

# AU-AIP AFRICA WATER INVESTMENT SUMMIT 2025

13 - 15 August 2025  
Cape Town, South Africa



## AU AIP WATER INVESTMENT SUMMIT: PROJECT SHOWCASE

PROGRAMME/ PROJECT OVERVIEW	
Project name	Greater Mangaung Water Augmentation Project – Xhariep Pipeline
Location (Country, Region, Coordinates)	Orange River WMA From Gariep Dam to a Command Reservoir near Mangaung Metro Municipality (MMM)
Involved countries (if regional)	Republic of South Africa, Free State
Sub-Sector (Water Supply, Sanitation, Irrigation, Flood Management..)	Bulk Water Supply Service
Project description (Goals and expected outcomes)	The project is to ensure the restoration of long-term water security for the Mangaung Metropolitan Municipality and the surrounding towns. The pipeline infrastructure is designed to convey a maximum flow of 101 million cubic metres of treated water annually from the Gariep Dam to Bloemfontein, Botshabelo, Thaba Nchu, and the small towns along the pipeline route. This capacity is sufficient to meet the projected water requirements of the area up to the year 2050.
Technological details/ innovation	To ensure the restoration of long-term water security for the Mangaung Metropolitan Municipality and the surrounding towns.
Governance improvements / innovation	DWS would provide leadership and oversight on the implementation of the project, with active participation of key role players.
IMPLEMENTATION & KEY PLAYERS	
Lead institution	DWS : Branch: Water and Sanitation Services Management
Implementing agent(s)	Vaal Central Water Board (VCWB)
Sponsors / Investors / Contractors / Advisors	National Treasury
PROJECT TIMELINE & DEVELOPMENT STAGE	
Year of preparation, estimated start & end dates	2026
Current development stage	Once IA is appointed Detail Design can commence.
PROJECT RATIONALE & STRATEGIC IMPORTANCE	
Alignment with national/regional plans, SDGs, Agenda 2063	Aligned to <b>SDG Target 6.1</b> ; by 2030 achieve universal and equitable access to safe & affordable drinking water for all.
Contribution to NDC's and alignment with NAPs / Adaptation and Mitigation measures	SA(INDC 2021); enhance water security; effectively.
FINANCIAL & INVESTMENT DETAILS	
Total project cost, currency	The estimated cost of the whole project is R38.959 billion. (Feb 2025 Rand value)
Funding already raised (amount & sources)	No
Proposed revenue model	It is possible to state that the proposed option is economically viable and that the socioeconomic impacts of the available water will not only maintain but also add positively to the socioeconomic circumstances of Bloemfontein. It will also contribute to improve the security of supply of water for the rest of the Greater Bloemfontein WSS. However, the affordability analysis shows that the total capital and interest repayment over a 30-year period is not affordable for the paying households as well as the business and industrial sectors. Specifically, the current paying households will not be able to afford the projected additional tariff increase of nearly R28 per cubic meter. A number of other funding options were investigated which shows that, without a large government grant, the project will not be financially

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	affordable. The option of a 75% capital grant and a loan for the balance of the capital costs at a low interest rate is probably the first of the different options that will render the project to be affordable for the households.
Financial metrics (IRR, Payback Period, DSCR, NPV) available? Y/N, date	Done, Feb 2025.
Economic performance (Benefit-Cost Ratio) Y/N, date	Y (Feb 2025).
<b>INVESTMENT ASK &amp; WAY FORWARD</b>	
Remaining investment required: project component & type (Loan/Equity/Grant/Guarantee/insurance)	Negotiable
Opportunity for bundling with other projects (Y/N, date)	N
Next steps	Detail Design, Project Funding, Institutional arrangements
<b>TARGET GROUPS &amp; SOCIAL IMPACT</b>	
<u>Direct beneficiary</u> population per project component (if available, please provide estimated by income status, gender, ethnicity and/or other status, and numbers of each)	<p>Mangaung is one of the eight metros in South Africa. There are currently 830,724 people living in Mangaung, comprising of 234,897 households, giving an average household size of 3.54 people per household. The Metro's Gini Coefficient, which is an index for the degree of inequality in the distribution between income/wealth where higher values indicate higher inequality, is 0.62, making this municipality the most unequal, ascribed to the large rural area it serves. This is also reflected in the fact that some 63% of all households are regarded as indigent, largely due to high levels of poverty and unemployment in Thaba Nchu and Botshabelo. The unemployment rate in Mangaung is 25.3%, which is lower than the provincial and national average.</p> <p>The estimated population growth rate of 1.6% per annum is significantly higher than that of the Free State Province. About 66% of all households reside in the Mangaung/Bloemfontein area; 29% in the Botshabelo/Thaba Nchu area, 3% in the other small towns and 2% in the farm areas. MMM includes 47 informal settlements which are home to an estimated 30,329 households. MMM has adopted a municipal wide approach to the upgrading of the informal settlements wherein all the settlements have access to municipal utility services and electricity. The roll-out of basic services is underway</p>
Job creation estimate / local economic benefit assessment (Y/N, date)	Done, Feb 2025.
<b>SUSTAINABILITY &amp; ENVIRONMENTAL ANALYSIS</b>	
Environmental compliance & climate assessment (Y/N, date)	Done, Nov 2024.
Environmental impact assessment (Y/N, date)	Done. The Environmental Authorisation granted in August 2024.
<b>RISK MANAGEMENT</b>	
Main risks & mitigation measures (Political, Legal, etc)	Financial Capabilities of Water Board to loan money.
<b>CONTACT INFORMATION</b>	
AIP Secretariat	<a href="mailto:info@aipwater.org">info@aipwater.org</a>