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TF020052  
AGREEMENT RELATED TO CREDIT NUMBER 2679 UG

Swedish Grant Agreement

(District Health Services Pilot and Demonstration Project)

between

THE REPUBLIC OF UGANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION  
as Administrator of Grant Funds provided by  
THE KINGDOM OF SWEDEN

Dated September 30, 1996

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AGREEMENT RELATED TO CREDIT NUMBER 2679 UG

SWEDISH GRANT AGREEMENT

AGREEMENT, dated September 30, 1996, between THE REPUBLIC OF UGANDA (the Grantee) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) acting as Administrator (the Administrator) of the Swedish Grant, (as hereinafter defined) provided by the Kingdom of Sweden (Sweden).

WHEREAS: (A) Sweden has agreed to make available a grant (the Swedish Grant) through the Administrator, to the Grantee to assist in the financing of the District Health Services Pilot and Demonstration Project (the Project) described in Schedule 2 to the Development Credit Agreement dated April 19, 1995, (the Development Credit Agreement) between the Grantee and the Association, on the terms and conditions hereinafter set forth;

(B) by a letter agreement dated March 22, 1996 and April 10, 1996 between Sweden and the Association (the Administration Agreement), Sweden has requested the Association, and the Association has accepted, to administer the Swedish Grant in accordance with the provisions of the Administration Agreement;

(C) the Grantee acknowledges that the financial assistance extended to the Grantee under this Agreement (the Swedish Grant Agreement) shall be considered as part of the bilateral development aid extended by Sweden to the Grantee; and

(D) the Administrator has agreed on the basis, inter alia, of the foregoing

to extend the Swedish Grant to the Grantee in support of the Project, upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definitions

Section 1.01. The General Conditions Applicable to Development Credit Agreements of the Association, dated January 1, 1985 (the General Conditions) constitute an integral part of this Agreement subject, however, to the following modifications thereof:

(a) the term "Association", whenever used in the General Conditions, means the International Development Association acting as Administrator of the Swedish Grant pursuant to the Administration Agreement, except in the phrase "member of the Association" in Sections 2.01 (5), 4.02 (b) and 6.02 (e);

(b) the term "Borrower", whenever used in the General Conditions, means the Grantee;

(c) the term "Development Credit Agreement", whenever used in the General Conditions, means the Swedish Grant Agreement;

(d) the term "Credit", whenever used in the General Conditions, means the Swedish Grant;

(e) the term "Credit Account", whenever used in the General Conditions, means the trust account opened by the Administrator in its books in the name of the Grantee to which the amount of the Swedish Grant is credited (the Trust Account);

(f) in Section 6.02 the term "Association" shall also include the Association acting in its own capacity;

Section 9.06 (c) shall be modified to read:

"(c) Not later than six months after the Closing Date, or such later date as may be agreed for this purpose between the Grantee and the Administrator, the Grantee shall prepare and furnish to the Administrator a report of such scope and in such detail as the Administrator shall reasonably request, on the execution of the activities referred to in the Preamble to the Swedish Grant Agreement, the performance by the Grantee and the Administrator of their respective obligations under the Swedish Grant Agreement and the accomplishment of the purposes of the Swedish Grant."; and

Sections 3.02, 3.03, 3.04, 3.05, 4.02, 4.03, 4.04, 4.06, 6.05, 7.01, 8.01 (a), and Article XII are deleted.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, in the Administration Agreement, and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings; and

"Swedish Kroner" or "SEK" means the currency of Sweden.

## ARTICLE II

### The Grant

Section 2.01. The Administrator agrees to extend to the Grantee, on the terms and conditions herein set forth or referred to, a grant in an amount of fifty million Swedish Kroner (SEK 50,000,000) or such other amount as shall have been made available by Sweden to the Administrator for this purpose pursuant to the Administration Agreement.

Section 2.02. (a) The amount of the Swedish Grant may be withdrawn from the

Trust Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Grantee and the Administrator for expenditures made (or if the Administrator shall so agree, to be made) in respect of the reasonable cost of the goods and services required for the Project.

(b) Notwithstanding the provisions of paragraph (a) above, no withdrawals shall be made in respect of payments for taxes levied by, or in the territory of, the Grantee on goods and services or in the importation, manufacture, procurement or supply thereof.

Section 2.03. (a) Except as the Administrator shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Swedish Grant shall be governed by the provisions of Schedule 3 to the Development Credit Agreement.

(b) If the Administrator shall have reasonably determined that the procurement of any item is inconsistent with the procedures set forth or referred to in paragraph (a) above, no expenditures for such item shall be financed out of the proceeds of the Swedish Grant, and the Administrator may, without in any way restricting or limiting any other right, power or remedy of the Administrator under this Agreement, by notice to the Grantee, cancel such amount of the Swedish Grant as, in the Administrator's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Swedish Grant.

Section 2.04. The Closing Date shall be December 31, 1998 or such later date as the Administrator shall establish. The Administrator shall promptly notify the Grantee of such later date.

### ARTICLE III

#### Execution of the Project

Section 3.01. The Grantee declares its commitment to the objectives of the Project and, to this end, shall carry out the Project, with due diligence and efficiency, and in conformity with appropriate administrative, financial and public health practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

### ARTICLE IV

#### Financial Covenants

Section 4.01. (a) The Grantee shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Grantee shall:

(i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;

(ii) furnish to the Administrator, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested; and

(iii) furnish to the Administrator such other information concerning said records, accounts and the audit thereof as the Administrator shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Trust Account were made on the basis of statements of expenditure, the Grantee shall:

(i) maintain, or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Administrator has received the audit for the fiscal year in which the withdrawal from the Trust Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Administrator's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Effectiveness

Section 5.01. This Agreement shall become effective as of the date first above written and shall continue in effect until the Swedish Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations under this Agreement.

#### ARTICLE VI

##### Representative; Transfer of Rights and Obligations

Section 6.01. The Minister of Finance and Economic Planning of the Grantee shall be the representative of the Grantee for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Grantee:

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

Cable address:	Telex:
FINSEC Kampala	61170

For the Administrator:

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

Cable address:	Telex:
INDEVAS Washington, D.C.	248423 (RCA) 82987 (FTCC)

64145 (WUI) or  
197688 (TRT)

Section 6.03. In accordance with the provisions of the Administration Agreement, the rights and obligations of the Administrator under this Agreement may be transferred to Sweden. The Grantee accepts and agrees that, upon notice by the Administrator to the Grantee to that effect, Sweden shall, ipso facto, from the date specified in such notice, be substituted in all rights and obligations of the Administrator under this Agreement as if Sweden had been an original party to this Agreement, without any further action or formality being required on the part of any party, and from such date the Administrator shall cease to have any rights or obligations as a party under this Agreement.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

THE REPUBLIC OF UGANDA

By /s/ Jehoash Mayanja-Nkangi

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION  
as Administrator of Grant Funds  
provided by the Kingdom of Sweden

By /s/ Callisto E. Madavo

Regional Vice President  
Africa

#### SCHEDULE 1

##### Withdrawal of the Proceeds of the Swedish Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Swedish Grant, the allocation of the amounts of the Swedish Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Grant Allocated (Expressed in SEK)	% of Expenditures to be Financed
(1) Civil Works		100% of foreign expenditures and 80% of local expenditures
(a) for Part A of the Project	2,000,000	
(b) for Part B of the Project	5,000,000	

(2)	Training	33,000,000	90%
(3)	Vehicles	10,000,000	
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	TOTAL	50,000,000	
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2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

