

PRESS RELEASE

MIGA Insures Actis Energy Investment in South Africa's Renewable Energy Sector

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Against backdrop of COVID-19 pandemic, solar and wind projects will help diversify energy mix, support local communities and businesses.

WASHINGTON DC, May 7, 2020 – MIGA, a member of the World Bank Group, has issued guarantees in support of the construction, ownership and operation of two solar photovoltaic power plants (Aggeneys and Konkoonsies II) in South Africa's Northern Cape, and two wind power plants (Golden Valley and Excelsior) in the Eastern and Western Capes.

When operational later this year, the new plants will have a combined installed capacity of 288 MW, and the electricity will be sold to Eskom under 20-year PPAs signed in 2018.

MIGA's guarantees are covering 90 percent of BioTherm's equity investment for up to US\$46.9 million in the photovoltaic solar plants and US\$68.9 million in both wind production plants. The guarantees provide protection against the risks of Transfer and Inconvertibility, Expropriation, Breach of Contract, and War & Civil disturbance for up to 15 years.

BioTherm, the South African headquartered Independent Power Producer (IPP), which currently owns 394 MW of renewable projects in construction and operations in South Africa and Kenya, is wholly owned by global investor Actis. MIGA currently supports Actis on projects across multiple countries, providing about \$900 million in guarantees. The guarantees in South Africa are part of Actis' overall risk management strategy in the energy sector.

"We are pleased to continue working with seasoned investors and promote investments across Africa despite the strained global environment," MIGA Executive Vice President Hiroshi Matano said. "Increasing renewable energy capacity to serve demand and diversifying South Africa's energy mix this project also helps reducing GHG emissions."

The two solar plants are expected to create up to 1,100 temporary jobs during construction, helping alleviate the Northern Cape's unemployment rate of 28.9 percent. During operation, the project will create 160 jobs, 75 percent of which will be for local communities. The projects are compliant with Broad-Based Black Economic Empowerment (BBBEE) policies, and are 2.5 percent-owned by local community trusts.

The Excelsior wind plant will consist of 13 turbines, while Golden Valley will be made up of 48 turbines. Both wind plants will create 1,050 jobs during construction and 150 during operation.

"MIGA's political risk insurance plays an important role in attracting institutional capital to renewable projects across our markets with high growth potential," Actis Energy & Infrastructure Director Colin FitzRandolph explained. "Actis is pleased to build on our strong relationship with MIGA to deliver additional renewable power to the South African grid and to foster partnerships in the local communities surrounding the projects."

Energy shortages are a major constraint to growth for South Africa, and by some estimates, load shedding in 2019 could have reduced economic growth by 1.1 percent of GDP and cut about 125,000 jobs. Supply constraints also affect neighboring countries that are interconnected through the Southern Africa Power Pool (SAPP), and represent

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These projects are part of the Round 4 bid window of South Africa's Renewable Energy Independent Power Producer Program (REIPPP), which is delivering low-cost renewable energy to fuel South Africa's development. To date, REIPPP has procured 6.4 GW of renewable energy and attracted more than US\$13.5 billion (ZAR 200 billion) in investment into South Africa. By 2030, South Africa's REIPPP is expected to secure up to 19 GW in renewable energy installed capacity for the people of South Africa.

Wind and solar power currently represent 8 percent of South Africa's total installed capacity.

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MIGA was created in 1988 as a member of the World Bank Group to promote foreign direct investment in emerging economies by helping mitigate the risks of restrictions on currency conversion and transfer, breach of contract by governments, expropriation, and war & civil disturbance; and offering credit enhancement to private investors and lenders.

Since its creation, MIGA has issued over \$55 billion in guarantees across 114 developing countries.

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