



COMMUNIQUÉ

FIFTH SADC MACROECONOMIC PEER REVIEW MECHANISM PANEL MEETING

**SAFARI COURT CONFERENCE CENTRE
WINDHOEK, NAMIBIA
19 JULY 2019**

1. The Peer Review Panel (The Panel) comprising the SADC Ministers of Finance and Investment and the SADC Central Bank Governors, met on 19 July 2019 at the Safari Conference Centre in Windhoek, Namibia.
2. The purpose of the peer review process is to review progress made by individual Member States towards the achievement of agreed SADC Macroeconomic Convergence targets as well as to identify risks to economic outlook and devise policy actions to mitigate them.
3. The Panel considered peer review reports of Lesotho, Madagascar and Malawi, the fifth group of State Parties to the Protocol on Finance and Investment, to be reviewed since the SADC Macroeconomic Peer Review Mechanism was launched in May 2013 in Maputo, Mozambique.
4. The Panel noted the following:

Lesotho

- 4.1 During the period 2013 – 2017, real GDP growth for Lesotho averaged 2.7 per cent. The major drivers of this growth were the financial and insurance services, manufacturing, wholesale and trade, mining, agriculture and construction. The country recorded economic decline of

0.1 per cent in 2017. It is estimated to have grown by 1.2 per cent in 2018.

4.2 Inflation in Lesotho has been on a downward trend in recent years, supported by declining food prices at the backdrop of a bumper harvest in South Africa. Overall, annual inflation averaged 5.0 per cent in 2018 from an average of 5.2 per cent in 2017.

4.3 Lesotho's fiscal deficit, which reached 8.6 per cent of GDP in 2016, improved to 2.1 per cent of GDP in 2017 and is estimated at 4.4 per cent of GDP in 2018. At the end of 2018, public debt stock was estimated at 33.4 per cent of GDP compared to 35.6 per cent of GDP in 2017.

Madagascar

4.4 Economic growth in Madagascar reached 5.2 per cent in 2018, after maintaining a plateau of 4.2 per cent in 2016 and 2017. The increase was attributed to improved performances in the secondary and tertiary sectors. In the secondary sector, Madagascar benefited from an increase in the production of nickel and cobalt coupled with significant improvements in the manufacturing sector. In the tertiary sector, growth was positively influenced by improved performance in the banking and telecommunications services.

4.5 Inflation reached 6.1 per cent in 2018, after maintaining an average of 7.4 per cent since 2015. In Madagascar, inflation is generally driven by food, especially rice, and oil prices.

4.6 Madagascar's fiscal deficit remained at 3.1 per cent of GDP in 2017 and 2.4 per cent in 2018. Public debt averaged 35 per cent of GDP in 2018 compared to 32.8 per cent recorded in 2017.

Malawi

- 4.7 Malawi recorded an average GDP growth of 4.0 per cent in 2018 compared to 5.2 per cent in 2017. This growth was on account of performance in the agriculture sector.
- 4.8 Since 2013, Malawi's inflation has maintained a downward trend. Inflation decelerated from a peak of 28.6 per cent in 2013 to 11.6 per cent in 2017; and further to 9.2 per cent in 2018.
- 4.9 In 2018 Malawi recorded a budget deficit of 6.1 per cent of GDP compared to a deficit of 3.3 per cent of GDP in 2017. Public debt amounted to 62.5 per cent of GDP in 2018, an increase from 61.0 per cent recorded in 2017.
- 5 The Panel considered and approved the Mission review reports and recommended policy proposals for Lesotho, Madagascar and Malawi. It welcomed the commitment by the authorities of Lesotho, Madagascar and Malawi to implement the recommendations.
- 6 In conclusion, the Panel commended Botswana, DR Congo and Zambia for undertaking the peer reviews for Lesotho, Madagascar and Malawi, respectively.
- 7 The Panel agreed that Angola, DR Congo and Tanzania will be the next Member States to be peer reviewed during 2019/20.
- 8 The Panel expressed their heartfelt gratitude to the Republic of Namibia and her people for their warm reception and hospitality extended during the course of the meeting.

Windhoek - Namibia

19 July 2019