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ECONOMIC WRAP-UP
Southern Africa

A publication from the Pretoria Regional
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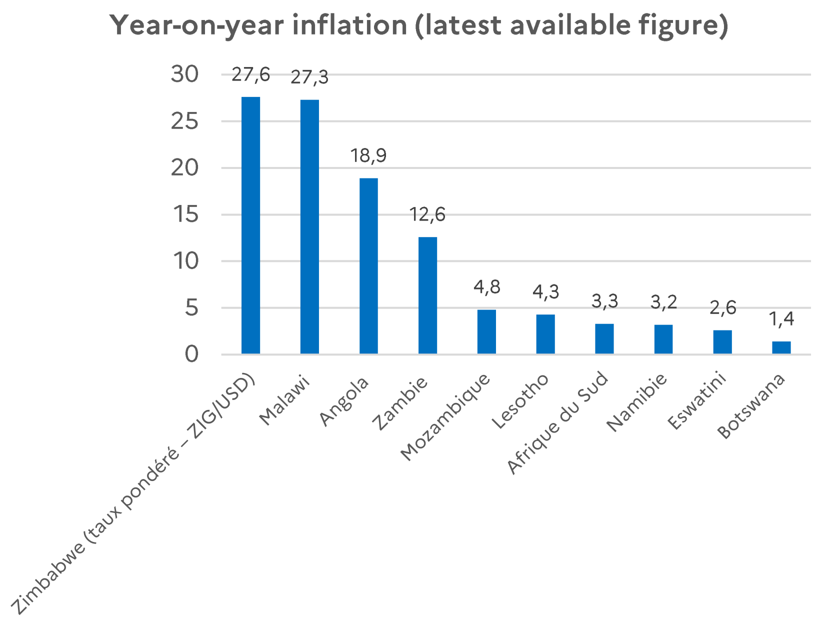
Moderate year-on-year inflation in several Southern African countries in August 2025

Several Southern African countries have released their inflation data for August, showing mixed trends.



Some countries recorded a slowdown in inflation : in South Africa, the annual increase in prices slowed to +3.3% in August (after +3.5% in July). The main contributors to inflation were "housing" and "utilities" (+4.3%, contributing +1.0 percentage point) and "food and non-alcoholic beverages" (+5.2%, contributing +0.9 point). Inflation also slowed in Namibia (+3.2%, after +3.5% in July), still driven by "food and non-alcoholic beverages" (+5.2%, contributing +1.0 point), as well as "housing, water, electricity, gas, and other fuels" (+3.4%, +0.8 point) and "alcoholic beverages and tobacco" (+5.5%, +0.8 point). In Zambia, inflation also declined (+12.6%, after 13.0% in July), due to a drop in food prices (+14.9% versus 15.3% the previous month). Despite a slight slowdown (+18.9% year-on-year, compared with +19.5% in July), price increases remain particularly high in Angola, driven by "transport" (+21.1%) and "alcoholic beverages and tobacco" (+20.0%).

Conversely, price growth, although modest, slightly accelerated in Botswana (+1.4%, versus +1.1% in July), driven by increases in "miscellaneous goods and services" (contributing +0.8 point) and "food and non-alcoholic beverages" (+0.7 point), reinforced by the recent depreciation of the local currency. Inflation also picked up in Mozambique (+4.8%, compared with 4.0% in July), due to rising food prices.

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Des institutions financières africaines s'engagent à mobiliser 100 Mds USD pour des projets relatifs à la transition écologique

At the African Climate Summit held in Addis Ababa, several African financial institutions, including the African Development Bank, Afreximbank, and Ecobank, announced their intention to mobilize over USD 100 billion to finance green initiatives on the continent.. This commitment aims to align regulatory frameworks, strengthen technical expertise, and support the growth of renewable energy industries. The goal is also to promote the expansion of regional value chains and position Africa as a global hub for sustainable trade, while the continent—which holds 60% of the world's solar potential as well as significant wind, hydro, and geothermal resources (still largely untapped)—currently captures less than 3% of global energy investments.

Stable credit outlook in Africa as growth accelerates, according to Moody's

Moody's Ratings expects economic growth in Sub-Saharan Africa to accelerate in 2025 and 2026, supporting the stability of the region's credit quality despite high financing costs and still low tax collection. The agency forecasts a median annual growth of around 4.7% (compared with 3.8% over the past decade). Ten out of 25 countries are expected to grow by 6% or more. South Africa, the region's leading industrial economy, is projected to underperform, with growth below 1.5% per year—an estimate considered high compared with IMF projections, which forecast 1% growth in 2025 and 1.3% in 2026.

Rising demand for minerals and major infrastructure projects (such as the Lobito rail corridor) should support economic activity. Disinflation, with median price growth slowing to 4.2% in 2024 from nearly 8% in 2022 after the Covid-19 pandemic, strengthens purchasing power and allows central banks to ease rates, thereby supporting consumption. Higher public revenues should contribute to a gradual reduction in debt.

Moody's notes, however, that political risks linked to upcoming elections and social tensions could weigh on credit-friendly policies. Improved tax collection could, in contrast, make the outlook even more positive.

South Africa

Canal+ formalizes takeover of MultiChoice and creates a pan-African audiovisual giant *(Canal+)*

On September 22, 2025, Canal+ and MultiChoice announced that all conditions related to the public takeover offer had been met, making the operation unconditional. Canal+ thus takes effective control of MultiChoice, valued at over ZAR 55 billion (EUR 2.6 billion), following a process initiated in February 2024 with the publication of a non-binding offer. Currently, Canal+ owns 46% of MultiChoice's capital. Under the mandatory offer for the remaining shares, Canal+ is offering ZAR 125 (approximately EUR 6) per share to MultiChoice minority shareholders, with the transaction expected to close on October 10, 2025, allowing the French group to gain full control of the company.

This formalization follows a series of major regulatory approvals, notably from the South African Competition Tribunal, which granted conditional approval in September, and the Independent Communications Authority of South Africa (ICASA), which approved on August 28, 2025 (published on September 18) the transfer of Orbicom's electronic communications and spectrum licenses—

the technical broadcaster of MultiChoice—to Canal+.

This green light removed the last legal obstacle related to South African foreign ownership rules in broadcasting and the obligations for Black Economic Empowerment (BBBEE) minority participation. To comply, a new entity named LicenceCo was created to hold the broadcasting license and South African subscribers, limiting foreign voting rights while ensuring participation of historically disadvantaged shareholders.

The transaction comes with significant public interest commitments: Canal+ and MultiChoice will invest approximately ZAR 26 billion (EUR 1.28 billion) over three years to support local SMEs, promote participation of historically disadvantaged groups in the audiovisual industry, and maintain strong investment in South African content, particularly sports and general entertainment.

With this merger, Canal+ creates a global and pan-African audiovisual player, present in nearly 70 countries and with over 40 million subscribers. This new entity should allow the group to acquire and pool more premium content, optimize production costs, and develop new offers or original formats.

Finally, this acquisition marks a strategic step for Canal+, strengthening its presence in Africa—the fastest-growing pay-TV market in the world.

Anglo American launches USD 50 billion merger with Canadian Teck Resources *(Business Tech)*

Anglo American has reached a merger agreement with Teck Resources, a company listed on the Toronto Stock Exchange and NYSE, valued in September 2025 between USD 18.94 and 19.18 billion, bringing the total deal to about USD 50 billion, one of the largest financial transactions of the decade in the mining sector. The deal, proposed at current share prices (zero premium), would allocate 62.4% of the capital to Anglo American shareholders and 37.6% to Teck shareholders, along with a special dividend of USD 4.5 billion for Anglo American investors. The combined group would be based in Vancouver but primarily listed in London, with offices in London and Johannesburg, and led by Duncan Wanblad (CEO of Anglo American) alongside Jonathan Price (Teck).

The deal aims to strengthen the new group's position in copper, a strategic metal for the energy transition, with expected synergies particularly in Chile (QB2 and Collahuasi). It also illustrates the race among major players to secure strategic assets in energy transition metals, as easily accessible deposits are already exploited and new projects are costlier.

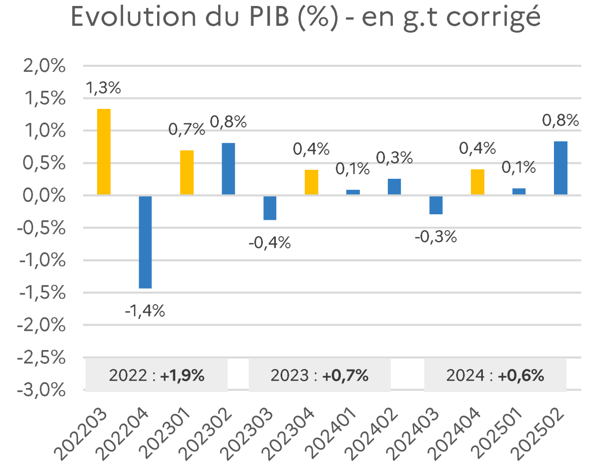
Meanwhile, Anglo American continues to reorganize its portfolio following the failed hostile bid by BHP in 2024. This includes the spin-off of its platinum subsidiary under the name Valterra Platinum, planned sales of coal mines, and seeking a buyer for De Beers, while Kumba Iron Ore (iron ore) is expected to be retained within the merger.

The agreement requires approval from Canadian authorities and two-thirds of Teck shareholders but has faced criticism in Canada, where some investors and politicians denounce it as a disguised takeover. The 12–18 month approval process leaves the door open for potential counteroffers, notably from BHP or Glencore, the latter having acquired the majority of Teck's coal business in 2023.

Unexpected economic acceleration in Q2 2025

According to Statistics South Africa (StatsSA), GDP grew by 0.8% in Q2 2025 (seasonally adjusted quarterly change), after 0.1% in the previous quarter. The recovery affected nearly all sectors. Key drivers were manufacturing (+1.8%, contributing +0.2 point), trade (+1.7%, +0.2 point), and mining (+3.7%, +0.2 point). Only transport (-0.8%, -0.1 point) and construction (-0.3%, -0.1 point) contracted.

On the demand side, growth was supported by household final consumption (+0.8%, +0.6 point) and changes in inventories (+0.5 point), but weighed down by investment (-1.4%, -0.2 point) and weak exports (-3.2%, -0.9 point), only partially offset by reduced imports (-2.1%, +0.6 point contribution). Following these results, the South African Reserve Bank (SARB) revised its full-year 2025 growth forecast upwards to +1.2% (from +0.9%).



SARB keeps key interest rate at 7.00%

On September 18, the Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) decided to maintain the key interest rate at 7.00 %. The SARB took a cautious stance, while two-thirds of markets anticipated a cut to 6.75%. The bank projects average inflation of +3.4% in 2025 (versus +3.3% previously), +3.6% in 2026 (versus +3.3%), and +3.0% in 2027 (stable). These upward revisions reflect higher electricity, food, and fuel costs, partially offset by rand strength. Annual inflation stood at 3.3% in August and 3.5% in July. Growth projections were slightly revised upwards after a strong Q2, with GDP expected at +1.2% in 2025, +1.4% in 2026, and +1.9% in 2027. The key rate is expected at 6.88% by the end of 2025 and 6.02% by 2027.

Transnet reduces losses and shows early signs of recovery

South African freight and port operator Transnet recorded a net loss of ZAR 1.9 billion (USD 111 million) for the fiscal year ending March, down from ZAR 7.3 billion (USD 423 million) the previous year, signaling early recovery driven by its transformation program. Revenue increased 7.8% to ZAR 82.7 billion, while operating expenses fell 4.9% to ZAR 52.1 billion.

Rail freight, Transnet's main division, transported 160 million metric tons, up from 152 million tons last year but below the 170 million-ton target. The group remains under scrutiny: the Auditor-General and S&P highlight uncertainties regarding viability, citing recurring losses, covenant breaches, and rating downgrades. The government has pledged guarantees worth several billion dollars to support the company.

South African Supreme Court of Appeal cancels Eskom 3 GW gas plant permit *(Reuters)*

The South African Supreme Court of Appeal this week annulled Eskom's permit to build a 3,000 MW natural gas power plant in Richards Bay, ruling that mandatory public consultation had not been conducted. The project, aimed at diversifying electricity generation and reducing coal dependence, will require a new authorization process with local community consultation. Environmental groups welcomed the decision, citing health and environmental concerns of existing facilities. Richards Bay is also set to host a future LNG terminal to compensate for depletion after 2028 of the Pande Temane field (Mozambique), essential for supplying South Africa's industrial sector, notably petrochemical giant Sasol.

South African ferrochrome industry in crisis amid soaring energy costs *(Engineering News)*

Glencore Alloys, the ferroalloy division of Swiss mining giant Glencore, will meet with the South African government this week to find solutions to avoid massive closures of furnaces converting chrome ore into ferrochrome, a key stainless steel component. CEO Japie Fullard is scheduled to meet on Friday, September 19, 2025, with Electricity Minister Kgosientsho Ramokgopa.

The industry is heavily impacted by Eskom's high tariffs and unreliable grid. Since 2008, electricity costs have increased eightfold, making local production less competitive compared to China, where electricity is half as expensive. 80% of South Africa's chrome ore production now goes to Chinese smelters.

Currently, all Glencore furnaces are offline, and only three of Samancor's 24 furnaces remain operational. Since 2022, the sector has lost nearly 2,000 jobs and its economic contribution dropped from USD 3.6 to 3 billion. Glencore warns that if no solution is found by year-end, an additional 2,500 jobs could be lost.

The government approved a support plan last June, including electricity tariff revisions and export restrictions, but implementation is pending. Upcoming discussions will focus on competitive electricity rates, targeted support for local producers, and securing supply chains, including Columbus Stainless, South Africa's only integrated stainless steel plant in Mpumalanga.

Major fire at South Africa's largest medical waste processing plant *(Medical Brief)*

A fire destroyed the medical waste incineration facility of Averda in Klerksdorp, North West province, raising health concerns for nearby communities. The Lebanese-Dubai-based company, a competitor to EnviroServ (owned by French company Suez) and Interwaste (owned by French Séché Environnement), processes up to 800 tons of medical and pharmaceutical waste per month, some of which is biologically hazardous.

The site was already under monitoring by the Department of Environment (DFFE) for non-compliance following a February 2025 investigation. The fire destroyed incinerators, the control station, and emissions monitoring system, with no injuries reported. Experts warn of chemical and infectious contamination risks, recalling a similar incident a decade ago that led to fines. The cause of the fire is under investigation.

Angola

Budget execution reveals worrying inconsistencies

The year 2025 looks particularly challenging for Angola's public finances. The national economy remains heavily dependent on oil, which accounts for around 95% of exports and nearly 60% of budget revenues. After a strong rebound in 2024, growth is slowing, and inflation remains high, exceeding 27% year-on-year by mid-2025. Public debt, estimated at 58.5 trillion kwanzas (EUR 58 billion), is mostly external, increasing the country's vulnerability to exchange rate shocks and international financial market conditions. In this context, the execution of the 2025 General State Budget (OGE 2025) reveals significant weaknesses: priority programs halted, lack of transparency regarding overruns, persistent dependence on oil revenues, and the exorbitant weight of debt service.

IMF once again revises growth forecasts downward

The International Monetary Fund now projects 2.1% growth in 2025 (down from 2.4% in May, and an initial forecast of 3%). The IMF cites several factors: i) declining oil revenues and tighter external financial conditions in the first half of 2025 have deteriorated the budgetary situation (public deficit forecast at 2.8% of GDP in 2025, up from 1.0% in 2024); ii) increased risks to debt repayment capacity, due to high external debt service, greater volatility in oil prices, and weaker budgetary and external balance prospects; iii) while progress has been made in mobilizing non-oil revenues, further reforms are needed (reducing fuel subsidies, measures to protect the most vulnerable, etc.); iv) excessive reliance on short-term, high-cost financing; v) risk of inflation rebound if monetary policy is loosened too quickly; vi) the need to maintain strict oversight of systemic risks and to quickly exit the Financial Action Task Force (FATF) grey list.

Monetary Policy Committee decisions (September 15–16, 2025)

The Monetary Policy Committee of the National Bank of Angola (BNA), meeting on September 15–16, 2025, decided on further monetary easing. Three main measures were adopted: i) reduction of the key policy rate (BNA rate) from 19.5% to 19%; ii) reduction of the standing liquidity facility rate from 20.5% to 20%; iii) reduction of the standing deposit facility rate from 17.5% to 17%.

These decisions follow Angola's disinflation trajectory and align with the inflation target for 2025. The BNA notes, however, that this move takes place in an international environment marked by strong uncertainties, which continue to weigh on the country's external accounts.

Angolan GDP growth at 1.08% year-on-year in Q2, weighed down by the oil sector

According to the National Institute of Statistics (INE), Angola's GDP reached 34.57 trillion kwanzas (approximately EUR 32.04 billion). The non-oil sector recorded 3.43% year-on-year growth, supporting GDP growth, while oil production fell to its lowest level since March 2023.

Key negative factors included crude oil production (-10%) and contractions in public administration (-1.50%), transport and storage, oil refining, and diamond extraction. Among the best-performing sectors were information and communication (+38.12%, contributing +0.59 point to GDP), accommodation and food services (+7.99%), trade (+6.5%), manufacturing (+5.15%), and diamond and metal ore extraction (+6.79%). The agriculture and forestry sector grew 3.14% (+0.6 point contribution), and the fishing and aquaculture sector grew 3.3%, with industrial and semi-industrial fishing up 9%. The sectors with the largest weight in Q2 GDP were agriculture and forestry (36.67%), trade (15.71%), oil extraction and refining (12.92%), public administration (7.26%), manufacturing (6.73%), and other services (6.65%).

Banco de Fomento Angola (BFA) begins IPO on Luanda Stock Exchange

BFA, Angola's second-largest bank after BAI, began selling shares on the BODIVA (Angola Stock Exchange) on September 5, 2025. This is a Public Offering of Sale (POS) of more than 4.46 million shares at AOA 41,500 each (approximately EUR 38.74), under the Privatization Program (PROPRIV). The state, via UNITEL, is selling 15% of its 51.9% stake in BFA, while Portuguese bank BPI is selling 14.75% of its 48.1% stake. Subscription is open until September 25, 2025. Proceeds are expected to range from AOA 93.4 to 111.4 billion (USD 111.4 million) for the state, and from AOA 91.8 to 109.5 billion (USD 109.5 million) for BPI. BFA employees are allocated 1% of shares from each seller (UNITEL and BPI). The offering is managed by 19 intermediaries, 10 distributors, 8 brokers, and one commercial bank.

Botswana

Botswana prepares a new sovereign fund to strengthen fiscal reserves

Botswana is preparing the creation of a new sovereign fund aimed at building a generational fiscal reserve and overseeing the majority of key public enterprises. Details on the fund's target size and investment strategy have not yet been specified. Under this fund, public enterprises will be reformed and restructured to become more profitable, efficient, and job-creating.

For reference, the country has had the Pula Fund since 1994, managed by the central bank, originally designed as an intergenerational savings fund financed by budget surpluses and diamond revenues. However, the gradual decline in these surpluses, rising public expenditures, and the lack of clear rules on deposits and withdrawals—criticized by the IMF—have limited recent contributions. In addition to the Pula Fund, the country launched, in 2023–2024 with De Beers, the Diamonds for Development Fund, aimed at channeling a portion of diamond revenues toward economic diversification and reducing dependence on the mining sector.

In this context, the new sovereign fund represents a broader, more structural instrument intended to address the Pula Fund's shortcomings while complementing the more targeted role of the Diamonds for Development Fund.

Lesotho

IMF publishes annual Article IV report

On September 11, the IMF published its annual economic assessment ("Article IV") for Lesotho. According to the IMF, GDP growth slightly increased in 2023/24 to 2.2% (up from 1.6% in 2022/23), driven by the construction of the Lesotho Highlands Water Project II, which offset declines in agricultural output and a weak textile sector. Growth is expected to slow to 1.4% in 2025/26 due to several external shocks (uncertainty over U.S. tariffs and reduced U.S. development aid). Over the medium term, growth is expected to stabilize around 1.5%, insufficient to significantly improve per capita income.

Inflation has declined sharply, from a peak of 8.2% in early 2024 to 4.4% in May 2025, supported by the loti's peg to the rand and lower imported inflation. Fiscal prudence in 2023/24, combined with exceptional SACU transfers and higher water royalties, resulted in a significant budget surplus (9% of GDP) and reduced gross public debt to 56.8% of GDP. The current account posted a surplus of 2.2% of GDP—the first since 2007—thanks to lower imports and higher SACU-related revenues and water royalties. The IMF recommends converting these surpluses into sustainable, high-quality growth: saving prudently, investing in high-return projects, and implementing structural reforms to support medium-term, private sector-driven growth.

Largest diamond producer lays off 240 workers amid falling prices

The Letseng diamond mine, Lesotho's largest, laid off 240 employees, about one-fifth of its workforce, due to persistently low prices and uncertain global demand, according to parent company Gem Diamonds. Diamonds account for up to 10% of Lesotho's GDP and are a major source of employment and exports, alongside textiles. Letseng, which produces some of the world's largest and most valuable diamonds, revised its mining plan and reduced staff to control costs.

Gem Diamonds reported a half-year loss of USD 11.7 million, compared with a profit of USD 2.1 million last year, after revenue fell 42% due to lower prices (USD 1,008 per carat, down 26% YoY). Half-year production totaled 47,125 carats, down from 55,873 last year.

Mozambique

Resurrection of the MCC Mozambique program

In a statement on September 18, 2025, the U.S. Embassy announced that the Millennium Challenge Corporation (MCC) Board recommended moving forward with the "Coastal Connectivity and Resilience Compact" in Mozambique, following the August foreign aid review. Originally slated for cancellation under the Trump administration, this cooperation program, signed in September 2023, is now revived. It includes an estimated USD 500 million from MCC and USD 37.5 million from the Government of Mozambique. This five-year partnership aims to build roads and infrastructure in Zambezia Province, including a 1.8-km bridge across the Licungo River, providing a vital economic link between northern and southern Mozambique. In addition to infrastructure, the program will help protect the Mozambican coast from climate change and overfishing, while supporting key agricultural sector reforms.

Government approves USD 37 billion National Climate Finance Strategy 2025–2034

On September 16, the Cabinet approved the National Climate Finance Strategy for 2025–2034, amounting to USD 37.2 billion—a significant sum given Mozambique's GDP of USD 21.9 billion. The plan aims to promote a decarbonized and climate-resilient economy. The country will need to mobilize domestic and international resources and strengthen public and private institutions to effectively implement climate action.

Namibia

Namibia signs multiple energy partnerships with African and European partners, including Algeria and Nigerian billionaire Dangote

Namibian Vice President Lucia Witbooi signed an energy cooperation agreement with Algeria on September 5, 2025, in Algiers. The agreement includes legal assistance, technical training, and expert exchanges to support Namibia's oil and gas sector development. Algeria will share expertise in legislation, public enterprise management, and energy transition.

Namibia has significant oil potential, attracting interest from international players such as TotalEnergies despite technical and geological challenges. Bloomberg estimates the country could produce 300,000–400,000 barrels per day by the mid-2030s if offshore projects succeed.

The Namibian government also approved the Nigerian Dangote Group's project to build a 200-million-liter fuel storage facility at Walvis Bay. The goal is to transform the port into a regional refined products hub. Dangote, a major player in Africa's hydrocarbons sector, owns Africa's largest refinery in Lagos (650,000 b/d) and is developing continent-wide fuel storage and distribution infrastructure. Some concerns remain: the 99-year lease and request for exclusive access to a strategic berth used by major oil companies could weaken Namcor, the national operator, and limit port management flexibility.

Finally, Namport and the Port of Antwerp-Bruges reaffirmed their partnership, supporting the transformation of Walvis Bay into a logistics and energy hub. The USD 3 billion expansion project includes 1,300 hectares of new infrastructure, over 30 berths, dry and liquid bulk terminals, and facilities for green ammonia export—

central to Namibia's decarbonized hydrogen export strategy toward Europe.

Zambia

IMF Board Approves Three-Month Extension of Zambia's Extended Credit Facility (ECF) Program

The International Monetary Fund (IMF) has granted Zambia a three-month extension of its Extended Credit Facility (ECF) program, pushing its deadline to January 30, 2026. This decision allows IMF staff and Zambian authorities time to finalize the sixth review of the program and prepare for the continuation of cooperation, while the Zambian Finance Minister has been authorized to request a twelve-month extension of the IMF program.

Launched in August 2022 with an initial amount of USD 1.3 billion, increased to USD 1.7 billion in 2024 (of which USD 1.55 billion has already been disbursed), the program supports macroeconomic stability, debt sustainability restoration, governance strengthening, and inclusive growth.

Zimbabwe

Zimbabwe Signs USD 455 Million Deal with India's Jindal to Modernize Hwange Coal Power Plant *(Reuters)*

Zimbabwe has signed a USD 455 million 15-year concession agreement with Jindal Africa (a subsidiary of the Indian group Jindal Steel) to rehabilitate six aging units at the Hwange coal power plant (920 MW capacity). The works are expected to last four years, with the investor recovering its funds through electricity sales revenue.

The country, which currently covers only about 50% of its electricity demand (2,000 MW) and experiences frequent power outages, is relying on this modernization to stabilize supply. The Hwange plant (1,520 MW total), the largest in the country, had already received an additional 600 MW in 2023 through two new units. However, its 1980s-era facilities currently operate at only one-third of their capacity. The Kariba Dam (1,050 MW), another key energy asset, is constrained by recurring droughts and is not expected to regain full capacity for several years, provided no new droughts further worsen the situation.

Meanwhile, Zimbabwe is pursuing several strategic projects to strengthen its electricity production, including seeking financing for the cross-border Batoka Gorge hydroelectric mega-dam (2.4 GW) and constructing three 600 MW storage facilities as well as a 250 MW floating solar park on Lake Kariba, as part of its goal to reach 2,100 MW of renewable capacity by 2030.

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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