

Whitepaper

Positioning African Energy Sector at the forefront of global Clean Energy investment; “Gas for Good” perspective (Displacing Diesel & HFO with Gas)

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GENESIS
ENERGY

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The issue; The JUST Net Zero Ambition

A significant number of African countries currently rely on natural resources (oil and gas inclusive) to fund their national budgets. Whilst diversification of revenue sources is ongoing in a number of these countries, it is estimated that revenue from oil and gas may continue as the major source of funds.

The COVID-19 pandemic as well as other economic issues necessitate that revenue from these natural resources are now being complemented with external loans from various Multilaterals and foreign governments.

Given its insufficient socioeconomic development and infrastructure depth, where will Africa be without its oil and gas?



Africa's concurrence with net-zero target

We all agree with net-zero ambitions in order to reduce global warming for the good of the people and the planet. Africa remains one of the lowest emitters of carbon footprint on the planet and coincidentally also one of the least developed in the world.

Revenue is from oil and gas (amongst other mineral resources in the continent). Revenue from oil and gas remains one of the viable sources of capital needed to develop the continent across the various 54 countries in it.

The Conference of Parties (COP) net zero target by 2050 is welcome by Africa and frankly African governments have since taken definitive

actions to increase the energy mix on the continent in favour of renewables. However, there is still a huge gap of funding needed to buildout infrastructure (roads, energy, healthcare etc.) on the continent.

The World Bank report in 2017, indicates over \$93 billion is needed annually to develop the needed infrastructure, much of which is not available through the government or the private sector. To add to this quagmire, a recent United Nations report indicates population in Africa will hit a 2 billion mark by 2050, majority of whom are young and vibrant Africans.

This fast-growing population of youthful, energetic and vibrant Africans will demand more infrastructure (electricity inclusive) as well as more jobs to keep them gainfully employed.

The question then becomes: Is there a place for Africa's oil & gas to catalyse substantial part of the needed funding over the next three decades or so? Through;

- Sale of its oil and gas resources for fast-tracking infrastructure development across the continent.
- Collaboration with the global private sector DFIs, Multilateral organizations, and our partner countries across the globe

Food for Thought

Could the world create a special corridor that will facilitate prioritization of the sale of the African oil and gas products?

Could the world also support the management of oil and gas revenues in building out the necessary serial infrastructure?

These are infrastructure that would enable Africa to fully displace the use of hydrocarbons by renewable energy options with a targeted period on and about year 2050.

What should Africa do better to efficiently and realistically harness its natural resources of oil and gas for the absolute benefit of the African people?

At Genesis Energy Holding (GENESIS), we believe that our mantra of "Gas for Good" is being demonstrated in some of the gas distribution and gas-to-power projects. Energy stakeholders are promoting gas supply as an alternative source of clean energy. Therefore, gas must be seen as feedstock that engender greater good for the African people.

Energy mix trend

As efforts are being geared towards reducing energy poverty by 2030, it is also crucial to anticipate beyond this target. A recent International Energy Agency report estimates that energy needs in sub-Saharan Africa (SSA) will more than double by 2040. The current energy mix trend will have to take an upward trajectory to meet this demand. Power demand will necessitate for a stable and affordable baseload generation mix in the form of either Solar/Battery Storage, Gas intermediate solution, Hydropower, Wind inclusive of Offshore Wind, Geothermal etc.

Africa has over 600tcf of proven gas reserves; this needs to be harnessed for fast-track development of the continent. The future of Africa's oil & gas is dynamic, challenging and yet exciting. The richness of gas reserves means that gas could remain a low-cost fuel and cleaner alternative fuel.

At GENESIS we are of the view that gas should be used for the social good of Africa, hence our “Gas for Good” slogan.





What Gas means for Africa

Global natural gas market is expected to continue seeing growth and will likely overtake coal by 2030. Meanwhile, it is estimated that 590 million Africans don't have access to any modern form of electricity. 13 million lost access in 2019-2020 due to the effects of COVID-19.

85% of the population in the SSA region lack access to clean cooking, accounting for 35% of the global access deficit. About 50% of African countries have electricity output levels that are below 50% of demand.

The increasing drive to decarbonise the energy system is set to increase demand for natural gas for energy generation and other uses. The flexibility of natural gas supports increased energy security, power system reliability, robust industrial sectors and sustainable residential energy markets. Gas aligns with net-zero ambitions as it is a relatively low-carbon option for most systems.

The driving success factors to amplify the utilization of oil and natural gas for the greater benefit of African people are not limited to the following but they include:

- Sound Policy and Implementation Frameworks
- Stimulate Local Demand and Serial Collaborations
- Innovation: Distributed Gas Supply Infrastructure
- Concessionary FDIs into the oil & gas

Contributors

Akinwale Omoboriowo II

Chairman of the Board of Directors, Genesis Energy

Babalwa Bungane

Deputy Vice-President: Communications & Marketing, Genesis Energy

Endnotes

2021 Tracking SDG7 Report

https://trackingsdg7.esmap.org/data/files/download-documents/2021_tracking_sdg7_report.pdf

Africa Energy Outlook 2019

<https://www.iea.org/reports/africa-energy-outlook-2019>

Infrastructure Development in Sub-Saharan Africa: A Scorecard

<https://openknowledge.worldbank.org/bitstream/handle/10986/29770/Infrastructure-development-in-Sub-Saharan-Africa-a-scorecard.pdf?sequence=5>



UK

3-4 Devonshire St,
London W1W 5DT, UK

+44 (0) 203 786 7020

Contact

info@genesisenergygroup.net

www.genesisenergygroup.net

South Africa

61 Katherine St, Sandton,
2196, South Africa

+27 (0) 10 300 6057