AFRICAN ENERGY CHAMBER

Venezuelan Refinery Experience Offers Pragmatic Lessons for Africa's Underperforming Assets

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Africa's refinery sector continues to underperform against its potential, with numerous facilities operating well below nameplate capacity or sitting idle due to decades of deferred maintenance, feedstock shortages, and chronic underinvestment. Against this backdrop, the African Energy Chamber has drawn attention to an unconventional reference point: Venezuela's operational experience at its Paraguaná Refining Complex and El Palito refinery, two facilities that have been kept running under extreme conditions of economic pressure, sanctions, and infrastructure decay.

Paraguaná, once among the largest refining complexes in the world, and the smaller El Palito facility have both endured prolonged periods of neglect, workforce attrition, and severely constrained capital budgets. Venezuelan operators have developed hard-won competencies in cannibalising parts, improvising maintenance schedules, and sustaining minimum viable throughput when conventional turnaround programmes are not financially or logistically feasible. The African Energy Chamber argues that this experience — imperfect and born of necessity — may offer a pragmatic playbook for African national oil companies and refinery operators facing structurally similar constraints.

The parallel is pointed. Across Sub-Saharan Africa, refineries in Nigeria, Zambia, Cameroon, and elsewhere have struggled with feedstock reliability, skilled labour shortages, and the political economy of subsidised fuel pricing that discourages private investment in upgrades. The Dangote refinery in Nigeria represents the

headline exception, but the broader continental picture remains one of aging assets limping toward decommissioning or requiring transformative rehabilitation investment. Venezuela's experience suggests that a middle path — sustained low-cost operability rather than full modernisation — is technically achievable, though it carries significant safety, environmental, and efficiency trade-offs that any responsible operator must weigh carefully.

For international service companies, the discussion signals a gradual reframing of how African downstream assets may be approached commercially. Rather than wholesale greenfield or large-scale rehabilitation contracts, there is emerging appetite for modular, phased intervention: targeted turnaround services, integrity assessment, rotating equipment overhaul, and process optimisation work scoped to constrained budgets. This represents a different commercial conversation than the billion-dollar EPC contracts that have historically attracted European and North American contractors, but it is a realistic entry point into facilities that are unlikely to attract transformative capital in the near term.

The Venezuelan analogy also underscores the importance of technology transfer and local skills development as structural components of any refinery recovery programme in Africa. Facilities that survived in Venezuela did so partly because operators developed deep institutional knowledge under pressure. African refinery rehabilitation programmes that pair technical interventions with workforce capability-building are more likely to deliver durable results. For companies with modular service offerings and experience in constrained-budget environments, the African downstream sector presents a growing, if complex, opportunity.

Why this matters to partners and clients of Saga

Norwegian service companies with rotating equipment, integrity management, and turnaround specialisations should monitor African downstream rehabilitation tenders where phased, budget-constrained scopes are emerging as the realistic procurement model. Companies like Aibel or specialist well-services and maintenance contractors with flexible delivery models are better positioned here than large EPC players. This is a space to assess partnership with local operators or development-finance-backed rehabilitation programmes rather than waiting for full-scale modernisation contracts.

PARTNER ANGLES

- **Service:** Rotating equipment overhaul and predictive maintenance specialists can position for modular turnaround contracts at cash-constrained African refineries where full rehabilitation capital is unavailable.
- **Subsea/FPSO:** FPSO operators supplying crude to African refineries should track feedstock reliability discussions, as refinery throughput improvements directly affect offtake volumes and floating storage utilisation.
- **LNG:** LNG and gas-to-power specialists can explore whether gas feedstock substitution offers a partial solution to the crude supply constraints undermining African refinery utilisation rates.
- **Pipeline:** Pipeline integrity and inspection companies should assess opportunities where refinery rehabilitation programmes require upstream feedstock infrastructure upgrades as a prerequisite to increased throughput.
- **Drilling:** Drilling service companies with diversified downstream exposure should note that increased African refinery throughput, if achieved, would support sustained domestic crude demand and upstream activity levels.

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