OIL FOR DEVELOPMENT



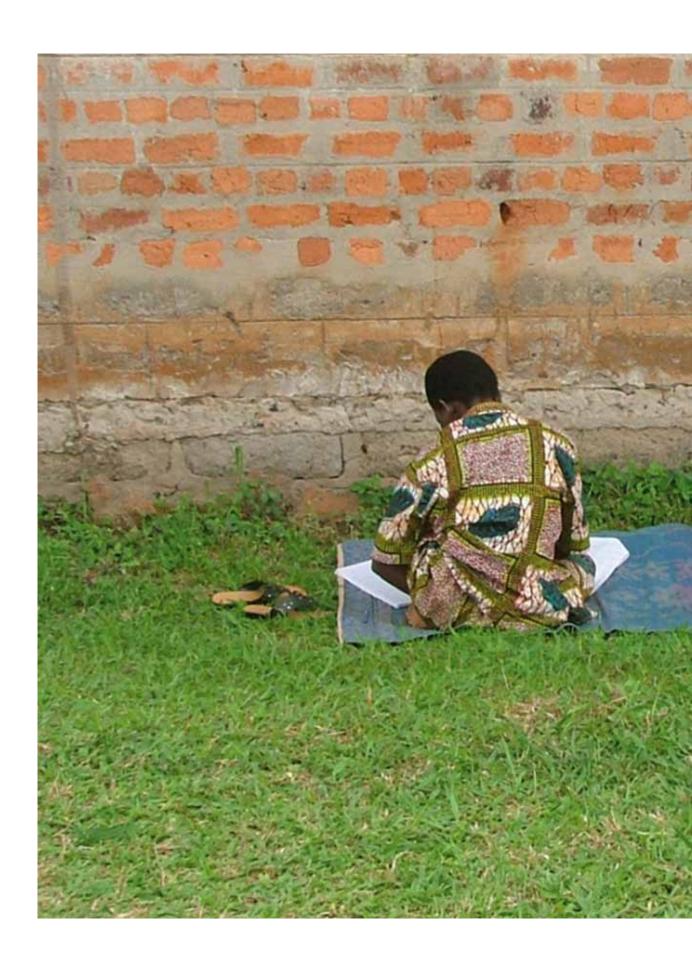


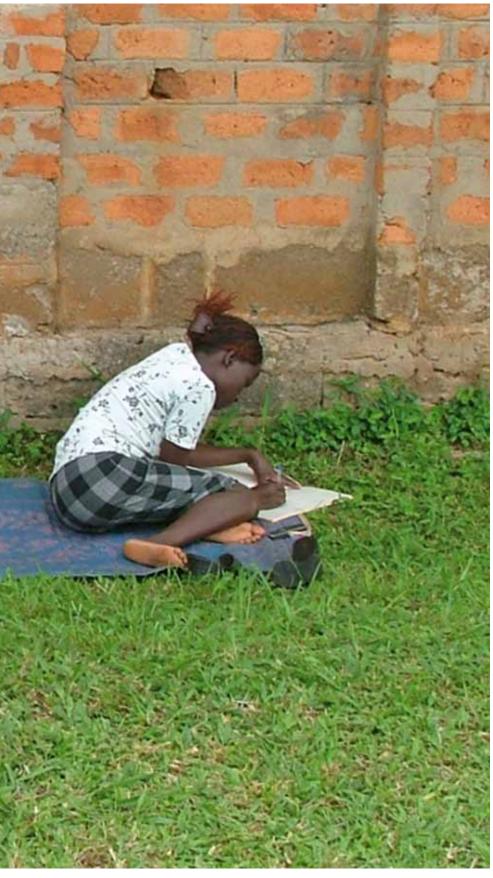








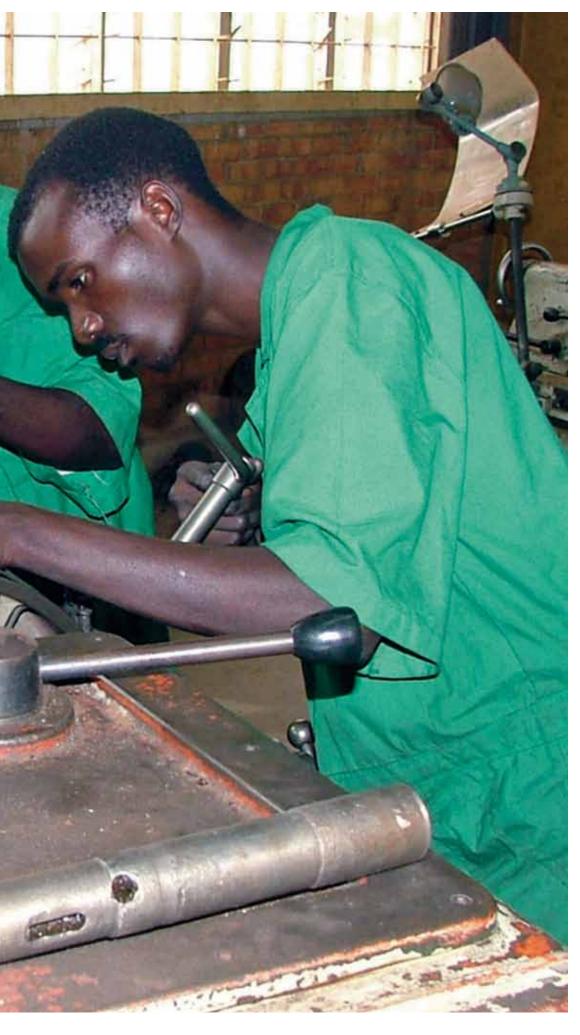














































Front page: Uganda.

Photo: Per Kristian Johansen

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OIL FOR DEVELOPMENT

OFD



PREFACE: THE OIL FOR DEVELOPMENT ANNUAL REPORT 2009

In 2009, climate change was widely recognized as the most serious environmental problem facing the globe. Still, fossil fuels remain our most important source of energy. In order to prevent a rise in global temperatures of more than two degrees Celsius, we have to reduce greenhouse gas emissions. This can only be achieved through cleaner extraction of energy from fossil fuels, together with increased deployment of renewable sources of energy.

Energy is vital for developing countries in their fight against poverty. At the same time, the planet will not withstand poor countries copying the energy history of the developed world. This is a challenge in all energy-related development policy. Norway has expertise in the management of both fossil energy and renewable energy sources. We are thus well positioned to address these dilemmas when we provide assistance in the energy field.

Energy has been at the core of Norway's development assistance policy for many years. This has resulted in the Clean Energy for Development Initiative and the Oil for Development Initiative. Both initiatives can help to increase economic growth and prosperity in some of the poorest countries in the world.

The current annual report presents some of the activities and key achievements of the Oil for Development Initiative in 2009. Through this initiative we assist developing countries, at their request, in their efforts to manage petroleum resources. The main aim is to generate economic growth and promote welfare for the whole population in an environmentally sustainable way. Demand for Norwegian assistance with petroleum sector management is growing rapidly. We now cooperate with more than 24 countries, mostly bilaterally, but also through regional and multilateral initiatives. Each country has its own particular challenges and there are no "quick fixes".

Our approach to petroleum sector management is broad, as we also include environmental and revenue management. This is necessary if oil is to be a blessing and not a curse. We mainly build capacity within government institutions, because a competent public sector is crucial for ensuring good governance of the petroleum sector. However, we also support civil society and the media. These must be strong enough to monitor their governments.

Time, patience and many factors beyond the Oil for Development Initiative's control are required to turn oil in the ground into broad-based improvements in livelihoods. This report shows how the Oil for Development Initiative makes use of Norwegian and other relevant experience and expertise to contribute to this important process in our partner countries.

Erik Solheim Minister of the Environment and International Development Oslo, May 2010

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through Revenue Watch

Institute

THE OIL FOR DEVELOPMENT INITIATIVE

Oil for Development (OfD) was launched by the Norwegian government in September 2005.

OfD represents a thematic broadening of the petroleum sector development assistance that Norway has provided since the early 1980s by building on an integrated approach to good governance of the petroleum sector that centres on three themes:

- Resource management
- Revenue management
- Environmental management

OfD aims to assist developing countries in their efforts to manage petroleum resources in a way that generates economic growth, promotes the welfare of the population in general and at the same time is environmentally sustainable.

Norway has been successful in translating oil in the ground to development for its people, and sharing these experiences constitutes a key component of OfD. Still, what has worked well in Norway will not necessarily work elsewhere and the policies chosen in a given country will always have to be adapted to the particular challenges this country faces.

HIGHLIGHTS 2009

In 2009 Oil for Development continued to be a high priority programme in Norwegian development cooperation. Budget spending was marginally higher than in 2008, and totalled NOK 207 million.

We continued to concentrate our main efforts on a limited number of countries and the largest part of OfD funding went to our nine countries of core cooperation. Their budget share increased from 42.5 percent in 2008 to 45.9 percent in 2009. At the same time, cooperation with some other countries was scaled down, and cooperation with South Africa, Kenya and Zambia was completed or is about to be phased out. Regional cooperation continued and the regional cooperation in West Africa was formally inaugurated in 2009.

In this report we present key achievements for each of the various cooperation countries. Some of these results can be directly linked to OfD's programme activities, whereas OfD may have made only a relatively minor contribution towards others. In addition some effects are relatively easy to observe or measure, whereas others can only be identified as potential trends in a certain direction. Still, we believe that the report shows that OfD is making a real difference in some of our cooperating countries.

Oil for Development assistance has been important for the ability of a country like Ghana to improve petroleum resource management on its most important oil and gas field, and to better safeguard that the petroleum activities are conducted in an environmentally sustainable way. Competence building on Increased Oil Recovery (IOR), and negotiation training have helped to increase both the resource extraction potential and the revenue generation potential of a more mature oil producing country like Iraq.

Furthermore, Oil for Development has contributed to improving the legislative frameworks in several of our cooperating countries, including Afghanistan, Cambodia and Madagascar, although it will take time before we can assess to what extent the laws have been implemented. OfD's strong focus on providing legal assistance reflects our belief that clear divisions of roles and firm legal mandates are prerequisites for good governance of the petroleum sector and for attracting serious investors.

A lot of our capacity building took place through seminars and more tailored workshops with a national or regional scope. We believe that some of these events have significantly increased awareness as well as the level of debate among government institutions and civil society. The oil production accounting workshop in Nigeria and the NOC workshop in Timor-Leste are particularly valid examples. Timor-Leste also addressed other petroleum sector governance issues with a focus on including civil society and by the end of 2009 had nearly fulfilled all criteria for becoming Extractive Industries Transparency Initiative (EITI) compliant. It should be noted that OfD assistance only made a relatively small contribution to this process, which was very much nationally driven.

Petroleum related environmental issues were addressed at different levels and from different angles. A thorough environmental needs assessment was conducted for the petroleum sector in Ghana, and will provide the basis for future capacity building in this area. In Uganda, the first part of the Albertine Graben sensitivity atlas will provide an important input for the planned strategic environmental assessment (SEA) related to the petroleum sector. In Vietnam, Petrovietnam conducted a baseline study which found that steering documentation and guidelines for health, safety and environment had to a large extent been developed, and that implementation of the steering documentation had been 30 percent completed by end 2009.

In Uganda and Nigeria OfD cooperation programmes were completed in 2009. In Uganda a new agreement for a five-year programme was signed in July. In Nigeria, an evaluation of lessons learned will be conducted in 2010 in order to determine in what form OfD's involvement in the country should continue.

The political situation in some of the cooperating countries has led to no or limited progress in the OfD programmes. In Madagascar, one of the core countries, cooperation was frozen in March 2009 and has not yet been resumed. In Mauritania cooperation was stopped in 2008 after the military coup, but was resumed in December 2009 after elections had been held. On the Palestinian Territory the programme continues, but no activities were carried out in 2009 due to the conflict with Israel.

In 2009, Oil for Development received a number of new requests for Norwegian assistance in petroleum sector management. There was not enough spare capacity within the programme to increase the number of bilateral cooperation countries, but we have done our best to meet the increased demand by stepping up our regional efforts, particularly in West Africa. We also continued to cooperate closely with the World Bank and the IMF, as well as with other multilateral institutions such as the Asian Development Bank and the UNDP.

The assistance provided to government institutions was supplemented by support of local civil society organizations through Norwegian and international non-governmental organizations. In 2009, seven Norwegian organizations, in addition to the international organizations Revenue Watch Institute and Global Witness, were granted funds for this purpose.

Thematically, Oil for Development continued the three-pronged approach to sound petroleum sector governance: resource management, environmental management and revenue management. These three areas constitute a thematic whole, and governance principles such as sustainability, transparency and accountability are cross-cutting. To make our perspective more operational, we developed an indicator based check-list for governance of the petroleum sector. This list will be an important tool for Oil for Development in planning new programmes and revising the existing ones.

The overarching goal of all Norwegian development assistance is to reduce poverty. Through Oil for Development, we aim to use Norway's specialist expertise to assist developing countries in managing their petroleum resources in a way that generates economic growth and promotes the welfare of the whole population in an environmentally sustainable way. The direct assistance of Oil for Development covers, however, only a limited, albeit crucial, part of the results chain that ends with poverty reduction. There are a number of conditions beyond Oil for Development's immediate control that need to be met for this ultimate goal to be achieved. It is therefore important that OfD's programmes are complemented by broader national reform efforts and donor assistance in the cooperating countries, for instance in areas such as budgetary monitoring and execution, health and education.

Measuring and communicating the results of our efforts within this context is challenging. We have improved our tools for doing so in 2009 by seeking to enhance our programme specific goals and indicators.

Read more about Oil for Development on www.norad.no

OFD PROJECTS

Core Countries

- 37 Angola
- 41 Bolivia
- 45 Ghana
- 49 Madagascar
- 53 Mozambique
- 57 Nigeria
- 61 Sudan
- 65 Timor-Leste
- 69 Uganda

OFD PROJECTS Core Countries

Throughout 2009, OfD had long-term cooperation with nine core countries: Angola, Bolivia, Ghana, Madagascar, Mozambique, Nigeria, Sudan, Timor-Leste and Uganda. The cooperation with Vietnam was downscaled, as there is now sufficient capacity nationally in Vietnam to manage the sector well with only some limited international assistance.

Assistance to core partner countries involves long-term capacity building and institutional cooperation with relevant governmental agencies, normally within some or all of the areas of resource management, revenue management and environmental management.

The formal criteria for all OfD cooperation are listed below:

- Cooperation must be demand-driven.
- The country must be eligible for aid assistance under the OECD/DAC, or other financing must be supplied.
- Significant petroleum production or potential must be present.
- Norwegian experience and expertise must be relevant.
- There must be an identified need for capacity and competence building in public petroleum sector institutions.
- The country must be committed to implementing programme activities aimed at improving governance of the petroleum sector.

Due to overall capacity constraints, few new countries are likely to qualify as core cooperation countries. In addition to the formal criteria for OfD cooperation, it must be considered likely that civil society (including media) can play a role in holding the government accountable for its petroleum sector management. Plans for implementing the EITI-criteria will be seen as an advantage.

ANGOLA

Institutional cooperation programme on petroleum sector development MINPET – NPD, phase II

Cooperating institution
Ministry of Petroleum (MINPET)

Goals and objectives

Promote improved management of national petroleum resources as one of the tools for sustainable economic and social development in Angola. This includes improving the capability to exercise regulatory control and to develop policies and strategies ensuring better administration of the Angolan petroleum resources.

 $\frac{\text{Project period}}{2008-2010}$

Total budget NOK 27 million

Programme

The project consists of the following five components:

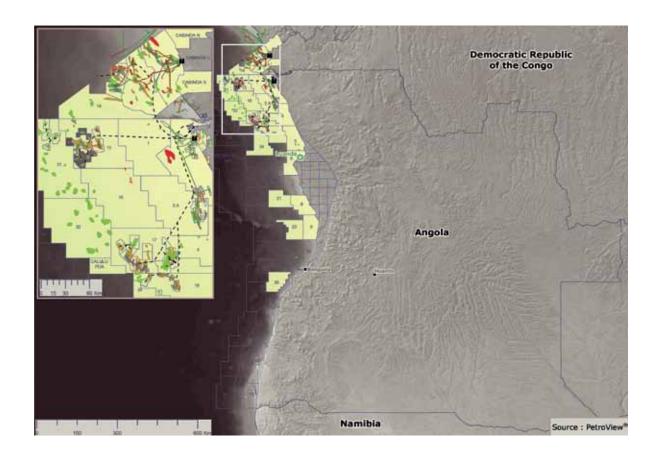
- Regulatory framework
- Responsibilities and organization of MINPET
- Data management and information systems
- Multi-sector activities
- Angolanization and general training

Contact

Oil for Development: Mr. Svein Heglund, sveh@norad.no

Cooperating institutions in Norway

Norwegian Petroleum Directorate (NPD) Petroleum Safety Authority Norway (PSA)





OFFICIAL NAME Republic of Angola

CAPITAL Luanda

CHIEF OF STATE President José Eduardo dos Santos

HEAD OF GOVERNMENT President José Eduardo dos Santos

POPULATION 12 799 293 (2009 est.) PETROLEUM SECTOR, KEY FIGURES¹ Average oil production: 1.88 mill bbl/day (2008) Gas production: 10 bill m³ (2007)

ORGANIZATION OF THE SECTOR Ministry of Petroleum of the Angolan Republic (MINPET)

regulatory and supervisory body

Sociedade Nacional de Combustiveis de Angola (Sonangol)

- State-owned oil company. Sole concessionaire and partner in concession agreements and in some PSAs with international oil companies



^{1—} The various countries' petroleum sector key figures may be difficult to compare as data are collected from different sources, among others local petroleum authorities, BP Statistical Review, CIA World Factbook and EIA.

Norwegian assistance within the petroleum sector in Angola started in 1987. The objective was to assist Angola in institutional competence building in order to improve the government's capabilities to develop, direct and control petroleum activity. In 2006, a programme on environmental monitoring and training of Angolan scientists and technicians was initiated aiming to share Norwegian experience regarding the effects of oil-related offshore activities on the marine environment, and the impact of these activities on fisheries and marine biodiversity. A new agreement between Norway and Angola regarding technical assistance for the petroleum sector was signed on 4 October 2006 and a new cooperation programme was agreed upon by MIN-PET and the NPD in May 2008. The new programme will run for three years and has a budget of NOK 27 million. The scope of the programme includes 12 main activity areas.

ACTIVITIES IN 2009

The Organizational Development Process in MINPET started with a gap-analysis in 2008 regarding the organization, the competence, the equipment and information necessary for MINPET to be able to manage its responsibilities in accordance with the new law.

Implementation of the first nine prioritized projects, the so-called "Fast Track" (FT) projects, started in 2009:

- Leadership development and training
- Development of long-term planning
- Competence development
- Identification of alternative remuneration system
- Language training
- Develop a plan for future regulation needs
- Inspection strategy
- IT and administration development
- Data management

Other activities carried out according to the programme plan were:

Multi-sector Institutional Support
to Oil, Fish and Environment
A seminar was arranged by Petrad
in cooperation with MINPET and the
NPD to discuss activities within the

multi-sector institutional support to oil, fish and environment. MINPET will cooperate on environment related issues with representatives from the Ministry of the Environment (MINAMB) and the Ministry of Fisheries (MINPESCAS). The cooperation will cover questions related to operational discharge, contingency aspects and legal aspects.

Exchange of relevant experiences on the regional level
Participants from MINPET attended various conferences and seminars.

Improvement of scientific knowledge, local content and Angolanization

A study by the International Research Institute of Stavanger (IRIS) and the University of Stavanger (UiS) was conducted. Technical support was given for a possible establishment of a national petroleum museum in Angola.

Research and academic training in Angolan institutions

A study on a technical college for petroleum technology at the National Petroleum Institute (INP) was conducted. This was a project implemented by Rogaland Kurs og Kompetansesenter (RKK).

The activity on technical assistance and transfer of scientific knowledge to the Agostinho Neto University (ANU) was partly taken care of by another Norad initiative where the Norwegian University of Science and Technology (NTNU) and ANU agreed on running a Master's degree programme for students at ANU. The MINPET – NPD programme will closely monitor the status of this project.

The environmental monitoring programme
In addition to the MINPET-NPD programme an environmental offshore monitoring survey was undertaken with the use of the Research Vessel Dr. Fridtjof Nansen.

KEY ACHIEVEMENTS IN 2009
The follow-up of the gap study was initiated as planned, with the implementation of Fast Track projects. The Fast Track projects have strengthened MINPET's ability to build competence and capacity within organizational development, strategy planning, data management and inspection tasks.



Angola. Photo: Ole Imsland

BOLIVIA

Capacity building for the Bolivian Ministry of Hydrocarbons and Energy

Cooperating institutions in Norway

Norwegian Petroleum Directorate (NPD) Norwegian Directorate for Nature Management (DN) Petrad

Cooperating institutions
Ministry of Hydrocarbons and Energy
(MHE)
Yacimientos Petroliferos Fiscales
Bolivianos (YPBF)

Goals and objectives
Capacity building for the MHE and
other parts of the Bolivian petroleum
sector.

 $\frac{\text{Project period}}{2008\text{--}2012}$

 $\frac{Total\ budget}{NOK\ 16\ million}$

Programme

The project consists of the following main components:

- Environmental management
- Legal framework
- Monitoring and control
- Support to civil society

Contact

Oil for Development:

Mr. John Tore Vatnar, jtv@norad.no



OFFICIAL NAME Republic of Bolivia

CAPITAL Sucre (constitutional capital) La Paz (seat of government)

CHIEF OF STATE President Juan Evo Morales Ayma

HEAD OF GOVERNMENT President Juan Evo Morales Ayma

POPULATION 9 775 246 (2009 est.)

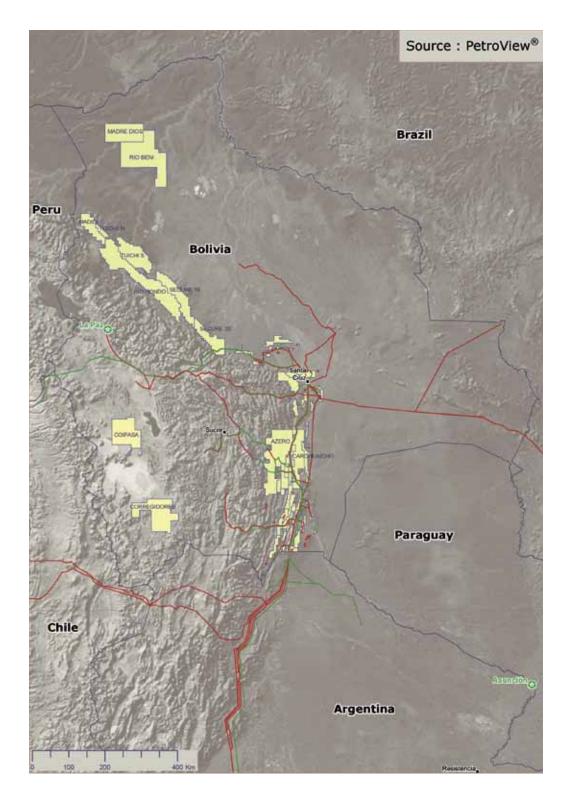
PETROLEUM SECTOR, KEY FIGURES Average oil production: No oil production (2009) Annual gas production: 13.9 bill m³ (2008)

ORGANIZATION OF THE SECTOR Ministry of Hydrocarbons and Energy

Yacimientos Petrolíferos Fiscales Bolivianos (YPFB)

State-owned oil company





Following a request from the Bolivian government, petroleum related development cooperation between Norway and Bolivia was initiated in 2006. An MoU on the cooperation was signed in 2007. The cooperation is coordinated with other donor countries to the sector, notably Canada and the Netherlands.

ACTIVITIES IN 2009

Technical assistance was provided to the MHE on various issues:

- Improvements in the Plan for Development and Operation (PDO) system
- Improved extraction profiles for the most important fields
- Economic model for the gas sector

A capacity and competence development programme for a range of Bolivian institutions was prepared.

Technical assistance was given to the YPFB management on the issue of reorganizing the company.

The Norwegian Directorate for Nature Management assisted the environmental department of the MHE in the preparations for a project to improve environmental data management. The project itself has not yet started.

A local NGO project aiming to raise civil society engagement in the petroleum sector was supported. The NGO support was provided through SAIH (Norwegian Students' and Academics' International Assistance Fund).

Technical assistance to the Ministry of Finance on tax policy and revenue management is provided by the IMF, financed through a bilateral agreement between OfD and the IMF.

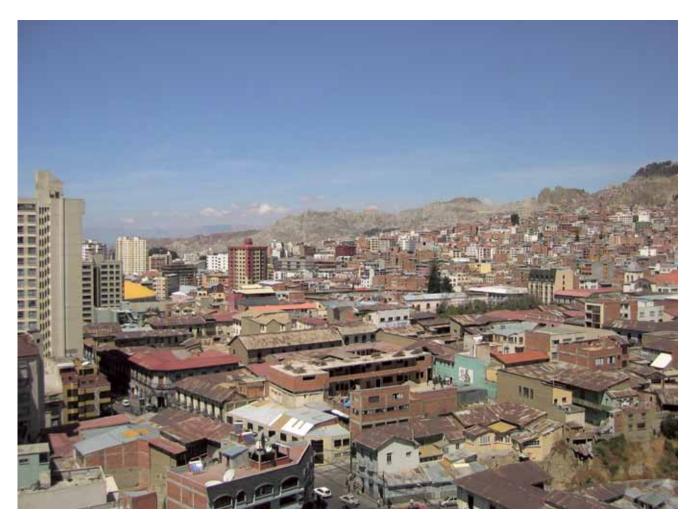
An improved regulatory system for field development was implemented.

KEY ACHIEVEMENTS IN 2009

The requirements in this new system include measures which may increase the efficiency of resource management.

Technical assistance from the NPD was instrumental in preparations for improving the extraction profiles of the three largest gas fields in Bolivia. An improvement of the extraction profiles can potentially lead to a substantial increase in revenues for the country.

The support to the NGO Observatorio Boliviano de los Recursos Naturales contributed to increasing public oversight of the petroleum sector through facilitating debates around the country as well as through various publications.



Bolivia. Photo: Øystein Kristiansen

GHANA

Short- and long-term institutional cooperation

Cooperating institutions
Ministry of Energy (MOE)
Ministry of Environment,
Science and Technology (MOEST)
Ghana National Petroleum
Corporation (GNPC)
Environmental Protection
Agency (EPA)

Goals and objectives
Short-term cooperation to provide
assistance in ongoing governance
activities related to the Jubilee field
development.

Long-term cooperation to provide assistance in competence and capacity building within resource management, revenue management and environmental management.

The establishment of a frame agreement for the overall cooperation programme is planned. It will include separate institutional cooperation agreements with the Ministry of Energy/GNPC and the Ministry of Environment/EPA.

Planned project period, long-term cooperation July 2010–July 2013/15

NOK 14.5 million

Programme

The programme has consisted of the following main components:

- Establishment of a petroleum policy and master plan
- Input to revision of the Petroleum Laws
- Advice to government on field development plans and environmental impact assessments
- Capacity building of governmental institutions within the petroleum sector

Contact

Oil for Development: Mr. Svein Heglund, sveh@norad.no

Cooperating institutions in Norway

Ministry of Petroleum and Energy (MPE)

Ministry of the Environment (MoE) Ministry of Foreign Affairs (MFA) Norwegian Petroleum Directorate (NPD)

Petrad



OFFICIAL NAME Republic of Ghana

CAPITAL Accra

CHIEF OF STATE President John Evans Atta Mills

HEAD OF GOVERNMENT President John Evans Atta Mills

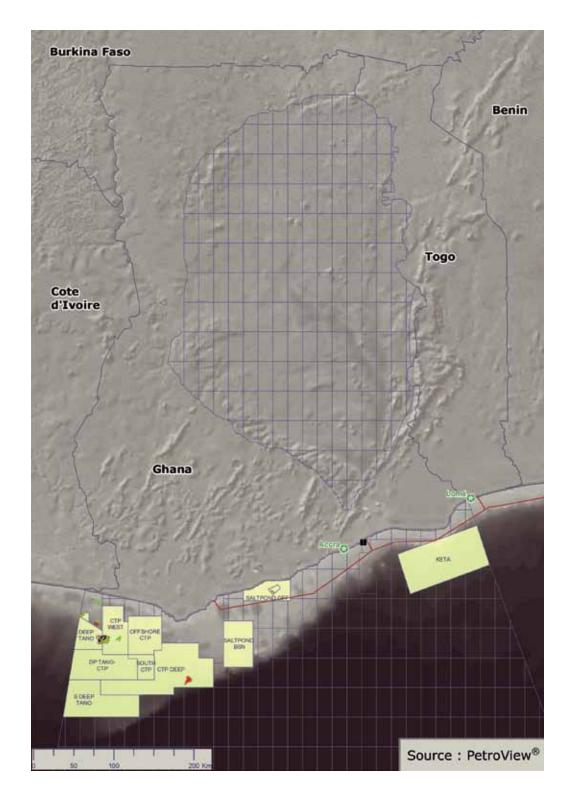
POPULATION 23 887 812 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES Average oil production: 7 400 bbl/day (2008 est.) Annual gas production: No gas production (2008)

ORGANIZATION OF THE SECTOR Ministry of Energy

Ghana National Petroleum Corporation (GNPC) – State-owned oil and gas company





In 2007, a major oil discovery, the Jubilee field, was made offshore Ghana. The discovery is large also in an international context. The current plan is a fast-track development based on a floating production unit with production start-up ultimo 2010.

In October 2007 Ghana applied for assistance from the OfD programme. Based on the subsequent dialogue and a thorough assessment of the scope for cooperation a decision was made to make Ghana a core country in the OfD programme.

In February 2008, a Memorandum of Understanding was signed by Ghana and Norway for long-term cooperation within the OfD programme.

ACTIVITIES IN 2009

The programme included assistance in the following tasks and issues:

- Advice was given to the MOE, the MOEST and the GNPC on the Jubilee field development plan and environmental impact assessment.
- Resource assessment, subsurface issues and data management assistance was provided to the GNPC.
- A workshop on utilization of national goods and services was arranged by Petrad.
- Assistance was given for the application to the UN on extension of the continental shelf beyond 200 nautical miles.
- Assistance was given to the MOE and the GNPC in reviewing the Jubilee Phase 1 development plan.
- Work on Development of the National Petroleum Supply Industry Initiative was coordinated by SINTEF.
- The Jubilee Unitization Agreement was concluded with Norwegian assistance.
- A report on gas utilization and infrastructure was completed.
- Assistance was provided to the MOEST and the EPA on reviewing the Jubilee environment and social impact assessment.
- A marine environmental survey of bottom sediments was carried out by the research vessel Dr. Fridtjof Nansen.
- Support was given to NORTRAIN for the establishment of a Drilling and Well Service Academy in Accra.

- Cooperation with the Extractive Resource Facility at the African Centre for Economic Transformation, Accra for return of Ghanaian petroleum experts commenced.
- A Needs Assessment workshop for long-term assistance within environmental governance was organized.

A regional seminar in data management was organized by Petrad in Akosombo. Participating countries were Ghana, Mali, Nigeria, Liberia, Sierra Leone, Sao Tome & Principe, the Ivory Coast and Angola.

Personnel from the GNPC participated in Petrad's eight-week programme on Petroleum Development and Operations and Petroleum Policy and Resource Management.

KEY ACHIEVEMENTS IN 2009

The technical assistance provided to the GNPC and the EPA increased Ghana's ability to benefit from the Jubilee field petroleum resources and to follow up on related environmental aspects.

The work on Development of the National Petroleum Supply Industry Initiative involved a wide range of Ghanaian institutions, and increased awareness of the importance of having proper framework conditions in place for enabling local industry development.

The environmental needs assessment is likely to have raised awareness among the relevant Ghanaian institutions and will provide the basis for future capacity building in this area.



Ghana. Photo: Bengt Hope

MADAGASCAR

Management of oil and gas in Madagascar

Cooperating institutions

Office of National Mines and Strategic Industries (OMNIS) Malagasy Ministry of Finance and Budget (MFB) National Office for the Environment in Madagascar (ONE)

Goals and objectives

Enable Madagascar to utilize its petroleum resources to generate economic growth and welfare for the population in general in an environmentally sustainable manner.

Project period

Planned for 2007–2011 Frozen in March 2009 due to the political situation

Total budget

NOK 36.1 million. The budget for 2009 was NOK 15 million. The 2009 annual meeting decided to double the budget for the remaining two years of the project.

Programme

The programme consists of the following sub-projects:

- Petroleum policy and strategy
- Legal and regulatory framework
- Updating office computer systems
- Data management
- Resource assessment

- Promotion
- Revenue management
- Integrity building to control corruption in the petroleum sector
- Protection of the environment
- Supervision
- Application for an extended continental shelf
- Other training

Contact

Oil for Development:

Ms. Solveig Andresen, soan@norad.no

Cooperating institutions in Norway

Ministry of Petroleum and Energy (MPE)

Ministry of Finance (MoF) Norwegian Petroleum Directorate (NPD)

Climate and Pollution Agency (Klif) Norwegian Directorate for Nature Management (DN) Petroleum Safety Authority Norway (PSA)



OFFICIAL NAME Republic of Madagascar

CAPITAL Antananarivo

CHIEF OF STATE
Legally elected president
Marc Ravalomanana
was in March 2009
removed from power and
is currently in exile. As
of 31 December 2009
the political situation
is unsettled.

HEAD OF GOVERNMENT Prime Minister Charles Rabemananjara to March 2009

POPULATION 20 653 556 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES No oil or gas production (2009)

ORGANIZATION OF THE SECTOR Office of National Mines and Strategic Industries (OMNIS)

 Reports to the Ministry of Energy and Mines.





In 2007, the agreement for institutional cooperation between the Norwegian Ministry of Foreign Affairs and the Malagasy Ministry of Finance and Budget (MFB) on development cooperation concerning oil and gas management in Madagascar was signed.

Three interrelated agreements were signed for programme implementation: one between the Norwegian Petroleum Directorate (NPD) and OMNIS, one between the Ministry of Finance (MoF), the MFB and OMNIS, and one between the Climate and Pollution Agency (Klif, then under the name of SFT) and the Norwegian Directorate for Nature Management (DN), ONE and OMNIS.

ACTIVITIES IN 2009

Due to the political situation the programme was frozen in March 2009 and had not been resumed by year-end. Some activities were carried out by March 2009 under the various subprojects:

Petroleum policy and strategy
The Petroleum Policy Framework
for Madagascar was approved by the
Ministry of Energy and Mines (MEM) in
2009. The completion of this document
was achieved through cooperation and
advice from the MPE and the MoF.

Legal and regulatory framework A draft of the Petroleum Act was completed. The MPE and the MoF provided advisory services and quality control through communication and meetings.

Updating office computer systems New PCs and new LAN are now available for OMNIS. Maintenance procedures are functioning.

Data management

OMNIS staff obtained considerable ArcGIS capability through workshops and dialogue with the NPD. OMNIS populated a geographical database with relevant petroleum data.

Resource assessment

Geoscientists in OMNIS have gained knowledge of petroleum resource mapping, and have entered data on prospects, discoveries and fields into the OMNIS database.

Revenue management

A draft policy paper was completed with advice from the MoF, discussing the macroeconomic and political challenges arising from petroleum extraction, as well as the available policy options.

Protection of the environment
Biodiversity data were compiled and
a thematic atlas for identification of
sensitive areas was developed through
advice from the DN and Klif.

Assistance was given to the development of strategic environmental assessment (SEA) guidelines. The PSA and Klif advised in developing guidelines for compliance monitoring and in carrying out an audit at an oil processing plant.

Application for an extended continental shelf

A desktop study report was completed through extensive advice from the NPD and training by GRIDArendal. OMNIS made an acquisition plan for a bathymetric and seismic survey based on the completed desktop study.

Other training

Two students received scholarships to study at the University of Oslo. One of the students successfully completed a Master's degree, and returned to resume duties at OMNIS.

English training was provided for OMNIS staff.

KEY ACHIEVEMENTS IN 2009 BEFORE THE COOPERATION WAS FROZEN

OMNIS, with support from OfD, completed a draft of the Petroleum Act.

Based on Norwegian advice and methods used by the NPD, OMNIS became capable of producing regional resource overviews.

Malagasy government officials improved their knowledge on best available technology and best environmental practice with regard to the petroleum industry. OMNIS increased its capacity to form audit teams and carry out industry audits.



Madagascar. Photo: Ragnvald Larsen

MOZAMBIQUE

Institutional support NPD - INP

<u>Cooperating institution</u> National Petroleum Institute (INP)

Goals and objectives
Strengthen the administration of
petroleum resources to enhance
economic development and welfare
in Mozambique.

 $\frac{\text{Project period}}{2006-2010}$

Total budget NOK 41 million

Programme

The programme consists of the following main components:

- Upstream petroleum legal and contractual framework
- Policy and strategy
- Monitoring and control
- Promotion of exploration acreage
- Negotiations and licensing
- Assessment of petroleum resources
- Management of petroleum data
- Administration, human resources and financing

Contact

Oil for Development: Mr. John Tore Vatnar, jtv@norad.no

Cooperating institutions

in Norway

Norwegian Petroleum Directorate (NPD) (implementing institution) Petroleum Safety Authority Norway (PSA) Petrad



OFFICIAL NAME Republic of Mozambique

CAPITAL Maputo

CHIEF OF STATE President Armando Guebuza

HEAD OF GOVERNMENT Prime Minister Aires Bonifacio Ali (since January 2010)

POPULATION 21 669 278 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES Annual oil production: No oil production (2008) Annual gas production: 3.3 bill m³ (2008)

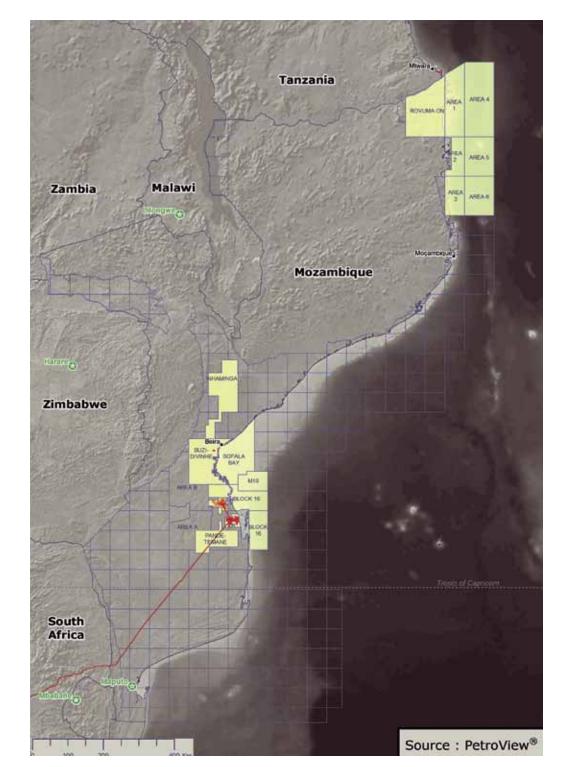
ORGANIZATION OF THE SECTOR Ministry Of Mineral Resources (MIREM)

National Petroleum Institute (INP) – Responsible for promotion, licensing and supervision of upstream petroleum operations.

Empresa Nacional de Hidrocarbonetos de Moçambique (ENH) National Oil Company with two daughter companies: – Companhia Moçambicana de Hidrocarbonetos

manages Mozambican
 ownership in Pande Temane Gas Project
 Companhia Moçambicana de Gasoducto
 manages Mozambican
 ownership in the Natural
 Gas Pipeline from Pande

- Temane





The petroleum related development cooperation between Norway and Mozambique started in 1983. When the National Petroleum Institute (Instituto Nacional do Petroleo, INP) was formed in 2005 it became the main partner on the Mozambican side for the Norwegian cooperation. The cooperation involves personnel from the NPD and other Norwegian institutions, as well as international and local consultants.

ACTIVITIES IN 2009

Legal framework

The need for improvements in the Petroleum Law, regulations and standard contract was identified, but the actual work was delayed. Drafting of the new regulation for impact assessments was also delayed. Regulation for licensing of petroleum installations was approved in March 2009.

Policy/strategy

The new licensing regulation was approved by the Council of Ministers in March 2009. The commission on the Continental Shelf Extension led by the Institute of Maritime and Border Affairs submitted a preliminary claim to United Nations Convention on the Law of the Sea (UNCLOS) in May. The INP has been instrumental in doing the technical work and in financing the collection of data under this programme. One meeting in the bilateral gas trade commission with South Africa was organized, focusing on the Petroline pipeline project from Maputo harbour to South Africa.

The scenario analysis work from 2006 was updated and input from this work was used in the process of making a national training policy.

$\frac{\text{Monitoring and control of}}{\text{petroleum activities}}$

Monitoring of seismic data collection and drilling operations was carried out, in addition to supervision of licensing activities. In March, the Government approved the Development Plan for the extension of the gas production from Pande/Temane from 120 to 163 MJ/year. The approval is subject to several requirements; one being that Sasol has to make plans for separate LPG extraction.

Promotion

The INP, in cooperation with PGS (Petroleum Geo Services), prepared the 4th licensing round. The INP was represented at the East Africa Petroleum Conference in Mombasa, as well as other conferences.

Negotiation and licensing

The third licensing round was assisted by Simonsen law firm and negotiations continued in 2009.

Resource analysis

A bid for seismic data collection in the southern part of the Rovuma basin was sent out. PGS assisted in resource assessment for the 4th round blocks.

Transcription from old to new tapes is nearly finished, and large volumes of new seismic data have been received from the companies. The new core storage is now under construction.

Institutional strengthening

Technical experts and support staff were recruited. Training programmes were performed, including master programmes for two engineers and accounting and management training for administrative staff. A one-week seminar on petroleum taxation was carried out in Norway for the Ministry of Finance and the Autoridad Tributaria. Support was also provided to Empresa Nacional de Hidrocarbonetos (ENH) on organizational development and administrative issues.

KEY ACHIEVEMENTS IN 2009

The 2009 achievements were hampered by the national election process.

The INP's regulating capacity was strengthened through the implementation of management systems, as well as through competence development.

The INP participated timely and effectively in the work concerning the UNCLOS submission.

The support provided to the ENH led to a new strategy and improved procedures.



Mozambique. Photo: John Tore Vatnar

NIGERIA

Institutional cooperation

Cooperating institution
Department of Petroleum Resources
(DPR)

Goals and objectives

The objective of the institutional cooperation was to establish a base for transfer of knowledge and experience between Norwegian petroleum authorities and the petroleum authorities of Nigeria. The programme covered petroleum policy and methodology for administration and technology. A strategy based on existing policy, and a structure for administration and technology was established.

There has been a need for support to assure the full implementation of the issued regulations and guidelines. It has been important to ensure that the skills transferred both at the organizational and individual levels are put to use.

Project period 2003–2007, extended to December 2009

<u>Total budget</u> Norway: NOK 15 million Nigeria: USD 300 000

Programme

The programme consisted of the following main components:

- Resource management
- Production monitoring
- Gas utilization and metering
- Data management
- Deep-water development
- Health, safety and environment

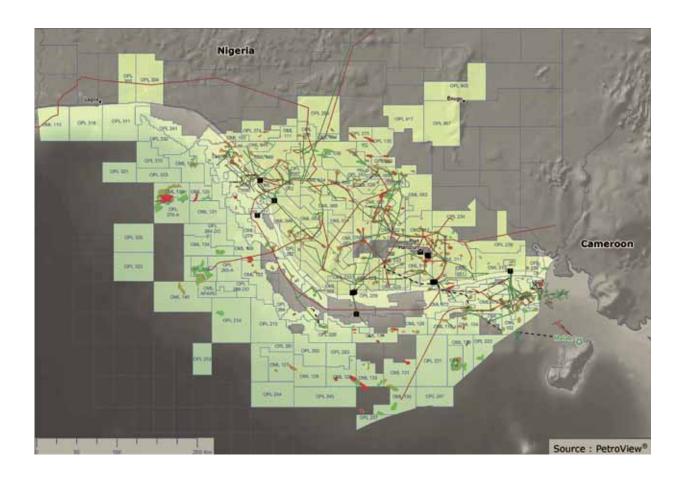
Contact

Oil for Development: Mr. Thomas Eid, atei@norad.no

Cooperating institutions in Norway

Norwegian Petroleum Directorate (NPD)

Petroleum Safety Authority Norway (PSA)





OFFICIAL NAME Federal Republic of Nigeria

CAPITAL Abuja

CHIEF OF STATE President Goodluck Ebele Jonathan

HEAD OF GOVERNMENT President Goodluck Ebele Jonathan

POPULATION 149 229 090 (2009 est.) PETROLEUM SECTOR, KEY FIGURES Average oil production: 2.17 mill bbl/day (2008) Annual gas production: 35.0 bill m³ (2008)

ORGANIZATION OF THE PETROLEUM SECTOR: Ministry of Petroleum Resources – policy and final regulatory powers

Department of Petroleum Resources (DPR) – licensing, supervision and control of the petroleum sector

Nigerian National Petroleum Company
– state-owned autonomous entity



Cooperation between Nigeria and Norway in the energy sector started to evolve when Olusegun Obasanjo was elected president in 1999. In February 2000, a Memorandum of Understanding for cooperation in the petroleum sector and associated environmental activities was signed.

In February 2001, it was decided to continue the cooperation along two lines: one related to local content and industrial cooperation, and one related to institutional cooperation. On the Norwegian side, the NPD was asked to be responsible for institutional cooperation. In October 2003, Norad decided to support the cooperation.

Over the last years, a process to restructure the petroleum industry has taken place in Nigeria. The cooperation with the DPR has to a certain degree been influenced by this process and some of the planned activities have been delayed.

The programme was originally scheduled to be concluded in 2007. Due to postponements of several activities and unused funds from the original grant, the project implementation was prolonged and instead terminated at the end of 2009.

ACTIVITIES IN 2009

As planned in 2008 the intention for 2009 was to conclude the existing programme and plan for a new five-year cooperation programme.

From the existing programme a one-day industry workshop on oil production accounting was held in Abuja in August 2009. The aim was to examine the current procedures for oil accounting in Nigeria and to offer a comparative analysis of global best practices. More than 100 people attended. Participants included representatives from the Ministry of Finance, the National Assembly, the Petroleum Training & Development Foundation, the Nigerian **Extractive Industries Transparency** Initiative (NEITI) and the Federal Internal Revenue Service. A comprehensive report with recommendations for further work in this area was compiled.

The intention was also to conclude the cooperation on resource assessment. Actions were taken within the DPR to streamline acreage bid requirements. More emphasis was given to assessment and evaluation of licenses before bidding. After the purchase of relevant software in 2009 the independent block evaluation process is to be fully institutionalized. Due to capacity constraints in the DPR and the NPD the intended training programme on the software was not concluded.

The results obtained since the cooperation started in 2003 were discussed during several meetings in 2009, and different possibilities for continuation of the institutional cooperation were suggested.

In the report made by the DPR the following statements were made:
The main objectives for the cooperation so far have largely been obtained. Even though the cooperation project activities for this phase were mainly seminars and workshops with occasional on-the-job interactions through visits, they have led to some concrete actions and laid foundations for better understanding of the practices applied on the Norwegian Continental Shelf.

The most important achievements in the first phase of the cooperation could be found in the progress made by the DPR on data gathering and management.

A Gas Division to regulate gas activities was established in the DPR in 2005 partly as a result of the cooperation. National gas regulations were prepared for governmental consideration in 2008.

New regulations for deepwater developments are now being drafted.

Significant achievements were also recorded in the cooperation programme activities on Health, Safety and Environment.

KEY ACHIEVEMENTS IN 2009
The workshop on oil production
accounting gathered over 100 participants from several government institutions and civil society, including the chairman of NEITI. The debate during the workshop was frank and open, and the DPR summarized the event with a list of critical issues that needed follow-up. Improving Nigeria's practices with regards to oil production accounting is necessary for strengthening the accountability of the upstream petroleum resource management.



Nigeria. Photo: Ole Imsland

SUDAN

Oil for Development - Sudan

Cooperating institutions
Government of National Unity (GoNU)
Government of Southern Sudan (GoSS)

Goals and objectives
Contribute to implementation of the
Comprehensive Peace Agreement
(CPA), with main focus on wealth sharing, technical assistance, and capacity
building. A separate capacity building
programme has started with GoSS.

 $\frac{Project\ period}{onwards}$

 $\frac{Budget\ 2009}{NOK\ 15\ million}$

Programme

The programme has three main focus areas:

- Support CPA implementation
- Technical support
- Capacity building

Contact

Oil for Development: Mr. Ivar Aarseth, iaa@norad.no Cooperating institutions in Norway

Ministry of Foreign Affairs (MFA) Norwegian Petroleum Directorate (NPD)

Norwegian Directorate for Nature Management (DN) Petrad



OFFICIAL NAME Republic of Sudan

CAPITAL Khartoum

CHIEF OF STATE President Umar Hassan Ahmad al-Bashir

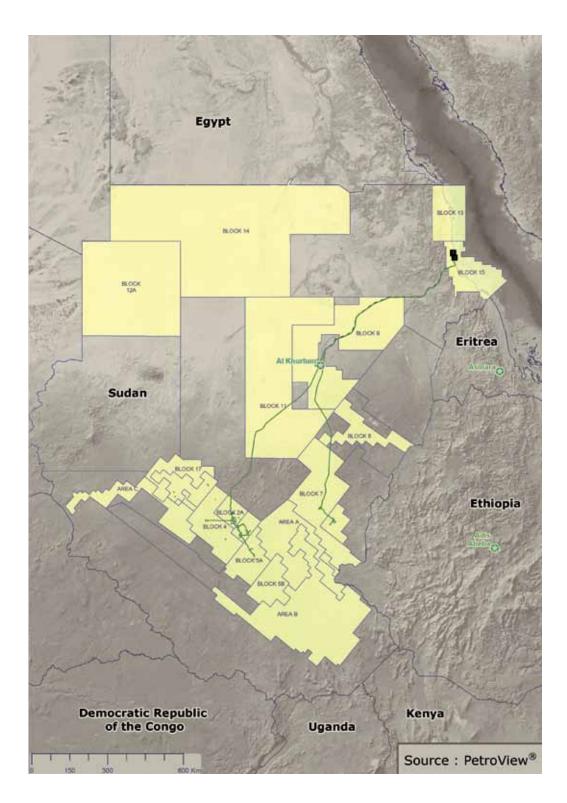
HEAD OF GOVERNMENT President Umar Hassan Ahmad al-Bashir

POPULATION 41 087 825 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES Average oil production: 0.48 mill bbl/day (2008) No gas production (2009)

ORGANIZATION OF THE SECTOR Ministry of Energy and Mining





As one of the witnesses to the Comprehensive Peace Agreement (CPA) signed on 9 January 2005, Norway is committed to supporting the implementation of the CPA. This commitment impacts all work Norway is undertaking in Sudan, including activities within the petroleum sector. It entails a commitment to work with both the Government of National Unity (GoNU) and the Government of Southern Sudan (GoSS) as well as with the National Congress Party (NCP) and the Sudan People's Liberation Movement (SPLM).

In October 2008, the Norwegian Ministry of Foreign Affairs and the Sudanese Ministry of Energy and Mining (MEM) signed a Memorandum of Understanding regarding cooperation within the petroleum sector. Based on the MoU, Norad will be conducting discussions with MEM in Khartoum and GoSS in Juba with the aim to sign agreements on long-term commitments (3–5 years) within the following areas:

- Resource management
- Environmental management
- Revenue management
- Capacity building

Norway has continued its cooperation with the authorities in Sudan within the petroleum sector and has gained a good understanding of the sector. Work has been performed by the Petroleum Envoy based in Sudan. In addition, Norway has engaged a petroleum adviser to work in Juba from August 2009.

ACTIVITIES IN 2009

CPA implementation

According to the CPA, Southern Sudan shall decide on a possible secession through a Referendum in 2011. Through 2009, Norway assisted both parties in addressing post-2011 issues related to the petroleum sector.

Norway started preparations to assist the National Petroleum Commission (NPC) in performing an audit of the petroleum industry, i.e. to evaluate the production, transportation and marketing of oil, and the revenue split between GoNU and GoSS.

Norway proposed to support Sudan in strengthening the secretariat of the NPC.

Technical support

A report on "Environmental and Social Impacts of Petroleum Activities in Southern Sudan" was finalized in January 2009. The report was submitted to the SPLM, GoSS and GoNU. Norway proposed that the report be made public.

A project evaluating the incentives in some of the exploration and production sharing agreements was finished in July 2009.

The Ministry of Energy and Mining (MEM) in Khartoum requested Norway to give support to improved oil recovery (IOR) from the oilfields. The support will also include advice on handling of produced water.

Norway is performing a functional analysis of MEM in Khartoum.

Capacity building

A project covering functional analysis and Training Needs Assessment of the GoSS Ministry of Energy and Mining and Ministry of Finance was completed. A capacity building programme for MEM and NilePet was prepared in cooperation with the Ministry and will be initiated in January 2010. The programme will run for 3–5 years.

In May and June, Petrad conducted two four-week training courses in Khartoum for a total of 30 representatives of the oil sector in both GoSS and GoNU.

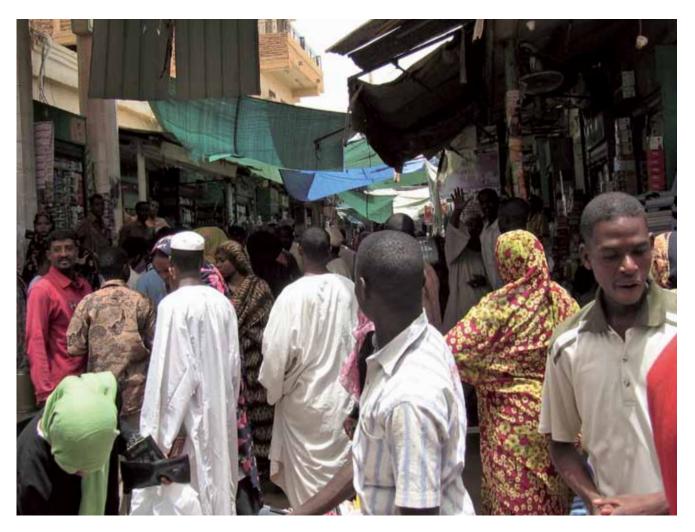
Three people from Sudan participated in Petrad's eight-week training programmes in Stavanger.

A "Petroleum Revenue Reporting and Forecasting Tool" was developed for the GoSS Ministry of Finance, and its staff was trained to oversee revenue sharing.

KEY ACHIEVEMENTS IN 2009

The revenue reporting and forecasting tool improved GoSS' control over revenue sharing calculations, its ability to forecast oil revenue, as well as its ability to conduct long-term oil revenue budgeting.

The preparation of Post-2011 scenarios for the petroleum sector increased the level of understanding among the parties concerning potential consequences of the 2011 referendum.



Sudan. Photo: Bengt Hope

TIMOR-LESTE

Assistance in developing the management of the petroleum sector in Timor-Leste

Cooperating institutions

Timor-Leste State Secretariat for Natural Resources (SERN)
Timor-Leste Ministry of Finance (MoF)
Timor-Leste State Secretariat for the
Environment (SEMA)

Goals and objectives

The goal of the project is to assist the Government of Timor-Leste in managing its petroleum activities in such a way that the petroleum sector delivers the greatest possible benefit to the people of Timor-Leste.

The purpose is to increase competence and capacity of the authorities of Timor-Leste so that the public sector can manage all petroleum activities, in particular within technical, legal, health, safety and environment (HSE) compliance, and in revenue management.

 $\frac{\text{Project period}}{2008-2013}$

Total budget NOK 67.2 million

Programme

The programme consists of the following main components:

- Resource management
- Legal advice
- Revenue management
- Financial management
- Environmental management
- Education and training
- Data management
- Technical assistance

Contact

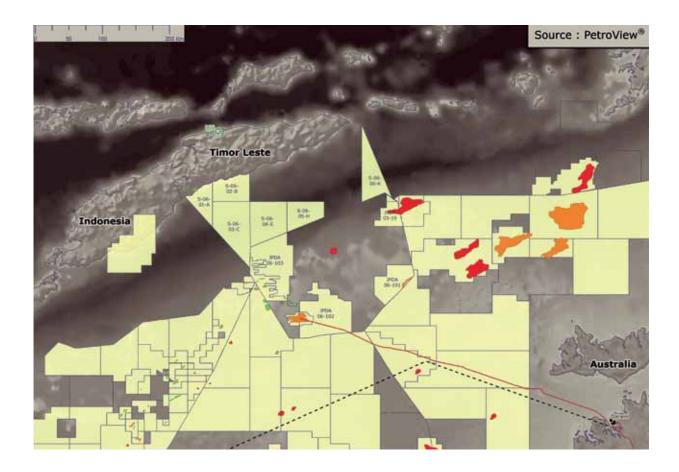
Oil for Development:

Ms. Liv Marte Nordhaug, lino@norad.no Mr. Trond Hjørungdal, trhj@norad.no

Cooperating institutions in Norway

Ministry of Petroleum and Energy (MPE) Ministry of Finance (MoF)

Ministry of the Environment (MoE) Norwegian Petroleum Directorate (NPD)





OFFICIAL NAME Democratic Republic of Timor-Leste

CAPITAL Dili

CHIEF OF STATE President Jose Ramos-Horta

HEAD OF GOVERNMENT Prime Minister Kay Rala Xanana Gusmão

POPULATION 1 131 612 (2009)

PETROLEUM SECTOR, **KEY FIGURES** Timor-Leste exclusive area: Ongoing exploration activities; no oil or gas production (2009) Timor Sea JPDA (see below): Average oil production: 97 500 bbl/d Natural Gas Liquid and light oil (condensate) (2009) Average gas production: 16 mill m3 per day (2009)

ORGANIZATION OF THE SECTOR: State Secretariat of Natural Resources – responsible for petroleum policy, execution and follow-up, including HSE issues within sovereign Timor-Leste.

The Timor Sea Joint Petroleum Development Area (JPDA) is administered by the Timor-Leste National Petroleum Authority (ANP) under a Treaty between Timor-Leste and Australia. Timor-Leste gets 90% of the tax income and state petroleum share from the JPDA, Australia 10%.

PETROLEUM FUND
The size of the Petroleum Fund was almost
USD 5.4 billion at the
end of 2009.



Discussions between the interim government of Timor-Leste and Norwegian authorities on support in developing the energy sector started in 2001. An agreement for the first programme was signed in February 2003 and the institutional cooperation contract between the Norwegian Petroleum Directorate (NPD) and the Ministry of Development and Environment was signed in September the same year. In 2006, the programme was expanded to include support to the public petroleum finance sector.

A new cooperation programme was discussed and prepared during 2007 and 2008, and a Programme Agreement for a new phase of cooperation between Norway and Timor-Leste was signed on 20 May 2008. The phase II programme includes support within resource, environment and revenue management.

A Programme Coordinator was hired to coordinate the total activities of the programme both on the Timor-Leste and the Norwegian side. The programme has made extensive use of resident advisors.

ACTIVITIES IN 2009

Human resources

Five Timorese Master students are currently in Norway. Four students started in August 2009 and one is about to complete his Master's degree in Petroleum Engineering. Three Timorese are also undertaking studies in Australia. One student finished his bachelor degree and moved on to post-graduate studies, the two other undergraduate students are continuing with their programme in Australia.

One person participated in Petrad's eight-week programme on Petroleum Policy and Resource Management.

Resource management

Det Norske Veritas (DNV) conducted a verification of the feasibility of a gas pipeline crossing the Timor Trough upon request from SERN and financed by OfD. The National Petroleum Authority (ANP) was given support on resource assessment and geological advice, data management/archive system, management of existing production sharing contracts (PSCs), development

of rules and regulations, and assessment of the Concept Screening Report for the Sunrise field. The ANP was also provided assistance in reviewing the submitted field development plan for the Kitan Field from Eni. Seminars and workshops were arranged in Dili on National Oil Companies (NOC), Field Development Plan for Kitan (two workshops), Fiscal Measurement of Oil and Gas, and Data and Document Management and IT solutions.

Financial management

Progress was made in terms of diversifying the Petroleum Fund portfolio, including hiring the Fund's first external manager. Considerable work was undertaken on amendments of the Petroleum Fund Law, which will be submitted to the Parliament in 2010. Work within the Ministry of Finance progressed according to plan and included calculating the petroleum wealth, and sustainable income and petroleum tax operations. In the Directorate of Petroleum Revenue procedures were implemented to mitigate legal constraints on getting access to taxpayers' accounts in their domiciled countries. Qualified counterparts were recruited within the National Directorate of the Petroleum Fund during Q4 2009. Of D assisted the Timor-Leste government in their process towards becoming Extractive Industries Transparency Initiative (EITI) compliant.

Environment

Work within environmental management did not progress as required.
Output has so far been limited to financing of English training for staff in the Environmental Department, and to discussing a ToR for an environmental adviser.

KEY ACHIEVEMENTS IN 2009

The two-day conference on National Oil Companies had contributions from six countries and more than 100 participants from the government, media and civil society. The conference involved frank and relevant discussions on key resource management and governance topics.

The students who have been recruited through the petroleum sector human resource development programme are progressing well in their various degree studies in Norway and Australia. One student is about to

complete his Master's degree in Petroleum Engineering and is expected to start working in the Timor-Leste public petroleum sector soon.

Timor-Leste's first EITI Report was launched in December 2009.
The country is on track with regard to achieving status as an EITI compliant country within the first half of 2010, and will probably be the first OfD bilateral cooperation country to become compliant (the OfD regional cooperation country Liberia has already been granted this status).

UGANDA

Strengthening the Management of the Oil and Gas Sector in Uganda

Cooperating institutions
Ministry of Energy and Mineral
Development (MEMD)
Ministry of Finance, Planning and
Economic Development (MFPED)
Ministry of Water and Environment
(MWE).

Goals and objectives

To contribute to the achievement of the National Oil and Gas Policy's goal to use the country's oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society.

The purpose is to strengthen the institutional arrangements and have capacities in place ensuring well-coordinated and result oriented resource management, revenue management, environmental management and Health, Safety and Environment (HSE) management in the oil and gas sector.

Programme

The programme consists of the following components:

- Capacity building within resource management and HSE, revenue management and environmental management
- Interaction and communication with other stakeholders
- Technical and economic studies

 $\frac{\text{Project period}}{2009\text{--}2014}$

Total budget NOK 80 million

Contact

Oil for Development: Mr. Ivar Aarseth, iaa@norad.no

Cooperating institutions in Norway

Ministry of Petroleum and Energy (MPE)

Ministry of the Environment (MoE) Ministry of Finance (MoF) Norwegian Petroleum Directorate

(NPD) Norwegian Directorate for Nature Management (DN)

Climate and Pollution Agency (Klif) Petroleum Safety Authority Norway (PSA)



OFFICIAL NAME Republic of Uganda

CAPITAL Kampala

CHIEF OF STATE President Lt. Gen. Yoweri Kaguta Museveni

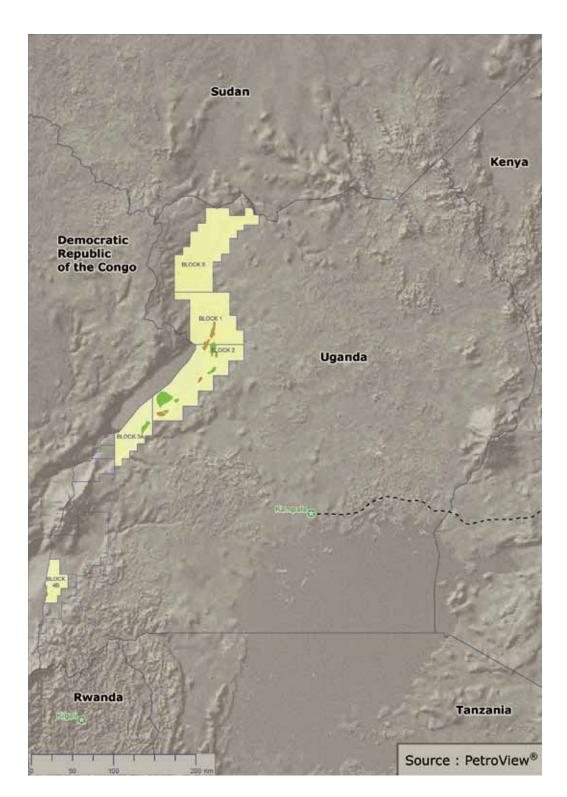
HEAD OF GOVERNMENT President Lt. Gen. Yoweri Kaguta Museveni

POPULATION 32 369 558 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES No oil or gas production (2009)

ORGANIZATION OF THE SECTOR Ministry of Energy and Mineral Development





Norway has been involved in capacity building in the petroleum sector in Uganda through Petrad since 2006. A number of seminars have been arranged in the country and representatives of Ugandan authorities have participated in Petrad's eight-week courses.

The three-year cooperation programme "Strengthening the State Petroleum Administration of the upstream sector in Uganda" signed on 6 December 2005 has been completed. A new five-year programme "Strengthening the management of the oil and gas sector in Uganda" was signed in July 2009.

The new programme comprises resource management, revenue management and environmental management. In addition, the programme will assist in developing a communication strategy.

ACTIVITIES IN 2009

Policy, legal and regulatory framework

Consultations on the principles for the new petroleum law were completed and submitted to external consultants for review and comment.

Capacity building

A workshop was undertaken on petroleum exploration and production activities in Uganda for Members of Parliament on the Natural Resources Committee. The purpose of the workshop was to prepare the Members of Parliament for the new bill on petroleum exploration, development and production.

The first phase of the sensitivity atlas for the Albertine Graben was prepared and launched on 18 June 2009 by the Hon. Prime Minister, Professor Apollo Nsibambi.

Training on introductory aspects of oil and gas sector auditing was undertaken for the Auditor General's Office. The training seminar was held on 21–24 June 2009 and attracted participants from the Auditor General's Office, Uganda Revenue Authority, Bank of Uganda and the Ministries of Finance, Planning and Economic Development, Justice and Constitutional Affairs together with the Ministry of Energy and Mineral Development. Two people participated in Petrad's eightweek programme on Petroleum Development and Operations.

Following the signing of the new five-year programme in July 2009, an inception period started. The work has concentrated on streamlining the Programme Document.

Workshops and planning meetings have been held within revenue, environmental and resource management.

A functional analysis and Training Needs Assessment was conducted in the Ministry of Finance, Planning and Economic Development and other institutions relevant for the revenue pillar.

Technical assistance to the Ugandan Revenue Authority (URA) on revenue administration is provided by the IMF, financed through a bilateral agreement between OfD and the IMF.

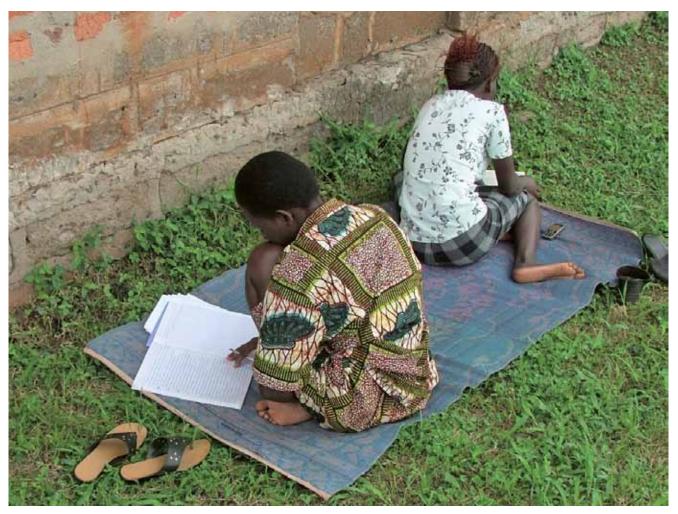
Vocational education and training of staff has been initiated and the data management programme has continued from the previous cooperation programme, starting with a workshop at the NPD.

The discussion within environmental management focused on four major components: Ecosystem Management, Capacity Development, Policy and Legal framework, and Compliance and Enforcement

KEY ACHIEVEMENTS IN 2009

The new five-year agreement encompasses both environmental management and revenue management, and will also aim to enhance communication concerning petroleum sector activities. This represents a significant broadening of efforts, and a more holistic approach towards petroleum sector governance compared to the previous cooperation phase.

The first phase of the sensitivity atlas for the Albertine Graben will be an important input for the strategic environmental assessment (SEA) which is planned for 2010.



Uganda. Photo: Ole Imsland

OFD PROJECTS

Non-core countries

- 75 Afghanistan
- 77 Bangladesh
- 79 Cambodia
- 81 Ecuador
- 83 Iraq
- 85 The Ivory Coast
- 87 Kenya
- 89 Lebanon
- 91 Mauritania
- 93 Nicaragua
- 95 The Palestinian Territory
- 97 São Tomé and Príncipe
- 99 South Africa
- 101 Tanzania
- 103 Vietnam
- 105 Zambia

In 2009, OfD cooperated in a more limited way with Afghanistan, Bangladesh, Cambodia, Ecuador, Iraq, the Ivory Coast, Kenya, Lebanon, Mauritania, Nicaragua, the Palestinian Territory, São Tomé and Principe, South Africa, Tanzania, Vietnam and Zambia.

Cooperation with countries on a non-core basis may include seminars, exchange of delegations and limited packages of capacity building and advice. This offer can in theory be made available to a range of countries meeting the formal criteria listed in the previous chapter, but capacity constraints are in practice limiting the number of new countries receiving support. Overall feasibility, quality and timing of proposals, as well as availability of relevant Norwegian or international competence are important factors in the consideration.

AFGHANISTAN

Institutional capacitybuilding programme and expert assistance on legal framework, fiscal terms, environmental management, and support to the Ministry of Mines for international tendering of oil and gas blocks

Cooperating institution Ministry of Mines of the Islamic Republic of Afghanistan (MoM)

Goals and objectives

The overall goal is to improve Afghanistan's capability to exercise regulatory control and to develop policies and strategies for a better administration of the country's petroleum resources.

More specific objectives include a capacity-building programme based on seminars, training programmes and mentoring; establishing a team of experts to support the programme; ensuring that the recommendations of the environmental and social impact assessment (ESIA) are implemented; and facilitating transparency through good resource management in accordance with the Extractive Industries Transparency Initiative (EITI).

Programme

The programme consists of the following main components:

- Expert team supporting the Ministry of Mines (under a framework agreement with Econ Pöyry)
- Capacity building programme (under a framework agreement with Petrad)

 $\frac{\text{Project period}}{2007-2009}$

Total budget

Advisory team: NOK 8 million Capacity building: NOK 7 million (2008–2009)

Contact

Oil for Development: Mr. Petter Stigset, pest@norad.no

Cooperating institutions in Norway:

Ministry of the Environment (MoE) Petrad



OFFICIAL NAME Islamic Republic of Afghanistan CAPITAL Kabul

CHIEF OF STATE
President Hamid Karzai

HEAD OF GOVERNMENT President Hamid Karzai

POPULATION 28 395 716 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES Insignificant production (2009) Significant proven reserves, mainly gas

ORGANIZATION OF THE SECTOR Ministry of Mines



BRIEF HISTORY OF THE PROJECT

At the end of 2006, the Afghan authorities applied for assistance from Norway in developing a petroleum regulatory authority.

A team of experts from Econ Pöyry and Arntzen de Besche has contributed to establishing a basis for a long-term cooperation. Work has been focused on drafting a petroleum act, petroleum regulations, competence building, as well as providing support to the first Afghan oil and gas tender round.

A Memorandum of Understanding on petroleum sector cooperation was signed by the Norwegian Minister of the Environment and International Development, Mr. Erik Solheim, in Kabul on 8 October 2007.

ACTIVITIES IN 2009

Policy, resource management and contract negotiations training was conducted in Stavanger for 12 representatives from the Ministry of Mines, while two representatives participated in Petrad's eight-week training programme on Petroleum Policy and Resource Management.

An environmental status report was prepared for the Sheberghan Area in Afghanistan. The MoM participated with six representatives in the Middle East Regional Environmental Management Workshop in Istanbul. In Afghanistan, a six-week training programme on environmental management and auditing was completed for nine of the MoM's core environmental staff. Several workshops on oil and gas environmental issues were conducted for a wider audience as a part of this programme.

Data management training and consultancy was conducted both in Norway and in Afghanistan for selected MoM staff.

Expert assistance was given for the development of the hydrocarbon law and preparations for the first oil and gas tender round. KEY ACHIEVEMENTS IN 2009
The Petroleum Law, which embedded principles of revenue transparency in line with the EITI criteria, was passed by the Parliament.

The international bidding round for the three blocks around Sheberghan was concluded with the receipt of one bid for the oil block.

The Presidential election in the autumn of 2009, and the increasing level of insecurity reduced considerably the activity level of the oil and gas tender round as well as the capacity building activities.

BANGLADESH

Asian Development Bank (ADB) Bangladesh Gas Transmission Development Project, Institutional Strengthening of Hydrocarbon Unit (HCU)

Cooperating institutions
Hydrocarbon Unit (HCU) under
Energy and Mineral Resources
Division (EMRD)
Ministry of Power, Energy and
Mineral Resources (MOEMR)

Goals and objectives

Bangladesh has an extensive need for energy, including gas for power generation. A further development of the country's gas infrastructure, including an adequate institutional framework, is vital for meeting the increasing demand for commercial energy.

The objective is to strengthen the HCU to become a full-fledged functioning, permanent body in the Ministry, authorized to implement government policies and regulations for upstream activities in the petroleum sector and to promote and supervise private sector activities in the petroleum sector. The objective of establishing the HCU was to split the responsibilities for commercial and regulatory governmental functions. Both functions have previously been the responsibility of the national oil company Petrobangla.

$\frac{\text{Project period}}{2006\text{--}2011}$

Budget

The project has a total budget of USD 413 million, of which Norway contributes USD 5 million.

Programme

The programme is concentrated around the following components:

- Supervision of license activities
- Resource policy and management
- Resource assessment
- Training and other institutional support activities

Contact

Oil for Development: Mr. Trond Hjørungdal, trhj@norad.no



OFFICIAL NAME People's Republic of Bangladesh

CAPITAL Dhaka

CHIEF OF STATE President Zillur Rahman

HEAD OF GOVERNMENT Sheikh Hasina Wajed

POPULATION 156 050 883 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES Average oil production: 6 426 bbl/day (est. 2008) Annual gas production: 17.3 bill m³ (2008)

ORGANIZATION OF THE SECTOR Ministry of Power, Energy and Mineral Resources (MOEMR)

Energy and Mineral Resources Division (EMRD) to which the HCU reports.

Bangladesh Oil, Gas & Mineral Corporation (Petrobangla) – stateowned oil and gas corporation. Consists of several companies of which three are engaged in exploration and production.



BRIEF HISTORY OF THE PROJECT

The Norwegian development aid to Bangladesh has a history that goes back until the 1980s. Norway contributed in 1997-2005 to strengthening the energy management within the government. The current Norwegian financed project "Institutional Strengthening of Hydrocarbon Unit – Phase II" carries on important aspects of the previous project.

In 2006, the ADB and the Government of Bangladesh signed the agreement "Bangladesh Gas Transmission and Development Project" with a total financial frame of USD 413 mill. The project "Institutional Strengthening of Hydrocarbon Unit – Phase II" is a component of this agreement.

ACTIVITIES IN 2009

In 2009, the majority of the tender invitations and subsequent contract awards were effectuated according to the programme.

KEY ACHIEVEMENTS IN 2009

The different consultancy missions are in various stages of completion. At this stage it is therefore not yet possible to assess project achievements related to key objectives.

CAMBODIA

Development of Cambodia's oil and gas industry

Cooperating institutions
Cambodian National Petroleum
Authority (CNPA)
UNDP

Goals and objectives

Strengthen Cambodia's ability to manage the exploration and production of its petroleum resources by improving the CNPA's ability to write and maintain the legal framework for its upstream and downstream petroleum industry, carry out bilateral negotiations and establish a legal framework for utilization of petroleum resources in overlapping claims areas, negotiate petroleum licences with oil companies, and promote Cambodia's petroleum resources by maintaining a competitive licensing system and a model petroleum contract.

More specific objectives include improving the upstream, midstream and downstream petroleum law of Cambodia; concluding agreements with Thailand concerning the overlapping claims area; enhancing the licensing procedures and the model petroleum contract; improving the human resources and organizational structure of the CNPA; and increasing awareness

of the importance of good governance and anti-corruption measures.

<u>Project period</u> 2006–2008 (Norwegian Petroleum Directorate, NPD) 2007–2009 (UNDP)

Total budget NOK 8.8 million (NPD) NOK 3.5 million (UNDP)

Programme

The programme consists of the following main components:

- Legal framework
- Bilateral negotiations with Thailand regarding the overlapping claims area
- Licensing and model petroleum contract
- Competence building

Contact

Oil for Development: Mr. Petter Stigset, pest@norad.no

Cooperating institutions
in Norway

Norwegian Petroleum Directorate (NPD) (2006–2008)



OFFICIAL NAME Kingdom of Cambodia

CAPITAL Phnom Penh

CHIEF OF STATE King Norodom Sihamoni

HEAD OF GOVERNMENT Prime Minister Hun Sen

POPULATION 14 494 293 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES No oil or gas production (2009)

ORGANIZATION
OF THE SECTOR
The Cambodian National
Petroleum Authority
(CNPA) reports directly
to the Prime Minister.
Deputy Prime Minister
Mr. Sok An is Chairman
of the CNPA.



BRIEF HISTORY OF THE PROJECT

The CNPA has received assistance from Norway related to petroleum governance for several years through projects run through the Coordinating Committee for Geoscience (CCOP). In February 2004, the CNPA applied to the Norwegian Embassy in Bangkok for assistance related to the development of Cambodia's oil and gas industry. Petrad conducted a Training Needs Assessment (TNA) for the CNPA in 2004. Following the results from the TNA, an initiating seminar was conducted in Phnom Penh in March 2005 with representatives from the NPD, Norad, Petrad, the CNPA and other Cambodian government agencies, in addition to several Norwegian and international legal firms. Based on the findings from the seminar a revised application for assistance was sent to Norad in June 2005.

The final agreement between Norad and the CNPA was signed in December 2005. The contract between the CNPA and the NPD for technical cooperation was signed in June 2006, and the contract for the legal work was signed with the Norwegian law firm Wikborg Rein in agreement with the CNPA. A resident project coordinator was appointed in December 2006.

ACTIVITIES IN 2009

The assistance to the CNPA continued at a reduced pace in 2009, primarily through the resident coordinator. The draft Petroleum Law was completed and general on-the-job training of CNPA personnel was provided. An improved framework for coordination between the main development partners (World Bank, UNDP and Asian Development Bank) was established. Financial support to the civil society in Cambodia continued, primarily through the Revenue Watch Institute.

Direct support to the UNDP for the project "Fuelling Poverty Reduction with Oil and Gas Revenues" continued through 2009. Financial support to the World Bank Project "Strengthening Sector Operational Financial Management" was formalized.

One person from Cambodian civil society participated in Petrad's eightweek programme on Petroleum Policy and Resource Management.

KEY ACHIEVEMENTS IN 2009 Completion of the draft petroleum law, which has been translated to the Khmer language.

The Petrad course participant from civil society has applied the knowledge gained during his course in public discussions about management of the petroleum sector in Cambodia.

ECUADOR

Petroleum assistance to Ecuador

Cooperating institutions
Various ministries in Ecuador
PetroEcuador

Goals and objectives
Assist the relevant institutions in their management of the petroleum sector.

 $\frac{\text{Project period}}{2007\text{--}2010}$

 $\frac{Total\ budget}{Under\ development}$

<u>Programme</u> Seminars, workshops and study visits.

Contact
Oil for Development:
Mr. John Tore Vatnar,
jtv@norad.no



OFFICIAL NAME Republic of Ecuador

CAPITAL Quito

CHIEF OF STATE President Rafael Correa Delgado

HEAD OF GOVERNMENT President Rafael Correa Delgado

POPULATION 14 573 101 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES Average oil production: 0.51 mill bbl/day (2008) Annual gas production: 0.26 bill m³ (2008 est.)

ORGANIZATION OF THE SECTOR Ministry of Nonrenewable Natural Resources



BRIEF HISTORY OF THE PROJECT

Ecuador is the fourth largest petroleum producer in Latin America and has a long history of exploration and production. Petroleum-related cooperation started in November 2007 based on a request from Ecuador.

The Norwegian Minister of the Environment and International Development, Mr. Erik Solheim, visited Ecuador in November 2007.

Ecuador has developed a concept for an international fund created to keep the Yasuni area closed to oil exploration. Norway's position on that proposal is dealt with outside of the OfD framework.

ACTIVITIES IN 2009

A workshop was organized in Quito, including all three integrated thematic areas (resource, revenue and environmental management). Issues discussed included: impact assessments and mitigating actions; Health, Safety and Environment (HSE) systems and government supervision; improved extraction strategies; petroleum sector impact on society; corruption prevention; systems for government take and petroleum taxation. A study trip to Norway was organized and included visiting relevant Norwegian government institutions.

One person from Ecuadorian civil society participated in Petrad's eightweek programme on Petroleum Policy and Resource Management.

KEY ACHIEVEMENTS IN 2009

Ecuador is in the process of reorganizing the petroleum sector, including the responsibilities of the ministries. The workshop conducted in Ecuador and the study trip to Norway were potentially valuable as inputs to that process.

IRAQ

Institutional and technical assistance

Cooperating institution
Ministry of Oil (MoO)

Goals and objectives
Institutional and technical governance
assistance within the upstream and
downstream petroleum sectors.

<u>Project period</u> September 2005–November 2009 New programme 2010-2013

Total budget NOK 27.5 million New programme: NOK 20 million.

Programme

The programme consists of the following main components:

- Data management
- Transfer of knowledge for increased oil recovery (IOR)
- Petroleum sector training
- Transfer of experience regarding development of local industry capacity
- Policy

Contact
Oil for Development:
Mr. Ivar Aarseth,
iaa@norad.no

Cooperating institutions in Norway:

Ministry of Petroleum and Energy (MPE)

Ministry of the Environment (MoE) Norwegian Petroleum Directorate (NPD) (implementing institution)

Petrad INTSOK



OFFICIAL NAME Republic of Iraq

CAPITAL Baghdad

CHIEF OF STATE President Jalal Talabani

HEAD OF GOVERNMENT Prime Minister Nuri al-Maliki

POPULATION 28 954 569 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES Average oil production: 2.4 mill bbl/day (2008 est.) Annual gas production: 11 bill m³ (2008 est.)

ORGANIZATION OF THE SECTOR Ministry of Oil

15 state-owned operating companies, among them:
North Oil Company
South Oil Company
North Gas Company
South Gas Company
Oil Exploration Company
Iraq Drilling Company
Oil Projects Co

Other companies for refining, transport and marketing



BRIEF HISTORY OF THE PROJECT

On 6 September 2004, the Iraqi Ministry of Oil requested support from Norway. The scope of the cooperation was discussed and a three-year programme was signed by the MoO and the Norwegian Petroleum Directorate.

The current programme was extended to the end of November 2009.

ACTIVITIES IN 2009

The 6th Joint Steering Committee meeting and the annual meeting were conducted in Stavanger and Oslo, respectively, in February 2009. Planning of a new programme period was carried out and the final report for the 2005–2009 project period is under completion.

Data management

A workshop on data legislation, guidelines and procedures with the aim to complete the reporting legislation (guidelines) for Exploration and Production (E & P) data based on accepted industry standards and conventions for data was carried out from 23–27 November 2009.

The Iraqi manager for national petroleum data management participated in the World Petroleum Data Repository Conference (NDR9) in New Delhi in September.

The MoO has decided to establish a centralized data base for petroleum data. The aim is to establish a National Data Repository (NDR) for Iraqi petroleum data.

Increased Oil Recovery (IOR)
The IOR assessment methodology
introduced and discussed through a
number of workshops has given the
MoO tools to evaluate the IOR potential in more fields, in addition to the
6 fields covered by the programme.

A final workshop with 10 participants was carried out in January 2009 to discuss MoO in-house work on two fields using the quick look assessment methods.

 $\frac{Petroleum\ sector\ training}{The\ training\ component\ of\ the\ programme\ was\ completed\ in\ 2008.$

Two people from Iraq participated in Petrad's eight-week programme on Petroleum Development and Operations.

Planning

Planning of a new three-year programme started in 2009. The cooperation will, in addition to petroleum resource management, also focus on environmental and revenue management. The budget for the Norwegian contribution will be NOK 20 million over three years. In addition, Iraq has informed that it will contribute with USD 2 million (in 2009/2010).

A Memorandum of Understanding between Norway and Iraq for the extended cooperation was submitted to the Ministry of Foreign Affairs in Baghdad in December 2009. Discussions with the MoO and the Ministry of Environment are ongoing. The dialogue with the Ministry of Finance has been more limited. The final content and organization of the new cooperation have not been decided on between the parties.

KEY ACHIEVEMENTS IN 2009
A methodology for how to apply Increased Oil Recovery (IOR) on producing fields was developed, and used by the MoO to assess the IOR potential for two fields. The MoO is now able to carry out screening of several different categories of fields in production to determine the potential for increased recovery of petroleum.

The MoO has reported that the group of public sector staff who participated in the negotiation training conducted by OfD in 2007 and 2008 played a key role in connection with the first and second licensing rounds conducted in Iraq in June and December 2009.

THE IVORY COAST

Institutional cooperation

Cooperating institutions Ministry of Mines and Energy Ministry of Environment

Goals and objectives
Provide assistance in competence and capacity building within resource and environmental management.

 $\frac{\text{Project period}}{2008-2010}$

Total budget NOK 2.7 million

<u>Programme</u> Petroleum resource and environmental management training

Contact
Oil for Development:
Mr. Svein Heglund, sveh@norad.no

Cooperating institutions
in Norway:
Ministry of Petroleum and Energy
(MPE)
Ministry of the Environment
(MoE)
Norwegian Petroleum Directorate
(NPD)
Petrad



OFFICIAL NAME Republic of Cote d'Ivoire

CAPITAL Yamoussoukro

CHIEF OF STATE President Laurent Gbagbo

HEAD OF GOVERNMENT Prime Minister Guillaume Soro

POPULATION 20 617 068 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES Average oil production: 60 100 bbl/day (2008 est.) Annual gas production: 1.3 bill m³ (2008 est.)

ORGANIZATION
OF THE SECTOR
Ministry of Mines and
Energy



BRIEF HISTORY OF THE PROJECT

Based on an earlier request from the Ministry of Mines and Energy to Norwegian authorities, an OFD delegation visited Abidjan in the summer of 2008 where a programme was agreed upon. A seminar on petroleum policy and resource management was organized in the autumn of 2008 as the first step.

ACTIVITIES IN 2009

A seminar/workshop on "Environmental Management" was held on 27-29
April. Participating institutions were Ministry of Environment, Environment Agency (ANDE), Anti-Pollution Agency (CIAPOL), Ministry of Mines and Energy, Ministry of Finance, Petroci, Gestoci and Ivorian Refining Company (SIR). The event was organized to be of regional interest and representatives from Mali, Guinea, Benin and Togo were present.

A workshop on "Monitoring of the Upstream Sector" was arranged on 9–11 November. Participating institutions were Ministry of Environment, Environment Agency (ANDE), Anti Pollution Agency (CIAPOL), Ministry of Mines and Energy, Ministry of Finance, Petroci, Gestoci. Representatives from Mali, Guinea, Liberia, Sierra Leone, Senegal, Benin and Togo participated, as well as the two oil companies Afren and Foxtrot.

A regional seminar on data management was held on 7–11 December in Yamoussoukro. Countries participating were the Ivory Coast, Ghana, Guinea Bissau, Guinea, Liberia, Sierra Leone, Nigeria, São Tome & Principe and Mali.

The Ivorian government has requested to formalize the cooperation into institutional cooperation with relevant Norwegian institutions.

One person participated in Petrad's eight-week programme on Petroleum Policy and Resource Management.

KEY ACHIEVEMENTS IN 2009

In total over 120 people participated in the seminars and workshops, and eight countries with petroleum production or potential in West Africa were represented. This is likely to have increased the regional dialogue and information exchange concerning petroleum sector governance issues.

KENYA

Short-term assistance to Kenyan petroleum authorities

Cooperating institution
National Oil Corporation of Kenya
(NOCK)

Goals and objectives
Transfer of geological and geophysical (G&G) data to a modern data format

Project period 2008–2009, extended to 2010

 $\frac{Total\ budget}{NOK\ 2\ million}$

Programme Data management

Contact
Oil for Development:
Mr. Ivar Aarseth,
iaa@norad.no

 $\frac{ \underbrace{ \text{Cooperating institutions} }_{\text{in Norway}} }{ \text{Petrad} }$



OFFICIAL NAME Republic of Kenya

CAPITAL Nairobi

CHIEF OF STATE President Mwai Kibaki

HEAD OF GOVERNMENT President Mwai Kibaki

POPULATION 39 002 772 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES No oil or gas production (2009)

ORGANIZATION OF THE SECTOR Ministry of Energy

BRIEF HISTORY OF THE PROJECT

On 30 September 2005, Kenyan authorities, represented by the National Oil Corporation of Kenya (NOCK), applied for petroleum-related assistance from Norway. On 15 December 2005, the Steering Committee of OfD approved short-term assistance limited to NOK 2 million. A second application was sent to the Norwegian Embassy on 16 June 2006. A fact-finding mission was carried out by a Norwegian team in July 2006.

ACTIVITIES IN 2009

Based on Kenyan participation in regional data management seminars in East Africa a proposal was made to start a data management programme together with NOCK. The programme has a budget of NOK 2 million.

KEY ACHIEVEMENTS IN 2009

Little was achieved as part of this cooperation in 2009, as the planned activities were only partly carried out.



LEBANON

Oil for Development – Lebanon 2007–2011

Cooperating institutions
Presidency of the Council of Ministers
Ministry of Energy and Water

Goals and objectives
Assist the authorities of Lebanon to
establish capacity for petroleum sector
management, establish a legal framework and to plan and prepare for a
licensing round.

 $\frac{\text{Project period}}{2007-2011}$

Total budget NOK 13.5 million

Programme

The project consists of the following main components:

- Assistance with developing the legal framework
- Assistance in data management
- Assistance in planning a licensing round
- Capacity building, including various seminars and workshops

Contact:

Oil for Development: Mr. Ivar Aarseth, iaa@norad.no Cooperating institutions

in Norway

Ministry of Petroleum and Energy (MPE)

Norwegian Petroleum Directorate

(NPD)

Petrad



OFFICIAL NAME Lebanese Republic

CAPITAL Beirut

CHIEF OF STATE President Michel Sulayman

HEAD OF GOVERNMENT Prime Minister Sa'ad al-Din al-Hariri

POPULATION 4 017 095 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES No oil or gas production (2009)

ORGANIZATION OF THE SECTOR Ministry of Energy and Water



BRIEF HISTORY OF THE PROJECT

After initial contacts in October– November 2006, the project started with a fact-finding mission by Norad and Petrad to Lebanon in December 2006.

The political situation in Lebanon slowed down the progress of the project in 2007/2008. The project period has been extended to the end of 2011.

ACTIVITIES IN 2009

Focus was on assistance regarding development of the legal framework. Workshops with the Lebanese drafting team were held in Beirut in January and in Oslo in May 2009.

Personnel from Lebanon participated in Petrad's eight-week programme on Petroleum Policy and Resource Management. Personnel from Lebanon also participated in the international Petroleum Tax Conference in Oslo in November 2009 and in the regional workshop on environmental management in Istanbul in January.

KEY ACHIEVEMENTS IN 2009 An almost complete draft Petroleum Law was submitted to the Ministry of Energy and Water.

MAURITANIA

Environmental capacity building

Contact
Oil for Development:
Mr. Trond Hjørungdal,
trhj@norad.no

Cooperating institution
World Bank

Goals and objectives

Determination of social and environmental impacts from the development of petroleum operations, and evaluation of the magnitude of these impacts caused by to the growth in exploration and production of hydrocarbons, particularly in offshore areas.

 $\frac{\text{Project period}}{2007-2009}$

 $\frac{\text{Total budget}}{\text{USD } 392\ 000}$

Programme

The programme includes, among other things, assistance in drafting the legal and regulatory framework as well as a training programme for the staff of relevant Mauritanian institutions.

Civil society support

OfD supports a programme carried out by the Norwegian Church Aid to reinforce "Publish What You Pay" in Mauritania. The main objective is to reduce poverty through transparent and just management of the petroleum resources. Total budget in 2009: NOK 815 000.



OFFICIAL NAME Islamic Republic of Mauritania

CAPITAL Nouakchott

CHIEF OF STATE Gen. Mohamed Ould Abdel Aziz

HEAD OF GOVERNMENT Prime Minister Moulaye Ould Mohamed Laghdaf

POPULATION 3 129 486 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES Average oil production: 12 830 bbl/day (2008) No gas production (2009)

ORGANIZATION OF THE SECTOR Ministry of Oil and Energy



BRIEF HISTORY OF THE PROJECT

A Norwegian delegation representing Norwegian authorities was on a fact finding mission in Mauritania in 2006. Based on the recommendation from this mission OfD chose to channel its support through the World Bank starting in 2007.

OfD cooperates very closely with the World Bank in Mauritania, and in 2008 all activities were channelled via the Petroleum Governance Initiative in conjunction with the World Bank. By August 2008, the World Bank had earmarked USD 392 000, financed by Norway, for this work in the following two years.

As a consequence of the military coup in Mauritania in August 2008, the Norwegian government, as most other donors, stopped all cooperation with the authorities in Mauritania.

ACTIVITIES IN 2009

After the election in Mauritania in July 2009, Norway decided late December 2009 to resume the cooperation.

KEY ACHIEVEMENTS IN 2009 No programme activities were carried out in 2009.

NICARAGUA

Assistance to the petroleum sector, phase IV

Cooperating institution
Ministry of Energy and Mines (MEM)

Goals and objectives

Contribute to economic and social development and poverty reduction by identifying and developing new areas for utilization of the country's natural resources.

Secure an environmentally sound exploration and possible exploitation of petroleum resources by creating government level capacities.

 $\frac{\text{Project period}}{2008-2009}$

Total budget NOK 2.25 million

Programme

The programme included the following components:

- Updating the petroleum database
- Implementation of the monitoring system
- Analysis of new seismic data
- Updating and improving the national contingency plan for emergencies related to exploration and exploitation
- Training MEM staff through seminars, workshops, and courses abroad

• New promotional campaign

Contact:

Oil for Development: Mr. John Tore Vatnar, jtv@norad.no

Cooperating institutions

in Norway

(Klif)

Norwegian Petroleum Directorate (NPD) Petroleum Safety Authority Norway (PSA) Climate and Pollution Agency



OFFICIAL NAME Republic of Nicaragua

CAPITAL Managua

CHIEF OF STATE
President Daniel Ortega
Saavedra

HEAD OF GOVERNMENT President Daniel Ortega Saavedra

POPULATION 5 891 199 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES No oil or gas production (2009)

ORGANIZATION
OF THE SECTOR
The Ministry of Energy
and Mines (MEM)
(created in 2007)
– took over responsibility
for regulating the hydrocarbons sector from
the former Nicaraguan
Energy Institute (INE).



BRIEF HISTORY OF THE PROJECT

Since the early 1990s, the NPD has assisted the Nicaraguan Energy Institute (Instituto Nicaraguence de Energía, INE), which was the state organization responsible for regulations, norms, control and taxation of the electricity and hydrocarbon sectors. On 1 March 2007, the hydrocarbons division of INE was transferred to MEM. The present programme is phase IV of the cooperation, which has been focused on assistance regarding the start-up of petroleum exploration. The first licensing round was held in 2003.

Work under the current phase IV cooperation contract commenced early 2008 after the signing of the MEM – NPD contract in November 2007.

A review of the project will be undertaken in 2010, and a decision on future cooperation with Nicaragua is to be taken following the review.

ACTIVITIES IN 2009

Training on seismic interpretation was implemented.

A workshop on promotion of foreign investment was organized.

One person participated in Petrad's eight-week programme on Petroleum Development and Operations.

KEY ACHIEVEMENTS IN 2009
The seismic interpretation training and promotion workshop is likely to have increased the MEM's competence within these areas.

THE PALESTINIAN TERRITORY

Capacity building – Palestine 2007–2009

Cooperating institution
Palestinian Energy Authority (PEA)

Goals and objectives

Assist the authorities of the Palestinian Territory in establishing capacity for petroleum sector management, in particular with regard to development of the "Gaza Marine" project.

Project period

2007-2009

Due to the ongoing conflicts in the region during the last two years, very little has been performed within the programme

Total budget NOK 1.5 million

Programme

The programme is aimed at competence building in the newly established Gas Directorate. The programme is expected to consist of the following main components:

- Training in petroleum management
- Assistance in establishing a contractual framework
- Capacity building and assistance with regard to development plans

Contact:

Oil for Development: Mr. Ivar Aarseth, iaa@norad.no

Cooperating institutions

in Norway

Norwegian Petroleum Directorate (NPD) Petrad



OFFICIAL NAME
Palestinian National
Authority (transitional
status)

CAPITAL Ramallah (Gaza City is the legislative centre)

CHIEF OF STATE President Mahmoud Abbas

HEAD OF GOVERNMENT Prime Minister Salam Fayyad

POPULATION Approximately 4 000 000

PETROLEUM SECTOR, KEY FIGURES No oil or gas production (2009)

ORGANIZATION OF THE SECTOR Palestinian Energy Authority



BRIEF HISTORY OF THE PROJECT

On 14 April 2007, the Palestinian Authorities requested assistance from Norway in capacity building, technical assistance and advice in planning and preparing for a Palestinian petroleum sector

A comprehensive energy sector review was issued by the World Bank in May 2007.

In mid-2007, the BG Group was negotiating gas sales of up to 2 bcm/year to Israel from subsea development, via a pipeline to a terminal at Ashkelon (Israel). Due to lack of progress in the negotiations the BG Group in 2008 terminated the negotiations and closed its office in Israel. Since then nothing has happened regarding the commercial situation

Participants from Norad, Petrad, the World Bank and International Petroleum Associates Norway (IPAN) conducted a fact-finding mission in August 2007 and had meetings with the Ministry of Finance, the Palestinian Energy Authority, the Prime Minister and other government institutions.

A three-day seminar on petroleum resource management was organized in December 2007 by Petrad, in cooperation with the PEA and the Representative Office of Norway to the Palestinian Authority.

ACTIVITIES IN 2009

Due to the conflict with Israel no activities took place.

KEY ACHIEVEMENTS IN 2009 No programme activities were carried out in 2009.

SÃO TOMÉ AND PRÍNCIPE

Short-term institutional cooperation, coordinated with support from the World Bank and other donors

Cooperating institutions
National Petroleum Agency (ANP)
Ministry of Natural Resources and
Environment

Goals and objectives

The assistance addresses urgent issues, most of which are currently handled through the World Bank Technical Assistance and Capacity Building Project. The issues discussed are draft legislation, regulations, the model contract, and strategic papers or governance processes. Some issues are supplementary to the World Bank assistance.

Project period April 2008–December 2009

 $\frac{Total\ budget}{NOK\ 2.25\ million}$

Programme

The programme includes the following components:

- Policy, legislation and model contract advice
- Technical advice on environmental issues
- Technical advice on licensing
- Technical advice on health and safety

- Regional cooperation
- Training
- Participation in Petrad's eight-weeks courses

Contact:

Oil for Development: Mr. Svein Heglund, sveh@norad.no

Cooperating institutions

in Norway

Ministry of Petroleum and Energy (MPE)

Norwegian Petroleum Directorate (NPD)

Petroleum Safety Authority Norway (PSA)

Climate and Pollution Agency (Klif) Directorate of Fisheries Petrad



OFFICIAL NAME Democratic Republic of São Tomé and Príncipe

CAPITAL São Tomé

CHIEF OF STATE President Fradique de Menezes

HEAD OF GOVERNMENT Prime Minister Joachim Rafael Branco

POPULATION 212 679 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES No oil or gas production (2009)

ORGANIZATION OF THE SECTOR Ministry of Natural Resources and Environment

National Petroleum Agency (National petroleum regulator)

Nigeria - São Tomé e Príncipe Joint Development Authority (Responsible for Jointly Operated Zone with Nigeria)



BRIEF HISTORY OF THE PROJECT

In 2005, the NPD was requested by the Norwegian Embassy in Luanda to assess the need for assistance in São Tomé and Príncipe, and some planning activities were carried out. This work continued in 2006, and in September the National Petroleum Agency (ANP) visited the NPD to discuss a cooperation programme. In October 2006, the request was presented by the ANP to Minister Erik Solheim at the Extractive **Industries Transparency Initiative** (EITI) conference in Oslo. In a meeting in June 2007, the request for Norwegian support was aligned with the World Bank's and other donors' initiatives.

ACTIVITIES IN 2009

The NPD and the ANP arranged a workshop in São Tomé and Príncipe in February to discuss topics related to licensing guidelines and a model production sharing contract (PSC).

Representatives from the ANP Directorate General of Environment visited the Climate and Pollution Agency (Klif) and the Petroleum Safety Authority (PSA) and received an introduction to environmental and safety management of the petroleum sector.

Klif and the PSA arranged a seminar in São Tomé and Príncipe in October called "Health, Safety and Environment (HSE) in the Oil and Gas Sector". More than 40 delegates from government institutions participated.

Regional Cooperation

Delegates from the ANP participated in the international seminar "Strategic Offshore Pipeline, Production and Riser Engineering" in South Africa.

The ANP and the NPD participated at the UNDP's South-South high-level meeting on oil and gas management in Nairobi together with more than 60 participating countries.

Training

ANP staff received weekly English training for professionals at the São Tomé and Príncipe office. Three members of the ANP staff participated in Petrad's eight-week courses in Stavanger. A one-week training course on seismic interpretations techniques was given at the ANP office as a preparation for the upcoming Exclusive Economic Zone (EEZ) licensing round.

New accounting software was purchased and necessary training was provided.

KEY ACHIEVEMENT IN 2009 Seismic interpretation training and preparations ahead of the planned launch of the first licensing round in the EEZ in 2010 were successfully completed.

SOUTH AFRICA

The South African petroleum sector policy and capacity building project, NPD-PASA sub-programme

Cooperating institutions
Department of Minerals and Energy
(DME)
Petroleum Agency South Africa
(PASA)

Goals and objectives

Develop a dynamic and perpetual integrated energy plan and associated human capacity to promote reliable and consistent supply of liquid fuels to consumers.

The objectives of the NPD-PASA sub-programme are to transform the core functions of the Petroleum Agency under the Mineral and Petroleum Resources Development Act, to develop capacity to implement resource evaluation technologies for routine, on-going evaluation of South Africa's petroleum resources, and to assure an effective extended continental shelf claim.

Project period 2007–2009

 $\frac{Total\ budget}{Approximately\ NOK\ 3.5\ million}$

Programme

Programme areas for NPD support to PASA include:

- Transfer of relevant expertise to PASA
- Assistance in mapping capacity and competence needs
- Training assistance
- Support regarding development of regulations and supervisory methodology
- Support regarding data management
- Continued support regarding the delineation of the continental shelf

Contact:

Oil for Development:

Ms. Solveig Andresen, soan@norad.no

Cooperating institutions in Norway

Norwegian Water Resources and Energy Directorate (NVE) Norwegian Petroleum Directorate (NPD)

Petroleum Safety Authority Norway (PSA) Petrad



OFFICIAL NAME Republic of South Africa

CAPITAL
Pretoria
(Cape Town is the legislative centre and Bloemfontein the judicial centre)

CHIEF OF STATE President Jacob Zuma

HEAD OF GOVERNMENT President Jacob Zuma

POPULATION 49 052 489 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES Average oil production: 195 000 bbl/day (2008 est.) Annual gas production: 3.25 bill m³ (2008 est.)

ORGANIZATION OF THE SECTOR Ministry of Minerals and Energy

Department of Minerals and Energy (DME) Nigeria

Central Energy Fund (CEF) is the state holding company for: Petroleum Agency South Africa (upstream regulator), PetroSA (stateowned oil company), iGas (state-owned company for natural gas), Energy Development Corporation (state-owned company for renewables)

Regional Mining Offices (H&S)



BRIEF HISTORY OF THE PROJECT

The current project is a continuation of the energy cooperation between the Republic of South Africa and Norway, initiated in 1996.

A business plan was developed between the DME and the Norwegian Water Resources and Energy Directorate (NVE) in 2006. The Norwegian Petroleum Directorate (NPD), the Petroleum Safety Authority (PSA) and Petrad are assisting the NVE in implementing the business plan.

The cooperation programme consists of five sub-programmes. Four are managed by the NVE, while the NPD is responsible for the fifth, which is the cooperation programme with PASA. The NPD-PASA programme is the only programme with substantial funding through OfD.

ACTIVITIES IN 2009

PASA personnel participated in Petrad's eight-week programme on Petroleum Policy and Resource Management.

Facilitation of South Africa's Extended Shelf Claim was supported.

Three workshops aimed at providing assistance to PASA to review and evaluate Petroleum Resources Offshore South Africa were arranged in Cape Town.

Resource assessments of all identified prospects and leads were reviewed together with the geologist responsible for each area. Prospect and lead resource assessment forms were checked for consistency in parameter setting, and resources summarized basin by basin and for the whole offshore area.

KEY ACHIEVEMENTS IN 2009

The resource assessment process is likely to have increased PASA's knowledge and overview of South Africa's offshore petroleum resource potential.

TANZANIA

Support to the Petroleum Data Archive for Tanzania operated by the Tanzania Petroleum Development Corporation

Cooperating institution
Tanzania Petroleum Development
Corporation (TPDC)

Goals and objectives

Increased social and economic growth in Tanzania through efficient and sustainable exploration and exploitation of petroleum resources.

Enhance the quality and capacity of the National Archive of Petroleum Data in the TPDC to transcribe, store and manage all relevant petroleum data needed by the upstream petroleum industry to operate efficiently in Tanzania.

 $\frac{\text{Project period}}{2005-2009}$

Total budget NOK 1.94 million

Programme

The programme consists of the following main components:

- Quality control of the seismic tape archive
- Upgrade equipment and facilities
- Upgrade and training for the seismic archive location system

- Enable in-house transcription from old to new media
- Regional cooperation with Mozambique on transcription

Contact:

Oil for Development: Mr. Ivar Aarseth, iaa@norad.no

Cooperating institutions

in Norway

Norwegian Petroleum Directorate (NPD)



OFFICIAL NAME United Republic of Tanzania

CAPITAL Dar es Salaam

CHIEF OF STATE President Jakaya Kikwete

HEAD OF GOVERNMENT Prime Minister Mizengo Pinda

POPULATION 41 048 532 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES No oil production (2009) Annual gas production: 0.6 bill m³ (2008 est.)

ORGANIZATION OF THE SECTOR Ministry of Energy and Minerals of Tanzania (MFM)

Tanzania Petroleum Development Corporation (TPDC) (has both the commercial and regulator role)



BRIEF HISTORY OF THE PROJECT

Norad previously supported the establishment of a Petroleum Data Archive at the TPDC in Dar es Salaam from 1985 to 1997 under the TAN051 project. At that time considerable resources were used to reformat Tanzanian petroleum data onto more modern storage media. The data project was part of a larger project, which also focused on supporting the commercialization of the Songo Songo gas project.

In 2008, an assessment of the possible use of the Mnazi Bay Gas was conducted. A training needs assessment for the Ministry of Water, Construction, Energy and Lands at Zanzibar was conducted.

The unresolved issue regarding whether oil and gas is a union matter or should be separated between mainland Tanganyika and Zanzibar has led to a standstill in training and capacity building support to Zanzibar.

ACTIVITIES IN 2009

In March, a delegation from the Energy and Minerals Committee of the Parliament visited Norway to learn about the main issues related to the development of the oil and gas sector. Main topics were organization, legal framework, revenue management systems and environmental considerations.

In November, Petrad assisted in arranging a seminar for members of the Parliament of Tanzania and a similar one for members of the House of Representatives of Zanzibar. This led to further discussions and planning of a seminar also for the Cabinet of Zanzibar.

One person from Tanzania participated in Petrad's eight-week programme on Petroleum Policy and Resource Management.

There have been discussions between the TPDC, the Embassy and Norad on possible support to Tanzania within the fields of:

- Reorganization of the TPDC
- Development of an exploration and production IT-system
- Capacity building in oil & gas exploration & production operations monitoring and strengthening of academic skills in petroleum geosciences

KEY ACHIEVEMENTS IN 2009
The programme for establishing a
Petroleum Data Archive for Tanzania
was completed. The TPDC is now
capable of managing the data archive
in an efficient manner.

VIETNAM

Development of management systems on health, safety and environment in the Vietnamese petroleum industry, phase III

Cooperating institution Petrovietnam (PV)

Goals and objectives

Establish a sustainable and efficient management of health, safety and environment in the Vietnamese oil and gas industry, to minimize risk of personnel injury, major accidents and environmental damage.

Phase III aims at successful implementation of the Safety Management Regulation and accompanying guidelines; at enabling Petrovietnam to further develop, implement and continuously improve Health, Safety and Environmental (HSE) management systems after the end of the project period; and at enabling Petrovietnam employees to continuously build health, safety and environmental competence after the end of the project period.

 $\frac{\text{Project period}}{2008-2011}$

Total budget NOK 7.6 million

Programme

The programme consists of the following main components:

- Implementation of Petrovietnam's recently developed policy and corporate requirements for HSE management
- Further development of Petrovietnam's HSE corporate management systems, tools and practices, including its HSE objectives, strategies and plans
- HSE training activities to support Petrovietnam's system developments through competence and capacity building
- Support the development of appropriate HSE management systems in Petrovietnam's subsidiaries based on Petrovietnam's corporate HSE management system
- Development of emergency response management
- Development of oil/hazardous waste management

Contact:

Oil for Development: Ms. Solveig Andresen, soan@norad.no

Cooperating institutions

in Norway

Petroleum Safety Authority Norway (PSA)

Climate and Pollution Agency (Klif) Norwegian Coastal Administration (NCA)



OFFICIAL NAME Socialist Republic of Vietnam

CAPITAL Hanoi

CHIEF OF STATE President Nguyen Minh Triet

HEAD OF GOVERNMENT Prime Minister Nguyen Tan Dung

POPULATION 86 576 758 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES Average oil production: 317 000 bbl/day (2008) Annual gas production: 7.9 bill m³ (2008)

ORGANIZATION OF THE SECTOR Petrovietnam (State owned oil and gas corporation)

Ministry of Industry and Trade (since 2007)

Department of Energy and Petroleum

Ministry of Planning and Investments

Prime Minister



BRIEF HISTORY OF THE PROJECT

Phase I and II: 1997-2006 In 1994, the Vietnamese government, represented by Petrovietnam (PV), contacted Norad with a request for cooperation and support on the development of safety and working environment management in the Vietnamese petroleum industry. A similar and parallel request was made in the area of environmental protection. In 1996, the agreement on "Assistance to the **Development of Management Systems** on Safety and Working Environment and Environmental Pollution Control in the Vietnamese Petroleum Industry" was signed. The agreement was supplemented by contracts between the PV, the NPD and the Climate and Pollution Agency (Klif, then SFT).

Phase I and II focused on two main issues: safety management and environmental management. From 2001, the Norwegian Coastal Administration (NCA) became a participant in the project, following the Norwegian government's decision to transfer the responsibility for emergency and oilspill preparedness from Klif (then SFT) to the NCA.

Phase III

After successful completion and positive evaluation of phase I and II, a contract for phase III of the project was signed in 2008. In contrast to phase I and II, the activities on safety management and environmental management in phase III are fully integrated and contracted through one shared contract for all parties. Klif and the PSA are jointly responsible for delivering support to the PV according to the the contract. The NCA is to provide key contributions as a subcontractor to the PSA. The PSA coordinates the project on behalf of all Norwegian contributors.

The continued institutional collaboration builds on the achievements from the previous two phases.

ACTIVITIES IN 2009

A workshop was organized in Hanoi in June 2009 on HSE data reporting, including reporting systems for discharge and emission data from the operators, and storage, processing and usage of data.

A seminar on HSE-management systems was held in Stavanger in September 2009

One person from Vietnam participated in Petrad's eight-week programme on Petroleum Development and Operations.

The audit at PVN Gas in Ho Chi Minh City and Vung Tau was carried out on 20–24 September 2009.

The third and fourth Steering Committee Meetings took place in Bergen on 25–26 June 2009 and in Vinh City on 18–19 November 2009, respectively.

KEY ACHIEVEMENTS IN 2009
In a Baseline Study conducted by
Petrovietnam it was concluded that,
largely as a result of the project, HSE
principles are now well embedded
among the organisation's leadership at
various levels, steering documentation
and guidelines have to a large extent
been developed, and the implementation of the steering documentation
within HSE was by end 2009 assessed
to be 30 percent completed.

ZAMBIA

A comprehensive programme for the development of potential petroleum resources in Zambia

Cooperating institutions

Ministry of Mines and Minerals Development, Geological Survey Department (GSD)

Environmental Council (ECZ) The Royal Norwegian Embassy in Zambia

Goals and objectives

Increase the understanding, capacity and competence of the petroleum potential and development within ministries and other state institutions in Zambia. Support Zambian authorities and enable them to conduct a strategic environmental assessment (SEA) before opening areas for petroleum activity and to clarify responsibilities between ministries and departments.

A main objective of the programme has been to contribute to a good decision making process focusing on how petroleum development can take place without harming the environment.

Project period

2006-2009

The SEA process has been extended to 2010.

Total budget NOK 6.3 million

Programme

Support with:

- Revision of petroleum legislation
- Petroleum and resource management
- Environmental management and SEA
- Data management

Contact:

Oil for Development: Ms. Solveig Andresen, soan@norad.no

Cooperating institutions

in Norway

Norwegian Directorate for Nature Management (DN) Petrad



OFFICIAL NAME Republic of Zambia

CAPITAL Lusaka

CHIEF OF STATE
President Rupiah Banda

HEAD OF GOVERNMENT President Rupiah Banda

POPULATION 11 862 740 (2009 est.)

PETROLEUM SECTOR, KEY FIGURES No oil or gas production (2009)

ORGANIZATION OF THE SECTOR Ministry of Mines and Minerals Development



BRIEF HISTORY OF THE PROJECT

Cooperation between Norway and Zambia has a long history and Zambia receives considerable support from Norway in many areas. Support to petroleum sector development is of more recent date. Some of the best petroleum prospects in Zambia may be located in areas where there are national parks. The programme has therefore had a strong focus on possible environmental consequences in the event of petroleum activities.

ACTIVITIES IN 2009 In 2009 the programme focused on three different areas:

Environmental management In January 2009, Petrad organized a seminar/workshop in Siavonga on the SEA process. Partners were the DN, the Norwegian Embassy and various authority bodies in Zambia. The seminar/workshop focused on the establishment of a good SEA process and the importance of good partnership. The seminar was successful and led to the establishment of a task force that was led by a Zambian consultant. In order to create a mandate for the task force and to commence the work, a follow-up workshop was held in March. It was agreed to conduct two SEAs for central areas in the potential licensing round. The DN has been to Zambia several times to follow up this work. There was some distortion in the work because Zambia suddenly announced a licensing round. After some hesitation it was agreed that the SEA process should continue and be finalized in 2010.

Data management

Petrad worked with the Geological Survey Department to improve the condition of the petroleum archives. Focus was on organization of data, re-mastering of seismic data, scanning and competence and capacity building. By the end of the year all archives were organized, new structures were implemented and all petroleum data were brought up to industry standard. Bridge Consult delivered a report about the petroleum potential of Zambia based on a review of published articles and data obtained from the GSD, and concluded that exploration for petroleum in the country is high risk.

Input to the upcoming licensing round

From the Norwegian side, it has been important to manage expectations in a way that would benefit Zambia. OfD was of the opinion that more work on the technical and environmental aspects would be necessary before an actual licensing round could take place. However, a licensing round was announced in June. The Norwegian Embassy initiated several meetings with Zambian authorities focusing on how the round could be conducted in the best way possible. The method favoured by Zambia resulted in few wellknown companies applying. Several licenses were awarded towards the end of the year to companies from outside and inside Zambia. None of these companies seem to have adequate experience or financial muscle to carry out a serious exploration programme in Zambia. The future of the petroleum development in Zambia is therefore uncertain.

Other activities

One person from Zambia participated in Petrad's eight-week programme on Petroleum Policy and Resource Management.

KEY ACHIEVEMENTS 2009
The process for a strategic environmental assessment (SEA) has started and is used in the dialogue with the various ministries.

Available seismic data were organized and have, together with the petroleum prospectivity report, potentially provided the government with a better overview of the country's petroleum resource potential.

OTHER OFD PROGRAMMES

In addition to our bilateral country cooperation programmes OfD is also involved in a number of other programmes either directly or via other donors and implementing partners. These programmes, which include our regional efforts in East and South East Asia, West Africa, and East Africa, are presented in this chapter.

THE COORDINATING COMMITTEE FOR GEO-SCIENCE PROGRAMMES IN EAST AND SOUTH-EAST ASIA (CCOP)

Enhanced Public Petroleum Management (EPPM)

Brief history of the cooperation Norway has, as a cooperating country, supported the CCOP since 1976 and has been the main supporter of the CCOP's petroleum programmes since 1989.

The Petroleum Policy and Management project (PPM) was successfully completed in 2006.

A new project, Enhanced Public Petroleum Management (EPPM), was presented to Norad in 2007 and started in 2008. Later, cooperation agreements were signed by the CCOP and the NPD and Petrad. At the 52nd CCOP Steering Committee Meeting in Thailand in November 2008, Timor-Leste was accepted as a new member of the CCOP.

Contact: Oil for Development,

Petter Stigset, pest@norad.no

Cooperating institutions in Norway:

Norwegian Petroleum Directorate (NPD) Petrad

Activities in 2009

A number of workshops and meetings were arranged in the project "Metadata on Natural Gas Resources in the CCOP Region", the Joint Basin Study, as well as the CCOP Annual Meeting and the Annual Coordination Meeting between the CCOP and the Royal Norwegian Embassy in Bangkok.

Malaysia, Indonesia and Thailand cooperated in the Mergui-North Sumatra basin, with each country contributing to the joint database.

A metadata standard was approved and China developed a data model, search criteria and indices. The participating countries agreed to provide data, and a test version was installed on the CCOP server in Bangkok.

The following EPPM workshops and seminars were arranged as part of the project "Natural Gas Field Development and Environmental Issues":

- Development of Natural Gas Resources with high CO2 & Carbon Capture and Storage, in Indonesia (56 participants)
- Workshop on H2S/CO2/HTHP, in China (40 participants)
- Seminar on Carbon Capture & Storage Awareness & Regulations, in Thailand (48 participants)
- Workshop on CO2 / EOR-IOR, in Vietnam (52 participants)

The Coordinating Committee for Geoscience Programmes in East and Southeast Asia (CCOP) is an intergovernmental organization whose mission is to facilitate and coordinate the implementation of applied geoscience programmes in East and Southeast Asia in order to contribute to economic development and the improvement of the quality of life in the region. To this end, the CCOP promotes capacity building, technology transfer, exchange of information and institutional linkages for sustainable resource development,

management of geoinformation, geo-hazard mitigation and protection of the environment. The CCOP has twelve member countries: Cambodia, China, Indonesia, Japan, Korea, Malaysia, Papua New Guinea, the Philippines, Singapore, Thailand, Timor-Leste and Vietnam. It is supported by fourteen cooperating countries, namely: Australia, Belgium, Canada, Denmark, France, Germany, Japan, the Netherlands, Norway, Poland, the Russian Federation. Sweden, the United Kingdom and the United States of America.

WEST AFRICA AFRICA

Brief history of the cooperation West Africa is a region with high priority under the OfD initiative. Three countries are among OfD's core countries: Angola, Nigeria and Ghana. The cooperation with other West-African countries will be coordinated through a regional approach. This implies that the capacity building will mostly be done through workshops with participation from a number of states. This will be supplemented with bilateral cooperation when the issues are not suitable for a regional approach. Countries that may receive both regional and bilateral assistance are: the Ivory Coast, Liberia and Sierra Leone.

Contact:
Oil for Development,
Mr. Halvor Musæus,
halm@norad.no

Activities in 2009

A workshop on Petroleum Data Management was held in the Ivory Coast in December 2009. This was a follow-up of a previous workshop, with 45 participants from Ghana, Guinea, Guinea Bissau, the Ivory Coast, Liberia, Mali, Nigeria, São Tomé & Príncipe and Sierra Leone.

A workshop on Environmental Management in the Petroleum Sector was held in the Ivory Coast in April 2009, with participants from Benin, the Ivory Coast, Guinea, Mali and Togo.

A workshop on Monitoring of the Upstream Petroleum Sector was held in the Ivory Coast in November 2009, with participants from Benin, Guinea, the Ivory Coast, Liberia, Mali, Senegal, Sierra Leone and Togo.

Cooperation with Sierra Leone
The government of Sierra Leone
addressed the African Centre for
Economic Transformation (ACET) in
Accra, Ghana, asking for assistance in
its management of petroleum activities.
A cooperation between OfD, Revenue

Watch Institute (RWI) and ACET had already been initiated for the establishment of a competence centre for the petroleum sector under the umbrella of ACET. The three parties decided to offer assistance to Sierra Leone as a pilot project for this centre. The first joint mission to Sierra Leone was organized on 11-16 October 2009, and the second on 29 November-4 December 2009. The Commonwealth Secretariat also took part in these missions covering petroleum taxation. The President of Sierra Leone, Dr. Ernest Bai Koroma, in a letter to Prime Minister Jens Stoltenberg of 15 October 2009, reiterated his request for Norwegian assistance. Assistance has so far focused on a revision of the legal framework, the management of existing licenses, and preparations for an open bidding round for new licenses.

Cooperation with Liberia
President Ellen Johnson Sirleaf of
Liberia sent a letter to Prime Minister
Jens Stoltenberg on 14 December 2009
asking for the same kind of assistance
as provided to Sierra Leone.

For the cooperation with the Ivory Coast see separate chapter on pp 87-88

THE EAST AFRICAN COMMUNITY (EAC)

CIVIL SOCIETY CAPACITY BUILDING THROUGH NORWEGIAN NGOS

The EAC is the regional intergovernmental organization of the Republic of Kenya, the Republic of Uganda, the United Republic of Tanzania, the Republic of Burundi and the Republic of Rwanda. The EAC has its headquarters in Arusha, Tanzania.

The EAC aims at widening and deepening cooperation among the Partner States in areas such as the political, economic and social fields. To this aim the EAC countries established a Customs Union in 2005 and are working towards the establishment of a Common Market by 2010, subsequently a Monetary Union by 2012, and ultimately a Political Federation of the East African States.

Petroleum

The OfD programme has supported the petroleum sector through sponsoring the East African Petroleum Conference, which is organized every second year. In 2009, it was held in Mombasa. The conference has become an important meeting place for the oil exploration sector and holds high quality with regards to transparency and information sharing.

OfD has also supported a regional data management seminar in the EAC region. In 2009, the seminar was held in Mombasa. In addition to the EAC countries, Mozambique, the Democratic Republic of Congo, and Sudan were invited to the seminar.

In 2009, seven Norwegian non-governmental organizations (NGOs) were granted a total of NOK 14 495 000 for capacity building of civil society partner organizations in OfD's cooperating countries.

Ranked according to the size of funds received the organizations were: World Wide Fund for Nature Norway (WWF Norway), Norwegian People's Aid, the Norwegian Confederation of Trade Unions (LO), Publish What You Pay Norway (PWYP Norway), Friends of the Earth Norway, Norwegian Students' and Academics' International Assistance Fund (SAIH), and Norwegian Church Aid.

Organizations such as PWYP
Norway, LO and Norwegian People's
Aid conducted capacity building activities which targeted organizations and individual NGO-members from a range of OfD cooperating countries, whereas SAIH and Norwegian Church Aid worked with civil society in one country only (Bolivia and Mauritania respectively).

Thematically, the Norwegian NGOs worked to build capacity within two main areas: 1) enhanced transparency and accountability in petroleum governance and revenue management, and 2) environmental and social sustainability in petroleum activities.

In 2009, it was decided that allocations for 2010 and onwards would be made on a three-year basis, in order to enhance predictability for the Norwegian NGOs and their partner organizations and to minimize the administrative burden on the NGOs and Norad.

CIVIL SOCIETY CAPACITY BUILDING THROUGH REVENUE WATCH INSTITUTE

THE PETROLEUM GOVERNANCE INITIATIVE (PGI)

In December 2006, the Revenue Watch Institute (RWI) received a grant of USD 3 million from OfD to be used as core institutional support over the course of three years. The purpose of the RWI-OfD programme was to help oil, gas and mining dependent countries avoid the "resource curse" through the promotion of transparent and accountable management of the revenues generated by the extractive industries.

Under this agreement RWI received NOK 7.2 million in 2009. The funds were spent on research, technical assistance to governments, Extractive Industries Transparency Initiative (EITI) capacity building of civil society organizations and grant-making to civil society actors.

Among the most important research activities was a methodology for the Revenue Transparency Index, as well as a prominent role in the drafting of the Natural Resource Charter, which aims to translate experience into practical policy guidelines to assist countries to better manage and invest natural resource revenues. RWI also played a pivotal role in supporting civil society in countries that have recently signed up to implement EITI, both through guidebooks and training sessions. In cooperation with OfD and the African Centre for Economic Transformation (ACET) RWI carried out a pilot technical assistance programme in Sierra Leone. More limited technical assistance was also provided to Nigeria concerning a petroleum industry bill. RWI provided grants to a number of civil society organizations in OfD cooperation countries in Africa, Asia-Pacific, Latin America and the Middle East.

In late 2009, OfD decided to enter into a new agreement with RWI from 2010-2012. For the time being OfD does not have the administrative capacity to fund other international NGOs directly. However, earlier in 2009 the international NGO Global Witness received NOK 66 000 to complete a project initiated in 2008.

The PGI is a bilateral collaboration between the Government of Norway and the World Bank Group. PGI activity deliverables include technical assistance and capacity building, consensusbuilding and advocacy, global knowledge management and dissemination of best practice and lessons learned. The PGI works at both global and country-specific levels. The aim of the cooperation with the World Bank is to engage in project areas where Norway has little specialist knowledge or lacks the resources to implement the project. Projects should preferably be implemented in countries that are already cooperating with OfD.

Total grant amount approved since the inception in 2006

NOK 36 million

Key activities in 2009

Petroleum sector governance and petroleum revenue management <u>Ghana</u>: Assistance on regulatory issues was provided to the Ministry of Energy.

Rwanda: Training was provided to various ministries on petroleum sector governance, focusing on the exploration phase. Training included fiscal terms and assistance on the model PSA.

<u>Cambodia</u>: Training was provided to government agencies on how to manage key operational matters before the development and production of oil starts.

<u>Vietnam</u>: Gas sector planning and policy assistance was provided to the Ministry of Energy and Trade.

Global: A study on "Gas for the poor" was initiated to assess how energy poverty can be relieved through better use of gas resources in developing countries.

Environment

Mauritania: A social and environmental strategic assessment was initiated in 2009, but due to the political

INTERNATIONAL MONETARY FUND (IMF)

situation this item has been delayed.

Global: A global survey of environmental management systems in oil producing countries was conducted. Results and recommendations were discussed with partner countries.

Global: Preparations for a Best Practices tool kit on decommissioning were initiated.

Community development

Global: An information clearing house (www.commdev.org) is being maintained. The site includes resources targeted at practitioners of community development in governments, companies and civil society. An average of 1250 users visit the site every day.

Global: Sustainability planning/valuations tool for extractive companies is being developed. The tool is used by companies to make strategic decisions on their sustainability investments.

<u>Colombia</u>: Two royalty management projects were conducted to assist municipalities in their management of royalties from extractive industries.

<u>Peru</u>: One project to enhance output from community royalty investments, and one project to strengthen local small and medium size businesses in communities were conducted.

Bolivia: One project to enhance indigenous business opportunities ("Enhancing benefits of Transierra's Indigenous Development Plan") was conducted.

Extractive Industries – Technical Advisory Facility (EI-TAF)
EI-TAF was established in 2009. The facility organizes assistance related to contract negotiations and associated policy reforms/frameworks. In the start-up year 2009, EI-TAF assistance within the petroleum sector was provided only to Rwanda, but preparations for other countries are under way.

The IMF and Oil for Development entered into a bilateral cooperation in the spring of 2009. OfD draws on the IMFs capacity on petroleum resource wealth and revenue management in our involvement in countries of cooperation.

Total grant amount approved NOK 10 million

Approved key activities in 2009 within a total of NOK 4.5 million

Bolivia

Activities as part of Bolivia's "Public Finance Reform and Resource Management" project. One mission focused on tax policy, and provided a comprehensive diagnosis of the tax system, including natural resource taxation. The second mission provided technical assistance on Public Financial Management issues looking more broadly at Bolivia's current fiscal responsibility law.

Uganda

Focus is on the Oil Tax Administration of Uganda. The broad objectives of the project are:

- Development and implementation of effective oil tax administration procedures.
- Necessary legal amendments to the tax law.
- Improvements in organizational arrangements.
- To ensure provision of necessary IT support.
- To assist taxpayers in understanding their obligations under the new tax regime.

Sub-Saharan Africa

Conference in Accra, Ghana on the subject of Tax Administration and Resource Tax. The focus was to reinforce best practice in general taxation and to introduce resource taxation best practices at both the policy and administration level.

PETRAD'S EIGHT-WEEK COURSES

Petrad designed and developed two eight-week programmes in the period 1990-91 assisted by key resource personnel from the Norwegian petroleum research institutions and industry. One programme focused on "Petroleum Policy and Resource Management" and the other on "Petroleum Development and Operations".

The two programmes were arranged for the first time in 1991, with 20+20 participants from 18 countries. The programmes run in parallel and have been repeated every autumn from 1991 until today. The programmes have become internationally recognized for their combination of applied petroleum management, practical case studies, industrial visits and a substantial social programme.

Petroleum Policy and Resource Management

Petrad's programme "Petroleum Policy and Resource Management" concentrates on how a country can develop its petroleum resources in the best way to the benefit of all the people in the country. The programme is based on the premise that these resources can add substantially to a nation's development and wealth, and should be managed by national authorities. It is also recognized that profit-seeking companies, often coming from outside the nation in question, can bring technical, organizational and financial capabilities, which will be decisive for a successful development of petroleum resources. However, this requires a proper legal framework and efficient monitoring by the authorities.

Petroleum Development and Operations

Petrad's programme "Petroleum Development and Operations" will increase the participants' skills and give them tools to assist their country's authorities with the management and monitoring of the development and operation

phases. It is designed to introduce and communicate alternative options for how to manage offshore petroleum developments and operations.

Since the inception in 1991 a total of 831 people from 77 participating countries have graduated from the two programmes. Financed through OfD, 13 people completed the Petroleum Policy and Resource Management programme and 11 people completed the Petroleum Development and Operations programme in 2009.

See more information about Petrad on p.140

NORAD'S MASTER PROGRAMME FOR ENERGY AND PETROLEUM (ENPE)

INTERNATIONAL ASSOCIATION FOR IMPACT ASSESSMENTS (IAIA)

Norad's Master Programme for Energy and Petroleum was launched in 2009. This is, as the name suggests, a joint support programme for petroleum and renewable energy related higher education. The programme aims to contribute to the education of staff in the energy and petroleum sectors through building capacity at the Master level in higher education institutions (HEI) in the South.

The programme is managed by the Norwegian University of Science and Technology and a separate Programme Board. HEI in the South and in Norway submit joint project proposals to the Programme Board, which decides on project funding. The first allocations were made in December 2009.

The objectives of the EnPe programme are:

- To support the development of Master programmes at HEI in the South through close collaboration with HEI in Norway in accordance with national needs
- To achieve, in a longer term perspective, sustainable capacity of institutions in the South to provide the national work force with adequate qualifications within selected academic fields of study of relevance to the energy and petroleum sectors
- To stimulate South-South-North cooperation through support to the development of regional Master programmes
- To enhance gender equality in all programme activities
- To strengthen and further develop the competence of Norwegian HEI to integrate global as well as developmental perspectives in their professional work

The International Association for Impact Assessment (IAIA) is a forum for advancing innovation, development, and communication of best practice in impact assessment. In 2009, OfD provided stipends for 14 participants from eight OfD cooperating countries to participate in the annual IAIA-conference, which was held in Accra, Ghana. The support was administered by the Norwegian Institute for Urban and Regional Research (NIBR). On OfD's request NIBR also developed a separate programme for the OfD-funded participants. This programme consisted of an introductory programme ahead of the conference itself, one thematic forum that dealt particularly with impact assessments in the oil and gas sector, two so-called concurrent sessions which focused on specific OfD cooperating countries issues, as well as a post-conference session titled "Oil and gas developments; the need for impact assessment, capacity building and monitoring".



CCOP. Photo: Sarawisutra Petcharat

CROSS-CUTTING THEMATIC EFFORTS

Oil for Development approaches petroleum sector management through three integrated thematic areas: resource management, environmental management and revenue management. Below, we summarize the results of our work in 2009 on two important topics that cut through these three thematic areas: good governance and the climate agenda.

OFD'S CHECK-LIST FOR GOVERNANCE OF THE PETROLEUM SECTOR

THE CLIMATE AGENDA AND OIL FOR DEVELOPMENT

Principles of good governance are a common thread in the assistance provided within resource management, revenue management and environmental management. Key aspects include clear divisions of roles, long term perspectives, transparent policies and processes, authorities with sufficient expertise to monitor and report on oil companies, as well as a capable civil society that, together with existing political structures such as parliaments, can hold the government accountable for its actions.

OfD has developed a check-list for assessing the state of petroleumrelated governance in a given country, inspired by work on the topic done by Chatham House, a London based think-tank.

The mapping process is meant to be conducted in cooperation between OfD and any government applying for broad petroleum related assistance. It can also be relevant where an existing cooperation programme is about to be completed, and there are plans for a new programme phase.

The check-list, or parts of it, may also be used as a mapping tool in relation to larger programme reviews, in order to provide OfD and our cooperation partners with input for potential programme revisions.

The check-list can be downloaded from www.norad.no

In 2008, OfD produced a number of recommendations on how climate measures and the reduction of greenhouse gas emissions can be integrated into Norwegian development aid under the aegis of the Oil for Development programme (see OfD's website at www.norad.no).

The purpose is to enable national authorities in the cooperating countries to introduce some policy instruments and measures that will stimulate the most cost-effective solutions for reducing emissions of greenhouse gases. Potential climate measures could be implemented either as an integrated part of petroleum activities or as a purely environmental measure. It should be underlined though, that it is not within the scope of the OfD initiative to provide general expertise in climate change issues.

Measures that have a positive environmental impact can also often improve the utilization of resources, and can therefore be justified also from an economical perspective.

While most of OfD assistance is provided within a bilateral setting, Norway also supports the efforts of the Global Gas Flaring Reduction Partnership (GGFR) (www.worldbank.org/ggfr).

As the international community is examining ways of reducing greenhouse gas emissions and moving toward low-carbon economies, natural gas, as the cleanest burning fossil fuel, is becoming an increasingly attractive component of the energy mix in countries around the world. Yet billions of dollars in natural gas are burned or flared at oil fields across the world. It is estimated that about 140 billion cubic meters of natural gas are being flared and vented annually. This is equivalent to more than the total gas consumption of Central and South America combined. Reducing carbon dioxide emissions from flaring would be equivalent to taking some 160 million cars off the road. Natural gas is released when

oil is produced, but is less profitable, especially in countries that lack sufficient regulations, infrastructure and markets for it. Solving the challenge of bringing this wasted gas to productive use is the mission of a unique partnership led by the World Bank Group.

Through the Global Gas Flaring reduction partnership major oil companies (including Statoil) and governments are now working together to minimize this waste by jointly overcoming the barriers that inhibit more gas utilization, as well as sharing global best practices and implementing country specific programs. Norway was one of the founders of the initiative in 2004 and has supported the programme since, with about USD 130 000 per year. However, the programme has a lot of challenges, as a variety of factors make it uneconomic or physically difficult for some resource holders to reduce gas flaring.

In 2009, OfD supported the GGFR's efforts to evolve a methodology that would allow the Clean Development Mechanism (CDM) to be applied to the challenges of flaring. The CDM is an arrangement under the Kyoto Protocol allowing industrialised countries with a greenhouse gas reduction commitment to invest in ventures that reduce emissions in developing countries as an alternative to more expensive emission reductions in their own countries.

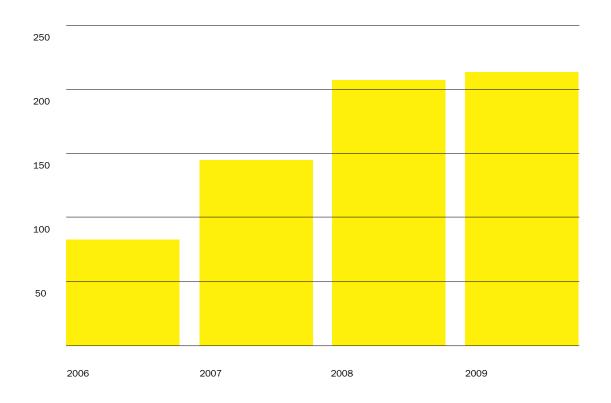
FINANCIAL OVERVIEW OF 2009

GENERAL OVERVIEW

The following is a financial overview of funds allocated to Oil for Development activities by the Ministry of Foreign Affairs, the Embassies and Norad.

In general the overview shows that funds grew rapidly during the initial years of the programme, but then stabilized from 2008 (NOK 205 million) to 2009 (NOK 207 million).

Figure 1: OfD activities, NOK million



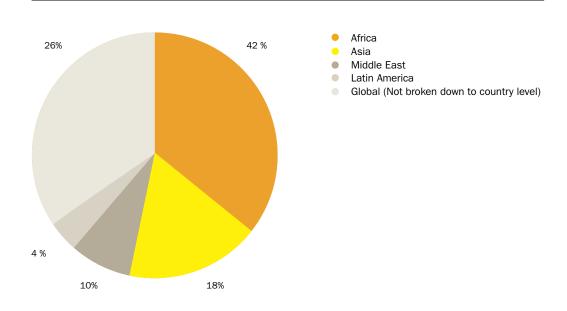
REGIONS AND COUNTRIES

Table 1: Budget allocations distributed by region, in NOK 1 000¹

REGION	EXPENDITURE 2008	EXPENDITURE 2009
Africa	78 507	86 438
Asia	29 203	37 824
Middle East ²	19 714	20 528
Latin America	4 875	9 155
Global (Not broken down to country level)	72 701	53 055
TOTAL	205 000	207 000

Table 1 shows how resources are distributed among the four regions covered by OfD's activities. Remaining allocations are shown as "global". 56 percent of the OfD funds distributed by country go to activities in African countries.

Figure 2: Allocations distributed by region, in percent (2009)



^{1—} Table 1 and 2 include both OfD disbursements that can be broken down on a country level, and disbursements which cannot and which are thus referred to as "global". The former include disbursements channelled via the NPD, environmental institutions, Petrad, civil society, research institutions and consultants, as well as Embassy disbursements. The latter include allocations such as the World Bank Petroleum Governance Initiative (PGI) and Global Gas Flaring Reduction (GGFR), Petrad's eight-week courses and most of the allocations to Civil Society organizations. In Table 2, Petrad's regional activities and regional activities handled from the Embassies are shown as "regional". 2— Middle East includes Afghanistan.

Table 2: Distribution of budget funds by country, in NOK 1 000 $\,$

COUNTRY	EXPENDITURE 2008	EXPENDITURE 2009
CORE COUNTRIES		
Angola	7 888	13 548
Bolivia	2 805	5 976
Ghana	3 428	8 308
Madagascar ¹	12 574	4 303
Mozambique	18 802	13 861
Nigeria	4 511	4 559
Sudan	13 476	10 951
Timor-Leste	13 553	19 670
Uganda	8 419	13 808
Vietnam	1 657	_
SUBTOTAL CORE COUNTRIES	87 113	94 984
COUNTRIES WITH LIMITED COOPERATION		
Afghanistan	8 570	13 039
Bangladesh	10 210	8 783
Cambodia	2 773	3 907
Ecuador	1 724	1 954
Iraq	4 844	3 286
Ivory Coast	1 148	3 463
Indonesia	1 010	0
Kenya	1 500	1 163
Lebanon	5 600	2 431
Mauritania	745	815
Nicaragua	346	1 225
Palestinian Territory	700	0
Sao Tomé & Príncipe	50	1 125
South Africa	2 392	1 102
Tanzania	1 447	1 492
Vietnam	_	2 464
Zambia	2 127	1 978
SUBTOTAL COUNTRIES WITH LIMITED COOPERATION	45 186	49 027
Regional	4 283	10 734
Global (Not broken down to country or regional level)	68 364	53 055
TOTAL	205 000	207 000

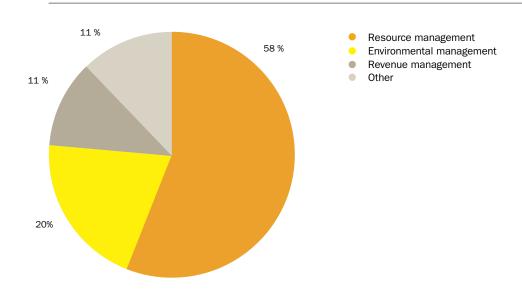
Table 2 shows the country-wise distribution of funds for 2009 compared to 2008. Support for OfD activities in core countries such as Angola, Bolivia, Ghana and Timor-Leste increased from 2008 to 2009. In 2009, 65 percent of the country-wise distributed funds were directed to the nine core cooperation countries. A marked increase from 2008 to 2009 is seen in Angola, Ghana, Timor-Leste and Afghanistan. There is also an increased support to regional initiatives, mainly through Petrad's regional seminars.

^{1—} All bilateral support to Madagascar was frozen from late March 2009.

THE THREE MAIN THEMATIC AREAS

Figure 3 shows how OfD activities in 2009 focused on either resource management, environmental management or revenue management. The fourth category includes activities related to local industry development, support to NGOs, etc. As the three thematic issues are integrated, Figure 3 should be understood as an illustration and not an exact distribution. Activities focusing on resource management still constitute the largest part with a share of about 58 percent, but its weight relative to the other issues has been reduced.

Figure 3: Allocations distributed by the thematic areas, in percent (2009)



INSTITUTIONS

Table 3: Budget allocations made through major funding channels, in NOK 1000

LARGE RECIPIENTS OF BUDGET ALLOCATIONS ¹	EXPENDITURE 2008	EXPENDITURE 2009
Norwegian Petroleum Directorate (NPD)	42 900	38 100
Petrad	43 800	49 100
Environmental institutions ²	3 800	4 500
Norwegian/international civil society ³	20 800	21 800
Norwegian universities	0	7 500
World Bank	20 000	5 000
IMF	0	10 000

Table 3 shows how OfD funds are distributed between key partner institutions. The NPD and Petrad are the two institutions receiving the largest part of the funding for activities. In 2009, Norad entered into an agreement with the Norwegian University of Science and Technology (NTNU) for funding of capacity building in higher education institutions in the South.

^{2—} In addition, NOK 11.4 million was allocated to environmental activities directly from the OfD secretariate.

^{3—} Includes Revenue Watch Institute, Publish What You Pay, Global Witness, WWF Norway, NPA, LO, SAIH, Norwegian Society for the conservation of Nature/Friends of the Earth Norway.

WHO WE ARE

OfD is a programme which unites the efforts of a range of public and private institutions representing diverse skills and competences. A brief introduction of the Norwegian and international institutions which are involved is given below.

THE STEERING COMMITTEE AND THE SECRETARIAT

THE NORWEGIAN EMBASSIES

OfD has an interministerial steering committee with representatives from four ministries: Ministry of Foreign Affairs (MFA), Ministry of Finance (MoF), Ministry of Petroleum and Energy (MPE) and Ministry of the Environment (MoE). The steering committee formulates strategic directions, guidelines and priorities for the secretariat and implementing organizations, and decides on major project proposals. The OfD secretariat is part of the Energy Department in Norad (Norwegian Agency for Development Cooperation), and is responsible for coordination and implementation of the Oil for Development initiative.

The Norwegian embassies play an essential role in OfD, as extensive development cooperation responsibility is assigned to them. The embassies hold valuable local and regional knowledge and network extensively with government agencies, industry, civil society as well as international organizations and other donors in their respective countries. Requests for OfD assistance are normally channelled through the embassies, and embassy staff generally appraises and provides advice on proposals for cooperation. The OfD secretariat in cooperation with the respective ministries of the steering committee is responsible for the professional content of different initiatives.

KEY IMPLEMENTING AGENCIES

The Norwegian Ministry of Foreign Affairs

Key implementing agencies are the Norwegian Petroleum Directorate (NPD), the Petroleum Safety Authority Norway (PSA), the Climate and Pollution Agency (Klif), the Norwegian Directorate for Nature Management (DN), and Petrad as well as the steering committee ministries. A range of consultancies, research institutions and NGOs are also involved. In addition, the Norwegian oil and gas industry is drawn upon in transferring competence and knowledge.

A more detailed introduction of the institutions that are involved in implementing OfD is presented below. The Norwegian Ministry of Foreign Affairs is both a preparatory and an executive body in connection with foreign policy matters, economic foreign policy issues and aid-related matters. The Ministry has two ministers; the Minister of Foreign Affairs and the Minister of International Development.

The Ministry of Foreign Affairs has an important coordinating and advisory role vis-à-vis other ministries since it is the Minister of Foreign Affairs who is responsible for the organization, coordination and implementation of Norwegian foreign policy.

Norway's development cooperation efforts are based on the UN Millennium Development Goals, and Norway is contributing to development in poor countries in many areas and through many different channels. In 2009 the government spent close to NOK 26 billion for emergency relief and development cooperation. Areas that are given particular priority in the development cooperation budget are climate, environment and sustainable development, women and gender equality, good governance, anti-corruption efforts, oil and energy, peace building, human rights and humanitarian assistance. The Ministry is also responsible for a number of government institutions, e.g. Norad.

The Ministry of Foreign Affairs heads the steering committee for the OfD programme.

The Norwegian Ministry of Petroleum and Energy

The Norwegian Ministry of Petroleum and Energy (MPE) has the overall administrative responsibility for petroleum operations on the Norwegian continental shelf. Its job is to ensure that these operations are pursued in accordance with the laws and guidelines laid down by the Storting (parliament), which determines the framework for petroleum operations in Norway.

The primary functions of the MPE are:

- Development of the legal, regulatory and institutional framework for petroleum activities in Norway
- Preparation and implementation of policies, such as opening new acreage and licensing, handling of field development, production and transport plans and environmental issues related to the petroleum activities
- Implementation of Memoranda of Understanding for cooperation with the authorities in other countries
- Internationalization of the Norwegian petroleum sector; the INTSOK foundation has been established to assist the MPE in this process.
- Monitoring state-owned companies in the petroleum sector

The MPE is a member of the steering committee for the OfD programme. The Ministry also coordinates the involvement of the Norwegian Petroleum Directorate and the Petroleum Safety Authority Norway.

The Norwegian Ministry of the Environment

The Norwegian Ministry of the Environment was established in 1972 as one of the first ministries of its kind in the world.

The Ministry of the Environment is responsible for overall environmental policy in Norway, coordinating the government's environmental policy objectives, and ensuring follow-up and monitoring of results of environmental policies. The Ministry serves as the secretariat for the Minister of the Environment and International Development, and is the catalyst for new policy and legislation. It is also responsible for providing sufficient budgetary and other administrative means to fulfil environmental goals. The basic legislation includes laws and regulations in the fields of pollution control, nature conservation, cultural heritage and planning and building.

Environmental policy is divided into eleven target areas, with a main focus on climate change, sustainable use and protection of biodiversity, and hazardous substances. The Ministry also has expertise in regional planning, mapping and geographical data (geodata), and is involved in an extensive international and bilateral cooperation.

The Ministry of the Environment is a member of the steering committee for the OfD programme. The Ministry also coordinates the involvement of the Norwegian Directorate for Nature Management and the Climate and Pollution Agency in the OfD programme.

The Norwegian Ministry of Finance

The Norwegian Ministry of Finance is responsible for:

- Planning and implementing economic policy
- Coordinating the preparation of the fiscal budget
- Giving guidelines for monetary policy
- Ensuring government revenues by maintaining and developing the tax system
- Managing government financial assets, including the Government Pension Fund
- Monitoring financial markets and drawing up regulations.

The Ministry has delegated the operational management of the Government Pension Fund to Norges Bank (Central Bank of Norway). The Ministry also has the responsibility for several government institutions e.g. the Directorate of Taxes and Statistics Norway.

The Ministry of Finance is engaged in a wide international cooperation, both with other countries, e.g. tax agreements, and in international organizations primarily concerned with cooperation on economic policy.

The Ministry of Finance is a member of the steering committee for the OfD programme.

Through OfD the Ministry of Finance is actively involved in Timor-Leste and Madagascar providing support and advice on economic policy and revenue management. In 2009, all assistance projects to Madagascar were frozen. The Ministry of Finance is planning to engage in institutional cooperation with Uganda.

The Norwegian Petroleum Directorate (NPD)

The Norwegian Petroleum Directorate is administratively subordinate to the Ministry of Petroleum and Energy (MPE).

The NPD shall assist in creating the greatest possible value for the Norwegian society from oil and gas activities by means of prudent resource management based on safety, emergency preparedness and safeguarding the natural environment.

The primary functions of the NPD are to:

- Exercise administrative and financial control to ensure that petroleum activities are carried out in accordance with applicable legislation, regulations, guidelines, decisions and licensing terms
- Ensure that petroleum activities are carried out in accordance with the guidelines laid down by the MPE
- Advise the MPE on issues relating to subsea natural resource exploration and exploitation
- Issue regulations relating to resource management
- Supervise the industry's compliance with regulations for resource management
- Perform resource assessments and maintain a resource inventory
- Ensure that petroleum activities minimize discharges and emissions to the external environment
- Manage and make available petroleum data and information
- Audit fiscal metering systems
 Ensure security of petroleum deliveries
- Handle CO2 tax issues on behalf of the Ministry of Finance
- Emphasize cost-effectiveness in exploration and production,

- cost-effectiveness in utilization of the infrastructure and coordination across production licenses
- Support sister organizations in other petroleum producing countries through institutional cooperation or technical assistance.

The NPD has assisted developing countries in petroleum resource management for more than 25 years. The assistance is mainly directed towards long-term institutional cooperation with sister organizations having similar governance functions on a wide range of issues.

The NPD assists Norad and the Ministry of Foreign Affairs in planning and implementing petroleum sector support to authorities in selected countries and regional organizations under the OfD programme.

Read more on: www.npd.no

Petroleum Safety Authority Norway (PSA)

The Petroleum Safety Authority Norway has regulatory responsibility for safety, emergency preparedness and the working environment in Norwegian offshore petroleum operations and at certain petroleum facilities and associated pipeline systems on land. The PSA reports to the Ministry of Labour and Social Inclusion.

Through its own supervisory activities, and in cooperation with other agencies holding independent regulatory responsibility for health, safety and the environment (HSE), the PSA ensures that the petroleum industry is subject to comprehensive supervision. The PSA provides information and advice to stakeholders in the petroleum industry, cooperates with other HSE authorities both nationally and internationally, and contributes to sharing and promoting knowledge about HSE in society at large.

The aim of the PSA's international work is to support the recipient country in creating and/or developing a regulatory regime in the safety and working environment area, which facilitates the development of petroleum activities in an acceptable manner. The most significant part of the PSA's international development work involves projects run by Norad. The PSA has also provided contributions to courses and programmes organized by Petrad as well as hosted delegations visiting Norway as part of an ongoing or planned assistance project. In most such projects, regulation of safety and the working environment has been one topic in a broader petroleum-related context.

Read more on: www.ptil.no

The Climate and Pollution Agency (Klif)¹

The Climate and Pollution Agency (Klif) reports to the Norwegian Ministry of the Environment and has 325 employees mainly based in Oslo. Klif implements government policy on pollution. The agency acts as guide, guardian and a driving force for a better environment. Its most important fields of work include climate change, chemicals, water and the marine environment, waste management, air quality and noise. Klif's vision is a future without pollution.

Klif is working to:

- Reduce greenhouse gas emissions
- Reduce the spread of substances harmful to health and environment
- Achieve a holistic and ecosystem based management of water bodies and oceans
- Increase recycling and reducing emissions from waste
- Reduce harmful effects from air pollution and noise

Klif's functions and roles are to:

- Manage and enforce the Pollution Control Act, the Product Control Act and the Greenhouse Gas Emission Trading Act, including the granting of permits, establishment of requirements and setting of emission limits, and carrying out inspections and audits to ensure compliance
- Monitor and inform about the state of the environment, including the provision of information to the general public on the State of Environment Norway internet site
- Instruct and guide the County Governors' environmental departments, including the coordination of compliance monitoring activities and dealing with appeals

- against decisions made by the County Governors
- Provide expert advice and promote key environmental initiatives, including the highlighting of environmental challenges in different sectors and provide advice, assessments and suggestions for lines of action to the Ministry of the Environment.
- Participate in international environmental and development cooperation, including the cooperation with the environmental authorities in other countries, sharing experience and expertise

Klif aspires to actively participate in the OfD programme as one of the main contributors to the environmental pillar. In the context of the programme, Klif may provide advice and support in capacity building within its areas of responsibility based on the agency's long time experience related to Norwegian oil and gas industry activities. This includes advice and exchange of experience regarding strategic environmental assessments (SEA), evaluation of environmental impact assessments, permitting, emission quota systems, discharge standards, the use of chemicals, waste management, environmental and compliance monitoring and reporting, contingency preparedness and decommissioning.

Read more on: www.klif.no

^{1 —} This agency was previously known as the Norwegian Pollution Control Authority (SFT).

The Norwegian Directorate for Nature Management (DN)

The Norwegian Directorate for Nature Management is the Ministry of the Environment's advisory and executive agency for conservation and sustainable use of biodiversity and nature. The Directorate possesses multidisciplinary expertise in the fields of terrestrial, freshwater and marine ecology, land-use management and outdoor recreation, and is a national centre for data-based information on ecology and biology. Key Acts in the legal basis for the Directorate include the Nature Diversity Act, the Wildlife Act, the Act related to salmonoids and freshwater fish, the Gene Technology Act and the Planning and Building Act.

The DN's main tasks include:

- Safeguarding the variation of Norway's natural environment and landscape and maintain the natural production capacity
- Ensuring that consideration for the long-term use of natural resources is taken into account in connection with oceans and coastal management, land-use and watercourse planning and plans that affect the natural environment
- Having management responsibilities for wildlife, freshwater fish, protected areas and invasive alien species
- Maintaining overview of present and future ecological effects of climate change in Norway and developing adaptation and mitigation measures within nature management
- Promoting opportunities to use nature for outdoor recreation, training and harvesting
- Procuring and disseminating knowledge as the basis for active and preventive transparent nature management

 Performing national management and advisory duties for global and regional multilateral environment conventions and agreements on biodiversity

The DN serves as an advisor to Norad on issues related to biological diversity, biotechnology and sustainable use of natural resources. Within the OfD programme, the DN is involved in strategic and environmental impact assessments (SEA and EIA), land use planning, biodiversity mapping and monitoring, and spatial/geodata management.

Read more on: www.dirnat.no

Petrad

Petrad is a non-profit Norwegian government foundation established in 1989 to facilitate transfer of knowledge and experience within petroleum management, as well as administration and technology to authorities in countries in Africa, Asia, Latin America and the countries of the former Soviet Union.

Petrad organizes eight-week courses on Petroleum Policy and **Resource Management and Petroleum** Development and Operations in Stavanger, Norway. For a more detailed description of Petrad's eight-week courses see page 116. In addition, Petrad organizes training modules worldwide, as well as tailor-made seminars covering a range of different topics within petroleum management, administration and technology. The programmes last from one day to 10 weeks and are staged in Norway and abroad. All of Petrad's courses and seminars have a practical focus.

Petrad also offers and facilitates advisory and consultancy services in institutional development throughout all phases of petroleum sector development. Petrad's Capacity and Training Needs Assessment (CTNA) service is an organizational development tool designed to perform a systematic analysis of institutional competence needs. Petrad draws on key personnel and lecturers from the Norwegian and international petroleum industry.

Read more on: www.petrad.no

Other involved agencies

A range of consultancies and research institutions are also involved in implementing the OfD-initiative. Current framework agreements are with Econ Pöyry, the Bridge Group A/S and M4 International Petroleum Associates A/S (IPAN) and run to 1 July 2010. OfD may draw upon Norad's general framework agreements as well.

Norway and the World Bank have developed a programme of cooperation ("The Petroleum Governance Initiative") covering issues such as petroleum sector governance, revenue management, environmental challenges and community development approaches (see also page 114). OfD funds this initiative with NOK 20 million per year. OfD also provided the IMF with NOK 10 million in 2009 (see also page 115). Other important multilateral cooperation partners are the UNDP and the Asian Development Bank.

A particularly important multistakeholder partner is the Extractive Industries Transparency Initiative (EITI), which supports improved governance in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas and mining. The EITI secretariat is located in the same building as the OfD secretariat.

Civil society organizations are important for realizing the objectives of OfD. In 2009 nearly NOK 22 million was spent on civil society capacity building, and the major share of the funds is allocated by OfD to Norwegian non-governmental organizations (NGOs) through an application-based process. These organizations then provide various types of capacity building to their partner organizations in the OfD cooperating countries. OfD has also provided USD 3 million in core

funding in 2007-2009 to the New York-based Revenue Watch Institute (RWI).

OfD draws upon the competence of Norwegian and international oil and service companies, for example INTSOK, on some issues, particularly in areas such as education/vocational training, technology transfer and generating industrial/economic spin-offs from oil sector activities.

Importantly, OfD's objective is to strengthen capacity and competence in government institutions and civil society, not to secure upstream contracts for Norwegian or international companies. Cooperation with the industry is therefore always based on careful analyses of roles and responsibilities of different stakeholders, and efforts are made to ensure that OfD is contributing to a level playing-field among competing oil industry players, and not the opposite.

Guidelines for OfD cooperation with the petroleum industry as well as more detailed information and news concerning the OfD-programme, can be found on: www.norad.no

OIL FOR DEVELOPMENT SECRETARIAT (As of 05.05.2010)

Petter Nore: petn@norad.no

Director of the Energy Department, Norad

John Tore Vatnar: jtv@norad.no Head of Oil for Development Unit

Solveig Andresen: soan@norad.no
Petter Stigset: pest@norad.no
Svein Erik Heglund: sveh@norad.no
Ivar Aarseth: iaa@norad.no
Trond Hjørungdal: trhj@norad.no
André Thomas Eid: atei@norad.no
Halvor Musæus: halm@norad.no
Kari M. Trædal Thorsen: kmt@norad.no
Liv Marte Nordhaug: lino@norad.no
Aynur Gündogan: aygu@norad.no



