



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT

SOUTH AFRICA AND THE WORLD BANK SIGN US\$1.5 BILLION DEVELOPMENT POLICY LOAN AGREEMENT TO SUPPORT INFRASTRUCTURE MODERNIZATION AND DEVELOPMENT

The Government of South Africa and the World Bank have signed a US\$1.5 billion Development Policy Loan Agreement aimed at supporting critical structural reforms to enhance the efficiency, resilience, and sustainability of the country's infrastructure services.

This partnership marks a significant step towards addressing South Africa's pressing economic challenges of low growth and high unemployment. The loan will help unlock key infrastructure bottlenecks, particularly in the energy and freight transport sectors, thereby enabling inclusive economic growth and fostering job creation. The financing forms part of the government's broader efforts to implement structural reforms that strengthen public institutions, crowd in private investment, and improve service delivery across priority sectors of the economy.

The loan support is anchored on three key pillars of structural reform: Improving energy security, enhancing the efficiency and competitiveness of freight transport services, and supporting South Africa's transition toward a low carbon economy. These reforms are critical enablers of inclusive growth and job creation.

The financing terms of the loan are in line with the National Treasury's financing strategy, important to government's financial stability. Specifically, the loan offers both favourable interest rates and flexible repayment terms, contributing to minimising increase in debt service costs.

The financing terms of the World Bank loan are as follows:

Nominal Value: US\$1.5 billion
Maturity: 16 years with 3 year-grace period
Interest rate: 6-month SOFR plus 1.49%

The National Treasury wishes to express its appreciation to the World Bank for its continued partnership and support in advancing South Africa's development objectives. This agreement reinforces the strong and constructive collaboration between the World Bank and the government of South Africa.

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