CHINA: THERMAL POWER PROJECT GUARANTEES

### THE CHALLENGE

- Increase in electricity demand required around 100,000 MW of new power-generating capacity (by 2000)
- The Yangzhou and Zhejiang Thermal Power Projects involved the construction of large, coal-fired thermal power plans and expansion of related transmission networks.
- At the time, large Government agencies were unable to attract long term, private debt capital – average maturity was 6 years.

### THE SOLUTION

- WB Guarantee covered a portion of the $1.1B (Yangzhou) and $1.6B (Zhejiang) financing against all risks.
- The Guarantee was structured to extend the maturity of commercial loans (to 15 years) and provide China with greater flexibility in accessing global financing markets.
- Yangzhou: Helped the Government raise $120 million equivalent while only using $26 million in WB exposure on a PV basis.
- Zhejiang: Helped the Government raise $150 million equivalent while only using $30 million in WB exposure on a PV basis.
CHINA: THERMAL POWER PLANT GUARANTEE STRUCTURES

Loan Amount: $120-150m

Guarantee PV: $26-30m

Average term for China without WB Guarantee

Additional uncovered risk assumed by Commercial Banks

Total Uncovered Risk assumed by Commercial Banks

years 1-11

years 11-15

IBRD Guaranteed

WB Guarantee