Standard, ICBC in energy funding deal

Standard Bank has signed a R20bn funding support agreement for renewable energy projects in South Africa with the Industrial and Commercial Bank of China (ICBC).

ICBC is Standard Bank's single largest shareholder with a 20% stake. The deal is structured to provide funding using the rand and will be drawn from cash accruing to ICBC through its shareholding in Standard Bank.

The agreement was signed by ICBC chairman Jiang Jianqing and Standard Bank's chief executive Ben Kruger.

"This is an extremely significant transaction. It highlights Standard Bank's commitment to the renewable energy sector and demonstrates the strength of the partnership between Standard Bank and ICBC," said Kruger.

"ICBC will promote the use of renewable energy in South Africa in support of the South African government's renewable energy programme, and through this partnership, to help save the environment. ICBC is also interested in raising awareness of the South African investment opportunity among Chinese suppliers as potential sources of contracting capability.

"In addition, the objective of this partnership is to facilitate the entry of investors into South Africa. ICBC is excited about the opportunity to co-lend into renewable energy with Standard Bank. ICBC sees itself as an important partner of the South African government in its developmental ambitions," said Jiang.

"Standard Bank and ICBC will jointly provide debt financing on a project finance basis to companies that are awarded preferred bidder status under the country's renewable energy independent power producer procurement programme. This will apply to projects where Standard Bank is a lead arranger," said George Kotsovos, head of power and infrastructure finance at Standard Bank.

Kotsovos says the renewable energy programme will require a large funding commitment and the more sources of available capital the better.

"The flexibility that these long-term sources of capital offers, allows us to structure deals appropriately," he adds.

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