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CREDIT NUMBER 7257-RW

# Financing Agreement

(Third Programmatic Human Capital for Inclusive Growth Development Policy  
Financing)

between

REPUBLIC OF RWANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

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**CREDIT NUMBER 7257-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 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 A 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 two hundred million Dollars (USD 200,000,000) (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 Payment Dates are June 15 and December 15 in each year.
- 2.04. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.05. The Payment Currency is Dollar.
- 2.06. 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 5756 mfin@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:** 23-Dec-2022

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

Rolande Pryce

**Authorized Representative**

**Name:** Rolande Pryce

**Title:** Country Manager

**Date:** 23-Dec-2022

## SCHEDULE 1

### Program Actions; Availability of Financing Proceeds

#### Section I. Actions under the Program

- A. Actions Taken Under the Program. The actions taken by the Recipient under the Program include the following:

#### *Pillar A: Promoting long-term fiscal sustainability*

1. To strengthen public investment management, the Recipient, through its Ministerial Economic Cluster, has approved a medium-term public investment program to strengthen the existing pipeline for improved project mix.

#### *Pillar B: Enhancing coverage and equity in access to critical social sector programs*

2. To strengthen implementation of the human capital-focused safety net at the decentralized level, the Recipient through its Local Administrative Entities Development Agency has integrated ePW and NSDS targets in district plans and reflected these in the approved budgets, effective FY2022/23.
3. To ensure optimization of resources in the health sector, the Recipient has issued Prime Minister's Order No. 027/03 of 17/11/2022 and published it in the Official Gazette No. Special of 18/11/2022 revising the previous Prime Minister's Order No.136/03 of 03/06/2016 to change the provider payment mechanism to capitation from community-based health insurance to all public primary health care to be implemented within 12 months.
4. To improve pro-poor targeting of key social sector programs, the Recipient, through its Ministry of Local Government, has (i) instructed Local Administrative Entities Development Agency to commence phased implementation of the use of the dynamic social registry for VUP in 2 districts effective October 2022; (ii) instructed Rwanda Social Security Board to commence use of the dynamic social registry for community based health insurance effective January 2023; and (iii) approved a national rollout plan for the use of the social registry for targeted social sector programs.

#### *Pillar C: Enabling learning and development of children*

5. To provide detailed instructions on production and publication of periodic (quarterly and annual) budget execution reports against the budget tagged for nutrition, the Recipient, through its Ministry of Finance and Economic Planning has issued Ministerial Instructions No.0372/10/2022-23/TC revising the previous

MI No. 0035/10/24/MOSNT of July 2021, and has published the first budget execution report on the Ministry of Gender and Family Promotion website.

6. To determine modalities for expansion of pre-primary education in line with the national goals, the Recipient, through its Ministry of Education, has issued Ministerial Instructions No. 002/MINEDUC/2022 dated 13/08/2022 to the Rwanda Basic Education Board, the National Examination and School Inspection Authority, and the districts.
7. To determine the criteria for categorization and grading of teachers to enhance teacher career advancement and management, the Recipient, through its Ministry of Education, has issued Ministerial Instructions No. 003/MINEDUC/2022 dated 13/08/2022 to Rwanda Basic Education Board, Rwanda TVET Board, and the districts.

***Pillar D: Strengthening Decentralized Capacity and Accountability***

8. To enhance the ability of local governments to finance the planning and implementation of human capital development programs, the Recipient, through its Governance Cluster, has approved the Local Government Own Source Revenue Collection and Mobilization Strategy of September 2022 which includes digital and administrative improvements to local revenue projection and collection systems.
9. To ensure efficiency in public administration of the health workforce, the Recipient through its Ministry of Health has issued Ministerial Instructions No. 20/7019 of 21/11/2022 and published it in the Official Gazette No. 47 Bis of 21/11/2022 on recruitment and management of health professionals.

**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 (expressed in USD)</b>
(1) Single Withdrawal Tranche	200,000,000
<b>TOTAL AMOUNT</b>	<b>200,000,000</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 June 30, 2023.



**SCHEDULE 2**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each June 15 and December 15:	
commencing June 15, 2033 to and including December 15, 2072	<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. “ePW” means the Recipient’s expanded public works scheme.
2. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
3. “Governance Cluster” means ministries and agencies with oversight on governance and decentralization policy.
4. “Local Administrative Entities Development Agency” means the Recipient’s agency established pursuant to Law No. 62/2013 of 27/08/2013 as amended.
5. “Ministerial Economic Cluster” means the ministerial coordination forum comprised of Ministries, Boards, and affiliated agencies, established in 2016, mandated to discuss and address economic cross-sectoral issues requiring broad consultations and fast-tracking implementation of strategic decisions as well as initiating new policies and strategies.
6. “Ministry of Education” means the Recipient’s ministry in charge of education.
7. “Ministry of Finance and Economic Planning” means the Recipient’s ministry in charge of finance.
8. “Ministry of Gender and Family Promotion” means the Recipient’s ministry in charge of gender and family promotion.
9. “Ministry of Health” means the Recipient’s ministry in charge of health.
10. “Ministry of Local Government” means the Recipient’s ministry in charge of local government.
11. “National Examination and School Inspection Authority” means a government institution established in 2020 by the presidential order No. 123/01 of 15/10/2020 published in Official Gazette No. 32 of 19/10/2020 mandated to monitor the implementation of norms and standards through school inspections and administrate relevant comprehensive assessments.
12. “NSDS” means the Recipient’s nutrition sensitive direct support co-responsibility cash transfer program.

13. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated November 22, 2022 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.
14. “Rwanda Basic Education Board” means the government institution established in 2020 by the presidential order No. 122/01 of 15/10/2020 published in Official Gazette No. 32 of 19/10/2020, mandated to promote the quality of education in basic, specialized, and adult schools.
15. “Rwanda Social Security Board” means the board established by the law No. 45/2010 of 14/12/2010, and law No. 04//2015 of 11/03/2015 that gives it the responsibility to manage community-based health insurance.
16. “Rwanda TVET Board” means the Rwanda Technical and Vocational Education and Training Board, a government institution established in 2020 by the presidential order No. 123/01 of 15/10/2020 published in Official Gazette No. 32 of 19/10/2020, mandated to promote TVET as per the Rwanda Qualifications Framework (RQF). The RQF was established in compliance with the Article 12 of Law No. 010/2021 of 16/02/2021 determining the organization of education.
17. “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.
18. “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.
19. “VUP” means *Vision 2020 Umurenge Program*, the Recipient’s main social protection program.