04

Commonwealth Africa

4.1 Overview

Commonwealth Africa comprises 19 countries, all located in Sub-Saharan Africa and further divided into four economic communities – namely, the Southern African Development Community (SADC), the East African Community (EAC), the Economic Community of Central African States (ECCAS) and the Economic Community of West African States (ECOWAS).[1] Although Tanzania is a member of both the EAC and SADC, it is included only under the ambit of the EAC for the purposes of this report.

The World Bank classifies the majority of Commonwealth African countries (i.e. 14 countries) as low- or lower-middle-income countries,[2] with four countries (Botswana, Mauritius, Namibia and South Africa) classified as upper-middle-income. Seychelles is the only high-income country. In terms of human development, 16 countries are characterised as low or medium human development, with Botswana, Mauritius and Seychelles exhibiting high human development (see UNDP, 2018).

Many of the Commonwealth African countries under review continue to experience high levels of extreme poverty and income inequality, despite positive signs of macroeconomic performance. In addition, key economic development challenges persist, including in building on commendable and collaborative efforts to reduce incidence of HIV/AIDS and other diseases, combating corrupt practices and strengthening institutional governance. Vulnerability to climate change is widely recognised as a major threat, and programmes have been introduced to mitigate the effects in the most cost-effective ways. In view of these challenges, recommended policy priorities are to focus on fostering economic diversification and on innovation that strengthens economic growth and builds resilience. Addressing the persistence of extreme poverty persistence, income and gender disparities and concerns related to security and safety are additional goals.

4.2 Recent macroeconomic developments and outlook

This section reviews the recent macroeconomic performances of the Commonwealth member countries in Africa for the period 2017–2018 and presents the outlook for 2019. The improvement in the global economy over the past two years has provided the impetus for expansion in real output growth and the outlook for the economies of the Commonwealth African countries. Real gross domestic product (GDP) is estimated to have increased by on average 4.4 per cent in 2018, up from 4.0 per cent in 2017 and 3.8 per cent in 2016 (see Table 4.1). The moderate strengthening of economic growth in the majority of the countries is encouraging and indicates momentum in building resilience, despite still the continued existence of many economic development challenges.

While inflationary pressures moderated in the majority of countries in 2018, unemployment rates, particularly among youth, continue to be higher than desirable. Tackling youth unemployment is a critical development challenge. This is because, without relevant and robust structural reforms, the rise in youth unemployment is likely to be absorbed in the informal sector, where there is low productivity, wages and employment security.

The International Monetary Fund (IMF) predicts a modest slowdown in global economic growth in 2019 (IMF, 2019a), which in the short term is unlikely to reverse significantly the economic gains registered in the past two years. Economic growth in the Commonwealth African countries is forecast to increase marginally to an average of 4.6 per cent in 2019, buoyed primarily by continued strong growth in the EAC and ECOWAS regions, as a result of anticipated increases in private consumption, agricultural production, construction activity and commodity exports (see Table 4.1).

Broad-based increases in real GDP growth were recorded across the region, with the EAC recording an expansion of 6.8 per cent

Table 4.1 Real GDP growth by region and country (%)

Region/ country	2010–2015 (yearly average)	2016	2017	2018 (estimate)	2019 (projection)
Total	**5.3**	**3.8**	**4.0**	**4.4**	**4.6**
SADC	**4.8**	**3.8**	**2.4**	**2.4**	**2.8**
Botswana	5.5	4.3	2.9	4.6	3.9
Lesotho	4.2	3.1	–1.6	1.5	3.9
Malawi	4.6	2.3	4.0	3.2	4.0
Mauritius	3.8	3.8	3.8	3.8	3.9
Mozambique	7.0	3.8	3.7	3.3	3.9
Namibia	5.7	0.6	–0.9	-0.1	1.4
eSwatini	3.3	3.2	1.9	0.2	–0.4
Seychelles	5.1	4.5	5.3	3.6	3.4
South Africa	2.3	0.4	1.4	0.8	1.2
Zambia	6.0	3.8	3.4	3.5	3.1
EAC	**6.3**	**5.3**	**5.7**	**6.8**	**6.0**
Kenya	6.0	5.9	4.9	6.0	5.8
Uganda	5.3	2.3	5.0	6.2	6.3
Rwanda	7.5	6.0	6.2	8.6	7.8
Tanzania	6.5	6.9	6.8	6.6	4.0
ECCAS	**4.8**	**4.6**	**3.5**	**4.0**	**4.3**
Cameroon	4.8	4.6	3.5	4.0	4.3
ECOWAS	**5.5**	**2.1**	**4.3**	**4.5**	**5.4**
The Gambia	2.9	0.4	4.6	6.6	5.4
Ghana	7.9	3.4	8.1	5.6	8.8
Nigeria	5.8	–1.6	0.8	1.9	2.1
Sierra Leone	5.3	6.4	3.8	3.7	5.4

Note: Average figures by region computed by author
Source: IMF World Economic Outlook Database

in real GDP, as the fastest-growing region, and advancements in real GDP per capita. The Rwandan, Tanzanian, Ugandan and Kenyan economies expanded by 8.6 per cent, 6.6 per cent, 6.2 per cent and 6.0 per cent, respectively, driven principally by higher agricultural production and services activities. These together account for over two thirds of total economic production in these countries. In addition, The Gambian and Ghanaian economies (ECOWAS) also performed well, with growth of 6.6 per cent and 5.6 per cent, respectively. In contrast, the SADC region grew by an estimated 2.4 per cent on average, which was significantly below the average for the other regions. In particular, the economies of eSwatini, Lesotho, Namibia and South Africa recorded real GDP growth of less than the regional average in 2018. In particular, the economic slowdown in South Africa reflected the negative spill-over effects of lower trade and revenue-sharing from the customs union (SADC) from neighbouring countries.

Table 4.2 shows that the Commonwealth African countries recorded a moderate increase in real income per capita, which rose to US$5,075 from $4,984 in 2017 and $4,897 in

Table 4.2 Real per capita income by region and country (US$)

Region/ country	2010-2015 (yearly average)	2016	2017	2018 (estimate)	2019 (projection)
Total	**4,545**	**4,897**	**4,984**	**5,075**	**5,181**
SADC	**9,368**	**10,171**	**10,351**	**10,496**	**10,666**
Botswana	14,416	15,394	15,52	15,969	16,292
Lesotho	2,819	3,062	2,994	3,017	3,113
Malawi	1,027	1,052	1,063	1,066	1,078
Mauritius	17,392	19,590	20,319	21,066	21,860
Mozambique	1,015	1,130	1,141	1,148	1,163
Namibia	9,655	10,474	10,181	9,981	9,929
eSwatini	9,051	9,729	9,843	9,795	9,685
Seychelles	22,455	25,311	26,464	27,116	27,781
South Africa	12,372	12,343	12,318	12,156	12,109
Zambia	3,477	3,625	3,634	3,648	3,648
EAC	**2,222**	**2,472**	**2,542**	**2,647**	**2,731**
Kenya	2,842	3,120	3,183	3,281	3,379
Uganda	2,039	2,115	2,155	2,220	2,290
Rwanda	1,570	1,833	1,900	2,027	2,135
Tanzania	2,434	2,820	2,929	3,061	3,121
ECCAS	**3,033**	**3,318**	**3,352**	**3,403**	**3,463**
Cameroon	3,033	3,318	3,352	3,403	3,463
ECOWAS	**3,559**	**3,627**	**3,691**	**3,754**	**3,865**
The Gambia	2,438	2,369	2,402	2,482	2,535
Ghana	4,832	5,238	5,544	5,735	6,112
Nigeria	5,510	5,504	5,400	5,358	5,326
Sierra Leone	1,456	1,397	1,419	1,440	1,486

Note: Average figures by region computed by author
Source: IMF World Economic Outlook Database

2016. The countries of SADC have the highest incomes on a per capita basis, of $10,496, significantly higher than the other regions of Commonwealth Africa. This compares with a GDP per capita of $2,647 in the EAC, $3,403 in ECCAS and $3,754 in ECOWAS. The richest countries in 2018 and certainly in 2019 are Seychelles, Mauritius and Botswana; the poorest are Sierra Leone, Mozambique and Malawi.

During 2018, the moderate expansion of real GDP in the majority of Commonwealth Africa was reflected in continued levels of investment. Total investment in the region (as a percentage of GDP) for 2018 was an estimated 25 per cent, which compares favourably with investment in SADC at 24.4 per cent, 25.7 per cent for the EAC and 30.1 per cent for ECCAS. Export performances worsened slightly, with the external current account deficit widening to an average of 5.8 per cent of GDP in 2018, compared with 4.4 per cent in 2017. The deterioration in external balances stemmed mainly from the weakening of export performance in SADC and ECOWAS. Most noticeably, Mozambique's external current account deficit rose to 23 per cent of GDP, three times the size of the average deficit for the SADC region.

After exhibiting a general downward trend since 2010, commodity prices have rebounded in the past three years, strengthening the performance of the commodity-based producers of mainly oil and metals. However, there is an expectation that the rebound in global commodity prices will be short-lived, depending on the resilience in global economic conditions in 2019. In 2018, the average inflation rate fell from 6.7 per cent to 5.1 per cent. Many of the countries recorded single-digit inflation rates, with the exception of Sierra Leone (16.9 per cent) and Nigeria (12.1), compared with low inflation rates in Rwanda (1.4 per cent) and Cameroon (0.9 per cent), the latter country benefiting from being a member of the CFA zone, which is linked to the euro.

In 2018, the average unemployment rate for Commonwealth Africa stood at about 7.1 per cent, which has not statistically changed since 2010. The unemployment rate in SADC stabilised at around 15.2 per cent – much higher than in ECOWAS (6.4 per cent), the EAC (3.5 per cent) and ECCAS (3.4 per cent). In South Africa, the unemployment rate stood at 27 per cent in 2018, with youth unemployment reaching 50 per cent, representing a pervasive and challenging socio-economic issue. Unemployment rates above 20 per cent were also recorded in Lesotho, Namibia and eSwatini; Botswana had 17.9 per cent. Meanwhile, unemployment rates of below 5 per cent in some member countries did not necessarily translate into improved standards of living, income distribution and well-being. Indeed, in the case of Africa in general, and Commonwealth Africa in particular, low unemployment is likely to mask high youth unemployment, a large number of self-employed individuals and widespread underemployment (see Table 4.3). The situation may be exacerbated in contexts of high population growth, as is usually the case in many African countries.

Kenya, Mozambique, Nigeria, Tanzania and Uganda are some of the largest recipients of official development assistance (ODA). However, in response to the changing global finance landscape, many African countries have been shifting to non-concessional debt to finance their infrastructural needs, contributing to rising public debt levels. As a result, the average level of general government debt for Commonwealth Africa stood at 49.3 per cent of GDP in 2018, up from an average of 47.2 per cent in 2017, 45.5 per cent in 2016 and an average of 54.2 per cent over the period 2010–2015. While the debt levels of the majority of Commonwealth African countries are below the traditional 60 per cent of GDP threshold, the region's low- and lower-middle-income countries are likely to have more limited capacity to raise public revenue to service increasing debt. Furthermore, borrowing on commercial terms is costlier and more susceptible to changes in global financing conditions. For instance, Mozambique, whose debt to GDP ratio has risen significantly over the past three years, has been in default and donor funds have been suspended.

4.3 Sustainable development

This report extends beyond the macroeconomic performance and outlook of the Commonwealth African countries to review progress on key Sustainable Development Goals (SDGs). In this regard, the state of economic development in each country is assessed by examining a range of development indicators from the perspective of outcomes on health, education, youth development, poverty, income inequality, governance, corruption and the environment. The main development challenges across the member countries are fairly similar but vary in degree. They include primarily high unemployment, particularly among youth, undesirable levels of extreme poverty, income inequality, improving but still too high prevalence of HIV/AIDS, malaria and tuberculosis and vulnerability to negative effects of extreme weather and climate change.

Table 4.3 Selected sustainable economic development indicators for Commonwealth African regions and countries

Region/ country	HDI[1]	HDI[2]		Gender Development Index[3]	HDI adjusted by inequality[4]	Income inequality (Gini coefficient)[5]	Youth unemployment (% ages 15–24)[6]	Health outcomes[7]		Governance Index[8]	Corruption Perceptions Index[9]	Population growth 2015–2020[10] (%)
		Female	Male					Malaria[7]	HIV[8]			
SADC	**0.63**	**0.59**	**0.62**	**0.96**	**0.42**	**52.9**	**35.7**			**62.7**	**44.3**	**1.8**
Botswana	0.717	0.707	0.725	0.976	n.a.	60.5	35.7	2.4	21.9	68.5	61	1.8
Lesotho	0.520	0.519	0.516	1.004	0.359	54.2	38.5	n.a.	25.0	57.1	41	1.3
Malawi	0.477	0.460	0.492	0.936	0.332	45.5	8.0	249.1	9.2	55.8	32	2.9
Mauritius	0.790	0.773	0.799	0.922	n.a.	35.8	23.3	n.a.	n.a.	79.5	51	0.2
Mozambique	0.437	0.414	0.458	0.904	0.294	54.0	42.7	307.8	12.3	51.0	23	2.9
Namibia	0.647	0.651	0.642	1.014	0.422	61.0	45.5	29.3	13.8	68.6	53	2.1
eSwatini	0.588	0.568	0.603	0.943	0.414	51.5	54.8	1.9	27.2	48.7	38	1.7
Seychelles	0.797	n.a.	n.a.	n.a.	0.683	46.8	n.a.	n.a.	n.a.	73.2	66	0.5
South Africa	0.699	0.692	0.704	0.984	0.467	63.0	57.4	1.1	18.9	68.0	43	1.2
Zambia	0.588	0.569	0.605	0.941	0.388	57.1	15.4	189.8	12.4	56.2	35	3.0
EAC	**0.54**	**0.52**	**0.56**	**0.92**	**0.39**	**44.4**	**8.8**	**202.4**	**4.9**	**59.4**	**36.3**	**2.8**
Kenya	0.590	0.568	0.610	0.931	0.434	48.5	26.2	85.3	5.4	59.8	27	2.5
Uganda	0.516	0.475	0.550	0.865	0.370	41.0	2.9	187.2	6.5	55.0	26	3.2
Rwanda	0.524	0.508	0.540	0.941	0.367	50.4	2.1	392.7	3.1	64.3	56	2.4
Tanzania	0.538	0.517	0.557	0.928	0.404	37.8	3.9	144.2	4.7	58.5	36	3.1
ECCAS	**0.56**	**0.513**	**0.593**	**0.87**	**0.376**	**46.6**	**8.9**	**271.3**	**3.8**	**46.2**	**25**	**2.6**
Cameroon	0.556	0.513	0.593	0.866	0.366	46.6	8.9	271.3	3.8	46.2	25	2.6
ECOWAS	**0.50**	**0.47**	**0.53**	**0.89**	**0.33**	**38.8**	**10.1**	**267.1**	**1.97**	**55.5**	**33.8**	**2.5**
The Gambia	0.460	0.434	0.487	0.890	0.289	35.9	12.9	129.6	1.7	54.9	37	3.0
Ghana	0.592	0.563	0.619	0.910	0.420	42.4	4.9	285.6	1.6	68.1	41	2.2
Nigeria	0.532	0.494	0.569	0.868	0.347	43.0	13.4	349.6	2.9	47.9	27	2.6
Sierra Leone	0.419	0.389	0.446	0.872	0.266	34.0	9.0	303.5	1.7	50.9	30	2.1

Sources: [1,2,3,4,5,6,7 & 10] UNDP Human Development Indices and Indicators 2018 Statistical Update; [8] Ibrahim Index of African Governance score estimated by aggregating the four categories: Safety & Rule of Law, Participation & Human Rights, Sustainable Economic Opportunity, Human Development; the Ibrahim Index of African Governance Index measures and monitors governance performance in African countries. The key components of the Index are Safety & Rule of Law, Participation & Human Rights, Sustainable Economic Opportunity and Human Development; [96] the 2018 Transparency International Corruption Perceptions Index estimates relative public corruption sector corruption in 180 countries and territories. Each score ranges from 0 (highly corrupt) to 100 (very clean).

In the case of poverty and inequality, these challenges are multifaceted and complex, and exacerbated by weak institutional capacity, corruption and concerns for peace and security. In particular, persistent inequality undermines support to inclusive and sustainable economic growth and development, with adverse consequences for social cohesion and the quality of policies.

The World Bank defines extreme poverty as living on less than US$1.90 per day (2011 PPP), and income inequality is estimated using the Gini Index coefficient. The following countries have a sizable share of the population living in extreme poverty: Malawi (70.3 per cent, 2016), Mozambique (62.4 per cent, 2014; 61.8 per cent, 2018), Zambia (57.5 per cent, 2015; 57.2 per cent, 2018), Nigeria (55.5 per cent, 2016) and Rwanda (55.5 per cent, 2016). Countries with lower estimates (i.e. below 50 per cent) are Tanzania (49.1 per cent, 2011; 35 per cent, 2018), Uganda (41.7 per cent, 2016; 34.2 per cent, 2028), Kenya (36.8 per cent, 2015; 30 per cent, 2018), Ghana (13.3 per cent, 2016), South Africa (18.9 per cent, 2014; 24.6 per cent, 2018) and eSwatini (10.1 per cent, 2015). Little progress has been made on lowering income inequality, meanwhile. The Gini coefficient[3] indicates that a number of Commonwealth African countries are among the most unequal countries in the world, particularly South Africa (63), Namibia (61.0), Botswana (60.5), Zambia (57.1), Lesotho (54.2), Mozambique (54) and eSwatini (51.5).

4.4 Southern African Development Community

Botswana

Country data	
Population (millions) (2017)	2.3
Area '000 km^2	581,730
GDP (US$, billion, 2018)	18.61
GDP, PPP current international US$ (2018)	17,965
Currency	Botswana pula (BWP)

An expansive, landlocked plateau in the centre of Southern Africa, Botswana includes the Kalahari Desert (which accounts for around 70 per cent of the territory), the Okavango Delta and the Makgadikgadi Salt Pan. The broad grasslands and savannahs, along with river valleys and forested wetlands, support a rich biodiversity. Independent since 1966, it is one of Africa's most sparsely populated countries, with a population of around 2.3 million, mostly located in the southeast, close to the borders with South Africa (the economic giant of the region, which exerts a powerful influence on Botswana) and Zimbabwe.

Economic performance

Botswana's economy has been driven by the extraction and export of minerals, particularly diamonds, since independence. The country has become the world's largest diamond exporters by value. Through a stable social structure, sound management and fiscal discipline, Botswana has transformed itself from one of the world's poorest countries to a middle-income nation with a per capita GDP (at PPP) of around US$18,000 in 2018. The economy performed well in 2018, expanding by an estimated 4.6 per cent, compared with 2.9 per cent in 2017 (see Table 4.1), primarily because of higher output in the industrial and services sectors.

The government has sought to diversify the economy by developing other minerals, including coal, copper and salt, as well as engaging in manufacturing, notably of textiles and vehicle assembly. It has also supported a thriving tourism sector linked to the country's extensive wildlife reserves.

During the global financial crisis, for example, world demand for diamonds slumped, and the economy moved sharply into recession, shrinking by 7.8 per cent in 2009, but it recovered very strongly in 2010 with rises in world commodity prices, recording growth of 8.6 per cent in 2010 and 6.2 per cent in 2011, and continuing at more than 4 per cent per year in 2012–2015. The outlook for the mining sector in 2019 is expected to be positive, reflecting anticipated demand for Botswana's rough diamonds (AfDB, 2019a).

Fiscal developments

Customs revenue from this and revenue from diamond exports account for a third of total fiscal revenue. A decline in customs revenue and higher government expenditure are the main contributors to deterioration in the fiscal deficit to 3.1 per cent of GDP, compared with 1.0 per cent in 2017. The general government debt level declined in 2018 to 12.9 per cent of GDP, after reaching 14.1 per cent in 2017 and 15.6 per cent in 2016. Overall, the public debt level is not a major cause for concern, as it is at a sustainable level below the country's statutory ceiling of 40 per cent of GDP. Furthermore, macroeconomic prudence realised through the achievement of balance of payment surpluses allows Botswana to meet its international payment obligations, including international debt service.

The commendable improvement in economic performance during 2018 sits against a backdrop of relatively low public corruption and good governance. Indeed, Botswana has a score of 61 on the Corruption Perceptions Index, making it the second least corrupt country in Africa after Seychelles (with a score of 66). Moreover, the Ibrahim Index of African Governance score of 72.7 in 2017 ranks Botswana third of African countries.

Prices, wages and employment

Headline inflation remained low at 3.4 per cent in 2018, compared with 3.3 per cent in 2017, and is projected to increase marginally to 3.6 per cent in 2019. However, despite commendable economic growth over the past two decades, overall unemployment remains high at 17.9 per cent; youth unemployment stood at an estimated 37.1 per cent in 2018. This is largely because the mining sector, which contributes significantly to overall economic activity, does not create many quality job opportunities.

Botswana has embraced the fintech revolution, which is empowering the previously unbanked population with lower-cost e-money services. In terms of human development, it ranked 101st out of 189 countries in 2017 with a score of 0.717, which places the country in the category of high human development. In addition, some progress has been made in terms of income per capita (US$15,534; 2011 PPP), life expectancy (67.6 years) and education (9.3 years) (Table 4.3).

Trade developments

Botswana's trade balance is highly dependent on global prices and demand for diamonds – which account for around 93 per cent of total exports. In recent years Botswana has frequently run trade surpluses; the external current account surplus registered in 2018 contributed to the country's 18.3 months' foreign reserves import cover for goods and services – significantly above the international threshold of 3 months.

Botswana has made significant efforts to open up to international trade and strengthen its integration in the region. It is a member of several regional and trade organisations including the World Trade Organization (WTO), SACU (the Southern African Customs Union) and SADC, and has signed trade agreements with the EU and the USA. Other key exports include copper, coal, nickel, machinery and electrical equipment, meat, salt, transport equipment and textiles. Botswana primarily imports fuel, vehicles, medicines, foodstuffs, machinery, electrical products, chemical products and wood and paper. The country is heavily dependent on electricity imports, as it produces only 60 per cent of its needs, domestically.

Key development challenges

Estimates of extreme poverty and income inequality in Botswana are relatively low compared with its peers, but certainly not desirable. Extreme poverty is estimated to comprise 16.1 per cent of the population and income inequality is at 60.5 (see Table 4.3). With 21.9 per cent of the population affected, Botswana has the third highest prevalence of HIV in the world, surpassed only by Lesotho and eSwatini. In addition, incidence of tuberculosis, estimated at 326 per 100,000 people, is high, and a critical health problem. The impact of climate change manifests itself primarily as temperature rises, droughts, heavy and variable rainfall, crop diseases and water shortages. During 1999–2003, only the year 2000 was free of drought. Botswana has introduced a plan that encompasses adaptation and mitigation in the context of the country's development.

Lesotho

Country data	
Population (millions) (2018)	2.1
Area '000 km^2	30,355
GDP (US$, billion, 2018)	2.79
GDP per capita, PPP current international US$ (2018)	3,494
Currency	Loti (LSL)

Encompassing Southern Africa's highest mountains and plains, Lesotho is the only nation where all of the territory lies above 1,000m. Entirely surrounded by South Africa, it is the source of several of the regions' largest rivers and supports a wide range of alpine flora and endemic species. Formerly known as Basotholand, it became an independent country in the British Commonwealth in 1966. Around three-quarters of the population live in rural areas. The capital, Maseru, has expanded rapidly in recent years, reaching a population of 330,000 in 2016, according to the national census of that year.

Economic performance

Lesotho's economy is dominated by agriculture, which employs around two-thirds of the workforce. This includes subsistence farming, livestock husbandry and cash crops - principally maize, followed by potatoes, wheat and sorghum. The garment sector has developed robustly and water and diamond resources are important foreign exchange earners. Nevertheless, Lesotho's economy remains heavily reliant on remittances – mainly from workers in South Africa – and receipts from SACU.

In 2017 Lesotho ranked 159th out of 189 countries on the UN's Human Development Index (HDI), scoring 0.520, which places the country in the category of low human development. In terms of the key HDI components, per capita income of a modest US$3,494 (IMF estimate for 2018, at PPP), life expectancy of 54.6 years and educational achievements (mean years of schooling: 6.3) reinforce this low score. However, the 2017 HDI score for females (0.519) is marginally greater than that for males (0.516) (see Table 4.3), representing a positive gender development

Real GDP growth rebounded by an estimated 1.5 per cent in 2018, after negative growth of 1.6 per cent in 2017 (see Table 4.1). Key factors with an impact on economic performance are political instability, sluggish growth in South Africa, falling revenue from SACU and fiscal challenges. Real GDP is forecast to pick up in 2019 to 3.9 per cent on the strength of the construction associated with the second phase of the Lesotho Highlands Water Project (LHWP), diamond mining and clothing and textile manufacturing, the latter being one of the main contributors to economic output and employment.

Fiscal developments

The fiscal deficit for 2018 increased to 4.9 per cent of GDP from 3.1 per cent in 2017, as a result of declining revenue from SACU, which normally contributes on average 50 per cent to total revenue but registered a decline from 24 per cent of GDP in 2014/15 to an estimated 17.2 per cent in 2017/18 and a huge public sector wage bill (about 24 per cent of GDP). SACU revenue is projected to decline further to 15.8 per cent of GDP in 2019/20. General government debt levels increased to 39.0 per cent of GDP in 2018 from 36.8

per cent in 2017, an indication the country is approaching the debt risk distress threshold of 40 per cent of GDP.

Prices, wages and employment

Headline inflation was estimated at 5.0 per cent in 2018, compared with 4.5 per cent in 2017. In 2018, the salaries of general workers (i.e. the minimum monthly wage for factory workers) rose by 62 per cent, to US$138 from US$85.0. Worker wages in other sectors jumped to US$112, from US$102 per month. However, the average annual salary is relatively low, at US$8,704.92, compared with the other Commonwealth African countries. Unemployment remains high, at 23.6 per cent in 2018, and is expected to continue at this level in the near term. Youth unemployment is particularly alarming, at an estimated 40 per cent.

Trade developments

Lesotho relies on imports of fuel, food and capital equipment, mostly from South Africa (source of 84.1 per cent of total imports) and it runs persistent trade deficits. Garments are the leading export (accounting for around 40 per cent, followed by diamonds and water – the country exports an estimated 780 million m^3 to South Africa through the LHWP. Lesotho's key export partners are South Africa (56.4 per cent) and the USA (35.4 per cent).

Key development challenges

Extreme poverty in Lesotho was estimated to be 59.7 per cent of the population in 2015, but a more recent measure of income inequality (Gini coefficient) of 54.2 suggests inequality is also a challenge. In addition, indicators of corruption and governance, estimated using the Corruption Perceptions Index (41) and the Ibrahim Index of African Governance (57.1), suggest improvement is needed on both fronts.

With 25 per cent of the population affected, Lesotho has the second highest HIV prevalence in the world, surpassed only by eSwatini. This level is concerning as it negatively affects productivity, employment and economic growth. The incidence of tuberculosis stands at 724 cases per 100,000, according to the 2017 Global Tuberculosis Report – the second-highest level globally.

Climatic fluctuations are of concern in Lesotho, particularly because of the negative impacts on farming, agriculture including livestock, water resources and the poor. The government faced criticism during drought conditions in 2016, when locals experienced shortages of drinking water while exports to South Africa continued. The second phase of the LHWP, including the Polihali Dam, is expected to be completed in 2025 and should lead to improved drinking water provision in local towns and villages. The Lesotho National Adaptation Programme of Action is a response to climate change.

Malawi

Country data	
Population (millions) (2018)	18.1
Area '000 km^2	118,484
GDP (US$, billion, 2018)	21.1
GDP per capita, PPP current international US$ (2018)	1,159
Currency	Kwacha (MWK)

A landlocked southern African nation, Malawi is shaped by the Great Rift Valley and dominated by the ancient Lake Malawi, which forms part of its borders with Mozambique and Tanzania. The lake has one the richest faunas in the world, and the surrounding forests, grasslands and mountains are home to a wide range of tropical and subtropical species. Formerly known as Nyasaland, Malawi became independent in 1964. It remains one of the world's least developed countries, with around 85 per cent of the population reliant on subsistence agriculture or cash crops such as tobacco, sugar beet and tea.

Per capita income at PPP was estimated at just US$1,159 in 2018 (IMF). On its 2018 HDI, the UN ranked Malawi 172nd of 189 countries (score of 0.485), placing the country in the category of low human development. Average life expectancy is 63.8 years and expected years of schooling is 11.0. The score for female development (0.466) is lower than that for males (0.501) (see Table 4.3), indicating the existence of some inequality between sexes that is worth examining further.

Economic performance

Malawi's economy expanded by 3.2 per cent in 2018, compared with 4.0 per cent in 2017 (see Table 4.1). Annual growth is expected to rebound to 4.5 per cent in 2019 and to strengthen to around 6.0 per cent in the medium term, fuelled by recent improvements to the electricity and transport infrastructure in the wake of Cyclone Idai, irrigation technology and cropping techniques, along with better access to finance. The main contributors to economic growth are services, agriculture and industry, which together account for over three quarters of real GDP.

International donors in the form of the IMF, World Bank and individual nations are also key – contributing around 40 per cent to Malawi's recurrent budget. They withdrew support amid a scandal of mismanagement of public funds in 2013 but returned after a change of government led by President Mutharika in mid-2014. Malawi has seen a steady improvement of its scores on the Ibrahim Index of African Governance, with an overall ranking of 19th out of 54 countries in 2018 – well above the continent's average. Transparency International's Corruption Perceptions Index recorded a score of 32 in the 2018 edition, seeing the country rise to 120th out of 180 countries.

Prices, wages and employment

Headline inflation fell to 8.7 per cent in 2018, down from 11.5 per cent in 2017. It had spiralled to 25 per cent in 2014 amid a corruption scandal that caused donors to withdraw funds and the kwacha to depreciate sharply. The incoming Mutharika administration's tightening of monetary and fiscal policies had the desired effect, stabilising the currency and bringing down the cost of imported fuel and goods. The inflation forecast for 2020 is expected to be around the 2019 rate, assuming the government's tight monetary policy stance is maintained, controls on expenditure are in place and food prices stabilise. The unemployment was estimated by the World Bank to have dropped to 5.4 per cent in 2018, around the same rate as in 2017, with youth unemployment running at around 8.0 per cent.

Fiscal developments

Malawi frequently runs high current account and fiscal deficits, but improved management under the IMF's Extended Credit Facility (ECF) has resulted in a narrowing of both – the external current account deficit constricting to 9.2 per cent of GDP in 2018, from 11 per cent the year earlier, as exports picked up. The fiscal deficit narrowed to 5.1 per cent of GDP in 2018, from 7.3 per cent in 2017. The IMF reported good progress, but noted that the target on the primary balance had been missed, largely because of shortfalls in tax revenues, unexpected goods and services spending to hold elections and to support post-cyclone disaster relief, and increased domestic development spending.

Structural reforms are advancing and the banking system remains stable and increasingly resilient, with reduced non-performing loans. Credit to the private sector has picked up, but increasing access to finance will require addressing structural barriers, such as strengthening the legal framework for property rights and mobile banking. The debt to GDP ratio, which stood at 61 per cent of GDP in 2018, remains high: above the threshold and warranting close monitoring. Debt solvability and debt sustainability are two important challenges for Malawi.

Trade developments

Malawi has run a negative trade balance since 2001 – it widened to 2.5 per cent of GDP between 2017 and 2018 amid a surge in imports, in spite of government programmes such as the National Export Strategy and the Buy Malawi Strategy. Raw tobacco continues to be Malawi's leading export – accounting for around 58 per cent of annual shipments in 2018. Other important cash crops include tea, raw sugar, dried legumes and nuts. The government's efforts to diversify agriculture are severely constrained by budgetary and infrastructural issues, but livestock farming, aquaculture, soybean cultivation and honey production will be gradually developed. Belgium-Luxembourg is the largest export market, followed by Germany, Russia and the USA.

Petroleum products continue to be the largest import, followed by machinery, electronics, packaged medicines and motor vehicles. South Africa is the origin of the lion's share of Malawi's imports, followed by China, India and Zambia.

Key development challenges

Although some economic gains have been made, Malawi is still one of the poorest countries in the world. In 2018, at least 70 per cent of the population were characterised as facing extreme poverty. Progress on income inequality has not fared any better, as indicated by an estimated Gini coefficient of 45.5. High population growth (2.9 per cent) makes it difficult to reach most development targets. Although some progress has been made, HIV prevalence is still undesirably high, at 9.2 per cent, or approximately 1 million people, with females more affected than males.

Malawi is highly vulnerable to the effects of climate change, notably flooding and drought, which are exacerbated by rapid deforestation and soil erosion. Parts of the country endured severe flooding in 2015 and 2018; other areas experienced prolonged droughts in 2016-2017. Cyclone Idai affected over 800,000 people across southern Malawi in March 2019, with 63,000 acres of crops destroyed 23,000 animals killed and homes flattened and flooded by powerful winds and torrential rain. Initiatives such as the National Climate Change Programme, in partnership with the United Nations Development Programme, are helping the government climate-proof the policies, strategies and plans of the economic sectors most directly affected by climate change.

Mauritius

Country data	
Population (millions) (2018)	1.33
Area '000 km^2	2.4
GDP (US$, billion, 2018)	14.8
GDP per capita, PPP current international US$ (2018)	23,699
Currency	Mauritian rupee (MUR)

An island nation in the western Indian Ocean, Mauritius includes the main island, Rodrigues, 600 km further east, the two outer islands of Agaléga, 1,000 km to the north, and the archipelago of Cargados Carajos Shoals (Saint Brandon), 430 km to the northeast. Formed from volcanoes rising from the ocean floor, the subtropical archipelago is home to variety of endemic flora and fauna. Its total land area is 2,040 km^2. An exclusive economic zone – one of the world's largest - encompasses 2.3 million km^2.

Since becoming independent in 1968, Mauritius has developed from a low-income, agriculturally based economy to a middle-income, diversified economy with growing industrial, financial and tourism sectors. With an average GDP per capita of US$23,699 (at PPP, IMF 2018) Mauritius is one of Africa's wealthiest countries and a stable democracy, with regular, free elections. It is the highest-placed country on the 2018 Ibrahim Index of African Governance, with a score of 79.5 out of 100.

In 2017, Mauritius ranked 65th of 189 countries on the UN's HDI, the second-highest placed African country, with commendable life expectancy (74.9 years – the highest in Africa) and educational achievements (mean years of schooling: 9.3 years).[4] The female HDI score (0.733) is lower than that of males (0.799), suggesting room for improvement on gender development (see Table 4.3).

Economic performance

Mauritius has developed an open, dynamic economy with a strong emphasis on a liberal trade regime. Strong public and private sector institutions have devised and implemented broadly sound macroeconomic policies and a competitive exchange rate – leading to robust and sustained expansion from the 1970s. Real GDP expanded by an estimated 3.8 per cent in 2018 (see Table 4.1), driven by the services sectors, mainly financial services and tourism, construction and information communication technology. Remittances account for about 2 per cent of GDP. Barring no worsening of macroeconomic fundamentals, real GDP is projected to expand by 4.0 per cent in 2019. Renewable energy, medical tourism and higher education have considerable potential in the medium term.

Prices, wages and employment

Inflationary pressures rose during 2018, mainly because heavy rainfall led to declines in food production, which resulted in higher food prices. Headline inflation rose to an estimated 5.1 per cent, up from 3.7 per cent in 2017. Rising global energy and food prices are likely in the short to medium term. The minimum monthly wage in 2018 was estimated at US$251.73, and the average annual salary is US$9,324.24. Unemployment reached 6.9 per cent in 2018, virtually the same as the previous year, with youth unemployment considerably higher, at 23.5 per cent.

Fiscal developments

The fiscal deficit widened slightly to 3.5 per cent in 2018, up from 3.4 per cent of GDP in 2017, but is projected to decline to 3.4 per cent in 2019 as a result of fiscal consolidation efforts and the disbursement of a grant from India. With public debt levels of around 65.0 per cent of GDP in 2018, fiscal consolidation measures are likely to be required to significantly reduce the rising ratio in the near term.

Trade developments

The current account deficit widened from 6.6 per cent of GDP in 2017 to an estimated 8.8 per cent in 2018 amid rising commodity prices and substantial imports for a public infrastructure programme. International gross reserves stood at 11 months of imports. The main exports are processed fish and garments, followed by sugar (sugar cane accounts for around 90 per cent of the cultivated land) and cut flowers. The export of services continues to rise, driven by tourism and financial services – notably banks and insurance firms intending to develop markets on the African continent. Mauritian experts in the sugar trade are, for example, working in the sector across Madagascar, Mozambique, Tanzania and Uganda.

France is the largest export market, followed by the USA, the UK and South Africa. Petroleum products are the largest import by value, followed by frozen fish, vehicles and medicines. India is the leading supplier, then China, South Africa and France.

Key development challenges

Extreme poverty is not a major issue in Mauritius, with less than 1 per cent of the population living below the poverty line. The Gini coefficient of 23.3, which is much lower than that of its peers, indicates nevertheless the existence of pockets of income inequality, particularly income- and gender-based income inequality.

As a small island economy, Mauritius is extremely vulnerable to climate change and climate variability, as it is located in the path of tropical cyclones and is already experiencing the effects of ocean warming and rising sea levels. In response, the government has introduced a programme of adaptation that fits well with its SDGs.

Mozambique

Country data	
Population (millions) (2018)	29.5
Area '000 km^2	799.3
GDP (US$, billion, 2018)	15.4
GDP per capita, PPP current international US$ (2018)	1,291
Currency	Mozambique metical (MZN)

Mozambique is a large country on the eastern fringe of Southern Africa. The mountains that form its western border give way to a plateau and a broad coastal plain, dominated in the south by the delta of the River Zambezi. The combination of highlands, savannah and lowland forest support a wide variety of flora and fauna, with a notable biodiversity hotspot along the border with South Africa. Formerly a Portuguese colony, Mozambique became independent in June 1975. The new constitution adopted in 1990 introduced a multiparty democratic system and a free market economy, which paved the way for a peace process. Mozambique became the Commonwealth's 53rd member (and the first not to have once been associated with the British Empire) in November 1995.

Economic performance

Since the mid-1990s, Mozambique's economy has recovered from almost two decades of war and neglect, but it remains one of the least developed countries in the world. Average GDP per capita at PPP was estimated at just US$1,291 in 2018 – only Malawi's is lower in the Commonwealth. Mozambique has one of lowest HDI scores (0.437) and rankings (180th) in the world, placing it in the category of low human development. Furthermore, the female HDI score of 0.414 compared with a male score of 0.458 suggests gender disparity. Agriculture accounts for around 30 per cent of GDP, industry around 25 per cent and services 44 per cent.

Rich in natural resources, Mozambique is a significant producer of aluminium, beryllium and tantalum. Coke and coal are the largest exports, together amounting to 45 per cent of the country's shipments. Recent discoveries of large offshore natural gas reserves suggest Mozambique could become a major exporter of liquefied natural gas (LNG) in the next decade.

The economy expanded by an estimated 3.3 per cent in 2018, compared with 3.7 per cent in 2017 (see Table 4.1). The main sources of growth were services, industry and agriculture, which together contributed over two-thirds to the increase in real GDP. The decline in growth resulted from decreased public investment and a 23 per cent decrease in foreign direct investment (AfDB, 2019b).

Prices, wages and employment

Inflation, which reached 19.9 per cent in 2016, declined to 15.1 per cent in 2017 and 4.6 per cent in 2018, owing to tight control of spending and monetary easing by the central bank. In an environment of high levels of unemployment across the African continent, Mozambique has recorded low unemployment rates of 3.2 per cent in the past two years.

Fiscal developments

The fiscal deficit has risen to 4.9 per cent of GDP from 3.1 per cent recorded in 2017. The debt to GDP ratio remained relatively high, at 61.3 per cent, in 2018, after reaching 62 per cent in 2017, pushing Mozambique into debt default and a crisis that is likely to persist in the near term. The proximate cause of the spiralling debt comes from 2016, when US$2 billion in loans with state guarantees were uncovered.

There is much room for improvement in the detection and prevention of corrupt practices and strengthening the governance framework. Indeed, Mozambique ranks 158th out of 180 countries, with a score of 23, on the Corruptions Perception Index. In addition, quality of governance, as measured by the

Ibrahim Index of African Governance, scores 51.0, compared with a score of 53.0 in 2015. Recent fraudulent loans to Mozambique state firms illustrate ongoing issues of corruption and weak governance.

Trade developments

The external current account deficit widened sharply in 2018 to 20.4 per cent of GDP, from 16.2 per cent in 2017, mainly because of cyclone-induced damage to crops and infrastructure combined with falling prices for coke and coal exports. Rising imports of food, fuel and capital goods for reconstruction are expected to keep the import bill elevated and cause a further widening of the current account deficit in the short term.

India is the largest export market, followed by South Africa, China, Italy and Spain. Refined petroleum products are the largest import by value, followed by raw aluminium and vehicles. South Africa is the leading supplier, then China, India and Australia.

Key development challenges

Mozambique is highly vulnerable to climate change and climate variability. In 2000, Cyclone Leon-Eline resulted in damage estimated at US$309 million. In March 2019, Cyclone Idai killed more than 1,000 people and adversely affected more than 1.8 million across Mozambique. Flooding and a storm surge destroyed around 90 per cent of the city of Beira – a humanitarian disaster that provoked a major international response.

More than 60 per cent of Mozambique's population lives in low-lying coastal areas, where intense storms from the Indian Ocean and sea-level rise put infrastructure, coastal agriculture, key ecosystems and fisheries at risk. Increased frequency and severity of intense storms, droughts and floods are likely to exacerbate the country's development challenges in the coming years.

Mozambique has a high prevalence of HIV/AIDS, malaria (308 per 1,000 people at risk) and tuberculosis (551 per 100,000). An estimated 62.4 per cent of the population lives below the poverty line (i.e. US$1.90 per day). A Gini coefficient of 54.0 (see Table 4.3) suggests the existence of income inequality. Population growth at 2.9 per cent is not helping improve performance on most development indicators.

Namibia

Country data	
Population (millions) (2017)	2.5
Area '000 km^2	825,615
GDP (US$, billion, 2018)	14.5
GDP per capita, PPP current international US$ (2018)	11,229
Currency	Namibia dollar (NAD)

Namibia spans much of the western edge of Southern Africa, with a central plateau comprised of rocky outcrops, sand-filled valleys and undulating savannah accounting for about half of the land area. The Namib Desert stretches west to the South Atlantic Ocean and the Kalahari Desert dominates the east of the country and much of neighbouring Botswana. The saline lakes of the Etosha Pan in the north support a rich biodiversity and include one of the world's largest national parks. Formerly a German protectorate known as South West Africa, Namibia became an independent nation and member of the Commonwealth in March 1990.

Economic performance

Resource-rich, with a small population and an economy closely linked to South Africa, Namibia is classified as an upper-middle income country. In 2018, the IMF estimated per capita GDP at US$11,229 – one of the highest levels in sub-Saharan Africa. Mineral exports and fish processing are the dominant sectors, with significant extraction of diamonds, uranium, copper, zinc, gold, silver, phosphate and oil. Onshore reserves of diamonds are becoming depleted, but offshore output has risen quickly, helped by new mining technology. Large offshore phosphate deposits have been discovered near Walvis Bay.

The economy experienced high levels of investment and growth averaging around 5 per cent in the early to mid-2000s, fuelled by a mining boom, vibrant SACU revenue and high public spending. However, the global economic crisis in 2008–2009 dampened demand for mineral exports, notably diamonds. While the economy rebounded in the early 2010s, it remains dependent on a few sectors and concentrated on the capital city, Windhoek. Other regions are isolated and undeveloped, with high rates of inequality, unemployment and poverty that are partly the legacy of the apartheid system.

In 2018, Namibia's real GDP contracted by 0.4 per cent, following a contraction of 0.9 per cent in 2017 (see Table 4.1), largely because of a sharp reduction in public spending, weak growth in regional trading partners and lacklustre household expenditure.

Prices, wages and employment

Inflation fell from 6.1 per cent in 2017 to 4.3 per cent in 2018, a reflection of lower food prices and depressed domestic demand. The parity of the Namibian dollar and the South African rand, with low inflation and maintenance of the repo rate at 6.75 per cent, represents the core of the macroeconomic stability. Unemployment remains high, at 23.1 per cent in 2018, with youth unemployment estimated at a critically high 44 per cent.

Fiscal developments

A fiscal consolidation process that started in 2016 – following several years of excessive public spending – continued in 2018, but at a slower pace. The primary fiscal deficit was further reduced by 1.1 per cent to an estimated 4.1 per cent of GDP through additional reductions in public sector wage bills, transfers to parastatals and capital expenditure. With higher deficit financing, the debt to GDP ratio rose to 47.1 per cent of GDP in 2018, up from 41.5 per cent in 2017.

Trade developments

The external current account deficit narrowed in 2018 to 4.3 per cent of GDP from a deficit of 6.3 per cent in 2017, a reflection of the depreciation in the real effective exchange rate during 2018, which boosted export competitiveness. Rising uranium exports also contributed, led by expansion at Husab Mine and strong demand in the USA and EU.

Diamonds are Namibia's most valuable resource, accounting for around a quarter of the country's exports. Second is unrefined copper, followed by uranium ores, ships and boats and fish products. The main export partners are South Africa (27 per cent), the UK, the USA and Angola. Key imports are food products, petroleum products, machinery and equipment and chemicals. South Africa is by far the largest import partner (66 per cent of total imports), followed by the Netherlands, UK and China.

Key development challenges

Namibia has made considerable progress in reducing poverty since independence – the number of people living below the national poverty line fell from nearly 70 per cent in 1993 to around 17 per cent in 2016. Nevertheless, inequality is deep-seated in Namibia – a Gini coefficient of 61 in 2018 suggests the second-highest level of income inequality in the world. Unemployment has remained stubbornly high, particularly among women and young people. A small segment of poor Namibians benefit from employment income, while the majority rely instead on subsistence farming or social grants.

Namibia is vulnerable to climatic changes – it is experiencing one of the worst droughts in its history, which prompted the president to declare a state of emergency in 2019. Some 500,000 Namibians face food insecurity and water shortages. The government's Integrated Land and Water Management project will spearhead efforts to mitigate the effects of drought, in partnership with international donors.

eSwatini

Country data	
Population (millions) (2017)	1.2
Area '000 km^2	17,364
GDP (US$, billion, 2018)	4.7
GDP per capita, PPP current international US$ (2018)	11,020
Currency	Lilangeni (SZL)

The Kingdom of eSwatini is a small, landlocked Southern African nation. Known as the Kingdom of Swaziland until 2018, it became an independent member of the Commonwealth in September 1968. Mountains form the western frontier with South Africa, dropping to a high plateau where the capital, Mbabane, and most towns are located. The lowlands to the east are sparsely populated and dominated by grassland and thorn trees.

Economic performance

eSwatini's economy is small, relatively diverse and highly dependent on neighbouring South Africa, which accounts for around 85 per cent of its imports and 60 per cent of exports. Per capita income at PPP was estimated at US$11,020 in 2018, lower than South Africa, similar to Namibia and well above the average in sub-Saharan Africa. Around three-quarters of the population are employed in subsistence agriculture. Sugar beet, cane and citrus fruits are the main cash crops – together with forestry and mining they amount to around 13 per cent of the economy. Manufacturing – mainly textiles and sugar-related processing – contributes 37 per cent to GDP, with services making up the lions share (50 per cent).

During 2010-2015, eSwatini's economy expanded steadily on the strength of the South African economy, the state of SACU, which provides revenue and contributes a significant share to GDP, public sector spending, a boom in mining and high commodity prices.

In 2018, real economic growth increased to 2.4 per cent, after expanding by 2.0 per cent in 2017 and 3.2 per cent in 2016 (see Table 4.1). This weak performance reflects a combination of factors, including the pressure of fiscal consolidation, sluggish output from the agriculture, services and raw materials extraction sectors and a slowdown in South African. Corruption appears to be an issue – the country ranked 89th out of 180 nations in Transparency International's 2018 Corruption Perceptions Index. A rank of 32nd out of 54 nations surveyed on the 2018 Ibrahim Index of African Governance puts eSwatini below the continent's average score.

Prices, wages and employment

Inflation decreased in 2018 to 4.8 per cent, from 6.2 per cent in 2017, as a result of declining food prices and an accommodative monetary policy stance. The government's target of keeping inflation below the 3 per cent lower band threshold in 2019 looks ambitious. Government services form a key part of eSwatini's economy, and public sector wages are relatively high by regional standards. Unemployment remains stubbornly high, and rose to 22.5 per cent in 2018, with youth unemployment reaching a critical 44.15 per cent. Many people seek work in South Africa – remittances have been on the rise since 2010, and were estimated to be equivalent to 3 per cent of GDP in 2018.

Fiscal developments

The fiscal situation has deteriorated amid high public sector wages and an inefficient tax system – the fiscal deficit widened from around 5 per cent of GDP in 2017 to 7 per cent in 2018. As a result, gross official reserves have been consistently below the three-month international benchmark, reaching a low of two months of imports of goods and services in March 2019. Public finances are expected to remain negative in the medium term. Consequently, public debt has rapidly increased, from 10 per cent of GDP in 2009, expected to hit around 35 per cent of GDP in 2019 in the context of falling SACU revenue.

Trade developments

The current account registered a surplus of 0.4 per cent of GDP in 2018, according to the African Development Bank (AfDB), after recording a deficit of 1.3 per cent in 2017, largely because of merchandise trade surpluses and secondary income inflows from South Africa. Other than South Africa, which accounts for the lion's share of eSwatini's exports, the USA and EU are the key export markets, which have been driven by preferential trade agreements for apparel (USA) and sugar (EU), although both will be phased out. Essential oils and resinoids are the largest exports, by value, followed by sugar, chemical products, textiles and wood products. Imports are dominated by mineral fuels, followed by machinery and mechanical appliances and vehicles.

Key development challenges

Extreme poverty is estimated at 42 per cent of the population in 2018, and a Gini coefficient of 51.5 suggests relatively high level of income inequality. Serious policies have been mounted to deal with these twin issues but progress is not yet evidenced. The country has the highest HIV prevalence in the world (27.4 per cent of those aged 15–49). Tuberculosis incidence is high too, at 398 per 100,000 people. Education is also in crisis: few children enrol in secondary schools (just above 50 per cent).

eSwatini is affected by extreme weather events. Not long ego, an El Niño-induced drought negatively affected agriculture/crop production. The country has a national committee to deal with climate change and is the first African country to have eliminated the use of fridges with chlorofluorocarbons. The country is seeking a comprehensive industrial policy to support diversification, develop local entrepreneurs and promote industrialisation across the country. Challenges include climate vulnerability (drought and floods), a lack of technological readiness and dependence on South Africa.

Seychelles

Country data	
Population (millions) (2017)	0.95
Area '000 km^2	459
GDP (US$, billion, 2018)	2.9
GDP per capita, PPP current international US$ (2018)	30,505
Currency	Seychelles rupee (SCR)

Seychelles is an archipelago of 115 islands located in the Indian Ocean around 1,500 km from the East African coast. More than 85 per cent of the population lives on the largest island, Mahe. Previously a plantation economy controlled by France, then Britain, and reliant on imported labour, Seychelles became an independent republic and member of the Commonwealth in June 1976.

Since independence, the economy has generally expanded strongly, fuelled by tourism and fisheries. Growth has been uneven, however, reflecting the country's vulnerability to external shocks, from economic downturns in key markets to fears associated with terrorist attacks and the activities of Somali pirates in the Indian Ocean. The tourism sector now directly employs more than a quarter of the labour force and indirectly accounts for more than 55 per cent of GDP.

Seychelles enjoys the highest GDP per head in Africa, estimated at US$30,505 in 2018, and it is classed as an upper-middle-income country, with low levels of corruption and good governance practices (see Table 4.3). In recent years, the government has encouraged foreign investment to upgrade hotels and tourism industry services and sought to attract visitors from emerging markets such as China. At the same time, the government is promoting the development of the offshore financial, information and communication sectors and renewable energy.

Real GDP growth slowed to 3.6 per cent in 2018, from 5.3 per cent the previous year (see Table 4.1) – a reflection of the impact of rising oil prices and uncertainty in the euro zone, which undermined tourism. Real economic output is forecast to expand by an estimated 3.4 per cent in 2019 on the strength of services activity.

Prices, wages and employment

Inflation rose to an estimated 4.4 per cent in 2018, up from 2.9 per cent in 2017, primarily because of higher international oil prices and wage increases. The unemployment rate is low by regional standards, at 3.7 per cent in 2018, with youth unemployment higher at 10.9 per cent.

Fiscal developments

The government was forced to introduce sweeping reforms to its finances in 2008 when it defaulted on a US$240 million debt amid slowing tourism and fishing revenue, which prompted an IMF rescue package. The reforms included laying off more than 1,500 government workers, selling state assets, dropping foreign exchange controls and floating the currency. The fiscal situation gradually stabilised; a small surplus was recorded in 2017, followed by a return to deficit in 2018 (estimated at 0.5 per cent of GDP)

Seychelles' external debt stock soared to an unsustainable 183 per cent of GDP. Successive reforms and austerity policies have made a mark – at the end of 2017 it was estimated at 98.2 per cent of GDP for public and private sectors combined. The latest external debt sustainability framework shows the external debt burden declining to around 88 per cent of GDP in 2022.

Trade developments

Seychelles runs large, structural current account deficits, financed substantially by foreign direct investment (FDI). The external current account deficit continues to be high, at 16.3 per cent of GDP, but narrower than the 20.5 per cent of GDP recorded in 2017. The country's main trading partners are Europe and the Middle East, which together represent more than 60 per cent of trade. Mineral fuels dominate the country's imports, followed by fish and crustaceans (partly for processing and export) and ships, boats and floating structures. Seychelles is a member of several trade blocs – namely, COMESA and SADC. Recently, Seychelles was among the 54 out of 55 African countries that signed the AfCFTA.

Key development challenges

Extreme poverty is estimated to be very low in Seychelles. However, with a Gini coefficient of 46.8, the country is experiencing reasonably high incidence of income inequality.

Seychelles is vulnerable to climate change, with tourism, fishing and natural resources particularly affected. The country's adaption plan deals particularly with the issues of water scarcity and flooding. Seychelles has virtually eliminated communicable diseases and is concentrating on non-communicable diseases. This health progress has translated into an increase in life expectancy, which is now at 73.7 years.

South Africa

Country data	
Population (millions) (2017)	58.7
Area '000 km^2	1,219
GDP (US$, billion, 2018)	317.3
GDP per capita, PPP current international US$ (2018)	13,675
Currency	South African rand (ZAR)

A large, geographically and ethnically diverse nation, South Africa stretches between the South Atlantic and Indian Oceans. Its interior is predominately a high plateau, framed to the south and east by the Great Escarpment, which rises to over 3,000m in the Drakensburg Mountains. The combination of broad grasslands, semi-deserts, humid coastal plains and mountains equates to a rich diversity of flora and fauna. Beyond reserves such as Kruger National Park, however, much natural habitat has been lost in recent decades through deforestation and urban development.

Economic performance

South Africa's economy is the continent's second-largest, behind Nigeria and it is the only African nation that is a member of the G20. The economy's performance has an impact well beyond South Africa's borders, and is critical to smaller neighbouring nations including Lesotho, Namibia, eSwatini and Zimbabwe, which use the South African rand as a second currency.[5] With an average per capita income estimated at US$13,675 (at PPP) in 2018, South Africa is classified by the UN as an upper-middle-income country, but also characterised by high levels of income inequality. In terms of human development, South Africa ranked 113th out of 189 countries in 2017 on the HDI, with a score of 0.699, which places it in the category of medium human development. Key HDI components are as follows: income per capita (US$11,923; 2011 PPP), life expectancy (63.4 years) and education (mean years of schooling: 10.1). The HDI score for females (0.692) is lower than that for male (0.704), which indicates room for improvement in terms of the gender bias against females.

The drivers of the economy are primarily agriculture, mining, manufacturing and services. In particular, mining output accounts for 60 per cent of exports, although its share of total GDP has decreased by an estimated 6 per cent in 2018, and mining is a source of jobs for many migrants from neighbouring countries. The manufacturing sector accounts for 15 per cent of GDP and generates roughly 13.3 per cent of total employment, while agriculture contributes around 2.8 per cent of GDP. With the economy shifting towards the tertiary sector, services activities are also rising as an important contributor to GDP (approximately 65 per cent) and to job creation. In addition, the country has evolved into a hub for fintech development pathway. As Table 4.3 highlights, South Africa has pockets of corruption practices and requires improvements in governance.

Real GDP growth was estimated to be 0.8 per cent in 2018, down from 1.4 per cent in 2017 (see Table 4.1), a reflection mainly of sluggish services activity, moderate household consumption expenditure and lower manufacturing output. The economy is projected to expand by 1.4 per cent in 2019 and 1.7 per cent in 2020. Therefore, strengthening the capacity to increase economic growth is an important challenge.

Prices, wages and employment

Inflation fell to an estimated 4.6 per cent in 2018 from 5.3 per cent in 2017 and 6.3 per cent in 2016, primarily because of lower food prices. The depreciation of the rand in 2018 against many international currencies negatively affected the economy and by extension the neighbouring economies reliant on South Africa for trade.

The average annual salary is about US$13,837.44 and the minimum monthly wage in 2018 was $244.19. The labour force is dominated by services (72 per cent), industry (23.5 per cent) and agriculture (4.6 per cent), reflecting the shift in the economic structure of South Africa away from the primary and secondary sectors to the tertiary sector. Unemployment continues to be high at 27 per cent in 2018, with youth unemployment unsustainably high at 54 per cent. Prospects for policies tackling unemployment are not promising.

Fiscal developments

The fiscal deficit was estimated at 4.4 per cent in 2018, slightly higher than the 4.3 per cent in 2017, largely because of declining revenues resulting from the slowdown in economic growth. New tax policies have been proposed to increase domestic resources. The general government debt to GDP ratio in 2018 continues to be high, at 56.7 per cent, up from 53.0 per cent in 2017, with domestic debt accounting for a substantial share of 90 per cent of total public debt.

Trade developments

Extractive industries continue to dominate exports, notably precious metals (South Africa is the world's largest producer of platinum) including palladium, chromium and gold. Uranium, iron ore, coal and diamonds continue to be key exports, followed by vehicles and transport equipment. Fuel oil accounts for the lion's share of South Africa's imports, primarily from Saudi Arabia and Nigeria. Other major imports include machinery, electrical equipment and vehicles. In 2018, the trade balance reverted to a deficit, following two years of surplus, reflecting rising prices for imported petroleum and a depreciating rand. Southern Africa's current account deficit widened from an average of 2.1 per cent of GDP in 2017 to 2.9 per cent in 2018 (AfDB).

China continues to be South Africa's largest export market, followed by the USA, Germany and India. In 2018, China was also the main source of overall imports, then Germany, the USA and Saudi Arabia.

Key development challenges

South Africa has made considerable strides toward improving the well-being of its citizens since its transition to democracy in the mid-1990s but progress is slowing. Based on the international poverty line of US$1.90 per day (2011 PPP, exchange rates), around 19 per cent of South Africans were poor in 2015, compared with almost 34 per cent in 1996. This is partly the result of structural challenges and weak growth since the global financial crisis of 2008, but increasingly too by labour market developments that demand skills that the country's poor currently lack.

Extreme poverty continues to affect around a fifth of the population, and South Africa's estimated Gini coefficient (63.0) points to one of the highest level of income inequality in the world. Policies that break discrimination or exclusion and promote income-sharing are a natural starting point for reversing this issue.

Crime is a serious matter in South Africa. In 2017, there were 35.8 murders per 100,000 people, the fifth-highest in the world and the highest in Africa. Crime is connected to poverty, income inequality and issues related to productivity. The country has the biggest HIV epidemic in the world, with 7.2 million people affected, and 18.9 per cent of people living with HIV. Progress has been made, though; in particular, South Africa has embraced the Joint United Nations Joint on HIV/AIDS (UNAIDS) 90-90-90 programme: awareness of HIV status (90 per cent), on HIV treatment (90 per cent), virally suppressed (90 per cent). Tuberculosis incidence is the highest among the Commonwealth African countries, at 781 per 100,000 people.

Zambia

Country data	
Population (millions) (2017)	16.2
Area '000 km^2	752.6
GDP (US$, billion, 2018)	23.1
GDP per capita, PPP current international US$ (2018)	4,104
Currency	Zambian kwacha (ZMK)

Zambia is a large, landlocked Southern African nation. It shares several of its key geographical and economic features with neighbouring Zimbabwe – the Victoria Falls, Lake Kariba (and its hydroelectric power plants) and a stretch of the Zambezi River. Landscapes range from mountains to high plateaux and lowland floodplains and swamps, which support a rich biodiversity – 14 distinct ecosystems have been identified. Formerly part of the British protectorate of Northern Rhodesia, then the Federation of Rhodesia and Nyasaland, Zambia became an independent republic in the Commonwealth in October 1964.

Most people live in the central region known as the copperbelt – towns and cities built close to Zambia's extensive copper deposits, including the capital, Lusaka. Zambia ranked 144th out of 189 countries in 2017 on the HDI, with a score of 0.588 putting the country in the category of medium human development. The HDI components are as follows: income per capita (US$3,557; 2011 PPP), life expectancy (62.3 years) and education (mean years of schooling: 7.0). The HDI score for females (0.569) is lower than that for males (0.605), which is indicative of gender inequality. With a per capita income estimated at US$4,104 in 2018 (PPP), Zambia is wealthier than many neighbouring countries to the north and east and is classified as a lower-middle-income country.

Economic performance

Zambia is one of the most highly urbanised African countries and copper accounts for around 85 per cent of exports. Services are expanding, particularly fintech activity, which is quietly penetrating the economy. Zambia's economy grew by an estimated 3.5 per cent in 2018 (see Table 4.1), up from the 3.4 per cent recorded in 2017, mainly because of increased copper production and construction activity. The growth forecast of 3.1 per cent for 2019 is predicated on a rebound in agricultural production and mining.

Prices, wages and employment

Inflation increased to an estimated 7.0 per cent in 2018, up from 6.6 per cent in 2017. Relative price stability led the central bank to reduce the policy rate from 15.5 per cent to 9.75 per cent in the first quarter of 2018. The average annual salary in 2018 was estimated at US$20,076.00, and the minimum monthly wage varies from $65.16 (domestic workers) to $157.56 (assistant salespersons). The unemployment rate stood at 6.9 per cent in 2018, down marginally from 7.0 per cent in 2017. However, the rate of youth unemployment is high (14.4 per cent in 2017), with females estimated at 19.1 per cent and males 16.2 per cent.

Fiscal developments

The fiscal deficit narrowed to 6.5 per cent, following a deficit of 7.7 per cent in the previous year, primarily because of fiscal consolidation. The fiscal deficit is forecast to narrow further to 5.2 per cent in 2019. The debt to GDP ratio is high – and rising rapidly, reaching 72.4 per cent of GDP in 2018, from 60.7 per cent in 2016 and 20.5 per cent in 2011, driven by accumulation of both external and domestic debt. The debt composition has shifted towards commercial and Non-Paris Club bilateral creditors, exacerbating the country's exposure to exchange rate and market risks. The 2019 World Bank/IMF Debt Sustainability Analysis concludes that Zambia's risk of overall and external debt distress remains very high and that public debt under the current policies is on an unsustainable path.

The Corruption Perceptions Index ranks Zambia 105th, with a score of 35 out of 100. This level of corruption may have deleterious effects on the working of the economy. In addition, Zambia needs to improve on governance, as implicitly indicated by the Ibrahim Index of African Governance score of 56.2 out of 100 (see Table 4.3).

Trade developments

The current account deficit widened from 1.5 per cent of GDP in 2017 to 2.6 per cent in 2018, reflecting increased deficits in income and services accounts amid a narrowing trade surplus. With reduced capital inflows, the overall balance of payments was financed by a drawdown in official reserves. Gross official reserves therefore dropped to US$1.6 billion (just 1.8 months of imports) at end-December 2018 from US$2.1 billion at end-2017 as at end-June 2019.

Copper remains at the heart of Zambia's economy, despite efforts to diversify. Higher copper prices and improved, more efficient production augur well for exports in the short term, but the economy will remain vulnerable to external shocks. Inorganic chemicals are the second-largest export by value, followed by printed matter. Switzerland is the largest export market, followed by China, India and South Africa. Machinery and fuels are Zambia's leading imports, followed by ores and vehicles, with South Africa, Democratic Republic of Congo and China the main suppliers.

Key development challenges

While Zambia's economy has recovered in recent years as copper prices have stabilised, only a small segment of the urban population has benefited. In remoter, rural areas most people are reliant on subsistence agriculture; extreme poverty was estimated in 2015 to affect 57.5 per cent of the population. A Gini coefficient of 57.1 indicates a very high level of income inequality. There are several contributing factors: weak economic growth, infrastructure and regional development, inadequate policies to curb poverty, a high rate of population growth (3.3 per cent per year on average), high food prices, food insecurity, and few opportunities for higher education and training and government corruption.

A high prevalence of HIV in Zambia – 12.4 per cent of the population – further undermines the country's economic and societal development. Malaria (189.8 per 1,000 people at risk) and tuberculosis (376 per 100,000 people) continue to be critical and widespread health issues. Furthermore, climate change, which manifests primarily through droughts and floods, is a serious threat to Zambia, given its impact on physical infrastructure and human life.

4.5 East African Community

Kenya

Country data	
Population (millions) (2017)	47.5
Area '000 km^2	580.4
GDP (US$, billion, 2018)	99.2
GDP per capita, PPP current international US$ (2018)	3,691
Currency	Kenyan shilling (KES)

Straddling the equator in East Africa, Kenya stretches from the Indian Ocean to Lake Victoria and Uganda in the west and from Tanzania in the south to Ethiopia, South Sudan and Somalia in the north. Its topography ranges from humid coastal lowlands to a high plateau framed by some of the continent's highest mountains and bisected by the Great Rift Valley. Expansive grassland, thornbush and sub-tropical forests harbour a rich biodiversity. Kenya attained independence in December 1963 and was declared a republic on 1 June 1964, with Jomo Kenyatta the first Prime Minister.

Economic performance

Kenya has recently made strides economically, politically and socially. Its robust economy is driven by sectors spanning agriculture (which has recovered strongly amid more favourable weather conditions after a drought), forestry, fishing, manufacturing, energy, tourism and financial services. Over the past decade, the nation has made significant progress in the development of the fintech industry, as the traditional banking and financial infrastructure created fertile ground to satisfy a large unfulfilled demand for payment services using mobile phones. In 2017. it became the first country to sell government bonds through mobile phones. Kenya is Africa's eighth-largest economy, with a nominal GDP estimated at US$99.2 billion in 2018.

During 2018, real GDP expanded by 6 per cent year on year (see Table 4.1), moderately above the 4.9 per cent in 2017 and 5.9 per cent in 2016, on account of higher private consumption expenditure and output growth from services (which account for around 45 per cent of GDP), agriculture (35 per cent) and the industrial sector (20 per cent). The economy is expected to continue to grow strongly in 2019 and 2020, although gains in the medium term will probably need to coincide with fewer corrupt practices and further improvements in governance. Indeed, corruption is estimated to be at a high level, as measured by Transparency International's Corruption Perceptions Index 2019, which ranked Kenya at 137th out of 180 countries. In the case of governance, the Ibrahim Index of African Governance ranks Kenya 11th for 'overall governance' out of 54 nations in its 2018 edition.

Prices, wages and employment

Inflation declined to 4.7 per cent in 2018 from 8 per cent in 2017 and 6.3 per cent in 2016 – it remains within the target band. A further decrease is projected in 2019, to 4.4 per cent. Easing inflationary pressures reflect both lower food prices linked to more favourable weather conditions and improved monetary policy-making in a more stable political scene. The (monthly) minimum wage is fixed at US$133.25. The annual average salary is US$16,966. Kenya employed 17,783,200 people in 2018, compared with 10,012,500 in 2008; the main sectors hiring new workers were administrative and support services, arts, entertainment and recreation and education.

Kenya's unemployment rate has stabilised around 9.3 per cent but youth unemployment is higher, at an estimated 11.4 per cent. The level of unemployment is often connected to poverty and income inequality. An appreciable share of the population (36.1 per cent in 2016) is living below poverty line, and the Gini coefficient of 48.5 (2018) suggests income inequality is not low. Crime is very noticeable and is on the rise. In 2017, 77,992 crimes were recorded, or 167 crimes per 100,000 people. The risk of terrorist acts remains high, particularly in the northern region bordering Somalia, where extremists linked to Al Shabaab, a militant group opposed to the Somali government, are to be found.

Fiscal developments

Kenya's fiscal deficit narrowed to a still high 7.5 per cent of GDP in 2018, from 8.9 per cent the previous year following a scaling-back of public investment in the Vision 2030 development strategy, which focuses on manufacturing, affordable housing, universal health coverage and food and nutrition security. The fiscal deficit is projected to continue to contract to 5.2 per cent into 2019. Further reforms to government expenditure and the tax system are being planned. The IMF is monitoring progress before agreeing any new standby loan facility. Public debt rose to 51.6 per cent of GDP in 2018, from 54.2 per cent the previous year.

Trade developments

The current account deficit narrowed to an estimated 5.8 per cent of GDP in 2018, from 6.7 per cent in 2017, as a result of advancing agriculture exports, increasing tourism receipts and rising remittances. Coffee and tea are the most valuable exports – Kenya is the world's second-largest tea exporter, with this followed by plants and cut flowers, mineral fuels and vegetables. Uganda was the largest export market in 2018, followed by Pakistan, the USA, Netherlands and the UK. Imports are dominated by mineral fuels, machinery and vehicles, with China the largest source of shipments, followed by India, Saudi Arabia, the USA and Japan.

Key development challenges

Despite recording strong economic growth, Kenya faces a number of economic and social challenges to achieving the SDGs: persistently high debt to GDP ratios, high youth unemployment, rapid population growth, notable levels of poverty and income and gender inequality. Kenya is also vulnerable to a changing climate – particularly rising temperatures, drought and increasingly powerful storms that cause flooding, given its large rural economy dependent on cash crops. The government has responded with a national climate change action plan.

The threat from HIV is gradually improving, affecting an estimated 4.8 per cent of the population in 2018, compared with 5.4 per cent in 2016. Other health risks, from malaria (85.3 per 1,000 people at risk) and tuberculosis (348 per 100,000 people), are noteworthy.

Rwanda

Country data	
Population (millions) (2017)	12.5
Area '000 km^2	26.3
GDP (US$, billion, 2018)	10.2
GDP per capita, PPP current international US$ (2018)	2,280
Currency	Rwandan franc (RWF)

Rwanda is a small, landlocked country in the Great Lakes region of central Africa. Its territory is dominated by forested mountains in the west, along the border with Uganda and the Democratic Republic of Congo, and high savannah stretching to the Tanzanian frontier in the east. The majority of Rwandans live in rural areas – it is one of Africa's most densely populated nations – with around 80 per cent of the population involved in subsistence farming. Agriculture accounts for around 31 per cent of GDP and it is dominated by exports of coffee, tea and horticulture (notably pyrethrum, an insecticide derived from chrysanthemums).

Formerly part of German East Africa, then administered by Belgium after World War I, Rwanda gained independence as a republic in 1962. In 2008, the government changed the medium of education from French to English. Rwanda joined the Commonwealth in 2009.

Economic performance

Following two years of strong growth, Rwanda's real GDP expanded by 7.2 per cent year on year in 2018 (see Table 4.1), which is almost double the average rate of growth across Commonwealth Africa. This trend of robust growth is forecast to continue in 2019, with a projected increase of 7.8 per cent. The main drivers of growth in 2018 were services, including banking and finance and tourism, along with agriculture through higher yields for tea and coffee, the main export crops. Tourism has become a major source of foreign exchange in recent years, boosted by a rise in the number of international conferences. Mining of precious metals such as coltan and tantalum has also increased. This has been underpinned by sustained investment in education and infrastructure and an accommodative monetary policy.

The industrial sector is also growing swiftly, mainly linked to processing of agricultural produce. The government is committed to progressively privatising the productive sector and supporting small and medium enterprises to develop regional expertise in information technology. Around 70 per cent of Rwanda's industry is located close to the capital, Kigali. Rwanda is ranked 8th out of 54 nations for overall governance in the 2018 edition of the Ibrahim Index of African Governance. It ranks 51st of 180 countries in Transparency International's 2019 Corruption Perceptions Index - among the least corrupt in Africa.

Prices, wages and employment

Inflation is low by regional standards, at 3.3 per cent in 2018, compared with 4.8 per cent in 2017 and 5.7 per cent in 2016. The (monthly) minimum wage is fixed at US$41.33, which is in the lowest percentile of all countries globally. The employment to population ratio has risen to 47.3 per cent from 41.0 per cent in 2016. In addition, informal sector workers and underemployment are persistent challenges.

Rwanda's unemployment rate has remained stable at around 1.0 per cent in 2018 and over the past two years. However, a substantial share of the population (55.5 per cent in 2016) lives below poverty line, with associated inequality captured by a Gini coefficient of 50.4, which indicates a noticeable inequality issue. Population growth, estimated at 2.4 per cent in 2018, is projected to fall marginally to 2.35 per cent in 2019.

Fiscal developments

The fiscal deficit widened to 4.2 per cent of GDP in 2018 and is expected to reach 4.9 per cent in 2019 amid rising spending on health and education. The government is continuing to implement a programme of macroeconomic reforms, including to the tax system, with support from the IMF. During 2018, pressure on the local currency diminished and fiscal revenues expanded faster than expected. The public debt has been increasingly steadily in recent years to fund infrastructure investment, reaching 46.2 per cent of GDP in 2018. It is considered manageable as it is largely composed of concessional loans.

Trade developments

In 2018, an external current account deficit of 7.8 per cent was recorded, compared with 6.8 per cent in 2017 and 14.3 per cent in 2016. A higher deficit is projected for 2019. Precious metals account for around 15 per cent of exports as the second-largest source of revenue behind tourism (primarily cassiterite, followed by coltan, wolfram (tungsten ore) and tantalum). Coffee and tea make up the second-largest export category. Democratic Republic of Congo is the leading export market, then United Arab Emirates and Switzerland. Mineral fuels are the dominant import, then machinery, vehicles and cereals. China is the leading source of imports, above United Arab Emirates, India and Uganda.

Key development challenges

While Rwanda's economy is performing strongly, it remains a poor country, with per capita income averaging an estimated US$2,280 (at PPP) in 2018, and it is classified as a country of low human development, with an HDI score of 0.524 and a rank of 158 out of 189 countries. The key human development indicators of income per capita (US$1,811), life expectancy (67.5 years) and educational achievements (mean years of schooling: 4.1) are reflective of this low ranking. In terms of gender development, females score (0.508) lower than males (0.540), indicative of gender inequality (see Table 4.3).

Instability/insecurity and rebellions in neighbouring countries (Democratic Republic of Congo) have the potential to spill over into the country and jeopardise economic performance and attainment of development goals. Prevalence of HIV/AIDS has remained stable at around 3 per cent since 2005. Other health hazards are malaria (392.7 per 1,000 people at risk) and tuberculosis (50.0 per 100,000 people). Rwanda is also vulnerable to climate change in the forms of increasing temperatures, floods and periodic droughts, with resulting impacts on agriculture, food security, infrastructure, poverty, diseases and income inequality. Rwanda has launched a national plan to counter vulnerability to climate change – its Vision 2050 campaign also includes aspirations to reduce dependency on foreign aid and strengthen local manufacturing and service industries.

Tanzania

Country data	
Population (millions) (2017)	56.3
Area '000 km^2	942.8
GDP (US$, billion, 2018)	61.0
GDP per capita, PPP current international US$ (2018)	3,444
Currency	Tanzanian shilling (TZS)

A large east African nation, Tanzania stretches inland from a humid coastal belt to a high plateau and to the continent's highest mountains in the northwest. The ancient great lakes of Victoria, Tanganyika and Malawi form part of Tanzania's western frontier. Their unique wildlife contributes to a highly bio-diverse landscape that is internationally renowned and contains 16 national parks. Formerly part of German East Africa, Tanganyika became independent in 1961, then combined with Zanzibar and Pemba to become the United Republic of Tanzania in April 1964.

Economic performance

Tanzania's economy has grown robustly over the past decade – averaging 6–7 per cent – and real GDP expanded at 6.6 per cent year on year in 2018, compared with 6.8 per cent in 2017 (see Table 4.1), primarily a result of expansion in services, including banking and finance and tourism, and agriculture. Services account for close to 40 per cent of GDP, with agriculture taking a 30 per cent share and industry around 26 per cent. FDI has grown significantly in recent years, led by China, primarily into large infrastructure projects such as electrified railways, rehabilitated ports and the expansion of Julius Nyerere International Airport.

The banking sector is broadly stable and efforts to improve lending to the private sector are beginning to bear fruit. Tanzania's overall economic prospects look promising in the medium to long term, given recent investment in infrastructure, education, reforms to institutions and growing international demand for the country's natural resources, which include gold, diamonds, phosphates, tin, uranium and natural gas.

Prices, wages and employment

Inflation has been relatively low in recent years, at 3.5 per cent in 2018, a decline from the 4.8 per cent recorded in 2017 amid favourable weather conditions and lower food prices along with relatively stable global fuel prices. Inflation is expected to edge up to close to the government's medium-term target of 5 per cent in 2019–2020 as public spending accelerates.

Employment is dominated by agriculture (67 per cent of workers) and services (27 per cent). Tanzania's unemployment rate has stabilised at 1.9 per cent in 2018 and 2017. Unlike other countries, its youth unemployment is about 3.5 per cent, which is low with respect to the regional average (around 10 per cent).

Fiscal developments

Tanzania's fiscal deficit widened to 3.9 per cent of GDP in 2018, reflecting increased public spending on infrastructure projects. The government aims to bring the deficit down to around 2.5 per cent in 2019–2020, but in the medium term it is expected to edge up to between 3 and 4 per cent of GDP.

Tanzania remains highly dependent on foreign aid, which contributes around one-third of the annual budget. Public debt has widened to a relatively manageable 39 per cent of GDP, from 38.2 per cent in 2017. External debt accounts for around three-quarters of overall public debt. Gross foreign reserves are high compared with most nations in the region – estimated at US$5.4 billion at end-2018, the equivalent of almost six months of imports.

Trade developments

In 2018, the external current account balance widened to an average of 5.2 per cent of GDP in 2020, amid rising imported services and capital equipment linked to new infrastructure projects. The recent stability of the Tanzanian shilling has persuaded more smaller firms to expand, which will spur imports in the medium term – the current account deficit is likely to widen to around 6.5 per cent of GDP.

Precious metals are the leading export, reaching a value of US$3.8 billion in 2018, more than twice the amount of the next-largest export, tobacco. Coffee and tea are the next most valuable exports, followed by fish and crustaceans. South Africa and India are the largest export markets by a large margin, above Switzerland and Belgium. Mineral fuels dominate Tanzania's imports, followed by machinery and vehicles, with China, India and the United Arab Emirates the main suppliers. Tanzania is a member of both the EAC and SADC.

Key development challenges

Tanzania has made considerable progress in reducing poverty in the past decade, with the official rate of poverty dropping from 60 per cent in 2007 to an estimated 27 per cent in 2016. Nevertheless, some 13 million people remain below the poverty line, and many rural communities lack basic sanitation, healthcare facilities and electricity. Tanzania is defined as a low human development country on the HDI, with a score of 0.538 and ranked 154th out of 189 countries – exhibiting some gender bias against females (see Table 4.3).

Population growth is high, at 3.1 per cent and a Gini coefficient of 37.8 suggests a mild level of income inequality.

The country also has a high rate of HIV (4.5 per cent in 2017), which is steadily declining – down from 5.1 per cent in 2011. It is higher for females (6.5 per cent) than males (3.5 per cent). The UNAIDS 90-90-90 programme is in place. Malaria prevalence is at 144.2 per 1,000 people at risk and tuberculosis at 287.0 per 100,000 people. The threats from climate change in the forms of increasing temperature, floods and periodic droughts are fully acknowledged in Tanzania as it affects agriculture, food security, infrastructure, poverty, diseases and income inequality.

Uganda

Country data	
Population (millions) (2017)	44.5
Area '000 km^2	241
GDP (US$, billion, 2018)	30.8
GDP per capita, PPP current international US$ (2018)	2,498
Currency	Ugandan shilling (UGX)

Uganda is a landlocked Eastern African country that includes a substantial portion of Lake Victoria, whose waters are shared with Kenya and Tanzania. Much of the county is a high plateau, dotted with lakes and rivers that drain northwards to South Sudan and the Nile valley. Formerly a British protectorate, Uganda became fully independent in October 1962 and joined the Commonwealth.

Economic performance

Uganda has experienced rapid economic growth since the early 1990s. Between 1992 and 2010, the average rate of growth was around 8 per cent, fuelled by industrial expansion and investment in the country's infrastructure and institutions. Expansion has slowed in recent years amid drought conditions and political instability both in Uganda and in neighbouring countries.

Uganda is ranked 20th out of 54 African nations in the 2018 edition of the Ibrahim Index of African Governance (see Table 4.3), below regional peers including Tanzania (14th), Kenya (11th) and Rwanda (8th).

The economy picked up in 2018, with real GDP growing by 5.9 per cent year on year (see Table 4.1) thanks to more favourable weather conditions and advances in ICT services, notably mobile telecommunications. The economy is forecast to grow by around 6 per cent in 2019–2020 on the strength of higher investment in infrastructure, FDI in the oil and mining subsectors and the implementation of business efficiency reforms (AfDB, 2019).

Prices, wages and employment

Inflation has stabilised since 2016, in line with a strengthening Ugandan shilling and easing prices for imported fuels. While the rate of inflation dropped to 3.8 per cent in 2018, it is expected to rise above 4 per cent in 2019 and 4.5 per cent in 2020 as food and fuel prices rise. The (monthly) minimum wage in Uganda is fixed at US$35.28 and the annual average salary in the capital, Kampala, is US$18,496.

The majority of the population is rural, however, and earn far less than that – around 70 per cent are engaged in agriculture. The industrial sector, which contributes roughly 20 per cent of GDP, employs on 7 per cent of the workforce, primarily for manufacturing textiles, processing agricultural goods and cement. Uganda's unemployment rate is relatively low, at 1.7 per cent in 2018. Youth unemployment is higher, but not as significant as in its African peers, at approximately 3 per cent.

Fiscal and debt issues

Uganda has run persistent but relatively low fiscal deficits in recent years, in line with efforts to curb public spending and broaden the tax base associated with the IMF's Policy Support Instrument. The deficit widened to 4.8 per cent of GDP in 2018, compared with 3.8 per cent in 2017 and 4.8 per cent in 2016. Public debt has been rising steadily, reaching 42.2 per cent of GDP in 2018 compared with

39.7 per cent in 2017 and 37.1 per cent in 2016. The ratio is forecast to reach 45 per cent in 2019, which has raised concerns about future repayment. China is the largest creditor, providing loans for large infrastructure projects such as an oil pipeline linking western Uganda with a Tanzanian port.

Trade developments

The external current account deficit was estimated to have widened to 6.8 per cent in 2018, compared with 5 per cent in 2017 and 3.4 per cent in 2016, principally because of growing imports of capital goods for the country's numerous infrastructure projects – notably machinery for new factories and power plants.

Uganda's imports are dominated by mineral fuels, followed by machinery and vehicles, with China, India, United Arab Emirates and Saudi Arabia the largest suppliers. Coffee and tea are the largest export category, followed by precious metals (notably cobalt, gold, tungsten and tin) and cereals. Kenya, United Arab Emirates and Sudan are the key export markets.

Uganda is a member of the EAC, which is a free trade area including the member states of SADC.

Key development challenges

Uganda has made significant progress in reducing the proportion of the population that has insufficient food and access to water and basic sanitation. It reached the Millennium Development Goal target of halving poverty by 2015. Nevertheless, it remains a poor country, with around 21 per cent of the population living below the national poverty line. Wars and instability in neighbouring Democratic Republic Congo and South Sudan have led to a tripling of Uganda's refugee population since 2016 to more than 1.3 million, which is straining host communities and service delivery.

Uganda's annual population growth rate is estimated at 3 per cent – among the highest in the world, which means the country's population could reach 100 million by 2050 if the current rate is maintained. In the early 1990s Uganda was at the epicentre of the HIV epidemic. Public awareness campaigns, antiretroviral medication and the UNAIDS 90-90-90 programme have all helped. The rate dropped to 6.2 per cent of the population in 2018. Malaria prevalence is at 187.2 per 1,000 people at risk and tuberculosis at 201 per 100,000 people. The mounting threats from climate change: increasing temperatures, floods and droughts are increasingly being acknowledged by the authorities, which are introducing a plan for adaptation with the assistance of the United Nations and other international organisations.

4.6 Economic Community of Central African States

Cameroon

Country data	
Population (millions) (2017)	25.2
Area '000 km^2	475.4
GDP (US$, billion, 2018)	38.4
GDP per capita, PPP current international US$ (2018)	3,828
Currency	Central African CFA franc (XAF)

Cameroon, a West/Central African nation, stretches from the humid Gulf of Guinea to the arid edges of the Sahara Desert at the frontier with Chad. It has one of the continent's most diverse landscapes, with five distinct geographical zones. The majority of the population lives in the south and southwest of the country, where the two principal cities of Douala and Yaoundé are located. Formerly a German protectorate, then divided into two zones, one of which was French-controlled and the other British, Cameroon became a united, independent state in January 1960. It joined the Commonwealth in 1995.

Economic performance

Cameroon is well endowed with natural resources, including oil (discovered in the 1970s) and gas, minerals including bauxite and iron ore, timber and agricultural produce such as coffee, cotton, cocoa, bananas, tobacco and maize. The primary sector accounts for around 14 per cent of GDP and employs more than 60 per cent of the workforce. Industry accounts for close to a quarter of GDP – primarily food processing, textiles and light manufacturing. Services are expanding rapidly and now comprise more than half of Cameroon's economic activity. Key sectors include telecommunications, transportation and construction.

Economic growth picked up to 3.8 per cent in 2018 after a sluggish two years, reflecting higher consumption and investment spending. It is expected to expand by 4.3 per cent in 2019 (see Table 4.1), supported by continued fiscal consolidation, restrictive monetary policies and rising natural gas output. A new floating LNG production platform opened in 2018.

Prices, wages and employment

Inflation, which has been in the low single digits in recent years, was an estimated 1.0 per cent in 2018, significantly below the 3 per cent ECCAS requirement. The unemployment rate has stabilised at slightly above 3.4 per cent, which is considerably below the average rate of 7 per cent for Commonwealth Africa.

Fiscal developments

Cameroon is vulnerable to fluctuations in global commodity prices. Its state finances worsened considerably when global oil prices slumped in 2014–2016, which necessitated consolidation under the IMF's Extended Credit Facility (signed in June 2017). The tighter fiscal stance and overdue structural reforms resulted in a reduction in the fiscal deficit to 2.6 per cent of GDP in 2018, from 4.9 per cent in 2017 and 6.2 per cent in 2016. General government revenue increased by 6.3 per cent, compared with only 3.2 per cent in expenditure, resulting in a 1 percentage point decline in total expenditure as a percentage of GDP. The financing of infrastructural development through commercial and public loans under the country's emergence policy led to an accumulated government debt of 38 per cent of GDP (including large state enterprises) in 2018, compared with 36.9 per cent of GDP in 2017. The government aims to reach 'economic emergence' by 2035 by investing in institutions to foster private sector jobs and opportunities.

Trade developments

During 2018, the external current account deficit (as a percentage of GDP) widened to 3.2 per cent, compared with 2.7 per cent in 2017, as a result of faster growth in imports of goods and services for various infrastructure projects and manufacturing plant (5.8 per cent) relative to exports of goods and services (down 4.4 per cent).

Cameroon's imports are dominated by electrical and other machinery, followed by fuels and vehicles, with China, France and Thailand the largest suppliers. Oil and gas are the largest exports, followed by timber and cocoa.

Cameroon is a member of ECCAS and the Economic and Monetary Community of Central Africa (CEMAC).

Key development challenges

Cameroon is categorised as a low-income country and it ranks 150th out of 189 countries on the HDI, with a score of 0.556, which places it in the category of medium human development. Population growth remains high, at an estimated 2.6 per cent. In terms of the key components of human development, Cameroon's average income per capita at PPP is estimated by the IMF to have reached US$3,828 in 2018, its life expectancy is 58.6 years and education achievement was 6.3 mean years of schooling in 2017 (see Table 4.3). Low rankings on Transparency International's Corruption Perceptions Index (153rd out of 180 countries) and the Ibrahim Index of African Governance (36th out of 54 nations) point to weak governance and institutions, which may hamper progress on tackling poverty.

An estimated 23.8 per cent of the population is estimated to be living in extreme poverty, chiefly in remoter, rural districts. While the economy is well-diversified, a worsening security situation in the northwest and southwest regions could undermine prospects, as these regions generate important business for agricultural producers. Climate change events are primarily manifested as high and rising temperatures, which affect the whole ecosystem, including human beings. In collaboration with external organisations, Cameroon has mounted a plan for climate change adaptation (2016-2020) based on climate monitoring and early warning systems.

4.7 Economic Community of West African States

The Gambia

Country data	
Population (millions) (2017)	2.1
Area '000 km^2	10.7
GDP (US$, billion, 2018)	1.0
GDP per capita, PPP current international US$ (2018)	2,612
Currency	Dalasi (GMD)

The Gambia consists of a narrow ribbon of land on either side of the River Gambia, one of West Africa's major waterways. It is the smallest nation on the African continent, and one of the most densely populated. Other than a 50 km stretch of Atlantic coastline, it is entirely surrounded by Senegal. The terrain is generally flat and low-lying; the port and the capital Banjul lie only 1m above sea level. Inland, the country rises to a low plateau with flat-topped hills. Following lengthy periods of French and then British rule, The Gambia became an independent nation in the Commonwealth in February 1962. The nation left the Commonwealth in 2013 and rejoined in 2018 following the ousting of President Jammeh.

Economic performance

The Gambia's small economy is reliant on tourism, cash crops and remittances – and it is vulnerable to external shocks. The agriculture sector, largely based on peanuts, groundnuts and cashew nuts contributes an estimated 20 per cent of GDP and employs 75 per cent of the labour force.

Real GDP growth was an estimated 5.4 per cent in 2018, significantly above the 4.6 per cent recorded in 2017 (see Table 4.1), driven largely by improvements in services (up 10 per cent), coupled with robust growth in the tourism, construction and telecommunications sectors. This largely reflects improved business confidence under Adama Barrow's presidency. The tourism sector recorded an impressive 31 per cent rise in visitors to 225,000 in 2018, from 171,000 in 2017. Real GDP growth is forecast to remain at around 5.4 per cent in 2019–2020, barring no resurgence in political instability, delays in the implementation of earmarked structural reforms and unfavourable weather conditions that weaken rain-fed agriculture.

The Gambia's political scene has stabilised since the ousting of the long-serving authoritarian president, Yahya Jammeh, in January 2017, but it remains fragile. The Ibrahim Index of African Governance ranks the nation 21st out of 64 nations – above Guinea and Nigeria and below Senegal and Ghana. On Transparency International's latest Corruption Perceptions Index, The Gambia's rank of 96th is low, but it represents an improvement compared with the previous two years.

Prices, wages and employment

Inflation declined to 6.5 per cent in 2018 from 8 per cent in 2017 and it is expected to decelerate towards the central bank's target of 5 per cent in 2019–2020 amid easing global prices and prudent fiscal and monetary policy-making. Unemployment continued to be in the neighbourhood of 9 per cent, around 2 percentage points above the average rate for Commonwealth Africa. Youth unemployment is higher, at 12.9 per cent.

Fiscal developments

The fiscal deficit widened to 6.0 per cent of GDP in 2018, compared with 5.3 per cent in 2017, owing to lower grant revenues and unbudgeted transfers to state-owned enterprises. The state finances should improve in the coming years as major post-2017 structural reforms, supported by the IMF, take effect. They will also be boosted by a robust recovery in tourism and remittances, which has helped stabilise the dalasi and enabled reserves to rebound to the equivalent of three months of exports.

Debt weighs heavily on The Gambia's economic prospects. Public debt declined slightly in 2018, but at 89 per cent of GDP it is higher than in most countries in the region, and interest payments accounted for a quarter of government spending in 2018. It should gradually decline to around 70 per cent of GDP in the next few years under the government's restructuring programme.

Trade developments

During 2018, the external current account deficit widened to an estimated 11.5 per cent of GDP, from a deficit of 7.1 per cent in 2017. Total imports are estimated to have increased by 12.9 per cent, while growth in exports was only 5.3 per cent. The Gambia's imports are dominated by refined fuels, followed by cereals, sugars and vehicles. Côte d'Ivoire, Brazil and China are the leading suppliers. The largest exports are fish and crustaceans, textiles and nuts, with Mali, South Korea and India the main export markets.

Key development challenges

While The Gambia's economy has recovered strongly since 2017, it faces a number of interlinked challenges, from reducing the public debt burden to building more a more diverse economy with resilient infrastructure and institutions. An estimated 74 per cent of the rural population lives below the poverty line, with women disproportionately affected. Average per capita income was estimated at just US$2,612 in 2018 (IMF, at PPP). Certain sectors, notably tourism, can provide much higher rates of pay. The Gini coefficient for income inequality is 35.9 (see Table 4.3), the third-lowest level in Commonwealth Africa.

Water storage and dispersal systems are limited, meaning farmers are highly vulnerable to droughts. The road network is generally poor, although completion of the Senegambia Bridge across the Gambia River in 2019 will boost the economy through greatly improved north-south links and connections with the Casamance region of Senegal.

As a low-lying coastal state, The Gambia is vulnerable to sea-level rise and flooding from increasingly powerful sub-tropical storms associated with a warming climate.

Ghana

Country data	
Population (millions) (2017)	29.6
Area '000 km^2	239.6
GDP (US$, billion, 2018)	68.0
GDP per capita, PPP current international US$ (2018)	6,452
Currency	Ghanaian cedi (GHS)

A West African nation, Ghana stretches inland from tropical rainforests of the Gulf of Guinea to semi-arid plains bordering Burkina Faso. Drained by a large number of rivers and streams, central Ghana is dominated by the huge man-made Lake Volta, created when the Akosombo Dam was completed in 1965. Ghana's four distinct geographical regions support a rich diversity of wildlife. The majority of Ghanaians live in the south of the country – greater Accra is the most densely populated region, followed by Ashanti, centred on the city of Kumasi. Formerly known as the Gold Coast, Ghana achieved independence in March 1957 and joined the Commonwealth.

Economic performance

Ghana's well-diversified economy includes oil and gas extraction, agriculture, manufacturing, industry and services. It is the second largest producer of gold and cocoa after South Africa and Côte d'Ivoire, respectively. Ghana is categorised as a medium-income country, with a rank of 140 out of 189 countries in 2017 in terms of human development, which indicates the country is at the stage of medium human development (see Table 4.3). As with its peers in Commonwealth Africa, the HDI score for females (0.563) is lower than that for males (0.619). In terms of income per capita, Ghana is the wealthiest nation in West Africa – estimated at US$6,452 in 2018 at PPP. Life expectancy is 63.0 years and the average time spent in education is 7.1 years – both high by regional standards.

Some progress has been made in reducing corrupt practices and improving governance, as indicated by Ghana's relatively high score of 41 (and ranking of 80th out of 180 countries) on Transparency International's most recent (2018) Corruption Perceptions Index. On the 2018 Ibrahim Index of African Governance Ghana is ranked a creditable 6th out of 54 nations.

The economy expanded strongly from the mid-1990s, following a series of IMF-backed reform programmes and substantial investment in agriculture, industry and infrastructure. The start of oil extraction in 2010 pushed annual GDP growth above 15 per cent for a time, until slumping oil prices brought it down to 3.6 per cent in 2016. The economy strengthened in 2017, with real GDP growth of 8.1 per cent, and it moderated to 5.6 per cent in 2018 (see Table 4.1). The services sector is the largest component of the economy, accounting for around 57 per cent of GDP and employing 45 per cent of the population (World Bank).

The banking sector is stable and well capitalised and has developed considerably, along with telecommunications and information and communication technology, reflecting the rapid roll-out of broadband Internet and mobile payments. Industry comprises around a quarter of economic output and is dominated by mining (chiefly of gold, bauxite and manganese), light manufacturing, aluminium smelting, food processing, cement production and petroleum. Agriculture remains important to Ghana's economy, accounting for about 19 per cent of GDP and mostly managed on small and medium-sized farms. Cocoa, palm oil, coffee and rubber are the main cash crops.

Prices, wages and employment

Inflation fell to a still-high 9.8 per cent in 2018, from an average double-digit rate of 13.8 per cent in 2015–2017. The lower inflation rate helped stabilise the Ghanaian cedi against major currencies, except for a slight depreciation against the US dollar in the second quarter of 2018. Inflation is expected to remain with in the central bank's target range of 6–10 per cent in the medium term. Wages in the formal sector average around US$170 per month, although monthly salaries as high as US$15,000 have been reported in some sectors.

Unemployment continued to be in the neighbourhood of 6.7 per cent for 2016–2018, around 0.2 percentage points above the average rate for Commonwealth Africa. Youth unemployment is higher, at 13.7 per cent.[6]

Fiscal developments

Ghana's fiscal deficit narrowed to an estimated 3.7 per cent in 2018, reflecting its efforts to tighten public spending and broaden the tax base. It is expected to widen again in 2019–2020 as certain loan repayments mature and amid financial difficulties in the energy sector.

Ghana's public debt to GDP ratio was estimated at 69 per cent in 2018; in April 2018, the IMF warned of a high risk of debt distress.

The public debt is expected to gradually diminish as debt management strategies take effect and amid solid expansion in the overall economy. Nevertheless, Ghana remains vulnerable to global price fluctuations in key exports such as oil, gas, gold and cocoa. India, China, South Africa and Switzerland are the leading export markets.

Trade developments

After recording an average external current account deficit of 6 per cent of GDP in 2015–2016, the deficit stabilised at 3.3 per cent of GDP in 2018, reflecting rises in oil and gold prices. It is expected to narrow further in 2019–2020. Precious metals were the most valuable export in 2018, followed by oil and gas, cocoa and edible fruit and nuts. Ghana's imports are dominated by machinery, mainly for the country's growing industrial and food processing sectors, and vehicles. Substantial amounts of cereals are also imported each year. China is the dominant supplier, followed by the USA, Belgium and India.

Key development challenges

An estimated 10 per cent of Ghana's population is affected by extreme poverty. There is also the connected issue of income inequality: a Gini coefficient of 42.4 indicates a relatively high level of inequality, although below that of South Africa, Namibia and Botswana. There is high incidence of malaria (285.6 per 1,000 people at risk) but prevalence of HIV among adults (1.6 per 1,000 persons) is low relative to other countries in Commonwealth Africa. Population growth is fairly high (2.2 per cent), but decreasing and lower than in many neighbouring countries in the region.

Increasing temperatures, declining rainfall or variability, rising sea levels and weather extremes and disasters are the realities of climate change, and they are already affecting Ghana. Like its regional peers, Ghana has benefited from the assistance of United Nations entities in implementing a national climate change adaptation strategy.

Nigeria

Country data	
Population (millions) (2017)	202
Area '000 km^2	923.8
GDP (US$, billion, 2018)	447
GDP per capita, PPP current international US$ (2018)	6,027
Currency	Naira (NGN)

Nigeria is a large West African nation stretching from the tropical rainforests in the south, along the Gulf of Guinea, to the semi-desert of the Sahel at the northern frontier with Niger and Chad. The varied landscape includes the vast Niger Delta, famed for its mangrove swamps and oil reserves. Highly bio-diverse rainforests surround the eastern border with Cameroon, while savannah characterises the central plateau.

With a population of around 202 million, Nigeria dominates the region – it accounts for about half of West Africa's population. A culturally diverse federation, it is made up of 36 autonomous states and the Federal Capital Territory (Abuja). The largest city, Lagos, has a population of around 14 million, with a total of 21 million estimated for the wider urban area.

Economic performance

Nigeria's economy is the largest in Africa, with nominal GDP estimated at US$447 billion in 2018. The economy depends mainly on exploitation of its abundant natural resources – namely, oil, accounting for 70 per cent of earnings – the agriculture sector (cocoa, peanuts, rubber and palm oil), the vibrancy of the tech industry, which is having a transformative impact on communities and businesses, the inventiveness of its services, including financial services, and its pool of highly skilled labour.

However, Nigeria is also known for the pervasiveness of corruption practices, which is reflected in its lowly rank of 146 out of 180 countries on Transparency International's

2018 Corruption Perceptions Index. Moreover, the Ibrahim Index of African Governance score of 47.9 in 2018 (33 out of 54 nations) indicates weak governance, despite some progress in recent years.

After two years of insignificant real GDP growth (-1.6 per cent in 2016 and 0.8 per cent in 2017), the Nigerian economy expanded by an estimated 1.9 per cent in 2018 (see Table 4.1), reflecting primarily higher production in the services, industrial and manufacturing sectors as well as an increase in oil prices. Agricultural production was severely hampered by social unrest, clashes between farmers and herders, flooding in key agricultural regions, low productivity and poor management. Despite some downside risks to the economic outlook based on expectations of lower oil prices, prolonged insurgency in the northeast and corruption, real GDP is projected to grow by 2.1 per cent in 2019, buoyed primarily by the government's implementation of the Economic Recovery and Growth Plan.

Prices, wages and employment

Inflation was estimated at 12.1 per cent in 2018, compared with 16.5 per cent in 2017, which reflected rapidly rising food prices, in part because borders with neighbouring Benin and Niger were closed during a crackdown on smuggling. Inflation-targeting policies are expected to bring down the rate of inflation to around 11 per cent in 2019–2020.

According to the National Bureau of Statistics, the unemployment rate increased from 16.5 per cent in 2017, to 23.1 per cent in 2018, with the rate higher still among young people. Unemployment was a major theme in the run-up to the 2019 presidential election, and the government has made the decrease of the unemployment rate a priority.

Fiscal developments

Nigeria's fiscal performance improved in 2018, as the deficit fell to 4.5 per cent of GDP from 5.4 per cent of GDP, boosted by a significant increase in total government revenue of 40 per cent, mainly from oil revenues and a value-added tax on luxury items, relative to a 21 per cent rise in total expenditure. Although oil contributes only 9.4 per cent of GDP and the non-oil sector 90.6 per cent, in terms of revenue Nigeria's economy is overly dependent on crude oil, which accounts for 81 per cent of total exports. Nigeria has a relatively low debt to GDP ratio, which stood at 28 per cent of GDP at the end of 2018.

Trade developments

Nigeria recorded a current account deficit of 2.1 per cent of GDP in 2018, significantly below the average deficit of 6.6 per cent for the ECOWAS region – a reflection of strong oil export receipts and improvements in the terms of trade. Oil and gas absolutely dominate exports, ahead of ships, boats and floating structures, cocoa and oil seeds. India is the largest export market, followed Netherlands, Spain and France. Mineral fuels are the largest import, ahead of machinery and vehicles, primarily from China, Netherlands and South Korea.

Key development challenges

While Nigeria's economy has expanded and become more sophisticated in recent years, the country faces immense development challenges, epitomised by sharply growing inequalities in income and opportunity. This partly reflects a growing north-south divide, with the poorer and more remote north suffering from instability and the Boko Haram insurgency. Population growth is high (2.6 per cent on average and unsustainably high in some rural areas). Corruption and poor governance is rife, the transport infrastructure and energy supply is largely inadequate and the banking system is fragile and there are insufficient links between higher education and employers.

In 2018, Nigeria ranked 158th out of 189 countries in terms of human development, placing the country in the category of low human development. The key HDI components are as follows: income per capita (US$6,027, 2018 at PPP), life expectancy (53.9 years) and education achievement (mean years of schooling: 6.2). Females score lower in terms of human development than males, which is confirmed by the Gender Development Index score of 0.868 (see Table 4.3). Indeed, according to Adebayo, a CNN correspondent, Nigeria overtook India in terms of extreme poverty in 2018 and is now the country with 'the largest population of people living in extreme poverty (less than US$1.90 a day) with an estimated 87 million Nigerians'.[7]

In 2018, HIV prevalence was estimated at 1.4 per 1,000 persons, which represents an improvement over the score of 2.9 in 2016, which is far lower than in SADC countries. However, this still means an estimated 1.9 million people are currently living with HIV in Nigeria. Malaria incidence of 349.6 per 1,000 people at risk and tuberculosis prevalence of 219 per 100,000 people are other serious health matters, affecting productivity, poverty, income inequality and economic growth.

Nigeria is also vulnerable to the impacts of climate change, which manifest in the form of rising temperatures and recurrent flooding. There is a need to focus on the

> ... diversification and extension of protected areas for the conservation of vulnerable ecosystems, maintaining ecological structure and process at all levels and ecosystem vulnerability to the changes and reorientation of their evolution towards higher resistance to the changes; incorporating biodiversity conservation into adaptation strategies in the other sectors of the Nigerian economy; establishment and protection of protected area (in situ preservation), and the active management of wild populations outside protected areas (ex situ management)... monitoring to evaluate species and ecosystems stability from climate change perspective.[8]

Sierra Leone

Country data	
Population (millions) (2017)	7.5
Area '000 km^2	71.7
GDP (US$, billion, 2018)	3.8
GDP per capita, PPP current international US$ (2018)	1,602
Currency	Leone (SLL)

Sierra Leone lies between Guinea and Liberia on West Africa's Atlantic coast. Apart from the hilly Freetown peninsula, the coastal belt is flat. The land rises to a broad plateau and to the Guinea highlands in the east, with mountain peaks up to almost 2,000m. The capital and largest city, Freetown, is located at the mouth of Africa's largest natural deep-water harbour. Formerly a British colony, Sierra Leone became an independent member of the Commonwealth in April 1961.

Economic performance

After experiencing a devastating civil war in 1991–2002 and an Ebola outbreak in 2014–2016, Sierra Leone is gradually recovering. The Ebola outbreak caused more than 3,900 deaths and a revenue loss equivalent to 29 per cent of GDP, according to the World Health Organization (WHO). Sierra Leone's agriculture-dominated economy (it accounts for 51.5 per cent of GDP) is the poorest in ECOWAS, with per capita income estimated at US$1,602 in 2018 (at PPP). It also has the lowest life expectancy in the region.

Real GDP growth slowed marginally to an estimated 3.8 per cent in 2018 (see Table 4.1), mainly as a result of a decline in the production in iron ore mining stemming from a decline in prices over the past four years and closure of the main mine, the Tonkolili facility. However, real GDP growth is projected to increase to 5.4 per cent in 2019, the impetus provided by higher private investment in agriculture, diamond mining and oil extraction.

Prices, wages and employment

Inflation continues to be among the highest in Commonwealth Africa, reaching 16.9 per cent in 2018, reflecting the depreciation of more than 30 per cent in the exchange rate and steadily rising prices for imported food and fuel. The official unemployment rate is 4.3 per cent (ILO), but youth unemployment is estimated to be closer to 50 per cent, with the vast majority of employees classed as being vulnerable to losing their job.

Unemployment has several consequences, including the generation of poverty. In this regard, an estimated 52.3 per cent of the population is affected by extreme poverty, with a higher proportion of the poor living in rural areas and more females categorised as poor than males. Although some progress has been made in combating poverty, the present level is still high. The Gini coefficient for income inequality indicates a score of 34, the lowest in ECOWAS.

Fiscal developments

The fiscal deficit worsened to an estimated 7.7 per cent of GDP in 2018 from 6.8 per cent in 2017, largely the result of a shortfall in revenue collections and higher spending related to elections. As a result, the public debt to GDP ratio jumped to 79.2 per cent of GDP in 2018, and it is expected to spiral above 90 per cent of GDO in 2019–2020, an unsustainable level – the country is now classified as being at high risk of debt distress.

Trade developments

The external current account deficit widened to an estimated 16.9 per cent of GDP in 2018, compared with 13 per cent in 2017, stemming from higher imports of consumer goods and weak export performance. Cereals become the largest import by value in 2018, ahead of machinery and vehicles, with China, United Arab Emirates, Belgium and India the leading suppliers. Following the closure of a major iron ore mine, ores are now only the country's second most valuable export, behind fish and crustaceans. Cocoa and vehicle parts are the third and fourth most important exports. China, South Korea and Netherlands are the three largest export markets.

Key development challenges

Sierra Leone continues to face the daunting challenge of rebuilding its shattered economy against the backdrop of widespread poverty, health and sanitation issues and unemployment. The country's institutions and infrastructure are in urgent need of sustained investment. Gradual progress is being made under President Julius Maada Bio, with assistance from the international donor community, including the IMF's Extended Credit Facility.

Special focus: Fintech development

The development of the fintech industry in Sub-Saharan Africa, including the Commonwealth Africa countries, is revolutionising the financial services landscape by improving access to basic banking and other payment services, as well as fostering innovative digital solutions in other economic sectors, such as agriculture, education, medical services and infrastructure. These activities hold tremendous potential to strengthen financial inclusion and accelerate knock-on effects for job creation, poverty alleviation and inclusive economic growth.

Notwithstanding the transformational change ushered in by the fintech industry, though, there are concerns related to the potential risks associated primarily with cyber-security threats, fraud, money laundering and financing of terrorism. Therefore, collaboration among regulators, governments and sector participants is imperative to create an enabling environment that mitigates these risks and ensures digital literacy continues to gain momentum.

The ability of the average citizen in Sub-Saharan Africa to execute digital payments and money transfers has been a key driver of fintech activity. The most widely used vehicle is mobile phones supported by Internet connectivity of consumers to business firms and peer-to-peer transactions (i.e. remittances or money transfers to family and friends across borders and within countries). As a result, subscriber mobile phone penetration has risen significantly, with the emergence of three main fintech hubs, South Africa, Kenya and Nigeria, far exceeding those of other countries. In addition, Africa has the highest mobile money penetration in the world, with an estimated 10 per cent of the adult population and over 100 million active mobile money accounts.

East Africa is the leader in mobile money transfer payment adoption and usage. Kenya's M-Pesa, the hugely successful mobile money transfer and financing service, has expanded to Ghana, Lesotho, Mozambique and Tanzania. Prior to the launch of M-Pesa, more than a quarter of Kenya's population was dependent on traditional – and inaccessible – banking services to transfer money to family and friends. In Nigeria, peer-to-peer money transfers, bill payments, online payments and payroll services are increasingly being carried out, and in Botswana and Cameroon payment and withdrawal cards are rising in frequency each year. In Senegal, large mobile operators and money service providers, Orange Group and MTN Group, have created a joint venture Mowali, which offers mobile wallet interoperability that facilitates payments across the breadth of Africa (IMF, 2019b).

There is tremendous potential to enhance the range of financial products and services beyond mobile payments. In this vein, central banks are partnering with fintech start-ups and established players to design, test and redesign new products and services. This collaboration is critical to deepening Africa's participation in the global digital economy and engendering inclusive economic growth and development. In those economies with large informal sectors, new technologies can incentivise citizens to formalise their business and day-to-day transactions, which bodes well for increasing fiscal revenue. Indeed, striking the right balance between regulation and technological innovation without compromising mitigation of the associated risks is worth pursuing.

4.8 Key development challenges

The major development challenges in Commonwealth Africa are inextricably linked to perennial concerns related to fragility, conflict and violence in many of the countries. Addressing these challenges will involve strengthening mechanisms to reduce extreme poverty, improving income and gender equality and boosting shared economic progress. It is also essential to put in place a business environment that is attractive to investors and to ensure the drivers of economic growth are sustainable. A worthy objective would be to target real GDP growth of at least 6 per cent in each country, which, if underpinned by stronger institutions, lower population growth, reduced corruption and improved service delivery, could boost incomes and positively affect the countries of the region. Indeed, the digitisation of economic activity across Africa could unlock the creativity and innovation needed to catalyse inclusive growth.

Economic progress improves when real income per capita growth keeps pace with real GDP growth. The data for the Commonwealth African countries indicate divergence occurs in the presence of high rates of population growth, which is an emerging development challenge. Therefore, average real GDP growth of 4.4 per cent is necessary, but unfortunately not sufficient. Improving institutional quality and governance, which encompasses political stability, corruption, government effectiveness and maintaining the rule of law, also represent a critical challenge, one that is currently stymying inclusive economic growth and poverty alleviation.

Furthermore, general government debt levels (as a percentage of GDP) are increasing, with many of the Commonwealth African countries either approaching or having surpassed the indicative debt threshold of 60 per cent of GDP. The Gambia, Ghana, Mauritius, Seychelles, South Africa and Zambia are approaching this threshold and Mozambique has surpassed it. The proximate reasons for public debt accumulation have to be understood and strategically managed, considering the country-specific circumstances, particularly as the composition of debt is shifting to private creditors.

The lack of quality jobs, especially for youth and recent university graduates, and persistent unemployment are also challenging. In many countries, most formal job opportunities are concentrated in the agriculture sector, which is low productivity. This contributes to worker apathy, leading to migration to the informal sector, which in and of itself is characterised by job insecurity and low wages. Youth unemployment is evident across the breadth of Africa and is far greater than the overall unemployment rate. A good example is Namibia, where the unemployment rate is 23.1 per cent and youth unemployment rate has reached 44 per cent.

Furthermore, the prevalence of HIV/AIDS, malaria, tuberculosis and other diseases is costly in terms of maintaining a healthy and productive workforce. The problem is more acute in the southern belt than in other regions. Lesotho, for example, has 25 per cent adult HIV prevalence, the second highest rate in the world. Security and safety concerns owing to violence, rebellions and other forms of crimes are a major challenge. This is the case with Boko Haram in Nigeria/Cameroon region, rebellions in the Democratic Republic of Congo region, which spill over into the EAC, and political instability as well as insecurity in The Gambia.

4.9 Policy priorities

The historical context of the Commonwealth African countries suggests core policy priorities geared towards tackling fragility issues, poverty, income disparities and concerns related to security and safety. This involves improving the business climate to stimulate investment and creating new opportunities for entrepreneurs that generate inclusive real economic growth capable of creating quality jobs with decent wages and benefits. These pro-growth policies must also be environmentally friendly and relevant in order to break the cycle of poverty and stagnation in income distribution. Equally important is the need to enhance regional trade facilitation and embrace economic integration.

An important policy issue is the impact of annual population growth of more than 2 per cent, as this requires a constant and sustained increase in real GDP growth beyond 2 per cent per annum to maintain real GDP per capita at levels that aid in poverty alleviation and reduce inequality. The majority of countries in Commonwealth Africa have recorded population growth greater than 2 per cent. Furthermore, the impact of climate change is critical for enhancing economic prospects, in view of the high contribution of agricultural production to real output growth. Periods of drought and floods, which are occurring more frequently, could have severe impacts on economic performance. Furthermore, improving institutional quality and enhancing the business climate to attract higher foreign direct investment are equally important for creating new avenues for economic growth.

Despite high levels of economic growth in many countries, the employment (youth employment) story is less glowing. Sustained economic growth is needed to generate quality jobs. Although each sector has to be promoted to generate jobs, it is also important to acknowledge that some sectors generate more (quality) jobs than others. The mining sector is poor in terms of job creation and this goes a long way in explaining Botswana's weak record on jobs. In addition, job creation is meaningless if the workforce is not qualified. With the ever-changing environment, it is not only formal education that needs to be adapted to the requirements of workplace but also training, especially to meet the needs of the digital economy. HIV/AIDS prevalence, particularly in SADC, negatively affects productivity; policies to curb this are necessary.

Finally, taking further steps towards the full integration of the four communities (SADC, EAC, ECCAS and ECOWAS) could create synergies to boost trade and greater movements of labour and capital; financial markets; and infrastructural projects. Making this a reality will substantially increase economic growth across the region and possibly help solve other developmental issues.

Notes

1 The SADC region includes Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, eSwatini (Swaziland) and Zambia. The EAC comprises Kenya, Rwanda, Tanzania and Uganda. ECCAS includes Cameroon and ECOWAS The Gambia, Ghana, Nigeria and Sierra Leone.

2 According to World Bank estimates, low-income economies are defined as those with a current gross national income (GNI) per capita of US$1,025 or less (2018); lower-middle-income economies are between $1,026 and $3,995; upper-middle-income economies are between $3,996 and $12,375; and high-income economies are at $12,376 or higher.

3 See Table 4.3. The Gini Index coefficient is computed as an average for 2010–2017.

4 Human Development Report 2019 (http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/MUS.pdf)

5 In July 2019, Zimbabwe banned the use of foreign currencies, including the South African rand.

6 This figure comes from Statista (https://www.statista.com) rather than Table 4.3.

7 Nigeria overtakes India in extreme poverty ranking: https://edition-m.cnn.com ; information from the Brookings Institution

8 https://www.adaptation-undp.org

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