

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	Lesotho-Botswana Water Project (L-BWT)
Location (Country, Region, Coordinates)	Southern Africa, Botswana, Lesotho and South Africa
Involved countries (if regional)	Botswana, Lesotho, South Africa
Sub-Sector (Water Supply, Sanitation, Irrigation, Flood Management..)	Water Supply, Irrigation, Hydropower
Project description (Goals and expected outcomes)	Climate-resilient water supply to Botswana, Lesotho and South Africa via a 700km conveyance system from a dam on the Makhale River, in Lesotho. Expected outcomes include increased water availability, hydropower generation (45MW), food security, and job creation
Technological details/ innovation	140m high concrete arch dam, 700km piped water system, high lift and booster pump stations, hydropower plants (40MW + 5MW).
Governance improvements / innovation	Joint Study Management Committee (JSMC), Project Management Office (PMO) under ORASECOM Secretariat ensures coordinated transboundary governance.
IMPLEMENTATION & KEY PLAYERS	
Lead institution	ORASECOM Secretariat
Implementing agent(s)	Project Management Office (PMO) under ORASECOM
Sponsors / Investors / Contractors / Advisors	Sponsors: Botswana, Lesotho, South Africa. Grants: World Bank, AWF, NEPAD-IPPF, Advisors pending FLIS outcomes, AUDA-NEPAD Panel of Experts
PROJECT TIMELINE & DEVELOPMENT STAGE	
Year of preparation, estimated start & end dates	Preparation began in 2015; expected feasibility December 2026 or early 2027
Current development stage	S2B – Feasibility Stage
PROJECT RATIONALE & STRATEGIC IMPORTANCE	
Alignment with national/regional plans, SDGs, Agenda 2063	Aligned with SADC Protocols, SADC Regional Infrastructure Development Master Plan, SDGs, Agenda 2063. Received AUDA-NEPAD Service Delivery Mechanism PIDA Quality Label (PQL3).
Contribution to NDC's and alignment with NAPs / Adaptation and Mitigation measures	ORASECOM Climate Resilient Investment Plan, Addresses climate-induced droughts, enhances resilience in Southern Africa's water and agriculture sectors, Recipient of National Determined Contribution Invest Award for Best Water NDC Investment Initiative of the year 2022
Paradigm shift potential (scalability, replicability, policy or behaviour change)	High – Demonstrates cooperation across borders, model for other basins, scalable hydropower and irrigation model.
FINANCIAL & INVESTMENT DETAILS	
Total project cost, currency	2.53 Billion EUR (CapEx estimate at prefeasibility stage)
Funding already raised (amount & sources)	8.94 million USD from World Bank, Africa Water Facility (AWF), NEPAD-IPPF and State contributions
Proposed revenue model	Bulk water sales; direct government borrowing offers lowest water cost. To be refined via FLIS.

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Financial metrics (IRR, Payback Period, DSCR, NPV) available? Y/N, date	N, pending Financial, Legal and Institutional Structuring (FLIS)
Economic performance (Benefit-Cost Ratio) Y/N, date	N, pending FLIS
INVESTMENT ASK & WAY FORWARD	
Remaining investment required: project component & type (Loan/Equity/Grant/Guarantee/insurance)	4,93million USD for remaining feasibility studies (mainly Grant); The state parties additionally have contributed around 1.1million USD for project management and the studies and financing gap is approximately 2.2 million USD.
Opportunity for bundling with other projects (Y/N, date)	Y, 2026 – Opportunity to link with other SADC water/energy corridor initiatives
Next steps	Complete feasibility studies (ESIA, pipeline, FLIS, etc.) by 2026 or early 2027, identify implementation agent, financial close by 2028
TARGET GROUPS & SOCIAL IMPACT	
Direct beneficiary population per project component	Urban and rural populations in Botswana, Lesotho and South Africa; including water users, farmers and energy consumers
Social & gender impact assessment (Y/N, date)	N, pending ESIA
Job creation estimate / local economic benefit assessment (Y/N, date)	N, pending ESIA
SUSTAINABILITY & ENVIRONMENTAL ANALYSIS	
Environmental compliance & climate assessment (Y/N, date)	N, pending ESIA (planned by Dec 2026)
Environmental impact assessment (Y/N, date)	N, planned by Dec 2026
ESG performance (Y/N, date)	N, pending ESIA
Safeguards & community engagement (Y/N, date)	N, pending ESIA The current financing Agreement between the African Development Bank (AfDB) requires the development of ESIA according to the Bank's Safeguards Policies, the Involuntary Resettlement Policy and the Environmental and Social Assessment Procedures (ESAP)
RISK MANAGEMENT	
Main risks & mitigation measures (Political, Legal, etc)	Stakeholders alignment, affordability Size of project, market sounding, offtakers, complexity of project, value for money, geopolitics, decision making, harmonisation of legal frameworks
Constraints or bottlenecks to finance	Need for 2.2M USD for feasibility; slow mobilization of donor funding
CONTACT INFORMATION	
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