

PARTNERSHIP INITIATIVES INFORMATION SHEET

Name of the Partnership/Initiative

Global Gas Flaring Reduction Partnership

Expected date of initiation: Between the official announcement on August 30 at WSSD and January 2003

Expected date of completion: earliest 3 years later

Partners Involved:

Governments: Norway

Intergovernmental organizations: open

Major groups: open

Other: Shell, Sonatrach

Leading Partner:

The World Bank Group

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Main objectives of the Partnership/Initiative

This public-private Partnership supports the petroleum industry and national governments in their efforts to reduce the flaring of gas. The Initiative aims to supplement and strengthen efforts already underway, by mobilizing the petroleum industry, national governments, and development agencies in joint actions.

At this early stage of the Partnership, the Bank, in addition to the general global work of enhancing knowledge on gas flaring, disseminating best practices and developing standards, is in the process of identifying a number of specific countries where gas-flaring reduction is possible through a coordinated effort with the industry, and plans to ensure the cooperation from governments and national oil companies. We are proposing to focus on around ten countries over a three year period, spotlighting six or seven countries in the first two years of the Partnership:

- Large gas flaring countries: Algeria, Angola, Brazil, Nigeria, México, Russia
 - Small gas flaring countries: Chad, Cameroon, Ecuador, Equatorial Guinea
- And we are also planning to include the following countries, budget and time permitting:
- Indonesia, Republic of Congo

The Partnership intends to identify ways to overcome the barriers that currently inhibit flaring reduction investments through practicable and economic solutions, aiming to:

1. Improve the legal and regulatory framework for investments in flaring reductions
2. Improve international market access for gas
3. Provide Technical Assistance to develop domestic markets for flared gas
4. Develop financing mechanisms for gas flaring reduction projects
5. Disseminate information, including on international "best practices"
6. Promote the local small-scale use of gas (including LPG schemes) in areas where gas is now flared

Please also provide a brief description of the relationship of the Partnership/Initiative with the objectives of Agenda 21 as well as relevant goals and objectives of the United Nation Millennium Declaration:

Agenda 21 points to the fact that much of the world's energy is produced and used in ways that may not be sustained if overall quantities continue to increase substantially and if technology were to remain constant. In various chapters of Agenda 21, it was stated that all energy sources need to be used in ways that protect the atmosphere, human health and the environment as a whole. This is exactly where the Gas Flaring Reduction Partnership will make the biggest impact, contributing to increased human health, a cleaner local and global environment through decreased CO₂ emissions, and at the same time enhancing the use of natural gas leading to greater opportunities for sustainable local and global economic development. Furthermore, through a reduction in flaring and venting the Partnership touches on the other issues of the Agenda 21 as well, in particular poverty, health, and technology. This also fits well with paragraph 19 (f) of the agreed text of the Draft Plan of Implementation for the WSSD, which calls upon governments, as well as relevant regional and international organizations and other relevant stakeholders, to "Support efforts, including through provision of financial and technical assistance to developing countries, with the involvement of the private sector, to reduce flaring and venting of gas associated with crude oil production".

Expected results:

The deliverables are designed to reduce the main barriers for gas flaring reduction globally and to address the specific constraints in individual countries.

Global deliverables include:

- Improving natural gas flaring and venting data gathering and dissemination, including the development of international measurement and reporting standards;
- A clarification of a number of technological issues surrounding flaring efficiency best practices
- Developing common international flaring and venting standards, and a possible voluntary flaring "certification" scheme based on these standards;
- Promoting elimination of barriers to the import of liquified natural gas (LNG) in major markets, by means of a public-private consultation process;
- Helping to design financing mechanisms for carbon credits to be realized through gas flaring reduction projects;
- Investigating any possible needs for subsidies for flaring reduction projects at remote

fields, in the context of providing “global public goods.”

And the following dissemination activities

- Collecting and disseminating upstream regulatory “best practices”;
- Two high-level International Conferences for decision makers during the next three years period.
- Two targeted regional workshops to create in-country capacity to enable the affected countries to tackle the issue of gas flaring on a continuous basis.
- Publications

Country specific deliverables include:

In addition to the global deliverables the country specific deliverables are designed to supplement ongoing activities in each country. For example, in Nigeria the focus will be on assisting the Government in implementing a gas sector strategy currently under preparation, focusing on issues related to associated gas, while in Chad the Partnership will focus on the preparation of the selected projects to reduce gas flaring, which will then be presented to private sector investors.

The country specific deliverables will be phased, and in the first two years the Partnership plans to focus on Algeria, Angola, Chad, Ecuador, Mexico, and Nigeria. Subject to agreement in the Steering Group the Partnership will set itself the goal of completing:

1. The implementation of the Gas Sector Strategies in Nigeria
2. Four Technical Assistance Programs, which will include at least one of the following elements:
 - Draft legislation that will result in clear progress towards the development of gas markets (Algeria, Angola)
 - Preparing projects for carbon credit financing (Mexico)
 - Feasibility Studies, mainly for local small-scale uses of gas (Chad, Ecuador)
3. The development of an LPG scheme based on flared gas (Cameroon or Brazil, coordinated with the LPG challenge)

Specific targets of the Partnership/Initiative and timeframe for their achievement:

Specific targets are mentioned under expected results. The timeframe is 3 years.

Coordination and Implementation mechanism

The Partnership will be governed by a Steering Group consisting of the major financial contributors to the partnership and selected stakeholder representation from client countries. Until the Steering group is operational the Bank will invite potential partners to meetings at the Bank’s headquarters in Washington, DC. It is foreseen that meetings will be held two to three times each year.

A Core Task Team (CTT) will be formed to implement the activities, disseminate best practices and liaise with stakeholders. It will be located in the World Bank’s Oil, Gas, Mining and Chemicals Department, Washington DC. It is planned to consist of 3-4 people working full time

on the Partnership, but will also draw on the time and resources of Bank and other participants staff working at HQ or in field offices in the selected gas flaring countries, and will be linked to the Bank's programs in the selected countries. As has been the case in the first year of the Initiative, extensive use of consultants for specialized tasks is envisaged.

Arrangements for funding

Please describe available and/or expected sources of funding for the implementation of the Partnership/Initiative (e.g. donor government(s); international organization(s)/financial institution(s); foundation(s); private sector; other major groups, etc.)

It is expected that the Partnership will be wholly funded the Partners themselves.

Arrangements for capacity building and technology transfer

Please include information if the Partnership/Initiative provides for training, informational support, institutional strengthening and/or other capacity building measures:

2 Regional Workshops
2 International Conferences
A New Dedicated Publication Series

Please also provide here a brief description of expected arrangements for technology transfer (if applicable).

Technical Assistance will be provided to selected countries

Links of Partnership/Initiative with on-going sustainable development activities at the international and/or regional level (if any)

A link to the UNDP's/World LPG Association's LPG Challenge will be established

Monitoring Arrangements

Please describe expected arrangements for monitoring of progress in the implementation of Partnerships/Initiative after it will be launched at the WSSD:
(e.g. frequency/modalities of preparation of progress reports; electronic updates, news-letters, etc)

As mentioned above, the Partnership will be governed by a Steering Group which will meet two to three times each year. The Steering Group will therefore continuously monitor progress and take stock at the end of the Partnerships fiscal year, before deciding on the following years agenda. Results will be posted on the Partnership's website, and frequent periodic progress reports issued.

Other relevant information:

Web-site (if available):
http://www.ifc.org/ogc/global_gas.htm

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