

BDC SECURES MIGA BACKING TO DRIVE ECONOMIC DIVERSIFICATION AND CLIMATE RESILIENCE IN BOTSWANA

Washington –The Multilateral Investment Guarantee Agency of the World Bank (MIGA) has issued a guarantee of up to €57 million to Commerzbank Aktiengesellschaft of Germany for its loan to Botswana Development Corporation Limited (BDC). The guarantee for up to 10 years protects the lender against the risk of non-payment by BDC, a state-owned enterprise. Proceeds of the loan will be used to finance key industry sectors, including manufacturing, agribusiness, tourism, and health care, as well as eligible climate finance projects.

The government of Botswana’s long-term goals include attaining high-income country status by 2036 and achieving inclusive development. Its priorities comprise infrastructure development for energy, water, transport, and digital development, as well as developing a value chain of key industry sectors. The long-term plan also envisions a more resilient, green, and diversified growth model by reducing Botswana’s dependence on carbon-intensive sectors, enhancing electricity generation capacity, and strengthening climate resilience.

“The MIGA-guaranteed loan facility will allow BDC to increase access to credit in Botswana, reducing the country’s overall financing gap in the private sector and helping diversify financing to industries other than commodities,” said **Hiroshi Matano, Executive Vice President of MIGA**. *“In addition, BDC will provide medium-to-long-term loans at a cheaper rate in a market where this type of financing is very limited.”*

Despite robust economic growth and sound macroeconomic policies over the past 30 years, Botswana’s economy remains undiversified and is highly susceptible to diamond market dynamics. Diversification from diamond mining and the successful implementation of structural and market-friendly reforms represent the main challenges to sustainable economic growth for the country. To address these challenges, Botswana is prioritizing private sector-led industrialization through state-owned development finance institutions.

“We are very excited to work with MIGA on this important transaction for BDC. The facility will be a cornerstone in supporting Botswana’s path to a sustainable and resilient economy, since long-term financing is a crucial element in developing a diversified private sector. I am honoured to be part of this together with MIGA,” said **Oliver Roth, Head of Global Import Markets of Commerzbank**.

BDC, a government-owned entity under the Ministry of Trade and Industry, is the country’s leading investment institution. It was created to promote, facilitate, and support private sector development of industrial and commercial enterprises. BDC also contributes to the sustainable development and growth of the Botswanan economy by providing both debt and equity funding to commercially viable projects.



Lending operations in Botswana are mostly short-term, and the availability of long-term financing is generally scarce. With the new loan facility, BDC will help fill this financing gap for sectors other than commodities and offer longer terms than currently available. At the same time, BDC will diversify its asset base away from equity investments and toward lending.

Botswana is vulnerable to droughts and floods. The domestic banking sector does not have robust climate finance strategies. Resilience planning is also not widespread among borrowers. To address these issues, BDC has agreed to use the loan facility toward climate mitigation finance and climate adaptation projects for the life of the MIGA guarantee. It will also work with MIGA to design a climate finance action plan that will help BDC develop expertise in climate risk screening, greenhouse gas accounting, and climate finance tracking.

MIGA's collaboration included the strengthening of BDC's expertise in identifying climate finance opportunities and managing potential climate change risks in its investments, which resulted in a wider scope of projects in BDC's pipeline to be identified and accounted for as climate projects. MIGA also presented the importance of climate risk management to BDC's senior management, which agreed to develop internal procedures for climate risk screening and climate adaptation financing.

"By working closely with MIGA, we aim not only to diversify our asset base away from equity investments but also to contribute significantly to achieving Botswana's long-term goals outlined in Vision 2036. The infusion of long-term financing, especially in areas where it is currently limited, aligns with our commitment to supporting private sector-led industrialization and fostering sustainable economic growth. We look forward to addressing funding gaps, promote economic diversification, and advance climate mitigation and adaptation projects for the benefit of our nation's resilience and prosperity," said **Cross Kgosiidiile, BDC Managing Director. – Ends –**

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NOTES TO THE EDITOR

ABOUT BDC

Botswana Development Corporation Limited, or 'BDC,' is the country's main agency for commercial and industrial development. Established in 1970, under the Companies Act, BDC is a company Limited by shares and fully owned by the Government of Botswana. BDC is mandated to provide, facilitate and support funding of commercially viable enterprises that contribute towards building a sustainable and diversified Botswana economy; stimulate the growth of the private sector; to invest in the region and internationally; whilst generating wealth for the Shareholder.

The Corporation invests in commercially viable projects across all sectors of the economy except large-scale diamond mining. These include Energy, Manufacturing, Industry, Property, Services, Tourism, Innovation and Technology as well as Agriculture locally.

Throughout, BDC intends to promote best practices in business, governance and environmental standards in the funds or companies they choose to invest in. BDC conducts its business on a commercial basis and exercises special care and regard to economic and commercial merits.