

World Bank Approves \$925 Million Program to Strengthen Urban Services in South Africa's Largest Cities

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The World Bank's Board of Executive Directors has approved the South Africa Metro Trading Services Program (MTSP), the country's first-ever Program-for-Results (PforR) operation. The initiative aims to strengthen accountability, improve financial health, and enhance the operational performance of essential urban services across South Africa's eight largest metropolitan municipalities.

The program will benefit **Buffalo City, Cape Town, Ekurhuleni, Johannesburg, Tshwane, eThekweni, Mangaung, and Nelson Mandela Bay**—cities that collectively host **22 million people** and account for **85% of South Africa's economic activity**.

Over the past decade, these metros have faced mounting challenges in delivering reliable basic services amid financial instability and underinvestment in infrastructure. The new program seeks to reverse these trends by improving service delivery in **water supply and sanitation, electricity, and solid waste management**, ensuring that these trading services operate on a **financially sustainable** basis.

"The Metro Services Trading Program represents a milestone in South Africa's partnership with the World Bank Group, showcasing a shift toward results-driven financing to accelerate progress in public service delivery and governance," said **Satu Kahkonen**, World Bank Division Director for South Africa. "This operation is designed to incentivize real performance improvements, accountability and institutional reforms through a results-based approach, contributing to better lives and livelihoods in South Africa."

The MTSP includes a **\$925 million World Bank loan**, forming part of a broader **\$3 billion (R55 billion)** government-led initiative. Under the PforR framework, **funding is disbursed only when pre-agreed performance results are achieved and independently verified**, ensuring that public investment directly supports measurable improvements in governance and service delivery.

The South African government will use the funds to create a new **performance-based fiscal grant** for metropolitan municipalities. Metros that achieve performance targets will unlock access to additional funding, while those that do not will forfeit disbursement—an approach designed to reward results and enhance accountability.

“This six-year program designed by the Government of South Africa and backed by the World Bank will support the turnaround of essential services and enhance the resilience of our cities,” said **Enoch Godongwana**, Minister of Finance of the Republic of South Africa. “Metros will unlock the incentive grant funding by demonstrating improved institutional and service delivery performance in water supply and sanitation, electricity and solid waste management. This will contribute to local capacity building, making use of South Africa’s own institutions and processes.”

Minister Godongwana highlighted that the trading services reform is a **flagship initiative under Operation Vulindlela Phase II**, approved by Cabinet in **March 2025**, and reaffirmed the importance of strong local leadership in driving implementation.

By linking disbursements to outcomes such as improved revenue collection, asset management, and service delivery, the MTSP prioritises **accountability, institutional reform, and long-term sustainability**.

The program builds on the experience of the **National Treasury’s Cities Support Programme (CSP)**, established in 2011 to strengthen urban governance and promote inclusive economic growth. Implemented by the National Treasury with support from the World Bank and other partners, the CSP has laid the foundation for this next phase of results-based urban transformation.