

ECONOMIC WRAP-UP

Southern Africa

A publication by the Pretoria Regional Economic Service from 18 to 22 March 2024

Key Figure

5,6%

Year on year inflation in South Africa (StatsSA)

Focus on

Infrastructure South Africa (ISA), the public infrastructure investment accelerator, announces 12 priority projects ([Engineering News](#))

[Infrastructure South Africa \(ISA\), the public infrastructure investment accelerator, announces 12 priority projects](#)

At last week's Infrastructure Sustainability Symposium in Cape Town, Infrastructure South Africa (ISA) unveiled 12 "priority infrastructure projects" for the 2024/25 financial year. These are among 153 projects that the government will support over the 2024/2025 financial year. As these 12 priority projects all face one or more financial barriers, ISA will work to unblock these projects so that they can be completed and receive the necessary funding from government, the private sector and regional and international financial institutions. ISA is overseen by the Presidential Infrastructure Coordinating Commission (PICC) Council, chaired by President Ramaphosa.

| Name | Sector | Province | Amount |
|--|------------------------------------|---------------------------------|--------------------------------|
| Liquid natural gas (LNG) import terminal | Hydrocarbures | KwaZulu-Natal | ZAR 2.1bn = EUR 100M |
| Durban Container Terminal Project (DCT Pier 1) | Port infrastructures | KwaZulu-Natal | ZAR 38bn = EUR 1.85bn |
| The Berth A100 liquid bulk project | Port infrastructures/hydrocarbures | Eastern Cape | ZAR 2.2bn = EUR 110 million |
| The Ukuvuselela rail project | Railway infrastructure | Gauteng/Free State/Eastern Cape | 7.5 billions = EUR 350 million |
| Renovation project for health establishments | Health infrastructure | Multiples | 16 billions = EUR 780 million |

| | | | |
|---|-----------------------|-----------------------|---|
| School construction project | School infrastructure | Limpopo/KwaZulu-Natal | 8.5bn = EUR 415m |
| Eskom's Mossel Bay gas project | Hydrocarbures | Western Cape | 30 billions ZAR = 1.45 billion EUR |
| Eskom's Tubatse pumped storage project | Energy infrastructure | Limpopo | ZAR 35.8 billions = EUR 1.75 billion |
| Rooiwal Phase 2 wastewater treatment project in Tshwane | Waste water treatment | Gauteng | ZAR 35.8 billions = EUR 1.75 billion |
| Project to increase the water supply to the Amathole district | Drinking water supply | Eastern Cape | ZAR 5.5 billions = EUR 270 million |
| The Nkhomazi Special Economic Zone (SEZ) | Industrial zone | Mpumalanga | ZAR 8.4 billions = EUR 410 million |
| Namakwa Special Economic Zone | Industrial zone | Northern Cape | Several billion rand = around a hundred million euros |

Summary :

Botswana

- S&P agency maintains BBB+ sovereign rating (*S&P Global Ratings*)

South Africa

- Central Bank management team reappointed (*Resbank*)
- Inflation rises slightly in February (*StatsSA*)
- Opening up Transnet's rail and port infrastructure to the private sector takes shape (*BusinessDay*)
- Gauteng province under water stress (*Engineering News*)
- Orange Marine ship sent to repair submarine cable cut that slowed internet traffic in sub-Saharan Africa (*My BroadBand*)
- Markus Jooste, former CEO of Steinhoff, commits suicide (*Business Day*)

Southern Africa

- South Africa and Namibia plan to invest EUR 345m to upgrade their rail and port infrastructure (*Nairametrics*)

Zambia

- The World Bank grants a USD 100 million subsidy for the energy sector (*World Bank*)

Zimbabwe

- Sharp drop in Zimbabwe's maize harvest due to historic drought in southern Africa (*Agence Ecofin*)

Botswana

S&P agency maintains BBB+ sovereign rating (S&P Global Ratings)

[Botswana Ratings Affirmed At 'BBB+/A-2'; Outlook | S&P Global Ratings \(spglobal.com\)](#)

On March 15, S&P Global Ratings maintained Botswana's sovereign rating at "BBB+" with a "stable" outlook - three notches in the investment grade category. The economy thus remains the best-rated in sub-Saharan Africa, and the only one not considered speculative. The agency justifies its decision by the robustness of the country's institutions and its prudent management of diamond revenues (via the Pula Funds sovereign wealth fund) and public finances (controlled deficit - 2.6% of GDP for the 2023/2024 financial year, and low public debt - 21% of GDP by the end of 2023). S&P also expects growth to accelerate in 2024 (4.2% after 3.5% in 2023), driven by a rebound in global demand for diamonds (notably from India). It should be noted that, according to the press release, the G7 Antwerp mechanism aimed at excluding Russian gemstones from the market currently poses a moderate risk to Botswana's diamond exports (two-thirds of the country's exports). Furthermore, while the economy remains heavily dependent on the diamond sector (nearly two-thirds of GDP), S&P anticipates a diversification of the economy, supported by several private sector investments (copper and silver mining, infrastructure development, etc.) and a fiscal stimulus policy over the 2024/2025 financial year.

South Africa

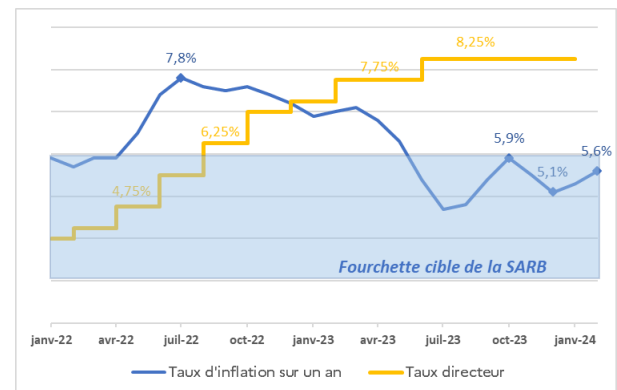
Central Bank management team reappointed (Resbank)

[SARB welcomes President Cyril Ramaphosa's appointments of SARB executives \(resbank.co.za\)](#)

In a press release issued on March 15, President Ramaphosa announced the reappointment of Lesetja Kganyago as Governor of the South African Reserve Bank for a third five-year term. In addition, Dr Mampho Modise has been appointed Deputy Governor and is due to take up her post next month. She has been Deputy

Director of Public Finance at the National Treasury since 2017 and will succeed Kuben Naidoo, who announced his resignation in October 2023. Nomfundo Tshazibana and Rashid Cassim have also been reappointed as deputy directors. This series of reappointments and appointments underlines the desire to maintain continuity and stability within the monetary institution, renowned for its independence, the professionalism and credibility of its management team, and its competence (effectiveness in its mandate of price stability and supervision of the financial sector). Against the backdrop of a deteriorating economic climate and the uncertainties of the general elections scheduled for May 29, 2024, the news was unanimously welcomed by the private sector.

Inflation rises slightly in February (StatsSA)



[P0141February2024.pdf \(statssa.gov.za\)](#)

According to the national statistics agency (StatsSA), consumer price inflation (CPI) reached 5.6% year-on-year in February, after 5.3% in January. The indicator thus registers a slight increase, for the second consecutive month, while it has remained within the Central Bank's target range (3-6%) since June 2023. The main contributors to this trend were "housing, water and electricity" (+5.8%, i.e. a positive contribution of 1.4 points), "food, beverages and tobacco" (+6.1%, i.e. +1.1 points) and transport (+5.4%, i.e. +0.8 points), driven by rising fuel prices (petrol: +3.4%, diesel: +3.5%). Also of note was the sharp rise in health insurance prices over the period (+9.5% year-on-year, after +6.4% in the previous month). In addition, the Bureau of Economic Research (BER) has updated its inflation forecasts, confirming the gradual decline of this indicator over the medium term. Average price rises are

now expected to come in at 5.4% in 2024 (after 6.9% in 2023), 0.3 points lower than previously estimated.

Opening up Transnet's rail and port infrastructure to the private sector takes shape (*BusinessDay*)

[Opening up Transnet's rail and port infrastructure to the private sector takes shape](#)

Transnet, the South African state-owned company responsible for the country's rail and port infrastructure, is preparing to open up its rail network and ports to the private sector. South Africa is facing a terrible logistics crisis, particularly in these two sectors. For example, a World Bank survey in 2021 identified four South African ports among the five most congested in the world. The port of Durban came last. The railways are in a state of serious disrepair (theft of cables, lack of maintenance, poor management, etc.). As a result, over the last five years, the number of tonnes of goods transported by rail has fallen from 226 million to 150 million. As the government did not have the funds to finance the major investment needed to bring Transnet up to standard, which was also heavily in debt, it was decided to turn to the private sector. According to Transnet, the process of putting private trains into service on Transnet's tracks will begin in the second half of 2024. The opening up of the rail network (21,232 km) to private participation (with a maintenance backlog of ZAR 31 billion or EUR 1.5 billion and a debt of ZAR 39 billion or EUR 1.9 billion) should begin in April 2024. In October 2023, a pilot project to open a line to the private operator Traxtion Sheltam was cancelled. Transnet has also decided to lease the use of a number of sites in its ports, mainly in Durban and Cape Town, for periods ranging from 1 to 15 years, in order to raise funds. This latest decision comes against the backdrop of the first opening to the private sector of a South African port terminal in April 2024, with the joint-venture between Transnet and Philippine shipowner International Container Terminal Services Inc (ICTSI) concerning terminal 2 in Durban, the country's main terminal.

Water stress in Gauteng province (*Engineering News*)

[Water stress in Gauteng province](#)

On 16 March 2024, Rand Water, Africa's largest water supplier, informed three municipalities in the central province of Gauteng - Johannesburg, Tshwane (Pretoria) and Ekurhuleni, which together have more than 13 million inhabitants - that its system was on the verge of collapse. This warning comes after a large part of Johannesburg, South Africa's largest city, was deprived of water for 11 days, with some districts still not supplied. On average, deficiencies in the Johannesburg Water network (leaks, diversions, etc.) are causing losses of 44%. While Johannesburg is particularly hard hit, the problem is global. Rand Water's reservoirs, for example, have only been around 30% full since the end of December, whereas they are normally over 70% full. This is due to high consumption in the three main metropolitan areas (3.4 billions litres of water per day) as a result of the current heatwaves, as well as poor management and deterioration of the water supply systems. The risk of a future water shortage in South Africa's economic, demographic and political heartland is therefore increasingly real.

Orange Marine ship sent to repair submarine cable cuts that have slowed internet traffic in sub-Saharan Africa (*My BroadBand*)

[Orange Marine ship sent to repair submarine cable cuts that have slowed internet traffic in sub-Saharan Africa](#)

The Orange Marine vessel Léon Thévenin left the port of Cape Town on Tuesday 19 March 2024 en route to the area where four submarine cables were damaged off the coast of Côte d'Ivoire on 14 March 2024, causing widespread outages and slowdowns in internet traffic in southern Africa. These are the West Africa Cable System (WACS- Alcatel Submarine Networks (ASN)), Africa Coast to Europe (ACE- ASN), MainOne (Subcom), and SAT-3 cables (ASN). These cables link Europe to Africa and Asia. They appear to have been broken at a depth of 3 km due to seismic activity on the seabed. The Thévenin, which can carry out repairs in water depths ranging from 10 metres to 7 km, has been dispatched to the site, along with a second

vessel that will arrive from the UK. Estimates of the time required to repair the cables vary between 3 and 5 weeks.

Markus Jooste, former CEO of Steinhoff, commits suicide (*Business Day*)

[Markus Jooste, former CEO of Steinhoff, commits suicide](#)

The former CEO of Steinhoff, Markus Jooste, accused of being the mastermind behind the biggest fraud case in South Africa, committed suicide on Thursday 21 March. Mr Jooste was CEO of multinational furniture retailer Steinhoff when it set up shell companies abroad to inflate profits and hide losses. Steinhoff International was a multinational holding company with dual listings in Germany and South Africa, based in Johannesburg. It was officially liquidated on 13 October 2023 following a scandal that cost shareholders at least ZAR 200 billion (EUR 9.7 billion), the biggest financial scandal in South Africa. A day before his death, the Financial Conduct Authority (FCA) fined Jooste ZAR475m (EUR23m) for misleading the market between 2014 and 2017. It also found that he had "intentionally lied" to it during its investigation. Mr Jooste was due to be arrested on Friday 22 March before his death cut short the charges against him.

Southern Africa

South Africa and Namibia plan to invest EUR 345m to upgrade their rail and port infrastructures (*Nairametrics*)

[South Africa and Namibia plan to invest EUR 345m to upgrade their rail and port infrastructures](#)

Namibia and South Africa have announced their intention to invest NAD 7 billion (EUR 345 million) to improve their rail and port infrastructures over the next three years. NAD 2 billion (EUR 100 million) should be mobilised by the Namibian Ministry of Finance from 2024. This announcement is part of Namibia's ambition to become a transport logistics hub in Southern Africa and a trade channel for landlocked countries such as Zambia, Botswana and Zimbabwe through its ports, notably Walvis Bay for mineral exports. The country has also focused on port expansion in anticipation of oil and gas activity,

particularly in Lüderitz. In addition, in the national budget presented in February, the Minister of Finance allocated NAD 6.6 billion (EUR 325 million) (around 5% of the expenditure budget) to the expansion and rehabilitation of the country's ailing railways. For South Africa, this project will support its exports to Namibia (70% of goods in Namibia come from South Africa), which are currently mainly by road. The country is also affected by a logistics crisis and is seeking to upgrade its deficient rail network.

Zambia

The World Bank grants a USD 100 million subsidy for the energy sector (*World Bank*)

[World Bank Boosts Support for the Financial Sustainability, Reliability, and Resilience of Zambia's Electricity Sector](#)

On March 15, the World Bank awarded a USD 100 million grant to the state-owned electric utility ZESCO. The funding is intended to support the first phase (2024-26) of a broader program (USD 700 million over 10 years - National Energy Advancement and Transformation Program (NEAT). It aims to restore the company's financial sustainability, as well as supporting rural electrification campaigns and the development of new non-hydroelectric renewable energy capacities. Ultimately, the aim is to catalyze private investment in the energy sector (PPP model), a stated priority of the government. This announcement comes less than a week after Zambia announced the introduction of load shedding - scheduled power cuts to limit tension on the grid (Cf: Weekly news 10&11 - A historic drought in Southern Africa). tresor.economie.gouv.fr/Articles/6401b432-f3bb-4972-9bef-1e33ee350540/files/cd3e05f3-a9f1-4fd1-819c-1e105a489f54

The sector, which relies on hydroelectric capacity (95% of the energy mix), has suffered from repeated droughts (2015-16 then 2018-20 and 2023-2024 - linked to the impact of the El Nino climatic phenomenon), gradually plunging ZESCO into a financial crisis.

Zimbabwe

Sharp drop in Zimbabwe's maize harvest due to historic drought in southern Africa (Agence Ecofin)

[Sharp drop in Zimbabwe's maize harvest due to historic drought in southern Africa](#)

Zimbabwe's maize production is expected to reach 696,116 tonnes at the end of the 2023/2024 season, which ends next July, according to recent estimates announced by the Ministry of Agriculture. If this figure proves accurate, it would represent a 36% drop on the 1.1 million tonnes forecast made last December, and a 50% drop on the 1.4 million tonnes harvested last season. This would also be the lowest level recorded in Zimbabwe in 8 years since the 2015/2016 campaign, when the industry produced just 512,000 tonnes of maize, and would mark the second consecutive season of decline for the country, which had set a production record of 2.7 millions tonnes in 2021/2022. This underperformance is attributable to the repercussions of the El Niño weather phenomenon, which is affecting the entire region, particularly Zambia and Malawi. This drop in domestic maize production should increase Zimbabwe's demand for imports, but galloping inflation and difficulties in accessing foreign currency are major obstacles. The country therefore faces the risk of food insecurity, as maize is the staple food of the population.

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