

Case Study 10

The Chad-Cameroon Petroleum Development and Pipeline Project

Case Study Assignments

- 1) How are the sponsors financing this deal? How does the financing of the Field System differ from the financing of the Export System?
- 2) What is the World Bank/IFC's role in this deal? Are they likely to be successful?
- 3) Analyze the risks and returns to Chad, Cameroon, and the Private Sponsors? How were the returns calculated? Are the risks and returns fair from each party's perspective?
- 4) Will the Revenue Management Plan work? Are there aspects of the plan that you think should be changed?
- 5) Would you approve the deal as a World Bank/IFC board member? Why?

Note: Integrated oil-field development and pipeline companies have asset betas ranging from 0.40 to 0.60. You can also assume the equity risk premium is 6%.