Early Warning System

WB-P514522

Mpumalanga Jobs and Energy Transition (MJET) Project

Quick Facts

Countries	South Africa
Specific Location	Mpumalanga province
Financial Institutions	World Bank (WB)
Status	Proposed
Bank Risk Rating	A
Voting Date	2027-02-18
Borrower	National Treasury; Development Bank of Southern Africa; International Development Corporation
Sectors	Energy, Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	$ 150.00 million
Project Cost (USD)	$ 353.38 million

Project Description

According to the Bank’s website, the Project Development Objective of the Mpumalanga Jobs and Energy Transition (MJET) Project is to support employment pathways for at-risk communities in four municipalities hosting five coal-fired power plants (CFPPs) scheduled for decommissioning under the Repowering Energy Systems for Energy Transition (RESET) MPA. MJET (Phase 1b of the RESET MPA) comprises three interlinked components designed to address the socio-economic impacts of the retirement of five CFPPs under Phase 3 of the MPA and to generate sustainable economic opportunities linked to the energy transition in the four host Local Municipalities (LMs).

Component 1: Socio-Economic Infrastructure and Employability Pathways supports employment pathways for communities affected by CFPP closures by combining short-term jobs with labor-intensive, community-based infrastructure that stimulates local economic activity. The component will profile and support at-risk workers through a worker registry, provide career counseling and employment intermediation services, and finance small-scale, labor-intensive socio-economic infrastructure in areas surrounding the five power stations (across four municipalities).

Component 2: Enterprise Development, and Skills Enhancement supports at-risk communities in the four target municipalities through skills development and support for SMMEs and cooperatives aligned with emerging local economic opportunities, with an initial focus on the energy and agriculture sectors. Activities include: (i) place-based economic opportunity mapping and stakeholder mobilization; (ii) upgrading and operationalizing an existing training institute in Nkangala District Municipality to deliver accredited, industry-aligned training and structured workplace-based learning; (iii) establishment of a community enterprise incubation and support platform; and (iv) a business accelerator to support high-potential SMEs and cooperatives with growth and market integration.

Component 3: Sustainable Energy Access and Services aims to scale up investments in energy efficiency (EE), distributed energy resources (DER), and off-grid solutions in the four affected municipalities to reduce energy costs, improve reliability, and expand energy access while supporting local economic development. This component will be delivered through three subcomponents: (i) technical assistance for energy planning, project preparation, and capacity strengthening; (ii) scaling up energy efficiency investments in municipal infrastructure; and (iii) expanding energy access and resilience for vulnerable households.

Early Warning System Project Analysis

The environmental risk rating for the proposed project is considered **Moderate** at concept stage. The risk rating was assigned based on the nature, anticipated scale, and common risks and impacts typically associated with similar activities. While the exact extend and location of the small-scale infrastructure projects is not yet known, it is anticipated that it will be largely focus on enhancing existing infrastructure in communities within selected municipal districts. Activities will likely include rehabilitation of community centers, education centers, rehabilitation of road, water and sanitation systems, environmental restoration (Component 1), technical assistance for skills development and support to SMMEs for participation in renewable energy projects, capacity building and upscaling of agricultural and tourism activities (Component 2) and refurbishment of existing municipal facilities to enhance energy efficiency and distribution (Component 3). Risks and impacts include a) general occupational health and safety risks such as slips, trips and falls, working at heights, exposure to hazardous substances, hand injuries etc., b) localized air, water and soil pollution during construction and operations, c) resource consumption, such as over-extraction or inefficient use of water, d) environmental and community health impacts associated with improper disposal of non-hazardous and hazardous waste, e) habitat degradation and f) community health and safety impacts such as exposure to noise, dust and other potential hazardous conditions. The risk are however considered to be site specific, largely temporary, reversible and moderate in magnitude provided that the projects are not located in or near critical habitats or other environmental sensitivities. Capacity of the implementing entities will need to be further assessed once known which may impact the risk rating.

The proposed social risk is **Substantial** due to a combination of factors. The project multi-sectoral scope, direct engagement with vulnerable groups, and the complexity of the transition context present a range of significant social risks. The key social risks and impacts identified include: (i) potential exclusion and elite capture of project benefits, particularly associated with those project activities that can lead to long-term jobs and financial assistance, workforce oriented training, work-based learning, and placement services; (ii) potential community health and safety risks, including those associated with civil works, and SEA/SH risks; (iii) potential risks associated with the socio-economic infrastructure investments, which may involve small-scale land acquisition, involuntary resettlement (including physical and economic displacement), and access restrictions; and (iv) potential downstream impacts associated with the works to be supported by the TA activities. These risks may potentially be are heightened by the scale of change, the diversity of stakeholders in target municipalities and communities facing significant economic and social vulnerabilities due to the planned decommissioning, and the need for robust coordination and adaptive management to ensure adequate monitoring of social risks and impacts.

Investment Description

- World Bank (WB)

Total Project Cost: US$ 353.38 million

IBRD Commitment: US$ 150.00 million

Contact Information

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ACCESS TO INFORMATION

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Bank Documents

- Concept Environmental and Social Review Summary (ESRS) - Mpumalanga Jobs and Energy Transition (MJET
- Concept Project Information Document (PID)