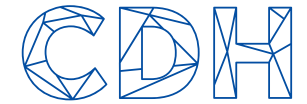


# Banking, Finance & Projects

ALERT | 24 October 2024



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SOUTH AFRICA

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## SA secures close to R20 billion loan from BRICS Bank: Opportunities for water infrastructure developers

With load-shedding seemingly under control for the present, securing access to water and sanitation services for South Africans appears to be the next looming issue. Gauteng's bulk water supply crisis and fast approaching "Day Zero" have been attributed to high water withdrawals by municipalities, largely caused by leaks due to failing municipal infrastructure.

The results of the General Household Survey 2023 published by StatsSA show that about 13% of households in South Africa do not have access to on-site or off-site piped water, and about 16% of households do not have access to sanitation services. The municipalities that are responsible for rendering such services often lack the financial stability and the necessary expertise and capacity to do so effectively.

### **BRICS Bank funding to fuel water infrastructure development**

At the end of August 2024, the New Development Bank, as established by the founding BRICS nations (Brazil, Russia, India, China and South Africa), approved a loan of \$1 billion (approximately R17,86 billion) to South Africa, for the enhancement of the South African infrastructure sector. It is anticipated that these funds will be used to fund large national level bulk water infrastructure projects and to address infrastructure funding gaps not covered by the Municipal Infrastructure Grant programme. This will be a significant contribution towards developing much needed water and sanitation infrastructure in South Africa.

Water infrastructure developers and contractors can anticipate numerous long-term opportunities to provide services to municipalities and to partner with the State to undertake the development and expansion of various water and sanitation infrastructure projects.

### **PPPs an effective way to deliver water infrastructure**

One of the ways to address the lack of capacity, insufficient expertise and limited resources of municipalities to deliver water infrastructure, is to promote public-private partnerships (PPPs), where the private sector brings upfront capital, technical skills and experience and collaborates with Government.

In his 2024 Budget speech, Finance Minister Enoch Godongwana announced the proposed amendments to Treasury Regulations 16 (issued pursuant to the Public Finance Management Act 1 of 1996) and the Municipal Public Private Partnership Regulations (issued pursuant to the Municipal Finance Management Act 56 of 2003). These draft amendments are aimed at promoting PPPs in South Africa and attracting more private sector investment by streamlining the PPP processes, including in respect of procurement, management of PPP contracts, and institutional relationships across a PPP process.

South Africa's new Government of National Unity has adopted a business-friendly strategy and has identified infrastructure, including water and sanitation, as a strategic area for private sector participation.

**BANKING, FINANCE & PROJECTS  
ALERT**

## SA secures close to R20 billion loan from BRICS Bank: Opportunities for water infrastructure developers

CONTINUED

**Conclusion**

Collaboration between business and Government, with the support of institutions such as the New Development Bank, are essential for addressing South Africa's water crisis. The private sector will have to consider all factors at play to ensure that while they benefit from participating in such projects, they also plan for the risks that may arise.

**Tessa Brewis, Deepesh Desai and Azola Ndongeni**



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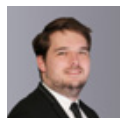
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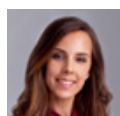
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**BBBEE STATUS:** LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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