

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4554-UG

Project Agreement

(Energy for Rural Transformation Project II)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PRIVATE SECTOR FOUNDATION UGANDA

Dated August 27, 2009

Public Disclosure Authorized

PROJECT AGREEMENT

AGREEMENT dated August 27, 2009, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and PRIVATE SECTOR FOUNDATION UGANDA (“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 objectives of the Project and the Program. To this end, the Project Implementing Entity shall carry out Part 5 of 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 its Respective Part of 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 its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity's Representative is its Executive Director.

3.02. 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

3.03. The Project Implementing Entity's Address is:

Plot 43 Nakasero Road
P.O. Box 7683
Kampala, Uganda

Facsimile:

256-414-259-109

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Kundhavi Kadiresan

Authorized Representative

PRIVATE SECTOR FOUNDATION OF UGANDA

By /s/ Emmanuel Hatega

Authorized Representative

SCHEDULE

Execution of the Project Implementing Entity's Respective Part of the Project

Section I. Implementation Arrangements

A. **Implementation Covenants; Environmental and Social Safeguards**

The Project Implementing Entity shall carry out the actions referred to in Sections I.B (**Implementation Covenants**) and I.E (**Environmental and Social Safeguards**) of Schedule 2 to the Financing Agreement that are applicable to it, in accordance with the provisions of such Section.

B. **Subsidiary Agreement**

The Project Implementing Entity shall duly perform all its obligations under the Subsidiary Agreement. Except as the Association shall otherwise agree, the Project Implementing Entity 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.

C. **Anti-Corruption**

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

Section II. Project Monitoring, Reporting and Evaluation

A. **Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators set forth below in Section II.A.1(b) of the Financing Agreement. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient not later forty five (45) days after the end of the period covered by such report.
2. The Project Implementing Entity shall provide to the Recipient not later than seven (7) months before 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, in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.
2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Recipient, not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for its Respective Part of the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Project Implementing Entity shall have its financial reports referred to in Section II. B (2) 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 audited financial statements for each period shall be furnished to the Association not later than six months after the end of the period.

Section III. Procurement

All goods, works and services required for the Project Implementing Entity's Respective Part of 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.

Section IV. Operations in General

The Project Implementing Entity shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and technical practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.