

MENA Natural Resources Governance Knowledge Hub

A Conceptual Framework

By

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Introduction and Acknowledgment

In a constructive collaboration effort between Revenue Watch Institute-RWI and the Lebanese Center for Policy Research-LCPS a two day closed meeting was held in Beirut during 6 and 7 March 2014. The purpose was to help fine-tuning the proposed Middle East and North Africa-MENA Natural Resource Governance Hub- the HUB. The meeting was attended by key representatives from RWI and LCPS in addition to many Lebanese academicians, experts and researchers; representative from the UN- Economic and Social Commission for West Asia-ESCWA and three extractive sector experts from Iraq (2) and Tunisia (1).

The main objectives of this HUB will be to help engage stakeholders in measuring and managing the economic and social impacts of natural resources, to increase and improve knowledge and expertise relating to prudent management of natural resources, and to formulate and develop policies and strategies for sustainable development through learning and sharing knowledge.

This new hub is part of RWI efforts in promoting extractive industry governance in different regions of the world. RWI created the first “knowledge hub” in 2008; and it plans to have six hubs: two in Africa, one each in Asia-Pacific, Eurasia, Latin America and MENA region.

I am very grateful to LCPS for inviting me to this important meeting and to RWI for funding my participation.

The following are my thoughts aiming for promoting the debate on HUB and to contributing in the formulation of this important entity. My contribution is premised on my experience in this area during my work in Iraq, with the UN organizations in Africa and MENA region, and on my role as Team Leader for the European Commission-EC Study (2012/3) on the establishment of Iraq-EU Energy Centre.

Demarcating Area of Specialization and Main Components

The term “Natural Resources” are rather wide and comprises many important resources some of which are vital in MENA region. Therefore, defining the area of specialization on Natural Resources to be more specific and preferably focus on the Extractive Industry. Also distinction within the extractive industry could be made on Petroleum/ Hydrocarbon (Oil & Gas both conventional & non-conventional (Shale /fracking)) and Non-petroleum/ Hydrocarbon categorization.

If the HUB covers other important natural resources such as water, forestry, fishing it must be stated clearly in its “Article of Association” when the HUB has its own legal status as this has serious implications on the HUB structure, functions and its institutional setup.

This contribution is primarily concerned with and premised on the extractive industry in general and petroleum in particular as the main area of activities of the proposed HUB.

The main components and activities of the HUB are Capacity Development, Applied and Policy Research, and Networking. I will address further these three components later.

National and regional focus. The HUB, as service provider or service interlocker, for both capacity development and applied/policy research could offer such services on country/national and regional levels. Countries within MENA region are different when it comes to extractive industry governing systems, the role of the extractive industry in the national economy and the societal involvement in and awareness of the industry governance. In my view the HUB activities focusing on national and regional levels are not mutually exclusive, and thus they could be offered concurrently provided that financial and logistical requirements are there. However, a priority could be given to the national levels because of relevance, cost-effectiveness and needs-driven, while activities on regional level are useful for sharing experiences, identifying commonalities and draw lessons.

The HUB’s Development Phases and the Need for Feasibility Study

RWI and LCPS suggest that the HUB will be fully operational within three years. This implies that the HUB will have two phases for its development: an initial transitional phase and fully operational phase.

Since the HUB has three years before reaching the full operational status it might be necessary to conduct proper feasibility study. The Terms of Reference for such a feasibility study should be considered carefully and realistically, and the study could cover the following main items:

Vision, mission and action; overall and specific objectives of the HUB; expected results and outcomes; institutional structural model and governance system; risk assessment and mitigation; Project Management Cycle and realistic *Logframe*; SOWT analysis; legal, economic and financial assessment; budgets with possible main budgetary lines; sustainability and exit strategy (for specific project donor support); regional setup; cooperating partners and clients; activity-timeliness; phases of HUB development; intermediate and transitional activities; organograms;

The specifics pertaining to the three main components of HUB activities should be elaborated further in the feasibility study though much of the technical and operational aspects are supposed to be addressed by the HUB management as matters develop under the then prevailing circumstances and service-providing conditions.

Elaboration on the HUB’s Main Fields of Activities

As mentioned above the HUB is envisioned to have three areas of work: Capacity Building, Policy Research and Networking, and it is expected the HUB will be fully operational in 3 years.

In my views each of these three areas comprises different components and requires different work methodologies, operational modalities and service providers. The following are, in my views, what the HUB could consider to do in realizing its objectives especially those relating to the main three identified components.

Capacity Development Component

In a broader conceptual definition of capacity development (instead of capacity building) it could include three distinct areas for attention and action: **institutional**, **systemic** and **human resource capacity development** activities.

These three capacity development areas are different in their very nature though they are interrelated, and thus each entails different modalities and approaches. It could be too far-fetched for the HUB, at its first phase of development, to embark on the three frontiers simultaneously and comprehensively.

The focus, in my opinion, preferably could be on human resource capacity development. But even this requires selection and prioritisation; questions on what topics, for which target groups, when, how long among others are important to consider carefully.

The HUB, as service provider or service intermediary, may offer its support through different modalities using relevant methodologies, knowledge modules and training approaches; tailor-made to satisfy specific client conditions and circumstances; demand-driven; market-oriented; knowledge/skill capacity gap assessment and how to mitigate them.

Examples of what the HUB could consider to do and offer under this component are:

- Conduct a needs assessment to understand in detail the training requirements on national and regional levels (governmental, state-owned companies-SOCs, the private sector and international extractive companies);
- Establish standardized “Course outline” on extractive industry related subjects (there could be a wide spectrum of topics and issues based on needs-assessment, client request or tailored capacity development agenda among others);
- Offer courses driven by market needs against fees (Commissioned Capacity Development Services) or partial contribution (by client or participants) or free-of-charges on extractive industry related subjects (e.g. capacity development in government and state-owned entities, in areas including sector governance, management and regulation; negotiation skills; contract analysis; Extractive Industry Transparency Initiative-EITI Reporting requirements; policy, environmental and social assessments for related projects, among others)
- Develop a training programme for FDI business local executives on social and cultural values; business climate and corporate social responsibility in extractive industry in MENA region;
- Develop extractive industry related e-learning tools on standardized topics;

- Develop comprehensive, relevant and updated database on various aspects of extractive industry in the MENA Region. The database should cover statistics, information, documentation of major or model contracts, agreement etc. The HUB could become important regional centre for information and documentation on the extractive industry;
- Establish a regular platform for discussing and debating extractive industry related matters at different levels and suggest results for/into policy discussions.
- Organise events (roundtable workshops, seminars, conferences) on specific subject (e.g. renewable energy, environmental and social impacts of energy projects, energy security, energy markets, energy sector governance, regulation among others) in accordance with the mandate of the HUB and the mutual interests of its cooperating partners, stakeholders and clients.

During and at the conclusion of the Beirut meetings one issue became clear: the HUB, at least in its immediate and first development phase, will focus on preparing a training course designed exclusively for civil society organisations-CSO and media professionals from MENA region.

For this first and pilot course to be successful and effective careful planning is needed. The selection of national CSO should focus on those directly and indirectly concerned with extractive industry; from countries with formal association or in the process of having formal association with EITI and with which RWI has been involved; CSO have proven record of membership, work on sensitization, awareness, mobilization, outreach, dissemination and functioning network.

The selection of media professionals should give priority to profiled and known individuals and agencies as this could insure wider publicity, impacts, lobbying support and advocacy.

Country representation should be fairly balanced guided preferably by the RWI current and future involvements and presence.

Finally, the contents of the capacity development training programme, its methodology, structure should be carefully considered focusing exclusively on extractive industry realities in the related countries and MENA region. Also credibility matters and thus the HUB should be careful in selecting the professionals and experts who would deliver the training services; they should have proven record of involvement in and provided such capacity development activities within the context of MENA region.

Applied and Policy Research Component

For the second area I would suggest the emphases on applied and policy research. The reason is to direct the research on need-based; solutions and results orientation; positive/ normative methodologies more than theoretical research.

The HUB should endeavour to undertake research that is: Business related, relevant and needed for the extractive industry sector (and sub-sectors) in MENA Region; and guided by and aiming at identifying policies that protect the interests of MENA people and support sustainable development of the MENA Region and how to manage prudently their extractive industry.

In conducting Applied and Policy Research the HUB and the recruited experts should adhere to the principles of political independence, impartiality, avoidance of promoting party-politics and populist politics and observance of natural justice (be aware of conflict of interest) among others.

Examples of HUB activities in this area could include:

- Conduct a needs assessment to understand and identify the applied/ policy research requirements of the extractive industry on country and or regional levels; how this aligns with: existing capabilities, priorities and skills; available funding instruments; and other international organisations;
- Facilitate the exchange of experts, researchers and consultants between existing academic and extractive industry institutions in the MENA Region;
- Subscribe to relevant publications and research material, and make them available to experts, researchers and consultants working and cooperating with the HUB;
- Catalyse and coordinate joint research projects, possibly mobilising other funding instruments, as foreseen by the management of the HUB along the lines of similar extractive industry hubs and research entities;
- Conduct applied and policy research in support of extractive industry in MENA region (thematically, nationally, and regionally). This could be proactive or commissioned applied and policy research.
- Develop functional cooperating modalities with like-minded research institutions nationally, regionally and internationally. Identify national, regional and international extractive industry experts for possible cooperation pertaining to the research activities of the HUB;

Networking Component

Networking is critical and prerequisite for modern service providers, and thus the HUB should work to enhance and strength its networking and cooperation for the mutual benefits of the HUB, cooperating partners, stakeholders and clients.

Creating, developing, enhancing and sustaining functional networking using various ITC modalities has to have due attention as early as possible. Considerations of availability, visibility, connectivity, affordability, accessibility among others should be carefully assessed and used.

Examples of activities in this component could cover the followings:

- Establish a database of extractive industry official entities (ministries; SOCs, etc.) and foreign companies active in MENA region and related supporting institutions, e.g. consultancy firms; service providers; research entities;
- Establish links with national, regional and international extractive industry training providers, including academia and the training units of major energy and engineering companies; identify certification routes and equivalent qualifications;
- Prepare a web-based information service giving information about what is going on in extractive industry in MENA region and on the countries;
- Hold seminars, workshops, conferences and round-tables on specific themes and topics pertaining to extractive industry in MENA region;
- Publish a regular newsletter/email/social media outreach giving information on the HUB activities and similar activities by others within MENA region;

Due to time limitation Beirut meeting did not discuss thoroughly both the applied and policy research and networking components of the HUB. Therefore I hope the above could help in furthering the debate on the three components of the proposed HUB.

Budget & Funding

The Feasibility Study should suggest interim annual budgets based on the HUB phases of implementation with possible source of funding. The budget should elaborate on the main cost-items, amounts, mode of implementation, timelines and explanatory note among others. In addition to the budgets the feasibility study should also provide, to the extent possible, a Cash Flow Analysis comprising major Cost and Revenue streams for the HUB.

External Monitoring, Evaluation and Auditing

HUB's annual activities, functioning and financial conduct should adhere to principles of transparency, efficiency and effectiveness. Thus the HUB should be subject to periodical External Monitoring, Evaluation and Auditing to ensure compliance.

Concluding remarks

Establishing this HUB is a welcoming development to enhance good democratic and effective governance of the extractive industry in MENA region, and surely will provide further support and strengthening EITI profile in the region and encourage compliance.

As a service provider or service interlocker the HUB should work and fill the identified existing gaps in professional industry-related skills; conduct needed applied policy research of direct relevance to practical operational matters of the regional and national extractive industry; and create, enhance and sustain comprehensive database, documentation and information centre with good networking with clients, cooperating partners and other stakeholders.

Hence, comprehensive and well-structured base-line surveys and capacity development situation assessments on the regional and national levels are preferable for the demarcation of HUB strategy and plans of action.

The HUB development phases justify conducting feasibility study to explore all matters that could have bearings on the functioning, impacts and the outcomes of the HUB.

Also a demarcation should be made clear between what the HUB and RWI (especially after the merger with Natural Resources Charter forming a new Natural Resources Governance Institute-NRGI) would do to avoid duplication and ensure coherence.

Beirut meeting was a success and first step on the right path, but more thinking is needed to have holistic view and integrated approach to ensure effective, efficient and contributing HUB in MENA region.

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