

REPUBLIC OF RWANDA

MINISTRY OF FINANCE AND ECONOMIC PLANNING



ACCESS TO FINANCE FOR RECOVERY AND RESILIENCE PROJECT (P175273)

LABOR MANAGEMENT PROCEDURE

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EXECUTIVE SUMMARY

The Access to Finance for Recovery and Resilience Project (AFIRR, P175273) is a seven-year initiative financed by the World Bank and the Asian Infrastructure Investment Bank and coordinated by the Ministry of Finance and Economic Planning (MINECOFIN). AFIRR seeks to increase access to finance and strengthen the recovery and resilience of businesses in Rwanda through four components: the Liquidity and Recovery Facility; the Risk Sharing Facility, including the Partial Credit Guarantee and Bridge Lending Window; institutional strengthening and implementation support; and a Contingency Emergency Response Component that may be activated in an eligible crisis or emergency.

This Labor Management Procedure establishes the minimum requirements for managing labor and working condition risks arising from AFIRR implementation and from activities financed through BRD, Participating Financial Institutions (PFIs), D-SACCOs, micro, small and medium enterprises, large Business Enterprises, contractors, consultants, service providers and, where relevant, primary suppliers. It applies proportionately to direct workers, contracted workers and primary supply workers according to the nature, scale, sector and risk profile of each activity. The LMP complements the AFIRR Project Implementation Manual, Environmental and Social Management Framework, Environmental and Social Commitment Plan, Stakeholder Engagement Plan, BRD Environmental and Social Management System and applicable Rwandan labor and occupational health and safety legislation. It is aligned principally with the World Bank Environmental and Social Standard 2 on Labor and Working Conditions and, where relevant, ESS1, ESS3, ESS4, ESS9 and ESS10.

AFIRR-supported activities may span manufacturing, agriculture and agro-processing, tourism, transport, energy, trade, services and climate-resilient infrastructure. The principal labor risks are therefore expected to vary across the portfolio and may include unclear or non-compliant employment terms, excessive working hours, inadequate wages or social protection, discrimination and harassment, child labor or forced labor, occupational injuries and illnesses, unsafe machinery and hazardous-material exposure, weak contractor and primary-supplier oversight, localized labor influx, communicable-disease risks, SEA/SH and GBV, and ineffective worker grievance arrangements. Large-scale labor influx is not expected across most operations because financing is mainly directed to existing businesses, but temporary localized influx may occur where enterprises expand facilities, undertake construction or installation works, or recruit seasonal workers.

Labor risk management is integrated into the AFIRR financing cycle. Before approving PFIs, D-SACCOs or subprojects, BRD and the relevant financial intermediary will undertake proportionate labor and legal due diligence, assess institutional capacity, identify worker categories and risks, and verify compliance with national law, ESS2 and BRD's ESMS. Material gaps will be addressed through corrective actions or financing conditions with defined responsibilities and timelines. No activity involving workers will commence until appropriate occupational health and safety arrangements are in place, including hazard assessment, assigned responsibilities, worker induction and training, personal protective equipment provided at no cost, first aid, fire and emergency response measures, potable water and sanitation, statutory worker registration, grievance channels and applicable Codes of Conduct. Activities presenting unacceptable labor risks, including evidence of child labor, forced labor or serious and persistent labor-rights violations, will not be eligible for financing until corrective measures have been implemented and verified.

Institutional responsibilities follow the AFIRR implementation and financing structure. MINECOFIN provides overall coordination and oversight and facilitates escalation of project-level issues. BRD acts as the implementing Financial Intermediary, maintains the applicable ESMS arrangements, assesses the labor-management capacity of PFIs, D-SACCOs and direct borrowers, incorporates labor requirements into financing and disbursement arrangements, provides guidance and capacity building, monitors the portfolio, requires corrective action and consolidates material labor information



for MINECOFIN and World Bank reporting. PFIs and D-SACCOs apply BRD-approved due-diligence requirements, include labor obligations in sub-loan agreements, monitor financed clients and report material issues to BRD. Financed Business Enterprises are responsible for day-to-day compliance with labor law and financing conditions, safe and healthy workplaces, fair employment practices, worker grievance handling, contractor and relevant primary-supplier oversight, recordkeeping and incident reporting. Contractors, consultants and service providers remain responsible for managing their workers in accordance with contractual requirements, national law and ESS2.

The LMP establishes accessible, confidential and non-retaliatory grievance arrangements for workers and other affected persons. Complaints are registered, acknowledged, assessed, resolved, communicated and closed through the responsible entity, with unresolved matters escalating from the financed Business Enterprise to the PFI or D-SACCO, then to BRD and, where project-level intervention is required, to MINECOFIN. Statutory avenues through workers' representatives, the labor inspectorate and competent courts remain available. SEA/SH- and GBV-related complaints are handled separately through confidential, survivor-centered procedures that protect privacy, dignity, informed consent and safety.

Financed businesses will maintain labor, occupational health and safety, incident, training and grievance records. PFIs and D-SACCOs will monitor financed clients and submit quarterly environmental and social information to BRD. BRD will consolidate portfolio performance and report material issues through the AFIRR reporting arrangements. Fatalities, serious injuries, child-labor or forced-labor allegations, and SEA/SH-related allegations will be escalated immediately through the established environmental and social incident-reporting channels. Where non-compliance is identified, responses may include technical support, enhanced supervision, corrective action plans, temporary suspension of high-risk activities or disbursements, and termination of financing where serious violations remain unresolved. BRD will review labor-management performance and this LMP at least annually and update implementation measures to reflect legal changes, evolving project activities, emerging risks, grievances, incidents, supervision findings and lessons learned.



LIST OF ABBREVIATIONS AND ACRONYMS

AFIRR: Access to Finance for Recovery and Resilience

AIIB: Asian Investment Infrastructure Bank

BRD: Development Bank of Rwanda

BLW: Bridge Lending Window

CA: Child Abuse

CERC: Contingency Emergency Response Component

CoC: Code of Conduct

ESCP: Environmental and Social Commitment Plan

ESSs: Environmental and Social Standards

E&S: Environmental and Social

ESF: Environment and Social Framework

ESMS: Environmental and Social Management System

ESMF: Environmental and Social Management Framework

FIs: Financial Institutions

GBV: Gender Based Violence

GRM: Grievance Redress Mechanism

HIV/AIDS: Human immunodeficiency Virus/Acquired Immunodeficiency Syndrome

ILO: International Labor Organization

LMP: Labor Management Procedure

MINECOFIN: Ministry of Finance and Economic Planning

MSMEs: Micro, Small and medium Enterprises

PCG: Partial Credit Guarantee

PDO: Project Development Objectives

PFI: Participating Financial Institutions

PPE: Personal Protective Equipment

SEA: Sexual Exploitation and Abuse



SEP: Stakeholder Engagement Plan

SMEs: Small and Medium Enterprises

SH: Sexual Harassment

OHS: Occupational Health and Safety

VAC: Violence Against Children

WGM: Worker Grievance Mechanism



DEFINITION OF KEY TERMS

Table 1: Definition of Key terms

Concept	Definition
Labor Management Procedure (LMP)	A document that establishes the principles, policies, and procedures for managing labor-related risks and promoting fair treatment, safe working conditions, and compliance with national labor laws and ESS2 throughout project implementation.
Worker	Any person engaged directly or indirectly to work on a project, including direct workers, contracted workers, primary supply workers, and community workers, as defined under ESS2.
Direct Workers	Individuals employed or engaged directly by the Borrower (or project implementing agency) to work specifically in relation to the project.
Contracted Workers	Workers employed or engaged through third parties, such as contractors, subcontractors, consultants, or service providers, to perform work related to the project.
Primary Supply Workers	Workers employed by primary suppliers who provide goods or materials essential to the core functions of the project on an ongoing basis.
Community Workers	Members of the local community engaged in project-related work, typically under community-driven development arrangements or voluntary labor schemes.
Terms and Conditions of Employment	The rights and obligations governing employment, including wages, working hours, leave entitlements, benefits, contracts, and termination procedures.
Unsafe working conditions	Unsafe working conditions refer to any workplace environment, practice, or situation that exposes workers to physical, chemical, biological, ergonomic, or psycho-social hazards that may cause injury, illness, stress, disability, or loss of life. Such conditions may include inadequate use of personal protective equipment (PPE), poor housekeeping, poor emergency preparedness, unsafe machinery, excessive working hours, exposure to hazardous substances, fire risks, accidents, incidents and injuries, poor ventilation, inadequate emergency preparedness, harassment, and lack of occupational health and safety measures.
Non-discrimination and Equal Opportunity	The principle that all employment decisions should be based on merit without discrimination based on gender, age, disability, ethnicity, religion, political opinion, or other protected characteristics.
Forced Labor	Any work or service exacted from a person under threat or coercion and for which the individual has not offered themselves voluntarily. Forced labor is prohibited.
Child Labor	Employment of children below the minimum legal working age or work that is hazardous, interferes with education, or harms a child's health or development. ESS2 prohibits harmful child labor.



Occupational Health and Safety (OHS)	Measures and practices designed to prevent work-related injuries, illnesses, and fatalities by providing safe workplaces, training, PPE, and emergency preparedness.
Personal Protective Equipment (PPE)	Protective clothing and equipment provided to workers to reduce exposure to occupational hazards, such as helmets, gloves, safety boots, goggles, and reflective vests.
Worker Grievance Mechanism (WGM)	A transparent and accessible process through which project workers can raise workplace concerns or complaints and have them addressed promptly and fairly without fear of retaliation.
Code of Conduct (CoC)	A document outlining expected standards of professional behavior, including compliance with labor standards, ethical conduct, prevention of sexual exploitation and abuse (SEA), sexual harassment (SH), and violence against children (VAC).
Sexual Exploitation and Abuse (SEA)	Abuse or attempted abuse of a position of vulnerability or power for sexual purposes, including profiting monetarily, socially, or politically from the sexual exploitation of another person.
Sexual Harassment (SH)	Any unwelcome sexual advance, request for sexual favors, or other verbal, non-verbal, or physical conduct of a sexual nature that creates an intimidating, hostile, or offensive work environment.
Labor Influx	The movement of workers into a project area from outside communities, potentially increasing risks related to community health and safety, social conflict, SEA/SH, and pressure on local services.
Freedom of Association	The right of workers to establish or join workers' organizations of their choosing and to bargain collectively, consistent with national law.
Retrenchment	The termination of employment due to operational requirements such as restructuring, downsizing, or redundancy, rather than worker misconduct or poor performance.
Incident	An unplanned event related to project activities that results in, or has the potential to result in, injury, illness, fatality, environmental damage, or social harm.
Accident	An unexpected event that causes injury, illness, fatality, or damage to property or the environment during project implementation.
Hazard	Any source, condition, or activity with the potential to cause injury, illness, property damage, or environmental harm.
Risk Assessment	The systematic process of identifying workplace hazards, evaluating the likelihood and severity of associated risks, and determining appropriate mitigation measures.
Emergency Preparedness and Response	Procedures established to prepare for and respond effectively to workplace emergencies such as fires, chemical spills, natural disasters, or serious accidents.



1. LABOR MANAGEMENT PROCEDURES

1.1 Introduction

The Labor Management Procedures (LMP) constitute one of the environmental and social management instruments for the Access to Finance for Recovery and Resilience (AFIRR) Project. The LMP has been prepared to establish a clear, consistent and implementable framework for managing labor risks associated with the Project. It is designed to ensure that all Project-related workers are treated fairly, provided with safe and healthy working conditions, protected from discrimination, harassment, exploitation, child labor and forced labor, and provided with accessible means to raise and resolve workplace concerns.

The LMP has been developed in accordance with applicable National labour, employment and occupational health and safety requirements and is aligned with the World Bank Environmental and Social Framework (ESF), in particular Environmental and Social Standard 2 (ESS2): Labor and Working Conditions. Where relevant, the LMP also establishes interfaces with ESS1 (Assessment and Management of Environmental and Social Risks and Impacts), ESS3 (Resource Efficiency and Pollution Prevention and Management), ESS4 (Community Health and Safety), ESS9 (Financial Intermediaries) and ESS10 (Stakeholder Engagement and Information Disclosure). AFIRR implementation arrangement recognizes that sound labour management contributes to fair treatment, safe and healthy working conditions, worker-management relationships and inclusive development outcomes.

1.2 Rationale for AFIRR Labor Management Procedure

The AFIRR Project will be implemented through a combination of financial intermediation and direct lending by BRD. Its financing activities will therefore involve a wide range of institutions and businesses, including participating financial institutions (PFIs), D-SACCOs, MSMEs, large enterprises, contractors, service providers, and primary suppliers. Consequently, labor-related risks may arise at different levels of the Project.

The nature and scale of these risks will vary depending on the type of activity financed. Workers involved in AFIRR supported activities may face risks related to occupational health and safety, terms and conditions of employment, working hours, discrimination and harassment, child or forced labor, worker-management relations, and access to effective grievance mechanisms. The likelihood and significance of these risks will also differ across sectors, enterprises, and financing components.

The Labor Management Procedure (LMP) is therefore developed to provide a practical and proportionate approach for managing these risks. It establishes the minimum requirements for identifying and addressing labor and working condition risks associated with AFIRR financed activities, while allowing the level of due diligence and supervision to be commensurate with the nature and risk level of each activity.

1.3 Scope of application

This LMP applies to AFIRR supported activities implemented through MINECOFIN, BRD, Participating Financial Institutions (PFIs), D-SACCOs, MSMEs, large Business Enterprises, contractors, consultants and service providers. It complements the AFIRR PIM, ESMF, ESCP, SEP, BRD ESMS, GRM arrangements and applicable national labour and occupational health and safety legislation.



It applies to all labor related activities undertaken under AFIRR and provides practical guidance to BRD, MINECOFIN, Participating Financial Institutions and eligible businesses receiving AFIRR financing on the management of labor and working conditions throughout the project cycle.

It establishes requirements for fair and non-discriminatory employment practices, occupational health and safety (OHS), prevention of child labor and forced labor, protection of workers, workers' grievance mechanisms, and incident reporting. The procedure applies to labor related risks associated with AFIRR financed subprojects, including those involving civil works, manufacturing, agribusiness, and other eligible economic activities. It requires PFIs to assess labor risks during environmental and social due diligence, ensure that borrowers comply with applicable national labor legislation and the World Bank Environmental and Social Standards, and monitor labor performance throughout subproject implementation.

1.4 Category of workers covered under this LMP

The LMP covers workers involved in AFIRR implementation and in AFIRR-financed or supported activities, including BRD and MINECOFIN project staff, PFI staff supporting AFIRR products, workers employed by financed MSMEs and large enterprises, contractors and service providers engaged under Component 3, and primary supply workers where labour risks are material. The procedure is applied proportionately, taking into account the size of the enterprise, sector, financing window, nature of activities, and level of labour and OHS risk.

- (i) **Direct Workers:** Workers employed or engaged by MINECOFIN, and BRD, to work specifically in relation to AFIRR implementation, including staff involved in project administration, appraisal, environmental and social risk management, supervision, monitoring and reporting. Staff of PFIs and D-SACCOs specifically assigned to perform functions directly related to AFIRR shall be managed in accordance with their existing employment arrangements, applicable national labor requirements and relevant requirements established through the AFIRR financing and institutional arrangements.
- (ii) **Contracted workers:** Individuals employed or engaged as third parties to perform work related to AFIRR implementation, including workers engaged by contractors, subcontractors, consultants and service providers contracted by MINECOFIN, BRD or other entities implementing AFIRR-supported activities. Contracted workers shall be subject to applicable labor, OHS, grievance, Code of Conduct and other requirements established in this LMP and the relevant contracts
- (iii) **Workers of AFIRR-Financed Business Enterprises:** Employees of MSMEs, large enterprises and other businesses receiving AFIRR financing are not automatically considered direct workers of MINECOFIN or BRD solely by virtue of their employer receiving AFIRR financing. Labor and working condition risks affecting these workers shall be assessed and managed through BRD/PFI environmental and social due diligence, financing conditions, applicable national labor and OHS legislation, the BRD ESMS and the relevant requirements of this LMP. Requirements shall be applied proportionately according to the nature, scale and risk profile of the financed activity.
- (iv) **Primary Supply Workers:** Where an AFIRR-financed activity relies on suppliers that, on an ongoing basis, provide goods or materials essential to the core functions of the financed activity, risks associated with workers employed by such primary suppliers shall be assessed where relevant. Particular attention shall be given to significant risks of child labor, forced labor and serious occupational health and safety issues, and appropriate corrective measures shall be required in accordance with this LMP.



1.5 Objective of Project Labor management procedure

The objective of this LMP is to ensure that all workers engaged under AFIRR supported activities are treated fairly, work under safe and healthy conditions, are protected from discrimination, exploitation, child labor, forced labor and harassment, and have access to effective worker grievance mechanisms.

This LMP commits PFIs and their respective borrowers to implementing labor and working conditions in compliance with applicable national labor laws and international good practice. In this regard, they shall:

- Ensure all employees are engaged through clear and legally compliant employment contracts outlining terms and conditions of employment.
- Prohibit all forms of forced labor, child labor, discrimination, harassment, and abuse in the workplace.
- Promote equal opportunity and fair treatment for all workers regardless of gender, disability, religion, ethnicity, or social status.
- Provide workers with fair wages, working hours, leave entitlements, and benefits in accordance with applicable labor legislation.
- Maintain a safe and healthy working environment, including provision of appropriate personal protective equipment (PPE), first aid arrangements, and emergency preparedness measures.
- Ensure labor-related incidents are properly managed and reported.
- Ensure workers receive adequate induction, training, and awareness on occupational health and safety requirements.
- Establish and maintain a worker grievance mechanism that allows employees to raise workplace concerns confidentially and without retaliation.
- Monitor contractors, subcontractors, and suppliers to ensure compliance with labor and working condition requirements.
- Maintain proper labor records, including employment contracts, attendance records, payroll records, and incident reports.
- Report serious labor-related incidents, accidents, or fatalities to the relevant authorities and financing institutions within the required time-frame.
- Promote workers' rights to freedom of association and collective bargaining in accordance with national law. Conduct periodic monitoring and corrective actions to ensure continuous improvement in labor and working conditions.

2. PROJECT DESCRIPTION (PROJECT COMPONENT)

The AFIRR Project is structured around four components reflected in the Project Implementation Manual: Component 1, Liquidity and Recovery Facility; Component 2, Risk Sharing Facility; Component 3, Institutional Strengthening and Implementation Support; and Component 4, Contingency Emergency Response Component. The Labour Management Procedure applies only to labour and working conditions risks arising from activities financed or supported under these components.

2.1 Project components

Component 1: Liquidity and Recovery Facility provides lines of credit through BRD and Participating Financial Institutions to eligible microbusinesses, SMEs and large Business Enterprises for microbusiness finance, export financing, working capital, investment finance and the Sustainability Linked Bond programme. Labour risks under this component are expected mainly at beneficiary enterprise level, including OHS risks, employment conditions, working hours, worker welfare, child and forced labour prevention, contractor management and worker grievance handling.

Component 2: Risk Sharing Facility supports the Partial Credit Guarantee and Bridge Lending Window. Labour risks under this component are linked to MSMEs and PFIs receiving support,



including continuity of employment during climate shocks, safe recovery activities, repayment-relief operations, recovery loans and any technical assistance provided to strengthen business resilience after drought, excess rainfall, flooding or landslides.

Component 3: Institutional Strengthening and Implementation Support provides technical assistance, advisory services, capacity building, project management, monitoring, environmental and social compliance support, and institutional strengthening for BRD, MINECOFIN, PFIs and beneficiary enterprises. Labour management under this component focuses on building capacity to apply ESS2, OHS, worker grievance mechanisms, incident reporting and labour-risk monitoring across the AFIRR portfolio.

Component 4: Contingency Emergency Response Component may be activated only in response to an eligible crisis or emergency. If activated, any labour requirements will be applied in line with this LMP, the ESCP, the ESMF, the Project's emergency procedures and the applicable World Bank Environmental and Social Standards. Since January 2026, BRD has served as the sole implementing agency for BRD-managed AFIRR activities following the integration of BDF into BRD, while MINECOFIN retains overall coordination and oversight functions as set out in the PIM.

2.2 Project Environmental and Social risk Management

The implementation of the AFIRR Project was anticipated to involve moderate to substantial environmental and social (E&S) risks, necessitating systematic E&S risk screening and effective management of identified risks and impacts. To support this, key E&S instruments, including the Environmental and Social Commitment Plan (ESCP), Environmental and Social Management Framework (ESMF), Stakeholder Engagement Plan (SEP), List of excluded activities and BRD Environmental and Social Management System (ESMS), were developed to provide a framework for identifying, assessing, mitigating, monitoring, and managing the project's environmental and social risks and impacts.

The project's environmental and social (E&S) risks and impacts are primarily associated with subprojects financed through the Development Bank of Rwanda (BRD) and participating financial institutions (PFIs). These subprojects span several sectors, including manufacturing, agriculture, energy, tourism, transport, and climate resilience infrastructure, and the nature and scale of risks will vary depending on the characteristics of each investment. In most cases, the anticipated environmental risks are site-specific, temporary, and reversible, and can be effectively managed through standard mitigation measures. Potential environmental impacts may include occupational and community health and safety risks, dust and noise emissions, waste generation, including electronic waste and hazardous waste wastewater discharge, water and energy consumption, air emissions, and localized soil or water contamination. Social risks are primarily related to labor and working conditions for workers employed by PFIs and sub-borrowers, as well as community health and safety during the implementation of subprojects. Subprojects involving civil works may also give rise to labor influx-related risks, including sexual exploitation and abuse (SEA) and sexual harassment (SH).

The developed Labor Management Procedure (LMP) is to guide Participating Financial Institutions (PFIs) and micro, small, and medium enterprises (MSMEs) in the screening, assessment, and management of labor-related risks and impacts associated with AFIRR-financed subprojects, in accordance with applicable national legislation and the World Bank Environmental and Social Standards (ESSs).



3. LEGAL AND REGULATORY FRAMEWORK

3.1 World Bank Environmental and Social Standards

The AFIRR Project shall comply with the applicable requirements of the World Bank Environmental and Social Framework (ESF), particularly Environmental and Social Standard 2 (ESS2) on Labor and Working Conditions and Environmental and Social Standard 9 (ESS9) on Financial Intermediaries.

ESS2 – Labor and Working Conditions promotes fair treatment, non-discrimination, equal opportunity, safe and healthy working conditions, and protection of workers, including vulnerable workers. It prohibits child labor and forced labor, recognizes workers' rights to freedom of association and collective bargaining consistent with national law, and requires accessible worker grievance mechanisms.

ESS2 applies to project workers in accordance with their employment or engagement arrangements. For AFIRR-financed enterprises, relevant labor and working condition requirements shall be incorporated into environmental and social due diligence, financing conditions and monitoring arrangements, consistent with the applicable provisions of ESS9 and BRD's Environmental and Social Management System (ESMS).

ESS9 – Financial Intermediaries requires financial intermediaries to establish and maintain appropriate environmental and social management systems for identifying, assessing, managing and monitoring environmental and social risks associated with financed activities.

Under AFIRR, BRD shall ensure that labor-related risks are appropriately integrated into its ESMS and financing arrangements. Participating Financial Institutions (PFIs) and D-SACCOs shall apply relevant labor screening, due diligence, monitoring and reporting requirements to financed enterprises in accordance with the Project's environmental and social instruments.

3.2 National Labor Legislation

Labor and working conditions in Rwanda are principally regulated by Law No. 66/2018 of 30/08/2018 Regulating Labor in Rwanda, as amended by Law No. 027/2023 of 18/05/2023, together with applicable implementing regulations and ministerial orders.

The legislation establishes requirements relating to employment relationships, workers' rights, occupational health and safety, social protection and labor dispute resolution.

The following provisions are particularly relevant to AFIRR:

Table 2:Regulatory Area and Applicable Requirements

Regulatory Area	Applicable Requirements
Employment contracts and conditions	Workers shall be provided with clear employment terms and conditions in accordance with applicable legislation.
Working hours, wages and benefits	Employers shall comply with applicable requirements and laws on working hours, overtime, remuneration, rest periods, leave and statutory benefits.
Non-discrimination and equal opportunity	Discrimination in recruitment, remuneration, promotion, training, termination and other employment practices is prohibited.
Child labor	The minimum age of employment is 16 years. Persons below 18 years shall not be engaged in hazardous work.
Forced labor	All forms of forced or compulsory labor are prohibited.



Sexual harassment	Workplace sexual harassment is prohibited, and workers reporting such conduct shall be protected against retaliation.
Occupational health and safety	Employers shall provide safe and healthy working conditions, appropriate protective equipment, training and workplace safety arrangements.
Social security	Payment of social security contributions for employees as per the Rwanda Social Security Board (RSSB) requirements and other obligations of the employer towards the employee and work conditions.
Labor dispute resolution	Workers may seek amicable resolution of employment disputes and access the competent labor inspectorate and judicial mechanisms in accordance with national law.

Occupational health and safety requirements are further provided under Ministerial Order No. 02/MIFOTRA/22 of 30/08/2022, which establishes requirements concerning occupational health and safety at the workplace.

AFIRR-financed enterprises, contractors and relevant implementing institutions shall comply with applicable national labor and OHS requirements throughout project implementation.

3.3 International Labor Standards

Rwanda is a member of the International Labour Organization (ILO) and has ratified relevant international labor conventions.

The implementation of this LMP shall be guided by internationally recognized fundamental principles and rights at work, including:

- Freedom of association and effective recognition of the right to collective bargaining.
- Elimination of forced or compulsory labor.
- Effective abolition of child labor.
- Elimination of discrimination in employment and occupation.
- Promotion of a safe and healthy working environment.

These principles shall inform AFIRR labor risk management requirements, alongside applicable national legislation and the World Bank Environmental and Social Standards.

3.4 BRD Environmental and Social Management System (ESMS)

As the implementing Financial Intermediary, BRD shall apply its Environmental and Social Management System (ESMS) to identify, assess, manage and monitor labor-related risks associated with AFIRR-financed activities.

The ESMS shall guide BRD, PFIs and D-SACCOs in:

- Screening and assessing labor and OHS risks before financing approval.
- Ensuring compliance with applicable national legislation and relevant World Bank requirements.
- Integrating labor management obligations into financing agreements.
- Assessing the adequacy of worker grievance arrangements.
- Monitoring labor and OHS performance of financed enterprises.
- Requiring corrective actions where non-compliance is identified.
- Reporting significant labor-related incidents and risks through established project procedures.



The ESMS shall be implemented alongside the AFIRR Environmental and Social Management Framework (ESMF), Environmental and Social Commitment Plan (ESCP), Stakeholder Engagement Plan (SEP), Project Implementation Manual (PIM) and this LMP.

BRD shall oversee compliance across the AFIRR portfolio, while PFIs, D-SACCOs and financed enterprises shall fulfill their respective responsibilities under the applicable financing arrangements.

3.5 Application of the Legal and Regulatory Framework

AFIRR implementing entities, financed enterprises and contractors shall comply with applicable national labor legislation and the relevant labor and working condition requirements established through the Project's environmental and social instruments and financing agreements.

Where national requirements and applicable World Bank Environmental and Social Standards differ, the Project shall apply the requirements necessary to meet both, consistent with the applicable financing agreements and World Bank Environmental and Social Framework.

The specific procedures for screening, assessing, managing and monitoring labor-related risks are provided in Chapter 5 of this LMP.

4. POTENTIAL LABOR RELATED RISKS FOR AFIRR PROJECT

4.1 Overview

AFIRR-financed activities may involve manufacturing, agriculture and agro-processing, tourism, transport, energy, construction-related activities, trade and services. The associated labor risks will vary depending on the sector, enterprise size, workforce characteristics, production processes and involvement of contractors and suppliers.

While most financed activities are expected to involve existing business enterprises, expansion, rehabilitation and operational activities may generate additional labor and occupational health and safety (OHS) risks. The principal risks anticipated under AFIRR are outlined below and shall be assessed proportionately during environmental and social (E&S) due diligence.

4.2 Employment Terms and Working Conditions

AFIRR-financed enterprises may engage permanent, temporary, casual, seasonal and contracted workers. Potential risks include informal employment arrangements, inadequate employment contracts, delayed wages, unlawful deductions, excessive working hours, insufficient rest periods and non-compliance with statutory benefits.

These risks may be particularly relevant to MSMEs, manufacturing enterprises operating shifts, agro-processing businesses employing seasonal workers and enterprises undergoing restructuring. Significant workforce reductions may also result in unfair retrenchment and loss of livelihoods.

4.3 Occupational Health and Safety

OHS risks will depend on the nature of financed activities. Workers may be exposed to machinery, electricity, hazardous substances, dust, noise, heat, fire, manual handling, working at height and transport-related hazards.

Manufacturing, construction, agro-processing, energy and transport activities may present elevated risks of occupational accidents, injuries and illnesses. Inadequate safety procedures, insufficient training, lack of personal protective equipment (PPE) and weak emergency preparedness may increase worker exposure to these risks.



4.4 Child Labor and Forced Labor

Risks of child labor and forced labor may arise in activities relying on informal, family-based, seasonal or low-skilled labor, particularly in agriculture, agro-processing, small-scale manufacturing and construction-related activities.

Potential concerns include employment below the applicable minimum age, engagement of persons below 18 years in hazardous work, coercive recruitment practices, unlawful retention of identity documents, recruitment fees and restrictions on workers' freedom to leave employment.

These risks may also arise within relevant primary supply chains.

4.5 Discrimination, Harassment and SEA/SH

Workers may face discrimination in recruitment, remuneration, promotion, training, allocation of duties and termination of employment.

Women, persons with disabilities, young workers and workers in insecure employment arrangements may face increased risks of unequal treatment and exclusion.

Workplace harassment, bullying, intimidation, sexual harassment and other forms of gender-based violence may occur, particularly in male-dominated sectors, hierarchical workplaces and activities involving temporary workers or labor influx.

4.6 Worker Welfare and Occupational Health

Inadequate workplace welfare facilities may expose workers to poor sanitation, unsafe drinking water, insufficient rest facilities, inadequate ventilation and other unhealthy working conditions.

Additional risks include fatigue, excessive workloads, heat stress, ergonomic hazards and psychosocial stress, particularly in manufacturing, transport, office-based operations and shift-based employment.

Communicable disease risks may arise in crowded workplaces, shared accommodation, transport arrangements and activities involving frequent public interaction. Workers may also experience stigma or discrimination associated with health conditions, including HIV/AIDS.

4.7 Contractor and Primary Supplier Labor Risks

AFIRR-financed enterprises may engage contractors, subcontractors and suppliers for construction, installation, production, maintenance and other business operations.

Potential risks include inadequate employment conditions, poor OHS practices, insufficient worker supervision and weak enforcement of labor requirements among contractors and subcontractors.

Where relevant primary suppliers provide essential goods or materials on an ongoing basis, risks may include child labor, forced labor and serious OHS deficiencies, particularly in sectors with informal or labor-intensive supply chains.



4.8 Labor Influx and Community-Related Risks

Large-scale labor influx is not anticipated across most AFIRR-financed activities. However, temporary or localized influx may occur during business expansion, construction, installation works and seasonal agricultural or agro-processing activities.

Potential impacts include pressure on local services, inappropriate worker conduct, community tensions, communicable disease transmission and increased SEA/SH risks.

Such risks may be more significant where non-local workers are recruited into communities with limited infrastructure or services.

4.9 Worker Grievances and Labor Disputes

Weak or inaccessible worker grievance arrangements may result in unresolved employment disputes, retaliation, workplace conflict and continued violations of labor rights.

Workers in smaller enterprises, temporary employment arrangements or vulnerable circumstances may experience additional barriers to reporting grievances.

Grievances may concern wages, employment conditions, occupational health and safety, discrimination, harassment, dismissal and other workplace matters. Where reporting channels are inadequate or confidentiality is not maintained, workers may be reluctant to raise concerns.

The procedures for managing these risks, including preventive measures, institutional responsibilities and monitoring requirements, are provided in Chapters 5 and 6. Detailed worker grievance management arrangements are presented in Chapter 7.

5. IDENTIFICATION, ASSESSMENT AND MANAGEMENT OF LABOR RELATED MATTERS

5.1 Labor risk screening and due diligence

BRD, as the implementing Financial Intermediary, shall ensure that labor and working conditions are assessed and managed throughout the AFIRR financing cycle in accordance with applicable Rwandan labor legislation, ESS2, ESS9, the AFIRR Environmental and Social Management Framework (ESMF), the BRD Environmental and Social Management System (ESMS) and this LMP.

BRD shall assess the capacity of Participating Financial Institutions (PFIs) and D-SACCOs to identify and manage labor-related risks before their participation in AFIRR financing arrangements.

During subproject appraisal, BRD, PFIs and D-SACCOs shall undertake labor due diligence proportionate to the size, nature, sector and risk profile of the financed activity. The assessment shall cover:

- Employment terms, wages, working hours and social protection.
- Child labor, forced labor and recruitment practices.
- Occupational health and safety (OHS) risks and existing preventive measures.
- Discrimination, workplace harassment and SEA/SH risks.
- Contractor and subcontractor labor management.
- Primary-supplier labor risks, where relevant.
- Worker grievance arrangements and incident reporting procedures.
- Previous labor violations, serious accidents and unresolved grievances.

The requirements shall be applied proportionately. Lower-risk MSMEs shall be subject to basic labor compliance screening and OHS requirements, while enterprises presenting moderate or higher risks shall be required to implement additional measures, including documented OHS assessments,



relevant management plans, enhanced contractor or supplier screening and more frequent monitoring.

Identified gaps shall be addressed before financing approval or incorporated into financing conditions and time-bound corrective action plans, where appropriate. Activities presenting unacceptable labor risks shall not be financed until the relevant risks have been adequately addressed.

5.2 Employment and Labor Compliance

AFIRR-financed enterprises and contractors shall comply with applicable Rwandan labor legislation and relevant requirements established under this LMP.

Employers shall ensure that:

- Workers are provided with documented employment terms and conditions.
- Wages, working hours, overtime, leave and statutory benefits comply with applicable legal requirements.
- Required RSSB registration and social protection obligations are fulfilled.
- Recruitment is transparent, fair and free from discrimination.
- Child labor, forced labor, unlawful recruitment fees and retention of workers' identity documents are prohibited.
- Appropriate disciplinary and termination procedures are applied.
- Workers have access to effective grievance arrangements.

Where significant workforce reductions are anticipated, particularly within larger enterprises, employers shall assess alternatives to retrenchment and, where warranted, prepare a proportionate retrenchment plan covering worker consultation, transparent selection criteria, applicable notice and compensation, grievance arrangements and measures for vulnerable workers.

BRD, PFIs and D-SACCOs shall verify compliance during E&S due diligence and subsequent supervision.

5.3 Occupational Health and Safety Readiness

Financed enterprises and contractors shall establish OHS arrangements appropriate to the nature and level of risk of their activities before exposing workers to workplace hazards.

Applicable measures shall include:

- Identification and assessment of workplace hazards.
- Implementation of appropriate preventive and protective measures.
- Provision of required personal protective equipment (PPE) at no cost to workers.
- Worker induction, safety training and competent supervision.
- Access to first aid, safe drinking water, sanitation and appropriate welfare facilities.
- Fire safety and emergency preparedness arrangements proportionate to identified risks.
- Reporting and investigation of workplace incidents and accidents.

Higher-risk activities, including construction, manufacturing and operations involving hazardous equipment or substances, shall be subject to documented OHS risk assessments and activity-specific safety procedures or plans, where warranted.

Workers shall be informed of workplace hazards and shall have the right to report unsafe conditions and remove themselves from situations presenting imminent danger without retaliation, in accordance with applicable requirements.



BRD, PFIs and D-SACCOs shall verify applicable OHS readiness requirements before commencement or disbursement for higher-risk activities and monitor implementation throughout the financing period.

5.4 Contractor and Primary Supplier Management

Financed enterprises shall ensure that contractors and subcontractors comply with applicable labor, OHS, grievance and incident-reporting requirements. Relevant obligations shall be incorporated into contracts and monitored during implementation.

Where primary suppliers provide goods or materials essential to the core functions of a financed activity on an ongoing basis, enterprises shall assess significant risks of child labor, forced labor and serious OHS issues within the relevant supply chains.

Where such risks are identified, the enterprise shall require appropriate corrective actions and monitor implementation. If significant risks cannot be adequately remedied, the enterprise shall, within a reasonable period, shift to suppliers that can demonstrate compliance with applicable requirements.

BRD, PFIs and D-SACCOs shall verify contractor and primary-supplier risk management measures through proportionate E&S due diligence and supervision.

5.5 Worker Grievance Mechanism

BRD, PFIs, D-SACCOs, financed enterprises and contractors shall provide their respective workers with access to effective grievance arrangements appropriate to the size and nature of their operations.

Existing institutional grievance mechanisms may be used where they meet applicable requirements for accessibility, confidentiality, timely resolution and protection against retaliation.

Smaller enterprises may designate a grievance focal person rather than establish a formal grievance committee, provided workers have access to safe and effective reporting channels.

Unresolved grievances may be escalated through the AFIRR financing structure, from the financed enterprise to the relevant PFI/D-SACCO and subsequently to BRD.

SEA/SH and GBV-related complaints shall be managed confidentially through survivor-centered procedures and referral to appropriate support services.

Detailed grievance procedures, responsibilities, timelines and reporting arrangements are provided in Chapter 7.



5.6 Institutional Roles and Responsibilities

Labor risk management shall follow the AFIRR implementation and financing arrangements established in the Project Implementation Manual (PIM).

Table 3: Institutional Roles and Responsibilities

Institution / Entity	Key Responsibilities
MINECOFIN	Provide overall project coordination and oversight; receive consolidated labor and E&S performance information; facilitate escalation of significant issues where required.
BRD	Integrate labor requirements into financing arrangements; assess PFI and borrower capacity; supervise implementation of the LMP; provide technical guidance; monitor portfolio-level labor performance; require corrective actions and report material issues.
PFI and D-SACCOs	Conduct labor-related due diligence; incorporate applicable requirements into financing agreements; monitor financed enterprises; report material labor issues, incidents and corrective actions to BRD.
Financed Business Enterprises	Comply with labor legislation and financing conditions; maintain fair employment practices, safe working conditions and grievance arrangements; supervise contractors and relevant primary suppliers; maintain records and report material incidents.
Contractors and Service Providers	Implement applicable employment, OHS and Code of Conduct requirements; manage worker grievances; report labor-related incidents and implement corrective actions.
Labor Inspectorate and Competent Authorities	Exercise statutory inspection, enforcement and labor dispute resolution functions in accordance with Rwandan legislation.

5.7 Labor Monitoring, Reporting and Incident Management

Labor performance shall be monitored through the AFIRR E&S supervision framework.

Financed enterprises shall maintain appropriate records on workforce composition, employment conditions, OHS training, workplace incidents, grievances and corrective actions. PFIs and D-SACCOs shall monitor labor performance of financed enterprises and submit quarterly E&S reports to BRD. BRD shall consolidate material labor-related information across the AFIRR portfolio for reporting to MINECOFIN and the World Bank in accordance with applicable project requirements.

Monitoring shall include, as applicable:

- Number and categories of workers, disaggregated by sex.
- Compliance with employment terms and statutory benefits.
- OHS inspections, training and identified non-compliances.
- Workplace accidents, fatalities, serious injuries and occupational illnesses.
- Worker grievances received, resolved and outstanding.
- Corrective actions completed and pending.
- Contractor and primary-supplier compliance, where relevant.

Serious labor-related incidents, including fatalities, serious workplace injuries, suspected child or forced labor and SEA/SH-related allegations, shall be promptly reported through the relevant



enterprise, PFI/D-SACCO and BRD reporting channels. This kind of incidents should be reported to BRD not later than 24 hours and to the WB not later than 48hours.

BRD shall ensure notification to the World Bank and other relevant parties in accordance with the timeframes and procedures established in the Environmental and Social Commitment Plan (ESCP) and applicable project incident-reporting arrangements.

Serious incidents shall be subject to appropriate investigation, corrective action and follow-up. SEA/SH-related information shall be handled confidentially without disclosing personally identifiable information.

5.8 Non-Compliance and Corrective Measures

Where labor-related non-compliance is identified, BRD, PFIs or D-SACCOs shall require the enterprise responsible to implement corrective measures within agreed timelines.

Depending on the severity of the non-compliance, measures may include:

- Technical support and capacity building.
- Preparation and implementation of corrective action plans.
- Enhanced supervision and monitoring.
- Temporary suspension of unsafe activities.
- Suspension of disbursements or other contractual remedies.
- Termination of financing where serious violations remain unresolved, in accordance with applicable agreements.

Serious violations involving child labor, forced labor, significant OHS deficiencies, repeated labor rights violations or failure to address SEA/SH-related risks shall trigger prompt escalation and appropriate remedial action.

5.9 Review and Continuous Improvement

BRD shall periodically review labor management performance using findings from E&S supervision, grievances, incidents, audits and corrective action monitoring.

The LMP shall be reviewed at least annually and updated where necessary to reflect changes in project implementation arrangements, applicable legal requirements, emerging labor risks and lessons learned.

Material revisions shall be communicated to relevant implementing entities and incorporated into applicable project procedures and financing arrangements.

6. ANTICIPATED LABOR RISKS, IMPACTS AND MITIGATION MEASURES

AFIRR-supported activities may present labor and working condition risks associated with financial intermediation, enterprise operations, construction, manufacturing, agriculture and agro-processing, transport and other financed activities. The nature and significance of these risks will vary depending on the size of the enterprise, sector, workforce characteristics and nature of the financed activity.

BRD, PFIs and D-SACCOs shall identify and assess labor-related risks during environmental and social (E&S) due diligence and ensure that appropriate mitigation measures are incorporated into financing agreements and implemented by financed enterprises.

The measures outlined below shall be applied proportionately to the level of risk, consistent with applicable Rwandan labor legislation, ESS2, ESS9, the BRD Environmental and Social Management System (ESMS) and the requirements of this LMP.



Table 4: Labour risks, impacts and proposed mitigation measures

Risk	Potential Impact	Required Mitigation / Management Measures	Implementation / Oversight	Workers / Groups at Risk	Minimum Monitoring Frequency
Weak AFIRR labour governance, intermediary capacity or ESS9 controls	Inconsistent screening; financing of ineligible or unmanaged high labour risk activities; weak supervision/monitoring; non-compliance with national labour law, ESS2 or ESS9; harm to workers.	<ul style="list-style-type: none"> • Ensure PFIS, D-SACCO, has a board approved ESMS to ensure they conduct E&S due diligence for each subproject prior approval. • Exclude activities that are ineligible under AFIRR or cannot meet applicable E&S requirements. • Assess intermediary and borrower labour-management capacity and document due diligence. • Include labour, OHS, grievance, incident reporting and corrective action obligations in participation or financing agreements. • Provide targeted training to PFIs and D-SACCOs to increase their capacity. 	<p>Lead: BRD PIU</p> <p>Implementation: PFIs/D-SACCOs and BRD direct-lending teams</p> <p>Overall oversight: MINECOFIN</p>	BRD teams, PFIs/D-SACCOs and financed enterprises	Before signing the PFIs participation agreements and prior financing approval; quarterly portfolio review (quarterly report from PFIs, D-SACCOs); Annual LMP performance review
OHS hazards in offices, fieldwork, construction and financed operations	Injuries, occupational illness, fatalities, traffic or security incidents, lost workdays and business interruption.	<ul style="list-style-type: none"> • Complete an activity specific hazard and risk assessment before work starts and update it when conditions change. • Apply the hierarchy of controls and prepare proportionate OHS procedures or plans. • Provide competent supervision, induction, toolbox talks and task-specific training. • Provide suitable PPE free of charge and enforce its correct use. 	<p>Implementation: Financed enterprise/subproject/businesses and contractor/subcontractor</p> <p>Monitoring: PFI/D-SACCO, or BRD for direct</p>	Direct, contracted, subcontracted, field and visiting workers	Before financing approval or prior disbursement; monthly Monitoring by BRD/PFIs/D-SACCOs; weekly checks during active civil works or other high risk tasks; immediately after incidents or material changes



		<ul style="list-style-type: none"> • Maintain first aid kits, fire safety, emergency response. • Record and investigate near misses, injuries and occupational illnesses. 	financing Project oversight: BRD PIU team		
Inadequate worker welfare, potable water, sanitation or communicable disease controls	Disease transmission, poor hygiene, absenteeism and unequal access for women and workers with disabilities.	<ul style="list-style-type: none"> • Provide safe drinking water, adequate toilets, handwashing facilities, ventilation, first aid and rest areas. • Make welfare facilities safe, private, gender responsive and accessible to people with disabilities. • Maintain cleaning, waste management and vector-control arrangements. • Provide non-discriminatory health awareness and referral information, including HIV/AIDS and STI awareness where relevant. • Activate proportionate outbreak response measures when required (like wearing face mask during a high flu season, etc). 	Implementation: Financed enterprise/businesses/subproject and contractor Monitoring: PFI/D-SACCO, or BRD for direct financing	All workers of the financed business	Assess the capacity of the business to be financed prior to loan approval; Monthly and quarterly monitoring visits by BRD/PFIs/D-SACCOs, Regularly by the business owner/management of the financed subproject
Child labour (below 18 years) and , forced labour	rights violations; legal breach; financing suspension; reputational damage.	<ul style="list-style-type: none"> • Verify age and identity before engagement using reliable documents (eg. ID, passport) • Prohibit forced labour, recruitment fees, and retention of identity documents. Include these prohibitions in loan contract, contractor and primary-supplier agreements. 	Implementation: Employers/financed businesses, contractors and relevant primary suppliers Verification: PFI/D-SACCO, or BRD for direct financing	Young, informal or seasonal, workers	Checking the ID of workers before recruitment and supplier engagement; Quarterly monitoring by PFI/D-SACCO, or BRD for direct financing, or



		<ul style="list-style-type: none"> • Conduct confidential worker interviews and risk based spot checks. 	Oversight: BRD PIU team		immediately upon an allegation
Discrimination, harassment, SEA/SH, GBV, bullying or workplace violence	Trauma, exclusion, retaliation, unsafe work, litigation, labour disputes and loss of trust.	<ul style="list-style-type: none"> • Apply equal opportunity, anti-harassment and non-retaliation requirements to recruitment and employment. • Provide equal pay for equal work. • Require signed Codes of Conduct and practical induction/refresher training for all workers. • Have a grievance committee proportionate to the financed project (it may also have trained personnel to handle SEA/SH allegations). 	<p>Implementation: Employer/financed business, contractor and primary supplier</p> <p>Monitoring: PFI/D-SACCO or BRD; project oversight by BRD PIU team</p>	All personnel, especially women, persons with disabilities and workers in vulnerable situations	Regular by the business owner/management team, Financial institution's check/Controls prior loan approval or disbursement; quarterly by PFI/D-SACCO or BRD
Psychosocial stress, fatigue, excessive workload or ergonomic hazards	Burnout, musculoskeletal injury, mental ill-health, fatigue-related errors, absenteeism and turnover.	<ul style="list-style-type: none"> • Plan staffing, shifts, hours, rest breaks and workloads within national legal and contractual limits. • Assess workstations, manual handling and repetitive tasks, adapt equipment or work methods. • Use task rotation and adequate recovery time where appropriate. • Train supervisors to identify fatigue, bullying and psychosocial warning signs. • Provide confidential support and post incident psychosocial referral where needed. 	<p>Implementation: Each entity as employer, including BRD, PFI/D-SACCO, financed Business and contractor</p> <p>Monitoring of financed activities: by PFI/D-SACCO or BRD</p>	Office, field, and all other workers	Regular (daily) checks
Unlawful or unclear employment terms, wages,	Exploitation, fatigue, disputes, financial hardship, work	<ul style="list-style-type: none"> • Give every worker written terms and conditions in a language they understand before work begins. 	Implementation: Financed Businesses and contractors as well	Permanent, temporary, casual, seasonal,	Anytime when visiting financed subprojects



deductions, hours, leave, discipline, termination or retrenchment	stoppages and legal claims.	<ul style="list-style-type: none"> • Maintain accurate contracts, attendance, working-time, payroll, leave and benefit records. • Pay wages and lawful overtime on time; prohibit unauthorized deductions. • Provide legally required rest periods, leave and social protection. • Apply transparent disciplinary and termination procedures. 	Monitoring: PFI/D-SACCO, or BRD for direct financing	contracted and subcontracted workers	
Exclusion of vulnerable workers or inaccessible grievance channels	Unequal opportunity, unsafe participation, under reporting and disproportionate harm.	<ul style="list-style-type: none"> • Use transparent, merit based and accessible recruitment procedures. • Provide information in understandable languages and formats. • Monitor recruitment, pay, training, and promotion, • Provide multiple and confidential grievance channels and prohibit retaliation. 	Implementation: Employer/financed businesses and contractor Monitoring: PFI/D-SACCO, or BRD for direct financing	Women, persons with disabilities, young and older workers, low-literacy workers.	Upon regular monitoring for projects (Quarterly checks are necessary)
Primary supplier, contractor or subcontractor labour risk	Hidden child or forced labour, unsafe work, wage abuse, and works incidents.	<ul style="list-style-type: none"> • Apply risk based labour screening and prequalification before contract awarding. • Include enforceable labour, OHS, grievance and incident reporting clauses in contracts. • Verify compliance through document review 	Implementation: Purchasing entity, financed enterprise/businesses and main contractor Monitoring: PFI/D-SACCO, or BRD for direct financing	Contracted, subcontracted and relevant primary supply workers	Before engagement; annually for ongoing suppliers/contractors; quarterly or more often for higher risk activities; and promptly after serious incidents
Weak worker grievance mechanism or dispute resolution	Unresolved rights violations, retaliation, work stoppages and legal disputes.	<ul style="list-style-type: none"> • Establish accessible, confidential, and nonretaliatory channels. Allow complaints through supervisors, HR, worker 	Implementation: Employer/contract or/financed business	All direct, contracted, subcontracted	Quarterly grievance reports; or immediate review of urgent cases



		<p>representatives, grievance focal points, boxes, telephone or email; permit anonymity where appropriate.</p> <ul style="list-style-type: none"> • Target resolution upon receipt of the complaint and a maximum of 2 weeks for complex cases with an update to the complainant. • Provide an appeal route and urgent protection where safety or retaliation is alleged. • Escalate unresolved cases from enterprise/financed business to PFI/D-SACCO or BRD, then to MINECOFIN where applicable. 	<p>Escalation: PFI/D-SACCO to BRD. MINECOFIN for annual report Effectiveness review of unresolved cases by BRD PIU team</p>	and primary supplier workers	
Weak contractor's OHS readiness or enforcement	Uncontrolled hazards, untrained workers, inadequate emergency capacity and repeated noncompliance. Reputation risk	<ul style="list-style-type: none"> • Award contract after thorough review of the contractor's readiness (Ensure the contractor has required E&S/OHS plans and permits). • Confirm the contractor has competent supervision, worker induction, task training, PPE, first aid, emergency arrangements and welfare facilities. • Confirm worker grievance channels and signed Codes of Conduct are operational. 	<p>Implementation: Financed businesses/contracting entity and main contractor</p> <p>Monitoring: Financed business, PFI/D-SACCO, or BRD for direct financing</p>	Contractors, subcontractors and their workers	Before mobilization; Quarterly report to PFI/BRD



7. IMPLEMENTATION AND MONITORING ARRANGEMENTS

Financed enterprises and contractors shall be responsible for implementing the applicable labor risk mitigation measures identified during E&S due diligence.

PFI and D-SACCOs shall verify compliance through screening, financing conditions, document reviews and proportionate supervision. BRD shall provide overall oversight, including direct supervision of enterprises financed directly by BRD, and consolidate labor performance information across the AFIRR portfolio.

Monitoring shall be risk-based and shall include:

- I. **Before financing approval:** Labor risk screening, assessment of employer capacity and identification of required mitigation measures.
- II. **Before commencement of higher-risk activities:** Verification of OHS readiness, employment arrangements and applicable contractor requirements.
- III. **During implementation:** Routine employer monitoring and periodic PFI/D-SACCO or BRD supervision, with increased frequency for higher-risk activities.
- IV. **Quarterly:** Include labor and OHS performance in the E&S quarterly report from PFIs and D-SACCOs to BRD.
- V. **Following serious incidents:** Prompt notification, investigation and implementation of corrective actions in accordance with the ESCP and applicable project procedures.

Where non-compliance is identified, BRD, PFIs or D-SACCOs shall require time-bound corrective actions. Depending on the severity of the issue, measures may include enhanced supervision, capacity building, suspension of unsafe activities or application of contractual remedies.

Serious violations involving child labor, forced labor, fatalities, serious injuries or SEA/SH-related allegations shall be escalated through the established project incident-reporting arrangements.

8. WORKER GRM AND INTERFACE WITH THE PROJECT GRM

8.1 Purpose and Scope

The AFIRR Project shall ensure that workers have access to an effective, accessible and confidential Worker Grievance Mechanism (WGM) for addressing concerns related to employment and working conditions, in accordance with ESS2 and applicable Rwandan labor legislation.

The WGM shall cover grievances relating to employment contracts, wages, working hours, discrimination, harassment, occupational health and safety (OHS), unfair treatment, dismissal and other workplace concerns. It shall be accessible to relevant workers engaged by MINECOFIN, BRD, PFIs, D-SACCOs, financed business enterprises, contractors and service providers, through their respective institutional arrangements.

Existing workplace grievance mechanisms may be used where they meet the requirements of this LMP. The arrangements shall be proportionate to the size, nature and risk profile of the institution or



financed activity. Smaller enterprises may designate a grievance focal person rather than establish a formal grievance committee.

The WGM shall complement, but remain distinct from, the AFIRR Project Grievance Redress Mechanism (GRM) established under the Stakeholder Engagement Plan (SEP), which addresses complaints from communities and other project-affected parties.

8.2 Guiding Principles

The WGM shall be guided by the following principles:

- **Accessibility:** Workers shall have access to free, understandable and appropriate grievance channels.
- **Confidentiality:** Personal information shall be protected and disclosed only to authorized personnel.
- **Non-retaliation:** Workers shall be protected against intimidation, discrimination, dismissal or other adverse treatment for raising grievances.
- **Fairness and timeliness:** Grievances shall be assessed objectively and resolved within established timelines.
- **Inclusiveness:** Grievance arrangements shall accommodate women, persons with disabilities, temporary workers and other vulnerable workers.
- **Survivor-centered approach:** SEA/SH complaints shall be handled confidentially through appropriate referral procedures.

The WGM shall not restrict workers' rights to access the labor inspectorate, courts or other remedies available under Rwandan law.

8.3 Institutional Responsibilities

Financed business enterprises and contractors: Shall establish or maintain appropriate worker grievance arrangements, designate responsible personnel, inform workers of available channels, receive and resolve complaints, maintain records and report material unresolved grievances to the relevant PFI, D-SACCO or BRD.

PFI and D-SACCOs: Shall verify the adequacy of grievance arrangements during E&S due diligence, monitor their implementation, receive escalated complaints, require corrective actions and report material grievances to BRD through quarterly E&S reporting.

BRD: Shall oversee implementation of WGM requirements across the AFIRR portfolio, maintain grievance arrangements for its own project workers, receive escalated complaints, monitor corrective actions and consolidate material grievance information for project reporting.

MINECOFIN: Shall provide overall project coordination and oversight and support escalation of significant or systemic grievances requiring project-level intervention.

Existing institutional grievance structures may be used where effective. A formal grievance committee shall not be mandatory for every financed enterprise, provided accessible and confidential grievance arrangements are maintained.

8.4 Grievance Submission and Resolution Procedures

Workers may submit grievances through supervisors, Human Resources officers, designated grievance focal persons, worker representatives, grievance committees, suggestion boxes,



telephone, email or other accessible channels. Anonymous complaints shall be accepted where practicable, and alternative channels shall be available where a complaint concerns the person ordinarily responsible for receiving grievances.

Grievances shall be managed through the following steps:

1. **Receipt and registration:** Record the complaint in a confidential grievance register, assign a reference number and identify the responsible person.
2. **Acknowledgement:** Acknowledge receipt within three (3) working days, except where an anonymous complaint provides no means of communication.
3. **Assessment:** Determine the nature, urgency and responsible institution, including whether referral to another mechanism is required.
4. **Resolution:** Review the complaint and implement appropriate corrective actions, normally within fourteen (14) working days. Where additional time is required, inform the complainant of the reason and revised timeframe.
5. **Feedback and closure:** Communicate the outcome, document corrective actions and close the grievance following implementation or a documented decision.
6. **Escalation:** Unresolved grievances may be escalated from the financed enterprise to the PFI/D-SACCO and subsequently to BRD. Matters requiring project-level intervention may be referred to MINECOFIN.

Grievances involving immediate OHS threats, retaliation or serious labor rights violations shall receive urgent attention. Workers may access competent labor authorities or judicial remedies at any stage.

8.5 Interface with the Project GRM

The WGM shall address workplace grievances, while the Project GRM established under the SEP shall address complaints from community members and other project-affected parties.

Community grievances concerning worker conduct, labor influx, nuisance, traffic, community health and safety, or other labor-related impacts shall be managed through the Project GRM.

Where a complaint is received through the incorrect mechanism, it shall be referred promptly to the appropriate channel without requiring the complainant to resubmit it. Confidentiality and protection against retaliation shall be maintained throughout the referral process.

8.6 SEA/SH and GBV-Related Complaints

Complaints involving Sexual Exploitation and Abuse (SEA), Sexual Harassment (SH) or Gender-Based Violence (GBV) shall be handled through confidential, safe and survivor-centered procedures, separate from ordinary grievance investigations.

Such complaints shall not be investigated or discussed by general grievance committees. Designated personnel shall receive complaints confidentially, collect only minimum necessary information and facilitate referral to appropriate services based on the survivor's informed consent, except where otherwise required by applicable law.

AFIRR shall rely on Rwanda's existing GBV/SEA/SH referral and service-delivery mechanisms, including Isange One Stop Centres and other recognized medical, psychosocial, legal and protection services, rather than establish a parallel response system.

Project-related SEA/SH allegations shall be reported through applicable E&S incident notification procedures without disclosing personally identifiable information. Retaliation against survivors, complainants or witnesses shall be prohibited.



8.7 Grievance Monitoring, Reporting and Continuous Improvement

Each responsible institution shall maintain a grievance register recording complaints received, actions taken, resolution status, timelines and corrective measures implemented.

Grievance monitoring shall include, as applicable:

- Number of grievances received, resolved and outstanding.
- Number of grievances resolved within established timelines.
- Number and nature of grievances escalated.
- Recurring labor and OHS-related complaints.
- Corrective actions implemented and outstanding.

Financed enterprises shall report material grievance information to the relevant PFI, D-SACCO or BRD. PFIs and D-SACCOs shall consolidate information through quarterly E&S reports to BRD, which shall monitor portfolio-level grievance performance and report material issues through established AFIRR reporting arrangements.

SEA/SH information shall be maintained separately and reported only in a confidential, non-identifying manner.

BRD shall periodically review the effectiveness of grievance arrangements, identify recurring issues and require corrective measures where necessary. Workers shall be informed of available grievance channels during recruitment, induction and other appropriate workplace engagements. Lessons learned shall inform periodic improvements to the WGM and the LMP.