CREDIT NUMBER 5127-UG

Project Agreement

(Water Management and Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

NATIONAL WATER AND SEWERAGE CORPORATION

Dated MAY 22, 2013
CREDIT NUMBER 5127-UG

PROJECT AGREEMENT

AGREEMENT dated MAY 22, 2013, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and National Water and Sewerage Corporation (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the Republic of Uganda (“Recipient”) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years after the date of this Agreement.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s representative is its Managing Director.

4.02. The Project Implementing Entity’s Address is:

National Water and Sewerage Corporation
Plot 39, Jinja Road
P.O. Box 7053
Kampala
Uganda

Facsimile:
256-414-234802

4.03. The Association’s Address is:

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

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Abramdu Nawawo
Title: Country Manager

NATIONAL WATER AND SEWERAGE CORPORATION

By

Authorized Representative

Name: ALEX GISAGARI
Title: Ag. Managing Director
SCHEDULE

Execution of the Project Implementing Entity’s Respective Part of the Project

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

The Project Implementing Entity shall designate, at all times during the implementation of the Project, its Planning and Capital Development Unit, to be responsible for prompt and efficient oversight (including day to day implementation, coordination and management) of activities under its Respective Part of the Project, and shall take all actions, including the provision of funding, personnel and other resources necessary to enable said Planning and Capital Development Unit to implement said Part of the Project. To this end, the Project Implementing Entity shall appoint and maintain at all times during the implementation of said Part of the Project, inter alia, a Project manager, two principal engineers, four senior engineers, two Project accountants, environmental and social safeguard specialists and two liaison officers, all with qualifications, experience and terms of reference acceptable to the Association.

B. Project Implementation Manual

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the Project Implementation Manual.

C. Annual Work Plan and Budget

1. The Project Implementing Entity shall prepare and furnish to the Recipient not later than April 30 of each Fiscal Year during the implementation of the Project, a plan (and budget) containing all activities (including Subprojects) proposed to be included in its Respective Part of the Project during the following Fiscal Year (including Safeguard Instruments applicable to said activities in accordance with the provisions of Section I.E of this Agreement), and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing, for incorporation in the proposed work plan and budget prepared in accordance with the provisions of Section I.D of Schedule I to the Financing Agreement.

2. Each such proposed plan (and budget) shall specify any training activities that may be required under the Project Implementing Entity’s Respective Part of the Project, including: (a) the type of training; (b) the purpose of the training; (c) the personnel to be trained; (d) the institution or individual who will conduct the training; (e) the location and duration of the training; and (f) the cost of the training.
3. The Project Implementing Entity shall implement its Respective Part of the Project in accordance with the Annual Work Plan and Budget.

D. Anti-Corruption

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards

1. The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the Safeguard Frameworks and Safeguard Instruments. To that end, the Project Implementing Entity 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 Impact Assessment ("EIA"), the Project Implementing Entity shall ensure that an EIA 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 as required by the ESMF and approved by the Association; and (ii) require the preparation of an Environmental Management Plan ("EMP"), such EMP is prepared in accordance with the ESMF and furnished to the Association for review and approval, and is disclosed as required by the ESMF and approved by the Association; and

   (b) if a Resettlement Action Plan ("RAP") would be required for any activity in its Respective Part of the Project on the basis of the Resettlement Policy Framework ("RPF"): (i) said RAP shall be prepared in accordance with the requirements of the RPF, disclosed locally and furnished to 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.

2. Without limitation upon its other reporting obligations under this agreement and under Section 4.08 of the General Conditions, the Project Implementing Entity shall include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the implementation of the Safeguard Frameworks and Safeguard Instruments, giving details of: (a) measures taken in furtherance of such Safeguard Frameworks and Safeguard Instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Frameworks and Safeguard Instruments; 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 Safeguard Frameworks and Safeguard Instruments.

Section II.  Project Monitoring, Reporting and Evaluation

A.  Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of six months, and shall be furnished to the Recipient not later one month after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than five months after the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B.  Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall 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 and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.

2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III.  Procurement

All goods, works, non-consulting services and services required for the Project Implementing Entity's Respective Part of the Project and to be financed out of
the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement, *mutatis mutandis*.