



**Towards COP27: Arab Regional Forum on Climate Initiatives to Finance Climate Action and the SDGs**  
*Project Fact Sheet*

**Recovering Associated Gas flaring in the Region of Ohanet**

**ALGERIA**

<b>Climate finance purpose</b>
Mitigation
<b>Sector</b>
Energy
<b>Geographic coverage</b>
National
Kindly list targeted administrative units: SONATRACH, Regional Directorate of Ohanet, Production Division, Governorate (Wilaya) of Illizi
<b>Description</b>
<p>Algeria is one of a small number of hydrocarbon producers in the world with regulations that impose penalties or taxes on the flaring of associated gas. Gas flaring was first prohibited in 1966. Since then, Algeria, through its national oil and gas company, SONATRACH, has invested heavily in more than 30 projects that have substantially reduced associated gas flaring, and allowed the monetization of the recovered gas and valuable LPGs. However, significant efforts, especially investments, are necessary to achieve zero routine flaring by 2030.</p> <p>The reasons for reluctance to act or slow progress to address gas flaring are the multifaceted and interlinked challenges policymakers and oil and gas companies face. The dominant factor that these stakeholders invoke repeatedly is the lack of financing to invest in gas infrastructure to recover, treat, transport and use recovered gas.</p> <p>The aim of the project is to recover 650 000 SCM per Day of flared associated gas from six (06) crude oil (petroleum) production units in the Area of Ohanet in the Governorate of Illizi.</p>
<b>Beneficiaries</b>
Primary beneficiaries would be the local communities, region of Ohanet-Illizi, as part of the Algerian Desert, and thus the whole country.
<b>Climate rationale</b>
<p>The benefits of reducing and eventually eliminating all gas flaring are largely linked to SDG 13 on climate action. Furthermore, gas flaring affects not only human beings, but the whole ecosystem. The benefits are associated with several SDGs: SDG 3 (Good health and wellbeing), SDG 8 (Decent work and economic growth), SDG 9 (Industry, innovation and infrastructure), SDG 15 (Life on land), SDG 12 (Responsible consumption and production) in addition to SDG7 (Affordable and clean energy).</p> <p>Furthermore, Algeria NDC gas flaring mitigation targets and zero-routine flaring includes Reduce flaring to 1 per cent by 2030 and SONATRACH has enforced zero-routine flaring by 2030.</p>
<b>Expected outcomes</b>
<p>The project is aligned with the SDGs and the Paris agreement since it would enable:</p> <ul style="list-style-type: none"> <li>- The recovery of flared gas and its use as a cleaner fuel (compared with other polluting fuels) to generate electricity will ensure or improve access to energy</li> <li>- The monetization of recovered gas to create projects that consume natural gas and/or liquefied petroleum gas (LPG) extracted from associated gas will create economic growth and employment opportunities.</li> <li>- Reducing or stopping gas flaring will have a significant impact on land and ecosystems close to flaring sites. This could also be relevant to SDG 6, as gas flaring could affect water supplies through acid rain.</li> </ul>

<b>GHG reduction target</b>
547,301 tonnes of carbon dioxide equivalent (tCO2e) per year
<b>Project implementation period</b>
2023-2027
<b>Total Project Cost</b>
Amount in National Currency: 4,093,333,000 Algerian Dinars (DNZ) Amount in US\$ equivalent (per 1 August 2022 exchange rate): 28.13 million USD
<b>Financing requirement</b>
Amount in National Currency: 4,093,333,000 Algerian Dinars (DNZ) Amount in US\$ equivalent (per 1 August 2022 exchange rate): 28.13 million USD
<b>Expected Tenor / Duration of financing: 4 years</b>
<b>Project Status:</b> Feasibility
<b>Contractual Structure:</b> Time-bound concession
<b>Project proponents</b>
Ministry of Energy, SONATRACH (National Company for Production, Transport, Transformation and Commercialisation of Oil and Gas)
<b>Contact persons</b>
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<b>Emblem</b>
 
<b>Photo, chart or another visual asset</b>
