

Report: Opportunities in Africa's oil & gas sector

The African continent continues to boast a vast array of potential opportunities, particularly in the oil and gas (O&G) sector, according to Deloitte's Africa Oil & Gas State of Play report.



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The report highlights that the sector has historically been a primary driver of economic growth and is once again attracting investor interest as international energy prices recover. Africa's proven oil and gas reserves account for 7.5% and 7.1% of global reserves respectively. which looks to provide an overview of the most notable destinations for O&G activity and investment across nine of sub-Saharan Africa's O&G-producing countries, and thus a focus on where to play in what remains an upstream-focused industry.

However, the continent's challenging operating environment, coupled with a lack of transparency in the resources sector, regulatory uncertainty and policy instability, and an ongoing infrastructure deficit, have often been a deterrent to investment. An additional ongoing constraint is the lack of sustainable economic development gained by harnessing the windfalls of the sector for economic diversification, most recently illustrated by the oil price crash of 2014.

Disruptors

Players in the sector must also be mindful of disruptors that are likely to change the face of the O&G industry. These include the rising global demand for liquefied natural gas (LNG); the growing prominence of renewables, which could have far-reaching implications for the African O&G sector; and the ongoing United States (US) and China trade dispute which could disrupt global trade, oil markets and supply chains.

Furthermore, digitalisation is already having an impact on the global O&G sector, and is set to increasingly disrupt Africa's O&G sector, where almost 30% of production stems from legacy fields. Sub-Saharan Africa (SSA) has a large portfolio of "digitally behind" assets, which would not only greatly benefit from digitalisation, but also risk becoming obsolete if digitalisation is not embraced. The SSA O&G space is ripe for disruption, presenting ample opportunity for producers and other industry players.

The report concludes by providing an overview of the key considerations to winning in the African O&G sector and to overcoming the challenges identified.

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