

TOWARDS ROBUST PROCUREMENT ON PHASE II

SIMONE CHRISTIE

LHDA

3rd April 2019



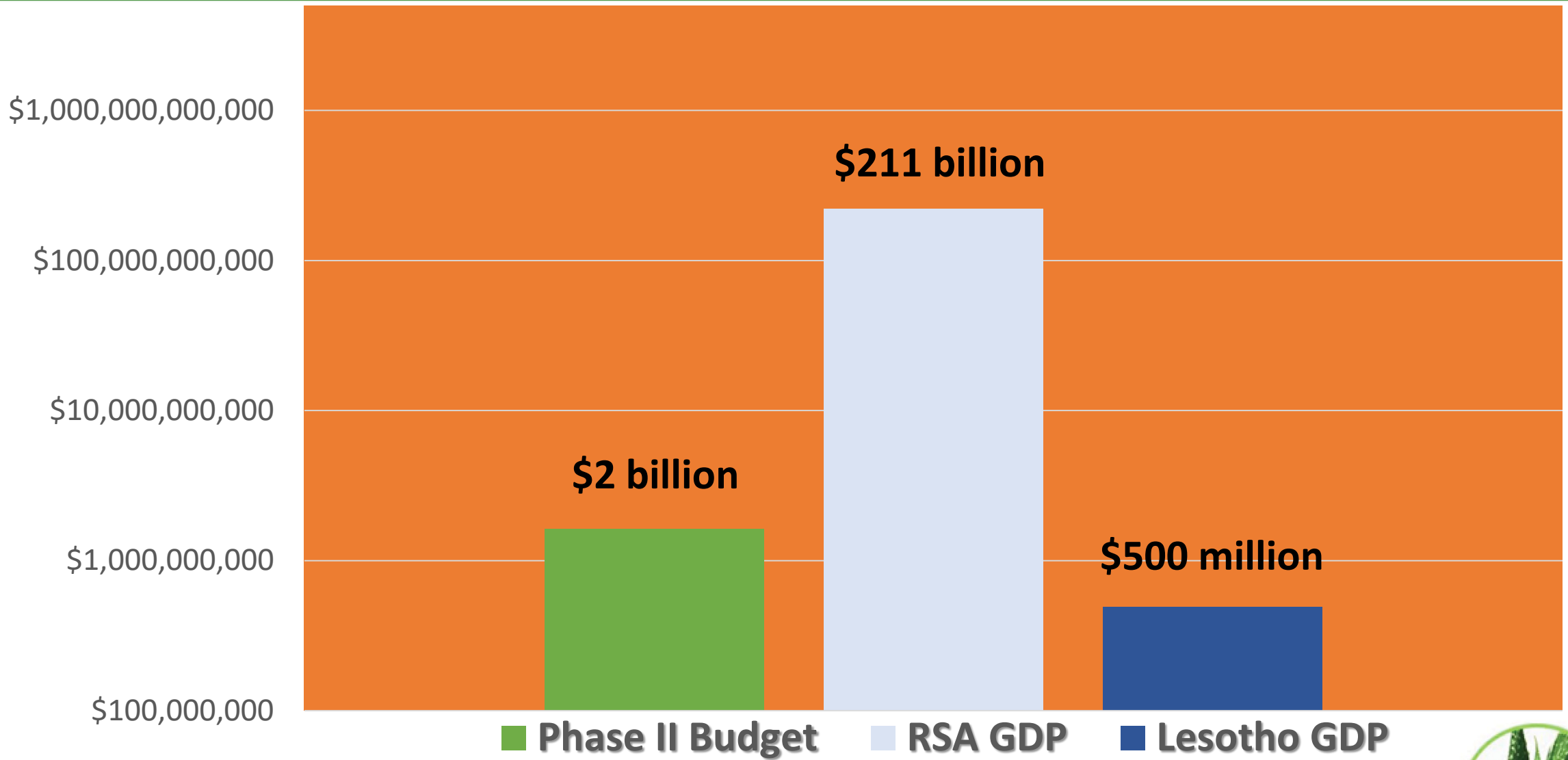
OVERVIEW

- Backdrop
- Regulatory Framework
- Anti-Corruption Policy
- Project Governance
- Preferential Procurement
- Procurement Strategy
- Monitoring and Evaluation

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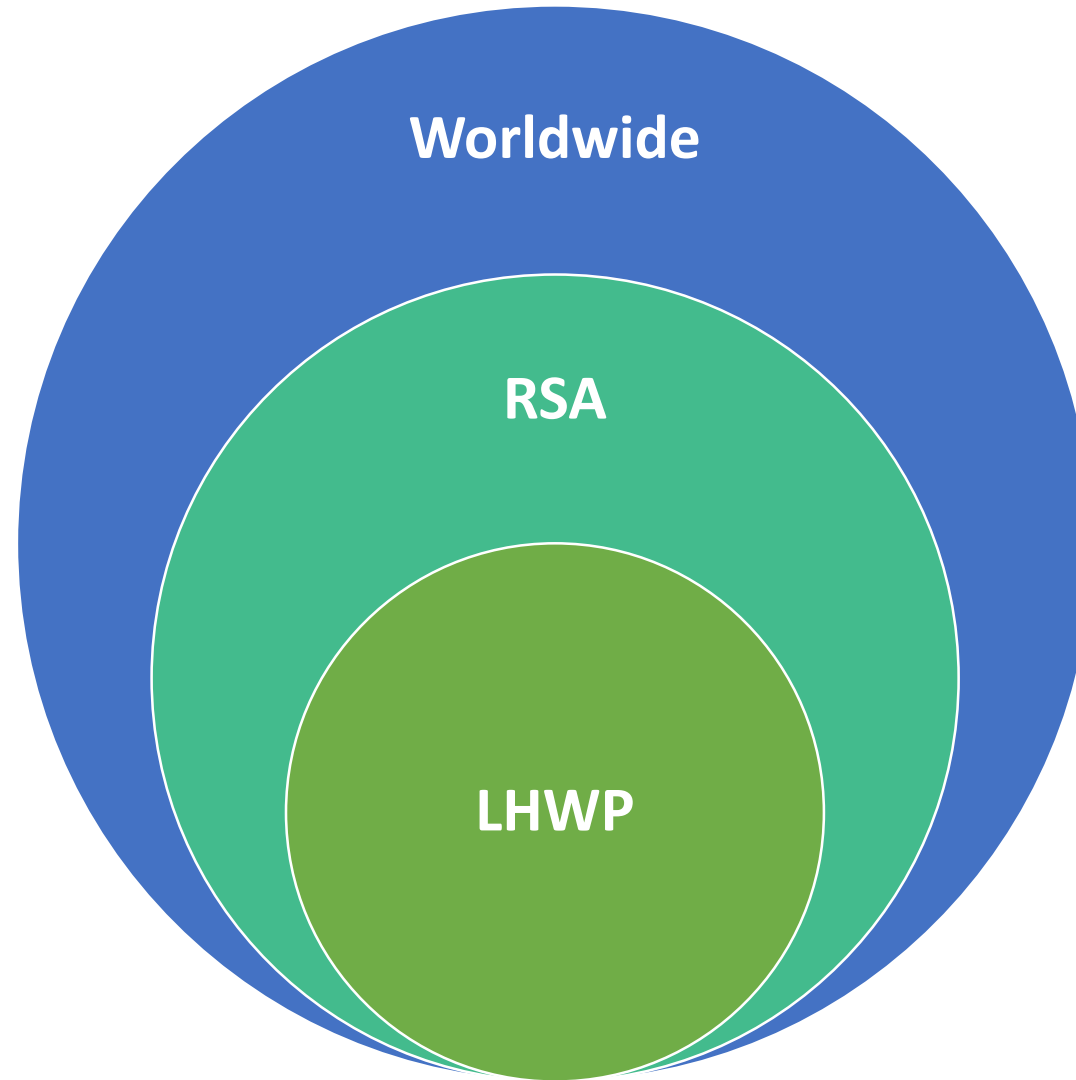
PROJECT BACKDROP – REGIONAL ECONOMY



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PROJECT BACKDROP – CORRUPTION



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Treaty on LHWP (incl protocols)

- Signed in 1986
- Established the Project
- Between Lesotho and South Africa

Agreement on Phase II

- Signed in 2011
- Governs Phase II of LHWP
- Amends certain provisions of the Treaty

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- **Embedded in Procurement**
 - Bid/tender documents
 - Contracts
- **Mandatory requirements**
 - Disclosure of historical corruption
 - Declare actual/potential conflicts of interest
 - Personal
 - Corporate
 - Protections for whistle-blowers
 - Cooperation during investigations
- **Recourse**
 - Contract termination
 - Black-listing

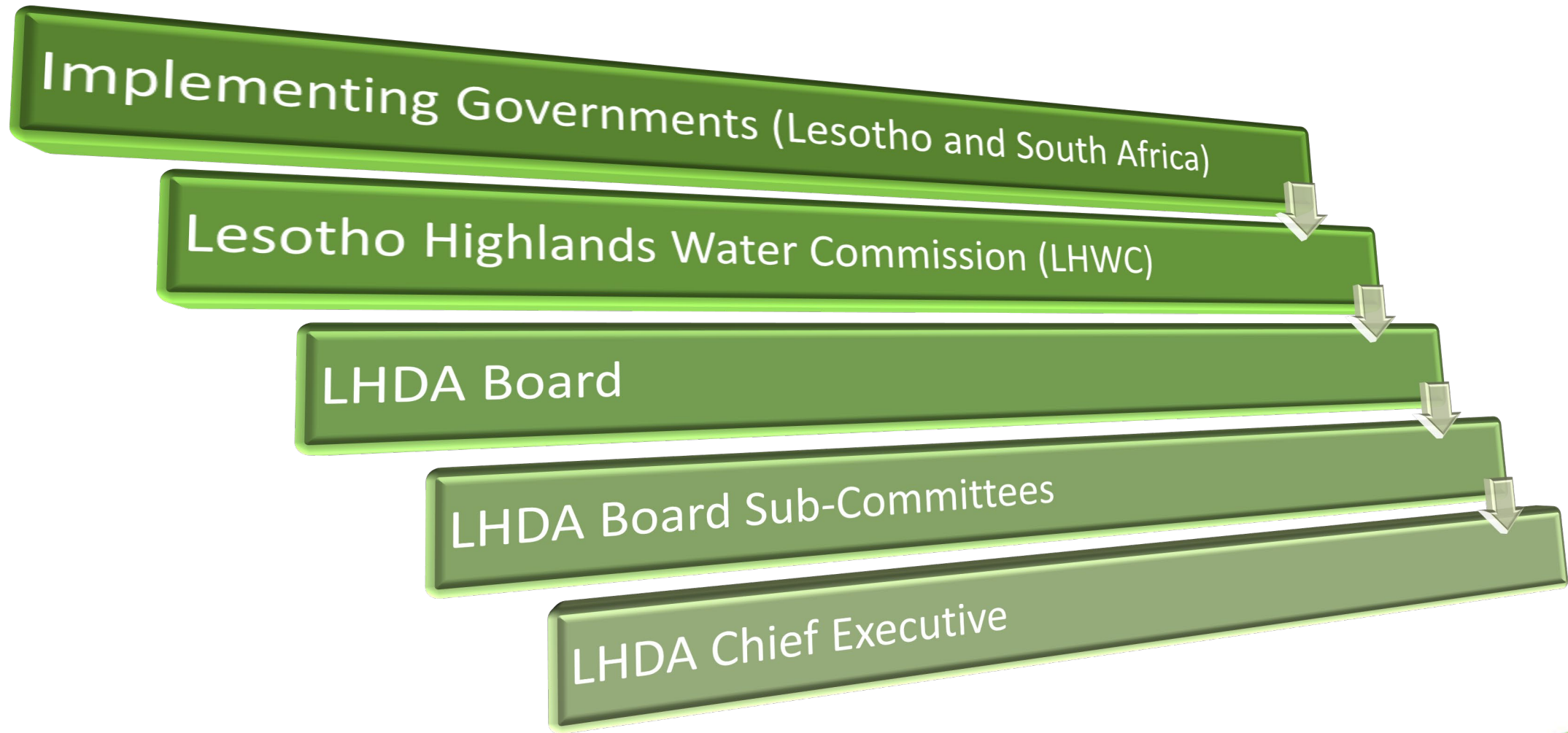


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PROJECT – GOVERNANCE



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- **Regulatory Requirements**

- Article 10, Phase II Agreement
- Regional Preference
 - Lesotho → South Africa → SADC → International
- Lesotho National and South African contractors share AI 50:50
- Preference margins for Lesotho National and South African companies

- **Preference Strategy**

- Contracts packaged into the smallest components
- Encourage larger, international firms to partner with regional firms

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- **Mandatory Requirements**
 - Country of origin
 - Employment of Lesotho/RSA Nationals
 - Skills development of staff and subs
 - Preferential procurement:
 - RSA Black-owned Enterprises
 - Lesotho National Participation
 - Previously disadvantaged persons
 - Women
 - Persons with disabilities
 - Youth (under 35s)

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STANDARDISED DOCUMENTATION



- Reduces internal reviews
- Project team focus on key areas (scope, cost, deliverables, etc.)
- Sets expectations in the market
- Simplifies tender adjudication and preparation of contracts
- Standard forms of contract (eg FIDIC) - basis for pricing in risk
- Standard set by World Bank
 - Focus on quality over price

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STANDARDISED PROCEDURES



- All procurement documents standardised
- Aligned with MFI procedures
- Established metrics for measuring and reporting
- Market understands LHDA requirements - fosters trust with bidders

- **Online Tender Bulletin**

<http://www.lhda.org.ls/phase2/tenderbulletin/>

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PROCUREMENT VIA LHDA WEBSITE



LESOTHO HIGHLANDS DEVELOPMENT AUTHORITY

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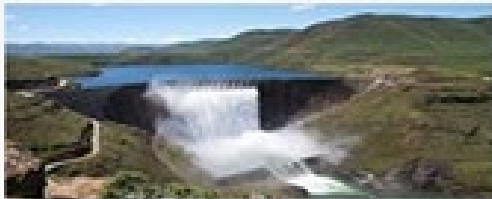
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CURRENT PROCUREMENT



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REFERENCE INFORMATION



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AWARDED CONTRACTS



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PROCUREMENT STRATEGY – QUALITY FOCUS



Quality

- Bidders must demonstrate resources, experience and capability
- Proposals failing to meet the minimum are rejected
- 60-80% of combined score for consultancy contracts
- Not carried to final score for construction tenders

Price

- Only evaluated for technically-compliant offers
- 10-20% of combined score for consultancy contracts
- 80-90% of final score for construction contracts

Preference

- Points awarded for various preference objectives
- Sliding scale across contracts
- 10-20% of combined score for consultancy contracts
- 10-20% of final score for construction contracts

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MONITORING AND EVALUATION



- Integrated into contracts administered in line with programme management principles
- Procurement on-going throughout project
- Continuity of management staff (technical and contractual)
- Financial monitoring from pre-tender through contract completion
- Preference targets become contractual obligations for individual contracts

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CONCLUSIONS

- Incorporate socio-economic development objectives as requirements
- Including specific provisions to reduce the potential for corruption
- Key focus on QUALITY
- Clear, transparent dissemination of information
- Integrate procurement activities into contract/PgM management



BALANCE IS KEY

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A wide-angle photograph of a snowy mountain range at sunset. The sun is low on the horizon, casting a warm orange and yellow glow across the sky and the snow-covered peaks. The foreground shows a snow-covered slope with some dark, low-lying vegetation. The text "THANK YOU" is overlaid in the center in a bold, yellow, sans-serif font.

THANK YOU