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| Monthly Progress Report | February 2022 |

# 1.1 LESOTHO HIGHLANDS WATER PROJECT – PHASE II

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| **Project Description** | |  | **Project Phase** | | | | **Design and Construction** | | | |
| **Scope of works**  The Lesotho Highlands Water Project Phase II consists of two distinct systems, that is, the Water Transfer system for water deliveries to South Africa and hydropower electricity generation, under feasibility study, for use by Lesotho. Phase 2 is designed to provide 14 m3/sec, with Phase I capacity of 26 m3/sec. Total capacity Phase I and Phase II is 40 m3/sec. Main works include the165m high Polihali Dam, 49m high Saddle dam, a 38km long 5.2m diameter tunnel connecting Polihali Dam to Katse Dam, Advanced Infrastructure, Environmental mitigation programs and extensive Social Development projects. | | **Project Start** | | Aug 2013 | | **Project Completion** | | | Nov 2027 |
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| **Project Schedule** | | | | | | | |
| **Key Milestones\*** | | | **Planned in 2013** | | | **Actual/ Revised (Rev 15)** | |
| Ratification | | | June 2013 | | | June 2013 | |
| Impoundment (1st) | | | February 2021 | | | April 2025 | |
| Dam Complete\* | | | March 2022 | | | August 2027 | |
| Dam Complete after wet testing | | |  | | | February 2028 | |
|  | |
| **Percentage Progress** | 15.8% | Tunnel Complete | | | May 2022 | | | November 2027 | |
| **Summary Progress** | | Water delivery into Katse Dam | | | June 2022 | | | Nov 2027 | |
| Project Closeout | | | December 2024 | | | March 2029 | |
| All Advanced Infrastructure (AI), Dam and Tunnel design complete. All AI under construction, tunnel tender being evaluated, dam tender closed on 28 Jan 2022. | |
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| **Project Expenditure** | | | | | | | |
| **Estimated Total Cost at Completion** | | | | | R 36 060 055 450 (incl escalation and contingencies to Nov 2027) | | |
| **Total Expenditure to Date** | | | | | R 4 778 995 622 | | |
| **% Expenditure to Date** | | | | | 13.3% | | |
| **Approved Budget** | R36 060 055 450 | | | | **Revised Budget** | | R36 060 055 450 |
| **Month Projected** | Varies by contract | | | | **Month Actual** | |  |
| **Cum Projected** | R 27 413 464 620 | | | | **Cum Actual** | | R 4 778 995 622 |
| **% of Variation to baseline projection** | | | | | %Work: Planned 47.2% vs Actual 15.8% | | |

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| **Variance Reason** | **Recovery Plan** |
| Past delays due to slow decision making and receiving approvals of awards, delays in getting work and quarry permits from Lesotho, Covid 19 related issues, contractors under-performance | * Monthly assessment by LHDA to arrest further delays * Agreement with DWS on turnaround times for approvals * Re-scheduling of Advanced Infrastructure construction works where possible |

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| **Key Risks / Issues** | | |
| **No.** | **Risk Description** | |
| Delays in the execution of the project | | |
| **Root Causes of the Risk** | | **Mitigation Strategy or Management Actions for Resolution** |
| 1. | Cross-boundary taxes | Both parties are discussing tax-related matters affecting the project. |
| 2. | Garnishee order on TCTA and LHDA | Garnishee order served on TCTA and LHDA iro a contract entered into by Government of Lesotho and allegedly not honoured. TCTA, LHDA and Government of Lesotho have appointed external legal counsel to contest. Court case in both countries. |
| 3. | Grant of quarry and blasting permits to Phase II contractors | GoL has been engaged and is dealing with the matter. |
| 4. | Lender’s requirement: No Objection statement from Namibia | South Africa is engaging with Namibia with a view to resolving the statement of No Objection. |
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| **Concluding Remarks** | | |
| Recovery Plan to address the delays on the project to be submitted by the RSA Commissioners by the end of February 2022. | | |
| **Responsible Deputy Director-General: Lindiwe Lusenga** | |

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# 1.2 Section 63 Vaal River Intervention Project

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| **Project Description** | |  | **Project Phase** | | | | **Construction** | | | |
| **Scope of works**  Upgrade of water services infrastructure, refurbishment, operations and maintenance, sustainability, water conservation water demand management and advocacy. | | **Project Start** | | Nov 2018 | | **Project Completion** | | | Oct 2024 |
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| **Project Schedule** | | | | | | | |
| **Key Milestones\*** | | | **Planned** | | | **Actual/ Revised** | |
| Rehabilitation and stopping pollution of the Vaal River System | | | Date: April 2019 | | | Date: Oct 2021 | |
| Work package 1  Refurbishment programme estimated at R2.2 billion | | | April 2019 | | | October 2021 | |
| Work package 2  Upgrade programme estimated at R4.8 billion. | | | April 2019 | | | October 2021 | |
| Work Package 3  Operations & Maintenance estimated at R600 million | | | April 2019 | | | October 2021 | |
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| **Percentage Progress** | 30% | Work Package 4  Sustainability estimated at R600 million | | | April 2019 | | | October 2021 | |
| **Summary Progress** | |  | | |  | | |  | |
| Project Closure  Close-out report by IA to DWS | | | April 2022 | | | October 2024 | |
| * 8 biosolids contractors appointed in May 2021 for a duration of 2 years * 10 unblocking contractors appointed in May 2021 for a duration of 2 years * 7 civil framework contractors appointed and started working on rehabilitating the civil aspect of the scope in * Gibb consulting responsible for project management & supervision * Minister signed directive appointing Rand Water as IA of Section 63 and VRIS on 6 July 2021 * Implementation Agent Agreement signed on 5 October 2021 and Rand Water occupied site on 7 October 2021 * Rand Water submitted R397 million for immediate project scope * Minister established Project Steering Committee (PSC) co-chaired by Deputy Minister Mahlobo and Provincial COGTA MEC Mr Maile * The Project Steering Committee has convened thrice already, on 26 October, 5 November 2021 and 4 February 201 respectively * Transfer of contracts to Rand Water for due diligence started 30 September 2021. * Rand Water reluctant to accept DWS transferred contractors, DG wrote to Rand Water on the 15th January 2022.and that the transferred contractors that the DWS appointed contractors will be managed by the Department * Framework consultants (Sigodi Marah Martin Management Services signed their Service Level Agreement with the Department on the 19th January 2022, commenced with site investigations on the 20th January 2021 and submitted the initial 7 work packages (Scope and BoQ) on the 31st January 2022 * Pipe Construction activities commenced at Sebokeng Zone 10 and Union Street. This project is managed by Rand Water. * Electrical cable replacement activities ongoing at Leeuwkuil Wastewater treatment plant which is managed by Rand Water. * Contractors were issued with their 7 initial work packages on the 5th February 2022 and were instructed to immediately commence with site activities on the 5th February 2022. * The 7 civil contractors went for the site briefing meeting on the 25th January 2022 and in process of he procurement (served in the IDBAC on the 7th February 2021). The scope is that of 1,3km 710mm diameter pipe to pump station 2. Gibb is the Consulting Engineer for this scope. * Meeting with the newly appointed Emfuleni Local Councillors took place on the 26th January 2021 where the intervention was presented and the proposed way forward. * The department received Rand Water’s provisional due diligence report dated 29 November 2021 on 13 December 2021 and detailed response finalized. SRSS contractors and due diligence process ongoing. | |
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| **Project Expenditure** | | | | | | | |
| **Estimated Total Cost at Completion** | | | | | *R7.6 billion* | | |
| **Total Expenditure to Date** | | | | | R 138.52 million | | |
| **% Expenditure to Date** | | | | | 19.81% | | |
| **Approved Budget** | R117 million | | | | **Revised Budget** | | R699 million |
| **Month Projected** | R77.6 million | | | | **Month Actual** | | R20.6 million |
| **Cum Projected** | R582.5 mil | | | | **Cum Actual** | | R138.52 mil |

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|  |  | **% of Variation to baseline projection**  **81.5% (R569 mil)** |  |

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| **Key Risks / Issues** | | |
| **No.** | **Risk Description** | |
| \*Delays in the execution of the project  \*Budget for the overall programme not available  \*Community unrest and work stoppages due to community demanding employment | | |
| **Root Causes of the Risk** | | **Mitigation Strategy or Management Actions for Resolution** |
| 1. | Project stoppage- socioeconomic opportunities | Continuous stakeholder engagement |
| 2. | Partial implementation of section 63 Vaal River intervention | Develop an acceleration plan |
| 3. | Budgetary constraints | Engage NT, COGTA and DBSA |
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| **Concluding Remarks** | |
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| **Responsible Deputy Director General: Motebele Moshodi** | |