

PROJECT AGREEMENT AMENDMENT

AMENDMENT Number One, dated May 19, 1987, to the Project Grant Agreement for Rehabilitation of Productive Enterprises, between the UNITED STATES OF AMERICA, acting through the Agency for International Development ("A.I.D.") and the Republic of Uganda (Grantee):

WHEREAS, the Grantee and A.I.D. entered into a Project Grant Agreement, dated September 28, 1984 ("Agreement") for the Rehabilitation of Productive Enterprises Project; and

WHEREAS, The Grantee and A.I.D. desire to amend the Agreement to reflect an increase in funding and a revision of Annex 1, the Amplified Project Description - to the Agreement;

NOW THEREFORE, the parties hereto agree that the Agreement shall be amended as follows:

1. Article 3 Section 3.1 The Grant. is amended to delete the words and figures "Six million United States (U.S.) Dollars (\$6,000,000)" and to substituted therefor the words and figures "Eleven million, three hundred fifty thousand United States (U.S.) Dollars (\$11,350,000)."
2. Article 3, Section 3.2. Grantee Resources for the Project. is amended to delete, form the figure "\$3,250,000" and in its place substitute "\$7,500,000."
3. Subsection (B) 7 of Article 4, Conditions Precedent to Disbursement, Section 4.2, disbursement for lending, deleted.
4. Article 4, Conditions Precedent, Section 4.2 (c), "Disbursement for Phase II funds", is deleted and the following substituted therefor:
  - (c) Disbursement with FY 87 and Subsequent Year Funds.  
- Prior to first disbursement with funds obligated in FY 1987 and subsequent years, except for the services of a procurement agent, the grantee shall, except as AID may otherwise agree in writing, furnish to AID, in form and substance satisfactory to AID, evidence that the Government of Uganda has taken policy actions designed to correct present macroeconomic distortions which are inhibiting private investment, normal business operations and economic life at all levels, and that such actions are considered sufficient to have a positive effect.

5. A new Section 4.5 is added as follows:

"Terminal Date for Subsequent Conditions Precedent. If the condition specified in Section 4.2 (c) has not been met within one hundred eighty (180) days from the date of the first amendment to the Project Grant Agreement, or such late date, as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee."

6. The following sections are added to Article 5 Special Covenants:

a. Section 5.11 Economic Analysis for Loan Appraisal. The Grantee agrees that during loan appraisal only loans that have economic rates of return (as opposed to financial) that are above the prevailing interest rate will be approved. This will involve shadow pricing costs and projected benefits and consequently loaning at economic rates of return above the prevailing interest (lending) rate. If required to implement this covenant, the Bank of Uganda may seek immediate short term technical assistance under this project to train loan appraisal officers in the participating ICI's in operational techniques of shadow pricing in order to undertake sound economic (in addition to financial) analysis, within the shortest possible time.

b. Section 5.12 Increased Food Supply Analysis for Loan Appraisals. The Grantee agrees to lend not only to projects with the highest economic internal rates of return, but also those that will contribute most to increasing food supplies, and alleviating acute shortages of primary commodities and agro-industrial consumer goods.

c. Section 5.13 Loan Terms. The Grantee covenants to give preference to short and medium term loans to the extent possible--those with repayment periods less than four years. This may require subborrowers to phase rehabilitation and investment plans, and consequently credit requirements, to insure that benefits are realized as soon as possible.

d. Section 5.14 Import Customs Duties. The Grantee covenants to review with A.I.D. the appropriateness of levying realistic customs duties on imported commodities purchased with dollar loans from the project foreign exchange credit fund. If it is mutually agreed that customs duties should be levied this will be instituted by an exchange of letters.

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7. Annex I, Amplified Project Description is hereby deleted in its entirety and replaced with the attached Annex I Revised Amplified Project Description.

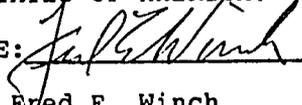
Except as amended herein, the Agreement between the Republic of Uganda and A.I.D., dated September 28, 1984, remains in full force and effect.

IN WITNESS WHEREOF, The Republic of Uganda and the UNITED STATES OF AMERICA, each acting through its respective duly authorized representative have caused this Amendment to be signed in their names and delivered as of the day and date first above written.

REPUBLIC OF UGANDA:

UNITED STATES OF AMERICA:

SIGNATURE: 

SIGNATURE: 

NAME: Prof. Yoweri Kyesimira

NAME: Fred E. Winch

TITLE: Minister of Planning

TITLE: Acting Mission Director

REVISED AMPLIFIED PROJECT DESCRIPTION

Except as specifically provided herein and within the limits of the definition of the Project set forth in Section 2.1, of the Grant Agreement, elements of this Revised Amplified Project Description may be changed by written agreement of the authorized representatives of the Parties without formal amendment of this Agreement.

Article I. Project Description.

A. General

The Rehabilitation of Productive Enterprises (RPE) Project is a five year effort to improve income of the rural poor and increase agricultural production in Uganda through increased productive investment in agricultural enterprise. Assistance will be provided to help in strengthening the capacity of both borrowers and lenders in Uganda for productive investment in agriculture through provision of (A) technical assistance and training for improved managerial and technical capacity of both groups, and (B) start-up lending capital for priming of the credit system to be strengthened and to enhance experience and capital mobilization capability necessary for self-sustained development in the future. The Project's primary purpose will be improved income for the rural poor and increased agricultural production through increased investment in agricultural enterprises (primary production, marketing and other agriculturally-related operations).

The Project's objectives will be accomplished in four principal ways: (1) through the strengthening of the capabilities of public and private intermediate credit institutions (ICIs) to effectively provide and administer credit for investment in rehabilitation of agricultural enterprises; (2) by strengthening other capability of private enterprises to effectively obtain, utilize and financially manage medium and long-term credit required for enterprise development activities; (3) by providing capital for loans through ICIs to private enterprises for specific agricultural enterprise rehabilitation and development projects; and (4) through the development of data bases and the undertaking of

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special analyses and studies on the nature and characteristics of the existing credit systems and the participants therein, the constraints to agricultural enterprise development, and the feasibility of alternative means of providing credit in order to determine the most effective means of providing credit resources for and encouraging agricultural enterprise development and to adjust Project activities and/or develop new approaches to providing credit as necessary to that end.

Overall management and coordinating responsibility for the Project will be lodged with the USAID Project Manager's counterpart in the Bank of Uganda, the Director of the Development Finance Department. Day to day implementation of the credit component of the Project and the intermediate credit institution strengthening activities will be primarily the responsibility of the technical assistance team financed under the Grant in collaboration with management of the Bank of Uganda and the parastatal ICIs. Project financed activities in the BOU and ICI strengthening area will emphasize project development appraisal, supervision, and portfolio management. Strengthening of the recipient enterprise for the Sub-borrower assistance will also be obtained through the technical assistance team.

The project will be implemented in two phases, a pre-implementation phase beginning September 1984 and a main implementation Phase (hereafter referred to as "Phase II") beginning the date the Grant Agreement Amendment One is signed and continuing to the Project Assistance Completion Date (PACD). The activities to be conducted under each phase are more specifically detailed below.

The purpose of project phasing is to provide a means for making mid-course corrections and design adjustments to respond to emerging factors and conditions which could not be adequately predicted or analyzed at the outset. The first phase will allow for a period of systems development, some lending for specific rehabilitation or development projects, and the acquisition of the necessary experience and analytical foundation to proceed with Phase II. Phase II will involve process, system, and institutional development. A number of studies will be carried out and project lending will continue and expand to cover as complete a range as possible of project types (rehabilitation and/or expansion of existing enterprise and the creation of new ventures).

## B. Detailed Description

1. Phase I: During this project period critical planning, preparation and gearing up of activities will take place, including contractor recruitment and mobilization, the meeting of conditions precedent, preparation of detailed work

and procurement plans, etc. Analytic effort will be undertaken to revalidate and/or adjust design structure and approach as necessary in order to adopt a more flexible, efficient, less demanding and less costly vehicles and procedures for lending to target clientele (through private commercial banking channels to the extent possible) and a pilot lending effort is to be implemented with a select group of high priority sub-projects which are determined to be ready to finance in terms of established feasibility and sound investment and management plans. On the basis of the above experience, the design, structure and plan for main operational phase of the project (Phase II) will be adjusted or reformulated as warranted.

The following activities are to be undertaken during Phase I:

- establishment of a high level project oversight committee and its groundrules;
- consolidation and restructuring of the crops and livestock departments of the UDB;
- development and approval of an operating procedures manual for project lending (including the refinement and negotiation of ICI, sub-borrower, and sub-project lending criteria);
- development of a model loan agreement to be entered into between the Bank of Uganda (BOU) and the participating ICIs;
- establishment of operating procedures for a rediscount facility in the BOU for the provision of the local currency contribution requirement for UDB lending;
- development, approval and establishment of simplified criteria and procedures for review and approval of projects, procurement, disbursement and vouchering, implementation management in general and monitoring, with special attention directed to environmental criteria and procedures;
- review, refinement and approval of an initial group of sub-projects to be financed during the Phase I including the developing of plans for follow-up technical assistance for such projects;
- development of scopes of work and solicitation documents for the various short and long-term contracts under the project including technical assistance and training for the BOU, ICIs and

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sub-borrowers, procurement assistance, auditing services and further analysis and evaluation; and

- evaluation of pre-implementation experience against the original design of the project and redesign of the main implementation phase to the extent warranted.

Also as part of Phase I, a contract will be entered into with a financial analyst contractor to provide technical assistance services to one of the ICIs participating in the Project (UDB). This assistance will extend over a period of three years. The contractor will assist UDB with the consolidation and restructuring of the combined crops and livestock departments; development of effective, streamlined project appraisal and approval procedures to be utilized during the period; the development of improved monitoring and collection procedures; the review and approval of the initial group of sub-projects to be financed during Phase I; the development of management plans and follow-up technical assistance for such projects.

2. Main Operational Phase (Phase II). Phase II will involve a continuation and expansion of both the institutional strengthening and lending activities begun under Phase I.

a. BOU/ICI Strengthening Activities.

Two additional long term financial analysts will be contracted. The 3 long term technical assistants will be placed one each in the BOU, UDB, and UCB. The advisor in the BOU will be responsible for overall management and coordination of project activities. He will be responsible to the Uganda Project Manager in the BOU and will relate directly to the USAID project manager and to management personnel at the ICI level.

The long term advisor in the BOU will also be responsible for assuring that adequate procurement plans are incorporated into each project and that AID procurement requirements are satisfied through coordination with the procurement services agent. This advisor will also assure the continued development of the permanent data collection and processing system which will feed into the data management analytical component of the project.

The two long term advisors in each of the ICIs will assist counterpart personnel to expand the program of developing and upgrading appraisal capability within the ICI in terms of economic and financial analysis, planning, monitoring and

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supervision, and will be responsible for assuring rigorous application of both Bank and AID required sub-project eligibility criteria.

In addition, short term technical assistance will be provided to the BOU and the ICIs through the establishment of a contract with an independent technical assistance entity. This technical assistance team may include the three long term experts previously mentioned. Any assistance identified by the BOU and ICIs that cannot be filled by the three long term advisors will be provided through this technical assistance entity. In addition, the Contractor will assist with the developing of a comprehensive training plan for BOU/ICI staffs. The team will also administer all training activities which will include the sub-borrowers as appropriate.

b. Sub-borrower Strengthening.

The project will provide, through the T.A. contract short term consulting services to Ugandan private enterprises to assist them in determining the feasibility of investments and in designing projects to be presented to the participating ICIs for financing. Enterprises will also be provided with managerial advice on project-financed investments. Personnel from these private enterprises will also be trained through management training and other short courses, observational travel, and participation in feasibility studies and project design activities.

4. Studies

Four hundred thousand dollars in grant funds will be set aside for AID/Direct or host country contracting of mutually agreed upon studies to improve the effectiveness of host country and ICI credit policies and practices. Studies such as a private sector climate assessment, agroindustrial growth and promotion or specific institutional assessments, among others could be funded. The Cooperative Agreement implementing entity will undertake some of these studies as appropriate.

5. Commodities and Other Costs

A relatively modest procurement in support of the technical assistance and ICI staff will be made. Six four-wheel drive vehicles for loan appraisal and supervision will be provided to the participating ICIs and BOU. The Bank of Uganda and both the parastatal ICIs (UCB and UDB) will each receive a vehicle for loan appraisal, supervision, and collection. All three

long term advisors to BOU, UCB, and UDB will also be supplied vehicles for project activities which will be turned over to the participating bank upon their departure. Computers, including software, peripheral equipment and supplies will be procured for all three institutions. Funding for some other equipment and supplies is also included in the budget to ensure that commodity bottlenecks do not seriously limit implementation.

The major procurement expenditures will be done by borrowers under the ICI loan programs through the auspices of a Host country contracted Purchasing Agent (PSA).

The only other costs will be for evaluation and audits.

The strengthening activities to be conducted under this component during Phase II will be carried out by the Contract team. This team will also identify possible sources of local technical assistance which the sub-borrowers could call upon on a fee-for-services basis or as part of the cost of the loan itself.

(c) Summary of Technical Assistance

Long Term Technical Assistance

<u>Contract Type</u>	<u>Skill</u>	<u>Length</u>
Contract	Financial Analyst (UDB)	3 yrs
Contract	Financial Analyst (UCB)	2 yrs
PSC <sup>1</sup>	Financial Analyst/Credit Advisor (BOU)	2 yrs
	Total	<u>7 yrs</u>

Short Term Technical Assistance (Illustrative)

<u>Contract Type</u>	<u>Skill</u>	<u>Length</u>
1. Contract	ICI Assistance/BOU	10 months
	-Accountants (2 months)	
	-Financial Contracts (2 months)	
	-Computers (2 months)	
	-Agriculturalists (2 months)	
	-Livestock Specialists (2 months)	

1 Could be included in a combined long term/short term cooperative agreement if PSC currently on board becomes part of cooperative team.

2.	Contract	Borrower Assistance	34 months
		-Business & Coop Mgmt (12 months)	
		-Accounting (6 months)	
		-Business Systems (2 months)	
		-Agriculturalists (4 months)	
		-Livestock Specialists (4 months)	
		-Logistics (4 months)	
		-Procurement (2 months)	
3.	Contract	Contract	3 months
		-Training Assessment (3 months)	
4.	Contract	Private Sector Assessment	4 months
		<u>Totals</u>	<u>51 months</u>

### 3. Training

Training assistance will be provided primarily for ICIs to improve staff appraisal and supervision skills. All training will be short term. In-country, third country and US short term training will be provided, but the preference will be for training in Uganda with lessons and examples drawn from examples from bankers experience. Each ICI will be asked to prepare a training plan. The Contractor will assist in preparing the plan and will arrange for all training.

Eight to ten in-country workshops and seminars for entrepreneurs are also planned as well as a number of industry or farm observation trips to other countries for ICI staff members and businessmen. Procurement, computer and data collection training for the BOU will also be provided. This training will be included in the Contract. The objective is to relieve the Mission of implementation details but keep it informed for project monitoring.

Up to \$286,000 in grant funds have been set aside for the proposed training.

#### d. Lending Activities.

##### (1) General Structure.

It is anticipated that approximately US \$15.0 million in grant funding will be provided over the life of the project for lending by ICIs directly to enterprises for specific rehabilitation and development projects, including dairy farms, hatcheries, poultry farms, feed mills, fishing enterprises, mixed farms, and an undetermined but substantial number of smaller enterprises. It is also expected that financing will be provided for the activities of a few larger enterprises long in need of rehabilitation, such as the Wankoko poultry processing plant and up to four oil mills.

Funding provided under the Project for lending will be provided by the Bank of Uganda on a loan basis to participating ICIs for onlending on commercial terms to productive enterprises in the agricultural sector. The actual amounts provided to and through each ICI will depend on the capacity of the ICI in question to demonstrate capacity to productively absorb the resources in the form of viable packages of loan requests conforming to project lending criteria.

Contribution to the lending component by the Government of Uganda, participating ICIs and the enterprises themselves are expected to be in the form of the local currency component of the loans and equity investments. The total non-AID financed credit contribution requirements are estimated at \$7.5 million, not including equity contributions and technical assistance costs from borrowing enterprises.

(2) Terms and Conditions of Loans

Funds for sub-loans will pass through the Bank of Uganda to the participating ICIs. The terms and conditions of lending by the BOU will have to be negotiated but should provide adequate margins to ICIs to enable them to cover expenses and earn reasonable profits. The ICIs in turn are expected to lend to private enterprises at commercial market rates with terms of up to 5 years inclusive of any grace period. In order to protect the capital resources of the project, maximum delinquency and default rates will be established with respect to project loan funds. If actual rates move above the specified levels, further disbursements for the ICI in question will be suspended.

(3) Lending Criteria.

The lending criteria for the project are subject to further refinement and modification during the course of the project. However, certain fundamental lending criteria which are not expected to change will be utilized throughout the project.

(a) ICI Eligibility. A participating ICI must be a legally chartered bank or financial institution authorized to operate in Uganda with an established program of lending to private enterprise. It must also be able to demonstrate adequate staff, operating procedures, and financial condition to satisfy AID as to its ability to lend responsibly under the terms of the project. It must be prepared and able to abide by AID policy, program and project criteria for the sub-borrower group. Lenders wishing to participate in the project will have to present detailed evidence, satisfactory to the BOU and to AID that they have these capabilities.

**(b) Sub-borrower and Sub-project Selection.** Borrowing enterprises must be at least 51% Ugandan owned and controlled with their principal place of business in Uganda. Project-assisted enterprises (including cooperatives) must be in the private sector and profit making ventures. All enterprises must be primarily operating in the agricultural sector, either in production or in processing or service activities directly linked to agriculture. Sub-projects must be labor-intensive, have clear potential for import substitution or export and provide increased markets, inputs, or service for agricultural production based on locally available inputs. In addition, sub-project proposals must demonstrate that one or more of the following benefit impacts will occur as the result of the investment:

(1) increased employment of rural or urban poor wage earners or potential wage earners (to include on or off-farm employment of small holder family members);

(2) increased income for small holder agricultural producers through improved markets and better prices for primary production and/or through reduced cost of production from lower cost farm inputs;

(3) increased availability and lower cost of basic food commodities to rural and urban poor consumers from increased domestic production;

(4) as a corollary to (3) above, improved nutrition/health of rural and/or urban poor as a result of increased availability and/or lower cost of essential food commodities required for adequate diet;

(5) increased real wages paid to under-employed/underpaid workers due to improved enterprise profitability, expanded operations, appropriate technology, etc.;

(6) more efficient utilization of family labor (women, children, parents) on the farm or within the household enterprise. This could also include village enterprises in production, processing or provision of agriculturally related goods or services;

(7) increased and/or more effective participation of women in the enterprise financed and economic benefits to be derived;

(8) improved economic returns to small producers, processors, or intermediaries from reduced government participation in all portions of the production and marketing chain for given commodities;

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(9) improved returns to rural or urban poor cooperative members or enterprise shareholders from improved efficiency and economies of scale, more equitable management and distribution of profits.

Sub-projects must reflect adequate planning and cost estimating and must be environmentally sound and otherwise conform with applicable AID requirements. Any loan requiring over \$200,000 of funding from the Grant must be approved by AID before approval by an ICI for financing.

(c) Structure and Mechanism. The details regarding the structure and operation of the lending program will be worked out primarily during the pre-implementation phase of the project. For the most part these will be spelled out in an operations manual to be developed with contract assistance and approved by AID and the Bank of Uganda. In general, however, each ICI will be expected to sign an AID-approved loan agreement with BOU, containing all terms and conditions governing the loan and the reloan of funds to enterprises. Approved subloan requests will be presented to BOU with a request that loan financing be provided to the ICI to cover such sub-loans. Upon approval by BOU (and AID if required), the ICI and AID will be notified and specific arrangements regarding disbursement, execution and support will be made. ICIs will approve and negotiate individual sub-loans with client enterprises in accordance with established procedures. Each loan will have a detailed procurement list and plan with a breakdown of foreign exchange and local cost procurement.

(d) Data Management, Analysis, Evaluation, and Planning. In order to monitor RPE project activities, the BOU will develop and maintain an ongoing data collection system based on systematic data collection, recording and reporting requirements from both ICIs and sub-borrowers. The system or systems developed will be approved by AID.

Studies and surveys will also be conducted on such subjects as constraints to agricultural enterprise development, alternative and informal credit systems and internal capital markets, and the roles of women in agricultural enterprises. Studies may be either contracted out or included as part of the scope of work of the technical assistance team as appropriate.

### 3. Project Outputs.

- a. Approximately 200 loans made to agricultural enterprises for rehabilitation and development (\$15.0 million from RPE and approximately \$7.5 million in shillings raised by banks);

- b. Approximately 180 new or expanded enterprises operating profitably and approximately 20 failed business ventures;
- c. Approximately 4,500 new jobs generated for the rural poor;
- d. At least three banks participating with the BOU in the RPE scheme;
- e. 20 loan officers trained in agricultural commercial lending;
- f. 200 borrowers experienced in credit use;
- g. Loan arrearage rate of less than 10%;
- h. Capitalization of an ongoing source of local currency lending for agricultural enterprises;
- i. Detailed operational reporting for project monitoring and evaluation; and
- j. Baseline information on borrowers, projects, procurements, operational costs and ICI performance in general; and studies indicating increased domestic food production and/or decreased food costs.

**Article II. Implementation.**

**A. Administrative Arrangements.**

**1. Government of Uganda.**

**(a) Executing Agency.**

The Bank of Uganda will be the agency responsible for implementing the project on behalf of the Government of Uganda.

**(b) Policy Direction and Oversight.**

A high level, inter-agency project committee will be established which will meet periodically to review progress, provide policy guidance, and deal with major actions and difficulties as they arise. The committee, to be organized by the Ministry of Finance and chaired by the Bank of Uganda, is to consist of the following representatives or their designees:

- Governor of the Bank of Uganda - Chairperson
- Permanent Secretary, Ministry of Finance - Member

- Permanent Secretary, Ministry of Planning - Member
- Permanent Secretary, Ministry of Cooperatives & Marketing - Member
- Representative of the Uganda Development Bank - Member
- Representative of the Commercial Banks - Member
- USAID Mission Director - Member
- Bank of Uganda Project Manager - ex-officio Member

Another vehicle for oversight will be annual audits performed under an AID contract which will provide independent audit coverage of all project lending operations including both ICI and sub-borrower performance and compliance with project criteria and requirements. Audit reports will be provided to the Bank of Uganda and the USAID and shared as appropriate with other participating entities.

(c) Project Management and Administration.

Project management responsibility will officially rest with the Director of the Department of Development Finance of the BOU, or his designee, who will have full delegated authority to act on behalf of the BOU on project related matters including official documents. The Project Manager will be directly responsible for the overall supervision and monitoring of project activity for BOU, general liaison with the USAID Project Manager, preparation and submission of necessary documentation such as that required to satisfy conditions precedent and covenants, agreement on terms of reference for project contracts, participation in contractor selection, review of periodic ICI and contractor reports and taking action thereon, approval and management of BOU loans to ICIs, timely provision of counterpart local currency resources to the ICIs, and other duties and actions as required to further successful project implementation.

2. Intermediate Credit Institutions.

The ICIs will be responsible for management of ongoing project related operations in accordance with the terms of loan agreements signed with the BOU and such other instructions as will be issued from time to time by the BOU and AID. ICI management will be responsible for compliance with project conditions and covenants. In addition, ICIs will submit disbursement requests to the BOU, and provide quarterly reports to BOU and AID. ICI management will also be responsible for appraisal of all sub-loan proposals to be funded through that particular ICI, referral of clients to the TA entity, and for implementation of approved appraisal procedures.

### 3. USAID.

USAID will approve sub-loans which require over \$200,000 in foreign exchange or which will significant environmental effects. AID will also be responsible for procuring the technical assistance for contractors.

#### B. Procurement Responsibilities.

Contracts for technical assistance services will be entered into directly by AID with entities chosen in accordance with standard AID procurement procedures. The Government of Uganda will have the opportunity to review and approve the scopes of work for such agreements and will participate in contractor/grantee selection. Commodity procurement related to technical assistance and training activities will be carried out by the responsible technical assistance entity.

Most commodity procurement (both off-shore and locally in Uganda and Kenya) by sub-borrowers under the project will be carried out through a Procurement Services Agent (PSA) to be contracted by the BOU. However, if the sub-borrower has obtained sufficient appropriate quotations, and in the opinion of the ICI will be capable of carrying out the procurement in accordance with AID regulations and good commercial practice, the sub-borrower can be permitted, upon approval of the bank, to purchase the items for which the loan is being granted. (For sub-loans approved prior to the installation of the PSA, the ICI and/or sub-borrower in question will assume direct procurement responsibility utilizing AID approved procurement guidelines.

#### Article III. Evaluation.

There will be two evaluations as part of the project. The first evaluation will occur in September 1988. This will be an external evaluation, conducted by independent technical assistance contractors in collaboration with the BOU, ICIs and AID.

A final project evaluation will be conducted in the last year of the Project. This will include evaluation of progress toward attainment of the objectives of the project and will consider contractor, GOU and USAID performance in implementing the project. This evaluation is expected to be carried out by an independent contract team made up of three people (finance, agro-industry and social science or some similar mix) over a period of approximately two months.

Attachment One to Annex 1  
Project Description

Article IV. Financial Plan

A project financial plan is attached hereto as attachment 1.

ITEMS	Financial Plan						
	FY	Phase I		Phase II		Project Totals	Total Per Amendment One
		Year 1 & 2	Year 3	Year 4	Year 5		
	1984-86 (Act. Expd.)	1987	1988	1989			
<b>AID EXPENDITURES</b>							
1. Credit Line	0	5000	5000	5000	15000		
Subtotal	0	5000	5000	5000	15000	8150	
2. Technical Assistance							
a. UDB, UCB & BDU Finance Analyst (7yrs @ \$165,000/yr)	67	206	495	387	1155	1155	
b. Coop. Agreement (Short Term @ \$15000/mo)							
- ICI Assistance (10 mo)	0	50	50	50	150	150	
- Borrower Assist. (34 mo)	0	170	170	170	510	510	
- Training Assessments (3 mo)	0	45	0	0	45	45	
c. Other ST Assistance (completed)	15	0	0	0	15	15	
Subtotal	82	471	715	607	1875	1875	
3. Training (Short Term Only)							
a. US & Third Country	0	15	30	45	90	90	
b. In Uganda	0	20	20	40	80	80	
c. Entrepreneur	0	10	30	40	80	80	
d. Observation Tours	0	21	15	0	36	36	
Subtotal	0	66	95	125	286	286	
4. Commodities							
a. Vehicles (@ \$20000)	10	82	20	0	120	120	
b. Computers	3	77	10	5	95	95	
c. Misc.	0	20	10	10	40	40	
Subtotal	21	179	40	15	255	255	
5. Other Costs							
a. Studies	0	100	200	100	400	400	
b. Evaluations	0	0	50	50	100	100	
c. Audits	0	10	10	20	40	40	
Subtotal	0	110	260	170	540	540	
Total (1-5)	103	5826	6110	5917	17956	11106	
6. Inflation & Cont. (Credit Excluded)	0	82	81	81	244	244	
<b>AID TOTAL</b>	<b>103</b>	<b>5908</b>	<b>6191</b>	<b>5998</b>	<b>18200</b>	<b>11350</b>	

**LOCAL CONTRIBUTION**

1. Bank Financed Inputs

(LC Credit Component)

GRAND TOTAL

0	2500	2500	2500	2500	7500
103	6408	6191	8498	25700	16250

\*Projected AID funds beyond that which is granted in section 3.1 of Grant Agreement Amendment One, is subject to the availability of funding to AID and to the mutual agreement of the parties at the time subsequent increments of funding available, to proceed with the project.

BEST AVAILABLE DOCUMENT