

NDF C118/C119

FINANCING AGREEMENT

Kigali Flood Control and Integrated Urban Catchment Management

under

Second Rwanda Urban Development Project (RUDP II)

between

the

REPUBLIC OF RWANDA

and

NORDIC DEVELOPMENT FUND

Dated _____

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FINANCING AGREEMENT

Between the **REPUBLIC OF RWANDA** (the “Beneficiary”) and **NORDIC DEVELOPMENT FUND** (the “Fund” or “NDF”).

WHEREAS

- a) the Fund was established as a Nordic multilateral development financing institution pursuant to a ratified agreement between the Governments of Denmark, Finland, Iceland, Norway and Sweden for the purpose of promoting economic and social development in developing countries through participation in financing on concessional terms of projects of interest to the Nordic Countries;
- b) the Beneficiary, having satisfied itself of the feasibility and priority of the Second Rwanda Urban Development Project (RUDP II) mentioned in Annex 1 to this Agreement (the “Lead Agency Project”), has requested the Fund to assist in the financing of the Kigali Flood Control and Integrated Urban Catchment Management components of the Lead Project (“NDF Project”) through a credit and a grant;
- c) the Beneficiary has on 12 November 2020 entered into agreements with the International Development Association and the International Bank for Reconstruction and Development (collectively “World Bank”) as Lead Agency to assist in the financing of the Lead Agency Project;
- d) the Fund and the Lead Agency will cooperate and exchange information during the implementation of the Lead Agency Project and the NDF Project in accordance with a co-operation agreement between them as of 19 April, 2012,
- e) the NDF Project will be carried out by the Rwanda Environment Management Authority (REMA) (the “Executing Agency”) in collaboration with the City of Kigali, Rwanda Resources Board (RWB), the Ministry in charge of Emergency Management, Rwanda Meteorology Agency, Rwanda’s Green Fund (FONERWA) and Development Bank of Rwanda (the “Partner Agencies”). The Beneficiary will make the proceeds of the Financing (as defined in Article I) available to the Executing Agency as provided for in this Agreement;
- f) the Beneficiary and the Fund have entered into an agreement on the legal status of the Fund in the Republic of Rwanda on 4 October 2004;
- g) the Fund has agreed, on the basis, inter alia, of the foregoing, to extend the Financing to the Beneficiary upon the terms and conditions set forth in this Agreement;

NOW IT IS AGREED:

ARTICLE I

Definitions

1.01 Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the Preamble to this Agreement have the meanings set forth therein, and the following additional terms have the following meanings:

"Agreement" means this particular financing agreement, including all annexes, schedules and agreements supplemental hereto, as such agreement may be amended from time to time;

"Anticorruption Policy" means NDF's Policy on Anticorruption and Integrity, as in effect at any given time;

"Banking Day" means, in relation to any place where transactions under this Agreement have to be carried out, a day on which commercial banks in such place are neither required nor authorised to be closed;

"Closing Date" means the date after which the right of the Beneficiary to make drawdowns under this Agreement may be terminated by the Fund, such date being specified in section 2.09;

"Contractor" means a consultant, supplier of goods, contractor of works and/or provider of services for the Project, selected and employed or contracted in accordance with this Agreement;

"Constituent Documents" mean the Agreement between Denmark, Finland, Iceland, Norway and Sweden concerning the Nordic Development Fund of 9 November 1998 and thereto related Statutes and the Host Country Agreement between the Government of Finland and the Nordic Development Fund of 15 October 2013. These documents are available on NDF's website, www.ndf.int;

"Credit" means the credit provided for in this Agreement, any part thereof or any outstanding amount thereof as the context requires;

"Disbursement Deadline Date" means the date three (3) months after the Closing Date, which is the final date on which the Fund will accept disbursement requests;

"Disbursement Instructions" mean NDF Disbursement Instructions, as in effect at any given time;

"Dollar(s)", "USD" and the sign "\$" mean the lawful currency of the United States of America;

"Eligible Expenditure" means, except as otherwise provided in this Agreement, an expenditure incurred prior to or on the Closing Date in respect of the reasonable cost of goods, works and services required and procured for the NDF Project and to be financed by means of the Financing, all in accordance with the provisions of this Agreement as outlined in Annex 3 or otherwise agreed between the parties to this agreement, provided however

that a payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations shall not be an Eligible Expenditure;

“Executing Agency” means the Rwanda Environment Management Authority (REMA);

“EUR” and the sign “€” mean euro, the lawful currency of the member states of the European Union that have adopted and continue to retain a common single currency through monetary union in accordance with European Union treaty law;

“Financing” means the Credit and the Grant funds provided for in this Agreement or any outstanding amount thereof, as the context requires;

“Gender Equality Policy” means NDF’s Gender Equality Policy, as in effect at any time;

“Grant” means the grant provided for in this Agreement or any part thereof, as the context requires;

“Lead Agency” means the World Bank

“Lead Agency Project” means the activities to be financed by the proceeds of the financing contracts between the Beneficiary and Lead Agency as of 12 November 2020

“NDF Environmental and Social Policy and Guidelines” means NDF’s Environmental and Social Policy and Guidelines, as in effect at any time

“Payment Date” means each of May 15 and November 15 in each calendar year. In the event that a Payment Date would otherwise fall on a day that is not a Banking Day, such Payment Date shall instead be the next succeeding Banking Day;

“Partner Agencies” means the City of Kigali, Rwanda Water Resources Board (RWB), Ministry of Infrastructure, the Ministry in charge of Emergency Management, Rwanda Meteorology Agency, Rwanda’s Green Fund (FONERWA) and the Development Bank of Rwanda;

“Policy on Access to Information” means NDF’s Policy on Access to Information, as in effect at any time;

“Policy on Taxes” means NDF Operational Policy on Taxes, as in effect at any given time;

“Prohibited Practices” means corrupt, fraudulent, collusive, coercive and obstructive practices, as defined in the Anticorruption Policy;

“NDF Project” means the activities to be financed by the proceeds of the Grant and the Credit, as specified in Annex 1 to this Agreement;

“Special Account” means an account opened by the Beneficiary or Executing Agency in accordance with the Disbursement Instructions for the purpose of receiving and administering a Special Advance disbursement;

"Taxes" includes imposts, levies, fees and duties of any nature, whether in effect at the date of this Agreement or imposed thereafter;

"Tenderer" means a firm or other type of entity, association of firms or entities, or an individual who submits or has submitted a proposal or a bid for the supply of goods, construction of works or provision of services for the Project.

ARTICLE II

The Credit and the Grant

Disbursements

2.01 The Fund agrees to lend to the Beneficiary, on the terms and subject to the conditions set forth or referred to herein, an amount of up to EUR 4,000,000 (four million euros) (the "Credit").

2.02 The Fund agrees to extend to the Beneficiary, on the terms and subject to the conditions set forth or referred to herein, an amount of up to EUR 2,000,000 (two million euros) in the form of a non-recoverable grant (the "Grant").

2.03 The Beneficiary shall be entitled to draw down the Financing in accordance with the provisions of this Agreement and the Disbursement Instructions, for the purpose of paying Eligible Expenditures. The Beneficiary shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Financing in accordance with Section 8.03 and Annexes 1, 2 and 3 of this Agreement.

2.04 The proceeds of the Credit may be used to finance the reasonable costs of Taxes levied by, or in the territory of, the Beneficiary on or in respect of Eligible Expenditures, or on the importation, manufacture, procurement or supply of goods, works and services for such Eligible Expenditures. If the Fund at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Fund may, by notice to the Beneficiary, adjust the percentage of such expenditures to be financed out of the proceeds of the Credit.

2.05 No amount of the Grant shall be drawn or be applied, directly or indirectly, on account of any Taxes levied by, or in the territory of, the Beneficiary on goods or services, or on the procurement, manufacture, importation or supply thereof.

2.06 No amount of the Financing shall be drawn or be applied, directly or indirectly, on account of payments made prior to the date of this Agreement, unless the Fund shall agree otherwise.

2.07 Disbursements under the Financing shall be made subject to:

(a) the conditions precedent specified in Article III having been, and remaining, fulfilled to the Fund's satisfaction;

(b) in the case of Special Account or Special Advance, the Fund having received and accepted all documentation required for these disbursement methods, as set out in the Disbursement Instructions;

(c) receipt by the Fund of (i) a disbursement request, with supporting documentation, acceptable to the Fund submitted by or on behalf of the Beneficiary, or (ii) in the case of Special Account, a payment request submitted by the third party to whom the Special Commitment was provided by the Fund.

2.08 Each disbursement shall be made on a date determined by the Fund. Unless the Beneficiary has requested disbursement on a specified later date, disbursement will normally be made not later than thirty (30) calendar days after NDF's receipt of the disbursement request, provided that all conditions precedent to disbursement set out in Article III hereof have been fulfilled and remain fulfilled.

2.09 The Closing Date under this Agreement shall be 31 December, 2025, which is aligned with the Lead Agency's closing date of the Lead Agency Project or such later date as the Fund shall establish.

ARTICLE III

Conditions Precedent to Disbursement

3.01 Unless otherwise agreed, the making of disbursements from the Financing shall be subject to the conditions precedent that:

- (a) this Agreement is in full force and effect, and no event, which would entitle the Fund to suspend disbursements under this Agreement, shall have occurred and be continuing;
- (b) a grant agreement, a loan agreement, and a financing agreement between the Lead Agency and the Beneficiary for the Lead Agency Project have been signed and become effective;
- (c) the Beneficiary has taken or caused to be taken all actions necessary or advisable to enable the Beneficiary to receive the Financing and to perform its obligations hereunder, including obtaining all required exemptions, consents and permits; and
- (d) the Fund has received and accepted
 - (i) a legal opinion showing that this Agreement has been duly authorised or ratified by, and executed and delivered on behalf of, the Beneficiary and is legally binding upon the Beneficiary in accordance with its terms;
 - (ii) if requested by the Fund, further evidence satisfactory to it that the execution and delivery of this Agreement on behalf of the Beneficiary has been duly authorised by all necessary authorities;

- (iii) evidence satisfactory to the Fund of the authority of the person or persons authorised to sign disbursement requests and the authenticated specimen signature of any such person;
- (iv) evidence satisfactory to the Fund that other financing contemplated for the NDF Project has been obtained, and that conditions precedent to the effectiveness of such financing have been met; and
- (v) certified copies of implementation agreements, acceptable to the Fund, whereby the Recipient makes the Financing available to the Partner Agencies;
- (vi) any other documentation the Fund reasonably requests relating to the execution of this Agreement or the implementation of the NDF Project.

3.02 All documentation to be delivered to the Fund in accordance with this Article III shall be in English, or if in another language, complemented by an official translation in English.

ARTICLE IV

Charges

4.01 (a) The Beneficiary shall pay to the Fund a commitment charge on the undisbursed amount of the Credit at the rate of 0.5% per annum.

(b) The commitment charge shall accrue from the date 12 months after the date of this Agreement to the respective dates on which amounts are either disbursed or cancelled.

4.02 The Beneficiary shall pay to the Fund a service charge at the rate of 0.75% per annum on the Credit outstanding at any time.

4.03 Commitment charges and service charges shall be paid semi-annually in arrears on the applicable Payment Dates, and shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE V

Repayment

5.01 The Beneficiary shall repay the disbursed principal amount of the Credit in semi-annual instalments commencing on the first Payment Date in 2027 and ending on the last Payment Date in 2058. The instalments payable shall be 3.125% per annum of the principal amount.

5.02 Notwithstanding the above, the Beneficiary shall have the right to repay one or more instalments in advance of maturity, provided that after such prepayment, no portion of the principal amount of the Credit maturing after the prepaid portion shall remain outstanding.

ARTICLE VI

Currency Provisions

Payments by the Beneficiary

Taxes and Restrictions

6.01 The proceeds of the Financing shall be disbursed in a freely convertible currency with reference to EUR in accordance with Section 6.03 hereof.

6.02 The Beneficiary shall pay the principal of, and service and commitment charges on, the Credit in EUR.

6.03 Whenever it shall be necessary for the purpose of this Agreement to determine the value of one currency or unit of account with reference to another currency or unit of account as of a given date, such value shall be as reasonably determined by the Fund in consultation with the beneficiary.

6.04 Payments by the Beneficiary shall be made on the due date in immediately available funds to such account as may be notified to the Beneficiary by the Fund.

6.05 All payments made by the Beneficiary under this Agreement shall be made free of restrictions and without deduction of any kind, including deductions for any Taxes imposed by or in the territory of the Beneficiary. However, if the Beneficiary shall be compelled by any law or regulation to comply with such restrictions or to make or suffer deductions, and as a result thereof the Fund would not receive payment in full as contemplated in this Agreement, the Beneficiary shall pay such higher amounts as may be necessary to ensure that the net amounts received by the Fund will equal the amounts payable under this Agreement.

6.06 The Beneficiary shall pay or cause to be paid any Taxes levied under the laws of the Beneficiary and any fees on or in connection with the execution, issue, delivery or registration of, or payments under, this Agreement.

6.07 The liability of the Beneficiary to effect payment of the principal amount of and charges on the Credit and of any other amount to be paid under this Agreement on the due dates, shall not be conditional upon performance by a Contractor, Executing Agency, Partner Agencies or any co-operating party and shall not be affected in any way by any claim which the Beneficiary may have or might consider that it has against a Contractor, Executing Agency, Partner Agencies or any co-operating party as aforesaid, or by any other reason whatsoever.

ARTICLE VII

Co-operation and Information

Beneficiary's Undertakings and Representations

7.01 The Beneficiary represents that this Agreement has been duly authorised, and has been duly executed, signed and delivered on behalf of the Beneficiary and is legally binding upon the Beneficiary in accordance with its terms and conditions.

7.02 The Beneficiary and the Fund shall co-operate fully to ensure that the purpose of the Financing will be accomplished. To that end, each of them shall furnish to the other party all such information as it shall reasonably request with regard to the general status of the Financing and the NDF Project.

7.03 The Beneficiary shall promptly inform the Fund of (i) any condition which interferes or threatens to interfere with the accomplishment of the purpose of the Financing (including substantial increase in the costs of the NDF Project), and (ii) any event which with the lapse of time or otherwise would entitle the Fund to suspend disbursements under this Agreement.

7.04 The Beneficiary shall include all amounts due and payable, or to fall due and payable, to the Fund during each fiscal year in its annual budget for such year.

7.05 The Beneficiary represents that its obligations of payment under this Agreement constitute general and unconditional obligations that rank and will rank at least *pari passu* with all other present and future unsecured, unsubordinated obligations of the Beneficiary, with the exception only of certain obligations which are mandatorily preferred by laws of general application.

7.06 The Beneficiary recognises that the Fund follows policies similar to other multilateral financial institutions as regards project execution and debt service obligations of its Beneficiaries and Borrowers, including the policy of non-participation in debt rescheduling.

7.07 (a) The Beneficiary undertakes to comply with and ensure that the NDF Project is implemented in accordance with the Anticorruption Policy, the NDF Environmental and Social Policy and Guidelines and Gender Equality Policy including making the Executing Agency and Partner Agencies aware of the applicability of the Anticorruption Policy.

(b) The Beneficiary undertakes to take all necessary action to prevent, counteract and detect Prohibited Practices, as defined in the Anticorruption Policy, within its territory and to pursue, by all appropriate means, any such practices whenever identified.

(c) The Beneficiary undertakes to promptly inform the Fund of any allegation or finding of Prohibited Practices, in connection with the NDF Project or with the use of the proceeds of the Financing.

(d) Recognising the close alignment of the NDF Project with the Lead Agency Project, the Beneficiary undertakes to extend the applicable World Bank Environmental and Social Framework policies and guidelines, including but not limited to the Environmental and Social Management Framework, and the Resettlement Policy Framework to the NDF Project and develop site-specific instruments for the NDF Project accordingly.

(d) The Beneficiary acknowledges that the Fund reserves the right to investigate, directly or through any agent appointed by the Fund, any Prohibited Practices relating to the NDF Project or the use of the proceeds of the Financing and undertakes to a) introduce corresponding provisions in its contracts with Contractors, the Executing Agency and Partner Agencies, and b) cooperate in any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

ARTICLE VIII

Execution of the NDF Project

8.01 The Beneficiary shall take or cause to be taken all actions which shall be necessary to execute the NDF Project with due diligence and efficiency and in conformity with appropriate administrative, financial, technical, social, environmental and climate change mitigation and adaptation standards and practices, in accordance with this Agreement. These practices also include transparency in NDF Project operations and wide and easy access to public information on the NDF Project. In particular, the Beneficiary shall make available to the public: (i) NDF Project-related safeguards assessments and plans related to environment, resettlement; (ii) audited annual financial statements for the NDF Project; (iii) procurement plans; and (iv) results of procurement procedures.

8.02 For the purposes of ensuring the efficient and effective carrying out the NDF Project, the Beneficiary shall maintain, at all times during the implementation of the NDF Project, implementation structures within the Executing Agency with functions and resources satisfactory to the Fund, and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Fund.

8.03 (a) The Beneficiary shall ensure that the proceeds of the Financing shall be used only for the financing of Eligible Expenditures for the NDF Project or, as applicable, NDF Project component(s) for which the Financing is extended. Procurement of the goods, works and services required for the NDF Project and to be financed out of the proceeds of the Financing shall be governed by the provisions of Annexes 1, 2 and 3 to this Agreement.

(b) The Beneficiary shall ensure that in respect of procurement of goods, works and services for the NDF Project, invitations to tender as well as contracts shall, respectively, include clauses that give the Beneficiary, the buyer, and the Fund the right to (i) demand investigations of the tenderer's/Contractor's books by independent auditors for the purpose of ascertaining whether or not Prohibited Practices have taken place, (ii) reject any tender and cancel any procurement contract in case any Prohibited Practices have taken place in connection with the procurement procedure related to the contract or the execution thereof, (iii) claim compensation for the damage or loss arising from any such rejection of tender or

cancellation of contract, and (iv) exclude the tenderer/Contractor, either indefinitely or for a certain period of time, from competing for and participating in the execution of contracts in the territory of the Beneficiary.

8.04 The Beneficiary shall ensure that the NDF Project is carried out in accordance with the arrangements and procedures set out in its Project Operation Manual ("POM") prepared in cooperation with the relevant Partner Agencies (provided, however, that in the event of any conflict between the arrangements and procedures set out in the POM and the provisions of this Agreement, or any other arrangements and procedures communicated in writing by the Fund to the Beneficiary, the provisions of this Agreement, or any other such arrangements and procedures as communicated in writing by the Fund, shall prevail).

8.05 In addition to the proceeds of the Financing, the Beneficiary shall make available or cause to be made available promptly when needed, all other funds that are required for the execution of the NDF Project (including any funds that may be required to meet any increase in cost).

8.06 The Beneficiary shall insure or cause to be insured, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Financing against hazards incidental to the acquisition, transportation and delivery thereof to the place of use or installation. Any indemnity for such insurance shall be payable in a freely usable currency to replace or repair such goods.

8.07 The Beneficiary shall:

(i) maintain or cause to be maintained records and procedures adequate to record and monitor the progress of the NDF Project (including its cost and the benefits to be derived from it), to identify the goods, works and services and investments financed out of the proceeds of the Financing and to disclose their use in the NDF Project;

(ii) ensure that such records mentioned in (i) above are retained until at least one year following receipt by the Fund of the final audited financial statements of the NDF Project or two years after the Closing Date; and

(iii) enable representatives appointed by the Fund to visit any facilities and construction sites included in the NDF Project and to examine the goods, works and services and investments financed out of proceeds of the Financing and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of the obligations of the Beneficiary under this Agreement.

8.08 The Beneficiary shall furnish or cause to be furnished to the Fund as follows:

(i) the Beneficiary shall ensure that the Fund is furnished, not later than June 1 of each fiscal year of the Beneficiary (or such later date as the Fund may agree) during the implementation of the NDF Project for the Fund's no-objection, a consolidated Annual Work Plan and Budget ("AWPB") containing all NDF Project activities and Eligible Expenditures proposed to be included in the NDF Project in the Beneficiary's following fiscal year, including the Fund's, the Beneficiary's and other possible financiers respective shares in the cost of the AWPB;

(ii) the Beneficiary shall ensure that the NDF Project is implemented in accordance with the AWPB (provided, however, that in the event of any conflict between the AWPB and the provisions of this Agreement, the provisions of this Agreement shall prevail) and shall provide, promptly as needed, its share of the NDF Project financing as specified in the AWPB;

(iii) the Beneficiary shall not make or allow to be made any change to the AWPB without prior no-objection in writing by the Fund;

(iv) at a minimum semi-annually, reports on the implementation of the NDF Project including, inter alia, information on the accomplishment of the targets and actions set out in Annex 1 to this Agreement, including the logical framework where relevant, and on the operation and management of the NDF Project facilities, if relevant, as well as reasonably detailed information concerning the use of proceeds of Financing, the budgeted and actual cost of the NDF Project, the budgeted and actual expenditure of the contracts financed by the Financing, and the goods services and investments financed out of such proceeds;

(v) a copy of the audited annual financial statements of the NDF Project, or, as the NDF Project is a part of the larger Lead Agency Project, a copy of the audited financial statements for that project, provided such financial statements also include information on the Financing;

(vi) if so requested by the Fund, audited financial statements of the use of the Financing, in form and substance acceptable to the Fund, prepared by an independent auditor for the preceding financial year. The cost of such audit may be covered by proceeds of the Financing. If sufficient Financing proceeds are not available, the Fund and the Beneficiary shall agree on how to finance the audit;

(vii) promptly after completion of the NDF Project, but in any event not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Beneficiary and the Fund, a reasonably detailed report, in form and substance acceptable to the Fund, on the use of the proceeds of the Financing, the execution of the Project and the results derived and to be derived from it; and

(viii) any other information the Fund shall reasonably request relating to the NDF Project or the proceeds of the Financing.

8.09 All reports shall be provided electronically unless otherwise requested by the Fund, and shall be provided in English.

8.10 Ownership, title and industrial and property rights in the results of the implementation of the NDF Project and the reports and other related documents shall be vested in the Beneficiary, Executing Agency or as otherwise agreed between the parties. Notwithstanding the foregoing, the Beneficiary shall ensure that the Fund shall have the right to use free of charge and as it sees fit, all documents deriving from the implementation of the NDF Project, whatever their form, provided that such use does not breach any existing industrial and/or intellectual property rights.

ARTICLE IX

Cancellation and Suspension

9.01 The Beneficiary may by notice to the Fund cancel any undisbursed amount of the Financing in respect of which the Beneficiary has not submitted a disbursement request prior to the giving of such notice. Unless the Fund shall otherwise agree, such notice of cancellation shall be irrevocable.

9.02 The Fund may, by notice to the Beneficiary, suspend in whole or in part the right of the Beneficiary to draw down the Financing if any of the following events of suspension shall have occurred and be continuing:

- (a) The Beneficiary shall have failed to make payment of principal, charges or any other amount due to the Fund under this Agreement or under any other grant, credit or guarantee agreement between the Beneficiary and the Fund.
- (b) The Beneficiary shall have failed to perform any other obligation under this Agreement.
- (c) The Beneficiary shall have failed to perform any of its obligations (other than payment obligations) under any credit or grant or other financing agreement with the Fund, which gives the Fund the right to suspend in whole or in part the right of the Beneficiary to make drawings under such agreement.
- (d) The Fund shall have suspended in whole or in part the right of the Beneficiary to make drawings under any other grant or credit agreement with the Fund because of a failure by the Beneficiary to perform any of its obligations under such agreement.
- (e) 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 Project can be carried out or that the Beneficiary will be able to perform its obligations under this Agreement.
- (f) A representation made by the Beneficiary in or pursuant to this Agreement, or any statement furnished in connection therewith, and intended to be relied upon by the Fund in extending the Financing, shall have been incorrect in any material respect.
- (g) The Beneficiary has failed to pay any of its external debt to a multilateral financial institution.
- (h) The Fund shall have determined, with respect to the NDF Project or any investment or contract to be financed in full or in part out of the proceeds of the Financing, that Prohibited Practices were engaged in by representatives of the Beneficiary or any other beneficiary or potential beneficiary of the Financing during the procurement of goods

and services, consultant selection or the execution of a contract, without the Beneficiary having taken timely and appropriate action satisfactory to the Fund to remedy the situation; or the Fund shall have determined that the procurement of any goods or services to be financed out of the proceeds of the Financing is inconsistent with the relevant procedure agreed on between the Beneficiary and the Fund.

- (i) Payments to the Beneficiary are prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

9.03 Furthermore, the Fund may, by notice to the Beneficiary, suspend in whole or in part the right of the Beneficiary to draw down the Financing if

- (a) the right of the Beneficiary to draw down the proceeds of any grant or credit made to the Beneficiary for financing of the NDF Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or
- (b) any such credit shall have become due and payable prior to the agreed maturity thereof.

However, the Fund's right to suspension under this Clause 9.03 shall not apply if the Beneficiary establishes to the satisfaction of the Fund that a) such suspension, cancellation, termination or prematuring is not caused by the failure of the Beneficiary to perform any of its obligations under such agreement; and b) adequate funds for the NDF Project are available to the Beneficiary from other sources on terms and conditions consistent with the obligations of the Beneficiary under this Agreement.

9.04 The right of the Beneficiary to draw down the Financing shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist, unless the Fund shall have notified the Beneficiary that the right to draw down has been restored in whole or in part, as the case may be.

9.05 The Fund may, by notice to the Beneficiary, terminate the right of the Beneficiary to draw down the undisbursed amount of the Financing if

- (a) the conditions precedent have not been fulfilled 180 calendar days after the date of this Agreement,
- (b) the right of the Beneficiary to draw down the Financing shall have been suspended with respect to any amount of the Financing for a continuous period of thirty days,
- (c) at any time, the Fund determines, after consultation with the Beneficiary, that an amount of the Financing will not be required to finance the NDF Project's costs to be financed out of the proceeds of the Financing,
- (d) at any time the Fund determines, with respect to any contract or investment to be financed in full or in part out of the proceeds of the Financing, that Prohibited Practices were engaged in by representatives of the Beneficiary or any other beneficiary or potential beneficiary of the Financing during the

procurement of goods and services, consultants' selection or the execution of a contract, without the Beneficiary having taken timely and appropriate action satisfactory to the Fund to remedy the situation, or
(e) after the Closing Date, an amount of the Financing shall remain undrawn. Upon the giving of such notice, such amount of the Financing shall be cancelled.

9.06 Notwithstanding any cancellation or suspension, all the provisions of this Agreement shall continue in full force and effect except as specifically provided in this Article 9.

ARTICLE X

Acceleration of Maturity

10.01 If any of the following events would occur and continue for the period specified below, if any, then at any subsequent time during the continuance thereof, the Fund, at its option, may by notice to the Beneficiary declare the principal of the Credit then outstanding to be due and payable immediately together with the charges thereon, and upon any such declaration such principal amount, together with such charges, shall become due and payable immediately:

(a) A default has occurred in the payment of principal or any other payment required under this Agreement and such default has continued for a period of thirty (30) days.

(b) A default has occurred in the payment by the Beneficiary of principal or any other amount due to the Fund under any other grant, credit or guarantee agreement between the Beneficiary and the Fund and such default has continued for a period of thirty (30) days.

(c) A default has occurred in the performance of any other obligation on the part of the Beneficiary under this Agreement, and such default has continued for a period of sixty (60) days after notice thereof shall have been given by the Fund to the Beneficiary.

(d) An event specified in paragraph (e), (f) or (g) of Section 9.02 of this Agreement has occurred and continued for a period of sixty (60) days after notice thereof shall have been given by the Fund to the Beneficiary.

(e) The event specified in clause b of Section 9.03 of this Agreement has occurred in a manner giving the Fund the right to suspension of disbursement

ARTICLE XI
Enforceability and Arbitration
Failure to Exercise Rights
Waiver of Immunity

11.01 The rights and obligations of the Beneficiary and the Fund under this Agreement shall be valid and enforceable in accordance with the terms hereof notwithstanding the law of any state or political subdivision thereof to the contrary. Neither the Beneficiary nor the Fund shall be entitled in any proceeding under this Article to assert any claim that any provision of this Agreement is invalid or unenforceable because of any provision of the Constituent Documents of the Fund.

11.02 Any dispute, controversy or claim arising out of or relating to the interpretation, application or performance of this Agreement, including its existence, validity or termination, which has not been settled by agreement of the parties within 60 calendar days, shall be settled by final and binding arbitration under the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organizations and States, as in effect on the date of this Agreement. Article 26 of the Rules (concerning interim measures) shall, however, not be applicable to the Fund and Beneficiary in an arbitral proceeding.

The place of arbitration shall be Paris, France and the language of the arbitral proceedings shall be English.

11.03 Service of any notice of process in connection with any proceeding under this Article may be made in the manner provided for in Section 12.02 hereof. The parties hereto waive any and all other requirements for the service of any such notice of process.

11.04 No delay in exercising or omission to exercise any right, power or remedy accruing to any party under this Agreement upon default or otherwise shall impair any such right, power or remedy or be construed to be a waiver thereof, nor shall any action of such party in respect of any default affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

11.05 The parties hereby expressly (a) recognise that this Agreement is an agreement of commercial nature, and (b) waive any right of immunity they might have on the grounds of sovereignty or otherwise in connection with any arbitration proceeding pursuant to Section 11.02 hereof or with the enforcement of any arbitral award pursuant thereto. However, only is final arbitration award is enforceable against the Fund and the Beneficiary.

ARTICLE XII
Miscellaneous Provisions

12.01 The Minister of Finance of the Beneficiary is designated as representative of the Beneficiary for the purposes of signing and executing on behalf of the Beneficiary any

documents used in connection with this Agreement. This notwithstanding, the Executing Agency and the Fund may agree in writing upon any change to, or further specification of, Annex 1 (NDF Project Description), Annex 2 (Procurement), Annex 3 (Eligible Expenditures), and Annex 4 (NDF Project Monitoring Framework), provided that the amount of the Financing will not be increased, and any such change or further specification shall be deemed as an integral part of this Agreement.

12.02 Any notice or request required or permitted to be given or made under this Agreement shall be made in writing in the English language and may be delivered (i) by airmail or internationally recognised courier service, or (ii) by email to the party to which it is required or permitted to be given or made, at such party's address specified below or at such other address as such party shall have designated by notice to the other party. Any notice expressly required under this Agreement shall, if given by email, promptly be confirmed by letter.

For the Fund:

Nordic Development Fund
P.O. Box 185
FIN-00171 Helsinki
Finland
Email: info@ndf.int

For the Beneficiary:

Ministry of Finance and Economic Planning
P.O. Box 158
Kigali, Rwanda
Tel: +250 252 575 756
Email: info@minecofin.gov.rw

For the Executing Agency:

Rwanda Environment Management Authority (REMA)
Inyota House
KG 7 AVE
P.O.Box 7436 Kigali, Rwanda
Tel: +250-788 305 717
Email:

12.03 This Agreement is made in two copies each of which shall be an original.

12.04 The following annex forms part of this Agreement:

Annex 1 NDF Project Description
Annex 2 Procurement
Annex 3 Eligible Expenditures
Annex 4 NDF Project Monitoring Framework

IN WITNESS WHEREOF the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed with their respective names.

14/05/2021
(date).

REPUBLIC OF RWANDA

By:



Dr Uzziel NDAGIJIMANA
Minister of Finance and Economic Planning



26/4/2021
(date).

NORDIC DEVELOPMENT FUND

By:



Karin Isaksson
Managing Director



Christina Stenvall-Kekkonen
General Counsel

NDF PROJECT DESCRIPTION

BACKGROUND

Originally the NDF project stems from an invitation to co-finance a climate component on river catchment management and flood control under the planned Kigali resilience project, financed under the GEF-7 Sustainable Cities Programme. NDF was an active partner in the design and preparation of that project and NDF financed a consultant in November-December 2018 to work together with the Government of Rwanda and the World Bank (WB) on the design of a component to integrate climate resilience through flood control measures and urban sub-catchment management. NDF's Board of Directors accepted the afore described planned NDF financing into the NDF project pipeline on 6 March 2019, and made its final approval on 26 April 2019.

The components co-financed by the International Development Association (IDA) / Global Environment Facility (GEF) underwent significant changes in 2019 and 2020. Consequently, the original IDA/GEF activities totalling USD 8.07 million were merged with a bigger project - the Second Rwanda Urban Development Project (RUDP II or Lead Agency Project) financed by IDA, GEF and the Strategic Climate Fund, totalling USD 175 million. This merger caused delays in WB's project preparation schedule. The WB Board approved the RUDP II on 30 October 2020.

During the preparations of RUDP II, the scope of the original NDF components and the corresponding budget were modified. The outcome is described in more detail in this Annex.

OBJECTIVES

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

The objective of the NDF Project is to support the city of Kigali and its inhabitants to improve climate resilience through better management and flood control of urban sub-catchments.

ACTIVITIES FINANCED UNDER THE NDF PROJECT INCLUDING COST ESTIMATE AND FINANCING PLAN

The following activities will be financed by NDF through a grant (EUR 2 million) and a loan (EUR 4 million) specified in the financing agreement between NDF and the Government of

Rwanda. The NDF financing will be parallel co-financing with WB and the loan from NDF will be based on IDA terms.

1. Technical Assistance

- 1.1. Technical Assistance (TA) services for the detailed design and environmental and social safeguarding for investments under Activity 2 (EUR 0.40 million grant)
- 1.2. Project management costs at REMA (EUR 0.36 million grant)

2. Implementing Investment Measures under Rwampara Wetland Sub-Catchment Management Plan to Mitigate Flooding and Improve Water Quality

- 2.1. Construction of flood bypass water channels to separate low and high flows (EUR 1.00 million loan)
- 2.2. Streams rehabilitation and construction of flood attenuation structures to prevent downstream flooding (EUR 0.70 million loan)
- 2.3. Construction of footpaths to access wetland (EUR 0.80 million loan)
- 2.4. Construction of water retention ponds (EUR 0.50 million loan)
- 2.5. Planting of native trees and wetland species for water retention and purification (EUR 1.00 million loan)
- 2.6. Technical Assistance for supervision of wetland rehabilitation works in Rwampara wetland (EUR 0.24 million grant)
- 2.7. Technical Assistance and Investment Measures for building climate resilience through accelerated private sector access to financing for climate change (FONERWA component) (EUR 1.00 grant)

In addition to the grant and to the loan extended under the financing agreement between NDF and the Government of Rwanda, NDF will hold in reserve and control EUR 100,000 in grant funding to be used for technical support, monitoring, and evaluation carried out by NDF and/or NDF contracted consultants (Activity 3 in Table 1 below). These funds are separate from dedicated project monitoring and reporting support functions conducted by Rwanda Environment Management Authority (REMA).

The tentative cost estimates of the NDF Project activities and the financing plan is outlined in the table below:

Table 1: Tentative Cost Estimates and the Financing Plan of the NDF Project Activities

Activity	Description	Type of financing		Total (EUR)
		Grant	Loan	
1 Technical Assistance		760 000		760 000
	1.1 Detailed design and environmental and social safeguarding for investments under Activity 2	400 000		400 000
	1.2 Project management costs at REMA	360 000		360 000
2 Implementing investment measures under Rwampara Wetland Sub-catchment Management Plan to mitigate flooding and improve water quality		1 240 000	4 000 000	5 640 000
	2.1 Construction of flood bypass water channels to separate low and high flows ^(a)		1 000 000	1 000 000
	2.2 Streams rehabilitation and construction of flood attenuation structures to prevent downstream flooding ^(a)		700 000	700 000
	2.3 Construction of footpaths to access wetland ^(a)		800 000	800 000
	2.4 Construction of water retention ponds ^(a)		500 000	500 000
	2.5 Planting of native trees and wetland species for water retention and purification ^(a)		1 000 000	1 000 000
	2.6 Technical Assistance for supervision of wetland rehabilitation works under Rwampara wetland	240 000		240 000
	2.7 Building climate resilience through accelerated private sector access of financing for climate change (FONERWA component) ^(a)	1 000 000		1 000 000
3 Technical support, monitoring and evaluation	To be carried out by NDF and/or NDF contracted consultants	100 000		100 000
TOTAL		2 100 000	4 000 000	6 100 000

^(a) The NDF financing for investments under these budget lines are contingent on NDF's approval of the TA outputs

The **TA services** will include a stocktaking and an assessment of existing document relating to urban flooding and catchment management in Kigali. The TA will map past and ongoing work supported by technical and financial partners including the Rwanda Environment Management Authority (REMA), the Rwanda Water Resources Board (RWB), Ministry of Infrastructure, the Ministry in Charge of Emergency Management, the City of Kigali, and the World Bank to maximise synergies and avoid duplication. Alternative nature-based flood

control measures including catchment restoration, flood and storm water retention, and soil erosion control will be identified, analysed and modelled if needed. These measures will work along with the hydraulic systems planned for the ongoing extension of the city's Master Plan (2013). The investments identified by the TA services will be aligned with NDF's policies and guidelines as well as relevant safeguards and will include gender equality, poverty reduction and private sector involvement targets, which will be incorporated in a project results matrix that will be used for monitoring and reporting. The TA services will include monitoring and evaluation, dissemination of the results, knowledge sharing and exchange. The TA consultancy will be integral in mapping the needs, identifying the optimal public and private investments relating to the FONERWA component described below, and ensuring their viability, safeguarding and gender equality.

The **TA services related to the FONERWA component** financed under the NDF grant will identify priority investments for erosion and flood control potentially suitable for private sector involvement. This TA will include assessment of effectiveness in controlling soil erosion and flash floods of different magnitudes and return periods as well as the potential for private sector involvement. The measures for catchment restoration, flood reduction, storm water retention, soil erosion control in concerned sub-catchments may include:

- Reforestation and afforestation for water retention, groundwater infiltration;
- Urban agriculture and horticulture;
- Hill terracing for water retention, soil protection, agriculture, and horticulture;
- Storm water management through small- or large-scale rainwater harvesting systems like multipurpose dams or artificial lakes combined with economic activities like irrigation, small hydropower (e.g. renewable energy), fish ponds and water supply;
- Eco-parks reducing run off in wetlands, possibly combined with educational aspects and tourism activities such as hiking, leisure facilities and resorts, fishponds, and water sports.

The private sector investments are planned to be financed by a loan or loans channelled through suitable partners, such as Rwanda's Green Fund (FONERWA) and the Rwanda Development Bank (BRD), which may be interested in developing new innovative financing instruments.

As mentioned above, NDF will hold EUR 0.1 million in reserve for **technical support, monitoring and evaluation** of the project to be carried out by NDF and/or NDF-contracted consultants.

IMPLEMENTATION

The NDF Project will be implemented over 5 calendar years beginning in 2021. The closing date of the NDF Project will be aligned with the closing date of RUDP II.

The Rwanda Environment Management Authority (REMA) under the Ministry of Environment will be in charge of implementation of the NDF Project. REMA will collaborate closely with key stakeholders such as the City of Kigali, Rwanda Water Resources Board (RWB), Ministry of Infrastructure, the Ministry in charge of Emergency Management, Rwanda's Green Fund (FONERWA), the Development Bank of Rwanda and the Private Sector Federation (PSF). Memorandums of Understandings (MoUs) will be prepared by REMA outlining responsibilities, implementation and collaboration arrangements between key partners. The MoU will be shared with NDF. If the MoU contain financial commitments, NDF's No Objection is required before the MoU can be signed between the partners.

REMA will ensure that the NDF financed components and the RUDP II components are aligned with each other. REMA will also ensure that all the NDF and World Bank/GEF activities are well coordinated, and will facilitate information sharing and coordination relating to planning, implementation, supervision, monitoring and evaluation between NDF, the World Bank and other relevant actors and development partners in the intervention area.

REMA will ensure that RWB's and other technical institutions team needs and inputs are taken into consideration and reflected in the NDF Project preparation (preparing the ToR), during implementation and in the final outputs of the consultancy services.

The City of Kigali is presently reviewing the Kigali Master Plan review and it is essential to ensure that the NDF Project is well aligned and adds value to the Master Plan. Therefore, the TA consultant for the NDF components will work closely with Kigali City to embed activities in the Master Plan to secure that the project is fully in line with the City Development Strategies.

EUR 1.0 million of the NDF grant is allocated to targeting private sector activities under Activity 2.7 in Table 1. There is a possibility of setting up a credit line functioning as a revolving fund for adaptation investments to the private sector. Despite FONERWA's and the Rwanda Development Bank (BRD) experience of offering similar products, marketing a credit line for adaptation investments to the private sector will require extra efforts, both in terms of outreach to potential private sector partners, and to develop and implement the selection process. Costs relating to this activity will be factored in either in the TA consultancy contract or as FONERWA/BRD management fees, depending on the division of work. The TA consultancy is also to include support to the development of FONERWA, directed for example towards a credit provision/green banking facility, building on work of other financing partners.

The private sector is expected to finance part of the investment costs with a share that will be determined at the design phase of this NDF Project component.

The detailed environmental and social safeguarding instruments under Activity 1.1 in Table 1 will be prepared at the time when the priority investments have been identified. NDF's E&S specialist will together with the PM review the Terms of References as well as the final instruments for Rwampara wetland when the investment design documents are sent to NDF for No Objection. REMA will also share these documents with the World Bank, not only to keep the Bank informed, but also provide the Bank with an opportunity to provide comments and raise concerns if needed.

The NDF funded activities under Activity 2 in Table 1 including all wetland rehabilitation sites will need full feasibility studies, detailed designs and ESIA's guided by the instruments listed above. For the NDF sites in Rwampara wetland, EUR 400,000 have been allocated under the NDF budget for these activities under Activity 1.1 in Table 1.

In addition, EUR 360,000 has been allocated for project management, monitoring and operational costs at REMA and project's contribution to Single Project Implementation Unit (SPIU) for shared services and staff equivalent to 65% of the total project management costs. (Activity 1.2 in Table 1) to strengthen the Executing Agency's capacity to manage the NDF supported project. This budget line includes support during five years for the following two experts who will work at the Single Project Implementation Unit (SPIU) at REMA: 1 Project Coordinator, 1 Environmental and Social Safeguard Expert. As NDF requires the NDF financed activities to be fully aligned and harmonised with RUDP II, the same experts responsible for the RUDP II financed components should be in charge of the NDF financed components, to the extent possible. REMA is responsible for seeing that the NDF financed experts are fully integrated into the SPIU, especially with regards to the experts at the SPIU supporting the RUDP II activities. Concerning the financial arrangements for this budget line, REMA will explore if these costs can be integrated into the TA contracts.

Moreover, NDF will hold EUR 100,000 in reserve for technical support, monitoring and evaluation of the project to be carried out by NDF and/or NDF-contracted consultants. (Activity 3 in Table 1)

REMA will ensure that the NDF financed activities will be implemented rigorously and in full coordination with the World Bank financed activities as the larger project area is one wetland system that need to have similar approaches for rehabilitation. REMA will ensure that the Single Project Implementation Unit (SPIU) at REMA will oversee the implementation of both RUDPII and NDF project and coordinate the synergies between the two and other projects, and make sure staff work as a team for this project in full alignment and coordination with other components of RUDP II.

MONITORING AND EVALUATION AND REPORTING

The management of the NDF Project will involve coordination between project partners, work planning and monitoring, procurement and contract management, accounting and audit costs, field supervision, maintaining an internal project monitoring and evaluation (M&E) system, and reporting. The internal M&E system will incorporate information on project results gathered through the field-based project monitoring. The project coordination team based within the project implementation unit housed in REMA will be responsible for day-to-day implementation, coordination, monitoring and reporting of the project.

Before implementation starts, REMA will provide to NDF for NDF's No Objection, an updated and detailed Project Results Monitoring Framework, which is aligned with the results framework of RUDP II, and selected indicators in NDF Results Monitoring Framework. It should be approved by NDF and will replace the draft in Annex 4.

NDF will receive quarterly monitoring/progress reports provided by the Executing Agency, the TA consultants' reports and outputs. NDF will in coordination with the World Bank conduct regular supervision missions. A mid-term review will be carried out jointly by NDF and the World Bank. The Implementing Agency and NDF will cover the costs of their own staff carrying out the supervision missions including the mid-term review mission.

NDF's No Objection is required to mobilise the utilisation of NDF financing for public and private investments that will be identified as a result of the technical assistance services, as the selected investments has to be in line with NDF's mandate and strategy, be in line with NDF Results Monitoring Framework and comply with NDF's Environmental and Social Policy and Guidelines, Anticorruption Policy and Gender Equality Policy. NDF's No Objection is also required for the selection process and criteria for the private sector investments as well as for the subsequent financing contracts.

In addition to the grant and to the loan extended under the financing agreement between NDF and the Government of Rwanda, NDF reserves an amount of EUR 100,000 as a grant for technical support carried out by NDF or NDF-contracted consultants. The use of such funds should be agreed with NDF. These funds are separate from dedicated project monitoring, reporting, communication, and evaluation support functions conducted by REMA.

For the monitoring framework of the NDF Project, see Annex 4

ENVIRONMENTAL AND SOCIAL ASPECTS

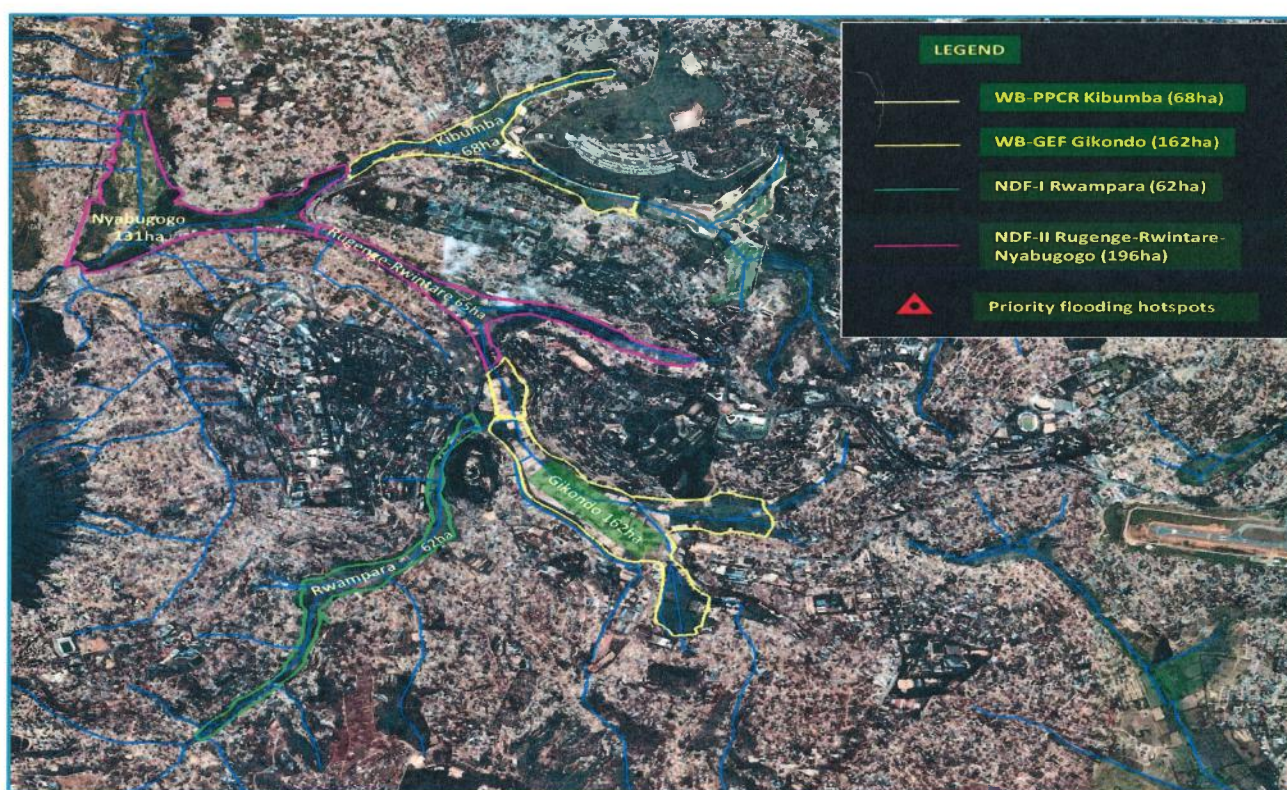
The initial social and environmental impact assessment framework for the RUDP II will be determined jointly by the World Bank and NDF. The project design requires these risks to be assessed and mitigated in more detail for all identified investment following the World Bank's environmental and social policies.

The detailed safeguard instruments will be specified at the time when the priority investments have been identified. The environmental and social risks are potentially rated high as the region is generally considered vulnerable. NDF's Environmental and Social Specialist and Program Manager will review the risks and the prepared site-specific safeguard instruments at the time when the investment design documents are sent to NDF for No Objection. The proceeds of NDF's funding budgeted for the investments will only be released if NDF considers the risks and mitigation measures relating to the investments manageable.

The NDF Project will focus on gender equality opportunities of identified priority investment projects and mechanisms for engaging and empowering women and youth in the activities. Training of youth and women in improved preparedness to meet flood events is one of the elements included in the emergency planning.

NDF highlights the importance of assessing and mitigating the environmental and social risks, which were potentially rated as high as the region is generally considered vulnerable.

The geographical area of the intervention selected by the government of Rwanda is in the Rwampara wetland. The map below shows the priority intervention area in Kigali originally planned to be financed by NDF funding (marked in green), Rwanda's request for additional NDF funding (marked in purple) following the changes to the World Bank's project structure (described in the section Background above), and the World Bank, GEF and PPCR funding (marked in yellow).



Environmental and Social Frameworks have been prepared by the Government for the overall wetland rehabilitation area and have been approved by the World Bank and publicly disclosed to guide RUDP II activities including wetland rehabilitation. The key instruments are listed below:

- Environmental and Social Commitment Plan (ESCP)
- Environmental and Social Management Framework (ESMF)
- Labour Management Procedures (LMP)
- Stakeholder Engagement Plan (SEP)
- Resettlement Process Framework (RF)

However, the above framework instruments do not make specific references to Rwampara and/or to NDF. According to the Executing Agency, these safeguards framework instruments were not specific for any wetland because of the following reasons:

- i) All the above wetlands mentioned in the Framework documents (Rwampara, Gikondo, Rugenge, Rwintare, Kibumba and Nyabugogo) are one wetland system that is connected to one another;
- ii) During development of these Frameworks the Executing Agency agreed with the World Bank team not to be too specific when it came to the sites because Rwanda had not yet confirmed the sites to be financed under RUDP II as resources were still under mobilisation. Furthermore, the RUDP II is a big project with different activities, not only wetland rehabilitation activities, and the Framework had to be applicable for all these activities;
- iii) These framework instruments are supposed to give guidance on how the site-specific safeguards instruments e.g. ESIA, stakeholders' consultations etc. should be conducted during the implementation, so specifications will be done during the actual development of these instruments, feasibility study and detailed designs and rehabilitation plans.

The intent is, nevertheless, that the same approaches will be applied to the NDF funded activities as to the World Bank funded sites. The NDF Project design requires these risks to be assessed and mitigated in more detail for all identified investment following the World Bank's environmental and social risk management policies.

There will be a Grievance Committee established for Rwampara, and the safe guards team (the Environmentalist and Social Specialists under SPIU-REMA) will be in charge of working with this committee and also report back.

PROCUREMENT

Reference is made to the Fund's General Procurement Guidelines. The following procurement provisions of this Annex 2 take preference over the General Procurement Guidelines in case of conflict of wording or figures between the two.

Procurement Methods

The two consultancy contracts (firms) for (i) the feasibility and baseline studies, detailed designs, and (ii) the Environmental and Social Impact Assessment Studies to be financed by NDF shall be procured using the quality and cost based selection method (QCBS) with a technical/financial scoring ratio of 80:20. REMA shall provide NDF with the Request for Expressions of Interest before publication, in order to allow NDF to publish at its website simultaneously with REMA. Prior review will apply to the procurement processes for both contracts, and all documentation must be in English language. Please see below regarding requirements for No Objection from NDF.

Any other consultancy contracts to be procured using NDF funding shall be agreed with NDF beforehand. NDF will provide No objections to the procurement methods etc. based on proposals from REMA.

For the civil works, Rwanda's National Competitive Bidding (NCB) as agreed by the Fund, with appropriate modifications to incorporate specific Fund requirements, will be used for procurement below the NCB threshold. NCB will apply for contracts below USD 2 million. Prior review by NDF shall apply to any contracts above USD 1 million.

Additional NCB Provisions

The procurement procedure to be followed for National Competitive Bidding shall be based on the Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 and revised in July 2014 and the following additional provisions:

- (a) Eligibility: The eligibility of bidders to participate in a procurement process and to be awarded a contract financed by the Fund shall be as defined under Section I of the World Bank's Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Fund for reasons other than those provided in Section I of the Procurement Guidelines.
- (b) Domestic Preference: No domestic preference may be applied in bid evaluation on the basis of bidder nationality, the origin of goods, services or labor, and/or preferential programs.

- (c) Registration and Inclusion in the Reference List of Suppliers/Contractors: Registration and inclusion in the reference list shall not be used as a basis for or as a substitute for assessing the bidders' qualifications.
- (d) Bidding Documents: Procuring entities shall use the appropriate standard bidding documents acceptable to the Fund, which documents shall be prepared to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the World Bank's Procurement Guidelines.
- (e) Bid Opening: All bids must be opened in public immediately on the deadline set for the bid submission at the date, time and place stipulated in the tender documents. Bids shall be opened in public, that is, the bidders or their representatives may attend the bid opening. The tender committee shall announce the names of the bidders and the price offered by each bidder. A record of the bid opening shall be prepared and shall contain the names of the bidders, bid price, discounts and the names and signatures of persons in attendance and the organizations they represent. A copy of this record shall be promptly sent to the Fund and to all bidders who submitted bids on time.
- (f) Rejection of Bids and Re-bidding: All bids (or the sole bid if only one bid is received) shall not be rejected, negotiations shall not take place at any time with a bidder, the procurement process shall not be cancelled, or new bids shall not be solicited without the Fund's prior written concurrence.
- (g) Contract Modifications: The Beneficiary shall obtain the Fund's no objection before agreeing to: (i) a material extension of the stipulated time for performance of a contract; (ii) any substantial modification of the contract scope of services or other significant changes to the terms and conditions of the contract; (iii) any variation order or amendment; or (iv) the proposed termination of the contract. A copy of all signed contract amendments shall be provided to the Fund for its record.
- (h) Bid and Contract Securities: All bid and contract securities shall be in the format specified in the bidding documents.
- (i) Fraud and Corruption: The bidding documents and contract shall include the NDF Anticorruption Policy either by reference or as an annex.
- (j) Inspection and Audit Rights: In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Fund to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Fund or the Lead Agency. Acts intended to materially impede the exercise of the Fund's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.

NDF's review and formal No Objection, in writing (by way of email or letter, as preferred by the Executing Agency) is required for terms of reference, requests for expression of interest,

expression of interest evaluation reports including the proposed short list, requests for proposals, proposal evaluation reports, bidding documents, bid advertisements, bid evaluation reports, and negotiated draft contracts. In addition, any provisions in paragraph 6 of the Nordic Development Fund General Procurement Guidelines for Projects (November 2017) shall apply unless otherwise agreed with the Fund.

Procurement thresholds

Procurement Method	Contract Value Threshold (USD)	Prior Review Threshold (USD)
ICB (Goods)	>=600,000	All ICB contracts
NCB (Goods)	100,000 - <600,000	All NCB contracts
Shopping (Goods)	<100,000	All contracts
ICB (Works)	>= 2,000,000	All ICB contracts
NCB (Works)	200,000 - <2,000,000	All contracts above USD 1 million
Shopping (Works)	<200,000	First two contracts
Community participation	None	First contract

Annex 3

ELIGIBLE EXPENDITURES

The Financing by NDF shall go towards the following types of expenditures, which are the Eligible Expenditures unless otherwise agreed in writing between the NDF and the Beneficiary:

The Grant

The Grant may be used to finance consultancy services under the following two technical assistance assignments:

1. Studies needed to select and prepare the climate resilient investments; and
2. Detailed design, and support for implementation and capacity building

The consultancy contracts may include necessary goods, works and services as further defined in the consultancy contracts. No taxes (including value added tax, sales tax or similar tax), levies or other similar fees may be financed from the Grant.

The Credit

The Credit may be used to finance equipment and civil works for public and private flood reduction investments in Kigali. A precondition for the use of the credit is that NDF has provided its No Objection to advance with the investments.

The selection criteria and process of contracts linking to the private sector investments will be defined separately with the assistance of the TA Consultant in collaboration with FONERWA and other Partner Agencies and will be subject to NDF's No Objection.

Annex 4

NDF PROJECT MONITORING FRAMEWORK (DRAFT)

Project Development Objective			Timeframe	Indicators		
To support the city of Kigali and its inhabitants to improve climate resilience through better management and flood control of urban sub-catchments			Year 0-5	Hectares of land area where better management and flood control has been adopted Number of households in the project area with access to improved resilience against major flood events Number of men, women and children within the project area benefiting from improved livelihoods Private and public investments designed and implemented		
Activities	Outputs	Outcomes	Impact	Inputs	Timeframe	Indicators
1 Technical Assistance	Detailed designs, environmental and social impact assessments and environmental and social safeguarding action plans for investments under Activity 2	Technical documents that can be used for procurement and contracting	Optimal investment solutions selected and implemented	Consultancy and stakeholder efforts,	Year 0-2	Report approved, best suppliers selected and contracted
2 Implementing investment measures under Rwampara Wetland Sub-Catchment Plan to mitigate flooding and improve water quality	Priority public and private investments in flood reduction measures implemented and operational	Priority public and private investments in flood reduction effective and work opportunities created	Improved climate resilience in Kigali including improved livelihood effects	Supervision consultancy. Construction and mitigation works	Year 1-5	Prioritised urban catchment works implemented and effective

