

 Early Warning System

AIIB-000988

South Africa: South Africa Metro Trading Services Program



Quick Facts

Countries	South Africa
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Proposed
Bank Risk Rating	B
Borrower	Government of South Africa
Sectors	Law and Government, Water and Sanitation
Investment Type(s)	Loan
Investment Amount (USD)	\$ 500.00 million
Loan Amount (USD)	\$ 500.00 million
Project Cost (USD)	\$ 3,000.00 million



Project Description

According to bank provided information, the project objective is to improve the accountability, operational and financial performance of water supply and sanitation, electricity, and solid waste management services in South Africa's metropolitan municipalities. These improvements will contribute significantly to climate change mitigation and strengthen climate resilience through sustainable, low-carbon urban service delivery.

The Program will be jointly co-financed with the World Bank (WB), applying the WB's Policy on Program-for-Results Financing (PforR Policy), to support the government's Metro Trading Services Program (MTSP). The MTSP has been designed as a transformative platform to drive climate-smart urban service delivery. It will provide performance-based conditional grants to metros, incentivizing improvements in governance, operational efficiency, and financial performance across three key sectors: water supply and sanitation (WSS), electricity, and solid waste management (SWM), fostering a more integrated approach to service delivery.

The MTSP places climate mitigation and adaptation at its core. By focusing on rehabilitating and modernizing infrastructure, reducing water and electricity losses, and improving waste management operations, the Program will contribute to reducing greenhouse gas (GHG) emissions and promote more sustainable urban practices. For instance, reducing technical and commercial power losses not only improves service efficiency but also lowers emissions. Similarly, modernizing waste management practices--including enhanced waste minimization and collection, and recycling interventions--offers tangible climate mitigation benefits. Overall strengthening service delivery systems through better governance, operational efficiency, and climate-smart investments will help metros mitigate climate change impacts, improve resilience, and foster a more sustainable, low-carbon urban environment, ultimately ensuring long-term sustainability.

The Government of South Africa, through the National Treasury, requested the World Bank, AIIB and other development partners to support the MTSP, using the PforR financing instrument. The Program comprises of the following three Result Areas (RAs) to contribute to the outcomes of the government program covering WSS, electricity, and SWM services. Each RA will cover each service with a focus on its governance and accountability, financial, and operational performance. These improvements are critical to enabling metros to become low-carbon, climate-resilient service providers.

Disbursements will be made based on the verified achievement of Disbursement Linked Indicators (DLIs). Metro-wise DLIs involve metros having council-approved Performance Improvement Action Plans (PIAPs) for three municipal services, with progress monitored through the achievement of periodic performance targets outlined in these plans. The PIAP will include measurable climate-focused targets, such as reductions in non-revenue water and technical power losses, and methane emissions from SWM.

This integrated, climate-focused approach, supported by national policy alignment and capacity building, positions the Program as a transformative effort to strengthen metropolitan service delivery and unlock broader climate-adaptive urban development potential.

South Africa's metropolitan municipalities (metros), home to 22 million people and generating 85 percent of the country's economic output, are at the frontline of both the climate crisis and the national development agenda. These urban centers face mounting challenges in delivering critical municipal services--such as water, electricity, and waste management--due to aging infrastructure, poor governance, weak revenue collection, and financial mismanagement. These service delivery constraints are exacerbated by rapid urbanization, inherited spatial inequalities, and growing pressure on overstretched systems.

At the same time, metros are among the largest contributors to GHG emissions in South Africa, while also being increasingly vulnerable to climate change impacts including rising temperatures, more frequent droughts, and extreme flooding that strain water, energy, and waste systems. Addressing these issues is therefore central to South Africa's climate mitigation and



Investment Description

- Asian Infrastructure Investment Bank (AIIB)

Total Program Cost: USD3,000 million

Indicative Financing Plan: AIIB loan: USD500 million (16.7%); International Bank for Reconstruction and Development (IBRD) loan: USD925 million (30.8%); and Government of South Africa: USD1,575 million (52.5%)



Contact Information

BORROWER

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IMPLEMENTING ENTITY

Nelson Mandela Bay Metropolitan Municipality

Buffalo City Metropolitan Municipality

City of Tshwane

City of Johannesburg

eThekweni Metropolitan Municipality

Magaung Metropolitan Municipality

City of Cape Town

City of Ekurhuleni

PROJECT TEAM LEADER

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ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.aiib.org/en/contact/information-request/index.html>

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes. Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html>

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html>



Bank Documents

- [Project Summary \(June 6, 2025\)](#) [\[Original Source\]](#)