

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

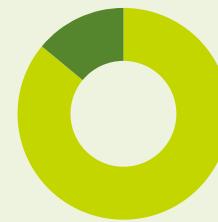
*Renewable Energy Independent Power Producer Procurement Programme

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



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

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

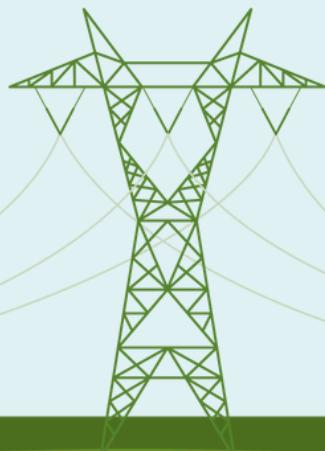
Key Findings

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

TECHNICAL

OPERATIONAL

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

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

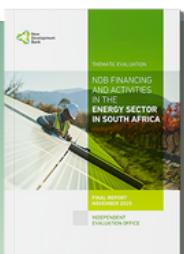
3 Develop an energy sector **knowledge management framework**

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

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.



SCAN OR CLICK THE QR CODE BELOW TO ACCESS THE FULL REPORT



INDEPENDENT EVALUATION OFFICE

 New Development Bank, 1600, Guozhan Road, Pudong New District, Shanghai – 200126 China

 ieo@ndb.int

 <https://www.ndb.int/governance/independent-evaluation>