

CONFORMED COPY

GRANT NUMBER TF097476

Trust Fund Grant Agreement

(Second Emergency Demobilization and Reintegration Project)

between

REPUBLIC OF RWANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

**acting as administrator of Multi-Donor Trust Fund for the co-financing of the
Second Emergency Demobilization and Reintegration Project in Rwanda**

Dated January 5, 2011

GRANT AGREEMENT

AGREEMENT dated January 5, 2011, entered into between REPUBLIC OF RWANDA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association” or “World Bank”), as administrator of Multi-Donor Trust Fund for the co-financing of the Second Emergency Demobilization and Reintegration Project in Rwanda.

WHEREAS:

(A) Pursuant to a financing agreement entered into between the Recipient and the International Development Association dated February 8, 2010 (the “IDA Financing Agreement”) (“Grant No. H514-RW”) for the Second Emergency Demobilization and Reintegration Project, the International Development Association granted the Recipient an amount equivalent to five million two hundred thousand Special Drawing Rights (SDR 5,200,000) to assist in financing the project described in Schedule 1 to the IDA Financing Agreement (“IDA Financing Agreement”).

(B) the World Bank, acting as administrator of Multi-Donor Trust Fund for the co-financing of the Second Emergency Demobilization and Reintegration Project in Rwanda, has agreed to make the grant (“Grant”) referred to in Section 3.01 of this Agreement.

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010 (“Standard Conditions”), 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 this Agreement or in the IDA Financing Agreement. If the same term is defined in this Agreement and in the IDA Financing Agreement, the definition in this Agreement shall prevail.

Article II
The Project

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“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 II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to four million five hundred ninety two thousand seven hundred thirty four United States Dollars (USD 4,592,734) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Article IV
Additional Remedies

- 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.

Article V
Representative; Addresses

- 5.01. The Recipient’s Representative is its minister at the time responsible for finance.

5.02. The Recipient's Address is:

Ministry of Finance and Economic Planning
P. O. Box 158
Kigali
Rwanda
Facsimile:
250-57-75-81

5.03. 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

/s/ John Rwangombwa

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Johannes Zutt

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 and Other Arrangements

A. Section I A,C,D,E, F, Section III and Section V of Schedule 2 to the IDA Financing Agreement shall apply to this Agreement, *mutatis mutandis*.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”), with the modifications set forth in Section II of the Appendix to this Agreement.

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 2.06 of the Standard 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 2.07 of the Standard 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 accountant 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 2.07 (b) of the Standard 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 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. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the Association may 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 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 Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	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	3,802,139	26.5
(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	240,900	15
(3) Operating Costs	397,170	15
(4) Unallocated	152,525	

TOTAL AMOUNT	4,592,734	
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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 referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2012.

APPENDIX

Definitions and Modifications to the Anti-Corruption Guidelines

Section I. Definitions

1. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010.
2. “IDA Financing Agreement” means the agreement dated February 8, 2010 between the Recipient and the Association providing for the co-financing of the Project.
3. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010.

Section II. The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection

with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”