Global Environment Facility
Grant Agreement

(Energy for Rural Transformation Phase III Project)

between

REPUBLIC OF UGANDA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
(acting as an Implementing Agency of the Global Environment Facility)

Dated December 16, 2015
GRANT NUMBER TF0A0294

GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated DECEMBER 16, 2015, entered into between: REPUBLIC OF UGANDA ("Recipient"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF"). The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. 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.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule I to this Agreement ("Project"). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to eight million two hundred thousand United States Dollars (US$8,200,000) ("Grant") to assist in financing the Project.

CMC
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following:

(a) that as a result of events which have occurred after the date of this Agreement, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

(b) the World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in paragraph (a) or (b) of Section 4.01 of this Agreement occurs.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action.

(b) the Financing Agreement dated the same date as this Agreement, between the Recipient and the World Bank, providing a credit in support of the Project (“Financing Agreement”), has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to
make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event has ceased to exist.

5.03. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred and twenty (120) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance.

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

Ministry of Finance, Planning and Economic Development
Plot 2-12 Apollo Kaggwa Road
P.O. Box 8147
Kampala,
Republic of Uganda

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

CMC
AGREED at Kampala, Republic of Uganda, as of the day and year first above written.

REPUBLIC OF UGANDA

By

[Signature]

Authorized Representative

Name: Nakia Kasanja

Title: Minister

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

(acting as an Implementing Agency of the Global Environment Facility)

By

[Signature]

Authorized Representative

Name: Christina Malmbreg Calvo

Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to increase access to electricity in rural areas of Uganda and reduce greenhouse gas emissions.

The Project constitutes the third phase of a series of projects, and consists of the following parts:

Part 1. On-Grid Energy Access

(a) Carrying out of rural electrification investment activities consisting of, *inter alia*, grid expansion, intensification and associated connections, in particular: (i) construction of approximately 21 priority power distribution lines in accordance with the Indicative Rural Electrification Master Plan; (ii) short grid extensions to medium voltage and low voltage networks; and (iii) last mile/no pole household connections (collectively “REA Subprojects”).

(b) Strengthening the capacity of REA through provision of technical advisory services, non-consulting services, training and acquisition of goods for the purpose.

Part 2. Off-grid Energy Access

(a) Support to the Recipient’s ministries responsible for health, education and water, respectively, consisting of supply, installation and maintenance of solar photo-voltaic systems in health centers, post-primary schools (including staff quarters) and water pumping schemes in rural areas, respectively, and provision of technical advisory services and operating costs to said ministries for the purpose.

(b) Strengthening business development support services in rural areas, in particular: (i) carrying out of an assessment of business development support needs of, and provision of appropriate training to wiremen, technicians and contractors; (ii) construction of pico-hydro and micro-hydro power generation facilities in rural areas; and (iii) supporting organization and self-regulation of solar photo-voltaic vendors.

(c) (i) Scaling-up of the Credit Support Facility (“CSF”) to support and facilitate the provision by Participating Financial Intermediaries (“PFIs”) of financing to CSF Eligible Enterprises and CSF Eligible Households, respectively, for carrying out CSF Subprojects; and (ii) strengthening the capacity of UECCC through provision of technical advisory services and operating costs for the purpose.
(d) Supporting solar market development, through: (i) carrying out public awareness campaigns on quality and effective solar lighting products; and (ii) strengthening the capacity of the Uganda National Bureau of Standards ("UNBS") for, *inter alia*, review of the national solar quality assurance framework with a view to obtaining international accreditation, all through the provision of technical advisory services, training, operating costs and acquisition of goods for the purpose.

**Part 3. Institutional Strengthening and Impacts Monitoring**

(a) Provision of technical advisory services to the Ministry of Energy and Mineral Development ("MEMD") for, *inter alia*: (i) undertaking a cost of service study for the sector; (ii) carrying out consumer affordability studies; (iii) preparation of national guidelines for the design and construction of electricity distribution infrastructure; (iv) review of qualifications and licensing requirements for electrical technicians such as wiremen; (v) systematic review of the new electrification model; (vi) carrying out of priority environmental and social impact assessment studies and recommendation of appropriate mitigation measures; (vii) carrying out a comprehensive review of technical information on potential geothermal sites/fields and the applicable legal and regulatory framework to identify gaps and make recommendations for improvement; and (viii) depending on the findings from (vii) immediately above, carrying out of magnetotellurics and transient electromagnetic surveys, and provision of goods for the purpose.

(b) Strengthening the institutional and technical capacities of the MEMD, the Project Coordination Unit and the Electricity Regulatory Authority for Project implementation, coordination and oversight, including, procurement and financial management, monitoring and evaluation and reporting.

(c) Supporting monitoring and impact evaluation of Project activities as well as outcomes of activities under the Energy for Rural Transformation Phase II project.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. The provisions of Sections I.A.1, I.C.1, I.C.2, I.C.3 and I.G of Schedule 2 to the Financing Agreement (as applicable to Part 2(a) of the Project) and related definitions are hereby incorporated by reference in this Section and shall apply to this Agreement, mutatis mutandis, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, subject, however, to the following qualifications:

1. references to “Association” shall be construed as references to the World Bank (acting as an Implementing Agency of the Global Environment Facility);
2. references to “Credit” and “Financing” shall be construed as references to the Grant provided for under this Agreement; and
3. references to the “Recipient” shall be construed as references to the Recipient of this Grant.

B. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and 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 the period of one (1) calendar quarter, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall 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 six (6) months after the Closing Date.
B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such 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 World Bank not later than six (6) months after the end of such period.

4. Internal Audits. Without limitation upon the provisions of paragraph 3 of this Section II.B, the Recipient shall carry out semi-annual internal audits under terms and conditions satisfactory to the World Bank, and furnish the related internal audit reports to the World Bank not later than forty-five (45) days after the end of each audited period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, non-consulting services 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:

   (a) Section I of the “Procurement Guidelines” in the case of goods, works and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants’ services; and

   (b) the provisions of this Section III, 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”).

2. Definitions. The capitalized terms used below in 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.

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) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions in paragraph 3 below; (c) Shopping, subject to the additional provision in paragraph 4 below; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank, subject to the additional provision in paragraph 5 below; (e) Direct Contracting; and (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank.

3. **National Competitive Bidding ("NCB")** shall be subject to the following:

   (a) domestic preferences shall not apply under NCB;

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

   (c) firms or individuals debarred or suspended by the World Bank shall not be eligible (in addition to firms or individuals suspended by PPDA);

   (d) Paragraph 6(l)(c) of the fourth schedule of the PPDA Act (restriction on contract amendments to an aggregate amount of twenty-five percent (25%) of the original contract amount) shall not apply (set out in Annex 2 to this Agreement);

   (e) Regulation 48(a) of the PPDA Regulations (on rejection of a bid submitted by a bidder who did not obtain the bidding document directly from the procuring and disposing entity) shall not apply (set out in Annex 1 to this Agreement); and

   (f) Regulation 53(9) of the PPDA Regulations (restriction on the use of bid securing declarations to restricted domestic bidding and quotations procurement) shall not apply (set out in Annex 1 to this Agreement).
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. Framework Agreements ("FAs") shall be subject to the following, namely, that FA procedures (as defined in the PPDA Act) shall be subject to competitive bidding under NCB procedures (subject to the exceptions under paragraph 3 above).

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 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) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank; (g) Selection of consultants under Indefinite Delivery Contract or Price Agreement; (h) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (i) Single-source procedures for the Selection of Individual Consultants.

D. 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.

Section IV. Withdrawal of Grant Proceeds

A. General

1. 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 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 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</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) REA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) REA Subprojects under Part 1(a) of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(b) Goods, consultants' services, non-consulting services and Training under Parts 1(b) and 2(d) of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(2) UECCC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Credit Support Facility under Part 2(c)(i) of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(b) Goods, consultants' services, non-consulting services, Training and Operating Costs under Part 2(c)(ii) of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(3) PSFU</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods, consultants' services, non-consulting services, Training and Operating Costs under Part 2(b) of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(4) MEMD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods, non-consulting services, consulting services, Training and Operating Costs under Parts 3(a) and 3(b) of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(5) Other Ministries</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed US$1,600,000 may be made for payments made prior to this date but on or after July 1, 2015, for Eligible Expenditures under Category (5).

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2020.

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, consultants’ services, non-consulting services, Training and Operating Costs under Parts 2(a) of the Project</td>
</tr>
<tr>
<td>8,200,000</td>
</tr>
<tr>
<td>100% (inclusive of taxes)</td>
</tr>
<tr>
<td>(6) Goods, consultants’ services, non-consulting services, Training and Operating Costs under Part 3(c) of the Project</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
</tr>
<tr>
<td>8,200,000</td>
</tr>
</tbody>
</table>
APPENDIX

Definitions


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


4. “Credit Support Facility” or “CSF” means the facility described in greater detail in the CSF Operational Manual and which offers the provision by UECCC to PFIs of a Participation Loan, Standby Liquidity Option or Partial Risk Guarantee to PFIs to facilitate, in each case, the making of an Approved PFI Loan.

5. “CSF Eligible Enterprise” means a private sector enterprise or operator or other entity which has met the eligibility criteria set out in the CSF Operational Manual and to which a PFI proposes to make or has made an Approved PFI Loan, and “CSF Eligible Enterprises” means, collectively, two or more such private sector enterprises or operators or other entities.

6. “CSF Eligible Household” means an individual household which has met the eligibility criteria set out in the CSF Operational Manual and to which a PFI proposes to make or has made an Approved PFI Loan, and “CSF Eligible Households” means, collectively, two or more such households.

7. “CSF Operational Manual” means the manual to be prepared and adopted by the UECCC in accordance with the provisions of Section I.C.1(a)(x) of Schedule 2 to the Financing Agreement, setting out policies (including eligibility criteria), procedures, terms and conditions and prudential management guidelines for the operation of the CSF.

8. “Electricity Regulatory Authority” or “ERA” means the Recipient’s authority established and operating pursuant to the Electricity Act Chapter 145 of the laws of the Recipient.

9. “Energy for Rural Transformation Phase II” means the project described in Schedule I to the financing agreement between the Recipient and the International Development Association, dated August 27, 2009, for phase II of the energy for rural transformation project (Credit Number 4554-UG).
10. "Financing" means the amount of ninety seven million nine hundred thousand Special Drawing Rights (SDR97,900,000) provided to the Recipient under the Financing Agreement.

11. "Financing Agreement" means the agreement dated the same date as this Agreement, for the Third Phase of the Energy for Rural Transformation Project, between the Recipient and the International Development Association, providing Financing in support of the IDA Project.

12. "Fiscal Year" or "FY" means the Recipient's twelve month period starting July 1 and ending June 30 of the following year.


14. "MEMD" means the Recipient's ministry responsible for energy and mineral development.

15. "Operating Costs" means the incremental expenses incurred on account of Project implementation based on the Annual Work Plan and Budget (as defined in the Financing Agreement), and consisting of, audit fees, 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 allowances, other sitting allowances, salary top ups and all honoraria.

16. "Other Ministry" means, individually, the Recipient's ministry responsible for health or education or water, or any successors thereto, and "Other Ministries" means, collectively, two or more such ministries, or their successors.

17. "Participating Financial Intermediary" or "PFI" means, individually, a financial institution that has satisfied the eligibility criteria set forth in Section I.F.1 of Schedule 2 to the Financing Agreement and in the CSF Operational Manual, with which UECCC has entered into, or proposes to enter into, a Participation Agreement, and "Participating Financial Intermediaries" or "PFIs" means, collectively, two or more such PFIs.

18. "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.

19. "PPDA Act" means the Recipient's Public Procurement and Disposal of Public Assets Act Number 1 of 2003, as amended to date.
20. "PPDA Regulations" means, for the purposes of this Agreement, the provisions from the Recipient’s Public Procurement and Disposal of Public Assets (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014 (under section 96 of the PPDA Act), dated March 3, 2014, set out in Annex 1 to this Agreement.

21. "Private Sector Foundation Uganda" or “PSFU” means a company limited by guarantee, incorporated on August 24, 1995, operating pursuant to the Recipient’s Companies Act, Chapter 110 of the Laws of Uganda.


23. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 29, 2015, 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.

24. “Project Coordination Unit” or “PCU” means the unit established within MEMD and referred to in Section I.A.1 of Schedule 2 to the Financing Agreement.

25. “REA Subproject” means a specific development project to be carried out by REA under Part 1(a) of the Project, and “REA Subprojects” means, collectively, two or more such specific development projects.


27. “Training” means the costs associated with training provided under the Project based on the Annual Work Plan and Budget (as defined in the Financing Agreement), and 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.

28. “UECCC” means the Uganda Energy Credit Capitalisation Company Ltd, a state controlled company limited by guarantee incorporated on January 3, 2006, registration No. 78005, and operating pursuant to the Recipient’s Companies Act, Chapter 110 of the Laws of Uganda.

29. “Uganda National Bureau of Standards” or “UNBS” means the agency established and operating pursuant to Chapter 327 of the laws of the Recipient.
ANNEX 1

Exceptions to the PPDA Regulations

"48. Bidding documents not obtained directly from a procuring and disposing entity.

A bid shall be rejected during the preliminary examination of bids, if the bid is received from a bidder who –

(a) is not listed on Form 8 as having bought or obtained the bidding document directly from the procuring and disposing entity.

...

53. Bid security and bid securing declaration.

(9) A procuring and disposing entity shall require a bid securing declaration where the restricted domestic bidding and quotations procurement methods are used."
ANNEX 2

Exception in Fourth Schedule to the PPDA Act

"Section 79 (1).

Fourth Schedule
Conditions for Use of Procurement Methods

6. Direct procurement.

(1) Direct procurement may be used—

(a) where—

(i) there is insufficient time for any other procedure such as in an emergency situation; or

(ii) the works, services or supplies are available from only one provider; or

(iii) an existing contract could be extended for additional works, services or supplies of a similar nature and no advantage could be obtained by further competition, if the prices on the extended contract are reasonable; or

(iv) additional works, services or supplies are required to be compatible with existing supplies, works or services and it is advantageous or necessary to purchase the additional works, services or supplies from the original supplier, provided the prices on the additional contract are reasonable; or

(v) it is essential or preferable to purchase additional works, services or supplies from the original supplier to ensure continuity for downstream work, including continuity in technical approach, use of experience acquired or continued professional liability, if the prices on the additional contract are reasonable;

(b) in the circumstances specified in subparagraph (1)(a)(iii), (iv) and (v), where the value of the new works, services or supplies does not exceed fifteen percent of the value of the original or existing contract and the original or existing contract is awarded through a competitive process; and

(c) where direct procurement is used more than once in the circumstances specified in sub paragraph (1)(b), the cumulative value
of all new works, services or supplies shall not exceed twenty five percent of the value of the original or existing contract."