



Technical Assistance Contract Implementation of Transnet's Decarbonization and Corporate Sustainability Program

Technical Specifications (Terms of Reference)

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1. Purpose of the contract

The purpose of this contract is to provide multidisciplinary technical assistance services to the French Development Agency (AFD), and where applicable to Transnet Limited, to support the implementation of the decarbonization and corporate sustainability program supported by AFD and the European Union, and financed through an AFD loan of 300 MEUR (refer to Annex 3).

The mission aims to provide technical, operational, methodological, contractual and fiduciary support for the preparation, procurement, execution monitoring, supervision and reporting of the activities, studies and services under the program.

The contract is structured as follows:

- A firm tranche, corresponding to Component A – Technical assistance for the implementation of the Transnet sustainability matrix loan, for a maximum amount of €80,000;
- A conditional tranche, corresponding to Component B – Technical assistance for the implementation of the Global Gateway grant, for a maximum amount of €270,000, the activation of which will be conditional upon AFD's effective award of the corresponding European grant.

This is a fixed-price contract, meaning the contractor commits to delivering all services described in each tranche at the corresponding fixed price, within the scope and assumptions defined in these terms of reference.

2. Mission background

Transnet Limited is the South African state-owned company responsible for rail freight transport, management of the national rail infrastructure and most of the country's port system. A central player in the South African logistics chain, Transnet plays a structuring role in the country's economic competitiveness, the fluidity of trade flows and the transition of the transport sector towards a more sustainable model. However, the company faces significant structural and operational challenges, linked in particular to the progressive deterioration of its infrastructure, the consequences of the State Capture period, the impacts of the health crisis, increased competition from road transport, and the growing vulnerability of its networks to extreme weather events, particularly flooding. In this context, Transnet has launched an investment and transformation programme through its Corporate Plan 2025/2026, in order to restore its operational performance, strengthen its resilience and sustainably align its development with a more sustainable trajectory.

The AFD-supported programme is part of this dynamic and the broader framework of the South African Just Energy Transition Investment Plan (JET-IP). It is based on a €300M loan granted to Transnet with sovereign guarantee, aimed at supporting the company's sustainable transformation and accelerating the decarbonization of freight transport in South Africa. This financing, structured as a sustainable trajectory matrix loan, provides for disbursements conditional on the achievement of demanding and measurable results. These include the rehabilitation of strategic railway lines, studies on diversification towards transition minerals and the container segment, preparation for the post-coal era, development of renewable energy supply, and strengthening of Transnet's governance, internal control and environmental and social management capacities, in line with international standards.

The sustainability matrix will be shared with the contractor upon commencement of the service.

In addition to this loan, a €30M EU delegated grant, mobilised under the Global Gateway initiative and delegated to AFD, is under appraisal. This grant is intended to finance, on one hand, investments of €28M for the rehabilitation of priority sections of the Johannesburg–Durban container corridor, 700 km long and corresponding to Global Gateway Corridor 10, and on the other hand, dedicated technical assistance. The latter is intended to support studies and services relating to the modernisation and security of the corridor, railway signalling, climate resilience, rail competitiveness, freight diversification, as well as monitoring and implementation of the matrix loan.

In this context, AFD wishes to mobilise external technical assistance capable of intervening in a structured yet flexible manner, both on the immediately identified needs relating to the matrix loan, and, subject to confirmation of the European financing, on the additional needs associated with the implementation of the Global Gateway grant.

3. Mission objectives

3.1. General objective

The general objective of the contract is to provide AFD with high-level expertise support to secure and accompany the implementation of Transnet's decarbonization and sustainable transition program.

3.2. Specific objectives

The mission shall enable in particular:

- Supporting the implementation of the Transnet sustainability matrix loan;
- Preparing certain studies, intellectual services and support missions;
- Accompanying certain consultation and service provider selection procedures;
- Supporting the execution monitoring and technical supervision of services entrusted to third parties;
- Contributing, where applicable, to the implementation of the Global Gateway European grant;
- Supporting the coordination, administrative monitoring and reporting associated with the financed activities.

4. Contract structure

The contract is structured in two tranches:

- **Firm tranche (Component A): Technical assistance for the implementation of the Transnet sustainability matrix loan**

Maximum amount: €80,000 excl. tax.

This tranche covers the services required to support the implementation of the AFD matrix loan.

- **Conditional tranche (Component B): Technical assistance and Owner's Representative Assistance for the implementation of the European Union Global Gateway grant**

Maximum amount: €270,000 excl. tax.

This tranche covers the additional services relating to the implementation of the European grant.

The activation of this tranche will be conditional upon AFD's effective award of the European grant and AFD's decision to proceed with its activation.

5. Description of services – Firm tranche (Component A)

Component A or the firm tranche of this technical assistance contract aims to support AFD in the preparation, procurement and monitoring of three distinct services financed through European Union funds via a separate budget. These services are part of the program supporting Transnet's sustainable transition financed by the AFD matrix loan (see point 1 «Background»).

The contracts relating to these studies and services will be launched by AFD, as the entity responsible for their procurement, financed by European Union funds delegated to AFD, using a separate budget not integrated into this service.

This firm tranche is structured into three missions:

- **Mission 1: support for the preparation, contract procurement and monitoring of the study on Transnet's business model diversification and coal transition;**
- **Mission 2: support for the procurement and monitoring of the study on rail-port connectivity;**
- **Mission 3: Support for the definition, procurement and monitoring of a Technical Assistance mission aimed at strengthening Transnet's ESG frameworks.**
- **Mission 4: drafting of terms of reference for the ERTMS study**

5.1. MISSION 1 – Support for the preparation, procurement and monitoring of the study on Transnet's business model diversification and coal transition

5.1.1. Purpose of the mission

This mission aims to support AFD in the preparation, procurement and monitoring of a strategic study on the diversification of Transnet's business model and the gradual reduction of its dependence on coal-related revenues.

5.1.2. Summary description of the study

The final scope and boundaries of the study will be determined with Transnet during the execution of the service.

The study on Transnet's business model diversification and coal transition would aim to support the company in defining a credible transformation trajectory for its activity portfolio, enabling a gradual reduction of its dependence on coal-related revenues while strengthening its contribution to the decarbonization of freight transport in South Africa.

The study could analyse, in an integrated manner, the development opportunities for new freight segments likely to support Transnet's future growth, in line with the priorities of the Just Energy Transition Investment Plan (JET-IP) and the objectives of the AFD-supported sustainable trajectory loan. It will focus in particular on transition minerals (manganese, magnetite, phosphate), certain

agricultural products, domestic mining commodities, and the container segment, as a key diversification and modal shift driver.

The market analysis may be complemented by an in-depth assessment of the logistical and operational conditions required to capture these flows, including Transnet's capacity to offer competitive transport solutions in terms of cost, reliability and service quality. The study will examine in particular the needs regarding the structuring of integrated logistics chains, development of block trains, optimisation of terminal interfaces and simplification of commercial processes, in order to improve rail competitiveness vis-à-vis road transport.

In parallel, the study may establish a detailed diagnosis of Transnet's current dependence on coal, analysing transported volumes, associated revenues, economic balances and risks linked to a gradual decline in this traffic. On this basis, it will develop several transition scenarios, incorporating coal decline assumptions, revenue substitution trajectories and the financial, operational and organisational implications for the company.

The study could also analyse the commercial and institutional dimensions of this transformation, notably Transnet's capabilities in commercial development, pricing strategy, customer relationship management and internal organisation. It could identify the changes required to enable the company to capture new markets and increase its modal share in targeted segments.

Finally, the study could propose an integrated diversification and coal transition roadmap, including: i) prioritisation of market segments to develop; ii) operational and commercial actions to be undertaken; iii) investment and capacity-building needs; iv) necessary organisational and institutional changes; v) as well as a sequencing of actions over time, enabling Transnet's economic transition to be secured.

5.1.3. Expected services

The contractor will be responsible for supporting AFD in:

- **Preparation of the consultation:**
 - Clarifying the scope, objectives and expected results of the study;
 - Preparing the complete terms of reference for the service;
 - Contributing to the finalisation of the technical and administrative documents required to launch the consultation, based on a pre-filled template to be provided by AFD.
- **Support for procurement**
 - Supporting AFD in the technical analysis of received bids;
 - Preparing a bid analysis report or equivalent technical note;
 - Contributing, where necessary, to the preparation of technical clarification exchanges.
- **Study monitoring and supervision**
 - Participating in kick-off meetings, technical meetings and steering committees of the study;
 - Analysing the interim and final deliverables submitted by the selected contractor;
 - Producing deliverable analysis reports for AFD;
 - Formulating technical, methodological and operational comments;
 - Supporting AFD in the overall monitoring of the proper execution of the study.

5.1.4. Expected deliverables

The contractor will submit at minimum the following deliverables:

- **Deliverable 1:** complete terms of reference for the studies;
- **Deliverable 2:** technical bid analysis report;
- Deliverables 3 to 5: deliverable analysis reports produced by the recruited consultant, approximately three analysis reports over the duration of the study;
- Written contributions or presentation materials for monitoring meetings, where applicable;
- Participation in steering committees and technical meetings.

5.2. MISSION 2 – Support for the procurement and monitoring of the study on rail-port connectivity

Purpose of the mission

This mission aims to support AFD in the procurement and monitoring of a study on rail-port connectivity and the improvement of logistics interfaces between the rail network, terminals, ports and associated transport chains.

The preparation of the terms of reference for this study falls outside the scope of this contract, as this task is already covered by another service currently under execution.

5.2.1. Summary description of the study

The final scope and boundaries of the study will be determined with Transnet during the execution of the service.

The rail-port connectivity study would aim to identify the technical, operational and institutional levers enabling the strengthening of multimodal integration between Transnet's rail network and port infrastructure, an essential prerequisite for improving rail competitiveness, capturing a greater share of containerised traffic and supporting the diversification of freight flows. The study will primarily analyse the needs for improving rail access to ports and terminals, as well as the constraints affecting the fluidity of operations at rail-port interfaces. It will evaluate various technical options aimed at improving the capacity, reliability and performance of logistics chains, particularly in terms of rail access to terminals,

intermodal handling capacity, flow organisation and synchronisation of rail and port operations.

Particular attention will be paid to the container segment, for which the performance of rail-port interfaces is a determining factor of competitiveness vis-à-vis road transport. The study will analyse the conditions required to improve railway service quality (transit times, reliability, regularity, predictability), as well as the requirements for operational coordination with port terminals and logistics platforms.

5.2.2. Expected services

The contractor will be responsible for supporting AFD in:

- **Support for procurement**

- Contributing to the finalisation of the technical and administrative documents required to launch the consultation, based on a pre-filled template to be provided by AFD.
- Reviewing the terms of reference and technical documents already prepared under the ongoing service;
- Supporting AFD in the technical analysis of received bids;
- Preparing a bid analysis report or equivalent technical note;
- Contributing, where necessary, to the analysis of technical clarifications or adjustments.
- **Study monitoring and supervision**
 - Participating in kick-off meetings, technical meetings and steering committees;
 - Analysing the interim and final deliverables submitted by the recruited consultant;
 - Producing deliverable analysis reports for AFD;
 - Formulating technical observations and recommendations on the study results;
 - Supporting AFD in monitoring the execution of the service.

5.2.3. Expected deliverables

The contractor will submit at minimum the following deliverables:

- **Deliverable 1:** technical bid analysis report;
- **Deliverables 2 to 4:** deliverable analysis reports produced by the recruited consultant, approximately three analysis reports over the duration of the study;
- Written contributions or supporting materials for monitoring meetings, where applicable;
- Participation in steering committees and technical meetings.

5.3. MISSION 3 – Support for the definition, procurement and monitoring of a Technical Assistance mission aimed at strengthening Transnet’s ESG frameworks

5.3.1. Purpose of the mission

This mission aims to support AFD in the definition, procurement and monitoring of a technical assistance service relating to the strengthening of Transnet’s ESG framework, including a training and capacity-building component.

This service shall contribute to the strengthening of Transnet’s institutional, governance, compliance and ESG management mechanisms, as well as the improvement of internal practices in environmental, social and governance matters.

5.3.2. Expected services under the technical assistance

The contractor will be responsible for supporting AFD in:

- **Preparation of the consultation**
 - Clarifying the scope, objectives and expected results of the service;
 - Preparing the complete terms of reference for the service;
 - Contributing to the finalisation of the technical and administrative documents required to launch the consultation, based on a pre-filled template to be provided by AFD.
- **Support for procurement**

- Supporting AFD in the technical analysis of received bids;
- Preparing a bid analysis report or equivalent technical note;
- Contributing, where necessary, to technical clarification exchanges with tenderers.
- **Service monitoring and supervision**
 - Participating in kick-off meetings, technical meetings and steering committees;
 - Analysing the interim and final deliverables submitted by the selected contractor;
 - Producing deliverable analysis reports for AFD;
 - Formulating observations on the technical quality, methodological consistency and operability of the recommendations produced;
 - Supporting AFD in monitoring the proper execution of the service.

5.3.3. Expected deliverables

The contractor will submit at minimum the following deliverables:

- **Deliverable 1:** complete terms of reference for the ESG service;
- **Deliverable 2:** technical bid analysis report;
- Deliverables 3 to 5 : deliverable analysis reports produced by the recruited contractor, approximately three analysis reports over the duration of the service;
- Written contributions or presentation materials for monitoring meetings, where applicable;
- Participation in steering committees and technical meetings.

*5.4. MISSION 4 – Support for the preparation of a first draft of the Terms of Reference for the ERTMS feasibility study on the modernisation of railway signalling and the potential deployment of the *European Rail Traffic Management System (ERTMS)* on Transnet's network*

5.4.1. Purpose of the mission

This mission aims to support AFD in the preparation of a first draft of the Terms of Reference for a technical study on the modernisation of railway signalling on Transnet's network, with a particular focus on the analysis of the feasibility, conditions and modalities of a possible progressive deployment of ERTMS-type solutions.

The study in question, the detailed scope of which is still under discussion at the preparation stage of this contract, is expected to represent an indicative amount of around €500,000.

5.4.2. Expected services under the technical assistance

- Contributing to the definition of the scope, objectives and expected results of the study;
- Preparing a first draft of the **terms of reference** for the study, which will be finalised under the next mission (conditional tranche);

5.4.3. Expected deliverables:

- **Deliverable 1:** complete terms of reference in its draft version;
- Written contributions or presentation materials for monitoring meetings, where applicable

- Participation in steering committees and technical meetings.

6. Description of services – Conditional tranche (Component B)

The conditional tranche covers technical assistance services that will only be mobilised in the event of the effective award of the delegated European Union grant and AFD's activation decision.

It is structured around two complementary missions:

- **Mission 5: support for the preparation, procurement and monitoring of a study on railway signalling modernisation and the feasibility of deploying the standard (ERTMS) on Transnet's network;**
- **Mission 6: support for the implementation, monitoring, technical, administrative, contractual, financial, environmental and social supervision of the European grant.**

6.1. MISSION 5: support for the preparation, procurement and monitoring of a study on railway signalling modernisation and the feasibility of deploying the standard (ERTMS) on Transnet's network;

6.1.1. Purpose of the mission

This mission aims to support AFD in the preparation, procurement and monitoring of a technical study on the modernisation of railway signalling on Transnet's network, with a particular focus on the analysis of the feasibility, conditions and modalities of a possible progressive deployment of ERTMS-type solutions.

6.1.2. Expected services under the technical assistance

The contractor will be responsible for supporting AFD in:

- **Preparation of the consultation**
 - Contributing to the definition of the scope, objectives and expected results of the study;
 - Preparing and finalizing the Terms of Reference for the study;
 - Contributing to the finalization of the technical and administrative documents required to launch the consultation, based on a pre-filled template to be provided by AFD.
- **Support for procurement**
 - Supporting AFD in the technical analysis of received bids;
 - Preparing a technical bid analysis report or equivalent note;
 - Contributing, where necessary, to the preparation of technical clarifications with tenderers.
- **Study monitoring and supervision**
 - Participating in kick-off meetings, technical meetings and steering committees;
 - Analysing the interim and final deliverables submitted by the recruited consultant;
 - Producing deliverable analysis reports for AFD;
 - Formulating observations on the technical quality, methodological consistency and operability of the recommendations produced;
 - Supporting AFD in the overall monitoring of the proper execution of the study.

6.1.3. Expected deliverables

The contractor will submit at minimum the following deliverables:

- **Deliverable 1:** complete terms of reference for the signalling/ERTMS study;
- **Deliverable 2:** technical bid analysis report;
- Deliverables 3 to 5: deliverable analysis reports produced by the recruited consultant, approximately three analysis reports over the duration of the study;
- Written contributions or presentation materials for monitoring meetings, where applicable;
- Participation in steering committees and technical meetings.

6.2. MISSION 6 – Technical assistance for the implementation, monitoring and reporting of the European grant

6.2.1. Purpose of the mission

This mission aims to provide AFD with owner's representative assistance (ORA) for the overall monitoring of the implementation of the European grant delegated to AFD for the benefit of Transnet.

This mission will cover support for the physical, technical, administrative, contractual, financial, environmental and social management of the grant, as well as the preparation of regular reporting for AFD and the European Union, in accordance with the requirements applicable to the financing.

It will cover monitoring of the grant implementation as described in this document, including in particular:

- Investments financed on the container corridor;
- The monitoring and justification requirements attached to the European financing.

6.2.2. Expected services under the technical assistance

The contractor will be responsible for supporting AFD in:

- **Overall monitoring of grant implementation**
 - Ensuring regular monitoring of the physical and technical progress of financed activities;
 - Consolidating information useful for the overall management of the grant;
 - Identifying areas of vigilance, delays, deviations or implementation risks;
 - Supporting AFD in the preparation and conduct of monitoring meetings with stakeholders.
- **Procurement and contract monitoring**
 - Supporting AFD in the preparation, updating and monitoring of the procurement plan;
 - Analysing tender documents and other contractual documents related to financed services;
 - Supporting the monitoring of contractual execution of financed contracts and services;
 - Contributing to the identification and resolution of any contractual difficulties.

- **Financial and fiduciary monitoring**
 - Supporting the monitoring of the financial progress of the grant;
 - Consolidating data useful for monitoring commitments, disbursements, expenditure and forecasts;
 - Contributing to the preparation of financial monitoring elements for AFD and the European Union;
 - Supporting the verification of the consistency of available financial and supporting information.
- **Technical, environmental and social monitoring**
 - Contributing to the monitoring of the technical progress of financed activities;
 - Monitoring the consideration of environmental and social commitments associated with the grant integrated into the environmental and social management plan (note: this document will be produced under a separate service).
 - Identifying vigilance needs or realignment on technical or E&S dimensions;
 - Supporting AFD in consolidating information useful for monitoring these commitments.
- **Reporting and coordination**
 - Preparing regular reporting elements for AFD;
 - Preparing semi-annual reporting elements for the European Union, in accordance with applicable templates and formats;
 - Contributing to the preparation of coordination meetings, monitoring committees or management briefings, supporting AFD's supervision missions;
 - Producing summary materials necessary for sound grant management.

6.2.3. *Expected deliverables*

The contractor will submit at minimum the following deliverables:

- **A work plan ;**
- **Twelve (12) quarterly monitoring reports**, over a period of three years, covering in particular:
 - Physical and technical progress;
 - Contractual and procurement progress;
 - Financial monitoring; Environmental and social monitoring;
 - Areas of vigilance, risks, decisions and recommendations;
- The elements required for the preparation of the EU semi-annual reporting, in accordance with templates provided by the European Union;
- Summary notes or preparation materials for monitoring meetings, where necessary;
- Participation in management, coordination and grant monitoring meetings.

Important note: quarterly reports will constitute the main structuring deliverable of this mission. EU semi-annual reporting elements may be integrated into these reports or may be the subject of specific deliverables depending on AFD's needs and the donor's requirements.

7. Payment arrangements

This contract is concluded in the form of a fixed-price contract, structured into a firm tranche and a conditional tranche. Payments will therefore be made on the basis of submission and validation of the main contractual deliverables, in accordance with the milestones defined below.

Detailed payment modalities, including where applicable provisions relating to advance payments, will be specified in the contractual documents of the contract.

Logistical expenses related to the execution of the mission, including in particular travel, accommodation, per diem and other ancillary costs, are deemed to be included in the fixed price and must be taken into account in the invoicing of deliverables, in accordance with the breakdown of the overall fixed price (DPGF) and the financial documents of the contract.

8. Duration and indicative implementation schedule

This contract is concluded for a firm period of three (3) years from its notification date.

It may be renewed once (1) for an additional period of one (1) year, without the total duration exceeding four (4) years.

The contract is structured as:

- A firm tranche, corresponding to immediately mobilisable services (Component A);
- A conditional tranche (Component B), the execution of which is conditional upon its activation by AFD, subject to the effective mobilisation of the corresponding European financing.

For indicative purposes:

- The start of the firm tranche is envisaged for September 2026;
- The start of the conditional tranche, if activated, is envisaged for December 2026.

The schedule above is provided for strictly indicative purposes. It is intended to give tenderers visibility on the provisional phasing of services, without prejudice to adjustments that may be made during execution by AFD, particularly depending on the procurement schedule of the monitored studies and services, the progress of procedures and program needs.

8.1. On-site missions

The service will include, at minimum:

- One (1) on-site mission under the firm tranche;
- Up to four (4) on-site missions under the conditional tranche, if activated, including 1 mission for Mission 4 and 3 missions for Mission 5.

These travel missions will be intended in particular to facilitate the scoping of services, technical and management meetings, as well as monitoring of studies and implementation of the European grant.

Tenderers may propose adjustments to the organisation of on-site missions, without calling into question their overall indicative number and subject to justification.

The precise modalities of organisation, scheduling and composition of these missions will be defined in liaison with AFD during execution.

9. Mission organisation and management

This contract will be managed by AFD, which will ensure the general coordination of the service, validation of methodological orientations, review of deliverables and contractual monitoring of the contractor.

The contractor will maintain direct liaison with the Transnet partner.

The contractor will act in support of AFD for the preparation, procurement and monitoring of the studies and services referred to in these terms of reference. It will not be intended to substitute for AFD in the exercise of its contractual, fiduciary or management responsibilities.

9.1. Working language

Services will be delivered primarily in English.

9.2. Deliverable format

Deliverables will be submitted in editable electronic format, unless otherwise requested by AFD.

Depending on their nature, they may be transmitted notably in Word, Excel, PowerPoint and PDF formats.

10. Team composition and required profiles

The contractor must propose a team presenting the necessary competencies to cover all the technical, institutional, fiduciary and monitoring dimensions associated with this contract.

The proposed team must be multidisciplinary, with a proven capacity to work on transport, rail freight, logistics, institutional governance, project monitoring and coordination of donor-financed operations.

In order to ensure a clear and effective organisation, the team is expected to be structured around two key profiles, complemented by mobilisable non-key experts according to needs.

10.1. Key profiles

10.1.1. Key profile No. 1 – Mission leader / Senior railway transport expert

The mission leader will ensure the general coordination of the service, supervision of technical contributions, methodological management of the mission and the main interface with AFD.

The mission leader must demonstrate:

- A relevant higher education degree;
- Confirmed professional experience of at least 10 to 15 years in the railway transport sectors, on complex projects;
- Proven experience in managing technical assistance missions, strategic consultancy or support for the implementation of complex projects;
- A good capacity for coordinating multidisciplinary teams and producing strategic deliverables.
- Experience in rail freight projects, multimodal logistics or the modernisation of railway transport infrastructure will be an asset.

- Experience in Southern Africa, as well as experience working with international donors (notably the European Union, World Bank, AFD, European Investment Bank, etc.) will also be valued.

10.1.2. Key profile No. 2 – Transport / logistics expert

The expert will support the mission leader in the technical and operational coordination of the service, monitoring of the various missions, analysis of deliverables and preparation of exchanges with stakeholders.

This expert must demonstrate:

- A relevant higher education degree;
- Confirmed professional experience of at least 5 to 10 years in the fields of rail and/or port transport, logistics and freight;
- A good knowledge of the local and regional institutional landscape in the transport sector.
- A demonstrated capacity to contribute to analysis, structuring, monitoring or supervision missions for complex services.
- Experience in Southern Africa and/or South Africa, a good knowledge of the regional and local institutional and operational context, as well as experience in projects financed by international donors, will be assets.

10.1.3. Key profile No. 3 – ESG / environmental and social / governance expert

The expert will provide support for missions relating to the strengthening of ESG frameworks, environmental and social monitoring of services, and compliance with donor requirements.

This expert must demonstrate:

- A relevant higher education degree;
- Confirmed experience in ESG, environmental and social, corporate governance or institutional strengthening fields;
- Experience in monitoring projects financed by international donors, including implementation of environmental and social frameworks;
- A capacity to support training, structuring and improvement of practices.

10.1.4. Key profile No. 4 – Procurement and contract management expert

The expert will provide support for the preparation and monitoring of procurement procedures, bid analysis and contractual monitoring of financed services, particularly in the context of the European grant.

This must demonstrate:

- A relevant higher education degree;
- Confirmed experience in procurement, contracting and contractual monitoring, ideally in an international donor context;
- A good knowledge of procurement procedures and associated fiduciary requirements;
- A capacity to support the preparation of consultation documents, bid analysis and contractual monitoring.

- Experience in projects financed by the European Union will be an asset.

10.2. Mobilisable non-key experts

The contractor must be able to mobilize, according to the needs of the various missions, high-level specialized experts with significant international experience in their respective fields. These profiles will be intended to provide targeted technical support, complementing the key profiles, on the various themes covered by the contract.

Tenderers will specify, in their offer, the profiles they propose to mobilise on an indicative basis for these areas of expertise.

Mobilizable non-key profiles may include in particular the following areas of expertise:

- **Freight market and logistics expert**

For market, demand, positioning and flow structuring analyses.

- **Port and multimodal logistics expert**

For subjects relating to port interfaces, logistics chains and rail-port connectivity.

- **Energy transition / sectoral transition expert**

For analyses related to decarbonisation, the coal transition, sectoral transformation challenges and energy strategy.

- **Railway operations engineer**

For aspects related to operations, operational performance, capacity and reliability of railway services.

- **Railway signalling / train control expert**

For aspects related to signalling modernisation, train control systems and the analysis of ERTMS-type options.

11. Annex 1: Indicative financing plan for the €30M «Global Gateway» grant

Components	Description	Amount (€)	%
Component 1: Technical & Investment Grant –Rehabilitation of the 10# Global-Gateway Container corridor Durban-Lusaka – implemented by Transnet		28,260,000	94.5%
Sub-component 1.1: Signaling Modernization	Services, goods and works to rehabilitate, upgrade and modernize signalling and train control systems along the corridor, in whole or in part: interlockings and signalling stations, including ERTMS/ETCS trackside equipment and interfaces, onboard equipment for selected rolling stock, and the telecommunications, control, and power supply systems required for operation. Trackside signalling equipment shall be compatible to ERTMS. It also includes contingency cost.	17,000,000	56.7%
Sub-component 1.2: Security Investments	Services, purchase of goods and works in order to deploy security technology at substations along the Container Corridor (double-layered fencing, sterile zones, electric fences, CCTV, alarm systems, solar power, and high-visibility lighting) to counter theft and vandalism, including contingency cost.	8,000,000	26.7%
Sub-component 1.3: Rail and Electrical Infrastructure Renewal	Purchase of goods and execution of works for the renewal and replacement of critical rail and electrical infrastructure along the corridor, including worn-out rails, sleepers, ballast and selected overhead traction and electrical traction assets, in order to improve reliability, reduce operational failures and restore corridor performance, including contingency costs.	2,950,000	9.8%
Sub-component 1.4: Various studies & capacity building	Consultancy services implemented by Transnet, including in whole or in part: institutional support & capacity building, support to a biodiversity risk mapping assessment, the program financial audit	310,000	1.0%
Component 2: Technical Assistance and Studies – implemented by AFD		1,171,820	3.6%
Sub-component 2.1: Technical Assistance	Overall program management for the EU GG funds (support to disbursement request and verification, EU & AFD monitoring reports), drafting of terms of reference and support to procurement and contracting	271,820	0.6%
Sub-component 2.2: Studies	Consultancy services for the following studies: - Study on the opportunity to deploy European Rail Traffic Management System (ERTMS) for the modernisation of the signalling system (€500,000) - Study on diversification of Transnet's business model & coal transition (€200,000) - Study on the strengthen of rail-port connectivity (€150,000) - ESG capacity building program (€50,000)	900,000	3.0%
AFD fee		568,180	1.9%
Grand total		30,000,000	100%

12. Annex 2 : «Application Form» for the European grant

The elements indicated here are provided for indicative purposes only. The precise definition of the components will be determined during the subsequent stages of the appraisal of this grant with the different stakeholders, in particular the EU.

This €30 million EU grant will finance investments in the modernisation of railway signalling and potentially the deployment of ERTMS signalling equipment, electrical traction systems, essential track renewals, and security to support the rehabilitation of the South African section of the 10th Global Gateway Corridor (Lusaka–Durban Container Corridor). It will also partly fund technical assistance to strengthen Transnet’s freight diversification strategy, coal transition planning, rail competitiveness, and climate-resilience and institutional capacities.

The grant is coupled with an AFD €300 million results-based (“sustainability matrix”) loan. The program is also aligned with South Africa’s Just Energy Transition Investment Plan (JET-IP) and Transnet’s decarbonization strategy, and is expected to achieve annual reductions of around 360 000 tCO₂e through a modal shift from road to rail and the supply of renewable electricity to rail operations.

12.1. Indicative description of the intervention

The proposed programme combines a €300 million AFD Sustainability Matrix Loan with a €30 million EU grant, the latter being the subject of this application form. Together, these instruments support the same objective: to strengthen Transnet’s institutional sustainability and operational performance while advancing the decarbonisation of South Africa’s freight-transport sector, in line with the Just Energy Transition Investment Plan (JET-IP).

Transnet is the national public operator responsible for rail freight and most ports in South Africa. Over the past decade, the company has faced serious operational and financial pressures caused by under-investment, theft, vandalism, governance failures during the *State-Capture* period, and climate-related shocks. These factors have reduced the reliability and competitiveness of rail, shifted freight to road, and increased logistics costs and emissions. In response, Transnet launched an emergency Recovery Plan in 2024 and adopted its Corporate Plan 2025–2030, under the broader Reinvent for Growth strategy, to restore performance and align with climate and social South Africa’s Just Energy Transition Investment Plan (JET-IP) priorities.

The program addresses these challenges through two financing instruments working in parallel: the AFD loan, which disburses against verified results set out in a sustainability matrix (available on Annex 4), and the EU grant, which finances investment and technical-assistance activities that complement the loan. The intervention pursues three complementary objectives: (i) To modernize core transport operations to improve service quality and reliability, enable a modal shift to low-carbon freight, and reduce emissions; (ii) promote a shift from road to rail by modernizing rail and port infrastructure and operations to improve service quality, reliability, competitiveness, and attractiveness; (iii) to support operator’s pathway to net-zero emissions and climate resilience; (iii) to enhance environmental, social and governance (ESG) capacities.

- **Restoration and modernisation of rail operations**

The sustainability matrix funded through the 300 M€ loan includes the rehabilitation of 550 km of strategic railway lines by 2031, of which at least half are in the Container and Cape Corridors. These conventional works cover the renewal of rails, sleepers and ballast, as well as improved drainage and safety upgrades.

Complementing this, the €28 million investment grant provides partial financing for the rehabilitation of the 700 km Container Corridor between Johannesburg and Durban, implemented under a broader R 1.1 billion (€55 million) program prioritised by Transnet Rail Infrastructure Manager (TRIM). The corridor, part of Global Gateway Corridor 10, is a double-track electrified line (3 kV DC) connecting the Gauteng industrial hub with the Port of Durban. It carries most of the containerised freight on Transnet's network and forms the main rail artery between the port and the hinterland, linking inland terminals that serve the wider Gauteng area and neighbouring countries.

The corridor carries about 9.7 billion gross ton-kilometres (GTK) per year, corresponding to a rail density of roughly 6.8 GTK per route-kilometre. This level of utilisation—lower than that of bulk-mineral lines, which exceed 80 GTK/km—reflects the lighter and more diversified nature of container traffic, combined with operational bottlenecks and competition from road transport. In volume terms, the line moves around 6.7 million tons of freight per year, including containerised cargo, fuels, grain, automotive products and other general freight. This represents only about 4–5% of Transnet's total annual rail volumes (around 150 Mt in 2023), but approximately 13–14% of the 50 Mt of freight transported each year outside the two major mining export corridors (namely the “General Freight Business” or GFB segment).

Despite its strategic importance, the corridor currently operates below capacity after years of deferred maintenance and widespread theft of overhead traction equipment (OHTE) and signalling cables. Around 52% of traction substations are offline, forcing diesel traction on electrified sections and disrupting train scheduling.

The Container Corridor operates under a CS90 Centralised Traffic Control (CTC) system, which enables remote management of switches and main signals from four dispatching centres (Durban, Danskraal, Newcastle and Standerton). While this system provides centralised operational control, it lacks automatic train protection, so drivers must adhere to signal indications manually. On unsignalled branch lines, Transnet uses a Radio Train Order (RTO) system supported by a Visual Display Unit (VDU) that prevents conflicting orders. When theft disables parts of the CTC network, as it is the current situation on most parts of the corridor, this VDU–RTO fallback method is used to authorise movements, though it significantly limits capacity since trains can only be cleared between stations. These constraints, combined with power and signalling failures, have increased operational incidents—an average of five accidents per day were recorded in 2023.

The investment grant will address those challenges with the financing of the rehabilitation of key track sections, including replacement of rails, sleepers and ballast, and will support the installation of security systems such as fencing, video surveillance and alarms. It will also finance the restoration of signalling and traction systems, focusing on capacity recovery and network stabilisation.

Finally, the technical assistance grant will fund a technical study on the opportunity to deploy ERTMS over Transnet's network, as a basis to prepare technical specifications of investments that can be financed under the investment grant. It is noted that Transnet's network has no modern train-control system. The technical assistance will also finance studies supporting Transnet's diversification toward transition minerals (manganese, magnetite, phosphate) and green hydrogen logistics, as well as the progressive phasing-out of coal traffic in line with JET-IP priorities.

These combined actions will restore corridor capacity and reliability, improve operational safety and security, and are expected to increase annual freight volumes on the Container Corridor from 6.7 Mt today to about 7.7 Mt by 2031 (+14.5%). Overall, they will help raise Transnet's total rail freight from 150 Mt to 170 Mt, while reducing emissions by at least 360,000 tCO₂e per year—and potentially up to 1 MtCO₂e under the broader Transnet investment plan—and creating around 150 direct jobs.

- ***To support operator's pathway to net-zero emissions and climate resilience***

The second objective supports Transnet's energy transition and climate-resilience strategy through the adoption of a corporate Climate Roadmap and the progressive procurement of renewable power. Transnet will contract 300 GWh per year of renewable electricity (around 20 % of its current rail-energy use) as an initial step, with targets of 500 GWh by 2029 and 800 GWh by 2030. Feasibility studies for solar generation at 50 sites will also complement this strategy.

- ***Strengthening ESG capacities and governance***

The €1million technical-assistance component will support programme coordination, fiduciary management and monitoring of the EU Grant. It will include a biodiversity-mapping study assessing Transnet's assets—ports, pipelines and rail corridors—in relation to sensitive ecosystems, to guide future investment planning. The component will also reinforce corporate sustainability through staff training.

12.2. Preliminary description of types and quantities of activities

The proposed program will consist on the following components and sub-components, including an AFD fee of €568,180:

Component 1: Investment grant. Rehabilitation of the 10# Global-Gateway Container corridor Durban-Lusaka (M€28.26)

This component provides partial financing for Transnet's five-year asset-restoration program on the 700 km Container Corridor between Durban and Johannesburg, a strategic segment of the Durban–Lusaka Global Gateway Corridor #10. The overall program, valued at approximately R 1.1 billion (€55 million), has been prioritized by TRIM (Transnet's Rail Infrastructure division) and covers preventive and corrective restoration works on the corridor's track, signalling, electrical traction, telecommunications, and technical support systems, as well as flood-damage repairs (from the 2022 KwaZulu-Natal floods), network-sustaining measures, and discrete restorative capital investments. The remaining R 560 million (€28 million) of the program will be financed through Transnet funds.

The €28 million investment grant will therefore finance the most critical rehabilitation activities, focusing on restoring capacity lost due to theft, floods and vandalism and reducing the risk of recurrence through targeted security measures. The works also include essential track renewals and system repairs required to maintain the long-term operability of the corridor. The objective is to bring the corridor back to a functional condition that allows freight volumes to recover and operations to stabilise.

This component will be implemented by Transnet.

The financing plan does not include design & supervision cost as they will be conducted internally (please refer to section 21 for further information on project preparation).

Sub-component 1.1: Signalling Modernisation (M€17)

This sub-component will finance services, goods and works required to rehabilitate, upgrade and modernize the signalling and train control systems along the corridor. Activities may include, in whole or in part, the rehabilitation or replacement of interlockings, signalling stations, relay rooms, trackside train control equipment, associated interfaces, telecommunications, power supply systems and control systems necessary to restore operability and improve performance.

Should the decision be taken to adopt ERTMS/ETCS, the sub-component will also support the installation, where relevant, of ERTMS-aligned trackside equipment, including balises and associated interfaces, as well as onboard equipment for selected rolling stock, subject to technical and operational feasibility. More broadly, trackside signalling equipment financed under the Program shall be designed and procured so as to remain compatible with a future ERTMS deployment strategy.

The objective of this sub-component is not only to restore degraded signalling assets, but also to support a progressive transition toward a more modern, interoperable and reliable train control environment, while remaining consistent with Transnet's operational priorities and phased modernization strategy. The sub-component includes contingency costs.

The scope and technical prioritization of these investments will be supported by the signalling modernization study financed under Sub-component 2.2, which will help define the most appropriate modernization pathway, technical standards, sequencing and implementation options.

Sub-component 1.2: Security Investments (M€8)

This sub-component will finance purchase of goods, works and services related to the improvement of security technology at relay rooms, substations and high sites (radio transmission towers), including double-layered high-security fence, sterile zone, electric fence, CCTV, alarm systems, solar power, and high visibility lighting). Additional measures would include the installation of DAS (Distributed Acoustic Sensing) monitoring systems to detect incursions into the track area. These measures would be done in coordination with the restoration of damaged infrastructure in subcomponent 1.3 to reduce chance that restored infrastructure will be affected by repeat theft.

Sub-component 1.3: Rail and Electrical Infrastructure Renewal (M€2.95)

Procurement of materials and execution of permanent way renewal. This includes replacement of worn rails, replacement of defective sleepers, cleaning ballast to maintain formation and selected overhead traction and electrical traction assets. These measures are vital to maintaining the necessary track quality for efficient operations and ensuring safety. For catenary restoration, alternative overhead traction equipment (OHTe) using copper-aluminium composite conductors will be installed to reduce theft risk and improve system durability.

Transnet has prepared a detailed list of most critical needs based on three infrastructure maintenance depots on the Container Corridor (Ladysmith, Durban and Heidelberg).

Sub-component 1.4: Various Studies and Capacity Building (€310,000)

This sub-component will finance a limited package of consultancy services implemented by Transnet, in support of Program implementation and institutional strengthening.

Activities may include, in whole or in part:

- *Institutional support and capacity building* for relevant Transnet entities involved in Program implementation;
- *Biodiversity and ecosystem risk mapping*: This study will develop a portfolio-level biodiversity and ecosystem risk mapping for Transnet's main assets—ports, pipelines, and rail networks. The objective is to identify overlaps or proximity between Transnet's operational footprint and sensitive or threatened ecosystems across South Africa. The mapping will rely on spatial analysis and national biodiversity datasets to classify exposure levels, inform project screening, and guide the integration of biodiversity safeguards in future investments. The results will provide all the material necessary to implement the LEAP approach (Locate, Evaluate, Assess and Prepare) recommended by the Taskforce on Nature related Financial Disclosure (TNFD) and will enable Transnet to contribute to the achievement of the Target 15 of the Global Biodiversity Framework (on large companies disclosing impact and dependencies toward biodiversity). The study will also explore nature-based solutions tailored to different asset classes (rail, ports, pipelines), and identify opportunities for biodiversity offsets, ecological restoration and improved ecosystem service management. Finally, the study will translate findings into operational decision-support tools, including a biodiversity risk register, an implementation plan, and recommendations to strengthen integration of biodiversity into asset management, investment planning, and TNFD-aligned disclosure and reporting..
- The *financial audit of EU funds* used under this Program.

Component 2: Technical assistance and studies (M€1.17)

This component will finance targeted technical assistance and strategic studies directly linked to the implementation of this EU Grant and to the implementation of the AFD €300 million sustainability matrix loan. In particular, the component will support the technical preparation, structuring and implementation support of selected investments financed under Component 1, while also informing Transnet's broader medium-term transition, modernization and institutional strengthening agenda. It will be implemented by AFD.

Subcomponent 2.1: Technical assistance (€271,820)

This activity will ensure the day-to-day coordination of the EU Grant. It will support overall technical assistance planning, supervision scheduling, follow-up of the 2.2 studies sub-component implementation (procurement and contracting follow-up), and consolidation of reporting inputs. This activity will also support Transnet covering the preparation of semi-annual progress reports for the project, using harmonized templates consistent with AFD and EU guidelines. . The preferred hybrid arrangement combines a local coordinator based near Transnet for regular follow-up with a senior international expert providing periodic field missions and strategic oversight. Alternatively, a fully local coordination model could be adopted if cost or availability constraints require a simpler setup. The program coordinator will also be responsible for supporting capacity building and knowledge transfer to Transnet, through on-the-job training and mentoring in project management.

Subcomponent 2.2: Studies (€900,000)

This subcomponent will finance consultancy services and strategic studies in line with the specific objectives of the Pogram, encompassing the following topics:

The indicative studies to be financed are the following:

- *Study on the opportunity to deploy the European Rail Traffic Management System (ERTMS) for the modernization of the signalling system (€500,00):*

This study will support the preparation and technical structuring of the signalling investments financed under Component 1, particularly under Sub-component 1.1, while also informing Transnet's broader medium-term signalling modernization strategy. It will assess the opportunity to deploy ERTMS-compatible solutions along the Container Corridor and help define the most appropriate technical options, standards, interfaces and implementation sequencing for signalling modernization. The study will therefore serve both to guide immediate investment decisions under the Program and to inform a broader roadmap for future signalling standardization.

- *Study on diversification of Transnet's business model and coal transition (€200,000):*

The study will analyse how Transnet can progressively reduce its dependence on coal revenues by expanding into new freight segments. It will focus on transition minerals (such as manganese, magnetite, and phosphate), agricultural products, and domestic mining commodities, as well as the container segment, which requires service quality, reliability, and pricing competitive with road transport. The study will assess market potential, supply chain requirements, and Transnet's capacity to deliver integrated multimodal solutions, including block trains and simplified booking processes. It will also review organizational and marketing measures needed to capture new customers and expand modal share, to improve road-to-rail modal shift.

- *Study on strengthening rail-port connectivity (€150,000):*

This study will assess improvements required to strengthen multimodal connectivity between rail and port facilities, a prerequisite for capturing container market share and enabling diversified freight flows. The study will evaluate technical options for improved rail access, intermodal handling capacity, and logistics integration with port operations. A particular focus will be placed on the container market. In addition to infrastructure aspects, the study will examine institutional coordination mechanisms within Transnet (TNPA, TRIM/TFR), customs, and private operators, to identify governance and operational bottlenecks that currently limit efficiency.

- *ESG capacity-building program (€50,000):*

This activity will support selected actions to strengthen environmental, social and governance (ESG) practices, internal awareness and implementation capacity within relevant Transnet entities. Gender mainstreaming will be integrated across these actions to promote women's participation and inclusive corporate practices.

12.3. Organisational set-up

Transnet Limited is the promoter and implementing entity of the programme.

Within Transnet, the *Transnet Rail Infrastructure Manager* (TRIM) — established under the 2022 National Rail Policy and the 2024 Economic Regulation of Transport Act — will lead the implementation of the investment component. TRIM is responsible for the management, maintenance and development of South Africa's rail infrastructure network of about 30 400 track kilometres. It covers network engineering, traffic control, access regulation, and security management. Under TRIM, *Network Asset Maintenance and Infrastructure Development*, *Network Service planning and operations* and *Security* departments, will be responsible for project preparation and implementation. This includes the elaboration of detailed designs and executive studies—some of which may be outsourced through competitive procurement—the signing of related contracts, and the supervision of works execution.

Transnet's *Corporate Strategy* and *Corporate Sustainability* divisions, along with TRIM concerning railway related topics, will be in charge of the follow-up of the Technical Assistance component.

The Transnet Treasury Department will be responsible for the financial and administrative management of both the loan and the investment grant. Drawdowns will be authorised by Treasury and made primarily through advances to a dedicated project account, which will be audited annually by external auditors approved by AFD. Treasury has qualified teams and solid experience in managing international financing from multilateral and bilateral partners, including AFD, the African Development Bank (AfDB), and the New Development Bank (NDB). The fiduciary framework of the programme was validated during the approval of the AFD matrix loan, following a comprehensive due-diligence review of Transnet's financial governance, procurement, and control systems, which confirmed the adequacy and reliability of its risk-management and compliance mechanisms.

A Program Coordinator – financed by the Technical Assistance grant- will be appointed to oversee the Sustainability Matrix and the technical-assistance activities. The coordinator will also be responsible for the preparation of annual progress reports covering both the loan and the EU grant.

Project follow-up will be ensured by AFD through its South Africa Country Office and the Paris Head Office, where the project manager is based, with at least one supervision mission per year in South Africa.

A bi-annual Steering Committee, chaired by Transnet Treasury, will include representatives from Transnet (Treasury, TRIM, Corporate Strategy, and Corporate Sustainability), AFD (Paris and Johannesburg), and the EU Delegation (Pretoria and Brussels). The Steering Committee will review progress, validate annual work plans and reports, and ensure strategic alignment between the loan and grant components.

12.4. Procurement

All procurement financed by EU grant funding will be undertaken in conformity with AFD's Procurement Guidelines, which have been positively assessed by EU.

For the EUR 28 million Investment Grant component, which is implemented by Transnet, all procurement activities related to the works and goods will be carried out in conformity with the AFD's Procurement Guidelines. The procurement processes will be prepared and launched either by Transnet's Procurement Division or, —depending on the contract value thresholds and internal requirement-, by the Procurement department within the *Transnet Rail Infrastructure Manager* (TRIM) division. In all cases, contracts will be signed by the TRIM division. AFD will monitor the tender and award procedures in accordance with its internal procedures.

For the EUR 2.43 million Technical-Assistance and Studies component, procurement will be implemented directly by AFD in line with its internal procedures for consultant selection and contract management.

Information about the procurement processes shall be published each year locally by the implementing agency according to AFD's Guidelines. The Guidelines for the Procurement of AFD-Financed Contracts in Foreign Countries are available at the following address:

http://www.afd.fr/webdav/site/afd/shared/L_AFD/Opportunités_d_affaires/Directives-Passation-Marches-Etats-Etrangers-va.pdf

13. Annex 3: Presentation of the “Transnet decarbonization and corporate sustainability program”

SOUTH AFRICA AFD LOAN TO SUPPORT TRANSNET FREIGHT DECARBONISATION AND CORPORATE SUSTAINABILITY PROGRAM



Transnet SOC Limited (“Transnet”) and France, through the Agence Française de Développement (AFD), have signed a EUR 300M (approximately ZAR5,8bn) loan agreement to enhance Transnet’s contribution to a more resilient and efficient South African economy in the face of climate change.

CONTEXT

Transnet is the national public operator in charge of rail freight transport and most ports in South Africa. Transnet plays an enabling role in South Africa’s Just Energy Transition Investment Plan (JET-IP) due to its strategic position in freight and energy related logistics, and its stated objective to reduce the carbon intensity of its operations.

The transport operator nevertheless faces a combination of structural and operational challenges that have led to a gradual deterioration in its performance and competitiveness, aggravated by the Covid crisis. These challenges are also compounded by extreme weather events, such as flooding, which illustrate the increasing vulnerability of rail and port infrastructure to the effects of climate change.

In 2023, Transnet launched a recovery plan that aims to stabilize and increase the group’s activities and to lay the foundation for a more permanent, resilient and sustainable trajectory. The recovery plan outlines large-scale investments in rolling stock renewal, track rehabilitation, port modernization and energy transition to restore performance and align with climate and social priorities of South

Country
SOUTH AFRICA



Date of signing the agreement
04/05/2026



Sector
Transport



Location
Various locations in South Africa

Duration
15 years



Financing
Prêt souverain indirect



Funding Amount **300 000 000 €**

Beneficiary
Transnet SOC Limited

Contracting Authority
Transnet SOC Limited

Key Sustainable Goals



Code projet : CZA1213 01

Africa's Just Energy Transition Investment Plan (JET-IP). The AFD loan facility intends to contribute to Transnet's transformation efforts.

This loan forms part of France's contribution to South Africa's Just Energy Transition Partnership (JETP), implemented by AFD since 2021, and fulfils France's €1 Billion commitment announced at COP26.

DESCRIPTION

The AFD loan supports the "Transnet Freight Decarbonisation and Corporate Sustainability Program," which aims to strengthen Transnet's operational sustainability and advance the decarbonisation of South Africa's freight sector. It focuses on improving its operational efficiency, enabling a transition to a low-carbon operating model aligned with the South Africa's JET-IP, and enhancing the company's long-term financial sustainability. Unlike traditional project finance, where loan proceeds are allocated to specific investments, Transnet retains the flexibility to deploy funds across a widely defined programme, allowing it to respond dynamically to its evolving business needs.

Disbursements of this loan are conditional on Transnet achieving certain mutually-agreed milestones, including:

- (i) Modernisation of core transport operations to improve service quality and reliability. This will be achieved through the rehabilitation of 550 km of rail along the Cape and Container corridors, improving reliability and enabling a shift of freight from road to lower-carbon rail transport;
- (ii) Enhancement of Transnet's strategic business diversification (explore green hydrogen and transition minerals logistics to replace anticipated decline in coal volumes);
- (iii) Preparation for procurement of 300 GWh of renewable energy by 2027, to support the pathway to net-zero emissions; and
- (iv) Strengthening of Transnet's ESG capacities.

These milestones are intended to reduce emissions intensity across Transnet's operations, strengthen the climate resilience of priority corridors, and deliver governance improvements that reinforce Transnet's long-term climate change resilience.

RESULTS

The programme will support Transnet's decarbonization strategy and could generate annual reductions of at least 360,000 tCO₂ eq per year. This ambition is based on (i) on a modal shift from road to rail enabled by the rehabilitation of 550 km of strategic railway lines by the end of 2027; and (ii) on the purchase in substitution of 300 GWh of renewable electricity by 2027, or 20% of the current annual demand of Transnet's railway division. The program also provides for the strengthening of Transnet's environmental and social management system, through obtaining ISO 14001 and 45001 certifications and developing internal skills.

MODE OF INTERVENTION

Transnet SOC Limited is the borrower and will implement the project. A steering committee composed of AFD and Transnet will ensure the overall coherence of the programme as well as monitoring its implementation.

FINANCING PLAN

The proposed operation consists of sovereign-guaranteed loan of €300 million. This indirect sovereign loan will be secured by a first-call guarantee from the Republic of South Africa and is made on the financial terms of the sovereign loans.