

# AGREEMENT

between

**THE GOVERNMENT OF THE KINGDOM OF NORWAY**

and

**THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA**

regarding

**Support to the implementation of the Programme of the  
Development of Kafue National Park as a Model of Sustainable  
Economic Use in a Management Extensive Environment**

WHEREAS the Government of the Kingdom of Norway ("Norway") and the Government of the Republic of Zambia ("Zambia") have entered into an agreement regarding Co-operation for Promotion of the Economic and Social Development of the Republic of Zambia dated 12 December 1984, prolonged by Addendum dated 28 February 1990 ("the Main Agreement"), and with reference to the provisions therein relating to Specific Agreements, and further outline of cooperation in a Memorandum of Understanding dated 05 September 2000,

WHEREAS Zambia through Zambia Wildlife Authority (ZAWA) has requested for support to development and upgrading of Kafue National Park as a model of sustainable economic use in a management extensive environment,

WHEREAS Norway has decided to comply with the request,

NOW THEREFORE Norway and Zambia have reached the following understanding, which shall constitute a Specific Agreement as mentioned above:

## **Article I Scope and Objectives**

1. This Agreement sets forth the terms and procedures for Norway's assistance to the Project of the Development of Kafue National Park (KNP) as a Model of sustainable Economic Use in a Management Extensive Environment as outlined in Annex I to this Agreement ("the Project").

2. The Project is further outlined in the revised Project Document, dated November 2004.

The Goal of the Project is to reverse the loss of biodiversity in KNP and surrounding game management areas and ensures that the utilization of the wildlife resources is sustainable.

The Objective is to secure critical habitats and species in the park and surrounding game management areas through improved management, infrastructure and tourism development.

## **Article II Cooperation - Representation - Administration**

1. Norway and Zambia shall cooperate fully to ensure that the Goal and Objective of the Project are successfully accomplished. To that effect each Party shall furnish the other Party with all such information as may reasonably be required pertaining to the Project.
2. In matters pertaining to the implementation of this Agreement the Norwegian Ministry of Foreign Affairs ("NMFA") and The Ministry of Tourism, Environment and Natural Resources ("MTENR") through Zambia Wildlife Authority ("ZAWA") shall be competent to represent Norway and Zambia respectively, and shall hereunder be authorized to decide on components/activities to be included in the Project in accordance with Clause 4 below.

ZAWA has the overall responsibility for the implementation of the Project.

All communication to Norway in regard to this Agreement shall be directed to the Norwegian Embassy in Lusaka

3. Representatives of Norway and Zambia shall have consultations/annual meetings in November each year in order to:
  - i. review the progress of the Project;
  - ii. discuss possible revisions of plans and budgets for the Project;
  - iii. discuss proposals for extension of ongoing or new components/activities to be included in the Project;
  - iv. approve work plans and budgets for the next year;
  - v. discuss issues of special concern for the implementation of the Project.

The documentation specified in Article VII, Clauses 1, 2 and 3, shall form the basis for the consultations.

The Annual Meeting shall be called and chaired by ZAWA. Representatives from MTENR and the World Bank shall be invited to attend the meeting, the latter as observer.



The two Parties may in addition include others to be represented as advisors to their delegations.

Central elements of the discussions and all decisions from the consultations shall be recorded in Agreed Minutes. The Agreed Minutes shall be drafted by ZAWA and shall be sent Norway for comments not later than 14 days after the Annual Meeting.

5. Whenever Norway and Zambia agree to extend existing or include new components in the Project this shall be recorded, preferably in the Agreed Minutes from the Annual Meeting.

### **Article III Contributions of Norway**

1. Norway shall, subject to Parliamentary appropriations, and on the terms and procedures set out or referred to herein, make available to Zambia a financial grant not exceeding NOK 80,000,000 (eighty million kroner) ("the Grant"), to be used exclusively to finance the Project in the planned period 2005-2009.
2. Any accrued interest on the Grant may be used for the benefit of the Project, as agreed by the Parties in writing.
3. Any funds not fully utilized for one activity may upon previous written agreement between the Parties be utilized for the benefit of other activities within the Project.
4. Any unspent disbursed funds and any unspent accrued interest shall be returned to Norway upon the completion of the Project.

### **Article IV Contributions and Obligations of Zambia**

Zambia shall make all reasonable efforts to facilitate the successful implementation of the Project, and shall hereunder:

1. have the overall responsibility for the planning, administration and implementation of the Project, including all categories of works, repair and maintenance of buildings, equipment, spare parts, goods and materials made available under this Agreement;
2. ensure that the Grant is reflected in the plans, budgets and accounts of Zambia, and that accounts for the Project are kept in accordance with generally accepted accounting practices. The accounts shall include accrued interest, if any;

3. provide sufficient qualified local personnel and all financial and other resources that may be required over and above the Grant and the contribution of Norway as stated in the budget in Annex I to this Agreement, for the successful implementation of the Project;
4. undertake the obligations set out in Article VI and Annex III in the Main Agreement with regard to technical assistance personnel financed by the Grant;
5. undertake all such obligations as set out in Article VI, Clause 4 and Annex III. in the Main Agreement with regard to consultants and/or contractors financed by the Grant;
6. defray any customs duties, sales taxes and other taxes, fees and levies on all equipment, materials and supplies financed by the Grant and imported into Zambia for the benefit of the Project;
7. grant all necessary permits, import licences and foreign exchange permissions that may be required in connection with the implementation of the Project;
8. promptly inform Norway of any condition which interferes or threatens to interfere with the successful implementation of the Project;
9. permit representatives of Norway to visit any part of Zambia for purposes related to this Agreement and examine any relevant records, goods and documents.

## **Article V Procurement**

1. ZAWA undertakes to effect all procurements of goods and services for the Project and is responsible for the contracts to be signed. ZAWA shall observe the highest ethics during the procurement and execution of the contracts.
2. All procurements shall be performed in accordance with generally accepted principles and good procurement practices, and in accordance with Zambian procurement regulations. Invitations to tender or to make offer as well as procurement contracts shall, respectively, include a clause stating that the tender/offer will be rejected and the contract cancelled, in case any illegal or corrupt practices have been connected with the award or the execution of the contract.

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.



In accordance with the procurement regulations of Zambia, Norwegian suppliers shall be given the same opportunities to compete for deliveries and/or participate in the bidding as other suppliers.

3. ZAWA shall upon request furnish Norway with all relevant information on its procurement practices and actions taken, and provide access to all related records and documents. Norway may require access to information even during that stage in the procurement procedure when it is restricted to the officers performing the procurement. Restrictions on such information shall be respected until the information can be made public without any risk of detriment to the result of the procurement.

## **Article VI Disbursements**

1. ZAWA shall submit bi-annual written requests for disbursements from the Grant.

The requests shall, with exception of the first request, be based on and relate to approved work plans and budgets. They shall be accompanied by certified statement of accounts showing income and expenditure, including the World Bank/GEF contribution, the foregoing period and a cash flow budget for the coming period. Any amount, including interest if any, which is already disbursed but not fully utilized shall be taken into account when requests are made.

The certification of the accounts shall be done by the Director General or the Director of Finance and Corporate Activities of ZAWA.

2. Transfer of the funds will be undertaken upon Norway's approval of the request to a bank account of ZAWA and be available for the Project immediately.

ZAWA shall immediately, in writing, acknowledge receipt of the funds.

3. All disbursements to suppliers of goods and services shall be made by ZAWA.

## **Article VII Reports**

1. ZAWA shall submit to Norway an annual report on the implementation of the Project by 31<sup>st</sup> March each year. A format for the annual report is given in Annex II hereto.

The annual report shall include:

- progress report, giving information on actual outputs compared to planned outputs, work plans and time schedules, use of inputs, problems encountered or foreseen and other information related to the implementation;
  - Project accounts related to the agreed budget, specifying income from all sources and all expenditures.
2. As a preparation for the consultations mentioned in Article II, Clause 4, ZAWA shall within 15<sup>th</sup> October submit to Norway:
- work plans with planned outputs and time schedules for the next year;
  - a budget for the following year of the Project, showing all income and expenditures;
  - budgets for the individual cost centres receiving funds under this Agreement, showing all income and expenditures.

These documents together with the annual report and the audit opinion shall provide the basis for the discussions and decisions in the consultations.

3. ZAWA shall submit to Norway an audit opinion on the financial statements of Zambia Wildlife Authority not later than 6 months after each financial year.

The audit shall be performed by an internationally acknowledged auditing firm acceptable to Norway, Zambia and the World Bank, and the audit opinion shall certify:

- the principles adhered to during the audit;
- the total flow of funds to final use on the various activities;
- the correctness and completeness of the figures in the accounts and that the accounts reflect the actual situation of the financial handling of ZAWA;
- any essential findings from the audit.

The audit shall be carried out in accordance with the above requirements and internationally recognized audit principles and practises, which shall be stated in the opinion.

Along with the above prescribed audit opinion copies of any other reports from the auditor regarding or significant to the implementation or follow-up shall be submitted to Norway. ZAWA shall copy all Management Letters to Norway for information.

4. ZAWA shall submit to Norway a final report within 9 months after the completion of the Project. If the Project is not completed by December 31st 2009, a status report shall be submitted to Norway by the said date.

The final report shall give a summary of outputs and activities undertaken, achievements compared to Goal and Objectives and an assessment of the efficiency of the Project.

5. Norway shall respond within 6 weeks upon receipt of the reports mentioned above.

### **Article VIII Reservations**

1. Norway reserves the right to withhold disbursements at any time in case *inter alia.*:
  - the Project develops unfavourably in relation to the Goal and Objectives;
  - *substantial deviations* from agreed plans or budgets occur;
  - resources to be allocated by Zambia are not provided as agreed;
  - the documentation specified in Article VII is not delivered as agreed;
  - the financial management of the Project is not satisfactory;
2. Norway 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 Agreement or not satisfactorily accounted for.
3. Before withholding any disbursements or claiming repayment the Parties shall consult with a view to reaching a solution in the matter.
4. Norway will cancel this Agreement or portion of this Agreement 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 Agreement, that corrupt or fraudulent practices were engaged in by representatives of Zambia or of a beneficiary of the aid funds during procurement or during the execution of the contract without Zambia having taken timely and appropriate action satisfactory to Norway to remedy the situation.
5. Norway and Zambia agree to cooperate on preventing corruption within and through the Project. Norway and Zambia 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.

**Article IX**  
**Information - Evaluation - Reviews**

In accordance with Article X of the Main Agreement the Parties will agree upon measures for information, evaluation and reviews of the Project.

The following reviews shall be carried out:

Mid Term Review early 2007

End of Project Review

Zambia shall allow Norway the opportunity to participate in review, monitoring and evaluations missions with regard to the Project and invite Norway for such missions during and upon completion of the Project.

The cost of the reviews shall be covered from the Grant.

**Article X**  
**Distribution of the present Agreement**

The Parties shall distribute copies of the present Agreement to the respective ministries, authorities and other institutions involved in the Project or otherwise in need of information on its content.

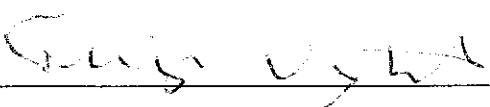
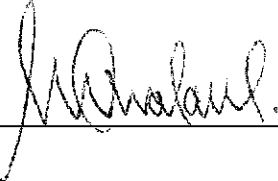
**Article XI**  
**Disputes - Entry into Force - Termination**

1. If any dispute arises relating to the implementation or interpretation of the present Agreement, there shall be consultations between the competent authorities designated in Article II, Clause 2 with a view to reaching agreement. In case of failure to reach an agreement the dispute shall be referred to MFA and the Zambian Ministry of Foreign Affairs.
2. This Agreement 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.
3. Notwithstanding the previous clause, both Parties may terminate the present Agreement by giving three months written notice to the other Party.

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

Done at NUSAKA on 14<sup>th</sup> December 2004.

For the Government of the Kingdom of Norway      For the Government of the Republic of Zambia

## ANNEX I

### *Agreed Project summary*

#### 1. Description of the Project

Project Title/ Name: ZAM 02/376 Support to the rehabilitation and development of Kafue National Park.

Implementing institution: Zambia Wildlife Authority (ZAWA)

Goal: The Goal of the Project is to reverse the loss of biodiversity in KNP and surrounding game management area's and ensures that the utilization of the wildlife resources is sustainable

Objective: The Objective is to secure critical habitats and species in the park and surrounding game management area's through improved management, infrastructure and tourism development

Main indicators:

- Improve Management Effectiveness Score from 41 to 64
- Increase in Tourism Revenue by 100%
- Park management utilises 90% of approved Annual Workplan and budgets (management efficiency).
- Elephant and buffalo population estimates increased by 10% in Year 5 compared to baseline survey (Year 1).
- Lechwe & puku population estimates in Busanga Plains increased by 10% in Year 5 compared to baseline survey (Year 1).
- The 30% area of park burnt each year progressively decreases from Year 1 to Year 5.
- 60% of the Park roads accessible year round by Year 5.
- Reduction in the number of arrests, confiscations and reduced signs of illegal activity compared to baseline data of Year 1.
- Improvement of vegetation indicator as mean Y1/2 vs. mean Y4/5 is 5% in Busanga (papyrus indicator) Kafue N & S (dry deciduous forest indicator)
- 75% of employees in tourism ventures comes from the surrounding local communities

Inputs: NOK 80 mill from Norway for the period 2005-2009

Inputs from the World Bank through the SEED project, Project Accountant, Procurement Specialist, Park Manager.. The total contribution from the World Bank (GEF and IDA) during the project period is an estimated USD 8.3 million. The estimated contribution by Zambia is USD 0.98 million from expected revenue to be generated from increased tourism activities. This is, however, not included in the tentative budget below. Salaries for regular ZAWA staff will be covered by Zambia.

External factors

Stable political situation with no improper interference with the management and operations of ZAWA. Availability of other external sources of funds (World Bank).

Tentative Budget: in USD

Year	Norway	IDA (World Bank)	GEF (World Bank)	SUM
2004/2005	2 505 840	1 096 500	767 181	4 369 521
2006	2 174 989	941 380	465 853	3 582 222
2007	2 366 974	1 740 760	347 981	4 455 715
2008	2 808 459	2 213 910	279 991	5 302 360
2009	2 311 865	517 016	389 428	3 218 309
<b>SUM</b>	<b>12 168 127</b>	<b>6 509 566</b>	<b>2 250 254</b>	<b>20 928 127</b>

*The annual tentative contribution from Norway in Norwegian Kroner*

2004- Nok 5 million

2005- Nok 11.5 million

2006- Nok 14.2 million

2007- Nok 15.5 million

2008- Nok 18.5 million

2009- Nok 15.3 million

**SUM NOK 80 million**

**ANNEX II**  
**ANNUAL/SEMI-ANNUAL PROGRESS REPORT FORMAT**

1. PROJECT/PROGRAM TITLE:
2. IMPLEMENTING INSTITUTION:
3. PROJECT DESIGN (Goal, Objectives, outputs):
  - As stated in Agreed Project Summary
4. PROGRESS OF IMPLEMENTATION:
  - Expenditure in relation to budget. A comparison between budget and actual costs as presented in the statement of accounts (specifying inputs from all sources including Norway's contribution).
  - Actual outputs compared to planned outputs. Planned outputs are described in the annual work plan. Deviations from plans must be explained.
  - Problems or risks; identification of specific challenges to the Project (e.g. sustainability and issues related to external factors).
5. ASSESSMENTS:
  - Efficiency of Project activities. The extent to which inputs are converted into planned outputs.
  - The need for adjustments to activity plans and/or planned inputs.
  - Relevance of the Project compared to defined needs and concerns (as expressed in the Objectives).

