



# ECONOMIC WRAP-UP

## Southern Africa

A publication from the Pretoria Regional  
Economic Service from October 21 to 30, 2024

### DATA OF THE WEEK

+1.1%  
(+0.2 points)

IMF forecast for growth in South  
Africa in 2024 - IMF WEO Oct  
2024

### Focus on the 3rd France-Southern Africa and Indian Ocean Business Forum in Johannesburg (Engineering News)

The third France-Southern Africa and Indian Ocean Business Forum was held in Johannesburg on 15 and 16 October 2024.

Organised by Business France, MEDEF International, the Franco-South African Chamber of Commerce and Industry (FSACCI) and the French Foreign Trade Advisors, the event brought together a large number of business leaders from France and southern Africa, including Stella Ndabeni-Abraham, Minister of Small Business Development, Parks Tau, Minister of Trade, Industry and Competition, and David Martinon, French Ambassador to South Africa, Lesotho and Malawi. Parks Tau, Minister of Trade, Industry and Competition, and David Martinon, French Ambassador to South Africa, Lesotho and Malawi.

The business forum provided an opportunity for in-depth discussions between business leaders, including Henri Poupart-Lafarge, CEO of *Alstom*, Philippe Labonne, Chairman of *Africa Global Logistics* (AGL), and Stavros Nicolaou, Strategic Senior Executive of *Aspen Pharma Group*, on a range of subjects including the energy transition, agriculture and infrastructure.

Speakers focused in particular on South Africa's promising economic context, marked by the establishment of a coalition government resolutely focused on promoting a business-friendly economy. The French companies that made the trip demonstrated a strong appetite for developing and strengthening economic ties with South Africa, and increased their number of business meetings with partners in South Africa and the southern sub-region.

French companies are already well established in South Africa. They represent more than 480 companies, employing more than 65,000 people, 99.5% of whom are South Africans. Over the past four years, French companies have invested more than EUR 5 billion in South Africa, and a number of emblematic projects are underway (the recent opening of the Stellantis factory in Port Elizabeth, Canal+'s takeover of MultiChoice Group, and the opening of the first Club Med in South Africa in 2026).

Following this, thirteen French companies visited Zimbabwe to explore investment opportunities in various sectors such as logistics, infrastructure, agriculture, mining, renewable energy and water management. The event was followed by the signing of a Memorandum of Understanding at the offices of the Confederation of Zimbabwe Industries.

## Summary:

### Southern Africa

- The IMF publishes its new macroeconomic forecasts (*IMF*)
- De Beers to comply with G7 mechanism against Russian diamonds in 2025 (*GJEPC*)
- Malawi and Mozambique sign agreement to facilitate cross-border trade (*Nation Online*)

### South Africa

- Annual inflation slows to 3.8% in September (*StatsSA*)
- The South African Reserve Bank (SARB) publishes its half-yearly monetary policy review (*SARB*)
- ZAR 21.4 billion have been withdrawn by more than one million savers following the reform of the pension scheme (*SARS*)
- The South African government is open to the arrival of a private shareholder in the capital of South African Airways (SAA) (*MoneyWeb*)
- Two new photovoltaic projects announced in Gauteng province (*News24, IT Web*)

### Angola

- Year-on-year inflation slowed to 29.9% in September, continuing the momentum begun in July
- Debt to China could be fully repaid by 2028t
- Angola to issue bonds denominated in foreign currencies to boost foreign exchange market liquidity

### Mozambique

- FRELIMO and its candidate Daniel CHAPO win the general and legislative elections
- Namibia
- The Central Bank lowers its key rate by 0.25 points to 7.25% (Bank of Namibia)
- Start of a new wave of offshore exploration drilling campaigns in Namibia (*World Oil*)

### Zambia

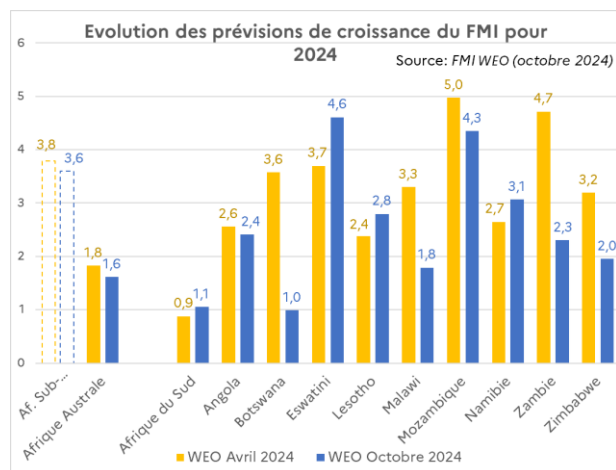
- IMF concludes economic analysis mission (IMF)
- Zambia strengthens its electricity connection with Tanzania (*Lusaka Times*)
- Zambia announces the construction of a new coal-fired power station by a Chinese company (*BNN Bloomberg*)

### Zimbabwe

- Huawei to help build 72MW solar farm in Zimbabwe for mining industry (*The Herald*)

# Southern Africa

## The IMF publishes its new macroeconomic forecasts (IMF)



At the annual meetings of the IMF and the World Bank held last week in Washington, the IMF presented its new half-yearly macroeconomic forecasts (*World Economic Outlook*). Growth should reach 1.6% in 2024 and 2.5% in 2025 in Southern Africa. The outlook for 2024 has been revised downwards slightly in the sub-region (-0.2 points compared to the April forecasts), due in particular to the unprecedented drought caused by the El Nino phenomenon and the weakness of commodity prices, which have weighed on growth in Botswana (forecast of 1% for 2024, compared to 3.6% in April), Malawi (down from 3.3% to 1.8%), and Zambia (down from 4.7% to 2.3%). Conversely, growth forecasts have been revised upwards in South Africa (from 0.9% to 1.1% in 2024 and from 1.2% to 1.5% in 2025), under the combined effect of an improved energy situation (no electricity load shedding since 26 March), progress in the logistics sector, and a stabilisation of its political situation. The IMF report identifies the main risks facing the global economy (the impact of geopolitical tensions on supply chains, the contraction of the property sector and falling demand in China, the intensification of protectionist policies, and growing social tensions). However, Southern Africa remains the continent's least dynamic sub-region, recording a level of growth well below the average for sub-Saharan Africa (+3.6%) and the world average (+3.2%). The IMF also highlights the risks weighing on capital withdrawals and debt, against a backdrop of volatile financial markets.

## De Beers to comply with G7 mechanism against Russian diamonds in 2025 (GJEPC)

Diamond giant De Beers has announced that it will comply with the G7 certification mechanism against Russian diamonds from 2025. More specifically, De Beers will provide data via its Tracr platform on the country of origin of all its rough diamonds over 1.25 carats from this year and those over one carat in 2025 (approximately 0.5 carat and over in polished form), thereby meeting the new import requirements of the G7 countries. The aim is to prevent the sale of Russian diamonds, the world's leading producer, most of whose output is less than one carat, in order to dry up this source of revenue for the country as part of the international sanctions put in place after the outbreak of war in Ukraine. De Beers, owned by Anglo American, is present in Namibia, South Africa and above all in Botswana (the world's 2nd largest diamond miner, accounting for 70% of De Beers' production). These countries are concerned about the implementation of this centralised certification mechanism in Antwerp, which could be a source of logistical complications. De Beers' decision seems to indicate a gradual implementation of this G7 certification mechanism, which is due to come into full effect in March 2025, while discussions on setting up diamond certification centre(s) in southern Africa are ongoing. This decision also illustrates the major technological advances made in terms of scanning and algorithmic calculation by artificial intelligence, which now make it possible to trace the provenance of millions of diamonds on a large scale.

## Malawi and Mozambique sign agreement to facilitate cross-border trade (Nation Online)

Malawi and Mozambique have signed a bilateral agreement to simplify cross-border trade under the *Southern African Development Community (SADC) trade protocol*. Malawi already has similar agreements with Zambia and Zimbabwe under the Common Market for Eastern and Southern Africa (COMESA). The agreement will allow traders from both countries to import goods worth up to US\$3,000 duty-free, provided the goods originate or are

manufactured in SADC member states. Exports from Mozambique to Malawi totalled USD 44.7 million in 2022, and exports from Malawi to Mozambique USD 17.8 million. The latter were mainly concentrated in the agricultural sector, in soya meal, maize and animal feed. This trade agreement should therefore above all facilitate trade in this area.

## South Africa

### **Annual inflation slows to 3.8% in September (StatsSA)**

According to the national statistics agency (StatsSA), annual consumer price inflation slowed for the fourth consecutive month, from 4.4% in August to 3.8% in September, its lowest level since March 2021. The fall in the indicator was mainly due to lower transport costs (-1.1% in September, the first monthly fall in 13 months). The price of petrol fell by 3.2% year-on-year, due to the appreciation of the rand and the fall in oil prices. The main sectors contributing to inflation remain real estate (+4.8%, i.e. a total contribution of 1.1 points) and food (+4.8%, i.e. a contribution of 0.9 points). The moderation in inflation could pave the way for a further cut in the central bank's key interest rate in November, following an initial 25 basis point cut in September.

### **The South African Reserve Bank (SARB) publishes its half-yearly monetary policy review (SARB)**

The South African Reserve Bank (SARB) published its half-yearly monetary policy review on 15 October. The monetary institution welcomes the return of inflation to the middle of its target range of 3 to 6% (forecast of 4.6% for 2024, compared with 5.1% in March). The Governor of the SARB, Lesetja Kganyago, has also raised the possibility of lowering this target, pointing to its high level compared to other emerging markets and indicating that the fall in inflation to its current level has not had any particular impact on growth. Growth should reach 1.1% in 2024 and up to 1.8% in 2026, benefiting from the gradual easing of the energy crisis (intensification of maintenance by Eskom, development of the transmission network and private investment in renewable energies) and the logistics crisis (expected reforms in the port

and rail sectors). However, growth is still expected to be below the estimated long-term equilibrium rate of 2.5% (a growth rate corresponding to stagnation in per capita GDP). Despite the deteriorating situation, the SARB also highlights the efforts made by South Africa on the fiscal front: according to the monetary institution, South Africa, which recorded its first primary surplus in 15 years in the 2023/2024 financial year (+0.4%), should record a new primary surplus in 2024/25 (+0.8%). The Bank points out, however, that this performance (due to a 19.1% increase in government revenue over the year) should be mainly the result of the mobilisation of part of the revenue from the Gold and Foreign Exchange Contingency Reserve Account (GFECRA), which cannot be replicated in subsequent years.

### **ZAR 21.4 billion have been withdrawn by more than one million savers following the reform of the pension scheme (SARS)**

According to the South African Revenue Service, ZAR 21.4 billion had been withdrawn by more than one million taxpayers by 11 October. As a reminder, the reform (*Pension Funds Amendment Bill*), which came into force on 1 September, provides for the creation of two accounts: a 'savings pot' (which now holds a third of the contributions, and can be withdrawn each year) and a 'retirement pot' (which holds two-thirds of the contributions, and can only be liquidated on retirement). 1.1 million applications had been validated by 11 October, resulting in total withdrawals of ZAR 21.4 billion since 1 September. The authorities estimate that between 20 and 100 billion ZAR will be withdrawn this year. These flows should stimulate the economy and increase the country's tax revenues (ZAR 5 billion in additional tax revenues expected in 2024/25), as withdrawals are taxed at a marginal rate of between 18% and 45% depending on taxpayers' income.

### **The South African government is open to the arrival of a private shareholder in the capital of South African Airways (SAA) (MoneyWeb)**

Transport Minister Barbara Creecy has stressed the need for the national airline SAA to benefit from an increase in its



[financial capital](#). Since its bankruptcy and restructuring in 2020, SAA has lost considerable market share, as well as its dominant position in Southern Africa, to the private players Airlink and FlySafair. However, the company's financial situation has improved and its debt has been reduced. The Minister indicated that several solutions were being studied, including the establishment of an equity partnership with an international development institution or another airline, but reiterated the State's desire to retain a majority stake in the company. She also specified that the State did not wish to invest more in the company, which would imply the arrival of external financial capital. As a reminder, the purchase of 51% of SAA by the Takatso investment fund for the symbolic sum of ZAR 51 (EUR 2.5) had failed in March 2024, SAA having considered that Takatso's investment offer of ZAR 3 billion (EUR 150 million) was now below its value following its post-Covid rebound and the reopening of several intercontinental routes, including those to Perth and Rio de Janeiro.

### **Two new photovoltaic projects announced in Gauteng province (News24, IT Web)**

[Terra Firma, an independent power producer specialising in renewable energy in South Africa, has launched a large-scale photovoltaic panel installation programme worth ZAR 1.3 billion \(EUR 66 million\)](#). Once completed, this programme should generate 110 MWp of energy. The two main projects are the Hammanskraal solar park (87 MWp) and the Rietfontein solar park (23 MWp), both located in the province of Gauteng, the country's economic and industrial heartland. These facilities will use Eskom's distribution network to supply renewable energy to commercial and industrial customers with Power Purchase Agreements (PPAs), particularly in the manufacturing and extractive sectors. Terra Firma expects to reduce the cost of energy by up to 40% for end customers, against a backdrop of Eskom's request for a 36.15% tariff increase by 2025 (43.55% for municipal customers). The company expects the project to reach financial close in the second quarter of 2025, followed by 18 months of construction, with commissioning scheduled for August 2026.

## Angola

### **Year-on-year inflation slowed to 29.9% in September, continuing the momentum begun in July**

[This slight slowdown in year-on-year inflation \(after +30.5% in August\) was, however, accompanied by a rise in monthly inflation to 1.6%](#), breaking the monthly downward trend seen since April. The rise in prices in September was due in particular to i) the increase in the national minimum wage coming into effect (doubling to AOA 70,000 per month); ii) the start of the school year (seasonality); iii) public holidays during the period. The categories whose prices varied the most were 'Education' (+4.1%), 'Leisure, recreation and culture' (2.2%) and 'Hotels, cafés and restaurants' (2.2%). The most stable categories were 'Communications', 'Transport' and 'Furniture, household equipment and maintenance', with rises of 0.3%, 0.4% and 1.3% respectively. Food and non-alcoholic beverages, the biggest contributor to the overall price index, rose by 1.6% (+0.1 points on the previous month). The gap between inflation at national level and inflation in Luanda remains wide, with the CPI in the capital rising to 38.7% year-on-year (8.8 points higher than at national level) and reaching 1.56% in September. The BNA's inflation target of 24.3% appears impossible to achieve, given the inflationary pressures that traditionally arise around the end-of-year festive period.

### **Debt to China could be fully repaid by 2028t**

[According to statements by the Director General of the Ministry of Finance's Debt Management Unit \(UGD\), the debt owed to China is falling \(-17% year-on-year in Q2 2024\)](#). The State contracted this debt in special circumstances, when the international markets were not sufficiently 'available' to finance Angola. Angola's stock of debt to China currently stands at USD 16 billion, of which USD 10 billion is collateralised on oil. Given the pace of repayment, and according to forecasts, it should be fully repaid by 2028. In March 2024, Angola had the opportunity to renegotiate certain aspects of the contract with its main creditor. This agreement is expected to reduce debt servicing by

between USD 150m and USD 200m per month in 2024, thanks to lower Chinese requirements on the amount of the fiduciary guarantee. 'This creates the conditions for us to continually free up resources that can then be used to support the budget bill,' said the UGD's CEO.

### **Angola to issue bonds denominated in foreign currencies to boost foreign exchange market liquidity**

These are 5-year foreign currency Treasury bonds maturing in February and September 2029, to be issued at a maximum interest rate of 5%, with coupons paid every six months. The transaction is open to all interested parties and will close on 30 October 2024. This issue is intended to raise funds in foreign and domestic currencies, without specifying the amount, and all instruments considered liquid are eligible as means of payment. The last issue of this type took place on 16 August 2024, and the amount raised was not disclosed.

## Mozambique

### **FRELIMO and its candidate Daniel CHAPO win the general and legislative elections**

On 24 October, the National Elections Commission (CNE) presented the results of the general and legislative elections held on 9 October. Daniel CHAPO was elected with 70.67% of the vote and his party, FRELIMO, won 193 of the 248 seats in the National Assembly, further strengthening the absolute majority (184 seats in the 2019 elections) that it has enjoyed without interruption since the first democratic elections were held in 1994. The Mozambique National Resistance (RENAMO), which has historically played the role of the main opposition party - and was the main fighting force against FRELIMO during the civil war between 1977 and 1992 -, found itself supplanted by the PODEMOS party (founded by a FRELIMO decider), which created a surprise with 31 seats, in the wake of its presidential candidate, Venâncio MONDLANE, who also came second with 20.32% of the vote, well ahead of the RENAMO candidate with 5.81%. The Mozambique Democratic Movement (MDM) obtained 3.21% of the vote. RENAMO dropped to 3rd place with

just 20 seats (compared with 60 seats in 2019). The other traditional opposition force, the MDM, is also seeing its positions eroded, taking just 4 seats, 2 fewer than in the previous term. Following fraud of all kinds, some of which has been amply documented, these results have given rise to a protest movement that is considerably more virulent than usual, especially since the murder on 19 October of two prominent members of PODEMOS raised a wave of emotion and indignation. The PODEMOS party called a national general strike on 21, 24 and 25 October, which was extremely well attended and brought the country to a standstill for 3 days. While Daniel Chapo and Frelimo have been congratulated by the presidents of South Africa, Zimbabwe, Angola, Tanzania and China, many countries, including France, have yet to recognise these figures.

## Namibia

### **The Central Bank lowers its key rate by 0.25 points to 7.25% (Bank of Namibia)**

The Monetary Policy Committee of the Bank of Namibia (BoN) unanimously decided to lower its key rate to 7.25%, or -0.25 points, for the second time in a row at its Monetary Policy Committee meeting on 14 and 15 October. This decision is consistent with that of the South African Central Bank, which also lowered its key rate by 0.25 points on 19 September, but maintained the spread between the key rates (8% for the South African key rate). The institution justified its decision by the need to reduce the pressure on Namibian consumers, whose average borrowing rate is now 11.25%, while inflation is falling and growth is slowing (3.5% in Q2 2024 compared with 4.3% in the previous quarter). Domestic inflation has averaged 4.6% since the start of the year. In September, it reached 3.4% year-on-year, its lowest level since August 2021, benefiting from the fall in transport inflation. The central bank expects inflation to fall further in 2024, to 4.3% (-0.4 points since the last committee meeting) and 4% in 2025 (-0.4 points). Note that the next Monetary Policy Committee meeting will be held on 2-3 December.

## **Start of a new wave of offshore exploration drilling campaigns in Namibia (*World Oil*)**

At least four offshore drilling campaigns are due to begin before the end of the year off the coast of Namibia. The first of the four campaigns is expected to be carried out by Portugal's Galp Energia at its site in northern Namibia, where its drill ship has just arrived. The other campaigns are due to be carried out by TotalEnergies, Chevron and South Africa's Rhino Resources. TotalEnergies is said to have discovered around 3 billion barrels of oil offshore, Shell 1.35 billion barrels and Galp Energia 3 billion barrels in the country. These exploratory drillings are intended to confirm the potential of these deposits.

## **Zambia**

### **IMF concludes economic analysis mission (*IMF*)**

At the end of its annual economic analysis mission, carried out from 2 to 15 October, the International Monetary Fund (IMF) has published its initial conclusions in a press release. The IMF stresses the major impact of the drought that has hit the country, resulting in a shortage of electricity that is having repercussions for the economy as a whole. As a result, growth is expected to reach 1.2% in 2024 (compared with 2.3% in previous projections). Inflation continues to accelerate as a result of the depreciation of the Kwacha in the second half of 2024, and is reinforced by the rise in food, oil and administered prices. Despite this very unfavourable context, the IMF welcomes the progress made by the authorities in implementing the reforms called for in the programmes of the international financial institutions. Fiscal performance has been better than expected, thanks to a rationalisation of public spending and lower-than-expected domestic financing. The government nonetheless supported its most vulnerable population by increasing social transfers, and by extending its programmes of remuneration for work and free school canteens. With the fourth review of the Extended Credit Facility programme due in the coming weeks, the IMF has reiterated that macroeconomic stability requires responsive policies and progressive measures to strengthen fiscal

revenues and support debt sustainability. In this respect, improving the efficiency of tax administration, streamlining tax exemptions and reforms to the tax system are essential.

### **Zambia strengthens its electricity connection with Tanzania (*Lusaka Times*)**

Tanzania is building an electricity interconnector with Zambia to help alleviate the energy crisis caused by drought, said Doto Biteko, Tanzania's Deputy Prime Minister and Minister of Energy, at the *Singapore International Energy Week*. Construction of this electricity interconnection began in September, and will take a total of 36 months to complete. Tanzania already has electricity interconnections with other neighbouring countries, including Rwanda, Burundi and Kenya. Zambia is stepping up initiatives to import electricity and reduce its energy deficit at a time when the country is currently suffering from daily blackouts lasting 21 hours or more.

### **Zambia announces the construction of a new coal-fired power station by a Chinese company (*BNN Bloomberg*)**

Zambia announced the construction of a third 300MW coal-fired power plant on Wednesday 16 October 2024. Located around 330 kilometres south of the capital, Lusaka, the Mulungwa Power Generation Ltd. project is a joint venture between Zambia's Africa Power Coal and China's Jiangsu Etern Company Ltd. Last July, Zambia had already approved the construction of the country's second coal-fired power plant. The country also imports electricity from South African energy company Eskom and neighbouring Mozambique. All these measures are aimed at reducing Zambia's energy deficit. The country is currently battling the effects of a drought caused by the El Niño weather phenomenon, which has considerably reduced hydroelectricity production, which provides 85% of the country's electricity. Power cuts are a daily occurrence, currently lasting up to 21 hours a day.

## **Zimbabwe**

**Huawei to help build 72MW solar farm in Zimbabwe for mining industry (*The Herald*)**

South African group Grid Africa, which specialises in renewable energy projects in southern Africa, has signed an agreement with Chinese technology group Huawei to build a 72 MW solar energy infrastructure to meet the energy needs of the mining industry in Zimbabwe.

According to the Zimbabwean Chamber of Mines, Zimbabwe's mining industry accounts for around 16% of the country's electricity demand (600MW) and 80% of the country's exports. The industry is driven by a large number of Chinese lithium projects. These companies (Zhejiang Huayou Cobal, Chengxin Lithium Group, Sinomine Resource Group, etc.) have announced over USD 1.4 billion in investment over the past two years and could invest a further USD 2.8 billion. A recent report by the Chamber of Mines indicates that prolonged power cuts have cost the country's largest mines up to USD 500 million in potential revenue, due in particular to the stoppage of the Kariba dam as a result of the drought caused by El Niño. This agreement should help to diversify the energy mix of the Zimbabwean mining sector and make it more resilient.

	Exchange rates	Change in USD exchange rates (%)			
	24/10/2024	Over a week	Over a month	Over a year	Since 1st of January
South Africa	17,70 ZAR	-0,1%	-1,9%	6,6%	3,3%
Angola	909,2 AOA	0,1%	1,7%	-9,1%	-8,8%
Botswana	13,2 BWP	-0,1%	-1,2%	2,9%	0,6%
Mozambique	63,2 MZN	0,0%	0,0%	0,0%	0,0%
Zambia	26,5 ZMW	0,0%	-0,2%	-17,4%	2,8%

**Note:** a positive sign indicates an appreciation of the currency.

**Source :** OANDA (2024)

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[leopold.vinot@dgtrésor.gouv.fr](mailto:leopold.vinot@dgtrésor.gouv.fr), [nicolas.viossat@dgtrésor.gouv.fr](mailto:nicolas.viossat@dgtrésor.gouv.fr)

Editor: Pretoria Regional Economic Service

Subscribe: [leopold.vinot@dgtrésor.gouv.fr](mailto:leopold.vinot@dgtrésor.gouv.fr), [nicolas.viossat@dgtrésor.gouv.fr](mailto:nicolas.viossat@dgtrésor.gouv.fr)