

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
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February 4, 2011

Mr. Herman Klaassen
Chief Executive Officer
Banque Populaire du Rwanda
BP 1348
Kigali
Rwanda

**Re: Agriculture Finance Support Facility (Agri Fin) Grant to Banque Populaire du Rwanda
AgriFin Grant Agreement (TF097812)**

Dear Mr. Klaassen:

In response to the request for financial assistance made on behalf of Banque Populaire du Rwanda (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development and International Development Association (“World Bank”), acting as administrator of grant funds provided by Bill and Melinda Gates Foundation, under the Agriculture Finance Support Facility Trust Fund (“AgriFin”) TF071239, proposes to extend to the Recipient a grant in an amount not to exceed nine hundred and fifty thousand United States Dollars (U.S.\$950,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”) which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”), in accordance with the AgriFin Steering Committee approval dated March 16, 2010. The Recipient shall make available U.S.\$ 1,164,799 to finance the remaining portion of the total Project cost of U.S.\$2,114,799.

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within forty-five days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

/s/ Juergen Voegele
Juergen Voegele
Director
Agriculture & Rural Development Department

CONFIRMED AND AGREED:

BANQUE POPULAIRE DU RWANDA

By _____

Name /s/ Herman Klaassen

Title Chief Executive Officer

Date: 23/02/2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
- (2) Disbursement Letter dated the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

ANNEX

Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants made by the World Bank out of Various Funds dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

(a) “AgriFin” means the Agriculture Finance Support Facility, a World Bank initiative, supported by the Bill and Melinda Gates Foundation.

(b) “Performance Report” means quarterly reports, prepared by the Recipient, detailing its overall performance and performance on agriculture finance.

(c) “Project Implementation Plan” means the plan dated December 31, 2010 adopted by the Recipient and containing detailed arrangements regarding the implementation of the Project as such plan may be amended from time to time with the prior written approval of the World Bank.

**Article II
Project Execution**

2.01. **Project Objectives and Description.** The objective of the Project is to develop the Recipient’s rural financing capacity to hasten the pace of its interventions in agriculture finance, which will result in enhancement of its agriculture finance portfolio as evidenced by increase in number of clients reached and volume of services provided portfolio as well as reduction in associated transaction costs and losses. The Project consists of the following activities:

1. Establishment of the agribusiness department at the Recipient’s headquarters, and recruitment of dedicated agribusiness staff at its branches.
2. Development of policies for rural microfinance and agribusiness.
3. Carrying out of staff Training on general and agribusiness credit and commercial skills.
4. Development of agribusiness financing and savings products.
5. Provision of technical assistance to support the information technology management.
6. Provision of support for expansion of automated teller machines and mobile banking services.
7. Carrying out of investments into mobile banking hardware.
8. Project management.

While activities 5, 6, and 7 will benefit a broader target segment than just agribusiness clients, the Recipient will aim to prioritize agribusiness clients in the roll-out of technology-aided services.

2.02 *Project Execution Generally.* The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”), with the modifications set forth in the Appendix to this Agreement; (c) this Article II; and (d) the Project Implementation Plan.

2.03. *Project Monitoring, Reporting and Evaluation.* (a) The Recipient shall monitor and evaluate the progress of the Project and prepare the progress of the overall Project with a clear distinction of the activities financed under this Grant and prepare and submit such Progress Reports (in English) in accordance with the provisions of Section 2.06 of the Standard Conditions and in form and substance acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester and shall be furnished to the World Bank not later than one month after the period covered by such report. The Recipient shall provide such reports starting with the reporting period ending on June 30, 2011.

(b) The Recipient shall prepare the Project Completion Report (in English) in accordance with the provisions of Section 2.06 of the Standard Conditions. The Project Completion Report shall be furnished to the World Bank not later than three months after the Closing Date.

(c) The Recipient shall facilitate the preparation of a baseline and final assessment of the overall Project. These studies will be carried out by consultants contracted by the World Bank, under the Bank-Execution portion of the Agriculture Finance Support Facility (“AgriFin”) TF071239, based on terms of reference agreed with the Recipient.

(d) The Recipient shall provide quarterly Performance Reports on the Project (April 31, June 30, September 30 and December 31) that indicate the Recipient’s performance, both overall and that related to agriculture finance, in form and substance acceptable to the World Bank, starting with the first quarter after the date of grant effectiveness, and up to the end of two years after the Closing Date.

2.04. *Financial Management.*

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished, in English, to the World Bank, no later than one month after the end of each calendar semester (June 30 and December 31), covering the period, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited, in English, in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The Recipient’s audit reports will provide notes to clearly indicate the receipt and use of the Grant funds. The audited Financial Statements for each such period shall be furnished to the World Bank, not later than three months after the end of such period.

2.05. Procurement

(a) General: All goods and services required for the Project, and to be financed out of the proceeds of the Grant, shall be procured in accordance with the requirements set forth or referred to in:

- i. Section I (excluding paragraph 1.16) of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 1, 2010 (“Procurement Guidelines”), in the case of goods, and,
- ii. Sections I (excluding paragraph 1.24) and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers”, published by the World Bank in May 2004, and revised on October 1, 2006, and May 1 2010 (“Consultant Guidelines”), in the case of consultant’s services.

(b) Definitions: The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods

- i. Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
- ii. The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts which the Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) National Competitive Bidding and (B) Shopping.
- iii. On goods contracts whose values are above US\$200,000, the International Competitive Bidding method of procurement will be used; all goods contract whose values are above US\$50,000 and below US\$200, 000 will be procured using the National Competitive Bidding method of procurement; and all goods contracts whose contract values are below US\$50,000 will be procured using the Shopping method of procurement.

(d) Particular Methods of Procurement of Consultants’ Services:

- i. Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
- ii. The following methods may be used for the procurement of consultants’ services for those assignments, which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Selection based on Consultant’s Qualifications; (B) Single-source Selection; (C) Selection of Individual Consultants.

- iii. All firm consultant contracts whose contract values are equivalent to or above US\$ 100,000 will be procured using the Quality- and Cost-based Selection method of selection. All firm contracts whose values are below US\$100,000, except those in situations where Single-source Selection method is appropriate, will be procured using the Consultant Qualification method of selection.

(e) *Review by the World Bank of Procurement Decisions.* Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (i) all goods contract whose values are equivalent to or above US\$200,000; and (ii) the first three goods contract whose contract values are equivalent to or above US\$50,000 and below US\$200,000. All goods contracts whose values are below US\$50,000 will be subject to Post Review by the World Bank.

(f) Each contract for consultant's services provided by a firm, estimated to cost the equivalent of US\$100,000 or more; and each contract for consultant's services provided by an individual, estimated to cost the equivalent of US\$50,000 or more shall be subject to Prior Review by the World Bank. All other contracts shall be subject to Post Review by the World Bank.

(g) All terms of references for consultant contracts valued at equivalent of US\$5,000 or more shall be subject to Prior Review by the World Bank.

Article III Withdrawal of Grant Proceeds

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Article; and (c) such additional instructions as the World Bank, may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank, and as made applicable to this Agreement pursuant to such instructions), to finance 50% of Eligible Expenditures consisting of goods, consultant services, Training, and Operating Costs, inclusive of Taxes.

(a) "Operating Costs" means salary of dedicated staff working on agribusiness but excluding salaries of consultants.

(b) "Training" includes workshops and means reasonable expenditures, incurred by the Recipient, to finance rental of training facilities and equipment; travel, per diem and accommodation of consultants; and costs of training materials and supplies.

3.02. ***Withdrawal Conditions.*** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed **US\$190,000** of the Grant amount may be made for payments made prior to this date, but on or after **April 1, 2010**, for Eligible Expenditures.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2012.

Article IV
Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Chief Executive Officer.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Mr. Herman Klaassen
Chief Executive Officer
Banque Populaire du Rwanda
BP 1348
Kigali
Rwanda

Phone: +250 57 35 59
Fax no: +250 57 35 79
Email: Herman.KLAASSEN@bpr.rw

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Program Coordinator
Agriculture Finance Support Facility (AgriFin)
Mail Stop: MC5-512
Agriculture and Rural Development Department

Telephone: + 1 202 473 5148
Email: anair@worldbank.org
Fax: + 1 202 522 2633

APPENDIX

Modifications to the Anti-Corruption Guidelines

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

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

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

1. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

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

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are

not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

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