

Tenders to open for second phase of Lesotho water project

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Construction tenders worth between R1m and R1bn will be advertised shortly for the second phase of the R25bn Lesotho Highlands Water Project, the executive manager of the project, Mark Matchett, says.



Image source: www.aurecongroup.com

The joint venture between SA and Lesotho will not only supply water to Gauteng but also generate work and 2,000 to 3,000 jobs.

Substantial construction projects in southern Africa have become scarcer in recent years as economies have slowed.

Thirty years ago the first phase began to supply SA with water from the Katse and Mohale dams and Lesotho with electricity. Under agreements signed in 2014 for the second phase, a new Polihali Dam and transfer tunnel will increase water supplied to SA from 780-million cubic metres a year to 1.27-billion cubic metres and a hydropower project will make Lesotho self-sustainable in electricity. The hydropower project is still being studied.

Trans Caledon Tunnel Authority manages the project for SA. The Lesotho Highlands Development Authority manages it for Lesotho.

Matchett said there would be about 20 construction contracts, including for roads, bridges, bulk power lines, telecommunications, resettlement of about five villages, the dam and 38km of transfer tunnel.

Work on the dam had to begin by late 2019 or early 2020, for completion in 2024. The transfer tunnel had to start in early 2020 for completion in 2025. Many of the advanced infrastructure projects had to begin early in 2018.

Trans Caledon executive of project finance and treasury Nhlanhla Nkabinde said the primary source of funds for SA's share of the project would be new JSE-listed bonds. Other sources would be a tariff levied on users of the water and a levy on the mining industry to fix acid mine drainage.

Trans Caledon issued bonds more than 20 years ago to fund phase one and would extend the programme for phase two, with maturity in about 2043, Nkabinde said. Because capital markets could be fickle, Trans Caledon would add loans from banks and development finance institutions.

Tente Tente, the phase two divisional manager, said Lesotho bidders would be given preference, followed by those from SA and then the Southern African Development Community.

After the corruption in the first phase, the Lesotho Highlands Development Authority had developed an anticorruption policy and robust procurement programme, Tente said. Multiple layers of approval would aim to root out potential corruption.

Source: Business Day

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