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**CREDIT NUMBER 6796 -RW**  
**GRANT NUMBER D741-RW**

# **Financing Agreement**

**(First Programmatic Human Capital for Inclusive Growth  
Development Policy Financing)**

**between**

**REPUBLIC OF RWANDA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**CREDIT NUMBER 6796 -RW**  
**GRANT NUMBER D741-RW**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between the REPUBLIC OF RWANDA (the “Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the “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 fifty-three million, three hundred thousand Special Drawing Rights (SDR 53,300,000 (“Grant”); and
  - (b) an amount equivalent to sixty-four million, one hundred thousand Euros (EUR 64,100,000)
- 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plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.
- 2.04. The Payment Dates are June1 and December1 in each year.

- 2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.06. The Payment Currency is Euro.
- 2.07. 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, 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, 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:

Tel:	Fax:	E-mail:
+250 25 257 7581	+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**

*Uzziel Ndagijimana*

**Authorized Representative**

Uzziel Ndagijimana

**Name:** \_\_\_\_\_

Minister of Finance and Economic Planning

**Title:** \_\_\_\_\_

17-Dec-2020

**Date:** \_\_\_\_\_

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

*Rolande Pryce*

**Authorized Representative**

Rolande Pryce

**Name:** \_\_\_\_\_

Country Manager

**Title:** \_\_\_\_\_

17-Dec-2020

**Date:** \_\_\_\_\_

## 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:
1. To enhance debt transparency, the Recipient has through the Ministry of Finance and Economic Planning (MINECOFIN) operationalized Article 51.7 of Ministerial Order 00/16/10/TC Relating to Financial Regulations by approving and adopting a procedure manual on the process to be followed for the semi-annual publication of a debt statistical bulletin with comprehensive coverage of public debt and government guarantees, *as evidenced by minutes of the MINECOFIN meeting held on June 5, 2020 confirming the approval and adoption of the Internal Procedure Manual for Debt Statistical Bulletin and a copy of the approved manual dated June 2020.*
  2. To enhance the COVID-19 emergency response and protect and build human capital, the Recipient, through the Ministry of Local Government (MINALOC), has developed and adopted VUP Policy Guidelines to scale-up and expand the Vision 2020 Umurenge Program by increasing coverage of Direct Support cash transfers, Nutrition Sensitive Direct Support (NSDS) cash transfers and expanded Public Works (ePW) schemes, *as evidenced by a letter dated June 19, 2020 from the PS MINALOC to the Association confirming due adoption of the VUP Policy Guidelines, and forwarding a copy of the VUP Policy Guidelines dated June 17, 2020 signed by the Minister of Local Government.*
  3. To improve the financial sustainability of the community-based health insurance (CBHI) and enhance its membership, the Recipient, through the Prime Minister, has approved an increased level of transfers from domestic revenue sources to the CBHI, *as evidenced by a Prime Minister's Order No 105/03 of 30/09/2020 related to the CBHI Scheme Contributions published in Official Gazette n° Special of 01/10/2020.*
  4. To enhance effective delivery of social programs to the poor and vulnerable, the Recipient, through the Ministry of Local Government (MINALOC), has developed and adopted Social Registry Policy Guidelines on the operationalization of a social registry that applies a welfare measurement scorecard on household profiling data, *as evidenced by a letter dated June 19, 2020 from the PS MINALOC to the Association, confirming adoption of the Social Registry Policy Guidelines and forwarding a copy of the Social Registry Policy Guidelines dated June 17, 2020 signed by the Minister of Local Government.*

5. To enhance timely and effective provision of Integrated Early Childhood Development (IECD) services in accordance with the National Early Childhood Development Program (NECDP) Strategic Plan, the Recipient has through the Minister of Gender and Family Promotion issued a ministerial order assigning to decentralized administrative entities responsibility for coordinating and monitoring the implementation of IECD services at their respective decentralized levels, *as evidenced by the Ministerial Order N°001/MIGEPROF/2020 Of 03/06/2020 Establishing Regulations on the Implementation of the Early Childhood Development Programme published in Official Gazette n° Special of 04/06/2020.*
6. To enhance the efficiency of student entry and flow in basic education by following minimum age criteria for admission in grade 1, the Recipient through its Cabinet has approved, adopted and submitted to Parliament the draft law “Governing Education in Rwanda”, *as evidenced by cabinet communique dated August 26, 2020, and letter No. 0414/P.M./2020 dated 10/15/2020, from the Prime Minister, Dr. Edouard Ngirente, to the President of the Chamber of Deputies of Parliament.*
7. To strengthen the quality of teaching and learning in basic education through an effective teacher management system, the Recipient has through the Executive issued Special Statutes Governing Teachers in Nursery, Primary, Secondary and Technical and Vocational Schools, *as evidenced by a Presidential Order No. 064/01 of March 16, 2020 published in Official Gazette N° 10 of March 16, 2020.*
8. To enhance institutional arrangements to better coordinate and manage delivery of services at the decentralized levels, the Recipient, through the Ministry of Public Service and Labor (MIFOTRA), has approved at national level new staffing structures at the district, sector, and cell levels, and initiated phased implementation in 26 districts, *as evidenced by MIFOTRA’s letter dated August 18, 2020 notifying the new structures and a letter from MINALOC dated August 28, 2020, confirming approval of the new cell structures by 26 District Councils.*
9. To enhance access to quality health services, the Recipient has through the Prime Minister approved an updated staffing structure that increases the number of skilled health professionals at each health facility, *as evidenced by revised Prime Minister’s Instructions No 001/03 of 01/09/2020 Determining Organisational Structure, Salaries and Fringe Benefits for Employees of Referral Hospitals, Provincial Hospitals, District Hospitals, Specialised Hospitals, Medicalised Health Centres and Health Centres published in Official Gazette n° Special of 01/09/2020.*

## **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 Grant Allocated (expressed in SDR)</b>	<b>Amount of the Credit Allocated (expressed in EUR)</b>
Single Withdrawal Tranche	53,300,000	64,100,000
<b>TOTAL AMOUNT</b>	53,300,000	64,100,000

**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 Foreign Currency Dedicated Account; (b) the details of the account to which the Rwandan 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 Foreign Currency Dedicated Account.

**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 (3) months after the end of the Association's fiscal year, 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 its 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 1 and December 1, commencing June 1, 2027 to and including December 1, 2058	<b>1.5625%</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 Section 3.05 (b) of the General Conditions.

## APPENDIX

### Section I. Definitions

1. “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.
2. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
3. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (revised on August 1, 2020).
4. “MIFOTRA” means the Recipient’s Ministry of Public Service and Labor.
5. “MINALOC” means the Recipient’s Ministry of Local Government.
6. “MINECOFIN” means the Recipient’s Ministry of Finance and Economic Planning.
7. “Minister of Local Government” means the Recipient’s minister responsible for local government.
8. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated September 4, 2020 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.
9. “Rwandan Franc” means to the Recipient’s local currency.
10. “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.
11. “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.

12. “Social Registry Policy Guidelines” means the Recipient’s Policy Guidelines for operationalization of the Social Registry dated June 17, 2020 issued by the Ministry of Local Government.
13. “VUP Policy Guidelines” means the Recipient’s Policy Guidelines on Expansion of the Social Safety Net, Vision 2020 Umurenge Programme to advance Human Capital Development Agenda and support families affected by COVID-19 Pandemic through Nutrition Sensitive Direct Support and Expanded Public Works dated June 17, 2020 issued by the Ministry of Local Government.