

AGREEMENT

between

THE ROYAL GOVERNMENT OF CAMBODIA

and

THE GOVERNMENT OF THE KINGDOM OF DENMARK

on

**NATURAL RESOURCE MANAGEMENT COMPONENT
containing the following projects**

1. THE COMMUNITY FORESTRY PROJECT, Phase II, CONCERN CAMBODIA
2. MAINSTREAMING NATURAL RESOURCE & ENVIRONMENT MANAGEMENT THROUGH SEILA
3. INTEGRATED PEST MANAGEMENT (IPM) FARMER TRAINING PROJECT, Phase II

The Government of the Kingdom of Denmark has agreed within an amount of Danish Kroner 31 million to support on a grant basis the implementation of the projects; 1) Community Forestry Project Phase II by Concern Cambodia; 2) Mainstreaming Natural Resource and Environment Management through Seila; 3) Integrated Pest Management Farmer Training Project -Phase II

The Royal Government of Cambodia and the Government of the Kingdom of Denmark have agreed that the projects be carried out in accordance with the following provisions of this Agreement and the Project Documents attached.

The Projects is part of the Danish Environmental Assistance to the Kingdom of Cambodia, the strategic framework for which is described in the Natural Resource and Environment (NRE) Programme Document 2001-2005, signed on 5th June 2001.

The general provisions of the present agreement are set forth in the Agreement between the Government of the Kingdom of Denmark and the Royal Government of Cambodia on Development Co-operation dated 5th June 2001.

Article 1

Definitions

For the purpose of this agreement, unless otherwise stated, the terms listed below mean the following:

- a) "Competent Authorities" in the case of the Government of Denmark refers to the Ministry of Foreign Affairs, Danish International Development Assistance (Danida), and in the case of the Royal Government of Cambodia, the Council for the Development of Cambodia, or, for both Parties, any other authority empowered to perform the functions presently exercised by the said authorities.
- b) "The Recipient" is the Royal Government of Cambodia.
- c) "The Parties" refers to the Competent Authorities.
- d) "The Documentation" refers to the Project Documents;

- 1) Community Forestry Project, Concern Cambodia Phase II dated June 2002;
- 2) Mainstreaming Natural Resource and Environment Management through Seila dated June

2002;

3) Integrated Pest Management Farmer Training Project Phase II dated June 2002.

The Project Documents contain a systematic description of the projects and shall govern its implementation and are attached as Annex to this Agreement, hence constituting an integral part hereof.

- e) Unless otherwise stated in the article in question, “Advisers” shall include such expatriate personnel as employed in the recipient country for the execution of the project.

Article 2

Objectives of the Projects

1. Project Community Forestry Project Phase II, Concern Cambodia

The development objective of the programme is:

- By end of year three, the livelihoods of rural communities will have improved through equitable and sustainable access to forest resources.

The immediate objective of the project is:

- By end of year three, the capacity of the local communities will enable them to manage forest resources effectively and maintain equitable benefit sharing (especially among women and vulnerable groups) through collaboration with and support to other stakeholders.

2. Mainstreaming Natural Resource and Environment Management through Seila.

The development objective of the project is:

- To contribute to good governance and poverty alleviation through the sustainable management and equitable use of natural resources and protection of the environment.

The immediate objectives of the project are:

- Related institutions at the national level are strengthened and effectively manage the decentralized NREM mainstreaming project;
- Provincial structures and systems are established to support mainstreaming NREM at province and commune level;
- Selected commune councils fully integrate sustainable NREM into their development plans and commune fund investments.

3. Integrated Pest Management Farmer Training Project Phase II

The development objective of the project is:

- To improve the livelihood of rural communities by empowering farmers to apply sustainable agricultural production systems.

The immediate objectives of the project are:

- A National IPM Programme capable of ensuring good quality of Integrated Crop Management training in place;
- Integrated Crop Management principles and practices adapted by farmers through Community IPM.

Article 3

Outputs of the Projects

In order to achieve the above-mentioned immediate objectives, the projects outputs will be achieved as described in the relevant Project Documents.

Article 4

Documentation

The Project Documents are attached as Annex A. The Project Documents will be reviewed and updated in connection with joint project reviews.

- 1 Community Forestry Project Phase II, Concern Cambodia. Changes in the Project Document are subject to the approval of the Concern International/Ministry of Agriculture, Forestry and Fishery and the Danish Ministry of Foreign Affairs/Danida.
- 2 Mainstreaming Natural Resource and Environment Management through Seila. Changes in the Project Document are subject to the approval of The Seila Task Force and the Danish Ministry of Foreign Affairs/Danida.
- 3 Integrated Pest Management Farmer Training Project Phase II. Changes in the Project Document are subject to the approval of the Ministry of Agriculture, Forestry and Fisheries and the Danish Ministry of Foreign Affairs/Danida.

Article 5

Obligations of Cambodia

Under this Agreement, the Royal Government of Cambodia shall:

- a) promptly inform Denmark of any condition which interfere or threaten to interfere with the successful implementation of the projects;
- b) within a reasonable time, advise on all sketches, drawings, reports, recommendations and other matters properly referred for advice by Denmark, in order not to delay or disrupt the execution of the services or the works of the projects;
- c) provide for the representation of Danida advisers in the bodies responsible for project implementation and/or channelling of funds;
- d) ensure funds for the payment of all expenses required for the establishment and operation of the projects, which are not mentioned as items to be provided by Denmark or other parties to the projects, such as relevant counterpart staff at national, provincial and district level, and office and meeting facilities at the cooperation partners.

Article 6

Obligations of Denmark

Denmark will provide the following for the implementation of the projects, as listed below and further specified in the project documents.

Any proposal for additional components or for reallocation between the above components is subject to approval by both parties.

Unspent balance or savings from the project funds may not be spent by the projects without approval of the Competent Authorities. Surplus derived from exchange rate changes and interest accrued from the remittances shall be returned to Denmark.

Community Forestry Project Phase II, Concern Cambodia.

Danida Inputs:		In thousand DKK
1. Capital cost and forest communities,		3,465
- Office equipment, vehicle, motor bikes, PC	376	
- Support to forest communities	2,891	
- Training	198	
2. Operational cost		1,987
- Administration and transport	1,736	
- Monitoring and evaluation	251	
3. Technical Assistance		5,147
- Programme advising and Concern support	2,619	
- National technical assistance	2,528	
Total		<u>10,599</u>

Mainstreaming Natural Resource and Environment Management through Seila.

Danida Inputs:		In thousand DKK
1. Project investments: sub-projects with provincial line departments and commune-managed investments, training fieldwork		1,610
2. Equipment: Motorcycles, office equipment and furniture, IT, etc.		1,050
3. Operations printing, office supplies, communication, photocopying, fuel, etc.		155
4. Technical Assistance:		1,956
- International short-term technical assistance, 6.5 mm		
- Volunteers (Australia Volunteers International), 36 mm		
- Auditing and Evaluation, 10 mm		
- National long-term technical assistance, 72 mm		
Total		<u>4,771</u>

Integrated Pest Management Farmer Training Project Phase II

Danida Inputs:		In thousand DKK
1. National IPM Programme, including support national IPM programme, upgrading skills national and District staff, monitoring & impact assessment, development training curricula		4,748
2. Community IPM, farmer trainers, follow-up activities,		4,464
3. Project Admin, support staff, operational costs, Assets		1,649
4. Technical Assistance		1,866
- National Adviser, 36 months	307	
- Int. Adviser, Long Term 18 months	1,559	
Total		<u>12,727</u>

The Danish Parliamentary Finance Committee provides for 2,903,000 Danish Kroner as a contingency budget and covers the above projects as the Danish Financial Committee of the Parliament collectively approves these.

Total Danida Inputs: 31 million DKK kroner

Article 7

Obligations of Both Parties

Both parties will:

- a) use best endeavours to co-ordinate their efforts under this agreement with other development partners, be they states, international organisations or nongovernmental organisations.
- b) use best endeavours to optimise the use of projects resources.

If misuse of funds within the project is discovered, appropriate authorities i.e. the Criminal Investigation Department or Inspectorate of the Royal Government of Cambodia will be asked to investigate the matters. The Royal Government of Cambodia will, if and when it is deemed appropriate, take action against suspects including immediate interdiction or suspension of such persons from work, to avoid their interference with the investigations.

Where project funds have been lost in such a manner as described above, the Royal Government of Cambodia will repay such funds to the projects, in order to ensure that planned activities will not be disrupted.

Article 8

Shipment

All shipment covered by this agreement will be in keeping with the principle of free circulation on ships in international trade in free and fair competition.

Article 9

Importation, Import Taxes and other Public Charges and Fees

The Royal Government of Cambodia shall secure timely importation and clearance through customs of goods covered by this Agreement, including materials to be imported by the consultants/contractors according to specifications in the Work Contracts. The Parties shall ensure that the Danish grant is not used for payment of any import duty, tax, national or other public charge such as import surcharges, duties to compensate for domestic excise taxes, charges or deposits in connection with the issuance of payments, work permits, licenses or import licenses for all equipment, materials, supplies and spare parts supplied by Denmark to the activities agreed upon.

Article 10

Status of Expatriate Personnel

1. The Royal Government of Cambodia will make provision for the exemption of expatriate personnel from:

- a) all taxes in respect of any emolument paid to them from project sources;

- b) all duties and taxes imposed on the import and export of new as well as used household goods and personal effects imported by the advisers and their spouses and dependants regardless of nationality for their exclusive use within 6 months after their arrival, subject to re-export on completion of tour of services or payment of duties and taxes if sold locally. The term “household goods and personal effects” shall include inter alia for each household: one refrigerator, one deep freezer, one washing machine, one vacuum cleaner, one cooker, one radio, one record player, one tape recorder, one CD-player, one personal computer with printer, one television/video set, minor electrical appliances, photographic and cinematic-equipment and air conditioning units;
 - c) all duties and taxes imposed on the import and export of a motor vehicle, for personal use of the advisers, or the purchase of such motor vehicles in Cambodia out of duty free stock, provided that a motor vehicle imported under these privileges shall be liable for such duties and taxes if resold, unless resold to a person entitled to the same privileges. If the imported motor vehicle is damaged beyond repair or otherwise lost, the Royal Government of Cambodia shall allow the expatriate to import another motor vehicle free of customs duty. Furthermore, the Royal Government of Cambodia shall allow the import of one new motor vehicle free of customs duty and tax upon the adviser’s termination of three years of service, if the contract is prolonged to four years or more.
2. The Royal Government of Cambodia shall issue free multiple entry and exit visas, work permits and residence permits for the advisers and their spouses and dependants regardless of nationality.
 3. The Royal Government of Cambodia shall provide assistance in clearance through customs of effects mentioned under 1.b) and 1.c) above.
 4. The Royal Government of Cambodia shall allow every adviser to operate an external account. Regarding the repatriation of sale proceeds of the advisers’ motor vehicles, the advisers shall apply separately to the National Bank of Cambodia and their applications will be dealt with in accordance with the foreign exchange control regulations prevailing at the time of their departure.
 5. The Royal Government of Cambodia shall ensure that the advisers and their spouses and dependants regardless of nationality enjoy the full protection of the law and further ensure that said persons are always treated in a manner no less favourable than that enjoyed by expatriate personnel assigned to Cambodia by other countries or international organisations. In the event of arrest or detention of the advisers made available by Denmark, their spouses or their dependants regardless of nationality, for any reason or of criminal proceedings being instituted against said persons, the responsible Danish Embassy is to be notified immediately and has the right to visit the detained or arrested. Further, such persons shall have the right to be represented by a lawyer assigned by Denmark.
 6. The Royal Government of Cambodia shall be responsible for the security of the advisers, their spouses and dependants regardless of nationality. In the event of a crisis affecting the safety of foreign nationals in Cambodia, Cambodia shall accord repatriation facilities to said persons, equivalent to those accorded to diplomatic personnel in Cambodia.
 7. Should a situation or condition as referred in paragraphs 5 and 6 of this article above occur, the two governments shall consult and act in close co-operation to minimise any risk of damage to the advisers, their spouses and dependants regardless of nationality and personal effects, and items, equipment and vehicles registered under the projects.
 8. In an event of crisis, advisers acting in accordance with instructions issued by Denmark or taking warranted precautions under the given circumstances that restrain them from reporting for work shall not be considered to be in dereliction of duty under the relevant contract.

Article 11

Conditions for Expatriate Institutions and Consulting Companies

When institutions, consulting companies or other legal persons from other countries than Cambodia or other organisations of an international character are engaged by Denmark to perform tasks in Cambodia with reference to this agreement the conditions for expatriate personnel under this Agreement shall apply to their personnel as well as their spouses and dependants.

Article 12

Study Visits and other Activities outside Cambodia

For personnel from Cambodia participating in study visits, courses and similar professional activities outside Cambodia, organised by Denmark or any institution contracted by Denmark within this Agreement, the following shall apply:

In the case of illness or accident during the stay abroad, Denmark shall arrange for such medical treatment that must be given before the return to Cambodia, according to the opinion of a physician consulted by Denmark.

All costs associated with the treatment shall be financed from the funds made available by Denmark to Cambodia under this Agreement, if the need for the treatment could not have been foreseen at the time of departure for the visit.

Insurance coverage for death and disability shall be arranged by the Royal Government of Cambodia.

Article 13

Liability

Denmark shall:

- a) not be liable to indemnify any third party in respect of any claim, debt, damage or demand arising out of the implementation of this agreement and which may be made against the responsible implementing agency or the project personnel.
- b) not be liable for the death, disability or other hazards suffered by any personnel as a result of employment or work under the present agreement.

The Royal Government of Cambodia shall:

- a) indemnify Denmark, the responsible agencies and the project personnel under the present agreement against any claim brought forward by a third party in respect of liability resulting from acts or omissions by the responsible agencies or the project personnel in the performance of their duties, except where such claims or liabilities arise from gross negligence or wilful misconduct of the responsible agencies or the project personnel.

Article 14

Information, Monitoring and Evaluation

1. The Parties shall collaborate fully to ensure that the purpose of this Agreement be accomplished. To that end, the Parties shall exchange views with regard to matters relating to the projects and

provide each other with all available data, documentation and information; shall give all appropriate mutual assistance required in the discharging of the Parties' duties; and provide all necessary support, in particular, in regard of administrative issues to facilitate the due implementation of the projects.

2. Joint Danish-Cambodian project reviews shall be carried out in accordance with the Project Documents or at the request of either Party.
3. Denmark shall have the right to carry out any technical or financial mission that it considers necessary to follow the execution of the projects. To facilitate the work of the person or persons instructed to carry out such monitoring missions the Royal Government of Cambodia shall provide these persons all relevant assistance, information, and documentation. A mid-term external review by Danida will assess project performance against approved work plans according to the Project Documents.
4. Evaluation of the projects, preferably undertaken jointly by Government of Denmark and the Royal Government of Cambodia, may be carried out at the request of either Party.
5. After the termination of the projects, Government of Denmark reserves the right to carry out evaluation in accordance with this article.

Article 15

Project Reporting

The following procedure shall be used for project reporting:

- a) Within three months from start-up, the project management shall submit a project inception document, which will form the detailed basis for project implementation.
- b) Thereafter, the project management shall submit quarterly or semi-annual progress reports to Danida no later than three weeks after the end of the reporting period containing financial and physical status of the project. The reports shall be drawn up in accordance with the Danish (Danida) Guidelines for Project Progress Reporting. Annual work and financial plans that show adjustments made to the Inception Report and the Project Document shall also be prepared.
- c) Upon completion of the projects, the project management shall prepare a project completion report in accordance with Danida Guidelines for Project Completion Reports.

Article 16

Transfer of Ownership

The agencies responsible for the implementation of the different project components shall maintain updated inventories of all equipment provided to the projects by Denmark, e.g. vehicles, computers, furniture and tools.

Equipment, material supplies and facilities financed by Denmark, which are used during the implementation of the projects, e.g. vehicles, computers, furniture and tools, remain the property of Denmark, until such time as the Parties may agree otherwise.

Transfer of ownership of the above-mentioned assets to Cambodia may take place during the project period. Before project termination, the parties will assess and agree on final transfer of such assets, which can be justified on the basis of a final request from the receiving institution. Any remaining property will be disposed of by Denmark.

Article 17

Suspension

If serious irregularities or suspicion thereof within the projects have been ascertained, either Party may suspend project implementation, wholly or in part, until the suspending Party decides to resume implementation.

Either party may cancel the agreement if, with respect to any contract to be financed by Denmark, it determines that corrupt or fraudulent practices were engaged in by representatives of the donor country, the recipient country, or of a beneficiary of the funds during procurement or during the execution of the contract without the party in question having taken timely and appropriate action satisfactory to the party wishing to rescind the agreement in order to remedy the situation.

Either party reserves the right to suspend or terminate the projects and its activities, wholly or in part, if representatives of the donor country, the recipient country, or of a beneficiary of the funds during procurement or during the execution of the contract engages in violations of legal principles as stipulated in international agreements and conventions signed by Denmark, without the party in question having taking timely and appropriate action satisfactory to the party wishing to rescind the agreement to remedy the situation.

Article 18

Accounting Procedures and Audit

1. Within six months after the expiry of the projects, the audited accounts of the programme shall be submitted to Denmark in accordance with the provisions of the General Guidelines for Accounting and Auditing of Grants through Governmental and Parastatal Organisations and NGOs, Annex B to this Agreement.
2. Representatives of the Auditor General of Denmark shall have the right to:
 - a) carry out any audit or inspection considered necessary as regards the use of the Danish funds in question, on the basis of all relevant documentation.
 - b) inspect accounts and records of suppliers and contractors relating to the performance of the contract, and to perform a complete audit.

Article 19

Other Stipulations

A Service Contract may be entered into between Denmark and a consultant for provision of the technical assistance, based on Denmark's contract conditions currently in force.

Article 20

Entry into Force

This agreement shall enter into force on the date of the signature.

Article 21

Project Duration

The Projects will have a duration as specified in the Project Documents. In case of delays in the project implementation, the project duration may be extended by mutual agreement and within the agreed budget.

Article 22

Settlement of Disputes

1. Any dispute concerning the interpretation or implementation of this Agreement shall be settled by negotiation between the Parties. In case the dispute has not been settled within a time limit of one year, the matter may be referred to arbitration by either Party.
2. The arbitration shall operate according to the following rules: The number of arbitrators shall amount to a total of three, one designated by either of the Parties, i.e. two, and a third designated by the former two. In case of dispute between the former two arbitrators as to designation of the latter, the latter will be designated by a neutral institution to be identified by the former two. The arbitration award shall be submitted in written form and must be signed by all three arbitrators. The proceedings to be followed by the Court of Arbitration shall be decided on by the three arbitrators, who shall also determine the distribution between the two Parties of the costs relating to the arbitration.

Article 23

Termination

This agreement shall remain in force for the duration of the projects.

The Parties may terminate a project by agreement through an exchange of letters or unilaterally by a notice of termination. Such notice will come into effect six months after having been received by the other Party.

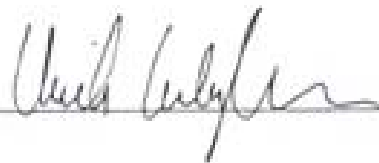
In witness hereof, the Parties hereto, acting through their representatives duly authorised for this purpose, have caused this Agreement to be signed in two originals in the English language in Phnom Penh on 4th December 2002.

For the Royal Government of Cambodia



H.E. Keat Chhon, MP
Senior Minister
Minister of Economy and Finance
First Vice Chairman, CDC

For the Government of the Kingdom of Denmark



H.E. Ulrik Helweg-Larsen
Ambassador
Royal Danish Embassy