levels of Internet access still persist across the region exposing Southern African countries' digital divides and inequality.

57. Internet access alone is not sufficient for extended online learning. Even when individuals have internet access, most of these individuals could only be online intermittently and for short periods of time due to the relatively high cost of communications for them- rendering transition to digital learning challenging. The students who are already the most vulnerable to falling behind will face even more hurdles to keep pace with the elite.

58. According to the ITU statistical dataset (2017), a large portion of SADC residents (74 percent) still do not have access to the Internet even with the presence of mobile broadband. Most of these people who are not connected to the Internet reside in the rural areas. At the country level, the Internet penetration rates are found to be the highest in Mauritius and South Africa at 56.5 percent and 53.2 percent, respectively. On the other hand, Internet penetration in several countries has remained very low, such as Malawi with less than 10 percent (see Figure 10).

Figure 10: Individuals with internet access in SADC countries, percentage



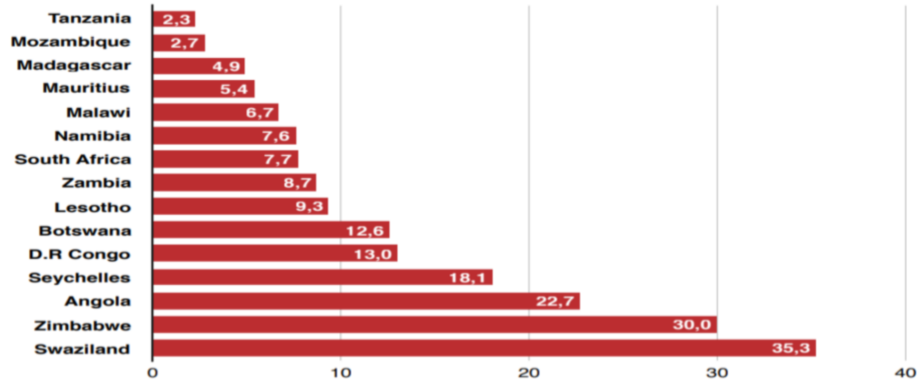
Source: SADC Policy Brief (2017), ITU Statistics (2017)

59. The digital gap can be explained by unaffordable services. The pricing information from RIA (2017) survey, for example, shows that cost of 1GB of data in South Africa costs more than the cost of the same amount of data in Malawi and Namibia (see Figure 11).

[10] UNESCO monitoring.

[11] Southern Africa countries acknowledge the role ICTs play in fast tracking economic integration and development. Consequently, SADC member States passed a Declaration on ICTs in 2001 to develop the sector and to bridge the digital divide between Southern Africa and the rest of the world.

Figure 11: Cheapest 1GB prepaid mobile data prices in SADC countries (US dollar)



Source: SADC Policy Brief (2017), RAMP Index (2017)

60. While Internet-enabled devices such as smartphones have the potential to connect the poor[12] the ITU statistics (2017) show that these devices remain largely unaffordable to the ordinary citizen in the region.

61. Member States need to not only address the immediate educational consequences of a pandemic such as COVID-19 but also need to build up the longer-term resilience of education systems. The continuity of learning, including distance learning options such as e-learning and radio broadcasts of academic content, and access to essential services for all children remain essential in the event of school closures.[13] With the growing use of ICT, integration of innovative digital technologies in education (for example, e-learning, tele- and video-conferencing, virtual learning, and virtual libraries, to name just some of the more common applications) will provide an avenue to enrich conventional methods of teaching at all levels and could enhance student learning. Southern African countries must harness this momentum to work quicker and harder to achieve digital inclusion in the region.

62. As schools are temporarily closing across the region, thousands of children will lose the nutritious daily meals that they normally received in their place of learning.[14] Lack of food in many Member States has been shown to be a significant barrier to educational success because children are unable to learn if they are hungry, affecting educational attainment and productivity, thus contributing to the cycle of poverty. To be clear, the region having one of the highest inequality rates in the continent, the disadvantages will be

[12] RIA's ICT Access and Use Survey conducted across 12 African countries in 2012 found that most people in African countries were accessing the Internet through their mobile phones in 2012.
[13] https://www.who.int/news-room/detail/10-03-2020-COVID-19-ifrc-unicef-and-who-issue-guidance-to-protect-children-and-support-safe-school-operations.
[14] In Southern Africa, WFP supports school feeding programmes in seven countries – Democratic Republic of Congo, Republic of Congo, Zambia, Malawi, Mozambique, Lesotho and Madagascar – that reached 2.2 million primary and pre-primary children in 2018. Available from https://www.cnbcafrica.com/apo/2019/02/28/celebrating-the-fourth-africa-day-of-school-feeding-with-renewed-commitment/

felt more severely particularly for under-privileged learners who tend to have fewer educational opportunities beyond school.

63. School closures, as part of immediate mitigation strategy for controlling the pandemic, could be very disruptive (especially for working parents- in the context of finding child care, and for children's education and if prolonged, could threaten the right to education) and should be balanced against the significant social and economic consequences of the intervention, taking into consideration the impact of any potential closures on children in poverty, and those who are vulnerable and depend on school for food and security.

4.3 Rising Unemployment and Poverty

64. Unemployment rates in Southern Africa, especially among the youth and women are high. The economy in the sub region is informalized to as high as 50 percent due to a shrinking private sector. Youth unemployment is particularly high and continues to deny the region the opportunity to harness the demographic dividend from a youthful population and precludes countries from exploiting the transformative potential of its young citizens. Table 6 depicts the unemployment situation in Southern Africa.

Table 6: Unemployment Rates in Southern Africa

	Overall			Youth		
Country	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**
Angola	9.4	7.9	10.9	19.4	17.7	20.9
Botswana	17.9	14.6	21.4	36.0	29.6	43.5
Eswatini	22.7	21.0	24.4	47.1	44.2	50.1
Lesotho	24.4	22.1	27.2	34.4	44.3	53.6
Malawi	28.7	21.0	36.7	40.5	33.1	8.5
Mauritius	6.4	4.4	9.5	23.9	20.6	28
Mozambique	3.4	3.2	3.7	7.1	7.7	..
Namibia	19.9	21.1	18.6	38.0	37.5	38.5
South Africa	28.5	26.8	30.5	57.1	53.2	61.7
Zambia	12.0	11.1	13.5	26.0	24.7	27.6
Zimbabwe	4.8	4.4	5.2	6.8	5.9	7.8

Source: ILO statistics, accessed online at https://ilostat.ilo.org/data/country-profiles/ on 23 March 2020.

65. Unemployment rate ranges from a low of 3.4 percent in Mozambique to a high of 28.7 percent in Malawi and is double-digit in 7 out of 11 Southern African countries, with the rate higher among females than males in all countries bar Namibia. Similarly, the youth unemployment rate is double-digit in 9 out of the 11 Southern African countries, topping 57.1 percent in South Africa, with the rate being 61.7 percent among South African females.

66. COVID-19 will aggravate the already high unemployment situation in Southern Africa as both the formal and informal sectors are expected to deteriorate even further. Disruptions in supply chains and reductions in demand and stoppages in production, with constrain revenues and profits and precipitate layoffs. Although such layoffs may initially affect seasonal, part-time and temporary workers or more junior staff, they may become

more widespread and indiscriminate as the longer the pandemic subsists. Women tend to occupy temporary, or part-time positions more than men and are due to be adversely impacted on the most. In a worst-case scenario, South Africa alone is expected to lose 7 million jobs due to the pandemic.

67. The reduction in entrepreneurship opportunities even from the informal sector as borders have been closed has deepened unemployment among the youth and women who are mostly active in the informal sector which buttresses the US$18 billion cross border trade sector in the region. Cross border trade accounts for 30 to 40 percent of intra-SADC trade and 70 percent of the traders are women. Women and the young often resort to cross border trade as a means of self-employment, in the face of inadequate descent employment opportunities in the formal sector.

68. Furthermore, the public sector may retrench and lay off workers or defer recruitment of new staff as the economies shrink further in the face of mounting debt stocks and debt service-related payments, falling tax revenues from the private sector and lower consumption tax revenues. Although recruitments in the health sector are expected to improve, the overall impact on jobs will be negative in the regional economies. How long the fiscal crisis lasts and how successful governments are at managing their fiscal crisis will have a bearing on the size of the disease-related unemployment that ensues.

69. Other effects on the job market will include the potential lowering of formal wages to absorb the economic impacts of the shock and as prices rise, even more so as exchange rates depreciate heavily. The quality of jobs may also deteriorate. If the private sector responds to the shock for instance not only by laying off workers but also by changing contractual arrangements to replace full-time workers by part-time and temporary labour in a bid to lower their obligatory social security and pensions contributions towards workers.

70. Given this, there is scope regional member States to cushion the impacts of COVID-19 on uenmployment levels, real wages and the ensuing poverty levels through appropriate and at times unorthodox policy responses. Fiscal and monetary stimulus packages which have been introduced by member States have also focused on addressing these issues.

4.4 Widening Inequality Gaps and Fragile Social Cohesion

71. Income inequality is high in Africa and even more so in Southern Africa. A recent study by Oxfam found that 7 out of the 20 most income unequal countries in the world are in Africa and of the four most unequal in the world, three are in Southern Africa. These are Eswatini, Namibia and South Africa (Table 7). The UNDP's 2019 *Human Development Report* data on the Gini coefficient of inequality for a list of 189 countries shows that only 12 countries had a coefficient above 50. Of these, seven are in Southern Africa and are led by South Africa as the most unequal country in the world with a score of 63.0, then Namibia, Zambia, Lesotho, Mozambique, Botswana and Eswatini, in that order. The non-Southern African countries were Central African Republic (56.2), Brazil (53.3), Saint Lucia (51.2), Honduras (50.5) and Guinea Bissau (50.2).

Table 7: Measures of inequality in Southern Africa

	Inequality measures for 2018		
Country	**Gini coefficient**	**Gender Inequality**	**World Rank**
Angola	42.7	0.578	144
Botswana	53.3	0.464	111
Eswatini	51.5	0.579	145
Lesotho	54.2	0.546	135
Malawi	44.7	0.615	149
Mauritius	35.8	0.369	82
Mozambique	54.0	0.569	142
Namibia	59.1	0.460	108
South Africa	63.0	0.422	97
Zambia	57.1	0.540	131
Zimbabwe	43.2	0.525	126

Source: UNDP Human Development Report 2019

72. Economic shocks with COVID-19 will disproportionately affect the poor and vulnerable the most, as they are often deprived of essential basic services such as health, water and sanitation and are not covered by government-funded social safety nets. The COVID-19 shock will deepen income and non-income inequalities in Southern Africa. In the absence of targeted support for the poor and vulnerable, an aggravation of inequalities as the health crisis accelerates could lead to episodes of social unrest and violence, that will worsen the economic climate and increase economic losses.

73. Gender inequality could potentially worsen as well, in light of the fact that women are care-bearers in the family. Southern Africa has significant gender inequality levels (Table 6). The region is home to 50 of most gender unequal societies in the world (Angola, Eswatini, Malawi, Mozambique).

74. Southern African member States, like the rest of the world, have developed strategies to minimize the impact of the pandemic on socio-economic development.

SECTION 5: RESPONDING TO THE PANDEMIC IN SOUTHERN AFRICA

5.1 National Responses

75. Regional member States have implemented a combination of national lockdowns, border closures, restrictions on international travel, closure of schools and businesses, extensive testing and geographical area quarantine to minimize the spread of the pandemic and manage its consequences (Table 8). The goal of the strategies in is to control the pandemic by slowing down transmission and reducing mortality associated with COVID-19, with the ultimate aim of reaching and maintaining a state of low-level or no transmission. As the intensity of the pandemic has deepened, member States have

continued to implement control measures such as identification, testing, isolation and care for all cases, tracing and quarantine of all contacts, public health and social measures at individual and community levels. In addition, a raft of fiscal and monetary measures have been introduced to address the adverse impacts of COVID-19 on business and to cushion employees and entrepreneuers.

76. The fiscal stimulus measures, though varying in extent and intensity, have included increased spending in the health sector, establishment of relief funds and wage subsidies, and the monetary measures have included interest rate cuts, loan deferrals and resructuring, adjustment of reserve requirements and reduction in discount rates and liquidity requirements all dsigned to lower the cost of borrowing. For example, Zambia introduced a ZMW10 billion fiscal stimulus package for industry; Zimbabwe announced a Z$18 billion package to support business, South Africa announced a R3 billion rand package for businesses in distress and Botswana a BWP2 billion fund to support industry. The packages are in additions to many other strategies employed to support economic revival.

Table 8: COVID-19: National Responses and Strategies

Country	Travel Restrictions	Fiscal Stimulus	Monetary stimulus	Lockdown	Mass Testing	Quarantine
Angola	X	X	X	X	No	14 days
Botswana	X	X	X	X	No	14 days
Eswatini	X	X	X	X	No	14 days
Lesotho	X	X	X	X	No	14 days
Malawi	X	X	X	No	No	14 days
Mauritius	X	X	X	X	No	14 days
Mozambique	X	X	X	X	No	14 days
Namibia	X	X	X	X	No	14 days
South Africa	X	X	X	X	X	14 days
Zambia	X	X	X	X	X	14 days
Zimbabwe	X	X	X	X	No	21 days

77. The lockdowns which have been adopted in most countries though assisting with containing the spread of COVID-19 and strengthening health systems to be more prepared for the increase in infections, have brought challenges to the highly informal economies in the region where livelihoods or incomes are dependent on whether they operate or not. The month of May has seen the gradual easing of lockdowns by most member States in the regional to slowly allow economic activity to return while at the same time adhering to certain minimum standards including social distancing so as to minimize transmission. Indications are that during the month of June there will be more widespread easing of the lockdowns, reopening of some schools and reopening of some industries.

5.2 Regional Responses

78. Since the first COVID-19 positive case was recorded in the region in early March 2020, member States have adopted a collaborative approach on the amelioration of its impacts and containment of its spread to complement the national level strategies elaborated above. In an Extra-Ordinary Meeting, the SADC Ministers of Health discussed

the COVID-19 and its meaning for the region.[15] Apart from sharing existing knowledge and information on the COVID-19 outbreak, the Minsters agreed on how to harmonize and coordinate the preparedness and response to the pandemic in the region. The Ministers assessed the level of preparedness and agreed on the need to develop national preparedness and response plans as well as contingency and emergency funds to address gaps in prevention, impact mitigation and other interventions.

79. The Ministers of Health agreed on the following regional collaboration strategies;

- Instituting peer review mechanisms to validate self-assessment reports on readiness, and requested international cooperating partners, through the WHO and the Africa Centers for Disease Control and Prevention, to support Member States in the development and implementation of country plans, as well as in resource mobilization for health-related infrastructure development;
- Establishment of coherent mechanisms of sharing information on issues of transboundary public health concern;
- Re-establishment of the Technical Committee for Coordinating and Monitoring the Implementation of the SADC Protocol on Health comprising of Directors of Public Health and Directors of Medical Services;
- Revival of a regional Committee to work in partnership with Disaster Management and other relevant structures at Member State and regional levels, and other sectors in government (Immigration, Tourism, Finance, Foreign Affairs and Trade); Africa CDC; Development Partners; Private Sector; and Civil society in line agreements;
- Suspension of SADC regional face-to-face meetings and encouraging the utilization of Modern Technology such as video-conferences, Webinars and Skype Calls for holding such meetings until such a time when the situation has been contained;
- Continuous provision of training and support to enhance readiness and preparedness of SADC Member States;
- Encouragement of COVID-19 preventive measures such as handwashing and sanitization of surfaces, in workplaces and domestic settings;
- Utilization of the SADC Pooled Procurement Services through Medical Stores Department for the procurement of medicines and supplies;
- Mobilization of domestic resources, and investment in public health systems to ensure resilience and health security;
- Alignment of country plans to continental strategies and utilizing the existing technical structures such as the Africa Center for Disease Control Regional Coordinating Team in Zambia and the World Health Organization; and
- investment in enhancing ICT capabilities to ensure business continuity, which will also have a positive ripple effect on economic growth.

80. As part of the regional framework for information sharing on the pandemic and collaboration on the implementation of targeted decisions, a SADC Regional Response to

[15] Full details can be found in this link: https://www.sadc.int/files/8915/8377/7889/MINISTERS_OF_HEALTH_MEDIA_STATEMENT.pdf

COVID-19 Bulletin is published periodically[16] outlining the evolving regional strategies and the actions required from member States.

SECTION 6: CONCLUSION AND RECOMMENDATIONS

81. The international, regional and national solidarity shown in containing the pandemic should be strengthened through stronger regional coordination to complement national level efforts. To strengthen the initiatives at national level, member States should:

- collectively and individually appeal to debtor nations and institutions for a moratorium on debt and debt servicing payments including debt-standstill;
- continue to employ expansionary monetary policies to boost economies given the moderate inflationary environment in most countries;
- intensify economic diversification, value addition and beneficiation and the faster rollout of regional industrialization programmes to boost industry and cushion economies against the decline in global economic growth and support the growth of micro, small and medium enterprises;
- boost intra-regional trade which is currently at 19.3 percent and also invest into the diversification of export destinations beyond China, Europe and the United States, including through deepening intra-African trade and faster implementation of the AfCFTA;
- intensify support to local micro, small and medium enterprises and domestic private sector (both formal and informal) through fiscal stimulus packages consisting of grants, concessionary loans and tax reductions;
- negotiate with commercial banks to extend the loan duration or revise the loan terms for MSMEs and start-ups and reduce tax rates;
- implement conducive and consistent economic policies and stable macroeconomic environments with fiscal sustainability to endear good economic governance and boost investor confidence thereby encouraging local and foreign investment in large, medium and small enterprises;
- intensify efforts towards addressing poverty, inequalities, facilitating access to afforbale medicines and improving health infrastructure and introduce means-testing for access to free health and education services;
- collaborate with private sector, CSO's academia etc for coordinated responses to the pandemic including cross border movement of citizens, essential goods and services and the procurement of medicines;
- introduce gender-sensitive COVID-19 strategies to address the specific challenges of women; and
- accelerate the digitalization of services including health and education to reduce disruptions in social services provision through investments in digital infrastructure and facilitate the rollout of e-learning and e-commerce platforms for business and other economic activities to continue.

[16] https://www.sadc.int/files/8315/8988/2929/SADC_Regional_Response_to_COVID-19_Bulletin_5.pdf

81. At regional level, the focus should be on collaboration and the coordination of responses to the pandemic and containment of cross-border transmission of the COVID-19 through:

- harmonization transport regulation across countries to expedite the movement of essential goods such medical equipment and medicines, PPEs, fuel and food;
- coordination of cross border management and quarantine to allow smooth passage of citizens in a safe manner to minimize the risks of person to person infections;
- simplifying mechanisms to govern essential health service delivery in line with the SADC Protocol on Health (1999);
- implementation of the pooled procurement of medicines and supplies in line with the SADC Protocol on Health and the SADC Strategy for Pooled Procurement of Essential Medicines and Health Commodities and the SADC Pharmaceutical Business Plan (2007);
- acceleration of the alignment and harmonization of national COVID-19 response measures to the regional guidelines including those on the quality of quarantine facilities, timelines, timing of release;
- supporting the growth of MSMEs to participate in the pharmaceuticals value chains and produce some of the medical supplies as part of the SADC Industrialization Strategy and Roadmap; and
- sharing information on the cross border pandemic situation and on strategies and timelines for easing lockdown or further tightening of conditions.

82. The solidarity with which member States have dealt with the pandemic is also imperative as the easing of lockdowns slowly gathers momentum. It is important that regional member States continue to coordinate their actions given the cross border flow of human and vehicular traffic.