



CREDIT NUMBER 7324-RW

Financing Agreement

(Additional Finance for the Access to Finance for Recovery and Resilience Project)

between

REPUBLIC OF RWANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION



CREDIT NUMBER 7324-RW

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF RWANDA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in the amount of one hundred million United States Dollars (USD 100,000,000) (variously, “Credit” and “Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are May 1 and November 1 in each year.
- 2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.06. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall: (a) carry out Part 4 of the Project; (b) through MINECOFIN carry out Part 3.3(iii) of the Project; (c) cause Parts 1.1, 2, 3.1(i), 3.2(ii), and 3.3(ii) to be carried out by the Business Development Fund; and (d)

cause Parts 1.2, 1.3, 1.4, 3.1(ii), 3.2(i), and 3.3(i) to be carried out by the Development Bank of Rwanda, all in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and each of the Project Agreements.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
- (a) the BDF Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the BDF to perform any of its obligations under this Agreement;
 - (b) the BRD Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the BRD to perform any of its obligations under this Agreement; and
 - (c) either of the PIEs has failed to perform any of its obligations under its respective Project Agreement.
- 4.02. The Additional Event of Acceleration consist of the following, that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V— EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) that each of the Subsidiary Agreements have been duly updated, executed and delivered and is legally binding upon the Recipient and each Project Implementing Entity, each in accordance with its terms; and
 - (b) the Project Implementation Manual (“PIM”), as referred to in Section I.B.1 of Schedule 2 to this Agreement, has been updated and adopted by the Recipient and each PIE in a form and substance acceptable to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Recipient's minister responsible for finance and economic planning.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Ministry of Finance and Economic Planning
12 KN 3 Ave
P.O BOX 158
Kigali, Rwanda; and

(b) the Recipient's Electronic Address is:

Telephone:	Fax:	E-mail:
(+250) 25 257 7581	(+250) 25 257 5756	info@minecofin.gov.rw

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	(+1) 202 477 6391

AGREED as of the Signature Date.

REPUBLIC OF RWANDA

By

Uzziel Ndagijimana

Authorized Representative

Name: Uzziel Ndagijimana

Title: Minister of Finance and Economic Planning

Date: 04-Jun-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Rolande Pryce

Authorized Representative

Name: Rolande Pryce

Title: Country Manager

Date: 04-Jun-2023

SCHEDULE 1

Project Description

The objective of the Project is to increase access to finance and support recovery and resilience of businesses affected by the COVID-19 pandemic.

The Project consists of the following parts:

Part 1: Liquidity and Recovery Facility

- 1.1 *Micro Business Credit Line*: provision of Financial Intermediary Loans to MFIs for the purpose of on-lending as Sub-Loans to eligible MSEs to finance urgent liquidity needs, working capital expenditures, asset purchase.
- 1.2 *Refinancing Credit Line*: provision of Financial Intermediary Loans to Participating Financial Institutions for the purpose of on-lending as Sub-Loans to eligible Enterprises to refinance existing financial commitments.
- 1.3 *Working Capital and Investment Credit Line*: provision of: (i) Direct Lending to eligible Beneficiaries to support investment financing for fixed assets acquisition, operational expenditure related to building scale and working capital to high growth potential investments; and (ii) Financial Intermediary Loans to Participating Financial Institutions for the purpose of on-lending as Sub-Loans to eligible Beneficiaries to support investment financing for fixed assets acquisition, operational expenditure related to building scale and working capital to high growth potential investments.
- 1.4 *Sustainability Linked Financing*: (i) provision of technical assistance for the design and establishment of a junior credit enhancement facility for the purpose of providing collateral to private investors for the payment obligations of the issuer of bonds, issued to finance participating financial institutions' lending activities to SMEs and large companies; and (ii) endowment of the Junior Credit Enhancement Facility for the financing of its activities.

Part 2: Risk Sharing Facility

- 2.1 *Partial Credit Guarantee*: provision of technical assistance to BDF to strengthen its Partial Credit Guarantee product, capacity building of BDF and PFIs on the Partial Credit Guarantee product and capitalization of the PCG capital base of BDF.
- 2.2 *Bridge Lending Window for Vulnerable SMEs*: (i) establishment and operationalization of a bridge lending window within BDF; (ii) provision of Financial Intermediary Loans to Participating Financial Institutions for the

purpose of on-lending as Sub-Loans, bridge financing to eligible SMEs to cover debt servicing cost in case of a relatively frequent and moderate shock; and (iii) designing an insurance contract and financing premium payments of the insurance product to provide a backstop loss protection to the capital in the bridge lending window.

Part 3: Institutional Strengthening and Implementation Support

3.1 *Strengthening Enterprises Capability for Resilience and Recovery:*

- (i) **BDF:** Supporting awareness campaigns on the Economic Recovery Fund and provision of technical assistance and business development services to micro and small enterprises; and
- (ii) **BRD:** supporting awareness campaigns on the Economic Recovery Fund and provision of technical assistance and business development services to high growth, high potential, small, medium and large enterprises.

3.2 *Institutional Strengthening:*

- (i) **BRD:** providing technical assistance to enhance the capacity and efficiency of the operations of BRD; and
- (ii) **BDF:** (A) providing technical assistance to enhance the capacity and efficiency of the operations of BDF, and (B) providing trainings and capacity building to both government and private sector stakeholders on the technical aspects of the Project.

3.3 *Project Management and Monitoring:* Supporting project management activities, including: (A) project staffing and their training; (B) procurement and financial management; (C) environmental and social safeguards implementation and compliance; (D) monitoring and evaluation; (E) equipment and operating costs; and (F) communication and knowledge management for:

- (i) **BRD;**
- (ii) **BDF; and**
- (iii) **MINECOFIN.**

Part 4: Contingency Emergency Response Component

Providing immediate response to an Eligible Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall designate and charge MINECOFIN with overall responsibility for Project coordination.
2. **Project Coordination Team (“PCT”)**
 - (a) The Recipient shall, through MINECOFIN maintain throughout Project implementation a PCT with adequate resources and facilitation, key staff holding such qualifications and under terms of reference acceptable to the Association, such staff to include but not limited to a Project coordinator, a monitoring and evaluation specialist, an environmental and social coordinator, and (leveraged from the MINECOFIN SPIU) appoint a financial management specialist and a procurement specialist.
 - (b) The PCT shall be responsible for: (i) overall responsibility for the day-to-day coordination and management, including direct support to the three (3) PIEs; (ii) Project management; (iii) overall Project monitoring and evaluation; (iv) progress reporting on a quarterly basis; and (v) such other functions as may be further detailed in the PIM.
 - (c) Notwithstanding the provisions of paragraph (a) and (b) above, the Recipient shall, throughout the implementation of the Project maintain the MINECOFIN SPIU with the financial management specialist and procurement specialist appointed to the PCT.
3. **National Steering Committee (“NSC”)**
 - (a) The Recipient shall, through MINECOFIN, maintain throughout Project implementation an NSC with adequate resources and facilitation, key members holding such qualifications and under terms of reference acceptable to the Association, such members to include the minister in charge of finance and economic planning, the minister in charge of trade and industry, minister in charge of local government, the chief executive officer of BRD, the chief executive officer of BDF, the chief executive officer of Rwanda Development Board, the governor of BNR, the chief executive officer of the Private Sector Federation, and the chairman of the Rwanda Bankers’ Association.

- (b) The NSC shall be responsible for: (i) discussing policy and strategic issues related to the ERF and the Project; and (ii) providing high-level Project oversight and policy coordination as further detailed in the PIM.

4. Project Technical Committee (“PTC”)

- (a) The Recipient shall maintain throughout Project implementation a Project Technical Committee with adequate resources and facilitation, key members holding such qualifications and under terms of reference acceptable to the Association, such members to include the chief economist MINECOFIN, representatives from MINICOM, RDB, National Bank of Rwanda, BRD, BDF, Rwanda Banker’s Association, and the Association of Microfinance Institutions of Rwanda.
- (b) The PTC shall be responsible for: (i) providing strategic guidance and technical advisory support for Project implementation; (ii) reviewing implementation progress on a periodic basis; and (iii) resolving any Project coordination and implementation bottlenecks that may arise.

5. Development Bank of Rwanda

The BRD shall be responsible for implementation of Parts 1.2, 1.3, 1.4, 3.1(ii), 3.2(i), and 3.3(i) of the Project in accordance with the provisions of the BRD Project Agreement.

6. Business Development Fund

The BDF shall be responsible for implementation of Parts 1.1, 2, 3.1(i), 3.2(ii), and 3.3(ii) of the Project in accordance with the provisions of the BDF Project Agreement.

B. Implementation Arrangements

1. Project Implementation Manual

- (a) The Recipient shall: (i) cause BDF to carry out Parts 1.1, 2, 3.1(i), 3.2(ii), and 3.3(ii) of the Project in accordance with the BDF Project Implementation Manual; (ii) cause BRD to carry out Parts 1.2, 1.3, 1.4, 3.1(ii), 3.2(i), and 3.3(i) of the Project in accordance with the BRD Project Implementation Manual; and (iii) through MINECOFIN carry out Part 3.3(iii) of the Project in accordance with the MINECOFIN Project Implementation Manual, (collectively the “Project Implementation Manual”).
- (b) Each PIM shall be updated in accordance with terms of reference satisfactory to the Association and setting forth the rules, methods,

guidelines and procedures for the carrying out of the respective parts of the Project, including, *inter alia*: arrangements on financial management, setting forth the detailed policies and procedures for financial management under the Project; procurement management procedures; institutional administration, coordination, and day-to-day execution of Project activities, including the respective roles and responsibilities of each of the Project Implementing Entities; monitoring and evaluation; reporting; information and communication of Project activities; guidelines for assessing potential environmental and social impacts of the Project and designing appropriate mitigation, management, and monitoring measures in respect of such impacts; all arrangements for the implementation of FI Loans, Sub-Loans, Sub-projects, and Partial Credit Guarantees criteria and pricing; the Verification Protocol applicable to certify the achievement of PBCs; the Project's results framework and monitoring indicators; the terms and conditions of the Participating Agreements, Sub-Loan Agreements and Guarantee Agreement; rules, structure and mode of operation of the Junior Credit Enhancement Facility, and such other technical and organizational arrangements and procedures as shall be required for the effective implementation of the Project.

- (c) In case of any conflict between the provisions of the Project Implementations Manuals and the provisions of this Agreement, the provisions of this Agreement shall prevail, and except as the Association shall otherwise agree, neither the Recipient nor the Project Implementing Entities shall amend, abrogate or waive any provision of the Project Implementations Manuals.

2. **Annual Work Plan and Budget**

- (a) The Recipient shall, not later than December 15 of each Fiscal Year consolidate and furnish to the Association for the Association's no objection, a consolidated annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.
- (b) The Recipient shall exchange views with the Association on each such proposed consolidated annual work plan and budget, and upon the Association's no objection, shall cause each Project Implementing Entity to thereafter adopt, and carry out such respective program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association ("Annual Work Plan and Budget").

C. Subsidiary Agreement

1. To facilitate the carrying out of:
 - (a) Parts 1.1, 2, 3.1(i), 3.2(ii), and 3.3(ii) of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Categories (1), (2) and (5) of the table set forth in Section III.1 of this Schedule available to BDF under a subsidiary agreement between the Recipient and BDF (“BDF Subsidiary Agreement”); and
 - (b) Parts 1.2, 1.3, 1.4, 3.1(ii), 3.2(i), and 3.3(i) of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Category (3) of the table set forth in Section III.A. of this Schedule available to BRD under a subsidiary agreement between the Recipient and BRD (“BRD Subsidiary Agreement”).
2. Each Subsidiary Agreement shall be entered into under terms and conditions approved by the Association, which shall include:
 - (a) the amount of the Financing made available under each Subsidiary Agreement as a subsidiary grant, a subsidiary loan or as capitalization (as applicable).
 - (b) the subsidiary loan shall be: (i) denominated and repayable in Rwandan franc; and (ii) under financial terms and conditions, including repayment, interest rate and grace periods, acceptable to the Association;
 - (c) the obligation of each Project Implementing Entity to: (i) carry out the respective parts of Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient; (ii) provide, promptly as needed, the resources required for the purpose of carrying out the respective parts of Project; (iii) procure the goods, works, non-consulting services and consultants’ services to be financed out of the subsidiary loan in accordance with the provisions of this Agreement; (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the respective parts of the Project and the achievement of its objectives; (v) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related the respective parts of the

Project; and (B) have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (vi) enable the Recipient and the Association to inspect the respective parts Project, its operation and any relevant records and documents; and (vii) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing; and

(d) the right of the Recipient to take remedial actions against the Project Implementing Entity, in case the Project Implementing Entity shall have failed to comply with any of its obligations under the Subsidiary Agreement, which actions may include, *inter alia*, the partial or total suspension and/or cancellation or refund of all of any part of the proceeds of the financing transferred to the Project Implementing Entity pursuant to the Subsidiary Agreement.

3. The Recipient shall exercise its rights under each Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any of the Subsidiary Agreement or any of their provisions.

4. In the event of any conflict between the provisions of any of the Subsidiary Agreements and those of this Agreement, the latter shall prevail.

D. Participating Agreements

1. In order to implement Parts 1 and 2 of the Project, the Recipient shall ensure that each Project Implementing Entity shall: (a) select the respective PFIs in accordance with the eligibility criterion set forth in the PIMs and including a minimum requirement that each PFI: (i) is in full compliance with the Recipient's relevant laws, as applicable; and (ii) has satisfactory staff capacity and managerial autonomy to carry out its role in the Project; and (b) enter into Participating Agreements with Participating Financial Institutions ("Participating Agreements"), as the case may be, under the terms and conditions set forth in the PIMs and eligibility criteria and procedures acceptable to the Association, and to monitor compliance by each PFI with the terms and conditions of each, Participating Agreement.

2. The Recipient shall take all measures in its powers to ensure that each Project Implementing Entity shall exercise its rights under its respective Participating Agreements in such manner as to protect its interests and the interests of the Association in order to accomplish the purposes of the Financing. The Project

Implementing Entities shall not assign, amend, abrogate or waive the Participating Agreements without the prior written approval of the Association.

E. Sub-projects

The Recipient shall cause each Project Implementing Entity to ensure that each PFI:

- (a) Selects eligible MSMEs, eligible Beneficiaries or eligible Enterprises (as applicable) which:
 - (i) comply with the eligibility criteria set forth in the Project Implementational Manuals, including that the eligible MSMEs, eligible Beneficiaries or eligible Enterprises, as applicable, shall have an ownership, management and financial structure consistent with the laws and regulations of the Recipient; and
 - (ii) are not in litigation or on a list of companies declared ineligible by the Association to participate in Association-financed projects;
- (b) screens and selects Sub-projects in accordance with the selection and eligibility criterion set forth in the PIMs. The following Sub-projects shall not be eligible for financing, as further set forth in the Project Implementational Manuals:
 - (i) any Sub-projects involving non-eligible expenditures (as such term is defined in the Project Implementational Manuals);
 - (ii) any Sub-projects affecting international waterways, natural habitats, disputed areas or indigenous peoples;
 - (iii) any Sub-projects involving the conversion or degradation of forest areas;
 - (iv) any Sub-projects involving the involuntary taking of land or involuntary resettlement resulting in relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, or involving the involuntary restriction of access to legally designated parks and protected areas;
 - (v) any Sub-projects involving the construction or rehabilitation of dams;
 - (vi) any Sub-projects that finance Excluded Expenditures.

F. Sub-Loan Agreements

For the purposes of carrying out Sub-projects under Parts 1 and 2.2 of the Project, the Recipient shall cause each Project Implementing Entity to ensure that each PFI enters into a Sub-Loan Agreement with each eligible Beneficiary, eligible MSME or eligible Enterprise (as applicable) on terms and conditions set forth in the Project Implementational Manual and eligibility criteria and procedures acceptable to the Association.

G. Partial Credit Guarantees

For the purposes of carrying out Part 2.1 of the Project, the Recipient shall cause BDF to enter into a Guarantee Agreement with each PFI on terms and conditions set forth in the Project Implementation Manual and eligibility criteria and procedures acceptable to the Recipient and the Association.

H. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project (“Contingent Emergency Response Part”), the Recipient shall ensure that:
 - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
 - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
 - (c) the Contingent Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of

the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and

- (d) neither the CERC Manual nor the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
 3. The Recipient shall ensure that:
 - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Association; and
 - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
 4. Activities under the Contingent Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

I. Environmental and Social Standards

1. The Recipient shall, and shall cause each Project Implementing Entity to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause each Project Implementing Entity to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause each Project Implementing Entity to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;

- (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- 3. Without limitation upon the provisions of paragraph 2 above, if sixty (60) days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall, and shall cause each Project Implementing Entity to: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall be deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.
- 4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 5. The Recipient shall, and shall cause each Project Implementing Entity to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

6. The Recipient shall, and shall cause each Project Implementing Entity to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consulting services, FI Loans, Training and Operating Costs for Parts 1.1, 3.1(i), 3.2(ii) and 3.3(ii) of the Project (BDF)	31,500,000	100%
(2) Goods, non-consulting services, consulting services, capitalization, FI Loans, Training and Operating Costs for Part 2.2 of the Project (BDF)	3,000,000	100%

(3) Goods, non-consulting services, consulting services, FI Loans, lines of credit, Training and Operating Costs for Parts 1.2, 1.4(i), 3.1(ii), 3.2(i) and 3.3(i) of the Project (BRD)	0	100%
(4) Direct Lending and FI Loans for Part 1.3 of the Project (BRD)	45,000,000	100%
(5) Capitalization of the Junior Credit Enhancement Facility under Part 1.4(ii) of the Project (BRD)	20,000,000	100%
(6) Goods, non-consulting services, consulting services, Training and Operating Costs under Part 3.3(iii) of the Project (MINECOFIN)	500,000	100%
TOTAL AMOUNT	100,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; or under categories 1 and 4 until and unless the ESMF and the Gender Action Plan have been updated and adopted in a manner satisfactory to the Association; or
 - (b) under Category 5 unless and until the Junior Credit Enhancement Facility has been established in accordance with the provisions of the PIM and in a manner satisfactory to the Association.
2. The Closing Date is August 31, 2028.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 1 and November 1: commencing November 1, 2029, to and including November 1, 2034	8.33334%
On May 1, 2035	8.33326%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to renumbered Section 3.03(b) (originally numbered Section 3.05(b)) of the General Conditions.

APPENDIX

Definitions

1. “Annual Work Plans and Budget” means an annual work plan and corresponding budget with sources of financing, prepared or to be prepared and consolidated periodically in accordance with Section I.B.2 of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. “Association of Microfinance Institutions of Rwanda” means an umbrella organization of microfinance institutions operating in Rwanda, established in 2007, whose object is to build a flourishing microfinance sector Rwanda.
4. “BDF Legislation” means the resolution of the board of directors of BDF dated March 17, 2011, approving the merger of BAS Ltd and BRD Development Fund, BDF Ltd, into a consolidated company called BDF Ltd and any relevant legislation of the Recipient that regulated the operations of BDF.
5. “BDF Project Agreement” means the Project Agreement between the Association and BRD for the implementation of Parts 1.1, 2, 3.1(i), 3.2(ii), and 3.3(ii) of the Project.
6. “BDF Project Implementation Manual” means the BDF project implementation manual referred to in Section I.B 1 of Schedule 2 to this Agreement.
7. “BDF Subsidiary Agreement” means the subsidiary agreement to be entered into between the Recipient and BDF referred to in Section I.C of Schedule 2 to this Agreement.
8. “Beneficiaries” means companies and MSMEs as defined in the PIM, established and operating within the territory of the Recipient.
9. “BLW” means bridge lending window.
10. “BRD Legislation” means the BRD memorandum and articles of association approved by Resolution No. 03/2016/EOGM of the meeting of shareholders of the BRD dated September 19, 2016 and any relevant legislation of the Recipient that regulates the operations of BRD.

11. “BRD Project Agreement” means the Project Agreement between the Association and BRD for the implementation of Parts 1.2, 1.3, 1.4, 3.1(ii), 3.2(i), and 3.3(i) of the Project.
12. “BRD Project Implementation Manual” means the BRD project implementation manual referred to in Section I.B.1 of Schedule 2 to this Agreement.
13. “BRD Subsidiary Agreement” means the subsidiary agreement to be entered into between BRD and the Recipient referred to in Section I.C of Schedule 2 to this Agreement.
14. “Business Development Fund” or the acronym “BDF” means a company incorporated under the laws of the Recipient whose registered office is at Kigali with registration company code 101831722 registered in the Rwanda Development Board.
15. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
16. “CERC Manual” means the manual referred to in Section I.H, of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the PIM.
17. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 4 of the Project to respond to an Eligible Crisis or Emergency.
18. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
19. “Development Bank of Rwanda” or the acronym “BRD” means a public company limited by shares, incorporated on March 23, 2012, registered at the Recipient's office of the registrar general with company code No. 100003547.
20. “Direct Lending” means a loan to be extended by BRD to Beneficiaries under Part 1.3(i) of the Project.
21. “Economic Recovery Fund” or the acronym “ERF” means the Recipient’s program established by Cabinet Resolution on April 30, 2020 to: (i) support businesses in the sectors hit by the COVID-19 pandemic so they can survive, resume work, production and safeguard employment; and (ii) expand domestic production during the COVID-19 pandemic.
22. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

23. “Emergency Action Plan” means the plan referred to in Section I.H of Schedule 2, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
24. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.H of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
25. “Enterprise” means micro, small, medium and large enterprises as defined in the PIM, established and operating within the territory of the Recipient.
26. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated April 24, 2023 as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
27. “Environmental and Social Standards” or “ESSs” means, collectively:
(i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
28. “ESMF” means the environmental and social management framework, to be prepared by MINECOFIN with BRD and BDF, satisfactory to the Association, setting out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts of the Project which will be identified and appraised during Project implementation, and containing measures and plans to avoid, minimize, reduce or mitigate specific risks and adverse impacts of the Project, and enhance positive impacts, provisions for estimating and budgeting

the costs of such measures and plans, and information on the agency or agencies other entities responsible for addressing the relevant project risks and impacts, as said framework may be amended from time to time with the Association's prior written agreement.

29. "Excluded Expenditure" means the list of excluded expenditures provided for in the PIM and in the ESCP.
30. "Financial Intermediary Loans" or "FI Loans" means a loan made to a Participating Financial Institution by a PIE under Parts 1 and 2.1 of the Project.
31. "Fiscal Year" means each fiscal year of the Recipient commencing on July 1 and ending on June 30 of the subsequent year.
32. "Gender Action Plan" means Recipient's plan, satisfactory to the Association, designed to address gender gaps in access to different credit lines under the Project.
33. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Investment Project Financing", dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
34. "Grant Agreement" means the grant agreement for the Project between the Recipient and the Association, acting as administrator of the Global Risk Financing Facility, dated the same date as this Agreement, and as be amended from time to time, and including all appendices, schedules and agreements supplemental to the Grant Agreement.
35. "Guarantee Agreement" means the agreement to be entered into between BDF and each PFI setting forth the terms and conditions governing the Partial Credit Guarantee, pursuant to section I.G of schedule 2 to this Agreement.
36. "Junior Credit Enhancement Facility" means the facility established and endowed under Part 1.4 of the Project.
37. "Micro-Finance Institutions" or the acronym "MFI" means any organization that exercises micro finance activities, including savings and credit cooperatives as defined in the Recipient's laws and regulations, operating within the territory of the Recipient.
38. "MINECOFIN Project Implementation Manual" means the MINECOFIN project implementation manual referred to in Section I.B.1 of Schedule 2 to this Agreement.

39. “MINECOFIN SPIU” means the single project implementation unit within MINECOFIN referred to in Section I.A.2 of Schedule 2 to this Agreement.
40. “MINICOM” means the Recipient’s ministry in charge of trade and industry, or its successor thereto.
41. “Ministry of Finance and Economic Planning” or “MINECOFIN” means the ministry in charge of finance and economic planning.
42. “MSEs” means micro and small enterprises as defined in the PIM, established and operating within the territory of the Recipient.
43. “MSMEs” means micro, small and medium enterprises as defined in the PIM, established and operating within the territory of the Recipient.
44. “National Bank of Rwanda” or the acronym “BNR” means the Recipient’s central bank established and governed pursuant to Law No. 48/2017 of 23/9/2017.
45. “National Steering Committee” or the acronym “NSC” means the national steering committee established under section I.A.3 of Schedule 2 to this Agreement.
46. “Operating Costs” means the reasonable incremental expenses arising under the Project, and based on the Annual Work Plan and Budget, and consisting of, audit fees, expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, bank fees, communication and insurance costs, internet service charges, media and advertising expenses, office administration costs, utilities, rental, consumables, accommodation, travel and *per diem*, and salaries of Project staff, but excluding the salaries of the Recipient’s civil servants, meeting allowances, other sitting allowances, salary top ups and all honoraria.
47. “Original Financing Agreement” means the agreement between the Recipient and the Association for the Original Project dated June 23, 2021 (Credit No 6927-RW and Grant No D852-RW), as such agreement may be amended from time to time.
48. “Original Project” means the project described in Schedule 1 of the Original Financing Agreement and the SUF Financing Agreement.
49. “Partial Credit Guarantees” or the acronym “PCG” means guarantees to be provided by BDF under Part 2.1 of the Project.
50. “Participating Agreements” means the agreements referred to in Section I.D.1 of Schedule 2 to this Agreement.

51. “Participating Financial Institutions” or the acronym “PFI” means the selected banks and Micro-Finance Institutions to carry out Parts 1 and 2 of the Project, as set forth in the Project Implementation Manual and in accordance with the Participating Agreements.
52. “Performance Based Condition” or “PBC” means with respect of Category (5) each of the conditions related to said Category as set forth in the table in section III.A of Schedule 2 to this Agreement, and “Performance Based Conditions” or “PBCs” means, collectively, more than one such Performance Based Condition or PBC.
53. “Private Sector Federation” means an organization established in December 1999 to promote and represent the interests of the Rwandan business community.
54. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
55. “Project Coordination Team” or the acronym “PCT” means the project coordination team referred to section I.A.2 of Schedule 2 to this Agreement.
56. “Project Implementation Manual” or the acronym “PIM” means together the BRD Project Implementation Manual, the MINECOFIN Project Implementation Manual and the BDF Project Implementation Manual referred to in Section I.B 1 of Schedule 2.
57. “Project Implementing Entity” or the acronym “PIE” means BRD and BDF.
58. “Project Implementing Unit” means the unit referred to in section I.A.2 of the Schedule to the BDF Project Agreement.
59. “Project Technical Committee” or the acronym “PTC” means the project technical committee referred to under section I.A.4 of Schedule 2 to this Agreement.
60. “Rwanda Banker’s Association” means the Recipient’s bankers’ association (employers’ association) established pursuant to article 84 of the law No. 66/2018 of 30/08/2018 regulating labor in Rwanda.
61. “Rwanda Development Board” or the acronym “RDB” means the Recipient’s development board established to *inter alia* foster economic development in Rwanda by enabling private sector growth, or any successor entity thereto.
62. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.

63. “SME” means small and medium enterprises as defined in the PIM, established and operating within the territory of the Recipient.
64. “SPIU” means the single project implementation unit within BRD referred to in Section I.A.2 of Schedule to BRD Project Agreement.
65. “Sub-Loan Agreement” means the agreement referred to in section I.F of Schedule 2 to this Agreement pursuant to which Sub-Loans are extended.
66. “Sub-Loans” means a loan made or proposed to be made to eligible Beneficiary, eligible MSME or eligible Enterprise (as applicable) under Parts 1 and 2.2 of the Project.
67. “Subsidiary Agreements” mean together the “BRD Subsidiary Agreement” and the “BDF Subsidiary Agreement”.
68. “SUF Financing Agreement” means the agreement for the Original Project between the Recipient and the Association dated June 23, 2021 of Credit No 6926-RW, as such agreement may be amended from time to time.
69. “Training” means the reasonable cost of training under the Project, as approved by the Association and included in the Annual Work Plan and Budget, including costs associated with seminars, workshops, conference and study tours, travel and subsistence costs for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials and other activities directly related to course preparation and implementation.
70. “Verification Protocol” means Recipient’s protocol detailing the means by which the fulfilment of the PBCs will be verified under the Project, and which is included in the Project Implementation Manual.