MAURITANIA: BANDA GAS-TO-POWER PROJECT

THE CHALLENGE

- Existing power sector is highly fragmented and not meeting population needs: low rates of electricity access, demand/supply imbalance, and high tariffs.
- Low creditworthiness of off-takers and perceived high political risks in the region make it challenging to attract investors.
- Absence of track record for maintaining long term foreign direct investment in the oil, gas, and power sub-sectors.

THE SOLUTION

- IDA Guarantee enhanced the long-term sustainability of the project by securing sufficient levels of gas purchase and required associated power sales to allow for private sector participation in development of the gas field.
- IDA Guarantee uses a credit enhancement mechanism to mitigate risks related to SPEG’s payment obligations.
- IDA Guarantee was considered a key condition for bankability and providing confidence to investors.
The standby L/C provided by SPEG, for the benefit of Tullow (as operator, on behalf of the gas JV partners), is expected to cover a pre-agreed capped amount of gas payments.