

CONFORMED COPY

CREDIT NUMBER 3634 RW

Development Credit Agreement

(Emergency Demobilization and Reintegration Project)

between

REPUBLIC OF RWANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 25, 2002

CREDIT NUMBER 3634 RW

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 25, 2002 between REPUBLIC OF RWANDA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter, dated March 14, 2002 (Letter of

Demobilization and Reintegration Policy Program), from the Borrower describing a program of actions, objectives and policies designed to address the Emergency through the demobilization, reinsertion and reintegration of a large number of Ex-Combatants (the Program) and declaring the Borrower's commitment to the execution of the Program;

(B) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement and which forms part of the Program, has requested the Association to assist in the financing of the Project;

(C) the Borrower intends to obtain from donor countries (Donors) grants in an aggregate amount equivalent to at least twenty-six million US dollars (\$26,000,000) to assist in financing of the Project, on terms and conditions set forth in agreements (the Grant Agreements) to be entered into between the Borrower and the Association (acting as the administrator of a trust fund to be established for such purposes), or between the Borrower and Donors; and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6, 1999) (the General Conditions), constitute an integral part of this Agreement.

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

(a) "Armed Groups" means organized armed groups that engaged in military fighting against RPA (as hereinafter defined) in the territory of the Borrower or the territory of the Democratic Republic of Congo;

(b) "Community Development Committee" or "CDC" means an elected local entity within the Borrower's territory established and operating pursuant to the Borrower's law No. 4/2001 dated January 13, 2001;

(c) "Demobilization and Reintegration Fund Account" or "DRFA" means the account in Rwandese Francs (as hereinafter defined) to be opened pursuant to Section 6.01 (c) of this Agreement in the National Bank of Rwanda for the purpose of holding the local currency counterpart funds of the proceeds of the Credit allocated to Category (1) in the table in paragraph 1 of Schedule 1 and other Borrower counterpart contribution to the Project;

(d) "Deposit Account" means the account referred to in Section 2.02 (c) of this Agreement;

(e) “Emergency” means the extraordinary event of limited duration which for the purposes of this Agreement started in August 1998, and which was caused by the escalation of the armed conflict in the territory of the Borrower and the subsequent military involvement of the Borrower’s army in the war in the territory of the Democratic Republic of Congo;

(f) “Ex-Combatant” means: (i) any RPA soldier demobilized after 1995 or to be demobilized after the date of this Agreement; (ii) any Ex-FAR (as hereinafter defined) soldier who remained in, or returned to, the territory of the Borrower after July 1994 or returns to the territory of the Borrower after the date of this Agreement and did not join any Armed Group; or (iii) any member of an Armed Group who is a Rwandan national and returns to the territory of the Borrower after May 2001;

(g) “Ex- FAR” or “*Ex-Forces Armées Rwandaises*” means the armed forces of the Borrower that existed prior to April 6, 1994;

(h) “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of this Agreement;

(i) “Initial Deposit” means the deposit to be made in DRFA in accordance with Section 3.03 (c) (i) of this Agreement;

(j) “PIM” or “Project Implementation Manual” means the Project Implementation Manual adopted by the Borrower, and including details of procurement and disbursement arrangements, performance indicators, arrangements for environmental and social monitoring, a manual of financial procedures and other administrative and organizational arrangements, as shall have been agreed with the Association for purposes of the implementation of the Project, as same may be amended from time to time, and such term includes any schedules to the PIM;

(k) “Project Preparation Advance” means the project preparation advance granted by the Association to the Borrower pursuant to a Letter-Agreement between the Borrower and the Association dated August 31, 2001 and countersigned on September 18, 2001;

(l) “Provincial Program Office” or “PPO” means the implementation arm of RDRC (as hereinafter defined) at the provincial level, to be established by the Borrower in each of the provinces where Ex-Combatants will settle and whose role and functions are described in paragraph I.3 of Schedule 4 to this Agreement;

(m) “RPA” means “Rwanda Patriotic Army”, the armed forces of the Borrower;

(n) “Rwanda Demobilization and Reintegration Commission” or “RDRC” means the commission to be established by the Borrower pursuant to Section 6.01 (e) of this Agreement;

(o) “Rwandese Franc” or “FRw” means the Borrower’s currency;

(p) “Special Account” means the account referred to in Section 2.02 (b) of this Agreement;

(q) “Special Target Groups” means special groups of Ex-Combatants that are

provided targeted support for their medical rehabilitation or social and economic reintegration and include those who are female, disabled, chronically ill or children; and

(r) “Technical Secretariat” or “TS” means the Project implementation unit to be established by the Borrower as the executing body of RDRC, whose role and functions are described in paragraph I.2 of Schedule 4 to this Agreement.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to twenty million Special Drawing Rights (SDR 20,000,000).

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

(b) The Borrower may, for the purposes of Categories (2) through (5) in the table in paragraph 1 of Schedule 1 to this Agreement, open and maintain in US dollars a special deposit account in its Central Bank, on terms and conditions satisfactory to the Association. Deposits into, and payments out of the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) The Borrower shall prior to furnishing to the Association the first request for withdrawal from Category (1) in the table set forth in Paragraph 1 of Schedule 1 to this Agreement, open and thereafter maintain in its Central Bank, a Deposit Account in Dollars on terms and conditions satisfactory to the Association. All withdrawals for such Category shall be deposited by the Association into the Deposit Account.

(d) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be December 31, 2005 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be

applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on January 1 and July 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each January 1 and July 1 commencing July 1, 2012 and ending January 1, 2042. Each installment to and including the installment payable on January 1, 2022, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

- (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to

conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of The United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Program and the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Program and the Project as set forth in the Preamble and Schedule 2 to this Agreement, and, to this end shall carry out the Project through RDRC, with due diligence and efficiency and in conformity with appropriate financial, technical, administrative and military demobilization practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project;

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. Without limitation upon the provisions of paragraph (a) of Section 3.01 of this Agreement, and except as the Borrower and the Association shall otherwise agree, the Borrower shall, for purposes of financing its contribution to expenditures under the Project:

(a) establish and maintain the Demobilization and Reintegration Fund Account until completion of the Project;

(b) deposit in the DRFA the local currency counterpart funds of the proceeds of the Credit allocated to Category (1) in the table in paragraph 1 of Schedule 1 and ensure that all such funds shall be used exclusively to make payments for the demobilization, reinsertion and reintegration of Ex-Combatants;

(c) for the purposes of financing its contribution to the Project other than the amounts referred to in the preceding subparagraph, make deposits into the DRFA as follows: (i) prior to the Effective Date, an initial amount equivalent to \$1,100,000; and (ii) thereafter beginning on April 1, 2003, consecutive installments of \$200,000 each, payable quarterly, or in such installments as may be agreed from time to time with the Association;

(d) ensure that the amounts referred to in the preceding subparagraph shall be used exclusively to make payments for activities under the Project other than those financed by the amounts referred to in subparagraph (b) of this section.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including

records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account, the Deposit Account as well as the Demobilization and Reintegration Fund Account for each fiscal year audited, in accordance with auditing standards acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements, records and accounts and report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning such records and accounts, and the audit thereof, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. Without limitation upon the Borrower's progress reporting obligations set out in paragraph II (1) of Schedule 4 to this Agreement, the Borrower shall prepare, in accordance with terms of reference acceptable to the Association, and furnish to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and thereafter not later than 45 days after each calendar quarter, a Financial Monitoring Report for

such period, which:

(a) sets forth actual and projected sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Credit, and explains variances between the projected and actual sources and uses of such funds;

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

(c) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

ARTICLE V

Remedies of the Association

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

(a) an extraordinary situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out; and

(b) funds deposited in the Demobilization and Reintegration Fund Account pursuant to this Agreement have been used for purposes other than those stated in Section 3.03 (b) and (d) of this Agreement.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Borrower has established a financial management and accounting system for the Project, acceptable to the Association;

(b) the Borrower has adopted the PIM in form and substance satisfactory to the Association;

(c) the Demobilization and Reintegration Fund Account has been established;

(d) the Borrower has made the Initial Deposit referred to in Section 3.03 (c) (i) of this Agreement;

(e) the Borrower has adopted a decree, in form and substance satisfactory to the Association, establishing the Rwanda Demobilization and Reintegration Commission, supported by the Technical Secretariat and Provincial Program Offices referred to in paragraphs I.2 and I.3 of Schedule 4 to this Agreement;

(f) the Borrower has appointed at TS, the key professional staff referred to in paragraph I.2 of Schedule 4 to this Agreement, with qualifications and experience satisfactory to the Association; and

(g) the Borrower has adopted regulations, in form and substance satisfactory to the Association, setting forth the eligibility criteria for the demobilization and reintegration of Ex-Combatants.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower responsible for Finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Finance and Economic Planning
P.O Box 158
Kigali
Republic of Rwanda

Cable address:

MINFIN-RWANDA

Telex:

22687
MINFIN-RAW

Facsimile

For the Association:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable address:

Telex:

Facsimile:

INDEVAS
Washington, DC

248423 (MCI) or
64145 (MCI)

(202) 477 6391

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

REPUBLIC OF RWANDA

By /s/ Richard Sezibera

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Emmanuel Mbi

Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Eligible Imports required for the Project		100% of foreign expenditures

as specified in the Annex
to this Schedule

(a)	2,880,000	
(b)	3,830,000	
(c)	3,820,000	
(d)	3,820,000	
(2) Civil Works	60,000 expenditures	85% of local
(3) Vehicles, furniture, equipment and materials	1,500,000	100% of foreign expenditures and 85% of local expenditures
(4) Consultants' services, training and audits	780,000	100%
(5) Operating Costs	1,900,000	85%
(6) Refunding of Project Preparation Advance	450,000	Amount due pursuant to Section 2.02 (d) of this Agreement
(7) Unallocated	960,000	
TOTAL	20,000,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term "operating costs" means the costs incurred on account of Project implementation, management and monitoring, including office supplies, rental of office space, fuel, maintenance of vehicles, salaries of contractual Project staff, audits and travel per diems for RDRC members and staff, but excluding salaries of officials of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) payments made for expenditures under Category (1) prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding SDR 2,880,000 may be made on account of expenditures before that date but after October 30, 2001;

(b) expenditures under Category (1) for goods supplied under a contract which any international financing institution or agency other than the Association shall have financed or agreed to finance under another credit;

(c) except as the Association shall otherwise agree, expenditures under Category (1) in excess of an aggregate amount equivalent to 50% of the amount allocated to such Category for any class of eligible imports specified in the Annex to this Schedule;

(d) expenditures under Category (1) for goods intended for military or paramilitary purposes, luxury consumption and used goods;

(e) expenditures under Category (1) (b), (c), and (d) unless the Program is being implemented in a manner satisfactory to the Association and the Borrower has furnished to the Association the following information:

(i) an implementation plan and resource requirements for the subsequent 6 month period; and

(ii) a list of Ex-Combatants, identifying the amount of the funds allocated to each in support of their reinsertion and reintegration; and

(f) expenditures under Category (1) for goods procured under contracts costing less than \$5,000 equivalent.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for goods and works under contracts costing less than \$100,000 equivalent each, services for consultant firms under contracts costing less than \$50,000 equivalent each and services for individual consultants under contracts costing less than \$25,000 equivalent each, imports under contracts costing less than \$2,000,000 equivalent, training and operating costs, all under such terms and conditions as the Association shall specify by notice to the Borrower.

ANNEX TO SCHEDULE 1

Classes of Eligible Imports to be Financed Under the Project

1. Agricultural equipment and inputs
2. Petroleum and fuel products
3. Construction materials
4. Transport vehicles and spare parts

5. Livestock, animal products and veterinary supplies
6. School supplies and equipment
7. Medical supplies and equipment
8. Construction equipment, industrial machinery and spare parts
9. Electrical equipment, machinery, materials and parts
10. Industrial raw materials and chemicals
11. Office equipment and materials
12. Telecommunications equipment

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in its efforts to implement the Program, including: (i) demobilizing a large number of Ex-Combatants and supporting their reinsertion and reintegration into civilian life; and (ii) facilitating the reallocation of public expenditures from military to social and economic sectors.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Demobilization, Reinsertion and Reintegration

The importation of goods specified in the Annex to Schedule 1 to this Agreement to support the demobilization, reinsertion and reintegration of Ex-Combatants, including Special Target Groups.

Part B: Institutional Development and Project Implementation Support

1. Strengthening the capacity of the Borrower's institutions at the central and local level to carry out and support activities under the Project through the provision of training and technical advisory services, acquisition of vehicles and equipment.
2. Carrying out of: (i) selected studies, including an assessment of economic opportunities of returning Ex-Combatants, a beneficiary assessment of Ex-Combatants demobilized prior to the date of this Agreement, design and costing of assistance packages to disabled Ex-Combatants, development of a pre-demobilization orientation program and a community sensitization and participation program; and (ii) financial audits and monitoring and external evaluations of the Project.
3. (i) Rehabilitation of demobilization centers and medical facilities; (ii) acquisition of medical and other equipment, drugs and prostheses to support the reintegration of chronically ill

or disabled Ex-Combatants; and (iii) acquisition of HIV/AIDS prevention and protection tools and test kits.

* * *

The Project is expected to be completed by June 30, 2005.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

Goods shall be procured in accordance with: (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines); and (b) the provisions of the following Parts of this Section I.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$300,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Goods estimated to cost less than \$300,000 equivalent per contract, up to an aggregate amount not to exceed \$400,000 equivalent may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Works estimated to cost more than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 equivalent may be procured under contracts awarded

in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International or National Shopping

(a) Goods estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$800,000 equivalent, may be procured under contracts awarded on the basis of international/national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

(b) Civil works estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent, may be procured under contracts awarded on the basis of international/national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Private Sector Imports

Goods imported by the private sector under Category (1) in the table in Schedule 1 to this Agreement, estimated to cost less than \$2,000,000 equivalent per contract may be procured in accordance with established commercial practices satisfactory to the Association.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for goods and works estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to the first three contracts for goods under category 3 of the table in paragraph 1 of Schedule 1 to this Agreement, and the first three contracts for works estimated to cost less than \$100,000 each, the following procedures shall apply:

- (i) prior to the execution of any contract under shopping procedures, the Borrower shall provide to the Association a report on the comparison and evaluation of quotations received;
- (ii) prior to the execution of any contract procured under direct contracting or shopping procedures, the Borrower shall provide to the Association a copy of the specifications and the draft contract; and
- (iii) the procedures set forth in paragraphs 2(f), 2(g) and 3 of Appendix 1 to

the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines); and (b) the provisions of the following Parts of this Section II.

Part B: Quality- and Cost-Based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The shortlist of consultants estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Technical advisory services and training under Part B of the Project, estimated to cost less than \$75,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines, up to an aggregate amount not to exceed \$150,000 equivalent, shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

3. Least Cost Selection

Services for financial audits and external evaluations estimated to cost less than

\$100,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

4. UN Agencies

Technical advisory services under Part B.1 and B.2 (i) of the Project may be procured under contracts with UN agencies in accordance with the provisions of paragraph 3.13 of the Guidelines.

5. Single Source Selection

Technical advisory services under Part B.1 and B.2 (i) of the Project may, with the Association's prior agreement, be procured under contracts with UN agencies in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 and (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$25,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

(d) All terms of reference for contracts for consultants' services shall be submitted to the Association for prior review.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

I. Project Coordination and Management

1. The Borrower shall establish and maintain thereafter at all times during the implementation of the Project the RDRC in form and substance satisfactory to the Association. RDRC shall be responsible for overall coordination, management and implementation of the Project, and in particular for: (i) formulating Program policy proposals; (ii) identifying and resolving major implementation issues related to the Program; (iii) monitoring and guiding the work of the Technical Secretariat and other institutions involved in Program implementation; and (iv) carrying out other activities as necessary to ensure the achievement of Program objectives.

2. RDRC shall be supported at the central level by a Technical Secretariat (TS) which shall be responsible for: (i) the preparation and costing of detailed annual implementation plans for the Program; (ii) the implementation and coordination of the individual Program components and to this end shall establish close links with the relevant Borrower agencies as well as local organizations and associations, the private sector, international donor and UN agencies; (iii) the transparent and accountable administration of the Program, including procurement and financial management; and (iv) monitoring and evaluation. TS shall maintain at all times during the implementation of the Project the following key staff with experience and qualifications satisfactory to the Association: a Program coordinator, and 3 officers responsible for administration and finance; operations; and information management, respectively.

3. RDRC shall be represented in each province of the Borrower by a PPO which shall be responsible for: (i) updating the inventory of projects and training and employment providers; (ii) conducting outreach activities, including counseling and referral; (iii) technical and financial monitoring of reintegration activities, especially at the community level; and (iv) coordinating with Borrower institutions at the local level and non-governmental institutions. PPOs shall at all times during the implementation of the Project maintain staff with experience and qualifications satisfactory to the Association, which shall include at a minimum, a program officer for provinces with 1000 or more registered Ex-Combatants and an assistant program officer for provinces with less than 1000 registered Ex-Combatants.

4. The Borrower shall carry out the Project in accordance with the PIM, and shall not amend or waive any provision thereof which in the opinion of the Association shall materially or adversely impact the implementation of the Project. The PIM shall specify the detailed rules and processes for demobilization, including identification and screening of Ex-Combatants; the criteria, procedures and terms and conditions of reinsertion and reintegration assistance to Ex-Combatants; verification of assistance packages; flow of funds to Ex-Combatants and verification of the use of such funds by Ex-Combatants for the intended purposes.

5. The Borrower shall, no later than within six months of the Effectiveness Date, and annually thereafter or upon the request of the Association, furnish to the Association: (i)

verification that a random sample of a minimum of 3% of the Ex-Combatants have received their payments in accordance with the semi-annual work program and budget of the Project; and (ii) verification that a random sample of a minimum of 3% of the Ex-Combatants have acquired the goods and services intended.

II. Monitoring and Evaluation

1. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators specified in Schedule 6 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about March 31, June 30, September 30 and December 31 in each year, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by March 31 and September 30 in each year, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

2. Without limitation upon the Borrower's obligations with respect to auditing of Project accounts set forth in Section 4.01 (b) of this Agreement, the Borrower shall, at the request of the Association, carry out any additional audits as may be needed of the records and accounts for the Special Account, Deposit Account as well as the Demobilization and Reintegration Fund Account.

3. The Borrower shall carry out no later than February 15 every year an external evaluation of the implementation of the Project under terms of reference satisfactory to the Association and communicate to the Association the results of such evaluation.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible categories" means Categories (2) through (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the

provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$800,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$400,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 960,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to, or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals

should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the Special Account minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (a) provide such additional evidence as the Association may request; or (b) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 6

Performance Indicators

Project Component or Subcomponent	Key Performance Indicators
Demobilization	<ul style="list-style-type: none">• About 5,000 Ex-Combatants from the RPA are demobilized every six months in 2002 and 2003.• Each returning Ex-Combatant from an Armed Group is demobilized in accordance with the criteria and procedures set out in PIM.• Each Ex-Combatant has received an ID card and is captured in the management information system (MIS) database.
Reinsertion	<ul style="list-style-type: none">• Each demobilized Ex-Combatant has received a basic needs kit within one month of demobilization.• The time elapsed between registration in a Provincial Program Office and bank payment of the first installment of the recognition of service allowance to each demobilized RPA Ex-Combatant does not exceed 2 months.• Each Ex-Far Ex-Combatant has registered at a Provincial Program Office and has received his/her recognition of service allowance within six months of registration.
Reintegration	<ul style="list-style-type: none">• Reintegration grant payments to demobilized Ex-Combatants are made no later than 9 months after demobilization.• Average costs for reintegration assistance under the vulnerability support window do not exceed FRw150,000.

Project Component or Subcomponent	Key Performance Indicators
Special Target Groups	<ul style="list-style-type: none"> • All demobilized female Ex-Combatants have received reinsertion and reintegration benefits under the Program in the same amount and according to the same procedures as demobilized male Ex-Combatants. • Each demobilized disabled Ex-Combatant has received medical rehabilitation assistance within 18 months of demobilization. • Each demobilized child Ex-Combatant has received targeted reintegration rehabilitation assistance within 12 months of demobilization.
Implementation Arrangements	<ul style="list-style-type: none"> • 12 Provincial Program Offices are operational within 3 months of Credit effectiveness in accordance with criteria set forth in the Program implementation manual. • At least 50% of CDCs are administering the approval process of grants for income-generating activities within 12 months of Credit effectiveness. • An independent evaluation is carried out annually and includes an analysis of environmental and social monitoring indicators.
Other	<ul style="list-style-type: none"> • Recurrent expenditures on education and health reach FRw 36.4 billion in 2002, FRw 40.8 billion in 2003 and FRw 45.7 billion in 2004.

