

**PRESS RELEASE:**

**Workshop on Creating a Natural Gas Marketplace in the West African Sub- Region held in Novotel Hotel, Accra, from 9-13 July, 2007.**

1. We, the stakeholder representatives from the energy sectors in the sub –region, having thoroughly deliberated on the requirement of a well-functioning natural gas marketplace in the West African sub-region, hereby call on our respective Governments to act decisively and promptly to arrest the crippling energy crisis that has hit our sub-region.
2. We believe there are government leadership opportunities for short, medium and long term improvements in the energy sector and that immediate action is needed if we are to address pent-up investment and demand in a viable and sustainable manner. This is important if we are to avoid the continued spending of scarce resources on higher cost emergency and ad hoc solutions, which is detrimental to spending on education, health and other essential services, and address the fundamental issues facing the respective energy sectors in our countries and that of the region as a whole.
3. We unanimously conclude that the underlying and well-documented problems of inadequate tariffs and weak energy sector institutions that have continually bedeviled our societies should be confronted head-on. Otherwise new investment will not come and quality of service will not improve.
4. Consequently, we are of the view that tariffs should as a matter of urgency be rationalized to cost-reflective/economic levels and a corresponding plan outlined to ensure commensurate improvements in service quality vigorously pursued. We are aware that given the current state of our utilities a tariff increase might not translate into enhanced service quality unless the utilities are recapitalized or corporatized.
5. We recognize that the most viable source of short- to mid-term funding for the sub-region's national companies is our Governments. Therefore we call on our Governments to provide the investment funds needed to replace obsolete and dilapidated equipment contingent upon demonstration by the national companies that they have sustainable long term strategies for service delivery and quality and capital formation. The funds provided for recapitalization should however be part of a longer term strategy that will enable the companies to eventually access the capital markets themselves. In order to do that, they will need to show that revenues can cover costs, which implies tariff reform and meeting fundamental market and economic criteria; there is simply no short-cut.
6. We are of the conviction that our energy sector institutions are relatively weak and ineffective as a result of various political, manpower and logistical constraints within

which they operate. We submit that the roles and responsibilities of these institutions should be clearly defined; adequate resources provided; and some reasonable degree of autonomy granted them by our Governments. We believe this is the only way these institutions could be held accountable. Once this is done a monitoring and evaluation mechanism such as periodic agency performance reviews should be put in place in order to benchmark the effectiveness of our energy sector institutions.

7. We are persuaded that the Ministries responsible for Energy in the sub-region acting on behalf of their governments should develop a strategic business plan for the energy sector that includes mechanisms for regular update and monitoring to ensure the achievement of the mid-term objectives of the energy sector. The plan must set clear targets and enable sector institutions to outline clearly how they intend to meet those targets. The plan should also include the development of a utility performance scorecard and a common communication strategy to help customers and consumers understand the cost of reliable energy service and associated prices and tariff design. These innovations will both improve responsibility and accountability for service delivery and gain consumer acceptance and support for needed actions.
8. In view of the fact that the West African Gas Pipeline Project is almost completed, we urge our Governments to put in place simple legal and/or regulatory frameworks that will attract initial investment. Companies are ready to build distribution networks; demand for gas is confirmed; industrial users are ready to switch to gas and to generate their own power and supply the market along with merchant plants. The distribution businesses should be licensed as soon as possible so that they can negotiate with producers in Nigeria for gas supplies beyond foundation volumes.
9. We strongly believe that collaboration is needed in studying the tariff structure in the sub-region in particular and the energy sectors as a whole with the view to optimizing costs. In the long-term pursuing a harmonized sub-regional legislative regime could open up more opportunities for pooling resources for power generation and transmission.
10. Finally, pragmatic steps should be taken by our Governments to forestall any further delays in the completion of the pipeline project since this can aggravate the prevailing energy crisis.

The workshop was attended by over hundred (100) delegates drawn from industry, financial institutions, ministries, departments and agencies (MDAs) of Government, the legislature, academia, consumer associations, development partners and the private sectors of Nigeria, Ghana, Benin, Togo and Côte D'Ivoire.

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