

CONFORMED COPY

CREDIT NUMBER 4199 UG

Financing Agreement

(Uganda Public Service Performance Enhancement Project)

between

THE REPUBLIC OF UGANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 18, 2006

CREDIT NUMBER 4199 UG

FINANCING AGREEMENT

AGREEMENT dated December 18, 2006, between THE 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 the Financing 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 forty eight million seven hundred thousand Special Drawing Rights (SDR 48,700,000) (“Credit”) 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 March 15 and September 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 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 shall be that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.
- 4.02. The Additional Event of Acceleration shall be that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consists of the following:
 - (a) the Recipient has adopted and disclosed the Abbreviated Resettlement Plan;
 - (b) the Recipient has appointed a procurement consultant, in accordance with the provisions of Section III of Schedule 2 to this Agreement; and
 - (c) the Recipient has adopted and submitted the PSRP Operations Manual, and the PEF Operations Manual respectively, all in form and substance satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.
- 5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement shall terminate is 20 years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Minister responsible for Finance of the Recipient.

6.02. The Recipient's Address is:

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

Cable:	Telex	Facsimile:
FINSEC	61170	230163

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) or 64145 (MCI)	1-202-477-6391

AGREED at Kampala, Republic of Uganda, as of the day and year first above written.

THE REPUBLIC OF UGANDA

By: */s/ Ezra Suruma*
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: */s/ Grace M. Yabrudy*
Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to support the Recipient's efforts to: (a) improve and make its public service delivery affordable, efficient, accountable and effective in use of public resources; and (b) improve the policy, institutional and regulatory environment of its public service delivery institutions for sustainable economic growth.

The Project consists of the following parts:

Part 1 **Public Service Reform Program**

The carrying out of Subprograms for:

(a) Performance and Accountability

Implementing result-oriented management as an integrated performance management system in the medium to long-term, including, *inter alia*: (i) carrying out activities to encourage commitment and support of top level leadership, sensitizing key stakeholders about result-oriented management, articulating the role of result-oriented management in a proposed white paper on public service transformation, and encouraging the ministries, departments, agencies and local governments to involve political leadership in the result-oriented management; (ii) empowering and enabling ministries, departments, agencies and local governments to take charge of the implementation of their specific result-oriented management; (iii) integrating result-oriented management within planning and budgeting systems; (iv) introducing and operating an integrated performance management system to support objective and effective monitoring and appraisal of performance and accountability for individual public officers; (v) strengthening the demand for performance and accountability; and (vi) facilitating debureaucratization in provision of public services and enhancing client focus on public service delivery.

(b) Human Resource Capacity

Developing adequate capacity for skilled and motivated professional, technical and managerial personnel in the public service, including: (i) strengthening institutional capacity for management, performance and accountability of public service institutions; (ii) installing an integrated personnel and payroll system as a tool to manage, monitor and control the level of public service employment, and the wage bill within the target levels under the medium-term pay strategy; (iii) introducing a comprehensive and sustainable human resources program for effective filling of professional, managerial, and technical positions; and (iv) introducing fast-track promotion and a senior executive service, including developing a policy for promotion.

(c) An Enabling and Empowering Work Environment

Creating an enabling work environment, including: (i) developing policies on cross-cutting issues to enhance work environment; (ii) supporting, on a demand driven basis, the identification and implementation of measures for improving the work environment; and (iii) improving record management through establishment of a records and archives centre and improving registries to reduce congestion.

(d) Pay and Pension Reform

Supporting the enhancement of public service pay and pension reform, including: (i) developing a comprehensive public service pay policy; (ii) conducting job evaluation for the public service; (iii) monitoring the progress and impact of pay reform; (iv) developing and implementing a framework for retention and development of skills for staff in hardship areas; (v) reviewing the public service pension legislation and administrative framework; (vi) verifying and validating pensions arrears, and developing a strategy for clearing the arrears; and (vii) designing a strategy for a new pay scheme and for payment of current arrears.

(e) Efficiency in Organization and Management

Supporting: (i) review of roles and functions, mandate and mission of public service institutions, taking into account relevant constitutional and legislative changes; (ii) rationalization and restructuring of public service institutions; and (iii) efficient deployment of personnel.

(f) Leadership and Management Development

Cultivating participation, commitment and involvement of leadership in the implementation of the Program including, *inter alia*: (i) conducting awareness and sensitization activities; (ii) strengthening the capacity for policy making, and developing relevant training and programs to develop policy analysis and policy advice, and involving the civil society in review and dialogue on performance; and (iii) developing the capacity for managing change in the public service, through restructuring MOPS and Administrative Reform Secretariat, and developing a change management strategy.

Part 2 **Performance Enhancement Facility**

Establishing a performance enhancement facility as a mechanism for supporting comprehensive public sector capacity development, and providing PEF Grants to Beneficiaries for the carrying out of, *inter alia*:

- (a) identification of necessary support for implementing sector strategies and action plans;
- (b) performance enhancement, including specification of strategic objectives and outcomes for improvement of sector-wide performance;
- (c) financial sector reforms;
- (d) procurement reforms; and
- (e) statistical capacity development.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Implementation Arrangements

A. Institutional Arrangements

1. MOPS shall have the responsibility for overall coordination, monitoring, reporting, evaluation and communication of Project activities.
2. **Steering Committees and Sub-Committee**
 - (a) Without limitation upon the provisions of Part A of this Section, the Recipient shall maintain, at all times until the completion of the Project: (i) an Implementation Coordination Steering Committee for Part 1 of the Project; and (ii) TAC for Part 2 of the Project, all with a composition, mandate and resources satisfactory to the Association.
 - (b) Without limitation to sub-paragraph (a) of this paragraph, in relation to Part 1 of the Project: (i) the Implementation Coordination Steering Committee shall be responsible for overall leadership, coordination, supervision and policy guidance; and (ii) the PSM Working Group shall be responsible, for, *inter alia*: (A) reviewing and endorsing for joint approval by the Recipient, the Association, and the Co-financiers the Annual Work Plans and Budgets, and ensuring their consistency with the Public Service Reform Program (PSRP); (B) reviewing progress made towards achieving the Project's objectives; (C) facilitating the coordination of Project activities, and making recommendations for removal of any obstacles to the implementation of the Project; and (D) providing comments on reports and reviews prepared by ministries, departments, and agencies for the benefit of the Association.
 - (c) Without limitation to sub-paragraphs (a) and (b) of this paragraph, the PSM Working Group shall be reviewing on the basis of the recommendations of ministries, departments, and agencies, and providing operational and technical advice for implementing Part 1 of the Project, subject to the overall guidance of the Implementation Coordination Steering Committee.
 - (d) Without limitation to sub-paragraph (a) of this paragraph, in relation to Part 2 of the Project:

(i) HoPS/SC shall be responsible for: (A) overall guidance and decision making for PEF Grants; and (B) approving PEF Proposals which do not require the prior no-objection of the Association as specified in the PEF Operations Manual, or recommending for the Association's no-objection, PEF Proposals for which the Association's prior no-objection is required in accordance with the PEF Operations Manual; and

(ii) the TAC shall be responsible for, *inter alia*: (A) reviewing, on the basis of the appraisal of the MOPS under a PEF Coordinator, and recommending to HoPS/SC, PEF Proposals in accordance with the PEF Operations Manual; (B) reviewing progress made towards achieving the Project's objectives, and making recommendations for removal of any obstacles to the implementation of the Project; and (C) providing comments on reports and reviews prepared by MOPS under a PEF Coordinator for the benefit of the Association.

3. **Implementing Agencies**

(a) Without limitation upon the provisions of Parts A.1 and A.2 of this Section, the Recipient shall ensure that MOPS and TAC are maintained at all times during the implementation of the Project, with functions, staffing, and resources satisfactory to the Association, and with adequate capacity for financial management and procurement, for the purpose of ensuring the prompt and efficient implementation of the Project.

(b) Without limitation to sub-paragraph (a) of this paragraph:

(i) MOPS shall be responsible for: (A) the overall planning, coordination, financial management, procurement, monitoring, evaluation, reporting and communication of the Subprogram activities carried out under Part 1 of the Project by ministries, departments, agencies and other PSRP implementing entities specified in the Memorandum of Understanding; and (B) publicizing of PEF for dissemination, appraisal, administration, fiduciary supervision, monitoring and reporting of PEF Proposals carried out by Beneficiaries under Part 2 of the Project; and

(ii) a PEF Coordinator in MOPS shall be responsible for the day-to-day implementation of activities under Part 2 of the Project.

B. Implementation Arrangements

1. Operations Manuals

The Recipient shall carry out the Project in accordance with the arrangements and procedures set out in the Operations Manuals (provided, however, that in case of any conflict between the arrangements and procedures set out in the Operations Manuals and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of any of the Operations Manuals, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

2. Environmental and Social Safeguards

The Recipient shall:

(a) carry out the Project in accordance with the environmental guidelines, rules and procedures defined in the Environmental Impact Statement, and prior to commencement of activities for construction of the records and archives center, implement any recommendations pursuant to the Environmental Impact Statement, in form and substance satisfactory to the Association;

(b) prior to commencement of the construction of the records and archives center, which may involve involuntary resettlement of Displaced Persons, implement the Abbreviated Resettlement Action Plan, and ensure appropriate compensation including necessary compensatory measures, resettlement and rehabilitation of such Displaced Persons, in accordance with the said Abbreviated Resettlement Action Plan;

(c) not amend or waive, or permit to be waived, the Environmental Impact Statement or the Abbreviated Resettlement Action Plan, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project; and

(d) ensure that: (i) all measures for carrying out the recommendations of the Environmental Impact Statement and the Abbreviated Resettlement Action Plan are taken in a timely manner; and (ii) the Project Reports referred to in Part A of Section II of this Schedule shall include adequate information on monitoring the measures defined in the Environmental Impact Statement and the Abbreviated Resettlement Action Plan.

3. Memorandum of Understanding

- (a) The Recipient shall implement the Subprograms in accordance with the arrangements and procedures set out in the Memorandum of Understanding; provided, however, that in case of any conflict between the provisions of said memorandum and of this Agreement, the provisions of this Agreement shall prevail.
- (b) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Memorandum of Understanding, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

4. **Annual Work Plan and Budget; Subprograms**

- (a) The Recipient shall prepare and furnish to the Association for its joint approval with the Co-financiers, not later than March 31 of each year during the implementation of the Project, or such later date as the Association may agree in consultation with the Co-financiers, the Annual Work Plan and Budget containing all proposed Subprograms to be carried out in the following Fiscal Year, modified in a manner satisfactory to the Association, taking into account the Association's comments and views on the matter.
- (b) The Recipient shall, implement, monitor and evaluate each Subprogram in accordance with the provisions set forth in this Agreement and in more detail in the PSRP Operations Manual, and shall not make or allow to be made any material change to any Subprogram included in the approved Annual Work Plan and Budget without consultation and approval of the Association.

5. **PEF Grants**

(a) **General**

Without limitation upon the provisions of Part A of this Section, the Recipient shall appraise, approve and monitor PEF Proposals and administer the PEF Grants in accordance with the provisions and procedures set forth or referred to in this paragraph 5 and in more detail in the PEF Operations Manual.

(b) **Eligibility Criteria for PEF Proposals**

No PEF Proposal shall be eligible for financing under a PEF Grant out of the proceeds of the Financing unless the Recipient, through the TAC, has determined, on the basis of an appraisal conducted in accordance with this sub-paragraph and the guidelines set forth in the PEF Operations Manual, that the proposed PEF Proposal satisfies the eligibility criteria specified below and set forth or referred to in more detail in the PEF Operations Manual, which shall include, *inter alia*, the following:

- (i) The proposed activities under a PEF Proposal shall fall within the areas described under Part 2 of the Project in Schedule 1 to this Agreement, and shall exclude any activities and expenditures specified as ineligible in the PEF Operations Manual;
- (ii) the proposed PEF Proposal shall be initiated by a Beneficiary which has the capacity to enter into a binding contract under the laws of the Recipient, and which has met the other eligibility criteria specified or referred to in the PEF Operations Manual;
- (iii) the Beneficiary has adequate technical, financial management and procurement capacity to implement the activities under a PEF Proposal in compliance with the guidelines set forth in the PEF Operations Manual; and
- (iv) the Beneficiary shall be eligible to receive subsequent PEF Grants if it has completed the preceding activities under a PEF Proposal to the satisfaction of the TAC, in accordance with the terms of the PEF Performance Grant Agreement.

(c) **Approval of PEF Grants**

Based on the appraisal and recommendation of the TAC in accordance with sub-paragraph (b) of this paragraph, the TAC shall recommend to the HoPS/SC for approval: (i) activities under a PEF Proposal whose cost falls below the threshold specified in the PEF Operations Manual for prior no-objection by the Association or which do not otherwise require such no-objection as specified in the PEF Operations Manual; and (ii) recommend for the Association's prior no-objection activities under a PEF Proposal whose cost exceeds the threshold for approval by the HoPS/SC or which otherwise require such no-objection as specified in the PEF Operations Manual.

(d) **Terms and Conditions of PEF Grants**

Activities under a PEF Proposal shall be carried out pursuant to a PEF Performance Grant Agreement, to be concluded between the MOPS, on behalf of the Recipient, and the respective Beneficiary, under terms and conditions described or referred to in more detail in the PEF Operations Manual and satisfactory to the Association, which, *inter alia*, shall include the following:

- (i) the description of the activities to be implemented, including the outputs and performance targets to be achieved, and the arrangements for monitoring and reporting on the implementation of the activities under a PEF Proposal;
- (ii) the modalities of transfer of funds by MOPS to the Beneficiary for the financing of the activities under a PEF Proposal;
- (iii) the obligation of the Beneficiary to: (A) carry out the activities under a PEF Proposal with due diligence and efficiency and in accordance with sound financial and managerial practices; and (B) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the activities under a PEF Proposal;
- (iv) the requirement that the goods, works and consultants' services to be financed from the proceeds of the PEF Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the activities under a PEF Proposal; and
- (v) the right of MOPS, on behalf of the Recipient, to: (i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods and services included in the activities under a PEF Proposal, the operations thereof and any relevant records and documents; (ii) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation and financial conditions of activities under a PEF Proposal; and (iii) suspend or terminate the right of any Beneficiary to use the proceeds of the PEF Grant upon failure by the Beneficiary to perform any of its obligations under the PEF Performance Grant Agreement.

(e) **Administration of PEF Grant Agreements**

MOPS shall exercise its rights under the PEF Performance Grant Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Project, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any PEF Performance Grant Agreement or any substantial provision thereof.

Section II. Project Monitoring, Reporting, 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 the indicators set forth below in paragraph 2. Each Project Report shall cover the period of six months, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
2. The performance indicators referred to above in paragraph 1 consist of the following:
 - (a) enhanced performance and accountability by public sector organizations, as evidenced by the percentage of the public satisfied with the service delivery;
 - (b) effective implementation of result-oriented management as an integrated performance management system in ministries, departments, agencies and local governments, and reports of full high achievement of their annual performance targets;
 - (c) percentage of total establishment and wage bill captured in the integrated personnel and payroll systems database, showing commitment to installation and use as a key measure to manage integrity of payroll, human resources information and wage bill;
 - (d) estimated savings from efficiency and effectiveness reviews particularly in social sectors;
 - (e) motivated and adequately remunerated public service, as evidenced by increase in pay each year at minimum level complemented with faster acceleration at technical, professional and managerial level; and

(f) number of PEAP and PRSC benchmark actions, whose implementation is supported through the PEF, showing the removal of capacity gaps in priority policy implementation.

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. Without limitation on the provisions of Part A.1 of this Section, the Recipient shall prepare and furnish to the Association, not later than 45 days after the end of each calendar quarter, interim un-audited 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 fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works 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 Schedule.
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 Schedule.
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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following methods of procurement, other than International Competitive Bidding, may be used for goods and works under the circumstances specified in the Procurement Plan for each such method: (a) National Competitive Bidding; (b) Direct Contracting; and (c) Shopping.

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 of procurement, other than Quality- and Cost-based Selection, may be used for consultants' services under the circumstances specified in the Procurement Plan for each such method: (a) Quality Based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection Based on Consultants' Qualifications; (e) Single-source Selection; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Sole Source Procedures for the Selection of Individual Consultants.

D. Review by the Bank 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 this Section and such additional instructions as the Bank may specify by notice to the Recipient, 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:

<u>Category</u>	<u>Amount of the Credit Allocated (expressed in SDR)</u>	<u>Percentage of Expenditures to be Financed</u>
(1) Subprograms for Part 1 of the Project	9,920,000	Such percentage of eligible expenditures as the Association may determine for each Fiscal Year
(2) PEF Grants for Part 2 of the Project	36,350,000	100% of the amounts disbursed
(3) Operating Costs for Part 2 of the Project	350,000	100%
(4) Refund of Project Preparation Advance	350,000	Amount payable pursuant to Section 2.07 of the General Conditions
(5) Unallocated	1,730,000	
TOTAL AMOUNT	48,700,000 =====	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for:

(a) payments made prior to the date of this Agreement;

(b) Subprograms under Category 1, unless: (i) the Memorandum of Understanding has been executed on behalf of the Recipient and the Association and has entered into effect in accordance with its terms; and (ii) the Annual Work Plan and Budget for the respective Fiscal Year has been approved by the Association in accordance with Part B.4 of Section 1 of this Schedule. To this end, the Association

shall, upon the request of the Recipient, make payments under Category 1 based on the Association's annual commitment, as described in the Annual Work Plan; and

(c) any PEF Grants under Category 2, which requires the Association's no-objection pursuant to Part B.5 of Section I of this Schedule, unless the Association has given its no-objection to such PEF Grant.

2. The Closing Date is December 31, 2011.

Section V. Other Undertakings

A. Appointment of Financial and Procurement Auditors

1. The Recipient shall, not later than six months after the Effective Date, appoint the independent auditors referred to in Section 4.09 (b) of the General Conditions, in accordance with the provisions of Section III of this Schedule.
2. The Recipient shall, not later than six months after the Effective Date, put in place arrangements, satisfactory to the Association, including the appointment of independent procurement auditors acceptable to the Association, in accordance with the provisions of Section III of this Schedule, for reviewing the procurement of goods, works and consultants' services financed under the Project, including the reviewing of procurement procedures and processes.

B. Procurement Audits

The Recipient shall, not later than six months after the end of each Fiscal Year, or such later date as the Association may agree, furnish to the Association an audit report on the procurement of goods, works and consultants' services carried out under the Project, prepared by the independent procurement auditors referred to in Part A.2 of this Section.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 15 and September 15	
Commencing September 15, 2016, to and including March 15, 2026.	1%
commencing September 15, 2026, to and including March 15, 2046.	2%

*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. “Abbreviated Resettlement Action Plan” means the plan referred to in Section 5.01 of this Agreement.
2. “Annual Work Plan and Budget” means a work plan and budget prepared annually by MOPS for Part 1 of the Project, in accordance with Section I.B.4 of Schedule 2 to this Agreement).
3. “Beneficiary” means a government ministry, department or agency, which has met the eligibility criteria specified in the PEF Operations Manual (as hereinafter defined) and, as a result, has been extended, or is to be extended, a PEF Grant (as hereinafter defined) for the carrying out of an activity under PEF Proposal (as hereinafter defined).
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Co-financier” means each and any co-financier (other than the Recipient) that has extended or is to extend the Co-financing (as hereinafter defined) to the Recipient pursuant to the Co-financing Agreement (as hereinafter defined), and that has signed the Memorandum of Understanding (as hereinafter defined).
6. “Co-financing” means for the purposes of Section 6.02 (g) (ii) and (iii) and Section 6.06 (c) of the General Conditions, each and any credit or grant extended or to be extended to the Recipient by the Co-financiers for the purpose of assisting in the joint co-financing of Subprograms under Part 1 of the Project, in accordance with the provisions of the Co-financing Agreement and the Memorandum of Understanding.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
8. “Displaced Persons” means persons who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected.

9. “Environmental Impact Statement for Proposed Records and Archives Center” or “Environmental Impact Statement” means the document of the Recipient dated October 2005, as the said document may be amended and/or supplemented from time to time with the prior concurrence of the Association, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans under the Project pursuant to Section I.B.2 of Schedule 2 to this Agreement.
10. “Fiscal Year” means the Recipient’s fiscal year commencing July 1 and ending June 30 of each year.
11. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
12. “HoPS/SC” means the official designated as the Head of the Public Service and Secretary to the Cabinet of the Recipient, and referred to A.2 (d) of Schedule 2 to this Agreement.
13. “Implementation Coordination Steering Committee” means the Steering Committee referred to in Section I.A.2 (a) of Schedule 2 to this Agreement.
14. “Memorandum of Understanding” means the memorandum of understanding between the Recipient, the Association, and the Co-financiers, as the same may be amended from time to time, providing for common arrangements and procedures on procurement, disbursement, accounting, monitoring, reporting, auditing, coordination and exchange of information required for the implementation of Part 1 of the Project.
15. “MOFPED” means the Recipient’s Ministry of Finance, Planning and Economic Development.
16. “MOPS” means the Recipient’s Ministry of Public Service.
17. “Operating Costs” means incremental costs incurred on account implementation of Part 2 of the Project including, fuel, maintenance of vehicles for Part 2 of the Project, office supplies, utilities, consumables, bank charges, communication expenses, allowances, travel per diems, accommodation and subsistence allowances for authorized travel, but excluding salaries of the Recipient’s civil servants.
18. “PEF” means the facility to be financed out of the proceeds of the Financing under Part 2 of the Project.

19. “PEF Grant” means funds allocated or proposed to be allocated out of the proceeds of the Financing to a Beneficiary, for the purpose of financing activities under a PEF Proposal in accordance with the provisions of Section I.B.5 of Schedule 2 to this Agreement.
20. “PEF Operations Manual” means the Recipient’s manual, in form and substance satisfactory to the Association, containing or referring to detailed arrangements and procedures for the implementation of Part 2 of the Project, including: (i) institutional coordination and day-to-day execution of activities under Part 2 the Project; (ii) disbursement and financial management; (iii) procurement; (iv) a PEF Grants manual defining eligibility criteria and approval, disbursement, administration and monitoring and evaluation arrangements for activities under PEF Proposals together with sample grant agreement formats; (v) monitoring, evaluation, and reporting; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for Part 2 of the Project.
21. “PEF Performance Grant Agreement” means an agreement entered into, or to be entered into, between MOPS, on behalf of the Recipient, and a Beneficiary, for the purpose of extending a PEF Grant to such Beneficiary on the terms and conditions set forth or referred to in Section I.B.5 (d) of Schedule 2 to this Agreement.
22. “PEF Proposals” means a set of specific activities carried out or to be carried out by a Beneficiary under Part 2 of the Project and financed or proposed to be financed through a PEF Grant.
23. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
24. “Procurement Plan” means the Recipient’s procurement plan for the Project dated March 31, 2006, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
25. “Program” means the program set out in the letter from the Recipient to the Association dated May 16, 2006, describing a set of objectives, policies and actions designed to ensure enhanced institutional capacity and performance of the public service in delivery of services, and declaring the Recipient’s commitment to the execution of the Program.
26. “PSM Working Group” means the Public Sector Management Working Group referred to in Section 1. A.2 (b) of Schedule 2 to this Agreement.

27. “PSRP Operations Manual” means the Recipient’s manual, in form and substance satisfactory to the Association, containing or referring to detailed arrangements and procedures for Part 1 of the Project, including: (i) institutional coordination and day-to-day execution of the Subprogram activities; (ii) capacity building activities for sustained achievement of the Project’s objectives; (iii) disbursement and financial management; (iv) procurement; (v) monitoring, evaluation, reporting, and public information, education and communication; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for Part 1 of the Project.

28. “Project Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreements signed on behalf of the Association on December 15, 2003 and on behalf of the Recipient on, June 6, 2004.

29. “Subprogram” means a program of activities under Part 1 of the Project and included in the Annual Work Program and Budget.

30. “TAC” means the Technical Advisory Committee referred to in Section I.A.2 (a) of Schedule 2 to this Agreement.