

**OFFICIAL  
DOCUMENTS**

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CREDIT NUMBER 5645-UG

**Financing Agreement**

**(Third Northern Uganda Social Action Fund Project)**

**between**

**REPUBLIC OF UGANDA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

Dated DECEMBER 16, 2015

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**CREDIT NUMBER 5645-UG**

**FINANCING AGREEMENT**

AGREEMENT dated DECEMBER 16, 2015, 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 ninety four million three hundred thousand Special Drawing Rights (SDR94,300,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 February 15 and August 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 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 — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Recipient has prepared and adopted an Operations Manual, in accordance with the provisions of Section I.B.1 of Schedule 2 to this Agreement.
- 4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.
- 4.03. 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 V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is its minister responsible for finance.
- 5.02. The Recipient's Address is:

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

Telephone

256-414-707000

Facsimile

256-414-230163

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5.03. 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

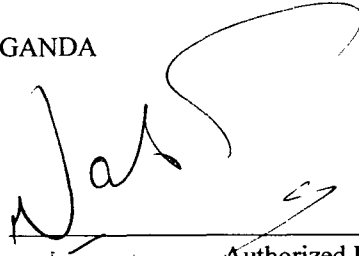
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AGREED at Kampala, Republic of Uganda, as of the day and year first above written.

REPUBLIC OF UGANDA

By:

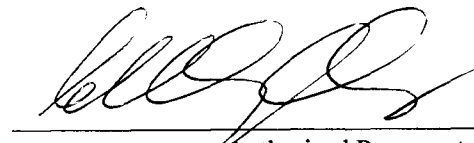
  
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Authorized Representative

Name: Matia Kasaija

Title: Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

  
\_\_\_\_\_  
Authorized Representative

Name: CHRISTINA MALMBERG CALVO

Title: COUNTRY MANAGER

## SCHEDULE 1

### Project Description

The objective of the Project is to provide effective income support to and build the resilience of poor and vulnerable households in Northern Uganda.

The Project is the third in a series of projects and consists of the following parts:

#### Part 1: Labor-Intensive Public Works and Disaster Risk Financing

- (a) (i) Implementation of a Public Works and Direct Transfers Program consisting of specific labor-intensive public works' activities ("Public Works Subprojects") designed to create community assets and to smooth consumption of eligible and duly registered households ("Public Works Beneficiaries"), through provision of: (A) wages to said Public Works Beneficiaries for carrying out said Public Works Subprojects ("Labor Payments"); or (B) Direct Transfers to select Public Works Beneficiaries (*excluded from carrying out said Public Works Subprojects*); and (ii) provision of technical advisory services, non-consulting services, training, operating costs and acquisition of goods for the purpose.
- (b) Carrying out of a program of actions designed to facilitate immediate response in the aftermath of natural disasters, in particular: (i) development of an appropriate natural disaster response institutional and administrative framework, including; (A) conducting an institutional mapping exercise to identify gaps and make recommendations for improvement; (B) supporting collection, analysis and recording of relevant data on natural disasters and designing appropriate data sets/indexes for triggering emergency response; (C) strengthening the institutional and technical capacities of key emergency response agencies; (D) development of an appropriate information management platform, including, *inter alia*: (i) supply and installation of appropriate hardware/infrastructure and software; and (ii) scaling-up implementation of said Public Works and Direct Transfers Program in priority Districts in the aftermath of a natural disaster, in accordance with the provisions of the Operations Manual ("Disaster Risk Financing Mechanism").

#### Part 2: Livelihood Investment Support

- (a) Carrying out of a program of actions in priority sectors designed to, *inter alia*, increase productive assets and incomes of CIG Beneficiaries, in particular: (i) carrying out of appropriate market assessments and value chain analyses with a view to developing a menu of Business Subprojects; (ii) provision of Micro-Grants to said CIG Beneficiaries for

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carrying out of relevant Business Subprojects; (iii) provision of business skills training to said CIG Beneficiaries; (iv) strengthening the institutional and technical capacities of key local government agencies and community groups for coordination, management and oversight of said CIG Beneficiaries; and (v) provision of technical advisory services, training, non-consulting services and acquisition of goods for the purpose.

- (b) Carrying out of a program of actions designed to increase productive assets and incomes of SHG Beneficiaries in priority Districts, in particular: (i) establishment and operationalization of, *inter alia*, SHGs and village livelihood improvement committees; (ii) establishment of village revolving funds and provision of Micro-Credits to SHG Beneficiaries for implementing approved Business Subprojects; (iii) strengthening the capacity of eligible SHG Beneficiaries for, *inter alia*, preparation and implementation of Business Subprojects, as further elaborated in the Operations Manual; and (iv) provision of technical advisory services, training, non-consulting services and acquisition of goods for the purpose.

### **Part 3: Strengthening Transparency, Accountability and Anti-Corruption**

Supporting transparency, accountability and anti-corruption functions of the Inspectorate of Government in Project areas, including: (i) strengthening the capacities of community groups for, *inter alia*, general oversight and monitoring of activities at the parish levels; (ii) supporting communities' engagement through utilization of social accountability tools such as community score cards, participatory planning and budgeting and tracking surveys; (iii) strengthening the grievance redress mechanism; and (iv) strengthening monitoring and impact evaluation mechanisms for this Part.

### **Part 4: Safety Net Mechanisms and Project Management**

- (a) Carrying out a program of actions designed to strengthen implementation of social protection interventions at the national and local levels, in particular: (i) strengthening the capacity of the Technical Working Group; (ii) preparation of national guidelines and procedures for labor-intensive public works activities; (iii) piloting use of alternative payment mechanisms for efficient and effective delivery of Direct Transfers and Labor Payments, respectively, to Public Works Beneficiaries; (iv) carrying out of regular assessments, adjustments and testing of the common targeting mechanism for selection of Beneficiaries; (v) establishment and maintenance of a registry of Beneficiaries:

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(vi) development of an appropriate information management system, including, *inter alia*, supply and installation of appropriate hardware/infrastructure and software; (vii) carrying out monitoring and evaluation under the Project, including, random verification and an impact evaluation of Project activities.

- (b) Strengthening the capacities of agencies and institutions involved in Project implementation, including, *inter alia*: (i) strengthening the capacities of key implementing entities at the District and Sub-County levels; (ii) strengthening the capacity of the Office of the Prime Minister (and the Technical Support Team) for Project implementation and oversight (including procurement and financial management, monitoring and evaluation and reporting); and (iii) developing and implementing an information, education and communications strategy for the Project.

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**SCHEDULE 2**

**Project Execution**

**Section I. Institutional and Implementation Arrangements**

**A. Institutional Arrangements**

**1. National Level**

**(a) Office of the Prime Minister**

(i) The Recipient shall designate, at all times during the implementation of the Project, the Office of the Prime Minister (“OPM”) to be responsible for prompt and efficient overall oversight, coordination and implementation of activities under Parts 1, 2 and 4 of the Project, and shall take all actions including the provision of funding, personnel and other resources necessary to enable the OPM to perform its functions.

(ii) To this end, the Recipient shall maintain, at all times during the implementation of the Project:

(A) the Technical Support Team within the OPM, with a composition, mandate, staffing and other resources satisfactory to the Association. The Technical Support Team shall support the OPM with day to day coordination and implementation of activities under said Parts 1, 2 and 4 of the Project, as elaborated in the Operations Manual. The Recipient, through the OPM, shall not later than six (6) months after the Effective Date, appoint Key Technical Support Team Staff, all in accordance with the provisions of Section III of this Schedule. The Key Technical Support Team Staff shall be responsible for supporting the implementation of Part 1(b) of the Project;

(B) the National Emergency Coordination and Operations Center (“NECOC”) within the OPM, with a composition, mandate, staffing and other resources satisfactory to the Association. The NECOC shall be responsible for data collection and analysis under Part 1 (b) (i) (B) of the Project, as elaborated in the Operations Manual; and

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(C) the National Council within the OPM, with a composition, mandate, staffing and other resources satisfactory to the Association. The National Council shall be responsible for coordinating and implementing activities under Part 1(b) of the Project, as elaborated in the Operations Manual.

(b) Inspectorate of Government

The Recipient shall designate, at all times during the implementation of the Project, the Inspectorate of Government to be responsible for prompt and efficient oversight, coordination and implementation of activities under Part 3 of the Project, and shall take all actions including the provision of funding, personnel and other resources necessary to enable the Inspectorate of Government to perform its functions, as elaborated in the Operations Manual.

(c) Technical Working Group

Without limitation upon the provisions of sub-paragraphs 1(a) and (b) of this Section, the Recipient shall maintain at all times during the implementation of the Project, the Technical Working Group with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for, *inter alia*, providing operational and technical oversight on matters relating to the Project.

2. **District Level**

District Technical Planning Committee

Without limitation upon the provisions of paragraph 1 of this Section, the Recipient shall maintain at all times during the implementation of the Project, District Technical Planning Committees (“DTPC”) at the District and Sub-County levels with a composition, mandate, staffing and other resources satisfactory to the Association. The DTPCs shall be responsible for, *inter alia*, monitoring the appraisal and approval of Subprojects and other Project activities at the District and Sub-County levels, and ensuring their inclusion in the respective District Development Plans, as the case may be, and the Annual Work Plan and Budget, all in accordance with the provisions of the Operations Manual.

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**B. 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:
  - (i) an operations manual, providing details of arrangements and procedures for the implementation of the Project, including the following matters: (A) capacity building activities for sustained achievement of the Project's objectives; (B) arrangements on financial management, setting forth the detailed policies and procedures for financial management under the Project; (C) procurement management procedures, including a manual to guide procurement at the community level; (D) institutional administration, coordination and day to day execution of Project activities; (E) monitoring and evaluation; (F) reporting; and (G) information, education and communication of Project activities;
  - (ii) a handbook for the Public Works and Direct Transfers Program, setting forth the detailed policies and procedures for implementation of said Program, including, *inter alia*, the common targeting mechanism, eligibility criteria, guidelines and procedures for the selection and approval of Public Works Subprojects under said Program;
  - (iii) guidelines for screening and assessing potential environmental and social impacts of Project activities (including Public Works Subprojects and Business Subprojects) and designing appropriate mitigation, management and monitoring measures in respect of said impacts; as well as guidelines on the procurement, transportation, storage, application of pesticides, including disposal of used pesticides containers;
  - (iv) the eligibility criteria, guidelines and detailed procedures for the selection and approval of Business Subprojects and for provision and management of Micro-Grants under Part 2(a)(ii) of the Project;
  - (v) the guidelines for establishment of village revolving funds; and eligibility criteria, guidelines and detailed procedures for the

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selection and approval of Business Subprojects and for provision and management of Micro-Credits under Part 2(b)(ii) of the Project;

- (vi) A DRFM annex which shall set forth, *inter alia*, detailed implementation arrangements for Part 1(b) of the Project, including: (A) designation of terms of reference for, and resources to be allocated to the entity to be responsible for coordinating and implementing said Part 1(b); (B) specific activities which may be included in said Part 1(b), Eligible Expenditures required therefore, and any procedures for such inclusion; and (C) detailed criteria and procedures for the determination of an occurrence of a natural disaster; and
- (vii) such other technical and organizational arrangements and procedures as shall be required for the Project ("Operations Manual").

- (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 May 31 of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities (including Subprojects under the Project) proposed to be included in the Project (including Safeguards Instruments applicable to said activities in accordance with the provisions of Section I.F of this Schedule 2) during the following Fiscal Year, and a proposed financing plan for expenditures required for

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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(s) to the approved Annual Work Plan and Budget without prior approval in writing by the Association.

**3. Memoranda of Understanding**

- (a) The Recipient shall implement Parts 1, 2 and 4 of the Project in accordance with the arrangements and procedures set out in the Memoranda of Understanding; provided, however, that in case of any conflict between the provisions of any Memorandum of Understanding 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 Memoranda of Understanding, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of said Parts 1, 2 and 4 of the Project.

**C. Subprojects under Parts 1(a)(i), 2(b)(ii) and 2(b)(iii) of the Project; Grants Agreements**

**1. Eligibility Criteria and Procedures**

- (a) Selection of Beneficiaries

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No proposed Beneficiary shall be eligible to receive: (i) a Labor Payment or Direct Transfer under Part 1(a) of the Project; or (ii) a Micro-Grant under Part 2(a)(ii) of the Project; or (iii) a Micro-Credit under Part 2(b)(ii) the Project, as the case may be, unless the Recipient, through the Grant Recipient, shall have determined, on the basis of an appraisal conducted in accordance with guidelines acceptable to the Association and elaborated in the Operations Manual, that the Beneficiary satisfies the following eligibility criteria, and such further requirements as are elaborated in said Operations Manual:

- (i) the Beneficiary: (A) has been pre-selected on the basis of a common targeting system consisting of: (1) a geographical targeting mechanism which has identified eligible Sub-counties; and (2) a community targeting mechanism which has identified eligible households in said eligible Sub-counties; and (B) has received appropriate training (including, *inter alia*, applicable co-responsibilities for Labor Payments or Micro-Grants or Micro-Credits, respectively) and is enrolled in an appropriate registry; and
  - (ii) the Recipient shall have confirmed the Beneficiary's compliance with applicable co-responsibilities in accordance with the provisions of the Operations Manual.
- (b) Public Works Subprojects under Part 1(a) of the Project
- (i) No Public Works Subproject shall be eligible for financing under a Grant, unless the Recipient, through the Grant Recipient, shall have determined, on the basis of an appraisal conducted in accordance with guidelines acceptable to the Association, and elaborated in the Operations Manual, that the Public Works Subproject satisfies the following requirements, and such further requirements as are elaborated in said Operations Manual, namely:
    - (A) if a Safeguards Instrument is required for the Public Works Subproject, said Safeguards Instrument is prepared and disclosed in accordance with the provisions of the Safeguards Frameworks;
    - (B) the Public Works Subproject is included in the District Development Plan of each District in which it is to be carried out; and

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- (C) the Public Works Subproject is included in the Annual Work Plan and Budget.
- (ii) The Grant Recipient shall make: (A) Labor Payments directly to Public Works Beneficiaries for work performed by them under the Public Works Subproject, and (B) Direct Payments to selected Public Works Beneficiaries excluded from carrying out Public Works Subprojects, all in accordance with the provisions of the Operations Manual.
- (c) Business Subprojects under Parts 2(a)(ii) and Part 2(b)(iii) of the Project
  - (i) No Business Subproject under Part 2(a)(ii) or Part 2(b)(iii) of the Project, respectively, shall be eligible for financing under a Micro-Grant or Micro-Credit, respectively, unless the Recipient, through the Grant Recipient, shall have determined, on the basis of an appraisal conducted in accordance with guidelines acceptable to the Association, and elaborated in the Operations Manual, that the Business Subproject proposal satisfies the following requirements, and such further requirements as are elaborated in said Operations Manual, namely:
    - (A) the Business Subproject proposal is: (1) for eligible expenditures; (2) includes a financing plan and budget, and an implementation plan in form and substance satisfactory to the Association; (3) technically feasible, and financially and economically sound; and (4) is included in the District Development Plan of each District in which it is to be carried out;
    - (B) if a Safeguards Instrument is required for the Business Subproject, said Safeguards Instrument is prepared and disclosed in accordance with the provisions of the Safeguards Frameworks; and
    - (C) the Business Subproject is included in the Annual Work Plan and Budget.
  - (ii) The Recipient, through the Grant Recipient, shall make each Micro-Grant or Micro-Credit, respectively, to a Beneficiary under a Sub-financing Agreement with the respective

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Beneficiary on terms and conditions satisfactory to the Association.

2. **Terms and Conditions of Grants; Memorandum of Understanding**

- (a) To facilitate the carrying out of Parts 1(a), 2(a) and 2(b) of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Categories (1), (5), (6) and (7) of the table set forth in Section IV.A.2 of this Schedule available to each Grant Recipient under a Memorandum of Understanding ("MOU") with the Grant Recipient, under terms and conditions approved by the Association, which shall include the following:
- (i) the Grant shall be made on a non-reimbursable grant basis;
  - (ii) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to suspend or terminate the right of the Grant Recipient 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 Grant Recipient's failure to perform any of its obligations under the MOU;
  - (iii) the Grant Recipient shall undertake: (A) to carry out said Parts 1(a), 2(a) and 2(b) of the Project with due diligence and efficiency and in accordance with sound technical, financial, managerial and environmental standards and practices, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Credit proceeds other than the Recipient, the Safeguards Frameworks and any Safeguards Instruments required for activities under said Parts of the Project; (B) provide, promptly as needed the resources required for these purposes; and (C) maintain adequate records;
  - (iv) the Grant Recipient shall ensure that the goods, works, non-consulting services and services to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of this Schedule and used exclusively in carrying out activities under said Parts 1(a), 2(a) and 2(b) of the Project;
  - (v) the Grant Recipient shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Association, the progress of

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implementation of activities under said Parts 1(a), 2(a) and 2(b) of the Project and the achievement of its objectives;

- (vi) the Grant Recipient shall: (A) 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 activities under said Parts of the Project; and (B) for each Fiscal Year, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and furnish the statements as so audited to the Recipient (and the Association, if requested), not later than six months after the end of such Fiscal Year;
  - (vii) the Recipient shall have the right to inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, and plants included in said Parts 1(a), 2(a) and 2(b) of the Project, the operations thereof, and any relevant records and documents;
  - (viii) the Grant Recipient shall prepare and furnish to the Recipient and the Association, all such information as the Association shall reasonably request, relating to the implementation of said Parts 1(a), 2(a) and 2(b) of the Project, and the performance by the Grant Recipient of its obligations under the MOU; and
  - (ix) the Grant Recipient shall promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of implementation of said Parts 1(a), 2(a) and 2(b) of the Project, or the performance by it of its obligations under the MOU.
- (b) The Recipient shall carry out its obligations and exercise its rights under each MOU, in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing, and, except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any MOU or any provision thereof.

**D. Disaster Risk Financing Mechanism**

1. The Recipient shall undertake no activities under Part 1(b)(ii) of the Project unless and until the following condition has been met, namely, that the Recipient

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has determined that a natural disaster has occurred in accordance with the provisions of the Operations Manual and the Association has agreed with such determination.

2. The Recipient shall implement activities under said Part 1(b)(ii) of the Project in accordance with the provisions of the Operations Manual.

**E. Anti-Corruption**

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

**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

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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 quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
2. The Recipient shall, not later than three (3) months 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 all agencies involved in the Project, a comprehensive mid-term review of the Project during which it shall exchange views with the Association and implementing agencies generally on all matters relating to the progress of the Project, the performance by the Recipient of its obligations under this Agreement and the performance by said implementing agencies, 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.

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**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. **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**

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.

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**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) Limited International Bidding; (b) National Competitive Bidding, *subject to the additional provisions in paragraph 3 below*; (c) Shopping, *subject to the additional provision in paragraph 4 below*; (d) 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*; (e) Direct Contracting; and (f) Community Participation procedures 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

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(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 (f) 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.

**E. Specific Procurement Covenants**

1. The Recipient shall, not later than six (6) months after the Effective Date, appoint a procurement officer, in accordance with the provisions of Section III of this Schedule.

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2. The Recipient shall, not later than six (6) months after the Effective Date, update its procurement filing and record keeping system, in form and substance acceptable to the Association.
3. The Recipient, through the OPM shall not later than six (6) months after the Effective Date, partition office space for PDU staff.

**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:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consultants' services and Training for Parts 1(a)(ii) and 2(a)(i), 2(a)(iii), 2(a)(iv), 2(a)(v), 2(b)(i), 2(b)(iii), 2(b)(iv), and 2(b)(v) of the Project	16,000,000	100%
(2) Goods, works, non-consulting services, consultants' services	1,450,000	100%

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and Training for Part 1(b) of the Project		
(3) Goods, non-consulting services, consultants' services, Training and Operating Costs for Part 3 of the Project	3,600,000	100%
(4) Goods, non-consulting services, consultants' services, Training and Operating Costs for Part 4 of the Project	14,900,000	
(5) Labor Payments and Direct Payments for Parts 1(a)(i)(A) and 1(a)(i)(B) of the Project	29,700,000	
(6) Micro-Grants for Part 2(a)(ii) of the Project	27,900,000	
(7) Micro-Credits for Part 2(b)(ii) of the Project	750,000	
<b>TOTAL AMOUNT</b>	<b>94,300,000</b>	

**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; or
  - (b) for any Grant under Categories (5), (6), or (7), unless and until the Recipient has executed at least twenty (20) Grant Agreements with Grant Recipients, all in accordance with the provisions of Section I.C.2 of this Schedule.
2. The Closing Date is December 31, 2020.

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**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each February 15 and August 15, commencing August 15, 2021, to and including February 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.

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## 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.B.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. "Beneficiary" means a CIG Beneficiary consisting of eligible poor and vulnerable households in a Community or a Public Works Beneficiary consisting of an eligible poor and vulnerable household in a Community or a SHG Beneficiary consisting of eligible poor and vulnerable households in a Community, respectively, each of whom meets the eligibility criteria specified in the Operations Manual, and each of whom is a recipient of a Micro-Grant, or a Labor Payment or Direct Transfer, or a Micro-Credit, respectively, in accordance with the provisions of the Operations Manual, and "Beneficiaries" means, collectively, two or more such sets of Beneficiaries.
5. "Business Subproject" means a specific development activity under Part 2(a)(ii) or Part 2(b)(iii), respectively, of Schedule 1 to this Agreement and elaborated upon in Section I.C.1(c) of Schedule 2 to this Agreement.
6. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. "CIG" means a Community Interest Group established and operating in a Community, in accordance with the provisions of the Operations Manual.
8. "Community" means an organized group living within a village, a parish, Sub-County, or District, and such term includes Beneficiaries.
9. "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 (revised July 2014).

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10. "Direct Transfer" means an unconditional transfer to be made to a specific category of Public Works Beneficiaries comprised of poor and extremely vulnerable households in a Community such as children, old individuals, mentally and physically disabled individuals, and temporarily disabled individuals, all in accordance with the provisions of Section I.C.1(a) of Schedule 2 to this Agreement, and "Direct Transfers" means, collectively, two or more such unconditional transfers.
11. "Disaster Risk Financing Mechanism" means the program of activities described in Part 1(b) of Schedule 1 to this Agreement.
12. "District" means a district established as an administrative local government area pursuant to the Local Governments Act (CAP 243) of the laws of the Recipient.
13. "District Development Plan" means the plan prepared by a District Technical Planning Committee and approved by a District council in accordance with the Recipient's planning framework, and referred to in Section I.A.2 of Schedule 2 to this Agreement, and "District Development Plans" means, collectively, two or more such plans.
14. "District Technical Planning Committee" or "DTPC" means the committee established within a District pursuant to the Local Governments Act (CAP 243) of the laws of the Recipient, and referred to in Section I.A.2 of Schedule 2 to this Agreement.
15. "Environmental and Social Impact Assessment" or "ESIA" means, with respect to each activity under the Project pursuant to which the ESMF requires an environmental and social impact assessment, such assessment, carried out in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.
16. "Environmental and Social Management Framework" or "ESMF" means the framework of the Recipient disclosed in-country on April 14, 2015, and at the Association's InfoShop on April 14, 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.
17. "Environmental and Social Management Plan" or "ESMP" means a plan prepared by the Recipient in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.
18. "Fiscal Year" or "FY" means the Recipient's twelve month period starting July 1 and ending June 30 of the following year.

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19. "Grant" means funds allocated or proposed to be allocated out of the proceeds of the Financing to a Grant Recipient for a Project activity (including Subprojects), in accordance with the provisions of Section I.C.2 of Schedule 2 to this Agreement.
20. "Grant Recipient" means a District or Local Government or Lower Local Government or Community, respectively, to which the Recipient proposes to make or has made a Grant.
21. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.
22. "Key Technical Support Team Staff" means the following staff for the Technical Support Team: a procurement officer, a director, a program operations specialist, a financial management specialist, an environment safeguards specialist, a development communication specialist, a monitoring and evaluation officer, an information and communication telecommunications officer and an accountant.
23. "Labor Payments" means the wages to be made to Public Works Beneficiaries for carrying out Public Works Subprojects.
24. "Local Government" means a local government established and operating pursuant to the Recipient's Local Governments Act, CAP 243, as amended to date.
25. "Lower Local Government" means a lower-level local government established and operating pursuant to the Recipient's Local Governments Act, CAP 243, and for the purposes of the Project, the term "Lower Local Government" means a sub-county, a municipal division, and a town council (all established and operating pursuant to the Local Governments Act).
26. "Memorandum of Understanding" or "MOU" means a memorandum of understanding between the Office of the Prime Minister, the line ministries, District, Local Government, or Lower Local Government, as the same may be amended from time to time, providing for the respective roles and responsibilities and the modality for coordination of activities, common arrangements and procedures on procurement, disbursement, accounting, monitoring, reporting, auditing, coordination and exchange of information required for the implementation of the Project, and "Memoranda of Understanding" means, collectively, two or more such memorandum of understanding.
27. "Micro-Credit" means a micro-credit made or proposed to be made by the Grant Recipient to a CIG Beneficiary under Part 2(b)(ii) of the Project and in accordance with the provisions of Section I.C.1(c) of Schedule 2 to this

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Agreement, and “Micro-Credits” means, collectively, two or more such micro-credits.

28. “Micro-Grant” means a micro-grant made or proposed to be made by the Grant Recipient to a SHG Beneficiary under Part 2(a)(ii) of the Project and in accordance with the provisions of Section I.C.1(c) of Schedule 2 to this Agreement, and “Micro-Grants” means, collectively, two or more such micro-grants.
29. “National Council” means the Recipient’s council referred to in Section I.A.1(a)(ii)(C) of Schedule 2 to this Agreement.
30. “National Emergency Coordination and Operations Center” means the Recipient’s unit referred to in Section I.A.1(a)(ii)(B) of Schedule 2 to this Agreement.
31. “Inspectorate of Government” or “IG” means the Inspectorate of Government established and operating pursuant the Inspectorate of Government Act No.9 of 2002, of the laws of the Recipient, as amended to date.
32. “Office of the Prime Minister” or “OPM” means the Recipient’s Office of the Prime Minister established pursuant to the Recipient’s Constitution or any successor thereto.
33. “Operating Costs” means the incremental expenses incurred on account of Project implementation based on the Annual Work Plan and Budget, and consisting of, 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.
34. “Operations Manual” means the Recipient’s plan referred to in Section I.B.1 of Schedule 2 to this Agreement.
35. “Pest Management Plan” or “PMP” means the plan of the Recipient included in the ESMF, as disclosed in-country on April 14, 2015, and in the Association’s InfoShop on April 14, 2015, setting forth the modalities for handling and use of pesticides under the Project, as the same may be amended from time to time with the written agreement of the Association.
36. “PDU” means the Procurement and Disposal Unit within OPM.

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37. "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.
38. "PPDA Act" means the Recipient's Public Procurement and Disposal of Public Assets Act Number 1 of 2003, as amended to date.
39. "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.
40. "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 (revised July 2014).
41. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 22, 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.
42. "Program" means the Recipient's program for Peace, Recovery and Development Plan for Northern Uganda set forth or referred to in the Recipient's policy document dated October 2007, and set forth or referred to in the letter dated April 6, 2009, from the Recipient to the Association.
43. "Public Works Subproject" means a specific labor-intensive public works' development activity under Part 1(a)(i) of Schedule 1 to this Agreement and further elaborated upon in Section I.C.1(b) of Schedule 2 to this Agreement.
44. "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.
45. "RPF" means the Resettlement Policy Framework of the Recipient disclosed in-country on April 14, 2015, and in the Association's InfoShop on April 14, 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.
46. "Safeguards Framework" means, the ESMF or RPF, as the context may require; and "Safeguards Frameworks" means, collectively, two or more such frameworks.

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47. “Safeguards Instrument” means, an ESIA, ESMP, PMP or a RAP for a Project activity; and “Safeguards Instruments” means, collectively, two or more such instruments.
48. “SHG” means a community Self-Help Group established and operating in accordance with the provisions of the Operations Manual.
49. “Sub-County” means a sub-county established and operating as a planning and administrative lower local government unit pursuant to the Local Governments Act (CAP 243) of the laws of the Recipient.
50. “Sub-financing Agreement” means an agreement made or proposed to be made between the Grant Recipient and a CIG Beneficiary or a SHG Beneficiary, respectively, providing for a Micro-Grant or Micro-Credit, respectively, under Parts 2(a)(ii) or 2(b)(ii) of Schedule 1 to this Agreement, respectively, as further elaborated upon in Section I.C.1(c) of Schedule 2 to this Agreement.
51. “Subproject” means a Public Works Subproject or a Business Subproject, respectively, and “Subprojects” means, collectively, two or more such Subprojects.
52. “Technical Support Team” means the Recipient’s team referred to in Section 1.A.1(a)(ii) of Schedule 2 to this Agreement.
53. “Technical Working Group” means the Recipient’s group referred to in Section 1.A.1(c) of Schedule 2 to this Agreement.
54. “Training” means the costs associated with training provided under the Project based on the Annual Work Plan and Budget, and 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.

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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.”

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ANNEX 2

**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
    - (v) 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

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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.”**

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