Public Disclosure Authorized

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THE REPUBLIC OF UGANDA

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OFFICIAL DOCUMENTS

Supplemental Letter

January 24, 2018

International Development Association
1818 H Street NW
Washington, DC 20433
United States of America

Dear Sirs:

Re: Private Power Generation (Bujagali) Project
Section 3.06(a) of Amended Indemnity Agreement (as defined below)

In connection with the Indemnity Agreement dated July 18, 2007 between the Republic of Uganda ("Uganda") and International Development Association (the "Association") as amended by the Amendment to Indemnity Agreement dated the date of this letter (the "Amended Indemnity Agreement"), I am writing on behalf of Uganda to set forth the following:

A. The legal protection for the Kalagala Falls Site

Pursuant to Section 3.06(a)(v) of the Amended Indemnity Agreement, Uganda has agreed to take all necessary action within its authority (A) to adopt, as soon as reasonably practicable, but in any event not later than November 30, 2018, and (B) to thereafter maintain, a mechanism satisfactory to the Association that ensures legally-binding and long-term conservation, protection and management of the Kalagala Falls Site (the "Legal Mechanism"). In furtherance of this undertaking, Uganda agrees to take all necessary action within its authority to ensure that the Legal Mechanism includes, without limitation, the following elements, in each case in a manner acceptable to the Association:

(i) conservation of water resources and aquatic biodiversity (consistent with the Amended Indemnity Agreement) as a primary focus of the Legal Mechanism;

(ii) a clear and accurate geographic definition for the Kalagala Falls Site;

(iii) a prohibition against the development of power generation facilities in the Kalagala Falls Site;

(iv) a clear framework for developing a management plan for the Kalagala Falls Site; and

(v) not be easily rescinded or changed (including, but not limited to, changes to the agreed geographic boundaries of the Kalagala Falls Site contained therein) through executive

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action alone (for example, the Legal Mechanism should not be subject to "de-gazettement" without Parliamentary action).

B. Kalagala Falls Site Management Plan

Pursuant to Section 3.06(a)(iv) of the Amended Indemnity Agreement, Uganda has agreed to, (A) conserve, through a sustainable management program and long-term funding mutually agreed by the Government and the Association, the present ecosystem of the Mabira Forest Reserve, as well as the Kalagala Falls Site, including the Kalagala Falls Central Forest Reserve, the Namavundu Central Forest Reserve and the Nile Bank Central Forest Reserve and (B) as part of such management program, as soon as reasonably practicable, but in any event not later than November 30, 2018, prepare and adopt a management plan for the Kalagala Falls Site[1] (the "KFS MP"). In furtherance of this undertaking, Uganda agrees (1) if the Legal Mechanism is implemented after the adoption of the KFS MP, to promptly revise the KFS MP in a manner satisfactory to the Association to reflect such Legal Mechanism and (2) that the KFS MP will:

(i) to the extent appropriate, incorporate the relevant provisions of the existing "Kalagala Offset Sustainable Management Plan (2010-2019)" and the existing management plans for the above-referenced Central Forest Reserves;

(ii) specify the management objectives for the Kalagala Falls Site, including the conservation of aquatic biodiversity and natural habitats (consistent with the Amended Indemnity Agreement);

(iii) describe the institutional responsibilities for managing the Kalagala Falls Site;

(iv) specify the types of human uses that will be permitted or prohibited within the Kalagala Falls Site; these specifications may vary according to the various management zones within the Kalagala Falls Site;

(v) describe the range of Kalagala Falls Site protection, management, and monitoring activities to be carried out in order to achieve the management objectives, including, but not limited to, fishery monitoring to improve the available information on fish species of conservation concern[2], thereby enabling adaptive management measures such as fishing regulation and fish habitat management;

(vi) if such management plan requires the imposition of new or enhanced restrictions on access to natural resources, specify measures that would be taken to provide appropriate time-bound compensation to people using natural resources prior to the effectiveness of such management plan and whose livelihoods could be adversely affected by the Kalagala Falls Site-related management activities, based on eligibility criteria mutually agreed by the Government and the Association; and

(vii) outline the annual budget needed to carry out the planned management activities and define sources of funding.

[1] The term "Kalagala Falls Site" is the term used in the Indemnity Agreement for the area to be protected. Uganda may use a different term to designate this area for purposes of the above-referenced sustainable management program, KFS MP or Legal Mechanism.

[2] These include the very localized *Neochromis simotes* and likely new species to science recently discovered by NaFIRRI (particularly *Neochromis* sp. "Red Pelvics").

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C. Miscellaneous

(i) Capitalized terms used but not otherwise defined in this letter have the meanings provided in the Amended Indemnity Agreement.

(ii) This letter does not constitute an amendment, waiver or other change to the Amended Indemnity Agreement.

Please confirm your agreement to the foregoing by having a duly authorized representative of the Association sign in the space provided below.

Very truly yours,

REPUBLIC OF UGANDA

By: _____
Authorized Representative

Name (printed): KASAIJA MATIA

Title: MINISTER

AGREED:

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: _____
Authorized Representative

Name (printed): Christina Malmberg Calvo

Title: Country Manager