

beyond oil

Project description

Why this project?

The “Beyond Oil” project is a study which aims to det the readiness of the economies of oil producing countries for the time when oil is no longer available as their main income generator. In a first step, this project will analyse the economies of 26 major oil-producing countries. The aim of this survey is to give a fact-based, holistic outlook of what actually is likely to happen in 26 countries when oil runs out.

How is it done? – Methodology

The study analyses 26 countries¹, using 18 different criteria. In order to ensure that the results of the findings are calibrated as close as possible to reality, 14 of these criteria have been derived from internationally recognised indices². Three other criteria have been derived from commonly used studies (i.e. statistics on proved oil reserves). One criterion is based on an algorithm developed by the project group and is completed by a country-by-country research.

We have clustered these criteria into to four groups: general economic framework, political framework, society/ future skills and oil-related factors. Our fundamental assumption is that the beyond-oil-preparedness of a country largely depends on the first three clusters whereas oil-related factors play an important, yet not dominant role. Accordingly, we have given the non-oil factors 60% weight in the study whereas oil-related indices count only 40%.

What is the result?

The final study will consist of two major elements:

1. A league table which will rank all 26 surveyed countries (the Beyond Oil Index).
2. A survey derived from the index providing detailed background information on weak and strong points of each country in the index.

We intend to update the beyond oil ranking on an annual basis.

¹ The world's 7 largest oil producers + all OPEC countries + a few other countries facing emblematic oil-related problems.

² See attached list for details.

For whom? - Target groups

This study might help all who want to lead a solid, fact-based discussion on oil-related issues. Its major added value is the combination of technological/geological with economic and social issues to a holistic, long-term view.

Basically, we see three specific target groups:

1. Politicians, NGOs, Governmental agencies...

...who can use this work as a barometer to measure their level of preparedness for the day when one of their important sources of income generation disappears and want to be informed about upcoming areas of potential economic and political instability. Our results will indicate where these trouble spots might to be ("early warning system").

2. For economists and investment agencies

From our beyond oil perspective, we comment on the most promising sectors in the respective countries. The outcome of this project will show which countries require investment in their non oil sector, and which countries to avoid in their search for the next big economic hotspot.

3. For Journalists, Researchers, Students...

...looking for a neutral source of information that is easy to understand yet gives a realistic picture on a complex issue.

What this Study can't deliver

1. Front-line research. The study mainly re-groups existing, openly available material.
2. Exactitude. Although the used indices are widely recognised, subjective judgements are a major part of these study as we have deliberately decided on how to weight each component in the index. In several of the used studies, not all countries available. In a few cases, we had to make "qualified guesses".

This study is conducted free of any political or economic interest. It aims to be in line with the ideals of the Club of Rome and its young think tank tt30. Among these ideals are a holistic, long-term perspective and an innovative, yet scientific approach.

Annex: Indicators we have used to build the beyond oil index

| Indicator | weight | index points | source |
|---|------------|--------------|--|
| General Economic Framework | 25% | 0-25 | |
| long-term growth rate (2000-2005) | 3% | 0-3 | World Bank |
| per capita income in PPP | 3% | 0-3 | World Bank |
| economic freedom | 6% | 0-6 | Heritage Foundation |
| competitiveness | 6% | 0-6 | World Economic Forum |
| potential for receiving foreign direct investment | 2% | 0-2 | UNCTAD |
| doing business ranking | 5% | 0-5 | World Bank |
| Political framework | 15% | 0-15 | |
| corruption | 5% | 0-5 | Transparency International |
| press freedom index | 1% | 0-1 | Reporters sans frontières |
| freedom index | 4% | 0-4 | Freedom House |
| Indicators of Good Governance | 5% | 0-5 | World Bank |
| Society - Future skills | 20% | 0-20 | |
| Human development Index | 6% | 0-6 | UNDP |
| Education I: percentage of GDP spent on education | 6% | 0-6 | UNDP |
| Education II: Universities | 2% | 0-2 | Shanghai University |
| Transformation capacity | 6% | 0-6 | Bertelsmann Transformation Index |
| (Beyond) oil-related factors | 40% | 0-40 | |
| Oil Reserves/Production ratio in years, "R/P ratio" | 7% | 0-7 | BP statistical review |
| Gas reserves/production ratio in years, "R/P ratio" | 3% | 0-3 | " |
| percentage of oil and gas in GDP | 10% | 0-10 | Project group research |
| competitive future industries and services | 20% | 0-20 | Algorithm developed by the project group, completed by a country-by-country research |