



national treasury

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MEDIA STATEMENT

Bilateral loan agreements with the World Bank, KfW and AfDB to support South Africa's Just Energy Transition.

South Africa has signed loan agreements with the World Bank, Government of Germany, and the African Development Bank (AfDB) for concessional financing to support the country's Just Energy Transition in line with the Just Energy Transition Investment Plan. The loans provided by Germany's Kreditanstalt für Wiederaufbau (KfW) and the African Development Bank (AfDB) follow their partnership with the World Bank on the second Development Policy Operation (DPO) to support South Africa's commitment to the just transition for a low-carbon and resilient economy. These are sovereign loans provided directly to the National Treasury for general budget expenditure purposes.

The financing facilities from the three development institutions are in line with the National Treasury's funding strategy to diversify its funding mix for international borrowing and access concessional financing instruments offered by the development partners to support government's key reforms under climate change and the electricity sector. These facilities also enable the National Treasury to raise funding at very affordable rates which help to reduce the government public debt.

Table 1: Financing terms of the World Bank, KfW and AfDB loans

Institutions	Interest rate	Terms (years)	Grace period ¹ (years)	Amount billion
World Bank	6-month SOFR plus 0.95%	15	5	US\$1.0
Kreditanstalt für Wiederaufbau	Fixed @ 4.4%	12	3	€ 0.50
African Development Bank	6-month SOFR plus 1.22%	12	2	US\$0.3

SOFR (Secured Overnight Financing Rate)

Source: National Treasury

The National Treasury wishes to express its appreciation to the World Bank, KfW and the AfDB for their continued support to South Africa's development objectives. These agreements signify and reinforce the excellent collaborative efforts between the Government of Germany, World Bank and AfDB and our government, that has ensured the successful conclusion of the loans.

Issued by National Treasury

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