

**AGREEMENT**

**BETWEEN**

**THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS**

**AND**

**THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS**

**REGARDING**

**Upscaling of Conservation Agriculture for increased Productivity and Production among small scale farmers in Zambia**

WHEREAS the Government of Norway (hereinafter referred to as "MFA" or the "Donor") and the Food and Agriculture Organization of the United Nations (hereinafter referred to as "FAO") have entered into a Framework Agreement on Cooperation dated 30 December 2003 (hereinafter referred to as the "Framework Agreement");

WHEREAS the Framework Agreement in Article I provides for possible extra-budgetary contributions from Norway and that projects/ programmes to be financed by Norad shall be reflected in specific agreements under the Framework Agreement. Following an internal re-organization in Norway the Norwegian Ministry of Foreign Affairs (hereinafter referred to as "MFA" or the "Donor") is now financing such projects/programmes as previously financed by Norad;

WHEREAS FAO and MFA have agreed to cooperate in the implementation of the Up scaling of Conservation Agriculture for increased Productivity and Production Amongst Small Scale Farmers in Zambia (hereinafter referred to as the "Project") (MFA and FAO hereinafter referred to as the "Parties");

WHEREAS the MFA makes funds available to FAO, as provided in this Agreement, for the purpose of implementing the Project, as described in the Project Document;

WHEREAS the Government of Zambia has been duly informed of the contribution of MFA to the Project and has agreed to the contribution of MFA to the Project,

WHEREAS the Parties acknowledge that in order to ensure stakeholder participation in the Project, a strong structure of agreements between FAO and the Ministry of Agriculture and Cooperatives (MACO) and the Zambia National Farmers Union (ZNFU) shall perform an essential basis for the implementation of the Project;

NOW THEREFORE the MFA and FAO hereby agree as follows (this agreement hereinafter referred to as the "Agreement"):

**Article I**

**Scope and Objective**

1. This Agreement together with the project document and the Framework Agreement sets forth the terms and procedures for MFA's contribution to the Project which is fully described in the Project Document "*Scaling up of conservation agriculture for increased productivity and production among small scale farmers in Zambia*" dated 25 November 2008.
2. The Goal of the Project is to contribute to the Zambian Government's efforts towards an efficient, competitive sustainable agricultural sector whilst securing a productive environment and well conserved natural resources for sustainable development.

3. The Objective of the Project is to increase the capacity of MACO and Own Farmer Facilitators to provide future extension support to Conservation Agriculture beneficiaries in the country.

**Article II**  
**The Contribution**

1. MFA shall, subject to Parliamentary appropriation and on the terms and conditions set forth in this Agreement, in accordance with the schedule of payments set out below, contribute to FAO an amount not exceeding NOK 35 000 000 (Norske Kroner thirty six million four hundred thousand) equivalent to approximately USD 5,000,000 to be used exclusively to finance the Project and cover the costs referred to in Article VI, paragraph 1 covering the planned period December 2008 – December 2010 (the "Project Period") (hereinafter referred to as the "Contribution").
2. Disbursements of the Contribution shall be made pursuant to the following schedule of payments:
  - a) An initial installment of NOK 4 500 000 shall be made by MFA upon request from FAO after the signature of the Agreement.
  - b) The remaining funds will be disbursed semi-annually tentatively in February and June of 2009 and 2010 upon request from FAO based on work plans and budgets to be agreed upon at the annual meetings each year.
3. The Contribution shall be deposited in:

FAO Trust Fund (US Dollar Account)  
HSBC New York  
New York, NY, USA  
SWIFT/BIC: MRMDUS33  
ABA/Bank Code: 021001088  
Account Number: 000156426
4. FAO shall promptly upon identification acknowledge in writing to MFA receipt of funds at the US Dollar value.
5. *The disbursements shall be made in NOK. The value in US Dollars of the contributions shall be based on the prevailing market rate of exchange at the time funds are received in the FAO bank account. If, the actual USD proceeds of the contributions significantly reduce the original estimated project budget,, FAO shall inform MFA with a view to determining whether any further financing could be provided by MFA. Should such further financing not be available, the assistance to be provided to the Project may be reduced, suspended or terminated by FAO.*
6. After consultation with FAO, MFA may withhold disbursements in case of:
  - a. Substantial deviations from agreed plans and budgets;
  - b. Failure of FAO to provide the reports in Article IV as agreed;
  - c. Evidence of financial mismanagement of the Project.
7. MFA may claim repayment in full or in part of funds from the contribution to the extent FAO has been able to obtain repayment from the negligent party if the funds are found to be misused or not satisfactorily accounted for. Such repayment shall be in accordance with the Financial Regulations and Rules of the FAO. Before withholding disbursement or reclaiming payment, FAO and MFA shall consult with a view to resolving promptly the matter. FAO reserves the right to reduce, suspend or terminate the activities, in its sole discretion.

**Article III  
Utilization of the Contribution**

1. The implementation of the responsibilities of FAO pursuant to this Agreement and the Project Document shall be dependent on receipt by FAO of the Contribution in accordance with the schedule of payment as set out in Article II, Paragraph 2.
2. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), FAO shall submit to MFA on a timely basis a supplementary estimate showing the further financing that will be necessary.
3. If the payments referred to in Article II, Paragraph 2 are not received in accordance with the payment schedule, or if the additional financing required in accordance with Paragraph 2 above is not forthcoming from MFA or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by FAO.

**Article IV  
Administration and Reporting**

1. For the implementation of this Agreement MFA shall be represented by the Royal Norwegian Embassy in Lusaka and FAO by the FAO Country Office in Zambia. All communication concerning the Project shall be between the above mentioned representatives.
2. The administration and execution of the Project shall be done by the FAO Country Office in Zambia and any other organizations, companies, implementing partners or persons designated by FAO for such purposes. The MFA shall not be responsible for these arrangements or for the ultimate execution of the Project.
3. FAO shall be free to delegate and/or subcontract its responsibilities for the whole or any part of the Project in accordance with the rules and practices of FAO. The FAO Country Office in Zambia shall be responsible to monitor and quality assure the execution of the Project by any and all other implementing agencies.
4. Project management and expenditures shall be governed by the Financial Regulations and Rules of FAO. If matters arise during the execution of the Project, which are considered by FAO of substantive character, FAO shall inform and consult with MFA. FAO shall ensure that the contribution is recorded in the accounts of FAO and reported together with all other (non-core) resources to FAO from Norway.
5. Representatives of the Parties shall have an Annual Meeting in June each year in order to:
  - Discuss the progress of the Project, including financial statements, results, and fulfillment of agreed obligations.
  - Discuss and if possible approve the annual report, including expenditure for the previous reporting period as well as annual work plans and budgets for the following period.
  - Discuss any issues of special concern for the implementation of the Project, including risk management.

The meetings shall be called and chaired by FAO. The Ministry of Agriculture and Cooperatives (MACO) and the Zambian National Farmers Union (ZNFU) will be invited to the meeting as observers.

6. FAO headquarters and Country Office shall provide the following reports to MFA prepared in accordance with FAO accounting and reporting procedures:
  - 2 weeks before the annual meetings, annual reports including i) a brief description of actual outputs compared to planned outputs ii) a brief summary of the use of the funds compared to the budget iii) an assessment of the efficiency of the Project iv) an explanation of major deviations from plans (v) an assessment of problems and risk (internal and external to the Project) and the

need for any adjustment in Project implementation (vi) a brief explanation of achievements in relation to the Objective.

- within 6 months of Project completion, a final report for the whole Project period, as well as certified financial statements covering the entire Project.

The final report referred to above shall include the following information:

- description of actual outputs compared to planned outputs (normally defined in the work plan);
- a brief summary of the use of funds compared to budget;
- an assessment of the effectiveness of the Project, i.e. the extent to which the purpose has been achieved;
- an explanation of major deviations from the plan;
- an assessment of impact (if possible), i.e. the changes and effects positive or negative, planned and unforeseen of the Project seen in relation to target groups and others who are affected;
- an assessment of problems and risks (internal or external to the Project) that affected the success of the Project;
- an assessment of the sustainability of the Project, i.e. an assessment of the extent to which the positive effects of the Project will still continue after the external assistance has been concluded; and
- a summary of main "lessons learned".

The final report shall be submitted by FAO to the Government of Zambia in addition to MFA.

FAO shall inform about any preparation, review or evaluation mission or other activities in relation to the implementation of this Agreement, and facilitate the participation in these of the officials or designated representatives of MFA. FAO will, in collaboration with its partners and MFA, be responsible for planning and implementation of this review. In addition, the Parties may jointly agree on the need for additional reviews and evaluations, and shall submit in writing requests for such reviews and evaluations to the Annual Meeting.

MFA shall respond in writing within two weeks after the receipt of the reports and documentation. MFA shall approve the work plans and budgets in writing.

#### **Article V Equipment**

Ownership of equipment, supplies and other properties financed from the contribution shall vest in FAO. Matters relating to the transfer of ownership by FAO shall be determined in accordance with the relevant policies and procedures of FAO.

#### **Article VI Management and Support Services**

1. In accordance with the decisions and directives of FAO's Governing Bodies, the Contribution shall be charged:
  - a. 10 percent in indirect costs incurred for the provision of general management support (GMS) by FAO headquarters and country offices.
  - b. direct cost for implementation support services (ISS) provided by FAO and/or an Executing Entity, or under the harmonized operational modalities, an Implementing Partner.
2. The total cost incurred for the Project, including the direct costs of support services and the indirect cost of general management support, shall not exceed the total resources available to the Project under this Agreement.

#### **Article VII Audit**

FAO SPECIFIC AGREEMENT

All financial accounts and statements shall be expressed in United States dollars, and shall be subject exclusively to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of FAO.

**Article VIII  
Completion, Termination and Amendments**

1. FAO shall notify MFA when all activities relating to the Project have been completed.
2. After consultations have taken place between MFA, FAO and the Government of Zambia and provided that the payments already received are, together with other funds available to the Project, sufficient to meet all commitments and liabilities incurred in the implementation of the Project, this Agreement may be terminated by FAO or by MFA. The Agreement shall cease to be in force 30 (thirty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate the Agreement.
3. Notwithstanding termination of this Agreement, FAO shall continue to hold unutilized payments and liabilities incurred in implementation of the Project up to the date of termination have been satisfied and the Project activities brought to an orderly conclusion.
4. Any payments that remain unexpended after such commitments and liabilities have been satisfied may be utilized for the benefit of other activities within the Project upon agreement between the Parties.
5. The Agreement may be amended through an exchange of letters between MFA and FAO. The letters exchanged to this effect shall become an integral part of the Agreement.

**Article IX  
Entry into Force**

1. This Agreement shall enter into force upon its signature by both Parties and shall remain in force until all obligations arising from it have been fulfilled and all commitments and liabilities incurred in the implementation of the Project have been satisfied. Whether these obligations shall be regarded as fulfilled shall be determined in consultations between the Parties.

**Article X  
Privileges and Immunities**

2. Nothing in this Agreement nor in any document or activity related thereto shall be construed as a waiver of the privileges and immunities of FAO

**Article XI  
Dispute Settlement**

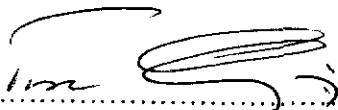
3. Any dispute between the Parties concerning the interpretation and the execution of this MoU, or any document or arrangement relating thereto, shall be settled by negotiation between the Parties.

IN WITNESS WHEREOF, the undersigned, acting on behalf of their respective institution, have signed the present Agreement in the English language in two copies.

*Date*

For the Norwegian Ministry of Foreign Affairs:

Tore Gjøs  
Ambassador



Tore F. Gjøs  
Ambassador

*Date*

For the Food and Agriculture Organization of the United Nations:

Dr Nouredin Mona  
FAO Representative  
Zambia

