

VALIDATING THE NORWEGIAN EITI IMPLEMENTATION

Validation of the Extractive Industries Transparency Initiative in Norway



Oxford
Policy
Management

Acknowledgements

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Executive summary

Norway is rich in natural resources – in particular, oil and gas – and ranks as the world's twelfth-largest oil producer and sixth-largest oil exporter. In 2009, the petroleum sector contributed about 22% of gross domestic product (GDP), 47% of exports, and 27% of fiscal revenue.

Since 2003, the Norwegian government has been an active supporter of the Extractive Industries Transparency Initiative (EITI). Towards the end of 2007, Norway announced its decision to implement the EITI criteria. The Ministry of Petroleum and Energy (MPE) has subsequently committed senior staff to the furthering of this work. Norway was accepted as an EITI candidate on 11 February 2009, and a formal multi-stakeholder group (MSG) of 12 representatives was constituted by Royal Decree on 22 June 2009. Due to the relative insignificance of the mineral sector in Norway, the MSG decided that this sector would not be incorporated in the EITI report.

Following a public hearing, the EITI regulation in Norway for the reporting and reconciliation of cash flows from the petroleum industry came into effect on 1 July 2009. The first EITI report was undertaken in the autumn of 2009, covering the Norwegian fiscal year 2008. The report, "Reconciliation of cash flows from the petroleum industry in Norway", was launched at a public conference on 21 January 2010. The reported payment and revenue streams include – but are not limited to – petroleum tax, CO₂ tax, NO_x tax, and area fees.

Validation is the EITI quality assurance mechanism and, therefore, an integral component of the international Initiative and critical to maintaining its integrity and status. Validation is also the mechanism with which the global EITI board determines a country's *candidate* or *compliant* status. There are currently 28 candidate countries and five compliant countries. The candidate countries, including Norway, are deemed to have met the four initial sign-up indicators. The EITI requires each of these candidate countries to complete a validation procedure to evaluate its progress in implementing EITI criteria and to establish whether compliant status has been achieved.

The main objectives of EITI validation are:

- to establish EITI compliance, by providing an independent evaluation and verification of the progress a country has made in implementing EITI criteria; and
- to make recommendations that may help improve and sustain the Initiative going forward.

The general approach for validation is set out in the EITI rules, including the Validation Guide. An assigned validator assesses progress against the Validation Grid Indicators. For each of the indicators, the validator presents:

- any associated validation criteria in the Validation Guide;
- an empirically supported account of progress against the indicator;
- stakeholder views of progress against the indicator; and
- an overall judgement.

Based on the detailed assessment in this report and the overall assessment, the validator recommends that Norway be given EITI compliant status. EITI implementation in Norway is progressing steadily, and the country has proven that EITI implementation in an OECD country can be achieved quickly and without undue effort. Moreover, the Norwegian

reconciliation process was smooth and uneventful. All discrepancies were resolved and there were no substantive delays in reporting. The findings of the administrator (i.e. that all discrepancies were reconciled before the report was published) were in line with consulted stakeholders' prior expectations.

Nevertheless, as the first OECD country to implement EITI, and with the objective of setting a benchmark for others to follow, Norway could still benefit from improving and streamlining its EITI processes in several areas:

- the first country work plan was not available online until recently, was not particularly detailed, and activities were not individually costed;
- communication of the EITI process to the Norwegian population did not receive sufficient attention from the MSG or the MPE; and
- the first report was time-constrained and suffered from certain misunderstandings with regard to reporting requirements.

It is expected that these issues will be clarified and processes further streamlined in preparation for the second reconciliation process: this report includes suggestions and recommendations as to how the process could be improved.

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Abbreviations

AG	Auditor General
DNV	Det Norske Veritas
GDP	Gross Domestic Product
EITI	Extractive Industries Transparency Initiative
IAT	Indicator Assessment Tool
LO	Landsorganisasjonen (Norwegian Confederation of Trade Unions)
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MPE	Ministry of Petroleum and Energy
MSG	Multi-Stakeholder Group
NOK	Norwegian Krone
OLF	Oljeindustriens Landsforening (Norwegian Oil Industry Association)
OPM	Oxford Policy Management
PWYP	Publish What You Pay–Norway
SDFI	State’s Direct Financial Interest
SSB	Statistisk Sentralbyrå (Statistics Norway)
TI	Transparency International–Norway
TOR	Terms of Reference
TNOK	Thousands Norwegian Krone

1 Introduction

1.1 Foreword

The following report presents the results of the 2010 Validation of the Extractive Industries Transparency Initiative (EITI) in Norway. The validation was undertaken by Oxford Policy Management (OPM), in association with Advokatfirmaet G-Partner AS (G-Partner). The validation team comprised: Team Leader Tove Strauss (OPM Consultant), Deputy Team Leader Morten Torkildsen (G-Partner) and Assistant Validator Anne Marthe Holtet (G-Partner). The team was supported from the UK by OPM's EITI Contract Manager Mark Essex (OPM Staff), Charles Harper (OPM Staff), and Dr Magnus Macfarlane (OPM Associate Consultant).

The report is structured as follows:

- This section introduces the report, and provides background information on the EITI to date in Norway and an overview of the global EITI;
- Section 2 summarises the approach and methodology of the validation exercise;
- Section 3 assesses progress against the Norwegian EITI country work plan;
- Section 4 assesses Norway's progress against each of the EITI Validation Indicators;
- Section 5 presents the overall assessment of Norway's EITI status; and
- Section 6 presents the recommendations.

The report concludes with two annexes:

- Annex A presents the Company Self-Assessment Forms; and
- Annex B lists the key people consulted in undertaking the validation.

1.2 EITI validation

1.2.1 EITI criteria

Implementation of the EITI must be consistent with the following criteria:

- **Publication:** Regular publication to a wide audience of all material oil, gas, and mining payments to governments ("payments") and all material revenues received by governments from oil, gas, and mining companies ("revenues") in a publicly accessible, comprehensive, and comprehensible manner;
- **Audit:** Where such audits do not already exist, payments and revenues must be the subject of a credible, independent audit, applying international auditing standards;
- **Reconciliation:** Payments and revenues must be reconciled by a credible, independent administrator, applying international auditing standards, and with publication of the administrator's opinion regarding that reconciliation, including any discrepancies, should any be identified;
- **Scope:** This approach must be extended to all companies, including those that are state-owned;
- **Civil society:** Civil society must be actively engaged as a participant in the design, monitoring, and evaluation of this process, and contribute toward public debate;
- **Work plan:** A public, financially sustainable work plan covering the elements of publication, audit, reconciliation, scope, and civil society must be developed by the host government, with assistance from international financial institutions where required, and must include

measurable targets, a timetable for implementation, and an assessment of potential capacity constraints.

1.3 Natural resources and the EITI in Norway

Norway has an abundance of natural resources, particularly oil and gas. At the end of 2009, Norway had oil reserves of 17.6 billion barrels, of which 7.5 billion are yet to be sourced. In the same year, Norway produced an average of 1.99 million barrels of crude oil per day, ranking as the world's twelfth-largest oil producer and sixth-largest oil exporter. Norway also had remaining natural gas resources of 4643 billion cubic metres, 1825 billion of these yet to be sourced. In 2009, the petroleum sector contributed to about 22% of GDP, 47% of exports, and 27% of fiscal revenue.

In addition to oil and gas, Norway has mineral resources. Mining is one of Norway's oldest export industries, and has been an important source of government revenue for almost 400 years, silver, iron, and copper being the most important exports. Today, Norway has a moderate share of the world's total production of minerals and metals, the mining industry now being of lesser importance. In 2008, minerals (including coal) and metals only made up 0.7% of Norwegian exports. The EITI multi-stakeholder group (MSG) decided not to incorporate the mining sector in the EITI report due to its relative insignificance.

The EITI was launched in 2002, which the Norwegian government has actively supported since 2003. In the autumn of 2007, Norway announced its decision to implement the EITI criteria and the Ministry of Petroleum and Energy (MPE) was given the responsibility of leading this work. The decision was publicly announced through Norwegian media. The MPE has since committed senior staff to further lead this work. On 22 October 2008, an interim group of stakeholders representing companies, government, and civil society was invited to a meeting hosted by the MPE. The interim group was asked to give views on the composition of an MSG in Norway. MPE Director-General Mr Gunnar Gjerde was appointed by the Ministry to lead Norway's EITI implementation, being replaced in 2009 by MPE Director-General Lars Erik Aamot. A draft work plan and a draft regulation were presented to the interim group on 22 October 2008. The interim group held its second meeting on 24 November 2008.

Between the two meetings, Publish What You Pay–Norway (PWYP)¹ held an open meeting where they invited representatives from civil society for further discussion of the composition of the MSG. PWYP–Norway reported back to the interim group at the meeting on 24 November, and put forward a proposal on who should represent civil society in the MSG. Views and comments of the rest of the interim group were also received at the meeting.

Norway was accepted as an EITI candidate on 11 February 2009, a two-year time frame having been stipulated within which to become compliant. A formal MSG of 12 representatives was constituted by Royal Decree on 22 June 2009 and replaced the interim group.

Following a public hearing, the EITI regulation in Norway for reporting and reconciliation of cash flows from the petroleum industry ('Regulation regarding reporting and reconciliation of cash flow from the petroleum industry', FOR 2009-26-06-856) came into effect on 1 July 2009.

Instructions regarding reporting were issued by the MPE, in accordance with EITI regulations, on 15 July 2009. Norway had decided to adopt a disaggregated reporting process, and the first reporting took place in the autumn of 2009, covering the fiscal year 2008. The reporting bodies receiving the instructions were required to report directly to the appointed administrator, Deloitte.

¹ PWYP is a global civil society coalition that helps citizens of resource-rich developing countries hold their governments accountable for the management of revenues from the oil, gas, and mining industries:
<http://www.publishwhatyoupay.org/>

The administrator's report was made public at a launch conference on 21 January 2010. The reported payment and revenue streams include petroleum tax, CO₂ tax, NO_x tax, and area fees. The reporting includes Petoro's cash flows to the State's Direct Financial Interest and Statoil's cash flows in the role of marketing and selling the Norwegian state share of petroleum production from the Norwegian continental shelf.

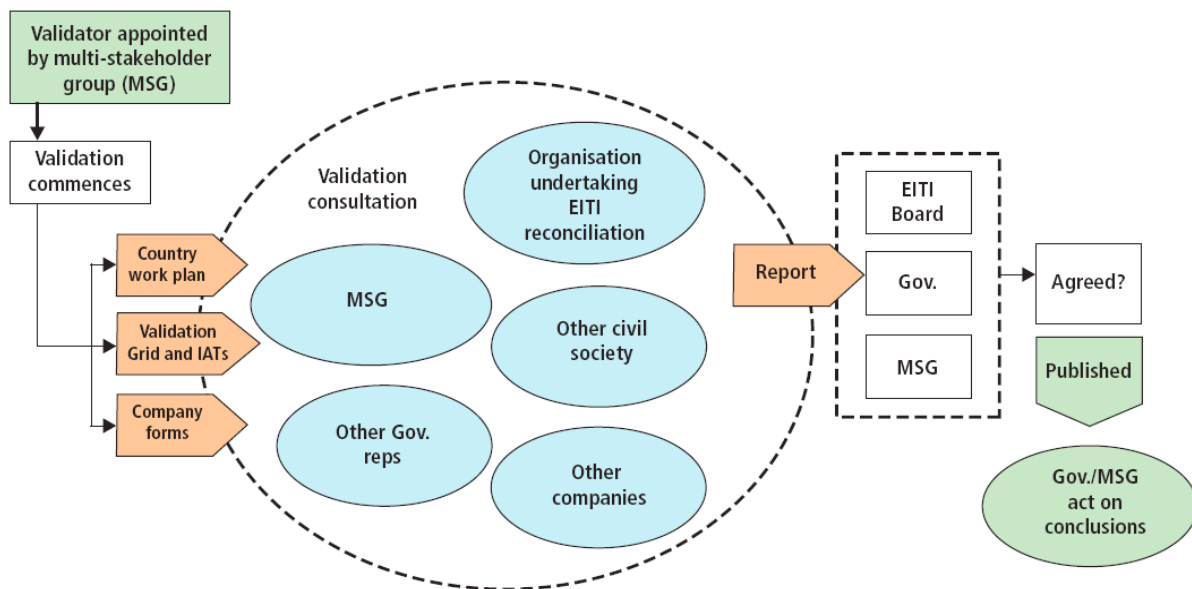
2 Validation approach and methodology

2.1 EITI validation

Validation is an integral component of the Initiative and critical for its integrity and international status. Validation also determines a country's *candidate* or *compliant* status. There are currently 28 candidate countries and five compliant countries. The candidate countries, including Norway, are deemed to have met the four initial sign-up indicators. The EITI requires that these candidate countries complete a validation process within a two-year period to evaluate progress in the implementation of the EITI criteria. This will confirm whether compliant status has been achieved (EITI 2006).²

The main objective of EITI validation is to establish whether a country is EITI compliant. An independent evaluation verifies the progress made in implementing EITI criteria, and offers recommendations to help improve and sustain the Initiative's progress. The general approach for the validation assignment is set out in the EITI rules, including the Validation Guide (see Figure 2.1).

Figure 2.1 General overview of the validation process



The general approach of the validation team to the Norway validation exercise closely followed the approach set out in the *EITI Validation Guide*. The validator used the country work plan, Indicator Assessment Tool, and company forms, as well as other documented information and stakeholder consultation to underpin the validation team's work. The specific approach and activities undertaken for the validation exercise can be differentiated across three key stages:

- preparation;
- field visit; and

² During its meeting in Berlin on 15–16 April 2010, the International EITI Board issued strict letters to several candidate countries that had not delivered their validation reports in time. (None of these letters related to Norway.) Having considered the merits of each application, the board agreed to grant extensions to 16 countries and agreed new deadlines in each case.

- reporting.

2.2 Preparation for EITI validation

During the period 1–8 March 2010, the validation team made preparations, which included:

- agreeing a timetable for the field visit;
- briefing stakeholders on the work plan and the validation team's requirements;
- arranging initial meetings for the field visit;
- receiving and reviewing relevant documents; and
- distributing company self-assessment forms, and commencement of their return duly completed.

2.3 Field visit

A field visit was conducted by the validation team on 9–16 March 2010. The fieldwork included:

- meetings with members of the Norwegian EITI Secretariat in the MPE and with the entire MSG;
- individual meetings with various MSG members;
- meetings and phone interviews with other relevant stakeholders, including those responsible for data reporting;
- consultations with the International EITI Secretariat; and
- review and analysis across all Grid Indicators in the Validation Guide.

Annex B presents a list of stakeholders consulted by the validation team.

2.4 Reporting

The validation team started to compile, analyse, and write the full validation report on 17 March 2010. A first draft that included some outstanding issues and questions was forwarded to the Norwegian EITI Secretariat on 26 March 2010 for their clarification and response. A second draft was sent to the MSG for comments on 16 April 2010. The report was presented in a new draft format to the MSG, and a meeting was held with the MSG on 27 May 2010. Some additional comments were made by the MSG and a new draft was circulated to the MSG in early June 2010. The MSG gave final approval for the report in mid-June 2010. The draft validation report for Norway was distributed to members of the EITI validation committee on 5 July 2010. The committee met to discuss the report on 10 September and agreed final comments on 17 September. The validator has addressed the validation committee's comments and a new draft was submitted to the MSG on 7 October 2010. The MSG responded on 27 October and the final validation report was submitted to the EITI validation committee in mid-November 2010.

3 Work plan progress

This section of the report presents in Table 3.1 the EITI draft implementation work plan for Norway (2008–09). Next to each of the items listed in the work plan is the validator’s indication of progress made. A detailed assessment of the work plan is provided under Indicator 4.

The validator is satisfied that Norway has made progress against the work plan, albeit with some smaller delays related to candidacy status; nomination of the MSG, administrator, and validator; finalisation of the first EITI report; and the subsequent validation exercise.

The work plan identifies key outputs, activities, time frames for implementation, and task bearers for each activity. However, no detailed cost estimates are provided, no capacity constraints have been identified, and the work plan was not available on the MPE website until May 2010.

Table 3.1 EITI draft implementation work plan for Norway (2008–09)

Expected output	Activity	Time frame	Task bearer	Projected cost	Progress
To give the pre-stakeholder group an introduction to the EITI process and principles	First meeting in the pre-stakeholder group	22 October 2008	MPE		Completed on time.
Comments by the pre-stakeholder group on the new EITI regulation Agreement on a work plan to be submitted to the EITI Secretariat	Second meeting in the pre-stakeholder group	24 November 2008	MPE, together with the pre-stakeholder group		Completed on time.
Norway is given candidate status	Submit a work plan to the EITI Secretariat	December 2008	MPE		Completed with a delay. Norway received candidate status on 11 February 2009.
Comments on the new EITI regulations	A public hearing on the new EITI regulations	Jan/Feb 2009	MPE		Completed with a delay. The deadline for public hearing replies was 1 April 2009. By that date, 29 replies had been received, including five replies containing specific comments.
Incorporate valuable comments from the public hearing	Go through the comments received by the public hearing	March 2009	MPE, together with the pre-stakeholder group		Completed with a slight delay (April 2009).
Finalisation of the EITI regulations	The new EITI regulations will be finalised	April 2009	MPE		Completed with a slight delay. (Finalised in May, approved on 26 June 2009).
Appointment of the stakeholder group, administrator, and validator	Nomination of the stakeholder group, the administrator, and the validator	April 2009	MPE, together with the pre-stakeholder group		Completed with a delay. A formal MSG was constituted by Royal Decree on 26 June 2009. The administrator was nominated on 3 July 2009. The validator was nominated on 3 February 2010.

Expected output	Activity	Time frame	Task bearer	Projected cost	Progress
EITI implemented into Norwegian law	The EITI regulations will enter into force	July 2009	MPE		Completed on time. The EITI regulation was adopted on 26 June 2010 and entered into force on 1 July 2009.
Submission of agreed figures by companies and authorities	First reporting under the EITI regulation	August 2009	Administrator, together with MPE		Completed with a slight delay. Final reporting was received by the administrator on 16 September 2009.
A finalised report from the administrator	A finalised report from the administrator	October 2009	Administrator		Completed on time. The report was submitted by the administrator on 12 October 2009.
The Administrator gives conclusions	Presentation of the Administrator's report to the MSG	October 2009	Administrator		Completed on time. The administrator presented the report to the MSG on 26 October 2009.
Civil society can make their remarks	Presentation of the administrator's report to civil society	November 2009	Administrator		Completed ahead of time.
A finished report from the Administrator	The administrator finalises the report	November 2009	Administrator		Completed with a delay. The final report was submitted to the MSG on 21 January 2010.
Norway satisfies the EITI criteria	The validator approves the process and the report	December 2009	Validator		Completed with a delay. The validator was nominated on 3 February 2010 and validation commenced in March. The validation process was completed in mid-November 2010.

4 Validation Indicators progress

This section of the report presents a narrative account of the validator’s assessment of progress against the Validation Grid Indicators. Table 4.1 presents the following information for each of the indicators:

- any associated validation criteria in the Validation Guide;
- an empirically supported account of progress against the indicator;
- stakeholder views of progress against the indicator; and
- the validator’s overall judgement.

Table 4.1 Summary of Validation Grid

Indicator	Validator judgement
Sign-up	
Indicator 1: Has government issued an unequivocal public statement of its intention to implement EITI?	Indicator met
Indicator 2: Has the government committed to work with civil society and companies on EITI implementation?	Indicator met
Indicator 3: Has the government appointed a senior individual to lead on EITI implementation?	Indicator met
Indicator 4: Has a fully-costed work plan been published and made widely available, containing measurable targets, implementation timetable, and an assessment of capacity constraints?	Indicator met
Implementation	
Indicator 5: Has the government established a multi-stakeholder group to oversee EITI implementation?	Indicator met
Indicator 6: Is civil society engaged in the process?	Indicator met
Indicator 7: Are companies engaged in the process?	Indicator met
Indicator 8: Did the government remove any obstacles to EITI implementation?	Indicator met
Indicator 9: Have reporting templates been agreed?	Indicator met
Indicator 10: Is the multi-stakeholder committee content with the organisation appointed to reconcile figures?	Indicator met
Indicator 11: Has the government ensured that all companies will report?	Indicator met
Indicator 12: Has the government ensured that company reports are based on audited accounts to international standards?	Indicator met
Indicator 13: Has the government ensured that government reports are based on	Indicator met

Indicator	Validator judgement
audited accounts to international standards?	
Disclosure	
Indicator 14: Were all material oil, gas, and mining payments by companies to government disclosed to the organisation contracted to reconcile figures and produce the EITI report?	Indicator met
Indicator 15: Were all material oil, gas, and mining revenues received by government disclosed to the organisation contracted to reconcile figures and produce the EITI report?	Indicator met
Indicator 16: Was the multi-stakeholder group content that the organisation contracted to reconcile the company and government figures did so satisfactorily?	Indicator met
Indicator 17: Did the EITI report identify discrepancies and make recommendations for actions to be taken?	Indicator met
How have oil, gas, and mining companies supported EITI implementation?	Indicator met
Dissemination	
Indicator 18: Was the EITI report made publicly available in a way that was publicly accessible, comprehensive, and comprehensible?	Indicator met
What steps have been taken to act on the lessons learnt, address discrepancies and ensure EITI implementation is sustainable?	Indicator met

Table 4.2 Progress Validation Indicators

Sign-up phase	
Indicator 1	Has the government issued an unequivocal public statement of its intention to implement EITI?
Criteria	None
Progress to date	The Norwegian government has actively supported the EITI since 2003. On 27 September 2007, the Norwegian government announced its decision to implement the EITI in Norway. The decision was announced publicly by Development Minister Erik Solheim to Norwegian and international media. This statement of support of the EITI has since been reaffirmed by the MPE, Terje Riis-Johansen, whose Ministry has been given responsibility to lead this work. Nevertheless, more than one year passed between the public announcement and the first interim stakeholder meeting. On 26 June 2009, the Norwegian government adopted a specific EITI regulation: "Regulation regarding reporting and reconciliation of cash flow from the petroleum industry" No. 856 for the reporting and reconciliation of cash flows from the petroleum industry (referred to as "the EITI regulation"). The regulation came into effect on 1 July 2009, and instructs licensees on the Norwegian continental shelf to report all payments made to the state. In addition, certain bodies of government (customs toll, the Central Bank of Norway, the Norwegian Petroleum Directorate, Petoro, and the Norwegian Tax Administration) are required to report revenues received.
Stakeholder views	The stakeholders consulted by the validator agree that the government has issued an unequivocal public statement of its intention to implement the EITI. Stakeholders indicated that the passing of the EITI regulation in 2009 is also an indication of the government's commitment to EITI implementation in the country.
Validator's judgement	This indicator has been met.
	Compliant

Sign-up phase	
Indicator 2	Has the government committed to working with civil society and companies on EITI implementation?
Criteria	None
Progress to date	The EITI regulation (Section 5) commits the government to appoint an MSG to monitor and evaluate implementation of the regulation, the group to comprise representatives from companies, civil society, and government. During the process of public hearings on the draft EITI regulation, civil society and companies were also invited to give their views on the proposed regulation.
Stakeholder views	The stakeholders consulted by the validator agree that the government has committed to working with civil society and companies, and several stakeholders highlighted the EITI as the only Norwegian-legislated initiative to have institutionalised – through the EITI regulation – civil society engagement.
Validator's judgement	This indicator has been met.
	Compliant

Sign-up phase	
Indicator 3	Has the government appointed a senior individual to lead EITI Implementation?
Criteria	None
Progress to date	The MPE was given the responsibility of leading the implementation work. Director-General Mr Gunnar Gjerde of the MPE was appointed by the government to lead Norway's EITI implementation on behalf of the MPE. In March 2009, Mr Gunnar Gjerde was replaced by MPE Director-General Mr Lars Erik Aamot.
Stakeholder views	All stakeholders consulted by the validator agree that a senior-level representative has been appointed to lead EITI implementation. The Minister of the MPE was appointed to lead implementation, even though the day-to-day responsibility was delegated to the leadership of the MPE administration.
Validator's judgement	This indicator has been met.
	Compliant

Sign-up phase	
Indicator 4	Has a fully-costed country work plan been published and made widely available, containing measurable targets, a timetable for implementation, and an assessment of capacity constraints (government, private sector, and civil society)?
Criteria	<p>The Indicator Assessment Tool for Indicator 4 states:</p> <p>Purpose: The Country Work Plan is the foundation of the country validation process. The sixth EITI criterion requires that a Work Plan be produced that is agreed with key EITI stakeholders and is publicly available.</p> <p>Evidence: To tick this indicator's box, the validator is expected to see evidence that the Work Plan has been agreed with key stakeholders and contains:</p> <ul style="list-style-type: none"> • measurable targets; • a timetable for implementation; • an assessment of potential capacity constraints; • details of how the government will ensure the multi-stakeholder nature of EITI, particularly in terms of the involvement of civil society; • a timetable for validation during the stage at which a country is a candidate. This should reflect country needs, but should take place once every two years; the Work Plan should also elaborate on how the government will pay for validation. • [In addition, Section 3.2 of the Validation Guide notes 'The EITI Criteria require that the Work Plan be financially sustainable'] <p>The validator will need to assess progress on the implementation of the EITI against these targets and timetables, and assess whether a country has acted on the identified capacity constraints. A key element in the country validation process will be whether the timetable for implementation is being followed. If the timetable is not being met, the validator – based on evidence from key stakeholders and others – will need to determine whether delays in meeting the timetable are reasonable. If unreasonable, the validator will need to consider whether to recommend that the country be de-listed from the list of candidate countries.</p>
Progress to date	<p>Attached to the application for EITI candidate status from the Norwegian MPE, dated 18 December 2008, was a draft implementation work plan for Norway 2008–09:</p> <p>Agreement with key stakeholders: The Work Plan has been approved by the MSG and has thereby been agreed by key stakeholder representatives.</p> <p>Public availability: The 2008–09 Work Plan was available upon request from the MPE, but was not published on the MPE website until recently. A Work Plan for 2010 will be developed by the MSG and is expected to be posted on the EITI website once the website is constructed.</p> <p>Measurable targets: The Work Plan comprises columns for expected outputs, activities, time frame, task bearer, and projected cost. The outputs and activities are measurable.</p> <p>Timetable: A timeframe is attributed to each proposed activity in the Work Plan. The time frame has been broadly followed, although there were some delays related to the candidacy status; nomination of the MSG, administrator, and validator; finalisation of the first EITI report; and the subsequent validation exercise.</p>

Assessment of potential capacity constraints: The Work Plan does not specifically identify or address any capacity constraints.

Multi-stakeholder nature of EITI: The Work Plan addresses a number of areas and proposed activities related to the involvement of the entire MSG. These activities include, for example, the composition of the MSG, providing comments on the EITI regulation, and nominating the administrator and validator.

Timetable for validation: The validation was scheduled to be completed in December 2009. However, the process did not commence until March 2010, and is thus not expected to be completed until the second half of 2010. This can be attributed mainly to the delays in reporting and finalisation of the report. The delayed validation will not have an impact on Norway's ability to meet the validation deadline (February 2011).

Financial sustainability: An annual amount of up to NOK 5 million has been committed to the national EITI process. Funding for the EITI process is provided through separate government legislation. No individual costing was undertaken for the separate activities incorporated in the Work Plan.

Stakeholder views	Several stakeholders consulted by the validator noted that the work plan had not been adequately detailed and costed. Moreover, several civil society and private sector stakeholders noted that more could have been done with regard to publication and distribution of the EITI report. It was suggested during the validator's meeting with the MSG that the following year's work plan should include a costing breakdown for establishing an EITI website and for communicating the EITI report findings and recommendations. Such detailed breakdown would help ensure that adequate resources were allocated to meet the desired objectives.
Validator's judgement	<p>This indicator has been met. We are of the opinion that the discussions in the MSG meetings have sufficiently addressed the concerns raised by civil society regarding the work plan.</p> <p>However, as at mid-May 2010, no new work plan had been developed to take the process forward during and after the validation exercise. Moreover, despite the approval of Norway as an EITI candidate, the 2008–09 work plan was not available online and the listed activities were never individually costed.³</p> <p>The work plan was not published on the MPE website because the MPE did not have a website dedicated to the Norwegian EITI Secretariat at the time. Nevertheless, it was always publicly accessible for anyone requesting it from the MPE and was distributed to the members of the MSG for their onward distribution to their wider constituencies.</p> <p>Based on the information received, and given that the amount was not fully utilised, we are of the opinion that the committed NOK 5 million was sufficient to implement the EITI in Norway: none of the stakeholders raised this as an issue of concern.</p> <p>Capacity constraints have not been identified by either the stakeholders or the validator. There have, however, been some minor delays in the timetable set out in the work plan. The formal MSG was created only after a Royal Decree had been issued (a time-consuming process). The delays in reporting and finalisation of the report by the administrator were mainly due to issues of confidentiality, as discussed under Indicator 8. Also, Norwegian procurement regulations for the public sector delayed the process of selecting a validator.</p> <p>For 2010, our recommendation is that the new work plan is published on the Internet, fully-costed, and that greater emphasis is put on details, including communication of the EITI process. We recommend this is done through the construction of an EITI website to provide accessible information about the EITI process, as well as the oil industry operating in Norway.⁴</p>
	Compliant

³ The 2008–09 work plan was published on the MPE website in May 2010.
<http://www.regjeringen.no/nb/dep/oed/tema/teknologi-og-internasjonisering-innen-/eiti.html?id=449172>

⁴ A fully-costed work plan for 2010 was discussed and agreed by the MSG at a meeting in June 2010; this is now available on the MPE website: <http://www.regjeringen.no/nb/dep/oed/tema/teknologi-og-internasjonisering-innen-/eiti.html?id=449172>

Preparation phase	
Indicator 5	Has the government established a multi-stakeholder group to oversee EITI implementation?
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>Purpose: Implementation of EITI should be overseen by a group comprising all appropriate stakeholders, including, but not limited to, the private sector, civil society, and relevant government ministries. The group should agree clear, public terms of reference (TOR). The TOR should at least include: endorsement of the country work plan; choosing an auditor to undertake audits where data submitted for reconciliation by companies or the government are not already based on data audited to international standards; choosing an organisation to undertake the reconciliation; and, other areas as noted in the Validation Grid.</p> <p>Evidence: To tick this indicator's box, the validator is expected to see evidence that a multi-stakeholder group has been formed, that it comprises the appropriate stakeholders, and that its TOR fit the purpose. Evidence should include:</p> <ul style="list-style-type: none"> • stakeholder assessments, where these have been carried out; • information on the membership of the multi-stakeholder group: <ul style="list-style-type: none"> ○ Was the invitation to participate in the group open and transparent? ○ Are stakeholders adequately represented (this does not mean stakeholders have to be equally represented)? ○ Do stakeholders feel that they are adequately represented? ○ Do stakeholders feel they can operate as part of the committee – including by liaising with their constituency groups and other stakeholders – free of undue influence or coercion? ○ Are civil society members of the group operationally, and in policy terms, independent of government and/or the private sector? ○ Where group members have changed (check who else has changed), has there been any suggestion of coercion or an attempt to include members that will not challenge the status quo? ○ Do group members have sufficient capacity to carry out duties? • Do the TOR give the committee a say over the implementation of EITI? • Are senior government officials represented on the committee?
Progress to date	<p>On 22 October 2008, an interim group of 10 stakeholders representing companies, government, and civil society was constituted by the MPE after consultation with other relevant ministries. The interim group held three meetings before a formal MSG of 12 representatives was constituted by Royal Decree on 22 June 2009.</p> <p>The formal MSG has since held five separate meetings. Meetings minutes have been prepared for all but one of the eight meetings held, but the minutes have not been made publicly available beyond distribution to the members of the MSG.</p> <p>Section 5 of the EITI regulation, states the following:</p> <p>The King shall appoint a group whose task is to monitor and evaluate the implementation of these regulations. The group shall comprise no fewer than five representatives from companies, organisations, and public authorities, and also individuals possessing specific knowledge, who have interests in connection to transparency of payments to the states from the petroleum activities. An alternative representative may be appointed for each of the representatives. The representatives and the alternative representatives shall be appointed as individuals for two years. The group is chaired by the</p>

	<p>representative from the MPE. The Ministry holds the Secretariat for the group.</p> <p>Stakeholder assessments: The interim group was charged with preparing a proposal for the composition of the new MSG. The invitation to participate in the MSG was extended by the interim group and was open and transparent, although it was not publicly advertised.</p> <p>The MSG should consist of representatives from government, companies, and civil society. The selection process for these three categories was as follows:</p> <p>In November 2008, PWYP arranged an open civil society meeting to discuss the composition of civil society representation in the MSG. It was decided that there would be one representative each from PWYP, Transparency International (TI), research/academia, and unions. From each group, specific representatives and their alternative representatives were elected. It was later agreed in the interim group to include an accountant in the MSG, and, as such, a representative from the Norwegian Confederation of Trade Unions (LO) was selected.</p> <p>The company representatives were identified by the companies themselves through the Norwegian Oil Industry Association (OLF), whose members constitute all significant companies within the Norwegian oil industry.</p> <p>Upon the request of several members of the interim group, it was decided that a representative from Statoil and one international oil company (now represented by ENI) would also be individual members of the MSG.</p> <p>The invitation for Det Norske Veritas (DNV) to participate in the MSG as a company representative was extended directly from the MPE. In accepting this role, DNV had to step down from its role as a potential EITI validator (with Econ) for Norway.</p> <p>The interim group selected Willy Olsen to represent himself, invited by the government.⁵ The group also discussed whether the printed media should also be represented in the group, but it was decided to postpone this decision.</p> <p>Representatives from government were identified by the government and included, in addition to the MPE a representative from the Ministry of Finance (MOF).</p> <p>There are no specific TOR for the MSG.</p> <p>The MSG has endorsed the 2008–09 work plan,⁶ provided comments on the EITI regulation, chosen an organisation to undertake the reconciliation (Deloitte), as well as a validator, and acted on other areas as noted in the Validation Grid.</p> <p>A senior government official is a member of the MSG; the group is headed by Director-General Mr Lars Erik Aamot of the MPE.</p>
<p>Stakeholder views</p>	<p>No stakeholders, either within or outside the MSG, expressed views that suggested that they were not adequately represented, or that they could not operate as part of the MSG – including by liaising with their constituency groups and other stakeholders – free of undue influence or coercion.</p> <p>Furthermore, the stakeholders were, in general, content with the working processes of the MSG, despite these not being formalised through TOR or other operating protocols.</p>

⁵ Willy Olsen is a former Statoil executive who has worked on EITI issues since his retirement in 2003 and has been involved in capacity-building initiative in several EITI implementing countries.

⁶ And later, also the 2010 work plan.

<p>Validator's judgement</p>	<p>This indicator has been met. All stakeholder groups are currently adequately represented with five representatives from civil society, four representatives from companies, two representatives from government, and one independent representative. All stakeholders groups have been represented during the MSG meetings.</p> <p>However, we recommend that specific TOR be prepared to guide the work of the MSG, including on the formal selection process of MSG members as well as definitions of roles and responsibilities (i.e. a governance framework). This recommendation was followed up by the MSG during their meeting in June 2010. New TOR have been drafted and are set to be discussed at the forthcoming MSG meeting.</p> <p>To further improve/streamline the EITI reporting process, the MSG could benefit from representation from one of the reporting entities on the government side (e.g. Petoro or customs toll).</p> <p>The civil society groups are deemed independent of government and the private sector, both operationally and in policy terms.</p> <p>Where group members have changed, there has been no suggestion of coercion or any attempt to include members that will not challenge the status quo of the EITI process.</p> <p>MSG members have sufficient capacity to carry out their duties.</p> <p>To improve communication of the EITI, we propose the development of an EITI website.</p> <p>To further facilitate EITI implementation, improve efficiency, strengthen processes, and avoid conflict of interest and time, it may be helpful to recruit an independent staff member (e.g. part-time) to handle administrative issues. This person would take over work that is currently undertaken by internal staff of the MPE.</p> <p>Compliant</p>
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Preparation phase	
Indicator 6	Is civil society engaged in the process?
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>Purpose: The EITI criteria require that civil society is actively engaged as a participant in the design, monitoring and evaluation of the process, and that it contributes to public debate. To achieve this, EITI implementation will need to engage widely with civil society. This can be through the multi-stakeholder group, or in addition to the multi-stakeholder group.</p> <p>Evidence: To tick this indicator's box, the validator will need to see evidence that the government and the EITI multi-stakeholder group, where appropriate, have sought to engage civil society in the process of implementing EITI. This should include the following evidence:</p> <ul style="list-style-type: none"> • outreach by the multi-stakeholder group to wider civil society groups, including communications (media, website, letters) with civil society groups and/or coalitions (e.g. a local PWYP coalition), informing them of the government's commitment to implement EITI, and the central role of companies and civil society; • actions to address capacity constraints affecting civil society participation whether undertaken by government, civil society, or companies; • civil society groups involved in EITI should be operationally, and in policy terms, independent of government and/or the private sector; and • civil society groups involved in EITI are free to express opinions on EITI without undue restraint or coercion.
Progress to date	<p>Civil society interests are represented in the MSG by civil society actors, including PWYP, TI, the University of Oslo, and the LO.</p> <p>Indicators 1, (public statement to implement EITI), 2 (commitment of government to work with civil society and extractive companies), and 5 (establishment of the MSG) provide supporting evidence for civil society engagement in EITI structures and processes. In addition, during the process of public hearings of the draft EITI regulation, civil society was invited to give their views on the proposed regulations. Information about the public hearing and the proposed regulations were published on the MPE website and distributed to a large number of potential stakeholders. The replies were published on the MPE website, together with a list of those organisations who had responded without comment. There were no substantial comments in the public hearing from civil society, with the exception of TI, who commented on the exclusion of mining from the EITI regulation.</p>
Stakeholder views	<p>As stated in Indicator 4, the stakeholders appeared content with civil society representation in the EITI process and agreed that the most important civil society groups were represented in the MSG. No capacity constraints were identified affecting civil society participation.</p>
Validator's judgement	<p>Steps have been taken to announce Norway's participation in the EITI process to wider civil society groups through press statements, publishing information on the MPE website, and an official launching of the Norwegian EITI report. The Norwegian EITI report has also been promoted by the MPE on the annual oil exhibition (Offshore Northern Seas) in Stavanger, gathering participants from the oil industry, as well as public officials from a large number of countries; the exhibition had more than 42,000 visitors in 2010.</p> <p>This indicator has been met.</p> <p>Compliant</p>

Preparation phase	
Indicator 7	Are companies engaged in the process?
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>Purpose: EITI implementation requires companies to be engaged actively in implementation and for all companies to report under the EITI. To achieve this, EITI implementation will need to engage widely with the companies through, or in addition to, the multi-stakeholder group.</p> <p>Evidence: To tick this indicator's box, the validator will need to see evidence that the government, and the EITI multi-stakeholder group, where appropriate, have sought to engage companies in the implementation of EITI. This should include the following evidence:</p> <ul style="list-style-type: none"> • outreach to extractive companies, including communications informing them of the government's commitment to implement EITI, and the central role of companies; and • actions to address capacity constraints affecting companies, whether undertaken by government, civil society, or companies.
Progress to date	<p>Companies are represented in the stakeholder group through OLF, Statoil, and ENI representatives.⁷ Any relevant issues being discussed in the MSG are forwarded to the companies represented by OLF and the companies can, in turn, raise any issues or concerns they may have through OLF.</p> <p>Indicators 1, (public statement to implement EITI), 2 (commitment of government to work with civil society and extractive companies), and 5 (establishment of the MSG) provide supporting evidence for company engagement in EITI structures and processes. In addition, during the process of public hearings of the draft EITI regulations, companies were invited to give their views on the proposed regulations, and were also requested to provide comments on the reconciliation process, according to the process elaborated upon under Indicator 6.</p> <p>OLF was the only organisation representing the companies who replied with comments. OLF raised a concern about exclusion of mining from the EITI regulations. The organisation also highlighted the importance of not creating an additional reporting system in their reporting to authorities as it would be a burden for the oil companies. Instead, they suggested that EITI reporting should be a part of existing lines of reporting to the authorities. The issue of streamlining the reporting process was further discussed and agreed during a meeting in May 2010 between the national EITI Secretariat, OLF, Statoil, and ENI.</p> <p>Neither the government nor the MSG have initiated any direct discussions with mining companies regarding the merits of extending the EITI to the mining sector. The MPE has, however, raised the issue with the Ministry of Trade and Industry, who will assess the situation and be in contact with the industry. No conclusion has been made at this stage, but any decision to include the mining sector in the Norwegian EITI would have to be taken formally by the government.</p>
Stakeholder views	In their consultations with the validator, all stakeholders appeared content with company representation in the EITI process. No capacity constraints were identified affecting company participation. On the contrary, Statoil's representation on the international EITI board was stated as a particular strength.
Validator's judgement	<p>This indicator has been met.</p> <p>Compliant</p>

⁷ OLF represents most of the oil companies operating on the Norwegian continental shelf.

Preparation phase	
Indicator 8	Did the government remove any obstacles to EITI implementation?
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>Purpose: Where legal, regulatory or other obstacles to EITI implementation exist, it will be necessary that government remove them. Common obstacles include confidentiality clauses in government and company contracts, and conflicting government departmental remits.</p> <p>Evidence: To tick this indicator's box, the validator should see evidence that the government has removed any obstacles. This might be following a proactive assessment of obstacles, or through action to remove obstacles as they arise. There is no one way of dealing with this issue – countries will have various legal frameworks and other agreements that may affect implementation, and will have to respond to these in different ways.</p>
Progress to date	<p>The EITI regulation helped remove obstacles and promote reporting by providing EITI with legally enshrined status.</p> <p>During the EITI reporting process, however, questions arose regarding whether the confidentiality rules in the Custom Act and the Tax Assessment Act precluded Norwegian Tax Administration and customs toll from reporting in accordance with EITI regulation §4. Based on considerations prepared by the MPE to the MOF, the MOF has concluded that the confidentiality rules should not prevent the entities from reporting.</p> <p>The clarification process resulted in delays in the reporting from the governmental bodies in question. The latest report was received on 16 September 2009. The MPE subsequently prepared a proposal to change the Petroleum Act in order to make the EITI regulation more visible. The MSG approved the proposal and public hearings were held. The Norwegian Parliament adopted the amended Petroleum Act on 1 July 2010.</p>
Stakeholder views	The only obstacle to EITI reporting mentioned by some government agencies was the issue of confidentiality. However, all stakeholders were content with the clearance by the MOF and with the revision of the Petroleum Act.
Validator's judgement	This indicator has been met.
	Compliant

Preparation phase	
Indicator 9	Have reporting templates been agreed?
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>Purpose: Reporting templates are central to the process of disclosure and reconciliation, and the production of the final EITI report. The template will define which revenue streams are included in company and government disclosures. The templates will need to be agreed by the multi-stakeholder group. The EITI criteria require that “all material oil, gas, and mining payments to government” and “all material revenues received by governments from oil, gas, and mining companies” are published. EITI templates will need, therefore, to define with the agreement of the multi-stakeholder group what these material payments and revenues comprise, and what constitutes “material”. It will also be necessary for the multi-stakeholder group to define the time periods covered by reporting. A revenue stream is material if its omission or misstatement could materially affect the final EITI report.</p> <p>Evidence: To tick this indicator’s box, the validator will need to see evidence that the multi-stakeholder group was consulted in the development of templates; that wider constituencies had the opportunity to comment; and that the multi-stakeholder group agreed the final templates.</p>
Progress to date	<p>The MSG has decided not to include the mining sector in the Norwegian EITI, as the payments are considered to be immaterial. As mentioned earlier, the Norwegian mining sector in 2008 only contributed 0.7% to exports. It has not been possible to obtain an exact figure for the fiscal revenue provided by the mining sector but, based on the information at hand, it is clear Norway is not “resource rich” in mining according to the IMF definition.⁸ However, the MSG is open to revisiting inclusion of the mining sector at a later stage, upon the potential request of the Ministry of Trade and Industry (see Indicator 7). The MSG itself has not considered the term “materiality” with reference to a specific definition but considers the sector’s share of GDP today to be insignificant and the payments to be immaterial.</p> <p>The MSG has not discussed the extension of the EITI to other sectors, such as forestry or fisheries. The EITI regulation currently only covers petroleum activities, and any decision to include additional sectors in the Norwegian EITI would have to be taken formally by the government.</p> <p>The EITI regulation states that the MPE shall consult the members of the MSG prior to passing the reporting templates. On behalf of the MSG, the MPE developed standard reporting templates to facilitate reporting from the licensees and governmental agencies. The MSG discussed and agreed on the templates developed by the MPE. OLF, representing the oil companies, had an active role in providing feedback on the templates. The templates, which must be submitted to the administrator by 1 August each year, have been tailored to include the most relevant cash flows. These cash flows are to include petroleum tax, CO₂ tax, NO_x tax, and area fees. Other revenues and payments are required to be specified separately.</p> <p>The reporting templates were issued in paper to the various reporting entities. Several entities requested an electronic version (e.g. an Excel template) that could</p>

⁸ According to the IMF, a country is defined as being ‘resource rich’ when the share of hydrocarbon or mineral sector contribution to exports or fiscal revenue is more than 25%. Hence, according to this definition, Norway is ‘resource rich’ in hydrocarbons, but not in minerals: <http://www.imf.org/external/np/pp/2007/eng/051507g.pdf>

	<p>be edited in order to facilitate reporting. As this was the first year of reporting, questions were also raised as to what to include in the reporting template. These questions were, to a large extent, solved by referring to the detailed guidance for the EITI regulation.</p> <p>The guidance for the EITI regulation gave limited details about the reporting from Petoro, the Central Bank of Norway, and Statoil on the payments from marketing and selling the state's petroleum. Questions arose with respect to what and how these entities should report. A solution was found for the 2008 report.</p> <p>The administrator (Deloitte) also provided further guidance to those entities that requested assistance in the reporting.</p> <p>The administrator recommends that the EITI reporting guidance for the 2009 figures consider the experiences from 2008 to make sure that the guidance is more detailed when it comes to the content of the reporting. New and improved separate templates should be developed for the 2009 report in 2010. In particular, the administrator suggests that it should be clarified whether Statoil and Petoro should report both incoming and outgoing payments. The level of detail in the report should also be specified. Additionally, the administrator suggests that further clarification is needed on whether both Petoro and Statoil are required to report payments relating to the sale of the state's petroleum. Following further consultations with the stakeholders, a revised reporting scheme with clarifications was presented at the MSG meeting on 27 May 2010.</p> <p>Since the publication of the EITI report, the MPE has initiated consultations with the administrator to improve the reporting templates for the forthcoming round. A meeting has also been held with the reporting parties to discuss how the templates could be further improved.</p>
<p>Stakeholder views</p>	<p>As mentioned in Indicators 6 and 7, some stakeholders, including some representatives from the civil society group, as well as from the private sector, would like to see the mining sector included in the EITI report in the future. Most other stakeholders, however, believe the mining sector should not be included due to its relative insignificance. The MSG, in general, expressed the view that they would have liked to see some further clarification regarding the definition of the term "materiality", even though it was obvious to the MSG that the Norwegian mining sector is not resource rich in accordance with the IMF definition.</p> <p>Several government agencies consulted by the validator complained about the lack of usefulness of the reporting templates provided. However, all agencies and other stakeholders appeared to be content with the clarifications provided through discussions with the administrator during the reporting process and were confident that the reporting would be much smoother in future years.</p> <p>All stakeholders confirmed that the first EITI report was a pilot and that more effort would be put into improving the reporting templates for future years.</p> <p>Several government agencies and companies were eager to collaborate with the MPE and the administrator to improve the templates further before the next round of reporting. One government agency was, however, concerned about the timing of the planned revision, as their data was available electronically only up to mid-year, meaning that any new data requirements would require considerable efforts to collect after this point.</p> <p>Some government agencies and companies also expressed a preference for a better-coordinated reporting process, to ensure that the timing and details of the reporting were coordinated with other reporting requirements – such as, for example, to Statistics Norway (SSB).</p>

Validator's judgement	<p>This indicator has been met.</p> <p>Because the contribution of the mining sector to the Norwegian economy is so small, we do not regard the exclusion of the sector from EITI reporting to be a breach of the EITI criteria. We do, however, recommend that the MSG agree on a formal definition of what constitutes "material" payments to government.</p> <p>For the next reporting round, in accordance with the recommendations of the administrator, we also recommend that further effort be made to improve the templates and that the relevant stakeholders be requested to provide their inputs.⁹</p>
	Compliant

⁹ The template was discussed with the reporting bodies prior to reporting the figures for 2009.

Preparation phase	
Indicator 10	Is the multi-stakeholder committee content with the organisation appointed to reconcile figures?
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>Purpose: An organisation will need to be appointed to receive the disclosed company and government figures, reconcile these figures, and produce the EITI Report. This organisation is variously known as an administrator, reconciler, or auditor. It is vital this role is performed by an organisation perceived by stakeholders to be credible, trustworthy, and capable.</p> <p>Evidence: To give this indicator a tick, the validator will need to see evidence that the multi-stakeholder group were content with the organisation appointed to reconcile figures. This could include the following evidence:</p> <ul style="list-style-type: none"> • TOR agreed by the multi-stakeholder group; • transparent liaison with EITI Secretariat and Board to identify potential reconcilers; and • agreement by the multi-stakeholder group of the final choice of organisation.
Progress to date	<p>Section 6 of the EITI regulation states the following:</p> <p>The King shall appoint an administrator, after consulting the MSG, which shall reconcile payments and revenues, and also prepare a report as mentioned in section 7.</p> <p>The MPE formally appointed Deloitte AS as the administrator through a public tender overseen by the MSG. The MSG agreed to the administrator's TOR and had an active role in both the tendering process and in the evaluation of the candidate responding to the tender.</p> <p>Before agreeing to recruit an independent consulting firm to undertake the reconciliation, the MSG had, however, discussed whether SSB, as a governmental organisation, would be suited to perform the task (as they are already collecting similar information on a regular basis from Norwegian companies). However, in approaching them, SSB concluded that there would be a conflict of interest and that they could not disclose certain numbers received from companies.</p>
Stakeholder views	All stakeholders consulted by the validator were content with the work conducted by the administrator, Deloitte AS. The MSG expressed an interest in developing a "popular" version of the report that would be more easily accessible for laymen and students with an interest in EITI and the Norwegian oil industry.
Validator's judgement	<p>This indicator has been met. We support the suggestion to develop a less technical version of the EITI report.</p> <p>Compliant</p>

Preparation phase	
Indicator 11	Has the government ensured all companies will report?
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>Purpose: The EITI criteria require that all companies – public, private, foreign and domestic – report payments to the government, according to agreed templates, to the organisation appointed to reconcile disclosed figures. The government will need to take all reasonable steps to ensure all companies do report. This might include the use of voluntary agreements, regulation, or legislation. It is recognised that there might be reasons why some companies cannot be made to report in the short term. In this situation, government must demonstrate that they have taken appropriate steps to bring these companies into the reporting process in the medium term, and that these steps are acceptable to other companies.</p> <p>Evidence: To tick this indicator’s box, the validator will need to see evidence that the government has done one of the following:</p> <ul style="list-style-type: none"> • introduced/amended legislation making it mandatory that companies report in accordance with the EITI criteria and the agreed reporting templates; • introduced/amended relevant regulations making it mandatory that companies report in accordance with the EITI criteria and the agreed reporting templates; • negotiated agreements (such as memoranda of understanding and a waiver of confidentiality clauses under production sharing agreements) with all companies to ensure reporting in accordance with the EITI criteria and the agreed reporting templates; and • where companies are not participating, government is taking generally recognised steps to ensure these companies report by an agreed date.
Progress to date	<p>In general, all companies operating within or registered in Norway report their revenues and taxes paid in a way that is publicly available. The Norwegian Auditor General (AG) further conducts an independent review and control of all government income generated by the companies. The EITI regulation requires further that all licensees report payments to the government to the administrator. Section 3 of the EITI regulation states the following:</p> <p>The licensees shall by 1 August each year separately report all payments in the previous calendar year made in connection with the petroleum activities pursuant to the following legislation:</p> <ul style="list-style-type: none"> • Act 13 June 1975 no. 35 relating to the Taxation of Subsea Petroleum Deposits etc.; • Act 21 December 1990 no. 72 relating to CO₂ tax in petroleum activity on the continental shelf; • Regulation 11 December 2001 no. 1451 relating to special duties chapter 3–19 regarding emission of NO_x; and • The Petroleum Act, section 4–10. <p>Petoro AS shall, as a company responsible for managing the state’s participating interests in accordance with the Petroleum Act chapter 11, by 1 August each year separately report all payments made in the previous calendar year to the state in connection with the state’s participating interests.</p>

	<p>Statoil ASA shall by 1 August each year separately report all payments made in the previous calendar year to the state as a consequence of the company's sale and marketing of the state's petroleum, in accordance with the sales and marketing instruction laid down in Statoil's General Meeting 25 May 2001 with subsequent amendments.</p> <p>Bodies obliged to report in accordance with this section shall also report all other payments to the state or to state employees made in the previous calendar year in connection with petroleum activities.</p> <p>Reporting pursuant to this section shall be made to the administrator appointed pursuant to section 6.</p> <p>As described in Indicator 8, with regard to the confidentiality rules in the Custom Act and the Tax Assessment Act, the MPE has revised the Petroleum Act in order to make the EITI regulation more visible. Furthermore, as described in Indicator 9, the MPE has also developed standard reporting templates to facilitate reporting from the licensees.</p> <p>The government reported cash flows received from petroleum tax and NO_x tax from a greater number of companies than those instructed by the MPE to report. These are companies that are no longer licensees on the Norwegian continental shelf, or drilling companies with NO_x tax-liable activity that are neither operators nor licensees. Regarding the 2008 reporting, the decision was made not to obtain reports from these companies. Further clarification on this matter will be made prior to the reporting for 2009.</p> <p>The reporting bodies did not receive detailed instructions about the EITI reporting until 15 July 2009, after the EITI regulation had been adopted. Despite the extended deadline to 17 August 2009, several companies were unable to report within the deadline. The last company reported on 16 September 2009. Although some companies experienced delays in their reporting – mostly due to uncertainties about the reporting requirements, the reporting being requested during the main vacation period and the short deadline set for reporting – all companies had reported by the time the Norwegian EITI report was finalised in January 2010. A process is now taking place involving the MSG, MPE, and the administrator in order to clarify and improve the templates for the 2009 reporting.</p>
Stakeholder views	<p>All stakeholders interviewed by the validator agreed that the government had ensured that all companies would report. Most companies and some government agencies, however, felt that the timeline for reporting in the first year had been too short (two weeks) and the templates had not been sufficiently clear.</p>
Validator's judgement	<p>This indicator has been met.</p> <p>As mentioned in Indicator 9 above, mining companies are currently not required to report to the EITI administrator.</p> <p>We recommend that a revision of the reporting templates, together with further clarification on the reporting requirements for companies that are no longer licensees, be made prior to the reporting for 2009.</p>
	<p>Compliant</p>

Preparation phase	
Indicator 12	Has the government ensured that company reports are based on audited accounts to international standards?
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>Purpose: The EITI criteria require that all data disclosed by companies is based on data drawn from internationally audited accounts that have been audited to international standards. This is a vital component of EITI implementation.</p> <p>Evidence: To tick this indicator's box, the validator will need to see evidence that the government has taken steps to ensure data submitted by companies is audited to international standards. This could include the following:</p> <ul style="list-style-type: none"> • government passes legislation requiring figures submitted to international standards; • government amends existing audit standards to ensure they are to international standards, and requires companies to operate to these; • government agrees an MOU with all companies whereby companies agree to ensure submitted figures are to international standards; • companies voluntarily commit to submitting figures audited to international standards; • where companies are not submitting figures audited to international standards, the government has agreed a plan with the company (including state-owned enterprises) to achieve international standards against a fixed timeline; and • where figures submitted for reconciliation are not to audited standards, the multi-stakeholder group is content with the way of addressing this.
Progress to date	<p>Notwithstanding the EITI process, all oil companies registered or operating within Norway have to submit their annual accounts, audited according to international standards (legal requirement), to the Norwegian Company Registry before 1 August. Audited annual accounts have to be finalised by 30 June for the previous accounting year (i.e. before the EITI reporting is due). This is regulated in the Norwegian Accounting Act, last amended 12 December 2008.</p> <p>Furthermore, all companies of relevance for the EITI process in Norway have to report to the Norwegian tax authorities in the form of filing tax declarations and audited income statements. The deadlines for the companies to file their tax declarations to the Norwegian Tax Authorities vary according to certain principles, but the latest reporting date is set as 31 May for reporting last year's figures. The oil companies that reported their EITI-related payments to the administrator are all regulated by the Petroleum Tax Act; the deadline for them to file their tax declarations with the supporting documentation is 30 April for the previous fiscal year. It is a legal requirement that the income and cost statement attached to the tax declaration is audited.</p> <p>These requirements imply that all EITI-related payments should have been audited before they are submitted to the administrator.</p> <p>When the companies sent their reports to the administrator, they also certified that the reported numbers were taken from their financial statements. However, the task of the administrator is to reconcile and not to verify whether submitted numbers are, in fact, based on audited accounts.</p>

	<p>The administrator noted that company submissions (according to the company template) must, in principle, be signed by the company Chief Executive Officer (CEO) but this had not always been the case.</p>
Stakeholder views	<p>All stakeholders consulted by the validator agreed that the legal requirement to audit ensured that all EITI-related payments were derived from accounts audited to international standards.</p> <p>It was suggested by company stakeholders that the requirement for the CEO to sign the EITI report be revisited and that instructions for the delegation of authority to the Chief Financial Officer (CFO) be prepared.</p>
Validator's judgement	<p>This indicator has been met.</p> <p>Since the 2008 audited annual accounts had to be finalised before the EITI reporting was due, and since companies certified that the reported numbers were taken from their financial statements, we trust that all EITI-related payments were, in fact, derived from accounts audited to international standards.</p> <p>However, as the task of the administrator does not include verification of whether submitted numbers are actually based on audited accounts, we strongly recommend that the companies should submit the audit reports attached to their annual accounts as verification to the administrator. In the ongoing reconciliation of the 2009 data, the companies have been requested to attach the audit report as part of the reporting material.</p> <p>We also noted that some company submissions were not signed by the correct individual, and we therefore recommend that the requirement for the CEO to sign is revised to "the CFO or an assigned alternative". In the reporting of the 2009 data, the templates had, according to the guidelines, to be signed by the CFO/Agency Director</p>
	Compliant

Preparation phase	
Indicator 13	Has the government ensured that government reports are based on audited accounts to international standards?
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>Purpose: EITI criteria require that all data disclosed by the government is audited to international standards.</p> <p>Evidence: To tick this indicator's box, the validator will need to see evidence that the government has taken steps to ensure data submitted is audited to international standards. This could include the following:</p> <ul style="list-style-type: none"> • government passes legislation that requires figures to be submitted to international standards; • government amends existing audit standards to ensure they are to international standards, and ensures compliance with these; and • where figures submitted for reconciliation are not to audited standards, the multi-stakeholder group is content with the way of addressing this.
Progress to date	<p>All government accounts involving EITI-related payments are audited to international standards by the time the government organisations report to the administrator.</p> <p>The EITI-related payments derived from the state's Direct Financial Interest (SDFI) are managed by the state-owned company Petoro AS. The audit report for Petoro concerning their annual accounts for 2008 is dated 20 February 2009. The SDFI portfolio is also subject to audit by the office of the AG. The AG audit is finalised by 30 June at the latest.</p> <p>The EITI-related payments are processed through the accounts of the Central Bank of Norway. For the 2008 accounting year, the audit report is dated 25 February 2009.</p> <p>According to Norwegian law, government accounts are audited to international standards by the AG. The Norwegian state accounts for 2008 were made publicly available through St. meld. Nr 3 (2008–09) on 24 April 2009. According to the AG, the state accounts are audited at this time even though no audit report is published until later in the year (for 2008, the audit report was published on 22 October 2009).</p>
Stakeholder views	All stakeholders consulted by the validator agreed that the various audit processes of government accounts ensured that all EITI-related payments were derived from accounts audited to international standards.
Validator's judgement	<p>This indicator has been met.</p> <hr/> <p>Compliant</p>

Disclosure phase	
Indicator 14	Were all material oil, gas, and mining payments by companies to government (“payments”) disclosed to the organisation contracted to reconcile figures and produce the EITI report?
Criteria	None
Progress to date	<p>According to the EITI regulation, section 3, the companies are required to report payments directly to the administrator.</p> <p>After some clarification, a total of 65 licensees and four government agencies were identified as being obliged to report according to the EITI regulation. All these entities had reported to the administrator before the report was submitted to the MSG.</p> <p>As described in Indicator 11, all relevant payments were reported, albeit with some delays.</p> <p>Again, in Norway, mining payments are not part of the reporting system and the Norwegian regulation implementing the EITI. The mining industry has been excluded, due to its minor contribution to GDP and its relative insignificance compared with the oil and gas sector.</p>
Stakeholder views	Some stakeholders, including representatives from civil society and private companies, expressed their views that Norway should include the mining industry in the EITI for future years. As mentioned earlier, further discussion on whether mining payments should be included may take place within the MSG.
Validator’s judgement	This indicator has been met.
	Compliant

Disclosure phase	
Indicator 15	Were all material oil, gas, and mining revenues received by the government (“revenues”) disclosed to the organisation contracted to reconcile figures and produce the EITI report?
Criteria	None
Progress to date	<p>According to the EITI regulation, section 4, the Norwegian Tax Administration, Norwegian Petroleum Directorate, the Customs and Excise Authorities, Petoro AS, and the Central Bank of Norway are required to report directly to the administrator all payments they have received in the previous calendar year based on the payment obligations of the licensees.</p> <p>As described in Indicator 11, all relevant revenues were reported, albeit with some delays.</p>
Stakeholder views	As described in Indicator 14, some stakeholders, including representatives from civil society and private companies, expressed their views that Norway should also include the mining industry in the EITI for future years.
Validator’s judgement	This indicator has been met.
	Compliant

Disclosure phase	
Indicator 16	Was the multi-stakeholder group content that the organisation contracted to reconcile the figures did so satisfactorily?
Criteria	None
Progress to date	<p>In accordance with the TOR, the administrator's draft report should be delivered to the MSG on 15 September and the final report published on 15 November each year.</p> <p>Following some reporting problems related to uncertainties about the reporting requirements and confidentiality issues, the administrator was able to reconcile all of the initial discrepancies.</p> <p>The MSG held a meeting on 26 October 2009, where the draft report from the administrator was presented. According to the minutes of the MSG meeting, the group concluded that the reconciliation was satisfactory, and the administrator was commended for a thorough and good report.</p>
Stakeholder views	All stakeholders consulted by the validator concurred that the administrator had reconciled the figures satisfactorily.
Validator's judgement	<p>This indicator has been met. Recognising that the first reconciliation is likely to encounter issues or problems that were not envisaged in the planning stage, the administrator was able to deliver a thorough EITI report to the MSG with only a slight delay with regard to the agreed TOR.</p> <p>The administrator was able to reconcile all initial discrepancies before finalising the report. The report is comprehensive and written well.</p>
	Compliant

Disclosure phase	
Indicator 17	Did the EITI report identify discrepancies and make recommendations for actions to be taken?
Criteria	None
Progress to date	<p>Several discrepancies were identified based on the reconciliation work performed. These are categorised as follows in the report:</p> <p>Petroleum tax</p> <ul style="list-style-type: none"> • companies included taxes outside the scope of the Petroleum Taxation Act (i.e. onshore tax); • companies included taxes paid to foreign authorities; • timing differences – companies reported tax expenses rather than taxes paid, or the payment date was close to year-end, and the company and the Norwegian Tax Administration had included the payments on a different year in their accounts; • companies did not include interest paid; and • company reporting initially omitted some payments. <p>CO₂ tax</p> <ul style="list-style-type: none"> • companies did not include interest paid, while the Norwegian Petroleum Directorate included interest paid; and • company reporting initially omitted some payments. <p>Area fee</p> <ul style="list-style-type: none"> • company reporting initially omitted some payments; • timing difference – companies reported expenses rather than the paid area fee; and • companies did not include interest paid, while the Norwegian Petroleum Directorate included interest paid. <p>NO_x tax</p> <ul style="list-style-type: none"> • companies initially omitted some payments; • companies included interest paid, while the customs toll did not include interest paid; and • the customs toll omitted interest paid. <p>The discrepancies were explained without great difficulty. Following these explanations, reported cash flows from the licensees totalled TNOK 400,489,701.</p> <p>According to the report, the reporting bodies were very cooperative when it came to investigating discrepancies. After the adjusted reporting, there were no outstanding unresolved discrepancies.</p> <p>The administrator recommends that the EITI reporting guidance for 2009 considers the experiences from 2008 to make sure that the guidance is more detailed when it comes to the content of the reporting.</p>
Stakeholder views	All stakeholders consulted by the validator agreed that the EITI report identified discrepancies and made appropriate recommendations for actions to be taken.
Validator's judgement	<p>This indicator has been met. All discrepancies were reconciled in the report. The MSG has indicated that all recommendations will be taken into account before next year's reporting process begins.</p> <p>Compliant</p>

Disclosure phase	
	How have oil, gas, and mining companies supported EITI implementation?
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>Purpose: In accordance with the EITI principles and criteria, all companies operating in the relevant sectors in countries implementing the EITI have to disclose material payments to the government in accordance with agreed reporting templates and to support EITI implementation. This includes: expressing public support for the Initiative; taking part, or supporting, the multi-stakeholder process; disclosing agreed data that is audited to international standards; and cooperating with the validator where there are queries over company forms.</p> <p>Evidence: This indicator does not require the validator to provide an overall assessment. The validator should provide a written assessment in the EITI validation report based on the self-assessed company forms each company is required to complete. Where companies do not fill in forms, the validator should note this in the final report. In addition, the validator should include in the final report any relevant information on the company concerned that is already in the public domain. The company should be given the opportunity to check this information. As well as using the forms to summarise company performance in the EITI report, the forms should be publicly available and a table collating company responses should be included in the EITI report.</p> <p>The validator should contact all the companies required to fill in forms at the start of the validation, inform them of the requirement to complete the form, and request that the forms be returned to the validator. In addition, the validator should ask companies to comment on lessons learnt and best practice. Companies have two ways of providing such comments:</p> <ul style="list-style-type: none"> • companies can use the space provided on the self-assessment forms; or • companies can provide verbal evidence to the validator where issues the company wishes to note are of a sensitive nature. The validator will summarise anonymised lessons and experiences in the validation report.
Progress to date	<p>A total of 69 companies and governmental agencies were expected to report all material payments to the administrator. All bodies had reported by the time the report was completed.</p> <p>Statoil participated in the panel discussion following the launch of the EITI report. A number of companies are represented in the MSG through OLF.</p> <p>In advance of the validation process, self-assessment company forms were distributed to 50 companies. However, according to the administrator's report, a total of 65 companies (and four governmental agencies) reported their figures. The reasons for this deviation (65 as opposed to 50 companies) were, among others, that:</p> <ul style="list-style-type: none"> • some of the companies that reported their figures to the administrator are part of the same company group (i.e. there is no need to obtain answers from companies within the same organisation); and • some companies have ceased to exist due to mergers/acquisitions. <p>As at 12 May, a total of 47 companies had returned completed forms. With regard to public statements in support of the EITI process in Norway, a number of companies commented on this in the "Narrative opinions" box:</p>

	<p>Some companies published statements related to their support of the EITI process in their annual report. Some of the companies that have not made public statements in support of the EITI process stated that public statements are not in line with the company's policy, or that public statements are coordinated through a parent company. Some parent companies have made such statements.</p> <p>One company explained that, with reference to the MPE letter dated 15 July 2009, the company did not understand that it had special duties to make public statements beyond the normal duties regulated by Norwegian accounting law. This company also stated that, with reference to that same letter, it did not understand that it had special duties to support the implementation of the EITI work plan beyond the disclosure of all material payments to Deloitte.</p>
Stakeholder views	All companies with whom the validator has been in contact have been very cooperative and positive toward EITI implementation.
Validator's judgement	This indicator has been met. However, three companies have not submitted their self-assessment forms.
	Compliant

Dissemination Phase	
Indicator 18	Was the EITI report publicly available in a way that was accessible, comprehensive, and comprehensible?
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>Purpose: EITI is ultimately fully implemented when the EITI report is made public, and it is widely disseminated and openly discussed by a broad range of stakeholders. The EITI criteria require that the report is publicly available in a way that is publicly accessible, comprehensive, and comprehensible.</p> <p>Evidence: To tick this indicator's box, the validator will need to see evidence that the government ensured the report was made publicly available in ways that are consistent with the EITI criteria, including by:</p> <ul style="list-style-type: none"> • producing paper copies of the report that are distributed to a range of stakeholders, including civil society, companies, the media, and others; • making the report available online, and publicising its location to stakeholders; • ensuring the report is comprehensive, including information gathered as part of the validation process and all recommendations for improvement; • ensuring the report is comprehensible, including by ensuring it is written in a clear, accessible style and in appropriate languages; and • ensuring outreach events – whether organised by government, civil society or companies – are undertaken to spread awareness of the report.
Progress to date	<p>The EITI report was published on 21 January 2010 during an open public meeting hosted by PWYP and TI. The meeting was attended by a number of journalists and received coverage by Norwegian and international press (<i>New York Times</i>).</p> <p>The report was distributed at the meeting, and thereafter printed and distributed to all reporting companies and government agencies. It is also available to anyone interested upon request, as well as online through the websites of the MPE, the international EITI, and the international PWYP. The report is comprehensive, including information gathered as part of the reconciliation process and all recommendations for improvement. It is also comprehensible (i.e. it is written in a clear, accessible style and published in both Norwegian and English).</p>
Stakeholder views	<p>The MSG indicated to the validator that they would have liked to see a shorter “popular” version of the EITI report published for the benefit of laymen and students interested in the EITI and the Norwegian oil sector.</p> <p>Several of the reporting bodies and companies also complained to the validator that they had not been given a copy of the report following their data submission.</p>
Validator's judgement	<p>This indicator has been met. The quality of the report is excellent, although we recommend that developing an additional shorter “popular” version will make the information more accessible to a wider group. Moreover, future dissemination of the EITI reports would benefit from more media coverage within Norway, better display on the websites of the MPE and other stakeholders, including a specific Norwegian EITI website, and larger distribution of paper copies to a wider range of stakeholders.</p>
	Compliant

Dissemination Phase	
	What steps have been taken to act on lessons learnt, address discrepancies, and ensure EITI implementation is sustainable?
Criteria	<p>The Indicator Assessment Tool for this indicator states:</p> <p>Purpose: The production and dissemination of an EITI report is not the end of implementation of the EITI. The value comes from the process as much as from the product, and it is vital that lessons learnt in implementation are acted upon, that discrepancies identified in the EITI report are addressed, and that EITI implementation is on a stable, sustainable footing.</p> <p>Evidence: The validator should see evidence that a review mechanism has been established that takes account of the purpose outlined above. The validator should comment on this in the Validation Report.</p>
Progress to date	<p>The EITI report was only published in January 2010, and thus, there has not been sufficient time to act on lessons learnt at the time of the validator's interviews with stakeholders.</p> <p>Nevertheless, the report confirmed that the Norwegian system of transparency is highly functional.</p> <p>Discrepancies identified during the reporting process were immediately addressed, and the MPE has since held two meetings with the administrator and stakeholders to ensure that the recommendations in the report are acted upon before the next reporting (see Indicators 9 and 17).</p> <p>The development of a communication strategy was discussed by the MSG during their meeting on 27 May 2010. Developing such a strategy constitutes a specific task in the new work plan.</p>
Stakeholder views	All of the stakeholders consulted by the validator agreed that insufficient time had passed since the first EITI report was published for the MPE and the MSG to act on the recommendations. However, it was understood among all parties that all recommendations would be implemented before the next reporting round.
Validator's judgement	<p>This indicator has been met. EITI implementation is on a stable, sustainable footing in Norway. The administrator confirmed that all of the recommendations in the report were being addressed by the MPE in liaison with the MSG, and that improved reporting templates would be developed in time for the next reporting round.</p> <p>However, we recommend that during 2010, with the EITI process now fully established, the MSG initiate a discussion about the benefits of EITI reporting for Norway on a national level, to complement the benefits of setting a good example in the international arena, particularly among the OECD countries. This includes a more vibrant strategy to communicate the EITI process both to the Norwegian population and to the international community.</p>
	Compliant

5 Overall assessment

EITI implementation in Norway is progressing steadily and the country has proven that EITI implementation can be achieved quickly, at a low cost, and without undue effort. The Norwegian reconciliation process was smooth and uneventful. All discrepancies were resolved and there were no substantive delays in the reporting. It is, here, important to highlight that tax payments to Norwegian authorities from the various companies operating within the oil and gas sector are already publicly available. Norwegian media also publishes these tax payments. Hence, the debate in Norway is not concerned about corruption in the oil and gas sector due to discrepancies between what the companies report as having been paid in taxes and what the state reports as having received. Yearly audited accounts for all the companies where tax payments are detailed are also publicly available. The findings of the administrator (i.e. that all discrepancies were reconciled before the report was published) were, thus, in line with what all consulted stakeholders prior expectations.

Nevertheless, as the first OECD country to implement EITI, and with an objective to set an example for others to follow suit, Norway could still benefit from improving and streamlining its EITI processes in several areas:

- the first country work plan was not available online until recently, not particularly detailed, and activities were not individually costed;
- communication of the EITI process to the Norwegian population did not receive sufficient attention from the MSG or the MPE; and
- the first reporting period was time-constrained and suffered from certain misunderstandings with regard to the reporting requirements.

It is expected that these issues will be clarified and processes further streamlined in preparation for the second reconciliation process.

Based on the detailed assessment in this report and the overall assessment contained in this report, the validator recommends that Norway should be given EITI-compliant status. However, we also recommend that, before the next reporting round, the recommendations given in Section 6 are implemented.

6 Recommendations

Many recommendations have already been recognised by the administrator in the EITI report, and remedies for improving and streamlining the reporting process are being discussed with the MPE and relevant stakeholders. Those detailed recommendations are not repeated here.

The remaining recommendations from the validation team are that:

- a fully-costed work plan should be developed for 2010 (or 2010–11), with detailed activities and clear identification of any capacity constraints. The work plan should be published on the forthcoming EITI website (this is already partly achieved);
- agreement should be reached on revised reporting templates within the MSG;
- specific TOR should be prepared to guide the work of the MSG, including on the formal selection process of MSG members, as well as definitions of roles and responsibilities;
- the requirement for the CEO to sign the EITI submission should be revised to allow for an alternative signatory to the document, should that be the preferred choice of the company (this has been achieved);
- to ensure that the EITI process remains sustainable in Norway, where corruption is not a major concern in the extractive industry, the MSG should look closer at the national (internal) benefits of implementing the EITI and communicate these benefits to the different stakeholder groups, as well as to the public;
- a communication strategy be developed for the Norwegian EITI. The strategy should include the construction of an EITI website with information about the EITI and the Norwegian petroleum sector. The website should either be stand alone, or be clearly featured on the MPE website. Apart from making all EITI-related documentation readily available, the website could, for example, contain a broad spectrum of information about the revenue flows derived from the oil and gas industry, including on the use of these resources in the Norwegian budget and the pension fund;
- a shorter ‘popular’ version of the EITI report should be prepared and published to make the information more accessible to a wider group. This report should be displayed on the websites of the EITI and other stakeholders, and a larger distribution of paper copies be made to a wide range of stakeholders;
- the agendas and minutes of MSG meetings should be published on the EITI website (to be developed);
- reporting processes should be improved and simplified as much as possible to minimise the cost of reporting to all relevant parties. This could entail an effort to align both reporting dates and templates with other requirements, such as to the SSB;
- although it is a general legal requirement for the companies that their annual accounts are audited by 30 June (i.e. before the date of submission of figures to the administrator), companies should be requested to submit their audited annual accounts as verification to the administrator (this has been achieved);
- political engagement in the EITI process should be strengthened, including a representative from the Ministry of Foreign Affairs (MFA) in the MSG should be considered. The political leadership of the process was initially with the MFA, which also represents Norway on the international EITI board. However, as Norway took on the role as an implementing country, the MPE was given the responsibility of leading implementation. Clearly, the objectives of the MFA and the MPE for implementing the EITI in Norway are not identical; whereas the MFA is more focused on promoting

alignment of Norway's external (development) policies, the MPE is more concerned with regard to the internal implementation process; and

- specific staff should be recruited for an EITI Secretariat to avoid potential conflicts of interest and time with internal MPE duties.

Following receipt of the draft report on 16 April 2010, the MSG responded positively to these recommendations. The international EITI Secretariat has confirmed they will be responsible for monitoring progress made in meeting these recommendations in full.

Annex A Company implementation and company assessment forms

A.1 Company implementation

A summary of the completed Company Self-Assessment Forms follows and contains responses on five indicators:

- whether the company had made public statements in support of the EITI process in Norway;
- whether the company has committed to support and cooperate in the implementation of the country EITI work plan (as agreed by the MSG), including abiding by government EITI-related directives (e.g. laws and MOUs) and, where appropriate, meeting with stakeholders;
- whether all material payments have been disclosed to the organisation contracted to reconcile figures and produce the EITI report in accordance with the agreed EITI reporting templates and pursuant to agreed timelines;
- whether the data that was submitted to the organisation contracted to reconcile figures and produce the EITI report was taken from accounts independently audited to international standards; and
- whether the company has responded to queries from the organisation contracted to reconcile figures and to produce the EITI report to assist in reconciliation.

There were around 65 companies operating in Norway at the time of the production of the 2009 reconciliation report. However, for the purposes of this exercise, the validator requested responses from 50 companies considered in the 2009 reconciliation report. The difference in the original number of companies providing data to the administrator and the number of companies that provided the assessment form is due to:

- mergers having taken place during the reporting period; and
- companies being part of the same “company group” – the latter were not requested to respond individually.

The validator received responses from 47 companies: Hess Norge AS, BG Norge AS, and Norske AEDC A/S did not respond.

All 50 companies that were requested to respond (including the three companies that did not respond) also provided data to the administrator for the reconciliation report. Providing such data to the administrator is a legal requirement as set out in the EITI regulation, whereas responding to the validator on the assessment forms is voluntary. On 24 February 2010, the companies were requested in writing to fill out the assessment forms. A reminder was circulated on 5 March. OLF was later asked to assist in reminding the companies that had not responded about the request.

The completed forms from the 47 respondents are summarised in Table A.1.

Table A.1 Summary of company validation forms

Company Name	Questions					Comments
	1	2	3	4	5	
Concedo ASA	Yes	Yes	Yes	Yes	Yes	
Premier Oil Norge AS	No	No	Yes	Yes	No	
Chevron Norge AS	No	Yes	Yes	Yes	Yes	
Marathon Petroleum Company (Norway) LLC	No	Yes	Yes	Yes	Yes	
Petoro AS	No	Yes	Yes	Yes	Yes	In the external annual report for 2009, there is a public statement about Petoro's compliance with EITI reporting in the section entitled "Corporate Governance". The report will be available on 15 April 2010. Petoro serves as the licensee for Norway's state direct financial interests in Norwegian petroleum operations. Cash flows from the portfolio are transferred to central government accounts with the Bank of Norway, and cash flows from oil and gas sales are transferred to the government on a daily basis. Petoro submits monthly reports on cash accounting principles to the Norwegian state accounts.
Rocksource ASA	No	No	Yes	Yes	N/A	No public message of support has been made, but the company supports EITI implementation.
PGNiG Norway AS	No	No	No	No	No	PGNiG had no production in 2010.
Esso Norge AS	Yes	Yes	Yes	Yes	Yes	1 Verbal, at a conference in Oslo in 2009. 4 All accounts are audited by PwC in accordance with Norwegian law and US GAAP. No separate, independent audit is conducted for EITI purposes.
ConocoPhillips	Yes	Yes	Yes	Yes	Yes	
Sagex Petroleum Norge AS	No	Yes	Yes	Yes	No	1 Has not been relevant to the company. 5 We have not received a request for additional clarification from the contacted company.
Dana Petroleum Norway AS	No	Yes	Yes	Yes	No	
Talisman Energy Norge ASA	No	Yes	Yes	Yes	Yes	
North Energy	No	No	Yes	Yes	No	1 Not been discussed within the company. 2 Not been discussed within the company. 5 No queries have been received.
Eni Norge AS	No	Yes	Yes	Yes	No	1 No public statements, but supported through OLF. Legal manager appointed member of MSG. 5 No queries have been received.
Faroe Petroleum	No	No	Yes	Yes	Yes	The company has attached a separate letter to the self-assessment form.

E.ON Ruhrgas Norge AS	No	Yes	Yes	Yes	Yes	Public statements are made by E.ON AG or E.ON Ruhrgas AG and not specifically to any country.
Statoil ASA	Yes	Yes	Yes	Yes	Yes	
Idemitsu Petroleum Norge AS	No	Yes	Yes	Yes	No	1 Any public statements will normally be handled by parent company. 5 No queries have been received.
Lundin Norway AS	No	Yes	Yes	Yes	Yes	Lundin Norway AS is supporting the EITI process in Norway. It will be included in the annual report for 2009. Lundin Norway has complied with the EITI work in Norway.
A/S Norske Shell		Yes	Yes	Yes	Yes	1 The Royal Dutch Shell group has made public statements in support of the EITI.
Enterprise Oil Norge AS		Yes	Yes	Yes	Yes	1 The Royal Dutch Shell group has made public statements in support of the EITI.
Spring Energy Norway AS	No	Yes	Yes	No	No	4 Accounts audited to NGAap standards. 5 N/A – the company has not received any queries.
Edison International S.p.A Norway Branch	No	No	Yes	Yes	Yes	
Nexen Exploration Norge AS	No	Yes	Yes	Yes	Yes	Nexen Exploration Norge AS is a small exploration company that is currently in the start-up phase. The company is a subsidiary of Nexen Inc., a Canadian public company. Nexen Exploration Norge AS does not make public statements, as all public statements are coordinated through the company's parent company, Nexen Inc.
Altinex Oil Norway AS	Yes	Yes	Yes	Yes	Yes	
Norwegian Energy Company ASA	Yes	Yes	Yes	Yes	Yes	
RWE Dea Norge AS	No	Yes	Yes	Yes	Yes	1 The question is not understood. It is not our policy to make public statements on law and regulations in general.
Det norske oljeselskap ASA	No	No	Yes	Yes	Yes	
Repsol Exploration Norge AS						Repsol Exploration SA only had a representative office in Norway in 2008, with no permanent staff in the country. In 2009, Repsol Group set up a subsidiary in Norway: Repsol Exploration Norge AS, but this subsidiary has not been approached yet by the organisation contractor to produce the EITI report.
VNG Norge AS	Yes	Yes	Yes	Yes	Yes	
Maersk Oil Norway AS	No	No	Yes	No	Yes	4 Independently audited by Norwegian standards.
Centrica Resources (Norge) AS	No	Yes	Yes	Yes	No	1 Neither Centrica Energi NUF nor Centrica Resources (Norge) AS have made any public statements relating to the EITI process in Norway. 5 Prior to this assessment of EITI implementation, Centrica has not received any queries relating to the EITI.

DONG E&P Norge AS	Yes	Yes	Yes	Yes	Yes	
Svenska Petroleum Exploration AS	No	Yes	Yes	Yes	Yes	
Discover Petroleum	Yes	No	No	No	Yes	Discover Petroleum is a small company, not yet having a cash flow related to production. 1 Through OLF.
Genesis Petroleum Norway AS	No	No	Yes	Yes	Yes	1 This is not in line with company policy. 2 N/A
Bayerngas Norge AS	No	No	Yes	Yes	Yes	1 This is not in line with company policy. 2 N/A
Wintershall Norge ASA	Yes	Yes	Yes	Yes	Yes	
Bridge Energy AS	Yes	Yes	Yes	Yes	No	No queries have been received.
Petro-Canada Norge AS	No	No	No	No	No	Petro-Canada is absolutely aligned philosophically with the EITI principles. While we have not formally endorsed the Initiative, we do publicly support these principles and, if requested, we will support host countries seeking to implement greater transparency. In addition to filling out the self-assessment form, the following was stated by e-mail: Rationale: Petro-Canada's decision not to endorse the initiative formally stems from the following two reasons: 1 The required financial contribution is not, in our opinion, reasonable, especially considering that we will bear any costs of our own support activities for implementing countries over and above this amount. Additionally, this high cost over several years would not be in our shareholders' best interests because we do not operate in any of the candidate countries. 2 Petro-Canada operates in just three countries that could be considered to be of interest to the EITI with regard to revenue transparency. Two of those countries have already made substantial progress towards revenue transparency and we will continue to encourage transparency in our business ventures and relationship.
DGF Suez E&P Norge AS	No	Yes	Yes	Yes	Yes	1 GDF Suez group has been a member of EITI since July 2009 (supporting company). For further information: http://www.gdfsuez.com/en/group/ethics-and-compliance/references-and-memberships/references-and-memberships/
Lotus E&P Norge	No	Yes	Yes	Yes	No	1 We have not been in a situation where it would be appropriate to do so. 5 We have not had any such questions.
Skeie Energy A/S						Skeie Energy only holds interests in exploration licenses and has at present not paid the tax or

						Co2/NOx fee to the Norwegian government. We have therefore not filled out the EITI report yet. The company is 100% Norwegian owned.
BP Norge AS	No	Yes	Yes	Yes	No	
Skagen 44	No	Yes	Yes	Yes	No	
OMV (Norge) AS	No	No	No	No	No	OMV is at present discussing the EITI at a corporate level. OMV has signed an MOU in Kazakhstan on the EITI. Also being discussed in Yemen.
Total E&P Norge AS	No	No	Yes	Yes	Yes	

Annex B Respondents and interviewees

Name	Position	Organisation
Gro Anundskaas	Assistant Director-General Member of MSG	Ministry of Petroleum and Energy and Norwegian EITI Secretariat
Hildegunn Ardal	Advisor	Customs Toll
Beate Bentzen	Legal Advisor Member of MSG	Ministry of Finance
Nikolai Brøvig	Advisor	Minister of Petroleum and Energy and Norwegian EITI Secretariat
Marianne H. Eskeland	Special Advisor	Petoro AS
Mette Herdlevær	State Authorised Public Accountant	Deloitte AS
Jon Jerre	Associate Director Member of MSG	Det Norske Veritas
Jonas Moberg	Head of Secretariat	International EITI Secretariat
Karl B. Myhre	Senior Legal Counsel Member of MSG	A/S Norske Shell
Håkon Nordang	Social Responsibility Advisor Member of MSG	Statoil ASA
Erlend Sandnes	Advisor	Customs Toll
Guro Slettemark	Secretary-General Member of MSG	Transparency International
Svein Svilosen	Senior Advisor	Norwegian Petroleum Directorate
Oddgeir Taksdal	Finance Manager	Premier Oil
Mona Thowsen	Coordinator Member of MSG	Publish What You Pay–Norway
Anders Tunold Kråkenes	Communications Manager	International EITI Secretariat
Fanny Voldnes	Auditor Member of MSG	Norwegian Confederation of Trade Unions
Trine Waale	Senior Accountant	Central Bank of Norway