



Project Summary Information

| | |
|--|---|
| Date of Document Preparation: April 19, 2021 | |
| Project Name | Rwanda: Support to COVID-19 Economic Recovery Fund for Private Sector |
| Project Number | P000483 |
| AIIB member | Republic of Rwanda |
| Sector/Subsector | FI/Financial Intermediary |
| Status of Financing | Under Preparation |
| Project Description | <p>The Project is proposed to be supported under AIIB's COVID-19 Crisis Recovery Facility (the Facility) and will be co-financed with the World Bank (WB), through the International Development Association (IDA). The Project will provide financial support to the government's own Economic Recovery Fund (ERF), a Fund created to support businesses most significantly affected by COVID19 in Rwanda. The ERF was established in June 2020 and capitalized with USD 101 million by the Government of Rwanda.</p> <p>The Project will comprise 4 components:</p> <ol style="list-style-type: none"> i. Component 1 – Liquidity and recovery facility ii. Component 2 – Risk-sharing facility, to provide partial credit guarantees and de-risking mechanisms to MSMEs, in support of Component 1 iii. Component 3 – Institutional strengthening and implementation, in support of Component 1 iv. Component 4 – Contingency Emergency Response Component <p>AIIB will only finance component 1.</p> <p>The Ministry of Finance and Economic Planning (MINECOFIN) will be the coordinating entity. Loan proceeds will be channeled through the following implementing agencies:</p> <ol style="list-style-type: none"> i) National Bank of Rwanda (BNR), for on-lending to commercial financial institutions for subsequent on-lending to large companies and SMEs, for refinancing of existing financial commitments – under component 1; ii) Business Development Fund (BDF) for: |

| | |
|---|--|
| | <p>a) on-lending to micro-finance institutions for subsequent on-lending to micro-businesses, for working capital and investment financing – under component 1,</p> <p>b) the provision of partial credit guarantees and de-risking mechanisms to borrower MSMEs – under component 2;</p> <p>iii) Rwanda Development Bank (BRD) for direct lending, and on-lending via commercial financial institutions, to large companies and MSMEs, for working capital and investment financing – under component 1.</p> <p>Loan proceeds under component 3, are for technical assistance to both BDF and BRD, for institutional strengthening and implementation support activities within these institutions.</p> <p>Component 4 is an unfunded, contingency component that can be activated in case of a relevant emergency event; if triggered it will draw on uncommitted WB loan resources under the Project.</p> <p>The ultimate beneficiaries of the project will be private companies operating in eligible productive sectors in the Republic of Rwanda. The selection and appraisal criteria for borrower financial intermediaries (FIs) and for sub-borrowers will be outlined in the operational guidelines.</p> |
| Objective | To address the liquidity and financing constraints of private sector businesses in response to and during the recovery from the COVID-19 crisis in Rwanda. This will, in turn, sustain MSMEs during the crisis period, and in post-crisis recovery, maintaining and creating employment. |
| Expected Results | The Project results will include: 1) the number of businesses benefitting from loans; 2) the volume of loans extended to beneficiaries. |
| Environmental and Social Category | World Bank Category: Substantial Risk (which is equivalent to Category B/FI if AIIB's ESP were applicable) |
| Environmental and Social Information | <p>The loan will be co-financed with the WB as lead co-financier, and the project's environmental and social (ES) risks and impacts will be assessed in accordance with the WB's Environmental and Social Framework (ESF).</p> <p>To ensure a harmonized approach to addressing the ES risks and impacts of the project, and as permitted under AIIB's Environmental and Social Policy (ESP), the WB ESF will apply to the project in lieu of AIIB's Environmental and Social Policy (ESP). AIIB has reviewed the WB ESF and is satisfied that: (a) it is consistent with AIIB's Articles of Agreement and materially consistent with the provisions of AIIB's ESP, including the Environmental and Social Exclusion List and the relevant Environmental and Social Standards; and (b) the monitoring procedures that are in place are appropriate for the project.</p> |

| | <p>The WB has categorized the ES risks of the project as “Substantial” (which is equivalent to Category B/FI if AIIB’s ESP were applicable), given the nature of the FI subprojects. World Bank has triggered nine Environmental and Social Standards (ESS) namely: ESS 1 (Assessment and Management of Environmental and Social Risks and Impacts); ESS 2 (Labor and Working Conditions); ESS 3 (Resource Efficiency and Pollution Prevention and Management); ESS 4 (Community Health and Safety); ESS 5 (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement); ESS 6 (Biodiversity Conservation); ESS 8 (Cultural Heritage); ESS 9 (Financial Intermediaries); and ESS 10 (Stakeholder Engagement and Information Disclosure).</p> <p>As indicated above, AIIB will finance Component 1, which includes working capital and investment financing. Component 1 will be implemented by Rwanda Development Bank (BRD). Loan proceeds will be used for capital expenditures and operational expenditures in select sectors¹, and working capital. Civil works will be limited in nature. The key potential ES risks are associated with labor and working conditions, operational health and safety (OHS), community health and safety, dust and noise emissions, energy/water use, waste generation, air/soil/water pollution, exclusion of disadvantaged groups, poor working conditions and child labor at the sub-project level. These risks and impacts are expected to be site specific, reversible and managed with appropriate mitigation measures in compliance with national laws and WB’s ESSs. The ES instruments to be prepared will include an updated Environmental and Social Management System (ESMS), Environmental and Social Management Framework (ESMF), Resettlement Planning Framework (RPF), Stakeholder Engagement Plan (SEP), Labor Management Plan (LMP), Environmental and Social Commitment Plan (ESCP) and Gender Based Violence (GBV) action plan. The ESMS will be used to address E&S concerns in sub-projects having low/moderate risks. The ESMF/ESMP will be used for sub-projects wherein substantial E&S risks and impacts are envisaged.</p> <p>The project-level grievance redress mechanism (GRM) will be assessed and prepared together in the ES instruments. The links of the ES documents will be disclosed on the Client’s website and WB’s website. AIIB will provide a link to the WB’s website when it is available.</p> | | |
|---------------------------------------|---|----------------------|----------------------|
| <p>Cost and Financing Plan</p> | <p>Indicative Cost and Financing Plan</p> <table border="1" data-bbox="504 1289 1944 1326"> <thead> <tr> <th data-bbox="504 1289 1624 1326">Modality and Sources</th> <th data-bbox="1624 1289 1944 1326">Amount (million USD)</th> </tr> </thead> </table> | Modality and Sources | Amount (million USD) |
| Modality and Sources | Amount (million USD) | | |

¹ Agro-processing, Construction materials, Light manufacturing and Cross- cutting enablers, as well as linked value-chains

| | | | | |
|---|---|---------------------------------|------------------------------------|---|
| | World Bank | | | |
| | IDA Credit | | | 50 |
| | IDA Scale Up Window (SUW) | | | 100 |
| | Global Risk Financing Facility (GRiF) | | | 7.5 |
| | AiIB | | | 100 |
| | COVID-19 Crisis Recovery Facility | | | |
| | Total | | | 257.5 |
| Borrower | Republic of Rwanda | | | |
| Implementing Entity | Ministry of Finance and Economic Planning | | | |
| Estimated date of loan closing | June 2024 | | | |
| Contact Points: | AiIB | AiIB | WB | Borrower |
| Name | Suzanne Shaw | Gabriel Alfredo Jacobone | Leyla Castillo | Amina Rwakunda |
| Title | Infrastructure Sector Economist | Infrastructure Sector Economist | Senior Financial Sector Specialist | Senior Economist, Macroeconomic Policy Ministry of Finance and Economic Planning |
| Email Address | suzanne.shaw@aiib.org | gabriel.giacobone@aiib.org | lcastillo2@worldbank.org | aminaa.rwakunda@minecofin.gov.rw |
| Date of Concept Decision | May 2021 | | | |
| Estimated Date of Appraisal Decision | May 2021 | | | |
| Estimated Date of Financing Approval | Q2/2021 | | | |

| | |
|---|--|
| Independent Accountability Mechanism | <p>Pursuant to AIIB's agreement with WB, the WB's ESF will apply to this Project instead of AIIB's ESP. The WB's corporate Grievance Redress Service (GRS) and its Independent Accountability Mechanism, the Inspection Panel, which reviews the WB's compliance with its policies and procedures, will handle complaints relating to ES issues that may arise under the Project. In accordance with AIIB's Policy on the Project affected People's Mechanism (PPM), submissions to the PPM under this Project will not be eligible for consideration by the PPM. Information on WB's corporate GRS is available at http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service. Information on WB's Inspection Panel is available at http://www.inspectionpanel.org.</p> |
|---|--|