

“ROADMAP AND STRATEGIC POLICY OPTION TOWARDS ACHIEVING ENERGY TRANSITION IN NIGERIA: FROM EXCLUSION TO INCLUSION OF ILLEGAL CRUDE OIL REFINERIES ECONOMY INTO THE NATIONAL TRANSITION PLAN”; THE SUMMARY OF A MEMORANDUM PRESENTED TO THE FEDERAL GOVERNMENT OF NIGERIA BY FYNEFACE DUMNAMENE FYNEFACE EXECUTIVE DIRECTOR, YOUTHS AND ENVIRONMENTAL ADVOCACY CENTRE (YEAC-NIGERIA) & NATIONAL FACILITATORS, PROJECT WITH ARTISANAL CRUDE OIL REFINERS FOR MODULAR REFINERIES IN THE NIGER DELTA AT THE 7TH EDITION OF NATIONAL COUNCIL ON HYDROCARBON HELD AT JUSTICE IDRIS KUTIGI LEGBO INTERNATIONAL CONFERENCE CENTRE, OPPOSITE GOVERNMENT HOUSE, MINNA, NIGER STATE FROM NOVEMBER 22-25, 2022.

1. MODULAR REFINERIES AS OIL THEFT MITIGATION MECHANISM FOR NIGERIA:

Since 2017 that President Muhammadu Buhari, GCFR through Vice President, Prof. Yemi Osinbajo made pronouncement on Modular Refineries during his tour of some States in the Niger Delta, Youths and Environmental Advocacy Centre (YEAC-Nigeria) took up the policy statement and started advocating and promoting Modular Refineries into reality among artisanal crude oil refiners and the government as an oil theft mitigation mechanism. As such, we started organizing the youths involved in the illegal act, advocating for them to stop crude oil theft and artisanal refining, sensitizing them about the modular refineries proposed by the government for them to embrace it and training many of them across the Niger Delta on “Guidelines for the establishment of Modular Refineries”. We went beyond the advocacy to create a database such that on December 10, 2019, we foresightedly flagged-off and commenced the registration and creation of database of artisanal refiners and other youths as human rights defenders in the Niger Delta. To achieve this, we circulated free registration forms with customized serial numbers which they filled and returned to Advocacy Centre for computation. Besides, we also signed contract with MTN, Airtel, 9Mobile and Glo through a Lagos-Based Short SMS Code company, Supreme Shortcode for a secure online database that enabled them text “YEAC, full name, sex, age, name of community, highest academic qualification, LGA and State of residence” to “33811” to register. The data and information gathered from this process assisted us in the formation of Modular Refinery Multi-Purpose Cooperative Societies in many states across the Niger Delta as also directed by President Muhammadu Buhari, GCFR represented by Minister of State for Environment, Sharon Ikeazor in 2020 during the commissioning of the Laboratory of the National Oil Spills and Response Agency (NOSDRA) in Port Harcourt, Rivers State. In furtherance of this advocacy to transit the artisanal refiners to Modular Refineries which is legal and more environmental-friendly and while the Federal Government through its Ministries like the Ministry of Environment and Petroleum Resources were insisting that one modular refinery license would be issued per state, YEAC-Nigeria insisted on the issuance of three licenses per state based on senatorial districts and went ahead to establish three Modular Refinery Multi-Purpose Cooperative Society Ltd in each state to receive the licenses. So far, we have registered three Modular Refinery Multi-Purpose Cooperative Society Ltd each in Rivers, Bayelsa, Delta and Akwa-Ibom States. In response to the advocacy and demand for three licenses per state, the Federal Government on January

9, 2022 announced the approval of 18 Modular Refinery licenses for artisanal refiners, three each for Akwa-Ibom, Delta, Edo, Cross River and Rivers States. So, as next steps and pathway towards energy transition process in Nigeria, we are calling on the government to issue the licenses to the Modular Refinery Multi-Purpose Cooperative Society Ltd that we have set up for this purpose to mitigate crude oil theft and artisanal refineries in the Niger Delta and Nigeria.

2. PRESIDENTIAL ARTISANAL CRUDE OIL REFINING DEVELOPMENT INITIATIVE-(PACORDI): This is an initiative I conceived and proposed to the Federal Government in 2020 for establishment for artisanal crude oil refiners in the Niger Delta and anywhere else in Nigeria. PACORDI proposes the innovation, modification, legalization, formalization and integration of artisanal crude oil refineries into the national economic framework. Under the PACORDI framework, youths involved would buy the crude oil, refine, sell, pay tax and employ others in a more environmental-friendly manner. More details about PACORDI proposal which is similar to the Presidential Artisanal Gold Mining Development Initiative (PAGMI) are contained in our publication titled “***THE PACORDI DOCTRINE AND OTHER OIL THEFT MITIGATION MECHANISMS FOR NIGERIA***” unveiled at this event today.

It is worth mentioning that the PACORDI initiative contributed to the federal government’s organized National Summits on the integration of artisanal/modular refinery operations into the National Economy in March 2021 and 2022 and I was invited to make presentation at both events. Below is the communiqué issued at the end of the March 2022 summit held in Abuja through the office of the former Senior Special Assistant to the President on Niger Delta Affairs, Sen. Ita Enang, office of the Presidential Amnesty Programme, etc.

“COMMUNIQUÉ ISSUED AT THE SECOND STAKEHOLDERS’ ENGAGEMENT ON INTEGRATION OF MODULAR/ARTISANAL REFINERY OPERATIONS INTO THE OIL AND GAS SECTOR AND CURRENT CHALLENGES OF REVENUE LOSS, PETROLEUM PRODUCT SCARCITY AND ENVIRONMENTAL POLLUTION AND NEGOTIATED WAY – OUT” HELD ON MARCH 22, 2022 IN ABUJA PREAMBLE

The Office of the Senior Special Assistant to the President on Niger Delta Affairs in collaboration with the Presidential Amnesty Office organized the second stakeholders’ engagement on integration of the modular/artisanal refinery operations into the oil and gas sector in order to mitigate the current challenges of revenue loss, petroleum scarcity and environmental pollution and negotiated way – out.

OBJECTIVES The objectives of the second stakeholders’ engagement include the following:-

- i. The examination of what needs to be done in addressing energy challenges in the country
- ii. Identification of the challenges of modular/artisanal refinery operations on the environment, black soot and carbonization
- iii. Analyzing the impacts of environmental degradation on agricultural productivity and land infertility
- iv. Examination of revenue leakages/losses and what need to be done to prevent these leakages.
- v. Appraising the place of artisanal refining in the recently signed petroleum Industry Act.

RESOLUTIONS After exhaustive deliberations on the issues, the following resolutions were arrived at:-

- i. Scale up the activities of the modular/artisanal refineries in the Niger Delta for more economic benefit to the country.
- ii. Government should take inventory of the domestic modular/artisanal refinery operators and send them to the Federal University of Petroleum, Effurun (FUPRE) for further training.
- iii. Need for formalization of the modular/artisanal refinery operators in Nigeria.
- iv. Subsidization of modular/artisanal refinery license by 70% in order to allow artisanal operators to acquire these licenses.
- v. Curb the activities of the security personnel involved in illegal bunkering in the Niger Delta
- vi. Need for continuous interface between the Federal Government and the operators of modular/artisanal refineries in the country to assist the government in curbing cases of illegal bunkering
- vii. The government should minimize their threats in order to allow artisanal operators to come out to engage more with the government.
- viii. Opening up of the Petroleum Industry process to allow for more participation including the modular/artisanal operators.
- ix. Approve the implementation of the recommendations from the first stakeholders' engagement.
- x. The Federal Government should approve the formation of the **Presidential Artisanal Crude Oil Refining Development Initiative (PACORDI)**.
- xi. Foreign Technical Partners who are willing to invest in the oil industry in the country should be encouraged to partner with the artisanal operators with the involvement of the communities.
- xii. The Federal Government through the Amnesty Programme has trained a lot of engineers, welders and fabricators hence should be included when the modular/artisanal refineries would be set up/formalized.
- xiii. Emphasis must be placed on the safety of the people of the Niger Delta in the operations of the modular/artisanal refineries.

APPRECIATION The meeting appreciates The President and Commander-In-Chief of the Armed Forces, President Muhammadu Buhari, GCFR for approving this stakeholders' engagement which is very timely in addressing some of the current challenges in the oil industry that have led to the loss of revenue and the present petroleum scarcity”.

3. SOLAR MINI OFF-GRID ELECTRICITY PROJECT AS OIL THEFT MITIGATION MECHANISM FOR NIGERIA: This project is being facilitated for communities without electricity (CWE) in the Niger Delta by **Youths and Environmental Advocacy Centre (YEAC-Nigeria and United Kingdom)** as part of our programmes on the campaign against crude oil theft, artisanal refining, environmental pollution, soot emission and climate change among others. This solar electricity project is aimed at reducing crude oil theft, artisanal refining, environmental pollution and soot through less-dependent on fossil fuel and to cut-off the supply chain of illegally-refined petroleum products and their uses in households especially in communities without electricity (CWE) and also create alternative livelihood opportunity for the youths. The project is also a part of our Just Energy Transition (JET), Clean and Renewable Energy programme which YEAC-Nigeria is using likewise as contribution to the implementation of the National Energy Transition Plan and fight against climate change as a pathway towards a greener and low carbon economy in Nigeria.

YEAC-Nigeria and UK are working in collaboration with some local and international development partners on this Solar Mini off-Grid Electricity project and the construction of the first facility is ongoing in Umuolu Community, Ndokwa East Local Government Area, Delta State by NXT GRID B.V., Netherlands, and NXT Grid Nigeria Ltd on behalf of YEAC-Nigeria and UK and thereafter we will proceed to another community.

4. NETWORK AGAINST ORGANIZED CRIME IN NIGERIA AND THE GULF OF GUINEA (NAOCINAG) AS OIL THEFT MITIGATION MECHANISM FOR NIGERIA:

Pipeline vandalism, crude oil theft, illegal bunkering, artisanal refining and associated environmental pollution are organized national and transnational crimes. Those who are involved in these criminal acts are committing crime against the people of the Niger Delta, Nigerians and Nigeria as a country and smiling to the bank. Besides, illegal bunkering of crude oil from Nigeria, pirate activities and associated smuggling of drugs, small arms and light weapons to and from other parts of the world through the Gulf of Guinea are other challenges that we face as a people. Thus, this network conceived in July 2022 galvanizes critical stakeholders and synergizes with existing systems and initiatives around these issues to generate real-time information and sharing with security operatives to take appropriate and timely action and measures to counter these organized crime in Nigeria and the Gulf of Guinea as oil theft mitigation mechanism. The platform brings together representatives of relevant government agencies, research institutions, civil society organizations, coastal community leaders, media organizations and security formations including the Nigerian Security and Civil Defense Corps (NSCDC), Navy, Customs, Immigration, Police, etc. in Nigeria and other countries in the Gulf of Guinea to discuss, share ideas and information that helps the government and security operatives to counter transitional organized crime in Nigeria and the Gulf of Guinea. NAOCINAG as an organized crime mitigation mechanism and regional platform on the campaign against organized crime, the network also serves as a think-tank, knowledge and information facilitation and resource centre that members synergize and generate data and information, analyze it and share as intelligence to security operatives in Nigeria and the Gulf of Guinea. The synergy through this network strengthens the resilience of security operatives and supports their efforts in the fight against organized crime of foreign vessels freely entering the country and bunkering our crude oil out of Nigeria. This network is scheduled for a formally launch in first quarter 2023 as yet another Youths and Environmental Advocacy Centre's (YEAC-Nigeria) contribution to strengthening community-based advocacy and campaign against both national and transnational organized crime in the Niger Delta region, Nigeria and the Gulf of Guinea.

5. STRATEGIC SENSITIZATION AND MEDIA ADVOCACY AS OIL THEFT MITIGATION MECHANISM FOR NIGERIA:

Advocacy and campaign against pipeline vandalism, crude oil theft, illegal bunkering, artisanal refining, environmental pollution and associated issues including soot has been one of the ways used at Advocacy Centre to create awareness and mobilize local and international supports to find solution to these issues. Thus, we must commend the roles and partnership with both local and international media and research intuitions on the campaign against pipeline vandalism, crude oil theft, artisanal refining and environmental pollution in Nigeria. Until end of September 2022 when the funding from Africa Centre for Energy Policy (ACEP) Ghana and Spaces for Change Lagos got exhausted, we run a weekly radio program to sensitize the people against crude oil theft, environmental pollution and Just Energy Transition (JET) with the inclusion of those involved in artisanal refineries in the Niger

Delta region. To strengthen this advocacy, Government agencies and security formations charged with the responsibility of wagging war against crude oil theft, illegal bunkering and artisanal refining such as the Navy and NSCDC must not be tired of synergizing, collaborating and partnering with both civil society organizations and the media to speak and grant interviews to keep the public informed about their efforts in the fight against oil theft and artisanal refineries in Nigeria among others.

6. NIGER DELTA PIPELINE SURVEILLANCE CONTRACT AND SUSTAINABILITY ISSUES: I welcome the pipeline surveillance contract awarded to Tompolo and others in the Niger Delta. It will help to temporarily reduce pipeline vandalism, crude oil theft and artisanal refining by displacing the youths involved in them. The contract will also provide ad-hoc jobs for some of the youths but the jobs are not sustainable as the contract is not also a sustainable solution to the pipeline vandalism, artisanal refineries and associated in the Niger Delta. However, to stop the problem of pipeline vandalism, crude oil theft, artisanal refineries and associated environmental pollution, we have to use a carrot and stick approach. This means that while the surveillance contract and its activities are to destroy the artisanal refineries and displace youths involved, we have to provide alternative livelihood opportunities through Modular Refineries and Establishment of Artisanal Crude Oil Refining Development Initiative (PACORDI) as well as setting up Sola Mini-off Grid electricity facilities in communities without electricity to stimulate economic activities and boost local economies, creations alternative jobs that would help solve the problem in the Niger Delta. Thus, while the pipeline surveillance contract lasts, licenses for Modular Refineries for artisanal refiners should be issued while PACORDI is established and developed to train the youths and transfer them to these permanent employment ventures and the surveillance contract gradually eased out.

CONCLUSION AND RECOMMENDATIONS

Conclusively, I call on the federal government to look into these policy proposals and recommendations presented and capture them in the roadmap as strategic policy option towards achieving energy transition in Nigeria. By doing so, the illegal and informal artisanal crude oil refineries economy within the oil and gas sector that are being excluded would be included in the national transition plan. The transition chain in this presentation has it that the issuance of Modular Refinery licenses and establishment of the Presidential Artisanal Crude Oil Refining Development Initiative (PACORDI) will transition the artisanal refiners from illegal and information crude oil refinery economy to a legalized, regulated and formalized refining operation in the national economy. Their operations within the formal oil and gas sector will contribute to the collective generation of revenue and funds needed to transition Nigeria from a fossil fuel dependent economy to a greener, low carbon economy as contained in the national energy transition plan. Nigeria needs fund to transition and that fund will come more from our oil and gas sector and the contribution of those coming from the informal sector to the national economy cannot and should not be downplayed.

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