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NGIC flags bankability risks for Nigeria pipeline projects

Saga deep read · 19 November 2026 · Score 66

NNPC Gas Infrastructure Company Limited (NGIC) has identified five categories of risk that are undermining the financial viability of pipeline projects in Nigeria: project delivery, commercial, regulatory, macroeconomic, and operational risks. The assessment marks a notable step by the state oil company's gas infrastructure subsidiary in publicly diagnosing the structural barriers that have historically slowed pipeline development in Africa's largest gas producer.

Project delivery risks typically encompass construction delays, contractor performance, and cost overruns — all of which have affected previous Nigerian pipeline programmes. Commercial risks relate to offtake certainty, gas pricing frameworks, and the creditworthiness of buyers along the value chain. Regulatory risks reflect the evolving legislative environment following the Petroleum Industry Act, while macroeconomic risks include foreign exchange volatility and inflation, both of which directly affect project economics and debt serviceability in naira-denominated or mixed-currency structures.

Operational risks, the fifth category flagged by NGIC, cover the sustained performance of pipeline infrastructure once commissioned — a persistent concern in Nigeria given the history of vandalism, underinvestment in maintenance, and community disruption along existing pipeline corridors such as the Trans Niger Pipeline and the Escravos-Lagos Pipeline System.

By framing these risks explicitly, NGIC appears to be setting the groundwork for structured mitigation strategies that could make future pipeline projects more

attractive to commercial lenders, development finance institutions, and project finance banks. Nigeria holds some of the largest proven natural gas reserves on the African continent, yet chronic underinvestment in midstream infrastructure has constrained both domestic gas supply and LNG feedgas reliability. Closing this gap is central to the government's agenda to monetise stranded gas, reduce flaring, and expand power generation capacity.

The NGIC was established as a dedicated vehicle within the NNPC group to accelerate gas infrastructure investment, and its willingness to publicly enumerate bankability challenges suggests the company is actively seeking private sector and international financing partnerships. For the pipeline sector, bankability — the ability of a project to secure project-finance debt on acceptable terms — is the decisive threshold between a planned asset and a built one. Identifying the risk categories is a precondition for designing the guarantees, offtake structures, and regulatory commitments that lenders require before committing capital to long-lead, capital-intensive infrastructure.

Why this matters to partners and clients of Saga

This is an early-stage risk-assessment disclosure with no contract, tender, or FID announced; Norwegian pipeline and gas infrastructure service companies should monitor NGIC's project pipeline and position for future engagement when specific projects move toward financing or procurement. Relationship-building with NGIC at industry forums would be appropriate at this stage. Companies with expertise in pipeline integrity, anti-vandalism technology, or project-finance risk structuring for midstream assets are well placed to engage as NGIC develops its bankability frameworks.

PARTNER ANGLES

- **Pipeline:** Monitor NGIC for upcoming pipeline project tenders; integrity management and anti-corrosion expertise directly address the operational risk category NGIC has flagged.
- **Subsea/FPSO:** Offshore-to-onshore gas tie-in scopes may emerge if NGIC projects target stranded deepwater gas monetisation; track project announcements closely.

- **LNG:** Pipeline bankability is a feedgas reliability issue for Nigerian LNG expansions; companies supplying gas processing and conditioning equipment should follow NGIC's project pipeline.
- **Service:** Project management and cost-control consultancies can offer value during NGIC's risk-mitigation structuring phase, particularly on delivery and operational risk categories.

Original source: News Agency of Nigeria - Oil & Gas (Nigeria) →

Saga Advisory

General: info@saga-advisory.com · saga-advisory.com

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