

## FACT SHEET ON PUBLIC-PRIVATE PARTNERSHIP FOR REDUCING GAS FLARING

### Objective and Partners of GGFR

- The Global Gas Flaring Reduction Public-Private Partnership (GGFR), announced August 30, 2002, at the World Summit on Sustainable Development, aims to support national governments and the petroleum industry in their efforts to reduce flaring and venting of gas associated with the extraction of crude oil.
- In addition to the World Bank, this public-private partnership currently comprises BP, ChevronTexaco, ENI, ExxonMobil, Norsk Hydro, Statoil, Shell, Total, and Sonatrach and the governments of Angola, Cameroon, Canada, Chad, Ecuador, Equatorial Guinea, Indonesia, Nigeria, Norway, and the United States, with other companies and countries expected to join.

### RESULTS

#### The “Standard”

- The GGFR soon plans to endorse a Global Gas Venting and Flaring Reduction Voluntary Standard, the successful implementation of which would lead to significant reduction of venting and flaring within the next decade. This standard provides guidance on how to achieve reductions in the venting and flaring of gas associated with crude oil production worldwide. The approach is intended to go beyond prevailing venting and flaring practices that would otherwise occur in many countries.
- The standard’s effectiveness in achieving its objectives will depend on the cooperation of all GGFR partners in seeking proactive measures aimed at eliminating or reducing associated gas venting and flaring and at promoting broader adoption outside the GGFR Partnership. Although the standard, being voluntary, does not provide prescriptive reduction targets, successful implementation would lead to significant reduction of venting and flaring by 2010 that would not otherwise have occurred.

#### Carbon Credits

- In 2002, the GGFR released a report on [Kyoto Mechanisms for Flaring Reductions](#), which attempts to overcome financial constraints on projects to reduce gas flaring by designing innovative financing mechanisms, including carbon credit trading. It concludes that gas flaring reduction projects starting from the year 2000 onward may be eligible under the Clean Development Mechanism (CDM) and Joint Implementation mechanisms.
- Currently, the GGFR is developing CDM baseline methodologies and processes for projects to reduce gas flaring. Furthermore, gas flaring reduction projects are being identified in Algeria and Angola (LNG) where the methodology could help support obtaining carbon credits for emission reductions as a result of the projects’ implementation.

#### Regulation

- Another GGFR activity is to improve the legal and regulatory framework for investments in flaring reductions. A comparison of the regulatory frameworks for gas flaring regulation in 44 countries has been released, which concludes that regulation should play an important role in achieving reductions in flaring and venting volumes in developing countries.

## **Commercialization**

- To reduce gas flaring, gas markets need to be developed, and the GGFR provides assistance in developing domestic markets for associated gas, in gaining access to international markets, and in finding solutions for remote fields. The focus of GGFR's work on commercialization of associated gas is moving to an integrated approach, showing how commercialization, regulatory issues, standards, and carbon credits are inter-linked when it comes to finding successful utilization options.
- The GGFR team is facilitating project-specific cooperation and the establishment of a partnership between the relevant parties, as well as providing advice to those parties. Country work programs, (for Algeria, Cameroon, and Nigeria, for example) are in the process of identifying individually tailored solutions.

## **Poverty Reduction**

- Poverty reduction aspects are an integral part of the GGFR, which is developing concepts for how natural gas and LPG that would otherwise be flared can be used by the local communities close to the flaring sites. The opportunities for small-scale gas utilization have been evaluated based on two case studies examined in Ecuador and Chad.

## **In-Country Programs**

- GGFR is currently working in Algeria, Angola, Cameroon, Chad, Ecuador, Indonesia, and Nigeria. Programs include creating domestic and international markets for associated gas, providing technical assistance on flare reduction, setting up legal frameworks to develop gas markets, capacity building on carbon credits, small-scale gas utilization, revising fiscal systems, and the like. Discussions on work programs are ongoing with new partner countries: Brazil, Equatorial Guinea, Mexico, and Russia.

## **International Conference**

- GGFR and Sonatrach are organizing the [Second International Gas Flaring Reduction Conference](#) to be held in Algiers, Algeria, May 10-11, 2004.

## **Outcome**

- The outcome of GGFR Partners' proactive measures aimed at eliminating or reducing gas flaring is expected to be a significant reduction in global gas flaring, in particular in the period 2005-2010.

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