

Board decision on the second Validation of Norway

Decision reference: 2019-22/BM-42

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The Board's decision

The EITI Board agreed that Norway has fulfilled the terms of the Board-approved request for adapted implementation and adhered to the Board-approved approach to mainstreamed implementation. Consequently, Norway has made satisfactory progress overall in implementing the EITI Standard.

The Board recognised Norway's efforts to routinely disclose data on the petroleum sector through the online portal www.norskpetroleum.no and to engage with stakeholders through public debate, hearings and consultations. Norway has moved away from EITI-specific disclosures and governance processes by discontinuing the publication of EITI Reports and dissolving the MSG. Instead, transparency and inclusive governance are safeguarded through the laws, practices and institutions of an open democratic society, including through routine disclosures of information. The approach is not without limitations, given the variety of channels for civil society and industry input to public decision-making. Norway is encouraged to ensure that stakeholders have meaningful channels for participation in extractive sector governance and that information is not only available, but also accessible and usable.

Norway is encouraged to continue to ensure adherence to the EITI Principles and Requirements. Where concerns are raised about whether implementation of the EITI has fallen below the required standard, the EITI Board reserves the right to require the country to undergo a new Validation. In accordance with Requirement 8.3.b, stakeholders may petition the EITI Board if they consider that Norway's status should be reviewed. Otherwise, in accordance with Requirement 8.3.d.i, Norway will be revalidated in three years, with the next Validation commencing on **27 February 2022**.

Background

Norway has been an EITI supporting country since 2003 and became the first OECD country to commit to implement the EITI in 2007. The EITI Board accepted Norway as an EITI Candidate on 11 February 2009. The first Validation of Norway under the EITI Standard commenced on 1 July 2016. On 4 December 2017, the EITI Board found that Norway had made meaningful progress in implementing the 2016 EITI Standard. Five corrective actions were identified by the Board, pertaining to the following requirements:

1. Civil society engagement (Requirement 1.3);
2. MSG oversight (Requirement 1.4);
3. Workplan (Requirement 1.5);
4. Public debate (Requirement 7.1);
5. Outcomes and impact of implementation (Requirement 7.4).

The Board asked Norway to address these corrective actions to be assessed in a second Validation commencing on 4 December 2018. Norway has undertaken a number of activities to address the corrective actions:

- On 28 April 2017, Norway submitted a request for adapted implementation to the EITI Board concerning requirements 1.1-1.5, 7.1-7.4 and phase 6 of the agreed-upon procedures for mainstreamed disclosure (Requirement 4.9c). The request was approved by the EITI Board on 25 October 2017.
- On 23 October 2018, in accordance with the terms of the adapted implementation request, Norway held an open stakeholder meeting to present the revenue data for the year 2016 and the latest developments in the sector as well as provide an update on progress on beneficial ownership disclosures.








Norway’s second Validation commenced on 4 December 2018. The Secretariat assessed progress in addressing the corrective actions, reflecting the Board-approved adapted approach to implementation of Requirements 1 and 7. In addition, adherence to mainstreamed implementation was assessed, specifically regarding revenue disclosures (Requirement 4.1) and the approach to assurances (Requirement 4.9). Having reviewed the steps taken by Norway to address the five corrective actions and undertake mainstreamed implementation, the International Secretariat’s preliminary assessment is that the terms of the Board-approved requests for adapted implementation and mainstreamed implementation have been fulfilled. The draft assessment was sent to stakeholders on 31 January 2019. Following comments received on 18 February, the assessment was finalised for consideration by the EITI Board.

Scorecard

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
MSG oversight	Government engagement (#1.1)					
	Industry engagement (#1.2)					
	Civil society engagement (#1.3)					
	MSG governance (#1.4)					
	Workplan (#1.5)					

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
Licenses and contracts	Legal framework (#2.1)				■	
	License allocations (#2.2)					■
	License register (#2.3)					■
	Policy on contract disclosure (#2.4)				■	
	Beneficial ownership (#2.5)	■				
	State participation (#2.6)					■
Monitoring production	Exploration data (#3.1)					■
	Production data (#3.2)				■	
	Export data (#3.3)				■	
Revenue collection	Comprehensiveness (#4.1)				■	
	In-kind revenues (#4.2)	▨				
	Barter agreements (#4.3)	▨				
	Transportation revenues (#4.4)				■	
	SOE transactions (#4.5)				■	
	Direct subnational payments (#4.6)				■	
	Disaggregation (#4.7)				■	
	Data timeliness (#4.8)					■
	Data quality (#4.9)				■	
Revenue allocation	Distribution of revenues (#5.1)					■
	Subnational transfers (#5.2)	▨				
	Revenue management and expenditures (#5.3)	■				
Socio-economic contribution	Mandatory social expenditures (#6.1)	▨				
	SOE quasi-fiscal expenditures (#6.2)	▨				
	Economic contribution (#6.3)					■
Outcomes and impact	Public debate (#7.1)				■	
	Data accessibility (#7.2)	■				
	Follow up on recommendations (#7.3)				■	
	Outcomes and impact of implementation (#7.4)	▨				

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
Overall Progress						

-  **No progress.** All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.
-  **Inadequate progress.** Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.
-  **Meaningful progress.** Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.
-  **Satisfactory progress.** All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.
-  **Beyond.** The country has gone beyond the requirements.
-  This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
-  The MSG has demonstrated that this requirement is not applicable in the country.

News

EITI countries progress on path to transparent and accountable extractive sectors

EITI Board assesses implementation in eight countries

The EITI Board assessed the status of eight implementing countries, including [Ethiopia](#), [Ghana](#), [Guinea](#), [Malawi](#), [Mauritania](#), [Nigeria](#), [Norway](#) and [Trinidad and Tobago](#) at its meeting in Kyiv on 27-28 February. The Board agreed that Nigeria and Norway had achieved satisfactory progress overall in implementing the EITI Standard. In the other cases, the Board noted progress and outlined the corrective actions needed to meet this Standard.

Why the EITI Validates countries

The status of an EITI implementing country is determined through [Validation](#), the EITI's quality assurance mechanism. The process assesses the country's performance against the requirements of the [EITI Standard](#) by reviewing documentation and consulting with government, company and civil society stakeholders. A Validation outlines and identifies a country's weaknesses and strengths and prescribes a set of corrective actions that must be addressed within a 12 to 18 month period, after

which a country will undergo a second Validation to assess progress. The Validation [scorecard](#) provides an overview of a country's results. The EITI Board makes the final decision on a country's EITI status.

“Over half of all EITI countries have now undergone Validation against the EITI Standard,” said EITI chair Fredrik Reinfeldt. *“The overall travel of direction is positive and governments, companies and civil society across regions are demonstrating strong commitment to bringing transparency and accountability to the management of their natural resources and using EITI data to instigate reforms. Validation has shown that many EITI countries are going beyond the EITI Standard, with innovative disclosures related to extractives contracts, licensing and sales of the state's share of oil, gas and minerals.”*

Validations: Mapping the sector, assessing strengths, recognising impact and diagnosing weaknesses

Ethiopia, Guinea, Malawi and Trinidad and Tobago have recently undergone their first Validations and have all achieved meaningful progress against the EITI Standard.

The Board welcomed [Ethiopia's](#) effort to report on issues of national importance such as artisanal and small-scale mining and socio-environmental issues. The Board commended ongoing reforms to shift the mandate of government agencies from control and monitoring, to supporting and enabling civil society to contribute to public debate. Going forward, the EITI can play a key role in improving the relationship between companies and affected local communities. Validation has also shown that work remains to ensure comprehensive disclosures on state participation in the sector and reporting at the subnational levels of government. This will be important as the country embarks on the development phase of oil and gas projects in the Ogaden basin and pursues efforts to formalise the mining sector. In taking this decision, the Board took note of the government's efforts to repeal or amend laws that restrict civil society's freedom of expression, operation and association, which have had an impact on their ability to engage in the EITI process. Nonetheless, the Board commended the efforts to include civil society groups in ongoing reforms.

[Guinea](#), which has a rapidly developing bauxite sector and is rich in iron ore reserves, made improvements in the comprehensiveness and quality of its EITI reporting. The Board outlined eight corrective actions, including disclosing more information on infrastructure agreements, direct subnational payments and quasi-fiscal expenditures. The Board noted that the EITI should play a role in overseeing the new Local Economic Development Fund (FODEL).

[Malawi](#) has established its multi-stakeholder group as a platform for fact-based debate and allowed its production and export data to be scrutinised through the publication of its second EITI Report. While the country has significant deposits of bauxite, coal, limestone, phosphate and uranium, the extractive sector is still in development, with few large-scale mining operations in place and a petroleum sector in exploration phase. To ensure terms of operations are accessible to the public, Malawi has published all contracts in line with the encouragements in the EITI Standard. These contracts have been used by civil society to create financial models and clarify the precise terms associated with the agreements. More work remains to be done to ensure clarity surrounding Malawi's off-budget petroleum funds, a gap in an otherwise transparent environment. There are also concerns regarding data quality and who receives social contributions.

[Trinidad and Tobago](#) was acknowledged for having built a dynamic platform to collect, publish, and debate information about how the country's natural resources are managed. EITI Reports have

identified gaps in revenue collection, production and cost monitoring and cadastre information. Moving forward, there are opportunities to strengthen oversight of mining licence management to ensure that information on beneficial owners are made publicly accessible, and to enhance public trust in official production and export data. Victor Hart, chair of the TTEITI steering committee, said the country will “continue innovating through the EITI by promoting contract transparency, environmental reporting and reaching out to midstream and downstream companies to participate in EITI implementation.”

Second Validations: deepening transparency and strengthening government systems

“Several EITI countries are now going through their second Validations and have made significant progress in bringing transparency to their oil, gas and mining sectors,” said Mark Robinson, executive director of the EITI International Secretariat. *“These second Validations have shown that countries are successfully reforming their sectors and making noteworthy advancements in systematically disclosing EITI data, strengthening government systems.”*

Ghana, Mauritania, [Nigeria](#) and Norway have undergone their second Validations and were evaluated based on the prescribed corrective actions.

[Ghana](#) was found to have made meaningful progress and fully addressed six out of the eight corrective actions. Ghana’s implementation of EITI recommendations contributed to reforms that have increased the government’s revenues from the sector, a priority for the government that wants to [decrease its reliance on foreign aid](#). The country was lauded for publishing all its mining, oil and gas contracts and making these accessible through online portals. Yet work remains to ensure comprehensive disclosure by the country’s largest oil and gas companies.

Several large oil and gas projects are being developed in [Mauritania](#), a leading producer of iron ore. The country has achieved meaningful progress against the EITI Standard, having made improvements in the oversight of EITI implementation by the government, industry and civil society. The Board recognised Mauritania’s efforts in using EITI reporting as a diagnostic tool to drive reforms in the management of extractives licences and state participation in the mining sector. A set of corrective actions were assigned to enhance disclosures of licence allocations and the licence register, improve disclosures on state participation in the mining sector, and strengthen the evaluation of the EITI’s impact. The Board welcomed ongoing efforts to ensure systematic disclosure of EITI data, which will strengthen government systems and make EITI implementation more meaningful moving forward.

[Norway](#), which has supported the EITI since its inception, has achieved satisfactory progress. Widely lauded as a success story in the management of oil wealth, it was the first OECD country to implement the EITI, publishing eight EITI Reports from 2008 to 2015. In 2017, Norway was the first country to make an application to the EITI Board to mainstream EITI implementation. Timely, comprehensive and reliable information is published through the government’s [Norwegian Petroleum website](#) and in companies’ country-by-country reports. Accordingly, the EITI Board agreed that standalone EITI Reports were no longer necessary and Norway applied to disband its EITI multi-stakeholder group. Transparency and inclusive governance are safeguarded through a range of forums that industry and civil society are using to promote good governance, including annual stakeholder meetings that address progress with EITI implementation.

Learn more:

- Overview of [Validation decisions](#) and documentation pages

- Validation scorecards:
 - [Ethiopia](#)
 - [Ghana](#)
 - [Guinea](#)
 - [Malawi](#)
 - [Mauritania](#)
 - [Norway](#)
 - [Trinidad and Tobago](#)

- EITI's [Validation process](#)