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CREDIT NUMBER 7446-RW

# Financing Agreement

(Boosting Green Finance, Investment and Trade in Rwanda Programmatic  
Development Policy Financing)

between

REPUBLIC OF RWANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

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## **FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF RWANDA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore 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 and twenty-five million Dollars (USD 125,000,000), as such amount may be converted from time to time through a Currency Conversion (variously, “Credit” and “Financing”).
- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.04. The Payment Currency is Dollar.
- 2.05. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

### **ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
  - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
  - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- 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 years after the Signature Date.

### **ARTICLE VI- REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is its minister responsible for finance.
- 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:

|                    |                       |
|--------------------|-----------------------|
| Fax:               | E-mail:               |
| (+250) 25 257 7581 | 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**

*Honorable Dr. Uzziel Ndagijimana*

**Authorized Representative**

**Name:** Honorable Dr. Uzziel Ndagijimana

**Title:** Minister of Finance and Economic Planning

**Date:** 12-Dec-2023

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

*Sahr Kpundeh*

**Authorized Representative**

**Name:** Sahr Kpundeh

**Title:** Country Manager, world Bank, Rwanda

**Date:** 12-Dec-2023

## **SCHEDULE 1**

### **Program Actions; Availability of Financing Proceeds**

#### **Section I. Actions under the Program**

The actions taken by the Recipient under the Program include the following:

##### **Pillar A: Increase the private sector's participation, trade, and contestability.**

1. The Recipient through Cabinet has approved the proposed Privatization Law and submitted it to Parliament.
2. The Recipient through Cabinet has approved the new Competition and Consumer Protection Policy 2023, giving directions for effective implementation, ensuring principles of transparency, efficiency, and interinstitutional collaboration.
3. The Recipient through the Prime Minister's Office has approved and gazetted the amended Ministerial Order n° 001/MINICOM/23 of 05/10/2023 relating to insolvency practitioners to strengthen the competence and integrity of insolvency practitioners.
4. The Recipient through BNR has (a) issued Directive No. 4230/2023-00031[613] of 15/05/2023 governing Digital Saving Facilitators that safeguards the funds of savings and credit groups, and (b) gazetted Regulation No. 55/2022 of 27/10/2022 relating to Financial Service Consumer Protection, prohibiting discrimination based on gender in access to credit.
5. The Recipient through Cabinet has approved and gazetted the Presidential Order ratifying the AfCFTA Trade in Services Protocol, and, Rwanda's Schedule of Services Commitments for the opening of AfCFTA service sectors is published in the EAC gazette.

##### **Pillar B: Facilitate climate finance and green public and private investments**

6. The Recipient through Cabinet has approved the revised Rwanda Development Board (RDB) law and submitted it to Parliament; this law includes an investor dispute prevention and grievance management mechanism, in alignment with the AfCFTA Investment Protocol.

7. The Recipient through Parliament has approved and gazetted the Law No. 001/2023 of 13/01/2023 governing National Parks and Nature Reserves (Law), enabling private sector participation in nature conservation.
8. The Recipient through Cabinet has approved the Rwanda Carbon Market Framework, establishing the regulatory framework for access to the international carbon market and carbon trading activities.
9. The Recipient through MINECOFIN has issued a Ministerial Order to implement the procurement law requiring e-Procurement by all procuring entities and by contractors, suppliers, and consultants, as the single online portal for all procurements.

**Section II. Availability of Financing Proceeds**

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

| <b>Allocations</b>            | <b>Amount of the Financing Allocated<br/>(expressed in USD)</b> |
|-------------------------------|---|
| (1) Single Withdrawal Tranche | 125,000,000   |
| <b>TOTAL AMOUNT</b>           | <b>125,000,000</b>  |

**C. Withdrawal Tranche Release Conditions.**

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient’s macroeconomic policy framework.

**D. Deposit of Financing Amounts.**

1. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Rwanda Franc equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient’s budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

**E. Audit.** Upon the Association’s request, the Recipient shall:

1. have the account referred to in Section 2.03 (a) of the General Conditions audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
2. furnish to the Association as soon as available, but in any case not later than three months after the date of the Association’s request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association and
3. furnish to the Association such other information concerning the account referred to in Section 2.03 (a) of the General Conditions and their audit as the Association shall reasonably request.

**F. Closing Date.** The Closing Date is April 30, 2024



**SCHEDULE 2**

**Repayment Schedule**

| <b>Date Payment Due</b>  | <b>Principal Amount of the Credit repayable (expressed as a percentage)*</b> |
|--|--|
| On each May 1 and November 1:<br>commencing May 1, 2034 to and including<br>November 1, 2073 | <b>1.25%</b>   |

\* 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. “AfCFTA” means the African Continental Free Trade Agreement dated March 21, 2018.
2. “AfCFTA Investment Protocol” means the protocol to the agreement establishing the african continental free trade area on investment of January 2023.
3. “Cabinet” means the executive body of the Recipient comprising the Prime Minister, Ministers, Ministers of State and other members who may be determined by the President of the Republic where considered necessary.
4. “EAC” means the means the East African Community, which is a regional intergovernmental organization established by Article 2 of the Treaty for the Establishment of the East African Community and comprising of the 7 Partner States, namely the Republics of Burundi, Kenya, Rwanda, South Sudan, the United Republic of Tanzania, the Republic of Uganda, Democratic Republic of Congo.
5. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
6. “MINECOFIN” means the Recipient’s ministry of finance and economic planning.
7. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated October 24, 2023 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
8. “Rwanda Development Board” means the Recipient’s development board established in 2008 and governed by Law No 057/2023 of 17/11/2023 as government institution, mandated to accelerate its economic development by enabling private sector growth.
9. “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.

10. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.