



Global Gas Flaring Reduction Public-Private Partnership



GGFR – scope of activities and tools
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Overview

- Background on the Global Gas Flaring Reduction Partnership
- GGFR – scope of activities and tools
- How can we assist our Partners
- Next steps

Background of Global Flaring



- Global venting and flaring level over 100 bcm/year, equal to:
 - Combined gas consumption of France and Italy
 - >10 percent of committed emission reductions by developed countries under the Kyoto Protocol for the period 2008-2012.
- This level has stayed constant for the last 20 years
- 80% of global venting and flaring occurs in fewer than 15 countries
- Reliability of available data varies widely

Global Gas Flaring Reduction Partnership

- GGFR was formed at the World Summit on Sustainable Development in Johannesburg in August 2002
- Objective is to support the efforts of national governments and the petroleum industry to reduce flaring and venting of associated gas
- Leading to sustainable resource development
 - Promoting efficient use
 - Reducing environmental effects
 - Reducing poverty
- GGFR does not finance projects
 - Provide advice and technical assistance

Current GGFR Public and Private Partners

Countries/NOCs

Algeria (Sonatrach)
Angola
Cameroon (SNH)
Chad
Ecuador
Equatorial Guinea
Indonesia
Nigeria
Khanty Mansiisk (Russia)
Kazakhstan

Donors

Canada
Norway
UK (Foreign Commonwealth Office)
USA

IOCs

BP
Chevron
ENI
ExxonMobil
Marathon Oil
Norsk Hydro
Shell
Statoil
Total

Multilateral Organizations

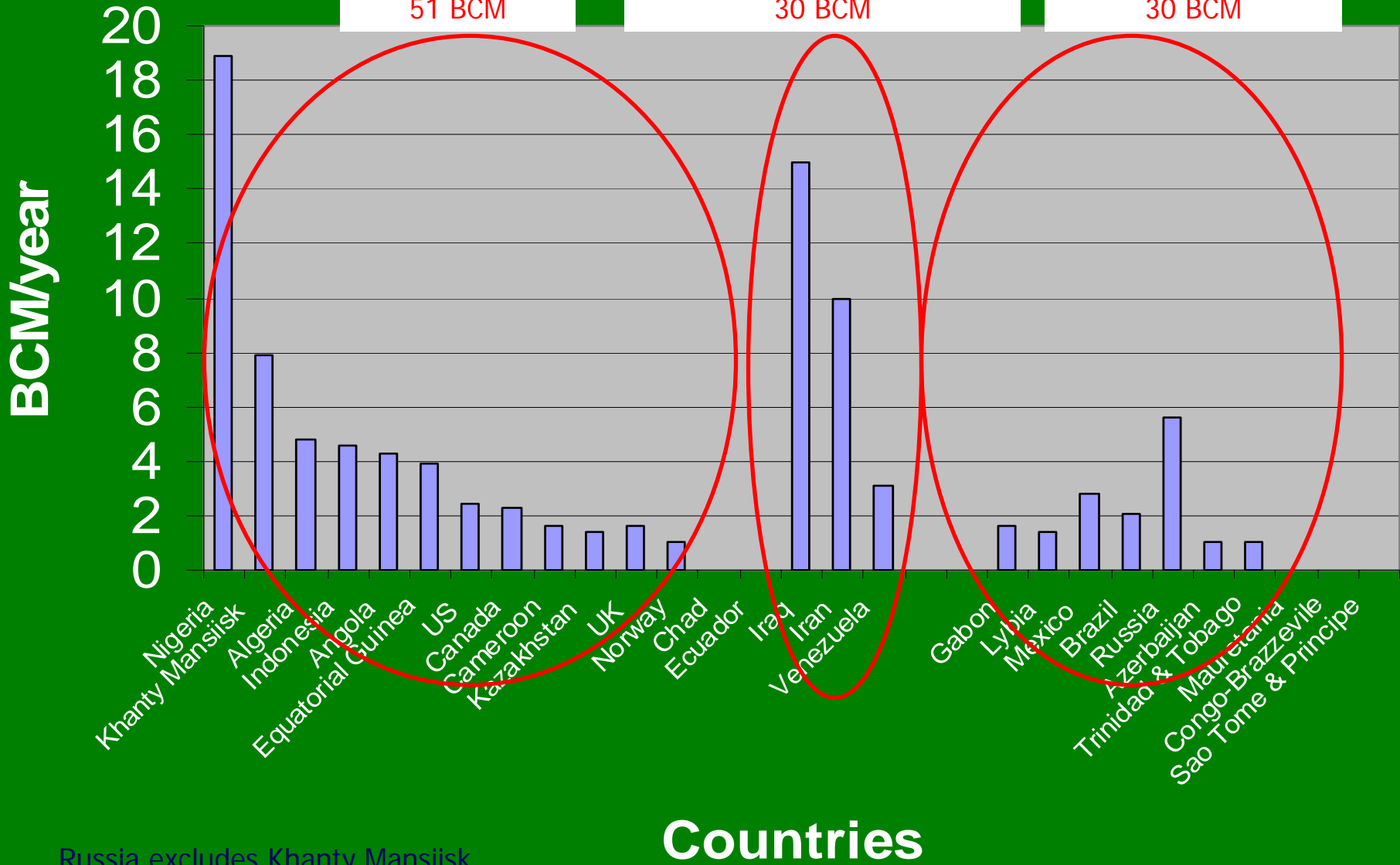
The World Bank
OPEC Secretariat

Flared Gas

GGFR Partners
51 BCM

Other GGFR Partners - OPEC
30 BCM

Non GGFR Partners
30 BCM

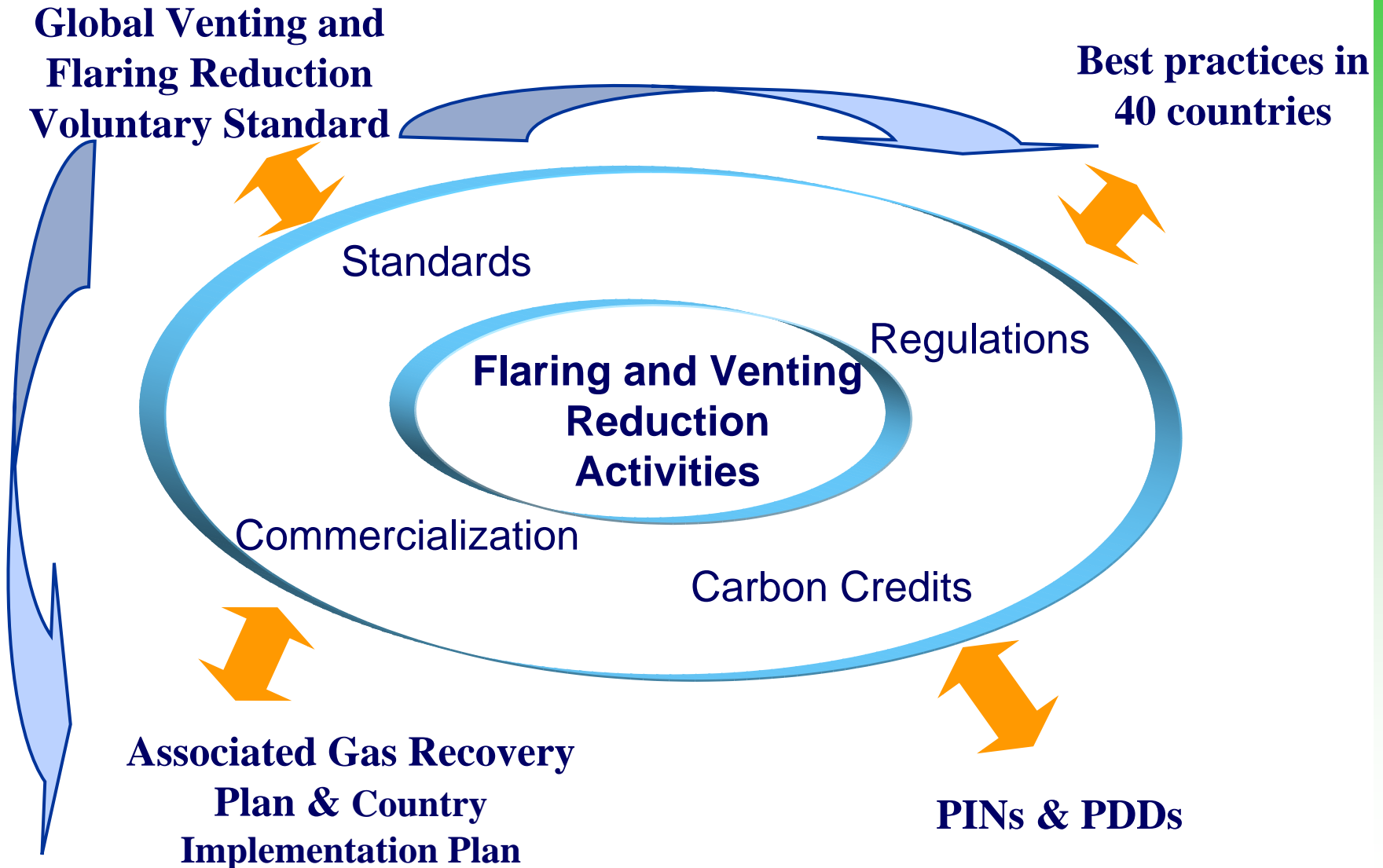


Russia excludes Khanty Mansiisk

Key GGFR Accomplishments

- A significant representation of world gas flaring in the Partnership
 - Currently 45% , 75% including OPEC secretariat.
- Global deliverables
 - A global standard for flaring and venting
 - Agreed among Partners May 2004
 - Regulatory Best practices
 - Carbon credit financing
- Demonstration projects with all Partners
- Local Public Private Partnerships under implementation
 - Associated gas recovery plans (companies)
 - Governments: supportive measures

Integrated Approach to Flare Reduction



The Standard

- A Voluntary Standard
- To provide framework for governments, companies, and other key stakeholders to consult each other and take collaborative/complementary actions
→ **Expand project boundaries and reduce barriers to associated gas utilization**
- To encourage **integrated approach** including market and infrastructure development, commercialization, legal and fiscal regulations, carbon credits;
- To achieve global applicability and impact by allowing for **flexibility to local conditions**, balancing ambitious timescale with realistic constraints
- **Publication of flaring data** through the government

GGFR Assistance on Carbon Credits

- Assistance to develop demonstration projects and facilitating linkages to carbon finance
- Creation of a forum for exchange of views, ideas and experience on gas flaring reduction CDM/JI projects
- Capacity building for stakeholders including improving the understanding of methodological issues related to CDM
- Providing technical assistance to enhance the capacity of host countries to develop, assess and approve high-quality gas flaring CDM/JI (demonstration) projects

Best Practice Flare Regulation

- GGFR study of 44 oil producing countries
- **Objective:**
 - Best practice regulations and other factors that effects the flare and venting
- **Findings:**
 - **Regulation** plays an important role in reducing flaring and venting volumes
 - Countries that managed to reduce flaring and venting volumes adopted a **combination** of
 - Efficient regulation
 - Other incentives (fiscal policies & reform of energy markets)
 - An **efficient** regulatory framework addresses
 - **Who** should regulate?
 - **How** should regulation be conducted?

How GGFR may assist Partner countries

- **Facilitate local public-private partnerships**
 - Agree with Gov't, producers and customers key issues, barriers and approaches
 - Agree implementation plans for associated gas use and flare reduction
- **Advise governments, producers and consumers**
 - Formulating high level support (e.g. gas strategies, gas master plans)
 - Local, regional and international market development and/or access
 - Frameworks for incentives, legislation and fiscal systems
 - Contractual issues (e.g. gas ownership, PSAs, system access)
 - Flaring standards and guidelines
- **Conduct focus studies**
 - Associated gas utilization reviews
 - Gas market surveys
 - Project feasibility reviews
- **Links with existing WB instruments**
- **Capacity and institution building**
 - Carbon credits
 - Demonstration projects
- **Datatool**

Algeria

- **Flaring:**
 - 4.3 Bcm/y
- **GGFR activities:**
 - Gas utilization study screened current gas flaring and identified 3 projects:
 - Ohanet (0.3 Bcm/y) decided
 - In Amenas and TFT (1 Bcm)
 - CDM
 - Capacity building for GoA and Sonatrach
 - Pin and PDD
- **Bank:**
 - Carbon finance unit and MENA region co-operation on Ohanet

Indonesia

- **Flaring:**
 - 4.6 Bcm/y
- Regulatory workshop in 2003
- Ongoing Activities
 - Gas Utilization Study and regulatory framework
 - CDM capacity building and identification of demo projects

Nigeria

- Flaring 18.9 cm
- First roll-out workshop for the global standard recommended stakeholders to collaborate on a combination of policy improvements (Legal framework and pricing) and (pilot) projects
- Gas demand from export projects is the main gas factor to reach the flare out
- However, to achieve a sustainable development in Nigeria a local market for gas needs to develop and the power sector is the main driver for that.
- **World Bank Gas/Power Project** is scheduled for approval this week and includes an assessment of the viability of the South-North gas pipeline for possible future financing

Iran

- **Flaring:**
 - around 10 Bcm/y
- **Workshop Oct. 2004 on Gas flaring**
Arranged by Norway
 - To discuss gas utilization projects
 - NIOC, ENI, Norsk Hydro, Shell, Statoil and Total
 - World Bank

Activities in Gulf of Guinea

- **Cameroon currently flaring 1.6 Bcm/y**
 - Stakeholder workshop on assoc. gas utilization options
 - Outcome: A study identified an attractive option for Domestic consumption (power plant and refinery). Stakeholder discussions on associated and non associated gas use options on-going
- **Equatorial Guinea currently flaring 2 Bcm/y**
 - Steering Committee on assoc. gas utilization options
 - Outcome: Gas flaring reduction options for 1-2 Bcm identified based on expanded project boundaries. A joint study between operators on-going

Next steps

- To explore collaborative action GGFR - OPEC
- Discuss potential projects for gas flaring reduction and ways to overcome barriers through application of:
 - Best International practices
 - Stakeholder collaboration as prescribed in the Voluntary Standard
 - Carbon Credits
 - World Bank Group financial instruments
- New GGFR partners?

Thank you

<http://www.worldbank.org/ggfr>

No.	Country	GGFR Estimates	% of global	Global coverage through direct country representation in GGFR	Additional global reach through international partner organizations
1	Nigeria	18.9	17%	17%	
2	Iraq	15.0	14%		14%
3	Russia	13.5	12%	7%	
4	Iran	10.0	9%		9%
5	Algeria	4.8	4%	4%	
6	Indonesia	4.6	4%	4%	
7	Angola	4.3	4%	4%	
8	Equatorial Guinea	3.9	4%	4%	
9	Venezuela	3.1	3%		3%
10	Mexico	2.8	2%		
11	USA	2.4	2%	2%	
12	Canada	2.3	2%	2%	
13	Brazil	2.1	2%		
14	UK	1.6	1%		
15	Cameroon	1.6	1%	1%	
16	Gabon	1.6	1%		
17	Kazakhstan	1.4	1%		
18	Lybia	1.4	1%		1%
19	Azerbaijan	1.0	1%		
20	Trinidad & Tobago	1.0	1%		
	% of total		88%	46%	27%
	World Total	111.0		Current coverage	72%