

[Media Statement]



P O Box 10335 Centurion 0046
Tuinhof Building 265 West Street Centurion 0157
Tel: + 27 12 683 1200 Fax: + 27 12 683 1300
e-mail: lsandlana@tcta.co.za

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FUNDERS UNDERTAKE SITE VISIT OF LESOTHO HIGHLANDS WATER PROJECT

Last week, 01 to 03 February 2023, Trans-Caledon Tunnel Authority (TCTA) took a group of about 30 funders for the Lesotho Highlands Water Project (LHWP) to showcase progress achieved in the implementation of LHWP Phase 2 (LHWP-2) since commencement of construction in 2018.

The implementers of the project on behalf of the Treaty parties, TCTA on behalf of South Africa and Lesotho Highlands Development Authority (LHDA) on behalf of the Kingdom of Lesotho, have recorded several significant milestones in the implementation of the multi-billion-rand project. Differently from the implementation of the first phase of the project, the role of TCTA in the LHWP-2 is solely to source funding while LHDA is the project implementer, as the second phase is being constructed completely within the Lesotho borders.

The second phase of the project aims to augment the transfer of water from the mountain kingdom to South Africa, after the successful implementation of the first phase of the project, which was concluded in 2003.

The TCTA Senior Project Finance Manager responsible for LHWP-2, Thabani Nomvalo, said; “Despite some previously well documented challenges on the transition from phase 1 to the commencement of implementation of LHWP-2, the flagship project is now firmly on track to meet its deadline for completion by 2028”.

When completed LHWP-2 will add 490 million m³ to the 780 million m³ the bi-national water infrastructure project already transfers to the Integrated Vaal River System (IVRS) per annum.

Speaking to the group of funders on tour to witness the latest construction developments, Nomvalo highlighted several significant project achievements made by LHDA in the implementation of the project to date. These include:

- Construction of the main access roads continues, with the progress at about 60%.
- Construction of the Polihali Village (for use by the main works construction contractors) is at 30%.
- Letter of Acceptance for the Transfer Tunnel Construction Contract was signed on 05 November 2022, and the Contractor has started mobilising.
- Letter of Acceptance for the Dam Construction Contract was signed on 31 October 2022, and the Contractor has started mobilising.

The touring party comprised representatives of leading financial institutions Absa, the African Development Bank, Development Bank of Southern Africa, Investec, the Industrial Development Corporation, Nedbank, New Development Bank, Rand Merchant Bank and Standard Bank, as well as representatives from the National Treasury.

The organisation had previously announced that it had obtained funding for the implementation of LHWP-2 to the value of R19.95 billion, comprising agreements with nine different banks, following R6.5 billion raised in 2018.

Nomvalo explained that part of TCTA's interest in arranging the tour for the funders was to give them an opportunity to get a sense of the impact that LHWP-2 will have on the surrounding communities of Lesotho and the availability of water to South Africa, as well as to strengthen relations with the related project funders and to give assurance on the ability of TCTA to deliver in future collaborations on the various projects implemented by the organisation.

"TCTA is tasked with handling a number of varying projects and, as such, a number of the invited funders are also involved in the organisation's various projects"; said Nomvalo. "Hosting the funders was our way of demonstrating that they can bank on TCTA now and in

the future”; he added. The positive response of the funders to the invitation attests to the solid partnership that already exists between the parties.

TCTA hosted the site visit in partnership with the Lesotho Highlands Development Authority and the Lesotho Highlands Water Commission. In order to give context to the developments in the project, the touring group visited the completed site of Katse Dam (LHWP-1), the Polihali Dam (LHWP-2) which is currently under construction, as well as related advance infrastructure which aid the construction of the dam as well as adjacent communities, inclusive of an extensive network of roads infrastructure, bridges and powerlines.

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Issued:

Media Liaison Officer, Luzamo Sandlana, lsandlana@tcta.co.za, 27(0)82 803 1634

Enquiries:

Head of Communication, wanda mkutshulwa, wmkutshulwa@tcta.co.za, +27(0)82 908 2692