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2015 marked the 10th anniversary of the Oil for Development programme. Over these years, Norwegian experts have shared their experience of managing natural resources in the best possible way to promote economic growth and development with more than 25 countries, especially in Africa. Countries as different as Ghana, Lebanon, Uganda and South Sudan have established frameworks for managing their petroleum sector with Norwegian support.

Norwegian assistance in this area is highly sought after. In 2015, the Oil for Development programme was running in 12 countries. This Annual Report describes key achievements in 2015 and highlights a few examples of how combined efforts can lead to more responsible petroleum management.

2015 was a particularly challenging year throughout the world. From Western Africa through North Africa and the Middle East to Afghanistan, countries were affected by armed conflict, violence and insecurity. We are facing risks to global security and our economies. In some countries, the very fabric of society is at stake. It is crucial, therefore, that donors promote growth and improve the ability of our partner countries to engage in trade and generate growth themselves, not least through bolstering their private sectors and improving governance, health and education.

Corruption and illicit capital flows are threatening stability, economic growth, the collection of taxes, and service delivery. Accountability and public oversight are essential tools to prevent and resolve conflicts.

This is where the Oil for Development programme, which helps countries develop a transparent public sector administration, can play a role. A stable regulatory framework facilitates national and international investments, ensures that a fair share of revenues, including taxes, benefits the nation as a whole, and prevents corruption.

As the Oil for Development programme marked its 10th anniversary in the autumn of 2015, world leaders gathered at the UN General Assembly to adopt the 2030 Agenda and the ambitious Sustainable Development Goals. These goals include eradicating extreme poverty, reducing economic inequality and urgently addressing climate change.

The Norwegian Government is committed to the 2030 Agenda. The Oil for Development programme is one of our most valuable tools. By sharing Norway’s experience with partner countries, we can help them benefit from their petroleum resources to the full. Ensuring sound resource management is crucial for sustainable growth.

BØRGE BRENDE
Minister of Foreign Affairs

Exercise in oil spill preparedness outside Dar es Salaam in Tanzania.

PHOTO: KOV OPPRANN
The Norwegian Government launched the Oil for Development (OfD) Programme in 2005. The creation of the programme led to a considerable increase in petroleum-related aid. 10 years later, it represents an important contribution to Norwegian development cooperation.

OfD’s main approach is capacity development through institutional cooperation. The programme is demand-driven, meaning that the applicant country must present a formal request for assistance. A country must also fulfil a set of criteria before long-term agreements can be formed between public institutions in the applicant country and Norwegian public institutions.

The OfD Programme is based on the premise that responsible governance is a prerequisite for sustainable economic growth and welfare for all citizens in a country. OfD therefore assists in developing frameworks and capacities for responsible management of a country’s petroleum resources. It takes a holistic approach, combining management of resources, the environment, safety and revenues. The programme also supports civil society organizations, parliament and the media.

The Norwegian institutions involved


The Norwegian Petroleum Directorate, the Norwegian Environment Agency, the Petroleum Safety Authority Norway, the Oil Taxation Office Norway, the Norwegian Coastal Administration and Statistics Norway.

Other actors involved are consultancies, research institutions, multilateral actors such as the International Monetary Fund, and civil society.

The four components define the scope of work and determine the division of responsibilities among the Norwegian public institutions involved in implementing the programme.
KEY DEVELOPMENTS IN 2015

In 2015, there were 12 partner countries included in the OfD portfolio. Two new countries, Kenya and Myanmar, were added at the end of the year.

During 2015, the OfD Programme:

> Increased its engagement with civil society
> Expanded the revenue and environmental components
> Consolidated the country portfolio
> Prioritized results management and sustainable capacity development
> Strengthened planning and preparation for new country programmes
> Introduced the OfD newsletter; sign up at https://www.norad.no/ofd

DISBURSEMENT SHARES OF THE OFD PROGRAMME IN 2015, BY COMPONENT/AREA OF SUPPORT (TOTAL NOK 210 842 000)

* Includes e.g. cross-component activities such as Petrad’s 8 weeks’ course, programme reviews, context studies, follow up travels by the OfD Secretariat.
** The Norwegian programme for capacity development in higher education and research for development within the fields of energy and petroleum (EnPe), as well as resource governance related research cooperation with Angola and Tanzania.

For break down of numbers, see Annex table 4
## SUPPORT TO CIVIL SOCIETY ORGANIZATIONS

<table>
<thead>
<tr>
<th>Country</th>
<th>Support</th>
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<tr>
<td>Angola</td>
<td>Norwegian Church Aid</td>
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<tr>
<td>Cuba</td>
<td>No country specific civil society support</td>
</tr>
<tr>
<td>Ghana</td>
<td>Natural Resource Governance Institute, Norwegian Confederation of Trade Unions, Oxfam</td>
</tr>
<tr>
<td>Iraq</td>
<td>Thomson Reuters Foundation, Norwegian People's Aid</td>
</tr>
<tr>
<td>Kenya</td>
<td>WWF</td>
</tr>
<tr>
<td>Lebanon</td>
<td>Association the Lebanese Center for Policy Studies, Samir Kassir Foundation</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Association of European Parliamentarians with Africa, Oxfam, WWF, Norwegian Confederation of Trade Unions</td>
</tr>
<tr>
<td>Myanmar</td>
<td>Norwegian Church Aid, Global Witness, Sustainable Development Knowledge Network – Spectrum</td>
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<tr>
<td>South-Sudan</td>
<td>Global Witness, Norwegian People's Aid</td>
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<tr>
<td>Sudan</td>
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<td>Tanzania</td>
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<td>Uganda</td>
<td>WWF, Thomson Reuters Foundation, Global Witness, Natural Resource Governance Institute</td>
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**Regional and global projects**
Thomson Reuters Foundation, Norwegian People’s Aid, Friends of the Earth Norway, Norwegian Confederation of Trade Unions, Oxfam, Global Witness, Natural Resource Governance Institute
Petroleum resources are challenging to manage. This is evidenced by the term “the resource curse”, which refers to the counter-intuitive finding in the literature that suggests countries and regions which are well endowed with finite natural resources, particularly minerals and fossil fuels, exhibit poorer performance across a range of development performance indicators, compared to countries with fewer natural resources.

In order to counter “the resource curse”, it is widely recognized that high-quality institutions with a legitimate and accountable management of the petroleum sector are necessary preconditions for achieving sustainable development-oriented policies.

With this in mind, the OfD Programme targets poverty reduction through responsible management of petroleum resources. OfD aims to contribute to the following operationalized goals:

- The authorities have established a legal and regulatory framework for the petroleum sector.
- The authorities manage the petroleum sector according to their mandate.
- The authorities are transparent in their management of the petroleum sector, and the public holds the authorities accountable.
- Poverty Reduction
- Economically, environmentally and socially responsible management of petroleum resources.
LEGAL AND REGULATORY FRAMEWORK
Sound policies and legislation must be in place, and responsibilities organized in a manner that ensures oversight and minimizes conflict of interest and duplication of effort.

INSTITUTIONAL CAPACITY
The authorities have the capacity and resources and carry out their responsibilities as defined in the legal framework.

TRANSPARENCY AND ACCOUNTABILITY
Accountability is necessary both for preventing wrongdoing and for addressing offences where they have occurred. Parliamentary committees, civil society organizations and media are vital in holding the executive body to account. In order to play a meaningful role, these actors should have independence, relevant capacity, and access to information about the petroleum sector. The OfD Programme supports a number of organizations working to enhance accountability, and collaborates with partner institutions to establish feasible legal frameworks, transparent, inclusive processes and information dissemination.

Partner authorities need to consider how to complement the OfD efforts with other mechanisms for responsible petroleum management and poverty reduction, such as directing public expenditures towards development-oriented goals and strengthening oversight bodies and the judicial system.
Angola has received petroleum-related assistance through the OfD Programme since 2006. In 2014, the governments of Angola and Norway signed a five-year programme agreement. Several years had passed since the last programme expired and there was a common understanding that areas of cooperation had to be re-defined. Very few programme activities under the institutional cooperation were carried out in 2015.

**KEY ACHIEVEMENTS 2015**

**TRANSPARENCY AND ACCOUNTABILITY**

- A research cooperation between the Angolan Centro de Estudos e Investigação Científica (CEIC) and the Chr. Michelsen Institute in Norway was given significant support. The support is financing CEIC’s three annual flagship publications – the Economic, the Social and the Energy Reports. Through increased research capacity, its publication of articles and reports, and extensive participation in debates, CEIC represents an independent and evidence-based voice for economic diversification, transparency, anti-corruption and tax reforms.

- A master’s programme on the Economics of Energy Management and Development was established at the Catholic University of Angola, in cooperation with the Norwegian School of Business and Administration.

- Social monitoring groups carried out poverty assessments and local budget monitoring in six municipalities. The process has been supported by local partners of the Norwegian Church Aid through the project “Accountable governance of oil revenues in Angola”. The monitoring reports have been widely disseminated and results referred to in advocacy work by several organizations. The civil cabinet of the president has urged the Ministry of Finance and the Ministry of Education, as well as parliamentarians, to consider the recommendations in their work.

However, budget management is not fully decentralized. In addition, due to the recent economic crisis, many transfers from central authorities have been severely delayed. This represents significant challenges for the monitoring groups and municipal administrations.
Cuba has received petroleum-related assistance through the OfD Programme since 2010. In October 2014, a new three-year programme agreement was signed between the Norwegian and Cuban authorities.

**KEY ACHIEVEMENTS 2015**

**INSTITUTIONAL CAPACITY**

- A four-week general petroleum management course, covering all four components of the OfD Programme and effectively contributing to institutional capacity building, was attended by Cuban specialists from a range of relevant government institutions, in particular from the Ministry of Energy and Mines.

- Capacity in key institutions was further developed through specialized training in enhanced oil recovery, international resource classification, and environmental management related to offshore exploration activities.

**2015 PROGRAMME CHALLENGES**

Cuba is OfD’s smallest country programme with a budget limited to NOK 10 million over three years, thus not allowing for fully fledged institutional cooperation.
The first five-year programme agreement between Ghana and Norway was completed in 2014 and a new five-year agreement was signed in September 2015.

**KEY ACHIEVEMENTS 2015**

### LEGAL AND REGULATORY FRAMEWORK

- The draft of the new petroleum law was finalized, with assistance from several Norwegian partner institutions. Significant progress was furthermore made in drafting the general petroleum, data management, Health, Safety and Environment, and fiscal metering regulations.

- A new draft for the offshore regulations was finalized, with support from several Norwegian environmental institutions. Onshore environmental guidelines were drafted to prepare for possible onshore oil and gas activity.

### INSTITUTIONAL CAPACITY

- New insights on the prospects for petroleum resources were gained through assistance to the Petroleum Commission in the transcription of old seismic data to modern standards. Advice was also provided on technical systems for the National Data Repository, including establishment of a meta-database. The repository is now close to being operative.

- Health, Safety and Environment regulations were strengthened by establishing a regulatory structure, as well as interface and cooperation agreements between institutions. Training in audit methodology for the use and enforcement of the new regulations was part of the capacity building.

- Enhanced knowledge in oil and gas resource strategy and environmental management of the oil and gas sector was obtained for staff from the Ministry of Environment, through training sessions with Norwegian partners.
An audit on the Jubilee field, focusing on environmental management systems, waste management, chemicals management and the Jubilee operational certificate was carried out by the Environmental Protection Agency, with support from the OfD partner. Other training included organizing and leading cleaning operations after oil spill in the coastal areas, in conjunction with the Norwegian Coastal Administration.

TRANSPARENCY AND ACCOUNTABILITY

Parliamentarians visiting Norway strengthened their knowledge about key petroleum governance issues and discussed the draft of the new petroleum law.

Representatives from the press and NGOs were informed of issues concerning environmental regulations for oil and gas. The Ghanaian Environmental Protection Agency and the Norwegian Environment Agency worked together to sensitize the press and NGOs.

A local trade union organized new members and provided basic union training, with support from the Norwegian Confederation of Trade Unions. Eight new collective agreements were successfully negotiated, and union structures established in 16 new companies.

Oxfam and its partner Africa Centre for Energy Policy launched an online video platform, “OilMoneyTV”, which documents oil revenue management issues and projects funded by oil revenue. » See case on next spread

Africa Centre for Energy Policy held the very first Africa Oil and Gas Summit in November 2015. An outcome of the summit was an official communiqué that encouraged stronger local content policies, increased civil society collaboration, open and competitive bidding, and pro-poor investment choices with oil revenues.

2015 PROGRAMME CHALLENGES
There was a temporary halt in activities related to developing the new programme documents and signing the new agreement. This affected the progress of the programme.
Advocacy work by Oxfam, Ghana

WHAT
Oxfam and its partner, Africa Center for Energy Policy, carried out extensive advocacy work, including the publishing of video documentaries (see www.oilmoneytv.org) that exposed transparency and accountability gaps in Ghana’s regulatory framework.

WHY
Gaps in the regulatory framework included inadequate contract disclosures, limits on discretionary power, and beneficial ownership, according to Oxfam. Such gaps could easily be misused, resulting in corruption or the injudicious use of petroleum revenues in the management of petroleum resources for national development.

OFD CONTRIBUTION
Norad, through its civil society department, awarded a grant of NOK 1,451,000 in 2015 to Oxfam for their advocacy work in Ghana. With this support, Oxfam and Africa Center for Energy Policy were able to influence policy and legislative progress in the management of oil and gas in Ghana.

RESULTS
By exposing gaps in the legislation, key revisions were made to the Petroleum Exploration and Production Bill. Furthermore, major clauses were amended in the Petroleum Revenue Management Act. These new amendments included changes to prevent the use of oil reserves as collateral for loans, as well as to instate a percentage ceiling of 75 per cent or less for withdrawals from the stabilization fund for purposes of managing shortfalls in actual petroleum revenue. Such revisions signified a positive step towards addressing corruption and the injudicious use of petroleum revenues in the management of petroleum resources for national development.
A conference in Ghana’s oil capital Takoradi in 2015, where the main theme was decent work. The conference was arranged by a partner of the Norwegian Confederation of Trade Unions, Ghana Transport, Petroleum and Chemical Workers’ Union of the Trade Union Congress and supported by OfD.

PHOTO: KRISTEN ULSTEIN
A programme agreement between Norway and Iraq was signed in 2011, with an institutional cooperation running from 2013.

**KEY ACHIEVEMENTS 2015**

**INSTITUTIONAL CAPACITY**

- The Ministry of Oil strengthened its institutional capacity through training activities within the areas of legal issues related to petroleum contracts and their renegotiation, economic modelling, and selection of software for mapping emissions to air and leakages and spills to soil.

**TRANSPARENCY AND ACCOUNTABILITY**

- Al Mesalla, a Norwegian People’s Aid partner in the Kurdistan region, documented complaints from the population against the oil companies in production areas. This has increased public focus on corporate crimes and liabilities, and the prosecutor in the Kurdistan region is now beginning to take action. Two prosecutions have sent a warning to other companies.

- Faced with a security situation that prevented face-to-face training in Iraq, the Thomson Reuters Foundation designed and launched an online learning platform and conducted courses to help Iraqi journalists improve their reporting of oil.

**2015 PROGRAMME CHALLENGES**

The implementation of the programme was considerably delayed due to the difficult financial, political and security situation in Iraq. All OfD activities are conducted outside of Iraq. According to the cooperation agreement, Iraq finances its own travel expenses. Due to the country’s financial constraints, a number of activities were cancelled or postponed.
Kenya requested an OfD cooperation in 2014. During 2015 the request was assessed, and in December, the OfD Steering Committee agreed that the planning of a programme could start in 2016. The intention is a five-year Programme Agreement encompassing all four OfD components.

**KEY PROGRAMME FACTS**

- **Disbursed 2015**: NOK 2.3 million
- **Kenyan implementing institutions**: N/A, as no agreement signed yet
- **Norwegian implementing institutions**: N/A, as no agreement signed yet
- **International organizations supported**: International Monetary Fund
- **Civil society organizations supported**: WWF
KEY PROGRAMME FACTS

Disbursed 2015: NOK 11 million

Lebanese implementing institutions: The Lebanese Petroleum Administration, Ministry of Energy and Water, Ministry of Environment, Ministry of Finance

Norwegian implementing institutions: Ministry of Petroleum and Energy, Ministry of Climate and Environment, Ministry of Finance, Norwegian Petroleum Directorate, Norwegian Environment Agency, Petroleum Safety Authority Norway, Norwegian Coastal Administration, Oil Taxation Office Norway

International organizations supported: International Monetary Fund

Civil society organizations supported: Lebanese Centre for Policy Studies, Samir Kassir Foundation

Lebanon and Norway have cooperated under the Oil for Development Programme since 2006. A new phase of the programme was formalized in 2015 through the signing of a three-year programme agreement.

KEY ACHIEVEMENTS 2015

LEGAL AND REGULATORY FRAMEWORK

- The draft petroleum taxation law was revised to be better aligned with the model Exploration and Production Agreement. The International Monetary Fund contributed to the authorities’ work.

- As part of developing national plans for the petroleum sector, exploration and production scenarios were completed, including analysis of technology and development solutions, market considerations, transport and processing alternatives. The Norwegian Petroleum Directorate has supported its partner closely in the process, contributing also to methodological capacity development.

INSTITUTIONAL CAPACITY

- Key personnel in the Ministry of Finance and the Lebanese Petroleum Administration developed competencies in accounting and auditing mechanisms as well as international best practices in how to manage the expected revenues in the petroleum sector.

- The Lebanese Petroleum Administration improved their understanding and skills related to local value creation through local content policies and plans, and trade and regulatory frameworks.

- Key personnel from several relevant authorities participated in an oil spill emergency response exercise conducted in Norway. This led to a better understanding of the importance of coordination among governmental institutions and resulted in a higher quality draft for a National Oil Spill Contingency Plan in Lebanon.

- Key personnel from several relevant authorities improved their knowledge on Strategic Environmental Assessments and project-specific Environmental Impact Assessments.

Disbursement shares to Lebanon in 2015, by OfD component (Total NOK 11 011 000)
2D seismic data, collected in 1993 and stored on 194 outdated magnetic tapes and associated cartridges, were transcribed to modern standard. This allows for new analysis and insights on the geology and prospects for petroleum resources.

TRANSPARENCY AND ACCOUNTABILITY

> The ability of the members of the press to hold the government accountable was improved through training sessions organized by the Samir Kassir Foundation.

> The Samir Kassir Foundation developed and released a mobile application, Log & Learn, allowing for fact-checking and information sharing with civil society, media and the public at large.

> 15 Lebanese civil society organizations increased their understanding of accountability and transparency issues and how to influence decision-making in the petroleum sector, through training organized by the Lebanese Center for Policy Studies and the Natural Resource Governance Institute.

2015 PROGRAMME CHALLENGES

Due to political deadlock, the two governmental decrees concerning block delineation and the tender protocol and model exploration agreement, as well as the Petroleum Tax Law, have not been approved. The decrees and the Tax Law are necessary in order to finalize the offshore exploration licensing round. The unstable security situation in Beirut in December 2015 resulted in the postponement of two programme activities. The security situation remains volatile, and requires continuous monitoring.
Norway and Mozambique have cooperated within the OfD Programme since 2005. In 2014, a new four-year programme agreement was signed between the two countries. From 2015, the cooperation between the Mozambican and Norwegian tax authorities was incorporated into the OfD Programme.

**KEY ACHIEVEMENTS 2015**

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### LEGAL AND REGULATORY FRAMEWORK

- The new Petroleum Operation Regulation, developed with legal assistance through the OfD Programme, was approved. The new regulation, together with the revised and near completed Model Exploration and Production Concession Contract, will improve the legal framework and reduce the need to negotiate terms with the oil industry.

- Substantial support was provided to the negotiations about the regulatory and contractual regime of the Rovuma liquefied natural gas projects.

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### INSTITUTIONAL CAPACITY

- The National Petroleum Institute (INP)’s resource database is now fully operational, with a comprehensive set of data. [See case on next spread](#)

- The Norwegian Petroleum Directorate coordinated technical support to INP’s assessments of plans for field operation and development, for both the Coral South floating liquefied natural gas project and the first light oil project, the onshore Inhassoro field.

- INP conducted a competitive and transparent fifth licence round for exploration and production concession contracts. Preparatory support was provided by the Norwegian Petroleum Directorate. The new contracts will be aligned with the revised legal and regulatory framework.

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- A emergency preparedness workshop, with more than 100 participants from several institutions and companies, was held in November. Broad assistance was given by Norwegian agencies. The workshop contributed to a clarification of roles and responsibilities among stakeholders.
TRANSPARENCY AND ACCOUNTABILITY

> INP’s webpage was updated following a dialogue with local civil society organizations about their information needs. The update was done in connection with the fifth license round.

> Local civil society organizations gained understanding of basic petroleum knowledge, through a capacity building course.

> Parliamentarians strengthened their understanding of policies and strategies for good governance in the petroleum sector through a targeted seminar.

2015 PROGRAMME CHALLENGES

The low oil price affected the project activity of the oil companies, and the complexity of the issues involved, delayed the negotiation process. The parallel regulatory work by INP on Rovuma, Inhassoro, and the fifth licensing round exhausted capacity, and some programme activities were delayed into 2016. Work on INP’s strategy and organizational development was furthermore delayed due to changes in INP’s management.
WHAT
After several years of further development and updating of the National Petroleum Institute (INP) reference database, the first complete INP in-house national resource account was finalized. The reference database includes data about the oil companies, concession contracts, well data, seismic surveys, prospects, discoveries and fields, and now also resource estimates, as well as links to relevant documents. INP has not yet decided if the present account will be regarded as the official national resource account, but the information is now ready for INP’s internal use.

WHY
For national planning purposes, it is important to have a good understanding of the country’s natural resources. The authorities will be able to compile relevant and consistent information based on the content of this database in an easy manner. This will contribute to the efficiency of petroleum administration in Mozambique.

OFD CONTRIBUTION
The reference database, including the resource account, is the result of several years of systematic cooperation between INP and the Norwegian Petroleum Directorate (NPD), as part of the OfD Programme. The process started in 2007 with an INP/NPD workshop regarding the possible establishment of an INP reference database. At that time, the resource status in Mozambique was one gas field in production (Temane), one gas field being developed (Pande), and more than 15 mainly small discoveries, mostly onshore.

In 2010–2013, a number of giant deepwater gas discoveries were proven in the Rovuma Basin offshore northern Mozambique. Under a new cooperation agreement from 2014–2018, INP and NPD in late 2015 arranged a workshop on resource classification and resource account, including updating the resource estimates stored in the INP database. The workshop produced the first complete draft resource account for all petroleum resources discovered in Mozambique, onshore and offshore.

RESULTS
After several years of INP development and updating of the reference database, the first INP generated in-house draft national resource account is now completed. The INP reference database will be continuously maintained, updated and developed further. Furthermore, INP plans to establish resource reporting procedures and a production database, with the assistance of NPD.

Resource account, Mozambique

PHOTO: KNUT LAKSÅ

Palma, Cabo Delgado Province in Mozambique. This is where oil companies are planning to bring offshore gas on land. So far, no development has occurred, due to low gas prices.
In 2015, the parties on the Norwegian and Myanmar sides worked together to map the status and needs of the Myanmar petroleum sector. In December, the OfD Steering Committee agreed that the planning of a programme could start in 2016. The intention is a programme agreement encompassing all the four OfD components, with a five-year duration.

While not yet a formal OfD programme, activities were carried out during the mapping phase:

＞ A draft for a new Petroleum Upstream Law was prepared by the Legal Committee in the Ministry of Energy. The Norwegian Ministry of Petroleum and Energy provided comments to the draft.

＞ Information on data management and fiscal metering of oil and gas in the upstream petroleum sector was mapped, with the purpose of clarifying status and needs.

＞ Training in processing Environmental Impact Assessments from oil companies was provided by the Norwegian Environment Agency to staff in the Ministry of Environmental Conservation and Forestry.

＞ Several civil society organizations obtained knowledge of the basic concepts of petroleum revenue management and the petroleum fiscal regime through seminars held by Norwegian experts.

＞ Attention was drawn to increased transparency in the petroleum industry in several workshops and seminars for both government officials and parliament. The seminars were held by the Natural Resource Governance Institute, with Norwegian financial support.

＞ Myanmar’s first Extractive Industries Transparency Initiative report was finalized. Civil society, including organizations supported by Norad, played an active role in overseeing the process.

**Key Programme Facts**

- **Disbursed 2015:** NOK 11.3 million
- **Myanmar implementing institutions:** N/A, as no agreement signed yet
- **Norwegian implementing institutions:** N/A, as no agreement signed yet
- **International organizations supported:** International Monetary Fund
- **Civil society organizations supported:** Global Witness, Norwegian Church Aid, Norwegian People’s Aid, Sustainable Development Knowledge Network – Spectrum
OfD has provided petroleum related assistance to the government of South Sudan (initially Southern Sudan) since 2005. Since conflict erupted in December 2013, the training has been conducted in neighbouring countries. The last programme agreement was signed for 2012–2014, with a no-cost extension until a new phase in 2016. In December, the OfD Steering Committee agreed that a new programme could start in 2016. Further support is contingent on developments in the peace process.

KEY ACHIEVEMENTS 2015

LEGAL AND REGULATORY FRAMEWORK

> An amendment bill to the Petroleum Act, granting power to the Ministry of Petroleum and Mining to issue administrative monetary penalties, was finalized and forwarded to the Ministry of Justice for review and onward transmission to enactment into law. Transparency and anti-corruption provisions were also incorporated.

> Health, Safety and Environment management plans and system regulations were signed into law. They were subsequently published on the Ministry of Petroleum and Mining’s website.

INSTITUTIONAL CAPACITY

> Fiscal metering capacity has been enhanced by increasing the number of skilled staff in the Ministry of Petroleum and Mining from two to nine, implement-

Disbursement shares to South Sudan in 2015, by OfD component (Total NOK 14 873 000)
TRANSPARENCY AND ACCOUNTABILITY

> The core management team of the Ministry of Petroleum and Mining participated in a workshop on good governance, with examples of methodologies to prevent corruption. The outputs from the workshop shall provide a basis for an updated code of conduct for the ministry.

> Global Witness’ advocacy in the peace process, especially around the importance of the Petroleum Revenue Management Act, contributed to ensuring that oil governance reforms are at the heart of South Sudan’s peace deal.

2015 PROGRAMME CHALLENGES

Although the programme delivered some results in 2015, any real progress towards the goals of the institutional cooperation is unlikely until the political and military conflict in South Sudan is resolved. The challenging context has also severely hindered the work of civil society organizations. IMF could not move forward with activities in the workstream public financial management and petroleum fiscal regime, targeting particularly the implementation of the Petroleum Revenue Management Act.
A programme agreement between the governments of Sudan and Norway was signed in 2012. In 2014, the countries agreed to extend the programme until December 2015. In December, the OfD Steering Committee agreed that a new programme could start in 2016.

**KEY ACHIEVEMENTS 2015**

**LEGAL AND REGULATORY FRAMEWORK**

- Progress in developing Health, Safety and Environment (HSE) regulations were made through a workshop on “Framework for Oil and Gas HSE Management”, organized by the Ministry of Petroleum and Gas.

- The Ministry of Petroleum and Gas decided on key policy points for the new petroleum policy for Sudan.

**INSTITUTIONAL CAPACITY**

- A review of options for the management of produced water in Sudan’s oil industry, as well as a review of environmental monitoring systems in the Red Sea, were concluded. The findings and main recommendations of both reports were subject to broad stakeholder consultations.

- The Ministry of Petroleum and Gas decided to implement a new organizational structure. The reorganization is based largely on recommendations from a review carried out in a previous phase of the OfD cooperation.

**2015 PROGRAMME CHALLENGES**

The context is challenging in Sudan, and international donors struggle to achieve results from aid and humanitarian efforts. In 2015 the armed internal conflicts continued and the situation for civil society remained difficult. The country faces major economic challenges following the independence of South Sudan in 2011, when Sudan lost a significant part of the oil resources and revenues.
The first phase of the programme agreement with the Tanzanian government expired in December 2015. A non-cost extension has been approved so that the programme can remain active in 2016.

In parallel with programme implementation, partners have been preparing for a new programme phase with a likely start-up in early 2017. A final decision for a new cooperation period is expected in September 2016.

KEY ACHIEVEMENTS 2015

LEGAL AND REGULATORY FRAMEWORK

> The new National Energy Policy 2015 was announced in December 2015. This is a merge of Petroleum Policy 2015, Natural Gas Policy 2013 and draft Local Content Policy 2015.

> The Petroleum Act 2015 became effective in September 2015. While this is an important programme milestone, a presidential decision to merge the draft Petroleum Act with the draft Natural Gas Act affected both the process and the end result.

INSTITUTIONAL CAPACITY

> A total of 62 staff members from a broad number of relevant institutions on the mainland and in Zanzibar gained knowledge about the basics of the petroleum value chain through training, to support progress within all components of the programme.

> The Legal Strategy Group led by the Ministry of Energy and Minerals, with members from several Tanzanian institutions, was advised with regard to drafting of the Petroleum Policy 2015, before the merger of the policy documents. Capacity development of the group also addressed legal framework requirements, international practice and discussions of provisions.

> The capacity of the National Environment Management Council has improved, most notably in the areas of compliance monitoring and environmental data management. For the latter, the institution has coordinated coastal environmental data collection and analyses.

> Relevant authorities’ ability to implement the National Oil Spill Contingency Plan has improved after carrying out a full-scale exercise and subsequent training.

See case on next spread
Capacity has also been strengthened in the fields of offshore Health, Safety and Environment (HSE) audits, offshore drilling and well technology, safety challenges, means of contingency, and safety management systems. The training has targeted 34 staff in relevant institutions, leading up to two HSE audits in Mnazi Bay and Songo Songo Island.

TRANSPARENCY AND ACCOUNTABILITY

The coastal environmental data collected and analysed, were published as an online atlas by the authorities, thus providing public access to the information.

Oxfam co-hosted a Gender and Extractives workshop, which prepared local civil society organizations to access national advocacy spaces and bring local issues to national attention, as well as to bring women’s voices into the local policy space. A result of this initiative is that women’s groups in the Mtwara and Lindi regions now take part in local content discussions in their communities and with local governments.

2015 PROGRAMME CHALLENGES

The programme has faced a number of challenges, including uncertainty regarding the political and legal framework for the petroleum sector in Zanzibar. Planning for the new Petroleum Upstream Regulatory Authority, demanded increased coordination and clarification between institutions. This also impacted the capacity building within Resource Management, as the responsibility according to the Petroleum Act 2015 is transferred from the national oil company to the Petroleum Upstream Regulatory Authority, not yet operationalized.

An exercise in oil spill preparedness in Tanzania.

PHOTO: KEN OPPRANN
WHAT
National Oil Spill Contingency Plans are vital for handling cases of acute pollution quickly and with the appropriate measures. The plan defines “who does what, and how”. The authorities’ efforts towards developing and implementing such a plan include training of personnel, procurement of preparedness equipment, delineation of responsibilities and roles for various government agencies and joint exercises with operating companies. Norway has experienced a number of spills in the past, and has developed a highly coordinated system aiming to avoid spills and ensure that operating companies as well as authorities are adequately prepared should a spill occur.

In Tanzania, a National Oil Spill Contingency Plan was drafted by a consultant in 2011, but as per December 2015 it was not formally approved. In 2014–2015 a series of related capacity development efforts were conducted.

WHY
The consequences of an oil spill can be disastrous for the environment. Cleanup and recovery are challenging, and the cleanup process may pose additional threats to animals and plants. The economic costs of oil spills may be substantial. Oil spills also endanger human life as they represent an imminent fire hazard, and spilled oil may contaminate drinking water supplies. Beyond the intrinsic value of species and ecosystems, spills may severely affect livelihoods such as farming, fishery and tourism.

OFD CONTRIBUTION
The Norwegian Coastal Administration has in recent years contributed through:

> A series of work sessions on what the plan should cover and how the process for development and implementation could be organized.

> Technological and operational knowledge transfers, for example through a delegation visit to a Norwegian equipment depot, demonstrating beach cleaning equipment and how major coordination exercises are executed between Norwegian authorities and operating companies.

> Support to implementing the plan, including table-top exercises and a first full scale exercise.

RESULTS
An implemented National Oil Spill Contingency Plan could limit the negative consequences of oil spills should they occur. This means less harm to people, wild life and habitat, and cost-efficient cleaning and recovery. An early result of the work in Tanzania is better cooperation between all stakeholders within the National Oil Spill Contingency Planning Committee and also between government authorities, municipalities and industry.

To maintain preparedness, further efforts are required to obtain approval of the plan, as well as for continued capacity development regarding planning of exercises, training of personnel and maintenance of equipment.

PHOTO: KEN OPPRANN

The full scale exercise dealt with a scenario of a tanker experiencing a breach of the loading hose during offload outside the Dar es Salaam harbour, resulting in a large oil spill of crude oil into the sea. In addition to representatives from the authorities of Tanzania and Zanzibar, operating companies participated in the exercise.

PHOTO: KEN OPPRANN
Uganda and Norway have cooperated since 2006 under the OfD programme. A new programme agreement was signed in May 2015, establishing a new three-year phase of cooperation with the Government of Uganda.

**KEY ACHIEVEMENTS 2015**

### Legal and Regulatory Framework
- The Model Production Sharing Agreement was updated, ready for use in the first licensing round.
- The country’s National Environment Act was amended and regulations regarding waste from petroleum activities were developed.

### Institutional Capacity
- The Ministry of Energy and Mineral Development prepared a licensing strategy and plan for the first licensing round, with technical support from the Norwegian partners. Capacity in the ministry was developed within reservoir technology, petroleum resource assessment, geo-science and data and document management.
- The development of a strategy for transport and storage of petroleum products in Uganda was supported.
- Assistance in developing an IT system to support the process of reviewing project-specific Environmental Impact Assessments was given to the National Environment Management Authority.
- Cabinet approved the final report with recommendations of the Strategic Environmental Assessment of Oil and Gas Activities in the Albertine Graben. Support was provided to the inauguration of the inter-ministerial committee for the implementation of the recommendations. [See case on next spread](#)
- Key staff at Uganda Bureau of Statistics developed competence through a series of training activities in the following areas: oil investment statistics, oil sector in national accounts, questionnaire methodology, business register development and institutional cooperation/data sharing for statistical purposes and project management.
- Key personnel from several relevant authorities participated in an oil spill emergency response exercise conducted in Norway. This led to a better understanding...
of the importance of coordination among governmental institutions and was an important springboard for the development of the National Oil Spill Contingency Plan in Uganda.

**TRANSPARENCY AND ACCOUNTABILITY**

- The Government of Uganda made public a list of all of the companies who have expressed an interest in bidding for oil blocks in August 2015.

- Global Witness’ work highlighted the environmental risks of Uganda’s decision to re-issue a licence for further oil exploration of the Ngaji block. A European Parliament resolution on the protection of the Virunga National Park in the Democratic Republic of Congo directly referenced Global Witness’ work. » See case on page 38

- Local partner the African Centre for Media Excellence has worked with the Thomson Reuters Foundation to help them improve their oil coverage. This has resulted in stories, for example on how oil is changing townships and intensifying land crisis.

- The media centre has also worked with Uganda’s leading journalism school, Makerere University, to integrate teaching on the oil sector into the journalism curriculum.
Strategic Environmental Assessment for Albertine Graben, Uganda

WHAT
A Strategic Environmental Assessment (SEA) is the authorities’ process for ensuring that environmental as well as socioeconomic concerns, related to petroleum production for example, are taken into account in government policies, plans and programmes.

In order to guide and support the objectives of the National Oil and Gas Policy, the SEA team in Uganda developed scenarios up to year 2030, illustrating the expected cumulative impacts of petroleum production plants, pipelines, refinery, petrochemical industry and associated infrastructure in the 23 000 km² area of Albertine Graben and its surroundings.

The SEA process started in 2009 with primary scoping and extensive stakeholder consultations. Fact-finding and analysis continued for about 3 years, and the SEA report was finalized in 2013. The Ugandan Cabinet approved the report, its recommendations and the framework for their

EXAMPLES OF CLUSTERS OF ISSUES RELEVANT TO THE SEA:
implementation mid-year 2015. This allowed for the first meeting of the SEA Technical Implementation Committee to take place before the year’s end.

**WHY**

The potential impacts of the petroleum industry are manifold and location-specific. The SEA process engages stakeholders broadly, including various authorities as well as local communities and civil society organizations. The SEA findings inform decision-making, with the intention of mitigating risks and enhancing opportunities.

**OFD CONTRIBUTION**

The SEA was developed under the leadership of the Ministry of Energy and Mineral Development through its Petroleum Exploration and Production Department, and coordinated by the National Environment Management Authority. A multigovernment Institutional Steering Committee was instituted to guide the process. Under the OfD Programme, support was provided for organizing and facilitating the assessment. Also, technical backstopping on various issues was provided by Norwegian OfD partner institutions.

**RESULTS**

The SEA will contribute to ensuring that key concerns such as waste and water management, co-existence with other sectors and transboundary issues related to petroleum production are being reflected in relevant government policies, plans and programmes in Uganda. Furthermore, the SEA contributes to the availability of environmental and socioeconomic baseline information which will make it possible to systematically monitor future impacts. The approved recommendations from the SEA touch on institutional arrangements, pacing, localization and use of technology. One recommendation deals with establishing proper mechanisms and measures to ensure that long-term benefits are created and shared fairly with due consideration for the oil and gas-bearing regions.

A SEA implementation committee consisting of sixteen relevant public institutions has been established. The committee will work to ensure that the authorities turn the documented recommendations into action.
**Advocacy work by Global Witness, Uganda**

**WHAT**
When Uganda announced its intention to hold a licensing round for six new oil licences, all in protected areas and one in Lake Edward, next to Virunga national park in the Democratic Republic of Congo, Global Witness launched an advocacy campaign highlighting the risks. Global Witness also emphasized the importance of transparency in the allocation process.

Via extensive media outreach, the concerns were raised directly with the Ugandan government, donors, private companies, international bodies such as UNESCO, and the general public.

**WHY**
Global Witness points to several risks associated with allocating oil licences in protected areas. Oil exploration can do irreversible damage to both people and the environment. Virunga is Africa’s oldest national park and a UNESCO World Heritage site. It is also home to some of the world’s last remaining mountain gorillas.

It is thus important that the government is aware of these risks, has an open licensing process and makes public the final contracts. The population will then be able to see the deal the government has signed, and the social and environmental protections it contains.

**OFD CONTRIBUTION**
Civil society support has been provided to the Global Witness programme “Preventing the natural resource curse” in Uganda, amounting to NOK 886 000 for 2014–2015.

**RESULTS**
In August 2015, Global Witness published a press release raising questions about two companies that had expressed interest in the blocks. Later that same month, Uganda published a full list of companies that had been shortlisted to bid in the licensing round, thus following up on Global Witness’ recommendations and showing a high degree of transparency.

Global Witness’ media outreach resulted in over 700 media articles around the world. In December 2015, the European Parliament passed a resolution calling on member states to prevent drilling in Virunga and surrounding areas. The resolution mentions the threat posed by the Ugandan oil licencing round.

Global Witness’ advocacy work has also brought additional attention to the commitments of donors, such as Norway, to the UNESCO convention concerning the protection of the world culture and natural heritage.
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 expanded rapidly until 2011, with a disbursement of more than NOK 290 million. During recent years a consolidation process has halved the number of programme countries, bringing the 2015 disbursement down to NOK 210 million. The OfD Programme has always allocated most of its resources to African countries, and the share of

*FIGURE 1:* ANNUAL OFD DISBURSEMENTS, BY REGION AND YEAR (NOK MILLION)

*FIGURE 2:* ANNUAL DISBURSEMENTS TO THE FOUR LARGEST OFD COUNTRY PROGRAMMES IN 2015 (NOK MILLION) ¹

¹ For the purpose of statistical comparison Sudan and South Sudan are counted together here. Since South Sudan gained its independence in 2011, funding has been provided separately to the two countries.
disbursements to Africa has increased from 56% in 2009 to 82% in 2015 (Figure 1).

The four largest OfD country programmes in 2015, accounting for 52% of OfD country disbursements, were all in Africa (Figure 2).

In 2015 there were OfD disbursements to 12 countries. Disbursement levels varied from more than NOK 37 million in Mozambique, down to NOK 2.3 million in Kenya (Figure 3). The prioritized countries have remained stable over time. With a few exceptions, the major country programmes in 2015 are also the largest country programmes throughout the full history of the OfD Programme (Figure 4).
FIGURE 4: OFD COUNTRY DISBURSEMENTS ABOVE NOK 40 MILLION IN 2006–2015

- Uganda
- Sudan & S. Sudan
- Mozambique
- Ghana
- Timor Leste
- Tanzania
- Angola
- Bolivia
- Lebanon
- Nigeria
### FIGURE 1/ TABLE 1: ANNUAL OFD DISBURSEMENTS, BY REGION AND YEAR (NOK 1000)

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<tbody>
<tr>
<td>Africa</td>
<td>35,678</td>
<td>52,429</td>
<td>78,507</td>
<td>86,438</td>
<td>112,000</td>
<td>167,150</td>
<td>117,388</td>
<td>16,4492</td>
<td>176,009</td>
<td>134,848</td>
<td>1,124,939</td>
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<td>Asia</td>
<td>18,195</td>
<td>30,908</td>
<td>37,773</td>
<td>52,635</td>
<td>37,738</td>
<td>32,850</td>
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<td>7139</td>
<td>6,889</td>
<td>11,331</td>
<td>251,066</td>
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<tr>
<td>Middle East</td>
<td>3,000</td>
<td>13,310</td>
<td>11,144</td>
<td>5,717</td>
<td>3,686</td>
<td>8,150</td>
<td>5,255</td>
<td>12,023</td>
<td>10,231</td>
<td>14,059</td>
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<td>Latin America</td>
<td>353</td>
<td>2,058</td>
<td>4,875</td>
<td>9,155</td>
<td>17,991</td>
<td>24,050</td>
<td>20,349</td>
<td>9,851</td>
<td>4,326</td>
<td>4,514</td>
<td>97,522</td>
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<td>Global and other</td>
<td>25,108</td>
<td>49,295</td>
<td>72,701</td>
<td>53,055</td>
<td>50,647</td>
<td>58,950</td>
<td>9,5787</td>
<td>61,308</td>
<td>44,828</td>
<td>46,090</td>
<td>557,769</td>
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<td><strong>Total</strong></td>
<td><strong>82,334</strong></td>
<td><strong>148,000</strong></td>
<td><strong>205,000</strong></td>
<td><strong>207,000</strong></td>
<td><strong>222,062</strong></td>
<td><strong>291,150</strong></td>
<td><strong>254,387</strong></td>
<td><strong>254,813</strong></td>
<td><strong>242,283</strong></td>
<td><strong>210,842</strong></td>
<td><strong>2,117,871</strong></td>
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### FIGURE 2/ TABLE 2: ANNUAL DISBURSEMENTS TO THE FOUR LARGEST OFD COUNTRY PROGRAMMES IN 2015 (NOK 1000)

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<tr>
<td>Uganda</td>
<td>3,055</td>
<td>7,121</td>
<td>8,419</td>
<td>13,808</td>
<td>30,298</td>
<td>48,800</td>
<td>27,818</td>
<td>50,609</td>
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<tr>
<td>Sudan &amp; S. Sudan</td>
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<td>10,951</td>
<td>27,037</td>
<td>44,200</td>
<td>41,238</td>
<td>44,421</td>
<td>37,735</td>
<td>23,643</td>
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<td>Tanzania</td>
<td>1,210</td>
<td>1,431</td>
<td>1,447</td>
<td>1,492</td>
<td>623</td>
<td>1,500</td>
<td>5,944</td>
<td>20,453</td>
<td>28,775</td>
<td>30,314</td>
<td>93,189</td>
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<td>Mozambique</td>
<td>8,496</td>
<td>14,900</td>
<td>18,802</td>
<td>13,861</td>
<td>5,614</td>
<td>17,200</td>
<td>4,429</td>
<td>18,131</td>
<td>22,525</td>
<td>37,947</td>
<td>161,905</td>
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<td><strong>Subtotal</strong></td>
<td><strong>16,300</strong></td>
<td><strong>28,252</strong></td>
<td><strong>42,144</strong></td>
<td><strong>40,112</strong></td>
<td><strong>63,572</strong></td>
<td><strong>111,700</strong></td>
<td><strong>79,429</strong></td>
<td><strong>133,614</strong></td>
<td><strong>136,368</strong></td>
<td><strong>108,724</strong></td>
<td><strong>760,215</strong></td>
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