



2020 – 2023 STRATEGIC PLAN

Board Adoption
LHWC Approval

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List of Abbreviations

CE	Chief Executive
DM-DOD	Divisional Manager Development and Operations Division
DM-Phase II	Divisional Manager Phase II Division
DM-SDE	Divisional Manager Social Development and Environment Division
ERMP	Enterprise Risk Management Process
GOL	Government of Lesotho
KFA	Key Focus Area
LHDA	Lesotho Highlands Development Authority
LHWC	Lesotho Highlands Water Commission
LHWP	Lesotho Highlands Water Project
O&M	Operations and Maintenance
RSA	Republic of South Africa
SMP	Strategic Management Process
SO	Strategic Objective
SWOT/SLOT	Strengths, Weaknesses/Limitations, Opportunities and Threats
TCTA	Trans-Caledon Tunnel Authority

The Chairman's Statement

It gives me great pleasure to present the LHDA's Strategic Plan for the period 2020 to 2023. It sets out the context in which we operate and plays an important role in influencing our priorities over the planning period and setting the pace and direction for the organisation.

The key driver is the Preamble to the LHWP Treaty, *"expectations are high, it is not going to be business as usual"*.

To effectively implement the agreed strategy in this changing environment with all its dynamics will require internal consistency, coherence and synergies across a number of fronts. Amongst others, It will, require the tenacity of the leadership and governance structures to ensure that the organisation has in place an appropriate organisational structure that is supported by aligned internal systems and processes. This also requires developing and/or retaining the right skills set and competencies to drive the required change and to create a supportive culture and a set of core values, which are responsive to the strategy.

It is our conviction that by having a good handle on these imperatives, the LHDA will be in a better space and position to deliver the greatest possible operating efficiencies and effectiveness. This will ensure that the considerations, desires and wishes of the Parties to the Project as captured the Preamble to the LHWP Treaty are realized.

Chairman of the Board

Robert Mbwana

The Chief Executive's Foreword

I am pleased to announce that the Lesotho Highlands Development Authority (LHDA) has completed a Strategic Plan Document for the next 3 years (April 2020 to March 2023). This is a high-level document that is intended to chart the course and set the strategic direction for the LHDA during the planning period.

This Strategic Plan is designed to provide the direction, marshal resources and energies towards achieving optimum performance during the planning horizon. The Plan is developed at the time when the pace of implementing the second phase of the Project is picking up momentum and the focus shifts from engineering designs to physical construction. Therefore, in the process of crafting this high-level navigational tool, the LHDA took cognizance of the developments in the operating environment.

The Plan highlights the organization's strategic vision by integrating and adopting internationally recognized standards where applicable. It considers a high performance culture anchored by capable and effective teams to be critical in assisting LHDA to increase its operational efficiency in carrying out its mandate effectively. It is my hope that the current Plan will reposition LHDA to better deliver on its Vision and Mission

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Chief Executive

1.0 Strategic Plan 2020 – 2023

1.1 Rational of the Strategic Plan

The LHWP Governance Manual 2017 requires the LHDA to develop long-term strategic plans and in terms of the LHWP Treaty, the LHDA is required to report progress achieved against these strategic plans. The present Strategic Plan therefore, not only establishes and provides clarity around the intended outcomes or results but it also serves as a basis against which to measure and report on how successful the implementation of the Strategic Plan has been.

1.2 Vision

A world class organisation in the development and management of water resources and electricity generation

1.3 Mission

To implement the Lesotho Highlands Water Project:

- a) effectively and efficiently, in accordance with internationally recognised standards
- b) through capable and engaged people.

1.4 Values

The values that lay a foundation for the LHDA to fulfil its Mission and realise its Vision include:

- a) **Caring**
We care about our employees, assets, environment, communities and stakeholders
- b) **Professionalism**
We discharge our duties with efficiency, care and skill, and conduct ourselves and our work competently
- c) **Execution**
We get things done and have a basis for action
- d) **Team Work**
We value the role and inputs of others, and draw on each others' strengths and skills
- e) **Communication**
We share information throughout the organisation, listen effectively, and continuously strive for transparency
- f) **Customer Focus**
All our actions are directed towards delivering value and meeting our customers' needs.

2.0 The Strategic Planning Process

This Strategic Plan covers the period from 1st April 2020 to 31st March 2023 and it was developed within the legal framework of the LHWP Treaty, the LHDA Order and the Phase II Agreement. The development process followed the prescribed LHDA Strategic Management Process (SMP) as contained in the LHDA's Strategic Management Framework.

The development process included formal consultations with the internal stakeholders. These consultations focused mainly on performance and challenges against the 2017-2020 Strategic Plan as well as the medium (12 months) and long-term plan for the LHDA.

The internal review exercise revealed satisfactory performance in financial management, governance and reporting. The exercise also identified some limitations on the following areas:

- a) Community related issues (i.e. compensation, complaints and livelihood restoration)
- b) Operations and Maintenance (O&M)
- c) Effective communication and stakeholder engagement.

3.0 Planning Environment (LHDA in Context)

The planning environment has changed in a number of aspects from the 2017 - 2020 Strategic Plan planning environment with the effects of climate change being realised and the project is now moving into the construction stage.

Economy

The low recovery of the global economy has resulted in the declining economic performance of the Kingdom of Lesotho and the Republic of South Africa and thus posing a risk to securing funding for the LHDA operations. Nonetheless, the expressed willingness by the Governments to continue with the Project has not changed.

Natural Environment

The climate change effects have adversely affected the LHDA's core operations with the main reservoir reaching the lowest ever level due to the drought. This exposes the LHDA to the risk of not delivering water and generating electricity as well as losing royalties in future.

Social Environment

Project affected communities are considered direct beneficiaries of the LHWP and such are expected to derive benefits from programmes designed to improve communities livelihoods. Regular and effective consultations and implementation of appropriate social and environmental programmes and policies will be put in place to avoid exposing project affected communities to deprivation, displacement and poverty.

Technological Advancements

There is need to keep up with the pace of technological developments and other related work processes and to implement ICT to bolster performance.

Aging Infrastructure

The hydropower plant and the electro-mechanical equipment of the Phase 1A (Transfer and Delivery Tunnels, Katse and 'Muela Dams), Phase 1B (Mohale Dam and Tunnel, Matsoku Weir and Tunnel) are nearing the end of operational life of 25 years since commissioning. These are currently twenty (22) for Phase 1A and eighteen (18) years for Phase 1B. Therefore, the LHDA has to carry on with the Operations and Maintenance (O&M) activities in accordance with the O&M Manuals to ensure sustainable transfer and delivery of water as well as generation of electricity.

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4.0 Situation Analysis - SLOT

The LHDA's business environmental scan was conducted in the planning process whereby the analysis was carried out at two (2) levels, the internal and external environment. The results thereof are summarised in Table 1 below.

Table 1: SLOT Analytical Results

INTERNAL – CURRENT STATE	EXTERNAL – FUTURE STATE
STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> • LHDA is a reputable organisation (unique project management exposure) • Diverse skills and competencies • Effective governance processes • Lessons learnt from Phase I to effectively implement Phase II • Effective financial systems and controls • Compliance with applicable laws, policies and procedures • Affiliation with internationally recognised bodies 	<ul style="list-style-type: none"> • Increased demand for water in Lesotho and in the SACU Region (more dams, more royalties) • Availability of infrastructure for ancillary developments • Availability of technology advancements • Potential for partnerships with learning institutions • Availability of national regulatory frameworks • Donor funding • Advances on social networks nation-wide (Facebook, Twitter, Instagram, LinkedIn, WhatsApp, etc.) • High electricity demand in Lesotho
LIMITATIONS	THREATS
<ul style="list-style-type: none"> • Inefficient compensation processes • Inadequate monitoring and evaluation function • Aging infrastructure • Inadequate asset management • Limited delegation of authority • Unresolved compensation complaints • Ineffective stakeholder management and marketing of the Project • Non-alignment of organisational structure to the LHDA strategies (organisation structure last reviewed fifteen (15) years ago) • Not operating 'Muela Hydropower Station commercially 	<ul style="list-style-type: none"> • Untimely disbursement of required subvention(s) • Mining activities impacting the LHWP activities • Climate change effects • Poor land use practices (deterioration of wetlands, rampant soil erosion, deteriorating water quality, etc.) • Political instability • Absence or lack of legislation and regulations (also lack of enforcement, fragmented and outdated pieces of legislation) • Corrupt and fraudulent practices

5.0 2020 – 2023 Strategic Thrusts

The mandate of the LHDA is to implement, operate and maintain the LHWP in accordance with internationally recognised standards. In order to carry out its mandate effectively, the LHDA needs capable and engaged people. The 2020 - 2023 Strategic Thrusts are informed by the results of the internal and external environment reviews of the LHDA performance to date, SLOT Analysis and corporate risk assessment, and are as follows:

- a) Compensation stability
- b) Proper Operations and Maintenance (O&M)
- c) Effective communication and stakeholder engagement
- d) Re-alignment of organisational structure to the strategy.

6.0 Key Focus Areas and Smart Objectives

The key focus areas (KFA) cascaded from the mandate and derived from the internal and external environments scan, reflect the key priorities of the LHDA. These KFAs attest the LHDA's role in facilitating the achievement of the LHDA Vision and Mission Statements. The smart objectives (SO), demonstrating how the KFAs will be realised, were developed and the KFAs and associated SOs are contained in Table 2 below.

Table 2: KFAs and SOs

KFA 1: Development and Management of Infrastructure
1.1 To ensure optimal operations and proper maintenance of existing infrastructure
1.2 To implement Phase II of the LHWP
KFA 2: Biophysical Environmental Management
2.1 To implement sustainable management of biophysical environment within the LHWP Area
KFA 3: Socio-economic Development of Affected Communities
3.1 To maintain and improve the standard of living of the communities affected by the LHWP
KFA 4: Governance and Management of the LHDA
4.1 To strengthen capacity to manage and coordinate the LHDA activities
KFA 5: Ancillary Developments
5.1 To maximise opportunities for public private partnership ventures within the LHWP Area

7.0 Strategic Plan Critical Success Factors

- a) Staff and Board buy-in
- b) Government(s) buy-in (LHWC, collaboration with Governments departments)
- c) Availability of resources (financial, technological, human, data and time.)

8.0 2020 - 2023 Operational Plan

Table 3 below indicates link between the SOs and respective strategies, key performance indicators and annual target outputs spanning over the 2020 to 2023 planning horizon.

Table 3: Operational Plan

SMART OBJECTIVE	KEY PERFORMANCE INDICATOR	STRATEGIC ACTION	TARGET OUTPUT 2020/21	TARGET OUTPUT 2021/22	TARGET OUTPUT 2022/23	RESPONSIBLE MANAGER
KFA 1: DEVELOPMENT AND MANAGEMENT OF INFRASTRUCTURE						
1.1 To ensure optimal operations and proper maintenance of existing infrastructure	1.1.1 96% performance availability and reliability achieved	1.1.1.1 Develop and implement Asset Management Framework	Functional Asset Management Framework by the 31 st March 2021 Not more than 2% unplanned downtime	Not more than 2% unplanned downtime	Not more than 2% unplanned downtime	DM-DOD
		1.1.1.2 Implement Planned Major Maintenance Projects	Annual Planned and Major Maintenance 100% complete by the 31 st March 2021	Annual Planned and Major Maintenance 100% complete by the 31 st March 2022	Annual Planned and Major Maintenance 100% complete by the 31 st March 2023	
		1.1.1.3 Deliver water to RSA and generate electricity for Lesotho	780MCM of water delivered and 500GWh of electricity generated by the 31 st December 2020	780MCM of water delivered and 500GWh of electricity generated by the 31 st December 2021	780MCM of water delivered and 500GWh of electricity generated by the 31 st December 2022	
		1.1.1.4 Document/develop Project Life Cycle Management Framework	Documented Project Life Cycle Management Framework approved by the 31 st March 2021	More than 90% adherence to plan, budget and quality	More than 90% adherence to plan, budget and quality	
1.2 To implement Phase II of the LHWP	1.2.1 55% implementation of Master Plan by the 31 st March 2023	1.2.1.1 Implement Water Transfer infrastructure	60% completion of advanced infrastructure by the 31 st March 2021	100% completion of advanced infrastructure by the 31 st March 2022	N/A	DM-Phase II
			Procurement of construction contract(s) for bridges completed by the 31 st March 2021	15% main bridges construction completed by the 31 st March 2022	45% of main bridges construction completed by the 31 st March 2023	
			Feeder Roads Master Plan and Contracting Strategy approved by the 31 st March 2021	Consultancy contract for the Feeder Roads Programme awarded by the 31 st March 2022	Construction contract(s) for the Feeder Roads Programme awarded by the 31 st March 2023	

SMART OBJECTIVE	KEY PERFORMANCE INDICATOR	STRATEGIC ACTION	TARGET OUTPUT 2020/21	TARGET OUTPUT 2021/22	TARGET OUTPUT 2022/23	RESPONSIBLE MANAGER
		1.2.1.2 Implement Water Transfer Main Works	Procurement of the dam construction contract completed by the 31 st March 2021	20% of dam construction completed by the 31 st March 2022	40% of dam construction completed by the 31 st March 2023	
			Procurement of the tunnel construction contract completed by the 31 st March 2021	15% of tunnel construction completed by the 31 st March 2022	35% of tunnel construction completed by the 31 st March 2023	
		1.2.1.3 Implement Hydropower Main Works	Procurement of the hydropower consultant completed by the 31 st March 2021	Complete 50% of the Tender Design for selected Phase II Hydropower Scheme by the 31 st March 2022	Construction contract for the selected Phase II Hydropower Scheme awarded by the 31 st March 2023	
			Restoration of Mini-hydropower Plants (at Katse and Mohale) 50% complete by the 31 st March 2021	Mini-hydropower Plants (at Katse and Mohale) fully functional by the 31 st March 2022	N/A	
KFA 2: BIOPHYSICAL ENVIRONMENTAL MANAGEMENT						
2.1 To implement sustainable management of biophysical environment within the LHWP Area	2.1.1 95% implementation of Integrated Catchment Management Plan	2.1.1.1 Develop and implement Climate Change Adaptation Strategy	Climate Change Vulnerability Assessment conducted by the 31 st March 2021	Climate Change Adaptation Strategy approved by the 31 st March 2022	Climate Change Adaptation Strategy implemented by the 31 st March 2023	DM-SDE
		2.1.1.2 Protect, conserve and restore wetlands	Wetlands Conservation Strategy and Monitoring Plan approved by the 30 th September 2020	Protected area established in the headwaters of Polihali Tributaries Rivers by the 31 st March 2022	N/A	
		2.1.1.3 Conserve biodiversity	Maloti Minnow Action Plan approved by the 30 th September 2020	Implementation of the LHWP biodiversity conservation and monitoring strategies commenced by the 31 st March 2022	LHWP biodiversity conservation and monitoring strategies implemented by the 31 st March 2023	
	2.1.2 Compliance with provisions of the Environmental Management Plans (EMPs) and conditions Records of Decisions (RoDs)	2.1.2.1 Undertake environment compliance audits during construction phase on a bi-monthly basis	80% compliance with EMPs by the 31 st March 2021	85% compliance with EMPs by the 31 st March 2022	90% compliance with EMPs by the 31 st March 2023	DM-SDE and DM-Phase II
			80% compliance with Safety, Health and Quality Framework by the 31 st March 2021	85% compliance with Safety, Health and Quality Framework by the 31 st March 2022	90% compliance with Safety, Health and Quality Framework by the 31 st March 2023	

SMART OBJECTIVE	KEY PERFORMANCE INDICATOR	STRATEGIC ACTION	TARGET OUTPUT 2020/21	TARGET OUTPUT 2021/22	TARGET OUTPUT 2022/23	RESPONSIBLE MANAGER
KFA 3: SOCIO-ECONOMIC DEVELOPMENT OF AFFECTED COMMUNITIES						
3.1 To maintain and improve the standard of living of the communities affected by the LHWP	3.1.1 95% implementation of compensation, resettlement, livelihood and social development programs	3.1.1.1 Re-engineer compensation and resettlement processes	Compensation disbursement fully managed by the LHDA by the 31 st March 2021	All known assets affected by the Project registered in the database or recorded according to the approved Policy by the 31 st March 2022	Payment of all assets affected by the Project up-to-date in accordance with the approved Policy by the 31 st March 2023	DM-SDE and DM- Phase II
			Historical communities' complaints reduced by 70% by the 31 st March 2021	Historical complaints reduced by 90% cumulative from previous years by the 31 st March 2022	Historical complaints fully addressed by the 31 st March 2023	
			New complaints addressed within two (2) months of registration of a complaint	New complaints addressed within a month of registration	New complaints addressed within a month of registration	
		3.1.1.2 Implement livelihoods improvement programs	Livelihood improvement plans for Phase I and Phase II approved by the 31 st March 2021	95% of livelihoods improvement annual plan implemented by the 31 st March 2022	95% of livelihoods improvement annual plan implemented by the 31 st March 2023	
		3.1.1.3 Implement Social Development Programs (SDPs)	Operational SDPs and Plans by the 31 st March 2021	95% of the approved annual SDPs implemented by the 31 st March 2022	95% of the approved annual SDPs implemented by the 31 st March 2023	
		3.1.1.4 Implement Resettlement Action Plan (RAP)	RAP implemented according to the programme	RAP implemented according to the programme	RAP implemented according to the programme	
KFA 4: GOVERNANCE AND MANAGEMENT OF THE LHDA						

SMART OBJECTIVE	KEY PERFORMANCE INDICATOR	STRATEGIC ACTION	TARGET OUTPUT 2020/21	TARGET OUTPUT 2021/22	TARGET OUTPUT 2022/23	RESPONSIBLE MANAGER
4.1 To strengthen capacity to manage and coordinate the LHDA activities	4.1.1 Requisite skills acquired, requisite resources in place and set corporate targets met and exceeded by the 31 st March 2023	4.1.1.1 Re-align the LHDA Organisational Structure	Re-aligned Organisational Structure functional by the 31 st March 2021	Approved O&M Study Report by the 31 st March 2022	Optimal structure in place by the 31 st March 2023	DM-CS
		4.1.1.2 Enhance stakeholder engagement and communication	Operational Stakeholder Engagement Plan and Communications Strategy by the 31 st March 2021	Stakeholder Engagement Plan and Communications Strategy implemented by the 31 st March 2022	Stakeholder Engagement Plan and Communications Strategy implemented by the 31 st March 2023	
			Functional Knowledge Management Framework in place by 31 st March 2021	Knowledge Management Plan implemented by the 31 st March 2022	Knowledge Management Plan implemented by the 31 st March 2023	
		4.1.1.3 Create culture aligned to the LHDA values	Culture audit conducted and action plan approved by the 31 st March 2021	40% of culture audit recommendations implemented by the 31 st March 2022	100% of culture audit recommendations implemented by the 31 st March 2023	
		4.1.1.4 Exploit the latest industrial revolution	Internet of things (smart devices automatically sending information) implemented in line with IT Strategy by the 31 st March 2021	Internet of things (smart devices automatically sending information) implemented in line with IT Strategy by the 31 st March 2022	Internet of things (smart devices automatically sending information) implemented in line with IT Strategy by the 31 st March 2023	
			Business process reviewed and approved by the 31 st March 2021	50% of identified critical business processes automated by the 31 st March 2022	90% of identified critical business processes automated by the 31 st March 2023	
		4.1.1.5 Ensure Compliance with Occupational Safety and Health standards	Occupational Safety, and Health (OSH) Program in all LHDA operations as implemented per schedule	Occupational Safety, and Health (OSH) Program in all LHDA operations as implemented per schedule	Occupational Safety, and Health (OSH) Program in all LHDA operations as implemented per schedule	
4.2 To comply with all applicable legal instruments	4.2.1 100% compliance with the laws	4.2.1.1 Ensure compliance with the legislative framework	100% compliance as per internal and external audit reports	100% compliance as per internal and external audit reports	100% compliance as per internal and external audit reports	CE

SMART OBJECTIVE	KEY PERFORMANCE INDICATOR	STRATEGIC ACTION	TARGET OUTPUT 2020/21	TARGET OUTPUT 2021/22	TARGET OUTPUT 2022/23	RESPONSIBLE MANAGER
4.3 To have effective financial controls	4.3.1 Good financial management	4.3.1.1 Maintain proper books of the Authority in compliance with IFRS and GAAPs	Clean annual external audit reports	Clean annual external audit reports	Clean annual external audit reports	CFO
KFA 5: ANCILLARY DEVELOPMENTS						
5.1 To maximise opportunities for Public Private Partnership (PPP) ventures in the LHWP Area	5.1.1 At least two (2) new ventures operational in the LHWP Area by the 31 st March 2023	5.1.1.1 Create an enabling environment for business ventures to operate in and around the reservoirs	Functional Policy, Regulatory Framework and Zoning Plan by the 31 st March 2021	At least one (1) new business venture operational in the LHWP Area by the 31 st March 2022	At least three (3) new business ventures operational in the LHWP Area by the 31 st March 2023	DM-SDE

9.0 Risk Management

Risk identification: identification of risks was done in accordance with the LHDA ERM Process during the workshop where the 2020/21 Corporate Business Plan, that implements the first year of the Strategic Plan, was adopted. The logged risks' mitigation measures were also incorporated into the 2020/21 Corporate Business Plan to ease monitoring. The risk landscape is influenced mainly by aging infrastructure; environmental factors; disbursement of compensation; resolution of complaints; and delays in funding.

Impact: Failure to improve performance with regard to; implementation of Phase II, operation and maintenance of the existing infrastructure, and management of environment, may have adverse impacts on the delivery of water to the RSA and generation of electricity for Lesotho; while failure to disburse compensation and resolve complaints may adversely impact the communities.

Mitigation: A risk register detailing the risks' mitigation measures has been developed and will be monitored, evaluated and revised bi-annually concurrently with the annual corporate business plans that implement this Strategic Plan.