

Agreement

between

The Norwegian Ministry of Foreign Affairs (“MFA”)

and

**The Government of the Republic of South Sudan,
represented by the Ministry of Finance and Economic Planning
 (“MoFEP”)**

regarding

**The Cooperation Programme for Sustainable Development and
Management of the Petroleum Sector in South Sudan**

2012-2014

WHEREAS the Government of the Kingdom of Norway (Norway) and the Government of the Republic of South Sudan (GoRSS) have entered into an agreement of even date herewith regarding cooperation for promotion of the economic and social development of the republic of South Sudan (the Main Agreement),

WHEREAS Norway has supported GoRSS with technical assistance to the Petroleum Sector since 2011,

WHEREAS the GoRSS through the Ministry of Petroleum and Mining (MPM) has requested continuous support from Norway in letters dated 7 December 2011 and 16 March 2012,

WHEREAS MFA has decided to comply with the request,

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

Article I Scope and objectives

1. This Agreement sets forth the terms and procedures for MFA’s support to the Cooperation Programme for Sustainable Development and Management of the Petroleum Sector in South Sudan (the Programme) as outlined in the Programme Document for an Institutional Cooperation between the South Sudanese Ministry of Petroleum and Mining (MPM), and the Norwegian Ministry of Petroleum and Energy (MPE) in its most recent version of 13 June 2012.

2. The overall objective of the Programme is to contribute to further development and strengthening of governance systems for the petroleum sector in South Sudan that fosters efficiency, transparency, anticorruption, and which is in compliance with the principles of good governance.

The purpose of the Programme is the establishment of economically, environmentally and socially responsible management of petroleum resources which safeguards the needs of the people of South Sudan and its future generations.

The Outcomes of the Programme are:

- MPM sets goals, and define and assign responsibilities in a manner which promotes the overall objective of the Programme.
 - MPM carries out their assigned responsibilities.
 - MPM are held accountable for its management of the petroleum sector.
3. The Parties may agree on extending existing or including new Programme elements within the Programme, as well as on re-allocating funds within the Programme. Any such amendment to the programme shall be in writing, e.g. recorded in the Agreed Minutes from the consultations mentioned in Article VI Annual Meetings.

Article II Cooperation – Representation

1. The Parties shall communicate and cooperate fully with the aim to ensure that the Objective 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. Further, the Parties commit themselves not to accept, either directly or indirectly, as an inducement or reward in relation to the execution of the Agreement, any kind of offer, gift, payment or benefit, which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Programme.
2. In matters pertaining to the implementation of the Programme, the Norwegian Embassy in Juba (the Embassy) and the MoFEP shall be competent to represent MFA and GoRSS respectively. All communication in regard to the Agreement shall be directed to the Embassy and MoFEP respectively. MPM will act as implementing ministry.

Article III Contribution of MFA

MFA shall, subject to Parliamentary appropriations, make available for the Norwegian Petroleum Directorate (NPD) a financial grant not exceeding NOK 48 000 000 (forty eight million Norwegian kroner) (the Grant) to be used exclusively to finance the Technical Assistance (TA) of the Institutional Cooperation Agreement described in Article IV, clause 2, under the Programme in the planned period 2012-2014.

Article IV Contributions and obligations of South Sudan

MoFEP shall through MPM as implementing ministry be responsible for the implementation of the Programme, and shall, with due support by the Norwegian Resident Coordinator:

1. Have the overall responsibility for the planning, implementation, reporting and monitoring of the Programme,
2. Enter into an Institutional Cooperation Agreement (the Institutional Agreement) with MPE regarding the administration and activities of MPE and MPM for the duration of the Programme. The Institutional Agreement shall *inter alia* define the management structure, scope and objectives, procurement procedures, the responsibilities of MPM and MPE, the details of delegation by MPE to the Norwegian Petroleum Directorate (NPD) for the management and

implementation of the Programme, reporting, disputes' resolution etc. The Institutional Agreement as well as any subsequent amendments shall be submitted to MFA for approval,

3. Ensure through the Institutional Agreement that the activities are performed according to approved work plans,
4. Provide the financial and other resources required in addition to the Grant,
5. Ensure through the Institutional Agreement that Programme funds are properly accounted for,
6. Provide office spaces for the Norwegian personnel present in Juba as part of the Programme,
7. Promptly inform MFA of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme,
8. Ensure that representatives of Norway are permitted to visit any part of the Programme's sites for purposes related to the Agreement and examine any relevant records, goods and documents.

Article V Disbursements

1. All disbursements from the Grant will be transferred from MFA directly to NPD, based on the financial need of the Programme and on approved work plans and budgets.

Article VI Annual Meetings

1. Representatives of the Parties of the Agreement shall have an Annual Meeting tentatively in the first quarter each year in order to:
 - Discuss the progress of the Programme, including results and fulfilment of the previous year's work programme and budget,
 - Discuss and approve annual work plans and budgets for the following year,
 - Assess annual reports and statements of accounts from cooperating institutions,
 - Assess issues of particular concern for the implementation of the Programme,
 - Discuss issues of special concern for the implementation of the Programme, such as the major risk factors, and how to manage such risks/issues.
 - NPD, representing the MPE, shall be invited to the meeting as an observer. Each of the Parties may include others to participate as observers or as advisors to their delegations.
 - The Norwegian Development Cooperation Agency's (Norad) Oil for Development Secretariat will act as adviser to MFA and participate in the meeting as an observer.
2. The documentation specified in Articles VII shall form the basis for the consultations.
3. The Annual Meeting shall be called and chaired by MoFEP at a location agreed by both Parties.
4. Main issues discussed and points of view expressed as well as any decisions shall be recorded in Agreed Minutes. The Agreed Minutes shall be drafted by MoFEP and be submitted to the Parties for comments no later than two weeks after the Annual Meeting.

Article VII Reports

MoFEP shall submit to MFA the following reports and documentation:

1. A progress report shall be submitted semi-annually, one to be submitted by 1 February and one to be submitted by 1 September each year. The progress report shall include the following information:
 - a. A description of actual versus planned activities.
 - b. Description and explanation of any major deviations from plans or budget
 - c. A brief assessments of achievements and any possible problem/risk areas
2. A work plan and budget shall be submitted within 3 weeks before the Annual Meeting. Planned activities with budgets shall be listed.
3. A final report shall be submitted within 3 months after the completion of the Programme. The final report shall include:
 - a. The topics listed in Clause 1 above for the whole Agreement period,
 - b. an assessment of the effectiveness of the Programme, i.e. the extent to which the Purpose has been achieved,
 - c. 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,
 - d. 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,
 - e. a summary of main "lessons learned".

MoFEP shall in the Institutional Agreement ensure necessary assistance from MPE to prepare the reports and documentation.

NPD shall submit to the MFA the following reports and documentation:

4. A brief description of spent funds versus budget shall be submitted semi-annually, one to be submitted by 1 February and one to be submitted by 1 September each year.
5. The Annual financial statements shall be submitted 3 weeks before the Annual Meeting. This statement shall be based on reports from cooperating Norwegian institutions through MPE, and shall give complete and detailed information on the total financing of the Programme.

Article VIII Procurement

MoFEP shall in the Institutional Agreement require MPE to effect all procurements under the Programme. MPE may however delegate to any of its cooperating institutions to undertake such procurements. All procurement shall be performed in accordance with international accepted procurement principles and good procurement practices. Contracts entered into by MPE exceeding NOK 1 million shall be submitted to MFA for information

Article IX Audit

MoFEP shall through the Institutional Agreement ensure that the annual financial statements of the Programme will be audited by the Norwegian Auditor General in accordance with regulations related to Norwegian Governmental audits. A copy of the Norwegian Auditor General's report shall be submitted to GoRSS.

Article X Reviews – Evaluation

1. The parties may agree to undertake an end review focusing on progress to date and the effectiveness of the Programme, i.e. the extent to which the Purpose and outcomes are being/have been achieved. The review may include a financial review. An assessment of the Programme's impact may also be included in the review. The cost for such review will be covered by funds over and above the Grant.
2. 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 Objective and Purpose,
 - substantial deviations from agreed plans or budgets occur,
 - contributions to be made by GoRSS ref. Article 4 are not provided as agreed,
 - the documentation specified in Article VII has not been submitted as agreed,
 - the financial management of the Programme has not been satisfactory,
 - the contract referred to in Article IV, Clause 2 is breached or terminated before all obligations therein are fulfilled.
2. 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 GoRSS or by a beneficiary of Programme funds during procurement or execution of the contract without GoRSS having taken timely and appropriate action satisfactory to MFA to remedy the situation.
3. Before MFA withholds disbursements, reclaim 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 Party, have signed the Agreement in two originals in the English language.

Done in Juba at the day of2012.

Place: JUBA Date: 18/10/2012

For the Ministry of Foreign Affairs,
Norway



Name: TORAGIR LARSEN
Title: Dep. Minister
MFA

Place: JUBA Date: 18/10/2012

For the Ministry of Finance and
Economic Planning, South Sudan



Name: Mary Jervase Yak
Title: Deputy Minister

Annex

Tentative budget summary:

Year 1: NOK 24 million

Year 2: NOK 24 million

Year 1		NOK million
Competence Building		
	Increased Oil Recovery (IOR), Data & Resource Management	3.85
	Other	1.5
	Health, Safety and (work) Environment	2.7
	Environment	1.5
	Fiscal metering	0.6
	Master program	0.3
Policy, law & regulations		4.5
Organisation		3
Good Governance		0.5
Admin., resident coordinator		5.55
Total year 1		24