

## BRD ESMS EXECUTIVE SUMMARY

The Development Bank of Rwanda Plc (BRD) is a development financial Institution created by law on August 5<sup>th</sup>, 1967. For more than four decades, BRD has solely been providing long-term finance and has significantly facilitated the emergence of different productive enterprises in the private sector. Currently, the Bank operates in six key priority sectors to deliver the maximum development impact while creating value for all its stakeholders. These are agriculture, energy, affordable housing, manufacturing and export, education, and public infrastructure. Furthermore, BRD has created a new department, known as Single Project Implementation Unit (SPIU), in charge of special projects that do not necessarily fall under the Bank's priority sectors.

BRD is committed to financing projects and Participating Financial Institutions (PFIs) that support Rwandan development activities while also considering the environmental and social (E&S) risks as part of the process of evaluating the financial risks and viability of projects. In this regard, it developed and promoted the use of an Environmental and Social Management Systems (ESMS) to guide the (i) identification, assessment, management and evaluation of environmental and social (E&S) risks and impacts of PFI subprojects and projects before their financing and on an ongoing basis, (ii) integration of E&S procedures and due diligence at PFIs, (iii) monitoring of ongoing projects E&S performance after disbursement and (iv) mitigation of adverse risks and impacts during implementation. The Bank developed in 2016 an ESMS that only covered Bank's direct lending and which needed to be strengthened enough to incorporate E&S procedures, assessment, and monitoring processes to be applied on Participating Financial Institutions (PFIs) whereby their systems and capacity for E&S can systematically be assessed by BRD.

The existing ESMS was revised and approved by the Bank's Board of Directors, the competent governing organ, on November 12, 2021. The revised ESMS provides guidance on E&S management policy framework, procedures for identification, assessment and management of E&S risks and impacts associated with financed activities, implementation arrangement, stakeholder engagement and grievance redress mechanisms as well as monitoring and reporting procedures.

As per the revised ESMS, BRD will carry out its investment activities with appropriate consideration to environmental and social aspects related to activities of financed projects. It will also comply with E&S standards of International Financial Institutions (IFIs) it works with to implement activities in an environmental and social sound manner. BRD will develop and maintain a regular program and procedures for the supervision of direct lending and PFI investments based on clearly defined set of E&S performance criteria included in BRD's ESMS. The supervising entity/contractor or direct borrower will provide reports to BRD on monthly and quarterly basis respectively while quarterly progress reports, capturing the investment performance against the ESMS and ESMP requirements, are expected from PFIs. BRD through its E&S team will provide technical support to direct borrowers, PFIs and sub-borrowers throughout the project life cycle on E&S matters including the development of safeguards tools, capacity building on E&S impact management, monitoring, and reporting.

The ESMS will be reviewed annually or as issues that require immediate revision of the procedures arise. It will be coordinated by the Department of Risk and Compliance of which will closely work with the Departments of Business Development, Operation, as well as SPIU during its implementation.

Any person having an interest in the full document may submit a request to [secretariat@brd.rw](mailto:secretariat@brd.rw).

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