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ECONOMIC WRAP-UP
Southern Africa

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The United States imposes tariffs of up to 30% on South Africa and 15% on several southern African countries *(BBC)*

On 1 August, the United States officially announced new tariffs on imports from 69 countries, citing trade reciprocity and national security concerns. South Africa is among the hardest-hit countries, with a rate set at 30%. According to the South African government, this measure could cost up to 0.3 percentage points of GDP. While the SARB initially warned of the loss of 100,000 potential jobs, the Department of Trade, Industry and Competition (DTIC) predicts that the impact will be limited to 30,000 job losses. The main sectors affected are the automotive industry (Mercedes-Benz factory in East London) and agriculture (citrus fruits, wine, nuts).

Other southern African countries are also affected, with duties mostly set at 15%. Although lower, this rate remains higher than the 10% base rate applied to countries excluded from Annex I of the US decree (which lists countries deemed non-reciprocal or a risk to national security), including Eswatini.

In some cases, these measures have been revised downwards from the initial announcements. Lesotho, initially threatened with a 50% tariff, will ultimately be subject to a 15% tax. This reduction, although partial, is a relief for this landlocked country, nearly 30% of whose exports (mainly denim clothing, particularly Levi's jeans) are destined for the US market. Of the 12,000 jobs in the textile sector, 9,000 were directly threatened. It should be noted, however, that order cancellations, and therefore job losses, have already been confirmed.

Faced with this unilateral trade tightening, the South African government has strongly condemned a decision it considers unjustified, while refraining from retaliating. The Department of Trade, Industry and Competition (DTIC) has promised support measures for affected companies: an 'export support office' is to be set up to identify new commercial opportunities. Despite budgetary constraints, targeted support measures have been promised by President Ramaphosa and could be announced shortly, particularly in the automotive sector.

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South Africa

South Africa publishes new draft climate roadmap for 2026–2035 ***(Daily Maverick)***

On 30 July 2025, the South African government published a revised version of its Nationally Determined Contribution (NDC) for the period 2026–2035. This new framework, which is open for public consultation for 30 days, provides for a reduction in greenhouse gas emissions to 350–420 Mt CO_2-eq by 2030, then 320–380 Mt CO_2-eq by 2035, with the goal of carbon neutrality by 2050. For the first time, these commitments are based on a legal framework, via the Climate Change Act of 2024, which enshrines the principle of a 'just transition'.

However, the government stresses the need for increased international financial support to achieve these objectives. At COP26 in 2021, South Africa secured USD 11.5 billion under the Just Energy Transition Plan (JETP), including EUR 1 billion from France, in return for an initial commitment (350–420 Mt CO_2-eq by 2030).

Despite the strengthening of the adaptation pillar (water, agriculture, infrastructure, biodiversity), there are significant uncertainties surrounding implementation, particularly due to the exemptions granted to the country's main emitters. Eskom, which alone accounts for around 42% of national emissions, has obtained temporary exemptions from air quality standards for eight coal-fired power plants until 2030 or 2034. Sasol, responsible for 11% of emissions, has reduced its budget for decarbonisation by 2030 by 70%, now estimated at ZAR 4–7 billion (EUR 200–350 million), compared to the ZAR 15–25 billion initially announced. Together, Eskom and Sasol account for more than 50% of the country's CO_2 emissions, which amounted to 397 Mt in 2023.

New government support of EUR 4.75 billion in additional guarantees for heavily indebted national logistics company Transnet ***(MoneyWeb)***

The South African government has approved a new EUR 4.75 billion package of additional guarantees for Transnet, the state-owned company responsible for ports and the rail network. The aim of this decision is to cover debt repayments over the next five years, preserve the group's liquidity and support the implementation of an ambitious transformation of the group.

This measure comes as several international rating agencies have recently downgraded Transnet's credit rating, warning of its weak cash flow capacity. The Department of Transport (DoT) specifies that this package is divided into two parts: half will be allocated directly to debt servicing (approximately EUR 7 billion in debt), while the other half is intended to mitigate the risks associated with further downgrades of the existing debt rating. This announcement follows an initial series of guarantees granted in May 2025, amounting to EUR 2.7 billion.

The challenge for Transnet is to contribute to the four-year logistics sector transformation plan presented in early July by Transport Minister Barbara Creecy. The programme has a total budget of more than EUR 3.5 billion for rail and EUR 1.16 billion for airports.

The plan sets ambitious targets: to transport 250 million tonnes of freight by 2029, to reach 600 million passenger journeys by train by 2030, to reduce road accidents by 40% and to improve port productivity. A new performance-based contracting model is being introduced to strengthen the governance of public entities, particularly in aviation and minibus services.

In response to Transnet's debt, the DoT has launched a Request for Information (RFI) to open up five rail and port corridors deemed strategic to the private sector. The initiative has been well received, with 163 responses received, illustrating the market's interest. The formal tendering process is expected to be launched at the end of August 2025.

Creation of a USD 500 million guarantee vehicle to support the first private electricity transmission projects in South Africa *(Engineering News)*

The South African government will launch a guarantee vehicle (CGV) in 2026 with initial capital of USD 500 million, aimed at reducing the risks associated with infrastructure projects built by private investors without sovereign guarantees. This mechanism, supported by the World Bank, will provide payment and termination guarantees to selected consortia, while financing itself through premiums included in electricity tariffs. The National Treasury will contribute 20% (€100 million), mobilising a loan from the World Bank and potentially other lenders in the future, in particular JETP-labelled loans.

This innovative mechanism will primarily support independent electricity transmission projects (ITPs), for which the first call for expressions of interest was launched on 31 July 2025. Seven major corridors are targeted, representing 1,164 km of high-voltage lines and 2,630 MVA of transformation capacity. Ultimately, this infrastructure will enable the connection of an additional 3,222 MW of renewable energy. The proposed economic model is based on a 25- to 30-year Build, Operate, Transfer (BOT) partnership, with the assets ultimately transferred to the national transmission company (NTCSA).

This initial operation is part of a broader programme to build 14,000 km of transmission lines needed for the development of renewable energy by 2034, at a cost of around €20 billion. The private sector is encouraged to invest while minimising risks, as part of the country's energy transition. The CGV could then be extended to other critical sectors such as logistics and water.

Eskom takes legal action against the granting of electricity trading licences by the regulator Nersa *(Engineering News)*

On 29 July, Eskom filed a legal appeal against the decision by regulator Nersa to grant licences in 2024 to five new electricity traders (Green Electron Market, CBI Electric Apollo, GreenCo Power Services, Discovery Green and NOA Group Trading), including cross-border trading for Greenco.
Eskom is concerned about losing control of the electricity market to these private players. The state-owned company believes that these authorisations constitute a unilateral policy change and jeopardise its business model, in particular by facilitating the capture of its most profitable customers, to the detriment of regulated tariffs and subsidy mechanisms that ensure access to electricity for the most vulnerable in the country.
This legal action could slow down the process of liberalising the South African electricity sector. As a reminder, the liberalisation of the electricity market is part of the reform provided for in the Electricity Regulation Amendment Act of 2024, which provides for the creation of an independent transmission system operator (TSO) over a five-year period, the National Transmission Company South Africa (NTCSA), created in 2023. The NTCSA has already obtained the transfer of powers related to electricity purchase agreements from independent power producers (IPPs), with the confirmed support of international donors. In this context, the South African Wholesale Electricity Market (SAWEM), currently being structured, aims to establish a non-discriminatory trading platform between producers, traders and financial operators.

Telecommunications Minister Solly Malatsi visits China *(MyBroadband)*

During a recent visit to China (Beijing, Shanghai and Shenzhen), South African Minister of Communications and Digital Technologies (DCDT) Solly Malatsi met with teams from China Satellite Network Company (CSNC) to discuss the potential deployment of their network in South Africa. CSNC is a Chinese state-owned consortium whose ambition is to deploy a constellation of 13,000 low-earth orbit (LEO) satellites for telecommunications services. CSNC could thus position itself as a competitor to Starlink, whose services remain blocked in the country for regulatory reasons, but also to Eutelsat-Oneweb, whose services are already deployed via local partners.

During his visit, Minister Malatsi also participated in the World Artificial

Intelligence Conference and a high-level summit on global AI governance. The two governments also agreed to negotiate a bilateral agreement (MoU) on artificial intelligence.

Discussions were also held with the Export-Import (Exim) Bank of China to explore financing opportunities related to the acquisition and deployment of Chinese technologies. The minister also met with representatives from Honor and Huawei to support their programmes aimed at promoting access to digital technologies for young people in South Africa. Solly Malatsi regularly participates in events organised by Chinese companies (Honor, TikTok, etc.) in South Africa.

South Africa receives €500 million loan from Germany for its just energy transition *(Business Day)*

Germany is stepping up its support for South Africa's energy transition (Just Energy Transition Partnership) with a new €500 million concessional loan from KfW, its public development bank. This loan brings the total amount committed by Berlin in support of South Africa's climate reforms to EUR 1.3 billion.

The JETP, comprising nine donor countries and organisations, was launched during the UN climate talks in Glasgow (COP 26) in 2021, with South Africa being the first beneficiary of loans, financial guarantees and grants to move away from coal by developing renewable energies, electric cars and carbon-free hydrogen. The aim is to combine climate investment and social justice in a more resilient development model. France, having committed EUR 1 billion in South Africa, is one of the main members of this coalition.

The South African Reserve Bank (SARB) lowers its key interest rate to 7.00% and announces an inflation target of 3% *(Resbank)*

At its monetary policy committee meeting on 31 July, the South African Reserve Bank (SARB) lowered its key interest rate by 0.25 percentage points to 7.0%. For the record, since the end of 2024, the SARB has already reduced its rates by a total of 1 percentage point, with two cuts of 0.25 percentage points this year in January and May. In addition, the central bank announced that it would now target the lower end of its inflation target range, i.e. 3%, compared with a range of between 3% and 6% previously. The aim of this refocusing is to anchor inflation expectations at a lower level in the long term. However, Finance Minister Enoch Godongwana has made it clear that no official change to this target will be announced in the near future, stressing that any change will have to go through a consultation process involving the Ministry of Finance, stakeholders and the cabinet.

Finally, in this context, the SARB has revised its growth forecasts downwards, now expecting 0.9% in 2025, 1.3% in 2026 and 2% in 2027, due to relatively weak economic activity at the beginning of the year, persistently high real interest rates, and the assumption of an increase in US customs duties on imports from South Africa. It forecasts a gradual decline in the key interest rate, which is expected to reach 6.69% by the end of 2025, then 5.98% in 2026 and 5.84% in 2027.

Angola

The government announces a USD 54.6 million financing facility to support businesses affected by the riots at the end of July *(Ministry of Finance)*

From 28 July to 30 July, serious riots took place in Luanda and several other cities across the country following a strike called by the taxi union to protest against transport price increases resulting from the government's decision to raise the price of a litre of diesel from 300 to 400 kwanzas (€0.28 to €0.38). The demonstrations degenerated into acts of vandalism and looting of shops, supermarkets and warehouses, as well as clashes with the police. These riots resulted in 30 deaths (including one police officer), more than 200 injuries and around 1,000 arrests. The Association of Modern Trade and Distribution Companies of Angola (ECODIMA) counted 91 commercial establishments vandalised.

In order to support businesses affected by the acts of vandalism and looting, the government has released a line of credit amounting to 50 billion AOA (54.6 million USD). The businesses concerned must apply to BPC bank to obtain these loans at an interest rate of 5% with a 9-month grace period. For these businesses, faster and 100% VAT recovery as well as exemptions from social security contributions for 3 months (subject to maintaining salaries) have also been put in place. These measures are part of a support plan for commercial establishments with the aim of preserving jobs, ensuring regular supplies and returning to normal as quickly as possible.

The central bank releases USD 162.7 million to ease seasonal pressure on the foreign exchange market *(BNA)*

The National Bank of Angola (BNA) has announced a one-off sale of foreign currency worth USD 162.7 million to meet the seasonal increase in demand for foreign currency. The operation aims to strengthen the capacity of commercial banks to respond more quickly to requests from individuals and airlines operating in the country during July and August.

According to the BNA, USD 71.8 million has been made available for transactions by individuals and USD 90.9 million for transactions by airlines. The seasonal pressure on the foreign exchange market during this period is due to increased demand for foreign currency for travel abroad, as well as the need for airlines to make international payments.

This measure aims to ensure greater fluidity of transactions by guaranteeing the liquidity of commercial banks, avoiding delays in operations and stabilising the foreign exchange market, thereby preventing pressure on the kwanza due to a shortage of foreign currency.

Malawi

The IMF concludes its Article IV consultation with Malawi and warns of a worrying macroeconomic and financial situation *(IMF)*

The IMF has concluded its 2025 Article IV consultation for Malawi, highlighting significant macroeconomic challenges in its report. The country faces structurally weak growth, persistent inflation, unsustainable fiscal and debt dynamics, and a decline in official development assistance.

In 2024, real GDP growth slowed to 1.8% (from 1.9% in 2023), hampered by lower-than-expected agricultural production (drought caused by El Niño) and a severe foreign exchange shortage. Inflation remains high, while the overall budget deficit reached 10.1% of GDP in the 2024/25 financial year, due to lower tax revenues, election-related spending and rising interest costs. The current account deficit widened significantly as a result of sustained import demand. Public debt reached 88% of GDP at the end of 2024, with interest payments estimated at nearly 7% of GDP.

In the medium term, growth is expected to increase moderately, from 2.4% in 2025 to 3.4% in 2029. Inflation is expected to stabilise at around 15%, under pressure from monetary growth and the exchange rate, while persistent primary deficits will continue to fuel these tensions. Downside risks include political gridlock in the implementation of macroeconomic reforms, a larger-than-expected decline in external aid, trade tensions, possible social unrest related to elections, and insufficient food production.

Mozambique

Fitch affirms Mozambique's credit rating at CCC *(Fitch)*

In a note published on 4 August, Fitch justified maintaining the foreign currency credit rating at CCC, citing improved political stability and a favourable outlook for key macroeconomic indicators in the medium term. Political and social tensions in Mozambique eased considerably during the first half of 2025. Despite a contraction in the first quarter and the negative effects of the foreign currency shortage on business activity, Fitch forecasts a slight increase in growth to 2.5% in 2025 (after 2.4% in 2024). Growth is expected to reach 3.4% in 2026 and 4% in 2027.

Significant financial constraints remain. The budget deficit is expected to narrow to 3.4% of GDP in 2026 and 3.6% in 2027, mainly due to a decline in public spending. In 2024, the government accumulated external payment arrears to several bilateral and multilateral creditors (IMF, IDB, Portugal), and the agency believes that the accumulation of arrears continued in 2025. Fitch forecasts a slight increase in public debt and stabilisation at 92% of GDP in 2026 and 2027 (after a reduction to 91% in 2024, compared with 97.7% in 2023, mainly reflecting out-of-court settlements related to the hidden debt scandal). Last February, the agency downgraded Mozambique's credit rating due to financial pressures: prolonged protests following the October 2024 presidential election led to a slowdown in economic activity, a widening of the budget deficit and the suspension of the IMF programme, which affected the government's ability to meet significant local currency debt maturities scheduled for 2025 and 2026.

IFC extends development financing for the Chimuara–Nacala project in Mozambique *(Powerline)*

The International Finance Corporation (IFC) will provide development financing to support phases II and III of the Chimuara–Nacala transmission line in northern Mozambique. The 460 km transmission corridor is being developed by Gridworks, a subsidiary of British International Investment, in partnership with Electricidade de Moçambique (EDM). Phases II and III of this $400 million project include: a 272 km 400 kV line between Alto Molócuè and Namialo, a 98 km 220 kV line between Namialo and Nampula, a 90 km 220 kV line between Namialo and Nacala-à-Velha, and two new substations in Namialo and Nacala-à-Velha.

Central Bank lowers its key interest rate to 10.25% *(Banco de Moçambique)*

At its meeting on 31 July 2025, the Monetary Policy Committee of the Bank of Mozambique decided to lower its key interest rate by 75 basis points to 10.25%. This decision reflects the consolidation of the medium-term inflation outlook in single digits, supported by lower international prices and the stability of the metical. Annual inflation rose from 4.0% in May to 4.2% in June, a relative decline after peaking at 4.8% in March. However, the risks to inflation projections remain high, due to challenges related to the mobilisation of budgetary resources, uncertainties surrounding the speed of recovery in productive capacity in a context of political instability, and the persistent effects of climate shocks.

Namibia

TotalEnergies makes its investment in the Venus offshore oil field conditional on guarantees from the Namibian government *(Namibian Sun)*

French oil and gas giant TotalEnergies has indicated that it will not approve a final investment decision on the development of the Venus offshore oil field (45.25%

stake)—considered one of the most promising in the world—without a firm agreement on fiscal and operational terms with the Namibian government. Its CEO, Patrick Pouyanné, stressed that the viability of the project depended on a transparent and stable partnership, particularly with regard to cost and risk sharing arrangements, given the complexity of the field.

While the final investment decision is expected in 2026, several issues remain to be clarified, particularly regarding local content requirements. The Namibian government is reportedly considering raising the minimum local participation share to 60% in terms of jobs by 2030 and from 10% to 15% in terms of equity participation in projects. While TotalEnergies remains confident in its technical capabilities, the company warns that overly restrictive conditions could jeopardise the project.

TotalEnergies is proposing to invest in a national oil training institute to strengthen local skills. With the depreciation of Shell's assets, Venus appears all the more important as a key project for Namibia's oil ambitions for 2030.

A subsidiary of China National Chemical Engineering Company selected for the construction (EPC) of the Hyphen project, the country's main green hydrogen project *(The Brief)*

CC7, a subsidiary of the Chinese state-owned enterprise China National Chemical Engineering Company, has been selected by Hyphen for an engineering, procurement and construction (EPC) contract for the construction of Namibia's major green hydrogen project. Located in Tsau //Khaeb National Park, the project is expected to cover an area of 27,000 hectares, with a total investment estimated at nearly USD 10 billion. With 3 GW of photovoltaic capacity, the aim is to produce 2.4 Mt of carbon-free ammonia, mainly for export (Europe and Asia).

The developer, Hyphen Hydrogen Energy (HHE), is a joint venture between the German energy group Enertag and the British investment fund Nicholas Holdings. At the end of 2024, the Namibian government also acquired a 24% stake. Several European governments, including Germany, the Netherlands and Belgium, are in negotiations to finance part of this project. However, the German government has emphasised that it cannot cover all the associated risks and that other guarantees will have to be provided.

CC7 is a subsidiary of the state-owned China National Chemical Engineering Group Corporation Ltd. (CNCEC). It is a Chinese public company based in Chengdu, specialising in the construction of industrial, petrochemical and infrastructure projects. CC7 has been involved in the construction of nearly 600 sites in China and nearly 60 projects internationally. The company was reportedly selected following a competitive international tender process. CC7 presented this contract as a contribution to the Chinese government's Belt and Road Initiative.

Despite these promises, the Hyphen project is still under development and no final investment decision has yet been made. Financial commitments, regulatory approvals and off-take agreements still need to be secured. One of the main obstacles concerns the environmental impact of the project, which has often been criticised because of its location in an area sensitive to biodiversity.

Namibia wants to impose a 51% local participation requirement in new mining projects *(Business Express)*

At the opening of Mining Expo 2025 in Windhoek on 5 August, Deputy Prime Minister and Minister of Mines and Energy Natangwe Ithete announced that his ministry was working to put in place mechanisms to guarantee a minimum 51% Namibian participation in all new mining joint ventures. The new development plan unveiled at the end of July (NDP6) even aims for 60% by 2030.

This approach is part of a broader strategy for the equitable development of the mining sector, a pillar of the national economy (approximately 12% of GDP in 2023 and more than 50% of exports). The minister stressed that this policy, currently under discussion as part of the review of the Minerals Bill, aims to boost job creation, local value addition and the country's economic transformation. He also warned holders of inactive licences that measures will be taken against speculative retention of mining rights.

Despite the Namibian government's desire to create maximum local value, the country still lacks the skills, capital, technology, regulatory framework and infrastructure in the sector, which is likely to limit the implementation of such a measure. As a reminder, nearly 80% of mining capital in the country is foreign.

Namibia launches a ten-year strategy to modernise and expand its capital markets, aiming to triple the value of listed assets by 2035 *(MoneyWeb)*

Namibia has unveiled a ten-year strategy to expand its capital markets by introducing five new financial instruments each year, increasing the number of registered investors by 70%, and raising the value of assets listed on the Namibian Stock Exchange from 17.3% to 75% of GDP by 2035. This plan is part of a drive to attract long-term capital, strengthen corporate financing and reduce dependence on extractive industries.

To achieve these objectives, the strategy includes encouraging local ownership of shares in international companies, supporting the creation of an innovation hub focused on financial technologies, offering incentives to innovative financial institutions, and strengthening financial education for investors. It also highlights alternative financing tools such as crowdfunding, venture capital and securitisation to improve access to finance for SMEs and emerging sectors.

Regulatory authorities, notably the Central Bank and the Namibia Financial Institutions Supervisory Authority, will lead reforms to align national practices with international standards and attract local and foreign investors.

Zambia

Inflation slows in July *(Zamstats)*

According to the national statistics agency (ZamStats), inflation stood at 13.0% year-on-year in July, down from 14.1% in June. This decline is attributable to a slowdown in the rise in food prices (+15.3%, after +16.7%) and non-food products (+9.7%, after +10.3%). This development comes against a more favourable economic backdrop, driven in particular by the rise in copper prices (Zambia is Africa's second largest producer), which has contributed to an appreciation of nearly 21% of the kwacha against the dollar since the beginning of the year.

The continued moderation in inflation is reinforcing expectations of monetary easing. After keeping its key interest rate at 14.5% in May, the Central Bank could consider a cut at its next meeting. However, inflation has remained well above the upper limit of the central bank's target (8%) since 2019. The monetary authorities expect a return to the target range in the first quarter of 2027, with average inflation projected at 13.8% in 2025 and 8.8% in 2026.

IMF approves USD 184 million disbursement and government announces request for extension of ECF programme *(Reuters)*

The IMF Executive Board has completed the fifth review of the Extended Credit Facility (ECF) programme, enabling an immediate disbursement of SDR 139.88 million (approximately USD 184 million). This payment brings the total funds received under the programme to USD 1.55 billion. For the record, the programme aims to stabilise the macroeconomy, restore debt and public finance sustainability, strengthen governance and support inclusive growth to improve living conditions.

The overall performance of the programme is considered satisfactory, with the majority of quantitative and indicative targets achieved by the end of 2024 and early 2025, despite three missed targets (non-mining tax revenue, clearance of arrears, and accumulation of reserves). Zambia, which suffered the effects of a severe drought in 2024, posted estimated real growth of 4% that year, thanks to the resilience of the mining and services sectors. Growth is forecast to accelerate to 5.8% in 2025, driven by agricultural recovery and strong economic momentum. Inflation is expected to gradually decline to 11% by the end of 2025, although risks remain due to global uncertainties.

The current ECF programme is due to end in October 2025, with a final review scheduled that could allow for an additional disbursement of approximately USD 180 million, bringing the total financing to USD 1.73 billion. In this context, the Zambian government has officially announced its intention to request a 12-month extension of the programme, which could increase the total package to USD 1.88 billion by October 2026.

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Head of publication: Pretoria Regional Economic Service, Luanda Economic Service, Maputo Economic Service
jade.plancke@dgtresor.gouv.fr, nicolas.viossat@dgtresor.gouv.fr

Editor: Pretoria Regional Economic Service

Subscribe: jade.plancke@dgtresor.gouv.fr, nicolas.viossat@dgtresor.gouv.fr