

# United Nations in the Arab World Program

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**The United Nations in the Arab World Program** is dedicated to exploring and analyzing the role of the United Nations (UN) in the Arab World and the impact it has had on regional politics and societies. By organizing research studies, lectures, discussions, and workshops, the Program brings together scholars and decision-makers to discuss salient issues that fall under the spectrum of the UN's operations in the Arab World.

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## Student Research Summary

### Policy-making in Lebanon: Potential Offshore Oil and Gas Discoveries

#### Summary

This report follows the conclusion of the thesis research entitled "Policy-making in Lebanon: Potential Offshore Oil and Gas Discoveries" carried out with support from the Issam Fares Institute for Public Policy and International Affairs, United Nations in the Arab World Program at the American University of Beirut. The research aimed to clarify the inner workings of the policy-making process in Lebanon. Using the multiple streams framework of John Kingdon (2003), the research sought to understand why the Lebanese government is yet to resolve two key policy issues: whether, and the extent to which, the Republic of Lebanon should regulate and manage the exploration, extraction, and utilization of its potential natural gas and petroleum resources. To this end, the research sought to map the policy interests and preferences of the critical stakeholders that operate within this policy domain. To complete this research, a total of 17 semi-structured interviews were conducted with experts and policymakers who have knowledge of and/or were directly affiliated to the policy issues under consideration.

#### Research Findings

This research provides an overview of the political environment of Lebanon needed to evaluate the policy-making process and has the broad finding that policy-making in Lebanon is almost completely captured by the political elite. As a result of this capture of policy-making, the Lebanese state suffers from a limited capacity for policy-making in any context. More specifically, the research found that compounding factors affected this limited capacity to generate public policy including: (1) the limited consistency of generated policy; (2) the high turnover rate of prime ministers and their cabinets; (3) the lack of authority for policy-making and its implementation during periods of caretaker cabinets; and, (4) the limited input from stakeholders outside of government institutions. In expanding on these conclusions themes were identified concerning Lebanon's offshore oil and gas policy and legislation. A second component included a stakeholder analysis that was generated through the lens of Lebanon's Petroleum Administration. A common sentiment amongst many of the interviewees of this

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***“The Lebanese state suffers from a limited capacity for policy-making”***

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research is the low quality of governance in the country. The typical and easy answer is that the country's government institutions lack the capacity to create public policy because of a number of compounding factors – sectarianism, corruption, etc. These factors are hindering byproducts of the nearly complete capture of key state decisions by a select few political elite. This conclusion is very easily demonstrated through the stakeholder analysis of the creation of the Petroleum Administration. Through this lens one can conclude, approximately, who were the primary actors influencing the formation of the Petroleum Administration and, more broadly, of the decrees and decisions this board has issued or will issue.

## **Recommendations**

There is a need for long-term strategy development for Lebanon's emerging offshore oil and gas industry. This strategy is almost totally controlled by the political elite, though government officials have acknowledged the notion of fostering cooperation with Lebanese civil society and preparing the country's universities and its workforce for the sector. For Lebanon's civil society, the primary obstacle is only a handful of individuals and few organizations hold the expertise coupled with sufficient resources that can focus on the nascent petroleum sector. First, civil society organizations must build their human capital and develop expertise to focus their efforts on issues that align with civil society values. This is a significant challenge because these organizations are, figuratively, very small fish swimming amongst sharks. Oil companies with their vast experience and financial clout will be the drivers in coming negotiations and Lebanon's government cannot be relied upon to operate transparently. Several recommendations are concluded in the research:

- Prepare the capacity of the workforce to participate in the industry. To do this, the Ministry of Energy and Water and the Ministry of Education must coordinate with the country's universities to establish advanced studies that prepare students to become experienced professionals for the sector. Civil society organizations and research institutions should host conferences and workshops aimed at educating the Lebanese population on relevant issues.
- A three-way partnership between civil society, government and oil companies. This partnership should promote the values of transparency through the implementation of the protocols of the United Nations Convention against Corruption and the adoption and implementation of the criteria of the Extractive Industries Transparency Initiative. By adopting the measures of these programs transparency can be applied through: (1) the announcement of criteria for the tendering process and awarding of contracts; (2) the regular online publication of payments by companies to the government; and, (3) the international auditing standards for payments and revenues by an independent third party.
- Expanding/establishing the role of research institutions/civil organizations in petroleum-related initiatives. These institutions may include, for example: (1) research NGOs structured organizationally and financially within a specific government body. Much like the Institut des Finances Basil Fuleihan builds public financial management capacity under the tutelage of the Ministry of Finance, similar research bodies can be established to support other ministerial portfolios, like the Ministry of Energy and Water; (2) Research institutions unaffiliated to the government or political parties must also be created to represent the interests of the public. The Lebanese Center for Policy Studies or the more regionally-focused research institutes such as the Issam Fares Institute at the American University of Beirut or the Carnegie

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## **“The research will help to advance understanding of the public policy process as it operates in Lebanon”**

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Endowment for International Peace Middle East Center, are examples of such institutions that prepare policies, agendas, statistics and information that help public figures debate ideas and issues. These institutions should expand or establish programs that address petroleum issues for Lebanon and/or the MENA region; (3) Given that policy-making in Lebanon is dominated by the political elite, developing a think tank-like organization to supply the political party(s) with data, agendas, and policies would allow the politician(s) to stay abreast of emerging issues by using the think tank as an interlocutor with the constituency. Lebanon has few think tanks, one being the Middle East Prospect Forums promoting centrism, that serve in this capacity. On the other hand, examples from the United States include the conservative Heritage Foundation and the liberal-leaning Brookings Institution.

## **Concluding Remarks**

The significance of the research is two-fold. From the practical perspective, the findings generated will help Lebanese stakeholders frame important public policy issues, and more importantly, identify possible points of collaboration for the development of the legal and regulatory frameworks needed to take advantage of the country's potential offshore petroleum and natural gas resources. From the theoretical perspective, the research will help to advance understanding of the public policy process as it operates in Lebanon.

This research is also valuable in the thorough review of the historical narrative of petroleum exploration in Lebanon. The findings of the stakeholder analysis are also valuable to future researchers who may use the results as a starting point in their research; many of the respondents and those identified in the analysis always do or will assume influential roles in Lebanon's petroleum sector. The present paper suggests interesting opportunities for future research. The first opportunity is an expansion of the stakeholder analysis to include a geostrategic level of interaction that will impact the petroleum industry in Lebanon. The second opportunity to expand on this research is to conduct similar analysis for neighboring countries in the Levant to include a mapping of the primary actors impacting offshore development. A study of this nature will be important as the countries developing oil or gas fields could be cooperating at some level to bring their petroleum products to the international market with the inclusion of a political and economic feasibility analysis for the various options in bringing those products to market. A third opportunity for study is the role of energy diplomacy in a changing international environment. In conjunction with an increase in global demand political changes continue to alter the Middle Eastern landscape and have forced governments to secure their share of natural resources. An examination of how international actors are affecting policy on a regional and local level should also be considered.