

# LEBANON'S OIL & GAS SECTOR: ATTEMPTS TO REDRAW THE INSTITUTIONAL FRAMEWORK?

MESP is noticing the beginning of a campaign targeting Lebanon's Petroleum Administration. Making sure that the regulatory body's work is being scrutinized is certainly positive, if it is being done in the interest of the sector.

An article published on 29/09 in al-Anwar, a Lebanese daily, is the most recent example in a series of attacks targeting the LPA lately.

The article criticizes the “extremely high salaries and entitlements” paid to the six members of the LPA. “Almost two years after their appointment”, the article adds, “millions of dollars have been paid to the LPA's members” (...) “nothing was done during this time, and maybe nothing will be done in the next two years. Are we still expected to pay them millions of dollars for nothing?”

This, and other attacks, probably announce the start of a campaign against the LPA, a campaign focusing on wages but one that may hide other motives. The six members of the board were appointed in November 2012. They reflect, to a large extent, the composition of the government that appointed them, at the time headed by Prime Minister Najib Mikati, which excluded the opposition represented by the March 14 alliance, although one of the members has worked closely with Future Movement officials, including former PM Fouad Siniora.

The attacks reflect a certain dissatisfaction with the current composition of the Petroleum Administration. Some of those who were absent when it was first appointed, are attempting a come-back now that they are in a stronger position. Some of those who are well represented in the current lineup, might be willing to play along and reconsider the configuration, in the spirit of trade that characterizes local politics.

In any case, it appears the Petroleum Administration – a factor of stability in the nascent sector – is set to be increasingly contested. The LPA cannot be blamed for the repeated tender delays (the deadline for the first licensing round has been postponed five times already). It completed its part

of the work by preparing the needed decrees and draft legislation required to move on with the tender (a decree defining offshore blocks and their coordinates, another one approving the tender protocol and the model exploration and production agreement, and the draft petroleum tax law). Not as much can be said about the government, which had numerous occasions to adopt the decrees but preferred to stall.

In principle, nothing prevents the creation of other institutions, or reviving the Petroleum Directorate at the Ministry of Energy and Water, if it is done with the objective to consolidate the sector and not to stir up rivalries.

While it is legitimate to question the salaries of the LPA board members, we fear that this might conceal an intention to redraw the institutional framework to reflect political changes rather than the sector's needs. What is deplorable is that this might be happening in the absence of any meaningful oversight, whether from governmental or non-governmental institutions.