

CONFORMED COPY

CREDIT NUMBER 2446 UG

Project Agreement

(Agricultural Research And Training Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

NATIONAL AGRICULTURAL RESEARCH ORGANISATION

Dated March 26, 1993

CREDIT NUMBER 2446 UG

PROJECT AGREEMENT

AGREEMENT, dated March 26, 1993, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and NATIONAL AGRICULTURAL RESEARCH ORGANISATION (NARO).

WHEREAS: (A) by the Development Credit Agreement of even date herewith between the Republic of Uganda (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to seventeen million eight hundred thousand Special Drawing Rights (SDR 17,800,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that NARO agrees to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by a subsidiary agreement to be entered into between the Borrower and NARO, the proceeds of the credit provided for under the Development Credit Agreement will be made available to NARO on the terms and conditions set forth in said Subsidiary Agreement; and

WHEREAS NARO, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed

to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

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

ARTICLE II

Execution of the Project

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

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

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

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

Section 2.04. NARO shall duly perform all its obligations under the Subsidiary Agreement. Except as the Association shall otherwise agree, NARO shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Agreement or any provision thereof.

Section 2.05. (a) NARO shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement and under the Subsidiary Agreement, and other matters relating to the purposes of the Credit.

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

ARTICLE III

Management and Operations of NARO

Section 3.01. NARO shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and agricultural research practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers. To this end, NARO shall: (a) at all times during Project implementation, maintain key management personnel whose qualifications are satisfactory to the Association, including the

Director General, the Deputy Director General, a financial controller and directors of NARO Research Institutes; and (b) at least during the first three years of Project implementation retain a research management advisor.

Section 3.02. NARO shall at all times operate and maintain its plant, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering and financial practices.

Section 3.03. NARO shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

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

(b) NARO shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than: (A) nine months after the end of each such year, for the first year of Project implementation; and (B) six months after the end of each such year in subsequent years: (1) certified copies of its financial statements for such year as so audited; and (2) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

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

Section 5.02. (a) This Agreement and all obligations of the Association and of NARO thereunder shall terminate on the earlier of the following two dates:

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

accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify NARO of this event.

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

ARTICLE VI

Miscellaneous Provisions

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

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

For NARO:

39 Berkeley Road
Entebbe

Cable address:

Telex:

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

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

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox
Regional Vice President
Africa

NATIONAL AGRICULTURAL RESEARCH ORGANISATION

By /s/ Stephen K. Katenta-Apuli
Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).

2. To the extent practicable, contracts for field, laboratory and office equipment shall be grouped into bid packages estimated to cost the equivalent of \$100,000 or more.

3. Goods to be procured through international competitive bidding shall be exempted from pre-shipment price inspection by a third party.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Uganda may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. (a) Civil works, and (b) items or groups of items for furniture available in Uganda at competitive prices estimated to cost up to an aggregate amount equivalent to \$80,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. (a) Vehicles required urgently, estimated to cost up to an aggregate amount equivalent to \$90,000, (b) other items or groups of items estimated to cost the equivalent of \$20,000 or less per contract, up to an aggregate amount equivalent to \$60,000, and (c) spares, fuel and other consumables estimated to cost the equivalent of \$3,180,000 may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract: (a) for civil works

estimated to cost the equivalent of \$100,000 or more, and (b) for goods estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract, together with the other information required to be furnished to the Association pursuant to said paragraph 3, shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 to the Development Credit Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

3. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II: Employment of Consultants

In order to assist NARO in the carrying out of the Project, NARO shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by The World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 2

Implementation Program

Project Coordination

1. NARO shall be responsible for the overall implementation of the Project. The Board of NARO, acting through the Director General, shall coordinate the implementation of Project activities, monitor and review progress in Project implementation, prepare and furnish to the Association semiannual reports, prepare financial reports, submit disbursement applications to the Association and liaise with Makerere University on matters such as training and contract research.

2. The Director General of NARO shall be responsible for the preparation of annual reports on the progress achieved in the implementation of Project objectives, including a review of the status of various research programs. Such reports shall be submitted to the Association within six months of the close of the program year.

3. NARO shall take appropriate measures to prepare manuals, satisfactory to the Association, relating to personnel management, financial reporting and accounting, research management and procurement procedures which shall have been adopted by the Board of NARO by September 30, 1993. NARO shall complete system-wide training courses in the use of these manuals by June 30, 1994.

4. In order to carry out the appointment of senior, professional

and support staff for NARO and the research institutes under it in a transparent and orderly manner, NARO shall adopt a staff recruitment plan, satisfactory to the Association, and recruit staff with the assistance of an institution, satisfactory to the Association, which will screen and evaluate applicants for advertised positions. NARO shall take all necessary measures to fully implement all personnel-related actions referred to in the staff recruitment plan by not later than twelve months after the Effective Date of the Development Credit Agreement.

Annual Work Programs

5. NARO, through its Director General, shall be responsible for the preparation of annual work programs and budgets based on the programs and budgets submitted by NARO research institutes, and submission to the Association by December 31 of each year, with effect from December 31, 1993, prior to its final review by the Board of NARO. The annual program and budget shall include: (a) details of the annual training plan for each of the entities involved in Project implementation, indications of funding required from the proceeds of the Credit; (b) the Borrower's allocations for recurrent operating costs and salaries and allowances payable in accordance with the Terms and Conditions of Service for research adopted by the Borrower; and (c) an ex-post evaluation of the preceding year's training program which will form the basis for defining the ensuing year's training program.

6. NARO shall take all necessary measures to ensure that the approved salaries and emoluments of staff under the Terms and Conditions of Service for research are regularly adjusted based on a formula, satisfactory to the Association, which will ensure that such salaries are consistent with the Borrower's policies under the overall civil service reform program of providing adequate remuneration for highly qualified staff.

Procurement

7. In order to ensure that procurement of consultants, goods and works required for the implementation of the Project are carried out expeditiously, NARO shall: (a) employ a procurement specialist and establish a procurement committee by June 30, 1993, with representation as required from the Borrower's Central Tender Board Secretariat, Ministry of Finance and Economic Planning, Ministry of Justice, NARO's Research Institutes and Makerere University; and (b) adopt standard bidding documents for all procurement under the Project.

Education and Training

8. A training committee of the Board of NARO comprising representatives from Makerere University's faculties of Science, Agriculture and Forestry and Veterinary Medicine, and the Secretariat of NARO, under the chairmanship of the Dean of Makerere University's Faculty of Agriculture and Forestry, shall be responsible for the implementation of the education and training components of the Project, and for defining the terms of reference, which shall be satisfactory to the Association, of a twinning arrangement between Makerere University and a foreign university to be furnished for the Association's review by April 1, 1993.

Mid-Term Review

9. NARO shall carry out a mid-term review of the Project by January 31, 1996, to assess implementation of the Project and to propose any changes in Project design that may be needed for a more efficient and effective attainment of Project objectives. In order to facilitate this review, NARO shall prepare appropriate studies which assess the fulfillment of Project objectives, the efficiency of Project management, and recommend appropriate adjustments in Project design and implementation procedures. These studies shall be completed and furnished to the Association by June 30, 1995.

10. The mid-term review shall, inter alia, assess: (a) the performance of the Borrower in providing NARO with operating costs; (b) the ability of NARO to obtain incomes and contributions for carrying out contract research; (c) the actual operating cost of NARO, including salaries and allowances, vehicle operating costs and maintenance of equipment and buildings; (d) experience with implementation of the training program including the arrangements associated with its implementation; (e) actual progress achieved during Project implementation, with particular reference to outputs and results compared to targets established in monitoring indicators satisfactory to the Association which NARO shall complete and furnish to the Association by September 30, 1993; and (f) the justifications and the design of a subsequent project to support and strengthen agricultural research capacity in Uganda.

