

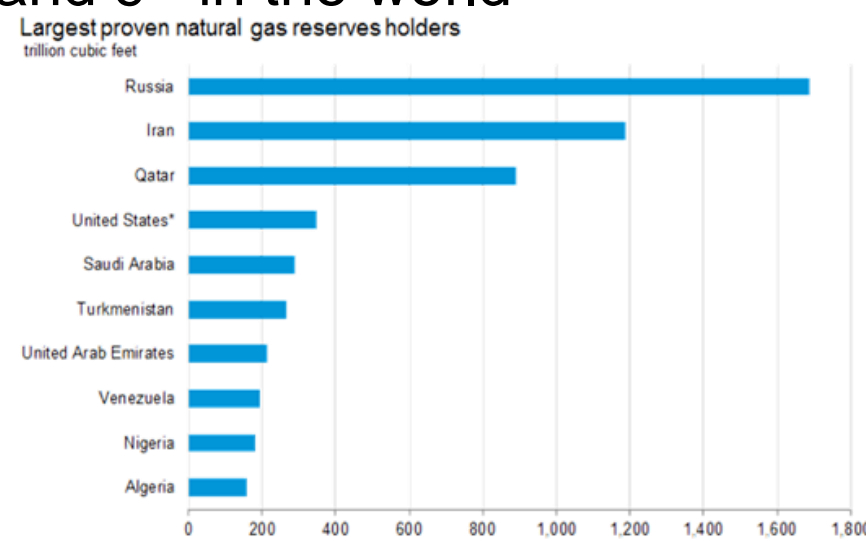
Nigeria Gas System: Gas Utilisation, Gas Flaring and Nigerian Economic Growth

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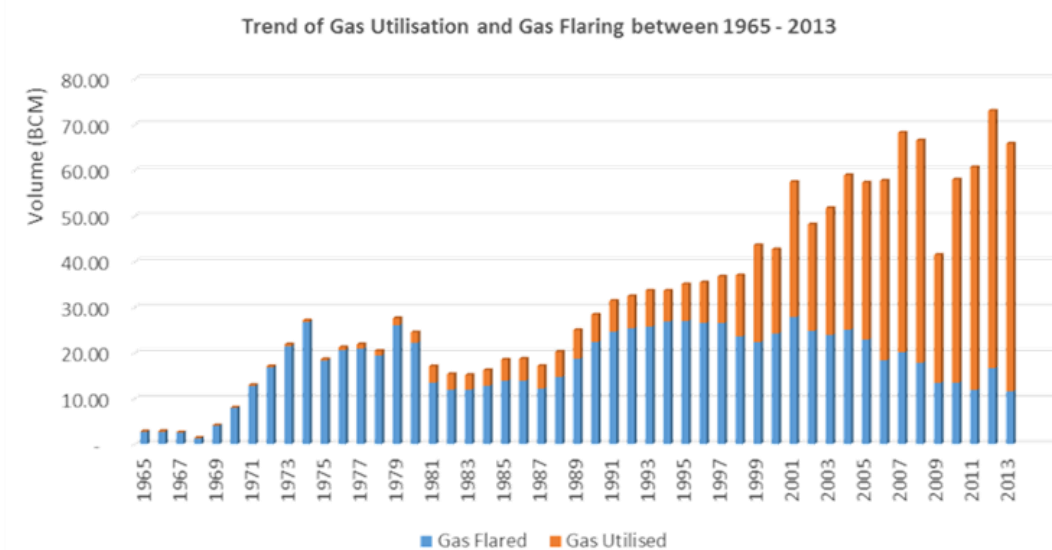
Introduction

- Study focuses on the opportunities in the Nigerian gas system.
- Nigeria ranks 1st as holder of proven gas reserve in Africa and 9th in the world



*USA reserves are wet gas reserves as of December 2011
Source: Energy Information Administration (2013)

- Nigeria has routinely flared natural gas since oil production began in 1958; ranks 2nd in the world



Source: Author's Compilation
**Data sourced from NNPC Statistical Bulletins

- Investigates rationale for continuous gas flaring including legal framework and policies designed to promote efficient gas utilisation.
- Examines the causal relationship and effect of utilised and flared gases on the economic growth between 1981 – 2013.

Methodology

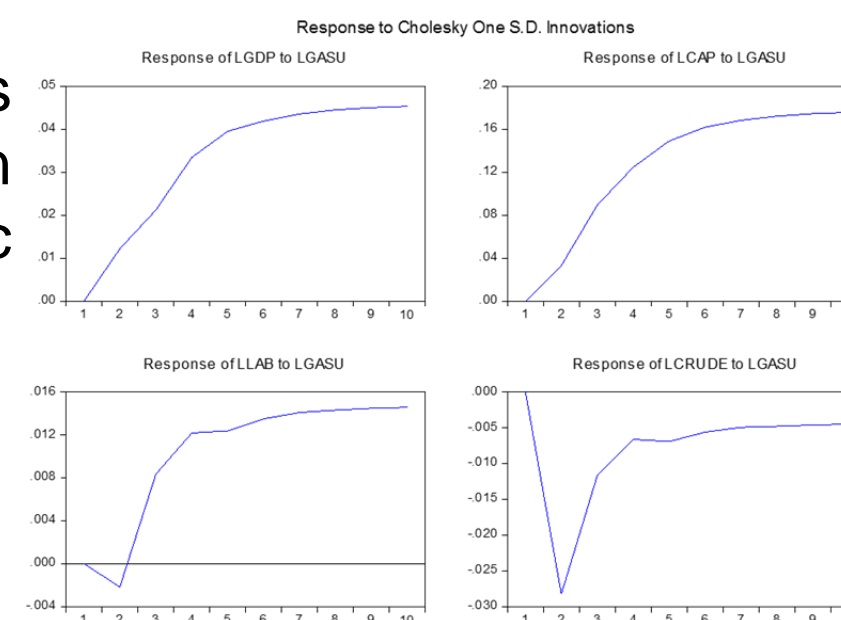
- Review issues in the gas sector and appraise legal framework & policies.
- Short and long-run causal relationship examined using Vector Autogression technique and Granger Causality within exogenous growth theory framework.
- Effect examined with the Impulse Response Function.

Results

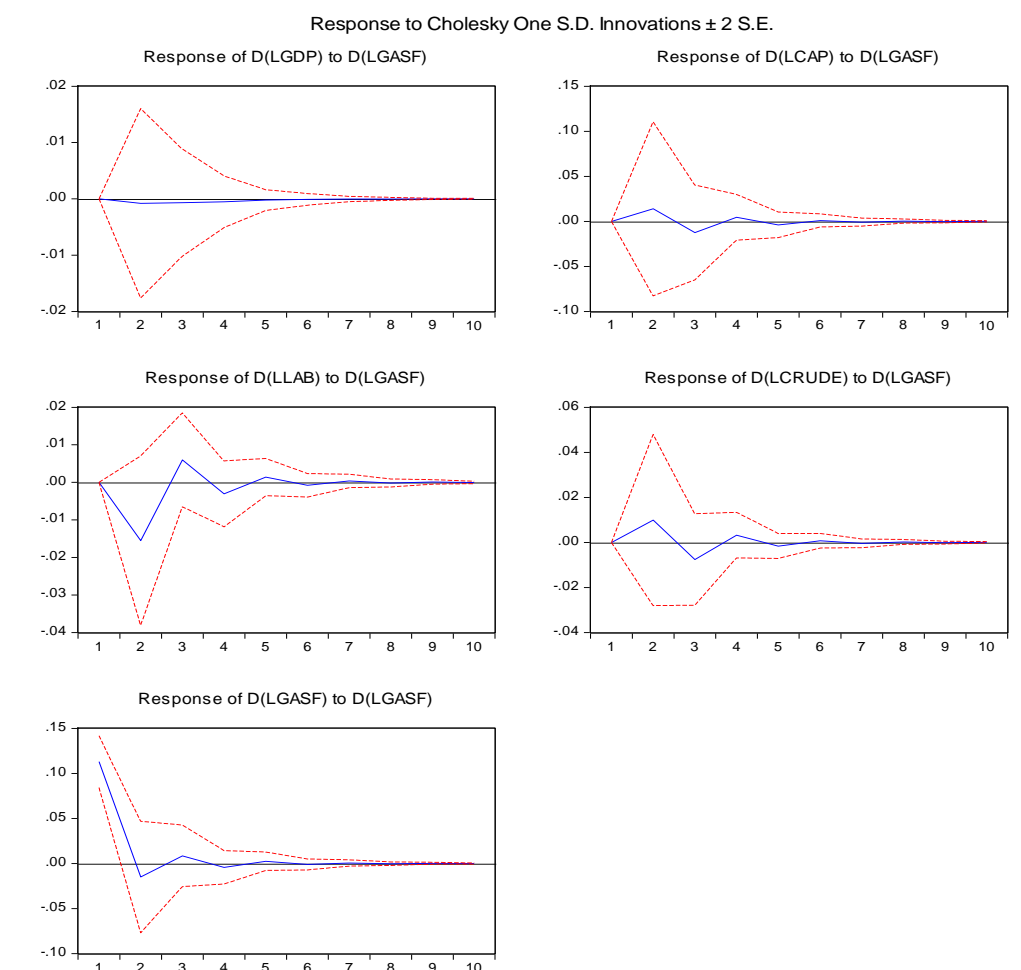
- Unclear regulatory framework, loose policy implementation, security issues, infrastructural inadequacy and weak markets fosters gas flaring and inhibits gas utilisation.
- Relationship:

	Short-run	Long-run
Gas Utilised & GDP	✗	✓
Gas Flared & GDP	✗	✗

- Gas utilised has positive effect on rate of economic growth.



- Gas flaring gas a negative effect on rate of economic growth.



Conclusion

- Investment in gas utilisation projects can propel Nigerian economic growth; gas flaring impede economic growth
- Immediate adoption of a robust legal framework (Petroleum Industry Bill & Nigeria Gas Master Plan); policies designed to end flaring must be swiftly and adequately implemented.