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CONFORMED COPY

CREDIT NUMBER 4626 - UG

Financing Agreement

(Second Northern Uganda Social Action Fund Project)

between

THE REPUBLIC OF UGANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 27, 2009

CREDIT NUMBER 4626 - UG

FINANCING AGREEMENT

AGREEMENT dated August 27, 2009, entered into between THE 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 sixty six million nine hundred thousand Special Drawing Rights (SDR 66,900,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 October 15 and April 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.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project through the Office of the Prime Minister 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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension shall be that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Recipient has established the Technical Support Team and made it operational in form and substance satisfactory to the Association; and, has appointed to the Technical Support Team a coordinator, a financial management specialist and a procurement specialist, all with qualifications, experience and terms of reference satisfactory to the Association;
 - (b) the Recipient has submitted to the Association the Operational Manual, in form and substance satisfactory to the Association; and
 - (c) the Recipient has updated and submitted to the Association the Financial Management Handbook and the Community Procurement Handbook, all in form and substance satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

- 5.03. 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 years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Minister responsible for finance.

- 6.02. The Recipient's Address is:

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

Cable:	Telex	Facsimile:
FINSEC	61170	256 41 4230163

- 6.03. 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

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

THE REPUBLIC OF UGANDA

By /s/ Syda N. M. Bbumba

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Kundhavi Kadiresan

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient's effort to improve access of Beneficiary Households in Northern Uganda to income earning opportunities and better basic socio-economic services.

The Project consists of the following parts:

Part A: Livelihood Investment Support

1. Carrying out Subprojects for a Community based public works program to support labor intensive Community infrastructure interventions including construction or rehabilitation of earthworks and small infrastructure, Community roads, dykes and bridges, and small Community water reservoirs, reforestation, land husbandry and soil conservation measures based on Community Action Plans, and District Development Plans, through the provision of Grants.
2. Carrying out income generating activities, and provision of skills for creation of self employment within Communities to increase productive assets and incomes of targeted poor Community households and vulnerable groups in Northern Uganda including, *inter alia*, internally displaced persons, female headed households, persons living with disabilities, widows, widowers, HIV/AIDS affected persons and orphans, through the provision of Grants.

Part B: Community Infrastructure Rehabilitation

Carrying out Subprojects to rehabilitate Community infrastructure for improved access to socio-economic services including: (a) rehabilitation of, *inter alia*, schools, Community water points, community access roads, skills training centers, health centers; and (b) supporting rehabilitation of complementary Community investments including, *inter alia*, teachers' houses, classrooms, sanitation facilities, basic solar system lighting, through the provision of Grants.

Part C: Institutional Development

1. Supporting the Office of the Prime Minister in Project management and implementation, including: (a) building the capacity of the Office of the Prime Minister for procurement and financial management; (b) provision of Training to Communities, and information dissemination to Local Governments and Lower Local Governments, non-government organizations and other stakeholders to form sustainable Community partnerships; (c) supporting effective Community based monitoring and evaluation, including designing and implementing a

management information system for tracking the progress of the Project; and (d) carrying out at least two impact studies.

2. Supporting a transparency, accountability and anti-corruption program to improve governance and strengthen information, education and communication, and related public awareness programs.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements.**1. Office of the Prime Minister

The Recipient shall ensure that the Office of the Prime Minister is maintained at all times during the implementation of the Project with mandate, staffing and resources satisfactory to the Association for the purpose of ensuring the prompt and efficient overall coordination, monitoring, reporting, evaluation and communication of Project activities.

2. Office of the Inspector General of Government

Without limitation upon the provision of paragraph A.1 of this Section, the Recipient shall ensure that the Office of the Inspector General of Government is maintained at all times during the implementation of the Project with mandate, staffing and resources satisfactory to the Association for the purpose of ensuring the prompt and efficient implementation, monitoring, reporting, evaluation and communication of Part C.2 of the Project.

3. Technical Working Group

(a) Without limitation upon the provisions of paragraph A.1 of this Section, the Recipient shall maintain at all times until the completion of the Project, the Technical Working Group with a composition, mandate and resources satisfactory to the Association.

(b) Without limitation to sub-paragraph (a) of this paragraph, the Technical Working Group shall be responsible for, *inter alia*: (i) reviewing progress made towards achieving the Project's objectives, and making recommendations for removal of any obstacles to the timely implementation of the Project; (ii) reviewing consolidated Annual Work Plans and Budgets, and consolidated reports on implementation of Subprojects; and (iii) providing comments on reports and reviews prepared by the Technical Support Team for the benefit of the Recipient and the Association.

4. Technical Support Team

- (a) Without limitation upon the provisions of Part A.1 of this Section, the Recipient shall maintain, at all times until the completion of the Project, Technical Support Team within the Office of the Prime Minister, with staff, terms of reference, mandate and resources satisfactory to the Association.
- (b) Without limitation to sub-paragraph (a) of this paragraph, the Technical Support Team shall support the staff of the Office of the Prime Minister with the responsibilities for, *inter alia*: (i) reviewing and consolidating the Annual Work Plans and Budgets, and ensuring their consistency with the Operational Manual; (ii) reviewing, on the basis of the appraisal of the Technical Planning Committee, and recommending to the Permanent Secretary in the Office of the Prime Minister for approval Subprojects whose cost falls within the threshold specified in the Operational Manual; (iii) reviewing progress made towards achieving the Project's objectives; (iv) facilitating the coordination of Project activities among the entities represented in the Technical Working Group, and making recommendations for removal of any obstacles to the implementation of the Project; and (v) providing comments on reports and reviews prepared by the Beneficiaries for the benefit of the Association.

5. Technical Planning Committee

- (a) Without limitation upon the provisions of Part A.1 of this Section, the Recipient shall maintain, at all times until the completion of the Project, the Technical Planning Committee at the District and Sub-County levels with staff, terms of reference, mandate and resources satisfactory to the Association.
- (b) Without limitation to sub-paragraph (a) of this paragraph, the Technical Planning Committee shall, *inter alia*, be responsible for monitoring the appraisal and approval of the Subprojects, and other Project activities at the District and Sub-County levels, and to ensure that the activities meet the requirements of the Operational Manual and are included in the Annual Work Plans and Budgets of the Local Governments.

B. Implementation Arrangements

1. **Memoranda of Understanding**

- (a) The Recipient shall implement Parts A and B 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 said memorandum 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 Parts A and B of the Project.

2. **Annual Work Plans and Budgets; Subprojects**

- (a) The Recipient shall prepare and furnish to Association for its approval, not later than May 31 of each year during the implementation of the Project, or such later date as the Association may agree, the Annual Work Plans and Budgets containing all proposed Subprojects to be carried out in the following Fiscal Year, modified in a manner satisfactory to the Association, taking into account the Association's comments and views on the matter.
- (b) The Recipient shall cause each Sub-County or District to implement, monitor and evaluate the Subprojects within its respective Local Government in accordance with the provisions set forth in this Agreement and in more detail in the Operations Manual, and shall not make or allow to be made any material change to any Subproject included in the approved Annual Work Plans and Budgets without prior consultation with and written approval of the Association.

3. **Grants for Subprojects**

(a) **General**

Without limitation upon the provisions of Section 1.A of this Schedule, the Recipient shall appraise, approve and monitor Subprojects and administer the Grants in accordance with the provisions and procedures set forth or referred to in this paragraph 3 and in more detail in the Operational Manual; provided, however, that in case of any conflict between the provisions of said Operational Manual and of this Agreement, the provisions of this Agreement shall prevail.

(b) **Eligibility Criteria for Subprojects**

No proposed Subproject shall be eligible for financing under a Grant out of the proceeds of the Financing unless the Recipient, through the Community Project Management Committee, and the Technical Planning Committee has determined, on the basis of an appraisal conducted in

accordance with this sub-paragraph and the guidelines set forth in the Operational Manual, that the proposed Subproject satisfies the eligibility criteria specified below and set forth or referred to in more detail in the Operational Manual, which shall include, *inter alia*, the following:

- (i) The proposed Subproject activity shall fall within the areas described under Parts A and B of the Project in Schedule 1 to this Agreement, and more specifically in the Operational Manual, and shall exclude any activities and expenditures specified as ineligible in the Operational Manual;
- (ii) the proposed Subproject shall be initiated by a Beneficiary which has met the eligibility criteria specified or referred to in the Operational Manual and the Anti-Corruption Guidelines;
- (iii) the Beneficiary shall be identified by the Community in accordance with the guidelines set forth in the Operational Manual;
- (iv) the Beneficiary has adequate technical, financial management and procurement capacity to implement the proposed Subproject in compliance with the guidelines set forth in the Operational Manual; and
- (v) the Beneficiary shall be eligible to receive subsequent Grants if it has completed the preceding Subproject to the satisfaction of the Technical Planning Committee, in accordance with the terms of the Grant Agreement.

(c) **Approval of Grants**

Based on the appraisal and recommendation of the Community Management Committee, and the Technical Planning Committee respectively, in accordance with sub-paragraph (b) of this paragraph, the Technical Support Team shall through the Technical Working Group recommend to the Permanent Secretary in the Office of the Prime Minister for approval Subprojects whose cost is above the threshold specified in the Operational Manual.

(d) **Terms and Conditions of Grants**

A Subproject shall be carried out pursuant to a Grant Agreement, to be concluded between the Permanent Secretary in the Office of the Prime Minister, on behalf of the Recipient, and Chief Administrative Officer, on behalf of the respective Districts, and in each District, between the Chief

Administrative Officer, and the respective Beneficiary, under terms and conditions described or referred to in more detail in the Operational Manual and in form and substance satisfactory to the Association, which, *inter alia*, shall include the following:

- (i) the description of the activities to be implemented, including the outputs and performance targets to be achieved, and the arrangements for monitoring and reporting on the implementation of the Subproject;
- (ii) the obligation of the Beneficiary to contribute, in cash and/or in-kind, a minimum percentage of the projected Sub-project cost as specified in the Operational Manual;
- (iii) the modalities of transfer of funds by the Local Governments to the Beneficiary for the financing of the Subproject;
- (iv) the obligation of the Beneficiary to: (A) carry out the Subproject with due diligence and efficiency and in accordance with sound technical, engineering, environmental, financial, and managerial practices; (B) carry out Subprojects in accordance with the Anti-Corruption Guidelines, ESMPs and RAPs; and (C) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Subproject;
- (v) the obligation of the Beneficiary to refund any Grant, if it is determined by the Association that such Grant has been used for ineligible expenditures;
- (vi) the requirement that the goods, works and consultants' services to be financed from the proceeds of the Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the Subproject; and
- (vii) the right of the Office of the Prime Minister, on behalf of the Recipient, to: (i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants and construction included in the Subproject, the operations thereof and any relevant records and documents; (ii) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation and financial conditions of Subprojects; and (iii) suspend or terminate the right of any

Beneficiary to use the proceeds of the Grant upon failure by the Beneficiary to perform any of its obligations under the Grant Agreement.

(e) **Administration of Grant Agreements**

The Permanent Secretary in the Office of the Prime Minister shall exercise the Recipient's rights under the Grant Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Project, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Grant Agreement or any substantial provision thereof without the prior written approval of the Association.

C. Anti-Corruption

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

D Environmental and Social Safeguards

1. The Recipient shall carry out the Project in accordance with the environmental, social and resettlement guidelines, rules and procedures defined in the Environmental and Social Management Framework, Pest Management Plans, and the Resettlement Policy Framework. To this end, in cases of any Subproject requiring the adoption of an EMP and RAP, the Recipient shall:
 - (a) prepare, disclose and implement ESMPs including Pest Management Plans in accordance with the ESMF and in form and substance acceptable to the Association, defining: (i) the measures to be taken during the implementation of the Subprojects to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels; and (ii) the actions needed to implement these measures; and
 - (b) prepare, disclose and implement Resettlement Action Plans in accordance with the RPF and in form and substance acceptable to the Association, defining a program of actions, measures and policies for compensation and resettlement of Affected Persons, including the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of

ensuring proper implementation of, and regular feedback on compliance with, the RAPs.

2. The Recipient shall not amend or waive, or permit to be waived, the ESMF, RPF, RAPs, the ESMPs, or any provision of any one thereof, without the prior written consent of the Association.
3. The Recipient shall ensure that all measures for carrying out the recommendations of the ESMF, RPF, RAPs and ESMPs are taken in a timely manner.
4. 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 Project Reports referred to in Section II.A of this Schedule adequate information on monitoring the measures defined in the ESMF, ESMPs, Pest Management Plans, RPF and RAPs, giving details of:
 - (a) measures taken in furtherance of such ESMF, ESMPs, Pest Management Plans, RPF and RAPs;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, EMPs, Pest Management Plans, RPFs and RAPs;
 - (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such ESMFs, EMPs, Pest Management Plans, RPF and RAPs; and
 - (d) afford the association a reasonable opportunity to exchange views with the Recipient on such reports. Each such report shall be furnished to the Association not later than one month after the end of the six months covered by such report and the first such report shall be furnished to the Association not later than one month after the end of the six months in which the civil works under the first Subproject commenced.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) 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 the indicators

set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of six calendar months, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
 - (i) percentage increase in income of targeted Beneficiary Households;
 - (ii) number of person days provided in labor intensive public works program;
 - (iii) percentage of gross enrolment in primary education;
 - (iv) percentage of the population with access to all season roads;
 - (v) percentage of population with access to improved safe water sources; and
 - (vi) level of satisfaction among targeted population with quality of basic socio-economic services, as a percentage.

- 2. For the purpose of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than the date twenty four (24) months after the Effective Date.

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. Without limitation on the provisions of Part A of this Section, 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 Fiscal Year of the Recipient, commencing with the Fiscal Year in which the first withdrawal under the Project Preparation Advance was made. The audited Financial Statements for each such

period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding (ICB).
2. **Other Methods of Procurement of Goods and Works.** The following methods of procurement, other than International Competitive Bidding, may be used for goods and works under the circumstances specified in the Procurement Plan for each such method: (a) National Competitive Bidding may be used, except that: (i) the Recipient's practice for negotiations with the best evaluated bidder shall not be used; (ii) charging of fees for dealing with bidder complaints at procuring entity level shall not be allowed; (iii) Direct contracting shall not be used as a default procurement method for contracts estimated to cost \$1100 or less; (v) use of merit points for evaluation of bids shall not be allowed; (vi) Local Governments Procurement Regulations on Community Procurement, which require procurement to be carried out by the lowest administrative local government unit shall not be applicable; (b) Shopping; (c) Direct contracting; and (d) established procedures for Community Procurement as detailed in the Operational Manual.

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 of procurement, other than Quality and Cost-based Selection, may be used for consultants' services under the circumstances specified in the Procurement Plan for each such method: (a) Quality Based Selection; (b) Least Cost Selection; (c) Selection Based on Consultants' Qualifications; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (e) Single Source Selection; and (f) Sole Source Procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

1. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank Prior Review.
2. All other contracts shall be subject to Post Review by the Association.

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:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods, Consultants' services, Training and Operating Costs under Part C.1 of the Project (OPM)	6,000,000	100%
(2) Goods, Consultants' services, Training and Operating Costs under Part C.2 of the Project (IG)	700,000	100%
(3) Grants for Subprojects under Parts A and B of the Project	54,000,000	100% of the amount disbursed
(4) Unallocated	6,200,000	
TOTAL AMOUNT	66,900,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A.1 of this Section no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$1,600,000 equivalent may be made for payments made prior to this date but on or after March 31, 2009, for Eligible Expenditures under Category (1); or

- (b) for Eligible Expenditures for any Grant under Category (3), unless: (i) Grant Agreements have been executed Districts between the Office of the Prime Minister and Chief Administrative Officers, for at least twenty Districts; (ii) the Recipient has prepared and submitted to the Association a Community development handbook, in form and substance satisfactory to the Association; and (iii) Community Development Officers have been appointed in at least twenty Districts and have provided training to at least the first five Beneficiaries in each District.

- 2. The Closing Date is August 31, 2014.

Section V. Other Undertakings

A. Appointment of Procurement Auditors and Procurement Audits

- 1. The Recipient shall, not later than six months after the Effective Date, put in place arrangements, satisfactory to the Association, including the appointment of independent procurement auditors with experience, qualifications and terms of reference acceptable to the Association, in accordance with the provisions of Section III of this Schedule, for reviewing the procurement of goods, works and consultants' services financed under the Project, including the reviewing of procurement procedures and processes.
- 2. The Recipient shall, not later than six months after the end of each Fiscal Year, commencing at the end of the second Fiscal Year of Project Implementation, or such later date as the Association may agree, furnish to the Association an audit report, in form and substance satisfactory to the Association on the procurement of goods, works and consultants' services carried out under the Project during the relevant period, prepared by the independent procurement auditors referred to in Section V.A.1 of this Schedule.

B. Appointment of Financial Auditors

- 1. The Recipient shall not later than three months after the Effective Date, submit to the Association the terms of reference for the independent auditors, in form and substance satisfactory to the Association; thereafter, and in any case not later than six months after the Effective Date, appoint the independent auditors referred to in Section 4.09 (b) of the General Conditions, in accordance with the provisions of Section III of this Schedule.

C. Appointment of Key Staff at the District and Sub-County Levels

- 1. The Recipient shall, in accordance with the three year road map detailed in the Operational Manual, appoint and maintain at all times during the implementation of the Project at the District and Sub-County levels the key staff with experience,

qualifications and terms of reference satisfactory to the Association, including, *inter alia*: District chief finance officers, District internal auditors, Community development officers, District environmental officers and Sub-County Community development officers.

D. Strengthening the Accounts and Audits Units of the Office of the Inspector General of Government

1. The Recipient shall, not later than twelve months after the Effective Date, appoint to the Office of the Inspectorate of Government two internal auditors with qualifications, experience and terms of reference satisfactory to the Association, for the purpose of auditing the accounts of Part C.2 of the Project.
2. The Recipient shall, not later than twelve months after the Effective Date, fully computerize the accounting function of the Office of the Inspectorate of Government, for the purpose of managing the accounts and monitoring expenditure under Part C.2 of the Project.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each October 15 and April 15:	
commencing October 15, 2019 to and including April 15, 2029	1%
commencing October 15, 2029 to and including April 15, 2049	2%

* 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.

APPENDIX**Definitions**

1. “Affected Persons” means persons who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected.
2. “Annual Work Plan and Budget” means the work plan and budget for the Project prepared annually by the Technical Planning Committees, Office of the Prime Minister, and each Line Ministry (as hereinafter defined), and consolidated by the Technical Support Team in accordance with 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.
4. “Beneficiary” means a Community, or Beneficiary Households, which meet the criteria specified in the Operational Manual, and which is a recipient of a Grant.
5. “Beneficiary Households” means need defined households within a Community which meet the criteria of eligibility defined in the Operational Manual, and which qualify as recipients of a Grant under Part A.2, or households participating in labor intensive activities under the public works program or community infrastructure program under Parts A.1 and B of the Project.
6. “Chief Administrative Officer” means the Chief Administrative Officer and accounting officer of a District, as defined under the Local Governments Act (CAP 243) of the laws of the Recipient.
7. “Community” means an organized group living within a village, a parish, Sub-County, or District, and includes Beneficiary Households.
8. “Community Action Plans” means the plans prepared in accordance with the Operational Manual detailing the design of activities for implementing community infrastructure Subprojects under Parts A and B of the Project.
9. “Community Development Officer” means an officer appointed at the District level with the responsibility for providing procurement and financial management training to Community Beneficiaries.

10. “Community Procurement Handbook” means the handbook referred to in Section 5.01(c) of this Agreement, containing procurement guidelines and procedures for procurement at the Community level.
11. “Community Project Management Committee” means the committee referred to in Section 1.B.3 (b) of Schedule 2 to this Agreement, consisting of representatives of interest groups that are elected by a Community Beneficiary to take leadership in design, appraisal, implementation, monitoring, maintenance and operation of a Subproject.
12. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
13. “District” means a district established as an administrative local government area pursuant to the Recipient’s Constitution.
14. “District Council” means the District legislative authority established pursuant to the Local Governments Act (CAP 243) of the laws of the Recipient.
15. “District Development Plans” means the plans referred to in Part A.1 of Schedule 1 to this Agreement, prepared by a Technical Planning Committee and approved by a District council in accordance with the Recipient’s planning framework.
16. “Environmental and Social Management Framework” or “ESMF” means the document of the Recipient dated December 16, 2008, including the Pest Management Plan, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans under the Project pursuant to Section I.D.1 of Schedule 2 to this Agreement, and such term includes all schedules and annexes to the ESMF.
17. “Environmental and Social Management Plan” or “ESMP” means an environmental and social management plan, acceptable to the Association and consistent with the ESMF, adopted for the purposes of a Subproject, and giving details of the magnitude of the environmental impacts, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF under the Subproject, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies, and such ESMP may be amended from time to time with the prior written agreement of the Association.

18. “Financial Management Handbook” means the handbook referred to in Section 5.01 (c) of this Agreement, containing financial policies, procedures and guidelines to be followed in the implementation of the Project.
19. “Fiscal Year” means the Recipient’s fiscal year commencing July 1 and ending June 30 of each year.
20. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
21. “Grant” means funds allocated or proposed to be allocated out of the proceeds of the Financing to a Beneficiary, or a grant made or proposed to be made out of the proceeds of the Financing to a non-governmental Beneficiary, for the purpose of financing a Subproject in accordance with the provisions of Section I.B.3 of Schedule 2 to this Agreement.
22. “Grant Agreement” means an agreement entered into, or to be entered into, between the Office of the Prime Minister on behalf of the Recipient, and the Chief Administrative Officer on behalf of the respective Districts, and in each District between the Chief Administrative Officer and the respective Beneficiary, for the purpose of extending a Grant to such Beneficiary on the terms and conditions set forth or referred to in Section I.B.3 (d) of Schedule 2 to this Agreement.
23. “Line Ministry” means the sector ministry which has more direct contact with a Subproject in its sector of operation at the District, Local Government or Community level.
24. “Local Government” means a local government established and operating pursuant to the Recipient’s Local Governments Act, CAP 243, as amended to the date of this Agreement.
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 purpose 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. “Memoranda of Understanding” means the respective 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.

27. “Northern Region” means the area to the north and east of the Recipient’s territory comprised of 40 Districts, under the Program.
28. “Office of Inspectorate of Government” or “IG” means the office of the Inspectorate of Government established and operating pursuant the Inspectorate of Government Act No.9 of 2002, of the laws of the Recipient.
29. “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.
30. “Operating Costs” means the incremental costs incurred by the Office of the Prime Minister, the Office of the Inspectorate of Government and Local Governments, on account of the implementation of Part C of the Project, and on the basis of approved work plans and budgets for Part C of the Project, including hire of venues for Training; purchase of materials for approved Training; operation and maintenance costs for Project vehicles, office supplies, consumables, travel costs and per diems, and accommodation, but excluding salaries of the Recipient’s civil servants.
31. “Operational Manual” means the Recipient’s manual, in form and substance satisfactory to the Association, referred to in Section 5.01(b) of this Agreement, and containing or referring to detailed arrangements and procedures for the implementation of the Project, including: (i) institutional administration, coordination and day-to-day execution of activities of the Project; (ii) capacity building activities for sustained achievement of the Project’s objectives; (iii) disbursement and financial management; (iv) procurement; (v) a Grants manual defining eligibility criteria and approval, disbursement, administration and monitoring and evaluation arrangements for Subprojects together with sample grant agreement formats; (vi) monitoring, evaluation, reporting, information, education and communication; and (vii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as such manual may be amended and supplemented from time to time, with the prior written approval of the Association, and such term includes all schedules and annexes to said manual.
32. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
33. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 6, 2009, and referred to in paragraph 1.16 of the Procurement

Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

34. “Program” means the Recipient’s program for Peace, Recovery and Development Plan for Northern Uganda (PRDP) 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.
35. “Resettlement Action Plan” or “RAP” means the plan referred to in Section I.D.1 (b) of Schedule 2 to this Agreement; and “RAPs” means, collectively, each such RAP.
36. “Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework of the Recipient dated December 16, 2008, as the said framework may be amended and/or supplemented from time to time with the prior concurrence of the Association, setting forth the modalities for resettlement and compensation of Affected Persons under the Project and referred to in Section I.D.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Association.
37. “Sub-County” means a sub-county established as a planning and administrative lower local government unit established pursuant to the Local Governments Act (CAP 243) of the laws of the Recipient.
38. “Subproject” means a set of specific activities carried out or to be carried out by a Beneficiary under Parts A and B of the Project and financed or proposed to be financed through the Grant.
39. “Technical Planning Committee” means the committee established within the respective Districts pursuant to the Local Governments Act (CAP 243) of the laws of the Recipient, and referred to in Section 1.A.5 of Schedule 2 to this Agreement.
40. “Technical Support Team” means the team referred to in Section 5.01(a) and Section 1.A.4 of Schedule 2 to this Agreement.
41. “Technical Working Group” means the PRDP Technical Working Group referred to in Section 1.A.3 of Schedule 2 to this Agreement.
42. “Training” means the costs associated with the training and workshops, based on annual plans and budgets approved by the Association pursuant to Section III.D.1 of Schedule 2 to this Agreement, including travel and subsistence costs for training and workshops participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training

materials, and other costs directly related to course preparation and implementation.