Additional Financing Appraisal Environmental and Social Review Summary

Appraisal Stage

(AF ESRS Appraisal Stage)

Date Prepared/Updated: 04/04/2023 | Report No: ESRSAFA541

Public Disclosure

BASIC INFORMATION

A. Basic Project Data

Country	Region	Borrower(s)	Implementing Agency(ies)
Rwanda	EASTERN AND SOUTHERN AFRICA	Ministry of Finance and Economic Planning	Business Development Fund, Development Bank of Rwanda

Project ID	Project Name
P179999	ADDITIONAL FINANCE-ACCESS TO FINANCE FOR RECOVERY AND RESILIENCE PROJECT (AFIRR)

Parent Project ID (if any)	Parent Project Name
P175273	Access to Finance for Recovery and Resilience Project

Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Finance, Competitiveness and Innovation	Investment Project Financing	3/29/2023	5/15/2023

Proposed Development Objective

The Project Development Objective (PDO) is to increase access to finance and support recovery and resilience of businesses affected by the COVID-19 pandemic.

Financing (in USD Million)	Amount
Current Financing	297.50
Proposed Additional Financing	320.00
Total Proposed Financing	617.50

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

A. Country Context

Rwanda is managing a strong recovery from the pandemic, amidst inflationary pressures and downside effects of the ongoing Ukraine war. The country experienced a remarkable recovery in 2021, with 10.9 percent GDP growth compared to its 3.4 percent contraction during the pandemic. However, inflationary pressures have been mounting, driven mainly by domestic food and utility prices, and is projected to average 12.1 percent in 2022 compared to 0.8 percent in 2021. Economic recovery has been supported by industrial activities benefitting from government support of the manufacturing and construction sectors, as well as a gradual recovery of tourism activities. Growth is expected to be moderate over the next two years, with downside risks including a potential pandemic resurgence, rising food prices, vulnerability to weather and climate shocks, and the potential for the increasing fiscal deficit to limit the Government of Rwanda's fiscal consolidation. The impact of risks of climate change could be consequential for Rwanda’s growth given the reliance of the economy on climate sensitive sectors. Rwanda’s increasing debt burden and associated risks underscore the need for the authorities to pursue measures to ensure fiscal sustainability in the long term while safeguarding the nascent economic recovery in the short term. Vision 2050 sets an ambitious goal to eliminate poverty in the country supported by economic transformation and private sector led growth. Considering the current global and national fiscal context, finding the right balance between development and climate action will be instrumental for Rwanda to sustain its impressive growth rates and deliver its national development plan Vision 2050.

B. Sectoral and Institutional Context

The private sector represents a small, but growing, share of overall jobs. Like many other low-income countries, Rwandan firms, for the most part, are young and informal. Women-led firms play an important role in the economy and faced additional increased challenges during the pandemic. Women head 42 percent of enterprises and comprise 58 percent of enterprises in the informal sector, which accounts for 30 percent of GDP. Access to finance is among key constraints for firm growth and survivorship. Micro, Small, and Medium Enterprises (MSMEs) play an important role in the economy, contributing 55 percent of total GDP and accounting for over 95 percent of businesses and more than 70 percent of in-establishment employment in Rwanda. The financial sector has supported economic recovery in the post pandemic period. Banks continued to provide credit to the private sector at an improved pace in line with liquidity buffers. The concentration of credit to vulnerable sectors poses elevated credit risk in the financial sector. The disruption in global supply chain is continuing to cause vulnerabilities to the manufacturing sector. Due to the adverse global supply shock associated with the Ukraine war, banks’ exposure to manufacturing sector is at risk due to the sector’s heavy usage of energy and other imported inputs that are currently subject to strong increase in prices. Short-term resources also limit banks’ ability to provide credit in the long term. The term deposits held by banks represent 35 percent of total deposits out of which, 92 percent hold a maturity of less than one year. With this funding structure, banks are exposed to a funding risk related to excessive maturity transformation. MFIs face similar challenges to those of banks, with the limited access to liquidity and stable sources of funding being more acute.

C. Relevance to Higher Level Objectives

The proposed Additional financing project is aligned with the World Bank Group's Country Partnership Framework (CPF) (FY21–FY26) for Rwanda. The project supports objective (ii) of the CPF "Improved conditions for private sector development", particularly in areas of inclusive finance and MSME development. The CPF highlighted the need for supporting a financial sector that is sound, deep, and capable of effectively mobilizing and allocating resources to meet the needs of the private sector, including through enabling long-term private finance and investments. The CPF (FY21–FY26) was developed and finalized jointly with the GoR as the COVID-19 pandemic was unfolding and was discussed by the Board of Executive Directors on July 9, 2020. The project is also aligned with the World Bank Group Global Crisis Response Framework (GCRF) "Navigating multiple crises, staying the course on long-term development" published in July, 2022. The project activities support all four pillars of the GCRF. The proposed AF is also aligned with World Bank leading efforts to scale up sustainability-linked financing at the sovereign level. Sustainability-linked bonds (SLBs) and loans (SLLs) can be powerful tools to induce change and accelerate impact for the achievement of Sustainable Development Goals. Success in this endeavor would help improve mobilization of private capital (in better financial terms) for a broader range of issuers, while speeding up commitment and action to reach sustainability outcomes. Helping EMDEs to achieve the sustainable development goals (SDGs) and the Paris accord will require innovative solutions and significant private sector mobilization (PCM). For lower-income EMDEs, in particular, solutions that de-risk issuers, meet investors' risk appetite, and embed financial incentives to commit and achieve credible KPIs are critical to scale-up PCM.

D. Project Design

In April 2020, the Government of Rwanda established the Economic Recovery Fund (ERF) to support the recovery of businesses hard hit by the COVID-19 pandemic. The objective of ERF was to support businesses so that they can survive, resume operations and safeguard employment, thereby cushioning the economic effects of the pandemic. The AFIRR project was designed to further support the ERF and address binding constraints for Rwandan firms to access finance to support resilience and growth, further exacerbated during the COVID-19 pandemic.

At less than two years into implementation, nearly half of the original project's resources has been committed. There is a need for additional funds to fast-track and scale up the parent project activities, relying on the project's existing implementation capacity. The project will deepen project support to mobilize private capital and strengthen the resilience of government development institutions by helping them tap into new sources of long-term funding. Increasing private capital mobilization to support private sector development and access to finance will enable the Rwandan government to leverage scarce resources while continuing to respond to the needs stemming from the recovery in economic activity post-pandemic.

The Project components aim at (i) addressing short and long-term financial needs of firms to help them withstand the crisis, grow their business and build resilience; (ii) enhancing and scaling up the existing partial credit guarantee scheme, and the development of two new de-risking schemes to provide liquidity and insurance instruments in support of micro, small and medium enterprises in the event of climatic shocks; (iii) strengthening capacity at various levels to support project implementation, including through technical assistance to project beneficiaries; technical assistance and capacity building for implementing agencies, and project management and monitoring.

E. Components

Component 1 – Liquidity and Recovery Facility (US$95 million IDA equivalent). Component 1 focuses on addressing firms' short- and long-term financial needs to help them withstand the crisis, grow their business and build resilience, including strengthening climate resilience. The facility will continue to provide lines of credit (LoC) to Financial Institutions (FIs) for on-lending to highly impacted and/or strategically important sectors and firms to support economic recovery and business continuity. The AF will include a new subcomponent to support BRD's mobilization of private capital.

Sub-component 1.1. Microbusinesses Credit Line (US$30million IDA equivalent)
This facility provides financial support to MSEs and the informal sector. Proceeds of the LoC will be on-lent by BDF through MFIs, mainly SACCOs, to final beneficiaries. Project flexibility allows for both working capital and investment loans. The LoC will support purchase of small capital assets to support business activity. SACCOs, particularly those in rural areas, serve the most vulnerable segments and have become increasingly short on liquidity to continue lending to their clients. To protect those businesses and jobs and to stimulate consumption of households, the sub-component support MSEs through SACCOs.

Sub-component 1.2. Refinancing Credit Line (US$10.5 million IDA equivalent)
The LoC supports refinancing of existing loans in priority sectors as determined by the GoR. BRD will lend to banks, MFIs (banks and limited companies) to support enterprises through refinancing of existing financial commitments to ease hardship caused by the pandemic. Target beneficiaries include all firms in priority sectors affected by the pandemic. Similar to other components, there is a specific focus on refinancing women inclusive firms under this sub-component.

Sub-component 1.3. Working Capital and Investment Credit Line (US$29.5 million IDA equivalent)
This facility supports investments in Rwanda to facilitate economic recovery, and the preservation and creation of jobs through the provision of long-term sources of funding currently lacking in the market. In particular, support under this sub-component is expected to enable increased investments and exports regionally and globally and/or substituting imports with local production, including supporting jobs that can transition the population from subsistence agriculture. Project flexibility allows for both working capital and investment loans.

Sub-component 1.4. Sustainability Linked Financing (US$25 million IDA equivalent)
It is proposed to include an additional component in the project to increase PCM and support BRD's lending activity. BRD will use project resources to develop a sustainability-linked bond issuance program in local currency. This approach is designed to leverage the additional AFIRR financing further to allow BRD to borrow in the local capital market by establishing a credit enhancement structure to support the issuance program. The BRD sustainability-linked issuance program is expected to align closely with BRD's broader strategic objectives of promoting sustainable economic development in Rwanda and reducing poverty alongside measurable Key Performance Indicators (KPIs). The SLB will help to boost investment and support the broader agenda of institutional development in Rwanda through increased accountability to the market, diversification, development of the corporate bond markets, and expansion of development finance.

Component 2 – Risk Sharing Facility (US$3 million IDA equivalent). This component supports enhancing and scaling up the existing PCG scheme in BDF, and the development of two new de-risking schemes to provide liquidity and insurance instruments in support of MSMEs in the event of climatic shocks. Project support to the enhancement of the PCG scheme is designed around the accomplishment of performance based conditions (PBCs). The design of de-risking instruments aims at strengthening the financial resilience of target beneficiaries and PFIs to future shocks to support increased access to finance in vulnerable sectors. No additional resources are being requested to support implementation of subcomponent 2.1. Additional US$ 3 million have been requested to scale the rollout of the BLW instrument and the Backstop insurance mechanism envisaged under sub-component 2.2.

Component 3 – Institutional Strengthening and Implementation Support. (US$2 million IDA equivalent). This component focuses on three key areas to strengthen capacity at various levels to support project implementation: (i) technical assistance to project beneficiaries; (ii) technical assistance and capacity building for implementing agencies, and (iii) project management and monitoring. Additional funds are being requested to increase the support and activities aimed at further strengthening BDF implementation capacity and to support project management and monitoring.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The original project is implemented in Rwanda across its five provinces (Southern, Northern, Western, Eastern, and Kigali), and all districts are targeted. The Additional Financing (AF) Project will also be implemented across Rwanda and its five provinces.

Rwanda's forests and woodlands can be classified into four categories: natural forests of the Congo Nile Ridge, including Nyungwe National Park and Gishwati-Mukura National Park; natural forests of the Volcanoes National Park; natural forests in savannah and gallery-forest of the Akagera National Park and remnants of gallery forests and savannahs of Bugesera, Gisaka, and Umutara; and forest plantations dominated by exotic species. Forest-protected areas provide essential landscape roles such as providing habitat, food, and genetic materials, acting as buffers against disasters, and providing stable supplies of ecosystem services. Freshwater systems comprising lakes, rivers, marshlands, and groundwater, all supplied by rainfall, constitute Rwanda's water resource. Inflows from the dense network of rivers, streams, and wetlands sustain inland lakes. Subprojects that could have significant potential impacts on the country's environmental resources and, contrary to the national land use planning guidelines, will not be eligible for financing by the project.

The AF will maintain the structure and design of the existing components and strategically scale up support through some of the subcomponents. The AF will also introduce a new facility through Component 1 to further build institutional resilience and long-term sustainability by scaling up efforts to mobilize private capital - the new SLB subcomponent of US$ 25 million. The targeted sectors remain the same as the parent project, with the addition of the transport and tourism sector.

The AF will be implemented in the same areas as the parent project but will include a new subcomponent (under component 1) to support BRD's mobilization of private capital. This new Subcomponent 1.4 will allocate project resources to support BRD's issuance of sustainability-linked bonds to leverage resources from capital markets, domestically and internationally.

The AF project will be structured into three mutually reinforcing components:
Component 1 aims to support the country's economic recovery in the short and long term. Subcomponent 1.1 of the AF, the Microbusinesses Credit Line, provides financial support to micro-enterprises in Rwanda by offering working capital and investment loans through SACCOs, particularly in rural areas. The Refinancing Credit Line (Subcomponent 1.2) supports refinancing existing loans in priority sectors determined by the Rwandan government's Steering Committee, particularly focusing on women-inclusive firms. The Working Capital and Investment Credit Line (Subcomponent 1.3) target large and small companies to promote sustainable economic recovery by providing long-term funding to support high-growth investments and local production. Subcomponent 1.4, Sustainability Linked Financing, is the new component under the AF (not part of the original financing) that includes a new initiative to promote sustainable economic development in Rwanda by increasing the Project Cycle Management and supporting BRD's lending activity. This new approach will allow BRD to borrow in the local capital market by establishing a credit enhancement structure to support the issuance program. The program aims to start with a 7-8 year bond in the RWF 25-40 billion range and aligns with BRD's broader strategic objectives of reducing poverty and promoting sustainable economic development. The programmatic approach is designed to diversify the funding base away from concessional financing and enhance investor interest to dedicate time and commitment to the transaction. The need to credit enhance BRD's issuance is expected to be phased out of the medium term once the market learns more about the operation and risks of this new product.

Component 2 – Risk Sharing Facility (US$3 million IDA equivalent). This component supports enhancing and scaling up the existing PCG scheme in BDF and the development of two new de-risking schemes to provide liquidity and insurance instruments in support of MSMEs in the event of climatic shocks. Project support for enhancing the PCG scheme is designed around accomplishing performance-based conditions (PBCs). The design of de-risking instruments aims at strengthening the financial resilience of target beneficiaries and PFIs to future shocks to support increased access to finance in vulnerable sectors. No additional resources are being requested to support the implementation of subcomponent 2.1. Additional US$ 3 million have been requested to scale the rollout of the BLW instrument and the Backstop insurance mechanism envisaged under sub-component 2.2.

Bridge Lending Window (BLW) is a financial de-risking tool to cushion SMEs against compounding climatic shocks. The BLW will provide short-term lending to climatic shock-affected vulnerable SMEs to cover the credit servicing cost of the underlying credit contract between the SME and the financial institution for a limited time. The backstop insurance mechanism aims to protect BLW’s capital from depletion in case of severe shocks. The funds will be used to finance premium payments of an insurance product to backstop the capital in the BLW. In the event of a severe shock,18 the insurance contract will trigger a payout which will disburse and top up the capital in the BLW.

Component 3 – Institutional Strengthening and Implementation Support. (US$2 million IDA equivalent). This component focuses on three key areas to strengthen capacity at various levels to support project implementation: (i) technical assistance to project beneficiaries; (ii) technical assistance and capacity building for implementing agencies, and (iii) project management and monitoring.

D. 2. Borrower’s Institutional Capacity

The original project is being implemented by two financial institutions, BRD and BDF, both of which have Environmental and Social Management Systems (ESMS) in place. For the Additional Financing (AF), the two financial institutions will continue implementing the project. The World Bank approved these systems under the original project. Both institutions have full-time staff dedicated to Environmental and Social (E&S) Risk Management in compliance with the original project's Environmental and Social Commitment Plan (ESCP) requirements.

The ESMSs associated with the project have been performing satisfactorily. Compliance with the sub-project ESMPs (ESHS progress reports) has been documented in various sub-projects, including housing construction, manufacturing (brick and tile making), agro-processing (milk processing plants, horticulture value addition, meat processing), etc. BRD and BDF have taken measures to address E&S risks and have adhered to reporting schedules on a quarterly and semi-annual basis.

Moreover, these two institutions have made efforts to build the capacity of beneficiary PFIs and direct projects with gender inclusion, established functional GRM at different levels, and resolved grievances promptly. Despite these efforts, there are some lessons learned from the parent project implementation regarding E&S compliance. These include strengthening PFIs' E&S knowledge and skills during the initial stages of implementation, allocating sufficient budget for E&S compliance monitoring, especially for microbusiness components, and digitizing SE for projects with many and scattered project beneficiaries like AFFIR.

Although BRD and BDF have invested in strengthening E&S compliance monitoring, there is still a need to improve the monitoring of E&S compliance and record and report grievances from all project beneficiaries, regardless of size. Under the AF, the WB will provide technical assistance to ensure that high-quality E&S screening and monitoring for ESF compliance is maintained throughout the project implementation.

The ESMSs clarify E&S assessment procedures, E&S monitoring, reporting, and resolution of grievances, as well as BRD and BDF staff capacity building. This has raised awareness of E&S aspects among the staff, including management, and helped integrate E&S aspects into these two financial institutions' activities. However, the low capacity of their clients in E&S aspects remains a challenge. BRD and BDF and their clients' capacity building will continue to be supported under Component 3 of the original and AF projects.

The ESMSs have been implemented for Component 1 and 2 activities and cascade to the selected Participating Financial Institutions (PFIs) for Component 1. In contrast, Component 2 cascades to the chosen PFIs and final beneficiaries. By the end of 2022, BRD has received and approved requests from 9 PFIs. Two of the 9 PFIs did not have ESMSs, and BRD, through the original AFIRR project, supported them in establishing their ESMSs. The other 7 PFIs had existing ESMSs, which were reviewed by BRD, three of them had ESMSs that met the ESSs requirements, and four received BRD/AFIRR support for their ESMSs to meet World Bank standards. Under subcomponent 1.1, BDF supports Savings and Credit Cooperatives (SACCOs); these subprojects are considered low-risk. Only Summary Project Reports (SPRs) are prepared per the Rwandan regulations and an abbreviated ESMS to comply with World Bank (WB) standards. 45 SACCOs have already had their abbreviated ESMS approved.
Site-specific Environmental and Social (E&S) instruments, such as ESIAs, ESMPs, or SPRs prepared for subprojects, are reviewed and cleared by BRD, BDF, PFIs, the WB, and the Rwanda Development Board (RDB) in compliance with the ESF, ESMSs, SEP, Project ESMF and the Government of Rwanda Laws. For BRD, ten direct projects were approved

after the review and approval of their ESIAs. BRD provided technical assistance for on-lending operations to review and/or develop 15 ESIAs.

The project has developed comprehensive environmental and social training toolkits and guidelines based on ESF instruments, such as ESMSs, SEP, LMP, and ESMF. BRD and BDF are using the toolkit to train PFIs, large companies, and SMEs on managing E&S risks and impacts of the project. The training focuses on screening FI subprojects, preparing ESMP where needed, monitoring and reporting, stakeholder engagement, and grievance redress mechanisms. It is tailored to specific knowledge and skills identified in training needs assessments. BRD and BDF have trained PFIs and SMEs on environmental and social risk management in line with each PFI's and SMEs' intervention sector. BDF has trained 14 people from 8 PFIs and four from direct projects (ADHI and Ruliba Clays Ltd) on ESSs, while BRD has trained 1,778 people from PFIs, of whom 35% are females.

Compliance monitoring of site-specific E&S instruments implementation has been undertaken for the original project, which shows satisfactory performance. The original project and the AF will continue to monitor the E&S performance of projects in Rwanda. Several organizations carry out this monitoring, including BRD, BDF, PFIs, the Ministry of Finance, Rwanda Environmental Management Agency (REMA), the WB, the Asian Infrastructure Investment Bank (AIIB), and local authorities at the district level. These local authorities ensure that projects in their districts comply with E&S regulations. As of the end of 2022, BRD had disbursed funds for 34 subprojects, and 16 of these projects (6 from direct operations and ten from on-lending) were monitored for their E&S compliance.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) — Substantial

Environmental Risk Rating — Substantial

The environmental risk rating for the original project and the AF Project is substantial, with potential environmental risks and impacts primarily related to the Liquidity and Recovery Facility (Component 1) and Risk Sharing (Component 2). The AF Project will maintain the structure and design of the original project, with some strategic scaling up of support through subcomponents and introducing a new facility through Component 1 (Subcomponent 1.4) aimed at building institutional resilience and long-term sustainability of development finance institutions in Rwanda by scaling up efforts to mobilize private capital. The project's targeted sectors have remained unchanged, except for the addition of the transport and tourism sectors. The project aims to support the purchase of electronic buses and establish charging infrastructures for public transport in the transport sector. As for the tourism sector, the project will provide funding for subprojects such as tour operators, bars, and restaurants to help boost the industry. The main environmental risks associated with the Project are related to Components 1 and 2, including worker occupational health and safety (OHS), community health and safety risks, air dust and noise emissions, use of resources such as energy and water, waste generation and disposal (including electronic wastes), materials management, soil and water pollution, and biodiversity impacts at the sub-project MSME level. The impacts are expected to be direct and indirect, site-specific, reversible, and addressed through readily available and reliable mitigatory measures in compliance with relevant national laws, World Bank's ESS 9 requirements, and other applicable ESSs. While minimal environmental and social risks are associated with MSMEs under subcomponents 1.1 and 1.4, close monitoring for compliance is necessary. All project information and environmental and social (E&S) requirements are well reflected in the Project Environmental and Social Management Framework (ESMF), which will be updated to reflect the new AF subcomponent 1.4 and the new tourism and transport sector. Introducing two new sectors will have impacts and risks that need to be considered. The first sector is focused on the purchase of electric buses. This sustainable and environmentally friendly option reduces greenhouse gas emissions and air and noise pollution. However, if not correctly disposed of, there is a potential impact of e-waste disposal, specifically with battery packs. Rwanda has service providers specializing in recycling and disposing of electronic waste. The second sector is tourism, which will involve establishing bars and restaurants. This sector will have typical construction-related impacts, such as dust, noise, loss of vegetation, waste generation, occupational health and safety, water contamination, and soil erosion/runoff. Once operational, this sector will likely generate waste impacts, such as effluent and solid waste, noise pollution, and occupational health and safety concerns. It is worth noting that these impacts are similar to those already reflected by BRD under infrastructure and housing units in the original project. MSMEs' project activities/subprojects with low to substantial environmental and social risks will be addressed through the institutional ESMSs for BRD, BDF, and PFIs, as well as the Project's ESMF, which will reflect World Bank Environmental Health and Safety (ESH) Guidelines, among others as required. The Project has adopted an exclusion list of activities and sub-projects to refrain from financing. The exclusion list explicitly precludes financing sub-projects with high environmental and social risks. Under the original project, the E&S capacity of BRD, BDF, and PFIs has been enhanced, and this support will continue under the AF Project.

Social Risk Rating Substantial

The social risk rating for the original and AF projects is substantial. The anticipated social risks of existing sectors under the parent project are related to the subprojects to be financed under the different credit lines of component 1 of Liquidity and Recovery Facility with the largest share of the total AF budget, which will target large companies and SMEs in different sectors. Even though information on the subprojects to be financed under the AF, based on experience from the implementation of the AFFIR parent project, social risks associated with large-scale sectors, including manufacturing, geoprocessing, and MSMEs, are anticipated to be related to labor and working conditions, labor influx, sexual exploitation and abuse and sexual harassment. Under the credit line on micro businesses to be implemented by BDF, there are possible risks of discrimination of vulnerable groups from the funded microbusinesses, including people with disabilities, women, young people, elderly, and those residing in remote areas. Social risk screening needs to be done for all funded projects during project screening. Depending on risk rating, BRD and BDF will support the development of instruments and tools with measures to avoid, minimize and mitigate all possible social risks. These instruments might include ESIA, ESMP, and E&S obligations in subproject agreements. The activities to be funded under the new sectors added under AF of transport and tourism bring new social risks and potential impacts. Funding of electronic public buses will have positive social impacts related to reduced crowding in public transportation vehicles and reduced security risks for women and vulnerable groups. Charging infrastructures might cause risks of restricted access to small plots of land, which can cause loss of livelihood. Social risks related to tour operation and hospitality will depend on the type of specific activities to be funded under subprojects. Still, they can include risks related to labor and working conditions, risks related to loss of access to income and livelihood by possible restrictions on access due to expansion activities of hospitality sub-projects, and overall risks related to discrimination during the implementation of subprojects' activities including accessibility for people with disabilities in public transportation. The client will conduct screening and require project-specific ESIA and/or ESMPs as appropriate. Mitigation measures will be put in place as well as in contractual agreements as appropriate. BRD and BDF will develop the Gender Action Plan (GAP) to reflect the AF activities and ensure comprehensive gender-responsive activities and indicators for measuring gender inclusion across all CoLs of AFFIR AF.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The BRD and BDF have established Environmental and Social Management Systems (ESMS) that the World Bank approved during the original project. The ESMSs associated with the project components have demonstrated satisfactory performance. These corporate ESMSs will be used for the Additional Finance (AF) project and apply to all project-funded activities.

The project's main environmental and social risks and impacts are expected to be site-specific and occur at the subproject level. The risks include labor and working conditions, Occupational Health and Safety (OHS), community health and safety risks, dust and noise emissions, water/energy use, waste generation (including e-waste), vegetation loss, and soil and water pollution. These risks are likely to be encountered during the construction and operation phases of the subprojects and can be addressed through readily available and reliable mitigatory measures.

Subprojects that involve civil works may have risks related to labor influx, such as sexual exploitation and abuse, and sexual harassment. Based on screening results, the companies that BRD and BDF will finance will prepare, implement, and monitor site-specific environmental and social instruments, such as ESIAs for high-risk subprojects, ESMPs, or SPR.

The parent project's SEP and ESCP have been updated. ESMF will be updated after board approval to incorporate the additional sectors that will benefit from this Additional Finance: tourism and transport sectors and sections on LMP, GBV, ESS5, and compliance. The addition of the transport sector is focused on purchasing electric buses. This sustainable and environmentally friendly option reduces greenhouse gas emissions and air and noise pollution. However, if not correctly disposed of, there is a potential impact of e-waste disposal, specifically with battery packs. Rwanda has service providers specializing in recycling and disposing of electronic waste. The second sector is tourism, which will involve establishing bars and restaurants. This sector will have typical construction-related impacts, such as dust, noise, loss of vegetation, waste generation, occupational health and safety, water contamination, and soil erosion/runoff. Once operational, this sector will likely generate waste impacts, such as effluent and solid waste, noise pollution, and occupational health and safety concerns. It is worth noting that these impacts are similar to those already reflected by BRD under infrastructure and housing units in the original project. The revised versions of these instruments will apply to both projects. BRD and BDF will ensure their ESMSs are cascaded to PFIs and SMEs through participation agreements and the project's ESMF, reflecting the World Bank Environmental and Social Standards and Guidelines for Agribusiness/Food Production, General Manufacturing, and Infrastructure.

PFIs will be required to monitor and report the entire World Bank-financed portfolio to BRD and BDF in a manner acceptable to the World Bank. Monitoring reports submitted by PFIs to the World Bank under the parent project have shown satisfactory use of environmental and social instruments. BRD and BDF will monitor and supervise the environmental and social performance of the PFIs and their portfolio exposures on the different credit lines. The Project PIM provides details on the content of quarterly reports.

The project eligibility criteria exclude high-risk sub-projects, involuntary resettlement, and those that may impact sensitive areas such as nationally and internationally protected areas and cultural heritage sites. None of the sub-projects are expected to include large-scale infrastructure civil works. Additionally, financial intermediaries involved in the project are prohibited from engaging in child and forced labor. The ESMS and ESMF integrate requirements related to pollution prevention, resource efficiency, and management, including provisions related to specific types of waste. A grievance redress mechanism for complaints, including labor grievances (including gender-based violence), will be established at the new sub-project levels, as articulated in the existing SEP, ESMSs, and ESMF.

ESS10 Stakeholder Engagement and Information Disclosure

This standard is relevant due to ESF's requirements for mandatory stakeholder engagement throughout project design and implementation. There is also the potential risk that some of the targeted beneficiaries might be excluded from the Project. From the start of the AFIRR project to date, many awareness sessions were organized targeting various stakeholders, including Affiliated Implementing Agencies, Local Government, Private Sector Federation, Financial institutions, potential beneficiaries, media, and local communities. As per the last ISM of January 2023, BRD has 7 operational GRCs established at the direct borrowers' level and is still in the process of agreeing on a structure and set up of GRCs at the PFIs level. Due to the nature of small and scattered businesses supported by BDF through PFIs, BDF has established GRCs at geographical levels, i.e., at sector level. So far, there are 285 GRCs established for 95 Sector SACCOs. BRD has so far reported three main grievances from 3 direct borrowers related to the impact of construction activities, including cause for soil erosion, clay extraction affecting nearby farmers' activities, and excavated soil surpassing the boundaries of the construction site. All three grievances have been resolved. The last ISM appreciated the progress made by both BRD and BDF in strengthening E&S systems, building capacities, and operationalizing GRMs. There is a need to strengthen monitoring of E&S compliance and grievances recording and reporting from all project beneficiaries of different sizes. BDF's E&S challenge on lack of sufficient E&S budget allocated for E&S monitoring which will be addressed as part of AF under component 3.

For AF, the parent project stakeholder engagement plan (SEP) has been updated for the Project consistent with ESS10, which includes: i) activities carried out by BRD and BDF to provide inputs for the project design; ii) preliminary stakeholder identification (PFIs and MSMEs) and analysis of vulnerable subgroups within the MSMEs; iii) strategies, proposed activities, type of information and dissemination means to be used to inform stakeholders and collect their feedback during the different phase of the Project; iv) timeline; v) follow-up and monitoring regarding the SEP implementation; vi) an institutional arrangement including personnel, functions, and responsibilities regarding SEP as well as budget for its implementation; vii) GRM that will be improved, including consideration for upgrading to use digital GRM tools, and maintained throughout the Project implementation.

For AF, initial stakeholder engagement activities have been conducted and will continue to be conducted throughout project implementation. BRD and BDF will refer to the World Bank Technical Note on Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings. The project has recruited a GRM focal person who supports the stakeholder engagement process. Stakeholders under the Project largely remain the same, with the possibility of new stakeholders from additional sectors to be financed under AF. These mainly include LEs and MSMEs in the formal and informal sectors, specifically focusing on women-owned MSMEs. Other stakeholders include Government Institutions that are key to delivering targeted financial support to the MSMEs, including the National Treasury, Ministry of Trade and Industry, BRD, BDF, SACCOs, Private Sector Federation (PSF), and project neighbors as affected and interested parties. Others include participating financial institutions that include commercial banks, SACCOs, Micro Finance Banks/Institutions, and CBFIs participating in providing liquidity and de-risking support.

Under AF's component 1, the client has made concerted efforts for a special outreach to women given preexisting structural and social barriers to women, which include limited access to information, unequal access to productive assets to loan guarantees, and time constraints because of the unequal burden of unpaid care work, among others. Under component 3 will continue to conduct dedicated outreach and tailored sessions for women entrepreneurs and the right community partners with deep networks who can get women involved from early in the project implementation phase. The component will also support the creation of networks for women entrepreneurs nationwide and within Districts for the exchange of information and communication on upcoming deadlines to apply for loans etc. The local language will be used to reach as many women as possible. The Project will maintain and implement the communication strategy. The first phase of the communication strategy will be used to make information available to LEs, MSMEs, and PFIs about the improved or new developed financial products that will be available for their access. The communication strategy will also cover the procedures for external communications on environmental and social matters. Communication material will be prepared and will be used to provide information about the characteristics of the products, how to apply, who is eligible to apply, what kind of activities can be financed etc. In addition, under component 3, education material on climate co-benefits, climate change mitigation, and adaptation aspects, and applying best practices on environmental and social risks management. In the second phase, the communication strategy will be used to conduct site visits to the end beneficiaries to assess their satisfaction with the financial products offered under the Project and evaluate and document the progress achieved by MSMEs after receiving access to finance.

Under AF's ESCP, MINECOFIN, BRD, and BDF will coordinate and conduct a beneficiary survey under component 1 to solicit views on experience with project implementation. The survey content will be agreed upon with the World Bank and conducted no later than when 50 percent of each loan proceeds are allocated to sub-projects or at project mid-term, whichever comes earlier. A summary of survey results will be shared with the World Bank team and will inform further project implementation, as appropriate. The BRD and BDF will each also conduct focus group meetings with beneficiary firms and PFIs to share the survey results and provide feedback on actions taken to address any concerns expressed in the surveys. In addition, the performance of GRM mechanisms will be reported in routine ESHS reports, and lessons will be captured in the audits and evaluations.

Finally, citizen engagement is supported by the institutionalized grievance redress mechanisms focusing on information disclosure, receiving feedback on the project, and establishing channels for grievance reporting, solving, and escalation. Information about the grievance redress mechanisms is available on PIUs' websites, at public events, and in annual reports. According to the entity-level laws on freedom of access to information, public authorities are required to provide the requested information to citizens and legal entities within 15 days. The grievance redress and beneficiary feedback mechanisms at the PFIs, large Enterprises, and SMEs, as appropriate, are described in further detail in the SEP. BRD and BDF currently have a Grievance Redress Mechanism (GRM) available to the public to receive claims and consultations. Under the AF, where relevant, new PFIs, LEs, and MSMEs will be required to establish a GRM proportional to their activities. The implementing agencies will also need to strengthen the implementation of ESS10 with better GRM management and reporting for both LE and MSMEs beneficiaries. Due to the large number of beneficiaries under subcomponent 1.1, updating to the use of an eGRM in addition to GRCs operations is highly recommended. The E&S staff in each of the two Apex-PFIs will be responsible for the day-to-day running of the GRM, and specifically for BRD, additional staff will be recruited to work on GRM as well as follow up with PFIs to ensure that timelines for grievance resolution are observed and maintained. A protocol for handling complaints, including staff complaints and confidentiality, e.g., GBV complaints, has been developed. BRD and BDF have guidelines and requirements for PFI and MSMEs to develop and implement grievance redress mechanisms at their level, and all the participating institutions will respond to public inquiries and concerns in a timely matter.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

This ESS is relevant. The project is classified as an FI project, and ESS2 applies to the responsible FIs themselves, which are BRD, BDF, and PFIs. BRD and BDF have a Human Resources department that coordinates internal labor management in the institutions. BRD and BDF have combined Labour Management Procedures (LMP) included in their ESMS and the PFIs ESMS in accordance with national laws and the requirements under ESS2 and ESS9. The project doesn't have a standalone LMP instrument. Instead, a section on LMP is part of BRD and BDF ESMSs which will not be updated. However, LMP sections reflecting new sectors' related risks and impacts will be updated in the project's ESMF and extended to PFIs, LEs, and MSMEs as appropriate.

ESS2 is relevant to this Project from two perspectives. On the one hand, it directly applies to project workers and employees of BRD and BDF and the eligible PFIs regarding their labor and working conditions and their current policies and organizational structure for managing these aspects. While this cadre of labor is not considered vulnerable, workplace occupational health and safety (OHS) risks are relevant for financial institutions. The risks of poor working conditions and potential child labor are relevant at the LEs and MSMEs levels. Some positive improvements will be considered, e.g., gender-based violence prevention campaigns or inclusive HR policies, including a focus on gender equity. Hence, there shall be appropriate labor management procedures and OHS risk management. The project's LMP will be maintained and applied for the AF and outlines provisions and guidance to manage labor and OHS issues as a condition of fund disbursement. Under component 1, BRD and BDF will be engaged in lending to PFIs, and the PFI will on-lend to LEs and MSMEs with similar E&S risks related to financing capacity costs for these institutions. The World Bank has conducted environmental and social due diligence on potential environmental and social risks associated with the parent project; this has been captured under ESS 1 and remains applicable to the AF. National labor laws will apply to this Project and will be enhanced by the World Bank ESS 2 and good practice notes on gender-based violence. BRD, BDF, and PFIs will provide a safe and healthy working environment. BRD and BDF will maintain appropriate labor management procedures, including procedures relating to working conditions and terms of employment, non-discrimination, and equal opportunities, grievance mechanism, occupational health and safety, and sexual harassment. The FI will provide adequate, documented evidence of these procedures. The ESMS will require that all the PFI beneficiaries are assessed to ensure that they meet the requirement of the national laws on labor. The risks and impacts relating to labor and working conditions and gender-based violence for employees will apply to the requirements of ESS 2. The measures needed to satisfy this requirement will be set in the legal agreement between each of the two institutions (BRD and BDF) and the PFIs.

The existing parent project's LMP is an integral part of BRD and BDF ESMS and complies with ESS2 and ESS9 requirements for lending operations. The client has LMP focusing on labor procedures for BRD and BDF staff working directly with the Project and has developed labor criteria to be included in the ESMS for BRD and BDF.
Regarding risks associated with sexual harassment, BRD and BDF have a code of ethics that includes language related to sexual harassment in the institution. The ESMSs for BRD and BDF include sexual harassment and non-discrimination requirements. The LMP will also have these provisions and relies on monitoring, supervision, and spot checks to assess associated risks and the workers' GRM.

Occupational health and safety: BRD and BDF, PFIs, and firms' facilities as required by national laws, are equipped with fire safety instruments as required by national laws, have emergency plans and procedures in place to consider, among others, OHS incidents and man-made or natural disaster risks to FI building. The staff receives routine fire safety and first aid training and drills. BRD and BDF, PFIs, and enterprises are required to report any OHS incidents as per the national OSHA law and World Bank Environmental and Social Incident Response Toolkit (ESIRT) protocols. The LMP includes information relevant to Rwanda laws, rules, and regulations related to ESS2. Where gaps have been identified, they have been complemented with measures in the LMP consistent with ESS2 requirements. BRD and BDF have provided adequate information with documented evidence of the application of such procedures during project implementation.

The LMP includes the design and implementation of a labor grievance redress mechanism (GRM) developed by BRD and BDF and PFIs for their workers. These GRMs are separate from that described under the ESS10 for works and activities. Details of this "Labor" GRM are included in the ESMSs for BRD and BDF. New LEs and MSMEs will be required to ensure that there will be no children working or child labor on their business's premises in line with the national Law and the ESS 2. The ESMS provides for monitoring of the prevention of child labor that will continue to include statutory inspections for LEs and MSME businesses by the District Labour Officers as provided by the national law, as well as reporting requirements by BRD and BDF and PFIs for LEs and MSMEs on the age of the workers.

There are no security issues anticipated in the areas of project intervention.

ESS3 Resource Efficiency and Pollution Prevention and Management

As the scope of the parent project and AF projects' scope is very similar, the same sectors apply for both projects. The AF includes tourism and transport sectors.

The industrial and manufacturing sector presents several potential subprojects that may be financed. These subprojects fall under the following categories: agro-processing industries, light manufacturing industries, tourism, transport, and construction materials sectors. In the paper industry, subprojects could include local production of paper packaging products, especially paper bags, boxes, and labels.

Agro-processing industries consist of various types of processing plants, including beverage processing plants (such as brewing and malting plants, juice, soda), flour mill and bakery products manufacturing plants, sugar, and sugar confectionery, bulk grain processing plants, fish processing plants, pulp and paper plants, food processing plants, abattoirs, and meat processing plants, tanning and dressing of hides and skins, coffee processing plants, coffee washing stations, tea processing plants, dairy industries, flour mill and bakery products manufacturing plants, edible oil mills, and processing of semi-luxury goods and spices. These subprojects are subject to potential environmental and social risks and impacts, such as air, soil, and water pollution, particulate pollutants (smoke, dust, soot, etc.), solid waste, including sludge from the wastewater treatment process, water use and discharges, energy efficiency, materials management, unsustainable use and degradation of natural resources, solid and liquid non-hazardous and hazardous waste management, and odor. To mitigate these risks, the borrowers will implement ESMSs and the ESMF requirements of BRD and BDF. The project has adopted an exclusion list of activities assessed as high risk, as detailed in the ESCP.

Light manufacturing industries, such as garments, furniture/fixtures, electronic and automotive manufactured goods assembly, and construction materials sector, such as granite tiles, cement, gravels, roofing sheets, and tiles, are also potential subprojects. The environmental and social risks associated with these subprojects will be mitigated using more readily available and reliable mitigatory measures.

Construction materials sectors, as well as the new sectors of tourism and transport, are also associated with environmental and social risks that will be mitigated using the more readily available and reliable mitigatory measures. Adding transport sector activities, such as purchasing electric buses as part of the AF, will have impacts and risks that need to be considered. This sustainable and environmentally friendly option reduces greenhouse gas emissions and air and noise pollution. However, if not correctly disposed of, there is a potential impact of e-waste disposal, specifically with battery packs. Rwanda has service providers specializing in recycling and disposing of electronic waste.

An environmental and social screening is conducted to identify potential risks and impacts on resource efficiency and pollution prevention/management for each subproject. An environmental and social impact assessment (ESIA) will be required if a sub-project shows substantial risk, with ESMP required for moderate-risk sub-projects. Terms of reference with a clear subproject description, objectives, scope, tasks, approach and methodologies, deliverables with timeframe, and required specialists/a consulting firm comprising of required expertise will be prepared by the client and commented on and cleared by the Bank. Once the site-specific instrument is cleared and disclosed, it will be implemented and monitored accordingly. All the required guidelines and procedures are reflected in the Project ESMF and the corporate ESMSs, and PFI ESMSs.

Adopting and applying the Best Available Technologies and Best Environmental Practices (BAT/BEP), WBG EHS Guidelines, and other GIIPs have been used under the original project for sub-projects with significant pollution issues. This good practice will continue under the AF.

ESS4 Community Health and Safety

The proposed project aims to support industrial and manufacturing sectors, including agro-processing industries, light manufacturing industries, transport and tourism, and the construction materials sector. However, the implementation of these sectors may have impacts on community health and safety. Therefore, the project will identify, assess, and address potential risks and impacts related to these manufacturing sectors within the scope of the BRD and BDF and PFI's ESMSs following ESS4 requirements.

These potential community health and safety impacts and risks associated with the sub-projects under the AF are similar to those of the parent project other than the generation of e-waste from the transport sector and will include solid wastes, air, soil, and water pollution; particulate pollutants; wastewater discharges; hazardous and non-hazardous waste; energy use & resource depletion. The project will screen and assess sub-projects for risks and impacts, and those associated with significant impacts rated as High risk will be considered ineligible for financing.

The project has adopted an exclusion list of activities assessed as high risk, as detailed in the ESCP. The exclusion list will be used with the screening procedure/list already included in the ESMF and ESMSs. Consistent with the ESMF, ESCP, and the institutional ESMSs for BRD and BDF, and based on results of subprojects' screening and scoping of the environmental and social risks and impacts, site-specific ESIAs/ESMPs or summary projects reports incorporating mitigation measures related to potential community health and safety risks and impacts for subprojects will be prepared for new sub-projects, maintained, implemented, and monitored.

The project doesn't have a standalone GBV action plan. Instead, a section on GBV is part of BRD and BDF ESMSs which will not be updated. However, the GBV section under the ESMF will be expanded and extended to new sections, and an action plan will be developed as part of ESMF and subproject contracts as appropriate. The project will also provide targeted training to manage GBV-related risks for SMEs with low capacity to manage such risks.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

In the current context and scope of this project, ESS5 is not relevant. This is because the project eligibility criteria establish specific exclusions for projects and sub-projects deemed high-risk and sub-project activities that require involuntary resettlement. For AF additional subprojects, the screening process for this will be carried out by the PFIs while assessing eligibility for LEs and MSMEs' financing. Subprojects that result in land acquisition, restriction on land use, and involuntary resettlement will be excluded from this project as guided by the screening process. However, any other voluntary acquisition process under this project shall be handled through a willing seller and a willing buyer. BRD and BDF ESMSs will include the screening mechanism, which will consist of a protocol requiring subproject applications to include documentation that they own any land they will use or that any land they will use or will acquire for the project is exclusively on a willing buyer, willing seller basis. Moving forward, the ESMF will be updated to include a review of the documentation of land rights and willing buyer/willing seller transactions to 1) demonstrate that these are well documented and 2) confirm that this exclusion is feasible for the new sectors. Screening of risks and impacts related to ESS5 will also assess whether the new sectors would lead to any restrictions of access or loss of income livelihood, which is also now reflected in updated ESCP under ESS5 commitments.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Any sub-project that could harm biodiversity conservation or the sustainable management of natural resources will not be eligible for financing. In addition, the Project has an exclusion list that prohibits activities that involve the conversion of natural habitats or ecologically sensitive areas. This exclusion list is used with a screening procedure included in the project ESMF and the ESMSs for BRD, BDF, and PFIs.

The additional tourism and transport sectors under the AF are not expected to negatively affect biodiversity conservation or the sustainable management of natural resources. However, certain activities within the tourism sector, such as the construction of bars and restaurants, may have some typical impacts related to civil works, including dust, noise, loss of vegetation, waste generation, occupational health and safety, water contamination, and soil erosion/runoff. Operational impacts may include waste impacts (effluent and solid), noise pollution, and occupational health and safety concerns.

On the other hand, purchasing electric buses for the transport sector is a sustainable and environmentally friendly option, significantly reducing GHG emissions and pollution. This move away from diesel reliance will have positive environmental impacts. However, the e-waste generated by the battery packs in these buses will have adverse environmental impacts if not correctly disposed of.

Sub-projects will be screened for potential risks and impacts on biodiversity and natural resources to ensure compliance with the ESMF, the ESCP, and institutional ESMSs for BRD and BDF. Depending on the screening results, ESIAs, ESMPs, or SPR will be prepared, implemented, and monitored as required.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS7 is not relevant. The project's exclusion list includes activities that would impact any groups characterized under ESS7 in the Rwandan context. These groups are defined as Historically marginalized people. In fulfillment, the government consciously takes measures to uplift those most in need, irrespective of background. It is, therefore, not anticipated that the Historically Marginalized Communities would be deprived of loans or any other project benefits.

ESS8 Cultural Heritage

Proposed sub-projects will be screened based on the potential risks and impacts on cultural heritage, consistent with the project's ESMF, ESCP, and corporate ESMSs for BRD and BDF. Any sub-projects rated as having a high potential to impact cultural heritage adversely will not be eligible for financing under the project.

Following the screening process, for sub-projects with substantial risk, ESIAs will be required, while ESMPs may be used for sub-projects with a lower level of risk. These assessments will include chance finds procedures to manage any cultural heritage that may be discovered during project implementation.

For MSMEs with low to moderate environmental and social risks, project activities and sub-projects will be managed using the institutional ESMSs for BRD, BDF, and the project's ESMF, as necessary. However, any MSMEs with project activities or sub-projects identified as having a substantial risk will be managed following the ESMF's guidelines and processes.

ESS9 Financial Intermediaries

The project aims to enhance access to financial services, strengthen capabilities, and support the post-COVID-19 recovery of firms, including MSMEs, in Rwanda. The Ministry of Finance will lead lending operations to serve Large, Micro, Small, and Medium enterprises through BRD, BDF, and PFI, with oversight and monitoring responsibility for E&S risks and impacts management for beneficiary enterprises in line with the Project's ESMF, ESCP, SEP, and the ESMSs for BRD and BDF.

The original ESMSs for BRD and BDF approved by the World Bank have been extended to 9 eligible PFI's and will be extended further to any new PFI's as per the requirements of ESF and ESS9. BRD and BDF have established ESMSs and policies that define the applicable requirements for financing, including the Exclusion List and host country laws and regulations, and describe the process for categorizing and assessing E&S risks and impacts associated with potential lending. BRD and BDF apply relevant World Bank Environmental and Social Standards (ESSs 1-8 and 10) to on-lending and Good International Industry Practice.

New PFIs must have acceptable ESMS procedures in place before sub-loans are approved, and they will be required to report to BRD and BDF in a manner that is acceptable to the World Bank. BRD and BDF will monitor the environmental and social performance of PFIs and their portfolio exposures. They will sign participation agreements with new PFIs that will on-lend loan proceeds to eligible beneficiaries through sub-loan agreements.

The World Bank team will work with BRD and BDF to review initial screening reports submitted by new PFIs to help build capacity in screening, reporting, and monitoring. Based on the screening result, site-specific E&S instruments will be prepared, reviewed, cleared, implemented, and monitored in line with the ESMSs and national laws.

Compliance monitoring of site-specific E&S instrument implementation will be carried out by the BRD, BDF and PFIs, Ministry of Finance, REMA, the World Bank, and Asian Infrastructure Investment Bank (AIIB), a financing partner of the project and other stakeholders, including, for instance, the Local Authorities at District level that have the mandate to oversee the E&S performance of projects operating within their districts. The Ministry of Finance, with BRD and BDF, will prepare and submit environmental and social monitoring reports semi-annually indicating compliance with the measures recommended in the ESCP and other instruments (ESMF/ESMSs/SEP).

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	No
OP 7.60 Projects in Disputed Areas	No

B.3. Reliance on Borrower's policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework?	No

Areas where "Use of Borrower Framework" is being considered:

None

IV. CONTACT POINTS

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Implementing Agency(ies)

Implementing Agency: Business Development Fund

Implementing Agency: Development Bank of Rwanda

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VI. APPROVAL

Task Team Leader(s):	Leyla V. Castillo, Brice Gakombe
Practice Manager (ENR/Social)	Iain G. Shuker Cleared on 31-Mar-2023 at 20:44:52 EDT
Safeguards Advisor ESSA	Martin Henry Lenihan (SAESSA) Concurred on 04-Apr-2023 at 10:03:55 EDT