

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 109 [NW119E]

DATE OF PUBLICATION: 09 FEBRUARY 2012

Mrs J F Terblanche (DA) to ask the Minister of Finance:

- (1) Whether any agreement has been signed between the Government and the World Bank which determines South Africa's status as a developing country and the conditions attached thereto; if not, what is the position in this regard; if so, (a) when was the agreement signed and (b) what are the further relevant details;
- (2) whether a copy of the agreement is available to the public; if not, why not; if so, what are the relevant details?

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REPLY

- (1) South Africa is classified by the World Bank as an upper middle income country using Gross National Income as a measure. The implications of the classification are that South Africa can access loans at market-related interest rates from the Bank, through the International Bank for Reconstruction and Development but not the International Development Association, which is the concessional window. As a founding member of the Bretton Woods Institutions since 1945, South Africa's relationship with the World Bank has evolved, and became pronounced in the post-1994 period following the implementation of the Country Partnership Strategy of 2008. The Strategy at best, is a framework through which the World Bank identifies priority areas into which the World Bank intends to provide support using a number of instruments such as technical assistance, advisory assistance and loan financing.

No agreements are signed in this regard with the World Bank. The Government of South Africa is not a counter-signatory to the Country Partnership Strategy. The Executive Board of the World Bank approved the strategy in January 2008.

The Strategy will expire during the course of 2012, and a new document will be developed by the World Bank. Under the framework of the Country Partnership Strategy with the World Bank, Eskom succeeded in obtaining loan financing of \$3.75 billion for Medupi and Kusile coal-fired power stations, and recently \$250 million to finance 100 MW of wind and solar power plants respectively. These loans are guaranteed by the Government of South Africa. Of critical importance to note, however, is that the Country Partnership Strategy does not represent an agreement between the Government of South Africa and the World Bank, although various national stakeholders are consulted when it is developed.

- (a) Not applicable
- (b) Not applicable
- (2) The copy of the current Country Partnership Strategy is publicly accessible via the World Bank website.