

The OfD petroleum sector governance checklist

Dec 6th, NRC benchmarking workshop



Agenda

- The Oil for Development program – in short
 - incl. partner countries as per Dec 2012
- The petroleum sector governance checklist
- The results management system currently used by OfD
- Some thoughts on the relevance for the NRC benchmarking process

Oil for Development – in short

- Assistance to developing countries, upon their request, in their efforts to manage petroleum resources
- Initiated in 2005 to strengthen environmental and financial aspects of Norway's thirty year-long petroleum-assistance
- Based on Norwegian experience and expertise
- Budget of USD 57 million in 2012

Partner countries as per Dec 2012

- Angola
- Bolivia
- Cuba
- Ghana
- Iraq
- Ivory Coast
- Lebanon
- Liberia
- Mozambique
- Nicaragua
- Nigeria
- São Tomé and Príncipe
- Sierra Leone
- South Sudan
- Sudan
- Tanzania
- Timor-Leste
- Uganda

The petroleum sector governance checklist

- Developed by OfD in 2008-2009, drawing upon work done by Chatham House
- Primarily a tool for needs assessment in OfD partner countries

The five principles

- I. Clarity of goals, roles and responsibilities
- II. Sustainable development and risk management as overarching goals for the sector
- III. Enablement to carry out the role assigned
- IV. Accountability of decision-making and performance
- V. Transparency and accuracy of information



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Principle I. Clarity of goals, roles and responsibilities

Priority Issues

2. The national onshore and offshore jurisdiction is defined and acknowledged by neighboring states, and applies to petroleum activities.

Specific Questions

- a) Are there ongoing border disputes with neighboring states in areas considered to have petroleum potential?
- b) Are there agreements in place for joint exploration and exploitation of petroleum in areas where jurisdiction is disputed?
- c) For coastal and island states, has the continental shelf been delineated according to UNCLOS or has a claim been presented?



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Principle III. Enablement to carry out the role assigned

Priority Issues

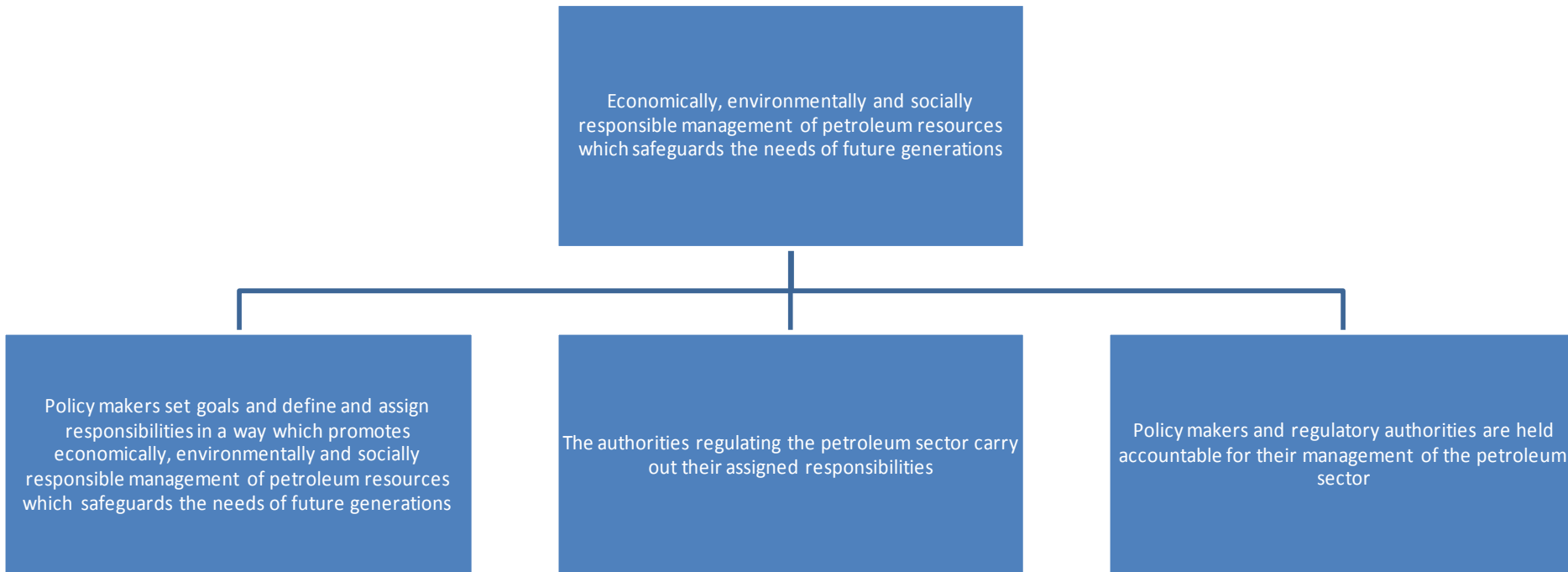
15. Employees in government agencies (including an NOC) with a mandate/tasks related to the petroleum sector are incentivized to improve performance.

Specific Questions

a) What is the average salary level for professional staff in each of the relevant agencies with a mandate/tasks related to the petroleum sector (including an NOC, if one exists)?

b) Are personnel development/training and/or career plans in place for the professional staff in each relevant agency? If no, please explain.

The OfD goal hierarchy



Indicators for the operative goal

- Proven reserves (mboe)
- Oil and gas production as share of national production target (%)
- Oil and gas recovery rates (%)
- In new/young systems: Overall government-take based on fiscal regime/model contract (% , but relate to risk). In more mature systems: Normalized government-take in batches of contracts (%)
- Discrepancies identified in Extractive Industries Transparency Initiative (EITI)-reports between petroleum revenues paid to the government and petroleum revenues received by the government, and the trend of the discrepancies from year to year
- Discharges of oil per produced boe
- Fragmentation/loss of habitat in areas with petroleum activities (km²)
- Number of serious injuries/loss of life as a direct result of petroleum activities

The petroleum value chain (upstream)

Geological, resource, environmental mapping	Opening of new regions/ fields	Exploration	Field/facility development	Operation	Transportation	Decommissioning
2-4 years		5-7 years	2-3 years	20-40 years		0-1 years

Example indicators for the three outcomes

1. Enactment of legislation which specifies the responsibility for defining and enforcing environmental standards and pollution control requirements in connection with petroleum operations
2. Share of installations/operators inspected with regard to checking compliance of environmental provisions/safety standards
3. Amount/quality of relevant petroleum sector information published on websites (for instance; licensing criteria, licensing decisions, Production Sharing Agreements, Environmental Impact Assessments, revenues etc.)

Relevance for the NRC benchmarking process

- The 12 NRC precepts can serve as goals, and indicators can be developed for benchmarking. Some indicators will need to be more qualitative than others
- Baseline values and target values will vary across countries
- There may be trade-offs between some indicators

Thank you for your attention!

