
Eskom may secure USD 3 billion world bank loan

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Bloomberg quoted South Africa National Treasury said the World Bank may agree to lend Eskom Holdings Ltd as much as USD 3.75 billion by early next year to help reduce an ZAR 80 billion funding shortfall.

Ms Thoraya Pandy Treasury spokeswoman said South Africa is in advanced talks with the World Bank for a loan of as much as USD 5 billion. The Treasury and the World Bank last week declined to comment on the difference between the two numbers.

Eskom may have to delay building power plants if it can't secure sufficient funding for its ZAR 385 billion expansion program aimed at preventing a repeat of blackouts last year that shut most South African mines and smelters for five days.

The utility already has an 80 billion rand shortfall which may shrink to ZAR 30 billion if it gets permission to triple electricity tariffs during the next three years a plan which is opposed by the country ruling party many of its biggest businesses as well as labor unions.

Mr Sarwat Hussein the lender spokesman for South Africa said the World Bank is considering funding of USD 3.75 billion for Eskom. He declined to comment further.

South Africa Treasury said that sum is correct. It anticipates that the proposal will go to the World Bank board by early next year. Of the total proposed loan, USD 3 billion will be used to help fund the USD 15.4 billion Medupi coal-fired power plant which is being built in South Africa's Limpopo province.

According to the World Bank about USD 250 million would be used to fund wind and solar projects and USD 490 million will go towards improving coal transportation.

According to the lender Web site "The Eskom project will help increased generation capacity and avoid an energy crisis across southern Africa. About 95% of South Africa electricity is supplied by Eskom while across Africa it supplies about 45% of all power consumed."

(Sourced from Bloomberg)

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