Early Warning System

AFDB-P-ZA-K00-009

Mpumalanga Municipal Utility Reform Programme

Quick Facts

Countries	South Africa
Specific Location	Mpumalanga Province
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	B
Voting Date	2026-07-15
Borrower	Government of South Africa, Development Bank of Southern Africa (DBSA)
Sectors	Energy, Water and Sanitation
Investment Type(s)	Loan
Investment Amount (USD)	$ 402.27 million
Loan Amount (USD)	$ 402.27 million
Project Cost (USD)	$ 402.27 million

Project Description

According to bank's website, the Mpumalanga Municipal Utility Reform Programme (MURP) is a results-based financing operation in South Africa designed to improve the performance and financial sustainability of municipal electricity and water services in Mpumalanga Province, particularly in communities affected by the country’s transition away from coal. The programme will be implemented in the municipalities of eMalahleni, Lekwa, Mbombela and Govan Mbeki, with additional support to the Inkomati-Usuthu Catchment Management Agency (IUCMA). It will introduce greater private-sector participation in municipal utility management through performance-based contracts, under which payments will be linked to verified improvements in service delivery, operational efficiency and revenue performance. Municipalities will retain ownership of their assets and responsibility for tariffs and social policies. In the electricity sector, the programme will finance the reduction of technical and non-technical losses, improved billing and revenue collection, customer and connection surveys, the rehabilitation of metering and low-voltage connections, the refurbishment of transformers and substations, the installation of smart meters, the conversion of streetlights to LED technology and the installation of alternative-energy systems in public buildings. In the water sector, it will support the reduction of non-revenue water, the rehabilitation of critical leaking pipelines and water-treatment plants, the installation and replacement of household and bulk water meters, pressure-management systems and pressure-reducing valves, the establishment of district-metered areas, improved customer data and expanded household water connections. The programme will also strengthen municipal governance, financial management, environmental and social systems, community engagement and institutional capacity. The total programme cost is estimated at USD 1.163 billion, financed through an African Development Bank sovereign loan of USD 400 million and approximately USD 762.87 million from the Government of South Africa and participating municipalities. The Bank financing will be backed by an unconditional guarantee from the United Kingdom’s Foreign, Commonwealth and Development Office (FCDO) under the South Africa Just Energy Transition Partnership Guarantee Programme. This guarantee will limit the Bank’s net sovereign exposure to South Africa under the programme to USD 200 million. FCDO will also provide complementary technical assistance. The borrower is the Republic of South Africa, and the executing agency is the Development Bank of Southern Africa (DBSA), which will host a ring-fenced Programme Management Office under the oversight of the National Treasury and the Department of Cooperative Governance.

Early Warning System Project Analysis

Environmental Category: [2] Moderate Risk

Climate Safeguards Categorization: [2] Projects may be vulnerable to climate risk

Investment Description

- African Development Bank (AFDB)

African Development Bank

Financial Instrument: Results Based Financing

Masterloan number: 2000300001855

Commitment (UA): 294,507,436

Contact Information

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ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.afdb.org/en/disclosure-and-access-to-information/request-for-documents. Under the AfDBÕs Disclosure and Access to Information policy, if you feel the Bank has omitted to publish information or your request for information is unreasonably denied, you can file an appeal at https://www.afdb.org/en/disclosure-and-access-to-information/appeals-process.

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Bank Documents

- Environmental Study (EN)
- Programme Appraisal Report (EN)
- Programme Appraisal Report (FR)