national treasury

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MEDIA STATEMENT

NEW DEVELOPMENT BANK AND SOUTH AFRICA SIGN USD 200 MILLION LOAN AGREEMENT FOR STAGE 1 OF THE OLIFANTS MANAGEMENT MODEL PROGRAM

The New Development Bank (NDB) and the Government of South Africa have signed a USD 200 million loan agreement to support Stage 1 of the Olifants Management Model Program (OMMP). The financing strengthens the partnership between the South African government and the NDB in advancing the country's sustainable infrastructure priorities.

The OMMP Stage 1 Project will help address bulk water supply needs in Mogalakwena Local Municipality, Limpopo. It will implement a bulk water supply scheme that abstracts water from Flag Boshielo Dam on the Olifants River. The scheme will supply bulk raw water to industrial users and feed water treatment works that will provide potable water to communities in the municipality. By expanding access to reliable water supplies, the project is expected to strengthen water security and support economic activity in the region.

The OMMP is a public-private partnership funded by government and private-sector industrial users, represented by the Badirammogo Water User Association. The sovereign loan from the NDB to the Government of South Africa, represented by National Treasury, will finance the public-sector contribution to Stage 1. The loan will support sustainable water infrastructure at local-government level on favourable financing terms.

The key financing terms are as follows:

- Loan amount: USD 200 million.
- Tenor: 11 years, including a three-year grace period.
- Interest rate: daily SOFR plus 0.985 per cent.

National Treasury expresses its appreciation to the NDB for its partnership and support for South Africa's sustainable infrastructure development objectives.

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