

An LCPS-NRGI course

by The MENA Natural Resource Governance Hub

10–18 September 2015

Beirut, Lebanon

Fundamentals of Oil and Gas Governance



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About the hub

The MENA Natural Resource Governance Hub was established in 2014 by LCPS and NRGI as part of a worldwide network of six regional hubs on natural resource governance. The overarching goal of this hub is establishing a nexus of natural resource knowledge and expertise as well as promoting effective monitoring and transparent and accountable management of extractive industries in the Middle East and North Africa (MENA) region. The hub provides regionally relevant policy knowledge and technical expertise through research and training, primarily to key players from oversight bodies in the region including CSOs, journalists, and parliamentarians. The hub's activities focus on three pillars: Capacity building, policy research, and policy forums.

Background to the Course

Oil and gas extraction have the potential to generate significant revenues, which governments can channel into public service delivery and economic development. However, the state too often plays an outsized role in the sector, concentrating influence in the hands of those officials who allocate licenses and collect revenues. Citizens play no part in the generation of these rents, and information imbalances hinder public oversight and the ability to hold government to account.

In the MENA region, oil producing countries collect large rents from their petroleum sectors. Yet, the absence of transparency, government accountability, and effective management of natural resources has left the region plagued with high levels of corruption and patronage alongside poor human development indicators. A decade of economic growth in the MENA region averaging 4.3% between 2000 and 2010 did not create enough jobs for the growing population, and income inequality worsened over the same period. At the same time, public input and accountability deteriorated in most Arab countries.

Popular dissatisfaction with economic governance was a key driver of the Arab Spring and economic and social inclusion will be fundamental to sustaining a successful political transition. Oil and gas represent a fundamental source of financing for economic diversification, job creation, and development in the MENA region. Reforming this sector will be crucial to solidifying wider reforms that lead open societies and economies to deliver strong development outcomes for their people. Ensuring successful reform in the MENA region requires active and informed oversight by citizens and media, a factor that has been lacking to date.



Course Details

Objective

This training course aims to enhance the knowledge of participants in relation to the oil and gas sector and develop skill sets through lectures, panel discussions, and group exercises, which can be put to use in their respective fields.

Participants

The eligible participants for the course are civil society members and journalists who have a strong interest in engaging in the sector, as well as academics, experts, and practitioners who would like to gain a better understanding of the sector.

Structure

This course includes:

- Interactive lectures on general concepts
- Comparative analysis of current situations
- Case studies from the MENA region
- Practical exercises
- One-on-one evening clinics with experts to discuss particular challenges and request advice
- Presentations by guests from the MENA region
- Several closed and public panels bringing together different stakeholders from the sector

Attendance certificates will be granted to participants that satisfactorily complete all course requirements.

Language

The main language of instruction is Arabic. A few sessions will be conducted in English. Simultaneous translation will be provided for sessions taught in English.

Dates

The course will take place over nine days in September 2015: 10 September until 18 September, including a day off in between and a one-day regional conference on oil and gas challenges in the MENA region. Participant registration and course introduction will take place on 9 September.

Fees and Scholarships

Around 30 scholarships are available for civil society actors and media representatives from Iraq, Lebanon, Libya, and Tunisia on a competitive basis. Scholarships cover all reasonable expenses incurred by participants, including course fees, round trip tickets to Beirut for non-Lebanese participants, as well as accommodation and meals for all participants. Scholarships for Lebanese participants are made possible by the generous contribution of the Norwegian Embassy in Lebanon. Other scholarships are made possible by NRG.

Additionally, a very limited number of tuition fee waivers are available for participants who cover their own travel and living costs during the course. Other participants from MENA countries are welcome to participate for a fee of \$2,000, which does not include the cost of travel, accommodation, and dinners.

Course Description

Fundamentals

Challenges and Opportunities

Sami Atallah and Laury Haytayan

This module looks into the brief history of resource-rich countries, particularly in the MENA region, and links between oil and economic development, social welfare, equality, corruption, and authoritarian regimes. The aim is to highlight that, in most cases, these natural resources have failed to contribute to sustainable development, despite their value and potential, and that civil society has a major role in ensuring the good governance of a nation's wealth.

Oil and Gas Essentials

Carole Nakhle

This module gives an overview of different sources of energy and why energy matters. It tackles fundamental issues of energy demand such as taxing and subsidizing oil products and energy efficiency. It also provides an introduction to understanding the inner workings of the petroleum industry, covering the different steps of the oil and gas supply chain from upstream and downstream activities.

Institutional Structure

Legal Framework

Amir Shafaie

This module introduces the various legal instruments typically included in a country's overall legal framework for the extractive sector. It highlights the role and interaction of these instruments and emphasizes the importance of cohesion and avoiding divergence within the legal framework.

Fiscal Regimes

Carole Nakhle

This module covers the evolution of petroleum fiscal regimes and the spectrum of relationships, concessionary regimes, and contractual regimes, providing insight into desirable features of fiscal regimes. It highlights the importance of upstream taxation and looks into government and investors' objectives in assessing investment opportunities.

Understanding Contracts

Amir Shafaie

This module provides an overview of the different types of extractive sector contracts and introduces some key elements of contract content. The session will highlight key issues to focus on when trying to read and understand a contract and key questions to ask from a civil society/media perspective. The session will be followed by a group exercise to practice reading and analyzing excerpts of actual extractive contracts.

Governance

Roles and Responsibilities

Laury Haytayan

This module gives an overview of the various actors involved in oil and gas sector governance (local variation depending on institutional design). It highlights the responsibilities of national oil companies in particular and emphasizes good practices in relevant sectors across countries.

Transparency and Contract Disclosure

Diana El Kaissy

This module introduces EITI, its goals, framework, standards, and achievements as well as its shortfalls. It also focuses on the importance of transparency and availability of information for the various stakeholders in the oil and gas sector and how it affects good governance.

Revenue Management

Macro Challenges and Policy Instruments

Nadine Aboukhaled

The objective of this module is to provide participants with a basic understanding of the particular challenges associated with oil and gas revenue management and the macro policy options to ensure revenues are spent to the benefit of citizens. The session covers concepts such as volatility, Dutch disease, and absorptive capacity, followed by a discussion on policy options and tools available for policy makers to stabilize budgets and save for future generations. Finally, participants are introduced to public accountability mechanisms that encourage compliance with these rules.

Revenue Distribution to Regional Authorities

Sami Atallah

This module summarizes ways in which revenue can be shared between central and local authorities, and presents different allocation mechanisms for oil and gas revenues. The module focuses on the necessity of objective and transparent allocation, including topics such as environmental and social compensation, development balance between regions, conflict resolution, and accountability.

Introduction to Public Financial Management

Nadine Aboukhaled

This module discusses key aspects of public financial management that play a strong role in transforming resource revenues into tangible benefits for citizens. The session introduces the budget process and key public financial management tools necessary to create an enabling environment for efficient, accountable, and transparent public spending.

Sector Impact

Environmental and Social Management

Ricardo Khoury

This module introduces environmental and social impact assessments along the production chain, covering environmental and social issues that can arise from oil and gas projects and the tools available to appraise and manage their impacts. It includes a discussion on how media and NGOs can play a more effective role in enforcing the implementation of environmental and social safeguards in oil and gas projects.

Local Content

Walid Nasr

This module presents local content issues related to the oil and gas sector in general and will focus on one or more of the four hub countries in particular, looking at the non-oil economy and use of oil revenues. The module covers issues related to employment, skills and technology transfer, business development and competitiveness, greater participation in the extractive sector, and development of downstream industries.

Economic Diversification

Sami Atallah and Zeina Hasna

This module will look into the importance of diversification for a country's long-term economic growth. It will examine the failures and successes of resource-rich nations in expanding their sources of income beyond oil and gas. The principles, rationale, and various policies of diversification will be discussed and analyzed, as well as the measurement of economic and export diversification. The concept of product space will be introduced.

Panel Discussions

Governance and Revenue Management

This discussion will focus on the prerequisites for and basis of good governance as well as the roles and responsibilities of different stakeholders in governing the oil and gas sector and maintaining transparency.

Civil Society in Action

This discussion will be held between various members of civil society organizations across the MENA region to provide real examples of how civil society is engaging with decision makers and other stakeholders, and how it is taking an active role in pushing for solid policies and transparency in natural resource governance.

Practical Sessions

The practical sessions will allow participants to examine their countries' challenges in the oil and gas sector in a group-based context. Participants will map out stakeholders in the sector as well as identify priority challenges and areas where civil society can possibly intervene or have an impact. Participants will then brainstorm possible solutions and focus on developing courses of action that could later be implemented in their country-specific contexts. The work and findings will be showcased in group presentations at the end of the course.

Conference

In conjunction with the course, the NRG Hub is organizing a one-day regional conference that will highlight key challenges concerning oil and gas facing the Arab World. The conference will be an opportunity for participants to listen to prominent Arab and international speakers and interact with a wide range of stakeholders involved in the sector. The conference will focus on three main topics:

1 Geopolitics and Conflict

This theme will examine geopolitical issues in the MENA region, with a focus on falling oil prices, reduced dependency of the US on the MENA region for oil, and the relationship between conflict and sector mismanagement.

2 Good Governance and Decentralization

This theme will focus on the role and capabilities of national legislative bodies in ensuring good governance and contract transparency as well as the role played by regional authorities in managing the oil and gas sector.

3 Diversification and Economic Development

This theme will address how MENA countries must diversify their economies to create job opportunities and ensure sustainable development.

Course Schedule

Wednesday
9
September

Welcome & Introduction
Participants arrive on Wednesday at the latest in time to attend an evening session and dinner

18:00–20:00 **Welcome, Ground Rules, Logistics**

20:00 **Dinner**

Thursday
10
September

Fundamentals & Sector Impact

09:00–11:00 **Challenges & Opportunities**
Sami Atallah & Laury Haytayan

11:00–11:30 **Break**

11:30–13:00 **Environmental & Social Management**
Ricardo Khoury

13:00–14:00 **Lunch**

14:00–16:00 **Environmental & Social Management**
Ricardo Khoury

Friday
11
September

Fundamentals & Sector Impact

09:00 **Recap Session**

09:30–11:00 **Environmental & Social Management**
Ricardo Khoury

11:00–11:30 **Break**

11:30–13:00 **Oil & Gas Essentials**
Carole Nakhle

13:00–14:00 **Lunch**

14:00–16:00 **Oil & Gas Essentials**
Carole Nakhle

Saturday
12
September

Institutional Structure

09:00 **Recap Session**

09:30–10:30 **Legal Framework**
Amir Shafaie

10:30–11:00 **Break**

11:00–13:00 **Fiscal Regimes**
Carole Nakhle

13:00–14:00 **Lunch**

14:00–16:00 **Understanding Contracts**
Amir Shafaie

16:00–18:00 **Practical Session: Country Group Analysis of Challenges & Stakeholders**

Sunday
13
September

Day Off

Monday
14
September

Governance

09:00 **Recap Session**

09:30–10:30 **Roles & Responsibilities**
Laury Haytayan

10:30–11:00 **Break**

11:00–13:00 **Transparency & Contract Disclosure**
Diana El Kaissy

13:00–14:00 **Lunch**

14:00–16:00 **Practical Session: Analysis to Action & Identifying Possible Solutions**

Tuesday
15
September

Revenue Management

09:00 **Recap Session**

09:30–11:30 **Macro Challenges & Policy Instruments**
Nadine Aboukhaled

11:30–12:00 **Break**

12:00–13:00 **Revenue Distribution to Regional Authorities**
Sami Atallah

13:00–14:00 **Lunch**

14:00–15:00 **Introduction to Public Financial Management**
Nadine Aboukhaled

15:00–17:00 **Panel Discussion: Governance and Revenue Management**
Farouk Al-Kasim

Wednesday
16
September

Regional Conference

Thursday
17
September

Sector Impact

09:00 **Recap Session**

09:30–11:00 **Local Content**
Walid Nasr

11:00–11:30 **Break**

11:30–13:00 **Economic Diversification**
Sami Atallah & Zeina Hasna

13:00–14:00 **Lunch**

14:00–16:00 **Panel Discussion: Civil Society in Action**

16:00–17:00 **Practical Session: Developing Solutions**

Friday
18
September

Evaluation & Collaborative Action

09:00 **Recap Session**

09:30–11:00 **Practical Session: Developing Solutions**

11:00–11:30 **Break**

11:30–13:00 **Practical Session: Final Group Presentations**

13:00–14:00 **Lunch**

14:00–16:00 **Conclusion: Remarks, Evaluation, Reflection & Post-Course Action**

Trainers



Nadine Aboukhaled

is an MENA region economic analyst with NRGi based in Beirut, where she primarily focuses on revenue management and governance of natural resources, in addition to providing capacity building and technical assistance to governments, parliamentarians, and civil society organizations. Aboukhaled served as a senior economic officer for the Lebanese Ministry of Finance under a UNDP project where she provided macroeconomic and fiscal policy advice and was responsible for the public debt management portfolio. Prior to that, she served as an economist at the Central Administration of Statistics.



Farouk Al-Kasim

is a renowned Iraqi oil and gas expert who, upon moving to Norway, became instrumental in establishing the Norwegian Petroleum Administration between 1968 and 1973. He also played a key role in developing the Norwegian Petroleum Directorate, one of the most highly reputable regulatory institutions in the world, where he served as Director of Resource Management from 1973 until 1991. Since then, he has been working with a number of developing countries to improve governance of their petroleum sector as well as ensure lasting benefits for their citizens.



Sami Atallah

is the director of the Lebanese Center for Policy Studies. He is currently leading several policy studies on the governance of Lebanon's gas sector and economic diversification in the Arab world. Atallah is co-editor of **Local Governments and Public Goods: Assessing Decentralization in the Arab World**. He also published a paper on industrial policy in the Arab world with Ibrahim Elbadawi in *Omran Journal* titled 'Rehabilitating industrial policy in the Arab world: Lessons of the past, the challenges of the present, and the prospects for the future' and co-authored the paper 'The emergence of highly sophisticated export products: Evidence from Lebanon.'



Zeina Hasna

is an economic researcher at the Lebanese Center for Policy Studies working on oil related issues. Her research focuses on the spillover effects of oil discoveries on countries' economic structure using the product space approach. She is currently assessing the types of policies that must be adopted to ensure economic diversification. Hasna is a recipient of the Said Foundation, British Lebanese Association and Cambridge Commonwealth, European & International Trust Award for the MPhil Economic Research Program at University of Cambridge and was the internal coordinator of the Marshall Economic Research Group at the University of Cambridge.



Laury Haytayan

is the MENA senior officer at NRGi's Beirut office. She leads both regional parliamentary and media projects, as well as the development of the MENA natural resource governance hub. Haytayan also sits on the advisory board of the Lebanese Oil and Gas Initiative. Prior to joining NRGi, Haytayan was the executive director of Arab Region Parliamentarians Against Corruption (ARPAC), where she worked with legislators from Arab parliaments, developing strategies and action plans to strengthen the oversight and legislative capacities of parliamentarians to promote a culture of transparency, accountability, and rule of law.



Diana Kaissy

is the MENA region coordinator for Publish What You Pay. She is primarily responsible for coordinating with PWYP's Arabic-speaking coalitions in the MENA region, specifically in Iraq, Yemen, Tunisia, Libya, Jordan, and Lebanon. Kaissy also serves on the advisory board of the Lebanese Oil and Gas Initiative, a Lebanese NGO that actively promotes civil society's role in the governance of natural resources. Kaissy was previously working as the Lebanon country manager for the charity PACES, which seeks to use sports programs to motivate and empower children living in Palestinian refugee camps. Kaissy is a member of the board of PACES, Lebanon chapter.

“The atmosphere was constructive and interactive. It was an opportunity for everyone to learn from a wide spectrum of experience.

Aymen Hershi

Gafsa Citizens Organization, Libya



Ricardo Khoury

is an environmental consultant with extensive experience delivering HSE services to the oil and gas industry, particularly in Syria, Iraq, UAE, Qatar, Saudi Arabia, Libya, Nigeria, the Caspian region, and more recently in the Balkans. He has worked for major IOCs such as Shell, Total, and BP; governments (such as the Iraqi Ministry of Oil and Montenegro's Ministry of Economy); and engineering firms and contractors in the oil and gas sector (such as Foster Wheeler, Technip, Samsung, Petrofac, and Subsea7). He has also prepared and delivered environmental training courses particularly in the field of impact assessment in the oil and gas sector.



Carole Nakhle

is an energy economist specializing in international petroleum contractual arrangements and fiscal regimes for the oil and gas industry, world oil and gas market developments, and oil and gas revenue management. Nakhle is the director of Crystol Energy (UK), serves as a consultant for the IMF and World Bank, and economic advisor for the Commonwealth Secretariat. She is also an associate lecturer in energy economics at the University of Surrey, research fellow at the Lebanese Center for Policy Studies, and scholar at the Carnegie Middle East Center. She has authored two books: **Petroleum Taxation: Sharing the Wealth and Out of the Energy Labyrinth.**



Walid Nasr

is a board member of the Lebanese Petroleum Administration and head of the LPA's Strategic Planning Department. Nasr previously held several senior managerial and technical positions with United Nations agencies in Lebanon and abroad, working closely with governments and public institutions at both the national and international levels. He has extensive professional expertise in diverse developmental fields including policy planning and programming in energy, environment, and sustainable development.



Amir Shafaie

is the senior legal analyst at NRGi, where he works on technical assistance and capacity building programs to help governments and oversight actors improve natural resource governance. Shafaie's work at NRGi focuses on legal reform and the role of natural resource contracts. His MENA work includes projects in Tunisia and Libya. He is also active in NRGi's legal work in Africa and Central Asia as well as on NRGi's international advocacy in favor of greater transparency in the natural resource sector. Shafaie's pro bono experience includes volunteering with the International Senior Lawyers Project.

Organizers

LCPS المركز اللبناني للدراسات
The Lebanese Center
for Policy Studies

The Lebanese Center for Policy Studies

Founded in 1989, the Lebanese Center for Policy Studies is a Beirut-based independent, non-partisan think tank whose mission is to produce and advocate policies that improve good governance in fields such as oil and gas, economic development, public finance, and decentralization.

www.lcps-lebanon.org



Natural
Resource
Governance
Institute

The Natural Resource Governance Institute

The Natural Resource Governance Institute helps people realize the benefits of their countries' endowments of oil, gas, and minerals. NRGi does this through technical advice, advocacy, applied research, policy analysis, and capacity development. It works with innovative agents of change within government ministries, civil society, the media, legislatures, the private sector, and international institutions to promote accountable and effective governance in the extractive industries.

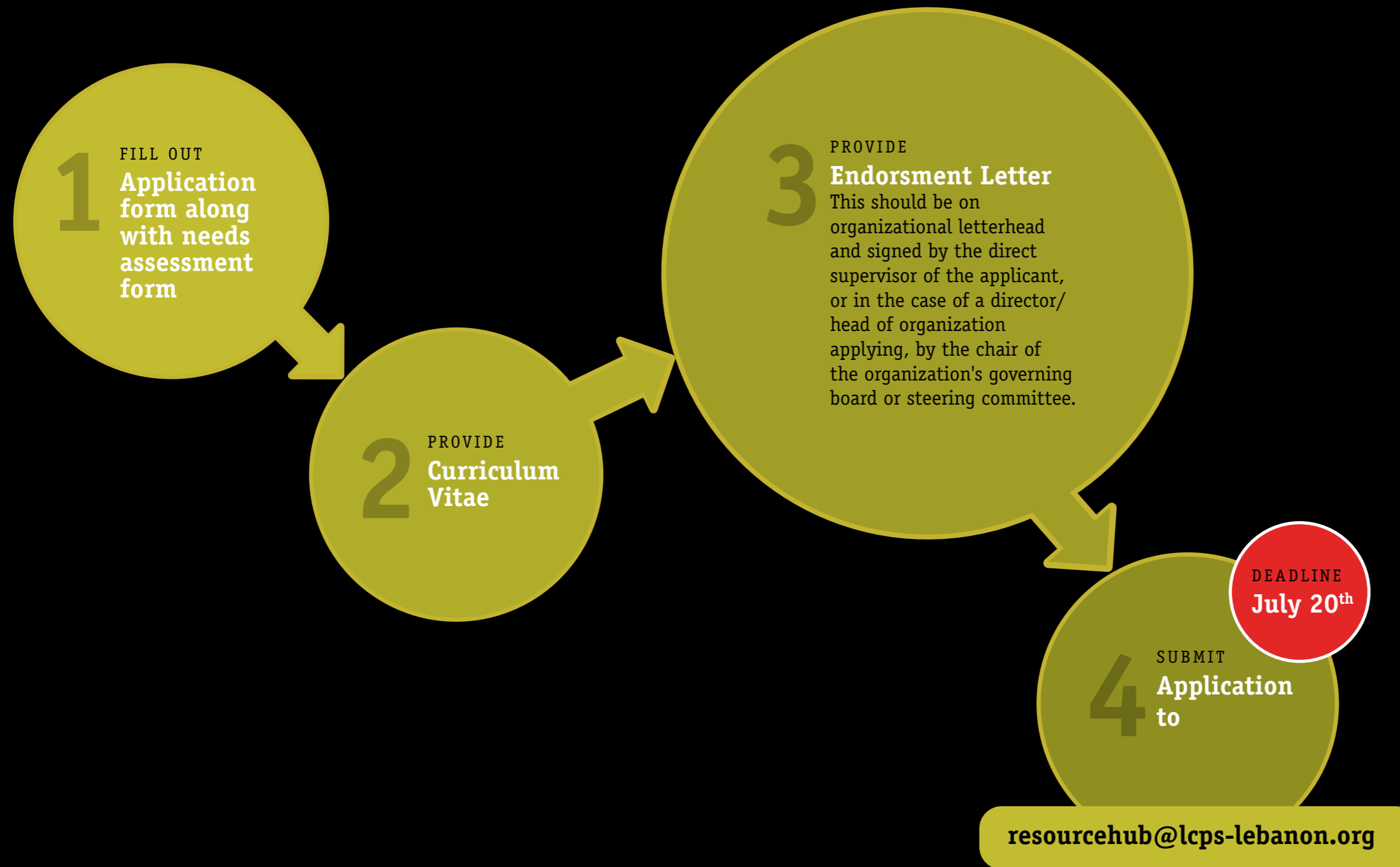
www.resourcegovernance.org

“ The training I received will help me strengthen my fight against fraud in the oil and gas sector and has already helped me gather technical, legal, and management data. With my increased knowledge and awareness of the issue, I will play a more efficient role as an activist.

Fattoum Oueslati

Tunisian Association of Public Auditors, Tunisia

Application Process



Successful applicants will be notified in early August and may be asked to complete pre-course assignments.

LCPS and NRGJ will jointly review received applications with an eye on the quality of essays and the relevance of the course in light of current knowledge, stated needs, motivation to attend, and ability of the applicant to work on oil and gas governance in his/her organization.



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