

# System Design for National Oil Companies

Five Considerations for Oil Hotspots with Capacity Challenges

---

= 1 =

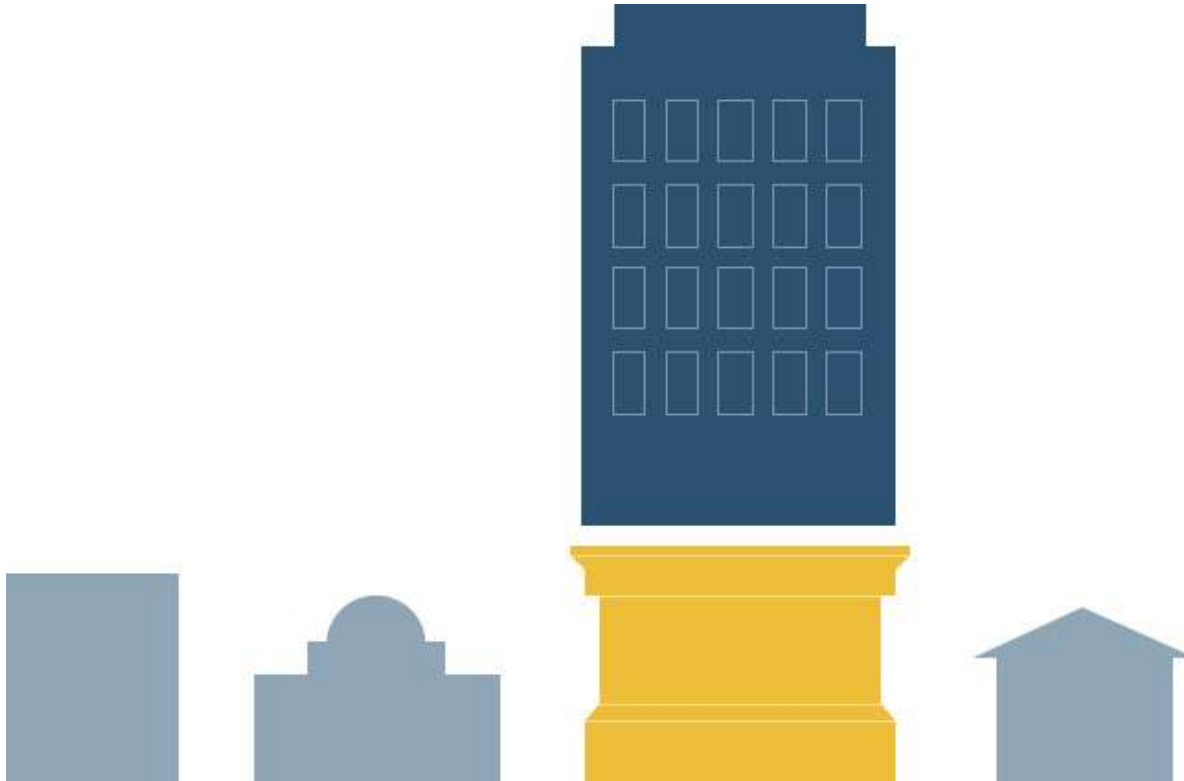
Institutions are weak ...



= 1 =

Institutions are weak ...

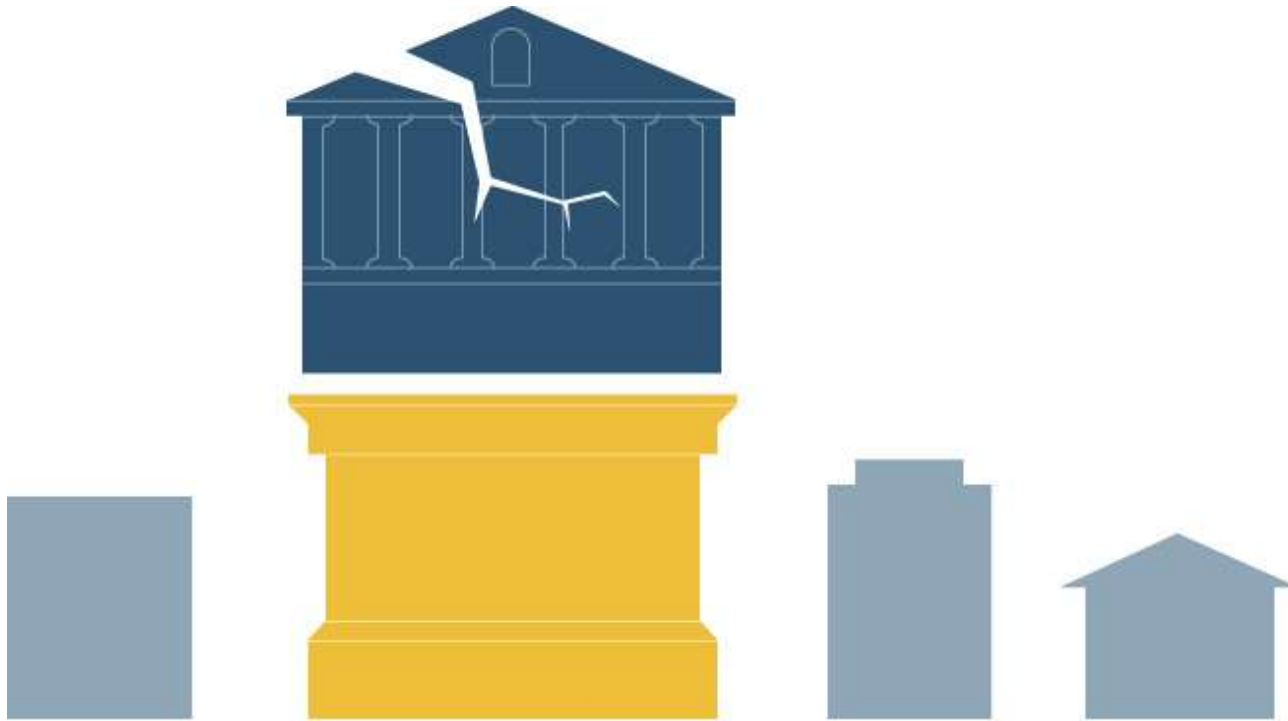
Concentrating power in one institution may enhance performance.



*Low-capacity countries have a stronger history of technical and economic success when resources are concentrated in an NOC, rather than rigidly separated across distinct administrative bodies.*

= 2 =

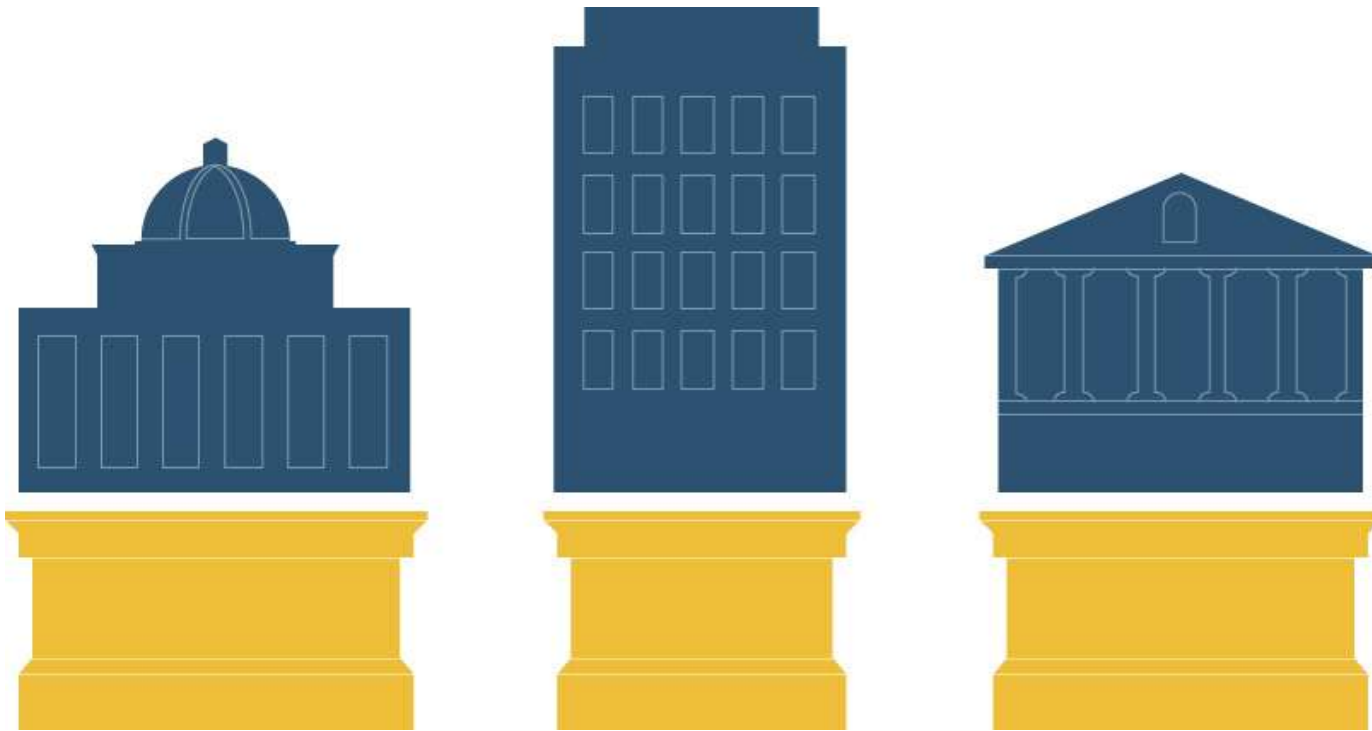
A single powerful institution is difficult to hold accountable ...



= 2 =

A single powerful institution is difficult to hold accountable ...

Separating powers can enhance checks and balances—but is not always feasible.



*Too much concentration of power can worsen accountability problems. A successful separation-of-powers model can improve accountability, but many attempts to install such a model fail to take root.*

= 3 =

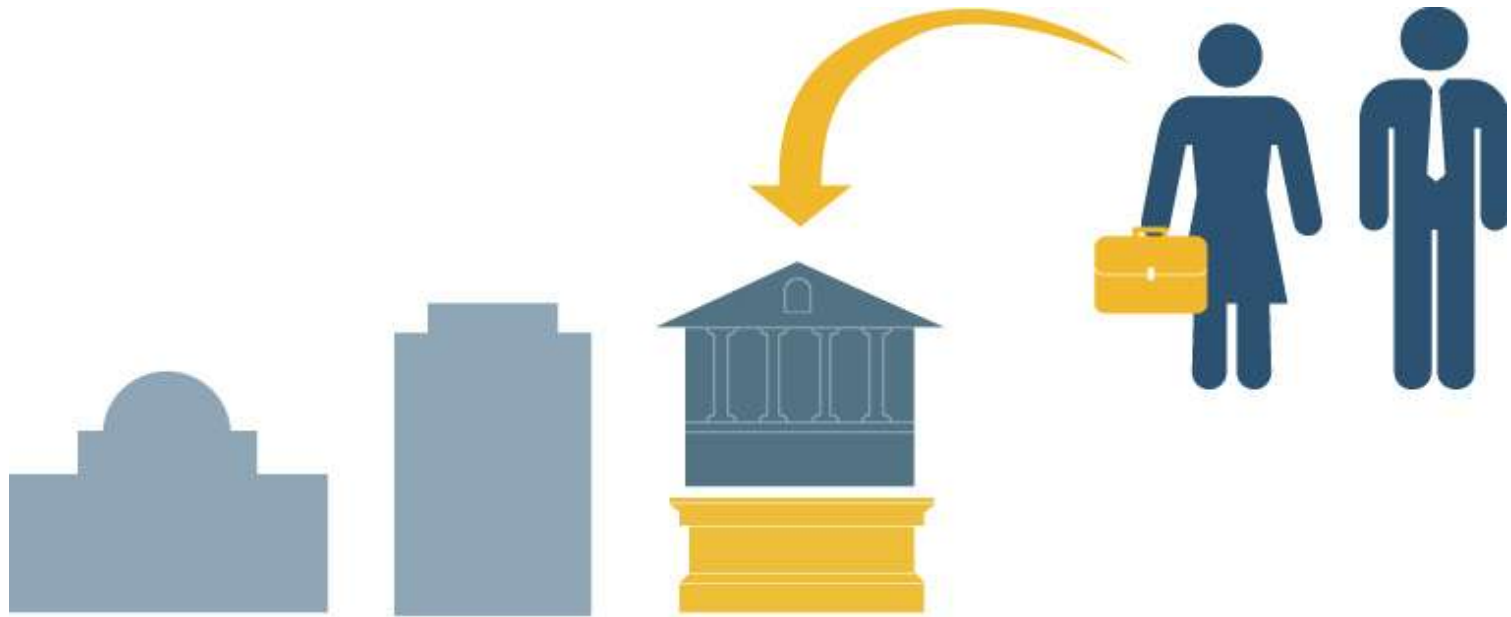
Separation of powers doesn't always work ...



# = 3 =

Separation of powers doesn't always work ...

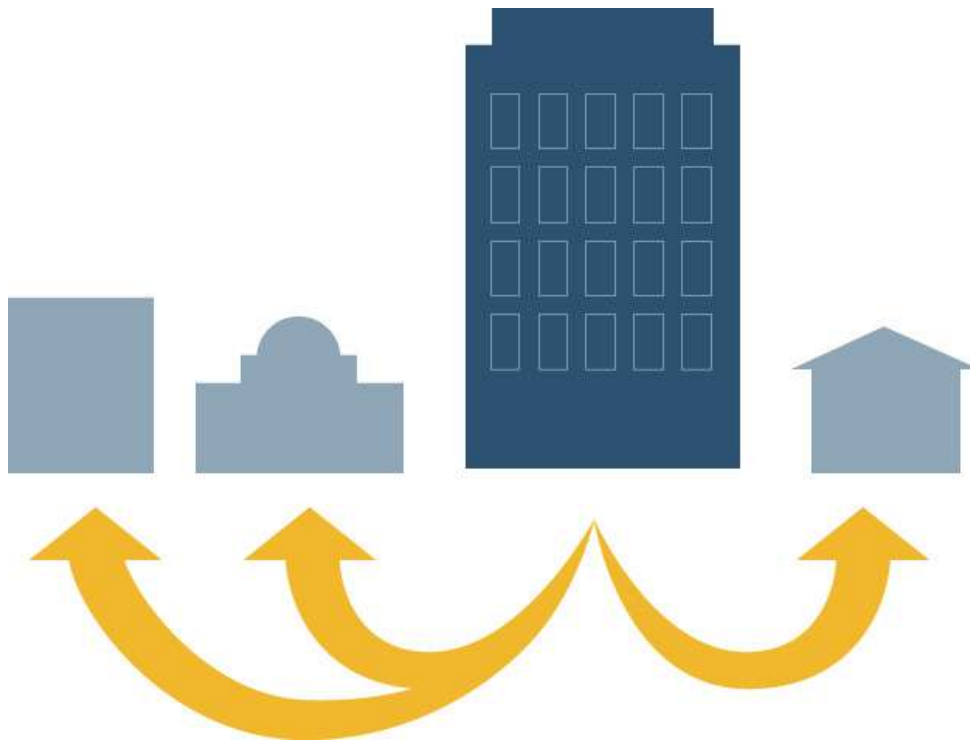
Consider relying on support from outside government to strengthen institutions.



*In low-capacity countries, surrogate administrative capacity may be needed to prop up a separation-of-powers model*

= 4 =

Government is transitioning from concentration to separation of powers ...

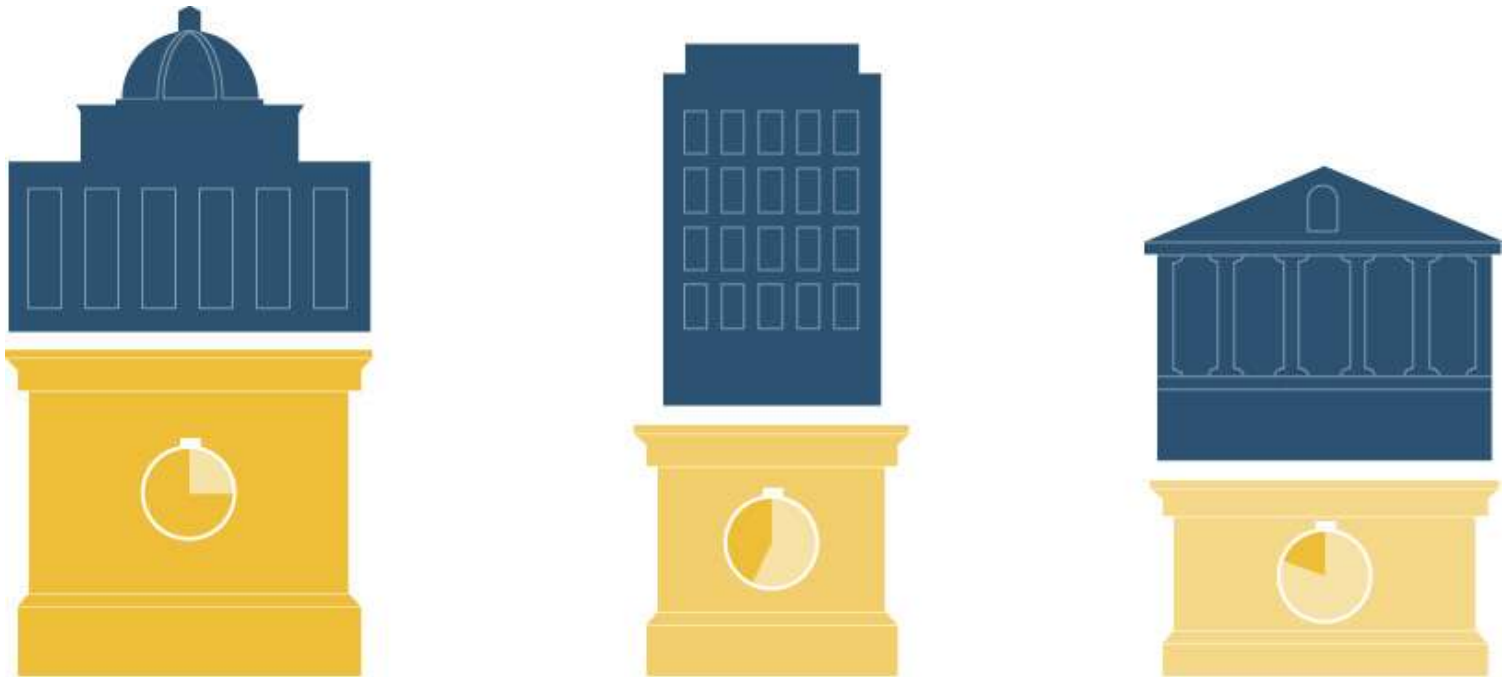




= 4 =

Government is transitioning from concentration to separation of powers ...

Proceed cautiously, sequentially and methodically.



*Some countries concentrate powers initially and then separate them later.  
The likelihood of success depends largely on whether other institutions have  
developed the strength to provide an effective check on the NOC.*

Regardless of the institutional models used ...  
**transparency** is the key element of success.



For a detailed discussion, see  
“Institutional Design in Low-Capacity Oil Hotspots,”  
available at:

[www.reveuewatch.org/noc-hotspots](http://www.reveuewatch.org/noc-hotspots)