



The World Bank

Global Gas Flaring Reduction: Improving Energy Efficiency

AT A GLANCE:

- Although the burning of natural gas, or flaring, is the safe and effective method of disposing of excess natural gas associated with oil production, flaring also wastes a valuable clean energy resource and emits carbon dioxide, a greenhouse gas.
- Some 150 billion cubic meters (or 5,3 trillion cubic feet) of natural gas are being flared and vented annually. That is equivalent to 25 per cent of the United States' gas consumption or 30 per cent of the European Union's gas consumption. And the annual 35 bcm of gas flared in Sub-Saharan Africa alone could generate half of that continent's power consumption.
- Flaring gas also has a global impact on climate change by adding about 400 million tons of CO₂ in annual emissions. This is equivalent to almost all the potential yearly emission reductions from projects currently submitted under the Kyoto mechanisms.
- The GGFR partnership, a public-private initiative led by the World Bank Group, facilitates and supports national efforts to use currently flared gas by promoting effective regulatory frameworks and tackling the constraints on gas utilization, such as insufficient infrastructure and poor access to local and international energy markets, particularly in developing countries.
- Poverty reduction is also an integral part of the GGFR program, which is developing concepts for how local communities close to the flaring sites can use natural gas and liquefied petroleum gas (LPG) that may otherwise be flared and wasted. The program has already evaluated opportunities for small-scale gas utilization in several countries.

G8 and Global Gas Flaring:

The Group of eight most industrialized nations (G8) joint statements at Gleneagles (2005) and St Petersburg (2006) reaffirmed its support for GGFR's role in reducing global gas flaring.

The goal of GGFR is to help overcome the barriers to gas utilization so partners can unlock the value of currently wasted natural gas to improve energy efficiency, expand access to energy, and contribute to climate change mitigation hence promoting sustainable development.

GGFR partners have also established a collaborative Global Standard for gas flaring reduction. This Global Standard provides a framework for governments, companies, and other key stakeholders to consult with each other, take collaborative actions, expand project boundaries, and reduce barriers to associated gas utilization. GGFR partners that have endorsed the Global Standard are committed to no flaring in new projects, and to eliminate continuous production flaring by 2010, unless there are no feasible alternatives.

Developing countries face important barriers to reducing gas flaring, including:

- A limited access to international gas markets as well as incipient local markets

- A lack of financing to put the necessary infrastructure in place
- An undeveloped regulatory framework.

GGFR focuses on four key areas to overcome the barriers to gas flaring reduction:

- Commercialization of associated gas
- Regulations for associated gas
- Implementation of the global flaring and venting reduction standard
- Capacity building to obtain carbon credits for flaring and venting reduction projects.

Some results already achieved by GGFR include:

- Thirteen major oil companies, the OPEC Secretariat and 17 countries that contribute a significant share of the world's flaring (more than 50 percent) have already joined GGFR.
- The majority of partners have endorsed the Global Standard for gas flaring reduction
- GGFR has implemented demonstration projects for associated gas utilization in eight countries.
- GGFR is assisting Indonesia, Kazakhstan, Mexico, Nigeria, Qatar, Russia and other countries to reduce flaring to minimum levels, through increased collaboration between operators, the national oil company and the regulator.

Background on GGFR: Launched at the World Summit on Sustainable Development in August 2002, the Global Gas Flaring Reduction public-private partnership (GGFR) brings around the table representatives of governments of oil-producing countries, state-owned companies and major international oil companies so that together they can overcome the barriers to reducing gas flaring by sharing global best practices and implementing country specific programs.

GGFR partners include: Algeria (Sonatrach), Angola (Sonangol), Azerbaijan (SOCAR), Cameroon (SNH), Canada (CIDA), Equatorial Guinea, France, Gabon, Indonesia, Iraq, Kazakhstan, Khanty-Mansiysk (Russian Federation), Mexico, Nigeria (NNPC), Norway, United Arab Emirates (Masdar Initiative), the United States (DOE) and Uzbekistan (Uzbekneftegaz); BP, Chevron, ConocoPhillips, Eni, ExxonMobil, Marathon Oil, Maersk Oil & Gas, Pemex, PetroEcuador, Qatar Petroleum, Shell, StatoilHydro, TOTAL; OPEC Secretariat, European Union, the World Bank and the IFC.

For more information, visit: www.worldbank.org/ggfr

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