

PRESIDENT



REPUBLIC OF SOUTH AFRICA

02 November 2009

Dear Mr. Zoellick,

COLLABORATION IN THE ENERGY SECTOR BETWEEN THE GOVERNMENT OF SOUTH AFRICA AND THE WORLD BANK

I am writing to you about an area of strategic national importance, namely the collaboration in the energy sector between the Government of South Africa and the World Bank. As you are aware, our nation entered the fourth term of democratic government in a deteriorating economic environment, just as the global economic crisis began to adversely impact upon every region of the world. Despite South Africa's strong track record of prudent macroeconomic policies that have assisted us in weathering the storm, South Africa has entered into a recession for the first time in 17 years. Although there are signs of improvement, it is becoming increasingly clear that achieving energy security will be a critical factor for restoring economic growth, both in South Africa, and the wider southern African sub-region. I therefore urge you to do all you can to expedite support to our national electricity utility, Eskom. This will assist in ensuring that we are better prepared for the eventual upturn in the global economy.

In seeking your support in this important area, I am aware that any discussion of energy security cannot be uncoupled from the threat posed by a changing climate, and the need for South Africa to reduce its carbon footprint. As I pointed out to the U.N. General Assembly, the impact of climate change for Africa is devastating and will severely undermine development and poverty eradication efforts including those of the Millennium Development Goals.

The Government of South Africa's is committed to reducing the country's carbon footprint and broadening its energy sources, in line with our cabinet-approved Long-Term Mitigation Scenarios (LTMS). I was thus pleased that the proposed support for Eskom includes investments in cutting-edge, air-cooled supercritical technology being installed for the first time on the African continent as well as substantial investments in renewable energy. It is evident that our partnership is working towards increasing our power supply in an environmentally-sensitive and sustainable manner, while also supporting the imperative of economic growth.

The year 2009 has been challenging for the global economy. Lowered growth rates, both in South Africa and across the continent, are already posing substantial challenges for trade and industry, employment and training, income distribution and social security. I am sure you will agree that achieving energy security through access to reliable and affordable energy supplies and technologies is essential for catalyzing economic growth, speeding up recovery efforts, and laying the foundations for more equitable and sustainable long-term growth. The costs of inaction will be unacceptably high, and will hamper recovery not only in South Africa, but across the wider sub-region. Given Eskom's 45 percent contribution to all electricity generated on the African continent, one cannot overemphasize the strategic importance of our collaboration.

I look forward to your cooperation in our achievement of energy security and economic development goals, therefore also assisting in the fulfillment of the World Bank's core development mandate.

Yours sincerely,



J G ZUMA
PRESIDENT: REPUBLIC OF SOUTH AFRICA

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