Regional LPG Investment and Enabling Policy in ECOWAS

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By Renzo Bee, Chairman, Policy, Regulatory and Development Advisory Group
The Global LPG Partnership

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Electricity Access and LPG Access Are Equally Important


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Several Developing Countries Have Demonstrated that National-Scale LPG Solutions Are Viable and Sustainable

- Vietnam
- Morocco
- Malaysia
- Indonesia
- India
- Brazil

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Joint initiatives to create the necessary enabling environments begin in 2011-2012 under UN SE4All with GLPGP in five countries, with Ghana and Kenya first-movers. These countries are now entering into detailed project definition and preparation. Additional countries are now undertaking creation of the necessary enabling environments. Some, like Cameroon, are moving far faster. Provided the LPG planning timeline is not interrupted, national and regional LPG scale-up can quickly exceed electricity scale-up. This can apply to ECOWAS.
To Date, GLPGP Has Identified US$ 630 Million of LPG Scale-Up Investment Need with African Country Partners

US $630 million of prospective LPG investment has been identified to date in the initial GLPGP partner countries of Ghana, Cameroon, Kenya, Uganda and Tanzania:

<table>
<thead>
<tr>
<th>LPG Investment Category</th>
<th>Amount (USD millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cylinder assets</td>
<td>261</td>
</tr>
<tr>
<td>Storage and cylinder filling network expansions</td>
<td>123</td>
</tr>
<tr>
<td>Consumer and SME financing facilities</td>
<td>115</td>
</tr>
<tr>
<td>Distribution system expansions</td>
<td>56</td>
</tr>
<tr>
<td>Import terminal facilities</td>
<td>38</td>
</tr>
<tr>
<td>Primary transportation network expansions</td>
<td>29</td>
</tr>
<tr>
<td>LPG splitting for oil/gas production</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>634</strong></td>
</tr>
</tbody>
</table>

There is substantial opportunity for ECOWAS and its member states to develop, finance and implement a regional LPG initiative at a proportional scale.
A Coordinated Regional Approach to LPG Can Accelerate the Investment Timeline and Increase its Ultimate Scale and its Impact

• Aggregation of demand and supply across the region creates economic benefits:
  – Economies of scale are realized in both capital requirements and operating costs
  – Rent-seeking and/or monopolization of key supply chain links by third parties is reduced

• Aggregation improves viability and sustainability of LPG markets and LPG projects:
  – Availability and stability of supply are increased
  – Time, cost and risk for the development, financing and implementation of regional projects are reduced, compared to national or subnational projects

• Supply security is improved
  – Regional production increasingly serves regional demand
  – Sourcing diversity is matched to policy goals instead of to independent gas-trader motivations

• Creation of the necessary enabling environment is accelerated
  – Market and Distribution rules for Cylinders LPG can be harmonized according to best practices, in parallel throughout the region
  – This ensures highest safety, highest investor and consumer confidence, and strongest project bankability

• An opportunity to end gas flaring is created, by capture of flared gases including LPG for regional consumption
Prospective Characteristics of an ECOWAS LPG Initiative

- Creation of regional enabling environment through harmonization of national Cylinders LPG filling and distribution rules and key safety policies, from international proved LPG Best Practices
- Joint development of an ECOWAS LPG Master Plan
- Regional LPG supply sold with priority to regional users
- Strategic regional LPG importation, storage and transportation infrastructure
- Public-private cooperation within each country to plan investment in the safe growth of LPG assets (primarily cylinders) and in expanded retailing at the country level
Key Action Steps

• Plan national and regional LPG ecosystems with GLPGP
  – Create harmonized regional enabling environment: LPG policies, regulatory frameworks, market rules (filling and distribution)
  – Coordinate national LPG investment and project planning
  – Establish national and regional mechanisms for public-private cooperation

• Ensure LPG is properly included in other SE4All processes:
  – SE4All Action Agendas, Investment Prospectuses
  – African Energy Leaders Group
  – ECOWAS energy plans

• Designate facilitating partners:
  – GLPGP
  – ECREEE

• Work with GLPGP to educate capital markets regarding the national and regional LPG investment project opportunities
The Global LPG Partnership was launched in 2012 to help countries plan, finance and implement major LPG transitions.

- The Global LPG Partnership (GLPGP) is a public-private partnership (PPP) comprising donor and developing-country governments, NGOs and UN agencies, development finance institutions and impact investors, and leading international LPG companies.
- GLPGP is a High-Impact Initiative under UN Sustainable Energy for All.
- GLPGP pursues evidence-based understanding of problems and definition and implementation of solutions.
- GLPGP helps consumers switch to LPG via education, microfinance and other support.
- GLPGP helps countries and their stakeholders build up and coordinate national and regional LPG ecosystems—supply, infrastructure, distribution and regulation—via international expertise and financing.
Thank you