

CONFORMED COPY

CREDIT NUMBER 4372-UG

Financing Agreement

(Local Government Management and Services Delivery Project)

between

THE REPUBLIC OF UGANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 20, 2008

CREDIT NUMBER 4372-UG

FINANCING AGREEMENT

AGREEMENT dated February 20, 2008, 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 the Financing 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 thirty five million one hundred thousand Special Drawing Rights (SDR 35,100,000) (referred to variously as “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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 January 15 and July 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.

- 2.07. The Payment Currency is Dollars.

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 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 thereof, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consists of the following:
- (a) the Recipient has updated the Project financial manuals in a form and substance satisfactory to the Association; and
 - (b) the Recipient has updated the Project accounting software, including customization of such software, in a 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 its Minister responsible for finance.

6.02. The Recipient's Address is:

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

Facsimile:

(256) 41 4341397

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) or
64145 (MCI)

1-202-477-6391

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

REPUBLIC OF UGANDA

By: ***/s/ Fred Jachan Omach***
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: ***/s/ John Murray McIntire***
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient's effort to strengthen the ability of its MDAs and Local Governments to plan and manage their resources, in collaboration with the local communities for effective delivery of services.

The Project constitutes the first phase of the Program, and consists of the following parts:

Part A: Support to the Public Financial Management Systems and Reform Program

Strengthening public financial management systems of the MDAs and Local Governments, including:

1. supporting: (a) the roll-out of the financial management system in MDAs and Local Governments; and (b) strengthening the institutional capacity of the relevant units within Accountant-General's Office, MDAs and Local Governments to facilitate the implementation of the financial management system.

2. strengthening the capacity of MoLG and Local Governments for budget formulation, financial management and control, and transparent and comprehensive financial reporting including, *inter alia*: (a) supporting the rollout and integration of a new information communication and technology based public financial management systems; (b) strengthening financial management systems in Local Governments that do not have an integrated financial management system; and (c) provision of training, or change management required for sustainability of the financial management system.

3. Improving the capacity for public financial management reform programs generally, and supporting MoFPED to facilitate coordination of the Program activities.

Part B: Support to the Local Government Sector Investment Plans

1. Strengthening the delivery of quality and sustainable basic services including, *inter alia*:
 - (a) improving delivery of services at the Local Government level, and supporting specific Local Government infrastructure development activities that

are identified and prioritized under the Recipient's Local Development Grant initiative, through the provision of works, technical advisory service and acquisition of goods.

(b) empowering Communities for effective participation in planning, implementation, monitoring and evaluation of Community level initiatives for service delivery, through the provision of CDDG to finance Subprojects.

(c) Supporting the Local Governments covering 38 Districts in the Northern region to strengthen their respective institutional and personnel capacity, including supporting delivery of generic training modules, and development of necessary Local Government Administrative infrastructure, including: construction, refurbishment and retooling of Local Governments' offices and Local Governments owned staff houses, through the provision of works, technical advisory services and acquisition of goods.

2. Strengthening the capacity of Local Governments for sustainable delivery of services, and supporting specific capacity building activities that are identified and prioritized under the Recipient's Capacity Building Grants initiative, including, *inter alia*:

(a) support the capacity of Lower Local Governments, mainstream the interface with Communities, and strengthening Local Governments in the Northern region to facilitate staff and skills development;

(b) support certification and professional development of selected senior Local Government staff;

(c) support MoLG's institutional capacity and human resource development to facilitate effective policy support to Local Governments and MDAs; and

(d) build the capacity of Local Governments for environmental management, and screening of Subprojects for environmental and social impacts,

all through the provision of technical advisory services and training.

Part C: Institutional and Policy Support

Supporting change management within MoLG and Local Governments, including: (a) strengthening of MoLG to enhance its ability to oversee the implementation of sector reforms; and (b) strengthening the capacity of MoLG for environmental and social management monitoring; (c) supporting the implementation of

the good governance and anti-corruption strategy for local governments; and (d) supporting management and coordination of activities under the Program, monitoring and evaluation, and communication, all through the provision of technical advisory services, training and acquisition of goods.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall ensure that MoLG is maintained at all times during the implementation of the Project with 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. **Project Technical 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 Project Technical Committee with a composition, mandate and resources satisfactory to the Association.

(b) Without limitation to sub-paragraph (a) of this paragraph, the Project Technical Committee 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 implementation of the Project; and (ii) providing comments on reports and reviews prepared by the Local Governments for the benefit of the Association.

3. **Sector Working Groups**

Without limitation to Parts A.1 and A.2 of this Section, the Recipient shall maintain the Sector Working Groups with a composition, mandate and resources satisfactory to the Association. The Sector Working Groups shall be responsible for reviewing the coordination and harmonization of the Project.

B. **Project Implementation Plan**

The Recipient shall carry out the Project in accordance with the arrangements and procedures set out in the Project Implementation Plan (provided, however, that in case of any conflict between the arrangements and procedures set out in

the Project Implementation Plan and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the Project Implementation plan, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

C. 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 and the Resettlement Policy Framework and, wherever applicable, prepare 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 and RAPs, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.
3. The Recipient shall ensure that: (a) all measures for carrying out the recommendations of the ESMF, RPF and RAPs are taken in a timely manner; and (b) the Project Reports referred to in Part A of Section II of this Schedule shall include adequate information on monitoring the measures defined in the ESMF, RPF and RAPs.

D. Anti-Corruption

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

E. Community Driven Development Grants

1. General

Without limitation upon the provisions of Part A of this Section, the Recipient shall through respective Local Governments, appraise, approve and monitor Subprojects, and administer the Grants in accordance with the provisions and procedures set forth or referred to in this Part E and in more detail in the Project Implementation Plan.

2. Terms and Conditions of CDDGs

- (a) Communities must meet the eligibility criteria agreed with the Association and set out in the Project Implementation Plan, including, *inter alia*, the demonstrated ability to manage and implement the Subprojects.
- (b) the Recipient shall, through respective Local Governments enter into a Subproject Agreement with each Community, which shall set forth terms and conditions that 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 Community to contribute in cash or in-kind as specified in the Project Implementation Plan;
 - (iii) the modalities of transfer of funds by Local Governments to the Communities for the financing of the Subproject;
 - (iv) the obligation of the Community to carry out the Subproject with due diligence and efficiency and in accordance with sound environmental and financial practices;
 - (v) the requirement that the goods and consultants' services to be financed from the proceeds of the CDDG shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with Project Implementation Plan, and the Procurement Plan, and shall be used exclusively in the carrying out of the Subproject; and

- (vi) the right of MoLG and the respective Local Governments, on behalf of the Recipient to: (A) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation and financial conditions of Subprojects; and (B) suspend or terminate the right of any Community to use the proceeds of the CDDG upon failure by the Community to perform any of its obligations under the respective Subproject Grant Agreement.

3. **Eligibility Criteria and Administration of Subproject Agreements**

- (a) The Recipient shall, through respective Local Governments exercise its rights under the Subproject Agreements, in such manner as to protect the interests of 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 Subproject Agreement or any substantial provision thereof.
- (b) each qualifying Community shall be entitled to a one time CDDG for an amount not exceeding United States of America dollars two thousand five hundred (\$2,500), for all its Subprojects activities.
- (c) each qualifying Community shall identify a Subproject, or Subprojects to be financed using the CDDG. The respective Local Governments must, prior to approving CDDG financed Subprojects carry out a Subproject appraisal in accordance with the procedures and criteria set forth in the Project Implementation Plan including, *inter alia*, that:
 - (ii) the proposed Subproject is economically and technically viable in accordance with the standards specified in the Project Implementation Plan;
 - (ii) an environmental and social impact assessment has been carried out in accordance with the provisions of the ESMF and the RPF, and an environmental management plan or resettlement action plan prepared, as the case may be, to address any environmental or social impacts so identified; and
 - (iii) the proposed Subproject is in compliance with the standards set forth in the applicable laws and regulations of the Recipient relating to health, safety and environment protection.

- (d) Subprojects supported through the CDDG can only be used for local Community participatory capacity development, and not for capital investment in infrastructure, or recurrent expenditures.

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 paragraph 2. Each Project Report shall cover the period of six months, and shall be furnished to the Association not later than forty five days after the end of the period covered by such report.
- (b) The performance indicators referred to above in paragraph 1 consist of the following:
 - (i) percentage of Local governments in the Northern region that meet the minimum criteria for the Recipient's Local Development Grants initiative;
 - (ii) percentage of Local Governments which have a computerized financial management system completing their final accounts within three months;
 - (iii) percentage of higher Local Governments registering 20% increase in own source revenue from the baseline year of 2005/6; and
 - (iv) at least 75% of the Recipient's Local Government Development Grants is invested in education, health, water and roads sectors consistent with the PEAP.
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.1 of this Section, the Recipient shall prepare and furnish to the Association, not later than 45 days after the end of each calendar quarter, interim un-audited 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. 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 Schedule.
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 Schedule.
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.

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; (b) Direct Contracting; (c) Shopping; and (d) Community Participation.

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) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection Based on Consultants' Qualifications; (e) Single-source Selection; (f) Sole Source Procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for works estimated to cost the equivalent of \$350,000 or more; (b) each contract for goods estimated to cost the equivalent of \$200,000 or more; (c) each contract for goods and works procured under the procedures for Direct Contracting; and (d) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more.
2. In addition, the following prior review procedures shall apply to each contract for the employment of individual consultants (other than consultants to be selected on a sole source basis) estimated to cost the equivalent of \$50,000 or more: (a) the report on the comparison of the qualifications and experience of candidates, terms of reference and conditions of employment of the consultant shall be furnished to the Association for its prior review and approval; (b) the contract shall be awarded only after the Association's approval shall have been given; and (c) the provisions of paragraph 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply to the contract.
3. The following prior review procedures shall apply to each contract for the employment of individual consultants to be selected on a sole source basis:

(a) the qualifications, experience, terms of reference and conditions of employment of the consultants shall be furnished to the Association for its prior review and approval; (b) the contract shall be awarded only after the Association's approval shall have been given; and (c) the provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall apply to the contract.

4. 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 this Section and such additional instructions as the Bank may specify by notice to the Recipient, 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) Works for: (a) Part A of the Project (b) Part B.1 (a) and B.1(c) of the Project	770,000 8,290,000	100%
(2) Goods, Consultants' services (including audits), Training and Operating Costs for:		100%

Costs for:	10,580,000	
(a) Part A of the Project	9,690,000	
(b) Parts B.1(a), B.1(c), B.2 and C of the Project		
(3) CDDGs for Subprojects under Part B.1(b) of the Project	3,190,000	100% of the amounts disbursed
(4) Unallocated	2,580,000	
TOTAL AMOUNT	35,100,000	

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; and
 - (b) Eligible Expenditures under Categories (3) unless a Subproject Agreement has been executed between the respective Local Governments and the qualifying Communities, as shall be evidenced by the first five of such Subproject Agreements.
2. The Closing Date is December 31, 2011.

Section V. Other Undertakings

A. Appointment of Financial Auditors

The Recipient shall, 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.

B. 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 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 on the procurement of goods, works and consultants' services carried out under the Project, prepared by the independent procurement auditors referred to in Section V.B.1 of this Schedule.

C. Procurement Capacity for MoLG

The Recipient shall, not later than three months after the Effective Date, appoint to the Procurement Disposal Unit of the MoLG, a procurement specialist acceptable to the Association, in accordance with the provisions of Section III of this Schedule.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 15 and July 15:	
commencing January 15, 2018 to and including July 15, 2027	1
commencing January 15, 2028 to and including July 15, 2047	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

Section I. Definitions

1. “Accountant-General’s Office” means the office of the Accountant-General of the Recipient established and operating pursuant to the Public Finance and Accountability Act, No. 6 of 2003.
2. “Affected Person” means a person who on account of execution of Part A of the Project had or would have his or her: (i) standard of living adversely affected; or (ii) right, title or interest in any house, or interest in or right to use any land (including premises, agricultural and grazing land) or right in annual or perennial crops and trees or any other fixed or movable asset, acquired or possessed, temporarily or permanently; or (iii) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently, and “affected Persons” means, collectively, all persons who qualify as an Affected Person.
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. “Capacity Building Grant” means a grant made, or proposed to be made by the Recipient through its Capacity Building Grant initiative, to a Local Government to finance activities designed to build, or strengthen a Local Government’s capacity for effective and sustainable delivery of services, and referred to under Part B.2 of the Project.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Community” means an organized group within a Village, District, or Local Government, established and operating as a Community-based organization pursuant to the laws of the Recipient.
7. “Community Driven Development Grant” or “CDDG” means a grant made, or proposed to be made out of the proceeds of the Financing to a Community for the purpose of financing a Subproject under Part B.1(b) of the Project.

8. “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.
9. “District” means a district established as an administrative local government area pursuant to the Recipient’s Constitution.
10. “Environmental and Social Management Framework” or “ESMF” means the framework dated July 2007, setting the policy framework, principles, standards, processes and institutional arrangements to be applied to assess potential adverse environmental and social impacts associated with Subproject and Subprojects under Part B of the Project, and the ways to avoid, minimize, mitigate or offset them, including public consultation, disclosure and reporting, as the said framework may be amended and/or supplemented from time to time with the prior concurrence of the Association.
11. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
12. “Local Development Grant” means a grant made, or proposed to be made by the Recipient through its Local Development Grant initiative, to a Local Government to finance activities designed to improve physical infrastructure within a Local Government, for effective and sustainable delivery of services, and referred to under Part B.1(a) of the Project.
13. “Local Government” means a local government established and operating pursuant to the Recipient’s Local Governments Act, CAP 243.
14. “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 terms “Lower Local Government” means a sub-county, a Municipal Division, and a Town Council (all established and operating pursuant to the Local Governments Act).
15. “MDAs” means the Recipient’s government Ministries, Departments and Agencies.
16. “MoFPED” means the Recipient’s Ministry of Finance, Planning and Economic Development.

17. “MoLG” and “Ministry of Local Government” means the Recipient’s Ministry responsible for Local Governments.
18. “Northern Region” means the area to the north of the Recipient’s territory comprised of 38 Districts.
19. “Operating Costs” means the operating costs incurred on account of the implementation of Project including maintenance of vehicles, fuel, equipment, office supplies, utilities, consumables, advertising expenses, travel per diems, and accommodation, but excluding salaries of the Recipient’s civil servants.
20. “PEAP” means the Recipient’s third Poverty Eradication Action Plan dated November 2004.
21. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
22. “Procurement Plan” means the Recipient’s procurement plan for the Project dated October 26, 2007, 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.
23. “Program” means the program designed to improve the efficiency of Local Governments in delivery of services at local levels and, to empower the local Communities to ensure their effective participation in the decision making process at the local levels, and set forth or referred to in the letter dated October 18, 2007, from the Recipient to the Association.
24. “Project Implementation Plan” means the plan (including a Community Driven Development Operational Manual), in form and substance satisfactory to the Association, containing or referring to detailed arrangements and procedures for the implementation of the Project, including: (i) institutional coordination and day-to-day execution of the Project; (ii) management and execution of Subprojects under Part B.1(b) of the Project; (ii) eligibility criteria and approval, disbursement, administration and monitoring and evaluation arrangements for Subprojects under Part B.(b) of the Project, together with sample Subproject Agreements formats; (iii) monitoring, evaluation, reporting, information, education and communication; and (iv) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

25. "Project Technical Committee" means the committee referred to in Section 1.A.2 of Schedule 2 to this Agreement.
26. "Sector Working Groups" means the sector groups involved in the implementation of Recipient's programs relating to the Local Government sector, and referred to in Section 1.A.3 of Schedule 2 to this Agreement.
27. "Resettlement Action Plan" or "RAP" means each plan to be prepared pursuant to the Resettlement Policy Framework, as may be required, in accordance with Section I.C.1 of Schedule 2 to this Agreement, setting out the principles, procedures, the time schedule governing acquisition of rights to land, resettlement and compensation, as well as reporting and monitoring arrangements to ensure compliance with said plan.
28. "Resettlement Policy Framework" or "RPF" means the framework satisfactory to the Association, dated August 2007, setting forth the guidelines and procedures for preparation of resettlement action plans in the likely event of acquisition of rights to land, resettlement procedures and compensation, institutional arrangements, including valuation procedures, budget, public consultation and participation, monitoring and evaluation, and disclosure, as the same may be amended from time to time with the agreement of the Association.
29. "Subproject" means a set of specific activities carried out, or to be carried out by a Community under Part B.1(b) of the Project and financed, or proposed to be financed through a CDDG
30. "Subproject Agreement" means an agreement entered into, or to be entered into, between a Local Government on behalf of the Recipient, and a Community, for the purpose of extending a CDDG to such Community on the terms and conditions set forth or referred to in Section I.E of Schedule 2 to this Agreement.
31. "Training" means costs associated with the training of personnel involved in Project supported activities including travel and subsistence costs for training 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.