THE CHALLENGE

- Botswana power sector is in dire need for investment as Eskom stopped supply to Botswana in 2013.
- Tight lending environment following the financial crisis
- High credit risk made it challenging to attract lenders at terms that matched the length of the project at a sustainable cost

THE SOLUTION

- The IBRD guarantee improved the terms of the commercial bank loan to BPC, by extending maturity from 15 to 20 years
- The longer maturity significantly lowers Botswana Power Company’s (BPC) revenue requirements, benefitting power consumers and the economy
- First commercial borrowing by BPC of this size and enhanced the future market access of the state-owned utility
- Guarantee leveraged IBRD resources substantially
- IBRD’s initial exposure under the guarantee is about $121 million, which represents a leverage of some 7:1 against the commercial debt mobilized of US$825 million
BOTSWANA: LOAN GUARANTEE

World Bank Guarantees $243 m (29% of $825m) principal payments (plus one accrued interest payment) callable on and after year 15+ 1 day

- World Bank Guarantee helped mobilize $825 million commercial loan with 20-year maturity
- World Bank exposure under the is $121m (present value of the Guarantee)
- Only $30m (25% of $120m) to be charged to country exposure limit