



global witness

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Norwegian oil development assistance risks fuelling conflict and corruption, warns **Global Witness**

Norway's Oil for Development programme does not have sufficient safeguards in place to ensure that the money does not end up fuelling conflict and corruption, warned Global Witness [1] today. A new report by Global Witness, *'Fuelling Mistrust: the need for transparency in Sudan's oil industry'* [2], documents the confusion over the conditions attached to the 24 million kroner that the Oil for Development programme gives to Sudan.

Sudan is one of the Norwegian Oil for Development programme's long term 'core cooperation' countries [3]. Oil for Development has stated in its annual report that, in order to be considered for such cooperation, there must be 'well-documented political commitment to good governance, including transparency' [4]. It has also stated that there is a requirement for there to be a respect for human rights and the rule of law, or for these to be on a well-documented course towards improvement.

Sudan in no way meets these conditions. It is difficult to think of many countries with a worse record for human rights abuses. "The World Bank has stated that transparency in the Sudanese oil sector is 'unusually weak' in comparison to other oil-exporting developing countries. This is a pretty astonishing statement given that other oil-exporting development countries are not known for being terribly transparent themselves," said Global Witness campaigner Rosie Sharpe.

However, the reference to the need for these conditions to be met before engaging with a country has recently been deleted from the Oil for Development website. Global Witness wrote to Oil for Development to ask what their policy on engagement is, but their reply did not answer the question [5].

"Norway has, in the past, played a leadership role on transparency issues. Because its technical assistance in petroleum development is offering something of real worth to the Khartoum and Juba governments, the Norwegian government has unique leverage with which to do good in promoting transparency and accountability in a sector which is notorious for the absence of both," said Sharpe.

Unless there is clarity as to what measurable improvements in good governance and human rights Oil for Development expects from Sudan and the other countries with which it works, it is impossible to know whether it is achieving its aims. Without such conditions, Norway risks squandering the opportunity that its unique technical and development assistance provides to create long term effective change for the good of ordinary citizens of countries like Sudan who so rarely see the benefits of oil exploration.

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Notes:

[1] Global Witness is a UK-based non-governmental organisation which investigates the role of natural resources in funding conflict and corruption around the world.

[2] *'Fuelling Mistrust: the need for transparency in Sudan's oil industry'* is available for free from www.globalwitness.org. As well as documenting Norway's role in Sudan, the report also reveals discrepancies between the oil figures published by the Sudanese government and the equivalent figures published by the oil company operating the blocks. The discrepancies raise serious questions about the accuracy of the oil revenue sharing between north and south Sudan – a key part of the Comprehensive Peace Agreement that brought an end to Africa's longest running civil war. For more information on this aspect of the report, see the press release published on our website, entitled 'Oil production figures underpinning Sudan's peace agreement don't add up, warns Global Witness'.

[3] In 2005, Norway launched the 'Oil for Development' programme, a major new initiative to improve transparency and accountability in the management of oil, gas and mining revenues.

[4] This is stated on page 12 of the Oil for Development 2007-2008 annual report, and was, until recently, stated on the Oil for Development website, http://www.regjeringen.no/en/dep/ud/selected-topics/development_cooperation/oil-for-development.html?id=446108.

[5] Global Witness asked Oil for Development the following questions:

1. *Has the Oil for Development policy on which countries can be considered for longer term cooperation changed?*
2. *If so, when was the policy changed? And why was the policy changed?*
3. *What is the current Oil for Development policy on which countries can be considered for longer term cooperation?*
4. *How did Norway assess whether countries had a 'well documented political commitment to good governance including transparency and anticorruption'?*
5. *How did Norway assess whether 'the overall situation with respect to human rights and the rule of law' is 'acceptable and/or on well documented course towards improvement'?*
6. *What was the result of Norway's assessment on whether Sudan had a 'well documented political commitment to good governance including transparency and anticorruption'?*
7. *What was the result of Norway's assessment on whether Sudan had an 'overall situation with respect to human rights and the rule of law' that is 'acceptable and/or on well documented course towards improvement'?*
8. *What policies does Norway currently have in place to ensure that the petroleum-related development assistance that it provides is not used to fund human rights abuses and/or corruption? In particular, what do you now assess before considering a country for long term cooperation? How does Sudan rate on these measures?*

Oil for Development's full reply to Global Witness is re-printed below. While Global Witness welcomes Oil for Development's broad commitment to governance, it is still unclear from their reply whether improvements in governance are a requirement for cooperation or whether it is just something that helps Oil for Development with its work. It is also unclear from their answer whether they have retained the requirement for there to be a well-documented respect for human rights, as well as it being unclear how the statement that their position on each country should take into account country differences is put into practice.

"Oil for Development (OfD) works in more than twenty countries worldwide (nine of which are so-called "core countries"). OfD works within the fields of resource, environmental and financial management with governance as a uniting theme. It concentrates its work in countries where the program can have a positive impact ("makes a difference") both for direct petroleum related activities, but also in a wider setting. OfD is likely to make a difference only where there is a minimum standard of governance or where the program will strengthen the level of governance. OfD recognizes that there are great differences between countries and

that our positions in each country must take this into account. One size does not fit all. The above considerations have been basic premises from the start of the OfD program and are still guidelines for the program.

“With regard to the Sudan, Norway took an active part in the peace negotiations and is a witness to the CPA. This puts Norway in a special situation and the Sudan is a major recipient of Norwegian development assistance. Norway supports initiatives that increase cooperation between GOSS [the Government of Southern Sudan] and the Government of National Unity in the field of petroleum activities as well as provides extensive support to capacity building for the two levels of government including efforts to make revenue streams more transparent. It supports seminars and workshops that increase the cooperation between the two levels of government. Norway has one petroleum advisor in the Sudan who works with both levels of government and will soon put in place a second advisor who primarily will work with capacity building for the GOSS [Government of Southern Sudan].”