

**Publish  What You Pay  
NORWAY**

**NARRATIVE REPORT FROM MODULE 1  
Oslo, 18-28 November 2013**

A programme financed by the Norwegian Agency for Development Cooperation



## Summary

The TRACE Programme (Transparency and Accountability in the Extractive Industries) of Publish What You Pay Norway is a capacity development program that aims to strengthening civil society's capacity to work effectively on issues related to the extractive industries, and to create an arena for networking and knowledge sharing on this specific theme. The target group of the programme is civil society organisations, worker unions and media that are engaged in issues related to the extractive industries and transparency in their respective countries.

In 2013-2014, PWYP Norway ran the third round of its TRACE programme, this time aiming at increasing the capacity of civil society in six resource-rich countries in Africa, namely Ghana, Liberia, Mozambique, South Sudan, Tanzania and Uganda. The countries have been grouped based on geographic and linguistic factors, to allow both for regional network creation and for learning and sharing in a common language.

PWYP Norway received over 120 applications to this third round of the programme. After a meticulous screening process, 25 participants from the countries mentioned above were selected to take part in the programme.

PWYP Norway applies a participatory approach in our programme, which means participants actively take part in shaping the content to meet their organisations' needs and the programme goals. Before the first module, the participants' previous knowledge and training needs are mapped through an online Training Needs Assessment. The results of this survey feed directly into the first of the two modules of the programme. These two modules are the two main events and meeting points for the participants during the programme. In addition, work is conducted individually or in country groups, in between the modules.

The first module of Publish What You Pay Norway's TRACE programme 2013-2014 was held in Oslo 18-28 November 2013. This report, based on the daily narrative reports written by the participants themselves, aims to give a brief presentation of the topics discussed during Module 1 in Oslo and present the key learning point, as seen by the participants of the programme themselves. The purpose is to provide relevant information about the programme to interested stakeholders and to PWYP Norway's donor, Norad.

The TRACE programme gives an opportunity for active learning of both theoretical and practical knowledge, experience and skills, so that participants in a more informed, effective and efficient manner put their learning to good use and into practice both before, during and immediately after the programme.

## List of participants

COUNTRY	ORGANIZATION
<b>GHANA</b>	
Elizabeth Ayamga	Public Agenda
Emmanuel Offoh	General Transport, Petroleum And Chemical Workers Union
Mohammed Mahamud	IBIS in Ghana
Abena Afari	Christian Aid
<b>LIBERIA</b>	
David D. Sackoh	United Workers' Union of Liberia
Jesadeh TC Boley	Liberia New Narratives
Wellekema Jukoryan	Liberia VOSIEDA (Liberia) INC.
Lamii Kpargoi	Liberia Liberia Media Center
<b>MOZAMBIQUE</b>	
Fátima Fernandes Mimbire	Mozambique Center For Public Integrity
Ercilio Claudio Lucas Zimba	Observatorio Mocambicano da Governacao
Lourino Alberto Chiconele	SINTIQUIAF
Camilo Correia Nhancale	KUWUKA JDA
<b>SOUTH SUDAN</b>	
Richard Ruati	Union of Journalist of South Sudan
Charles Onak Judo	Upper Nile Oil Task Force
James Koung Ninrew	CSO on transparency and accountability of public
Luk Riek Nyak	Unity Oil Taskforce
<b>TANZANIA</b>	
Davids Etyang	East African Trade Union Confederation
Sarah Shija	NCA - Tanzania
Alex Ruchyahinduru	Policy Forum
Upendo Furaha Peneza	Agenda Participation 2000
Grace Kalambo	Christian Council of Tanzania
<b>UGANDA</b>	
Irene Ssekyaana	GREENWATCH
Patience Atuhaire	Uganda Radio Network
Winfred Ngabiirwe	Global Rights Alert/PWYP-Uganda
Kigambo Gaaki	The EastAfrican

# Day by day reports

## Monday 18th November 2013

### Topic: Understanding the extractive industry

---

Petroleum and gas in the world. Trends. What are the particular challenges in your country?	Gunnar Sjøgren, Project Director, Petrad, Norwegian oil and gas hub
Geology. What resources do you have?	Knut Henrik Jakobson, Senior Advisor, The Norwegian Petroleum Directorate
The market. Domestic/Regional/international. Particular challenges in your country/region.	Gunnar Sjøgren
Petroleum development challenges in the 6 participating countries. Differences and similarities	Gunnar Sjøgren
What is the impact of an oil economy on the country? Examples from the Norwegian economy. What is the impact of the oil fund on the economy? What is the purpose of and the results of the Council of Ethics?	Bjørn Geir From, Norwegian Ministry of Finance
The Norwegian oil history	Helge Ryggvik, Dr. Philos, researcher at University of Oslo
Is the Norwegian history relevant for Ghana, Tanzania, South-Sudan, Uganda, Mozambique and Liberia?	Helge Ryggvik, Dr. Philos, researcher at University of Oslo

### Key learning points

---

- The trend of petroleum in the world where there is growth in the investment of petroleum. There is high increase of offshore oil production activities much as there is high investment in oil industry. Oil plays low contribution to the energy consumption. There is increased focus on enhanced oil recovery. There are factors affecting the economy of countries on the world like civil wars in Sudan before the independence of South Sudan and Arab spring amongst other.
- It takes 10 million years for oil and gas to be formed, this is to mean that petroleum is renewable and quickly depleting resource. It is expensive to develop deep offshore extraction of petroleum. There is limited/old infrastructure and lack of skilled manpower
- There is state control of the extractive sector in Norway. The petroleum fund has been formed where the petroleum revenues are being allocated for further investments for the betterment of future generations. There is high taxation on the petroleum sector and the government has stable conditions for investment. The government invests heavily in the sector (up to 78%), which means they can benefit more from profits.

- Norway discovered oil in 1969 and there are number of challenges that Norway went through in order to benefit from the oil. The government started a government company that got involved in the production in 1974. The workers were treated so badly but that changed due to massive strikes that led to the formation of regulations that provided for the workers safety. The strict concession system enabled Norway to determine the financial and technical capacity of companies to exploit the resources.

**Did any of these points change the way you think about this issue? If so, how?**

---

- We observed that there is need of transparency, participation, policy, good governance, information bill so as to benefit from the petroleum extraction in the Africa countries
- There is a need of the resource fund for future generation and social services development and to diversify investment.
- There is a need to assess companies capacity that bid for extraction.

**Key messages from civil society to government**

---

- There is a need of the government to be transparent and accountable in the extractive industry and to increase participation by involving Civil Society Organizations (CSOs) and the public in the sector.
- The government should invest in human capital so that to provide for the work force in the extractive industry.

**Are there any policy proposals that can address these issues?**

---

- There should be legislation guiding the Extractive Industry instead of having different agreements with different companies
- Local Content specifications
- Information Bill
- Citizen participation
- A petroleum fund
- Environmental protection measures should be in the policy and laws to be formed.

**Tuesday 19th November 2013**

**Topic: Understanding International Law and Contract Types**

---

Who owns the resources? Key issues in the management of natural resource on ownership, rights and communities.	Tonje Gormley, Senior Lawyer in petroleum law at Arntzen de Besche
What are the main elements of a country's legal framework for the petroleum industry? Who are the main actors in the petroleum industry, what is the difference between national oil companies and international companies? Why does it matter?	Tonje Gormley

What is a good model for the organization of the management of the petroleum resources and petroleum industry in a host country? Can it be said to exist a best practice? What is the importance of good management?	Tonje Gormley
What are the tools for award of E&P rights? What is a PSA? What tools are available to improve model document, licensing and fiscal regimes? What are negotiated where/on which levels? What is in the law and what is left to contracts?	Tonje Gormley
Which are the stakeholders? What are their roles? Who gets which information? How does information asymmetry influence petroleum management/policy? What is a good petroleum policy?	Tonje Gormley
Does the petroleum industry contribute to local content? What are the areas in law where local content can be promoted?	Tonje Gormley
Facilitate discussion: Petroleum policy, regulation and legislation. Discussion and questions.	Tonje Gormley

### **Key learning points**

- Resources ownership and Petroleum Resource Management: Own by the citizens - vested on the State
- Legal framework: Domestic Law shouldn't contradict the International Public Law (international best practices and based on national objectives, including environment and indigenous people's rights). Focusing more on Regulations as they can easily be amended.
- Transparency and accountability should be incorporated at all stages of resources governance and extractives
- Actors of resources management: State, private sector/IOC/NOC, CSO, affected communities and other stakeholders.
- Authorization system regimes (concession/licenses and contracts). International trends to a very simplified tender process.

### **Did any of these points change the way you think about this issue? If so, how?**

- Yes
- The Norwegian experience of regulations that specify different affected groups (for example fishermen).
- Transparency and accountability should be incorporated in all value chain.
- Separate the roles of the State in resources regulation and management.
- Multi-sector coordination (holist and coherent approach) of all relevant Ministries, Agencies, Departments and interest groups).

### **Key messages from civil society to government**

- Legislation in petroleum management must be informed by citizens need and must be implemented
- African governments need to take their time to develop capacity and knowledge in the sector in order to negotiate good deals.
- We need political will of African politicians/governments to fight corruption (enacting laws/law enforcement for those who have already the provisions).

**Are there any policy proposals that can address these issues?**

- Access to information bills and their implementation (production sharing agreement, transparency, accountability, et cetera).
- Legal framework and regulation of local content and CSR for Public scrutiny.
- Draw strategies for the State to increase the stake in investment on natural resources management through the NOC.

**Wednesday 20<sup>th</sup> November 2013**

**Topic: Understanding and demystifying the Contracts. Contracts workshop.**

Why do contracts matter at all? Demystifying the contracts and the language.	Susan Maples, Visiting Assistant Professor & Andrews Kurth Energy Scholar at University of Houston Law Center
What is in them and what is not? This is a brief training on how to read and understand contracts from the point of view of advocacy, journalism, and other "Watch Dog" perspectives. This includes a group exercise of reading and answering questions based on contracts and laws.	Susan Maples
Contract transparency: What are the arguments for and against contract transparency? And are they right?	Susan Maples
Group work: The evidence: Examples of contract transparency in action and how it is improving governance, CSO/GOVT/COMPANY relationships, improving contract terms, attracting investment of a better quality, etc.	Susan Maples
Facilitated discussion: How to monitor contracts from an advocacy/watchdog perspective? Activities based on contracts from participants countries	Susan Maples
Facilitated discussion: How to monitor contracts from an advocacy/watchdog perspective? Activities based on contracts from participants countries	Susan Maples
Could we not just make a transparency guarantee?	Susan Maples

- The 3<sup>rd</sup> day of the Trace module 1 training saw the entire day focused on oil gas and mining contracts and why they matter

- Stabilization clauses in contracts and how they may or may not represent good contract terms
- Confidentiality clauses and how they impact contract transparency and
- How “Government take” represents the different approaches oil producing states use to share in the oil profits

It was interesting to hear experiences from different countries, and what the governments have signed on to, or put in their petroleum laws.

Observation on the legal regime and hierarchy of laws in each country (in most cases, the constitution is the over-arching law)

### **Key learning points**

---

- Pay attention to contracts language because it may mean different things from contract to another, country to another
- Largely, contracts are the same; what and how much change in them depends on a country’s strength and provisions available for negotiation.
- Contracts may take the form of PSAs, joint ventures, concession agreements or service agreements. They (for instance PSAs) are usually at the centre of the network of agreements between governments and operating companies
- Stabilization clauses are an important part of contracts; the language and wording may determine what kind of deal a country/company got.
- Confidentiality clauses; this may be determinant of whether a government is transparent with the deals it is entering into, on its people’s behalf.

### **Did any of these change the way you think about this issue? If so, how?**

---

- There is no legal basis for keeping contracts hidden
- Terms such as ‘commercially sensitive information’ are never precisely defined



## Thursday 21th November 2013

### Topic: Understanding the market and the capital flow

Why did the Norwegian MFA take an interest in capital flight? What are the facts and figures that sparked MFAs work on capital flight? What concretely have the Norwegian MFA done on this topic? What has been successful? And why? What has not been successful? Why not? Who have been the important actors for the MFAs work in Norway and the "North"? Who has been for important actors for the MFAs work globally and on the African continent? What are the most positive opportunities the MFA see right now? What are the challenges the Norwegian MFA see right now? Will MFA continue to support CSOs on this issue?	Harald Tollan, Senior Advisor. Min of Foreign Affairs, Norway
The seven secrecy mechanisms and why we need an extended country by country	Mona Thowsen, sec.gen, PWYP Norway
How the corporate market works? Understanding anonymity in the global market.	Frian Aarsnes, State authorized public accountant, specialized in extractive industries
What is The Extended country by country reporting standard? The evolution, the Dodd-Frank, the EU, the litigation, the Norwegian process and status of an extended CBCR in Norway.	Mona Thowsen
The accounting principles behind an extended country by country reporting standard. The difference to other initiatives. Contract transparency.	Frian Aarsnes
What are the counter arguments against an extended county by country reporting and what are our counter arguments to such counter arguments?	Frian Aarsnes
Tax principles and terminology	Frian Aarsnes

#### Key learning points

- Country by Country and Extended Country by country Reporting
- The seven secrecy mechanisms
- Capital flight

#### Did any of these change the way you think about this issue? If so, how?

Yes, we were able to know the difference between country by country and extended country by country reporting. Extended country by country reporting involves knowing the content and form in which these companies operate.

The issue of secrecy jurisdictions is not after all the Cayman Islands etc. But Delaware in the USA where 15.2% of subsidiaries are registered and 358 subsidiaries in the Netherlands. We also thought that Chevron being a US company will be very transparent but we were surprised that it was very opaque.

## Key messages from civil society to government

---

- It is high time for countries to incorporate Extended Country by Country reporting system and to fix their tax systems so that they can monitor and control tax collection.

**Twitter Message:** All resource rich countries support and advocate for adoption of extended country by country reporting and fix your tax systems to avoid capital flight.

## Are there any policy proposals that can address these issues?

---

- All resource rich counties should formulate policies to enforce country by country reporting in the extractive industries
- Resource-rich African countries should adopt a uniform tax system to reduce competition among investors and to ensure that the tax systems within the various countries do not give room for capital flight.

## Friday 22nd November 2013

### Topic: Understanding tax and fiscal systems

---

Who are the stakeholders? Outlining stakeholders, interests. Discussion.	Mona Thowsen/Frian Aarsnes
Group work: How does this look in your country?	Frian/Mona Thowsen
What is Transfer Pricing? What can be done about it?	Frian Aarsnes
How to analyze and fix resources tax systems?	Frian Aarsnes
What is abuse of derivatives?	Frian Aarsnes
What is mark-to-market? What can be done about it?	Frian Aarsnes
Facilitated discussion. Questions and answers	Frian Aarsnes

## Key learning points

---

- It is important to understand the tax systems under our different country jurisdictions and how they work
- There are many stakeholders to engage including Ministry of Petroleum and Mining, Finance, national and International oil companies, media, and civil society organizations.
- There is a need to fix our tax systems before running after the corrupt individuals (including government or oil company officials).

- There is need to strengthen reporting on taxes by having extended country by country reporting, and not just country to country reporting.
- In order for transfer pricing to be reduced, companies should pay withholding tax on all payments to affiliated companies.
- Home countries should not be paid dividends unless they (home countries) are tax havens.
- Gaps or weaknesses in the tax provisions allow tax evasion and breed corruption
- Maximum taxation is not a good taxation principle, it provides a mechanism for companies to run to the tax haven countries.

**Did any of these change the way you think about this issue? If so, how?**

---

- The discussion was an eye opener on the tax system and how they operate.
- The discussion made us appreciate that we need to consider extended country by country reporting as opposed to country by country reporting because the former entails getting detailed information on company operations in various countries thus increasing transparency by reducing tax evasion among others, and yet the latter requires reporting on just national company operations, hence making it difficult to trace tax malpractices.

**Key messages from civil society to government**

---

- Tax holidays kill development.
- Countries ought to fix their tax systems today to save the future for sustainable development.

**Are there any policy proposals that can address these issues?**

---

- There should be reforms in the tax systems whenever necessary.
- Stabilization clauses should not be left open, there should be options for review after a specific period of time.

**Monday 25th November 2013**

**Topic: The role of organizations and the EITI**

---

<p>What has been the role of unions in the Norwegian oil industry? What have they achieved? Why? What advocacy have they used? How civil society can play a role in the management of natural resources? What has the Norwegian network contributed with internationally? What are the challenges ahead now? How do unions differ? Roles and alliances?</p>	<p>Espen Løken, Head of Administration, Industry Energy</p>
---	---

<p>What is the connection between indigenous people, poverty and natural resources? Are there differences between indigenous peoples as a concept in Latin America and in Africa? What is the importance of declarations of human rights for indigenous people?  How can we understand the generations of human rights?  Can we use human rights in our work?</p>	<p>Andrew McNeish, Associate Professor, Noragric</p>
<p>The Freedom of Information Act. How much information can Norwegian citizens demand by showing to the Freedom of Information Act? Possibilities and limitations. Discussion: Are lessons learned from this experience relevant in other countries?</p>	<p>Vegard Venli, Journalist, Kommunal Rapport</p>
<p>What is the status of the EITI in your country? What would you like it to be?</p>	<p>Anders Kråkenes, Head of communications, EITI Secretariat</p>
<p>What are the results of the EITI? What are the limitations and what are the possibilities?</p>	<p>Anders Kråkenes</p>
<p>Lessons learned in communicating our issue to various stakeholders.</p>	<p>Anders Kråkenes</p>
<p>Group work: What could be a scope for the EITI in your country the next five years? What can be key messages? To whom?</p>	<p>Anders Kråkenes</p>

### Key learning points

- In some countries, there are laws that enable citizens to access information; civil society should be able to use such laws to access information. This may take time to achieve and persistence and patience will be the key to securing it.
- EITI's have been embraced by developed and developing countries alike, what is now needed is extended country by country reporting.
- Trade unions can play a role in the management of natural resources through involvement, transparency and through collaborations with civil society.
- Indigenous rights are derived from the third generation of rights with reference to the ILO convention (1986) which states that «a people are considered indigenous either because they are descendants of those who live in the area before colonization»
- The natural resource boom is taking place because of new markets such as China, Brazil and South Africa.
- In communicating with audiences it important to ensure that the message meets the following criteria:
  - a. Simple
  - b. Unexpected
  - c. Concrete
  - d. Credible
  - e. Emotional stories

### Did any of these change the way you think about this issue? If so, how?

- Protest by indigenous people is a legitimate way of advocating change and though sometimes it comes with grave consequences, companies and governments eventually listen.

- In some cases, the indigenous claims come from the lack of consultation and no social license, which it is a requirement for a fair coexistence and recognition of the local communities, to grant license for companies to operate.
- Indigenous communities have a right to Free Prior Informed Consent as far as extraction of their natural resources is concerned.

### Key messages from civil society to government

---

- Transparency is important to governance of natural resources and governments should be interested in passing freedom of information acts and bills with as little exemptions and limitations as possible.

### Are there any policy proposals that can address these issues?

---

- African Governments should be urged by Northern Countries to pass freedom of information acts that have broad scopes as international best practice.
- There is a need of information act, so the CSO's can feel free and secure to make public sensitive information regarding corruption and other issues.

## Tuesday 26th November 2013

### Topic: Strategic communication in traditional media and journalist workshop on following the money

---

Analyzing the best ones	Roy Krøvel, Professor in Journalism, HioA
What do you want to say?	Roy Krøvel
Group work: Clarifying and structuring your thoughts	Roy Krøvel
Plenary discussion	Roy Krøvel
Group work: writing	Roy Krøvel
Following the money: Journalistic case study. How did they manage to follow money to tax havens?	Trond Sundnes, Journalist, Dagens Næringsliv
Following the money: Can you do it too? Group work on methods, sources and types of documents.	Trond Sundnes

### Key learning points

---

- There is lots of information out there, you only need to know where to look for it
- There is the need to understand why the issue you are talking about is relevant at that particular time
- To be really sure what you want to say, to who, and how to say it

### Did any of these change the way you think about this issue? If so, how?

---

- Know your audience

- Respect your opponents
- Use other peoples arguments to make your point

## Wednesday 27th November 2013

### Topic: Strategic communication, political advocacy and use of social media

---

Strategic communication planning: How does policy changes happen in your country? Which processes in your country can shape policy formation? Who are political targets? Which role can your voice play in an international context? How may that affect your messaging?	Amy Barry, Consultant (Global Witness, open knowledge foundation and more.)
Political advocacy work in practice. What is effective lobbying? How to communicate complex issues simply both verbally and in writing? How to do strategic messaging to different target groups? Working up towards the seminar the 28th.	Amy Barry
Strategic use of social media. Understanding your target, your messaging and your toolbox. Make a plan for our social media work for the meeting with Norwegian MP and the seminar the 28th.	Amy Barry
Videotaping your message to the Norwegian Parliament.	Amy Barry

All TRACE participants and PWYP staff met with Member of Parliament from the Labour Party, Ms. Marianne Marthinsen in the afternoon on Wednesday 27<sup>th</sup> November. The TRACE participants engaged in discussions with Ms. Marthinsen and got the opportunity to explain why the introduction of Country by Country Reporting standards in Norway is important for resource-rich developing countries and how these standards not only set an example, but also directly affect the oil and gas sector in their respective countries.

**Thursday 28th November 2013**

**House of Literature, Oslo**

## **Seminar “Politics not charity”, 28 November 2013**

### **Part 1 “List of Demands” – politics to prevent capital flight**

12.00-12.10 Introduction by Mona Thowsen, Secretary General of PWYP Norway.

12.10-12.25 Presentations by two of the African delegates: Abena Afari (Christian Aid Ghana) and Winnie Ngabiirwe (PWYP Uganda).

12.25-12.50 Investors for an extended country-by-country reporting, Heidi Finskas, KLP.

12.50-13.20 Presentation of PWYP Norway’s new report on windfall taxes by Frian Aarsnes, public accountant and chairman in PWYP Norge.

### **Part 2 “Is there a will for transparency solutions”?**

13.40-14.15 Each panel member has a 5-minute appeal.

14.15-15.00 Moderated panel discussion. Moderator: Ingerid Salvesen.

#### The panel consisted of:

- Jose Correia Nunes, Head of Economic Governance and Budget Support in the European Commission.
- Hans Olav Syversen, Member of Parliament, leader of the Standing Committee on Finance and Economic Affairs (KrF).
- Bård Vegar Solhjell, Member of Parliament, member of the Standing Committee on Foreign Affairs and Defence (SV).
- Bjørn Otto Sverdrup, Statoil.
- Inger Coll, head of Norwegian Economic Forum.

This seminar served as a meeting point between the 25 participants of the TRACE programme and senior opinion leaders and the business sector in Norway and Europe. Two of the TRACE participants, Winnie Ngabiirwe and Abena Afari, held speeches, telling the Norwegian public how tax evasion costs lives in Africa and they both encouraged the panel members to work for transparency and accountability in the extractive industry. The panel consisted of Hans Olav Syversen (Christian Democratic Party), Bård Vegar Solhjell (Socialist Left Party), Inger Coll (Norwegian Economic Forum), Jose Correia Nunes (European Commission) and Bjørn Otto (Vice President at STATOIL).

The debate was mainly about the forthcoming law on Country-by-Country reporting, which will take effect on the 1 January 2014. Mr. Syversen came directly from a meeting in the Parliament to the debate to announce the recommendation of the Standing Committee on Finance to the bill. Syversen reminded everyone present that civil society plays a key role in

the fight for strong legislation against tax flight.

The meeting was covered by two newspapers, Vårt Land and Ny Tid and the meeting was also covered on Twitter, under the hash tag #politicsnotcharity.

In addition to the debate, Ms. Heidi Finskas from KLP, Norway's largest life insurance company, held a presentation on why the KLP as investors demand transparency from the companies they invest in. Mr. Frian Aarsnes launched Publish What You Pay Norway's new report on "Windfall Taxes".