



**MINISTRY OF FINANCE, PLANNING  
AND ECONOMIC DEVELOPMENT**

# **REVISED GUIDELINES FOR NEGOTIATING GOVERNMENT FINANCING AGREEMENTS (LOANS, GRANTS AND GUARANTEES)**

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**MINISTRY OF FINANCE, PLANNING  
AND ECONOMIC DEVELOPMENT**



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# FOREWORD

Government of Uganda, like many other countries, requires financing from external sources to fill the gap resulting from shortage of domestic resources. In accessing both External and Domestic financing, receiving grants and issuance of guarantees, the Government is guided by the Constitution, Public Finance Management Act as Amended (2015), the Medium-Term Debt Strategy (MTDS) among others.

Despite using these guiding documents including the Public Financing Investment Strategy (PIFS), Government has been experiencing high borrowing costs, delay in negotiations for financing and project completion, cost overrun, overlapping of activities during the implementation of projects which is leading to a public outcry.

These shortfalls have been caused by among other things, inadequacy of project preparation, uncoordinated efforts among Government institutions throughout the project life-cycle, lack of project ownership and inadequate preparations for negotiations with the financing agencies.

In order to address some the challenges, Government has developed Guidelines for negotiations help all stakeholders



to have a proper understanding of the financing process. These Guidelines are intended to be used by all Ministries, Departments and Agencies (MDAs) and Local Government Authorities (LGAs) as they engage with financiers.

Adherence to these Guidelines will result into reduced cost of borrowing, timely raising of loans, receiving of grants, issuance of guarantees and project implementation, reduced cost variations and maximization of local content, hence effective project management and attainment of value for money.

Preparation of these Guidelines considered various laws and regulations governing project management in Uganda. I urge all Government entities to adhere to these Guidelines in all phases of project cycle.

A stylized blue ink signature of Ramathan Ggoobi.

Ramathan Ggoobi

**Permanent Secretary/Secretary to  
the Treasury**

## List of Acronyms

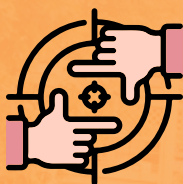
<b>AfDB</b>	African Development Bank
<b>AfDF</b>	African Development Fund
<b>DPs</b>	Development Partners
<b>DC</b>	Development Committee
<b>D/DCP</b>	Directorate of Debt and Cash Policy
<b>EA</b>	Executing Agency
<b>EIA</b>	Environmental Impact Assessment
<b>EMP</b>	Environmental Management Plan
<b>GoU</b>	Government of Uganda
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>ICB</b>	International Competitive Bidding
<b>IDA</b>	International Development Association
<b>IFAD</b>	International Fund for Agricultural Development
<b>MDAs</b>	Ministries Departments Agencies
<b>MoFPED</b>	Ministry of Finance Planning and Economic Development
<b>MI</b>	Multilateral Institutions
<b>NCB</b>	National Competitive Bidding
<b>OAG</b>	Office of the Auditor General
<b>PAD</b>	Project Appraisal Document
<b>PAR</b>	Project Appraisal Report
<b>PAM</b>	Project Administration Manual
<b>PIMS</b>	Public Investment Management System
<b>PIU</b>	Project Implementing Unit
<b>PMU</b>	Project Monitoring Unit
<b>RfP</b>	Request for Proposals



## OUR MISSION

A competitive Economy for  
National Development.

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## OUR VISION

To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustained economic growth and development for Uganda.

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## STRATEGIC MANDATE

To mobilize financial resources, regulate their management and formulate policies that enhance overall economic stability and development.



# 01

# INTRODUCTION

## 1.1 Background

Government has been implementing various development projects/programs that require significant financial resources. Part of the financing is sourced from external financiers whose financing agreements contain complex legal provisions, terms and conditions. This requires not only adequate skills in the negotiation of the related financing arrangements, but also a well-documented strategic and pragmatic approach from project inception stage throughout the project life cycle, that would ensure the envisaged financing benefits are optimized.

In accessing both External and Domestic loans, grants and issuance of guarantees, the Government is guided by the Public Finance Management Act (2015), the Medium-Term Debt Strategy (MTDS) and Partnership Policy among others.

Notwithstanding the existence of 2018 Negotiation Guidelines, the said guidelines were in put place when Government was sourcing for funding from majorly Multilateral Development Partners, Paris -Club partners whose financing is not as complex as the current sources of financing from Commercial funders and Export Credit Agencies (ECAs) among others.

## Rationale for the Revised Guidelines for Negotiating Government Financing

The Revised Negotiation Guidelines are intended to cater for evolutions in the financing landscape arising from the impact of the COVID pandemic, Climate change and geopolitics that have created innovative changes in the financial markets.

The Revised Negotiation Guidelines will aid the stakeholders involved in the process to better prepare for negotiations with the financiers. In light of the existing challenges in project planning and implementation, the Revised Negotiation Guidelines have been put in place to create a cohesive framework related to financing, including the raising of loans, issuance of guarantees and grants.

The Guidelines aim at bridging gaps in current practices and enhance the efficiency of the negotiation process. Consequently, unless specifically directed otherwise by procedures or relevant authorities, and without undermining existing legislation and documentation, all activities concerning the negotiation of Government loan financing for projects/programs, grant reception, and guarantee issuance must adhere to these Guidelines. This ensures consistency, compliance, and effective management of government resources.

## 1.2 Objectives of the Revised Negotiation Guidelines

- i. Enhance the negotiation skills for raising loans, grants and Guarantees through the harmonization and standardization of strategies.
- ii. Outline roles and responsibilities of key stakeholders involved in the acquisition of loans and grants.



## 1.3 Expected Outputs

Project planning and negotiation of all Government loans, issuance of guarantees and receiving grants will follow the Revised Negotiation Guidelines in line with the governing laws, regulations and procedures. Thus, successful implementation of the Guidelines is expected, among other things, to ensure:

- i. Minimized negotiation costs and expedited borrowing process.
- ii. Minimized cost and risks related to contracting loans, guarantees and grants.
- iii. Enhanced transparency in the process of raising loans, issuance of guarantees and receiving grants by the Government.
- iv. Improve confidence and ownership of the negotiated projects amongst the MDAs and the general public at large.
- v. Enhanced public debt management; and
- vi. Standardize the approaches are used in the engagement between the Government and financiers.

**02**

# NEGOTIATION PROCESS

## Negotiation Process

The goal of the negotiation process shall be to secure financing for projects/programs at the most favourable terms and conditions, minimize risk to the Government and to resolve any foreseeable implementation related issues. The Revised Negotiation Guidelines will also encourage full disclosure to promote transparency and trust amongst all stakeholders. To achieve these goals, this Chapter provides insights towards ensuring fruitful negotiations.

### **Key Guidelines and guiding principles for successful negotiations.**

#### ***Prior Preparation arrangements before interfacing with the Financiers for any negotiations***

- i. The Government Negotiation Team shall have a clear understanding and assessment of domestic and global economic outlook, political and social environment conditions that may affect the negotiation process and their parameters to negotiate with wide understanding.
- ii. The Government Negotiation Team shall be conversant with the interests of the Government and financier on the key aspects of issues to be negotiated.
- iii. Cost estimates indicated in either the project proposal, feasibility study and or detailed design documents shall be used as estimates of the amount to be solicited for the project.
- iv. The Financial Intelligence Authority will undertake due diligence on the financiers whom Government has not dealt with or are not known globally before to evaluate their credibility. This must take place before any negotiations are commenced. The intention is to ensure that Government deals with only credible institutions.
- v. To ensure readiness, the project should have obtained clearance from the Development Committee where adherence of all stages of the Public Investment Management System (PIMS) is confirmed.
- vi. Under no circumstance shall the Government Negotiation Team appear for negotiation before confirming the that implementing agency is ready execute the project and has attained the necessary approvals not only limited to 50% of Right of Way for RAP and ESIA where applicable.
- vii. In the event of any matter of which the Government Negotiation Team has no common position, it shall request for recess in order to obtain the Government position.

### **Negotiation process entails the following key stages.**

- i. Formation of Government Negotiation Team.
- ii. Pre-negotiation activities; and
- iii. Preparation of preliminary matrix of issues.
- iv. Negotiation with the financier.

## **2.1 Preparation of Preliminary Matrix of Issues**

After approval of the Project/Program by Top Technical Management and Top Management of the Ministry of Finance Planning and Economic Development, the Directorate responsible for Debt shall, where applicable, prepare a preliminary matrix of issues to be worked upon by the Government Negotiation Team to form the Government Position before negotiation.

## **2.2 Formation of the Government Negotiation Team**

The Government Negotiation Team shall be constituted from stake holder MDAs depending on their key roles or responsibilities in relation to the project/program to be implemented. The team composition should be multidisciplinary and at minimum, draw members from the following institutions:

- i. Ministry responsible for Finance.
- ii. Bank of Uganda
- iii. The Office of Attorney General.

### **Others may include;**

- i. Ministry of Foreign Affairs for Bilateral agreements.
- ii. Procurement/Financial specialists from the MDAs/ programs sponsoring the specific projects
- iii. Key stakeholders from beneficiary/implementing MDAs based on the institutional competencies needed for each role in the negotiating process; and
- iv. Independent advisors and or any other person deemed appropriate for the negotiations if required.

The Ministry responsible for finance shall initiate formation of the Government Negotiation Team. The appointment of Government Negotiation Team by the Permanent Secretary/ Secretary to the Treasury. Institutional roles and specific responsibilities are detailed in Annex III.

## **2.2.1 Lead Institution and the Chief Negotiator**

The Ministry responsible for finance shall lead negotiations on behalf of the Government. The Chief Negotiator is the Permanent Secretary/Secretary to the Treasury. The Chief Negotiator shall have thorough preparation for the negotiations to understand the subject matter. This will enable him/her to be in a better position to listen critically, respond convincingly and act decisively against the counterarguments or proposals during the negotiations.

## **2.2.2 Responsibilities of the Government Negotiation Team Members**

- I. The responsibilities of the **Chief Negotiator** shall, among others, be as follows:
  - i. Spokesperson for the Government Negotiation Team.
  - ii. Decision-maker for the Government Negotiation Team.
  - iii. Agenda director for the negotiation sessions.
  - iv. Act as the liaison between Government Negotiation Team and the Government.
  - v. Conduct briefing sessions with other members of the Government Negotiation Team.
  - vi. Ensure that all issues are resolved and concluded and the negotiation minutes finalized for signature; and
  - vii. Prepare and submit report of negotiations to the relevant authority.
- II. Responsibilities of other Government Negotiation Team members:
  1. **Ministry Responsible for Finance:**
    - i. Provide confirmation on preliminary engagement with the financier.
    - ii. Provide experience on already contracted loans with the same financier.
    - iii. Provide debt and other statistics, including the impact of the envisaged loan on the total debt portfolio.
    - iv. Guide on the impact of the envisaged borrowing on current and future fiscal performance; and ensure the borrowing do not contradict with fiscal policies

as well as within the terms outlined in the Debt Management Framework.

### **1. Ministry responsible for Foreign Affairs:**

- i. Assist in undertaking due diligence on the financier, supplier, consultant or contractor where need arise.
- ii. Provide information on bilateral and multilateral agreements and treaties; and
- iii. Provide information on external/international cooperation policies of the envisaged lender/financier.

### **2. Implementing Agency and Sector Ministry:**

- i. Provide technical details of the project not limited to the objectives and design of the project/program
- ii. Provide information/experience on similar projects i.e. completed and in progress reports.
- iii. Provide evidence of its technical capability to implement the envisaged project and in the absence of such capability, indicate appropriate plans to bridge the gap; and
- iv. Provide evidence of project sustainability.

### **3. The Office of Attorney General:**

- i. Interpret legal clauses of the draft agreements and laws relevant to the negotiations.
- ii. Guide on legal clauses of the Financing agreements.
- iii. Participate in drafting Financing agreements; and
- iv. Ensure the legal clauses are consistent with national laws.

### **4. Bank of Uganda:**

- i. Provide analysed domestic and external market information, particularly those relating to financial risks.
- ii. Guide on financial clauses in the agreements.
- iii. Ensure financial clauses of the loan agreements do not contradict with monetary and financial objectives of the country.
- iv. Guide on the envisaged impact of borrowing on monetary policy; and Provide banking arrangements.

## **2.3 Pre-negotiations Activities**

Pre-negotiation activities help the Negotiation Teams develop a thorough understanding of the subject under negotiation, set position of the Government and gather all key documents and reference materials for negotiations.

- i. The Government Negotiation Team should not be rushed into negotiations unless they have set the Government negotiation position, as well as set strategies and identified positions of the financier.
- ii. The team shall undertake Stakeholder Consultations with relevant government departments, financial advisors, and legal experts to align on objectives and strategies.

### 2.3.1 Verification of Project Readiness

This is a very critical stage, irrespective of whether the negotiations are for borrowing or an undertaking for obtaining a grant, the Government Negotiation Team shall confirm readiness of the Implementing/Executing Agency to implement the project before undertaking negotiations. The key items to be verified by the Government Negotiation Team, depending on the nature of project and or financing, shall include the following:

- i. Where applicable, approved project proposal, feasibility study and or detailed design are in place in lines with the PIMS guidelines. With the Development Committee clearance issued. Cost estimates indicated in the respective aforementioned documents shall be used as estimates of the amount to be solicited for the project.
- ii. The Commercial contract for both supervision consultant and/or contractor must be negotiated, cleared by the Solicitor General and signed in case of tied/ECA financing. For non-tied/ECA financing, Implementing/Executing Agency shall confirm that internal supervision capacity otherwise consultant for project supervision should be in place or procurement for the same should be relatively at the final stages.
- iii. Structure of an effective Project Implementation Team with staffing requirements and its related budget allocation.
- iv. Institutional structure for management of the project (Project Steering Committee).
- v. Resettlement Action Plan and Provision of Counterpart funding for compensation confirmed by the Budget Directorate in MoFPED.
- vi. Confirmation for availability/ acquisition of project site or not less than 50% continuous right of way for transport and Transmission lines projects.
- vii. All statutory requirements to be in place, such as environment and social impact assessment.
- viii. Compliance with relevant regulatory requirements; and
- ix. Evidence of key stakeholders' involvement and their comment to confirm that the respective project has considered the existing and future development plans.

Upon satisfaction on the project readiness, the Government Negotiation Team shall conduct the first pre-negotiation meeting at least two weeks prior to the proposed negotiation date.

### 2.3.2 Review of the Documents

Government Negotiation Team shall have a clear understanding of the project documents and draft agreement(s) to be negotiated. The ministry responsible for finance shall provide to the Government Negotiation Team the respective documents for review which shall among others include the following:

- i. Draft loan/grant agreements, project documents (feasibility study report, project proposal report, detailed design report, project appraisal document/project appraisal report, environmental and social impact assessment report, resettlement action plan) and signed mandate letters.
- ii. The National Development Plan, relevant sector investment plan, Public debt management Framework, Debt Sustainability Analysis (DSA), Country Assistance Strategy (CAS), Treaties (multilateral and Bilateral), Development Corporation Framework (DCF) and PFMA Act and other related laws; and
- iii. Analysis of the financing terms submitted in the Term sheet submitted by the financier where Commercial or ECA funding is being considered
- iv. Minutes of previous negotiation(s) with the same financier to determine identified challenges, implications and resolutions.



### 2.3.3 Emerging Issues

The Government Negotiation Team shall have a clear understanding and assessment of domestic and global economic, political and social environment conditions that may affect the negotiation process and their parameters. Such information will help the Government Negotiation Team to understand how the issues have evolved, highlight the areas in which difficulties can be expected and provide information which can guide decisions.

### 2.3.4 Setting the Government Position

The Government Negotiation Team shall establish the Government position on the key provisions of the draft financing agreements through consultation and guidance from the relevant Government authorities. The Government Negotiation Team and the relevant Government authorities shall agree on the following aspects:

- i. The broader national interests connected to the project under which the financing is negotiated.
- ii. A fall-back position, beyond which the negotiation team will have no mandate and when should it be exercised; and the negotiation strategy.

### 2.3.5 Devising Strategies

Procedures shall be devised that will allow the Government Negotiation Team to anticipate and guide itself through potential shortfalls. One of the most useful approaches (where applicable) is to develop a fall-back position, famously known as Best Alternative to a Negotiated Agreement (BATNA). This will help to establish a bottom line: the “worst” acceptable outcome.

To establish a BATNA, it is recommended that the Government Negotiation Team develops a list of possible negotiated outcomes from which the most plausible ones are to be developed in greater detail. Further, the Government Negotiation Team should not be forced to negotiate or agree on the issue if they do not have a government position.

### 2.3.6 Identifying Positions of the Financier

The Government Negotiation Team shall develop insights about the interests of the financier on the key aspects to be negotiated. This will help to understand the financier's concerns and aspirations, the dynamics in which they operate, and their operational environment which can be utilized to secure better terms.

### 2.3.7 Matrix of Issues

Government Negotiation Team shall, where applicable, prepare a comprehensive matrix of issues to facilitate negotiation. The matrix shall contain Government position on different provisions of the financing agreement. Upon developing the matrix of issues, parties may exchange clauses that need to be considered and the proposed wording on the said clauses before the negotiation date.

### 2.3.8 Other Conditions

- i. The Government Negotiation Team shall be cautious about conditions requiring putting in place project counterpart funds or guarantees and where such conditions cannot be avoided, contribution in kind may be considered.
- ii. For Export Credit Agency loans which demand a significant percentage of goods or equipment to be procured from the financier's country or Economic

Regional Group, the Government Negotiation Team shall strive to maximize the percentage of local content. The ideal range should be less than 25%.

- iii. Understanding of the Governing law & Jurisdiction. The governing law of the Financing Agreement should be the Laws of Uganda. However, in certain circumstances the Laws of England and Wales may be acceptable as Uganda is a commonwealth country and this also covers issues of neutrality.
- iv. The Government Negotiation Team must look out for the Negative Pledge clause which is deemed unacceptable to the Government of Uganda as it limits Government's ability to freely contract with other creditors.
- v. Accounts management issues, e.g. Escrow Accounts
- vi. Direct payments / endeavour to have funds disbursed in the Uganda Consolidated Fund first.
- vii. Currency issues
- viii. Base rate preference
- ix. Gross up issues
- x. Tax issues
- xi. Immunity clauses

## 2.4 Negotiation with the Financiers

Interaction with the financiers may take various approaches, such as formal face to face, Teams/Zoom/video/telephone conferencing or email discussions on the project documents and draft financing agreements. The Government Negotiation Team members must always arrive at the venue of negotiation on time. In case of any intervening matters, the other party should be notified in advance.

The members shall always communicate through the Chief Negotiator. In the event of any matter of which the Government Negotiation Team has no common position, it shall request for recess to obtain the Government position. During the negotiation the Government Negotiation Team shall, among other things and where applicable, have the following documents:

- i. Negotiation instrument.
- ii. Reviewed draft Agreement and negotiated term sheet.
- iii. Respective General Terms and Conditions of the financier.
- iv. Signed mandate letter for syndicated loans.
- v. Matrix of issues containing the position of the Government.
- vi. Project documents; and Other relevant reference documents such as Acts, Debt Sustainability Analysis Report, Medium Term Debt Management Strategy, budget speech, recent macro-economic performance data, and bilateral/multilateral agreements.

**03**

# Project Development and Financing Approval Process

## Project Development and Financing Approval Process

The process of sourcing, approval and acquisition of financing currently involves a number of stakeholders and responsible centers including; the Project Lead MDA, MoFPED, National Planning Authority (NPA), OPM, Cabinet, Parliament and the Attorney General. Negotiations run through the entire process.

### PROCESS FOR ACQUISITION OF LOANS/ EXTERNAL PROJECT FINANCING IN GOVERNMENT OF UGANDA



### 3.1 Description of the project development process

The project idea is conceived from the National Development Plan. This follows a development process which involves project preparation and appraisal as guided by the Public Investment Management System (PIMS). Projects are developed by the sponsoring MDAs, approved by the Project Preparation Committees within the MDAs and the respective Programme Working Groups for ownership. These are then submitted to the Development Committee (DC)<sup>1</sup> at MoFPED for appraisal and approval for inclusion in the Public Investment Plan (PIP) and the budget.

The DC then plays the gate keeping role of ensuring that projects with the highest return on investment are prepared in readiness for financing. The DC approves projects at Concept level for strategic alignment, at Profile level on results framework and logical flow of the project, at Pre-feasibility study level for option analysis to assess the best methodology for implementing and financing the project and at Feasibility level for the detailed study of the preferred option conducted.

Following the approval by DC at both the Pre-feasibility and Feasibility levels, the MDAs in collaboration with MoFPED will start the process of soliciting for the Financing of the project.

<sup>1</sup> The DC membership includes: MoFPED, Office of the President, OPM, NPA, MoGLSD, PPDA, MoLHUD, MoWT, NEMA, Equal Opportunities Commission, Attorney General and PPP Unit.

## 3.2 Stages in the Development Financiers processes.

**3.2.1 Appraisal:** Financiers undertake appraisal of the projects and here procurement methods are determined and agreed upon, payment and disbursement methods also determined. The Aide-memoires or the Minutes of the Appraisal Missions usually inform part of the Project Appraisal Documents (PAD) or Project Appraisal Reports (PAR) depending on the Development Partner. These would form the basis for Legal Documents to be negotiated. Therefore, they need to be scrutinized carefully and one needs to look out for the following;

- i. Concretization of Project Components, Log frame, M&E arrangements, audit arrangements, and likely terms and conditions of the operation.
- ii. Concretize implementation arrangements and the team
- iii. Agree on procurement and disbursement arrangements
- iv. Agree on financing arrangements.

**3.2.2 Negotiations:** This is the part where formal face to face, video conferencing or email discussions with the DP on the project documents and draft Financing Agreements take place. Before the negotiations, the following needs to be done;

- i. Assemble interdisciplinary team.
- ii. Ensure that the PAD/PAR, Draft FA and other relevant documents are received in advance – 2 weeks for internal review by team.
- iii. Hold pre - negotiation meeting – Develop Negotiation Brief – cleared by management.
- iv. Ensure that the Negotiation Team is not pushed into negotiations- Financiers deadlines for their Board Approvals should not compromise the readiness of the Negotiation Teams.
- v. The Negotiation Team is expected to be well prepared for the event and keep time.

**3.2.3 Board Approval:** Upon completion of the negotiations, the financier presents the project documents to their respective Boards for Approval. This is an internal process of the financiers to Project/loan approvals. However, outcome of the negotiations builds into the documents to be submitted to their Boards, it is important therefore that the negotiation minutes are detailed enough highlighting major positions agreed during the negotiation to inform the discussion at their Boards. After Board Approval, changes to the negotiated documents may not be possible.

**3.2.4 Implementation/Execution:** This stage affirms the project's implementation in terms of budget, time, quality and risk control.

**3.2.5 Monitoring & Evaluation and Closure:** Monitoring and evaluation is a periodically recurring task from the identification planning stage of a project or programme and as implementation takes place. The evaluation phase of the project cycle is intended to answer three important questions:

- i. What went well during the project?
- ii. What didn't go so well?
- iii. What would project leaders and team members do differently during future projects?

A successful evaluation phase requires effective planning during the preparation phase. If project members succumb to office politics or fail to document the shifting scope of a project, the evaluation phase of a project cycle can easily shift to "blaming and shaming." However, when measurable goals are set and stakeholders agree on desired outcomes, all parties can make honest, insightful evaluations. Project Completion must be undertaken with **Project Completion Reports** prepared.

## ANNEX I – Project Readiness Check List

#	Milestones	Action points/ Points to check	Agency responsible for Compliance
1	<b>Before sending a project Proposal to MoFPED</b>		
	Checklist for conception stage	The concept note identifies clearly defined components of the project, activities, cost estimates and implementing agency (ies), coordinating mechanism in case of multiple implementing agencies and the finance plus elements.	MDA
		Lessons learnt from the previous projects implemented in the sector have been incorporated.	MDA
		The project preparation milestones, in months, taking the date of posing as the zero date, have been identified.	MDA
2	<b>Before sponsoring the project to Development Partners</b>		
		Project has been cleared by MoFPED	MoFPED
		Liaison with National Planning Authority by issuance of certificate of compliance	MDA



#	Milestones	Action points/ Points to check	Agency responsible for Compliance
3	Project Management	Institutional structure for project implementation and funds flow arrangement defined and agreed with MoFPED	MDA
		Designation of PMU/ PIUs staff completed and core staff for the project assigned. Key project staff (project director, procurement, FM, safeguard) should be identified early in the project cycle.	MDA
	Procurement Plan and Actions	Procurement plan for the project detailing contract packages, modes of procurement, pre-requisites for awarding the contracts, approval flow chart, decision making structure and schedule for each contract be in place.	MDA
	R&R	Terms of reference (TOR) for all consultancy contracts including Project management consultants, shortlist of consultants/ consulting firms and documents for prequalification of contractors are prepared and approved/ reviewed by all parties	MDA
		RFP for major/ critical consultancies issued.	MDA
		Budgeting for at least 50% of land acquisition & resettlement requirements has been made. Land acquisition/ Preconstruction activities, where relevant, have started.	MDA
4	By appraisal of the Project		
		Land acquisition and resettlement plans are ready, where relevant.	MDA

#	Milestones	Action points/ Points to check	Agency responsible for Compliance
		Relief & Resettlement Plan, where relevant, for the first two years of the project implementation should be finalized and confirmation that R&R activities are aligned with the Procurement plan, be conveyed.	MDA
		Environmental Management Plan (EMP) for the first two years of project implementation has been finalized. Complete EIA and secure approval of DP.	MDA
	<b>Imple- mentation Readiness</b>	All statutory clearances like environmental clearances, if applicable, to be in place	Project implementing agency (PIA)
		Administrative clearances for temporary use of land i.e. right of way taken.	
		Administrative approval for shifting of utilities taken.	
		Entire PMU/PIU is in place.	
		Establish (a) Financial Management system, (b) auditing arrangement and (c) system of oversight	

## ANNEX II – Negotiation Package

All documents for negotiation **MUST** be received in advance (**One month**) for internal review by the negotiation team. Below are the main documents generally presented in the negotiation package by creditor, Both commercial lenders and concessional lenders

Development Partners	Documents
<b>IDA</b>	<ul style="list-style-type: none"> <li>☐ Project Appraisal Document</li> <li>☐ Financing Agreement</li> <li>☐ Project Agreement</li> <li>☐ Disbursement Letter</li> <li>☐ <b>Environment and Social Guards framework</b></li> </ul>
<b>ADB</b>	<ul style="list-style-type: none"> <li>☐ Loan Agreement</li> <li>☐ Project Agreement</li> <li>☐ Disbursement Letter</li> </ul>
<b>IFAD</b>	<ul style="list-style-type: none"> <li>☐ Program financing Agreement</li> <li>☐ Program Agreement</li> <li>☐ <b>Disbursement letter</b></li> </ul>
<b>Commercial lenders</b>	<ul style="list-style-type: none"> <li>☐ Term sheet</li> <li>☐ Financing Agreements</li> <li>☐ <b>INVESTMENT AGENCY AGREEMENT</b></li> <li>☐ Commercial Contracts</li> <li>☐ Arrangement fee letters</li> <li>☐ Agency fee letters</li> <li>☐ Upfront fee letters</li> </ul>

## Annex III – Example of roles and responsibilities of negotiation team

STAFF	RESPONSIBILITY
<b>Chief /Lead Negotiator – PS/ ST, MoFPED or his designate</b>	<p>Manages the agenda</p> <p>Speaks for the group</p> <p>Acts as liaison between Negotiation Team and executive management</p> <p>Resolves all issues within his/her scope of authority</p> <p>Briefs Executive Management Team as necessary</p>
<b>Ministry or Department representatives</b>	<p>Provide program input to contract</p> <p>Back-up to chief negotiator</p> <p>Liaison to program agreement and/or contract negotiations</p> <p>Lead on Sector sub-team</p>
<b>Project Representative</b>	<p>Provide project related input to the negotiation</p> <p>Back-up to chief negotiator</p> <p>Liaison to project document/agreement negotiations</p>
<b>Attorney General's Representative</b>	<p>Keeps the Negotiation Team on schedule and on task</p> <p>Provide legal advice on the alignment of legal provision to Ugandan laws</p>
<b>Subject Matter Experts</b>	<p>Provide support and guidance on subject matter specific issue</p>
<b>Scribe</b>	<p>Invaluable to capture both the discussion and the points agreed, as well as being able to summarize the situation. he/she maintains a clear and unambiguous record of what has been discussed and agreed.</p>

# Outcomes of Successful Negotiations









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