

World Bank Group considers \$500m boost for South Africa's transmission expansion

The World Bank Group is considering financing \$500m of South Africa's participation in a new credit guarantee facility meant to unlock private financing for a massive transmission grid expansion plan, a senior bank official has confirmed.

By [Wendell Roelf](#) 23 Jun 2025



Source: Reuters.

South Africa is courting private investment for an ambitious plan to add 14,500km of new lines and enhanced transformer capacity over the next decade, at an estimated total cost of \$25bn, as it looks to emerge from a decade of crippling power cuts that have battered the economy.

The proposed credit guarantee vehicle aims to help overcome transmission infrastructure bottlenecks that have held back some 20 gigawatts of renewable energy from connecting to the national electricity network according to Standard Bank.

Many of the renewable projects are situated in the sun-baked Northern Cape or windswept Western and Eastern Cape regions, far from existing transmission corridors linking most of South Africa to the coal-powered generation plants in the north.

Operating as a stand-alone entity, the credit guarantee vehicle would issue guarantees instead of South Africa's treasury and would cover payment defaults, for instance, should something go awry during the roll out.

"We could cover or be committed to finance half a billion US dollars of the government of South Africa's fi loss or junior capital participation," Yadviga Semikolenova, a senior World Bank manager, said late on Thursday, 19 June 2025.

South Africa has sought not to put further pressure on its strained finances by offering additional sovereign guarantees, as it faces lacklustre growth, high debt-servicing costs and the failure to agree a VAT hike with the government coalition this year.



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The treasury has committed to providing junior or first loss capital of 20%, which will be an initial \$100m before moving up to \$500m. The credit guarantee vehicle aims to eventually grow to \$2.5bn, a 4 April treasury document shows.

The document, seen by Reuters, details a package under discussion with the World Bank Group that includes a loan from the International Bank for Reconstruction and Development to finance the treasury's junior capital and a potential \$100m direct injection from the International Finance Corporation.

The bank's Multilateral Investment Guarantee Agency is also considering reinsurance and political risk cov

Approval from the World Bank Group board was expected later this year, treasury officials said.

The treasury said in April it had sought backing for the facility from several development financiers, including the Development Bank of Southern Africa (DBSA), African Development Bank, Germany's KfW and British International Investment (BII).

The DBSA said it was considering participating while BII said it could not comment on any transaction that has not made a commitment to or announced.

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