

**THE ENERGY SECTOR:
A JUST AND SUSTAINABLE FUTURE FOR
AFRICA¹**



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Introduction

The Hydrocarbons sector have played and still play a vital role in the economic growth of Nigeria and Africa. Despite this, when considered through a fair and long-term view, it is still possible that a carbon-reduced energy sector could still drive the meeting of the future needs of Nigeria and indeed the whole of the Global South responsibly.

What then could be a just ‘Energy Vision’ given the state of energy poverty and lack of energy security in Africa in full view?

Energy Scarcity in the Global ‘Context’

Energy poverty is a lack of access to reliable and affordable energy services. It is reflected in the percentage of income spent on energy which studies have shown that poor households² spend a higher percentage of their income on energy than wealthier households. Sadly, Nigeria is an energy-poor country like much of the Global South.³

The current level of per capita energy consumption in Africa is extremely low compared to the rest of the world. For instance, according to Nigeria LNG Limited, more than 60% of Nigeria’s population suffers from severe energy poverty⁴. In energy-poor countries like Nigeria, we observe around 115kWh per capita as compared to about 12,740kWh in the United States.

In terms of comparison with the average Global North (developed countries) the differentials are even more marked.

At the moment, two-thirds of Africa’s total electric power generation capacity is in South Africa and North Africa cumulatively, leaving only 81GW for the other 48 countries, with 1 billion people (17% of the global population), who have collectively contributed only 0.6% of cumulative carbon dioxide emissions.⁵ These countries power generation is so low that tripling electricity consumption solely through natural gas would add only 0.6% to global emissions.⁶

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² Energypedia: [Energy Poverty - energypedia](#) accessed 10 July 2023.

³ Greg Odugwu, Nigeria’s Energy Poverty and FG’s green power mirage, Punch, 12 January 2023:

<https://punchng.com/nigerias-energy-poverty-and-fgs-green-power-mirage/#:~:text=The%20reality%20is%20that%20Nigeria,according%20to%202021%20global%20measurements>

⁴ Vanguard Newspaper: [Energy poverty: Over 60% of Nigeria’s population lack supply — NLNG - Vanguard News \(vanguardngr.com\)](#), accessed on 10 July 2023

⁵ Hannah Ritchie: Infographics: Sub-Saharan Africa emits a tiny fraction of the world’s CO2. accessed via <https://energyforgrowth.org/article/sub-saharan-africa-emits-a-tiny-fraction-of-the-worlds-co2/> on 23 August 2023

⁶ MO Ibrahim Foundation: Addressing Africa’s Energy Deficit. accessed via <https://mo.ibrahim.foundation/sites/default/files/2022-09/energy-transition.pdf> on 22 August 2023



Indeed, as noted by African Leaders following the recent African Climate Summit, 600 million people in Africa lack access to electricity while 970 million lack access to clean cooking.⁷

Trends

Despite the growing demand for policies toward net zero carbon emissions, some developed countries continue to use natural gas for electricity, industrial processes, heating, and cooking.

The United States, China, Japan, and parts of the European Union are including gas as major pillars of their multi-decade de-carbonization strategies while enforcing limitations on financing gas projects for domestic use in emerging economies including all of us in the Global South. Recently, the United Kingdom authorised a new oil and gas project in its North Sea projected to produce about 300 million barrels of oil within the lifetime of the project. With reference to the project, Britain's Energy Security Minister said:

“We will continue to back the UK’s oil and gas industry to underpin our energy security, grow our economy and help us deliver the transition to cheaper, cleaner energy.”⁸

This follows the announcement that the United Kingdom was pushing forward its net zero target.⁹

Therefore, nations continue to take steps to ensure their energy security. As such, it is apposite that Africa’s and Nigeria’s economies should direct policies towards optimum sustainability.

⁷ African Leaders Nairobi Declaration on Climate Change and Call to Action 2023.

⁸ <https://www.reuters.com/business/energy/uks-rosebank-oil-field-development-gets-go-ahead-2023-09-27/>

⁹ <https://www.aljazeera.com/news/2023/9/20/sunak-announces-u-turn-on-several-uk-net-zero-policies>



The Future - True ‘Green Road’

The global transition away from fossil fuels should consider global economic inequality and recognize different routes to a true, green road.

For Africa, the true green road must include an imperative to increase our energy access, not only for domestic consumption but also for production. A true green road would include not just a low-carbon pathway, but one that also ensures that Africa is able to continue to use cleaner fuel that we have access to. The true green road must also address ending energy poverty which every country must travel.

Energy poor countries should be encouraged to utilise a mix of viable energy from renewable sources including agricultural and bio-driven energy in addition to responsible gas utilisation.

Countries like Nigeria with strong and clear development and industrialisation ambitions must assert what has been referred to by some as Energy Sovereignty and organise around a clear and nuanced global network.

Our Municipal/National Energy Framework

Importantly, Nigeria’s new Electricity Act 2023 seeks to achieve this - liberalising the energy sector and allowing subnational and private sectors the much-needed autonomy to invest in our energy market, but at a different pace.

Nigeria’s Electricity Act 2023 is truly transformative in some respects, it should see the government gradually withdraw as the major player in the energy sector but act as the regulator and intervene in the provision of critical infrastructure. To this end – the Act provides a framework for increased investment in power infrastructure by the private sector and public agencies, all anchored on contract.

In realisation of the need for greener sources, the Act incentivises the use of renewable energy sources for the generation of electricity. One of Nigeria’s Integrated Energy Policies is to have an energy mix of 60:40 non-renewable and renewable sources by 2025.

The liberalisation of the energy sector towards a more privatised market will greatly increase the availability of energy. This increase in supply will lead to affordability by the sheer force of economics, thus, leading to sufficiency. However, care must be taken to guard against over-regulation and micromanagement of the sector – which could constrain a fully liberalised and autonomous market in Nigeria.



National Law vis-à-vis the Emerging International Framework

Whereas Nigeria’s reforms focus on increasing the supply side (with 60:40 Energy Mix), the international framework focuses on demands for a more rapid move towards net zero emissions.

An undisputed fact is that Africa never had an industrial revolution, unlike the Global North. This revolution was built on the back of severely prejudicial policies of the 18th and 19th centuries.

Yet the Global South and indeed Africa have the worst effect of the climate change crisis.¹⁰ As noted by the United Nations Secretary-General at the African Climate Summit:

“Extreme heat, ferocious floods, and tens of thousands dead from devastating droughts. The blow inflicted on development is all around with growing hunger and displacement. Shattered infrastructure. Systems stretched to the limit. All aggravated by climate chaos not of your making.”¹¹

Africa does have significant renewable energy resources; however, it comes short of the technology and resources to build the needed infrastructure for more encompassing and industrial use.

¹⁰ 10 most affected Afghanistan, Bangladesh, Chad, Haiti, Kenya, Malawi, Niger, Pakistan, Somalia, Sudan but generally Africa and Nigeria’s agricultural economy has been drastically affected. Lagos is said to be at extreme risk on Maplecroft’s Climate change vulnerability index

¹¹ Antonio Guterres, United Nation’s Secretary-General at the 2023 African Climate Summit accessed via <https://www.un.org/sg/en/content/sg/statement/2023-09-05/secretary-generals-remarks-african-climate-summit#:~:text=We%20must!%20all%20work%20together,heart%20oF%20a%20renewable%20future> on 6/9/23

Given this limitation, Nigeria like the rest of Africa, will have to rely, albeit on a reducing basis, on hydrocarbons, given its challenges, while also incorporating and encouraging the use of renewable sources. This is an exercise of energy sovereignty.

To upgrade its energy facilities, Africa will need financing. For instance, Nigeria requires about 3000km of pipeline infrastructure for efficient transportation of its natural gas. However, the constraints of the international landscape - a proposed ban on financing for Africa's energy from natural gas may prove inimical.

Therefore, as the African Leaders re-echoed the statement of the 2015 Paris Summit for a New Global Financing Pact, there is a need for collective global action to mobilise the necessary capital for both development and global action – no country should ever have to choose between development aspirations and climate action!¹²

Domestically, beyond the reform of existing laws, Africa must through the deployment of focused policies, create an enabling environment within which the private sector can effectively operate in the energy sector. Nigeria introduced a Green Tax¹³ on single-use plastics, while that may be viewed as a step towards protecting the environment, there are few tax incentives that would propel actual investment in clean energy equipment such as photovoltaic (PV) panels, windmills, or even nuclear power plants.

Conclusion

For Nigeria and the Global South, there is a capacity to absorb more in terms of the development of infrastructure – bridges, roads, industry. There is ambition to increase growth and economic prosperity. This will mean that the per capita energy consumption should increase from what it is today to at least 1,000kWh.

Nigeria must make investment decisions in its gas-to-energy policy urgently, as defined in its Energy Transition Plan. The capital compensation from the Global North and Western nations' past and prolific emissions must be addressed for Africa and Nigeria to invest in alternative sources so the rebalancing of oil and dirty sources can be a reality. This is the sustainable future for global energy.

In the final analysis, Nigeria's new impressive legal regime in the Electricity Act 2023 will serve the growth of the market. We must find effective ways of insisting on gas (and our national policies) to be part of our energy future and ensure a re-alignment of the emerging international framework.

Africa's industrial policy demands energy for development. As observed, only 2% of global investments in renewable energy over the last two decades have been in Africa.¹⁴ Thus, without a framework for compensation or capital from the Global North, energy justice cannot be achieved.

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¹² The Nairobi Declaration, *supra*

¹³ This has been suspended. See <https://www.reuters.com/world/africa/nigerias-tinubu-suspends-10-plastic-tax-cut-costs-2023-07-06/>, assessed 29-09-23

¹⁴ Antonio Guterres at the African Climate Summit, *supra*.

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