

Public Disclosure Authorized

OFFICIAL DOCUMENTS

CREDIT NUMBER 5612-UG

Financing Agreement

(Skills Development Project)

between

REPUBLIC OF UGANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 24, 2016

CREDIT NUMBER 5612-UG

FINANCING AGREEMENT

AGREEMENT dated June 24, 2016, entered into between REPUBLIC OF UGANDA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to seventy-one million one hundred thousand Special Drawing Rights (SDR 71,100,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are January 15 and July 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

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ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts 1, 2, 4(b) and 4(c) of the Project through the Ministry of Education and Sports; and cause Parts 3 and 4(a) of the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that the Project Implementing Entity's Legislation 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 the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following, namely, that:
 - (a) the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity ("PIE"), in accordance with the provisions of Section I.B of Schedule 2 to this Agreement;
 - (b) the Recipient, through the PIE, has established and put into operation a functional Project Coordination Unit ("PIE PCU"), in accordance with the provisions of Section I.A of the Schedule to the Project Agreement;
 - (c) the Recipient, through the Ministry of Education and Sports ("MoES"), has established and put into operation a functional Project Coordination Unit ("MoES PCU"), in accordance with the provisions of Section I.A.1 (b) of Schedule 2 to this Agreement;
 - (d) the Recipient has established and put into operation a functional BTVET Reform Task Force, in accordance with the provisions of Section I.A.3 of Schedule 2 to this Agreement;

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- (e) the Recipient has prepared and adopted the Operations Manual, in accordance with the provisions of Section I.C.1 of Schedule 2 to this Agreement; and.
 - (f) the Recipient has prepared and adopted an Annual Work Plan and Budget, in accordance with the provisions of Section I.C.2 of Schedule 2 to this Agreement.
- 5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the PIE and is legally binding upon the Recipient and the PIE in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.
- 5.04. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its minister responsible for finance.
- 6.02. The Recipient's Address is:

Ministry of Finance, Planning and Economic Development
P.O. Box 8147
Kampala
Republic of Uganda

Telephone

256-414-707000

Facsimile

256-414-230163

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6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

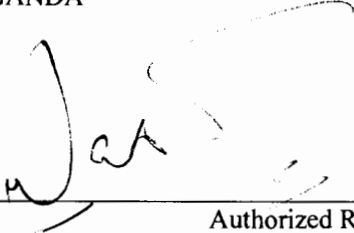
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AGREED at Kampala, June 24, as of the day
and year first above written.

REPUBLIC OF UGANDA

By

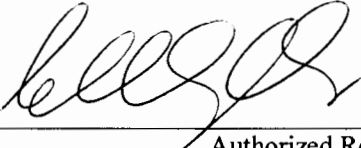

Authorized Representative

Name: HON. MATIA KASAIJA

Title: MINISTER OF FINANCE, PLANNING AND
ECONOMIC DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

By


Authorized Representative

Name: Christina Melinberg Castro

Title: Country Manager

SCHEDULE 1

Project Description

The objective of the Project is to enhance the capacity of institutions to deliver high quality, demand-driven training programs in target sectors.

The Project consists of the following parts:

Part 1: Institutionalizing Systemic Reforms in Skills Development

Supporting implementation of critical reforms designed to, *inter alia*, improve the skills development system, in particular:

- (a) Establishment and operationalization of sector skills councils in target sectors and a skills development authority, all through the provision of technical advisory services, non-consulting services, training, operating costs and acquisition of goods for the purpose.
- (b) Developing and implementing assessment standards and systems for target sectors.
- (c) Developing and implementing a management information system for the business, technical, vocational education and training (BTVET) sector.
- (d) Developing and implementing an information, education and communications strategy targeting the BTVET sector and for the Project.

Part 2: Improving Quality and Relevance of Skills Development

- (a) Carrying out of a program of actions designed to upgrade: Uganda Technical College, Lira; Uganda Technical College, Bushenyi; Bukalasa Agricultural College; and Uganda Technical College, Elgon; respectively, (collectively “Colleges”), into centers of excellence, in particular: (i) supporting governance reform in said Colleges, including, delegation of academic, administrative, managerial and financial autonomies to the respective governing councils; (ii) preparing and implementing gender action plans in said Colleges; (iii) developing competency-based curricular for craftsmen, artisan and technician courses in target sectors (including related occupational health, safety and environmental management curricula), and development of appropriate assessment systems; (iv) design and implementation of comprehensive training programs (including preparation of appropriate training material) for faculty and staff of said Colleges and Eligible Vocational Institutes (“EVIs”); (v) refurbishment of existing and construction of new infrastructure in said Colleges; and

- (vi) strengthening the monitoring and evaluation systems in said Colleges.
- (b) Provision of Grants to EVIs for carrying out of Subprojects, all in accordance with the Grants Manual.
- (c) Supporting establishment and operationalization of twinning arrangements between said Colleges and EVIs, with partner institutions, respectively, all through the provision of technical advisory services.

Part 3: Employer-led Short-term Training and Recognition of Prior Learning

Provision of Matching Grants to Beneficiaries for the design, development and delivery of Training Subprojects, all in accordance with the Matching Grants Manual.

Part 4: Project Management, Monitoring and Evaluation

- (a) Strengthening the capacity of the PIE PCU for Project coordination, management, implementation and oversight, all through the provision of technical advisory services, non-consulting services, training, operating costs and acquisition of goods for the purpose.
- (b) Strengthening the capacities of the MoES PCU and key implementing agencies for Project coordination, management, implementation and oversight, all through the provision of technical advisory services, non-consulting services, training, operating costs and acquisition of goods for the purpose.
- (c) Supporting monitoring and evaluation of Project activities and outcomes, including, *inter alia*, collection of baseline and end term data, annual institutional performance audits and related evaluations.

SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. MoES

- (a) The Recipient shall designate, at all times during the implementation of the Project, the MoES to be responsible for prompt and efficient oversight and coordination of the implementation of activities under the Project, and shall take all actions including the provision of funding, personnel and other resources necessary to enable the MoES to perform its functions.
- (b) To this end, the Recipient, through MoES, shall establish and thereafter maintain at all times during the implementation of the Project, the MoES PCU with a composition, mandate, staffing and other resources satisfactory to the Association. The MoES PCU shall be responsible for day to day coordination and implementation of activities under said Parts 2 and 4(b) and 4(c) of the Project.

2. Project Steering Committee

Without limitation upon the provisions of paragraph 1 immediately above, the Recipient 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 Steering Committee, with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for providing strategic and policy guidance on matters relating to the Project.

3. BTVET Reform Task Force

Without limitation upon the provisions of paragraphs 1 and 2 immediately above, the Recipient shall establish and thereafter maintain, at all times during the implementation of the Project, the BTVET Reform Task Force to be responsible for day to day coordination and implementation of activities under Part 1 of the Project, and shall take all actions including the provision of funding, personnel and other resources necessary to enable the BTVET Reform Task Force to perform its functions.

B. Subsidiary Agreement

1. To facilitate the carrying out of the PIE's Respective Part of the Project, the Recipient shall make the proceeds of the Financing allocated from time to time to Categories (4) and (5) 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 Association, which shall include:
 - (a) the principal amount of the Credit made available under the Subsidiary Agreement ("Subsidiary Financing") shall be denominated in Dollars;
 - (b) the Subsidiary Financing shall be made available on a non-refundable grant basis; and
 - (c) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the PIE to use the proceeds of the Subsidiary Financing, or obtain a refund of all or any part of the amount of the Subsidiary Financing then withdrawn, upon the PIE's failure to perform any of its obligations under the Subsidiary Agreement; and (ii) require the PIE to: (A) carry out its Respective Part of the Project 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; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, non-consulting services and services to be financed out of the Subsidiary Financing in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of its Respective Part of the Project and the achievement of its objectives; (E) (1) 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, resources and expenditures related to its Respective Part of the Project; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect its Respective Part of the Project, its operation and any relevant records and documents; and (G) 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 (“Subsidiary Agreement”).

2. The Recipient shall exercise its rights under the Subsidiary 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 Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Implementation Arrangements

1. Operations Manual

- (a) The Recipient shall prepare, in accordance with terms of reference acceptable to the Association and furnish to the Association for review, an operations manual, which shall include provisions on the following matters: (i) capacity building activities for sustained achievement of the Project’s objectives; (ii) arrangements on financial management, setting forth the detailed policies and procedures for financial management under the Project; (iii) procurement management procedures; (iv) institutional administration, coordination and day to day execution of Project activities; (v) monitoring and evaluation; (vi) reporting; (vii) information, education and communication of Project activities; (viii) the eligibility criteria, guidelines and detailed procedures for the selection, approval, provision, management and implementation of Grants under Part 2(b) of the Project (“Grants Manual”); (ix) the eligibility criteria, guidelines and detailed procedures for the selection, approval, provision, management and implementation of Matching Grants under Part 3 of the Project (“Matching Grants Manual”); (x) guidelines for assessing potential environmental and social impacts of the Project and designing appropriate mitigation, management, and monitoring measures in respect of said impacts; and (xi) such other technical and organizational arrangements and procedures as shall be required for the Project.
- (b) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on said operations manual, and thereafter, shall adopt such operations manual, as shall have been approved by the Association (“Operations Manual”).
- (c) The Recipient shall ensure that the Project is carried out in accordance with the Operations Manual; provided, however, that in case of any conflict between the provisions of the Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

- (d) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Operations Manual.

2. Annual Work Plan and Budget

- (a) The Recipient shall prepare and furnish to the Association not later than July 31 of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities (including Subprojects and Training Subprojects, respectively) proposed to be included in the Project during the following Fiscal Year (as well as Safeguards Instruments applicable to said activities in accordance with the provisions of Section I.F of this Schedule 2), and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.
- (b) Each such proposed work plan and budget shall specify any Training activities that may be required under 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 Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan and budget, and thereafter ensure that the Project is implemented with due diligence during said following Fiscal Year in accordance with such work plan and budget as shall have been approved by the Association (“Annual Work Plan and Budget”).
- (d) The Recipient shall not make or allow to be made any change to the approved Annual Work Plan and Budget without prior approval in writing by the Association.

D. Anti-Corruption

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

E. Subprojects

- 1. Subprojects under Part 2(b) of the Project: In order to ensure the proper implementation of Part 2(b) of the Project, the Recipient, through the MoES, shall make Grants to EVIs for Subprojects in accordance with eligibility criteria, guidelines and procedures acceptable to the Association (as elaborated in the Grants Manual), which shall, *inter alia*, include the following:

- (a) the Recipient, through the MoES, shall determine on the basis of an appraisal carried out in accordance with said eligibility criteria, guidelines and procedures, that:
 - (i) the EVI: (A) is a duly registered and accredited business, technical and vocational education and training institute, with the organization, management, technical capacity and financial resources necessary to carry out the proposed Subproject; and (B) has identified and prepared the proposed Subproject (including a satisfactory financing plan and budget and a satisfactory implementation plan);
 - (ii) the proposed Subproject is: (A) technically feasible, and financially and economically sound; (B) appraised on the basis of an environmental and social assessment and other guidelines acceptable to the Association (and accompanied by appropriate Safeguards Instruments, if required pursuant to the Safeguards Frameworks); (C) designed to avoid any involuntary resettlement of persons or loss of their income or productive capacity; and (D) included in the Annual Work Plan and Budget; and
 - (iii) the Subproject and the associated Safeguards Instruments, if any, are approved by the Recipient and the Association, unless with respect to the Association's approval, the Association notifies the Recipient in writing that its prior approval is not required.

2. Sub-financing Agreements

- (a) The Recipient, through MoES, shall make each Grant to an EVI under a Sub-financing Agreement, on terms and conditions approved by the Association (as further described in the Grants Manual), which shall include the following:
 - (i) the proceeds of the Grant shall be made available to an EVI on non-reimbursable grant terms;
 - (ii) a description of the Subproject and the applicable rates for the goods, works, non-consulting services and services included thereunder;
 - (iii) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (A) suspend or terminate the right of the EVI to use the proceeds of the Grant, or obtain a refund of all or any part of the amount of the Grant

then withdrawn, upon the EVI's failure to perform any of its obligations under the Sub-financing Agreement; and (B) require each EVI to: (1) carry out its 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, works, non-consulting services and services to be financed out of the 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 Subproject and the achievement of its objectives; (5) (aa) 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, resources and expenditures related to the Subproject; and (bb) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (6) enable the Recipient and the Association to inspect the 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; and

- (b) the Recipient 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 Recipient shall not assign, amend, abrogate or waive any Sub-financing Agreement or any of its provisions.

F. Safeguards

- 1. The Recipient shall ensure that the Project is carried out in accordance with the Safeguards Frameworks and Safeguards Instruments. To this end, the Recipient 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 Recipient 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 Recipient shall include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the implementation of the Safeguards Frameworks and Safeguards Instruments, giving details of: (a) measures taken in furtherance of such Safeguards Frameworks and Safeguards Instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguards Frameworks and Safeguards 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 Safeguards Frameworks and Safeguards Instruments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

2. The Recipient shall, not later than one (1) month prior to the mid-term review referred to in paragraph 3 of this Section II.A, furnish to the Association for comments, a report, in such detail as the Association shall reasonably request, on the progress of the Project, and giving details of the various matters to be discussed at such review.
3. The Recipient shall, not later than thirty (30) months after the Effective Date, undertake, in conjunction with the PIE and all agencies involved in the Project, a comprehensive mid-term review of the Project during which it shall exchange views with the Association and said PIE and agencies generally on all matters relating to the progress of the Project and the performance by the Recipient, the PIE and said agencies, of its obligations under this Agreement, having regard to the performance indicators referred to in paragraph 1 of this Section II.A.
4. Following the mid-term review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may be required in furtherance of the objectives of the Project.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.
4. **Value For Money Audits.** Without limitation upon the provisions of paragraph 3 of this Section II.B, the Recipient shall carry out annual value for money audits under terms and conditions satisfactory to the Association, and furnish the related report to the Association not later than six (6) months after the end of the audit period.
5. **Internal Audits.** Without limitation upon the provisions of paragraph 3 of this Section II.B, the Recipient shall carry out semi-annual internal audits under terms

and conditions satisfactory to the Association, and furnish the related internal audit reports to the Association not later than forty-five (45) days after the end of each audited period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association 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.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, *subject to the additional provisions in paragraph 3 below*; (b) Shopping, *subject to the additional provision in paragraph 4 below*; (c) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association, *subject to the additional provision in paragraph 5 below*; (d) Direct Contracting; and (e) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association.
3. National Competitive Bidding ("NCB") shall be subject to the following:

- (a) Domestic preferences shall not apply under NCB;
 - (b) The charging of fees for dealing with bidder complaints at procuring entity level shall not be permitted;
 - (c) Firms or individuals debarred or suspended by the Association shall not be eligible (in addition to firms or individuals suspended by PPDA);
 - (d) Paragraph 6(1)(c) of the fourth schedule of the PPDA Act (restriction on contract amendments to an aggregate amount of twenty-five percent (25%) of the original contract amount) shall not apply (set out in Annex 2 to this Agreement);
 - (e) Regulation 48(a) of the PPDA Regulations (on rejection of a bid submitted by a bidder who did not obtain the bidding document directly from the procuring and disposing entity) shall not apply; and
 - (f) Regulation 53(9) of the PPDA Regulations (restriction on the use of bid securing declarations to restricted domestic bidding and quotations procurement) shall not apply.
4. Shopping shall follow the request for quotations procedures (as defined in the PPDA Act and attendant regulations) subject to the provisions in sub-paragraphs (a) to (g) immediately above.
5. Framework Agreements (“FAs”) shall be subject to the following, namely, that, FA procedures (as defined in the PPDA Act) shall be subject to competitive bidding under NCB procedures (subject to the exceptions under paragraph 3 above).

C. Particular Methods of Procurement of Consultants’ Services

- 1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
- 2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association; (g) Selection of consultants under Indefinite Delivery Contract or Price Agreement; (h) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of

Individual Consultants; and (i) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Training and Operating Costs under Parts I, 2(c) and 4(b) and (c) of the Project	14,950,000	100%
(2) Goods, works, non-consulting services, consultants' services, Training and Operating Costs under Part 2(a) of	29,950,000	100%

the Project		
(3) Grants under Part 2(b) of the Project	8,600,000	100%
(4) Matching Grants under Part 3 of the Project	12,800,000	100%
(5) Goods, non-consulting services, consultants' services, Training and Operating Costs under Part 4(a) of the Project	2,700,000	100%
(6) Unallocated	2,100,000	
TOTAL AMOUNT	71,100,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed 10,000,000 Dollars may be made for payments made prior to this date but on or after March 31, 2015, for Eligible Expenditures under Categories (1) and (5); or
 - (b) under Category (2), until the Recipient has received and submitted, in form and substance satisfactory to the Association, audited financial statements for Fiscal Year 2013/2014 from Uganda Technical College, Lira, Uganda Technical College, Bushenyi, Bukalasa Agricultural College and Uganda Technical College, Elgon, respectively; or
 - (c) under Category (4), in respect of a Matching Grant to any Beneficiary in each Fiscal Year, until the Beneficiary has complied with all the relevant criteria set forth in the Matching Grants Manual and concluded a Sub-financing Agreement for the Project period.
2. The Closing Date is August 31, 2020.

Section V. Other Undertaking

The Recipient shall, not later than three (3) months after the Effective Date, adopt regulations for operationalizing the BTVET Strategic Plan.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each July 15 and January 15, commencing July 15, 2021 to and including January 15, 2053	1.5625%

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.

APPENDIX

Definitions

1. “Affected Persons” means persons who, on account of the execution of the Project would suffer direct economic and social impacts resulting in: (a) relocation or loss of shelter; (b) loss of assets or access to assets; (c) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; and (d) adverse impacts on the livelihoods of the affected persons.
2. “Annual Work Plan and Budget” means the work plan and budget prepared annually by the Recipient in accordance with the provisions of Section I.C.2 of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
4. “BTVET” means business, technical, vocational education and training.
5. “BTVET Act” means the Business, Technical, Vocational Education and Training Act Number 12 of 2008 of the laws of the Recipient, as amended from time to time.
6. “BTVET Reform Task Force” means the Recipient’s Task Force referred to in Section I.A.3 of Schedule 2 to this Agreement.
7. “BTVET Strategic Plan” means the plan of the Recipient entitled “*Skilling Uganda Unlocking our Productivity Potential - BTVET Strategic Plan 2012/3-2021/2*”, dated October 2, 2012.
8. “Bukalasa Agricultural College” means the college established and operating pursuant to the Business, Technical, Vocational Education and Training Act Number 12 of 2008 of the laws of the Recipient, or any successor thereto.
9. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
10. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and revised in July 2014.
11. “Eligible Vocational Institute” or “EVI” means an institute established and operating pursuant to the Business, Technical, Vocational Education and

Training Act Number 12 of 2008 of the laws of the Recipient, and a recipient of a Grant under Part 2(b) of the Project.

12. “Environmental and Social Impact Assessment” or “ESIA” means an environmental and social impact assessment carried out in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.
13. “Environmental and Social Management Framework” or “ESMF” means the framework of the Recipient disclosed in-country on February 4, 2015, and at the Association’s InfoShop on February 4, 2015, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the ESMF, as the same may be amended from time to time with the written agreement of the Association.
14. “Environmental and Social Management Plan” or “ESMP” means a plan prepared in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.
15. “Fiscal Year” and “FY” means the Recipient’s and PIE’s, respectively, twelve month period starting July 1 and ending June 30 of the following year.
16. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
17. “Grant” means a grant made or proposed to be made by the Recipient to an EVI under Part 2(b) of the Project for a Subproject, and “Grants” means, collectively, two or more such grants.
18. “Grants Manual” means the manual referred to in Section I.C.1(a)(viii) of Schedule 2 to this Agreement, setting forth, *inter alia*, the eligibility criteria, guidelines and detailed procedures for the selection, approval, provision, management and implementation of Subprojects under Part 2(b) of the Project.
19. “Matching Grant” means a grant made or proposed to be made by the PIE to a Beneficiary under Part 3 of the Project for a Training Subproject, and “Matching Grants” means, collectively, two or more such grants.
20. “Matching Grants Manual” means the manual referred to in Section I.C.1(a)(ix) of Schedule 2 to this Agreement, setting forth, *inter alia*, the eligibility criteria, guidelines and detailed procedures for the selection, approval, provision, management and implementation of Training Subprojects under Part 3 of the Project.
21. “Ministry of Education and Sports” or “MoES” means the Recipient’s ministry responsible for education, and any successor thereto.

22. "MoES PCU" means the Recipient's unit referred to in Section I.A.1(b) of Schedule 2 to this Agreement.
23. "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on the Annual Work Plan and Budget approved by the Association pursuant to the provisions of Section I.C.2 of Schedule 2 to this Agreement, and consisting of, financial audit fees, expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and *per diem*, and salaries of Project staff, but excluding the salaries of the Recipient's civil service, meeting allowances, other sitting allowances, salary top ups and all honoraria, as further outlined in the Operations Manual.
24. "Operations Manual" means the Recipient's manual referred to in Section I.C.1 of Schedule 2 to this Agreement.
25. "PIE PCU" means the Project Implementing Entity's unit referred to in Section I.A of the Schedule to the Project Agreement.
26. "PIE's Respective Part of the Project" means Parts 3 and 4(a) of the Project.
27. "PPDA" means the Recipient's Public Procurement and Disposal of Public Assets Authority established and operating pursuant to the PPDA Act, and any successor thereto.
28. "PPDA Act" means the Recipient's Public Procurement and Disposal of Public Assets Act Number 1 of 2003, as amended to date.
29. "PPDA Regulations" means, for the purposes of this Agreement, the provisions from the Recipient's Public Procurement and Disposal of Public Assets (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014 (under section 96 of the PPDA Act), dated March 3, 2014, set out in Annex 1 to this Agreement.
30. "Procurement Guidelines" means 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 and revised in July 2014.
31. "Procurement Plan" means the Recipient's procurement plan for the Project dated March 6, 2015, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
32. "Project Implementing Entity" or "PIE" means the Private Sector Foundation Uganda, and any successor thereto.

33. “Project Implementing Entity’s Legislation” means the Companies Act, Chapter 110 of the laws of the Recipient, and the PIE’s Memorandum and Articles of Association dated August 24, 1995.
34. “Project Steering Committee” means the Recipient’s committee referred to in Section I.A.2 of Schedule 2 to this Agreement.
35. “Resettlement Action Plan” or “RAP” means a resettlement plan, prepared and implemented in accordance with the RPF and the provisions of Section I.F of Schedule 2 to this Agreement.
36. “Resettlement Policy Framework” or “RPF” means the framework of the Recipient dated February 4, 2015, and disclosed on February 4, 2015, setting forth the modalities for resettlement and compensation of Affected Persons under the Project, as the same may be amended from time to time with the written agreement of the Association.
37. “Safeguards Framework” means, the ESMF or RPF, as the context may require; and “Safeguards Frameworks” means, collectively, both frameworks.
38. “Safeguards Instrument” means an ESIA or ESMP or RAP for a Project activity; and “Safeguards Instruments” means, collectively, two or more such instruments.
39. “Sub-financing Agreement” means the agreement referred to in Section I.E of Schedule 2 to this Agreement and the agreement referred to in Section I.D.2 of the Schedule to the Project Agreement, respectively, pursuant to which the Recipient, through MoES and the PIE, respectively, shall make part of the proceeds of the Financing available to an EVI or a Beneficiary, respectively, for a Subproject or Training Subproject, respectively, and “Sub-financing Agreements” means, collectively, two or more such agreements.
40. “Subproject” means a specific development project carried out under Part 2(b) of the Project, which meets the eligibility criteria set forth in Section I.E of Schedule 2 to this Agreement, and “Subprojects” means, collectively, two or more such specific development projects.
41. “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 Financing available to the PIE.
42. “Subsidiary Financing” means the principal amount of the Credit made available to the PIE under the Subsidiary Agreement.
43. “Training” means the costs associated with training, workshops and study tours provided under the Project, based on the Annual Work Plan and Budget approved by the Association pursuant to Section I.C.2 of Schedule 2 to this Agreement,

consisting of reasonable expenditures (other than expenditures for consultants' services) for: (a) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

44. "Training Subprojects" means a specific package of training programs for skills development, to be delivered by a Beneficiary under Part 3 of the Project in accordance with the provisions of Section I.D of the Schedule to the Project Agreement.
45. "Uganda Shillings" means the lawful currency of the Recipient.
46. "Uganda Technical College, Bushenyi" means the Recipient's technical college in Bushenyi, established and operating pursuant to the BTVET Act, or any successor thereto.
47. "Uganda Technical College, Elgon" means the Recipient's technical college in Elgon, Eastern Uganda, established and operating pursuant to the BTVET Act, or any successor thereto.
48. "Uganda Technical College, Lira" means the Recipient's technical college in Lira municipality, established and operating pursuant to the BTVET Act, or any successor thereto.

ANNEX 1

Exceptions to the PPDA Regulations

“48. Bidding documents not obtained directly from a procuring and disposing entity.

A bid shall be rejected during the preliminary examination of bids, if the bid is received from a bidder who –

(a) is not listed on Form 8 as having bought or obtained the bidding document directly from the procuring and disposing entity.

...

53. Bid security and bid securing declaration.

(9) A procuring and disposing entity shall require a bid securing declaration where the restricted domestic bidding and quotations procurement methods are used.”

Exception in Fourth Schedule to the PPDA Act

“Section 79 (1).

**Fourth Schedule
Conditions for Use of Procurement Methods**

6. Direct procurement.

- (1) Direct procurement may be used—
 - (a) where—
 - (i) there is insufficient time for any other procedure such as in an emergency situation; or
 - (ii) the works, services or supplies are available from only one provider; or
 - (iii) an existing contract could be extended for additional works, services or supplies of a similar nature and no advantage could be obtained by further competition, if the prices on the extended contract are reasonable; or
 - (iv) additional works, services or supplies are required to be compatible with existing supplies, works or services and it is advantageous or necessary to purchase the additional works, services or supplies from the original supplier, provided the prices on the additional contract are reasonable; or
 - (iv) it is essential or preferable to purchase additional works, services or supplies from the original supplier to ensure continuity for downstream work, including continuity in technical approach, use of experience acquired or continued professional liability, if the prices on the additional contract are reasonable;
 - (b) in the circumstances specified in subparagraph (1) (a)(iii), (iv) and (v), where the value of the new works, services or supplies does not exceed fifteen percent of the value of the original or existing contract and the original or existing contract is awarded through a competitive process; and
 - (c) **where direct procurement is used more than once in the circumstances specified in sub paragraph (1) (b), the cumulative**

value of all new works, services or supplies shall not exceed twenty five percent of the value of the original or existing contract.”