

**Addendum No. 1 to Programme Agreement
between
The Government of the United Republic of Tanzania
and
The Norwegian Ministry of Foreign Affairs
regarding
Institutional Cooperation in the Upstream Petroleum Sub Sector**

WHEREAS the Norwegian Ministry of Foreign Affairs (MFA) , represented by the Royal Norwegian Embassy in Dar es Salaam (the Embassy), and the Government of the United Republic of Tanzania (Tanzania), represented by Ministry of Finance (MoF), have entered into a Programme Agreement (the Agreement) dated 12 March 2012 regarding Institutional Cooperation in the Upstream Petroleum Sub Sector,

WHEREAS the Norwegian Ministry of Petroleum and Energy and the Tanzanian Ministry of Energy and Minerals have entered into a contract (the Contract) dated 13 February 2013 regarding Institutional Cooperation in the Upstream Petroleum Sub Sector,

WHEREAS Tanzania in a letter dated 20 March 2015 has requested Norway for additional support to the institutional cooperation in the Upstream Petroleum Sub Sector,

WHEREAS The Norwegian Ministry of Foreign Affairs (MFA), within the context of the Oil for Development Programme, has accepted the request,

WHEREAS MFA and Tanzania have agreed on amending the Agreement,

NOW THEREFORE MFA and Tanzania (the Parties) have reached the following understanding that shall constitute Addendum No. 1 to, and an integral part of, the Agreement:

Article I Additional Grant

1. MFA shall, subject to Parliamentary appropriations and the terms and procedures of the Agreement and this Addendum, provide an addition to the Grant not exceeding NOK 22 700 000 (Norwegian Kroner twenty two million seven hundred thousand) (the Grant) to be used exclusively to finance the Programme in the planned period 2012 – 2015. NOK 2 000 000 (Norwegian Kroner two million) of the Grant is earmarked for consultancy costs to be administered by MFA.

Article II Amendments

1. The following changes to the Agreement (Including Annex I) shall apply:

a. Article VI Annual meeting

The text (third paragraph top of page 4):

1. Representatives of the Parties shall have an Annual Meeting within the first quarter each calendar year in order to:

Shall be replaced with the following text:

1. Representatives of the Parties shall have an Annual Meeting tentatively in the fourth quarter each calendar year in order to:

b. Article VII Reports

The text (second paragraph top of page 5):

An annual work plan and budget shall be submitted together with the progress report. The work plan shall provide an update of the logframe deliverables and time schedules for proposed activities. The budget for the coming year shall show planned expenditures for all Programme components and estimated income from all sources. A separate aggregate summary of all planned Programme activities and expenses related to environmental management shall also be provided.

Shall be replaced with the following text:

An annual work plan and budget shall be submitted together with the progress report. The work plan shall provide an update of the logframe deliverables and time schedules for proposed activities. The budget for the coming year shall show planned expenditures for all Programme components and estimated income from all sources.

c. Article IX Audit

The full text in article 9 (paragraph 1-4 on page 6 and 7):

1. The Audit shall be performed by the Tanzanian Controller and Auditor General or an equivalent government body or an independent professional accountant/accountancy firm in public practice (external auditor/audit firm) engaged by the Tanzania Controller and Auditor General and approved by MFA.

The cost of an external auditor/audit firm 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 have been applied.
3. The audit report shall state the auditors opinion/findings as to:
 - Whether the financial statements present fairly, in all material aspects, the Programme's cash recipients/income and expenditures, as well as the cash/bank/financial position in accordance with an acceptable financial reporting framework,
 - Whether the audit has uncovered any material weaknesses in relevant internal control(s)
 - Whether the audit has uncovered any illegal or corrupt practices,
 - Whether funds have been used exclusively to cover Programme expenditures
 - Whether cash recipients/income and expenditures are properly accounted for,
 - Whether the Grant is reflected in the budget and accounting of Tanzania,
 - Whether appropriate internal controls to counteract illegal or corrupt practices have been established and are complied with.
4. Tanzania shall submit to MFA the audit report and other reports from the auditor significant to the implementation of the Programme within 31



December each year covering the previous financial year. Tanzania shall comment upon the auditor's findings. MFA shall respond within four weeks upon reception of the report.

Shall be replaced with the following text:

The Norwegian public institutions will be audited by the Norwegian Auditor General in accordance with regulations related to Norwegian Governmental audits. The Controller and Auditor General (CAG) will audit the Tanzanian public institutions in accordance with regulations related to Tanzanian public audits.

d. Article X – Reviews – Evaluation

The text (Article X, paragraph 1):

1. A midterm review shall be carried out by mid 2013 to assess the following issues:
 - Progress towards the Programme goals,
 - Efficiency and effectiveness,
 - Verify relevance, provide recommendations for the continuation of and an exit strategy.

The cost of the review shall be covered over and above the Grant. MFA shall initiate the review based on a terms of reference agreed between the Parties.

Shall be replaced with the following text:

1. A near end review shall be carried out by mid 2015 to assess the following issues:
 - Progress towards the Programme goals,
 - Efficiency and effectiveness,
 - Verify relevance, provide recommendations for the continuation of or an exit of the program

The cost of the review shall be covered by the Grant as part of the NOK 2 000 000 (Norwegian Kroner two million) earmarked for consultancy costs to be administered by MFA. MFA shall initiate the review based on terms of reference agreed between the Parties and a contract entered into with a consultant.

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e. Annex I

The table and text under the subcategory "Overall budget" (the table and its contents and the second paragraph)

Programme Component	2012	2013	2014	2015	Total ('000 NOK)
Policy	1250'	250'			1500'
Legal and regulatory	1400'	1300'	1500'	800'	5000'
Environmental Management	500'	950'	400'	300'	2150'
HSE and security	450'	1475'	475'	300'	2700'
Data mgt. systems	950'	1000'	350'	500'	2800'
Human Resource Development	450'	2200'	2550'	1150'	6350'
Technical Assistance	400'	350'	350'	300'	1400'
Program Management	600'	850'	1250'	500'	3200'
Contingency	300'	350'	750'	500'	1900'
SUM	6300'	8725'	7625'	4350'	27 000'

Tanzanian counterpart funding to cover meeting facilities and other local costs including in kind contribution of office facilities, local transport and active staff participation in the Programme implementation is estimated to TSH 278 million equivalent to 5% of the external input financed by MFA.

Shall be replaced with the following table and text:

Programme Component	2012 accrued	2013 accrued	2014 accrued	2015 (budget)	Total 1000 NOK
Policy	0	420'	357'	2 200'	2 977
Legal and regulatory	0	1'	4 456'	10 200'	14 657
Environmental Management	0	168'	663'	6 072'	6 903
HSE and security	0	223'	1 231'	2 700'	4 154
Data mgmt. systems	0	428'	1 567'	0	1 995
Human Resource Development	0	2'	2 535'	3 500'	6 037
Technical Assistance	0	0	100'	1 800'	1 900
*Programme Management	0	1 441'	3 170'	5 000'	9 611
Contingency	0	0	0	1 466'	1 466
SUM	0	2 683'	14 079'	32 938'	49 700

*Programme Management includes Resident Coordinator account, and consultancy services procured by MFA aiming at supporting the Programme and related activities

Tanzanian counterpart funding to cover local costs including in-kind contribution of office facilities, local transport and active staff participation in the Programme implementation estimated to be 5% of the external input financed by MFA.

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Article III

Any provision of the Agreement which is not amended by this Addendum shall remain unchanged and in force.

Article IV

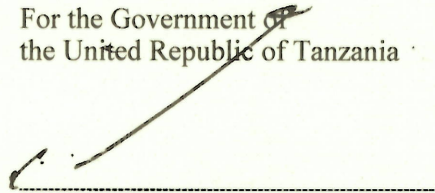
1. The Addendum shall enter into force on the date of its signature, and shall remain force until both Parties have fulfilled all obligations arising from it. Whether these obligations shall be regarded as fulfilled shall be determined in consultation between the Parties.

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

Done in Dar es Salaam the day of of 2015.

For the Ministry of Foreign Affairs

For the Government of
the United Republic of Tanzania



Ambassador
Royal Norwegian Embassy

Permanent Secretary
Ministry of Finance

Annex: Activity plan, budget and planned counterparts funds Tanzania (2015).

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Ref. no.	ACTIVITIES AND BUDGET 2015	NOK 1000
4.1	PETROLEUM POLICY	2 200
4.1.1	Training on policy strategy and implementation	200
	Draft Oil and Gas (Upstream) Policy – Zanzibar	2 000
4.2	LEGAL AND REGULATORY FRAMEWORK	10 200
4.2.1	Propose new petroleum upstream law and modifications needed in related laws	2 700
4.2.2	Provide inputs to the mandate of the future institutional arrangements in the petroleum upstream sub sector.	1 000
4.2.3	Stakeholders consultation - draft report and final draft report	500
4.2.4	Streamline existing MPSA based on the Petroleum Policy and modifications in the Petroleum law.	1 500
4.2.5	Identify and draft petroleum sector regulations (HSE, Environment and Resource)	2 500
	Draft Oil and Gas Exploration and Production (Upstream) Act - Zanzibar	2 000
4.3	RESOURCE MANAGEMENT *	1 800
4.3.1	Conduct OJT within prioritized areas of Resource Management	800
	Define need, prioritize capacity building within Oil and Gas(Upstream) Resource Management – Zanzibar	1 000
4.4	ENVIRONMENTAL MANAGEMENT	6 072
4.4.1	Environment group implementation review and planning meetings	312
4.4.2	Develop petroleum specific EIA-guideline	750
4.4.3	Develop petroleum specific guidelines for waste management	500
4.4.4	Data Management establish institutional framework	1 100
4.4.5	Data Management develop model for prioritized marine and coastal ecosystems	350
4.4.6	Data Management revision of the coastal sensitivity atlas	950
4.4.7	National Oil Spill Response Contingency Plan Operationalize, workshop	400
4.4.8	Oil Spill Plan Table top and full scale exercise to improve and operationalize the	350
4.4.9	Oil Spill Plan Training in Norway to improve and operationalize the	460
4.4.10	Environmental Audit Training including conducting offshore audit incl. Drilling and well techn. Course	900
4.5	HEALTH, SAFETY AND WORKING ENVIRONMENT	2 700
4.5.1	Perform Audit towards onshore, Mtwara	300
4.5.2	Perform Audit towards offshore	600
4.5.3	Basic offshore drilling and well technology training	1 000
4.5.4	Offshore certificate	500
4.5.5	Safety Top mgmt. Meeting in Norway OSHA, TPDC, PSA, Safety Working Group Meeting	300
4.7	HR AND TRAINING	3 500
4.7.1	Basic training Petroleum Value chain	700
4.7.2	Establish a plan for a Future Petroleum Upstream Regulator (PUR)	2 800
	PROGRAMME MANAGEMENT **	3 000
	PCC between MEM, TPDC, NPD, ME, others	300
	Annual meeting	200
	General management	900
	Resident Programme Coordinator	1 600
	CONTINGENCY	1 466
	Contingency	1 466
	SUB-TOTAL	31 000

*“Resource Management” corresponds to “Technical Assistance” in the Agreement incl. Addendum no. 1

** “Programme Management” does here not include additional NOK 2 mill. administered by MFA.

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Ref. no.	PLANNED COUNTERPART FUNDS TANZANIA – 2015	NOK 1000
4.1	PETROLEUM POLICY (UPSTREAM)	240
	Training on policy strategy and implementation	60
	Preparation of policy implementation strategies	60
	Preparation of draft cabinet paper	60
	Printing Final Policy Doc.	60
4.2	LEGAL AND REGULATORY FRAMEWORK	920
	Drafting new petroleum upstream law and modifications needed in related laws	240
	Provide inputs to the mandate of the future institutional arrangements in the petroleum upstream sub sector.	80
	Stakeholders consultation - draft report and final draft report	200
	Streamline existing MPSA based on the Petroleum Policy and modifications in the Petroleum law.	240
	Identify and drafting petroleum sector regulations (HSE, Environment and Resource)	160
4.3	RESOURCE MANAGEMENT	120
	Conduct OJT within prioritized areas of Resource Management	120
	SUB-TOTAL COUNTERPART FUNDING	1 280

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