

Enhancing Economic Growth among SADC Countries through Strategies that Eliminate the Natural Resource Curse

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Abstract

It is a widely held belief that economies rich in natural resources tend to experience slower economic growth trajectories than their resource-scarce counterparts, a phenomenon frequently labelled as the "resource curse". Despite abundant natural resources in Southern African Development Community (SADC) countries, there is no significant improvement in economic growth in some of these resource-rich countries. Using cross-country data for four selected countries from the SADC region and Ordinary Least Squares with Panel Corrected Standard Errors (PCSE) model, the current study examined for the presence of the natural resource curse amid political risks. The study used aggregated panel data on GDP per capita, political stability index, natural resource rents, regulatory quality, population growth and trade openness for the period 2002 to 2021. The findings revealed a negative and statistically significant relationship between natural resource rents and economic growth, as well as regulatory quality and economic growth, thereby validating the natural resource curse. The study also found a positive and statistically significant relationship between the joint impact of political stability and natural resource rents and trade openness on economic growth. Furthermore, the study found that political stability and population growth do not impact on economic growth in the SADC region. Therefore, the study recommends, among other things, improved transparency and governance, strengthening regulatory frameworks or institutions, improved political stability, economic diversification as well as strengthening international trade relations for the SADC region to escape from the natural resource curse.

Keywords: Geopolitics, resource endowments, conflicts, war, Southern Africa

Introduction

The advancement of both developed and developing nations increasingly hinges on natural resources, both renewable and non-renewable (Acheampong et al, 2023). It is widely acknowledged that natural resources wield a broad influence on critical global systems, including political and economic structures. Natural resources endowments enhance productivity, drives economic expansion, facilitates exports, creates jobs and reduces poverty (Asif et al, 2020). Mlambo (2022) notes that natural resources can serve as key pillars in promoting economic growth and development, if there are mechanisms in place that are aimed at transforming these natural resources into development outcomes. Thus, when used productively, revenue from natural resources can be an important catalyst for sustainable economic development.

It is imperative to note that natural resources can be a curse. If there are no mechanisms in place to transform these natural resources into development outcomes, they can contribute to negative growth outcomes. Thus, an important economic paradox that frequently arises in the economic literature is that countries with rich natural resources are relatively poor compared to those with poor natural resources endowments (Nzié & Pepeah, 2022; Van der Ploeg & Poelhekke, 2017). This paradox, known as the “natural resource curse” is contrary to the notion that natural resources help countries boost economic growth and consequently poverty reduction. Theoretically, several explanations have been put forward to explain the reasons for the poor transformation of natural resources into economic growth. These include the Dutch disease; limited economic diversification, rent-seeking behaviour and conflicts, corruption and weak political institutions, excessive optimism and poor economic policies and lastly burdensome levels of debt (Iimi, 2007).

Africa is heavily endowed with a vast array of natural resources, including minerals, land, water for agriculture, forests for wood, non-wood forests, oil and gas for mining (Mlambo, 2022; Achaeampong et al, 2023). For decades, the exploitation of these resources has dominated the continent’s economies and the livelihoods of most of its populations. Mlambo (2022:2), noted that “many African countries place the ownership of natural resources to the government and the government is also the sole recipient of the funds obtained from resource extraction.” Centralising resource revenues within government coffers can lead to corruption, rent-seeking behaviours and inefficiencies. As a result, the debate on the potential of natural resources in improving economic growth in many African countries has generated more heat than light. This owes to the level of development in these countries, which is different from the rest of the world. With vast natural resources at their disposal, the contribution of natural resources to the development trajectory of African countries is still contentious and SADC countries are not an exception. As a result, African region has become a textbook case of the natural resource curse, characterised by abundant natural resources, low levels of economic development and mismanagement of natural resources (Achaeampong et al, 2023; Badeeb et al, 2017; Frynas et al, 2017).

Vast empirical literature extensively discusses the natural resource curse prevalent in the Global South. However, there is still a gap in the exploration of how the combined effects of natural resource rents and political stability impact on economic growth in SADC countries. Therefore, the study seeks to examine the natural resource curse amid political risks using a case of selected SADC countries. Specifically, the study seeks to examine the joint impact of political stability and natural resource rents on economic growth in SADC countries; to determine the impact of natural resource rents on economic growth in SADC countries and to unearth the role of regulatory quality on economic growth in natural resource-rich SADC countries. The significance of this study lies in its dedicated focus on the SADC region, where it seeks to delve into the combined impact of political stability and natural resource rents (revenues) on economic growth of resource-rich countries. Through this examination, the study shed light on the extent to which the interaction between political stability and natural resource revenue either hinders or propels economic growth in selected SADC countries. By addressing this gap, the study provides valuable insights that inform policy and strategies that can aid in fostering sustainable development as well as addressing challenges associated with management of natural resources in the region.

Theoretical Literature

Several reasons have been put forward to explain the resource-growth nexus and why countries with rich natural resources fail to channel resources towards development outcomes. These include the Dutch disease, rent seeking and conflicts, poor economic diversification, corruption and undermined political institutions, overconfidence, poor policies and debt overhang (Imi, 2007). The "Rentier Effect" follows what is known as the political resource curse, which emanates from the pioneering works of Mahdavy (1970). According to the "Rentier Effect" posits that countries with access to natural resources rents and other types of windfall gains tend to be less reliant on tax revenue and are relieved from accountability pressure, hence they become less responsive to the demands of citizens (Mlambo, 2022). Pritchett (2000) built on several studies to come up with the "Rentier State" and noted that natural resource revenues increase the power of the existing states. Disierto (2018) noted that rent-seeking by political agents is assumed to take the form of (mis)appropriation of government revenues away from public goods towards private transfers, patronage and the government's own consumption. As a result, natural resources rents and other types of unearned income tend to increase government revenues, which in turn fuel greater misappropriation. Mlambo (2022) noted that the rentier effect is common in African states as they fail to manage natural resources revenue. In most countries, including DRC, revenue management process is filled with mismanagement and corruption, which reduces the quality of institutions (Mlambo, *ibid*).

Poor economic diversification has been put forward as another explanation on why states with abundant natural resources fail to transform them into development outcomes (Imi, 2007). This is best explained by the Staple Trap Model, which is an optimistic version of the Staple Theory coined by Mackintosh (1923). According to Vahabi (2017), the term "staple" refers to the chief commodity produced by a region. Customarily, the term "staple" describes plantation and non-plantation products, fishing and products of extractive industries. The central concept of the Staple Theory is that of the spread effects of the export sector or export activity on the domestic economy and society. In this case, Hirschman (1958) noted that the inducement to domestic investment resulting from a boost in the export sector can further be broken down into forward, backward and final demand linkages. In addition to these three linkages, there exists a fiscal linkage of the staple, which measures the ability of the government to tap revenues accruing from the staple to various parties (Vahabi, 2017). Thus, these linkages and the spread effects of the staple lead to economic diversification. Therefore, when the staple lacks necessary linkages to other sectors of the domestic economy and fails to generate diversification, it is dubbed a "Staple Trap". This means the staple in question may be called a 'bad' staple. The Staple Trap explains the natural resource – growth nexus and explains the resource curse in the sense that it blocks the economic diversification process (Mlambo, 2022).

The failure or success of natural resources to boost economic growth in resource-rich countries is also dependent upon the quality of institutions (Demissie, 2014). This is explained by the Institutional Theory from institutional economics, which is an extension of the neoclassical theory. This theory resulted from the cooperation between economists and political scientists who studied the role of institutions in economic growth. According to the institutional theorists, weak governments and corruption are major factors contributing to the natural resource curse phenomenon (Mlambo, 2022). Thus, in developing countries with lax institutions, natural resources rents tend to be channelled towards the elite, which becomes corrupted and less responsive to citizens' demands. These elites or monopolies in power will be less interested in advancing policies and institutions that create wealth. As a result, natural resources can become a curse and cause many problems if a country does not have a high-quality institutional

framework. This is the case with many African states where mineral resources have been linked to corruption and weak institutions (Mlambo, 2022).

Empirical Literature

The empirical literature on resource-growth nexus has accrued in different research contexts. Different authors have used different methodologies in testing this nexus, which contributed to mixed findings. A study by Kaznacheev (2017) attempted to determine how institutions impact the success of natural resource-rich countries. The study found that countries with quality political institutions manage their resource rents and attain economic growth and social development more effectively than those with poor political institutions. According to the study, high-income countries such as Canada, Chile, Australia and Norway demonstrate that it is possible to build a prosperous and innovative economy using revenues from minerals.

Jalili et al. (2019) reassessed the natural resources-economic growth relationship by incorporating several channels to the explanations. The study used panel data analysis for the period 1980-2015 in 31 oil-rich countries. The findings showed that oil rent augments economic growth; thus, oil rent is a conducive rather than an impediment to economic growth. The study also noted that governance plays a significant role in determining economic growth. On the other hand, financial development was found to be an unimportant channel in the resource-growth nexus since it is often unable to mobilise oil rent from the government to the private sector. In addition, the study also found that globalisation is advantageous for oil-rich countries as it improves economic growth.

Henri (2019) also did a study to investigate economic and institutional indicators that are more adversely impacted by natural resource rents. The study found that most institutional problems include corruption, problem of rule of law, ineffective public administration, poor or bad regulation, lack of voice and accountability and political instability. The same study also reported that natural resources rents cause volatility of GDP per capita, which in turn leads to a low level of physical and human capital accumulation. As a result, Henri (2019) concluded that African countries should promote economic diversification and good governance. Similar research findings were echoed by Kelly (2016) where bad institutions and their associated dysfunctions lead to an intensive natural resource curse, thereby causing political and economic underdevelopment.

The interplay between the political system and natural resources plays a major role in the natural resources-economic growth nexus. A study by Kwakwa et al (2021) examined the effect of natural resources on the economic growth of Tunisia. The study also investigated the role of political regimes in moderating this relationship using time series data for the period 1970-2017. The findings revealed that the interplay between the political system and natural resources increases the favourable effects of natural resources on economic growth, while the findings are mixed in the short run. In the study, oil, mineral and forest rents had a favourable impact on sectoral growth. Thus, the study noted that a democratic system is key to the successful use of natural resources for long-term economic growth. In a study by Mlambo (2022), which examined the political aspects of the resource curse in African States using the Fully Modified OLS (FMOLS) and for the period 1995-2016, it was found that a positive relationship between efficient functioning of government to resource rents exists. The study noted one-way causality from efficient functioning of government to resource rents and not vice versa. This relation indicates the importance of government performance in the extractive industry.

In another study by Acheampong et al (2023), which examined the effect of democracy and natural resources on income inequality in Sub-Saharan Africa (SSA) using the Driscoll-Kraay estimator, it was found that natural resources and democracy indices (consisting of electoral, participatory, liberal, deliberative and egalitarian) drive income inequality in the SSA region. On the regional comparative analysis, the study further indicated that democracy indices increase income inequality in Central, West and Southern Africa, while a neutral effect on income inequality was found in Eastern Africa. Still on regional comparative analysis, the study reported that natural resources reduce income inequality in the West and Southern Africa regions while increasing income inequality in the Eastern African region. Natural resources were found to have an insignificant role in income inequality in Central Africa. In addition, an interaction between democracy indices and natural resources was found to widen income inequality in Eastern and Southern Africa, while no combined effect was found in the case of West and Central African countries.

Harris et al. (2020) extended the literature on political leaders and natural resource rents to look at the role bureaucrats play in the development of the natural resource curse in countries that have recently discovered oil. According to the study, bureaucrats may support or constrain political spending in ways that reduce the extent of the resource curse. Thus, using a survey experiment on over 300 government employees in Ghana and Uganda, the study found that bureaucrats treated with information on oil revenue are more likely to disapprove of spending practices that benefit political supporters. The study indicates that bureaucrats in Uganda with secure jobs and outside government patronage networks are more likely to oppose the political use of oil rents. This finding by Harris et al. (2020) indicates that greater autonomy amongst government officials can improve the negative effects of natural resources windfalls on state capacity. This positive effect provides a plausible explanation for how political factors mediate the influence of natural resource abundance on development outcomes rather than the rent-seeking explanation.

Also in Africa, Nzié and Pepeah (2022) sought to investigate the effects of natural resource endowments on economic growth using a sample of 37 African countries for the period 1996-2019. The study divided the sample into resource-rich and resource-poor nations and used an Autoregressive Distributed Lag (ARDL) model for data analysis. With a linear interaction between natural resources revenue and institutional quality, the study found a contingent effect of natural resource revenue on economic growth in both the long run and short run. In resource-rich countries, weak institutions were found to exacerbate the negative relation between natural resources and economic growth in the long run. However, in the short run, these variables were found to be complementary towards enhancing economic growth. The study also found that, in the case of resource-poor countries, institutional quality and natural resources compete in relation to economic growth, whilst their combined effect positively influences economic growth. This shows that the natural resource status of the country concerned has a significant influence on the nature of the research findings obtained.

Research Methodology

The study conducted panel data analysis using data from four SADC countries renowned for their abundance of natural resources. These countries encompass Zimbabwe, Zambia, Tanzania and the Democratic Republic of Congo (DRC). Panel data analysis increases the observations, which improves efficiency, unlike the individual country time series analyses (Baltagi, 2008). Several methods, such as pooled OLS, fixed effects model (FEM), random effects model

(REM) and dynamic OLS, can be employed to address the challenges posed by unobserved heterogeneity. Following the natural resource curse framework, a mathematical model is specified as follows:

$$gdppc_{it} = f(polity_{it}, nr_{it}, rq_{it}, popg_{it}, topen_{it}) \dots (1)$$

The empirical model specification was specified as follows:

$$gdppc_{it} = \alpha + \beta_1 polity_{it} + \beta_2 nr_{it} + \beta_3 rq_{it} + \beta_4 ponr_{it} + \beta_5 popg_{it} + \beta_6 topen_{it} + \varepsilon_{it} \dots (2)$$

for $i = 1, \dots, N$ and $t = 1, \dots, T$, i denotes cross-section and t denotes a time period.

where $gdppc_{it}$ is the GDP per capita for the country i in year t ; $polity_{it}$ is political stability for the country i in year t ; nr_{it} is the total natural resources rent for the country i in year t ; rq_{it} represents regulatory quality for the country i in year t ; $ponr_{it}$ is an interaction term between political stability and total natural resources rents for a country i in year t ; $popg_{it}$ Is population growth for the country i in year t ; and $topen_{it}$ represents trade openness for the country i in year t . ε_{it} represents the error term that is assumed to be $\varepsilon_{it} \sim IID(0, \sigma_\varepsilon^2)$.

GDP per capita ($gdppc_{it}$) entered the model as a proxy for economic growth and as well as the dependent variable in the model. The variable $polity_{it}$. It is a political stability index measured in percentiles where 0 corresponds to the lowest rank and 100 to the highest rank. Political stability measure perceptions of the likelihood of political instability and or politically-motivated violence, including terrorism. The study expected a positive sign of the coefficient of $polity_{it}$. Total natural resources rents (nr_{it}) are the sum of oil rents, coal rents, natural gas rents, mineral rents and forest rents and are measured as a percentage of GDP. As per the natural resource curse framework, the study expected a negative coefficient of nr_{it} .

Regulatory quality (rq_{it}) The estimates range between -2.5 and 2.5 as they capture perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. Poor regulatory quality (negative perceptions) negatively affects economic growth, hence a negative sign of the coefficient of rq_{it} was expected. The coefficient of $ponr_{it}$ it was expected to be positive as this measures the joint impact of political stability and natural resources rents. Control variables included in the model encompass population growth measured as the annual percentage and trade openness measured as the sum of exports and imports as a percentage of GDP. Data for all variables were collected from the World Bank Indicators (2024). Data for all variables in the model are made up of 80 observations ranging from 2002 to 2021. Thus, the study used four (4) cross-sectional units ($n=8$) and 20 time periods ($T=20$), which gave a total of 80 observations ($N=80$).

With regards to econometric estimations, the study used panel unit root tests using Im, Pesaran and Shin (IPS) test. The null hypothesis of the study stated that the series in the panel contains a unit root, whereas the alternative hypothesis indicated no unit roots. A correlation matrix was used to determine the presence of multicollinearity among the explanatory variables. Determining whether to use FEM or REM models, the study used Hausman specification tests under the null hypothesis of orthogonality. Thus, if $p\text{-value} < 0.05$, the study rejected the REM in favour of the FEM. Following the Hausman test, the study chose the fixed effects model. Diagnostic tests performed for the chosen model included the modified Wald test for heteroscedasticity, the Breusch-Pagan LM test for cross-sectional dependence and the

Wooldridge test for autocorrelation. However, the final model used in the study was OLS with Panel Corrected Standard Errors (PCSE) given that the FEM did not pass all the diagnostic tests.

Results and discussion

This section presents the descriptive statistics, panel unit root tests results and estimation results using panel data analysis.

Summary of Descriptive Statistics

Table 1 presents a summary of descriptive statistics with three different test statistics, including overall, between and within. The within and between capture the time-series and cross-sectional dimensions of the data, respectively.

Table 1: Summary of Descriptive Statistics

Variables	Variations	Mean	Std. Dev.	Min	Max	Obs.
gdpc	Overall	915.85	360.25	322.44	1530.01	N=80
	Between		375.86	418.67	1249.74	n=4
	Within		149.94	490.90	1196.12	T=20
polity	Overall	27.21	19.82	0.97	68.25	N=80
	Between		21.60	3.65	53.90	n=4
	Within		6.21	8.76	41.56	T=20
nr	Overall	13.06	8.71	3.38	38.83	N=80
	Between		8.60	5.43	24.32	n=4
	Within		4.45	1.49	33.19	T=20
rq	Overall	-1.09	0.58	-2.20	-0.35	N=80
	Between		0.65	-1.81	-0.52	n=4
	Within		0.15	-1.48	-0.66	T=20
popg	Overall	2.72	0.82	0.52	3.57	N=80
	Between		0.84	1.47	3.25	n=4
	Within		0.36	1.77	3.44	T=20
topen	Overall	60.99	17.75	27.50	109.52	N=80
	Between		14.24	39.841	70.69	n=4
	Within		12.69	24.61	102.80	T=20

Overall, using the coefficient of variation, the variation for GDP per capita (gdppc) is 0.39, for political stability (polity) the variation is 0.73; for natural resources rents the variation is 0.67; for regulatory quality the variation is 0.54; for population growth the variation is 0.30; and for trade openness the variation is 0.29. GDP per capita, political stability, natural resource rents and trade openness have more between variations than within variations. Regulatory quality and population growth have almost similar between and within variations. This means that the variation in these two variables across countries is nearly equal to that observed within a country over time. Given low variations for all the variables, this implies no evidence of outliers, hence no need for transforming the data.

Table 2: Panel Unit Root Test Results

Variable	P-value	P-value Differencing	First Order integration	of
gdppc	0.00	-	I (0)	
polity	0.02	-	I (0)	
nr	0.08	-	I (0)	
rq	0.05	-	I(0)	
popg	0.82	0.01	I(1)	
topen	0.01	-	I (0)	
ponr	0.08	-	I (0)	

The findings shown in Table 2 show that all variables except population growth are stationary at levels, that is, they are integrated of order zero or I (0). Population growth became stationary after first differencing, that is, it is integrated of order one.

Multicollinearity Test Results

Table 3: Multicollinearity Test Results

	Polity	nr	rq	topen	d.popg
polity	1.00				
nr	-0.29	1.00			
rq	0.74	-0.19	1.00		
topen	-0.04	0.52	-0.38	1.00	
d.popg	-0.10	-0.11	-0.19	0.03	1.00

Multicollinearity test results indicate that the association between the explanatory variables indicates no evidence of exact or perfect multicollinearity. This is indicated by correlation coefficients of less than an absolute value of 0.8. As a result, it implies that the influence of one explanatory variable on economic growth can be isolated, holding other variables constant.

Hausman Specification Test Results

Table 4: Hausman Test Results

	Coef.
Chi-square test value	58.52
P-value	0.00

Table 4 shows that the overall chi-square statistic has a p-value = 0.00. This leads to the rejection of the null hypothesis at 1% significance level. Therefore, the study rejects the null hypothesis at a 1 per cent significance level; thus, the regression model should be the Fixed Effects Model. A test between the pooled OLS and fixed effects model revealed a p-value of 0.00, which rejects the pooled OLS in favour of the fixed effects model.

Table 5: Diagnostic test results of the Fixed Effects Model

Test	p-value
Cross-sectional dependence test	0.00
Heteroscedasticity test	0.00
Autocorrelation test	0.00

The diagnostic test results presented in Table 5 show that the model suffers from cross-sectional correlation, heteroscedasticity and serial autocorrelation. As a result, the fixed effects model did not pass the diagnostic test. This means that the fixed effects model is characterised by panel heteroskedasticity, autocorrelation and contemporaneous correlation (HPAC). Therefore, to correct for these standard errors' complications, this research estimated OLS with Panel Corrected Standard Errors (PCSE) model.

Regression results

Table 6: Estimation results from PCSE model

Dependent Variable: gppc	coefficient	Panel-corrected Std. Err.	z	p-value
ponr	0.60	0.17	3.59	0.000***
polity	3.20	3.83	0.83	0.400
nr	-33.82	4.72	-7.17	0.000***
rq	-278.96	58.69	-4.75	0.000***
Topen	3.29	1.46	2.25	0.020**
d.pogp	-212.68	165.95	-1.28	0.200
Cons	592.01	139.73	4.24	0.000***
<i>R-squared</i>	0.78			
<i>Wald chi2(6)</i>	213.60			
<i>Prob> chi2</i>	0.00			

*** and ** means that the coefficients are significant at 1% and 5 % Significance level.

The findings in Table 6 show that the coefficients of the interactive variable (ponr), total natural resource rents, regulatory quality and trade openness are statistically significant, while those of political stability and population growth are statistically insignificant.

The findings show that there is a negative relationship between total natural resource rents and economic growth. The coefficient of nr is statistically significant at the 1 per cent level. This means that a one percentage point increase in total natural resource rents decreases economic growth by 0.6 percentage points. Thus, as natural resources extraction increases together with the rents from these extraction activities, this translates into economic decline in selected SADC countries. Economic growth has been depressed in these natural-resource-rich countries. This, therefore, validates the natural resource curse hypothesis. The finding is in line with the "Rentier Effect" theory and Staple Trap models. As per the Rentier Effect, natural resources rents tend to increase government revenues, which in turn fuel greater misappropriation and poor governance and hence lower economic growth. Concerning the

“Staple Trap” model, the findings show that the natural resource curse is a result of poor diversification, as depending on natural resources leads to low economic diversification. Thus, these SADC countries fail to make adequate investments in other sectors, which is causing them to be vulnerable to the declines in commodity prices, thereby leading to poor economic performance. Given that these countries depend on natural resources, they are falling into the Staple Trap with poor economic diversification. Similar findings were reported by studies by Henri (2019), who found a negative relation between natural resources and economic growth. Contrasting these findings are findings by Jalili et al. (2019), who revealed a positive relationship between natural resources and economic growth. Thus, the study managed to achieve the objective of the impact of natural resource rents on economic growth in selected SADC countries.

The coefficient of ponr is statistically significant at 1 percent level indicating a positive impact of an interaction term between political stability index and natural resource rents on economic growth. This finding suggests that the combined influence of political stability and the availability of natural resource rents have a positive effect on driving economic growth in selected SADC countries. This key research finding implies that in SADC countries where political stability coexists with prudent management of natural resources, there are more chances of witnessing accelerated economic growth. The findings are in line with the findings by Kwakwa et al. (2021), who revealed that the interplay between the political system and natural resources increases the favourable effects of natural resources on economic growth. Thus, countries with increased political stability are likely to transform their natural resources into growth outcomes. Thus, the natural resource curse discussed above can be minimised if countries are characterised by good political systems. Harris et al. (2020) also found that political factors mediate the influence of natural resource abundance in promoting economic development rather than the rent-seeking explanation. However, the findings are in contrast with a study by Acheampong et al. (2023), who found that an interaction between democracy indices and natural resources widens income inequality in the SSA region.

The regulatory quality coefficient is negative and statistically significant at the 1 per cent level, suggesting a negative relationship between regulatory quality and economic growth in selected SADC countries. Thus, a unit increase in negative perceptions regarding regulatory quality deteriorates economic growth by 279 percentage points. This study finding implies that as regulatory quality deteriorates, so does economic growth in selected SADC countries. This result means the poor regulatory institutions or cumbersome regulatory frameworks in the extractive sectors, lead to excessive red tape, fuel corruption and bureaucratic hurdles, which end up reducing economic growth in these natural resource-abundant nations. The findings are in line with the predictions of the Institutional Theory, which posited that countries are falling into the natural resource curse because of weak institutions. In line with the findings by Henri (2019), weak institutions lead to poor economic growth and these include the problem of rule of law, bad regulation, ineffective public administration and corruption. In this case, selected SADC countries are characterised by weak institutions, which are fuelling mismanagement of resources and government revenue, which in turn leads to low economic growth.

Regarding the control variable, the results in Table 6 reveal that trade openness increases economic growth in selected SADC countries. Thus, a one percentage point increase in trade openness increases economic growth by 3.3 percentage points. This suggests that policies encouraging more trade openness through the reduction in trade barriers can be beneficial to SADC countries. Countries can reap the benefits of increased free trade as they trade their commodities, which also encompass their natural resources, such as minerals, among other

commodities. The result bolsters the findings of Acheampong et al. (2023), who also found similar results, where openness to trade improves economic performance by reducing income inequality.

Conclusion and recommendations

The main aim of the study was to determine if SADC countries are characterised by the natural resource curse amid political risks. The key finding is that the joint impact of political stability and natural resource rents positively influences economic growth in SADC countries. The study also found the presence of the natural resource curse, as evidenced by a negative relationship between natural resource rents and economic growth in SADC countries. In addition, poor regulatory quality also results in low economic growth despite abundant natural resources rents. Thus, the study concludes that political stability plays an important role in mediating the role between natural resources and economic growth in SADC countries.

To escape from the natural resource curse phenomenon, the study recommends strategies such as the promotion of natural resources governance, strengthening of the regulatory frameworks, strengthening political stability, improving economic diversification and improving trade relations internationally. As noted by the 'Staple Trap' model, the natural resource curse is a result of low economic diversification due to dependence on natural resources, as in the case of Zambia. Therefore, the study recommends a strategy that improves economic diversification in SADC member states to reduce the dependence on natural resources. Thus, there is a need for countries to take necessary steps to stimulate growth in other sectors of the economy. In the sense that trade positively influences growth, diversification can be promoted through opening new export markets for non-extractive sectors in international markets. There is a need to strengthen political governance and institutional frameworks. Thus, the institutional frameworks that promote good governance of natural resource rents should be in place for growth to be realised in these countries. These frameworks should enforce comprehensive laws and regulations and they need to be clear, consistent and aligned with best international practices. This helps to reduce misappropriation of natural resources. Political stability can be strengthened by promoting inclusive decision-making processes that involve diverse stakeholders, strengthening democratic institutions and enhancing citizens' participation in governance. Governments need to uphold the rule of law as well as strengthen anti-corruption measures and enforce accountability mechanisms. Lastly, there is need for countries to continuously promote trade openness by reducing tariffs and eliminating barriers to trade to enhance market access and promote competition.

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