# Nigeria's Decade of Gas at Midpoint: Progress, Gaps and the Path Forward

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# Contents



Cover image: An industrial operations team conducting a safety briefing at an offshore oil and gas marine terminal - photo by Williamson Ijeh via Shutterstock

# Key messages

- Nigeria's Decade of Gas initiative was launched in 2021 with the goal of transforming the country into a gas-powered economy by 2030. It reaffirms ambitions outlined in previous strategies like the 2008 Gas Master Plan and the 2017 National Gas Policy. However, a changed economic context, a transformed global energy market and the relatively large scale of potential risks in gas investment mean these earlier ambitions would benefit from being revisited.
- Since 2021, six upstream projects have started production, and three more have reached financial investment decision (FID). However, based on current trends, new production will fall far below the 2030 target (4.6 billion cubic feet per day (BCFD) expansion over the 2020 level). This report shows that even in the most expansive scenario, only about 1.3 BCFD of new gas production will be added by 2030.
- Beyond 2030: although overall gas production is projected to keep rising in the first half of the next decade, external demand for Nigeria's gas will likely decline in the latter half of the 2030s as well as in the decades to follow. Key consumers are likely to move increasingly away from fossil fuels. This would mean a loss in export revenue reaching billions of dollars annually.
- The Decade of Gas initiative is rooted in national development priorities, including meeting domestic energy needs. However, a major share of these new gas volumes is likely to be directed toward liquefied natural gas (LNG) exports, leaving between 20 to 30 percent for domestic use and meeting wider development goals.
- Upstream gas production capacity is constrained by midstream infrastructure deficits and entrenched downstream market failures, many of which have persisted for close to two decades. These structural challenges–especially in the power sector, which suffers from payment illiquidity and debt overhang–have affected the bankability of domestic demand.
- The global energy landscape is in a state of flux with energy transition considerations and energy security priorities, creating marked uncertainty about long-term demand. These external demand considerations and the macroeconomic challenges associated with continued fossil fuel dependence are a major risk in a business-as-usual approach of doubling down on large-scale gas sector expansion.
- Nigeria needs a right-sized development pathway that can incorporate the country's gas ambitions, while integrating alternative energy routes to expanding energy access and foregrounding the importance of an economic diversification strategy that reduces the country's acute reliance on oil and gas.

# Executive summary

Nigeria faces a challenging task ahead. The impact of external shocks like the oil price crash of 2014, the COVID-19 crisis as well as geopolitical events in Europe and more recently in the Middle East have led to worsened living standards for many ordinary Nigerians. Poverty and food insecurity are a major concern, and it is likely that these could worsen as global economic growth faces headwinds from geopolitical instability.

Within this wider economic context is the Nigerian government's Decade of Gas initiative, which began in 2021 and is currently at its midpoint, representing an opportunity for transformative sustainable development. The initiative has aimed to provide fresh impetus to Nigeria's gas sector with a gas-based sustainable development agenda underpinned by the country's approach to gas as a transition fuel.

In this report, we undertake an assessment of the Decade of Gas initiative, taking the upstream sector as the starting point of the analysis. Most of the initiative's development agenda hinges on the availability of new volumes of gas production to drive goals such as improving energy access (through increased gas-based electricity production); gas for clean cooking and transportation; and gas-based industrialization, as well as ramping up export earnings.

Our analysis shows that in 2030—which would mark ten years since the launch of the initiative—new upstream gas production would not meet the targets set at the outset. We find that, even in the most expansive scenario, about 1.3 billion cubic feet per day (BCFD) of new gas production would come online by 2030. This is only about a third of the target of an additional 4.6 BCFD. In addition, most of this new capacity is targeted toward exports rather than domestic usage that would support domestic development goals.

We highlight structural limitations that challenge gas-sector development and the risks that come from an expansive gas-infrastructure build-out.

For this analysis, we combined desk-based research with semi-structured stakeholder interviews, surveys as well as in-person and online workshops. We highlight some key challenges on the supply and downstream-demand side, coupled with midstream infrastructure deficits that have limited upstream expansion. Many of the challenges we highlight present structural limitations for effective implementation of the Decade of Gas in its current framework.

Two decades of unresolved structural limitations, a transformed global energy landscape, a challenging business environment and a constrained governance context mean that doubling down on large-scale gas expansion without recalibrating ambitions or strengthening complementarities with other sectors could undermine Nigeria's development agenda. This implies that a business-as-usual approach to the Decade of Gas initiative would introduce more risks for the Nigerian economy, with an uncertain prospect for success. We therefore recommend a right-sized approach, which balances ambition with feasibility and accounts for potential challenges posed by the two major sources of risk: the energy transition and macroeconomic risk.

# Abbreviations and terms

| | |
|---|---|
| **AKK** | Ajaokuta-Kaduna-Kano (pipeline) |
| **APS** | announced pledges scenario |
| **BCFD** | billion cubic feet per day |
| **CNG** | compressed natural gas |
| **EU** | European Union |
| **FDI** | foreign direct investment |
| **FID** | final investment decision |
| **GMP** | Gas Master Plan (2008) |
| **IEA** | International Energy Agency |
| **IMF** | International Monetary Fund |
| **IOC** | international oil company |
| **LNG** | liquefied natural gas |
| **MCFD** | million cubic feet per day |
| **MMBtu** | million British thermal units |
| **NGP** | National Gas Policy (2017) |
| **NLNG** | Nigeria LNG Limited |
| **NNPC** | Nigerian National Petroleum Company Limited |
| **PIA** | Petroleum Industry Act |

# Introduction

Eighty-seven million people in Nigeria still lack access to electricity, while demand continues to grow at a rapid pace.[1] Despite having Africa's largest gas reserves (estimated at more than 210 trillion cubic feet), Nigeria has struggled to translate its resource wealth into reliable energy access for its citizens. This mismatch between national energy needs and actual output is projected to widen under current trends.[2]

For a country where approximately 126 million people live in poverty, expanding access to reliable electricity supply is necessary for sustainable economic development.[3] Historically, Nigeria has been critically dependent on its oil and gas industry for both export and fiscal revenue. The broader economy and the domestic oil and gas industry have faced multiple shocks in recent years: the oil price crash of 2014 derailed many projects; the COVID-19 crisis worsened external and internal balances, and created a shortage of foreign exchange; and multiple geopolitical shocks have led to sharp increases in the prices of food and important agricultural commodities.[4]

The government's responses to these economic shocks (for instance, fuel subsidy removal, exchange rate liberalization) may also have further eroded the living standards of ordinary citizens. A report from the World Food Programme highlighted that 34.1 million Nigerians still suffered from food insecurity in March 2026.[5] Nigeria desperately needs an economic reset: expanding energy access; diversifying economic growth drivers; expanding industrial capabilities and shifting to higher-value production; expanding and diversifying exports; increasing foreign direct investment (FDI) inflows; reducing poverty; and improving food security.

Against this backdrop, the Decade of Gas initiative—launched in 2021—was envisioned as a transformative strategy for repositioning Nigeria's gas sector and supporting wider sustainable economic development. Five years on, has the initiative delivered the reset needed for Nigeria's gas sector and the broader economy? What measurable progress has been achieved, and what challenges remain?

At the halfway point of the Decade of Gas initiative, we review the progress and pace of the developments in the upstream sector underpinning those ambitions so far; make assessments of the major limitations; and provide recommendations on charting a path forward. The goal of this report is to inform policymakers, industry stakeholders and civil society members about how Nigeria's gas strategy can better align with the country's development priorities, legal, fiscal and structural policy constraints as well as the risks emanating from a changing global energy landscape.

1 Tracking SDG 7, The Energy Progress Report (accessed 10 June 2026), https://trackingsdg7.esmap.org/.

2 Final energy demand under current and planned policies (as of 2023) could grow 1.7 times by 2030 compared with 2015 levels (2155 petajoules, PJ). By 2050, final energy demand would be nearly five times higher compared with 2015 levels, according to analysis from the International Renewable Energy Agency (IRENA, 2023). Nigeria Integrated Resource Plan (NIRP), the government's flagship power sector document, projects peak electricity demand of about 12 GW by 2030. International Renewable Energy Agency (IRENA), Renewable Energy Roadmap: Nigeria (2023), https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2023/Jan/IRENA_REMap_Nigeria_2023.pdf.

3 World Bank, Nigeria Poverty and Equity Brief, (2025), https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099253204222517873

4 Nafi Quarshie, Aaron Sayne and Alexandra Gillies, Nigeria: Updated Assessment of the Impact of the Coronavirus Pandemic on the Extractive Sector and Resource Governance (NRGI, 2020), https://resourcegovernance.org/publications/nigeria-updated-assessment-impact-coronavirus-pandemic-extractive-sector-and-resource.

5 World Food Programme, Nigeria Situation Report - March 2026 (2026), https://reliefweb.int/report/nigeria/wfp-nigeria-situation-report-march-2026.

In the next section, we highlight the aims of the Decade of Gas initiative and discuss how this compares with Nigeria's previous gas plans. In the sections that follow, we present the gas production trajectory for 2030 and beyond. We highlight the new upstream projects that can be expected to start production by 2030 and the destination of gas supplied by these projects (exports versus domestic consumption). This is significant, as a key ambition of the Decade of Gas initiative is to increase domestic utilization in order to achieve universal energy access and raise revenues from gas exports. We then assess the limitations and structural constraints that heighten the risk that the Decade of Gas initiative's outcomes will mirror those of earlier gas plans. We then follow our diagnosis of the limitations by expanding on the risks of a business-as-usual approach, highlighting two key risks relating to the energy transition, and macroeconomic risk. We conclude by recommending a right-sized approach, which balances ambition with feasibility, and accounts for potential risks posed by the energy transition.


A compressed natural gas (CNG) truck traveling on a road into Lagos, Nigeria - photo by Tolu Owoeye via Shutterstock

# The Decade of Gas initiative: Aims and background

Launched in 2021, the Decade of Gas has been framed as an initiative that would transform Nigeria into a "gas-powered economy by 2030" through "policy reforms, gas supply projects maturation, gas infrastructure expansion, capacity building and robust investment attraction strategies."[6] What this means in practice is that there has been a renewed effort to identify priority projects and find investors for these through a mix of stakeholder outreach and closed-door negotiations.

The Decade of Gas initiative is not a brand-new policy invention but reworks prior gas-policy efforts. The 2008 Gas Master Plan (GMP) sought to restructure the gas sector by boosting domestic supply, expanding midstream infrastructure, and promoting gas-based industrialization. The 2017 National Gas Policy (NGP) had similar ambitions. It sought to prioritize gas supply for domestic use; set the direction for commercializing flared gas through the Gas Flare Commercialization Program; and called for full legal separation of gas infrastructure ownership, operations and trading. Other aims included domestic gas market liberalization, institutional reform and ramping up domestic compressed natural gas (CNG) usage. Increased global climate action, competition from new fossil fuel producers and lower cost of production globally have made it challenging for Nigeria to achieve its gas expansion ambitions.

At its core, the Decade of Gas initiative is grounded in goals to support sustainable economic development: improve energy access and make progress on decarbonization; diversify the economy by promoting gas-based industrialization; and increase export earnings from gas (see Figure 1).

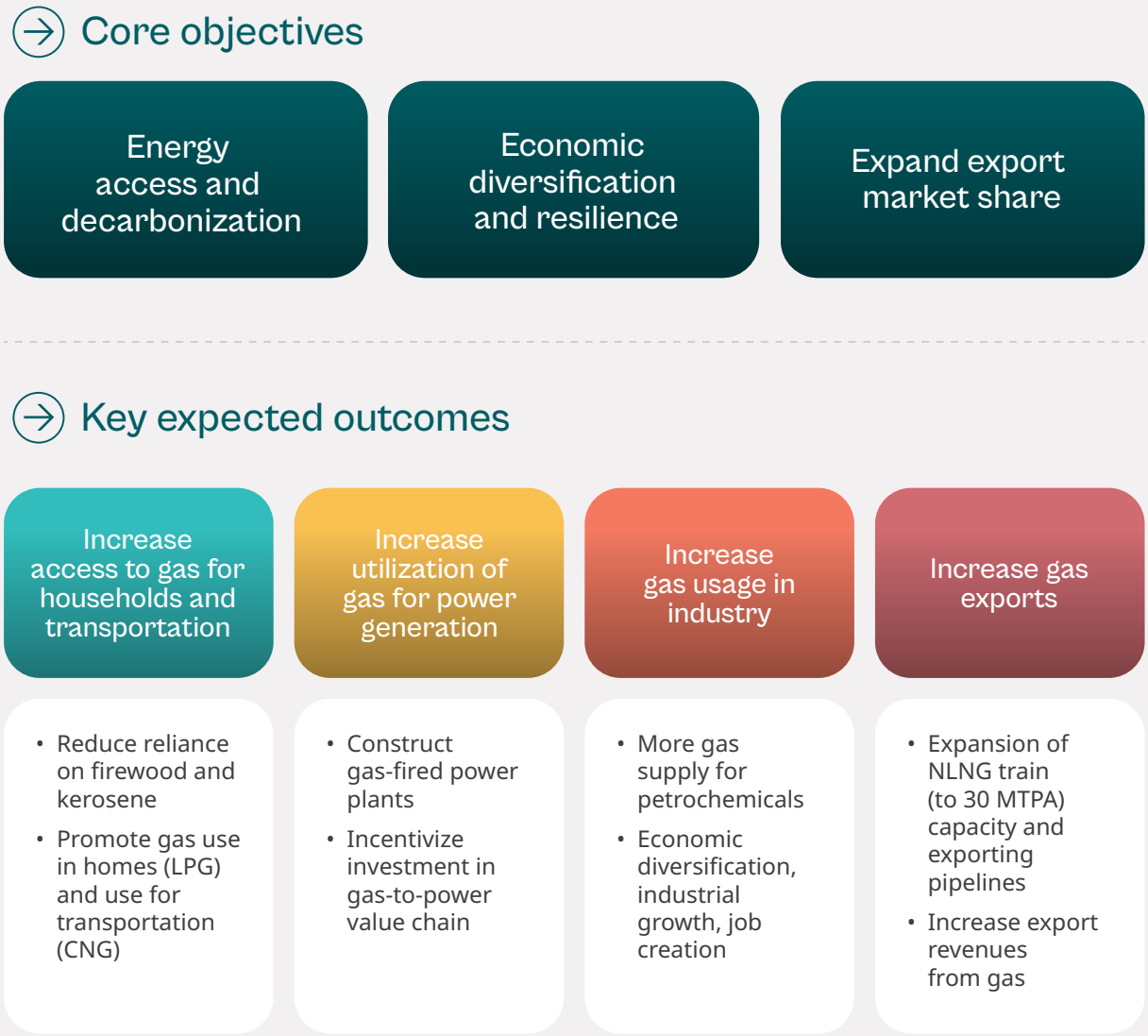
These goals correspond to critical developmental challenges that Nigeria needs to address to lift millions of citizens out of poverty and create new drivers for economic growth.

## Key components of the Decade of Gas initiative

- **Domestic gas expansion:** Nigeria's domestic gas expansion ambitions are underpinned by increased gas use for power, homes and industries. This includes increasing gas for power generation; promoting gas use as an alternative to firewood and kerosene; and encouraging gas as feedstock for domestic industries.
- **Export expansion:** The Decade of Gas states that Nigeria intends to capitalize on perceived global demand to expand the country's liquefied natural gas (LNG) production capacity. Nigeria intends to develop new LNG projects, increasing its global LNG share and generating revenue from gas exports.
- **Policy reforms and regulatory framework**: The government articulates planned reforms to its licensing and fiscal framework, which are designed to attract the expertise needed to achieve the Decade of Gas ambitions.

6 Decade of Gas, "Home," accessed 16 March 2026, https://decadeofgas.com.ng/.

**Figure 1:** The core objectives and expected outcomes of the Decade of Gas initiative




On the supply side, the Decade of Gas materials note that "20 projects/fields have been identified that could contribute ~4.6BCFD within the decade."[7] In terms of infrastructure, the initiative states that meeting growing demand will require the development of critical gas infrastructure, and that current planned gas pipeline infrastructure could require up to USD22 billion in investment by 2030.[8]

In this report, we foreground the importance of broader sustainable development goals within the Decade of Gas initiative, as this has been highlighted by the current and previous governments as the key overarching goal of the initiative.

7 Decade of Gas, "Supply," accessed 16 March 2026, https://decadeofgas.com.ng/supply.

8 Decade of Gas, "Infrastructure," accessed 16 March 2026, https://decadeofgas.com.ng/infrastructure.

# Decade of Gas: Assessment

## Methodology: Explaining the focus on upstream gas production in this mid-initiative evaluation

The starting point of this analysis is an assessment of expected new upstream production capacity in 2030, outlining the likely trajectory of Nigeria's gas production for the following two decades. Additional upstream gas capacity is fundamental to enabling the Decade of Gas initiative's goals: expanding gas supply for households, industry, transport and power generation, and scaling up exports. Without sufficient new gas production, many of the initiative's downstream ambitions, particularly those centered around domestic development goals, will not be realized.

**Our methodology:**

1. Using Rystad Energy's UCube database, we examined all Nigerian gas projects (both associated and non-associated) that have started since 2021 or have a projected start date by 2030.[9] Data was used to build a gas production profile forecast for 2030 (and beyond).

2. We identified the main challenges to the expansion of upstream production capacity through a combination of desk research and interviews with experts.

3. We tested our findings of both projected future gas production as well as identified challenges through two workshops involving key stakeholders from industry, civil society, government representatives and regulators. We used surveys to collect data from participants, validate our assumptions on the identified challenges and compile recommendations from workshop participants.[10]

4. We validated both our initial findings from our in-person surveys and the initial outputs from the two workshops through one-on-one, semi-structured interviews with key experts. We then cross-referenced and triangulated these results to validate our assessment of limitations.

We presented our upstream gas production findings to the Decade of Gas Secretariat for review and comment and provided several opportunities for feedback. At the time of publication, we had not received a response.

9 We use data from Rystad Energy's UCube database to build out a gas production profile.

10 We conducted an in-person workshop in Abuja on 28 April 2026 and an online workshop on 8 May 2026.

## Upstream production in 2030 and beyond

The Decade of Gas initiative targets an increase in gas production capacity of 4.6 BCFD (from a baseline production level of 4.9 BCFD in 2020) by 2030.[11] According to the government, 20 upstream projects can provide this additional 4.6 BCFD increment in gas production by 2030.[12] In the upstream sector, capital expenditure of $2.7 billion has already been committed since the start of the initiative, with this number projected to rise to just under $12 billion by 2030, according to data from Rystad Energy[13,14]. This still falls far short of the government's $30 billion additional investment target by 2030.[15]

As set out in Table 1, six upstream projects have started production since 2021. They include both non-associated gas (NAG) developments, such as gas-condensate fields, and associated gas from oil fields. Together, these six projects have added around 0.5 BCFD to Nigeria's gas production capacity. A further three projects have reached financial investment decision (FID) since 2021, according to Rystad Energy.[16] One of these is the HI project, a joint venture between Shell's Nigerian operations and Sunlink Energy and Resources Ltd, a domestic producer.[17] FID for the $2 billion project was completed in 2025, and its gas is expected to supply Nigeria LNG Limited's (NLNG) Train 7.[18] According to Rystad, these three FID-approved projects are expected to come online by 2030 and add a further 0.5 BCFD of production capacity.

Beyond these nine projects, Rystad Energy identifies a further sixteen upstream gas projects with expected start dates before 2030. These projects are still in the discovery phase and have not yet reached FID. Assessing the likelihood that they will progress to sanction lies beyond the scope of this report. However, we include their potential capacity as an indicative upper bound for the maximum gas production capacity that could be in place by 2030.

In summary, at the halfway point, the Decade of Gas initiative has added around 0.5 BCFD of gas production capacity and has the possibility of adding another 0.8 BCFD by 2030 from projects having reached FID or projected by Rystad to start production by 2030. This represents some progress, particularly because part of this additional capacity—including Assa North–Ohaji South, Enhwe and Ubeta—is expected to supply the domestic market. Nevertheless, the maximum increase of about 1.3 BCFD by 2030 falls well short of the initiative's ambition relative to 2020 levels, representing only 30 percent of the government's target.

11 The gas production volumes quoted in this report correspond to sales gas produced for domestic usage and exports, and do not include flared gas, reinjected gas, fuel gas and other non-sales gas volumes. This is an important distinction, as significant volumes of gas are not available for domestic or export usage. See: Decade of Gas, "Demand," accessed 30 July 2026, https://decadeofgas.com.ng/demand.

12 We use Rystad Energy's database of projects to get a list of all projects in the database with a start date between 2021 and 2030; this includes projects accounted for in the 20 upstream projects mentioned by the government. See: Decade of Gas, "Supply."

13 Rystad Energy UCube Database

14 Decade of Gas, Demand," accessed 16 March 2026, https://decadeofgas.com.ng/demand

15 Decade of Gas, "Decade of Gas Initiative Records Major Milestones under Tinubu Administration," accessed 6 March 2026, https://decadeofgas.com.ng/news/63/decade-of-gas-initiative-records-major-milestones-under-tinubu-administration.

16 Rystad Energy UCube Database

17 Shell, "Shell Invests in Nigeria Offshore Gas Development," 14 October 2025, https://www.shell.com/news-and-insights/newsroom/news-and-media-releases/2025/shell-invests-in-nigeria-offshore-gas-development.html.

18 The NLNG Train 7 project will add a seventh LNG processing unit to the existing NLNG processing complex, which currently operates six trains (independent processing units).

**Table 1:** New upstream projects that have started production or completed FID since 2021: Only 20 to 30 percent of new production likely going to domestic usage[19]

| Project | Peak daily production Million cubic feet per day (MCFD) | Start date | Destination |
|---|---|---|---|
| Efe | 1.1 | 2022 | Domestic |
| Enwhe Gas | 154 | 2022 | Domestic, Exports |
| Eriemu (redevelop) | 24.8 | 2022 | Domestic |
| Ikike | 36.2 | 2022 | Export |
| Iseni | 88.8 | 2026 | Domestic |
| Assa North-Ohaji South (Phase 1) | 194.5 | 2026 | Domestic, Exports |
| Ubeta (Domestic Market) | 52.6 | FID (2027) | Domestic |
| Ubeta (NLNG) | 119.3 | FID (2027) | Export |
| HI | 339.6 | FID (2029) | Export |
| **Total** | **1,011** | | **Mostly exports** |

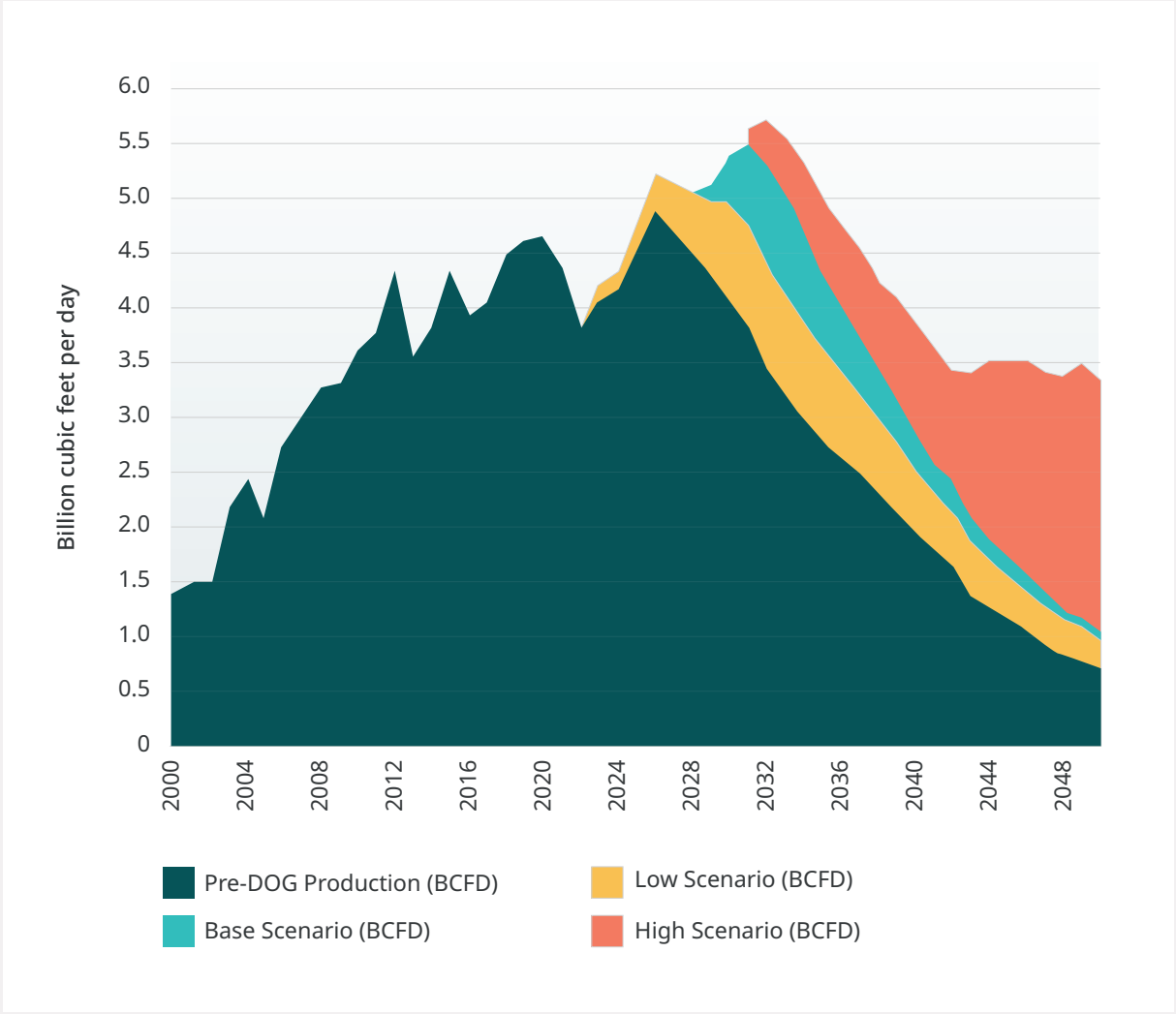
## Gas sector expansion unlikely to meet target even beyond 2030

Based on Rystad Energy's gas production forecasts for Nigeria, the gas sector is unlikely to observe the scale of gas production expansion that is envisaged by the Decade of Gas initiative. As Figure 2 indicates, gas output is likely to increase by around 1.3 BCFD by 2030—at most—reaching peak gas output in the early 2030s. To be clear, gas output is likely to rise over the next few years (and beyond 2030)[20]. However, this increment in production volume will be significantly lower than what is envisioned by current plans. This means that there will be competing needs for this new gas.

Based on historical trends and owing to the export bias that exists in the sector (examined in greater depth in the following section), most of the newly available gas is likely to be channeled toward LNG exports. Many of the Decade of Gas initiative's sustainable development goals hinge on the availability of gas for domestic use. The potential lack of this availability means that gas sector plans would need to be synchronized and crowd-in other sectors of the economy to achieve the initiative's wider goals, such as energy access expansion and diversification.

19 The destination of gas exports are author estimates based on data from Rystad Energy and publicly available project information.
20 Rystad Energy UCube database

**Figure 2:** Gas production in Nigeria (2000–2050, billion cubic feet per day)[21]




## Limitations to upstream success

A challenge for producer countries is managing resource wealth to facilitate the growth of other non-resource sectors of the economy. Historically, Nigeria has struggled to strike this balance, and despite an abundant wealth of resources, development goals such as providing energy access, food security and overcoming chronic poverty have not been met. The domestic oil and gas sector has largely been unsuccessful in achieving development objectives underpinned by a projected gas expansion, and the 2021 Decade of Gas initiative is unlikely to lead to drastically different outcomes. A business-as-usual approach that involves doubling down on large-scale investment in the gas sector risks repeating past mistakes, which have limited the growth of the Nigerian economy and undermined its capacity to remain resilient to shocks.

21 Pre-Decade of Gas (DoG) production: this is daily gas production from assets with a start date prior to 2021. Low scenario: this is daily production from new assets that have already started producing since 2021. Base scenario: this is production from assets that have completed FID since 2021. High scenario: this is Rystad Energy's gas production forecast for Nigeria. Source: Author calculations based on data from Rystad Energy.

Below, we identify **four** critical limitations that constrain upstream gas expansion and the broader success of the Decade of Gas initiative:

## Establishing bankable domestic gas demand has become a structural challenge

**Structural challenges that have proved resistant to reform efforts:** Bankability of domestic demand remains one of the most critical challenges to upstream expansion that would unlock domestic supply. Cascading market failures have inhibited the creation of a domestic gas sector that can balance affordability for domestic consumers with a sufficient commercial case for investors. Despite being highlighted as a major challenge in the 2008 GMP and the 2017 NGP, domestic bankability issues—which have persisted for the past two decades—remain a binding constraint. Two critical market failures are highlighted below:

**Power sector woes have had a negative impact on domestic use:** Despite multiple reform initiatives, the power sector remains entrenched in a cycle of chronic payment illiquidity owing to non-cost-reflective tariffs. This has led to remittance shortfalls that need to be covered by the government. A ballooning fiscal burden for the federal government, as well as debt overhang for distribution and generation companies, have severely hamstrung investment, payments and reliability of supply in the power sector and eroded the commercial basis for this sector as a gas customer. A full discussion of the challenges affecting the power sector is covered in our companion report on gas-to-power.[22]

**Cross-subsidization plans were unsuccessful as demand from other industrial sectors remains low:** The 2008 GMP had envisioned that industrial sectors—which have a significantly higher capacity to pay than the power sector—would cross-subsidize domestic gas supply, keeping the overall domestic market commercially viable for investors.

However, persistent infrastructure deficits, along with processing and transportation gaps, have limited the development of robust industrial demand growth. The inhibition of industrial demand has also led to subdued midstream infrastructure investment reinforcing a negative feedback loop that has ultimately led to another market failure. This has affected the monetization of gas deposits, leading to stranded gas as these remain commercially unviable.

Government and private sector actors have been unable to address these market failures. This has led to entrenched policy challenges that have proven extremely difficult to address due to the scale of the constraints at play.

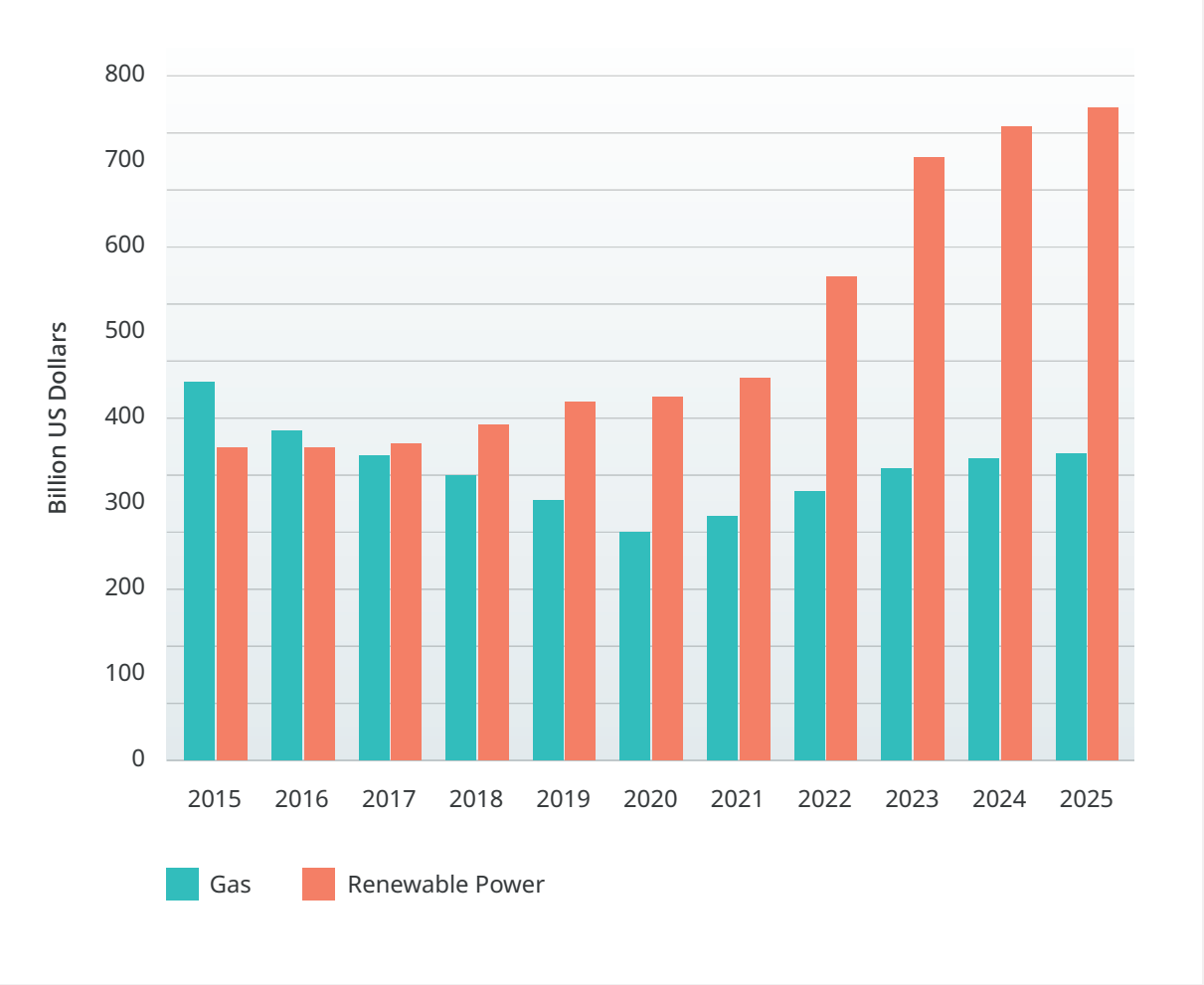
## Nigeria's gas sector is caught between shrinking global financing, elevated risk premiums for local firms and a wave of international oil company divestments

**Gas sector investment is losing ground globally to renewables:** The global pool of investment for the gas sector has been on an overall declining trend. This is particularly apparent when comparing gas sector investment with financing for renewable power, and financing that is emerging to support the shift from fossil fuel energy use toward sustainable energy sources.

Between 2015 and 2025, global gas investment fell from $454 billion to $365 billion, while renewable power investment doubled from $374 billion to $780 billion.

22 Tengi George-Ikoli and Aaron Sayne, Nigeria's Gas-to-Power Ambitions: Limits, Opportunities and Alternatives (NRGI, 2026).

**Figure 3:** Global gas sector investment vs. renewable energy (in USD billion, 2024 Market Exchange Rate (MER))[23]




**International oil company (IOC) divestments as well as competition from existing and emerging gas producers:** In addition, the Nigerian gas sector has been adversely affected by a wave of divestments from IOCs (particularly onshore assets), against the backdrop of a challenging overall business environment.[24] Citing the increasing occurrence of vandalism and security risk, among other factors, oil majors have divested billions of dollars of assets in recent years (Table 2). ExxonMobil's $1.28 billion divestment of assets in February 2022, and the sale of Shell's stake in its Nigerian Shell Petroleum Development Company Limited joint venture to the Renaissance consortium for $2.4 billion in 2024 are some of the major divestments in recent years. When IOCs sell onshore assets to indigenous firms, it boosts local participation and retention of investments to some degree. However, indigenous companies are consistently overstretched, as many do not have the capacity to take over all existing assets when more IOCs divest or attract the investments needed to achieve Nigeria's gas expansion ambitions.

23 IEA, World Energy Investment 2025 (2025), https://www.iea.org/reports/world-energy-investment-2025/executive-summary.

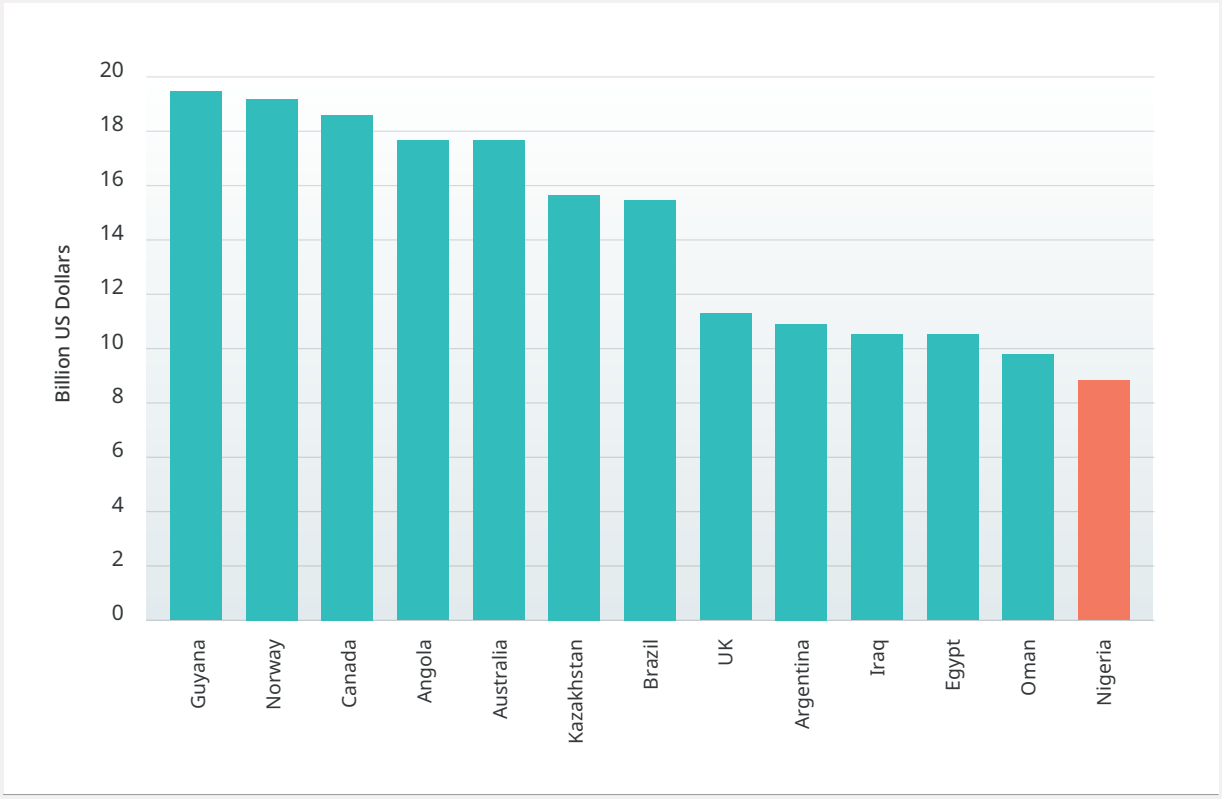
24 According to the IMD World Competitiveness report, Nigeria ranks 67th out of 69 countries (lagging behind regional peers like Ghana, and African peers like South Africa). The report suggests macroeconomic and social instability, pervasive security issues, low levels of technology diffusion across key economic sectors and massive infrastructure deficits as barriers to the ease of doing business. See: International Institute for Management Development, Nigeria – Competitiveness Trends (2025), https://imd.widen.net/s/mx8mvlsmnc/ng1page_wcy_2025.

**Table 2:** Key recent divestments from international oil companies

| Seller | Buyer | Deal value (in USD million) | Year |
|---|---|---|---|
| Shell | Renaissance Consortium | 2400 | 2024 |
| Equinor | Chappal Energies | 710 | 2023 |
| Eni | OANDO | 985 | 2023 |
| ExxonMobil | Seplat Energy | 1283 | 2022 |

While IOCs have been divesting from Nigerian assets, they have been increasing their involvement in new discoveries in South America and existing unconventional exploration in the Permian basin in the U.S. Between 2020 and 2025, the six oil majors invested a total of $47.6 billion in three countries in South America: Argentina, Brazil and Guyana. These companies invested an even larger sum of $137 billion in the U.S. in the same period. By comparison, total oil and gas investment in Nigeria was a much smaller sum of $9.2 billion.[25]

**Figure 4.** Nigeria is losing out in the competition for oil and gas investment from oil majors (2020–2025 total, in USD billion)[26]




25 Rystad Energy E&P Company Analysis Dashboard.

26 The chart does not show $137 billion investment in the U.S. by Oil Majors in the same period, owing to scale issues. Source: Rystad Energy E&P Company Analysis Dashboard.

**Oil and gas industry investment trends also reflect broader economy-wide investment trends:** FDI inflows into Nigeria have been on an overall downward trend for the past two decades, and smaller regional peers have now outpaced Nigeria in attracting FDI. In 2024, FDI inflows into Nigeria were $1.1 billion; this was around 7.1 percent of the total FDI inflows into West Africa, and around 2.3 percent of total FDI flows into Sub-Saharan Africa. The landscape was completely different in the early 2000s, when Nigeria commanded about 60–65 percent of overall FDI inflows into Western Africa. Between 2020 and 2024, cumulative FDI inflows into smaller regional peers such as Senegal ($14.2 billion) and Côte d'Ivoire (just under $10 billion) outpaced foreign investment into Nigeria ($9.5 billion).[27]

**Difficult market and financing conditions for local firms:** Overall financing and market conditions have also tightened, and there are many competing interests for finance. It is already difficult for Nigerian companies to raise financing due to high interest rates, short tenors and a history of non-performing loans. A significant share of domestic lending is already being directed to the oil and gas sector, and there are limitations to how much more domestic lending can be channeled to fuel the investment needs for the Decade of Gas initiative across the gas value chain.

## Domestic pricing and export bias: A longstanding structural imbalance

The tension between LNG exports and domestic supply is a fundamental issue that has persisted through different iterations of Nigeria's prior gas plans. In the earlier section, we highlighted the domestic demand bankability concerns that have contributed to this structural bias. Another key challenge reinforcing this bias is the issue of domestic pricing: domestic prices are not competitive enough, and producers earn significantly more by exporting than selling domestically.

As of April 2026, the domestic base price for gas for the power sector, the commercial sector and gas-based industries (the so-called "strategic sectors") are in the range of $2.18/ million British thermal units (MMBtu) to $2.68/MMBtu.[28] LNG prices in European and Asian markets, however, are significantly higher: East Asian LNG futures for example, have been trading between $10/MMBtu to $22/MMBtu over January to May 2026. Therefore, the export premium over the domestic power sector price is significant. Even without considering the payment and liquidity issues mentioned in the previous section, the power sector—which is the largest domestic source of gas demand—does not present a commercially attractive proposition. A market-driven evaluation therefore continues to drive producers toward a stable, contract-backed export offtaker in NLNG, which currently operates six trains.

The Petroleum Industry Act (PIA) introduced changes that were meant to address some of this export bias and rework the commercial framework governing domestic gas supply. It strengthened the domestic gas supply obligation and introduced a willing-buyer, willing-seller pricing framework.[29] However, a market-based price discovery mechanism has still not materialized: the domestic price remains below export parity and gas supply obligations are not sufficiently enforced. While the PIA requires future domestic allocations be prioritized, it cannot modify standing LNG offtake contracts retroactively. What this means is that the domestic supply obligation is applied after LNG supply obligations are upheld.

The recent crisis in the Strait of Hormuz highlighted these considerations: following the closure of the strait in March, Nigerian LNG exports jumped to around 1.7 Mt in April 2026, and total export volumes in Q1 (January – March) 2026 were almost double the volumes of the same period in 2025. Nigerian LNG cargoes were diverted toward Asia while domestic thermal power plants faced gas supply shortages.

27 UNCTAD, "Nigeria General Profile – Financial Flows", accessed 2 July 2026, https://unctadstat.unctad.org/CountryProfile/GeneralProfile/en-GB/566/index.html.

28 Trading Economics, "EU Natural Gas Prices," accessed 2 July 2026, https://tradingeconomics.com/commodity/eu-natural-gas.

29 Templars Law, "An overview of Nigeria's Domestic Gas Pricing Framework," 31 July 2024, https://www.templars-law.com/knowledge-centre/an-overview-of-nigerias-domestic-gas-pricing-framework/.

This is a fundamental tension and a difficult problem for the government to address: if it raises gas prices for the domestic power sector—which is the main source of domestic demand—then this would lead to further profitability issues and reinforce the chronic payment illiquidity issues in this sector. If it raises prices but looks to absorb this payment shortfall, then this could cause a ballooning subsidy bill that may become unsustainable.

## Regulatory uncertainty

The PIA was the outcome of decades of comprehensive regulatory review of the oil and gas industry in Nigeria. The legislation introduced institutional restructuring; created fiscal incentives for gas investments; strengthened the legal basis for commercialization; and improved regulatory clarity.[30] The PIA also enhanced the fiscal recognition of gas economics, incorporating additional fiscal incentives and expanded support for commercialization of flared gas. The significance of that law was to ensure regulatory certainty, attract investments and strengthen investor confidence. However, five years on, there have been several updates to the bill through *ad hoc* presidential executive orders. Here we highlight three key examples:

- The Oil and Gas Companies (Tax Incentives, Exemption, Remission, etc.) Order (February 2024) provided fiscal incentives, including tax credits, to promote non-associated gas greenfield development and investment allowances to support companies operating in the midstream oil and gas industry. However, this executive order only specified tax incentives for onshore and shallow-water segments. These tax incentives address supply-side issues, whereas the challenge (especially for domestic supply) is around pricing.
- In February 2026, another executive order directed the Nigerian National Petroleum Company Limited (NNPC) to transfer the 30 percent share of oil and gas profits to the Federation revenue account and ended the company's entitlement to the 30 percent management fee. The PIA had previously attributed this share of profits to the frontier exploration fund. In the case of the February 2026 executive order, the rationale was to "restore the constitutional revenue entitlements of the federal, state, and local governments, which were removed in 2021 by the Petroleum Industry Act (PIA)" and that the legislation had "created structural and legal channels through which substantial Federation revenues are lost."[31]
- In March 2026, another government intervention provided a targeted fiscal incentive package to support the FID on the Bonga Southwest Aparo deepwater project. Details have not been provided, but media reports mention an enhanced production tax credit.[32] This incentive package highlights *ad hoc* changes that seem to encourage specific companies and specific projects, diluting the spirit of the PIA.

*Ad hoc* policy changes that are made following the passage of a comprehensive law can be destabilizing. Private companies and public institutions alike require a stable regulatory environment that these piecemeal changes tend to disrupt. Such changes could lead to a fragmented collection of policy add-ons that make the regulatory environment even more difficult to navigate and exacerbate the already existing challenges of doing business.

30 The key changes for the gas sector are the absence of a hydrocarbon tax for associated natural gas, gaseous natural gas liquids and non-associated natural gas (unlike for crude oil), and a royalty rate of 5 percent, which is further reduced to 2.5 percent for natural gas that is used domestically. The PIA also granted a tax holiday for domestic midstream petroleum operation and downstream gas operations for an initial three-year period, which could be further renewed by an additional two years. Pipeline investors are granted an additional five-year tax holiday. The PIA established a dual gas pricing framework overseen by the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA); created the Midstream and Downstream Gas Infrastructure Fund; and stipulated that gas transportation networks would need to align with the existing network code and open access to gas infrastructure.

31 "President Tinubu signs executive order for direct remittance of oil and gas revenues to federation account", Office of the President of Nigeria, February 2026, https://statehouse.gov.ng/president-tinubu-signs-executive-order-for-direct-remittance-of-oil-and-gas-revenues-to-federation-account/.

32 "Shell Gets More Tax Relief on $20 Billion Nigerian Oil Project", Bloomberg, 14 July 2026, https://www.bloomberg.com/news/articles/2026-07-14/shell-gets-more-tax-relief-on-20-billion-nigerian-oil-project.

# Decade of Gas: The path forward

In the previous section, we highlighted four limitations that create a challenging context for the Decade of Gas initiative. Some of these constraints, such as domestic bankability and pricing issues, have persisted for almost two decades since the 2008 GMP was launched. Both the external context and Nigeria's domestic economic circumstances have changed significantly in that time, and not in a favorable direction. However, broader gas production targets and an underlying policy framework for gas sector development have not been updated to reflect these changes. The question therefore is: will a business-as-usual approach still work? Can the Nigerian government—which is fiscally constrained after multiple economic shocks in the past decade—afford to double down on a massive gas sector expansion at a time when IOCs have been divesting; domestic demand remains non-commercial; multiple sectors of the economy require reforms and investment; and global energy markets are in considerable flux?

In this section, we highlight some of the risks that a business-as-usual approach could introduce to the wider economy as well as to Nigeria's broader developmental goals. The business-as-usual approach does not adjust production targets and planned infrastructure expansion to address the limitations that we have highlighted in the previous section. We anticipate that this approach would run into the same issues that prior unsuccessful gas plans have faced. Therefore, not only will a business-as-usual approach reinforce existing market failures, but it will also expose Nigeria's oil and gas sector and the wider economy to two key risks, identified in the following section.

## Risks of a business-as-usual approach

### Transition risk

A business-as-usual approach to the Decade of Gas initiative would involve highly capital-intensive infrastructure development at all levels of the gas value chain. On the upstream side, this would involve investment in gas-gathering systems and processing plants. At the midstream level, pipelines and compressor stations will need investment, and at the downstream level, distribution networks. This large-scale infrastructure introduces another level of risk. In a previous report, we highlighted "transition risk" involved in governmental oil and gas investment: the impact on governments of a long-term decline in oil and gas demand. In that report, we documented that more than a third of NNPC's 10-year investment pipeline would not break even in an outcome where governments also met their climate pledges to reduce oil and gas demand, as laid out in the International Energy Agency's (IEA) Announced Pledges Scenario (APS).[33]

The vision underpinning the Decade of Gas initiative's ambitions is understandable, considering Nigeria's considerable gas resources. However, a forward-looking policy framework with long-term implications must also account for potential shifts in global gas market dynamics arising from the energy transition. Gas development involves significant front-loaded investments, especially in the midstream part of the value chain, and these can be subject to delays and cost revisions.[34]

33 Andrea Furnaro, Patrick Heller and David Manley, Riskier Bets, Smaller Pockets: How National Oil Companies Are Spending Public Money Amid The Energy Transition (NRGI, 2023).

34 Some pipeline networks envisaged by the Decade of Gas initiative include the following: Ajaokuta-Kaduna-Kano, Funtua-Katsina, Kano-Sokoto, Kano-Biu, Katsina-Gombe and Enugu-Adamawa.

For example, the 614-km Ajaokuta-Kaduna-Kano (AKK) pipeline, which is projected to cost $2.9 billion, is still not completed after initial contracts were awarded in 2013 (although news reports suggest that it is now close to completion).[35]

Infrastructure such as pipelines and other types of gas transmission investments are long-lived assets, with cost recovery stretching over decades. This lengthy payback period associated with gas infrastructure makes it a risky investment, especially considering a rapidly changing global energy landscape. Owing to the long-lived nature of these types of investments, addressing and incorporating energy transition concerns is particularly important. Stranded-asset risk—which is the risk that investment in infrastructure loses its economic value before its lifespan—is a major cause of concern for gas infrastructure investment. This means that if outsized levels of public resources are committed to such infrastructure plans, Nigeria could find itself continuing to repay loans on infrastructure that would no longer be generating returns.

On this point, analysis from the Carbon Tracker Initiative also highlighted Nigeria as one of the most vulnerable among fossil-fuel-producing countries in terms of the share of fiscal revenue that is at risk in the case of a moderate demand decline over the long term.[36] The report points to the vulnerability created by the extreme levels of fiscal dependence on oil and gas revenues: more than 80% of Nigeria's oil and gas revenues could be at risk in the APS scenario. With close to 80% of federal revenues coming in from the oil and gas sector, this crippling dependence on fossil fuels to generate government revenue is also a major source of macroeconomic risk, highlighted in the section that follows.

Another critical factor is the potential of renewable power. Nigeria has advantages in solar power that the country has just begun to harness: average daily horizontal solar irradiation is high, between 3.5 and 7.0 kWh/ $m^2$/day. Solar minigrid deployment has already been increasing at a rapid pace (with Chinese solar panel imports rising 15-fold over the past four years). An enabling policy environment—with a much more attractive financing environment for renewables—has also made decisions regarding large-scale gas infrastructure even more critical in terms of national policy choices.[37] Although gas is viewed as a transition fuel in Nigeria, many export destinations (such as the European Union (EU)) have made efforts to reduce reliance on gas, not only to transition away from fossil fuels but also to reduce geopolitical risk.[38] The infrastructure buildout necessary for a business-as-usual approach to the Decade of Gas initiative would heighten exposure to the risk of declining demand owing to transition away from fossil fuels.

## Macroeconomic risks

**A rising external debt burden and debt service payments:** Nigeria's external debt burden has risen sharply from a pre-COVID level of $27.7 billion (end-2019) to $51.9 billion at the end of 2025.[39] The servicing of this external debt already takes a significant chunk of the country's foreign exchange earnings. External debt service payments totaled $5 billion in 2025, increasing from around $1.6 billion in 2020. These external imbalances weigh on the fiscal health of the federal government, in a context where tax revenues are also below neighboring peers: tax collections in 2020–2023 were in the range of 5.5–8%, almost half of the African average.[40]

35 Global Energy Monitor, "Trans Nigeria Gas Pipeline," accessed 2 July 2026, https://www.gem.wiki/Trans_Nigeria_Gas_Pipeline#Phase_1:_Ajaokuta%E2%80%93Kaduna%E2%80%93Kano_Pipeline_(AKK_Pipeline).

36 Carbon Tracker, PetroStates of Decline: oil and gas producers face growing fiscal risks as the energy transition unfolds (2023), https://carbontracker.org/reports/petrostates-of-decline/.

37 George-Ikoli and Sayne, *Nigeria's Gas-to-Power Ambitions*. In terms of enabling a policy environment for renewables, some examples include the 2016/2023 minigrid regulations, state government guarantees for small power purchase agreements, fiscal incentives and ongoing power sector decentralization.

38 E3G, Gas transition in the EU: what's next? (2024), https://www.e3g.org/publications/gas-transition-in-the-eu-what-s-next/.

39 Nigeria Debt Management Office, "External Debt Stock", accessed 2 Jul 2026, https://www.dmo.gov.ng/debt-profile/external-debts/external-debt-stock/5813-nigeria-s-external-debt-stock-as-at-december-31-2025/file

40 OECD, Revenue Statistics in Africa 2025: Nigeria (2025), https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/11/revenue-statistics-in-africa-2025-country-notes_ee0ba7f7/nigeria_798060d4/fc80552b-en.pdf

Coupled with the fact that a significant share of existing revenue collections is diverted toward interest payments, the fiscal space for investment in other developmental priorities such as health, education and infrastructure has continued to tighten. With such a narrow fiscal space and a challenging revenue-collection landscape, can the Nigerian government afford to continue doubling down on an expansion of fiscal incentives for the oil and gas sector, pursuing a gas-policy framework that is now outdated? Below, we outline considerations on this question.

**Banking sector risks:** A business-as-usual approach would also increase the exposure of the domestic banking sector. In 2024, about a third of domestic loans were directed to the oil and gas industry. By comparison, only around half of that amount (15%) went to the manufacturing sector. This could be another potential future driver of growth.[41] There are other growth-enabling sectors of the economy—such as agriculture, infrastructure and electricity access—which also have massive funding needs. Climate adaptation will also increasingly start to weigh on the government's fiscal capacity. This means that the government will need to start crowding in investment into these productive sectors of the economy and expanding the tax base so that existing oil and gas revenues can be complemented by revenue collections from other sectors.

**Export revenue concentration risk:** As a future driver for export revenue growth, LNG exports offer limited potential considering the scale of infrastructure investment necessary and the costs involved. According to data from the International Monetary Fund (IMF), export earnings from gas in Nigeria were around $10.5 billion in 2025 ($31.5 billion for crude oil revenues), and non-oil and non-gas exports amounted to $9.3 billion.[42]

That so much of Nigeria's export revenue (and foreign exchange) comes from just two commodities (accounting for around 84% of total export revenue in 2025) is a major risk factor. A business-as-usual approach that further concentrates more resources to develop the export potential of this sector, instead of promoting non-hydrocarbons exports, poses another risk. If demand were to fall or prices crash, there could be a sharp decline in export revenue. Moreover, the amount of export revenue that can be earned from gas sales is limited, and significantly lower than crude oil. Even if Nigeria were to double gas export volumes over the next decade, that would not be sufficient to make up for the declining crude oil export revenue. Global oil demand is set to peak by the early 2030s in most projections.[43]

Nigeria has less than a decade to foster the development of an industry (or industries) to plug the gap from declining oil export revenues. Should this not materialize, Nigeria's external gross financing needs (i.e., the foreign currency funding a country needs to secure in order to cover its current account deficit and external liabilities) will continue to widen, making the naira even more volatile and imports more expensive, and potentially exposing the Nigerian economy to the volatility of external shocks. This could set back the development agenda and make achieving the broader developmental goals of the Decade of Gas initiative even more difficult.

As an alternative to the business-as-usual approach, in the next section, we propose a right-sized approach that could enable Nigeria to make more pragmatic decisions about how to use its gas resources.

41 Central Bank of Nigeria, Financial Stability Report – June 2025, https://www.cbn.gov.ng/Out/2026/FPRD/FSR%20JUNE%202025%20EDITION%20aft.pdf.

42 IMF, 2026 Nigeria Article IV, 9 June 2026, https://www.imf.org/-/media/files/publications/cr/2026/english/1ngaea2026001.pdf.

43 IEA, World Energy Outlook 2025 (2025), https://www.iea.org/reports/world-energy-outlook-2025.

## The need for right sizing

Two decades of unresolved structural limitations, a transformed global energy landscape, a challenging business context and a constrained governance environment mean that doubling down on large-scale gas expansion without recalibrating ambitions or strengthening complementarities with other sectors could undermine Nigeria's development agenda.

Scaling up gas production to the level required for a full-scale business-as-usual agenda with the sectoral coverage envisioned by the Decade of Gas initiative will be very challenging and heighten Nigeria's exposure to many risks. This mid-initiative assessment demonstrates that upstream capacity will only achieve, at most, about 30% of the Decade of Gas target. The inability to meet gas supply targets—especially for domestic development goals—necessarily requires a recalibration, and this should be high priority. If the government doubles down on a large-scale expansion without considering complementarities with other sectors, this approach could expose Nigeria's developmental agenda to major risks, highlighted earlier. This will have significant implications for poverty eradication efforts, electricity access and economic resilience.

We therefore recommend a right-sized approach: one that prioritizes the gas sectors and end-uses where delivery is most realistic, while actively coordinating with complementary initiatives (particularly renewable energy expansion) to ensure the initiative's development goals are met. In this right-sized approach, the government adjusts the scope to more targeted gas investment aimed at improving sector-specific use while selectively expanding capacity where demand is most credible.

Management of fiscal and transition risk is critical for an emerging economy like Nigeria where the demands on public spending are high. Likewise, this right-sized approach will need to address vulnerabilities related to the energy transition and macroeconomics.

The government's gas sector plans also need to align with other sectors to achieve wider development outcomes, such as improving access to energy. For example, Nigerian solar, especially smaller-scale systems for communities, industries and homes, have enormous potential to close some of the energy access deficits that currently exist.[44]

Gas power, which has contributed significantly to the growth of electricity supply, has likely reached its peak; it is now falling short of meeting Nigeria's rising electricity needs. We have highlighted some of these downstream issues in this report, and with these systemic problems with gas supply, complementing gas power with renewable solar is one example of a right-sized pathway that focuses on a sector-agnostic approach to achieving overall sustainable development goals and fostering economic resilience.

44 George-Ikoli and Sayne, Nigeria's Gas-to-Power Ambitions.

**Figure 5:** A business-as-usual vs. right-sized pathway

## Business as usual

Expansion of gas across multiple sectors

Expansion of both export and domestic infrastructure

Broad and ambitious reform agenda alongside large infrastructure investments to fully unlock gas across transport, industry, households and power generation

- Government doubles down on initiatives across value chain to scale up gas production
- Despite the government's bailouts and efforts to address payment liquidity issues, bankability issues persist in domestic non-household sector
- Ad hoc policy interventions coupled with ambiguity surrounding critical tax incentives foster uncertainty and undermine investor confidence
- Gas development remains skewed toward exports, with production concentrated in large, lower-risk projects
- Government's ambitious infrastructure expansion plans face setbacks due to domestic financing limitations and limited available capital flowing toward more lucrative markets
- Nigeria's exposure to high risks of fiscal strain and stranded assets rises as the energy transition accelerates

## Right-sized pathway

Targeted demand-driven sector focus

Complementary renewable expansion for remote / off-grid

Narrower and targeted gas investments aimed at improving sector-specific domestic use while selectively expanding capacity where demand is most credible

- Government adopts a more realistic approach to achieving development objectives incorporating alternatives where feasible
- Develop roadmaps for alternatives to gas for industry, power and other determined sectors
- Government limits targets to realistic gas supply and consumption potential
- Government's gas sector plans are aligned with national, sub-national and energy transition plans
- More effective management of fiscal and transition risk involved with gas expansion
- Adoption of systematic mechanisms to review the targets in response to evolving realities

In this mid-initiative assessment of the Decade of Gas, we determined that new gas-production capacity would be below target. This is likely to have a negative impact on domestic development-focused gas use and reinforce existing market failures that have impeded the delivery of prior gas plans. If the Decade of Gas is to be truly successful in achieving its wider development agenda, then the following recommendations outline a more credible and resilient path for the initiative's second half.

**We set out five recommendations that together define a more realistic and coordinated path forward for Nigeria's upstream gas sector.**

1 **Reassess and right-size targets, and improve accountability and transparency measures:** Authorities should conduct a systematic midterm review of the Decade of Gas initiative to reassess production targets, sequencing, and project prioritization, reflecting realistic delivery with improved public reporting on project milestones, financing status and delivery timelines as well as better transparency on project-related data. A more realistic target would account for the current global trends in gas investment and Nigeria's continuing challenges in mobilizing FDI, and the structural challenges in the domestic sector.

2 **Manage energy-transition and macroeconomic risks:** Successive negative shocks of the past decade have undermined Nigeria's resilience to future risks. Therefore, risk management needs to be central to policy design and involve systematic stress tests of major gas investments under low-price and low-demand scenarios as well as the impact on export and fiscal revenues. Transparency on actual public capital commitments and clarity on the use of instruments that resemble resource-backed loans is necessary.[45]

3 **Accelerate complementary energy and economic pathways:** Since gas alone is unlikely to close Nigeria's energy access gap and revenue generation ambitions, complementary investment in energy and other non-hydrocarbon economic diversification pathways should be accelerated, leveraging multilateral initiatives and blended finance instruments. The power sector should be prioritized.[46]

4 **Align the gas strategy with wider long-term transition planning:** Strengthening coordination across ministries, regulators, NNPC and private partners will be critical, and the Decade of Gas should be formally aligned with Nigeria's broader Energy Transition Plan and power-sector ambitions.

5 **Develop roadmaps to meet gas shortfall for energy access and economic diversification:** The Ministry of Finance, Ministry of Budget and National Planning and the Ministry of Petroleum Resources should collaboratively design roadmaps to bridge the projected gas supply shortfall and determine the sectors to be prioritized for gas in the near term as well as alternative sectors to be invested in.

45 David Mihalyi, Aisha Adam and Jyhjong Hwang, Resource Backed Loans: Pitfalls and Potential (NRGI, 2020), https://resourcegovernance.org/sites/default/files/documents/resource-backed-loans-pitfalls-and-potential.pdf.

46 George-Ikoli and Sayne, Nigeria's Gas-to-Power Ambitions.

# Conclusion

The Decade of Gas initiative, anchored in its sustainable development agenda, is a worthy initiative from the government to monetize its gas resources and leverage domestic resource endowments to make progress on Nigeria's wider sustainable development agenda. Since it began, there has been some limited success in terms of an increase in gas production capacity. These export-focused projects expected to come online by 2030 (and beyond) will bring in some export revenue. However, the Decade of Gas initiative does not sufficiently address major structural limitations, particularly ones that have a bearing on the initiative's domestic development goals.

The objectives of the Decade of Gas initiative are to expand electricity access, economic diversification and Nigeria's export market share, which are relevant goals for sustainable and resilient economic development. However, doubling down on gas as the only pathway to achieving those targets—despite existing policy coordination challenges, governance deficits, limited foreign investment inflows, energy transition and macroeconomic risks as well as a difficult business operating environment—may not be the best path to achieve those outcomes.

This is not to say that expanding domestic use of the country's abundant gas reserves would not support its energy and economic development agenda. Yet, the potentially insurmountable challenge of a business-as-usual approach highlights the risk that concentrating significant economic (and political) capital in this initiative may not future-proof the country. It may also result in insufficient support for other sectors of the Nigerian economy, including critical future drivers of energy access that could also support the delivery of the Decade of Gas initiative's wider development objectives.

Considering the circumstances, the best path forward may be to right-size gas sector ambitions and improve institutional coordination, so that wider government policy can be synchronized to make progress on these national priorities.

A vehicle powered by compressed natural gas (CNG) - photo by Westermak via Shutterstock

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