June 18, 2026

President Dilma Rousseff
New Development Bank
1600, Guozhan Road
Pudong New District
Shanghai – 200126
People's Republic of China

AND

Board of Directors, NDB

Cc:

Corporate Communications Department
Environmental, Social and Governance (ESG) Department
Independent Evaluation Office
Compliance and Investigations Department

Dear President Rousseff and Members of the Board of Directors,

Subject: Request for NDB's engagement with communities affected by Lesotho Highlands Water Project Phase II and disclosure of draft independent accountability mechanism for public consultation.

Seinoli Legal Centre (Lesotho), and Accountability Counsel are civil society organizations supporting communities affected by the negative impacts of Lesotho Highlands Water Project Phase II (LHWP II), which is co-financed by the New Development Bank (NDB). We have been engaging with the consortium of financiers, including the African Development Bank, Development Bank of South Africa (DBSA), and NDB since 2024 regarding urgent environmental and social concerns raised by affected communities.

In 2025, we filed a complaint with the AfDB's Independent Recourse Mechanism (IRM) raising concerns about ongoing impacts related to livelihoods, environmental conditions, relocation processes, gender-based violence (GBV), labour issues, and the broader protection of community rights, and requested a Dispute Resolution process. We have since also filed a complaint with DBSA's Independent Grievance Mechanism.

Since NDB does not have a comparable independent accountability mechanism (IAM), the AfDB's IRM could not formally request NDB to join the complaint as a co-financier, leaving NDB unaware of the issues and uninvolved in the process of remedial action. Since August 2024, we have made several attempts to engage NDB directly including at the NDB Annual Meeting in Cape Town, with NDB African Regional Center, the Independent Evaluation Department, and the

Environmental, Social, and Governance Department, and invited them to dialogue on the serious issues faced by communities and provided relevant documentation regarding community concerns. None of these attempts have received a meaningful response.

As a financier, NDB has the responsibility to ensure that its projects are aligned with its environmental and social standards, and if harm occurs, NDB uses its leverage in the project to address such harm. Absent this, NDB risks failing its obligations as a Southern Bank to front-line communities in the Global South. Unfortunately, we are yet to receive an audience with any NDB stakeholder. As the highest governing body of the Bank, we sincerely request your support in directing:

(i) the relevant departments to proactively respond and set up a dialogue with affected communities and their representatives to identify solutions in order to remedy the harm;

(ii) the relevant department to contact the AfDB IRM in order to monitor the complaint process, regularly report to the Board, and support the implementation of outcomes that are achieved. We understand that the mandate for an IAM lies with the Compliance and Investigations Department, which functionally reports to the Board's Audit, Risk, and Compliance Committee.

This experience has brought to the fore how inaccessible NDB is for communities affected by its financing. The lack of a formal complaints channel creates a clear feedback and remedy gap: communities impacted by NDB-financed projects are left without a dedicated, accessible process through which to seek dialogue, raise concerns, or request remedy from the Bank itself. Moreover, communities affected by LHWP II have also repeatedly raised complaints with project-level grievance mechanisms, but issues continue to be unresolved. This demonstrates that NDB's approach of just requiring clients to have project-level mechanisms does not guarantee access to justice or accountability.

Since 2021, in response to dedicated CSO efforts, NDB has indicated that it is in the process formulating guidelines for such a project complaint mechanism. In its General Strategy for 2022-2026, the Bank noted that it "will establish well-designed mechanisms that will supplement clients' own grievance redressal mechanisms" to "adequately address grievances arising out of its expanding operations". We also understand as recent as 2025 that the Audit, Risk, and Compliance Committee has discussed the issue of developing a 'fit-for-purpose' Independent Accountability Mechanism and provided guidance on next steps. These developments are promising and we remain positive that the Bank has heard our voices and is seriously moving forward on the development of an IAM that is in line with its peer institutions. However, it is crucial that in 2026, nearing the end of the five-year period of General Strategy, NDB takes the next concrete step and releases a draft IAM policy for public consultation.

Public consultations on the IAM policy should provide a meaningful platform for project-affected communities and civil society to contribute to the thinking of an IAM design that prioritizes ease of accessibility, safety of complainants, independence from management, and effectiveness of remedial actions. For public consultations to be meaningful, the review should take place under the Board's guidance, the draft policy should be made available in multiple languages, there should be online and hybrid opportunities for consultations, and a sufficient time period (at least 90 days) for inputs. Post the consultation, the Bank should release a matrix of recommendations received along with reasons for why certain recommendations were not accepted and a final draft policy should be publicly released before being submitted to the Board for approval.

(iii) Thus, we also call on the Bank to release a draft IAM policy for public consultation.

We look forward to your considered response.

Sincerely,

Reitumetse Nkoti Mabula
Seinoli Legal Centre

[Insert Sign]

Robi Chacha Mosenda
Accountability Counsel