H.E. Maria Kiwanuka  
Minister of Finance, Planning and Economic Development  
Ministry of Finance, Planning and Economic Development  
P. O. Box 8147  
Plot 2-12 Apollo Kaggawa Road  
Kampala, Uganda

Re: Grant No. TF099735  
Republic of Uganda – Support for the Uganda Petroleum Institute Project

Excellency:

In response to the request for financial assistance made on behalf of Republic of Uganda ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by the United Kingdom of Great Britain and Northern Ireland, acting through the Department for International Development ("DFID" or the "Donor") under the DFID-Financed Trust Fund to Support Implementation of the Government of Uganda’s National Development Plan, proposes to extend to the Recipient a grant in an amount not to exceed one million one hundred eighty thousand United States Dollars (U.S.$1,180,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement
shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Philippe Dongier
Country Director for Tanzania, Uganda and Burundi
Africa Region

AGREED:

REPUBLIC OF UGANDA

By

Name

Title

Date: 21/7/12

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement and the following terms have the following meanings:

(a) "UIRI" or "Uganda Industrial Research Institute" means the Recipient’s agency created under the auspices of the ministry of tourism, trade and industry, pursuant to Act of Parliament No. 7 Universities and Other Tertiary Institutions Act, of 2011, responsible for implementing strategies and measures aimed at transforming industry in the Recipient’s territory.

(b) "UPIK" or "Uganda Petroleum Institute Kigumba" means the Recipient’s institute established under the ministry of education and sports, pursuant to Statutory Instrument No. 31 of 2011: The Universities and Other Tertiary Institutions (Establishment of Uganda Petroleum Institute, Kigumba) Instrument, 2011, responsible for training in petroleum studies.

Article II
Project Execution

2.01. Project Objectives and Description. The objectives of the Project are to: (i) increase access for new students to quality courses; (ii) improve UPIK’s infrastructure and learning quality; and (iii) develop a long term strategic plan for UPIK including access to financing mechanisms. The Project consists of the following parts:

Carrying out of a program aimed at addressing UPIK’s training and enrollment constraints. Such program includes:

(a) Provision of workshop equipment and furnishings for the UPIK’s dormitory, lecture building, staff quarters, clinic and laboratories.

(b) Provision of external training courses and teaching materials for instructors; organization of study visits for course leaders and lecturers; and development of relevant curriculum.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project throughUIRI in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA
2.03. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section 2.05 of this Agreement.

2.04. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.05. **Procurement**

(a) **General.** All goods, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).
(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.

(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) National Competitive Bidding, subject to the following additional provisions: 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) shall not be a default method for contracts estimated to cost less than US$800; (v) Only the “Technical Compliance Selection methodology” (award to the lowest evaluated responsive bidder) as defined in the Act shall be adopted; (vi) tax clearance or tax registration certificates; and trading licenses shall not be considered eligibility requirements for which non submission with the bid will result in disqualification, but should be considered as post qualification criteria for which clarification may be sought during the evaluation; and (B) Shopping.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection based on Consultants’ Qualifications; (C) Selection of Individual Consultants; and (D) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

### Article III
### Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions),
to finance Eligible Expenditures as set forth in the following table. The 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 and consulting services for part 2.01 (a) of the Project</td>
<td>824,792</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Consulting services, training and workshops for part 2.01 (b) of the Project</td>
<td>355,208</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>1,180,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this Section, the term “Training” means the reasonable costs of the following expenditures incurred for training, workshops and study visits provided under the Project: (i) transportation costs, accommodation and per diem of lecturers, trainers and trainees, (ii) rental of training facilities; and (iii) preparation and reproduction of training materials.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2013.

**Article IV**

**Recipient's Representative; Addresses**

4.01. **Recipient's Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister at the time responsible for finance.

4.02. **Recipient's Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance, Planning and Economic Development  
P. O. Box 8147  
Plot 2-12 Apollo Kaggawa Road  
Kampala, Uganda

Facsimile: 256 41 4 230163
4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INDEVAS  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391