
AZERBAIJAN REALIZES 45.5% OF ITS SGC FINANCING OBLIGATIONS

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Azerbaijan has already realized 45.5 percent of its SGC financing obligations.

Azerbaijan is fully committed to invest in Southern Gas Corridor (SGC), including the Shah Deniz-2 project, and continues to meet its financial obligations on time, SGC Co CEO Afgan Isaev told Natural Gas Europe, Trend reported.

He said that Southern Gas Corridor Company had invested \$5.212bn, while in total, Azerbaijan's share in financing SGC and Shah Deniz-2 project is estimated at \$11.454bn.

Therefore, Azerbaijan has already realized 45.5 percent of its financing obligations, Isaev said.

The Southern Gas Corridor is one of the priority energy projects for the EU. It envisages the transportation of 10 billion cubic meters of Azerbaijani gas from the Caspian Sea region to the European countries through Georgia and Turkey.

At the initial stage, the gas to be produced as part of the Stage 2 of development of Azerbaijan's Shah Deniz field is considered as the main source for the Southern Gas Corridor project. Other sources can also connect to this project at a later stage.

As part of the Stage 2 of the Shah Deniz development, the gas will be exported to Turkey and European markets by expanding the South Caucasus Pipeline and the construction of Trans-Anatolian Natural Gas Pipeline (TANAP) and TAP.

Isaev said the sources of funds which Azerbaijan has allocated to SGC are following: issue of bonds by SGC to the sovereign wealth fund SOFAZ, for a total amount of \$2.5 billion; equity injections from the finance ministry and state oil concern SOCAR for a total amount of \$1.7bn; inaugural eurobond in the amount of one billion in March 2016.

SGC is willing to raise debt financing to fund its committed capital investments to the projects until 2019. The net funding need amounts to \$6.2 billion, he said.

Isaev also added Azerbaijan is negotiating with World Bank to attract credits for SGC.

Our projects are attractive and financial entities are interested in Azerbaijan's energy projects. It is hard to name any concrete figure which would be allocated by international finance sources, because both them and Azerbaijan should reach a common point in credit terms. However, we believe that the terms of credits must be soft and the payments period should be at least 10 years, because these projects are not only in favour of Azerbaijan, but a big region would benefit

economically from these projects, Isaev said.

He said that Azerbaijan is expected to allocate \$2.809 billion in 2016, of which 55.7 percent, or \$1.566bn would be spent on the TANAP. About 30.2 percent, or \$847m, would be allocated to the Shah Deniz-2 project, while TAP will take about \$278m and South Caucasus Pipeline Expansion (SCPX) will take \$118m.

Isaev added that the capex of these projects for Azerbaijan rose by \$1.474bn year-on-year, while the figure for 2014 was only \$227m.

Kaynak/Source: