

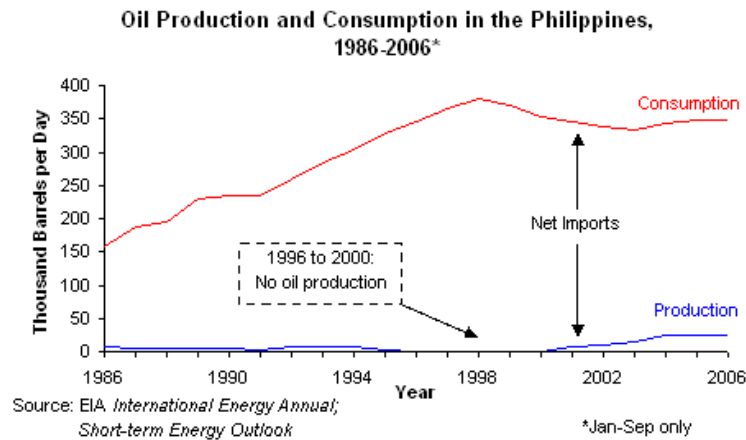
Oil, Gas and Coal: Which Way Forward?

Philippine Energy Summit

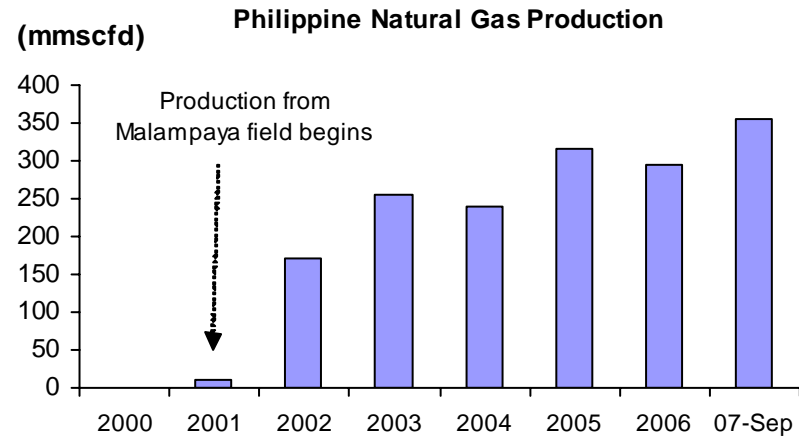
January 30, 2008

SMX Convention Center- Mall of Asia

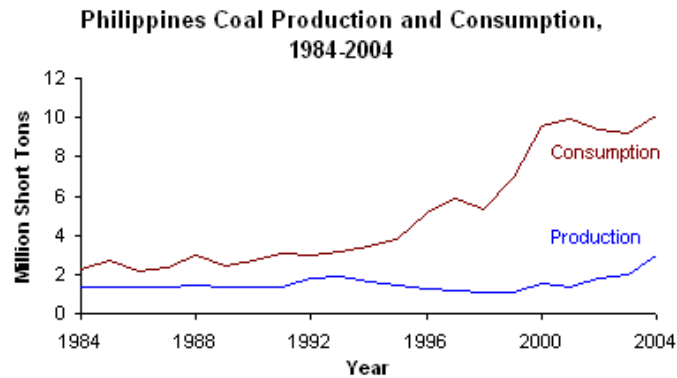
Snapshot: Oil, Gas and Coal Industry in the Philippines



Historically, the Philippines has not had significant domestic oil production.



The country had no significant natural gas production until 2001.



The Philippines relies on imports for much of its coal consumption, primarily from Indonesia, China, and Australia.

Oil, Gas and Coal Industry in the Philippines

- The goal of the Philippine Government is to increase energy self-sufficiency level to 60% by 2010
- The DOE has held 3 PCR since August 2003 to stimulate activity in the sector. A total of 22 Service Contracts were awarded from 2004-2006.
- Since 2004, over 30 new participants - both domestic and foreign have entered the industry through successful bidding for new service contracts and through farm-in to existing ventures
- Total acreage area under contract has increased by 15 times since 2004.
- Up to 6 onshore and offshore exploration wells are expected to be drilled during 2008 at a project cost of US\$110 million.

IFC is a Member of the World Bank Group

IBRD
International Bank
for Reconstruction
and Development

Est. 1945

Role: To promote institutional, legal and regulatory reform

Clients: Governments of member countries with per capita income between \$1,025 and \$6,055.

Products:

- Technical assistance
- Loans
- Policy Advice

IDA
International
Development
Association

Est. 1960

To promote institutional, legal and regulatory reform

Governments of poorest countries with per capita income of less than \$1,025

- Technical assistance
- Interest Free Loans
- Policy Advice

IFC
International
Finance Corporation

Est. 1956

To promote private sector development

Private companies in member countries

- Equity/Quasi-Equity
- Long-term Loans
- Risk Management
- Advisory Services

MIGA
Multilateral
Investment and
Guarantee Agency

Est. 1988

To reduce political investment risk

Foreign investors in member countries

- Political Risk Insurance



Shared Mission: To Promote Economic Development and Reduce Poverty



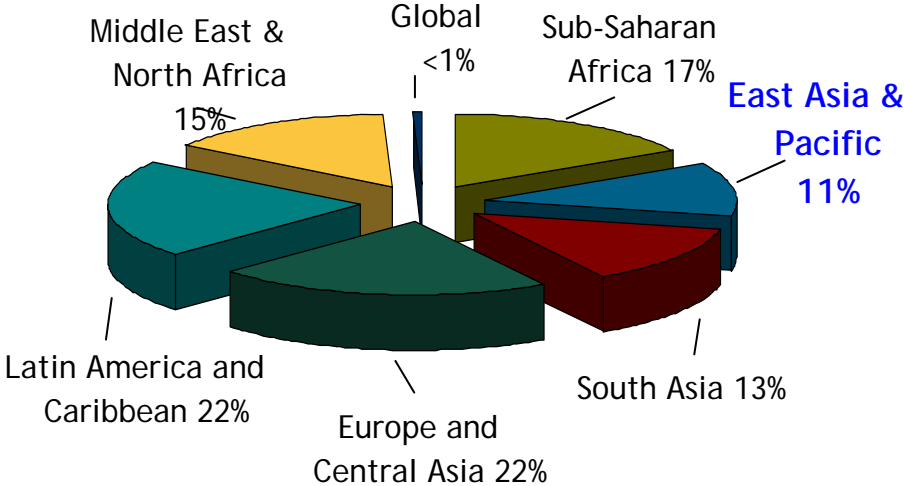


Bringing Solutions to Clients

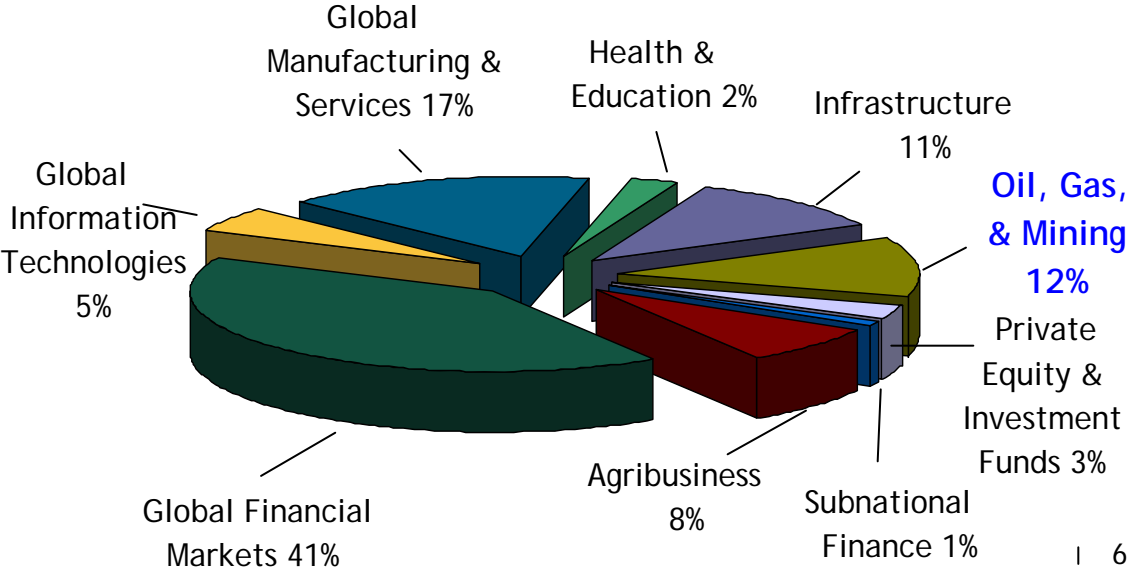
- IFC is responding to rising demand for private sector financing and expertise.
- IFC brings solutions to clients through investments and advisory services.
- IFC helps fill unmet needs by directing capital and knowledge to areas not yet benefiting from growth in emerging markets.
- To be close to clients, more than half of IFC's 3,100 staff work in field offices.

Commitments for IFC's Account in FY07: \$8.2 Billion

By Region

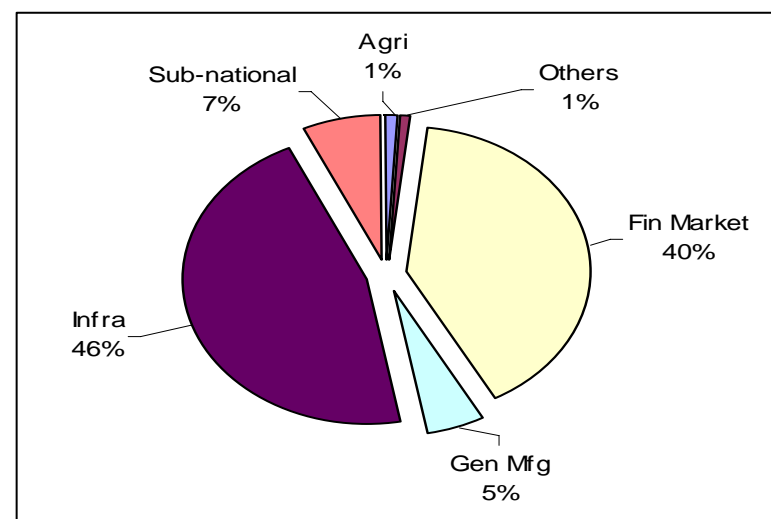
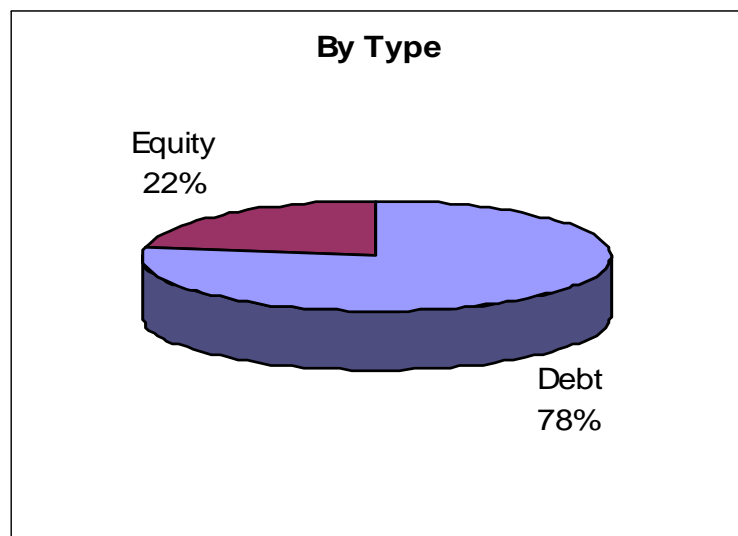


By Industry



Philippines: IFC Investments

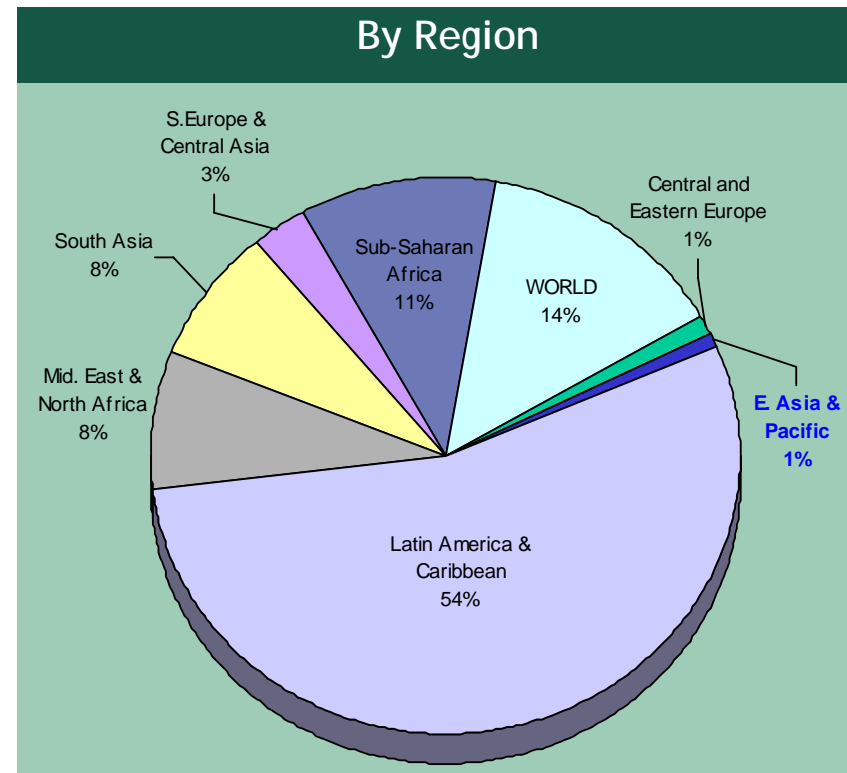
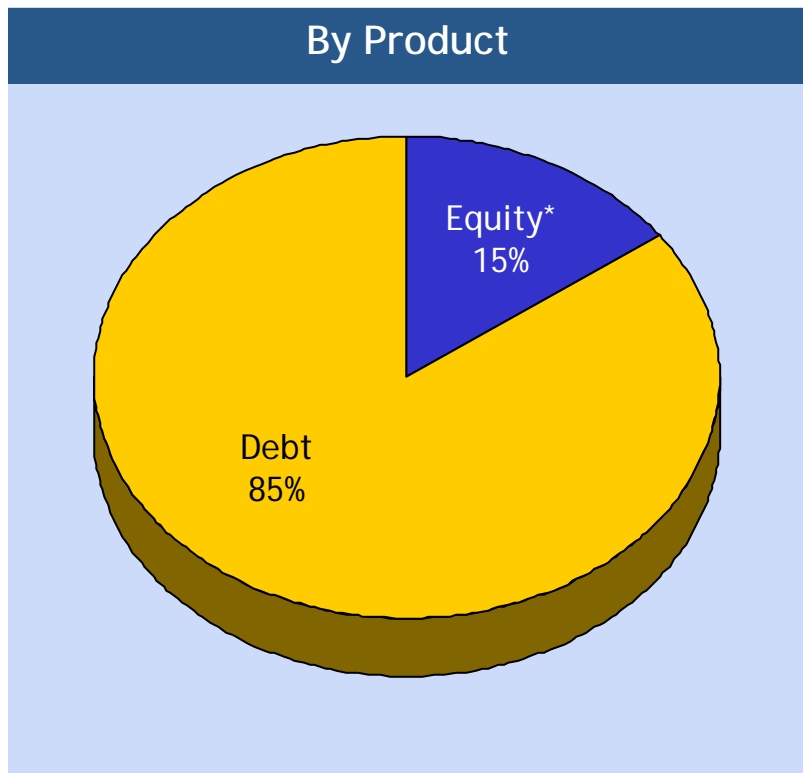
- Committed US\$ 2+ billion since 1963
- New commitments in FY 07: US\$ 130m
- Manila field office since 1977
- December 07 exposure: US\$ 679m, (including US\$ 7m in syndication)



** Outstanding + Undisbursed Commitment. Includes syndication participants.*

Oil, Gas and Coal Committed Portfolio

\$2.16 Billion Committed Portfolio as of December 2007



IFC Value Add in Oil & Gas

Long-term Competitive Financing	Regional Knowledge	Global Oil & Gas Expertise	Country Risk Mitigation	Environmental & Social Risk Management	Sustainability Toolkit
<ul style="list-style-type: none"> ✓ Equity ✓ Fixed/Floating Rates, Local Currencies ✓ Up to 15 year Loan Maturity ✓ Flexible Amortization Profile ✓ Catalyst for other Investors and Lenders ✓ Equity Participation ✓ Capital Mobilization 	<ul style="list-style-type: none"> ✓ Extensive Local Office Network ✓ Local Transaction Experience ✓ World Bank Synergies 	<ul style="list-style-type: none"> ✓ 40+ Years of Sector Expertise ✓ Greenfield ✓ Expansion/ Modernization ✓ Corporate Strategy ✓ Access to International Investors ✓ Technical Advice 	<ul style="list-style-type: none"> ✓ Government Relations ✓ Neutral broker Role ✓ Reduced Risk of Expropriation, Breach of Contract, Convertibility ✓ World Bank Synergies ✓ Withholding Tax Benefit 	<ul style="list-style-type: none"> ✓ Advice on Environmental and Social Best Practices ✓ Equator Principles Modeled after IFC Standards ✓ Local Consultation and Disclosure 	<ul style="list-style-type: none"> ✓ Local Supplier Development ✓ Environmental / Social Advice ✓ Corporate Governance ✓ Local Economic Development ✓ HIV/AIDS Prevention ✓ Community Development Funding

IFC Financing in Oil and Gas Industry

Activities

- Exploration
- Appraisal & Development
- Oil & Gas Pipelines
- Oilfield Services
- Liquefied Natural Gas
- Liquefied Petroleum Gas
- Floating Production, Storage, Offloading
- Acquisition Financing
- Rehabilitation
- Debt Refinancing

Greenfield Projects to Corporate Expansions

IFC Provides Flexible Financing to Growing Independents

Cairn - India / Bangladesh

2006: \$150 mm IFC revolving credit facility with a 9 year maturity(\$1 billion facility overall)

- Two rounds of financing in 2004 and 2006
- IFC's role critical in raising remaining \$850 million:
 - Environmental, social and technical advice
 - Longer tenor than commercial banks (9 vs. 5 years)
 - Community development support programs



IFC Provides Flexible Financing to Growing Independents

Cairn Energy - India / Bangladesh (contd)

IFC Value Added Beyond Financing Includes:

- An Enterprise Center to be set up by IFC and Cairn, to provide training to local small and medium-sized firms
- Initiatives to support the local community on health (including HIV/AIDS), education, cooperative dairy production, and other community development programs
- Enhancement of Cairn's environmental and social policies both onshore and offshore

Local Economic Development Program Example: Supporting Local Dairy Farmers in India

IFC and Cairn are collaborating on a dairy project designed to increase the earning potential of local dairy farmers.



- Milk collection and quality measuring center now operating with new, more accurate and dependable, equipment.
- Equipment is empowering local farmers to ensure they are being fairly compensated for their milk.
- Program is helping Cairn build strong relationship with community



Thank You

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Philippines and Thailand

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