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ECONOMIC WRAP-UP
Southern Africa

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King Letsie III of Lesotho and South African Agriculture Minister Steenhuisen in Paris for the third Nutrition for Growth (N4G) Summit (Ministry of Europe and Foreign Affairs)

France hosted the N4G summit on 27 and 28 March 2025, in the presence of French President Emmanuel Macron and under the aegis of Minister Delegate for La Francophonie and International Partnerships Thani Mohamed-Soilihi. This summit, organised every 4 years by the host country of the Olympic and Paralympic Games, was an opportunity to push forward the fight against malnutrition in the world as part of the United Nations' Agenda 2030. Malnutrition is the leading cause of infant mortality in the world, directly or indirectly causing 45% of deaths in children under the age of five, according to figures from the World Health Organisation (WHO).

One hundred and twenty-seven delegations attended the summit, including the governments of 106 countries, as well as numerous international organisations, civil society organisations, development banks, philanthropic organisations, research institutions and companies. South Africa was represented by Agriculture Minister John Steenhuisen, while the King of Lesotho, His Majesty Letsie III, was received by President Macron as part of the Summit.

As host country, France is leading efforts to build a strong international political commitment to this issue. A dynamic governance structure has been put in place with a core group of around 30 countries and over 30 non-governmental partners (private sector, civil society organisations, philanthropic organisations, development banks, research institutions, international organisations, etc.). In total, the international community's financial commitments to nutrition reached USD 27.55 billion at the summit, including USD 750 million from the Agence Française de Développement between now and 2030, beating the record set at the previous summit in Tokyo in 2021.

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South Africa

Eskom announces the commissioning of a new 800 MW unit at Kusile coal-fired power station *(MyBroaband)*

Eskom, South Africa's national power utility, has announced that Unit 6 of the Kusile power station was commissioned on Sunday 23 March 2025. The new unit will add 800 MW to the national grid, marking a crucial milestone in one of the country's largest infrastructure projects. Once fully operational, the Kusile plant will contribute 4,800 MW to the grid. The commissioning of Kusile Unit 6 is a key milestone in Eskom's strategic goal of adding 2,500 MW of new capacity to the grid by March 2025.

Construction of Kusile, which began in 2008, was due to be completed in 2017, but has been plagued by delays due to poor management, labour disputes, vandalism and corruption, resulting in costs tripling from the original budget to a total of around EUR 8 billion. Units 2, 3, 4 and 5 were commissioned between 2021 and 2023, but also experienced recurring technical problems.

Eskom has also announced that unit 4 of the Medupi power station, Kusile's sister project, will be recommissioned by the end of next month, adding a further 800 MW to the grid. The news of the imminent completion of Kusile and the return of Medupi unit 4 should ease the pressure on Eskom's generating capacity, which has had to implement loadshedding measures on three occasions in 2025.

On 31 March 2025, Environment Minister George announced that six of the country's coal-fired power stations (Lethabo, Kendal, Tutuka, Majuba, Matimba and Medupi) would benefit from limited exemptions from air quality laws and regulations on the reduction of harmful emissions, until 1 April 2030. Two other plants (Duvha and Matla) will be exempt until 2034. As a reminder, the then Minister for the Environment, Barbara Creecy, had already agreed in 2023 to Eskom's request to suspend the limits of the minimum emission standards (MES) at five of the oldest coal-fired power stations. The air pollution linked to this use is seriously damaging the health of South Africans and is estimated to cause between 30,000 and 45,000 deaths a year, depending on the study.

This news illustrates the difficulty of initiating South Africa's energy transition (the country is 83% dependent on coal). However, the country remains committed to the Just Energy Transition Partnership (JET-P), an international initiative to help finance this transition, to which France is contributing EUR 1 billion via loans from the Agence Française de Développement (AFD).

Sibanye-Stillwater's Gallicam project in France awarded strategic project status by the EU *(Miningmx)*

The European Commission has designated two Sibanye-Stillwater projects in Europe as strategic under its strategy for securing supplies of critical minerals, the Critical Raw Materials Act (CRMA). Currently in the pre-feasibility phase, the GalliCam project involves converting the group's plant at Sandouville (Seine Maritime) into a production base for battery cathode precursors (pCAM), produced from nickel using the hydrometallurgy process. This project has received a €144m grant from the EU, subject to confirmation of the final investment decision.

The Keliber project developed by Sibanye Stillwater in Finland also received an award. This project combines lithium (hydroxide) extraction and processing capacities, and should enable annual production of 15,000 tonnes by 2043.

Transport Minister Barbara Creecy launches private sector involvement in rail and port logistics projects *(South African Government)*

On 23 March 2025, Transport Minister Barbara Creecy launched a call for expressions of interest (RFI) to encourage private sector participation in rail and port logistics projects in South Africa. Minister Creecy emphasised that strategic infrastructure will remain the property of the State, while opening the way to greater competition in the operation of infrastructure.

The online portal will be open for eight weeks, from 24 March to 9 May 2025, allowing interested parties to contribute to the formulation of future initiatives. In May 2025, the Department will launch the second round of RFIs, focusing on passenger rail projects. Following the conclusion of the RFI phase, the formal tendering process (RFP) will be launched by the Department for Transport's Public Private Partnership (PPP) unit in collaboration with Transnet. This phase will begin at the end of August 2025.

This initiative marks a crucial step in the government's efforts to work with the private sector to modernise and improve the country's transport infrastructure. Rail freight volumes (44% of the revenues of the Transnet group, the national logistics operator) have deteriorated significantly (-34% between 2018 and 2023) and remain well below the target set for the 2023/2024 financial year (initial target of 184 million tonnes, subsequently revised to 154.4 million tonnes). The World Bank and S&P Global Container Port Performance Index for 2023 named Cape Town the worst performing and least competitive port in the world in 2023, out of 405 ports assessed, and Durban 399th.

South Africa and the World Bank prepare a USD 3 billion plan for municipalities *(TechCentral)*

The South African government, with the support of the World Bank, is drawing up a USD 3 billion plan to reverse the decline in services and infrastructure in the country's eight largest municipalities. The plan includes a USD 1 billion loan from the World Bank, coupled with USD 2 billion in government funds, some of which come from international donors, to finance subsidies for the municipalities. The funds provided will be added to the approximately $6 billion from revenues collected by metropolitan areas and their borrowings, bringing the total government programme to $9 billion.

The grants are aimed at improving the financial and operational performance of the three main commercial utilities (water/sanitation, electricity distribution and waste) as part of a new government programme (Metro Trading Services Program). This programme is based on subsidies from the National Treasury to municipalities based on their results, thus encouraging them to reform at a time when they are suffering from many ills (inefficiency, insolvency, corruption, decline in services, etc.). This initiative would represent a major change from the current system, where the South African government allocates money to municipalities for infrastructure investment without any incentive mechanism.

South Africa strengthens its commitment to nuclear energy *(Business Day)*

The Minister of Energy and Power, Kgosientsho Ramokgopa, has announced the finalisation of the appointment of a panel of independent international experts to advise the country on the acquisition of new nuclear production capacity on the occasion of the celebration of the 60th anniversary of the commissioning of the Safari 1 research reactor in Pelindaba, near Pretoria. Ramokgopa stressed that these experts will have no links with companies in the nuclear sector. Their mission will be to determine the appropriate pace and scale for the acquisition of new nuclear capacity, which will influence the design of the financing plan. This announcement should make it possible to prepare a future call for tenders for the development of a new nuclear power plant programme.

In the field of research applications, the decision to extend the life of the Safari 1 reactor and the development of a new multi-purpose reactor (MPR) at Pelindaba also bear witness to the priority given to nuclear power. The government has already approved EUR 60m for preparatory work on the MPR, but Minister Ramokgopa insisted that additional funds were needed.

Tariffs announced by Donald Trump threaten South Africa's automotive industry *(IOL)*

The South African automotive industry is facing increased pressure following Donald Trump's announcement to impose a 25% tax on cars imported into the United States from 2 April. This decision calls into question the trade advantages offered by the AGOA (African Growth and Opportunity Act), which is theoretically in force until September 2025 and which until then allowed South Africa to export certain products, including vehicles, to the United

States duty-free. The National Automobile Dealers' Association (Nada) fears the effects of this measure on the automotive market, which represents South Africa's second largest export to the United States.

The consumer confidence index fell from 6 to 20 points in the first quarter of 2025 *(FNB/BER)*

The consumer confidence index developed by FirstNational Bank and the Bureau of Economic Research (BER), which ranges from -100 to +100, reached -20 in the first quarter of 2025, after -6 in the previous quarter. This is the lowest level since the end of the first half of 2024, reflecting a worrying deterioration in the outlook for consumption, after a relatively strong end to 2024. This fall in consumer confidence can be attributed to the uncertainty surrounding the adoption of the 2025/26 budget. The text currently being debated in Parliament, whose adoption is not a foregone conclusion at this stage, provides for significant tax increases, notably in VAT (from 15% to 16% spread over two years) and income tax. The deterioration in diplomatic relations between South Africa and the United States, as well as the negative effects of the trade wars unleashed by US President Donald Trump, are also contributing to this sharp drop in confidence.

The economy created 12,000 jobs in the fourth quarter of 2024 *(StatsSA)*

According to the latest publication from Stats SA, South Africa recorded 12,000 additional jobs (+0.1%) in the fourth quarter of 2024, for a total of 10.64 million jobs. This increase was mainly due to the performance of the trade (+42,000 jobs, or +1.8%), business services (+22,000, or +0.9%) and transport (+2,000, or +0.4%) sectors. On the other hand, some sectors saw significant declines, notably community services, which lost 26,000 jobs (-0.9%), manufacturing and construction, each with 13,000 job losses (-1.0% and -2.1% respectively), and mining, which reduced its number of jobs by 3,000 (-0.6%). It should be noted that the average monthly wage in the formal non-agricultural sector fell by 0.2% on the previous quarter, to ZAR 28,231 (around EUR 1,479).

Over the year as a whole, and despite the gains recorded in the fourth quarter, 91,000 jobs were lost (-0.8%) in 2024, while the average monthly wage rose by 5.3%, from ZAR 26,822 (around EUR 1,344 at the end of 2023) to ZAR 28,231 (around EUR 1,479 at the end of 2024).

Angola

The authorities have increased the price of diesel at the pump by 50% *(Novo Jornal)*

As part of the public fund reorientation plan encouraged by the International Monetary Fund (IMF), authorities have increased the price of diesel from 200 to 300 kwanzas (approximately 0.33 USD) per liter at all gas stations across the country. This measure, effective March 24, aligns with the government's strategy to gradually eliminate fuel subsidies. The diesel price increase comes as Angola negotiates with the World Bank for a third budget loan of 500 million USD. This negotiation is crucial for the country, which aims to stabilize its public finances and reduce its dependence on fuel subsidies.

Pensana raises USD 268m in financing for its rare earths extraction project *(Energy Capital Power)*

British mining company Pensana has secured $268 million in funding for its rare earth extraction project in Longonjo, Huambo Province. The financing comprises a $160 million syndicated loan, half of which is supported by the African Finance Corporation (AFC) and the other half by Absa Bank. The remaining $108 million comes from the Angolan Sovereign Fund. Pensana will use the entire funding to cover the first phase of its project.

Malawi

Malawi exchange rate gap: parallel market rate reaches K4,100/USD *(The Times Group)*

The gap between the official exchange rate and the parallel market rate in Malawi has widened significantly, with the US dollar reaching 4100 MWK on the black market, compared to an official rate stable at 1750 MWK. This gap, which has increased by

36.7% since the beginning of March, illustrates the persistent shortage of foreign currency in the country, despite measures taken by the Reserve Bank of Malawi (RBM). As a reminder, this divergence reflects the laws of supply and demand, with the official rate being insufficient to meet market needs.

Mozambique

S&P downgrades Mozambique's local currency credit rating to SD and maintains its foreign currency rating stable *(S&P)*

On March 21, 2025, S&P Global Ratings downgraded Mozambique's long-term local currency (Metical – MZN) sovereign credit rating from 'CCC' to 'SD'. Simultaneously, the agency confirmed the long-term foreign currency sovereign credit rating at 'CCC+'.

This downgrade comes as Mozambique proposed to holders of bonds maturing in March (3.7 billion MZN, or 54 million USD; four-year bonds; annual coupon at 16.43%) to convert them into new five-year bonds with an interest rate of 14.25%. This marks the second time in a few months that Mozambique has resorted to such a debt exchange, following a similar move in October 2024, which involved exchanging 5.7 billion MZN (89 million USD) of four-year bonds maturing in October 2024 for five-year bonds maturing in October 2029.

S&P considers the debt exchange equivalent to a default. According to the rating agency, the continued and planned use of debt exchanges at such low rates indicates the Mozambican state's limited capacity to manage significant upcoming debt maturities in a context of tight liquidity. The local financial sector is already heavily exposed to the state, with more than 20% of the banking system's total assets in government securities.

Regarding the foreign currency credit rating, S&P maintains it as stable, as repayments on foreign currency commercial debt remain modest. However, the outlook is negative due to ongoing financing pressures and potential delays in gas projects and foreign aid, as well as broader macroeconomic uncertainties linked to a fragile political environment.

The central bank cuts the monetary policy interest rate (MIMO) to 11.75% (-50 bp) *(Banco de Mocambique)*

During its meeting on March 26, the Monetary Policy Committee (CPMO) decided to reduce the MIMO rate by 50 basis points, while keeping other rates unchanged.

The Bank of Mozambique has decided to lower the MIMO rate from 12.25% to 11.75%, justifying this decision based on the maintenance of single-digit inflation prospects in the medium term. Between January and February 2025, inflation remained stable at around 4.7% and is expected to continue to be stable and in single digits due to the stability of the metical and the impact of measures taken by the monetary authority. This marks the seventh consecutive reduction of the rate by the central bank, initiated in January 2024, although the last two reductions were more cautious at 50 basis points (compared to 75 basis points previously) due to the recent increase in inflation.

This reduction exceeds the forecasts that predicted a rate of 12% and suggests a gradual continuation of monetary easing with a single-digit outlook by the end of the year.

Namibia

Formation of the new Namibian government following the inauguration of President Netumbo Nandi-Ndaitwah *(The Namibian)*

On March 22, 2025, newly inaugurated Namibian President Netumbo Nandi-Ndaitwah delivered a speech at the State House in Windhoek, marking her first official engagement since being sworn in as the fifth head of state of the Republic of Namibia. She announced a major reorganization of ministries and government agencies as part of the formation of her new government.
Among the key changes, the trade mandate has been transferred to the Ministry of International Relations and Cooperation, headed by Selma Ashipala-

Musavyi, to promote regional economic integration and leverage opportunities from the African Continental Free Trade Area (AfCFTA). Social grants will now fall under the Ministry of Finance and Public Enterprises, led by Minister Ericah Shafudah. Fisheries and marine resources have been integrated into the Ministry of Agriculture, Water, and Land Reform under the direction of Albert Hengari.
Higher education and innovation will be managed by the Ministry of Education, Youth, Sport, Arts, and Culture, led by Sanet Steenkamp. Industrialization will fall under the Ministry of Mines and Energy, headed by Natangwe Ithete. A new public entity will be created to manage government real estate properties, and the management of emerging oil and gas industries will fall under the Office of the President.

Zambia

Zambian GDP growth at 8.6% in Q4 2024 *(Zamstats)*

According to the Zambia National Statistical Agency (Zamstats), Zambia's GDP grew by 8.6% in the fourth quarter compared to the same period the previous year. The growth was primarily driven by the performance of the following sectors: information and communication (+27.4%, contributing +3.9 percentage points to overall growth), mining and quarrying (+26.8%, contributing +2.1 percentage points), and agriculture, forestry, and fishing (+27.6%, contributing +1.1 percentage points). Conversely, electricity supply (-50.9%, contributing -0.9 percentage points) and administrative and support service activities (-16.2%, contributing -0.1 percentage points) had a negative impact on this growth.

Over the entire year of 2024, GDP growth reached 4% year-over-year, marking a decrease from the 5.4% growth observed in 2023. However, growth is expected to remain supported in 2025, driven by a partial rebound in agriculture and electricity production, a recovery in wholesale and retail trade activities, and accelerated expansion in mining production.

Inflation to slow in March 2025 *(ZamStats)*

Inflation in Zambia slightly slowed in March 2025, reaching 16.5% year-over-year, compared to 16.8% in February. This marks the first deceleration in price increases since June 2023. The slowdown is exclusively due to the moderation in food price inflation, which stood at 18.9% year-over-year, down from 20.6% in February. This decrease is attributed to favorable weather conditions, particularly for vegetables, bread, and cereals.

However, non-food inflation increased, rising from 11.7% to 13.2%. It is worth noting that the good rains since mid-December are expected to improve crop conditions, offering optimistic prospects for a reduction in food price pressures in the coming months.

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