

Project Summary for Public Disclosure
(after approval of NDB financing)

Project Name	Project Finance Facility for Eskom
Country	The Republic of South Africa
Type	Sovereign
Area of Operation	Clean Energy & Energy Efficiency
Financing Approval Date	13 April 2016
Total Project Cost	Rand 7.7 billion
Initial Limit of NDB Financing	USD 180 million
Current Limit of NDB Financing	USD 180 million
Borrower	Eskom Holdings SOC, Ltd
Project Entity	Eskom Holdings SOC, Ltd
Project Context	The Republic of South Africa is the most developed economy in sub-Saharan Africa, yet it is facing strong headwinds from slowing growth. Frequent electricity shortages complicate the challenge for the economy from the supply side. According to the country's National Treasury, GDP growth will increase by roughly 2% if the issue of electricity shortage is addressed. Securing energy supply and developing renewable energy are therefore the government's main policy concerns. Coupled with electricity shortage, grid facilities are getting outdated. In this context, the New Development Bank's (NDB) Project Finance Facility (PFF) is proposed to support the development of grid connection infrastructure, which is vital for the development of renewable energy projects.
Project Description	With the objective to develop grid connection infrastructure, the NDB will provide a PFF loan of USD 180.0 million to Eskom Holdings State-Owned Company Limited (Eskom). The PFF project will be divided into sub-projects. Currently the project comprises 6 sub projects.
Project Objective	The PFF will support renewable energy development and reduce the country's reliance on fossil fuels.
Implementation Arrangements	The project will be implemented by Eskom. Future subprojects can be proposed to NDB by Eskom up to a total term loan of USD 180.0 million. The selection of the sub-projects will be based on criteria including technical, environmental, social, developmental, economic and financial dimensions.

Environmental and Social Information	<p>The project contributes to the reduction of the country's reliance on fossil fuels. It will enhance the country's capacity for renewable energy while achieving sustainable growth. It also aligns with NDB's focus to support projects that aim at developing renewable energy sources. The project will integrate a total of 670 MW of renewable energy to the grid by Eskom. This accounts for 10% of the national target for renewable energy capacity from 2020 to 2021. The transmission lines, once developed, will help meet the demand for electricity in the implementation regions and lay a foundation for future renewable energy development. The environmental and social impacts of the project are contained in the Environmental Management Plan (EMP) which includes proposed mitigations to ensure minimal residual risk. Eskom shall monitor and ensure implementation of the EMP while ensuring full compliance with the South African legislative requirements and the NDB's ESF.</p>	
Financing	<p>The overall cost of the project is estimated to be Rand 7.7 billion. The proposed financing plan includes a term loan of USD 180.0 million from NDB and the remainder financed by Eskom.</p>	
	Source of Fund	Amount (USD million)
	NDB	180
	Eskom	333
Contacts	NDB	Borrower and Project Entity
	Africa Regional Centre Jasmin Jakoet	Eskom Holdings State-Owned-Company Limited Kabelo Masike, Acting General Manager, Treasury EskomFunding@eskom.co.za