

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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13-May-2020

_____, 2020

Hon. Dr. Uzziel Ndagijimana
Minister of Finance and Economic Planning
Ministry of Finance and Economic Planning
P.O. Box 158
Kigali – Rwanda

Dear Hon. Dr. Ndagijimana,

Re: Republic of Rwanda – SCF-SREP Loan No. TF0A4969
Renewable Energy Fund Project
Amendment to the Loan Agreement

We refer to the Loan Agreement SCF-SREP Loan No. TF0A4969 dated July 7, 2017 between the Republic of Rwanda (the “Borrower”) and the International Development Association (the “World Bank”) as implementing entity of the Scaling-up Renewable Energy Program under the Strategic Climate Fund (the “Loan Agreement”) for the Renewable Energy Fund Project (the “Project”). We also refer to your letter dated December 23, 2019 requesting the Association to restructure the Project as to modify the criteria and scope of eligibility under the Renewable Energy Fund (“REF”) funding windows, the implementation arrangements and such other matters as agreed upon between the Borrower and the World Bank.

We are pleased to inform you that the Association agrees to the request to restructure the Project. To this end, by countersigning this Letter, the Recipient agrees to the World Bank hereby amending the Loan Agreement as follows:

1. Part 1 of Schedule 1 to the Loan Agreement is amended by replacing the heading to Part 1 and the immediate paragraph under Part 1 to read as follows:

“Part 1. Lines of Credit, Direct Loan Financing and Partial Grants for Off-Grid Electrification

Set-up and operationalization of a Renewable Energy Fund (REF) as a local-currency line of credit, direct loan financing and results-based financing facility to help address access to finance and affordability constraints that stall acceleration of off-grid electrification in the territory of the Borrower.”

2. Part 1(a) of Schedule 1 to the Loan Agreement is amended by inserting a new paragraph 1(a) to read as follows:

“*Window 1 – On-lending through SACCOs to households, Enterprises and Off-Grid Solar Companies*
Wholesale line of credit to the Project Implementing Entity for further on-lending to qualifying SACCOs, under SACCO Subsidiary Credit Lines, for the purpose of extending Final Direct Loans to eligible Final Beneficiaries (households, Enterprises, Off-Grid Solar Companies “OSCs”), for the acquisition and, possibly in the case of the OSCs hereunder, distribution of qualifying solar systems”

3. Part 1(b) of Schedule 1 to the Loan Agreement is amended by inserting a new paragraph 1(b) to read as follows:

“Window 2 – On-lending through commercial banks and microfinance institutions to households, Enterprises and OSCs. Wholesale line of credit to the Project Implementing Entity, for on-lending to eligible Participating Banks, under Participating Bank Credit Lines, for the purpose of extending Final Direct Loans to eligible Final Beneficiaries (households, Enterprises and OSCs) for the acquisition and possibly, in the case of OSCs hereunder, distribution, of qualifying solar systems.”

4. Part 1(d) of Schedule 1 to the Loan Agreement is amended by inserting a new paragraph 1(d) to read as follows:

5. *“Window 4 – Direct Loan financing to locally-registered OSCs. Provision of Direct Loans to Final Beneficiaries (qualifying locally registered OSCs supporting Tier 1 or higher solar systems or locally registered OSCs serving poor households under the Recipient’s programs).*

6. Part 1 of the Loan Agreement is amended by inserting a new para. (e) to read as follows:

“Window 5 – Results Based Financing Facility (“RBF Facility”) to OSCs. Provision of results-based partial grants (“RBF Grants”) to eligible OSCs to facilitate the sale of Tier 1 or higher solar systems and provision of after sale services to Final Beneficiaries (qualifying households).”

7. Parts C(3), D(1.2)(a) and E(1.2)(a) of Schedule 2 to the Loan Agreement are amended by inserting the words “and retain” immediately after the word “obtain”.

8. Part B, para. 1(b) of Schedule 2 to the Loan Agreement is amended by replacing para. 1(b) to read as follows:

“as a grant, the proceeds of the Grant allocated from time to time to Category 2 and 3 of the table set forth in Section IV.A.2 of Schedule 2 to the Grant Agreement; all under a subsidiary financing agreement between the Borrower and the Project Implementing Entity (the “Subsidiary Financing Agreement”), under terms and conditions approved by the World Bank, which shall include the following: (i) the principal amount of the financing made available under the Subsidiary Financing Agreement, denominated in Rwandan francs; (ii) the financing terms of the subsidiary financing to be made available under the Subsidiary Financing Agreement, which shall reflect the interest at a rate determined pursuant to the blend of financing sources from which the subsidiary financing is derived (the Loan and the Grant), plus a spread to account for currency exchange risk of no more than 150 basis points; (iii) the right of the Borrower to suspend or terminate the right of the Project Implementing Entity to use said proceeds of the said financing, and to obtain a refund of all or any part of the amount of the subsidiary financing then withdrawn, upon the failure of the Project Implementing Entity to perform any of its obligations under the Subsidiary Financing Agreement.”

9. The Appendix to the Loan Agreement is amended as follows:

- (a) A new definition 4A “Enterprises” is added to read as follows:

“Enterprise(s)” means an entity registered and operating in the Republic of Rwanda that purchases for own use Tier-1 (or higher) solar systems under the REF.

- (b) Definition 6 “Final Beneficiaries” is amended and replaced to read as follows;

“Final Beneficiaries” means qualifying households, Enterprises, locally registered Off-Grid Solar Companies, solar system importers, wholesalers, retailers, installers, and mini-grid developers meeting the respective eligibility criteria and conditions specified in the Operations Manual under the respective on-lending windows for Final Direct Loans, or under the activated windows for Direct Loans, as the case may be, under Part 1 of the Project.

- (c) A new definition 8A “Grant” is added to read as follows:
“Grant” means the amount of the financing extended to the Borrower under the Grant Agreement.
- (d) Definition 14 “Participating Banks” is amended and replaced to read as follows:
“Participating Banks” means commercial banks and microfinance institutions to be selected by the Project Implementing Entity for participation in the Participating Bank Subsidiary Credit Line under Part 1 of the Project, on the basis of the criteria and approval procedures set forth in the Operations Manual, and in accordance with the provisions of Section I.D.1 of the Schedule to the Project Agreement.
- (e) A new definition 24A “RBF Facility” is added to read as follows:
“RBF Facility” or “Results-based Financing Facility” means the facility established under Part 1(e) of the Project for the provision of RBF Grants to eligible OSCs to facilitate affordability of Tier 1 or higher solar systems for low income households.
- (f) A new definition 24B “RBF Grant” is added to read as follows:
“RBF Grant” means the partial grant provided to eligible OSCs under the RBF Facility for the sale of Tier 1 or higher solar systems and provision of after sale services to Final Beneficiaries (low income households).
- (g) Definition 34 “SMEs” is deleted.
- (h) Definition 35 “Sub-projects” is amended and replaced to read as follows:
“Sub-projects” means qualifying Tier-1 (or higher) solar systems to be acquired by qualifying Final Beneficiaries under the terms of Final Direct Loans under Windows 1 or 2 of the REF, or qualifying renewable-energy based mini-grids to be developed under the terms of Direct Loans under Window 3 of the REF.

In addition to the above amendments, please be notified that the Results Framework under the Project has been revised and the revised Results Framework is set out in the Restructuring Paper.

A copy of the Restructuring Paper for disclosure is enclosed herein for your attention.

All the terms and conditions of the Loan Agreement that have not been amended hereby shall remain unchanged and in full force and effect.

Please indicate your agreement with the foregoing amendments on behalf of the Recipient by countersigning and dating two (2) original copies of this Amendment Letter and returning one countersigned original to us. Upon receipt by the Association of the countersigned copy, the amendments shall become effective as of the date of your countersignature to this Amendment letter.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Yasser El-Gammal

Yasser El-Gammal

Country Manager for Rwanda
Africa Region

AGREED:

THE REPUBLIC OF RWANDA

By: Dr. Uzziel Ndagijimana

Authorized Representative
Name: Dr. Uzziel Ndagijimana

Title: Minister of Finance and Economic Planning

Date: 13-May-2020

Encl. Disclosable Restructuring Paper