

Managing risks and mobilizing capital resources for hydrocarbon investments

**UNECE
Geneva
28 November 2007**

Projects

■ Projects typically

- are large**
- are capital intensive,**
- require long pay-back periods**
- are in the border-line between public and private and**
- are environmentally challenging**

■ Projects require

- long-term financing**
- financing from different sources**

Key Issues for Lenders - Environment

- **Environmental issues must be solved**
 - **Big banks endorse the "Equator-principle"**
 - **IFI's apply strict environmental policies - environmental acceptance more important than contribution to financing**
 - **IFI's assess i.a.**
 - *environmental impact during construction and operation phase*
 - *the technology used - fulfilment of environmental requirements and benchmark against Best Available Techniques (BAT)*
 - *the management system under construction phase and thereafter*
 - *the environmental reporting system*

Key Issues for Lenders - Economy

■ Project feasibility

- Reliability and predictability of regulatory framework**
- Tariff policy - possibilities to pass on costs**
- Transparent corporate model and ownership**
- Good governance and reporting**
- Reasonable future investment needs**