Project Agreement
(Competitiveness and Enterprise Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PRIVATE SECTOR FOUNDATION UGANDA

Dated January 31, 2014
CREDIT NUMBER 5269-UG

PROJECT AGREEMENT

AGREEMENT dated January 31, 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and PRIVATE SECTOR FOUNDATION UGANDA ("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 objective 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 (20) years after the date of this Agreement.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its chairman.

4.02. The Association’s Address is:

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

Cable:    Telex:    Facsimile:    Telephone
INDEVAS  248423(MCI)  1-202-477-6391  256-312-261850
Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

Private Sector Foundation Uganda
Plot 43
Nakasero Road
PO Box 7683
Kampala, Uganda

Facsimile:    Telephone
256 414 312 266440  256-312-261850
AGREED at Kampala, Uganda, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Alexander Nakwulwa Ndingi
Title: Country Manager

PRIVATE SECTOR FOUNDATION OF UGANDA

By

[Signature]

Authorized Representative

Name: GERARD SENDAULA
Title: CHAIRMAN PRIVATE SECTOR FOUNDATION UGANDA
SCHEDULE

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

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements; Project Coordination Unit

The Project Implementing Entity shall, not later than three (3) months after the Effective Date, establish and thereafter maintain, at all times during the implementation of the Project, the Project Coordination Unit ("PCU"), 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 PCU to implement said Part of the Project. To this end, the Project Implementing Entity shall appoint, in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement, and thereafter maintain at all times during Project implementation, a civil engineer, a monitoring and evaluation specialist, a financial management specialist, an environmental and social management specialist, a Matching Grants specialist and a tourism and hotel development specialist.

B. Project Operations Manual

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

C. Annual Work Plan and Budget

1. The Project Implementing Entity shall prepare and furnish to the Recipient not later than March 31 of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities 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 2 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 and Social Impact Assessment ("ESIA"), the Project Implementing Entity 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 as required by the ESMF and approved by the Association; 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 as required by the ESMF and approved by the Association; 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.

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 (6) months, and shall be furnished to the Recipient not later than two (2) weeks after the end of the period covered by such report for incorporation into 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 three (3) 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 (1) 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 (6) 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.