

# **GLOBAL INITIATIVE ON OIL AND DEVELOPMENT**

**Knowledge Management & Stakeholder Dialogue  
for Human Development**

# Content

- Global context
  - Human development issues
  - Challenges ahead
  - Changes in paradigm
- A new deal for economic & social development
  - Oil as a vector to achieve MDGs
  - Building innovative partnerships
- Global Initiative Oil & Development
  - Strategic Goals & Overall Objectives
  - Information & Knowledge Management
  - Stakeholders' Dialogue & Capacity Building
  - Framework for Economic & Social Development

# Human Development Issues

- Millennium Development Goals
  1. reducing extreme poverty and hunger,
  2. achieving universal primary education,
  3. promoting gender equality and empowering women,
  4. reducing child mortality, improving maternal health,
  5. combating HIV/Aids, malaria and other diseases, ensuring
  6. environmental sustainability,
  7. establishing a global partnership for development

=> Target objectives are not met

# Human development issues

- Is oil a vector for local development?
  - 2005 oil revenues: USD 700 Billions

Table 1: Oil and non-oil producing countries by level of development (2006)

	Number of countries	Percentage
Low-income countries	53	100
• Oil producing	11	21
• Non-oil producing	42	79
Lower middle-income countries	55	100
• Oil producing	16	29
• Non-oil producing	39	71

Source: World Bank (2006): *World Bank Development Indicators* (Washington DC), and British Petroleum (2007): *Statistical Review of World Energy 2007* (London).

- Negative externalities => “Dutch Disease”
  - Pressure on exchange rates through oil revenues = lower competitiveness and less investments in the non-oil economy

# Human Development Issues

## Human Development Gap in oil and in non-oil producing countries (by region 2004)

Human Development Gap of oil and non-oil producing countries by region (2004)

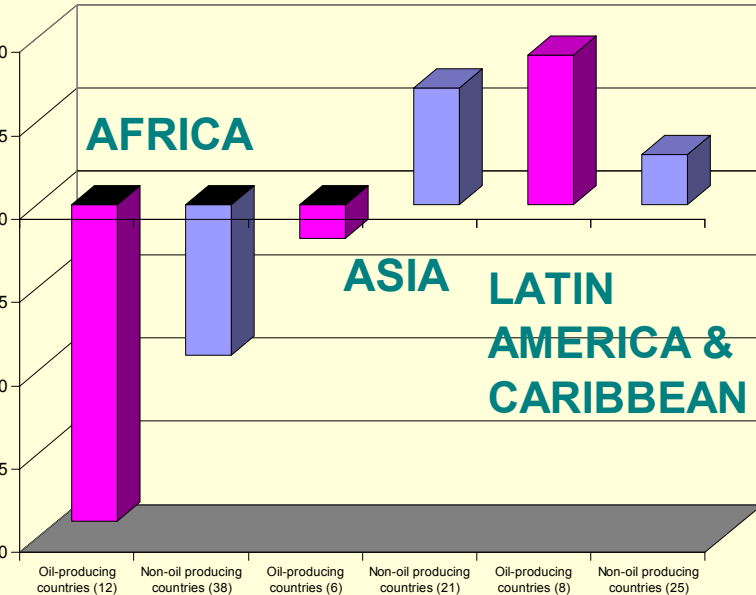


Table: Human Development Gap of oil and non-oil producing countries*	Human Development Gap (group average)
<b>AFRICA</b>	
Oil-producing countries (12)	-19
Non-oil producing countries (38)	-9
<b>ASIA</b>	
Oil-producing countries (6)	-2
Non-oil producing countries (21)	7
<b>LATIN AMERICA and the CARIBBEAN</b>	
Oil-producing countries (8)	9
Non-oil producing countries (25)	3

Source: Calculated with data from British Petroleum (2007): *Statistical Review of World Energy 2007* (London) and UNDP (2006): *Human Development Report* (New York, 2006).

\* The Human Development Gap is defined as the difference between the world ranking of GDP per capita and the Human Development Index (HDI). A positive score means that a country has an HDI world ranking (defined by life expectancy, GDP per capita and the literacy rate) which is higher than its world ranking of GDP per capita. In other words, its world ranking in terms of health and education is higher than that of GDP per capita.

# Challenges ahead: International context

- IEA reference scenario (World Energy Outlook 2006)
  - Global demand of fossil energy will increase by 53% in 2030
  - Increase of consumption from 84 Mbpd to 116 Mbpd by 2030
- Oil prices will remain high and rise further
- Improved technologies facilitate efficiency of recovery ratio and access to areas previously too remote and too expensive
- Increasing number of developing countries become oil-producing exporters

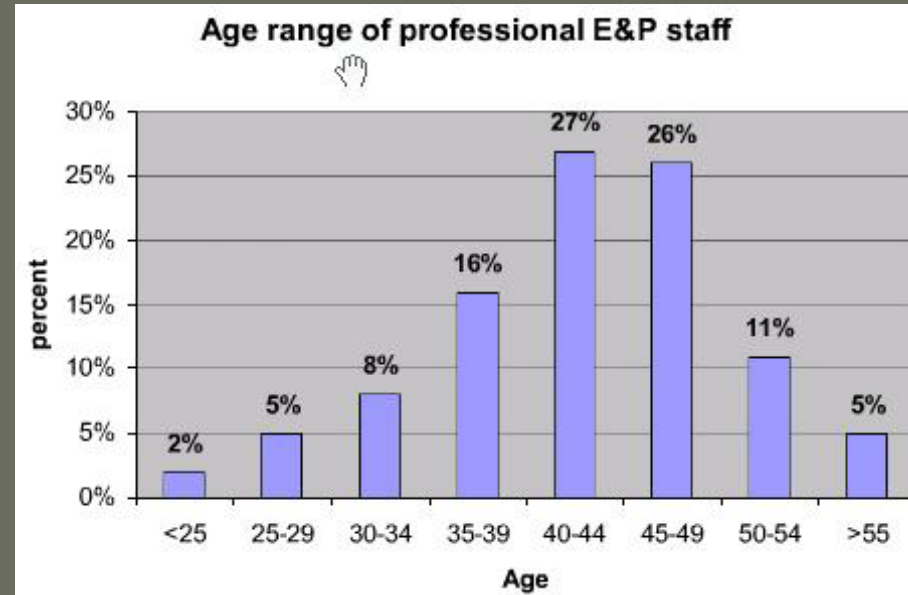
# Challenges ahead

- Share of developing countries in oil production:  
1973 = 23% ; 2006 = 31% and rising
- Investments share:  
Int'l OCs = 70% ; Nat'l OCs = 30%
- Oil-producing countries control ~80% of oil reserves against ~10-20% by the IOCs

2006: NOCs' production accounts for ~50% of global output, but by 2030, it is estimated that NOC production may account for ~90% of output

# Challenges ahead human resources

- Oil output is rising
- Growing demand on Oil industry workforce
- Growing demand for engineers, and technical skills



Sources: World Petroleum Council

=> Growing skills gap



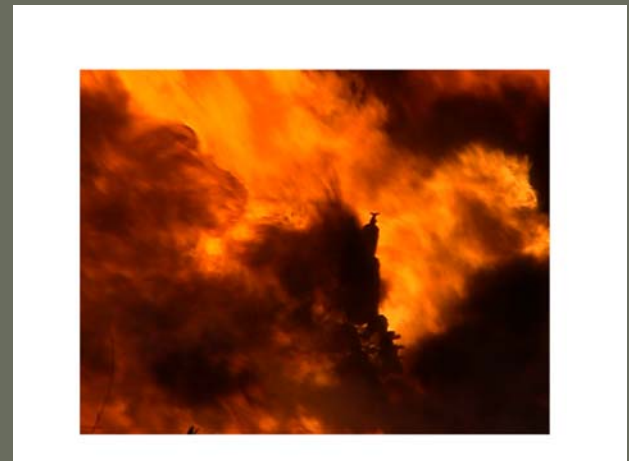
# Paradigm change

## Oil production is becoming a development issue

- Petroleum & human development are becoming linked through human resource needs and growing global energy needs
- **Growing need engage stakeholders:**
  - World-wide mobility and spread of information
  - Increased expectations for improved quality of life and governance
  - Growing number of actors and stakeholders (IOC, NOC, Governments, Unions, International Organizations, NGOs)

# The Challenge of Two Objectives

- **Enabling oil firms to meet demand**
- **To make oil contribute to development**



# Global Initiative Oil & Development

Local Content

Looking for new approaches

# Strategic Goals

- **Make oil & gas revenues a leverage for development:**
  - Developing the oil & gas sector through LOCAL CONTENT
  - Building LINKAGES with other local economies
- **Support oil-rich developing countries to escape the resource curse:**
  - Promoting good governance mechanisms
  - Encouraging strong political willingness

# Main Components

- **Information & knowledge management:**
  - Examining linkages in the oil sector of low-income countries
  - Investigating the local content policies and practices and identifying which ones have been successful.
- **Stakeholders' dialogue and capacity building:**
  - Strengthening social dialogue between stakeholders through capacity-building
  - Fact-finding through dialogue with principal stakeholders and design of adapted capacity development programme
- **Setting guidance frameworks for economic and social development in oil-producing regions:**
  - Dialogue and negotiation on acceptable standards with stakeholders

# Objectives

- **Support oil-rich developing countries**
  - increasing the oil sector's contributions to the benefit of the national and local economy
- **Create national and international dialogue**
  - for oil industry to improve their market position through local capacity-building programmes and CSR
- **Increase the prop. of the local population**
  - that can work in the oil industry and share in its benefits through training and stakeholder dialogue
- **Reduce poverty**
  - through sustainable economic development, stakeholder dialogue, normative development, good governance

# Stakeholder Objectives

- **Government**

- Revenue stability, economic diversification, international competitive position, state sovereignty

- **Oil Industry**

- Stable market position, improved public image, stable local community with pool of employable workforce

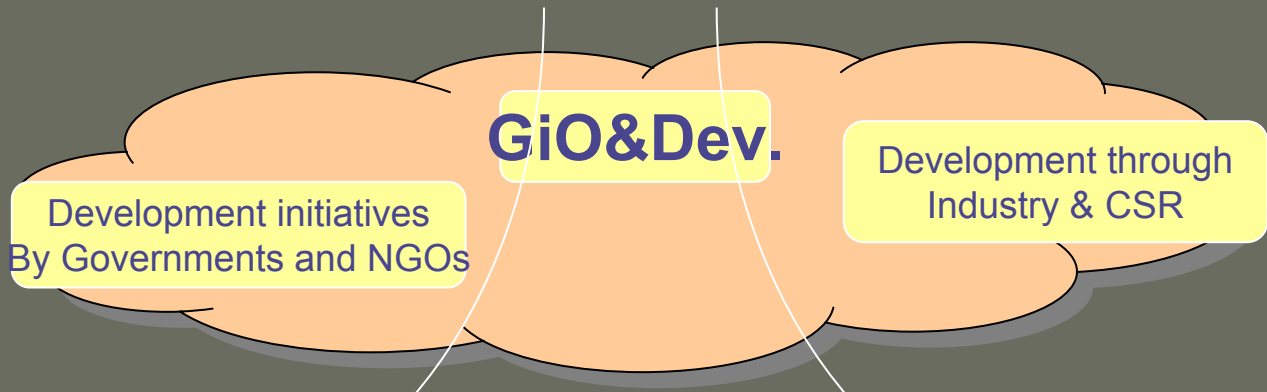
- **Civil Society**

- Trust in political and industry governance, fiscal transparency, accountability, participatory & legitimate decision-making in both politics and industry, hope in a better future.

- **International Organisations**

- Oil for human development

# Partnership framework





# Core Partners

- United Nations Institute for Training and Research (UNITAR) - [www.unitar.org](http://www.unitar.org)
- Centre de Recherches Entreprises et Sociétés (CRES) - [www.cres.ch](http://www.cres.ch)
- International Labour Organization (ILO) - [www.ilo.org](http://www.ilo.org)