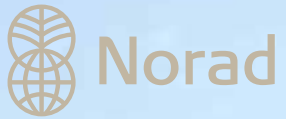


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OIL FOR DEVELOPMENT PROGRAMME

ANNUAL REPORT
2013

A photograph of an oil spill in a rural landscape. In the foreground, a large, dark, cylindrical metal pipe lies on the ground, partially submerged in a pool of dark, viscous oil. The oil has spread across the ground, forming a large, dark, irregular shape. In the background, there is a body of water, possibly a lake or a wide river, with a line of green vegetation and trees on the far shore under a blue sky with scattered white clouds.

OIL FOR DEVELOPMENT



NORWEGIAN MINISTRY
OF FOREIGN AFFAIRS



NORWEGIAN MINISTRY
OF PETROLEUM AND ENERGY



NORWEGIAN MINISTRY OF FINANCE



NORWEGIAN MINISTRY OF
CLIMATE AND ENVIRONMENT

PREFACE

The potential revenues to be gained from sound natural resource management far exceed the amount a country can expect to receive in the form of aid. Oil and gas hold the promise of becoming vital resources for economic and social development in an increasing number of developing countries. However, difficult challenges such as mismanagement, corruption and environmental degradation can undermine development and in some cases lead to internal conflicts.

Several decades of experience in the oil and gas sector has enabled Norway to develop valuable expertise in the sustainable management of petroleum resources. Norway has provided petroleum-related assistance to a number of countries since the early 1980s, with a particular focus on resource management. In 2005 the scale and scope of Norway's assistance was expanded with the launch of the Oil for Development (OfD) programme. The aim is to share Norwegian experience and assist developing countries in managing their petroleum resources in a way that contributes to lasting poverty reduction while ensuring that due consideration is given to environmental issues.

My Government attaches great importance to ensuring that development assistance provided by Norway produces concrete results. It is not easy, however, to measure the results of capacity building, technical assistance and knowledge transfer efforts. We know from our own experience that it takes time to build the capacity needed to achieve the sustainable management of a country's petroleum resources. One of the Government's priorities is to increase the effectiveness of Norwegian development assistance and make it more focused. This is also a priority for the Oil for Development programme. We will be stricter in the selection and prioritisation of partner countries, place greater emphasis on democratic development in these countries, and continue to integrate efforts to combat corruption and promote gender equality as cross-cutting themes.

The programme is in high demand, and this is a field where I firmly believe we can make a difference and help to make petroleum resources a blessing rather than a curse for our partner countries. If properly managed, petroleum resources can help countries finance their own development and lift their populations out of poverty. Ultimately, that is what we are seeking to achieve through the Oil for Development programme.



Børge Brende

Minister of Foreign Affairs

Oslo, March 2014

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Photo: Marit Hverven



Photo: Ken Opprann

INTRODUCTION

THE OIL FOR DEVELOPMENT PROGRAMME

The Oil for Development (OfD) programme was initiated by the Norwegian Government in 2005. At that time, Norway had already provided petroleum-related assistance for more than 20 years, focusing primarily on resource management. The OfD programme has broadened the scope of Norwegian assistance to also include environmental management, revenue management and safety management. The aim of the OfD programme is to reduce poverty by promoting economically, environmentally and socially responsible management of petroleum resources.

Petroleum resources are challenging to manage. The term “resource curse” refers to the body of literature suggesting, counter-intuitively, that countries and regions that are well endowed with finite, point-source natural resources (particularly minerals and fossil fuels) exhibit poorer performance across a range of development performance indicators compared to countries with fewer natural resources.

Norway is generally considered to be a country that has managed to harness the petroleum resources for the benefit of its people. Norwegian petroleum management has been characterized by strategic state ownership, strong and competent institutions, a continual build-up of technical knowledge, an advanced regulatory system with high respect for the environment and HSE (Health, Safety and Environment), and perhaps above all: society’s determination to secure control over the petroleum resources. The purpose behind the OfD programme is to share Norwegian petroleum experience and support initiatives where there is ownership and demand in the partner country.

The main approach in the OfD programme is capacity development through institutional collaboration. Norwegian public institutions enter into long-term agreements with public institutions in a partner country. The implementing parties are the Norwegian Petroleum Directorate, Norwegian Environment Agency, Petroleum Safety Authority Norway, the Norwegian Oil Taxation Office and the Norwegian Coastal Administration. 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 Statistics Norway and the Office of the Auditor General of Norway. Other actors involved are consultancies and research institutions, the foundation Petrad, multilateral actors such as the IMF and the World Bank, as well as actors in civil society, media and academia.

The OfD programme targets poverty reduction through responsible management of petroleum resources. It aims to contribute to this goal by providing assistance directed towards three main outcomes:

1. **Policy makers set goals, define, and assign responsibilities.** The petroleum sector must be planned and structured properly in order for it to be well managed. Sound policies and legislation must be in place, and the responsibilities should be organized in a manner that ensures oversight and minimizes conflict of interest and duplicity of effort. To help partner countries address these issues, the OfD programme provides capacity development related to the policies and the legal framework governing the petroleum sector.
2. **The authorities regulating the petroleum sector carry out their assigned responsibilities.** For the sector to be well managed the authorities must have the capacity and resources to carry out the responsibilities as defined in the legal framework. The OfD programme develops capacity mainly through long-term institutional collaboration between Norwegian sector authorities and partner institutions. The capacity development covers a broad range of issues related to the management of the petroleum sector and is provided through on-the-job training, classroom teaching, workshops, delegation visits, e-mail correspondence etc.
3. **Policy makers and regulatory authorities are held accountable for their management of the petroleum sector.** Accountability is necessary both for preventing wrongdoing and for addressing offences where they have occurred. In dialogue with partner institutions, the OfD programme suggests opportunities for transparency and inclusion in institutional frameworks and in their implementation. Parliamentary committees, civil society organizations and media are crucial in holding the executive body to account. In order to play a meaningful role, these actors should have independence, relevant competence and capacity as well as access to information about the petroleum sector. The programme supports a number of organizations working to enhance such capacity.

It is widely recognized that these factors - a legitimate and accountable management of the sector and high-quality institutions - are necessary for resource-dependent countries to achieve sustainable development-oriented policies and poverty reduction. For instance, the World Bank states in a recent publication "From Rents to Riches" (2012, p. 4) that *"mitigating the resource curse is inherently a governance challenge: the credibility, quality, transparency and accountability of policy-making processes, public institutions, the legal and regulatory climate and sector governance are major determinants of how successfully countries can channel their resource wealth into sustainable development."*

The OfD programme takes a holistic approach in its assistance to partner countries, meaning that the management of resources, revenues, environment and safety are addressed in a coherent manner. Anti-corruption, climate and gender are cross-cutting considerations.

THE FOUR COMPONENTS OF A HOLISTIC APPROACH TO PETROLEUM MANAGEMENT

Resources: Profitable and sustainable petroleum resource management. Resource mapping, management, regulation and supervision. Examples of topics are the legal frameworks for the petroleum industry, mapping of resources, data management and resource extraction, and Environmental Impact Assessments.

Revenues: Designing and implementing policy and legal frameworks ensuring 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 “crowding out” other industries. Examples of topics are petroleum fiscal regimes, petroleum fund issues, macro-economic and fiscal framework, revenue administration and initiatives to promote transparency.

Environment: Informed decision-making also with regard to environmental considerations when opening fields for petroleum extraction. Setting conditions for the petroleum industry to limit environmental burdens. Examples of topics are Environmental Impact Assessments, handling of licences, environmental mapping and compliance monitoring, and establishing sufficient preparedness to handle accidents and oil spills.

Safety: Governmental management of health, safety, environment and preparedness. Examples of topics are disaster prevention, HSE legislation, institutional HSE and three-party co-operation.

HIGHLIGHTS 2013

Eight years into its existence as a programme, OfD continues to experience a high demand for assistance. In 2013, the OfD country portfolio counted 18 countries in Africa, Asia, Latin America and the Middle East, 15 of which were active cooperation programmes. These countries all face different challenges and opportunities, but share an aspiration to make the most of their natural resources and have turned to Norway for assistance. For many of them, the petroleum sector is increasing in significance. In East Africa, for instance, Mozambique, Tanzania and Uganda have made game-changing discoveries of oil and gas in the last few years. In other OfD partner countries, including South Sudan, Timor-Leste and Iraq, rents from petroleum production already constitute a major part of national revenue. The way in which these countries harness the petroleum resources will be a decisive factor in their future development.

2013 saw important achievements in several OfD country programmes:

- In Ghana, the new Petroleum Exploration and Production Bill was completed and submitted to Parliament for approval, and the Petroleum Commission properly established itself as the upstream regulator. A Strategic Environmental Assessment on the consequences of oil and gas exploration and production was successfully completed after three years of Norwegian assistance.
- In Mozambique, a revised Petroleum Law, extended to address LNG (Liquefied Natural Gas) specifically, was presented to Parliament. The civil society platform for the extractive industry, now hosted by the NGO Centro Terra Viva, mobilized and built capacity in civil society to influence extractive industry developments.
- In South Sudan, the Petroleum Revenue Management Bill was approved by the two Houses of Parliament and awaits the President's signature for enactment. The Ministry of Finance, Commerce and Economic Planning (MoFCIEP) and the Central Bank of South Sudan entered into a cooperation agreement that covers the establishment and operational procedures of the Petroleum Revenue Account, into which all petroleum-related revenues shall be transferred.
- In Sudan, a petroleum policy working group was established and initiated work on recommendations for a new petroleum policy. The General Directorate for Environment and Safety (GDES) in Sudan carried out audits of the operator's HSE (Health, Safety and Environment) compliance while coached by Norwegian colleagues.
- In Tanzania, the Petroleum Policy Committee completed a draft Petroleum Policy Document.
- In Uganda, the Petroleum (Exploration, Development and Production) Bill and the Petroleum (Refining, Gas Processing and Conversion and Transportation) Bill were enacted into law. The Strategic Environmental Assessment (SEA) for the Albertine Graben was completed and will be submitted for a Cabinet hearing. Several recommendations from civil society were included in the report, following active engagement by WWF-Uganda and project partner civil society organisations (CSOs).

There were also several challenges. The OfD programme is engaged in a technically complex and politically contested sector, often in fragile and conflict-ridden states. Developing capacity under such circumstances is difficult and not without risk. For example, the outbreak of large-scale violence and internal conflict in December 2013, put the entire South Sudanese state-building project to a test and jeopardized the progress and achievements of OfD's efforts to date. In Uganda, the OfD programme was put on hold for most of the year due to corruption in a non-related multilateral aid programme at the Prime Minister's Office. Also in Mozambique, most of the programme activities were on hold due to investigations of financial discrepancy by the Central Control Unit in the Norwegian Ministry of Foreign Affairs.

In order to enhance contextual awareness and contribute to strategic planning, the OfD programme prioritized political economy analyses and risk assessments for several country programmes in 2013. In addition, considerable efforts were made to clarify and document mandates, responsibilities and guidelines in the management of the programme.

POLITICAL ECONOMY ANALYSIS OF THE PETROLEUM SECTOR IN MOZAMBIQUE

With the aim of gaining a better understanding of the petroleum sector and to assess how OfD assistance can best contribute to responsible management of petroleum resources in Mozambique, the OfD secretariat commissioned a political economy analysis of the petroleum sector in 2013. The report, conducted by ILPI (International Law and Policy Institute) provides an overview of the political and economic context in Mozambique, outlines petroleum-related structures and identifies key opportunities and barriers for achieving the OfD goals.

According to ILPI, there are opportunities for petroleum sector reform in the medium-longer term with a continued focus on developing the legal framework, and strengthening government institutions set to implement the framework. ILPI recommends that the OfD programme in Mozambique should improve transparency and accountability in the programme, scale up the revenue management assistance, improve donor coordination, better contextualize its programme interventions, and increase support to broad-based coalitions for change, including media, parliamentarians, civil society, community-based organizations and professional associations.

Similar analyses were undertaken for Bolivia, Cuba, Lebanon, Myanmar and Uganda in 2013.

Several bilateral country programmes were introduced or concluded in 2013.

- New partner countries in 2013 were Myanmar and Uruguay. In Myanmar, an inception seminar was organized to start the process of establishing a cooperation programme between the two countries.
- Preparations for a new phase of the cooperation with Lebanon were initiated. The OfD programme also committed to further cooperation with Bolivia, with a focus on petroleum sector information management.
- Sierra Leone renewed its request for OfD support, and Norway and Sierra Leone are currently reviewing and considering a formalized cooperation programme.
- The OfD programmes in Timor-Leste and Cuba came to an end, and the planning for a new phase of the programme in Cuba was initiated. The OfD programmes in Nigeria and Ivory Coast, which have seen limited activity over the last few years, were formally terminated.

Creating a more holistic OfD programme was a key priority in 2013. This includes building a broader set of partnerships with non-state actors and civil society, as well as strengthening efforts within the environment and revenue components of the country programmes.

- The already extensive cooperation with the IMF was expanded in order to strengthen the revenue component of the OfD programme. New projects were introduced in São Tomé and Príncipe and Liberia, whereas planning for projects in Ghana, Lebanon, Myanmar and South Sudan was initiated.
- Disbursements to civil society increased by NOK 5.5 million compared to 2012. The OfD programme continued to provide core funding to the Revenue Watch Institute, which works to strengthen parliament, civil society and media in resource-rich countries. Six Norwegian NGOs were awarded three-year grants for capacity building of civil society partner organizations in OfD partner countries, and support to Natural Resource Charter's "Investing in investing" research project continued.
- Support was provided to the World Bank-led Extractive Industries Technical Advisory Facility (EI-TAF) and Global Gas Flaring Reduction Partnership (GGFR), whereas the eight-year long bilateral cooperation agreement with the World Bank, known as the Petroleum Governance Initiative (PGI), ended in 2013.
- 16 participants from OfD partner countries were awarded scholarships to take part in a tailor-made programme at the International Association of Impact Assessment (IAIA) Annual Conference, held in Calgary, Canada. A regional workshop on safety and oil spill preparedness and response, gathering representatives from Kenya, Mozambique, South Sudan, Tanzania and Uganda was held in Bagamoyo, Tanzania.

THE OIL FOR DEVELOPMENT PROGRAMME UNDER SCRUTINY

A major evaluation of the OfD programme was commissioned by Norad's Evaluation Department in 2011. The evaluation report, *Facing the Resource Curse: Norway's Oil for Development Program (EVAL Rapport 6/2012)*, was published in January 2013. The report's executive summary follows below:

"Oil for Development: A Significant and Successful Program with Strategic Potential"

It is a flagship program in Norway's development cooperation as it addresses a strategic sector at high policy, institutional and organisational levels; has built a network of international partners; allowed Norway to play a more visible role in a number of countries around the world, in large part because Norway is in fact the most important player in this field, which also means that OfD is one program where Norwegian support produces documentable and attributable results.

Results have been most important in the resource sector by strengthening institutional frameworks and key public sector actors. In the finance sector, when Norway has committed sufficient resources, important achievements have been produced, but the reach has so far been limited. Environment often suffers from lack of local capacity and will, and by not investing enough in building larger local partnerships with non-state actors. Organisational development may be fragile as capacity building has been too limited to specific actors rather than addressing larger labour-market imbalances, and the governance concerns have been too public sector focused.

The petroleum sector is increasing in importance world-wide: the number of producer countries is growing, including in poor states with weak governance systems, and prices remain high. The threat of the "oil curse" where private companies and corrupt elites capture most of the benefits for themselves is posing global governance challenges, including to democracy and gender gains. The importance of OfD is thus greater than ever, and should be supported and developed in light of this.

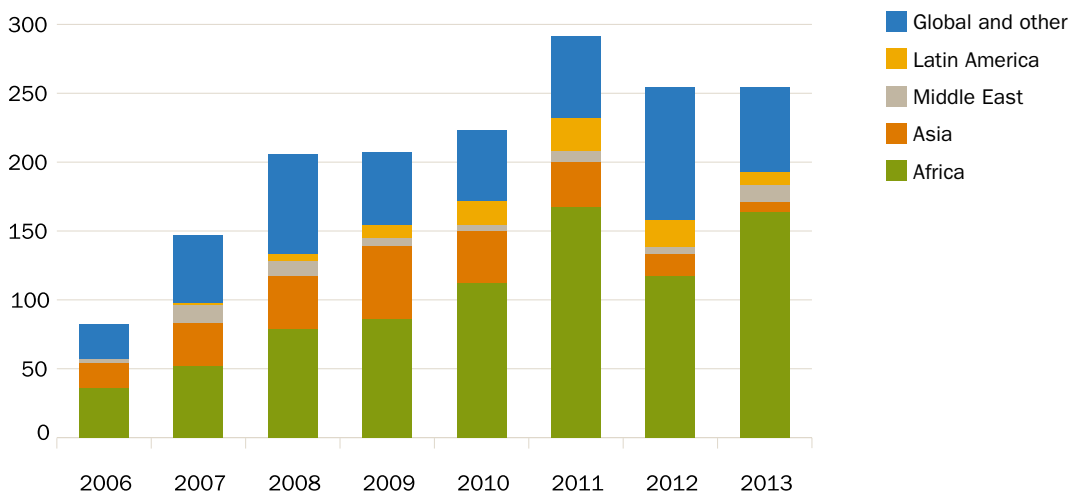
OfD should have the "oil curse" as its main concern, and build strategic alliances and its own program around this. Sector governance issues should have a societal and not just public sector focus. Country programs should maintain the three "pillars" of resource, revenue and environment but be more inclusive of aspects such as safety, and governance performance should be important when deciding on the entry/exit of countries to the program. Capacity development should have a broader scope, based on clear needs-assessments, probably longer time-horizons, exploit regional collaboration, peer learning, closer alliances with non-Norwegian knowledge centres to overcome capacity constraints in the Norwegian public agencies that today are the key skills providers."

The MFA and the OfD secretariat in Norad worked closely with partners to follow up on the evaluation in 2013, an effort that will continue in 2014 and beyond.

OFD IN NUMBERS

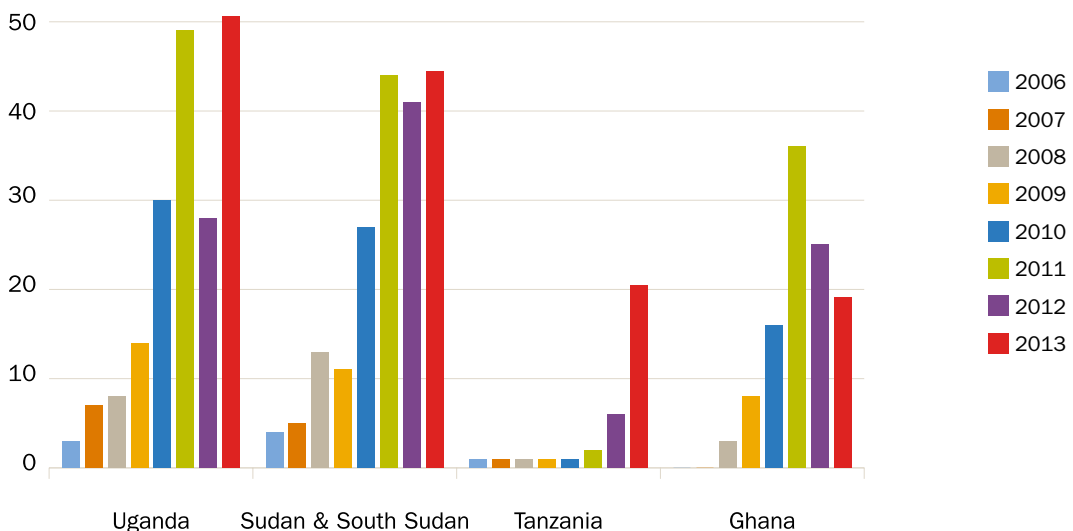
The OfD programme was initiated by the Norwegian Government in 2005, and 2006 was the programme's first full year of operation. From a budget of NOK 60 million in 2006, the OfD programme has expanded rapidly, with a 2013 disbursement of more than NOK 250 million. The OfD programme has always allocated most of its resources to African countries, and the share of disbursements to Africa has increased steadily from 56% in 2009, to 85% in 2013 (Figure 1).

Figure 1 OfD disbursements, by region and year (NOK million)



The four largest OfD country programmes in 2013, which accounted for close to 60% of OfD country disbursements, were all in Africa (Figure 2).

Figure 2 Disbursements to the four largest OfD country programmes in 2013 (NOK Million)¹



¹ For the purpose of statistical comparison Sudan and South Sudan are counted together here. South Sudan gained its independence in 2011, and funding has been provided separately to the two countries since 2012.

In 2013 there were OfD disbursements to 18 countries. Disbursement levels varied from more than NOK 50 million in Uganda, down to NOK 11 000 in Uruguay (Figure 3). The prioritized countries have remained stable over time. With a few exceptions, the major country programmes in 2013 are also the largest country programmes throughout the full history of the OfD programme (Figure 4).

Figure 3 Disbursements 2013, by OfD programme country, (NOK Million)

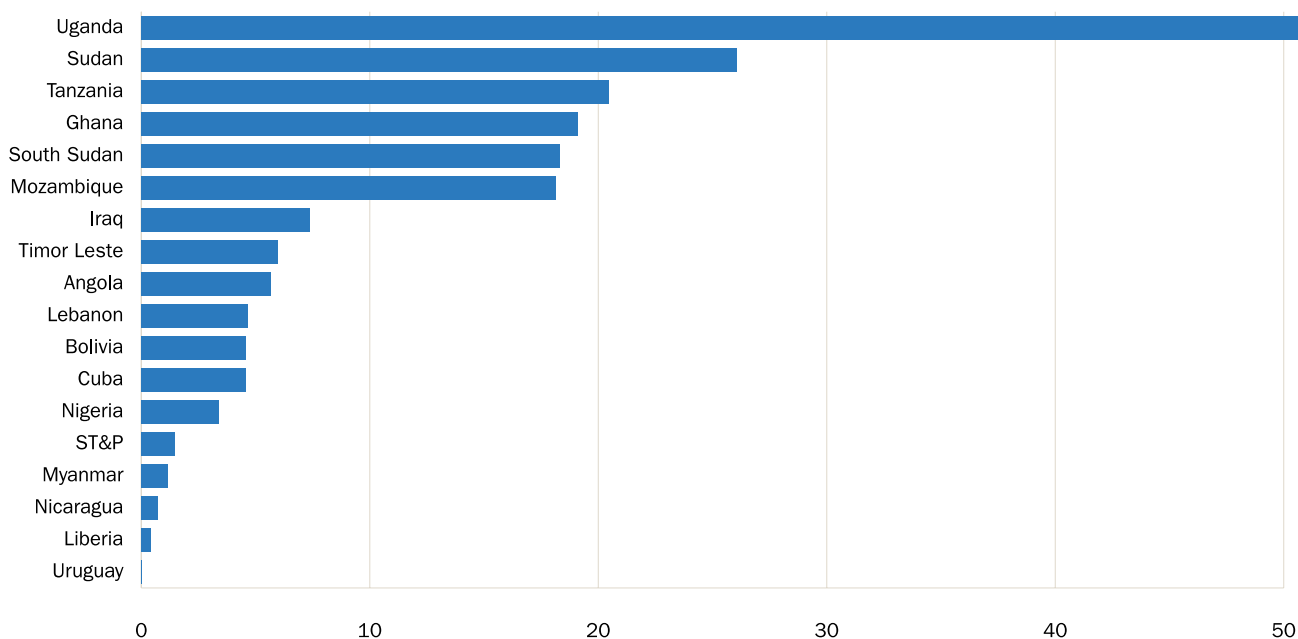
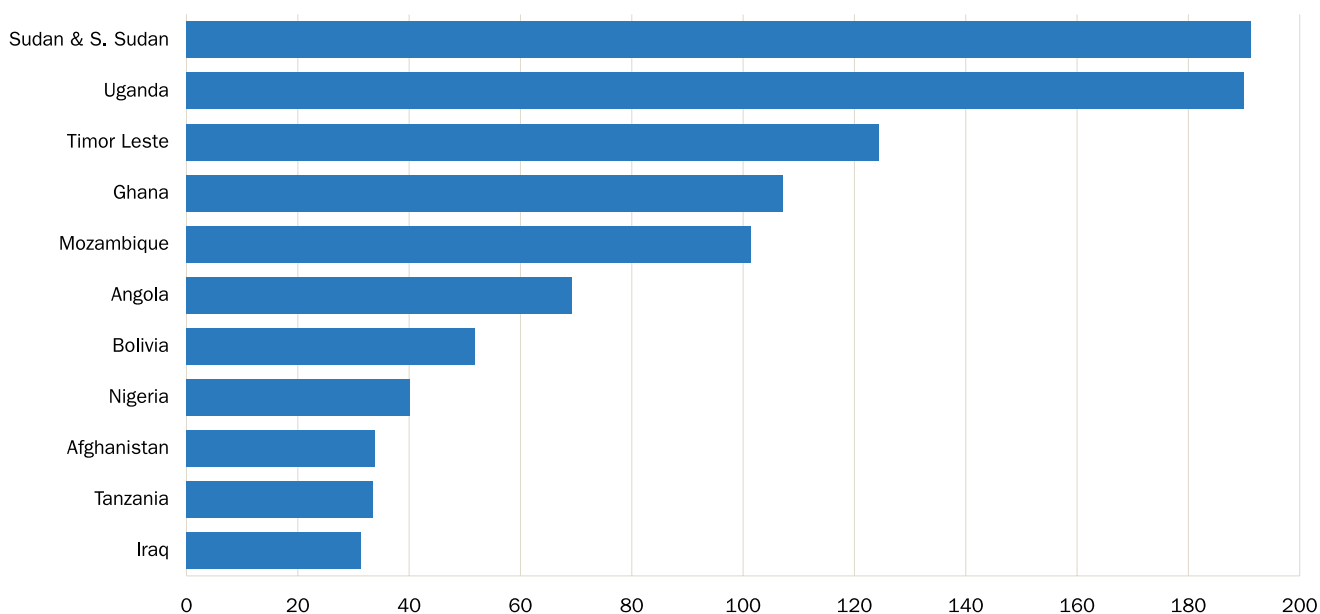


Figure 4 OfD programme country disbursements above NOK 30 million in 2006-2013





Oil power plant providing electricity to the oil installations in the Upper Nile, South Sudan. Photo: Stein Paul Rosenberg



Containers in Ghana with old reel tapes and cassettes with seismic data. This data has been mapped and quality assured and digitized into a new publicly available petroleum database. Photo: Marit Hverven

COUNTRY PROGRAMMES AND SUPPORTED INITIATIVES

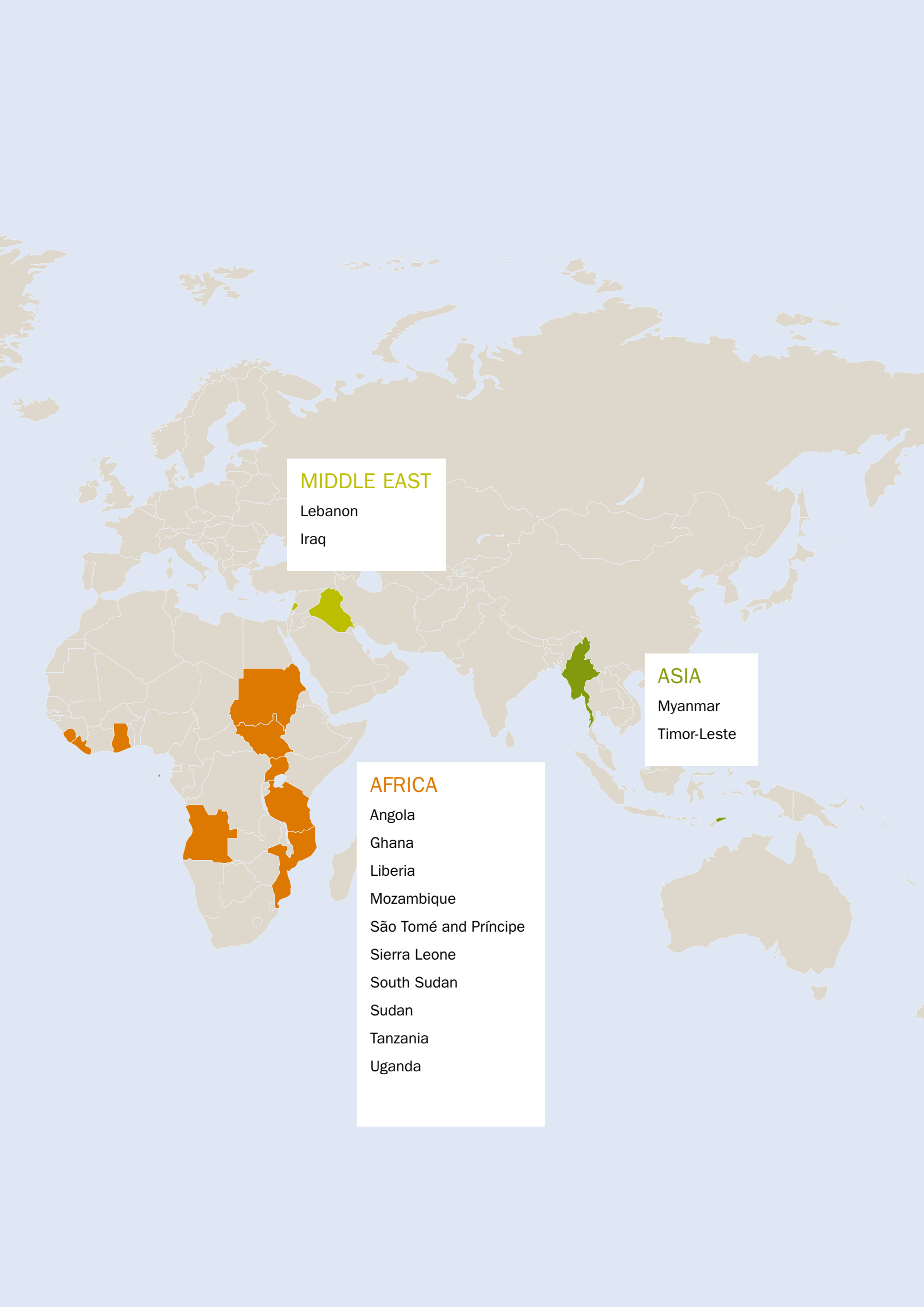
This chapter provides an overview of the bilateral country programmes in 2013 and presents key results in relation to the OfD programme's main outcomes, as outlined below:

1. Policy makers set goals and define and assign responsibilities.
2. The authorities regulating the petroleum sector carry out their assigned responsibilities.
3. Policy makers and regulatory authorities are held accountable for their management of the petroleum sector.



LATIN AMERICA

Bolivia
Cuba
Nicaragua
Uruguay



MIDDLE EAST

Lebanon
Iraq

ASIA

Myanmar
Timor-Leste

AFRICA

Angola
Ghana
Liberia
Mozambique
São Tomé and Príncipe
Sierra Leone
South Sudan
Sudan
Tanzania
Uganda

Key facts

Disbursed 2013:

NOK 6.5 million

Partner country implementing institutions:

Ministry of Petroleum (MINPET)

Norwegian implementing institutions:

Norwegian Petroleum Directorate (NPD)

CSOs supported:

Norwegian Church Aid (NCA)



BACKGROUND

The Portuguese discovered petroleum in Angola in 1955. Production began in the Cuanza Basin in the 1950s, in the Congo Basin in the 1960s, and in the exclave of Cabinda in 1968. In 1973, oil production surpassed coffee as Angola's main export commodity. Angola is currently the second largest oil producer in Sub-Saharan Africa after Nigeria, and the Government is targeting a two million barrels per day production level by 2014.

Norway has provided petroleum-related assistance to Angola since 1987, with the most recent agreement on technical assistance to the petroleum sector signed in October 2006. The objective of this agreement was to promote improved management of petroleum resources as a tool for sustainable economic and social development in Angola. The cooperation programme was agreed upon by MINPET and NPD in May 2008, with a total budget of NOK 35 million. The programme was extended by two years, and ended in 2012.

In late 2012, Angola requested a further renewal of the agreement. In 2013, a five-year institutional cooperation programme was developed but put on hold as the Norwegian Government conducted a review of the OfD programme in a number of countries, including Angola. No activities were undertaken in the bilateral programme in 2013. A new phase of the cooperation is planned to commence early 2014. In 2013, Norway provided support to a joint research programme between CEIC (Centro de Estudos e Investigação Científica) and CMI (Chr. Michelsen Institute) which aims to enhance knowledge and policy based research in Angola.

KEY ACTIVITIES 2013

- Proposals for an Angola – Norway agreement and cooperation programme for 2014–2018 were developed.
- Norwegian Church Aid (NCA) received OfD support to promote budget monitoring and transparency through the project “Accountable governance of oil revenues in Angola”.

KEY ACHIEVEMENTS 2013

“Policy makers and regulatory authorities are held accountable for their management of the petroleum sector”

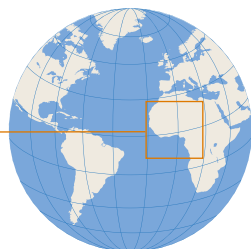
- NCA expanded its budget-monitoring project to the oil province Zaire and three new municipalities. National reports about budget monitoring were published in an effort to raise awareness on a national level.

SUPPORTING ACCOUNTABILITY EFFORTS IN THE OFD PROGRAMME

A central objective in the OfD programme is to strengthen accountability in the OfD partner countries. Well-informed civil society organizations (CSOs) are crucial in holding the policy makers and regulatory authorities to account. The programme supports a range of CSOs with the aim of enhancing their capacity related specifically to anti-corruption, external environmental challenges and HSE considerations in the petroleum sector. Total OfD support for strengthening civil society in 2013 amounted to NOK 24.7 million.

In 2013, six Norwegian non-governmental organizations (NGOs) were awarded three-year grants for capacity building of civil society partner organizations in OfD partner countries. Ranked in accordance to funds received, the organizations were: Friends of the Earth Norway (Naturvernforbundet), Norwegian Church Aid, the Norwegian Students' and Academics' International Assistance Fund (SAIH), World Wide Fund for Nature Norway (WWF Norway), Norwegian People's Aid and the Norwegian Confederation of Trade Unions (LO). In 2013, the civil society projects focused mainly on transparency in petroleum revenue management, environmental management, and safety policies related to the industry. Concrete results from the civil society projects are included in the country reports.

The OfD programme has also provided extensive support to the Revenue Watch Institute (RWI) for several years, and entered into a one-year agreement for core institutional support in 2013. RWI seeks to ensure that citizens of resource rich countries gain full and sustained benefits from the oil, gas and mineral wealth of their respective countries. In 2013, OfD funding enabled RWI to support parliaments, civil society and media to become more capable and informed, in order to play their critical oversight role and increase transparency and accountability. For instance, RWI delivered a training programme for journalists and senior editors in Ghana, Tanzania and Uganda. RWI also identified and supported civil society activists to participate at Petrad's 8-week programmes (see textbox on page 36). Further, RWI supported the establishment and institutionalization of the Public Interest and Accountability Committee (PIAC) in Ghana, which monitors the implementation of the revenue management law. In 2013, RWI launched the Resource Governance Index, a report that measures the quality of governance in the oil, gas and mining sector of 58 countries worldwide.



GHANA

BACKGROUND

Ghana started producing oil in commercial quantities through the commissioning of the Jubilee field in December 2010. As of 2013, approximately 110,000 barrels are produced per day. Yet another field is under development, the TEN field, expected to start production in 2017. With a third field, Sankofa, mainly a gas field, anticipated to be approved for development in 2014, total petroleum production could reach 500,000 barrels of oil equivalents per day by 2025.

Ghana and Norway have been collaborating within the OfD programme since 2008. During these years a comprehensive support programme has been developed, mainly in the areas of resource management and environmental management. The programme has focused on legislation, regulations, capacity and competence building and institutional development. While most of this effort has been targeted at public institutions, funding has also been provided to a private sector project where the Norwegian research institution SINTEF has supported local industry in its efforts to become more competitive suppliers to the oil and gas industry.

KEY ACTIVITIES 2013

- On-the-job training activities and workshops in the areas of data management, fiscal metering, HSE, offshore auditing, and the oil and gas value chain were carried out.
- Representatives from Ghanaian institutions made several visits to Norwegian sister institutions.
- The Ghanaian Parliament undertook a study tour to the Norwegian Parliament, ministries, civil society organizations and others.
- A delegation from the Norwegian Ministry of Finance and other Norwegian institutions undertook a mission to assess how Norway could meet Ghana's request for cooperation within the area of petroleum revenue management.
- A delegation from the MPE and Gassco undertook a feasibility mission to see how Norway can support Ghana in its efforts to manage its natural gas.

KEY ACHIEVEMENTS 2013

“Policy makers set goals and define and assign responsibilities”

- The new Petroleum Exploration and Production Bill was completed in 2013 and submitted to Parliament for approval. Over the last three years extensive support by Norway has gone into this effort, under Ghanaian leadership.

“The authorities regulating the petroleum sector carry out their assigned responsibilities”

- The Petroleum Commission came into being as the upstream regulator. Staffing continued into 2013, and a comprehensive training programme with Norwegian technical assistance was successfully completed. An example of the achievement of capacity goals: When the operator Tullow Oil submitted its Plan for Development of the TEN field, it was met with 67 comments by the newly established Petroleum Commission. Tullow accepted 65 of the 67 comments without discussion.
- The management of geophysical and other data was strengthened in the Petroleum Commission as well as the national oil company, GNPC.
- Monitoring of the marine environment continued after successfully establishing a baseline in the pertinent petroleum offshore areas in 2009-2011. As part of the monitoring, the first coral reef in the Gulf of Guinea was discovered, revealing a rich trove of marine biodiversity.
- A Strategic Environmental Assessment of the consequences of oil and gas exploration and production was successfully completed in 2013, after three years of Norwegian technical assistance.
- As part of the OfD programme, a Spatial Development Framework for Western Region was developed and approved by the authorities, creating a platform for the development of petroleum-related and other activities in the region. The Framework was developed with broad participation from all stakeholders (central, regional and local authorities, private sector, traditional leaders, civil society, media and others). This is the first of its kind in Ghana, and President Mahama in January 2014 expressed that this project is on the list of “best results” of Ghana’s development efforts over the last few years.

“Policy makers and regulatory authorities are held accountable for their management of the petroleum sector”

- Revenue Watch Institute supported the establishment and institutionalization of the Public Interest and Accountability Committee (PIAC), which monitors the implementation of the revenue management law.

Key facts

Disbursed 2013:

NOK 19.1 million

Partner country implementing institutions:

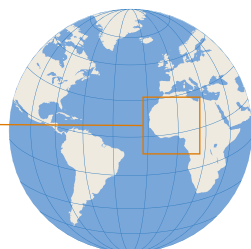
Ministry of Energy and Petroleum, Petroleum Commission, Ghana National Petroleum Corporation, Ministry of Environment, Science, Technology and Innovation, Environmental Protection Agency, Town and Country Planning Department, Science and Technology Policy Research Institute

Norwegian implementing institutions:

Ministry of Petroleum and Energy (MPE), Norwegian Petroleum Directorate (NPD), Petroleum Safety Authority Norway (PSA) Ministry of Climate and Environment, Norwegian Environment Agency, Institute of Marine Research, Norwegian Coastal Administration (NCA), Petrad, SINTEF

CSOs supported:

Revenue Watch Institute (RWI)



LIBERIA

Key facts

Disbursed 2013:

NOK 0.4 million

Partner country implementing institutions:

House of Representatives,
Ministry of Finance,
National Oil Company of
Liberia

International organizations supported:

IMF,
World Bank Petroleum
Governance Initiative (PGI)

CSOs supported: Revenue
Watch Institute (RWI)

BACKGROUND

Liberia is currently not producing petroleum, but due to recent discoveries in neighbouring countries international oil companies have shown strong interest in the country.

Liberia is in the process of reforming the legal framework governing the petroleum sector. In 2012 a new Petroleum Policy was finalized, and in 2013 Liberia developed a draft Petroleum Law. Due to low prior knowledge of the petroleum sector and limited institutional capability, Liberia has requested assistance from the OfD programme in developing legal frameworks and general sector capacity building.

From 2009 to 2012, Norad participated in an informal collaboration project with Revenue Watch Institute (RWI) and the African Center for Economic Development (ACET) through the “Petroleum Advisory Group” that provided advice and guidance regarding policies and regulatory frameworks. The partnership with the “Petroleum Advisory Group” was discontinued in 2012.

Liberia has not yet identified a ministry or institution responsible for the overarching mandate of the petroleum sector in accordance with the newly developed petroleum policy. A potential new phase of a bilateral OfD programme with Liberia is pending the clarification of roles and responsibilities in the sector. In 2013, assistance by the OfD programme was provided through support to the IMF, the World Bank and RWI.

KEY ACTIVITIES 2013

- The IMF provided an evaluation of the existing petroleum fiscal regime and recommendations for a more equitable regime, as well as short-term training in petroleum fiscal modelling and revenue forecasting.
- Members of the Committee of Petroleum Reform from the House of Representatives of Liberia visited Norway for the purpose of sharing experiences. The members expressed their desire to gain a better understanding of Norwegian petroleum management.

THE ENPE PROGRAMME : STRENGTHENING HIGHER EDUCATION WITHIN PETROLEUM AND ENERGY

High-quality petroleum-related educational institutions are key to ensuring the availability of human resource with the requisite skills, discipline and knowledge of the sector, and to ensure research and technology development within the field. The Norwegian Programme for Capacity Development in Higher Education and Research for Development within the Fields of Energy and Petroleum – EnPe, was established to respond to these two challenges. EnPe aims to:

- Strengthen the institutional capacity and performance of higher education institutions in low and middle-income countries to deliver education and research within the fields of energy and petroleum;
- Achieve sustainable capacity of these institutions to provide the national work force with adequate qualifications related to the energy and petroleum sectors.

The first phase of EnPe (2009 to 2012) included 12 projects in Africa, Asia and South America. The second phase (2013 to 2019) targets projects in the following countries: Angola, Bolivia, Cuba, Ghana, Lebanon, Liberia, Mozambique, Nigeria, São Tomé and Príncipe, Sierra Leone, South Sudan, Sudan, Tanzania and Uganda. Due to administrative delays related to the launch of a new round of applications, no new projects were approved in 2013. The overall budget for EnPe (2013-2019) is estimated at NOK 100 million, while the budget frame of each project may range from seven to 18 million.

The Norwegian University of Science and Technology (NTNU) and a separate programme board appointed by Norad, administrates the programme. Total EnPe expenditures in 2013 were NOK 11.1 million, of which NOK 6.1 million were allocated to the first phase of the programme.



MOZAMBIQUE

BACKGROUND

The petroleum sector in Mozambique is moving into a critical phase of development. In 2010-2012, operators announced discoveries of more than 100 Tcf of recoverable natural gas in the Rovuma Basin off the coast of Mozambique. Six of these discoveries were among the largest discoveries in all of Africa during 2010-2012. The operators are now advancing a commercial liquefied natural gas (LNG) development that is initially expected to consist of four liquefaction trains.

Natural gas was first discovered in large quantities in the 1960s in Mozambique's Pande and Temane fields. The first production and export of gas began in 2004.

Norway has provided petroleum-related assistance to Mozambique for more than thirty years. The first OfD agreement, entered into between NPD and INP in 2005 ended in 2010, with an external evaluation pointing to concrete results especially relating to developing the legal framework for the petroleum sector. A new agreement with INP was entered into late 2011. Norway has also provided some support for strengthening environmental institutions. Financial support has been given to MICOA by the Norwegian Embassy in Maputo. Between 2010 and 2012, Norwegian institutions provided some technical support on environmental management of petroleum issues.

However, in 2012 much of the cooperation was put on hold due to investigations of financial discrepancy by the Central Control Unit in the Norwegian Ministry of Foreign Affairs. Due to this, only a few activities were carried out under the programme in 2013.

Norway supports several CSOs in Mozambique, including WWF and CIP (Center for Public Integrity), as well as a training programme for parliamentarians (managed by AWEPA). A programme for gender mainstreaming in energy sector cooperation has also been initiated.

KEY ACTIVITIES 2013

- Assistance was provided on the legal framework, the management of national petroleum data, resource assessment and appraisal reports and on a Mozambique Petroleum Resource Inventory. Assistance was also provided on the upgrading of administrative systems in INP.
- A seminar for parliamentarians on the extractives industry was arranged by AWEPA and CIP, with presentations from MPE and the Norwegian Environment Agency.

- The OfD secretariat commissioned a political economy analysis of the petroleum sector in Mozambique. The study, performed by International Law and Policy institute (ILPI), will provide input to the planning of a new OfD programme in Mozambique.
- Funded partly under the World Bank Petroleum Governance Initiative (PGI), the World Bank has assisted the Government in Mozambique (GoM) in preparing a Gas Master Plan. The final report was presented to the GoM and to wider stakeholders in February.

KEY ACHIEVEMENTS 2013

“Policy makers set goals and define and assign responsibilities”

- A revised Petroleum Law, extended to address LNG specifically, was presented to Parliament. The Law also includes improved controls for environmental and community protection such as restrictions on gas flaring, and strengthened HSE regulations.
- A draft Model Concession Contract related to construction and operation of multi-user LNG liquefaction terminals (“Facility Concession Contract”) was prepared.

“The authorities regulating the petroleum sector carry out their assigned responsibilities”

- Appraisal reports submitted by Anadarko for Area 1 in the Rovuma Basin were reviewed by INP, with assistance from NPD.
- A process for establishing the first version of a Mozambique Petroleum Resource Inventory was initiated.
- In dialogue with the consultancy firm Hartmark Consulting, a process for developing a strategic plan for INP and for reorganizing INP was initiated.

“Policy makers and regulatory authorities are held accountable for their management of the petroleum sector”

- The civil society platform for the extractive industry, now hosted by CTV (Centro Terra Viva), mobilized and built capacity in civil society to influence the extractive industry developments.
- CIP published a series of articles putting the spotlight on the management of the petroleum sector in Mozambique, particularly in relation to disclosure of contracts.

Key facts

Disbursed 2013:

NOK 18.1 million

Partner country implementing institutions:

Ministry of Mineral Resources (MIREM), the National Petroleum Institute (INP), Ministry of Coordination of Environmental Affairs (MICOA)

Norwegian implementing institutions:

Ministry of Petroleum and Energy (MPE), Norwegian Petroleum Directorate (NPD), Petroleum Safety Authority Norway (PSA), Norwegian Environment Agency

International organizations supported:

World Bank Petroleum Governance Initiative (PGI), IMF

CSOs supported:

European Parliamentarians with Africa (AWEPA), Center for Public Integrity (CIP), WWF

BUILDING CAPACITY FOR GENDER MAINSTREAMING IN MOZAMBIQUE

Research suggests that women and men are affected differently by oil and gas development. For instance, the introduction of new economic activity in oil development areas can increase the burdens borne by women and children, and heighten their dependence on men. Evidence also indicates¹ that women bear a greater proportion of stress from oil-induced social and environmental changes than men. Norad has a framework agreement with ENERGIA, an international network on gender and sustainable energy, regarding advice and capacity building in gender mainstreaming in Norwegian energy and petroleum sector development cooperation.

The Norwegian Embassy in Maputo, Norad and ENERGIA have been working with Norway's partners, including within the OfD programme, to develop a practical and targeted gender mainstreaming programme in Mozambique. The programme, "The Gender and Energy – Gender Mainstreaming in Energy Cooperation Programme" came into being in 2012 and is coordinated by the Ministry of Energy (MoE) with technical and coordinating support of a Gender and Energy Adviser. ENERGIA provides support to the programme.

The programme has identified the following key opportunities for support related to petroleum management:

- Support OfD partners to develop their understanding of gender issues in the regulation and management of community impacts and in promoting women's participation in the oil and gas industry;
- Identify measures to support and encourage women to enter the oil and gas industry and to reach their full potential within their organizations;
- Share international best practice experience and research on gender issues in the sector;
- Assist with the explicit treatment of gender issues and impacts in Social Impact Assessments and Environmental Management Plans.

In 2013 INP and MICOA requested assistance from the Gender and Energy Adviser. INP has also requested gender training for itself and its technical team based in the frontier gas region of Cabo Delgado. The Gender and Energy Adviser also led a group in the Gender and Climate Change Workshop, hosted by International Union for Conservation of Nature (IUCN) in coordination with MICOA, aimed at evaluating gender integration in MICOA partner sectors.

¹See for instance the World Bank study "Extracting Lessons on Gender in the Oil and Gas Sector", 2013



BACKGROUND

In 2005, NPD was asked by the Norwegian Embassy in Luanda (accredited São Tomé and Príncipe) to assess the need for assistance in petroleum management as requested by the Government of São Tomé and Príncipe.

In October 2008, NPD signed an agreement for institutional cooperation with ANP for the period 2008-2009, with a budget of NOK 2.25 million. The assistance included advice on policy, law and regulations, the first licensing round on their exclusive shelf, model contracts and processes associated with licence applications.

In 2010, an application from ANP on an extension of the agreement until 2011 was granted. Work continued with support to the evaluation of licence applications, negotiations with operators, policy and legislative work with petroleum tax and environmental protection, SEA and impact evaluations as well as further capacity development of ANP.

In 2012, NPD and ANP entered into a new institutional cooperation agreement for 2012-2013 focusing on training and advice on PSC negotiations, resource estimation, petroleum economics, safety regulations, data management and further capacity building of ANP.

Through a bilateral agreement with the IMF, the OfD programme supports a project addressing the public financial management systems in São Tomé and Príncipe, including the impact of oil revenue on the public finances.

KEY ACTIVITIES 2013

- Due to changes in the management in ANP and limited resources in NPD, the main activities planned for 2013 were postponed to 2014.
- The IMF provided technical assistance and training on government accounting reporting systems. The advances achieved will pave the way for more timely publication of quarterly budget execution reports and annual financial statements.

SÃO TOMÉ AND PRÍNCIPE

Key facts

Disbursed 2013: NOK
1.4 million

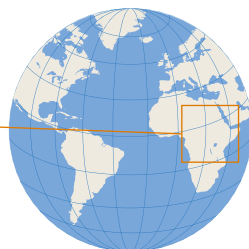
Partner country implementing institutions:
Ministry of Natural Resources and Environment,

National Petroleum Agency (ANP)

Norwegian implementing institutions:

Norwegian Petroleum Directorate (NPD)

International organizations supported: IMF



SOUTH SUDAN

BACKGROUND

South Sudan gained its independence as a sovereign state in 2011, and is the world's youngest country. As a fragile state with a long history of conflict, South Sudan faces considerable challenges in managing its petroleum resources, which accounts for more than 90% of the total state revenues. South Sudan is, together with Timor-Leste, the most petroleum dependent country in the world. Oil production has been in the range of 150,000 to 200,000 barrels per day during the second half of 2013. There is an upside in the short and intermediate term to produce more with all wells and fields active; however, the long-term perspective is declining oil production absent new discoveries.

Significant challenges include a general lack of capacity in the Government to govern the petroleum sector, as well as a volatile political and security situation. With support from the OfD programme, South Sudan has taken important steps to establish a sound legal framework for the petroleum sector. In the coming years, substantial efforts will be required to ensure adherence to and implementation of the legislation. The OfD programme in South Sudan supports this effort through long-term capacity development in the Ministry of Petroleum, Mining and Industry, as well as in the Ministry of Finance, Commerce, Investments and Economic Planning.

Norway has provided assistance to the Government of South Sudan (initially Southern Sudan) as a part of the implementation of the Comprehensive Peace Agreement, since 2005. In 2012, Norway and South Sudan entered into a bilateral agreement regarding support to the sustainable development of the petroleum sector. The support involves a number of resident advisers to MPMI and MoFCIEP in Juba. Due to a deteriorating security situation in the country, no Norwegian advisers have been present in Juba since the end of 2013. Efforts are made to maintain support from outside South Sudan as long as this situation persists.

KEY ACTIVITIES 2013

- On-the-job training in drafting, understanding and implementing laws and regulations was provided to MPMI.
- On-the-job training to enhance the understanding of the petroleum fiscal regime and petroleum revenue generation mechanisms was provided to MoFCIEP.
- Key personnel received Geographic Information System (GIS) training with the development of the country's first petroleum licence maps made by MPMI.
- Training on fiscal metering was provided to key ministry personnel and oil company representatives.

KEY ACHIEVEMENTS 2013

“Policy makers set goals and define and assign responsibilities”

- The Petroleum Revenue Management Bill was approved by the two Houses of Parliament and awaits the President’s signature for enactment. The Bill sets out key requirements for how South Sudan’s oil revenues will be collected, managed, audited and reported in a transparent manner. The Bill was drafted with support from the OfD programme.

“The authorities regulating the petroleum sector carry out their assigned responsibilities”

- In accordance with requirements in the Revenue Bill, a quarterly record of petroleum revenues was prepared. The report provides an overview of all petroleum revenue payments on a disaggregated level, transfers to Sudan and petroleum producing states and communities.
- MoFCIEP and the Central Bank of South Sudan entered into a cooperation agreement that covers the establishment and operational procedures of the Petroleum Revenue Account. All petroleum-related revenues shall be transferred into that account.
- The first Concession Map for South Sudan developed by MPMI was prepared.

“Policy makers and regulatory authorities are held accountable for their management of the petroleum sector”

- Civil society has become increasingly vocal and more visible with regards to the consequences of oil production. National and global actors are getting involved and Norwegian People’s Aid (NPA) is facilitating for better coordination of activities by organizing an Extractive Industries Coordination Forum.
- NPA helped organize the first ever tripartite conference in South Sudan on the importance of oil worker unions. Consensus was reached on a recommendation to establish an Oil Workers Union.

Key facts

Disbursed 2013: NOK 18.3 million

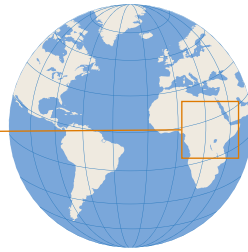
Partner country implementing institutions:

Ministry of Petroleum, Mining and Industry (MPMI), Ministry of Finance, Commerce and Economic Planning (MoFCIEP), Ministry of Environment (MOE)

Norwegian implementing institutions: Ministry of Petroleum and Energy (MPE), Norwegian Petroleum Directorate (NPD), Norwegian Environment Agency, Petroleum Safety Authority Norway (PSA), Ministry of Finance

International organizations supported: IMF

CSOs supported: Norwegian People’s Aid (NPA)



BACKGROUND

The secession of the Southern Sudan in 2011 has had dramatic consequences for Sudan's oil production, as 80 per cent of the oil came from the south. Following secession, Sudan's production has thus been reduced from an average of approximately 450 000 barrels per day to in excess of 100 000 barrels per day, roughly equivalent to the current domestic consumption. Based on the currently producing fields, Sudan's status has changed from that of a substantial oil exporter to a nation just self-sufficient in petroleum.

As one of the witnesses to the 2005 Comprehensive Peace Agreement, Norway was committed to support its implementation. This commitment includes support to the petroleum sector in Sudan. An agreement of cooperation between the Governments of Sudan and Norway, represented by the Ministry of Petroleum (MoP) and the Norwegian Embassy in Khartoum was signed in February 2012. An institutional cooperation contract was signed between MoP and the Norwegian Ministry of Petroleum and Energy (MPE) in March 2012.

The OfD programme in Sudan focuses on the following areas of intervention: Petroleum policy including legal and institutional framework, resource management, and HSE management.

KEY ACTIVITIES 2013

- A resident legal adviser provided on-the-job support to the petroleum policy work group as well as to the legal department regarding enforcement and compliance strategies.
- A gap analysis of the legal framework was carried out to serve as a tool for the policy work.
- An intensive course "Principles of Geology and Reservoir Engineering" was organized in Khartoum, with participation from government, the oil industry and universities.
- A workshop on reporting petroleum data and GIS-technology was organized for the purpose of identifying and reviewing challenges with regard to petroleum data as an asset for exploration. Participants from MoP, Sudapet, the operating company GNPOC and the operating company Petrodar attended.

KEY ACHIEVEMENTS 2013

“Policy makers set goals and define and assign responsibilities”

- A petroleum policy working group was established and commenced work in MoP. The mandate of the working group is to recommend a policy that may be applied to a revised legal framework as well as an efficient reorganization of the petroleum sector. The recommendations shall aim to benefit present and future generations of Sudan.

“The authorities regulating the petroleum sector carry out their assigned responsibilities”

- Through secondment in Norway, Sudanese experts went through comprehensive training in geological and reservoir modelling and simulations. This has significantly increased capacity in the Ministry of Petroleum to engage with the industry within the field of Enhanced Oil Recovery.
- GDES performed a second round of inspections, coached and supervised by Norwegian Environment Agency and Petroleum Safety Authority Norway. The audit took place at the facilities in Port Sudan. A report has been completed and presented to management in GDES. This report (and the report from the first audit in in 2012) will set standards and define methodology for future audits planned and performed by GDES.

Key facts

Disbursed 2013:

NOK 26.1 million

Partner country implementing institutions:

Ministry of Petroleum (MoP), Oil Exploration and Production Administration (OEPA), General Directorate for Environment and Safety (GDES)

Norwegian implementing institutions:

Ministry of Petroleum and Energy (MPE), Norwegian Petroleum Directorate (NPD), Norwegian Environment Agency, Petroleum Safety Authority Norway (PSA)



TANZANIA

BACKGROUND

Natural gas was first discovered in Tanzania in 1974. Today, two fields are commercialized: Songo Songo and Mnazi Bay (in 2004 and 2006 respectively). Between 2010 and 2013, exploration efforts in the deep offshore basins resulted in discoveries of large quantities of natural gas. In light of such discoveries, Tanzania has the opportunity to become a significant global actor in gas production and export. As of June 2013, the Government has signed 26 PSAs (Production Sharing Agreements) with 18 oil exploration companies. The Government launched the fourth offshore licensing round in October 2013.

In March 2012 the Government of Tanzania and the Norwegian Ministry of Foreign Affairs signed a programme agreement. In February 2013, the Norwegian Ministry of Petroleum and Energy (MPE) and the Tanzanian Ministry of Energy and Minerals signed an institutional cooperation contract, formally establishing a three-year OfD programme in Tanzania. The programme is extensive and involves a range of institutions and thematic areas, including petroleum resource management, environmental management, and HSE.

The OfD programme in Tanzania is at an early stage, and 2014 will be the first full year with activities in all programme components.

KEY ACTIVITIES 2013

- Training and workshops focusing on safety in onshore drilling and installation, as well as data management, were organized. A regional workshop on safety and oil spill preparedness and response was held in Bagamoyo.
- The government authorities in charge of environmental issues in Tanzania visited Norway to exchange knowledge on petroleum development and share experience on environmental management of the petroleum sector.
- A study to map the needs for petroleum-related education in Tanzania was conducted.
- The third reconciliation report for Tanzania Extractive Industries Transparency Initiative (TEITI) was launched in June 2013.
- The World Bank hosted a regional three-day workshop in Dar es Salaam on Environmental and Social Impact Assessments. The workshop was financed under the Petroleum Governance Initiative (PGI), which is a bilateral collaboration between Norway and The World Bank. The event gathered representatives and experts from government sector authorities and academics from Ethiopia, Kenya, Mozambique, Tanzania and Uganda.

KEY ACHIEVEMENTS 2013

“Policy makers set goals and define and assign responsibilities”

- In June 2013 the Petroleum Policy Committee (PPC) completed, with support from the OfD programme, a draft Petroleum Policy Document (PPD). The PPD is now ready for stakeholder consultations.

“Policy makers and regulatory authorities are held accountable for their management of the petroleum sector”

- As a result of WWF’s and Mazingira Network Tanzania’s (an umbrella organization for environmental NGOs) capacity-building efforts, a number of sub-regional CSO coalitions in key geographical areas have become more proficient in monitoring, communication, and advocacy on oil and gas issues.

Key facts

Disbursed 2013:

NOK 20.5 million

Partner country implementing institutions:

Ministry of Energy and Petroleum (MEM), Tanzania Petroleum Development Cooperation (TPDC), Ministry of Lands, Housing, Water and Energy (Zanzibar) (MLHWE), Department of Energy and Minerals (Zanzibar), Ministry of Labour, Youth and Employment Development (MoLYED), Occupational Safety and Health Agency (OSHA), Vice President’s Office – Environmental Division, Vice President’s Office – National Environment Management Council (NEMC), Surface and Marine Transport Regulatory Authority (SUMATRA), Ministry of Natural Resources and Tourism (MNRT), Deep Sea Fishing Authority (DSFA)

Norwegian implementing institutions:

Ministry of Petroleum and Energy (MPE), Norwegian Petroleum Directorate (NPD), Norwegian Environment Agency, Norwegian Coastal Administration (NCA), Petroleum Safety Authority Norway (PSA)

CSOs supported: TEITI, WWF, Revenue Watch Institute (RWI)



UGANDA

BACKGROUND

Although the quest for oil in Uganda dates back to the 1920s, commercially viable discoveries have only been made since 2006. Proven discoveries currently stand at 3.5 billion barrels, of which 1.2 billion barrels are estimated as recoverable. Only 40% of the petroleum areas have been explored, with potential for additional finds in the unexplored areas. The discovery of these significant reserves has ushered in a new chapter in Uganda's development, and generated renewed interest in the petroleum potential in the country.

Norway has assisted Uganda in building its petroleum sector since the 1980s. A three-year cooperation programme "Strengthening the State Petroleum Administration of the upstream sector in Uganda" was completed in 2009 and a new agreement for a five-year programme was signed in July 2009. An institutional agreement covering resource management, revenue management and environmental management, was signed in 2010.

A key objective of the cooperation programme is to contribute to achieving the National Oil and Gas Policy's goal of using the country's petroleum resources to eradicate poverty and create lasting value for society in Uganda. In addition, putting in place institutional arrangements and capacities to ensure well-coordinated and results-oriented resource management, revenue management, environmental management and HSE management in the oil and gas sector in the country are key focus areas. Norway has also supported and advised on the procurement of a Transaction Adviser for the development of a refinery in Uganda. The investment banking firm Taylor-DeJongh was awarded this contract in January 2013.

The OfD programme in Uganda was put on hold from December 2012 to August 2013 due to corruption in a non-related multilateral aid programme at the Prime Minister's Office in Uganda. The programme was restarted following adoption of satisfactory mitigating measures by the Ugandan Government. The suspension caused a severe delay in OfD programme activities. An addendum agreement has been signed by the parties securing additional funding and support for the completion of the programme activities throughout 2014.

KEY ACTIVITIES

- Due to the suspension of programme funds from December 2012 to August only a limited number of training and capacity building activities were carried out under the bilateral programme in 2013. The achievements within the legal framework and the SEA outlined below can be partly attributed to the work performed in 2012 and earlier years.
- The Ugandan Revenue Authority and the Norwegian Oil Taxation Office commenced a collaboration, focusing on the revision and completion of the URA Petroleum Tax Manual.
- A one-week technical course on the “Upstream petroleum value chain” was organized in Fort Portal for representatives from Ugandan environmental institutions. The objective was to improve the participants’ understanding of the petroleum industry with a view of enhancing their communication skills with the industry and ultimately of improving, in the longer term, the regulatory effectiveness of the environmental institutions.

KEY ACHIEVEMENTS 2013

“Policy makers set goals and define and assign responsibilities”

- The Petroleum (Exploration, Development and Production) Bill and the Petroleum (Refining, Gas Processing and Conversion and Transportation) Bill were enacted into law.
- A Strategic Environmental Assessment (SEA) for the Albertine Graben was completed and has been submitted for a Cabinet hearing. An integrated implementation team has been established and tasked with developing an Implementation Plan.

“Policy makers and regulatory authorities are held accountable for their management of the petroleum sector”

- Several recommendations from civil society regarding environmental and social safeguards in petroleum development in Uganda were included in the final SEA Report for the Albertine Graben following active engagement by WWF-Uganda and project partner CSOs.

Key facts

Disbursed 2013:

NOK 50.6 million

Partner country implementing institutions:

Ministry of Energy and Mineral Development (MEMD), Ministry of Finance, Planning and Economic Development (MFPED), Ministry of Water and Environment (MWE), National Environmental Management Authority (NEMA), Uganda Revenue Authority (URA)

Norwegian implementing institutions:

Ministry of Petroleum and Energy (MPE), Norwegian Petroleum Directorate (NPD), Ministry of Climate and Environment, Ministry of Finance, Norwegian Environment Agency, Petroleum Safety Authority Norway (PSA), Norwegian Coastal Administration (NCA), Oil Taxation Office

CSOs supported:

WWF-Uganda

PETRAD'S 8-WEEK PROGRAMMES – SPECIALIZED TRAINING FOR MORE THAN 20 YEARS

Petrad's two 8-week programmes "Petroleum Policy and Resource Management" and "Petroleum Development and Operations", developed in 1990-1991, run in parallel every autumn in Stavanger, Norway. By 2013, more than 1,000 participants from 80 countries have attended. In 2013, the two programmes had 51 participants enrolled, of which 23 participants were from OfD partner countries: Bolivia, Cuba, Ghana, Lebanon, Mozambique, Myanmar, Sierra Leone, São Tomé and Príncipe, South Sudan, Sudan, Tanzania, Timor-Leste, Uganda and Uruguay.

The programme "Petroleum Policy and Resource Management" focuses on how a country can develop its petroleum resources to the benefit of all of society. 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 commercial companies can contribute 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.

The programme "Petroleum Development and Operations" aims to 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 options for the management of offshore petroleum developments and operations.

In 2013, total OfD support to Petrad's 8-week programmes amounted to NOK 6.9 million.



Oil waste management at Zeal incinerator plant in Ghana. Photo: Marit Hverven



Interactive group work at Petrad's 8-week programme. Photo: Fouzia O. Ali



BACKGROUND

Timor-Leste regained its independence as a sovereign state in 2002. As a fragile country with a long history of conflict, Timor-Leste has faced major challenges in managing its petroleum resources, which now constitute more than 90% of GDP.

Oil and gas discoveries in the Timor Sea in 1994 launched a large-scale offshore oil industry, and were followed by several major discoveries in the following years. The Timor Sea Treaty, entered into between the Governments of Timor-Leste and Australia in 2002, established the Joint Petroleum Development Area (JPDA) in the Timor Sea. Timor-Leste Exclusive Area (TLEA), where Timor-Leste has sovereign rights for the purposes of exploring and exploiting is still in an exploration phase.

The OfD programme has supported Timor-Leste from 2002 to 2013, and through this period the country has taken important steps to establish a sound management of the petroleum sector. Institutions have been built and a basic legal framework is in place. Support and training of key ministry personnel has been undertaken by advisers working integrated in the organizations, through on-the-job training and courses in Timor-Leste and Norway, and study tours. Please refer to the textbox on page 40 for a summary of key achievements for the OfD programme 2002-2013 in Timor-Leste.

KEY ACTIVITIES 2013

- ANP received on-the-job-training and assistance from NPD in field development (plans and internal procedures and work processes at the ANP), geo sciences, data management, fiscal metering and a variety of legal issues.
- The OfD programme facilitated seminars and workshops for the Finance Minister, the Government, the Parliament, officials in the Ministry of Finance and other stakeholders.

- The petroleum tax adviser engaged by the OfD programme gave on-the-job-training to the Petroleum Revenue Directorate with focus on tax audits of the Bayu-Undan and Kitan fields.
- On-the-job training and support was provided to SEMA/DNMA in data management, GPS for environment data registry and the development of a sensitivity atlas for parts of the south coast of Timor-Leste.

KEY ACHIEVEMENTS 2013

“The authorities regulating the petroleum sector carry out their assigned responsibilities”

- The capacity of the Petroleum Fund Administrative Unit (PFAU) was strengthened with support from OfD’s resident adviser. The assistance was mainly provided through on-the-job-training of staff in analytical work and other preparations for the Investment Advisory Board’s meetings and workshops.

“Policy makers and regulatory authorities are held accountable for their management of the petroleum sector”

- A policy for transparency and public financial management and accountability has been developed during the programme period. In 2013, Timor-Leste shared experience in petroleum management and EITI implementation with governments from other countries (including Ghana, Philippines, São Tomé and Príncipe, Solomon Islands and Vietnam).

Key facts

Disbursed 2013:

NOK 6 million

Partner country implementing institutions:

Timor-Leste State Secretariat for Natural Resources (SERN)/Ministry of Petroleum and Mineral Resources (MPRM), the National Petroleum Authority (ANP), Timor-Leste Ministry of Finance (MoF), Timor-Leste State Secretariat for the Environment (SEMA), the Directorate for Environment (DNMA)

Norwegian implementing institutions:

Ministry of Petroleum and Energy (MPE), Norwegian Petroleum Directorate (NPD), Ministry of Climate and Environment, Norwegian Environment Agency, Ministry of Finance

THE OFD PROGRAMME IN TIMOR-LESTE (2002-2013) – MAJOR ACHIEVEMENTS WITH OFD ASSISTANCE

The Norwegian Petroleum Assistance Programme (NPAP), the bilateral cooperation between Norway and Timor-Leste, was initiated in 2002 and ended in August 2013. While initially covering only petroleum resource management, the programme was extended to include revenue management from 2005, and environmental management from Phase 2 in 2008.

General capacity building has been provided on a wide variety of issues:

- Resource management: Geosciences, field development plans, fiscal metering, legal issues, data management and scholarships program.
- Revenue management: Petroleum fund/fiscal policy issues and petroleum tax.
- Environmental management: General environment management, and improving local IT infrastructure and GIS data collection.

Major achievements have been obtained by Timor-Leste during this period, with OfD assistance. First and foremost:

Institutions and relevant legal framework for management of the petroleum resources in Timor-Leste have been established.

Throughout the programme period, and with OfD assistance:

- Timor-Leste carried out a bidding round for offshore exploration acreage only a few years after independence.
- Environmental Impact Assessments were approved by the Government before drilling in 2010 and environmental training inceptions were conducted in 2011.
- A Petroleum Fund was established by law in 2005 and amended in 2011. The capital of the Fund was \$ 14.6 billion in 2013. The Petroleum Fund is a tool that can contribute to sound fiscal policy, where appropriate consideration and weight is given to the long-term interests of Timor-Leste's citizens. The Petroleum Fund is required to be prudently managed and operate in an open and transparent fashion, within its constitutional and legal framework.
- Timor-Leste became EITI compliant on 1 July 2010, as the third country in the world.
- 16 scholarships on petroleum-related bachelors and masters degrees have been sponsored with 14 graduates by end of the programme.



Civil servants from the Directorate for Nature Management in Timor-Leste undergoing Tropical Basic Offshore Safety Induction and Emergency Training (TBOSIET). Photo: Solveig Andresen



BOLIVIA

BACKGROUND

While Bolivia is currently one of the largest producers of natural gas in Latin America and a key supplier of natural gas to both Brazil and Argentina, it remains one of the poorest countries in South America. Hydrocarbons, primarily natural gas, play an important role in Bolivia's economy and account for 30% of total public sector revenue. Natural gas exports accounted for around 50% of total export revenue in 2011-2012.

In 2006, Bolivia nationalized its oil and gas reserves and the New Political Constitution of the State of Bolivia defined hydrocarbons as "the inalienable and unlimited property of the Bolivian people". The nationalization of the petroleum sector has led to a significant increase in government revenues. Increased fiscal space has provided the basis for an expansion of social programmes, such as cash transfers to marginalized groups within society. However, the nationalization of the sector has also required extensive petroleum sector reform and there are challenges related to attracting international investments.

Petroleum development cooperation between Norway and Bolivia was initiated in 2006, following a request from the Bolivian Government. In July 2011, Bolivia and Norway signed a three-year bilateral agreement on petroleum cooperation. In order to secure a holistic programme approach and goal-oriented cooperation, the OfD programme commissioned several studies and revised the programme structure throughout 2013. In June 2013, the OfD Steering Committee decided to commit to further cooperation with Bolivia after which the OfD programme initiated a dialogue with the Bolivian government to identify common goals particularly related to petroleum sector information management. At a planning workshop in October 2013, all Bolivian institutions with responsibilities in the petroleum sector were gathered for the first time in order to discuss and prioritize the need for assistance.

KEY ACTIVITIES 2013

- Assistance was provided to the development of YPFBs strategy for a data management system.
- A one-week workshop on risks assessment of contaminated soil in Bolivia was held with participants from MHE, MMAyA, YPFB, ANH and the Bolivian Institute of Standardization and Quality (IBNORCA).
- A one-week course on Basic Reservoir Engineering was held with participants from MHE, MMAyA, ANH, EBIH (Bolivian Company of Industrialization of Hydrocarbons), and YPFB.
- Statistics Norway developed and presented a mapping project of key informational needs of the different ministries, agencies, the National Oil Company and the National Statistical Institute related to the extraction of oil and natural gas in Bolivia. The mapping is to be used as a starting point to help coordinate, rationalize and improve the flow, availability, quality and transparency of information within government institutions and the information provided to the general public.

KEY ACHIEVEMENTS 2013

“The authorities regulating the petroleum sector carry out their assigned responsibilities”

- A strategy for implementing a data management system with a focus on digitizing and reformatting seismic data was prepared by YPFB.

“Policy makers and regulatory authorities are held accountable for their management of the petroleum sector”

- A project to improve the flow of sector-related information between the different ministries, agencies, the National Oil Company, the National Statistical Institute authorities and the general public was initiated.
- Supported through SAIH, the NGO Centro de Estudios y Apoyo al Desarrollo Local (CEADL) produced newsletters, videos, information material and research reports to raise public awareness about the Bolivian petroleum sector.

Key facts

Disbursed 2013:

NOK 4.6 million

Partner country implementing institutions:

Ministry of Hydrocarbons and Energy (MHE), National Hydrocarbon Agency (ANH), Yacimientos Petroliferos Fiscales de Bolivia –National Oil Company (YPFB), Ministry of Environment and Water (MMAyA)

Institutions involved in

Norway: Norwegian Petroleum Directorate (NPD), Ministry of Climate and Environment, Norwegian Environment Agency, Petrad, Statistics Norway

CSOs supported:

Norwegian Students’ and Academics’ International Assistance Fund (SAIH), The Norwegian Confederation of Trade Unions (LO), Revenue Watch Institute (RWI)



CUBA

Key facts

Disbursed 2013:

NOK 4.6 million

Partner country implementing institutions:

Ministry of Foreign Trade and Foreign Investment (MINCEX), Ministry of Energy and Mining (MINEM), the National Oil Company (CUPET)

Norwegian implementing institutions:

Norwegian Petroleum Directorate (NPD), Petrad

CSOs supported:

The Norwegian Confederation of Trade Unions (LO)

BACKGROUND

Cuba has been an oil-producing country for several decades. Petroleum activities have traditionally been undertaken onshore and the move to offshore production in the Gulf of Mexico is a more recent development. Four wells have been drilled offshore, none of which contained commercially viable quantities of petroleum. During the next few years, Cuba will continue its offshore exploration activities, and the petroleum sector administration still needs to develop its capacity.

A three-year bilateral agreement on petroleum cooperation between Cuba and Norway was signed in May 2011, and ended in 2013. Planning for a new phase of cooperation has been initiated. Please refer to the textbox on page 45 for a summary of key achievements for the OfD programme 2011-2013 in Cuba.

KEY ACTIVITIES 2013

- Three workshops were organized in 2013: one on policy and legal framework, one on local content in petroleum operations and one on management of petroleum data followed by meetings between Norwegian experts and representatives from the National Bureau of Mineral Resources (ONRM), Ministry of Energy and Mines and CEINPET (the CUPET investigation centre) on data management.
- A conference on resource classification systems with a classification expert from NPD was arranged in Havana. A presentation of the UN resource classification system for both petroleum and minerals was carried out with participants from the Cuban natural resources' administration.

KEY ACHIEVEMENTS 2013

“Policy makers set goals and define and assign responsibilities”

- Understanding of policies and the policy process as a tool for developing a comprehensive legal framework, including local content requirements for the upstream petroleum sector was enhanced among policy makers, regulators and representatives from the national oil company.

“The authorities regulating the petroleum sector carry out their assigned responsibilities”

- Capacity of personnel responsible for data management and administering information from the petroleum sector was strengthened.

THE OFD PROGRAMME IN CUBA – THE FIRST PHASE OF A SUCCESS STORY

The objective of the OfD programme in Cuba has been to assist local authorities in establishing a sound management system for the petroleum sector. Norway's engagement was initiated in the wake of the Deep Water Horizon oil spill in the Gulf of Mexico and the emerging focus on offshore exploration in Cuba. During the three-year programme, Cuba has implemented the following measures:

- Improvements in offshore operations security systems, and in particular an addendum to the security report that international oil companies operating within Cuba are required to file;
- Reformulation of requirements for environmental assessments prior to exploration (drilling operations and geophysical examinations);
- Introduction of new methods for risk analysis in offshore operations, subsequently also applied to other studies related to major investments in the country;
- Improvements in instruction and supervision manuals for teams performing repairs or preparing to drill;
- Revision of guidelines for operational discharges and procedures for zero discharge;
- Improved procedures for in situ audits and inspections during operations (including improvements to applicable checklists and revised system to give fines or stop operations when necessary);
- Improvement in emergency response plans, by integrating all risk elements and implementing emergency tests;
- Creation of emergency response rooms in institutions affiliated with petroleum operations;
- Education and training of Cuban personnel charged with supervising offshore operations;
- Establishment of a second base of logistics for offshore operations, and;
- On-going evaluations of the legal regulations relevant to the sector.



NICARAGUA

Key facts

Disbursed 2013:

NOK 0.7 million

Partner country implementing institutions:

Ministry of Energy and Mining

Norwegian implementing institutions:

Norwegian Petroleum Directorate (NPD), Petroleum Safety Authority Norway (PSA), Norwegian Environment Agency

BACKGROUND

Nicaragua has no petroleum production as of today. However, oil seeps have been discovered in the Pacific onshore, and evidence of oil and gas has been established through drilling both in the Pacific and Caribbean offshore. During the 1960s and the 1970s an active exploratory period took place offshore Nicaragua, with licences awarded to major companies. After years of no activity, pending decisions by the International Court of Justice regarding maritime borders, several international oil companies have now shown strong interest in the country, which has increased expectations of finding commercial sources of petroleum offshore.

Nicaragua is one of the poorest countries in Latin America and has received development aid from Norway since 1988. The first agreement aimed at supporting Nicaragua's petroleum administration was signed in August 1989. The purpose of the programme has been to contribute to an environmentally sound exploration and possible exploitation of petroleum resources by developing capacity in government institutions in Nicaragua. Phase five of the cooperation was signed between MEM and NPD in 2010 for a three-year period.

Due to recent exploratory activity offshore Nicaragua, and so that remaining funds may be utilized to prepare for eventual discoveries, the programme has been granted a no-cost extension through July 2014, after which a review will be conducted.

KEY ACTIVITIES 2013

- A training course in auditing practices relating to HSE in the planning of exploration drilling at the Tyra block in the Caribbean was carried out.
- The Vice Minister and the director of hydrocarbons at MEM visited Norway and met with representatives from MPE and the Ministry of Climate and Environment to learn about Norwegian petroleum management, including roles and responsibilities, requirements of international companies, environmental measures and the legal framework.

KEY ACHIEVEMENTS 2013

“The authorities regulating the petroleum sector carry out their assigned responsibilities”

- With assistance from the Petroleum Safety Authority Norway and the Norwegian Environment Agency, government officials held a training course in auditing practices related to HSE management in the planning phase of a specific drilling activity. Following the auditing practice course, a report was prepared and neighbouring countries were invited to Nicaragua to learn from their experience, see text box on page 47.

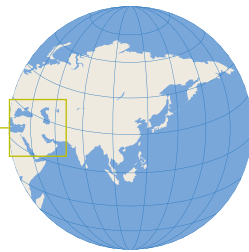
TAKING THE TRANSFER OF KNOWLEDGE A STEP FURTHER

In 2013, a week-long training course in auditing practices was conducted in Managua with the Petroleum Safety Authority Norway and the Norwegian Environment Agency, in collaboration with the Nicaraguan Ministry of Energy and Mines (MEM). As a follow-up of the training course, the Environmental Management Unit of MEM decided to invite representatives from four Latin American countries to Nicaragua to share experience and knowledge.

Luis Molina, Head of Environmental Management Unit MEM made this comment to the Nicaraguan initiative: *“In areas soon to be explored, we are going to observe environmental changes. Technological advances in the world have been extraordinary, which gives incentive for us to be better prepared. We invited to the seminar representatives from four countries in the region that already has a degree of fairly consolidated progress in this area, and which also has characteristics very similar to ours, to share experiences and successes, to strengthen our capabilities.”*



Group work at a data management workshop in Havana, Cuba. Photo: Gunnar Sjøgren



IRAQ

Key facts

Disbursed 2013:

NOK 7.4 million

Partner country implementing institutions:

Ministry of Oil (MoO)

Norwegian implementing institutions:

Ministry of Petroleum and Energy (MPE), Norwegian Petroleum Directorate (NPD), Norwegian Environment Agency, Petroleum Safety Authority Norway (PSA)

International organizations supported:

World Bank Petroleum Governance Initiative (PGI)

CSOs supported: Norwegian People's Aid (NPA)

BACKGROUND

Norway has cooperated with Iraq on the management of petroleum resources since 2005, and a five-year cooperation programme was finalized in 2009. A Memorandum of Understanding (MoU) between Iraq and Norway was signed in June 2010. In the autumn of 2010, NPD, the Ministry of Climate and Environment and the Norwegian Environment Agency organized two workshops for the MoO and Ministry of Environment on environmental legislation and management. The Iraqi Ministry of Oil and Norad entered into an agreement in September 2011, and in 2013, MPE and MoO signed an institutional cooperation contract.

The first phase of the OfD programme in Iraq focused on competence building and technical support, particularly related to training in contract negotiations, enhanced oil recovery, fiscal metering and data management. The new programme also includes environmental and safety management. The programme is in the start-up phase and several competence building activities are being planned, including courses on negotiation, policy, legal issues, fiscal metering, geosciences training and economics, as well as workshops on Environmental Impact Assessments, HSE, local content and data management.

KEY ACTIVITIES 2013

- Support for developing a new Fiscal Metering Code for Iraq was provided.
- A study on gas pricing mechanisms in Iraq for MoO was funded under the World Bank Petroleum Governance Initiative (PGI), see the text box on page 49.

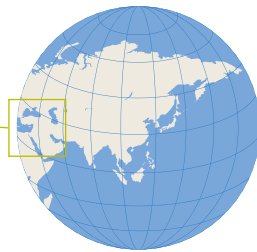
THE GLOBAL GAS FLARING REDUCTION PARTNERSHIP (GGFR) AND A STUDY ON GAS PRICING MECHANISMS IN IRAQ

Global gas flaring – the burning of gas, contributes significantly to greenhouse gas emissions. In 2011, global gas flaring accounted for some 360 million tonnes of greenhouse gas emissions, equivalent to the annual emissions of some 70 million cars, according to GGFR.

Launched in 2002, the World Bank-led GGFR is a public-private partnership that includes oil-producing countries, major international oil companies, and multilateral organizations. GGFR aims to reduce gas flaring by sharing global best practices and implementing country specific programmes. The Partnership also promotes effective regulatory frameworks and tackling the constraints on gas utilization, such as insufficient infrastructure and poor access to local and international energy markets, particularly in developing countries. Poverty reduction is an integral part of GGFR; the Partnership is developing concepts for how local communities can utilize natural gas and liquefied petroleum gas (LPG) that may otherwise be flared and wasted.

In 2013, Norwegian support to GGFR amounted to NOK 1.1 million. The OfD programme aims at combining the bilateral country programmes with the multilateral initiatives of GGFR. The Norwegian Petroleum Directorate (one of the main implementing partners in the OfD programme) shares Norwegian experiences and attends conferences and working groups, and provides input on plans and policy documents for GGFR.

In 2013, GGFR launched a study on gas pricing mechanisms in Iraq. The study provided the Iraqi Ministry of Oil with a benchmark of international practices on gas pricing mechanisms and on gas institutions and regulations, including recommendations on these topics. Natural gas is seen as the fuel of choice for Iraq's reconstruction and development. Iraq produces large volumes of associated gas, and this production will ramp up with the forthcoming increase in oil production. Most of this gas, however, is currently flared despite the huge need for fuel for power generation and other industries. In fact, Iraq ranks among the world's top five flaring countries. The lack of regulations and weak institutions are identified as key factors leading to this situation. Contributing to a reduction in gas flaring is also a focus area in the OfD programme in Iraq.



LEBANON

BACKGROUND

The petroleum sector in Lebanon is at an early stage; there are currently no exploration or production activities. New seismic data that has been acquired over the last years indicate a potential for petroleum resources. The majority of a petroleum regulatory framework is in place and the Petroleum Administration (PA) was formally established in November 2012 with a broad sector mandate. The sector is quickly developing from a preparation to an implementation phase, as Lebanon initiated its first offshore licensing round in February 2013. 46 companies from 23 countries have been prequalified, and the licensing round was launched in May 2013 with a deadline for submitting tenders in April 2014.

The first phase of the OfD country programme in Lebanon, initiated in 2006, focused on the establishment of a regulatory framework and general capacity building. The last activity was conducted in early 2012. Following a formal request for continued assistance, phase 2 of the OfD programme in Lebanon was approved in March 2013.

The development of a programme document and an appropriate agreement structure for a new three-year cooperation has been the main activity in 2013. The agreements for the institutional cooperation have not yet been signed as of March 2014. The main components in phase 2 include the further development of the strategic and legal framework in the sector, strengthening the organizational and functional capabilities of key government institutions as well as improving transparency and accountability in the sector. Agreements have been signed with two civil society organizations which focus on strengthening accountability and transparency.

KEY ACTIVITIES 2013

- A joint workshop for the PA, the Ministry of Environment and the Ministry of Finance on the programme document for phase 2 of the OfD programme was organized.
- A workshop with the PA on petroleum sector governance, institutional framework and international best practice related to developing a strategy for exploration activities was held in February. A seminar for the PA on preparations of procedures and plans in addition to organizational setup for finalizing the first Lebanese licensing round was organized.
- A consultancy report analyzing status and challenges in the Lebanese petroleum sector was prepared – establishing a baseline for measuring progress in the programme.
- An introductory IMF mission to Beirut to meet with potential partners was carried out.

KEY ACHIEVEMENTS 2013

“Policy makers and regulatory authorities are held accountable for their management of the petroleum sector”

- Cooperation with the Lebanese Centre for Policy Studies and RWI with the main objective of establishing a knowledge hub for the oil and gas sector as well as training civil society actors was initiated.
- Cooperation between the Samir Kassir Foundation and local partners with the main objective of supporting channels for civic engagement in the management of the oil and gas sector, including training of media, was initiated.

Key facts

Disbursed 2013:

NOK 4.6 million

Partner country implementing institutions:

The Lebanese Petroleum Administration (PA), the Ministry of Environment, the Ministry of Finance

Norwegian implementing institutions:

Ministry of Petroleum and Energy (MPE), Norwegian Petroleum Directorate (NPD), Ministry of Climate and Environment, Ministry of Finance, Norwegian Environment Agency, Petroleum Safety Authority Norway, Petrad

International organizations supported:

IMF

CSOs supported: Lebanese Centre for Policy Studies, Revenue Watch Institute (RWI), Samir Kassir Foundation

OTHER COUNTRY ACTIVITIES

In 2013, two new countries were added to the OfD country portfolio, while one country renewed its request for OfD assistance. The OfD programme in Nigeria was formally terminated.

MYANMAR

In December 2012, the Norwegian Embassy in Bangkok received a request for petroleum-related assistance from the Energy Minister in Myanmar. During his visit to Norway in February 2013, Myanmar President Thein Sein reiterated this request. Myanmar has a long history of oil production going back to the 19th century. However, general lack of transparency, exacerbated by years of isolation and under-exploitation, complicates any concrete assessment of the country's upstream potential. According to current information, Myanmar's main potential lies in natural gas.

In May-June 2013, a delegation from Norad visited Myanmar to meet with relevant institutions and to assess a potential role for the OfD programme in Myanmar. The delegation prepared a report which concluded that a well-planned and executed OfD programme may contribute to a change for the better in Myanmar through supporting the on-going reform process and improving petroleum sector governance, mitigating risks and avoiding negative development of the sector development. In September, the planning of an OfD programme in Myanmar was formally approved, and in November, an inception seminar and meetings were undertaken in order to establish contacts and to discuss areas of cooperation.

URUGUAY

In February 2013, Norway received a request for petroleum-related assistance from the Government of Uruguay, focusing particularly on coastal management and preparedness related to offshore petroleum activities. In August 2013, the planning of a limited OfD programme was formally approved.

Uruguay is a petroleum-importing country. For decades, Uruguay has been exploring for petroleum reserves on its territory. In 2012, Uruguay conducted a bidding process for the exploration of hydrocarbons and has entered into production sharing agreements with BP, BP Group, Total and Tullow Oil.

SIERRA LEONE

In 2009, Norway received a request from the government of Sierra Leone for assistance from the OfD programme. Upon request from both the government of Sierra Leone and Liberia the assistance was organized as regional cooperation assistance. Norad engaged in an informal collaboration project with the Revenue Watch Institute (RWI) and African Center for Economic Development (ACET), which created the “Petroleum Advisory Group” that provided advice and guidance regarding policies and regulatory frameworks. Significant changes to the regulatory framework were made during this period.

Sierra Leone has no proven reserves and is not currently producing and/or exporting petroleum. Yet, seismic interpretation of 2D and 3D data has revealed significant hydrocarbon prospects offshore, and several international oil companies have shown strong interest in the country. Global oil producers have made four discoveries offshore Sierra Leone which are still in the process of appraisal. Even with these positive developments, Sierra Leone’s economy and institutional capabilities are still struggling with the aftermath of the civil war that ended in 2002.

Sierra Leone approved a petroleum policy in 2010, and updated their petroleum law and created the Petroleum Directorate of Sierra Leone in 2011. Due to the OfD programme’s renewed focus on holistic programming and varying petroleum sector development between Liberia and Sierra Leone, the partnership with the “Petroleum Advisory Group” was discontinued and both governments were offered an opportunity to explore potential bilateral partnerships with the OfD programme. In 2013, the OfD programme received renewed requests for support from both the newly established Petroleum Directorate and the Environmental Protection Agency and is currently in dialogue to review and consider a formalized programme in Sierra Leone.

NIGERIA

Energy sector cooperation between Nigeria and Norway started in 1999, and a Memorandum of Understanding (MoU) for cooperation in the petroleum sector and associated environmental activities was signed in 2000. The cooperation, which ended in 2010, consisted of support to local content and industrial cooperation, and institutional support to the Department of Petroleum Resources (DPR) in Nigeria. In 2013, Norway provided funding to the African Network for Environment and Economic Justice (ANEEJ). Working with local communities, CSOs, national governments and media, their aim is to accelerate socio-economic development in the Delta region. Support has also been provided to a joint project between Friends of the Earth Norway (Naturvernforbundet) and Environmental Rights Action, Nigeria. The OfD programme in Nigeria was formally terminated in 2013.

MULTILATERAL ORGANIZATIONS – EXPANDING THE REACH OF THE OFD PROGRAMME

The OfD programme cooperates with and provides support to several multilateral organizations. In 2013, the cooperation with the IMF was broadened and developed, support to the International Association for Impact Assessment (IAIA) and Natural Resource Charter (NRC) continued, while an eight-year long collaboration with the World Bank through the Petroleum Governance Initiative (PGI) ended. The cooperation with these institutions expands the reach of the OfD programme and gives the programme a unique opportunity to draw on their experience, network and assistance.

INTERNATIONAL MONETARY FUND

Over the years, the OfD programme has developed an extensive cooperation with the IMF. The IMF is now the main provider of technical assistance on revenue management issues under the programme. Norwegian funding of the IMF is channelled through two vehicles:

- Since 2010, Norway has supported the IMF Topical Trust Fund – Managing Natural Resource Wealth, with an annual disbursement of NOK 6 million. The total commitment is NOK 30 million until 2015. The objective of the Fund is to assist resource-rich countries in realizing the full development potential of their natural resources and avoid the resource curse. Mozambique, Sierra Leone, Tanzania and Timor-Leste are the OfD countries that have received most IMF support under this trust fund. Most of the advice has so far been on fiscal regimes and revenue administration. As an example of OfD-relevant work undertaken in 2013, the IMF assisted the Government of Mozambique in planning the establishment of a specialized Natural Resources Tax Administration Unit.
- In 2012, Norad entered into a four-year agreement with the IMF to establish a bilateral fund that would provide technical assistance on revenue management issues to the OfD partner countries. The fund has a financial scope of NOK 20 million. So far, projects adding up to about NOK 9 million have been approved. Projects in Liberia and São Tomé and Príncipe are well under way, whereas activities in Ghana, Lebanon, Myanmar and South Sudan are under consideration. In October 2013, Norad and the IMF undertook a joint mission to South Sudan to assess the need for and develop a plan for capacity development of the South Sudanese institutions responsible for petroleum revenue management.

Both funds cover technical assistance within fiscal regimes, revenue administration and the management of petroleum revenues within a sound macroeconomic and fiscal policy.

PETROLEUM GOVERNANCE INITIATIVE

The Petroleum Governance Initiative (PGI) is a bilateral collaboration between Norway and the World Bank designed to achieve structured cooperation on petroleum sector governance issues.

In 2013, PGI funded country-specific projects in Iraq, Kenya, Liberia and Mozambique. A global conference on local content policies in the extractive industries was organised, partly with PGI funding. The event brought together more than 170 senior representatives from government, industry and civil society from around the world to discuss how policy makers and industry can cooperate to support local economic development industries. Further, PGI funded a study on the gender dimensions of oil and gas, published in May 2013. This study was the first assessment of its kind to examine different experiences of men and women living in communities affected by upstream petroleum activities. Other PGI-sponsored activities include two three-day workshops on Environmental and Social Impact Assessments in Tanzania and South Africa. PGI also funded practical capacity building, training, and technical assistance in relation to community development around oil, gas and mining projects. A study on “Investing in Women’s employment (Good for business, Good for development)” was published in October 2013. The study concluded that it makes “business sense” to support better employment opportunities for women. Companies that hire and support women are better positioned to make women’s employment an integral part of their business strategy.

Total support to PGI under the OfD programme in 2013 amounted to NOK 2.5 million.

EXTRACTIVE INDUSTRIES – TECHNICAL ADVISORY FACILITY

The Extractive Industries Technical advisory Facility (EI-TAF) is a multi-donor trust fund established in 2009, managed by the World Bank. In addition to the World Bank itself, the funding partners are Norway, Australia, Belgium, Canada, Switzerland and the International Finance Corporation (IFC).

The objective of EI-TAF is to assist resource-rich, developing countries to structure extractive industry transactions and related sector policies from the outset, thus reducing the risk of costly or politically difficult remediation at a later stage. The EI-TAF facilitates rapid-response advisory services and capacity building for extractive industry policy frameworks and transactions. EI-TAF also supports the production and dissemination of global knowledge products on extractive industry sector issues to help address the lack of an integrated body of good practice for sound extractive industry sector governance and management around proposed developments. The EI-TAF has two key components: (i) rapid-response advisory services; and (ii) global knowledge management/good practice in extractive industries sector governance in support of grant implementation.

In 2013, EI-TAF provided rapid-response advisory services to ten countries, three of which are OfD partner countries: Columbia, Guinea, Kenya, Kyrgyz Republic, Liberia, Mauritania, Mozambique, Pakistan, Sierra Leone and Seychelles. EI-TAF has also developed The Extractive Industries Sourcebook as a global knowledge management tool and product, publicly available on www.eisourcebook.org.

INTERNATIONAL ASSOCIATION FOR IMPACT ASSESSMENT

The International Association for Impact Assessment (IAIA) is a forum for improving and promoting best practice in environmental impact assessments around the world. IAIA has more than 1,600 members (including government officials, private consultants, university professors and students) representing more than 120 countries.

In 2013, the OfD programme provided scholarships for 16 participants from nine OfD partner countries to participate at the Annual IAIA Conference, held in Calgary, Canada. Ahead of the conference, the OfD participants attended a two-day specialist course on impact assessment, developed by the Norwegian Ministry of Climate and Environment and the Norwegian Directorate for Nature Management (now Norwegian Environment Agency). This course includes an introductory programme, a forum on impact assessments related to the oil and gas sector, and one session that focuses specifically on the OfD partner countries, in addition to one workshop session and one role-playing session. The course also includes a post-conference session on networking for impact assessment capacity building in the oil and gas sectors. A special technical visit was organized to the Athabasca oil sand operations and affected Indian communities in northern Alberta.

Total support to IAIA under the OfD programme in 2013 amounted to NOK 1.8 million.

THE NATURAL RESOURCE CHARTER

The Natural Resource Charter (NRC) is a global initiative designed to help governments and societies effectively harness the opportunities created by natural resources. The Charter provides twelve principles to guide governments and societies in their use of natural resources so that these economic opportunities result in maximum and sustained returns for citizens.

Through an agreement with the University of Oxford, Norad provides core support to NRC. Norad also supports “Investing in investing” – a research programme to increase knowledge about how to assess and ultimately increase the absorptive capacity of resource-rich countries. The goal of the research conducted by the University of Oxford and NRC is to inform policy makers in resource-rich countries about strategies for increasing the absorptive capacity of their economies, in order to make better use of resource revenues for the growth of the domestic economy.

Total support to NRC under the OfD programme in 2013 amounted to NOK 0.7 million.

PETROLEUM GOVERNANCE INITIATIVE – EIGHT YEARS OF COLLABORATION AND 30 PROJECTS COMPLETED

Norway and the World Bank are both significant contributors to petroleum-related cooperation with developing countries, and they are, to a large extent, complementary actors in the sector. Recognizing this, the two parties entered into a bilateral collaboration agreement on petroleum sector governance issues, known as the Petroleum Governance Initiative (PGI), in 2006. Through PGI, Norway has provided funding to World Bank led projects in several (past and present) OfD partner countries, including Bolivia, Cambodia, Ghana, Iraq, Kenya, Liberia, Mauritania, Mozambique, Tanzania, Uganda and Vietnam.

PGI work has been divided into four thematic pillars: 1) Governance; 2) Environment; 3) Natural Gas and 4) Community Development. Activities funded under PGI have been technical assistance and capacity building, consensus building and advocacy, global knowledge management, and dissemination of good practice and lessons learned.

Some of the key achievements made possible with PGI funding, include: a petroleum sector Social and Environmental Strategic Assessment in Mauritania to define the main environmental regulations, appropriate institutions and capacity building requirements for effective management of the social-environmental impact of offshore operations, a gas master plan in Mozambique, a natural gas pricing policy in Ghana, a study on gender dimensions in the oil and gas sector, and a best practices toolkit on decommissioning.

When the agreement reached its end date in 2013, Norway had funded more than 30 projects through PGI, with support amounting to around NOK 60 million. Through annual meetings the parties have met to discuss country projects and to share information in order to coordinate in-country efforts.

WHO WE ARE

THE STEERING COMMITTEE

The Norwegian Ministry of Foreign Affairs
The Norwegian Ministry of Petroleum and Energy
The Norwegian Ministry of Climate and Environment
The Norwegian Ministry of Finance

KEY IMPLEMENTING INSTITUTIONS

Norwegian Petroleum Directorate
www.npd.no

Norwegian Environment Agency
www.miljodirektoratet.no

Petroleum Safety Authority Norway
www.psa.no

Norwegian Coastal Administration
www.kystverket.no

Oil Taxation Office (The Norwegian Tax Administration)
www.skatteetaten.no

Petrad
www.petrad.no

A range of consultancies, research institutions, international organizations and civil society organizations are also involved in implementing the OfD programme. The OfD secretariat resides in Norad. Read more on www.norad.no



Photo: Ken Opprann

ANNEX

Figure 1/ Table 1: OfD disbursements, by region and year (NOK 1000)

	2006	2007	2008	2009	2010	2011	2012	2013
Africa	35 678	52 429	78 507	86 438	112 000	167 150	117 388	164 492
Asia	18 195	30 908	37 773	52 635	37 738	32 850	15 608	7 139
Middle East	3 000	13 310	11 144	5 717	3 686	8 150	5 255	12 023
Latin America	353	2 058	4 875	9 155	17 991	24 050	20 349	9 851
Global and other	25 108	49 295	72 701	53 055	50 647	58 950	95 787	61 308
Total	82 334	148 000	205 000	207 000	222 062	291 150	254 387	254 813

Figure 2/ Table 2: Disbursements to the four largest OfD country programmes in 2013 (NOK 1000)

	2006	2007	2008	2009	2010	2011	2012	2013	Total 2006-13
Uganda	3 055	7 121	8 419	13 808	30 298	48 800	27 818	50 609	189 928
Sudan & South Sudan	3 539	4 800	13 476	10 951	27 037	44 200	41 238	44 421	189 662
Tanzania	1 210	1 431	1 447	1 492	623	1 500	5 944	20 453	34 100
Ghana	0	0	3 428	8 308	15 576	36 000	24 791	19 092	107 195
Subtotal	9 810	15 359	25 350	28 260	59 968	96 511	77 012	117 496	429 766

Figure 3, 4/ Table 3: Disbursements to OfD country programmes in the period 2006 - 2013 (NOK 1000)

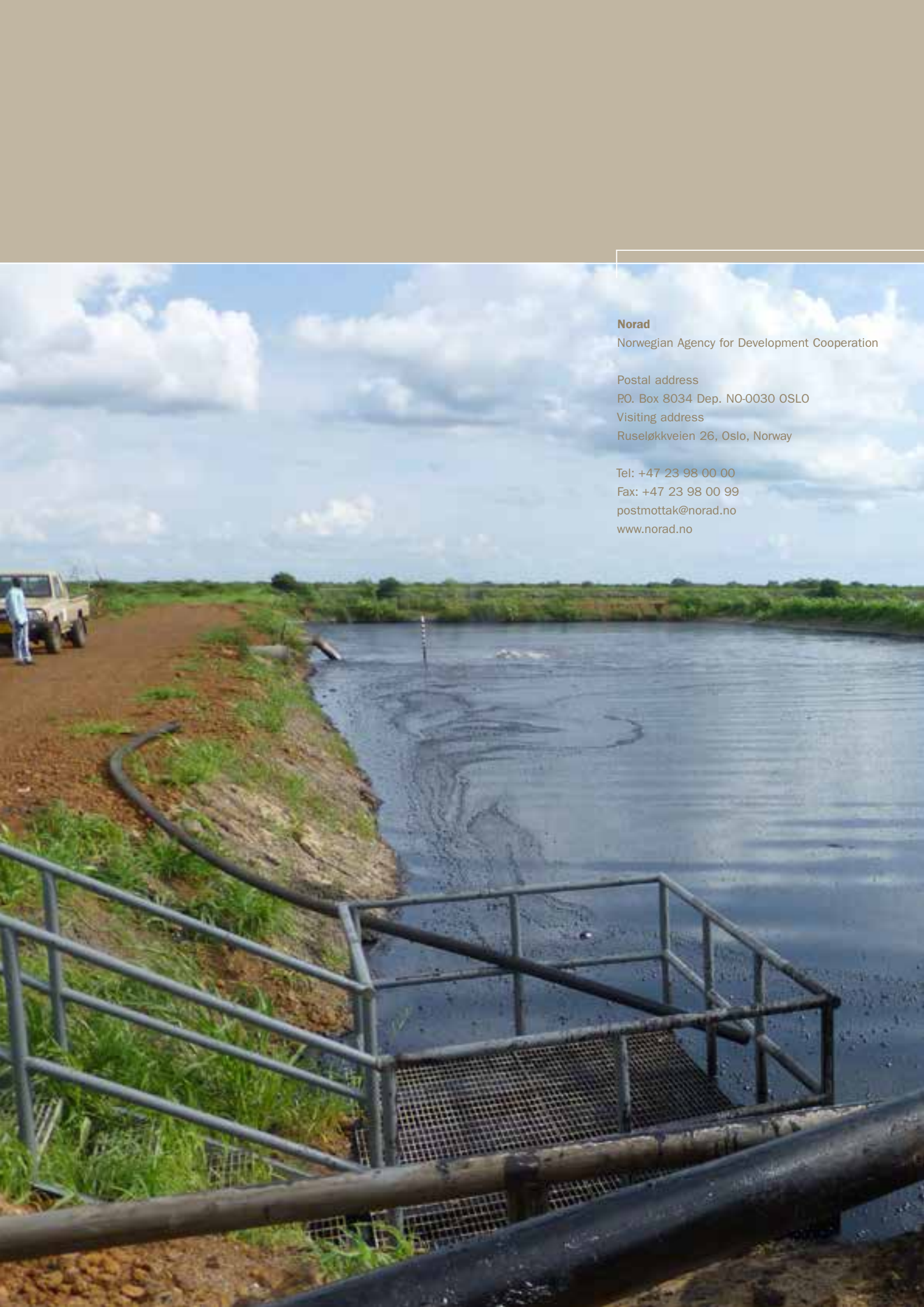
	2006	2007	2008	2009	2010	2011	2012	2013	Total 2006-13
Afghanistan	64	3 289	8 570	13 039	5 738	3 100	0	0	33 800
Angola	2 984	11 162	7 888	13 548	15 635	9 100	2 332	6 556	69 205
Bangladesh	3 045	3 045	10 210	8 783	3 000	0	0	0	28 083
Bolivia	353	1 401	2 805	5 976	8 696	12 800	15 252	4 564	51 847
Cambodia	107	2 410	2 773	3 907	856	0	0	0	10 053
Cuba	0	0	0	0	1 073	3 400	3 097	4 556	12 126
Ecuador	0	657	1 724	1 954	3 803	3 300	0	0	11 438
Ghana	0	0	3 428	8 308	15 576	36 000	24 791	19 092	107 195
Indonesia	500	500	1 010	0	0	0	0	0	2 010
Iraq	3 000	10 500	4 844	3 286	1 392	550	375	7 383	31 330
Ivory Coast	0	0	1 148	3 463	51	0	4	0	4 666
Kenya	0	30	1 500	1 163	700	0	0	0	3 393
Lebanon	0	2 422	5 600	2 431	2 111	7 600	4 880	4 640	29 684
Liberia	0	0	0	0	0	550	206	395	1 151
Madagascar	643	6 272	12 574	4 303	91	0	0	0	23 883
Mauritania	315	358	745	815	854	0	0	0	3 087
Mozambique	8 496	14 900	18 802	13 861	5 614	17 200	4 429	18 131	101 433
Myanmar	0	0	0	0	0	0	0	1 181	1 181
Nicaragua	0	0	346	1 225	869	1 000	2 000	720	6 160
Nigeria	6 769	5 655	4 511	4 559	3 743	4 600	6 941	3 387	40 165
Palestinian Territory	0	388	700	0	0	0	0	0	1 088
Sao Tomé and Príncipe	607	200	50	1 125	1 874	1 600	3 505	1 448	10 409
Sierra Leone	0	0	0	0	0	550	184	0	734
South Africa	6 000	500	2 392	1 102				0	9 994
Sudan	5 039	4 800	13 476	10 951	27 037	44 200	13 262	26 084	144 849
South Sudan							27 976	18 337	46 313
Tanzania	700	1 431	1 447	1 492	623	1 500	5 944	20 453	33 590
Timor-Leste	14 258	15 889	13 553	19 670	21 570	19 800	13 738	5 958	124 436
Uganda	3 055	7 121	8 419	13 808	30 298	48 800	27 818	50 609	189 928
Uruguay	0	0	0	0	0	0	0	11	11
Vietnam	221	5 775	1 657	2 464	1 523	1 500	1 870	0	15 010
Zambia	1 070	0	2 127	1 978	13	0	0	0	5 188
Subtotal	57 226	98 705	132 299	143 211	152 740	217 150	158 604	193 505	1 153 440
Regional	0	2 700	4 283	10 734	18 685	15 050	95787	61308	208 547
Global	25 108	46595	68 364	53 055	50 647	58 950			302 719
Subtotal	25 108	49 295	72 647	63 789	69 332	74 000	95 787	61 308	511 266
Total	82 334	148 000	204 946	207 000	222 072	291 150	254 391	254 813	1 664 706

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