Financing Agreement

(Electricity Sector Development Project)

between

REPUBLIC OF UGANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 2, 2011
FINANCING AGREEMENT

AGREEMENT dated September 2, 2011, entered into between THE 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 seventy four million one hundred thousand Special Drawing Rights (SDR 74,100,000) (variously, as “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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Dollars.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Part C of the Project through MEMD, and shall cause UETCL to carry out Parts A and B thereof, all 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 Events of Suspension consist of the following:

UETCL’s Memorandum and Articles of Association, and the status of its incorporation pursuant to the Companies Act of the Recipient, have been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect the ability of UETCL to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration is that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The Subsidiary Agreement has been executed between the Recipient and UETCL.

(b) The Recipient and UETCL have adopted the Project Implementation Manuals in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.

(c) The Recipient has: (i) made arrangements satisfactory to the Association for the resolution of outstanding claims by BKT Affected Persons; and (ii) prepared and adopted an action plan for the implementation of the RAP dated October 15, 2010 satisfactory to the Association.
5.02. The Additional Legal Matters consist of the following:

The Subsidiary Agreement between the Recipient and UETCL has been duly authorized or ratified by the Recipient and UETCL and is legally binding upon the Recipient and UETCL in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred and twenty (120) 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 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

Cable: FINSEC  Telex: 61170  Facsimile: 256 41 4230163

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

REPUBLIC OF UGANDA

By

/s/ Maria Kiwanuka
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Mercy Miyang Tembon
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to improve the reliability of, and increase access to, electricity supply in the southwest region of Uganda.

The Project consists of the following parts:

Part A: Construction of 220 kV Kawanda-Masaka Transmission Line and Related Substations

1. Construction of 137 km of a 220 kV double circuit transmission line between Kawanda and Masaka West substations;

2. Upgrading of the existing 132 kV substation at Kawanda to 220 kV to accommodate incoming lines from Bujagali and outgoing lines to Masaka West substation;

3. Construction of a new 220/132 kV substation at Masaka;

4. Upgrading of the substation at Mbarara; and

5. Implementation of the mitigation measures specified in the RAP dated October 15, 2010, including provision of resettlement support and compensation to Displaced Persons.

Part B: Technical Assistance to UETCL

Provision of technical assistance to support: (a) implementation of Part A of the Project through the provision of technical advisory services, training, equipment and operational support as well as through the provision of financial management, procurement, environmental and social safeguards management, communication, and monitoring and evaluation services, including the carrying out of financial audits; (b) capacity building and institutional development of UETCL; and (c) preparation of the feasibility study, environmental and social impact assessment and resettlement action plan for the construction (not as part of the Project) of a 132 kV Lira-Gulu-Nebbi-Arua transmission line.

Part C: Community Support Projects and Technical Assistance to MEMD

1. Carrying out of: (a) street and market place lighting in Masaka municipality; (b) peri-urban electrification along the Kawanda-Masaka transmission line route; and (c) establishment of a Power Sector Information Center within MEMD.
2. Provision of technical assistance to support: (a) implementation of Part C.1 of the Project through the provision of technical advisory services, training, equipment and operational support as well as through the provision of financial management, procurement, environmental and social safeguards management, communication, and monitoring and evaluation services, including the carrying out of financial audits; (b) the identification, design and construction supervision of activities under Part C.1 of the Project; (c) a review of the Recipient’s power sector reform program; (d) the Sector Working Group; and (e) training and capacity building for the MEMD staff.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. MEMD

The Recipient shall ensure that MEMD is maintained at all times during the implementation of the Project with composition, mandate, staffing and resources satisfactory to the Association for the purpose of ensuring the prompt and efficient overall coordination, implementation, monitoring, reporting, and evaluation of the Project.

2. UETCL

Without limitation upon the provisions of paragraph A.1 of this Section, the Recipient shall ensure that UETCL is maintained, at all times during the implementation of the Project, with composition, mandate, staffing, resources and appropriate licenses satisfactory to the Association for the purpose of ensuring the prompt and efficient coordination, implementation, monitoring, reporting, and evaluation of Parts A and B of the Project.

B. Subsidiary Agreement

1. To facilitate the carrying out of Parts A and B of the Project by UETCL, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Parts A and B of the Project, available to UETCL under a subsidiary agreement between the Recipient and UETCL, under terms and conditions approved by the Association, which shall include the following obligations of UETCL:

(a) to repay a portion of the Financing made available by the Recipient on terms satisfactory to the Association;

(b) to maintain an EBITDA Margin and Debt Service Cover Ratio satisfactory to the Association as more particularly set out in the Subsidiary Agreement;

(c) to carry out Parts A and B of the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, engineering, technical, environmental and social safeguard practices, and
provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for the Project;

(d) to comply with the procedures for procurement of works, goods, and consultants’ services set forth in the Procurement Plan and this Agreement;

(e) to comply with record keeping, auditing and reporting requirements set forth in Section II of this Schedule with respect to Parts A and B of the Project, including the annual auditing of its records and accounts in respect of Parts A and B of the Project (operations, resources and expenditure in respect of the Project);

(f) to exchange views with the Recipient and the Association with regard to the progress of the Project and the performance of its obligations under the Subsidiary Agreement;

(g) to promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of Parts A and B of the Project, or the performance of its obligations under the Subsidiary Agreement; and

(h) to carry out Parts A and B of the Project in accordance with the Anti-Corruption Guidelines.

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 Implementation Manuals

1. The Recipient shall: (a), through MEMD, adopt the MEMD Project Implementation Manual for Part C of the Project; and (b) cause UETCL to adopt the UETCL Project Implementation Manual for Parts A and B of the Project, in each case in form and substance satisfactory to the Association.

2. The Recipient shall carry out the Project in accordance with the MEMD Project Implementation Manual and shall cause UETCL to carry out the Project in accordance with UETCL Project Implementation Manual. In case of any conflict between the Project Implementation Manuals and the terms of this Agreement, the terms of this Agreement shall prevail.
D. Anti-Corruption

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

E. Safeguards

1. The Recipient shall: (a) through MEMD carry out Part C of the Project; and (b) cause UETCL to carry out Parts A and B of the Project, all in accordance with the provisions of the Project Implementation Manuals, the ESIA, the ESMPs, the RAPs, the RPF and, with respect to BKT Affected Persons, the BIP Resettlement Action Plan.

2. The Recipient shall ensure that:
   
   (a) if any activity under the Project would, pursuant to the ESIA or the RPF, require the adoption of an ESMP and/or RAP, then no such activities shall be implemented unless and until the ESMP and/or RAP, as the case may be: (i) is prepared in accordance with the ESIA or RPF and furnished to the Association for review and approval; and (ii) is approved by the Association; and
   
   (b) no displacement or restriction of access to legally designated parks and protected areas shall occur before necessary resettlement measures in accordance with the relevant RAP and, with respect to BKT Affected Persons, the BIP Resettlement Action Plan are implemented, including in the case of displacement, full payment to Displaced Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Recipient shall not amend or waive, or permit to be amended or waived, the ESIA, an ESMP, a RAP, the RPF and, with respect to BKT Affected Persons, the BIP Resettlement Action Plan, or any provision thereof in a manner which, in the opinion of the Association may materially and adversely affect the implementation of the Project.

4. The Recipient shall ensure that: (a) all measures for carrying out the recommendations of the ESIA, an ESMP, a RAP, the RPF and, with respect to BKT Affected Persons, the BIP Resettlement Action Plan are taken in a timely manner; and (b) the Project Reports referred to in Section II.A of this Schedule shall include adequate information on monitoring the measures defined in the ESIA, the ESMP, the RAP, the RPF and, with respect to BKT Affected Persons, the BIP Resettlement Action Plan.
5. As part of its obligations under Section 4.03 of the General Conditions, the Recipient shall provide, or cause to be provided, sufficient funds for payment of resettlement costs to Displaced Persons as required by the RAP dated October 15, 2010.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and shall prepare, and cause UETCL to prepare, Project Reports for the Project, all in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth in the Project Implementation Manuals. Each Project Report shall cover the period of six months, and shall be furnished to the Association not later than forty-five (45) days after the end of the period.

2. For the purpose of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than 6 months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain, and cause UETCL to maintain, a financial management system for the Project, all in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation upon the provisions of Part A of this Section, the Recipient shall: (a) prepare and furnish to the Association; and (b) cause UETCL to prepare and furnish to the Association, not later than forty-five-days (45) 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: (a) with respect to Part C of the Project have the Project Financial Statements audited; and (b) in respect of Parts A and B of the Project cause UETCL to have its Financial Statements (including the Project Financial Statements) audited, all in accordance with the provisions of Section 4.09(b) of the General Conditions. The respective audits of such Financial Statements shall cover the period of the respective fiscal years of UETCL and the Recipient. The Recipient shall ensure that the audited financial statements for each such period shall be: (a) furnished to the Association not later than six months after the end of such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.
4. The Recipient shall, not later than six (6) months after the Effective Date, install or cause to be installed within MEMD a computerized accounting and financial management system satisfactory to the Association.

Section III. Procurement

A. General

1. Goods, Works and Services other than Consulting Services. All goods and works 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works, and Services other than Consultants’ Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding (ICB).

2. Other Methods of Procurement of Goods, Works and Services (other than Consultants’ Services). The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and services (other than consultants’ services). The Procurement Plan shall specify the circumstances under which such methods may be used:
### Procurement Method

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Limited International Bidding</td>
</tr>
<tr>
<td>(b)</td>
<td>National Competitive Bidding subject to the additional provisions in paragraph 3 of this Section III.B.</td>
</tr>
<tr>
<td>(c)</td>
<td>Shopping</td>
</tr>
<tr>
<td>(d)</td>
<td>Direct Contracting</td>
</tr>
</tbody>
</table>

3. **Additional Provisions Governing National Competitive Bidding referred to in paragraph B.2(b) of this Section**

National Competitive Bidding may be used subject to the following:

(a) Common supplies like stationery and consumables will be aggregated and procured annually through framework contracts to enable implementing agencies to place orders for urgently needed supplies at short notice, at a competitive price;

(b) In accordance with paragraph 1.14(e) of the Procurement Guidelines, each bidding document and contract shall provide 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 said 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 1.14(a) and (v) of the Procurement Guidelines; and

(c) National Competitive Bidding may be used, except for the following: (i) negotiations with the best evaluated bidder shall not be allowed for goods and works procured on competitive basis; (ii) the merit point system for bid evaluation shall not be applied for goods and works; (iii) domestic preference shall only be applied under ICB; (iv) micro-procurement as defined in the Recipient’s Public Procurement and Disposal of Public Assets (PPDA) Act (2003) will only apply for contracts estimated to cost the equivalent of $150 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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Least cost selection</td>
</tr>
<tr>
<td>(c) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
</tr>
<tr>
<td>(e) Procedures set forth in paragraphs 5.2 – 5.4 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(f) Sole Source Procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

D. Review by the Association of Procurement Decisions

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

E. Establishment of Procurement Monitoring and Contract Management System

1. The Recipient shall, not later than September 30, 2011: (a) establish, and shall cause UETCL to establish, a procurement monitoring system and a contract management system; and (b) provide, and cause UETCL to provide, appropriate training and capacity building to its procurement staff, in each case with specifications and in a manner satisfactory to the Association.

2. The Recipient shall cause UETCL to undertake, not later than June 30, 2011, a revision of the structure of the procurement unit within UETCL in a manner satisfactory 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</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, goods, consultants’ services, Training and Operating Costs under Parts A.1, A.2, A.3, A.4 and B of the Project</td>
<td>63,374,000</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(exclusive of taxes)</td>
</tr>
<tr>
<td>(2) Works, goods consultants’ services, Training and Operating Costs under Part C of the Project</td>
<td>7,256,000</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(inclusive of taxes)</td>
</tr>
<tr>
<td>(3) Unallocated</td>
<td>3,470,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>74,100,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

3. As part of it obligations under Section 4.03 of the General Conditions, the Recipient shall provide, or cause to be provided, sufficient funds for the payment of any taxes that may be due in respect of Eligible Expenditures under Category (1).
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 $5,000,000 equivalent may be made for payments prior to this date but on or after June 1, 2011 for Eligible Expenditures.

2. The Closing Date is February 28, 2017.
## 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, 2021 to and including April 15, 2031</td>
<td>1%</td>
</tr>
<tr>
<td>Commencing October 15, 2031 to and including April 15, 2051</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


2. “BEL” means Bujagali Energy Limited, a limited liability company established under the laws of the Recipient for the purpose of executing the Bujagali Hydroelectric Project.

3. “BIP Resettlement Action Plan” means the Resettlement and Community Development Action Plan dated December 2006 setting forth the modalities and details for BEL’s, UETCL’s and the Recipient’s implementation of the involuntary resettlement of displaced persons developed in connection with the Bujagali Interconnection Project.

4. “BKT Affected Persons” means persons who, on account of a taking of land for the construction of the Bujagali-Kawanda Transmission Line, had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected.

5. “Bujagali Hydroelectric Project” and “BHP” means the development, construction, ownership and operation of a hydroelectric power production facility located in the territory of the Recipient implemented by BEL pursuant to the Implementation Agreement dated December 13, 2005 entered into between the Recipient and BEL.

6. “Bujagali Interconnection Project” and “BIP” means the construction of high voltage transmission lines supervised by BEL on behalf of UETCL in association with the Bujagali Hydroelectric Project, pursuant to an Amended and Restated Power Purchase Agreement dated May 25, 2007 entered into between BEL and UETCL.
7. “Bujagali-Kawanda Transmission Line” means the high voltage transmission line under construction between Bujagali and Kawanda substations as part of the Bujagali Interconnection Project.

8. “Calculation Period” means UETCL’s Fiscal Year.

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


12. “Debt Service Cover Ratio” or “DSCR” means the ratio obtained by dividing, for the relevant Calculation Period:

\[(a) \frac{\text{the revenues from all sources related to operations minus the sum of all expenses related to operations including administration and adequate maintenance but excluding provision for depreciation, bad debt, other non-cash operating charges, interest and other charges on debt, and taxes and payments in lieu of taxes}}{(b) \text{the aggregate of all scheduled payments that fell due during the Calculation Period on account of principal of long-term debt with maturities over 365 days and interest charges on all financial debt}}\]

13. “Displaced Persons” means persons who, on account of the taking of land for purposes of the Project, had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected.

14. “EBITDA Margin” means the ratio (expressed as a percentage) obtained by dividing for the relevant Calculation Period:

\[(a) \frac{\text{the revenues from all sources related to operations minus the sum of all expenses related to operations including administration and adequate maintenance, but excluding provision for depreciation, interest and other charges on debt, and taxes and payments in lieu of taxes}}{\text{b}}\]
(b) aggregate revenues from the sale of electricity.

15. “Sector Working Group” means the working group established by MEMD in December 2007 to promote coherence and coordination of the various energy and mineral development sector plans and improve coordination between the Recipient and its development partners in order to formulate a harmonized sector-wide approach for overall development of the energy and minerals sector.

16. “Environmental and Social Impact Assessment” or “ESIA” means the document of the Recipient and dated November 1, 2010, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans for activities under the Project.

17. “Environmental and Social Management Plan” or “ESMP” means: (i) the Recipient’s document prepared in accordance with, and annexed to, the ESIA with respect to Project activities that details: (a) the measures to be taken to eliminate or offset adverse environmental or social impacts, including HIV/AIDS, or to reduce them to acceptable levels, and (b) the actions needed to implement these measures; or (ii) if required by the ESIA for a proposed activity under the Project, the environmental and social management plan, in form and substance satisfactory to the Association, prepared or to be prepared by the Recipient on the basis of the ESIA, and giving details of measures to manage potential environmental and social risks and mitigate, reduce and/or offset adverse environmental and social impacts associated with the implementation of the Project, together with adequate institutional monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as any such plan may be amended and/or supplemented from time to time with prior written approval of the Association; and “ESMPs” means collectively all or several such plans.


19. “MEMD” means the Recipient’s Ministry of Energy and Mineral Development, or any successor thereto responsible for the electricity sector and which has responsibility for implementing Part C of the Project.

20. “MEMD Project Implementation Manual” means the Recipient’s guidelines to be adopted pursuant to Section I.C of Schedule 2 to this Agreement, containing or referring to detailed arrangements and procedures for implementation of Part C of the Project, including, inter alia: (i) institutional coordination and day-to-day execution of the respective part of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, and reporting; (v) procedures, measures and guidelines for environmental management and
implementation of the ESIA, ESMPs, RPF and RAPs; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the respective part of the Project; as such guidelines may be amended by the Recipient from time to time with the prior written approval of the Association.

21. “Operating Costs” means expenditures incurred for the acquisition of office equipment and vehicles and the operation and maintenance of facilities, equipment and vehicles used for Project implementation, consisting of costs of internet use, stationery, costs of translation, printing, photocopying and advertising, allowable travel per diems and allowable travel accommodation expenses, including salaries of contract staff but excluding salaries of the Recipient’s civil servants or full time employees of the Project Implementing Entity.


24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 13, 2011, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of the said paragraphs.

25. “Project Agreement” means the project agreement of the same date as this Agreement entered into between UETCL and the Association in respect of the Project.

26. “Project Implementing Entity” means UETCL or any successor thereto.

27. “Resettlement Action Plan” or “RAP” means: (i) the resettlement action plan prepared by the Recipient and dated October 15, 2010, setting forth and detailing the modalities for resettlement and compensation of Displaced Persons; or (ii) if required by the RPF for a proposed activity under the Project, the resettlement action plan, in form and substance satisfactory to the Association, prepared or to be prepared by the Recipient on the basis of the RPF, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the RPF, along with procedural and institutional measures needed to implement such actions, measures and policies, as such RAP may be amended and or supplemented from time to time with the prior written agreement of the Association; and “RAPS” mean collectively all or several such plans.
28. “Resettlement Policy Framework” or “RPF” means the resettlement policy framework prepared by the Recipient and dated November 1, 2010, setting forth a framework of principles and procedures, organizational arrangements, design criteria and funding mechanisms governing acquisition of rights to land, resettlement and compensation that may be necessary during implementation of the Project, as the said framework may be revised from time to time by the Recipient with the prior written agreement of the Association.

29. “Subsidiary Agreement” means the agreement to be entered into between the Recipient and UETCL pursuant to in Section I.B of Schedule 2 to this Agreement.

30. “Training” means incremental reasonable expenditures approved by the Association on the basis of budgets acceptable to the Association to finance the cost of training activities, workshops and seminars related to the Project including expenses for rental of conference rooms, acquisition of materials and supplies and required office equipment.

31. “UETCL” means Uganda Electricity Transmission Company, Ltd., a limited liability company established and operating pursuant to the Companies Act.

32. “UETCL Fiscal Year” means UETCL’s fiscal year commencing January 1 and ending December 31 of each year.

33. “UETCL Project Implementation Manual” means UETCL’s guidelines to be adopted pursuant to Section I.C of Schedule 2 to this Agreement, containing or referring to detailed arrangements and procedures for implementation of Parts A and B of the Project, including, inter alia: (i) institutional coordination and day-to-day execution of the respective parts of the Project; (ii) budgeting, disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, and reporting; (v) procedures, measures and guidelines for environmental management and implementation of the ESIA, ESMPs, RPF and RAPs; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the respective parts of the Project; as such guidelines may be amended by UETCL from time to time with the prior written approval of the Association.

34. “UETCL’s Memorandum and Articles of Association” means the amended memorandum of association and amended articles of association of UETCL both dated November 11, 2003.