Honorable Matia Kasaija  
Minister of Finance, Planning and Economic Development  
Ministry of Finance, Planning and Economic Development  
Plot 2-12, Apollo Kaggwa Road  
P.O. Box 8147  
Kampala, Republic of Uganda  

Honorable Minister:  

Re: Agricultural Technology and Agribusiness Advisory Services Project  
First Amendment to Global Environment Facility Grant Agreement  
GEF Grant Number TF097184

We refer to the Global Environment Facility Grant Agreement for the above referenced Project between the Republic of Uganda ("Recipient") and the International Bank for Reconstruction and Development ("World Bank") acting as an implementing agency of the Global Environment Facility ("GEF") dated July 19, 2011 (GEF Grant Number TF097184) ("Original GEF GA"), and to your request dated December 22, 2014.

We are pleased to inform you that the World Bank hereby agrees to your request. To this effect, the World Bank proposes to amend the Original GEF GA as set forth in the Attachment to this letter ("Amendment").

All other provisions of the Original GEF GA, except as herein amended, shall remain in full force and effect.

Please confirm your agreement with the proposed Amendment, on behalf of the Recipient, by countersigning and dating the two original copies of this amendment letter and returning one countersigned and dated original to us. Upon receipt by the World Bank of the countersigned and dated original copy, the Amendment shall become effective as of the date of countersignature.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
(acting as an implementing agency of the Global Environment Facility)

Philippe Dongier  
Country Director for Uganda  
Africa Region
AGREED:

REPUBLIC OF UGANDA

By: [Signature]

Name: PATIA KASARLA

Title: MFRED

Date: 29th May 2015

Enclosures:
Amendment to the Original GEF GA

1. Section 2.01 of Article II (The Project) is amended to read as follows:

"The Recipient declares its commitment to the objectives of the Project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall cause Part 1(a) of the Project to be carried out by the Project Implementing Entity and shall carry out Part 1(b) of the Project through the Ministry of Agriculture, Animal Industry and Fisheries ("MAAIF"), all in accordance with the provisions of Article II of the Standard Conditions."

2. Article IV (Additional Remedies) is amended to read as follows:

"4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following:

(a) The Recipient’s National Agricultural Research Act, No. 19 of 2005 (as the same may be amended from time to time) or its implementing regulations has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under its Subsidiary Agreement and the Project.

(b) The World Bank has determined after the Effective Date that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

(c) The Project Implementing Entity has failed to perform any of its obligations under its Subsidiary Agreement.

(d) The Recipient has failed to perform any of its obligations under the Financing Agreement of same date as this agreement between the Recipient and the World Bank, providing for a credit to assist in the financing of a project of which this Project is a component ("IDA Financing Agreement"), or the Project Implementing Entity has failed to perform any of its obligations under its Subsidiary Agreement entered into between the Recipient and the Project Implementing Entity in connection with the IDA Financing Agreement."

3. Part 1 (Sustainable Land Management) of Schedule 1 (Project Description) is amended to read as follows:

"...The Project consists of the following Part:

Part 1. Sustainable Land Management

Carrying out: (i) by NARO of a program of research activities; and (ii) by MAAIF of advisory services activities, all to enhance environmental sustainability
and resilience of agricultural production to land degradation and climate risks, and such program will consist of: (A) improving governance of natural resource management and sustainable land management; (B) scaling-up on-the-ground activities to promote natural resource management; and (C) monitoring of natural resource management and knowledge management to reduce vulnerability; all through the provision of training, technical advisory services and goods for that purpose.

4. Each of the following paragraphs under Section I (Implementation Arrangements) of Schedule 2 (Project Execution) are amended to read as follows, respectively:

"A. Institutional Arrangements

MAAIF

The Recipient shall designate, at all times during the implementation of the Project, the MAAIF to be responsible for the overall coordination and oversight of the Project, and shall take all actions, including the provision of funding, personnel and other resources necessary to enable the MAAIF to perform said functions.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project Implementing Entity’s (“PIE”) Respective Part of the Project, the Recipient shall make the proceeds of the Grant allocated from time to time to Category (1) of the table set forth in Section IV.A.2 of this Schedule available to the PIE under a Subsidiary Agreement between the Recipient and the PIE, under terms and conditions approved by the World Bank ("Subsidiary Agreement"), which shall include the following:

(a) the PIE shall be required to carry out its Respective Part of the Project with due diligence and efficiency; in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to entities other than the Recipient and the Environmental and Social Management Framework (ESMF) and the Integrated Pest Management Framework (IPMF); and in accordance with the provisions of this Agreement and as elaborated in the Project Implementation Manual (PIM);

(b) the PIE shall be required to: (i) procure all goods and services required for its Respective Part of the Project and to be financed out of the proceeds of the Grant in accordance with the provisions of Section III of this Schedule; and (ii) ensure that all such goods and services are used exclusively for the purposes of the Project;

(c) the PIE shall be required to ensure that all facilities relevant to its Respective Part of the Project shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed;
(d) the PIE shall be required to: (i) maintain records adequate to record the progress of its Respective Part of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Grant and disclose their use in the Project; (ii) furnish such records to the World Bank upon its request; and (iii) retain all records evidencing expenditures under its Respective Part of the Project for the period of time specified in the Standard Conditions;

(e) the PIE shall be required to: (i) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the World Bank, the progress of its Respective Part of the Project and the achievement of its objectives; (ii) prepare periodic reports, in form and substance satisfactory to the World Bank, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of its Respective Part of the Project, and to achieve its objectives, each such report to cover the period of six months; (iii) furnish each such report to the Recipient in adequate time to enable it to incorporate such report in its Project Report for the same period and to comply with its reporting obligations under Section II of this Schedule 2; and (iv) prepare, and furnish to the Recipient a final report, of such scope and in such detail as the World Bank shall reasonably request, on the execution of its Respective Part of the Project, and furnish the same to the Recipient in adequate time to enable the Recipient to incorporate such report in its report and comply with its obligations under Section II of this Schedule;

(f) the PIE shall be required to: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to its Respective Part of the Project; (ii) have such financial statements audited annually by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank; and (iii) not later than six (6) months after the end of each such period, furnish to the World Bank such financial statements as so audited, and such other information concerning such audited financial statements and such auditors, as the World Bank may from time to time reasonably request;

(g) the PIE shall be required to carry out a time bound staffing plan acceptable to the Recipient and the World Bank, designed to ensure that it has at all times qualified and experienced staff in adequate numbers to implement its Respective Part of the Project; and

(h) the PIE shall be required to maintain at all times during the implementation of the Project: (i) the NAROSEC with a composition, mandate, terms of reference, and resources satisfactory to the World Bank, to be responsible for the overall coordination and proper implementation (including, among others, overseeing research activities
and procurement) of its Respective Part of the Project; and (ii) the National Agricultural Research Institutes ("NARIs") and the Zonal Agricultural Research and Development Institutes ("ZARDIs"), all with compositions, mandates, terms of reference, and resources satisfactory to the World Bank.

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

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

E. Training

1. The Recipient shall carry out all training programs under the Project (including, on the job training, use of trainers, and participation in seminars, workshops, and training in the region and abroad), in accordance with terms of reference acceptable to the World Bank, and based on individual needs as well as group requirements.

2. The Recipient shall: (a) prepare and furnish to the World Bank for its review and approval, by no later than January 31 of every Fiscal Year ("FY") during Project implementation, a detailed proposed annual training plan to be carried out under the Project during the following FY, outlining the proposed activities and budget giving, inter alia, categories of training and justification, number of trainees, duration of training, staff months, timing and estimated costs; and (b) thereafter implement such training program as shall have been approved by the World Bank.

G. Annual Work Plans and Budget Planning

1. The Recipient shall not later than November 30, of each FY, jointly with the World Bank, conduct a budget planning meeting to discuss the draft annual work plans including annual procurement plans and draft budget for the following FY.

2. The Recipient shall, not later than January 31 of each FY during the implementation of the Project, prepare and furnish to the World Bank for its approval a final annual work plan and budget containing the proposed program of activities to be carried out in the following FY, as well as a financing plan therefore, all modified in a manner satisfactory to the World Bank, taking into account the World Bank's comments and views on the subject.

3. The Recipient shall thereafter ensure the adoption and implementation of such annual work plan as shall have been approved by the World Bank in accordance with such financing plan, as the same may be subsequently revised during such
following FY with the prior written agreement of the World Bank ("Agreed Annual Work Plan").

H. Other Covenants

1. The Recipient shall, not later than September 30th of each FY, and under terms of reference satisfactory to the World Bank: (a) carry out a detailed performance audit of the PIE on a sample basis. To assist the Recipient in carrying out each such performance audit, the Recipient shall employ an independent firm with terms of reference and qualifications and experience satisfactory to the World Bank; and (b) conduct a joint annual review of the Project with the World Bank, as well as the PIE, no later than May 31 of each year.

2. In order to facilitate the evaluation by the Recipient of the Project’s impact, the Recipient shall not later than June 30, 2012, or any other date agreed with the World Bank, conduct a baseline survey of the agricultural activities of households in project areas under terms of reference acceptable to the World Bank.”

5. Subparagraph (ii) of Section III.B.2 (Other Methods of Procurement of Goods) is amended to read as follows:

“* National Competitive Bidding shall be undertaken in accordance with the Recipient’s Public Procurement and Disposal of Assets Act (no. 1 of 2003) and its Public Procurement and Disposal of Public Assets Regulations, no. 70 of 2003 (herein referred to as the “Regulations”), as may be amended from time to time, subject, however, to the following qualifications:

... (ii) Charging of fees for bidder complaints at the PIE level shall not be allowed.”

6. Section IV.A.2 (Withdrawal of Grant Proceeds) is amended to read as follows:

“2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants’ Services, Training, Operating Costs for NARO under Part 1 (i) of the Project</td>
<td>3,680,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Consultants’ Services, Training, Operating Costs for MAAIF under Part 1(ii) of the Project</td>
<td>3,520,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
TOTAL AMOUNT | 7,200,000

7. Paragraph 2 of Section IV.B (Withdrawal Period) is amended to read as follows:

"2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2017."

8. Section II of the Appendix (Definitions) to the Agreement is amended as follows:

"(a) Paragraphs 1-3, 7-9, 11, 13, 19-20 and 29, are deleted in their entirety and subsequent paragraphs renumbered accordingly.

(b) New paragraph 9 is amended to read as follows: “Integrated Pest Management Framework” or “IPMF” means an instrument dated April 29, 2010, satisfactory to the World Bank outlining the potential environmental impact from pests, proposed management measures, required institutional oversight and project compliance with the Recipient’s pertinent legislation and the World Bank’s requirements.

(c) A new paragraph 15 is inserted to read as follows: “Project Implementing Entity” or “PIE” means the NARO.

(d) New paragraph 19 is amended to read as follows: “Respective Part of the Project” means, for the Recipient, Parts 1(b) of the Project; and for the Project Implementing Entity, Part 1(a) of the Project.

(e) New paragraph 20 is amended to read as follows: “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 Grant available to the Project Implementing Entity.”