



New Development Bank and Trans-Caledon Tunnel Authority Sign Loan Agreement for Lesotho Highlands Water Project Phase II Implementation

Johannesburg, South Africa -- On 21 August 2023, the New Development Bank (NDB) and Trans-Caledon Tunnel Authority (TCTA) signed the Loan Agreement for the implementation of Phase II of the Lesotho Highlands Water Project (LHWP). The NDB will provide a project loan of ZAR 3.2 billion to TCTA under the sovereign guarantee of South Africa.

The Loan Agreement was signed by Mr. Vladimir Kazbekov, Vice President and Chief Operating Officer of NDB and Mr. Percy Sechemane, Chief Executive Officer of TCTA on the sidelines of the 15th BRICS Summit in Johannesburg, South Africa. Mr. Sechemane was represented by Mr. Nhlanhla Nkabinde, Executive Manager for Project Finance & Treasury.

TCTA, a state-owned entity in South Africa charged with financing and implementing bulk raw water infrastructure projects, will use the funds to construct the Polihali Dam and reservoir, a 38-kilometre-long water transfer tunnel, roads and bridges, telecommunications infrastructure, and will extend electricity and other development infrastructure to Lesotho.

By increasing the yield of the Vaal River Basin by almost 15% in the long run, the project will support economic growth and foster sustainable livelihoods of people of Gauteng, a highly urbanised province with 15 million people (25% of the total population of the country), responsible for 36% of South Africa's GDP. Three other provinces (the North-West, Mpumalanga and Free State provinces) will also benefit directly from the increased water supply resulting from the project.

The Project will be co-financed by NDB, African Development Bank (AfDB) and other financiers.

"Today marks a significant milestone as NDB and TCTA sign the Loan Agreement for the implementation of Phase II of the Lesotho Highlands Water Project. This is the first project financed by NDB outside of BRICS countries and it supports South Africa's commitment to ensure the availability and sustainable management of water, as promoted by Sustainable Development Goal (SDG) 6. This project exemplifies NDB's dedication to supporting projects that promote access to clean water, while prioritising sustainable management of water resources," said Mr. Vladimir Kazbekov, NDB VP & COO.

"This pivotal partnership between the NDB and TCTA represents more than just the provision of water – it is an emblem of our shared commitment to sustainable progress and the empowerment of our communities. The Lesotho Highlands Water Project Phase II is not merely an infrastructure development; it's a testament to what can be achieved when nations unite with a vision for a brighter and more sustainable future. The very essence of this project is to breathe life into our economy, and most importantly, ensure that every citizen who is impacted by the Vaal River System, which the project augments, has access to life's most vital resource. As we embark on this transformative journey, we remain ever grateful to our partners and stakeholders for their unwavering support and trust. Together, we are sowing the seeds for a legacy of abundance, prosperity and resilience for generations to come," said Mr. Nhlanhla Nkabinde, TCTA Executive Manager for Project Finance & Treasury

Background Information

New Development Bank

The NDB was established by Brazil, Russia, India, China and South Africa to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging market economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development. In 2021, NDB initiated membership expansion and admitted Bangladesh, Egypt, United Arab Emirates and Uruguay as its new member countries.

For more information on NDB, please visit www.ndb.int

Trans-Caledon Tunnel Authority

Trans-Caledon Tunnel Authority (TCTA) was established by Notice No. 2631 published in Government Gazette No. 10545 dated 12 December 1986, as amended by Notice No. 277 in Government Gazette No. 21017 dated 24 March 2000 (“The Notice of Establishment”). Further, it was promulgated in terms of Chapter 10 of the National Water Act, 1998 (“NW Act”), and is listed in Schedule 2 of the Public Finance Management Act, 1999, (“PFMA”). It is an international water management institution as defined in Chapter 10 of the NW Act, performs only the functions (mainly funding and implementation of water resources infrastructure projects) that it is directed to carry out by the Minister of Human Settlements, Water and Sanitation and is required to manage and account for each function separately.

For more information on TCTA, please visit its website www.tcta.co.za

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