



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

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

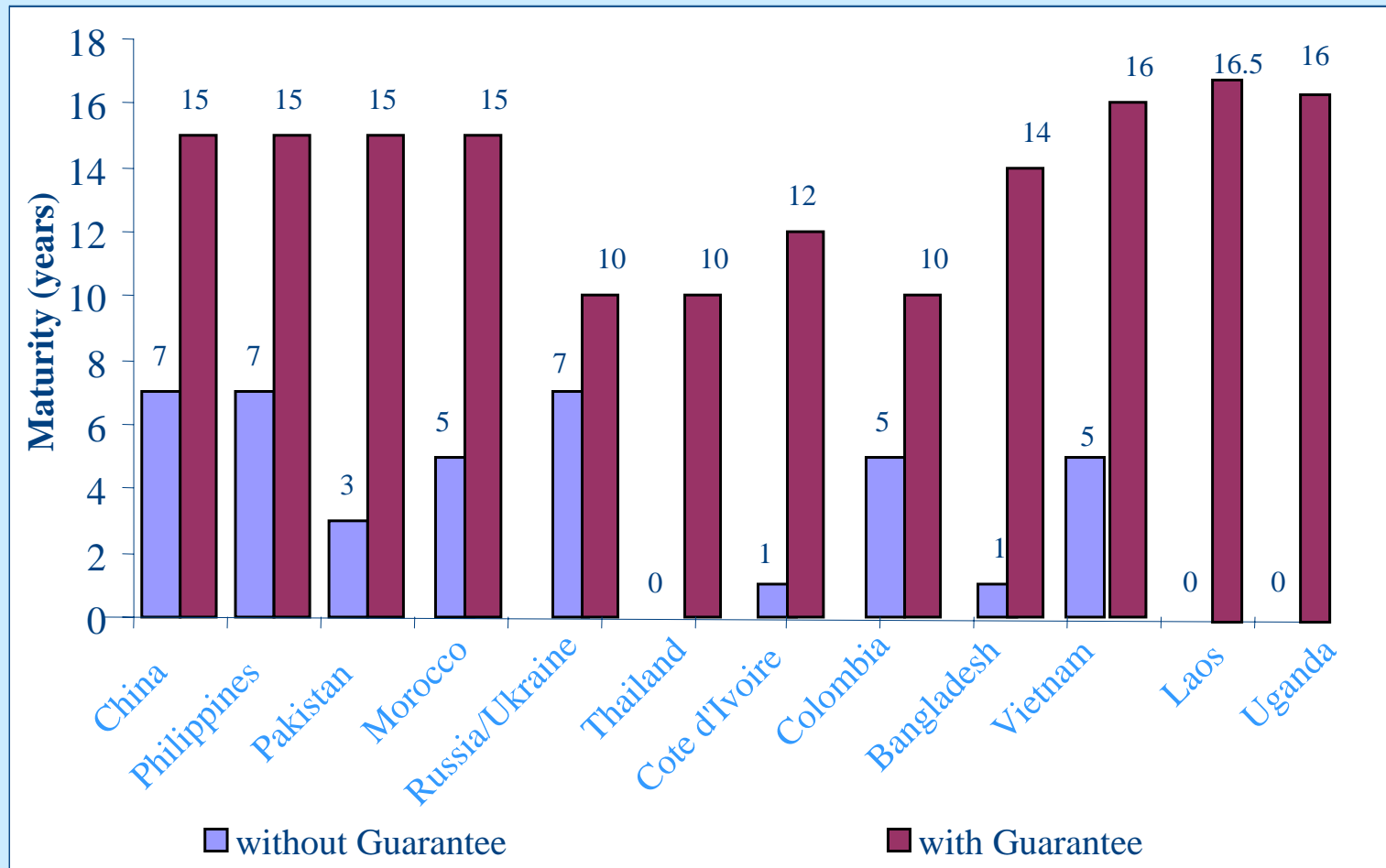


World Bank Partial Risk Guarantees

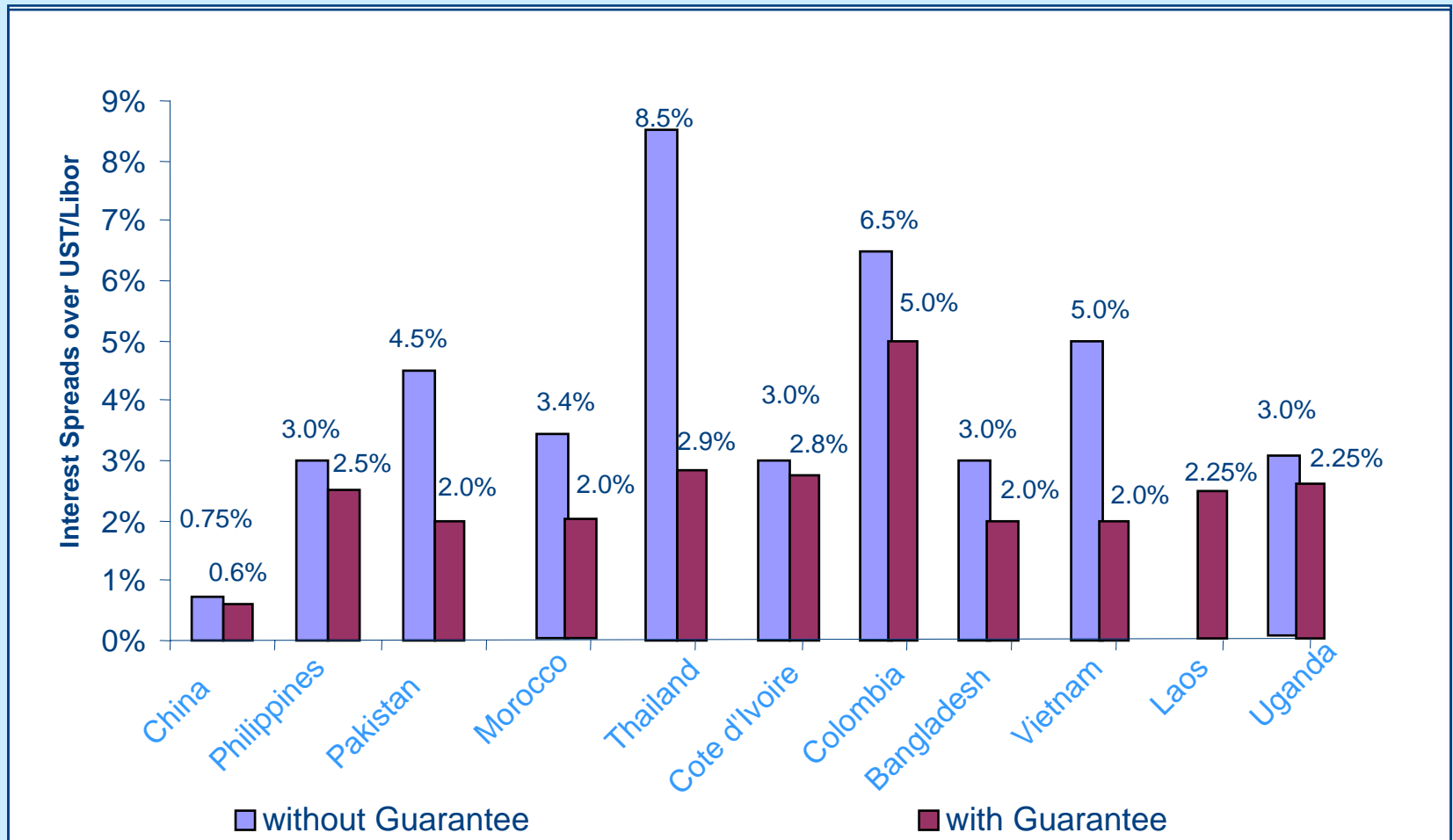
- Rationale: Promote public private partnerships by catalyzing private sector interest through political risk mitigation
- Purpose: Support debt financing in the form of commercial debt or shareholder loans or provide cash flow support
- Guarantee coverage: Critical sovereign or parastatal risks related 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

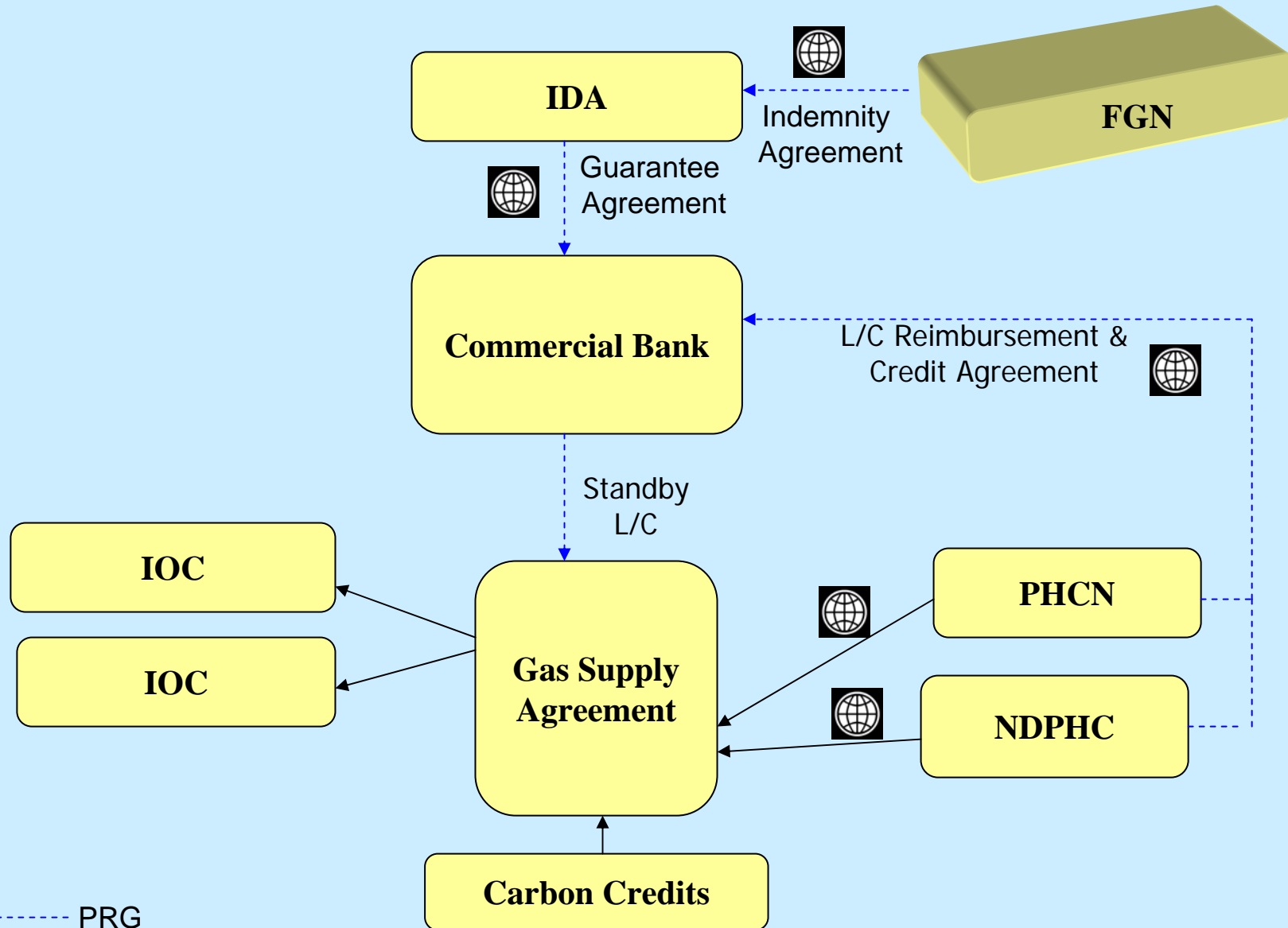


PRG Coverage

- 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



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