

CONFORMED COPY

GEF TF GRANT NUMBER TF094484

Global Environment Facility Project Agreement

(Energy for Rural Transformation Project II)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility**

and

UGANDA ENERGY CREDIT CAPITALISATION COMPANY

Dated August 27, 2009

GEF TF GRANT NUMBER TF094484**PROJECT AGREEMENT**

AGREEMENT dated August 27, 2009, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”) and Uganda Energy Credit Capitalisation Company Limited (“Project Implementing Entity”) (“Project Agreement”) in connection with the Grant Agreement (“Grant Agreement”) of same date between the Republic of Uganda (“Recipient) and the World Bank. The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008 (“Standard Conditions”), 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 Standard Conditions, in the Grant Agreement, in this Agreement or in the IDA Financing Agreement.

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 2 of the Project in accordance with the provisions of Article II of the Standard 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 World Bank 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 Managing Director.

3.02. The World Bank's Address is:

International Bank for Reconstruction and Development
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:

Amber House
Pilkington Road
P.O. Box 7270
Kampala, Uganda

Facsimile:
256 41423 4732

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

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Global
Environment Facility**

By /s/ Kundhavi Kadiresan

Authorized Representative

**UGANDA ENERGY CREDIT CAPITALISATION
COMPANY**

By /s/ Chris Kassami

Authorized Representative

SCHEDULE

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

Section I. Implementation Arrangements

A. Implementation Covenants

The Project Implementing Entity shall carry out the obligations relating to it as incorporated by reference in Section I.A of Schedule 2 to the Grant Agreement, 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 World Bank 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 the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators set forth in Section II.A.1(b) of Schedule 2 to the Grant Agreement. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient not later than thirty (30) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the World Bank of the overall Project 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 2.06 (b) (ii) of the Standard Conditions all such information as the Recipient or the World Bank 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 World Bank, 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 its Respective Part of the Project.
2. 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 World Bank.
3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. 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 World Bank 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 Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement.

Section IV. Other Undertakings

A. 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.

- B. The Project Implementing Entity shall ensure that any unutilized remainder of the proceeds of the Grant resulting from repayment of principal of Participation Loans or left over amounts in Contingency Accounts shall be reallocated to be used for the same purposes as in the case of the original proceeds or otherwise disposed of for such other productive purposes consistent with the purposes of the Project as may be agreed with World Bank.

