

Law No. 84

Issued on the 10th of October 2018

Enhancing Transparency in the Petroleum Sector

The Chamber of Deputies enacted

And the President of the Republic disclosed

The law that reads as follows:

Part One – General Provisions

Article 1 – Scope of the Law

The present law shall be applicable on all the petroleum activities, be they in the Lebanese offshore or onshore, and on all the workers related to these activities, be they Lebanese or foreigners, be they in the public or the private sector.

Article 2 – Definitions

The following definitions shall apply to terminology and nomenclature, wherever they may occur in the present law:

- **The Administration:** the Lebanese Petroleum Administration, established under Law no. 132/2010 (Offshore Petroleum Resources Law OPRL).
- **The relevant parties:** the Council of Ministers, the Ministry of Energy and Water and the Lebanese Petroleum Administration based on the powers conferred to each of them under Law no. 132/2010 (Offshore Petroleum Resources Law OPRL), as well as all the ministries, administrations and government bodies directly relevant to petroleum activities.
- **Publication:** mandatory publication to inform the public through the website of the Administration, and depending on the will of the publisher, informing the public through the Official Gazette and/or any other available mean.
- **Disclosure:** making a certain information known by the public, whether it is new or unknown, by any available mean to inform the public, with the exception of the data and information classified as secret under the laws in force.
- **Information:** everything published and disclosed in order to give effect of the present law.
- **Decommissioning:** cessation of the production and ensuring the safety of the drilled wells and the relevant infrastructure, in terms of safety, health and environment, as well as dismantling and eliminating the facility as stipulated in the applicable laws, partially or totally, in accordance with the stipulations of the decommissioning plan, on which the competent authorities had agreed, and the removal of the remaining material, be they remainders of production or chemical additives used in production, in addition to packing and shipping these elements to the designated locations, in conformity with the appropriate requirements. Additionally, the decommissioning process includes the implementation of the necessary measures to restore the location with safe environmental conditions, with the need to keep the site monitored and supervised for a certain period of time, until ensuring the stability of the proper environmental and geological conditions.
- **Social expenditures:** the funds expended by Corporate Petroleum Right Holders and Operator Right Holders, through the corporate social responsibility, including but not limited to improving the situation of the environment and local communities, encouraging the growth and development of the society, avoiding the practices that damage the public interest and activating sustainable development.

- **Petroleum activities:** planning, preparing, assembling and implementing the activities related to the reservoir located beneath the land and the seabed, such as reconnaissance, exploration, production, investment, construction of pipelines, development of facilities, production from reservoirs and transportation, in addition to the cessation of these activities. The transportation of petroleum in bulk quantities via cargo ships and vehicles shall not be considered as part of the petroleum activities.
- **Contractor:** a natural or legal person, in relation with a Right Holder Non-Operator or Right Holder Operator, to carry out any activity linked or resulting from the Exploration and Production Agreements (EPAs).
- **Subcontractor:** a natural or legal person sought by the Contractor to undertake a part of the petroleum activities resulting from the Exploration and Production Agreements (EPAs) or the related activities.
- **Joint operation:** the agreement signed between the Right Holders and the Operator, providing for undertaking and funding petroleum activities and other relevant issues.

Article 3 – Scope of Accountability

Under to the present law, the following parties shall be held accountable:

- 1- Any person holding a public authority, whether elected or appointed.
- 2- Any person appointed or elected for the performance of a public service, with or without allowance.
- 3- Any employee working in official administrations, public institutions, municipalities, national army, security apparatuses, and in the governmental institutions, administrations and bodies.
- 4- Any worker, employee, freelancer or contractor with the State or with any of the above-mentioned persons.
- 5- Any person who has helped one of the above-mentioned persons to carry out the functions of their office by providing written or oral consultations, information or services, whether they had established a contractual link or no.
- 6- The Right Holders Non-Operators and the Right Holders Operators as defined in Law no. 132 dated 24/08/2010 (Offshore Petroleum Resources Law OPRL), the contractors, the subcontractors and the operating companies not considered as Right Holders, as defined in Article 66 of Law no. 132/2010.

Article 4 – The two requirements of publication and disclosure, and the inherent deadlines

- 1- The relevant parties shall be required to make quarterly publication and/or disclosure of the information related to petroleum activities, in the specific situations as provided for in the present law.
- 2- The Right Holders Non-Operators and the Right Holders Operators shall be required to publish and/or disclose the information related to petroleum activities within the period of two months following the date of the incident, provided that disclosure should be made about any modification affecting this information during the period of two months following the date of modification. Any information classified as secret shall be excluded from the requirement of disclosure.

Article 5 – Monitoring the adequacy, credibility and quality of information

- 1- The adequacy of information shall be monitored by ascertaining the extent of compliance of all the decisions related to petroleum activities and all the relevant policies with the applicable laws and regulations.

- 2- The credibility of information shall be monitored by ascertaining the compliance with the requirement of integrity in all the dealings related to petroleum activities, which reflects the true image of the de facto situation, in addition to the precision in providing, publishing and disclosing the data.
- 3- The quality of information shall be monitored by analyzing the quality of the data and documents provided, and by ensuring their proper classification in accordance with the international standards and Lebanese regulations in force, in a manner that allows for comparison and evaluation.

Part two – Enhancing Transparency

Chapter One: The Rules

Article 6 – Refraining from investment in the Petroleum activities

- 1- All persons and parties mentioned in paragraph 3 of the present article, during their terms of office and for three consecutive years following the end of their service, shall be prohibited from:
 - Investing directly or indirectly in whatever form, in the companies pre-qualified to participate in the licensing rounds, in Right Holders, in mother companies and/or in the affiliated companies, in the companies eligible for holding a Petroleum Right, and the contractors and subcontractors working with these companies, whether it be by ownership of assets or other forms or means;
 - Assuming the office of the Chairman of the Board of Directors and/or Director-General and/or Member of the Board of Directors and/or Senior Manager in any of the companies specified above.

The aforementioned prohibition includes the spouse, the first degree ascendants and descendants, and any partner or trustee related to these persons.

- 2- If any of the persons specified in paragraph 3 of the present Article had undertaken an investment or taken office in the companies, in accordance with the provisions of paragraph 1 above, before the date of pre-qualification or before receiving the transfer of Petroleum Right, and thus once the company had been qualified to participate in the licensing round in Lebanon or had received the transfer of a Petroleum Right, shall disclose these investments and the assets he/she owns in the company to the National Anti-Corruption Commission, or to the Financial Public Prosecution until the Commission is established. The person shall choose between the continuation of investment or the continuation of service at the managerial position of the company, or holding office in one of the positions specified in paragraph 3 of the present article.
- 3- The prohibition mentioned in paragraphs 1 and 2 of the present article shall apply on the persons holding political or senior positions in the country, such as the President of the Republic, his staff and consultants, and the Presidents of the Institutions of Presidency; the Speaker of the Parliament, his staff and consultants, and the members of Parliament; the Prime Minister, the Ministers, their staff and consultants, and the Presidents of Institutions, Commissions and Councils of the Presidency of the Council of Ministers; the head and members of the Constitutional Council; the head and members of the Higher Judicial Council; the Chair, members and heads of departments of the State Council; the Head and Judges of the Court of Audit; the Judges of the Appeal, Cassation and Financial Public Prosecution Department, and the Financial Public Prosecutor; the Judges and members of the Expropriation Commissions; the Directors-General holding government positions and public functions and persons of similar status; the heads and members of the boards of directors, directors, heads of public institutions and State administrative bodies and the persons of similar status; the Lebanese Ambassadors and Consuls; the heads of security apparatuses in the country; the heads and members of the boards of directors and the executive officers in the State-owned companies and para-public companies.

Article 7 – Fighting Corruption

- 1- Any natural or legal person shall refrain from providing or accepting any offer, commission, compensation, payment, gift, promise or any other benefit in order to facilitate the process of pre-qualification for the oil and gas companies; or in order to facilitate the process of acquisition of a Petroleum License or any other privilege in Lebanon for prequalified companies, Right Holders Non-Operators and Right Holders Operators, or in order to leak information classified as secret by the relevant parties and related to the licensing rounds, petroleum activities and competitive companies, or to cover up some irregularities in the implementation.
- 2- Any natural or legal person shall refrain from providing or accepting any offer, commission, compensation, payment, gift, promise or any other benefit in order to facilitate the contracting process between a contractor and the Right Holders Non-Operators and the Right Holders Operators, or in order to facilitate the contracting process for the subcontractors with the contractors.
- 3- Any person violating the provisions of the precedent paragraph shall be arrested temporarily, for a minimum of four years and with a penalty amounting to two or three times the value of the financial benefit expected or achieved.

Chapter Two: Provisions of Disclosure and Publication

Article 8 – Pre-qualification of companies

The Minister of Energy and Water, when undertaking the pre-qualification round for the companies wishing to participate in the licensing round in accordance with the laws in force, shall comply with the following procedures:

- 1- The Minister shall publish the standards and requirements adopted for pre-qualification when inviting the petroleum companies to register in the pre-qualification round, through or upon the announcement of the invitation.
- 2- The Minister shall publish the list of the petroleum companies applying for pre-qualification after the closing date of the pre-qualification applications.
- 3- The Minister shall grant the companies applying for pre-qualification the right to submit questions and requests for clarifications to the relevant parties, related to the procedures followed in the pre-qualification process.
- 4- The Minister shall publish the questions and requests for clarifications submitted by the companies applying for pre-qualification respectively with the responses and answers, without mentioning the names of companies requesting clarifications.
- 5- The Minister shall publish the results of the pre-qualification round to the companies applying for pre-qualification.

The adequacy, credibility and quality of the information shall be monitored throughout the implementation of steps and procedures, as stipulated by the clauses above.

Article 9 – Awarding Petroleum Rights

- 1- The Council of Ministers, when awarding Petroleum Rights, pursuant to the stipulations of the applicable legislations, shall adhere to the following procedures:
 - Respect the principle of free, fair and unbiased competition between all the petroleum companies participating in the licensing round in order to obtain a Petroleum Right.
 - Publish the Model of the Exploration and Production Agreement (EPA) prior to awarding the Petroleum Right.
 - Publish the final results of the licensing round.
 - Publish the Exploration and Production Agreement (EPA) signed by the Right Holders.
 - Disclose all the information related to granting, transferring and waiving Petroleum Licenses to the qualified companies.

- 2- The Minister of Energy and Water, when granting Petroleum Rights according to the stipulations of the applicable legislations, shall adhere to the following procedures:
 - Guarantee the transparency of the rules and procedures related to all the phases of the bid, starting with the receipt of License applications and the announcement of the applicants for Licenses, until finally granting the Licenses.
 - Respect the principle of free, fair and unbiased competition between all the petroleum companies participating in the licensing round in order to obtain a Petroleum Right.
 - Publish the requirements needed for the invitations to participate in the licensing rounds, and the tender protocols related to these rounds.
 - Disclose and publish the blocks subject of the bidding, and the list of applicants participating in the bid round.
 - Publish the numbers of blocks that were opened, publish the list of all the applicants participating in the bid round and publish the names of companies that won the bid to carry out activities of exploration and production.
 - Publish the standards required to grant Licenses, on which the subcontracting will be based.
 - Disclose all the information related to granting, transferring and waiving Petroleum Licenses and transfer to qualified companies.
 - Disclose the Administration's recommendations related to the results of the licensing round.
- 3- The Ministry of Finance, during the phase of awarding Petroleum Rights, according to the provisions of the regulations in force, shall disclose the amount of overdraft charges relevant to the bidding applications, to be paid by the pre-qualified companies to the Ministry in order to participate in the licensing round.
- 4- The Administration, upon awarding Petroleum Rights according to the provisions of the regulations in force, shall adhere to the following procedures:
 - Guarantee the transparency of the rules and procedures related to all the phases of the bid, starting with the receipt of License applications and the announcement of the applicants for Licenses, until finally granting the Licenses.
 - Respect the principle of free, fair and unbiased competition between all the petroleum companies registered in the licensing round in order to obtain a Petroleum Right.
 - Publish the requirements needed for the invitations to register in the licensing rounds, and the tender protocols related to these rounds.
 - Disclose and publish the blocks subject of the bid, and the list of applicants for the bid.
 - Publish the numbers of blocks that were opened, publish the list of all the applicants for the bidding and publish the names of companies that won the bidding to carry out activities of exploration and production.
 - Publish the standards required to grant Licenses, on which the subcontracting will be based.
 - Disclose all the information related to granting, transferring and waiving Petroleum Licenses to qualified companies.
 - Disclose the Administration's recommendations related to the results of the licensing round.
 - Disclose any information or procedure that must be registered in the Petroleum Register, including the disclosure of the Beneficial Owner by the companies holding Petroleum Licenses.
 - Make the data registered in the Petroleum Register available to the public, on the Administration's website or by obtaining them directly from the Administration.
- 5- Right Holders Non-Operators and Right Holders Operators shall disclose any information or procedure that must be registered in the Petroleum Register, including the disclosure of the Beneficial Owner by the companies holding Petroleum Licenses.
 - The adequacy, credibility and quality of the information shall be monitored throughout the implementation of the steps and procedures, as stipulated by the clauses above.

Article 10 – Exploration and Production Activities

- 1- The Council of Ministers shall publish all the Exploration and Production Agreements (EPAs), including:
 - The Joint Operating Agreements (JOAs).
 - The information related to the approval of appointing and replacing the operator.
 - The approval on the Development and Production Plan (DPP).
 - The approval on the process of waiving or transferring a Petroleum Right according to the provisions of Article 70 of Law no. 132/2010 (Offshore Petroleum Resources Law OPRL) and other applicable regulations.
- 2- The Minister of Energy and Water shall disclose all the Licenses granted to the Right Holders Non-Operators and Right Holders Operators, including the two licenses of drilling and production.
- 3- The Lebanese Petroleum Administration shall disclose:
 - Any Petroleum License granted pursuant to the Exploration and Production Agreement (EPA).
 - The appointment and replacement of the operator.
 - Every process of waiving or transferring a Petroleum Right according to the provisions of Article 70 of Law no. 132/2010 (Offshore Petroleum Resources Law OPRL) and other applicable regulations.
 - The information related to the results of exploration activities and exploration wells, and shall continuously update the information related to oil discoveries and commercial discoveries.
 - Block coordinates for which a Petroleum Right is awarded, and the coordinates of the areas relinquished voluntarily or after the end of exploration phases as specified in Law no. 132/2010 and in the Exploration and Production Agreement (EPA).
 - The detailed information related to the activities of production, processing, collection, storage, transportation and disposal.
 - The information and studies related to the environmental quality, health and safety related to the petroleum activities.
 - The calculated value of the area fees due from Corporate Petroleum Right Holders and Operator Right Holders.
 - The amount of cost recovery, as specified in the Exploration and Production Agreement (EPA).
 - Production data for each fiscal year.
 - The methodology used for the valuation and pricing of the Petroleum Produced and the petroleum prepared for the domestic market consumption.
 - Amount of royalty and profit petroleum.
 - The quantities and values of the petroleum sold according to the type of hydrocarbons produced and the export destination.
 - Any information or procedure contained in the Petroleum Register, as indicated in Article 52 of Law no. 132/2010 (Offshore Petroleum Resources Law).
- 4- The Ministry of Finance shall disclose the following:
 - The amount of area fees due from the Right Holders Non-Operators and the Right Holders Operators.
 - The value of taxes on the petroleum activities already collected by the Ministry of Finance.

- 5- The Right holders Non-Operators and the Right Holders Operators shall disclose the following:
- The amount of cost recovery, as specified in the Exploration and Production Agreement (EPA).
 - Their respective share in the profit petroleum.
 - Production data for each fiscal year.
 - The methodology used for the valuation and pricing of the Petroleum Produced and the petroleum prepared for the domestic market consumption.
 - The amounts and values of royalties and the Profit Petroleum share of the State.
 - The quantities and values of the petroleum sold according to the type of hydrocarbons produced and the export destination.
 - The decommissioning procedures.
 - The amount of the quarterly payments made by these companies into the account of the Decommissioning Fund.
 - The amount of taxes due from the companies.
 - Any information or procedure contained in the Petroleum Register, as indicated in Article 52 of Law no. 132/2010 (Offshore Petroleum Resources Law).
- 6- The companies holding a license from outside the Exploration and Production Agreement (EPA) to undertake exclusively the petroleum activities related to transportation and storage, shall apply the procedures of disclosure provided for in the present law.
- 7- Disclosure of all the companies holding service agreements with Subcontractors, and application of final beneficial ownership.

The adequacy, credibility and quality of the information shall be monitored throughout the implementation of the steps and procedures, as stipulated by the clauses above.

Article 11 - Decommissioning

- 1- The Ministry of Finance shall disclose the amount of taxes collected during the phase of decommissioning.
- 2- The Lebanese Petroleum Administration shall disclose:
 - The information and studies related to the environmental quality, health, safety and environment related to the petroleum activities.
 - The decommissioning procedures to be undertaken by Right Holders.
- 3- The Right Holders Non –Operators and the Right Holders Operators shall disclose the following:
 - The information related to the content of the decommissioning plan of petroleum activities and decommissioning, with the exception of the information classified as confidential.
 - The date of creation of the Decommissioning Fund.
 - The estimated future costs of decommissioning.
 - The total of the estimated tariffs and duties resulting from building or operating any facility, depending on the Petroleum Rights document in the absence of the Exploration and Production Agreement (EPA).

- The total costs estimated for the decommissioning, regarding the preferred alternative for the right holders in terms of decommissioning and other alternative solutions for this cessation.
- The amount of the quarterly payments made by these companies into the account of the Decommissioning Fund.
- The amount of taxes due from the companies.
- The amount of cost recovery, as specified in the Exploration and Production Agreement (EPA).

The adequacy, credibility and quality of the information shall be monitored throughout the implementation of the steps and procedures, as stipulated by the clauses above.

Article 12 – Management of Petroleum Resources

The Council of Ministers, the Ministry of Finance and the entity tasked with the management of the Sovereign Wealth Fund (SWF), shall disclose the following:

- 1- The revenues from the petroleum activities registered in the Sovereign Wealth Fund (SWF).
- 2- The revenues withdrawn from the Sovereign Wealth Fund (SWF), in the authorized cases according to the regulations of the Fund, and the amounts allocated for investment withdrawn from the Fund while indicating the investment purpose.
- 3- The rules of investment for the funds held in the Sovereign Wealth Fund (SWF) and the yearly revenues from such investment.

The adequacy, credibility and quality of the information shall be monitored throughout the implementation of the steps and procedures, as stipulated by the clauses above.

Article 13 – Recruitment

- 1- The Minister of Energy and Water, the Administration, the Right Holders Non-Operators and the Right Holders Operators, the state-owned companies and the subcontractors shall disclose and publish the identity of the employees working in the petroleum sector, and the respective ratios of national workers and foreign resident workers.
- 2- The Right Holders Non-Operators and the Right Holders Operators shall follow transparent procedures to recruit employees, guaranteeing equal opportunities and diversification in terms of the specialists eligible to work with them in petroleum activities, when the employee is working in Lebanon for a period of more than 183 days, continuously or intermittently, over a total period of twelve consecutive months.

Right Holders Non-Operators and Right Holders Operators shall follow transparent procedures of recruitment as follows:

- a) Announce the vacant positions to be filled on the website of the Right Holders and on the website of the Administration;
 - b) Follow clear procedures that allow eligible candidates to easily apply for the vacant positions, providing them with easy access to information and easy submission of applications, whether online or in-person;
 - c) Publish the final results for filling these vacant positions in a manner that allows for the candidates to easily track these results.
- 3- The Administration shall:
 - Ensure the Right Holders' commitment to execute their respective Recruitment Program for Lebanese Personnel, which shall be approved by the Administration.

- Ensure that the Right Holders undertake yearly updates of the program with the corresponding approval, in accordance with the mechanisms established in the Exploration and Production Agreements (EPAs).
 - Submit a report to the Chamber of Deputies, every four months, describing how the process of recruitment and employment is executed and functioning.
- 4- The Ministries, Administrations and public institutions, which work is related to petroleum activities, state-owned companies and para-public companies, shall disclose and publish their respective recruitment processes related to petroleum activities.

The credibility and quality of the information shall be monitored throughout the implementation of the steps and procedures, as stipulated by the clauses above.

Article 14 – Social expenditures

- 1- The social expenditures paid every year by the Right Holders Non-Operators and the Right Holders Operators shall not exceed the maximum amount established by the tax laws in force, provided that the value of the paid social expenditures is not limited to one beneficiary.
- 2- The Corporate Petroleum Right Holders and Operator Right Holders shall disclose the amount of social expenditures and the list of relevant beneficiaries, in a documented and detailed manner that allows for auditing and analyzing, as well as monitoring whether they are executed according to the applicable legislations.
- 3- The beneficiaries shall disclose the amount of social expenditures they obtain from the companies, and shall demonstrate how these amounts are being expended.

The credibility and quality of the information submitted by the relevant parties indicated in the present law shall be monitored.

Article 15 – Accountability

In the case of a Right Holder Non-Operator or a Right Holder Operator committing serious and repeated violations of the provisions of the present Law, the Council of Ministers shall enforce Article 71 of Law no. 132/2010 (Offshore Petroleum Resources Law OPRL), pursuant to the proposal of the Minister of Energy and Water and based on the opinion of the Administration.

Part Three – The duties of the Lebanese Petroleum Administration

Article 16 – Periodic reports on the progress of the petroleum sector

The Minister of Energy and Water and the Administration shall each submit a report every four months, directly to the Chamber of Deputies and the Council of Ministers, in which they communicate the progress of operations in the petroleum sector, whereby the report includes the social expenditures spent by the companies and the beneficiaries in accordance with the provisions of Article 14 above.

Part Four – Enhancing Transparency in the Petroleum Sector

Article 17 – The associations supporting transparency in the petroleum sector

- 1- The associations supporting transparency in the petroleum sector aim to:
 - Enhance the transparency and endeavor to fight corruption in the petroleum sector;
 - Ascertain the extent to which the relevant parties and the Right Holders Non-Operators and the Right Holders Operators adhere to the duties entrusted to them under the present law.
- 2- The legislations that govern all the associations in Lebanon and the legal provisions of the present law shall apply to the associations supporting transparency in the petroleum sector.
- 3- Members of associations supporting transparency in the petroleum sector having duly accorded a notice of recognition, shall meet the following requirements:
 - a) The member shall have already completed 25 years old on the date of applying for membership.
 - b) The member shall not be convicted of any felony or heinous financial crime, and shall not be deprived of their civil rights.
 - c) The member shall not hold any family ties up to the first degree with the owner, beneficial owner, contributor or senior manager in a Right Holder Non-Operator or a Right Holder Operator.
 - d) The member shall not have any direct or indirect financial interest in any Right Holder Non-Operator or a Right Holder Operator.
- 4- The governing body of the association shall have at least three members specialized and licensed in the petroleum field.

Article 18 – The Right of Prosecution

- 1- Any aggrieved party and any association supporting transparency, that meets the aforementioned conditions in Article 17, particularly in terms of the goals, shall be granted the right to lodge complaints and begin criminal prosecutions for offences involving bribery, corruption and influence-peddling, while pursuing a private prosecution before the competent judicial authorities, with the requirement of paying a deposit of guarantee that amounts to fifteen times the minimum wage.
- 2- If the court hearing the case notes the lack of evidence to prove offences of corruption, bribery and influence-peddling, it may order a compensation to be paid by the plaintiff to the defendant, in addition to a penalty that amounts to a minimum of ten million Lebanese Pounds, with the confiscation of the deposit of guarantee, while preserving the right of the defendant to sue the plaintiff for defamation.
- 3- Under no circumstances may the Court be allowed to issue judicial decisions ruling to cease petroleum activities before the competent judicial authority issues the final verdict, provided that the provisions of the Exploration and Production Agreement (EPA) with regard to tasking qualified companies to complete the petroleum activities remain in force, however this will not preclude taking precautionary measures to safeguard the relevant rights.
- 4- The fines imposed following the complaints and the prosecutions mentioned in the above paragraph and the deposit of guarantee pertain to the Sovereign wealth fund (SWF) stipulated in Article 3 of Law no. 132/2010 (Offshore Petroleum Resources Law OPRL)

Part Five – National anti-corruption commission

Chapter One: Special powers of the national anti-corruption commission

Article 19 – Tasks of the National Anti-Corruption Commission

The National Anti-Corruption Commission, in addition to the tasks entrusted to it as per the Law by which it was established, shall undertake the following tasks:

- 1- Ensuring the proper application of the provisions of the present law.
- 2- Monitoring the adequacy, credibility and quality of information.
- 3- Receiving and investigating the complaints related to the application of the provisions of the present law, and issuing the corresponding decisions.
- 4- Advising the competent authorities in terms of every issue related to the application of the provisions of the present law.
- 5- Producing a yearly report containing, in particular, the major difficulties that hinder the access of people to the information related to this law, and producing special reports about significant issues whenever needed, to be published and communicated officially and respectively to the Parliament, the Presidency of the Council of Ministers and the relevant authorities.
- 6- Engaging in citizen education and raising awareness about the right to access information as well as the fundamentals to the exercise of this right; contributing in the training of management employees and officials on the method and significance of enabling individuals to access this information.
- 7- Ensuring the compliance of the parties specified in Article 4 of the present law with the requirement of publishing and/or disclosing information in the cases specified according to the provisions of the present law.

The National Anti-Corruption Commission, in order to carry out the tasks entrusted to it as set forth in the present law, may engage technical experts in the field of petroleum industry, permanently or temporarily.

Article 20 – False information

Any person providing false information to the National Anti-Corruption Commission shall be punishable, in accordance with the prescribed penalty under Articles 461 and 462 of the Penal Code.

Part six – Final provisions

Article 21 – Transitional provisions

Until the formation of a National Anti-Corruption Commission, the office of the Public Prosecution at the Court of Cassation shall monitor the credibility, quality and adequacy of the information provided by the relevant parties specified in the present law, and by the Right Holders Non-Operators and the Right Holders Operators

Article 22 – Contrary provisions

Any provision contrary or incompatible with the provisions of the present law shall be repealed.

Article 23 – Implementation decrees

Where appropriate, the minutes on the application of the provisions of the present law shall be specified by means of Decrees enacted by the Council of Ministers, based on a proposal by the Minister of Energy and Water.

Article 24 – Date of enforcement

The present law shall enter into force as of the date of its publication in the Official Gazette.

Baabda, the 10th of October 2018

Signature: Michel Aoun

This law was published in the Official Gazette, issue no. 45, date 18/10/2018.

Rationale

According to Transparency International, Lebanon occupies the rank 132 in terms of corruption among a list of 177 countries of the world. Corruption is, by definition, the abuse of entrusted power, usually a public office, in order to achieve a private profit, whether for an individual or for a group of people. Whereas the oil and gas sector is listed among the fields of high profitability, providing abundant resources in the budgets of countries, whereby the immensity of the revenues and their gratuitousness as a natural resource turns the sector into a hotbed for corruption and misuse, which negatively affects the economy and competitiveness with the rest of productive sectors;

Whereas the most prominent characteristics of these resources include:

- Instability: as they are affected by variables in international prices, which is reflected in fluctuations in the scale of revenues, affecting the ability to plan and establish a general budget from year to year.
- Limited and vulnerable to depletion: consequently, the revenues shall be used in long-term investment in order to guarantee the sustainability of returns. Also, the right of future generations in these resources shall be preserved.
- Immensity: which makes these resources vulnerable to greed as they provide a permissive environment for corruption, particularly in the least developed countries; additionally, they affect the economy structure as it may be revolving around it.
- Gratuitousness: due to the rent-character of these resources, which are usually extracted without significant efforts or costs, the relevant parties don't feel a major responsibility towards the citizen, which weakens the accountability system and consequently makes them vulnerable to abuse.

Whereas fighting and preventing corruption is considered one of the major challenges faced by the gas and oil sector in Lebanon and the world. Since corruption may be an obstacle that hinders development and growth, which is the case in many countries suffering from this scourge, whereby the funds gained from these explorations and industries are not transferred to the people or the State, but go into the pockets of the officials managing the sector or to those taking advantage from its management;

Whereas the corruption in the field of oil and gas may be present at several phases and on different levels, starting with the preliminary round of contracting, until the end of drilling; the corruption may range from receiving bribery on a small scale, and can exacerbate into structural corruption linked to the State structure, whereby the officials share the profits of this sector, which affects the development directly;

Whereas fighting this type of corruption may be achieved by enacting the necessary laws to prevent it and prosecute the perpetrators, and by imposing restrictions on anyone abusing the powers and authorities conferred to them, and the misuse of them contrarily to the intended aim. Additionally, institutional tools shall be established to prevent corruption;

The legislation has listed the offshore petroleum sources and the general laws related to fighting and preventing corruption, including significant tools as follows:

First: increasing the level of transparency in all operations to allow for establishing control over all the legislative and administrative levels, and on the level of the civil society.

Second: establish control over all levels, administrative, legislative, regulatory, judicial, and on the civil society level.

Third: the proper management of financial control.

The Offshore Petroleum Resources Law (OPRL) also stipulated the different levels of administrative control, whereby it establishes at each stage of the facility management the control over three levels:

First: the level of the Council of Ministers, with regard to serious and important decisions.

Fourth: control over the level of the Lebanese Petroleum Administration, which was established pursuant to the present law.

And third: the control practiced by the relevant Ministry.

The Article 4 of the Offshore Petroleum Resources Law OPRL provided that the ownership of petroleum resources and the corresponding right of their management shall be exclusively vested in the State. Additionally, the Article 21 of the same Law grants the Council of Ministers, based on a proposal by the Minister, and pursuant to the opinion of the Administration, the authority to grant exclusive license to carry out petroleum activities, in accordance with the Exploration and Production Agreements (EPAs), and according to the provisions of the said law.

Whereas concluding oil contracts represents the lead, and given the size of the public funds that will be traded between the Lebanese State and the companies of drilling and extraction, their impact on the State finances, and consequently on the policy that will be adopted for the following years;

Whereas fighting corruption in the oil and gas sector is of paramount importance, and because the most successful solutions to the problems of transfer and misappropriation of public funds, is to be avoided ex ante by establishing the laws that prevent and punish such actions, and ensure their effective implementation;

Therefore, there was a need to issue a legislation that ensures transparency in this sector and acts as a brake for corruption, by guaranteeing the following:

- Contributing in enabling the relevant parties to have the essential abilities needed to activate their roles in enhancing the transparency and control over the oil and gas resources, and over the extractive industries related to this sector.
- Working with the media, the public opinion and the interested parties to expand transparency and circulate the information, and drawing on the media role in exposing the truth and shaping a pressuring public opinion, by allowing easy access to information and publishing the periodic reports and the results of control reports.
- Committing to publishing and making the information available to the public by imposing the requirement of publication and disclosure on the Ministries, public administrations, entities and companies, for all the data and information with regard to activities related to the public revenues, including the information related to public fundraising, particularly the revenues.
- Supporting and promoting the role of civil society in the implementation of specific initiatives, in order to evaluate and control policies in the extractive industries, though roles more specialized in the structure of the sector of extractive industries.

Whereas the Parliament is considered as the most important control institution, given the core functions entrusted to it by the Constitution, and which are practiced by enacting public policies, legislations, control and accountability over the government and the executive institutions, and which the Parliament exerts respectively as a representative of the nation as a whole;

And whereas this draft law imposes restrictions on the possibility allowing any worker in the oil sector to carry out corruptive actions that lead to damages in the interests of the State and the general Lebanese public,

Therefore,

We submit the proposed law to your Council, in the hope of adopting and enacting it.