

Oil for Development (OfD) Programme Lebanon – Phase II
Second Annual Meeting

Minutes of Meeting

Date: Wednesday, 9 March 2016

Place: Crowne Plaza Hotel, Beirut

1. Welcome Notes

The OfD second annual meeting started with a welcome note from the Lebanese Petroleum Administration's Chairman, Mr. Wissam Zahabi, who welcomed the participants and addressed the status of the oil and gas sector in Lebanon. More specifically, no action has been taken yet regarding the two pending decrees related to the blocks delineation and the model contract due to the political deadlock, as a result the first licensing round is delayed. Mr. Zahabi mentioned that given the current situation, Lebanon through the OfD Programme is building a strong institution – the LPA, which should be an example to other public institutions in terms of capacity, strength and values. Also Mr. Zahabi highlighted that the Lebanese institutions are capable to manage a first licensing round given the capabilities they have and continuous capacity building they receive.

Norway's Ambassador to Lebanon H.E. Lene Lind expressed her appreciation towards the partnership with Lebanon and stated that the trust established over time provides a solid basis for institutional cooperation. H.E. Lind overviewed the achievements that the Norwegian government supports, namely the project entitled "supporting channels for civic engagement in the management of the Lebanese oil and gas sector", and discussed the meaning of sustainable petroleum resource management within the Lebanese context. Furthermore, the discussion turned around the political drive behind green energy solutions and the need to adapt the sector to the UN's new sustainable development goals 2030. Also, discussions touched on the changing context of the East Med in which Lebanon is operating; and addressed the oil price drop, which creates new uncertainties that in turn increase the need to rely on innovative solutions more than ever. H.E. Lind recognized that sound political leadership, robust coordination between government institutions as well as solid relations with the petroleum industry, are in demand in order to optimize the benefits of the resources to any country. In this context, transparent decision-making and consultations with civil society are strongly needed to ensure credibility and legitimacy. H.E. Lind highly hoped that Lebanon will join the EITI. Finally, H.E. Lind concluded by reiterating Norway's support to the Lebanese institutions, and hoped to resume the first offshore licensing round as this will be crucial for the sustainability of the OfD Programme.

The Lebanese Minister of Energy and Water H.E. Arthur Nazarian expressed his excitement to meet with the Norwegian and Lebanese counterparts to discuss the progress made during the first year of the OfD Programme, and to approve the Work Plan and budget for the second year.

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H.E. Nazarian also went through Lebanon's major achievements regarding the nascent oil and gas sector and stressed on the costs resulting from the delays in resuming the first licensing round. In the meantime, the LPA and the line ministries are working to complete the legal framework, to design the needed policies, plans, regulations and procedures in addition to building their institutional and human capacities. H.E. Nazarian emphasised on the importance of the collaboration with Norway, which proved to be instrumental in supporting institutions while sharing the Norwegian experience in managing petroleum resources. The Minister renewed his gratitude to the Norwegian government and directorates and stressed on the need to sustainably manage petroleum resources to safeguard the needs of present and future generations in Lebanon.

Finally, representatives from the Ministry of Finance and the Ministry of Environment in Lebanon thanked the Norwegian support to Lebanon including the transfer of knowledge this cooperation provides through building capacity, institutions and solid values. Indeed, the Ministry of Environment beneficiaries "could not have thought of a better partner", since Norway is one of the few countries which demonstrates that socio-economic development can go hand in hand with environmental protection. The Ministries of Finance and Environment addressed the achievements the OfD Programme brought, that pave the way to continuous capacity development.

Finally the LPA presented the main activities and milestones achieved in 2015 including the activities related to four main pillars, namely: strategic planning, geology and geophysics, health, safety and environment and revenue management.

2. Discussions

❖ Progress Report and Financial Review 2015

Norad recognised and applauded the work and resulting outputs that both Lebanese and Norwegian sides achieved throughout the year, and thanked the Norwegian and Lebanese institutions for the efforts exerted during the past year.

Accordingly, these efforts were necessary to prepare the Work Plan of the second annual meeting, which will be used as a management tool. Also Norad expressed appreciation for the documentation being submitted in time for the meeting.

Regarding the progress report, which covered the work undergone throughout the previous year, Norad valued the efforts made by the LPA in compiling and presenting such information. Norad assessed the level of details to be satisfactory and aligned with the requirements provided in the Programme Agreement. Additionally, Norad estimated contributions from all stakeholders, to be adequate and hence Norad could recognise the joint ownership to the report by all implementing parties.

Norad and the LPA worked together to improve the quality and the efficiency of the Programme indicators, which were suggested the previous year. Actually, a requirement from the Annual Meeting conducted in 2015 turned around the review of indicators for measuring progress purposes. This work was completed and approved by Norad on the 28 of January 2016 by a written procedure. Norad extended its appreciation to the LPA's leadership related to the review of the Programme indicators, and was pleased to see the revised indicators integrated in the report.



Finally, Norad stated that the OfD progress report is a very important management tool that helps assess the evolution of the Programme, and assist to identify the gaps and needs of the benefitting institutions in order to improve the content or tailor activities driven by demand. Norad and the LPA should further agree on the level of details to be addressed in future OfD progress reports.

Regarding the Financial Overview for 2015, the approved budget for 2015 was approximately NOK 12 million, while actual expenditures were approximately NOK 6.3 million. This covered activities under all four components, incurred by all five Norwegian Directorates involved in the Programme. Two invoices for activities conducted in the end of 2015 are to be invoiced in 2016 (total NOK 950 000).

The meeting took note that the procedures for financial reporting has been amended. Norad made a reference to the adjustment of the Programme Agreement: According to Article VII of the Programme Agreement for Phase 2 of the Oil for Development cooperation between Norway and Lebanon, the annual financial statement shall be submitted by LPA to Norad for approval. Due to a range of factors, Norad and LPA agreed in writing on the 18th of January 2016 that this reporting obligation is taken over by Norad.

Norad further appreciated that the invoicing routines are adhered to by all parties – meaning timely invoicing from Norwegian Directorates and timely approvals by LPA. Norad commented that the level of detail in expenditures reporting is at a relatively high level. Finally, the meeting took note that in accordance with the agreement at the Annual Meeting in February 2015, Guidelines related to travel arrangements (24 June 2015) and Procedures for invoicing (7 July 2015) have been developed and approved by written procedure by the parties. Also, Norad and LPA will discuss how to improve ensuring cost-efficiency in 2016.

Conclusion: The submitted Progress Report 2015, including Annexes, and the Financial Overview 2015 is approved.

❖ Work Plan and Budget 2016

Concerning the Work Plan 2016, Norad commented that the level of ambition is high and the need for sound coordination is important. In this regard team work is necessary to achieve tangible progress.

Norad further noted that although the Work Plan allows for a certain degree of flexibility, it is important to keep Norad informed about changes and adjustments that should be formally documented.

Norad took into consideration reflections on lessons learned from the first year of the institutional collaboration, and identified the need to improving coordination, prioritization, and communication in order to optimise the use of limited resources.

It was recognised that the dissemination of information is critical and needs to be developed further in the coming years through bilateral communication among institutions.

Discussions were made around the following key priorities in the Work Plan:

- Target activities to tailored needs and achieve concrete deliverables with clear links to ongoing work by the respective Lebanese institutions. Also these activities seem to complement other efforts not part of the OfD Programme.



- Design activities in such a way to build on what has been achieved during the previous year.
- Prioritise activities and focus more on results and less on processes.
- Continue to enhance competence and understanding in petroleum sector related issues for line ministries, civil society and media.
- Improve the coordination aspect among institutions and within institutions.
- Improve the communication process between NGOs and other institutions to render the work process more efficient.

The proposed budget for 2016 is NOK 10.6 million, which has to address efficiently and effectively all outputs in the Work Plan. Indeed, Norad reflected on the increasing pressure on available funds for long term development assistance including the current priorities of the government of Norway. There is a greater need than ever before to demonstrate value for money, and to highlight results achieved. Norad encouraged cost-efficiency at all levels of the Programme implementation.

Finally, before the Norwegian summer holiday the budget needs to be reassessed and funds reshuffled if necessary. It was agreed that more communication will be done between Norad on one hand and beneficiary institutions on the other, so to keep stakeholders up to date regarding activities that mutually involve and benefit different stakeholders.

Conclusion: The updated Work Plan and Budget for 2016, including Scope of Works, as resubmitted by the LPA to Norad on Tuesday 8 March 2016, are approved.

❖ Exit Strategy

Based on the Programme Document (dated 11 July 2014) chapter 8, and on the Annual Meeting in February 2015, Norad made a reference to the requirement to develop an Exit Strategy. Norad reiterated again the importance of discussing and agreeing upon a clear and comprehensive exit strategy, which should establish clear grounds for definitions and purposes related to the Exit Strategy. The overall objective of the exit strategy is to align expectations, improve sustainability and ensure appropriate risk management.

Indeed, as decided previously, Norad took the initiative to facilitate a process to develop a mutually agreed upon Exit Strategy.

Norad stressed that it is important for institutions involved in the programme to make sure that what is being achieved and built through the OfD programme is left behind and institutionalised over the long-term. Also, discussions turned around distinguishing between a planned Exit Strategy on one hand, and a non-planned Exit Strategy on the other, while taking into consideration sensitive political discussions that could arise in the process.

Finally, the elaboration of an Exit Strategy should rely on "worst case scenarios" and probabilistic scenarios to define high level contingency measures.

As a follow up measure, by the end of 2016 Norad and the LPA will perform a joint risk assessment (including both internal and external factors) to identify timely adjustments for the third Annual Meeting, which is to be conducted in the first quarter of 2017.

Conclusion: The Exit Strategy for the OfD Programme in Lebanon is approved.

3. Concluding Remarks

Overall, the Programme was well-managed in 2015, as institutions successfully accomplished to cooperate and turn the idle time stemming from the political deadlock into a productive period by building institutional and technical capacities and by improving the institutions' readiness to kick-start the prospective petroleum sector.

Norad and the Norwegian Directorates were impressed and pleased by the high level of skills, competence and knowledge of the Lebanese counterparts. Norad acknowledged the milestones achieved during 2015 and recognised the high absorptive capacity among Lebanese partners.

In turn, the Lebanese institutions extended their appreciation to the OfD Programme, which brings a unique and valuable input to building strong Lebanese institutions in order to manage in an informed manner the prospective oil and gas sector.

Norad expressed thanks to LPA for convening the Annual Meeting and facilitating fruitful discussions, and recognised the active participation of Lebanese and Norwegian institutions present at the meeting.

Norad appreciated continuous guidance so to better understand local needs and context, including how to manoeuvre effectively to achieve joint results relevant to the work within the OfD Programme.

Through the OfD Programme Norway is committed to peer-to-peer learning, on-the-job training, discussing principles, and sharing experiences in order to guide Lebanese institutions in their decisions.

Finally, a strong foundation has been laid out to achieve further results in 2016, and expectations are now aligned regarding the joint way forward.



Walid Nasr,

Head of Strategic Planning Department, LPA



Ida Aronsen,

Programme Manager, Norad

Annex 1: List of Participants

Norwegian Directorates:

H.E. Lene Natsha Lind – Ambassador of Norway in Lebanon
Ane Elise Jorem – Norwegian Embassy in Lebanon
Ida Aronsen – Norad
Mette-Gravdahl Agerup – Ministry of Petroleum and Energy
Gunnar Sjogren – Norwegian Petroleum Directorate
Ketil Larsen – Oil Taxation Office
Trond Hjorungdal – Oil Taxation Office
Paul Bang – Petroleum Safety Authority
Kathrine Idas – Norwegian Coastal Administration
Andre Kammerud – Norwegian Environmental Administration

Lebanese Directorates:

H.E. Arthur Nazarian – Minister of Energy and Water
Wissam Zahabi – Chairman LPA
Walid Nasr – Head of Strategic Planning Department, LPA
Wissam Chbat – Head of Geology and Geophysics, LPA
Gaby Daaboul – Head of Legal Affairs Department, LPA
Asem Abou Ibrahim – Head of QHSE, LPA
Nasser Hoteit – Head of Technical and Engineering Department, LPA
Alain Bifani – Director General, Ministry of Finance
Fadia Sakr – Ministry of Finance
Jocelyne Abdelnour – Ministry of Finance
Sarah Bou Atmeh – Ministry of Finance
Samar Malek – Ministry of Environment
Manal Moussallem – Ministry of Environment
Majd Olleik – LPA
Olga Jbeili – LPA
Dolly Abou Younes – LPA

