

## CASE STUDY

# An investigation into the impacts of COVID-19 on the economic growth: a case study of Southern Africa

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The aim of the study was to investigate the effects of COVID-19 on economic growth in SADC. COVID-19 has been a challenge and still a challenge in many parts of the world across the globe. As a result of COVID-19 many people from all walk of life lost their businesses, their belongings, their jobs, including friends and relatives due the deadly pandemic and Africa was no exemption from all these. As consequences of COVID-19 particularly in SADC and beyond many people lost their lives, the unemployment rate has augmented and trading relationship between SADC countries has been limping since the pandemic occurred in March 2020. Therefore, the present study recommends a SADC mitigation COVID-19 measure strategies that would enable SADC countries to improve on the spread of COVID-19 and strengthen the trading relationship among SADC countries.

**Keywords:** COVID-19, economic growth, SADC, effects of COVID-19

## Introduction

After Covid-19 hit the world ever since the latter months of 2019, and ever since then there have been numerous challenges in so many aspects of living all over the world. COVID-19 has had an impact on practically every country in the world, including Namibia and the rest of the SADC area. Despite Namibia's deployment of a partial lockdown across the country on March 27, 2020, following the declaration of the State of Emergency (1). The Namibian economy has been harmed by this COVID-19, with commodities prices plunging, the South African Rand weakening against key world currencies (the Namibian currency is tied to the Rand), and severe implications for the tourism industry, freight movements, and informal and official merchants. Several corporations have let off employees or decreased compensation to save money and improve cash flow, especially hurting low-wage workers (2).

The global number of patients has topped three million since the COVID-19 epidemic was declared on December 31, 2019. As of 3 May 2020, there has been a total of 3,499,398 confirmed cases worldwide, with 244,991 fatalities, according to early estimates (case fatality ratio: 7.0 percent). The global number of verified COVID-19 infections and deaths increased dramatically during the course of the month. As of May 4th, 2020, 44,125 instances had been documented on the African continent, with 1,793 deaths. COVID-19 has been reported in 52 out of 54 African countries. Union of Comoros and Lesotho are the two nations in the SADC area that have not reported instances as of 30th April 2020.

## Problem statement

COVID-19 since its existence has been and still a challenge to many states. The consequences of COVID-19 leads to many loss of lives and loss of jobs, companies closing down as

well as many governments of the world confused on what to do (3). Covid-19 has changed how people used to live because life has changed completely since it has not been business as usual. For the SADC countries, since most of them depend on South Africa for many basic needs, it has been a challenge because one would order a consignment of goods from south Africa and this would no longer take one to two weeks (depending on the closeness and transport mode in use) as usual but this is extended to a month or even longer, which negatively affected the trading relationship between south Africa and other SADC member countries.

## Aim and objectives

The main objective is to investigate the impacts of COVID-19 on economic growth in the SADC region.

### The objectives were

To identify the challenges faced by SADC countries on economic growth during COVID-19.

To examine the effects of COVID-19 on economic growth in SADC.

To evaluate the effects of economic growth of SADC countries during COVID-19.

## Methodology

Based on the research objectives, the qualitative interpretive methods were selected to understand and examine the impacts of COVID-19 on economic growth in SADC. The qualitative interpretivism methods were chosen primarily for their ability to collect data on subjective views and opinions from individuals and groups. The semi-structured interview technique was chosen partly because it allows for the collection of rich data through the participants' perceptive views and opinions (4). As this was done verbally over the phone (whatsapp voicenotes) and in person, the semi-structured interview technique offers flexibility during data collection, including rapid probing of participants' answers. According to Draper and Swift (5), during the interviews, the interviewer has the freedom to rephrase and rearrange the questions.

As shown in **Table 1**, the data was collected from five countries in SADC, Namibia, South Africa, Botswana, Zambia and Zimbabwe. The data was gathered, to understand the impacts of COVID-19 from the SADC perspective.

The SADC countries were selected based on fact that they have common trading relationship among each other as well as hold a high level of similarities in so many aspects. The data was collected, using questionnaire and telephonic interview techniques. The questions on the questionnaire

**TABLE 1** | Participants.

	Impacts of COVID-19 on economic growth			
Namibia	2	2	2	1
South Africa	2	1	1	2
Botswana	1	1	1	2
Zambia	1	1	2	2
Zimbabwe	1	1	2	2

were qualitative. It allowed the respondents to express themselves. The interviews were based on the responses on the questionnaire. The data was analyzed, using the interpretivism technique.

Furthermore, the research questioned selected individuals from all over SADC region about their opinion of how COVID-19 affected their countries' economies, both the good and the bad, whom reciprocally sent open ended answers via WhatsApp voice notes.

## Literature review

This section discusses the scientific and general overview of the challenges faced by SADC countries on economic growth during COVID-19, the effects of COVID-19 on economic growth in SADC and the effects of economic growth of SADC countries during COVID-19.

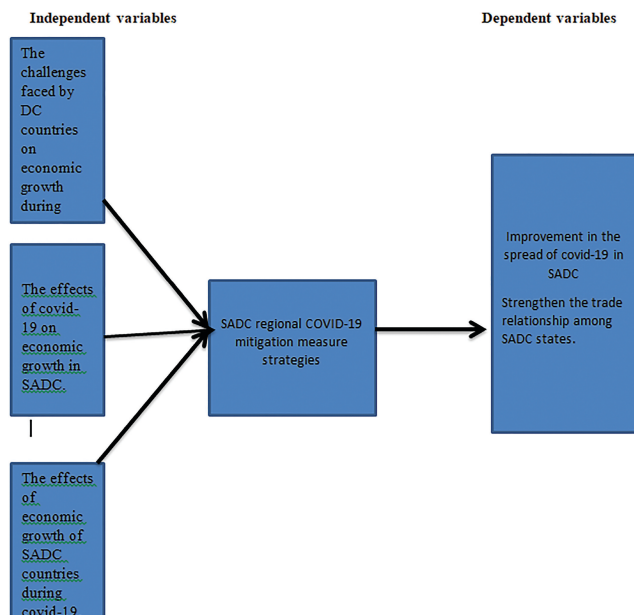
*The challenges faced by SADC countries on economic growth during COVID-19*

COVID-19 has infected over 6 million individuals and killed over 370 thousand, while over 2.8 million people have recovered, with over 3 million active cases in 213 nations and territories worldwide and 2 international conveyances (2). More than 2.4 million cases of COVID-19 have been documented worldwide as of April 20th, 2020, with more than 170,000 deaths (3). In the same time span, 20,092 cases were documented across the African continent, with over 909 deaths. COVID-19 instances have been documented in 52 of Africa's 54 countries. Union of Comoros and Lesotho, both in the SADC area, are the only two countries that have not recorded instances. This indicates that 14 of the 16 SADC member countries have reported COVID-19 instances.

*The effects of COVID-19 on economic growth in SADC*

In China, COVID-19 sporadically spread across the whole world within the first quarter of 2020. COVID-19 is currently one of the most serious global health crises with high socio-economic costs. Furthermore, the Bulletin No. 10 of the SADC regional response to COVID-19 provides highlights it causes to many nations. COVID-19 as a pandemic caused death to many families across the globe and still continue to increase in many part of African states and beyond (3).

*The effects of economic growth of SADC countries during Covid-19*



**FIGURE 1** | Conceptual framework for SADC regional COVID-19 mitigation measure strategies. Researcher's own conceptualization.

In 2019 the novel corona virus disease was detected in china as per the report (6). The virus continues to spread across the globe as one of the most serious global health crises in history, with high socio-economic costs. As a result, the International Air Transport Association predicted revenue losses of up to US\$113 billion and the United Nations Economic Commission for Africa predicted revenue losses of at least US\$65 billion among Africa's top ten fuel exporting states.

## Conceptual framework

This section describes the analytical tool with several variations and contexts. Besides, the conceptual framework enabled this study to make conceptual distinctions and to organize ideas.

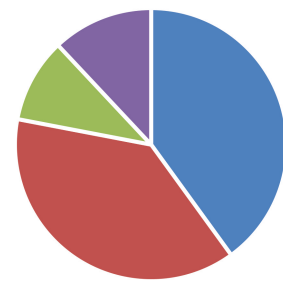
The relationship between the independent and dependent variables is outlined in the conceptual framework shown in **Figure 1**.

## Business benefits

It is no news that most goods and services provided in SADC are imported, mostly by big and multinational companies. With the first countries' lockdown that sought closing of borders, a lot of local suppliers have shone as they took advantage of absence of companies with competitive advantage.

The other benefits experienced in SADC is the rise in supplies of health sector businesses as their goods were in demand. This happened as people went in the panic

## demand during COVID-19



■ Health Sector ■ Delivery Sector ■ Tourism sector ■ Others  
**FIGURE 2** | Demand during COVID-19.

mode and stocked up on all health remedies as well as health supplies that well deemed or speculated and believed to be useful for reducing or preventing the infectiousness of the pandemic.

The business in the delivery services sector also experienced a high demand of their services as peoples' movements were reduced and they will then rather have their goods and services delivered on their front doors for them. The sector that was mostly hit negatively is the tourism.

There was a point when people did not take tourism vacations anymore mostly because of the movements restrictions imposed but also due to personal decisions as people decided not to spend money on services that are considered as luxuries. The tourism businesses tried to survive this by coming up with attractive packages such as share- able packages for groups of people, prices including pick up transport etc., however, these mostly just helped them to break even and seldom made any profits.

These demand shares among sectors is summarized in the pie chart below:

On the government side, there was a huge discovery of the weaknesses in the system as this is revealed within less outside interventions that is experienced over lock- down, and thus the governments are trying to do better to improve their economies.

## Discussion of results

COVID19 has had an economic influence on more than one group of people in the SADC region. It has influenced employees and employers, residents and non-residents, business owners and customers, and others from all walks of life. However, the extent to which different groups of people are affected differs from group to group and sector to sector, resulting in mixed effects across the economy because all of these different sectors and groups of people contribute to the same economy (country wise).

The sector that was affected most in the SADC region is the informal sector such as the street vendors. Most SADC countries has had their first lock down after the first wave of COVID surged, and that unfortunately meant, a lot of small businesses as well as informal vendors ceased to operate. This had the tremendous affect on the SADC economies as this sector is the back bone of the economy within the region; (according to. “we need to get some governmental info on this”) the informal sector vendors has more mouths to feed than formal business people and formal employed people of the country in the region. As per. (let’s get a paper talking about the gap between the rich and the poor in SADC), when it comes to the division of wealth, there are more people on the bottom of the “gap between the rich and the poor,” these informal vendors also have to see a huge population of the youth through school and cater for their different basic need such as health, provision for food and water etc.

Due to their lack of organization and inability to comply with COVID and lockout restrictions, these impromptu sellers’ businesses came to a halt during the first shut- down. Even while governments attempted to assist the people, such as Namibia’s distribution of N\$ 750 to every-one unemployed, it was insufficient because there were too many and it was mostly a one-time event that would not make a significant effect on the ground.

As people began to get more and more hungry, this contributed to the rise on crime rate, biggest of them being the looting that happened in South Africa, where by the people takes to the streets and loot shops, and rob trucks transporting goods. This had a huge impact to many SADC countries as a lot of them are supplied by South Africa for a good chunk of goods and services.

Apart from informal vendors, the next sector that was hit the most was the small and medium enterprises sector. These were hit mostly because they don’t have enough capital to keep them afloat and thus, they had to let goof most of their employees because they cannot afford them and some even had to close down. This sector is the second largest that carry the economy and therefore had affected the economy hugely as not only does this resulted into less tax income to the government but it had also contributed to a rise in unemployment rate as well as shortage in supplies of goods and services which thus meant, excess demand which is foresee a bad impact on the economies of scale.

On a more positive side, the health sector was not hit negatively, in fact it has thrive if anything. Many

individuals and business diverted and/or incorporated into their routines, supplying of health materials such as masks, sanitizers, steamers, herbs, protective clothing, including services for the COVID deceased, etc. these had flourished as there was a huge demand for their services.

Other health services that experienced a rise in demand was the psychological services as more and more people were getting depressed due to facts such as dismissal of social life and also losing their loved ones to COVID, so those who could afford, seek the services of social workers, Psychologists, etc.

## Conclusion

COVID-19 brought a whole lot of changes to different sectors within the SADC countries, which simultaneously and in the long run, brought upon both negative as well as positive impact on the economies with the negative outweighing the positive however, both experienced.

The governments as well as citizens have a duty to learn from these experiences, especially the negative impacts, to ensure that their economies are well equipped to see them through this pandemic but also other pandemics that may happen in the future.

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