

Commercial Frameworks for Energy Investment - Abuja Workshop

Presented by
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Objective & Target Audience

- **Capacity Building & soliciting real ideas for subsequent workshops & way forward – 1st in a series of 5 this yr**

Target

- **West African Elected Officials,**
- **Key News Media**
- **Long-term Professional Staff for national & regional Bodies**

Background to this Workshop

- February & July 9-13, 2007, over 100 delegates from Nigeria, Togo, Benin, Ghana
- drawn from industry, financial institutions, ministries, departments & agencies of Government, legislature, academia, consumer associations, development partners & private sector
- Question? 'what will make the Natural Gas Marketplace in the Sub-region work?'
- Communiqué was issued

Barriers to sustained investments

3 major ones:

- Inadequate tariffs
- Weak sector institutions – utilities & regulators
- Insufficient government attention and investment



Recommendations – short term

- An objective and effective consumer communication strategy – economic tariffs and corresponding service
- Independent generation of electricity and resale into the market – for fast expansion of generation capacity & increase the size of the secondary gas market



Recommendations – medium-term

- Roles and responsibilities of sector institutions needs clearer definition for efficiency & effectiveness
- Institutions must be resourced - human, material and authority
- Institutional performance – benchmarked for accountability
- Utilities must be corporatized & recapitalized if tariff increases are to result in quality of service
- Need for long-term strategies for service quality and resource mobilization



Recommendations – long-term

- New laws - mandating agency performance reviews, periodic review and rationalization of roles and responsibilities
- Need for strategic plan (incl. monitoring mechsm.) by assigned sector agencies - ensure implementation, accountability & consumer /stakeholder buy-in
- Need for study of sub-regional tariff structure aimed at harmonization and cost optimization



Observations/Concerns!

- WAGP was nearing completion and countries do not seem ready
- Commercial negotiations with gas producers need to take place to secure additional gas volumes
- Need to fast track approach to put in place above systems to bolster investor confidence

Observations/Concerns! (contd.)

- Governments must take immediate steps ensure completion of WAGP without further delays
- Energy crises can set back sub-regional efforts
- Irrespective of model basic economic principles must be followed to ensure viability and sustainability

For the next one & a half days...

- Do we 'really' understand the issues at stake and its implications for us individually, nationally, sub-regionally?
- Do the different stakeholders and levels of leadership understand the issues and if not how can we communicate it better?
- We seem to know the technical answers but why is there no action?
- How can we in our different roles contribute to the solution?
- How can initiatives such as these support our individual and institutional efforts?

We can make progress if we really want to but...

- Do we want to?
- Let's candidly discuss how we can contribute to move things forward.

Thank you!!!

Additional Issues for Discussion

- Specific questions related to WAGP deliveries and timing – broader implications for national/regional strategies
 - Solutions going forward (encouragement/pressure from purchasing countries; east-west pipe connection in Nigeria built as soon as possible to allow other producers to compete)
 - *How to achieve WAGPA's targets for solutions???*
 - How to best address in future workshop agendas "report card"
 - Level of preparedness for receiving markets



Additional Issues...

- Numerous energy challenges in sub-region, especially energy costs/prices
 - Best alternatives for discussion and shared solutions
- Role of news media – how to increase awareness and commitment for high integrity coverage of energy situation
 - How to build technical knowledge in news organizations, recruit young journalists with technical backgrounds
 - How to develop, expand professional integrity – provide “common forum” for informing all stakeholders
 - Long term development of capacity; example of specialized associations (financial journalism) to improve reporting; example of specialized reporting
 - Importance of engaging with news media



Additional Issues...

- Strengthening institutions
 - Authority, funding, enforcement for national/regional regulatory bodies
 - Staffing and turnover
 - Status of authorities in Togo, Benin; interactions with Nigeria, Ghana
- How to close “loopholes”
 - Regional regulation for gas
 - Role of ECOWAS proposed regional electricity authority



Additional Issues...

- WAPG, WAPP and level of regional preparedness
 - Funding for generation – investment promotion authorities??
 - Vision for WAPP to include regional standards for contracting, procurement, etc



Additional Issues...

- Role of elected bodies
 - How to improve/expand communication, engagement between legislative, executive branches (eg., gaps in WAPG agreements for enforcement)
 - Importance for regulators of relationship with elected bodies – provision of technical information, advice to elected bodies
- Question of technical staff for elected bodies and regulators; capacity building, turnover/retention
 - UT/NARUC info on staff development
 - Specific challenge of retaining trained public sector professionals: commitment to public service, appropriate rewards and incentives
 - Focus on long term training, labor competition across countries, domestic higher education and degree choices
 - For elected bodies – specific staff for select committees