

CONFORMED COPY

NILE BASIN TRUST FUND GRANT NUMBER 054798 NB

Nile Basin Trust Fund Grant Agreement

(Efficient Water Use for Agricultural Production Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT AND
INTERNATIONAL DEVELOPMENT ASSOCIATION**

acting as Administrator of the Nile Basin Trust Fund

and

NILE BASIN INITIATIVE

Dated March 16, 2005

NILE BASIN TRUST FUND GRANT NUMBER 054798 NB

NILE BASIN TRUST FUND GRANT AGREEMENT

AGREEMENT, dated March 16, 2005, between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ('IBRD') and the INTERNATIONAL DEVELOPMENT ASSOCIATION ('IDA') (collectively 'the Bank'), acting as Administrator of the Nile Basin Trust Fund ('NBTF') in respect of grant funds provided to the NBTF by certain members of the Bank as participants of the NBTF, and the NILE BASIN INITIATIVE ('the Recipient').

WHEREAS (A) the Bank has established the NBTF to assist in financing a program of activities in support of the regional initiative called the Nile Basin Initiative ('the Program'), which has as its main objectives, *inter alia* to: (i) develop the water resources of the Nile Basin in a sustainable and equitable way to ensure prosperity, security and peace for all its people; (ii) ensure efficient water management and the optimal use of resources; (iii) ensure cooperation and joint action between the Nile Basin countries; (iv) target poverty eradication and promote economic integration; and (v) ensure that the program results in a move from planning to action; and

(B) the Recipient having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement ('the Project'), has requested assistance from the resources of the NBTF for funding the Project; and

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the NBTF Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01 (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank for Currency Pool Loans, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
 - (ii) Sections 2.01 (1), (2), (3), (4), (6), (8), (9), (10), (11), (18), (19) and (20), 2.02 and 2.03;
 - (iii) Section 3.01;
 - (iv) Section 4.01 and the first sentence of Section 4.09;
 - (v) Article V;
 - (vi) Sections 6.01, 6.02 (c), (d), (e), (g), (h), (i), (l) (m), (n), (o), (p), 6.03, 6.04 and 6.06;
 - (vii) Section 8.01 (b);
 - (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
 - (ix) the second sentence of Sections 10.01 and Section 10.03;
 - (x) Article XI; and
 - (xi) Sections 12.01 (c), 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Bank acting as the Administrator of the Nile Basin Trust Fund, except that in Section 6.02, the term "Bank" shall also include the Bank acting in its own capacity;

- (ii) the term “Borrower”, wherever used in the General Conditions, means the Recipient;
- (iii) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;
- (iv) the term “Loan” and “loan”, wherever used in the General Conditions, means the NBTF Grant;
- (v) the term “Loan Account”, wherever used in the General Conditions, means the NBTF Grant Account;
- (vi) a new subparagraph is added after subparagraph (j) in Section 6.02 of the General Conditions, as follows: “an extraordinary situation shall have arisen in which any further disbursement under the NBTF Grant would exceed the resources available for disbursement from the NBTF.”; and
- (vii) Section 10.04 is amended to read: “Any dispute arising out of or relating to this Agreement which is not settled by agreement of the parties shall be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules in force on the date of this Agreement. The place of arbitration shall be Washington, D.C. In the event of a conflict between the UNCITRAL Arbitration Rules and the terms of this Agreement, the terms of this Agreement shall govern.”

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “Agent” means the financial management and procurement services agency referred to in paragraph 7 of Schedule 4 to this Agreement;

(b) “Agent’s Fees” means the fees to be paid by the Recipient to the Agent under the Management Services Agreement (as hereinafter defined), on account of the services to be provided by the Agent under the Management Services Agreement;

(c) “Deposit Account” means the account referred to in Part B.1 of Schedule 1 to this Agreement;

(d) "Donors" means certain members of the Bank that have contributed to the NBTF;

(e) "Eligible Categories" means Categories (1) through (4) set forth in the table in Part A.1 of Schedule 1 to this Agreement in respect of the Project;

(f) "Eligible Expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the NBTF Grant allocated from time to time to the Eligible Categories in accordance with the provisions of Schedule 1 to this Agreement;

(g) "FMR" or "Financial Monitoring Report" means each report prepared in accordance with Section 4.02 of this Agreement;

(h) "MSA" or "Management Services Agreement" means the agreement to be entered into between the Recipient and the Agent for the purposes of supporting the Recipient in the administration and management of the Project, including financial management and procurement, and referred to in paragraph 7 of Schedule 4 to this Agreement;

(i) "NBI" or "Nile Basin Initiative" means the institution established pursuant to the NBI Instruments (as hereinafter defined), and invested, on a transitional basis, with legal personality to perform all the functions entrusted to it, or any successor thereto;

(j) "NBI Countries" means the countries that have signed or acceded to the NBI Instruments and are members of the NBI, including as of February 23, 2005, the following countries: Republic of Burundi, Democratic Republic of Congo, Arab Republic of Egypt, Federal Democratic Republic of Ethiopia, Republic of Kenya, Republic of Rwanda, Republic of Sudan, United Republic of Tanzania and Republic of Uganda;

(k) "NBI Instruments" means the set of legal instruments entered into by the NBI Countries establishing the Nile Basin Initiative, namely the Agreed Minutes of February 22, 1999; August 4-5, 2000; and February 14, 2002 meetings of the Council of Ministers of Water Affairs for the Nile Basin Countries signed respectively in the cities of Dar-es-Salam (Tanzania), Khartoum (Sudan) and Cairo (Egypt);

(l) "Nile-TAC" means the Technical Advisory Committee of the NBI, responsible for providing technical support and advice to the Council of Ministers of Water Affairs of the NBI Countries;

(m) "Procurement Plan" means the Recipient's procurement plan, dated February 18, 2005, covering the initial 18 month period (or longer) of Project

implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation;

(n) "PIM" or "Project Implementation Manual" means the manual referred to in paragraph 5 of Schedule 4 to this Agreement and comprising the policies, procedures and guidelines which shall be followed by the Recipient in the implementation of the Project;

(o) "PMU" or "Project Management Unit" means the unit referred to in paragraph 3 of Schedule 4 to this Agreement;

(p) "Project Steering Committee" means the committee responsible for overall Project oversight and referred to in paragraphs 1 and 2 of Schedule 4 to this Agreement; and

(q) "Report-based Disbursements" means the Recipient's option for withdrawal of funds from the NBTF Grant Account referred to in Part A.4 of Schedule 1 to this Agreement.

ARTICLE II

The NBTF Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the NBTF Grant in an amount in various currencies equivalent to four million eight hundred thirty-four thousand five hundred and seventy-five Dollars (\$4,834,575).

Section 2.02. (a) The amount of the NBTF Grant may be withdrawn from the NBTF Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for carrying out of the Project and to be financed out of the proceeds of the NBTF Grant.

(b) Notwithstanding the provisions of paragraph (a) of this Section, the Bank shall not make any disbursement of funds under this Agreement except to the extent it shall have received sufficient funds from the Donors for the financing of the Project.

Section 2.03. The Closing Date shall be November 30, 2008, or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, technical and environmental practices and with due regard to ecological and environmental factors, and shall provide, 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 Recipient and the Bank shall otherwise agree, the Recipient shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the NBTF Grant shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than 12 months after the date of the preceding Procurement Plan, for the Bank's approval.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan for the future operation and sustainability of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan.

ARTICLE IV

Financial Conditions

Section 4.01. (a) The Recipient shall cause the Agent to maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards, acceptable to the Bank, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

- (i) commencing with the fiscal year in which the Effective Date falls, to and including the fiscal year in which the last withdrawal from the NBTF Grant Account is made, cause the Agent to have the financial statements referred to in paragraph (a) of this Section for each fiscal year, or other period agreed to by the Bank, audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year or such other period agreed to by the Bank: (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year, or such other period agreed to by the Bank, as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and
- (iii) furnish to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the NBTF Grant Account were made on the basis of reports referred to in Part A.4 of Schedule 1 to this Agreement (Report-based Disbursements), the Recipient shall:

- (i) retain, until at least one year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the NBTF Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such reports are included in the audit for each fiscal year or other period agreed to by the Bank, referred to in paragraph (b) of this Section.

Section 4.02. The Recipient shall prepare and furnish to the Bank before or with the first application for withdrawal from the NBTF Grant Account and, thereafter, cause the Agent to prepare and furnish to the Bank, not later than 45 days after the end of each calendar quarter, a Financial Monitoring Report, in form and substance satisfactory to the Bank, which:

(a) (i) sets forth actual sources and uses of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and uses of funds for the Project for the six-month period following the period covered by said report; and (ii) shows separately expenditures financed out of the proceeds of the NBTF Grant during the period covered by said report and expenditures proposed to be financed out of the proceeds of the NBTF Grant during the six-month period following the period covered by said report;

(b) (i) describes physical progress in Project implementation, both cumulatively and for the period covered by said report; and (ii) explains variances between the actual and previously forecast implementation targets; and

(c) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the NBTF Grant, as at the end of the period covered by said report.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified:

(a) the NBI Instruments shall have been amended, suspended, abrogated, repealed or waived as to affect materially and adversely the ability of the Recipient to carry out the Project;

(b) any of the NBI Countries shall have failed to afford a reasonable opportunity for representatives of the Bank to visit any part of its territory for purposes related to the Project;

- (c) (i) subject to subparagraph (ii) of this paragraph, the right of the Recipient to withdraw the proceeds of any grant made to the Recipient for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefore;
- (ii) Subparagraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Bank that:
 - (A) such suspension, cancellation or termination is not caused by the failure of the Recipient to perform any of its obligations under such agreement; and
 - (B) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement; or
- (d) the Recipient or the Agent shall have failed to comply with the provisions of the Management Services Agreement in such manner as to affect materially and adversely the ability of the Recipient to carry out the Project.

ARTICLE VI

Effectiveness; Termination

Section 6.01. The following events are specified as conditions to the effectiveness of the NBTf Grant within the meaning of Section 12.01 (c) of the General Conditions:

- (a) the Recipient has entered into a Management Services Agreement with the Agent under terms and conditions satisfactory to the Bank and in accordance with the provisions of Section III of Schedule 3 to this Agreement, and has established a financial management system satisfactory to the Bank;
- (b) the Recipient has established the Project Management Unit with offices ready for occupation, and selected thereto key staff including, *inter alia*, a regional Project manager and a procurement and finance specialist having qualifications, experience and terms of reference satisfactory to the Bank; and
- (c) the Recipient has furnished to the Bank the Project Implementation Manual in form and substance satisfactory to the Bank.

Section 6.02. The date one hundred twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.03. This Agreement shall continue in effect until the NBTF Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

ARTICLE VII

Representative of the Recipient; Addresses

Section 7.01. The Executive Director of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 7.02 The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Nile Basin Initiative Secretariat
P. O. Box 192
Plot 12 Mpigi Road
Entebbe, Uganda

Fax :

256-41-320971

Telephone:

256-41-321424

256-41-321329

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

248423 (MCI)
64145 (MCI)

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT AND
INTERNATIONAL DEVELOPMENT ASSOCIATION
as the Administrator of the Nile Basin Trust Fund

By /s/ David Grey

Authorized Representative

NILE BASIN INITIATIVE

By /s/ Patrick Kahangire

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the NBTF Grant

A. General

1. The table below sets forth the categories of items to be financed out of the proceeds of the NBTF Grant, the allocation of the amounts of the NBTF Grant to each category and the percentage of expenditures for items so to be financed in each category:

<u>Category</u>	<u>Amount of the NBTF Grant Allocated (Expressed in US\$ Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Consultants' services, including audit fees and Agent's fees	1,464,375	100%
(2) Training and workshops	2,035,229	100%
(3) Goods, including equipment and vehicles	417,498	100%
(4) Operating costs	803,970	100%
(5) Unallocated	113,503	
 TOTAL	 4,834,575 =====	

2. For the purposes of this Schedule the term "operating costs" means incremental costs incurred under the Project on account of Project implementation and management, including fuel and maintenance for vehicles, equipment operation and maintenance, utilities, office supplies and maintenance, communication expenses, travel expenses and salaries of contractual staff, but excluding salaries of officials of the civil service of NBI Countries.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Recipient may request withdrawals from the NBTF Grant Account to be made on the basis of reports to be submitted to the Bank in form and substance satisfactory to the Bank, such reports to include the FMR and any other information as the Bank shall specify by notice to the Recipient (Report-based Disbursements). In the

case of the first such request submitted to the Bank, before any withdrawal has been made from the NBTF Grant Account, the Recipient shall submit to the Bank only a statement with the projected sources and application of funds for the Project for the six-month period following the date of such request.

B. Deposit Account

1. The Recipient shall cause the Agent to maintain in Dollars a Deposit Account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment. Except as the Bank may otherwise specify by notice to the Recipient, all withdrawals from the NBTF Grant Account shall be deposited by the Bank into the Deposit Account in accordance with the provisions of this Schedule. Payments out of the Deposit Account shall be made exclusively for Eligible Expenditures. For each payment made by the Agent out of the Deposit Account, the Recipient shall cause the Agent, at such time as the Bank shall reasonably request, to furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

2. Except as the Bank shall otherwise agree, withdrawals from the NBTF Grant Account of amounts to be deposited into the Deposit Account shall be made in accordance with the procedures set forth in the Management Services Agreement, including:

(a) the Recipient shall, promptly after the Effective Date, submit to the Bank an application for withdrawal, copied to the Agent, covering the total NBTF Grant amount;

(b) upon receipt by the Agent of notice from the Bank that the application referred to in subparagraph (a) above has been received in good order and is acceptable, the Agent may request the Bank to make direct payment to the Deposit Account to cover the estimated cost of Eligible Expenditures for an initial period of six months;

(c) thereafter, the Agent shall submit payment requests to the Bank, copied to the Recipient, based on Financial Monitoring Reports; and

(d) upon receipt of a request under subparagraph (c) above, the Bank shall, on behalf of the Recipient, withdraw from the NBTF Grant Account and deposit into the Deposit Account an amount equal to the lesser of: (i) the amount so requested; and (ii) the amount which the Bank has determined, based on the FMR accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report. Each such deposit into the Deposit Account shall be withdrawn by the Bank from the NBTF Grant Account under one or more of the Deposit Account's Eligible Categories.

3. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into the Deposit Account:

(a) if the Bank determines at any time that any FMR does not adequately provide the information required pursuant to Section 4.02 of this Agreement;

(b) if the Bank determines at any time that all further withdrawals should be made by the Recipient directly from the NBTF Grant Account; or

(c) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01(b)(ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of (A) the records and accounts for the Deposit Account or (B) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Financial Monitoring Reports.

4. The Bank shall not be required to make further deposits into the Deposit Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the NBTF Grant Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Deposit Account may be made and what procedures should be followed for making such deposits, and shall notify the Recipient of its determination.

5. (a) If the Bank determines at any time that any payment out of the Deposit Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank, provide or cause to be provided such additional evidence as the Bank may request, or deposit or cause to be deposited into the Deposit Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment.

(b) If the Bank determines at any time that any amount outstanding in the Deposit Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Recipient shall cause the Agent promptly upon notice from the Bank, to refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, cause to be refunded to the Bank all or any portion of the funds on deposit in the Deposit Account.

(d) Refunds to the Bank made pursuant to sub-paragraph (a), (b) or (c) of this paragraph 5 shall be credited to the NBTF Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of the NBTF Grant Agreement.

SCHEDULE 2

Description of the Project

The objective of the Project is to establish a forum to assist stakeholders at regional, national and community levels to address issues related to efficient use of water for agricultural production in the Nile Basin.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Bank may agree upon from time to time to achieve such objectives.

Part A: Project Coordination and Facilitation

1. Facilitation of Project management and implementation through the provision of support to the Project Steering Committee, national Project coordinators, Project working groups and the Project Management Unit, including, *inter alia*, in the monitoring and evaluation of the Project, through the facilitation of consultations and workshops; the provision of technical advisory services and training; and the acquisition of equipment, materials, office supplies, vehicles, and related facilities and services.
2. Carrying out of a rapid baseline assessment of water harvesting activities, community-managed irrigation and public- and private-managed irrigation through the provision of technical advisory services and the facilitation of workshops.

Part B: Water Harvesting

1. Provision of support to NBI regional and national stakeholders, including the facilitation of workshops, consultations, field visits and training, to:
 - (a) identify and disseminate water harvesting best practices, and develop common guidelines for the design and implementation of water harvesting schemes in the Nile Basin;
 - (b) enhance awareness and ownership of national and transboundary water harvesting practices and developments among national stakeholders;
 - (c) build regional capacity and enhance information sharing on water harvesting best practices; and
 - (d) enhance the potential for cooperation to carry out joint water harvesting activities between institutions in the region.

2. Development of an action plan for future cooperative NBI projects through the provision of technical advisory services.

Part C: Community-managed Irrigation

1. Provision of support to decision makers, professionals, farmers, private sector and other stakeholders, including the facilitation of workshops, consultations, field visits and training, to:

- (a) identify and disseminate best practices in community-managed irrigation, review existing national agriculture/irrigation policies, and develop common guidelines for the design and implementation of community-managed irrigation schemes in the Nile Basin;
- (b) promote awareness and new behavioral patterns towards best practices in community-managed irrigation among national stakeholders;
- (c) build regional capacity and enhance information sharing on best practices in community-managed irrigation; and
- (d) enhance the potential for cooperation to carry out joint community-managed irrigation activities between institutions in the region.

2. Development of an action plan for future community-managed irrigation activities through the provision of technical advisory services.

Part D: Public- and Private-managed Irrigation

1. Provision of support for NBI Countries to establish a regional forum, including the facilitation of workshops, consultations, field visits and training, to:

- (a) identify and disseminate best practices in public- and private-managed irrigation, review existing national agriculture/irrigation policies, and develop common guidelines for the design and implementation of public- and private-managed irrigation reform projects in the Nile Basin;
- (b) promote awareness and positive attitudes towards the reform of public- and private-managed irrigation practices among national stakeholders;
- (c) build regional capacity and enhance information sharing on best practices related to the reform of public- and private-managed irrigation; and

(d) enhance the potential for cooperation to carry out joint public- and private-managed irrigation activities between institutions in the region.

2. Development of an action plan for future public- and private-managed irrigation activities through the provision of technical advisory services.

* * *

The Project is expected to be completed by May 31, 2008.

SCHEDULE 3

Procurement and Consultants' Services

Section I. General

A. All goods and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants' services shall be procured in accordance with Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding.

B. Other Procurement Procedures

Shopping. Goods estimated to cost less than \$80,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$200,000 equivalent per contract may comprise entirely national consultants of the NBI Countries.

B. Other Procedures

1. Selection Based on Consultants' Qualifications. Services estimated to cost less than \$200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.
2. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines.
3. Single Source Selection. Financial management and procurement services for the Project, may, with the Bank's prior agreement, be procured under contracts in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.
4. Government-Owned Universities and Research Institutes. Services of government-owned universities and research institutes for activities under the Project shall be contracted in accordance with criteria and procedures acceptable to the Bank and as specified in the Project Implementation Manual.
5. Training and Workshops. Training and workshops shall be carried out on the basis of programs which shall have been approved by the Bank, and which shall, *inter alia*, identify: (a) the training or workshop envisaged; (b) the personnel to attend the training or workshop; (c) the selection method of institutions conducting such training or workshop; (d) the duration of the proposed training or workshop; and (e) an estimate of the cost.

Section IV. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Bank: (a) the first contract for goods and services (other than consultants' services) estimated to cost more than \$80,000, and each contract for goods and services (other than consultants' services) estimated to cost the equivalent of more than \$200,000; (b) the first contract for consultants' services provided by a firm estimated to cost less than \$100,000, and each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; and (c) all contracts for the employment of individual consultants for a period of more than six months, and all contracts for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more. All other contracts shall be subject to Post Review by the Bank.

SCHEDULE 4

Implementation Program

I. Overall Project Oversight

1. The Recipient shall establish by July 1, 2005 and thereafter maintain at all times during the implementation of the Project, a Project Steering Committee, which shall be composed of a representative of the NBI Secretariat, a Nile-TAC member from Kenya and one senior officer representing the agriculture/water use sector of each NBI Country. The Project Steering Committee member from the PMU host country, Kenya, will chair the Committee.

2. The Project Steering Committee shall: (a) provide programmatic and strategic guidance for Project implementation; (b) review and approve annual work plans for the Project; and (c) review financial reports of Project implementation.

II. Project Administration and Management

3. The Recipient shall establish and thereafter maintain at all times during the implementation of the Project, a Project Management Unit, and recruit thereto, in accordance with the provisions set forth in the Project Implementation Manual, adequate staff having qualifications, experience and terms of reference satisfactory to the Bank, including, *inter alia*, a regional Project manager, a regional lead specialist, a procurement and finance officer, an information management specialist and a Project administrator.

4. The Recipient shall, in each NBI Country, appoint a National Project Coordinator responsible for coordinating between the PMU and national counterparts with regard to the implementation and supervision of national components of the Project. The National Project Coordinator shall liaise with the Nile-TAC members within the NBI Country, the national NBI office and other NBI projects to ensure synergy between the Project and all national-level NBI activities.

5. The Recipient shall prepare and furnish to the Bank a Project Implementation Manual in form and substance satisfactory to the Bank setting out details of: (a) Project implementation arrangements; (b) Project procurement, financial management and disbursement arrangements; (c) Project performance indicators; and (d) such other administrative, financial and organizational arrangements as shall be required for the Project.

6. The Recipient shall carry out the Project in accordance with the provisions of this Schedule 4 and the procedures set out in the Project Implementation Manual, and shall

not, except as the Bank may otherwise agree, amend or waive any provision thereof which, in the opinion of the Bank, may adversely and materially affect the implementation of the Project.

7. The Recipient shall maintain at all times during the implementation of the Project, a Management Services Agreement with an Agent, recruited in accordance with the provisions of Section III of Schedule 3 to this Agreement, under terms and conditions satisfactory to the Bank, including, *inter alia*, the obligation of the Agent to: (a) support the Recipient in carrying out the following tasks: (i) general administration and implementation support; (ii) financial management and disbursement; (iii) procurement; (iv) monitoring and evaluation; and (v) strengthening the capacity of the Recipient for Project administration and management; and (b) comply with those obligations pertaining to the Agent referred to in Section 4.01 and 4.02 of this Agreement.

8. The Recipient shall maintain policies and procedures adequate to enable it to monitor and evaluate, on an ongoing basis, the carrying out of the Project and the achievement of the objective thereof.

9. The Recipient shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank: (a) on or about January 31 of each year; and (b) on or about 18 months after the Effective Date, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 8 of this Schedule 4, on the progress achieved in the carrying out of the Project during the period preceding the date of said report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date.

10. The Recipient shall review with the Bank, no later than two months or sixty (60) days after the date of such report, the report referred to in paragraph 9 of this Schedule 4, and thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.