



III LUANDA FINANCING SUMMIT FOR AFRICA'S INFRASTRUCTURE DEVELOPMENT

Project Investment Prospectus – Trans-Kalahari Railway

Project Summary

Project Name	Trans-Kalahari Railway (TKR)
Location	Botswana and Namibia
Sector	Transport
Sub-Sector	Railway
Development Stage	S2B
Project Sponsor	Government of Botswana, represented by the Ministry of Transport and Public Works Government of Namibia, represented by the Ministry of Works and Transport, under the coordination of Trans-Kalahari Railway–Project Management Office (TKR-PMO)
Project Cost	Two options are under study: The total CapEx for SGR is USD 11.2 Bn and for Cape Gauge the total CapEx is USD 11.9 Bn
Funding Requirement	For SGR option: <ul style="list-style-type: none"> Commercial financing would represent 83% of the CapEx (USD 9.3 Bn) Non- commercial financing: 17% of the CapEx (USD 1.9 Bn) For Cape Gauge option: <ul style="list-style-type: none"> Commercial financing would account for 61% of the CapEx (USD 7.2 Bn) Non-commercial financing: 39% of the CapEx (USD 4.7 Bn)
Project Preparation total cost	Not identified
Project Preparation funding gap	None identified at this stage
Financing Structure	Commercial financing: PPP structure Debt/Equity of 70%, with expected Required Return on Equity of 20% of debt of 8%
Development Timeline	Feasibility study phase: 2025 - 2026, PPP structuring : 2026 – 2027, PPP procurement 2027 – 2028, 100% non-commercial financing secured by the beginning of 2028, PPP commercial closure mid-2028

Project Description	<p>The Trans-Kalahari Railway (TKR), spanning 1,617 km from Walvis Bay- Windhoek- Gaborone (Links L35 and L36), represents the core segment of the broader Walvis Bay–Johannesburg transport corridor. This railway will provide Botswana with a direct and efficient export route to the Atlantic Ocean, reducing dependence on South African and Mozambican ports. With capacity of 75 Mtpa.</p> <p>The Goals:</p> <ul style="list-style-type: none"> • Develop a reliable, cost-effective, efficient, environment-friendly railway transport system, reducing transport costs shifting bulk freight from road to rail • Stimulate economic growth, especially considering mining activity in Botswana and Namibia by enhancing logistics and access to export ports. (Reduce transport costs and time and Increase transport safety and reliability) • Lower CO₂ emissions, supporting the Paris Agreement and NDC commitments of both countries • Deepen trade integration under AfCFTA by improving access to ports and markets. Strengthen the region's integration into continental and global supply chains • Create a direct and efficient export route to the Atlantic Ocean reducing dependence on South African and Mozambican ports <p>Expected Outcomes:</p> <ul style="list-style-type: none"> • The project unlocks opportunities in logistics, transport and energy sectors. • Large-scale infrastructure development to create employment during construction and long-term operations • Eases the movement of goods across borders
Strategic Importance	<ul style="list-style-type: none"> • Provide Botswana with a direct and efficient export route to the Atlantic Ocean, reducing dependence on South African and Mozambican ports. • Enhance Namibia's role as a regional logistics hub, unlock new trade opportunities across Southern Africa, and strengthen the region's integration into continental and global supply chains. • Trans-Kalahari Railway is a multi-sectoral developmental corridor, aimed at stimulating economic growth in both Namibia and Botswana. • In addition to coal, the railway will transport copper, iron ore, manganese, lithium, soda ash, cement, fuel, grain, and containers, ensuring long-term sustainability and resilience against shifting market demands.
Market Demand	<p>The expected traffic by 2040 is ~15 Mtpa in exports (Coal, iron ore, copper) and ~2 Mtpa in imports (Cement, containers and fuel)</p>
Financial Overview	
Total Project Cost	<p>The total CapEx for SGR is USD 11.2 Bn and for Cape Gauge the total CapEx is USD 11.9 Bn</p>

Capital Structure	<ul style="list-style-type: none"> Commercial financing: Debt/ Equity of 70% Non-commercial financing from development Banks, export credit agencies, take off-agreements with mining companies and taxes.
Financial Metrics	IRR: SGR: 9.7%; Cape Gauge: 6.2% Expected Equity Return: 20%
Revenue Model	Freight tariffs
Sustainability and Impact consideration	
Social Impact	<p>Employment opportunity during construction and operations</p> <p>Improved transport connectivity between Namibia, Botswana and by extension, SADC</p> <p>Promote inclusive growth by ensuring that the benefits of increased trade and economic activity are felt across the communities along the rail line</p>
Environmental Impact	Shifting freight from road to railway supports climate change mitigation by reducing CO ₂ emissions, providing a more climate-resilient alternative and improving logistics reliability during extreme weather events. This transition aligns with national and regional climate goals by promoting greener transport
SDG and Agenda 2063 Alignment	The project aligns with the following SDG goals: SDG 7: affordable and clean energy, SDG 8: Decent work and economic growth. SDG 9: industry, innovation and infrastructure, SDG 11 Sustainable cities and communities, SDG 13 Climate action and SDG 17 Partnership for the goals
Project Technical details	
Technology & Design	Two options are under study: Standard Gauge (1435 mm) and Cape Gauge (1067 mm)
Capacity/Size	Railway line of 1,617 km
Construction/Preparation Timeline	Construction timeline not defined at this stage
Offtake Agreements	Not identified at this stage
Key Stakeholders	
Sponsors	Government of Botswana, represented by the Ministry of Transport and Public Works Government of Namibia, represented by the Ministry of Works and Transport, under the coordination of Trans-Kalahari Railway–Project Management Office (TKR-PMO)
Investors	Not identified at this stage, but a mix of commercial and non-commercial financing is expected
Contractors & Operators	Not identified at this stage
Legal and Financial Advisors	Not identified at this stage
Way forward	
Investment Ask	<p>Secure non-commercial financing with institutional Financers: USD 1.9 Bn or USD 4.7 Bn depending on the selected Gauge</p> <p>Attract the interest of potential concessioners through a PPP, commercial between USD 7.2 Bn to USD 9.3 Bn, Debt/Equity of 70%, with estimated Required Return on Equity of 20%</p>

Next Steps	Feasibility study phase: 2025 - 2026, PPP structuring: 2026 – 2027, PPP procurement 2027 – 2028, 100% of non-commercial financing secured by the beginning of 2028, PPP commercial closure mid-2028
Contact Information	To be completed by the Project Sponsor

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