Hon. Matia Kasaijja  
Minister of Finance, Planning and Economic Development  
Ministry of Finance, Planning and Economic Development  
Plot 2-12, Apollo Kaggwa Road  
Kampala  
Republic of Uganda  

Re: SCF-FIP Grant No. TF0A2648  
Additional REDD+ Readiness Preparation Support (Uganda Forest Investment Program Preparation)  
Letter Agreement

Excellency:

In response to the request for financial assistance made on behalf of Republic of Uganda ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as Implementing Entity for the Forest Investment Program ("FIP") under the Strategic Climate Fund ("SCF"), proposes to extend to the Recipient a grant in an amount not to exceed two hundred fifty thousand United States Dollars (US $250,000) ("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").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), 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.

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.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(acting as Implementing Entity for the Forest Investment Program under the Strategic Climate Fund)

[Signature]

By

Christina Malmberg Calvo
Country Manager for Uganda
Africa Region

AGREED:
REPUBLIC OF UGANDA

[Signature]

By:

Authorized Representative

Name: Mute Kasaija
Title: Minister
Date: July 7, 2016

Enclosures:


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

(3) “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


Article I
Standard Conditions; Definitions


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, and the following additional terms shall have the following meanings:

(a) “FIP” means the Forest Investment Program established under the SCF in accordance with the Governance Framework for the SCF.

(b) “Forestry Sector Support Department” means the Recipient’s department responsible for forestry sector support within the Ministry of Water and Environment.

(c) “Governance Framework Document of the SCF” means the SCF’s governance framework document adopted by the governing body of the SCF on November 18, 2008, as amended.

(d) “Investment Plan” means the Recipient’s program document that sets-out investments to be funded by the Strategic Climate Fund/Forest Investment Program and other sources of financing, to be endorsed by the governing body of FIP.

(e) “Ministry of Water and Environment” means the Recipient’s ministry in charge of water and environment.

(f) “NCCAC” and “National Climate Change Advisory Committee”, each means a committee established under the Climate Change Policy (2012) to ensure coordination under the Policy, chaired by the Minister for Water and Environment and bringing together technical representatives from the various government departments at the national level, along with representatives from private-sector associations, civil society, academia and district authorities.

(g) “National Technical Committee” means the multi-stakeholder inter-sectoral committee responsible for the overall technical oversight to ensure timely progress and completion of national REDD+ readiness activities.

(h) “Operating Costs” means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of the implementation of the Project, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).

(i) “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.
(j) "PPDA Act" means the Recipient's Public Procurement and Disposal of Public Assets Act Number 1 of 2003, as amended to date.

(k) "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.

(l) "REDD+" means reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks.

(m) "SCF" means the Strategic Climate Fund established under the framework of Climate Investment Funds.

(n) "Training" means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted locally under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop preparation and implementation (but excluding goods and consultant’s services).

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to design a socially and environmentally viable national strategy for reducing emissions from deforestation and forest degradation as compared to a reference level. The Project consists of the following parts:

Carrying out a program of activities aimed at preparing a FIP Investment Plan detailing strategies and actions to reduce or avoid deforestation and forest degradation through:

(a) Technical preparation, including: (i) consultancy services; and (ii) provision of operating costs.

(b) Meetings and workshops with key stakeholders in support of the Investment Plan preparation.

(c) Provision of support to the NCCAC and the multi-disciplinary and multi-stakeholders FIP planning team for effective supervision and technical and policy level leadership during the development of the Investment Plan.

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 through its Ministry of Water and Environment in collaboration with its Forestry Sector Support Department 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 II.
2.03. **Institutional and Other Arrangements.** Without limitation upon the provisions of paragraph 2.02 above:

(a) The Recipient shall ensure that, throughout the implementation of the Project, the National Technical Committee and the REDD+ secretariat have assigned staff and resources in adequate number acceptable to the World Bank, in order to carry out the Project.

(b) The Recipient shall ensure that all terms of reference for any technical assistance or analyses carried out under the Project pursuant to Section 2.01 of this Annex are consistent with, and pay due attention to, the World Bank’s environmental and social safeguard policies, as well as the Recipient’s own laws relating to the environment and social aspects.

2.04. **Project Monitoring, Reporting and Evaluation.** (a) 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 calendar semester, 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.

(b) 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.

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 forty-five (45) days 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. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.08. **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:


(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 (revised July 2014) ("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 1.25 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, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of for those contracts which are specified in the Procurement Plan: (A) Limited International Bidding; (B) National Competitive Bidding, subject to the additional provisions in sub-paragraph (iii) below; (C) Shopping, subject to the additional provisions in sub-paragraph (iv) below; (D) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank, subject to the additional provisions in sub-paragraph (v) below; and (E) Direct Contracting.

(iii) National Competitive Bidding (NCB) shall be subject to the following:

(1) Domestic preferences shall not apply under NCB.

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

(3) Firms or individuals debarred or suspended by the World Bank shall not be eligible (in addition to firms or individuals suspended by PPDA).

(4) Paragraph 6(1)(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 Attachment 2 to this Agreement).

(5) 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 Attachment 1 to this Agreement).

(6) 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 Attachment 2 to this Agreement).

(iv) Shopping shall follow the request for quotations procedures (as defined in the PPDA Act and attendant regulations) subject to the provisions in sub-paragraphs (1) to (6) immediately above.
(v) 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 sub-paragraph (iii) above).

(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, other than Quality- and Cost-based Selection, 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 (G) 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) 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, consultants’ services, Operating Costs and Training under the Project</td>
<td>250,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>250,000</td>
<td></td>
</tr>
</tbody>
</table>

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 this Agreement.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2017.
Article IV
Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister responsible for finance.

4.02. **Recipient's Address.** 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, Uganda

Facsimile:
+256 414 4230163/4234023

4.03. **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

Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
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.”
Attachment 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."