

CONFORMED COPY

CREDIT NUMBER 2969 RW

Development Credit Agreement

(Emergency Reintegration and Recovery Project)

between

RWANDESE REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 9, 1997

CREDIT NUMBER 2969 RW

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 9, 1997, between RWANDESE REPUBLIC (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter from the Borrower, dated April 22, 1997, describing a program of activities and policies designed to assist in the reintegration of a large number of refugees into productive economic activities and to support national reconciliation, poverty reduction and long-term sustainable development (hereinafter called the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Association in the financing of urgently needed imports required during such execution;

(B) on the basis, inter alia, of the foregoing, the Association has decided, in support of the Program, to provide such assistance by making a Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) Section 2.01, paragraph 9 is modified to read: "'Project" means the imports and other activities that may be financed out of the proceeds of the Credit pursuant to the provisions of Schedule 1 to the Development Credit Agreement."

(b) The last sentence of Section 3.02 is deleted.

(c) Section 5.01 is modified to read: "The Borrower shall be entitled to withdraw the proceeds of the Credit from the Credit Account in accordance with the provisions of the Development Credit Agreement and of these General Conditions."

(d) The last sentence of Section 5.03 is deleted.

(e) Section 9.06 (c) is modified to read: "(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Program referred to in the Preamble to the Development Credit Agreement, the performance by the Borrower and the Association of their respective obligations under the Development Credit Agreement and the accomplishment of the purposes of the Credit." (f) Section 9.04 is deleted and Sections 9.05, 9.06 (as modified above), 9.07 and 9.08 are renumbered, respectively, Sections 9.04, 9.05, 9.06 and 9.07.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and "BNR" means the "Banque Nationale du Rwanda", the Central Bank of the Borrower.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to thirty six million seven hundred thousand Special Drawing Rights (SDR 36,700,000).

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

Section 2.03. The Closing Date shall be December 31, 1998, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

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

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on May 15 and November 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each May 15 and November 15, commencing November 15, 2007 and ending May 15, 2037. Each installment to and including the installment payable on May 15, 2017 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

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

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

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

ARTICLE III

Execution of the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Project and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 2 to this Agreement.

Section 3.03. (a) Without limitation or restriction to the provision of Section 9.01 of the General Conditions, the Borrower shall, in conjunction with the Association, undertake, not later than March 31, 1998, a review of the progress of the Project and the Program, based on performance indicators satisfactory to the Association.

(b) Prior to such review, the Borrower shall furnish to the Association, for its review and comments, a report on the progress achieved in carrying out the Project and the Program, as well as identified deficiencies and proposed solutions, in such detail as the Association shall reasonably request.

(c) Following such review, the Borrower shall promptly undertake such corrective actions as shall be agreed between the Borrower and the Association, or such other action as shall be necessary, in the Association's opinion, as a result of the review referred to in paragraph (a) above, for the achievement of the objectives of the Project and the Program.

Section 3.04. The Borrower shall ensure that the relevant services within the BNR shall: (a) monitor the implementation of the Project; (b) advise private enterprises on issues related to the implementation of the Project; and (c) prepare quarterly progress reports and requests for withdrawal from the Credit Account.

Section 3.05. Without limitation to or restriction upon its reporting requirements under Section 9.06 of the General Conditions and this Agreement, the Borrower shall, with effect from the quarter ending September 30, 1997, submit, quarterly, to the Association for review, progress reports giving details, inter alia, of: (a) the status of disbursements and procurement; (b) the volume of imports; (c) the status of the implementation of the Program; (d) the amount of counterpart funds generated by the Project; and (e) any Project implementation policy issues identified and proposed solutions thereto.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

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

(i) maintain, or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Additional Event of Suspension

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

ARTICLE VI

Effectiveness; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that the Borrower has appointed a coordinator for the Project, with qualifications and experience satisfactory to the Association, within its Ministry of Finance and Economic Planning.

Section 6.02. The date sixty (60) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

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

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

For the Borrower:

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

Cable address:

MINFIN-RWANDA

Telex:

22687
MINFIN-RW

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in

the District of Columbia, United States of America, as of the day and year first above written.

RWANDESE REPUBLIC

By /s/ Theogene Rudasingwa

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Nils A. Tcheyan

Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

TABLE WAS DONE IN COLUMN FORMAT

2. For the purposes of this Schedule, the term "Eligible Imports" means imports of commodities, equipment and goods specified in the Annex to this Schedule.

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

(a) expenditures for imports made by the government or government agencies;

(b) expenditures in the currency of the Borrower or for goods supplied from the territory of the Borrower;

(c) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 9,175,000 may be made on account of payments made for expenditures before that date but after February 28, 1997;

(d) expenditures in excess of an aggregate amount equivalent to SDR 9,250,000 for petroleum products;

(e) expenditures made for imports under contracts below an aggregate amount equivalent to \$10,000;

(f) expenditures for goods supplied under a contract which any national or international financing institution or agency other than the Bank or the Association shall have financed or agreed to finance under another credit, loan or grant;

(g) expenditures (i) in the territories of any country which is not a member of the Bank or for goods procured in, or services supplied from, such territories, or (ii) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

(h) expenditures under a contract in respect of which the Association determines that corrupt or fraudulent practices were engaged in by representatives of the Borrower during the procurement or execution of that contract, without the Borrower having taken timely and appropriate action satisfactory to the Association to remedy the situation. 4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts not exceeding \$2,000,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

ANNEX TO SCHEDULE 1

Eligible Imports

Live animals for breeding.

Seed grains and fruits and spores for planting.

Oil and chemical oil products.

Sugar and industrial glucose.

Petroleum coke, natural and other asphalt, industrial petroleum jelly and paraffin.

Inorganic chemical products.

Hydrocarbons and derivatives.

Pharmaceuticals, medicines.

Fertilizers.

Inks and toners.

Basic oils.

Artificial wax, powders and candles.

Chemical products, insecticides, herbicides, fungicides.

Plastic and cellulose products.

Rubber products (including pipes and cables, tires and surgical products).

Wood and wood products.

Wood pulp, cellulose fibers and paper and carton refuse.

Paper and paper products.

Books, textbooks, engineering and architectural drawing materials.

Cotton and jute fibers and textiles.

Synthetic fibers and textiles.

Ceramic products (including construction bricks, tiles, pipes, etc.).

Glass and glass products.

Iron and steel products.

Copper and copper products.

Nickel and nickel products.

Aluminum and aluminum products.

Lead and lead products.

Zinc and zinc products.

Motors and electrical machinery (gas generators, turbines, pumps, etc.).

Motors and electrical machinery (power generators, transformers, bobbins, etc.).

Telephones and radiophone equipment.

Motor cars, tractors, cycles, and other vehicles (including parts).

Photocopiers, printers.

Topographical, geodesic and mathematical instruments.

Medical instruments.

Gas, liquid or electrical meters.

Medical and surgical furniture.

Prefabricated constructions.

Office equipment.

SCHEDULE 2

Procurement

Section I: Procurement of Goods

Part A: General

Goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 (the Guidelines) and the following provisions of this Section.

Part B: International Competitive Bidding

1. Eligible Imports of goods estimated to cost the equivalent of \$2,000,000 or more shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto, except that bids from within the territory of the Borrower shall not be invited or accepted.

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

(a) Grouping of contracts

To the extent practicable, contracts for imports listed in the Annex to Schedule 1 to this Agreement shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

(b) Notification and Advertising

The invitation to bid for each contract estimated to cost \$10,000,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

Part C: Other Procurement Procedures.

1. Eligible Imports of goods estimated to cost less than \$2,000,000 shall be procured in accordance with established commercial practices, satisfactory to the

Association.

2. All goods procured in accordance with this Part C shall be subjected to pre-shipment inspection for quality, quantity and price verification.

Part D: Review by the Association of Procurement Decisions

1. Prior Review With respect to each contract estimated to cost the equivalent of \$2,000,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

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

