

## Validation Committee Paper 72-2

Submitted by: International secretariat

on: 1 February 2019

# Second Validation of Norway

For decision

For discussion

For information

### Summary

Subject to considering the feedback from stakeholders and finalisation of the assessment, the International Secretariat recommends that the Validation Committee recommends to the EITI Board that Norway has fulfilled the terms of the Board-approved request for adapted implementation and adhered to the Board-approved approach to mainstreamed implementation. Consequently, it is recommended that Norway be found to have achieved “satisfactory progress” overall in implementing the 2016 EITI Standard. In accordance with requirement 8.3b, Norway will be requested to undergo a re-Validation on **<date of Board decision + 3 years>**.

### Supporting documentation

[Board decision on the 2016 Validation](#)

[Draft assessment by the International Secretariat](#)

Comments from stakeholders – **Pending**

Final assessment by the International Secretariat – **Pending**

### Has the EITI competence for any proposed actions been considered?

The Articles of Association mandate the Board to classify implementing countries as candidate countries or compliant countries (Article 5(2)(i)(a)). The EITI Standard ([Requirement 8.3](#)) addresses [EITI Validation deadlines and the consequences](#) following Validation.

### Financial implications of any actions

There are no financial implications arising from the recommendation.

### Document history

Validation Committee review of Draft assessment	7 February 2019
Validation Committee approval of Board Paper	<b>TBC</b>
Submitted to the EITI Board	<b>TBC</b>

# SECOND VALIDATION OF NORWAY

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## 1. Recommendation

Subject to considering the feedback from stakeholders and the finalisation of the assessment, the International Secretariat recommends that the Validation Committee recommends that the EITI Board agrees the following:

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





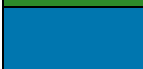


*The Board recognises Norway's efforts to routinely disclose data on the petroleum sector through the online portal [www.norskipetroleum.no](http://www.norskipetroleum.no) and to engage with stakeholders through public debate, hearings and consultations. Norway has moved away from EITI-specific disclosures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

*Norway is encouraged to continue to ensure adherence to the EITI Principles and Requirements. Where concerns are raised about whether implementation of the EITI has fallen below the required standard, the EITI Board reserves the right to require the country to undergo a new Validation. In accordance with Requirement 8.3.b, stakeholders may petition the EITI Board if they consider that Norway's status should be reviewed. Otherwise, in accordance with Requirement 8.3.d.i, Norway will be revalidated in three years, with the next Validation commencing on **<date of Board decision + 3 years>**.*

## 2. Assessment card

EITI Requirements		Level of progress					Direction of Progress
Norway Second Validation scorecard		No progress	Inadequate	Meaningful	Satisfactory	Beyond	
Categories	Requirements						
MSG oversight	Government engagement (#1.1)						=
	Industry engagement (#1.2)						=
	Civil society engagement (#1.3)						→
	MSG governance (#1.4)						
	Work plan (#1.5)						
Licenses and contracts	Legal framework (#2.1)						=
	License allocations (#2.2)						=
	License register (#2.3)						=
	Policy on contract disclosure (#2.4)						=
	Beneficial ownership (#2.5)						=
	State participation (#2.6)						=
Monitoring production	Exploration data (#3.1)						=
	Production data (#3.2)						=
	Export data (#3.3)						=
Revenue collection	Comprehensiveness (#4.1)						=
	In-kind revenues (#4.2)						
	Barter agreements (#4.3)						
	Transportation revenues (#4.4)						=
	SOE transactions (#4.5)						=
	Direct subnational payments (#4.6)						=
	Disaggregation (#4.7)						=
	Data timeliness (#4.8)						=
	Data quality (#4.9)						=
Revenue allocation	Distribution of revenues (#5.1)						=
	Subnational transfers (#5.2)						=
	Revenue management & expenditures (#5.3)						
Socio-economic contribution	Mandatory social expenditures (#6.1)						=
	SOE quasi-fiscal expenditures (#6.2)						=
	Economic contribution (#6.3)						=
Outcomes and impact	Public debate (#7.1)						→
	Data accessibility (#7.2)						
	Follow up on recommendations (#7.3)						=
	Outcomes & impact of implementation (#7.4)						
Overall assessment	Satisfactory progress						→

*Legend to the assessment card*

	The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled.
	The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled.
	The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled.
	The country is compliant with the EITI requirement.
	The country has gone beyond the requirement.
	This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
	The MSG has demonstrated that this requirement is not applicable in the country.

### 3. Recommendations

Norwegian stakeholders are encouraged to consider the recommendations in the International Secretariat's assessment that could help Norway strengthen its approach to systematic disclosures of EITI data and ensure adequate multi-stakeholder participation in public decision-making related to the extractive industries.

### 4. Background

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

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

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

- On 28 April 2017, Norway submitted a request for adapted implementation to the EITI Board concerning requirements 1.1-1.5, 7.1-7.4 and phase 6 of the agreed-upon procedures for mainstreamed disclosure (Requirement 4.9c). The request was approved by the EITI Board on 25 October 2017<sup>1</sup>.

<sup>1</sup> [2017-49/BM-38/BP-38-4-E](#)

- On 23 October 2018, in accordance with the terms of the adapted implementation request, Norway held an open stakeholder meeting to present the revenue data for the year 2016 and the latest developments in the sector as well as provide an update on progress on beneficial ownership disclosures.

Norway's second Validation commenced on 4 December 2018. The Secretariat assessed progress in addressing the corrective actions, reflecting the Board-approved adapted approach to implementation of Requirements 1 and 7. In addition, adherence to mainstreamed implementation was assessed, specifically regarding revenue disclosures (Requirement 4.1) and the approach to assurances (Requirement 4.9).

**Having reviewed the steps taken by Norway to address the five corrective actions and undertake mainstreamed implementation, the International Secretariat's preliminary assessment is that the terms of the Board-approved requests for adapted implementation and mainstreamed implementation have been fulfilled.** The draft assessment was sent to stakeholders on 31 January 2019. Following comments expected on 15 February, the assessment will be finalised for consideration by the EITI Board.