

**REPUBLIC OF RWANDA**  
**MINISTRY OF FINANCE AND ECONOMIC**  
**PLANNING**

**STAKEHOLDER ENGAGEMENT PLAN (SEP)**

*(Final report)*

**Access to Finance for Recovery and**  
**Resilience Project**

*May 2021*

## 1. Introduction

The World Health Organization declared COVID-19 a pandemic on March 11, 2020. In Rwanda, the COVID-19 pandemic's lockdown, social isolation, and increased costs have decreased production and jobs, increased poverty, and slowed trade transactions. The government responded rapidly and effectively to the challenges posed by the pandemic, putting in place the Economic Recovery Plan (ERP) to support households and firms, quickly imposing constraints on mobility to limit the spread of the disease, ramping up social protection programs, and setting up remote learning.

Rwanda's economy has been hit hard by the COVID-19 pandemic. The COVID-19 pandemic has resulted in the worst contraction since the global financial crisis. On aggregate, the economy for Sub-Saharan Africa contracted by 2.6 percent in 2020 compared to 3.2 percent growth recorded in 2019, the first recession in the region in the last 25 years. The severe contraction in 2020 reflects macroeconomic risks arising from the sharp decline in output growth among the region's key trading partners. The economy was severely hit by the pandemic in 2020, leading to a first recession since 1994. Output is estimated to have declined by about 3 percent, with a double-digit contraction (12.4 percent) in the second quarter. The crisis has exacerbated challenges to debt sustainability. As a result of the pandemic-driven deterioration in output and export growth, accompanied by increased borrowing needs, public debt is estimated to have reached about 67 percent of GDP in 2020, up from 56.7 percent of GDP in 2019.

In Rwanda, businesses, especially MSMEs, have been significantly impacted by the COVID-19 pandemic due to low demand, disruption of production, markets, supply and trade. This has impacted employment as well as the continuity of the businesses. A study conducted from March to August 2020 on SMEs indicate that economic activity of SMEs has declined by 30 percent as compared to the pre-COVID period. Similar decline was also observed in the average number of employees per company, going from 35 employees pre-COVID down to 24 employees in August, a decline of 31 percent. While there is no comprehensive survey of the impact of the COVID-19 pandemic on micro and informal enterprises, an early survey (June 2020) of over 600 businesses conducted found that about 50 percent of MSMEs would not survive more than 3 months. It also found out that almost 20 percent do not have any collateral, while over 70 percent only have personal assets. Additionally, their main financiers - MFIs and Savings and Credit Cooperative Organizations (SACCOs) – were struggling with liquidity challenges. The shock from the COVID-19 pandemic will exacerbate these challenges due to the uncertain economic environment and heightened risk aversion by lenders, especially towards new borrowers.

To provide a framework for the government's response to the pandemic, an Economic Recovery Plan (ERP) was established in April 2020. The ERP includes measures to strengthen social protection and assist firms affected by the pandemic, along with the adoption of fiscal policies to support growth. The ERP was designed for the period from May 2020 to December 2021 and aims to support vulnerable households and boost employment in the wake of the COVID-19 pandemic. The ERP includes measures related to fiscal policy, monetary policy, social assistance, and support for firms. Expenditures envisioned under the program are estimated at 4.4 percent of GDP. In addition, the GoR established an Economic Recovery Fund (ERF) to support economic activity and businesses most significantly affected by COVID-19.

## 1.1 Project Interventions

The Project design includes targeted technical assistance to MSMEs, participating financial institutions (PFIs) and government implementing agencies to address existing constraints for increasing ERF uptake, including through institutional strengthening and capacity building. This will be provided through three components:

**Component 1 - Liquidity and Recovery Facility.** The objective of this component will be to alleviate the financial constraints of firms and help them adjust their business to the post-COVID-19 scenario. The facility will provide lines of credit to Financial Institutions (FIs) for on-lending to highly impacted and/or strategically important sectors and firms, and thus enable business continuity. The facility will also provide financing to support business expansion as well as new investments necessary for the recovery of the economy. It will be open to both local and foreign companies to support their operation and investment in Rwanda. BRD will implement the investment, working capital and refinancing credit lines targeting large companies and SMEs. A separate investment credit line, dedicated to micro-businesses, will be implemented by BDF. The World Bank proceeds will support all three credit lines, while the AIIB proceeds will be channeled solely to BRD for the benefit of large companies and SMEs.

**Component 2 - Risk-sharing Facility.** This component will aim at enhancing, scaling up and expanding existing risk-sharing solutions – i.e., partial credit guarantee (PCG) and insurance schemes – with the objective of reaching MSMEs in sectors most hit by the COVID-19 pandemic. Support provided under this component will be linked with credit for maintaining and scaling up production, and, ensuring suppliers are paid on delivery and employees are kept working. Insurance support will help build a crisis response window, including offering farmers insurance against production shocks to stimulate investment.

**Component 3 - Institutional Strengthening and Implementation Support:** This component will aim at strengthening MSMEs' capability for resilience and recovery through the provision of tailored Business Development Services (BDS) to address constraints on the demand side. As the success of the project heavily depends on the capacity of implementing agencies, the component will also enhance the capacity of these entities by financing a technical assistance support to upgrade the operations of BRD and BDF. Finally, technical assistance will also be provided to private sector financial service providers and government stakeholders.

**Component 4: Contingency Emergency Response Component (CERC) (US\$0 million).** This component is a contingency component that can be activated in case of a relevant emergency event. Following an eligible crisis or emergency, the Borrower may request the World Bank to re-allocate project funds to support an emergency response. Once triggered, this component will draw from the then uncommitted loan resources under the project to address the emergency. Definition of eligible emergency, as well as a positive list of activities will be in the CERC Annex in the Project Operations Manual.

**This Stakeholder Engagement Plan will be embedded in the project design through several proactive, two-way mechanisms and will continue throughout the life cycle of the project to ensure that beneficiaries can gain access and provide feedback to the design and rollout of the project.** Additionally, stakeholder engagement will be supported to a degree by the institutionalized Grievance Redress mechanisms focusing on consumer protection and reporting of corruption through addressing user/beneficiary complaints.

The project will further strengthen Grievance Redress and Beneficiary Feedback Mechanisms to allow for intake of all citizens' inquiries and complaints. Information about the grievance redress mechanisms will be made available on FIs' (BRD & BDF) websites, at public events, and in annual reports.

The Access to Finance for Recovery and Resilience Project is being prepared under the World's Bank Environment and Social Framework (ESF). As per the Environmental and Social Standard ESS 10 Stakeholders Engagement and Information Disclosure, the implementing agency should provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.

The project will be implemented by two FIs that include the Rwanda Development Bank (BRD) and Business Development Bank (BDF) under the coordination of the Ministry of Finance and Economic Planning. The three FIs will be staffed with qualified personnel capable of satisfactorily implementing all aspects of the project.

The PIUs within these three FIs responsibilities will include: (i) selection of and on-lending to PFIs; (ii) monitoring of PFIs to ensure compliance with project criteria; (iii) responsibility for adherence to all fiduciary and safeguard requirements of the WB for final borrowers; iv) collecting relevant information from PFI on agreed results and information necessary for preparation of the financial records, as/where relevant and reporting to the World Bank.

**The overall objective of this SEP is to define a program for stakeholder engagement, including public information disclosure and consultation, throughout the entire project cycle.** The SEP outlines the ways in which the project team will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about project and any activities related to the project. The involvement of the local population is essential to the success of the project in order to ensure smooth collaboration between project staff and local communities and to minimize and mitigate environmental and social risks related to the proposed project activities. In the context of infectious diseases, broad, culturally appropriate, and adapted awareness raising activities are particularly important to properly sensitize the communities to the risks related to infectious diseases.

## **2. Brief Summary of previous Stakeholder Engagement Activities**

Due to the fast spread of the virus in the country, the restrictions on operating businesses or gathering of people has limited project consultations at this stage. No dedicated consultations have been conducted so far. This initial SEP will be disclosed prior to project appraisal, as the starting point of an iterative process to develop a more comprehensive stakeholder engagement strategy and plan by the implementing institutions.

## **3. Stakeholder identification and analysis**

Project stakeholders are defined as individuals, groups or other entities who:

- (i) are impacted or likely to be impacted directly or indirectly, positively or adversely, by the Project (also known as 'affected parties'); and
- (ii) may have an interest in the Project ('interested parties'). They include individuals or groups whose interests may be affected by the Project and who have the potential to influence the Project outcomes in any way.

Cooperation and negotiation with the stakeholders throughout Project development often also requires the identification of persons within the groups who act as legitimate representatives of their respective stakeholder group, i.e., the individuals who have been entrusted by their fellow group members with advocating the group's interests in the process of engagement with the Project. Community representatives may provide helpful insight into the local settings and act as main conduits for dissemination of the Project-related information and as a primary communication/liason link between the Project and targeted communities and their established networks.

Verification of stakeholder representatives (i.e. the process of confirming that they are legitimate and genuine advocates of the community they represent) remains an important task in establishing contact with the community stakeholders. Legitimacy of the community representatives can be verified by talking informally to a random sample of community members and heeding their views on who can be representing their interests in the most effective way. With community gatherings limited or forbidden under COVID-19, it may mean that the stakeholder identification will be on a much more individual basis, requiring different media to reach affected individuals.

### 3.1 Methodology

In order to meet best practice approaches, the project will apply the following principles for stakeholder engagement:

- **Openness and life-cycle approach:** public consultations for the project(s) will be arranged during the whole life-cycle, carried out in an open manner, free of external manipulation, interference, coercion or intimidation;
- **Informed participation and feedback:** information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholders' feedback, for analyzing and addressing comments and concerns;
- **Inclusiveness and sensitivity:** stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders at all times are encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups, in particular women, youth, elderly, persons with disabilities, displaced persons, those with underlying health issues, and the cultural sensitivities of diverse ethnic groups.
- **Flexibility:** if social distancing inhibits traditional forms of engagement, the methodology should adapt to other forms of engagement, including various forms of internet and phone communication. (See Section 3.2 below).

For the purposes of effective and tailored engagement, stakeholders of the proposed project(s) can be divided into the following core categories:

- **Affected Parties** – persons, groups and other entities within the Project Area of Influence (PAI) that are directly influenced (actually or potentially) by the project and/or have been identified as most susceptible to change associated with the project, and who need to be closely engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures;
- **Other Interested Parties** – individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way; and

- **Vulnerable Groups** – persons who may be disproportionately impacted or further disadvantaged by the project(s) as compared with any other groups due to their vulnerable status<sup>1</sup> and that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project.

### 3.2. Affected parties

Affected Parties include local communities, community members and other parties that may be subject to direct impacts from the Project. Specifically, the following individuals and groups fall within this category:

- Highly impacted and privately-owned MSMEs that experienced at least a 30% year-on-year (January-December 2020 vs. January-December 2019) losses including large corporate companies or cooperatives, small and medium enterprises as well as microbusiness.
- Underserved enterprises are highly impacted vulnerable enterprises that include; women-inclusive enterprises are defined as (i) owned by women or (ii) managed by women; or (iii) employing a ratio of women that is higher than the average ratio observed in the respective sector; or (iv) has increased the share of women employment by at least 5 percent in the previous year.
- Enterprises located in less developed areas (i.e., enterprises located outside the boundaries of the capital city)
- Participating financial institutions (PFI).
- Communities and project neighbors

### 3.3. Other interested parties

The projects' stakeholders also include parties other than the directly affected communities, including:

- Ministry of Trade and Industry
- Rwanda Development Board/RDB
- Private Sector Federation (PSF)
- Rwanda Bankers' Association (RBA)
- Association of Microfinance Institutions of Rwanda (AMIR)
- Rwanda Cooperative Agency (RCA)
- National Employment Program (REP)
- Local authorities including the District of Kigali
- National utilities and service providers
- Individual Business owners
- Local communities residing in the Districts where the MSMEs beneficiary enterprises are located

and will indirectly benefit from the project.

### 3.4. Disadvantaged / vulnerable individuals or groups

It is particularly important to understand whether project impacts may disproportionately fall on disadvantaged or vulnerable individuals or groups, who often do not have a voice to express their concerns or understand the impacts of a project and to ensure that awareness raising and stakeholder engagement with disadvantaged or vulnerable individuals or groups on infectious diseases and medical treatments in particular, be adapted to take into account such groups or individuals particular sensitivities, concerns and

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<sup>1</sup> Vulnerable status may stem from an individual's or group's race, national, ethnic or social origin, color, gender, language, religion, political or other opinion, property, age, culture, literacy, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.

cultural sensitivities and to ensure a full understanding of project activities and benefits. The vulnerability may stem from person's origin, gender, age, health condition, economic deficiency and financial insecurity, disadvantaged status in the community (e.g., minorities or fringe groups), dependence on other individuals or natural resources, etc. Engagement with vulnerable groups and individuals often requires the application of specific measures and assistance aimed at the facilitation of their participation in the project-related decision making so that their awareness of and input to the overall process are commensurate to those of the other stakeholders.

Within the Project, the vulnerable or disadvantaged groups may include and are not limited to the following:

- Women-inclusive enterprises;
- Newly established enterprises;
- Enterprises located in less developed areas.

Vulnerable groups within the communities affected by the project will be further confirmed and consulted through dedicated means, as appropriate. Description of the methods of engagement that will be undertaken by the project is provided in the following sections.

The GRM will be culturally appropriate and accessible to all parties, taking into account their customary dispute settlement mechanism. BRD and BDF will establish and operationalize GRMs as the per the requirements of the ESS 10, 9 and 2.

## **4. Stakeholder Engagement Program**

### **4.1 Purpose and timing of Stakeholder engagement plan**

This Stakeholder Engagement Plan (SEP) has been prepared to provide timely and accessible information to project stakeholders inside and outside BRD and BDF and to give them the opportunity to express their views and concerns related to the Project and its impact. SEP specifies at which stages in the project life cycle and at what periods these activities will take place.

The following methods will be used during the project implementation to consult with key stakeholder groups, considering the needs of the final beneficiaries, and in particular vulnerable groups. Proposed methods vary according to target audience.

Stakeholder group	Engagement reason	Engagement tool	Engagement frequency	Responsible party
<b>Non-governmental stakeholders</b>				
Partner FIs	These partner institutions will have to comply with financial, environmental and social regulations and policies that will guide the project	<ul style="list-style-type: none"> <li>▪ Face to face meetings</li> <li>▪ Telephone calls</li> <li>▪ Notices and notifications</li> <li>▪ E-mails</li> <li>▪ Virtual meetings</li> </ul>	quarterly	BRD PIU  BDF PIU
	<b>Engagement during the COVID-19 crisis:</b> In case of face to face meetings physical distancing will be respected (use meetings rooms at 50% of the original capacity; place seats further apart; keep meetings short as possible; leave windows and doors open, if possible; don't organize food or drinks for meetings; provide hand sanitizers; record telephone numbers of all participants and staff and keep it for at least one month). For stakeholder engagement during COVID-19 adaptation following tools could be used: <ul style="list-style-type: none"> <li>▪ for <b>informing presentations</b> and embedded videos on PIUs' websites, social media, etc.,</li> <li>▪ for <b>consulting and involving</b> online surveys, websites, online feedback forms, etc.</li> </ul>			
Enterprises	As the main recipient of the loans, they will be directly impacted by the project	<ul style="list-style-type: none"> <li>▪ Face to face meetings</li> <li>▪ Telephone calls</li> <li>▪ Notices and notifications</li> <li>▪ Social media account</li> <li>▪ E-mails</li> <li>▪ Virtual meetings</li> </ul>	quarterly	BRD PIU  BDF PIU
	<b>Engagement during the COVID-19 crisis:</b> In case of <b>face to face meetings</b> physical distancing will be respected (use meetings rooms at 50% of the original capacity; place seats further apart; keep meetings short as possible; leave windows and doors open, if possible; don't organize food or drinks for meetings; provide hand sanitizers; record telephone numbers of all participants and staff and keep it for at least one month). For stakeholder engagement during COVID-19 adaptation following tools could be used: <ul style="list-style-type: none"> <li>▪ for <b>informing presentations</b> and embedded videos on PIUs' websites, social media, etc.,</li> <li>▪ for <b>consulting and involving</b> online surveys, websites, online feedback forms, etc.</li> </ul>			
Underserved MSMEs: <ul style="list-style-type: none"> <li>▪ Women inclusive enterprises.</li> <li>▪ Young enterprises;</li> <li>▪ Enterprises located in less developed areas</li> </ul>	They will be the beneficiaries who will benefit most from the project.  In addition, subprojects neighborhood and vulnerable groups will be informed and consulted following their capabilities and best cultural approach	<ul style="list-style-type: none"> <li>▪ Focus groups meetings</li> <li>▪ Audioconference</li> <li>▪ Videoconference</li> <li>▪ Virtual meetings</li> <li>▪ Toll free hotline and call center</li> </ul>	Based on need/ every six months	BRD PIU BDF PIU
	<b>Engagement during the COVID-19 crisis:</b> In case of focus groups meetings physical distancing will be respected (use meetings rooms at 50% of the original capacity; place seats further apart; keep meetings short as possible; leave windows and doors open, if possible; don't organize food or drinks for meetings; provide hand sanitizers; record telephone numbers of all participants and staff and keep it for at least one month). For stakeholder engagement during COVID-19 adaptation following tools could be used: <ul style="list-style-type: none"> <li>▪ for <b>informing presentations</b> social media, formal media including radio</li> <li>▪ for <b>consulting and involving</b> online surveys, telephone calls and focus groups will apply</li> </ul>			
Rwanda Federation of Private Sector	umbrella organization that groups 9 professional chambers dedicated to promote and represent the interests of the Rwandan business community	<ul style="list-style-type: none"> <li>▪ Face to face meetings</li> <li>▪ Notification/ E-mail</li> <li>▪ Virtual meetings</li> </ul>	Every six months	BRD PIU BDF PIU
	<b>Engagement during the COVID-19 crisis:</b>			

Stakeholder group	Engagement reason	Engagement tool	Engagement frequency	Responsible party
	For stakeholder engagement during COVID-19 adaptation following tools could be used: <ul style="list-style-type: none"> <li>▪ for informing presentations and embedded videos on PIUs' websites, social media, etc.,</li> <li>▪ for consulting and involving online surveys, websites, online feedback forms, traditional media</li> </ul>			
Local communities	Being located in where MSMEs operate, community welfare will indirectly benefit from the project	<ul style="list-style-type: none"> <li>▪ Information disclosure on website</li> <li>▪ Notices and notifications</li> <li>▪ Social media account</li> <li>▪ Toll free telephone &amp; call center</li> </ul>	Based on need/ every six months	BDF PIU
	<b>Engagement during the COVID-19 crisis:</b> For stakeholder engagement during COVID-19 adaptation following tools could be used: <ul style="list-style-type: none"> <li>▪ for informing presentations and embedded videos on PIUs' websites, social media, etc.,</li> <li>▪ for consulting and involving online surveys, websites, online feedback forms, traditional media</li> </ul>			
Traditional media and social media in both entities	They will be the main medium for information dissemination to the public about lending facility	Commercials Press releases	Semi-annual	BRD PIU BDF PIU
	<b>Engagement during the COVID-19 crisis:</b> For stakeholder engagement during COVID-19 adaptation following tools could be used: <ul style="list-style-type: none"> <li>▪ for informing presentations and embedded videos on PIUs' websites, social media, etc.,</li> </ul>			
<b>Government stakeholders</b>				
Ministry of Finance and Economic Planning	As the intermediary ministry for the project, MINECOFIN will be involved with the planning and design of the project as well as coordinating the reporting	<ul style="list-style-type: none"> <li>▪ Audioconference</li> <li>▪ formal written notification</li> <li>▪ E-mail</li> <li>▪ Face to face meetings</li> <li>▪ Virtual meetings</li> </ul>	quarterly	BRD PIU BDF PIU MINECOFIN PCT
Relevant counterpart ministries	Participation in project planning and management	<ul style="list-style-type: none"> <li>▪ Virtual meetings</li> <li>▪ Formal written / notification</li> <li>▪ E-mail</li> <li>▪ Face to face meetings</li> </ul>	Based on demand	BRD PIU BDF PIU MINECOFIN PCT
Local governments	Participation in project implementation ensure MSME compliance with national and local regulations	<ul style="list-style-type: none"> <li>▪ Virtual meetings</li> <li>▪ Formal written / notification</li> <li>▪ E-mail</li> <li>▪ Face to face meetings</li> </ul>	Annually	BRD PIU BDF PIU
Development agencies, NGOS and CBOs	Participating in project planning, design and supervision	<ul style="list-style-type: none"> <li>▪ Virtual meetings</li> <li>▪ Formal written / notification</li> <li>▪ E-mail</li> <li>▪ Face to face meetings</li> </ul>	Based on demand/ semi annual	BRD PIU BDF PIU

#### 4.2. Summary of key issues to consider during stakeholder consultations

A precautionary approach will be taken to the consultation process to prevent infection and/or contagion, given the highly infectious nature of COVID-19. The following are some considerations for selecting channels of communication, in light of the current COVID-19 situation: Avoid public gatherings (taking into account national restrictions or advisories), including public hearings, workshops and community meetings.

- If smaller meetings are permitted/advised, conduct consultations in small-group sessions, such as focus group meetings. If not permitted or advised, make all reasonable efforts to conduct meetings through online channels.
- Diversify means of communication and rely more on virtual consultations, social media and other online channels. Where possible and appropriate, create dedicated online platforms and chat groups appropriate for the purpose, based on the type and category of stakeholders.
- Employ traditional channels of communications (TV, newspaper, radio, dedicated phone-lines, and mail) when stakeholders do not have access to online channels or do not use them frequently. Traditional channels can also be highly effective in conveying relevant information to stakeholders and allow them to provide their feedback and suggestions.
- Where direct engagement with project affected people or beneficiaries is necessary, identify channels for direct communication with each affected household via a context specific combination of email messages, mail, online platforms, dedicated phone lines with knowledgeable operators.
- Each of the proposed channels of engagement should clearly specify how feedback and suggestions can be provided by stakeholders.

In line with the above precautionary approach, different engagement methods are proposed and cover different needs of the stakeholders as below:

#### 4.3. Proposed strategy for information disclosure

Project stage	Target stakeholders	List of information to be disclosed	Methods	Responsible party
Design and preparation	Enterprises PFIs Relevant counterpart ministries Other interested parties Including CBOs and labor organizations Vulnerable groups	Project Summary SEP GRM	<ul style="list-style-type: none"> <li>▪ Information on website</li> <li>▪ E-mail</li> <li>▪ Social media</li> <li>▪ Disclose on relevant citizen engagement platform</li> <li>▪ Focus groups</li> </ul>	BRD & BDF
Implementation	Enterprises PFIs Relevant counterpart Ministries  Including CBOs and labor organizations Vulnerable groups	Project Appraisal Document Project Preparation and Implementation Guidelines GRM reports SEP Environmental and Social Screening Regular project update	<ul style="list-style-type: none"> <li>▪ Beneficiary assessment to verify project performance</li> <li>▪ Radio, TV, social media announcement, newspapers and leaflets</li> <li>▪ announcements on websites and social media FI accounts</li> <li>▪ Disclose on relevant citizen engagement platform</li> </ul>	BRD PIU BDF PIU
Closing	Enterprises PFI Other stakeholders Including CBOs and labor organizations Vulnerable groups	Periodic Progress Reports	<ul style="list-style-type: none"> <li>▪ Press Releases</li> <li>▪ Website announcements</li> <li>▪ Disclose on relevant citizen engagement platform</li> <li>▪ Focus groups</li> </ul>	BRD PIU BDF PIU

#### 4.4 Proposed strategy to incorporate the view of vulnerable groups

The project will take special measures to ensure that disadvantaged and vulnerable groups have equal opportunity to access information, provide feedback, and/or submit grievances. Focus groups devoted specifically to vulnerable groups may also be envisaged as appropriate, respecting physical distancing measures during the COVID-19 pandemic and/or conducting virtual meetings (online focus groups, online surveys, etc.).

#### 4.5 Reporting back to stakeholders

Stakeholders will be kept informed as the project develops, including reporting on project environmental and social performance and implementation of the SEP and GRM, as part of the periodic progress reports that will be prepared on a quarterly basis during the implementation phase of the project.

#### 4.6 Review of Comments

Suggestions and comments received during consultations (via e-mail, online feedback and face-to-face) and through website (feedback discussion form developed on PIUs websites), will be reviewed, and to extent possible, and as appropriate, integrated in the SEP and project design and implementation. Stakeholders will be informed on how their observations were taken into consideration in the project design and implementation through the periodic progress reports that will be disclosed in the FIs websites and other medias.

### 5. Resources and Responsibilities for implementing stakeholder engagement activities

#### 5.1. Resources

The BRD and BDF will be in charge of the cost for stakeholder engagement activities. SEP activities will be funded under Component 4 – Project management. The table below provide information on the cost estimate for the stakeholders' engagement activities, taking into consideration the COVID-19 crisis:

Engagement techniques/tools/facilitation	Cost estimate/USD
Meetings (Project steering committee meetings, Technical team meetings, monthly coordination meetings, public meetings including with vulnerable groups)	86,400
Workshops (for Grievance Redress Committees, Implementing partners staff)	60,000
Special events (project launch & subprojects inauguration)	3,000
Radio & Television programs	350,000
Correspondences by phone	35,000
Websites and social media 0.00.	

Brochures, Stickers with messages, leaflets/flyers, posters, Reports, booklets, etc	50,000
Travel allowances	250,000
Total	734,400

## 5.2. Management functions and responsibilities

The project implementation arrangements are as follows: The BRD and BDF PIUs will be staffed with qualified personnel capable of satisfactorily implementing all aspects of the SEP. The responsibility of PIU will include:

- Responsibility for adherence to all fiduciary and safeguard requirements of the WB for final borrowers.
- Develop, update and implementation of SEP.
- Leading stakeholder engagement activities and reporting.
- Ensuring that stakeholder engagement fully integrates the detailed CE activities under the project
- Disclosure of ESMS documents.
- Monitoring and Evaluation based on key indicators.
- Coordination of trainings and training materials.

In addition to PIUs, the Project Coordination Team (PCT) established within the MINECOFIN will establish a link between MSME support programs and ensure overall M&E and reporting of the project to the World Bank.

## 6. Grievance Mechanism

The main objective of a Grievance Mechanism (GM) is to help resolve complaints and grievances from stakeholders and affected people in a timely, effective and efficient manner that satisfies all parties involved. Specifically, it provides a transparent and credible process for fair, effective and lasting outcomes. It also builds trust and cooperation as an integral component of broader community engagement that facilitates corrective actions. Specifically, the GM:

- Provides affected people with avenues for making a complaint or resolving any dispute that may arise during the implementation of projects;
- Responds in a timely manner, and with sensitivity to the needs of complainants;
- Ensures that appropriate and mutually acceptable redress actions are identified and implemented to the satisfaction of complainants; and
- Avoids the need to resort to judicial proceedings.

### 6.1. Description of GM

The Development Bank of Rwanda (BRD) and the Business Development Fund (BDF) have already Grievance Mechanisms in place mostly focus on costumers' services aiming to prevent corruption and discrimination. They will upgrade their policy to a mechanism that addresses all citizen complaints and requests. This updated GRM will be reviewed in the light of results from the Social Assessment Report.

This institutional GM will aim to increase transparency and accountability, as well as to reduce risk of the project's adverse environmental and social impacts. Additionally, under the Institutional Grievance Redress Mechanism, BRD and BDF will ensure that all complaints are recorded and monitored, that partner FIs/ MFIs adopt similar approach and that adapted measures are in place under the COVID-19 circumstances.

The grievance form will be made available on all PIU (BRD and BDF), PFIs websites and complaints can be submitted via mail, facsimile or e-mail, free of any costs for a complainant. MSMEs will have copies of grievance form available on their sites. The grievances may be also submitted anonymously and orally. Availability and manner of functioning of grievance redress mechanism shall be communicated through PIU websites, at public events and in annual reports. PIUs shall record all the complaints in the Grievance Registry and assign them a number, as well as issue a confirmation on receipt thereof within seven calendar days.

Each complaint shall be recorded in the Registry with the following information:

- Complaint description,
- Complaint receipt date and date of sending confirmation there on the complainant,
- Description of the action taken (investigation, corrective measures, preventive measure) and
- Complaint addressing/feedback sending date.

PIUs shall take all reasonable efforts upon receipt of a complaint to address the problem specified therein. In case PIUs are unable to address the problem by immediate corrective measures, long-term corrective measures would be identified. Complainant shall be notified on the corrective action within 15 calendar days after confirmation on grievance receipt is sent.

Preventive measures shall be identified and taken in order to prevent the same problem to happen again in the future, and the complainant shall be informed on such preventive actions. In an emergency, to encourage proactive beneficiary engagement, the outreach messages and information will be communicated through mass media and social media to reach people at large and targeted groups. According to the entity-level laws on freedom of access to information, public authorities are required to provide requested information to citizens and legal entities within a period of 15 days.

## **6.2 Receiving Grievances**

When receiving grievances, the following points are determined:

- Type of grievance.
- Category of the grievance.
- Persons responsible for review and execution of the grievance.
- Deadline for grievance resolving.
- Agreed actions.

## **6.3 World Bank Grievance Redress System**

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be

submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond.

For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievanceredress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## 7. Monitoring and Reporting

### 7.1. Reporting back to stakeholder groups

The SEP will be periodically revised and updated as necessary in the course of project implementation by the project coordination team in partnership with the specific PIU (BRD and BDF), in order to ensure that the information presented here is consistent and is the most recent, and that the identified methods of engagement remain appropriate and effective in relation to the project context and specific phases of the development. Any major changes to the project related activities and to its schedule will be duly reflected in SEP. Quarterly summaries and internal reports on public grievances, enquiries and related incidents, together with the status of implementation of associated corrective/preventative actions will be collated by responsible staff and referred to the senior management of the project. The quarterly summaries will provide a mechanism for assessing both the number and the nature of complaints and requests for information, along with the Project's ability to address those in a timely and effective manner.

Information on public engagement activities undertaken by the Project during the year may be conveyed to the stakeholders in two possible ways:

- Publications of a standalone annual report on project's interaction with the stakeholders (the publications will be published on PIUs websites and the main conclusions shall be disclosed on social media); and
- A number of Key Performance Indicators (KPIs) will also be monitored by the project on a regular basis in relation to the engagement measures proposed in this SEP.
  - Integration of SEP activities into FIs and MSMEs ESMS, plans and policies;
  - Project Stakeholder identification and analysis conducted by FIs and MSMEs – Including the identification of all affected communities, their disaggregation, their needs and interests, and level of project impacts on each group;
  - Community engagement evidence and schedules of meetings. Consultations conducted in the planning phase to facilitate meaningful influence on the project designs
  - Information Disclosure (timely and quality including environmental and social as well as GRM matters) in the FIs and MSMEs websites;
  - Informed participation – Evidence that the FIs and MSMEs have incorporated community views, issues and concerns in the project design, environmental and social management plans
  - Consultation with vulnerable groups – Evidence that the FIs and MSMEs have engaged with these groups and specific measures were developed to mitigate project impacts to their satisfaction;
  - Grievance mechanism integrated into FIs and MSMEs ESMS, plans and policies and fully functioning;
  - Periodic Reports with indications of grievances collected and addressed;
  - Periodic Reports with indications of observations from affected communities, collected and taken into consideration into the project design and implementation.