

Oman Environmental Regulatory Framework

Ahmed Al Barwani - Partner, Head of Office - Oman - Corporate / Mergers and Acquisitions / Commercial
a.albarwani@tamimi.com - Muscat

Introduction

Ministry of Environment and Climate Affairs (“**MECA**”) is the responsible governmental body in Oman which is in charge of looking at and preserving the environment. Its missions is to “do its best effort to protect the environment and preserve its natural resources as well as making available all resources to ensure the provision of services with high quality to the end users in order to achieve sustainable development”.

The environment has been defined under Article 1 of the Sultani Decree Number 114 of 2001 issuing the law on Conservation of Environment and Prevention of Pollution (“**Law**”) as the setting in which human beings live, including living organisms such as man, animals and plants as well as the surrounding air, water, oil and solid, liquid, gaseous or radioactive substances in addition to man-made stationary or non-stationary establishments. The Law further defines environment protection as conservation of components of the environment and its properties, natural balance and ecosystems and preventing its deterioration or pollution through reduction and control of such pollution and conservation of natural resources.

Rationalization of their use and protection of living organisms particular the rare and endangered ones. The damage to the environment entails any damage to the environment, which affects, directly or indirectly, its properties, functions or minimize its capacity. The pollutants to the environment could take the form which solid, liquid, gaseous substances or fumes, vapors odors, noise, radiation, heat, vibration or others which directly or indirectly lead to environmental pollution.

Further, MECA is the body responsible for representing the Sultante of Oman in negotiations regarding regional and international environmental conventions and shall have the right to recommend accession or non-accession to such conventions. The rules and principles in such regional and international environmental conventions are implemented by MECA in its local laws and regulations. The Law is one of the key legislation in Oman which sets out the rules and principles for the protection of the environment. The Law sets out a number of rules and principles that are to be observed by persons or any entities operating in Oman. By way of an example, it is not allowed to use Oman environment for the disposal of environmental pollutants in such quantities and types that may adversely affects its intactness and its natural resources or nature conservation areas and the historical and cultural heritage of the Sultanate. No pollutants shall be disposed of in the natural ecosystems unless in accordance with the regulations and conditions issued by a decision from the Minister of MECA. Further, no commencement or establishment of any source or area of work prior to obtainment of an environmental permit confirming its environmental soundness. The permit shall be issued upon an application to be submitted by the owner to MECA. The minister shall then issue a decision specifying procedures conditions and rules regulating issue, term and renewal of such permit. The owner is under an obligation to take all necessary measures and adopt state-of-the-art techniques, approved by MECA in coordination with the concerned bodies to minimize generation of waste at the source and to use clean production techniques to prevent pollution of the environment and protect its natural resources. The owner at the same time undertake to submit a contingency plan for approval by MECA. The plan is to be reviewed periodically.

As one of the enclosures required to be submitted along with the application for the environmental permit is Environmental Impact Assessment (“**EIA**”) study. The cost of such detailed study and the cost of the measures pertaining to mitigation, treatment or control of such impacts, shall be included in the total cost

of the source of the area of work. Such study gives MECA the ability to assess the application for the permit. EIA is generally conducted by recognized consultants in Oman.

In order to ensure the preservation of the environment, the Law restricts disposing of, dealing or handling hazardous waste or substance in the Oman environment without obtaining a permit from MECA. Article 20 of the Law expressly states that no hazardous waste or substances or other environmental pollutants shall be discharged in Wadis, watercourses, groundwater recharge areas, rainwater and flood drainage systems or Aflaj and their channels. It is also not allowed to use or discharge untreated wastewater in the above-mentioned places. No treated wastewater shall be used or discharged unless a permit to that effect is obtained from MECA according to the procedures and conditions to be specified by a decision from the minister of MECA.

The obligations set out in the Law and its regulations are backed up by penalties set out in the penalties section under Chapter Three of the Law. The fines applied generally range between OMR 200 to OMR 2000 for violating the provisions of Articles 7,9,11,12,13,15, 16 and 19. The penalty may entail imprisonment for a term not less than six months and not exceeding five years, and with a fine not exceeding OMR 5000 but not less than OMR 1000 or any of the said penalty if the violation entails corruption or spoiling of nature conservation areas or wildlife, whether by cutting down, poaching or killing or in any other manner.

Further to the Law as a key legislation, Oman through MECA issued number of ministerial decisions like:

1. Ministerial decision No 15 of 2021 restricts the export of some types of waste. Anyone who violates the provisions of the regulation shall be punished by an administrative fine of not less than OMR 500 but not exceeding OMR 2000.
2. Ministerial Decision 23 of 2020 bans the use of single consumption plastic bags (soft copy attached). Anyone who violates the provisions of the regulation shall be punished by an administrative fine of not less than OMR 100 but not exceeding OMR 2000.
3. Royal Decree No 34 of 1974 Control of Marine Pollution. Under this law, no person has the right to discharge any pollutant in the pollution-free zone from a ship, shore location or oil transport facility.

International treaties and conventions once ratified by Sultani Decrees become part of the law. Oman has acceded to the Paris Climate Accord on 22 April 2016 and its ratification was made on 22 May 2019. Prior to signing the Paris Accord, the objectives set forth by MECA was to set a target in reducing carbon emissions in the Sultanate. The type of mitigation contributions included reduction of gas flaring from oil industries, increase share on renewable energy, increase the energy efficiency projects among industries, develop new legislations on climate change which will support the adoption of low carbon and energy efficiency technologies. The timeframe set to achieve such was 2020 to 2030.

Moreover, the Omani vision 2040 sets out the future vision in Oman designed to overcome the environmental challenges that have been encountered over the years in Oman, prioritizes an effective eco-system to be implemented in Oman to protect the environment and encourage new infrastructures towards green economy, green strategies and renewable energy production. This approach has been taken to promote the environmental sustainability in Oman. The objectives of vision 2040 in relation to environment as quoted from the Oman Vision 2040 is as follow:

1. promoting environmental ecosystem that are of high quality and free from pollution;
2. Sustainable use of and investment in natural resources and wealth to deliver high added value;
3. Renewable energy, diversified sources of energy, and rationalized consumption to achieve energy security;
4. A green and circular economy that addresses national needs and moves consistently with the global trends; and
5. Environmental awareness coupled with the effective implementation of sustainable consumption and production rules.

The private sector in collaboration with MECA and other governmental authorities, companies like

Petroleum Development Oman (“**PDO**”) and BP Oman, being one of the main players in oil field in Oman, have shown commitment in reduction of carbon emissions. Accordingly, in a recent news issued on 16 June 2019 by Oman observer states *“PDO says it has embarked on a strategy to monetise natural gas that would otherwise be flared as part of its normal operations across its sprawling concession. For every 1,000 tonnes of hydrocarbon produced last year, the majority government-owned energy producer flared 17.91 tonnes of gas — representing a 22 per cent jump over flared volumes in 2017. The uptick, coming despite a vigorous flaring reduction programme, was primarily attributed to “equipment failures in some fields. We have developed comprehensive roadmaps to address both, and intend to reach the target of zero routine flaring well before the World Bank’s 2030 deadline,” said Raoul Restucci, Managing Director — PDO.*”

Further, BP Oman has achieved significant reduction in CO2 emission for its Khazzan project. As stated in a recent article *“BP’s ambition is to be a net zero company by 2050 or sooner and to help the world get to net zero. Schlumberger shares BP’s commitment to low carbon and is committed to set a science-based target by 2021 and update the CO2 emissions footprint ambition accordingly.”*

Oman was among the world nations at the UN Summit in September 2015 to recognize and adopt the Sustainable Development Goals, becoming one of the member states that agreed upon devoting all efforts to attain these goals. Thus, they were integrated into the main pillars of the Ninth National Five-Year Plan of the Sultanate 2016-2020.

[Click here](#) to read more about the highlights in Oman’s initiatives and contributions to achieve Sustainable Development Goals.

Key renewable energy projects

Oman has planned some renewable energy projects that will be completed in the coming years as follows:

1. 500 MW Solar 2022 Independent Power Project (IPP): The planned project will have a capacity of 500-1,000MW. The project consists with Development of a Solar Independent Power Project (IPP). Oman Power and Water Procurement Company (OPWP) means to interface the sun based plant to the Main Interconnected System of Oman. The net project value is USD 500 million and the project is currently under study.
2. 500 MW Adam Solar IPP: the renewable energy project will be developed on a build-own-operate model for Oman Power & Water Procurement Company (OPWP). The net project value is USD 500 million. The completion year is 2023.
3. 200 MW Dhofar III Wind Power Plant (IPP): is currently under study by Oman Power and Water Procurement Company (“OPWP”) and has a net project value of USD 200 million and is set to complete by 2024.
4. Barka WTE IPP: A Waste to Energy project with a maximum capacity of 160 MW and due to come on stream by 2025. In Duqm, Oman Power and Water Procurement Company (OPWP) envisions the potential for a 600MW Concentrated Solar Power (CSP) project with thermal storage. The capacity level and timing of the project are under review; and
5. Wind IPP 2023: with a capacity of around 100 MW, is expected to be established in Jaalan Bani Bu Ali within the Main Interconnected System (MIS) by 2024.

Incentives for SME

Oman’s government established a Public Authority for Small and Medium Enterprises Development (Riyada) in 2013 as well as the SME support fund, which have been critical to small business growth and

economic diversification in the country. The small and medium enterprises play a crucial role in the process of economic development and the achievement of sustainable growth. According to the Oman observer, the Authority for Small and Medium Enterprises Development (Riyada) has declared some incentives that are offered to owners of small and medium enterprises (“**SMEs**”) with a view to writing off SME license fees. The incentives target SMEs operating in the sectors of manufacturing industries, agriculture and fisheries, services, logistics and related activities, according to the Invest-Easy portal rating specified by the Ministry of Commerce, Industry and Investment Promotion. The incentives are a one-activity, one-time offer to Riyada card holders. Oman observer further clarifies that the incentive is a condition (for exemption from government license fees for the target activities) that the licenses be issued for the first time. It is not allowed to sell, transfer or modify the commercial register of the beneficiary SME for a period of three years, except in the case of transfer of the commercial register to a full-time citizen who is a holder of the Riyada card or in the case of cancellation of the establishment by the cancellation of its commercial register. Accordingly, the beneficiaries are exempt from payment of all government license fees. Furthermore, holders of Riyada cards are also exempt from payment of labour license fees for new activities specified in the sectors covered by the incentives, towards a total of 5 workers and for a single activity. The exemption does not cover payment of fees for renewal of existing government licenses across all sectors.

The incentives taken by Oman Government will enable it to implement its vision in cooperation with the SME. Such plans are reviewed periodically and assessed by MECA and other concerned bodies in order to identify any challenges faced by the SME and propose solutions on how to overcome them. SME are still required to comply with the requirements set out in the provisions of the Law and the Ministerial Decisions, and they are not exempt. In a number of industrial, agriculture and fisheries projects as well as other projects, the environmental permits are required to be obtained from MECA as well as providing an environmental impact assessment. Storage and transport of hazardous chemical products or any other hazardous products which is conducted by the SME also require a special permit from MECA.

Conclusion

It is clear from the above that the Oman government represented by MECA has taken measures necessary through ratification of international treaties, local laws and regulations as well as granting incentives to SME in order to protect the environment and prevent pollution. To a large extent this has been achieved with few challenges that are yet to be achieved and completed.

To this end, the Oman government has carried out some restructuring of its governmental bodies and created some companies in order to be more dedicated and accomplish the functions and roles of MECA. By way of an example, Oman Environmental Service Holding Company S.A.O.C (Be’ah) was established in 2007. In 2009, a Royal Decree No. 46/2009 granted Be’ah the mandate and the legal status as the entity responsible for solid waste management in Sultanate of Oman. Within this umbrella, Be’ah works on moving towards sustainable waste management practices as per international standards by establishing the required infrastructure, restructure the municipal waste collection services, and improve public awareness of waste management.

On the other hand physical water scarcity occurs in GCC countries generally because of the small amounts of annual rainfall. As a result, the region is largely dependent upon unsustainable groundwater abstraction. Water scarcity is one of the main challenges facing Middle Eastern countries including Oman. As water is a precious resource in Oman, The Public Authority for Water (“**Authority**”) which provides high quality sustainable and reliable potable water services to all people in Oman declared that it has been responsible and dedicated in reducing water losses throughout the Oman network. In order to achieve this, the Authority’s leak detection teams are dedicated to identify leaks and reduce the difference between water produced and water used by customers. The Authority further expressed that small water distribution

system units have thus been created, each serving between 500 and 2,500 customers. These are called District Metered Areas (DMA), whose flows and pressure are constantly monitored and compared to billing data in order to assess the level of both commercial and technical losses and to target corrective actions. The analysis includes a daily assessment of the minimum flow at night, the Authority's main operational indicator of technical losses such as leakage. According to the Authority, hydraulic models have also been built and are being routinely calibrated. This allows the Authority to identify both the areas with low pressure and the areas where controlling the water pressure could be implemented as a way to reduce water losses.

Allocation of sufficient budget and the relevant resources required for protection of environment and climate is increasingly becoming more challenging given the big area of Oman and its geographical diversity. The leakage of oil into the sea as one third of oil passes through Hurmuz strait is inevitable plus the emissions of gases due to increase production of oil and gas as a main source of economy. One of the advantages is the fact that the areas of confessions of oil and gas is that it is not heavily populated, however, the wild life and animals have start to disappear although Oman government has created number of animal protectorate that are heavily guarded which has helped to preserve wild life.