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M02-09/059

**Agreement**

**between**

**The Norwegian Ministry of Foreign Affairs**

**and**

**The Government of the Republic of Mozambique**

**concerning**

**Development cooperation concerning Institutional Support to the**

**National Petroleum Institute 2011-15**

WHEREAS the Government of the Kingdom of Norway (Norway) and the Government of the Republic of Mozambique (Mozambique), have entered into an agreement dated 1. August 1986 regarding cooperation for promotion of the economic and social development of Mozambique which has been prolonged by Addendum dated 1. August 1991 (the Main Agreement).

WHEREAS Norwegian Ministry of Foreign Affairs (MFA) and Mozambique have entered into a Memorandum of Understanding regarding Development Cooperation dated 9<sup>th</sup> February 2006,

WHEREAS MFA has supported the National Petroleum Institute during the period 2006 – 2010, through agreement dated 6 September 2006,

WHEREAS Mozambique in a letter dated 29 November 2010 has requested MFA for continued support to the Programme concerning institutional support to the National Petroleum Institute (INP)

WHEREAS MFA has decided to comply with the request,

NOW THEREFORE MFA and Mozambique (the Parties) have reached the following understanding which shall constitute an Agreement between the Parties:

of

for

3. Any unspent disbursed funds and accrued interests shall be returned to MFA upon completion of the Programme.

#### Article IV Contributions and Obligations of Mozambique

Mozambique shall, through INP, be responsible for implementing the Programme, and shall hereunder:

1. Have the overall responsibility for the planning, implementation, reporting and monitoring of the Programme,
2. provide the financial and other resources required in addition to the Grant,
3. ensure that the Grant is used according to approved work plans and budgets,
4. ensure that Programme funds, which shall include any accrued interests, are properly accounted for, and that the Grant is reflected in the plans, budgets and accounting of the Mozambique,
5. promptly inform MFA of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme,
6. defray any customs duties, sales taxes and other taxes, fees and levies on all equipment, materials and supplies financed by the Grant and imported into Mozambique for the benefit of the Programme,
7. grant all permits, import licences and foreign exchange permissions that may be required,
8. ensure that representatives of Norway are permitted to visit any part of Mozambique for purposes related to the Agreement and examine any relevant records, goods and documents,
9. Enter into the following contracts for the implementation of the Programme:
  - A contract for institutional co-operation with the Norwegian Ministry of Petroleum and Energy.

#### Article V Disbursements

1. The Grant will be disbursed upon semi-annual written requests from Mozambique based on the financial needs of the Programme and, except the first request, on approved annual work plans and budgets. The first disbursement amounting to NOK 12, 22 million, will be made upon signing of this Agreement and approval by MFA of a disbursement request from Mozambique.



## Article VII Reports

### 1. Mozambique shall submit the following reports and documentation to MFA:

- A progress report to be submitted annually within two weeks before the annual meeting each year.

The progress report shall include the following information: (i) a description of actual outputs compared to planned outputs; (ii) a brief summary of the use of funds compared to budget; (iii) an assessment of the efficiency of the Programme (how efficiently resources are converted into outputs); (iv) an explanation of major deviations from the plans; (v) an assessment of problems and risks (internal or external to the Programme) that may affect the success of the Programme, and; (vi) an assessment of the need for adjustments to activity plans and/or inputs and outputs, including actions for risk mitigation.

- The annual financial statements of the Programme within two weeks before the annual meeting each year, showing receipts/income and expenditures as well as the cash/bank/financial position of the Programme for the last financial year structured as and compared to approved budgets. The statement shall capture all sources of funding, with sufficient segregation of data to permit identification of individual sources of funds and disbursement on major Programme activities or types of expenditure.
- A work plan and budget for the current year shall be submitted annually two weeks before the Annual Meeting each year. The work plan shall specify planned outputs and time schedules for the year. The budget shall show estimated income from all sources and planned expenditures.

### 2. A final report shall be submitted within six months after the completion of the Programme. If the Programme is not completed by 31<sup>st</sup> December 2015 a status report shall be submitted to MFA by the said date. The final report shall include:

- the topics listed in Clause 1 first bullet point above for the whole Agreement period,
- an assessment of the effectiveness of the Programme, i.e. the extent to which the Purpose has been achieved,
- an assessment of impact (if possible), i.e. the changes and effects positive or negative, planned and unforeseen of the Programme seen in relation to target groups and others who are affected,
- an assessment of sustainability of the Programme, i.e. an assessment of the extent to which the positive effects of the Programme will still continue after the external assistance has been concluded,
- a summary of main "lessons learned"



- Whether the financial statements present fairly, in all material respects, the Programme's income and expenditures as well as the cash/bank/financial position in accordance with an acceptable financing reporting framework,
  - whether the audit has uncovered material weaknesses in financial systems of financial control or accounting,
  - whether the audit has uncovered any illegal or corrupt practices,
  - whether receipts and use of funds are properly accounted for,
  - whether the Grant is reflected in the budget and accounting of INP
  - whether appropriate internal control to counteract illegal and corrupt practices have been established and complied with.
4. Mozambique shall submit to MFA the audit report and any other report from the auditor significant to the implementation of the Programme within six months after the end of each financial year. Mozambique shall comment upon the auditor's findings. MFA shall respond within four weeks upon reception of the report.

## Article X Reviews - Evaluation

1. An end review focussing on progress to date and the effectiveness of the Programme, i.e. the extent to which the Purpose is being /has been achieved, shall be carried out by 2<sup>nd</sup> quarter of 2016. The cost of the end review shall be covered by the Grant.
2. A mid-term review will be carried out within 2013.
3. MFA reserves the right to carry out independent reviews or evaluations of the Programme as and when MFA deems it necessary. The cost for such reviews will be covered by funds over and above the Grant.

## Article XI Reservations

1. MFA reserves the right to withhold disbursements at any time in case e.g.:
  - The Programme develops unfavourably in relation to the Goal and Purpose,
  - substantial deviations from agreed plans or budgets occur,
  - resources to be allocated by Mozambique are not provided as agreed,
  - the documentation specified in Articles VII and IX has not been submitted as agreed,
  - the financial management of the Programme has not been satisfactory,
  - The contract(s) referred to in Article IV, Clause 9, is breached or terminated before all obligations therein are fulfilled.
2. MFA reserves the right to reclaim all or parts of the Grant and cancel the Agreement if Programme funds are found not to have been used in accordance with the Agreement or are found not to be satisfactorily accounted for.



## **Annex 1:** **AGREED PROGRAMME SUMMARY**

### **1. Identification of the Programme**

- Programme Title/Name: Institutional Support to INP 2011-2015
- Implementing institution: National Institute of Petroleum

### **2. Description of the Programme**

2.1 The Goal of the Programme is: enhanced economic development and welfare in Mozambique through effective and sustainable management of the petroleum sector.

2.2 The purpose of the programme is to enhance the capacity of INP to manage the core functions of its mandate as the national petroleum sector regulator:

#### **2.3 Inputs:**

Norwegian contribution: NOK 57 500 000 provided in the period 2011-2015.

Technical assistance: Provided from Norwegian Petroleum Directorate (NPD) and relevant institutions/consultants as and when needed.

Partner contribution: Necessary personnel resources and office and equipment facilities.

#### **2.5 Objectives, outputs/indicators**

	<b>Objectives:</b>	<b>Outputs/Indicators:</b>
<b>1</b>	Establish an efficient legal, regulatory and contractual framework based on international best practice with adequate implementing capacity and routines in place.	(i) amended Regulation of Petroleum Operations (ROP), and new model concession contracts submitted for approval; (ii) Approval and publication of the petroleum regulation guideline; (iii) The new Legal and Regulatory framework for the Petroleum Sector Promoted for the relevant petroleum sector technical staff; (iv) An improved institutional coordination in the petroleum sector; (v) A legal archive and precedence register in place
<b>2</b>	Establish a comprehensive policy for the petroleum sector and elaborate strategy documents with particular focus on recent new discoveries in the Rovuma Basin.	(i) A draft Petroleum Policy for Government approval; (ii) An updated licensing strategy for Government approval; (iii) A Strategic plan for the petroleum sector; (iv) Established capacity to undertake strategic and scenario planning; (v) Response provided to UNCLOS on questions to the Mozambique submission for extension of the continental shelf – final approval of submission; (vi) Improved regional cooperation; (vii) Cross border issues solved amicably
<b>3</b>	Have the resource inventory system in place with updated resource estimates for fields and discoveries. Promotion and licensing undertaken according to the latest licensing policy.	(i) Updated Resource inventory in discovered fields and undiscovered areas with potential resources particularly in Pande/Temane, Inhassoro, 16 & 19 Blocks and Rovuma exploration areas; (ii) 3-4 Geologists and Geophysicists trained in assessment of petroleum resources; (iii) Updated promotion material and participation in promotion activities; (iv) 1 – 2 licensing rounds; (v) 4- 8 new concession contracts approved; (vi) Agreements with seismic companies for collection of spec seismic data; (vii) A fully trained contract negotiation team in place.

	regulatory character and specific applications from industry participants.	transportation tariffs; (iii) Coordination with Ministry of Finance developed to improve and make more efficient the control of tax and royalty payments; (iv) Coordination with the MIREM and Ministry of Finance institution well developed on fiscal system development; (vi) Cooperation with MICOA well developed particularly regarding impact assessments, strategic impact assessments, HSE audits, database coordination and regulatory issues; (vii) Continued cooperation with Ministry of Foreign Affairs/subordinated units to have the UNCLOS submission for an extended continental shelf approved, and to solve trans-border issues coming up; (viii) Improved cooperation with Ministry of Fisheries to avoid conflicts between petroleum operations and fisheries (ix) Improved cooperation with Ministry of Tourism to facilitate a sustainable development of both sectors; (x) EP planning established involving a number of regulatory institutions; xi) Improved cooperation with ministry of Labour on Working Environment issues, use of expats, work schedules and work permits
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## 2.6 Risk factors and mitigation

### *Funding of the programme activities:*

- The implementation of the programme may face some challenges in view of volatility of concession contracts which can have detrimental effects on availability of funds for INP
- The International financial crisis may affect Mozambique and consequently INP funding.
- The Meticaïs / US\$ / NOK conversion rate may change unfavourable

### *Demand for INP regulatory services – work load reducing receiving capacity*

- Uncertainties resulting from:
  - Volatility in Oil prices can reduce investor confidence
  - Uncertainty regarding future gas prices (Shale gas)
  - Volatility of economic activity in international markets for Mozambique gas
  - Prospectivity/New discoveries
  - Development plans
  - Accidents
  - Discoveries crossing international borders/Trans-national pipelines

### *Uncertainty regarding access to skilled staff /AIDS*

- Car accidents
- Access to trained people
- Attitude towards work

### *Political*

- Change of Government
- Political decisions influencing INP responsibilities and scope of work

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## Annex 2: tentative budget

New Programme 2011 - 2015												
		2011	2012	2013	2014	2015	TOTAL	INP	NPD	*PSA	Consult	TOTAL
1.1	Optimizing Legal and contractual framework, incl guidelines and inst. Coord. Regs.	100	600	100	100	100	1000	50	50	50	850	
1.2	Procedures, legal Precedence Register, Library and training (internal and external users)	200	650	500	400	200	1950	50	50	50	1800	
1.3	Environmental regulations and guidelines		250	100	100		450	100			350	
1	Legal	300	1500	700	600	300	3400	200	100	100	3000	3400
2.1	Petroleum Policy		800	200			1000	100	50	50	800	
2.2	Strategy (planning, e&p policy)	500	400	400	400	350	2050	400	1150		500	
2.3	Bilateral Commission		90	80	80	50	300	300				
2.4	MIREM support	700	500	500	400	300	2400	1000	100		1300	
2	Policy	1200	1790	1180	880	700	5750	1800	1300	50	2600	5750
3.1	Resource Assessment / Management	0	400	650	650	500	2200	1050	1150			
3.2	Promotion of Licensing areas	0	500	250	450	100	1300	850	450			
3.3	Negotiation of new concession contracts	100	400	400	300	200	1400	200	50		1150	
3.4	Negotiation training	150	250	250	200	0	850	200			650	
3	Resource Assessment and Licensing	250	1550	1550	1600	800	5750	2300	1650	0	1800	5750
4.1	Monitoring of operations (fiscal metering, royalty, MoF assistance)		300	400	300	250	1250	150	1100			
4.2	Monitoring of Exploration and Development	0	150	200	200	100	650	350	300			
4.3	Monitoring new PDO	120	250	400	500	500	1770	300	750	200	520	
4.4	Procedures for Monitoring of Licenses and Audit of petroleum Operations		150	150	100	100	500	100	150	150	100	
	Monitoring HSE	200	300	400	350	300	1550	75	50	1425		
4	Monitoring	320	1150	1550	1450	1250	5720	975	2350	1775	620	5720
5.1	Emerg.Pr.(coop. With MICOA and M.o.Labour)	0	200	200	100	200	700	75	50	575		
5	Emerg.Pr.(coop. With MICOA and M.o.Labour)	0	200	200	100	200	700	75	50	575		700
6.1	Data Management (data model, GIS, training)	150	200	150	100	200	800	150	650			
6.2	Update DM and ICT system	500	500	400	1300	1300	4000	2900	100		1000	
6.3	Repatriate, restore and transcribe data	150	150	250	100		650	200			450	
6.4	ICT operation	130	250	350	200	120	1050	400	50		600	
6.5	Core storage		250	250	150	100	750	750				
6	Data Management and ICT	930	1350	1400	1850	1720	7250	4400	800	0	2050	7250
7.1	Training of Mozambicans (vocational, University studies)	0	2500	2500	2500	2500	10000	150	100		9750	
7.2	Information data base on contracts / companies		100	750	100	100	1050	50	50		950	
7.3	QAQC training for the supply industry		60	500	400	400	1360	50	50	50	1210	
7	National Goods and Services	0	2660	3750	3000	3000	12410	250	200	50	11910	12410
8.1	Institutional support, incl library	150	250	250	250	280	1180	930	250			
8.2	Organisational analysis and development	500	500	250		250	1500	100	100		1300	
8.3	Management and technical staff training	0	500	500	350	350	1700	500	400	50	750	
8.4	Management tools for personnel, financial resources and documents	100	100	200	200	100	700	500			200	
8.5	Regional cooperation	100	200	200	150	100	750	600	100	50		
8.6	INP one stop shop: institutional cooperation and liaison		150	150	150	150	600	600				
8	Institutional Development	850	1700	1550	1100	1230	6430	3230	850	100	2250	6430
9.1	Information management skills		100	50		100	250	200	25	25		
9.2	Web site and Routines for Press releases		50	50	50	50	200	150	50			
9.3	MIREM publication support		100	100	100	100	400	400				
9.4	Statistical information to DPD in MIREM		100	20	20	200	340	300	40			
9.5	Rules on confidentiality / publicity - work procedures for release of data		50			100	150	25	25		100	
9	Information	0	400	220	170	550	1340	1075	140	25	100	1340
10	Programme Management	150	500	400	400	300	1750	750	1000			
11	Programme Management	150	500	400	400	300	1750	750	1000	0	0	
12	Old programme overrun	1500					1500		1500			1500
	TOTAL PROGRAMME	5500	12800	12500	11150	10050	52000	15055	9940	2675	24330	52000
12.1	Contingency		500	1000	2000	2000	5500					
12	Contingency											
	TOTAL PROGRAMME INCL CONTINGENCY	5500	13300	13500	13150	12050	57500					

The annual budgets are based on costs  
The annual payments may differ

Paid 2nd half 2012

Funds needed 1st half 2012

of

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- Licensing of exploration and production areas
- Willingness to implement changes in the current legal and regulatory framework

## **RISK MITIGATION MEASURES**

### **1: Funding issues**

As a long run solution the INP need a more stable source of income than the institutional support contributions at the signing of the concession contracts. Either the concessionaires contribute with annual fees under the lifetime of the contracts or the state funding is robust enough to finance the INP operations. INP supervisory activities can also be invoiced to the concessionaires to provide part of the funding.

By maintaining NOK and US\$ accounts for expenses which will incur in these currencies the uncertainty in this regard will be reduced.

### **2: Receiving capacity**

A strong focus on planning can improve the INP capability to meet the expected work load. It is however planned systematically to expand the technical capacity to have enough people to handle the regulatory work, the management of the OfD programme and training needs. Any excess manpower can always be sent on training programmes if such a situation should occur.

Some unexpected events will always take place. The INP work plans need to single out activities of lower priority which can be put aside if the capacity is more required for other issues. A well functioning ITC system, good data and work procedures improves capacity.

### **3: Access to trained personnel**

INP is still in a growth phase and need a strong focus on recruitment and HR policy. For this reason it is planned to recruit a HR manager. INP will have to recruit technical personnel in excess of what is critically needed to have capacity for training and to meet any loss of critical personnel. Doubling of critical positions is an instrument which will be used. With the growth in the petroleum industry the companies are expected to compete for the best and experienced people and INP will be vulnerable.

Improvement of working conditions, career plans, well serving ICT systems, etc are good instruments in keeping the turnover at a low level and at keeping the work ethics at a high level.

### **4: Political uncertainty**

One of the most time consuming activities for INP is the concession rounds or any direct negotiations. It is very important to INP that licensing takes place in a planned manner following the licensing strategy.

The dialogue with the Minister is extremely important to relay to her the importance of certain issues, like the optimalization of the legal system. Before significant work in such matters is undertaken, the likelihood of the parliament having capacity to handle such issues should be assessed.




4.	To have an efficient monitoring and supervision system in place to audit the petroleum operations as regards efficient resource management, fiscal metering, health, safety and environmental management.	(i) Established well functioning routines and procedures and for monitoring and auditing petroleum operations; (ii) Establishment of reporting format for the exploration, production operations and HSE aspects; (iii) Establish HSE standards followed by the industry; (iv) Developed capacity to implement the monitoring and supervisory tools.
5	To have an Emergency Preparedness (EP) Planning System in place for the petroleum sector where the responsibilities for the participants from the industry and government and other official organizations are well defined.	(i) Established emergency response planning guidelines to be followed by industry; (ii) Established procedures for emergency response in case of accidents; (iii) Developed emergency preparedness management systems and desktop exercises undertaken with relevant institutions and industry.
6	To have an efficient data management solution and IT system in place, based on a consistent data model, a reference/administrative database for the most important types of data, modern data storage media and well maintained hardware, allowing efficient use of GIS and other petroleum management software systems.	(i) An Expanded and maintained INP data model / reference database, including updated GIS (included production, resource inventory, etc); (ii) Improved procedures for the operation and maintenance of the data centre, tape storage, document archive and updated software/hardware in use; (iii) A new core storage and part of the cores from Vilanculos transferred to the new storage; (iv) All seismic and well data transcribed to modern tapes ahead of 3590 and other storage media; (v) Standards and procedures on data deliveries updated.
7	An increased use of Mozambican goods and services in the upstream petroleum sector in Mozambique and in the region.	(i) Established a platform for improved information of the petroleum sector development to be used by the local suppliers of goods and services; (ii) Improved understanding among the suppliers of the Quality Assurance (QA) and Quality Control (QC) systems and contracts used by the petroleum industry; (iii) Vocational training needs mapped in coordination with Ministry of Education and MIREM; (iv) Vocational training established in important disciplines towards the petroleum sector to increase production quality and capacity; (v) University training supported.
8	To make the INP organization better prepared to meet the future challenges in the petroleum sector in such a way that the industry is well served, Mozambican interests are well taken care of and the employees will experience a good working environment, tasks that develop the competence of the individual and career opportunities for the future.	(i) An increase in professional capacity by Recruitment and training of Geoscientists, Petroleum Engineers, Lawyers, economists and data custodians; (ii) Management training undertaken for the managers and technical training for the staff; (iii) Improved management tools regarding personnel, financial resources and documents; (iv) Assessment of the appropriateness of the current organisation; (v) INP a one stop shop with cooperation agreements with important cooperating institutions
9	To improve the quality of the INP information products; the web site, the press releases, statistical data and particular publications made in cooperation with MINPET.	(i) Staff Trained in information management skills; (ii) Updated INP web site (fact page on internet), and ensured a continuously updated flow of information and data for oil companies, government offices, other stakeholders and the public in general (iii) Assisted MIREM in statistical information and publication of matters related to petroleum operations; (iv) Routines and standards Developed and regular press releases issued in connection with special events regarding petroleum activity; (v) Developed detailed rules on confidentiality and publicity and procedures and work processes for release of data
10	To facilitate among all relevant regulatory institutions a well coordinated and efficient handling of issues of policy, planning and	INP a one stop shop with cooperation agreements with important cooperating institutions; (ii) Support provided to MIREM in policy development, strategic planning and in enhancing the level of competence in priority regulatory issues like approving gas

3. MFA has the right to cancel the Agreement or portion of the Agreement, and has the right to demand the cancellation of any contract financed under the Agreement, with immediate effect if it determines that corrupt or fraudulent practices were engaged in by representatives of Mozambique or by a beneficiary of Programme funds during procurement or execution of the contract without Mozambique having taken timely and appropriate action satisfactory to MFA to remedy the situation.
4. Before MFA withholds disbursements, reclaims funds or cancels the Agreement, the Parties shall consult with a view to reaching a solution in the matter.

## Article XII Distribution of the Agreement

The Parties shall distribute copies of the Agreement to the respective ministries, authorities and other institutions involved in the Programme or otherwise in need of information on its content.

## Article XIII Entry into Force - Termination - Disputes

1. The Agreement shall enter into force on the date of its signature, and shall remain in force until the Parties have fulfilled all obligations arising from it. Whether the obligations are fulfilled, shall be determined in consultations by the Parties.
2. Notwithstanding the previous clause each Party may terminate the Agreement upon three months written notice.
3. If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall consult with a view to reaching a solution.

IN WITNESS WHEREOF the undersigned, acting on behalf of their respective Parties, have signed the Agreement in two originals in the English language.

Done in Maputo the 24 day of Nov 2011

For the Norwegian Ministry of  
Foreign Affairs,

  
Tove Bruvik Westberg

Ambassador

For the The Government of the Republic of  
Mozambique

  
Oldemiro Balói

Minister of Foreign Affairs and Cooperation

## Article VIII Procurement

1. Mozambique undertakes to effect all procurements of goods and services necessary for the implementation of the Programme.
2. The procurements shall be performed in accordance with generally accepted procurement principles, good procurement practices and the procurement regulations of Mozambique. Norwegian suppliers shall be given the same opportunities as other suppliers to compete for deliveries.
3. Mozambique shall observe the highest ethic standards during the procurement and execution of contracts, and shall ensure in its national legislation adequate and effective means to punish and prevent illegal or corrupt practices.
4. No offer, gift, payments or benefit of any kind, which would or could, either directly or indirectly, be construed as an illegal or corrupt practice, e.g. as an inducement or reward for the award or execution of procurement contracts, shall be accepted. Invitations to make offers as well as the procurement contracts shall, respectively, include a clause stating that the offer will be rejected and/or the contract cancelled, in case any illegal or corrupt practices have taken place in connection with the award or the execution of the contract.
5. Mozambique shall provide MFA with a copy of invitations to international tenders concerning procurements which value exceeds SDR 700.000 at least 40 days before publishing the invitation. Copies of the contracts entered into shall be submitted to MFA for information within 30 days after the signing.
6. Mozambique shall upon request furnish MFA with all relevant information on its procurement practices and actions taken, and provide access to all related records and documents. MFA may require access to information even during the stage in the procurement procedure when it is restricted to the officers performing the procurement. Restrictions on such information shall be respected until the information can be made public without any risk of detriment to the result of the procurement

## Article IX Audit

1. The annual financial statement of the Programme shall be audited by an independent internationally recognised auditing firm acceptable to MFA in accordance with principles of government sector auditing. The cost of the audit shall be covered by the Grant.
2. The audit shall be carried out in accordance with international auditing standards. The auditor shall state in the report which auditing standards that have been applied.
3. The audit report shall state the auditor's opinion/findings as to:



2. When determining the amount to request, Mozambique shall take into account unspent disbursed amounts and income from all sources as well as any accrued interest which Parties have agreed on using for the benefit of the Programme according to Article III, Clause 2.

Along with the requests, except the first request, Mozambique shall state the cash balance of the Programme and submit statement of bank balances for the Programme from the bank.

3. Funds will be transferred upon MFA's approval of the requests to a separate, bank account with INP, and shall be made available to the Programme immediately.

Mozambique shall immediately, in writing, acknowledge receipt of the funds. The date of receipt shall be stated as well as the exchange rate applied.

4. All disbursements to suppliers of goods or services shall be made by Mozambique.

## Article VI Annual Meetings

1. Representatives of the Parties shall have an Annual Meeting within the 1<sup>st</sup> quarter each year in order to:
  - Discuss the progress of the Programme, including results and fulfilment of agreed obligations,
  - discuss and, if feasible, approve annual work plans and budgets for the following year,
  - discuss issues of special concern for the implementation of the Programme, such as the major risk factors set out in the Agreed Programme Summary in Annex 1, and how to manage such risks/issues.

Each of the Parties may include others to participate as observers or as advisors to their delegation.

2. The documentation specified in Article VII shall form the basis for the Annual Meetings.
3. The Annual Meetings shall be called and chaired by INP.
4. Central elements of the discussion and all decisions from the consultations shall be recorded in Agreed Minutes. The Agreed Minutes shall be drafted by Mozambique and be submitted to MFA for comments no later than two weeks after the Annual Meeting.





## Article I Scope and Objectives

1. This Agreement sets forth the terms and procedures for MFA's support to Institutional Support to INP 2011-15 (the Programme) as outlined in the Agreed Programme Summary in Annex I and further described in the Programme Document "Request for Norwegian Programme of Assistance – July 2011
2. The Goal of the Programme is enhanced economic development and welfare in Mozambique through effective and sustainable management of the petroleum sector.

The Purpose of the Programme is to enhance the capacity of INP to manage the core functions of its mandate as the national petroleum sector regulator.

## Article II Cooperation – Representation - Administration

1. The Parties shall communicate and cooperate fully with the aim to ensure that the Goal and Purpose are successfully achieved.

The Parties further agree to cooperate on preventing corruption within and through the Programme, and undertake to take rapid legal action to stop, investigate and prosecute in accordance with applicable law any person suspected of misuse of resources or corruption.

The Parties shall immediately inform each other of any indication of corruption or misuse related to the Programme that comes to their attention.

2. In matters pertaining to the implementation of the Programme the Norwegian Embassy in Maputo (the Embassy) shall be competent to represent MFA. All communication to MFA in regard to the Agreement shall be directed to the Embassy. The Ministry of Foreign Affairs and Cooperation (MINEC) shall represent the Government of Mozambique in matters related to this Agreement. INP shall have the responsibility of regular reporting and follow up of the Programme.

## Article III Contribution of MFA

1. MFA shall, subject to Parliamentary appropriations, make available to Mozambique a financial grant not exceeding NOK 57 500 000 (Norwegian Kroner Fifty Seven Million Five Hundred Thousand (the Grant)) to be used exclusively to finance the Programme in the planned period 1. September 2011- 31. December 2015.
2. Any accrued interests on the Grant may be used for the benefit of the Programme if agreed on by the Parties in writing.

