Nigeria in South South Cooperation: The Case of West African Gas Pipeline

*Charles Osei-Mensah**

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Introduction

The West African sub-region of which Ghana forms a part is strategically located at the Western part of Africa which is best known as Sub-Saharan Africa. Out of the 54 nations in Africa, there are 16 countries which make West African sub-continent. The region has enormous mineral resource potential for trade, investment, and industrial development resulting in economic growth. However, lack of available, reliable and cost-effective energy supply is a major challenge for the region. For this, the West African Gas Pipeline (WAGP) project has been launched to bring about sub-region's solution for bringing energy for economic growth and environmental benefits to Ghana, Togo, Benin, and Nigeria.

The West African Gas Pipeline Project

The West African Gas Pipeline (WAGP) project is an unprecedented energy development project in the sub-

*Author is Assistant Director at Ministry of Foreign Affairs and Regional Integration, Republic of Ghana. The views are personal.

region that holds much promise for the effective and economic utilisation of the region's resources for development. The project is an international gas transmission system that transports clean, reliable and cheaper natural gas from Nigeria to customers in the Republic of Benin, the Republic of Togo and the Republic of Ghana. The project has the following milestones in its emergence:

- In 1982, the Economic Community of West African State (ECOWAS), proposed construction of a Natural Gas Pipeline across West Africa as a key Regional economic goal which was the first background in the emergence of the project.
- In 1992, the World Bank study confirmed viability of a natural gas pipeline based on ample reserves of Nigerian Natural Gas and Regional Energy needs which was the second background in the emergence of the project.
- In 1995, Leaders of Nigeria, Ghana, Togo and Benin signed an Agreement for the development of the WAGP which created a formal platform for the emergence of the project.
- In the year 2000, the four nations signed an Inter-governmental Agreement for a harmonised fiscal and regulatory framework for cross-border construction and operation of the gas pipeline.
- In 2003, the four nations and the West African Pipeline Company (WAPCo) signed the International Project Agreement (IPA) for the development of the pipeline. The construction of the WAGP began in 2005 and was completed in 2008 and the supply of gas has started through the pipeline.

Objectives of the Project

The pipeline project among other seeks to:

- Improve the competitiveness of the energy sectors in Ghana, Benin, Togo and Nigeria;
- Promote the use of cheaper and environmentally cleaner gas from Nigeria in lieu of solid and liquid fuels for power generation and other industrial, commercial, and domestic uses;
- Reform institutional, legal and regulatory frameworks that facilitate private sector participation in the energy sector in the country; and
- Foster regional economic and political integration that would support economic growth, and development of the West Africa electricity market.

Project Description

WAGP transports purified natural gas free of heavy hydrocarbons, liquids and water, ideally suited as fuel for power plants and industrial applications. Eighty-five per cent of the gas is for power generation and the remaining is for industrial applications.

Pipeline Capacity

The total pipeline length is approximately 690 kms that travels through onshore and offshore routes from the Niger Delta in Nigeria to Benin Republic and Togo and terminates in Takoradi in Ghana (The Volta River Authority's Takoradi Thermal Power Plant in Ghana), which transports and deliver gas to these four partnering countries. Thus, the project has an option to extend the pipeline to other West African countries in the future, if feasible.

The initial capacity of the project is 175 million cubic feet per day (mmcf/d), and it is ultimately expected to expand to

475 million cubic feet per day, as demand grows. The main offshore pipeline runs East to West at an average water depth of 35 metres though some sections such as the South-East of Ghana, South of Lome, and the Benin – Nigerian frontier ranges between 50 to 70 metres. Its range from the coast is as varied as the depth. At South of Cape St. Paul in Ghana, it is as close as 3.5 nautical miles (6.5 kilometres) while at its widest section south of Winneba also in Ghana, it is 17.5 nautical miles (32.5 kilometres). The ranges of the Tees from the coast are approximately as follows: Cotonou – 7 nautical miles (13 Km), Lome – 10.3 nautical miles (19 Km) and Tema – 7.8 nautical miles (14 Km). The main pipeline is 20 inches in diameter, Cotonou and Lome laterals are 8 inches, each, while the Tema lateral is 18 inches. The termination point at Takoradi (Aboadzi) forms part of the main pipeline.

Project Benefits

- The project is the sub-region's solution in bringing energy for economic growth and environmental benefits to Ghana, Togo, Benin and Nigeria.
- It will provide a long-term supply of abundant, clean, relatively cheaper fuel from Nigeria to Ghana, Togo and Benin.
- The pipeline construction and operations will transfer technical knowledge and skills to relevant public agencies, local consultants, contractors and their employees across the four countries.
- WAPCo employs over 100 skilled people from the sub-region, on competitive selection basis. This number had been far greater during construction.
- The pipeline project has provided a new level of regional co-operation and economic integration to enhance regional stability under the auspices of ECOWAS.
- The pipeline as a regional energy infrastructure will serve as a catalyst for direct foreign investment in the partnering countries.
- Nigerian producers will benefit from additional revenues accruing from the sale of associated gas to WAPCo.
- Each of the four countries will have some direct tax benefits. The gas recipient countries will make some fuel gains.

Challenges/Setbacks

- Delayed work at a Compressor Station at Lagos Beach in Nigeria and Regulating and Metering stations in Tema, Cotonou and Lome posed some initial challenges to the project.
- Project cost escalated due to delays and currency fluctuation.
- Environmental group, Friends of the Earth, has criticised the project, after local communities in Nigeria complained it would damage land, destroy livelihoods and pollute fishing areas.
- On 27 August 2012, the West African Gas Pipeline was damaged when pirates who had tried to board an oil tanker in an attempt to get away from the pursuing Togolese Navy.

Ownership of the West African Gas Pipeline

- Bermuda Corporation, owns and operates the West African Gas Pipeline Company (WAPCo) Limited. It is a joint venture Limited Liability Company,

owned by both public and private sector companies in Nigeria, Ghana, Benin and Togo.

Project Sponsorship

The World Bank has sponsored the project through its International Development Agency (IDA), and Multilateral Investment Guarantee Agency (MIGA) has provided the financial and political risk guarantee for the project.

Conclusion

Commissioning of the pipeline began in late November 2008 and gas supply into the offshore pipeline began on 6 December 2008 from Nigeria to the beneficiary countries which ended at Volta River Authority's Takoradi Thermal Power Plant in Ghana. Takoradi Thermal Power Plant was successfully completed on 14 December 2008. Construction of the Takoradi Regulating and Metering Station was also completed after initial delay. South-South Cooperation had been an integral part of Ghana's development agenda. As even before the WAGP, within the framework of South-South Cooperation, Ghana, supplied Electricity to Togo and Côte d'Ivoire, however, as the population of Ghana increased, the demands for power outstripped the supply. Ghana, therefore, joined hands with other sister countries in the West Coast to construct the West African Pipeline to aurgument her energy need in a win-win manner.

Launch of UNESCO's South-South Cooperation in Action publication

On 12 June, Prof. Mahmood Al-MullaKhalaf, Chair of the G-77 and China and Ambassador of the Permanent Delegation of Iraq; Mr Jorge Chediek, Special Envoy of the Secretary-General on South-South Cooperation and Director of the UN Office for South-South Cooperation; Mr. Firmin Matoko, Assistant Director-General, Africa Department, UNESCO; and Clare Stark, Strategic Planning Specialist, Bureau of Strategic Planning, UNESCO, launched UNESCO's first dedicated report on South-South and triangular cooperation during a panel discussion at UNESCO's headquarters in Paris.

Source: https://www.unsouthsouth.org/2018/06/14/launch-of-unescos-south-south-cooperation-in-action-publication/

Report available for download at: https://drive.google.com/file/d/1M1ovACu-6aSJvbF_2qfqcrVNJXu_3B18/view