



**FEDERAL MINISTRY OF ENERGY**

Office of the Honourable Minister of State for Energy (Gas)



**NIGERIAN NATIONAL PETROLEUM CORPORATION**  
(NNPC)

# The Nigerian Gas Master Plan Investors Road Show 2008



**Abuja** 15th May

**London** 19th May

**Singapore** 23rd May

# Nigeria

## *Potential World Bank Support for Mobilizing Financing for the Gas Sector*

May 2008



The World Bank  
[www.worldbank.org/guarantees](http://www.worldbank.org/guarantees)

# Current Sector Situation

- Government moving towards a market-based gas policy:
  - Gas Policy announced
  - Gas Master Plan has been developed (for Gas infrastructure)
  - Regulatory Framework (Gas Act) under preparation
  - Specific plans for utilization of gas in domestic market are being developed
- Private Sector Investment is a Government priority
  - Government creating enabling conditions for promoting private sector investments
  - Ongoing discussions with the World Bank Group for private sector risk mitigation for Projects in the Power and Gas sectors
- World Bank Group can consider support for the Gas sector to complement its support to the Power sector



# How can the World Bank Group Assist?

- By providing support for the payment obligations of public sector entities to private sector Gas Producers
- By providing support to private sector providers of Gas Infrastructure

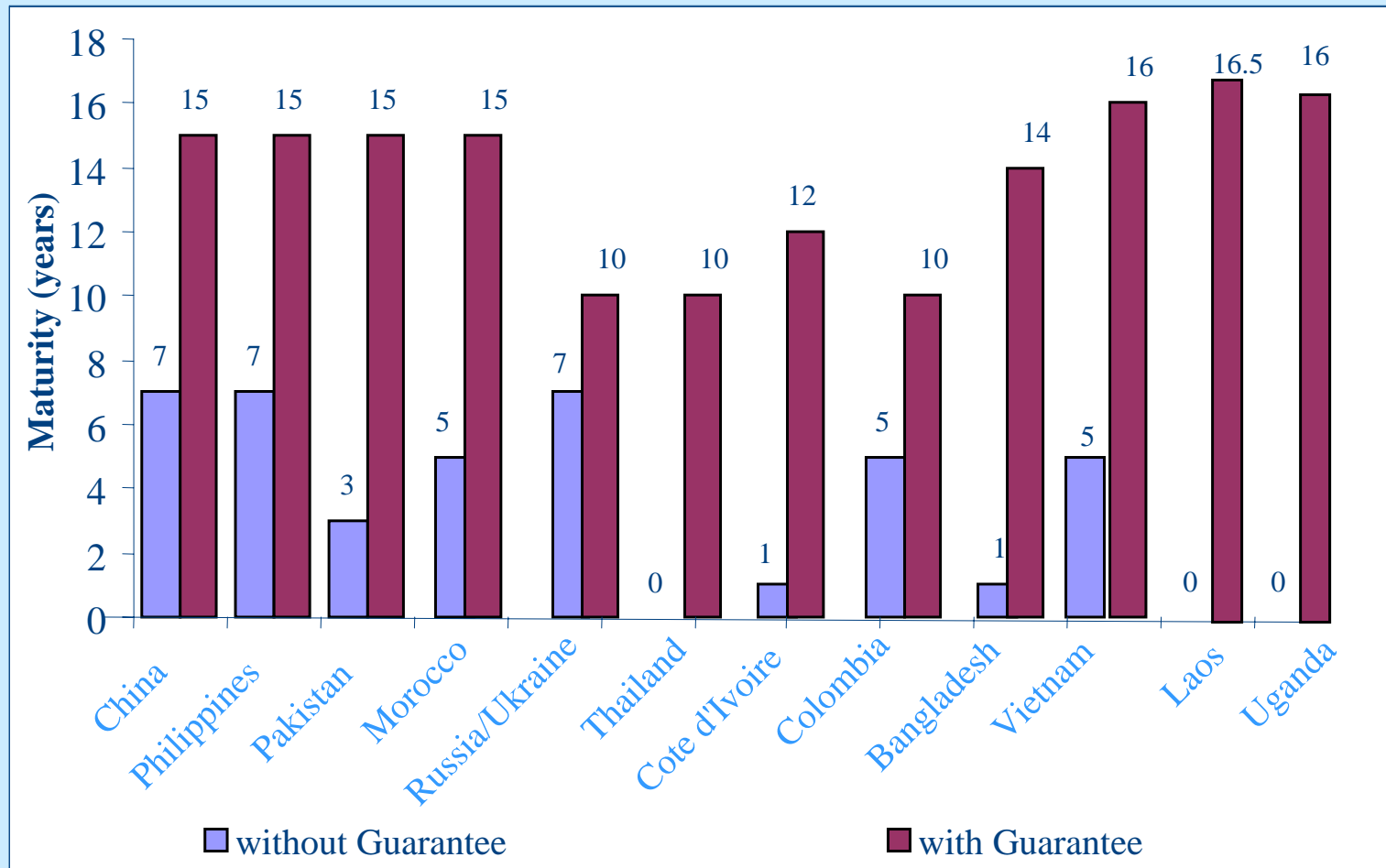


# World Bank Partial Risk Guarantees

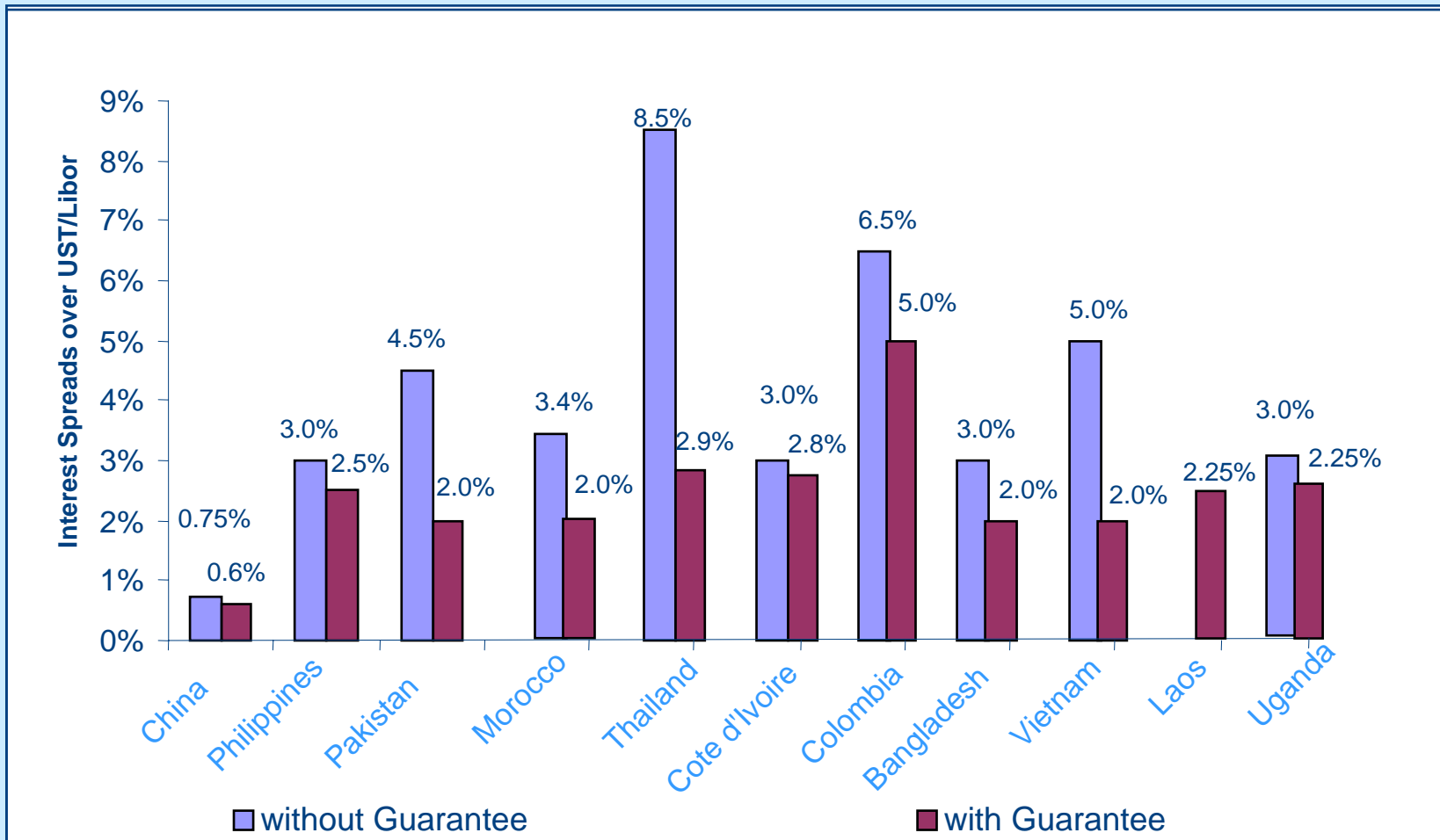
- Rationale: Promote public private partnerships by catalyzing private sector interest through political risk mitigation
- Purpose: Support debt financing in the form of commercial debt or shareholder loans or provide cash flow support
- Guarantee coverage: Critical sovereign or parastatal risks related to Government commitments under the relevant project contractual agreements
- Modality: For Privatizations, Concessions, or other PPP structures



# PRGs help Extend Maturities ...



## ... at the same time Reduce Spreads

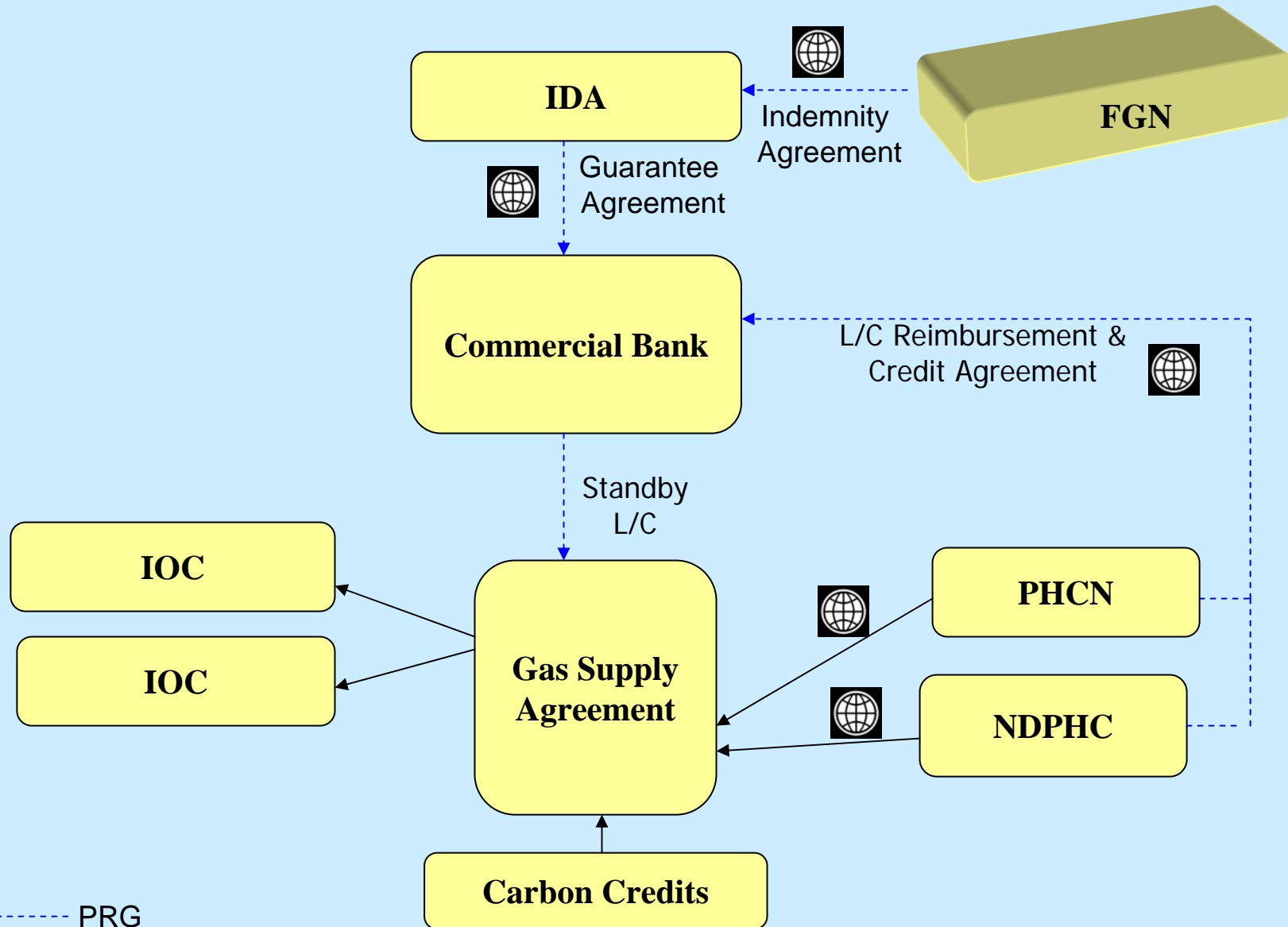


# PRG Coverage

- Structured to provide minimum risk coverage to make the Project bankable
- Would backstop Government/Parastatal contractual obligations in the Project documentation
- Could cover both Periodic and/or Termination payments
- Risk Coverage could include:
  - Breach of Contract
  - Expropriation
  - Changes in Law/decrees/directives/regulations
  - Convertibility & Transferability
  - Political Force Majeure Events



# Potential World Bank PRG Structure in Support of Gas Production/Infrastructure



# PRG Fees

## Types of Fee

## PRG

Guarantee Fee

0.75% per annum on guaranteed amount,  
payable semi-annually in advance

Initiation Fee

0.15% or US \$ 100,000 (whichever is higher)

Processing Fee

Up to 0.50% (for reimbursable expenses)

Payment of Fees

Payable by the Investor



# Preconditions for use of PRG

- Subject to Bank appraisal
  - Sector reform programs acceptable to the Bank and project due diligence
- Counter-Guarantee from the Government



# PRG Benefits to the Private Sector

- Would help to mitigate critical perceived political and sector revenue risks
- Would help to catalyze long term debt financing thereby reducing the risk profile of the investment and overall capital costs
- Would help to diversify country risk for lenders
- Would reinforce investor confidence through World Bank's on-going presence in the sector through the PRG



## For Further Information Please Contact:

***Prasad Tallapragada***  
***Team Leader***  
***Nigeria Energy Program***

The World Bank  
1818 H Street, NW  
Washington, DC 20433 (USA)  
Ph: +1 (202) 458-5600  
Fax: +1 (202) 473-5123  
Email: [ptallapragada@worldbank.org](mailto:ptallapragada@worldbank.org)

***Farida Mazhar***  
***Lead Financial Officer***  
***Finance & Guarantees Group***  
***Finance, Economics & Urban***  
***Department***

The World Bank  
1818 H Street, NW  
Washington, DC 20433 (USA)  
Ph: +1 (202) 473-1235  
Fax: +1 (202) 522-0761  
Email: [fmazhar@worldbank.org](mailto:fmazhar@worldbank.org)

***Rebecca C. Sekse***  
***Senior Financial Analyst***  
***East Asia Transport, Energy &***  
***Mining Sector Unit***

The World Bank  
1818 H Street, NW  
Washington, DC 20433 (USA)  
Ph: +1 (202) 458-0469  
Fax: +1 (202) 522-7432  
Email: [rcandoysekse@worldbank.org](mailto:rcandoysekse@worldbank.org)

