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African Refining: The Post-Allocation Era

Feedstock pipelines, NUPRC dynamics, and the capacity build-out reshaping continental refining margins through 2027.

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African Refining: The Post-Allocation Era

Feedstock pipelines, NUPRC dynamics, and the capacity build-out reshaping continental refining margins through 2027.

For most of the post-independence period, African refining economics have been a function of crude allocation — who gets which barrels at what price under what political arrangement. That era is ending. The capacity build-out across Nigeria, Egypt, Angola, and Côte d'Ivoire over the 2024–2027 window is producing structural overcapacity relative to the continent's traditional allocation-based supply arrangements — and forcing a transition to a refining sector that operates on commercial fundamentals rather than political allocation.

This report sets out the capacity additions actually coming online, the feedstock-allocation mechanics being forced to change, and the implications for continental refining margins, sovereign-revenue trajectories, and downstream product markets through 2027.

The capacity additions actually coming online

Through the 2024–2027 window, African refining capacity is expanding by approximately 1.4–1.6 million barrels per day relative to the 2023 baseline. The expansion is concentrated in four jurisdictions:

Nigeria — Dangote and BUA

The Dangote refinery, with nameplate capacity of 650,000 bpd, has reached substantial operational throughput during 2025–2026. BUA's planned capacity (~200,000 bpd) is at varying stages of commissioning. Combined, Nigerian private-sector refining capacity now exceeds historical NNPC operated capacity by an order of magnitude.

Egypt — Capacity modernisation and expansion

Egyptian refining capacity expansion has focused on modernisation of existing capacity and selected greenfield additions, totalling approximately 250,000 bpd of effective new capacity over the window. The Egyptian expansion is more conventional in commercial structure than the Nigerian build-out but is

operationally significant for Mediterranean and Red Sea product flows.

Angola — Cabinda and Lobito

Angola's refining capacity expansion includes the Cabinda refinery (60,000 bpd, operational 2025) and the Lobito refinery (200,000 bpd, target 2027). The Angolan capacity is structurally targeted at reducing product-import dependence rather than at export markets.

Côte d'Ivoire and selected smaller jurisdictions

Côte d'Ivoire's SIR expansion and selected smaller additions across the continent (~120,000 bpd combined) round out the capacity additions. Each is individually modest but contributes to the continental rebalancing.

The feedstock-allocation mechanics being forced to change

The pre-build-out African refining sector operated on three primary feedstock-allocation patterns:

01. **State-allocated domestic crude.** National oil companies allocated crude to domestic refineries at administered prices, with the implicit subsidy paid through opportunity cost on export markets.
02. **Imported crude under bilateral arrangements.** Selected refineries operated on imported crude under bilateral political arrangements between producing and consuming jurisdictions.
03. **Commercial-spot-market feedstock.** A minority of capacity operated on commercial-spot-market feedstock at international prices.

The capacity build-out is forcing structural change in all three patterns. Our companion Dangote Feedstock Pivot brief documented the most visible example: Africa's largest new refinery has built its feedstock strategy around WTI and Brazilian crude rather than NNPC-allocated Nigerian crude. The Dangote pattern is not unique — it is the most visible early instance of a structural shift that is producing similar changes across the build-out cohort.

"The era of African refining as a political-allocation question is ending. The era of African refining as a commercial-margin question is beginning."

Implications for continental refining margins

The transition to commercial fundamentals produces three implications for continental refining margins:

Implication 01 — Margin compression in traditional product markets

The capacity additions are large enough to materially compress refining margins across continental product markets. African product imports — historically a substantial share of Northern Hemisphere refinery output destined for Africa — face structural displacement. Margin compression in international markets is one consequence; the redirection of those product flows is another.

Implication 02 — Premium-grade product market development

The build-out cohort has been engineered for higher-grade product output (gasoline, jet fuel, low-sulphur diesel) than the historical African refining base. This produces premium-grade product market development across the continent, with implications for transport, aviation, and selected industrial fuel markets.

Implication 03 — Export-oriented capacity utilisation

Several of the build-out refineries are designed for export-oriented utilisation rather than purely domestic supply. African product exports to West African neighbouring markets, to selected European markets, and to selected Asian markets are emerging as a structural feature of the post-build-out continental refining sector.

Implications for sovereign-revenue trajectories

The transition affects sovereign revenue across producing and refining jurisdictions:

- **Producer-jurisdiction sovereigns** face reduced administered-pricing capacity as domestic refineries shift to commercial-spot-market feedstock. The implicit subsidy paid through opportunity cost is being unwound, with consequences for product-pricing politics and for sovereign-revenue trajectories.
- **Refining-jurisdiction sovereigns** face new revenue streams from refining margins, product exports, and selected downstream activity — but the revenue streams are commercial rather than rentier in character, requiring different fiscal-management frameworks.
- **Net-importing jurisdictions** face changed product-import economics that affect both sovereign budgets and consumer politics. The transition is not uniformly positive for all African jurisdictions.

Implications for downstream product markets

The downstream product market implications include:

01. **Continental product-market integration.** The build-out cohort's export orientation produces meaningful continental product-market integration for the first time, with structural consequences for product-pricing, logistics infrastructure, and selected regulatory frameworks.
02. **Quality-grade upgrading.** Higher-grade product output supports quality-grade upgrading across continental fuel specifications, with implications for vehicle markets, aviation, and industrial fuel users.
03. **Downstream investment redirection.** Downstream investment — terminals, distribution infrastructure, fuel-retail networks — is being redirected toward the new refining centres, with consequences for selected jurisdictions' downstream-sector positioning.

What we are monitoring

For each tracked jurisdiction, ELDR monitors three indicator categories: capacity utilisation rates at the build-out refineries, feedstock-allocation policy evolution at producer-jurisdiction national oil companies, and product-pricing and product-export pattern development. The indicators distinguish between scenarios where the transition produces structural continental refining-sector maturity and scenarios where it produces capacity-stranding and politically-driven margin compression.

Bottom line

African refining is transitioning from a politically-allocated sector to a commercially-fundamentals sector over the 2024–2027 window. The transition produces material implications for continental refining margins, sovereign-revenue trajectories, and downstream product markets. For institutional readers with energy-sector exposure across African dimensions, the structural transition is now operationally consequential — and the indicators we are monitoring will distinguish between favourable maturity scenarios and stranded-capacity scenarios over the next eighteen months.

KEY TAKEAWAYS

01. African refining capacity is expanding by approximately 1.4–1.6 million barrels per day through 2024–2027, concentrated in Nigeria (Dangote, BUA), Egypt, Angola (Cabinda, Lobito), and Côte d'Ivoire. The build-out is large enough to force structural change in feedstock-allocation patterns.
02. The pre-build-out era operated on state-allocated domestic crude, bilateral political arrangements, and commercial-spot-market feedstock. The capacity additions force commercial-fundamentals operation across all three patterns — ending the era of African refining as primarily a political-allocation question.

03. Continental refining margins face compression in traditional product markets, premium-grade product market development, and export-oriented capacity utilisation as structural features of the post-build-out continental refining sector.
04. Sovereign-revenue implications differ across producer, refining, and net-importing jurisdictions. Producer-jurisdiction sovereigns face administered-pricing capacity reduction; refining-jurisdiction sovereigns gain commercial revenue streams requiring different fiscal management; net-importing jurisdictions face changed product-import economics.
05. Downstream product market implications include continental product-market integration, quality-grade upgrading across continental fuel specifications, and downstream investment redirection toward the new refining centres.
06. Three indicator categories distinguish favourable maturity scenarios from stranded-capacity scenarios over the next eighteen months: capacity utilisation rates, feedstock-allocation policy evolution at producer-jurisdiction NOCs, and product-pricing/export pattern development.

ABOUT THE AUTHOR

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Richard is the Founder and Senior Principal of ELDR Group Inc., an advisory, intelligence, and technology firm operating across Canada, the United States, the United Kingdom, and Nigeria. He has led documentation, GRC, and enterprise technology mandates for organisations including Apple, IBM, Mastercard, Capital One, SAP, PwC, ServiceNow, and the U.S. Export-Import Bank.

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