

Project Summary for Public Disclosure

Project Name	Greenhouse Gas Emissions Reduction and Energy Sector Development Project
Country	The Republic of South Africa
Sector	Clean Energy
Board Approval Date	20 July 2018
Total Project Cost	USD 600 million
Loan Amount	USD 300 million
Borrower	The Development Bank of Southern Africa (DBSA)
Implementing Agency	DBSA
Introduction	<p>South Africa is on the trajectory of greener and more sustainable development in the backdrop of improved domestic macroeconomic environment. Reducing carbon emissions and deviating from fossil fuel based energy sources have been included in the national strategy. In particular, South Africa committed to reduction in greenhouse gas emissions from its emissions growth trend by 34% in 2020, and by 42% in 2025, under the United Nations Framework Convention on Climate Change in 2009. Following this commitment, the National Climate Change Response White Paper (2011) outlined the target of reducing the country's annual greenhouse gas emissions to a range between 398 and 614 million metric tons of CO₂ equivalent by 2030. To realize these goals, the National Financial Intermediary DBSA is an important contributor, as DBSA has been historically playing a significant role in South Africa's energy sector and devoted about 48.5% of its loan portfolio to the sector alone. In this context, the Greenhouse Gas Emissions Reduction and Energy Sector Development Project (the Project) is designed with financing from NDB to DBSA to support renewable energy projects in South Africa and help the economy to shift to a more sustainable energy path through structural transformation of the energy sector with emerging renewable technologies.</p>
Project Description	<p>The objective of the Project is to facilitate investments in renewable energy that will contribute to power generation mix and reduction in CO₂ emissions in South Africa, in line with the South African Government's Integrated Resource Plan 2010 and its target of reducing greenhouse gas emissions as articulated in the National Development Plan 2030.</p>

	<p>The proposed NDB loan will be in the form of a two-step loan of up to USD 300 million to DBSA, which in turn will be on-lent to its identified subprojects, including the wind, solar, and biomass energy sectors.</p>				
<p>Environmental and Social Aspect</p>	<p>The Project will bring significant developmental impacts through the subprojects, particularly related to environmental and social benefits from reduction in carbon dioxide emissions, increase in generation capacity from renewable energy sources, and increase in the efficiency of the overall energy sector in South Africa. The Project is also expected to have impacts of unlocking private sector investment, and increasing availability of long-term funds for projects in the energy sector in South Africa.</p> <p>The Project is categorized as “F1” in accordance with the NDB Environment and Social Framework (ESF), as funding will be through a financial intermediary. The categorization of individual subprojects are likely to be Category “B” in accordance with the NDB ESF. NDB will have the right to review the environmental and social categorization of subprojects by DBSA, and if a subproject is categorized as Category “A” in accordance with the NDB ESF, it will require NDB’s approval. The subprojects to be supported are required to comply with the requirements of the environmental and social framework in South Africa.</p>				
<p>Financing Aspect</p>	<p>NDB will provide a loan without sovereign guarantee to the national financial intermediary DBSA with an amount up to USD 300 million. NDB financing may not exceed 50% of subproject’s costs, unless otherwise agreed by NDB.</p> <table border="1" data-bbox="496 1487 1430 1588"> <thead> <tr> <th data-bbox="496 1487 1034 1536">Financier</th> <th data-bbox="1034 1487 1430 1536">Amount (USD million)</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 1536 1034 1588">New Development Bank</td> <td data-bbox="1034 1536 1430 1588">300</td> </tr> </tbody> </table>	Financier	Amount (USD million)	New Development Bank	300
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<p>Implementation</p>	<p>The Project is estimated to be implemented over 15 years between 2018 and 2033. Suppliers for the Project will be selected through competitive and transparent bidding process.</p>				