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MEDIA STATEMENT

NEW DEVELOPMENT BANK (NDB) CONCLUDES A $1 BILLION LOAN TO SUPPORT METRO TRADING SERVICES REFORM

The Government of South Africa has signed a $1 billion loan agreement with the New Development Bank (NDB) to upgrade infrastructure for the Metropolitan Municipal Services as part of the Metro Trading Services Reform Programme (MTSR). The NDB is financing the programme with the World Bank, Asian Infrastructure Investment Bank, KFW Development Band, and French Development Agency.

The MTSR is a South African government-led reform programme aimed at improving the governance, financial sustainability and operational performance of municipal trading services in metropolitan municipalities, particularly in water and sanitation, electricity and energy, and solid waste management.

The financing supports a government-led, performance-based reform programme implemented through South Africa's existing legal, fiscal and institutional framework. This is a performance-based loan with financing linked to institutional strengthening and the achievement of independently verified measurable performance targets, that are approved by metro Councils for their trading services.

NDB's financing forms part of the government's broader efforts to reform municipal trading services in metropolitan municipalities and offers favourable concessional financial terms as follows:

- Nominal value: $1 billion
- Maturity: 16 years
- Grace period: 3 years
- Interest rate: Daily SOFR plus 1.18508%.

MEDIA STATEMENT

The NDB loan was prepared in coordination with development partners active in South Africa's infrastructure sector.

National Treasury extends its appreciation to the NDB for its support to this government-led reform towards better services for residents and stronger, more sustainable cities.

For media enquiries, please contact Media@treasury.gov.za

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