Early Warning System

# AIIB-001099

## South Africa: Resilient Climate Action Program for Just Energy Transition

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### Quick Facts

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| **Countries** | South Africa |
| **Financial Institutions** | Asian Infrastructure Investment Bank (AIIB) |
| **Status** | Proposed |
| **Bank Risk Rating** | U |
| **Voting Date** | 2026-10-01 |
| **Borrower** | Government of South Africa |
| **Sectors** | Climate and Environment, Energy, Law and Government |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 500.00 million |
| **Loan Amount (USD)** | $ 500.00 million |

## Project Description

As stated by the AIIB, the objective of this investment is to promote resilient infrastructure and enhance climate mitigation in South Africa through critical policy and institutional reforms to achieve Just Energy Transition.

The Government of South Africa (GoSA) has established a comprehensive policy and institutional framework to accelerate a low-carbon, climate-resilient, and inclusive development pathway while addressing structural constraints that continue to limit economic growth, infrastructure performance, and climate investment. These priorities are embedded within national development, fiscal, infrastructure, and industrial strategies, and are aligned with South Africa's international climate commitments and Just Energy Transition (JET) objectives.

Although South Africa remains the largest economy in Africa, economic growth has been persistently constrained over the past decade by structural weaknesses in key network sectors, particularly electricity, freight transport, and water. Chronic electricity supply disruptions, transmission bottlenecks, declining rail and port efficiency, aging water infrastructure, and weak municipal service delivery have increased the cost of doing business, reduced productivity and export competitiveness, and weakened private investment. These challenges are further compounded by complex regulatory landscape.

At the same time, South Africa faces severe and growing climate vulnerabilities. Rising temperatures, increasing drought frequency, water scarcity, floods, and extreme weather events are placing mounting pressure on infrastructure systems, economic activity, and vulnerable communities. The country's energy system remains highly carbon intensive, with coal accounting for approximately 94 percent of domestic energy production in 2023, underscoring both the scale of the transition challenge and the urgency of accelerating decarbonization while ensuring energy security and social inclusion.

Despite important progress, key constraints persist, including grid congestion and delayed transmission expansion continue to constrain renewable energy integration; freight inefficiencies have accelerated the shift from rail to more emissions-intensive road transport; and aging water infrastructure, high non-revenue water losses, and weak municipal capacity continue to undermine resilience and service delivery. More broadly, limited climate-responsive public investment systems, insufficient project preparation capacity, and policy and regulatory bottlenecks continue to constrain the mobilization of private and climate finance at scale.

To respond to these challenges, the Government has adopted a suite of strategic frameworks, including the Second Nationally Determined Contribution (SNDC), the Low-Emission Development Strategy (LTS), the National Climate Change Adaptation Strategy (NCCAS), the Just Transition Framework (JTF), the Just Energy Transition Investment Plan (JET-IP), and the Climate Change Act (2024). Together, these frameworks establish the policy foundation for reducing greenhouse gas emissions, strengthening climate resilience, mobilizing climate finance, and enabling a just and inclusive transition toward a low-emission economy. Complementary structural reforms under Operation Vulindlela are also supporting modernization of the energy, transport, water, and digital sectors, with a strong focus on improving infrastructure delivery and crowding in private investment.

In this context, the proposed Climate Policy-Based Financing (CPBF) Program is designed to support critical policy and institutional reforms that strengthen infrastructure resilience, improve service delivery, enable private sector participation, and accelerate implementation of South Africa's Just Energy Transition agenda. The Program is envisaged as a programmatic series comprising two subprograms, with Subprogram 1 focused on foundational reforms and Subprogram 2 expected to deepen and consolidate reform implementation over time.

The Program, co-financed with World Bank, African Development Bank, KfW and other development partners, will support reforms in four areas:

(i) strengthening the delivery of clean, efficient, and affordable electricity services;

## Investment Description

- Asian Infrastructure Investment Bank (AIIB)

## Contact Information

**AIIB Team Leader:**

Partha Protim Nath - Investment Officer
Email: partha.nath@aiib.org

**Borrower - Republic of South Africa:**

Ulrike Britton - Head, Public Finance
Email: ulrike.britton@treasury.gov.za

## ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.aiib.org/en/contact/information-request/index.html

## ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides Òan opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIBÕs failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes.Ó Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html

**Bank Documents**

- Project Summary (June 2, 2026) [Original Source]