

AGREED MINUTES OF NEGOTIATIONS BETWEEN
THE REPUBLIC OF UGANDA
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)
REGARDING THE
UGANDA CITIES AND MUNICIPALITIES INFRASTRUCTURE DEVELOPMENT OPERATION
(UCMID)
FEBRUARY 9-March 9, 2026

1. **Introduction.** Negotiations for a proposed IDA financing of US\$540 million (“IDA Credit”) for the Uganda Cities And Municipalities Infrastructure Development Operation (the “Operation”), comprised of (i) an IDA credit in the amount of US\$429,000,000 (four hundred and twenty-nine million Dollars) (“Credit A”); (ii) an IDA credit on shorter maturity loan terms from IDA’s scale-up window in the amount of US\$31,000,000 (thirty-one million Dollars) (“Credit B”); and (iii) an IDA grant in an amount of SDR57,900,000 (fifty-seven million nine hundred thousand Special Drawing Rights) equivalent to US\$80,000,000 (eighty million Dollars) (“Grant”) (together, Credit A, Credit B and the Grant, the “Financing”), were held between representatives of the Republic of Uganda (the “Recipient” or the “Recipient’s Delegation”) and the International Development Association (“IDA” or “World Bank Delegation”) (together referred to as the “Delegations”) at the World Bank’s office in Kampala, Uganda and through virtual connection on February 9-12, 2026, and exchanges in writing until March 9, 2026. Members of the Delegations are listed in **Annex 1** to these Minutes. These Minutes record and clarify selected/key understandings regarding the proposed Operation.

2. **Authority to Negotiate.** The Recipient’s Delegation provided the World Bank Delegation with a letter from the Ministry of Finance, Planning and Economic Development dated February 3, 2026 accepting IDA’s invitation to negotiate, and a letter dated January 23, 2026, confirming the Recipient’s Delegation and appointing Ms. Maris Wanyera, Acting Director, Debt and Cash Policy as the Head of the Recipient’s Delegation. The Recipient’s letter of authority to negotiate is attached as **Annex 2** to these Minutes.

3. **Documents Discussed.** The Delegations reviewed and agreed to the following documents: (i) the Operation Appraisal Document (“OAD”); (ii) the draft Financing

Agreement between the Recipient and IDA (**Annex 3**) (the “Financing Agreement”); (iii) the draft Disbursement and Financial Information Letter (“DFIL”) (**Annex 4**); (iv) the draft Environmental and Social Commitment Plan (“ESCP”) (**Annex 5**); (iv) the draft Procurement Plan (**Annex 6**); and (v) the Amortization Schedules (**Annex 7**).

4. **Environmental and Social Commitment Plan (ESCP).** The Delegations discussed and agreed on the ESCP dated February 12, 2026 applicable to the IPF component of the Operation.

5. **Operation Appraisal Document (OAD).** The draft OAD was discussed, and appropriate changes were made as agreed to by the Delegations. Key issues discussed and agreed upon include:

- a. The Delegations confirmed that the total Financing of US\$540 million will be split between the Program (US\$ 513 million) and Project US\$27 million.
- b. The Recipient Delegation requested that the Macroeconomic and Fiduciary risks be changed from “Substantial” to “Moderate.” The IDA Delegation agreed to modify the Macroeconomic Risk to “Moderate.” However, IDA retained the Fiduciary risk at Substantial, given the material issues identified in the Fiduciary Systems Assessment (FSA). The IDA Delegation further clarified that it will provide close implementation support through enhanced supervision and monitoring, and that the Fiduciary rating may be reconsidered and lowered once all agreed mitigation measures are effectively and consistently implemented.
- c. The IDA Delegation confirmed that Environmental and Social Standard (ESS) 3, ESS 6 and ESS 8 are relevant to the IPF, as the IPF will finance detailed design packages, whose outputs will influence infrastructure investments which may carry significant environmental and social risks mainly associated with the civil works. These risks should be considered at the design stage and designs must be in accordance with the World Bank Environmental and Social Framework (ESF) and applicable ESSs. The Terms of Reference (TORs) for the design packages and studies will integrate requirements under all relevant ESSs including ESS3, ESS6 and ESS8 as needed.
- d. The Delegations discussed the percentages set out in Table 3. The Recipient Delegation requested, and the IDA Delegation agreed, that the percentages would be removed from Table 3 and be specified in the OIM.
- e. The Delegations agreed on an adjustment to the amount of the Financing allocated to the Project (and corresponding readjustment to the Program) and agreed on activities to be carried out under the Project. The Delegations confirmed that the corridor-based planning support originally proposed under the Project was covered by an on-going operation, PIM Plus PforR Program.

- f. Regarding Table 5, Delegations agreed to clarify in the OAD that counterpart funding does not mean new funding.
- g. The Delegations agreed to remove explicit reference to AHA, while keeping the same language on inclusion and non-discrimination utilized in previous projects. GOU delegation expressed concerns with the sustainability of the third-party monitoring and requested to consider embedding the mitigation measures in project activities.
- h. The Delegations reviewed and discussed paragraph 27 of the OAD. The Recipient Delegation clarified that no acquisition of land is anticipated under the Program that would require affected people to be relocated from their land, and the Delegations agreed to add a sentence to this effect. In addition, the Delegations agreed to modify the second sentence of paragraph 27 of the OAD, while still noting that any land or assets that may need to be acquired under the Program will be compensated in-kind or in cash at replacement cost, as will be further detailed in the OIM. The Delegations further agreed that investments under the Program, involving the right-of-way acquisition will follow the requirements of para. 9 of the Bank PforR Policy, para. 30 of the Bank Directive on PforR, as well as elements of good environmental and social risk management practice. The Delegations further agreed to clarify that readiness conditions would need to be met before signing any contract, rather than before initiating the procurement process.

6. **Program Action Plan.** The Delegations discussed and agreed on the Program Action Plan.

7. **ACG Reporting.** The Recipient Delegation maintained that ACG Reporting follows the MoU signed between the World Bank's Integrity Vice Presidency and the Inspectorate of Government (IGG), dated December 2010. Further, the Operation will benefit from the Recipient's existing bi-annual reporting process on fraud and corruption, with a report shared with the Bank as well as the other Government required agencies.

8. **Affected Persons.** For the purposes of the Financing Agreement, the Delegations agreed to utilize the definition of "Affected Persons" from the USMID operation. The IDA Delegation clarified that an "adverse impact" mentioned in the definition would include negative effects on people and/or the environment that are caused or contributed to by an Operation, such as, without limitation, construction-related dust, noise, increased traffic and accident risk; wastewater discharges and poor waste handling affecting air, water, and soil quality; habitat loss or fragmentation from roads or transmission lines; economic or physical displacement due to land acquisition; community health and safety issues such as

communicable disease transmission or GBV/SEA linked to labor influx; and damage to archaeological or sacred sites where chance find procedures are inadequate.

9. **Stakeholder Engagement Plan:** The Delegations agreed that Section 5.01(b) of the Financing Agreement will be revised to read that the Stakeholders Engagement Plan (SEP) will be prepared, adopted and disclosed in a manner and substance satisfactory to the Association, as a condition of effectiveness.

10. **Grant and Credit Amounts, Financing Terms and SDR calculation.** The Delegations agreed on the updated Financing amounts, which included a reduction of Credit A from US\$ 469 million to US\$ 429 million and an increase to the Grant from UD\$ 40 million equivalent to US\$ 80 million equivalent, following confirmation that the funds from the Association's Window for Host Communities and Refugees (WHR) would be provided on a full-grant basis. The Maximum Commitment Charge Rate, referenced in Section 2.03 of the Financing Agreement, payable by the Recipient shall be one-half of one percent (1/2 of 1%) of the Unwithdrawn Financing Balance. The Commitment Charge is determined by the IDA Board of Executive Directors on an annual basis. For the fiscal year ending June 30, 2026, the Commitment Charge has been waived and set to zero. The World Bank Delegation confirmed that there is no Service Charge on the Financing, i.e., the Service Charge is zero. The World Bank Delegation clarified that:

- Credit A is extended in US Dollars under standard IDA terms with a 40-year maturity inclusive of 11 years grace period;
- Credit B is extended in US Dollars on Shorter Maturity Loan terms with a 12-year maturity inclusive of 6 years grace period; and
- The Grant amount will use the exchange rate prevailing as of the last day of the month preceding the negotiations (January 31, 2026) (1 US\$=0.72365707 SDR), rounded up to the nearest hundred thousand. On this basis, the Grant amount was confirmed at SDR 57,900,000.

The Recipient's Delegation confirmed that payment dates referenced in Article 2.04 of the Financing Agreement are November 15 and May15 of each year and that the payment currency will be in Dollars.

11. **Disbursement and Financial Information Letter (DFIL).** The Delegations discussed the disbursement arrangements and reviewed and agreed on the draft DFIL which is attached to these Minutes as **Annex 4**. The Closing Date of the Operation will be June 30, 2032.

12. **Mobilization of OST Staffing.** For the purposes of recruiting, seconding or assigning Operation Support Team (OST) staff, the Delegations agreed that the Recipient will utilize the established recruitment procedures under the purview of the Public Service Commission, as referenced in the Public Service Standing Orders, and the recently issued circulars. Consequently the Parties further agreed that the Recipient shall sign a form of contract for such staff on terms and conditions agreed between the parties. The agreed form of contract will be used for all contracts under the "Projects" without the need for further no-objections.

13. **Procurement Plan.** The Bank reviewed the Procurement Plan submitted by the Recipient and approved it on February 12, 2026.

14. **Procurement Procedures.** Under the PforR component procurement processing will be in accordance with the National Procurement Law and the Bank's requirement for universal eligibility will apply for bidding opportunities. Procurements under the IPF component shall follow the World Bank Procurement Regulations Seventh Edition of September 2025. In line with World Bank Procurement Regulations, the Uganda e-GP home-grown system will be used for procurements under the Program for the categories of goods, works and services (consulting and non-consulting) to the extent possible. Contracts funded under the IPF instrument will use the Bank's online procurement system, the Systematic Tracking of Exchanges in Procurement (STEP). Additionally, procurements under IPF Projects that use the Request for Quotations (RFQ) procurement method will be processed on the e-GP system. However, under the IPF, use of e-GP for procurements that follow the National and International Competitive Bidding methods will be considered after a follow-on assessment of the system regarding the critical gaps that were articulated in the Multilateral Development Banks e-GP assessment report that was shared with the Government in 2023.

15. **Grievance Redress Service and Grievance Redress Mechanism.** The Recipient Delegation requested that the Project level Grievance Redress Mechanism (GRM) should be governed by the laws of Uganda, and this should be expressly stated in the OAD under the Grievance Redress Services (GRS) paragraph. The IDA Delegation clarified that the GRS paragraph in the OAD is a standard provision applicable in all Bank-financed operations and cannot be amended. Regarding the Bank's GRS, the Recipient Delegation objected to subjecting grievances to the GRS process, considering that the country has sufficient grievance handling laws and regulations. The IDA Delegation clarified that the GRS process provides an alternative to the national GRM process.

16. **Disbursement and Funds Flow.** The IDA Delegation clarified that it is in general agreement regarding the Treasury Single Account (TSA). All funds from IDA will be received

in the Holding Account which is part of the Uganda Consolidated Fund (UCF) and managed by the Office of the Accountant General to be consistent with the PFM guidelines. MLHUD will hold two Dollar operations accounts in Bank of Uganda, one to receive funds for IPF portion while the other to receive funds for the P For R. Funds will then be transferred from the Holding Account to each of the two Dollar Operations Accounts managed by MLHUD depending on whether the funds relate to IPF or P for R. MLHUD will also hold two local currency accounts, one relating to IPF and another relating to P for R for the local currency transactions. Funds to the implementing entities and Ministry of Local Government will be transferred from the Local currency account back to the consolidated Fund so that the implementing entities can access the funds through the TSA.

17. **Statutory Committee.** According to Article V, Section 1 (d) of the IDA Articles of Agreement, an Operation proposed to be financed or guaranteed by IDA shall be accompanied by a report/recommendation (“Statutory Committee report”) to be issued by a competent committee (“Statutory Committee”) whose members shall include an expert selected by the Governor representing the member in whose territories the operation in question is located. The Governor representing Republic of Uganda on IBRD and IDA Boards of Governors agreed, by a letter dated February 24, 2015, that the official designated and authorized by the Government of the Republic of Uganda to represent Republic of Uganda in the negotiations of IBRD/IDA financing provided to or guaranteed by Republic of Uganda shall be considered to be Republic of Uganda expert on the Statutory Committee, and that said official’s signature of the signed Minutes of Negotiations for such IBRD/IDA financing shall be deemed to constitute the signature of the Statutory Committee report. The Delegations acknowledged the above designation with respect to the IDA financing for this Operation.

18. **Access to Information.** The Operation Appraisal Document was reviewed and updated to take into account comments and observations made by the Recipient’s Delegation during negotiations. Pursuant to the World Bank Policy on Access to Information, IDA will disclose the Operation Appraisal Document, the related legal agreement and other information related to the operation and the legal agreement, including any supplementary letters. The Recipient Delegation confirms that the Bank may publicly release this OAD after consideration of the Operation by the Bank’s Executive Directors.

19. **Next Steps:** The following next steps were discussed and agreed on:

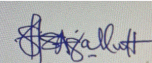
- a. *Prior to Board Presentation of the Financing:* The IDA Delegation informed the Recipient Delegation that the presentation of this Operation to the IDA Board of Executive Directors is scheduled for March 17, 2026.
- b. *Signing of the Financing Agreement:* The Authorized Representative of the Recipient will execute and deliver the Financing Agreement and other related documents. The Minister of Finance, Planning and Economic Development will send a letter to the Bank appointing a representative of the Recipient to execute and deliver the Financing Agreement and other related documents (if the Minister is not available to sign).
- c. *Effectiveness of the Financing Agreement:* The Operation specific conditions of effectiveness set forth in Section 5.01 of the Financing Agreement will have to be met. In addition, the General Conditions require a legal opinion confirming that the execution and delivery of the Financing Agreement, on behalf of the Recipient, has been duly authorized or ratified by all necessary governmental action and the agreement is legally binding upon the Recipient in accordance with its terms.



Maris Wanyera

Ag. Director of Debt and Cash Policy.
For: Permanent Secretary and Secretary to
the Treasury , Ministry of Finance, Planning,
and Economic Development

Recipient's Delegation



Stephen John Ajalu

Senior Urban Specialist
Task Team Leader

International Development Association

ANNEXES

Annex 1: Members of the Delegations

Annex 2: Recipient's letter of authority to negotiate

Annex 3: Negotiated Financing Agreement (FA)

Annex 4: Negotiated Disbursement and Financial Information Letter (DFIL)

Annex 5: Negotiated Environmental and Social Commitment Plan (ESCP)

Annex 6: Negotiated Procurement Plan

Annex 7: Amortization Schedules

In Process

Annex 1

No.	Name	Designation
World Bank		
1.	Stephen John Ajalu	Senior Urban Development specialist
2.	Phan Thi Phuong Huyen	Senior Development specialist
3.	Tonderai Fadzai Naome Mukonoweshuro	Senior Operations Officer
4.	Yaye Ngouye Ndao	Senior Operations Officer
5.	Kara Michelle Scheiden	Senior Counsel
6.	Margarita Puerto Gomez	Senior Social Development Specialist
7.	Brenda Joanne Basalwa Sengendo	Senior Environment Engineer
8.	Annette Tamale Katuramu	Senior Procurement Specialist
9.	Barbara Kasura Magezi Ndamira	Senior Public Sector Specialist
10.	Owusu Mensah Agyei	Senior Finance Officer
11.	Sufiyian Igwahabi	Financial Management Specialist
12.	Nathanson Chen Birungi	ETC - FM
13.	Lefentse Lebohlang Santos	Legal officer
14.	Angelina Darini Musera	Operations Analyst
15.	Nalugwa Stellah	Team Assistant
Ministry of Finance, Planning and Economic Development		
16.	Ms. Maris Wanyera	Ag. Director, Debt and Cash Policy (and Head of Delegation)
17.	Mr. Mustapha Achidri	Assistant Commissioner, Development Assistance and Regional Cooperation
18.	Ms. Azizah Nabitato	Principal Economist

19.	Mr. Ezra Mpami	Research Assistant
20.	Mr. Sirajje Lukomu	Principal Accountant
Ministry of Justice and Constitutional Affairs Attorney		
21.	Ms. Faith Nyamwenge	Principal State Attorney
22.	Ms. Edna Katushabe	Senior State Attorney
23.	Ms. Brenda Namukasa	Senior State Attorney
24.	Ms. Patience Mugunga	State Attorney
Ministry of Lands, Housing and Urban Development		
25.	Mr. Richard Juuko	Under Secretary
26.	Mr. Joseph Pade Walter	Commissioner, Urban Development
27.	Mr. Smith Twinamatsiko	Commissioner, Research and Monitoring & Evaluation
28.	Mr. Isaac Mutenyo	Project Coordinator - USMID
29.	Mr. Gilbert Kiracho	Monitoring & Evaluation Specialist
30.	Mr. Paul Ahura	Social Development Specialist
Public Procurement & Disposal of Public Assets Authority (PPDA)		
31.	Mrs. Hilda K. Mwesigwa	Manager Performance Monitoring