

NDB Financing and Activities in the Energy Sector in South Africa

EVALUATION SNAPSHOT

PURPOSE:

Assess the results of NDB-financed operations and activities in the energy sector, and generate lessons and recommendations for the way forward



STEPS: Document review | Field visits | Data analysis | Stakeholder interviews | Workshop • **SCOPE:** 2016-2024 | 5 Projects

> Country and Sector Context

- Energy sector is key to economic performance
- South African energy sector is still largely coal-based
- Country lacks transmission capacity

ESKOM TOTAL INSTALLED CAPACITY

53,000 MW

ESKOM COAL GENERATION

45,000 MW

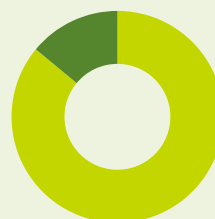
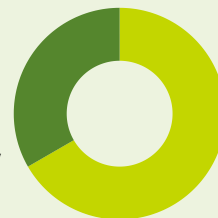
RENEWABLES UNDER REIPPPP*

6,735 MW

*Renewable Energy Independent Power Producer Procurement Programme

> NDB Portfolio at a Glance

5 of NDB's 15 projects in South Africa are in clean energy and energy efficiency



Clean energy and energy efficiency projects form **14%** (USD 972.8 million) of total financing in the country

> Alignment with National and NDB Goals

Integrated
Resource Plans
IRPs

Just Energy Transition
Investment Plan
JET-IP

**NDB
General
Strategies**

Nationally
Determined Contributions
(NDCs)

Sustainable
Development Goals
7 & 13

Projects Evaluated



Renewable Energy
Integration and Transmission
Augmentation Project
(REITAP)*

**Eskom • 6 sub-projects •
NDB loan: USD 180 million**



Greenhouse Gas Emissions
Reduction and Energy Sector
Development Project
(GHGER)**

**DBSA • 15 sub-projects •
NDB loan: USD 300 million**



Renewable Energy
Sector Development
Project (RESP)**

**IDC • 4 sub-projects •
NDB loan: USD 63.18 million**



Battery Energy Storage
Project (BESP)*

**Eskom • 12 sub-projects •
NDB loan: USD 329.62 million**



DBSA Sustainable
Infrastructure Project (SIP)**

**DBSA • 2 sub-projects •
NDB loan: USD 100 million**

Type of project: * sovereign / ** non-sovereign

DBSA: Development Bank of South Africa

IDC: Industrial Development Corporation

NDB Energy Investments: USD 972.8 million • 39 Sub-Projects

> Results to Date



7,162,480 tonnes of CO₂ emissions avoided per year



1,600 MW

renewable capacity increased



1.2 million

people benefited from better grid reliability



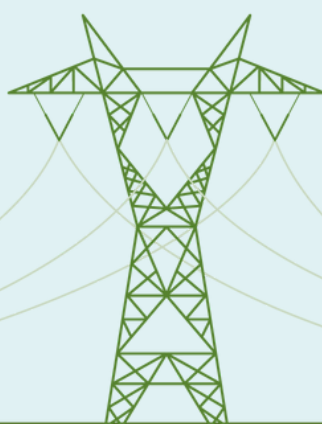
374 km

of transmission lines constructed

Key Findings

AREAS OF STRENGTH

- Investments benefit from a supportive national framework and key partnerships have been established
- NDB projects all address core constraints in the energy sector
- Projects generally achieved successful results in energy generation, CO₂ reduction and leveraging financing



AREAS FOR IMPROVEMENT

- Good investment decisions made but on ad hoc basis given no NDB country strategy to frame them
- Limited technical assistance, knowledge-sharing and capacity-building activities pursued
- NDB's projects have insufficient social or local community development aspects

OPPORTUNITIES:

- NDB participation in the government's "credit guarantee vehicle" scheme
- To support reliable energy transition and energy security in South Africa

Recommendations

STRATEGIC

1

Develop an NDB **country level strategy** for South Africa

2

Enhance NDB's **investment areas** and product mix

3

Develop an energy sector **knowledge management framework**

TECHNICAL

4

Prioritise **transmission capacity** and leverage the credit guarantee vehicle

5

Utilise the **project preparation fund** and provision of technical assistance, e.g for capacity-building

OPERATIONAL

6

Use the Design and Monitoring Framework as a **more strategic instrument for better impact**

7

Better structure NDB's supervision and completion reporting processes, etc.



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