

# AfDB greenlights \$300m loan to bolster SA's energy governance and climate resilience

The African Development Bank Group's Board of Directors has granted approval for a \$300m loan to South Africa for the execution of its Energy Governance and Climate Resilience Programme.



Source: [Rxabay](#)

The programme - prepared in collaboration with other development partners including the World Bank and KfW Development Bank (KfW) - will help advance South Africa's energy transition.

It will spur economic growth by furthering structural reforms to restore energy security, promote private-sector participation in the electricity market and enhance the operational efficiency of the national power utility Eskom. This, in line with South Africa's Energy Action Plan and the Just Energy Transition Investment Plan (JET IP) 2023–2027.

The programme will accelerate mitigation and adaptation efforts by promoting renewable energy generation and shifting businesses to low-carbon activities, resulting in lowering the carbon footprint of the South African economy and improving financing for green projects. These expected outcomes align with South Africa's updated Nationally Determined Contribution and the country's Long-term Low-Emissions Development Strategy.

It will ensure the security and affordability of energy for families and small businesses. It will enable the government to increase budget allocations to connect electricity to poor households and establish a mechanism to encourage families and

micro- and medium-sized businesses to invest in renewable energy.

The reform priorities discussed with the government are designed to complement and create synergies with existing support from the African Development Bank and other development finance institutions for the Just Energy Transition.

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.

## **Strategic alignment and long-term support**

South Africa's Energy Governance and Climate Resilience Programme aligns with the African Development Bank's high-five 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, 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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