

CONFORMED COPY

CREDIT NUMBER 4174 UG

Project Agreement

(Millennium Science Initiative Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

UGANDA NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Dated August 11, 2006

PROJECT AGREEMENT

Agreement dated August 11, 2006, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and UGANDA NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement of same date between the Republic of Uganda (“Recipient) and the Association (the “Financing Agreement”). The Association and the Project Implementing Agreement hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is 20 years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is the Executive Secretary.

4.02. The Association's Address is:

For the Association:

International Association for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

4.03. The Project Implementing Entity's Address is:

Uganda National Council for Science and Technology
Plot # 5 – 8, Nasser Road
PO Box 6884
Kampala, Uganda

Cable:	Telex:	Facsimile:
		256-41-234 579

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: */s/ Grace Yabrudy*
Authorized Representative

UGANDA NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

By: */s/ Peter Ndemere*
Authorized Representative

SCHEDULE

Execution of the Project

Section I. Institutional and Other Arrangements

1. The Project Implementing Entity shall implement the Project in accordance with the procedures set out in the PIP, and shall not amend or waive any provision thereof if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.
2. The Project Implementing Entity shall, at all times during Project implementation, maintain or establish:
 - (a) The Executive Committee, with responsibility for overseeing the overall Project implementation and articulating the Recipient's national priorities and science and technology policies, in accordance with the PIP.
 - (b) The Technical Committee, with the responsibility, under Part I of the Project, for:
 - (i) defining and publicizing areas of scientific and technological research interest;
 - (ii) developing guidelines for requests for Research Subproject proposals;
 - (iii) identifying peer reviewers for Research Subproject proposals;
 - (iv) selecting, appraising and recommending Research Subproject proposals for financing; and
 - (v) Monitoring and evaluating the implementation of Research Subprojects. To this end, the Technical Committee shall be appointed by MoFPED, in consultation with UNSCT, and shall be comprised of a membership of 8 distinguished scientists of qualifications acceptable to the Association, of which four shall be nationals of the Recipient.

3. Execution Covenants

Except as the Association shall otherwise agree, for the purpose of implementing Part 1 of the Project, and in accordance with Section I.C of Schedule 2 to the Financing Agreement, the Project Implementing Entity shall:

- (a) in approving any Research Subproject proposal, apply the criteria, policies, procedures and guidelines set forth in the PIP; and (ii) not amend, or abrogate, or waive, or permit to be amended, abrogated or waived, the PIP, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of Part 1 of the Project.
- (b) enter into an MSI Subproject Agreement with an Eligible Beneficiary under terms and conditions under the PIP and in a form and manner satisfactory to the Association, including the following:

- (i) the requirement that goods, services and training financed out of the proceeds of an MSI Grant be procured in conformity with the provisions set forth in Section III of Schedule 2 to the Financing Agreement, and in accordance with the approved procurement plan for such MSI Subproject and the PIP, and that all such goods, services and training be used exclusively in the carrying out of the relevant Research Subproject; and
- (ii) provide the right of UNCST to suspend or terminate the right of an MSI Beneficiary to use the proceeds of the Research Subproject Grant upon failure by the Eligible Beneficiary to perform any of its obligations under the MSI Subproject Grant Agreement.

4. Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF)

The Project Implementing Entity shall in accordance with Section I.C.1 of Schedule 2 to the Financing Agreement, ensure that the Project is implemented in accordance with the provisions of the ESMF and RPF, and in a manner and substance satisfactory to the Association.

Section II. Project Monitoring, Reporting, Evaluation.

A. Project Reports.

(a) The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 (b) of the General Conditions and on the basis of indicators set forth below in subparagraph (b) of this paragraph. Each such Project Report shall cover the period of one calendar year, and shall be furnished to the Recipient not later forty five days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the indicators referred to in Section II. A.1 (b) of Schedule 2 to the Financing Agreement.

B. Financial Management, Financial Reports; Audits.

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.

2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Association not later than six months after the end of the period.

Section III. Procurement

All goods, works and services required for the Project shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

Section IV. Other Undertakings

The Project Implementing Entity shall, during every three months prior to commencement of each Fiscal Year, submit in a form and substance satisfactory to the Association, a consolidated annual work plan for the subsequent Fiscal Year. Any such work plan shall include, *inter alia*, an updated procurement plan and budget proposal for Project activities, in accordance with the PIP.