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THE AFRICAN DEVELOPMENT BANK (AFDB) APPROVES €1.86 BILLION LOAN FOR ESKOM MEDUPI POWER PROJECT

South Africa welcomes the approval of a €1.86 billion (approximately R20.7 billion) loan by the African Development Bank (AfDB) for the Eskom Medupi Power Station in Lephalale, Limpopo on 25 November 2009. The power station is part of Eskom's capital expenditure programme, aimed at reducing the country's electricity generation capacity deficit.

The Medupi Power Station will provide additional generation capacity of 4,764 mega watts. The total cost of the Medupi project is estimated at R124, 42 billion, and the AfDB funding will be used to fund the supply and installation of boilers and turbo-generators. The loan will be a direct loan to Eskom with a sovereign guarantee from the government of South Africa.

At the end of August 2009, the AfDB had approved the funding of 16 projects in South Africa. The Eskom loan will be the biggest project that the AfDB finances in South Africa, and also the biggest loan ever approved by the AfDB. In 2008, the AfDB approved a loan of US\$500 million to Eskom through the AfDB private sector window.

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