



REGIONAL OIL AND GAS CAPACITY BUILDING PROGRAMME FOR THE NAIROBI CONVENTION

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1. INTRODUCTION

The oil and gas industry (upstream, midstream and downstream) is showing considerable growth in the Western Indian Ocean (WIO) region, representing both economic opportunity as well as significant risks in terms of the negative impacts on the coastal and marine environment. The deep-sea discoveries have brought about new and ambitious targets in oil and gas exploration and production in the region with positive developments. However, the operational challenges facing the oil and gas development are immense. These include:

- Inadequate management tools, guidelines, and resources to support legal, regulatory, and institutional framework in the region.
- Inadequate capacity to address local content, exploration and production technology, research and development.
- Insufficient level of public awareness, participation and sensitization with regards to the development of the oil and gas industry.
- Inadequate capacity and competence in managing the oil and gas value chain.
- Inadequate environmental, safety, waste and resources management systems to ensure sustainable development of the oil and gas industry in the region.
- Inadequate dispute mechanisms to handle oil and gas related disputes.
- Constraints in managing terrestrial and marine conservation areas, national parks and forest reserves including their constituent biodiversity.

1.1. What's at stake in the oil and gas development in the region?

The WIO region is endowed with high value coastal and marine biodiversity hotspots. The coastal forests, wetlands, reserves and sanctuaries, coupled with mangroves and coral reefs, support sustainable livelihoods for over 60 million people that directly depend on the marine and coastal resources of the WIO Region. Some of the key socio-economic activities along the coastal and marine zones of the region include fisheries, mariculture, maritime transport, tourism and extractive industries. Oil for Development requires a sustainable governance of petroleum resources with integrated development planning, clear development strategies and policies backed up by action. Despite a rapid rise in the offshore extractive industries in the region, most countries in the WIO are faced with debilitating management challenges that can potentially result in environmental risks and threats to their economies and societies.

There are risks of marine oil spill accidents, transboundary resource conflicts, potential degradation of coral reefs, mangrove ecosystems, beach zones that attract millions of tourists every year, coastlines and even pollution of the regional deep ocean seabed areas with their unexplored sea mounts and deep sea biodiversity. There are also issues of inter-migration of human labour within the region due to the rising prospects of oil and gas discoveries across the entire stretch of the Nairobi Convention Area. Such high expectations from the population in the region can result in an increased level of insecurity and conflicts causing a shift in attitudes and a departure from traditional ways of socio-economic sustenance. Moreover, coastal zone exploration and the search for offshore supply bases and routes can trigger a rising demand in land acquisition and force involuntary resettlements or displacements, causing social inequity. Issues of heritage and conservation of sites of high value historical significance can evolve into cultural challenges if not enough preventive measures are taken to address such risks.

Regional piracy which rose into prominence in the last two decades and which has since been suppressed thanks to the efforts of the international maritime alliance to fight and control, could find its way back due to the potential increase of maritime traffic because of the oil and gas economy prospects in the region. Not only that, potential vandalism or sabotage of inland oil and gas pipelines, coupled with potential threats of habitat fragmentation of transboundary ecosystems and terrorism in the region warrants a careful strategic action plan in engaging social, economic, environmental and safety safeguards for the entire region.

It is therefore vital that the region begins to consider its strategic mitigation options to address the above risks, threats and challenges and open opportunities for oil and gas development planning. For example, there are easy no regrets options such as strengthening oil spill contingency and preparedness plan, conflict resolution mechanism, strategic environmental and social assessment including improved tools and guidelines for environmental impact assessments and monitoring systems, provision of alternative livelihoods, enhancement of awareness and education on oil and gas development, mobilization of effective communication strategy on oil and gas industry, resettlement action framework and social equity, and development of instruments and guidelines for an effective and sustainable governance of petroleum industries.

There is a need for a multi-national approach to marine security, integrated risk assessment and management approaches, and a multi-disciplinary training in concretizing effective institutional

and regulatory frameworks. Heritage conservation and sustainable tourism is critical in enhancing preservation of cultural values. The importance of a strong regional framework including the utilization of opportunities existing within the regional economic blocks (e.g. SADC, EAC, COMESA, UNECA) is critical towards achieving the needs for capacity building and the future of oil for development in the region. It is certain that, given various gap analysis and priorities/needs assessment in the oil and gas value chain, the WIO Region must put together a regional capacity building program that puts emphasis on the trans-boundary concerns and issues related to resource management, environmental and social safeguards, safety, data management and good governance for oil for development.

1.2. Need for a mechanism for a regional capacity building program

On 28th – 29th November 2016, the Nairobi Convention's experts meeting on environmental management of the oil and gas sector development in the WIO region, held in Zanzibar, Tanzania, laid an initial groundwork that aimed at generating policy, business and civil society actions that would contribute towards the sustainable management of the oil and gas resources for the Nairobi Convention Area. In this context, it was proposed that a dynamic partnership involving Governments, Oil and Gas Industry, Non-Governmental Organizations (NGOs), Civil Society Organizations (CSOs) and Communities, that ensures effective enhancement of knowledge, skills, good governance while sustainably managing expectations, conflict resolutions, Health, Safety & Environment standards, and natural resources for environment and society - is required for a sustainable development of oil and gas industry in the WIO region. Nairobi Convention Secretariat shall coordinate this partnership for a regional capacity building program for Oil and Gas for Development (OfD) in accordance with the needs and priorities of the contracting parties.

1.3. The Basis of Capacity Building in Oil and Gas Development

Aware of the economic potential as well as the need for regional and national environmental safeguards, the Eighth Conference of the Parties to the Nairobi Convention for the Protection, Management and Development of the Marine and Coastal Environment of the Western Indian Ocean (Nairobi Convention) called for concerted efforts in environment management in the oil and gas development. There is therefore an urgent need for strong governance frameworks that are aligned with international best practice to support effective impact mitigation strategies.

Decision 13 of 8th Conference of Parties to the Nairobi Convention urges the Contracting Parties, *inter alia*, to collaborate with partners on capacity building, implementation and sharing of experiences on integrated marine spatial planning in support of blue economy; and to encourage collaboration and communication between Contracting Parties and civil society, private sector, non-governmental organizations, local governments and municipal authorities in the implementation of the work programme of Nairobi Convention. It also calls upon the contracting parties to the convention to promote joint programming between Contracting Parties, United Nations Framework Convention on Climate Change (UNFCCC), UNECA, partners, civil society and private sector for implementation of priority areas and mobilization of resources conservation of coastal and Marine Ecosystems in the Western Indian Ocean for increased science based information sharing.

Furthermore, Decision 7 of 8th Conference of Parties to the Nairobi Convention on environmental management of oil and gas development urges the Contracting Parties to request the Secretariat to, *inter alia*, prepare regional guidelines on environmental management for oil and gas development, based on best practices, and seek support of other countries and partners involved in oil and gas development and to conduct and implement a regionally coordinated strategic environmental assessment, of social and environmental sustainability of oil and gas in the Western Indian Ocean Region, including development of Western Indian Ocean regional compliance monitoring initiatives for oil and gas.

Decision 6 of 8th Conference of Parties to the Nairobi Convention requests Contracting Parties to, *inter alia*, support projects on transboundary marine protected areas, promoted integrated ocean management approach, implementing partnerships on sustainable fisheries management and biodiversity conservation of deep-sea living marine resources and ecosystems in the areas beyond national jurisdiction; and guiding environmental management in the context of a rapidly developing oil and gas industry in the Western Indian Ocean Region.

1.4. Rationale and Identification for Capacity Needs

Identification of capacity needs in the oil and gas sector development in the region can be rationalized upon special reference to offshore oil and gas activities currently under way in the region and associated infrastructure; sharing of environmental standards and regional guidelines for oil and gas exploration and exploitation in the Western Indian Ocean, and identifying

common issues and key actions needed to strengthen governance in the oil and gas sector for effective mitigation of environmental impacts. The possibility of engaging key thematic areas such as Environmental and Social Management, Resources Management and Safety Management is crucial in addressing regulatory frameworks, institutional capacity and transparency & accountability in the oil and gas development.

1.5. Objectives of the Oil and Gas Development Capacity Building Program

The key objectives of the regional oil and gas development capacity are:

1. To establish and strengthen capacity in legal and regulatory framework in the WIO Region including enhancing standards, guidelines and best practices of existing policy, legal and institutional frameworks within the countries.
2. To support the contracting parties to Nairobi Convention, manage oil and gas development sector in accordance with the universal standards and best practices for oil for development.
3. To promote transparency and accountability to the public in the management of the oil and gas sector in the WIO Region.
4. To encourage parties to address good governance, gender perspectives and human rights in resource management while promoting best practices in fighting corruption and inequity in the oil and gas economy.
5. To promote the understanding of the oil value chain and opportunities for employing locals in exploration and processing activities.
6. To integrate risk and vulnerability assessment, climate change adaptation, environmental social and other cross cutting issues into oil and gas development.

2. KEY THEMATIC AREAS OF ENGAGEMENT

It is proposed that the following key thematic areas should be prioritized in engaging oil and gas for development. These are:

1. Resources and Data Management
2. Environmental and Social Management
3. Revenues Management
4. Safety Management

5. Technology development and research

2.1. Resource and Data Management

Capacity building on implementation and operationalization of respective policy, legal and data management frameworks of the contracting parties needs to be supported through the development of petroleum policy, data management and regulatory frameworks at the national level. Aware of the different levels of knowledge and capacity at resource and data management within the WIO region, the proposed program should support mainstreaming of best practices and standards involving resources and data management.

2.2. Environmental and Social Safeguards & Management

Although the capacity among the contracting parties to regulate the oil and gas sectors has improved, notably in the areas of environmental baseline and knowledge of various environmental safeguard tools, there are some critical challenges in environmental enforcement, compliance, monitoring and ability to readily deploy mitigation options against social and biophysical impacts. The importance of integrating environmental and social safeguards into the mainstream oil and gas sector should be enhanced in developing targeted interventions to address impact assessments, mitigations, enforcement and performance standards, tools and guidelines.

2.3. Safety Management

Aware that contracting parties have different levels of capacity in addressing oil spill contingency plans (OSCP), and that in some countries work to develop climate risks, contingency and oil spill response is ongoing, the key challenges will be to adequately address the operationalization and implementation of the oil spill contingency plan and response frameworks at transboundary emergency level. A regional oil spill contingency plan including

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