

PD-ABX-676

Annual Report

USAID Task Order #807

WAGP Technical Assistance

1st December 2001 to 30 September 2002

Prepared For:
USAID Ghana

Deliverables

Book#1

Contract
LAG-I-00-98-010006-00

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WEST AFRICAN GAS PIPELINE PROJECT

Minutes of Meeting Between the PIC and the Commercial Group

Lomé, November 8, 2001

The Project Implementation Committee (PIC) for the West African Gas Pipeline Project and the Commercial Group met at the ECOWAS Fund in Lomé on November 8, 2001.

The purpose of the meeting was:

1. To review and approve the Project Design Codes & Standards presented by the Commercial Group.
2. To discuss the approval process to be followed before the finalisation of the Concession Agreement.

Present were:

- . The PIC Chairman
- . The Director of Infrastructure and Industry, ECOWAS Secretariat
- . The PIC member of Nigeria, and his alternate
- . The PIC member of Benin, and his alternate
- . The PIC member of Togo
- . Representative of Energy Commission, Ghana
- . Representatives of the Commercial Group

In attendance were:

- . Representatives of VRA, Ghana
- . The USAID Project Manager
- . The WAGP TAC and one expert of Nexant

1. Project Design Codes & Standards

The Commercial Group presented design Codes & Standards proposed for the Project, recommending the selection of the ANSI B 31.8 for the both the onshore and offshore sections of the Pipeline, and various other codes that should apply to specific

domains of the Project, including the DNV code for the areas of the design that are not fully covered by ANSI B31.8.

The PIC (as a group) later met privately with Nexant representative who also made presentations on the subject with intent to prepare the PIC for discussion with CG.

The PIC and the CG then resumed their meeting. The PIC insisted that certain issues should be taken care of by the Commercial Group.

Nexant recommended that the Commercial Group proposal for the adoption of ANSI B 31.8 be accepted as the pipeline design code. Nexant stated that this recommendation is made with the proviso that the DNV Pipeline code be used as a supplementary code for areas of the design that are not fully covered by ANSI B31.8

Nexant stated that they considered that the pipeline design life proposed by CG of 20 years was too short. CG stated that they expected the design life would be much longer and for the cathodic protection sacrificial anodes CG were considering a design life of 40 to 50 years.

Nexant stated that a crucial factor in ensuring the security of the pipeline from damage by wave and current action was the selection of the design values for these loadings. CG will be selecting the values to be used for the design after they have completed the environmental surveys. Nexant recommended that the PIC engage a consultant to review the proposals for these values when they are made by the CG.

Nexant stated that CG should be required to organise ROV surveys and Intelligent Pigging of the pipeline on a regular basis. Nexant suggested that a ROV survey should be done yearly with Intelligent Pig surveys at 5 to 10 year intervals. CG confirmed that surveys would be performed. CG will propose the frequency of these surveys and agreed these will be a requirement of the WAGP Regulations.

[Post Meeting Note: The first ROV survey and the first Intelligent Pig survey should be made directly following construction to establish a baseline for subsequent surveys. Records of the surveys and the recommendations of the survey contractor should be available to the PIC for review.]

CG stated that they have made a study of the facilities required to perform intelligent pigging of the branch lines. CG stated that they have considered fixed platforms at the branch points but that their current proposals were for the installation of sub sea pig traps.

Nexant stated that CG should be required to submit proposals for emergency response actions and proposals for training exercises to prove that the proposed emergency response plans are workable. CG stated that they currently have operations personnel working on the project and that they would be developing an Emergency Response Philosophy, which would include training exercises. CG stated that they would like to agree with PIC what scenarios should be covered by the Emergency Response Philosophy.

Nexant stated that CG should be required to submit proposals for emergency response spares and equipment to be held in stock to enable a rapid response to major incidents. CG stated that they would be developing a Maintenance Philosophy, which would include spares and equipment holdings.

PIC requested CG to provide them with copies of the historical data on the probability of failures stated in the CG presentation.

The CG sought the PIC approval of the recommended Codes & Standards as a result of this meeting, in order not to delay the initiation of the engineering design work and the overall project.

On the basis of the presentation made by the CG, the PIC approved the selection of Codes & Standards proposed by the CG, subject to the compliance by the CG to all attached recommendations made by the Nexant expert, or alternatives acceptable to the PIC.

2. Interim Approval Process

The CG further presented a schedule of expected technical approvals connected with the progress of the project, including concurrent design work, EIA and other licences/permits. The CG needs specific technical approval procedures to apply for the period during which the Concession Agreement is not yet in place, to advance the project and to avoid rework during CA development and after CA ratification.

To this extent, the CG further advised that they need to interface with the ministries and agencies, which have current statutory authority over the pipeline, at least until the administrative body is established.

The PIC noted the approval process request made by the CG, and replied that significant progress had been made by the PIC on the subject of the Administrative Body. The PIC also acknowledged the need for communication between the CG and the relevant State authorities until the Administrative Body is in place. The CG recognises the need for keeping the PIC appropriately informed of its communications with the relevant State authorities.

In this respect, a document defining the proposed institutional framework for the Administrative Body will be sent within a week to the CG for review and approval.

The PIC is contemplating an early establishment of the Administrative Body and suggests meeting with the CG on the subject matter at the earliest opportunity.

SIGNED as a true record of the meeting:

For the PIC

For the Commercial Group

Joe Klemesu

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Procès-verbal de la Réunion du Comité de Pilotage et du Groupe Commercial,
Lomé, le 8 novembre 2001

Le Comité de Pilotage (CP) du Projet de Gazoduc de l'Afrique de l'Ouest et le Groupe Commercial, se sont réunis au Fonds de le CEDEAO à Lomé le 8 novembre 2001.

L'objet de la réunion était:

1. D'examiner et adopter les Codes et Normes de Conception du Projet.
2. D'arrêter les procédures d'adoption à suivre avant la finalisation de l'Accord de Concession.

Ont pris part aux travaux

- Le Président du CP
- Le Directeur de l'Infrastructure et de l'Industrie de la CEDEAO.
- Le membre du CP du Nigéria et son suppléant
- Le membre du CP du Bénin et son suppléant
- Le membre du CP du Togo
- Le représentant de la Commission de l'Energie du Ghana
- Les représentants du Groupe Commercial.

Etaient présents :

- Les représentants du VRA du Ghana
- Le Directeur du projet USAID
- Le coordinateur de l'Assistance Technique du PGO et un expert de Nexant.

1. Les Codes et Normes de Conception du Projet

Le Groupe Commercial a présenté les Codes et Normes de Conception proposés pour le projet, recommandant le choix de l'ANSI B31.8 pour les parties terrestre et maritime du Gazoduc, et diverses autres codes devant s'appliquer aux domaines spécifiques du projet y compris le code DNV pour les parties de la conception non couvertes pleinement par ANSI B31.8.

Plus tard, le CP (en tant que groupe) a rencontré en privé le représentant de Nexant qui a également fait des présentations sur le sujet dans l'intention de préparer le CP aux discussions avec le GC.

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Par la suite, le CP et le GC ont continué leur réunion. Le CP a insisté que certaines questions soient résolues par le Group Commercial.

Nexant a recommandé que la proposition du Groupe Commercial du Groupe qui prône l'adoption de ANSI B31.8 soit acceptée comme Code de Conception du gazoduc. Nexant a déclaré que cette recommandation a été faite sous la condition que le Code du Gazoduc DNV soit utilisé comme Code supplémentaire pour les parties du projet que ANSI B31.8 n'a pas pu totalement couvrir.

Nexant a déclaré qu'il considère que la durée de vie de 20 ans des spécificités du gazoduc proposée par le Groupe Commercial est trop courte. Le Groupe Commercial a déclaré qu'il s'attendait à ce que cette durée soit plus longue et que pour les anodes cathodiques de protection, le GC retenait une durée de vie de 40 à 50 ans.

Nexant a déclaré que le facteur crucial pour sécuriser le Gazoduc des dégâts dus aux vagues et aux courants d'eau serait le choix des spécificités de l'équipement du gazoduc. Le GC se chargera de choisir les spécificités qui seront utilisées pour le projet après avoir parachevé l'évaluation sur l'environnement. Nexant a recommandé que le CP recrute un consultant chargé d'examiner les propositions sur ces spécificités dès qu'elles sont faites par le GC.

Nexant a déclaré que l'organisation d'enquêtes ROV et un raclage intelligent du gazoduc devraient régulièrement être exigés du GC. Nexant a suggéré qu'une enquête ROV soit menée chaque année et des enquêtes sur le raclage intelligent entrepris à l'intervalle de 5 à 10 ans. Le GC fera une proposition sur la régularité des ces enquêtes et a accepté que celles-ci feront partie des exigences des Règlements du PGO.

(Note à la réunion : la première enquête ROV et la première enquête sur le raclage seront menées directement après la construction en vue d'établir une base pour les enquêtes suivantes. Les résultats des enquêtes et les recommandations de l'entrepreneur de l'enquête devront être mis à la disposition du CP pour examen).

Le GC a réaffirmé qu'ils ont mené une étude sur l'équipement nécessaire pour le raclage des lignes secondaires. Le GC a déclaré qu'il a pris en considération des plateformes fixes aux points des branchements secondaires mais que ses propositions actuelles sont en faveur de l'installation des points de contrôle sous-marins.

Nexant a déclaré que des propositions portant sur des d'actions d'intervention rapide en cas d'urgences soient exigées du GC ainsi que des propositions sur des programmes de formation pour prouver que les plans d'intervention rapide sont faisables. Le GC a déclaré qu'il dispose actuellement de personnel d'exploitation travaillant pour le compte du projet et qu'il mettra en place une philosophie intervention rapide, qui

comprendra des épreuves de formation. Le GC a déclaré qu'il voudrait s'entendre avec le CP sur les scénarios qui seront couverts par la philosophie d'intervention rapide.

Nexant a déclaré qu'il soit exigé du GC la soumission des propositions sur les pièces de rechange et l'équipement qui sera en stock pour permettre une intervention rapide en cas d'incidents majeurs. Le GC a déclaré qu'il mettra en œuvre une philosophie, qui couvrira les pièces de rechange et le maintien de l'équipement.

Le CP a demandé au GC de lui fournir des copies des données historiques sur la probabilité d'échec telle que mentionnée dans la présentation du GC.

Le GC a souhaité que cette présente réunion aboutisse à l'approbation par le CP des Codes et Normes recommandés, de façon à ne pas retarder le démarrage de l'ingénierie de conception et du projet tout entier.

Sur la base de la présentation faite par le GC, le CP a approuvé le choix des Codes et Normes proposés par le GC, sous réserve que le GC respecte toutes les recommandations y afférentes faites par l'expert de Nexant, ou présente des alternatives acceptables au CP.

2. Processus d'Approbation Intérimaire :

Le GC a ensuite présenté un programme des approbations techniques souhaitées, en relation avec l'avancement du projet, y compris le travail de conception simultanée, l'EIE et autres licences/permis. Le GC a besoin des procédures d'approbation techniques spécifiques devant être appliquées durant la période où l'Accord de Concession ne serait pas encore en place, et qui soit capable de faire avancer le projet et éviter une reprise des travaux lors de l'élaboration de l'Accord de Concession et après sa ratification.

A cet égard, le GC a exprimé la nécessité de collaborer avec les ministères et les agences qui ont une autorité statutaire sur le gazoduc, au moins jusqu'à la mise sur pied de l'Organe Administratif.

Le CP a noté la demande relative au processus d'approbation faite par le GC et a répondu en informant ce dernier que des progrès significatifs ont été réalisés par le CP en ce qui concerne l'Organe Administratif. Le CP a également reconnu la nécessité de garder ouverte une ligne de communication entre le GC et les autorités compétentes jusqu'à la mise en place de l'Organe Administratif. Le GC reconnaît la nécessité de bien tenir informé le CP de ses communications avec les autorités compétentes dans le États.

A cet égard, un document définissant le cadre institutionnel proposé pour l'Organe Administratif sera envoyé dans un délai d'une semaine au GC pour examen et approbation.

Le CP s'attend à une mise en place rapide de l'Organe Administratif et suggère une rencontre avec le GC sur la question à la toute première occasion qui se présente.

SIGNE en tant que véritable compte-rendu de la réunion.

WEST AFRICA GAS PIPELINE

PIC & CG Meeting

Lome, Nov 8, 2001

Recommendations arising from the discussions

Nexant recommended that the Commercial Group proposal for the adoption of ANSI B 31.8 be accepted as the pipeline design code. Nexant stated that this recommendation is made with the proviso that the DNV Pipeline code be used as a supplemental code for areas of the design that not fully covered by ANSI B31.8

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PIC requested that CG provide them with copies of the historical data used to give the figures for the probability failure stated in the CG presentation.

Mike Stockbridge
Nexant

WEST AFRICAN GAS PIPELINE PROJECT

Minutes of the PIC meeting

Lomé, November 6 & 7, 2001

The Project Implementation Committee (PIC) for the West African Gas Pipeline Project and the Commercial Group met at the ECOWAS Fund in Lomé on November 6 & 7, 2001.

The purpose of the meeting was:

1. To review and approve the Institutional Framework of the West Africa Gas Pipeline Authority (WAGPA) presented by the Consultant Nexant.
2. To review the Work Schedule and Country Assessment Programme proposed by the Consultant on the Gas Market Promotion Strategies (GMPS) Study.

Present were:

- . The PIC Chairman
- . The Director of Infrastructure and Industry, ECOWAS Secretariat
- . The PIC member of Nigeria, and his alternate
- . The PIC member of Benin, and his alternate
- . The PIC member of Togo

In attendance were:

- . Representatives of VRA, Ghana
- . Representative of Energy Commission, Ghana
- . The USAID Project Manager
- . The WAGP TAC and one expert of Nexant

1. Administrative Body

Nexant presented a proposal document for the structure and operating procedures of the "West Africa Gas Pipeline Authority" (WAGPA) as the Concession Agreement's Administrative Body.

The PIC reviewed the document page by page with a view of clarification, and made the following observations, both on the form and on the ground of the document.

1. Cover Page:

- To change the name of the document from the "Terms of Reference of WAGPA" to the "Institutional Framework of WAGPA" and to make changes accordingly into the entire document;
- To add ECOWAS logo;
- To delete the reference to the place and date of the event (Lome, Togo 6-7-November 2001).

2. Page 3:

- To change "Objectives" into the "Introduction/Background or Preamble" and expand the introductory part, mentioning the context and references used by the Consultant for the Study (TOR, etc.);
- Final Document suggested to be attached to the Concession Agreement
- State clearly the missions of WAGPA
- To change the reference to "CA" to "IGA" for the initial arrangements for establishment of Admin Body;
- General: make clear the references to the WAGPA or WAPCo and make changes in all appropriate places thought the Document;
- 1.1.5. "Selection of Local Business in Project Procurement" - to rephrase it in a way that ensures of local business participation in project procurement and WAGPA's role in the selection process.

3. Page 4: 1.3, II paragraph

- To split the paragraph into two parts and make changes in conjunction with the article 5 on Page 10. If details of the access code functions are listed insert the mention "among others" to avoid fixing them too firmly for the future
- General: make an Executive Summary

4. Page 5: Article 2. Organization

- WAGPA has three-tiered organization structure instead of four;
- To separate the permanent staff from the State Monitors and to make separate paragraph on State Monitors;
- To rearrange the paragraph in a way, that everything concerning the State Monitors will be covered under this paragraph and is no longer spread throughout the whole page;
- To change the title of "Executive Secretary" into the "Director General";
- Make clear that the ECOWAS representative is the member of the Board of Governors;
- Board of Governors: to allow both the presence of Ministers at the highest level, and the permanency of the mandates in the institution controlling the WAGPA, it was suggested that the Board of Governors be split into two levels: the WAGPA Director General would report to a "High Authority"

composed of one member of each country appointed by their governments, plus one ECOWAS representative. Such members would be appointed for 4 to 5 year mandates. The High Authority would report to a "High Counsel" composed of the Ministers of Energy, or Mines, or Petroleum resources of the four countries, plus the ECOWAS Executive Secretary.

- To make clear reference (in separate paragraph) to the WAGPA location both for the initial period and possible relocation.

5. Page 6: Article 2.1. "Staffing and Funding" and 2.1.1. "Language Considerations"

- Rearrange these two articles and relocate all references to the staff from article 2.1.1. into article 2.1;
- Add the age limit to the Director General's position description and move it to the Schedule 2 - position Description for the Director General on Page 13;
- Changing the working language from "the same as WAPCo" to both English and French., to respond to the need of auditing by all governments.
- Recruiting/Selection/Nominations: it was suggested and approved by the meeting that hiring of WAGPA staff would be coordinated by ECOWAS using an independent cabinet.

6. Pages 7 & 8: functions for four directorates:

- To add definitional period to the construction and operation period and allocate functions accordingly;
- Amplify Director General functions to all those of General Management (elaborate the budget, etc..)
- A chapter of Definitions must be added to the Document
- State clearly that the DG mandate is for 4 years, renewable once

7. Page 9: Article 3. Initial Agenda

- Rename the title of the article from "Initial Agenda" to the "WAGPA Agenda".
- Whole Article 3 needs to be rewritten entirely, making sure, that it has the following sub articles:
 - i. Liaison Procedures
 - ii. Preparation and Implementation of Regulatory Documents
 - iii. Dispute Resolution
 - iv. Reporting Obligations
 - v. Annual Pipeline Operations Report
 - vi. Provision of the Technical Assistance to the States
 - vii. Enforcement (to suggest the best option for the legal form of document that needs to be signed in order to Establish WAGPA)

8. Page 10: Articles 4, 5 & 6

- Need to be rewritten in order to make more explicit and in a form of a legal rather than just a discussion document. That comment applies to all three articles, namely "Article 4. Funding WAGPA"; "Article 5. Relationship

between WAGPA and the States" and Article 6. Relationship Between WAGPA and WAPCO"

9. Page 11 & 12: Update the Schedule 1. Licenses and Permits

- Needs to be updated. NOTE: Provided list was the one from the Preliminary Pipeline Development Plan – rev 20.02.00 version.

10. Page 13: Schedule 2.

- To change the name of "Executive Secretary" to the "Director General"
- To add the age limit as agreed between 40-50.
- To add the provision, that DG will be selected for the term of 4 (four) years, with the option to be re-elected for one more term (only).

11. Page 15: Schedule 3.

- Engineering Officer - Delete the reference to the "civil or mechanical" degree and replace it with the "relevant engineering degree".

12. Page 17. Appendix A - Salary Scales:

- To add benefits package and make the reference to the Staff Regulations and Staff Rules that are in the process of development within ECOWAS.
- Add summary of staff regulations re: housing, pension, children, etc taking those from ECOWAS Rules & Regulations.
- State that a more elaborate definition of staff Rules & Regulations will be produced later and by whom.

On the basis if these observations, the PIC requested the Consultant to insert the above observations and to finalize the report.

The document, when amended by the Consultant, should be sent to the PIC members and to the ECOWAS Secretariat by November 15 for final review by the Countries.

A copy will also be sent at the same time to the Commercial Group (CG) for their review and observations.

The PIC intends to hold a meeting with the CG aiming at harmonising their views before submitting the document to the Steering Committee.

Subject to the observations listed in this report, the PIC adopted the results of the work made by the Consultant.

2. Gas Marketing Promotion Strategies Study

The TAC made a presentation of the overall work schedule of the Study and the programme of Assessment visits to the countries as currently envisaged.

The participants engaged into discussions, which led Nexant to modify certain tasks and events. Nexant confirmed further that the information visit in Nigeria would actually take place.

SIGNED as a true record of the meeting:

Joe Klemesu

Amadou Diallo

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Procès-Verbal de la réunion du CP
Lomé, les 6 et 7 novembre 2001

Le Comité de Pilotage (CP) du Projet de Gazoduc de l'Afrique de l'Ouest et le Groupe Commercial se sont réunis au Fonds de la CEDEAO à Lomé les 6 et 7 novembre 2001.

L'objet de cette réunion était :

1. d'examiner et adopter le cadre institutionnel de l'Autorité du Gazoduc de l'Afrique de l'Ouest (AGAO) présenté par le consultant Nexant.
2. d'examiner le Programme de travail et le Programme d'évaluation par pays proposé par le consultant sur l'Etude de Stratégies pour la Promotion du Marche du Gaz (SPMG).

Ont participé :

- Le Président du CP
- Le Directeur de l'Infrastructure et de l'Industrie de la CEDEAO.
- Le membre du CP du Nigeria et son suppléant.
- Le membre du CP du Bénin et son suppléant
- Le membre du CP du Togo

Etaient présents :

- Les représentants du VRA du Ghana
- Le représentant de la Commission Energie du Ghana
- Le Directeur du Projet USAID
- Le Coordinateur de l'Assistance Technique (CAT) du PGOA et un expert de Nexant.

1. L'Organe Administratif

Nexant a présenté un document de proposition sur la structure et le fonctionnement de « l'Autorité du Gazoduc de l'Afrique de l'Ouest » (AGAO) en tant qu'Organe Administratif de l'Accord de Concession.

Le CP a examiné le document page par page en vue d'apporter des éclaircissements et a fait les remarques suivantes aussi bien sur la forme que sur le fond.

i. Couverture

- Changer le titre du document qui était initialement « Termes de Référence de l'AGAO » et le remplacer par « Cadre

Institutionnel de l'AGAO » et procéder au même changement dans tout le document ;

- Ajouter le logo de la CEDEAO ;
- Rayer la référence au lieu et à la date de l'événement (Lomé, Togo les 6 et 7 novembre 2001).

ii. Page 3 :

- Remplacer les « Objectifs » par « Introduction /Contexte ou Préambule » et élargir la partie introductive, tout en mentionnant le contexte et les références utilisés par le Consultant pour l'étude (les Termes de Référence, etc) ;
- Le document final proposé doit être joint à l'Accord de Concession
- Déterminer clairement les missions de l'AGAO.
- Remplacer la référence « AC » par « AIG » pour les dispositions initiales sur la création de l'Organe Administratif ;
- Général : faire des références claires par rapport à l'AGAO ou à WAPCO et procéder aux changements partout où cela est nécessaire dans le document ;
- 1.1.5 « Choix des activités commerciales locales pour l'approvisionnement du Projet » - reformuler la phrase de façon à garantir la participation des activités commerciales locales à l'approvisionnement du projet et le rôle de l'AGAO dans le processus de sélection.

3. Page 4 : 1.3, Paragraphe II

- Scinder le Paragraphe en deux et apporter des changements conformément à l'Article 5 à la page 10. Si les détails sur les fonctions du Code d'accès sont énumérés, insérer la mention « entre autres » pour éviter de les fixer de manière très ferme pour changement éventuel dans l'avenir.
- Général : faire un résumé approprié.

4. Page 5 : Article 2. Organisation

- L'AGAO est une structure organisationnelle à trois échelles au lieu de quatre ;
- Séparer le personnel permanent des contrôleurs de l'Etat et faire un paragraphe à part pour ces derniers ;
- Disposer le paragraphe de manière à ce que tout ce qui concerne les contrôleurs de l'Etat soit contenu dans ce paragraphe et ne s'étende plus sur la page toute entière ;

- Remplacer la dénomination « Secrétaire Exécutif » par « Directeur Général » ;
- Mentionner clairement que le représentant de la CEDEAO est membre du Conseil des Gouverneurs ;
- Le Conseil des gouverneurs : Pour permettre à la fois la présence des Ministres au plus haut niveau, et la permanence des mandats au niveau de l'institution de contrôle de l'AGAO, il a été suggéré que le Conseil des Gouverneurs soit scindé en deux : le Directeur Général de l'AGAO rendra compte à « une Haute Instance » composée d'un membre de chaque pays nommé par son gouvernement, et un représentant de la CEDEAO. Ces membres seront nommés pour un mandat de 4 à 5 ans. La Haute Instance rend compte à un « Haut Conseil » composé de Ministres de l'énergie, ou des Mines, ou des ressources pétrolières de quatre pays, plus le Secrétaire Exécutif de la CEDEAO. Faire une référence claire (dans un paragraphe à part) à l'emplacement de l'AGAO à la fois pour la période initiale que pour un changement éventuel.

5. Page 6 Article 2.1 « Recrutement du Personnel et Financement » et 2.1.1 « Choix de Langue »

- Réorganiser ces deux articles et replacer toutes les références au personnel de l'article 2.1.1 à l'article 2.1 ;
- Ajouter la limite d'âge au profil du poste de Directeur Général et l'amener au niveau de l'annexe 2: Profil du Poste de Directeur Général, à la page 13 ;
- Changer la langue de travail qui était « la même que celle de WAPCO » par « à la fois » Anglais et Français, pour répondre aux besoins de contrôle tous les gouvernements.
- Recrutement /Sélection /Nominations : la réunion a suggéré et approuvé que le recrutement du personnel de l'AGAO sera coordonné par la CEDEAO à travers un cabinet indépendant.

6. Pages 7 et 8 Fonctions des quatre directions :

- Ajouter à la période limite de construction et d'exploitation, une période de définition et attribuer les tâches de manière conséquente ;
- Elargir les fonctions du Directeur Général a toutes celles relatives à la direction générale (élaboration du budget etc.)
- Un chapitre des définitions doit s'ajouter au document ;
- Mentionner clairement que le mandat du DG est de quatre ans renouvelable une seule fois.

7. Page 9 : Article 3. Agenda initial

- Changer le titre de l'Article qui était « Agenda initial » et le remplacer par « Agenda de l'AGAO ».
- L'Article 3 a besoin d'être réécrit entièrement, tout en prenant soin qu'il comporte les sous articles suivants:
 - i. Procédures de liaison
 - ii. Préparation et mise en œuvre de Documents Régulateurs
 - iii. Résolution des conflits
 - iv. Obligations de Rendre Compte
 - v. Rapport annuel sur le fonctionnement du gazoduc
 - vi. Apport d'une assistance technique aux Etats
 - vii. Mise en application (suggérer la meilleure option sur la forme juridique que devrait revêtir le document qui doit être signé pour mettre en place l'AGAO).

8. Page 10 : Articles 4, 5 et 6

- Ce document doit être réécrit pour être plus explicite et pour apparaître sous forme de document juridique au lieu d'un simple document de discussion. Ce commentaire s'applique à tous les trois articles, qui sont « Article 4 Financement de l'AGAO » ; « Article 5 Relations entre l'AGAO et les Etats » et « l'Article 6 Relations entre l'AGAO et WAPCO »

9. Page 11 & 12 Actualiser l'Annexe 1. Licences et Permis

- Doit être actualisée. NOTE : La liste transmise est celle provenant du Plan de Développement primaire du Gazoduc – version rev. 20.02.00

10. Page 13 : Annexe 2

- Changer le nom de « Secrétaire Exécutif », le remplacer par Directeur Général.
- Ajouter la limite d'âge comme convenu entre 40 et 50 ans.
- Ajouter la disposition stipulant que, le DG sera élu pour une durée de 4 (quatre) ans, avec la chance d'être réélu pour seulement un mandat de plus.

11. Page 15 Annexe 3

L'ingénieur – biffer la référence diplôme « d'ingénieur civil ou mécanicien » et remplacer par « diplôme d'ingénieur relatif au domaine ».

12. Page 17 Annexe A. Barème des salaires

- Ajouter les avantages et faire référence aux Lois et Règlements du personnel en vigueur au sein de la CEDEAO.
- Ajouter le résumé du Règlement du Personnel c'est-à-dire : logement, pension, enfants à charge, etc en tenant compte des lois et Règlements en vigueur au sein de la CEDEAO.
- Mentionner qu'une définition plus détaillée des lois et Règlements sera produite et par qui.

Sur la base de ces remarques le CP a demandé au Consultant d'insérer toutes les observations ci-dessus et produire le rapport final.

Après amendement par le Consultant, le document sera envoyé aux membres du CP et au Secrétariat Exécutif de la CEDEAO le 15 novembre pour que les pays procèdent à une dernière révision.

Au même moment, une copie sera également envoyée au Groupe Commercial (GC) pour examen et observations.

Le CP se propose d'organiser une réunion avec le GC en vue d'harmoniser leurs points de vue avant de transmettre le document au Comité directeur.

Sous réserve des observations faites dans le rapport, le CP a adopté les résultats du travail accompli par le Consultant.

2. Etude de Stratégies pour la Promotion du Marché de Gazoduc

Le Coordinateur de l'Assistance Technique (CAT) a fait une présentation de tout le programme de travail de l'étude et le programme des visites d'évaluation au niveau des Etats tel qu'envisagé.

Les participants ont engagé des discussions qui ont amené Nexant à modifier certaines tâches et certains événements. En outre, Nexant a confirmé que la visite d'information au niveau du Nigeria aura bel et bien lieu.

SIGNE en tant que véritable compte-rendu de la réunion, par,

Joe Klemesu

Amadou Diallo

WEST AFRICA GAS PIPELINE

To: DES (IP)
Cc: DII
From: WAGP TAC
Subject: **Opportunity to extend or not extend the MOU with The Commercial Group**

History

MOU originally signed on August 11, 1999 between the States and the Commercial Group. Commercial Group has exclusive rights to negotiate for the WAGP. If the Parties have not entered into a Concession Agreement within 2 years, the States or the CG have option to terminate with 3 months notice.

MOU was extended for a further period of nine months (until May 10, 2002) at the Steering Committee meeting of Accra on Aug. 29, 2001

Commercial Group Performance

While the Commercial Group has generally shown professional ability, a certain number of deficiencies have delayed the WAGP Concession Agreement and Commercial Agreements process:

1. Commercial terms with Ghana were finalized in January 2002. Since then, the progress of the Project has been stopped by CG internal negotiations. During this period, Project Costs are increasing without direct interest for the States.
2. Along the development of the Project, the Commercial Group has conducted negotiations and treated issues one after the other, missing opportunities of parallel negotiations of the various agreements. This is not the “fast track” schedule originally envisaged.
3. CG internal approval procedures are heavy. More delegation should be granted to the Negotiating Team to avoid unnecessary delays.
4. The Commercial Group does not communicate enough with the States about Commercial Agreements “stumbling blocks”. Confidentiality is evoked, but the interest of the States as Project Stakeholders is not considered.

Opportunity to extend the MOU

Like all such issues, we need to decide if we are willing to walk away from the deal. If the States are not, then it is best not to bluff and to just get some token concessions. The options are **renew sole rights OR remove the exclusivity** - there seems no purpose to **not renewing a non-exclusive right**.

For renewal:

- CG have made some progress and have agreements in place with the major customers - changing would mean that these agreements also have to be renegotiated with new sponsors.
- Commercial Group know all the issues - starting with someone new would take time to get them up to speed even after their appointment.
- CG have been spending money in good faith - not renewing exclusivity may result in loss of support for the project from their sponsor companies.
- Selecting a new project sponsor would require: preparation of an Information Memorandum on the project; advertising world-wide to generate interest; road shows to potential sponsors; Organisation of competitive process by potential sponsors; Selection of new sponsors. Total time 5 to 8 months, but it might generate a sponsor offering a better deal.
- Any new project sponsor may still be held up by ELPS issues and no time would be saved (although it is possible that they may be willing to take more risks?)
- Negotiating with a new sponsor will involve the States in additional costs, which might not all be recoverable from the sponsor

Against renewal of sole rights:

- CG have been very slow in resolving their own internal issues that could have been dealt with at least in parallel with the CATS. Not renewing would send a message that this is not acceptable. Could offer to renew sole rights if (no one better comes and) they can resolve their issues with ELPS.
- A new sponsor may offer a better deal in economic terms - it would introduce competition into the process.
- Puts the States back in control with options. (but States would have to be prepared to be proactive to exploit this by getting new sponsors interested)
- Exclusivity is hard to defend publicly unless it can be justified by clear savings in total time to implement the project.

Conclusion

The currently envisaged strategy:

Not extending the exclusivity of the MOU and requiring from the Commercial Group a diligent Action Plan with serious commitments before considering further extension. Action Plan should include return to fast track schedule involving parallel negotiations everywhere possible, more flexibility in Project Management and better information to the States.

This strategy would be in line with the above.

In addition, the Commercial Group should be notified and should agree that no expense, direct or indirect, incurred in the CG internal negotiations, should be allocated to the Project development cost.

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WEST AFRICAN GAS PIPELINE PROJECT
ring Committee & Sponsors' Management Committee Meeting
Held in Houston, 10 May 2002

Aide Memoire

The Steering Committee, the Sponsors' Management Committee for the West African Gas Pipeline Project, met in Houston on 10 May 2002 to deliberate on the progress of this project. The ECOWAS Secretariat and US-AID were also represented.

The Steering Committee Chairman opened the meeting. The SMC Chairman made welcoming remarks and suggested an agenda for the meeting.

The Commercial Group presented their report addressing:

- ◆ Project status – this highlighted the progress since the last SC-SMC meeting (Aug 01). The key achievements being the completion of the Takoradi GSA LOI; the advanced status of the VRA assignment process; and the completion of the WAPCO shareholders' agreement term sheet. The CG stated that negotiations regarding shipment of gas in the ELPS were still ongoing;
- ◆ Preparation for next phase – this included the presentation of the Summary Schedule, which showed a first gas date of mid-2006, based on a Preliminary Commercial Evaluation in July 2002 and a Final Investment Decision some two years later.

The Commercial Group noted that the 11 August 1999 Memorandum of Understanding and its subsequent extension will expire today, 10 May 2002. The Commercial Group was seeking an extension of the MOU.

The Chairman of the Steering Committee advised that he was unable to extend the MOU without the other Ministers and that the Steering Committee were disappointed by the progress achieved since their last meeting. He reminded the meeting of the original dates that had been promised for gas delivery of mid 2002 and then mid-2004. He noted that the SMC were requesting an extension of the MOU, but no firm promise was being made on completion. The SC stated that their technical representatives were the PIC and regretted that regular exchanges of information and progress were not being made between the Commercial Group and the PIC. The Chairman proposed that an SC-SMC Meeting be arranged for week commencing 10 June in Abuja and that prior to this the Commercial Group and the PIC should meet to discuss and agree a realistic schedule for the project to present to the SC. In the meantime, the SC would not exercise its right under the MOU to give notice of termination of the MOU between now and the next meeting in June. He invited the SMC to make a similar commitment.

The Deputy Secretary of the ECOWAS Secretariat reinforced the statement of the Chairman and highlighted the discomfort of the ECOWAS Secretariat if they had to report to the ECOWAS Authority a delay on this project until 2006.

[REDACTED]

WEST AFRICAN GAS PIPELINE PROJECT
ring Committee & Sponsors' Management Committee Meeting
Held in Houston, 10 May 2002

Aide Memoire

The Chairman of the SMC responded stating that the SMC also did not intend to give notice of termination of the MOU and that the SMC would agree to meet again with the Steering Committee during week commencing 10 June 2002 in Abuja. He stated that there was much to be completed prior to this meeting and that the Commercial Group would work with the PIC to achieve this. He believed that many of the outstanding agreements could be ready to be signed in June 2002.

The Steering Committee and the Sponsor's Management Committee concluded by agreeing to meet again in Abuja during the week of 10 June 2002 and charging the PIC and the Project Team of the Commercial Group to meet prior to that date to finalise an agreed schedule for the project.

SIGNED as a true record of the meeting:

[HON. A. KAN-DAPAAH]

Hon. A. Kan-Dapaah
Chairman, Steering Committee

[MR. J. O. ANYIGBO]

Mr. J. O. Anyigbo
Chairman, Sponsors' Management Committee

PROJET DE GAZODUC DE L'AFRIQUE DE L'OUEST (PGAO)

Réunion du Comité Directeur & du Comité de Gestion des Promoteurs *Houston, 10 Mai 2002*

Aide Mémoire

Le Comité Directeur et le Comité de Gestion des Promoteurs (SMC) du PGAO se sont réunis à Houston le 10 mai 2002 pour faire le point de l'avancement du PGAO. Le Secrétariat de la CEDEAO et l'USAID étaient également représentés.

Le Président du Comité Directeur a ouvert la réunion. Le Président du SMC a fait les remarques d'introduction et a proposé l'ordre du jour de la réunion.

Le Groupe Commercial (CG) a présenté son rapport, faisant état des faits suivants:

- o Situation du Projet – présentation des avancements depuis la dernière réunion du Comité Directeur avec le SMC (août 01), les principales réalisations étant l'achèvement des Termes Principaux de l'Accord de Vente de Gaz de Takoradi ; l'état avancé de la procédure de substitution de GNPC par VRA; et l'achèvement des Termes Principaux de l'Accord d'Actionnaires de la WAPCo. Le GC a indiqué que les négociations relatives à l'Accord de Transport dans l'ELPS se poursuivaient.
- o Préparation pour la phase suivante – présentation du résumé du planning du projet montrant une date de mise en service du gazoduc à mi-2006, sur la base d'une Evaluation Commerciale Préliminaire (PCE) en juillet 2002 et d'une Décision Finale d'Investissement (FID) environ deux ans après.

Le Groupe Commercial a noté que le Protocole d'Accord (MOU) du 11 août 1999 et son extension ultérieure expiraient ce jour même, 10 mai 2002. Le Groupe Commercial a demandé une extension du MOU.

Le Président du Comité Directeur a fait savoir qu'il ne pouvait pas accorder d'extension du MOU, et que le Comité Directeur était déçu des progrès réalisés depuis la dernière réunion. Il a rappelé aux participants les dates qui avaient été promises antérieurement et qui donnaient une livraison de gaz à mi-2002, puis ultérieurement à mi-2004. Il a noté que le SMC demandait une extension du MOU, mais qu'aucune promesse ferme n'était faite quant à l'achèvement du projet. Le Comité Directeur a indiqué que son représentant technique était le Comité de Pilotage (CP) et regrettait que des échanges d'informations réguliers sur l'avancement n'aient

pas lieu entre le GC et le CP. Le Président a proposé qu'une réunion Comité Directeur et du SMC soit organisée la semaine du 10 juin à Abuja et qu'avant celle-ci le CG et le CP se réunissent pour discuter et se mettre d'accord sur un planning de projet réaliste à présenter au Comité Directeur. Dans cette attente, le Comité Directeur n'exercerait pas ses droits selon le MOU à donner un préavis de résiliation du MOU d'ici à la prochaine réunion du mois de juin. Il a invité le SMC à tenir le même engagement.

Le Secrétaire-Adjoint de la CEDEAO a appuyé la déclaration du Président et souligné la difficulté qu'il y aurait à communiquer au Secrétariat Exécutif un retard du Projet à 2006.

Le Président du SMC a répondu que le SMC n'avait pas non plus l'intention de donner de préavis de résiliation du MOU et que le SMC serait d'accord pour se réunir avec le Comité Directeur la semaine du 10 juin 2002 à Abuja. Il a ajouté qu'il y avait beaucoup à faire avant cette réunion et que le GC y travaillerait en compagnie du CP. Il a précisé qu'il pensait que les accords non encore conclus pourraient être prêts à la signature en juin 2002.

Le Comité Directeur et le Comité de Gestion des Promoteurs ont conclu la réunion en se mettant d'accord pour se rencontrer à Abuja pendant la semaine du 10 juin 2002, et en demandant au Comité de Pilotage et à l'équipe projet du Groupe Commercial de se réunir avant cette date pour finaliser d'un commun accord un planning pour le Projet.

Signé en tant que compte-rendu véritable de la réunion :

Son Excellence A. KAN-DAPAAH
Président du Comité Directeur

M. Joe ANYIGBO
Président du Comité de Gestion des
Promoteurs

PROJET DE GAZODUC DE L'AFRIQUE DE L'OUEST

REUNION DU COMITE DIRECTEUR ET
DU COMITE DE DESTION DES PROMOTEURS
10 mai 2002, HOUSTON , TEXAS, USA

DECLARATION LUE PAR LE PRESIDENT DU COMITE DIRECTEUR
SON EXCELLENCE ALBERT KAN-DAPAAH

Mesdames, Messieurs,

C'est un plaisir pour moi de vous accueillir à cette réunion, en mon propre nom et au nom de mes collègues Ministres du Bénin, du Nigéria et du Togo qui n'ont pu se rendre disponibles en raison d'importantes obligations de dernière minute.

Laissez-moi vous dire d'emblée que l'absence de mes collègues signifie que nous ne serons pas en mesure de prendre une décision concernant la demande d'une nouvelle extension du Protocole d'Accord (MOU) exprimée par le Comité de Gestion des Promoteurs (CGP), Protocole qui expire aujourd'hui vendredi 10 mai 2002.

De toute façon, même si mes collègues avaient été présents, je doute que nous ayons accédé à la demande du CGP, en raison du rapport qui nous a été fait sur le manque à conclure la phase de définition du projet au terme de laquelle le CGP aurait pris l'engagement ferme de construire et réceptionner le gazoduc.

Il est important de rappeler aujourd'hui où nous devrions nous situer sur ce projet, depuis le 11 août 1999, quand les quatre états et le CGP signèrent le MOU selon lequel le CGP se voyait confier le droit exclusif de :

1. Etablir la Société du Gazoduc de l'Afrique de l'Ouest (WAPCo)
2. Négocier et conclure des accords avec les Pays pour construire un gazoduc transfrontalier pour transporter du gaz naturel vers et à partir des Pays.

En août 2001, le Comité Directeur a accordé une extension de neuf mois aux droits exclusifs du CGP en reconnaissance des retards. imputables essentiellement aux transitions politiques ainsi qu'à la léthargie et à la diminution d'enthousiasme compréhensible de la part du CGP.

Comme nous arrivons aujourd'hui-même à la fin de la période d'extension, nous sommes très déçus par le fait qu'il apparaît que très peu de progrès ont été faits au cours des neuf derniers mois. Par exemple, même si des négociations sur les termes principaux de l'Accord de Vente de Gaz entre VRA et les Vendeurs ont été conclues, la Lettre d'Intention (LOI) n'a pas été signée à ce jour par les parties.

D'autres importantes activités qui auraient dû être achevées, notamment : 1) l'établissement de la WAPCo ; et 2) la conclusion d'accords sur les termes principaux de l'Interconnexion ELPS-PGAO, de l'Achat de Gaz, du Transport

de Gaz, et de l'Accord des Actionnaires de la WAPCo, n'ont pas été menées à bien.

Le fait de ne pas avoir accompli les tâches essentielles définies dans le MOU et de ne pas avoir fait avancer le projet au stade de la décision suivant l'Evaluation Commerciale Préliminaire (ECP) traduit une incertitude préoccupante quant à la date d'achèvement du gazoduc, à supposer qu'il soit jamais construit. Bien que nous n'ayons pas été formellement informés, toutes les indications mènent à la conclusion que l'ancienne date d'achèvement du projet en 2004 a considérablement glissé, peut-être même de 2 ou 3 ans si nous poursuivons au rythme que nous avons adopté jusqu'à maintenant.

Nous comprenons que, sur la base du programme le plus optimiste, la livraison du gaz aux consommateurs ne se fera pas avant 48 mois à partir de la décision suivant l'ECP. Comme nous sommes encore loin de l'ECP, nous sommes exposés à la perspective dramatique et inacceptable d'un glissement d'au moins deux ans de la date d'achèvement du projet. La « Fin 2004 » est devenue « Peut-être Fin 2006 ».

Le CGP demande une autre extension sans donner d'engagement ferme qu'il réalisera le projet selon son propre planning de 2004. Le CGP demande une autre extension sans donner l'assurance que les difficultés qui ont amené les récents glissements ont été surmontées, ni que les dates proposées pour la phase de mise en œuvre seront suivies.

A notre avis, une des leçons les plus importantes que nous devons tous retenir des manquements récents est que nous devons mettre en place un mécanisme crédible d'examen et de contrôle de l'avancement du projet. Jusqu'à présent, nous avons supposé que les choses se déroulaient normalement selon le planning, pour finalement découvrir trop tard que tout avait glissé et qu'il faut avoir recours à des extensions.

Nous croyons que la pratique actuelle de programmer des réunions d'avancement entre le Comité de Pilotage (CP), le CGP et le Comité Directeur en même temps, avec peu de contact entre les groupes entre les réunions, est un facteur essentiel ayant contribué au rythme lent du projet et au manquement à détecter les problèmes avant qu'ils ne deviennent des goulots d'étranglement générateurs de retards.

En ce qui concerne les États, le Comité de Pilotage est le Groupe de Soutien Technique qui veille aux intérêts du Comité Directeur dans ses relations avec le CGP. Il est regrettable que les mécanismes d'échanges réguliers entre le CP et le CGP n'existent pas en dehors des réunions précédant immédiatement celles du Comité Directeur. Malheureusement, au moment où ces réunions sont tenues et les glissements détectés, le dommage a été fait.

Certes, le Comité Directeur reconnaît et accepte le droit au maintien de la confidentialité des discussions commerciales internes, mais cela ne peut être évoqué comme une excuse générale pour ne pas partager l'information sur l'avancement du projet avec le CP sur des bases plus régulières. Il peut et doit y

avoir accord sur des objectifs de dates et de tâches à accomplir dont les réalisations peuvent être concomitantes avec les dates de réunions plus régulières entre le CP et le CGP. En fait, nous croyons que le résultat de telles consultations régulières doit être le facteur déterminant pour l'organisation des réunions entre le Comité Directeur et le CGP.

A titre d'exemple, les comptes-rendus que nous avons reçus lors des réunions de cette semaine suggèrent une différence fondamentale entre le CP et le CGP en ce qui concerne le planning et la mise en œuvre de la prochaine phase du projet. Le CP pense que l'adoption d'une approche parallèle de nombreuses tâches, au lieu d'une approche séquentielle, pourrait permettre de gagner un temps précieux et de revenir ainsi à l'objectif d'origine de fin 2004 ou début 2005 au plus tard.

A notre avis, mettre de côté une telle divergence de points de vue entre le CP et le CGP, et considérer les propositions du CGP sur leur seul mérite n'aurait aucun sens. Le Comité Directeur doit se baser sur les vues et les conseils du CP qu'il a chargé de la tâche spécifique de négocier l'Accord de Concession avec le CGP.

Alors que nous ne pouvons prendre de décision aujourd'hui concernant la demande d'une extension supplémentaire du MOU, je crois que nous pouvons et devons saisir l'occasion de mettre en présence le CP et le CGP afin de conclure leurs discussions sur le processus menant à l'Evaluation Commerciale Préliminaire et le planning proposé pour la mise en œuvre du projet. Il devrait ressortir d'une telle réunion des indications meilleures et plus réalistes concernant la période d'extension appropriée du MOU et une date plus appropriée pour l'achèvement du projet.

Je propose que la prochaine réunion entre le CP et le CGP se tienne dans les trois ou quatre prochaines semaines. A la suite de cela, je consulterai mes collègues Ministres de façon à fixer la prochaine réunion du Comité Directeur dans la semaine du 3 ou du 10 juin à Abuja. Cette réunion aura pour objet de considérer la demande du CGP d'une nouvelle extension des droits exclusifs tels que stipulés dans le MOU.

En faisant cette proposition, je suis pleinement conscient que le MOU expire aujourd'hui. Cependant, je suis également conscient que nous avons quatre-vingt dix jours pour que chaque partie décide de se désengager formellement de notre association. Je souhaite vous assurer que le Comité Directeur n'a pas l'intention d'exercer ses droits avant la date de la prochaine réunion du Comité Directeur. Nous aimerions croire que le CGP est prêt à s'engager de la même façon.

Soyons tous résolus à mettre fermement le passé derrière nous. Renouvelons nos engagements à la réalisation rapide du Projet de Gazoduc de l'Afrique de l'Ouest, et renforçons les liens de notre coopération qui nous assureront un retour sur la voie d'une mise en œuvre dynamique de ce projet.

Merci de votre attention et de votre compréhension.

WEST AFRICAN GAS PIPELINE PROJECT

PIC & CG Meeting
Held in London, 30-31 May 2002

Aide Memoire

The Project Implementation Committee (PIC) for the West African Gas Pipeline Project and the Commercial Group met in London on May 30 and 31, 2002 as a follow up of the Steering Committee & Sponsors' Management Committee meeting held in Houston on May 10, 2002. The list of attendees is attached to this aide-memoire.

The purpose of the meeting was to study all possible improvements of the Project Schedule, and deliberate on an extension of the MOU between the States and the Commercial Group.

Project Schedule

In Houston, the Steering Committee had requested that the completion date of the Project be brought forward, not to exceed the year 2005. In order to meet this objective, the Commercial Group was to work with the PIC on means to bring forward the dates of the PCE and the FID significantly, and to save substantial time on the Construction schedule.

Before the London meeting, the Commercial Group presented a new Project Schedule indicating a completion date on May 2006, subject to a PCE completed on July 31st, 2002. The schedule represented a saving of 3 months over the schedule presented in Houston. The PIC stated that this schedule was not acceptable to the States and made several suggestions for saving time both in the Definitional Phase Stage B and in the Construction Phase. The PIC suggestions would have allowed a saving of 11.5 months on the newly proposed Project Schedule.

Following several rounds of discussion, the Commercial Group presented a final Project Schedule indicating a completion date on December 31, 2005, with an FID in March 2004, corresponding to a saving of 5 months over the schedule initially presented at the present meeting, and 8 months over the schedule presented in Houston. The Commercial Group indicated also that the upgrading of their Project Team and improvement of their working procedures would enhance the reliability of the proposed Project Schedule.

The CG stressed that the Schedule, and particularly the Definitional Phase, implied equally diligent actions by the States for the tasks allocated to them. This covers specifically the works related to the Concession Agreement including the ratification by the parliaments. The timely review of EIA and permits submittals by the concerned

WEST AFRICAN GAS PIPELINE PROJECT

PIC & CG Meeting

Held in London, 30-31 May 2002

Aide Memoire

agencies, while preserving the independence and integrity of the review process, is also critical to meeting the Schedule.

The PIC acknowledged the above version of the Project Schedule attached to this aide-memoire, showing a completion date on December 31st, 2005.

Next Steps

The PIC and the Commercial Group further discussed the program of activities necessary to carry out a diligent launching of the above schedule. The following Action List was drawn Actions by the PIC

- Present the CG-proposed Project Schedule to the Ministers, members of the Steering Committee, and to the ECOWAS Executive Secretary
- Review of CG-proposed MOU Extension by the PIC members
- Check availability of the States team Working Groups (HSE & Permitting, Legal) for the WAGP status alignment meeting to be held in Lome on July 8-12, 2002
- Check availability of the ECOWAS facility in Lome for the above meeting

Actions by the Commercial Group:

- Confirm Agenda of the PIC/CG meeting in Abuja on June 13 (CG/States Working Groups work program, draft of MOU Extension submitted at the London meeting, other...)
- Prepare Concession Agreement structuring document for June 30, 2002
- Issue CG/PIC final Work Program for June 30, 2002 to be approved at the July 8-9 meeting in Lome
- The CG shall produce monthly briefing notes reporting the progress of the Project as per the above-referred Project Schedule.

Joint Actions

- Funding of the above Lome meeting by the CG (PIC Members, ECOWAS Representative and Interpreters) and USAID (HSE, Permitting & Legal Working Groups)
- Presentation of the Project to the ECOWAS Parliament in Abuja on June 13 or 14, 2002, by the CG Project Manager and the ECOWAS Secretariat / PIC



WEST AFRICAN GAS PIPELINE PROJECT

PIC & CG Meeting
Held in London, 30-31 May 2002

Aide Memoire

SIGNED as a true record of the meeting:

Joe Klemesu
Chairman, PIC

Jean-Claude Emond
Commercial Development Manager

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WEST AFRICAN GAS PIPELINE PROJECT

Steering Committee & Sponsors' Management Committee Meeting

Held in Abuja, 14 June 2002

Aide Memoire

The Steering Committee, the Sponsors' Management Committee for the West African Gas Pipeline Project met in Abuja on 14 June 2002, in furtherance to their last meeting of May 10 in Houston. The ECOWAS Executive Secretary and Members of the ECOWAS Parliament also participated in this meeting.

The ECOWAS Executive Secretary welcomed the participants, stressing the importance of completing the project at the earliest possible date. The Steering Committee Chairman opened the meeting.

The Commercial Group presented their report addressing:

- Project Status – this highlighted the progress since the last SC-SMC meeting. The key achievements being: the execution of the Takoradi GSA LOI early June; the improvements by the PIC and the CG on the Project Schedule in London; and the agreement reached by the relevant parties on the Interconnection Agreement Term Sheet. The CG stated that negotiations regarding all Project Term Sheets were now completed, that the VRA assignment process was to be completed, and that the PCE process had started.
- Project Schedule – this included the presentation of the Summary Schedule, which showed *first gas* in December 2005, based on a Preliminary Commercial Evaluation in July 2002 and a Final Investment Decision in March 2004.
- Commitments by the Parties – this included:
 - Commercial Group: improving internal procedures, increasing Commercial and Legal Project Team resources, and implementing progress reporting to the States and early issue identification.
 - States: commitment to co-operate and work to schedule by the Legal, EIA and Permitting teams; timely ratification of the Concession Agreement by the Parliaments.
- Request for an Extension of the MOU – the Commercial Group requested an extension of the MOU until the Concession Agreement is signed, i.e 1 August 2003 according to the time schedule presented.

The Steering Committee and the PIC then held their private session, after which the meeting resumed and deliberated as follows:

The Chairman of the Steering Committee stated the Committee's position:

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WEST AFRICAN GAS PIPELINE PROJECT
Steering Committee & Sponsors' Management Committee
Meeting

Held in Abuja, 14 June 2002

Aide Memoire

- The SC believed that *first gas* could be achieved by June 2005, an improvement of six months on the programme proposed. This could be achieved by increased efficiency in the EIA process, for example, by immediately engaging stakeholders in the consultation process. The contingencies in the programme could also be reduced. This would result in the Final Investment Decision being taken three months earlier than currently planned. An additional three months of improvement would be obtained in the construction programme.
- The SC noted that although the Concession Agreement was not on the critical path of the programme, an important political signal would be given if this process could be completed by the end of December 2002. Furthermore, early completion would avoid any risk that the process of the Parliamentary approval of the legislative attachments to the Concession Agreement could be prejudiced by the elections in the States.
- The SC believed that good liaison with the PIC was vital to ensure that progress was not obstructed. The SC required the Commercial Group to submit monthly progress reports to the PIC and to highlight any obstacles to achieving the target schedule.
- Subject to the conditions above, the Steering Committee were pleased to grant the extension to the MOU being requested.

The Commercial Group carried out a short consultation. Following this, Mr J E Gaius Obaseki, of NNPC stated that he saw no reason for not achieving a date of June 2005 for first gas, but this would need the full cooperation of the PIC and Steering Committee to facilitate this.

The Steering Committee reaffirmed their commitment to facilitating this project.

The MOU covering the points listed above was prepared and signed. A copy is attached.

The meeting noted that Mr J O Anyigbo would be retiring from Chevron and thanked him for efforts on behalf of the project.

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WEST AFRICAN GAS PIPELINE PROJECT
Steering Committee & Sponsors' Management Committee

Meeting

Held in Abuja, 14 June 2002

Aide Memoire

The meeting noted the support to the PIC provided by USAID and outlined by Mr Cleveland Thomas. It also noted the particular support to the project given by Dr Frank Young, who has recently left USAID Ghana.

SIGNED as a true record of the meeting:

Joe Klemesu
Chairman, PIC

Jean-Claude Emond
Commercial Manager, Commercial Group

WEST AFRICAN GAS PIPELINE PROJECT

PIC & CG Meeting

Held in Lome, 8-9 July, 2002

Minutes of Meeting

The Project Implementation Committee (PIC) for the West African Gas Pipeline Project and the Commercial Group met in Lomé on July 8 & 9, 2002 as a follow up of the Steering Committee & Sponsors' Management Committee meeting held in Abuja on June 14, 2002. The list of attendees is attached to these minutes.

The purpose of the meeting was to attend a presentation by the Commercial Group of the Project Agreement Structure Proposal and the Due Diligence Summary for the Project legal framework, as contained in the CATS, and to agree on such structure, as well as on a work program for the drafting and agreement on the above package.

Prior to the meeting, the Commercial Group had transmitted to the PIC the following documents:

1. Structure Proposal for the International Project Agreement
2. Structuring the Project: Due Diligence Considerations

Project Document Structure

After the Commercial Group presentations, the PIC met internally in order to clarify issues arising from the presentations and to assess the requirement of each State in accommodating the Project document structure as proposed by the Commercial Group.

During the subsequent discussions, the PIC and the Commercial Group expressed different opinions on how to characterize the Project document structure:

The PIC believes that the proposed document structure, including three separate documents, represents a formal modification of the one-document structure anticipated in clause 4 of the CATS. However, the PIC recognizes that, provided the final version of the documents implements the terms of the CATS, it does not represent a change in content.

The following conclusions were reached in respect of the Project document structure:

- A. The document structure will be composed of
 1. An International Project Agreement containing commercial agreement between the States and WAPCo;
 2. A treaty between the four States containing State to State undertakings and establishing the WAGP Authority; and

3. Specific enabling legislation in each State to harmonise laws and regulations applicable to WAGP in each State.

B. The PIC supports the above Project document structure on the understanding that:

- a) The document package will not deviate from the principles of the CATS.
- b) The Commercial Group will be responsible for presenting outlines of the specific enabling legislation for each State.
- c) The Project document structure will not result in any delay, bearing in mind the wishes of the Steering Committee, which were expressed at the meeting in Abuja on 14 June 2002.
- d) The development of the Project document structure will involve the active participation of the States lawyers and the PIC.

Work Program

The parties discussed the implementation of a work program to put in place the Project structure within the timeframe required by the Steering Committee at its last meeting in Abuja and adopted the Project document structure drafting and agreement program (the Work Program) attached to these minutes.

Administrative Body

The WAGPA Institutional framework Study proposed by the PIC, and the Commercial Group response letter send to the PIC early May refer. The meeting decided that:

- a) The parties recognize that the new approach for the development of the Project Schedule as updated by the Steering Committee and the Sponsors' Management Committee on June 14, 2002, implies that certain key elements of the WAGPA might be required at the start of year 2003.
- b) A detailed operating budget for the WAGPA should be drafted by the PIC, and be discussed at the next meeting, anticipated to be in Cotonou on August 21-22, 2002. Any follow up of the WAGPA recruitment procedure will also be decided at that meeting, based on the calendar of WAGPA activities to be agreed upon at the meeting.
- c) The Project documents referred above will detail the role of the WAGPA in accordance with the requirement of the Project.

SIGNED as a true record of the meeting:

Joe Klemesu
Chairman, PIC

Jean-Claude Emond
Commercial Development Manager

PROJET DE GAZODUC DE L'AFRIQUE DE L'OUEST (PGAO)

Réunion du CP & du GC

Tenue à Lomé, les 8-9 Juillet 2002

Rapport de Réunion

Le Comité de Pilotage (CP) du PGAO et le Groupe Commercial (GC) se sont réunis à Lomé les 8 & 9 juillet 2002, suite à la réunion du Comité Directeur et du Comité de Direction des Promoteurs tenue à Abuja le 14 Juin 2002. La liste des participants est attachée à ce rapport.

L'objet de la réunion était d'assister à la présentation par le Groupe Commercial de la Proposition de structure pour le Contrat de Projet International et du Rapport d'Audit Juridique relatif au cadre juridique des TPAC, et de se mettre d'accord sur une telle structure, de même que sur un programme de rédaction et d'acceptation des documents ci-dessus.

Avant la réunion, le GC avait transmis au CP les documents suivants:

1. Proposition de Structure pour le Contrat de Projet International
2. Considérations tirées du Rapport d'Audit Juridique

Structure des Documents du Projet

Après les présentations du Groupe Commercial, le CP s'est réuni pour clarifier certaines questions émanant des présentations et pour apprécier les requêtes des Etats concernant la structure des documents telle que proposée par le GC.

Au cours des discussions qui ont suivi, le CP et le GC ont exprimé des avis différents sur la façon de caractériser la structure des documents du Projet:

Le CP pense que la structure des documents proposée, qui comprend trois documents séparés, représente une modification de forme par rapport à la clause 4 des TPAC qui envisageait un seul document. Cependant, le CP reconnaît que, pourvu que la version finale des documents ne dévie pas des termes des TPAC, elle ne représente pas un changement du point de vue du contenu.

Les parties sont parvenues aux conclusions suivantes quant à la structure des documents du Projet:

A. La structure sera composée des documents suivants:

1. Un Contrat de Projet International contenant les termes commerciaux agréés entre les Etats et WAPCo;

2. Un traité entre les quatre Etats contenant les engagements d'Etat à Etat et établissant l'Autorité du PGO (AGAO); et
 3. Une législation spécifique à chaque Etat pour harmoniser les lois et règlements applicable au PGO dans chaque Etat.
- B. Le CP appuie la structure des documents du Projet ci-dessus, sous réserve que:
- a) Les documents ne dévieront pas des principes des TPAC.
 - b) Le Groupe Commercial devra présenter des documents retraçant les grandes lignes des législations spécifiques à chaque Etat.
 - c) La structure des documents ne devra pas engendrer de retard par rapport aux souhaits exprimés par le Comité Directeur à la réunion d'Abuja du 14 juin 2002.
 - d) L'établissement de la structure des documents du Projet impliquera la participation active des juristes des Etats et du CP.

Programme de Travail

Les parties ont discuté de la mise en oeuvre d'un programme de travail pour l'établissement de la structure du Projet dans les délais requis par le Comité Directeur lors de la dernière réunion d'Abuja, et ont adopté le programme de rédaction et de négociation (le Programme de Travail) ci-attaché.

Organe Administratif

L'Etude faite par le CP et la réponse du GC sont les références à cette question. Il a été décidé au cours de la réunion:

- a) Les parties reconnaissent que la nouvelle approche relative au planning du Projet, tel qu'il a été mis à jour par le Comité Directeur et le Comité de Direction du Projet le 14 juin 2002, implique que certains éléments clés de l'AGAO pourraient être requis au début de l'année 2003.
- b) Un budget d'opération détaillé de l'AGAO devra être établi par le PIC et discuté à la prochaine réunion prévue à Cotonou les 22-23 août, 2002. Toute suite à donner à la procédure de recrutement de l'AGAO sera également décidée à cette réunion, sur la base d'un calendrier des activités de l'AGAO sur lequel les parties devront se mettre d'accord.
- c) Les documents du Projet évoqués ci-dessus devront détailler le rôle de l'AGAO, en accord avec les exigences du Projet.

SIGNE comme compte-rendu fidèle de la réunion:

Joe Klemesu
Président, CP

Jean-Claude Emond
Directeur du Développement Commercial

WAGP Meeting Lome 10th – 12th July 2002
Minutes.

Wednesday 10th July

AGENDA 1: Introduction

Mr. Diallo – Following a recent Ministers meeting there is more urgency with the project now, but the Environmental and Permitting is recognized as important.

AGENDA 2: Project Update

Mr. Cornwell - At a recent with the Energy Ministers, the CG proposed a schedule which presented first gas in December 2005. Ministers responded that timing was unacceptable therefore CG considering plans to meet minister's expectations of gas mid 2005. FID proposed by CG as 1st Q 2004 to meet Dec 2005 First Gas deadline but Minister's expectation is 4th Q 2003 to meet new schedule.

Final Investment Decision (FID) will be made during Final EIA approval (assuming likely approval). Preliminary draft EIA and Conceptual Permitting documents will be delivered PCE + 6 months. Initial draft EIA and FEED Permitting documents will be delivered PCE + 12 months or sooner (dependent upon stakeholder feedback, including international finance institutions and other international stakeholders). Submit for final approvals PCE + 15 months or sooner (also dependent upon stakeholder feedback). Schedule can be shortened as long as we don't run into surprises and/or strong opposition.

August 1st CG will hit the ground running – in first 6 weeks after PCE, EIA registration will take place.

Concession Agreement is a contractual document between states and CG. Enabling legislation needs to be put in place which is consistent with the Concession Agreement, although this is mostly fiscal, tax, etc. There will need to be, however, some enabling legislation to harmonize permitting issues. One way to ensure harmonization is WAGP Authority or Admin Body, which will facilitate/coordinate role or mandate of HSE Group. The WAGP Authority is not intended to change the role or mandate of HSE Group participants. In order for legislation to come into force, a Treaty will be required. Target for ratification end 2002.

All Environmental and Permitting Agencies expressed questions and concerns regarding the overall Concession Agreement, Treaty and role of the WAGP Authority. The PIC Chairman, Mr. Klemesu, reiterated the facilitating, co-ordinating and harmonizing role of the WAGP Authority and the need for enabling legislation to implement the Concession Agreement. The Commercial Group stressed the need for communication between the PIC and the Agencies as the Concession Agreement and WAGP Authority discussions begin (14 August meeting between CG Commercial-Legal and PIC).

New CG Ghanaian Partner is VRA with interest assigned from GNPC.

CG External Affairs – new manager is Kofi Okai. Existing structure still in place. Mr. Cornwell re-emphasises importance of EA communications and visibility with the PIC and Agencies (as actioned in previous meetings)..

Surveys. CG will streamline surveys to combine engineering and environmental. Only Nigeria has a permitting requirement to survey. Other State notification requirements were advised- Togo(contact Ministry of Mines and Energy Resources or is it Ministere des Mines de L'Equipment, des Transports et des Postes et Telecommunications) and Benin (Ministre Des Mines de l'Energie et de l'Hydraulique, who will advise the Ministre

WAGP Meeting Lome 10th – 12th July 2002

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de l'Interieur de la Securite et de la Decentralisation and Minister of Defence). CG are preparing courtesy notifications to each Government for on the ground surveys expected to commence in September 2002 for 3 month duration.

Nigeria FMEnv – EIA registration will precede surveys so survey plan will be known.

Communication – States expect good communication from CG External Affairs (regarding structure of project, stakeholders, and technical aspects).

AGENDA 3: Project Refresher

EIA Chronology: CG explained MIGA/World Bank requirements must be met to address financial security guarantees, including EIA.

Nexant – has MIGA involvement changed the planned EIA/permitting schedule?
CG – basically no, assessment is that it won't impact schedule, but won't know until deal is done.

TOR/Scoping Document :

Ghana EPA - TOR should reference Concession Agreement/Treaty. "No project" alternative should include continued heavy use of biomass in Ghana (60 – 70% of energy demand is met by use of biomass).

Report Format:

Critical to agree on a consistent format for EIA. A consistent format will be followed for permitting issues because less variation will mean less time and money spent on getting approvals. Individual EIA reports will be prepared for each country but will be shared between all the countries.

Regional report will be structured similarly to agreed format and will be a "roll up" of all the individual country reports. The HSE group will have input into the regional report, but the use of a regional report is for the CG (i.e. MIGA, International Stakeholders, etc.). Other than the to-be-determined role of the WAGP Authority, CG does not support the creation of an official Regional EIA review/approval organization.

CG will submit individual country and regional reports at 6, 12 and 15 months post PCE, including distribution to directly impacted stakeholders (those along the pipeline route). This approach should be acceptable to meet MIGA requirements (evidence of local disclosure).

Executive summary – each EIA report will have an executive summary included in it, however the executive summary will also form a stand alone document for more widespread distribution.

CG distributed to all meeting participants a CD containing all presented documents.

Registration of Consultant:

The coordinating consultant will be ICF based in Houston. A significant part of the award criteria was the use of local contractors/consultants. ICF committed to 60% local manhours. The co-ordinating consultant approach has been adopted because this is a large project spread across 4 countries so a consistent approach was required. Does the coordinating consultant need to be registered as an Environmental Consultant separately to the local partners? In summary the international coordinating consultant does not need to be registered in Ghana and Togo. Nigeria requires registration of both local and international consultants. In Benin local consultant needs to register but international consultant does not.

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Registration of Project:

WAPCo will be created before FID. At present Mr. Cornwell represents a consortium of companies lead by Chevron Nigeria Ltd.. When the EIA application is made it will be under the name of Chevron Nigeria Ltd. because registration has to be made by a legal entity.

AGENDA 4. Review of Action Items from Abuja Sept 2001

See separate document

AGENDA 5. Review of Engineering Design Standards (CG)

Review of Permitting Agencies for Each country

Nigeria-Department of Petroleum Resources (DPR)

Togo-Ministere des Mines de L'Equipment, des Transports et des Postes et
Telecommunications

Ghana-Energy Commission

Benin- Ministere de l'Energie des Mines et de l'Hydraulique

CG reviewed Design Standards List (Sept. 2001 PIC Presentation distributed, but not discussed)

Thursday 11th July

Review Relevant Sections of Concession Agreement (as applied to HES Group Agencies)

CG emphasized the following in beginning the review:

- ✓ The role of the WAGP Authority/Admin Body is still evolving. Our review should concentrate on the Technical Review process to make sure there is not a glaring mistake or fatal flaw in the sequence.
- ✓ Beyond the WAGP Authority, implementing the Legal Structure will result in subtle adjustments/exemptions to the existing approval processes, particularly sequence of certain activities (Nigeria example – Legally Required Permitting Public Notice and Review before Application for Licensing)
- ✓ More or less 75% of the technical packages and review will be part of the PDP package (a new requirement per the CA) submitted to the WAGP Authority.
- ✓ WAPCo will not apply for licenses/permits until after FID (as the application means that WAPCo intends to build).

See separate document for detailed comments, but significant issues included

1. Overall need for improved French translation
2. Agency request to see and understand the entire Concession Agreement.
CG responded that PIC is still reviewing the initial draft of the Concession Agreement and that detailed discussions on the CA and the WAGP Authority/Admin Body would occur on 14 August, therefore, Agency review of the entire document would be better if done after this meeting.

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3. PIC concerns that the WAGP Authority/Admin Body can not perform their roles as described in the CA without adequate resources (repeating concerns from the Commercial-Legal/PIC meeting earlier in the week).
4. PIC concerns
 - ✓ that the schedule mandate has not been communicated properly
Following discussion, it was acknowledged that the PIC and Agency representatives need to communicate with each other more often...
 - ✓ that the HES Agencies pointed to too many Country-specific requirements instead of attempting to work in a harmonized manner.
CG reminded the PIC Chairman that this was the intent of the review, i.e. to identify those State-specific issues that needed to be addressed in the Concession Agreement, Treaty and Enabling Legislation.
5. Agency questions as above on implications of CA and Treaty, particularly
 - ✓ enabling legislation and the WAGP Authority...PIC Chairman emphasized again the Legal Structure and the resulting as-needed delegation to the WAGP Authority/Admin Body
 - ✓ specific approvals that are not currently present in laws and regulations (e.g. "Approval to Operate")...CG clarified that some of these requirements can be found in the laws and regulations of specific States AND that consistent enabling legislation is necessary in terms of a harmonized regime
6. Timing Requirements
 - ✓ Working Days versus Calendar Days (CG advised that it's Working Days)
 - ✓ Questions around the 90 day duration between Preliminary and Initial EIA
CG explained the uncertainties including
Stakeholder Feedback,
2nd Season Survey (see below for additional details), and
MIGA/World Bank Expectations
 - ✓ Lots of discussion and confusion with CA Schedule 2, Part C, Clauses 6 & 7, i.e. the sequence and duration of **Legally Required** Public Notice and Review (versus Stakeholder Engagement), Agency Review (particularly multi-agency interaction) and Final Approvals.
 - ✓ Related to above, but separate, the potential to advance the schedule by beginning the Legally Required Public Notice and Review after Initial EIA submittal (Benin proposed, Togo did not address, Nigeria and Ghana not comfortable)

CG to email Concession Agreement excerpts including comments. Agencies to provide specific comments to PIC member in time for 14 August meeting with CG.

AGENDA 8. Expediency and Harmonization in the EIA process

Schedule discussion (building on the Concession Agreement Review)

- ✓ Advancing the legally required public notice and review (in addition to the voluntary stakeholder consultations)
- ✓ 90 day between preliminary and initial submittal – can this be compressed?

Streamline Agency review of EIA – partial submission or entire document?

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- Nigeria-easier to review the entire reports at the milestones rather than bits and pieces
- Ghana-better in terms of the entire context, informal communications along the way...don't want to do the work of the consultant...don't want to create the impression that report (or data) is accepted
- Togo-we need all the documents...consultant keeps you informed as we go
- Benin- Agency needs to accompany EIA consultants to avoid discrepancies onshore and offshore, including socio-economic assessment . Need also to discuss the entire methodology (see 6 month engagement plan below

2nd Season Environmental Baseline Survey Scope

CG committing to data gathering surveys but do they need to do it twice for a second season? CG emphasized that it does not want to avoid gathering data but is trying to work out a more efficient way. Will any 2nd season data significantly change impacts that are already known after 1st season? Can this be done a different way at a different time? Would it be possible to collect 2nd season data later in EIA/project schedule? Marine aspects: 75 – 100m water depths.

Benin -There are no/few big rivers providing seasonal impact on immediate offshore (other than Niger delta). Each country has a research body/ministry which has data on marine/river issues so a lot of data is already available. Biggest issue relates to fishing. June not much fishing but October is high season. On West African coast June and July are the most turbulent periods offshore (and onshore). A lot of data is available from past surveys and investigations. December and January are calm periods so data will not reflect the more turbulent summer period. Benin advocates one survey only but do it at the right time to catch the most extreme seasons, i.e. June/July.

Other Items

Gaps and uncertainties register in preliminary EIA...highlight them in the report and propose method to sort out...

Key Issues Register of ongoing issues as they arise. Use as a Stakeholder Management document.

Stakeholder Mgmt.

Improve Project Communications with Permitting & Env. Agencies via External Affairs (Govt., Communities, Media)

Action-Present EA Program to the Group at next meeting...

Agenda 9 First 6 Month Engagement Plan

All Dates to be reconciled with the Project Schedule, but tentatively:

August, 2002

PCE

EIA & Permitting Registration/Application

Start Stakeholder Engagement

TOR Distribution after Registration

Scoping Discussions with affected communities

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September, 2002

Early-Env. Group Meeting (study methodology)
Mid → Offshore Engineering Survey (6 weeks)
Onshore Engineering Survey

Late Oct-Early Nov

Gas and Pipeline Training? General and HES focused?
1st Conceptual Design and Safety Review

January 2003

2nd Conceptual Design Review

February, 2003

Early-Preliminary Draft EIA, Conceptual Design Package
Late -HES Group meets to discuss Prelim Draft EIA, Conceptual Design Package

May-June, 2003

Best time for offshore survey work
(maximum turbulence-may provide more insights on engineering/design?)

August 2003-Initial Draft EIA and FEED Package

Nov. 2003-Final Draft Submittal

FEB . 2004?-EIA APPROVAL

FID-1st Quarter 2004 or Dec. 2003

Construction Begins

May-June 2004-Data Collection?

1st Gas June-Dec. 2005

May-June 2005-Data Collection?

Meeting Close Out

Following closing statements from all States and the Commercial Group, questions were raised about logistics for this meeting and arrangements for future meetings.

- ✓ ECOWAS will continue to be the official channel for HES Group invitations (ensuring proper protocols such that relevant Ministries may release Group Members to attend the meetings)
- ✓ ECOWAS agreed to cc: HES Group Members via email when invitations are sent.
- ✓ For email invitations, HES Group Members agreed to acknowledge receipt.

Meeting adjourned following closing ECOWAS statements and with unanimous gratitude to the Commercial Group, USAID, Nexant and others working in the background.

ACTIONS:

- Agenda Item 2-CG to provide updated schedule.
- Agenda Item 8-CG to present EA programme at next meeting
- Agenda Item 3-CG to send EIA Consultant Selection Report to PIC.
- Agenda Item-Concession Agreement Review
 - CG to email edited text as reviewed on 11 July

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HSE Group Agencies to review and comment to their PIC member before 14 August meeting with the CG.

Agenda Item 7 Other Permitting/Approvals (Deferred)

CG to follow up with information request.

Réunion du GAO à Lomé – 10-12 juillet 2002

Minutes

Mercredi 10 juillet

ORDRE DU JOUR 1 : Introduction

M. Diallo – Suite à une réunion récente des Ministres, il a été décidé que le projet était maintenant plus urgent, mais la partie Environnement et Permis est considérée aussi importante.

ORDRE DU JOUR 2 : Mise à jour du Projet

M. Cornwell – Lors d'une récente réunion avec les Ministres de l'énergie, le GC a proposé un calendrier indiquant que les premières livraisons de gaz auraient lieu en décembre 2005. Les Ministres ayant répondu que ce calendrier était inacceptable; le GC envisage donc certains plans pour satisfaire les attentes des Ministres afin que les premières livraisons de gaz aient lieu mi 2005. La FID du premier trimestre 2004 proposée par le GC pour satisfaire la date des premières livraisons de gaz en décembre 2005 ne correspond pas aux attentes des Ministres, à savoir le 4^e trimestre 2003 pour satisfaire le nouveau calendrier.

La Décision d'investissement finale (DIF) sera prise lors de l'approbation de l'EIE final (en supposant une approbation probable). Les documents préliminaires d'avant-projet de l'EIE et des Permis Conception seront livrés à l'ECP + 6 mois. Les documents initiaux d'avant-projet de l'EIE et des Permis FEED seront livrés à l'ECP + 12 mois ou plus tôt (en fonction du feedback des parties prenantes, y compris les institutions financières internationales et les autres parties prenantes internationales.). La soumission des documents pour approbation finale est fixée à l'ECP + 15 mois ou plus tôt (en fonction également du feedback des parties prenantes). Le calendrier peut être accéléré pourvu qu'il n'y ait pas de surprises et/ou d'opposition importante.

Le 1^{er} août, le GC démarrera sur les chapeaux de roue – l'enregistrement de l'EIE aura lieu au cours des 6 premières semaines après l'ECP.

L'**Accord de concession** est un document contractuel entre les états et le GC. Des lois habilitantes, cohérentes avec l'Accord de concession, doivent être mises en place, bien qu'il s'agisse principalement du domaine fiscal, etc. Il sera nécessaire cependant de passer des lois habilitantes pour harmoniser les problèmes posés par les permis. Un moyen d'assurer cette harmonisation est par l'intermédiaire de l'Entité du GAO ou de l'Entité administrative qui facilitera/coordonnera le rôle ou le mandat du Groupe HSE. L'Entité du GAO n'est pas supposée changer le rôle ou le mandat des participants du Groupe HSE. Pour qu'une loi entre en vigueur, il sera nécessaire de signer un Traité. Date cible de ratification : fin 2002.

Toutes les agences responsables de l'environnement et des permis ont des questions sur l'ensemble de l'Accord de concession, le Traité et le rôle de l'Entité du GAO. Monsieur Klemesu, le Président du CMOP, a ré-énoncé le rôle de facilitation, coordination et harmonisation de l'Entité du GAO et le besoin de passer des lois habilitantes destinées à mettre en application l'Accord de concession. Le Groupe commercial a souligné le besoin de communication entre le CMOP et les Agences maintenant que les discussions sur l'Accord de concession et l'Entité du GAO démarrent (réunion du 14 août entre le GC Commercial-Légal et le CMOP).

Le **nouveau partenaire ghanéen du GC** est la VRA à qui la GNPC a cédé ses intérêts.

Relations publiques du GC – Kofi Okai est le nouveau directeur. La structure existante est toujours en place. M. Cornwell a de nouveau souligné l'importance des communications et de la visibilité des RP auprès du CMOP et des Agences (comme demandé au cours de réunions précédentes).

Réunion du GAO à Lomé – 10-12 juillet 2002

Minutes

Levés. Le GC simplifiera les levés pour combiner ingénierie et environnement. Le Nigeria est le seul pays nécessitant un permis pour effectuer les levés. Exigences de notification des autres pays : Togo (contacter le Ministère des Mines et de l'Énergie ou est-ce le Ministère des Mines, de l'Équipement, des Transports et des Postes et Télécommunications) et Bénin (Ministre des Mines, de l'Énergie et de l'Hydraulique, qui avisera le Ministre de l'Intérieur, de la Sécurité et de la Décentralisation et le Ministre de la Défense).

Le GC prépare les notifications de courtoisie à envoyer à chaque gouvernement pour les avertir du démarrage des levés prévu en septembre 2002 et qui dureront 3 mois.

Nigeria FMEnv – L'enregistrement de l'EIE précèdera les levés afin de connaître le plan des levés.

Communication – Les États désirent que les Relations Publiques du GC les informent correctement (sur la structure du projet, les parties prenantes et les aspects techniques).

ORDRE DU JOUR 3 : Mise à jour du projet

Chronologie de l'EIE : Le GC a expliqué que les conditions de l'AMGI/Banque Mondiale doivent être remplies pour satisfaire les nantissements, y compris l'EIE.

Nexant – la participation de l'AMGI change-t-elle le calendrier prévu de l'EIE/Permis?
GC – Fondamentalement non, il est prévu que cela n'aura pas d'impact sur le calendrier, mais nous n'en serons sûrs que lorsque l'affaire sera conclue.

Termes de référence/Étendue :

EPA du Ghana – Les Termes de référence doivent renvoyer à l'Accord de concession/Traité. La variante « Pas de projet » doit comprendre l'usage continu et important de la biomasse au Ghana (60-70 % de la demande énergétique est satisfaite par utilisation de la biomasse).

Format du rapport :

Il est essentiel de se mettre d'accord sur un format homogène pour l'EIE. Un rapport homogène sera adopté pour les questions sur les permis car moins de variation signifie moins de temps et de dépenses pour obtenir les autorisations nécessaires. Les rapports de l'EIE seront préparés individuellement pour chaque pays mais ils seront partagés entre tous les pays.

Le rapport régional sera structuré de manière similaire selon le format accepté et présentera une synthèse des rapports individuels de tous les pays. Le Groupe HSE pourra apporter ses commentaires au rapport régional qui est néanmoins destiné à l'usage du GC (c'est-à-dire l'AMGI, les parties prenantes internationales, etc.). Sauf en ce qui concerne le rôle (à déterminer) de l'Entité du GAO, le GC ne supporte pas la création d'un organisme officiel d'examen/approbation de l'EIE régional.

Le GC soumettra les rapports des pays individuels et les rapport régionaux 6, 12 et 15 mois après l'ECP, y compris leur distribution aux parties prenantes directement affectées (celles figurant le long du tracé du gazoduc). Cette approche devrait suffire à satisfaire les conditions d'AMGI (preuve de la publication locale).

Résumé – Chaque rapport EIE comprendra un résumé qui devra constituer un document autonome destiné à une diffusion plus importante.

Le GC a distribué à tous les participants de la réunion un CD contenant tous les documents présentés.

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Inscription de l'expert-conseil :

L'expert-conseil de coordination sera ICF, basée à Houston. L'utilisation de fournisseurs/experts-conseils locaux a constitué une partie importante des critères de sélection. ICF s'est engagée à utiliser 60 % d'hommes-heures locales. L'approche d'un expert-conseil de coordination a été adoptée car il s'agit d'un projet important couvrant 4 pays, qui nécessite donc une approche cohérente. L'expert-conseil de coordination doit-il être inscrit comme Expert-conseil Environnemental séparément des partenaires locaux ? En résumé, il n'est pas nécessaire que l'expert-conseil de coordination international soit inscrit au Ghana et au Togo. Le Nigeria demande l'enregistrement des experts-conseils locaux et étrangers. Le Bénin ne nécessite que l'inscription des experts-conseils locaux, pas celui des experts-conseils internationaux.

Inscription du Projet :

WAPCo sera créée avant la DIF. M. Cornwell représente actuellement un consortium de sociétés mené par Chevron Nigeria Ltd. C'est sous le nom de Chevron Nigeria Ltd. que ce fera le dépôt de l'EIE car l'enregistrement doit être fait par une entité légale.

ORDRE DU JOUR 4. Examen des mesures à prendre résultant de la réunion d'Abuja en septembre 2001

Voir le document séparé.

ORDRE DU JOUR 5. Examen des Normes de conception technique (GC)

Examen des organismes chargés de l'octroi des permis pour chaque pays

Nigeria - Department of Petroleum Resources (DPR)

Togo - Ministère des Mines, de l'Équipement, des Transports et des Postes et Télécommunications

Ghana - Energy Commission

Bénin - Ministère de l'Énergie, des Mines et de l'Hydraulique

Le GC a revu la liste des normes de conception (présentation au CMOP en sept. 2001 distribuée mais pas discutée)

Jeuudi 11 juillet

Examiner les sections pertinentes de l'Accord de concession (telles qu'elles s'appliquent aux Agences du Groupe HES)

Le GC a commencé par souligner les points suivants :

- ✓ Le rôle de l'Entité administrative/Entité du GAO continue à évoluer. Notre examen doit se concentrer sur le procédé d'examen technique pour assurer qu'il n'y a pas d'erreur importante ou de lacune fatale dans la séquence.
- ✓ En dehors de l'Entité du GAO, l'application de la structure légale aboutira à ce que de légers ajustements/exemptions soient apportés aux procédés d'autorisation en place, en particulier en ce qui concerne la séquence de certaines activités (exemple du Nigeria – Avis et examen publics d'approbation requis par la loi avant la demande des licences)
- ✓ Environ 75 % des ensembles et examens techniques feront partie de l'ensemble PDG (une nouvelle exigence de l'AC) soumis à l'Entité du GAO.
- ✓ WAPCo ne déposera des demandes de licences/permis qu'après la DIF (puisque la demande signifie que WAPCo a l'intention de construire).

Voir le document séparé pour des commentaires détaillés, mais les questions les plus importantes sont comprises.

1. Besoin d'amélioration générale des traductions en langue française
2. L'Agence demande à voir et comprendre l'Accord de concession complet.
Le GC a répondu que le CMOP revoit toujours l'avant-projet initial de l'Accord de concession et que des discussions détaillées sur l'AC et l'Entité administrative/Entité du GAO auront lieu le 14 août ; par conséquent, il serait préférable que l'Agence revoit le document complet après cette réunion.
3. Préoccupations du CMOP en ce qui concerne le fait que l'Entité administrative/Entité du GAO ne peut pas remplir ses rôles tels que décrits dans l'AC sans ressources adéquates (préoccupations similaires soulevées lors de la réunion du Groupe Commercial-Légal/CMOP plus tôt dans la semaine).
4. Préoccupations du CMOP
 - ✓ Le mandat du calendrier n'a pas été communiqué correctement. Suite à la discussion, il a été reconnu que le CMOP et les représentants des Agences doivent communiquer plus souvent...
 - ✓ Les Agences HES ont indiqué trop de conditions spécifiques à chaque pays au lieu d'essayer de travailler en harmonie.
Le GC a rappelé au Président du CMOP que ceci était le but de l'examen, c'est-à-dire d'identifier les problèmes spécifiques à chaque pays devant être résolus dans l'Accord de concession, le Traité et la législation habilitante.
5. Questions des Agences similaires à celles ci-dessus sur les implications de l'AC et du Traité, plus particulièrement :
 - ✓ la législation habilitante et l'Entité du GAO... Le Président du CMOP a de nouveau souligné la structure légale et la délégation résultante selon les besoins à l'Entité administrative/Entité du GAO
 - ✓ les autorisations spécifiques qui ne figurent pas actuellement dans les lois et réglementations (par ex. « Autorisation d'exploiter »)... Le GC a clarifié que certaines de ces conditions sont présentes dans les lois et réglementations de certains pays ET qu'une législation habilitante cohérente est nécessaire pour un régime harmonisé.
6. Contraintes de temps
 - ✓ Jours travaillés vs. Jours calendaires (le GC a indiqué qu'il s'agit des jours travaillés)
 - ✓ Questions sur la durée de 90 jours entre l'EIE préliminaire et l'EIE initiale.
Le GC a exposé les incertitudes, y compris :
 - le feedback des parties prenantes,
 - l'étude de la 2^{ème} saison (voir ci-dessous pour de plus amples détails),et
 - les attentes de l'AMGI/Banque Mondiale
 - ✓ De nombreuses discussions et beaucoup de confusion en ce qui concerne l'Annexe 2 de l'AC, Partie C, Articles 6 et 7, c'est-à-dire la séquence et la durée des Avis et examen publics requis par la loi (par opposition à

l'engagement des parties prenantes), l'examen des Agences (particulièrement les interactions entre les différentes agences) et les approbations finales.

- ✓ Parallèlement à ce qui précède, mais séparément, la possibilité d'accélérer le calendrier en commençant les Avis et examens publics requis par la loi après la soumission de l'EIE initiale (proposé par le Bénin, le Togo n'en a pas discuté, le Nigeria et le Ghana ne se sentent pas à l'aise)

Le GC enverra par email des passages de l'Accord de concession, y compris les commentaires. Les Agences fourniront à temps des commentaires spécifiques au membre du CMOP pour la réunion du 14 août avec le GC.

ORDRE DU JOUR 8. Rapidité et harmonisation du procédé de l'EIE

Planifier la discussion (sur la base de l'examen de l'Accord de concession)

- ✓ Avancer les Avis et examen publics requis par la loi (en plus des consultations volontaires des parties prenantes)
- ✓ 90 jours entre les soumissions préliminaire et initiale – est-il possible de réduire ce délai?

Simplifier l'examen de l'EIE par les Agences – soumission partielle ou totale du document ?

Nigeria – plus facile de revoir les rapports complets aux dates-jalons plutôt que par petits bouts

Ghana – préférable en termes de contexte total, communications informelles intermédiaires... ne veut pas faire le travail de l'expert-conseil... ne veut pas donner l'impression que le rapport (ou les données) est accepté.

Togo – nous avons besoin de tous les documents... l'expert-conseil vous tient au courant au fur et à mesure

Bénin – l'Agence doit accompagner les experts-conseils de l'EIE pour éviter des écarts sur terre et en mer, y compris l'évaluation socio-économique. Besoin également de discuter l'ensemble de la méthodologie (voir le plan d'engagement de 6 mois ci-dessous)

Étendue de l'étude environnementale de base -- 2^{ème} saison

Le GC s'engage à effectuer des études pour recueillir les données, mais ont-ils besoin de le faire deux fois pour une deuxième saison ? Le GC a souligné qu'il ne veut pas ne pas avoir à recueillir de données, mais qu'il essaye de travailler de manière plus efficace. Est-ce que les données recueillies au cours de la 2^{ème} saison vont avoir un impact sur ce qui est déjà connu après la 1^{ère} saison ? Est-il possible de réaliser ceci de manière différente à un moment différent ? Serait-il possible de recueillir les données de la 2^{ème} saison plus tard dans le calendrier de l'EIE/projet ? Aspects marins : profondeur de l'eau : 75 – 100m.

Bénin – Il n'y a pas/peu de fleuves importants ayant un impact saisonnier sur la zone offshore immédiate (autre que le delta du Niger). Chaque pays a un ministère/organisme de recherche qui a des données sur les questions maritimes/fluviales et il existe donc déjà beaucoup de données disponibles. Les plus gros problèmes sont liés à la pêche. En juin, la pêche est peu importante mais octobre constitue la haute saison. Sur la côte de l'Afrique de l'Ouest, juin et

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juillet constituent les périodes les plus agitées en mer (et sur terre). De nombreuses données recueillies au cours d'études et d'enquêtes passées sont disponibles. Décembre et janvier constituent des périodes calmes, donc les données ne représenteront pas la période plus agitée de l'été. Le Bénin conseille de ne faire qu'une étude, mais de la faire au bon moment afin de recueillir les données des saisons les plus extrêmes, c'est-à-dire juin et juillet.

Autres points

Liste des écarts et incertitudes dans l'EIE préliminaire... les souligner dans le rapport et proposer une méthodologie pour les classifier...

Liste des problèmes clés pour les questions permanentes au fur et à mesure de leur apparition. Utiliser comme document de gestion des parties prenantes.

Gestion des parties prenantes

Améliorer les communications sur le Projet avec les Agences Permis et Environnement par le biais des Relation publiques (gouvernement, communautés, média)

Mesure à prendre – Présenter le Programme RP au Groupe lors de la prochaine réunion...

Ordre du jour 9 – Plan d'engagement des premiers 6 mois

Toutes les dates doivent être vérifiées avec le Calendrier du Projet, mais provisoirement :

Août 2002

ECP

Demande/Enregistrement de l'EIE et des Permis

Début de l'engagement des parties prenantes

Diffusion des Termes de référence après l'enregistrement

Discussions sur l'étendue avec les communautés affectées

Septembre 2002

Début septembre – Réunion du Groupe Env. (méthodologie de l'étude)

Mi septembre → Étude technique en mer (6 semaines)

Étude technique sur terre

Fin octobre-début novembre

Formation Gaz et Canalisations ? Générale et axée sur l'HES ?

1^{er} examen Sécurité et Étude de définition

Janvier 2003

2^{ème} examen de l'Étude de définition

Février 2003

Début février – Document préliminaire d'avant-projet de l'EIE, Ensemble d'Étude de définition

Fin février – Le Groupe HES se réunit pour discuter du document préliminaire d'avant-projet de l'EIE, Ensemble d'Étude de définition

Mai-juin 2003

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Meilleure époque pour les travaux d'étude en mer
(les turbulences maximales pourraient fournir des données précieuses sur l'ingénierie/conception ?)

Août 2003-Avant-projet de l'EIE initial et Ensemble FEED

Nov. 2003 – Soumission de l'avant-projet final

FÉV. 2004 ? – APPROBATION DE L'EIE

DIF – 1^{er} trimestre 2004 ou déc. 2003

Démarrage de la construction

Mai-juin 2004 – Collecte des données ?

1^{ère} livraison de gaz : juin-déc. 2005

Mai-juin 2005 – Collecte des données ?

Conclusion de la réunion

Suite aux discours de clôture de tous les pays et du Groupe commercial, des questions ont été soulevées sur la logistique de cette réunion et des réunions futures.

- ✓ La CEDEAO continuera à être l'intermédiaire officiel pour les invitations du Groupe HES (assurant ainsi le respect des protocoles afin que les Ministères appropriés détachent les membres du Groupe pour assister aux réunions)
- ✓ La CEDEAO a accepté d'informer : les Membres du Groupe HES par email lorsque les invitations sont envoyées.
- ✓ Pour les invitations par email, les Membres du Groupe HES ont accepté d'accuser réception de l'email.

La réunion a été ajournée après le discours de clôture de la CEDEAO et le Groupe commercial, USAID, Nexant et les autres participants qui travaillent en arrière plan ont été chaudement remerciés.

MESURES À PRENDRE :

Ordre du jour 2 – Le GC doit fournir un calendrier mis à jour.

Ordre du jour 8 – Le GC doit présenter le programme RP lors de la prochaine réunion.

Ordre du jour 3 – Le GC doit envoyer le rapport de sélection de l'Expert-conseil EIE au CMOP.

Ordre du jour – Examen de l'Accord de concession

Le GC doit envoyer par email le texte édité selon la révision effectuée le 11 juillet.

Les Agences du Groupe HSE doivent revoir le document et remettre leurs commentaires à leur membre du CMOP avant la réunion du 14 août avec le GC.

Ordre du jour 7 – Autres Permis/Approbatons (reporté)

Le GC doit faire un suivi avec les demandes d'information.

WAGP PIC-HSE WORKING GROUP
GROUPE DE TRAVAIL CMOP-HSE DU PGAO

CG-Commercial Group
 GC = *Groupe Commercial*

WHAT ACTION	WHO RESPONSABLE	WHEN QUAND	STATUS ÉTAT
IMMEDIATE FOLLOW-UP MESURES DE SUIVI IMMÉDIATES			
Provide WAGP Contact List <i>Distribuer le répertoire des adresses du PGAO</i>	Commercial Group <i>Groupe Commercial</i>	Mid August 2002	Meeting attendees contact details attached to minutes.
Advise the Commercial Group of concerns regarding External Affairs Reps (timely communication, etc.) <i>Notifier le Groupe commercial des préoccupations concernant les Représentants des Relations Publiques (communication en temps opportun, etc.)</i>	Cornwell	Ongoing	
Send a report on the NGO-Media Seminars	CG	August 10 th 2002	Pending
Send a EA Rep letter of introduction to ECOWAS <i>Envoyer une lettre de présentation du Représentant RP à la CEDEAO</i>	Commercial Group <i>Groupe Commercial</i>	Mid August 2002	External Affairs Manager addressing <i>Poursuivi par le Directeur des Relations Publiques</i> Additional updates needed
Write up and distribute minutes of meeting and action items.	Nexant	Mid July 2002	Completed by CG and Nexant
PIC FOLLOW-UP MESURES DE SUIVI DU CMOP			
Provide copies of the feasibility report (PLE) <i>Distribuer des copies du rapport de faisabilité (PLE)</i>	PIC <i>CMOP</i>	Mid August 2002	PIC members to send the table of contents to their respective EG members. EG members to then request further parts of report as required.
Explain EIA requirements to SoToGaz, SoBeGaz <i>Expliquer les exigences de l'EIE à SoToGaz et SoBeGaz</i>	PIC and Countries <i>CMOP et les Pays</i>	By next meeting	Ongoing monitoring of resolution of issue as to who will develop the distribution lines and therefore who will perform the EIA.
REGISTRATION AND APPLICATIONS MESURES DE SUIVI SUR LE REGISTRE ET LA DÉMARCHES			
Update EIA cost estimate table <i>Mettre à jour le tableau des prévisions de coûts de l'EIE</i>	Countries <i>Pays</i>	Ongoing	Final Cost estimates will not be determined until EIA registration/application.
Send most current EIA registration forms (electronic preferred).	Countries	August 2002	

WAGP PIC-HSE WORKING GROUP
GRUPE DE TRAVAIL CMOP-HSE DU PGOA

WHAT ACTION	WHO RESPONSABLE	WHEN QUAND	STATUS ÉTAT
Environmental Group and Permitting Group will review TOR, Report Format and Process Comparison	Countries	Mid August 2002	
NEXT MEETING FOLLOW UP MESURES DE SUIVI POUR LA PROCHAINE RÉUNION			
Introduce Consultant <i>Présenter le Consultant</i> Provide Consultant Terms of Reference (i.e. Technical Proposal, Work Plans, etc.) <i>Remettre au Conseiller les Termes de Référence (c.-à-d., l'Offre technique, Plans des Travaux, etc.)</i> Discuss Methodologies of Study <i>Débatte les Méthodologies de l'Étude</i>	Commercial Group <i>Groupe Commercial</i> Commercial Group <i>Groupe Commercial</i> CG & Countries <i>GC et Pays</i>	Defer until after PCE	Discussed in Next 6 Months Activities Meeting scheduled in Early Sept.
Resolve scope of EIA, i.e. SoToGaz, SoBeGaz distribution lines <i>Résoudre la question de l'étendue de l'EIE, c.-à-d. les lignes de distribution de SoToGaz et SoBeGaz</i>	Commercial Group <i>Groupe Commercial</i>		Continuing- see above action item
EIA Registration <i>Enregistrement de l'EIE</i>	Commercial Group <i>Groupe Commercial</i>	Start of Stage 3B, Following PCE Début de la Phase 3B Après PCE	Targetting no later than 15 Sept-probably needs to be earlier in light of early Sept. Baseline Survey Meeting.
Inform CG of any procedures and issues related to the transfer from Chevron Nigeria to WAPCo	Countries	By next meeting	
Definition of Permit, how to be integrated (timing of permits, studies). Reissue parallel path.	Commercial Group <i>Groupe Commercial</i>		Completed
List of permits required – updated and sent to PIC.	Commercial Group <i>Groupe Commercial</i>		
PIC to indicate agencies	PIC		
Provide updated schedule	CG	TBD	
Provide a brief on the EIA Consultant Selection to the PIC	CG	Mid August 2002	
Present EA programme at next meeting	CG	Early Sept (?) 2002	Next Meeting Date may be too late to present to the PIC as EIA registration has occurred and certain stakeholder engagement has started.

WAGP PIC-HSE WORKING GROUP
GROUPE DE TRAVAIL CMOP-HSE DU PGAO

WHAT ACTION	WHO RESPONSABLE	WHEN QUAND	STATUS ÉTAT
Concession Agreement Review Email edited text as reviewed on 11 July	CG	24 July 2002	Emailed version will reflect updates from 11 July review
Concession Agreement-review and comment to their PIC member before August meeting with the CG	HSE Group Agencies	14 August 2002	

WEST AFRICAN GAS PIPELINE PROJECT

PIC & CG Meeting

Held in Cotonou, 5-6 September, 2002

Minutes of Meeting

The Project Implementation Committee (PIC) for the West African Gas Pipeline Project and the Commercial Group met in Cotonou on September 2 to 6, 2002 in the framework of the implementation of Stage B of the Definitional Phase of the Project. The list of attendees is attached to these minutes.

Early in the week (Monday to Wednesday morning) the Fiscal and Legal States working groups met with the Commercial Group to discuss the Fiscal terms included in the Interim draft of the Project documents (IPA, Treaty and Legislative Outlines). The Legal working group pursued the discussion with the CG on the Legal terms until Friday morning. Minutes of these discussions will be handed over to the participants separately.

The PIC and the CG met on September 5 and 6 on the following agenda:

1. Monthly Report for the period of July 15 – August 15
2. Revised Project Schedule
3. WAGP Authority structure, budget and initiation programme
4. WAGP meeting Travel Costs

The parties discussed the four items and reached the following conclusions:

1. Monthly Report

The parties reviewed the Monthly Report and the PIC raised the following comments:

- 1.1 **Communications:** the PIC Chairman stressed the need to improve the mode of communication and the flow of information between the Commercial Group and the PIC. The issue arose in particular about CG staff and contractors traveling to the countries for the purpose of the Project implementation. The PIC requested that, beyond any mention to that extent that may be made in the Monthly Report, the country PIC members should be duly and specifically informed by the CG country representative, of any CG staff and contractors movements to and in the country, including the purpose and itinerary of their trips, and the persons, agencies or communities they intend to meet.
- 1.2 The PIC further requested that the Monthly Report be improved in the sense of more detail and accuracy, including making clear the abbreviations used in the Report.

- 1.3 Regarding ECOWAS response to the CG in the fourth bullet point of the "Progress Details", the ECOWAS representative confirmed that an answer to Mr. Cornwell's e-mail request was actually sent back to him on Aug. 30.
- 1.4 Details of notional routing of the Pipeline should be discussed with the States on time with a view not to jeopardize the timely approval of the PDP.

2. Revised Project Schedule

The PIC acknowledged receipt of the revised Project Schedule submitted by the Commercial Group. The PIC acknowledged that the Schedule shows a target completion date on June 30, 2005, in line with the agreement reached at the last SC/SMC meeting in Abuja, with an FID on December 26, 2003.

3. Administrative Body

The Parties exchanged documents on the tasks, composition and budget of the WAGP Authority, and engaged discussion on the subject. The Parties concluded that the list of tasks, as extracted from the Interim draft IPA and Treaty and attached to these minutes, was to be retained as a reference. Furthermore, they felt that the corresponding budget for the first three years of functioning, also attached, seemed reasonable and will be subject to approval by the parties.

4. WAGP Travel Costs

The PIC acknowledged receipt of a copy of the letter sent by the Chairman of the SMC to the Chairman of the Steering Committee and made the following observations on the letter:

1. That the content of the letter was not correct as there has been no request by the PIC on the subject matter. That it was the understanding of the PIC that it was the request of the Sponsors' Group. The PIC feels that this is a deviation from the accepted procedure for handling such matters, which had been discussed by the PIC and the CG in Lome in July 2000, and applied until the July 2002 PIC/CG Lome meeting for the meetings supported by the CG.
2. The PIC believes that the frequency of occurrences of such matters has the potential to derail the finalization of the tasks that the PIC has to achieve before the end of 2002. The PIC therefore resolved that this matter should be resolved immediately, before the next meeting of September 23, 2002.
3. The PIC therefore proposed that:
 - The ECOWAS Secretariat should act as a mediator in the subject matter, as it was difficult to organize a meeting involving all Ministers in the allowed time frame.
 - The PIC suggested that, in order to resolve this issue, the ECOWAS conditions for traveling costs procedure, which are set up by Members States and acceptable to the World Bank, should be applied. This

recommendation was made in consultation with the members of the sub-committee groups on the government side.

The PIC Members will discuss this matter with their Ministers and will relay the Ministers responses to ECOWAS.

4. The Commercial Group do not seem to understand that the funds concerned are an advance on expenses to be incurred by the governments, and that to this extent governments are sole judges on the way these expenses should be dealt with. Such calls for Project funds to allow governments to meet their project cost are usual practice and so called PPF.

Way Forward

1. In furtherance of the above Fiscal and Legal meetings, a meeting with Togo and Benin Fiscal and Legal group representatives has been scheduled in Lome on September 12 & 13, with the participation of a CG lawyer and the TAC. The purpose of the meeting is to harmonize concepts of the English and French law in the Project Documents. Furthermore, Mr. Martin Byrnes from the CG will meet the following week with the Solicitor General and several other senior lawyers of Nigeria with the purpose of briefing these official on the Project.
2. The next meeting between the Parties is to take place in Abuja on September 23-27, the purpose being to discuss and attempt to finalize the draft International Project Agreement, Treaty and Legislative Outlines to be submitted to the Steering Committee and Sponsors' Management Committee for endorsement.

SIGNED as a true record of the meeting:

Joe Klemesu
Chairman, PIC

Jean-Claude Emond
Commercial Development Manager

WEST AFRICAN GAS PIPELINE PROJECT

PIC & CG Meeting

Held in Abuja, 25-27 September, 2002

Minutes of Meeting

The Project Implementation Committee (PIC) for the West African Gas Pipeline Project and the Commercial Group met at the ECOWAS Secretariat Headquarters in Abuja on September 25 to 27, 2002 in the framework of the implementation of Stage B of the Definitional Phase of the Project.

The list of attendees is attached to these minutes.

Early in the week (Monday & Tuesday morning) the PIC, Legal & Fiscal Working Groups of the States team held an internal preparatory Workshop.

The purpose of the meeting was to discuss and attempt to finalize the Project Documents, namely the September 13-issued drafts of the IPA, the Treaty and the Legislative outlines.

The discussions took place according to following schedule:

Wednesday 25: Fiscal Regime.

Thursday 26: rest of the Documents

Friday 27: wrap up and Minutes

In addition to the above Project Documents submitted by the CG, the Parties exchanged the following documents:

Fiscal Regime

- List of Comments by Ghana
- List of Comments by Benin and Togo

Other Project Documents Aspects

- Comments by PIC on IPA Draft of September 13
- Interrogatory by PIC on Pre-Development Costs
- Commercial Group Response to Questions

The parties engaged in discussions and reached the following conclusions:

1. Fiscal Regime

- The final comments by the States and the CG are attached to these Minutes
- An amended Fiscal Regime (Schedule of IPA) was produced

2. Other Project Documents Aspects

- The PIC made numerous comments to the Projects Documents that will be taken care of in the further draft of the Documents.
- The PIC addressed to the CG an Interrogatory page related to Pre-Development Costs, attached to these Minutes. The CG responded through the attached document entitled “ Commercial Group Response to Questions”
- Without prejudice to further comments that could be brought by the States, the main differences that remain between the PIC and the CG are the following:
 - Pre-Development Costs (PDC):
 - Inclusion of the PDC in the project CAPEX. The PIC’s position is based on Article 1 of the CATS Schedule 5 “Tariff Methodology”, while the CG’s position is based on the Item 22 “Capital Allowance” of the CATS Schedule 8 “Fiscal Regime”
 - Eligibility of PDC expenses as to their category and nature.
 - PDC audit by the States: a procedure and a time schedule remain to be agreed upon, as well as the funding of it.
 - Deferred Investments: the parties disagree on the inclusion of deferred investments in the CAPEX for the calculation of the Standard Tariff. The Commercial Group stated that the Standard Tariff was strictly calculated based on the Tariff Methodology agreed in the CATS, which provides for inclusion of deferred investments.
 - Mi-Market Projection (MMP): the States require that a presentation of the elaboration of the MMP from the Pruvins & Gertz report be made to them at the next meeting.

Way Forward

1. The parties agreed on the attached time schedule for the next steps pertaining to the negotiation of the project Documents. This includes in particular:
 - Delivery of the revised Project Documents on October 7 (both by individual international courriers and e-mailing to/dispatch by the CG local representations).
 - Review of the Documents by the various States Agencies and Ministries (Justice, Finance, External Affairs as appropriate) under the coordination of the PIC members. Mission to the four States by delegation of the Parties including the PIC country Member, a CG representative and a Nexant Adviser (week of Oct. 14) will be organized. The PIC members will seek support from their Ministers in order to sensitize all concerned Ministers to the current effort.

- A full-week retreat for the States and CG teams to finalize the draft International Project Agreement, Treaty and Legislative Outlines to be submitted to the Steering Committee and Sponsors' Management Committee for endorsement (week of Oct. 28).
 - A SC/SMC meeting aiming at endorsing the Project Documents (week of Nov. 4, to be confirmed ASAP).
2. Dispatch of Documents: the following documents will be sent by the ECOWAS secretariat to the Steering Committee and further dispatched to the government Agencies (Attorney General, Foreign Affairs and task Agencies), in their status at the end of the present meeting: Fiscal Regime, International Treaty and Legislative Outlines. The PIC Members will coordinate the submission of these documents.
 3. The States stressed the necessity of harmonizing the English and French version without jeopardizing the implementation of the attached schedule.

SIGNED as a true record of the meeting:

Joe Klemesu
Chairman, PIC

Jean-Claude Emond
Commercial Development Manager

Attachments

- Fiscal Comments PIC-States
- Fiscal Note of the subsequent Fiscal Group session
- Fiscal Regime incorporating Comments
- PIC Comments on IPA & Treaty
- Interrogatory on Pre-Development Costs by PIC
- Response of CG to Questions on PDC
- Revised Work Programme
- Commercial Group Advocacy Plan (draft)

**ATELIER ET REUNION DE NEGOCIATION DU PGOA
AVEC LE GROUPE COMMERCIAL**

Abuja, du 23 au 27 septembre 2002

Questionnaire relatif aux Frais d'Etablissement

Le CP invite le Groupe Commercial à répondre aux questions suivantes en vue de l'inclusion des Frais d'Etablissement, d'une partie de la Méthodologie Tarifaire approuvée à la Clause 15, Annexe 7, ainsi que des déductions fiscales sur les investissements, tel que prévu à l'Annexe 8 :

1. Identifiez des dispositions des TPAC qui préconisent que les Frais d'Etablissement soient inclus dans le tarif.
2. Quelle est la date présumée de démarrage du processus d'inclusion des Frais d'Etablissement ?
3. Quel est le montant estimatif des Frais d'Etablissement et comment a-t-il été déterminé ?
4. Le Groupe Commercial a-t-il requis un audit relatif aux Frais d'Etablissement, pour des besoins internes ?
5. Quel impact aura l'inclusion des Frais d'Etablissement sur le Tarif de Base des affreteurs ?
6. La Volta River Authority a-t-elle été informée que les Frais d'Etablissement seront incorporés aux Tarifs de Base ? Quelle est sa position ?
7. Les dépenses définies comme Frais d'Etablissement à l'Annexe 16, ont-elles été déduites en tant que dépenses courantes et nécessaires des revenus déclarés imposables dans les autres pays ?
8. Les dépenses identifiées comme Frais d'Etablissement, ont-elles fait l'objet de demande de remboursement de la part de Chevron ou Shell dans les Accords de Partenariat dits « Joint Venture » avec le Nigéria ?
9. Quels Accords commerciaux sont en train d'être négociés par la Société et quels Accords commerciaux sont en train d'être négociés par les membres du Groupe Commercial nigérian pour la vente de gaz naturel ?
10. Existe-t-il des exemples de projets financés par le Groupe Commercial où les Frais d'Etablissement ont été inclus dans les coûts ? En fournir.
11. Existe-t-il des exemples de méthodologie tarifaire relative au transport du gaz par pipeline où les Frais d'Etablissement ont été inclus ?

**WAGP – WORKSHOP & NEGOTIATION MEETING
WITH THE COMMERCIAL GROUP**

Abuja, Sept 23-27, 2002

Interrogatory on Pre-Development Costs

The PIC requests that Commercial Group provides with response to the following questions regarding for the inclusion of Pre-Development costs and part of the Approved Tariff Methodology under the clause 15 and in Schedule 7 as well as Capital Allowances for Income Tax under Schedule 8:

1. Identify the provisions in the CATS that provide for Pre-Development Costs to be included in the tariff?
2. What is the assumed starting date for including Pre-Development Costs?
3. What is the estimate amount of Pre-Development Costs and how have they been categorized?
4. Has the Commercial Group concluded and audit of Pre-Development Costs for the internal purposes?
5. What is the impact on the shipper's Foundation Tariff by including Pre-Development Costs?
6. Has VRA been advised that Pre-Development Costs will be included in the Foundation Tariffs? And what is their position?
7. Advise whether the expenses defined as Pre-Development Costs in Schedule 16 have been deducted as ordinary and necessary business expenses in the tax returns filed in other countries?
8. Have any of the expenses identified as Pre-Development Costs be claimed by Chevron or Shell for cost recovery in the Nigerian Joint Venture Agreements?
9. Which Commercial Agreements are being negotiated by the Company and which commercial agreements are being negotiated by Nigerian Commercial Group members for the sale of Natural Gas?
10. Provide examples of other projects sponsored by the members of the Commercial Group where Pre-Development Costs have been included in rates?
11. Provide examples of other gas pipeline tariff methodology where Pre-Development costs have been included?

**ATELIER ET REUNION DE NEGOCIATION DU PGO
AVEC LE GROUPE COMMERCIAL**

Abuja, du 23 au 27 septembre 2002

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Le CP invite le Groupe Commercial à répondre aux questions suivantes en vue de l'inclusion des Frais d'Etablissement, d'une partie de la Méthodologie Tarifaire approuvée à la Clause 15, Annexe 7, ainsi que des déductions fiscales sur les investissements, tel que prévu à l'Annexe 8 :

1. Identifiez des dispositions des TPAC qui préconisent que les Frais d'Etablissement soient inclus dans le tarif.
2. Quelle est la date présumée de démarrage du processus d'inclusion des Frais d'Etablissement ?
3. Quel est le montant estimatif des Frais d'Etablissement et comment a-t-il été déterminé ?
4. Le Groupe Commercial a-t-il requis un audit relatif aux Frais d'Etablissement, pour des besoins internes ?
5. Quel impact aura l'inclusion des Frais d'Etablissement sur le Tarif de Base des affreteurs ?
6. La Volta River Authority a-t-elle été informée que les Frais d'Etablissement seront incorporés aux Tarifs de Base ? Quelle est sa position ?
7. Les dépenses définies comme Frais d'Etablissement à l'Annexe 16, ont-elles été déduites en tant que dépenses courantes et nécessaires des revenus déclarés imposables dans les autres pays ?
8. Les dépenses identifiées comme Frais d'Etablissement, ont-elles fait l'objet de demande de remboursement de la part de Chevron ou Shell dans les Accords de Partenariat dits « Joint Venture » avec le Nigéria ?
9. Quels Accords commerciaux sont en train d'être négociés par la Société et quels Accords commerciaux sont en train d'être négociés par les membres du Groupe Commercial nigérian pour la vente de gaz naturel ?
10. Existe-t-il des exemples de projets financés par le Groupe Commercial où les Frais d'Etablissement ont été inclus dans les coûts ? En fournir.
11. Existe-t-il des exemples de méthodologie tarifaire relative au transport du gaz par pipeline où les Frais d'Etablissement ont été inclus ?

**WAGP – WORKSHOP & NEGOTIATION MEETING
WITH THE COMMERCIAL GROUP**

Abuja, Sept 23-27, 2002

SCHEDULE 8. FISCAL REGIME

A. Introduction

- A.1-7. We are developing fiscal regime for WAPCo, a gas transportation company and not for buyers, sellers, shippers, or other affiliates of WAPCo; Therefore the reference to any WAGP Companies should be followed by “in respect of WAGP Activities” in order to emphasize that fiscal regime is applicable to only WAGP Activities.

PIC: Definition of “*WAGP Company* means the Company or any subsidiary of the Company” - shall incorporate “in respect of WAGP Activities”

CG – Agreed that the principle should be reflected and suggested that the drafting provide that the CG will produce that each WAGP Company only carries on WAGP Activities.

B. Income Tax

- B.2.(b) Specifies that WAPCo can set off its tax liability with any debts owed by the States. This may not be feasible or may have implementation difficulties, as it is not the same agencies that collect these taxes and these agencies are autonomous and self-accounting and their budget is based on what they have collected. Drafting issue — Agreed. Subsequently discussed in small group session, see separate note
- B.4. Assessable Income should be replaced with Turnover or Total Income deferred; CG in subsequent meeting suggested change to “WAGP Income”. States to consider that and come back
- B.4.(a) Amend as follows:
“(and for the avoidance of doubt Tariff Income from transportation of natural gas through the Pipeline System shall include amounts recovered by way of insurance claims, judicial or arbitral awards, recovered legal costs, rental or refunds, proceeds from sale or exchange of plant or facilities or supplies, or sale or licence of intellectual property, where under the Accounting Principles such amounts would be treated as Income); agreed that is drafting issue. CG to revisit drafting and suggest alternative.
- B.5.(d) Has not been amended after the previous meeting in Cotonou.

- B.6.a. should substitute B.5.d. and therefore B.6.a. stands deleted. Agreed pool system to be developed; not agreed – excess over acquisition cost taken into account
- B.6.(d) We need clarification before making further comments. Clarification has been given. May be necessary, as here will be more than one WAPCo company. Agreed, but mandatory consolidation may resolve point
- B.6.(e) provides that “any amount paid or accrued to a WAGP Company by a State under this Agreement, except where and to the extent that the amount paid is compensation for or reimbursement of lost Assessable Income”. We should list the payment. CG to clarify it later
- B.6.(g) States shall not be liable for any interest accrued in respect of tax overpayment, because they are based on WAPCo’s estimates. Agreed, Already deleted in a new draft
- B.7. Deleted word “necessarily” should be restored. Deferred (based on English law). CG to provide explanation of meanings of “Wholly and Exclusively” and international comparisons
- B.8.(a)(ii) (line 2) the proviso of shall not be applicable to associates/affiliates or shareholders of WAPCo. Clarification has been given and agreed that there is a drafting issue.
- B.8.(b)(i) Only amounts charged in respect of specific services supplied by shareholders or affiliates will be allowed as a deduction and not general overhead expenses. Of H/O up to 1.5% of Allowable Expense of WAPCo. Agreed
- B.10. Loss Carry forward should be reduces to 5 years from 10. Even though it is in the CATS, we believe it doesn’t have any adverse financial implications to the project. Not agreed
- B.13. Notional Capital Allowances regime based on the rates specified in the agreement shall apply for Tax Holiday period, in order to avoid double counting/dipping. Deferred
- B.16-17. Have to be amended to in line with the Pool System of granting Capital Allowances. To be developed.
- B.18. We should substitute the Completion Date for of Commercial Operation date, for reason that Commercial Operation date tides to 70MMscfd of gas delivery and this may not be met or can be manipulated, and therefore non-payment of any tax liability cannot be ruled out. To be revisited
- B.25. Tax Returns been filed shall also include remittance in settlement of the tax computed if any such taxes are outstanding. CG considering and responding to States

B.27. (i) Penalties should be specified here as well as in the enabling legislation; CG. Agreed, there will be new (g) that will be in a new document. Need for mutual agreement on types of the penalties.
(ii) Filing Date: The Returns must be submitted within four months of the end of the Tax Year instead of six month as it is in IGA.
To be revisited. CG explained that if tax returns to be based on audited accounts, 6 month would be needed.

(iii) Filing Tax Returns should be consistent with local legislation. To be revisited

B.28. We have to include the following: on the submission of tax returns, upon request of the states in conjunction with the WAGP Authority any additional information should be submitted, thereafter the assessment can be raised. CG agreed to work on language

B.33-37. We do not think this Consolidated Tax Returns provisions should be applicable, as the WAPCo will be engaged in only one activity i.e. transportation of Natural Gas; in addition to it this issue was not covered in the CATS. Consolidated return only allowed if WAPCo cannot establish branch offices in any of the States. PIC. Even though you have explained your problems of incorporating in Benin and Togo. If that is the case, please stipulate it and we'll agree. If there is any other reason, that is the matter of the different discussion. CG.
Suggested as a compromise that WAGP companies only carry on WAGP activities and there should be a single mandatory consolidation for all WAGP Companies. Last meeting in Cotonou suggested the narrowing grouping provisions and we are happy to work on this.

PIC. Deferred

In the view of the pool system to be introduced, balancing charge/allowance shall be deleted within the whole package of the documents. PIC. Agreed if pool system is agreed

B.45. We should specify the instalment payments to be paid on or before March 31, June 30, September 30 and December 31.

PIC. Issue of drafting.

CG Agreed

B.46. 60 days should be changed to 30 days. Agreed; But CG suggested same date should apply to States (this was deferred).

B.48-49 should be amended to reflect the position that the states will not pay any interest in respect of overpayment of taxes. CG already made amendments to B.48. Drafting to be revisited.

B.50.(b) it has to be restricted to the loans contracted for the pipeline construction; interest on any other loan shall attract 10% of

Withholding Tax. PIC. Agreed in principle, but CG explained that there is a need for clearance from sponsors (to check possible implications)

B.52.(b) "at the option of the contractor" shall be deleted, must depend on the tax law of each State. It is in the CATS – schedule 6.46. PIC deferred

B.54-55. Suggested new 54. "A buyer of natural gas who is not engaged in any business of selling or shipping of natural gas in the state where the natural gas is purchased or shipped shall not be liable to Income Tax in that state by the reason of the mere purchase of natural gas or transmission of that natural gas through the Pipeline System or transmission of the natural gas through other pipeline facilities to the Pipeline System".

Suggested new 55 "a seller or a shipper who delivers natural gas to a state through the Pipeline System shall not be liable to income tax in the delivery state if the seller or shipper is not ordinarily resident or represented in that state and the activities of that seller or shipper is carried on entirely outside that state". Agreed in principle; CG will consider drafting and come back to PIC/states.

C. VAT

- C2. We have to specify broadly the goods required for the construction of the pipeline, for example materials, machinery and equipment. We have to remove services from this article. CG Drafting issue. CG will provide broad definition of assets required for the construction of the pipeline and, subsequently, in addition to that list of categories of assets. As for removing the services it will have significant financial impact, therefore CG wants services to be included. PIC – defer Services until receiving the list.
- C.4. Last sentence of C4 should be deleted to ensure that VAT due on the service provided by the foreign contractor is paid directly to the state and not to the foreign contractor. CG - Need for an internal decision. Will be clarified later
- C.9. WAPCo is engaged in gas transportation, which is zero-rated, and therefore provisions related to exempt supplies should be deleted. CG agreed, drafting to be amended.
- C.10. Set of un-refunded VAT overpayments with other tax liabilities should not apply. CG to consider 15 days shall be changed to 30 days. CG Agreed
- C.11-13. Consolidation of VAT returns of WAGP companies and any subsidiaries should not apply –Deferred.

D. Custom Duties

- D.2. see above C.2. we should define the Goods that are to be imported free of custom duties and it should apply to materials, machinery and equipments only, required for the construction of pipeline. CG Agreed as for C2 above

E. Other Taxes

- E.3. Administrative Fees – Who defines the reasonableness or otherwise of the administrative fees? Therefore the reference to it should be deleted. CG agreed to change as follows:

D.S. suggested changes “Each WAGP Company will be liable to pay Administrative Fees of general application, but to the extent that Administrative Fees exceed an amount that is regularly necessary for the services, materials or rights provided or granted they shall be Taxes”. E.5. it should be related to WAGP Activities only. CG Agreed – drafting to be amended

F. Appeals

- F.1. Applicable Persons – Who are they? We are developing the regime only for WAPCO and therefore the appeal shall not apply to any other person apart from WAPCo. PIC - Need to make it clear. CG Agreed to amend drafting

Clause 42 Dispute Resolution does not apply to Fiscal System. CG Agreed.

- F.2. Each state should be allowed to appeal just by notice to other States and it should not be a joint appeal by the States. States to consider whether all states need to be involved where point of general application. CG Agreed to amend drafting to make clear that joining of all states only where common interest.

G. Penalties

Penalty regime harmonized for late filing, late payment, failure to maintain tax records and tax fraud. CG proposed to produce proposal.

PIC – Finance lease as Philip Daniel suggested. CG would be prepared to incorporate though it will be long and not expected to be relevant. Not simple provisions. Deferred

D.S. B.26. There is no obligation for the WAPCo to keep its tax records in one of the states. CG agreed, it is an intention and will be done.

Ghana – provisions for foreign exchange gains and losses to be considered. CG agreed to consider and make proposal

Benin – C10: should be monthly returns. CG would accept monthly returns but wanted to avoid additional cost.

Benin – C10: refund only when agreed or finally determined. CG agreed and think this is the current position but will review.

FROM DENNIS STICKLEY – SEPT 26

Schedule 16 Pre-Development Costs – Possible Compromise

The CATS did not provide for the inclusion of “Pre-Development Costs” in the Tariff Methodology and this discussion is only relevant to Capital Allowances under Schedule 8.

Only those costs that are directly related to:

- pipeline design
- Pipeline Development Plan (excluding tariff calculations)
- environmental studies
- permit and license applications
- right of way surveys and acquisition of land rights

Will be regarded as “Eligible Pre-Development Costs” that are considered to have been incorporated into the pipeline system, and then only to the extent that they have not been claimed as expenses on the tax returns or recovered as upstream costs under Nigerian MOU’s, Joint Venture Agreements or PSCs by the Company’s shareholders or affiliates.

The costs for the above must appear on the financial accounts of the Company and not those of its shareholders or affiliates. Perhaps expressed as an inter-company loan. The amount must be presented in a certified audit paid for by the Company.

Any amount of Pre-Development Costs included in the tariff would attract a rate of return that is equal to commercial lending rates and not 12% or 15% depending on the class of tariff. The loan should be amortized over 10 years and not over the life of project.

Issues for Discussion

1. B.2. (a, b, c)

The issue of compensation. The principle is acceptable. However compensation cannot be automatic, as it defines beforehand the mechanism for its execution and the procedure to be followed.

2. B.10

Are fiscal depreciations likely to engender loss carry forward?

3. B.27

Filing date: Why six months? What are the reasons for this? This date should be reduced to 3 or 4 months.

4. B.30

We are operating a system of tax returns. The Tax Authorities reserve the right to verify tax returns. Why is the Commercial Group imposing a tax liquidation period of 90 days on the Authorities?

5. B.33

The issue of Consolidated Income Tax Returns

The option should be clearly made right from the start, otherwise it would be necessary to define the conditions for its achievement.

1. The subsidiary company whose operations record a deficit should not transfer its deficit (losses) to the parent company in order to reduce the taxable income of the parent company => Pre-Consolidation Losses.
2. The subsidiary company can not leave the group until after a while (e.g. 5 years)
3. The subsidiary company shall share in the loss of the parent company on a pro rata basis in line with its contribution thereto.
4. The subsidiary company that records a profit during the consolidation period shall not share the loss of the parent company.
5. The perimeter of the consolidation (i.e. the number of subsidiaries) must be defined.

C. On VAT

VAT is covered by common law. Each country's legislations shall apply on this issue.

C4.

VAT is generated through encashment. In order to avoid illegal enrichment, the WAGP company must collect VAT on behalf of the Fiscal Authorities.

C5.

What is the reason for this provision? What are the concerns of the Commercial Group?

C6.

Are we dealing here with gas transport activities or gas sales (delivery)?

C10.

Why did the Commercial Group choose the quarterly tax return option? To what country's legislation does this relate? Why not retain what is common to all the countries? Tax returns should be done on the 10th day of every month.

C10.

Conditions for reimbursement of VAT must be defined. The principle of redeemable tax credit can be considered. Tax refund can only take place after confirmation of the debt by the tax authorities and after verification to ensure that the deducted VAT were actually deductible.

C10. VAT Group

If local legislation is applied, would there be a VAT group for each country or State?

Reminder

A.7

Provision should be made for a sanction to be applied in order to discourage the practice.

Example:

A penalty of 20% of the tax evaded. This is increased to 40% in the case of dishonesty and to 80% in the case of fraudulent practices.

NB

Is the value added for debt or share transfer of a resident taxable in the State? What is the practice in this regard?

B.13 **Clarification**

Will the Commercial Group not declare depreciation during the 5-year tax-holiday?

Note of the Subsequent Small group session

Attendees:

[Name of fiscal rep from each state]

Martin Byrnes and Simon Skinner, Commercial Group

A. Consolidation

CG suggested the following compromise on consolidation:

- (a) that WAPCo would procure that any company carrying on any WAGP Activities only carries on those activities;
- (b) that WAPCo should be obliged to inform the WAGP Authority and the Tax Authority of each State of each company carrying on WAGP Activities; and
- (c) that the consolidation should be mandatory, applying to WAPCo and every other company carrying on WAGP Activities.

States/PIC to consider and respond.

B. Set-off

It was agreed that the set-off would apply only:

- (a) If the claim was admitted (or deemed admitted) or finally determined;
- (b) If the claim was due and payable; and
- (c) To the extent that the amount of the claim was known.

The following procedure was discussed:

- (a) notice of claim for set-off;
- (b) States have right within a certain amount of time to dispute either right to set-off or amount of set-off;
- (c) If not disputed, then deemed admitted;
- (d) If disputed then finally resolved under existing tax provisions (it was noted that it might already have been resolved, for example under dispute resolution for regime failure);
- (e) Once admitted (or deemed admitted) or finally resolved, then tax credit arises by operation of law; and
- (f) This would then be claimed by way of the relevant return.

C. Capital Allowances

It was agreed that the document be amended to reflect a pool system, with any "negative balance" on the pool account being treated as taxable income of WAPCo for the year of the disposal of the relevant underlying asset.

The parties deferred the issue of whether the excess over original acquisition cost should be taken into account in adjusting the pool.

D. Clause B.6(e)

This clause was discussed and the following examples were given:

- (a) regime failure;
- (b) termination payment.

Following the discussion, the States confirmed that the wording was acceptable. To be considered |

E. Accruals

It was agreed that the drafting be amended to provide for taxation and relief on an accruals basis.

Comments of PIC Advisors on IPA Draft of 13 September 2002

Definitions

"Execution Date" means the date this Agreement was executed by the Parties.

"Oversight Committee" means the Relevant Ministers or their nominees that have been appointed created under the Treaty Concerning the West African Pipeline.

"WAGP Company" means the Company or any subsidiary of the Company engaged in WAGP Activities.

9. WAGP Authority

(new) 9. 4(b) Delete "of the reasonable funding requirement" and restore "specified in that budget"

9.5 Any costs incurred by the WAGP Authority in excess of the amount payable by the Company in accordance with Clause 9.4 will be funded by the States, irrespective of the reason for the shortfall in funding by the WAGP unless the shortfall in funding is attributable to the Company's default in payment.

(new) 9.6(a) Delete "Relevant Ministers" and insert "Oversight Committee" in order to be consistent with the Treaty

(new) 9.6(b) If the Company defaults on its payment obligation by funding the WAGP Authority in the amount and at the time necessary to perform its functions, the States and the WAGP Authority are excused from the prompt performance of their obligations under this Agreement until such time as the default has been cured by payment.

10. Audits by the WAGP Authority

10.1(c) Change "90 days" to "six months" per the time period for the Company to submit tax returns under Schedule 8 Para. 27.

Further insert as a final sentence" The WAGP Authority shall provide a copy of the audit report to the States, Shippers and Buyers."

15. Tariff Methodology

(new)"15.1 The Approved Tariff Methodology shall be fair and transparent."

18. Pipeline Development Plan

18.2 Insert as a final sentence: " A failure to reach agreement between the Company and the WAGP Authority shall be submitted as a Technical Dispute."

20. Pre-Development Rights

20.3 After "compensation" insert "the interest acquired and any".

23. Operation, Maintenance and Repair

23.3 Restore this clause and change "Construction Commitment Date" to " Commercial Operation Date"

27. Insurance

27.1 & 27.2 the amount of the Maximum Deductibles should be "1 Million".

28. Local Procurement and Employment

28.6 Change "Commercial Operation Date" to Completion Date".

31. Change title to " Anti-trust Regimes"

36. Failure of Agreed Regime

36.1(d) Restore "international" [Consider impact of ECOWAS Energy Protocol]

36.3 After "(a) insert "and (b)"

36.4 Where the Company is entitled to compensation under Clause 36.4, the State or States where the Regime Failure occurred shall be liable to the Company as follows:

- (a) if the Regime Failure occurs during the Construction Period, the State or States will be liable to pay the Company for amount of expenditures made since the Execution Date, including Eligible Pre-Development Expenditures; or
- (b) if the Regime Failure occurs after the Completion Date, the State or States will be liable to pay prompt, adequate and effective compensation to the Company.

37.1 Change "36" to "37".

42. Dispute Resolution

"42.1 (b) The provisions of this Clause 42 shall not be applied to disputes that arise under the Fiscal Regime contained in Schedule 8."

Schedule 3 – Pipeline Development Plan

19. Insert the word "Eligible" before "Pre-Development"

Schedule 7 – Approved Tariff Methodology

1.1(a) Insert “Eligible” before “Pre-Development” and elsewhere in the Schedule where the terms appear. After “System” insert “excluding any contractor’s contingency amounts”

1.1(c)(ii)(A) Query; what is the “Mid-Market Forecast”? How can it be reflected in the IPA if it exists as a financial model? What is the impact on the Tariff if deliveries are less than the Mid-Market Forecast?

3.2 The discussion of lateral costs in the English version is not consistent with the treatment of this subject in the French text.

4.1.2 Not all operating costs should be allocated to the fixed cost portion of the tariff. Electrical power costs and other consumables and some maintenance costs should be in the variable component.

Schedule 16 Pre-Development Costs

The CATS did not provide for the inclusion of “Pre-Development Costs” in the Tariff Methodology and this discussion is only relevant to Capital Allowances under Schedule 8.

Schedules 22 – 25 Legislative Outlines for Benin, Ghana, Nigeria and Togo

Various provisions of the Legislative Outlines for the States are not consistent with the terms of the IPA:

- Immunity
- Compensation
- Anti-trust

Treaty

Insert as Article 7.9: “Each State where the natural gas is produced shall use all lawful endeavors to ensure that adequate proven reserves of natural gas have been committed for the duration of the gas sales and purchase agreements for which transportation is arranged through the West African Gas Pipeline.”

Check transit provisions for potential conflict with ECOWAS Energy Protocol, particularly in regard to dispute resolution.

Annex I The Authority, Functions: Insert “Negotiating and” before “[a]greeing” in 6,10,11-12, and 14-16.

AMENDEMENTS

1. Contrat de Projet International

Définitions: Date d'Exploitation Commerciale désigne:

- (a) le premier jour pendant lequel du gaz naturel est transporté sans interruption dans le Réseau de Gazoduc à concurrence d'une moyenne de 70 MMscfd, mesurée au(x) point(s) de livraison, pendant une période de 24 heures;ou
- (b) toute autre date qui sera convenue par écrit entre la Société et l'Autorité du GAO comme étant la Date d'Exploitation Commerciale ;

Sous réserve que, en ce qui concerne la Période d'Exonération Fiscale dont il est fait état dans l'Annexe 8, la Date d'Exploitation Commerciale ne saurait être ultérieure au 1er septembre 2009.

Clause 9.5. Tous les frais, dépenses et charges engagés par l'Autorité du GAO au-delà des montants qui lui sont dus par la Société conformément à l'Article 9.4 seront financés par les États, quel que soit le motif de l'insuffisance de fonds subie par l'Autorité du GAO, à l'exception des non-paiements ou des paiements retardés par la Société.

Clause 9.6 (b) Si la Société ne paie pas en montant et en temps requis les Redevances de l'Autorité du GAO qui lui sont nécessaires pour faire face à ses obligations aux termes de ce Contrat, les Etats seront relevés de l'accomplissement de leurs obligations selon cette clause et selon les autres provisions de ce Contrat qui prévoient que l'Autorité accomplisse ces obligations à une certaine date.

Indemnisation

36.3. Dans le cas où:

- (a) Les Etats ou un État ne respecte pas l'Article 36.2;
- (b) la Rupture de Régime n'est pas de la catégorie visée au paragraphe (a) et (b) de l'Article 36.1 et la Rupture de Régime continue nonobstant le respect par les États de l'Article 36.2

alors la Société aura le droit de recevoir une indemnisation conformément à l'Article 36.4

36.4. Dans les cas où la Société peut se prévaloir d'une droit à indemnisation conformément à l'Article 36.3, État ou les États impliqués dans la Rupture de Régime paieront sans délai à la Société:

- (c) le montant des dépenses engagées par la Société depuis la Date d'Achèvement jusqu'à la date de Rupture de Régime, si la Rupture de Régime se produit avant la Date d'Achèvement; ou
- (d) une indemnité appropriée et effective d'Éterminée en application du droit international et en accord avec la Clause 44, si la Rupture de Régime se produit après la Date d'Achèvement.

L'obligation de payer une indemnité selon cette clause est une obligation permanente.

2. Traité International

Article 7.9 Chaque Etat où le gaz naturel est produit devra faire tous ses efforts légaux pour assurer que des réserves prouvées de gaz naturel ont été réservées pour la durée des contrats d'achat et vente de gaz pour lesquels un transport via le GAO est prévu.

Definitions

« Date de Signature » signifie la date à laquelle ce Contrat a été signé par les parties

« Comité de Supervision » signifie les Ministres Concernés ou leurs représentants désignés tels qu'institués dans le Traité.

« Société du GAO » signifie la Société ou toute filiale de la Société engagée dans des Activités du GAO

9. Autorité du GAO

Nouveau) 9.4 (b) : Oter « des montants nécessaires raisonnables » et remettre « les montants spécifiés dans ce budget »

9.5 Tous les coûts encourus par l'Autorité du GAO au-delà du montant payable par la Société en accord avec la Clause 9.4 seront financés par les Etats, quelle que soit la raison pour le déficit de financement par le GAO, sauf si le déficit provient d'un défaut de paiement par la Société

(nouveau) 9.6(a) Oter « Ministres Concernés » et mettre « Comité de Supervision » de façon à être consistant avec le Traité

(nouveau) 9.6(b) Si la Société est en défaut de paiement concernant son obligation de payer en temps et en quantité les montants nécessaires à remplir ses fonctions, les Etats et l'Autorité du GAO seront exonérés de leurs obligations de diligence aux termes de ce Contrat jusqu'à ce que le défaut de paiement ait été remédié.

10. Audits par la Société du GAO

10.1© Changer « 90 jours » en « six mois » pour le délai de remise des déclarations de revenus de la Société selon l'Annexe 8 Para. 27

De plus, insérer la phrase finale « L'Autorité du GAO adressera une copie du rapport d'audit aux Etats, Chargeurs et Acheteurs. »

15. Méthodologie Tarifaire

(nouveau) « 15.1 La Méthodologie Tarifaire Approuvée devra être juste et transparente »

18. Plan de Développement du Gazoduc

18.2 Insérer la phrase finale suivante « Un manque à se mettre d'accord entre la Société et l'Autorité du GAO sera traité comme un Différend Technique »

20. Droits Pré-Développement

20.3 Après « indemnisation » insérer « l'intérêt acquis et tout »

23. Exploitation, Maintenance et Réparation

23.3 Remettre cette clause à sa place et remplacer « Date d'Engagement pour la Construction » par « Date d'Exploitation Commerciale »

27. Assurance

27.1 & 27.2 Le montant de la Franchise maximale doit être de « 1 million ».

28. Entreprise et Personnel Local

28.6 Remplacer « Date d'Exploitation Commerciale » par « Date d'Achèvement »

31. Remplacer l'intitulé par « Régime de la concurrence »

36. Rupture de Régime

36.1(d) Restituer (...engagement « international ») {Vu l'impact du Protocole de la CEDEAO sur l'Energie}

36.3 Après « a » insérer « et (b) »

36.4 Dans les cas où la Société peut se prévaloir d'un droit à indemnisation conformément à l'Article 36.4, l'Etat ou les Etats impliqués dans la Rupture de Régime seront redevables à la Société comme suit :

- (a) Si la Rupture de Régime a lieu lors de la Période de Construction, l'Etat ou les Etats seront responsables du paiement à la Société, du montant des dépenses encourues à partir de la Date d'Exécutiony compris les Dépenses Pré-Développement Eligibles ; ou
- (b) Si la Rupture de Régime a lieu après la Date d'Achèvement, l'Etat ou les Etats seront responsables de payer promptement à la Société une indemnité adéquate et effective.

37.1 « 36 » devient « 37 »

42. Résolution des Litiges

« 42.1 (b) Les dispositions du présent Article 42 ne seront pas appliquées aux litiges survenant selon le Régime Fiscal contenu dans l'Annexe 8 »

Annexe 3 - Plan de Développement du Gazoduc

19. Insérer le mot « Eligible3 avant « Pré-Développement

Annexe 7 – Méthodologie Tarifaire Approuvée

1.1 (a) Insérer « Eligible » avant « Pré-Développement » et ailleurs dans l'Annexe où ces termes apparaissent. Après « Système » insérer « à l'exception de tout aléa »

1.1 (c) (ii)(A) Question : quelle est la « Prévision Moyenne du Marché ? » Comment peut-elle être reprise dans le CPI dans la mesure où il en existe un modèle financier ? Quel est l'impact sur les Tarifs si les livraisons sont inférieures à la Prévision Moyenne du Marché ?

3.2 Le traitement du coût des embranchements dans la version anglaise n'est pas en accord avec la version française.

4.1.2 Tous les coûts d'opération ne doivent pas être repris dans la part de coûts fixes du tarif. Les coûts de l'électricité et les autres consommables et certains coûts d'entretien doivent être inclus dans la composante variable.

Annexe 16 Frais d'Etablissement

Les TPAC ne stipulent pas l'inclusion des Frais d'Etablissement dans la Méthodologie Tarifaire et cette discussion ne relève que des Amortissements Fiscaux

Annexe 22 – 25 Annexes Législatives pour le Bénin, le Ghana, le Nigéria et le Togo

Diverses stipulations des Annexes Législatives ne sont pas conformes aux termes du CPI :

- Immunité
- Indemnisation
- Protection de la Concurrence

Traité

Insérer l'Article 7.9 : « Chaque Etat où le gaz naturel est produit devront faire tous les efforts permis par la loi pour s'assurer que des réserves prouvées de gaz naturel ont été réservées pour la durée des contrats d'achat et vente de gaz pour lesquels un transport via le GAO est prévu ».

Vérifier les stipulations de transit en vue de conflits potentiels avec la Charte de l'Energie de la CEDEAO, en particulier en ce qui concerne la résolution des différends.

L'Annexe L'Autorité, Fonctions : Insérer « Négotiation et » avant « accord avec la CEDEAO sur » en 6,10,11,12,et 14-16

International Project Agreement

Definitions: Commercial Operation Date means:

- (a) the first day that the Pipeline System has continuously transported an average of 70mmcf/d for a 24 hour period as measured at the delivery point(s); or
- (b) such other date as is agreed in writing by the company and the WAGP Authority

Provided, that for purposes of the Income Tax Holiday Period under Schedule 8, the Commercial Operation Date shall not be later than September 1 2009.

Clause 9.5. Any costs incurred by the WAGP Authority in excess of those amounts due for payment by the Company in accordance with Clause 9.4 will be funded by the States, irrespective of the reason for any shortfall in funding suffered by the WAGP Authority, excluding non-payment or late payment by the Company.

Clause 9.6.2. If the Company fails to pay the WAGP Authority Charge in amount and at the time necessary for meeting WAGP Authority obligations under this Agreement, the States are relieved from the prompt performance of their obligations under this Clause and other provisions of this Agreement that provide for the WAGP Authority to have perform obligations by a specific date.

Compensation

36.3. If:

- (a) the States or the State in question fails to comply with Clause 36.2; or
- (b) the Regime Failure is not of the type referred to in paragraph (a) and (b) of Clause 36.1, and notwithstanding compliance by the States with Clause 36.2 the Regime Failure continues,

then the Company shall be entitled to compensation in accordance with Clause 36.4.

36.4. Where the Company is entitled to compensation under Clause 36.3, the State or States where the Regime Failure occurred shall pay to the Company:

- (c) the amount of expenditures made by the company since the Execution Date until the date of the Regime Failure, if the Regime Failure occurs prior to the Completion Date; or
- (d) prompt, adequate and effective compensation as determined under public international law, in accordance with Clause 44, if the Regime Failure occurs after the Completion Date.

The obligation to pay compensation under this clause is a continuing obligation.

International Treaty

Article 7.9. Each State where the natural gas is produced shall use all lawful endeavours to ensure that adequate proven reserves of natural gas have been committed for the duration of the gas sales and purchase agreements for whom transportation is arranged through the Wes African Gas Pipeline.

MEMORANDUM

1 September 2002

TO: J.D. Briggs
A.R. Rossier
T. Khitarishvili

COPY: PIC Legal Representatives

FROM: D.C. Stickley

TOPIC: Revisions to International Project Agreement

This Memorandum addresses the revisions to the 19 August 2002 Draft of the International Project Agreement (IPA) particularly those revisions discussed with Mr. Martin Byrnes. These discussions had two purposes:

- (1) Expand upon the provisions of the Concession Agreement Term Sheet (CATS) that were incomplete; and
- (2) Revise those provisions of the CATS that were unbalanced in favor of the West African Gas Pipeline Company (WAPCO / Company).

While I will be prepared to provide a more detailed discussion of the IPA during the upcoming meeting in Abuja that is scheduled for the week of 25 November, this discussion should be useful to the Legal Representatives at their meeting this week.

COMPLETING CATS

The CATS did not provide a clear mechanism for the States to deal with default by WAPCO. This issue is now dealt with in Clause 37 – COMPANY EVENT OF DEFAULT and further in Clause 38 – FAILURE TO ACHIEVE CRITICAL MILESTONES. To begin with, it should be point out that WAPCO cannot be in default under the IPA during the period leading up to the Construction Commitment Date. In turn, the Construction Commitment Date is achieved once the 16 conditions precedent listed in Schedule 4 have been satisfied. I should mention that a substantial amount of discussion with Mr. Byrnes was directed at wording the provisions in Schedule 4 so those events were not under the unilateral control of the Company. I believe this objective was largely achieved.

Most importantly, if WAPCO defaults the States will have a further remedy to exercise the right to buy-out the Company under Clause 38. A State buy-out had not been provided for under the CATS. The buy-out right also arises if WAPCO does not achieve the Construction Commitment Date by the IPA's Long Stop Date. Nominally, this is 30 September 2004, unless further extended by the States. The mechanism for valuing WAPCO's interests is contained in Schedule 15 and is the same process used in Clause 6 – LOCAL EQUITY PARTICIPATION.

The main point is that the States have a mechanism for removing WAPCO and recruiting another consortium to construct the pipeline if the Commercial Group is unable to bring the project to a timely completion.

RESTORING BALANCE

In previous Memoranda I have commented on the disparity between the States and WAPCO concerning a default in their respective obligations. The key to this issue is the difference in liability depending upon where WAPCO has reached the Construction Commitment Date. Naturally, default by one of the States after the Construction Commitment Date has been reached will have a serious impact on completion of the project. This contingency is addressed under Clause 36 – FAILURE OF AGREED REGIME. Under Clause 36 the States have the opportunity to cure the default and, if remedied, there is no liability. However, if the default in the so-called 'Agreed Regime' is not corrected, the State concerned is liable to pay for "prompt, adequate and effective compensation" according to principles of international law.

Although the level of liability can be substantial under Clause 36, two major concessions were gained in the discussions with Mr. Byrnes:

- (1) This is not an obligation to indemnify WAPCO, it is a claim under the IPA which can be submitted to Dispute Resolution; and
- (2)
- (3) The liability is several and impacts only the specific defaulting State rather than being joint and several which made all States liable for the default of an individual State.

The other feature which gives the States more leverage is the ability to audit WAPCO's performance including: Tariff Calculations, Economic Criteria, Tax Returns, Force Majeure claims, and conduct under the Access Code. These provisions are contained in Clause 10 – AUDITS BY WAGP AUTHORITY.

MICELLANEOUS

There are other points worth noting:

- (1) Clause 22 – CONSTRUCTION, a clear obligation to diligently construct the pipeline.
- (2) Clause 32 – STATE SUPPORT, no longer obliges the States to provide "unconditional" guarantees. This means that the States can offer limited guarantees that are not full faith and credit pledges.

There are several areas where the drafting does not reflect our discussions:

- (1) A Major Contract was to have been defined as a value exceeding \$ 2 million rather than \$ 5 for application of the Bidding Procedures under Clause 22.4.
- (2) The level of coverage and maximum deductibles has not been completed.

CONCLUSION

The 19 August 2002 Draft of the IPA is a substantial improvement in the provisions of the CATS. However, the IPA is still a work in progress and further discussions will be necessary when the PIC meets with the CG in Abuja at the end of September.

Please do not hesitate to provide your comments and feedback to me.

MEMORANDUM
7 July 2002

TO: PIC Members
FROM: Dennis C. Stickley
COPIES: NEXANT Advisors
TOPIC: WAGP Project Agreement – Headline Issues for States

The following issues are of critical importance to the States and have not been appropriately reflected in the draft Project Agreement. These points have been raised with the CG's lawyers. It would be beneficial to have further discussion of these points in Lome.

1. No Firm Deadlines

Under Clause 19.1, contains what appears to be the obligation for construction of the pipeline. However this obligation is not a firm commitment as it is subject to the following conditions:

- All 15 items in Schedule 4 have been determined. This includes several items that allow the Sponsors to delay this decision either by not agreeing or giving confirmation.
- The so-called 'Longstop Date' is not given. Moreover, the Longstop can be extended due to Force Majeure and further suspended by invoking Dispute Resolution.
- Project Milestones are listed in Schedule 11. However, under Clause 11.2 the failure to achieve a milestone by the given date will not be a breach or default.
- Under Clause 38, the States cannot terminate the PA unless WAPCO " has permanently ceased all Project Activities." With this test, the States will not be able to terminate the PA for lack of due diligence by WAPCO.

One the main goal in negotiating the PA should be to set a firm deadline for project completion. If the project does not meet the milestones, the States should be able to demand reasonable assurances from the Sponsors. If the assurances are not satisfactory, the States should be able to terminate the PA without liability so long as the delay is not due to performance of the State's obligations. Additionally, if Project Milestones are missed, the liability of the States should be reduced accordingly.

2. No State Indemnities Should be Given

The Project Agreement provides for the States to pay a financial indemnity under Clause 42.3. This obligation includes payment by an individual state if there is a Material Adverse State Action where the amount of compensation is calculated on actual costs + interest + 15 percent compounded annually. There are several concerns with this exposure to liability:

- The CATS did not provided for the States to indemnify WAPCO.
- The method for calculating compensation for Material Adverse State Action under Clause 39.1 goes beyond the points included in Clause 47 of the CATS.
- The compensation methodology for Material Adverse State Action is more punitive that the valuation methodology for purchase of WAPCO's interest under Clause 6.4.

3. PA Coordination with Enabling Legislation and Treaty

Unlike the CATS, the PA is not an all encompassing document. The Sponsors are *expanding the documentation to include a Treaty and separate Enabling Legislation* in each of the States. As a result, it is more appropriate for certain issues to be split-out from the PA and dealt with in one of the other documents as follows:

- WAGP Authority – Treaty
- Fiscal Regime – Treaty & Enabling Legislation
- Formation and Registration of Companies – Enabling Legislation
- State Legislation in Clause 31.5 – Enabling Legislation
- Protection for Lenders – Enabling Legislation
- No Liability for Existing Environmental Conditions – Enabling Legislation
- Waiver of Sovereign Liability – Enabling Legislation
- Extension of Project Rights to Third Parties – Enabling Legislation
- Open Access Obligations – Enabling Legislation

With this approach, the number of provisions in the PA can be reduced and Schedule 15 eliminated.

4. Other Points

The following are other points of concern for negotiation of the PA:

- *Right of WAGP Authority to audit expenditures that are included in the rate base for the tariff.*
- Reducing the amount for application of the Bidding Procedure from \$20 million to \$ 5 million.
- Expansion of Access Code Principles in Schedule 10
- Separation of Courts from definition of Relevant State Authorities and possible NGO challenge.
- Development of conditions to be included in approval of Development Plan.
- Inclusion of Gas Market Development (Clause 29) in N Gas Agreement.

MEMORANDUM

7 juillet 2002

A : Membres du CP
DE : Dennis C. Stickley
COPIES : Conseillers NEXANT
OBJET : Accord PGO – Principales Questions pour les Etats

Les questions suivantes sont d'une grande importance pour les Etats et n'ont pas été reflétées de façon appropriée dans le projet d'Accord. Ces points ont été soulevés avec les juristes du GC. Il serait avantageux de discuter de ces points à Lomé.

1. Pas de Dates d'Achèvement Fermes

La Clause 19.1 inclut ce qui apparaît être l'obligation de construction du Pipeline. Cependant, cette obligation n'est pas un engagement ferme, dans la mesure où il est soumis aux conditions suivantes :

- Les 15 items de l'Annexe 4 ont tous été déterminés. Ceci inclut plusieurs items qui permettent aux Promoteurs de retarder cette décision en ne donnant pas leur accord ou leur confirmation.
- La « Date Butoir » ainsi intitulée n'est pas donnée. En outre, la Date Butoir peut être reportée par un événement de Force Majeure et le décompte de temps ainsi suspendu en invoquant une procédure de Résolution de Dispute.
- Les étapes d'achèvement intermédiaires sont énumérées dans l'Annexe 11. Cependant, selon la Clause 11.2, le manquement à réaliser une étape ne sera pas une cause de rupture de contrat ni même un défaut.
- Selon la Clause 38, les Etats ne peuvent résilier l'Accord de Projet (PA) à moins que WAPCo n'ait cessé toute activité sur le Projet de façon permanente. Sur la base de ce critère, les Etats ne pourront pas résilier le PC pour défaut de diligence de WAPCo.

Un des buts principaux de la négociation du PA devrait être d'établir une date limite ferme pour l'achèvement du Projet. Si le Projet ne réalise pas les étapes intermédiaires aux dates prévues, les Etats devraient pouvoir exiger des Promoteurs qu'ils leur donnent une assurance raisonnable d'achèvement. Si cette assurance n'est pas satisfaisante, les Etats devraient pouvoir résilier le PA sans indemnités, si toutefois le retard n'était pas imputable aux Etats. En outre, si des étapes intermédiaires ne sont pas réalisées aux dates voulues, la responsabilité des Etats devrait être réduite en conséquence.

2. Les Etats ne devraient pas donner d'Indemnités

L'Accord de Projet prévoit que les Etats paient une indemnité financière selon la Clause 42.3. Cette obligation inclut un paiement par un Etat individuel s'il y a une Action Matérielle Contraire, où le montant de la compensation est calculé sur la base du coût + intérêts composés de 15 pour cent annuellement. Il y a plusieurs sujets de préoccupation dans cette exposition à responsabilité :

- Les PTAC ne prévoyaient pas d'indemniser WAPCo

- La méthode de calcul des compensations pour Action Matérielle Contraire d'un Etat selon la clause 39.1 va plus loin que les points inclus dans la clause 47 des TPAC.
- La méthodologie de compensation pour Action Matérielle Contraire d'un Etat est plus punitive pour les Etats que la méthode d'évaluation des parts de WAPCo selon la clause 6.4.

3. Coordination de l'Accord de Projet (AP) avec les Législations d'Application et le Traité

Contrairement aux TPAC, l'AP n'est pas un document complet. Les Promoteurs accroissent la quantité de documents pour y inclure un Traité et une Législation d'Application dans chacun des Etats. Il en résulte qu'il est plus approprié que certaines questions soient séparées de l'AP et traitées dans l'un des autres documents, comme suit :

- Autorité AGAO – Traité
- Régime Fiscal – Traité et Législation d'Application
- Formation et Enregistrement des Sociétés – Législation d'Application
- Législation des Etats de la Clause 31.5 – Législation d'Application
- Protection des Prêteurs – Législation d'Application
- Absence de Responsabilité pour les Conditions Environnementales Préexistantes – Législation d'Application
- Renonciation à Responsabilité Souveraine – Législation d'Application
- Extension des Droits du Projet aux Tiers – Législation d'Application
- Obligations d'Accès Libre – Législation d'Application

Avec cette approche, le nombre des stipulations de l'AP peut être réduit et l'Annexe 15 éliminée.

4. Autres Points

Les points suivants sont d'autres sujets de préoccupation pour la négociation de l'AP :

- Droit de l'Autorité du GAO (AGAO) d'auditer les dépenses incluses dans le taux de base du tarif.
- Réduction du montant pour application de la Procédure d'Appel d'Offres de 20 million \$ à 5 million \$.
- Expansion des Principes du Code d'Accès de l'Annexe 10.
- Séparation des Tribunaux de la définition des Autorités de Compétence et action possible des ONG.
- Développement des conditions à inclure dans l'approbation du Plan de Développement.
- Inclusion du Développement du Marché du Gaz (Clause 29) dans l'Accord de N-Gaz

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Design Standards

Mike Stockbridge

Engineering Manager, Pipeline Group

Bechtel Ltd

Lomé, November 2001

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

WAGP SPECIFICS

- Long life pipeline, therefore require appropriate standards
- Huge consequences to flow stoppage, therefore damage prevention is imperative

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

INFORMATION FOR DESIGN DECISIONS

- **Offshore activity**
 - **Fishing**
 - **Anchorage**
- **Design values for waves and currents**
- **Anticipated seabed movement**

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

DESIGN DECISIONS

- Design life
 - Coating selection
 - CP anode weights
- Specify design environmental conditions
- Burial
- Pig traps on all branch lines
- Protection of seabed valves and pig traps
- What is CG policy? Also address cost aspect

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

DESIGN FOR EXTENDED LIFE

MECHANICAL ASPECTS

- Corrosion coating
- Replacement of anodes
- Free span correction
 - Fatigue loading
 - Loss of weight coating

CAPACITY ASPECTS

- Predicted design capacity
- Increased operating pressures

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

PIPE LINE DAMAGE MECHANISMS

- **External intervention damage**
 - Ship anchors and anchor cables
 - Fishing trawl boards
- **Damage to shore approach**
 - Environmental
 - Storm
- **Environmental loadings**
 - Seabed movement
 - Wave loads
 - Current loads
 - Scouring

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

PIPE LINE DAMAGE MECHANISMS

- Pipeline expansion (ratcheting)
- Spanning
- External corrosion
- Internal corrosion

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

CONSEQUENCE OF PIPELINE DAMAGE

PIPELINE RUPTURE

- Gas inventory loss
- Fire/explosion
- Power service interruption
- Pipeline flooding
- Operation down time

DENTING OR LOSS OF WEIGHT COAT

- Reduced operating pressure
- Contingency plans
- Alternative fuel supplies

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

PIPELINE INTEGRITY MONITORING

- Gas quality monitoring
- Routine ROV surveys
- Intelligent pigging
- CP records
- Record keeping

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

REPAIR SYSTEMS

- Diverless clamps/spools
- Diver intervention clamps
- Recovery and replacement of a portion of the line
- Total on bottom repair including mechanical connectors or hyperbaric welding
- Surface lift and bottom connect repair including mechanical connectors or hyperbaric welding
- Surface lift, surface connect and lateral layover
- Rock dumping

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

MAINTENANCE FACILITIES

- Equipment storage yard
- Boat harbour
- Emergency repair equipment
 - Clamps
 - Mechanical connectors
 - Spare pipe
 - Bouys
- Work boats

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

EMERGENCY PLANNING

- Emergency plans
- Emergency training

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

MAINTENANCE CONTRACTS

- Helicopter services
- Standby contract for emergency repair - work boats
- ROV surveys
- Intelligent pigging

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

CONSTRUCTION CONSIDERATIONS

- Consequences of selection of standard on project costs: laying cost (incl. Welding)
- Laying equipment & competitive market: codes allow bids with both classical and "third generation barges"
- Welding techniques: automatic welding, welding speed, cost of laying, competition
- Horizontal directional drilling for shore approaches
- Facilities for offshore branches

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

- **Example of similar project: the Shell Offshore Gas Gathering System currently in construction offshore Nigeria. Presentation of the project (physical description, implementation schedule incl. HSE and permitting, design standards, exceptions to those standards**

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

NORMES de CONCEPTION

Mike Stockbridge

Engineering Manager, Pipeline Group

Bechtel Ltd

Lomé, Novembre 2001

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

SPECIFICITES PGOAO

- **Gazoduc a longue duree de vie, donc demande de normes appropriees**
- **Consequences tres importantes d'un arret de debit, donc prevention des incidents imperative**

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

INFORMATION FOR DESIGN DECISIONS

- **Activite Offshore**
 - Peche
 - Ancrages
- **Conditions de houle et de courant**
- **Anticipation des mouvements du fond marin**

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

DESIGN DECISIONS

- **Duree de Vie**
 - **Choix du revetement**
 - **Poids des anodes de Protection Cathodique**
- **Specifier les conditions environnementales**
- **Ensouillage**
- **Gares de racleurs sur toutes les lignes**
- **Protection des vannes de fond et des gares de racleurs**
- **Quelle est la politique du GC? Traiter aussi l'aspect des couts**

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

DESIGN FOR EXTENDED LIFE

ASPECTS MECANIKUES

- Revêtement anti-corrosion
- Remplacement des anodes
- Correction des "Free spans" (parties du tube ne reposant pas sur le sol)
- Free span – Charges de Fatigue
 - Perte de revêtement

ASPECTS CAPACITE

- Capacité de conception prévisionnelle
- Augmentation des pressions d'opération

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

MECANISMES D'ENDOMMAGEMENT DU GAZODUC

- Endommagement du a des interventions exterieures
 - Ancres de navires et cables d'ancrage
 - Chaluts de navires de peche
- Dommages au rivage
 - Environment
 - Tempetes
- Charges Environnementales
 - Mouvement du fond
 - Charges de houle
 - Charges de courant
 - Scouring

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

MECANISMES D'ENDOMMAGEMENT DU GAZODUC

- Dilatation (ratcheting)
- Formation de "Free spans"

- Corrosion Externe
- Corrosion Interne

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

CONSEQUENCE D'UN ENDOMMAGEMENT DUGAZODUC

RUPTURE DU GAZODUC

- Inventaire des pertes de gaz
- Feu/explosion
- Interruption de courant électrique
- Inondation du gazoduc
- Interruption des opérations

ENDOMMAGEMENT OU PERTE DU REVETEMENT

- Réduction de la pression de service
- Plans de réponse aux contingences
- Fournitures de combustibles alternatifs

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

CONTROLE DE L'INTEGRITE DU GAZODUC

- Controle de la qualite du gaz
- Controle de routine avec ROV (vehicule sous-marin opere a distance)
- Raclage Intelligent
- Rapports de Protection Cathodique
- Conservation des donnees

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

SYSTEMES DE REPARATION

- Colliers de serrage et manchettes sans plongeurs
- Colliers avec intervention plongeurs
- Recuperation et remplacement d'une partie de la ligne
- Reparation complete au fond comprenant des connecteurs mecaniques ou du soudage hyperbare
- Reparation par relevage en surface et connection au fond avec connecteurs mecaniques ou soudage hyperbare
- Relevage en surface, connection en surface et repose laterale
- Couverture par des rochers

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

MOYENS D'ENTRETIEN

- Aire de stockage d'équipement
- Mouillage de bateau de support
- Equipment de reparation d'urgence
 - Colliers
 - Connecteurs Mecaniques
 - Tubes de secours
 - Bouees
- Bateaux d'assistance

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

DISPOSITIONS POUR REpondre AUX URGENCES

- Plans d'urgences
- Formation

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

CONTRATS D'ENTRETIEN

- Helicopteres
- Contract de Standby pour reparations d'urgences - bateaux
- Controles ROV
- Raclage Intelligent

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

CONSIDERATIONS DE CONSTRUCTION

- Consequences du choix des normes sur les couts du projet: cout de la pose (y compris soudage)
- Equipment de pose et competitivite du marche: les normes permettent des offres avec a la fois des barges classiques et des barges de "troisieme generation"
- Techniques de soudage: soudage automatique, vitesse de soudage, cout de la pose, concurrence
- Forage directionnel horizontal pour les poses au niveau du rivage
- Installations pour les embranchements offshore

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

CONSIDERATIONS DE DEVELOPPEMENT

- Exemple de projet similaire: le Systeme de Collecte de Gaz Offshore de Shell actuellement en construction au Nigeria. Presentation du projet (description, realisation, programme des travaux y compris SSE et Permis, normes de conception, exceptions a ces normes)

Design Standards

Mike Stockbridge
Engineering Manager, Pipeline Group
Bechtel Ltd
Lomé, November 2001

WAGP SPECIFICS

- Long life pipeline, therefore require appropriate standards
- Huge consequences to flow stoppage, therefore damage prevention is imperative

INFORMATION FOR DESIGN DECISIONS

- Offshore activity
 - Fishing
 - Anchorages
- Design values for waves and currents
- Anticipated seabed movement

DESIGN DECISIONS

- Design life
 - Coating selection
 - CP anode weights
- Specify design environmental conditions
- Burial
- Pig traps on all branch lines
- Protection of seabed valves and pig traps
- What is CG policy? Also address cost aspect

DESIGN FOR EXTENDED LIFE

MECHANICAL ASPECTS

- Corrosion coating
- Replacement of anodes
- Free span correction
 - Fatigue loading
 - Loss of weight coating

CAPACITY ASPECTS

- Predicted design capacity
- Increased operating pressures

PIPELINE DAMAGE MECHANISMS

- External intervention damage
 - Ship anchors and anchor cables
 - Fishing trawl boards
- Damage to shore approach
 - Environmental
 - Storm
- Environmental loadings
 - Seabed movement
 - Wave loads
 - Current loads
 - Scouring

- Pipeline expansion (ratcheting)
- Spanning
- External corrosion
- Internal corrosion

CONSEQUENCE OF PIPELINE DAMAGE

PIPELINE RUPTURE

- Gas inventory loss
- Fire/explosion
- Power service interruption
- Pipeline flooding
- Operation down time

DENTING OR LOSS OF WEIGHT COAT

- Reduced operating pressure
- Contingency plans
- Alternative fuel supplies

PIPELINE INTEGRITY MONITORING

- Gas quality monitoring
- Routine ROV surveys
- Intelligent pigging
- CP records
- Record keeping

REPAIR SYSTEMS

- Diverless clamps/spools
- Diver intervention clamps
- Recovery and replacement of a portion of the line
- Total on bottom repair including mechanical connectors or hyperbaric welding
- Surface lift and bottom connect repair including mechanical connectors or hyperbaric welding
- Surface lift, surface connect and lateral layover
- Rock dumping

MAINTENANCE FACILITIES

- Equipment storage yard
- Boat harbour
- Emergency repair equipment
 - Clamps
 - Mechanical connectors
 - Spare pipe
 - Bouys
- Work boats

EMERGENCY PLANNING

- Emergency plans
- Emergency training

MAINTENANCE CONTRACTS

- Helicopter services
- Standby contract for emergency repair - work boats

- ROV surveys
- Intelligent pigging

CONSTRUCTION CONSIDERATIONS

- Consequences of selection of standard on project costs: laying cost (incl. Welding)
 - Laying equipment & competitive market: codes allow bids with both classical and "third generation barges"
 - Welding techniques: automatic welding, welding speed, cost of laying, competition
 - Horizontal directional drilling for shore approaches
 - Facilities for offshore branches
-
- Example of similar project: the Shell Offshore Gas Gathering System currently in construction offshore Nigeria. Presentation of the project (physical description, implementation schedule incl. HSE and permitting, design standards, exceptions to those standards)

Terms of Reference for the West African Gas Pipeline Authority

West Africa Gas Pipeline Authority

1. Objectives

- I. Establishment West African Gas Pipeline Authority
- II. Monitoring the performance of WAPCO
- III. Additional functions under the Concession Agreement
- IV. Role of the WAGPA

2. Facilitation

- I. Facilitate on issuance of licenses and permits ("Project Rights")
- II. Coordinate the review of the EIA & EMP
- III. Review and comment on the draft Pipeline Development Plan
- IV. Consult in approving the Final Pipeline Development Plan.
- V. Receive of status reports from WAPCo prior to and during construction.
- VI. Facilitate in selection of local business in project procurement
- VII. Coordinate and represent States in Dispute Resolution with WAPCo
- VIII. Coordinate of Fiscal issues

3. Concession Agreement Monitoring

- I. Submission of Quarterly Statements of Monthly Transportation and Sales Data
- II. Providing System Flow Diagrams and Capacity for Point to Point Deliveries
- III. Submission Report on Additions to and Withdrawals from Storage
- IV. Notification of Service Interruptions
- V. Index of Customers
- VI. Notification of Requests to Provide Transportation Services
- VII. Submission of Annual Pipeline Operations Report

4. Regulation

[specific but limited regulatory authority for the WAGP]

- I. Enlargement of pipeline capacity
- II. Approval and revision of WAGP's Access Code
- III. Development and implementation of WAGP Regulations
- IV. WAPCO's financial ability to satisfy abandonment obligations.

5. Access Code

WAGPA will have the authority to determine:

- I. Nature and extent to which gas sector transactions
- II. Procedure for obtaining licenses for the construction
- III. Acceptable methodology
- IV. Rate design practices for transportation tariffs
- V. Needed for export or import natural gas;
- VI. Taxation of pipeline income

- VII. Insurance for risks and pipeline facilities
- VIII. Application of law from another jurisdiction
- IX. Adoption and administration of a dispute resolution process

6. Organisation

Organizational Chart

7. Staffing And Funding

- I. Secretariat
- II. Pipeline Operations Directorate
- III. Market Surveillance Directorate
- IV. Fiscal Directorate.

8. Functional Responsibilities

8.1. Secretariat

- I. Force Majeure
- II. Notice of default in CA obligations and requests for Dispute Resolution
- III. Arbitration of disputes between WAPCO and Shippers
- IV. Mediate alleged conflicts between local law and the CA

8.2. Pipeline Operations Directorate

- I. Process all other licenses, permits and consents
- II. Consider the final EIA & the final EMP
- III. Assist in issuing Pre-Development Rights and Land Rights
- IV. Approve Pipeline Development Plan
- V. Receive and evaluate status reports during construction
- VI. Approve Pipeline System operator
- VII. Approve Pipeline System Enlargement
- VIII. Provide assistance in granting of project rights
- IX. Adopt and monitor compliance with the WAGP Regulations
- X. Approve Competitive Bidding Procedures

8.3 Market Surveillance Directorate

- I. Approve Access Code as part of Pipeline Development Plan
- II. Monitor compliance with the Access Code
- III. Implement Access Code as regulations
- IV. Approve changes to the transportation services pricing or tariff methodology
- V. Review terms and conditions in gas transportation agreements
- VI. Ensure that gas produced in Togo, Benin or Ghana gains access to Pipeline System
- VII. Monitor gas sellers Access Reference Price
- VIII. Provide technical assistance to gas distribution utilities in the States

8.4. Fiscal & Reporting Directorate

- I. Prepare and issue the notices for payment assessments

- II. Facilitate taxation administration
- III. Monitor compliance with insurance obligations

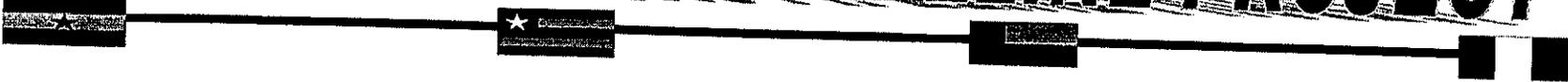
9. Initial Agenda

- I. When To Establish Wagpa
- II. Funding Wagpa
- III. Relationship Between Wagpa And The States
- IV. Relationship Between Wagpa And Wapco

10. Language Considerations:

- I. Working Language of WAGPA
- II. Board Meetings
- III. Rest of the meetings (internal WAGPA or with WAPCO)
- IV. Official WAGPA documentation

WEST AFRICA GAS PIPELINE PROJECT



Terms of Reference of West African Gas Pipeline Authority

Thea Khitarishvili
Lome, Togo
6 November 2001



WEST AFRICA GAS PIPELINE PROJECT

Presentation Outline

- Objectives
- Structure
- Functions
- Initial Agenda



WEST AFRICA GAS PIPELINE PROJECT

Objectives

- Establishment West African Gas Pipeline Authority
- Monitoring the performance of WAPCO
- Additional functions under the Concession Agreement
- Role of the WAGPA

WEST AFRICA GAS PIPELINE PROJECT

Facilitation

- Facilitate on issuance of licenses and permits (“Project Rights”)
- Coordinate the review of the EIA & EMP
- Review and comment on the draft Pipeline Development Plan
- Consult in approving the Final Pipeline Development Plan

WEST AFRICA GAS PIPELINE PROJECT

Facilitation (cont)

- Receive of status reports from WAPCo prior to and during construction
- Facilitate in selection of local business in project procurement
- Coordinate and represent States in Dispute Resolution with WAPCo
- Coordinate of Fiscal issues

WEST AFRICA GAS PIPELINE PROJECT

Concession Agreement Monitoring

- Submission of Quarterly Statements of Monthly Transportation & Sales Data
- Providing System Flow Diagrams and Capacity for Point to Point Deliveries
- Submission Report on Additions to and Withdrawals from Storage

WEST AFRICA GAS PIPELINE PROJECT



Concession Agreement Monitoring (cont)

- Notification of Service Interruptions
- Index of Customers
- Notification of Requests to Provide Transportation Services
- Submission of Annual Pipeline Operations Report

WEST AFRICA GAS PIPELINE PROJECT

Regulation

- Enlargement of pipeline capacity
- Approval and revision of WAGP's Access Code
- Development and implementation of WAGP Regulations
- WAPCo's financial ability to satisfy abandonment obligations

WEST AFRICA GAS PIPELINE PROJECT

Access Code

WAGPA will have the authority to determine:

- Nature and extent to which gas sector transactions will be made transparent
- Procedure for obtaining licenses for the construction
- Acceptable methodology
- Rate design practices for transportation tariffs

WEST AFRICA GAS PIPELINE PROJECT

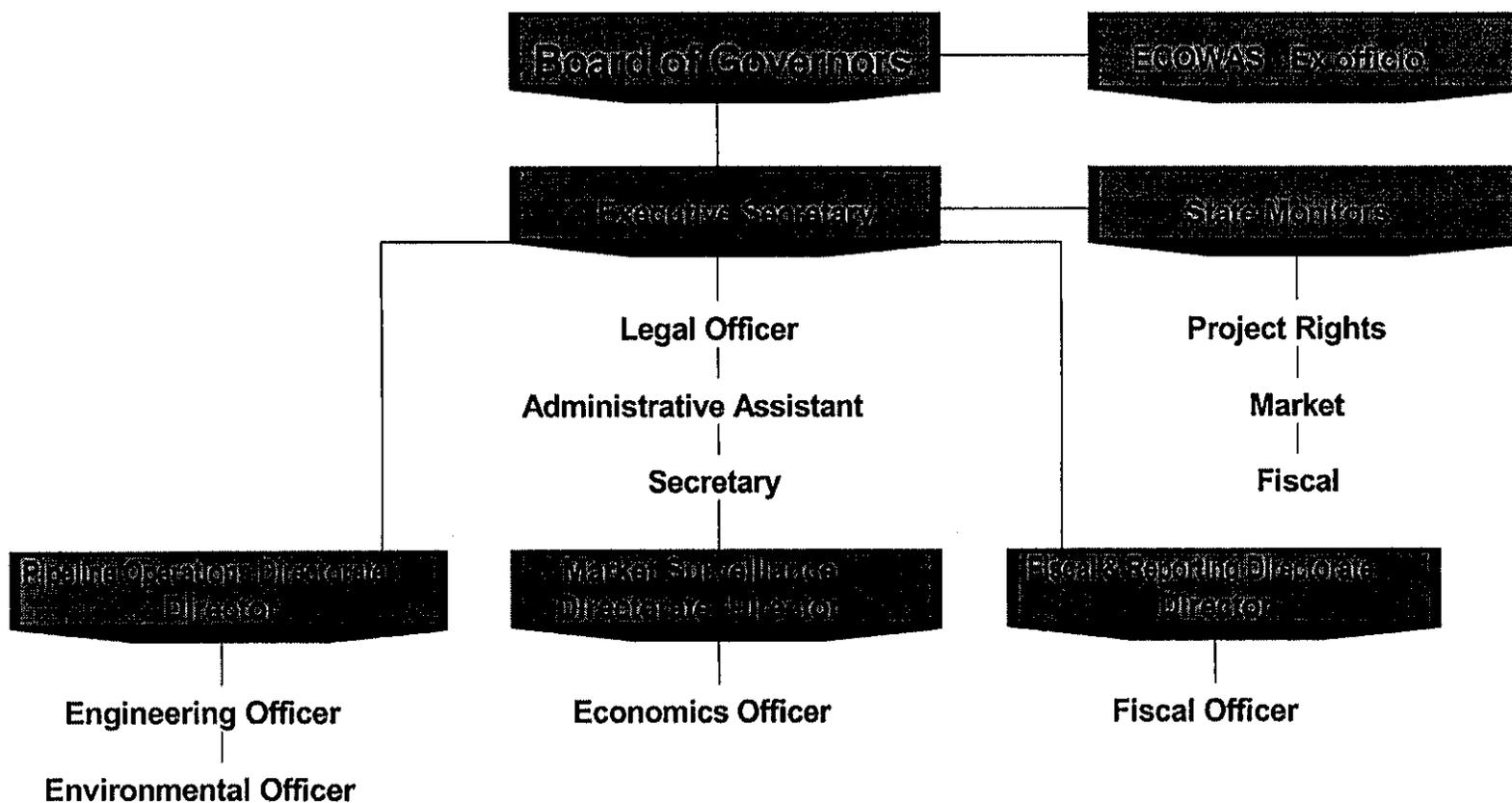
Access Code (cont)

- Need for export or import natural gas
- Taxation of pipeline income
- Insurance for risks and pipeline facilities
- Application of law from another jurisdiction
- Adoption and administration of a dispute resolution process

WEST AFRICA GAS PIPELINE PROJECT

Organisation

West African Pipeline Authority (WAGPA)



WEST AFRICA GAS PIPELINE PROJECT



Staffing And Funding

- Executive Secretariat
- Pipeline Operations Directorate
- Market Surveillance Directorate
- Fiscal Directorate

WEST AFRICA GAS PIPELINE PROJECT

Functional Responsibilities

Executive Secretariat

- Force Majeure
- Notice of default in CA obligations and requests for Dispute Resolution
- Arbitration of disputes between WAPCO and Shippers
- Mediate alleged conflicts between local law & the Concession Agreement

WEST AFRICA GAS PIPELINE PROJECT

Functional Responsibilities

Pipeline Operations Directorate

- Process all other licenses, permits & consents
- Consider the final EIA & the final EMP
- Assist in issuing Pre-Development Rights & Land Rights
- Approve Pipeline Development Plan
- Receive & evaluate status reports during construction

WEST AFRICA GAS PIPELINE PROJECT

Functional Responsibilities

Pipeline Operations Directorate (cont)

- Approve Pipeline System operator
- Approve Pipeline System Enlargement
- Provide assistance in granting of project rights
- Adopt and monitor compliance with the WAGP Regulations
- Approve Competitive Bidding Procedures

WEST AFRICA GAS PIPELINE PROJECT

Functional Responsibilities

Market Surveillance Directorate

- Approve Access Code as part of Pipeline Development Plan
- Monitor compliance with the Access Code
- Implement Access Code as regulations
- Approve changes to the transportation services pricing or tariff methodology

WEST AFRICA GAS PIPELINE PROJECT

Functional Responsibilities

Market Surveillance Directorate (cont)

- Review terms and conditions in gas transportation agreements
- Ensure that gas produced in Togo, Benin or Ghana gains access to Pipeline System
- Monitor gas sellers Access Reference Price
- Provide technical assistance to gas distribution utilities in the States

WEST AFRICA GAS PIPELINE PROJECT

Functional Responsibilities

Fiscal & Reporting Directorate

- Prepare and issue the notices for payment assessments
- Facilitate taxation administration
- Monitor compliance with insurance obligations

WEST AFRICA GAS PIPELINE PROJECT

Initial Agenda

- When To Establish WAGPA
- Funding WAGPA
- Relationship Between WAGPA & The States
- Relationship Between WAGPA & WAPCo

WEST AFRICA GAS PIPELINE PROJECT

Language Considerations

- Working Language of WAGPA
- Board Meetings
- Rest of the meetings (internal WAGPA or with WAPCo)
- Official WAGPA documentation

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

SC-SMC MEETING
Houston, 10th May 2002

GAS PROMOTION STRATEGIES (GMPS)

Presentation Of The GMPS Study

by The States Consultant



WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

GMPS STUDY REPORT OUTLINE

- Introduction
- Overview of worldwide gas usages
- WAGP gas market assessment
- Developing of secondary networks
- Government Policies
- Implementation plan

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

1. INTRODUCTION

- **WAGP: stop flaring and substitute Oil for Gas**
- **GMPS Study: Promoting the gas market in the Purchasing Countries**
- **The States Team:**
 - **PIC: issuing TOR**
 - **ECOWAS Secretariat: Facilitating**
 - **USAID Ghana: Funding**
 - **NEXANT (the Consultant): Implementing**



WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

2. OVERVIEW OF GAS USAGES

- Analysis of worldwide gas usages
- WAGP Gas:
 - Methane, no LPG
- The African experience
- The Nigerian experience
- Main usages in purchasing countries:
 - Power
 - Industries

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

3. WAGP GAS MARKET ASSESSMENT

- **The existing studies**
- **The Nexant assessment**
 - **Assessment visits**
 - **Complementary questionnaires**
 - **Data collection computing: users, demand, opportunity cost**

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

4. DEVELOPMENT OF SECONDARY NETWORKS

- **The four secondary networks: Contonou, Lome, Tema Takoradi**
- **Secondary networks: design and costing**
- **Demand scenarios and networks development phasing: comparing cost of delivered gas to users Opportunity Cost**

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

5. GOVERNMENT POLICIES

- **WAGP system and secondary network: same model?**
- **The Institutional Framework:**
 - Sellers, buyers, shippers: opportunity for an aggregator
 - The CEB dilemma
- **National Regulations**
- **Selection of the aggregator**
- **Gas promotion policies**

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

6. IMPLEMENTATION PLAN

- Approval of GMPS Study by PIC then Steering Committee
- Assisting States in the establishment of National Gas Regulations
- Assisting States in setting in place Aggregators and concluding contractual arrangements
- Priority to Benin and Togo issues as foundation customers

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

7. PRESENTATION APPENDICES

(Provisional Results of Study concerning Benin and Togo)

- **Current status of Study prioritises support to Benin and Togo as foundation customers**
- **Benin and Togo: Demand Forecast and Cost of Networks**
- **Cost of gas delivery to industries: with or without CEB distribution; Table (iii)a: Benin; Table (iii)b; Togo**
- **Opportunity for Sobegaz and Sotogaz: cost of gas, financial requirements, set of agreements, WAGP time schedule**
- **Conclusion: Regulatory and commercial arrangements to preserve Benin and Togo as Foundation Customers**

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

(i) **PRIORITISE SUPPORT TO BENIN & TOGO**

(Provisional Results of Study concerning Benin and Togo)

- **SC-SMC Meeting of Accra, 31st May 2001: Benin and Togo should be Foundation Customers**
- **All regulatory and contractual arrangements should be completed before FID**
- **Priority to be given to securing CEB as Foundation Customer through an appropriate framework**

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

(ii) DEMAND AND NETWORK COSTS

BENIN and TOGO Hypotheses

- **Gas Demand: Hypotheses 1 = present demand**
Hypotheses 2 = high scenario
- **Cost of secondary networks:**
 - **Benin: 0* (CEB alone); \$22 million (to deliver SCB and others)**
 - **Togo: 0 (CEB alone); \$13 to \$18 million (to deliver WACEM, OTP and others)**

** CEB to pay for moving plant towards the beach*

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

(iii)a Benin - Cost of Gas Delivery to Industries

Benin	Demand	Coût du Gaz PGO Sur la Plage	Coût du Res. Sec. sans CEB	Coût du Res. Sec. avec CEB
CEB		3.14		
SCB Lafarge		3.25		
Autres		2.64		
TOTAL		NA	NA	NA

Conclusion: Cost of gas increased by X% to CEB, decreased by Y% to Industries, if cross-subsidies

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

(iii)b Togo - Cost of Gas Delivery to Industries

Benin	Demand	Coût du Gaz PGO Sur la Plage	Coût du Res. Sec. sans CEB	Coût du Res. Sec. avec CEB
CEB		3.14		
WACEM		3.26		
Aufres		2.64		
TOTAL		NA	NA	NA

Conclusion: Cost of gas increased by X% to CEB, decreased by Y% to Industries, if cross-subsidies



WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

(iii)c Tema - Cost of Gas Delivery to Industries

Ghana	Demand	Coût du Gaz PGO Sur la Plage	Coût du Res. Sec. sans CEB	Coût du Res. Sec. avec CEB
CEB		3.14		
XXXXXX				
XXXXXX				
TOTAL		NA	NA	NA

Conclusion: Cost of gas increased by X% to CEB, decreased by Y% to Industries, if cross-subsidies

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

(iv) OPPORTUNITY FOR SOBEGAZ AND SOTOGAZ

- **What matters is the opportunity cost of alternative fuels for each industry.**
 - **WAGP tariff needs to decline over some years for some potential clients (SCB Lafarge).**
 - **WACEM and SCB Lafarge have low costs of current fuel - possibly requires aggressive marginal cost pricing of gas.**
- **Introduction of Sobegaz and Sotogaz implies important financial commitments:**
 - **Finance WAPCo share: \$10 million each**
 - **Finance network: 30% of network cost (project financing)**
 - **Guarantee TOP security package**

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

(iv) Continued

- **WAGP time schedule: Foundation customers contractual arrangements must be completed before FID (18 months to two years)**
- **Commercial agreements, regulatory framework, mobilisation of funds are likely to take more time**
- **Cost of negotiation of multiple detailed agreements between N-Gas, CEB and Sobegaz/Sotogaz will add to the financial burden of the project**

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

(v) CONCLUSION: Regulatory and Commercial Arrangements – to preserve Benin and Togo as Foundation Customers

- Assuming study proves SCB Lafarge, WACEM, OTP and others interested by WAGP Gas, and these industries confirm
- Assuming Benin and Togo Governments are ready to pay their share of the secondary networks via CEB

THEN:

- Sobegaz/Sotogaz regulated by National Regulation
- Postage Stamp gas pricing, including CEB, based on RoR applying on Capex of secondary network
- Additional cost is zero as long as secondary network is not commissioned



WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

(v) Continued

- **Sobegaz/Sotogaz eligible as Regulated Aggregators when:**
 - National Regulation is ready
 - Sobegaz/Sotogaz qualify for License
- **Sobegaz/Sotogaz eligible for Revenue when:**
 - Initial phase of networks are commissioned
- **In the meantime:**
 - Sobegaz and Sotogaz sign MOU with N-Gas
 - Negotiations between N-Gas and CEB can continue, covered by the Concession agreement. Sobegaz/Sotogaz can attend

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

SOBEGAZ/SOTOGAZ CAPITAL AND SHAREHOLDING

- Sobegaz/Sotogaz capital to be each substantially increased – approx:
 - \$10 million for share in WAPCo
 - 30% minimum of \$15 million investment in secondary network
 - plus TOP guarantee – possibly secured against equity base of Sobegaz / Sotogaz (if sufficient and subject to loan covenants for investment in secondary network)

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

10.SOBEGAZ/SOTOGAZ CAPITAL AND SHAREHOLDING

- **Opportunities:**
 - **Offer CEB a share in the Capital of Sobegaz/Sotogaz to the extent of its share in the local gas market**
 - **Request WAPCo to invest in secondary networks as a contribution to market development. In addition, WAPCo to allow transfer of technology**
 - **Offer main industrial customers (WACEM, OTP, SCB Lafarge) share in Sobegaz/Sotogaz capital or seat at the Board to improve price transparency**

AMENDMENT NO. 2 TO THE DEFINITIONAL PHASE MEMORANDUM OF UNDERSTANDING FOR THE WEST AFRICAN GAS PIPELINE PROJECT ("MOU") DATED THE 11TH DAY OF AUGUST 1999 (AS AMENDED ON 29TH AUGUST 2001) BETWEEN REPUBLIC OF BENIN, REPUBLIC OF GHANA, FEDERAL REPUBLIC OF NIGERIA AND REPUBLIC OF TOGO (COLLECTIVELY REFERRED TO AS THE "COUNTRIES") AND CHEVRON NIGERIA LIMITED, GHANA NATIONAL PETROLEUM CORPORATION, NIGERIAN NATIONAL PETROLEUM CORPORATION, THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED, SOCIETE BENINOISE de GAZ S.A. AND SOCIETE TOGOLAISE de GAZ S.A. (COLLECTIVELY REFERRED TO AS THE "COMMERCIAL GROUP").

WHEREAS:

- A. The States and the Commercial Group have agreed on a Time Schedule for the implementation of the Project, indicating in particular:
- Preliminary Commercial Evaluation: 31 July 2002
 - Ratification of Concession Agreement: 31 December 2002
 - Final Investment Decision: 2 December 2003
 - First Gas Goal: 30 June 2005
- B. The Countries and the Commercial Group have agreed to amend the MOU in order to allow time for the conclusion of negotiations to finalise the Concession Agreement,

NOW THEREFORE, the Parties amend the MOU as follows:

1. By deleting the second sentence of Article 1.1 in its entirety, and replacing it with:
"By virtue of their designation as Project Developer the Commercial Group shall until 1st August 2003 have the exclusive right to establish WAPCo which shall have the exclusive right to negotiate and enter into agreements with the Countries to construct a cross-border pipeline to transport natural gas to or from any of the Countries."
2. By inserting after Article 2.4 a new Article 2.5, as follows:
"The Commercial Group shall, not later than the 5th day of each month, starting in July 2002, address to the PIC and the ECOWAS Secretariat a briefing note stating the progress of the Project in reference to the agreed time schedule."
3. By deleting Article 7.1 in its entirety and replacing it with:
"This MOU shall continue in force until superseded by a Concession Agreement entered into in accordance with Article 2.1.3 hereof, provided that if the Parties have not entered into a Concession Agreement by 1st August 2003 either the Countries or the Commercial

Group or WAPCo shall have the option to terminate this MOU by ninety days notice in writing to the other Parties. It is a condition of the extension of this MOU to the above date that the Commercial Group makes reasonable progress in implementing the Project. The States reserve the right to reconsider this MOU if substantial delays are recorded in the progress of the Project.”

4. As hereby amended, the MOU shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have signed this amendment to the MOU by their authorized representatives this _____ of _____ 2002.

THE COUNTRIES

**THE GOVERNMENT OF
THE REPUBLIC OF BENIN:**

By: _____

Name: _____

Designation: _____

**THE GOVERNMENT OF
THE REPUBLIC OF GHANA:**

By: _____

Name: _____

Designation: _____

**THE GOVERNMENT OF THE
FEDERAL REPUBLIC OF NIGERIA:**

By: _____

Name: _____

Designation: _____

**THE GOVERNMENT OF
THE REPUBLIC OF TOGO:**

By: _____

Name: _____

Designation: _____

THE COMMERCIAL GROUP

CHEVRON NIGERIA LIMITED:

By: _____

Name: _____

Designation: _____

**GHANA NATIONAL PETROLEUM
CORPORATION:**

By: _____

Name: _____

Designation: _____

NIGERIAN NATIONAL PETROLEUM

THE SHELL PETROLEUM

CORPORATION:

By: _____

Name: _____

Designation: _____

**DEVELOPMENT COMPANY OF
NIGERIA LIMITED:**

By: _____

Name: _____

Designation: _____

SOCIETE BENINOISE de GAZ S.A.:

By: _____

Name: _____

Designation: _____

SOCIETE TOGOLAISE de GAZ S.A.:

By: _____

Name: _____

Designation: _____

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Réunion du Comité Directeur et
du Comité de gestion des Sponsors

À Abuja, le 14 juin 2002

Aide-mémoire

Le Comité directeur et le Comité de gestion des Sponsors du Projet du Gazoduc de l'Afrique de l'Ouest se sont réunis à Abuja le 14 juin 2002, à la suite de leur réunion du 10 mai à Houston. Le secrétaire administratif de la CEDEAO et certains membres du parlement de la CEDEAO ont également participé à la réunion.

Le secrétaire administratif de la CEDEAO a accueilli les participants en insistant sur l'importance de mener le projet à terme le plus rapidement possible. Le Président du Comité directeur a ouvert la réunion.

Le Groupe commercial a présenté son rapport qui abordait les points suivants :

- Statut du Projet – c'est-à-dire les progrès réalisés depuis la dernière réunion CD-CGS. Les principales réalisations ont été les suivantes : signature de la lettre d'intention de l'AVG de Takoradi début juin ; améliorations apportées au Calendrier du Projet par le CMOP et par le GC à Londres ; et accord conclu entre les parties concernées au sujet des dispositions de responsabilité et de garantie. Le GC indique que les négociations relatives à l'ensemble des Offres de souscription du Projet sont maintenant terminées, que le processus de la cession à VRA doit être finalisé (y compris le paiement des arriérés de GNPC), et que le processus d'approbation de l'ECP par les représentants des Sponsors a débuté.
- Calendrier du Projet – présentation du Résumé du calendrier, qui prévoit les *premières livraisons de gaz* pour le mois de décembre 2005, sur la base d'une Évaluation commerciale préliminaire en juillet 2002 et d'une Décision d'investissement finale en mars 2004.
- Engagements des Parties – notamment :
 - Groupe Commercial : amélioration des procédures internes, augmentation des ressources commerciales et légales de l'Équipe du Projet, fourniture de rapports d'avancement aux États et dépistage précoce des problèmes.
 - États : engagement des équipes chargées des affaires légales, de l'EIE et des permis, à coopérer et à respecter le calendrier ; ratification en temps voulu de l'Accord de concession par les parlements.
- Demande de prolongation du MOU – le Groupe Commercial demande une prolongation du MOU jusqu'à la signature de l'Accord de concession, c'est-à-dire, d'après le calendrier présenté, jusqu'au 1^{er} août 2003.

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Réunion du Comité Directeur et
du Comité de gestion des Sponsors

À Abuja, le 14 juin 2002

Aide-mémoire

Le Comité directeur et le CMOP ont ensuite tenu leur session privée, après laquelle les participants de la réunion se sont retrouvés et ont délibéré comme suit :

Le Président du Comité directeur a indiqué la position du Comité :

- Le CD estime que les *premières livraisons de gaz* pourraient avoir lieu au mois de juin 2005, c'est-à-dire avec six mois d'avance sur le calendrier proposé. Ce résultat pourrait être obtenu en améliorant l'efficacité de la procédure de l'EIE, par exemple, en intégrant immédiatement les participants au processus de consultation. Les imprévus du programme pourraient également être réduites. Ceci permettrait d'avancer de trois mois la Décision d'investissement finale, par rapport aux prévisions actuelles. Trois mois supplémentaires seraient gagnés sur le programme de construction.
- Le CD note également que, bien que l'Accord de concession ne fasse pas partie du chemin critique du programme, sa signature avant la fin décembre 2002 représenterait un geste politique de grande valeur. De plus, une signature rapide de l'Accord permettrait d'éviter que les élections prévues dans les États ne nuisent aux procédures d'approbation parlementaire des annexes législatives à l'Accord de concession.
- Le CD estime qu'une bonne relation avec le CMOP est essentielle pour éviter que la progression du projet ne soit entravée. Il a été convenu qu'à partir de juillet 2002, le Groupe Commercial soumettrait tous les mois des rapports d'avancement au CMOP, en soulignant tous les obstacles éventuels susceptibles de nuire au respect du calendrier d'exécution. Il a été conseillé à l'Équipe du Projet de signaler rapidement au Comité directeur tout problème susceptible de compromettre le bon déroulement du programme.
- Sous réserve des conditions ci-dessus, le Comité directeur a le plaisir de donner son accord à la prolongation du MOU.

Le Groupe Commercial a tenu une brève consultation. À la suite de cette consultation, M. J. E. Gaius Obaseki de NNPC a indiqué que rien, à son avis, ne pourrait empêcher d'effectuer les premières livraisons de gaz en juin 2005, mais qu'une telle progression nécessiterait une coopération totale de la part du CMOP et du Comité directeur.

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Réunion du Comité Directeur et
du Comité de gestion des Sponsors

À Abuja, le 14 juin 2002

Aide-mémoire

Le Comité directeur a réaffirmé son engagement à mettre tout en œuvre pour faciliter ce projet.

Un MOU, reprenant les éléments mentionnés ci-dessus, a été préparé et signé. Un exemplaire de ce MOU est joint à la présente.

Les participants ont noté que M. J. O. Anyigbo quitterait bientôt Chevron pour prendre sa retraite, et l'ont remercié des efforts fournis sur ce projet.

Les participants ont pris acte du soutien apporté au CMOP par USAID, comme l'avait souligné M. Cleveland Thomas. Ils ont également noté le soutien particulier apporté au projet par le Dr Frank Young, qui a récemment quitté USAID Ghana.

Compte rendu approuvé et signé par :

Joe Klemesu
Président du CMOP

Jean-Claude Emond
Directeur commercial du
Groupe Commercial

AMENDEMENT N° 2 AU PROTOCOLE D'ENTENTE (« MOU ») DE LA PHASE DE DÉFINITION DU PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST EN DATE DU 11 AOÛT 1999 (TEL QUE MODIFIÉ LE 29 AOÛT 2001) ENTRE LA RÉPUBLIQUE DU BÉNIN, LA RÉPUBLIQUE DU GHANA, LA RÉPUBLIQUE FÉDÉRALE DU NIGERIA ET LA RÉPUBLIQUE DU TOGO (COLLECTIVEMENT DÉNOMMÉES « LES PAYS »), ET CHEVRON NIGERIA LIMITED, GHANA NATIONAL PETROLEUM CORPORATION, NIGERIAN NATIONAL PETROLEUM CORPORATION, THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED, LA SOCIÉTÉ BÉNINOISE de GAZ S.A. ET LA SOCIÉTÉ TOGOLAISE de GAZ S.A. (COLLECTIVEMENT DÉNOMMÉES LE « GROUPE COMMERCIAL ».

ATTENDU QUE :

- A. Les États et le Groupe Commercial ont convenu d'un Calendrier pour la mise en œuvre du Projet, comportant, notamment, les échéances suivantes :
- Évaluation commerciale préliminaire : 31 juillet 2002
 - Ratification de l'Accord de concession : 31 décembre 2002
 - Décision d'investissement finale : 2 décembre 2003
 - Premières livraisons de gaz : 30 juin 2005
- B. Les Pays et le Groupe Commercial ont convenu d'amender le MOU afin d'allouer le temps nécessaire à la conclusion des négociations destinées à finaliser l'Accord de concession,

IL A ÉTÉ CONVENU QUE les Parties modifient le MOU comme suit :

1. En supprimant la deuxième phrase de l'Article 1.1 dans sa totalité, et en la remplaçant par la phrase suivante :

« En vertu de sa désignation en tant que Promoteur du Projet, le Groupe Commercial a, jusqu'au 1^{er} août 2003, le droit exclusif de former WAPCo qui aura le droit exclusif de négocier et de conclure des accords avec les Pays dans le but de construire un gazoduc transfrontières destiné à transporter du gaz naturel au départ de l'un ou l'autre des Pays ou à destination de l'un ou l'autre des Pays. »
2. En insérant, après l'Article 2.4, le nouvel Article 2.5 suivant :

« Le Groupe Commercial doit, au plus tard le 5^e jour de chaque mois, à compter du mois de juillet 2002, adresser au CMOP et au secrétariat de la CEDEAO une note d'information indiquant l'avancement du Projet par rapport au calendrier établi. »
3. En supprimant l'Article 7.1 dans sa totalité et en le remplaçant par l'Article suivant :

« Ce MOU reste en vigueur jusqu'à son remplacement par un Accord de concession conclu conformément à l'Article 2.1.3 de la présente, sachant que, si au 1^{er} août 2003 les Parties n'ont toujours pas conclu un Accord de concession, les Pays, le Groupe Commercial ou WAPCo seront en droit de résilier le présent MOU avec un préavis écrit de quatre-vingt-dix jours adressé aux autres Parties. Il est entendu que la prolongation du présent MOU jusqu'à la date indiquée ci-dessus est accordée sous réserve que le Groupe Commercial progresse de manière raisonnable dans la mise en œuvre du Projet. Les États se réservent le droit de revoir leur position en ce qui concerne le présent MOU si des retards importants sont enregistrés dans l'avancement du Projet. »

4. Tel qu'amendé par les présentes, le MOU reste en vigueur.

EN FOI DE QUOI, le présent amendement au MOU a été signé par les représentants autorisés des Parties, le _____ du mois de _____ 2002.

LES PAYS

**LE GOUVERNEMENT DE LA
RÉPUBLIQUE DU BÉNIN :**

Par : _____

Nom : _____

Fonction : _____

**LE GOUVERNEMENT DE LA
RÉPUBLIQUE DU GHANA :**

Par : _____

Nom : _____

Fonction : _____

**LE GOUVERNEMENT DE LA
RÉPUBLIQUE FÉDÉRALE DU
NIGERIA :**

Par : _____

Nom : _____

Fonction : _____

**LE GOUVERNEMENT DE LA
RÉPUBLIQUE DU TOGO :**

Par : _____

Nom : _____

Fonction : _____

LE GROUPE COMMERCIAL

CHEVRON NIGERIA LIMITED :

Par : _____

Nom : _____

**GHANA NATIONAL PETROLEUM
CORPORATION :**

Par : _____

Nom : _____

Fonction : _____

Fonction : _____

**NIGERIAN NATIONAL PETROLEUM
CORPORATION :**

**THE SHELL PETROLEUM
DEVELOPMENT COMPANY OF
NIGERIA LIMITED :**

Par : _____

Par : _____

Nom : _____

Nom : _____

Fonction : _____

Fonction : _____

SOCIÉTÉ BÉNINOISE de GAZ S.A. :

SOCIÉTÉ TOGOLAISE de GAZ S.A. :

Par : _____

Par : _____

Nom : _____

Nom : _____

Fonction : _____

Fonction : _____

CATS	International Project Agreement
Article 22 Fiscal Regime	Article 29 Agreed Fiscal Regime
<p>22.1 Each of the States agrees to implement as law a common Fiscal Regime which will apply to the Project (the <i>Fiscal Regime</i>). A summary of the Fiscal Regime is set out in Schedule 6.</p> <p>22.2 The Fiscal Regime shall apply, in accordance with the provisions of Schedule 6, to all WAGP Activities. Those provisions described in Schedule 6 as applying to Buyers, Shippers, Shareholders and Project Contractors shall be binding upon, enforceable by, and enure for the benefit of the Buyers, the Shippers, the Shareholders and the Project Contractors.</p>	<p>Requirement for legislation</p> <p>29.1 The States shall use their best endeavours to implement the Agreed Fiscal Regime as law in each State, and thereby to bring about Fiscal Laws, which give the benefits and consequences identified in Schedule 8 to WAGP Companies, Buyers, Sellers, Shippers, Shareholders and Project Contractors.</p>
<p>22.3 The detailed provisions of the Fiscal Regime will be appended to the [Concession Agreement].</p>	-
<p>22.4 The Parties acknowledge that the terms of the Fiscal Regime, and in particular the corporate income tax rate, are agreed in recognition of the unique status of the Fiscal Regime applying uniformly across four States, and as such does not set any precedent for tax rates or other fiscal terms in any one of the individual States.</p>	<p>Acknowledgement of status</p> <p>29.2 The Parties acknowledge that the terms of the Agreed Fiscal Regime, and in particular the corporate income tax rate, are agreed in recognition of the unique circumstance of the Agreed Fiscal Regime applying uniformly across four States, and as such do not set any precedent for tax rates or other fiscal terms in any one of the individual States.</p>
Schedule VI	Schedule 8
<p>1 Nature of Regime: An entirely new corporate income tax regime, set out in the Concession Agreement, will apply. The existing Value Added Tax and Customs Duties regimes will apply, subject to exclusions</p>	<p style="text-align: center;">Schedule 8 B Schedule 8 C1 & D1</p>

set out below.	
<p>2 Application of regime: The fiscal regime will apply to all "WAGP Activities".</p>	<p>INTRODUCTION</p> <p>WAGP Companies</p> <p>A.1. This Schedule sets out the principles and rules relating to the liability for, and the calculation of, and method of assessment of, Tax on each WAGP Company in relation to Assessable Income. This Schedule shall not apply in respect of any liability of a WAGP Company to Tax arising other than in relation to WAGP Activities or Assessable Income.</p> <p>A.2. The Non-WAGP Regime shall not apply to any WAGP Company in respect of WAGP Activities or Assessable Income except as set out below. For the avoidance of doubt, the Non-WAGP Regime shall apply to the taxation of any WAGP Company in respect of activities other than WAGP Activities or in respect of Income other than Assessable Income.</p>
<p>3 Corporate income tax rate: 35%.</p>	
<p>4 Income tax holiday:</p> <p>A tax holiday of exactly 60 months from the Commencement of Commercial Operation will apply. Therefore the tax year in which the holiday ends is likely to be a short year for tax purposes, requiring income and expenditure to be pro-rated for tax purposes. All capital allowances will be preserved until after tax holiday. Losses incurred during the tax holiday period will be dealt with under the loss carry forward rules.</p>	<p>Income Tax Holidays</p> <p>B. 18. The <i>Income Tax Holiday Period</i> shall be the period starting on the Commercial Operation Date and lasting for 60 months.</p> <p>B.19. No Income Tax shall be payable by a WAGP Company in respect of Assessable Income arising prior to the last day of the Income Tax Holiday Period. If a Tax Year begins before and ends after the last day of the Income Tax Holiday Period, the amount of Assessable Income earned and Allowable Expenses incurred in that Tax Year in the part periods before the last day and after the last day of the Tax Holiday Period shall be calculated on a pro rata basis by apportionment of the total Assessable</p>

	<p>Income and Allowable Expenses of the Tax Year between the two periods according to the number of days falling before that last day and the number of days falling after. The maximum Capital Allowances claimable in respect of the period after the last day of the Tax Holiday Period shall be pro-rated downwards in the same manner. For the avoidance of doubt, Income Tax payable in respect of Taxable Income arising during the Tax Year in question shall be calculated only by reference to Assessable Income and Allowable Expenses apportioned to the period after the last day of the Income Tax Holiday Period.</p>
<p>5 Determination of taxable income:</p> <p>Taxable income (to which the income tax rate is applied to determine tax payable) equals Assessable Income derived from WAGP Activities less:</p> <ul style="list-style-type: none"> a) Allowable Expenses; and b) Capital Allowances; and c) Balancing allowances on disposal of assets. 	<p>Taxable Income</p> <p>B.3. Taxable Income for any period equals the amount of Assessable Income for that period less the aggregate of:</p> <ul style="list-style-type: none"> (a) Allowable Expenses for that period; and (b) Claimed Reliefs in respect of that period. <p>Reliefs</p> <p>B.9. Claimed Reliefs are the Allowable Losses and Capital Allowances claimed in the Returns in respect of the relevant Tax Year.</p> <p>B. 15 Each WAGP Company will keep a ledger in US dollars recording all Capital Expenditure incurred and the Capital Asset in respect of which that Capital Expenditure has been incurred. This ledger will also show the <i>Written Down Value</i> of each Capital Asset, which is the Capital Expenditure incurred in acquiring or improving that Capital Asset less the amount of Capital Allowances that have been claimed in respect of that Capital Asset, assuming that the amount of Capital Allowances claimed are pro rated across all of the Capital Assets represented within the Capital Account.</p>

	<p>B.16. Where any Capital Asset is disposed of and the Written Down Value of that Capital Asset exceeds the sale proceeds, a <i>Balancing Allowance</i> will arise in the Tax Year in which the disposal takes place. The amount of that Balancing Allowance shall be the amount by which the Written Down Value of that Capital Asset exceeds the sale proceeds, and the Balancing Allowance shall be taken into account in reducing Taxable Income as set out in paragraph B.3 above</p> <p>B.17. Where any Capital Asset is disposed of and the sale proceeds exceed the Written Down Value of that Capital Asset, a <i>Balancing Charge</i> shall arise in the Tax Year in which the disposal takes place. The amount of that Balancing Charge shall be the amount by which the sale proceeds for, or, if lower, the Capital Expenditure on, that Capital Asset exceeds the Written Down Value of that Capital Asset, and the Balancing Charge so arising shall be taken into account as Assessable Income as set out in paragraph B.5 above.</p>
<p>6 Definition of Assessable Income: Assessable Income means:</p> <ul style="list-style-type: none"> a) tariff income from gas transportation operations; and b) interest income; and c) other income incidental to WAGP Activities, <p>in each case "income" as determined under International Accounting Standards, and balancing charges on a disposal of assets. This will include amounts recovered by way of insurance claims, judicial or arbitral awards, recovered legal costs, rentals or refunds, proceeds from sale or exchange of plant or facilities or supplies, or sale or licence of intellectual property, where under normal principles such amounts would be treated as income.</p>	<p>B. 4. Assessable Income and Allowable Expenses</p> <p><i>Income and Expenses</i></p> <p>4. For the purposes of this Schedule 8:</p> <p>(a) <i>Income</i> means any receipts or realised gains of a revenue nature, determined in accordance with the Accounting Principles (and for the avoidance of doubt Income includes amounts recovered by way of insurance claims, judicial or arbitral awards, recovered legal costs, rental or refunds, proceeds from sale or exchange of plant or facilities or supplies, or sale or licence of intellectual property, where under the Accounting Principles such amounts would be treated as Income);</p> <p><i>Assessable Income</i></p>

Subject to paragraph B.6. below, the amount of *Assessable Income* for any Tax Year is the aggregate of:

- (a) payments received by the WAGP Company concerned during that Tax Year that are derived from natural gas transportation operations which are WAGP Activities; and
- (b) Income accrued during that Tax Year in respect of any debt claims in which the Company is the creditor or another WAGP Company is the creditor and the debt claim relates to WAGP Activities or is in respect of monies derived from WAGP Activities; and
- (c) any other Income incidental to WAGP Activities received by the WAGP Company concerned during that Tax Year; and
- (d) any Balancing Charges in respect of that Tax Year.

B. 6. Assessable Income shall not include:

- (a) any amount received in respect of the disposal of any Capital Asset;
- (b) any part of the WAGP Authority Charge;
- (c) any dividend received from any WAGP Company;
- (d) any interest accrued in respect of any debt claims in which any other WAGP Company is the debtor to the extent that paragraph B.8 (a) applies to deem the interest accrued on that debt claim to be a Non-Allowable Expense for that WAGP Company;
- (e) any amount paid to WAPCo by a State under this Agreement, except where and to the extent

	<p>that the amount paid is compensation for or reimbursement of lost Assessable Income;</p> <p>(f) any interest accruing prior to the Commercial Operation Date; and</p> <p>(g) any interest received in respect of an overpayment of, or on account of, Tax under paragraphs B. to B. below.</p>
<p>7 Allowable Expenses:</p> <p>Any expenses (as determined under International Accounting Standards) which are wholly, exclusively and necessarily incurred in deriving Assessable Income from WAGP Activities, including expenses incurred in respect of related party transactions, except:</p>	<p>B. 4. For the purposes of this:</p> <p>(b) - <i>Expenses</i> means any payment or outflow or depletion of assets or incurrence of liabilities, other than distributions to equity participants.</p> <p><i>Allowable Expenses</i></p> <p>7. <i>Allowable Expenses</i> for a period means any Balancing Allowances in respect of that period, and all Expenses (other than Non-Allowable Expenses) which are incurred in that period (including accruals on any debt claims where the WAGP Company concerned is the debtor) wholly, exclusively and necessarily for the purpose of deriving Assessable Income. For the avoidance of doubt, Expenses shall not cease to be Allowable Expenses solely as a result of being incurred in respect of related party transactions.</p> <p>8. <i>Non-Allowable Expenses</i> means:</p> <p>(a) Interest expense to the extent that:</p>
<p>8 Interest attributable to debt in excess of debt/equity ratio of 70:30. For this purpose the terms "debt" and "equity" will be defined in the [Concession Agreement].</p>	<p>8.a. (i) the average ratio of Debt to Equity during the Tax Year exceeds 70:30 (and so that in calculating the amount of Allowable Expenses and Non-Allowable Expenses where this ratio is exceeded the amount of the interest Expense shall be pro-rated between the two in accordance with the amount of Debt that falls within and exceeds this</p>

	ratio, respectively);
<p>9 Expenditure on interest or other costs or charges incurred in respect of loans or other forms of financial accommodation, to the extent that such expenditure is incurred at rates exceeding the market rates on a borrowing at the time for a similar purpose, of the same amount, for the same period and in the same currency as the borrowing by or on behalf of WAPCo.</p> <p>NB. If the Parties agree an acceptable mechanism for determining market rate, complying with that mechanism will assure deductibility. In addition, interest or other expenditure of a revenue nature pursuant to a facility the terms of which are approved by the Administrative Body will be allowable.</p>	<p>8.a. (ii) such interest is incurred in an amount exceeding a reasonable commercial return for the borrowing at that time on the same terms for the same amount and period and in the same currency as the relevant borrowing by the WAGP Company concerned; provided that if the Company and the WAGP Authority agree on a mechanism for determining reasonable interest rates for the purposes of this paragraph, or if the WAGP Authority approves the terms of a finance facility, then any interest accrued under a facility which complies with that mechanism or under any facility the terms of which are so approved, shall not be a Non-Allowable Expense; or</p>
<p>10 Interest attributable to debt incurred for the principal purpose of reducing WAPCo's income tax liability.</p>	<p>8.a. (iii) the Debt in respect of which the interest accrues is incurred for the principal purpose of reducing that WAGP Company's Tax liability.</p>
<p>11 entertainment expenses (this term will be defined in the [Concession Agreement], and will exclude accommodation and sustenance.</p>	<p>8. (b) any Expenses incurred in providing business entertainment or gifts, other than the cost of accommodation, food and drink attributable to any employee or director of any WAGP Company incurred in any of the States;</p>
<p>12 Legal fees or other costs of proceedings incurred in relation to arbitration or expert determination under the Concession Agreement.</p>	<p>8. (c) legal fees or other costs of proceedings incurred in relation to arbitration of any determination under this Agreement;</p>
<p>13 Expenditure incurred prior to Commencement of Commercial Operation</p>	<p>8. (d) any Expenses incurred prior to the Commercial Operation Date;</p>
<p>14 Any amount already deducted in respect of any income or profits tax liability of any shareholder of WAPCo in any State.</p>	<p>8. (e) any Expenses already taken into account as a deduction in respect of any Tax liability calculated by reference to net profits or gains of any Shareholder in any State;</p>

	any State;
15 Any expenditure in relation to a purchase from any Shareholder or Affiliate of a Shareholder to the extent that the consideration exceeds the consideration payable in an arm's length transaction of substantially the same nature.	8. (f) any Expenses in relation to any purchase of goods from any Shareholder or an Affiliate of a Shareholder to the extent that the consideration given exceeds the consideration which would be payable in an arm's length transaction of substantially the same nature between unconnected parties;
16 The cost of any letter of guarantee from Shareholders or Affiliates to the States, which is given in relation to the Concession Agreement.	8. (g) the cost of any letter of guarantee from Shareholders or Affiliates to the States which is given in relation to this Agreement;
17 Fines and penalties imposed under any law of a State; and the costs of indemnities to employees, contractors or agents of WAPCo in respect of such fines and penalties.	8. (h) fines and penalties imposed under any law of a State; and the costs of indemnities to employees, contractors or agents of any WAGP Company in respect of such fines and penalties;
18 Any overheads charged by Shareholders or Affiliates to WAPCo in excess of 1.5% of other deductions.	8. (i) any general overhead or general head office costs incurred by Shareholders or Affiliates and re-charged to any WAGP Company (not including any amounts charged in respect of specific services supplied and separately invoiced by such Shareholders or Affiliates) to the extent these exceed 1.5% of that WAGP Company's aggregate Allowable Expenses, excluding the amounts to be re-charged, for the relevant Tax Year;
19 Accounting depreciation as determined under International Accounting Standards.	8. (j) any depreciation for accounting purposes in the value of any assets;
20 Expenditure in respect of which a Capital Allowance is available.	8. (k) any Capital Expenditure;
—	8. (m) any payments of, or on account of, Tax and any interest in respect of an underpayment of, or on account of, Tax.
21 Loss carry forward period: 10 years (current year plus 9 previous years).	B. Loss Reliefs 10 If in any Tax Year the amount of Allowable Expenses exceeds the amount of Assessable Income, the excess shall be

	<p>an Allowable Loss of the WAGP Company concerned for that Tax Year. An amount of Allowable Loss shall be carried forward and may be claimed by that WAGP Company in any of the nine subsequent Tax Years. Where an amount of the Allowable Loss is claimed by that WAGP Company in any subsequent Tax Year, the amount of the Taxable Income of that WAGP Company in respect of that Tax Year shall, as described in paragraph B.3 above, be reduced by the amount of Allowable Loss so claimed and the amount of Allowable Loss that may be carried forward for use in subsequent Tax Years shall be reduced by the amount so used. The WAGP Company concerned shall be deemed to claim amounts of Allowable Loss in chronological order beginning with those that arose in the earliest available Tax Year.</p>
<p>22 Capital Allowances:</p> <p>All expenditure prior to the Commencement of Commercial Operation (including expenditure incurred prior to the execution of the Concession Agreement, but only to the extent specified in the Concession Agreement), and all other expenditure of a capital nature will be capitalised, and a running total maintained ("the capital account"). In each year of income an amount equal to 25% of the balance of the capital account at the end of the year of income will be an allowable deduction from assessable income, and that amount will be deducted from the capital account, except that there will be no deduction from the capital account prior to the Commencement of Commercial Operation or during the tax holiday period.</p>	<p><i>Capital Allowances</i></p> <p>B. 11. All Expenses incurred subsequent to the execution of this Agreement but prior to the Commercial Operation Date, and all expenditure incurred prior to the execution of this Agreement which is specified in, less the sum of all Assessable Income derived prior to the Commercial Operation Date, will be capitalised and the amount so capitalised, less the amount of any interest accruing prior to the Commercial Operation Date, will be the amount of the <i>Capital Account</i> as at the Commercial Operation Date.</p> <p>B. 12 At the end of each Tax Year, the amount of the Capital Account of each WAGP Company shall be adjusted by adding the amount of Capital Expenditure incurred by that WAGP Company in that Tax Year (other than Capital Expenditure incurred prior to the Commercial Operation Date).</p> <p>B. 13 Each WAGP Company may elect to claim an amount of relief (known as <i>Capital Allowances</i>) equal to not more</p>

	<p>than 25% of the balance of its Capital Account at the end of the relevant Tax Year. The amount of the Capital Allowances shall be taken into account in reducing the Taxable Income of that WAGP Company for the relevant Tax Year as described in paragraph B.3 above, and shall be deducted from the capital account at the commencement of the next succeeding Tax Year. Capital Allowances shall not be claimed, and the balance of the Capital Account shall not be reduced, until the Tax Year or part thereof which follows the Income Tax Holiday Period, and in subsequent Tax Years.</p> <p>B. 14. Capital Expenditure shall be (a) the cost of acquiring or improving any asset which is a Capital Asset and (b) the cost of Capital Services but, in each case, shall not include any Expenses that do not exceed US\$10,000. An asset is a <i>Capital Asset</i> if that asset is acquired not with a view to its sale for a profit, but for the enduring benefit of the business of the Project. A service is a <i>Capital Service</i> if that service is not acquired by the relevant WAGP Company to be utilised by that WAGP Company directly for an onward supply of goods and services with a view to profit, but is supplied for the enduring benefit of the business of the Project.</p>
<p>23 Taxing authorities:</p> <p>The taxation liability, and tax payments, will be to the existing taxation authority in each State. Taxation assessments will be issued by the local taxation authorities in each State (if required by the States, with the assistance of the [Administrative Body]). Accordingly, the legal structure will be that the regime set out in this Schedule is applicable in each State, and WAPCo income and expenses are allocated to each State on a consistent basis in accordance with the Concession Agreement.</p>	<p>A. 3. All Income Tax liabilities of each WAGP Company, and payments made by each WAGP Company in respect of those liabilities, shall be to the respective Tax Authority in each State. The WAGP Authority will participate in the determination of the liability of each WAGP Company to pay Income Tax as set out below.</p> <p>B. 28 The Tax Authorities in the States shall jointly review the Returns in conjunction with the WAGP Authority and prepare a single combined assessment (the <i>Combined Assessment</i>) on the basis of the information contained</p>

on the basis of the information contained in the Returns. The Combined Assessment shall show the calculation of the Taxable Income of the WAGP Company in each State for the Tax Year in question, which shall bear the proportions to each other of the prevailing Apportionment Percentages, and the liability of the WAGP Company concerned to each State for Income Tax in respect of the Tax Year in question, having credited any amounts to be credited in accordance with paragraph B.2. above, and shall constitute a tax assessment (the *Assessment*) by each individual State for the amounts so assessed in respect of that State.

B. 29. The WAGP Authority shall, on behalf of the Tax Authority in each State, issue the Combined Assessment to the WAGP Company concerned within 90 days of the Filing Date.

B. 30. If no assessment is issued in accordance with paragraph B.29 within 90 days of the Filing Date, then the WAGP Company concerned shall be deemed to have been assessed by the Tax Authority in each State, exactly in accordance with the Returns filed by the WAGP Company concerned, and such deemed assessment shall constitute a tax assessment (the *Assessment*) by each individual State accordingly.

B. 31. An Assessment of liability to Income Tax of a WAGP Company shall only be made in accordance with paragraphs B.29 or B.30, and shall not be made by a Tax Authority otherwise than in accordance with those paragraphs.

B. 32. An Assessment made under paragraphs B.29 or B.30 shall be without prejudice to the power for an amended or altered Assessment to be made following an audit, in accordance with paragraphs B.41 or B.42.

<p>24 Administrative arrangements:</p> <p>Tax filing:</p> <p>Single taxation return for WAPCo and all its branches, submitted to the Administrative Body acting on behalf of the four taxation authorities, with copies to the taxing authority in each State. This shall be the only tax return required of WAPCo in any of these 4 countries.</p>	<p>Tax Returns</p> <p>B. 25. Subject to paragraphs B.33 to B.37 below, each WAGP Company will produce five identical returns for each Tax Year beginning with the last Tax Year commencing prior to the Construction Commitment Date (each, a <i>Return</i> and together the <i>Returns</i>) setting out its Assessable Income, Allowable Expenses and Claimed Reliefs for that Tax Year (apportioned between the States in accordance with paragraph B.21), and its calculation of its liability to Income Tax in each State for that Tax Year. The Returns will comprise the audited company accounts of the WAGP Company concerned (prepared in accordance with the Accounting Principles) together with tax accounts showing the appropriate tax adjustments to the financial statements. The Returns will include the results of each of its branches and of each other WAGP Company that is deemed to be a branch of the first WAGP Company pursuant to paragraphs B.33 to B.37 below.</p> <p>B. 26. Each WAGP Company shall maintain its accounting records and present its financial statements, Income Tax computations and Returns in US dollars.</p>
<p>25 Taxation administration:</p> <p>To be facilitated by Administrative Body on behalf of or in conjunction with the local taxation authorities.</p>	<p>Implied in several clauses</p>
<p>26 Time limit for filing:</p> <p>Six months after tax year.</p>	<p>B. 27. Each WAGP Company shall submit one Return to the WAGP Authority and one to the Tax Authority in each State. The Returns must be submitted within six months of the end of the Tax Year (the final date of such six month period being the <i>Filing Date</i>). Failure to submit the Returns by the Filing Date will give rise to a penalty to be stipulated in the Enabling Legislation</p>

	per Return.
27 Additional payment: With filing of tax return, if due according to lodged accounts.	-
28 Time limit for assessment: 90 days from lodgement.	<p>B. 29. The WAGP Authority shall, on behalf of the Tax Authority in each State, issue the Combined Assessment to the WAGP Company concerned within 90 days of the Filing Date.</p> <p>B. 30. If no assessment is issued in accordance with paragraph B.29 within 90 days of the Filing Date, then the WAGP Company concerned shall be deemed to have been assessed by the Tax Authority in each State, exactly in accordance with the Returns filed by the WAGP Company concerned, and such deemed assessment shall constitute a tax assessment (the <i>Assessment</i>) by each individual State accordingly.</p> <p>B. 31. An Assessment of liability to Income Tax of a WAGP Company shall only be made in accordance with paragraphs B.29 or B.30, and shall not be made by a Tax Authority otherwise than in accordance with those paragraphs.</p> <p>B. 32. An Assessment made under paragraphs B.29 or B.30 shall be without prejudice to the power for an amended or altered Assessment to be made following an audit, in accordance with paragraphs B.41 or B.42.</p>
NEW ARTICLE Consolidated Tax Returns	B. 33 – B. 37
29 Time limit for audit: Six years from lodgement.	<p>B. 38. The WAGP Authority may, on behalf of and as agent of the Tax Authority in each State, request further information and conduct an audit of any Return at any time during the period of six years from the Filing Date.</p> <p>B. 39. Except as provided in paragraph B.38, no audit of a WAGP Company</p>

	<p>shall be conducted by any Tax Authority.</p> <p>B. 40. The WAGP Authority shall be empowered to act on behalf of and as agent of the Tax Authority in each State in dealing with a WAGP Company on a dispute as to an Assessment or the outcome of an audit. Any agreement reached between the WAGP Authority so acting and the WAGP Company shall be binding on each Tax Authority.</p>
<p>30 Time limit for altering assessment (either party): Six years from lodgement.</p>	<p>B. 41. Each WAGP Company may at any time during the six years following the Filing Date submit five identical amended Returns for a Tax Year, one to each of the WAGP Authority and the Tax Authority in each State, in which case each Tax Authority shall issue an amended Assessment or more than one amended Assessments in accordance with paragraph B.29 above within 90 days of receipt of the amended Return or, if it fails to do so, paragraph B.30 shall apply.</p> <p>B. 42. The WAGP Authority, acting for and on behalf of each Tax Authority, may issue an altered Assessment to any WAGP Company if they consider that a previous Assessment was incorrect in any manner. However, if there is a dispute as to an Assessment then any agreement reached to resolve that dispute shall, in the absence of fraud, be binding on the WAGP Authority and each Tax Authority, and no Assessment shall be issued which is inconsistent with such agreement.</p>
<p>31 Issuing of assessment: By local taxation authorities, in accordance with guidelines laid down by such tax co-ordination mechanisms as are established under the Concession Agreement.</p>	<p>B. 28. The Tax Authorities in the States shall jointly review the Returns in conjunction with the WAGP Authority and prepare a single combined assessment (the <i>Combined Assessment</i>) on the basis of the information contained in the Returns. The Combined Assessment shall show the calculation of the Taxable Income of the WAGP Company in each State for the Tax Year in question, which shall bear the</p>

	<p>proportions to each other of the prevailing Apportionment Percentages, and the liability of the WAGP Company concerned to each State for Income Tax in respect of the Tax Year in question, having credited any amounts to be credited in accordance with paragraph B.2 above, and shall constitute a tax assessment (the <i>Assessment</i>) by each individual State for the amounts so assessed in respect of that State.</p>
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32 Payment of assessment:

60 days from assessment (with credit for earlier payments in respect of that year of income).

33 Interim tax payments:

There will be 4 interim tax payments in the year of income, on the following basis. At the beginning of each tax year, WAPCo will make an estimate of its corporate tax liability for that year. It will make payments of 25% of that amount by the last day of each quarter, and provide a copy of the estimate with the first payment. However WAPCo will have the right to vary its estimate during the year, and make adjusted payments on subsequent payment dates (so that total amounts paid for the year will accord with the new estimate), and will on the next payment date provide a copy of the revised estimate.

B. 44. Within 30 days of the commencement of each Tax Year, the Company will deliver to the WAGP Authority an estimate of its Income Tax liability in respect of Taxable Income (including, where applicable, as a result of paragraphs B.33 to B.34 above) and that of each other WAGP Company for that Tax Year. The Company may vary any such estimate at any time during the year by written notice to the WAGP Authority.

B. 45. Each WAGP Company will make instalment payments on the dates falling 3, 6 and 9 months after the first day of the Tax Year. Each payment shall be of an amount so that that WAGP Company following that payment has paid an amount of Income Tax in respect of Taxable Income in a State equal to the estimated Income Tax in respect of Taxable Income in that State for the year multiplied by the product of 25% and the number of instalment payment dates that have then fallen due. A final instalment payment shall become due on the final date of the Tax Year.

B. 46. An adjusting payment, if any, (the *Adjusting Payment*) will be due within 60 days from the date on which the Assessment is issued. Any amount of interest due from or to any WAGP Company under paragraph B.48 below shall also be due on that date. In the event that the Adjusting Payment is due from any WAGP Company and interest is due from a State to that WAGP Company (or vice versa), the amounts shall be netted off and only the remainder shall be due.

B. 47. If a Tax liability of any WAGP Company is adjusted following the issue of an amended Assessment or an altered Assessment or following an appeal by that WAGP Company or a State a further adjusting payment, if any, (the *Further Adjusting Payment*) will be due within 60 days from the date of which the Assessment is issued by that State or, as the case may be, the date on which judgement is given by the relevant appellate body, together with interest at

<p>34 Dispute resolution procedures (appeals against assessment):</p> <ul style="list-style-type: none"> • At first instance: <p>To a commission comprising the taxation commissioners of all 4 countries or their representatives.</p>	<p>EXPANDED IN F.1. – F.47</p>
<p>35 Subsequently:</p> <p>Under the general arbitration procedures of the Concession Agreement.</p>	<p>EXPANDED IN F. 32. – F. 51.</p>
<p>–</p>	<p>Role of WAGP Authority</p> <p>F. 52. In all appeals under this Part F and in all Hearings of appeals, the WAGP Authority shall provide the administration of the Fiscal Review Board or the Fiscal Appeal Tribunal, as the case may be. Documents to be served on the Fiscal Review Board or the Fiscal Appeal Tribunal shall be served on the WAGP Authority, and documents to be served by the Fiscal Review Board or the Fiscal Appeal Tribunal shall be served by the WAGP Authority on their behalf.</p> <p>States and WAGP Authority to facilitate</p> <p>F. 53. The States and the WAGP Authority shall use their best endeavours to facilitate the process of any appeals under this Part F. Each State shall procure that a representative from that State is duly appointed to the Fiscal Review Board or the Fiscal Appeal Tribunal, as the case may be, and that that person duly participates in the business of the Fiscal Review Board or Fiscal Appeal Tribunal in accordance with this Agreement.</p> <p>Decisions binding on State Authorities</p> <p>F. 54. Subject in the case of the Fiscal Review Board to any appeal to the Fiscal Appeal Tribunal, the decisions of the Fiscal Review Board or the Fiscal Appeal Tribunal shall be binding on all State</p>

	Authorities in a State.												
<p>36 Mechanism for apportionment between States for taxation purposes of income of WAPCo (and expenses):</p> <p>Apportionment of income, expenses of a capital nature and expenses of a revenue nature shall be the same. Apportionment shall be set out in Concession Agreement, and after the term of the initial apportionment may be amended by written notice to WAPCo signed by the Finance Minister of each State.</p>	<p>B.21 The Apportionment Percentages for the Initial Term shall be as set out in the following table:</p> <table border="1" data-bbox="913 385 1323 710"> <thead> <tr> <th>State</th> <th>Apportionment Percentage</th> </tr> </thead> <tbody> <tr> <td>Benin</td> <td></td> </tr> <tr> <td>Ghana</td> <td></td> </tr> <tr> <td>Nigeria</td> <td></td> </tr> <tr> <td>Togo</td> <td></td> </tr> <tr> <td>TOTAL</td> <td>100.00%</td> </tr> </tbody> </table>	State	Apportionment Percentage	Benin		Ghana		Nigeria		Togo		TOTAL	100.00%
State	Apportionment Percentage												
Benin													
Ghana													
Nigeria													
Togo													
TOTAL	100.00%												
<p>37 Duration of initial allocation:</p> <p>Initial apportionment basis shall apply for duration of the initial term of the Concession Agreement, unless otherwise agreed by WAPCo.</p>	<p>B.22. The Apportionment Percentages set out above shall only be altered during the course of the Initial Term by the agreement of the Parties, in the form of a written instrument signed (a) by the Relevant Minister of each of the States and (b) by or on behalf of the Company.</p> <p>B.23. The Apportionment Percentages may be altered following the expiry of the Initial Term by written notice to the Company, such notice to be signed by the Relevant Minister of each of the States (provided that, for the avoidance of doubt, the sum of the Apportionment Percentages shall not exceed 100%).</p> <p>B.24. Any alteration provided for in paragraphs B.22 or B.23 above shall have effect from the commencement of, and in respect of Income Tax for, the next succeeding Tax Year.</p>												
<p>38 Liability to non-listed taxes:</p> <p>The [Concession Agreement] will provide for other fiscal charges to be payable by WAPCo. It will provide that Taxes other than those specifically provided for in the [Concession Agreement] will not result in a burden on WAPCo which exceeds \$50,000 (indexed for US dollar inflation) per year in each State. Administrative Fees and employer social contributions, payroll taxes and</p>	<p>OTHER TAXES</p> <p>Corporate Income Taxes</p> <p>E. 1. No corporate income taxes other than as described in Part B. above and no taxes on capital gains will be payable by any WAGP Company in respect of Income derived from WAGP Activities or Income falling within paragraph B.5 (b) above.</p>												

social contributions, payroll taxes and like impositions on wage cost will be excluded from this cap. The Concession Agreement will distinguish between the Taxes which are subject to the cap, and Administrative Fees.

Employment Taxes

E.2. The Non-WAGP Regime in respect of payroll taxes and national insurance or social security contributions in respect of employees of any WAGP Company shall apply to that WAGP Company.

Administrative Fees

E.3. Each WAGP Company will be liable to pay Administrative Fees, but to the extent that Administrative Fees exceed a reasonable amount for the services, materials or rights provided or granted they shall be Taxes.

Any other Taxes

E.4. The WAGP Companies will, in respect of WAGP Activities, be liable to Taxes on income or gains, VAT and customs duties as set out in Parts B, C, and D of this Schedule 8, but not otherwise.

E.5. Each WAGP Company will be subject to all other Taxes within the Non-WAGP Regime, but to the extent that the combined liability of all WAGP Companies in respect of these other Taxes to a particular State and to any Tax Authority in that State in a Tax Year exceeds an aggregate of an amount equal to US\$50,000 adjusted for inflation up until and including the Tax Year in question by applying the Inflation Index, the amount of that excess shall be a debt owing by that State to the Company, and shall be due and payable with effect from the last day of the Tax Year in question.

39 Withholding tax exemption on dividends declared by WAPCo or any subsidiary of WAPCo:

No withholding tax.

Withholding Taxes and Information Provision

Withholding

B.50. No amounts in respect of Taxes will be required to be withheld or

	deducted from: (a) dividends declared by any WAGP Company;
40 Withholding tax exemption on debt interest, principal or costs: No withholding tax.	B. 50. (b) payments by or to any WAGP Company in respect of interest, principal or fees, charges or costs in respect of debt;
41 Withholding tax exemption on repatriation of branch profits or capital of WAPCo or any subsidiary of WAPCo: No withholding tax.	B. 50. (c) payments in respect of branch profits or repatriation of branch capital of any WAGP Company;
42 Withholding tax exemption on payments for sales of gas transported by WAPCo or transportation: There shall be no withholding tax obligation in relation to payments for sales of gas transported through the Pipeline System, or in relation to payments to a Shipper or WAPCo for transportation of that gas on the Pipeline System.	B. 50. (d) payments made for sales of natural gas which has been or is to be transported through or consumed in the Pipeline System; or B. 50. (e) payments to a Shipper or any WAGP Company for transportation of natural gas through the Pipeline System.
43 Withholding tax on payment to contractors for services provided: Withholding tax of 6% of total contract amount, but only in respect of payments for services rendered within one or more of the four States. For services not rendered in one of the four States, there is no withholding on payments. There will be no withholding tax on goods supplied by contractors in the provision of services.	B. 51. Where any WAGP Company receives services from a contractor within any of the States, that WAGP Company shall require a separate invoice in respect of each State in which the services are rendered, or a breakdown by State of the amounts invoiced. The WAGP Company concerned shall then apply a 6% withholding in respect of the invoiced amount and will pay to the contractor the net amount and to the State in which the service is rendered the amount withheld. No withholding will be applied to services that are not rendered in any of the States: nor will there be a withholding in respect of goods supplied to a WAGP Company, whether supplied in conjunction with services or otherwise. For these purposes, a service shall be considered to be rendered and received where the supplier of the services actually performs the services.
44 Allocation of contractor withholding taxes: WAPCo will require separate invoices in respect of each country in which work performed, or a breakdown by State of amounts invoiced. Withholding will be paid to the State in respect of which amounts are invoiced.	

<p>45 Treatment of withholding in relation to contractors:</p> <p>Contractors resident in State of payment:</p> <p>Withholding is a tax credit for contractor in the State of payment.</p>	<p>B.52. Where a withholding is applied as above, the treatment of the withholding for the relevant contractor will be as follows:</p> <p>(a) where the contractor is resident in the State in which the service is rendered, the withholding will be a refundable credit against taxation on Income of that contractor in that State; and</p>
<p>46 Non-resident contractors:</p> <p>Withholding is a final tax or a tax credit, at the option of the contractor.</p>	<p>B.52. (b) where the contractor is not resident in the State in which the service is rendered, the withholding will be either a final Tax or a refundable credit against taxation on Income in the State in question, at the option of the contractor.</p>
<p>47 Notification of local payments:</p> <p>WAPCo shall notify the local taxation authority whenever to its knowledge it makes a payment of a dividend or interest to a resident of a State.</p> <p>imported goods are used in the Pipeline System.</p>	<p><i>Information provision</i></p> <p>B.53. Each WAGP Company will notify the local Tax Authority whenever to its knowledge it makes a payment of a dividend or an interest payment to a resident of the applicable State.</p>
<p>48 VAT on all capital expenditure – imports (goods or services):</p> <p>Exempt. There will be a positive list of goods eligible for the exemption, and a certification system to ensure that</p>	<p>C.2. All supplies of goods or services which are imported from outside the applicable State shall be exempt for the purposes of VAT, provided in the case of goods that (a) the relevant goods are listed on or are to be parts of items listed on the Exempt Goods List and (b) they have been certified under the Certification System as qualifying for this exemption.</p>
<p>49 VAT on all capital expenditure – local purchases (good or services):</p> <p>Zero rated. Workable procedures to ensure periodic repayment to WAPCo of VAT refund entitlement will be agreed in the Concession Agreement.</p>	<p>C.3. VAT in respect of supplies of goods or services rendered in any State shall, to the extent that the relevant expenditure is Capital Expenditure, be zero rated. A supplier of goods or services shall be entitled to rely on a certificate given under the Certification System as evidence that its supply is zero-rated.</p>
<p>50 VAT on gas imports in pipeline:</p> <p>Gas imported for transit, or for</p>	<p>C.5 VAT in respect of natural gas imported for transit, or for consumption in the course of the Pipeline System</p>

<p>consumption in Pipeline System operations, will be exempt from VAT. Gas imported for sale will have the same treatment as competing fuels. This will be set out in detail in the Concession Agreement.</p>	<p>operations, will be exempt from VAT. Natural gas imported for sale will be subject to existing VAT legislation in the State in question, provided that the treatment shall be comparable to the treatment of competing fuels.</p> <p>C.6. The sale of natural gas in a State for export through the Pipeline System, and the provision of services in a State to facilitate the delivery of such natural gas into the Pipeline System, shall be zero rated.</p>
<p>51 VAT on provision of gas transportation services in the Pipeline System: Zero-rated.</p>	<p>C.7. All natural gas transportation services in respect of the Pipeline System shall be zero rated.</p>

52 VAT refunds:

WAPCo gas transportation services are zero-rated. Consequently WAPCo will be entitled to refunds of VAT paid on inputs. There shall be a periodic accounting, and all of the VAT refund due to WAPCo shall be paid on a periodic basis. Any VAT not so refunded by the State in question in the ordinary course on that periodic basis, may be offset against any other tax payable by the taxpayer in question to the State in question, or carried forward indefinitely as a corporate income tax credit.

53 Currency of VAT refunds:

Currency of payment.

VAT returns and refunds

C.9. Each WAGP Company shall be entitled to refunds of all VAT paid in respect of supplies of goods and services to it so long as the WAGP Company concerned only makes supplies which are either zero-rated or value added taxable. To the extent that any WAGP Company makes exempt supplies for the purposes of VAT, the percentage of VAT paid by the WAGP Company concerned in respect of supplies to it which may be recovered shall be equal to the percentage of supplies made by the WAGP Company concerned in the State concerned which are not exempt for the purposes of VAT.

C.10. Subject to paragraph C.11 to C.13 below, each WAGP Company shall submit a VAT return to each State on a quarterly basis. Each State will, within 15 days of the submission of the VAT return, reimburse to each WAGP Company, in the currency or currencies in which that WAGP Company made the payments concerned, an amount equal to the VAT refund due in respect of the supplies received during the period to which that return relates. Any amount of VAT refund not reimbursed to the WAGP Company concerned within 15 days of submission of a VAT return by WAGP Company shall bear interest at the Applicable Rate from that date until the date of actual payment. If any State fails to refund an amount due in respect of such a period of account, the WAGP Company concerned may either (a) offset that payment due against any other Tax payable in that State by that WAGP Company or, in the case of a repayment due to the representative member of a VAT Group for the purposes of paragraph C.11 below, any member of that VAT Group or (b) carry forward an Income Tax credit in respect of that State for that amount indefinitely and may use that Tax credit to reduce a Tax liability of that WAGP Company or, in the case of a repayment due to the representative member of a VAT Group for the purposes of paragraph C.11 below, any member of that VAT Group in respect of

<p>54 VAT payments by WAPCo on services provided by foreign contractors:</p> <p>Where a foreign contractor provides services to WAPCo in any of the 4 countries, and VAT is payable in respect of those services, WAPCo shall be entitled to make payment of that VAT to that foreign contractor, who shall be bound by the usual rules to account to the government in question.</p>	<p>C.4. VAT in respect of supplies of services rendered in any of the States by contractors without a permanent business establishment in any State to a WAGP Company, where such supplies of services are not zero-rates or exempted as above, shall be chargeable in accordance with local applicable law. The WAGP Company concerned shall make payment of that VAT directly to that foreign contractor and may assume that the relevant foreign contractor is bound to account to the State in question.</p>
<p>55 Customs duties on imports for capital expenditure on Pipeline System:</p> <p>Exempt. There will be a positive list of goods eligible for the exemption, and a certification system to ensure that imported goods are used in the Pipeline System.</p> <p>WAPCo will pay reasonable clearance fees, registration fees, etc.</p> <p>Goods imported under this customs duty exemption will be subject to ordinary duty if sold or transferred within the States for use outside Pipeline System operations.</p>	<p>D.2. Goods imported for use on the Pipeline System shall be exempt from custom duties, provided that (a) the relevant goods are listed or are to be parts of items listed on the Exempt Goods List and (b) they have been certified under the Certification system as qualifying for this exemption.</p> <p>D.3. If subsequent to the importation of any asset without the payment of duty in accordance with the application of paragraph D.2 above, that asset is utilised within any of the States other than for the purposes of the Pipeline System then the amount of duty will become due from the WAGP Company concerned that would have been due if the exemption had not been available on the initial importation.</p> <p>D.4. Each WAGP Company will be obliged to pay reasonable local or national clearance fees, registration fees or any other fees in relation to the importation of Capital Assets.</p>
<p>56 Customs duties or other duties (excise, export etc) on gas imports or exports:</p> <p>Exempt.</p>	<p>D.5. No customs duties will be levied in respect of the import or export of natural gas.</p>
<p>57 Capital gains taxation on disposal of WAPCo assets:</p> <p>None.</p>	<p>B. 6. Assessable Income shall not include:</p> <p>(a) any amount received in respect of the</p>

	<p>disposal of any Capital Asset;</p> <p>Corporate Income Taxes</p> <p>E.1. No corporate income taxes other than as described in Part B. above and no taxes on capital gains will be payable by any WAGP Company in respect of Income derived from WAGP Activities or Income falling within paragraph B.5 (b) above.</p>
<p>58 Capital gains taxation on disposal of shares in WAPCo:</p> <p>Capital gains on the sale of shares in WAPCo by residents of the States may be taxable, if a State introduces laws to that effect, except that gains made from sales pursuant to Clause 7 of the [Concession Agreement] will not under any circumstances be taxable in the hands of the selling Shareholders.</p>	
<p>59 Fiscal year:</p> <p>Calendar year.</p>	<p>A.4. The Income Tax liability of each WAGP Company shall be calculated by reference to Tax Years.</p>
<p>60 Currency of recording and reporting:</p> <p>WAPCo shall maintain its accounting records and asset registers in US\$, and shall present its financial statements and tax computations and file its returns of income for taxation purposes in US\$.</p>	<p>B.26. Each WAGP Company shall maintain its accounting records and present its financial statements, Income Tax computations and Returns in US dollars.</p>
<p>61 Currency of tax payments:</p> <p>Tax payable by WAPCo to each State shall be calculated and payable in US\$.</p>	<p>B.43. Currency of Income Tax payments</p> <p>All payments in respect of <i>Income Tax</i> shall be made in US dollars.</p>
<p>62 Penalties:</p> <p>The [Concession Agreement] will include an appropriate system of penalties and charges relating to tax matters.</p>	<p>B.27. Each WAGP Company shall submit one Return to the WAGP Authority and one to the Tax Authority in each State. The Returns must be submitted within six months of the end of the Tax Year (the final date of such six month period being the <i>Filing Date</i>). Failure to submit the Returns by the Filing Date will give rise to a penalty to</p>

be stipulated in the Enabling Legislation per Return.

Interest

B.48 Interest (payable in US dollars) will also run on under or over-payments of Income Tax in respect of Taxable Income by instalments. This will be calculated in the following way. X and Y shall be calculated as set out below. Where X exceeds Y, that WAGP Company has overpaid by instalments and is due interest. Where Y exceeds X, that WAGP Company has underpaid by instalments and is required to pay interest equal to the excess. For these purposes:

X = an amount of interest that would be due on a series of hypothetical loans of a principal amount equal to the amounts actually paid by that WAGP Company in accordance with paragraph B.45 above in respect of that Tax Year from the date of actual payment to the date of the Adjusting Payment at the Applicable Rate; and

Y = an amount of interest that would be due on a series of hypothetical loans of a principal amount equal to the amounts that would have been paid by that WAGP Company in accordance with paragraph B.45 above in respect of that Tax Year if the actual Income Tax liability in respect of Taxable Income of that WAGP Company following the Adjusting Payment were assumed to be payable in equal instalments from the date on which such payments would have been made to the date of the Adjusting Payment at the Applicable Rate.

B.49. Interest (payable in US dollars) will also be payable at the Applicable Rate on all other amounts owing by the Company to a State or by a State to the

	Company under the Fiscal Laws.
<p>63 Tax Treatment of Administrative Body Charge:</p> <p>For tax purposes the payments by WAPCo to the Administrative Body will not be deductible, and no part of the Administrative Body Charge received by WAPCo will be treated as income.</p>	<p>B.6. Assessable Income shall not include:</p> <p>(a) any part of the WAGP Authority Charge;</p> <p>B.8. <i>Non-Allowable Expenses</i> means:</p> <p>(1) any payment by the Company to the WAGP Authority which is reimbursable through the WAGP Authority Charge;</p>

**U.S. Agency for International Development
West Africa Gas Pipeline Study
Contract No. LAG-I-00-98-00006-00, Task Order # 807
Nexant Ltd.**

**QUARTERLY REPORT – FIRST QUARTER 2002
(January 1 – March 31)**

Section 1 – Contractor’s Report:

A. Narrative Summary of Accomplishments and Impacts

The overall expected results for this contract is to build capacity within the four Sponsor Governments to negotiate a commercially built and operated pipeline Concession Agreement as well as the multi-nation enabling framework needed to develop a transnational gas pipeline project.

The impact of this technical assistance will be to accelerate negotiation and implementation of the gas development project, while protecting the national interests of the four Sponsor Governments.

3a) Assistance to the Four Sponsor Governments of the West Africa Gas Pipeline project:

The objectives of this technical assistance are to enhance the Project Implementation Committee (PIC) and ministerial Steering Committee (SC) understanding of the major technical issues, economic impacts, and the terms and conditions of the pipeline concession agreement, facilitate the resolution of various technical and operational differences between the Sponsor Countries (Benin, Ghana, Nigeria and Togo) as well as strengthen their capacity to negotiate and implement a Build-Own-Operate Concession Agreement (BOO-CA) with the private sector project development team.

Initial efforts of the Technical Assistance (TA) during year 2000 resulted in:

- a) Establishment, training and capacity building of a 50-member States Negotiating Team & Support, headed by the PIC and split in 4 “working groups”.
- b) Initialing a Concession Agreement Term Sheet (CATS) setting forth the main terms of the next Concession Agreement between the States and the Pipeline Developer

Subsequent efforts of the TA during the year 2001 was concentrated on two studies, namely the design and operating mode of the Concession Agreement Administrative Body, and the Gas Marketing promotion Strategies (GMPS) study. These studies were undertaken at the request of the PIC, to answer the requirements of the

Intergovernmental Agreement (IGA) executed in February 2000 by the State Ministers of Energy for the purpose of the Project, and the CATS.

Specific Objectives of the Quarter

- . Assist Ghana upon request in the elaboration of the Takoradi Gas Sale Agreement Term Sheet (GSATS)
- . Pursue the Administrative Body study and assist the PIC in finalizing the Administrative Body Institutional Framework.
- . Implement the Gas Marketing Promotion Strategy (GMPS) study.
- . Resume Concession Agreement negotiations as soon as the Preliminary Commercial Evaluation (PCE) is performed and approved.

Note: the PCE is the exercise run by the Commercial Group (CG), after the Concession Agreement and the Commercial Agreements Term Sheets have been executed. Commercial Agreements include the Gas Sale & Purchase Agreements, the Gas Transportation Agreements, the Shareholders Agreement and the Interconnecting Agreement with the Escravos-Lagos Pipeline System (ELPS). Economic and contractual data included in these Agreements constitute the basis of the PCE. The results of the PCE must be approved by the CG Sponsors' Management Committee to authorize further funding and pursue the development of the Project.

Activities of the Quarter

1. Workshops and Assistance in Meetings

During the quarter, the technical assistance team took part in a number of WAGP project meetings, negotiation sessions, and on-the-job training events that took place as follows:

Jan 15 – Meeting in London with the Commercial Group

- **Purpose:** to update the Project work program and prepare next meetings with the PIC.
- **Participants:** Jean-Claude Emond; Martin Byrnes; Ned Mojuetan; John W. Dewar (Commercial Group); Jim Briggs; Thea Khitarishvili; Mustafa Ouki; Alain Rosier (Nexant).
- **Achievements:**
 - CG updated Nexant about the Project Schedule in respect of VRA Gas Sale Agreement, Shareholders' Agreement, Transportation/Interconnection Agreements with NNPC and the PCE expected date.
 - CG informed Nexant that they were conducting a "Legal Due Diligence" regarding the Concession Agreement and that early conclusions are that the CA should be split in three sets of documents: a Treaty between the four countries, a Commercial Agreement, and national derogatory legislations.
 - Nexant transmitted to the CG their recommended structure and operating mode for the CA Administrative Body.

- The Parties discussed and agreed in principle the CA drafting program.
- **Conclusions & Recommendations:** Project development is slower than expected, due to Project complexity and recent changes of structure in VRA. Regarding the reformulation of the CA, Nexant could not be surprised, as Nexant already recommended it to the PIC and the CG as early as mid-2000.
- **Deliverables:** Memorandum to Messrs. Franck Young, Director, and Cleveland Thomas, Project Manager, USAID/Ghana, dated January 15.
- **Follow up:** expected Kick Off Meeting (date to be agreed upon after PCE date is known)

Jan 26 to 31 – NEPAD Conference in Dakar

- **Purpose:** to assist the ECOWAS Secretariat in the presentation of the ECOWAS-facilitated energy projects at the first NEPAD Ministerial meeting.
- **Participants:** Dr. (Mrs.) Olufemi Aribisala, DES I&P, and Mr. Amadou Diallo, DII, ECOWAS Secretariat; Alain Rosier, TAC, Nexant.
- **Achievements:** the TAC presented both WAGP and WAPP Projects. Both were inserted in the NEPAD list of projects. The TAC also helped the overall Energy Commission in establishing various Commission Reports and proceeded with their translations.
- **Conclusions & Recommendations:** the NEPAD list of projects needs to be refined, as well as the project eligibility criteria.
- **Deliverables:** WAGP NEPAD Status Report (French & English); WAPP NEPAD Vision Statement & Action Plan (French & English); Experts Commission Report (French); Ministers Commission Report (French & English); Dr. Aribisala's Address; Trip Reports to USAID
- **Follow up:** pending next request by ECOWAS Secretariat to assist them in the next meeting.

Other Activities of the Quarter

The Technical Assistance team produced the following documents and conducted the following studies during the quarter:

- Assistance to the States pending the resolution of Ghana Commercial Agreements critical issues

Since the beginning of 2001, the Concession Agreement negotiations could not be processed, as the CA drafting required the results of the negotiations of the Commercial Agreements involving Ghana, negotiations which have not been concluded. The mission of the Technical Assistance in this period was to help the States monitor the situation in order to protect their interests and the interest of the Project.

- Assistance to the ECOWAS Secretariat in respect of the Administrative Body study and The GMPS study. Various memoranda, reports and draft letters written at the request of ECOWAS.

Deliverables:

- Memo to ECOWAS “Summary of Project Main Steps” – Jan 02
- Memo to the President of Senegal in relation to the extension of the WAGP to Dakar
- ECOWAS Quarterly Reports Q1

- Study on the Administrative Body Design and Operating Procedures

Formation of a regionally focused organization referred to as the ‘Administrative Body’ is a requirement of both the Concession Agreement between WAPCO and the Four West African States and the Inter-Governmental Agreement (IGA). The general purpose of this organization is to administer the Concession Agreement. The IGA further anticipates that this organization could function as an independent regulatory body.

During the first quarter, Nexant worked on finalizing the document entitled “West Africa Gas Pipeline Authority Institutional Framework”, which was presented to the PIC at the November 6-7 meeting. The document had been accepted by the PIC at that meeting, subject to comments later incorporated. The document was translated in French language.

Deliverables: Report on Establishment of the West Africa Gas Project Authority (both English and French version).

- Study on Gas Marketing Promotion Strategies (GMPS):

Study objectives:

- a) Determine the usage that the gas delivered in Benin, Togo and Ghana should be dedicated to, and
- b) Define the means through which potential users in the three countries will develop their access to gas.

Study Scope of Work:

1. Review of relevant gas utilization experiences from countries in the region and evaluation of successful market promotion strategies for potential uses of gas in the Consumer States.
2. Assess potential gas consumers in Ghana, Togo and Benin, and ascertain their potential for gas uptake from the WAGP. Identify other large potential consumers of WAGP gas in the Consumer States. Nexant will utilize relevant

studies that have been conducted on the development of gas markets in the Consumer States (see Appendix 3).

3. Estimate the cost of development of these potential markets.
4. Develop gas market promotion strategies in conjunction with Consumer States and potential customers identified in the study to promote greater uptake of gas in the countries.
5. Propose plans for implementation of the findings/recommendations of this study to facilitate greater uptake of gas in the Consumer States. Also provide technical assistance to the Consumer States in implementing these plans, and propose methods by which developments in adoption of gas promotion strategies can be monitored.

Nexant visited the major potential gas customers of the pipeline in Benin, Togo and Ghana in November and December 2001. These "Assessment Visits" sought to:

- Up-date existing data on the gas market, as found in the various reports already prepared within the framework of the project, particularly as they concern industrial gas users;
- Prepare the implementation of a set of recommendations to the States aiming at ensuring the creation and the expansion of the gas market.

During the first quarter of 2002, Nexant collected further information via telephone and e-mail from prospective industrial customers and began the analysis of the available market information.

Deliverables:

- Nigerian Gas Market survey – Trip Report
- GMPS Final Report – Pre-Draft
- Assistance to the PIC and the ECOWAS Secretariat: writing and translating in French PIC and other meeting minutes, and briefing papers to the ECOWAS Secretariat executive officials.

Deliverables: PIC and SC/SMC minutes of meeting and aide-mémoire (English & French versions) for all above meetings

- Assistance to the PIC and ECOWAS Secretariat in accessing the Internet

4.) Performance/Impact:

Based on the Contractor's continuous technical assistance before, during and after the various meetings, negotiation sessions, workshops and on-the-job training the PIC was able to advance on its own portion of the work program leading to the development of

the Project, while the negotiations of the Commercial Agreements between Ghana and the Commercial Group were run separately.

The West Africa Gas Pipeline Authority Institutional Framework will constitute the basis of the design and operating mode of the Administrative Body as expected by the States Ministers while executing the Intergovernmental Agreement.

The Gas Marketing Promotion Strategy Assessments Visits will constitute the basis of the study to come, to determine the structure of the countries gas markets and the recommendations to be made to the PIC and the SC for the gas market development policies.

5.) Statement of Work:

The Phase II Work Plan as approved provides for a similar assistance to the States as the Phase I Work Plan, with the following evolutions:

- CA Negotiation: from the Concession Agreement Term Sheet (CATS) to the Concession Agreement itself
- Addition of specific studies: Administrative Body Design and Gas Marketing Promotion Strategies
- Works on drafting of Concession Agreement were delayed, awaiting results of commercial negotiations between Ghana and the Commercial Group/gas vendors, and the approval of the preliminary Commercial Evaluation (PCE).
- Extension of support to the ECOWAS Secretariat in connection with the NEPAD Initiative.

II. Work Planned for Next Quarter

During the quarter of 2002 the following activities are scheduled:

- Provide direction and assistance for the discussion with the Commercial Group in respect of the design of the WAGPA Institutional Framework.
- Providing guidance in the development of a Gas Market Promotion Strategy and produce Study Report.
- Assistance to the CA drafting process (pending approval of PCE)
- Assistance to the EIA planning and drafting processes (pending PCE and Commercial Group program)
- Providing guidance to PIC and SC at meetings as required
- Assisting ECOWAS in Project facilitation and coordination

B. Administrative Data

Contract Data:	Total Level of Effort	3,246 person days
	Total Estimated Cost	\$3,649,856

The following invoices were submitted for the work performed during the quarter:

Performance Month	Date Sent	Amount Invoiced	Level of Effort (Days)
January 25, 2002	February-02	\$ 44,452.14	43.5
February 22, 2002	March-02	\$ 66,845.35	65.75
March 29, 2002	April-02	\$ 177,864.91	275.375
	Total	\$ 289,162.40	384.625

Prior Total Costs Accrued \$ 2,640,000
 Accrued costs to date total \$ 2,929,162 or approximately 80%
 of the total contract amount of \$3,649,856

Total Days per Contract: 3,246
 Prior Total Days Accrued 1,296
 Accrued level of effort: 384.625 Cumulative level of effort: 1680.625
 Unused level of effort: 1,565

Accrued Expenditures: \$ - Accrued Cum. Expenditures: \$ 2,929,162
 Remaining unexpended balance \$720,693.60

Section II - Project Officer' s Comments:

Comment on contractor' s technical performance (quality of technical assistance, professional services and/or product(s) and provide examples, if appropriate.

Comment on contractor' s administrative performance (timeliness in meeting schedules and/or delivering materials/products) during the quarter and give example(s) if appropriate

Comment on contractor' s management (cost-effectiveness, quality of communication with staff and with USAID) for the quarter and provide examples as appropriate.

React to contractor' s assessment of performance regarding any of the activities/deliverables described in section 1A, number 4 above.

Note areas for potential contractor improvement regarding management/provision of any services related to the activities/deliverables and/or specific contract results.

Project Officer/Office Symbol: _____

Date: _____

Section III - Contracting Officer' s Comment

Comments on any areas of concern particularly regarding Contractor' s response to questions 4 and 5 in Section I above and Project officer' s response to question 3 in Section II above.

Identify actions to support, correct, or improve contractor' s performance (show cause notice, cure notice, contract modification, incremental funding, technical direction to contractor, approvals and/or clearances, interpretations of statement of work or adjustments in work plans, feed-back to contractor regarding performance and/or deliverables) that need to be taken and indicate action officer and due date.

Contract Officer/Office Symbol: _____

Date: _____

**U.S. Agency for International Development
West Africa Gas Pipeline Study
Contract No. LAG-I-00-98-00006-00, Task Order # 807
Nexant Ltd.**

**QUARTERLY REPORT – SECOND QUARTER 2002
(April 1 – June 30, 2002)**

Section 1 – Contractor’s Report:

A. Narrative Summary of Accomplishments and Impacts

The overall expected results for this contract is to build capacity within the four Sponsor Governments to negotiate a commercially built and operated pipeline Concession Agreement as well as the multi-nation enabling framework needed to develop a transnational gas pipeline project.

The impact of this technical assistance will be to accelerate negotiation and implementation of the gas development project, while protecting the national interests of the four Sponsor Governments.

3a) Assistance to the Four Sponsor Governments of the West Africa Gas Pipeline project:

The objectives of this technical assistance are to enhance the Project Implementation Committee (PIC) and ministerial Steering Committee (SC) understanding of the major technical issues, economic impacts, and the terms and conditions of the pipeline concession agreement, facilitate the resolution of various technical and operational differences between the Sponsor Countries (Benin, Ghana, Nigeria and Togo) as well as strengthen their capacity to negotiate and implement a Build-Own-Operate Concession Agreement (BOO-CA) with the private sector project development team.

Initial efforts of the Technical Assistance (TA) during year 2000 resulted in:

- a) Establishment, training and capacity building of a 50-member States Negotiating Team & Support, headed by the PIC and split in 4 “working groups”.
- b) Initialing a Concession Agreement Term Sheet (CATS) setting forth the main terms of the next Concession Agreement between the States and the Pipeline Developer

Subsequent efforts of the TA during the year 2001 was concentrated on two studies, namely the design and operating mode of the Concession Agreement Administrative Body, and the Gas Marketing promotion Strategies (GMPS) study. These studies were undertaken at the request of the PIC, to answer the requirements of the

Intergovernmental Agreement (IGA) executed in February 2000 by the State Ministers of Energy for the purpose of the Project, and the CATS.

Specific Objectives of the Quarter

- . Finalize the Gas Marketing Promotion Strategy (GMPS) study.
- . Resume Concession Agreement negotiations as soon as the Preliminary Commercial Evaluation (PCE) is performed and approved.

Note: the PCE is the exercise run by the Commercial Group (CG), after the Concession Agreement and the Commercial Agreements Term Sheets have been executed. Commercial Agreements include the Gas Sale & Purchase Agreements, the Gas Transportation Agreements, the Shareholders Agreement and the Interconnecting Agreement with the Escravos-Lagos Pipeline System (ELPS). Economic and contractual data included in these Agreements constitute the basis of the PCE. The results of the PCE must be approved by the CG Sponsors' Management Committee to authorize further funding and pursue the development of the Project.

Activities of the Quarter

1. Workshops and Assistance in Meetings

During the quarter, the technical assistance team took part in a number of WAGP project meetings, negotiation sessions, and on-the-job training events that took place as follows:

April 1 to 5 – WAPP PIC & Steering Committee Meeting in Accra

- **Purpose:** to attend the WAPP third PIC & Steering Committee Meetings at the request of the USAID/Ghana Project Manager, with a view to understanding common purposes with the WAGP Project; to assist ECOWAS Secretariat in the meeting.
- **Participants:** Mr. Amadou Diallo, ECOWAS DII; PA Consulting representatives; Directors General and/or representatives of ECOWAS members States utilities, as follows: Benin, Burkina Faso, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo; CEB; various donors: USAID, ADB, EIB, French Cooperation, World Bank.
- **Achievements:** the meeting achieved three resolutions:
 - Resolution N°1 relating to the objectives of the WAPP
 - Resolution N°2 relating to the WAPP organizational structure
 - Resolution N°3 relating to development of the legal and regulatory framework necessary for development of the WAPP.
- **Conclusions & Recommendations:** the WAPP PIC & SC Meetings achieved their objectives; the participation of the WAGP TAC in this WAPP development milestones helped understand the WAPP context and objectives.
- **Deliverables:**
 - Experts Meeting – Final Report

- PIC Meeting – Draft Report
 - Steering Committee Meeting – Final Report
 - Final Communiqué
- **Follow up:** no specific follow up requested from WAGP T.A.

May 06 to 10 – Steering Committee Meeting in Houston

- **Purpose:** to assist the PIC and the Steering Committee in the coordination meeting with the Commercial Group in Houston; to assist the PIC in the visit of the Offshore Technology Conference. Purpose of the meeting was to present the Project status report and the tasks allowed to the next phase.
- **Participants:** Dr. (Mrs.) Olufemi Aribisala, DES I&P, and Mr. Amadou Diallo, DII, ECOWAS Secretariat; the Ministers of Energy of Ghana; the representative of the Presidential Advisor for Petroleum Resources of Nigeria; the representatives of the Ministers of Energy of Benin and Togo; the PIC Members; the members of the Sponsors' Management Committee of the Commercial Group; Mr. Cleveland Thomas, Project Manager, USAID/Ghana; Messrs. Jim Briggs and Alain Rosier, Nexant.
- **Achievements:** message was passed to the CG that communication with the PIC needed to be improved; that the CG and the PIC needed to work together on an accelerated project schedule.
- **Conclusions & Recommendations:** the Steering Committee and the Sponsors' Management Committee shall meet again in June to evaluate the work done by the PIC and the CG Project team.
- **Deliverables:** Final Aide-Mémoire, (French and English); TAC Trip Report.
- **Follow up:** work with CG on new Project Schedule; next PIC and Steering Committee meetings.

May 25 to June 02 – PIC / Commercial Group Meeting in London

- **Purpose:** to assist the PIC in the coordination meeting with the Commercial Group in London; Purpose of the meeting was to work on the Project Schedule to accelerate the development of the Project.
- **Participants:** Mr. Amadou Diallo, DII, ECOWAS Secretariat; the PIC Members; the Commercial Group Project team; Mr. Cleveland Thomas, Project Manager, USAID/Ghana; Messrs. Jim Briggs, Mike Stockbridge and Alain Rosier, Nexant.
- **Achievements:** The Technical Assistance organized a preparation workshop for the PIC to improve their understanding of the Project Schedule issues at stake; the Technical Assistance was instrumental later in the PIC/CG meeting in PIC obtaining 8 months reduction of the CG proposed Project Schedule. The new Schedule shows a Completion date on December 31, 2005.
- **Conclusions & Recommendations:** This is not what the SC Chairman expected, but it is a realistic date, including contingencies. Moreover, comments made to the CG in Houston as to their project management led to reinforcement of the CG Project team and to an improvement of their management procedures. These

measures should bring more reliability to the Project Schedule and to the anticipated Completion Date.

- **Deliverables:**
 - PIC Workshop: Nexant Presentation outline
 - PIC/CG meeting Aide-Mémoire (French and English);
 - WAGP Project Schedule
 - TAC Trip Report.
- **Follow up:** next Steering Committee Meeting in June 2002

June 13-14 – Steering Committee Meeting in Abuja

- **Purpose:** to assist the PIC and the Steering Committee in the coordination meeting with the Commercial Group Sponsors' Management Committee in Abuja; Purpose of the meeting was to present the work on the Project Schedule done in London by the PIC and the CG in view of accelerating the development of the Project.
- **Participants:** the Steering Committee Members; Dr. (Mrs.) Olufemi Aribisala, DES I&P, ECOWAS Secretariat; the PIC members; Mr. Amadou Diallo, DII, ECOWAS Secretariat; the members of the Sponsors' Management Committee of the Commercial Group; the Commercial Group Project team; Mr. Cleveland Thomas, Project Manager, USAID/Ghana; Messrs. Jim Briggs, Managing Director, and Alain Rosier, WAGP TAC, from Nexant.
- **Achievements:** the Technical Assistance was instrumental in supporting the Steering Committee obtaining additional 6 months acceleration of the CG proposed Project Schedule. The new Schedule shows a Completion date on June 30, 2005. The Steering Committee also obtained from the CG that they improve their internal procedures: increasing Commercial and Legal Project Team resources, implementing progress reporting to the States and early issue identification.

The Steering Committee and the Sponsors' Management Committee agreed to extend the WAGP Memorandum of Understanding (MOU) until August 2003.

- **Conclusions & Recommendations:** the meeting was a great success for the States Steering Committee, as a total of 14 months were saved in the base schedule of implementing of the Project upon their insistence.
- **Deliverables:**
 - PIC/CG meeting Aide-Mémoire (French and English);
 - TAC Trip Report.
 - WAGP Amended MOU
- **Follow up:** Revised Project Schedule to be issued

Other Activities of the Quarter

The Technical Assistance team produced the following documents and conducted the following studies during the quarter:

- Assistance to the States pending the resolution of Commercial Agreements critical issues

Since the beginning of 2001, the Concession Agreement negotiations could not be processed, as the CA drafting required the results of the negotiations of the Commercial Agreements involving Ghana (Gas Sale Agreement) and NNPC (Gas Transportation Agreement in the Escravos-Lagos Pipeline System (ELPS), and Interconnecting Agreement with the WAGP System). The mission of the Technical Assistance in this period was to help the States monitor the situation in order to protect their interests and the interest of the Project. Helped by the advice of the Technical Assistance, the ECOWAS Secretariat intervened towards the President of Nigeria, who himself instructed the NNPC Chairman. This resulted in the resolution of one of the major WAGP Project stumbling blocks.

- Assistance to the ECOWAS Secretariat in respect of the Administrative Body study and The GMPS study. Various memoranda, reports and draft letters written at the request of ECOWAS.

Deliverables:

- Memo to ECOWAS on WAGP MOU extension
- London PIC Meeting Mission Report
- ECOWAS WAGP Activity 1st Semester Report

- Study on the Kyoto Protocol Clean Development Mechanisms

At the request of the Minister of Energy of Ghana, Chairman of the Steering Committee, a study was conducted to inform the States of the dispositions of the Kyoto Protocol that could help finance the WAGP countries participation in the Project. The Technical Assistance produced a comprehensive advisory briefing paper on the subject.

Deliverables:

- Clean Development Mechanisms Advisory Briefing Paper

- Study on Gas Marketing Promotion Strategies (GMPS):

Study objectives:

- a) Determine the usage that the gas delivered in Benin, Togo and Ghana should be dedicated to, and
- b) Define the means through which potential users in the three countries will develop their access to gas.

Study Scope of Work:

1. Review of relevant gas utilization experiences from countries in the region and evaluation of successful market promotion strategies for potential uses of gas in the Consumer States.
2. Assess potential gas consumers in Ghana, Togo and Benin, and ascertain their potential for gas uptake from the WAGP. Identify other large potential consumers of WAGP gas in the Consumer States. Nexant will utilize relevant studies that have been conducted on the development of gas markets in the Consumer States (see Appendix 3).
3. Estimate the cost of development of these potential markets.
4. Develop gas market promotion strategies in conjunction with Consumer States and potential customers identified in the study to promote greater uptake of gas in the countries.
5. Propose plans for implementation of the findings/recommendations of this study to facilitate greater uptake of gas in the Consumer States. Also provide technical assistance to the Consumer States in implementing these plans, and propose methods by which developments in adoption of gas promotion strategies can be monitored.

During the second quarter of 2002, Nexant proceeded to an extended analysis of the collected WAGP market information, and conducted further research from in-house available information, leading to the "Gas Paper", a documented inventory of the usages of gas worldwide, including related economic data.

Deliverables:

- GMPS Final Report
- Gas Paper (part of the GMPS Study Final Report)
- Assistance to the PIC and the ECOWAS Secretariat: writing and translating in French PIC and other meeting minutes, and briefing papers to the ECOWAS Secretariat executive officials.

Deliverables: PIC and SC/SMC minutes of meeting and aide-mémoire (English & French versions) for all above meetings

4.) Performance/Impact:

Based on the Contractor's continuous technical assistance before, during and after the various meetings, negotiation sessions, workshops and on-the-job training the PIC was able to advance on its own portion of the work program leading to the development of the Project, while the negotiations of the Commercial Agreements between Ghana and the Commercial Group were run separately.

The West Africa Gas Pipeline Authority Institutional Framework will constitute the basis of the design and operating mode of the Administrative Body as expected by the States Ministers while executing the Intergovernmental Agreement.

The Gas Marketing Promotion Strategy Assessments Visits will constitute the basis of the study to come, to determine the structure of the countries gas markets and the recommendations to be made to the PIC and the SC for the gas market development policies.

A key result of the Technical Assistance during the subject period was the saving of 14 months in the Project Schedule obtained from the Commercial group through the last two Steering Committee meetings. In terms of impact on the cost of energy source (differential between the costs of crude oil and gas) for the purchasing countries during the period, this represents a saving of about 30 million dollars. The reduction of Project Development costs is also very significant, as they would have impacted the Project CAPEX and the Tariffs.

5.) Statement of Work:

The Phase II Work Plan as approved provides for a similar assistance to the States as the Phase I Work Plan, with the following evolutions:

- CA Negotiation: from the Concession Agreement Term Sheet (CATS) to the Concession Agreement itself
- Addition of specific studies: Administrative Body Design, Gas Marketing Promotion Strategies and Kyoto Protocol Clean Development Mechanisms.
- Works on drafting of Concession Agreement were delayed, awaiting results of commercial negotiations between Ghana and the Commercial Group/gas vendors, and the approval of the preliminary Commercial Evaluation (PCE).
- Extension of support to the ECOWAS Secretariat in connection with the Power Pool Project (WAPP).

II. Work Planned for Next Quarter

During the quarter of 2002 the following activities are scheduled:

- Finalize and translate in French language the Gas Market Promotion Strategy Study Report.
- Assistance to the CA drafting process (pending approval of PCE)
- Assistance to the EIA planning and drafting processes (pending PCE and Commercial Group program)
- Providing guidance to PIC and SC at meetings as required
- Assisting ECOWAS in Project facilitation and coordination

B. Administrative Data

Contract Data:	Total Level of Effort	3,137 person days
	Total Estimated Cost	\$3,649,856

The following invoices were submitted for the work performed during the quarter:

Performance Month	Date Sent	Amount Invoiced	Level of Effort (Days)
July 26, 2002	August-02	\$ 109,846	168
August 23, 2002	September-02	\$ 33,784	27
September 27, 2002	October-02	\$ 118,731	86
	Total	\$ 262,361	281

Prior Total Costs Accrued	\$ 3,147,608		
Accrued costs to date total \$	\$ 3,409,969	or approximately	93%
of the total contract amount of	\$3,649,856		

Total Days per Contract:	3,446		
Prior Total Days Accrued	2,865	Accrued LOE	201
Accrued level of effort:	482	Cumulative level of effort:	3,346
Unused level of effort:	100		

Accrued Expenditures:	\$ 124,000.00	Accrued Cum. Expenditures:	\$ 3,533,969
Remaining unexpended balance	\$115,887		

Section II - Project Officer' s Comments:

Comment on contractor' s technical performance (quality of technical assistance, professional services and/or product(s) and provide examples, if appropriate.

Comment on contractor' s administrative performance (timeliness in meeting schedules and/or delivering materials/products) during the quarter and give example(s) if appropriate

Comment on contractor' s management (cost-effectiveness, quality of communication with staff and with USAID) for the quarter and provide examples as appropriate.

React to contractor' s assessment of performance regarding any of the activities/deliverables described in section 1A, number 4 above.

Note areas for potential contractor improvement regarding management/provision of any services related to the activities/deliverables and/or specific contract results.

Project Officer/Office Symbol: _____

Date: _____

Section III - Contracting Officer' s Comment

Comments on any areas of concern particularly regarding Contractor' s response to questions 4 and 5 in Section I above and Project officer' s response to question 3 in Section II above.

Identify actions to support, correct, or improve contractor' s performance (show cause notice, cure notice, contract modification, incremental funding, technical direction to contractor, approvals and/or clearances, interpretations of statement of work or adjustments in work plans, feed-back to contractor regarding performance and/or deliverables) that need to be taken and indicate action officer and due date.

Contract Officer/Office Symbol: _____

Date: _____

**U.S. Agency for International Development
West Africa Gas Pipeline Study
Contract No. LAG-I-00-98-00006-00, Task Order # 807
Nexant Ltd.**

**QUARTERLY REPORT – THIRD QUARTER 2002
(July 1 – September 30, 2002)**

Section 1 – Contractor’s Report:

A. Narrative Summary of Accomplishments and Impacts

The overall expected results for this contract is to build capacity within the four Sponsor Governments to negotiate a commercially built and operated pipeline Concession Agreement as well as the multi-nation enabling framework needed to develop a transnational gas pipeline project.

The impact of this technical assistance will be to accelerate negotiation and implementation of the gas development project, while protecting the national interests of the four Sponsor Governments.

3a) Assistance to the Four Sponsor Governments of the West Africa Gas Pipeline project:

The objectives of this technical assistance are to enhance the Project Implementation Committee (PIC) and ministerial Steering Committee (SC) understanding of the major technical issues, economic impacts, and the terms and conditions of the pipeline concession agreement, facilitate the resolution of various technical and operational differences between the Sponsor Countries (Benin, Ghana, Nigeria and Togo) as well as strengthen their capacity to negotiate and implement a Build-Own-Operate Concession Agreement (BOO-CA) with the private sector project development team.

Initial efforts of the Technical Assistance (TA) during year 2000 resulted in:

- a) Establishment, training and capacity building of a 50-member States Negotiating Team & Support, headed by the PIC and split in 4 “working groups”.
- b) Initialing a Concession Agreement Term Sheet (CATS) setting forth the main terms of the next Concession Agreement between the States and the Pipeline Developer

Subsequent efforts of the TA during the year 2001 was concentrated on two studies, namely the *design and operating mode of the Concession Agreement Administrative Body*, and the *Gas Marketing promotion Strategies (GMPS)* study. These studies were undertaken at the request of the PIC, to answer the requirements of the

Intergovernmental Agreement (IGA) executed in February 2000 by the State Ministers of Energy for the purpose of the Project, and the CATS.

Specific Objectives of the Quarter

- . Resume Concession Agreement negotiations as soon as the Preliminary Commercial Evaluation (PCE) is performed and approved.
- . Review Project Schedule to meet the Project objectives
- . Review the Gas Market Promotion Strategies Study with the Project Implementation Committee.

Note: the PCE is the exercise run by the Commercial Group (CG), after the Concession Agreement and the Commercial Agreements Term Sheets have been executed. Commercial Agreements include the Gas Sale & Purchase Agreements, the Gas Transportation Agreements, the Shareholders Agreement and the Interconnecting Agreement with the Escravos-Lagos Pipeline System (ELPS). Economic and contractual data included in these Agreements constitute the basis of the PCE. The results of the PCE must be approved by the CG Sponsors' Management Committee to authorize further funding and pursue the development of the Project.

Activities of the Quarter

1. Workshops and Assistance in Meetings

During the quarter, the technical assistance team took part in a number of WAGP project meetings, negotiation sessions, and on-the-job training events that took place as follows:

July 8 to 12 – WAGP PIC & HSE Meeting in Lomé

- **Purpose:** Legal Meeting: to review and approve the new Concession Agreement Structure following the due diligence performed by the CG; to review and approve a Project Documents drafting methodology. HSE Meeting: to resume the workshop activity leading to the drafting and approval of the Environmental Impact Assessment.
- **Participants:** the PIC members; Mr. Amadou Diallo, ECOWAS DII; The Legal Representatives of the four countries; The HSE Group country members; Mr. Cleveland Thomas, Project Manager, USAID/Ghana; Ms. Tea Khitarishvili and Alain Rosier, Nexant.
- **Achievements:** Legal Meeting: the meeting agreed that the Concession Agreement should be composed of a Treaty between the four countries, an International Project Agreement and national enabling legislations. HSE Meeting: the meeting reviewed the various Project HSE documents and agreed on a 6 months engagement plan.
- **Conclusions & Recommendations:** the split of the CA in three sets of documents is in line with Nexant recommendation dating from mid-2000
- **Deliverables:**

- PIC/Legal Meeting MOM (French & English)
 - Concession Agreement Work Program
 - Memorandum on Draft Project Agreement (French & English)
 - HSE Workshop Agenda
 - HSE Meeting MOM
 - HSE Action Plan
- **Follow up:** pending PCE decision, expected in the coming weeks.

Sept 02 to 06 – Fiscal & Legal Workshop & Meeting with CG in Cotonou

- **Purpose:** following occurrence of PCE, the Project moves forward; the meeting will seek to review the newly issued Interim Draft International Project Agreement (IPA), Treaty and Legislative Outlines; to review the revised Project Schedule following instructions of the Steering Committee; to agree on the budget and initiation program of the WAGP Authority.
- **Participants:** Mr. Amadou Diallo, DII, ECOWAS Secretariat; the PIC Members; the Fiscal & Legal representatives of the four countries; the Commercial Group; Mr. Cleveland Thomas, Project Manager, USAID/Ghana; Ms. Thea Khitarishvili and Alain Rosier, Nexant.
- **Achievements:** the Project documents were reviewed and explained to the States team; the Project Schedule and WAGP Authority Budgets were agreed.
- **Conclusions & Recommendations:** Nexant Legal Advisors (Dennis Stickley, Thea Khitarishvili and Philip Daniel) had previously reviewed the earlier draft documents issued by the CG. Nexant Advisors had brought substantial modifications to the draft. While participants reviewed the improved draft in their entirety for the Fiscal and Legal matters, more meetings will be needed to enable the team to forthcoming negotiations.
- **Deliverables:**
 - Interim Draft IPA, Treaty and Legislative Outlines
 - IPA / CATS Articles Comparison
 - PIC/CG Minutes of Meeting (French & English)
 - WAGP Revised Project Schedule
 - Admin Body List of tasks and proposed budget
- **Follow up:** Fiscal & Legal Workshop: A workshop aiming at harmonizing the concepts of English and French law in the Project Documents is scheduled in Cotonou on September 12 and 13. Participants will be the Fiscal and Legal Representatives of Benin and Togo, the TAC and a lawyer of the Commercial Group. Next PIC – CG meeting: The next negotiation meeting is scheduled on September 23-27 in Abuja.

September 19-20 – Fiscal & Legal Workshop for Benin & Togo in Cotonou

- **Purpose:** to assist the French speaking Fiscal & Legal representatives in the harmonization of various legal and fiscal concepts included in the Fiscal Regime, between French and English law; review translation accuracy.

- **Participants:** the Fiscal and Legal representatives of Togo; the Fiscal representative of Benin; the PIC member of Benin (partial); Mr. Patrick Pertegnazza from the Commercial Group; Alain Rosier, WAGP TAC, Nexant.
- **Achievements:** the participants went throughout the Fiscal Regime and clarified Anglo-Saxon concepts and resolved many translation issues;
- **Conclusions & Recommendations:** the workshop was another opportunity for the States Representatives to familiarize with the Project Documents.
- **Deliverables:** Fiscal Regime, French version
- **Follow up:** The next negotiation meeting is scheduled on September 23-27 in Abuja.

September 25-27 – PIC & CG Meeting in Abuja

- **Purpose:** to discuss and attempt to finalize the Project Documents, namely the September 13-issued drafts of the IPA, the Treaty and the Legislative outlines.
- **Participants:** the PIC members; Mr. Amadou Diallo, DII, ECOWAS; the legal and fiscal representatives of the four countries; the Commercial Group; the USAID/Ghana Project Manager; Ms. Thea Khitarishvili, Mr. Dennis Stickley, Legal councils, and Alain Rosier, WAGP TAC, Nexant.
- **Achievements:** the participants reviewed the Project Documents and exchanged comments thereon. The fiscal representatives were particularly active with lists of comments given by Benin, Togo and Ghana.
- **Conclusions & Recommendations:** progress were made, but sizeable differences appeared in the Pre-Development Costs, the “Deferred Investments” and the methodology for calculating the Mid-Market Projections
- **Deliverables:**
 - Fiscal Comments PIC-States
 - Fiscal Note of the subsequent Fiscal Group session
 - Fiscal Regime incorporating Comments
 - PIC Comments on IPA & Treaty
 - Interrogatory on Pre-Development Costs by PIC
 - Response of CG to Questions on PDC
 - Revised Work Program
 - Commercial Group Advocacy Plan (draft)
- **Follow up:** A full-week retreat should be organized for the States and CG teams to finalize the draft International Project Agreement, Treaty and Legislative Outlines to be submitted to the Steering Committee and Sponsors’ Management Committee for endorsement (week of Oct. 28). A SC/SMC meeting aiming at endorsing the Project Documents should follow.

2. Other Activities of the Quarter

The Technical Assistance team produced the following documents and conducted the following studies during the quarter:

- Assistance to the States
 Since the beginning of 2001, the Concession Agreement negotiations could not be processed, as the CA drafting required the results of the negotiations of the Commercial Agreements involving Ghana (Gas Sale Agreement) and NNPC (Gas Transportation Agreement in the Escravos-Lagos Pipeline System (ELPS), and Interconnecting Agreement with the WAGP System). The mission of the Technical Assistance in this period was to help the States monitor the situation in order to protect their interests and the interest of the Project. Helped by the advice of the Technical Assistance, the ECOWAS Secretariat intervened towards the President of Nigeria, who himself instructed the NNPC Chairman. This resulted in the resolution of one of the major WAGP Project stumbling blocks.

The above activity helped resolve the issue of the pending Preliminary Commercial Evaluation (PCE) by the Commercial Group. The Commercial Group committed an additional sum of \$45 million and the Project is moving forward.

- Assistance to the ECOWAS Secretariat in connection to the Project. Various memoranda, reports and draft letters written at the request of ECOWAS.

Deliverables:

- Presentation to ECOWAS Parliament on WAGP Gas
 - Lome & Cotonou PIC-CG Meeting Mission Report
 - ECOWAS WAGP Activity 1st Semester Report
 - Letter to WAGP Ministers on Travel Costs
- Study on Gas Marketing Promotion Strategies (GMPS):
 Study objectives:
 - a) Determine the usage that the gas delivered in Benin, Togo and Ghana should be dedicated to, and
 - b) Define the means through which potential users in the three countries will develop their access to gas.

Study Scope of Work:

1. Review of relevant gas utilization experiences from countries in the region and evaluation of successful market promotion strategies for potential uses of gas in the Consumer States.
2. Assess potential gas consumers in Ghana, Togo and Benin, and ascertain their potential for gas uptake from the WAGP. Identify other large potential consumers of WAGP gas in the Consumer States. Nexant will utilize relevant studies that have been conducted on the development of gas markets in the Consumer States (see Appendix 3).

3. Estimate the cost of development of these potential markets.
4. Develop gas market promotion strategies in conjunction with Consumer States and potential customers identified in the study to promote greater uptake of gas in the countries.
5. Propose plans for implementation of the findings/recommendations of this study to facilitate greater uptake of gas in the Consumer States. Also provide technical assistance to the Consumer States in implementing these plans, and propose methods by which developments in adoption of gas promotion strategies can be monitored.

The Study Final Draft Report (English version) was delivered to the PIC members early July. Thereafter the World Bank and the French Cooperation requested and were given copies.

Deliverables:

- GMPS Study Final Draft Report (English version)
- Assistance to the PIC and the ECOWAS Secretariat: writing and translating in French PIC and other meeting minutes, and briefing papers to the ECOWAS Secretariat executive officials.

Deliverables: PIC and SC/SMC minutes of meeting and aide-mémoire (English & French versions) for all above meetings

4.) Performance/Impact:

Based on the Contractor's continuous technical assistance before, during and after the various meetings, negotiation sessions, workshops and on-the-job training the PIC was able to advance on its own portion of the work program leading to the development of the Project, while the negotiations of the Commercial Agreements between Ghana and the Commercial Group were run separately.

The West Africa Gas Pipeline Authority Institutional Framework will constitute the basis of the design and operating mode of the Administrative Body as expected by the States Ministers while executing the Intergovernmental Agreement.

The Gas Marketing Promotion Strategy Assessments Visits will constitute the basis of the study to come, to determine the structure of the countries gas markets and the recommendations to be made to the PIC and the SC for the gas market development policies.

A key result of the Technical Assistance during the subject period was the saving of 14 months in the Project Schedule obtained from the Commercial group through the last two Steering Committee meetings. In terms of impact on the cost of energy source (differential between the costs of crude oil and gas) for the purchasing countries during the period, this represents a saving of about 30 million dollars. The reduction of Project Development costs is also very significant, as they would have impacted the Project CAPEX and the Tariffs.

5.) Statement of Work:

The Phase II Work Plan as approved provides for a similar assistance to the States as the Phase I Work Plan, with the following evolutions:

- CA Negotiation: from the Concession Agreement Term Sheet (CATS) to the International Treaty, the International Project Agreement and the Enabling Legislations
- Addition of specific studies: Administrative Body Design, Gas Marketing Promotion Strategies and Kyoto Protocol Clean Development Mechanisms.
- Works on drafting of Concession Agreement were delayed, awaiting results of commercial negotiations between Ghana and the Commercial Group/gas vendors, and the approval of the preliminary Commercial Evaluation (PCE). The PCE was implemented by the Commercial Group in July and approved on August 8.

II. Work Planned for Next Quarter

During the fourth quarter of 2002 the following activities are scheduled:

- Finalize and translate in French language the Gas Market Promotion Strategy Study Report.
- Assistance to the IPA and Treaty drafting process
- Assistance to the EIA planning and drafting processes
- Providing guidance to PIC and SC at meetings as required
- Assisting ECOWAS in Project facilitation and coordination

B. Administrative Data

Contract Data:	Total Level of Effort	3,137 person days
	Total Estimated Cost	\$3,649,856

The following invoices were submitted for the work performed during the quarter:

Performance Month	Date Sent	Amount Invoiced	Level of Effort (Days)
July 26, 2002	August-02	\$ 109,846	168
August 23, 2002	September-02	\$ 33,784	27
September 27, 2002	October-02	\$ 118,731	86
	Total	\$ 262,361	281

Prior Total Costs Accrued	\$ 3,147,608		
Accrued costs to date total \$	\$ 3,409,969	or approximately	93%
of the total contract amount of	\$3,649,856		

Total Days per Contract:	3,446		
Prior Total Days Accrued	2,865	Accrued LOE	201
Accrued level of effort:	482	Cumulative level of effort:	3,346
Unused level of effort:	100		

Accrued Expenditures:	\$ 124,000.00	Accrued Cum. Expenditures:	\$ 3,533,96
Remaining unexpended balance	\$115,887		

Section II - Project Officer' s Comments:

Comment on contractor' s technical performance (quality of technical assistance, professional services and/or product(s) and provide examples, if appropriate.

Comment on contractor' s administrative performance (timeliness in meeting schedules and/or delivering materials/products) during the quarter and give example(s) if appropriate

Comment on contractor' s management (cost-effectiveness, quality of communication with staff and with USAID) for the quarter and provide examples as appropriate.

React to contractor' s assessment of performance regarding any of the activities/deliverables described in section 1A, number 4 above.

Note areas for potential contractor improvement regarding management/provision of any services related to the activities/deliverables and/or specific contract results.

Project Officer/Office Symbol: _____ Date: _____

Section III - Contracting Officer' s Comment

Comments on any areas of concern particularly regarding Contractor's response to questions 4 and 5 in Section I above and Project officer's response to question 3 in Section II above.

Identify actions to support, correct, or improve contractor's performance (show cause notice, cure notice, contract modification, incremental funding, technical direction to contractor, approvals and/or clearances, interpretations of statement of work or adjustments in work plans, feed-back to contractor regarding performance and/or deliverables) that need to be taken and indicate action officer and due date.

Contract Officer/Office Symbol: _____

Date: _____

**U.S. Agency for International Development
West Africa Gas Pipeline Study
Contract No. LAG-I-00-98-00006-00, Task Order # 807
Nexant Ltd.**

**QUARTERLY REPORT – FOURTH QUARTER 2001
(October 1 – December 31)**

Section 1 – Contractor’s Report:

A. Narrative Summary of Accomplishments and Impacts

The overall expected results for this contract is to build capacity within the four Sponsor Governments to negotiate a commercially built and operated pipeline Concession Agreement as well as the multi-nation enabling framework needed to develop a transnational gas pipeline project.

The impact of this technical assistance will be to accelerate negotiation and implementation of the gas development project, while protecting the national interests of the four Sponsor Governments.

3a) Assistance to the Four Sponsor Governments of the West Africa Gas Pipeline project:

The objectives of this technical assistance are to enhance the Project Implementation Committee (PIC) and ministerial Steering Committee (SC) understanding of the major technical issues, economic impacts, and the terms and conditions of the pipeline concession agreement, facilitate the resolution of various technical and operational differences between the Sponsor Countries (Benin, Ghana, Nigeria and Togo) as well as strengthen their capacity to negotiate and implement a Build-Own-Operate Concession Agreement (BOO-CA) with the private sector project development team.

Initial efforts of the Technical Assistance (TA) during year 2000 resulted in:

- a) Establishment, training and capacity building of a 50-member States Negotiating Team & Support, headed by the PIC and split in 4 “working groups”.
- b) Initialing a Concession Agreement Term Sheet (CATS) setting forth the main terms of the next Concession Agreement between the States and the Pipeline Developer

Subsequent efforts of the TA during the year 2001 was concentrated on two studies, namely the design and operating mode of the Concession Agreement Administrative Body, and the Gas Marketing promotion Strategies (GMPS). These studies were undertaken at the request of the PIC, to answer the requirements of the

Intergovernmental Agreement (IGA) executed in February 2000 by the State Ministers of Energy for the purpose of the Project, and the CATS.

Specific Objectives of the Quarter

- . Assist Ghana upon request in the elaboration of the Takoradi Gas Sale Agreement Term Sheet (GSATS)
- . Pursue the Administrative Body study and assist the PIC in finalizing the Administrative Body Institutional Framework.
- . Implement the Gas Marketing Promotion Strategy (GMPS) study .
- . Resume Concession Agreement negotiations as soon as the Preliminary Commercial Evaluation (PCE) is performed and approved.

Note: the PCE is the exercise run by the Commercial Group (CG), after the Concession Agreement and the Commercial Agreements Term Sheets have been executed. Commercial Agreements include the Gas Sale Agreements, the Transportation Agreement, the Shareholders Agreement and the Interconnecting Agreement with the Escravos-Lagos Pipeline System (ELPS). Economic and contractual data included in these Agreements constitute the basis of the PCE. The results of the PCE must be approved by the CG's Management to authorize further funding and pursue the development of the Project.

Activities of the Quarter

1. Workshops and Assistance in Meetings

During the quarter, the technical assistance team took part in a number of WAGP project meetings, negotiation sessions, and on-the-job training events that took place as follows:

Nov 6 & 7 – PIC Meeting in Lomé

- **Purpose:** to deliberate on the Administrative Body Institutional Framework and present the GMPS study revised schedule.
- **Participants:** Mr. Amadou Diallo, Ecowas Secretariat; the Members of the PIC and their alternates; Mr. Cleveland Thomas, project Manager, USAID Ghana; Ms. Thea Khitarishvili, Nexant, and Alain Rosier, TAC, Nexant.
- **Achievements:** Nexant presented the revised version of the West Africa Gas Pipeline Authority (WAGPA) Institutional Framework, following comments which had been made by several PIC members at the last meeting. The revised schedule of the GMPS study was also presented.
- **Conclusions & Recommendations:** The PIC approved the documents as presented, subject to several additional modifications. The WAGPA document was supposed to be amended as agreed and sent to the Commercial Group for comments.

- **Deliverables:** WAGPA presentation by Nexant; WAGPA Institutional Framework document (French and English versions); Minutes of the PIC meeting (French and English versions)
- **Follow up:** the amended document shall be sent to the CG and the PIC shall meet with the Commercial Group as soon as practicable in order to agree on the WAGPA Institutional Framework and related schedule.

Nov 8 & 9 – PIC & CG Meeting in Lome

- **Purpose:** to deliberate on a presentation by the Commercial Group in relation to the WAGP Regulations, including Project Design Codes, and Interim Approval procedures.
- **Participants:** Mr. Amadou Diallo, ECOWAS Secretariat; the Members of the PIC and their alternates; Members of the Technical team of the States; Mr. Cleveland Thomas, project Manager, USAID Ghana; Messrs Mike Stockbridge, Bechtel Pipeline Engineering Manager, and Alain Rosier, TAC, Nexant.
- **Achievements:** the CG presented their proposal for WAGP Codes and Standards; Nexant presented suggestions to the PIC in view of amending the CG proposal; Discussion ensued; final recommendation by Nexant was issued.
- **Conclusions & Recommendations:** The PIC approved the proposal made by the CG relative to WAGP design Codes and Standards, subject to amendments proposed by Nexant.
- **Deliverables:** Nexant presentation (French and English versions); Nexant Recommendations Note; Minutes of Meeting (French and English versions)
- **Follow up:** the Commercial Group will be in a position to initiate the Front End Engineering and Design (FEED) as soon as the PCE has been performed at their satisfaction.

Other Activities of the Quarter

The Technical Assistance team produced the following documents and conducted the following studies during the quarter:

- Assistance to the States pending the resolution of Ghana Commercial Agreements critical issues

Since the beginning of 2001, the Concession Agreement negotiations could not be processed, as the CA drafting required the results of the negotiations of the Commercial Agreements involving Ghana, negotiations which have not been concluded. The mission of the Technical Assistance in this period was to help the States monitor the situation in order to protect their interests and the interest of the Project.

- Assistance to the ECOWAS Secretariat in supporting Ghana in connection with the follow up of the Commercial Agreements, the Administrative Body study and

The GMPS study. Various memoranda, reports and draft letters written at the request of ECOWAS.

Deliverables:

- Memo to ECOWAS "Summary of Project Main Steps" – Oct 01
- Memo to Executive Secretary on GSPA Status – Oct 05
- ECOWAS Quarterly Reports Q2 & Q3
- ECOWAS Mission Report PIC Meeting & GMPS Evaluation Visit (French & English versions)

- Study on the Administrative Body Design and Operating Procedures

Formation of a regionally focused organization referred to as the 'Administrative Body' is a requirement of both the Concession Agreement between WAPCO and the Four West African States and the Inter-Governmental Agreement (IGA). The general purpose of this organization is to administer the Concession Agreement. The IGA further anticipates that this organization could function as an independent regulatory body.

During the fourth quarter, Nexant worked on the revised document entitled "West Africa Gas Pipeline Authority Institutional Framework", which was presented to the PIC at the November 6-7 meeting. The document was accepted by the PIC, subject to comments later incorporated. The document was later translated in French.

Deliverables: Report on Establishment of the West Africa Gas Project Authority (both English and French version).

- Study on Gas Marketing Promotion Strategies (GMPS):

Study objectives:

- a) Determine the usage that the gas delivered in Benin, Togo and Ghana should be dedicated to, and
- b) Define the means through which potential users in the three countries will develop their access to gas.

Study Scope of Work:

1. Review of relevant gas utilization experiences from countries in the region and evaluation of successful market promotion strategies for potential uses of gas in the Consumer States.
2. Assess potential gas consumers in Ghana, Togo and Benin, and ascertain their potential for gas uptake from the WAGP. Identify other large potential consumers of WAGP gas in the Consumer States. Nexant will utilize relevant

studies that have been conducted on the development of gas markets in the Consumer States (see Appendix 3).

3. Estimate the cost of development of these potential markets.
4. Develop gas market promotion strategies in conjunction with Consumer States and potential customers identified in the study to promote greater uptake of gas in the countries.
5. Propose plans for implementation of the findings/recommendations of this study to facilitate greater uptake of gas in the Consumer States. Also provide technical assistance to the Consumer States in implementing these plans, and propose methods by which developments in adoption of gas promotion strategies can be monitored.

Nexant visited the major potential gas customers of the pipeline in Benin, Togo and Ghana. These "Assessment Visits", which took place from November 12 to December 16, were undertaken as part of the study on Gas Market Promotion Strategies (GMPS) in the purchasing countries, as requested by the Project Implementation Committee.

The Assessment Visits sought to:

- Up-date existing data on the gas market, as found in the various reports already prepared within the framework of the project, particularly as they concern industrial gas users;
- Prepare the implementation of a set of recommendations to the States aiming at ensuring the creation and the expansion of the gas market.

The mission enabled the Team to identify almost all the industries in the three buyer countries that are expected to become customers of the pipeline in the short and long terms. Many potential industrial customers were visited. Short-term customers in the field of electricity generation were also visited in Benin and Togo.

The Team also visited many ministries, departments and agencies in the three countries. The aim of these visits was to collect necessary information for the preparation of the recommendations on the institutional, regulatory and incentive framework under which the gas industry in the buyer countries would be developed.

Deliverables: Assessment Visits Notes of Meetings in Benin, Togo and Ghana

- Assistance to the PIC and the ECOWAS Secretariat: writing and translating in French PIC and other meeting minutes, and briefing papers to the ECOWAS Secretariat executive officials.

Deliverables: PIC and SC/SMC minutes of meeting and aide-memoires (English and French versions) for all above meetings

- Assistance to the PIC and ECOWAS Secretariat in accessing the Internet

4.) Performance/Impact:

Based on the Contractor's continuous technical assistance before, during and after the various meetings, negotiation sessions, workshops and on-the-job training the PIC was able to advance on its own portion of the work program leading to the development of the Project, while the negotiations of the Commercial Agreements between Ghana and the Commercial Group were run separately.

The West Africa Gas Pipeline Authority Institutional Framework will constitute the basis of the design and operating mode of the Administrative Body as expected by the States Ministers while executing the Intergovernmental Agreement.

The Gas Marketing Promotion Strategy Assessments Visits will constitute the basis of the study to come, to determine the structure of the countries gas markets and the recommendations to be made to the PIC and the SC for the gas market development policies.

5.) Statement of Work:

The Phase II Work Plan as approved provides for a similar assistance to the States as the Phase I Work Plan, with the following evolutions:

- CA Negotiation: from the Concession Agreement Term Sheet (CATS) to the Concession Agreement itself
- Addition of specific studies: Administrative Body Design and Gas Marketing Promotion Strategies
- Works on drafting of Concession Agreement were delayed, awaiting results of commercial negotiations between Ghana and the Commercial Group/gas vendors, and the approval of the preliminary Commercial Evaluation (PCE).
- Extension of support to Ghana in connection with the Commercial Agreements

II. Work Planned for Next Quarter

During the first quarter of 2002 the following activities are scheduled:

- Provide direction and assistance for the discussion with the Commercial Group in respect of the design of the WAGPA Institutional Framework.
- Providing guidance to the development of a Gas Market Promotion Strategy.
- Assistance to the CA drafting process (pending approval of PCE)
- Assistance to the EIA planning and drafting processes (pending PCE and Commercial Group program)
- Providing guidance to PIC and SC at meetings as required
- Assisting ECOWAS in Project facilitation and coordination

B. Administrative Data

Contract Data:	Total Level of Effort	3,137 person days
	Total Estimated Cost	\$3,349,970

The following invoices were submitted for the work performed during the quarter:

Performance Month	Date	Amount	Level of Effort
January 2001			
February 2001			
March 2001			
	Total		

Accrued costs to date total \$ _____ or approximately % of the total estimated contract amount of \$ 3,349,970.

Accrued level of effort: _____ Cumulative level of effort:
Unused level of effort: _____

Accrued Expenditures: _____ Accrued Cum. Expenditures: \$
Remaining unexpended balance: \$ _____

Section II - Project Officer's Comments:

Comment on contractor's technical performance (quality of technical assistance, professional services and/or product(s) and provide examples, if appropriate.

Comment on contractor's administrative performance (timeliness in meeting schedules and/or delivering materials/products) during the quarter and give example(s) if appropriate

Comment on contractor's management (cost-effectiveness, quality of communication with staff and with USAID) for the quarter and provide examples as appropriate.

React to contractor's assessment of performance regarding any of the activities/deliverables described in section 1A, number 4 above.

Note areas for potential contractor improvement regarding management/provision of any services related to the activities/deliverables and/or specific contract results.

Project Officer/Office Symbol: _____

Date: _____

Section III - Contracting Officer's Comment

Comments on any areas of concern particularly regarding Contractor's response to questions 4 and 5 in Section I above and Project officer's response to question 3 in Section II above.

Identify actions to support, correct, or improve contractor's performance (show cause notice, cure notice, contract modification, incremental funding, technical direction to contractor, approvals and/or clearances, interpretations of statement of work or adjustments in work plans, feed-back to contractor regarding performance and/or deliverables) that need to be taken and indicate action officer and due date.

Contract Officer/Office Symbol: _____

Date: _____

PROJET de GAZODUC de l'AFRIQUE de l'OUEST

Etude des Stratégies de Promotion du Marché de Gaz - Visite d'Evaluation

Bénin, Togo & Ghana, 12 novembre au 6 décembre 2001

Réunion du Comité de Pilotage

Lomé, 6-8 novembre 2001

Rapport de Mission

Abuja, 10 décembre 2001

I. Introduction

L'équipe de Nexant, Consultant sur le Projet de Gazoduc de l'Afrique de l'Ouest, a rendu visite aux principaux clients potentiels de gaz devant être livré par le Gazoduc au Bénin, au Togo et au Ghana, entre le 12 novembre et le 6 décembre 2001. Ces visites – dites d'Evaluation – entraînent dans le cadre de l'Etude des Stratégies de Promotion du Marché de Gaz (SPMG) dans les Pays Acheteurs, telle que demandée par le Comité de Pilotage en tant que partie intégrante du Programme d'Assistance Technique.

Auparavant, le Coordonnateur de l'Assistance Technique avait assisté à la réunion du Comité de Pilotage qui s'est tenue les 6,7 et 8 novembre à Lomé.

II. Résultats de la Visite d'Evaluation (Etude SPMG)

L'Etude SPMG se propose de déterminer les usages auxquels le gaz peut être destiné, ainsi que les moyens à mettre en œuvre pour favoriser l'accès au gaz et permettre une expansion du marché aussi rapide que possible.

Les objectifs de la visite d'Evaluation étaient:

- Mettre à jour les données du marché de gaz figurant dans les divers rapports établis dans le cadre du Projet, notamment concernant les usagers industriels.
- Préparer la mise en œuvre d'un ensemble de recommandations destinées aux Etats pour favoriser la création et l'expansion du marché de gaz.

La visite a permis d'identifier la quasi-totalité des industries des trois pays acheteurs, appelés à devenir des clients du Gazoduc à court et moyen terme. Un grand nombre de clients industriels potentiels ont été visités. Les clients à court terme producteurs d'électricité au Bénin et au Togo ont également été visités.

Au Ghana, étant donné le nombre des usagers potentiels identifiés (environ 45), seuls quelques-uns d'entre eux ont pu être visités. Il a donc été recouru à une enquête par questionnaires individuels pour confirmer les volumes en jeu, les diverses données techniques concernant les réseaux et la conversion au gaz, ainsi que les délais dans lesquels les clients pourront devenir des acheteurs effectifs.

La Mission s'est également rendue auprès de nombreux ministères, directions et agences dans les trois pays, dans le but de recueillir les informations nécessaires à la préparation des recommandations relatives au cadre institutionnel, réglementaire et incitatif dans lequel devrait s'inscrire le développement de l'industrie gazière dans les Pays Acheteurs.

III. Conclusions et Recommandations concernant la Visite d'Evaluation

Compte tenu des délais nécessaires à la collecte des données par questionnaire, les résultats de l'analyse quantitative de l'Evaluation ne seront pas connus avant le milieu ou la fin du premier trimestre 2002, et l'Etude elle-même devrait être remise aux Etats dans le courant du deuxième trimestre 2002.

Néanmoins, la visite a permis de dégager un certain nombre d'enseignements qui seront à la base des réflexions du Consultant dans la préparation des recommandations aux pays.

Ces enseignements sont les suivants :

1. Clients du gaz: les industries potentiellement clientes sont celles utilisant essentiellement la chaleur. Certaines industries, comme la fabrication de ciment à partir de clinker, utilisent des machines rotatives mues par l'électricité et ne sont pas susceptibles de conversion au gaz. Ces industries restent néanmoins des clients indirects du gaz via les producteurs d'électricité.
2. Réseaux : étant donné la dispersion des volumes individuels et des localisations géographiques, il est vraisemblable que le développement des réseaux secondaires devra se faire par phases à partir de chaque embranchement. Le « phasage » bénéficiera de la baisse relative des prix du gaz au fil des années, grâce à l'accroissement des capacités contractées dans le Gazoduc et les réseaux secondaires.
3. Distributeurs locaux : une certaine résistance a été ressentie de la part des gros clients potentiels quant au passage par un distributeur intermédiaire. Il s'ensuit que la procédure de sélection des distributeurs locaux devra d'autant plus répondre à des critères de professionnalisme et de transparence, et que le mode opératoire des distributeurs devra être sujet à une stricte régulation.
4. Politiques d'incitation : sans vouloir préjuger des politiques qui seront adoptées par les Etats, on peut noter que les réseaux secondaires pourraient avantageusement bénéficier des avantages fiscaux et réglementaires déjà octroyés au réseau primaire (le Gazoduc lui-même).
5. Financement: dans l'ensemble, le financement du passage au gaz pourrait être réalisé par les distributeurs eux-mêmes pour les réseaux de distribution, et par les consommateurs individuels pour les dépenses de conversion.

IV. Réunion du Comité de Pilotage

Le Comité de Pilotage s'est réuni à Lomé les 6 et 7 novembre pour examiner et approuver une proposition du Consultant concernant la structure et de mode de fonctionnement de l'Organe Administratif qui doit gérer l'Accord de Concession pour le compte des Etats.

Après avoir procédé à un certain nombre d'ajustements au document proposé, le Comité de Pilotage a décidé de faire circuler le document dans les administrations concernées. Il a été suggéré que le document, intitulé « Cadre Institutionnel de l'Autorité du PGO », soit annexé à l'Accord de Concession.

En outre, le Comité de Pilotage a prévu d'organiser une réunion avec le Groupe Commercial afin d'harmoniser les points de vue des parties sur ledit document, avant de le présenter au Comité Directeur et au Comité de Gestion du Groupe Commercial pour approbation.

Ces réunions devraient avoir lieu en janvier ou février de l'année prochaine.

Par ailleurs, le Comité de Pilotage s'est réuni les 8 et 9 novembre avec le groupe Commercial (GC), pour examiner et approuver la proposition du GC concernant les Codes et Normes de Conception du PGO. Des représentants du Groupe Technique de l'équipe des Etats ont participé à la réunion.

A l'issue de celle-ci, la proposition du GC a été approuvée, sous réserves de certains amendements qui ont été faits par le Comité de Pilotage. Ainsi, le GC est désormais en mesure de commencer l'Ingénierie Préliminaire du Gazoduc.

Le Directeur du Département
Infrastructure et Industrie

Amadou Diallo

I. Introduction

The team from Nexant, consultants to the West African Gas Pipeline Project visited the major potential gas customers of the pipeline in Benin, Togo and Ghana. These "Evaluation" missions, which took place from 12th November to 6th December 2001, were undertaken as part of the study on Gas Market Promotion Strategies (GMPS) in the purchasing countries, as requested by the Project Implementation Committee. The GMPS study is a component of the Technical Assistance Program for the project.

Earlier, the Technical Assistance Coordinator for the project had attended the meeting of the Project Implementation Committee, which was held in Lome from 6th to 8th November 2001.

II. Outcome of the Evaluation Mission (GMPS Study)

The objective of the study is to determine the possible use(s) of the gas from the pipeline as well as the necessary measures to be taken to ensure access to gas and a rapid expansion of the market.

The Evaluation Mission sought to:

- Up-date existing data on the gas market, as found in the various reports already prepared within the framework of the project, particularly as they concern industrial gas users;
- Prepare the implementation of a set of recommendations to the States aiming at ensuring the creation and the expansion of the gas market.

The mission enabled the Team to identify almost all the industries in the three buyer countries that are expected to become customers of the pipeline in the short and long terms. Many potential industrial customers were visited. Short-term customers in the field of electricity generation were also visited in Benin and Togo.

In view of the large number of potential users identified in Ghana (about 45), the Team was only able to visit a few. Consequently, a survey by individual questionnaire is to be conducted, with the view to confirming the exact volumes required, the various technical data on the networks and the possibilities and costs for conversion to gas. The questionnaire was also used to determine the deadline at which the potential customers could become actual buyers.

The Team also visited many ministries, departments and agencies in the three countries. The aim of these visits was to collect necessary information for the preparation of the recommendations on the institutional, regulatory and incentive framework under which the gas industry in the buyer countries would be developed.

III. Conclusions and Recommendations of the Mission

Given the deadline for data collection by questionnaire, the outcome of the quantitative analysis of the Evaluation may not be known before middle or end of the

first quarter of the year 2002. The study itself could be submitted to the States during the second quarter of 2002.

Nevertheless, a number of findings were made during the mission, which would guide the *Consultant in preparing his recommendations* to the States.

These findings include:

1. **Gas customers:** the potential industrial customers essentially utilize heat in their production process. Some industries such as in the production of cement from clinker, utilize rotational machines powered by electricity. These are not likely to be converted to gas. Nevertheless, these industries remain indirect gas customers as they may be served through the electricity producers.
2. **Network:** Given the spread in individual volumes as well as geographic locations, the development of secondary networks may have to be carried out in phases starting out from each branching. This phased development will benefit from the relative decrease in the price of gas over time, as a result of the increase in the contracted capacities of the pipeline and the secondary networks.
3. **Local distributors:** Some large potential customers seemed to be not favorably disposed to the idea of passing through a middleman (distributor). It follows therefore, that the procedure for selecting local distributors should take greater account of criteria for professionalism and transparency, and that the mode of operation of the distributors should be subject to strict control.
4. **Incentive Policies:** Without prejudice to policies that might be adopted by the States, it can be noted that the secondary networks would benefit from the fiscal and regulatory incentives already offered to the primary network (i.e. the pipeline itself).
5. **Funding:** Generally, the conversion to gas can be financed by the distributors themselves for the distribution networks, and by the individual consumers, for the conversion costs.

IV. Meeting of the Project Implementation Committee

The Project Implementation Committee met in Lome from 6 to 7 November, to review and approve a proposal from the consultant concerning the structure and the operating procedures of the Administrative Body which is to manage the Concession Agreement on behalf of the States.

The Project Implementation Committee amended the proposed document and decided that it be forwarded to the relevant authorities. It was suggested that the document entitled "Institutional Framework of the West African Gas Pipeline Authority" should be attached to the Concession Agreement.

Furthermore, the Project Implementation Committee has scheduled a meeting with the Commercial Group in order to harmonize views on the document, prior to its presentation to the Steering Committee and to the Management Committee of the Commercial Group, for approval.

These meetings may be held in January or February next year.

Moreover, the Project Implementation Committee met with the Commercial Group (CG) on 8 and 9 November, to review and approve the proposal from the CG on the Project Design Codes and Standards for the WAGP. Representatives of the Technical Group of the States' team also took part in the meeting.

The meeting approved the CG proposal after some amendments by the Project Implementation Committee. Consequently, the CG may now commence the Preliminary Pipeline Engineering.

Amadou Diallo
Director
Infrastructure and Industry

ECONOMIC COMMUNITY OF
WEST AFRICAN STATES



COMMUNAUTE ECONOMIQUE
DES ETATS DE L'AFRIQUE
DE L'OUEST

West African Gas Pipeline Project (WAGP)

**PIC Meeting
with the Commercial Group**
London, 28-31 May 2002

Mission Report

Abuja, June 3, 2001

I. Introduction

The Project Implementation Committee (PIC) for the West African Gas Pipeline (WAGP) Project and the Commercial Group met in London from 28 to 31 May, 2002 as a follow up of the Steering Committee & Sponsors' Management Committee meeting held in Houston on May 10, 2002.

The purpose of the meeting was to study all possible improvements of the WAGP Project Schedule, and deliberate on an extension of the MOU between the States and the Commercial Group.

II. Outcome of the Meeting

The Commercial Group presented a new Project Schedule indicating a completion date on May 2006. The PIC stated that this schedule was not acceptable to the States and made several suggestions for saving time both in the Definitional Phase Stage B and in the Construction Phase.

Following several rounds of discussion, the Commercial Group presented a final Project Schedule indicating a completion date on December 31, 2005, with Pipeline construction starting in March 2004. This represents a saving of 5 months over the schedule initially presented at the present meeting, and 8 months over the schedule presented to the Steering Committee in Houston.

The Commercial Group indicated also that the upgrading of their Project Team and improvement of their working procedures would enhance the reliability of the proposed Project Schedule. The CG also stressed that the new schedule implies equally diligent actions by the States for the tasks allocated to them (ratification of the Concession Agreement, environmental and permitting approvals).

The above Project Schedule will be presented to the Steering Committee in Abuja on June 14, together with a request for an extension of the MOU until August 1st, 2003, representing the projected date for the execution of the Concession Agreement.

In anticipation of the implementation of the Phase 3B, the parties agreed to hold a meeting in Lome from July 8 to 12 to consider the Draft Concession Agreement and the Environmental Impact Assessment terms of reference and approval procedure. The participation of the Legal, Environmental and Permitting agencies of the Members States is also required. It was also agreed that presentation of the Project will be made to the ECOWAS Parliament in Abuja on June 13 or 14 2002 by the Commercial Group Project manager and the ECOWAS Secretariat/PIC.

III. Conclusions and recommendations

1. The newly proposed Project Schedule is realistic. It grants suitable time for the allocated tasks on both sides and provides for reasonable contingencies. The Completion Date of December 2005 should therefore be achieved, provided that the States and the Commercial Group both work diligently.
2. Nevertheless, we are concerned by the new slippage of the projected date for the Preliminary Commercial Evaluation (PCE) to be performed by the Commercial Group. PCE is a condition to initiate the Project Schedule, and is still conditional to:
 - a) The completion of negotiations between the CG and NNPC about the ELPS interconnection liabilities
 - b) The request by the CG for the payment by Ghana of the \$1.5 million balance of GNPC/VRA share of project development costs

We recommend your intervention to Nigeria and Ghana at the highest level to sensitize the two countries on these issues.

3. The proposed date of August 1st, 2003 for an extension of the MOU is logical, and should be accepted by the States, if the Project Schedule is accepted. However, to prevent this new extension of nearly 15 months from being "abused" by the Commercial Group, we believe that a serious form of commitment should be required from the CG, regarding in particular the respect of the implementation of the agreed Project Schedule.
4. Besides, we note that the Commercial Group has accepted to produce monthly Project development reports. This will greatly help the Project follow up by the PIC and the Secretariat, as any future schedule slippages or threats of the same should be timely reported to us.
5. Furthermore, the participation of the Secretariat in the Lome meeting of July 8-12 will consist of the making available of the meeting room and the interpreters, as the Commercial Group and the USAID Technical Assistance will be in charge of the rest of the logistics (transport, per diems, etc). We recommend that you approve such participation.

6. As recommended at the last Directors and the Executive Secretary meeting held in Abuja on May 27, 2002, you should approve the project presentation to the ECOWAS Parliament as mentioned above.

The Director of
Infrastructure and Industry Department

Amadou Diallo

Attached: New WAGP Project Schedule

ECONOMIC COMMUNITY OF
WEST AFRICAN STATES



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DE L'OUEST

West African Gas Pipeline Project (WAGP)

**PIC Meeting
with the Commercial Group**
Lomé, 08-12 July 2002

Mission Report

Abuja, July 15, 2001

I. Introduction

The Project Implementation Committee (PIC) for the West African Gas Pipeline (WAGP) Project and the Commercial Group met in Lomé from 08 to 12 May, 2002 as a follow up of the Steering Committee & Sponsors' Management Committee meeting held in Abuja on June 14, 2002. Two sessions took place: the Legal meeting (July 8-9) and the HSE Workshop (July 10-12).

All currently appointed PIC members were present. All Legal representatives of the States were present, except Nigeria. All countries were represented by at least two representatives at the HSE workshop.

Mr. Amadou Diallo, DII, represented the ECOWAS Secretariat, as well as the TAC and two Nexant experts (one for Legal meeting, one for HSE Workshop).

The purposes of the meetings were:

1. Legal Meeting:

- to attend a presentation by the Commercial Group of the Project Agreement Structure Proposal and the Due Diligence Summary for the Project legal framework, as contained in the CATS
- to agree on such structure, as well as on a Work Program for the drafting and agreement on the Project (Concession) Agreement documents

2. HSE Workshop: to resume workshop activity, at the time PCE is ongoing, to prepare for the drafting and approval of the EIA.

II. Outcome of the Meeting

1. PIC Legal Meeting

The following conclusions were reached in respect of the Project document structure:

a) The document structure will be composed of

- i. An International Project Agreement containing the agreed commercial terms between the States and WAPCo;
- ii. A Treaty between the four States containing State to State undertakings and establishing the WAGP Authority; and
- iii. Specific enabling legislation in each State to harmonise laws and regulations applicable to WAGP in each State.

b) The PIC supports the above Project document structure provided that:

- i. The document package will not deviate from the principles of the CATS.
 - ii. The Commercial Group will be responsible for presenting outlines of the specific enabling legislation for each State.
 - iii. The Project document structure will not result in any delay, on the basis of the Project Schedule agreed at the meeting in Abuja on 14 June 2002.
 - iv. The development of the Project document structure will involve the active participation of the States lawyers and the PIC.
- c) **Work Programme:** the attached Work Program was adopted. All States Delegates logistics expenses to be supported by CG.
- d) **Administrative Body:** the issue was brought in the meeting and the following was agreed:
- i. Certain key elements of the WAGPA might be required at the start of year 2003.
 - ii. A detailed operating budget for the WAGPA should be drafted by the PIC, and proposal made to put in place WAGPA as from January 1st, 2003. Such will be discussed at the next PIC meeting in Cotonou.
 - iii. The Project documents referred above will detail the role of the WAGPA in accordance with the requirement of the Project

2. EIA Workshop with HSE Group

The following topics were addressed:

- Project Update
- Refresher of HSE Group: EIA Chronology, EIA Process Cross Reference, EIA TOR & Report Format
- Action Items
- Design Standards
- Permitting & Approvals
- Expediency & Harmonization of the EIA process
- First 6 months Engagement Plan

Follow up

Legal Meeting: States Lawyers to meet with CG on August 19-23 in Cotonou to review Project Agreement drafting. States Fiscal Experts to attend two out of the five days session.

PIC-CG Meeting: Next meeting in Cotonou, Aug 21-22; A WAGPA Budget & Initiation Plan to be prepared for discussion

HSE Workshop: Next meetings programme yet to be finalized

III. Conclusions and recommendations

1. The newly proposed Project document structure is acceptable. It creates more legislative work only in theory, as it will sets more solid legal basis for the future.
2. The Commercial Group is actually abiding by the requirements of the Steering Committee and has accepted an accelerated programme for the drafting, negotiation, signature and ratification of the Project legal documents
3. Discussions about the putting in place of the Administrative Body – and its funding by the Commercial Group – will be held at next meeting. The States will request a initiation plan as early as January 2003.

The Director of
Infrastructure and Industry Department

Amadou Diallo

Attached: Work Programme

ECONOMIC COMMUNITY OF
WEST AFRICAN STATES



COMMUNAUTE ECONOMIQUE
DES ETATS DE L'AFRIQUE
DE L'OUEST

West African Gas Pipeline Project (WAGP)

**PIC Meeting
with the Commercial Group**
Cotonou, 02-06 September 2002

Mission Report

Abuja, Sept 9, 2002

I. Introduction

The Project Implementation Committee (PIC) for the West African Gas Pipeline (WAGP) Project and the Commercial Group met in Cotonou from September 2nd to September 6th, 2002. Two sessions took place: the Legal & Fiscal Workshops (Sept 2-6) and the PIC meeting with the Commercial Group.

All currently appointed PIC members were present, except for Nigeria. All Legal and Fiscal State representatives of the States were present, except the Fiscal Representative for Nigeria.

Mr. Amadou Diallo, DII, represented the ECOWAS Secretariat, as well as the TAC. One Legal Nexant expert attended the Fiscal & Legal workshops.

The purposes of the meetings were:

1. Fiscal & Legal Workshops:
 - Review the Interim draft of the Project documents (International Project Agreement, Treaty and Legislative Outlines) proposed by the Commercial Group
 - Receive the first feedback from the States representatives thereon.

2. PIC Legal Meeting
 - Acknowledge receipt of the Revised Project Schedule, following the SC/SMC meeting of June 14th in Abuja
 - Agree on the Administrative Body initiation programme and budget

II. Outcome of the Meetings

1. Fiscal & Legal Workshops

Nexant Legal Advisors had previously reviewed the earlier draft documents issued by the CG. Nexant Advisors had brought substantial modifications to the draft. Participants reviewed the improved draft in their entirety for the Fiscal and Legal matters. The documents however need more amendments.

2. PIC Meeting with the Commercial Group

Four items were in the agenda:

- Monthly Reports: the PIC requested more details and generally complained about the poor flow of information coming from the CG. The CG showed determination to improved the matter.

- Revised Project Schedule: the Schedule shows a Completion date on June 30, 2005, in conformity with the SC Chairman request at the last SC/SMC meeting. Final Investment Decision (FID) date is Dec 26, 2003.
- WAGP Authority: the Parties agreed that the proposed composition of the WAGPA and related budget were reasonable in regard to the tasks devoted to the WAGPA, as per the Project documents. Agreement thereon is subject to further approval of the SC & SMC.
- WAGP Project Development Travel Costs:

1) Letter from the CG on Travel Costs

The PIC acknowledged receipt of the copy of a letter from the SMC Chairman to the Chairman dated September 4th, on the subject.

According to the letter, the CG is willing to pay for travel costs incurred by the States representatives linked to the development of the Project until FID. Such payments would be subject to a Policy based on a "legal due diligence" undertaken by the CG.

"The Commercial Group ... has undertaken due diligence to understand the legal requirements of such an arrangement as well as the need to establish transparency ... to avoid certain misperceptions regarding the Commercial group paying costs on behalf of government Representatives"

The Policy states in particular:

- a) That the USAID rules shall apply or, alternatively, the CG will pay expenses "at cost"
- b) That each country Minister shall state in writing that his Government will not fund the travel cost of his Representatives, and request that the CG pay these costs according to the Policy.

In addition, the CG is seeking concurrence from the World Bank "that implementing the proposed Policy Statement will not prejudice or otherwise impede establishing the MIGA financial guarantee required in conjunction with the Takoradi Gas Sales Agreement"

2) The PIC resolved

That the ECOWAS should prepare a counterproposal on behalf of the States, requesting that the ECOWAS Secretariat travel cost Policy should apply. The PIC Members will seek a feedback on the letter from their Minister, and will address it to ECOWAS with a view to prepare the response to the CG.

III. Follow up

Legal & Fiscal Workshop with the French speaking countries: States Fiscal and Legal representatives of Benin and Togo should meet with CG French speaking lawyer in Cotonou the week of September 16 to harmonize concepts of French and English laws contained in the Project documents.

PIC-CG Meeting: Next meeting in Abuja, Sept 23-27. The first two days will be dedicated to a PIC internal meeting, the next three days being dedicated to negotiating with the CG. These meetings are subject to reaching an agreement with the CG on the WAGP delegates travel costs.

HSE Workshop: The next meeting, in the framework of the EIA drafting, is scheduled for the week of September 23 in Cotonou.

IV. Conclusions and Recommendations

1. The Interim draft of the Project documents proposed by the CG is a good base for negotiation, but needs to be completed. The Technical Assistance will provide recommendations at the internal meeting in Abuja.
2. The WAGPA structure for the first year (4 persons) together with a proposed budget of \$300,000 is acceptable. However, the budget does not provide for the cost of office space. We recommend that NNPC be approached in this regard.
3. We recommend that the ECOWAS Secretariat accept to coordinate the Ministers' response to the Commercial Group regarding the issue of Travel Costs in the framework of the WAGP negotiation meetings and EIA/Permitting coordination workshops. Application of the ECOWAS Secretariat Policy should be requested. This is a serious issue that need to be resolved soon, in order to avoid disruption of the Work Programme and delay in the Project Completion Date.

**The Director of
Infrastructure and Industry Department**

Amadou Diallo

Attached:

- Revised Project Schedule
- WAGP Authority Budget
- Letter from the SMC Chairman to the Chairman of the Steering Committee on WAGP Travel Costs

MEMORANDUM
15 July 2002

TO: Ministry of Integration, Nigeria
FROM: TAC
COPIES: DES, DII
TOPIC: West Africa Gas Pipeline – Progress Status Memos

The attached memos give an overview of the progress on the WAGP on July 15th, 2002

1. June 2002 Monthly Report
2. Updated ECOWAS Activity Report, 1st Semester 2002

The following points give the essential facts:

1. Updated, reduced Project Schedule

The Steering Committee requested that the Commercial Group endeavors to complete the WAGP (first gas target) on June 30, 2005, and the Commercial Group accepted.

2. Concession Agreement

The States and the Commercial group will endeavor to draft, negotiate, approve, sign and ratify the project Agreements (Concession Agreement, Treaty and related legislations) for the end of the year 2002.

3. Preliminary Commercial Evaluation (PCE)

The above schedules are subject to the completion of the Preliminary Commercial Approval (PCE) by the Commercial group on July 31st, 2002.

ECONOMIC COMMUNITY OF
WEST AFRICAN STATES



COMMUNAUTÉ ECONOMIQUE
DES ETATS DE L'AFRIQUE
DE L'OUEST

***WEST AFRICA GAS PIPELINE
(WAGP)***

**ACTIVITY REPORT
First Semester 2002**

Abuja, June 5, 2002

1. Objectives of the Semester

- **General Mission:** Supporting and coordinating the activity of the WAGP Sponsor States in the development of the WAGP Project
- **Particular Objectives:**

OBJECTIVE	RESULT	COMMENT
1. Launch Concession Agreement Draft	Objective Reached	Draft CA completed. To be delivered by CG in June
2. Adoption of Admin Body Structure by CG	CG answered to PIC proposed Structure	States to consider CG response
3. Adoption by SC of Admin Body Structure	Not achieved	Pending review of CG counterproposal by PIC
4. Launch negotiation on Concession Agreement	Objective Reached	First meeting scheduled July 8-9, 2002
5. First Negotiation of CA	Not achieved	Delayed by Commercial Agreement Negotiations
6. Launch EIA Study	Objective Reached	First meeting scheduled July 10-12, 2002
7. Adoption of Gas Marketing Study	Not achieved	Delays in Data Collection
8. Consideration of 1st Draft of EIA Study	Not achieved	Delayed by Commercial Agreement Negotiations

General Comments:

1. WAGP Activities that required completion of the Commercial Agreement were delayed, as the Interconnection Agreement between the CG and NNPC, and the Shareholders Agreement, were delayed.

2. Although the PCE was not achieved, the CG agreed to initiate with the States in anticipation some of the tasks pertaining to the Concession Agreement and the EIA.

2. Activities of the Semester

2.1 Specific Actions

2.1.1 Follow Up and Coordination of the Activities of the States in the Framework of the WAGP Commercial Agreements

The mission of the ECOWAS Secretariat and the Technical Assistance was to help the States moving the Project forwards with an aim at protecting their interests and the interest of the Project.

A key intervention took place at the highest level in the negotiation of the ELPS Interconnection Term Sheet. This intervention helped the negotiating parties moving forward. Besides, the status of the Commercial Agreements is as follows:

1. The LOI and Gas Sale Agreement Term Sheet between the CG/N-Gas and the VRA Takoradi Joint Venture of Ghana, which had been cause of delays since last year, were executed on June 3rd.
2. Two main steps remain to achieve PCE and enter the Project next phase:
 - a) Finalise the Interconnection Agreement Term Sheet between CG and NNPC
 - b) Resolve GNPC Project development cost balance

2.1.2 Other Activities

The ECOWAS Secretariat and Technical Assistance team worked on the following documents during the Semester:

Deliverables:

- Memo to ECOWAS "Summary of Project Main Steps" – Jan 02
- ECOWAS Quarterly Report Q4 01
- Memo to Executive Secretary on Extension of WAGP to Dakar – Mar 02
- Project card "Gas Pipeline Extension to Dakar"

2.2 Studies

The following Studies were conducted by the Consultant Nexant, within the framework of the WAGP Project:

- Administrative Body Design and Operating Procedures

Updating of the French and English versions of the WAGP Institutional Framework, following PIC meeting of Q4 2001.

Deliverables:

- Report on Establishment of the West Africa Gas Project Authority, both French & English versions
- Gas Marketing Promotion Strategies (GMPS):

Study objectives:

- a) Determine the usage that the gas delivered in Benin, Togo and Ghana should be dedicated to, and
- b) Define the means through which potential users in the three countries will develop their access to gas.

Data collected during Assessments Visits of Q4 2001 were analysed and complementary questionnaires were sent. Assessment Visit to collect Nigerian experience was performed on February 18-21 by the TAC and one Nexant expert.

Reception of key complementary data was delayed due to reluctance of potential gas users to release their internal costs of energy. As a result, the Consultant proceeded with a cost build up. However, the overall study was delayed due to late receipt of information. Submission of Study Report is scheduled for the end of June.

Nevertheless, document entitled "Overview of Gas Usage", which is part of the Study, was completed and sent to translation. Draft of the GMPS Report was initiated.

- Clean Development Mechanism (CDM)

Study Objectives: familiarize the SC and the PIC on the Carbon Credits opportunities, following a request by the SC Chairman about the possibility to finance the Countries shares in WAPCO.

The Study is under final review.

2.3 Meetings & Workshops

Jan 24 to Feb 1 – NEPAD Forum in Dakar

- **Purpose:** to initiate the NEPAD works in the Energy sector, as part of the Energy, Environment, Infrastructure & NTIC group of sectors.
- **Participants:** Mr. Amadou Diallo, ECOWAS Secretariat; Alain Rosier, WAGP TAC, Nexant, FOR THE energy sector. The ECOWAS Secretariat was also represented in the three other sectors.
- **Achievements:** The ECOWAS Secretariat participated in the Energy Commission, the Experts Commission and the Ministers Commission. The Secretariat presented two reports on the West Africa Gas Pipeline and on the West Africa Power Pool, respectively. The Secretariat acted as rapporteur in both Energy and Experts Commissions
- **Conclusions:** His Excellency Maitre Abdoulaye Wade, President of the Republic of Senegal, declared January 28, 2002 a historic date for the development of Africa. At the same time, a similar Forum was taking place in

the 4 other Regions of Africa. Maitre Wade indicated that, although the Dakar Forum was organized on a fast track basis, the number of Ministers present proved it a success. At the end of the three-day conference, 12 out of the 15 countries of ECOWAS had attended, all four commissions included.

- **Recommendations:** The projects eligibility criteria need to be clarified as regards the projects nature and purpose, their order of priority, their intended financing structure and the expected lenders/donors. The initiative needs to be further promoted among its members themselves (absence of Nigeria and seven other countries in the Energy Commission). Nevertheless, one can expect that NEPAD become a common reference for the African projects in the near future.
- **Deliverables:** WAGP NEPAD Progress Status, Vision & Critical Steps, English & French versions; WAPP Vision Statement & Action Plan, English & French versions; Resume of discussion on WAGP/WAPP with Commission (French version); Ministers Energy Commission Report, English and French versions; List of projects, Power Hydro & Transmission
- **Follow up:** The next Forum, involving countries Ministers, is scheduled on April 15-17, 2001.

May 06 to 10 – PIC & SC-SMC Meetings with CG in Houston

- **Purpose:** to meet with the Commercial Group and deliberate on their request for an MOU extension
- **Participants:** The Executive Committee Chairman and representatives of the Ministers of Nigeria, Togo and Benin; Dr. (Mrs) Aribisala & Mr. Amadou Diallo, ECOWAS Secretariat; all PIC Members; the VRA Managing Director and his staff; the SMC and the Project Team of the Commercial Group; the WAGP TAC, the USAID Project Manager and the Nexant MD.
- **Achievements:** Presentation of the Project Status by the CG, including the Project Schedule indicating a Completion Date on August 2006. Response by the SC Chairman. Remarks by the ECOWAS DES.
- **Conclusions:** The Steering Committee expressed disappointment regarding the slow pace of the project. No decision on MOU extension was made due to absence of three Ministers. CG was asked to present a new Project Schedule allowing gas delivery not later than 2005. PIC and CG should meet in that regard. Next SC-SMC meeting shall be in Abuja week of June 10.
- **Recommendations:** The Executive Secretariat should follow closely the developments of internal negotiations within the CG, which are cause of the delay of the project. The CG was told that they should improve their project staff and procedures, as their present set up was not fit to implement a “fast track schedule” to which they are committed.
- **Deliverables:** SC-SMC Meeting Aide-Mémoire; SC-SMC Meeting Report (French & English); Nexant-drafted Statement by the SC Chairman; Actual Statement by the SC Chairman; Memo to the DES on the opportunity to extend the MOU.
- **Follow up:** next PIC meeting with CG in London, May 28-31; next PIC & SC meeting with CG, June 13-14 in Abuja.

May 28 to 31 – PIC & CG Meeting in London

- **Purpose:** to meet with the Commercial Group and work on improving the Project Schedule
- **Participants:** Mr. Amadou Diallo, ECOWAS Secretariat; all PIC Members; the Project Team of the Commercial Group; the WAGP TAC and two experts of Nexant.
- **Achievements:** Presentation of the new Project Schedule by the CG, Completion Date on May 2006. Schedule was rejected by the PIC; following time saving suggestions by PIC, a new Project Schedule indicating Completion Date in December 2005 and start of Construction in March 2004 was presented by the CG. The CG added that they would improve their Project Team and procedures, giving more reliability to the Schedule. CG also stressed that same diligence would be required from the States in their own contribution to the Schedule. The CG informed the PIC that the structure of the CA should incorporate a Treaty between the four States and national pieces of legislation, in order to legalise the CA.
- **Conclusions:** The PIC acknowledged that the Project Schedule should be presented as such to the Ministers. The CG indicated that they would require an extension of the MOU to the 1st of August 2003, i.e. the projected date of execution of the Concession Agreement, according to the Schedule. The PIC and the Legal, Environmental & Permits Working Groups will meet with the CG in Lomé from July 8 to July 12, to elaborate on the CA Structure and the initiation of the EIA.
- **Recommendations:** That the Executive Secretariat agree with the new Project Schedule and the request for an MOU extension to August 1, 2003. That the attention of Nigeria and Ghana Heads of States be drawn on the fact that a) negotiations on the WAGP-ELPS interconnection are yet to be completed, and b) delay in payment of the balance of Ghana share in WAPCo is preventing PCE to be achieved and the Project to move forward.
- **Deliverables:** PIC Workshop Nexant Presentation; PIC/CG Meeting Aide-Mémoire (French & English); WAGP Project Schedule; Draft MOU Extension
- **Follow up:** next PIC & SC meeting with CG in Abuja, June 13-14; next PIC & Working Groups workshops with CG, July 8-12 in Lomé.

3. Impact and Performances

. Role of ECOWAS Secretariat as facilitator affirmed in the follow up of the WAGP Project. This illustrated in particular in the negotiation of ELPS Interconnection Agreement, and in the PIC negotiation with the CG to shorten the Project Schedule. Same comment can be made in the development of the NEPAD Forum.

4. Objectives of the next Semester

- **Orientation of General Mission:** transition between Stage A (Term Sheets) and Stage B (Final Agreements) of Project Definitional Phase. Initiation and partial

implementation of Project Definitional Phase Stage B. Stage B is scheduled to be completed in March 2004.

The Definitional Phase Stage B consists of the execution of the final Concession and Commercial Agreements, the ratification of the CA, the Consent & Support Agreements by the Purchasing States, including World Bank and MIGA support, and the implementation of the Environmental Impact Assessment (EIA), the Front End Engineering & Design (FEED), the award of Land and Permits, and the Project Final Development Plan (FDP).

- **Particular Objectives:**

ACTIVITIES	OBJECTIVES	COMMENTS
1. MOU Between CG and the States	Execute MOU Extension	Extension up to Aug 1 st 2003 required by CG
2. Follow up Project PCE critical issues	Reach PCE not later than August 1st	CG, NNPC, Ghana involved
3. Admin Body Structure	Adoption by CG Adoption by SC	Prepare answer for July 8-9 Meeting w/ CG
4. CA Negotiation	Reach CA Final Draft before end of 2002	Initiate at July 8-9 meeting in Lome
5. EIA Drafting	Perform first season sampling. EIA Study to be completed Feb 03	By CG with interactive follow up by HSE Group
6. Gas Marketing Promotion Strategy	Adoption of GMPS Study	Document to be presented end of June to the PIC
7. CDM Study	Deliver CDM Study	

WEST AFRICA GAS PIPELINE CONFIDENTIAL

January-02

Progress Status

Phase	Main Steps	Status
(1) <u>Conceptual</u>	. Recommendation by Energy Ministers of Members States to use gas flared in Nigeria based on report from Bain Cuneo and Associate (1993)	Completed
	. Nigeria, Ghana, Togo & Benin commit through the HOA to allow for the development of the West Africa Gas Pipeline and appoint the Steering Committee (SC) (1995)	Completed
	. SC appoints the Project Implementation Committee (PIC)	Completed
(2) <u>Feasibility</u>	. Engineering Feasibility Study successfully completed by Pipeline Engineering GMBH confirms viability of a USD 500M Project transporting up to 500MMcfd/day with an expected date of service in 2002	Completed
	. Through the MOU, the four States appoint the Commercial Group (CG) as the Developer of the Project (Aug 1999)	Completed
	. The ECOWAS Secretariat, as permanent secretary of the SC, agrees with the USAID to fund a Technical Assistance Programme to help the States negotiate the Concession Agreement, and select NEXANT as the Advisor	Completed
(3) <u>Definitional Stage A</u>	. Through the IGA, the four States commit to harmonize their rules and regulations, including the Fiscal Regime, to facilitate the development of the Project (Feb 2000)	Completed
	. The Technical Assistance programme initiation allows the selection and training of the Negotiating Team representing the States (Jan-June 2000)	Completed
	. The Concession Agreement Term Sheet (CATS) is successfully negotiated with the CG (June-December 2000)	Completed
	. The Commercial Agreements Term Sheet negotiations are pursued by the CG and the gas Buyers and Shippers, and NNPC for delivery through the ELP line	Ongoing
	. The gas Sellers, regrouped in N-Gas, negotiate the Gas Purchase & Sale Agreements (GPSA) Term Sheets with the Buyers.	Ongoing
	. The West Africa Project Company (WAPCo) will be established after the CG produces the Shareholders Agreement Term Sheet and the States have approved WAPCo structure. WAPCo will design, own, operate, and finance the WAGP	Ongoing
	. The CG and the States are jointly developing the preliminary Environmental Impact Assessment (EIA)	Ongoing
	. The Preliminary Commercial Evaluation (PCE) will allow CG to commit additional funds to the development of the Project	Mar-02

(3) Definitional Stage B

. The CG or WAPCo, when established, will consolidate the works undertaken in Stage A:

- negotiate and execute the Shareholders Agreement
- negotiate and execute the Concession Agreement
- negotiate and execute all Commercial Agreements
- draft Final Development Plan
- implement the Front End Engineering and Design (FEED)
- implement the EIA
- perform survey and negotiate Right of Way

Mar-02
to
end 2003

. The States will perform their own part of the Project, through the PIC and later the Administrative Body:

- negotiate and execute and ratify the Concession Agreement
- review and approve the Final Development Plan, the EIA and the Environmental Management Plan (EMP), including all compulsory procedures of interconnections with the NGOs and the Public
- harmonize and start issuing permitting
- implement policies promoting Gas Market growth

Mar-02
to
end 2003

. The Technical Assistance will pursue its programme until at least March 2002, including assisting drafting and negotiations of the CA, designing, training and assisting the Administrative Body who will manage the CA, defining and helping implementing a Gas Marketing Strategy and the Pipeline Regulation Process. Extension is possible.

Jan-00
to
Sep-02

. Definitional Phase Stage B will be completed by the Final Investment Decision (FID) through which WAPCo will commit to spending the USD 500Millions cost of this pipeline

beginning 2004

(4) Development

- . Pipeline Construction
- . Finalize WAPCo Regulation
- . Pursue implementation of Marketing Growth Strategy
- . Prepare for Operation

beginning 2004
to
beginning 2006

(5) Operation

- . Operation of the Pipeline By WAPCo
- . Concession Agreement Administered for the States by the Administrative Body

from begin. 2006 on

ECONOMIC COMMUNITY OF
WEST AFRICAN STATES



COMMUNAUTE ECONOMIQUE
DES ETATS DE L'AFRIQUE
DE L'OUEST

NEPAD

**West Africa Gas Pipeline Project
(WAGP)**

**PROGRESS STATUS, VISION &
CRITICAL STEPS**

DAKAR, JANUARY 25-28, 2002

MERIDIEN PRESIDENT

INTRODUCTION

The present report constitutes a summary of the activities conducted in implementing the West Africa Gas Pipeline Project to date, and the future steps yet to be accomplished until its completion. It also presents the economic vision of the ECOWAS through the Project, and states the main critical steps encountered in its realization.

1. PROGRESS STATUS

The "active" phase of the development of the West Africa Gas Pipeline was initiated in August 1999, with the execution of the MOU between the States (Ghana, Togo, Benin & Nigeria) and the Commercial Group consisting of Chevron, Shell, and the four national gas companies of the concerned states.

At the same date, the ECOWAS Secretariat executed with the USAID a Protocol for the funding of a high level technical assistance for the benefits of the concerned states on the Project.

In February 2000, the States executed the Intergovernmental Agreement, confirming their commitment to put in place legal and regulatory dispositions in favour of the development of the Project.

Benefiting from the coordination of the ECOWAS Secretariat and from the support of the technical assistance, the States later formed a negotiation team including more than 50 governmental experts from the four countries. This team benefited from a training and capacity building programme extending over several months and covering all specialties required for the negotiation of cross-border gas transportation contract. This technical assistance will be pursued until the conclusion of the Concession Agreement and, we hope, beyond according to the needs of the States.

Negotiations between the States and the Commercial Group, aiming at defining the Concession Agreement Term Sheets (CATS), began in June 2000, and were concluded in December of the same year. A total of 12 negotiation meetings, all coordinated by the ECOWAS Secretariat, and funded by the USAID for the most part, allowed an achievement in such a short timeframe.

However, the continuation of the works linked to the establishment of the Concession Agreement remained subject to the conclusion of the so-called Commercial Agreement "Term Sheets": gas transport and sale agreement, agreement between investing shareholders, interconnecting agreement with the NNPC network. Negotiations of these agreements are currently in their final phase, the first sale agreement being between Ghana's VRA and the Commercial Group. Deliveries to Ghana represent the largest part of the volumes at stake, i.e. about 85%.

The Parties hope to conclude these negotiations at the end of February 2002. At this stage, the following will still have to be achieved:

- Proceed with the drafting, negotiation and execution of the Concession Agreement itself, and the same for Commercial Agreements.
- Negotiate and execute the gas sale agreements with Benin and Togo.
- Proceed with the Environmental Impact Assessment.
- Proceed with the ratification of the Concession Agreement, or with any legislative dispositions that may be required following the legal due diligence presently conducted.

Waiting for the end of the commercial negotiations, i.e. since the beginning of the year 2001, the ECOWAS-coordinated States team pursued its work, dedicating itself to two studies considered essential for the Project:

- On the one hand, the definition of the structure and of the operating mode of the Administrative Body, which is to manage the Concession Agreement on behalf of the States. To this extent, the ECOWAS and the States Project team produced a document entitled "WAGP Agency, Institutional Framework". The document is currently under scrutiny by the concerned governmental administrations and agencies.
- On the other hand, the elaboration of the WAGP-transported Gas Market Promotion Strategies (GMPS), aiming at defining what could be the development of national networks delivering the gas to the power producers and the heat-consuming industries. This study covers the commercial and regulatory aspects and the governmental incentive policies enhancing the development of WAGP gas utilization. This last effort should allow optimising the Market growth, therefore accelerating the decrease of the gas price, and by the same token the cost of energy in the Region.

In addition, the environmental group of the States Project team pursued its meetings in preparation of the Environmental Impact Assessment, in a way as to begin the EIA study in the best conditions of time and efficiency, as soon as the investors will have given the green light regarding the funding of this phase of development of the Project. The ECOWAS is adamant that all attention is brought to the respect of national and international laws in the matter, and will make sure that the required procedures are, a) followed by the Promoters, and b) correctly perceived by the public.

Moreover, specific missions were led during the year 2001 by the Secretariat for the benefit of Ghana, in the framework of an "ad hoc" assistance to the negotiation of the gas transport and sale agreement term sheet.

The year 2002 will be dedicated to the final drafting of the Project Agreements (Concession and Commercial). The beginning of the construction phase is scheduled during the year 2003. So far, the Parties endeavour to accelerate the tasks to secure a beginning of the operations before the end of 2004.

2. VISION STATEMENT

The supply of gas from Nigeria will allow increasing the satisfaction of energy needs in surrounding countries, under conditions considered to date, and for many years to come, as **cheaper, easier and faster** to be implemented. The hope of the purchasing countries is to reduce the fuel bill by about 20% at the beginning of the project, and in even larger terms as the sales of gas will develop.

The first beneficiaries of the WAGP gas should be the **power producers**, the gas replacing the fuels currently burnt in the plants. Moreover, the access to gas will make available to the **heat-consuming industries** a cleaner and cheaper source of energy. Finally, **other specific usages** of the WAGP gas which, let us remind it, is Methane, and therefore excludes LPG, will be examined on a case by case basis, as the cost of delivered gas will decrease with the increasing volumes of delivered gas.

Even if certain ECOWAS countries do not, in a first stage, have direct access to WAGP gas, those countries will nevertheless be beneficiaries of the Project windfall through the delivery of electricity that will be generated by the WAGP gas purchasing countries. The West African Power Pool system will allow such delivery.

3. CRITICAL STEPS

The development stages that took place during the year 2001 demonstrated the need to anticipate and meet the requirements of financing and guaranties inherent to gas projects, particularly the obligation made to the purchasing country to commit to the purchase of a minimum quantity of gas on the very long term (20 years).

In this regard, the difficulties encountered can be summarized as follows:

- Acceptance of a "Take-or-Pay" contract
- Adjusting the electricity national price policies in order to cover the costs of productive investments, purchase of fuel and management, hence creating the first link of a sustainable chain of commitments.
- Financing of the cost of participation of the four countries in the Pipeline Company.
- Support and Consent of the purchasing States in respect of gas purchase and sale contracts executed by their national companies.
- Agreement upon a balanced risks sharing scheme between the stakeholders.

In this respect, the experience of Ghana should serve in the future to all countries of the Region concerned by the purchase of gas. The ECOWAS Secretariat will be able to facilitate the inter-states relationship to achieve that purpose.

ECONOMIC COMMUNITY OF
WEST AFRICAN STATES



COMMUNAUTE ECONOMIQUE
DES ETATS DE L'AFRIQUE
DE L'OUEST

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Projet de Gazoduc de l'Afrique de l'Ouest (PGAO)

ETAT D'AVANCEMENT, VISION & ETAPES CRITIQUES

DAKAR, 25-28 JANVIER 2002

MERIDIEN PRESIDENT

INTRODUCTION

Ce présent rapport constitue le résumé des activités menées dans le cadre de la mise en œuvre du Projet de Gazoduc de l'Afrique de l'Ouest à ce jour, ainsi que des futures étapes à réaliser d'ici à son achèvement. Il présente également la vision économique de la CEDEAO à travers ce projet, et cite les principales étapes critiques rencontrées dans sa réalisation.

1. ETAT D'AVANCEMENT

La phase « active » du programme de développement du Projet de Gazoduc de l'Afrique de l'Ouest a été mise en place au mois d'août 1999, avec la signature du Protocole d'Accord entre les Etats (Ghana, Togo, Bénin et Nigéria) et le Groupe Commercial formé de Chevron, Shell et des quatre sociétés nationales de gaz des Etats concernés.

A la même date, le Secrétariat de la CEDEAO a signé un accord avec l'USAID pour le financement d'une assistance technique de haut niveau au bénéfice des Etats sur le Projet.

En février 2000, les Etats ont signé l'Accord Intergouvernemental confirmant leur engagement à prendre des dispositions légales et réglementaires favorables au développement du Projet.

Bénéficiant de la coordination de la CEDEAO appuyée par l'assistance technique, les Etats ont constitué une équipe de négociation comprenant plus de 50 experts gouvernementaux en provenance des quatre pays. Cette équipe a bénéficié d'un programme de formation et de renforcement des capacités s'étalant sur plusieurs mois et couvrant l'ensemble des spécialités requises pour la négociation des contrats de transport de gaz transfrontalier. Cette assistance technique se poursuivra jusqu'à la conclusion de l'Accord de Concession, et, nous l'espérons, au-delà, selon les besoins des Etats.

Les négociations entre les Etats et le Groupe Commercial, visant à définir les Termes Principaux de l'Accord de Concession (TPAC), ont commencé en juin 2000, et ont été conclues en décembre de la même année. Un total de 12 réunions de négociation, toutes coordonnées par le Secrétariat, et la plupart financées par l'USAID, ont permis cet aboutissement dans ce court délai.

Toutefois, la poursuite des travaux relatifs à l'Accord de Concession reste soumise à la conclusion des termes principaux des accords dits commerciaux : accords de vente et de transport de gaz, accord entre actionnaires investisseurs, accord d'interconnexion avec le réseau NNPC. Les négociations de ces accords sont actuellement en phase finale, le premier accord de vente se situant entre la VRA du Ghana et le Groupe Commercial. Les livraisons au Ghana représentent la plus grande partie des volumes en jeu, soit environ 85%.

Les parties en présence espèrent conclure ces négociations fin février 2002. A ce stade, il faudra encore :

- Procéder à la rédaction, négociation et signature de l'Accord de Concession lui-même et des Accords Commerciaux proprement dits.
- Négocier et signer les accords de vente de gaz avec le Bénin et le Togo
- Procéder à l'Etude d'Impact Environnemental
- Procéder à la ratification de l'Accord de Concession, ou à toutes dispositions législatives qui seraient requises, suite à l'inventaire des exigences du droit constitutionnel qui sont actuellement en cours.

Dans l'attente de la fin des négociations commerciales, c'est-à-dire depuis le début de l'année 2001, l'équipe des Etats, coordonnée par la CEDEAO, a poursuivi ses travaux en se consacrant à deux études, essentielles pour le Projet:

- D'une part, la définition de la structure et du mode de fonctionnement de l'Organe Administratif qui doit gérer l'Accord de Concession pour le compte des Etats. À cet égard, un document intitulé "Cadre Institutionnel de l'Agence du PGO" a été produit par la CEDEAO et l'équipe des Etats. Il est actuellement à l'étude par les administrations et agences gouvernementales concernées;
- D'autre part, l'élaboration de la Stratégie de Promotion du Marché du Gaz transporté par le Gazoduc (SDMG), visant à définir ce que pourrait être le développement des réseaux nationaux livrant le gaz aux producteurs d'électricité et aux industries consommatrices de chaleurs. Cette étude couvre les aspects commerciaux, de régulation et de politiques gouvernementales d'incitation au développement de l'utilisation du gaz du PGO. Ce dernier effort devrait permettre d'optimiser la croissance du marché, et donc d'accélérer la décroissance du prix du gaz, et par là-même du coût de l'énergie pour la Région.

En outre, la section environnementale de l'équipe Projet des Etats a poursuivi ses réunions préparatoires à l'Etude d'Impact Environnemental, de façon à entamer cette Etude dans les meilleures conditions de rapidité et d'efficacité, dès que les investisseurs auront donné leur accord concernant le financement de cette phase du développement du Projet. La CEDEAO attache une extrême importance au respect des règles internationales et locales en la matière et s'assurera que les procédures requises sont, d'une part, suivies par les promoteurs, et d'autre part, correctement perçues par l'opinion.

Par ailleurs, des missions spécifiques ont été menées au cours de l'année 2001 par le Secrétariat au bénéfice du Ghana, dans le cadre d'une assistance « ad hoc » à la négociation des accords de vente et de transport de gaz.

L'année 2002 sera consacrée à la rédaction définitive et à la négociation finale des accords (de Concession et Commerciaux) concernant le Projet. Le démarrage de la construction est prévu dans le cours de l'année 2003. A l'heure actuelle, les parties

s'efforcent de réduire les délais sur ces différentes tâches pour assurer une mise en exploitation avant la fin de l'année 2004.

2. VISION DE LA CEDEAO

L'apport du gaz en provenance du Nigéria permettra d'accroître la satisfaction des besoins énergétiques des pays environnants dans des conditions considérées à l'heure actuelle, et pour de nombreuses années encore, comme les moins chères, les plus faciles et les plus rapides à mettre en oeuvre. L'espoir des pays acheteurs est de pouvoir réduire la facture de combustible d'environ 20% au démarrage du projet, et dans des proportions plus grandes encore au fur et à mesure que les ventes de gaz se développeront.

Les premiers bénéficiaires du gaz du PGOA devraient être les producteurs d'électricité, en substitution au fuel actuellement brûlé dans les centrales. En outre, l'accès au gaz mettra à la disposition des industries consommatrices de chaleur une source d'énergie plus propre et moins chère. Enfin, d'autres usages spécifiques du gaz du PGOA qui, rappelons-le, est du Méthane, à défaut de GPL, pourront être envisagés au cas par cas au fur et à mesure que le prix du gaz baissera en fonction de l'augmentation du volume livré.

Même si certains pays n'ont pas dans un premier temps un accès direct au gaz, ils seront néanmoins bénéficiaires des retombées du Gazoduc par les livraisons d'électricité qui leur seront faites par les pays qui en seront générateurs, et cela grâce au système d'échanges d'énergie électrique ouest africain.

3. ETAPES CRITIQUES

Les étapes de développement du projet actuellement en cours ont démontré la nécessité d'anticiper et de répondre aux exigences de financement et de garanties posées par les projets de gaz, notamment concernant l'obligation pour le pays acheteur de s'engager sur une quantité minimum et sur le très long terme.

A cet égard, les difficultés rencontrées peuvent se résumer comme suit:

- Acceptation de la nécessité d'un contrat « Take or Pay »
- Ajustement des politiques nationales de prix de l'électricité de façon à couvrir le coût des investissements productifs, du combustible et de la gestion.
- Financement de la participation des pays dans la Société du Gazoduc
- Consentement et soutien des Etats aux contrats d'achat signés par leurs compagnies nationales.
- Conclusion d'un schéma équilibré de partage des risques entre les parties prenantes.

L'expérience acquise par le Ghana à cet égard devra servir à tous les pays de la Région concernés par l'achat de gaz, et le Secrétariat pourra faciliter les relations inter-pays dans ce sens.

ECONOMIC COMMUNITY OF
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DES ETATS DE L'AFRIQUE
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Projet de Gazoduc de l'Afrique de l'Ouest (PGAO)

ETAT D'AVANCEMENT, VISION & ETAPES CRITIQUES

Abuja, 24 janvier 2002

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En février 2000, les Etats ont signé l'Accord Intergouvernemental confirmant leur engagement à prendre des dispositions légales et réglementaires favorables au développement du Projet.

Bénéficiant de la coordination de la CEDEAO appuyée par l'assistance technique, les Etats ont constitué une équipe de négociation comprenant plus de 50 experts gouvernementaux en provenance des quatre pays. Cette équipe a bénéficié d'un programme de formation et de renforcement des capacités s'étalant sur plusieurs mois et couvrant l'ensemble des spécialités requises pour la négociation des contrats de transport de gaz transfrontalier. Cette assistance technique se poursuivra jusqu'à la conclusion de l'Accord de Concession, et, nous l'espérons, au-delà, selon les besoins des Etats.

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- d'une part, la définition de la structure et du mode de fonctionnement de l'Organe Administratif qui doit gérer l'Accord de Concession pour le compte des Etats. À cet égard, un document intitulé "Cadre Institutionnel de l'Agence du PGO" a été produit par l'équipe des Etats et est à l'étude par les administrations et agences gouvernementales concernées;
- d'autre part, l'élaboration de la Stratégie de Développement du Marché du Gaz transporté par le Gazoduc (SDMG), visant à définir ce que pourrait être le développement des réseaux nationaux livrant le gaz aux producteurs d'électricité et aux industries consommatrices de chaleurs. Cette étude couvre les aspects commerciaux, de régulation et de politiques gouvernementales d'incitation au développement de l'utilisation du gaz. Ce dernier effort devrait permettre d'optimiser la croissance du marché, et donc d'accélérer la décroissance du prix du gaz, et par là-même du coût de l'énergie pour la Région.

En outre, la section environnementale de l'équipe Projet des Etats a poursuivi ses réunions préparatoires à l'Etude d'Impact Environnemental, de façon à entamer cette Etude dans les meilleures conditions de rapidité et d'efficacité, dès que les investisseurs auront donné leur accord concernant le financement de cette phase du développement du Projet. La CEDEAO attache une extrême importance au respect des règles internationales et locales en la matière et s'assurera que les procédures requises sont, d'une part, suivies par les promoteurs, et d'autre part, correctement perçues par l'opinion.

Par ailleurs, des missions spécifiques ont été menées au cours de l'année 2001 par le Secrétariat au bénéfice du Ghana, dans le cadre d'une assistance « ad hoc » à la négociation des accords de vente et de transport de gaz.

L'année 2002 sera consacrée à la rédaction définitive et à la négociation finale des accords (de Concession et Commerciaux) concernant le Projet. Le démarrage de la construction est prévu dans le cours de l'année 2003. A l'heure actuelle, les parties s'efforcent de réduire les délais sur ces différentes tâches pour assurer une mise en exploitation avant la fin de l'année 2004.

2. VISION ECONOMIQUE

L'apport du gaz en provenance du Nigéria permettra d'accroître la satisfaction des besoins énergétiques des pays environnants dans des conditions considérées à l'heure actuelle, et pour de nombreuses années encore, comme les moins chères, les plus faciles et les plus rapides à mettre en oeuvre. L'espoir des pays acheteurs est de pouvoir réduire la facture de combustible d'environ 20% au démarrage du projet, et dans des proportions plus grandes encore au fur et à mesure que les ventes de gaz se développeront.

Les premiers bénéficiaires du gaz devraient être les producteurs d'électricité, en substitution au fuel actuellement brûlé dans les centrales. En outre, l'accès au gaz mettra à la disposition des industries consommatrices de chaleur une source d'énergie plus propre et moins chère. Enfin, d'autres usages spécifiques du gaz du PGO qui, rappelons-le, est du méthane, à défaut de GPL, pourront être envisagés au cas par cas au fur et à mesure que le prix du gaz baissera en fonction de l'augmentation du volume livré.

Même si certains pays n'ont pas dans un premier temps un accès direct au gaz, ils seront néanmoins bénéficiaires des retombées du Gazoduc par les livraisons d'électricité qui leur seront faites par les pays qui en seront générateurs, et cela grâce au système d'échanges d'énergie électrique ouest africain.

3. ETAPES CRITIQUES

Les étapes de développement du projet actuellement en cours ont démontré la nécessité d'anticiper et de répondre aux exigences de financement et de garanties posées par les projets de gaz, notamment concernant l'obligation pour le pays acheteur de s'engager sur une quantité minimum et sur le très long terme.

A cet égard, les difficultés rencontrées peuvent se résumer comme suit:

- Acceptation de la nécessité d'un contrat « Take or Pay »
- Ajustement des politiques nationales de prix de l'électricité de façon à couvrir le coût des investissements productifs, du combustible et de la gestion.
- Financement de la participation des pays dans la Société du Gazoduc
- Consentement et soutien des Etats aux contrats d'achat signés par leurs compagnies nationales.
- Conclusion d'un schéma équilibré de partage des risques entre les parties prenantes.

L'expérience acquise par le Ghana à cet égard devra servir à tous les pays de la Région concernés par l'achat de gaz, et le Secrétariat pourra faciliter les relations inter-pays dans ce sens.

GAZODUC DE L'AFRIQUE DE L'OUEST

Résumé des discussions de la Commission "Energie", 26 janvier 02

1. Description et Etat d'Avancement du Projet

Le Gazoduc de l'Afrique de l'Ouest dans sa phase initiale s'étendra sur 600 km de Lagos à Takoradi au Ghana, avec des embranchements à Cotonou, Lomé et Tema. D'un diamètre de 18 pouces, il permettra de livrer dès sa mise en service 130 millions m³/jour de gaz méthane aux centrales électriques et industries de ces trois pays, dont 85% au Ghana. Sa capacité maximum sera de 400 millions m³/jour, soit une quantité de gaz permettant de produire l'équivalent de 2000 MW et plus.

Les négociations entre les quatre Etats et le Groupe Commercial promoteur du projet, visant à définir les Termes Principaux de l'Accord de Concession (TPAC), ont été conclues en décembre 2000.

Toutefois, la poursuite des travaux relatifs à l'Accord de Concession reste soumise à la conclusion des termes principaux des accords dits commerciaux : accords de vente et de transport de gaz, accord entre actionnaires investisseurs, accord d'interconnexion avec le réseau NNPC. Les négociations de ces accords impliquant la VRA du Ghana sont actuellement en phase finale.

Les parties en présence espèrent conclure ces négociations commerciales fin février 2002. A ce stade, il faudra encore :

- Procéder à la rédaction, négociation et signature de l'Accord de Concession lui-même et des Accords Commerciaux proprement dits.
- Négocier et signer les accords de vente de gaz avec le Bénin et le Togo
- Procéder à l'Etude d'Impact Environnemental
- Procéder à la ratification de l'Accord de Concession, ou à toutes dispositions législatives qui seraient requises.

L'année 2002 sera consacrée à la rédaction définitive et à la négociation finale des accords (de Concession et Commerciaux) concernant le Projet. Le démarrage de la construction est prévu dans le cours de l'année 2003. A l'heure actuelle, les parties s'efforcent de réduire les délais sur ces différentes tâches pour assurer une mise en exploitation avant la fin de l'année 2004.

2. Extension du Gazoduc et Réseau de Gaz Ouest Africain : jusqu'où le Gazoduc peut-il s'étendre ?

Le tracé actuellement envisagé pour la première phase, tracé qui a permis de définir le prix de transport du gaz négocié par la VRA, s'étend jusqu'à Takoradi au Ghana et prévoit des points de livraison intermédiaires à Cotonou, Lomé et Tema.

Il est à prévoir que, si les réserves en gaz de la Côte d'Ivoire venaient à s'épuiser, alors que la côte d'Ivoire aura organisé ses approvisionnements d'énergie à partir du

gaz, le Gazoduc pourra aisément être prolongé jusqu'à Abidjan, étant donné la proximité de la Côte d'Ivoire et le marché qu'elle représente.

Les extensions ultérieures seront soumises à la rentabilité des investissements complémentaires à faire. En particulier, il est souligné :

- . Que le transport de gaz sur de longues distances est cher, à moins qu'il ne soit effectué en grandes quantités, ce qui nécessite l'existence d'un marché important.
- . Que les investisseurs demandent la signature d'accords de vente en Take or Pay avant même de commencer la construction de toute extension.

3. Gazoduc et Power Pool : concurrence ou complémentarité ?

Le Gazoduc servant pour la plus grande part du volume transporté à la livraison de gaz méthane à des centrales thermiques, et l'électricité pouvant être transportée par lignes à haute tension, ne doit-on pas privilégier le réseau d'Echanges d'Energie Electrique Ouest Africain par rapport au Gazoduc?

Quatre raisons au moins militent pour dire que le Gazoduc est nécessaire, et que ce projet et le Power Pool sont complémentaires, et non concurrents ou redondants :

- 1) En l'absence du Gazoduc, le gaz se trouvant au Nigéria, il faudrait envisager que le Nigéria seul produise l'électricité destinée au Bénin, au Togo et au Ghana. Or, indépendamment du souhait par ces pays d'une certaine indépendance en approvisionnement d'électricité, le Nigéria ne pourrait pas assurer cette mission avant longtemps, compte tenu de ses besoins intérieurs énormes.
- 2) Il faudrait de toute façon investir pour renforcer le réseau électrique existant.
- 3) Le Gazoduc servira aussi à livrer du gaz aux industries locales consommatrices de chaleur (cimenteries, textile, fonderies, brasseries, etc). Il permettra donc de créer une véritable industrie du gaz, génératrice d'emploi et de développement, dans les pays concernés.
- 4) Le Gazoduc, en commercialisant du gaz « associé » actuellement brûlé par torchères au Nigéria, et en permettant de substituer du gaz au fuel dans les centrales thermiques, contribuera à la réduction des émissions dans l'atmosphère de chaleur inutile et de gaz à effet de serre.

4. Contrats de Take or Pay : sont-ils un obstacle au développement ?

A propos du Gazoduc, la discussion s'est orientée sur les inconvénients des contrats de Take or Pay, auxquels certains ont reproché leur caractère d'inflexibilité. Il a été souligné :

- 1) Que ces contrats sont inhérents à l'industrie du gaz, et que les bailleurs de fonds se refusent à investir sans une garantie de retour. Ces contrats existent également dans le développement de centrales par les Producteurs Indépendants.
- 2) Que dans un schéma plus classique de financement, une charge fixe équivalente existe néanmoins, correspondant au service de la dette et autres frais de structure.

WEST AFRICAN GAS PIPELINE (WAGP)

QUARTERLY REPORT First Quarter 2002

1. Objectives of the Quarter

- **General Mission:** Supporting and coordinating the WAGP Sponsor States in the development of the Project
- **Particular Objectives:**
 - . Review and comments of the Administrative Body Institutional Framework by the Commercial Group
 - . Pursue Gas Marketing Promotion Strategy (GMPS) study
 - . Prepare Work Programme with the Commercial group if PCE is achieved
 - . Resume Concession Agreement negotiations as soon as Commercial Agreements Term Sheets are finalised and additional funding approved by CG.

2. Activities of the Quarter

2.1 Meetings & Workshops

Jan 24 to Feb 1 – NEPAD Forum in Dakar

- **Purpose:** to initiate the NEPAD works in the Energy sector, as part of the Energy, Environment, Infrastructure & NTIC group of sectors.
- **Participants:** Mr. Amadou Diallo, ECOWAS Secretariat; Alain Rosier, WAGP TAC, Nexant, FOR THE energy sector. The ECOWAS Secretariat was also represented in the three other sectors.
- **Achievements:** The ECOWAS Secretariat participated in the Energy Commission, the Experts Commission and the Ministers Commission. The Secretariat presented two reports on the West Africa Gas Pipeline and on the West Africa Power Pool, respectively. The Secretariat acted as rapporteur in both Energy and Experts Commissions
- **Conclusions:** His Excellency Maitre Abdoulaye Wade, President of the Republic of Senegal, declared January 28, 2002 a historic date for the development of Africa. At the same time, a similar Forum was taking place in the 4 other Regions of Africa. Maitre Wade indicated that, although the Dakar Forum was organized on a fast track basis, the number of Ministers present proved it a success. At the end of the three-day conference, 12 out of the 15 countries of ECOWAS had attended, all four commissions included.

- **Recommendations:** The projects eligibility criteria need to be clarified as regards the projects nature and purpose, their order of priority, their intended financing structure and the expected lenders/donors. The initiative needs to be further promoted among its members themselves (absence of Nigeria and seven other countries in the Energy Commission). Nevertheless, one can expect that NEPAD become a common reference for the African projects in the near future.
- **Deliverables:** WAGP NEPAD Progress Status, Vision & Critical Steps, English & French versions; WAPP Vision Statement & Action Plan, English & French versions; Resume of discussion on WAGP/WAPP with Commission (French version); Ministers Energy Commission Report, English and French versions; List of projects, Power Hydro & Transmission
- **Follow up:** The next Forum, involving countries Ministers, is scheduled on April 15-17, 2001.

2.2 Studies & Other Developments

The ECOWAS Technical Assistance team worked on the following documents and conducted the following studies during the quarter:

- Assistance to the States pending the resolution of WAGP Commercial Agreements critical issues

The mission of the ECOWAS Technical Assistance was to help the States monitor the situation in order to protect their interests and the interest of the Project.

Deliverables:

- Memo to ECOWAS "Summary of Project Main Steps" – Jan 02
- ECOWAS Quarterly Reports Q4 01
- Memo to Executive Secretary on Extension of WAGP to Dakar – Mar 02
- Fiche de Projet Extension Gazoduc vers Dakar

- Study on the Administrative Body Design and Operating Procedures

Updating of the French and English versions of the WAGP Institutional Framework, following PIC meeting of Q4 2001.

Deliverables: Report on Establishment of the West Africa Gas Project Authority

- Study on Gas Marketing Promotion Strategies (GMPS):

Study objectives:

- a) Determine the usage that the gas delivered in Benin, Togo and Ghana should be dedicated to, and
- b) Define the means through which potential users in the three countries will develop their access to gas.

Data collected during Assessments Visits of Q4 2001 were analysed and complementary questionnaires were sent.
Document entitled "Overview of Gas Usage" was drafted.
Drafted of the GMPS Report was initiated.

3. Impact and Performances

- . Role of ECOWAS Secretariat as facilitator affirmed in the follow up of the WAGP Project, as well as in the development of the NEPAD Forum.
- . Coordination of PIC by ECOWAS necessary to understand country issues

4. Objectives of the next Quarter

- **Orientation of General Mission:** transition between Stage A (Term Sheets) and Stage B (Definite Agreements) of Project Definitional Phase.
- **Particular Objectives:** Pursue Gas Marketing Promotion Strategies study; have WAGPA Institutional Framework agreed by Commercial Group; follow up resolution of Project critical issues; prepare Work Programme with the Commercial group if PCE is achieved, and initiate CA Drafting and Negotiation.

WEST AFRICAN GAS PIPELINE (WAGP)

QUARTERLY REPORT Second & Third Quarter 2001

I. SECOND QUARTER

1. Objectives of the Quarter

- **General Mission:** Supporting and coordinating the WAGP Sponsor States in the development of the Project
- **Particular Objectives:**
 - . Help Ghana finalize Takoradi Gas Sale Agreement Term Sheet (GSATS)
 - . Finalize the Foundation Tariff Rate of Return
 - . Proceed with Administrative Body and Gas Marketing Promotion Strategy (GMPS) studies
 - . Resume Concession Agreement negotiations as soon as GSATS is finalized
 - . Execute MOU with USAID for WAGP Technical Assistance Phase II

2. Activities of the Quarter

2.1 Meetings & Seminars

April 18 to 20 – WAGP PIC meeting in Cotonou

- **Purpose:** information on last developments of Gas Sale negotiations in Ghana; review and approve the action plan relative to the Gas Marketing Promotion Strategies; review and approve Technical Assistance Work Plan.
- **Participants:** Amadou Diallo; the Technical Assistance Co-ordinator; the Members of the PIC of Ghana, Nigeria, Benin and Togo, and their alternates.
- **Achievements:** Sponsor States made aware of progress status in Ghana, including Commercial Group four conditions to be satisfied to move the Project forward; decision by the PIC to issue the GMPS Terms of Reference.
- **Conclusions & Recommendations:** Work Programme with the Commercial Group differed until negotiations of the CA can resume, i.e. after finalization of the Gas Term Sheet with Ghana; Approval of the revised Work Plan, including Study Trip to Morocco .
- **Deliverables:** revised Work Plan
- **Follow up:** ECOWAS Secretariat to stay aware of developments in Ghana.

May 8 to 14 – ECOWAS Mission to Accra to meet with Ghana Minister of Energy

- **Purpose:** Meet the Hon. Albert Kan-Dapaah, Minister of Energy of Ghana and Chairman of the WAGP Steering Committee, to propose ECOWAS support in the negotiations of the Gas Sale Agreement Term Sheet.
- **Participants:** Dr. (Mrs.) Aribisala; Amadou Diallo; the TAC
- **Achievements:** ECOWAS Secretariat improve understanding of Ghana difficulties; Minister of Energy requested ECOWAS support on the issue of the Take or Pay in the NNPC-owned ELPS gas line.
- **Conclusions & Recommendations:** ECOWAS to meet with NNPC Group Chairman
- **Deliverables:** Notes of Meeting; Memo from DES (IP) to ES
- **Follow up:** Brief to the President of Nigeria; Executive Secretary letters 1 & 2 to the President of Nigeria; Memo to ES following meeting with NNPC Group Chairman

May 29 to 31 – PIC & SC / SMC Meetings in Accra

- **Purpose:** Project Status Report and Forward Plan; Discussion of barriers to be resolved to move the Project forward; Status and actions related to market development in Ghana, Togo and Benin.
- **Participants:** the Steering Committee members; Dr.(Mrs.) Aribisala; Amadou Diallo; the TAC; the PIC members; the Commercial Group; VRA; USAID.
- **Achievements:** the Commercial Group shall engage into negotiations with Benin and Togo for a Gas Sale Term Sheet.
- **Conclusions & Recommendations:** PIC and CG to meet further to negotiate acceptable foundation ROR; PIC and N-gas to review suitability of gas prices
- **Deliverables:** Meeting Aide-Mémoire
- **Follow up:** parties to meet again within one month.

2.2 Studies & Other Developments

- Study Trip to Maghreb Gas Pipeline postponed due to SC / SMC meetings.

3. Impact and Performances

- . Overall programme delayed following difficulties encountered by Ghana.
- . Role of ECOWAS Secretariat as facilitator affirmed in the negotiation between Ghana and Nigeria.
- . Coordination of PIC by ECOWAS necessary to understand country issues

4. Objectives of the next Quarter

- **Orientation of General Mission:** Assist Ghana in resolving currently encountered difficulties in negotiating Commercial Agreements.

- **Particular Objectives:** Help PIC resolve foundation ROR issue; Pursue Administrative Body and Gas Marketing Promotion Strategies studies; Execute MOU with USAID; follow up resolution of Ghana critical issues.

II. THIRD QUARTER

1. Objectives of the Quarter

- **General Mission:** Supporting and coordinating the WAGP Sponsor States in the development of the Project
- **Particular Objectives:**
 - . Help Ghana finalize Takoradi Gas Sale Agreement Term Sheet (GSATS)
 - . Finalize the Foundation Tariff Rate of Return
 - . Proceed with Administrative Body and Gas Marketing Promotion Strategy (GMPS) studies

2. Activities of the Quarter

2.1 Meetings & Seminars

July 3 & 4 – PIC & SC / SMC Meeting in Lagos

- **Purpose:** to deliberate on the progress of the WAGP Project
- **Participants:** the Members of the Steering Committee; Dr. (Mrs.) Aribisala; Amadou Diallo; the TAC; the Members of the PIC and their alternates; the Commercial Group; USAID
- **Achievements:** Sponsor States made aware of progress recorded in Ghana, although LOI is not yet signed; decision made to extend the MOU between the States and the Commercial group by 9 months.
- **Conclusions & Recommendations:** The States continue to seek low cost gas delivery; subject to confirmation of commitments by the Takoradi Power Plant and the CEB, the Pipeline will be a 18” line with landfalls initially developed at Cotonou, Lome, and Takoradi
- **Deliverables:** ECOWAS Mission Report; Meeting Aide-Memoire
- **Follow up:** the parties shall meet again before end of August.

August 28 & 29 – PIC & SC / SMC Meeting in Accra

- **Purpose:** to deliberate on the progress of the Project.
- **Participants:** the Steering Committee members; Dr.(Mrs.) Aribisala; Amadou Diallo; the TAC; the PIC members; the Commercial Group; VRA; USAID.
- **Achievements:** Presentation to the States of the most recent developments with Ghana: it appears that the Takoradi LOI and attached Gas Sale Term Sheet were initialled by the negotiators of VRA and N-Gas, and are currently

with VRA Board for review; agreement between the States and the CG on a 12% (real term) ROR; execution of the MOU 9 month Extension.

- **Conclusions & Recommendations:** The States continue to seek low cost gas delivery, and expect that all possible avenues aiming at obtaining the lowest possible price of gas be pursued.
- **Deliverables:** MOU Extension; Meeting Aide-Memoire; Memo from DES (IP) to ES
- **Follow up:** the Commercial Group and VRA agreed to meet during the week of September 3, in order to resolve any issue pertaining to the Takoradi LOI that may have arisen.

Sept 25 & 26 – HSE Meeting in Abuja

- **Purpose:** to update the HSE WAGP file
- **Participants:** Amadou Diallo; the TAC; the PIC members of Nigeria, Benin and Togo; the HSE Group members of Nigeria and Togo; Nexant HSE Expert.
- **Achievements:** HSE Group and CG can initiate EIA as soon as PCE is made.
- **Conclusions & Recommendations:** ref. PIC- HSE Action Items documents issued at the meeting
- **Deliverables:** Minutes of Meeting
- **Follow up:** parties to meet again after Preliminary Commercial Evaluation

Sept 27 – PIC Meeting in Abuja

- **Purpose:** To attend a presentation by the Commercial Group in relation to the WAGP Regulations, including Project Design Codes, and Interim Approval procedures; to review and approve the Nexant Proposal for the Gas Marketing Promotion Strategy (GMPS) and Administrative Body Studies.
- **Participants:** Amadou Diallo; the TAC; the Members of the PIC of Nigeria, Benin and Togo, and their alternates; Commercial Group representatives.
- **Achievements:** presentation by the CG of WAGP Design Codes & Standards; approval of the GMPS Study Proposal.
- **Conclusions & Recommendations:** PIC to review proposed Standards with technical Group and Nexant Experts, and reverts no later than November 15; Administrative Body TOR and other project issues to be reviewed at the next PIC meeting.
- **Deliverables:** Minutes of Meeting
- **Follow up:** PIC & Technical meeting to be organized early November.

2.2 Studies & Other Developments

- Extension of ECOWAS / USAID MOU to March 2002 now executed
- GMPS Study and & Administrative Body TOR in progress

3. Impact and Performances

- . Overall programme delayed following difficulties encountered by Ghana in the negotiation of the Commercial Agreements.
- . Role of ECOWAS Secretariat as facilitator affirmed in the follow up of the Project, particularly in the negotiation of the foundation ROR.
- . Coordination of PIC by ECOWAS Secretariat necessary to understand country issues.

4. Objectives of the next Quarter

- **Orientation of General Mission:** Assist Ghana in resolving currently encountered difficulties in negotiating Commercial Agreements.
- **Particular Objectives:** Pursue Administrative Body TOR and Gas Marketing Promotion Strategies study; follow up resolution of Ghana critical issues; prepare Work Programme with the Commercial group if PCE is achieved.

WEST AFRICAN GAS PIPELINE (WAGP)

QUARTERLY REPORT Fourth Quarter 2001

1. Objectives of the Quarter

- **General Mission:** Supporting and coordinating the WAGP Sponsor States in the development of the Project
- **Particular Objectives:**
 - . Help Ghana finalize Commercial Agreements
 - . Finalise, have PIC review and approve the Administrative Body Institutional Framework
 - . Pursue Gas Marketing Promotion Strategy (GMPS) study in conducting the countries Assessment Visits
 - . Prepare Work Programme with the Commercial group if PCE is achieved
 - . Resume Concession Agreement negotiations as soon as Commercial Agreements Term Sheets are finalised and additional funding approved by CG.

2. Activities of the Quarter

2.1 Meetings & Workshops

Nov 6 & 7 – PIC Meeting in Lomé

- **Purpose:** to deliberate on the Administrative Body Institutional Framework and present the GMPS study revised schedule.
- **Participants:** Mr. Amadou Diallo, Ecowas Secretariat; the Members of the PIC and their alternates; Mr. Cleveland Thomas, project Manager, USAID Ghana; Ms. Thea Khitarishvili, Nexant, and Alain Rosier, TAC, Nexant.
- **Achievements:** The ECOWAS team presented the revised version of the West Africa Gas Pipeline Authority (WAGPA) Institutional Framework, following comments made by DII and PIC members at the last meeting. The revised schedule of the GMPS study was also presented.
- **Conclusions & Recommendations:** The PIC approved the documents as presented, subject to several additional modifications. The WAGPA document should be amended as agreed and sent to the Commercial Group for comments.
- **Deliverables:** WAGPA presentation by Nexant; WAGPA Institutional Framework document (French and English versions); Minutes of the PIC meeting (French and English versions)

- **Follow up:** the amended document shall be sent to the CG and the PIC shall meet with the Commercial Group as soon as practicable in order to agree on the WAGPA Institutional Framework and related schedule.

Nov 8 & 9 – PIC & CG Meeting in Lome

- **Purpose:** to deliberate on a presentation by the Commercial Group in relation to the WAGP Regulations, including Project Design Codes, and Interim Approval procedures.
- **Participants:** Mr. Amadou Diallo, ECOWAS Secretariat; the Members of the PIC and their alternates; Members of the Technical team of the States; Mr. Cleveland Thomas, project Manager, USAID Ghana; Messrs Mike Stockbridge, Bechtel/Nexant Pipeline Engineering Manager, and Alain Rosier, TAC, Nexant.
- **Achievements:** the CG presented their proposal for WAGP Codes and Standards; ECOWAS team presented suggestions to the PIC in view of amending the CG proposal; Discussion ensued; final recommendation by ECOWAS team was issued.
- **Conclusions & Recommendations:** The PIC approved the proposal made by the CG relative to WAGP design Codes and Standards, subject to amendments proposed by Nexant.
- **Deliverables:** Nexant presentation (French and English versions); Nexant Recommendations Note; Minutes of Meeting (French and English versions)
- **Follow up:** the Commercial Group will be in a position to initiate the Front End Engineering and Design (FEED) as soon as the PCE has been performed at their satisfaction.

2.2 Studies & Other Developments

The ECOWAS Technical Assistance team produced the following documents and conducted the following studies during the quarter:

- Assistance to the States pending the resolution of Ghana Commercial Agreements critical issues

The mission of the ECOWAS Technical Assistance was to help the States monitor the situation in order to protect their interests and the interest of the Project.

Deliverables:

- Memo to ECOWAS “Summary of Project Main Steps” – Oct 01
- Memo to Executive Secretary on GSPA Status – Oct 05
- ECOWAS Quarterly Reports Q2 & Q3
- ECOWAS Mission Report PIC Meeting & GMPS Evaluation Visit (French & English versions)

- Study on the Administrative Body Design and Operating Procedures

During the fourth quarter, the ECOWAS team worked on the revised document entitled “West Africa Gas Pipeline Authority (WAGPA) Institutional Framework”, presented to the PIC at the November 6-7 meeting. The document was accepted by the PIC, subject to comments later incorporated. The document was later translated in French.

Deliverables: Report on Establishment of the West Africa Gas Project Authority (both English and French version).

- Study on Gas Marketing Promotion Strategies (GMPS):

Study objectives:

- a) Determine the usage that the gas delivered in Benin, Togo and Ghana should be dedicated to, and
- b) Define the means through which potential users in the three countries will develop their access to gas.

The ECOWAS team visited the major potential gas customers of the pipeline in Benin, Togo and Ghana. These “Assessment Visits”, which took place from November 12 to December 16, were undertaken as part of the study on Gas Market Promotion Strategies (GMPS) in the purchasing countries, as requested by the Project Implementation Committee.

The Team also met with several country officials, departments and agencies in the three countries. The aim of these visits was to collect necessary information for the preparation of the recommendations on the *institutional, regulatory and incentive* framework under which the gas industry in the buyer countries would be developed.

3. Impact and Performances

. WAGPA Institutional Framework successfully presented to PIC, to serve as the basis for the design of the body to administer the Concession Agreement on behalf of the States.

. Role of ECOWAS Secretariat as facilitator affirmed in the follow up of the Project, particularly in the realisation of the Administrative Body study.

. Coordination of PIC by ECOWAS necessary to understand country issues

4. Objectives of the next Quarter

- **Orientation of General Mission:** transition between Stage A (Term Sheets) and Stage B (Definite Agreements) of Project Definitional Phase.
- **Particular Objectives:** Pursue Gas Marketing Promotion Strategies study; have WAGPA Institutional Framework agreed by Commercial Group; follow up resolution of Project critical issues; prepare Work Programme with the Commercial group if PCE is achieved, and initiate CA Drafting and Negotiation.

ECONOMIC COMMUNITY OF
WEST AFRICAN STATES



COMMUNAUTE ECONOMIQUE
DES ETATS DE L'AFRIQUE
DE L'OUEST

WEST AFRICA GAS PIPELINE (WAGP)

UPDATED
ACTIVITY REPORT
First Semester 2002

Abuja, July 15, 2002

1. Objectives of the Semester

- **General Mission:** Supporting and coordinating the activity of the WAGP Sponsor States in the development of the WAGP Project
- **Particular Objectives:**

OBJECTIVE	RESULT	COMMENT
1. Launch Concession Agreement Draft	Objective Reached	Draft CA completed. To be delivered by CG in July
2. Adoption of Admin Body Structure by CG	CG answered to PIC proposed Structure	Meeting in Cotonou to agree on AB follow up
3. Adoption by SC of Admin Body Structure	Not achieved	Pending review of CG counterproposal by PIC
4. Launch negotiation on Concession Agreement	Objective Reached	First meeting scheduled July 8-9, 2002
5. First Negotiation of CA	Objective Reached	Meeting Scheduled for last week of September 2002
6. Launch EIA Study	Objective Reached	First meeting scheduled July 10-12, 2002
7. Adoption of Gas Marketing Study	Not fully achieved yet	Study delivered to PIC
8. Consideration of 1st Draft of EIA Study	Not achieved	Target date is January 2003

General Comments:

1. WAGP Activities that required completion of the Commercial Agreement were delayed, as the Interconnection Agreement between the CG and NNPC, and the

Shareholders Agreement, were delayed. **However, these steps are now achieved and PCE is ongoing.**

2. While the PCE was not completed yet, the CG agreed to initiate with the States in anticipation some of the tasks pertaining to the Concession Agreement and the EIA.

2. Activities of the Semester

2.1 Specific Actions

2.1.1 Follow Up and Coordination of the Activities of the States in the Framework of the WAGP Commercial Agreements

The mission of the ECOWAS Secretariat and the Technical Assistance was to help the States moving the Project forwards with an aim at protecting their interests and the interest of the Project.

A key intervention took place at the highest level in the negotiation of the ELPS Interconnection Term Sheet. This intervention helped the negotiating parties moving forward. Besides, the status of the Commercial Agreements is as follows:

1. The LOI and Gas Sale Agreement Term Sheet between the CG/N-Gas and the VRA Takoradi Joint Venture of Ghana, which had been cause of delays since last year, were executed on June 3rd.
2. the Interconnection Agreement Term Sheet between CG and NNPC Finalise
3. Two main steps remain to achieve PCE and enter the Project next phase:
 - a)
 - b) Resolve GNPC Project development cost balance

2.1.2 Other Activities

The ECOWAS Secretariat and Technical Assistance team worked on the following documents during the Semester:

Deliverables:

- Memo to ECOWAS "Summary of Project Main Steps" – Jan 02
- ECOWAS Quarterly Report Q4 01
- Memo to Executive Secretary on Extension of WAGP to Dakar – Mar 02
- Project card "Gas Pipeline Extension to Dakar"

2.2 Studies

The following Studies were conducted by the Consultant Nexant, within the framework of the WAGP Project:

- Administrative Body Design and Operating Procedures

Updating of the French and English versions of the WAGP Institutional Framework, following PIC meeting of Q4 2001.

Deliverables:

- Report on Establishment of the West Africa Gas Project Authority, both French & English versions
- Gas Marketing Promotion Strategies (GMPS):

Study objectives:

- a) Determine the usage that the gas delivered in Benin, Togo and Ghana should be dedicated to, and
- b) Define the means through which potential users in the three countries will develop their access to gas.

Data collected during Assessments Visits of Q4 2001 were analysed and complementary questionnaires were sent. Assessment Visit to collect Nigerian experience was performed on February 18-21 by the TAC and one Nexant expert.

Reception of key complementary data was delayed due to reluctance of potential gas users to release their internal costs of energy. As a result, the Consultant proceeded with a cost build up. However, the overall study was delayed due to late receipt of information. Submission of Study Report is scheduled for the end of June. **Study Report was submitted to PIC at the last meeting in Lome, July 10, 2002.**

Nevertheless, document entitled "Overview of Gas Usage", which is part of the Study, was completed and sent to translation. Draft of the GMPS Report was initiated.

- Clean Development Mechanism (CDM)

Study Objectives: familiarize the SC and the PIC on the Carbon Credits opportunities, following a request by the SC Chairman about the possibility to finance the Countries shares in WAPCO.

The Study is under final review.

2.3 Meetings & Workshops

Jan 24 to Feb 1 – NEPAD Forum in Dakar

- **Purpose:** to initiate the NEPAD works in the Energy sector, as part of the Energy, Environment, Infrastructure & NTIC group of sectors.
- **Participants:** Mr. Amadou Diallo, ECOWAS Secretariat; Alain Rosier, WAGP TAC, Nexant, FOR THE energy sector. The ECOWAS Secretariat was also represented in the three other sectors.
- **Achievements:** The ECOWAS Secretariat participated in the Energy Commission, the Experts Commission and the Ministers Commission. The Secretariat presented two reports on the West Africa Gas Pipeline and on the

West Africa Power Pool, respectively. The Secretariat acted as rapporteur in both Energy and Experts Commissions

- **Conclusions:** His Excellency Maitre Abdoulaye Wade, President of the Republic of Senegal, declared January 28, 2002 a historic date for the development of Africa. At the same time, a similar Forum was taking place in the 4 other Regions of Africa. Maitre Wade indicated that, although the Dakar Forum was organized on a fast track basis, the number of Ministers present proved it a success. At the end of the three-day conference, 12 out of the 15 countries of ECOWAS had attended, all four commissions included.
- **Recommendations:** The projects eligibility criteria need to be clarified as regards the projects nature and purpose, their order of priority, their intended financing structure and the expected lenders/donors. The initiative needs to be further promoted among its members themselves (absence of Nigeria and seven other countries in the Energy Commission). Nevertheless, one can expect that NEPAD become a common reference for the African projects in the near future.
- **Deliverables:** WAGP NEPAD Progress Status, Vision & Critical Steps, English & French versions; WAPP Vision Statement & Action Plan, English & French versions; Resume of discussion on WAGP/WAPP with Commission (French version); Ministers Energy Commission Report, English and French versions; List of projects, Power Hydro & Transmission
- **Follow up:** The next Forum, involving countries Ministers, is scheduled on April 15-17, 2001.

May 06 to 10 – PIC & SC-SMC Meetings with CG in Houston

- **Purpose:** to meet with the Commercial Group and deliberate on their request for an MOU extension
- **Participants:** The Executive Committee Chairman and representatives of the Ministers of Nigeria, Togo and Benin; Dr. (Mrs) Aribisala & Mr. Amadou Diallo, ECOWAS Secretariat; all PIC Members; the VRA Managing Director and his staff; the SMC and the Project Team of the Commercial Group; the WAGP TAC, the USAID Project Manager and the Nexant MD.
- **Achievements:** Presentation of the Project Status by the CG, including the Project Schedule indicating a Completion Date on August 2006. Response by the SC Chairman. Remarks by the ECOWAS DES.
- **Conclusions:** The Steering Committee expressed disappointment regarding the slow pace of the project. No decision on MOU extension was made due to absence of three Ministers. CG was asked to present a new Project Schedule allowing gas delivery not later than 2005. PIC and CG should meet in that regard. Next SC-SMC meeting shall be in Abuja week of June 10.
- **Recommendations:** The Executive Secretariat should follow closely the developments of internal negotiations within the CG, which are cause of the delay of the project. The CG was told that they should improve their project staff and procedures, as their present set up was not fit to implement a “fast track schedule” to which they are committed.
- **Deliverables:** SC-SMC Meeting Aide-Mémoire; SC-SMC Meeting Report (French & English); Nexant-drafted Statement by the SC Chairman; Actual

Statement by the SC Chairman; Memo to the DES on the opportunity to extend the MOU.

- **Follow up:** next PIC meeting with CG in London, May 28-31; next PIC & SC meeting with CG, June 13-14 in Abuja.

May 28 to 31 – PIC & CG Meeting in London

- **Purpose:** to meet with the Commercial Group and work on improving the Project Schedule
- **Participants:** Mr. Amadou Diallo, ECOWAS Secretariat; all PIC Members; the Project Team of the Commercial Group; the WAGP TAC and two experts of Nexant.
- **Achievements:** Presentation of the new Project Schedule by the CG, Completion Date on May 2006. Schedule was rejected by the PIC; following time saving suggestions by PIC, a new Project Schedule indicating Completion Date in December 2005 and start of Construction in March 2004 was presented by the CG. The CG added that they would improve their Project Team and procedures, giving more reliability to the Schedule. CG also stressed that same diligence would be required from the States in their own contribution to the Schedule. The CG informed the PIC that the structure of the CA should incorporate a Treaty between the four States and national pieces of legislation, in order to legalise the CA.
- **Conclusions:** The PIC acknowledged that the Project Schedule should be presented as such to the Ministers. The CG indicated that they would require an extension of the MOU to the 1st of August 2003, i.e. the projected date of execution of the Concession Agreement, according to the Schedule. The PIC and the Legal, Environmental & Permits Working Groups will meet with the CG in Lome from July 8 to July 12, to elaborate on the CA Structure and the initiation of the EIA.
- **Recommendations:** That the Executive Secretariat agree with the new Project Schedule and the request for an MOU extension to August 1, 2003. That the attention of Nigeria and Ghana Heads of States be drawn on the fact that a) negotiations on the WAGP-ELPS interconnection are yet to be completed, and b) delay in payment of the balance of Ghana share in WAPCo is preventing PCE to be achieved and the Project to move forward.
- **Deliverables:** PIC Workshop Nexant Presentation; PIC/CG Meeting Aide-Mémoire (French & English); WAGP Project Schedule; Draft MOU Extension
- **Follow up:** next PIC & SC meeting with CG in Abuja, June 13-14; next PIC & Working Groups workshops with CG, July 8-12 in Lomé.

June 13-14 – PIC & SC-SMC Meetings with CG in Abuja

Report to be developed

July 08-09 – PIC Legal Meetings with CG in Lome

Report to be developed

Report to be developed

3. Impact and Performances

. Role of ECOWAS Secretariat as facilitator affirmed in the follow up of the WAGP Project. This illustrated in particular in the negotiation of ELPS Interconnection Agreement, and in the PIC negotiation with the CG to shorten the Project Schedule. Same comment can be made in the development of the NEPAD Forum.

4. Objectives of the next Semester

- **Orientation of General Mission:** transition between Stage A (Term Sheets) and Stage B (Final Agreements) of Project Definitional Phase. Initiation and partial implementation of Project Definitional Phase Stage B. Stage B is scheduled to be completed in March 2004.

The Definitional Phase Stage B consists of the execution of the final Concession and Commercial Agreements, the ratification of the CA, the Consent & Support Agreements by the Purchasing States, including World Bank and MIGA support, and the implementation of the Environmental Impact Assessment (EIA), the Front End Engineering & Design (FEED), the award of Land and Permits, and the Project Final Development Plan (FDP).

- **Particular Objectives:**

ACTIVITIES	OBJECTIVES	COMMENTS
1. MOU Between CG and the States	Execute MOU Extension	Extension up to Aug 1 st 2003 required by CG
2. Follow up Project PCE critical issues	Reach PCE not later than August 1 st	CG, NNPC, Ghana involved
3. Admin Body Structure	Adoption by CG Adoption by SC	Prepare answer for July 8-9 Meeting w/ CG
4. CA Negotiation	Reach CA Final Draft before end of 2002	Initiate at July 8-9 meeting in Lome

5. EIA Drafting	Perform first season sampling. EIA Study to be completed Feb 03	By CG with interactive follow up by HSE Group
6. Gas Marketing Promotion Strategy	Adoption of GMPS Study	Document to be presented end of June to the PIC
7. CDM Study	Deliver CDM Study	

ECONOMIC COMMUNITY OF
WEST AFRICAN STATES



COMMUNAUTE ECONOMIQUE
DES ETATS DE L'AFRIQUE
DE L'OUEST

**MEETING OF THE MINISTERS
IN CHARGE OF ENERGY, ENVIRONMENT,
INFRASTRUCTURES AND NEW TECHNOLOGIES OF
INFORMATION AND COMMUNICATION IN THE
FRAMEWORK OF NEPAD**

Report of the Energy Commission

Dakar, January 28, 2002

1. Preamble

On January 28, 2002, a meeting of the Ministers in charge of Energy, Environment, Infrastructure and New Technologies of Information and Communication was held in the Meridien President in Dakar within the framework of NEPAD.

The meeting of the Ministers of Energy included the Ministers and/or representatives of Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Niger and Senegal. ECOWAS was also represented.

The participant list is attached in appendix.

2. Organisation of the Meeting

2.1 Election of the Bureau

Chairman: His Excellency, the Honourable Kamarou FASSASSI,
Minister of Mines, Energy and Hydraulics of Benin.

Rapporteurs: Gambia and Senegal

The rapporteurs were assisted by representatives of Côte d'Ivoire and ECOWAS.

2.2 Adoption of Agenda and work programme

There was only one point on the agenda, namely: review and approval of the report of the experts of the Energy Commission which met on January 26 and 27, 2002, in preparation for the Ministers' meeting.

2.3 Presentation of the experts report

The report was presented by a representative from Côte d'Ivoire on behalf of the Committee of experts. Following the presentation, the

Ministers congratulated the experts for the quality of the work done, and went on to deliberate on the different aspects of the report. The following recommendations/comments were made:

General comments:

- Institutionalise regular consultations between Ministers in charge of Energy within the framework of the African Energy Commission (AFREC).
- Put in place a system allowing regular information flow to the Ministers of member States.
- Draw conclusions from experiences of reforms in the Electricity sector in Africa, particularly in the privatisation of Electricity companies, and promote forms of Public Private Partnerships concerning investments.
- Complete the list of Projects presented within a month. In this regard, the various countries should address complementary projects of regional interest, respecting the format adopted by the experts. An “ad hoc” working group of member States experts will assist the ECOWAS Secretariat to finalise the Project list during the last week of February, including the updating of the project costs.

Specific Comments

- West African Power Pool (WAPP)

- Accelerate the interconnection between zones A and B through the implementation of the line Côte d'Ivoire – Mali and Côte d'Ivoire – Guinea – Gambia – Senegal, in order to initiate power exchanges between the two zones. In the same regard, the interconnection between the countries within each zone, should be implemented for zone A (Benin, Burkina Faso, Côte d'Ivoire, Ghana, Niger, Nigeria, and Togo) and zone B (Gambia, Guinea, Guinea Bissau, Liberia, Mali, Senegal, Sierra Leone).
 - Promote the projects of Sambagalou and Fomi to reduce discrepancies between the two zones.
 - Reinforce the capacities of the interconnecting lines Côte d'Ivoire – Ghana – Togo – Benin
 - Accelerate current studies on the institutional and regulatory framework of the West African Power Pool.
 - Include the Special Energy programme initiated for Cape Verde Republic within the WAPP.
- Hydrocarbons
 - Initiate projects to rationalise the supply chain, including aspects of exploration, production, refineries, storage, transport and distribution. In this regard, the ECOWAS secretariat will make available to the member countries the results of related studies.
 - Harmonise the institutional and regulatory framework of the hydrocarbon sector. To this effect, ECOWAS will initiate a study.
 - Study the extension of the West Africa Gas Pipeline to other countries.
 - Include the Nigeria – Mediterranean Gas Pipeline Project.
 - Renewable Energies
 - Include the ECOWAS programme with cost estimates and accelerate implementation.

- Use financial mechanisms initiated in certain countries for rural electrification to attract financing related to the reduction of poverty and the promotion of women.
- Address opportunities of financing linked to environment.
- Capacity Building
 - Include the National Solar Energy Centres of member countries.

Adoption of the Report

The Report was adopted with amendments.

Done in Dakar, on the 28th of January, 2002

The Commission

ECONOMIC COMMUNITY OF
WEST AFRICAN STATES



COMMUNAUTE ECONOMIQUE
DES ETATS DE L'AFRIQUE
DE L'OUEST

**REUNION DES MINISTRES
EN CHARGE DE L'ENERGIE, DE L'ENVIRONNEMENT, DES
INFRASTRUCTURES ET DES NOUVELLES TECHNOLOGIES DE
L'INFORMATION ET DE LA COMMUNICATION DANS LE CADRE
DU NEPAD**

RAPPORT DE LA COMMISSION ENERGIE

DAKAR 28 Janvier 2002

1- Introduction

Le 28 Janvier 2002 s'est tenue à Dakar à l'hôtel Méridien Président, une réunion des Ministres en charge de l'Energie, de l'environnement, des infrastructures et des Nouvelles Technologies de l'Information et de la Communication dans le cadre du NEPAD.

La réunion des Ministres en charge de l'énergie a regroupé les Ministres et/ou représentants du Bénin, du Burkina Faso, du Cap Vert, de la Côte d'Ivoire, de la Guinée, de la Gambie, du Ghana, du Mali, du Niger et du Sénégal. La CEDEAO était également représentée.

La liste des participants est jointe en annexe.

2. Déroulement des travaux

2.1. Election du Bureau

Président : Son Excellence M. Kamarou FASSASSI, Ministre des Mines, de l'Energie et de l'Hydraulique du Bénin.

Rapporteurs : Gambie, Sénégal

Les rapporteurs ont été assistés par la Côte d'Ivoire et la CEDEAO

2.2. Adoption de l'ordre du jour et de la méthodologie de travail

Un seul point était à l'ordre du jour : Examen et Adoption du rapport des experts de la Commission Energie qui s'étaient réunis les 26 et 27 Janvier 2002 en vue de la préparation de la réunion des Ministres.

2.3 Présentation du rapport des experts

Le rapport a été présenté par le rapporteur de la Commission des experts (Côte d'Ivoire). Après avoir écouté la présentation du rapport, les ministres ont félicité les experts pour la qualité des travaux réalisés.

Les Ministres ont par la suite débattu des différents aspects du rapport et ont fait les recommandations suivantes :

De façon générale :

- Instituer des concertations périodiques entre les Ministres en charge de l'Energie dans le cadre de la Commission Africaine de l'Energie (AFREC).
- Mettre en place un mécanisme de communication permettant d'informer régulièrement les Ministres des pays membres.
- Tirer les leçons des différentes expériences de réformes du secteur électrique en Afrique notamment la privatisation des sociétés d'électricité et proposer des formes de partenariat public-privé au niveau des investissements.
- Compléter la liste des projets présentés dans un délai d'un mois. A cet égard, les différents pays devront faire parvenir au Secrétariat de la CEDEAO les projets complémentaires, ayant un intérêt régional, en respectant la forme de la fiche-projet adoptée par la réunion des experts. Un groupe ad-hoc composé des experts des pays membres assistera le Secrétariat de la CEDEAO pour finaliser la liste des projets dans la dernière semaine du mois de Février 2002 incluant l'actualisation des coûts).

De façon spécifique :

- **Système d'Echanges d'Energie Electrique Ouest Africain (EEEOA) :**
 - Accélérer l'interconnexion entre les zones A et B à travers la réalisation des axes Côte d'Ivoire – Mali et Côte d'Ivoire-Guinée- Gambie- Sénégal en vue d'amorcer les échanges entre les deux zones . De même les axes reliant les pays à l'intérieur des zones devront être mis en œuvre pour la zone A (Burkina Faso, le Niger, le Bénin, le Nigéria, Ghana, Côte d'Ivoire, Togo) et la zone B (Mali, Sénégal, Gambie, Guinée Bissau, Guinée, Sierra Léone, Libéria);
 - promouvoir les projets de Sambagalou et Fomi en vue de réduire les disparités d'électrification entre zones.
 - Renforcer les capacités de transits des lignes d'interconnexions de l'axe Côte d'Ivoire - Ghana- Togo- Bénin.
 - Accélérer les études en cours sur le cadre institutionnel et réglementaire des interconnexions des réseaux électriques.

- Intégrer le programme spécial Energie de la République du Cap Vert initié dans le cadre de l'EEEOA .
- **Hydrocarbures :**
 - mettre en œuvre des projets permettant la rationalisation de l'approvisionnement au niveau régional incluant les aspects exploration, production, raffinage, stockage, transport et distribution. A cet égard, la CEDEAO mettra à la disposition des Etats les conclusions de ces études.
 - Harmoniser les cadres institutionnel et réglementaire régissant le secteur. A cet effet, la CEDEAO devra initier une étude.
 - Etudier l'extension du projet de gazoduc ouest Africain aux autres pays de la CEDEAO.
 - Intégrer le projet de gazoduc Nigéria –Méditerranée.
- **Energies renouvelables :**
 - Intégrer le programme chiffré de la CEDEAO et les autres programmes sous-régionaux et accélérer leur mise en œuvre ;
 - Mettre à profit les mécanismes de financement de l'électrification rurale en cours dans certains pays en vue de susciter les financements liés à la réduction de la pauvreté et à la promotion de la femme.
 - S'ouvrir aux sources de financements liées à l'environnement.
- **Renforcement des capacités :**

Intégrer le Centres Nationaux d'Energie Solaire des pays membres;

Adoption du Rapport

Le Rapport a été adopté après amendements.

Fait à Dakar, le 28 janvier 2002-02-08

La Commission

ECONOMIC COMMUNITY OF
WEST AFRICAN STATES



COMMUNAUTÉ ECONOMIQUE
DES ETATS DE L'AFRIQUE
DE L'OUEST

**REUNION DES EXPERTS
PREPARATOIRE A LA REUNION DES MINISTRES EN CHARGE DE
L'ENERGIE, DE L'ENVIRONNEMENT , DES INFRASTRUCTURES ET
DES NOUVELLES TECHNOLOGIES DANS LE CADRE DU NEPAD**

COMMISSION ENERGIE

DAKAR 26-27 Janvier 2002

1- Préambule

Les 26 et 27 Janvier 2002 s'est tenue à Dakar à l'hôtel Méridien Président, une réunion des experts de l'Energie des Etats membres de la CEDEAO, préparatoire à la réunion des Ministres en charge de l'Energie, de l'environnement, des infrastructures et des Nouvelles Technologie de l'Information et de la Communication dans la cadre du NEPAD.

La réunion des experts de l'énergie a regroupé les experts du Sénégal, du Burkina Faso, de la Côte d'Ivoire, de la Guinée, de la Gambie et de la CEDEAO.

La liste des participants est jointe en annexe.

2. Déroulement des travaux

2.1. Election du Bureau

Président : M. Alioune FALL (Sénégal)

Rapporteurs : Burkina Faso, Côte d'Ivoire

Les rapporteurs ont été assistés par le Sénégal et la CEDEAO

2.2. Adoption de l'ordre du jour et de la méthodologie de travail

La réunion a adopté l'ordre du jour, ci-après :

- 1- Présentation de la méthodologie d'évaluation des besoins par le représentant sectoriel de la CEDEAO ;
 - a- Stratégies et orientation des secteurs
 - b- Présentation des programmes existants
- 2- Identification des nouveaux programmes par les Experts de la CEDEAO ;
- 3- Présentation de la méthodologie d'élaboration des fiches de programmes ou de projet par le Représentant de la CEDEAO :
 - a- Rappel des critères de sélection
 - b- Proposition du modèle de fiche de programme ou de projet
 - c- Etablissement de liste de projets

Compte tenu du nombre relativement restreint des délégations présentes au moment des travaux, la réunion a décidé de démarrer les travaux suivant l'ordre du jour adopté et de retenir éventuellement les observations et amendements qui viendraient à être proposés par les délégations qui prendraient les travaux en cours.

2.3 Présentation de la méthodologie d'évaluation par le représentant sectoriel de la CEDEAO

2.3.1 Stratégie et orientation des secteurs

En l'absence du représentant sectoriel de la CEDEAO, les experts ont échangé sur les objectifs et orientations du NEPAD et ont souhaité une action volontariste des Etats membres allant dans le sens d'une réduction du gap avec les pays développés.

2.3.2 Présentation des programmes existants

Une présentation de projets existants de la CEDEAO a été faite par monsieur Alain Rosier, Conseiller Technique auprès du Secrétariat Exécutif de la CEDEAO.

Présentation du programme d'Echanges d'Energie Electrique Ouest Africain (EEEOA)

Le programme d'Echanges d'Energie électrique Ouest Africain (EEEOA) a été élaboré par la CEDEAO en collaboration avec les experts des pays membres. Ce programme envisage :

- la création d'un marché Ouest Africain de l'Energie Electrique ;
- la mise en valeur des potentialités sous régionales de production d'électricité ;
- la réalisation des interconnexions nécessaires au transfert de l'électricité produite des pays excédentaires vers les pays déficitaires ;

- la mise en place d'un cadre institutionnel, juridique et réglementaire adéquat pour favoriser les échanges et attirer les investissements privés.

Huit (8) objectifs ont été fixés à l'EEEOA. Ces objectifs sont les suivants:

1. Institutionnaliser une coopération régionale plus formelle et plus extensive dans la mise en place d'infrastructures et de réseaux rentables d'échanges d'énergie en vue d'accroître l'approvisionnement et de renforcer la sécurité énergétique de la sous-région ;

2. Améliorer la fiabilité des réseaux et la qualité de l'énergie de la sous-région ;

3. Réduire les coûts du système:

- en accroissant les échanges économiques d'électricité et d'énergie dans la sous-région ;
- en optimisant l'utilisation des ressources énergétiques de la région ;
- en gérant plus effectivement et plus efficacement les déséquilibres saisonniers de la région dus au climat ;

4. Réduire le montant total des capitaux requis pour l'expansion du système dans la région en encourageant la mise en œuvre de projets financièrement réalisables sur une base de moindre coût ;

5. Créer pour le secteur énergétique de la sous région un environnement d'investissement qui facilitera le financement de projets prioritaires de production et de distribution d'énergie ;

6. Créer un forum dans lequel les questions énergétiques de la région peuvent être débattues et résolues dans le cadre d'une politique et d'un ensemble de principes convenus d'un commun accord ;

7. Créer un mécanisme transparent et fiable pour le règlement rapide des transactions commerciales en matière d'électricité ;

8. Accroître le niveau général des services d'électricité de la sous-région à travers la mise en œuvre de projets prioritaires de production et de distribution d'énergie qui servira de base pour le développement économique et l'extension des services d'électricité payants à davantage de consommateurs.

Le programme a été chiffré à 10,741 milliards de dollars US, en 1997, dont 1,425 milliard d'investissement pour les centrales hydroélectriques, 8,36 milliards pour les centrales thermiques (Fuel et Gaz) et 590 millions pour les lignes et les postes, y compris un forfait d'aléas de 20 %.

Les experts ont recommandé de réactualiser les coûts du programme. Les experts ont ensuite examiné point par point les différents projets pris en compte par ce programme et apporté des corrections et des compléments en procédant à la mise à jour des tableaux présentés par la CEDEAO pour tenir compte de la situation réelle des projets au niveau des Etats et des conclusions des dernières rencontres des experts.

Pour la mise en œuvre du programme, les Etats devront également réaliser les réformes nécessaires dans les activités de production, de transport et de distribution de l'électricité et harmoniser leurs législations

Présentation du projet de gazoduc de l'Afrique de l'Ouest

➤ Description et Etat d'Avancement du Projet

Le Gazoduc de l'Afrique de l'Ouest dans sa phase initiale s'étendra sur 600 km de Lagos au Nigéria à Takoradi au Ghana, avec des embranchements à Cotonou (Bénin), Lomé (Togo) et Tema (Ghana). D'un diamètre de 18 pouces, il permettra de livrer dès sa mise en service 130 millions pied cubes /jour de gaz méthane aux centrales électriques et aux industries de ces trois pays, dont 85% au Ghana. Sa capacité maximum sera de 400 millions pied cubes /jour, soit une quantité de gaz permettant de produire l'équivalent de 2000 MW et plus.

Les parties en présence espèrent conclure ces négociations commerciales fin février 2002. A ce stade, il faudra encore :

- Procéder à la rédaction, à la négociation et à la signature de l'Accord de Concession lui-même et des Accords Commerciaux proprement dits ;
- Négocier et signer les accords de vente de gaz avec le Bénin et le Togo ;
- Procéder à l'Etude d'Impact Environnemental ;
- Procéder à la ratification de l'Accord de Concession, ou à toutes dispositions législatives qui seraient requises.

L'année 2002 sera consacrée à la rédaction définitive et à la négociation finale des accords (de Concession et Commerciaux) concernant le Projet. Le démarrage de la construction est prévu dans le cours de l'année 2003. A l'heure actuelle, les parties s'efforcent de réduire les délais sur ces différentes tâches pour assurer une mise en exploitation avant la fin de l'année 2004.

- Extension du Gazoduc et Réseau de Gaz Ouest Africain : jusqu'où le Gazoduc peut-il s'étendre ?

Le tracé actuellement envisagé pour la première phase a permis de définir le prix de transport du gaz négocié par la Volta River Authority (Ghana). Il s'étend jusqu'à Takoradi au Ghana et prévoit des points de livraison intermédiaires à Cotonou, Lomé et Tema. Il devra être prolongé jusqu'en Côte d'Ivoire. Cette prolongation a déjà fait l'objet d'une étude.

Les extensions ultérieures seront soumises à la rentabilité des investissements complémentaires à faire.

- Gazoduc et Power Pool : concurrence ou complémentarité ?

Quatre raisons principales militent en faveur de la complémentarité entre le projet de Gazoduc et le Power Pool :

1. Indépendamment du souhait du Bénin, du Togo et du Ghana d'acquérir une certaine indépendance en approvisionnement d'électricité, le Nigéria ne pourrait pas assurer la production pour ces pays avant longtemps, compte tenu de ses besoins intérieurs énormes ;
2. Il faudrait de toute façon investir pour renforcer le réseau électrique existant ;
3. Le Gazoduc servira aussi à livrer du gaz aux industries locales consommatrices de chaleur (cimenteries, textile, fonderies, brasseries, etc). Il permettra donc de créer une véritable industrie du gaz, génératrice d'emplois et de développement, dans les pays concernés ;

4. Le Gazoduc, en commercialisant du gaz « associé » actuellement brûlé par torchères au Nigéria, et en permettant de substituer du gaz au fuel dans les centrales thermiques, contribuera à la réduction des émissions dans l'atmosphère de chaleur inutile et de gaz à effet de serre.

➤ Contrats de fourniture avec clause de « Take or Pay » : sont-ils un obstacle au développement ?

A propos du Gazoduc, la discussion s'est orientée sur les inconvénients des contrats de « Take or Pay », auxquels certains ont reproché leur caractère d'inflexibilité. Il a été souligné :

- 1) Que ces contrats sont inhérents à l'industrie du gaz, et que les bailleurs de fonds se refusent à investir sans une garantie de retour. Ces contrats existent également dans le développement de centrales par les Producteurs Indépendants.
- 2) Que dans un schéma plus classique de financement, une charge fixe équivalente existe néanmoins, correspondant au service de la dette et autres frais de structure.

2.4. Identification de nouveaux programmes par les experts des Etats membres de la CEDEAO

Au regard des objectifs fixés par le NEPAD, les experts ont identifié les nouveaux projets, ci- après qui devront faire l'objet d'études d'opportunité, en vue de l'élaboration de fiches projets.

2.4.1. Sous secteur Electricité

➤ Au niveau de la production

Des inventaires de sites hydro- électriques ont été faits dans plusieurs pays, notamment la Côte d'Ivoire, la Guinée, le Burkina Faso, le Mali. Les Etats membres de la CEDEAO disposant de potentiel hydroélectrique, sont invités à transmettre ces inventaires à la CEDEAO, en vue de la mise à jour de la banque de données à mettre à la disposition du Comité de mise en œuvre du NEPAD.

➤ Au niveau du transport

La ligne d'interconnexion Côte d'Ivoire - Mali devrait être renforcée (tension et puissance) pour tenir compte des échanges avec le réseau de l'OMVS.

2.4.2. Sous-secteur des hydrocarbures

- Gestion communautaire de l'approvisionnement et du stockage des produits pétroliers en liaison avec l'étude de rationalisation effectué dans le cadre de l'OUA;
- Projet de promotion de la production du gaz domestique GPL, de la réglementation de son transport et de sa distribution, de la vulgarisation de sa consommation y compris l'industrie associée (bouteilles et conteneurs) ;
- Evaluation technique et promotion en commun des bassins sédimentaires.

2.4.3. Sous-secteur Energies renouvelables

Les experts recommandent le développement de programmes régionaux d'énergie renouvelable.

2.4.4 Sous-secteur Combustibles ligneux

Les experts recommandent le développement de programmes régionaux susceptibles de limiter la dégradation de l'environnement liée à l'utilisation des combustibles traditionnels. Il s'agit, entre autres, de vulgariser l'utilisation des énergies de substitution (biogaz, biomasse-énergie,...) et des technologies à haut rendement. Il faut aussi mettre en œuvre des stratégies d'exploitation rationnelle des ressources.

2.5 Présentation de la méthodologie d'élaboration de fiches de programmes ou de projets

2.5.1 Rappel des critères de sélection

Il a été rappelé que le critère essentiel de sélection est le caractère intégrateur, communautaire des projets et leur capacité à contribuer à la résorption du gap entre les pays africains et les pays développés.

2.5.2 Proposition de modèle de fiche de programme ou de projet

Le modèle de fiche de projet proposé par la CEDEAO a été examiné par les experts en vue d'apprécier la pertinence de certains critères. La fiche amendée est jointe en annexe.

2.5.3 Etablissement de listes de projets chiffrés

La liste des projets, qui ont pu être identifiés et chiffrés, est jointe en annexe. Les lignes d'interconnexion recensées ont un coût global de 779 Millions de dollars. Le coût du volet production hydraulique est estimé à 7498 Millions de dollars.

3. Recommandations

A l'issue de leurs travaux les experts ont retenu les recommandations suivantes:

- **Cadre juridique, institutionnel et réglementaire:** harmoniser les cadres juridiques, institutionnels et réglementaires des pays pour favoriser la réalisation des interconnexions.
- **Définition du rôle des acteurs:** définir le cadre institutionnel et juridique ainsi que la structure de mise en œuvre du NEPAD afin que les organisations sous-régionales et régionales (CEDEAO, UEMOA, OMVG, ABN, CILSS, OMVS, UPDEA , ADL, CEA, UA) puissent travailler en parfaite harmonie et synergie avec le Comité de mise en œuvre.
- **Normalisation:** il a été proposé une harmonisation des normes de fabrication et de mise en œuvre dans les différents pays en vue de constituer une norme africaine en synergie avec l'UPDEA.

- **Electrification rurale:** élaborer en collaboration avec les organismes intervenant dans le monde rural, des projets d'intérêt communautaire, tels la création d'unités de fabrication de matériel d'électrification rurale décentralisée (ERD), de matériel de distribution d'énergie électrique et l'alimentation des clients frontaliers. L'électrification rurale doit faire partie des stratégies de lutte contre la pauvreté et de promotion de la femme. Dans ce cadre, il faut promouvoir les sociétés de services énergétiques.

- **Efficacité énergétique :** Etant donné l'impact de l'éclairage et de la climatisation sur la pointe de la courbe de charge, il est recommandé de favoriser l'accès au matériel à basse consommation (éclairage et climatisation) pour différer les investissements .

- **Centrales thermiques à cycles combinés:** pour permettre une exploitation optimale des ressources naturelles, les nouvelles centrales thermiques équipées de Turbine à gaz doivent être basées sur la technologie des cycles combinés.

- **Mise à jour des données et des projets:** le Comité de mise en œuvre du NEPAD et la CEDEAO doivent se concerter de façon à disposer des mêmes bases de données actualisées.

- **Ratios de Gestion:** le Comité de mise en œuvre du NEPAD et la CEDEAO doivent disposer des ratios pertinents de gestion des systèmes électriques nationaux qui permettent de mettre en évidence les niveaux d'efforts à fournir pour combler les GAPs entre les pays d'Afrique et les pays développés d'une part, entre les pays africains d'autre part.

- **Renforcement des capacités:** créer ou réhabiliter des centres de formation et/ou de recherche spécifiques, tels le Centre de Recherche en Energie Solaire de Bamako (CRES), les Centres des Métiers des sociétés d'Electricité ainsi que l'Ecole Supérieure Interafricaine d'Electricité (ESIE) de Bingerville, pour assurer le renforcement des capacités. L'implication du secteur privé doit être favorisée.

In the area of Energy, the ECOWAS Secretariat has been promoting, coordinating and facilitating between the concerned States, during the past two years, three major initiatives that will contribute significantly to the development of our Region.

The first one is the West African Power Pool Project. This project purpose is to optimize the production and distribution of electricity among our countries in order to increase the supply and reinforce the energetic security of the Region as a whole.

The following are the objectives of the WAPP project.

1. To institutionalise more formal and extensive regional co-operation in the development of cost-effective electricity infrastructure and energy trading networks in order to increase energy supply and enhance energy security within the region;
2. To improve system reliability and power quality throughout the region;
3. To lower system costs by:
 - Increasing economic trading of both power and energy within the region;
 - Optimising the utilisation of energy resources in the region, and
 - Managing more effectively and efficiently the region's seasonal and weather-related imbalances;
4. To reduce the overall amount of capital needed for system expansion in the region by promoting implementation of "bankable" projects on a least-cost basis;
5. To create an investment environment for the region's power sector that will facilitate the financing of priority generation and transmission projects;
6. To create an ongoing forum in which regional power issues can be discussed and worked out within an agreed-upon policy framework and set of operating principles;
7. To create a transparent and reliable mechanism for the prompt settlement of commercial electricity transactions;
8. To increase the overall level of electricity service within the region through the implementation of priority generation and transmission projects as the basis for economic development and the extension of paid-for electrical service to more consumers.

ECOWAS vision is a sustainable regional electricity supply sector in West Africa, modelled on the modern electricity systems found in industrialized countries today.

The visionary ECOWAS electricity supply sector will have the following attributes:

- The sector will consist of a regulated, competitive regional electricity industry, operated under a legal and regulatory framework conducive to attracting private sector investors.
- The industry will consist of a diverse, interconnected system of companies. Most of these companies will be operating in specific countries, according to national legislation and regulation.
- These companies will be members of an organisation called WAPP. The WAPP organisation will carry out various functions, as determined by its members.

- The sector will be owned by diverse interests. Public sector participation will be welcomed in most countries, with foreign investment to be promoted to the fullest extent.

The vision can only be achieved by a long-term project, using a phased approach. The project to achieve the vision is called the West Africa Power Pool Project. A more detailed discussion of this phased approach is included, below, in Section 3 of this document. Immediately following is a more general discussion of the current conditions existing in the Region of West Africa.

This programme, as well as the two programmes which follow, is supported by the multilateral agencies like USAID, the World Bank, the European Union, the ADF, the ADB, the BOAD, the ECOWAS fund, the French Government, etc...

The second initiative is the West Africa Gas Pipeline Project, which in its first phase, will bring methane gas from Nigeria to Benin, Togo and Ghana, with a possibility to extend it to Cote d'Ivoire in a second phase. The project purpose is to substitute fuel for gas in the power plants of these countries, using the gas currently burnt in the Nigerian fields. This project is closely linked to the above Power Pool Project, as bringing opportunities to produce power in the gas purchasing countries.

The third one is the Regional initiative for the development of wind and solar energies, within the framework of the promotion of sustainable and renewable energies, which are accessible in large quantities in our countries.

These projects are among those that could be eligible in the framework of the NEPAD. The ECOWAS Secretariat is pleased to propose them as a contribution to the success of the NEPAD initiative, and is ready to cooperate closely in coordinating the establishment and follow up of an Energy Project Data Base.

WEST AFRICAN GAS PIPELINE PROJECT

Meeting of the Steering Committee

And

Meeting of the Project Implementation Committee

Final Report

Houston, 10th May 2002

Introduction

The Steering Committee of the West African Gas Pipeline Project (WAGP) met with the Sponsors Management Committee of WAGP in Houston, 10th May 2002. The objective of the meeting was to review the status of the project.

Earlier on 9th May 2002, the Project Implementation Committee (PIC) had held a meeting with the Commercial group, to prepare the aforementioned meeting.

The following programme was also observed by members of the PIC present at the Houston meeting:

- Tuesday 7th May: Visit to the Offshore Technology Conference
- Wednesday 8th May: Internal working session on the status of the project.

The main objectives of the meeting of the Steering Committee with the Sponsors Management Committee were

- to receive a presentation made by the Commercial Group on the status of the project;
- to consider a new request for extension of the MOU submitted by the Commercial Group.

Participants

MEETING OF THE STEERING COMMITTEE, 10TH MAY

- The member Ministers of the Steering Committee (and/or their Representatives) from the following States took part in the meeting: Ghana, Nigeria, Togo. The VRA, represented by its Managing Director also took part in the meeting.

ECOWAS was represented at the meeting by its Deputy Executive Secretary.

The Commercial Group was represented by the Chairman and members of the Sponsors Management Committee.

MEETING OF THE PIC WITH THE CG, 9TH MAY

- Members of the PIC from the four countries were present at the meeting. The CG was represented by the Trade arm of the CG project team. The USAID and the technical assistance consultant to the States also took part in the meeting.

Adoption of the Agenda

The following agenda were adopted:

- Opening by the Sponsors Management Committee Chairman
- Presentation of the Project status by the CG
- Response by the Chairman of the PIC
- Consideration of the request for extension of the MOU between the CG and the States
- Remarks by the Deputy Executive Secretary of ECOWAS
- Response by the SMC
- Conclusions and Actions.

Deliberations

Meeting of the Steering Committee

The Steering Committee expressed disappointment over the long delay in the project. It could however, not take a decision on the request of the Commercial Group for a new extension of the MOU, as many Ministers were not in attendance. It therefore, decided that the matter be considered at the next meeting scheduled to hold in the week starting 10th May 2002.

Meanwhile, the PIC and the CG were invited to meet in order to finalize a realistic programme for the project, which would make it possible for the pipeline to be put into use towards the end of 2004 or at the beginning of 2005. This schedule should be presented to the Steering Committee at its next meeting.

The attached aide memoire provides details of the deliberations at the meeting.

Meeting of the PIC

The meeting of the PIC held on 9th May provided the opportunity to finalize the agenda of the meeting of the Steering Committee with the Sponsors Management Committee. An earlier scheduled presentation to be made by the States on the Gas Market survey was postponed to enable the PIC consider the survey report before its presentation.

The PIC met again on 11th May to organize the working session on the Project Schedule as requested by the Steering Committee. The working session came up with the following schedule:

- * 23 May: The CG submits the revised project schedule to the Steering Committee for consideration
- * 28-29 May: Meeting of the PIC in London accompanied by the Technical Assistance Consultant, to consider the proposed project schedule
- * 30-31 May: Meeting of the PIC with the CG in London, to agree on the project schedule to be submitted to the Steering Committee.

The CG shall be responsible for funding the meetings of 28-29 and 30-31 May.

List of Annexes

- * Presentation of the Project Status by the Commercial Group
- * Response by the Chairman of the Steering Committee
- * Aide Memoire.

Done at Houston, this 11th May 2002

For the Steering Committee
Joe KLEMESU
Chairman

For ECOWAS
Amadou DIALLO
Director, Infrastructure & Industry

ECONOMIC COMMUNITY OF
WEST AFRICAN STATES



COMMUNAUTE ECONOMIQUE
DES ETATS DE L'AFRIQUE
DE L'OUEST

Projet de Gazoduc de l'Afrique de l'Ouest (PGAO)

**Réunions Du Comité Directeur
Et du Comité de Pilotage**

Rapport Final

Houston, le 10 mai 2002

I. Introduction

1. Le Comité Directeur du PGOA a rencontré le Comité de Gestion des Promoteurs du PGOA à Houston le 10 mai 2002 pour délibérer de la situation du projet.

Le Comité de Pilotage du Projet a auparavant rencontré le Groupe Commercial le 9 mai en vue de préparer la réunion ci-dessus.

Dans le même cadre de cette réunion de Houston, les membres présents du Comité de Pilotage avaient suivi le programme suivant :

- Mardi 7 mai : visite à la Conférence sur la Technologie Offshore (OTC)
- Mercredi 8 mai : séance de réflexion interne sur la situation du projet

2. Les principaux objectifs de la réunion du Comité Directeur et du Comité de Gestion du Projet (CGP) étaient :
 - D'assister à une présentation du Groupe Commercial sur l'état d'avancement du Projet
 - D'examiner une nouvelle demande d'extension du MOU formulée par le Groupe Commercial

II. Participants

1. Réunion du Comité Directeur avec le CGP du 10 mai

Les Ministres, membres du Comité Directeur (et/ou leurs représentants) des états suivants ont pris part à la réunion : Ghana, Nigéria, Togo. La VRA, représentée par son Directeur Général a également pris part à la réunion.

La CEDEAO a participé à la réunion en la personne du Secrétaire Exécutif Adjoint.

Le Groupe Commercial était représenté par le Président et les membres du CGP

2. Réunion du Comité de Pilotage (CP) avec le Groupe Commercial du 9 mai

Les membres du CP des quatre pays promoteurs étaient présents. Le Groupe Commercial était représenté par la partie commerciale de l'équipe projet. L'USAID et le consultant de l'assistance technique des Etats ont assisté à la réunion.

III. Adoption de l'Ordre du Jour

3. L'ordre du jour suivant a été adopté :
 - i. Ouverture par le Président du CGP

- ii. Présentation de la situation du projet par le Groupe Commercial
- iii. Réponse du Président du Comité Directeur
- iv. Examen de la demande d'extension du Protocole d'Accord (MOU) entre le Groupe Commercial et les Etats
- v. Remarques par le Secrétaire Exécutif Adjoint de la CEDEAO
- vi. Réponse du Président du CGP
- vii. Conclusion et Actions

IV. Déroulement des Travaux

Réunion du Comité Directeur

4. Le Comité Directeur a exprimé sa déception concernant le retard important dont le Projet est l'objet. Il n'a pu se prononcer sur la demande du Groupe Commercial d'une nouvelle extension du MOU en raison de l'absence de plusieurs ministres. Il a décidé d'examiner cette demande lors d'une prochaine réunion prévue pour la semaine du 10 mai.
5. D'ici là, il a invité le Comité de Pilotage et le Groupe Commercial à se réunir pour mettre au point un planning du projet réaliste et permettant une mise en service du Gazoduc vers la fin de l'année 2004 ou le début de l'année 2005. Ce planning devra être présenté au Comité Directeur lors de la prochaine réunion.
6. L'aide-mémoire joint donne les détails de la teneur de la réunion

Réunions du Comité de Pilotage

7. La réunion du Comité de Pilotage du 9 mai avait permis de préciser l'ordre du jour de la réunion du Comité Directeur avec le CGP. En particulier, la présentation de l'étude du Marché du Gaz par les Etats a été reportée dans l'attente de l'examen de ladite étude par le CP.
8. Le Comité de Pilotage s'est à nouveau réuni le 11 mai pour organiser la réunion de travail sur le planning du Projet demandée par le Comité Directeur. Il en est résulté le programme suivant :
 - Le GC remettra le 23 mai 2002 au CP pour examen un planning révisé du Projet
 - Le CP se réunira à Londres les 28 et 29 mai en compagnie du consultant de l'Assistance Technique pour examiner la proposition de planning
 - Le Comité de Pilotage et le Groupe Commercial se réuniront à Londres les 30 et 31 mai en vue de se mettre d'accord sur le planning à proposer au Comité Directeur
 - Les réunions des 28-29 et 30-31 mai seront prises en charge par le GC

V. Liste des Annexes

- Présentation de la situation du Projet par le Groupe Commercial
- Réponse du Président du Comité Directeur
- Aide Mémoire

Fait à Houston, le 11 mai 2002

Pour le Comité de Pilotage,
Le Président,

Pour la CEDEAO,
Le DII,

Joe Klemesu

Amadou Diallo

MEMORANDUM

To: The Deputy Executive Secretary (IP)
From: The Director for Infrastructure & Industry
Date: 05.10.01
Subject: **West Africa Gas Pipeline (WAGP)
Gas Sale & Purchase Agreement with Ghana**

Following a conversation with the Commercial Group, it appears that the negotiations on the Gas Sale and Purchase Agreement (GSPA) between the Volta River Authority and the Commercial Group are not meeting the expected schedule.

At the Steering Committee Meeting with the CG, on August 29 in Accra, the Commercial Group and VRA agreed to meet during the week of September 3, in order to attempt to resolve any issue that may arise in respect of the GSPA Term Sheet and related Letter of Intent. (Please refer to attached meeting Aide Memoire signed by the Minister of Energy of Ghana and the CG).

Indications are that these negotiations may not resume before mid October, at the earliest. This current development is a concern to us, as the negotiations with VRA are on the critical path of the Project.

We suggest that contact be taken with Ghana at the highest level on this critical issue, in order to help the Project move forward.

Amadou Diallo

Extension du Gazoduc de l'Afrique de l'Ouest jusqu'au Sénégal

Note d'Information A l'Attention du Secrétaire Exécutif

Abuja, 13 Mars 2002

Introduction

La présente note est une étude économique grossière portant sur l'extension du Projet de Gazoduc de l'Afrique de l'Ouest jusqu'au Sénégal. Elle a été élaborée pour répondre à la demande du Président de la République du Sénégal, son Excellence Abdoulaye Wade, et permettra d'informer les Chefs d'État et de Gouvernement de la Communauté, en cas de besoin.

On y trouvera le coût approximatif de l'investissement requis, et le prix de gros du kilowattheure produit au Sénégal qui en résulterait.

Coût de l'extension du Gazoduc vers Dakar

1. Tracé

Deux tracés sont possibles: a terre (onshore) et en mer (offshore). Cette alternative terre/mer a été évoquée au moment des études de faisabilité du PGO original. L'alternative offshore a été choisie, sachant que, pour une distance à peu près égale, le Tracé en mer était celui qui représentait le moins d'aléas.

Néanmoins, une estimation des deux tracés a été effectuée par Nexant en ce qui concerne l'extension vers Dakar. La distance "onshore" a été estimée à 2 100 km, et la distance offshore a 2 400 km.

Il faut cependant noter que:

- a) Le tracé onshore ne traverse pas les centres de population les plus importants. Il faudrait donc envisager des conduites latérales supplémentaires.
- b) Ce même Tracé est soumis aux aléas du relief qui n'ont pu être déterminés précisément car devant être l'objet d'une étude approfondie.
- c) Le Tracé offshore semble le plus logique, même s'il est plus long, car correspondant à la logique du PGO original.

2. Coût de l'Extension

Les estimations extrêmes ont donné les valeurs suivantes:

. Tracé le moins cher (alternative onshore): 1,2 Milliards de Dollars US
mais soumis à aléas comme expliqué plus haut

. Tracé le plus cher (alternative offshore): entre 1,4 et 2,0 Milliards de Dollars US selon le diamètre et les coûts de financement.

Pour les besoins du calcul, il a été retenu la valeur de 1,7 Milliards de Dollars US.

On notera le rapport du Coût de l'Extension au Coût du Gazoduc original:

- . Gazoduc original: 500 M USD pour 600 km
- . Extension: 1700 M USD pour 2 400 km

L'Extension bénéficiant donc dans le calcul d'économies d'échelle de 17% du Coût final.

Coût du gaz livre à Dakar

Le coût de l'Extension est de 3.4 fois le coût du Gazoduc original

Le coût du gaz transporte jusqu'au Ghana est ainsi décomposé, par millier de pieds cube:

1. Achat du gaz aux Vendeurs Nigerians:	\$0.50
2. Transport Escravos-Lagos:	\$0.25
3. Transport dans le GAO, avec 80% de facteur de charge:	\$2.40
4. Autres dépenses:	\$0.15
Total:	<u>\$3.30</u>

Le coût du gaz livre au Sénégal subirait un supplément lié à la composante "Transport dans le GAO" ci-dessus. Ce coût serait de 8.16 USD en fonction du rapport des coûts des sections concernées. En supposant que les autres composantes de coût resteraient les mêmes, on obtient un prix du gaz livré à Dakar de:

Gaz livré au Ghana:	\$3.30
Coût de transport additionnel Ghana-Sénégal:	\$8.16
Total:	<u>\$11.46</u>

Note: Il est vrai que la composante "transport dans le GAO" devrait subir une réduction suite à l'accroissement de la capacité utilisée dans le GAO. Ce gain de coût serait de l'ordre de 1.00 USD par millier de pied cube. Cependant:

a) Ceci ne changerait pas le prix du gaz livré à Dakar de façon significative (écart de 10% environ)

b) La capacité d'origine du GAO est actuellement "réservée" aux pays fondateurs, et l'adjonction d'un acheteur supplémentaire conduirait à augmenter la capacité de base du gazoduc actuel, donc son coût, dans des proportions importantes. Ceci se répercuterait sur le prix de livraison au Ghana, annulant le gain espéré.

En conséquence, il a été choisi de ne pas modifier la composante "coût du gaz livré au Ghana" pour le présent exercice.

Coût du kilowattheure produit à Dakar

Comme pour le PGAO original, l'essentiel (90%) du gaz transporté serait destiné à la production d'électricité. Nous rappelons à cet effet que le gaz transporté par le GAO est du Méthane, et qu'il ne contient pas de gaz de pétrole liquéfié (GPL) dont l'usage domestique en bouteille est la principale destination (Propane, Butane).

Il est donc intéressant de calculer le prix du kilowattheure produit à Dakar par une centrale thermique alimentée par du Méthane, pour évaluer l'intérêt économique de l'Extension sous un angle "coût du produit final".

L'hypothèse choisie est celle d'une centrale thermique a gaz de 1000 MW à cycles combinés. Cette donnée représente une évaluation du potentiel des nouveaux pays traversés, et un bon ordre de grandeur pour l'exercice envisagé. Le coût de la centrale thermique est estimé a 700 USD par kilowatt, coût moyen mondial de construction d'une centrale à gaz à cycle combiné.

Ainsi, le prix de revient du kilowatt.heure se décompose de la façon suivante:

Capex de la centrale (amortissement):	1.70 cents US
Opex (Coût d'exploitation):	0.30 cents US
Coût du gaz livré	8.20 cents US

Prix de revient du kiloWattxheure **10.20 cents US**

Ce prix est à comparer aux prix suivants (prix "sortie usine"):

. Dernier contrat NEPA (Nigéria) - Bénin	3.75 à 5.00 cents
. Prix centrales Diesel au Benin et au Togo	5.00 à 6.00 cents
. Prix ex-centrale à gaz au Nigéria	Inférieur a 3.00 cents

On notera également que, sur la base de 150,000 USD au kilomètre (ligne de 330 KV), l'investissement en lignes de transmission pour relier le Ghana au Sénégal serait d'environ 300 Millions de dollars, soit huit fois moins en ordre de grandeur que la construction de l'Extension du Gazoduc et d'une centrale thermique au Senegal.

Conclusion

Compte tenu de la nature du gaz vendu par le Nigéria (méthane), le gaz envoyé au Sénégal serait à 90% destiné alimenter des centrales thermiques produisant de l'électricité. Les 10% restant seraient utilisés sous forme de chaleur par certaines industries appropriées.

Sur ces bases, il apparaît que la solution de l'Extension du Gazoduc n'est pas le moyen le moins cher pour réaliser l'objectif, compte tenu de la distance à la source et du volume du marché du gaz.

WEST AFRICA GAS PIPELINE

To: DES (IP)
Cc: DII
From: WAGP TAC
Subject: **Opportunity to extend or not extend the MOU with The Commercial Group**

History

MOU originally signed on August 11, 1999 between the States and the Commercial Group. Commercial Group has exclusive rights to negotiate for the WAGP. If the Parties have not entered into a Concession Agreement within 2 years, the States or the CG have option to terminate with 3 months notice.

MOU was extended for a further period of nine months (until May 10, 2002) at the Steering Committee meeting of Accra on Aug. 29, 2001

Commercial Group Performance

While the Commercial Group has generally shown professional ability, a certain number of deficiencies have delayed the WAGP Concession Agreement and Commercial Agreements process:

1. Commercial terms with Ghana were finalized in January 2002. Since then, the progress of the Project has been stopped by CG internal negotiations. During this period, Project Costs are increasing without direct interest for the States.
2. Along the development of the Project, the Commercial Group has conducted negotiations and treated issues one after the other, missing opportunities of parallel negotiations of the various agreements. This is not the "fast track" schedule originally envisaged.
3. CG internal approval procedures are heavy. More delegation should be granted to the Negotiating Team to avoid unnecessary delays.
4. The Commercial Group does not communicate enough with the States about Commercial Agreements "stumbling blocks". Confidentiality is evoked, but the interest of the States as Project Stakeholders is not considered.

Opportunity to extend the MOU

Like all such issues, we need to decide if we are willing to walk away from the deal. If the States are not, then it is best not to bluff and to just get some token concessions. The options are **renew sole rights OR remove the exclusivity** - there seems no purpose to **not renewing a non-exclusive right**.

For renewal:

- CG have made some progress and have agreements in place with the major customers - changing would mean that these agreements also have to be renegotiated with new sponsors.
- Commercial Group know all the issues - starting with someone new would take time to get them up to speed even after their appointment.
- CG have been spending money in good faith - not renewing exclusivity may result in loss of support for the project from their sponsor companies.
- Selecting a new project sponsor would require: preparation of an Information Memorandum on the project; advertising world-wide to generate interest; road shows to potential sponsors; Organisation of competitive process by potential sponsors; Selection of new sponsors. Total time 5 to 8 months, but it might generate a sponsor offering a better deal.
- Any new project sponsor may still be held up by ELPS issues and no time would be saved (although it is possible that they may be willing to take more risks?)
- Negotiating with a new sponsor will involve the States in additional costs, which might not all be recoverable from the sponsor

Against renewal of sole rights:

- CG have been very slow in resolving their own internal issues that could have been dealt with at least in parallel with the CATS. Not renewing would send a message that this is not acceptable. Could offer to renew sole rights if (no one better comes and) they can resolve their issues with ELPS.
- A new sponsor may offer a better deal in economic terms - it would introduce competition into the process.
- Puts the States back in control with options. (but States would have to be prepared to be proactive to exploit this by getting new sponsors interested)
- Exclusivity is hard to defend publicly unless it can be justified by clear savings in total time to implement the project.

Conclusion

The currently envisaged strategy:

Not extending the exclusivity of the MOU and requiring from the Commercial Group a diligent Action Plan with serious commitments before considering further extension. Action Plan should include return to fast track schedule involving parallel negotiations everywhere possible, more flexibility in Project Management and better information to the States.

This strategy would be in line with the above.

In addition, the Commercial Group should be notified and should agree that no expense, direct or indirect, incurred in the CG internal negotiations, should be allocated to the Project development cost.

To: The Honourable Minister, Mr. A. Kan-Dapaah – Republic of Ghana
Dr. Rilwanu Lukman – Federal Republic of Nigeria
The Honourable Minister, Mr. K. Fassassi – Republic of Benin
The Honourable Minister, A. Tchamdja – Togolese Republic

From: The Deputy Executive Secretary
ECOWAS

Subject: The West African Gas Pipeline Project (WAGP)
Follow-up on the Abuja Negotiation Meetings of 23 – 27 September
Dissemination of Project Documents

Date: 2nd October 2002

Honourable Minister,

During the meeting under reference above, it was agreed that the ECOWAS Executive Secretariat transmit to the Ministers, members of the Steering Committee, the final version of the International Project Agreement, the International Treaty and the Legislative outlines that are indispensable to the effective take-off of the Project.

At this time when the Parties are concluding negotiations, this initiative seeks to facilitate the dissemination of these documents to the Ministers and the concerned administrations in each member States, accompanied by an awareness campaign of the status of the Project. In this regard, these documents are to be forwarded to the appropriate Ministers, which may include the Ministers of Justice, Finance, Foreign Affairs and to the Department of Inland Revenue.

For technical reasons and as agreed with the Executive Secretariat, the Commercial Group will forward to you early next week, five copies of the Project Documents as revised in line with discussions at the last Abuja meeting.

The members of the Project Implementation Committee are charged with the dissemination of these documents in their respective States. Information meetings will be organised in the course of the month of October to facilitate better understanding of the document. State experts and advisers will participate in these meetings.

A meeting to finalise these Project Documents will take place in the last week of October.

We would also like to emphasise the importance of obtaining prior to the meeting mentioned above, the final remarks of each of the administrations concerned, so that these could be discussed during the meeting in order to take into consideration the position of the States. The aim of the process is to ensure the ratification of the

Project documents by the end of the year, in line with the desire of the Steering Committee, as expressed at its meeting held in Abuja on June 14.

In this regard, it would be highly appreciated if the observations of member States are forwarded to the Executive Secretariat not later than the 25th October 2002.

We thank you in advance for your support and urge you to accept, Honourable Minister, the assurance of our highest consideration.

Dr. M.O. Afolabi
For Deputy Executive Secretary
Integration Programmes

Cc: 1. Mr Joe Klemesu, PIC Chairman
2. Mr. J.A. Alabi, PIC Member, Federal Republic of Nigeria
3. Mr Leonce Magbonde, PIC Member, Republic of Benin
4. Mr. Debo K. Barandao, PIC Member, Togolese Republic

ECW/REL/010/02/10/2002wagp

Abuja, 2nd October 2002

**Mr. A. Kan-Dapaah
Honourable Minister
Ministry of Energy
P.O. Box T40
Stadium Post Office
ACCRA, Republic of Ghana**

Fax: (233) 21 – 66 82 62

Honourable Minister,

**The West African Gas Pipeline Project (WAGP)
Follow-up on the Abuja Negotiation Meetings of 23 – 27 September
Dissemination of Project Documents**

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Dr (Mrs.) O. Aribisala
Deputy Executive Secretary
Integration Programmes

Cc: Mr Joe Klemesu, PIC Chairman

ECW/REL/010/02/10/2002wagp

Abuja, 02 Octobre 2002

**Son Excellence
Monsieur le Ministre des Mines, de
l'Énergie, des Postes et
Télécommunications
LOME
République Togolaise**

Fax : (228) 21 68 12

**Objet: **Projet de Gazoduc de l'Afrique de l'Ouest (PGAO)
Suite de la Réunion de Négociations des 23 – 27 septembre
à Abuja : Diffusion des Documents de Projet****

Lors de la réunion en objet, il a été convenu que le Secrétariat de la CEDEAO transmette aux Ministres Membres du Comité Directeur, la dernière version du Contrat de Projet International, du Traité International et des textes Législatifs indispensables au démarrage effectif du Projet.

Cette initiative vise à permettre, à un moment où les Parties sont en passe de conclure les négociations, une diffusion desdits documents aux Ministres et administrations concernées de chaque Etat, accompagnée d'une sensibilisation sur l'état du projet. Ceci s'adresse en particulier aux Ministres de la Justice, des Finances, des Affaires Etrangères et à la Direction des Impôts.

D'un commun accord avec le Secrétariat Exécutif, le Groupe Commercial vous fera parvenir en début de semaine prochaine, les documents révisés sur la base des discussions de la dernière réunion.

Les membres du Comité de Pilotage sont chargés de la diffusion de ces documents dans chaque Etat membre. Des réunions d'information seront organisées dans le courant du mois d'octobre avec présence des experts, conseillers des Etats, pour permettre une bonne compréhension desdits documents.

./.

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Une réunion de finalisation des Documents du Projet aura lieu la dernière semaine d'octobre. Aussi nous permettons-nous de souligner l'importance qu'il y a à obtenir les remarques finales de chaque administration concernée, de façon qu'elles puissent être présentées à cette réunion dans le but de faire prévaloir la position des Etats. L'objectif étant la ratification des Documents à la fin de l'année, comme souhaitée par le Comité Directeur, à la réunion du 14 juin à Abuja.

Il serait vivement souhaitable que les observations des Etats parviennent au Secrétariat Exécutif de la CEDEAO le 25 octobre 2002 au plus tard.

Veuillez agréer Monsieur le Ministre, l'assurance de ma haute considération.

Dr O. Aribisala
Secrétaire Exécutif Adjoint
Programmes d'Intégration

Cc: M. Débo K. Barandao, Membre du CP pour le Togo

ECW/REL/010/02/10/2002wagp

Abuja, 02 Octobre 2002

**Son Excellence
Monsieur le Ministre des Mines, de
l'Energie et de l'Hydraulique
COTONOU
République du Bénin**

Fax : (229) 31 35 46

**Objet: **Projet de Gazoduc de l'Afrique de l'Ouest (PGAO)
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Veuillez agréer Monsieur le Ministre l'assurance de ma haute considération.

Dr O. Aribisala
Secrétaire Exécutif Adjoint
Programmes d'Intégration

Cc: M. Léonce Magboné, Membre du CP pour le Bénin



To: E.O. Shadiya
Chairman, Sponsors' Management Committee,
West Africa Gas Pipeline

From: The Deputy Executive Secretary
ECOWAS

Subject: WAGP MEETING TRAVEL COSTS

Date: September 9th, 2002

Dear Sir,

I hereby acknowledge receipt of your letter of September 4th, 2002, on behalf of the Honourable Ministers, Members of the Steering Committee of the West Africa Gas Pipeline, and thank you for it.

The Honourable Ministers of Benin, Ghana, Nigeria and Togo have charged me to convey to you their response on the above letter. (You will find attached their correspondence to that effect.)

We believe that there is a basic misunderstanding as to the fact that the Commercial Group would pay inappropriate amounts to the Government delegates. On the contrary, we believe that the States are responsible for the coverage of the costs of their representatives at the subject meetings, and that it is the duty of the Commercial Group to provide for Project funds so that the States are appropriately covered for their expenses.

Such procedure is not unusual. In particular, a project of this nature requires a "Project Preparation Facility (PPF)" to cover all expenses incurred by the governments during the development phase. These funds should be calculated and allowed to the governments prior to the beginning of the development phase of the project, and will be incorporated later into the Project Development Costs like any expenses incurred by the Commercial Group.

Furthermore, I should kindly remind you that, in his letter of acknowledgement receipt of the Concession Agreement Term Sheet of January 2001, the Hon. A. Kan-

Dapaah, Chairman of the Steering Committee, requested that such a scheme be put in place. His terms were as follows:

"I also confirm that it is agreed that each participant in the negotiations will bear its own costs associated with the preparation and signing of this letter and with the negotiation, preparation and signing of the Concession Agreement, and none of the participants shall have recourse to recover such costs from any other participant. However this commitment is given on the basis that the Commercial Group members or WAPCo will pay a fee to be agreed, to offset costs which will be incurred by the Governments in the course of the negotiations and in processing all approvals which will be needed for the implementation of the project."

We urgently require that the Commercial Group, in cooperation with the PIC, proceed with the calculation of the fund to be put in place, on the following basis:

1. The meetings, workshops and presentations to be considered should be those stated in the Commercial Group above letter. We suggest however that the CG and the PIC review the list of meetings required by the harmonization procedures pertaining to other State Agencies concerned by the Project, such as the Taxation Authorities for instance.
2. In order to provide for harmonization between the countries, the Policy for Travel Costs to be retained should be the ECOWAS Secretariat Policy in the matter.

The above funding procedure should start without waiting, in order to preserve the timely implementation of the Project Schedule agreed at the Steering Committee meeting with the SMC in Abuja on June 14, 2002.

Yours truly,

Dr. (Mrs.) O. Aribisala
Deputy Executive Secretary, Integration Programmes

cc: Hon. A. Kan-Dapaah – Republic of Ghana
Hon. Dr. R. Lukman – Federal Republic of Nigeria
Hon. K. Fassassi – Republic of Benin
Hon. A. Tchamdja – Togolese Republic
Mr. Michel Layec – The World Bank



A : M. le Ministre A. Kan-Dapaah – République du Ghana
M. le Dr. R. Lukman – République Fédérale du Nigéria
M. le Ministre K. Fassassi – République du Bénin
M. le Ministre A. Tchamdja – République Togolaise

De : Le Secrétaire Exécutif Adjoint
CEDEAO

Objet : COUTS DES DEPLACEMENTS DU PGO

Date : 11 Septembre 2002

Monsieur le Ministre,

Le Secrétariat de la CEDEAO a reçu copie de la lettre du 4 septembre envoyée par M. E.O. Shadiya, Président du Comité de Direction des Promoteurs (CDP) du Gazoduc de l'Afrique de l'Ouest.

Suite à la résolution du Comité de Pilotage prise à la réunion de Cotonou du 6 septembre 2002, je propose que la lettre jointe soit envoyée au Groupe Commercial en réponse à la lettre du Président du CDP.

Toutefois, avant d'envoyer cette lettre au Président, j'aimerais que vous me fassiez connaître par fax retour votre accord sur son contenu.

Dr. (Mrs.) O. Aribisala
Secrétaire Exécutif Adjoint, Programmes d'Intégration

A : E.O. Shadiya
Président du Comité de Direction des Promoteurs,
Projet du Gazoduc de l'Afrique de l'Ouest

De : Le Secrétaire Exécutif Adjoint
CEDEAO

Objet : COUTS DES DEPLACEMENTS DU PGO

Date : 11 Septembre 2002

Monsieur le Président,

J'accuse réception par la présente de votre lettre du 4 septembre 2002, au nom de Messieurs les Ministres, Membres du Comité Directeur du Projet du Gazoduc de l'Afrique de l'Ouest, et vous en remercie.

Messieurs les Ministres du Bénin, du Ghana, du Nigéria et du Togo m'ont chargée de vous faire parvenir leur réponse à ladite lettre. (Vous trouverez ci-joint leur correspondance à cet effet).

Nous pensons qu'il y a un malentendu fondamental concernant le fait que le Groupe Commercial paierait des montants injustifiés aux représentants des gouvernements. Au contraire, nous pensons que ce sont les Etats qui sont responsables de la couverture des frais de leurs représentants aux réunions en question, et qu'il est du devoir du Groupe Commercial de pourvoir à un Fonds de Projet de façon que les Etats soient remboursés de façon convenable pour ces dépenses.

Une telle procédure n'est pas inhabituelle. En particulier, un projet de cette nature exige un « Fonds de Préparation de Projet (FPP) » pour couvrir les dépenses directes encourues par les gouvernements pendant la phase de développement du Projet. Ce fonds doit être calculé et alloué aux gouvernements avant le commencement de la phase de développement du projet, et incorporé ultérieurement dans les Coûts de Développement du Projet comme toutes les dépenses encourues par le Groupe Commercial.

En outre, je souhaite vous rappeler aimablement que, dans sa lettre d'accusé réception des Termes Principaux de l'Accord de Concession, M. le Ministre A. Kan-Dapaah, Président du Comité Directeur, a demandé qu'un tel schéma soit mis en place. Ses termes étaient les suivants :

« Je confirme également qu'il est agréé que chaque participant dans les négociations supportera ses propres coûts associés à la préparation et à la signature de cette lettre et à la négociation, la préparation et la signature de l'Accord de Concession, et aucun des participants n'aura de recours envers tout autre pour récupérer lesdits coûts. Cependant, cet engagement est donné en assumant que le Groupe Commercial ou la WAPCo paiera une somme acceptable par les parties, pour compenser les coûts qui seront encourus par les Gouvernements au cours des négociations et des procédures d'approbation qui seront nécessitées par la mise en œuvre du Projet ».

Nous demandons en urgence que le Groupe Commercial, en association avec le Comité de Pilotage, procède au calcul du fonds à mettre en place, sur les bases suivantes :

1. Les réunions, ateliers et présentations à considérer seront ceux dont il est fait état dans la lettre du Groupe Commercial en référence. Nous suggérons toutefois que le GC et le CP examinent la liste des réunions exigées par l'harmonisation des procédures concernant les autres services gouvernementaux, comme par exemple les autorités fiscales.
2. De façon à pourvoir à l'harmonisation entre les pays, le Règlement concernant les Coûts de Déplacement à retenir sera le Règlement du Secrétariat de la CEDEAO en la matière.

La procédure ci-dessus doit commencer sans tarder, de façon à préserver les délais de réalisation du Planning du Projet tel qu'agréé à la réunion du Comité Directeur avec le CDP à Abuja le 14 juin 2002.

Veuillez agréer, Monsieur le Président, l'expression de mes salutations distinguées.

Dr. (Mrs.) O. Aribisala
Secrétaire Exécutif Adjoint, Programmes d'Intégration

Cc : M. le Ministre A. Kan-Dapaah – République du Ghana
M. le Dr. R. Lukman – République Fédérale du Nigéria
M. le Ministre K. Fassassi – République du Bénin
M. le Ministre A. Tchamdja – République Togolaise

WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Gas Development in West Africa

Alain Rosier

WAGP Technical Assistance Coordinator

Nexant Ltd



WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Slide 2 of 7

The West Africa Gas Pipeline Project

- Existing West Africa Gas Markets: Nigeria & Cote d'Ivoire
- WAGP will deliver : Benin, Togo and Ghana
- Extension to Cote d'Ivoire
- Extension to other Countries: need a Market



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WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Slide 3 of 7

WAGP Gas is Methane, not LPG

- LPG = Propane, Butane
- WAGP is Methane (CH_4), not Propane (C_3H_8) nor Butane (C_4H_{10})
- Methane generally in Pipes; LPG in Tanks & Bottles
- Methane for Power, Industries, Residential, Feedstock
- LPG for Cooking & Industries



WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Slide 4 of 7

WAGP Gas from Flared Associated Gas

- Nigerian Gas = 80% Associated Gas (AG, from Oil Reservoirs)
= 20% Non-Associated Gas (NAG, Natural Gas)
- Associated Gas needs costly Separation to produce:
 - 1) LPG : currently exported (higher price markets)
 - 2) Methane: Power Generation (NEPA), LNG Plant (Export)
- Consequence: 65% of Associated gas is flared
- Nigeria Plans to stop Flaring in 2008
- Need to re-organize Nigerian / West African LPG Market



WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Slide 5 of 7

What to do with WAGP Gas ?

- Power Generation: 90%
- Industries (Heating): 10%
- Transport: Pilot Projects
- Residential: need high Housing concentration
- Feedstock: Fertilizers, Methanol, GTL, only Close to Source



WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Slide 6 of 7

WAGP Secondary Networks (I)

- Cotonou, Lome, Tema, Takoradi
- Current Gas Market Development Study by ECOWAS / USAID
- Identify Potential Customers
- Compare WAGP Gas with Current Cost of Energy
- Design & Costing of Secondary Networks



WEST AFRICA GAS PIPELINE PROJECT

PROJET DU GAZODUC DE L'AFRIQUE DE L'OUEST

Slide 7 of 7

WAGP Secondary Networks (II)

- Attract Investors / Distributors
- Create Institutional Framework: Contracts & Regulation
- Phasing: WAGP Gas price to Decrease with Volume transported: Network to Expand



PROJET DE GAZODUC

SC-SMC Meeting

Abuja, 14 juin 2002

Allocution de Mme (Dr.) Aribisala, Secrétaire Exécutif Adjointe, au nom du Secrétariat de la CEDEAO

Monsieur le Président du Comité Directeur,
Excellences, Messieurs les Ministres,
Mesdames et Messieurs les Membres du Parlement de la CEDEAO,
Messieurs les Membres du Comité de Direction des Promoteurs,
Messieurs les Membres du Comité de Pilotage,
Messieurs les Membres du Groupe Commercial,
Mesdames et Messieurs,

Au nom du Secrétaire Exécutif de la CEDEAO, j'ai l'honneur et le plaisir de vous souhaiter la bienvenue au Secrétariat de la CEDEAO, dans le cadre de cette réunion du Comité Directeur du PGO et du Comité de Direction des Promoteurs du Groupe Commercial. Et, en son nom, je vous remercie de vous être distraits un court instant de vos lourdes responsabilités pour participer à cette importante réunion.

Monsieur le Président, nous nous sommes réunis il y a un mois à Houston, et nous avons constaté que nous nous trouvions en situation difficile: le Projet n'avancait pas, et le Groupe Commercial nous proposait un planning de réalisation qui nous emmenait au-delà de mi-2006. Vous nous avez alors demandé de nous réunir avec le Groupe Commercial pour travailler ensemble sur un Planning qui, tout en étant réaliste, aurait pour objectif une date de mise en service du Gazoduc plus rapprochée et plus en ligne avec les attentes des Etats.

Monsieur le Président, nous nous sommes réunis à Londres du 28 au 31 mai. Nous avons travaillé sur ce que vous nous avez demandé, et nous avons le plaisir de vous présenter ici le résultat de notre travail. Peut-être ce travail peut-il être encore amélioré. Cependant, en gagnant huit mois sur le temps de réalisation, entre la Date d'Evaluation Préliminaire ou PCE, et la Date d'Achèvement des Travaux, nous avons conscience d'avoir utilisé la plupart des occasions de gagner du temps sur les tâches elle-mêmes et sur leur enchaînement.

Monsieur le Président, au début de cette semaine, nous avons eu le plaisir d'entendre du Groupe Commercial que leurs longues négociations

internes sur l'Accord d'Interconnexion étaient tout proches d'aboutir. Nous espérons que le Comité de Direction des Promoteurs sera en mesure ce matin de vous annoncer que les obstacles sur la route de la PCE et du démarrage de l'étape B de la Phase de Définition sont définitivement écartés.

Nous espérons également que le Groupe Commercial, fort des nouvelles dispositions que nous avons bâties ensemble à Londres, est prêt à entrer dans une phase rapide de rédaction et de négociation finale de l'Accord de Concession et des textes y afférents, en vue de la présentation de ces textes aux parlements des quatre pays en anticipation de ce qu'exige le Planning qui vous sera présenté. En effet, Monsieur le Président, compte tenu des contraintes supplémentaires qui ont trait à la disponibilité des parlements, la ratification de l'Accord de Concession est sur le chemin critique du Projet, au même niveau que l'Etude d'Impact Environnemental.

Il est donc impératif que les équipes du Groupe Commercial et des Etats mettent les bouchées doubles pour que les textes en question soient présentés aux parlements au mois de novembre de cette année. Il nous semble impératif que ce délai soit respecté, car nous savons que les échéances institutionnelles de nos pays nous priveront de la disponibilité des parlements pendant la majorité de l'année 2003.

Enfin, Monsieur le Président, le Groupe Commercial va vous présenter une demande d'extension de l'accord dit MOU qui lui donne l'exclusivité de négocier l'Accord de Concession.. Nous souhaitons que l'occasion soit saisie pour que cette extension, si toutefois vous l'accordiez, soit liée au planning du Projet et au franchissement de ses étapes intermédiaires. Nous pensons qu'une telle disposition ne pourra qu'augmenter la détermination du Groupe Commercial à suivre plus strictement le développement du Projet et à respecter plus impérativement des dates de réalisation imparties.

Il me reste à vous souhaiter, Monsieur le Président, ainsi qu'aux membres du Comité Directeur et du Comité de Direction des Promoteurs et à tous les participants à cette réunion, de fructueuses délibérations.

Monsieur le Président, je vous remercie.