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Connecting Africa To The Global Gas Market

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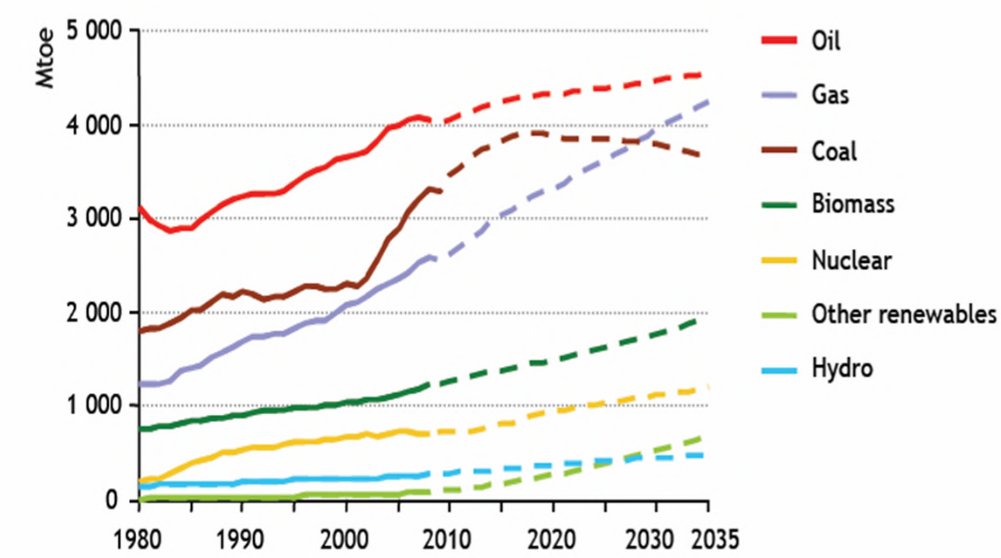
SOME WELL KNOWN FACTS ABOUT AFRICAN OIL AND GAS

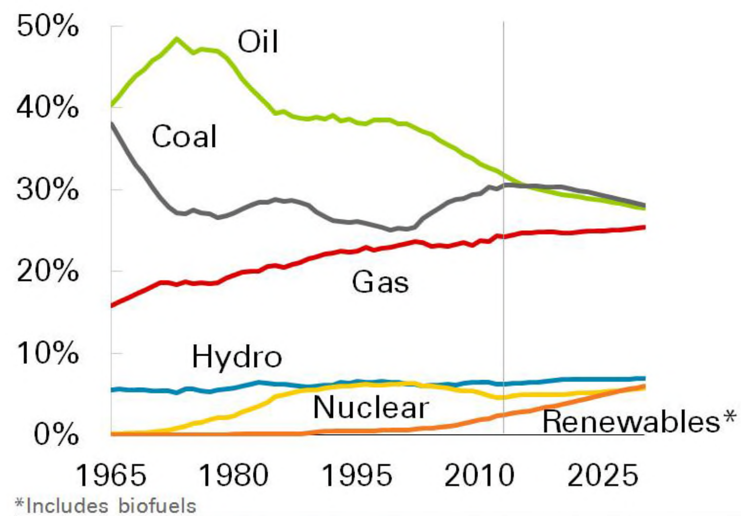
- 7.7% of Worlds Proven Reserves – 130.3 Billion Barrels
- 7.6% (and growing) Worlds Proven Gas Reserves (501.7Tcf)
- 5.2% gas pipeline exports but significant LNG capacity 75bcm/annum
- 6/10 top oil and gas discoveries of 2013 are African
- Production as a percentage of global consumption is 10% whereas consumption is 4%- this is changing very rapidly
- Established provinces of North Africa, Angola and Nigeira continue to accumulate reserves and new exciting gas province of East Africa is emerging

GROWING IMPORTANCE OF THE ROLE OF GAS

Figure 1.1 ▷ World primary energy demand by fuel in the GAS Scenario



Shares of world primary energy

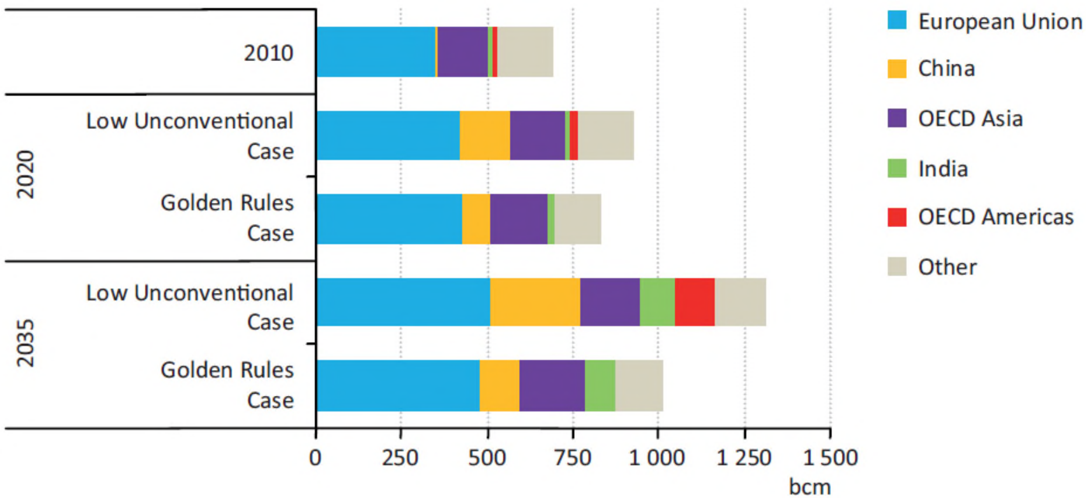


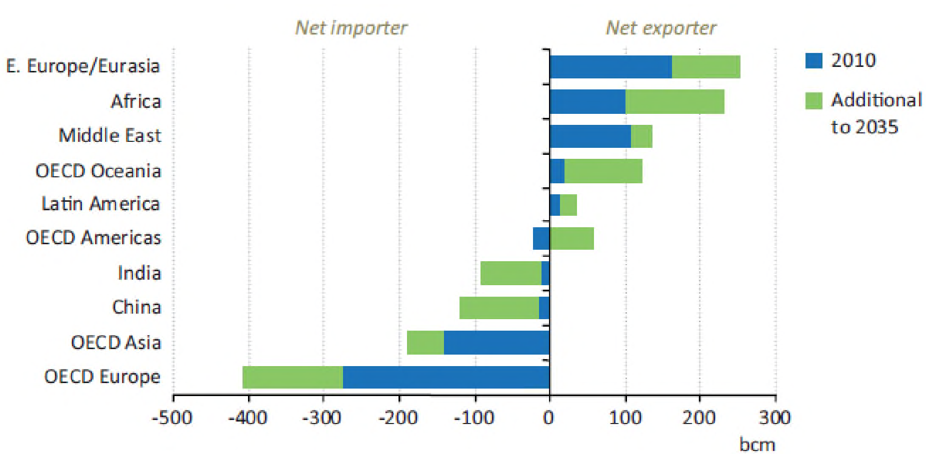
Much of this demand growth comes from trends towards a low carbon economy in developed markets esp Europe and from high growth emerging markets that are distant from current supply; resulting in a growing attractiveness for LNG

Source: BP Statistical Review 2012, IEA Gas Report and Team Analysis

WHY WE BELIEVE THAT THERE IS A GROWTH MARKET FOR LNG BEYOND 2020 FOR AFRICAN GAS?

WHAT WE CURRENTLY UNDERSTAND ABOUT LNG BEYOND 2020



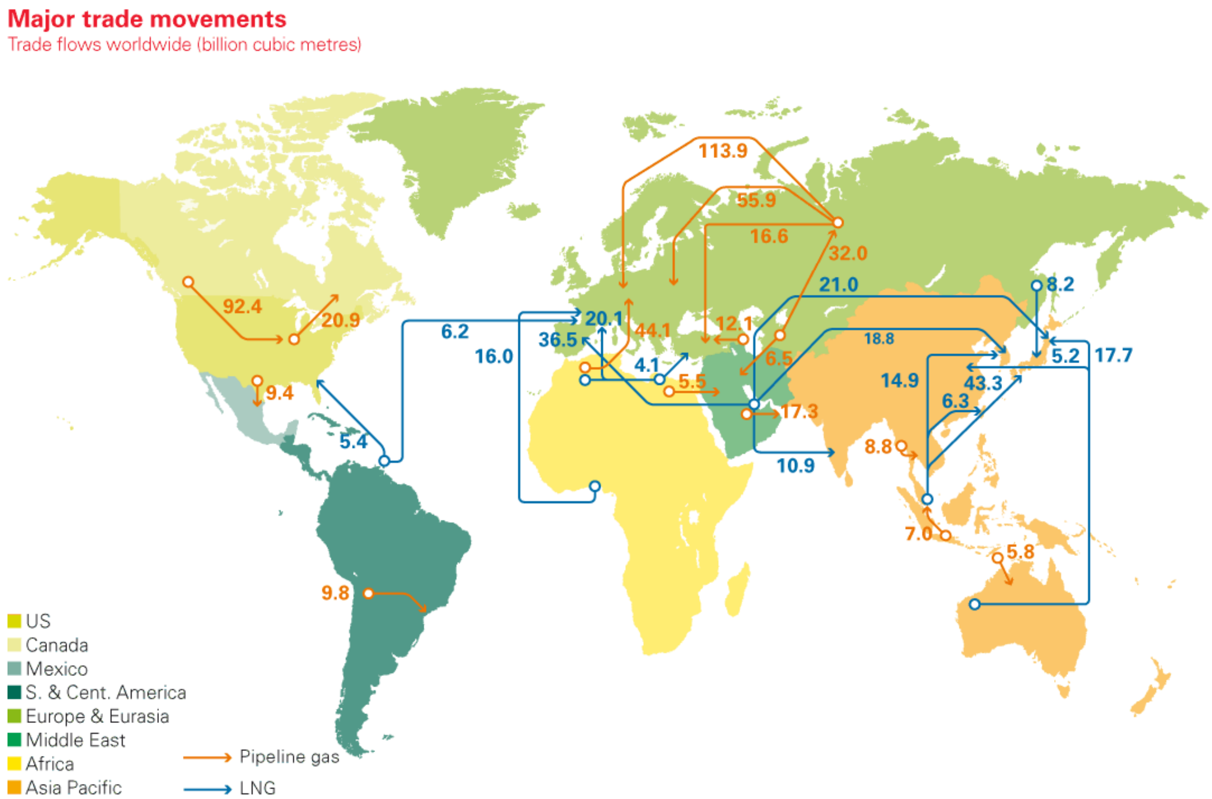


Note that the European Union remains the mainstay of future demand, followed by OECD Asia and China ; these will be required to be supplied by LNG.

Secondly, note that African supply is critical to meeting the 2035 demand.

Our view is that African projects that are able to supply both EU and OECD Asia will be attract a strategic premium.

GLOBAL LNG TRADE FLOWS AND REGIONAL THEMES



LNG trade flow patterns too indicate a significant overlap of supply across regions. While not entirely truly global yet- due to variations in industry structure and pricing- LNG is expected to be a key piece of the jigsaw in enabling a global gas market. Note the relatively low level of LNG connectivity to/from Africa.

US: Growing levels of industrialisation, generation asset renewal driven by growing gas availability

EU: Low Carbon Economy and generation portfolio renewal

MENA: Producer to Net Importer

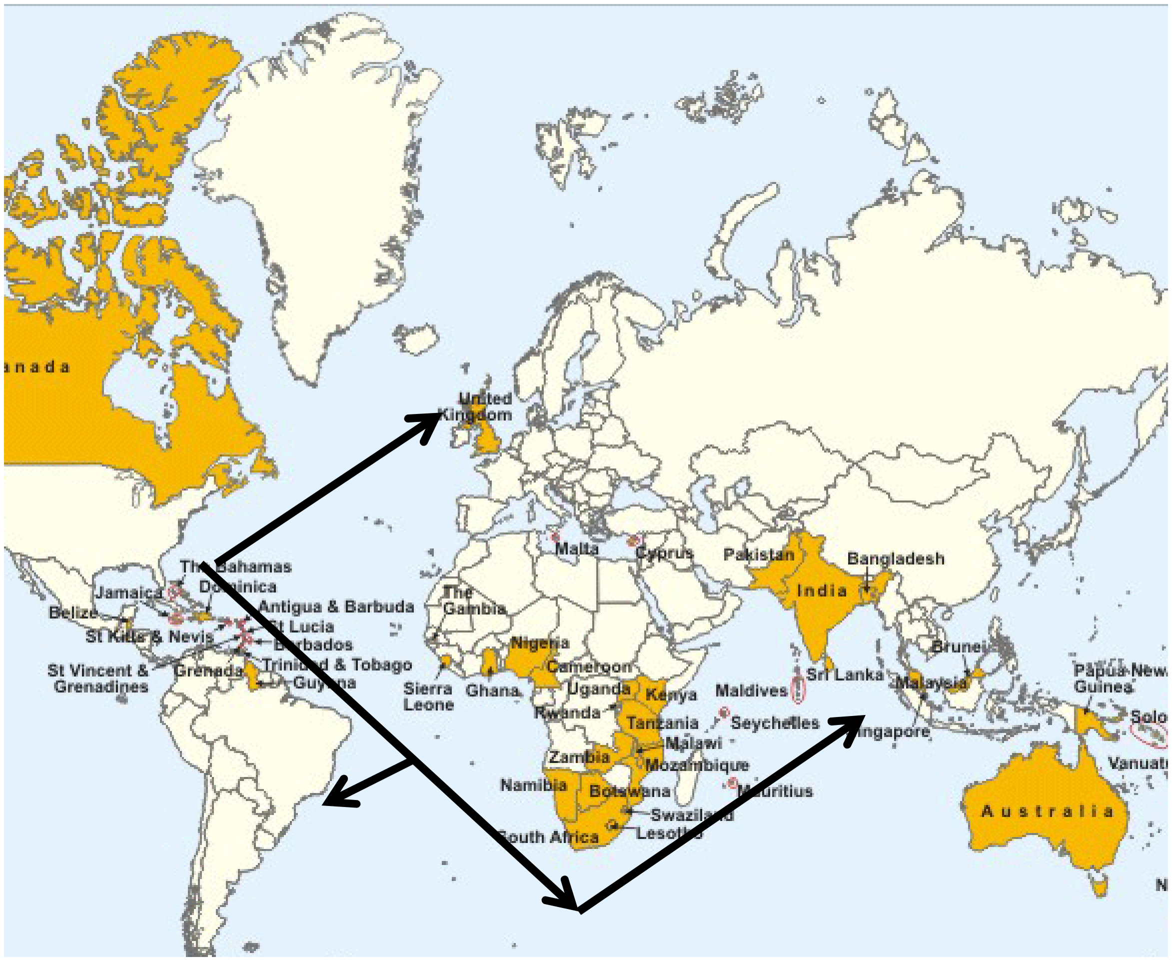
OECD Asia: Growing Industrialisation and Demography

India and China: Demography, Industrialisation and Low Carbon Economy

LatAM: Growing Industrialisation and Demography

Source: BP Statistical Review 2011 and Team Analysis

GEO-STRATEGIC ADVANTAGE OF A GAS PRICING HUB IN AFRICA

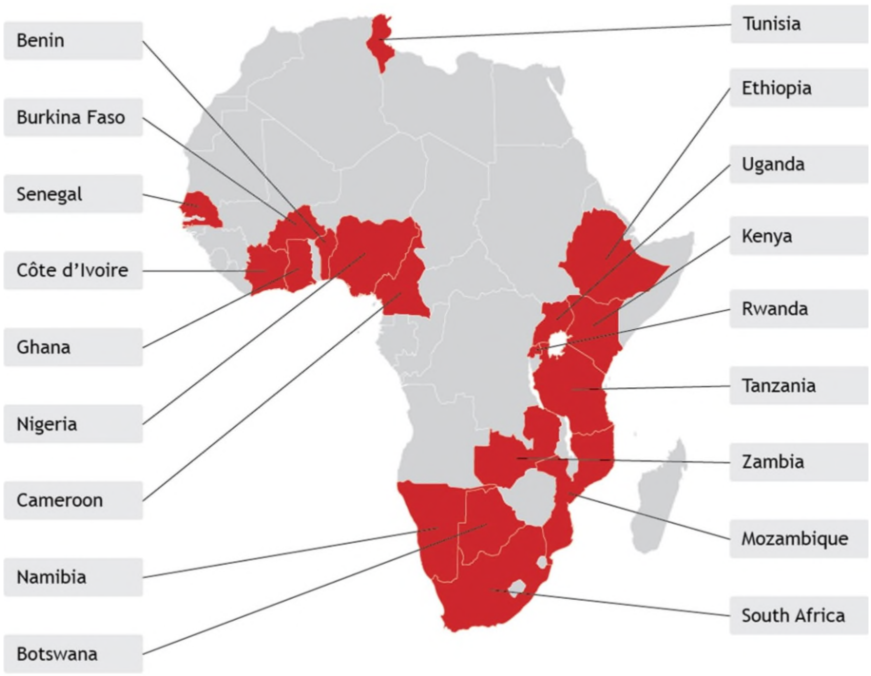


- Participation in the globalisation of the gas industry
- Opportunity to link West and East Africa gas developments and develop intra-Africa gas trades
- Economic Development of the African Economy- incentive to reducing gas flaring, Industrial development
- Establishment of market reflective gas pricing in Africa (emergence of basis differentials)
- Ability to serve the most exciting gas demand growth geographies

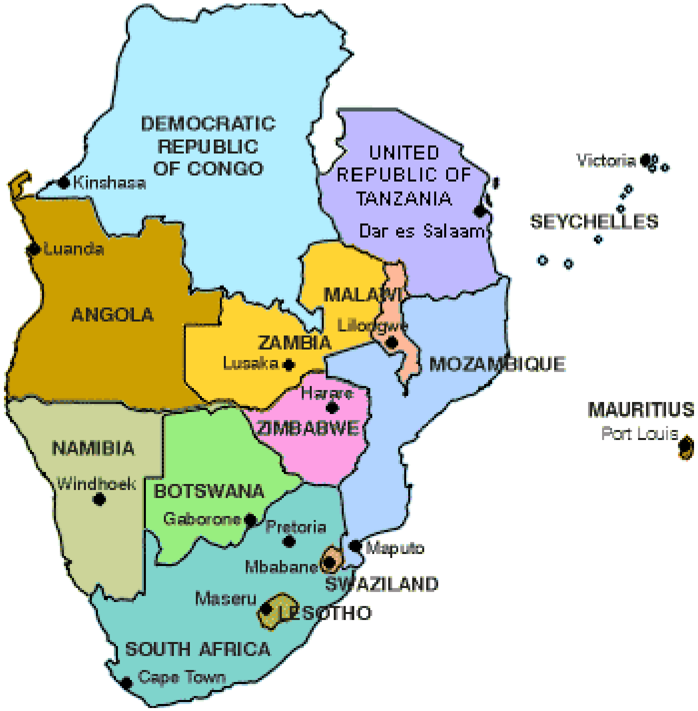
To pull this off a major international cooperation initiative is required which can offer its expertise in the Gas-LNG industry and Trade Development

INTERNATIONAL INSTITUTIONAL PARTNERSHIPS FOR GAS BASED ECONOMIC DEVELOPMENT IN AFRICA

Commonwealth Countries in Africa



SADC Member Countries



UNCTAD is best placed with its convening power to engage via trade the institutions of development finance, international banking and its links with the UN and other global agencies

WHAT WOULD IT TAKE TO BUILD THE REGIONAL GAS HUB FOR AFRICA?

Actions Required	Potential Actors
• Initial Idea Development, Opportunity Sizing and Promotion • Concurrence of the regional players and engagement of the stakeholders • Creation of a platform for gas industry, policy makers and financial investor community	UNCTAD Commonwealth Secretariat SADC Secretariat UNECA The African Union
• Outreach with the international energy industry:-	World Bank and IFC African Development Bank
• Co-opting technical expertise:- Engagement with the Oil and Gas Services Industry • Capacity Building:- Local Skills Development in light of the "Big Crew Change in Oil and Gas"	International Gas Union World Energy Council

Source: Team Analysis

THANK YOU

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