

**“Channeling Oil for Sustainable Peace, Energy, Security
and Prosperity in Liberia”
By Her Excellency Ellen Johnson Sirleaf
President of the Republic of Liberia
At Inauguration of Chevron Excellency in Leadership
Energy Lecture Series
The James A. Baker III Institute for Public Policy
Rice University, Houston, Texas
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President Leebron, Faculty, Students of Rice University;
Mr. James Crownover, Chairman of the Rice Advisory Board;
Ambassador Djerejian, Baker Institute Founding Director;
Mr. Ali Moshiri, President of Chevron Africa and Latin America Exploration and
Production Company;
Our Other Partners in the Oil Industry;
State and Local Leaders, Citizens of Houston and Texas;
Members of the Diplomatic and Consular Corps;
Distinguished Guests and Executives;
Ladies and Gentlemen:

Let me first introduce to you three members of our delegation, since they form an important part of the reform and the measures to be taken: the President of the Liberian Senate, Mr. Gbehzongar Findley; the Deputy Speaker of our House of Representatives, Mr. Hans Bachue; and Mr. Lewis Brown, our Minister of Information, Culture and Tourism.

I bring you greetings from the Government and people of Liberia, and, on behalf of my delegation, thank you for the warm hospitality extended to us. We look forward to welcoming all of you, if only to experience the reciprocal warmth of the Liberian people.

Let me thank Secretary James Baker for this invitation to visit with you, his colleagues, at this Institute for Public Policy, deservedly named in his honor.

I feel honored to inaugurate the “Chevron Excellency in Energy Leadership Lecture Series.” As our global dependence on fossil fuels grows, I believe the time is upon us to bring bold leadership to policymaking, innovation and best practices in resolving the energy challenges of the world. Especially in this regard, I foresee that the reputation of this Lecture Series will continue to grow as has the James A. Baker III Institute for Public Policy.

Importantly, also, the historic significance of Rice University is not lost on us. This year, Rice proudly celebrates its centenary. I wish the faculty and students a well-deserved celebration, and need not remind you of the challenge you face in continuing the distinguished tradition of providing academic excellence and in leading the global search for answers to the many difficult questions with which our world is confronted.

The backdrop of Texas also bears significance for Liberia. We share the Lone Star. While Texas is referred to as the Lone Star State, Liberia is known as the Lone Star Republic. Also, many Liberians recall with profound gratitude that, ten years ago, as our country burned in the fire of its own destruction, a man from Texas, President George W. Bush, stood by us and brought the enormous influence of the United States to bear upon the resolution of the Liberian tragedy. The Bush Administration laid out a road map which enabled Liberia's peace, security and emerging democracy.

And so today, here we stand, grateful for the many sacrifices that brought us here; proud of what Liberians have achieved; and keenly aware of the difficult roads we must still travel to nation building. It seems appropriate, therefore, that this Inaugural Lecture will focus on the integration of energy, peace and security, and that it is taking place in Houston, Texas, the energy capital of the world. I have come to Houston to listen and to learn – to engage with you in a dialogue that will enable our global search for answers to important questions and, especially for Liberia, to make oil work for all Liberians.

At a time when Liberia is commencing our journey into the complexity of the petroleum industry; when oil is expected to create wealth; when, for many developing countries, especially in Africa, the exploration of oil is yet to address or resolve the issues of poverty and its latent threats to peace and security; when, rather than bridging, socio-economic gaps are being widened by exclusionary and unaccountable management of oil revenues, giving rise to the notion of oil being a “resource curse” as opposed to an economic cure; for Liberia, then, this conversation could not have come at a better time.

Ours is a nascent process of exploration and exploitation. As anyone can imagine, the expectations of Liberians are high. The learning curve of our Administration is steep. Notwithstanding, we intend, we are committed to getting it right. For the long-term peace and security of Liberia, we must get it right! This is why we embrace the developing partnership with Chevron to inform the growth of Liberia's petroleum sector, and to develop and implement programs and policies intended to justly and equitably account for this natural resource, so as to facilitate our objective of “Lifting Liberians.” This is a continuation of our national journey of sustainable peace, security and economic development.

Liberia is painfully aware that resources become a curse when, rather than minimizing, they are used to maximize social inequities and inequalities; and rather than bring a nation closer together, they further divide and exclude. We have lived with this

unfortunate experience. It stands out as one of the greatest paradox of our history. Blessed as we are with natural resources and a small population, Liberia has remained grossly underdeveloped, its natural resources obviously mismanaged, and the majority of our people have lived in poverty.

Through structural and institutional reforms and an unmatched commitment to openness, inclusiveness, freedoms and accountability, our Administration is determined to stop this trend. Hopefully, we are on track to end the nightmare and to establish enduring frameworks through which the natural resources of Liberia will lift many and not only a few Liberians, permitting us to be inextricably bound to the common purpose of our nation. We will continue to provide increased opportunities for Liberians to build their capacity, to provide for their self-fulfillment, to assume personal responsibility for their advancements, to enliven their entrepreneurial spirits, and to develop their communities. Through these efforts, we fulfill our ambition to lift many Liberians out of poverty into the middle class.

Distinguished Ladies and Gentlemen:

As in Liberia, peace and security revolves around the same issues of poverty, exclusion and bad governance practices. Our continent, Africa, has undertaken enormous strides to correct these ills. There can be little doubt that the roots of democracy, individual freedoms, protection of rights and good governance are deepening beneath the topsoil of African societies. Whereas ten years ago, at least a dozen countries in Africa were experiencing some form of armed conflict, today the number is fewer than four.

In West Africa, ECOWAS, our sub-regional organization, has acted quickly and decisively to reverse a military coup in Mali, confirming the region's zero tolerance for undemocratic interventions across West Africa, and on the continent. Senegal, another ECOWAS member, trumpeted a new wave of peaceful transition of power with which the region and its people have been proudly engaged. These developments testify to the increased sense of stability in Africa, and renew our own faith in the commitment we share to make Liberia, to make Africa a place of stability, to ensure that our continent is increasingly attractive for trade and foreign capital investments. At the same time, we must explore avenues to build indigenous capacity on whose shoulders and entrepreneurial spirits such trade and investment can be sustained and, over time, be beneficial to the African people.

In Liberia, we seek foreign investment in the exploitation of our many natural resources. We know that we must continue to keep our country stable and we must continue to build upon our hard-earned peace. This is why our Administration will continue the course of openness, accountability, reconciliation and inclusiveness in the governance of our country. Working with experienced partners like Chevron and others, and culling from a pool of available best practices, we are seeking to put into place the necessary

policies, programs and laws that are attractive to investors and, more importantly, fair to Liberia.

Six years ago, we inherited the reins of a country saddled by divisions, ruined by conflicts and unsure of its future. Our task, difficult as you can imagine, was to inspire a doubtful nation to believe again – to look beyond the ashes and the ruins, beyond the deaths and destruction, and to believe in a future of peace, security and prosperity. Our mission was to Lift Liberia, a country which was once revered for its many contributions to world affairs, good neighborliness and the search for international peace and security.

Today, six years later, we are proud and emboldened by our achievements to declare that Liberia is back! Although we have some ways to go, we are experiencing a wonderful transformation. Doubts have given way to hope; divisions to inclusion; previous suppressions of freedom and rights to the advance of individual freedoms and civil liberties; incapacities to capacity building; and the struggle for daily survival is being steadily replaced by a long-term disposition toward the future. Difficult conversations and taboos are being slowly ushered into an increasingly fertile marketplace of ideas.

Ever so slowly, the previously weakened and discredited political system, within which is subsumed the economic and social systems of our country, is being strengthened by much-needed reforms and nurtured by our flagship programs and policies of openness and decentralization. These achievements have made our people more anxious for more. They have become rightfully expectant.

Our re-election to a second six-year term is a critical milestone. With that re-election, our commitment to and progress in peace, governance and democracy have passed the test. The challenge with which we are currently faced is to translate our macroeconomic advances into changes that will positively affect the lives of our people. Having successfully Lifted Liberia, we must enduringly Lift Liberians. Here, especially, we need to focus on our youthful population, many of whom were victimized by the prolongation of the conflict and are becoming mothers and fathers without the required education, skills or the benefit of formal training to provide for themselves and their families. This challenge cannot afford to wait. We must meet it head-on.

Our natural resources, among other things, must enable this fight. In the last six years, Liberia has attracted over US\$16 billion in foreign capital investment. Direct foreign participation has returned to Liberia as investors seek opportunities in mining, agriculture, infrastructure, aviation, renewable energies and, more recently, offshore oil exploration.

And so, we have come to Houston to examine the many dimensions and complexities of inviting oil into our economy. How do we weave this powerful and volatile resource into our upward ascent and transformation? How do we situate oil in our avowed mission of

economic and social justice? How can oil strengthen rather than weaken our peace and security? Above all, how do we make oil work for all Liberians?

Thinking deeply in a search for answers, recently a Hydrocarbon Technical Committee completed a four-day retreat where representatives from the Ministry of Justice and others, along with other international partners and a number of civil society organizations, sketched the outlines of a policy framework for the sector. I expect that these frameworks will be hammered into proposed legislation for consideration by our Legislature.

The policy framework which is being developed considers several critical issues:

1. Adjusting and resolving a potential conflict of interest in our oil company, NOCAL, serving both as industry regulator and an equity partner;
2. Updating the current Petroleum Law to establish a clear and reliable legal and regulatory framework and a fair share of potential oil revenues for the country;
3. Improving indigenous capacities to enable a level playing field with our partners;
4. Setting new and higher standards of transparency and accountability for oil and gas; and, finally,
5. Advancing the cause of corporate social responsibility by which the local population benefits from the exploitation of resources from their backyards.

All of these are intended to address what matters most to Liberians, which is that the proper mechanisms are put into place to create deep and lasting partnerships with investors on the one hand, while on the other, ensuring that Liberia's economic growth and development are irreversible in its equitable spread of opportunity and benefits to all Liberians.

My Dear Friends:

Oil may seem a recent addition to our array of resources, but the story of oil in Liberia actually started as early as 1948 and ended in 1972. Chevron, in a way, has come back. It was one of the three companies, including Union Carbide Petroleum and Frontier International Petroleum, which drilled wells from 1970 to 1972. Between 1983 and 1989, three wells were drilled by Amoco Liberia Exploration Company. Although all of the wells proved the presence of hydrocarbons, technological limitations, along with the low price of oil at the time, resulted in an abandonment of the exploration initiative.

In 2006, we inherited a loosely defined National Oil Company, created in 2000, together with a 2002 Petroleum Law which seemed to be designed for the frontier state situation. Seventeen offshore blocks were demarcated. A first bid round in 2004 had awarded contracts for eight of these blocks, and generated Production Sharing Contracts with varying terms, provisions and benefits.

Today, we have improved capacities in NOCAL, and we are determined to attract and to work with world-class partners to Liberia to create strong and lasting partnerships where the private sector and the entrepreneurial spirits of Liberians will drive the national engine of economic growth and development. I am pleased that Chevron is one of those partners.

Unsurprisingly, the recent announcement of the discovery of oil off our coast has created a new sense of urgency in Liberia. Public interest has ballooned and we welcome the increased engagement and scrutiny. Naturally, expectations are high even as we know that oil may not be drilled in the period of our administration. Yet, it is our duty to move with equal urgency to manage these expectations and to work with our partners to put into place the right framework and exploitation of Liberia's oil in a transparent management for both current and future generations.

We seek, in our identification of areas of our priority, to reform the existing oil policies and legislation to bring them in line with international best practices, increased accountability, transparency, fairness and equality in a manner that includes, informs and educates our citizens; to strengthen our partnerships with the world's best operators; and to manage our revenues in such a manner that all would be proud of what we have done.

We know that oil is important to our economy, but oil is not all of our economy. Our commitment is to use our natural resources – that which we have in so many areas – to ensure that those resources are allocated efficiently; that the use of those resources is meant to meet the needs of the majority of our people; to build partnerships on the basis of mutual respect and mutual benefits, to enable Liberia to become a very vibrant partner in our promotion of regional cooperation and integration; and to become, internationally, a country that indeed can be said to be a post-conflict success story.

We thank you for all that you've done to make a contribution to this achievement.