
CREDIT NUMBER 70080 -RW
GRANT NUMBER D9370 -RW

Financing Agreement
(Second Programmatic Human Capital for Inclusive Growth
Development Policy Financing)

between

REPUBLIC OF RWANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 70080 -RW
GRANT NUMBER D9370 -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 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 grant and a credit, which are deemed as Concessional Financing for purposes of the General Conditions (collectively, “Financing”) in the following amounts:
 - (a) an amount equivalent to sixty-one million nine hundred thousand Special Drawing Rights (SDR 61,900,000) (“Grant”); and
 - (b) the amount of sixty-three million five hundred thousand Pound Sterling (GBP 63,500,000) (“Credit”).
- 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 Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.
- 2.03. The Payment Dates are May 1 and November 1 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 Pound Sterling.
- 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, namely, 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 (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Recipient's 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:	E-mail:
248423 (MCI)	1-202-477-6391	rwandainfo@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF RWANDA

By

Dr. Uzziel Ndagijimana

Authorized Representative

Dr. Uzziel Ndagijimana

Name: _____

Title: _____ Minister of Finance and Economic Planning

22-Dec-2021

Date: _____

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Rolande Pryce

Authorized Representative

Rolande Pryce

Name: _____

Title: _____ Country Manager

21-Dec-2021

Date: _____

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: Promoting long-term fiscal sustainability

1. The Recipient, through its Ministerial Economic Cluster, has approved and published a comprehensive fiscal risks statement for its fiscal year 21-22, which covers fiscal risk analysis of SOEs and contingent liabilities and aims to strengthen fiscal transparency and fiscal risk management.

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

2. The Recipient, through LODA, has adopted a revised program for the adjustment of benefit levels at least once every three years, effective from FY 2021/2022 and costed until FY 23/24.
3. The Recipient, through its Ministry of Health, has established the methodology to determine the community-based health insurance benefit package including the forms to be used by private and public health providers to monitor care and costs and claim reimbursement from health insurance.
4. The Recipient, through its Ministry of Local Government, has established the key principles for the creation and operationalization of dynamic social registry for all social sector programs which provide targeted benefits and services to the poor, and provided for the application of revised eligibility rules guided by the dynamic social registry for the objective selection of respective beneficiaries.

Pillar C: Enabling learning and development of children

5. The Recipient, through its Ministry of Finance and Economic Planning and support from its Ministry of Gender and Family Promotion, has introduced a nutrition-responsive budgeting system, which mainstreams nutrition in the planning and budget process and better tracks budget execution for nutrition priority activities, starting with the 2022-23 exercise.
6. The Recipient, through its Ministry of Education, has determined the norms and standards in education and the modalities for inspection of their implementation in public, government-subsidized and private educational institutions, which contains key principles to guide standards for teaching-learning materials, school

leadership, and modalities for comprehensive assessment for student promotion, repetition, and dismissal in schools.

7. The Recipient, through its Ministry of Education, has established curriculum in general, professional and technical and vocational basic education, which includes content and teaching hours that improves balance of time for teaching and continuous professional development.

Pillar D: Strengthening decentralized capacity and accountability

8. The Recipient has approved a revised national decentralization policy to realize participatory governance and equitable development, which prioritizes improvements in: (i) the quality of services delivered at the local level, (ii) fiscal and financial space for their financing, and (iii) accountability regarding service delivery at the local level.
9. The Recipient, through its Ministry of Health, has issued guidelines for credentialing and privileging of health professionals in public and subsidized health facilities, which define their qualifications requirements and establishes a committee to support management on matters related to the qualifications of human resources.

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) 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:

Allocations	Amount of the Grant Allocated (expressed in SDR)	Amount of the Credit Allocated (expressed in GBP)
Single Withdrawal Tranche	61,900,000	63,500,000
TOTAL AMOUNT	61,900,000	63,500,000

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 Francs 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 four (4) 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, 2022.

SCHEDULE 2

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 1 and November 1, commencing May 1, 2028 to and including November 1, 2059	1.5625%

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

APPENDIX

Definitions

1. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
2. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
3. “ePW” means the Recipient’s expanded public works scheme.
4. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (revised on August 1, 2020 and April 1, 2021).
5. “LODA” means Local Administrative Entities Development Agency (LODA), the Recipient’s fund established by and operating under law n°62/2013 of 27/08/2013.
6. “NSDS” means the Recipient’s nutrition sensitive direct support co-responsibility cash transfer program
7. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated October 28, 2021 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. “Rwandan Francs” means the currency having legal tender on the Recipient’s territory.
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.

11. "SOE" means state-owned enterprise.
12. "VUP" means Vision 2020 Umurenge Program, which embodies the Recipient's social safety net program.