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LIMITED SCOPE GRANT AGREEMENT

Between the United States of America, acting through  
the Agency for International Development (USAID)

AND

The Republic of Kenya  
(Cooperating Country)

1. Project Title: Natural Resources Management Support -Kenya	2. AID Project Number 698-0467.15
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The above named parties hereby mutually agree to carry out the Project described in this Agreement in accordance with (1) the terms of this Agreement, including any annexes attached hereto, and (2) any general agreement between the two governments regarding economic or technical cooperation.

3. Amount of USAID Grant: \$80,000	4. Cooperating Country Contribution to the Project \$26,650	5. Project Assistance Completion Date <del>March 31, 1992</del>
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6. This Agreement consists of this title page and  
Annexes 1 and 2

7. For the Cooperating Country Typed Name: <b>A. H. ALI</b>	8. For the Agency for International Development Typed Name:
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Signature: *Muscat*

Signature: *John R. Ketchum*

Title: Authorized Rep.  
Ministry of Finance

Title: Director, USAID/Kenya

Date: 29 AUG 1990

Date: 29 AUG 1990

## ANNEX 1

### Natural Resources Management Support-Kenya 698-0467.15)

#### A. Project Description:

1. Background: During the next several months, USAID/Kenya will begin preparation of a project paper (PP) for the proposed Natural Resources Management Project. The overall purpose of the proposed project will be to provide organizational and management support to the newly organized Kenya Wildlife Services and also to support specific community conservation and environmental education activities through various mechanisms. This project and the specific activities which will be identified during the design stage will directly assist the Government of Kenya as it pursues a series of both policy and program initiatives aimed directly at the protection of the natural resource base, preservation of biological diversity and the promotion of economic development programs which will have direct implications for employment, income and foreign exchange generation. As the Mission begins the design of the new project the highest priority will be given to full collaboration with the Government of Kenya and on understanding the social, economic and institutional dynamics of wildlife management and utilization.

2. Project Purpose: The project funded under this Limited Scope Grant Agreement consists of development and support activities required for the design of the proposed Natural Resources Project. The purpose of this project is to conduct a series of studies on topics critical to the development of the Project Paper as well as preparation of the Project Identification Document (PID) within the general purposes stated in this paragraph, the specific activities to be supported under the project will be mutually agreed upon by the parties.

3. Eligible uses: Project funds shall be used for a series of PID and PP design related studies which include but are not necessarily limited to those described below. Initial development of the PID will also be an eligible activity. The following descriptions are illustrative.

##### a. Tourism Pricing

The development and diversification of tourism, and the revenue earned by Kenya Wildlife Service (KWS), can be influenced by adjustment of the pricing system. KWS has already raised park entry fees across the board but it will be necessary to undertake a thorough study and revision of the pricing structure. It is expected that the new system will:

- Have differential rates for different parks and reserves, in order to influence tourism densities and hence to control environmental impact and offer varying degrees of exclusivity.
- Maintain the principle of allowing cheap access to parks and reserves for Kenyan residents.
- Increase the charges for commercial vehicles, in order to reduce vehicle impact (more people per vehicle) and to gain a higher percentage of game drive revenues.
- Offer new ticket sales systems, which will be simple and fair for the tourist and less prone to corruption. New gate receipt procedures, devised by Price Waterhouse, are being implemented but more radical changes will be considered.

b. Rural Development and wildlife Conservation

Significant amounts of Kenya's wildlife live in the 92% of the country that is not protected as National Parks and Reserves. Conservation and proper management of this wildlife is of prime importance to KWS's mission. It is a key part of protecting Kenya's biological resources and achieving their maximum contribution to economic development.

Building a significant role for wildlife in Kenya's rural development is seen as the key to conservation outside parks and reserves. Conservation can succeed only with the goodwill and cooperation of rural residents. Building this cooperation will require a many-pronged program to include:

- increasing and better distributing the economic benefits from wildlife;
- reducing the costs from wildlife in property damage and human injury;
- educating school children and adults in wildlife and environmental conservation;
- involving local people in planning, management and decision making; and
- coordinating wildlife interests with management of land and resources under other sectors.

Special studies will be required to ascertain how these objectives can best be accomplished.

d. Wildlife Ranching and Cropping

Harvest of free-ranging wildlife on private land has been undertaken in a few game ranching and cropping projects in Kenya. However, policy has been unclear in recent years and most projects have been unable to operate efficiently. Game ranching and cropping can be valuable forms of land use in some circumstances. The experiences of existing activities together with analysis of alternative approaches -- including appraisal of experience elsewhere -- will be used to resolve several significant issues and develop comprehensive policy for the long term. Issues that need to be resolved through special study include the following:

- Where wildlife moves between parcels of private land owned by different people, what are the rights of the various landowners to harvest the animals they share?
- Where wildlife moves in and out of National Parks or Reserves onto private lands, what rights can landowners have to harvest wildlife at the expense of conservation and tourism in the parks or reserves?
- How can harvesting be managed to be compatible with tourism on the same or adjacent land?
- How should KWS manage wildlife harvest to maintain populations at levels desired by landowners but also adequate for wildlife conservation?
- How can the harvest and the marketing of wildlife meat and other by-products be managed so that they do not give rise to poaching and illegal trade?

Other Design Studies

Subject to the mutual consent of both of the parties to this Agreement, additional development and support activities related to the design or appraisal of the proposed Natural Resources Project shall be undertaken.

B. PROJECT IMPELEMENTATION

1. Financial Contributions

- 1.1 USAID Financing. The amount of the AID grant provided is specified in Block 3 of the Title page.
- 1.2 Grantee Financing. The Government of the Republic of Kenya will contribute staff time on an in-kind basis, in an amount equal to that shown in Block 4 on the Title page, to collaborate in special studies, analyses, and the development of the Natural Resources Project.

2. Contracting. Unless otherwise agreed by the Parties, USAID will contract, and make direct payment, for the services financed under the Grant in accordance with standard USAID procurement and payment procedures. All procurement will be undertaken in accordance with Project Implementation Orders which will be reviewed and concurred in by the Grantee.
3. Reports. USAID will provide to the Government of Kenya, Ministry of Finance and KWS copies of the reports or papers funded under this Project.
4. Air Transport. Unless USAID otherwise agrees in writing, transportation by air, financed under the Grant, of property or persons, will be on carriers holding United States certification, to the extent services by such carriers is available. Further details on this requirement will be provided as necessary, in Project Implementation Letters.
5. Guidelines. Funds provided under this Grant must be used in accordance with USAID guidelines on use of project development and support funds, as revised from time to time.

ANNEX II

ILLUSTRATIVE BUDGET

	KSh
A. Tourism Pricing Study	25,000.00
B. Rural Development and wildlife Conservation	35,000.00
D. Wildlife Ranching and Cropping	20,000.00
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	80,000.00

Note: The Government of Kenya will contribute staff time, office space, secretarial support and related services amounting to a value of \$26,650/KSh. equivalent.

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financing by the other party pursuant to this Agreement which is not used in accordance with the preceding sentence.

(2) Any funds provided to either party pursuant to this Agreement which are not used in accordance with this Agreement, shall be refunded to the party providing the funds.

(3) Any interest or other earnings on funds provided by AID to the Grantee under this Agreement will be returned to AID by the Grantee.

I. (1) If AID and any public or private organization furnishing commodities through AID financing for operations hereunder in the cooperating country, is, under the laws, regulations or administrative procedures of the cooperating country, liable for customs, duties and import taxes on commodities imported into the cooperating country for purposes of carrying out this Agreement, the Grantee will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.

(2) If any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with AID, the Grantee or any agency authorized by the Grantee, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Agreement, are under the laws, regulations or administrative procedures of the cooperating country, liable for income and social security taxes with respect to income which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country) or if any firm, not normally resident in the cooperating country, is liable for income, receipts, or other taxes on work financed by AID hereunder, the grantee will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

J. If funds provided by AID are introduced into the cooperating country by AID or any public or private agency for purposes of carrying out obligations of AID hereunder, the Grantee will make such arrangements as may be necessary so that such funds shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.

K. AID shall expend funds and carry on operations pursuant to this Agreement only in accordance with the applicable laws and regulations of the United States Government.

L. The two parties shall have the right at any time to observe operations carried out under this Agreement. Either party during the term of the Project and for three years after the completion of the Project shall further have the right (1) to examine any property procured through financing by that party under this Agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this Agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

M. AID and the Grantee shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.

N. The present Agreement shall enter into force when signed. Either party may terminate this Agreement by giving the other party thirty (30) days written notice of intention to terminate it. Termination of this Agreement shall terminate any obligations of the two parties to make contributions pursuant to Blocks 3 and 4 of this Agreement, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of the Agreement. It is expressly understood that the obligations under paragraph H relating to the use of property or funds shall remain in force after such termination. In addition, upon such termination, AID may, at AID's expense, direct that title to goods financed under the Grant be transferred to AID if the goods are from a source outside the Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of the Grantee's country.

O. To assist in the implementation of the Project, AID, from time to time, may issue PILs that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon PILs to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

P. The Grantee agrees, upon request, to execute an assignment to AID of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with AID financed in whole or in part out of funds granted by AID under this Agreement.