



Norad

# THE OIL FOR DEVELOPMENT PROGRAMME



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**The Oil for Development (OfD) Programme** offers assistance to developing countries in their efforts to manage petroleum resources in a sustainable manner. Oil and gas play an important role in an increasing number of developing countries, and have the potential to generate economic and social development. In several cases, however, it has proven difficult to translate the resource into improved welfare for citizens of those countries.

## OIL FOR DEVELOPMENT

- > Was established in 2005.
- > A flagship programme in Norwegian development cooperation.
- > Long-term collaboration with partner countries.
- > Targets poverty reduction through responsible management of petroleum resources.
- > Supports capacity development through institutional cooperation.
- > Takes a holistic approach to petroleum management.
- > Anti-corruption, climate and gender are crosscutting considerations.
- > Cooperates with a range of multilateral actors, civil society, the media and academia.

Through the OfD Programme, Norway shares its experience from five decades of managing oil and gas resources. Some key characteristics of the Norwegian experience are: strategic ownership by the state, strong and competent institutions, continual accumulation of technical knowledge, an advanced regulatory system with high respect for the environment, health and safety, and perhaps above all – society's determination to secure national control over its petroleum resources. Norway continues to receive numerous requests from countries that wish to learn from this experience, which is why the Government of Norway initiated the OfD Programme in 2005.

[www.norad.no/en/ofd](http://www.norad.no/en/ofd)



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## OUR WORK – A HOLISTIC APPROACH

In collaboration with partner countries, the OfD Programme targets poverty reduction through responsible management of petroleum resources. Three main outcomes define the work of the Programme:

1

**POLICY MAKERS SET GOALS, DEFINE AND ASSIGN RESPONSIBILITIES.** Sound policies and legislation must be established, and the responsibilities should be organized in a manner that ensures oversight and minimizes conflicts of interest and duplicity of effort. The OfD Programme provides support in developing the capacity necessary to establish the policies and legal framework that should govern the petroleum sector.

2

**THE AUTHORITIES REGULATING THE PETROLEUM SECTOR CARRY OUT THEIR ASSIGNED RESPONSIBILITIES.** Authorities must have the capacity and resources to carry out their responsibilities as defined in the legal framework. Support for capacity development covers a broad range of issues related to the management of the petroleum sector and is provided through on-the-job training, workshops, delegation visits, etc.

3

**POLICY MAKERS AND REGULATORY AUTHORITIES ARE HELD ACCOUNTABLE FOR THEIR MANAGEMENT OF THE PETROLEUM SECTOR.** Parliamentary committees, civil society organizations and the media are crucial in holding the executive body to account. In order to perform a meaningful role, these actors must have independence, relevant competence and capacity, as well as access to information about the petroleum sector. In dialogue with partner institutions, the OfD Programme suggests measures for transparency in institutional frameworks and how to implement such measures.

## BUILDING PARTNERSHIPS

The main approach of the OfD Programme is support for capacity development through institutional collaboration. This involves Norwegian public institutions entering into long-term cooperation agreements with public institutions in partner countries. Local demand and ownership is considered crucial for building and maintaining successful partnerships.

The Norwegian public institutions involved in the OfD Programme are: The Norwegian Petroleum Directorate, Norwegian Environment Agency, Petroleum Safety Authority Norway, Norwegian Oil Taxation Office, Norwegian Coastal Administration and Statistics Norway.

Their assistance is overseen by the Ministry of Petroleum and Energy, the Ministry of Climate and Environment and the Ministry of Finance. The Programme also coordinates activities with the Office of the Auditor General of Norway. Other partners involved in the programme are consultancies and research institutions, multilateral actors such as the IMF and the World Bank, the foundation Petrad, as well as civil society organizations, the media and academia.

### THE FOUR COMPONENTS OF A HOLISTIC APPROACH TO PETROLEUM MANAGEMENT

**Resources:** Profitable and sustainable management of petroleum resources. Resource mapping, management, regulation and supervision. Examples of topics covered by this component are the legal frameworks for the petroleum sector, mapping of resources, data management and resource extraction, and environmental impact assessments.

**Revenues:** Design and implementation of policy and legal frameworks to ensure a fair share of the petroleum resources is allocated to the government, while preserving sufficiently attractive returns to investment and production. Advice on how revenues may be managed without causing macro-economic instability and a “crowding out” of other industries. Examples of topics covered by this component are: petroleum fiscal regimes, petroleum fund issues, macroeconomic and fiscal framework, revenue administration and initiatives to promote transparency.

**Environment:** Informed decision-making that takes account of environmental concerns in all phases of petroleum exploration and production (in deciding which areas to open for exploration, seismic surveys, exploration drilling, field development, production and decommissioning). Conditions for the petroleum industry that limit its impact on the environment. Examples of topics covered by this component are: Legal framework, environmental sensitivity mapping, environmental impact assessments, permitting, compliance monitoring and issues related to climate change.

**Safety:** Public management of health, safety, environment (HSE) and preparedness in the petroleum sector. Examples of topics covered by this component are: disaster prevention, HSE legislation and institutionalization, as well as three-party co-operation between trade unions, employer unions and the authorities.

## COUNTRY EXAMPLE: GHANA



Ghana started commercial petroleum production in 2010, and total production is set to rise significantly in the years to come. Through the OfD Programme, Norway has provided comprehensive petroleum management support to Ghana since 2008. The focus of the Ghana programme has been to establish relevant legislation and regulations as well as supporting the petroleum sector institutions in their effort to develop their capacity and knowledge.

Ghana has made significant progress in establishing a framework for the management of their petroleum resources. The Ministry of Energy in Ghana has completed and submitted a new Petroleum Exploration and Production Bill to Parliament for approval. Under Ghanaian leadership, Norway has provided extensive support in this effort. The Petroleum Commission has been established as the country's upstream regulator, and a comprehensive training programme has been completed with Norwegian support. The Petroleum Commission has also received technical assistance from Norway in developing a National Data Repository for petroleum exploration and other related data.

A Strategic Environmental Assessment, evaluating the consequences of oil and gas exploration and production offshore has also been completed, after three years of technical assistance from the Norwegian Environment Agency. The Petroleum Commission within the Environmental Protection Agency, responsible for environmental management of the petroleum industry, has also been established and capacitated with support from the Norwegian Environment Agency.

In addition to providing technical assistance to government institutions, the programme in Ghana supports a number of civil society initiatives. One of these, Natural Resource Governance Institute, has aided the establishment and institutionalization of the Public Interest and Accountability Committee (PIAC), which monitors implementation of the country's revenue management law.

## COUNTRY EXAMPLE: CUBA



The objective of the OfD programme in Cuba has been to contribute to a sustainable development of the Republic of Cuba's petroleum resources, through capacity development in the Cuban petroleum administration. Norway's engagement in the country was initiated in the wake of the Deep Water Horizon oil spill in the Gulf of Mexico in 2010.

With OfD assistance, Cuba has improved the safety systems used in offshore operations. The Cuban petroleum administration has also introduced new methods for risk analysis in offshore operations. These methods have been extended to studies of other major investments in the country.

Cuba's emergency response plans have also been upgraded. All risk elements have been integrated in the plans, and emergency tests have been carried out. An emergency response room has been created for institutions affiliated with petroleum operations, and Cuban personnel charged with supervising offshore operations have been educated and trained.

The requirements stipulated for environmental assessments prior to exploration (drilling operations and geophysical examinations) have been reformulated with Norwegian assistance. In addition, the guidelines for operational discharges and procedures for zero discharge have been revised.



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