



WORKSHOP REPORT

Building Knowledge on Petroleum Resources Management
Nairobi, Kenya • December 1-3 & 15-17, 2015

1. INTRODUCTION

Representatives from the Federal Government of Somalia (FGS), Puntland, Galmudug, Jubaland and South West State convened in Nairobi, Kenya for two knowledge-building workshops on petroleum resources management. The workshops, organized by the Ministry of Petroleum and Mineral Resources (MoPMR) of Somalia, provided technical information designed to bring all participants to the same level of knowledge on all aspects required to create a shared vision for the Somali petroleum sector.

These workshops are part of a program led by the FGS and facilitated by the World Bank, to convene high-level meetings between the FGS and Federal Member States (FMS) to achieve a shared vision on petroleum ownership, control and revenue sharing of petroleum resources. In addition, the World Bank provides limited but high priority technical assistance to the FGS in line with the Ministry of Petroleum and Mineral Resources Annual Strategic Plan

The consultative process has four phases. The first phase of political accommodation served to understand the realities and expectations from relevant decision makers across Somalia and agree on the importance to have an open space for knowledge and dialogue.

The second phase of the process consisted of the technical knowledge-building workshops held in Nairobi, Kenya in December 2015.

The third phase of the process, starting in January 2016, will consist of consultative meetings between authorities from the Somali Peninsula with the aim of reaching a common understanding and vision for the development of the petroleum sector in Somalia.

In the fourth phase, Somali authorities will subsequently be responsible for updating the constitutional and legal framework with respect to the definition of ownership, management and revenue sharing of petroleum resources that meets the legitimate expectations of all Somali stakeholders. As part of this effort, inclusive participation of relevant stakeholders from the Somali Peninsula will be ensured.

In parallel, the World Bank will provide technical assistance to the review of the petroleum policy, legal, fiscal and revenue sharing frameworks for the Federal Republic of Somalia and to the training of FGS staff to negotiate and manage petroleum contracts.

The international community contributes to this program through the Multi-Partner Fund for Somalia (MPF).

2. INSIGHTS

developed from the workshops

- While expectations of oil resources in Somalia may be modest, revenues can still be significant for the country.
- Somalia faces a range of challenges in the development of its petroleum sector, which require cooperation between FGS and FMS.
- This is a historic moment for Somalia: a shared vision on ownership, control and revenue sharing of petroleum resources can make the difference between revenue streams contributing to inclusive economic development and resource-fueled conflict and economic regression.
- A clear willingness to come to an agreement was observed in both workshops across traditional fault lines and institutions.
- Participants have benefited from an intensive knowledge-building program on a wide range of topics related to the petroleum value chain in a federal context, which is critical to create a similar basis of knowledge.
- The workshops were instrumental to establish communication between member states and the federal government both at technical and decision-making levels. Over the course of the workshops confidence and trust has increased, according to participants.
- A momentum has been established amongst participants to achieve a shared Somali vision for the petroleum sector.

Participants have defined the following vision statement as a starting point for achieving an agreement on ownership, control and revenue sharing of petroleum resources:

“Somalia will exploit its petroleum resources effectively to achieve peace, stability, shared prosperity and sustainable development for all Somalis through shared ownership and responsibility. The principles of inclusiveness, equal opportunity, transparency, accountability and minimizing environmental and social impact will guide the development of the Somali petroleum sector”.

- Both FMS and FGS recognize that they need each other to achieve that vision. A willingness to compromise was demonstrated during the workshops.
- Participants recognize that transparency and sharing of information is essential to continue to build the trust required to achieve an agreement. Participants agreed not to repeat past mistakes.
- Participants demonstrated a strong similarity of views during the workshops across a wide range of topics. For example, they held some of the key principles related to sharing of petroleum wealth in common.

- Member States need to have the comfort that their interest are protected for the long term.
- A process has been outlined to create an agreement on the petroleum sector. In the first stage the Somali Leaders will agree on the mandate for the Technical Committee and the process. In the second stage the Technical Committee will develop an agreement and propose options (through discussion of key issues, development of options, consultations etc.). In the final stage, the National Consultative Forum will amend or endorse the agreement and communicate to the Somali population. This process will commence in January 2016.
- There is a growing awareness that a good and sustainable agreement based on joint dialogue and consensus is more important than a fast agreement. However the process to reach an agreement on ownership, control and revenue sharing of petroleum resources will need to align with the constitutional process and an interim agreement at an appropriate time may therefore be envisaged.
- Inclusiveness is essential for the legitimacy of the resulting agreement. FGS and FMS need to consider how to include Somaliland, emerging member states and broader stakeholders as part of the consultations.
- Both FGS and FMS requested continued access to technical expertise provided by the World Bank to inform and facilitate the discussions in the Technical Committee

on an agreement on ownership, control and revenue sharing of petroleum resources.

- Many political and other tensions occurring in Somalia can impact the progress of the process to reach an agreement. Having said that, an agreement on petroleum resources could act as a catalyst for other agreements in the country.



“We hope to be able to take back this information and be able to come up with appropriate policies, laws and legislation, and come up with a proper agreement and framework”. Mariam Mohamed, FGS delegation

“Building Knowledge on Petroleum Resources Management”

Consultative process for a shared vision on the development of the petroleum sector in the Somali Peninsula

Sponsored by the Minister of Petroleum and Mineral Resources, Federal Government of Somalia

December 1-3, 2015
Panafric Hotel, Nairobi, Kenya

Time	December 1	Speaker	Time	December 2	Speaker	Time	December 3	Speaker
9.00	Opening and welcome remarks Introduction to a Shared Vision	Mohamed Mukhtar Hugh Riddell Lex Huurdeman	9.00	Understanding the needs and interests of stakeholders in the value chain	Armand Holle	9.00	Transparency: the key to credible cooperation between authorities	Michael Jarvis
10.30	Tea break		10.30	Tea break		10.30	Tea break	
11.00	Understanding the oil and gas value chain	Armand Holle	11.00	Institutional roles required to manage the petroleum value chain	Armand Holle	11.00	Petroleum Master Planning: what decisions need to be made and when?	Leonard Crook
12.30	Lunch		12.30	Lunch		12.30	Lunch	
13.30	Dealing with ownership, management and revenue sharing of petroleum resources in federations.	George Anderson	13.30	International experience with managing civil conflict around petroleum developments	David Nyheim	13.30	Oil and gas field management practices across political boundaries through unitization	Armand Holle
15.00	Tea break		15.00	Tea break		15.00	Tea break	
15.30	Comparative International experiences of managing petroleum resources in federal systems	George Anderson	15.30	International experience with managing civil conflict around petroleum developments	David Nyheim	15.30	Summary of key points of the workshop	Lex Huurdeman
17.00	Close		17.00	Close		17.00	Close	

3. WORKSHOP 1: KEY MESSAGES

Session 1: Understanding the Oil and Gas Value Chain

- Large investments are necessary for complex/ long term projects to be managed with stable policies, regulations and institutions.
- Oil and gas projects have common elements, but also have a number of essential differences
- The time between a discovery and first production (and revenues) varies from 4-6 years for oil and 8-10 years for gas.
- Petroleum is a finite resource. The sector activities should be extended for the sustainable benefit of the national economy, to include supply chain and local content as well as forward linked industries,

Session 2: Federalism

There is a need to consider ownership, management and revenue sharing for petroleum in a federal context individually, because they can operate quite independently of one another. Ownership does not necessarily predict which government manages the resource or gets the primary resource revenues.

Federations vary tremendously in how they are structured and function and this is true for oil and gas. There is no one best way. The choice of

approach depends on the character of the country but also on the real or potential importance of petroleum for governments and the economy.

Session 3: Management and Revenue Sharing

- Some of the older federations assign the lead responsibility for managing the petroleum sector to the states. In these cases, the federal governments also have a variety of fiscal and regulatory levers that can affect the development and activities of the petroleum sector.
- In most federations, especially in developing countries, the federal government leads on petroleum management. This can even be true where the states have constitutional ownership of the resources, as in India, Pakistan and Malaysia.
- True joint management of petroleum between federal and state governments is a rare exception. However, some federations with federal leadership of petroleum management do have limited provisions for a role by the states in regulation and policy decisions.
- The petroleum industry is very complex and its proper management requires significant professional capacity, which is expensive.

- So as Somalis consider how to manage petroleum, it's important to consider whether the federal or the member state level should have the lead responsibility or whether they want some elements of joint management. Different management models will give rise to different capacity needs and costs, as well as impact the effectiveness of making predictable and timely decisions.
- Revenue sharing is potentially easier to resolve than management. A key question is how much a member state should get a special share of petroleum revenues from activities in its area. Federal experiences vary a good deal from no extra revenues to very large extra revenues. One principle is giving revenues to the state where they are derived; the other is giving them to states on the basis of need. In practice, there is often a balance between the two approaches. Related to this is the larger question—beyond the petroleum sector—of whether Somalis want a federation that has a large measure of equality across states or whether they are prepared to see significant differences. If these larger questions can be answered, this will give a framework to work out more detailed arrangements on revenue sharing.
- One caution is to avoid putting a rigid percentage for revenue sharing into the constitution. The constitution should be appropriate for a wide variety of scenarios in terms of the value and regional concentration of production. Rigid percentages in constitutions have been problematic. However, it would be possible to develop a formula that could apply in very different conditions.

- It may be helpful to focus on the management and revenue sharing issues first and to leave the ownership question to the end of negotiations. This is because the ownership issue is largely symbolic.

Session 4: Stakeholders Interests

- Petroleum activities generate both benefits and risks for stakeholders.
- Host Governments and IOC's have both aligned and partially competing interests.
- A balance should be struck to keep the Host Country attractive for investors, whilst maximizing direct and indirect benefits to the country.
- The risks for the Host Country are identifiable and can be prevented or mitigated by anticipation and through good governance. Doing so, creates tangible value for the Host Country.
- Considering the interests of all stakeholders, not just now but also over time, contributes to avoidance of petroleum related conflict.

Session 5: Institutional Framework & Governance

- The institutional framework is the most important value determinant within the control of the Host Government
- Different institutional models and examples can be considered to meet prevailing circumstance in Somalia. Critical success factors are:
 - Clear responsibilities; no overlap of responsibilities; proper coordination.
 - Allow for adequate authority and resources.

- Ensure adequate technical capacity and market knowledge in the institutions. This is essential to have symmetrical know-how with IOC's at negotiations and key decision points.
- Segregate policy roles from administrative and compliance roles from commercial and investment roles to allow for the build-up of adequate know-how and to avoid conflicts of interest.

Session 6: Managing Civil Conflict

- Accept that there will be conflicts and disputes associated to petroleum development. Show leadership by using these conflicts and disputes to improve overall petroleum sector management and ensure they do not degenerate into violent confrontations.
- Take the necessary time to resolve issues that may impede the establishment of a petroleum sector management framework that is good for the country – now and in the future.
- Recognize that risks to petroleum related violent conflict are driven by: (a) the infrastructure of violence; (b) state fragility; (c) weak legislation and regulation; (d) operational issues and (e) corporate behavior.
- The reduction of risks of petroleum related violent conflict is possible. It involves the formulation of strategy, and within that strategy, a set of political decisions, technical measures, and actions directed at corporate actors.

Session 7: Transparency

- Transparency is a necessary and important tool for successful management of natural resources.
- Proactive sharing of information is critical to credible cooperation across levels of government.
- Transparency matters across the extractives value chain, and can support both revenue optimization and conflict mitigation.
- Information needs to be truly accessible, timely and accurate - coupled with capacity for appropriate understanding and use of the information across stakeholders.
- Transparency alone will not guarantee good results, and in contexts of fragility needs to be carefully managed.

Session 8: Petroleum Master Planning

A Master Plan is a strategic roadmap for government policy-makers that detail the policy and investment decisions they must make in order to achieve their vision for how the oil and gas industry will operate in Somalia in the future.

- The vision sets the founding principles for the industry's role in Somalia.
- Consensus is developed by engaging stakeholders – national and regional governments and ministries, civil society, major economic entities -- through a transparent process.
- Based on sound analysis of the present situation, and identifies gaps in knowledge that require additional analysis over time to better inform decision makers.

- The Master Plan is a “Living Document” that will guide Government action at present, but it must evolve time as new information is available.
- The Master Plan represents the government’s commitment to follow the path laid out in the plan.

Session 9: Management Across Boundaries

- If the border is agreed, cross border unitization applies.
- If the border is disputed, a joint development zone would apply for which different models are possible.
- Whatever solution is applicable:
 - Technical understanding of the reservoir is crucial, but not a reason to hold up development
 - Early involvement of all parties in a spirit of co-operation avoids deferred development and financial loss
 - Alignment between government and private license holders is essential
 - Agree the determination procedure as early as possible and appoint external experts



“I think going forward it will influence the multi-stakeholders involved, specially decisions-makers, to make informed decisions around the management, ownership and sharing of the benefits of the petroleum sector in Somalia. And ultimately will help contribute to the stability and prosperity of Somalia.” Mohamed Mohamed, Puntland delegation.

Agenda Workshop 2

December 15-17, 2015 Panafric Hotel, Nairobi, Kenya

Time	December 15	Speaker	Time	December 16	Speaker	Time	December 17	Speaker
9.00	Welcome and recap	Lex Huurdeman	9.00	The specificities of taxing resource extraction	Charles McPherson	9.00	Funds – instruments for consolidation, stability, investment and saving	Kevin Carey
10.30	Tea break		10.30	Tea break		10.30	Tea break	
11.00	Petroleum Agreements: get the best deal, while still attracting investments	John Beardsworth	11.00	Revenue collection and mobilization: institutions and legal framework	Charles McPherson	11.00	Creating sustainable impacts: how to build Local Content	Masuma Farooki
12.30	Lunch		12.30	Lunch		12.30	Lunch	
13.30	The petroleum legislative framework in a federation; issues for the Constitution, the Petroleum Law and the petroleum regulations	John Beardsworth	13.30	Petroleum revenue sharing in the context of fiscal federalism and resource ownership models in federal systems	George Anderson	13.30	Summary from the workshops: what are feasible policy choices for the development of the Somali petroleum sector?	Lex Huurdeman
15.00	Tea break		15.00	Tea break		15.00	Tea break	
15.30	Environmental and Social dimensions of petroleum development	Fernando Rodriguez	15.30	Macroeconomic policy framework for resource rich countries	Kevin Carey	15.30	Introduction to mediation approach and next steps: participatory mediation design	Paul Simkin
17.00	Close		17.00	Close		17.00	Close	

4. WORKSHOP 2: KEY MESSAGES

Session 1: Petroleum Agreements

- The most important consideration in ensuring an equitable and stable petroleum sector—particularly in federations with potentially conflicting local and national interests—is a clear and robust regime for allocating petroleum revenues.
- Establishing an appropriate fiscal regime for petroleum revenues is essential in striking the proper balance between attracting investment and getting the best deal for the host country.
- Production sharing contracts are the most common form of petroleum agreement in countries with developing petroleum sectors, as they allow for progressive revenue sharing and relatively simple administration.
- Within production sharing contracts, there are a number of sharing mechanism options, with profitability-based (ROR and R-Factor) ones offering the highest degree of progressivity.
- In addition to establishing an appropriate petroleum management and revenue allocation structure, it is essential to adopt transparency measures that help to ensure good governance in the petroleum sector.

Session 2: Federal Petroleum Legislative Framework

- Well-structured petroleum legal and regulatory frameworks feature a number of key components.
- Constitutions address fundamental concerns, such as revenue allocation and ownership of petroleum resources, which are of critical importance in federal systems.
- Petroleum laws and petroleum regulations work together to (i) broadly sketch the rules of participation in the sector, and (ii) provide a flexible means for filling in the details, many of which will need to evolve over time as the sector matures.
- Model petroleum agreements set out standardized terms applicable to all contractors, which eases the administrative burdens on the entity(ies) responsible for contract compliance, which in turn helps to ensure that the country and its citizens receive the contractual benefits from the petroleum resources to which they are entitled.

Session 3: Environmental and Social Dimensions

- Conduct a strategic environmental and social assessment (SESA) to establish key parameters for sustained oil and gas sector development and inform the needed sector and institution reforms
- Establish legally binding environmental and social standards (internationally accepted good practice) that carry over into contracts, licenses, and concessions.
- Establish a robust natural and social resource management policy framework, including an explicit requirement to conduct project-specific ESAs prior to the commencement of activities.
- Ensure alignment and equivalency of environmental and social legislative requirements across all Member States.
- Establish a robust and capable regulator charged with safeguarding natural and social capital, promulgating standards and regulatory enforcement. Ensure it is properly staffed and resourced to fulfill its mission.
- Leverage inclusive consultative processes to evaluate and revise social and environmental assessment processes and petroleum-specific laws and regulations.
- Gradually incorporate local content provisions into contracts to ensure that companies and operators contribute to training and building workforce and supply chain capacity.
- Establish a government Open Data Portal and actively focus on sharing information

pertaining to concession allocations, baseline information, standards, government budgets and eventually revenue management apportionments.

- Use revenue from sector development to build social capital through investments in services (i.e. education, health), productive sectors that translate into employment prospects, and opportunities to improve livelihoods, enable inclusive and equitable growth and gender considerations.

Session 4: Petroleum Fiscal Regimes

- The fiscal regime is a key component of the overall framework for investment in the petroleum sector
- Peculiar features of the sector need to be recognized in the design of its fiscal regime .g. the long lead times and significant scale of investments, the volatility of prices, the variability of costs
- Prerequisite to the design of the regime is consensus among stakeholders on fiscal objectives. These might include: progressive capture of rents (excess profits), timing of fiscal revenue, and international competitiveness.
- Multiple fiscal objectives require multiple instruments, each with their own pluses and minuses:
 - Profit taxes; efficient, non-distorting, but revenues are 'back-loaded' and demanding in terms of administration.

- Royalties; regressive, distorting, but provides revenues early and easier to administer.
- Production Sharing; combines features of profit taxes (sharing of profit oil) and royalties (the result of fixed maximum cost oil provisions)
- Design of fiscal mechanisms to progressively capture rent require special attention. Best outcomes are expected where fiscal instruments are linked to actual measures of project profitability (R-factor or ROR)
- State Participation can take a variety of forms all of which have fiscal equivalents (rent tax, dividend tax etc.), except for full equity participation. Where there is a fiscal equivalence, other fiscal terms may have to be adjusted to maintain the same level of investor interest. The full equity option requires careful discussion before being adopted (cost implications, potential for delays, government assuming risk, alternative demands on funds)

Session 5: Petroleum Fiscal Administration

- Fiscal administration is too often the weak link in converting oil wealth into national wealth.
- Failures in performance of routine functions jeopardize revenue collection, good governance and country reputation.
- Recommended responses include reductions in the number of taxes and agencies involved and harmonization of payment procedures

- Critical non-routine functions (e.g. fiscal price, cost and volume determinations, audits and the handling of appeals) require special expertise.
- Centralized administration is recommended on the grounds of improved accountability, avoidance of duplication, coordination of compliance strategies and avoidance of dissipation of capacity building efforts.
- Transparency should apply across the board to administrative functions.

Exercise: Participants' views on sharing principles

Should producing states receive a special share of net petroleum revenues?

All participants agreed that this should be the case.

How much fiscal disparity between member states as a result of sharing of revenues would be acceptable?

A majority of participants were in favor of minimal disparity to reflect egalitarian principles. A minority felt that wider disparity would be acceptable in case that this was the result of fair sharing criteria based on state programs addressing needs.

Does Somalia need to create funds for stabilization or saving?

All participants agreed that this should be the case

Does a net petroleum revenue sharing regime have to be flexible over time?

Most participants agreed that this should be the case, but for a variety of reasons (e.g. changing needs over time, price fluctuations, changing number of producing states). The advantage of a more stable regime to overcome distrust was mentioned by a participant.

Session 6: Petroleum Resource Revenue Sharing

- Sharing of net petroleum revenues with producing states is a common practice in many federations. It responds to the sense of the population in a state that they have a special stake in the resource, even when the resource is deemed to be owned in the Constitution by the people of the whole country or by the federal government.
- There have been negative experiences with allocating revenues to producing states when these have been defined as fixed percentage share, because these are not sensitive to different circumstances and have resulted in major fiscal disparities between states.
- It is important to have a clear definition of what petroleum revenues will be shared with producing states. One aspect of this would be whether some or all revenues from offshore production was considered to be from within a state.
- A good practice in a Constitution is to provide for a National Revenue Account (NRA), held by the Central Bank, to receive all revenues determined and collected by the federal government. This account would be outside of the federal budget. There would be a formula for allocations from this account, to be revised periodically to address changing circumstances and needs.
- The allocations from the NRA could include a share of net petroleum revenues going to states where they were generated. A further share could be allocated to a Stabilization Fund and the principles and rules governing deposits into this fund and withdrawals would need to be developed.

- The remaining net petroleum revenues and all other revenues collected by the federal government could then be available for distribution to the federal and state governments. This would be done largely on the basis of need, but principles and criteria could be stated in the Constitution. The actual formula for allocation would need to be adjusted periodically and procedures for decisions in this regard would be required.
- Over and above the revenue sharing model, the federal government could provide additional resources from its own budget through fiscal transfers. These could be conditional or unconditional in nature. This would be distinct from arrangement for sharing of net petroleum revenues.

Session 7: Macro-Fiscal Policy Framework for RRC

- Standard macro-fiscal policy frameworks need some adaptation to be suitable for economies with current or prospective resource revenues, but the key principle is that revenue from an exhaustible resource should be seen as a form of financing -- an asset is being reduced.
- This financing allows the non-resource budget deficit to be larger than it otherwise would be, but there are still limits to how much total debt is compatible with fiscal sustainability.
- How much should public spending is warranted from resource revenues? The standard answer is the level of spending that is equivalent to the interest earnings on total oil wealth ("permanent income").

- This recommendation may not be consistent with the deep investment needs of low income countries, so modifications to the recommendation allowing for front-loading of investment have been introduced .
- This adjustment in recommendations is reflected in the evolution of thinking about resource funds away from conventional overseas financial assets held by Sovereign Wealth Funds to domestic investments managed by a Sovereign Development Fund.
- But Somalia should not wait for the onset of resource wealth to put these policies and institutions in place. Sound budgetary institutions are needed immediately for Somalia to achieve its goals through more effective mobilization and spending of available resources and financing options.

Session 8: Funds

- Traditional roles of sovereign funds was to insulate the budget from revenue volatility and governance problems which would otherwise lead to excessive spending.
- In fact this insulation role is very difficult and not sufficient on its own to counter pressures to spend resource revenue in the near-term.
- But coupled with transparency and oversight mechanisms and a credible domestic investment program, a fund can be a good way to balance the advantages of foreign and domestic investment of revenues.
- In practice, a stabilization and liquidity motive remains very important for resource rich counties, at all income levels.

Session 9: Linkages and Industrial Development

- Supplier development programs are considered best practice, and should be designed from an early stage in project development, rather than when a field goes into production. Gathering base line data around domestic firm capacities is recommended for these programs to be effective.
- Joint ventures between less capable domestic firms and more capable international supplier firms can facilitate skills development, technology transfer and business development in the country.
- Local content policy can either take the form of regulations (included in legal code or concession agreements) or be used for coordinating efforts by various oil firms (based on a consultative/dialogue process).
- Supplier development programs are considered best practice, and should be designed from an early stage in project development, rather than when a field goes into production. Gathering base line data around domestic firm capacities is recommended for these programs to be effective.
- Joint ventures between less capable domestic firms and more capable international supplier firms can facilitate skills development, technology transfer and business development in the country.
- Local content policy can either take the form of regulations (included in legal code or concession agreements) or be used for coordinating efforts by various oil firms (based on a consultative/dialogue process).



“At this juncture of the history, after being in a conflict for the past 25 years, it’s very important that we reach an agreement on resource sharing and how we do it, and at least this workshop has given us important information that is needed at the moment, to make such an important decisions from our side”. Mohamed Abdilahi, South West delegation

5. SPEAKERS' BIOS

Alexander Huurdeman is a Senior Oil and Gas Expert at the World Bank. Lex brings senior leadership with over 30 years of global experience in the oil and gas sector. He is responsible for the World Bank oil and gas programs in East Africa, leading preparation and negotiation of financial instruments for oil and gas infrastructure and responsible for major policy initiatives and advice to Governments. Prior to that, he held technical, commercial and senior management roles in Shell International E&P in the Middle East, Europe, North Africa and Asia. Lex is a Dutch national, is married and has two children. He was educated as a Mining and Petroleum Engineer at Delft University.

George R.M. Anderson is a fellow at the Institute on Democracy and Diversity at Queen's University in Canada and a frequent consultant with the United Nations on constitutional transitions. He was a career civil servant in the Canadian government, with senior appointments in the Energy, Finance, Foreign Affairs and Finance departments before becoming Deputy Minister of Intergovernmental Affairs (1996-2002) and of Natural Resources Canada (2002-2005). He was President of the Forum of Federations, an international NGO supported by nine countries, 2005-2011. Educated at Queen's and Oxford and the École Nationale d'Administration in Paris. Fellow at Harvard's Center for International Affairs (1992-93) and senior fellow at the Center on Constitutional Transitions, Faculty of Law, New York University (2013-14). Author of *Federalism: An Introduction* (2008) and *Fiscal Federalism: An Introduction* (2010), which have been translated into 22 and 12 languages respectively. Editor of *Oil and Gas in Federal Systems* and *Internal Markets and Multilevel Governance* (both 2012) and co-editor of *Federal Rivers* (forthcoming 2013). A mentor, Trudeau Foundation, 2011. Trustee emeritus, Queen's University. Member of advisory board, Mowat Centre, University of Toronto.

Fernando Rodriguez is a leading consultant in environmental, social, health & safety and sustainable development management, with 30 years of experience working with industries, investors and governments worldwide. He has extensive stakeholder engagement experience, including regional tripartite dialogs, and he has contributed to the development of case studies and oil and gas industry best practices including IPIECA, IOGP, and ARPEL. He is a columnist in oil issues and sustainable development, a speaker and panelist in conferences and symposiums held by industry, business forums, and NGOs around the world, and his work has earned him multiple international recognitions. Fernando is the founder and Managing Director of HSE International and concurrently a Consultant to the World Bank Group. Prior to consulting, He held various executive level leadership, senior management and technical positions, including in the oil and gas industry with ConocoPhillips - the largest independent oil & gas exploration and production company in the world, in the renewable wind energy sector with Vestas, and in infrastructure development with Halff. Fernando received engineering degrees from the University of Colorado, and completed executive education at the University of Cambridge, Thunderbird University, and at Harvard - MIT. He is a member of the Society of Petroleum Engineers (SPE) and the International Association of Impact Assessment (IAIA). Fernando is based in the USA.

Kevin Carey is a Lead Economist in the East Africa and Great Lakes macroeconomics and fiscal management group at the World Bank. Kevin, an Irish national, joined the World Bank staff as a senior economist in the Middle East and North Africa economic and social development department in 2007. He initially worked on the Gulf Cooperation Council countries technical cooperation program and later became lead economist specializing in oil and gas macroeconomic issues throughout the region. More recently, he had been working on Iraq and Jordan, as well as supporting the WB's thematic groups on natural resource rents and conflict. Prior to joining the Bank staff, Kevin worked on a term appointment for the IMF Africa Department during 2004-2006, with the division that produces the IMF Africa Regional Economic Outlook. During 2002-2004, he was with the World Bank Institute team providing capacity building for poverty reduction strategies in eastern and southern Africa. Kevin has also held academic positions at the University of Miami in Coral Gables, Florida, and at American University in Washington DC. He has a Ph.D. from Princeton University and a B.A. in Economics from Trinity College, Dublin.

Charles McPherson is an independent international consultant on petroleum and mineral policy, fiscal, legal, licensing, contractual and institutional issues. He served as a resource tax policy adviser at the International Monetary Fund focusing on fiscal and financial policies in petroleum and mineral rich countries. Prior to joining the IMF, he was senior adviser oil, gas and mining and manager of oil and gas at the World Bank. His work at the Bank comprised support to petroleum sector reform and revenue management in addition to sector lending activities in a wide range of developing countries and economies in transition. Specific country experience includes *inter alia* Angola, Argentina, Mexico, Nigeria and the Russian Federation. Before joining the Bank, Mr. McPherson spent 15 years at two international oil companies, holding a variety of senior positions in international negotiations and government agreements. In addition to his consulting work, Mr. McPherson teaches courses on resource management and governance at the Centre for Energy, Petroleum and Mineral Law and Policy, University of Dundee in Scotland. Mr. McPherson is a Canadian and British citizen and holds a PhD in economics from the University of Chicago.

John J. Beardsworth, Jr. is the global head of Hunton & Williams' business practice group, which comprises its corporate team, capital finance and real estate team, energy and project finance team and its tax and ERISA team. He is a member of the firm's Executive Committee and Partnership Admission Committee. With 35 years of experience, he focuses his practice on energy, infrastructure transactions and extractive industries. John has extensive experience in restructuring and privatization, utility and infrastructure project development, domestic and international contract and finance matters, and the purchase and sale of energy, infrastructure and extractive industry assets. He has significant experience advising clients on oil and gas matters.

Armand Holle graduated almost forty years ago from Utrecht University in the Netherlands, with a master's degree in Netherlands' and International Law. Shortly thereafter he joined Shell and during the following 27 years he worked for the company and held 8 different legal, commercial and management jobs around the world in the oil - and gas and the mining sector. He speaks five languages, which has served him well in his career. Since 1986 Armand was involved in designing the strategy for and negotiating major oil- and gas transactions for Shell. In 2004 he was Shell's Legal Director EP/Africa when he decided to change his career in a more entrepreneurial way. He established a company and together with several former colleagues engaged in the area of consulting with particular focus on Sub-Sahara Africa.

David Nyheim is the Chief Executive of Europe Conflict and Security (ECAS) Consulting Ltd. (United Kingdom). He has 20 years of experience in dialogue process design and facilitation, stabilisation strategy development, early warning and risk assessment, and work on armed violence reduction. Prior to joining ECAS, he served for six years as the Director of the Forum for Early Warning and Early Response (FEWER) and held several policy and research positions in the European Commission and universities (Belgium and United Kingdom). As a consultant, David has worked for governments, United Nations agencies, and corporations in the North Caucasus, West and East Africa, South and Southeast Asia, and the Pacific. His work on petroleum-related violent conflicts has involved conflict resolution, stabilisation operations, human rights support, and early warning system development for corporate and government clients in Nigeria, Iraq, Guinea, Russia, and Honduras. David is trained in political science (McGill), public health (Louvain and LSHTM), and economics (London School of Economics). Based in Malta, David is fluent in English, French, Norwegian, and Italian.

Dr. Masuma Farooki is a Senior Resources Policy Consultant at SNL Metals & Mining (UK). She is a development economist, working on commodity related issues for developing and advanced countries. Her current focus is on the socio-economic impact of the mining industry, with a particular interest in the capture and distribution of resource rents, the development of linkages and the preparation of investment promotion strategies for the state. Her work involves analysis of global value chains, industrial, trade policies and mineral policies. She works with public and private sector clients, as well as international development partners. She has conducted research on a wide variety of issues within the extractive sector; such as analyzing the impact of permit delays on mining investments in the US; Upgrading supplier firms in the Southern African mining sector through linkages with European SMEs, Local Content Policy for the extractive sector in Liberia, Standardizing EITI Data requirements and access, the Impact of Foreign Investment on the extractive sector in Guyana to name a few. She has a PhD in Development Policy from the Open University (UK), an MPhil in Development Studies from the Institute of Development Studies in Sussex (UK) and an MPhil in Economics from the GC University Lahore (Pakistan).

Paul Simkin has worked in the Horn of Africa for the past 15 years, with the European Commission, United Nations and Conflict Dynamics International. Paul specializes in conflict mediation and peace building and has played an active role in Kenya's post-election violence, conflict in the great lakes region and the protracted Somali crisis. Paul has maintained a personal commitment to environmental protection and is the founding members of Nkwichi lodge.

Michael Jarvis is the Global Lead, Extractives Governance within the World Bank Group's Governance Global Practice. He guides the Extractives Governance thematic group with a focus on knowledge, learning and innovative approaches to strengthening good governance in the critical oil, gas and mining sectors. This builds on his development of Governance for Extractive Industries programming within the World Bank Institute. Michael has worked over ten years with the World Bank in a variety of roles relating to anti corruption, private sector roles in development, and multi-stakeholder governance. This included a focus on contracting issues through which he helped shepherd development of a new global initiative on Open Contracting to promote better outcomes from the estimated \$9.5 trillion in public-private contracts globally. Michael previously worked on industry codes of conduct and as a consultant on corporate responsibility issues. Michael has advanced degrees from the University of Cambridge and Johns Hopkins University. He is a frequent author and blogger.



Leonard Crook is Vice President at ICF International and has more than 30 years of experience in North American and international natural gas markets. His practice at ICF has focused on the economics of gas supply, pipelines, liquefied natural gas (LNG), and gas markets. He has advised distribution companies, independent power producers (IPP), and electric utilities on gas supply strategies, and he has served as lenders' gas expert on more than \$4 billion in project-financed power and natural gas facilities. Prior to joining ICF, Mr. Crook served at the Federal Energy Regulatory Commission (FERC) for 10 years, where he held positions in hydro licensing, Office of Economics, and Pipeline and Producer Regulation. Mr. Crook has an M.A. in History and a B.A. in Economics and History from the University of Memphis.

“This is the beginning of a constructive capacity building process for all stakeholders in Somalia.” Omar Mohamed, Advisor to the President of Jubbaland

Disclaimer: The findings, interpretations, and conclusions expressed in this paper do not necessarily reflect the views of the Executive Directors of The World Bank or the governments they represent. They are entirely those of the author(s) and should not be attributed in any manner to the World Bank, or its affiliated organizations, or to members of its board of executive directors for the countries they represent.

WORKSHOP REPORT

Building Knowledge on Petroleum Resources Management

Nairobi, Kenya • December 1-3 & 15-17, 2015