



# ECONOMIC WRAP-UP

## Southern Africa

A publication from the Pretoria Regional  
Economic Service from February 24 to 28, 2025

### Trump Ends Thousands of USAID-Funded Programs in South Africa

President Donald Trump has ordered the immediate cessation of USAID funding for organizations fighting HIV in South Africa. This decision affects numerous projects funded by the President's Emergency Plan for AIDS Relief (Pepfar), whose officials have received letters instructing them to halt all activities and terminate ongoing contracts.

Since its creation in 2003, Pepfar has invested approximately \$8 billion (around 145 billion rand) in South Africa to combat HIV and AIDS, including \$439.5 million (about 8.1 billion rand) for the current fiscal year (October 1, 2024 - September 30, 2025). These funds have supported 44 health projects funded by USAID in the country, including HIV screening, treatment, and prevention programs for vulnerable populations such as LGBTQI+ communities, sex workers, and orphaned children.

Trump's decision comes after a global freeze on U.S. aid funding, announced on January 24, followed by limited exemptions on February 1. The lack of clear communication amid this crisis has sparked reactions from public health experts and activists. According to them, this decision could lead to an increase in deaths and infections, directly affecting the 8 million South Africans dependent on the government's antiretroviral treatment program. These funding cuts risk undoing years of progress in the fight against HIV and other diseases, such as tuberculosis, exposing already vulnerable populations to heightened risk.

## Summary:

### Southern Africa

- The Trump administration has reportedly decided to end the Power Africa initiative ([Bloomberg](#))
- Minister Thani Mohamed-Soilihi is visiting Zambia and South Africa ([French Embassy in Zambia](#))

### South Africa

- Following the State of the Province Address by Premier Lesufi, the Gauteng province has launched a consultation for the expansion of the Gautrain network ([Business Day](#))
- John Lamola has been appointed CEO of South African Airways, against the board's recommendation ([Business Day](#))
- Annual inflation increased to 3.2% in January ([StatsSA](#))
- South Africa could be removed from the FATF grey list by October 2025 ([Business Day](#))
- New budget proposal from the DA ([Bloomberg](#))

### Angola

- Conclusions of the IMF's Article IV mission ([IMF](#))
- Angola is preparing a debt issuance after meetings with investors ([Aman Alliance](#))

### Botswana

- The Botswana government and De Beers have finally signed the renewal of their cooperation agreement ([Reuters](#))

### Zambia

- Annual inflation increased to 16.8% in February 2024 ([Zamstats](#))

## Southern Africa

### **The Trump administration has reportedly decided to end the Power Africa initiative (*Bloomberg*)**

According to internal sources cited by Bloomberg, the U.S. administration has decided to halt the Power Africa program aimed at supporting electrification across the African continent. Launched in 2013 by President Obama, this initiative aimed to develop 30,000 MW of electricity and connect 60 million people to electricity in sub-Saharan Africa by 2030.

On January 27 and 28, the World Bank (WB), the African Development Bank (AfDB), along with several African heads of state and private sector representatives, announced their commitment to Mission 300. This mission aims to provide access to electricity for 300 million people by 2030 through investments in renewable energy (solar, hydro, wind) and the improvement and expansion of electrical grids and alternative solutions such as mini-grids.

### **Minister Thani Mohamed-Soilihi Visits Zambia and South Africa (*French Embassy in Zambia*)**

On February 25 and 26, the French Minister Delegate for Francophonie and International Partnerships, Thani Mohamed-Soilihi, visited Zambia. During this visit, the Minister Delegate signed a memorandum of understanding with the Zambian government, represented by Sylvia Masebo, Acting Minister of Foreign Affairs and International Cooperation. Both parties committed to strengthening their cooperation in the fields of energy, agriculture, health, sports, youth, and culture.

Minister Mohamed-Soilihi also met with Finance Minister Situmbeko Musokotwane, expressing satisfaction with recent progress and France's role in restructuring Zambia's debt. He also visited Mulola Primary School, a beneficiary of a nutrition program implemented by the World Food Programme (WFP), partly funded by France. France has also committed to supporting grain deliveries to Zambia from Ukraine,

amounting to 2.8 million EUR under the "Grain from Ukraine" operation.

The Minister Delegate then traveled to South Africa, where he was scheduled to engage with his counterparts and partners and participate in the Finance in Common Summit (FICS), held in Cape Town from February 26 to 28.

## South Africa

### **Following the State of the Province Address by Premier Lesufi, the Gauteng province has launched a consultation for the expansion of the Gautrain network (*Business Day*)**

Following his State of the Province Address (SOPA), Premier Panyaza Lesufi outlined the challenges facing Gauteng Province, which includes the municipalities of Johannesburg and Tshwane (Pretoria). The Premier highlighted the high crime rate, unemployment reaching nearly 40%, and deteriorating infrastructure. The leader of the Democratic Alliance (DA), Solly Msimanga, who is in the provincial opposition, agreed with this alarming assessment but blamed the ANC and its allies for the degraded situation.

During his address, Panyaza Lesufi also promised to extend the Gautrain urban transport network, inaugurated during the 2010 World Cup. This project, named the Gauteng Rapid Rail Integrated Network (GRRIN), aims to connect disadvantaged neighborhoods to the west and south of Johannesburg. Following this, the province launched a public consultation on a multi-phase development plan that aims to eventually connect Jabulani Station (Soweto), Roodepoort, and Lanseria, whose airport is also slated for expansion. The route for the first phase of the extension (Sandton-Little Falls), for which consultations began in 2018, has been integrated into this plan and now appears stabilized. It is worth noting that this project remains in the consultation phase, with no firm commitment from the province on a timeline.

## **John Lamola has been appointed CEO of South African Airways, against the board's recommendation (Business Day)**

On the recommendation of Transport Minister Barbara Creecy, the South African government has approved the appointment of John Lamola as CEO of the national airline, South African Airways (SAA). Despite serving as interim CEO for nearly three years, the board had recommended another candidate, Allan Kilavuka, the current CEO of Kenya Airways, who was considered more qualified. The Democratic Alliance (DA), the second-largest party in the country and a member of the Government of National Unity (GNU), criticized the move as a "deployment of cadres," with John Lamola being close to the African National Congress (ANC). This appointment was allegedly executed by Minister Creecy and supported by Deputy President Mashatile.

## **Annual inflation increased to 3.2% in January (StatsSA)**

According to the national statistics agency (StatsSA), annual inflation reached 3.2% in January, up from 3.0% in December 2024. The main contributors to this increase were "housing and public services" (+4.5%, contributing 1.1 percentage points), "food and non-alcoholic beverages" (+2.3%, contributing 0.4 percentage points), and "restaurants and accommodation services" (+4.9%, contributing 0.3 percentage points). It is worth noting that the price increase, in line with economists' forecasts, occurs in a context of slight monetary easing, with the central bank's key rate dropping from 8.25% to 7.5% between September 2024 and January 2025.

## **South Africa could be removed from the FATF grey list by October 2025 (Business Day)**

During its plenary on February 21, the FATF recognized South Africa's progress in strengthening its anti-money laundering and counter-terrorism financing (AML/CFT) framework. Out of the 22 measures required to exit the grey list, 20 are now considered addressed or largely

implemented. Only two requirements remain to be fulfilled by June 2025:

- (i) Improving investigations and prosecutions of money laundering cases.
- (ii) Strengthening the fight against terrorism financing.

If these objectives are met, South Africa could be removed from the FATF grey list by October 2025. The Treasury praised the efforts of regulators and law enforcement, which have strengthened the AML/CFT framework. However, it emphasized the need to continue these reforms, not only to exit the grey list but also to sustainably combat financial crime and consolidate the country's economic stability.

## **New Budget Proposal from the DA (Bloomberg)**

The Democratic Alliance (DA) has presented an alternative budget proposal that highlights the growing fractures within the Government of National Unity (GNU). Unveiled on February 26, 2025, by Mark Burke, the DA's finance spokesperson, this proposal follows the unexpected delay in the presentation of the budget for the 2025/26 fiscal year. The DA rejects tax hikes and proposes reallocating 60 billion ZAR from ineffective programs to fund priorities such as a 7 billion ZAR increase in public sector wages, while stimulating economic growth and job creation. This proposal underscores the coalition's inability to develop a cohesive economic strategy and raises doubts about the political stability of the government.

# Angola

## **Conclusions of the IMF's Article IV mission (IMF)**

The Executive Board of the International Monetary Fund (IMF) has concluded consultations with Angola under Article IV. The Angolan economy experienced a recovery in 2024, with GDP growth estimated at 3.8%, supported by the rebound in the oil sector and the expansion of the non-oil sector. The public debt-to-GDP ratio decreased in 2024, largely due to higher nominal growth and sustained primary surpluses.

However, fiscal consolidation efforts have slowed due to budgetary slippages,



particularly from increased investment spending (+15.6%) and delays in fuel subsidy reforms. Inflation remained high, reaching approximately 21.4% in January 2025, due to exchange rate pressures and rising food prices.

Growth is expected to remain at 3% in 2025, and inflation is projected to decrease. However, dependence on oil and the high external debt service (60% of GDP) limit the fiscal space for development spending. The IMF recommended strengthening fiscal consolidation, accelerating fuel subsidy reforms, and improving public financial management.

### **Angola is preparing a debt issuance after meetings with investors (Aman Alliance)**

The Angolan government, led by Finance Minister Vera Daves de Sousa, has met with investors in the Middle East (Qatar, Oman, United Arab Emirates) and is currently holding discussions in the United States to prepare a \$2 billion debt issuance. The objective is to reduce debt servicing costs by extending maturities and to balance the 2025 budget.

This initiative is part of a proactive approach to strengthen the national economy and boost investor confidence. The country plans to finance its deficit through the issuance of Eurobonds, while emphasizing macroeconomic stability and responsible financial management. The roadshow, which began with the presentation of the Annual Debt Plan, will continue until the end of March and aims to improve access to international capital markets.

## **Botswana**

### **The Botswana government and De Beers have finally signed the renewal of their cooperation agreement (Reuters)**

The agreement, signed on February 25 by Al Cook, CEO of De Beers, and Bogolo Kenewendo, Minister of Mineral Resources, Green Technology, and Energy Security, extends the partnership between the Anglo-American subsidiary and the Botswana government. The conclusion of

this agreement, whose negotiations began in 2018, was announced as early as 2023 by the previous government, but the formal signing had been delayed due to disagreements over certain terms. The two parties have finally agreed on the following conditions:

- During the first five years, the Botswana government, through the state-owned Okavango Diamond Company (ODC), will receive 30% of the diamonds to be sold by Debswana, its 50/50 joint mining venture with De Beers. This is a more favorable condition than the one negotiated by the previous administration (25%).
- Over the following five years, this share will increase to 40%. However, this is less favorable than the initially negotiated condition (50%).
- An extension clause provides the Botswana government with the option to increase its share to 50% of the sales for an additional five-year period.

In exchange, De Beers obtains an extension of its mining license until 2054. This agreement is crucial for Botswana, as Debswana accounts for 80% of the country's exports. The agreement comes at a time when the diamond sector is facing a deep crisis due to the growing popularity of synthetic diamonds and a decline in demand from China. Under these conditions, Debswana had reduced its production in 2024 by 6 million carats to 17.9 million carats, contributing to the country's economic difficulties. Meanwhile, Anglo American, the parent company of De Beers, has announced its intention to sell its subsidiary and is seeking buyers.

# Zambia

## Annual inflation increased to 16.8% in February 2024 (*Zamstats*)

According to the national statistics agency (*Zamstats*), consumer prices increased by 16.8% year-over-year (y/y) in February, following a 16.7% rise in January. Inflation has thus reached its highest level in three years, driven by an unprecedented drought and the persistent weakness of the kwacha, which have led to price increases in the following sectors: "food and non-alcoholic beverages" (+20.6%, contributing +12 points), "housing, water, electricity, and fuels" (+21.1%, contributing +2.4 points), and "transport" (+6.3% y/y, contributing +0.5 points). The categories "furnishings, household equipment, and routine household maintenance" (+8.7%, contributing +0.6 points) and "clothing and footwear" (+9.1%, contributing +0.6 points) also contributed to this increase.

Finance Minister Situmbeko Musokotwane stated that inflation in Zambia is expected to peak by May, thanks to improved rainfall that would curb the rise in food and electricity prices. It is worth noting that annual inflation has exceeded the central bank's target range (6 to 8%) since May 2019. In response, the central bank raised its policy interest rate this month to 14.5%, the highest level in seven years, to contain inflationary pressures and support the kwacha.

The French Treasury is present in more than 100 countries through its Economic Services.

To find out more about its missions and locations:

[www.tresor.economie.gouv.fr/tresor-international](http://www.tresor.economie.gouv.fr/tresor-international)

Head of publication: Pretoria Regional Economic Service, Luanda Economic Service, Maputo Economic Service

[jade.plancke@dgtrésor.gouv.fr](mailto:jade.plancke@dgtrésor.gouv.fr), [nicolas.viossat@dgtrésor.gouv.fr](mailto:nicolas.viossat@dgtrésor.gouv.fr)

Editor: Pretoria Regional Economic Service

Subscribe: [jade.plancke@dgtrésor.gouv.fr](mailto:jade.plancke@dgtrésor.gouv.fr), [nicolas.viossat@dgtrésor.gouv.fr](mailto:nicolas.viossat@dgtrésor.gouv.fr)