

## PROJECT JUSTIFICATION

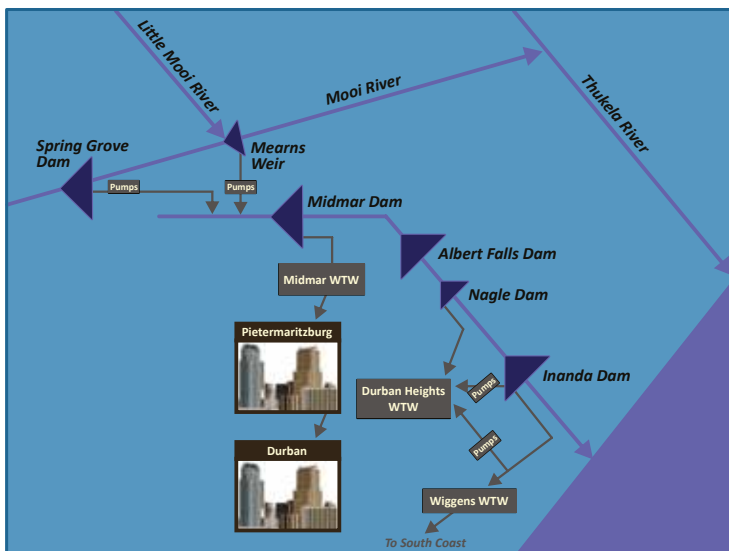
The forecasts of demand in the Mgeni System showed that the water demand is rising three times faster than previously anticipated, and the need for augmentation of the current supply was urgent. Various augmentation schemes from within the Mgeni System were investigated and proved not feasible, because the existing system is already fully committed and will not be able to provide water at the required assurance level of supply beyond 2012.

The findings of the investigations led to the publishing of a White Paper C-96: "Report on the proposed Mooi-Mgeni River Transfer Scheme" proposing an inter-basin transfer between the Mooi and Mgeni Rivers. The project includes the construction of a dam and a transfer system (pump-station and pipelines) and associated infrastructure that will augment the current yield of the Mgeni System by 60 million m<sup>3</sup> per annum.

## MOOI MGENI SYSTEM

Yield at 99% Assurance Level

- > Current Yield: 334 Mm<sup>3</sup>
- > Yield After MMTS-2: 394 Mm<sup>3</sup>



## PROJECT MILESTONES

Milestone	Planned
Impoundment	> 31/10/12
Water Delivery	> 31/03/13

## PROJECT COST & FUNDING

### Project Costs

The project is estimated to cost R1.67 billion including escalation and contingency.

### Funding

- i. Bridging Finance - A R200 million bridging facility with Nedbank is currently being utilized to fund "upfront costs"
- ii. Long Term Funding - The European Investment Bank (EIB), Agence Francaise de Development (AFD) and the German Development Bank (KfW) project will commit long-term credit facilities for a total of €195 million (Approx. R 1.85 billion).
- iii. Revolving Credit Facility- TCTA is negotiating a R250 million Revolving Credit Facility with the Development Bank of South Africa (DBSA).

Signing of agreements between TCTA and the Funder is part of the Sod Turning Ceremony.

## KEY PROJECT STAKEHOLDERS

- |                      |                              |
|----------------------|------------------------------|
| <b>DWA</b>           | > Principal                  |
| <b>TCTA</b>          | > Implementing Agent         |
| <b>Umgeni Water</b>  | > Project Partner            |
| <b>Beneficiaries</b> | > eThekweni Municipality     |
|                      | > uMgungundlovu Municipality |
|                      | > Msunduzi Municipality      |
|                      | > Ugo Municipality           |
|                      | > Sisonke Municipality       |
|                      | > Ilembe Municipality        |

## SOCIO-ECONOMIC DEVELOPMENT

In order to give effect to the Government Transformation Agenda and to maximise the socio-economic benefits from the project, TCTA has set contractual minimum targets in the following categories:

- > Employment;
- > Preferential Procurement;
- > Enterprise Development; and
- > Skills Development.

## SOCIO- ECONOMIC TARGETS

CATEGORY	DESCRIPTION	MINIMUM TARGET
Employment	<p>The number of person-hours employed from the following designated groups expressed as a percentage of the total staff and workforce person-hours employed on the Contract.</p> <ul style="list-style-type: none"> <li>&gt; Unskilled labour from Mpofana and uMngeni Municipal areas)</li> <li>&gt; Semi-skilled labour (Black People)</li> <li>&gt; Semi-skilled labour from KZN (excluding Mpofana and uMngeni Municipal areas)</li> </ul>	<p>100%</p> <p>80%</p> <p>15%</p>
Preferential Procurement	<p>The total value of goods and services preferentially procured from sources external to the Joint Venture members.</p> <p>Preferential Procurement in the following categories expressed as a percentage of the Contract Amount (excluding VAT)</p> <ul style="list-style-type: none"> <li>&gt; 50% Black Owned Enterprise</li> <li>&gt; 50% Black Owned Enterprise (KZN)</li> <li>&gt; 30 % Black Women Owned Enterprise</li> <li>&gt; 30 % Black Women Owned Enterprise (KZN)</li> </ul>	<p>20%</p> <p>15.0%</p> <p>5.0%</p> <p>2.5%</p> <p>0.6%</p>
Enterprise Development	<p>Total expenditure on expressed as a percentage of the Contract Amount:</p> <ul style="list-style-type: none"> <li>&gt; All Enterprise Development Beneficiaries</li> <li>&gt; Enterprise Development Beneficiaries from KZN</li> </ul> <p>Turnover of one of the Enterprise Development Beneficiaries by the end of the Contract.</p>	<p>12%</p> <p>6%</p> <p>Doubled</p>
Skills Development	<p>Total expenditure on training of unskilled personnel recruited from the Mpofana and uMngeni Municipal areas, and semi-skilled personnel recruited from the KZN region (expressed as percentage of the Contract Amount).</p>	<p>0.25%</p>

## WATER TRANSFER SYSTEM

There was an appeal against construction of the pipeline and this appeal was upheld by the Minister of Justice and Constitutional Development on 28 September 2010. The Water Transfer system (pump station and pipeline) under the MMTS-2 has therefore been postponed and a new environmental process with public participation must be undertaken.

