

# AFD and South Africa



**43 projects**  
financed  
in 15 years

**EUR 2,5 billion**  
of commitments  
since 2003

**360 MW**  
of renewable energy  
financed since 2003

Present in South Africa since 1994, AFD offers innovative financing solutions and technical assistance to support the South African government in its development policy. AFD works with government partners and local authorities to promote a low-carbon economy and reduce economic, social and territorial inequalities. The Johannesburg agency also covers AFD's activities in Angola, Botswana, Mozambique, Namibia, Zambia and Zimbabwe.

#WorldInCommon

# Our action in South Africa

## 1 TOWARD A SUSTAINABLE AND BALANCED URBAN AND TERRITORIAL DEVELOPMENT

AFD supports South Africa's sustainable urban development policy, which aims to make cities and human settlements inclusive, safe, resilient and sustainable. AFD provides direct loans to metropolitan municipalities for infrastructure projects and to fund capital budgets to support development policies. It also uses financial intermediaries to support small and medium sized municipalities in their basic infrastructure investments.

South Africa's largest cities have been tapping into AFD's expertise in their effort to promote more carbon-efficient urban development and greater resilience to climate change. Through a technical cooperation agreement, AFD has facilitated peer-to-peer dialogue on climate resilience and adaptation between staff of the City of Paris and City of Johannesburg. In Cape Town, AFD has funded a study on risks assessment and adaptation solutions through the Cities and Climate Change in Africa programme, which aims at accelerating the implementation of infrastructure projects, while at the same time maximizing their climate co-benefits.

tation solutions through the Cities and Climate Change in Africa programme, which aims at accelerating the implementation of infrastructure projects, while at the same time maximizing their climate co-benefits.

- More than 50 municipalities supported for access to basic services (electricity, water, waste, transport, etc.);
- More than EUR 550 million invested in strengthening municipalities;
- By 2019, the eThekweni West and North aqueducts project, which started in 2016, will transfer approximately 200,000m<sup>3</sup> per day of treated water; 750,000 people will benefit from improved water services; 22M kWh of pumping energy will be saved.

## 2 SPEED UP THE ENERGY TRANSITION

South Africa has shown great commitment to reducing carbon emissions by decreasing its dependence on coal and increasing energy generation from renewable sources by 2030. If these efforts are sustained, carbon emissions should stabilise between 2025 and 2030 and decline thereafter.

AFD is a long-term partner of ESKOM, South Africa's national electricity provider, and has been instrumental in helping the country diversify its energy mix. In the Western Cape, AFD has co-financed the construction of a 100 MW wind farm, which represents ESKOM's first foray into large scale wind energy. Going forward, AFD has recently issued a multi-tranche facility to finance ESKOM's transmission development plan and ensure the integration of the renewable energy resources.

Through its green finance label Sunref, AFD has helped small and medium enterprises (SMEs) access finance through major South African banks to kick-start or scale up their efficiency and renewable energy projects.

SMEs also benefit from technical assistance in the form of knowledge transfers and expertise for energy use management through AFD's partner the South African Energy Development Institute (SANEDI).

- More than 30 companies supported in their clean energy investments since 2012;
- Over EUR 85 million allocated to support 120 projects since 2012;
- Over 280,000 tons of CO<sub>2</sub> per year avoided.

## 3 CREATING OPPORTUNITIES FOR ALL AND REDUCING SOCIAL INEQUALITIES

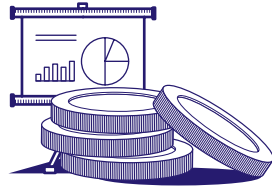
AFD regards vocational training and access to decent employment, especially for previously disadvantaged youth, as key to unlock the economic potential of the country. Currently, more than half of young people aged 15 - 24 are unemployed in South Africa.

AFD works with government, universities public and private training institutions to improve access to employment by supporting higher education and vocational training programmes. AFD is currently exploring the possibility of providing student loans and student accommodation, which will contribute to increasing access to quality education for previously disadvantaged populations.

AFD also remains committed to improve access to housing for previously disadvantaged populations. To this end, AFD has developed key partnerships with private property developers such as the Affordable Housing Company (AFHCO) and state-owned financing institutions such as the National Housing Finance Corporation (NHFC) and the Gauteng Partnership Fund (GPF).

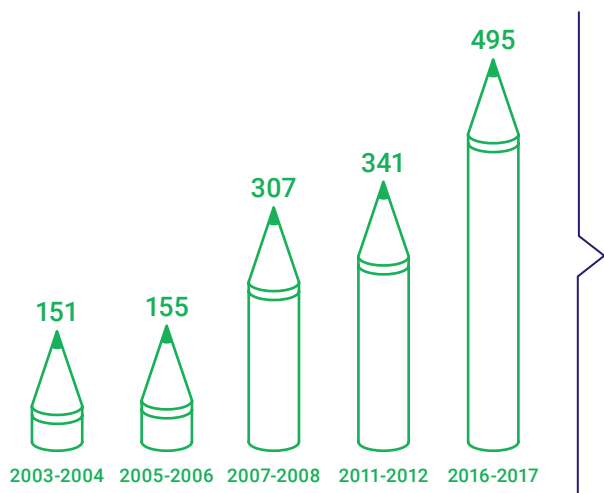
- More than EUR 185 million injected in the social housing sector in 2005 and 2017 in the form of loans to private sector and public financial institutions;
- More than EUR 30 million invested in the development of social and affordable housing in Johannesburg inner-city in 2017;
- More than 3,000 households have benefited from improved access to social and affordable housing to date.

# Our key figures in South Africa

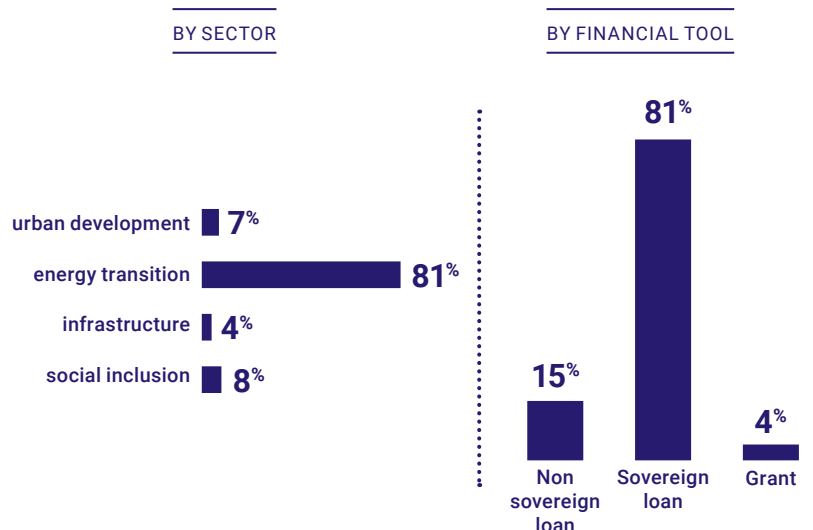


**43** Projects  
financed  
in 15 years

## Evolution of commitments since 2003 (in million EUROS)



## DISTRIBUTION OF COMMITMENTS IN 2017

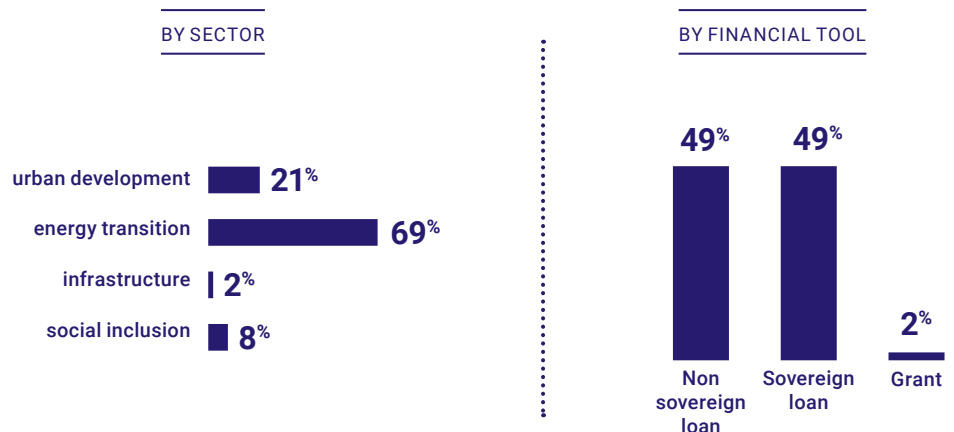


## Portfolio amount



**1,1**  
billion EUROS

## PORTFOLIO DISTRIBUTION





# SOUTH AFRICA

## DEVELOPING WIND POWER GENERATION TO PROMOTE LOW CARBON GROWTH



**A project that aims to increase the share of energies from renewable sources in the national energy mix, ultimately reducing CO<sub>2</sub> emissions.**

### BACKGROUND

South Africa is the largest energy producer on the African continent. ESKOM, the national energy operator, produces 95% of the country's electricity. However, over 90% of ESKOM's energy production is provided by coal-fired plants, making South Africa one of the largest greenhouse gas (GHG) emitters in the world. The country accounts for 25% of GHG emissions produced by sub-Saharan Africa.

In 2003, ESKOM committed to increasing the share of energy from renewable sources in the national energy mix. In 2009, the country announced its goal to reduce GHG emission by 52% by 2025. In this context, several projects are currently underway, with a strong focus on wind energy, which will make up over a third of the country's new renewable energy production capabilities by 2030.

South Africa has moderate natural resources for wind, with the western coast of the Cape region being the most exposed. In 2010, there were no wind farms connected to the national energy grid in the country.

### DESCRIPTION

Since 2002, ESKOM has built a pilot wind farm at Klipheuwel, near Cape Town. This pilot project tested the reliability of the various technologies, analyzed the

environmental impacts and identified the operating constraints of wind farms in South Africa.

ESKOM has learned from this pilot project and decided to deploy infrastructure on a larger scale with the implementation of a 100 MW wind farm. A site has since been selected by ESKOM, located 250 km north of Cape Town, near the town of Vredendal. Here, ESKOM intends to install a proven wind technology, with expected power production is around 280 GWh per year.

With a EUR 100 million loan, AFD is partly financing the construction of this wind farm, the total cost being EUR 120 million. The wind farm project will increase the security of energy supply in the west coast of Cape Town, diversify sources of energy production and replace fossil fuel with renewable energy, thus limiting CO<sub>2</sub> emissions. This project marks the beginning of a long-term partnership with ESKOM to support renewable energy projects (wind, solar, etc.) and energy efficiency.

### IMPACTS

- Increase in the share of energy from renewable sources in the national energy mix;
- 250,000 tons of CO<sub>2</sub> per year of CO<sub>2</sub> emission averted;
- 240 jobs created, with emphasis on promoting local, black-owned businesses.

#### SOUTH AFRICA

Country



**01/01/2011**

Project start date

**31/03/2015**

Project end date



**Energy, Climate**

Sectors



**VREDENDAL**

Location

**20 YEARS**

Duration of funding



**Non-sovereign  
concessional loan**

Financing tools



**EUR 100 000 000**

Financing amount

**Eskom**

Beneficiaries

**African Development Bank  
Clean Technology Fund  
World Bank**

Co-financing organisations

# SOUTH AFRICA

## BETTER LIVING CONDITIONS FOR CAPE TOWN RESIDENTS



**AFD is supporting the Municipality of Cape Town, the second largest city in South Africa, to ensure previously disadvantaged populations have access to new infrastructure and basic services such as water, electricity, housing and transportation.**

### BACKGROUND

Cape Town's territorial development strategy is set out in two strategic and urban planning documents: its Integrated Development Plan (IDP) and its Spatial Development Framework.

The IDP, an essential tool for planning and urban planning at the municipal level over 5 years, aims to combine the various national sectoral policies at the local level with cross-cutting actions and to integrate in one place all dimensions of local development. The goals are to make Cape Town a prosperous city, providing efficient and accessible services to all, and to serve its citizens with a well-managed and well-managed administration.

### DESCRIPTION

AFD will provide the Cape Town Metropolitan Municipality with global budget support to its IDP in the form of a direct loan, accompanied by technical cooperation. The latter will consist of:

- ▶ close monitoring of the community, its financial situation and management, its territorial development strategy and the main related public policies;
- ▶ an in-depth dialogue and technical cooperation on policies deemed a priority by the City and the AFD, such as water and sanitation, urban restructuring and social housing.

### IMPACTS

The projects aims to:

- ▶ promote sustainable and integrated urban development;
- ▶ increase access to basic infrastructure on a local level, and especially to transportation, water and sanitation;
- ▶ foster better integration of previously disadvantaged populations in the urban fabric, especially via urban redevelopment policies;
- ▶ foster large South-Africa cities autonomy and improve management of public services.

The project's expected economic, social and environmental impacts are far-reaching, and include:

- ▶ increase in population life expectancy with the creation of 22,000 jobs per year;
- ▶ improvement of access to basic services for disadvantaged populations, especially water, decent housing, with the rehabilitation of 25% of informal housing districts;
- ▶ creation of 9,000 social housing units per year, and improvement of public transportation supply and urban redevelopment and regeneration;
- ▶ reduction of greenhouse gases, water losses and consumption, as well as urban ecosystems preservation.

#### SOUTH AFRICA

Country



**18/02/2013**

Project start date

**15/03/2028**

Project end date



**Water and sanitation,  
Energy, Infrastructure,  
Sustainable cities**

Sectors



**CAPE TOWN**

Location

**15 YEARS**

Duration of funding



**Non-sovereign  
concessional loan**

Financing tools



**ZAR 2 384 420 000**

Financing amount

**Cape Town**

Beneficiaries

# SOUTH AFRICA

## UPGRADING DRINKING WATER SUPPLY IN SOWETO



AFD is supporting the upgrade of the drinking water network infrastructure and the improvement of the water supply service quality in Soweto. The project also focuses on reducing technical and commercial losses experienced by the water supply service company, Johannesburg Water.

### BACKGROUND

The South African government entrusted municipalities with the responsibilities associated with the water and sanitation services investment and operation. The Johannesburg Municipality, via Johannesburg Water, the company in charge of water service, is responsible for addressing the water needs of over 3 million inhabitants, including over one million living in Soweto.

Within this framework, AFD provides support to the city of Johannesburg with the implementation of the Gcin'amanzi ("water conservation" in Zulu) project. The project aims at upgrading the water networks to prevent losses and wastage.

### DESCRIPTION

The project is based on the following operations:

- Network upgrade and installation of pipes;
- Private networks upgrade;
- Improvement of technical and commercial information systems;
- Shift from estimated consumption to controlled consumption, with installation of prepaid metering systems, and;
- Consumer education on the importance of the water resources conservation.

### IMPACTS

- Over 170,000 Soweto households benefitted from an improvement in the drinking water service;
- 1,268 local jobs created;
- Over 55 cubic meters of water saved.

#### SOUTH AFRICA

Country



29/04/2011

Project start date

15/05/2026

Project end date



Water and sanitation

Sectors



SOWETO

Location

15 YEARS

Duration of funding



Non-sovereign  
concessional loan

Financing tools



EUR 50 000 000

Financing amount

Metropolitan municipality  
of Johannesburg

Beneficiaries



# SOUTH AFRICA

## FACILITATING ACCESS TO SOCIAL HOUSING IN THE GAUTENG PROVINCE, SOUTH AFRICA



**A project aimed at increasing access to decent, affordable housing for low-income families living in the Gauteng Province, South Africa.**

### BACKGROUND

Since 1994, the intervention of the South African state within the framework of the Reconstruction and Development Programme (RDP) has been focusing on access to property and large scale, fully subsidised provision of individual housing units for the poorest households (living on less than R 3,500 per month). The aim was to quickly respond to the needs of as many people as possible, at an affordable cost

In 20 years, this programme delivered over 2.8 million fully subsidised housing units. However, despite this huge effort, the housing gap increased while the number of informal units skyrocketed (+650% between 1994 and 2015).

### DESCRIPTION

With this project, AFD contributes increase the social rental housing supply in the Gauteng Province via intermediated financing of the Gauteng Partnership Fund (GPF), a public entity whose main shareholder is the Gauteng Department of Human Settlements (GDHS)

The project will allow around 5,500 households that cannot currently benefit from subsidised accommodation to live in quality accommodations. The project will therefore contribute to the significant improvement of the living conditions of these households, whose monthly income is estimated to be between R 1,500 and R15,000.

### IMPACTS

- Knock-on effect on the economic development of the Gauteng province;
- Improvement of low- and middle-income households living conditions;
- Redress territorial inequalities and socio-spatial segregation inherited from Apartheid;
- Capacity building of GPF in order to boost rental social housing social rental housing.

#### SOUTH AFRICA

Country



**01/06/2018**

Project start date

**30/06/2023**

Project end date



**Inequalities,  
Sustainable cities**

Sectors



**GAUTENG PROVINCE**

Location

**15 YEARS**

Duration of funding



**Loan**

Financing tools



**EUR 30 000 000**

Financing amount

**Gauteng Partnership  
Fund (GPF)**

Beneficiaries

**Gauteng Partnership  
Fund (GPF)**

Co-financing organisations

AFD is an inclusive public financial institution and the main actor in France's development policy. It makes commitments to projects that genuinely improve the everyday lives of people, in developing and emerging countries and in the French overseas territories.

AFD works in many sectors – energy, health, biodiversity, water, digital technologies, training – and supports the transition to a safer, more equitable and more sustainable world: a world in common. Its action is fully in line with the Sustainable Development Goals (SDGs).

Through its network of 85 agencies, AFD operates in 109 countries and is currently supporting over 3,500 development projects. In 2017, it earmarked EUR10.4bn to finance these projects.

---

**AGENCE FRANÇAISE  
DE DÉVELOPPEMENT**

**FRENCH DEVELOPMENT  
AGENCY**

29 Ballyclare Drive,  
Ballywoods Office Park,  
Ironwood House  
Bryanston, 2191  
Johannesburg, South Africa

 <https://www.afd.fr/en>

 @AFDOfficiel

 @AFD\_en

#WorldinCommon