

MEDIA STATEMENT

AGENCE FRANÇAISE DE DÉVELOPPEMENT CONCLUDES NEGOTIATIONS FOR THE R7.6BN (400 M€) PUBLIC POLICY LOAN FOR SA'S JUST ENERGY TRANSITION

Marking its 30-year anniversary of collaboration with South Africa, Agence Française de Développement (AFD) has concluded negotiations for a R7.6 billion loan for the implementation of the country's Just Energy Transition Plan (JETP). This innovative policy-based financing, the largest ever on AFD's balance sheet, was developed in close collaboration with the JET Programme Management Unit (JET-PMU) in the Presidency and National Treasury (NT) to support the just dimensions of the JET, maximising the social outcomes of the energy transition for local communities.

This loan builds on the €300 million public policy loan provided in 2022, **bringing France's total contribution to the JETP to €700 million out of the €1 billion** pledged at COP26 in Glasgow.

According to South Africa's Presidential Climate Commission (PCC), the entity entrusted with overseeing and facilitating the JET, the programme is designed to ensure that the livelihoods of communities that are tied to carbon-intensive energy sources, such as coal, are not left behind in the transition to a low-emission economy, and that the energy transition is fair. A well-managed JET can be a strong driver for new jobs, social justice and poverty reduction as it emphasises the importance of embedding just transition outcomes in policy conditions.

AFD's JET public policy loan focuses on social equity and specifically targets support for the social dimensions of the transition, which includes job creation, poverty reduction, social justice and equitable access to electricity supply. In addition, the AFD Group is instrumental in providing technical cooperation and capacity building to South African institutions related to JET.

The loan is linked to a set of policy reforms aimed at ensuring a just transition and AFD is putting a robust monitoring and evaluation framework in place to track the progress of these reforms. South Africa's JET is supported by a strong governance and institutional framework that includes the PCC, a dedicated JET-PMU, a comprehensive investment plan,



MEDIA STATEMENT

underpinned by support from international partnerships with France and several other countries.

Mmakgoshi Lekhethe, National Treasury's Head of Asset & Liability Management, highlighted the importance of implementing energy transition in a just and inclusive manner. "The partnership with the AFD presents an opportunity for South Africa to make progress in addressing practical issues of jobs, skills, social support, and governance. National Treasury will continue working through the intergovernmental system to integrate JET into our fiscal policy choices. To succeed, coordination across all spheres of government is therefore critical".

Audrey Rojkoff, AFD's Regional Director for Southern Africa and Country Director for South Africa, said that AFD is working together with JET partners to strike a balance between South Africa's energy needs and its climate commitments. "Importantly, we are engaged in addressing the complexity around ensuring that the transition benefits all segments of society with careful planning and implementation. With high levels of commitment, we anticipate positive outcomes throughout the transitioning process."

Financial Terms of the Loan

Nominal Value: EUR 400 million to be disbursed in equal tranches in 2025 and 2026

Maturity: 15 years with 2-year grace period

Interest rate: 6-month EURIBOR plus 1.66%

For enquiries contact:

Email: kerry@mantiscomms.co.za and Media@Treasury.gov.za

Jointly Issued By: National Treasury and AFD Groupe

Date: 14 November 2024