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ECONOMIC WRAP-UP
Southern Africa

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President Ramaphosa signs the Expropriation Bill, provoking tensions within the Government of National Unity (GNU) *(South African Government)*

On 23 January, South African President Cyril Ramaphosa officially promulgated the Expropriation Bill, a law that establishes a legal framework for the expropriation of property, including land, in order to correct the historical inequalities in land ownership resulting from apartheid. Expropriation without compensation could be applied in specific cases, notably where land is unused or illegally occupied. The aim is to speed up land reform and ensure fairer access to land ownership, particularly for historically disadvantaged black populations.

However, the notion of public interest used in the law is being debated even within the government coalition. The Democratic Alliance (DA), the second largest party in terms of number of ministers, is particularly critical, pointing to the negative impact the measure could have on investment and the economy in the broad sense. It should be noted that the DA is traditionally affiliated with the country's white communities, which would suffer most from the expropriation of land. The Inkatha Freedom Party (IFP), the third largest party in the coalition, has also raised objections to the signing of the law. However, DA and IFP politicians said they were not calling the coalition into question at present.

The President also signed into law two other pieces of legislation: the General Intelligence Laws Amendment Bill, which aims to reform the intelligence framework to strengthen oversight and transparency mechanisms and improve the operation of security agencies to prevent abuse of power; and the National Prosecuting Authority Amendment Bill, which strengthens the powers of the National Prosecuting Authority (NPA), enabling it to fight corruption and financial crime more effectively, and should facilitate the investigation and prosecution of those responsible for high-level corruption.

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Southern Africa

Mission 300 Summit on Energy in Africa organised by the World Bank and the African Development Bank (AfDB) in Dar Es Salaam *(World Bank)*

African heads of state, business leaders and development partners met on 27 and 28 January in Dar es Salaam, Tanzania, for the Mission 300 Summit on Energy in Africa, organised by the World Bank and the African Development Bank. These partners have set themselves the goal of providing access to electricity for 300 million people by 2030, through investments in renewable energies (solar, hydro, wind) and the improvement and expansion of electricity grids and alternative solutions such as mini-grids.

The Asian Infrastructure Investment Bank (AIIB) and the Islamic Development Bank (IDB) have announced a financial commitment of around USD 6 million, while AFD has pledged EUR 1 billion. AFD Chief Executive Officer Rémy Rioux pointed out that the forthcoming Finance in Common Summit (FICS), which will be held in Cape Town from 26 to 28 February, and of which he is Chairman, would place mobilisation around Mission 300 at the centre of its agenda.

The World Bank and the AfDB plan to devote USD 30-40 billion and USD 10-15 billion respectively to this plan, in addition to private sector funding. Malawi has obtained a USD 250.8 million grant from the World Bank to improve access to electricity throughout the country. Finally, several African countries, such as Zambia, have committed to reforming their national electricity companies, promoting the integration of renewable energies and raising national targets for electricity connections in order to attract private capital.

The US aid freeze: a threat to the fight against HIV in Africa

Donald Trump's decision to suspend bilateral development aid for 90 days could have dramatic consequences for HIV programmes in Africa. The freeze, announced on 20 January 2025 following his inauguration, covers key programmes such as the Plan for Emergency AIDS Relief (Pepfar), which has saved millions of lives since its creation in 2003. By 2024, Pepfar was providing life-saving antiretroviral treatment to almost 21 million people in 55 countries, the vast majority of them in sub-Saharan Africa.

In South Africa, around 5.6 million people are receiving antiretroviral treatment. Although the fight against HIV is partially funded by the South African government, Pepfar remains an indispensable resource in the country (USD 140 billion in funding in South Africa since the programme was launched, including USD 448 million by 2024), particularly in terms of prevention policies. Cutting-edge research into HIV and tuberculosis in South Africa is also funded by the US National Institutes of Health (NIH).

Other countries in the southern sub-region, including Malawi, whose health budget is particularly limited, are heavily dependent on the Pepfar programme. In 2024, Pepfar allocated $180 million to Malawi. The announced freeze could therefore put the brakes on the progress made and put millions of lives at risk in the most vulnerable countries.

South Africa

Agreement in sight between Transnet and South African coal and iron exporters for the latter to invest in maintaining the rail network (Mining.com)

South Africa's leading coal and metals exporters have pledged to invest several billion rand in improving the country's rail infrastructure. The initiative is aimed at resolving the logistical bottlenecks and accidents associated with Transnet's dilapidated infrastructure, which are hampering the export of mining resources to ports. South Africa's rail network, operated by the public operator Transnet, has deteriorated significantly in recent years, marked by cable theft, lack of maintenance and chronic mismanagement. These problems have led to a drop in volumes transported (154 million in 2023, or -34% since 2018), seriously affecting exports of coal, iron and other metals.

South Africa is in great need of the revenue generated by these exports. It was the world's fourth-largest exporter of iron (worth USD 4.8 billion), and the world's sixth-largest exporter of coal (worth USD 12.7 billion) in 2022. Mining companies such as Anglo American and Glencore, under the aegis of the B4SA interest group, are planning to finance rail modernisation projects to improve the capacity and reliability of the network, and consequently the competitiveness of the South African mining sector. This announcement marks a new stage in the slow process of privatising Transnet.

At a time when the national company's debt continues to grow (around EUR 7 billion), Zuko Golimpi, deputy head of the economic transformation committee of President Ramaphosa's party (ANC), declared on 26 January that Transnet would need a debt relief programme of around EUR 13 billion, modelled on the one agreed with energy company Eskom in 2022. This statement comes as Finance Minister Enoch Godongwana, who is also a member of the Economic Transformation Committee, is due to present his budget for the 2025/26 financial year on 19 February. In the past, he has refused new bailouts for the country's ailing state-owned companies.

However, Transnet's importance to the country (its dysfunction would have cost the country around EUR 20 billion in 2022, according to the National Treasury) and the new management team's initial positive results (rail freight volumes stabilised in the last financial year) could prompt the South African government to grant a new sovereign guarantee, enabling Transnet to obtain financing from international lenders and repay part of its debt. The last guarantee, granted at the end of 2023, amounted to around EUR 2.4 billion.

Tensions within the GNU affect the rand price

On 25 January, the Democratic Alliance (DA), the second largest party in terms of number of MPs, voiced its strong opposition to President Ramaphosa's ratification of the Expropriation Bill and to the ANC's National Health Insurance reform bill. These divisions within the GNU were immediately followed by a sharp depreciation of the rand, which lost 2% in 72 hours against the US dollar (from ZAR18.40 to USD1 on 25 January to ZAR18.85 to USD1 on 28 January). The statement by DA leader John Steenhuisen on 28 January, reiterating his party's commitment to the Government of National Unity (GNU) and ruling out the possibility of a break-up in the short term, reduced the risk of political instability and temporarily restored market confidence.

The IMF publishes its Article IV review *(IMF)*

On 30 January, the IMF published its annual economic analysis report on South Africa, known as the 'Article IV' report. According to the monetary institution, growth remained sluggish in 2024 (+0.8%, after +0.7% in 2023), due to the particularly severe drought that hit the country. However, growth is expected to accelerate from 2025 onwards, supported by a recovery in investment consumption, underpinned by stable electricity production, and to reach between 1.5% and 1.7% per annum over the next few years. The IMF believes that by undertaking more ambitious reforms (business climate, logistics sector, labour market), the authorities could increase growth potential to nearly 3% over the medium term. However, the Bank welcomes the slowdown in inflation, which it estimates to average 4.5% in 2024 (after 5.9% in 2023), and the prudent monetary policy pursued by the Central Bank. On the other hand, it warns that the country's public finances are likely to continue to deteriorate: the international institution anticipates deficits of 6.1% of GDP in 2024 and 6.6% of GDP in 2025, well above the government's forecasts. As a result, public debt, projected at 82% of GDP in 2027 (compared with 75.7% of GDP in 2024), should continue to rise. In view of this mixed outlook, the Fund stresses the need to i) step up fiscal consolidation in order to reduce public debt; and ii) implement ambitious structural reforms to encourage private investment and promote sustainable, inclusive and green growth.

The Central Bank cuts its key rate by 0.25 points to 7.5% *(SA Reserve Bank)*

The Monetary Policy Committee of the South African Reserve Bank (SARB) cut its key rate by 0.25 percentage points to 7.5% at its meeting on 30 January. This is the third consecutive cut in the key rate since September 2024 (-0.75 points in total, from a high of 8.25%). The decision, taken by four votes to two (in favour of keeping the rate at 7.75%), was in line with observers' expectations. The SARB justifies its decision by the fall in inflation (4.4% over the year, 2.9% year-on-year in December 2024), which should remain within the Central Bank's lower band (3 to 6%) in the first half of 2025. However, the financial institution remains cautious in the face of the significant risk of imported inflation. In particular, it points to the risk of a rise in key interest rates and an increase in customs duties, which could lead to a sharp depreciation in the rand and inflation potentially exceeding 5% in 2025.

Angola

Angola presents its debt plan for 2025

Following its meeting on January 20-21, the Monetary Policy Committee (MPC) of the National Bank of Angola (BNA) decided to keep its main interest rate at 19.5% and reduce its reserve requirement ratio in local currency from 21% to 20%. A few days ago, the Finance Minister presented a debt plan for 2025, which is part of the medium-term debt strategy for the period 2024-2026 approved in December 2023. This strategy, which aims to ensure the sustainability of public debt while supporting economic growth and controlling inflation, includes a reduction in debt servicing to 45% of public spending by 2026, compared with 63% at present, by contracting external loans on semi-concessional terms (with repayment maturities of 15 to 20 years and grace periods of at least five years) and banning financing backed by natural resource guarantees. Public debt, which represented around 63.9% of gross domestic product (GDP) in 2024, is expected to fall to 58.6% in 2026, thanks to sustained growth and primary budget surpluses, despite the impact of the depreciation of the national currency on debt denominated mainly in foreign currencies. For 2025, the Angolan government anticipates a budget deficit of 1.65% of GDP (up slightly on the projected deficit of 1.46% for 2024), and a financing requirement of around USD 15 billion (including USD 7.2 billion in external loans). Annual inflation is expected to slow to 16.6%, from over 29% in 2025.

Botswana

Botswana finalises new diamond deal with De Beers *(Mining.com)*

Botswana, under its new President Duma Boko, and mining giant De Beers have signed a new long-term agreement that strengthens the country's position in the diamond industry. The agreement, which took several months to finalise, provides for more advantageous revenue sharing for Botswana. In particular, the agreement provides for a gradual increase in the share of diamonds allocated to Botswana in the Debswana joint venture, rising to 50% by 2033 from 25% today. An extension of the partnership between Botswana and De Beers for the mining and marketing of diamonds and a commitment by De Beers to invest in infrastructure and the development of the local sector were also reportedly agreed.

De Beers, the world's second largest diamond producer by volume, is of systemic importance to Botswana, accounting for around 90% of the country's exports and 20% of GDP. The announcement comes at a time when the diamond market has been turned upside down by the emergence of synthetic diamonds and the introduction of strict certification rules aimed at keeping Russian diamonds out of G7 markets. Botswana, which has already won the right to become the world's second-largest certification centre for rough diamonds (after Antwerp), seems determined to move up the diamond value chain in order to accelerate its economic development.

Mozambique

The Central Bank cuts its key rate by 0.5 points to 12.25% *(Banco de Moçambique)*

At its meeting on 27 January, the Bank of Mozambique's Monetary Policy Committee cut its key rate by 0.5 percentage points to 12.25%. This is the seventh consecutive cut in the key rate since January 2024 (-5 basis points in total, from a high of 17.25%). However, it is lower than expected by observers and than the most recent cuts (-0.75 basis points on the six previous occasions), due to the recent pick-up in inflation (+4.2% year-on-year in December 2024, compared with +2.8% year-on-year in November) against the backdrop of a serious political and social crisis. The monetary institution also lowered its minimum reserve ratio by 10 points (from 39.5% to 29.5% for foreign currency reserves and from 39% to 29% for local currency reserves), which had been in force since 31 May 2023. At the same time, the Mozambican Banking Association lowered its base rate by 0.7 points to 19% (a total of -4.5 points since the launch of the Central Bank's normalisation policy in January 2024).

The President of the Republic, Daniel Chapo, has just completed the composition of his first government (Presidency)

Daniel Chapo completed the formation of his first government on 30 January, reappointing only the Minister of Defence, Cristóvão Chume, from the previous government, a post he will hold until November 2021. In line with the announcement made during his investiture speech on 15 January, the number of ministries has been reduced slightly (from 21 to 18). Three secretariats of state (Youth and Employment, Sports, and Technical and Vocational Training), which now report directly to the President of the Republic, and the post of deputy minister have also been abolished. At devolved level, the 10 provincial governors took up their duties on 20 January, and the 10 provincial secretaries of state on 30 January (with the exception of Maputo province). In detail, Benvinda Levi is the new Prime Minister. A lawyer, aged 55, she previously served as Minister of Justice (2008-2015) and as legal advisor to President Filipe Nyusi (2015-2024). Carla Louveira, a 43-year-old economist and former deputy minister in the former Ministry of Economy and Finance, is the new Minister of Finance. Salim Valá has been appointed Minister for Planning and Development. An economist, he was Chairman of the Board of Directors of the Mozambique Stock Exchange (2016-2024), advisor to the President of the Republic on economic and development affairs (2015-2016) and served as Permanent Secretary and National Director for the Promotion of Rural Development in the now defunct Ministry of Planning and Development in the government of Armando Guebuza. Basílio Muhate has been appointed Minister for the Economy. An economist and politician, Muhate, 45, has served as a member of the non-executive board of the Bank of Mozambique, and in the public company Domus Imobiliária. He was also Secretary General of the Mozambique Youth Organisation (OJM) and a member of the Frelimo Party Central Committee. Roberto Monteiro takes over the functions of the former Ministry of Industry, Commerce and the tourism portfolio of the former Ministry of Culture and Tourism. Estevão Pale is the new Minister for Mineral Resources and Energy. Pale, 69, an economist, served as chairman of the board of ENH from 2020 to 2024 and as chairman of the board of Compagnie Mozambicaine des Hydrocarbures (CMH SA) from 2005 to 2019. João Jorge Matlombe, a 47-year-old economist and former Transport Councillor for the Municipality of Maputo, has been appointed Minister of Transport and Logistics. Roberto Albino has been appointed Minister of Agriculture and Fisheries. Trained in business management, he was Director General of the Zambeze Valley Development Agency (2011-2027) and Director of the Ministry of Agriculture's Agricultural Promotion Centre (2006-2011). Américo Muchanga is the new Minister of Communications and Digital Transformation. An electronics engineer, he served in the former Ministry of Transport and Communications, where he was Director of IINCM, the communications regulatory authority, then President of Mozambique Airports (2022-2024), President and CEO of Mozambique

Airlines (LAM; July 2024 - January 2025). Finally, Mateus Saize, a constitutional judge, has been appointed Minister of Justice and Religious and Constitutional Affairs.

Namibia

Unemployment rate in Namibia to rise to 36.9% in 2023 *(Namibia Statistics Agency)*

According to the Namibian National Statistics Agency's latest publication on the labour market, the employed population in Namibia was estimated at 546,805 in 2023, including 300,794 men and 246,011 women. The agriculture, forestry and fishing sector is the main provider of jobs, accounting for 16.1% of the total workforce, which is predominantly male (23.1% of men and 7.6% of women). Other major sectors include wholesale and retail trade (10.0%), manufacturing (9.8%) and administrative and support services (9.3%). The unemployment rate has risen from 33.4% in 2018 to 36.9% in 2023, confirming the deterioration in the job market. This increase is due in particular to the slowdown in growth (-0.8% in 2019, -8.1% in 2020, +3.6% in 2021, +5.3% in 2022 and +4.2% in 2023) and the continuing impact of the Covid-19 pandemic. Unemployment particularly affects young people, reaching 57.7% among 15–19-year-olds. This rate decreases overall with age, reaching 19.4% for the 55-59 age group. Women are still more likely to be unemployed than men (39.6%, compared with 34.6% for men).

Zambia

Publication of a feasibility study demonstrating the potential of a uranium mine in Zambia *(Proactive Investors)*

GoviEx Uranium has published the results of its fasibility study for the Muntanga uranium project in Zambia, highlighting promising economic indicators for the sustainability of the project. The study highlights that the project presents a low technical risk, due to the use of shallow open pit mining. The site also benefits from existing infrastructure, including road access, water, power connections and established export routes via Namibia, enabling it to serve international markets. The mine could be operational as early as 2028 and could produce around 2 million pounds (1,000 tonnes) a year for 12 years.

This project would make Zambia a new player in a fast-growing uranium sector (from around USD 50 per pound in January 2023 to USD 75 by the end of 2024), with nuclear power seen as a safe, low-pollution source of energy, particularly for fuelling the exponential growth of the artificial intelligence sector. However, the uranium market has just seen a significant drop (-5 USD per pound to around 70USD per pound), partly attributed to the emergence of DeepSeek, a new Chinese artificial intelligence model that is said to consume 95% less energy than OpenAI's American leader Chat GPT.

Annual inflation holds steady at 16.7% in January 2025 *(Zamstats)*

According to the national statistics agency (Zamstats), consumer prices rose by 16.7% year-on-year in January, stable compared to December. Inflation thus remains at its highest level since November 2021, fuelled by an unprecedented drought (shortages of maize, fish and vegetables), increased demand for fuel against a backdrop of electricity supply disruptions, and by the persistent weakness of the Kwacha (-0.6% over one month against the US dollar at the end of January, -16% compared with the end of June 2024) . Inflation was mainly driven by 'food and non-alcoholic beverages' (+19.2%, i.e. a positive contribution of 11.2 points to the total), 'housing, water, electricity and fuel' (+20.7%, i.e. +2.3 points), and 'transport' (+13.5%, i.e. +1.1 points). For the record, the Central Bank raised its key interest rate to 14% in November, the highest level in seven years, in order to support the Kwacha and slow inflation, which is expected to remain above the institution's target range (6-8%) over the next eight quarters. The next Monetary Policy Committee meeting will take place on 10 and 11 February 2025.

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