

CONFORMED COPY

CREDIT NUMBER 2777 UG

Project Agreement

(Environmental Management Capacity Building Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY

Dated November 10, 1995

CREDIT NUMBER 2777 UG

PROJECT AGREEMENT

AGREEMENT, dated November 10, 1995, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY (the Authority).

WHEREAS by the Development Credit Agreement of even date herewith between the Republic of Uganda (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to seven million five hundred thousand Special Drawing Rights (SDR 7,500,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the Authority agree to undertake such obligations toward the Association as are set forth in this Agreement;

WHEREAS the Authority, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

## Execution of the Project

Section 2.01. (a) The Authority declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, and environmental management practices consistent with the NEAP, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and the Authority shall otherwise agree, the Authority shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. (a) The Authority shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement.

(b) Without limitation upon the provisions of Article IX of the General Conditions, the Authority shall:

- (i) prepare and furnish to the Borrower and the Association, not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower, the Authority and the Association, a plan, of such scope and in such detail as the Association shall reasonably request, for the future operation of the Project;
- (ii) afford the Association a reasonable opportunity to exchange views with the Borrower and the Authority on the said plan; and
- (iii) thereafter, carry out the said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

Section 2.04. (a) The Authority shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Credit.

(b) The Authority shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by the Authority of its obligations under this Agreement.

## ARTICLE III

### Management and Operations of the Authority

Section 3.01. (a) The Authority shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and environmental practices under the

supervision of qualified and experienced management assisted by competent staff in adequate numbers.

(b) To this end, the Authority shall, at all times during the execution of the Project, appoint and maintain a management team comprising experts, whose qualifications shall be acceptable to the Association, in the positions of Executive Director, Deputy Executive Director, and Directors of the following four Divisions:

- (i) Policy, Planning and Legal;
- (ii) Information and Monitoring;
- (iii) Education, Awareness and Training; and
- (iv) Administration and Finance.

Section 3.02. The Authority shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Authority shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) The Authority shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) including the Special Account, the Project Account and expenditures incurred for the carrying out of the Project for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested including a statement on the adequacy of the Authority's accounting system and internal controls; and
- (iii) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

#### ARTICLE V

##### Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This agreement and all obligations of

the Association and of the Authority thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date fifteen years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify the Authority of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

#### ARTICLE VI

##### Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

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

Cable address:

INDEVAS  
Washington, D.C.

Telex:

248423 (RCA)  
82987 (FTCC)  
64145 (WUI) or  
197688 (TRT)

For the Authority:

National Environment Management Authority  
P.O. Box 22255  
Kampala, Uganda

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of the Authority may be taken or executed by its Executive Director or such other person or persons as the Executive Director shall designate in writing, and the Authority shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, 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.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Stephen Denning  
Acting Regional Vice President  
Africa

NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY

By /s/ S.T.K. Katenta-Apuli  
Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January, 1995, (the Guidelines), and the following provisions of this Section, as applicable:

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for vehicles and office equipment shall be grouped in big packages estimated to cost \$100,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

National Competitive Bidding

(a) Civil works contracts estimated to cost \$100,000 equivalent or less per contract and \$300,000 equivalent or less in the aggregate; and

(b) materials and supplies contracts estimated to cost

\$100,000 equivalent or less per contract and \$400,000 equivalent or less in the aggregate, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the guidelines.

2. National Shopping

(a) Office equipment estimated to cost \$30,000 equivalent or less per contract and \$200,000 equivalent or less in the aggregate; and

(b) materials and supplies estimated to cost \$30,000 equivalent or less per contract and \$400,000 equivalent or less in the aggregate;

may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Community Participation

Goods and works required for Part B.3 of the Project shall be procured in accordance with procedures acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for civil works estimated to cost \$100,000 equivalent or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions of the Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Association shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to:

(a) contracts for the employment of consulting firms,

estimated to cost less than \$100,000 equivalent each, or

(b) contracts for the employment of individual consultants, estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Association review shall not apply to:

(i) the terms of reference for such contracts,

(ii) single-source selection of consulting firms,

(iii) assignments of a critical nature, as reasonably determined by the Association,

(iv) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or

(v) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

## SCHEDULE 2

### Implementation Program

1. The Authority shall be responsible for the implementation of the Project in accordance with a comprehensive Project Implementation Plan, the scope and contents of which shall be acceptable to the Association.

2. (a) In the carrying out of Part A.1 of the Project the Authority, shall prepare and furnish to the Association for its review and comments, not later than April 30 of each year, a detailed annual work plan (the Work Plan) for each year during which the Project shall be implemented.

(b) Not later than September 30, 1995, in respect of the Work Plan for the 1995/96 fiscal year and thereafter not later than April 30 prior to each succeeding fiscal year, the Authority shall prepare and submit to the Borrower and the Association, for their review and comments, Work Plans covering the period of 12 months commencing on the following July 1.

(c) Each Work Plan shall set out the Authority's detailed proposals for the carrying out of Part A.1 of the Project in the period to which it relates and shall contain information satisfactory to the Association, including a budget and a training plan.

3. The Authority and MNR shall hold annual performance review workshops on each such Work Plan not later than November 1, 1996, in respect of the implementation of the Work Plan for the 1995/96 fiscal year, and thereafter not later than November 1 prior to each succeeding fiscal year; the Authority shall make such revisions to such Work Plan as may be appropriate, having due regard to the comments emanating from the said review meetings and, except as the Association shall otherwise agree, carry out Part A.1 of the Project in the year in question on the basis of such Work Plan.

4. The Authority shall periodically monitor and evaluate the implementation of the Project in accordance with performance indicators for each component of the Project specified in the Project Implementation Plan.

