

**THE GOVERNMENT OF THE REPUBLIC OF
SOUTH AFRICA AND THE KINGDOM OF
NORWAY**

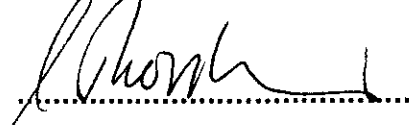
**SOUTH AFRICA - NORWAY PROGRAMME ON RESEARCH
CO-OPERATION**

(2006 - 2010)

**BUSINESS PLAN FOR THE RESEARCH
CO-OPERATION PROGRAMME BETWEEN THE
KINGDOM OF NORWAY AND THE REPUBLIC OF
SOUTH AFRICA FROM 2006 TO 31 MARCH 2010**

SIGNATORY

On behalf of the Government of the Kingdom of Norway


.....

Ove Thorsheim

Ambassador

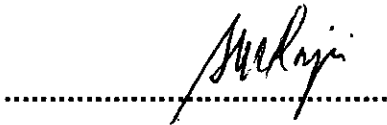
The Royal Norwegian Embassy

18/5/06
.....

Date

SIGNATORIES

On behalf of the Republic of South Africa


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Shaheed Rajee

**Chief Director: International Development
Co-operation, National Treasury**

30/05/06
.....

Date


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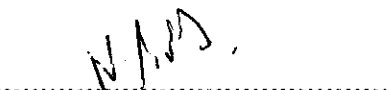
Dhesigen Naidoo

Deputy Director General

Department of Science and Technology.

23/05/06
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Date


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Nasima Badsha

Deputy Director General

Department of Education

25/5/06
.....

Date

1. PREAMBLE

With reference to the Memorandum of Understanding between the Government of the Kingdom of Norway ("Norway") and the Government of the Republic of South Africa ("South Africa") on development co-operation signed in Oslo on 1 December 1994;

With reference to the Agreement between Norway and South Africa concerning the promotion of the Reconstruction and Development Programme of South Africa (the "Agreement") signed on 13 June 1997, with the Addendum dated 12 and 17 November 1999,

With reference to the Declaration of Intent ("the Agreement"), signed on 26th March 2004, in which Norway and South Africa declared their intentions to strengthen the bilateral political consultations and extend the development co-operation for a further period of five years,

With reference to the Science and Technology Agreement between the Government of Norway and the South African Government dated 29 May 2002.

With reference to the Norway-South Africa Programme on Research Co-operation for the period 2001-2005,

ACKNOWLEDGING the extensive relationships that have been developed since 1995 in research and higher education between Norway and South Africa with the support of different sources such as the NUFU-programme,

EXPRESSING the desire to strengthen the friendly relations between both Countries and to stimulate co-operation within the fields of research co-operation,

ACKNOWLEDGING that a meaningful way to enhance excellence in research and higher education is through developing research relationships and institutional co-operation between Norway and South Africa

CONSIDERING the views expressed concerning a continuation of the ongoing research co-operation between Norway and South Africa at a bilateral workshop held in South Africa between 14 and 16 March 2005, the recommendations made at a technical meeting held on 17 March 2005, as well as in the 2005 external review report of the Norway-South Africa Research Programme 2001-2005 and at the stakeholders' meeting on 24 November 2005.

Norway, represented by The Norwegian Ministry of Foreign Affairs ("NMFA"), and South Africa, represented by the National Treasury ("Treasury"), the Department of Science and Technology ("DST"), as the lead South African Department with regard to this Programme, and the Department of Education ("DoE") have agreed

upon the following Business Plan for the planned period 2006 to 2010 ("The Programme").

The terms and conditions set forth or referred to in the Bilateral Agreement and the present Business Plan commits the NMFA a total of up to NOK 42 million (see section 4.4.3) and DST to contribute a minimum of ZAR 9 million to the South Africa–Norway Programme for Research Co-operation in the planned Programme period. In addition to the South African contribution, DST will cover the South African administrative support costs for the Programme. The NMFA contribution is subject to annual appropriation by the Norwegian Parliament and the DST contribution is subject to annual appropriation by the South African Parliament.

Both the Norwegian and South African grants shall be used exclusively to finance the activities of the Programme, as outlined in this Business Plan.

In matters pertaining to the implementation of the present Business Plan, the Royal Norwegian Embassy in Pretoria ("NEP") and the South African DST, as well as the DoE, shall be competent to represent Norway and South Africa, respectively.

In the case of discrepancy between the Agreement and the Business Plan, the provisions of the Agreement shall prevail.

2. ABOUT THE PROGRAMME

2.1 Name

Norway - South Africa Programme on Research Co-operation 2006-2010

2.2 Programme location

The Programme will be located at the Research Council of Norway (RCN) on behalf of the NMFA and at the National Research Foundation (NRF) on behalf of the DST and DoE.

2.3 Programme description

The Programme is a continuation of the Norway - South Africa Research Programme 2001-2005 and represents an important instrument for research co-operation between Norway and South Africa. The main feature of the Programme is the direct research co-operation and exchange between South African and Norwegian researchers, as well as the focus on academic excellence of the research results.

Multi- and inter-disciplinary research is encouraged within the thematic areas as well as scientific complementarities between the Norwegian and South African research teams.

2.3.1 Instruments of co-operation

The primary instrument of co-operation for this Programme is joint research, financed through allocation of grants. The research shall include one or more of the following elements:

- Exchange of project staff and post-graduate students;
- Exchange of scientific and technological information and documentation;
- Joint laboratory and field work;
- Salary subsidy for researchers for a maximum of three months per year (applicable only to Norwegian researchers);
- Organisation of joint workshops, conferences and research training courses;
- Provision of equipment grants (only for disbursement to South African partners);
- Dissemination of research findings;
- Promotion of commercialisation of scientific and technological achievements; and
- Preparation for joint participation in international research programmes.

2.3.2 Thematic areas

The Programme focuses on the following thematic areas:

- Health and medical sciences (with emphasis on mother and child health, public and community based health, preventive health and nutrition);
- HIV/AIDS (including non-clinical and multi-sectoral perspectives);
- Information and communication technology;
- Environment (with emphasis on aquatic research and polar research);
- Communication and social change (with emphasis on economic growth, governance, social transformation and human resource development);
- Education;
- Energy (with emphasis on renewable and sustainable energy sources and socio-economic impacts); and
- Open category (to potentially excellent research initiatives outside the above prioritised fields limited to 10 % of the Programme budget).

2.3.3 Types of grants

All grants must be related to the implementation of joint projects and are available for a period limited to the length of the Programme for one or more of the following activities:

- Airfares, accommodation, subsistence, local transport and insurance for travel and research visits to South Africa or Norway;
- Post-graduate scholarships (Masters and PhD level);
- Post-doctoral scholarships;
- Once off grants for the purchase of equipment for South African projects only and not exceeding 20% of the total project costs;
- Purchase of consumables;
- Temporary auxiliary staff;
- Attending and organising joint workshops and conferences;

- Compensation to the lead institution in each country equivalent of one months salary subsidy, for the whole project period, for the time spent on project management;
- Administrative costs related to the project not exceeding 10% of the total project costs; and
- Planning of joint applications to international research programmes

2.3.4 Selection criteria

A call for proposals shall be publicised by the implementing agencies in Norway and South Africa respectively with a deadline for applications. The applications shall be assessed according to the following criteria:

- Scientific quality in relation to the research standards currently applicable within the field or discipline;
- Relevance in relation to the objectives and prioritised areas of this programme;
- Qualifications and/or experience of the research teams involved;
- Contribution to capacity and competency building (redress), especially related to young researchers from historically disadvantaged groups in South Africa and female researchers in both countries; and
- Cost effectiveness.

Principal investigators (project managers) and their research team in Norway must be affiliated to any of the Norwegian universities, specialised university institutions, the state university colleges, other PhD awarding institutions or any of the research institutes financially supported by the Research Council of Norway.

Principal investigators and their research team in South Africa must be members of a South African university, university of technology, national facility or a science council. Other research organisations may qualify for support under this Programme only if they form part of a consortium with a South African university, university of technology, national facility or science council as the lead institute.

The respective administrative bodies of the research institutions must endorse the application in writing.

Joint research that provides for collaboration with partners from third countries (for instance the SADC region or EU countries) will be considered at the project level, provided that additional sources of funding required for this collaboration are committed from elsewhere.

Additional information shall be available in the application guidelines and on the web-sites of the two implementing agencies.

2.4 Target group/beneficiaries

The main Programme beneficiaries will be:

- Researchers, postdoctoral candidates and postgraduate (Masters and PhD) student
- Young researchers from historically disadvantaged backgrounds in South Africa; and

- Women researchers.

2.5 Time schedule

The Programme will run for a five-year period. The call for proposals shall be in 2006 with the first disbursement to successful applicants in 2007. Any funds not allocated can, upon decision by the Joint Programme Committee, serve toward making a second call for proposals or can be used as seed money to develop projects that could be funded by other sources after 2010.

3. SCOPE OF THE PROGRAMME

3.1. Programme goal

To continue the development of long-term and sustainable research co-operation between Norway and South Africa based on equal partnership.

3.2 Programme purpose

To achieve scientific excellence and relevance to the thematic areas identified in Section 2.3.2, for mutual benefit.

3.3. Outputs/deliverables

The primary outputs of the Programme are joint research results. Additional expected outputs are capacity and competence building of researchers and racial and gender equity.

Reports on results shall be submitted annually at the programme and project level according to the key performance indicators listed below. The specific outputs of the projects will be stated in the plans for the approved projects and reported on annually according to the key performance indicators.

3.3.1 Key performance indicators

Overall project achievements in relation to the stated goal, purpose and outputs at the programme level:

- Scientific results for the programme as a whole as reflected in
 - Articles published in refereed journals
 - Articles published in other journals, textbooks, anthologies
 - Published papers from international scientific meetings
 - Other papers, reports or scientific presentations
- Extent of staff and student exchanges
- R&D capacity building in the two countries resulting from the programme
- Promotion of redress and equity
- Future collaborative plans

Overall project achievements in relation to the stated goal, purpose and outputs at the project level:

- Adherence to the objectives of a project
- Adherence to work plan and schedule
- Extent of staff and student exchanges

- Extent of R&D capacity building
- Redress and equity promotion
- Equipment purchased for the project (where applicable)
- Degrees awarded to students attached to the project
- New collaborative initiatives resulting from the project, including
 - Joint applications to international funding agencies
 - Incorporation of collaborative projects into regular research programmes of the participating institutions
 - Participation in international research projects and networks
 - Scientific results as reflected in articles published in refereed journals
 - Articles published in other journals, textbooks, anthologies
 - Published papers from international scientific meetings
 - Other papers, reports or scientific presentations
 - Popular scientific articles
 - Conference and workshop reports
- Outreach initiatives
 - Initiatives to inform the general public about the project
 - Media coverage of the projects and the participating researchers
 - Utilisation of project outputs by government institutions, private sector and/or civil society

4. PROGRAMME IMPLEMENTATION AND DECISION MAKING BODIES

4.1 Programme management

Norway and South Africa shall co-operate fully to ensure that the Programme is accomplished successfully. To that effect, each party shall furnish to the other all information that may reasonably be required. Further, each party will promptly inform the other of any condition that interferes or threatens to interfere with the successful implementation of the Programme.

4.1.1 Implementation agencies

The NMFA designates the RCN as the Norwegian implementing agency. DST and DoE designate the NRF as the South African implementing agency.

The NMFA and the DST shall enter into contracts with their respective implementing agencies. The implementing agencies will enter into a co-operation contract for the joint implementation of the Programme, which shall be submitted, to the NMFA (represented by the NEP), DST and DoE for approval. The main responsibilities of the implementing agencies (collectively known as the Secretariat) shall include:

- Marketing of the Programme before announcement;
- Announcing calls for proposals;
- Process the project proposals and submit a ranked list of projects at least 2 weeks prior to the Joint Committee Meeting (see par. 4.2.2 below) ;
- Entering into contracts with beneficiaries;
- Monitoring progress of projects;

- Submitting annual reports to NMFA, DST and DoE not later than 3 weeks before the Annual Meeting;
- Disbursing funds to applicants under the Programme;
- Providing secretarial / administrative functions for the Joint Committee and the Annual Meeting;
- Providing administrative support for the review of the Programme;
- Acting as liaison between the Joint Committee and the Annual Meeting;
- Developing and publishing guidelines; and
- Establishing and implementing a communications strategy.

4.2 Decision making bodies

In matters pertaining to the implementation of the present Business Plan the NMFA and DST/DoE shall represent Norway and South Africa respectively.

4.2.1 Annual Meeting

The Annual Meeting is the highest decision making level acting within the framework of the Phase II Business Plan. The meeting shall be called and chaired by DST. Central elements of the discussion and the decisions from the Meeting shall be recorded in Agreed Minutes. The Agreed Minutes shall be drafted by the Secretariat and sent to NMFA, DST and DoE for comments not later than 10 business days after the Annual Meeting.

NMFA, DST and DoE shall meet annually, preferably in the last quarter of the year, to:

- discuss the progress of the Programme, including results and fulfilment of agreed obligations,
- discuss and approve annual progress reports and financial reports,
- discuss and approve annual work plans and budgets for the following year,
- discuss issues of special concern for the implementation of the Programme.

4.2.2 The Joint Committee

A Joint Committee shall be established. The Joint Committee shall execute the following functions:

- Approve guidelines, application forms and assessment forms for grants allocation;
- Make the final allocation of grants;
- Oversee the implementation of the projects;
- Amend implementation procedures of the Programme;
- Oversee reporting on project finances and activities of the grant receiving institutions;
- Evaluate research results;
- Co-opt additional expertise, if necessary;
- Facilitate policy dialogue; and
- Assess the progress of the Programme and propose an exit strategy.

The Joint Committee shall be composed of at least 6 members, three from each country. The Committee shall, on the Norwegian side, consist of one member with

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an alternate appointed by the Minister of Education and Research, one member with an alternate appointed by the Council for Higher Education and one member with an alternate appointed by the RCN. On the South African side it shall include one member with an alternate appointed by the DST, one member with an alternate appointed by the DoE and one member with an alternate appointed by the NRF. The Joint Committee will be responsible for overseeing the management of the programme.

The Joint Committee shall be reinforced by scientific experts to assess and rank the research proposals, as well as reviewing progress and final reports from the projects and whenever deemed necessary. The scientific experts shall reflect balanced academic fields relevant to the thematic priority areas. A balanced representation from the two countries is desirable.

The Joint Committee shall meet alternately in Norway or South Africa. Teleconferences may also serve the purpose of fulfilling the committee's functions.

4.3 Application procedures and decision-making for grants allocation

All joint applications shall be submitted electronically to the RCN, in compliance with the application requirements outlined in the guidelines.

The Secretariat shall determine whether proposals meet the selection criteria of the Programme and RCN and NRF will submit eligible proposals for external peer evaluation, respectively. All proposals must be assessed by at least two scientific experts (referees) solicited from each country.

The Secretariat shall prepare a ranking list based on the referee assessments, which shall be submitted to the Joint Committee for decision of the final allocation of grants.

Information of the selection outcome will be communicated to the applicants within 2 weeks of the final decision of the Joint Committee.

Applications approved for funding by the Joint Committee will be followed up by the signing of contracts between the RCN and the host Norwegian institutions and between the NRF and the respective host South African institutions. The disbursement of funds will be made according to the approved mechanisms of the respective agencies.

4.4 Resources required for Programme Implementation

4.4.1 Funding of the Programme

Norway allocates a total of up to NOK 42 million to the programme period and South Africa minimum ZAR 9 million. In addition, the grant receiving institutions responsible for the implementation of individual projects make contributions in kind.

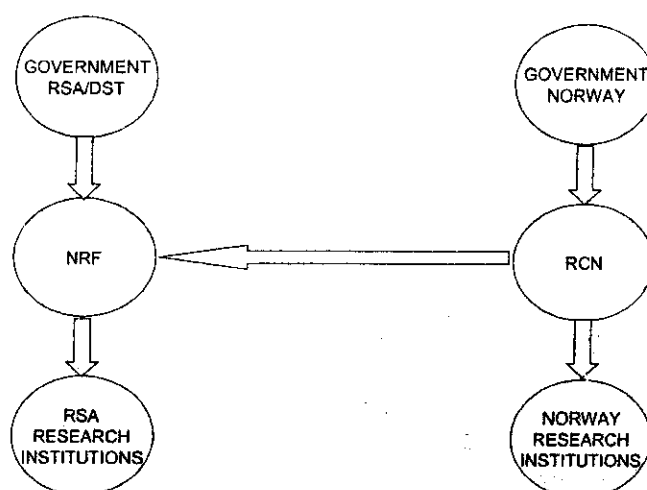
The Norwegian contribution will be administered by the RCN on behalf of the NMFA.

The South African contribution will be administered by the NRF on behalf of DST and DoE.

4.4.2 Flow of funds 2006-2010

Norway will channel funds from the Country Allocation on the basis of the financial needs of the Programme, work plans and budgets, as approved by the Annual Meeting.

FLOW OF FUNDS 2006-2010



The RCN and the NRF shall, twice a year, submit a written request for the disbursements of funds to the NMFA and DST, respectively, based upon approved work plans and budgets for the coming year and accompanied by financial and auditing requirements in each country and/or institution.

The transfer of the funds will be made in semi-annual disbursements upon approval of the requests by NMFA and DST respectively.

4.4.3 Norwegian grant

Norway shall, subject to Parliamentary appropriations and procedures as per the preamble, make available to the Programme a financial grant of up to NOK 42 million (forty-two million Norwegian kroner) for the planned period 2006-2010 ("the Norwegian Grant")

The Norwegian Grant shall be used in the following manner:

- NOK 40 million exclusively to finance the implementation of the Programme, as outlined in this Business Plan.
- NOK 2 million to compensate for exchange rate fluctuations in the previous Programme phase.

Claims to cover expenses necessary for management and administration of the Programme carried out by the RCN shall be submitted to the NMFA.

Any accrued interest of the Norwegian Grant may be used for the benefit of the Programme, as agreed by the parties in writing.

Any funds not fully utilised for one activity may, based upon the previous written Agreement between the Parties, be utilised to the benefit of other activities within the Programme.

Any unspent funds and any unspent accrued interest shall be returned to Norway upon completion of the Programme.

4.4.4 South African grant

South Africa shall, subject to Parliamentary appropriations and procedures as per the preamble, make available to the Programme a financial grant of up to ZAR 9 million (nine million Rands) which will be allocated to the NRF by the DST. In addition to this amount DST will pay the NRF for the administrative costs of the programme.

Funds channelled through RCN to South African institutions, which are not covered by the South African contribution, should be routed through the NRF. The NRF shall submit a financial statement, invoices and an audited financial report to the RCN for these funds with copies to the DST

Any accrued interest of the South African Grant may be used for the benefit of the Programme, as agreed by the parties in writing.

Any funds not fully utilised for one activity may based upon the previous written Agreement between the Parties be utilised to the benefit of other activities within the Programme.

Any unspent funds and any unspent accrued interest shall be returned to South Africa upon completion of the Programme.

4.5 Procurement Procedure

The implementing agencies will be responsible for applying their own regulations and standing orders for procurements that are made in terms of the approved project budgets. The agencies shall observe the highest ethics during the procurement and execution of the procurement contracts.

All procurements shall be performed in accordance with generally accepted procurement principles and good procurement practices.

No offer, gift, payments or benefit of any kind, which would or could be construed as an illegal or corrupt practice, shall be accepted, either directly or indirectly, as an inducement or reward for the award or execution of procurement contracts. Any such practice will be grounds for cancellation of this Agreement and/or the procurement contract concerned. Invitations to make offers as well as the

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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. PROGRAMME MONITORING, EVALUATION AND REPORTING

5.1 Key Performance Indicators (KPIs)

The progress of the programme and the projects will be assessed annually according to the set of key performance indicators as identified in Article 3.3.1 of the present agreement developed for the programme level and the project level, respectively.

5.2. Procedures for monitoring

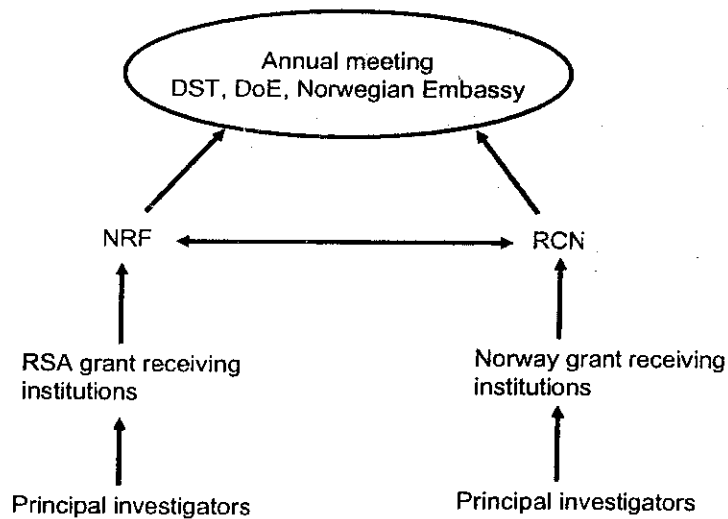
The implementing agencies are responsible for monitoring the progress and the financial status of the projects supported by the Programme. They may carry out field visits, mid-term reviews and evaluations of selected projects.

The total Programme is to be evaluated at the end of the period by an international panel, including Norwegian and South African members, according to the terms of reference established by the joint signatories to the Business Plan.

The Programme will be reported and monitored on an annually basis. The Annual Meeting will review Programme progress report, financial statements, annual work plans and budgets.

5.3 Accountability chain

The delegation of authority for the Programme will be designated as shown in the diagram below:



5.4 Reports and audit

5.4.1 Programme reporting

The Secretariat shall submit an annual progress report for the Programme to the Parties three weeks before the Annual Meeting. This shall include an overall report with

- A description of actual outputs compared to planned outputs,
- a brief summary of the use of funds compared to budget,
- an assessment of the efficiency of the Programme (how efficiently resources/inputs are converted into outputs),

- an explanation of major deviations from plans,
- an assessment of problems and risks (internal or external to the Programme) that may affect the success of the Programme,
- an assessment of the need for adjustments to activity plans and/or inputs and outputs, including actions for risk mitigation.
- *if feasible*: a brief assessment of achievements in relation to Purpose.

The reporting shall focus on the outputs of the Programme and avoid detailed activity reporting.

5.4.2 Project Reporting

During the lifespan of an approved research project, the beneficiaries shall submit a report to the Secretariat on the following:

- An annual progress report on the research co-operation of the preceding year; and
- A joint project completion report with financial statements upon the completion of the project.

Details on the reporting format will be given in the set of guidelines prepared by the Secretariat to be approved by the Joint Committee.

5.4.3 Final reports

The Secretariat shall submit to NMFA, DST and DoE, a joint final report within 6 months after the closure of the programme. The final report shall give a summary of the projects undertaken and their outputs, and achievements compared to the Programme goals and purpose as well as an assessment of the efficiency of the programme.

5.4.4 Evaluation

The whole Programme is to be evaluated at the end of the period by an international panel, including Norwegian and South African members, according to the terms of reference established by the joint signatories to the Business Plan.

5.4.5 Auditing

The implementation agencies are responsible for following auditing procedures applicable in their respective countries.

5.4.5.1 Auditing – South Africa

The DST will provide the NMFA with an audited financial report of the Norwegian funds disbursed by the NRF by 30 September each year, according to standard government procedures in South Africa.

If South Africa cannot provide the audit by 30 September there shall be a written agreement between the NMFA and the DST on an alternative date.

5.4.5.2 Auditing – Norway

The Norwegian Auditor General is responsible for carrying out the audits of the accounts of the RCN for the disbursements and expenditure of the Norwegian funds of the Programme, according to standard government procedures in Norway.

5.4.6 Annual work plans and budgets

The Secretariat shall submit to NMFA, DST and DoE revised annual work-plans and budgets not later than 3 weeks before the Annual Meeting. Annual work plans with budget will be formulated and the proposed annual work plans and budget will be submitted to the Annual Meeting for approval.

6. PROGRAMME RISKS (ASSESSMENT OF ASSUMPTIONS)

Both countries serve notice that they treat this Business Plan seriously in terms of the purpose and scope of this Business Plan outlined earlier. However, there are naturally certain risks and assumptions that arise in any far-reaching agreement of this nature. Among them are (not in prioritised order):

- Currency fluctuations that impact adversely on the implementation of the Programme;
- Inadequately resourced and staffed implementing agencies to efficiently and effectively execute the Programme;
- Substantial cuts in the funding for the Programme as a result of changing funding priorities;
- Inadequate financial reporting;
- That the cordial relations between the two countries decline;
- That interest in the Programme wanes on either side;
- High staff mobility.

None of these risks (or any others not stated above) are considered insurmountable or even threatening to the likely success of the Programme and action to preclude such a negative influence can be taken at any of the regular meetings between both Parties. This clause does not limit the Parties responsibility to do their utmost to honour the commitments described in this Business Plan.

7. SYSTEMS DIALOGUE

The Joint Committee shall facilitate the science, innovation and technology policy dialogue between the two countries reflected in the bilateral Science & Technology Co-operation Agreement of 29 May, 2002.

8. AMENDMENTS

Amendments to the Business Plan can be effected by mutual written agreement between the NMFA (represented by the Royal Norwegian Embassy) and the National Treasury of South Africa.

9. RESERVATIONS

NMFA and DST reserve the right to withhold disbursements at any time in case:

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- The Programme develops unfavourably in relation to the Goal, Purpose and Outputs;
- Substantial deviations from agreed plans and budgets occur;
- Resources to be allocated by South Africa and Norway are not provided as agreed;
- The documentation, specified in Section 5 above, is not delivered as agreed;
- The financial management of the Programme is not satisfactory.

Either Party reserves the right to claim repayment in full or in part of funds from the Grant if the funds or part of the funds are found not to be used in accordance with the terms and conditions of this Business Plan or not satisfactorily accounted for.

Before withholding any disbursements or claiming repayment the Parties shall consult each other with a view to reaching a solution in the matter.

Both Parties, in consultation with each other, can cancel this Business Plan or portion of this Business Plan and have the right to demand the cancellation of any contract financed under this Agreement, with immediate effect if it determines, with respect to any contract to be financed under this Business Plan, that corrupt or fraudulent practices were engaged in by representatives of the Parties or of a beneficiary of the funds during procurement or during the execution of the contract without representatives having taken timely and appropriate action satisfactory to the Parties to remedy the situation.

Norway and South Africa agree to co-operate on preventing corruption within the Programme. Norway and South Africa undertake to take rapid legal measures in their respective countries to stop, investigate and prosecute in accordance with national law any person suspected of corruption or other intentional misuse of resources.

10. ENTRY INTO FORCE AND TERMINATION

This Business Plan 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 consultations between the Parties.

Notwithstanding the previous clause, both Parties may terminate the present Business Plan by giving three months written notice to the other Party.

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ADDENDUM NO. 1

to

BUSINESS PLAN

between

THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA

and

THE GOVERNMENT OF THE KINGDOM OF NORWAY

regarding

**THE SOUTH AFRICA – NORWAY
PROGRAMME ON RESEARCH CO-OPERATION**

WHEREAS the two governments declared their intention to strengthen the bilateral political consultations and extend their development co-operation for a further five years in a Declaration of Intent signed on March 28, 2004 and the agreement regarding development co-operation on 3 July 2006.

WHEREAS the Government of the Kingdom of Norway ("Norway") and the Government of South Africa ("South Africa") have signed a Business Plan dated 30 May 2006 (the BP) to provide funds for the South Africa-Norway Programme on Research Co-operation in the period 2006-2010,

WHEREAS it is considered necessary to make some amendments to the BP,

NOW THEREFORE the Norwegian Ministry of Foreign Affairs and South Africa have reached the following understanding which shall constitute Addendum No. 1 ("Addendum No. 1") to the BP:

Article I

With reference to article 4.1.1 in the BP, the DST shall not enter into a specific contract with the NRF due to an already existing co-operation framework agreement between the

two parties which outlines the duties and responsibilities of the NRF as an implementing agency for research co-operation programmes.

Article II

With reference to article 4.4.2 in the BP "Flow of funds", the following should be added after the second paragraph:

"All requests – except for the first one – shall be based on the liquidity needs as well as state the cash balance of the programme. Each request shall be accompanied with a financial statements of the accounts from the previous period."

Article III

1. With reference to article 5.4.1 in the BP, "Programme reporting", the following shall be added after the bullet points:

"A financial report shall be submitted on a quarterly basis including a financial statements showing all sources of income, transfers of funds, expenditure to date compared to budget and balance."

2. With reference to article 5.4.5 in the BP, "Audit" and article 8 "Audit" in the agreement regarding development co-operation of 3 July 2006, the following shall be added after the first sentence of article 5.4.5.1:

"The requirements for auditing laid down in article 8 of the development co-operation agreement of 3 July 2006 must apply".

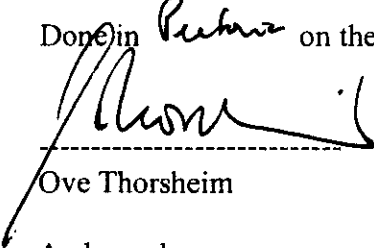
Article IV

1. This Addendum shall enter into force on the date of its signature and shall remain in force as long as the BP is in force.

In witness whereof the undersigned, acting on behalf of their respective ministries/governments, have signed the present Addendum in two originals in the English language.

For the Norwegian Ministry of Foreign Affairs

Done in *Oslo* on the *25* day of *January* 2007


Ove Thorsheim

Ambassador

**For the Government of
the Republic of South Africa**

..... Done in on the day of
National Treasury

..... Done in on the day of
Department of Science
and Technology

..... Done in on the day of
Department of Education