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**CREDIT NUMBER 7120-UG  
GRANT NUMBER E0390**

# **Financing Agreement**

**(Greater Kampala Metropolitan Area Urban Development Program)**

**between**

**REPUBLIC OF UGANDA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**CREDIT NUMBER 7120-UG  
GRANT NUMBER E0390**

## **FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date 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) apply to and form 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 a grant and a credit, which are deemed as Concessional Financing for purposes of the General Conditions (collectively, “Financing”) in the following amounts to assist in financing the program described in Schedule 1 to this Agreement (“Program”):
  - (a) an amount equivalent to thirty-four million eight hundred thousand Special Drawing Rights (SDR 34,800,000) (“Grant”); and
  - (b) an amount equivalent to three hundred seventy-four million eight hundred thousand Special Drawing Rights (SDR 374,800,000) (“Credit”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Payment Dates are January 1 and July 1 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.

### **ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall carry out the Program, through the MoKCC&MA, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, namely, that in the opinion of the Association, the Local Governments Act and/or Kampala Capital City Act, 2010 has/have been amended, suspended, abrogated, repealed, or waived so as to materially and adversely affect the ability of: GKMA Local Governments/Kampala Capital City Authority to perform any of their respective obligations arising under or entered into pursuant to this Agreement; or of the Recipient to achieve the objective of the Program.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Recipient has prepared and adopted the Program Operational Manual in form and substance satisfactory to the Association; and
  - (b) the Recipient has recruited or designated the following key staff for the Program Support Team: (i) a Program coordinator; (ii) two registered engineers (at least one of whom shall be a civil engineer); (iii) a procurement specialist; (iv) a financial management specialist; (v) a physical planner; (vi) a monitoring and evaluation specialist; (vii) an environmental specialist; (viii) a social development specialist; (ix) a communication specialist; and (x) a local economic development specialist, all with qualifications, experience and terms of reference satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 10.05(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 Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is its minister responsible for finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

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

(b) the Recipient's Electronic Address is:

Telephone	Facsimile
(+256) 414 707000	(+256) 414 230163

6.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association's address is:

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

(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	(+1) 202 477 6391

AGREED as of the Signature Date.

**REPUBLIC OF UGANDA**

**By**

*Matia Kasaija*

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

**Name:** Matia Kasaija

**Title:** Minister of Finance, Planning & Economic Dvt

**Date:** 17-Nov-2023

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**



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**Authorized Representative**

**Name:** R. Mukami Kariuki

**Title:** Country Manager

**Date:** 07-Nov-2023

## **SCHEDULE 1**

### **Program Description**

The objectives of the Program are to improve the institutional capacity in the Greater Kampala Metropolitan Area (“GKMA”) for metropolitan coordination and management, and to increase access to improved infrastructure and services.

The Program consists of the following activities:

#### ***Results Area 1: Strengthened Institutions for Metropolitan Management and Coordination***

1. Provision of an Institutional Support Grants to Kampala Capital City Authority and the GKMA Local Governments for the purpose of strengthening their metropolitan management and coordination capacities including through human resource development; institutional capacity and systems development related to metropolitan management such as the roll of e-government services; and acquisition of equipment and other tools to improve their working environment and strengthen urban governance and service delivery.
2. Institutional strengthening activities designed to improve policy, legal or institutional frameworks for metropolitan coordination, management and service delivery of the Ministry of Kampala Capital City and Metropolitan Affairs and the Program Technical Committee including enhancing their capacity to implement, manage and coordinate the Program including accounting for the utilization of the Financing proceeds and carrying out Program monitoring and oversight activities such as verification of achievements of Disbursement Linked Results (“DLRs”).

#### ***Results Area 2: Improved Access to Infrastructure and Services***

Provision of Metropolitan Development Grants to Kampala Capital City Authority and the GKMA Local Governments for the purpose of financing planning, designing, construction/rehabilitation/upgrading of low-risk infrastructure investments to enhance urban mobility and accessibility, create jobs and enhance climate change resilience and environmental sustainability (including through better management of solid waste management, development of green parks and rehabilitation of storm water drainage).

## SCHEDULE 2

### Program Execution

#### Section I. Implementation Arrangements

##### A. Program Institutions

1. The Recipient shall designate, at all times during the implementation of the Program, the MOKCC&MA, which shall be vested with the overall responsibility for the implementation of the Program's activities. Further, the Recipient shall designate GKMA Sub-nationals and other relevant ministries, departments and agencies ("MDAs") to be also responsible for the implementation of the Program, and shall take or cause to be taken, all actions, including, the provision of funding, personnel and other resources to enable said MOKCC&MA, GKMA Sub-nationals and the MDAs, as the case may be, to perform their respective functions under the Program as further detailed in the Program Operational Manual.
2. Without limitation upon the provisions of paragraph (1) immediately above:
  - (a) *Program Technical Committee*
    - (i) The Recipient shall establish, not later than three (3) months after the Effective Date, and thereafter maintain throughout the implementation of the Program, a Program Technical Committee ("PTC") with a composition, mandate and resources satisfactory to the Association, to be responsible for addressing technical issues that may have impacts on the implementation of the Program.
    - (ii) Without limitation to sub-paragraph (i) above, the PTC shall meet at least once quarterly, and shall comprise the key technical staff from the relevant ministries, departments, and agencies ("Program MDAs"); the Local Government Finance Commission, the Office of the Auditor General, and the Inspectorate of Government, all as further detailed in the Program Operational Manual.
  - (b) *Program Support Team*
    - (i) The Recipient shall establish and thereafter maintain throughout the implementation of the Program, a Program Support Team ("PST") within MoKCC&MA with a composition, mandate, and resources satisfactory to the Association.

- (ii) Without limitation to sub-paragraph (i) above, the Recipient shall recruit or designate and thereafter maintain throughout the implementation of the Program, the following key staff within the PST: (A) a Program coordinator; (B) two registered engineers (at least one of whom shall be a civil engineer); (C) a procurement specialist; (D) a financial management specialist; (E) a physical planner; (F) a monitoring and evaluation specialist; (G) an environmental specialist; (H) a social development specialist; (I) a communication specialist; and (J) a local economic development specialist, all with qualifications, experience and terms of reference satisfactory to the Association.
  - (iii) Without limitation to sub-paragraph (i) above, the PST shall report to the under secretary of the MoKCC&MA, and shall be responsible for the overall coordination, implementation and supervision/management of the Program.
- 3. The Recipient shall cause each GKMA Sub-national to maintain (and ensure the functioning of) its Metropolitan Development Forum, throughout the implementation period of the Program once it has been established pursuant to the provision of the Program Operational Manual.

**B. Additional Program Implementation Arrangements**

1. Program Operational Manual

The Recipient shall:

- (a) prepare and furnish to the Association for its review a program operational manual containing detailed institutional, administrative, financial, technical and operational guidelines and procedures for the implementation of the Program, and including, *inter alia*: (i) institutional arrangements including delineation of roles and responsibilities of various entities, institutions and agencies involved in the Program implementation and their coordination and inter-relationships as well as the allocation of functions and responsibilities at national and sub-national levels; (ii) overall budget and list of Program Expenditures, Eligible Expenditures, activities eligible to be financed through Institutional Support Grants and Metropolitan Development Grants; (iii) DLRs verification protocols including description of ISG Minimum Conditions and MDG Minimum Conditions as well as related manuals including the performance assessment manual and the arrangements for conducting Annual Performance Assessments; (iv) Program specific manuals to address environmental and social risks as well as fiduciary and other risks in the Program, the Anti-Corruption Guidelines and the



Program Action Plan; (v) procedures for preparing and reviewing a consolidated Annual Work Plan for each Fiscal Year; (vi) monitoring and evaluation arrangements, results framework, reporting roles and responsibilities, templates for progress reports; and (vii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Program.

- (b) thereafter adopt and carry out the Program in accordance with such manual as shall have been approved by the Association (“Program Operational Manual”);
- (c) not amend, abrogate, or suspend, or permit to be amended, abrogated, or suspended any provision of the Program Operational Manual without the prior written agreement of the Association; and
- (d) notwithstanding the foregoing, if any provision of the Program Operational Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

2. Program Action Plan

Without limitation on the generality of Section I.A of this Schedule, the Recipient shall:

- (a) undertake the actions set forth in the Program Action Plan;
- (b) except as the Association and the Recipient shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Program Action Plan, or any provision thereof; and
- (c) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the Program Action Plan.

**C. Annual Work Plans**

- 1. The Recipient through MoKCC&MA shall prepare and furnish to the Association not later than March 31 of each Fiscal Year during the implementation of the Program (starting in Fiscal Year 2022-2023), a work plan and budget containing all institutional strengthening activities under part 2 of Results Area 1 of the Program proposed to be implemented during the following Fiscal Year, and a proposed financing plan (including the portion of counterpart funds to be provided) for expenditures required for such activities, setting forth the proposed amounts and sources of financing.

2. 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 Program 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”).
3. The Recipient shall not make or allow to be made any change to the approved Annual Work Plan without prior approval in writing by the Association.

**D. Participation Agreements**

1. **Program MDAs Participation Agreement.** To facilitate the carrying out of Program activities, the Recipient (through MoKCC&MA) shall, not later than three (3) months after the Effective Date, enter into a Program MDAs Participation Agreement with Program MDAs detailing respective responsibilities of the signatories of such agreement for the implementation of Program activities and including such other terms and conditions as shall have been approved by the Association.

2. **Program Participation Agreements**

- (a) To facilitate the carrying out of activities under the Program, the Recipient shall, through MoKCC&MA, enter into a Program Participation Agreement with each GKMA Sub-nationals detailing their respective responsibilities for the implementation of activities under the Program, such agreement to reflect *inter alia* the terms and conditions as shall have been approved by the Association including the obligations of each GKMA Sub-national to:
  - (i) carry out its activities under the Program with due diligence and efficiency and in accordance with the Program Fiduciary, Environmental and Social Management Systems, the Anti-corruption Guidelines, and the Program Operational Manual;
  - (ii) maintain policies and procedures adequate to enable it to monitor and evaluate the progress of its activities under the Program and the achievement of the Program’s objective;
  - (iii) enable the Recipient (and the Association, if the Association shall so request) to inspect the activities within said GKMA Sub-national’s jurisdiction, its operation and any relevant records and documents;
  - (iv) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association may reasonably

request relating to, among others, the provisions of subparagraphs (i), (ii) and (iii); and

- (v) prepare and adopt, in each Fiscal Year, during the implementation of the Program: (A) an infrastructure investment plan specifying development activities to be carried out by said GKMA Sub-national during said Fiscal year, and thereafter implement said plan; and (B) an institutional support plan specifying activities to address institutional gaps to be carried out by the GKMA Sub-national during said Fiscal Year and thereafter implement said plan.
- (b) The Recipient shall exercise its rights and perform its obligations under each Program Participation Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive any Program Participation Agreement or any of its provisions. Notwithstanding the foregoing, if any provision of the said Program Participation Agreement is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

**Section II. Excluded Activities**

The Recipient shall ensure that the Program excludes any activities which:

- A.** in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B.** involve the procurement of: (1) works, estimated to cost seventy-five million United States Dollars (USD 75,000,000) equivalent or more per contract; (2) goods, estimated to cost fifty million United States Dollars (USD 50,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost fifty million United States Dollars (USD 50,000,000) equivalent or more per contract; or (4) consulting services, estimated to cost twenty million United States Dollars (USD 20,000,000) equivalent or more per contract.

**Section III. Program Monitoring, Reporting and Evaluation; Other Audits**

**A. Program Reports**

The Recipient shall furnish to the Association each Program Report not later than one (1) month after the end of each Fiscal Year, covering the Fiscal Year.

**B. Mid-term Review**

1. No later than thirty (30) months after the Effective Date, the Recipient shall, in conjunction with the Association, carry out a mid-term review of the Program (the “Mid-term Review”), covering the progress achieved in the implementation of the Program.
2. For the purpose of facilitating Mid-term Review, the Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the Program’s monitoring and evaluation activities, on the progress achieved in the carrying out of the Program during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Program and the achievement of the objective of the Program during the period following such date.
3. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, measures recommended to ensure the efficient completion of the Program and the achievement of the objective as well as any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Program in furtherance of the objective of the Program.

**C. Independent Verification of the Program**

1. The Recipient shall maintain appropriate monitoring and evaluation arrangements for the Program satisfactory to the Association, including DLRs verification protocols. To this end, except as the Association shall otherwise agree in writing, the Recipient shall:
  - (a) engage not later than four (4) months after Effective Date and thereafter maintain throughout the period of implementation of the Program a verification agent with experience, independence, and capacity and under the terms of reference acceptable to the Association (“Independent Verification Agent”) to assess, audit, analyze and/or verify the data and other evidence supporting the achievement/fulfilment of one or more Disbursement Linked Results (“DLRs”) as set forth in Schedule 4 to this Agreement (including through carrying out the Annual Performance

Assessments, which shall take into account findings of value for money and procurement audits for that particular Fiscal Year, referred to in paragraphs D and E of this Section III);

- (b) cause the Independent Verification Agent to undertake verification audit(s) in accordance with verification protocols agreed with the Association and thereafter furnish to the Association the corresponding report(s) of the Independent Verification Agent in a timely manner and in form and substance satisfactory to the Association as detailed in the verification protocols.
2. For the purpose of collecting and collating appropriate data for the above-mentioned verification audit(s), the Recipient shall deploy and maintain, throughout the period of implementation of the Program, staff in adequate numbers and with appropriate qualifications and experience.

**D. Value for Money Audit**

Without limitation upon the provisions of Section 5.09 of the General Conditions, the Recipient, through Office of the Auditor General, shall: (a) carry out in each Fiscal Year, starting in the Fiscal Year 2021/22 and under terms of reference satisfactory to the Association, a value for money audit of Program activities implemented in the preceding Fiscal Year and furnish said audit to the Association not later than six (6) months after the end of the Fiscal Year to which the audit relates; and (b) ensure that the findings of said audit are taken into account in the Annual Performance Assessment for the Fiscal Year to which said audit relates. To this end, the Recipient shall take all actions including the provision of funding, personnel and other resources to enable the Office of the Auditor General to carry out said audit.

**E. Procurement Audit**

Without limitation upon the provisions of Section 5.09 of the General Conditions, the Recipient shall, through the Public Procurement and Disposal of Public Assets Authority, in each Fiscal Year: (a) carry out, under terms of reference satisfactory to the Association, an audit of contracts procured in the preceding Fiscal Year and furnish said audit to the Association not later than six (6) months after the end of the Fiscal Year to which said audit relates; and (b) ensure that the findings of said audit are taken into account in the Annual Performance Assessment for the Fiscal Year to which said audit relates. To this end, the Recipient shall take all actions including the provision of funding, personnel, and other resources to enable the Public Procurement and Disposal of Public Assets Authority to carry out said audit.

**Section IV. Withdrawal of Financing Proceeds**

**A. General**

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Program Expenditures (inclusive of applicable Taxes), on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Recipient, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); all as set forth in the table in paragraph 2 of this Part A.
2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>
(1) DLI #1: Number of GKMA Sub-nationals that have met the ISG Minimum Conditions	21,700,000	0
(2) DLI #2: Number of GKMA Sub-nationals that have met the MDG Minimum Conditions	0	43,400,000
(3) DLI #3: GKMA Sub-nationals have strengthened institutional performance for service delivery, including climate-resilient project designs	0	43,400,000
(4) DLI #4: GKMA Sub-nationals have planned and delivered climate-resilient infrastructure investments in an	0	50,640,000

integrated and coordinated manner		
(5) DLI #5: GKMA Sub-nationals have implemented their annual climate-resilient infrastructure investments plans	0	65,100,000
(6) DLI #6: GKMA Sub-nationals have achieved value for money when delivering the infrastructure investments	0	50,640,000
(7) DLI #7: GKMA Sub-nationals have executed operation and maintenance for all major infrastructure assets in accordance with guidelines in the Program Operational Manual	0	36,170,000
(8) DLI #8: GKMA Sub-nationals have delivered infrastructure investments that contribute to climate change mitigation and adaptation	0	85,450,000
(9) DLI #9: MoKCC&MA and PTC have adopted and executed the Annual Work Plans for metropolitan coordination and management	13,100,000	0
<b>TOTAL AMOUNT</b>	<b>34,800,000</b>	<b>374,800,000</b>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) on the basis of DLRs achieved prior to the Signature Date;
  - (b) for any DLR until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved; or
  - (c) for any DLR unless and until the Recipient has furnished evidence satisfactory to the Association that an aggregate amount equivalent to the amount of the Financing to be withdrawn in respect of said DLR, was transferred by the Recipient to GKMA Sub-nationals in the previous Fiscal Year.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw: amounts not to exceed one million five hundred thousand United States Dollars (USD 1,500,000) from the Grant and six million United States Dollars (USD 6,000,000) from the Credit as advances; provided, however, that if the DLRs in the opinion of the Association, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advances to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as advances under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.
3. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs has not been achieved, the Association may, by notice to the Recipient:
  - (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formula set out in paragraph for scalable DLRs under Schedule 4 to this Agreement;
  - (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR;
  - and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.
4. The Closing Date is December 31, 2027.



**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each January 1 and July 1, commencing July 1, 2028 to and including January 1, 2060	<b>1.5625%</b>

\* 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 3.05(b) of the General Conditions.

**SCHEDULE 4**

**Disbursement-Linked Indicators (DLI), Disbursement-Linked Results (DLRs) and Allocated Amount(s)**

DLI#	BASE-LINE	DLRS TO BE ACHIEVED IN FISCAL YEAR				
		2023/24	2024/25	2025/26	2026/27	2027/28
1. Number of GKMA Sub-nationals that have met the ISG Minimum Conditions ( <i>as scored by APA</i> )	0	9	9	9	9	
Disbursement formula: (Allocated Amount/ 9) x Number of GKMA Sub-nationals that have met the ISG Minimum Conditions						
<i>Allocated Amount (expressed in millions in SDR) from Credit/Grant</i>		0/5.425	0/5.425	0/5.425	0/5.425	
2. Number of GKMA Sub-nationals that have met the MDG Minimum Conditions ( <i>as scored by APA</i> )	0	9	9	9	9	
Disbursement formula: (Allocated Amount/ 9) x Number of GKMA Sub-nationals that have met the MDG Minimum Conditions						
<i>Allocated Amount (expressed in millions in SDR) from Credit/Grant</i>		10.85/0	10.85/0	10.85/0	10.85/0	0
3. GKMA Sub-nationals have strengthened institutional performance for service delivery, including climate-resilient project designs ( <i>average percentage scores as assessed through the APA</i> )	0%	50%	60%	70%	80%	90%
Disbursement formula: [Average scores of all GKMA Sub-nationals/ target score for the Fiscal Year] x Allocated Amount ( <i>Scaleable</i> i.e. full allocation, if score meet the corresponding target for the Fiscal Year; pro-rata reduction/ increase if score below/ above the corresponding target for the Fiscal Year)						
<i>Allocated Amount (expressed in millions in SDR) from Credit/Grant</i>		10.85/0	10.85/0	10.85/0	10.85/0	0
4. GKMA Sub-nationals have planned and delivered climate-resilient infrastructure investments in an integrated and coordinated manner ( <i>average percentage scores as assessed through the APA</i> )	0%	5%	10%	15%	20%	30%
Disbursement formula: [Average scores of all GKMA Sub-nationals/ target score for the Fiscal Year] x Allocated Amount ( <i>Scaleable</i> )						
<i>Allocated Amount (expressed in millions in SDR) from Credit/Grant</i>		7.234/0	10.852/0	14.468/0	10.852/0	7.234/0
5. GKMA Sub-nationals have implemented their annual climate-resilient infrastructure investments plans ( <i>average percentage scores as assessed through the APA</i> )	0%		70%	80%	90%	95%
Disbursement formula: [Average scores of all GKMA Sub-nationals/ target score for the Fiscal Year] x Allocated Amount ( <i>Scaleable</i> )						
<i>Allocated Amount (expressed in millions in SDR) from Credit/Grant</i>		0	21.70/0	25.32/0	18.08/0	0
6. GKMA Sub-nationals have achieved value for money when delivering the infrastructure investments	50%	60%	70%	80%	85%	90%

Disbursement formula: [Average scores of all GKMA Sub-nationals/ target score for the Fiscal Year] x Allocated Amount ( <i>Scaleable</i> )						
<i>Allocated Amount (expressed in millions in SDR) from Credit/Grant</i>		10.85/0	10.85/0	18.09/0	10.85/0	0/0
7. GKMA Sub-nationals have executed operation and maintenance for all major infrastructure assets in accordance with guidelines in the Project Operations Manual ( <i>average percentage scores as assessed through the APA</i> )	0%	60%	70%	80%	85%	90%
Disbursement formula: [Average scores of all GKMA Sub-nationals/ target score for the Fiscal Year] x Allocated Amount ( <i>Scaleable</i> )						
<i>Allocated Amount (expressed in millions in SDR) from Credit/Grant</i>		7.234/0	7.234/0	14.468/0	7.234/0	0/0
8. GKMA Sub-nationals have delivered infrastructure investments that contribute to climate change mitigation and adaptation ( <i>average percentage scores as assessed through the APA</i> )	0%	5%	15%	20%	25%	30%
Disbursement formula: [Average scores of all GKMA Sub-nationals/ target score for the Fiscal Year] x Allocated Amount ( <i>Scaleable</i> )						
<i>Allocated Amount (expressed in millions in SDR) Credit/Grant</i>		15.93/0	19.55/0	23.17/0	23.17/0	3.63/0
9. MoKCC&MA and PTC have adopted and executed the Annual Work Plans for metropolitan coordination and management ( <i>existence of approved AWP for the Fiscal Year &amp; average percentage scores of implementation of the preceding Fiscal Year's Annual Work Plan as assessed through the APA</i> )	0%	2022/23 AWP	2023/24 AWP & 70%	2024/25 AWP & 80%	2025/26 AWP & 90%	2026/27 AWP & 95%
Disbursement formula: [MoKCC&MA score in implementation of its AWP/ target score for the Fiscal Year] x Allocated Amount ( <i>Scaleable</i> )						
<i>Allocated Amount (expressed in millions in SDR) Credit/Grant</i>		0/2.912	0/2.912	0/2.912	0/2.912	0/1.452

## **APPENDIX**

### **Definitions**

1. “Annual Performance Assessment” and the acronym “APA” means each assessment referred to in Section III.C of Schedule 2 to this Agreement, to be carried out by the Independent Verification Agent in accordance with the provisions of said Section.
2. “Annual Work Plan” and the acronym “AWP” means the work plan and budget prepared annually by the MoKCC&MA in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the Association’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015.
4. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
5. “Disbursement Linked Indicator” and the acronym “DLI” mean in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
6. “Disbursement Linked Result” and the acronym “DLR” mean the result set forth in the table in Schedule 4 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of Section IV of Schedule 2 to this Agreement.
7. “Fiscal Year” means the Recipient’s twelve-month period starting July 1 and ending June 30 of the following year.
8. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Program-for-Results Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
9. “GKMA Local Governments” means the municipal and district local governments in Greater Kampala Metropolitan Areas, namely, the municipalities of Entebbe, Kira, Makindye-Ssebagabo, Mukono and Nansana and the districts of Mukono, Mpigi and Wakiso.
10. “GKMA Sub-nationals” means Kampala Capital City Authority and GKMA Local Governments.

11. “Greater Kampala Metropolitan Area” and the acronym “GKMA” mean the territory covered by areas within the jurisdiction of the GKMA Sub-nationals.
12. “Independent Verification Agent” means the entity referred to in Section III.C.1(a) of Schedule 2 to this Agreement.
13. “Inspectorate of Government” means the Recipient’s office of inspectorate of government, established and operating pursuant to Article 223 of the Constitution of the Recipient, 1995, as amended, and any successor thereto.
14. “Institutional Support Grant” and the acronym “ISG” mean a grant to be extended to a GKMA Sub-national under Result Area 1 of Schedule 1 to this Agreement.
15. “ISG Minimum Conditions” means the conditions set forth in the Program Operational Manual that a GKMA Sub-national has to meet in order to receive an Institutional Support Grant.
16. “Kampala Capital City Authority” and the acronym “KCCA” mean the Recipient’s capital city established and operating pursuant to section 5 of Kampala Capital City Act, 2010 (Act. No. 1 of 2011 of the laws of the Recipient).
17. “Local Government Finance Commission” means a commission established under section 74 of the Local Governments Act.
18. “Local Governments” means the local governments established under section 3(2) to (5) of the Local Governments Act.
19. “Local Governments Act” means Chapter 243 of the laws of the Recipient, as the same may be amended from time to time.
20. “MDG Minimum Conditions” means the conditions set forth in the Program Operational Manual that a GKMA Sub-national has to meet in order to receive a Metropolitan Development Grant.
21. “Metropolitan Development Forum” means the multistakeholder forum for each GKMA Sub-national referred to in Section I.A.3 of Schedule 2 to this Agreement.
22. “Metropolitan Development Grant” and the acronym “MDG” mean a grant to be extended to a GKMA Sub-national under Result Area 2 of Schedule 1 to this Agreement.
23. “MoFPED” means the Recipient’s ministry responsible for finance or any successor thereto.

24. “Ministry of Kampala Capital City and Metropolitan Affairs” and the acronym “MoKCC&MA” mean the Recipient’s ministry responsible for Kampala capital city and metropolitan affairs, or any successor thereto.
25. “MoLG” means the Recipient’s ministry responsible for local government, or any successor thereto.
26. “MoLHUD” means the Recipient’s ministry responsible for lands, housing and urban development, or any successor thereto.
27. “MoPS” means the Recipient’s ministry responsible for public services, or any successor thereto.
28. “MoTIC” means the Recipient’s ministry responsible for trade, industry and cooperatives, or any successor thereto.
29. “MoTWA” means the Recipient’s ministry responsible for tourism or any successor thereto.
30. “MoWE” means the Recipient’s ministry responsible for environment, or any successor thereto.
31. “MoWT” means the Recipient’s ministry responsible for works and transport, or any successor thereto.
32. “National Planning Authority” means the Recipient’s authority established pursuant to the National Planning Act, No. 15 of 2002, and responsible for producing the Recipient’s comprehensive and integrated development plans.
33. “Office of the Auditor General” means the Recipient’s entity, established and operating pursuant to Article 163 of the Constitution of the Recipient, 1995, as amended, and any successor thereto.
34. “Program Action Plan” means the Recipient’s plan dated April 20, 2022 designed to enhance the Program’s fiduciary, environmental and social, and risk management systems and referred to in Section I.B.2 of Schedule 2 to this Agreement, as may be amended from time to time with the prior written agreement of the Association.
35. “Program MDAs” means the Recipient’s ministries, departments and agencies involved in the implementation of Program activities (other than MoFPED), including, MoKCC&MA, MoWE, MoLG, MoWT, MoPS, MoTWA, MoTIC, MoLHUD, Uganda National Roads Authority, Public Procurement and Disposal of Public Assets Authority, National Planning Authority, as further detailed in the Program Operational Manual.

36. “Program MDAs Participation Agreement” means an inter-agency agreement referred to in Section I.D.1 of Schedule 2 to this Agreement; and the term “Program MDAs Participation Agreements” means more than one Program MDAs Participation Agreement.
37. “Program Operational Manual” means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement.
38. “Program Participation Agreement” means an agreement referred to in Section I.D.2 of Schedule 2 to this Agreement; and the term “Program Participation Agreements” means more than one Program Participation Agreement.
39. “Program Support Team” and the acronym “PST” mean the Recipient’s unit referred to in Section I.A.2(b) of Schedule 2 to this Agreement.
40. “Program Technical Committee” and the acronym “PTC” mean the Recipient’s committee referred to in Section I.A.2(a) of Schedule 2 to this Agreement.
41. “Public Procurement and Disposal of Public Assets Authority” means the Recipient’s body (and any legal successor thereto) established and operating pursuant to the Recipient’ Public Procurement and Disposal of Public Assets Act, 2003, as amended from time to time.
42. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
43. “Uganda National Roads Authority” means the Recipient’s body, established and operating pursuant to the UNRA Act, and any legal successor thereto.
44. “UNRA Act” means the Uganda National Roads Authority Act Number 15 of 2006, of the laws of the Recipient, as amended from time to time.