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CREDIT NUMBER 5384-UG

# Project Agreement

(Second Kampala Institutional and Infrastructure Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

KAMPALA CAPITAL CITY AUTHORITY

Dated February 16, 2015

CREDIT NUMBER 5384-UG

**PROJECT AGREEMENT**

AGREEMENT dated February 16, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and KAMPALA CAPITAL CITY AUTHORITY (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the REPUBLIC OF UGANDA (“Recipient”) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

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

**ARTICLE II — PROJECT**

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

**ARTICLE III — TERMINATION**

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

**ARTICLE IV — REPRESENTATIVE; ADDRESSES**

- 4.01. The Project Implementing Entity’s Representative is its Executive Director.

*MAS*

4.02. The Association's Address is:

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

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

4.03. The Project Implementing Entity's Address is:

Kampala Capital City Authority  
P.O. Box 7010,  
Plot 1-3 Sir Apollo Kaggwa Road  
Kampala  
Uganda

Telephone:  
256 204660000; 256 414581294



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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Sajjad Shah

Authorized Representative

Name: SAJJAD SHAH

Title: ACTING COUNTRY DIRECTOR

KAMPALA CAPITAL CITY AUTHORITY

By

Jennifer Semakula

Authorized Representative

Name: JENNIFER SEMAKULA  
MUSISI

Title: EXECUTIVE DIRECTOR

WITNESSED BY:

Mike Okua

MIKE OKUA

DIRECTOR LEGAL AFFAIRS

## SCHEDULE

### Execution of the Project

#### Section I. Institutional and Implementation Arrangements

##### A. Institutional Arrangements

###### 1. Management Executive Committee

The Project Implementing Entity shall designate, at all times during the implementation of the Project, the Management Executive Committee ("MEC") to be responsible for prompt and efficient oversight of implementation of activities under the Project, and shall take all actions including the provision of funding, personnel and other resources necessary to enable the MEC to perform its function.

###### 2. Project Management Office

Without limitation upon the provisions of paragraph 1 of this Part A, the Project Implementing Entity shall designate, at all times during the implementation of the Project, the Project Management Office ("PMO") to be responsible for day to day coordination and management of implementation of activities (including procurement, financial management, environmental and social safeguards, monitoring and evaluation, supervision and reporting aspects) under the Project. The PMO shall be responsible for, *inter alia*: (a) consolidating the proposed annual work plan and budget for subsequent approval by the MEC; (b) compiling and disseminating periodic Project reports and financial reports referred to Section II of this Schedule; (c) consolidating monitoring and evaluation reports; and (d) facilitating coordination and liaison between various directorates and other agencies on issues related to Project implementation.

##### B. Implementation Arrangements; Annual Work Plan and Budget

1. The Project Implementing Entity, shall prepare and furnish to the Association not later than November 31 of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities (including Subprojects) proposed to be included in the Project during the following Fiscal Year (including Safeguard Instruments applicable to said Subprojects in accordance with the provisions of Section I.E of this Schedule), and a proposed financing plan for expenditures required for said activities, setting forth the proposed amounts and sources of financing.

2. Each such proposed work plan and budget shall specify any Training activities that may be required under the Project, including: (i) the type of Training; (ii) the purpose of the Training; (iii) the personnel to be trained; (iv) the institution or

individual who will conduct the Training; (v) the location and duration of the Training; and (vi) the cost of the Training.

3. The Project Implementing Entity, shall afford the Association a reasonable opportunity to exchange views with the Project Implementing Entity on each such proposed work plan and budget and thereafter ensure that the Project 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 and Budget”).
4. The Project Implementing Entity shall not make or allow to be made any change to the approved Annual Work Plan and Budget without prior approval in writing by the Association.

**C. Anti-Corruption**

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

**D. Eligibility Criteria for Subprojects under Part 1 of the Project**

Each proposed Subproject shall be eligible for financing upon the Project Implementing Entity’s determination, on the basis of an approval process conducted in accordance with this paragraph, that the proposed Subproject consists of activities in the devolved function(s) stipulated under Sections 7 (1) (g), (h), (i), (j) and (k); and 7 (2) of the KCC Act, and satisfies, *inter alia*, the following conditions:

- (i) the Subproject shall be appraised on the basis of an environmental and social assessment and other guidelines acceptable to the Association (and be accompanied by appropriate Safeguards Instruments if required pursuant to the Safeguards Frameworks);
- (ii) the Subproject shall be approved by the Project Implementing Entity in accordance with criteria acceptable to the Association;
- (iii) the Subproject and the Safeguards Instruments, if any, shall be approved by the Association, unless with respect to the Association’s approval, the Association has notified the Project Implementing Entity in writing that its prior approval is not required; and
- (iv) the Subproject shall be included in the Annual Work Plan and Budget, in accordance with the provisions of Section I.B of this Schedule.



**E. Safeguards**

1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the Safeguard Frameworks and Safeguard Instruments. To this end, the Project Implementing Entity shall ensure that the following actions are taken in a manner acceptable to the Association:
  - (a) if any Project activity would, pursuant to the Environmental and Social Management Framework (“ESMF”): (i) require the carrying out of an Environmental and Social Impact Assessment (“ESIA”), the Project Implementing Entity shall ensure that an ESIA for such activity is: (A) carried out, in accordance with the requirements of the ESMF and furnished to the Association for review and approval before commencement of works under the said activity; and (B) disclosed as required by the ESMF and approved by the Association; and (ii) require the preparation of an Environmental and Social Management Plan (“ESMP”), such ESMP is prepared in accordance with the ESMF and furnished to the Association for review and approval, and is disclosed as required by the ESMF and approved by the Association before commencement of works under the said activity; and
  - (b) if a Resettlement Action Plan (“RAP”) would be required for any Project activity on the basis of the Resettlement Policy Framework (“RPF”): (i) the RAP shall be prepared in accordance with the requirements of the RPF, furnished to the Association for review and approval, and disclosed locally and in the Association’s InfoShop as required by the RPF and approved by the Association; and (ii) no works under said activity shall be commenced until all measures required to be taken under the RAP (including, depositing Project counterpart funds into the Project Escrow Account, in accordance with the provisions of Section I.F of Schedule 2 to the Financing Agreement) prior to the initiation of said works have been taken.
2. Without limitation upon its other reporting obligations under this agreement and under Section 4.08 of the General Conditions, the Project Implementing Entity shall include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the implementation of the Safeguard Frameworks and Safeguard Instruments, giving details of: (a) measures taken in furtherance of such Safeguard Frameworks and Safeguard Instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Frameworks and Safeguard Instruments; and (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguard Frameworks and Safeguard Instruments.

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**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of six months, and shall be furnished to the Recipient not later two weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
2. The Project Implementing Entity shall provide to the Recipient not later than three (3) months after the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

**B. Financial Management, Financial Reports and Audits**

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
2. The Project Implementing Entity shall have its financial statements referred to above, audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one Fiscal Year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

**Section III. Procurement**

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

