

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER H514-RW

Financing Agreement

(Second Emergency Demobilization and Reintegration Project)

between

REPUBLIC OF RWANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 8, 2010

GRANT NUMBER H514-RW

FINANCING AGREEMENT

AGREEMENT dated February 8, 2010 entered into between the REPUBLIC OF RWANDA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to five million two hundred thousand Special Drawing Rights (SDR 5,200,000) (variously, “Grant”, and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Un-withdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are March 15 and September 15 in each year.
- 2.05. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the Rwanda Demobilization and Reintegration Commission in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that an extraordinary situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.
- 4.02. The deadline for the effectiveness of the Project Co-financing Multi-Donor Trust Fund Grant Agreement is nine (9) months after the Effective Date.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister at the time responsible for finance.

6.02. The Recipient's Address is:

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

Facsimile:

250-57-75-81

6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

AGREED at Kigali, Rwanda, as of the day and year first above written.

REPUBLIC OF RWANDA

By /s/ John Rwangombwa

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Omowunmi Ladipo

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the efforts of the Recipient to: (i) demobilize members of Armed Groups of Rwandan origin and the Rwanda Defense Forces; and (ii) provide socioeconomic reintegration support to such members following demobilization, with a particular focus on female, child, and disabled Ex-Combatants.

The Project constitutes the third phase of the Program and consists of the following parts:

1. Demobilization

Demobilization of members of Armed Groups and the Rwanda Defense Forces, including verification of eligibility, socioeconomic profiling, pre-discharge orientation, medical screening, HIV / AIDS voluntary counseling and testing, and registration and issuance of Ex-Combatant identification cards, with a focus on disabled and / or chronically ill Ex-Combatants, including medical screening and immediate associated medical care.

2. Reinsertion

- (a) Provision of Basic Needs Allowances to Ex-Combatants.
- (b) Provision of Recognition of Service Allowances to Ex-Combatants from the Rwanda Defense Forces.
- (c) Provision of Basic Needs Allowances to dependents of Ex-Combatants, and sensitization of such dependents to socioeconomic opportunities in host communities and within the applicable administrative framework.
- (d) Provision of Disability Allowances to disabled Ex-Combatants.
- (e) Provision of specialized reinsertion support to child Ex-Combatants, including psychosocial support, recreational opportunities, literacy and numeric education, family tracing, medical screening and care, and civic education, prior to reunification with their families, and a take-home kit comprising household items such as toiletries and utensils at reunification.

3. Reintegration

- (a) Provision of social reintegration support to Ex-Combatants, including social and psychosocial support, HIV / AIDS orientation and referrals to local support networks, and information and sensitization and reconciliation activities for Ex-Combatants and host communities, with a focus on:
 - (i) female Ex-Combatants, including ensuring equal benefits as compared to male Ex-Combatants, ensuring access to Vulnerability Support Window Grants, sensitization to gender-based violence issues, and sensitization of Implementation Partners to gender issues; and
 - (ii) disabled and / or chronically ill Ex-Combatants, including transitional medical rehabilitation and treatment and specialized housing.
- (b) Provision of specialized social reintegration support to Ex-Combatants needing particular psychosocial support, including referrals to community-based support networks and training of psychosocial counselors.
- (c) HIV / AIDS voluntary counseling and testing, including initial sensitization, pre-test counseling, voluntary testing, post-test counseling, confirmatory testing, provision of condoms, referrals to local hospitals, and orientation of affected Ex-Combatants and their spouses for integration into community-based support networks.
- (d) Provision of economic reintegration support to Ex-Combatants, including Vulnerability Support Window Grant support to Ex-Combatants from Special Target Groups, as follows:
 - (i) Training Grants for professional and vocational training;
 - (ii) Education Grants for formal education;
 - (iii) Employment Grants for employment generation, and job counseling and placement support; and
 - (iv) Subproject Grants for income-generation Subprojects.

- (e) Production of print, audio, video, and electronic materials for purposes of sensitization to reintegration of Ex-Combatants, including implementation of a sensitization and communication strategy, with specific targeting of members of Armed Groups.

4. Mainstreaming of Program Activities

Capacity building of line ministries, local authorities, and community associations including ex-combatants for the mainstreaming of Program activities into such entities' regular activities.

5. Program Management

- (a) Project management and monitoring and evaluation, including administrative and financial management, procurement, and disbursement.
- (b) Provision of support to local authorities in Program management.
- (c) Provision of support to Ex-Combatants following reinsertion for purposes of establishment of linkages with appropriate support services.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements****Rwanda Demobilization and Reintegration Commission**

1. The Recipient shall maintain, throughout Project implementation, the Rwanda Demobilization and Reintegration Commission, with an institutional framework, functions, and resources satisfactory to the Association, including competent personnel in adequate numbers.
2. The Rwanda Demobilization and Reintegration Commission shall be responsible for Project policy orientation, implementation, management, and monitoring and evaluation, including administrative and financial management, procurement, and disbursement, in accordance with the following institutional arrangements.

Technical Secretariat

3. The Recipient shall maintain throughout Project implementation, under the supervisory authority of the Rwanda Demobilization and Reintegration Commission, the Technical Secretariat, with an institutional framework, functions, and resources satisfactory to the Association, including competent personnel in adequate numbers, including a Program coordinator.
4. The Technical Secretariat shall be responsible for day-to-day Project implementation, management, and monitoring and evaluation, including administrative and financial management, procurement, and disbursement.
5. The Technical Secretariat shall furnish to the Association, not later than September 1 of each year, an independent evaluation of Project implementation in the preceding year, including: (i) verification that a statistically representative sample of Ex-Combatants has received their Basic Needs and Recognition of Service Allowances, as the case may be, in accordance with the annual work plan and budget referred to in Section V.B of this Schedule; and (ii) information on the purposes for which the Basic Needs and Recognition of Service Allowances were utilized by such sample.

B. Anti-Corruption

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

C. Manual

1. The Recipient:

- (a) shall: (i) adopt a Project Implementation Manual in form and substance satisfactory to the Association, agreed with the Association and setting out implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement, and procurement arrangements for purposes of Project implementation, including guidelines and procedures for the provision of Basic Needs, Recognition of Service, and Disability Allowances, Training, Education, Employment, and Subproject Grants, and Vulnerability Support Window Grants; and (ii) thereafter ensure that the Project is carried out in accordance with the provisions of said Manual; and
- (b) except as the Association shall otherwise agree, shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. In the event of any conflict between the provisions of the Project Implementation Manual, and those of this Agreement, the latter shall prevail.

D. Basic Needs, Recognition of Service, and Disability Allowances

- 1. The Technical Secretariat shall review and approve, on behalf of the Recipient, applications for Basic Needs, Recognition of Service, and Disability Allowances in accordance with the provisions of this Part D and the Project Implementation Manual.

2. No proposed Basic Needs, Recognition of Service, or Disability Allowance Beneficiary shall be eligible for a Basic Needs, Recognition of Service, or Disability Allowance, respectively, unless, on the basis of a review conducted in accordance with this Part D and the Project Implementation Manual, the proposed Basic Needs, Recognition of Service, or Disability Allowance Beneficiary is deemed to satisfy the eligibility criteria specified below and in further detail in the Project Implementation Manual, which shall include the following:
 - (a) the proposed Basic Needs Allowance Beneficiary is an Ex-Combatant or a dependent of an Ex-Combatant who has not received such Allowance previously;
 - (b) the proposed Recognition of Service Allowance Beneficiary is an Ex-Combatant from the Rwanda Defense Forces who has not received such Allowance previously;
 - (c) the proposed Disability Allowance Beneficiary is a disabled Ex-Combatant; and
 - (d) the proposed Basic Needs, Recognition of Service, or Disability Allowance Beneficiary shall have committed, in said application, to adhere to the requirements of the Project, including the Anti-Corruption Guidelines, the Environmental and Social Management Framework, and any Environmental Management Plans, to the extent applicable.

E. Training, Education, Employment, and Subproject Grants

1. General

Implementation Partners shall develop, implement, and monitor and evaluate, on behalf of the Recipient, Training, Education, and Employment Activities, and Subprojects in accordance with the provisions of this Part E and the Project Implementation Manual.

2. Eligibility

The respective Implementation Partner shall ensure that:

- (a) the Training, Education, or Employment Activity, or Subproject is developed in consultation with the Training, Education, Employment, or Subproject Grant Beneficiary;
- (b) the Training, Education, Employment, or Subproject Grant Beneficiary figures in the list of eligible Ex-Combatants transmitted to the Implementation Partner by the Recipient;
- (c) the proposed Vulnerability Support Window Grant Beneficiary is an Ex-Combatant from a Special Target Group;
- (d) the Training, Education, or Employment Activity, or Subproject satisfies the requirements of Part 3 (d) of the Project as described in further detail in the Project Implementation Manual;
- (e) the Training, Education, or Employment Activity, or Subproject complies with the: (i) Environmental and Social Management Framework; (ii) Resettlement Policy Framework; (iii) any Environmental Management Plans; and (iv) any Resettlement Action Plans, to the extent applicable; and
- (f) the Training, Education, or Employment Activity, or Subproject is consistent with the relevant technical, financial, administrative, and environmental standards and national sector policies.

3. Terms and Conditions

- (a) A Training, Education, or Employment Activity, or Subproject shall be carried out pursuant to a Training, Education, Employment, or Subproject Grant Agreement, respectively, to be concluded between the Technical Secretariat on behalf of the Recipient and the Implementation Partner, under terms and conditions satisfactory to the Association, described in further detail in the Project Implementation Manual, which shall include the following:
 - (i) a description of the Training, Education, or Employment Activity, or Subproject, its budget, and the applicable performance indicators;

- (ii) the obligation of the Implementation Partner to: (A) carry out the Training, Education, or Employment Activity, or Subproject with due diligence and efficiency and in accordance with sound technical, financial, administrative, and environmental standards and national sector policies; (B) ensure that the resources required for the Training, Education, or Employment Activity, or Subproject are provided promptly as needed; (C) maintain adequate records to reflect, in accordance with sound accounting practices, the resources, operations, and expenditures relating to the Training, Education, or Employment Activity, or Subproject; and (D) at the request of the Recipient or the Association, have such records audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the records as so audited to the Recipient and the Association;
- (iii) the obligation of the Implementation Partner to carry out the Training, Education, or Employment Activity, or Subproject in accordance with the provisions of the Anti-Corruption Guidelines;
- (iv) the obligation of the Implementation Partner to carry out the Training, Education, or Employment Activity, or Subproject in accordance with the provisions of the Project Implementation Manual, and without any right or authority, except as the Association shall otherwise agree, to assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof;
- (v) the obligation of the Implementation Partner to carry out the Training, Education, or Employment Activity, or Subproject in accordance with the provisions of: (A) the Environmental and Social Management Framework; (B) Resettlement Policy Framework; (C) any Environmental Management Plans; and (D) any Resettlement Action Plans, and without any right or authority, except as the Association shall otherwise agree, to assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof;

- (vi) the requirement that the goods, works, and consultants' services to be financed from the proceeds of the Training, Education, Employment, or Subproject Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the Training, Education, or Employment Activity, or Subproject;
 - (vii) the right of the Technical Secretariat, on behalf of the Recipient, and of the Recipient in its own right, to: (A) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, and sites included in the Training, Education, or Employment Activity, or Subproject, the operations thereof, and any relevant records and documents; (B) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation, and financial condition of the Training, Education, or Employment Activity, or Subproject; and (C) suspend or terminate the right of the Implementation Partner to use the proceeds of the Training, Education, Employment, or Subproject Grant, or obtain a refund of all or any part of the amount of the Training, Education, Employment, or Subproject Grant then withdrawn, as the case may be, upon failure by the Implementation Partner to perform any of its obligations under the Training, Education, Employment, or Subproject Grant Agreement; and
 - (viii) the payment of appropriate fees to the Implementation Partner for its services under the Training, Education, Employment, or Subproject Grant Agreement, in accordance with the provisions of the Project Implementation Manual.
- (b) The Recipient shall exercise its rights under the Training, Education, Employment, or Subproject Grant Agreement in such manner as to protect its interests and the interests of the Association and to accomplish the purposes of the Training, Education, Employment, or Subproject Grant, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

F. Safeguards

1. (a) The Recipient shall:
 - (i) adopt (A) the Environmental and Social Management Framework, in form and substance satisfactory to the Association, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, that have been identified by the Recipient to eliminate any adverse environmental and social impacts of Project activities, offset them, or reduce them to acceptable levels, or enhance positive impacts, and (B) the Resettlement Policy Framework, in form and substance satisfactory to the Association, setting out the arrangements, including related compensation measures, to be applied in the event of the physical or economic displacement of persons affected by activities to be implemented under the Project; and
 - (ii) ensure that the Project is carried out in accordance with the provisions of said Frameworks, any Environmental Management Plans, and any Resettlement Action Plans; and
- (b) except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.
2. Wherever required in terms of said Frameworks, the Recipient shall, for the purposes of any Training, Education, or Employment Activity, or Subproject, and prior to implementation thereof, proceed to have an Environmental Management Plan, or Resettlement Action Plan, as the case may be,
 - (a) prepared in form and substance satisfactory to the Association,
 - (b) except as otherwise agreed with the Association, submitted to the Association for review and approval, and
 - (c) thereafter, adopted and locally disclosed.

3. Without limitation upon its other reporting obligations under Section II.A.1 (a) of this Schedule, the Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Report, reports on the status of compliance with said Frameworks and Plans, giving details of:
 - (a) measures taken in furtherance of said Frameworks and Plans;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of said Frameworks and Plans; and
 - (c) remedial measures taken or required to be taken to address such conditions.
4. The Technical Secretariat shall be responsible for the preparation, implementation, and monitoring and evaluation of said Frameworks and Plans, and, to this end, shall retain, as needed, particularly in relation to Parts 3 (d) of the Project, the services of an environmental and social specialist, with qualifications, experience, and terms of reference satisfactory to the Association, who shall also supervise Implementation Partners in this regard.
5. In the event of any conflict between the provisions of said Frameworks or Plans, and those of this Agreement, the latter shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

| No. | Indicator |
|------------------------------|--|
| Part 1 of the Project | |
| 1. | Number of demobilized members of the Rwanda Defense Forces, disaggregated by gender, age, and disability |
| 2. | Number of demobilized members of Armed Groups, disaggregated by gender, age, and disability |
| 3. | Proportion of the demand for demobilization services met by the Project |
| Part 3 of the Project | |
| 4. | Number and proportion of economically active Ex-Combatants following their receipt of reintegration services, disaggregated by gender, age, and disability |
| 5. | Number and proportion of Ex-Combatants reporting acceptance by their communities, disaggregated by gender, age, and disability |

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association, as part of the Project Report, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. To this end, the Recipient shall appoint to the Technical Secretariat, in accordance with the provisions of Section III of this Schedule, an internal auditor, with qualifications, experience, and terms of reference satisfactory to the Association.
4. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

5. To this end, the Recipient shall, no later than three (3) months after the Effective Date, appoint, in accordance with the provisions of Section III of this Schedule, external financial auditors, with qualifications, experience, and terms of reference satisfactory to the Association.

Section III. Procurement

A. General

1. **Goods.** All goods required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

| Procurement Method |
|----------------------------------|
| (a) National Competitive Bidding |
| (b) Shopping |
| (c) Direct Contracting |

3. Modifications to National Competitive Bidding Procedures. National Competitive Bidding may be used subject to the following additional procedures:

(i) Eligibility

The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed in whole or in part by the Association for reasons other than those provided in Section I of the Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders in bid evaluation. Where joint ventures are permitted, the joint ventures shall confirm joint and several liability. Recipient-owned entities shall be eligible to participate in bidding for contracts if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Recipient.

(ii) Bid Validity Period

Any extension of the bid validity period shall be granted only under exceptional circumstances and for the minimum period required to complete the evaluation, obtain required approvals, and award the contract.

(iii) Bid Security

Bid security may not be required for any procurement under contracts of less than \$100,000 equivalent.

(iv) Qualification Criteria

Exclusion from participation in bidding for contracts as a result of debarment by the Recipient may only result from a violation on clearly identified grounds of fraud and corruption in accordance with a fair and transparent process resulting in a final decision.

(v) Standard Bidding Documents

National standard bidding documents, in form and substance satisfactory to the Association, shall be used.

(vi) Bid Opening

Bids shall be opened in public, at the same time, or immediately after the deadline for the submission of bids. A copy of the minutes of the public bid opening shall be provided promptly to all bidders and the Association with respect to contracts subject to Prior Review by the Association.

(vii) Rejection of All Bids and Re-bidding

All bids shall not be rejected, nor new bids solicited, without the prior written agreement of the Association.

(viii) Confidentiality

Disclosure following the public opening of bids of the examination, clarification, and evaluation of bids and the recommendation of awards shall not be permitted until publication of the notice of award.

(ix) Price Adjustment

Price adjustments may be permitted in the case of contracts for goods or works involving a delivery schedule or completion period, as the case may be, of not less than eight (8) and not more than eighteen (18) months, when market circumstances generate high commercial risks for both parties to the contract.

(x) Right to Inspect and Audit

Each contract financed from the proceeds of the Financing shall provide that the suppliers, contractors, and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the procurement and performance of the contract and to have such accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the supplier, contractor, or subcontractor of such provision may amount to an obstructive practice within the meaning of paragraph 7 of the Anti-Corruption Guidelines.

(xi) Fraud and Corruption

The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if the Association determines at any time that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for, or in executing, a contract financed by the Association.

C. Particular Methods of Procurement of Consultants’ Services

- 1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
- 2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

| Procurement Method |
|--|
| (a) Least Cost Selection |
| (b) Selection Based on Consultants’ Qualifications |
| (c) Single Source Selection |
| (d) Selection of Individual Consultants |

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association 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 Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

| Category | Amount of the Financing Allocated (expressed in SDR) | Percentage of Expenditures to be Financed (inclusive of Taxes) |
|--|---|---|
| (1) Basic Needs, Recognition of Service, and Disability Allowances and Training, Education, Employment, and Subproject Grants under Parts 2 (a), (b), (c), and (e) and 3 (a) and (d) (iv) of the Project | 3,900,000 | 42 |
| (2) Goods, works, non-consulting services, consultants’ services (including for audits), and Training under Parts 1, 2 (d), 3 (b), (c), (d) (i), (ii), (iii), and (iv), and (e), 4, and 5 of the Project | 400,000 | 40 |
| (3) Operating Costs | 700,000 | 40 |
| (4) Unallocated | 200,000 | |
| TOTAL AMOUNT | 5,200,000 | |

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 2,100,000 equivalent may be made for payments made prior to this date but on or after January 1, 2009, for Eligible Expenditures;
 - (b) under Categories (1) and (2), unless the Recipient has:
 - (i) established or designated the account referred to in Section V.A (a) of this Schedule, and made into said account the first of the quarterly deposits referred to in Section V.A (b) of this Schedule;
 - (ii) adopted the Project Implementation Manual;
 - (iii) adopted the Environmental and Social Management Framework and the Resettlement Policy Framework; and
 - (iv) appointed the internal auditor referred to in Section II.B.3 of this Schedule.
2. The Closing Date is December 31, 2012.

Section V. Other Undertakings

A. Counterpart Funding

Except as the Recipient and the Association shall otherwise agree, the Recipient shall:

- (a) to finance its contribution for expenditures under the Project other than those financed from the proceeds of the Grant, establish or designate, and thereafter maintain throughout Project implementation, an account in Rwandan Francs in its central bank, under terms and conditions acceptable to the Association, including appropriate protection against set-off, seizure, and attachment;

- (b) deposit into said account, on a quarterly basis throughout Project implementation, an amount equivalent to \$166,000, or such other amount as agreed with the Association, required to finance the Recipient's contribution for expenditures under the Project other than those financed from the proceeds of the Grant; and
- (c) ensure that the funds deposited into said account in accordance with the provisions of subparagraph (b) of this Part A are used exclusively to finance expenditures under the Project other than those financed from the proceeds of the Grant.

B. Annual Work Plans and Budgets

The Recipient shall:

- (a) furnish to the Association for approval as soon as available, but in any case not later than October 31 of each year, the annual work plan and budget for the Project for each subsequent year of Project implementation, of such scope and detail as the Association shall have reasonably requested, except for the annual work plan and budget for the Project for the first year of Project implementation, which shall be furnished no later than one (1) month after the Effective Date; and
- (b) thereafter ensure that the Project is carried out in accordance with said plan and budget.

C. Semi-Annual Reviews

The Recipient shall review with the Association, no later than one (1) month after the transmittal to the Association of every second Project Report referred to in Section II.A.1 (a) of this Schedule, or such later date as the Association shall request, said Project Report and the preceding one, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said Reports and the Association's views on the matter.

D. Midterm Review

The Recipient shall:

- (a) carry out jointly with the Association, no later than 18 months after the Effective Date, a midterm review to assess the status of Project implementation, as measured against the performance indicators referred to in Section II.A.1 (a) of Schedule 2 to this Agreement. Such review shall include an assessment of the following: (i) overall progress in Project implementation; (ii) results of monitoring and evaluation activities; (iii) annual work plans and budgets; (iv) progress in procurement and disbursement; (v) progress in the implementation of safeguards instruments; (vi) Project implementation arrangements; and (vii) the need to make any adjustments to the Project and reallocate funds to improve performance;
- (b) prepare and furnish to the Association, at least three (3) months before such review, a report, in scope and detail satisfactory to the Association, needed to undertake the review, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section on the progress achieved in the carrying out of the Project during the period preceding the date of the said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and
- (c) review, jointly with the Association, the report referred to in paragraph (b) of this Section and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said report and the Association's views on the matter.

APPENDIX**Section I. Definitions**

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Armed Group” means an organized armed group of Rwandan citizens that engaged in military fighting between August 1, 1998 and the date of this Agreement against the Rwanda Defense Forces (as hereinafter defined) in the territory of the Recipient or neighboring countries.
3. “Basic Needs Allowance” means a one-time cash payment made to an Ex-Combatant under Part 2 (a) of the Project, or a dependent of an Ex-Combatant under Part 2 (c) of the Project, for purposes of reinsertion into civilian life and covering his basic needs, such as transport home, food, household items such as toiletries and utensils, and medical insurance, for an initial three (3)-month period following discharge from a demobilization center.
4. “Basic Needs Allowance Beneficiary” means an Ex-Combatant or a dependent of an Ex-Combatant to whom or for whose benefit a Basic Needs Allowance is provided.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
6. “Disability Allowance” means a monthly cash payment made to a disabled Ex-Combatant under Part 2 (d) of the Project for purposes of reinsertion into civilian life and covering the additional cost of his specialized medical insurance during an initial three (3)-month period following discharge from a demobilization center.
7. “Disability Allowance Beneficiary” means a disabled Ex-Combatant to whom or for whose benefit a Disability Allowance is provided or proposed to be provided.
8. “Education Activity” means a specific activity carried out under Part 3 (d) (ii) of the Project, financed or proposed to be financed through an Education Grant (as hereinafter defined).

9. “Education Grant” means a grant made or proposed to be made out of the proceeds of the Financing to finance an Education Activity.
10. “Education Grant Agreement” means an agreement between the Recipient, represented by the Technical Secretariat, and an Implementation Partner, setting forth the terms and conditions governing an Education Grant.
11. “Education Grant Beneficiary” means an Ex-Combatant for whose benefit an Education Grant is made to an Implementation Partner.
12. “Emergency” means the extraordinary event of limited duration which for the purposes of this Agreement commenced in August 1998, and was caused by the escalation of armed conflict in the Recipient’s territory and the subsequent involvement of the Recipient’s army in the conflict in the territory of the Democratic Republic of Congo.
13. “Employment Activity” means a specific activity carried out under Part 3 (d) (iii) of the Project, financed or proposed to be financed through an Employment Grant (as hereinafter defined).
14. “Employment Grant” means a grant made or proposed to be made out of the proceeds of the Financing to finance an Employment Activity.
15. “Employment Grant Agreement” means an agreement between the Recipient, represented by the Technical Secretariat, and an Implementation Partner (as hereinafter defined), setting forth the terms and conditions governing an Employment Grant.
16. “Employment Grant Beneficiary” means an Ex-Combatant for whose benefit an Employment Grant is made to an Implementation Partner.
17. “Environmental and Social Management Framework” means the Recipient’s framework, referred to in Section I.F of Schedule 2 to this Agreement, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such Framework.

18. “Environmental Management Plan” means the Recipient’s plan, to be agreed with the Association and setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, that have been identified by the Recipient to eliminate any adverse environmental and social impacts of activities to be implemented under a Training, Education, or Employment Activity, or Subproject, offset them, or reduce them to acceptable levels, or enhance positive impacts, in accordance with the provisions of the Environmental and Social Management Framework, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such Plan.
19. “Ex-Combatant” means a member of an Armed Group or the Rwanda Defense Forces (as hereinafter defined) fulfilling the criteria for combatant status set out in the Recipient’s Ministerial Order No. 066 of September 13, 2002 and demobilized under the Program.
20. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
21. “HIV / AIDS” means Human Immunodeficiency Virus / Acquired Immunodeficiency Virus.
22. “Implementation Partner” means a public enterprise or non-governmental organization appointed by the Recipient for purposes of implementation of Part 3 (d) of the Project.
23. “Ministry of Finance and Economic Planning” means the Recipient’s ministry at the time responsible for finance and economic planning.
24. “Operating Costs” means the incremental operating costs under the Project, based on the annual work plans and budgets referred to in Section V.B of Schedule 2 to this Agreement as approved by the Association, and incurred by the Rwanda Demobilization and Reintegration Commission on account of utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and subsistence, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.

25. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
26. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated August 7, 2009, 2009 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
27. “Program” means the program designed to address the Emergency through the demobilization, reinsertion, and reintegration of a large number of Ex-Combatants and set forth or referred to in the letter dated March 14, 2002 from the Recipient to the Association.
28. “Project Co-financing Multi-Donor Trust Fund” means the trust fund to be established for purposes of multi-donor co-financing for the Project.
29. “Project Co-financing Multi-Donor Trust Fund Grant Agreement” means the agreement to be entered into between the Recipient and the Association, acting as administrator of the Project Co-financing Multi-Donor Trust Fund, providing for the Project Co-financing Multi-Donor Trust Fund Grant (as hereinafter defined).
30. “Project Co-financing Multi-Donor Trust Fund Grant” means an amount of \$9,100,000 equivalent, to be provided by the Association, acting as administrator of the Project Co-financing Multi-Donor Trust Fund, to assist in financing the Project.
31. “Project Implementation Manual” means the Recipient’s manual, referred to in Section I.C of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to said Manual.
32. “Recognition of Service Allowance” means a one-time cash payment made to an Ex-Combatant from the Rwanda Defense Forces under Part 2 (b) of the Project one (1) month following demobilization for purposes of reinsertion into civilian life and covering the loss of Rwanda Defense Forces salary income for a four (4)-month period.
33. “Recognition of Service Allowance Beneficiary” means an Ex-Combatant from the Rwanda Defense Forces to whom or for whose benefit a Recognition of Service Allowance is provided or proposed to be provided.

34. “Resettlement Action Plan” means the Recipient’s plan, to be agreed with the Association and setting out the arrangements, including related compensation measures, to be applied in the event of the physical or economic displacement of persons affected by activities to be implemented under a Training (as hereinafter defined), Education, or Employment Activity, or Subproject (as hereinafter defined), in accordance with the provisions of the Resettlement Policy Framework (as hereinafter defined), as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such Plan.
35. “Resettlement Policy Framework” means the Recipient’s framework, referred to in Section I.F of Schedule 2 to this Agreement, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such Framework.
36. “Rwanda Defense Forces” means the Recipient’s armed forces.
37. “Rwanda Demobilization and Reintegration Commission” means the Recipient’s entity, under the supervisory authority of the Ministry of Finance and Economic Planning, established and operating pursuant to the Recipient’s Decree No. 37/01 of April 9, 2002 and Cabinet Decision of July 12, 2002, responsible for the formulation of policies pertaining to demobilization, reinsertion, and reintegration of ex-combatants and implementation and supervision of the Program.
38. “Rwandan Franc” means the currency of the Recipient.
39. “Special Target Group” means a specific group of Ex-Combatants that is provided specialized support for its socioeconomic reintegration and comprises those who are female, children, disabled, chronically ill, at risk of HIV / AIDS, HIV-positive, or need particular psychosocial support.
40. “Subproject” means a specific activity carried out under Part 3 (d) (iv) of the Project, financed or proposed to be financed through a Subproject Grant (as hereinafter defined).
41. “Subproject Grant” means a grant made or proposed to be made out of the proceeds of the Financing to finance a Subproject.
42. “Subproject Grant Agreement” means an agreement between the Recipient, represented by the Technical Secretariat, and an Implementation Partner, setting forth the terms and conditions governing a Subproject Grant.

43. “Subproject Grant Beneficiary” means an Ex-Combatant for whose benefit a Subproject Grant is made to an Implementation Partner.
44. “Technical Secretariat” means the Recipient’s entity, referred to in Section I.A.3 of Schedule 2 to this Agreement, under the supervisory authority of the Rwanda Demobilization and Reintegration Commission, established and operating pursuant to the Recipient’s Decree No. 37/01 of April 9, 2002 and Cabinet Decision of July 12, 2002, responsible for assisting said Commission in implementing the Program.
45. “Training” means the costs of training under the Project, based on the annual work plans and budgets referred to in Section V.B of Schedule 2 to this Agreement as approved by the Association, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances 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.
46. “Training Activity” means a specific activity carried out under Part 3 (d) (i) of the Project, financed or proposed to be financed through a Training Grant (as hereinafter defined).
47. “Training Grant” means a grant made or proposed to be made out of the proceeds of the Financing to finance a Training Activity.
48. “Training Grant Agreement” means an agreement between the Recipient, represented by the Technical Secretariat, and an Implementation Partner (as hereinafter defined), setting forth the terms and conditions governing a Training Grant.
49. “Training Grant Beneficiary” means an Ex-Combatant for whose benefit a Training Grant is made to an Implementation Partner.
50. “Vulnerability Support Window Grant” means a Training, Education, Employment, or Subproject Grant made or proposed to be made out of the proceeds of the Financing to finance an Education, Employment, or Training Activity, or Subproject, respectively, for the benefit of a Vulnerability Support Window Grant Beneficiary (as hereinafter defined).
51. “Vulnerability Support Window Grant Beneficiary” means an Ex-Combatant from a Special Target Group for whose benefit a Training, Education, Employment, or Subproject Grant is made to an Implementation Partner.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. Refinancing Preparation Advance

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining un-withdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. Suspension by the Association

... (1) *Ineligibility.* The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”

