

World Bank approves \$1bn loan to help SA tackle power crisis

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The World Bank said on Wednesday that its board had approved a \$1bn loan to help South Africa reform its energy sector, as the country tries to overcome regular power cuts that have curbed economic growth.



The bank wants to support the country's reforms to split struggling power firm Eskom and to transition to a low carbon economy, it said in a statement.

Marie Françoise Marie-Nelly, the World Bank's director for South Africa, said last month that the loan was under discussion and could come soon.



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In Wednesday's statement, Marie-Nelly said reforms the government had launched would "benefit the people of South Africa - particularly the most vulnerable households - the economy, the environment, and advance the energy transition".

Eskom's generation fleet of mostly coal-fired power stations routinely break down, leading to outages of up to 10 hours a day.

Several plants breached government emissions regulations earlier this year, according to a Reuters analysis published in September.

The World Bank said its Development Policy Loan would contribute to a gradual reduction in water and air pollution by reducing the reliance on coal for power generation.

The Department of Public Enterprises pledged to split Eskom into three subsidiaries - transmission, generation and distribution - in 2019. In February, it agreed to take on R254bn of Eskom's debt, more than half its total debt, which was at risk of default.

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