THE CHALLENGE

- Electricity supply has been hindered by limited capacity and fuel shortages in Senegal, and has therefore not kept up with demand growth.
- Senegal is facing major challenges to mobilize private sector financing for development purposes due to a lack of commercial viability of the sector.
- Slow sector reforms, and perception of high risk from SENELEC’s poor creditworthiness.

THE SOLUTION

- WBG support through complementary and efficient use of IDA Guarantees and IFC investments to support the GoS’s agenda of increasing electricity generation and private sector participation in the sector.
- $40 Million IDA Guarantee was put in place as a credit enhancement tool.
- IDA Guarantee in support of an L/C facility provides valuable time to sort out any payment irregularities while still being able to operate and service debt.
IDA GUARANTEE: TAIBA NDIAYE IPP PROJECT

IDA Guarantee will cover the risks of:

i) non-payment by SENELEC of its payment obligations under the PPA; and

ii) non-payment by GoS of its payment obligations under the Government Guarantee; which relates to capacity charges, variable energy charges, fuel and logistics payments, and termination payments.

*Standby Letter of Credit