

Lebanon: Encouraging Public Debate on Oil & Gas

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The role of the media in monitoring the government's work and performance is inestimable. This also applies to the oil and gas sector. The vibrant Lebanese media, hesitant at first, is becoming more and more daring in its coverage of the emerging oil and gas sector in Lebanon. Mistakes and misunderstandings are inevitable, but public exchanges can also be enriching and informative.

Middle East Strategic Perspectives (MESP) has noticed the exchange between the [Ministry of Energy and Water](#) and [Executive Magazine](#), a local business magazine. In its October 2013 issue, the magazine published an oil & gas special in which it expressed concerns over the lack of transparency in Lebanon's oil and gas sector.

The Ministry released a detailed response on December 3, 2013, which highlights the reactivity of its communications strategy.

MESP encourages public debate on oil and gas issues in Lebanon. We believe that such exchanges can only reinforce transparency and strengthen the quality of the coverage.

We are publishing here below the Ministry's 5-point response:

The Article contains false allegations and accusations with no evidence and is based on information from unidentified sources. Such practice questions the author and the magazine's credibility and integrity; and compels us to clarify the points below:

Point 1- Lack of Transparency and Monopolization

The interest of the 46 pre-qualified IOCs that applied to the 1st licensing round in investing in Lebanon assures the trust they perceive in the management of the licensing round by both the Ministry and the Petroleum Administration (PA).

In addition, International Organizations and Embassies commended the transparency of the licensing round. During their visit to MEW on March 12, 2013, Deputy Assistant Secretary of State for Energy Diplomacy Amos Hochstein and Acting Deputy Assistant Secretary of State for Near Eastern Affairs Lawrence Silverman "praised the Minister of Energy for his efforts and hailed the ministry's levels of transparency and professionalism in meeting the highest international standards."

The Ministry and the PA are engaging with prominent international organizations including the Norwegian Oil for Development Fund, the World Bank, and UNDP, to put in-place an efficient and transparent management system while abiding by the best international practices.

Once the bids received, the Minister assisted by the PA, would negotiate with the short listed applicants and report the results to the Council of Ministers where the decision of the award is taken. Hence the Minister cannot monopolize control to the national process.

Point 2- Minister Bassil has controversially been contacting oil companies.

The article confuses between contacts which is part of MEW's role in promoting attractiveness for investors and negotiations that would take place between the companies and the Lebanese side represented by MEW assisted by the PA as stated in article 18 of the law 132.

The Minister, being the competent authority for managing the petroleum sector, is executing his duties by providing assurances to the companies in relation to political delays. The Minister did not "controversially" contact any company. Any meeting held is based upon the request of the IOCs in accordance with the official channels.

Point 3- PA is seeking to establish a system ...

The proposed new governance attributed to the PA in the article is not sought by the PA nor mentioned by any of the three layers of governance (the PA, the Minister of Energy and Water and the Council of Ministers) as per the law 132 ratified by the Lebanese parliament on August 24, 2010. Any change to the established governance structure, including reporting of the PA is not needed nor recommended and it requires an amendment to law 132 by the Lebanese parliament.

Point 4- Ambiguity regarding the financial returns

With regards to the budget of the Petroleum Administration (PA), paragraph 20.4 of Article 20 of Decree 7968 (The Petroleum Administration) stipulates that the Minister of Energy and Water needs to include the annual budget allocated to the PA, within the planned budget of the Ministry of Energy and Water submitted to the Ministry of Finance. In addition, Article 22 of the same Decree stipulates that the PA budget funds shall be deposited in an account at the Central Bank of Lebanon in the name of the treasury, and prohibits the PA from opening bank accounts in private banks or even opening a special account in the Central Bank of Lebanon.

Accordingly, the provisions of Decree 7968 do not entitle the PA to receive funds from any source.

Point 5- Breakdown between Bassil and the PA is also manifest in a dispute over staff

It should be noted that the PA is still in the first phase of the recruitment plan, almost a year after operating with no staff members until recently where a very limited and basic number of employees were hired .A proper and necessary structure is being created to manage the PA. The recruitment is based on qualifications and expertise and will meet the highest standards.