national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 | 40 Church Square, Pretoria, 0002 | Tel: +27 12 315 5111
@Treasury_RSA National Treasury RSA National Treasury of South Africa @treasuryrsa | www.treasury.gov.za

MEDIA STATEMENT

AIIB AND SOUTH AFRICA SIGN USD500 MILLION LOAN TO STRENGTHEN CLIMATE-RESILIENT URBAN SERVICES

The Asian Infrastructure Investment Bank (AIIB) and the Republic of South Africa have signed a USD500 million sovereign-backed loan to support the South Africa Metro Trading Services Program. The financing marks AIIB's first investment in South Africa, establishing a new partnership to advance the country's sustainable infrastructure priorities.

The Program will help improve the financial sustainability, accountability and operational performance of municipal services, including water supply and sanitation, electricity and solid waste management services, while supporting South Africa's transition to low-carbon, climate-resilient urban development.

The Program is co-financed with the World Bank as part of a broader USD3 billion program led by the Government of South Africa. Through a performance-based financing approach, the Program supports reforms that strengthen governance, operational efficiency and financial management while incentivizing climate-smart investments in essential urban services.

South Africa's metropolitan municipalities are home to approximately 22 million people and generate around 85% of the country's economic output, yet face mounting challenges from aging infrastructure, rapid urbanization and increasing climate risks. The Program will address these pressures by helping reduce non-revenue water and electricity losses, improve solid waste management and strengthen institutional capacity, contributing to more reliable service delivery and greater climate resilience.

"South Africa's metropolitan municipalities are central to the country's economic development and climate transition," said Rajat Misra, AIIB's Director General, Public Sector Clients Department (Region 1). "This investment marks the beginning of AIIB's partnership with South Africa and reflects our shared commitment to building more resilient, sustainable and well-managed cities. By strengthening municipal governance and improving the performance of essential urban services, the Program will enhance infrastructure delivery while supporting South Africa's climate and development objectives."

By 2031, the Program is expected to enable all eight participating metropolitan municipalities to meet the program's minimum performance conditions, reduce non-revenue water from 41% to 28% and lower electricity losses from 22% to 12%, delivering more efficient, reliable and sustainable municipal services.

MEDIA STATEMENT

"*The AIIB financing strengthens the Government's broader package of support to improve the governance, financial management and operational performance of trading services in metropolitan municipalities,"* said Duncan Pieterse, Director-General of South Africa's National Treasury. *"We welcome AIIB as a new development partner and look forward to building a long-term partnership that supports better services for residents and stronger, more sustainable cities.*"

The investment advances AIIB's thematic priorities of green infrastructure and private capital mobilization, while supporting the Bank's strategies on sustainable cities, water, and sustainable energy.

About AIIB

The Asian Infrastructure Investment Bank is a multilateral development bank dedicated to financing "Infrastructure for Tomorrow," with sustainability at its core. AIIB began operations in 2016, now has 111 approved members worldwide, is capitalized at USD100 billion, and is AAA-rated by major international credit rating agencies. AIIB collaborates with partners to mobilize capital and invest in infrastructure and other productive sectors that foster sustainable economic development and enhance regional connectivity.

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