Financing Agreement

(Competitiveness and Enterprise Development Project)

between

REPUBLIC OF UGANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 31, 2014
AGREEMENT dated January 31, 2014, entered into between REPUBLIC OF UGANDA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixty six million one hundred thousand Special Drawing Rights (SDR 66,100,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are April 15 and October 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts 1 and 5 (b) of the Project through the Ministry of Lands, Housing and Urban Development ("MLHUD") and cause Parts 2, 3, 4 and 5 (a), (c) and (d) of the Project to be carried out by the Project Implementing Entity, in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Subsidiary Agreement, in form and substance satisfactory to the Association, has been executed on behalf of the Recipient and the Project Implementing Entity;

(b) The Recipient has prepared and adopted the Project Operations Manual (including arrangements on financial management, procurement management procedures and a Matching Grants Manual), in accordance with the provisions of Section I.C of Schedule 2 to this Agreement;

(c) The Recipient has, through: (i) MLHUD, appointed a financial management specialist; and (ii) the Project Implementing Entity, appointed a procurement specialist and a financial management specialist, all in accordance with the provisions of Section III.C of Schedule 2 to this Agreement;

(d) the Recipient has, through MoFPED, established the Project Steering Committee and Project Technical Committee, respectively, each in
accordance with the provisions of Section I.A.2 and I.A.3, respectively, of Schedule 2 to this Agreement; and

(e) The Recipient has, through the Project Implementing Entity, established the Contracts Committee.

5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity, and is legally binding upon the Recipient and the Project Implementing Entity, in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister responsible for finance.

6.02. The Recipient’s Address is:

Ministry of Finance, Planning and Economic Development
P.O. Box 8147
Kampala
Republic of Uganda

Telephone: 256-414-707000
Facsimile: 256-414-230163

6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Kampala, Uganda, as of the day and year first above written.

REPUBLIC OF UGANDA

By

[Signature]
Authorized Representative

Name: 
Title: 

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: Ahmadou Maustafa Niang
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to improve the competitiveness of enterprises in the Recipient’s territory by providing support for: (1) the implementation of business environment reforms, including land administration reform; and (2) the development of priority productive and service sectors.

The Project consists of the following parts:

Part 1: Land Administration Reform

(a) Improving land administration through:

(i) Construction of zonal land offices in Kabale, Luwero, Mityana, Mpigi, Moroto, Rukungiri, Soroti, Mukono and Tororo;

(ii) Developing and implementing a land information system incorporating registration, valuation and physical development planning functions in all zonal land offices (including conversion of associated land records);

(iii) Strengthening land use planning functions, including, development of geographic information system data bases and systems and preparation of physical development plans at the national, regional, district and local levels;

(iv) Strengthening land valuation functions, including, reviewing the policy and legal framework, developing valuation data bases and systems and collecting necessary field data, developing capacity in the public and private sectors, and improving land registration processes;

(v) Developing a policy and legal framework for land-related housing and urban development and designing programs for implementation;

(vi) Developing and implementing policies for a geodetic reference framework, national spatial data infrastructure and mapping;

(vii) Updating and implementing the horizontal geodetic reference framework including 2 continuously operating reference stations;

(viii) Strengthening the capacity of the survey and mapping department for carrying out surveys and managing acquisition and processing of spatial data;

(ix) Producing and disseminating base maps for land administration;
(x) Conducting a comprehensive review of the legal, institutional and operational aspects of the Uganda Land Commission to identify gaps and making recommendations for improvement; and

(xi) Provision of technical advisory services for carrying out an inventory of public land.

(b) Undertaking systematic registration of communal and individually owned land, in particular: (i) establishing communal land associations ("CLAs") in priority areas including the Northern and Eastern Regions; (ii) demarcation and registration of communal lands in said priority areas and issuance of titles to said CLAs; and (iii) demarcation and registration of individual lands in rural and peri-urban areas (including issuance of titles to said individuals).

(c) Implementing a program of actions for strengthening institutions and mechanisms for land dispute resolution, in particular: (i) conducting a review of the Judiciary’s rules and procedures for adjudication of land disputes to identify gaps and making recommendations for improvement; (ii) strengthening the capacity of the Judiciary and other land agencies for implementing alternative dispute resolution and mediation programs; (iii) compiling and disseminating material on land laws and related documents; (iv) provision of training to the Judiciary and other land tribunals; and (v) conducting a comprehensive review of the legal, institutional and operational framework of land tribunals to identify gaps and make recommendations for improvement.

(d) Implementing a program of actions for strengthening land administration and management institutions, in particular: (i) conducting a comprehensive review of the organizational structure and capacities of land administration and management institutions to identify gaps and making recommendations for improvement; (ii) conducting an assessment of other public and private land sector institutions to identify skill gaps and implementing capacity development programs; (iii) construction of a dormitory and multi-purpose hall for the institute of survey and land management and equipping said institute with instructional equipment; (iv) developing and implementing gender, civil society engagement and communication strategies; and (v) provision of technical advisory services for said purposes.

Part 2: Business Registration and Business Licensing Reforms

(a) Strengthening business registration institutions and processes, in particular: (i) construction of a central office for URSB; (ii) establishing an e-registry for business licensing, including, an appropriate technology platform and software application; (iii) establishing a one-stop shop for business registration, including, a network of local and regional offices; (iv) streamlining business registration and
licensing procedures (and eliminating unnecessary procedures); and (v) carrying out of an impact assessment of said reforms.

(b) Implementing capacity building activities for URSB and other relevant regulatory agencies’ staff.

(c) Developing and implementing an information, education and communications strategy (including conferences, seminars and consultations portal) for purposes of Part 2 of the Project.

Part 3: Tourism Competitiveness Development

(a) Developing labor force for the tourism sub-sector, in particular: (i) construction of a hotel and tourism training institute and equipping said institute with instructional facilities and materials; (ii) provision of training for said institute’s instructors and administrators; (iii) reviewing and accrediting said institute’s curricula and instructional programs; and (iv) developing and implementing a sustainable business model including a revenue generation strategy for said institute.

(b) Strengthening the capacity of the Ministry of Tourism, Wildlife and Antiquities and Uganda Tourism Board, including: (i) developing technical skills of tourism sector staff; (ii) tracking tourism sector performance (including collecting, analysis and dissemination of appropriate data); (iii) designing and implementing a lodging classification and grading system; and (iv) implementing relevant policies, including, the national tourism levy.

(c) Implementing a program of actions for strengthening tourism sector competitiveness, including: (i) developing and implementing tourism products; (ii) developing and implementing tourism value chain packages and supporting linkages between public and private sector entities; (iii) developing and implementing marketing and promotion materials for said sector; and (iv) strengthening the capacity of sector institutions/agencies including Uganda Wildlife Authority and Uganda Tourism Board.

Part 4: Matching Grant Facility

Provision of Matching Grants to Matching Grant Beneficiaries for implementing business development services, including, among others, technology improvement, management training, record keeping, quality certification and marketing, in priority sub-sectors namely: tourism; coffee; grains and pulses; horticulture; edible oils; fisheries and information technology/business process outsourcing.
Part 5: Project Implementation

(a) Strengthening the capacity of the PSFU for overall coordination and management of activities (including procurement, financial management, environmental and social safeguards, monitoring and evaluation, supervision and reporting aspects) under its Respective Part of the Project, through provision of technical advisory services, goods, non-consulting services, Training and Operating Costs.

(b) Strengthening the capacity of the MLHUD for overall coordination and management of activities (including procurement, financial management, environmental and social safeguards, monitoring and evaluation, supervision and reporting aspects) under its Respective Part of the Project, through provision of technical advisory services, goods, non-consulting services, Training and Operating Costs.

(c) Strengthening transparency and governance arrangements for the Project, in particular: (i) conducting a diagnostic on governance capacities of implementing agencies; and (ii) conducting monitoring and evaluation, all through provision of technical advisory services, goods, non-consulting services, Training and Operating Costs.

(d) Developing and implementing an information, education and communications strategy for the Project.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. MLHUD

The Recipient shall designate, at all times during the implementation of the Project, the MLHUD to be responsible for prompt and efficient oversight and implementation of activities under its Respective Part of the Project, and shall take all actions including the provision of funding, personnel and other resources necessary to enable said MLHUD to implement said Part of the Project. To this end, the Recipient shall, through MLHUD:

(a) not later than one (1) month after the Effective Date, appoint in accordance with the provisions of Section III of this Schedule 2, and thereafter maintain at all times during Project implementation, a procurement specialist and an environmental and social management specialist, all with qualifications, experience and terms of reference acceptable to the Association; and

(b) not later than six (6) months after the Effective Date, appoint in accordance with the provisions of Section III of this Schedule 2, and thereafter maintain at all times during Project implementation, a quantity surveyor and a civil engineer, all with qualifications, experience and terms of reference acceptable to the Association.

2. Project Steering Committee

Without limitation upon the provisions of paragraph 1 immediately above, the Recipient shall designate, at all times during the implementation of the Project, the Project Steering Committee, with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for, inter alia, providing strategic and policy guidance on matters relating to the Project.

3. Project Technical Committee

Without limitation upon the provisions of paragraphs (1) and (2) immediately above, the Recipient shall designate, at all times during the implementation of the Project, a Project Technical Committee, with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for providing quality assurance on technical aspects of the Project. The PTC shall be responsible for: (a) reviewing and endorsing for subsequent approval by the PSC,
the Project’s proposed annual work plan and budget and ensuring its consistency with the Project Operations Manual; (b) reviewing progress made towards achieving the Project’s objective, compiling periodic Project reports and financial reports referred to in Section II of this Schedule 2 for onward transmission to the Project Steering Committee; (c) facilitating coordination of Project activities and removal of any obstacle(s) to the implementation of the Project; and (d) monitoring and evaluating impacts of Project activities.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project Implementing Entity’s Respective Part of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Categories (2) and (3) of the table set forth in Section IV.A.2 of this Schedule available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association, which shall include:

(a) the principal amount of the Credit made available under the Subsidiary Agreement (“Subsidiary Financing”) shall be denominated in Uganda Shillings;

(b) the Subsidiary Financing shall be made available on a non-refundable grant basis; and

(c) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Project Implementing Entity to use the proceeds of the Subsidiary Financing, or obtain a refund of all or any part of the amount of the Subsidiary Financing then withdrawn, upon the Project Implementing Entity’s failure to perform any of its obligations under the Subsidiary Agreement; and (ii) require the Project Implementing Entity to: (A) carry out its Respective Part of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of credit proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works, non-consulting services and services to be financed out of the Subsidiary Financing in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of its Respective Part of the Project and the achievement of its objectives; (E) (1) maintain a financial
management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to its Respective Part of the Project; and (2) at the Association’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect its Respective Part of the Project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing (“Subsidiary Agreement”).

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Project Operations Manual

1. The Recipient shall prepare, in accordance with terms of reference acceptable to the Association and furnish to the Association for review, a Project operations manual, which shall include provisions on the following matters: (a) capacity building activities for sustained achievement of the Project’s objectives; (b) arrangements on financial management, setting forth the detailed policies and procedures for financial management under the Project; (c) procurement management procedures; (d) institutional administration, coordination and day to day execution of Project activities; (e) monitoring and evaluation; (f) reporting; (g) information, education and communication of Project activities; (h) the eligibility criteria and detailed procedures for the selection, approval and provision of Matching Grants under Part 4 of the Project (“Matching Grants Manual”); (i) guidelines for assessing potential environmental and social impacts of the Project and designing appropriate mitigation, management, and monitoring measures in respect of said impacts; and (j) such other technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on said Project operations manual, and thereafter, shall adopt such Project operations manual, as shall have been approved by the Association (“Project Operations Manual”).
3. The Recipient shall ensure that the Project is carried out in accordance with the Project Operations Manual; provided, however, that in case of any conflict between the provisions of the Project Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Project Operations Manual.

D. Annual Work Plan and Budget

1. The Recipient shall prepare and furnish to the Association not later than April 30 of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities proposed to be included in the Project during the following Fiscal Year (including Safeguard Instruments applicable to said activities in accordance with the provisions of Section I.F of this Schedule 2), and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.

2. Each such proposed work plan and budget shall specify any Training activities that may be required under the Project, including: (a) the type of Training; (b) the purpose of the Training; (c) the personnel to be trained; (d) the institution or individual who will conduct the Training; (e) the location and duration of the Training; and (f) the cost of the Training.

3. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan and budget and thereafter ensure that the Project is implemented with due diligence during said following Fiscal Year in accordance with such work plan and budget as shall have been approved by the Association ("Annual Work Plan and Budget").

4. The Recipient shall not make or allow to be made any change to the approved Annual Work Plan and Budget without prior approval in writing by the Association.

E. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

F. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the Safeguard Frameworks and Safeguard Instruments. To this end, the Recipient shall ensure that the following actions are taken in a manner acceptable to the Association:
(a) if any Project activity would, pursuant to the Environmental and Social Management Framework ("ESMF"): (i) require the carrying out of an Environmental and Social Impact Assessment ("ESIA"), the Recipient shall ensure that an ESIA for such activity is: (A) carried out, in accordance with the requirements of the ESMF and furnished to the Association for review and approval; and (B) disclosed as required by the ESMF and approved by the Association; and (ii) require the preparation of an Environmental and Social Management Plan ("ESMP"), such ESMP is prepared in accordance with the ESMF and furnished to the Association for review and approval, and is disclosed as required by the ESMF and approved by the Association; and

(b) if a Resettlement Action Plan ("RAP") would be required for any Project activity on the basis of the Resettlement Policy Framework ("RPF"): (i) said RAP shall be prepared in accordance with the requirements of the RPF, furnished to the Association for review and approval, and disclosed as required by the RPF and approved by the Association; and (ii) no works under said activity shall be commenced until all measures required to be taken under said RAP prior to the initiation of said works have been taken.

2. Without limitation upon its other reporting obligations under this agreement and under Section 4.08 of the General Conditions, the Recipient shall include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the implementation of the Safeguard Frameworks and Safeguard Instruments, giving details of: (a) measures taken in furtherance of such Safeguard Frameworks and Safeguard Instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Frameworks and Safeguard Instruments; and (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguard Frameworks and Safeguard Instruments.

G. Matching Grants Facility

1. The Recipient shall, through the Project Implementing Entity, review each proposal for a Matching Grant and administer the Matching Grants under Part 4 of the Project, in accordance with the guidelines and procedures set forth in the Project Operations Manual.

2. Each proposal for a Matching Grant shall be eligible for financing upon the Project Implementing Entity's determination, on the basis of an appraisal conducted in accordance with the guidelines set forth in the Project Operations Manual, that the proposal is for eligible expenses and that the Matching Grant
Beneficiary satisfies the eligibility criteria specified in the Project Operations Manual, which criteria shall, *inter alia*, include the following:

(a) In determining whether a Matching Grant Beneficiary is eligible to obtain financing, the Project Implementing Entity shall ensure that the following conditions are met:

(i) the Matching Grant Beneficiary is a micro, small or medium enterprise, a firm or group of firms of entrepreneurs, an association or a group of associations, or a financing institution involved in financing micro, small and medium enterprise businesses, all duly established and operating under the laws of the Recipient;

(ii) the Matching Grant Beneficiary is privately owned and operated, and is not fully or partly owned by the Recipient or entities controlled by the Recipient;

(iii) the Matching Grant Beneficiary is carrying out business as a micro, small or medium enterprise, except that Matching Grant Beneficiaries operating in the production of alcoholic beverages, weapons, tobacco, and in the gambling industry shall not be eligible; and

(iv) the Matching Grant Beneficiary has prepared an adequate business proposal for the attainment of which the Recipient intends to obtain business services, which business plan shall, *inter alia*, include projected increases in sales revenue, the description of financial resources required for its implementation, the anticipated sources of funds, the proposed time frame of implementation and the benefits expected to be derived.

(b) The Recipient shall, through the Project Implementing Entity, ensure that, unless otherwise agreed by the Recipient and the Association in their periodic annual reviews of progress made in carrying out the Project, no Matching Grant shall be made for financing: (A) a micro, small or medium enterprise, firm or financial institution, if the aggregate amount of such grant(s) exceeds 100,000 US Dollars equivalent; and (B) that, in any event, the amount of a Matching Grant, including any financing from sources other than those of the Recipient, shall not exceed fifty (50) percent of the total cost of the business proposal.

(c) The Recipient shall, through the Project Implementing Entity, make available to the Matching Grant Beneficiaries the proceeds of the Credit
allocated from time to time to Category 3 in the table set forth in Schedule 1 to this Agreement for carrying out approved activities, under Matching Grant Agreements under terms and conditions set forth in the Project Operations Manual and which shall include those set forth in sub-paragraphs (a) and (b) of this paragraph.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of six (6) months, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

2. The Recipient shall, not later than one (1) month prior to the mid-term review referred to in paragraph 3 of this Section II.A, furnish to the Association for comments, a report, in such detail as the Association shall reasonably request, on the progress of the Project, and giving details of the various matters to be discussed at such review.

3. The Recipient shall, not later than thirty (30) months after the Effective Date, undertake, in conjunction with all agencies involved in the Project, including the Project Implementing Entity, a comprehensive mid-term review of the Project during which it shall exchange views with the Association and implementing agencies generally on all matters relating to the progress of the Project, the performance by the Recipient of its obligations under this Agreement and the performance by said Project Implementing Entity and said implementing agencies, having regard to the performance indicators referred to in paragraph 1 of this Section II.A.

4. Following the mid-term review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may be required in furtherance of the objectives of the Project.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding (subject to the additional provisions in paragraph 3 below);
(b) Shopping; (c) Direct Contracting; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; and (e) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the Association.

3. National Competitive Bidding shall be subject to the following:

(a) Negotiating with the lowest evaluated responsive bidder shall not be permitted;

(b) The use of a merit point system for bid evaluation shall not be permitted except for procurement of: (i) complex information and technology systems; and (ii) design and build contracts;

(c) Domestic preferences shall not apply under NCB;

(d) The charging of fees for dealing with bidder complaints at procuring entity level shall not be permitted;

(e) In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract shall provide for the following: (i) the bidders, suppliers, contractors and subcontractors shall, on request, permit the Association to inspect the accounts and records relating to the bid submission and performance of the contract, and shall have the accounts and records audited by auditors appointed by the Association; and (ii) any deliberate and/or material violation of such provision by any bidder, supplier, contractor or subcontractor may amount to an obstructive practice provided for in paragraphs 1.16(a) and (v) of the Procurement Guidelines;

(f) Firms or individuals debarred or suspended by the Association shall not be eligible (in addition to firms or individuals suspended by PPDA); and

(g) Disqualification of bidders for not purchasing bidding documents from the Recipient shall not apply.

4. Shopping shall follow the request for quotations procedures (as defined in the PPDA Act and attendant regulations) subject to the provisions in sub-paragraphs (a) to (f) immediately above.

5. Direct Contracting shall be subject to the following, namely, that micro-procurement (as defined in the PPDA Act) shall only apply for contracts estimated to cost the equivalent of 150 US Dollars or less.
C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

E. Procurement Audit

The Recipient shall, in each Fiscal Year (“FY”) beginning FY 2014: (a) carry out under terms of reference satisfactory to the Association, an audit of contracts procured in the preceding FY and furnish said audit to the Association not later than four (4) months after the end of the FY to which said audit relates; and (b) ensure that the findings of said audit are taken into account in the Auditor General’s report for the FY to which said audit relates. To this end, the Recipient shall, in accordance with the provisions of Section III of this Schedule 2, appoint an independent procurement audit firm, with qualifications, experience and terms and conditions of employment satisfactory to the Association, to carry out said audit.

F. Specific Procurement Covenants

1. The Recipient shall, not later than one (1) month after the Effective Date, organize a bidders conference with a view to addressing, among others, measures for preventing fraud and corruption in the Project, under terms of reference acceptable to the Association.

2. The Recipient shall, not later than six (6) months after the Effective Date, provide procurement Training for PDU staff, under terms of reference acceptable to the Association.
3. The Recipient shall, not later than twelve (12) months after the Effective Date, update its procurement filing and record keeping system, in form and substance acceptable to the Association.

4. The Recipient shall, not later than twelve (12) months after the Effective Date, acquire additional and appropriate office space for PDU staff, under terms of reference acceptable to the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services,</td>
<td>36,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Operating Costs for Parts 1 and 5 (b) of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services,</td>
<td>24,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Operating Costs for Parts 2, 3 and 5 (a), (c) and (d) of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Matching Grants for Part 4 of the Project</td>
<td>5,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>66,100,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part 1 of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed one million four hundred thousand Special Drawing Rights (SDR1,400,000) may be made for payments made prior to this date but on or after April 25, 2013, for Eligible Expenditures under Categories (1) and (2); and

   (b) under Category (3), unless the Project Implementing Entity and at least one Matching Grant Beneficiary have entered into a Matching Grant Agreement, in accordance with the provisions of Section I.G.2 (c) of Schedule 2 to this Agreement.

2. The Closing Date is March, 31, 2019.

Section V. Other Undertaking

The Recipient shall, not later than thirty (30) months after the Effective Date, through MLHUD, take all actions, including, the provision of funding, personnel (in particular lands officers) and other resources necessary to enable said MLHUD to operationalize the zonal land offices constructed under Part 1 (a) (i) of the Project.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing October 15, 2023 to and including April 15, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing October 15, 2033 to and including April 15, 2053</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Definitions

1. “Affected Persons” means persons who, on account of the execution of the Project, would suffer direct economic and social impacts resulting in: (a) relocation or loss of shelter; (b) loss of assets or access to assets; (c) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; and (d) adverse impacts on the livelihoods of the affected persons.

2. “Annual Work Plan and Budget” means the work plan and budget prepared annually by the Recipient in accordance with the provisions of Section I.D of Schedule 2 to this Agreement.


5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

6. “CLA” means a communal land association established and operating pursuant to Section 15 of the Land Act, Chapter 227 of the laws of the Recipient, and any successor thereto, and “CLAs” means, two or more such CLAs.


8. “Contracts Committee” means the Recipient’s contracts committee established and operating pursuant to the PPDA.


10. “ESIA” means, with respect to each activity under the Project pursuant to which the ESMF requires an environmental and social impact assessment, such assessment carried out pursuant to Section I.F of Schedule 2 to this Agreement, in accordance with the ESMF.
11. "ESMF" means the Environmental and Social Management Framework of the Recipient dated March 12, 2013 and disclosed on March 12, 2013, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the ESMF, as the same may be amended from time to time with the written agreement of the Association.

12. "ESMP" means an Environmental and Social Management Plan, prepared in accordance with the ESMF and the provisions of Section I.F of Schedule 2 to this Agreement for the purposes of a Project activity.

13. "Fiscal Year" and "FY" mean the twelve month period starting July 1 and ending June 30 of the following year.


15. "Judiciary" means the Recipient's judiciary established and operating pursuant to Chapter 8 of the Constitution of the Recipient, 1995, as amended.

16. "Matching Grant" means a grant made or proposed to be made by the Project Implementing Entity to a Matching Grant Beneficiary under Part 4 of the Project, and "Matching Grants" means, two or more such grants.

17. "Matching Grant Agreement" means an agreement made or proposed to be made between the Project Implementing Entity and a Matching Grant Beneficiary providing for a Matching Grant (as elaborated in Section I.G.2 (c) of Schedule 2 to this Agreement).

18. "Matching Grant Beneficiary" means a micro, small or medium enterprise, a firm or group of firms of entrepreneurs, an association or a group of associations, or a financial institution involved in financing micro, small and medium enterprise businesses, all duly established and operating under the laws of the Recipient, to whom the Project Implementing Entity makes or proposes to make a Matching Grant, and "Matching Grant Beneficiaries" means, two or more such enterprises, firms, groups of firms, associations or groups of associations, or financial institutions, as the case may be.

19. "Matching Grants Manual" means the Recipient's manual referred to in Section I.C.1 (h) of Schedule 2 to this Agreement.

20. "Ministry of Lands, Housing and Urban Development" and "MLHUD" means the Recipient's ministry responsible for lands, housing and urban development, and any successor thereto.

22. "Northern Region" means the Northern geographical region in the Recipient’s territory.

23. “Operating Costs” means the incremental expenses incurred on account of Project implementation, based on the Annual Work Plan and Budget approved by the Association pursuant to Section I.D of Schedule 2 to this Agreement, and consisting of expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and per diem, and salaries of Project staff, but excluding the salaries of the Recipient’s civil service, meeting and other sitting allowances and honoraria to said staff.

24. “PDU” means the Procurement and Disposal Unit within the MLHUD and the Project Implementing Entity, respectively.

25. “Private Sector Foundation Uganda” and “PSFU” means a company established and operating pursuant to the Companies Act, Chapter 110 of the laws of the Recipient, and its Memorandum and Articles of Association dated August 24, 1995, and any successor thereto.

26. “Procurement Audit” means the audit referred to in Section III.E of Schedule 2 to this Agreement.


28. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 28, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

29. “Project Coordination Unit” means the unit referred to in Section I.A of the Project Agreement.

30. “Project Implementing Entity” means the Private Sector Foundation Uganda.


32. “Project Operations Manual” means the Recipient’s manual referred to in Section I.C of Schedule 2 to this Agreement.
33. “Project Steering Committee” means the Recipient’s committee referred to in Section I.A.2 of Schedule 2 to this Agreement.

34. “Project Technical Committee” means the Recipient’s committee referred to in Section I.A.3 of Schedule 2 to this Agreement.

35. “PPDA” means the Recipient’s Public Procurement and Disposal of Public Assets Authority established and operating pursuant to the PPDA Act, and any successor thereto.

36. “PPDA Act” means the Recipient’s Public Procurement and Disposal of Public Assets Act Number 1 of 2003, as amended from time to time.

37. “Resettlement Action Plan” or “RAP” means a resettlement plan, prepared and implemented in accordance with the RPF and the provisions of Section I.F of Schedule 2 to this Agreement and approved by the Association.

38. “Respective Part of the Project” means, for the Recipient, Parts 1 and 5 (b) of the Project; and for the Project Implementing Entity, Parts 2, 3, 4, 5 (a), 5 (c) and 5 (d) of the Project.

39. “RPF” means the Resettlement Policy Framework of the Recipient dated March 12, 2013 and disclosed on March 12, 2013, setting forth the modalities for resettlement and compensation of Affected Persons under the Project, as the same may be amended from time to time with the written agreement of the Association.

40. “Safeguard Framework” means, the ESMF or RPF, as the context may require; and “Safeguard Frameworks” means, collectively, two or more such frameworks.

41. “Safeguard Instrument” means an ESIA, ESMP or a RAP for a Project activity; and “Safeguard Instruments” means, collectively, two or more such instruments.

42. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity.

43. “Subsidiary Financing” means the principal amount of the Credit made available to the Project Implementing Entity under the Subsidiary Agreement.

44. “Training” means the costs associated with training, workshops and study tours provided under the Project, based on the Annual Work Plan and Budget approved by the Association pursuant to Section I.D of Schedule 2 to this Agreement, consisting of reasonable expenditures (other than expenditures for consultants’ services) for: (a) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant
training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

45. "Uganda Shillings" means the lawful currency of the Recipient.

46. "Uganda Land Commission" means the Recipient's commission established and operating pursuant to Section 238 of the Constitution of the Recipient, 1995, as amended, and any successor thereto.

47. "Uganda Tourism Board" means the Recipient's tourism board established and operating pursuant to Section 3 of the Uganda Tourism Act Number 2 of 2008, of the laws of the Recipient, and any successor thereto.

48. "Uganda Wildlife Authority" means the Recipient's authority established and operating pursuant to Section 4 of the Uganda Wildlife Act, Chapter 200 of the laws of the Recipient, and any successor thereto.

49. "URSB" means the Recipient's registration services bureau established and operating pursuant to Section 3 of the Uganda Registration Services Bureau Act, Chapter 210 of the laws of the Recipient, and any successor thereto.