



**COMMUNIQUE ISSUED AT THE END OF THE POLICY DIALOGUE ON NIGERIA'S GAS PLAN HELD AT STRATTON HOTEL, ASOKORO, ABUJA ON MONDAY, AUGUST 14<sup>TH</sup>, 2023.**

**Background**

In 2021, Nigeria declared the decade of gas to illustrate its commitment to gas expansion to drive the nation's economic growth and its ambition to deepen natural gas production and utilization in Nigeria. The Decade of Gas Policy from 2021 to 2030 provides the framework for that ambition. However, unlike its predecessors, that policy document was not publicized three years after its operationalization. The 2008 Gas Master Plan, the 2017 National Gas Policy, Nigeria's Gas Expansion Plan on plans for compressed natural gas (CNG) and liquified petroleum gas (LPG), the National Gas Flare Commercialization Programme (NGFCP), and the declaration of ten (10) critical gas projects in the Decade of Gas Plan provide some indication of Nigeria's plans. However, it does not clarify how Nigeria has adjusted its plans to reflect the challenges faced in previous plans or its right-sized ambitions, given the impact the global energy transition will likely have on its gas expansion plans.

To that end, a Policy Dialogue on Nigeria's Decade of Gas Plan was organized by the African Initiative for Transparency, Accountability, and Responsible Leadership (AfriTAL) and the Natural Resource Governance Institute (NRGI) held on August 14<sup>th</sup>, 2023, at Bon Stratton Hotels, Asokoro, Abuja to explore these themes.

**Presentations/Panel Discussions**

The dialogue was opened by Dr. Louis Brown Ogbeifun (Executive Director of AfriTAL), who gave welcome remarks, stating that citizens need to drive its developmental trends. However, he said the challenges around funding natural gas infrastructure providing natural gas as a transition or destination fuel were limited. On this note, he emphasized that the conversation needs to be centered on the realities of the impact of funding availability for natural gas expansion projects. He enjoined CSOs and the media to pursue advocacy campaigns, which would pressure the government to disclose its roadmap for funding and birthing its intended gas projects in a manner that would be cost-efficient, cost-effective, and less hazardous to the communities.



After that, Tengi George-Ikoli (Senior officer, NRGi) gave opening remarks where she stated that it is important to critically evaluate the dynamics of the decade of gas policy that seeks to drive natural gas production and utilization in the country. She highlighted that there is a need to comprehensively discuss the issues of the successful implementation of previous gas plans, i.e., the 2008 Gas Master Plan and the 2017 National Gas Policy. Some drawbacks include but are not limited to the lack of investments necessary to build gas infrastructure, sufficient incentives for the private sector to increase gas supply, resolving gas-to-power fiscal framework, and complexities surrounding the process of getting gas to the end-users. She highlighted the challenges inherent in the lack of disclosure of the decade of gas policy that stakeholders can interrogate and engage with.

Goodwill messages were given by key government stakeholders, including the Permanent Secretary of the Federal Ministry of Petroleum Resources and the Federal Ministry of Niger Delta Affairs, Executive Secretary; Nigerian Extractives Industries Transparency Initiative (NEITI), Director General, National Council on Climate Change (NCCC), Head/Programme Manager, Energy Transition Office.

The panel discussions comprising of two sessions after that, Speakers included Aaron Sayne (NRGI), Israel Aye (Energy Governance Expert), Dr. Nuhu Habib (NUPRC), Charles Majomi (Nextier Gas and Energy Transition), Gbemi Akinsipe (ETO), Alexander Sewell (SDN) and Juliet Ukanwosu (MITEI).

Below are the key points made during the panel session:

### **KEY HIGHLIGHTS FROM THE DISCUSSIONS**

- i. Nigeria's decade of gas policy is the latest in government plans to expand gas use in Nigeria. Three years into the decade of gas policy, there is no clarity on how Nigeria intends to improve on the challenges faced in implementing the previous 2008 Gas Master Plan and the 2017 National Gas Policy. Understanding how the policy aligns with Nigeria's developmental plans, Nationally Determined Contribution (NDC), and energy transition plan is important.
- ii. There is dwindling financing for natural gas projects globally, posited to be based on a preference for environmentally sustainable and climate-friendly projects. A reflection of this is the fact that out of the several gas-to-power projects (estimated at USD 80 billion) that are planned to be established in Nigeria, only USD 1 billion has been committed to these projects, with the other projects being in negotiation stages, facing several challenges for many years.
- iii. Another dimension to the drop in financing is the increased risks of gas projects to infrastructure lock-ins and stranded assets, non-profitability and bankability of gas projects, and other technical issues. Against this backdrop, there is a need to adopt an approach that focuses on one or two



profitable brown gas projects rather than the ten (10) planned to ensure there could be some marginal success.

- iv. Financing gas projects will be difficult; however, all hope is not lost. Options for funding include international development banks and the opportunities offered by the ideation of the novel African Energy Bank. Also, there is a need to provide appropriate risk evaluation of these projects to help allocation of credits for project funding. Financing for gas needs to be brought up at COP28 through advocacy for funding technologies that can reduce the emissions capacity of natural gas.
- v. Clean cooking gas remains a viable method to drive up natural gas consumption in Nigeria's domestic market. There is a need to clarify the end-to-end process for using clean cooking fuels in Nigeria. Gas as a feedstock for blue hydrogen production is another option that can be explored to drive up natural gas demand. The Energy Transition Office has developed viable partnerships with other stakeholders that can drive the process of natural gas consumption in Nigeria. There are also works in the process to upscale these partnerships.
- vi. The natural gas expansion plan may conflict with the interests of local communities. If expansion proceeds under the current environmental regulatory regime, it will lead to an expansion in pollution, negatively impacting human health and biodiversity. If expansion proceeds under the current environmental regulatory regime, it will lead to an expansion in pollution, negatively impacting human health and biodiversity. One element that needs to be addressed is the existing gas infrastructure, such as pipelines and others, which is poorly installed or maintained, regularly leaking and exploding, thereby posing risks to local communities.
- vii. Findings from the Stakeholder Democracy Network (SDN) show how domestic oil companies (DOCs) release 5 (five) times more emissions than the IOCs in their operations, relative to the oil and gas they produce. This becomes a concern as IOCs divest and transfer assets to domestic oil companies (DOCs).
- viii. Expansion of gas should be tuned to the development of the economies of local economies. Gas-to-power solutions can turn gas flares into local electricity. Directly, this would create electricity, jobs, and skill acquisition opportunities for locals, which indirectly will have a multiplier effect on the development of local economies. This would strongly benefit the women and children, who often suffer the most from wood fuel pollution. Community development issues are important and should be well integrated into the decade of gas policy and any other natural gas expansion plan so that the interests of the locals can be protected.



- ix. Nigeria currently has a backlog in natural gas supply as most of the gas produced in the country is associated gas. This poses a challenge to the prospects of driving a significant increase in the nation's natural gas export capacities and its ability to meet local demand.
- x. A bulk of Nigeria's natural gas demand comes from the power sector, which faces the challenge of market viability and project bankability (the sector's profitability is not attractive to investors). On this note, a complex challenge exists where DisCos might pay for gas used for electricity by GenCOs, as the market is not profitable currently.
- xi. The Nigerian Gas Flare Commercialization Programme (NGFCP) is an effort by the government to commercialize its gas and a key component of the Nigerian Gas Expansion Programme (NGEP) and Decade of Gas. The NGFCP was revised and relaunched to enhance bankability with flare site clustering opportunities.

### **RESOLUTIONS**

- i. There is a need to publish a comprehensive costed, realistic, and detailed Decade of Gas Policy with clear milestones to put Nigeria on track for a sustainable energy future and ensure that stakeholders can know exactly what it entails.
- ii. There is a need to balance the realities of the Nigerian Gas Flare Commercialization Programme (NGFCP), which attempts to commercialize flared gas that stakeholders thought had been stalled. Though the government opined that the NGFCP was on course and actions taken could be found on the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) website, there is a need for stakeholders to have a better understanding of what did not work well and how the revisions to the initial iteration of the NGFCP before the passage of the Petroleum Industry Act 2021 is achieving the said objectives. This should involve a process of the public and stakeholders' enlightenment to help resolve the concerns of gas supply and host community impacts from exploitation.
- iii. There is a need for community interests to be factored into Nigeria's gas expansion plans to minimize the environmental impacts, and often marginalized groups, women, and youth benefit from employment opportunities and health impacts.
- iv. There is a clear need for CSOs and media to engage with the decade of gas policy to drive awareness for all players across all sectors and advocacy for its disclosure. As they advocate, it is equally important that their capacity to inform and educate (especially amongst marginalized communities) be enhanced and supported.