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Agreement

between

The Norwegian Petroleum Directorate (NPD)

and

Agência Nacional do Petróleo (ANP)

regarding

Institutional Support

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Preamble

WHEREAS São Tomé e Príncipe (STP) requested Norway for technical support for the management of the Petroleum sector in December 2004;

WHEREAS STP and the Norwegian Embassy in Luanda conducted discussions for such support in STP in July and October 2005;

WHEREAS a limited technical support programme was implemented by NPD in 2005 and 2006 which also resulted in a joint draft Project Proposal between ANP and NPD;

WHEREAS the Project Proposal was aligned with the World Bank (WB) Technical Assistance Capacity Building Project in STP in meetings in Oslo between ANP, WB, NORAD and the NPD on June 29th 2007, resulting in the final Project 2008 - 2009, ref Annex I;

WHEREAS NPD and NORAD has entered into a Cooperation Agreement (the Cooperation Agreement) regulating the NPD technical assistance under the Oil for Development programme;

WHEREAS it was decided in the Steering Committee of the Oil for Development programme in December 2007 to finance the Project 2008 - 2009 and, under the Cooperation Agreement, to instruct the NPD in letter 25.01.2008, ref Annex II, to enter into an agreement with ANP for the implementation of the project;

NOW THEREFORE the ANP and the NPD have agreed as follows:



2. Objectives

- 2.1 The objective for the short term assistance is to establish support capacity to ANP and other relevant STP institutions to enable these institutions to assess the implications of the recommendations of policy studies and legal drafting performed by WB consultants / support agencies and to make good decisions in these matters.

It is also an objective to prepare ANP and other relevant STP institutions for supervisory activities that will be required when petroleum operations commence in the EEZ. A close cooperation with other regional institutions will be facilitated to support the ongoing work.

The Purpose of the Project is: Further develop the administrative capacity of the petroleum administration in STP through strengthening and improving:

- The ANP's regulating capacity with a core of professional people duly trained to carry out their responsibilities in a sustainable and competent manner;
- The legal framework*;
- A transparent Licensing System*
- The data management system;
- The System for Environmental Impact Analysis (EIA);
- The preparedness of the involved Ministries directly involved with oil exploration to carry out their specific roles
- The access to Training
- Good Governance in the petroleum sector*

to ensure a good and transparent administration of the petroleum resources.

* The success is dependent on the achievements of other capacity support programs for the petroleum sector.

- 2.2 The following activities, as further outlined in "Project 2008 - 2009: Management of Oil and Gas in STP", Annex I to this Agreement, will be implemented by both Parties under this Agreement:

- Policy, Legislation and Model Contract Advice
- Technical Advice on Environmental Issues
- Technical Advice on Licensing
- Technical Advice on Health and Safety
- Regional Cooperation
- Training
- Assessment of the need for further Norwegian Support
- Project Management

2.3 The Grant, which is subject to appropriations from the Norwegian Parliament, will not exceed NOK 2.250.000,- (Norwegian Kroner two million two hundred and fifty thousand only). The tentative annual breakdown for the Norwegian Support for the tasks referred to in Clause 2.3 above to be covered by the Grant:

	2008	2009	Total
Amount per year (NOK)	0,05 mill	2,2 mill	2,25 mill

2.4 The following documents, listed in order of precedence, shall be deemed to form and be read and construed as part of this Agreement:

- Annex I: The Project 2008 - 2009 with Budget
- Annex II: The NPD Mandate to implement the Project (unofficially translated from the original Norwegian letter)
- Annex III: Coordination of Norwegian Institutions under the Oil for Development Programme COfD)

3. Project Management and Co-ordination)

3.1 NPD and ANP shall establish a Steering Committee with the following representatives:

- The ANP Project Director and the Project Coordinator
- A representative from MRNA
- The NPD Project Director and the Project Coordinator

The Steering Committee shall meet at the start of the Project, at the end of 2008/beginning of 2009 and at the closing of the Project in 2009, to:

Agree upon annual work plan / revised work plan

Agree upon annual budget / revised budget

Agree upon 2008 report, half year report 2009 / final documentation to be submitted to the OfD Secretariat in NORAD in Oslo in preparation for a Progress Meeting with OfD, most likely during third quarter 2009.

Discuss the over all co-operation between the parties

The Steering Committee may agree to convene extra meetings if required and may conduct the meetings by video conference or similar facility.

4. Obligations and Responsibilities of the Parties 4.1 Information

The Parties shall keep each other currently informed about all matters of importance relevant to the overall co-operation and the implementation of the tasks to be performed under this Agreement.

4.2 Personnel

NPD shall make available sufficient and qualified personnel and shall carry out their obligations in accordance with the highest professional standards. If any problem arise or is expected to arise ANP shall be notified immediately in writing.

ANP shall make available sufficient and qualified personnel to co-operate with NPD and its personnel on the activities to be implemented under this Agreement, and shall facilitate and make sure that the personnel is available for carrying out necessary preparations and follow-up tasks in connection with the co-operation, If any problem arise or is expected to arise in this respect, NPD shall be notified immediately in writing.

Should it become necessary to replace personnel in important positions, the Party concerned shall forthwith arrange for replacement with a person with comparable experience.



The Party requesting the replacement shall be responsible for the financial consequences thereof, except in cases when such personnel are replaced for reasons of misconduct, incapability to perform or violation of instructions and local laws and regulations in which case the Party concerned shall be responsible.

4.3 ANP responsibilities

4.3.1 ANP is responsible for the planning, administration and implementation of the Project and for the adherence and implementation of the decisions taken by the Steering Committee and by the Progress meeting with OfD.

4.3.2 ANP shall:

- Nominate a Project Director responsible for the management of the project.
- Nominate a Project Coordinator responsible for the coordination and implementation of the project.
- Provide NPD with access to all available and relevant reports and data required to undertake its tasks. Data and information available only in Portuguese will be translated into English.

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- Assist NPD in obtaining all necessary permits, licences and permissions needed to carry out the work under the Agreement.
- Provide, free of charge adequately sized, furnished, services, and heated/air conditioned office accommodation for the personnel of NPD. The office facilities shall be equipped with internet connection.
- Assist visiting NPD personnel with transport arrangements.
- Undertake coordination with other Sao Tomean institutions that receive support under this contract, to secure that such support is coordinated and of relevance to the institutions involved.

Any costs related to items mentioned above, can be charged to the project.

4.4 NPD responsibilities

4.4.1 NPD shall:

- Nominate a Project Director responsible for the management of the Project. -
Nominate a Project Coordinator responsible for the coordination and implementation of the Project.
- Co-operate fully with ANP to ensure that the activities referred to in Clause 2.2 above are successfully accomplished and co-ordinate the services to be performed under this project by the NPD, other Norwegian institutions and consultants. Under this project NPD expect to request some technical support from the following institutions:
- Petroleum Safety Authority (PSA)
 - Ministry of Environment
 - State Pollution Control Authority (*SFT*),
 - GRID, Arendal
 - PETRAD
- Technical support from other institutions will be agreed upon with ANP and OtD.
- Provide and furnish to ANP the reports specified in Clause 6 below.
- Assist ANP personnel in obtaining accommodation facilities when visiting Norway, including visa and other permissions necessary for their stay in Norway.

4.5 International travels

All international travels shall be agreed upon in writing, including e-mail correspondence, between the Parties.



5. Procurement

5.1 All procurements shall be performed in accordance with generally accepted principles and good procurement practices, and in accordance with Norwegian procurement regulations. Ref. Section 8 below.

5.2 NPD will undertake contracting on behalf of ANP. All contracts have to be approved by ANP.

6 Reporting

NPD will provide ANP with a short report every three months for the work performed, achievements made and costs incurred. •

6.1 NPD will assist ANP preparing an annual report and related documents for the Progress Meeting between OfD and ANP.

7. Remuneration / Invoicing

7.1 NPD shall be paid for the services performed and the costs incurred in conformity with the procedures set out in this section and at rates below. The invoices, in English text, for NPD's expenses will be enclosed to the reports mentioned in section 6.

7.2 Invoices shall be made in NOK. The invoice shall be forwarded to the ANP, Avenida Nações Unidas, numero 225, CP 1048, São Tomé for approval and further dispatch to OfD, NORAD, P.o. Box 8034, Ruselekkvn, 26, N-0030 Oslo, Norway for payment to NPD. Copy of invoice will be sent directly to OdD, Oslo.

7.3 Any activities in excess of the agreed Project, shall be agreed upon in advance and in writing by the Parties.

7.4 The hourly rate for short term personnel is presently NOK 815,- per hour including administration overhead as stated in the Agreement of Cooperation between NPD and NORAD which is governing NPD's assistance to cooperating institutions. The rate may only be changed if agreed by NORAD.

7.5 Field work will be paid at a weekly basis of 40 hours and at the above rate. There will be no payment for overtime. In addition two travel days of 7 hours per intercontinental return flight will be remunerated.

7.6 Travel expenses for international travels will be covered in accordance with the Norwegian Government Regulations for travels.

7.7 The NPD invoices will contain:

Timesheets, certified by the responsible person of the NPD stating that the invoiced expenses are in accordance with this Contract and the Norwegian Government Regulations.

Information regarding travel, describing travel objectives and name of participants.

Total amount invoiced on the assignment related to the budget.

Reference to original vouchers which will remain at the NPD for auditing by the State Auditor. Copies of vouchers will be provided on request.

- 7.8 If ANP disputes a part of an invoice, the remaining, undisputed part of the invoice shall be forwarded without delay by INP to OfD for settlement.
- 7.9 When services from other parties than NPD are included, this must either be specified in the work description or be specifically agreed in writing with the ANP in each separate case. Remuneration shall also be agreed in writing.
- 7.10 Local costs incurred by ANP under the programme shall be invoiced to the NPD for settlement as instructed by ANP. These costs will then be included in the quarterly NPD invoices.
- 7.10 All payment under this Agreement shall be made by OfD directly to the bank account designated by NPD. Payment will be made within 45 days after invoice date.

8. **Contracts with entities outside NPD ("Sub-contracts")**

- 8.1 Any Sub-contracts to be entered into by NPD shall be made with duly qualified entities and NPD shall retain full responsibility for all services it is committed to render under this Agreement.
- 8.2 All Sub-contracts shall be approved by ANP in writing.

9. **Liability**

9.1.1 Between the parties:

- 9.1.2 ANP and NPD has no legal or financial liability for damage or loss occurring in connection with the Project, such as damage or loss due to inexpert use of ANPs / NPDs equipment, faulty computer software or other factors comprised by the Project according to the present Agreement.

9.1.3 Each of the parties shall keep the other party indemnified with regard to damage to own personnel and damage to or loss of own possessions, irrespective of whether the other party has contributed to the damage or loss.

9.1.4 With regard to third parties:

9.2.1 ANP has no legal or financial liability for damages or loss incurred by third parties as a result of NPD's actions or decisions pursuant to contract or otherwise, except when such damage or loss is due to faults or failure in ANP's own equipment.

9.1.5 NPD cannot incur ANP any liabilities or waive any rights on behalf of ANP without written authority.
ANP cannot incur on behalf of NPD any liabilities or renounce any rights on behalf of NPD without written authority from NPD.

10. Copyright

10.1 The copyright of all documents etc. prepared by the project under this Agreement stays with ANP. However, NPD and OID /NORAD shall not be liable to pay any royalties for the use of any documents:

11. Compliance with local laws

11.1 While carrying out the assignment under this Agreement the personnel and entities engaged by NPD shall comply with the laws of STP and NPD will take prompt corrective action with regard to any violation by such personnel and entities. The same applies, under Norwegian law, to the personnel and subcontractors of ANP when carrying out assignments in Norway.

12. Execution of the Agreement

12.1 The Parties declare their commitment to counteract corrupt practices in the execution of the Agreement. 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, payments or benefits, which would or could be construed as illegal or corrupt practice.

13. Amendments

13.1 No amendments of this Agreement shall be made unless by written agreement signed by the parties. Such amendments will become effective when approved in writing by OID - NORAD, Oslo and the MRNA, STP.

14. Entry into force and Duration

- 14.1** This Agreement shall enter into force when signed by both Parties and approved in writing by the OfD - NORAD, Oslo.
- 14.2** This Agreement shall remain in force until the completion or termination of the Project 2008 - 2009, or as agreed between the Parties.

15. Termination

- 15.1** Each Party may terminate this Agreement by giving three months' written notice to the other Party, with copy to the OfD - NORAD, Oslo and to the MRNA, STP.
- 15.2** Upon receipt of such notice of termination, both Parties shall exert their best efforts to bring the work to an end in a rapid, orderly and economical manner, and will deliver to each other any plans or documents completed as part of this Agreement.
- 15.3** In the event of termination NPD shall be entitled to payment for services satisfactorily performed and expenses properly incurred prior to the date of termination.

16. Settlement of Disputes

- 16.1** If any dispute arises relating to the implementation or interpretation of this Agreement, there shall be mutual consultations between the Parties with a view to secure a successful implementation of the Project.
- 16.2** Any disputes in connection with this Agreement which cannot be solved amicably, shall be referred to the Progress meeting with OfD - NORAD. The Parties shall accept the decisions taken at the meeting.

In witness whereof, the undersigned, acting on behalf of their respective

institutions, have signed this Agreement in two originals in the English language .

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For ANP

São Tome,
Lms Prazeres *li*
Executive Director ;'
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For NPD

Stavanger,
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Director HR