

## Reconciling Rainforests and Hydrocarbons Resources: The Impact of Climate Change Initiatives on Petroleum Operations in Gabon

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The deeply-forested Central African nation of Gabon contributes a mere 0.04% to the world's greenhouse gas (GhG) emissions and is a net carbon absorber. However, it remained the seventh largest oil producer in Africa in 2022 with a daily output of 195,000 barrels, despite a decline in its production after peaking at 370,000 barrels per day in the nineties. In 2021, oil accounted for almost 70% of Gabon's exports and 26% of its Gross Domestic Product.

While continuing to develop its petroleum resources, Gabon has emerged as a strong voice for climate action in Africa and has ratified several international climate change treaties. Gabon is notably a party to the Paris Agreement, which aims to reduce GhG emissions to limit global warming to well below 2°C, and if possible 1.5°C, compared to pre-industrial temperature levels. Pursuant to ratification on November 2, 2016, Gabon filed its first National Determined Contribution (NDC) in 2015 and recently submitted its 2022 NDC. In its latest report, Gabon committed to remain carbon neutral until 2050 and

continue being a net carbon absorber in 2025 and beyond. It also indicated that it would deploy its best endeavors to transition to a more sustainable model of development from its extractive resource-heavy economy if it was provided with the adequate funding. Gabon also signed the 2016 Kigali Amendment to the Montreal Protocol on the reduction of hydrofluorocarbons on February 28, 2022, pending ratification.

Gabon's national policies and legislation also emphasize its commitment to the environment and the fight against climate change. The Green Gabon policy, which asserts Gabon's vision to develop its economy in a sustainable manner, is an integral part of Gabon's Strategic Plan to transition to an emerging economy by 2025. Gabon's National Climate Plan also includes petroleum sector-specific measures employed by Gabon to reduce GhG emissions. Gabon has adopted framework laws on both the Protection of the Environment and Sustainable Development, and its current 2019 Petroleum Law reiterates that petroleum operations should comply with the objectives of sustainability, environmental conservation and enhancement of the wellbeing of the current population as well as future generations. In addition, in 2020, it introduced changes to its Penal Code aimed at better protecting the environment.

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On September 13, 2021 Gabon adopted a Climate Change Ordinance, which aims to complement the Paris Agreement and other international climate change conventions by developing a legal framework and mechanisms for GhG reduction and absorption, requiring the implementation of climate change adaptation and mitigation measures in the petroleum industry, and address climate change financing. It sets up a Ministry for Climate Change (currently under the Environmental Minister's portfolio) as well as an Organization for Climate Issues Management (OCIM). The Ordinance also establishes a framework on both GhG trading and carbon credits trading. Since its adoption, Gabon is preparing its entry into the green bond and carbon trading markets, and its Sovereign Wealth Fund has been tasked with the commercialization of carbon credits. Gabon's carbon credits were recently certified by the United Nations Framework Convention on Climate Change. Gabon is also the first African country to receive payments under the Central African Forest Initiative for its efforts against deforestation.

### ***Pursuit of petroleum operations***

Despite the adoption of robust environmental and climate change legislation, Gabon has not taken any measures to phase out existing petroleum production or prohibit petroleum exploration and extraction on new fields. A few weeks after the [Africa Climate Week](#) hosted in Gabon's capital, Libreville, and a few weeks before COP27 in Sharm El-Sheikh, Gabon actively promoted its 12<sup>th</sup> Offshore Licensing Round at the Africa Oil Week in Cape Town.

Gabon also established a special regime in its 2019 Petroleum Law for operators willing to redevelop mature and marginal assets with tax and financial incentives and approved the divestment of [TotalEnergies'](#) interests in seven offshore mature fields alongside the Cap Lopez oil terminal to Anglo-French company [Perenco](#). However, Gabon's environmental and climate change goals have impacted the way in which petroleum operations are being conducted.

Hydrocarbons exploration and production operators qualify as “Carbon Intensive Operators” under the Climate Change Ordinance, meaning that they will need to comply with several additional climate-change related obligations, including to:

- obtain a GhG emissions authorization every four years showing their allowed emissions quota;
- register in the GhG Registry Account to be kept by the National GhG Registry;
- perform an annual GHG emissions evaluation, which will be subject to validation by the OCIM; and
- prepare a GhG emissions monitoring plan also subject to validation by the OCIM.

As with any other ordinance, the Climate Change Ordinance was subject to ratification by a law from the Parliament and the publication of the law of ratification of the Climate Change Ordinance is expected to take place imminently.

### ***Reinforcement of the prohibition on gas flaring***

Flaring of associated gas has been prohibited in Gabon since 2009, although Gabon abandoned full prohibition in favor of a gradual phasing out of such practices. Currently, Gabon’s operators burn off 35 billion cubic feet of gas. Both the 2019 Climate Change Ordinance and the 2019 Petroleum Law reiterate a similar objective. The Climate Change Ordinance requires the adoption of a National Flaring Reduction and Valorization Plan in view of attaining “zero flaring” targets and the implementation of climate change adaptation and mitigation measures by petroleum companies undertaking such activities. The 2019 Petroleum Law also prohibits gas flaring but allows operators to obtain derogations subject to the approval of a gas flaring reduction plan. In November 2021, Perenco made a commitment to the State to re-inject the associated gas Perenco produces in its mature fields into Gabon’s domestic commercial gas circuit.

### ***The development of gas projects as an energy transition strategy***

The valorization of Gabon’s significant gas reserves, evaluated at 3 to 5 trillion cubic feet, is a key component of its energy transition strategy under its Transformation Acceleration Plan (PAT), to improve energy access and security as well as generate revenues despite declining petroleum production. It aims to allocate its future gas production to Gabon’s power needs and other industries such as methanol production and mining. Gabon hosted a Summit on Petroleum, Gas and the Energy Transition in 2021, where it announced that a Gas Code was on the cards, which has not yet been adopted. Meanwhile, the 2019 Hydrocarbons Law already contains special provisions on gas production, notably longer permit periods for gas production and powers granted to the Ministry of Petroleum to implement incentives for natural gas production.

In recent years, the number of gas projects in Gabon has amplified. Perenco already produces 40 million cubic meters of gas daily, which is used in electricity generation, and is constructing a liquified petroleum gas facility in Batanga, which aims to produce 10,000 tons of gas per year starting this year. The Gabon Power Company has also entered into an agreement for a new gas-to-power plant near Libreville with a capacity of 120 MW. The Swiss trader Trafigura has also been in talks with the Gabonese Petroleum Products Storage Company (SGEPP) for the construction of a butane sphere.

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***Involvement of petroleum companies in sustainable projects***

The 2019 Petroleum Law requires petroleum companies to comply with environmentally conscious corporate social responsibility objectives. The Climate Change Ordinance also establishes a carbon offset, reduction and trading framework, allowing economic actors to conduct greenhouse gas emission reduction projects and acquire a portion of the related carbon credits. In 2022, TotalEnergies acquired a significant stake in the timber company Compagnie des Bois du Gabon in view of establishing a sustainable forestry management model, to support carbon sequestration and the generation of carbon credits through the sustainable harvesting and processing of timber.

***Development of renewables***

Foreign investors have been eyeing Gabon as a potential destination for the development of green infrastructure and renewable energy projects. The Ngoulmendjim and the Kinguele Aval hydropower plant projects are testimony to Gabon’s burgeoning energy diversification. Although solar power projects are at a more nascent stage, the entry of players such as [Total Eren](#) which signed a preliminary agreement with the State of Gabon for the construction of a photovoltaic park is a sign of future growth in the sector.

In a nutshell, Gabon is currently pursuing its ambitions in the petroleum sector in parallel to its role as a resolute voice against climate change. In the near future, Gabon seems likely to develop its natural gas potential, diversify its energy mix and commercialize its carbon credits. However, the birth of a post-oil Gabonese economy appears to be a distant, although certain, prospect.

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