



ALGERIAN GAS IN THE ENERGY TRANSITION

SUBJECT / Call for proposals

ECCO aims to select one or more organizations/individuals that can develop an analysis (or part of) of the Algerian gas market's challenges in the ongoing global energy transition and assess the risks related to a delayed energy transition.

Algeria plays a critical role in global energy markets, particularly as a key supplier of natural gas to Europe. After the Russian invasion of Ukraine in 2022, its economic reliance on gas exports has been further heightened. In July 2022, Algeria signed a \$4 billion, 25-year production-sharing contract to supply substantial volumes of natural gas to Italy, enhancing its energy security.

Following the contract, Algeria's gas exports to Italy rose, with pipeline exports via the TransMed pipeline reaching 22 billion cubic meters (Bcm) in 2022, up from 20 Bcm in 2021. The feasibility of the Trans-Saharan gas pipeline, which would enhance its capacity to export gas to Europe, particularly to Italy and beyond, is still under discussion.

This reinforces the assumption that, as Italy and Europe continue to pursue their decarbonization goals and reduce gas consumption, Algeria risks being vulnerable to a decline in gas revenues. Economic instability and the potential risk of national bankruptcy may, therefore, put international investments at risk and lead to financial losses for companies involved in joint ventures and energy projects. This could further destabilize the North African region, potentially affecting neighbouring countries. Moreover, growing international suppliers and the need to adapt infrastructure challenge Algeria's global LNG competitiveness.

THE WORK

Starting from the analysis of the current situation of Algeria's economy and its reliance on gas export, the work will develop a scenario analysis of the potential country exposure to global gas dynamics with particular reference to the evolution of EU natural gas demand in the energy transition and decarbonization context and the LNG global market trends. The work aims to set the basis for the construction of possible country transition pathways and the building of economic resilience in the context of global energy decarbonization targets.

It will include two blocks of activities. Individuals/organization may bid for one or more blocks.

Part 1: The first part aims to assess the **current country's economic dependence on the oil and gas sector**. This activity will be constituted of a **socio-economic analysis of the role of gas export in the Algeria economy**, including:

- The evaluation of revenues, taxes, and royalties within the country's economic balance.
- The share of oil and gas-related income in the national budget.
- The analysis and discussion of the evolution of key socio-economic variables (GDP, demographic trends, public expenditure, welfare, etc.).
- An assessment of the country's dependence on gas-related income and exposure risks.

Part 2: The second part of the work aims to understand **Algeria's future position in the global gas market** and provide a **scenario analysis** of the country's potential exposure risk. The scenario analysis will assess the impacts on the socio-economic dimensions identified in Part 1 in min 3 scenarios of gas production and export in 2030-2040-2050.

This part shall include an analysis of the LNG market as follows:

- An analysis of the global LNG market dynamics and trends.
- The identification of major players in the LNG market capable of influencing the global dynamics.
- An analysis of the competitiveness of Algeria's LNG in the global LNG market

The scenario analysis shall build upon the assessment of the following:

- The current gas domestic demand, identifying market fundamentals and variables.
- An analysis of Algeria's current gas production, including:
 - The current status of gas infrastructure: number of fields, transport capacity and interconnections, O&M costs.
 - The current production per field and corporate.
 - Exported volumes by destination.
 - Production and transport costs by destination.
 - Estimate of methane emissions reduction potential and recovery measures.

The scenarios, to be co-created with ECCO expert, shall consider:

- Projections of domestic gas demand.
- Assumptions on international gas and LNG demand, focusing on the effects of the expected EU gas demand reduction.
- Projections of international gas prices.
- The amount of country reserves, resources and their life.
- Potential costs of new infrastructures.

TIMING

Part 1: First draft: 2nd of May 2025; Final version: **23rd of May 2025**

Part 2: First draft: 30th of May 2025; Final version: **20th of June 2025**

ECCO will supervise and hold the ownership of the work. Introduction and conclusions will be developed by ECCO in collaboration with the successful bidders.

APPLICATION

Interested bidders should send their applications to jobs@eccoclimate.org by the **28th of February 2025**.

Bidders should **specify**:

- The block of activities the bidder intends to apply for.
- The methodology the bidder intends to implement and a draft plan of the activities for each block.
- A draft structure of the content for each block.
- A quotation for each block.
- References of relevant works

Once the TOR is received, a call will be organized (no later than 2 weeks) to:

- Define the final content and form expected from the work based on the guidance provided
- Provide a final quotation