

LESOTHO HIGHLANDS WATER PROJECT PHASE II

Progress Update

02 March 2018

Tente Tente

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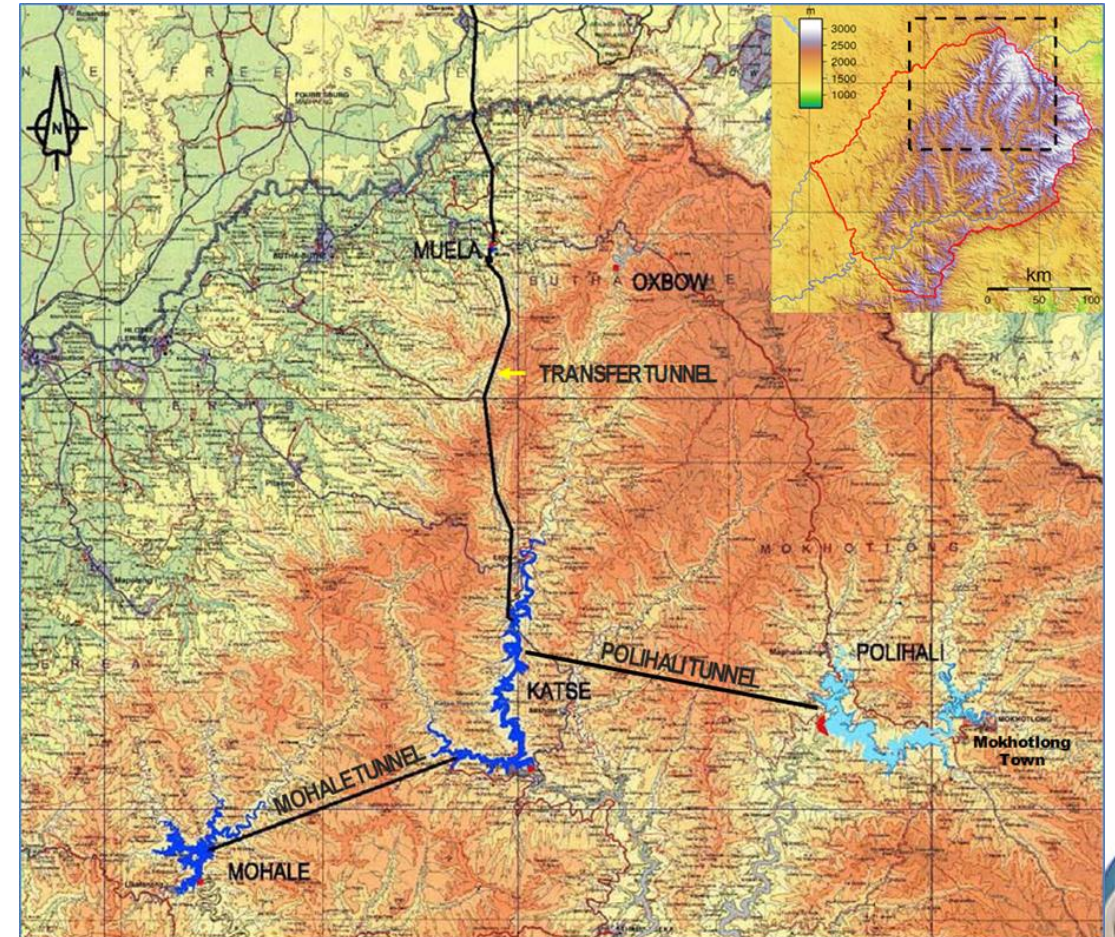
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PHASE II SCOPE

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 ESIA's
- Engineering Designs in progress



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- 3004 – Main Access Road
- 3006 – Polihali Dam and Appurtenant Structures
- 3007 – Polihali-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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- 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

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- 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

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PROGRESS UPDATE – HYDROPOWER COMPONENT

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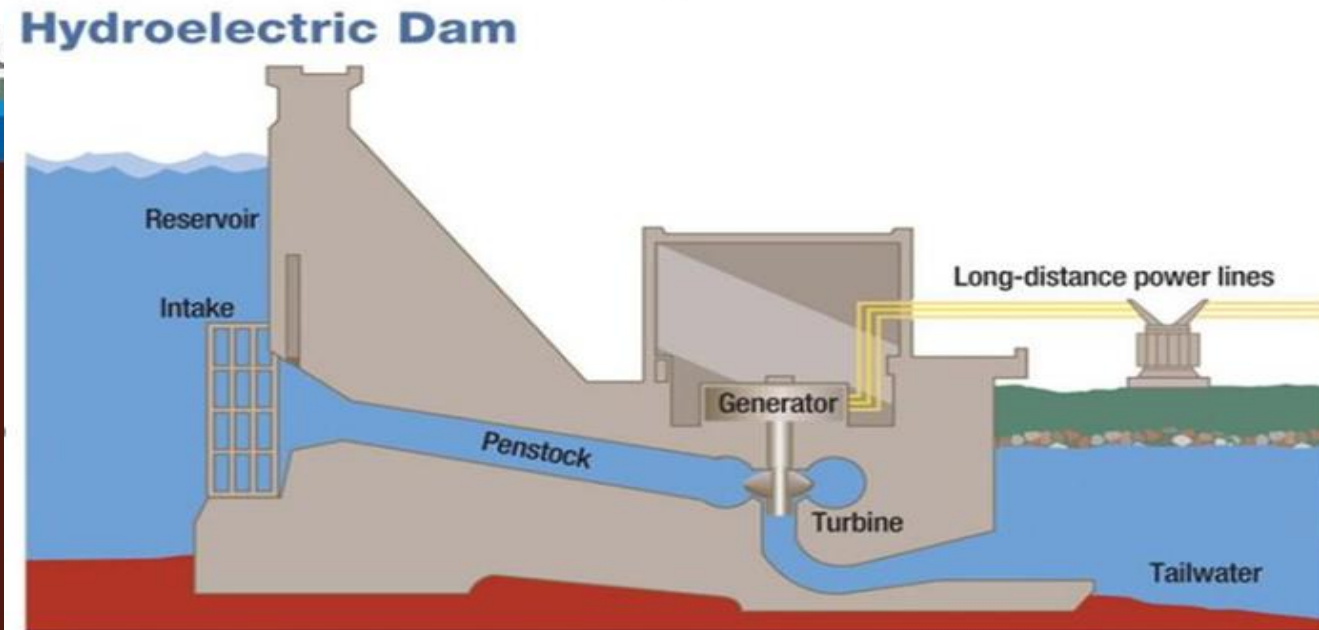
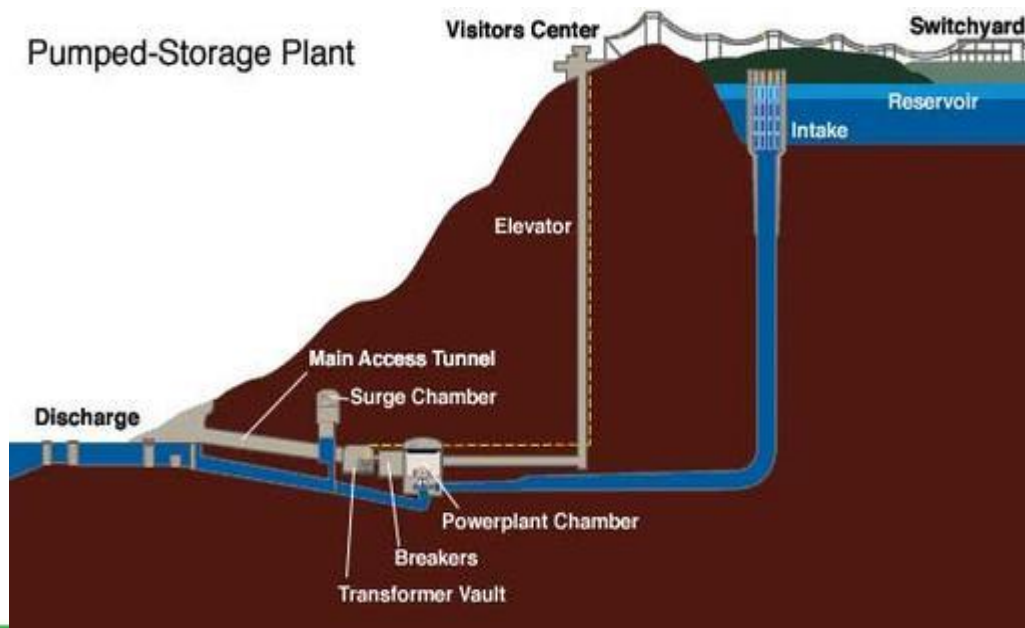
Further Feasibility Studies – Scope

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)



- **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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- 3021 – Project Management Services
- 3010 – Hydropower Feasibility Further Studies

2 CONTRACTS AWARDED – HP COMPONENT

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WT- COMPONENT

- Feasibility - 2006 to 2009
- Design Main Works - 2017 to 2019
- Construction Main Works - 2020 to 2025
- Commissioning - 2026

HP – COMPONENT

- Further Feasibility studies - 2016 to 2018
- PSS OPTION**
 - Design of Works - 2019 to 2022
 - Construction of Main Works - 2022 to 2030
 - Commissioning - 2030
- CONVENTIONAL OPTION**
 - Design Main Works - 2019 to 2021
 - Construction Main Works - 2022 to 2026
 - Commissioning - 2026

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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**

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- 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.

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PROCUREMENT GUIDELINES

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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

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BENEFITS FOR LESOTHO

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BENEFITS TO LESOTHO

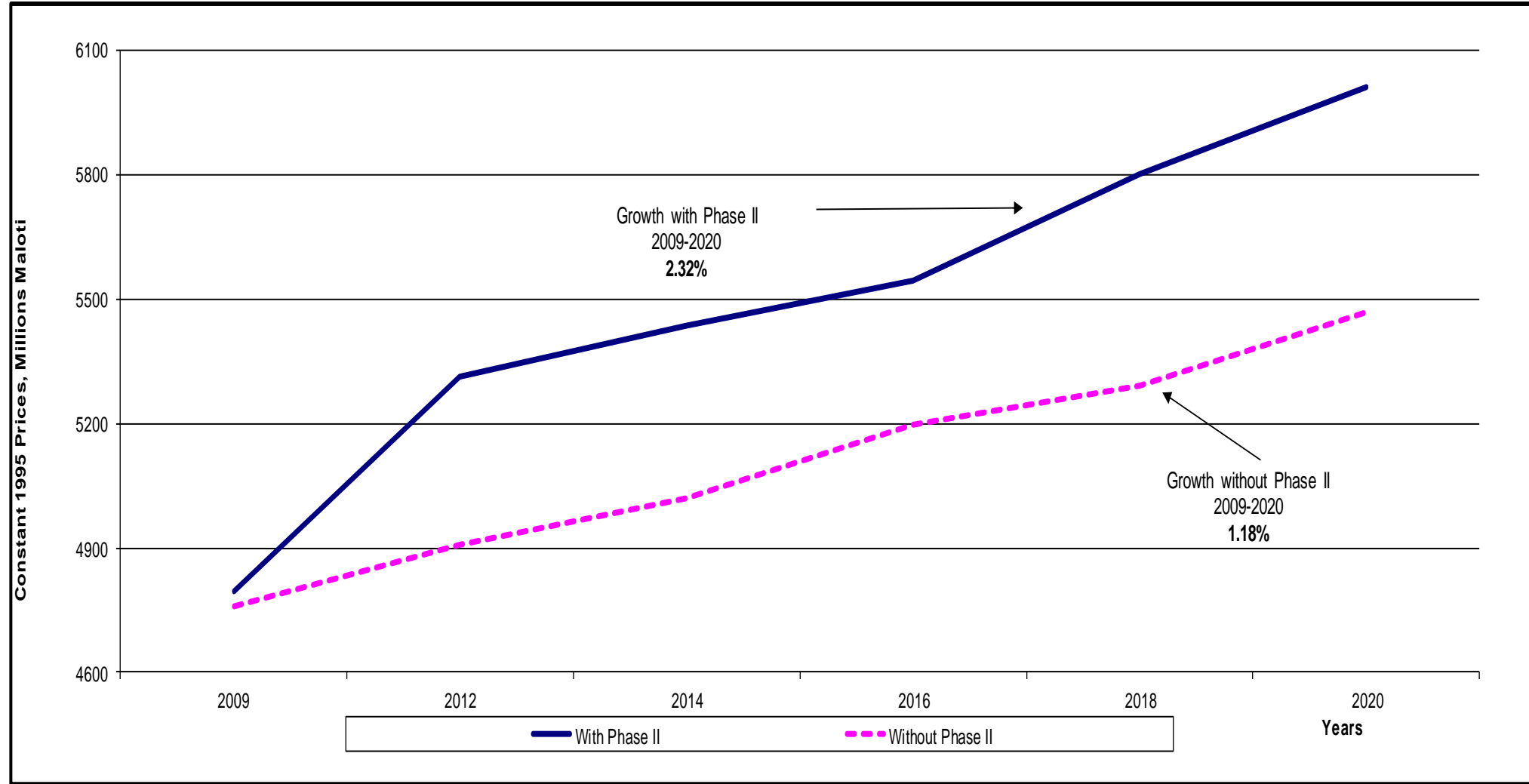


- ❑ **Royalty Revenue:** Approx. M840 Million in 2016
- ❑ **Infrastructure:** Roads, Bridges, Power lines and Telecom networks, Hospital, Clinics.
- ❑ **Skills Transfer to Basotho:** Both blue and white collar jobs
- ❑ **Job opportunities:** During Construction (22,000 person years of employment)
- ❑ **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 BASOTHO

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DEALING WITH 50:50 (Infrastructure)

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)

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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

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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 (Col)

- ❖ 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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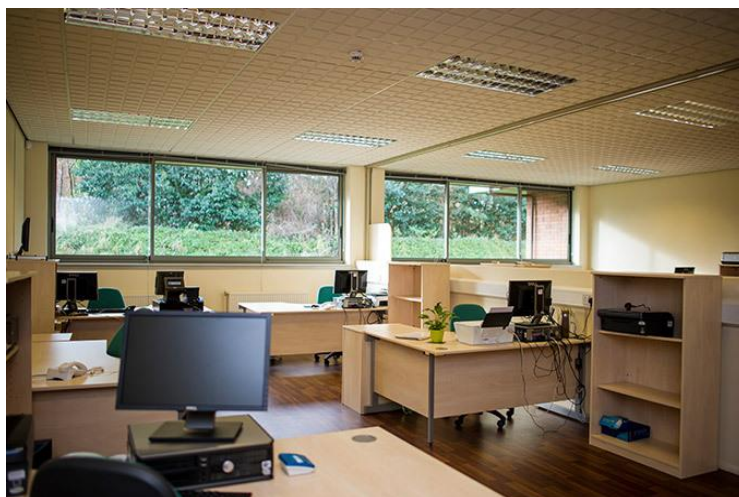
TRANSPORT SERVICES



collaboration



ACCOMMODATION



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



The screenshot displays the LHWP Portal website. The header features the LHDA logo on the left, the text 'LHWP LESOTHO HIGHLANDS WATER PROJECT PORTAL' in the center, and a collage of three images on the right: a dam, a river, and a dam structure. Below the header is a blue navigation bar with the text 'LHDA WEBSITE' and 'LHWC TCTA'. On the left side, there is a vertical menu with four blue buttons: 'PHASE I', 'PHASE II', 'TOURISM', and 'SUPPLIERS'. The main content area is divided into two sections. The left section shows a large image of the Katse Dam overflowing, with a rainbow visible in the mist. Below this image is a caption that reads 'KATSE DAM OVERFLOWING'. The right section is titled 'LHWP OVERVIEW' and contains text describing the project as a bi-national initiative between Lesotho and South Africa, managed by the Lesotho Highlands Water Commission (LHWC).

LHWP PORTAL
LESOTHO HIGHLANDS WATER PROJECT

LHDA WEBSITE **LHWC TCTA**

PHASE I
PHASE II
TOURISM
SUPPLIERS

KATSE DAM OVERFLOWING

LHWP OVERVIEW
The Lesotho Highlands Water Project (LHWP) is a bi-national Project between the Governments of Lesotho (GOL) and the Republic of South Africa (RSA). The Treaty signed between the two governments sets out the structures that are required to implement the Project on behalf of the two governments.
The Lesotho Highlands Water Commission (LHWC) which consists of three delegates per country, is accountable and responsible for the implementation of the project. LHDA is the implementing authority of the Project within Lesotho, whereas, the TCTA is mandated to do the same in RSA.

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

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