

PROJECT / PROGRAMME NEWS

US\$ 341 million loan to upgrade Egypt's oil and gas infrastructure

The funds will be used to construct and operate a bulk-liquids terminal

4 February 2016 – London, UK and Cairo, Egypt – The European Bank for Reconstruction and Development (EBRD) has announced a US\$ 341 million debt facility to Sonker, an Egyptian company providing hydrocarbon storage and bunkering, that will support a significant upgrade of the country's oil and gas infrastructure and will contribute to the energy security of [Egypt](#).

As part of a consortium, the EBRD is extending a US\$ 72 million senior loan and a US\$ 22 million mezzanine loan to the company, while the [International Finance Corporation \(IFC\)](#), a member of the [World Bank Group](#), is providing a US\$ 70 million senior loan along with a US\$ 22 million mezzanine loan and mobilising US\$52.5 million from other investors. In addition, the [Commercial International Bank \(CIB\)](#) of Egypt, the country's largest private-sector bank, is availing with US\$ 28 million and the equivalent of US\$ 44 million in Egyptian pounds loan as well as a US\$ 30 million Credit Support Instrument Facility.



Sonker operates oil and gas storage and bunkering facilities at the Ain Sokhna Port on the Red Sea. Installing the necessary infrastructure is crucial for energy security in Egypt as it will increase storage and handling capacity for imports of gasoil, liquefied petroleum gas (LPG) and liquefied natural gas (LNG).

The company will use the funds to construct and operate a bulk-liquids terminal for the import and storage of gasoil, LPG in the third basin of Ain Sokhna Port. The new infrastructure will accommodate the docking of two floating storage and regasification units and the handling of LNG imports to the nearest national gas grid.

The loan will also support Sonker in adopting the highest standards of corporate governance and business conduct through the implementation of an environmental and social action plan and the upgrading of safety standards to prevent any oil contamination.

“The Egyptian government is taking quantum leaps towards achieving a more resilient and sustainable economy. Foreseeing the growing local demand for energy, the Egyptian authorities, supported us in developing this first bulk-liquids terminal on the Red Sea, as a successful public-private partnership project,” said **Ossama Al Sharif**, Sonker's Managing Director. Al Sharif added: “The Sonker Project will ensure a constant supply of energy to our burgeoning economy and will certainly transform the Red Sea area into a regional hub for trading petroleum products, not only for the Egyptian market, but also for East Africa and Europe.”

Eric Rasmussen, EBRD Director for Natural Resources, said “We are pleased to support Sonker, an independent private company in the Egyptian energy storage and bunkering industry. The investments will increase energy security by increasing capacity and introducing the highest quality and environmental standards. A more efficient operation will reduce cost and benefit the environment.”

“IFC’s financing will help create vital energy infrastructure for Egypt at a time when the demand for power is growing,” said **Nada Shousha**, IFC Country Manager for Egypt. “Our aim is to spur job creation and minimise infrastructure gaps by increasing private sector participation in the economy. We also hope to send a positive market signal to international and domestic private sector investors.”

Heba Abdellatif, Head of Debt Capital Markets at CIB, said: “CIB is committed to supporting Egypt’s liquid-storage capacity for petroleum products and views this project as being of strategic importance to ensure continuity of supply and minimise the cost of imported products. We believe that the cooperation between IFC, their partner financial institutions, the EBRD and ourselves present a template for project financing, given the large foreign currency funding requirements, and signals a positive outlook for the Egyptian economy.”

The EBRD has invested more than €1.6 billion in Egypt through 31 projects (including regional ones) since it started working in the country at the end of 2012. The Bank’s investments include the natural resources sector, the financial sector, agribusiness, manufacturing and services as well as infrastructure projects such as power, municipal water and [wastewater](#), and contributions to the upgrade of [transport services](#).

Sonker Bunkering Company S.A.E. (Sonker) is a private storage and bunkering company incorporated in Egypt for the purpose of realising the project. It is beneficially owned by the Amiral Holding Group (Amiral), the Egyptian Ministry of Finance and the Egyptian Ministry of Petroleum.

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working with more than 2,000 businesses worldwide, we use our capital, expertise, and influence to create opportunity where it's needed most. In FY15, our long-term investments in developing countries rose to nearly \$18 billion, helping the private sector play an essential role in the global effort to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org

CIB is Egypt's premier and largest private sector bank and has a dominant market share among domestic private sector banks capturing 8.54% of total loans and 7.84% of total deposits as of end of 2014. CIB specializes in structuring and arranging large ticket project financings, syndicated debt, as well as the arrangement of corporate bonds and securitizations. CIB's track record in arranging syndicated loans is unparalleled in the domestic market having arranged more than EGP 45 billion and USD 25 billion of syndicated loans, EGP 10 billion of corporate bonds and EGP 11.3 billion of securitized notes over the last 10 years. CIB also specializes in providing Agency and Security Agency services in project financings and syndications. For more information, visit www.cibeg.com

The European Bank for Reconstruction and Development (EBRD) was established in 1991 to nurture the private sector in Central and Eastern Europe and ex-Soviet countries. The EBRD uses investment to help build market economies and democracies from central Europe to central Asia. The EBRD is the largest single investor in the region and mobilizes significant foreign direct investment beyond its own financing. Owned by 61 countries and two intergovernmental institutions, the EBRD provides project financing for banks, industries and businesses. For more information, visit <http://www.ebrd.com/index.htm>

Source: EBRD news release; story by [Nibal Zgheib](#)