West Africa's energy and chemicals sector moves up the value chain

The shift from owning resources to building industries around them

Olumide Esan

Partner
West Africa Energy, Resources & Industrials Leader
Nigeria

Gideon Ayi-Owoo

Partner
West Africa Energy, Resources & Industrials Deputy Leader
Ghana

Christine du Plessis

Senior Manager
Energy, Resources & Industries Strategist

Masego Raseroka

Senior Consultant
Energy, Resources & Industries Marketing Lead

Contents

Introduction

When war in Iran and the closure of the Strait of Hormuz squeezed global fuel supplies in early 2026, West Africa, and Nigeria above all, helped keep Europe supplied with jet fuel and reduced its own sub-region's reliance on imported diesel. A year ago that would have seemed unlikely. If there was any doubt before, this is the clearest sign yet that the region is moving up the value chain, turning crude and gas into refined products, industry and export earnings instead of shipping them out raw.

That shift in emphasis, from extraction to value creation, is being paid for in real terms. **Regulators in Nigeria approved field development plans worth close to US$40 billion across 2024 and 2025**[1], much of it committed by a new generation of indigenous operators, while governments from Accra to Abidjan streamlined licensing and advanced reforms that improved conditions for investment. Twelve months on from the previous outlook, which framed the challenge as managing complexity, the question foremost on the minds of West Africa's oil and gas players is precisely how to keep more of the value of their resources.

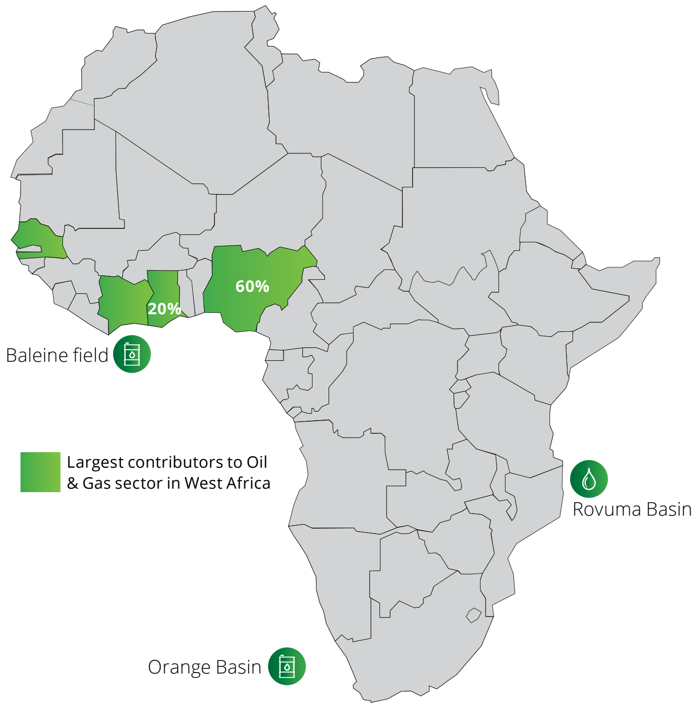
West Africa is gradually turning from a producer of raw resources into a creator of value.

The numbers still describe a market with room to grow. **West Africa's oil and gas sector is worth roughly US$80 billion and has been growing at a compound annual rate of about 6.5%[2]. Nigeria accounts for close to 60% of that value and Ghana for around 20%, with the balance spread across Côte d'Ivoire, Senegal and a widening set of newer names**[3].

Nigeria remains the anchor, producing about 1.64 million barrels a day through 2025 on proven reserves of roughly 37.5 billion barrels of oil and 210 trillion cubic feet of gas[4]. The more telling story is who now holds those barrels. As the international majors sell down their onshore positions and move into deep water and gas, indigenous operators are stepping up. Seplat's output nearly tripled in early 2025 after it completed the US$1.3 billion purchase of ExxonMobil's shallow-water assets, and Shell's onshore business has passed to the local Renaissance consortium[5]. The majors, meanwhile, are concentrating on deep-water projects and gas, where scale and technology still favour them[6]. Behind both moves sits a deliberate government push, through the Petroleum Industry Act, presidential directives on cost and deep-water incentives, and fresh licensing rounds aimed at lifting output toward two million barrels a day.

The frontier is moving too. Namibia's Orange Basin has become the industry's most talked-about play, with the Venus discovery alone estimated at two to three billion barrels[7]. Mozambique is building toward a top-tier liquefied natural gas (LNG) position[8], and Côte d'Ivoire's Baleine field, estimated to hold up to 2.5 billion barrels of oil and 3.3 trillion cubic feet of associated gas reserves, has carried the country from modest output into a genuine growth story[9]. The opportunity across these markets lies less in the size of the reserves, which are well known, than in how quickly they can be turned into production, revenue and industry.

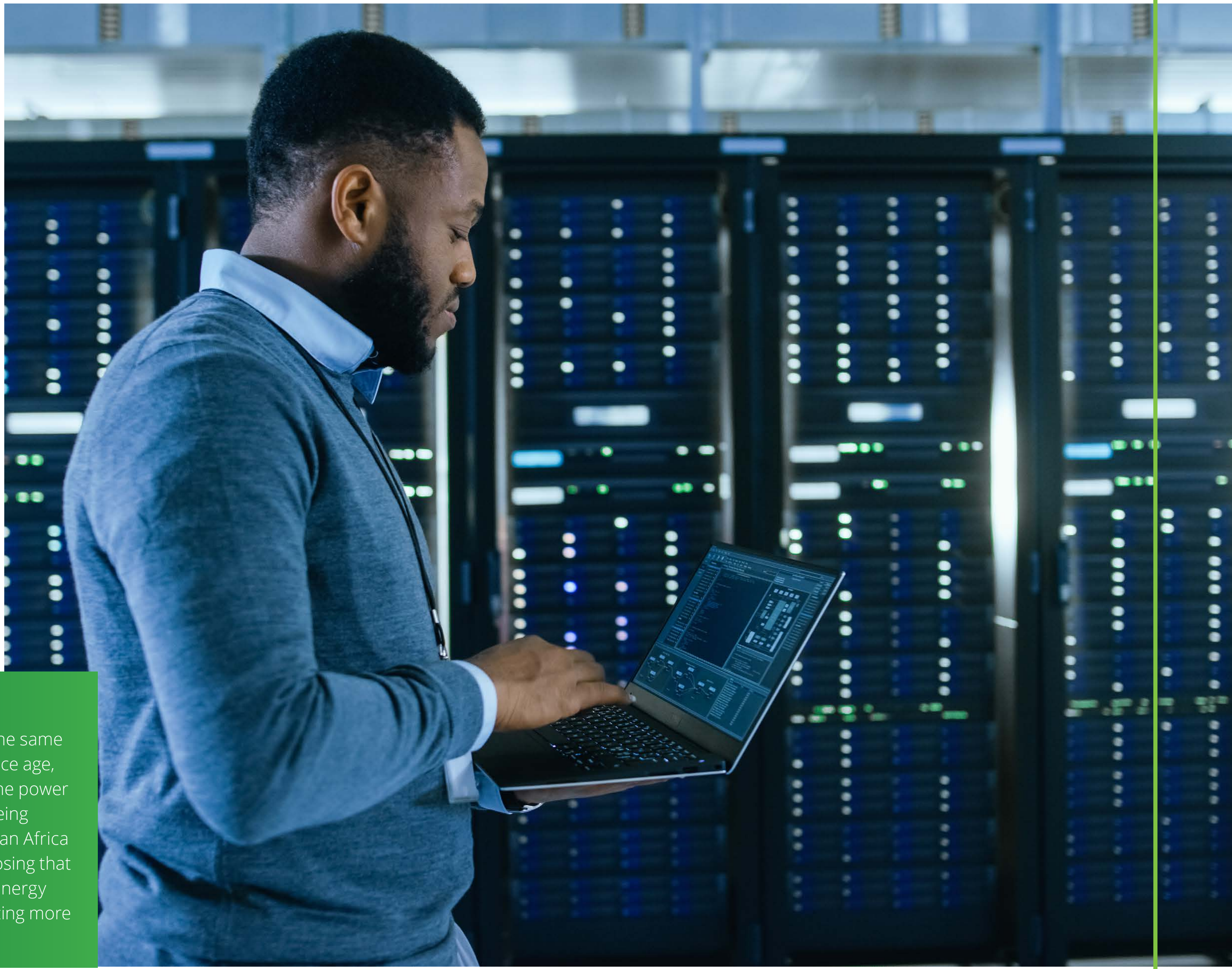
The question for 2026 is what the region does with all of this. The answer is value addition.



The great reset

The clearest shift of the past year is the way energy security has moved ahead of the energy transition in the minds of governments and investors. Not long ago, much of the debate turned on how fast economies should move away from hydrocarbons. That conversation has become more pragmatic. Governments are prioritising access, affordability and growth, and they treat oil and gas as part of how they get there. This reflects a change in sequencing rather than a retreat from climate goals, and most governments in the region remain committed to emissions reduction and a credible, well-planned path to lower-carbon energy over time. Natural gas has gained the most from this recalibration, valued now as a fuel for industrialisation and as a lower-carbon complement to coal and diesel in power generation. Crude continues to underwrite budgets and export earnings.

Last year's outlook identified five linked market challenges, namely security, funding, the cost premium, regulatory collaboration and infrastructure. All five remain in play in the region, but there has been a subtle differentiation within each challenge. Infrastructure and regulatory collaboration, for example, are showing real progress in several markets, helped by fresh investment in refining and gas and by more responsive licensing. Funding and cost competitiveness continue to throttle the sector's growth. Security has narrowed from a regional concern into a set of specific, manageable hotspots. The overall picture, though, gives strong indications of a maturing market, and that is good news for the region.



From data centres to development

Mature markets and West Africa are reading from different pages of the same book. In the United States (US), gas is the fuel of the artificial intelligence age, with LNG exports on course to roughly double by 2030 to help feed the power demand of new data centres[10]. In West Africa, the same molecule is being asked to do a more basic job. Around 600 million people in sub-Saharan Africa still lack reliable electricity, and gas-to-power is the fastest route to closing that gap while industry is built around it[11]. The two agendas meet on gas, energy security, efficiency and the disciplined use of capital. The US is squeezing more from a mature system, while West Africa is building the system itself.

The ownership question

The debate on ownership now dominates almost every boardroom in the region. Governments are asking whether their countries capture a fair share of the wealth generated by their resources. The answers are increasingly inward-looking, and they are driving a stronger push toward local ownership, local content, domestic processing and indigenous participation. Ghana offered the sharpest illustration when the Damang mining lease passed to a local entity rather than reverting automatically to its long-standing operator, with a further high-profile renewal due in the coming year.

Across Ghana, Nigeria, Burkina Faso, Côte d'Ivoire and Mozambique, this is largely a structural shift rather than a passing bargaining tactic, though the balance between the two varies across markets. Policy approaches differ with political priorities, economic pressure and the maturity of each resource sector. Some governments favour carefully managed participation models, while others are adopting more active participation frameworks. The common thread is a demand for greater domestic benefit from what the ground yields.

What thoughtful policymakers now grasp is that the design matters more than the slogan. Changing ownership from an external investor to a narrowly held domestic structure does not on its own broaden the benefits. Broadening ownership through pension funds, local stock exchanges and institutional investors, while keeping experienced operators in the technical seat, spreads the benefit far wider and keeps assets investable. As African pension pools grow and regional capital markets deepen, that model is becoming realistic rather than aspirational.

There is a risk in getting this wrong, which is why design principles are essential. Local participation tends to attract the most capital when the rules governing ownership, contracts and returns are clear and predictable, since investors weigh that certainty heavily. Handled this way, participation functions as a partnership that broadens domestic ownership while retaining the capital, technology, and expertise needed to develop the resource base.

The markets seeing the strongest response are those offering clear rules, policy stability and confidence that commercial decisions remain commercially driven. The same applies to beneficiation. In-country processing creates lasting value where it is backed by reliable infrastructure, affordable energy, capital, skills and enough market scale to compete. Mandating local processing without those foundations simply adds cost. The prize is a competitive industry that can hold its own in regional and global value chains, and the countries most likely to win it treat local content as capability building rather than paperwork.

Local content sits at the heart of this tension. Last year's outlook put the West African cost premium at 40% to 50% above comparable jurisdictions, some of it traceable to local-content rules. The way through is capability development ahead of compliance, building local skills, strengthening domestic supply chains and lifting productivity over time, so that participation adds competitiveness rather than cost.

The Dangote effect

If one development captures the intense focus on value creation, it is the Dangote Petroleum Refinery, which has already begun to reshape how fuel moves around the region[12].

The Financial Times reports that the Dangote refinery cost around US$20 billion to build and described it as the world's largest single-train refinery[13]. It is now running at full stride with a capacity of around 650,000 barrels a day and turning a healthy profit from the disruption to global product supplies that followed the war in Iran. The operator states that the refinery can meet the refined-product needs of Nigeria's 230 million people, add fertiliser and plastics from its petrochemicals complex, and still hold large volumes back for export. During the 2026 disruption to global supplies, it became an important source of refined products for parts of West Africa and, for a period, Europe's largest single external supplier of jet fuel.

For a region that spent decades exporting crude and importing petrol, this represents a significant shift. Few countries can build a refinery on that scale, but the principle behind it, processing African resources closer to where they are produced and consuming them within the continent before selling the surplus abroad, is widely applicable.

In Central Africa, Angola is pursuing its own version with the Cabinda refinery, the country's first newbuild in half a century, as it works toward 445,000 barrels a day of national refining capacity[14]. Projects on this scale run on more than money. They need consistency of vision, long-term policy support, regulatory certainty and close alignment between public and private actors, sustained across many years. Dangote took a decade and considerable friction to reach this point. Now that this achievement has removed the psychological barrier of possibility, a new interest is emerging in refining, petrochemicals and gas processing elsewhere, including East Africa, suggesting the model is catching on.

Security and risk

Security has evolved rather than eased. The oil theft, vandalism and sabotage that dominated the Nigerian story a few years ago persist, though the risk now clusters around particular assets and corridors rather than the whole region.

Reported theft losses in Nigeria fell from more than 100,000 barrels a day in 2023 to under 50,000 in 2024, and operators have grown more sophisticated in how they blend technology, surveillance and community engagement to maintain greater security control[15].

Elevated risk lingers in parts of the Francophone Sahel, where broader instability spills into the sector. Investors have responded by weighing security asset by asset and jurisdiction by jurisdiction, a more discerning approach than the blanket caution of the past. Lately, the industry increasingly talks about resource security, the ability to produce, process and distribute hydrocarbons at home as a hedge against external shocks, and that idea links straight back to the case for local refining and gas monetisation.

Capital, and the price of doubt

Money remains the hardest constraint, though the problem is less about availability than price. Capital exists, but investors continue to price in regulatory uncertainty, policy inconsistency, currency exposure and execution risk, which increases the cost of funding above that of competing regions. The single change that would unlock more of it is policy predictability. Investors can price risk more readily than uncertainty, and clear, stable fiscal policies and contractual terms tend to attract capital.

Africa is also building more of its own financing machinery. The Africa Energy Bank, championed by the African Petroleum Producers' Organisation with Afreximbank and headquartered in Abuja, began operations in 2026 with an authorised capital of US$5 billion[16]. Its remit runs to direct lending, co-financing and risk-sharing, aimed at the funding gaps that indigenous operators face, and it points to a wider appetite to meet African energy needs with African capital. Development finance institutions such as the International Finance Corporation and Afreximbank have shown what well-structured, de-risked deals can achieve, though these still read as landmark transactions more than a steady pipeline.

Turning the exception into the norm calls for better project preparation, clearer regulatory frameworks and closer work between governments, financiers and operators. Larger, better-governed operators continue to attract the lion's share of what is available, so the opportunity for independents lies in demonstrating operational resilience and positioning around gas, infrastructure and domestic value addition, where investor appetite runs strongest.

Infrastructure and the policy test

Policy is genuinely moving in parts of the region. Nigeria and others have grown more responsive to investors through more transparent licensing rounds and quicker project engagement, and markets actively courting exploration and gas development are seeing the benefit. ENI's decision to sign fresh petroleum agreements in Ghana, after the current government cleared long-standing obstacles, alongside comparable activity in Côte d'Ivoire, points the same way. Whether this proves a durable reset or mainly reflects companies spreading risk away from the Middle East will show over several project cycles rather than one.

The reforms also reach the national oil companies. The Nigerian National Petroleum Company (NNPC) is remaking itself as a commercial enterprise with an eye on a listing, Sonangol is overhauling its governance, and Ghana National Petroleum Corporation (GNPC) is shifting more gradually. The common direction is a cleaner split between the regulatory and commercial roles these firms have long blurred, though most sit somewhere in transition rather than at the finish line.

If a single investment could change the regional equation more than any other, it would be gas infrastructure.

If a single investment could change the regional equation more than any other, it would be gas infrastructure. Expanding gas gathering, processing, transport and distribution unlocks power generation, industry, LNG exports and energy security in one move. The clearest progress is being made at home. Nigeria's NLNG Train 7 is around 90% complete and will lift the country's liquefaction capacity by roughly a third when it starts up[17], while the 614-kilometre Ajaokuta-Kaduna-Kano pipeline has crossed the Niger River and is moving into commissioning after years of delay[18]. Projects like these turn known reserves into power, industry and export earnings, which is where the real value lies.

When reform turns into deals

Policy clarity is beginning to translate into signed commitments. In Ghana, ENI moved on new petroleum agreements once the government cleared obstacles that had stalled the upstream, with similar activity underway in Côte d'Ivoire. In Nigeria, reform under the Petroleum Industry Act has helped unlock a wave of asset sales to indigenous operators and field development plans worth close to US$40 billion. Deals of this kind are the practical test of reform, and they show what becomes possible when policy clarity and continuity are sustained.

People and machines

The workforce is becoming more digital and more specialised. Demand is rising for data, automation and operational technology skills, while some back-office and transactional roles are thinning. Artificial intelligence (AI) sits behind part of that change, though it is acting as an enabler more than a replacement. The firms getting the most from AI use it to improve maintenance planning, optimise production and speed up routine work, and the technical and frontline roles tied directly to production have held up well. Much of the evidence from West Africa is still early and often anecdotal, making it premature to draw long-term conclusions about the impact of AI on employment in the sector. The burning question for the industry is whether its people have the skills to work alongside these tools to greater effect.

Much of this predates AI. The industry has spent years simplifying structures and stripping cost. AI is accelerating that in administrative, reporting and transactional work rather than starting it. In Ghana, technical and field roles have held while head-office, finance and administrative positions have thinned, and the workforce is changing in composition more than in size, with a rising premium on specialised and digital skills.

There is a strategic angle in this that deserves more attention. As adoption grows, control over data and digital infrastructure becomes an advantage in its own right. The argument about who owns the data a country's resources generate, where it is stored and how value is drawn from it echoes the wider debate about resource sovereignty. Operators and governments that invest early in digital skills, data governance and local AI capability will be better placed as the sector modernises. Beyond technical readiness, the impact, one way or another, is something that the industry cannot ignore and should be at the forefront of shaping.

Sustainability and the gas pivot

Sustainability is being reframed rather than set aside. It and the wider ESG agenda remain important, though the conversation has matured over the past year. Where ESG once revolved around the pace of decarbonisation, it now sits alongside energy security, affordability and development. For most African countries, the task is to pursue growth and responsibility together.

Gas has become central to that balance. Many stakeholders now see gas as an enabler of both development and lower emissions, particularly where it displaces higher-emission fuels in power generation. Gas-to-power is the most immediate prize, given the region's reserves and its power deficit, while green hydrogen stays strategically interesting for the longer term as most projects remain early in development. For the year ahead, ESG will likely be regarded in the industry as a framework for creating value and managing risk. The companies best placed will be those that pair reliable supply with credible decarbonisation, including active emissions and methane management, and a transparent path aligned with their climate commitments.

Gas-to-power is the most immediate prize, given the region's reserves and its power deficit, while green hydrogen stays strategically interesting for the longer term as most projects remain early in development.

Future outlook

A great deal can change in a year, and the overall outlook is positive while conditional on execution.

The sector in West Africa can expect continued investment in gas, deep-water projects, refining, domestic energy infrastructure, and indigenous participation, set against tougher competition for capital and persistent geopolitical noise.

The upside gathers around gas monetisation, local refining, domestic industrialisation and regional energy integration. The risks are familiar, namely policy uncertainty, infrastructure gaps, localised security disruption and any failure to attract long-term capital. The opportunity is clear, and execution is the test.

The upside gathers around gas monetisation, local refining, domestic industrialisation and regional energy integration.

Three priorities now sit at the centre of the conversation between governments, investors and operators.

- **Energy security** comes first, because growth and industrialisation depend on reliable power.
- **Value addition** follows, capturing the drive to refine, process and retain more of what the region produces.
- **Capital mobilisation** is essential, since nothing is possible without sustained investment from domestic and international sources.

Investors would do well to take a longer view and concentrate on markets where reform and infrastructure are gaining momentum. Operators should keep investing in efficiency, technology and partnerships that build resilience. For governments, continued alignment among policy, contract certainty and delivery will be important. The biggest gains come when investors, operators and governments pull in the same direction.

The encouraging story beneath all of this is a region gradually turning from a producer of raw resources into a creator of value. Refining, domestic and export gas development, indigenous operators and a growing pool of domestic capital are the early evidence. If that momentum holds, West Africa can do more than shore up its energy security. It can build industries, create jobs and keep a far greater share of the wealth its resources have always promised. The measure of 2026 will be how much of that value the region manages to keep.

The window of opportunity for investors and operators

The window is opening for those who move first. The advantage will sit with investors who position early around gas monetisation, refining and midstream infrastructure, who back credible indigenous operators and partnerships instead of waiting for perfect policy, and who treat data and local capability as assets in their own right. The value is there to be captured. It will go to those who commit while the shift is still underway.

References

1 Businessfront, Nigeria's oil and gas shake-up, key divestment deals defining the post-PIA era. https://businessfront.com/energy/insights/nigerias-oil-and-gas-shake-up-key-divestment-deals/

2 Market Report Analytics, West Africa Oil & Gas Upstream Market. https://www.marketreportanalytics.com/reports/west-africa-oil-gas-upstream-market-101000

3 Mordor Intelligence, West Africa Oil and Gas Upstream Market. https://www.mordorintelligence.com/industry-reports/west-africa-oil-and-gas-upstream-market

4 Nairametrics, Nigeria 2025 production, reserves and gas figures. https://nairametrics.com/2026/01/12/nigerias-crude-oil-production-averages-1-64-mb-d-in-2025/

5 Rigzone, Shell completes sale of Nigerian onshore assets. https://www.rigzone.com/news/shell_completes_sale_of_nigerian_onshore_assets-14-mar-2025-179919-article/

6 African Business, New dichotomy in Nigeria's oil industry as majors take to offshore. https://african.business/2024/09/resources/new-dichotomy-in-nigerias-oil-industry-as-majors-take-to-offshore

7 The Oregon Group, Namibia, Africa's new oil frontier. https://theoregongroup.com/commodities/oil-price/namibia-africas-new-oil-frontier/

8 360 Mozambique, Global LNG report positions Mozambique at the centre of the next wave of supply. https://360mozambique.com/oil-gas/lng/global-lng-report-positions-mozambique-at-the-centre-of-the-next-wave-of-global-supply/

9 Offshore Technology, Baleine Field, Côte d'Ivoire. https://www.offshore-technology.com/projects/baleine-field-cote-divoire/

10 Deloitte, 2026 Oil and Gas Industry Outlook (US). https://www.deloitte.com/us/en/insights/industry/oil-and-gas/oil-and-gas-industry-outlook.html

11 International Energy Agency, Financing Electricity Access in Africa. https://www.iea.org/reports/financing-electricity-access-in-africa/state-of-play

12 OilPrice, Dangote's next move could create the world's largest refinery. https://oilprice.com/Energy/Energy-General/Dangotes-Next-Move-Could-Create-the-Worlds-Largest-Refinery.html

13 Financial Times, How a $20bn bet paid off for Africa's richest man. https://www.ft.com/content/afed164c-9a33-48a4-a9c4-3e47b15dcdf4

14 S&P Global, Angola inaugurates first refinery newbuild in 50 years. https://www.spglobal.com/energy/en/news-research/latest-news/refined-products/090325-angola-inaugurates-first-refinery-newbuild-in-50-years

15 Arise News, NUPRC oil theft data. https://www.arise.tv/nuprc-oil-theft-plummets-from-108000-to-5000-bpd-in-two-years/

16 THISDAY, Nigeria hands over Africa Energy Bank headquarters to APPO. https://www.thisdaylive.com/2026/02/03/in-key-milestone-nigeria-hands-over-africa-energy-bank-headquarters-to-appo/

17 NLNG, Train 7 timeline and update. https://www.nlng.com/operations/train-7

18 African Energy, Nigeria's strategic AKK gas pipeline edges closer to completion. https://www.africa-energy.com/news-centre/article/nigerias-strategic-akk-gas-pipeline-edges-closer-completion