

**IFC's experience in the financing  
of infrastructure projects  
for the Oil and Gas sector**

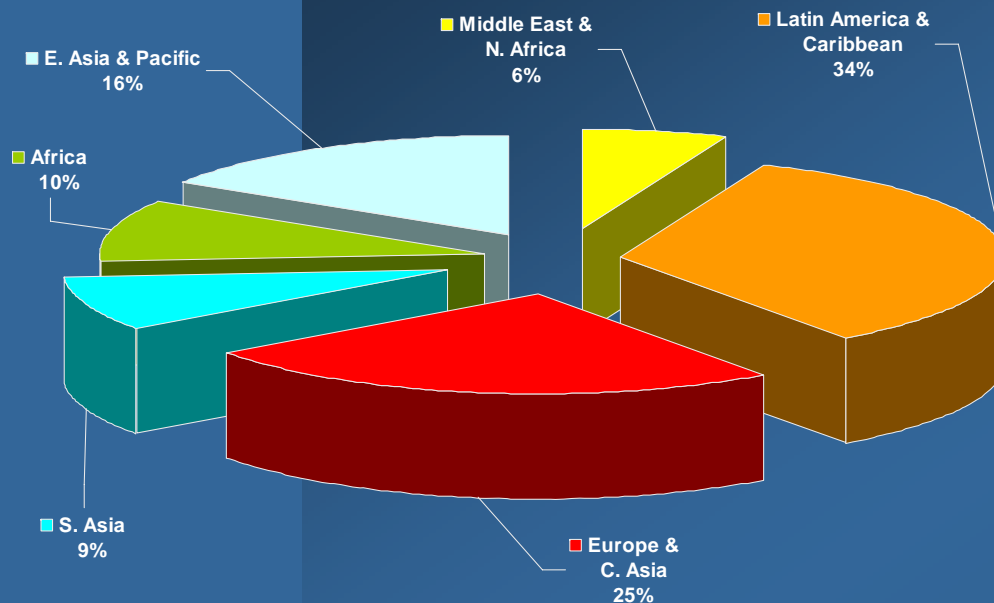
**September 13, 2007**

# Agenda

- ❖ Who is IFC?
- ❖ IFC's experience and key risks involved
- ❖ Case Study: the BTC pipeline

# IFC: The Largest source of loan and equity financing for the private sector in emerging economies

## 178 Member Countries



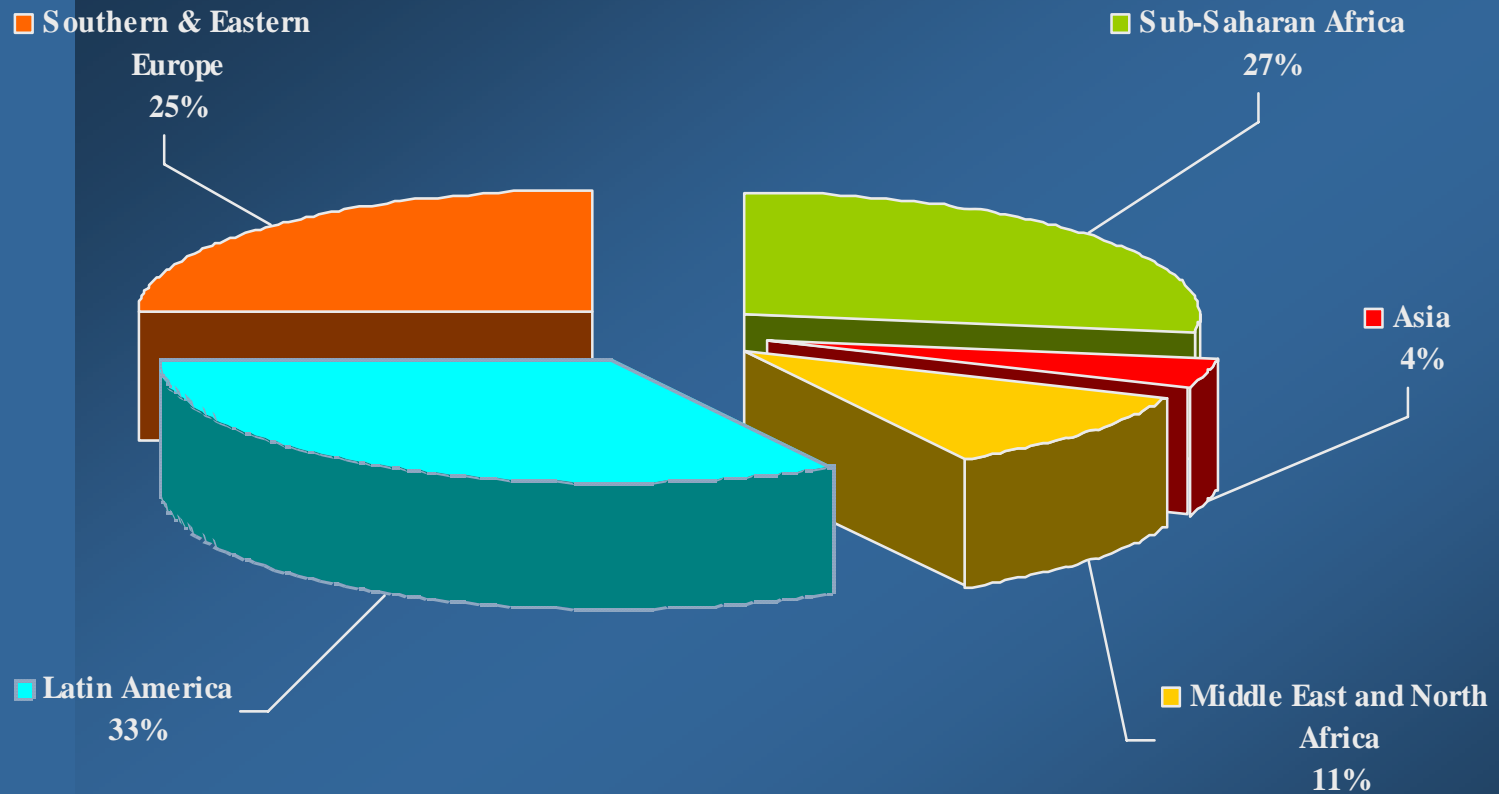
- ❖ AAA rating
- ❖ Over 80% of funds borrowed in international markets
- ❖ Invests about US\$6.5 bn every year for own account
- ❖ Mobilizes additional US\$1.0bn p.a. in syndicated finance
- ❖ US\$26bn committed portfolio



Since 1956, approximately US\$73 bn invested in  
3,319 private sector companies in 140 developing countries  
Today, IFC holds equity in about 800 companies

# Oil and Gas Portfolio

## US\$2.0 Billion



\*6 UJVs

\*Equity

\*Mezzanine

\*Debt

# What projects do we finance and what products do we offer?

## ACTIVITIES

- ❖ Exploration
- ❖ Appraisal & Development
- ❖ Oil & Gas Pipelines
- ❖ City Gas Distribution / CNG
- ❖ Oilfield services
- ❖ LNG
- ❖ LPG
- ❖ FPSOs
- ❖ Acquisition Financing
- ❖ Rehabilitation
- ❖ Debt Refinancing

## PRODUCTS

- ❖ Senior Debt
  - *Corporate Loan*
    - *Reserve Based Lending*
    - *Straight Corporate Loans*
    - *Partial Credit Guarantees for Bonds*
  - *Project Finance*
    - *Greenfield*
    - *Brownfield*
- ❖ Mezzanine Financing
  - *Convertibles*
  - *Income-Participating Debt*
- ❖ Equity
  - *Corporate*
  - *UJVs*

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# IFC / World Bank Global Pipeline Franchise

## ❖ Southern Europe & Central Asia

- BTC
- Caspian Pipeline Consortium
- Nabucco

## ❖ Latin America

- Bolivia / Brazil
- Transierra
- Oleoducto de Colombia
- Promigas

## ❖ Africa

- Chad – Cameroon
- Mozambique – South Africa
- West Africa Gas Pipeline



# Key Challenges in Cross-Border Pipelines

- ❖ Solid sponsors
- ❖ Credit-worthy oftakers
- ❖ Reputable shippers
- ❖ Technical expertise
- ❖ Commercial viability
- ❖ Long-term flexible financing arrangements
- ❖ Government interaction / Sovereign risk mitigation
- ❖ Environmental and social issues
- ❖ Managing interface with diverse elements across civil society

# IFC experience in Gas financing

Year	Country	Company
<b>Gas transmission (in country)</b>		
1976-96	Colombia	Promigas
1996	Argentina	TGN
2005	Colombia	Promigas
2007	India	GSPL
<b>City Gas Distribution /CNG</b>		
2003	China	Xinao Gas
2004	Romania	Distrigaz Sud
2004	Turkey	Palmet
2005	Brazil	Comgas
<b>LNG Regasification</b>		
2007	India	Petronet

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# Baku-Tblisi-Ceyhan Pipeline Project Overview

## *BTC Pipeline*

- ❖ 1,750 km Baku Tblisi Ceyhan cross-border pipeline
- ❖ Extends from Azeri-Chirag-Gunashli deepwater field through Azerbaijan and Georgia to Ceyhan in Turkey
- ❖ Enables delivery of ACG oil to Mediterranean while avoiding environmentally sensitive Turkish Straits
- ❖ Project cost is approximately US\$4.2 billion
- ❖ IFC provided \$250 million and led the financing for other lenders, including multilaterals, ECAs, commercial banks and political risk insurers

## *Upstream Component*

- ❖ Azerbaijan / Georgia – Early Oil Project
  - US\$2 bn project for Amoco, Unocal, Exxon, Turkish Petroleum and Lukoil
- ❖ Azeri Chirag Gunashli Project
  - ACG field complex is being developed in phases by a consortium of 11 local and international oil companies
  - IFC and EBRD worked jointly to deliver financing package for ACG field development
  - IFC provided \$30 million and helped mobilize \$30 million in additional debt

# Baku-Tblisi-Ceyhan Pipeline

## Critical Issues & IFC Role

### Key Political & Commercial Risk

- ❖ Development of oil fields in a landlocked region, in a contested offshore area of the Caspian
- ❖ Transport of produced oil across several borders
- ❖ Ongoing regional conflicts
- ❖ Limited regional track record of private investment
- ❖ Still-evolving local regimes

### IFC Role

- ❖ Mitigate political risk
- ❖ Provide and mobilize long-term financing
- ❖ Due diligence on financial, technical, environmental and social structuring of project
- ❖ Develop framework and oversight mechanism for the development and operation of projects in an environmentally and socially sustainable manner
- ❖ Design and implement SME linkages and community development programs
- ❖ Establish framework for constructive engagement with local and international NGOs
- ❖ Promotion of transparent and effective governance



# Why work with IFC?

- ❖ World leader in pipeline finance
- ❖ Thorough understanding of upstream industry
- ❖ Flexible longer term financing solutions
- ❖ Political risk mitigation
- ❖ In-house environmental, social and technical expertise
- ❖ Linkages
- ❖ Long-term partner
- ❖ Honest broker
- ❖ Stamp of approval
- ❖ Resource mobilization

# Main Contact Information

- ❖ Gas distribution - Gas transmission / CNG - LNG regasification  
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