

**Overseas Development Institute and
Engineers Against Poverty
News Release**

Record profits have recently been published for major oil companies, but what is the direct economic impact for the countries where the oil comes from?

Multinational engineering firms and oil and gas companies harnessing their potential to reduce poverty in developing countries

**For immediate release
Tuesday 6th February 2007**

ODI and Engineers Against Poverty today launched the second of two reports that show how **multinational engineering and services companies can markedly increase the contribution that oil and gas development projects make to alleviating poverty and accelerating economic development in poor countries.**

Petter Mathews, Director of Engineers Against Poverty says:

'Despite the large revenues they generate for governments, oil and gas developments in poor countries can also deepen poverty, entrench corruption and damage the environment. We need to turn this around, and create an industry that not only manages these problems better, but is also a key source of long-term jobs, enterprise development, skills training and local infrastructure.'

Dr Michael Warner, Head of the ODI Programme on Business and Development Performance argues:

'All parties can win here. With the right incentives, governments will have a new, highly creative way to deliver economic growth and reduce poverty; oil and gas companies can begin to combat their negative image as bearers of economic woes; and engineering companies can secure a competitive advantage, as well as undertaking what they do best – finding solutions that actually work.'

Together, the reports demonstrate how a small group of very large, often international engineering firms manage the majority of work involved in constructing and operating oil and gas production installations. The reports

also make recommendations to governments, oil and gas companies and engineering services contractors on what each needs to do to release their potential for contributing to poverty reduction in developing countries.

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Notes for Editors

1. To request an interview with either Michael Warner or Petter Matthews, please contact Anna Tublin, ODI Media and Events Officer (tel: +44 (0)20 7922 0419; email: a.tublin@odi.org.uk) or Kirsty Cockburn, ODI Head of Communications (tel: +44 (0)20 7922 0423; email: k.cockburn@odi.org.uk).
2. The two reports have been prepared in collaboration with the international engineering services contractor AMEC and its operations in the Philippines and Timor-Leste. Together the reports demonstrate how a small group of very large, often international engineering firms manage the majority of work involved in constructing and operating oil and gas production installations:
 - a. Learning from AMEC's Oil and Gas Asset Support Operations in the Asia Pacific Region, with case study of the Shell Malampaya Gas-to-Power Project **Report I – Local Economic and Social Performance in Low to Middle Income Regions**
 - b. Learning from AMEC's Oil and Gas Asset Support Operations in the Asia Pacific Region, with case study of the Bayu-Undan Gas Recycle Project, Timor-Leste **Report II – Local Economic and Social Performance in Low Income Regions**

Both reports can be downloaded from:

www.odi.org.uk/iedg/Business_Development_Performance/Engineering.html

3. Engineers Against Poverty (EAP) is an independent NGO established by the UK's leading professional engineering institutions and supported by the Department for International Development. It works with industry and government to fight poverty and promote sustainable development. It does this through influencing public and corporate policies to maximise the positive social and economic impact of engineering and construction projects in developing countries. Further details can be found on the EAP website: www.engineersagainstopoverty.org
4. The Overseas Development Institute (ODI) is Britain's leading independent think tank on international development and humanitarian issues. Its mission is to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods in developing countries. Locking together high-quality applied research, practical policy advice and policy-focused dissemination and debate, ODI works with partners in the public and private sectors, in both developing and developed countries. Further details can be found on the ODI website: www.odi.org.uk
5. The ODI programme on Business and Development Performance provides an interface between the private and public sectors: as a broker of informal strategic partnerships (for example, to improve the marketability of local suppliers in the extractive industries sector); as a researcher on formal public-private partnership arrangements (for example, seeking innovation in rural infrastructure project finance deals); and as a pioneer in the design of new methodologies for enhanced development performance (for example, the integration of corporate social responsibility within Value Chain Analysis, and the application of Transaction Chain Analysis to identify contractual incentives. The programme also runs two training schemes: the highly-successful Partnership Brokers Accreditation Scheme (PBAS);

and, under licence to the International Financial Corporation, training events around the new Equator Principles and the IFC's social and environmental performance standards for project finance. Further details can be found at: www.odi.org.uk/business

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