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December 11, 2013

Environmental Governance Ought to be Strengthened to Mitigate Risks Associated with Oil and Gas Activities

Roundtable Discussion Series

The participants of the Lebanese Center for Policy Studies (LCPS), the Lebanese Petroleum Administration (LPA) and the Ministry of Environment (MoE) discussion group recommend ten actions to develop the Oil and Gas (O&G) sector from an environmental perspective:

- The government must develop new and update existing environmental legislations pertaining to oil and gas activities as well as develop a monitoring and enforcement mechanism.
- There is a crucial need to prepare all concerned authorities for potential future environmental accidents or emergencies and to promote transboundary cooperation mechanisms in the East Mediterranean.
- The capacity of the MoE must be enhanced to manage the environmental risks related to the development of the O&G sector.
- There is a need to strengthen environmental governance to ensure that environmental risks related to the development of the O&G sector are properly managed.
- It is important to develop a clear approach related to CSR (Corporate Social Responsibility) and public-private partnership initiatives, in order to avoid the risk of "green washing".
- An effective mechanism to engage and empower civil society actors to act as effective pressure groups should be developed.
- Initiatives to fill major gaps in environmental baseline data to support monitoring any future environmental impacts from the development of the oil and gas sector should be promoted.
- There is a need to promote constant transfer of knowledge and know-how from international experience and lessons learned to Lebanese stakeholders.
- The government should undertake a systematic assessment of the environmental, economic and social impacts of the development of the O&G sector and accordingly devise mitigation strategies to minimize the potential risks. The assessment should be done taking into account sustainable development indicators adopted by Lebanon as part of its commitments to the Rio Conventions.
- The government must learn from the shifting global trends in the O&G sector in the face of climate change and ultimately devise an inclusive environmental strategy for sustainable development.

LCPS and the LPA, in collaboration with the MoE, held a closed roundtable discussion to exchange experiences and views on the environmental challenges resulting from the potential discovery of oil and gas in Lebanon on Tuesday, 26 November 2013, at the Ministry of Environment, Beirut, Lebanon. The session was co-chaired by Mr. Sami Atallah, Executive Director of LCPS and Mr. Ricardo Khoury, Environmental Expert. The discussion group consisted of members of the petroleum administration, government representatives, experts, civil society activists, private sector and international organization representatives.

After an introduction by Mr. Sami Atallah, Ms. Rola El Sheikh from the MoE opened the discussion with an overview of the role of the ministry, within the scope of its work and various interests, in supervising the O&G sector as well as ensuring the sector's overall compliance with environmental standards. She then presented existing domestic and international environmental legislations such as the Environmental Protection Law, the Environmental Impact Assessment (EIA) and the Strategic Environmental Assessment (SEA) decrees. Ms. El Sheikh concluded her presentation by identifying the most critical environmental challenges of the sector to be overcome in cooperation with local partners especially the LPA. [\(watch a summary\)](#)

Ms. El Sheikh's presentation was followed by a contribution of Mr. Assem Abu Ibrahim, President of the LPA and Head of QHSE Department, which centered on the potential environmental impacts associated with exploration and production activities in the Lebanese sea as well as the roles and responsibilities of the MoE, LPA and international companies in managing environmental impacts related to the O&G sector. In addition, Mr. Abou Ibrahim presented the main findings and recommendations put forth by the SEA study that was conducted in 2012. He

concluded his presentation by outlining on-going and future activities undertaken by the LPA's QHSE department to strengthen environmental governance in the O&G sector. ([watch a summary](#))

The presentations were followed by comments from environmental experts Mr. Habib Maalouf ([watch a summary](#)) and Mr. Ricardo Khoury ([watch a summary](#)) and an open discussion with all attendees which resulted in a number of highlighted key issues and proposed recommendations that ought to be taken into account in the course of planning and working on the development of the sector from an environmental perspective.

The key issues and corresponding recommendations that were highlighted are as follows:

→ **To extract or not to extract? Conflicting attitudes regarding the decision of the Lebanese government to develop the O&G sector.** On the one hand, the Lebanese government should have assessed alternative sources of energy production before taking the decision to explore the O&G sector. On the other hand, Lebanon has reserves of natural resources and therefore it could be beneficial to develop these resources and exploit the sector in order to invest in more ecological energy sources as well as develop other sectors of the economy. **Hence, the government must learn from the shifting global trends in the O&G sector in the face of climate change and ultimately devise an inclusive environmental strategy for sustainable development.**

→ **The existing gaps between legislations and their enforcement pose a great threat to the sector.** Legislations are not always put into effect in Lebanon and given the high stakes associated with improper management of the O&G sector it is critical that the government develops new and updates existing environmental legislations pertaining to oil and gas activities as well as a monitoring and enforcement mechanism. For instance, the Environmental Standards Decision must be updated and the Environmental Impact Assessment decree must be revised with expert assistance. Furthermore, it is necessary to put forth a comprehensive Health, Safety and Environment (HSE) legislative framework. It is also important to devise a monitoring and enforcement mechanism that takes into consideration the Lebanese context and capacity to manage environmental requirements in the sector. Mechanisms such as third-party inspection, self-reporting and empowerment of pressure groups should be developed.

→ **Oil spills were highlighted as one of the most critical environmental risks.** Oil spills could have irreversible impacts on Lebanon and several countries in the region, especially in the absence of 1) competent domestic authorities to deal with such environmental disasters and 2) transboundary cooperation strategies. **Hence, there is a crucial need to prepare all concerned authorities for potential future environmental accidents or emergencies and to promote transboundary cooperation mechanisms in the East Mediterranean.** To that end, it is recommended to 1) revive the Emergency Response Committee that was active in the aftermath of the July 2006 Jieh oil spill, 2) promote exchange of know-how and cooperation with the international community in the field of emergency preparedness and response (capitalizing on the international exposure of the MoE), 3) finalize the oil spill emergency response plan based on the findings of the SEA, and 4) build national capacity in emergency preparedness and response including procurement of needed equipment and provision of training to responsible personnel.

→ **There are concerns about the capacity of the Ministry of Environment to manage the environmental risks related to the development of the O&G sector.** Even though the MoE is doing its best effort today in preparing to monitor the sector, it remains understaffed and short of budget in addition to having weak inspection and enforcement capacities. **Hence, there is a need to build the MoE's monitoring and enforcing capacities.** It is critical to assess the capacity needs of the MoE to monitor and enforce environmental standards in the O&G sector, including the number and skills of its staff, budget and equipment requirements; eventually, an Oil and Gas Department could be established within the structure of the MoE. The upcoming EU-financed StREG project could support this need as it has a major component related to environmental enforcement.

→ **A root cause of poor environmental management is weak environmental governance.** The adequacy of the current institutional framework to manage environmental risks associated with the O&G sector has not been assessed. Moreover, there are concerns that the stakeholders have weak capacity and poor coordination and cooperation strategies. **Hence, it is critical to strengthen environmental governance to ensure environmental risks related to the development of O&G are properly managed.**

→ **There are conflicting attitudes about the role of oil extracting companies: a threat or a benefit?** There are fears that oil extracting companies will dominate the public sector because of their advanced expertise and vast resources. On the other hand, Lebanon can benefit from these companies and their Corporate Social Responsibility (CSR) policies to invest in environmental initiatives. **Hence, in order to avoid the risk of green washing, it is important to develop clear procedures related to CSR and public-private partnership initiatives.**

→ **Despite the active engagement of Lebanon's civil society, dialogue and cooperation between civil society and O&G stakeholders is not widespread.** Civil society could greatly benefit the concerned authorities by acting as

watchdogs in the O&G sector. **Hence, an effective mechanism to engage and empower civil society to act as effective pressure groups should be developed.**

→ **There are major gaps in environmental baseline data that must be filled to support monitoring of future environmental impacts of the development of the oil and gas sector.** Initiatives to fill such gaps should be promoted in advance of licensing awards, and strengthening the capacity of national institutions, such as the National Center for Marine Sciences, in the field of deep sea biodiversity monitoring must also be promoted.

→ **It is important to promote constant transfer of knowledge and know-how from international experience and lessons learned to Lebanese stakeholders.** As such, it is suggested to carry regular sessions to present latest technologies to promote environmentally friendly oil and gas exploration and development activities and reduce environmental and safety risks. For example, a session discussing the lessons-learned from the recent Gulf of Mexico environmental catastrophe could be organized.

→ **Concerns about the impacts of the O&G sector extend beyond the environment to include the economy as a whole.** In addition to the environmental ramifications, the development of the O&G sector could have adverse impacts on the industrial and agricultural sectors specifically, as well as the economy as a whole through the Dutch disease phenomenon. **Hence, the government should undertake a systematic assessment of the environmental, economic and social impacts of the development of the O&G sector and accordingly devise mitigation strategies to minimize the potential risks.**



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