

SA secures \$300m loan for Energy Governance and Climate Resilience

The African Development Bank Group's Board of Directors has sanctioned a \$300m loan for South Africa, earmarked for the implementation of its Energy Governance and Climate Resilience Programme. This programme, devised in partnership with other development entities including the World Bank and KfW Development Bank, is set to propel SA's energy transition.



Communities in South Africa's coal heartland in Mpumalanga will be most affected by the energy transition.

It aims to stimulate economic growth by instigating structural reforms to restore energy security, encourage private sector involvement in the electricity market, and boost the operational efficiency of Eskom, the national power utility. These measures align with South Africa's Energy Action Plan and the Just Energy Transition Investment Plan (JET IP) for 2023–2027.

The programme is expected to expedite mitigation and adaptation efforts by endorsing renewable energy generation and transitioning businesses to low-carbon activities. This shift will reduce the carbon footprint of the South African economy and enhance financing for green projects, aligning with South Africa's updated Nationally Determined Contribution and its Long-term Low-Emissions Development Strategy.



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Wendell Roelf 11 Dec 2023



It also aims to secure affordable energy for households and small businesses. It will empower the government to augment budget allocations for connecting electricity to underprivileged households and establish a mechanism to incentivise families and small to medium-sized businesses to invest in renewable energy.

The reform priorities discussed with the Government are intended to complement and synergise with existing support from the African Development Bank and other development finance institutions for the Just Energy Transition.

Ensure affected communities are not left behind

Through a \$629,800 grant with co-financing from the Climate Insurance Fund, the Bank will provide support to ensure affected communities are not left behind, crowd in more women as decision-makers and support young entrepreneurs, especially women, to build skills and create jobs for the green economy.

“ The [@AfDB_Group](#) approves \$1 billion guarantee program in collaboration with the [@FCDOGovUK](#) to support [#SouthAfrica's #JustEnergy](#) Transition. [#PowerAfrica](#) ☐☐ ➡☐ <https://t.co/1MX16wqYxw> [pic.twitter.com/mt4GmESqmM](https://t.co/mt4GmESqmM)
— African Development Bank Group (@AfDB_Group) [December 11, 2023](#) ”

South Africa's country's Energy Governance and Climate Resilience Programme aligns with the African Development Bank's 'High 5' strategic priorities, especially "Light up and Power Africa", "Industrialise Africa", and "Improve the quality of life for the people of Africa".

Welcoming the operation, Leila Mokaddem, AfDB director general for Southern Africa, noted the Bank's long-term support to South Africa's energy sector. Energy has the largest share of the Bank's portfolio at 43.4%.

The programme complements this support and aligns with the recently approved Country Strategy Paper (CSP) for South Africa, which recognises the centrality of Energy reforms to achieve economic growth and improve business confidence.

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