



SPACES FOR CHANGE | S4C

RESEARCH | POLICY | CITIZEN ACTION

Executive Summary

**ENERGY
TRANSITION
IN NIGERIA'S
OIL-RICH
COMMUNITIES**

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PREFACE

Since independence, revenues from fossil fuels, especially oil and gas minerals have sustained the Nigerian economy. During the COP26 summit in Glasgow, Nigeria's President Muhammadu Buhari pledged that Nigeria will cut its carbon emissions and reach net-zero by 2060 through a gradual plan to phase out the use of fossil fuels. The Niger-Delta region remains the focal point when it comes to fossil fuel (oil) exploration in Nigeria, with vast swathes of the local environment brutally ravaged by decades of fossil fuel extraction. While the national energy transition policy highlights a litany of potential benefits to citizens, it neither makes any specific reference to, nor provision for oil- and gas-dependent communities that will be significantly affected by phasing out fossil fuels. Widespread poverty and unemployment have driven large numbers of people, including women in the region into artisanal refining, popularly known as kpo-fire business. The illegal trade has created massive employment opportunities for local populations.

Should energy transition succeed, what alternatives are placed before communities and non-state-actors whose livelihoods are dependent on crude oil extraction and local refining? Most of the literature on sustainable energy transition in Nigeria have been driven by governments and corporations, limiting opportunities to better understand how oil-rich communities, including those dependent on artisanal refining for their livelihoods perceive 'just energy transitions': whether or not they support it, and how to engage and facilitate their inclusion in national, regional and global transition plans. How will the move to cleaner energy affect oil-producing communities in Nigeria?

Spaces for Change conducted this study under the auspices of the project, ***From Exclusion to Inclusion in National Just Transition Plans***, supported by the Africa Center for Energy Policy (ACEP) as a subgrant from the Extractive Industry and Climate Change Governance Fund (EICCG Fund). This study, conducted in collaboration with local partners, Youth & Environmental Advocacy Center (YEAC) and Extractives 360, gauges the inclusiveness of Nigeria's energy transition agenda, by identifying and understanding the alternatives placed before oil-rich communities and non-state-actors whose livelihoods are dependent on fossil fuels, particularly artisanal refining. The study builds on the findings of a previous study which S4C conducted together with the Institute for Development Studies (IDS) and partners, supported by the British Academy. The initial research examined how citizens and communities in the continent's oil and gas producing regions, particularly Nigeria, Mozambique, and Kenya, are supporting and participating in the deliberations and action on a just transition.

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SUMMARY

OF RESEARCH

FINDINGS

- **Nigeria is phasing out fossil fuels as part of its climate commitments to achieve net zero by 2060. Nigeria's Energy Transition Plan (ETP) developed as a pathway towards realizing the set target adopts natural gas as Nigeria's transition fuel to aid the process of phasing out carbon polluting fuels like crude oil. Meeting this target will put an end to Nigeria's historical dependence on crude oil.**
- **National energy transition plans are silent on communities who have borne the brunt of fossil fuel extraction for several decades and whose livelihoods are dependent on crude oil and local refining. National transition plans and policies neither made arrangements for cleanup, remediation, compensation, rehabilitation nor for addressing the massive environmental damage that has accompanied the country's protracted dependence on fossil fuels.**
- **Energy transition proposals by corporations retain the tradition of shallow commitments to communities. Oil and gas corporations have unveiled energy transition agendas that make veiled reference to communities, but a deep scanning reveals shallow commitments that require little, if any, deviation from current corporate behavior and practices.**
- **Communities want inclusion, participation, enforceable contracts, alternative livelihoods and environmental justice in the green economy. Oil-rich communities want to play an active role, and not be relegated to mere spectators and recipients of handouts—packed as corporate social responsibility (CSR) initiatives—in the green economy.**
- **Community support for energy transition is conditioned on the presentation of a clear and predictable roadmap for righting the wrongs which fossil fuels have done to extractive communities.**
- **To prevent a repeat of the mistakes of the fossil fuel economy, Nigeria needs to dismantle the governmental grip on natural resources, with the attendant centralized systems for resource governance.**

1. ACHIEVING NIGERIA'S CLIMATE TARGETS: WHY NIGERIA IS PHASING OUT FOSSIL FUELS AND STRATEGIES FOR REALIZING SET TARGETS

Nigeria's dependency on fossil fuels: Nigeria's energy sources derive substantially from fossil fuels, especially natural gas. Natural gas is by far the most common energy source in Nigeria, with about 77 percent of the country's electricity generation derived from this source.³ This implies that approximately 8.15kWh of every 10kWh of electric energy generated in Nigeria in the second quarter of 2020 came from gas.⁴ The combustion of fossil fuels involves the emission of large amounts of carbon dioxide (CO₂), leaving significant concentrates in the atmosphere. Recent studies show that Nigeria's GHG emissions increased by 46% in 18 years.⁵ Increasing carbon emissions in Nigeria and the rest of the world are not unconnected to the rising dependency on fossil fuel-powered energy products and services. The high carbon-emitting fossil fuels are known to be major contributors to global warming.

Which activities are responsible for high carbon emissions in Nigeria? Activities within the energy sector responsible for the high emission levels are energy production, processing for converting primary fuels into secondary fuels, transportation and storage as well as end products utilization.⁶ Other related activities include extraction, refining, transportation and storage of primary and secondary hydrocarbons. To reduce emission levels, net zero focuses on new technologies that will scale up emission reduction across sectors, particularly 5 million new solar connections, the creation of up to 840,000 jobs with the boost of electric vehicles and off-grid solar power.⁷ GHG emission from buildings will estimatedly decrease by 98% by 2050 by shifting to electric and biogas-based cooking.

How high are the carbon emissions from Africa and Nigeria in particular? Africa has been a minor contributor to global greenhouse gas emissions, with the continent accounting for less than 3% of the world's energy-related carbon emissions to date and has the lowest emissions per capita of any region.⁸ As of 2015, Nigeria was the seventeenth largest emitter of greenhouse gases globally due to CO₂ and methane emissions – gas venting and gas flaring – from oil and gas operations⁹ which take place predominantly in the Niger Delta region of Nigeria. By 2017 alone, GHG emissions accounted for about 68 percent of the total emissions.¹⁰ As of 2019, Nigeria's GHG emission was estimated to be 354.33 million tonnes of CO₂ equivalent representing 0.71% of global emissions.¹¹ 60% of direct CO₂ emissions are from transportation, mostly powered by

³ Statista, Power production breakdown in Nigeria 2020, <https://www.statista.com/statistics/1237541/nigeria-distribution-of-electricity-production-by-source/#:~:text=Natural%20gas%20is%20by%20far,was%20derived%20from%20this%20source>.

⁴ Nigerian Electricity Regulatory Commission, NERC Quarterly Report, Q2, 2020

<https://nerc.gov.ng/index.php/library/documents/NERC-Reports/NERC-Quarterly-Reports/NERC-Second-Quarter-Report-2020/>

⁵ NATIONAL GHG INVENTORY REPORT (2021) <https://unfccc.int/sites/default/files/resource/NIGERIA%20NIR1%20-%20First%20National%20GHG%20Inventory%20Report%20.pdf>

⁶ NATIONAL GHG INVENTORY REPORT (2021) Section 4.1

⁷ McKinsey & Company, Nigeria Energy Transition Plan, *UN Climate Change Conference UK 2021* (October 2021): 9

⁸ IEA, Africa Energy Outlook 2022, Key findings, <https://www.iea.org/reports/africa-energy-outlook-2022/key-findings>

⁹ Ashurst, Oil and Gas Update 02 Mar 2022, Nigeria's Energy Transition; Accessed via <https://www.ashurst.com/en/news-and-insights/legal-updates/nigerias-energy-transition/>

¹⁰ NATIONAL GHG INVENTORY REPORT (2021) Section 4.1

¹¹ https://www.climatewatchdata.org/countries/NGA?end_year=2019&start_year=1990

hydrocarbon-based fuels¹² while the industrial and electricity sectors are responsible for 13.5% and 1.7% of Nigeria's CO₂ emissions.¹³

Nigeria is vulnerable to climate change: Climate change is another major reason why ejecting carbon dioxide or its equivalent from the atmosphere is necessary. Nigeria's vulnerability to climate change has increased over the years, with significant variations witnessed across geographical lines. The southern part of the country is experiencing intense rainfalls, heavy flooding, depreciating coastal lines due to rising sea levels while drought and desertification are prevalent in the northern part of the country. Desertification is accompanied by the drying up of the Lake Chad, and other lakes, rising heat and less rain, with loss of the wetlands, and fast reduction in the amount of surface water, flora and fauna resources on land.

Nigeria has an array of climate policy responses: The plethora of policy and legislative responses in Nigeria predates the recent official commitments to net-zero by 2060. These responses are particularly indicative of the country's longstanding determination to decelerate the pace of climate change and its impacts. They include the Energy Transition Plan, the Climate Change Act 2021, Nationally-Determined Contributions (NDC), National Energy Policy: National Climate Change Policy for Nigeria 2021 – 2030 Associated Gas Re-Injection Act of 1979, National Forest Policy, Environmental Impact Assessment (EIA) Act etc.

Natural gas is Nigeria's transition fuel: Although natural gas and crude oil are regarded as mixtures of different hydrocarbons, ¹⁴the Nigerian government intends to use gas as a transition fuel to aid the process of global push for energy transition away from hydrocarbons. ¹⁵ Natural gas emits between 45% and 55% lower greenhouse gas emissions than coal when used to generate electricity. ¹⁶ Having approximately half the CO₂ polluting element compared to other fossil fuels¹⁷, natural gas has been considered as a transition fuel that will be used until renewable energy sources attain technological viability to produce secure and sustained energy. Natural gas is the cleanest-burning hydrocarbon,¹⁸ producing around half the carbon dioxide (CO₂) and just one tenth of the air pollutants of coal when burnt to generate electricity.

Why gas as a transition fuel? Nigeria's 4,000mw daily power generating capacity is unable to meet the energy demands of over 200 million citizens, resulting in with about 92 million persons either facing acute shortages, or without access to electricity at all.¹⁹ The perennial power

¹² CLIMATE TRANSPARENCY REPORT, NIGERIA'S CLIMATE ACTION AND RESPONSES TO THE COVID-19 CRISIS. Accessible at <https://www.climate-transparency.org/wp-content/uploads/2021/01/Nigeria-CT-2020.pdf>

¹³ OECD, Taxing Energy Use for Sustainable Development Accessible at <https://www.oecd.org/tax/tax-policy/taxing-energy-use-nigeria.pdf>

¹⁴ EIA, Hydrocarbon gas liquids explained. Accessible at <https://www.eia.gov/energyexplained/hydrocarbon-gas-liquids/>

¹⁵ Okechukwu Nnodim, We'll use Nigeria's vast gas resources as transition fuel – NNPC. Punch Newspaper publication accessible at <https://punchng.com/well-use-nigerias-vast-gas-resources-as-transition-fuel-nnpc/>

¹⁶ Shell: Natural Gas: Providing More and Cleaner Energy. <https://www.shell.com/energy-and-innovation/natural-gas/providing-more-and-cleaner-energy.html>

¹⁷ Stephenson E, Doukas A, Shaw K. "Greenwashing gas: might a 'transition fuel' label legitimize carbon-intensive natural gas development? Energy Pol 2012;46: 452–9. <https://doi.org/10.1016/j.enpol.2012.04.010>.

¹⁸ Natural Gas And Its Advantages (July 2022) Shell. <https://www.shell.com/energy-and-innovation/natural-gas/natural-gas-and-its-advantages.html>

¹⁹ International Energy Agency, Tracking SDG 7, Energy Progress Report 2022, <https://www.iea.org/reports/tracking-sdg7-the-energy-progress-report-2022>

problem has stifled the country's industrial growth, limiting commercial ventures' expansion and business profitability. Accordingly, any plan to decarbonise Nigeria without first giving the whole nation electricity access would be "unjust and unacceptable."²⁰ Recognizing the central role of gas in achieving its long-term energy security objectives, Nigeria's Mckinsey-developed Energy Transition Plan (ETP) unveiled in 2022 projects that with a strong gas uptake, about 80% of vehicles will be powered by compressed natural gas (CNG) and more than 50% of the population will use LPG for cooking by 2050. Nigeria accounts for about 3% of the world's total natural gas reserves of 6,923 tcf²¹ and is also the world's fifth-largest exporter of liquefied natural gas (LNG) as of 2018.²² Its abundance and the availability of technology for immediate deployment makes it attractive.²³ Natural gas supply chains are well established, with supply routes by sea and land serving several major hubs.

Natural gas versus renewable energy sources: Whether natural gas has more advantages over other renewable energy sources, and vice versa, has been a subject of intense academic and policy debates. Both sides of the debate contain some merits. It is argued that natural gas offers a stable alternative that can provide uninterrupted and flexible energy supply while renewable energy storage technologies are scaled up and innovative new energy pathways are being explored. RE technology also requires huge start-up capital and expert knowledge compared to other conventional energy alternatives, a situation compounded by investors facing problems of restricted access to capital in the absence of specialized funds for investment.²⁴ Likewise, the use of natural gas as an energy source requires massive infrastructure investments mainly consisting of pipelines, fuel processing facilities, and storage.

Nigeria is transiting from natural gas to more gas: Within Nigeria's thermal power in 2020, 97.6% is attributable to gas-fired generation, while oil and coal-fired represent 2.2% and 0.2% respectively.²⁵ This means that natural gas already dominates Nigeria's energy mix, and therefore, embracing it as a transition fuel adds nothing new to its energy transition agenda. In essence, recent climate commitments favoring gas-based power generation merely connote a transition from natural gas to increased dependency on natural gas. Reliance on a single source can pose threats to energy supply security. Violent conflicts and disruptions that have frequently erupted in communities hosting gas projects can trigger major supply disruptions which can affect energy stability.

²⁰ Tofe Ayeni, the Africa Report, Nigeria's Energy Transition Plan needs \$410bn by 2060 to be successful (2022)

<https://www.theafricareport.com/235586/nigerias-energy-transition-plan-needs-410bn-by-2060-to-be-successful/>

²¹ <https://www.worldometers.info/gas/nigeria-natural-gas/>

²² BP 2019 Statistical Review of World Energy, June 2019.

²³ EIA, Natural gas explained. Accessible at <https://www.eia.gov/energyexplained/natural-gas/natural-gas-and-the-environment.php>

²⁴ Gbadebo C. A. et al (2020) Exploring the potentials, barriers and option for support in the Nigeria

renewable energy industry. Accessible at <https://link.springer.com/article/10.1007/s43621-020-00008-5>

²⁵ ESI AFRICA, Gas-fired thermal generation dominates Nigeria energy mix, RE makes little impact (2021) <https://www.esi-africa.com/industry-sectors/generation/gas-fired-thermal-generation-dominates-nigeria-energy-mix-re-makes-little-impact/#:~:text=Within%20Nigeria's%20thermal%20power%20in,in%20Nigeria%20is%20gas%2Dfired.>

Energy transition is expected to open new horizons of hope: The transition is expected to usher in several benefits for developing countries like Nigeria such as a diversified economic base, new job opportunities, improved competitiveness, reduced dependency on imported energy imports with an associated reduction in energy costs, elimination of petroleum subsidies, uptake of electric vehicles, protection against economic susceptibility to fluctuations in energy prices, greater energy efficiency, lower carbon emissions, new opportunities for companies in the region and local job creation.

2. NATIONAL ENERGY TRANSITION PLANS ARE SILENT ON COMMUNITIES

National transition plans are silent about the needs and interests of host communities: The number one red flag on the numerous private and public proposals and initiatives to decarbonise the economy is that they make little or no reference to communities, and as such, make no provisions to cater to the needs of communities most impacted by the decades of the country's dependence on fossil fuel. What birthed the militancy in the region, including the present resort to artisanal refining, is poor governance and poor responses to the environmental damage in the region by both the government and oil multinationals. National transition plans and policies neither made arrangements for cleanup, remediation, compensation, rehabilitation nor for addressing the massive environmental damage that has accompanied the country's protracted dependence on fossil fuels. In the same way, corporate agendas and private sector-driven proposals towards decarbonization toe similar lines. Nigeria passed the Petroleum Industry Act (PIA) in August 2021 which created mechanism for the delivery of natural resource benefits to the host communities. The lopsided benefit-sharing mechanisms coupled with the weak legal protection for communities in the PIA are proofs that benefits of natural resources will remain skewed in favour of governments and corporations.

Artisanal refining trade booms in the Niger Delta region amid heavy negative impacts: Widespread poverty and unemployment are the major drivers of artisanal refining—popularly called kpo-fire business—in Niger Delta communities, with the illegal trade creating massive employment opportunities for local youth. Quick financial returns and economic benefits associated with the trade have attracted the entry of diverse participants ranging from local youths, community leaders, security agents, oil company executives,²⁶ regulators, top politicians, women, retired military officers and an array of international players that buy off the stolen crude and facilitate smuggling operations on the high seas. There is evidence of increasing involvement of women in the kpo-fire business. The women who sell food and drinks at the refining sites or distribute the locally-refined petroleum products to local markets. Increasing popularity of this trade rolls back Nigeria's efforts to transition to net-zero emissions.

Nigeria and the Niger Delta region in particular are paying a heavy price for illegal oil refining activity in the form of massive revenue losses both to the corporations and the government, environmental damage and fire explosions from oil spills, disasters, diseases and high mortality rates, with a disproportionate impact on women and children. The black soot is the most recent epidemic associated with crude oil refining in the oil-rich Niger Delta region of Nigeria. Soot is

²⁶ Bart H. Meijer, Anthony Deutsch (Reuters) Nigerian Shell employees orchestrated oil spills for own profit -Dutch TV (DECEMBER 10, 2020) accessed via <https://www.reuters.com/article/shell-nigeria-spills-idINL8N2IP4F7>

black particulate matter made up of carbon resulting from the incomplete combustion of fossil fuels allegedly caused by illegal crude oil operations.²⁷ The effects of the soot on human health can cause DNA mutation in the skin leading to the development of skin cancers like squamous cell carcinoma, pigmented spots on the skin, increased skin wrinkles, and extrinsic skin ageing.

No provision for alternative livelihoods for communities: As oil exploration and production have boomed in Nigeria, so also have the associated negative environmental consequences been witnessed in many parts of the country, especially in the oil extraction zones. About 14, 161 recorded incidences of oil spillages have been documented, with 91.2% of these incidences fully investigated and the findings made public while 8.2% are still under investigation.²⁸ Often, oil spillages lead to raging fires as in the case of the Idjerhe fire²⁹, when about a thousand people were killed and thousands more horrifically burned and left homeless. Inappropriate clean up actions have aggravated environmental conditions, reducing land use and value. All these recurrent incidents have resulted in the loss of traditional livelihoods and depletion of the local economy, forcing local populations to resort to the lucrative, but dangerous, artisanal refining businesses. National energy transition plans are silent about the creation of alternative livelihoods for communities that have lost economic resources as a result of environmental damage or currently dependent on fossil fuels for sustenance. Criminalization of artisanal refining alone, is not enough. Such statutory prohibitions are insufficient to both deter local involvement in the trade and to secure community support for energy transition.

3. ENERGY TRANSITION PROPOSALS BY CORPORATIONS RETAIN THE TRADITION OF SHALLOW COMMITMENTS TO COMMUNITIES

Oil and gas corporations support energy transition: Shell Petroleum Development Company (SPDC), TotalEnergies, Oando, Chevron, Nigeria Liquefied Natural Gas, Nigeria National Petroleum Company (NNPC Ltd.) have all issued public statements and strategy documents regarding their decarbonization plans. Institutional name changes, dedicated units for sustainable energy development, multisectoral partnerships, and increased investments in decarbonised products and services represent some of the measures taken by oil and gas corporations to achieve significant carbon emission reduction in their operations.

As usual, corporations pay lip service to community participation and rights: Oil and gas corporations have unveiled energy transition agendas that make veiled reference to communities, but a deep scanning reveals shallow commitments that require little, if any, deviation from current corporate behavior and practices. While business perspectives on energy

²⁷ Black Soot in Rivers State: Government has failed to protect citizens: <https://republic.com.ng/news/black-soot-rivers-state/>

²⁸ National Oil Spill, Detection and Response Agency (NORSIRA)'s Oil Spill Monitor <https://oilspillmonitor.ng/>

²⁹ Environmental Right Action; Wasting Lives: Official Negligence Results in Grave Tragedy at Idjerhe, Niger Delta, Nigeria; Accessed on 25/06/22 at <https://www.essentialaction.org/shell/era/eraField17.html>

transition make bold promises of emission reduction, accompanied by ambitious blueprints for achieving them, the tradition of relegating communities to mere spectators and beneficiaries of social programmes has been staunchly retained. For instance, corporations like SPDC, Chevron, TotalEnergies and NLNG have retained the same asymmetrical arrangements of the fossil-fuel era for delivering social goods and services to communities commonly packaged as Corporate Social Responsibility (CSR).

Once again, environmental accountability lags: The uniform silence of businesses on environmental restoration, clean up and remediation is deafening. In Nigeria's Niger Delta, gas flares are killing crops, polluting water and damaging human health,³⁰ occasioning harms to the local environment and massive poverty in the region. Chevron and NLNG's energy transition agendas appear solidly committed to ending routine gas flaring but silent on how they intend to reverse and repair the environmental damage caused by decades of gas flaring, the resulting poverty and massive harms to human health foisted on local communities. The missing elements of meaningful community participation and environmental accountability regurgitate the flaws associated with fossil fuel economies into the plans for a low-carbon future. As with the national energy transition plans, corporate sector-led transition proposals ostensibly pay lip service to community rights and environmental justice.

4. COMMUNITIES WANT INCLUSION, PARTICIPATION, ENFORCEABLE CONTRACTS, ALTERNATIVE LIVELIHOODS AND ENVIRONMENTAL JUSTICE IN THE GREEN ECONOMY

Host community perspectives on energy transition significantly differ from the proposals contained in both corporate and national energy transition plans: There is scant evidence that communities contributed to the creation of Nigeria's ETP. Discussions with representatives of oil and gas-rich communities in Imo, Rivers and Bayelsa, attest to the huge differentials in the meanings and constructs of a just transition across contexts, tribes and ethnic groups. Community perspectives on energy transition have been seen to differ along where oil and gas extractions take place, which include communities in proximity to oil exploration and production; and oil-rich locales where artisanal refining takes place. The first category supports energy transition, expressing outright dissatisfaction with the illegal refining business. In this category, energy transition is largely intertwined with the clamour for environmental justice. The second category of communities where illegal refining takes place have been seen to express veiled support for this money-spinning business while also criticizing the negative effects on the environment and on human health. There also seems to be a reluctant support for energy transition in this category of communities. Here, the reluctant support is conditioned on the provision of employment alternatives for local youth and other stakeholders that depend on artisanal refining for survival.

³⁰ DW, Gas flaring continues scorching Niger Delta (published 14/11/2018), <https://www.dw.com/en/gas-flaring-continues-scorching-niger-delta/a-46088235#:~:text=In%20Nigeria's%20Niger%20Delta%2C%20gas,Ebedei%2C%20in%20Nigeria's%20Niger%20Delta.>

What do communities want from the energy transition? Communities want legally-enforceable contracts and legal guarantees, not CSR handouts. Oil- and gas-rich communities further insist that a just transition program must be accompanied by sustainable alternatives to the so-called Corporate Social Responsibility (CSR) initiatives of oil and gas corporations. Host communities want to play an active role, and not be relegated to mere spectators and recipients in the future green economy. Imo communities yearn to return to their agrarian lifestyles. Unlike the non-inclusive arrangements under the fossil fuel era, communities desire to take part in the extraction, development, production and distribution of renewable energy resources and benefits. A just transition for gas-rich Imo communities means leaving local farmlands in a fertile, farmable state during the post-oil era. It also means recognizing the gender-differentiated impacts of hydrocarbons and the availability of adequate remedies for these impacts.

5. DISMANTLE GOVERNMENTAL GRIP ON NATURAL RESOURCE GOVERNANCE

Gaps between policy and practice: Significant gaps exist between the climate change commitments and the policies put in place to foster energy transition in Nigeria. PIA provisions obligate the national oil company to transfer the 30% of profit oil and profit gas to the FEF escrow account dedicated to funding exploration of oil and gas in the frontier basins annually and for the development of frontier acreages. While the plans to boost crude oil reserves and increase national oil production capacities are well-intentioned, they also expose the contradictions in the proposed transition from fossil fuels.

Legal and structural barriers to energy transition exist: Legal and structural barriers hold enormous potential to roll back the progress that has been made to decarbonize the economy and expand modern energy access using renewable resources. Legal and structural barriers take the form of exclusion of certain groups—like communities—in the design of energy transition policy, centralization of natural resource governance, capacity deficits in translating sound policy into practice as well as tackling complex social policy issues. More so, energy transition requires high initial capital cost, which is a major barrier to its implementation.³¹ Nigeria needs “more than \$400 billion to meet its energy requirements and achieve zero emissions from fossil fuel”.³² \$310 billion of that sum is needed to generate electricity and for transmission and distribution infrastructure. The Nigerian government also noted that up to \$41 billion is needed to support funding for industry and transport facilities. Replacing conventional energy sources with renewables is capital intensive, with high potential to cause fiscal challenges.

Mounting fears of revenue and job losses: More than half of African oil and gas producing countries rely on oil and gas exports for more than 50 percent of their total export revenues.³³ It has been argued that cutting funding for fossil fuel projects especially at a time the country is

³¹ McKinsey and Company, The future of African oil and gas: Positioning for the energy transition, https://www.mckinsey.com/za/~/_media/mckinsey/industries/oil%20and%20gas/our%20insights/the%20future%20of%20africa%20oil%20and%20gas%20positioning%20for%20the%20energy%20transition/the-future-of-african-oil-and-gas-positioning-for-the-energy-transition.pdf

³² Emele Onu: Bloomberg Energy News. Reported on September 25, 2021. Accessed on June 20, 2022 <https://www.bloomberg.com/news/articles/2021-09-25/nigeria-needs-400-billion-to-bridge-energy-deficits>

³³ McKinsey & Company: The Future of African Oil & Gas: Positioning for the energy transition (June 2022) <https://www.mckinsey.com/industries/oil-and-gas/our-insights/the-future-of-african-oil-and-gas-positioning-for-the-energy-transition>

witnessing its second recession in five years, both triggered by a depression in oil prices, will exacerbate currently high poverty levels.³⁴ Forecasts show that declining outputs and falling revenues will hit petrostates really hard: 50% in Europe, 58% in sub-Saharan Africa, 66% in Latin America and the Caribbean, 57% in Asia and 77% in North America.³⁵ The Nigeria's oil industry employs about 65,000 direct staff and 250,000 indirect staff³⁶ working mainly in oil exploration companies, oil service firms, and other sectors that are linked to industry operations. Consequently, declines in oil exploration and production activities translate to imminent job losses in a sector reputed for high income earnings and fast-paced career development.

6. POSSIBILITIES FOR CHANGE: RECOMMENDATIONS

1. **Address environmental injustices first!:** Interviews with oil-rich communities in Imo, Rivers and Bayelsa reveal that environmental injustices endured by host and impacted communities of extractive activities must be resolved first before major shifts away from oil are implemented. Community support for energy transition is conditioned on the presentation of a clear and predictable roadmap for righting the wrongs which fossil fuels have done to extractive communities. Without such concrete and targeted measures being put in place, energy transition would remain a one-sided agenda that favours largely the corporations from western countries that perpetuated these injustices.
2. **Dismantle the centralized management of natural resources:** The centralized management of oil wealth, combined with the widespread environmental degradation and loss of traditional livelihoods have pushed locals deeper into poverty, fueling agitations for resource control and improved benefits. National and corporate-led energy transition agendas and the accompanying policy responses can become more forward-looking and meaningful when they address the flaws of the fossil-fuel economy, especially dismantling governmental grip on natural resources, with the attendant centralized resource governance and management systems.
3. **Prioritize the involvement of local communities in the green economy:** The exclusion of local voices and real needs of the people is equally responsible for the huge disconnect between policy formulation and implementation. For energy transition to be just, it must prioritize the involvement of local communities in the green economy powered by renewable natural resources. This is one way of balancing the lopsided relations between communities and corporations and ending the notorious climate of hostilities. Local participation is also the antidote for dismantling the concentration of natural resource

³⁴ The World Bank, Nigeria releases new report on poverty and inequality in country (May 28, 2020) Accessed via <https://www.worldbank.org/en/programs/lsm/brief/nigeria-releases-new-report-on-poverty-and-inequality-in-country>.

Records show that 40% of the country's population— 83 million people — live below the poverty line.

³⁵ Energy Monitor, Oil nations face perilous future without energy transition support, <https://www.energymonitor.ai/policy/just-transition/oil-nations-facing-a-perilous-future-without-energy-transition-support>

³⁶ International Labour Organization: Industrial Relations in the Oil Industry in Nigeria, Working paper 237, Accessed via https://www.ilo.org/sector/Resources/publications/WCMS_161189/lang--en/index.htm

management in the hands of national oil companies and multinational corporations. Communities need empowerment to leverage rural electrification initiatives to benefit from the opportunities within the renewable energy space. Local youths need incentives to explore other legitimate income-generating alternatives such as vending of solar home systems, and producers of portable energy solutions for micro businesses who need a limited amount of electricity to run their trades.

- 4. Create and expand spaces for healthy engagements regarding the energy transition:** National and subnational authorities must take immediate steps to expand spaces for healthy engagements regarding the energy transition models proposed and for resolving concerns around inclusion, participation, gendered impacts of business harms and environmental accountability. The use of direct dialogue, community technical committees, townhalls, consultative forums, indigenous community organizations, are some of the popular platforms for engaging the participation of communities in development. The use of less direct methods such as toll free-lines, radio and television phone-in programs, and the like should also be considered.
- 5. Create alternative livelihoods for communities:** Targeted investments in alternative livelihood schemes are necessary in locations that would have the greatest impact on reversing growth of the artisanal oil refining industry. This, together with improved coordination between livelihood projects implemented by NGOs in the region, would support stabilization and development of alternative livelihood options for those working in the artisanal oil refining industry.
- 6. Opportunity for Nigeria to end the subsidies on petroleum products:** Faced with a debt crisis and shrinking revenues, shifting to renewable energy presents an opportunity for Nigeria to end the subsidies on petroleum products that are responsible for high carbon emissions and in turn meet its climate commitments. Removing subsidies on petroleum products will usher an end to cheap petrol and saving from subsidies channeled towards the development of lower-cost and cleaner energy options.
- 7. Don't leave women behind:** As primary users of household energy-consuming appliances (refrigerators, microwave, blenders, cookers etc), biomass and traditional cooking fuels, women are key stakeholders in energy-efficiency and environmental sustainability initiatives. Energy transition offers an opportunity to close the gap between climate commitments on gender equity at the national and international levels.
- 8. Align transition plans and climate target-setting to the socio-economic realities in the country:** In policy, academic and corporate circles, energy transition is widely perceived as requiring a gradual process and not a spontaneous shift. That will mean taking gradual steps to strengthen national capacities to adapt to and mitigate climate change and involve all sectors of society, including the poor as well as other vulnerable groups (women, youth etc.) within the overall context of

advancing sustainable socio-economic development. Graduality also signifies that aligning transition plans and climate target-setting to the socio-economic realities and configurations in the country is imperative.³⁷ The greening of economies in the context of sustainable development and poverty eradication will require a country-specific mix of macroeconomic, industrial, sectoral and labour policies that create an enabling environment for sustainable enterprises to prosper and create decent work opportunities by mobilizing and directing public and private investment towards environmentally sustainable activities.

9. **Diversify energy mix with renewables:** With the official adoption of gas as the transition fuel, Nigeria leans towards heavy reliance on a single source for power generation. High dependence on a single power source can endanger the supply security of the country, necessitating the diversification of the energy generation mix by increasing the share of renewables.³⁸
10. **Provide safety nets to cushion the effects of job losses:** The government needs to put in place safety nets to cushion the effects of transition-induced job losses in order to minimize the diverse impacts cutting across supply chains, people, formal and informal workers, consumers, businesses, communities, taxpayers etc. A skills and technological revolution would also be necessary to rescale the workforce and bridge the skills and technology gap, especially between the global north and south in order to reduce dependence on foreign technologies, expertise and labour.

³⁷ IRENA (2018) Global energy transformation: A roadmap to 2050. International Renewable Energy Agency, Abu Dhabi. 1–76. ISBN 978-92-9260-059-4.

³⁸ ESI AFRICA, *ibid.*

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