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Grant Agreement	Grant Management Regime I	Date:	21.10.2019

GRANT AGREEMENT

BETWEEN

THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

AND

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
(UEGCL)

REGARDING

UEGCL Institutional Support towards Hydropower Operations and
Maintenance Excellence

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THIS AGREEMENT (the Agreement) is entered into between the NORWEGIAN MINISTRY of FOREIGN AFFAIRS (MFA) and Uganda Electricity Generation Company Limited (UEGCL) (the Partner) (jointly referred to as the Parties).

WHEREAS MFA has provided financial support to UEGCL Initial Support to UEGCL through agreement dated 29.09.2017

WHEREAS the Partner in a letter dated 26th June 2019 has requested Norway for continued support towards Hydropower Operations and Maintenance Excellence (UEGCL Institutional Support towards Hydropower Operations and Maintenance Excellence); and

WHEREAS MFA has decided to comply with the request;

NOW THEREFORE the Parties have agreed as follows:

1 SCOPE AND OBJECTIVES

- 1.1 This Agreement, including all annexes, set forth the terms and procedures for MFA's financial support to the programme titled UEGCL Institutional Support towards Hydropower Operations and Maintenance Excellence, UGA-18/0001 (the Programme). The Programme is further described in the Programme document titled "UEGCL HOME Programme; Towards Hydropower Operation and Maintenance Excellence", dated July 1, 2019 (the Application) and the estimated costs of the Programme are indicated in the budget attached as Annex A.
- 1.2 The Parties expect the Programme to be implemented between January 2020 and December 2024 (the Support Period).
- 1.3 The expected results of the Programme are as follows:

The expected effect on society is (Impact): Improved socio-economic development in Uganda through higher availability and access to electricity.

The expected effects of the Programme for the target group are (Outcome):

- i. UEGCL established as a professional operator of its large hydropower plants
- ii. Increased competence level of UEGCL operation and maintenance staff

The main planned products and/or services of the Programme (Outputs) are:

- i) Technical support for operation and maintenance of Isimba and Karuma provided (sub-Programme 1A)
- ii) Computerized Maintenance Management System (CMMS) established and utilized (sub-Programme 1B)
- iii) Training centre established and utilized (sub-Programme 2A)
- iv) Training courses delivered to key staff according to plan (sub-Programme 2B) (Outputs).

The intended target group is the Operations and Maintenance staff for UEGCL

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- 1.4 The full results framework is as set out in Annex B.
- 1.5 Any significant deviations from or changes to the Application or approved implementation plans or budgets are subject to written agreement between the Parties.

2 REPRESENTATION AND COMMUNICATION

- 2.1 The Royal Norwegian Embassy in Kampala is competent to act on behalf of MFA. All communication to MFA regarding this Agreement shall be directed to:

The Royal Norwegian Embassy, Plot 18B Akii Bua Road, P.O Box 22770 Kampala

emb.kampala@mfa.no

- 2.2 The CEO of UEGCL is competent to act on behalf of the Partner. All communication to the Partner regarding this Agreement shall be directed to:

Uganda Electricity Generation Company Limited, Block C, Victoria Office Park, Plot 6-9 Okot Close Bukoto, P.O. Box 75831, Kampala.

E-mail: info@uegcl.go.ug

- 2.3 The Parties may give written notice of other contact information to replace the above.
- 2.4 MFA's agreement number and agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests and repayment of unused funds.

3 PROGRAMME IMPLEMENTATION

- 3.1 The Parties shall communicate and cooperate fully in order to arrange for the successful achievement of Programme objectives. To this end, the Parties shall immediately inform each other of any circumstances likely to hamper or delay the successful implementation of the Programme.
- 3.2 The Partner shall have the overall responsibility for planning, implementing, reporting and monitoring of the Programme, and shall:
- implement the Programme in accordance with the latest agreed Application, including implementation plan and budget;
 - exercise the necessary diligence, efficiency and transparency in line with best practise principles;
 - ensure sound financial management of the Programme, including that all Programme funds are satisfactorily accounted for;
 - ensure that the Grant is properly reflected in the plans, budgets and accounting of UEGCL;
 - keep MFA informed of any plans for major organisational changes;
 - ensure that all permits, import licenses and foreign exchange permissions that are or may be required are granted;
 - be solely responsible for any adverse effects of the Programme.
- 3.3 The Partner shall continuously identify, assess and mitigate any relevant risks associated with the implementation of the Programme. The risk of potential negative effects of the Programme in the following cases (Cross-Cutting Issues) shall always be included in the risk management of the Programme:

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- anti-corruption
- climate and environment
- women's rights and gender equality, and
- human rights (with a particular focus on participation, accountability and non-discrimination)

4 THE GRANT

- 4.1 MFA shall, subject to Norwegian parliamentary appropriations, provide a financial grant not exceeding NOK 84 400 000 (Norwegian Kroner Eighty Four Million Four Hundred Thousand) (the Grant).
- 4.2 The Grant, including accrued interest, shall be used exclusively to finance the actual costs of the implementation of the Programme during the Support Period.
- 4.3 The Partner shall acknowledge MFA's support to the Programme in all publications and other materials issued in relation to the Programme. MFA's logotype will be provided by MFA upon request. All use of MFA's logotype must be approved by MFA.

5 DISBURSEMENTS

- 5.1 The Grant shall be disbursed in advance instalments based on the financial need of the Programme for the upcoming period, which shall not exceed six months. The first disbursement of NOK 20 million shall be made upon signing of this Grant Agreement. Subsequent disbursements shall be made upon MFA's receipt of written disbursement requests from the Partner describing the financial need for the period in question.
- 5.2 Financial need refers to the budgeted expenditures for the upcoming period, minus any funds available to the Programme from all other sources during the same period.
- 5.3 The financial need shall be documented through an updated financial statement for the Programme and a reference to the latest approved implementation plan and budget.
- 5.4 The disbursement requests shall be signed by an authorised representative of the Partner. A confirmation that the Programme is being implemented in accordance with the Agreement shall be included in the disbursement requests.
- 5.5 All disbursements are conditional upon the Partner's continued compliance with the requirements in the Agreement, including the timely fulfilment of reporting obligations. Except for the Programme's first year, the second disbursement each year is subject to MFA's receipt and approval of the progress report and financial report.
- 5.6 All disbursements will be made in NOK to the following separate bank account in the names of UEGCL:

Name of the account:	Uganda Electricity Generation Company Limited
Account no.:	9030011177386, SBICUGKX
IBAN no.:	
Name and address of the bank:	Stanbic Corporate Bank, 17 Hannington Road, Kampala
Swift/BIC code:	040247
Currency of the account:	USD Dollar Account

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- 5.7 The Partner shall immediately acknowledge receipt of the funds in writing. The amount received shall be stated as well as the date of receipt and the exchange rate applied. The Partner shall make the funds available to the Programme without delay.
- 5.8 MFA may in exceptional cases and if considered necessary for the successful implementation of the Programme, upon request from the Partner, effect disbursements directly to suppliers under the Programme for procurement costs incurred under contracts entered into by the Partner. Such disbursements will only be made against requests accompanied by:
- a) a copy of the contract, if applicable;
 - b) original and specified invoice(s) from the supplier, including enclosures to such invoice;
 - c) a written approval of the invoice by the chief financial officer of [specify name of relevant ministry].
- 5.9 MFA shall report payments made according to clause 8 above to the Partner.

6 CONTRIBUTION OF THE PARTNER

- 6.1 The Partner shall provide sufficient and qualified personnel and all financial as well as other resources that may be required, over and above the Grant, in order to implement the Programme as planned.
- 6.2 In-kind contributions are specified in the Application.

7 IMPLEMENTATION PLAN AND BUDGET

- 7.1 An updated implementation plan and budget covering the period from January to December shall be submitted to MFA for approval by 30 October of each year. The implementation plan and budget shall be set up in a way that allows for direct comparison with the description of the use of funds in the latest approved Application and shall be signed by an authorised representative of the Partner.
- 7.2 The implementation plan shall be directly related to the results framework and shall specify planned activities and outputs as well as time schedules for the upcoming reporting period.
- 7.3 The updated budget shall be based on the approved budget and include estimated income to the Programme from all sources as well as planned expenditures for the upcoming period. The estimated financial need of the Programme in the next reporting period shall be clearly stated.

8 REPORTING ON RESULTS

- 8.1 A progress report covering the period from January to December shall be submitted to MFA for approval by 15th March of each year. The progress reports shall describe the results achieved under the Programme during the reporting period and shall be set up in a way that allows for direct comparison with the latest approved Application, implementation plan and budget. It shall be signed by an authorised representative of the Partner.
- 8.2 The progress reports shall, as a minimum, include:
- a) an account of the results achieved so far by the Programme, using the format, indicators and targets of the approved results framework. The overview must:
 - show delivered outputs compared to planned outputs;
 - show the Programme's progress towards achieving the Outcome;

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- if possible, describe the likelihood of the Impact being achieved.
- b) an account and assessment of any deviations from the latest approved implementation plan and Application;
- c) an assessment of how efficiently Programme resources have been turned into outputs;
- d) a brief update on the risk management of the Programme, including:
 - any new risk factors;
 - how materialized risks have been handled in the reporting period;
 - the effectiveness of mitigating measures;
 - how risks will be handled going forward.

The update shall include both risks affecting Programme achievements and the risks for negative consequences from the Programme on its surroundings. Potential negative effects on the cross-cutting issues as referred to in article 3.3 above shall always be accounted for.

9 FINANCIAL REPORTS

- 9.1 A financial report covering the period from January to December shall be submitted to MFA for approval by 15th March of each year.
- 9.2 The financial reports shall comprise financial statements with a comparison to the latest approved budget for the reporting period, as well as an explanation of any deviations from the budget. It shall be certified by the financial controller as well as by an authorized representative of the Partner.
- 9.3 The financial statements shall be set up in a way that allows for direct comparison with the latest approved budget, using the same currency and budget line items. They shall, as a minimum, include:
 - a) the accounting principles applied;
 - b) income from all sources, including bank interest. MFA's contribution shall be specified;
 - c) expenses charged/capitalised in the relevant reporting period;
 - d) expenses charged/capitalised from start-up of the Programme to the end of the reporting period;
 - e) unused funds as per the reporting date;
 - f) balance sheet, when required in accordance with the accounting principles applied;
 - g) explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Programme.
- 9.4 Deviations from the approved budget shall be highlighted with information about both nominal amounts and percentage of each deviation. The Partner shall include a written explanation of any deviations amounting to more than 10 % from a budget line.

10 AUDIT

- 10.1 The Programme's annual financial statements shall be audited, and the audit report shall be submitted to MFA within 30th June of each year.
- 10.2 Any other document from the auditor significant to the implementation of the Programme, as well as the Partner's comments thereto, shall be submitted to MFA within the same deadline.
- 10.3 The audit shall be carried out by the Auditor General or an independent chartered/certified or state-authorised public accountant (auditor) engaged by the Auditor General acceptable to

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MFA. The international auditing standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI) shall be applied.

10.4 The auditor shall form an opinion on whether the financial statements fairly reflect the financial position of the Programme, and whether they are prepared, in all material respects, in accordance with the applicable financial reporting framework, namely:

- a) the accounting principles followed by the Partner, and;
- b) requirements of Article 9 clause 3.

10.5 The audit report shall include:

- a) identification of the Programme's total expenses and total income;
- b) the subject of the audit;
- c) the financial reporting framework applied;
- d) the auditing standards applied;
- e) a statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement;
- f) the auditor's opinion.

10.6 The costs of the audit shall be included in the Programme budget.

10.7 The audit requirements stated in this Agreement shall be applied on the total Grant including any part of the Grant transferred to other entities.

10.8 MFA may request additional information from the auditor at any time. Such information shall be provided within 30 days of the request.

11 FINAL REPORT

11.1 A final report for the Support Period shall be submitted to MFA for approval within six months after the end of the Support Period. The final report shall be set up in a way that allows for a direct comparison with the Application and shall be signed by an authorised representative of the Partner.

11.2 The final report shall, as a minimum, include:

- a) the items listed for the progress reports described in Article 8 covering the entire Support Period;
- b) an assessment of the Programme's effect on society (Impact);
- c) a description of the main lessons learned from the Programme;
- d) an assessment of the sustainability of the achieved results under the Programme.

12 FORMAL MEETINGS

12.1 The Parties shall hold formal meetings once per year, tentatively in April, in order to discuss i.a. the results achieved by the Programme during the Support Period. The meetings shall be called and chaired by UEGCL.

12.2 The Parties shall discuss the latest progress report and financial report, as well as the implementation plan and budget for the upcoming period, unless otherwise agreed.

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- 12.3 The Partner shall record main issues discussed, points of view expressed and decisions made, in minutes from the meetings. The Partner shall draft the minutes and submit them to MFA no later than three weeks after the meetings for any comments. The agreed minutes shall be signed by both Parties.
- 12.4 The Parties may invite others to participate as observers or advisers to their delegations. The Parties shall notify each other in advance of any external participants and their role in the meetings.

13 REVIEWS AND OTHER FOLLOW-UP MEASURES

- 13.1 A mid-term review focusing on progress to date may be carried out by year 3 of Programme implementation. MFA will draft the terms of reference for the review and submit them to the other Party for comment. The costs of the review will be covered by MFA over and above the Grant.
- 13.2 An end review focusing on results achieved by the Programme may be carried out within one year after the end of the Support Period. MFA will draft the terms of reference for the review and submit them to the other Party for comment. The costs of the review will be covered by MFA over and above the Grant.
- 13.3 If the Partner or another interested party initiates a review or evaluation of activities wholly or partly funded by the Grant, MFA shall be informed. The Partner shall forward a copy of the report of any such review or evaluation to MFA without undue delay.

14 PROCUREMENT

- 14.1 All procurement under the Programme shall be undertaken by the Partner and be completed in accordance with Annex C as well as any statutory requirements applicable in the jurisdiction of the Partner.
- 14.2 If the total value of a contract exceeds NOK 500,000 the call for tenders, the award criteria, the procurement record and the draft contract shall be submitted to MFA with a request for a no objection before being finalised. The Partner shall also confirm in writing that the requirements agreed on in article 14.1 have been fulfilled.

15 PROGRAMME ASSETS

- 15.1 The Partner shall have full ownership to all equipment, consumables and intellectual property rights procured or developed by use of the Grant, unless otherwise described in the Application. All matters associated with equipment, consumables and intellectual property rights are the exclusive responsibility of the Partner. However, significant use of such equipment, consumables and intellectual property rights for purposes outside the Programme shall be subject to MFA's prior approval.
- 15.2 MFA shall have a non-exclusive and royalty-free license to use all intellectual property rights procured or developed by use of the Grant. MFA may assign this right to any individual or organisation at its own discretion.
- 15.3 Transfer of ownership of any equipment, consumables and/or intellectual property rights during the Support Period shall be executed in accordance with the national legislation of the Partner and be made at market terms. Ownership may not be transferred to an employee of the Partner

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or its cooperating partner, or anyone related to or connected with an employee, if such a relation could lead to a conflict of interest as described in Article 16 clause 2.

- 15.4 Before a transfer is decided, the Partner shall assess whether it may have an impact on the Programme and, where appropriate, consult with MFA. Any income from a transfer shall accrue to the Programme, and shall be reported in the financial statement of the Programme.
- 15.5 The Partner shall prepare records of transfer of ownership for any equipment, consumables and intellectual property rights. The records shall comprise information on the object of transfer, the original purchase price paid by the Partner, price offers received, the final sales price and the name of the purchaser. The record shall be submitted to MFA along with the first progress report due after the sale.
- 15.6 If the activities of the Programme do not continue after the end of the Support Period or after termination of the Agreement, the Partner shall inform MFA about the remaining equipment and goods that have been purchased by use of the Grant. MFA may require that such assets be sold. Such sale shall be completed in accordance with the procedures described above. Income from the sale shall be repaid to MFA.
- 15.7 The Grant may not be used to purchase or construct real property (land or buildings) unless specifically agreed upon between the Parties in writing.

16 CONFLICT OF INTEREST

- 16.1 The Parties shall take all necessary precautions to avoid any conflicts of interest in all matters related to the Programme.
- 16.2 Conflict of interest refers to any situation where the impartial and objective exercise of the functions of anyone acting on behalf of the Parties is, or may be, compromised for reasons involving family, personal life, political or national affinity, economic interest or any other connection or shared interest with another person.
- 16.3 If a conflict of interest occurs, the affected Party shall, without delay, take all necessary measures to resolve the conflict, e.g. by replacing the person in question or by obtaining independent verification of the terms of the proposed decision or transaction.
- 16.4 If the conflict of interest cannot be resolved and if it relates to a decision or transaction of significance to the Programme, the affected Party shall immediately notify the other Party. The Parties shall discuss in order to reach an understanding on the appropriate measures to be taken.

17 FINANCIAL IRREGULARITIES

- 17.1 The Parties shall practise zero tolerance towards any financial irregularities within and related to the Programme. The zero tolerance policy applies to all staff members, consultants and other non-staff personnel, contractor, implementing partners and beneficiaries of the Grant.
- 17.2 "Financial irregularities" refers to all kinds of:
- a) corruption, including bribery, nepotism and illegal gratuities;
 - b) misappropriation of cash, inventory and all other kinds of assets;
 - c) financial and non-financial fraudulent statements;

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- d) all other use of Programme funds not in accordance with the Agreement and the latest agreed Application, implementation plan and budget.

17.3 The Parties are firmly committed to prevent, detect and manage financial irregularities and shall therefore:

- a) organise their operations and internal control systems in a way that financial irregularities are prevented and detected;
- b) cooperate fully to prevent, stop and handle financial irregularities within and related to the Programme;
- c) require that all staff involved in, and any consultants, suppliers and contractors financed under the Programme refrain from financial irregularities.

17.4 The Parties shall immediately inform each other of any indication of financial irregularities and of the measures initiated to handle the situation.

17.5 The Parties shall cooperate fully in the investigations of such events, whether the investigation is led by MFA or the Partner.

17.6 The Parties shall consider prosecution and/or other reasonable sanctions towards any person and/or legal entity suspected of financial irregularities within or in relation to the Programme.

17.7 MFA may apply any measure as referred to in Article 20 clauses 1 and 2, with immediate effect and irrespective of Article 20 clause 3, if MFA determines that any financial irregularities have occurred. Any repayment claim may also include interest, investment income or any other financial gain obtained as a result of the financial irregularity.

18 TRANSPARENCY

18.1 The Parties shall distribute copies of this Agreement, as well as any subsequent amendments thereof, to all individuals and institutions involved in the Programme or otherwise in need of information regarding its content.

18.2 The Partner shall publish the following in a dedicated and easily accessible place of its internet site:

- a) a copy of this Agreement, any addendum;
- b) the title and value of any contracts and/or sub-agreements of more than NOK 500 000 (or the equivalent in local currency) which are financed by the Grant;
- c) names and nationalities of the respective agreement parties, and if relevant any further sub-grantees or contractors in receipt of Programme funds;

If internet publication is impossible, all the information in this clause shall be published by other appropriate means. The Partner shall give MFA precise information on where the publication is made.

Publication shall take place as soon as possible, and at the latest within six months after the contracts and/or sub-agreements were entered into.

Any deviations from this clause 18.2 shall be agreed by the Parties in writing.

18.3 The Parties shall make other Programme documentation, including the Application and all agreed reports, available to anyone upon request. Requests for disclosure may be denied if such

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disclosure is prohibited by national legislation, confidentiality obligations and/or if it may be detrimental to the Partner's legitimate interests.

19 VERIFICATION

- 19.1 Representatives of Norway may at all times carry out independent reviews, field visits, evaluations and other control measures to verify that the Grant has been used in accordance with the Agreement.
- 19.2 The Partner shall facilitate such control measures by providing all information and documents necessary to carry out the relevant initiative, as well as ensuring the unrestricted access of such representatives to any premises, records, goods and documents requested.
- 19.3 The Partner shall ensure that the representatives have access to the auditor of the Programme, as well as to the auditor's assessments of all relevant information pertaining to the Programme. The Partner shall release the auditor from any confidentiality obligations in order to facilitate such access.
- 19.4 The rights and obligations of this Article shall remain in force for five years following the end of the Support Period or termination of the Agreement, whichever occurs later.

20 RESERVATIONS

- 20.1 MFA reserves the right to withhold disbursements at any time in case the Partner fails to fulfil its obligations under this Agreement and/or if there is suspicion of financial irregularities.
- 20.2 MFA reserves the right to terminate the Agreement with immediate effect and/or claim repayment of all or parts of the Grant in the event of material breach of this Agreement by the Partner. Material breach of the Agreement shall include, without limitation, the following:
 - a) all or part of the Grant has not been used in accordance with the Agreement and/or approved implementation plans and budget,
 - b) the use of the Grant has not been satisfactorily accounted for,
 - c) the Partner has, after having been granted an extended deadline, failed to provide the agreed reports,
 - d) financial irregularities, grave professional misconduct or illegal activity of any form have taken place within the Programme,
 - e) the Partner has failed to inform MFA of indication of financial irregularities within the Programme in accordance with Article 17 above.
- 20.3 The Parties shall consult each other before withholding disbursements, claiming repayment or terminating this Agreement.

21 LIABILITY

- 21.1 Neither of the Parties shall be held liable for damage, injury or loss of income sustained by the other Party or its agencies, staff or property as a direct or indirect consequence of the Programme or services provided thereunder. No claim for compensation or increases in payment in connection with such damage, injury or loss of income will be accepted.
- 21.2 The Partner shall assume sole liability towards third parties, including liability for damage, injury or loss of income of any kind sustained by them as a direct or indirect consequence of the

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Programme. The Partner shall indemnify MFA against any claim or action from the Partner's employees or third parties in relation to the Programme.

22 DURATION, AMENDMENT AND TERMINATION

- 22.1 The Agreement shall enter into force on the date of the last signature, and shall remain in force until all obligations arising from it have been fulfilled, or until it is terminated in accordance with this Article. Whether the obligations shall be considered fulfilled, will be determined through consultations between the Parties and confirmed by MFA in a completion letter.
- 22.2 The Agreement may be amended. Any such amendment must be agreed upon in writing between the Parties and shall become an integral part of the Agreement.
- 22.3 Each Party may terminate the Agreement upon three months written notice. If the Programme cannot continue without the financial support of MFA, the Partner shall exert its best efforts to discontinue or scale down the Programme promptly and in an orderly and financially sound manner.

23 RETURN OF INTEREST AND UNUSED FUNDS

- 23.1 Upon completion of the Support Period or upon termination of this Agreement, any unused funds that total NOK 500 or more shall in its entirety be repaid to MFA as soon as possible and at the latest within 6 months. The repayment shall include any interest which have not been used for Programme purposes, and other financial gain accrued on the Grant. This does not apply in case of termination where such funds have been irrevocably committed by the Partner in a legally binding agreement entered into with any third parties prior to the receipt of the notice of termination.
- 23.2 Repayments shall be made to the following bank account:

Name of the account:	Royal Norwegian Embassy
Account no.:	7694.05.13584
IBAN no.:	NO947640513584
Name and address of the bank:	DNB NOR Bank ASA
Swift/BIC code:	DNBANOKKXXX

- 23.3 The transaction shall be clearly marked: "Unused funds". The name of the Partner shall be stated, along with the MFA's agreement number and agreement title.

24 DISPUTE RESOLUTION

- 24.1 Any dispute concerning this Agreement shall be settled by consultations between the Parties.

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IN WITNESS WHEREOF the undersigned, acting on behalf of their respective Party, have signed the Agreement in two -2- originals in the English language, whereof the Parties keep one each. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Place:

Date:



for the Norwegian Ministry of Foreign Affairs,

Zenia Chrysostomidis

Chargé d' affaires *a.i*

Royal Norwegian Embassy, Kampala



for Uganda Electricity General Company Limited,

Dr. Eng. Harrison E. Mutikanga

Chief Executive Officer

Attachments:

Annex A: Approved budget for the Programme (Budget UEGCL HOME Programme)

Annex B: Results framework (UEGCL HOME Log frame)

Annex C: Procurement Provisions

Annex A: Approved Programme Budget

Project name: UEGCL HOME Program
Period: 2020-2024 (5 years)
Currency: NOK
Exchange rate USD (OANDA 24 June) 8.5
Exchange rate 1,000 US\$ (OANDA 24 June) 2.33
Version modified: 24 June

Million NOK, including 5% contingency					
Year 1	Year 2	Year 3	Year 4	Year 5	Total
30.2	18.5	14.1	10.8	10.8	84.4

	Year 1				Year 2				Year 3				Year 4				Year 5				Total NOK
	Unit Price	Unit	Number	Cost	Unit Price	Unit	Number	Cost	Unit Price	Unit	Number	Cost	Unit Price	Unit	Number	Cost	Unit Price	Unit	Number	Cost	
HOME Program Total				28 723 952				17 640 032				13 460 862				10 258 422				10 258 422	80 341 689
Project 1: Operation and Maintenance Technical Support				21 822 762				13 414 392				9 910 102				6 707 662				6 707 662	58 562 579
Sub-project 1a: O&M Technical Support				20 590 662				13 329 392				9 825 102				6 622 662				6 622 662	56 990 079
Staff Cost				15 542 940				10 877 160				7 930 860				5 187 420				5 187 420	44 775 800
Staff available for both Himsa HPP/ Karuna HPP																					
Generation Advisor	241 500	NOK/month	11	2 656 500	241 500	NOK/month	11	2 656 500	241 500	NOK/month	8	1 932 000	241 500	NOK/month	4	966 000	241 500	NOK/month	4	966 000	9 177 000
Operations Advisor	222 180	NOK/month	11	2 443 980	222 180	NOK/month	11	2 443 980	222 180	NOK/month	8	1 777 440	222 180	NOK/month	4	888 720	222 180	NOK/month	4	888 720	8 442 840
Maintenance Advisor	222 180	NOK/month	11	2 443 980	222 180	NOK/month	11	2 443 980	222 180	NOK/month	8	1 777 440	222 180	NOK/month	4	888 720	222 180	NOK/month	4	888 720	8 442 840
HSE Advisor	222 180	NOK/month	8	1 777 440	222 180	NOK/month	8	1 777 440	222 180	NOK/month	4	888 720	222 180	NOK/month	4	888 720	222 180	NOK/month	4	888 720	6 221 040
Expert pool	222 180	NOK/month	28	6 221 040	222 180	NOK/month	7	1 555 260	222 180	NOK/month	7	1 555 260	222 180	NOK/month	7	1 555 260	222 180	NOK/month	7	1 555 260	12 442 080
Travel and Living Costs				3 181 050				2 228 770				1 731 520				1 272 520				1 272 520	9 686 380
Allowance - long-term staff	12 750	NOK/month	41	522 750	12 750	NOK/month	41	522 750	12 750	NOK/month	28	357 000	12 750	NOK/month	16	204 000	12 750	NOK/month	16	204 000	1 810 500
Allowance - short-term staff	765	NOK/day	560	428 400	765	NOK/day	147	112 455	765	NOK/day	147	112 455	765	NOK/day	147	112 455	765	NOK/day	147	112 455	878 220
Accommodation - long-term staff	25 500	NOK/month	41	1 045 500	25 500	NOK/month	41	1 045 500	25 500	NOK/month	28	714 000	25 500	NOK/month	16	408 000	25 500	NOK/month	16	408 000	3 621 000
Accommodation - short-term staff	1 275	NOK/day	560	714 000	1 275	NOK/day	147	187 425	1 275	NOK/day	147	187 425	1 275	NOK/day	147	187 425	1 275	NOK/day	147	187 425	1 463 700
International flights to Uganda	15 000	NOK/flight	30	450 000	15 000	NOK/flight	23	345 000	15 000	NOK/flight	23	345 000	15 000	NOK/flight	23	345 000	15 000	NOK/flight	23	345 000	1 830 000
Internal travel cost	680	NOK/trip	30	20 400	680	NOK/trip	23	15 640	680	NOK/trip	23	15 640	680	NOK/trip	23	15 640	680	NOK/trip	23	15 640	82 560
Operational Costs				1 866 772				223 462				162 722				162 722				162 722	2 577 899
Purchase of 4WD project cars	815 500	NOK	2	1 631 000																	1 631 000
Fuel cost (annual)	23 621	NOK	2	47 241	17 715	NOK	2	35 431	11 810	NOK	2	23 621	11 810	NOK	2	23 621	11 810	NOK	2	23 621	153 534
Maintenance/ service (annual)	7 573	NOK	2	15 145	7 573	NOK	2	15 145	7 573	NOK	2	15 145	7 573	NOK	2	15 145	7 573	NOK	2	15 145	75 725
Comprehensive insurance (annual)	32 620	NOK	2	65 240	32 620	NOK	2	65 240	32 620	NOK	2	65 240	32 620	NOK	2	65 240	32 620	NOK	2	65 240	326 200
Driver allowance	233	NOK	462	107 646	233	NOK	462	107 646	233	NOK	252	58 716	233	NOK	252	58 716	233	NOK	252	58 716	391 440
Subproject 1b: Procurement and establishment of CMMS				1 232 500				85 000				85 000				85 000				85 000	1 573 500
CMMS software license, including training				1 020 000																	1 020 000
Hardware upgrades				127 500																	127 500
Annual services, subscriptions				85 000				85 000				85 000				85 000				85 000	425 000
Project 2: Capacity Building and Training Centre Establishment				6 306 190				3 630 640				2 955 760				2 955 760				2 955 760	18 804 110
Subproject 2a: Training Centre Establishment (see Attachment 4)				2 706 000				100 000				100 000				100 000				100 000	3 106 000
Refurbishment/ establishment of classrooms				1 134 750																	1 134 750
Cost of equipment				1 571 250																	1 571 250
Operational cost (annual license renewals, etc.)								100 000				100 000				100 000				100 000	400 000
Subproject 2b: Training Courses				3 600 190				3 530 640				2 855 760				2 855 760				2 855 760	15 698 110
Training courses (see Attachment 3)				2 700 350				2 630 800				2 630 800				2 630 800				2 630 800	13 223 550
Cost for Training Coordinator (TCH)	184 800	NOK/month	4	739 200	184 800	NOK/month	4	739 200	184 800	NOK/month	1	184 800	184 800	NOK/month	1	184 800	184 800	NOK/month	1	184 800	2 032 800
International flights to Uganda	15 000	NOK/flight	4	60 000	15 000	NOK/flight	4	60 000	15 000	NOK/flight	1	15 000	15 000	NOK/flight	1	15 000	15 000	NOK/flight	1	15 000	165 000
Accommodation	1 275	NOK/day	48	61 200	1 275	NOK/day	48	61 200	1 275	NOK/day	12	15 300	1 275	NOK/day	12	15 300	1 275	NOK/day	12	15 300	168 980
Allowance	765	NOK/day	48	36 720	765	NOK/day	48	36 720	765	NOK/day	12	9 180	765	NOK/day	12	9 180	765	NOK/day	12	9 180	109 580
Internal travel cost	680	NOK/trip	4	2 720	680	NOK/trip	4	2 720	680	NOK/trip	1	680	680	NOK/trip	1	680	680	NOK/trip	1	680	7 480
Administration cost				595 000				595 000				595 000				595 000				595 000	2 975 000
Cost of annual audit				595 000				595 000				595 000				595 000				595 000	2 975 000

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Assumptions for sub-project 1a			
Hourly rate generation manager advisor	1437.5 NOK	grossed up 15% to cater for withholding tax	
Hourly rate other staff	1322.5 NOK	grossed up 15% to cater for withholding tax	
Number of key experts	4		
Number of non-key experts in pool	7		
Input per non-key expert in pool year 1	4 MM		
Input per non-key expert in pool year 2-5	1 MM		
No. of international travels key experts (year 1-5)	4 trips/year		
No. of int. travels non-key experts (year 1)	2 trips/expert per year		
No. of int. travels non-key experts (year 2-5)	1 trips/expert per year		
Duration trip for non-key experts (year 1)	40 days		
Duration trip for non-key experts (year 2-5)	21 days		
Allowance short-term staff (daily)	90 USD		
Allowance long-term staff (monthly)	1500 USD	Based on 50 USD/day	
Accommodation short term staff	150 USD/day		
Accommodation long term staff	3000 USD/month	Assumed 100 USD/day	
Misc. Travel cost (visa, vaccines, taxis, etc.)	80 USD/trip		
International flight, economy price, Europe/US to Uganda			
Purchase of 2x 4WD cars for local transport, operational costs also included in the budget			
Budget price new 4WD station wagon, fully registered	350 000 000 UGX		
Mileage Year 1 (km per year)	31 680 km	To Karuma 260km, 8 trips per month	To Bulagali 100km, 8 trips per month
Mileage Year 2 (km per year)	23 760 km	To Karuma 260km, 6 trips per month	To Bulagali 100km, 6 trips per month
Mileage Year 3-5 (km per year)	15 840 km	To Karuma 260km, 4 trips per month	To Bulagali 100km, 4 trips per month
Diesel cost	4 000 UGX/ltr.		
Diesel consumption	8 ltr./100km		
Fuel cost/ car Year 1	10 137 600 UGX		
Fuel cost/ car Year 2	7 603 200 UGX		
Fuel cost/ car Years 3-5	5 068 800 UGX		
Annual comprehensive insurance	4 %		
Regular maintenance/ car (annually)	3 350 000 UGX	Assuming two drivers on travel/ on duty 11 work-months per year in Years 1-2, 6 work-months per year in years 3-5	
Driver allowances	100 000 UGX/day		
Office costs (office, printing, utilities, etc.) to be covered by UEGCL			
Assumptions for sub-project 1b			
CMMS software license and training	120 000 USD	Assuming 2x Norconsult JobTech quote. Other providers such as SAP probably more expensive. Including basic training from provider.	
Required hardware upgrades	15000 USD	Based on Norconsult estimate	
Annual maintenance, subscriptions	10000 USD	Based on Norconsult estimate	
Assumed that OMT Contractor will assist with procurement of CMMS, adapting CMMS to the power plants, training staff, etc.			
Assumption for sub-project 2a			
Assumptions for sub-project 2b			
A tentative training plan for Year 1 as well as framework budget for successive years has been developed and budgeted. See Attachment 3.			
Annual training plans and budgets will be prepared.			
Hourly rate for Training Coordinator	1100 NOK		
Man-months per year (year 1-2)	4 MM	eqv. to approx. 40% of fulltime position	
No. of international travels per year (year 1-2)	4		
Duration per trip	12 days		
Allowance (daily)	90 USD		
Accommodation	150 USD		
Misc. travel cost (visa, vaccines, taxis, etc.)	80 USD		
Assumptions Administration Costs			
Estimated cost of annual audit	70 000 USD		

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5-year Framework Training Plan and Budget

Proposed UEGCL Framework Training Plan and Budget to be supported by the 5 Year Norwegian Grant

Training Plan and Budget Year 1

#	Course Title	No. of Participants	Duration (Days)	Travel (Days)	Location	Course fee (NOK)	Course cost total (NOK)	Per diem (NOK)	Accommodation (NOK)	Travel/flight cost (NOK)	Misc. Cost (NOK)	Total cost (NOK)	Comment
1	Machinery alignment and Dynamic Balancing	5	5	2	Kalile Gorge	17 000	85 000	14 875	-	30 000	-	129 875	Accommodation included in the course fee
2	Hydro power maintenance routines	2	65	2	Kalile Gorge	59 500	119 000	56 950	-	12 000	-	187 950	Accommodation included in the course fee
3	Hydropower Turbine Dynamics and Operations	2	20	2	Kalile Gorge	25 500	51 000	18 700	-	12 000	-	81 700	Accommodation included in the course fee
4	Shift Change operations	10	50	2	Kalile Gorge	59 500	595 000	221 000	-	60 000	-	876 000	Accommodation included in the course fee
5	Machinery alignment and Dynamic Balancing	2	5	2	Kalile Gorge	17 000	34 000	5 950	-	30 000	-	69 950	Accommodation included in the course fee
6	Circuit breaker maintenance SF ₆	10	5	0	Uganda/Karuma	-	124 950	11 500	-	-	12 500	148 950	
7	Hydropower basics for non-engineers	10	3	0	Uganda/Karuma	-	124 950	6 900	-	-	7 500	139 350	Through ICH with international expert providing course. Estimated cost for one week training, including preparations. See assumption below re. budget for misc. cost to cover expenses for local training provision.
8	Hydropower Cascade Management	10	5	0	Uganda/Karuma	-	124 950	11 500	-	-	12 500	148 950	
8	First aid training	60	2	0	Uganda/Karuma	15 000	60 000	27 600	-	-	30 000	117 600	Assuming 4x 2-day courses @ 15000 NOK per course. First aid training should be conducted for all who work on a power plant, refresher course each year. Should later be budgeted as part of regular operation cost.
9	Hydropower Development and Project Management	6	15	2	ICH, Norway	45 000	270 000	43 350	-	90 000	-	403 350	Course fee is 45000 NOK per participant. Duration 3 weeks. Accommodation included in course fee.
10	Risk Management in Hydropower Development (or similar)	3	5	2	ICH, Norway	17 000	51 000	8 925	27 300	45 000	-	132 225	Accommodation included in the course fee
11	International course (ICH or Institute of Water Education at Delft University)	3	5	2	TBD	17 000	51 000	8 925	27 300	45 000	-	132 225	Budget for participation in international one-week course (TBD)
12	International course (ICH or Institute of Water Education at Delft University)	3	5	2	TBD	17 000	51 000	8 925	27 300	45 000	-	132 225	Budget for participation in international one-week course (TBD)
13	Exposure training (placement of UEGCL staff in similar power plants)	3	30	2	Attachment	42 500	127 500	81 600	124 800	45 000	-	378 900	Assuming arrangement with SV Power or through ICH. Assuming 5000 USD compensation for secondment.
												2 700 350	

Framework Training Budget Year 2-5

Training courses in Norway/ Internationally/ ICH			
Number of courses per year	6		
Number of participants per course	3		
Total course cost per participant (one-week course)	44 450		
Total cost per year Norway	800 100	NOK	
Training courses in Zambia/ Kalile Gorge			
Number of courses per year	6		
Number of participants per course	6		
Duration (days)/ course	10		
Total course cost per participant	25 975		
Total cost per year Zambia	935 100	NOK	
Training courses in Uganda/ Karuma Training Centre			
Number of courses per year	12		
Number of participants per course	20		
Duration (days)/ course	3		
Total per course (venue, cost external providers, etc.)	28 800		
Cost for hiring of external lecturers (2x courses @ one-week co	250 000		
Total cost per year Uganda	595 600	NOK	
Twinning with professional hydropower operator/ secondment			
Number of participants per year	3		

5 Year Annual Cost breakdown (NOK)				
2020	2021	2022	2023	2024
2 700 350	2 630 800	2 630 800	2 630 800	2 630 800

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	Cost per participant (compensation counterpart, travel and acc	100 000	
	Total cost per year Secondment	300 000	NOK
	Total cost per year	2 630 800	NOK

Assumptions

Training locations Uganda, Norway and Kaluu Gorge. Other training locations when needed.
Secondment organised through ICH/ SN Power

When OMT Contractor in place, courses will increasingly be arranged using internal resources and in Uganda

Budget for accommodation for UEGCL staff at Karuma Training Centre not included, will be provided by UEGCL

USD-NOK exchange rate (Ganda 24 June, 2019)	8,5	
Per diem for international travel	850 NOK	Based on an estimated average of Norwegian Government per diem rates varying between countries
50% per diem for international travel when meals included	425 NOK	
Daily allowance in Uganda	230 NOK	Per diem to cater for meals and other incidentals when attending a training course in Uganda, estimated at 100,000 US\$ per day
Hotel cost (international travels)	1300 NOK	Hotel at cost, assumed good 3-4 star standard
Flight return tickets (Uganda-Europe)	15000 NOK	
Flight return tickets (Uganda-Zambia)	6000 NOK	
Misc. cost per travel	850 NOK	
Misc. cost per participant per day Karuma Training Centre (for food, training materials, etc.) - included under course fee for the local training budget	250 NOK	
Course fee international course one week (2,000 USD course fee	17000 NOK	
Fee cost international lecturer (one week course)	104000 NOK	
-- Daily rate (based on 1300 NOK/h)	10400	
-- Time for preparation and wrap up (days)	3	
-- Time for travel (days)	2	
-- Time for training (days)	5	
Cost per participant international course (one-week)	44450 NOK	
-- Flight	15000	
-- Per diem 7 days	5950	
-- Course fee (2,000 USD)	17000	
-- Accommodation 5 days	6500	
Cost per participant Kaluu Gorge course (one-week)	25975 NOK	
-- Flight	6000	
-- Per diem 7 days	2975	
-- Course fee (2,000 USD)	17000	
-- Accommodation 5 days	0	

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Training Centre Plan and Budget

USD-NOK exchange rate (OANDA 24 June)

8.5

Items	Nos.	Unit rate (USD)	Unit rate (NOK)	Total cost (NOK)	Comments
a. Furniture and Training aids					
1 Projectors	4	2 000	17 000	68 000	
2 Projector screens	4	500	4 250	17 000	
3 White boards	5	500	4 250	21 250	
4 Class room chairs	20	100	850	17 000	
5 Class room tables	15	150	1 275	19 125	
6 Computer room chairs	15	100	850	12 750	
7 Computer room tables	15	150	1 275	19 125	
8 Workshop chairs	5	100	850	4 250	
9 Workshop tables	5	500	4 250	21 250	
10 Reception design, table, chairs	1	10 000	85 000	85 000	
b. Modification of existing structures					
	4	25 000	212 500	850 000	Refurbishment of existing building/rooms to cater for the training facilities - reception, classrooms and a canteen/ tea room.
c. Computer lab requirements					
1 Desktop computers	15	1 500	12 750	191 250	
Software					
2 Matlab/ Simulink	15	1 000	8 500	127 500	
3 DigSilent PowerFactory	15	1 000	8 500	127 500	DigSilent PowerFactory educational version
4 CasIMIR	15	1 000	8 500	127 500	
5 AutoCAD	5	3 000	25 500	127 500	
6 Power Plant Simulation Model			870 000	870 000	Establishment of power plant simulation model/replicating power station control to practice operational procedures. To be coordinated with ERC Contractor/ OMT Advisor - Input from SCADA.
	Total (NOK)			2 706 000	

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Annex B: Results Framework (logframe)

UEGCL HOME Programme

Result/Indicator	Unit	Baseline	2025 Target	Annual Target	Means of Verification	Frequency	Responsibility	Comment
Impact Improved socio-economic development in Uganda through higher availability and access to electricity								
Impact Indicator 1 Percent of population with access to electricity	% of population	22 % (2018)	TBD	-	ERA Uganda statistic	Annually	UEGCL	2025 target will be same as national goals in the third National Development Plan due in 2020. Long term goal is Vision 2040 (80% access and 3,668 kWh per capita)
Impact Indicator 2 Electricity consumption per capita	kWh per capita	101 (2018)	TBD	-	ERA Uganda statistic	Annually	UEGCL	
Outcomes								
Outcome 1 UEGCL established as a professional operator of its large hydropower plants								
Outcome Indicator 1.1 Hydropower plant availability (Karuma/ Isimba)	%	N.A.	97 %	97 %	Plant record review	Annually	UEGCL/ OMT	UEGCL goal, indicator for operational quality. To follow "IEEE Std 762-2008(R2002) Standard Definitions for Use in Reporting Electric Generating Unit Reliability, Availability and Productivity" standard. Isimba baseline value for 2019 might be available when the HOME programme starts.
Outcome Indicator 1.2 Hydropower plant reliability (Karuma/ Isimba)	%	N.A.	99 %	99 %	Plant record review	Annually	UEGCL/ OMT	UEGCL goal, indicator for operational quality. To follow "IEEE Std 762-2008(R2002) Standard Definitions for Use in Reporting Electric Generating Unit Reliability, Availability and Productivity" standard. Isimba baseline value for 2019 might be available when the HOME programme starts.
Outcome Indicator 1.3 Adherence to annual maintenance plan (Karuma/ Isimba)	Scale from (1) No adherence to (4) Full adherence	N.A.	(4) Full adherence	-	Review inspection	Annually	OMT	
Outcome 2 Increased competence level of UEGCL operation and maintenance staff								
Outcome Indicator 2.1 Percentage of courses at the Training Centre with UEGCL staff as trainers	%	N.A.	50 %	-	Internal records	Annually	Training Coordinator	
Outcome Indicator 2.2 UEGCL staff self-assessment of relevance of new knowledge acquired	Scale from (1) Not relevant to (4) Very relevant	N.A.	(4) Very relevant	-	Annual survey	Annually	Training Coordinator	New knowledge can be useful but not applied, and vice versa. Annual survey among key staff will investigate both. Survey will be electronic/ online and anonymous.
Outcome Indicator 2.3 UEGCL staff self-assessment of application of new knowledge acquired	Scale from (1) Not applied to (4) Fully applied	N.A.	(4) Fully applied	-	Annual survey	Annually	Training Coordinator	
Outputs								
Output 1 Technical support for operation and maintenance of Isimba and Karuma provided (sub-project 1A)								
Output Indicator 1.1 Number of full-day or longer trainings provided by OMT Advisor staff per year	#	N.A.	12	12	Internal records	Annually	Training Coordinator	
Output Indicator 1.2 UEGCL key staff assessment of OMT Advisor performance	Scale from (1) Very bad to (4) Very good	N.A.	(4) Very good	-	Annual survey	Annually	Training Coordinator	Measure of OMT performance - for annual discussion and corrective measures. Survey covering UEGCL key staff (anonymous, electronic)
Output 2 Computerized Maintenance Management System (CMMS) established and utilized (sub-project 1B)								
Output Indicator 2.1 Rate of CMMS application in power plant operation (Karuma/ Isimba)	Scale from (1) Not applied to (4) Fully applied	N.A.	(4) Fully applied	-	OMT Advisor assessment	Annually	OMT	
Output 3 Training centre established and utilized (sub-project 2A)								
Output Indicator 3.1 Training facilities established according to plan (refurbishment and equipment)	Yes/No	N.A.	-	Training facilities established	Visual observation	One time	Training Coordinator	

Output Indicator 3.2	Number of one-day (minimum) training courses per year provided by OMT Advisor at the Training Centre	#	N.A.	12	12 (one per month)	Internal training records	Annually	Training Coordinator	
Output Indicator 3.3	Number of one-day (minimum) training courses per year provided by external lecturer/ ICH at the Training Centre	#	N.A.	6	6 (one bi-monthly)	Internal training records	Annually	Training Coordinator	To measure utilization of the training facilities
Output 4 Training courses delivered to key staff according to plan (sub-project 28)									
Output Indicator 4.1	Percentage of planned training courses completed (on-site/ off-site)	%	N.A.	100 %	100 %	Internal training records	Annually	Training Coordinator	Reference is the annual training plan and budget. The goal is 100% adherence to the 5 Year training plan.
Output Indicator 4.2	Percentage of hydropower plant O&M staff (male/female) receiving at least one full-day training course per year	%	N.A.	100 %	100 %	Internal training records	Annually	Training Coordinator	The measure for the indicator includes only staff working in the hydropower station organisation - under the Generation Manager
Output Indicator 4.3	Percentage of UEGCL staff sharing knowledge/ training peers after completing an external training course	%	N.A.	100 %	100 %	Internal records	Annually	Training Coordinator	
Output Indicator 4.4	Course participant satisfaction rate (all courses)	Scale from (1) Not satisfied to (4) Very satisfied		N.A.	(4) Very satisfied	Post-course questionnaire	Each course	Training Coordinator	
Output Indicator 4.5	Course participant improvement score (courses arranged by ICH)	%	N.A.	50 %		Pre- and post-course test of participants	Each ICH course	Training Coordinator	

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List of key input activities

Sub-project	Activity	Responsibility
1A	OMT Advisor procured and mobilised in Year 1, including procurement of required equipment.	UEGCL
1A	Skills gap analysis and training needs assessment carried out in Year 1	UEGCL/ OMT
1A	Annual maintenance plans and budgets prepared	UEGCL/ OMT
1B	CMMS procured and installed in Year 1	UEGCL/ OMT
1B	CMMS introduction training delivered to key staff by system provider in Year 1	UEGCL/ OMT
2A	Training Centre strategy and long-term action plan developed in Year 1	Training Coordinator
2A	Training Centre refurbishment and furnishing in Year 1	UEGCL
2A	Procurement of Training centre equipment in Year 1	UEGCL
2B	Annual training plan and budget prepared	Training Coordinator





Standard: Procurement Provisions	Foreign governmental entities	Revision no.:	3
	Grant Management Regime I	Date:	21.10.2019

ANNEX C: PROCUREMENT IN THE CONTEXT OF PROJECTS FINANCED BY THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

The Partner applies its own procurement rules if they offer guarantees equivalent to internationally accepted standards. If the rules do not offer equivalent guarantees, or in specific cases, the MFA and the Partner will agree on the use of other procurement procedures offering such guarantees. In this case, the rules to be followed are set forth in the Grant Agreement.

Notwithstanding the above, all procurements carried out by the Partner in the context of the Project shall comply with the principles and provisions set forth in this Annex C.

1 INTRODUCTION

- 1.1 This Annex C sets out procurement rules and principles which shall be applied by the Partner when procuring goods, services or works to Projects financed by the Ministry of Foreign Affairs (MFA). Stricter rules may supplement the compulsory minimum rules set forth in this Annex C.
- 1.2 The MFA may carry out ex post checks on the Partner's compliance with the rules set forth in this Annex C.
- 1.3 Failure to comply with the rules set forth in this Annex C shall render the Project expenditure ineligible for MFA funding and may lead to withholding funds or claim for repayment in accordance with article 20 of the Grant Agreement.
- 1.4 Contracts shall not be split artificially to circumvent the procurement thresholds. All monetary amounts referred to in this Annex C are amounts excluding value-added tax (VAT).
- 1.5 The procurement provisions shall also apply to any procurements to be carried out by the Partner's cooperation partners or others. The Partner shall be responsible for compliance regardless of whether the procurement is carried out by the Partner itself or its cooperation partners or others.

2 BASIC PRINCIPLES

- 2.1 If a Project requires procurement by the Partner, the contract must be awarded following a tender procedure to the most economically advantageous tender (i.e. to the tenderer obtaining the best score based on price and quality), or, as appropriate, to the tenderer offering the lowest price. In doing so, the Partner shall avoid any conflict of interests and respect the following basic principles:
 - a) **Competition:** The procedures applied and the award of contracts shall be based on fair competition.

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- b) **Equal treatment and non-discrimination:** Participation in tender procedures shall be open on equal terms to all natural and legal persons. During the entire procurement and the award of contracts, the Partner shall not discriminate against candidates/tenderers or groups of candidates/tenderers.
- c) **Transparency and ex-ante publicity:** As a general rule, tender procedures shall be based on prior publication. Where the Partner does not launch an open tender procedure, it shall justify the choice of tenderers that are invited to submit an offer.
- d) **Objective criteria:** The Partner shall evaluate the offers received against objective criteria, which enable the Partner to measure the quality of the offers and shall take into account the price (the offer with the lowest price shall be awarded the highest score for the price criterion). The criteria shall be set out beforehand and shall be relevant to the contract in question.
- e) **Notoriety:** The Partner shall keep sufficient and appropriate records and documentation with regard to the procedure, its evaluation and award.

3 ELIGIBLE TENDERERS

3.1 Tenderers must provide information on their legal form and ownership structure.

3.2 Tenderers shall be excluded from participation in a procurement procedure if:

- a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations. However, tenderers in this situation may be eligible to participate insofar as the Partner is able to purchase supplies on particularly advantageous terms from either a supplier which is definitively winding up its business activities, or the receivers or liquidators of a bankruptcy, through an arrangement with creditors, or through a similar procedure under national law;
- b) they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a final judgment;
- c) they have been guilty of grave professional misconduct; proven by any means which the Partner can justify;
- d) they have not fulfilled obligations relating to the payment of social security contributions or taxes in accordance with the legal provisions of the country in which they are established, or with those of the country of the Partner or those of the country where the contract is to be performed;

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- e) they or persons having powers of representation, decision-making or control over them have been convicted for fraud, corruption, involvement in a criminal organisation or money laundering by a final judgment;
 - f) they make use of child labour or forced labour and/or practise discrimination, and/or do not respect the right to freedom of association and the right to organise and engage in collective bargaining pursuant to the core conventions of the International Labour Organization (ILO).
- 3.3 Tenderers shall confirm in writing that they are not in any of the situations listed above. Even if such confirmation is given by a tenderer, the Partner shall investigate any of the situations listed above if it has reasonable grounds to doubt the contents of such confirmation.
- 3.4 Contracts shall not be awarded to tenderers which, during the procurement procedure:
- a) are subject to a conflict of interests;
 - b) are guilty of misrepresentation in supplying the information required by the Partner as a condition of participation in the tender procedure, or fail to supply this information.

4 GENERAL PROCUREMENT RULES

- 4.1 The tender documents shall be drafted in accordance with best international practice. The Partner may voluntarily use the models published in the Practical Guide on the EuropeAid (EU) website.
- 4.2 The Partner shall take into account universal design and the potential environmental impact of any planned procurements.
- 4.3 All invitations to submit tenders shall state that offers will be rejected if any illegal or corrupt practises have taken place in connection with the award. All contracts concluded under the Project shall state that the Partner may terminate the contract if it finds that illegal or corrupt practises have taken place in connection with the contract award or execution.
- 4.4 The time-limits for receipt of tenders and requests to participate must be sufficient to allow interested parties a reasonable and appropriate period to prepare and submit their tenders.
- 4.5 An evaluation committee must be set up to evaluate applications and/or tenders of a value of NOK 500 000 or more on the basis of the exclusion, selection and award criteria. This committee must have an odd number of members, at least three, with all the technical and administrative capacities necessary to give an informed opinion on the tenders.

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- 4.6 For contracts with a value exceeding NOK 100 000, the Partner shall compile a written record with documentation of all assessments and decisions during all steps of the procurement process from the planning stage until the signing of the contract. Upon request by the MFA, the Partner shall deliver its written record to the MFA and grant the MFA access to all relevant information and documentation related to the procurement procedure and practices applied.


