

Norway 2016 Validation comparison matrix

Requirement	International Secretariat's initial assessment (source)	Comments from stakeholders on the Secretariat's initial report (source)	Independent Validator's assessment (source)	Comments from stakeholders on the Validation report (source)	Next steps
<p>Requirement 1.3 – Civil society engagement.</p> <p>In accordance with the civil society protocol:</p> <p>a) Civil society must be fully, actively and effectively engaged in the EITI process.</p> <p>b) The government must ensure that there is an enabling environment for civil society participation with regard to relevant laws, regulations, and administrative rules as well as actual practice in implementation of the EITI. The fundamental rights of civil society substantively engaged in the EITI, including but not restricted to members of the multi-stakeholder group, must be respected.</p> <p>c) The government must ensure that there are no obstacles to civil society participation in the EITI process.</p> <p>d) The government must refrain from actions which result in narrowing or restricting public debate in relation to implementation of the EITI.</p> <p>e) Stakeholders, including but not limited to members of the multi-stakeholder group must:</p>	<p>The International Secretariat's initial assessment was that Norway had gone beyond satisfactory progress in meeting this requirement.</p> <p>The Secretariat assessed the extent to which the limited scope and decreasing interest of civil society's participation in the Norwegian EITI process was a challenge to Norway's progress on meeting Requirement 1.3.</p> <p>The key question for this assessment was whether civil society's participation must also be present in the MSG when there was no question of its existence in the broader society. The Secretariat's understanding was that this is not the case; rather, the aim of Requirement 1.3 is to ensure that a minimum of space is available for civil society to participate in the public debate where it is otherwise lacking in society and to expand that space over time.</p>	<p>N/A</p>	<p>The Validator wrote: "We disagree with the International Secretariat's finding that Norway's progress implementing this requirement is beyond satisfactory, and instead find that progress is MEANINGFUL. CSOs "lack interest" in the EITI, which appears to be due, based on stakeholder comments, to the MSG's decision not to expand EITI implementation. The fact that the MSG has not addressed this issue exhaustively has effectively become an obstacle to civil society participation in the EITI; the MSG may be seen as narrowing or restricting public debate on EITI implementation. Requirement 1.3 expressly states that civil society must be fully, actively, and effectively engaged in the EITI process. Given the totality of circumstances, it is not possible to state that civil society is fully, actively, and effectively engaged in the EITI process."</p>	<p>The MSG wrote: "We disagree with SDSG. The EITI is about transparency, good governance and involvement from all stakeholders. Stakeholders in Norway are engaged on a daily basis in all issues related to the petroleum sector. There are ample democratic institutions and channels through which it is possible to deal with establishing or changing laws and regulations. The MSG is not part of this. An EITI validation of a country needs to look beyond the MSG."</p>	<p>We suggest that the Committee discusses whether the Board's assessment of requirement 1.3 should be "beyond", "satisfactory progress" or "meaningful progress".</p> <p>If the Committee agrees that the assessment should be "meaningful progress", the Committee should specify which provisions it considers to be breached and agree corrective actions.</p>

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<p>i. Be able to speak freely on transparency and natural resource governance issues.</p> <p>ii. Be substantially engaged in the design, implementation, monitoring and evaluation of the EITI process, and ensure that it contributes to public debate.</p> <p>iii. Have the right to communicate and cooperate with each other.</p> <p>iv. Be able to operate freely and express opinions about the EITI without restraint, coercion or reprisal.</p>	<p>To the extent that Norway serves as an example of how the public and its representatives can contribute actively and effectively to the good governance of the sector through a democratic process, regular consultations and an active public debate, the Secretariat found that Norway had gone beyond the EITI's requirement.</p>				
<p>Requirement 1.4 – Multi-stakeholder group.</p> <p>a) The government is required to commit to work with civil society and companies, and establish a multi-stakeholder group to oversee the implementation of the EITI. In establishing the multi-stakeholder group, the government must:</p> <p>i. Ensure that the invitation to participate in the group is open and transparent.</p> <p>ii. Ensure that stakeholders are adequately represented. This does not mean that they need to be equally represented numerically. The multi-stakeholder group must comprise appropriate stakeholders, including but not necessarily limited to: the private sector; civil society, including independent civil</p>	<p>The Secretariat's initial assessment was that Norway had made meaningful progress in implementing this requirement, noting among other things that there was a lack of clarity in the way in which representatives interacted with their constituencies and in how the constituencies nominated their representatives to the MSG.</p> <p>The Secretariat added that "given the central role that is already played by stakeholders in Norway's model of natural resource governance, it is perhaps not surprising that the MSG structure is not understood by</p>	<p>The MSG commented that when the MSG was set up, it was discussed and agreed within the interim MSG that a representative from each constituency should take responsibility for the process of nominating members to the MSG. It was also agreed within the group that Statoil should be a member in addition to a representative from the international companies. Norsk Olje og Gass (NOROG) is responsible for nominating a representative from the industry and to keep the industry updated on EITI-related issues as well as present the view of the industry.</p>	<p>The Validator wrote: "We disagree with the International Secretariat's finding that Norway's progress in meeting this requirement is meaningful, and instead find that progress is INADEQUATE. While we found the MSG's comments on the Initial Assessment to provide greater clarity on the mechanisms by which constituencies nominate their representatives to the MSG, we continue to find that progress on this Requirement is inadequate. Significant aspects of this requirement have not been implemented, and the broader objective is far from fulfilled. Given</p>	<p>The MSG writes: "As SDGS explains, the government could have ignored the lack of interest from PWYP, TI and Labour Union to appoint new members to the EITI MSG. It is however difficult to see how representatives from other part of the civil society would find it more relevant to spend time and resources on EITI MSG in Norway. Lack of interest from civil society underscores the fact that civil society finds other organisations and channels better suited to express views on petroleum related issues rather than spending time and resources in the EITI</p>	<p>We suggest that the Committee discusses whether the Board's assessment of requirement 1.4 should be "satisfactory progress", "meaningful progress" or "inadequate progress".</p> <p>If the Committee agrees that the assessment should be "inadequate progress" or "meaningful progress", the Committee should specify which provisions it considers to be breached and agree corrective actions.</p>

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<p>society groups and other civil society such as the media and unions; and relevant government entities which can also include parliamentarians. Each stakeholder group must have the right to appoint its own representatives, bearing in mind the desirability of pluralistic and diverse representation. The nomination process must be independent and free from any suggestion of coercion. Civil society groups involved in the EITI as members of the multi-stakeholder group must be operationally, and in policy terms, independent of government and/or companies.</p> <p>iii. Consider establishing the legal basis of the group.</p> <p>b) The multi-stakeholder group is required to agree clear public Terms of Reference (ToRs) for its work. The ToRs should, at a minimum, include provisions on:</p> <p>The role, responsibilities and rights of the multi-stakeholder group:</p> <p>i. Members of the multi-stakeholder group should have the capacity to carry out their duties.</p> <p>ii. The multi-stakeholder group should undertake effective outreach activities with civil society groups and companies, including through communication such as media,</p>	<p>stakeholders as conducive to meaningful multi-stakeholder engagement for the management of the sector in a Norwegian context. They argue that the oversight function of the multi-stakeholder group has already been effectively mainstreamed in the Norwegian context. This is something that the MSG should raise with the EITI Board when seeking its approval to use the EITI's agreed upon procedure for mainstreamed disclosures, as it will continue to have an impact on Norway's ability to comply with Requirement 1.4."</p>	<p>Likewise, the Ministry of Petroleum and Energy (MPE) has the responsibility of nominating representatives from the government side. Before each nomination, the MPE contacts relevant Ministries and asks them to consider if they want to take part in the MSG and if so, nominate their representatives. PWYP has a similar responsibility on behalf of civil society. The MSG agrees on all the nominees before the MPE presents them to the King in Council and the MSG is appointed.</p>	<p>the reported "lack of interest" of CSOs, the government has not ensured that all stakeholders are adequately represented. The term of the current MSG ran out in June 2016 but a new MSG has not been appointed because civil society has been unable to identify new candidates. Moreover, MSG representatives are appointed by the King—even if this is upon recommendation of the stakeholder groups, it means that industry and civil society do not completely control their appointment or designation of their own representatives. CSOs expressed that decision-making by consensus may be a disincentive to participate as the other stakeholder groups do not support expanding or extending EITI implementation. The EITI website has not been updated since 2014. These realities point to weaknesses in MSG governance. Progress is thus inadequate."</p>	<p>MSG. The EITI standards and validation need to reflect this."</p>	

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<p>website and letters, informing stakeholders of the government's commitment to implement the EITI, and the central role of companies and civil society. The multi-stakeholder group should also widely disseminate the public information that results from the EITI process such as the EITI Report.</p> <p>iii. Members of the multi-stakeholder group should liaise with their constituency groups.</p> <p>Approval of work plans, EITI Reports and annual progress reports:</p> <p>iv. The multi-stakeholder group is required to approve annual work plans, the appointment of the Independent Administrator, the Terms of Reference for the Independent Administrator, EITI Reports and annual progress reports.</p> <p>v. The multi-stakeholder group should oversee the EITI reporting process and engage in Validation.</p> <p>Internal governance rules and procedures:</p> <p>vi. The EITI requires an inclusive decision-making process throughout implementation, with each constituency being treated as a partner. Any member of the multi-stakeholder group has the right to table an issue for discussion. The multi-</p>					

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<p>stakeholder group should agree and publish its procedures for nominating and changing multi-stakeholder group representatives, decision-making, the duration of the mandate and the frequency of meetings. This should include ensuring that there is a process for changing group members that respects the principles set out in Requirement 1.4.a. Where the multi-stakeholder group has a practice of per diems for attending EITI meetings or other payments to multi-stakeholder group members, this practice should be transparent and should not create conflicts of interest.</p> <p>vii. There should be sufficient advance notice of meetings and timely circulation of documents prior to their debate and proposed adoption.</p> <p>viii. The multi-stakeholder group must keep written records of its discussions and decisions.</p>					
<p>Requirement 1.5 - Work plan</p> <p>The multi-stakeholder group is required to maintain a current work plan, fully costed and aligned with the reporting and Validation deadlines established by the EITI Board. The work plan must:</p> <p>a) Set EITI implementation objectives that are linked to the EITI Principles and reflect national priorities for the extractive industries. Multi-</p>	<p>The International Secretariat's initial assessment was that Norway had made inadequate progress in meeting this requirement.</p> <p>Norway's EITI work plans do not set out objectives for implementation that are linked to the EITI principles and reflect</p>	<p>The MSG commented that:</p> <p>Our understanding of the Secretariat's reason for defining the MSG's work plan as "inadequate" is that the Secretariat believes the objectives for implementation are not linked to EITI's principles and national priorities. We disagree.</p>	<p>The Validator commented that:</p> <p>We agree with the International Secretariat's finding that Norway's progress is INADEQUATE in meeting this requirement. In particular, there is little evidence of any efforts to consult key stakeholders on the</p>	<p>The comment from SDSG seem not to be substantiated. The following issues have been discussed over the past few years in the MSG (meeting agendas and minutes can confirm this):</p> <ul style="list-style-type: none"> - Expansion of EITI into the mining sector - Assessment of payment types 	<p>We suggest that the Committee discusses whether the Board's assessment of requirement 1.5 should be "satisfactory progress", "meaningful progress" or "inadequate progress".</p> <p>If the Committee agrees that the assessment should be "inadequate progress" or</p>

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<p>stakeholder groups are encouraged to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business.</p> <p>b) Reflect the results of consultations with key stakeholders, and be endorsed by the multi-stakeholder group.</p> <p>c) Include measurable and time bound activities to achieve the agreed objectives. The scope of EITI implementation should be tailored to contribute to the desired objectives that have been identified during the consultation process. The work plan must:</p> <p>i. Assess and outline plans to address any potential capacity constraints in government agencies, companies and civil society that may be an obstacle to effective EITI implementation.</p> <p>ii. Address the scope of EITI reporting, including plans for addressing technical aspects of reporting, such as comprehensiveness (4.1) and data reliability (4.9).</p> <p>iii. Identify and outline plans to address any potential legal or regulatory obstacles to EITI implementation, including, if applicable, any plans to</p>	<p>national priorities for the extractive industries, nor is there evidence of any efforts to consult key stakeholders on the objectives for implementation. There are no activities aimed at addressing any capacity constraints, nor are there activities related to increasing the scope of EITI reporting or for implementing the recommendations from EITI reporting. The number of tasks and level of detail has progressively deteriorated over the years. EITI work plans are limited to the necessary steps to produce an annual EITI Report that reconciles payments from the industry to the government.</p> <p>The Secretariat noted that "It could be argued that the work plans show that Norway has not yet transitioned to the EITI Standard. As with Requirement 1.3 above, however, the question becomes whether it is a problem that Norway has not ticked all the boxes concerning MSG</p>	<p>The EITI principles are about transparency, disclosure of payments and income and involvement of all stakeholders. Our EITI-report includes payment disclosures as well as comprehensive information about (or link to information about) the petroleum sector according to the EITI-standards. Furthermore, the work (and work plan) of the MSG is aligned to national priorities as open and democratic channels to influence decision making already exists in the Norwegian system. This system is better fitted to deal with petroleum related issues than the MSG</p>	<p>objectives for implementation, little evidence of activities aimed at addressing any capacity constraints, and no evidence of activities related to increasing the scope of EITI reporting or for implementing the recommendations from EITI reporting. We note here that, according to the MSG's comments on the Initial Assessment, PWYP Norway has organized consultations with civil society on the EITI in 2014 (regarding EITI implementation) and 2015 (regarding Norwegian EITI implementation), and has also included EITI in its capacity building programmes. We have taken this and the MSG's comments regarding linkage between EITI principles and national priorities into account. Nonetheless, we find the gaps identified here indicative of inadequate progress.</p>	<p>in the new EITI standard and relevance to Norway</p> <ul style="list-style-type: none"> - Mainstreaming (dialogue and consultation with EITI secretariat) - Expanding the scope of reporting to include other payment types (e.g. sponsorships, PR and other costs that are not payments to governments) - Beneficial ownership (dialogue and consultation with Ministry of Finance) <p>Further, we refer to previous comments and underline that the work plan has been discussed and agreed by the MSG.</p>	<p>"meaningful progress", the Committee should specify which provisions it considers to be breached and agree corrective actions.</p>

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<p>incorporate the EITI Requirements within national legislation or regulation.</p> <p>iv. Outline the multi-stakeholder group's plans for implementing the recommendations from Validation and EITI reporting.</p> <p>d) Identify domestic and external sources of funding and technical assistance where appropriate in order to ensure timely implementation of the agreed work plan.</p> <p>e) Be made widely available to the public, for example published on the national EITI website and/or other relevant ministry and agency websites, in print media or in places that are easily accessible to the public.</p> <p>f) Be reviewed and updated annually. In reviewing the work plan, the multi-stakeholder group should consider extending the detail and scope of EITI reporting including addressing issues such as revenue management and expenditure (5.3), transportation payments (4.4), discretionary social expenditures (6.1.b), ad hoc subnational transfers (5.2.b), beneficial ownership (2.5) and contracts (2.4). In accordance with Requirement 1.4.b (viii), the multi-stakeholder group is required to document its discussion and decisions.</p> <p>g) Include a timetable for implementation that is aligned</p>	<p>oversight when natural resource governance in Norway builds on the open and democratic public dialogue to which the EITI Standard aspires. As with Requirement 1.3 above, the Secretariat understands that this is not the case. Unlike Requirement 1.3 however, Requirement 1.5 assesses a process rather than outcomes. Unless the EITI Board decides otherwise through a decision to grant Norway adapted implementation, the Secretariat has to assess whether the process spelled out in the Standard is being followed – albeit within the limited scope of implementation in Norway.”</p> <p>The Secretariat recommended that “the MSG should raise the role of work plans in a Norwegian context to the EITI Board’s attention when seeking approval to use the agreed-upon procedures for mainstreamed disclosure, since this will continue to have an impact on Norway’s</p>				

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with the reporting and Validation deadlines established by the EITI Board (8.1-8.4) and that takes into account administrative requirements such as procurement processes and funding.	ability to comply with Requirement 1.5.”				
<p>Requirement 2.4 - Contract disclosure</p> <p>a) Implementing countries are encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals.</p> <p>b) It is a requirement that the EITI Report documents the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. This should include relevant legal provisions, actual disclosure practices and any reforms that are planned or underway. Where applicable, the EITI Report should provide an overview of the contracts and licenses that are publicly available, and include a reference or link to the location where these are published.</p> <p>c) The term contract in 2.4(a) means:</p> <p>i. The full text of any contract, concession, production-sharing agreement or other agreement granted by,</p>	The International Secretariat's initial assessment was that satisfactory progress had been made in meeting this provision and noted that “The government's policy and practice is documented in the EITI Report and references are made to the relevant laws and regulations”	N/A	The Validator wrote: “We disagree with the International Secretariat's assessment of satisfactory progress and find instead that Norway has made MEANINGFUL progress in meeting this requirement. The Standard requires that the EITI Report document any reforms that are planned or are underway, and the Initial Assessment finds that this requirement was not met.”	The MSG wrote: “We do not understand the SDGS's argument as we in the EITI-report have explained our licence system and with a link to where you can find further information. We are not aware of any undocumented reforms or planned reforms.”	<p>We suggest that the Committee discusses whether the Board's assessment of requirement 2.4 should be “satisfactory progress” or “meaningful progress”.</p> <p>If the Committee agrees that the assessment should be “meaningful progress”, the Committee should specify which provisions it considers to be breached and agree corrective actions.</p>

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<p>or entered into by, the government which provides the terms attached to the exploitation of oil gas and mineral resources.</p> <p>ii. The full text of any annex, addendum or rider which establishes details relevant to the exploitation rights described in 2.4(c)(i) or the execution thereof.</p> <p>iii. The full text of any alteration or amendment to the documents described in 2.4(c)(i) and 2.4(c)(ii).</p> <p>d) The term license in 2.4(a) means:</p> <p>i. The full text of any license, lease, title or permit by which a government confers on a company(ies) or individual(s) rights to exploit oil, gas and/or mineral resources.</p> <p>ii. The full text of any annex, addendum or rider that establishes details relevant to the exploitation rights described in in 2.4(d)(i) or the execution thereof.</p> <p>ii. The full text of any alteration or amendment to the documents described in 2.4(d)(i) and 2.4(d)(ii).</p>					
<p>Requirement 3.3 Exports</p> <p>Implementing countries must disclose export data for the fiscal year covered by the EITI Report, including total export volumes and the value of</p>	<p>The Secretariat's assessment was that satisfactory progress had been made in meeting this requirement.</p>	<p>N/A</p>	<p>The Validator wrote that "We disagree with the International Secretariat's assessment of satisfactory progress and find instead that</p>	<p>The MSG wrote that they could not see what else would be required from them: "Reference is made to our EITI-report 2015 with data for 2014 page 12;</p>	<p>We suggest that the Committee discuss whether the Board's assessment of requirement 3.3 should be "satisfactory</p>

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<p>exports by commodity, and, when relevant, by state/region of origin. This could include sources of the export data and information on how the export volumes and values disclosed in the EITI Report have been calculated.</p>			<p>the Initial Assessment does not provide the information necessary to reach a conclusion on this requirement. Specifically, the Initial Assessment does not refer to 2014 data and does not state whether the 2014 data is disaggregated by commodity and by state/region.</p>	<p><i>"Figure 5 shows production numbers until 2014. According to www.norskpetroleum.no/en, the value of exported petroleum in 2014 was about 550 billion NOK, which corresponds to 46% of the total Norwegian export. Statistics Norway reports that the export value of crude oil was 278 billion NOK and the export value of natural gas 224 billion NOK. Average Brent Blend was 98 USD per barrel (621 NOK per barrel). In the Revised National Budget for 2015, it is informed that the average realized gas price in Europe has been approximately 2 NOK per standard cubic meter (Sm3), after seeing a decline during the first half of 2014."</i> We do not understand what more is required."</p>	<p>progress" or "meaningful progress".</p> <p>If the Committee agrees that the assessment should be "meaningful progress", the Committee should specify which provisions it considers to be breached and agree corrective actions.</p>
<p>Requirement 4.1 – Comprehensiveness</p> <p>a) In advance of the reporting process, the multi-stakeholder group is required to agree which payments and revenues are material and therefore must be disclosed, including appropriate materiality definitions and thresholds. Payments and revenues are</p>	<p>The International Secretariat's initial assessment was that Norway had made meaningful progress in meeting this requirement.</p> <p>The Secretariat noted that "All revenues under 4.1.b have been considered and those</p>	<p>The MSG commented that:</p> <p>As explained on different occasions, the issue of which payments will be included in the report and which will not has been discussed and very thoroughly dealt with. First, we have focused on</p>	<p>The Validator commented that:</p> <p>We disagree with the International Secretariat's finding that Norway has made meaningful progress in meeting this requirement and instead find that progress is</p>	<p>N/A</p>	<p>We suggest that the Committee discusses whether the Board's assessment of requirement 4.1 should be "satisfactory progress" or "meaningful progress".</p> <p>If the Committee agrees that the assessment should be "meaningful</p>

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<p>considered material if their omission or misstatement could significantly affect the comprehensiveness of the EITI Report. A description of each revenue stream, related materiality definitions and thresholds should be disclosed. In establishing materiality definitions and thresholds, the multi-stakeholder group should consider the size of the revenue streams relative to total revenues. The multi-stakeholder group should document the options considered and the rationale for establishing the definitions and thresholds.</p> <p>b) The following revenue streams should be included:</p> <ul style="list-style-type: none"> i. The host government's production entitlement (such as profit oil) ii. National state-owned company production entitlement iii. Profits taxes iv. Royalties v. Dividends vi. Bonuses, such as signature, discovery and production bonuses vii. License fees, rental fees, entry fees and other considerations for licences and/or concessions viii. Any other significant payments and material benefit to government <p>Any revenue streams or benefits should only be excluded where they are not applicable or where the multi-stakeholder group agrees that</p>	<p>deemed material are listed and described. All identified entities reported their payments. Norway's EITI regulation notes that all payments should be included in the reconciliation, however the MSG has agreed to exclude some revenues based on their immateriality. Based on the International Secretariat's understanding of these payments, it is probable that these payments were not material and it is unlikely that this decision has led to any material payments being excluded. Nevertheless, the EITI Standard requires the International Secretariat to assess whether there has been a discussion around the materiality of all revenue streams and whether materiality definitions and thresholds have been agreed. The Standard Terms of Reference for the Independent Administrator outlines the process that the multi-stakeholder group and the Independent Administrator should follow for defining material payments. As</p>	<p>extractive economic activities as these activities pay an extra/special tax. Income/payments defined by the petroleum tax law will be covered by our EITI-reporting. We decided to focus on cash flow and using the same definitions as in the state account to allow us to be able to check if an aggregate of payments reported to the IA was the same as reported income in the state account. All payments to the government under the Petroleum Tax Law are included. We do not reconcile payments to NPD or PSA as these payments are not considered tax income but payments to cover costs (inspections, seismic etc.) We do however publish an aggregate number. Other payments outside the Petroleum tax Law (sub national payments, local taxes etc.) have been discussed in the MSG but decided to be left outside the scope. The main reasons have been that these tax payments are not related to extracting</p>	<p>SATISFACTORY. This finding is based on the MSG's comments to the International Secretariat's Initial Assessment, which provide evidence of discussions and determinations by the MSG as to which of the revenue streams are material. We note, however, that the use of standard Terms of Reference by Norway would facilitate a clear (and more comprehensive) definition of materiality.</p>		<p>progress", the Committee should specify which provisions it considers to be breached and agree corrective actions.</p> <p>In previous cases (e.g., Ghana and Timor Leste), the Validation Committee and the Board has noted deviations from the standard ToRs, but given priority to whether the overall objective of comprehensive and reliable reporting has been achieved. In light of these precedents, the Secretariat revises its assessment and considers that there has been "satisfactory progress".</p>

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<p>their omission will not materially affect the comprehensiveness of the EITI Report.</p> <p>c) Implementing countries must provide a comprehensive reconciliation of government revenues and company payments, including payments to and from state-owned enterprises, in accordance with the agreed scope. All companies making material payments to the government are required to comprehensively disclose these payments in accordance with the agreed scope. An entity should only be exempted from reporting if it can be demonstrated that its payments and revenues are not material. All government entities receiving material revenues are required to comprehensively disclose these revenues in accordance with the agreed scope.</p> <p>d) Unless there are significant practical barriers, the government is additionally required to provide aggregate information about the amount of total revenues received from each of the benefit streams agreed in the scope of the EITI Report, including revenues that fall below agreed materiality thresholds. Where this data is not available, the Independent Administrator should draw on any relevant data and estimates from other sources in order to provide a comprehensive</p>	<p>the discussion on Requirement 4.9 below shows, Norway has not used the Standard Terms of Reference. As a result, Norway has not developed a materiality definition or established thresholds for which revenues to include or not."</p>	<p>activities and do not differ from other companies' tax payments. Further, information about these payments are already available from various sources (company financial report, local government's budget, financial report). Further, it will complicate the EITI-report and increase the workload without any value added. Over the years, the MSG has also discussed whether to include the mining industry. Although we do not have a strict definition of materiality, materiality has been the main reason to leave out the mining sector.</p>			

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account of the total government revenues.					
<p>Requirement 4.2 – In kind revenues</p> <p>Where the sale of the state's share of production or other revenues collected in kind is material, the government, including state-owned enterprises, are required to disclose the volumes sold and revenues received. The published data must be disaggregated by individual buying company and to levels commensurate with the reporting of other payments and revenue streams (4.7). Reporting could also break down disclosures by the type of product, price, market and sale volume. Where practically feasible, the multi-stakeholder group is encouraged to task the Independent Administrator with reconciling the volumes sold and revenues received by including the buying companies in the reporting process.</p>	<p>The International Secretariat's initial assessment was that Norway had made meaningful progress in meeting this provision.</p> <p>The Secretariat noted that "Aggregate figures of the revenues from the state's share of oil production transferred by the SOE to the state account appear to have been comprehensively disclosed and reconciled. However, since 2013 the EITI Standard has required that the published data on the sale of the state's share of production be disaggregated "to levels commensurate with the reporting of other payments and revenue streams". This was not the case.</p>	<p>The MSG argued that there was a misunderstanding in how SDFI are explained in the report and said that "the state does not have in kind revenue. The state has a direct financial interest (SDFI), pays its share of investment accordingly, and gets its share of production. SDFI's oil and gas are marketed together with Statoil's volumes and receive the same price as their volumes. Statoil is not a "government agency" but a publicly listed company. Statoil operates in the market on the same conditions as any other commercial company. The name of the buyer of each cargo is often viewed as commercial information and companies are not obliged to publish this. Volumes of oil and gas</p>	<p>The Validator said: "We agree with the International Secretariat's finding that Norway has made MEANINGFUL progress in meeting this requirement. We have reviewed the MSG's comments on this Provision, but the comments did not disturb our findings. Provision 4.2 requires that sales of state production be "disaggregated by individual buying company and to levels commensurate with the reporting of other payments and revenue streams." The reported data here is not disaggregated by buying company. Accordingly, progress is meaningful."</p>	<p>The MSG reiterated that there was a misunderstanding of the SDFI and that this criterion was not relevant for the reasons explained in the first set of comments.</p>	<p>We suggest that the Committee discusses whether the Board's assessment of requirement 4.2 should be "meaningful progress" or "not applicable".</p> <p>If the Committee agrees that the assessment should be "meaningful progress", the Committee should specify which provisions it considers to be breached and agree corrective actions.</p> <p>In other cases (e.g., Azerbaijan, Mongolia, and Nigeria), the Validation Committee and the Board have differentiated between cases where the state/NOC receives proceeds from in-kind payments as an equity holder or receives payments in-kind (e.g., in-kind payments of</p>

Requirement	International Secretariat's initial assessment (source)	Comments from stakeholders on the Secretariat's initial report (source)	Independent Validator's assessment (source)	Comments from stakeholders on the Validation report (source)	Next steps
		sold, income as well as the average prices are well documented in Petoro's annual report and included in the EITI-report. Further, Statoil reports all sales volumes, types and prices in its financial reports (20F)"			production share, in-kind payments of royalty, or in-kind payments of taxes). In Validating this requirement, the Board has limited the requirement to the latter. In light of the MSG's explanation of the SDFI, the Secretariat revises its assessment and considers that the requirement is "not applicable".
<p>Requirement 4.4 – Transportation revenues.</p> <p>Where revenues from the transportation of oil, gas and minerals are material, the government and state-owned enterprises (SOEs) are expected to disclose the revenues received. The published data must be disaggregated to levels commensurate with the reporting of other payments and revenue streams (4.7). Implementing countries could disclose:</p> <p>a) A description of the transportation arrangements including: the product; transportation route(s); and the relevant companies and government entities, including SOE(s), involved in transportation.</p> <p>b) Definitions of the relevant transportation taxes, tariffs or</p>	<p>The International Secretariat's initial assessment was that Norway had made satisfactory progress in meeting this provision.</p> <p>The Secretariat noted that the EITI Report "Includes information on the transportation system and discloses transport- and processing revenue collected by Petoro on behalf of the state, and more detailed information about the management of Gassco and Gassled is available from the Norwegian Petroleum website".</p>	N/A	<p>The Validator commented that:</p> <p>We disagree with the International Secretariat's assessment of satisfactory progress and find instead that Norway has made MEANINGFUL progress in meeting this requirement. The MSG has not determined whether transportation revenues are material or set a reporting threshold for transportation revenues.</p>	<p>The MSG commented that:</p> <p>Transportation revenue is not a separate revenue stream to the government. Companies pay taxes on a net profit base. Transportation costs and revenues are not separated out. We also refer to comments made by the EITI-secretariat in the Report on initial data collection where the system has been further explained. Again, we think it is important to understand and validate each country in a national context.</p>	<p>We suggest that the Committee considers whether the Board's assessment of requirement 4.4 should be "satisfactory progress" or "meaningful progress".</p> <p>If the Committee agrees that the assessment should be "meaningful progress", the Committee should specify which provisions it considers to be breached and agree corrective actions.</p>

Requirement	International Secretariat's initial assessment (source)	Comments from stakeholders on the Secretariat's initial report (source)	Independent Validator's assessment (source)	Comments from stakeholders on the Validation report (source)	Next steps
<p>other relevant payments, and the methodologies used to calculate them.</p> <p>c) Disclosure of tariff rates and volume of the transported commodities.</p> <p>d) Disclosure of revenues received by government entities and SOE(s), in relation to transportation of oil, gas and minerals.</p> <p>e) Where practicable, the multi-stakeholder group is encouraged to task the Independent Administrator with reconciling material payments and revenues associated with the transportation of oil, gas and minerals.</p>					
<p>Requirement 4.7 – Disaggregation</p> <p>The multi-stakeholder group is required to agree the level of disaggregation for the publication of data. It is required that EITI data is presented by individual company, government entity and revenue stream. Reporting at project level is required, provided that it is consistent with the United States Securities and Exchange Commission rules and the forthcoming European Union requirements.</p>	<p>The International Secretariat's initial assessment is that Norway had made satisfactory progress with regards to this provision.</p> <p>The Secretariat noted that "The financial data is not listed by government entity, although this is implicit from the overview of revenues collected by each government entity (Figure 10: Reporting entities and specified revenue streams, p. 21) and the subsequent reporting by each of the</p>	<p>N/A</p>	<p>The Validator said: "We disagree with the International Secretariat's assessment of satisfactory progress and find instead that Norway has made MEANINGFUL progress in meeting this requirement. As the Initial Assessment notes, the data is not disaggregated by government entity. In addition, it does not appear that the MSG and the EITI Report discussed project-level disaggregation nor pertinent United States</p>	<p>The MSG disagreed with the Validator: "The data is disaggregated. In figure 10 in our EITI-report, you find an overview of the revenue streams and which government agency receives the different type of revenue. In the Appendix' there is one table for each revenue stream. As regard project-level disaggregation, as explained before, our tax system is based on a net profit base and companies do not pay taxes on a project-by-project basis.</p>	<p>We suggest that the Committee considers whether the Board's assessment of requirement 4.7 should be "satisfactory progress" or "meaningful progress".</p> <p>If the Committee agrees that the assessment should be "meaningful progress", the Committee should specify which provisions it considers to be breached and agree corrective actions.</p>

Requirement	International Secretariat's initial assessment (source)	Comments from stakeholders on the Secretariat's initial report (source)	Independent Validator's assessment (source)	Comments from stakeholders on the Validation report (source)	Next steps
	revenue streams in Section 5.3, Cash flow per revenue stream (pp. 29-32)."		Securities and Exchange Commission (SEC) or European Union guidelines."		
<p>Requirement 4.9 – Data Quality</p> <p>a) The EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards.</p> <p>b) It is a requirement that payments and revenues are reconciled by a credible, Independent Administrator, applying international auditing standards, and with publication of the administrator's opinion regarding that reconciliation including discrepancies, should any be identified.</p> <p>i. The reconciliation of company payments and government revenues must be undertaken by an Independent Administrator applying international professional standards.</p> <p>ii. The Independent Administrator must be perceived by the multi-stakeholder group to be credible, trustworthy and technically competent. The multi-stakeholder group should endorse the appointment of the Independent Administrator.</p> <p>iii. The multi-stakeholder group and the Independent Administrator are required to</p>	<p>The International Secretariat's initial assessment was that Norway had made meaningful progress in meeting this provision.</p> <p>The Secretariat noted that "Norway does not use the Standard TORs, and as the rest of this assessment shows this has not generally hampered Norway in providing the information required by the Standard. Furthermore, the International Secretariat is aware that there is also a high degree of trust in the information that Norway provides. Nevertheless, the International Secretariat is tasked with documenting whether the EITI Standard is followed, and Requirement 4.9 requires that the MSG and the IA agree a TOR based on the Standard TORs."</p>	<p>The MSG commented that:</p> <p>The MSG has difficulties understanding how and where The Standard Terms of Reference for Independent Administrators differentiate from Norwegian MSG's process of selecting IA, our contract (ToR) with the IA and cooperation between MSG and IA in preparing and finalizing the report.</p>	<p>The Validator commented that:</p> <p>We agree with the International Secretariat's finding that Norway has made MEANINGFUL progress in meeting this requirement. We reviewed the MSG's comments on this Provision, but the comments did not change this finding. We do agree, however, that the wording of this Provision in the EITI Standard should be further clarified to align with international standards regarding engagements to perform agreed upon procedures.</p>	<p>The MSG commented that:</p> <p>The MSG will just reiterate its previous comments that we have difficulties understanding how and where The Standard Terms of Reference for Independent Administrators differentiate from Norwegian MSG's process of selecting IA, our contract (ToR) with the IA and cooperation between MSG and IA in preparing and finalizing the report. We also refer to the EITI secretariat and their Report on Validation where it's stated that "Norway does not use the Standard TORs, and as the rest of this assessment shows this has not generally hampered Norway in providing the information required by the Standard." See more specific comments in the validation report.</p>	<p>We suggest that the Committee considers whether the Board's assessment of requirement 4.9 should be "meaningful progress" or "satisfactory progress".</p> <p>If the Committee agrees that the assessment should be "meaningful progress", the Committee should specify which provisions it considers to be breached and agree corrective actions.</p> <p>In previous cases (e.g., Ghana and Timor Leste), the Validation Committee and the Board have noted deviations from the standard ToRs, but given priority to whether the overall objective of comprehensive and reliable reporting has been achieved. In light of these precedents, the Secretariat revises its assessment and considers that there has been "satisfactory progress".</p>

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<p>agree a Terms of Reference for the EITI Report based on the standard Terms of Reference and the 'agreed upon procedure for EITI Reports'3 endorsed by the EITI Board. Should the multi-stakeholder group wish to adapt or deviate from these agreed upon procedures, approval from the EITI Board must be sought in advance (Requirement 8.1).</p> <p>c) Where the assessment in 4.9(a) concludes that there is (i) routine disclosure of the data required by the EITI Standard in requisite detail, and (ii) that the financial data is subject to credible, independent audit, applying international standards, the multi-stakeholder group may seek Board approval to mainstream EITI implementation in accordance with the 'Agreed upon procedure for mainstreamed disclosures'.4 Without such prior approval, adherence to 4.9.b is required.</p>					
<p>Requirement 7.1 – Public debate</p> <p>The multi-stakeholder group must ensure that the EITI Report is comprehensible, actively promoted, publicly accessible and contributes to public debate. Key audiences should include government, parliamentarians, civil society, companies and the media. The</p>	<p>The International Secretariat's initial assessment was that Norway had made meaningful progress in meeting this provision.</p> <p>The Secretariat noted that "As discussed above (Requirement 1.3), there is little doubt that the Norwegian model of extractive</p>	<p>The MSG agreed that "in Norway there are other democratic and open channels regarded as more suitable for policy discussions regarding the oil and gas industry" but had had internal discussions "about whether to extend the scope" of the EITI in Norway beyond "being an</p>	<p>The Validator said: "We disagree that Norway has made meaningful progress and instead find that progress is INADEQUATE. Aside from posting the EITI Report (produced in Norwegian and English) online and producing paper copies that are, according to the APR, "made available," there</p>	<p>Reference is made to previous comments on #7.1 and the introduction to this paper. The MSG agrees that in Norway there are other democratic and open channels considered as more suitable for policy discussions regarding the oil and gas industry. This reflects why the</p>	<p>We suggest that the Committee considers whether the Board's assessment of requirement 7.1 should be "satisfactory progress", "meaningful progress" or "inadequate progress".</p> <p>If the Committee agrees that the assessment should be "meaningful</p>

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<p>multi-stakeholder group is required to:</p> <p>a) Produce paper copies of the EITI Report, and ensure that they are widely distributed. Where the report contains extensive data, e.g. voluminous files, the multi-stakeholder group is encouraged to make this available online.</p> <p>b) Agree a clear policy on the access, release and re-use of EITI data. Implementing countries are encouraged to publish EITI under an open license, and to make users aware that information can be reused without prior consent.</p> <p>c) Make the EITI Report available in an open data format (xlsx or csv) online and publicise its availability.</p> <p>d) Ensure that the EITI Report is comprehensible, including by ensuring that it is written in a clear, accessible style and in appropriate languages.</p> <p>e) Ensure that outreach events, whether organised by government, civil society or companies, are undertaken to spread awareness of and facilitate dialogue about the EITI Report across the country.</p>	<p>resource governance is premised on precisely the kind of stakeholder engagement that the EITI seeks to foster through Requirement 7.1. Following the logic of Requirement 1.3 above therefore, it could be argued that Norway should be recognised as having gone beyond the EITI's Requirement on this provision as well. Unlike Requirement 1.3, however, Requirement 7.1 requires MSGs to carry out specific actions with their EITI Reports. It is in other words not Norwegian public debate that is under assessment here but the MSG's specific actions in regards to the EITI Standard. Whereas the EITI Board can take into consideration in its final decision whether these actions make sense in a Norwegian context... the International Secretariat is bound by the EITI Board-approved Validation Guide. As a result, the Secretariat's initial assessment is that Norway has made meaningful progress in meeting this</p>	<p>example to other implementing developing countries. As regards "disseminating findings of EITI reports to stakeholders", these findings have mostly been of technical and/or of very limited interest. Outreach in the form of a public meeting has been discussed on several occasions but agreed not to carry out due to little interest. There are however, daily discussions, debate and meetings in public about these issues. The MSG therefore does not see a role to fill here."</p>	<p>is no evidence of outreach events undertaken by government or companies to spread awareness of, and facilitate dialogue about, the EITI Report across the country, and there have been few outreach events by civil society since an event in 2010. We do note, however, that, according to the MSG's comments on the Initial Assessment, PWYP Norway organized consultations with civil society in 2014 and 2015, which likely contributed to dialogue about the EITI in Norway. However, the MSG expressly agreed not to organize any specific event in relation to the release of the most recent EITI report. It does not appear that the EITI Report has been actively promoted by the MSG since 2010. We reviewed the MSG's comments on this Provision, which confirm that the MSG has discussed but decided not to undertake public outreach activities; the MSG does not see a role to fill on this point."</p>	<p>MSG has not taken an active role in policy debate and outreach. The Norwegian MSG has focused on transparency and to check that requested information and data under the EITI standard is available. It is also worthwhile mentioning that stakeholders over the last few years have been heavily involved in the process of establishing national requirements on country –by-country reporting (CCR). Norway has, probably as the first country in Europe, put into force national requirements on country-by-country-reporting (CCR). The Norwegian CCR-requirements do, however, go further than the EU-legislation by requiring expanded reporting obligations. In addition, the purpose of the Norwegian CCR-legislation has been further expanded to highlight unwanted tax evasion. New and additional reporting requirements to further promote this purpose, were put into force as late as 1 January 2017,</p>	<p>progress" or "inadequate progress", the Committee should specify which provisions it considers to be breached and agree corrective actions.</p>

Requirement	International Secretariat's initial assessment (source)	Comments from stakeholders on the Secretariat's initial report (source)	Independent Validator's assessment (source)	Comments from stakeholders on the Validation report (source)	Next steps
	requirement insofar as no attempts have been made by the MSG to “spread awareness of and facilitate dialogue about the EITI Report across the country” as prescribed by Requirement 7.1e.”			and build upon new reporting requirements in the EU Commission directive proposal (2016) 198 final.	
<p>7.4 – Outcomes and impact The multi-stakeholder group is required to review the outcomes and impact of EITI implementation on natural resource governance.</p> <p>a) The multi-stakeholder group is required to publish annual progress reports. The annual progress reports must include:</p> <p>i. A summary of EITI activities undertaken in the previous year.</p> <p>ii. An assessment of progress with meeting and maintaining compliance with each EITI Requirement, and any steps taken to exceed the requirements. This should include any actions undertaken to address issues such as revenue management and expenditure (5.3), transportation payments (4.4), discretionary social expenditures (6.1), ad hoc subnational transfers (5.2), beneficial ownership (2.5) and contracts (2.4).</p> <p>iii. An overview of the multi-stakeholder group's responses to and progress made in addressing the</p>	<p>The International Secretariat's initial assessment was that Norway had made meaningful progress in meeting this requirement.</p> <p>The Secretariat noted that the MSG annually reviews its process through the publication of annual progress reports which broadly follow the requirements in Requirement 7.4. The Secretariat noted that there were nevertheless some gaps, primarily as concerns recommendations issuing from EITI reports and their follow-up by the MSG.</p>	<p>The MSG has not put up a matrix. The MSG has however, in its annual report addressed each requirement pointed to by the IA where MSG might not comply with EITI requirements. Further recommendation from previous validator has been addressed in the annual report. Recommendation from IA has been addressed and concluded in meetings and will be referred to in minutes from the meeting</p>	<p>We agree that Norway has made MEANINGFUL progress. We also agree that the MSG should clarify a procedure for mainstreaming disclosures and address identified gaps in implementing this provision, including gaps that result from inconsistencies or duplication in the MSG structure and Norway's model of natural resource governance. Our review of the MSG's comments on this Provision support this recommendation and our finding of meaningful progress.</p>	<p>MSG refer to previous comments to #7.4. Further, Norway has now sent its application for mainstreaming and adapted implementation.</p>	<p>We suggest that the Committee considers whether the MSG's comments justify amending the Validator's assessment of “meaningful progress”.</p> <p>If the Committee agrees that the assessment should be “meaningful progress”, the Committee should specify which provisions it considers to be breached and agree corrective actions.</p>

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<p>recommendations from reconciliation and Validation in accordance with Requirement 7.3. The multi-stakeholder group is required to list each recommendation and the corresponding activities that have been undertaken to address the recommendations and the level of progress in implementing each recommendation. Where the government or the multi-stakeholder group has decided not to implement a recommendation, it is required that the multi-stakeholder group documents the rationale in the annual progress report.</p> <p>iv. An assessment of progress with achieving the objectives set out in its work plan (Requirement 1.5), including the impact and outcomes of the stated objectives.</p> <p>v. A narrative account of efforts to strengthen the impact of EITI implementation on natural resource governance, including any actions to extend the detail and scope of EITI reporting or to increase engagement with stakeholders.</p> <p>b) All stakeholders should be able to participate in the production of the annual progress report and reviewing the impact of EITI implementation. Civil society groups and industry involved in the EITI, particularly, but not only those serving on the multi-stakeholder group, should be</p>					

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<p>able to provide feedback on the EITI process and have their views reflected in the annual progress report.</p> <p>c) The multi-stakeholder group is required to submit a Validation Report in accordance with the deadlines established by the EITI Board (section 8).</p>					