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# How sustainable is Nigeria's effort of ending gas flaring and unlocking gas potentials: a review of the country's anti-gas flaring legal and policy frameworks.

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# Title

## How Sustainable is Nigeria's Effort of Ending Gas Flaring and Unlocking Gas Potentials – A Review of the Country's Anti-gas Flaring Legal and Policy Frameworks

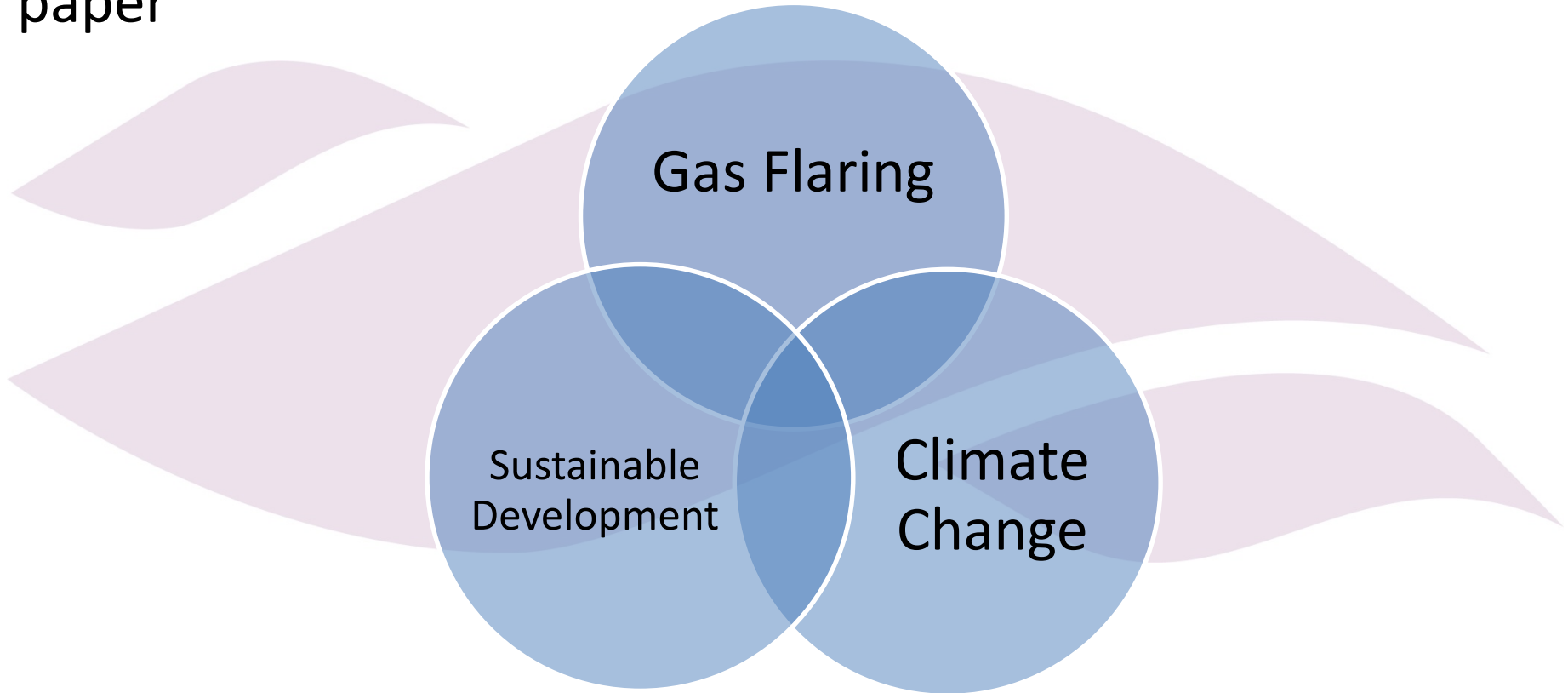
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# Outline

- Introduction
- Background
- Rationale of Study
- Question
- Discussion
- Findings
- Conclusion
- Recommendation

# Introduction

Nexus between the conference's theme (SMO) and the paper



# Background

- Global gas flaring increased by 3% in 2018 to 145 bcm which is equivalent to the total annual gas consumption of Central and South America.
- Nigeria alone flared close to 8 bcm and this makes it the largest gas-flaring nation in Africa and also the seventh largest gas flarer in the world (WB 2018)

[https://www.youtube.com/watch?v=J9BH3\\_b1cGM](https://www.youtube.com/watch?v=J9BH3_b1cGM)

***Sources: (Gas Flaring in Nigeria - Budgit Nigeria) Uploaded –  
11/05/2018***

# Background .....

- Joint study by CJP, ERA & FE Nigeria in 2015 estimated that losses between \$500 million - \$2.5 billion yearly to flaring
- Abubakar Bukola Saraki while declaring open a public hearing on Gas Flaring (Prohibition) Bill 2017 declared that, Nigeria accounts for over 40% of the gas flared annually across Africa and in monetary value is estimated to be \$7 billion.
- Justice Derefaka (Programme Manager NGFCP 2018) put the figure at \$10 billion
- While the penalty for flaring gas is between \$150,000 - \$370,000 annually

# National efforts to end gas flaring...

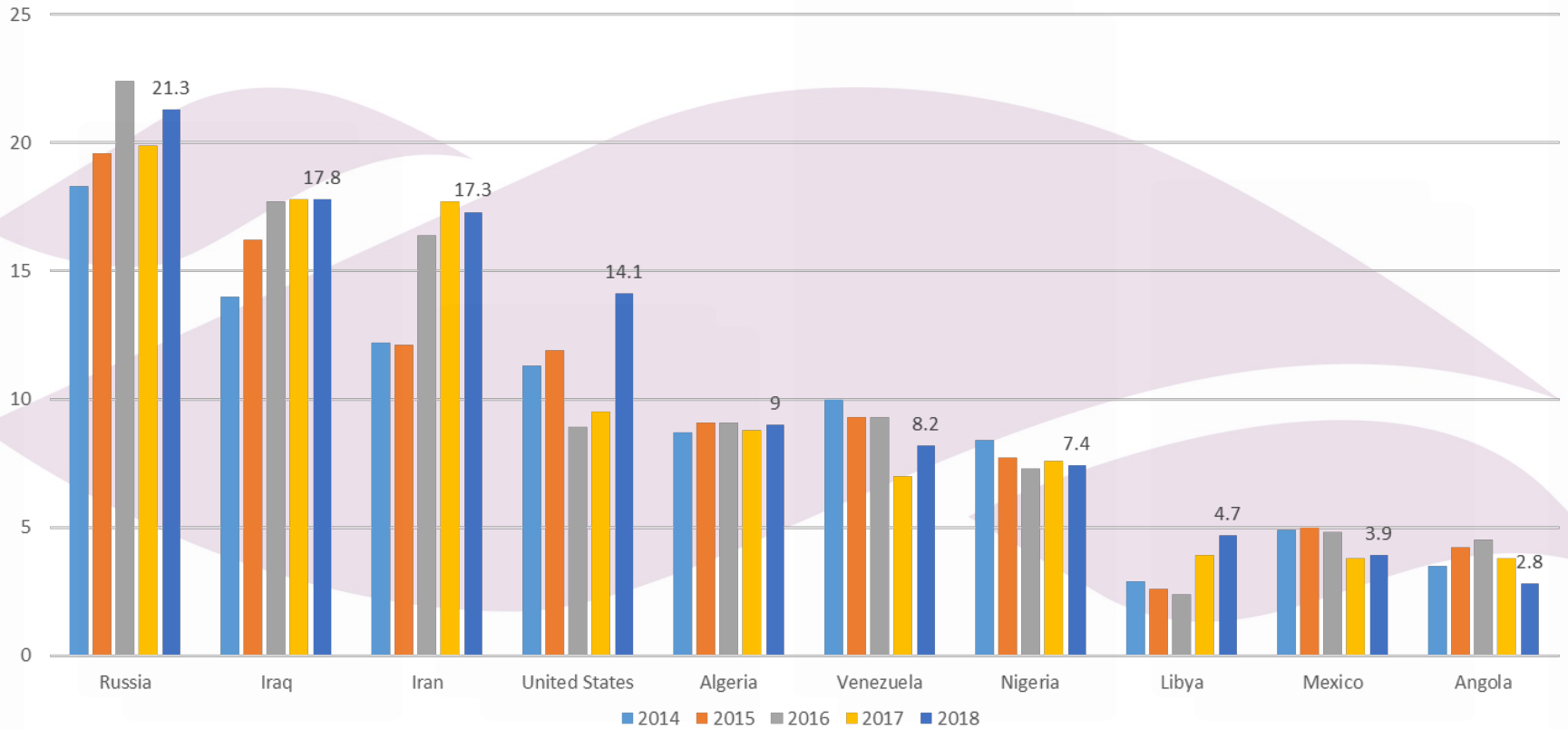
PRINCIPAL ACTS	REGULATIONS
The Petroleum Act 1969 (now Cap 350 L.F.N 1990)	The Petroleum (Drilling and Production) Regulation, Pursuant Section 9 of the Petroleum Act, Decree No. 51 of 1969
The Associated Gas Re-injection Act, Decree No. 99 of 1979 (now Cap. A 25 LFN 2004)	The Associated Gas Re-injection (Continued Flaring of Gas) Regulation 1984, Supplement to Official Gazette No. 67 Vol. 71 of 29 November 1984 (SI 43 of 1984, Cap A 25 LFN 2004)
The Associated Gas Framework Agreement, Finance (Miscellaneous Taxation Provision) Decree 1998	The Associated Gas Re-Injection (Amendment) Regulations, 1990
The West African Gas Pipeline Project (Ratification and Enforcement) Act L.F.N 2004	The Petroleum Drilling and Production (Amendment) Regulation 1998 <i>National Domestic Gas Pricing and Supply regulations 2009</i>





# Current Issues

Gas flaring volumes 2014-18 (billion cubic meters)



Source: Compiled by Author, 2020

# Rationale of Study

- Nigeria's 2020 (2030) policy objective and
- Signing of the Flare Gas (Prevention of Waste and Pollution) Regulation, 2018 - *Is this realistic?*
- The main objectives of the new framework:
  - reduction of the environmental/social impact
  - protection of the environment
  - prevention of the waste of natural resources and
  - creation of social/economic benefits from flare gas capture

The new framework increased the flaring penalty but the figure to be determined later when gazetted

# Question

## **How sustainable is Nigeria's effort of *ending gas flaring and unlocking gas potentials* ?**

This paper reviewed the current Nigeria's legal and policy efforts employed at tackling gas flaring and enhancing gas utilisation in Nigeria. In particular, it assesses the effectiveness of the earlier legislation, the new Regulation along with the country's National Energy Policy in contributing to wider sustainable development goals.

# Discussion

- Using library-based literature and analysis of primary and secondary sources of laws and policies, data from a variety of resources including industry reports, newspaper, articles, law reviews, the paper argues, among other things that:
  - the existing legal and policy efforts for tackling gas flaring and promoting gas utilisation are not appropriately designed.
  - the implementation and enforcement mechanisms are ineffective and inefficient.
  - Arguably, the appropriate design of environmental legislation and the effective enforcement & implementation of the attended laws and policies are crucial for proper environmental management.



# Findings

The paper reveals inter alia obstacles that have hindered the success of the country's legal and policy frameworks that were developed to combat gas flaring and encourage gas utilisation.

- Lack of clear and precise law and policy direction
- Low Penalty
- Implementation and Enforcement failure
- Corruption
- Duplication of responsibility



# Conclusion

Its submitted that absence of clear and precise policy direction has led to sub-optimal outcome in Nigeria's effort to end flaring.

The new Regulation itself will not be any game-changer unless the country has effectively addressed the identified problems.

This has also questioned whether Nigeria could achieve its 2020 (2030) policy objective.

# Recommendation

The paper finally recommended alternative L&P measures that would sustain environmental regulatory compliance and help Nigeria ends AG flaring and unlocking gas potentials in accordance with SDG:

- The law and regulations for AG flaring should be precise and clear with effective monitoring, reporting and enforcement capacity
- Transparent penalty regime and more incentives for gas development
- Setting flare out deadlines should be a cooperative approach in consultation with key stakeholders, particularly the operators.
- Combination of incentives and penalties coupled with LNG has resulted in improved flare performance
- The 3 essential elements of SD should henceforth guide environmental decision-making and considering what the principles stand for in the oil and gas operations, they should be made an integral part in designing future anti-gas flaring law and policies.

# Thank you & Questions





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