

Addendum No. 1 to Agreement between the Norwegian Ministry of Foreign Affairs and the Government of the Republic of Uganda regarding development cooperation concerning Strengthening the Management of the Oil and Gas Sector in Uganda

WHEREAS the Norwegian Ministry of Foreign Affairs (MFA) and the Government of the Republic of Uganda (Uganda) have entered into an agreement dated 9 July 2009 on development cooperation concerning Strengthening the Management of the Oil and Gas Sector in Uganda (the Agreement),

WHEREAS MFA and Uganda with reference to Article I section I of the Agreement and the decision in the annual meeting have agreed on amending the Agreement,

NOW THEREFORE MFA and Uganda have reached the following understanding which shall constitute Addendum No. 1 to, and an integral part of, the Agreement:

Article I Scope and objectives

Clause 2 shall read:

The Goal of the Programme is to contribute to the achievement of the goal of the National Oil and Gas Policy which is: "To use the country's oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society".

Article IV Contributions and obligations of Uganda

Clause 12, first sentence, shall read:

12. enter into the following institutional cooperation contracts:

Article V Disbursement

Clause 3 shall read;

Funds will be transferred upon MFA's approval of the requests to a separate bank account with the Ministry of Energy and Mineral Development and shall be made available to the Programme immediately.

Clause 5; last bullet shall read;

- a written approval of the invoice by the chief financial officer of the Ministry of Energy and Mineral Development.

Article VI Annual Meeting

Clause 4, last sentence shall read;

The Agreed Minutes shall be drafted by Uganda and be submitted to MFA for comments no later than four weeks after the Annual Meeting.

Article VII Reports

Clause 3 shall read;

A progress report shall be submitted by 30th July each year.

Article VIII Procurement

A new clause 6 is added:

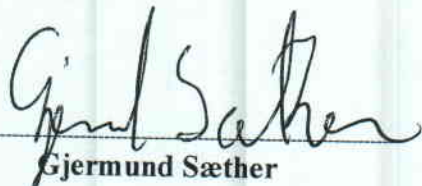
In some cases the Norwegian Ministry of Finance, the Norwegian Ministry of Petroleum and Energy and the Norwegian Ministry of Environment or institutions authorised by the respective ministries, may undertake procurements of goods and services on behalf of Ministry of Finance Planning and Economic Development (MFPED), Ministry of Energy and Mineral Development (MEMD) and Ministry of Water and Environment (MWE) when requested by any of these Ministries in accordance with the institutional cooperation contract. In such case, the procurement will be carried out in accordance with Norwegian public procurement law. The Terms of Reference or specifications for any goods and services thus procured are subject to approval by the relevant Ugandan Ministry.

This Addendum shall enter into force on the date of its signature, and shall remain in force until both Parties have fulfilled all obligations arising from it. Whether these obligations shall be regarded as fulfilled shall be determined in consultation between the Parties.

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

Done in Kampala the 29 day of April of 2010.

For the Norwegian Ministry of
Foreign Affairs



Gjermund Sæther
Charge d'Affaires a.i.

For the Government of
the Republic of Uganda



Annex I Agreed Program Summary

Identification of the Programme

- Programme Title/Name: Strengthening the Management of the Oil and Gas Sector in Uganda
- Implementing institutions: Ministry of Energy and Mineral Development (lead), Ministry of Finance, Planning and Economic Development, Ministry of Water and Environment, Uganda
- Norwegian and/or other Partner institution: Ministry of Foreign Affairs, Norway, and "Oil for Development", Norad, Oslo, Norwegian Ministry of Finance, Norwegian Ministry of Petroleum and Energy, including Norwegian Petroleum Directorate and Petroleum Safety Authority, Norwegian Ministry of the Environment, including Norwegian Pollution Control Authority and Directorate for Nature Management. Other relevant institutions
- The Programme is described in the revised Project Document.

Description of the Programme

Goal: To contribute to the achievement of the goal of the National Oil and Gas Policy which is: "To use the country's oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society".

Purpose: Institutional arrangements and capacities in place ensuring well-coordinated and results oriented Resource management, Revenue management, Environmental management and HSE management in the oil and gas sector.

The main target group is the administration on all levels within the Ministry of Energy and Mineral Development, the Ministry of Financial Planning and Economic Development and the Ministry of Water and Environment, as well as the subsidiaries to these ministries.

Outputs: Institutional cooperation leading to transfer and enforcement of knowledge and competence within each Pillar. Details to be given in the Programme Document and the annual work plans on each institutional cooperation scheme (pillar). Regarding common activities, the outputs include the development of a common communication strategy towards the social actors to keep them abreast of the developments of the oil industry in the country and to demonstrate that everything is being done to adhere to good governance principles.

Inputs:

MFA will provide:

- i) Programme funding; Total amount of up to NOK 80 mill.
- ii) External coordinator;
- iii) Institutional partners for each pillar representing Ministry or Directorate levels
- iv) Resource managers for each pillar
- v) Government experts, consultants and training institutions will be made available for programme implementation through the institutional partners

Based on availability of relevant expertise, government experts, consultants, and training institutions could be sourced elsewhere. This will be decided through consultations between Ugandan and Norwegian partners.

Uganda will provide:

- i) Suitably qualified Ugandans to manage and participate in the activities of the Programme along the objectives of the various Pillars.
- ii) An office (complete with appropriate furniture, telephone and internet connection fully paid for).
- iii) Transport for the consultant(s) while in Uganda.
- vi) Programme Manager and Pillar Managers. These have been named as:
 Programme Manager and Chairperson of the PCC: Acting Commissioner, PEPD, MEMD.
 Resource Pillar Manager: Acting Assistant Commissioner, PEPD, MEMD.
 Revenue Pillar Manager: Acting Commissioner, Macro Economic Policy Department, MFPED.
 Environment Pillar Manager: Director, Environmental Monitoring and Compliance All, NEMA

Main indicators:

- Poverty reduction
- Economic growth
- Legislation in place
- Institutions in place
- Supervisory system in place
- Status of Ecosystem in the Alebertine Graben area

Major risk factors (internal and external)

- Availability of personnel
- Availability of resource persons and training institutions
- Political Risk
- Government of Uganda support
- Delays in the submission of reports
- Financial management system and procurement process
- Audit reporting

Mitigation measures are described in the program Document under section 4.2.3.

Overall budget

YEAR	2010	2011	2012	2013	2014	SUM PILLAR (NOK)
Resource	9,900,000.00	5,922,542.00	5,307,492.00	4,107,490.00	3,391,764.47	28,629,288.47
Revenue	6,327,704.90	3,224,430.83	3,224,430.83	2,323,403.78	2,323,403.78	17,423,374.12
Environment	8,893,692.00	8,147,398.82	2,508,000.00	2,139,500.00	2,090,000.00	23,778,590.82
Programme Coordination	2,156,531	2,531,421	1,948,308	1,967,558	1,564,925	10,168,743.00
SUM PROGRAMME	27,277,668.90	19,825,792.65	12,988,230.83	10,537,951.78	9,370,093.25	79,999,996.41

Annex II Obligations with regard to personnel/consultants made available to Uganda under the Agreement

Clause 1 Permissions, taxes shall read;

The following shall apply:

Uganda shall provide or cause to be provided:

- 1.1. exemption from professional registration and licence requirements;
- 1.2. income taxes and any other direct taxes on emoluments paid to Norwegian personnel for services performed in Uganda shall be taxed in accordance with the Double Taxation Agreement between the Kingdom of Norway and the Government of Uganda;
- 1.3. the Uganda Government will pay for the taxes on equipment imported to Uganda in connection with the services performed under the Agreement;

