OFFICIAL DOCUMENTS

CREDIT NUMBER 5406-UG

Financing Agreement
(Albertine Region Sustainable Development Project)

between

REPUBLIC OF UGANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 24, 2015
AGREEMENT dated August 24, 2015, entered into between 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 ninety-four million six hundred thousand Special Drawing Rights (SDR 94,600,000) (variously, “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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 January 15 and July 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 Dollar.
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 1 of the Project through the Uganda National Roads Authority (UNRA); Part 2 of the Project through the Ministry of Lands, Housing and Urban Development (MLHUD); and Part 3 of the Project through the Ministry of Education and Sports (MoES), all in accordance with the provisions of Article IV of the General Conditions.

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 Event of Suspension consists of the following, namely, that the UNRA Act has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of UNRA to perform any of its obligations under the Project.

4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) the Subsidiary Agreement has been executed on behalf of the Recipient and UNRA; and

(b) the Recipient has adopted the Project Operational Manual, in accordance with the provisions of Section I.B.1 of Schedule 2 to this Agreement.

5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and UNRA, respectively, and is legally binding upon the Recipient and UNRA, respectively, in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) 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 (20) 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

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

6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:              Telex:             Facsimile:
INDEVAS             248423 (MCI)       1-202-477-6391
Washington, D.C.
AGREED at Kampala, Republic of Uganda, as of the day and year first above written.

REPUBLIC OF UGANDA

By

Authorized Representative

Name: Mabir Kasaija
Title: Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Christina Malmberg Calvo
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to improve regional and local access to infrastructure, markets, and skills development in the Albertine Region.

The Project consists of the following parts:

Part 1. Regional Access and Connectivity

(a) Upgrading of approximately 100 kilometers (from Kyenjojo to Kabwoya) of the unpaved gravel Kyenjojo-Kigumba road to a paved class II (bitumen) standard.

(b) Strengthening the capacity of UNRA for supervision of activities under Part 1(a) immediately above, all through the provision of technical advisory services, non-consulting services, Training, Operating Costs and acquisition of goods for the purpose.

Part 2. Local Access, Planning and Development

(a) Provision of technical advisory services for: (i) preparation and/or review of Physical Development Plans for Key Urban Centers; and (ii) preparation of a regional strategic development plan.

(b) Design and implementation of Subprojects proposed by Participating Local Governments, and consisting of, inter alia: (i) upgrading of rural and urban roads; and (ii) construction and/or rehabilitation of local economic infrastructure.

(c) Strengthening the capacities of MLHUD and Participating Local Governments, respectively, for: (i) preparation of, inter alia, detailed designs and bidding documents for Subprojects under Part 2(b) immediately above; and (ii) implementation and supervision of activities under Parts 2(a) and (b) immediately above, all through the provision of technical advisory services, non-consulting services, Training, Operating Costs and acquisition of goods for the purpose.

Part 3. Skills Access and Upgrading

(a) (i) Establishment and operationalization of an RTF oil & gas committee; and (ii) Carrying out of a program of activities designed to strengthen the institutional, technical and management capacities of: (A) the Uganda Petroleum Institute Kigumba ("UPIK"), consisting of, inter alia: (aa) development of an internationally accredited demand-responsive curriculum focusing on, among others, petroleum operations, mechanical and electrical maintenance and instrumentation; (bb) design and implementation of a comprehensive training of
trainers program; (cc) upgrading or renovation of facilities (including, workshops and dormitories) and provision of appropriate equipment; (dd) establishment of a governing council with appropriate representation from public and private sectors; and (ee) development of a sustainable funding model for said UPIK; (B) UTC Kichwamba, consisting of, *inter alia*: (aa) introduction of internationally accredited demand-responsive courses on carpentry and joinery, bricklaying, plumbing, electrical installation, welding and fabrication; (bb) design and implementation of an appropriate training of trainers/instructors program; (cc) upgrading or renovation of facilities (including, workshops, laboratories and dormitories) and provision of appropriate equipment; (dd) establishment of a governing council with appropriate representation from public and private sectors; and (ee) development of a sustainable funding model for UTC Kichwamba; and (C) construction of a new training institute in Nwoya District, including, *inter alia*: (aa) undertaking a detailed feasibility study/needs assessment for such institute (including, *inter alia*, nature of training program, type of facilities and equipment, management structures and funding model); and (bb) implementing the recommendations of said feasibility study/needs assessment.

(b) Establishment and operationalization of institutional arrangements for administration, management, monitoring and evaluation of a Bursary Scheme.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. MLHUD

(a) The Recipient shall designate, at all times during the implementation of the Project, the MLHUD to be responsible for prompt and efficient oversight and implementation of activities under Part 2 of the Project, and shall take all actions including the provision of funding, personnel and other resources necessary to enable said MLHUD to implement said Part of the Project. To this end, the Recipient, through MLHUD, shall not later than three (3) months after the Effective Date, appoint/recruit a civil engineer, in accordance with the provisions of Section III.C of Schedule 2 to this Agreement.

(b) Without limitation upon the generality of the foregoing, the MLHUD shall, for purposes of day to day implementation of activities under Part 2 of the Project, carry out its functions in coordination with the respective Participating Local Governments in accordance with their mandates, as elaborated in the Project Operational Manual.

2. MoES

The Recipient shall designate, at all times during the implementation of the Project, the MoES to be responsible for prompt and efficient oversight and implementation of activities under Part 3 of the Project, and shall take all actions including the provision of funding, personnel and other resources necessary to enable said MoES to implement said Part of the Project. To this end, the Recipient, through MoES, shall not later than nine (9) months after the Effective Date, establish administrative arrangements for the implementation of the Bursary Scheme with a composition, mandate, terms of reference and resources satisfactory to the Association.

3. Project Steering Committee

Without limitation upon the provisions of paragraphs 1 and 2 immediately above, the Recipient shall designate, at all times during the implementation of the Project, the Project Steering Committee, with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for, inter alia, providing strategic and policy guidance on matters relating to the Project.
4. Project Technical Committee

Without limitation upon the provisions of paragraphs 1, 2 and 3 immediately above, the Recipient shall designate, at all times during the implementation of the Project, a Project Technical Committee, with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for, inter alia, providing quality assurance on technical aspects of the Project.

5. UNRA

Without limitation upon the provisions of paragraphs 1, 2, 3 and 4 immediately above, the Recipient shall designate, at all times during the implementation of the Project, UNRA to be responsible for prompt and efficient oversight and management of the implementation of activities under Part 1 of the Project, and shall take all actions including the provision of funding, personnel and other resources necessary to enable UNRA to perform said functions.

B. Subsidiary Agreement

1. In order to achieve the objectives of Part 1 of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Category 1 of the table set forth in Section IV.A.2 of this Schedule, available to UNRA under a subsidiary agreement between the Recipient and UNRA, under terms and conditions approved by the Association, which shall include the following:

   (a) the principal amount of the Financing made available under the Subsidiary Agreement ("Subsidiary Financing") shall be denominated in Dollars;

   (b) the Subsidiary Financing shall be made available on grant terms; and

   (c) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of UNRA to use the proceeds of the Subsidiary Financing, or obtain a refund of all or any part of the amount of the Subsidiary Financing then withdrawn, upon UNRA's failure to perform any of its obligations under the Subsidiary Agreement; and (ii) require UNRA to: (A) carry out said Part 1 of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of credit proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works, non-consulting services and services to be financed out of the Subsidiary Financing in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to
enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of said Part 1 of the Project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to said Part 1 of the Project; and (2) at the Association’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect said Part 1 of the Project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing (“Subsidiary Agreement”).

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. Implementation Arrangements

1. Project Operational Manual

(a) The Recipient, through UNRA, MLHUD and MoES, shall prepare, in accordance with terms of reference acceptable to the Association and furnish to the Association for review, a Project operational manual, which shall include provisions on the following matters: (i) capacity building activities for sustained achievement of the Project’s objectives; (ii) arrangements on financial management, setting forth the detailed policies and procedures for financial management under the Project; (iii) procurement management procedures; (iv) institutional administration, coordination and day to day execution of Project activities; (v) monitoring and evaluation; (vi) reporting; (vii) information, education and communication of Project activities; (viii) guidelines for carrying out of Subprojects (including Safeguards Instruments applicable to said Subprojects) under Parts 2(b) and 3(a)(ii)(C) of the Project, including, inter alia, the eligibility criteria and detailed procedures for the selection, approval and implementation of said Subprojects; (ix) guidelines for assessing potential environmental and social impacts of the Project and designing appropriate mitigation, management, and monitoring measures in respect of said impacts; (x) guidelines for the establishment,
management, administration, monitoring and evaluation of a Bursary Scheme; and (xi) such other technical and organizational arrangements and procedures as shall be required for the Project.

(b) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on said Project operational manual, and thereafter, shall adopt such Project operational manual, as shall have been approved by the Association (“Project Operational Manual”).

(c) The Recipient shall ensure that the Project is carried out in accordance with the Project Operational Manual; provided, however, that in case of any conflict between the provisions of the Project Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(d) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Project Operational Manual.

2. Annual Work Plan and Budget

(a) The Recipient shall prepare and furnish to the Association not later than April 30 of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities proposed to be included in the Project during the following Fiscal Year (including Safeguards Instruments applicable to said activities in accordance with the provisions of Section I.G of this Schedule 2), and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.

(b) Each such proposed work plan and budget shall specify any Training activities that may be required under the Project, including: (i) the type of Training; (ii) the purpose of the Training; (iii) the personnel to be trained; (iv) the institution or individual who will conduct the Training; (v) the location and duration of the Training; and (vi) the cost of the Training.

(c) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan and budget, and thereafter ensure that the Project is implemented with due diligence during said following Fiscal Year in accordance with such work plan and budget as shall have been approved by the Association (“Annual Work Plan and Budget”).
The Recipient shall not make or allow to be made any change to the approved Annual Work Plan and Budget without prior approval in writing by the Association.

D. Anti-Corruption

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

E. Subprojects under Part 2(b) of the Project

1. General

The Recipient shall, through MLHUD and Participating Local Governments, review and approve Subproject proposals, and monitor and supervise approved Subprojects under Part 2(b) of the Project, in accordance with the guidelines and procedures set forth in paragraph 2 below, and elaborated further in the Project Operational Manual.

2. Eligibility Criteria

Each proposed Subproject shall be eligible for financing upon determination, on the basis of an approval process conducted in accordance with this paragraph and, as specifically set forth in the Project Operational Manual, that the proposed Subproject satisfies, inter alia, the following conditions:

(a) the Subproject shall be drawn from priority activities within a Participating Local Government’s Five-Year District Development Plan;

(b) the Subproject shall be appraised on the basis of an environmental and social assessment and other guidelines acceptable to the Association (and be accompanied by an ESMP or RAP, respectively, if required pursuant to the ESMF or RPF, respectively);

(c) the Subproject shall be approved by the Participating Local Government and MLHUD, respectively, in accordance with criteria set forth in the Project Operational Manual; and thereafter included in said Participating Local Government’s annual work program and budget; and

(d) the Subproject, ESMP and RAP, if any, shall be approved by the Recipient and the Association, unless with respect to the Association’s approval, the Association has notified the Recipient in writing that its prior approval is not required.
F. Subprojects under Part 3(a)(ii)(C) of the Project

1. General

The Recipient shall, through MoES, review and approve Subproject proposals, and monitor and supervise approved Subprojects under Part 3(a)(ii)(C) of the Project, all in accordance with the guidelines and procedures set forth in paragraph 2 below, and elaborated further in the Project Operational Manual.

2. Eligibility Criteria

Each proposed Subproject shall be eligible for financing upon determination, on the basis of an approval process conducted in accordance with this paragraph and, as specifically set forth in the Project Operational Manual, that the proposed Subproject satisfies, *inter alia*, the following conditions:

   (a) the Subproject shall be appraised on the basis of an environmental and social assessment and other guidelines acceptable to the Association (and be accompanied by an ESMP or RAP, respectively, if required pursuant to the ESMF or RPF, respectively);

   (b) the Subproject shall be approved by MoES, in accordance with criteria set forth in the Project Operational Manual; and

   (c) the Subproject, ESMP and RAP, if any, shall be approved by the Recipient and the Association, unless with respect to the Association’s approval, the Association has notified the Recipient in writing that its prior approval is not required.

G. Safeguards

1. The Recipient, through UNRA, shall ensure that Part 1 of the Project is carried out in accordance with the ESIS and the Updated RAP.

2. The Recipient, through MLHUD and MoES, respectively, shall ensure that Parts 2 and 3 of the Project are carried out in accordance with the Safeguards Frameworks and Safeguards Instruments. To this end, the Recipient, through MLHUD and MoES, respectively, shall ensure that the following actions are taken in a manner acceptable to the Association:

   (a) if any Project activity would, pursuant to the Environmental and Social Management Framework (“ESMF”): (i) require the carrying out of an Environmental and Social Impact Assessment (“ESIA”), the Recipient shall ensure that an ESIA for such activity is: (A) carried out, in accordance with the requirements of the ESMF and furnished to the
Association for review and approval; and (B) disclosed in-country as required by the ESMF and approved by the Association before commencement of works under said activity; and (ii) require the preparation of an Environmental and Social Management Plan ("ESMP"), such ESMP is prepared in accordance with the ESMF and furnished to the Association for review and approval, and is disclosed in-country as required by the ESMF and approved by the Association before commencement of works under said activity; and

(b) if a Resettlement Action Plan ("RAP") would be required for any Project activity on the basis of the Resettlement Policy Framework ("RPF"): (i) said RAP shall be prepared in accordance with the requirements of the RPF, furnished to the Association for review and approval, and disclosed as required by the RPF and approved by the Association; and (ii) no works under said activity shall be commenced until all measures required to be taken under said RAP prior to the initiation of said works have been taken.

3. Without limitation upon its other reporting obligations under this agreement and under Section 4.08 of the General Conditions, the Recipient, through UNRA, MLHUD and MoES, respectively, shall include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the implementation of the ESIS, Updated RAP, Safeguards Frameworks and Safeguards Instruments, as the case may be, giving details of: (a) measures taken in furtherance of such ESIS, Updated RAP, Safeguards Frameworks and Safeguards Instruments, as the case may be; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESIS, Updated RAP, Safeguards Frameworks and Safeguards Instruments, as the case may be; and (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such ESIS, Updated RAP, Safeguards Frameworks and Safeguards Instruments, as the case may be.

4. RAP Compensation Costs under Part 1(a) of the Project

(a) Without limitation upon the provisions of Section 4.03 of the General Conditions, the Recipient shall, in each Fiscal Year ("FY") commencing FY2014/2015: (a) through UNRA, establish and thereafter maintain at all material times during the implementation of the Project, a budget line item for RAP compensation costs under Part 1(a) of the Project; and (b) through MoFPED, allocate counterpart funds required for said RAP compensation costs under said Part 1(a) of the Project, until payment(s) for said RAP compensation costs shall fall due.

(b) The Recipient shall ensure that all amounts allocated to said budget line item shall be used exclusively to pay for said RAP compensation costs.
H. Project Counterpart Funds; Bursary Scheme under Part 3(b) of the Project

1. Without limitation upon the provisions of Section 4.03 of the General Conditions, the Recipient shall, in each Fiscal Year (“FY”) commencing FY2014/2015: (a) through MoES, establish and thereafter maintain at all material times during the implementation of the Project, a budget line item for Eligible Expenditures under Part 3(b) of the Project; and (b) through MoFPED, allocate counterpart funds required for said Eligible Expenditures under said Part 3(b) of the Project until payment(s) for said Eligible Expenditures shall fall due.

2. The Recipient shall ensure that all amounts allocated to said Part 3(b) shall be used exclusively to pay for said Eligible Expenditures.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

2. The Recipient shall, not later than one (1) month prior to the mid-term review referred to in paragraph 3 of this Section II.A, furnish to the Association for comments, a report, in such detail as the Association shall reasonably request, on the progress of the Project, and giving details of the various matters to be discussed at such review.

3. The Recipient shall, not later than thirty (30) months after the Effective Date, undertake, in conjunction with all agencies involved in the Project, a comprehensive mid-term review of the Project during which it shall exchange views with the Association and implementing agencies generally on all matters relating to the progress of the Project and the performance by the Recipient, through said implementing agencies, of its obligations under this Agreement, having regard to the performance indicators referred to in paragraph 1 of this Section II.A.

4. Following the mid-term review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may be required in furtherance of the objectives of the Project.
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B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than forty-five (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 have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each 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 Association not later than six (6) months after the end of such period.

4. To facilitate the proper maintenance of its financial management system referred to in Part B.1 of this Section II, the Recipient, through UNRA, shall, not later than six (6) months after the Effective Date, upgrade its financial management system.

5. To facilitate the carrying out of internal audits under the Project, the Recipient, through MoES, MLHUD and UNRA, respectively, shall carry out semi-annual internal audit reviews and prepare relevant reports, and thereafter furnish said reports to the Association not later than forty-five (45) days after the end of the period covered by such reports.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting 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 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 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) National Competitive Bidding, subject to the additional provisions in paragraph 3 below; (b) Shopping; (c) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association, subject to the additional provisions in paragraph 4 below; and (d) Direct Contracting.

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

   (a) Negotiating with the lowest evaluated responsive bidder shall not be permitted for goods, non-consulting services and works procured using competitive methods; however for civil works, technical discussions to agree on work programs, method statement and other technical matters related to contract implementation with an awarded bidder are permissible;

   (b) The use of a merit point system for bid evaluation shall not be permitted except for procurement of: (i) complex information and technology systems; and (ii) design and build contracts;

   (c) Domestic preferences shall not apply under NCB;

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

   (e) In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract shall provide for 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 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 1.16(a) and (v) of the Procurement Guidelines;

(f) Firms or individuals debarred or suspended by the Association shall not be eligible (in addition to firms or individuals suspended by PPDA);

(g) Disqualification of bidders for not purchasing bidding documents from the Recipient shall not apply; and

(h) Evaluation of Goods and Works: The following documentation or their equivalent shall not be treated as eligibility requirements: (i) tax clearance certificate(s); (ii) tax registration certificate(s); (iii) trading licenses; and (iv) PPDA certificate(s) of registration. Documents (i) to (iii) may however be included as post qualification requirements, which the Recipient can request the bidder to present during the evaluation.

4. 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). The advertisement/invitation to bid shall clearly indicate that the contract shall be signed on FA basis.

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 contracts 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 Association; (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (h) Single-source procedures for the Selection of Individual Consultants.
D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by 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 (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services,</td>
<td>62,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Operating Costs for Part 1 of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services,</td>
<td>16,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Operating Costs for Part 2 of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consultants’ services,</td>
<td>16,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Operating Costs for Part 3(a) of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>94,600,000</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:

(a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed twenty-nine million Dollars (US$29,000,000) equivalent may be made for payments made prior to this date but on or after December 1, 2013, for Eligible Expenditures under Categories (1), (2) and (3).

(b) under Category (3), unless the Recipient, through MoES, has appointed a deputy Project coordinator and a procurement officer, all in accordance with the provisions of Section III.C of Schedule 2 to this Agreement.

2. The Closing Date is July 31, 2019.
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 July 15 and January 15:</td>
<td></td>
</tr>
<tr>
<td>commencing July 15, 2024 to and including January 15, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing July 15, 2034 to and including January 15, 2054</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

1. "Affected Persons" means persons who, on account of the execution of the Project would suffer direct economic and social impacts resulting in: (a) relocation or loss of shelter; (b) loss of assets or access to assets; (c) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; and (d) adverse impacts on the livelihoods of the affected persons.

2. "Albertine Region" means, for the purposes of this Project, the Districts of Nebbi, Nwoya, Bulliisa, Masindi, Hoima, Kibaale, Kyenjojo, Kabarole and Ntoroko.

3. "Annual Work Plan and Budget" means the work plan and budget prepared annually by the Recipient in accordance with the provisions of Section I.C.2 of Schedule 2 to this Agreement.


5. "Bursary Scheme" means the Recipient's program designed to provide financial assistance to low-income learners from the Albertine Region to undertake business, technical and vocational education training in technical institutes or colleges in the Recipient's territory.

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


8. "Environmental and Social Impact Assessment" or "ESIA" means, with respect to each activity under Parts 2 and 3 of the Project pursuant to which the ESMF requires an environmental and social impact assessment, such assessment, acceptable to the Association, carried out in accordance with the ESMF and the provisions of Section I.G of Schedule 2 to this Agreement.

9. "Environmental and Social Management Framework" or "ESMF" means the framework of the Recipient disclosed in-country on January 19, 2014, and at the Association's InfoShop on February 5, 2014, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the ESMF, as the same may be amended from time to time with the written agreement of the Association.
10. "Environmental and Social Management Plan" or "ESMP" means a plan, acceptable to the Association, prepared in accordance with the ESMF and the provisions of Section I.G of Schedule 2 to this Agreement.

11. "ESIS" means the Recipient’s document entitled *Environmental & Social Impact Statement (ESIS) of Proposed Upgrading Kyenjojo–Hoima–Masindi–Kigumba Road to Bituminous Standards* dated January 2014, prepared for purposes of activities under Part I of the Project and giving details of the magnitude of the environmental and social impacts, as well as the specific actions, measures and policies designed to mitigate said environmental and social impacts, including the institutional, procedural and other measures needed to implement such actions, measures and policies, and disclosed in-country on May 23, 2013, and July 25, 2013, respectively, and in the Association’s InfoShop on January 28, 2014.

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

13. "Five-Year District Development Plan" means each development plan approved by Hoima District Local Government, Buliisa District Local Government and Buliisa Town Council, respectively, pursuant to the provisions of Article 190 of the Constitution of the Recipient, 1995, as operationalized by Sections 36 and 78 of the Local Government Act, and "Five-Year Development Plans" means, collectively, two or more such development plans.


15. "Key Urban Centers" means Wanseko and Biiso urban centers in Buliisa District Local Government; and Kigorobya, Kiziramfumbi, Kyangwali, Kabwoya, Kyarushesha and Butema urban centers in Hoima District Local Government.

16. "Local Council" means a local council established and operating pursuant to the provisions of subsections (2) to (5) of Section 4 of the Local Governments Act Number 1 of 1997, of the laws of the Recipient, and "Local Councils" means, collectively, two or more such local councils.

17. "MLHUD" means the Recipient’s ministry responsible for lands, housing and urban development, and any successor thereto.

18. "MoES" means the Recipient’s ministry responsible for education and sports, and any successor thereto.

19. "MoFPED" means the Recipient’s ministry responsible for finance, or any successor thereto.
“Operating Costs” means the incremental expenses incurred on account of Project implementation, based on the Annual Work Plan and Budget approved by the Association pursuant to the provisions of Section I.C.2 of Schedule 2 to this Agreement, and consisting of, financial 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, as further outlined in the Project Operational Manual.

“Participating Local Governments” means any of the following Local Councils: Hoima District Local Government; Buliisa District Local Government; and Buliisa Town Council, respectively, in the Recipient’s territory, and “Participating Local Governments” means, collectively, two or more such Local Councils.

“PDU” means the Procurement and Disposal Unit within MLHUD, MoES and UNRA, respectively.

“Physical Development Plan” means a plan prepared and approved pursuant to the Physical Planning Act Number 8 of 2010 of the laws of the Recipient, as amended from time to time.

“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.

“PPDA Act” means the Recipient’s Public Procurement and Disposal of Public Assets Act Number 1 of 2003, as amended to date.


“Procurement Plan” means the Recipient’s procurement plan for the Project prepared by the implementing agencies dated February 24 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.

“Project Operational Manual” means the Recipient’s manual referred to in Section I.C.1 of Schedule 2 to this Agreement.

“Project Steering Committee” means the Recipient’s committee referred to in Section I.A.3 of Schedule 2 to this Agreement.
30. "Project Technical Committee" means the Recipient’s committee referred to in Section I.A.4 of Schedule 2 to this Agreement.

31. "Resettlement Action Plan" or "RAP" means a resettlement plan, prepared and implemented in accordance with the RPF and the provisions of Section I.G of Schedule 2 to this Agreement.

32. "RPF" means the Resettlement Policy Framework of the Recipient disclosed in-country on January 19, 2014 and in the Association’s InfoShop on February 5, 2014, setting forth the modalities for resettlement and compensation of Affected Persons under the Project, as the same may be amended from time to time with the written agreement of the Association.


34. "Safeguards Framework" means, the ESMF or RPF, as the context may require; and "Safeguards Frameworks" means, collectively, two or more such frameworks.

35. "Safeguards Instrument" means the ESIS, the Updated RAP, an ESIA, ESMP or a RAP for a Project activity; and "Safeguards Instruments" means, collectively, two or more such instruments.

36. "Subproject" means a specific development project to be carried out under Part 2 (b) or Part 3 (a)(ii)(C) of the Project utilizing the proceeds of the Financing, and "Subprojects" means, collectively, two or more such Subprojects.

37. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to UNRA.

38. "Training" means the costs associated with training, workshops and study tours provided under the Project, based on the Annual Work Plan and Budget approved by the Association pursuant to Section I.C.2 of Schedule 2 to this Agreement, 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.
39. "Uganda Petroleum Institute Kigumba" or "UPIK" means the institute established and operating pursuant to the Universities and Other Tertiary Institutions Act Number 7 of 2001, of the laws of the Recipient, as amended from time to time.

40. "UNRA" means the Recipient’s Uganda National Roads Authority established and operating pursuant to Section 5 of the UNRA Act.

41. "UNRA Act" means the Uganda National Roads Authority Act Number 15 of 2006, of the laws of the Recipient, as amended from time to time.

42. "Updated RAP" means the Recipient’s document entitled "Updated Resettlement Action Plan (RAP) of Proposed Upgrading of Kyenjojo-Kabwoya To Bituminous Standards" dated January 2014, prepared for purposes of activities under Part 1 of the Project and setting forth the magnitude of displacement of Affected Persons under said Part, as well as the program of actions, measures and policies for compensation and resettlement arrangements of said Affected Persons, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of said actions, measures and policies, and disclosed in-country on January 30, 2014, and at the Association’s InfoShop on January 31, 2014.

43. "UTC Kichwamba" means the college established and operating pursuant to the Business, Technical, Vocational Education and Training Act, 2008, of the laws of the Recipient, as amended from time to time.