

## **PIPELINE SECURITY, OIL THEFT AND THE IMPLICATIONS FOR ECONOMIC GROWTH**

**A KEYNOTE ADDRESS BY DR ORJI OGBONNAYA ORJI, THE EXECUTIVE SECRETARY OF NEITI,  
AT THE NIGERIA INTERNATIONAL PIPELINE & SECURITY CONFERENCE, ABUJA  
CONTINENTAL HOTEL ON MONDAY NOVEMBER 6<sup>th</sup> 2023.**

### **PROTOCOLS**

1. I am delighted to be invited to deliver the keynote speech at this year's International Pipeline and Security Conference.
2. I am also grateful for the honour and privilege to speak on a topic of my choice which I consider key to the performance of the industry and one that will help shape the deliberations on the theme of the Conference, which is “Bolstering Security, Protecting Petroleum Industry Assets for Improved Economy”.
3. I therefore thank the organizer's, Pipeline Professionals Association of Nigeria and their partners Energy & Corporate Affairs Africa, for inviting NEITI and for the initiative of organizing this event at this time.
4. In this keynote address, I have chosen to speak on Pipeline Security, Oil Theft & the Implications for Economic Growth. My choice is based on NEITI's exposure to information and data that speak clearly to the facts that strengthening security around our oil and gas pipelines is key to the ongoing search for solutions to crude oil theft. Curbing oil theft and pipeline vandalization is necessary to restore investors' confidence, rebuild trust in the industry as critical success factors to boost economic growth.
5. As we speak, oil theft and losses in Nigeria have become a national emergency that poses serious threat to oil exploration and exploitation with huge negative

consequences on economic growth, business prospects and profit earnings by oil companies.

6. From NEITI's 2021 Oil and Gas Industry Report released in September, the sector accounted for 72.26% of Nigeria's total export and Government's foreign exchange, 40.55% of government revenue, and provided 19,171 jobs.
7. However, for us in NEITI, it is not a matter of debate that despite the strategic contributions, the country is yet to derive optimal benefits from its oil and gas resources due to oil theft and losses through pipeline vandalism, pipeline integrity compromise, outright sabotage, and general insecurity in the region.
8. From NEITI's Reports over the years, and recently insights from our membership of the Special Investigative Panel on Oil Theft and Losses, we are aware that oil theft is perpetrated mainly through pipeline clamping, Illegal Connections (ICs) on major pipelines, exploitation of abandoned oil wellheads, pipeline breakages and vandalism of key national assets to illegally siphon crude into waiting vessels stationed in strategic terminals. This criminal exploits take place most times in atmosphere of communities' complicity and conspiracy of silence.
9. It is also a matter of fact, that many of your members are directly and indirectly involved in providing the skills and knowledge required to perpetrate oil theft. As you are aware, illegal connections, pipeline clamping etc cannot be done by just anybody. And so, your Association is largely complicit by failing to put in place stringent regulation and appropriate sanctions to check involvement of your members.
10. For instance, NEITI has put in the public domain empirical data of oil theft and losses at Six Hundred and Nineteen point Seven Million (619.7million) barrels of crude, valued at Forty Six point one Six Billion United States Dollars (US\$46.16billion) or

Sixteen point Two Five Trillion (N16.25 trillion) Naira between 2009 and 2020. In addition, Nigeria lost Four point Two Billion litres (4.2 billion litres) of petroleum products from refineries, valued at One point Eight Four Billion United States Dollars (US\$1.84 billion) at the rate of One Hundred and Forty Thousand Barrels per day, from 2009 to 2018.

11. Thus, the total value of crude losses between 2009 and 2020 is higher than the size of the country's foreign reserves and almost ten times Nigeria's oil savings in Excess Crude Account.
12. NEITI also disclosed that in the last 5 years, 2017 to 2021, Nigeria recorded 7,143 cases of pipeline breakages and deliberate vandalization resulting in crude theft and product losses of 208.639 million barrels valued at \$12.74 million or N4.325 trillion. NEITI Reports also disclosed that during the same period Nigeria spent N471. 493 billion to either repair or maintain pipelines.
13. In the context of our deliberation, NEITI's concern is that our economy cannot grow in an atmosphere of oil theft, pipeline vandalism, and general insecurity in the oil producing communities.
14. Beyond the extensive data that we have published in our industry reports, we have also made critical policy interventions including, recently, a policy advisory to highlight the issues in the key areas of the sector's reforms, to help the Renewed Hope Agenda of President Bola Ahmed Tinubu administration to make decisions on immediate steps needed to increase revenue generation and boost the sectors' contribution to economic growth.
15. In the policy advisory, NEITI recommended the following immediate steps:

- a. Reconstituting the Presidential Steering Committee on Implementation of the Petrol Industry Act with Industry Experts and key relevant agencies as members
- b. Tackling Oil theft, Crude losses and Pipeline Vandalization.
- c. Developing a Gas Utilization Policy with Linkages to Nigeria's Energy Transition Plan
- d. Fast-tracking the repairs of government-owned refineries with adequate measures to secure the pipelines and the business environs for easy access, product delivery and evacuation.
- e. Strengthening Nigeria's membership of the 57 member countries of the global EITI and NEITI to support the reforms with knowledge, independent information, and data.

16. I believe that this keynote has dwelt on some of the issues, please permit me to use this opportunity to draw attention again to the issue of gas infrastructure, especially gas pipelines and the connection to boosting economic growth.

17. At 200 trillion cubic feet, Nigeria has the largest gas reserve in Africa and 9th largest in the world. We recommended to government to urgently put in place a revised national policy on gas utilization. Such a policy needs to be clear on the specific roles of the industry, government and investors in the implementation of the plan. Similarly, the gas utilisation plan should show the market-driven opportunities that would successfully translate the gas plans into sustainable economic growth.

18. And for the gas utilization policy to work, there is a compelling need for deliberate, ambitious investment in gas infrastructure, especially Gas Pipelines to provide connectivity across upstream facilities to processing and power plants and access the

potential huge market. To achieve this, an estimated investment of \$20bn annually is needed to bridge Nigeria's gas pipeline/infrastructure gap.

19. In the light of these issues, most of which I have drawn extensively from NEITI reports, I urge the Conference and this assembly of professionals to come up with specific recommendation to bridge the existing knowledge, information and skills gap to improve pipeline management, expansion, utilization, and to highlight pipeline security as an important factor in building investors' confidence and interest required for economic growth in the sector.

20. I also charge you to deliberate extensively on the current challenges some of which I attempted to highlight, identify the risks involved, the roles of various stakeholders such as the industry, government, the host communities, professional associations and the citizens.

21. Finally, it is important that this conference come up with ground breaking recommendations that will help draw required attention and compelling need for implementation.

22. I thank you for your kind attention and wish you a successful conference.