

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	Lower Songwe Dam, Hydropower Plant and Transmission Lines Project
Location (Country, Region, Coordinates)	The project is located in the SADC region, spanning Malawi and Tanzania, with the main dam axis centered at coordinates E559,270 / N8,938,430 (WGS84 Datum).
Involved countries (if regional)	Republic of Malawi and United Republic of Tanzania
Sub-Sector (Water Supply, Sanitation, Irrigation, Flood Management.)	Water Supply, Sanitation, Irrigation, Ecosystem Management, Flood Management and Energy)
Project description (Goals and expected outcomes)	Generate 180.2 MW of clean energy through a PPP model, delivering 686 million kWh annually while improving energy access, irrigation, water supply, flood control, job creation, gender inclusion, and regional governance under SONGWECOM.
Technological details/ innovation	118 m RCC dam, 180.2 MW hydropower plant, and 86 km of transmission lines, integrating electrification, irrigation, flood control and water supply to promote regional integration and sustainable development.
Governance improvements / innovation	The project will be governed by SONGWECOM structures and implemented through a PPP-BOT Special Purpose Vehicle, supported by digital monitoring and stakeholder engagement for transparency and accountability.
IMPLEMENTATION & KEY PLAYERS	
Lead institution	Joint Songwe River Basin Commission (SONGWECOM)
Implementing agent(s)	SONGWECOM, the Governments of the United Republic of Tanzania and the Republic of Malawi and private sector.
Sponsors / Investors / Contractors / Advisors	Investment is sought through a PPP/BOT structure supported by concessional loans. A Transaction Advisor will guide procurement and structuring.
PROJECT TIMELINE & DEVELOPMENT STAGE	
Year of preparation, estimated start & end dates	Prepared 2015 and construction to run for a duration of 60months (2026-2031)
Current development stage	Project Structuring and Finance Mobilization Stage
PROJECT RATIONALE & STRATEGIC IMPORTANCE	
Alignment with national/regional plans, SDGs, Agenda 2063	The project supports SDGs 2, 6, 7, 13, and 17 and aligns with Agenda 2063. It also advances Tanzania's and Malawi's energy, water, and climate adaptation strategies by promoting integrated basin planning, inclusivity and resilience.
Contribution to NDC's and alignment with NAPs / Adaptation and Mitigation measures	The project aligns with Tanzania's NDC (2021), Climate Change Strategies (2012, 2021–2026), and EMA Cap 191, and with Malawi's NDC (2021), Climate Change Policy (2016), and Environment Outlook Report (2010), supporting both countries'

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	commitments to climate resilience, emissions reduction, and sustainable environmental and socio-economic development.
Paradigm shift potential (scalability, replicability, policy or behaviour change)	The project presents a scalable, replicable model of climate-resilient, transboundary infrastructure under a PPP-BOT model. It institutionalizes cross-border cooperation and climate integration while mainstreaming gender, policy reform, and behavioral change.
FINANCIAL & INVESTMENT DETAILS	
Total project cost, currency	USD 851,100,000: Dam Construction USD 446.3 million Hydropower Plant USD 240.5 million Transmission Lines USD 90 million Admin and Others USD 74.3 million
Funding already raised (amount & sources)	Not yet
Proposed revenue model	PPAs with TANESCO and ESCOM; income from irrigation fees and estimated 198,597 tCO ₂ e/year in carbon credits.
Financial metrics (IRR, Payback Period, DSCR, NPV) available? Y/N, date	Y (2015): Economic Internal Rate of Return (EIRR): 11.28%; Payback Period: 35 years, DSCR: 1.6x, NPV: USD 78.77 million
Economic performance (Benefit-Cost Ratio) Y/N, date	Y (2015): Economic Benefit Cost Ration (EBCR): 1.13 (discount rate 10%)
INVESTMENT ASK & WAY FORWARD	
Remaining investment required: project component & type (Loan/Equity/Grant/Guarantee/insurance)	1. Technical/ESIA Update: USD 2.5 million (grant) 2. Transaction Advisory: 1.5%–3.5% of project cost (grant) 3. Project Financing: Soft loan/PPP
Opportunity for bundling with other projects (Y/N, date)	Y. The project allows bundling with mini-grids, agro-processing, water services, watershed management, reforestation, carbon finance, and social benefit-sharing schemes.
Next steps	1. Recruitment of a Transaction Advisor 2. Updating the Studies 3. Engage an investor 4. Construction of the dam, hydropower plant and transmission lines
TARGET GROUPS & SOCIAL IMPACT	
Direct beneficiary population per project component (if available, please provide estimated by	The project will directly benefit over 2.1 million people in Tanzania and Malawi through improved irrigation for 5,500 households, reliable water supply for 460,000 residents, and

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income status, gender, ethnicity and/or other status, and numbers of each)	enhanced flood protection for 82,000 people and 15,000 hectares of land.
Social & gender impact assessment (Y/N, date)	Y (2015) The project includes a Gender Mainstreaming Strategy (2022–2027) and ensures inclusive benefit-sharing. Risks of displacement are addressed with participatory resettlement and compensation strategies.
Job creation estimate / local economic benefit assessment (Y/N, date)	Y (2015) The project will generate 5,560 person-years of employment during construction, 3,000 person-years during operations, and 5,244 full-time agricultural jobs annually.
SUSTAINABILITY & ENVIRONMENTAL ANALYSIS	
Environmental compliance & climate assessment (Y/N, date)	Y (2015) The project complies with Tanzanian, Malawian, and international environmental laws. It contributes to climate mitigation via clean energy generation and adaptation through flood control and watershed management.
Environmental impact assessment (Y/N, date)	Y (2015) Key risks include habitat disruption, water quality degradation, and erosion. A full ESMP has been proposed with afforestation, pollution control and drainage measures.
ESG performance (Y/N, date)	Y (2015) Strong ESG integration through gender, social safeguards, and SONGWECOM's governance framework. Periodic reviews and audits will ensure compliance with standards.
Safeguards & community engagement (Y/N, date)	Y (2015) Extensive consultations conducted; grievance redress mechanisms and compensation in place. Emphasis is placed on transparency, cultural sensitivity, and local ownership.
RISK MANAGEMENT	
Main risks & mitigation measures (Political, Legal, etc)	Operational and displacement risks mitigated by safeguards from ESIA and SESA, including impact minimization, compensation, and environmental management.
Constraints or bottlenecks to finance	None identified; both countries provide a stable political and economic environment.
CONTACT INFORMATION	
AIP Secretariat	info@aipwater.org