June 27, 2013

Dr. Tom O. Okurut
Executive Director
National Environment Management Authority
Plot No.17/19/21 Jinja Road
P.O. Box 22255
Kampala, Uganda

Re: Republic of Uganda: IDF Grant for the Strengthening Country Safeguards Systems Project
IDF Grant No. TF012610

Dear Sir:

In response to the request for financial assistance made on behalf of the National Environment Management Authority (NEMA) ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient, for the benefit of the Republic of Uganda ("Member Country"), a grant from the World Bank’s Institutional Development Fund ("IDF") in an amount not to exceed four hundred eighty seven thousand eight hundred eighty United States Dollars (US$487,880) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement by June 30, 2013, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Philippe Dongier
Country Director
Africa Region
AGREED:
The Republic of Uganda

By ____________________________
Authorized Representative

Name: Dr. Om M. Ondul
Title: Executive Director
Date: 08/09/13

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 (“Standard Conditions”), constitute an integral part of this Agreement.

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

(a) "Ministry of Energy and Mineral Development" means the Member Country’s ministry responsible for energy and mineral development or any successor thereto.

(b) "Ministry of Gender, Labor and Social Development" means the Member Country’s ministry responsible for gender, labor and social development or any successor thereto.

(c) "Ministry of Lands, Housing and Urban Development" means the Member Country’s ministry responsible for lands, housing and urban development or any successor thereto.

(d) "Ministry of Local Development" means the Member Country’s ministry responsible for local development or any successor thereto.

(e) "Ministry of Water and Environment" means the Member Country’s ministry responsible for water and environment or any successor thereto.

(f) "Ministry of Works, Transport and Communications" means the Member Country’s ministry responsible for works, transport and communications or any successor thereto.

(g) "National Environment Act" means Chapter 153 of the laws of the Member Country.

(h) "National Environment Management Authority" or “NEMA” means the Member Country’s National Environment Management Authority established and operating pursuant to the National Environment Act.

(i) "Steering Committee" means a committee proposed to be established and to comprise of representatives of NEMA and Targeted Ministries.

(j) "Targeted Ministries" means, collectively, the Ministries of Lands, Housing and Urban Development; Energy and Mineral Development; Works, Transport and Communications; Water and Environment; Gender, Labor and Social Development; and Local Government.
Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen the assessment, implementation and monitoring and evaluation capacity of national safeguard practitioners in the use of the Member Country’s environmental and social safeguards country systems.

The Project consists of the following parts:

**Part 1: Developing a Results-Based Environmental and Social Safeguards Management Framework**

Carrying out a program of activities aimed at strengthening the Member Country’s approach to safeguards management, including:

(a) carrying out of a diagnostic assessment to ascertain existing safeguards capacity in NEMA and Targeted Ministries;

(b) (i) preparation of a consolidated national safeguards management framework with a view to establishing a standardized approach to national safeguards work; and (ii) supporting the completion of a national resettlement policy.

(c) preparation of guidelines for conducting effective safeguards assessments, implementation as well as monitoring and evaluation processes; and

(d) development of learning modules (including learning aids) consisting of, *inter alia*, standardized training materials on the national safeguards management framework and the guidelines, with a view to improving safeguards management.

**Part 2: Strengthening Country Systems Capacity in Environmental and Social Safeguards Management**

Carrying out a program of activities aimed at strengthening: (a) the Member Country’s institutional capacity for managing environmental and social safeguard measures in core growth sectors; and (b) the civil society, the academia and the private sector’s capacity for participation in national safeguards monitoring and evaluation processes, namely:

(i) provision of specialized training on environmental and social safeguards management to a core group of national safeguards practitioners;

(ii) carrying out of: (A) an international workshop for a maximum of 100 participants (including the core group of national safeguards practitioners); and (B) a series of virtual seminars to an additional 100 participants on priority safeguard topics identified during the said workshop; and

(iii) (A) carrying out of a series of one-day information awareness sessions on country safeguards systems for civil society in key locations across the Member Country’s territory; (B) design, production and dissemination of learning and communication materials; and (C) supporting establishment of a real-time publicly available online database of environmental and social due diligence documents and decision records including:(1) terms of reference for
ESIA and their regulatory approvals; (2) ESIA reports; (3) certificates of approval of ESIA; (4) findings of annual environmental audits mandated by law to follow up on implementation of conditions stipulated in certificate of approval; and (5) findings and enforcement actions stemming from regulatory inspections carried out by NEMA, other lead agencies, and gazetted environmental inspectors.

Part 3: Grant Management and Audit

(a) Provision of support to the NEMA for effective management of the Project.

(b) Supporting carrying out of two audits.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article 2.02.

2.03 Institutional and Other Arrangements. Without limitations upon Section 2.02 above, the Recipient shall:

(a) no later than thirty (30) days after countersignature of this Agreement, establish and thereafter maintain throughout the implementation of the Grant, a Steering Committee to be responsible for the overall coordination of the Grant; and

(b) no later than six (6) months after the Effective Date of this Agreement, hire an external auditor for the Project in accordance with the provisions of Section 2.06 of this Annex.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The Recipient shall, upon the World Bank’s request, prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than five months after the Closing Date.

2.05. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements
shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. Procurement

(a) General. All goods and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.

(c) Particular Methods of Procurement of Goods. Goods shall be procured under contracts awarded on the basis of NCB, Shopping and Direct Contracting.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments 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) Selection of Individual Consultants; and (J) Single-source procedures for the Selection of Individual Consultants].

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.
Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>27,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ Services (including audit)</td>
<td>359,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training</td>
<td>101,380</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>487,880</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term “Training” means training and training-related activities under the Project, including seminars, workshops and study tours, together with all costs associated with travel, subsistence allowances for training participants, trainers’ fees and travel, rental of training facilities, preparation and reproduction of training materials and other activities reasonably incidental to the preparation and implementation of training activities, other than consultants’ services.

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

Article IV
Additional Remedies

4.01. Additional Event of Suspension. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely, that he National
Environment Act has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely NEMA's ability to perform any of its obligations under the Grant Agreement.

Article V
Recipient's Representative; Addresses

5.01. *Recipient's Representative.* The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Executive Director.

5.02. *Recipient's Address.* The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

National Environment Management Authority
Plot No.17/19/21 Jinja Road
PO Box 22255
Kampala, Uganda

Facsimile: 256-414-257521

5.03. *World Bank’s Address.* The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391