DASU PROJECT, PAKISTAN

THE CHALLENGE

- Large capital requirements
- Technical complexity, large size, and long construction period require capital provisions in sequences
- Long term foreign currency financing required, while local capital markets are restricted
- Political and contractual risks

THE SOLUTION

- Consider different sources of capital:
  - Export credit/other tied financing (e.g. EPC contractor evaluated also on ability to bring financing)
  - Commercial funds
  - Islamic financing

- Consider public/sovereign financing structure (instead of private) and slicing approach for capital mobilization:
  - Utility (WAPDA) would raise debt on its balance sheet via corporate loan and/or bond covered partially by WB Guarantee.

  Leveraging large amounts of capital borrowing in international markets by leveraging WB IDA resources via WB Guarantees to cover government’s political/contractual risks.
For Commercial Borrowing of SOE in support of Public-Private Partnerships or Public Projects

GoP financial support may include:
- Sovereign guarantee
- Loan to SOE

- Guarantee aims to enhance the credit quality of WAPDA.
- Beneficiaries would be commercial lenders/bond investors
- WB Loan Guarantee can be applied to guarantee debt service payments

*$460m approved in FY2014, additional $460m anticipated in FY2016