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MEDIA STATEMENT

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

The Government of South Africa and the World Bank have signed a US$1.5 billion Development Policy Loan Agreement aimed at supporting South Africa's efforts to achieve inclusive growth by tackling infrastructure constraints, the primary barrier to job creation.

This serves as the fourth development policy loan and continued partnership with the World Bank and marks a significant step towards addressing South Africa's pressing economic challenges of low growth and high unemployment. The loan will help South Africa implement necessary interventions and reforms aimed at advancing reforms in the electricity, freight and logistics sectors, and addressing pressing challenges in the water and sanitation sector. The financing forms part of the government's broader efforts for continued momentum on structural reforms in the energy, logistics and water sectors amongst others, reforms which are the foundation of faster and inclusive growth.

The loan support is anchored on three key pillars of structural reform: strengthening energy competitiveness and security, upgrading freight transport services, and delivering efficient water and sanitation services, reforms which are identified to boost growth and job creation.

The financing terms of the loan are in line with the National Treasury's borrowing strategy that aims to ensure long-term debt sustainability and affordability by raising funding at the lowest cost. Specifically, the loan offers both favourable interest rate and flexible repayment terms, contributing to minimising the rise in debt service costs.

Financing terms of the World Bank loan offered comprise:

- Nominal Value: US$1.5 billion

MEDIA STATEMENT

- Maturity: 15 years with 3 year-grace period
- Interest rate: 6-month SOFR plus 1.35%

The National Treasury wishes to express its appreciation to the World Bank for its continued partnership and support, which is critical to staying the course and advancing the implementation of historic, timely and critical reforms and South Africa's overall development objectives.

The World Bank's Development Policy Loan of US$1.5 billion, together with financing secured from other multilateral development partners, has enabled Government to meet its 2026/27 foreign currency borrowing requirement of US$3.2 billion.

Issued by: National Treasury

Date: 21 July 2026