منتدى الاستراتيجيات الأردني
JORDAN STRATEGY FORUM

The Risha Gas Field: A Strategic Opportunity to Redirect Economic Path

June 2025

Policy Paper

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The Jordan Strategy Forum (JSF) is a not-for-profit organization, which represents a group of Jordanian private sector companies that are active in corporate and social responsibility (CSR) and in promoting Jordan's economic growth. JSF's members are active private sector institutions, who demonstrate a genuine will to be part of a dialogue on economic and social issues that concern Jordanian citizens. The Jordan Strategy Forum promotes a strong Jordanian private sector that is profitable, employs Jordanians, pays taxes and supports comprehensive economic growth in Jordan.

The JSF also offers a rare opportunity and space for the private sector to have evidence-based debate with the public sector and decision-makers with the aim to increase awareness, strengthening the future of the Jordanian economy and applying best practices.

For more information about the Jordan Strategy Forum, please visit our website at www.jsf.org or contact us via email at info@jsf.org. Please visit our Facebook page at Facebook.com/JordanStrategyForumJSF or our Twitter account @JSFJordan for continuous updates about Jordan Strategy Forum.

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Policy Paper: A policy paper is a research piece which focuses on a specific issue or problem and provides clear recommendations for policy makers

To evaluate the study

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1. Introduction

The Jordanian economy has long struggled with a complex set of social and economic challenges, including modest economic growth rates, high unemployment rates, persistent budget and trade deficits, and an ever-increasing public debt.

In the face of these challenges, **the discovery of promising reserves in the Risha gas field represents a strategic opportunity to redirect Jordan's economic path toward structural reform that supports progress and prosperity.** However, the availability or discovery of natural resources alone does not guarantee development or sustainability. Historical experience shows that many resource-rich countries have failed to invest in and benefit from their newfound wealth due to mismanagement, inequitable contracts, and a lack of strategic planning.

Therefore, Jordan must learn from the lessons and experiences of these countries to avoid such mistakes and ensure optimal use of its natural resources, channeling them towards development projects to promote comprehensive and sustainable growth.

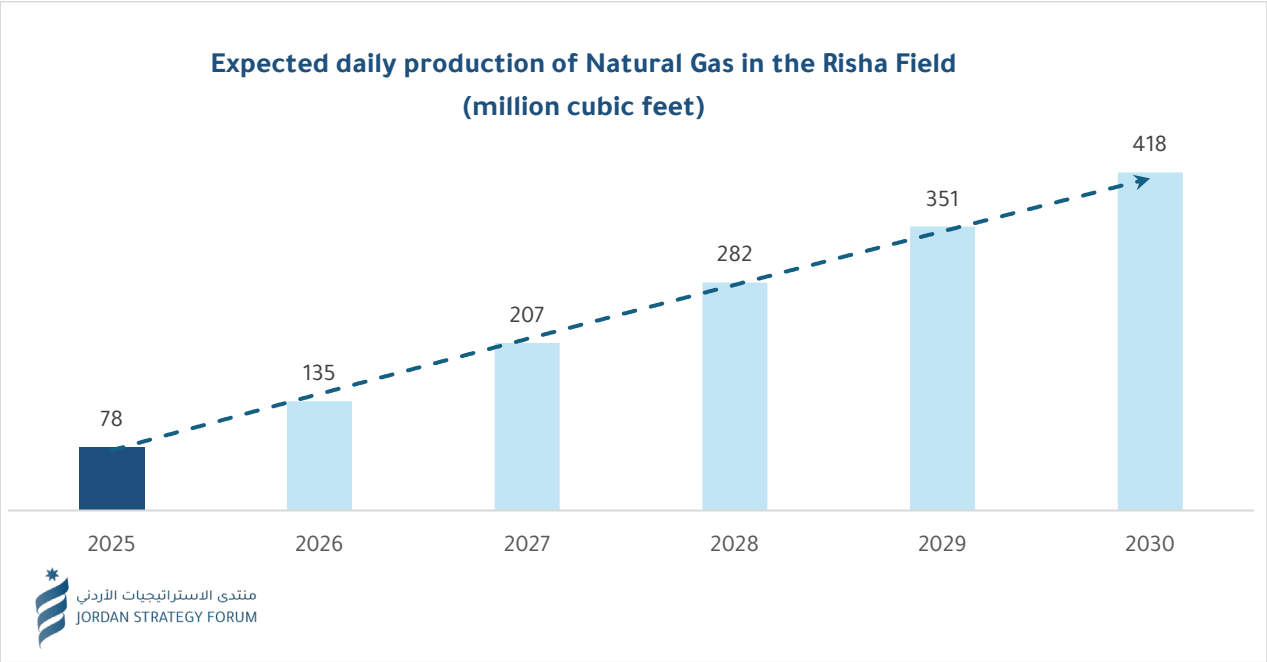
The primary responsibility for determining how to utilize this natural resource and maximize its returns lies with the Jordanian government, in partnership with the private sector, to ensure the greatest possible economic and developmental benefits from this and all other national resources.

The Jordan Strategy Forum deemed it necessary to develop a **policy guiding paper that highlights the strategic potential of the Risha gas field.** This paper also links this opportunity with international experiences that illustrate how natural resources can contribute to national development or exacerbate structural weaknesses in the economy if not properly managed. This paper addresses the following:

- The Strategic Potential of the Risha gas field.
- Lessons learnt from international experiences.
- Jordan's path forward.

2. The Risha Gas Field: Strategic Potential

The Jordan National Petroleum Company (NPC)[1] was established to explore natural gas and oil, drill wells and expand exploration of these resources in the Risha and East Safawi areas. The Risha gas field, located in Jordan's eastern desert, demonstrates considerable natural gas reserves. Current production capacity is approximately 62 million cubic feet per day, of which only 16-20 million cubic feet are sold. Future expansion plans target approximately 418 million cubic feet per day by 2030, indicating an annual increase rate of 40% during the following period 2025-2030.

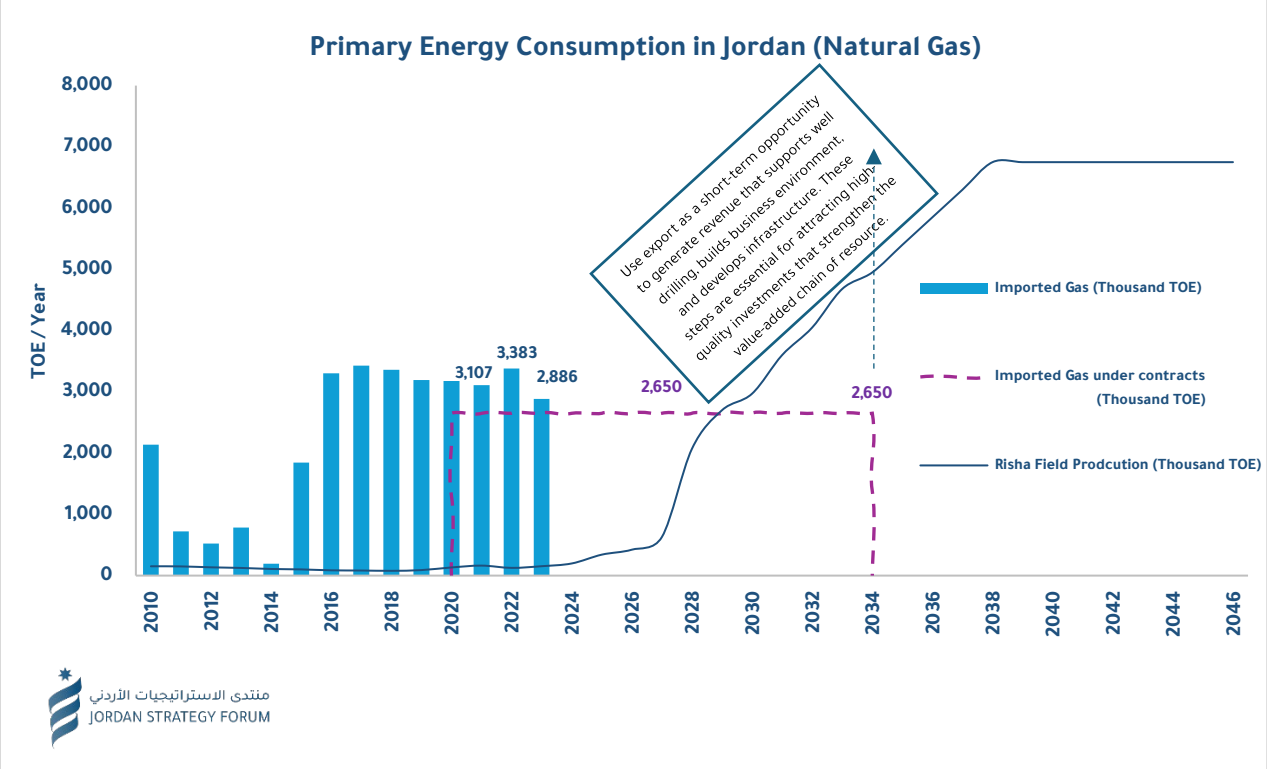


Source: NPC, Risha Gas Field Development Study, 2025

It's worth noting that Jordan Imports an average of approximately 3.1 million tons of oil equivalent (TOE) of natural gas annually. This includes 2.65 million TOE imported under long-term, fixed contracts extending from 2020 to 2034. These are binding agreements that cannot be cancelled without incurring significant legal and financial consequences, even if Jordan is able to achieve self-sufficiency by increasing its domestic production at the Risha Field, which is illustrated in the figure below.

Therefore, reaching the targeted level of gas production from the Risha Field, estimated at 418 million cubic feet per day (equivalent to 3.84 million TOE per year) by 2030, would enable Jordan

to meet a significant portion of its domestic primary energy needs (natural gas), which would exceed 60% of consumption according to current figures. This could cover domestic consumption of the electricity generation sector, in addition to converting many industries to natural gas-based energy sources.



Source: NPC, Risha Gas Field Development Study, 2025

If managed efficiently and effectively, the Risha gas field will become a strategic lever supporting the national economy by boosting value-added exports, creating sustainable job opportunities, contributing to reducing the trade deficit, reducing Jordan's dependence on energy imports and stabilizing energy supplies. Also, it can generate additional revenue for the state treasury, which will support the implementation of development plans and expand the country's production base.

3. Global Case Studies and Comparative Insights

The Jordan Strategy Forum has studied some international experiences to identify best practices in the exploitation and management of natural resources. This was achieved by examining models of management contracts, the strategic options available to countries for exploiting these resources, best practices in concession agreements, and the organizational capabilities and skills required for them.

3.1 Natural Resources Management

The following is a summary of the most important international experiences in natural resource management contracts:

Iran and Saudi Arabia: Early Concession Agreements

Iran and Saudi Arabia offer two contrasting experiences with early oil concessions.

Iran's 1901 **D'Arcy** Concession gave foreign companies near-total control over its oil resources. The terms provided Iran with only a small share of profits, resulting in decades of foreign dominance, limited reinvestment, and domestic resentment. Nationalization in the 1950s marked a turning point in managing of oil resources, but also led to political instability, sanctions and a weaking of the economic strucxture and its performance.

By contrast, **Saudi Arabia's** concession model evolved more constructively. Though foreign firms initially dominated through Aramco, Saudi Arabia renegotiated a 50/50 profit-sharing agreement by 1950 and gradually nationalized the industry without disrupting partnerships. This enabled the country to invest in infrastructure and develop expertise while retaining foreign capital and technology.

Venezuela: Mixed Success and Eventual Decline

Venezuela introduced the 50/50 profit-sharing model in the 1940s and nationalized its oil industry in 1976, creating **Petróleos de Venezuela, S.A. (PDVSA).** Initially, this brought high revenues and modernization, positioning Venezuela as a regional economic leader.

However, weak institutions, minimal reinvestment, and rising dependence on oil exports undermined long-term growth. Political interference in **PDVSA** intensified in the 2000s,

diverting revenues to social programs and replacing experts with loyalists. These shifts led to underinvestment, falling production—from over 3 million to under 800,000 barrels per day—and a sharp economic decline during oil price downturns.

Venezuela's case underscores the risks of politicizing state enterprises and failing to diversify, highlighting the importance of strong institutions and sound resource governance.

Norway: The Gold Standard for Resource Management

Norway stands out as a best-practice model for turning hydrocarbons into sustainable development. The country maintained public ownership of resources, developed Equinor (formerly Statoil) as a competent state-owned company, and implemented rigorous fiscal and environmental regulations. With a marginal tax rate of 78% on oil profits, most revenues were directed to the Government Pension Fund Global (GPFG)—the world's largest sovereign wealth fund.

Norway also required foreign companies to partner with local suppliers, helping to build a globally competitive oil services industry. Its early introduction of carbon taxes and investments in education and technology allowed Norway to pivot toward a greener economy.

Ghana and Indonesia: Emerging Best Practices

Ghana has focused on transparency and local content. It joined the EITI and passed a "Petroleum Revenue Management Act" that mandates publication of contracts and revenue allocations. Local content policies have fostered job creation and supplier development. Ghana's experience demonstrates how legal transparency, and civic oversight can build public trust and improve governance.

Indonesia adopted production-sharing contracts (PSCs) instead of full nationalization, balancing investor interest with public benefit. It also banned raw mineral exports, requiring companies to build domestic processing facilities. These policies increased value capture and supported industrial development, particularly in the nickel and gas sectors.

Bahrain: Smart Manufacturing Despite Limited Resources

The **Kingdom of Bahrain** stands as a pioneer and successful model in transforming natural gas from a raw resource into a foundation for sustainable industrial development. Despite possessing relatively limited gas reserves compared to its neighbors, Bahrain has pursued an ambitious strategy since the 1960s to maximize the added value of its gas through large-scale industrial projects.

In 1968, Bahrain established Aluminum Bahrain (Alba), one of the world's largest aluminum smelters, which relies on natural gas as its primary energy source. It also launched the Gulf Petrochemical Industries Company (GPIC) to produce fertilizers and methanol using domestic gas. These initiatives were strategically integrated with the Bahrain Petroleum Company (BAPCO).

This approach transformed Bahrain into a regional hub for aluminum and petrochemical industries while reducing its reliance on exporting raw gas. The Bahraini experience underscores the value of early industrial planning and the importance of aligning energy and industrial policies – even in resource-limited countries.

Trinidad and Tobago: Developing Advanced Petrochemical Industries

Despite being a small island nation, **Trinidad and Tobago** has become one of the world's most successful examples of leveraging natural gas to drive advanced manufacturing and significant economic growth.

The country implemented a clear industrial policy centered around the development of the Point Lisas Industrial Estate, which evolved into an integrated hub for producing ammonia, methanol, urea, and their derivatives. It also succeeded in attracting foreign investment from major global firms such as Yara and Methanex.

The government placed strong emphasis on technological partnerships and research and development, including investment in gas-to-liquid (GTL) technologies. As a result, the petrochemical sector now contributes up to 45% of GDP and has generated tens of thousands of jobs. Trinidad and Tobago's experience illustrates how even small countries can achieve transformative industrial growth through strategic planning, technological integration, and the alignment of energy and industrial policy.

Comparative Summary of Country Experience in Exploiting Natural resources

Country	Management Model	Reform Strategy	Notable Outcomes
Iran	Foreign dominated / long-term	Abrupt nationalization	Sanctions, weak economy
Saudi Arabia	Long-term / foreign sharing	Incremental reforms and gradual negotiated reacquisition	Stable modernization, incomplete diversification
Venezuela	Short term / foreign sharing	Early Reforms and nationalization and established national company	Overreliance on natural resources and corruption led to economic crisis
Norway	Full State control	Good Governance and long-term planning	Long-term stability and diversification
Ghana	Hybrid model (National ownership and foreign partnership)	Transparency and local content	Improved governance, legal transparency, growing capacity
Indonesia	Production sharing contract	Banned raw material export, forced domestic processing/refining	Value capture, industrial growth
Bahrain	Private-Public Partnership, Central government investment	Early industrial diversification and development	Regional Aluminum and petrochemicals production hub, increase export value and reduce raw gas exports
Trinidad and Tobago	Strategic Partnership with international companies	Developing Industries by attracting investments and advanced technologies	Ammonia and menthol leader, creating job opportunities and economic stability

3.2 Added Value Strategic Options: Export Vs. Domestic Use

Countries with significant natural gas reserves typically adopt strategic choices and national policies aligned with their objectives for exploiting this resource. These options usually involve either exporting gas to generate immediate revenue or processing it domestically to promote industrialization and drive economic growth.

However, global experience suggests that the **most effective model is a gradual and balanced approach; one that combines medium- and long-term development of local industry alongside, controlled and measured quantities are exported to generate short-term financial returns. This allows for short-term financial gains without compromising domestic production capacity.**

Striking this balance enables countries to achieve their national development goals while avoiding overdependence on raw gas exports as their primary source of income.

1. Exporting Raw Gas (Short-Term Gains)

Exporting natural gas, typically as liquefied natural gas (LNG) or via pipelines, can provide early revenue streams and foreign currency reserves. This model requires relatively lower upfront investment in domestic infrastructure and can help build global trade relationships. However, it also builds a public and national dependency on "easy" resource revenues, often neglecting long-term development of export-oriented "value added" industries, as well as exposing the country to global price volatility and delivers fewer local economic linkages.

2. Domestic Use for Value-Added Products (Medium and Long-Term Strategy)

Directing natural gas towards local manufacturing -through the production of petrochemicals, fertilizers, methanol, and electricity generation- offers higher economic returns and creates sustainable job opportunities. It allows a country to capture more of the value chain, spur manufacturing, and support a skilled workforce. This path requires a clear developmental vision, the ability to attract and sustain patient investment in infrastructure, continuous workforce development and repurposing, as well as developing and maintaining responsible regulatory capacity to ensure efficient and sustainable resource management.

In addition, enhancing economic complexity[2] is essential to building diversified and advanced production sectors, capable of competing in regional and international markets and participating in global value chains.

3. Strategic Recommendation: A Balanced Approach

Jordan needs to have a balanced approach to exploiting the Risha Gas fields that combines development goals and commercial opportunities. Foreign and local investors need to be informed of Jordan's development vision for using natural gas as a production input, to enable them to organize themselves with financiers and beneficiaries of future industrial projects. This path also requires the government to rapidly address the various regulatory and legislative issues early on to ensure a clear, stable and enabling investment environment.

It is also essential to work to increase production and develop the necessary infrastructure for domestic sales and short-term export, while simultaneously promoting value-added industrial projects as strategic investment opportunities at the national level.

3.3 Best Practices for Concession Agreements

Jordan's future success in the gas sector hinges on how it structures and enforces concession agreements. Lessons from the discussed countries demonstrate that the **difference between success and failure lies not only in the availability of natural resources, but also in a country's ability to establish robust institutional and regulatory frameworks that guide the exploitation of natural resources to achieve sustainable development goals.**

The most prominent lessons learned from concession agreements are grouped into five key areas:

1. Fiscal and Financial Safeguards

- One approach is to use a progressive revenue system, where taxes increase as production rises or as global prices go up. This method is used in Norway, where the tax system is designed to make sure the country benefits during times when global energy prices are high.

- Imposing windfall (extraordinary) profits taxes to capture unexpected gains. For example, in 2022, the United Kingdom imposed a windfall tax on energy companies after their profits surged due to the global energy crisis.
- Implement financial ring-fencing between contracted projects; by keeping the finances of each project separate, this prevents them using the loss of one project to reduce the profits of another.

2. Local Content and Employment

- Require foreign companies to employ qualified and trained local workers, while emphasizing that employment should include technical, engineering, and administrative specialties, not just general jobs (low-skilled labor). Additionally local supply chains are to be utilized.
- Support capacity-building and technical training programs to enhance the job readiness of Jordanians.
- Strengthen partnerships between local and international companies to ensure knowledge transfer and consolidate skills within the national economy.

3. Technology Transfer

- Include clear clauses mandating companies to share technology and knowledge.
- Allocate a portion of the proceeds to fund scholarships, R&D, and to build institutional partnerships across various academic, industrial, service, and financial sectors.

4. Environmental and Social Clauses

- Impose strict environmental protection standards, with effective monitoring systems.
- Allocate a portion of the revenue to infrastructure projects (roads, schools, health and social centers, etc.) in local communities within the project's region and surrounding areas.

5. Legal Protections

- Use arbitration mechanisms that safeguard national sovereignty in the event of disputes between contracting parties.
- Avoid unfair clauses, such as "stabilization clauses," that freeze tax regimes for extended periods of time.

3.4 Regulatory Capacity and Required Skills

For Jordan to manage its gas sector successfully, it must build a specialized, capable and empowered regulatory body to support the Ministry of Energy and Mineral Resources in its regulatory role. This body should include:

- **Petroleum and Mineral Economists:** to model scenarios and guide financial policy.
- **Contract and Energy Lawyers:** to negotiate and enforce international agreements.
- **Geoscientists and Engineers:** to evaluate reserves and operations.
- **Auditors and Financial Analysts:** to track revenue flows and prevent leakages.
- **Environmental Experts:** to monitor and regulate extraction impacts.

Capacity-building should involve international partnerships, regional cooperation, and continued education. Ghana's transparency model and Indonesia's PSC management are examples of how domestic institutions can be gradually strengthened with proper investment and oversight.

4. The Way Forward: Conclusions and Recommendations

Jordan stands at a pivotal moment. The Risha Gas Field represents more than an energy project—it is a chance to reshape the nation's economic model. But success will not come automatically. It depends on adopting a clear vision, learning from international experiences, and building institutions that are resilient, transparent, and aligned with public interest.

By embracing a **phased, value-oriented strategy—anchored in good governance and long-term investment—Jordan can ensure that natural gas becomes a catalyst for broad-based and sustainable prosperity, industrial transformation, and future energy security.**

This is even more important in light of the close relationship between the industrial and energy sectors, since Jordan's industry sector has become increasingly dependent on natural gas as a primary source of power generation for its production processes, accounting for up to 22% of the sector's total energy resources in 2023.

In conclusion, and based on the aforementioned observations regarding the optimal utilization of the Risha field resource, the Forum affirms the following key recommendations:

1. **Begin by exporting natural gas directly in phases over the short term to take advantage of quick returns.** This includes drilling wells and building the right business environment and infrastructure. These steps will help attract investment and support the development of industries that add more value to this natural resource.

2. **Initiate the design of a comprehensive plan for downstream manufacturing and economic diversification,** by converting gas into an input for high-value-added manufacturing industries.

3. **Enter strategic partnerships in the medium and long term to produce:**

    - **Ammonia,** either for export as a raw material or to use in production of urea, nitrogen fertilizers, soda ash (sodium carbonate), and nitrates, which is an option that enhances industrial integration and creates high added value industries.

- **Polymers,** a key input in the plastics and chemical industries, which can form the core for advanced manufacturing industries.

- **Methanol,** as an intermediate in many chemical processes, or as an energy source.

4. **Direct industrial uses,** by supplying factories with gas as an energy source or as a production input, which will contribute to reducing production costs and increasing the competitiveness of the existing industrial sector.

5. **Providing the Ministry of Energy and Mineral Resources with appropriate mechanisms to provide the required competencies and technical capabilities,** both local and international, to assist it in managing the natural gas regulatory framework and achieving the desired national economic goals.

6. **Promoting the construction of integrated industrial complexes** near gas and raw material sources; to ensure industrial integration and maximize the use of gas in various industries such as aluminum, petrochemicals, fertilizers, ceramics, and others, thus increasing added value and economic complexity.

7. **Channel investments into research and development,** particularly in technologies that convert natural gas into higher-value products. Examples include gas liquefaction and the production of specialized chemical goods. This approach increases resource efficiency and strengthens global competitiveness

8. **Focus on building strong local supply chains that are connected to targeted industries.** This will help build a more integrated and diversified economy that makes full use of Jordan's natural gas and other raw materials.

9. To fully unlock the potential of the Risha gas field, **the government,** as the main body responsible for ensuring this resource delivers maximum value, **must adopt a multi-dimensional strategy that considers the following:**

    - **Avoid quick short-term returns,** by focusing solely of exporting raw materials for long periods of time, **instead emphasize long-term sustainable value.**

- **Strengthening the capacity of national institutions responsible for regulating natural resources** to enable them to manage contracts, revenues, and monitor environmental risks efficiently and responsibly. Form strategic partnerships that promote the efficient utilization of their resources.

- **Designing a comprehensive national plan for downstream manufacturing,** within a broader vision for economic diversification. This plan would aim to use natural gas as an input for high-value manufacturing. **To succeed it must be based on a detailed feasibility study that consider the size of the required investment, its economic returns, and its potential to create local jobs.**

Natural Gas in Jordan: Some Facts and Figures

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Current Production Capacity
62 million
Cubic feet per day

Quantity Sold
20-16 million
Cubic feet per day

Imported Gas
3.1 million
(MT) on average annually

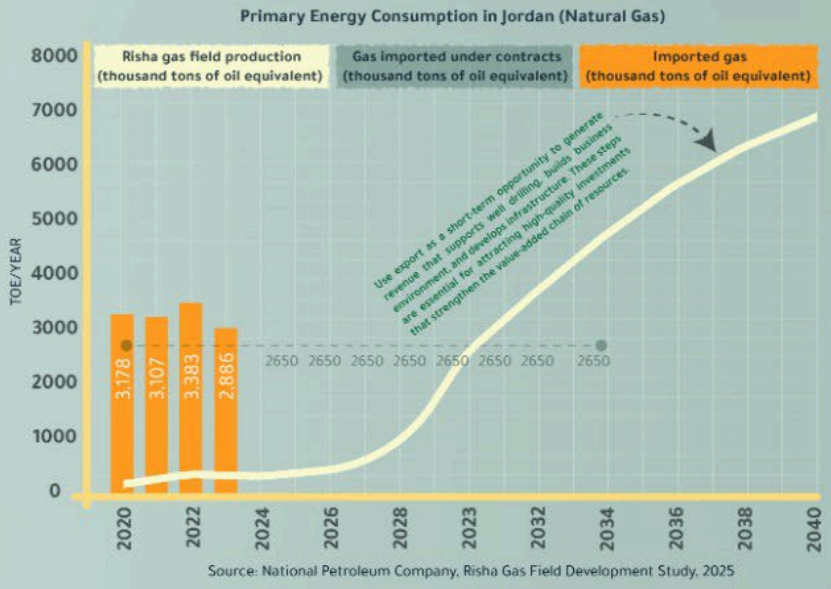
Future Expansion Plans

Raise production capacity to **418 million cubic feet per day** at an annual growth rate targeted at %40.

Expected Impact

Meet more than %60 of Jordan's natural gas needs.

Cover domestic consumption of the electricity generation sector and other industries.



Source: National Petroleum Company, Risha Gas Field Development Study, 2025

Current Legal Obligations

Long-Term Fixed Gas Import Agreement: From 2020 to 2034. Legally binding - cannot be cancelled without incurring significant legal and financial consequences.

Benefits of Developing the Risha Gas Field:

- Boost value-added exports
- Reduce dependence on energy imports and stabilize energy supplies
- Diversify Jordan's production base
- Create sustainable job opportunities
- Reduce the trade deficit
- Generate additional revenues to the treasury

Source: Policy Paper issued by the Jordan Strategy Forum, "The Risha Gas Field: A Strategic Opportunity to Redirect the Economic Path"
Date: June 2025

Maximizing the Utilization of Natural Gas: International Experiences and Strategic Options for Jordan

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Countries with significant natural gas reserves typically adopt strategic choices and national policies aligned with their objectives for exploiting this resource. These options usually involve either exporting gas to generate immediate revenue or processing it domestically to promote industrialization and drive economic growth.

Summary of the Most Important Results from Countries' Experiences in Exploiting Natural Resources

Country	Management Model	Reform Strategy	Notable Outcomes
Saudi Arabia	Long-term / foreign sharing	Incremental reforms and gradual negotiated reacquisition	Stable modernization - incomplete diversification
Venezuela	Short term / foreign sharing	Early Reforms and nationalization and established national company	Overreliance on natural resources and corruption led to economic crisis
Norway	Full state control	Good governance and long-term planning	Long-term stability and diversification
Indonesia	Production sharing contract	Banned raw material export, forced domestic processing/refining	Value capture, industrial growth
Trinidad and Tobago	Strategic Partnership with international companies	Developing Industries by attracting investments and advanced technologies	Ammonia and menthol leader, creating job opportunities and economic stability

Strategic Options for Using Natural Gas

Balanced Approach (optimal):

- ✓ Combines immediate revenue with sustainable development.
- ✗ Limited export + local manufacturing.

Exporting Raw Gas (Short-Term Gains):

- ✓ Quick profits.
- ✗ Long-term dependency risks, price volatility, limited local links.

Domestic Use for Value-Added Products (Medium and Long-Term Strategy):

- ✓ Added value, sustainable jobs, industrial stimulation.
- ✗ Requires infrastructure investment, long-term planning, and institutional capabilities.

Best Practices in Concession Agreements

Fiscal and Financial Safeguards
Progressive revenue system and on extraordinary profits and implementing financial ring-fencing between contracted projects.

Local Content and Employment
Jordanian employment, vocational training, and knowledge partnerships.

Environmental and Social Clauses
Strict standards and local development projects.

Technology Transfer
Mandatory clauses, research and development funding.

Legal Protection
Fair arbitration, avoiding unfair clauses.

Source: Policy Paper issued by the Jordan Strategy Forum, "The Risha Gas Field: A Strategic Opportunity to Redirect the Economic Path"
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Recommendations of the Jordan Strategy Forum to Maximize the Benefits of the Risha Gas Field

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The Risha Gas Field represents more than an energy project—it is a chance to reshape the nation's economic model.

Direct industrial uses (energy source or as a production input)

Provide the Ministry of Energy and Mineral Resources with appropriate mechanisms to provide the required competencies and technical capabilities.

Phased direct export of natural gas in the short term.

Final manufacturing and economic diversification

Strategic partnerships in many industries in the medium and long term.

Direct industrial uses

(energy source or production input).

Promote the construction of integrated industrial complexes.

Provide the Ministry of Energy and Mineral Resources with appropriate mechanisms

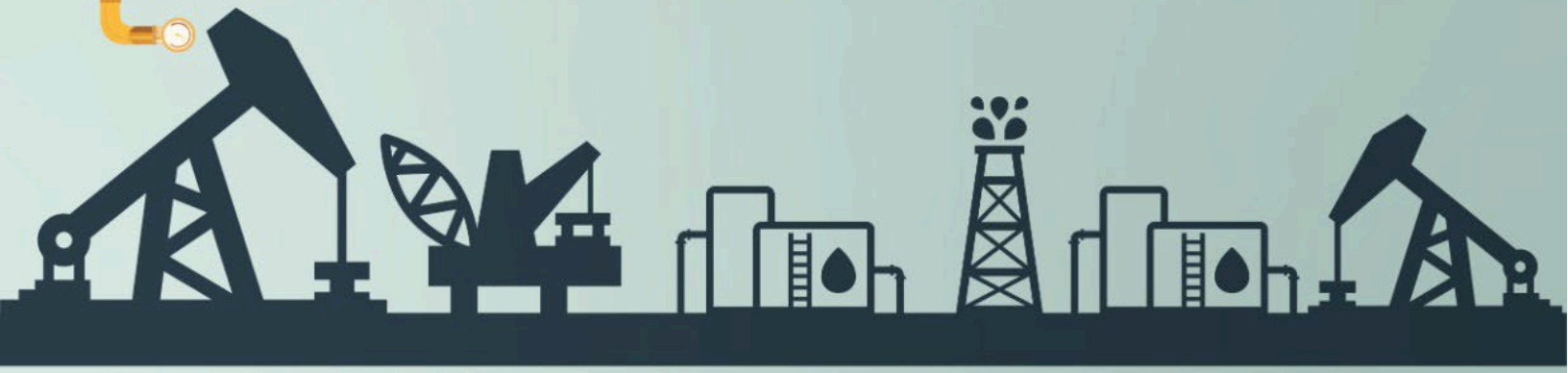
to provide the required technical competencies and capabilities.

Direct investment towards research and development

in gas uses.

Build strong local supply chains

and overlap with targeted industries.



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