

Public Disclosure Authorized

OFFICIAL DOCUMENTS

CREDIT NUMBER 5612-UG

Project Agreement

(Skills Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PRIVATE SECTOR FOUNDATION UGANDA

Dated June 24, 2016

CREDIT NUMBER 5612-UG

PROJECT AGREEMENT

AGREEMENT dated June 24, 2016, 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 the same date between 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 Parts 3 and 4(a) 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:
INDEVAS Washington, D.C.	248423(MCI)	1-202-477-6391

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



Authorized Representative

Name: Christine Melander

Title: Country Manager

PRIVATE SECTOR FOUNDATION OF UGANDA

By



Authorized Representative

Name: PATRICK BITATURE

Title: CHAIRMAN

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 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 Project manager, three (3) grant specialists, a financial management specialist and an administrative officer.

B. Implementation Arrangements

1. Operations Manual

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

2. Annual Work Plan and Budget

(a) 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 work plan and budget containing all activities proposed to be included in its Respective Part of the Project during the following Fiscal Year, 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.C.2 of Schedule 2 to the Financing Agreement.

(b) Each such proposed work plan and budget shall specify any Training activities that may be required under the Project Implementing Entity's Respective Part of 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 Project Implementing Entity shall implement its Respective Part of the Project in accordance with the Annual Work Plan and Budget.

C. 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.

D. Training Subprojects under Part 3 of the Project

- 1. In order to ensure the proper implementation of its Respective Part of the Project, the Project Implementing Entity shall make Matching Grants to Beneficiaries for Training Subprojects in accordance with eligibility criteria, guidelines and procedures acceptable to the Association (as elaborated in the Matching Grants Manual), which shall, *inter alia*, include the following:

- (a) the Project Implementing Entity shall determine on the basis of an appraisal carried out in accordance with said eligibility criteria, guidelines and procedures, that:

- (i) the Beneficiary: (A) is a legal entity providing public or private training at a tertiary level, with the organization, management, technical capacity and financial resources necessary to carry out the proposed Training Subproject; and (B) has identified and prepared the proposed Training Subproject (including a satisfactory financing plan and budget, and a satisfactory implementation plan); and

- (ii) the Training Subproject is: (A) technically feasible, and financially and economically sound; and (B) included in the Annual Work Plan and Budget.

- (b) the: (i) aggregate amount of all Matching Grants made in a given calendar year to Beneficiaries shall not exceed the limit set out in the Annual Work Plan and Budget; and (ii) maximum amount of each Matching Grant for a Training Subproject shall not exceed 100 percent of the total estimated cost of the Training Subproject minus the amount of other funds allocated to finance such cost.

2. Sub-financing Agreements

- (a) The Project Implementing Entity shall make each Matching Grant to a Beneficiary under a Sub-financing Agreement, on terms and conditions approved by the Association (as further described in the Matching Grants Manual), which shall include the following:

- (i) the proceeds of the Matching Grant shall be made available to a Beneficiary on non-reimbursable grant terms;
 - (ii) a description of the Training Subproject and the applicable rates for the services included thereunder; and
 - (iii) the Project Implementing Entity shall obtain rights adequate to protect the Recipient's interests and those of the Association, including the right to: (A) suspend or terminate the right of the Beneficiary to use the proceeds of the Matching Grant, or obtain a refund of all or any part of the amount of the Matching Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-financing Agreement; and require each Beneficiary to: (1) carry out its Training Subproject 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; (2) provide, promptly as needed, the resources required for the purpose; (3) procure the goods, non-consulting services and services to be financed out of the Matching Grant in accordance with the provisions of this Agreement; (4) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Training Subproject and the achievement of its objectives; (5) maintain satisfactory financial management records for the Training Subproject, in a manner adequate to reflect the operations, resources and expenditures related to the Training Subproject; (6) enable the Recipient and the Association to inspect the Training Subproject, its operation and any relevant records and documents; and (7) 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.
- (b) The Project Implementing Entity shall exercise its rights under each Sub-financing 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 Project Implementing Entity shall not assign, amend, abrogate or waive any Sub-financing Agreement or any of its provisions.

E. Safeguards

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of Section I.F of Schedule 2 to the Financing Agreement.

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 one calendar semester, and shall be furnished to the Recipient not later two (2) weeks 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 four (4) 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, 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.