

# Analysing Nigeria's progress towards **zero routine gas flaring by 2030**



## Introduction

The World Bank defines gas flaring as the wasteful burning of associated gas, a by-product of oil production. The practice has persisted globally since the beginning of oil production over 160 years ago. Flaring releases pollutants like carbon dioxide (CO<sub>2</sub>), black carbon, and other oxides into the environment, which contribute significantly to the adverse socio-economic and environmental effects of global warming. While the dangers to the environment are clear, the lost revenue from the gas flaring in Nigeria totalled about \$2.73 billion.

Although Nigeria is a party to the "Global Gas Flaring Reduction Partnership (GGFR) and the Zero Routine Flaring by 2030" World Bank initiative, Nigeria still contributes about 11 percent of the total gas flared globally. According to the Nigerian Gas Flare Tracker, in 2022, 12 million tonnes of CO<sub>2</sub> were released into the atmosphere, and the oil and gas industry burned \$0.79 billion worth of natural gas. There has been a seventy percent reduction in gas flaring in Nigeria, attributed to a decline in oil production and not to gas flaring policies. A renewed oil boom and refinery expansion could exacerbate gas flaring in Nigeria.

Several efforts have been made to reduce gas flaring in Nigeria, supported by many well-intentioned policies, laws and regulations. Most recently, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) awarded

42 oil and gas companies under the Nigerian Gas Flare Commercialisation Programme bid process and expected that the NUPRC follow through to monetisation.

Some areas raise concerns. The government's insistence on a take-or-pay clause for gas, which requires buyers to pay for an agreed contract price without a guarantee for delivery, raises the uncertainty of the volumes of gas delivered according to the contract. The maturity and depleting nature of the oil fields where gas flares are derived reinforces this concern.

Some more factors responsible for the slow progress in abating gas flaring in Nigeria include;

**1 Regulatory factors:** The lack of enforcement of the laws and penalties for the non-compliance of gas flaring in Nigeria is a significant reason for its persistence. In 2022, the value for gas flaring penalties was \$450 million, primarily unremitted to the regulatory bodies. Furthermore, because the regulatory bodies lack operational independence, they suffer manipulation from political leaders whose interests vary with national goals.

- 2 Economic Factor:** The high cost of capturing and utilising flared gas is expensive. Oil companies in Nigeria are reluctant to invest in these ventures because they want to avoid incurring the additional cost of capturing and utilising the gas.
- 3 Lack of Infrastructure and Technological Barriers:** The absence of modern production and processing infrastructure contributes to Nigeria's intractability of gas flaring. These are not unconnected to the lack of investment in the gas sector and the limited and insufficient markets for gas.
- 4 Community Opposition:** Some communities with gas flare sites have opposed the capture and utilisation of gas due to corruption and ignorance.

## Policy Recommendations

The federal government and critical stakeholders must implement the following recommendations for Nigeria to achieve the deadline for zero gas flares by 2030.

- 1 Strengthen the compliance of gas flare penalties:** Penalties must be enforced for non-compliant oil companies to deter others from flaring gas. The tasks and roles of the various regulatory bodies must be explicit to reduce duplication of roles and ensure proper monitoring and reporting of flared and vented gas. Also, the government should provide adequate human and institutional capacity for these bodies tasked with this responsibility.
- 2 Carbon Credit:** The sale of carbon credits can provide a significant source of revenue for oil companies, which can help offset the cost of investing in gas capture and utilisation projects. In addition to providing financial incentives to oil companies, it can help accelerate the transition from gas flaring.
- 3 Increased Investment:** Provide a forum where private sector investors invest in new technologies and knowledge for capturing and utilising gas flares to ensure gas usage for power generation, fertiliser, petrochemical industrial use, cooking, and exportation. In addition, the government could develop gas-based industries to create new gas markets and reduce the amount of gas flared.
- 4 International Collaborations:** The government can learn from the experiences of other countries that have successfully reduced gas flaring. For example, Bolivia and Indonesia have achieved significant flaring reductions through policy, investment, and enforcement measures.

## Conclusion

In conclusion, the issue of gas flaring in Nigeria is an urgent call for climate action because of its harmful health, environmental, economic, and social consequences. Policies like the Nigerian Gas Flare Commercialization Programme (NGFCP) should be enacted to commercialise gas flares and attract public and private investment.