
SCF-PPCR LOAN NUMBER TF0B3896

Strategic Climate Fund - Pilot Program for Climate Resilience Loan Agreement

(Second Rwanda Urban Development Project)

between

REPUBLIC OF RWANDA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

**acting as an implementing entity of the Pilot Program for Climate Resilience under the
Strategic Climate Fund**

**STRATEGIC CLIMATE FUND - PILOT PROGRAM FOR CLIMATE
RESILIENCE LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date entered into between:

The REPUBLIC OF RWANDA (the “Borrower”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting not in its individual capacity but solely in its capacity as an implementing entity of the Pilot Program for Climate Resilience (“PPCR”) under the Strategic Climate Fund (“SCF”).

The Borrower and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions (as defined in the Appendix to this Agreement) constitute an integral 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 Standard Conditions or in the Appendix to this Agreement.

**Article II
Loan**

- 2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of two million three hundred eighty thousand United States Dollars (\$ 2,380,000) (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Loan is funded out of the resources made available to the World Bank as an implementing entity of the SCF. In accordance with Section 3.02 of the Standard Conditions (as defined in the Appendix to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it from the SCF trust fund, and the Borrower’s right to withdraw the Loan proceeds is subject to the availability of such funds.
- 2.04. The Service Charge payable by the Borrower on the Withdrawn Loan Balance shall be equal to one-tenths of one percent (1/10 of 1%) per annum.
- 2.05. The Payment Dates are June 1 and December 1 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is USD.

**Article III
The Project**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause out Parts 1(b) and 3(b)(iv) of the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article II of the Standard Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the World Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article IV
Additional Remedies**

- 4.01. The Additional Event of Suspension consists of the following, that Law N°63/2013 of 27/08/2013 determining the mission, organization and functioning of Rwanda Environment Management Authority (REMA) pursuant to which the Project Implementing Entity has been established and is operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, that the event specified in Section 4.01 of this Agreement occurs.

**Article V
Effectiveness; Termination**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) the REMA Subsidiary Agreement as referred to in Section I.B of Schedule 2 to this Agreement, has been executed between the Borrower and the Project Implementing Entity in form and substance satisfactory to the World Bank;
 - (b) the Borrower has prepared and adopted a Project Implementation Manual (“PIM”), as referred to in Section I.D of Schedule 2 to this Agreement, in form and substance satisfactory to the World Bank; and

- (c) the execution and delivery of the Project Agreement on behalf of the Project Implementing Entity has been duly authorized or ratified by all necessary and corporate action.
- 5.02. The Additional Legal Matters consist of the following:
- (a) the REMA Subsidiary Agreement has been duly authorized or ratified by the Borrower and the Project Implementing Entity and is legally binding upon the Borrower and the Project Implementing Entity in accordance with its terms; and
 - (b) the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Project Implementing Entity and is legally binding upon it in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

Article VI
Borrower's Representative; Addresses

- 6.01. The Borrower's Representative referred to in Section 10.02 of the Standard Conditions is the Borrower's minister responsible for finance.
- 6.02. The Borrower's Address referred to in Section 10.01 of the Standard Conditions is:

Ministry of Finance and Economic Planning
12 KN 3 Ave
P.O BOX 158
Kigali, Rwanda

Telephone:	Fax:	E-mail:
+250 25 257 7581	+250 25 257 5756	mfin@minecofin.gov.rw

- 6.03. The World Bank's Address referred to in Section 10.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (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: 12-Nov-2020

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as an implementing entity of the
Pilot Program for Climate Resilience under the
Strategic Climate Fund**

By

Rolande Pryce

Authorized Representative

Name: Rolande Pryce

Title: Country Manager

Date: 06-Nov-2020

SCHEDULE 1

Project Description

The objective of the Project is to improve access to basic services, enhance resilience and strengthen integrated urban planning and management in the City of Kigali and the six secondary cities of Rwanda.

The Project consists of the following parts:

Part 1: Support to the City of Kigali (CoK).

- (a) **Integrated urban planning for resilient, inclusive infrastructure delivery, through financing and support for:**
 - (i) urban upgrading through an integrated package of investments, including detailed designs, construction supervision and preparation of environmental and social instruments, in select unplanned settlements (including Nyarugenge, Kicukiro and Gasabo districts). The urban upgrading will comprise a comprehensive menu of infrastructure investments including, access streets, street lighting, stormwater drainage, green infrastructure, solid waste collection points, onsite sanitation, water supply, community facilities, local market improvements, multi-purpose facilities and public spaces;
 - (ii) flood risk reduction infrastructure in flood-prone areas located near the upgrading including the rehabilitation of culverts, bridges, channels, and drains, as well as implementation of suitable nature-based solutions (NBS) sites;
 - (iii) technical assistance for development and preparation of a stormwater management master plan (SWMMP) for the CoK and for water level monitoring;
 - (iv) installation of rainfall sensors and hydrological stations with water level and discharge monitoring in the urban area and wetlands of Kigali and its immediate surroundings;
 - (v) technical assistance for implementation of the Kigali Master Plan 2050 including, support for the development of detailed area plans for select unplanned settlements and a feasibility study to assess the feasibility of implementing sites and services; and
 - (vi) institutional capacity development of CoK to strengthen its economic and spatial planning for resilient infrastructure and

service provision in view of optimal allocation of spaces and resources, including through, support for urban management specialists, consultants to assist in training and mentoring, to develop systems and procedures, and to undertake other activities aimed at strengthening urban management functions, Trainings, and financing for equipment and tools needed to undertake urban management and urban development activities.

(b) Evidence-based, sustainable wetland management, flood risk management and greenhouse gas monitoring, *through financing and support for:*

- (i) design, implementation and monitoring of NBS to reduce flood risks, enhance biodiversity, and strengthen resilience of the CoK through rehabilitation of wetlands impacted by historical land-uses, such as industrial use and urbanization (such wetlands to include Gikondo, Kibumba, Rugenge, Rwintare and Nyabugogo wetlands). Wetland rehabilitation will also include support for basic infrastructure for hospitality, tourism and recreation;
- (ii) technical assistance to, (A) explore opportunities for partnerships with the private sector to invest in the rehabilitation of the wetlands and their buffer zones, including design and piloting of innovative financing and impact-driven financing instruments to support the implementation of urban planning solutions that center biodiversity, ecosystem services, and climate adaptation and mitigation, and (B) support the CoK to develop a framework for Greenhouse Gas (GHG) accounting;
- (iii) development of a detailed city-wide digital terrain model (DTM) using an aerial Light Detection and Ranging (LiDAR) and photogrammetric survey; and
- (iv) advocacy, knowledge exchange and partnerships on sustainable urbanization.

Part 2: Support to Secondary Cities

(a) Infrastructure and service delivery in secondary cities, *through financing and support for:*

- (i) infrastructure development including roads, drainage, pedestrian walkways and streetlighting in the Target Secondary Cities (TSCs);

- (ii) comprehensive upgrading in unplanned settlements prioritized by the TSCs including provision of offsite infrastructure such as drainage and roads; and
 - (iii) technical assistance for feasibility studies, planning, design and supervision for infrastructure development and upgrading in unplanned settlements.
- (b) **Institutional and capacity development of secondary cities, through financing and support for the establishment and functioning of City Management Offices (CMOs) through:**
- (i) development of a roadmap for CMO development outlining the key urban functions to be carried out by CMOs;
 - (ii) preparation of medium-term (five-year) and annual Institutional and Capacity Development (ICD) plans for urban management; and
 - (iii) implementation of the Master Plans for the respective Target Secondary City (TSC) focused on the development of detailed area plans for selected unplanned settlements in each TSC.

Part 3: Institutional Capacity Development and Project Management

- (a) **Institutional capacity development at national level, through financing and support for technical assistance for:**
- (i) development of a national urbanization strategy, through support for, (A) review of the National Urbanization Policy (NUP) and development of its implementation strategy and action plan, and (B) establishment of an urbanization monitoring information system (UMIS);
 - (ii) development of a comprehensive housing strategy to strengthen the National Housing Policy and build on and expand investments in urban upgrading and sites and services;
 - (iii) development a strategy for implementing sites and services schemes in Rwanda including, estimating the capacity and appetite for land value capture in plot servicing; and
 - (iv) implementation of a national solid waste management strategy through the development of feasibility studies on disposal facilities in the TSCs and the dissemination of knowledge generated from city to city in the Republic of Rwanda.

- (b) **Project management**, *through financing and support to*, (i) MININFRA PCU, (ii) LODA-SPIU, (iii) the Target Secondary Cities PIUs, (iv) REMA-SPIU, and (v) CoK-KUUT, for financial management and procurement, environmental and social risks management, implementation supervision, contract management, monitoring and evaluation, communication and citizen engagement and staffing within the respective project coordinating unit, project implementing units and urban upgrading team.

Part 4: Contingency Emergency Response:

Providing immediate response to an Eligible Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements.

1. The Borrower shall designate and charge the MININFRA with overall responsibility for Project coordination and implementation.

2. MININFRA Project Coordinating Unit

(a) The Borrower shall maintain throughout Project implementation the Project Coordinating Unit (PCU) in MININFRA with resources and composed of key staff, with qualifications, experience and under terms of reference acceptable to the World Bank, including: (i) a Project coordinator (who shall report to and act under the direction of the Urbanization, Human Settlement and Housing Development Director General); (ii) monitoring and evaluation specialist; (iii) financial management specialist; (iv) Procurement specialist; (v) an environmental and social risks management specialist; and (vi) such other specialists performing such functions as may be further detailed in the Project Implementation Manual (PIM).

(b) The PCU shall be responsible for: (i) overall day-to-day coordination and management, including direct support to the implementing agencies, (ii) project management and implementation of activities under Part 3(a) and 3(b)(i); (iii) overall project monitoring and evaluation; (iv) progress reporting on a quarterly basis; (v) the PCU environmental and social risks management specialist shall be responsible for coordinating reporting on environmental and social issues from the various implementing entities under the Project; (vi) coordination among the environmental and social specialists coordinating the preparations of the relevant environmental and social instruments with the procurement teams preparing the tender documents; (vii) preparation of a comprehensive monitoring and evaluation report which includes updates of national level activities across all implementation entities/agencies; and (viii) such other functions as may be detailed in the PIM.

3. National Steering Committee

(a) The Borrower shall within thirty (30) days after the Effective Date establish and maintain throughout Project implementation the National Steering Committee (“NSC”).

- (b) The NSC shall be comprised of the Minister of State in charge of National Treasury in MINECOFIN, Permanent Secretaries of MININFRA, MINALOC, MoE and MINEMA, the Director Generals of RWB, LODA, REMA, the City Manager of CoK, or and including such other persons as may be agreed between the Borrower and the World Bank and further detailed in the PIM.
- (c) The NSC shall be responsible for: (i) providing overall strategic guidance and oversight to the Project, including policy and strategic issues related to urbanization; (ii) reviewing and approving annual work plans; (iii) provide high-level project oversight and policy coordination, including addressing any inter-governmental issues that may need to be resolved at government level; and (iv) such other functions as may be further detailed in the PIM.
- (d) The NSC shall meet at least semi-annually or more often as warranted to ensure timely implementation of the Project.

4. **Project Technical Committee**

- (a) The Borrower shall within thirty (30) days after the Effective Date establish and maintain throughout Project implementation a Project Technical Committee (“PTC”). The Borrower shall take all measures required on its behalf to ensure proper functioning of the PTC during implementation of the Project. The PTC shall be comprised of the project coordinators at the MININFRA PCU, LODA-SPIU, CoK-KUUT and the REMA-SPIU, Project focal persons in RWB, MINEMA, RTDA, RHA, RRA, WASAC and Meteo Rwanda, and such other persons as may be agreed between the Borrower and the World Bank and detailed in the PIM.
- (b) The PTC shall report to the NSC, and shall be responsible for: (i) providing, through the implementing entities under the Project, technical advisory support to Project contractors and consultants; (ii) reviewing implementation progress; (iii) preparation of a monitoring and evaluation capacity building plan; and (iv) such other functions as may be further detailed in the PIM.
- (c) The Borrower shall and shall cause to be designated Project focal persons at RWB, MINEMA, RTDA, RHA, RRA, WASAC and Meteo Rwanda who shall provide technical and advisory support to facilitate implementation of the Project.
- (d) The PTC shall meet at least once every calendar quarter or more often as warranted to ensure timely implementation of the Project.

5. **REMA Single Project Implementation Unit**

- (a) The Borrower shall cause REMA to maintain, throughout Project implementation, the REMA Single Project Implementation Unit (REMA-SPIU) with adequate resources and facilitation and composed of key staff, with qualifications, experience and under terms of reference acceptable to the World Bank, including: (i) a Project coordinator; (ii) monitoring and evaluation specialist; (iii) financial management specialist; (iv) procurement specialist; (v) hydrology engineer; (vi) ecology specialist; (vii) an environmental and social risks management specialist; and (viii) such other technical and fiduciary specialists, personnel or consultants as may be agreed with the World Bank and detailed in the PIM.
- (b) The REMA-SPIU shall be responsible *inter alia* for implementation part 1(b) and 3(b)(iv) of the Project, including: (i) wetland management, rehabilitation and health monitoring; (ii) technical assistance for a high-resolution DTM; and (iii) promoting advocacy, knowledge exchange and partnerships, in close coordination with CoK and with technical advisory support from RWB and technical and procurement support from the Rwanda Land Management and Use Authority (RLMUA).

6. **LODA Single Project Implementation Unit**

- (a) The Borrower shall cause LODA to maintain, throughout Project implementation, the LODA Single Project Implementation Unit (LODA-SPIU), with adequate resources and facilitation and composed of key staff, with qualifications, experience and under terms of reference acceptable to the World Bank, including: (i) Project coordinator; (ii) monitoring and evaluation specialist; (iii) financial management specialist; (iv) procurement specialist, (v) environmental risks management specialist; (vi) social risks management specialist; (vii) civil engineer; and (viii) such other technical and fiduciary specialists, personnel or consultants including one field-support civil engineer, as may be agreed with the World Bank and detailed in the PIM.
- (b) The LODA-SPIU shall be responsible *inter alia* for: (i) implementation of part 2(b) and 3(b)(ii) of the Project; (ii) oversight of district governance and local economic development (LED) activities; and (iii) such other functions as may be detailed in the PIM.

7. **CoK Kigali Urban Upgrading Team**

- (a) The Borrower shall cause the CoK to maintain, throughout Project implementation, the CoK Kigali Urban Upgrading Team (CoK-KUUT) with adequate resources and facilitation and composed of key staff, with

qualifications, experience and under terms of reference acceptable to the World Bank, including: (i) a Project Coordinator; (ii) monitoring and evaluation specialist; (iii) procurement specialist; (iv) financial management specialist; (v) civil engineer (with expertise in stormwater management); (vi) an environmental risks management specialist; (vii) a social risks management specialist; and (viii) such other technical and fiduciary specialists, personnel or consultants as may be agreed with the World Bank and detailed in the PIM.

- (b) The CoK-KUUT shall be responsible *inter alia* for: (i) implementation of part 1(a) and 3(b)(v) of the Project; (ii) environmental and social management and supervision; (iii) monitoring and evaluation; (iv) facilitation and follow-up on all institutional and capacity building activities at CoK; and (v) such other functions as may be specified in the PIM.

8. **Target Secondary Cities Project Implementation Units**

- (a) The Borrower shall cause each Target Secondary City to within thirty (30) days after the Effective Date establish and maintain, throughout Project implementation, a TSC Project Implementation Unit (TSC-PIU) with adequate resources and facilitation and composed of key staff, with qualifications, experience and under terms of reference acceptable to the World Bank, including for each TSC-PIU: (i) a project focal person(who will also carry-out the monitoring and evaluation function); and (ii) an environmental and social risks management specialist.
- (b) The TSC-PIUs shall be responsible *inter alia* for: (i) implementation of part 2(a) and 3(b)(iii) of the Project; (ii) liaising with relevant offices of the city to ensure implementation is in accordance with the Project's Environmental and Social instruments and fiduciary guidelines; (iii) monitoring and evaluation reporting including preparation of quarterly monitoring and evaluation reports for submission to the LODA-SPIU; (iv) disseminating information about the Project (including contract awards, physical and financial progress of works contracts), (v) contributing to capacity building activities; (vi) monitor and supervise the implementation of environmental and social management plans; (vii) facilitation and follow-up on all institutional and capacity building activities; and (viii) such other functions as may be specified in the PIM.

9. **Memoranda of Understanding**

(a) **CoK – RWB MoU**

- (i) In order to facilitate the implementation of part 1(a) of the Project, the Borrower shall cause the CoK and RWB within thirty (30) days after the Effective Date to execute a Memorandum of Understanding for the provision by RWB of technical support to the CoK for implementation of flood risk and wetland management under part 1(a) of the Project (the “CoK-RWB MoU”).
- (ii) The CoK-RWB MoU shall *inter alia* provide for: (A) the provision by RWB of technical advisory support to CoK in undertaking the flood risk reduction infrastructure, installation of rainfall, water level and discharge monitoring equipment, preparation of the stormwater management master plan; (B) the roles and responsibilities of each party to the MoU; (C) payments to be made by CoK to RWB; and (D) guidelines on procurement, financial management and monitoring.

(b) **REMA – RLMUA MoU**

- (i) In order to facilitate the implementation of part 1(b) of the Project, the Borrower shall cause REMA and RLMUA within thirty (30) days after the Effective Date to execute a Memorandum of Understanding for the execution of the LiDAR survey under part 1(b) of the Project (the “REMA-RLMUA MoU”).
- (ii) The REMA-RLMUA MoU shall *inter alia* provide for: (A) the roles and responsibilities of each party to the MoU; and (B) financial management, procurement and monitoring arrangements for the activities to be conducted by RLMUA.

(c) **REMA – RWB MoU**

- (i) In order to facilitate the implementation of part 1(b) of the Project, the Borrower shall cause REMA and RWB within thirty (30) days after the Effective Date to execute a Memorandum of Understanding for the provision by RWB of technical and advisory support to REMA on wetland restoration and rehabilitation and health monitoring under part 1(b) of the Project (the “REMA-RWB MoU”).

- (ii) The REMA-RLMUA MoU shall *inter alia* provide for: (A) the roles and responsibilities of each party to the MoU; and (B) financial management, procurement and monitoring arrangements for the activities to be conducted by RWB.

10. Community Upgrading Committees

- (a) The Borrower shall cause each TSC and the CoK, prior to commencement of infrastructure upgrading in each settlement, to establish and maintain throughout Project implementation, Community Upgrading Committees (“CUCs”) composed of key personnel under terms of reference acceptable to the World Bank, including for each CUC: (i) a chairperson; (ii) vice chairperson; (iii) secretary; (iv) women’s representative; and (v) a youth representative.
- (b) The CUCs shall work with city officials at critical review and decision-making points along the planning and implementation process, namely: (i) baseline survey and initial data collection; (ii) feasibility studies for infrastructure investments in the settlement and prioritization; (iii) preparation of preliminary and final community upgrading plans; (iv) preliminary and detailed design for infrastructure investments; (v) monthly site meetings with the construction supervision consultants and contractors; (vi) review and validation of consultants’ reports and deliverables; and (vii) and shall perform such other roles as may be detailed in the PIM.

B. Subsidiary Agreement

- 1. To facilitate the carrying out of the Project Implementing Entity’s respective part of the Project, the Borrower shall make the proceeds of the Loan allocated from time to time to category 1 of the table set forth in Section IV.A.2 of this Schedule available to the Project Implementing Entity under a subsidiary agreement between the Borrower and the Project Implementing Entity, under terms and conditions approved by the World Bank (“REMA Subsidiary Agreement”), which shall include:
 - (a) the provision of the Financing to REMA on a grant basis;
 - (b) the obligation of REMA to: (i) monitor and evaluate the progress of its respective part of the Project and prepare and submit to the Borrower prompt progress reports; (ii) exchange views with the Borrower, and the World Bank with regard to the progress of its respective part of the Project, and the performance of its obligations under the subsidiary agreement; and (iii) provide the Borrower promptly all such information as the Borrower or the World Bank may reasonably request for purposes of incorporating

such information in the report referred to in Section 5.08 (c) of the General Conditions;

- (c) the obligation of REMA to carry out its obligations under the Project with due diligence and efficiency, in conformity with appropriate administrative, economic, managerial, financial, environmental, social, labor, health and safety and technical standards and practices, and provide promptly as needed, the facilities, services and other resources required including operation and maintenance costs;
 - (d) the obligation of REMA to promptly notify and inform the Borrower and the World Bank of any condition which interferes or threatens to interfere with the progress of its obligations under the Project and the subsidiary agreement, including but not limited to any Project-related accidents and incidents, such as, for example, fatalities, or allegations of gender-based violence associated with the Project;
 - (e) the obligation of REMA to carry out its obligations under the Project and the subsidiary agreement in accordance with the PIM, the environmental and social instruments, the Procurement Regulations and the Anti-Corruption Guidelines;
 - (f) the obligation of REMA to: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to its respective part of the Project; and (ii) at the World Bank's or the Borrower's request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Borrower and the World Bank; and
 - (g) the right of the Borrower to take remedial actions against REMA, in case REMA shall have failed to comply with any of its obligations under the subsidiary agreement, which actions may include, *inter alia*, the partial or total suspension and/or cancellation or refund of all or any part of the proceeds of the subsidiary financing availed to REMA pursuant to the subsidiary agreement.
2. The Borrower shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the World Bank and to accomplish the purposes of the Loan. Except as the World Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Project Implementation Manual (“PIM”)

1. The Borrower shall ensure that the Project is carried out in accordance with the requirements set forth in the Project Implementation Manual (“PIM”). The PIM shall set out detailed guidelines, methods and procedures for the implementation of the Project, including: (a) the different roles and responsibilities in the implementation of the Project, including the various mechanisms for ensuring close coordination and collaboration among various Project stakeholders; (b) budget and budgetary control; (c) flow of funds, disbursement procedures and banking arrangements; (d) financial, procurement and accounting procedures; (e) internal control procedures; (f) reporting requirements; (g) communication arrangements and procedures; (h) external audit; (i) anti-corruption and fraud mitigation measures; (j) environmental and social risks management, including a detailed description of the grievance redress process as well as any process for recording and reporting Project-related accidents and incidents; (k) monitoring and evaluation arrangements, including procedures and reporting formats; (l) a CERC annex; and (m) such other arrangements and procedures as shall be required for the effective implementation of the Project.
2. The Borrower shall not amend, abrogate or suspend, or permit to be amended, abrogated or suspended, any provision of the PIM, without the prior written agreement of the World Bank.
3. Notwithstanding the foregoing, if any provision of the PIM is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

E. Counterpart Funds

1. The Borrower shall allocate and avail an amount equivalent to fifteen million Dollar (\$15,000,000) for the financing of any required resettlement, land acquisition, compensation and relocation under the Project (the “Counterpart Funds”).
2. The Borrower shall disburse the Counterpart Funds in accordance with the provisions of the Annual Work Plan and Budget.

F. Annual Work Plan and Budget

1. The Borrower shall:

- (a) prepare and furnish to the World Bank not later than March 31 in each year (or such other date as the World Bank may agree to) beginning in the Fiscal Year 2022 a work plan and budget containing all activities proposed to be included in the Project during the following Fiscal Year, and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing including the World Bank's and the Borrower's respective shares of the costs in the financing plan;
 - (b) taking into account the World Bank's comments, finalize the plan and furnish it to the World Bank for its approval not later than May 31 in each year (or such other date as the World Bank may agree) beginning in the Fiscal Year 2022; and
 - (c) adopt the plan as shall have been approved by the World Bank (Annual Work Plan and Budget or AWPB).
2. The Borrower shall ensure that the Project is implemented with due diligence and in accordance with the AWPB.
3. The Borrower shall disburse, promptly as required, the Counterpart Funds as specified in the AWPB and in this Agreement.
4. The Borrower shall not make or allow to be made any change to the AWPB without prior agreement in writing by the World Bank.
5. In the event of any conflict between the AWPB and the provisions of this Agreement, the provisions of this Agreement shall prevail.

G. Environmental and Social Standards

1. The Borrower shall, and shall cause the Project Implementing Entity to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the World Bank.
2. Without limitation upon paragraph 1 above, the Borrower shall, and shall cause the Project Implementing Entity to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the World Bank. To this end, the Borrower shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;

- (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the World Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- 3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 4. The Borrower shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the World Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the World Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the World Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the World Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Borrower shall, and shall cause the Project Implementing Entity to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the World Bank.
- 6. The Borrower shall, and shall cause the Project Implementing Entity to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address

environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.
2. The Borrower shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Borrower shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report, in form and substance satisfactory to the World Bank.
3. The Borrower shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article III of the Standard Conditions, this Section and such additional instructions as the World Bank may specify by notice to the Borrower (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocations of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training Costs and Operating Costs under Part 1(b) and 3(b)(iv) of the Project	2,380,000	15%
TOTAL AMOUNT	2,380,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2025.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Loan repayable (expressed as a percentage)
On each June 1 and December 1	
commencing December 1, 2030 to and including June 1, 2040	1%
commencing December 1, 2040 to and including June 1, 2060	2%

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “City Management Office” or “CMO” means the structure in the organizational setup of secondary cities charged with management of the urban planning and development operations in the secondary city.
4. “CoK” means the City of Kigali means the decentralised administrative entity of the city of Kigali established under Law N°87/2013 of 11/09/2013 determining the organisation and functioning of Decentralized Administrative Entities.
5. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated September 24, 2020 as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
6. “Environmental and Social Standards” or “ESSs” means, collectively:
 - (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”;
 - (ii) “Environmental and Social Standard 2: Labor and Working Conditions”;
 - (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”;
 - (iv) “Environmental and Social Standard 4: Community Health and Safety”;
 - (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”;
 - (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”;
 - (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”;
 - (viii) “Environmental and Social Standard 8: Cultural Heritage”;
 - (ix) “Environmental and Social Standard 9: Financial Intermediaries”;
 - (x) “Environmental and Social Standard 10: Stakeholder Engagement and

Information Disclosure”; effective on October 1, 2018, as published by the World Bank.

7. “Kigali Master Plan 2050” means the tool envisaged to enable the city of Kigali to realize its vision 2050 which is to become “a center of urban of excellence in Africa”.
8. “LODA” means the Local Administrative Entities Development Agency established pursuant to Article 1 of Law N°62/2013 of 27/08/2013 establishing the Local Administrative Entities Development Agency (LODA) and determining its mission, organisation and functioning, or its successor thereto acceptable to the World Bank.
9. “Master Plans” means in regard to each Target Secondary City, the framework for structure plans that show the land use for economic and social development of the secondary city.
10. “Meteo Rwanda” means the Rwanda Meteorology Agency established pursuant to Law N°54bis/2011 of 14/12/2011 establishing Rwanda Meteorology Agency (Meteo Rwanda) and determining its mission, organisation and functioning, or its successor thereto as acceptable to the World Bank.
11. “MINEMA” or “Ministry of Emergency Management” means the Recipient’s ministry responsible for management of disasters and emergencies.
12. “MININFRA” or “Ministry of Infrastructure” means the Borrower’s ministry responsible for infrastructure.
13. “National Housing Policy” means the Borrower’s housing policy adopted in March 2015, aimed enabling universal access adequate housing in sustainably planned and developed areas reserved for habitation in Rwanda.
14. “National Strategy for Transformation” or “NST1” means the Borrower’s seven-year program, 2017 – 2024 for sustained growth and transformation.
15. “National Urbanization Policy” or “NUP” means the Borrower’s policy on urbanization of December 2015 that ensures urban physical development is carried out in a well-coordinated manner to create a functional network of development poles and livable, inclusive green urban environment objectively to transform the country’s economy and improve the socio-economic conditions for all.
16. “Operating Costs” means the reasonable incremental operating expenses, approved by the World Bank, incurred by the Borrower on account of Project implementation, management and monitoring, including operation and maintenance costs of office, vehicles and office equipment, office supplies, hire of

Project staff, bank charges and travel and supervision costs but excluding salaries to public/civil servants of the Borrower.

17. “Pilot Program for Climate Resilience” or “PPCR” means the program established under the Strategic Climate Fund in accordance with the Governance Framework for the Strategic Climate Fund for the purposes set forth in the PPCR Design Document.
18. “PPCR Design Document” is the design for the Pilot Program for Climate Resilience, approved by the Strategic Climate Fund Trust Fund Committee and issued on November 18, 2008, and as said design may be amended from time to time in accordance with its terms.
19. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated September 16, 2020 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.
20. “Procurement Regulations” means the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.
21. “Project Implementation Manual” or “PIM” means the implementation manual for the Project referred to under Section I.D of Schedule 2 to this Agreement.
22. “Project Implementing Entity’s Legislation” means Law N°63/2013 of 27/08/2013 determining the mission, organization and functioning of Rwanda Environment Management Authority (REMA).
23. “Project Implementing Entity” means REMA.
24. “REMA Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.
25. “REMA” means the Rwanda Environment Management Authority established under Article 1 of Law N°63/2013 of 27/08/2013 determining the mission, organization and functioning of Rwanda Environment Management Authority (REMA), or its successor thereto acceptable to the World Bank.
26. “RHA” means the Rwanda Housing Authority established pursuant to Law N°40/2010 of 25/11/2010 establishing the Rwanda Housing Authority (RHA) and

determining its responsibilities, organisation and functioning, or its successor thereto as acceptable to the World Bank.

27. “RLMUA” means the Rwanda Land Management and Use Authority established pursuant to Law N°05/2017 of 03/02/2017 establishing Rwanda Land Management and Use Authority and determining its mission, organisation and functioning, or its successor thereto as acceptable to the World Bank.
28. “RTDA” means the Rwanda Transport Development Authority established pursuant to Law N°02/2010 of 20/01/2010 establishing Rwanda Transport Development Agency (RTDA) and determining its mission, structure and functioning as modified and complemented by Law N°29/2014 of 14/08/2014, or its successor thereto as acceptable to the World Bank.
29. “RWB” means the Rwanda Water Resources Board established pursuant to Law N° 71/2019 determining its mission and responsibilities with goal to ensure sufficient water resources for long-term economic growth and to reduce the impact of flooding and landslide risks.
30. “Signature Date” means the later of the two dates on which the Borrower and the World Bank signed this Agreement.
31. “Standard Conditions” means the Standard Conditions for Loans Made by the World Bank Out of the Climate Investment Funds, dated February 18, 2014.
32. “Target Secondary Cities” or “TSCs” means the secondary cities of Huye, Muhanga, Musanze, Nyagatare, Rubavu and Rusizi in the Borrower’s territory or such other cities as may be agreed between the World Bank and the Borrower, and “Target Secondary City” or “TSC” means each such individual secondary city.
33. “Training Costs” means the reasonable cost of training under the Project, as approved by the World Bank, including costs associated with seminars, workshops, conference and study tours, travel and subsistence costs for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials and other activities directly related to course preparation and implementation.
34. “Vision 2050” means the long-term national development vision established by the government of Rwanda to drive the country’s desired socio-economic growth towards achieving a high-income country status by 2050.
35. “WASAC” means the Water and Sanitation Corporation setup to manage the water and sanitation services in Rwanda pursuant to Prime Minister’s Order N°87/03 of 16/08/2014 determining modalities of transfer of responsibilities and property of

Energy, Water And Sanitation Authority (EWSA), to *inter alia*, WASAC, or its successor thereto as acceptable to the World Bank.