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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



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MEDIA STATEMENT

German Cooperation concludes a €500 million public policy loan to support the Just Energy Transition via KfW Development Bank

Through continued collaboration with South Africa, German Cooperation via KfW Development Bank (KfW) has concluded a €500 million loan for the implementation of the country's Just Energy Transition (JET). This loan is part of South Africa's third Development Policy Operation and participants included the World Bank, African Development Bank, Japan International Cooperation Agency, and the OPEC Fund. It supports structural reforms to enhance the efficiency, resilience, and sustainability of the country's infrastructure services, with a specific focus on the energy sector and climate mitigation.

This loan agreement builds on the two policy loans concluded in 2022 and 2023 and forms part of Germany's pledge at COP26 to support South Africa's Just Energy Transition Partnership (JETP). Germany's three policy loans, implemented by KfW, totals €1.3 billion and forms part of a larger package of JETP projects supported by the German Government via loans, technical assistance and grants.

The Minister of Finance, Mr. Enoch Godongwana, highlighted the significance of South Africa's partnership with Germany and KfW that remains critical to South Africa's development agenda and marks a significant step towards strengthening South Africa's short- and medium-term energy security measures and promoting decarbonization and enhancing the socio-economic benefits of the energy transition for disadvantaged communities, thereby enabling inclusive economic growth and fostering job creation. The Minister also emphasised the need for further policy and institutional reforms in the energy sector to create an enabling environment for the investment required for a just energy transition.

Cornelia Tittmann, KfW's Country Director for South Africa, said that the loan seeks to support the Government of South Africa's continued commitment to reforms in the energy sector, that give effect to South Africa's climate commitments and enable the private sector to participate, opening new avenues to strengthen economic cooperation between Germany and South Africa. She wished



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to thank National Treasury for its leadership in coordinating the operation and the excellent cooperation over the last 4 years

KfW's 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 offers favourable concessional financial terms as follows:

Financial Terms of the Loan

Nominal Value: EUR 500 million

Maturity: 13 years with 3-year grace period

Interest rate: Fixed at 4.31%

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