Financing Agreement

(Third Rural Sector Support Project)

between

THE REPUBLIC OF RWANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 26, 2012
FINANCING AGREEMENT

AGREEMENT dated March 26, 2012, entered into between 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 credit in an amount equivalent to fifty two million, two hundred thousand Special Drawing Rights (SDR 52,200,000) (variously, "Credit" 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 Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are May 15 and November 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is dollars.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project through the Ministry of Agriculture and Animal Resources (MINAGRI) 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 as a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Program or a significant part thereof shall be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

5.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years 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:
250-252-57-75-81

6.03. The Association’s Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Kigali, Republic of Rwanda, as of the day and year first above written.

REPUBLIC OF RWANDA

By

[Signature]

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to increase the agricultural productivity of organized farmers in the marshlands and hillsides of sub-watersheds targeted for development in an environmentally sustainable manner; and strengthen the participation of women and men beneficiaries in market-based value chains.

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

Part 1: Infrastructure for Marshland, Hillside and Commodity Chain Development

(a) Carrying out of a program to rehabilitate and develop selected schemes in marshlands so as to expand the irrigated area of cultivated marshlands, such program to include: (i) carrying out of detailed feasibility studies and participatory design studies on selected schemes in marshlands; (ii) constructing and rehabilitating selected schemes in marshlands that meet the investment criteria detailed in the Project Implementation Manual; (iii) carrying out rapid groundwater assessments in marshlands to identify areas with potential for ground water extraction; and (iv) developing affordable irrigation systems, including development of appropriate irrigation technology, training of local mechanics in the manufacture, repair and maintenance of irrigation systems, and development of mass marketing approaches.

(b) Carrying out of a program to improve the agricultural productivity of hillsides, such program to include: (i) promoting sustainable land management practices on hillsides especially those adjacent to irrigation investments; (ii) promoting cost-effective soil moisture retaining technologies on hillsides; and (iii) promoting rainwater harvesting technologies and sustainable land management practices, including: (1) use of grass strips, contour bunding and improved radical terracing; (2) pasture improvement through trees and grass planting; (3) dam and canal buffer zone protection; and (4) afforestation of critical hillside ecosystems unsuitable for intensive agriculture and animal production.

(c) Carrying out of a program of activities to improve infrastructure for commodity chain development, such program to include constructing agri-business centers in selected areas in conjunction with cooperatives and other value chain stakeholders and financing of Sub-Projects for the construction and rehabilitation of selected eligible economic infrastructure in marshlands and hillsides.
Implementing environmental and resettlement activities in connection with the Project.

Part 2: Capacity for Marshland, Hillside and Commodity Chain Development

(a) Carrying out of a program to strengthen farmer organizations and cooperatives, such program to include: (i) provision of support for mobilization and group formation; (ii) provision of governance and management training, including bookkeeping and accounting; (iii) production and dissemination of reference and training materials; and (iv) organization of exchange visits.

(b) Carrying out of a program to strengthen the capacity of Water User Associations (WUAs), such program to include: (i) training, including on registration and governance of WUAs, water management, enforcement of appropriate by laws, infrastructure maintenance, establishment, collection and management of water service fees and monitoring and evaluation of WUAs' progress and activities; (ii) support to District Implementation Support Teams in the articulation of WUAs' activities in District Development Plans; (iii) production and dissemination of reference and training materials; and (iv) organization of exchange visits.

(c) Carrying out of a program to improve production technologies so as to enhance productivity in marshlands and hillsides, such program to include: (i) farmer based extension, training-of-trainers and up-scaling of Farmers Field Schools (FFS) in marshlands and hillsides supported by the Program; (ii) providing technical assistance and training to interested cooperatives to become certified seed producers in cooperation with Rwanda Agricultural Board; (iii) intensification of rain-fed hillside production through re-afforestation with emphasis on planting of fruit trees, establishment of fruit tree nurseries and adoption of fruit trees management techniques such as grafting, pruning, root pruning and fertilization; (iv) supporting innovations for productivity; and (v) marketing of hillside agricultural output.

(d) Carrying out of a program to build capacity for value chain development, such program to include: (i) development of market oriented farming at the producer level, including training of lead farmers in business planning and small enterprise management, and organization of study tours to well established cooperatives; (ii) supporting farmers cooperatives in the development of market oriented farming, including training of marketing committees on marketing, hiring of professional managers, and implementing a mentoring program for cooperative staff and leaders; (iii) supporting initial dialogue with the District authorities and study tours (within and outside the country) to areas where agri-
business centers have been developed; and (iv) providing technical assistance and facilitating linkage between farmers organizations and financial schemes.

**Part 3: Project Coordination and Implementation**

Financing of Operating Costs and other Project costs associated with project management, monitoring and evaluation.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Ministry of Agriculture and Animal Resources

1. The Ministry of Agriculture and Animal Resources (MINAGRI) shall be responsible for overall Project management and implementation, including financial management, procurement and monitoring and evaluation.

Inter-Ministerial Steering Committee

2. The Recipient shall not later than one (1) month of the Effective Date, or such other date as may be agreed with the Association, establish, and thereafter maintain throughout Project implementation, the Project Steering Committee (PSC) under the leaderships of MINAGRI with terms of reference satisfactory to the Association and with adequate resources to carry out its functions.

3. Project Steering Committee shall be responsible for provision of strategic guidance to the Project.

Single Project Implementation Unit

4. The Recipient shall, throughout Project implementation: (a) maintain within MINAGRI the Single Project Implementation Unit (SPIU) comprising the SPIU Coordinator who shall head said Unit, the Component Heads and such other technical specialists as may be agreed with the Association, all with qualifications and experience satisfactory to the Association; and (b) ensure that the SPIU has adequate resources to carry out its responsibilities under the Project.

5. The SPIU shall be responsible for day-to-day Project management and implementation including financial management, procurement and monitoring and evaluation.

Districts Fiduciary Support Team

6. The Recipient shall not later than one (1) month of the Effective Date, or such other date as may be agreed with the Association, establish, and thereafter maintain a Districts Fiduciary Support Team comprising a procurement officer and an accountant to be responsible for a cluster of Districts in which the Project is operative, all with qualifications and experience and terms of reference satisfactory to the Association.
7. The Districts Fiduciary Support Team shall provide fiduciary support to the District Implementation Support Teams operating in the cluster of Districts for which they are appointed.

**District Implementation Coordinator and District Implementation Support Teams**

8. The Recipient shall not later than one (1) month of the Effective Date or such other date as may be agreed with the Association, establish and thereafter maintain throughout Project implementation, a District Implementation Support Team for every District in which the Project is operative, comprising rural engineers, community development specialists, agribusiness specialists, agronomists, monitoring and evaluation specialists, sustainable land management specialists and such other technical specialists as may be agreed with the Association, all with qualifications and experience satisfactory to the Association.

9. The Recipient shall designate one of the specialists in the District Implementation Support Team to act as the District Implementation Coordinator with the overall responsibility of coordinating the activities of the District Implementation Support Team.

10. The District Implementation Support Teams shall be responsible for District-level Project implementation, including community mobilization, liaison with District level authorities and capacity building activities.

**B. Project Implementation Manual**

1. The Recipient shall: (a) maintain a Project Implementation Manual in form and substance satisfactory to the Association, and carry out the Project in accordance with the Project Implementation Manual; and (b) not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof without the prior written approval of the Association.

2. In case of a conflict between the provisions of the Project Implementation Manual and this Agreement, those of this Agreement shall prevail.

**C. Anti-Corruption**

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

**D. Sub-Projects.**

1. The Recipient shall, for purposes of carrying out the construction and rehabilitation of selected rural infrastructure under Part 1(c) of the Project, provide financing for investments that meet the criteria detailed in the Project
Implementation Manual including: (i) compliance with local development priorities; (ii) economic viability; (iii) investment proponents are farmers organizations or cooperatives which meet the eligibility criteria specified in the Project Implementation Manual; (iv) proposed investment is in respect of eligible investments as specified in the Project Implementation Manual; and (v) contributions in cash or in kind by the Beneficiaries.

2. In implementing the Sub-Projects referred to under paragraph 1 of this section, the Recipient shall provide Sub-Project Grants to Beneficiaries under a Sub-Project Grant Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include the following:

(a) provision of Sub-Project Grants on a grant basis; and

(b) rights adequate to protect the Recipient's interests and those of the Association, including the right to: (i) suspend or terminate the right of a Beneficiary to use the proceeds of the financing or obtain a refund of all or any part of the amount of financing then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the applicable Sub-Project Grant Agreement; and (ii) require each Beneficiary to: (A) carry out the Sub-Project with due diligence and efficiency and in conformity with environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-corruption Guidelines; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the financing in accordance with Section III of this Schedule as further elaborated in the Project Implementation Manual; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-Project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-Project; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect the Sub-Project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
3. The Recipient shall exercise its rights and carry out its obligations under each Sub-Project Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-Project Grant Agreement or any of its provisions.

E. Safeguards.

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the: (i) Environmental Assessment, including the Environmental Management Plans; (ii) Environmental and Social Management Framework; (iii) Pest Management Plan; (iv) Resettlement Policy Framework; (v) any Resettlement Action Plans; (vi) the Small Dam Guidelines; and (vii) any Dam Safety Plans, 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.

2. Wherever required in accordance with the provisions of the Frameworks and Plans referred to in paragraph 1 of this Part E, the Recipient shall:

   (i) for the purposes of any Sub-Project or investment under Part I (a) of the Project, and prior to implementation thereof, proceed to have an Environmental Management Plan, Resettlement Action Plan or Dam Safety Plan, as the case may be: (a) prepared in form and substance satisfactory to the Association; and (b) except as otherwise agreed with the Association, submitted to the Association for review and approval, and thereafter adopted and locally disclosed; and

   (ii) take all measures necessary on its part to regularly collect, compile, and submit to the Association, on a quarterly basis, reports on the status of compliance with such Frameworks and Plans, giving details of: (a) measures taken in furtherance of such Frameworks and Plans; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Frameworks and Plans; and (c) remedial measures taken or required to be taken to address such conditions.

3. The Recipient shall ensure that the environmental officer within SPIU shall, in consultation with the Rwanda Environmental Management Authority, oversee the day-to-day implementation of said Environmental Assessment, Frameworks, and Plans.
4. The Recipient shall:

(a) furnish to the Association for review, prior to the issuance of a request for proposals relating to a contract for the provision of technical services relating to the investigation, design, or construction or the commencement of operations of a dam, terms of reference satisfactory to the Association for such contract, and appoint for the provision of such services professionals with qualifications and experience satisfactory to the Association;

(b) furnish to the Association for review, no later than fifteen (15) days after the completion or receipt of each such report, all reports relating to dam safety prepared by the Recipient, any independent specialists assessing a dam under construction or targeted under the Project, or professionals appointed by the Recipient to design, construct, fill, and start up a dam; and

(c) furnish to the Association for review, as soon as available, all information relevant to dam safety, including cost estimates, construction schedules, procurement procedures, technical assistance arrangements, environmental and social assessments, along with the dam proposal, technical aspects, inspection reports, and any action plans relating to dam safety prepared by the Recipient.

5. The Recipient shall furnish to the Association for review, no later than three (3) months prior to the Closing Date, operational procedures with respect to dams constructed or targeted under the Project, including retention of written instructions for flood operations and emergency preparedness at such dams at all times, incorporation of necessary modifications to technical criteria for the evaluation of dam safety further to the advent of new technology or information, and application of such revised criteria to such dams and other dams under the Recipient’s jurisdiction as necessary.

Large Dams

6. The Recipient, shall, for the purposes of any Large Dam:

(a) (i) prior to the investigation phase of the subject Large Dam and in accordance with the provisions of Section III of this Schedule 2 to the Agreement, establish and provide administrative support to a Panel comprising at least three (3) experts acceptable to the Association and with terms of reference acceptable to the Association for review of the
investigation, design, and construction and the commencement of operations of the subject Large Dam, such terms of reference to include review of and provision of advice relating to safety and other critical aspects of the subject Large Dam, its appurtenant structures, the catchment area, the area surrounding the reservoir, and downstream areas; (ii) (A) convene, as early as possible in the preparation of Large Dams, periodic Panel meetings and reviews, which shall continue through the investigation, design, construction, and initial filling and start-up phases of the subject Large Dam, (B) inform the Association in advance of each such meeting such that the Association may participate in such meeting as an observer, and (C) furnish to the Association for review, no later than 15 days after the receipt of each such report, a copy of the Panel’s report of its conclusions and recommendations following each such meeting; and (iii) furnish to the Association for review, following the initial filling of the reservoir and the start-up of the subject Large Dam, a copy of the Panel’s report of its findings and recommendations in relation to such filling and start-up, and may disband the Panel in consultation with the Association following such review if no significant difficulties have been encountered in the filling and start-up.

(b) submit to the Association for review, and thereafter take all measures required to address the conclusions and recommendations of such review and adopt, Dam Safety Plans, of such scope and detail as the Association shall have reasonably requested and which shall have been reviewed by the Panel and reflect the conclusions and recommendations of such review, as follows: (i) (A) a Dam Construction Supervision and Quality Assurance Plan, (B) a broad framework Dam Emergency Preparedness Plan and an estimate of funds needed to prepare such Plan in detail, and (C) a preliminary Dam Operation and Maintenance Plan, all along with the annual work plan and budget referred to in Section I. F of this Schedule reflecting the subject Large Dam; (ii) a Dam Instrumentation Plan during the design phase of the subject Large Dam, and prior to bid tendering under the Large Dam; (iii) a Dam Emergency Preparedness Plan no later than one (1) year prior to the initial filling of the subject Large Dam; and (iv) a Dam Operation and Maintenance Plan no later than six (6) months prior to the initial filling of the subject Large Dam.

(c) pre-qualify bidders prior to bid tendering for Large Dams; and

(d) have periodic dam safety inspections performed by independent professionals, with qualifications, experience, and terms of reference satisfactory to the Association and who have not been involved in the investigation, design, construction, or operation of the subject Large Dam, following the initial filling and start-up of the subject Large Dam.
7. The Recipient shall for purposes of determining whether a dam between 10 and 15 meters is to be treated as a Large Dam: (a) engage the services of an independent dam safety reviewer with qualifications, experience, and terms of reference satisfactory to the Association; (b) upon completion of the said review, furnish the report to and exchange views with the Association; and (c) thereafter proceed to apply the safety measures for Small or Large Dams as provided under this Section I. E to said dam as appropriate.

F. Annual Work Plan and Budget

1. The Recipient shall, not later than May 31 of each year, prepare and furnish to the Association an annual program of activities proposed for inclusion in the Project during the following Fiscal Year, together with a proposed budget and financing plan for such activities, provided that the annual work plan and budget for the Project for the first year of Project implementation shall be furnished to the Association not later than one (1) month of the Effective Date or such other date as may be agreed with the Association.

2. The Recipient shall exchange views with the Association on each such proposed annual work plan, and shall thereafter adopt and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association ("Agreed Annual Work Plan").

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 acceptable to the Association and set forth in the Project Implementation Manual. Each Project Report shall cover the period of one calendar year, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. Notwithstanding the provisions of paragraph 1, the Recipient shall ensure that farmers organizations are involved in the monitoring and evaluation of project activities.

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 not later than forty-five (45) days after the end of each semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. 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 fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting 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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:
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:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection based on Consultants' Qualifications</td>
</tr>
<tr>
<td>(e) Single-Source Selection of consulting firms</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services, Training and Workshops and Operating Costs under the Project (except Part 1(c) and 1(d) of the Project)</td>
<td>46,850,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works and services financed by Sub-Project Grants under Part 1(c) of the Project</td>
<td>3,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>750,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(4) Unallocated</td>
<td>1,300,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>52,200,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
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 October 30, 2017.

Section V. Other Undertakings

Mid-Term Review

1. The Recipient shall:

   (a) not later than thirty (30) months of the Effective Date or any other date agreed with the Association carry out jointly with the Association, a Mid-Term Review of the progress made in carrying out the Project;

   (b) not later than thirty (30) days after the completion of the Mid-Term Review, start to implement the recommendations of the Mid-Term Review as agreed with the Association; and

   (c) the Mid-Term Review shall assess, inter alia: (i) the overall progress made during the implementation of the Project; and (ii) the results of the monitoring and evaluation activities.

Recipient's Contribution

2. The Recipient shall:

   (a) for purposes of financing Part 1 (d) of the Project maintain at all times during Project implementation, in Rwandan Francs, in its central bank, a separate account under terms and conditions acceptable to the Association, (“Counterpart Fund Account”), into which it shall deposit from time to time from its own resources, its counterpart contribution corresponding to the cost of implementation of Part 1 (d) of the Project;

   (b) deposit into the Counterpart Fund Account, not later than one hundred and twenty (120) days of the Effective Date, an initial advance sufficient to meet the cost of implementation of Part 1 (d) of the Project during the first Fiscal Year of the Project implementation period, and thereafter replenish the Counterpart Fund Account in advance of every Fiscal year, taking into account the balance of funds in the Counterpart Fund Account and projected expenditures for the following Fiscal Year; and

   (c) ensure that funds deposited into the Counterpart Fund Account shall be used exclusively to finance expenditures under Part 1 (d) of the Project.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>commencing May 15, 2022 to and including November 15, 2031</td>
<td>1%</td>
</tr>
<tr>
<td>commencing May 15, 2032 to and including November 15, 2051</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. "Agreed Annual Work Plan" means the program of activities to be implemented during the following Fiscal Year and agreed in each year between the Recipient and the Association and referenced to in Section I.F.1 of Schedule 2 to this Agreement, as the same may be revised from time to time.


3. "Beneficiaries" means farmers organizations or cooperatives which meet the eligibility criteria specified in the Project Implementation Manual for receiving Sub-Project Grants and to which a Sub-Project Grant is made or proposed to be made, for purposes of implementing Sub-Projects.

4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. "Component Heads" means the Recipient's staff within SPIU in charge of irrigation and land husbandry, commodity chain development, procurement, finance, information management, environment, human resources and administration.


7. "Dam Construction Supervision and Quality Assurance Plan" means the Recipient's plan setting out measures, including organization, staffing levels, procedures, equipment, and supervision qualifications, for supervision and quality assurance of the construction of or work on a Large Dam, in accordance with the provisions of the Environmental and Social Management Framework, as the same may be modified from time to time in consultation with the Association, and such term includes any schedules or annexes to such Plan.

8. "Dam Emergency Preparedness Plan" means the Recipient's plan setting out measures, including clear statements on the responsibility for operations decision making and related emergency communications, maps outlining inundation levels for various emergency conditions, flood warning system characteristics, and procedures for evaluating threatened areas and mobilizing emergency forces and equipment, for when facility failure is considered imminent or when expected operational flow release threatens downstream life, property, or economic operations that depend on river flow levels relating to a Large Dam, in accordance with the provisions of the Environmental and Social Management Framework, as the same may be modified from time to time in consultation with the Association, and such term includes any schedules or annexes to such Plan.
9. "Dam Instrumentation Plan" means the Recipient's plan setting out measures for the installation of instruments to monitor and record the behavior of and the hydro-meteorological, structural, and seismic factors relating to a Large Dam, in accordance with the provisions of the Environmental and Social Management Framework, as the same may be modified from time to time in consultation with the Association, and such term includes any schedules or annexes to such Plan.

10. "Dam Operation and Maintenance Plan" means the Recipient's plan setting out measures, including organizational structure, staffing, technical expertise, and training required, equipment and facilities needed, procedures, and funding arrangements, including long-term maintenance and safety inspections, for the operation and maintenance of a Large Dam, in accordance with the provisions of the Environmental and Social Management Framework, as the same may be modified from time to time in consultation with the Association, and such term includes any schedules or annexes to such Plan.

11. "Dam Safety Plans" means, collectively, the: (i) Dam Construction Supervision and Quality Assurance Plan; (ii) Dam Emergency Preparedness Plan; (iii) Dam Instrumentation Plan; and (iv) Dam Operation and Maintenance Plan.

12. "District" means an administrative area of the Recipient, established pursuant to the Recipient's Law No. 29/2005 of December 31, 2005, representing a designated area and population within the territory of the Recipient.

13. "District Development Plan" means the plan prepared by a District pursuant to the Recipient's Law No. 08/2006 of February 24, 2006 and outlining its priority development needs for a given period of one (1) year.

14. "Districts Fiduciary Support Team" means a procurement officer and accountant appointed by the Recipient pursuant to Section 1.A. (6) of Schedule 2 to this Agreement to provide fiduciary support to a cluster of identified Districts.

15. "District Implementation Coordinator" means the team leader appointed by the Recipient from amongst the members of the District Implementation Support Team with qualifications and experience acceptable to the Association and responsible for the implementation of the Project at District level.

16. "District Implementation Support Team" means the District level Project coordination team responsible for implementing the Project at the District level.

17. "Environment and Social Management Framework" means the Recipient's framework, dated November 28, 2011; 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 Project activities, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written concurrence of the Association, and such term includes any schedules or annexes to said Framework.
18. “Environmental Assessment” means the Recipient’s assessment agreed with the Association and setting out the potential adverse environmental and social impact of the Project and measures for the offsetting, reduction, or mitigation of such impact, as the same may be modified from time to time with the prior written concurrence of the Association, and such term includes any schedules or annexes to said Assessment.

19. “Environmental Management Plan” means the Recipient’s plan prepared pursuant to the Environment and Social Management Framework and 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 the Project, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written concurrence of the Association, and such term includes any schedules or annexes to said Plan.

20. “Farmers Field Schools” or “FFS” means an approach which is used to build the capacity of and empower farmers to use improved and economically viable practices for sustainable soil, water and pest management with a view of increasing agricultural productivity and profitability.

21. “Fiscal Year” or “FY” each means each fiscal year of the Recipient commencing on July 1 and ending on June 30 of the subsequent year.


23. “Gender Monitoring Office” means an agency established by the Recipient’s Constitution to oversee and monitor the implementation of gender principles and the eradication of gender based violence.


25. “Large Dam” means a dam: (i) 15 meters or more in height; (ii) between 10 and 15 meters in height and presenting special design complexities as shall have been confirmed by an independent dam safety reviewer in accordance with Section I.E (7) of schedule 2 to this Agreement; or (iii) under 10 meters in height and expected to reach or exceed 15 meters in height during operation.

26. “Ministry of Agriculture and Animal Resources” or “MINAGRI” means the Recipient’s ministry at the time responsible for matters relating to agriculture and animal resources.

27. “Ministry of Family and Gender” means the Recipient’s ministry at the time responsible for matters relating to family and gender matters.

29. "Ministry of Infrastructure" means the Recipient’s ministry at the time responsible for matters relating to infrastructure.

30. "Ministry of Local Government" means the Recipient’s ministry at the time responsible for local government matters.

31. "Ministry of Natural Resources" means the Recipient’s ministry at the time responsible for matters relating to environment and natural resources.

32. "Ministry of Trade and Industry" means the Recipient’s ministry at the time responsible for matters relating to trade and industry.

33. "Operating Costs" means the incremental expenses incurred by the Recipient on account of Project implementation, management, and monitoring, including rental of office space; office supplies and consumables; communication costs; operation and maintenance of office vehicles; per diem and travel costs for Project staff; reasonable bank charges; advertising costs; allowances and salaries of contractual staff (excluding the salaries of civil servants).

34. "Panel" means the independent panel of experts referred to in Section I.E.6(a)(i) of Schedule 2 to this Agreement.

35. "Pest Management Plan" means the Recipient’s plan, dated November 28, 2011; agreed with the Association and setting out the measures to be taken for the development and implementation of integrated pest management and safe handling of pesticides in the course of Project implementation, as the same may be modified from time to time with the prior written concurrence of the Association, and such term includes any schedules or annexes to said Plan.

36. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association the Recipient pursuant to the letter agreement signed on behalf of the Association on November 3, 2011 and on behalf of the Recipient on December 9, 2011.


38. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated January 13, 2012 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

39. "Program" means the program of actions, objectives, and policies designed to reform and improve the rural sector of the Recipient’s economy, and set forth or referred to in the letter dated January 26, 2001 from the Recipient to the Association.
40. "Project Implementation Manual" or "PIM" means the Recipient's manual dated January 24, 2012 outlining organizational, management, implementation, financial, procurement, disbursement and monitoring and evaluation arrangements for the Project including detailed criteria and rules for the administration of Sub-Projects under the Project, and referred to in Section I.B (1) of Schedule 2 to this Agreement, as the same may be amended from time to time with the concurrence of the Association, and such term includes any schedules to said Manual.

41. "Resettlement Action Plan" means the Recipient's plan, prepared pursuant to the Resettlement Policy Framework and agreed with the Association and setting out the procedures, 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 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 concurrence of the Association, and such term includes any schedules or annexes to said Plan.

42. "Resettlement Policy Framework" means the Recipient's framework, dated November 28, 2011; agreed with the Association and setting out arrangements for the resettlement and compensation of persons affected by potential changes in land use associated with activities to be implemented under the Project, as the same may be modified from time to time with the prior written concurrence of the Association, and such term includes any schedules or annexes to said Framework.

43. "Rwanda Agricultural Board" means the Recipient's agency established under the Recipient's Law No. 38/2010 of 25/11/2010 with the mandate of developing agriculture and animal husbandry through their reform, and using modern methods in crop and animal production, research, agricultural extension, education and training of farmers in new technologies, or its legal successor thereto.

44. "Rwanda Environmental Management Authority" means the Recipient's entity, under the supervisory authority of its ministry at the time responsible for the environment, established and operating pursuant to the Recipient's Law No. 16/2006 of April 3, 2006, and charged with environmental management or its legal successor thereto.

45. "Single Project Implementation Unit" or "SPIU" means a department of the Recipient within MINAGRI responsible for implementation of all donor funded projects in the ministry and which will have the responsibility of implementing this Project.

46. "Small Dam" means a dam less than 15 meters in height and which would not otherwise qualify as a Large Dam pursuant to the provisions of this Agreement.

47. "Small Dam Guidelines" means the Recipient's guidelines, dated September 2005, setting out generic safety measures for the construction,
supervision and quality assurance, instrumentation, and operation and maintenance of, and emergency preparedness in relation to, Small Dams, 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 Guidelines.

48. “SPIU Coordinator” means the team leader appointed by the Recipient with qualifications and experience acceptable to the Association and responsible for the overall management of the SPIU and the implementation of the Project at national level.

49. “Sub-Project” means community level investments for the construction and rehabilitation of rural economic infrastructure which meet the eligibility criteria for funding under the Project set out in the Project Implementation Manual and Section I.D (2) of Schedule 2 to this Agreement.

50. “Sub-Project Grant” means a grant made or proposed to be made by the Recipient out of the proceeds of the Financing for the purpose of financing eligible Sub-Projects.

51. “Sub-Project Grant Agreement” means an agreement satisfactory to the Association, between the Recipient and the Beneficiary, through which the Recipient provides Sub-Project Grants to eligible Beneficiaries, and referred to in Section I.D (2) of Schedule 2 to this Agreement.

52. “Training and Workshops” means the costs incurred on account of seminars, workshops and study tours, including travel and subsistence costs for participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to the preparation of seminars, workshops and study tours but excluding consultants’ services.

53. “Water User Associations” or “WUAs” means associations of water users operating in irrigation schemes and established pursuant to MINAGRI’s Ministerial Order No. 001/11.30 of 23/11/2011.