



MINISTRY OF FINANCE  
REPUBLIC OF SOUTH AFRICA

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## MEDIA STATEMENT

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### NDB'S 4TH ANNUAL MEETING A RESOUNDING SUCCESS

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The 4<sup>th</sup> Annual Meeting of the New Development Bank (NDB), which was held in Cape Town, South Africa from 31 March to 2 April 2019, was a resounding success, with three of the five new projects approved for funding by the bank's board of directors being South African. The five projects bring the NDB's project portfolio to more than \$9.2 billion.

The three South African projects are separate from the loan agreements that the NDB signed yesterday (1 April 2019) with Eskom and the Development Bank of Southern Africa (DBSA). Once the NDB's board of directors approves a project for funding, the bank's management and the entity to be funded enter into negotiations which culminate in the signing of a loan agreement.

The three new projects that were approved by the NDB board are for Eskom, the Industrial Development Corporation (IDC), and the Trans-Caledon Tunnel Authority (TCTA).

**Eskom:** in line with its focus on supporting clean energy in South Africa, the NDB will provide a \$480 million project loan to Eskom for environmental protection project for Medupi Thermal Power Plant (TPP).

**IDC:** the proceeds of the bank's R1.150 billion (approx. \$80m) loan will be on-lent by the IDC to renewable energy sub-projects contributing to the reduction in carbon dioxide emissions, improvement of South Africa's energy sector mix, as well as the increase of energy efficiency of the economy.

**TCTA:** the NDB will provide a project loan of R3.2 billion (\$220m) to Trans-Caledon Tunnel Authority (TCTA) for the implementation of Phase II of Lesotho Highlands Water Project and financing the construction of water transfer infrastructure. The project will augment the water supply in the Vaal River Basin, home to South Africa's most economically important



province, Gauteng. Three other provinces (the North-West, Mpumalanga and Free State provinces) will also directly benefit from an increased water supply.

The Lesotho Highlands Water Project talks to the call by the Minister of Finance, Mr Tito Mboweni, that the NDB should consider funding more infrastructure projects in the Southern Africa region. “The infrastructure in Southern Africa is interconnected and therefore our approach to the funding of projects in Southern Africa should take this into account. I urge the New Development Bank to look, for example, at the possible devastating impact on the region if the wall of the Kariba dam were to collapse.”

As announced yesterday, the NDB signed two loans agreements with Eskom and the DBSA. The loans are targeted for renewable energy projects. For Eskom, the loan will be used for renewable energy integration and transmission augmentation project. Under the agreement, the NDB will provide a sovereign-guaranteed loan to Eskom amounting to \$180 million. The project will integrate a total of 670 MW of renewable energy into the Eskom’s grid.

A loan agreement signed between the NDB and the DBSA is for a greenhouse gas emissions reduction and energy sector development project. Under the agreement, the NDB will provide a loan without a sovereign guarantee to the tune of \$300million. The project is designed to support renewable energy projects in South Africa and help the economy to shift to a more sustainable energy path through structural transformation of the energy sector with emerging renewable technologies.

One of the other major outcomes of the annual meeting was an in-principle agreement to expand the membership of the NDB beyond the founding members. Negotiations in this regard are ongoing, with an announcement on the way forward expected by the end of the year.

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