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March 20, 2018

Amb. Liberat Mfumukeko
Secretary General
East African Community
P.O. Box 1096
Arusha, Tanzania

Re: Africa: Advance Agreement for Preparation of Proposed Lake Victoria Environmental
Management Project (LVEMP) Phase Three
Project Preparation Advance No. V1590

Dear Ambassador:

In response to the request for financial assistance made on behalf of the East African Community (“EAC” or “Recipient”), a regional organization established pursuant to the Treaty for the Establishment of the East African Community (dated November 30, 1999, and as amended on December 14, 2006 and August 20, 2007) (“EAC Treaty”), with headquarters in Arusha, United Republic of Tanzania (“Member Country”), I am pleased to inform you that the International Development Association (“Association”) proposes to extend to the Recipient for the benefit of the Lake Victoria Basin Commission an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed one million four hundred eighty thousand Dollars (\$ 1,480,000) (“Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve environmental and natural resource management and participation in livelihood-enhancing practices in targeted sub-catchments areas and pollution hotspots in the Lake Victoria Basin (“Project”) in the Lake Victoria Basin Countries, for the carrying out of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

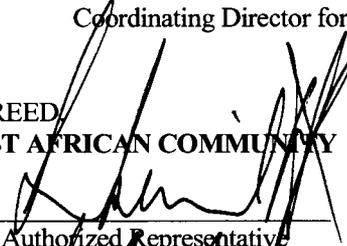
Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By 

Paul Nomba Um

Coordinating Director for Regional Integration, Southern and Eastern Africa
Africa Region

AGREED,
EAST AFRICAN COMMUNITY

By 

Authorized Representative

Name Mrs. LIBERIA M. NYIKERO

Title Secretary General

Date: 29/03/18

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "World Bank Disbursement Guidelines for Projects", dated May 1, 2006.

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility” dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

- (a) “East African Community” or “EAC” means the inter-governmental organization established and operating pursuant to the EAC Treaty.
- (b) “EAC Treaty” means the treaty establishing the EAC dated November 30, 1999, and as amended on December 14, 2006 and August 20, 2007.
- (c) “Lake Victoria Basin Commission” or “LVBC” means the commission established by the EAC as one of the EAC institutions, pursuant to the Protocol with responsibility for regional coordination of the sustainable development of the Lake Victoria Basin and its ecosystems.
- (d) “Lake Victoria Basin Countries” or “LVB Countries” means the United Republic of Tanzania, the Republic of Kenya, the Republic of Uganda, the Republic of Rwanda and the Republic of Burundi.
- (e) “Operating Costs” means the incremental operating expenses incurred by the Recipient on account of the implementation of the Activities, management and monitoring including on account of operation and maintenance costs of office and office equipment; office supplies, additional staff costs, travel and supervision costs, *per diem*, but excluding the salaries and indemnities of officials and public servants of the Recipient’s civil service.
- (f) “Protocol for the Sustainable Development of Lake Victoria Basin” or “Protocol” means the instrument of same name, signed by the LVB Countries dated November 29, 2003, pursuant to which the LVB Countries have undertaken to implement concerted measures to co-operate in the joint and efficient management and sustainable utilization of natural resources within the LVB.
- (g) “Regional Project Co-ordination Team” or “RPCT” means the team established in LVBC responsible for daily operations of the Project.
- (h) “Training” means the reasonable costs associated with training, seminars and workshop participation under the Activities, consisting of travel and subsistence costs for Training participants, costs (other than consulting services) associated with securing the services of trainers and presenters, rental of training facilities, translation and interpretation services, preparation and reproduction of training materials.

Article II
Execution of the Activities

2.01. **Description of the Activities.** The Activities for which the Advance is provided consist of the following parts:

- (a) Technical assistance in the preparation of key Project documents, which includes *inter alia*: contributions to the Project Appraisal Document; preparation of project implementation, financial, and procurement manuals for the EAC portion of the Project as well as similar support to LVB Countries for documentation required at the national level;
- (b) Undertake policy and analytical work, including *inter alia*, value chain studies, studies on operationalization of the related environmental trust fund, and finalization of the draft legislation to be used in the design of the Project;
- (c) Support for the day-to-day operations of the RPCT in the LVBC through the hiring of project coordinator, procurement specialist, and other key staff;
- (d) Facilitate policy, working, consultative and negotiation fora at the regional, national and local level with relevant stakeholders and technical experts in order to develop, review and prioritize Project activities;
- (e) Purchase of IT and other equipment to improve the Recipient's digital communications with LVB Countries during the Project preparation process;
- (f) Support monitoring, capacity building interventions, networking, training, and knowledge sharing needed for Project preparation; and
- (g) Provision of supplies, equipment, communications, and daily Operational Costs-including vehicle maintenance and financial audit-for Project preparation of the project as well as consultants to support the LVBC in its day-to-day operations.

2.02. **Execution of the Activities Generally.** The Recipient declares his commitment to the objectives of the Activities. To this end, the Recipient shall cause the LVBC shall carry out the Activities in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2.03. **Institutional and Other Arrangements.** Without limitation upon paragraph 2.02 above, the Recipient shall cause the LVBC to maintain a unit, with staffing in number and with qualification and experience acceptable to the World Bank, to be responsible for the implementation and the fiduciary aspects of the Activities.

2.04. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions. Each such 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 Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of the Recipient's fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the "World Bank Procurement Regulations for IPF Borrowers" dated July 2016, revised November 2017 ("Procurement Regulations") and the provisions of the Recipient's procurement plan for the Activities dated February 15, 2018 ("Procurement Plan") provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

Article III Withdrawal of the Advance

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing" dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such

instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consulting services, Operating Costs and Training under the Activities	1,480,000	100%
TOTAL AMOUNT	1,480,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed \$296,000 equivalent may be made for payments made prior to this date but on or after January 1, 2018

3.03. **Refinancing Date.** The Refinancing Date is December 31, 2019.

**Article IV
Terms of the Advance**

4.01. **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the World Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.02. **No Repayment in the absence of a Refinancing Agreement:** Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

**Article V
Additional Remedies**

5.01. **Additional Events of Suspension.** The Additional Events of Suspension consist of the following:

- (a) Either of the EAC Treaty or the Protocol has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of (i) the EAC to perform any of its obligations under this Agreement; or (ii) the LVB Countries to perform their obligations under their respective Agreements.
- (b) The right of any one of the Republic of Burundi, the Republic of Kenya and the Republic of Tanzania to withdraw the proceeds of the financing under its respective Project Preparation Agreement has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Project Preparation Agreement therefore.

5.02. ***Additional Events of Acceleration.*** The Additional Event of Acceleration consists of the following:

- (a) Any event specified in paragraphs (a) and (b) of Section 5.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the World Bank to the Recipient.

Article VI Recipient's Representative; Addresses

6.01. ***Recipient's Representative.*** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its secretary-general.

6.02. ***Recipient's Address.*** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

East African Community
P.O. Box 1096
Arusha
Tanzania

Facsimile:

255-27-250-4481
255-27-250-4255

6.03. ***World Bank's Address.*** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:

Facsimile:

248423 (MCI) or
64145 (MCI)

(1)-202-477-6391