LESOTHO HIGHLANDS WATER PROJECT
PHASE II
Progress Update
02 March 2018
Tente Tente

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PHASE II SCOPE

THREE KEY COMPONENTS

• Water Transfer
• Hydropower Generation
• Ancillary Developments

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PROGRESS UPDATE – WATER TRANSFER

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PROGRESS TO DATE

• Procurement commenced April 2014

• Community Consultations

• Reservoir Demarcation

• Asset Registration commenced

• Geotechnical Investigation – Stage 1

• Polihali Basin and PWAC ESIAs

• Engineering Designs in progress

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AWARDED CONTRACTS - ENGINEERING (10)

• 3004 – Main Access Road
• 3006 – Polihali Dam and Appurtenant Structures
• 3007 – Polihal-Katse Transfer Tunnels
• 3008 – Bulk Power & Telecoms
• 3009 – Project Housing & Camps
• 3013 – Aerial Photography and Lidar Survey
• 3014 – PNEAR (Mapholaneng to Dam Site)
• 3015 – Geotechnical Investigations
• 3017 – Reservoir Demarcation
• 3022 – Diversion Tunnel

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AWARDED CONTRACTS – ENVIRONMENT & SAFETY (8)

• 6004 – ESIA – Main Access Corridor
• 6006 – RAP – Main Access Corridor
• 6010 – SHEQ Framework
• 6013 – RAP - PNEAR (In-house)
• 6014 – ESIA - Dam Basin
• 6015 – RAP – Dam Basin
• 6017 – RAP – Katse Side
• 6025 – Development & Implementation of Cultural Heritage Plan
AWARDED CONTRACTS – OTHER CONTRACTS (3)

• 2223 – Project Management Unit
• 9004 – Insurance Broker Services
• 4016 – Geotechnical Drilling Works

A TOTAL OF 21 CONTRACTS AWARDED – WT COMPONENT

Procurement of Construction Contracts has commenced
PROGRESS UPDATE – HYDROPOWER COMPONENT
Further Feasibility Studies – Scope

Hydropower Generation

• Desired Outcome - Bankable Feasible Project

Investigated Options

• Pump Storage Scheme (PSS)
• Conventional Hydropower
• Assessment of Existing LHWP Installations (Mini-Hydro, Revamping of ‘Muela Hydro)
CURRENT STATUS

• Pump Storage Feasibility
  - Complete to Gate 1

• Conventional Hydropower
  - Complete to Gate 1
  - Screening from 53 to 4 credible Options

• Way Forward
  - Outcome to be presented to Project Authorities
  - Selected option to be taken to bankable feasibility (Gate 2)
  - Geotechnical Investigation

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AWARDED CONTRACTS – HYDROPOWER FEASIBILITY

• 3021 – Project Management Services
• 3010 – Hydropower Feasibility Further Studies

2 CONTRACTS AWARDED – HP COMPONENT
## PHASE II PROGRAMME

<table>
<thead>
<tr>
<th>WT- COMPONENT</th>
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<tr>
<td>- Feasibility</td>
<td>- 2006 to 2009</td>
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<tr>
<td>- Design Main Works</td>
<td>- 2017 to 2019</td>
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<tr>
<td>- Construction Main Works</td>
<td>- 2020 to 2025</td>
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<td>- Commissioning</td>
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<th>HP – COMPONENT</th>
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<tr>
<td>- Further Feasibility studies</td>
<td>- 2016 to 2018</td>
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<td>- Design of Works</td>
<td>- 2019 to 2022</td>
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<tr>
<td>- Construction of Main Works</td>
<td>- 2022 to 2030</td>
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<td>- Commissioning</td>
<td>- 2030</td>
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**PSS OPTION**

**CONVENTIONAL OPTION**

- Design Main Works | - 2019 to 2021
- Construction Main Works | - 2022 to 2026
- Commissioning | - 2026
LEGAL INSTRUMENTS

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The Treaty commits the two Governments to the implementation of Phase 1 and subjects other phases to negotiations.

Provisions of the 1986 Treaty & its Protocols remain valid unless otherwise amended by the Phase II Agreement.
• Article 18 – Reviews at intervals of 12yrs Or as the Parties may agree.

- 6 Protocols = Indication of On-going review process
- Phase II Agreement = Another evidence

• Review process has started at Ministry Level and the Term of Reference will be presented to Cabinet Soon.
 PROCUREMENT GUIDELINES
10 (a) Competitiveness, Transparency, Cost Effectiveness & Quality

Subject to 10(a) being met, the following shall apply

10 (b) Preference Order – Lesotho, RSA, SADC then Other

10 (c) Firms from Lesotho and RSA shall share value of all infrastructure work equally on monetary basis, taking into account shareholding, operational experience, etc.
BENEFITS FOR LESOTHO

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BENEFITS TO LESOTHO

- **Royalty Revenue:** Approx. M840 Million in 2016
- **Infrastructure:** Roads, Bridges, Power lines and Telecom networks, Hospital, Clinics.
- **Skills Transfer to Basotho:** Both blue and white collar jobs
- **Job opportunities:** During Construction (22,000 person years of employment)
- **Tourism** potential as visitors come to see the water reservoirs, the nature reserves and other features associated with the Project.

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PHASE II: PROJECTED IMPACT ON GDP

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PARTICIPATION BY BASOTOHO

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Article 10 (c) – Equal on monetary basis

- Minimum Threshold Specified
- Percentage allocation on the basis of complexity and operational experience
- Aim to achieve the objective eventually

10 (c) Must be read with 10 (a) and 10 (b)
PREFERENCE SCORING

OWNERSHIP/JV PARTICIPATION
Lesotho & RSA Registered Companies (Including Black Owned)

EMPLOYMENT
Basotho and RSA Black People – As % of Total Man Hours/days/months

PROCUREMENT
Goods & Services from Lesotho & RSA Black Owned Companies – As % of Procurement Budget

ENTERPRISE DEVELOPMENT
Training of Lesotho & RSA Black Owned Companies – As % of Tendered Sum

SKILLS DEVELOPMENT –
Training of Basotho and RSA Black People – As % of Tendered Sum

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ACHIEVED PARTICIPATION GOALS

• As at January 2018. Unaudited Participation Goals for the awarded consultancy service contracts were as follows:

  • Fees to Lesotho Nationals = 38
  • Fees to RSA Nationals = 58
  • Fees to Other Nationalities = 4

• The above is monitored and assessed on monthly basis

• The contracts make provision for these to be audited

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CORRUPTION AND CONFLICT OF INTEREST
Anti – Corruption Policy

- LHWP Anti-Corruption Policy included in tender Documents
- 100% Compliance creates better chances of success
- Zero Tolerance on unscrupulous dealings/activities

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Conflict of Interest (CoI)

- Declare any real or perceived Conflict of Interest
- Declaration does not affect chances of success
- Use the LHDA whistleblowing Policy
OPPORTUNITIES

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FINANCIAL SERVICES PROVIDERS

- Support - Guarantees/Securities
- Tender Security
- Performance Guarantee
- Advance Payment Guarantee
- Retention Guarantee.

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CLEANING SERVICES
GARDENING SERVICES

GARDENING  LANDSCAPING  SECTION CLEANUPS  MAINTENANCE
LEGAL SERVICES

- Permit Application
- Employment Contracts
- Tax Matters
- Legal Opinions

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CATERING SERVICES AND FOOD SUPPLY
KEY CONTACTS
LHDA Website – www.lhwp.org.ls/Suppliers
LHDA Information Office – 1st Floor, Tower Building
LHDA Offices – Tlokoeng Mokhotlong
CONCLUDING REMARKS

- Transparency, Quality, Competitiveness & Cost Effectiveness are Key
- Profile and sell your businesses to potential Partners
- Magnitude of work require joint efforts
- Readiness by the Local Business Sector
- Challenges (Complexity, Regulatory Processes, etc.)

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THANK YOU