Financing Agreement

(Priority Skills For Growth Program)

between

REPUBLIC OF RWANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 17, 2017
FINANCING AGREEMENT

AGREEMENT dated July 17, 2017, 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 eighty-seven million six hundred thousand Special Drawing Rights (SDR 87,600,000) (variously, "Credit" and "Financing"), to assist in financing the program described in Schedule I to this Agreement ("Program").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 February 15 and August 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 Dollar.
ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall:

(a) carry out Parts 2 and 3 of the Program through MINEDUC, with the support of BRD, HEC, RP, UR and WDA; and,

(b) cause Parts 1 and 4 of the Program to be carried out by CESB,

all in accordance with the provisions of Article IV of the General Conditions and the Program Agreements.

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 Program is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consists of the following:

(a) any one of the Program Implementing Entities' Legislation has been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of the applicable Program Implementing Entity to perform any of its obligations under its Program Agreement; and

(b) the Program has been modified or suspended so as to affect materially and adversely the ability of the Recipient to achieve the objective of the Program.

4.02. The Additional Events of Acceleration consist of the following:

(a) the event specified in Section 4.01(a) of this Agreement occurs; and

(b) the event specified in Section 4.01(b) of this Agreement has occurred and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely the Subsidiary Agreements have been executed on behalf of the Recipient and each of the Program Implementing Entities.
5.02. The Additional Legal Matters consist of the following, namely the Subsidiary Agreements have been duly authorized or ratified by the Recipient and the respective Program Implementing Entities and are legally binding upon the Recipient and the respective Program Implementing Entities in accordance with their terms.

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

5.04. 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 (20) years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is its Minister responsible for finance.

6.02. The Recipient’s Address is:

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

   Facsimile:
   250-25257-75-81

6.03. The Association’s Address is:

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

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

REPUBLIC OF RWANDA

By

Name: 
Title: 

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Name: Yasser El-Gammal
Title: Country Manager
SCHEDULE 1

Program Description

The objective of the Program is to expand opportunities for the acquisition of quality, market-relevant skills in Selected Economic Sectors.

The Program consists of the following activities:

1. Reinforcing the governance of the skills development system through, *inter alia*: (a) strengthening the skills related component of the NEP Joint Performance Contract; and (b) developing an integrated Skills Development and Employment Promotion Strategy to succeed the NEP.

2. Enhancing quality training programs with market relevance for Selected Economic Sectors through, *inter alia*, improving: (a) targeted long-term university-level programs under the UR; and (b) targeted technical and educational vocational programs.

3. Expanding opportunities for continuous upgrading of job-relevant skills for sustained employability through, *inter alia*: (a) operationalizing the national qualifications framework to clarify learning and career pathways; and (b) providing financial incentives to eligible beneficiaries to foster market-responsive investment in job-relevant skills, including through (i) student loans and bursaries for long-term training opportunities; and (ii) establishing a financing Fund ("Skills Development Fund") and providing Sub-Grants to eligible Sub-Grant Beneficiaries through the Skills Development Fund for specific development projects for short-term training opportunities, such as rapid response training, out-of-school youth training and apprenticeships and internships.

4. Building capacity for Program implementation, including, *inter alia*, for: (a) cross-ministerial collaboration to formulate a comprehensive Skills Development and Employment Promotion Strategy to succeed the NEP; (b) curriculum development to create new or update training courses and programs leading to specialized professional and technical qualifications in Selected Economic Sectors; (c) quality assurance of the training programs; (d) management of student loans recovery; and (e) overall Program management, including monitoring and evaluation.
SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation upon the provisions of Article IV of the General Conditions, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. the Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

Without limitation upon the provisions of Part A of this Section, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

C. Other Program Institutional and Implementation Arrangements

1. Program Institutions

Without limitation upon the generality of Part A of this Section I, the Recipient shall maintain, or cause to the maintained, as the case may be, throughout the implementation of the Program, the offices, units and departments within MINEDUC, and the Program Implementing Entities, and ensure that they are assigned with technical, social and environmental safeguards, fiduciary and other responsibilities for implementing the Program, all with powers, functions, institutional capacity and staffing acceptable to the Association and with resources adequate to fulfill their respective functions under the Program, as further detailed in the Program Operational Manual.
2. **Program Operational Manual**

   (a) Without limitation on the generality of Part A of this Section I, the Recipient shall prepare, in form and substance satisfactory to the Association and no later than three (3) months after the Effective Date, an operational manual containing detailed institutional, administrative, financial, environmental and social, technical and operational guidelines and procedures for the implementation of the Program, including a description of the NEP and the roles and responsibilities of each of the Program Implementing Entities, and thereafter, carry out the Program and cause the Program Implementing Entities to carry out the Program, in accordance with such operational manual, as shall have been approved by the Association ("Program Operational Manual").

   (b) The Recipient shall not amend, abrogate or suspend, or permit to be amended, abrogated or suspended, any provision of the Program Operational Manual, without the prior written agreement of the Association.

   (c) Notwithstanding the foregoing, if any provision of said Program Operational Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. **Program Action Plan**

   (a) Without limitation on the generality of Part A of this Section I, the Recipient shall carry out the Program Action Plan, or cause the Program Action Plan to be carried out, in accordance with the schedule set out in the said Program Action Plan in a manner satisfactory to the Association, and shall not amend, abrogate or suspend, or permit to be amended, abrogated or suspended any provision of the Program Action Plan without the prior written agreement of the Association.

   (b) Notwithstanding the foregoing, if any provision of said Program Action Plan is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. **Subsidiary Agreement with CESB**

   (a) To facilitate the carrying out of CESB’s Respective Parts 1 and 4 of the Program, the Recipient shall make part of the proceeds of the Financing available to the CESB under a subsidiary agreement between the Recipient and the CESB ("CESB Subsidiary Agreement").
Agreement”), under terms and conditions approved by the Association which shall include providing the Financing to CESB on a grant basis.

(b) The Recipient shall exercise its rights under the CESB Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

(c) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the CESB Subsidiary Agreement or any of its provisions.

5. Subsidiary Agreement with BRD

(a) To facilitate the carrying out of BRD’s Respective Part 3(b)(i) of the Program, the Recipient shall make part of the proceeds of the Financing available to the BRD under a subsidiary agreement between the Recipient and the BRD (“BRD Subsidiary Agreement”), under terms and conditions approved by the Association which shall include providing the Financing to BRD on a grant basis.

(b) The Recipient shall exercise its rights under the BRD Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

(c) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the BRD Subsidiary Agreement or any of its provisions.

6. Subsidiary Agreement with WDA

(a) To facilitate the carrying out of WDA’s Respective Parts 2(b), 3(a) and 3(b)(ii) of the Program, the Recipient shall make part of the proceeds of the Financing available to the WDA under a subsidiary agreement between the Recipient and the WDA (“WDA Subsidiary Agreement”), under terms and conditions approved by the Association which shall include providing the Financing to WDA on a grant basis.

(b) The Recipient shall exercise its rights under the WDA Subsidiary Agreement in such manner as to protect the interests of the
Recipient and the Association and to accomplish the purposes of the Financing.

(c) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the WDA Subsidiary Agreement or any of its provisions.

7. Subsidiary Agreement with UR

(a) To facilitate the carrying out of UR’s Respective Parts 2(a) and 3(a) of the Program, the Recipient shall make part of the proceeds of the Financing available to UR under a subsidiary agreement between the Recipient and UR (“UR Subsidiary Agreement”), under terms and conditions approved by the Association which shall include providing the Financing to UR on a grant basis.

(b) The Recipient shall exercise its rights under the UR Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

(c) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the UR Subsidiary Agreement or any of its provisions.

8. Subsidiary Agreement with HEC

(a) To facilitate the carrying out of HEC’s Respective Parts 2(a), 3(a) and 3(b)(i) of the Program, the Recipient shall make part of the proceeds of the Financing available to the HEC under a subsidiary agreement between the Recipient and the HEC (“HEC Subsidiary Agreement”), under terms and conditions approved by the Association which shall include providing the Financing to HEC on a grant basis.

(b) The Recipient shall exercise its rights under the HEC Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

(c) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the HEC Subsidiary Agreement or any of its provisions.
9. **Subsidiary Agreement with RP**

(a) To facilitate the carrying out of RP's Respective Part 2(b) of the Program, and upon the RP's establishment, in form and substance satisfactory to the Association, the Recipient shall make part of the proceeds of the Financing available to the RP under a subsidiary agreement between the Recipient and the RP ("RP Subsidiary Agreement"), under terms and conditions approved by the Association which shall include providing the Financing to RP on a grant basis.

(b) The Recipient shall exercise its rights under the RP Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

(c) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the RP Subsidiary Agreement or any of its provisions.

**Section II. Excluded Activities**

The Recipient shall ensure that the Program excludes any activities which:

A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

B. involve the procurement of: (1) works, estimated to cost US$115 million equivalent or more per contract; (2) goods, estimated to cost US$75 million equivalent or more per contract; (3) non-consulting services, estimated to cost US$75 million equivalent or more per contract; (4) consulting services, estimated to cost US$30 million equivalent or more per contract; or (5) information technology system estimated to cost US$60 million equivalent or more per contract.

**Section III. Program Monitoring, Reporting and Evaluation; Audits**

**A. Program Reports**

The Recipient shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 4.08 of the General Conditions. Each Program Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than two (2) months after the end of the period covered by such report.
B. **Program Financial Audits**

Without limitation upon the generality of Section I.A of this Schedule 2 and Section 4.09 of the General Conditions, the Recipient shall have the Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Unless otherwise agreed by the Association, each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than ten (10) months after the end of such period.

C. **Verification of Program Results**

Without limitation on the provisions of Part A of this Section III, the Recipient shall prior to each payment under the Program carry out in accordance with the Verification Protocol, an assessment to determine the extent to which the Disbursement Linked Results ("DLR") in respect of which payment is requested has been achieved. To this end, the Recipient shall:

(a) vest in the Office of the Auditor General the responsibility of undertaking the verification of compliance of the DLIs/DLRs (except for DLI/DLR #2) which are set forth in the table in Section IV.A.2 of this Schedule;

(b) cause the Office of the Auditor General ("OAG") to, not later than thirty (30) days, after the verification of compliance of said DLIs/DLRs has been completed, prepare and furnish to the Recipient and the Association, a report on the results of said verification of compliance process of such scope and in such detail as the Association shall reasonably request;

(c) no later than three (3) months after the Effective Date, cause CESB to appoint, and thereafter maintain throughout Program implementation, an Independent Verification Agent, with qualification, experience and under terms of reference satisfactory to the Association, to undertake the verification of compliance of DLI/DLR #2 which is set forth in the table in Section IV.A.2. of this Schedule; and

(d) cause said Independent Verification Agent to, not later than thirty (30) days, after the verification of compliance of DLI/DLR #2 has been completed, prepare and furnish to the Recipient and the Association, a report on the results of said verification of compliance process of such scope and in such detail as the Association shall reasonably request.
Section IV. Withdrawal of Financing Proceeds

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 may specify from time to time by notice to the Recipient to finance the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable) ("Category"), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:

<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Indicator as applicable)</th>
<th>Disbursement Linked Result (as applicable)</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Disbursement formula (DLR allocations)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) DLI #1: Implementation of the NEP JPC, which incorporates results of sector-level action plans that address skills gaps in Selected Economic Sectors</td>
<td>DLR #1.1 Completion of sector-level action plans based on skills needs assessment in Selected Economic Sectors</td>
<td>18,240,000</td>
<td>DLR #1.1: 6,570,000</td>
</tr>
<tr>
<td></td>
<td>DLR# 1.2 Incorporation in the NEP of key elements of an action plan to address skills gaps in Selected Economic Sectors</td>
<td></td>
<td>DLR #1.2: 4,370,000 by August 31, 2018</td>
</tr>
<tr>
<td></td>
<td>DLR #1.3 Recipient’s approval, by Cabinet, of the Skills Development</td>
<td></td>
<td>DLR #1.3: 7,300,000</td>
</tr>
<tr>
<td>(2) DLI #2: New or updated quality training programs accredited for market-relevant jobs in Selected Economic Sectors</td>
<td>The Recipient has met the target for increasing the number of new and updated quality training programs that are accredited for market-relevant jobs in Selected Economic Sectors</td>
<td>22,250,000</td>
<td>875,271 for each accredited program at university degree level</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>729,384 for each accredited program at technical diploma level</td>
</tr>
<tr>
<td></td>
<td>Baseline: 13</td>
<td></td>
<td>510,569 for each accredited program at vocational certificate level</td>
</tr>
<tr>
<td></td>
<td>Target: 46</td>
<td></td>
<td>Disbursements are to be made against any combination of the above on a first achieved basis.</td>
</tr>
<tr>
<td>(3) DLI #3: Number of accredited new or updated quality training programs that will be delivered by staff that participated in Industry Attachments of Selected Economic Sectors</td>
<td>The target for increasing the number of new and updated quality training programs that will be delivered by staff that participated in Industry Attachments in Selected Economic Sectors increases</td>
<td>3,660,000</td>
<td>244,000 per accredited new or updated quality training program that will be delivered by staff that participated in Industry Attachments in the Selected Economic Sectors</td>
</tr>
<tr>
<td></td>
<td>Baseline: 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Target: 15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) DLI #4: Number of graduates receiving a matching grant under the SDF</td>
<td>DLR #4.1 Completion of the governance and management structure of the SDF</td>
<td>17,880,000</td>
<td>DLR #4.1: 3,100,000 for completion of governance and management structure of SDF by August 31, 2018</td>
</tr>
<tr>
<td>DLI #4.2</td>
<td>Number of graduates trained under the SDF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baseline: 0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target: 9000 graduates</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DLR #4.2: 14,780,000 of which 821,111 for each batch of 500 graduates trained for a maximum of 18 batches.

(5) DLI #5:
<table>
<thead>
<tr>
<th>Improved sustainability of financing for long term training programs as measured by student loan recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLR #5.1: Operationalization of a digitized database to track eligible beneficiaries of the student loan program;</td>
</tr>
<tr>
<td>DLR #5.2: Increase in the loan recovery rates</td>
</tr>
<tr>
<td>Baseline: 16%</td>
</tr>
<tr>
<td>Target: 27%</td>
</tr>
</tbody>
</table>

DLR #5.1: 18,250,000

DLR #5.2: 2,190,000

DLR #5.2: 16,060,000, of which 1,460,000 per percentage point improvement from baseline recovery rate.

(6) DLI #6:
<table>
<thead>
<tr>
<th>Completion of capacity building in Selected Capacity Building Areas, with milestones, for CESB, MINEDUC, HEC, BRD, UR, WDA, RP and targeted training institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLR #6.1: Signing of MoU and agreement by CESB of capacity building plans, with specified milestones</td>
</tr>
<tr>
<td>DLR #6.2: Completion of capacity building for CESB, MINEDUC, HEC, BRD, UR, WDA, RP and targeted training institutions in three Selected Capacity Building Areas</td>
</tr>
</tbody>
</table>

DLR #6.1: 7,320,000

DLR #6.1: 3,660,000 by August 31, 2018

DLR #6.2: 3,660,000 of which 1,220,000 for each Selected Capacity Building Area.

**TOTAL AMOUNT**

87,600,000
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for purposes of Section 2.03 of the General Conditions (renumbered as such pursuant to paragraph 6 of Section II of the Appendix to this Agreement and relating to Program Expenditures), for DLRs achieved prior to the date of this Agreement;

   (b) for any DLR, until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved, including verification reports from the OAG or the Independent Verification Agent, as the case may be, in accordance with procedures and arrangements and verification protocols satisfactory to the Association; and

   (c) for any payments under Category (2) of the table set forth in Section IV.A.2. above unless: (i) the RP Subsidiary Agreement has been executed on behalf of the Recipient and RP; and (ii) the RP Subsidiary Agreement has been duly authorized or ratified by the Recipient and RP and is legally binding upon the Recipient and RP in accordance with its terms.

   (d) Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw an amount not to exceed SDR 21,900,000 as an advance; provided, however, that if the DLRs in the opinion of the Association, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined by the Association in accordance with the Disbursement Calculation Formula for said Categories) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.

2. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under any of the Categories has not been achieved or has not been achieved by the date by which the said DLR is set to be achieved, as the case may be, the Association may, by notice to the Recipient: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the Disbursement Calculation Formula set out in column 3 of the table above; (b) reallocate all or a portion of the proceeds of the Financing then allocated to said
DLR to any other DLR; and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.

3. The Closing Date is September 30, 2020.

4. Notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Recipient has failed to provide evidence satisfactory to the Association that the Withdrawn Financing Balance does not exceed the total amount of Program Expenditures, the Recipient shall, promptly upon notice from the Association, refund to the Association such excess amount of the Withdrawn Financing Balance. The Association shall cancel the refunded amount of the Withdrawn Financing Balance.
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 August 15 and February 15, commencing August 15, 2023 to and including February 15, 2055.</td>
<td>1.5625%</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


2. "BRD" means the Development Bank of Rwanda, a public company limited by shares, incorporated on August 5, 1967, registered at the Recipient's office of the registrar general with company code no. 1000003547, operating pursuant to its incorporation certificate issued on July 7, 2011 and banking license no. 003, issued by the National Bank of Rwanda on August 11, 2009.


4. "Cabinet" means the part of the Executive branch of the Recipient's government that is at the same time the highest decision-making body for the Recipient, which is responsible, under the guidance of the President of the Republic of Rwanda, for agreeing national policy and ensuring that policy decisions are implemented, pursuant to the Recipient's Constitution, and Presidential Order N° 03/01 of 02/04/2008 determining the functioning and membership of Cabinet.

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


8. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.

9. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.

10. “Fiscal Year” or “FY” means the financial year of the Recipient commencing July 1 of every calendar year and ending June 30 of the subsequent year.

11. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.


14. “Industry Attachment” means a work-based experience providing organizational context for the instructors to develop specific or generic skills valuable for their professional development.

15. “Joint Performance Contract” or “JPC” means the performance contract entered into between the Recipient and each of the Program Implementing Entities, and any others, pursuant to each of the Program Implementing Entities’ Legislation.

16. “MINEDUC” means the Recipient’s Ministry in charge of education, and currently known as “Ministry of Education”, or any successor thereof satisfactory to the Association.

17. “MoU” means the memorandum of understanding to be entered by CESB and targeted training institutions for purposes of Part 4 of the Program.

19. "Office of the Auditor General" or "OAG" means the Recipient’s Office of the Auditor General, or any successor agency thereto satisfactory to the Association.

20. "Program Action Plan" means the Recipient’s plan dated May 30, 2017 and referred to in Section I.C.3. of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.

21. "Program Fiduciary, Environmental and Social Systems” means the Recipient’s and Program Implementing Entities’ systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.

22. “Program Implementing Entities” means the BRD, CESB, HEC, RP, UR, and WDA.

23. "Program Implementing Entities’ Legislation” means the BRD Legislation, the CESB Legislation, the HEC Legislation, the RP Legislation, the UR Legislation, and the WDA Legislation.

24. "Program Operational Manual” means the manual to be prepared and adopted by the Recipient, for the implementation of the Program, in form and substance satisfactory to the Association, pursuant to Section I.C.2. of Schedule 2 to this Agreement, as the same may be updated from time to time with the prior written agreement of the Association.

25. "RP" means the Recipient’s Rwanda polytechnic to be established, in accordance with the Recipient’s applicable laws, in a manner satisfactory to the Association.

5. "Selected Capacity Building Areas" means areas on (a) cross-ministerial collaboration to formulate a comprehensive Skills Development and Employment Promotion Strategy to succeed the NEP; (b) curriculum development to create new or update training courses and programs leading to specialized professional and technical qualifications in Selected Economic Sectors; (c) quality assurance of the training programs; (d) management of student loans recovery; and (e) overall Program management, including monitoring and evaluation.

26. "Selected Economic Sectors" means the energy, transport and logistics, and manufacturing with a focus on made in Rwanda.

27. "Skills Development Fund" or "SDF" means the Fund to be established under Part 3.b.(ii) of the Program for the purpose of making Sub-Grants to Sub-Grants Beneficiaries.
28. "Sub-Grant" means a grant made out of the proceeds of the Financing to a Sub-Grant Beneficiary.

29. "Sub-Grant Agreement" means an agreement between the WDA and a Sub-Grant Beneficiary for a Sub-project.

30. "Sub-Grant Beneficiary" means a legal entity duly established under the laws of the Recipient to which WDA has made a Sub-Grant under Part 3.b.(ii) of the Program.

31. "Subsidiary Agreements" means the agreements referred to in Section I.C.4. – 9. of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to CESB, BRD, WDA, UR, RP and HEC.

32. "Skills Development and Employment Promotion Strategy" means the Recipient’s strategy for skills development and employment, to be developed as a successor to NEP.

33. "UR" means the Recipient’s University of Rwanda, established and operating pursuant to Law No. 71/2013 of September 10, 2013 establishing the University of Rwanda and determining its mission, powers, organization and functioning, published on the Official Gazette No 38 of September 23, 2013, and the Prime Minister Order No. 218/03 of December 2, 2013.


35. "WDA" means the Recipient’s Workforce Development Authority, established and operating pursuant to Law No. 42/2016 of October 18, 2016 establishing the Workforce Development Authority and determining its mission, powers, organization and functioning, published on the Official Gazette No Special of October 18, 2016.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Wherever used throughout the General Conditions, the term “the Project” is modified to read “the Program”, the term “the Project Agreement” is modified to read “the Program Agreement”, the term “Project Implementing Entity” is modified to read “the Program Implementing Entity”, the term “Project Report” is modified to read “Program Report”; and the term “Eligible Expenditures” is modified to read “Program Expenditures”.

2. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

3. Section 2.02, Special Commitment by the Association, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

4. In Section 2.02 (originally numbered as Section 2.03), the heading “Applications for Withdrawal or for Special Commitment” is replaced with “Applications for Withdrawal”, and the phrase “or to request the Association to enter into a Special Commitment” is deleted.

5. The section originally numbered as Section 2.04, Designated Accounts, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), Eligible Expenditures (renamed “Program Expenditures” in accordance with paragraph 1 of this Section II), is modified to read: “(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Financing in accordance with the provisions of the Legal Agreements.”

7. The last sentence of Section 2.04 (originally numbered as Section 2.06), Financing Taxes, is modified to read: “To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Financing, as required to ensure consistency with such policy of the Association.”

8. Section 2.06 (originally numbered as Section 2.08), Reallocation, is modified to read: “Notwithstanding any allocation of an amount of the Financing to a withdrawal category under the Financing Agreement, the Association may, by notice to the Recipient, reallocate any other amount of the Financing to such
category if the Association reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.”

9. Section 6.01, Cancellation by the Recipient, is modified to read: “The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance.”

10. Paragraph (d) of Section 6.03, Cancellation by the Association, entitled “Misprocurement”, is deleted, and subsequent paragraphs are re lettered accordingly.

11. Section 6.04, Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association, is deleted in its entirety, and subsequent Sections in Article VI and references to such Sections are renumbered accordingly.

12. In the Appendix, Definitions, all references to Section numbers are modified, as necessary, to reflect the modifications set forth above. In addition, the definition of the term “Special Commitment” set forth in paragraph 50 is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.