

Harmonized Interpretation of Petroleum Law and Public Procurement, Concessions and Disposal Act Provisions Relating to the Award of Oil and Gas Contracts

In accordance with Articles 117 and 118 of the Public Procurement, Concessions, and Disposal Act, the Inter-Ministerial Concessions Committee (IMCC) has met to discuss the harmonization of the interpretation of the Petroleum Law and the Public Procurement Act concerning the award of oil and gas contracts, including Production Sharing Agreements (PSAs). The IMCC agreed on the following points:

ARTICLE 1: MANAGEMENT OF OIL CONTRACT BIDDING COMPETITION

The Somali Petroleum Authority (SPA), operating under the directives of the Ministry of Petroleum and Mineral Resources (MPMR) of the Federal Government of Somalia, is responsible for regulating contracts in the oil and gas sector, including their award, whether through competitive bidding processes or direct negotiation, where appropriately justified.

ARTICLE 2: COMMENCING A COMPETITIVE BIDDING OR DIRECT NEGOTIATION PROCESS FOR AN OIL AND GAS CONTRACT

1. In accordance with Article 26(1)(b) of the Petroleum Law, the SPA shall announce the holding of any competitive bidding process for oil and gas contracts.
2. Before announcing the holding of a competitive bidding process, or commencing with any direct negotiation, the Minister of Petroleum and Mineral Resources shall submit to the IMCC:
 - i. The procedures and timetable for awarding oil and gas contracts for the competitive or direct negotiation process;
 - ii. A draft model PSA to be used in the competitive or direct negotiation process; and,
 - iii. Where direct negotiations are proposed, justification for the use of direct negotiations and evidence that the contractor meets minimum financial and technical qualifications.
3. The IMCC shall review the submitted documents and decide within twenty-one (21) working days on whether the competitive bidding or direct negotiation process is authorized to proceed.
4. If the IMCC decides that the competitive bidding or direct negotiation process is not authorized to proceed, it shall provide the reasons for its decision to the Ministry of Petroleum and SPA in writing.
5. If the IMCC fails to make a decision within the period specified in this article, the process for awarding oil and gas contracts and the draft PSA submitted by the MPMR are deemed to be approved and the competitive bidding or direct negotiation process is authorized to proceed.

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ARTICLE 3: EVALUATION OF BIDS AND OFFERS

1. The evaluation of the bids and offers submitted will be conducted by the SPA in collaboration with the MPMR and experts specialized in oil and gas contract matters in accordance with Articles 19(13)(b) and 26(2)(a) of the Petroleum Law.
2. The evaluation of the bids and offers submitted will be aligned with the criteria and evaluation standards of the oil and gas contract procurement procedures approved by the IMCC in accordance with Article 2 of this Harmonized Interpretation.
3. Upon completion of the evaluation of the submitted bids and offers, the SPA will prepare a detailed report on the submitted bids and offers, the evaluation conducted, and the resulting outcomes. This report will be submitted to the Minister of Petroleum and Mineral Resources, who will then inform the IMCC of the evaluation results and the report prepared by the SPA.
4. If only one competitor or offeror passes the evaluation stage, the SPA will inform the Minister of Petroleum and Mineral Resources, who will then notify the IMCC of the result and the Minister's decision on whether the competitor or offeror will proceed to the negotiation stage or not.

ARTICLE 4: NEGOTIATION OF OIL AND GAS CONTRACTS

1. The SPA shall:
 - a. Where negotiating following a competitive bidding procedure, invite the competitors whose bids passed the evaluation stage and scored the highest points to engage in negotiations concerning the PSA in accordance with the procedures for awarding oil and gas contracts approved by the IMCC in accordance with Article 2 of this Harmonized Interpretation.
 - b. Where conducting a direct negotiation process, confirm that the selected party meets all qualification criteria, in line with the procedures for awarding oil and gas contracts approved by the IMCC in accordance with Article 2 of this Harmonized Interpretation.
2. The negotiation regarding the PSA will be conducted by the SPA in collaboration with the MPMR and experts specialized in oil and gas contract negotiations.
3. The negotiation of oil and gas contracts shall be concluded within thirty (30) working days, or other time frame as specified in the procedures for awarding oil and gas contracts approved by the IMCC in accordance with Article 2 of this Harmonized Interpretation. The SPA shall submit a detailed report on the negotiations and a copy of the negotiated PSA to the Minister of Petroleum and Mineral Resources.
4. The Minister of Petroleum and Mineral Resources, being at liberty to include his recommendations, shall present the negotiation report and negotiated PSA to the IMCC to verify compliance with the previously approved model PSA and other legal and regulatory requirements.
5. The IMCC shall make a decision regarding the verification of the PSA within thirty (30) working days.
6. If the IMCC determines the negotiated PSA is not compliant, it shall provide the reasons for its determination to the MPMR and SPA in writing.

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6. If the IMCC determines the negotiated PSA is not compliant, it shall provide the reasons for its determination to the MPMR and SPA in writing.
7. If the IMCC fails to make a decision within the specified period, the PSA verified by the MPMR shall be considered valid.

ARTICLE 5: SIGNING OF THE APPROVED PRODUCTION SHARING AGREEMENT

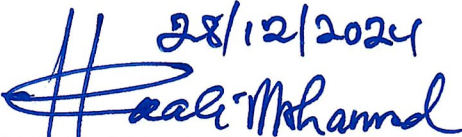
1. After the IMCC approves the negotiated PSA the Minister of Petroleum and Mineral Resources shall publicly announce its intention to award an oil and gas contract. Following the 14-day standstill period required by the Procurement Act, if there has been no complaint or appeal, then the Minister of Petroleum and Mineral Resources may sign the PSA. If there has been a complaint or appeal filed before the closure of the 14-day window, then the complaint or appeal will proceed as provided in the Procurement Act and the Minister of Petroleum and Mineral Resources will not sign the PSA until authorized to do so after the appeal process has been resolved.
2. Following the signature of any oil and gas contract, the Minister of Petroleum and Mineral Resources shall submit a copy of the signed oil and gas contract to the IMCC and to the Auditor General, for registration.

ARTICLE 6: IMPLEMENTATION OF THIS DECISION

This harmonized interpretation shall become effective upon approval by the IMCC and the joint signatures of the Minister of Petroleum and Mineral Resources and the Minister of Finance of the Federal Government of Somalia.

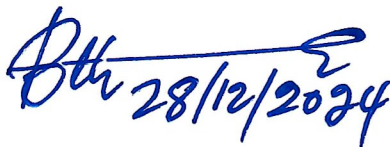
Mogadishu, 28 December 2024

Signed by:


H.E Dahir Shire Mohamed



Minister of Petroleum and Mineral Resources


H.E. Bihi Iman Egeh
Minister of Finance

