Concept Environmental and Social Review Summary
Concept Stage
(ESRS Concept Stage)

Date Prepared/Updated: 08/25/2022 | Report No: ESRSC02757

BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Kenya	EASTERN AND SOUTHERN AFRICA	P177048	
Project Name	Kenya: Integrated Devolution and Urban Support Program		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Urban, Resilience and Land	Program-for-Results Financing	1/30/2023	3/29/2023
Borrower(s)	Implementing Agency(ies)		
The National Treasury	Ministry of Infrastructure, Transport, Housing, Urban Development and Public Works, Ministry of Devolution		

Proposed Development Objective
To strengthen county and urban boards institutional capacities to improve urban service delivery and private sector competitiveness

Financing (in USD Million)	Amoun
IPF Component	30.0(
Total Project Cost	300.0(

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

No

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

Kenya experienced steady economic growth and declining poverty levels up to 2019 but the COVID-19 pandemic has had a severe impact on the economy and poverty levels since then. From 2004 until 2019, Kenya's GDP grew at an annual average of 5.3 percent, with absolute poverty numbers declining. In 2020, GDP contracted by 0.3 percent and poverty increased sharply by 4 percentage points. The majority of the new COVID-19 related poor are in urban areas, more educated and young, in contrast to the pre-pandemic poor who were predominantly rural, less educated and agricultural dependent. Kenya's economy has however been recovering and real gross domestic product (GDP) is expected to increase by an estimated 5.0 percent in 2021 and by 4.9 percent over the period 2022/23. This is supporting renewed job creation and poverty reduction. Government revenues have also rebounded, facilitating fiscal consolidation efforts, although some sectors (such as tourism) still face major difficulties, while additional COVID-19 pandemic-related setbacks may occur further exerting pressure on households and the public and private sectors, whose buffers and coping capacities are already severely undermined.

Kenya is urbanizing rapidly at a rate of 4.3 percent a year with the current share of Kenya's population living in urban areas at about 31 percent. This offers the potential to harness urbanization to drive economic growth. Most Kenya's urban areas are however characterized by sharp inequalities, as well as serious governance and service delivery deficits. Over 60 percent of the urban population resides in informal settlements and is largely working in the informal sector for low wages and with no job security. Access to urban services in Kenya is also uneven, with informal settlements being severely underserved. In Nairobi County for instance, 84 percent of formal households have access to piped water, compared to only 36 percent of households in informal settlements. This disparity is experienced across all other infrastructure and services including sanitation, power, roads access and solid waste collection. Further, many urban areas also lack funding for urban development and adequate institutional capacity for urban management, which in turn affect the quality of lives for urban residents and limit private sector investments and the associated economic growth and job creation opportunities. Climate change challenges and gender inequalities are also key impediments to sustainable urban development and economic growth.

The Kenya Integrated Devolution and Urban Support Program (KIDUSP) Development Objective (PDO) is to strengthen county and urban boards institutional capacities to improve urban service delivery and private sector competitiveness. KIDUSP will support Kenya's counties to harness urbanization and urban areas as centers of economic growth by: investing in enhanced service delivery, removing barriers to private sector investments and job creation and strengthening governance aspects for service delivery, which will all ensure enhanced economic growth and improved quality of life. The project will be implemented nation-wide in 45 counties excluding Nairobi and Mombasa.

The program is aligned with the WB's overall strategic orientation in Kenya, which focuses on three pathways: jobs and sustainable economic growth, more inclusive development, and improved governance & service delivery. The program is anchored in this framework, with a specific focus on urban areas as the primary drivers of national economic growth and job creation. Specifically, the operation will provide support for public sector institutional strengthening and financing for urban area investments, with a clear focus on improving the business environment for private sector development to create and sustain employment. The program will support the fulfillment of four objectives of the draft Country Partnership Framework (CPF FY22-27) that include: to strengthen public sector effectiveness transparency and accountability; to create incentives that target reforms for improved county business climates; to extend power, digital and transport to the last mile; and to increase household resilience to, and national preparedness for, shocks.

KIDUSP will support the Government of Kenya (GoK) in the implementation of the Second Kenya Urban Program (KenUP2). KenUP2's core focus areas include: providing support for county and urban institutions; promoting urban integrated planning; facilitating and financing urban public investments and service delivery; ensuring sound monitoring of urban development; and policy development and research. KenUP2 interventions and activities are informed by resilience, inclusion, sustainability and efficiency considerations, as well as by the need to engage with the private sector. Of the total estimated KenUP2 budget (US$1,000 million), the proposed operation will contribute US$300 million. Specifically, KIDUSP will support reforms, interventions and actions in four Results Areas: (i) Improved county systems and capacity for service delivery; (ii) Improved management and financing of urban areas; (iii) More inclusive and resilient services and infrastructure; (iv) Improved private sector engagement. The proposed operation will use two financing instruments: P-for-R for the financing of county level investments and activities, and IPF for national level activities related to policy issues, technical support and capacity building activities.

Through Component 1 (IPF, US$30 million), KIDUSP will provide for the implementation of three broad types of national-level activities. Firstly, management and coordination of the overall operation – including the carrying out of Annual Performance Assessments, which will determine the extent to which Component 2 DLIs are being met. Secondly, support work on national level policy/regulatory frameworks (such as public finance management, human resource management, asset management, private sector regulation, spatial planning, urban governance and finance) that shape county and urban area processes in the proposed operation's four results areas. Thirdly, national level capacity building support for counties and urban institutions. A detailed plan of activities will be defined during preparation. This Component will be implemented by the State Department of Housing and Urban Development (SDHUD) in collaboration with the State Department of Devolution (SDD), Council of Governors (CoG), the National Treasury and Planning (TNT&P), National Land Commission (NLC), Commission for Revenue Allocation (CRA), National Environment Management Authority (NEMA), Directorate of Occupational Safety and Health Services (DOSHS), Public Service Commission (PSC), Public Service Performance Management Unit (PSPMU), and others to be defined during preparation in alignment with the program scope.

Component 2 (P-for-R, US$ 270 million) will support KenUP2 implementation. The proposed operation will provide county governments and their respective urban institutions with three types of grants, all of which would be accessed based on compliance with key institutional benchmarks (Minimum Conditions or MCs) and/or achieving Performance Standards (PSs). MCs and PSs are all linked to the four Results Areas described above; by meeting MCs and achieving PSs counties and urban boards would access grants, which would be used to finance capacity building activities (in the case of CIGs) and infrastructure & service delivery (in the case of UDBGs and UDGCs) Each of these grants would flow to county governments (with urban development grants flowing into the budgets of the urban boards) in the form of conditional grants in line with the existing intergovernmental fiscal system:

a. County Institutional Grants (CIGs): these will be small grants (of about $100,000 per annum and per County), for Counties to finance institutional and capacity building activities to improve governance, urban and economic policy and build awareness of private sector diagnostics, accessed on the basis of compliance with simple MCs. CIGs will be accessed by most (if not all) counties and will thus ensure widespread buy-in and county level engagement. This would represent about 10 percent of all program grants.

b. Urban Development Base Grants (UDBGs): modest grants (of about $5.00 per urban capita) for financing investments in urban infrastructure and service delivery within a defined investment menu , for urban areas that comply with strictly applied and demanding MCs and PS for achieving good urban governance and development, and seeking a better understanding of the local economy and private sector. This grant is roughly similar in size to the fiscal incentive that was offered under KUSP and would represent about 70 percent of all program grants.

c. Urban Development Challenge Grants (UDCGs): larger grants of about ($40-45 per urban capita) for financing strategic urban investments in infrastructure and service delivery within a defined investment menu. The grant would be awarded on a competitive basis by those urban areas seeking excellence in urban governance and development and engaging the private sector in investment decisions and public policy deliberations, that met UDBG MCs and a significant part of the UDBG PSs (to be defined), as well as additional MCs and PSs. They would compete for the UDCG at the end of Year 2 to allow time to prepare to meet the requirements and prepare a proposal for the investments to be financed. In order to ensure that all urban areas (regardless of their population) have a reasonable opportunity to receive a UDCG, the awards would be split into three categories based on population size and the highest scoring proposals in each category would win (based on meeting MCs and other Ps). The grant would be disbursed over three years provided that the urban boards continue to meet their commitments and would likely represent a significant increase in urban development funding. This grant would represent about 20 percent of all program grants.

D. Environmental and Social Overview

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

The proposed hybrid operation will use two financing instruments: P-for-R for the county level investments and activities, and IPF for national level activities.

The IPF will finance the review, harmonizing and update of policy issues, technical support and capacity building activities. At the national level, the proposed operation will finance a wide range of activities through the IPF instrument to mitigate national level budget uncertainties in Ministries, Departments and Agencies (MDAs).

The program will be implemented nation-wide in 45 counties except Nairobi and Mombasa – and a total of up to 6 cities and 62 municipalities. Towns are not included in the terms of geographic coverage. The Program will operate within the boundaries of 66 municipalities (that include four cities) located within the 45 counties.

The P-for-R instrument will be used for financing county level expenditures as it operates through Disbursement Linked Indicators (DLIs) that incentivize county governments and municipalities to engage in institutional and business environment reforms and to strengthen their governance and urban development capacities and performance.

The proposed PforR operation will provide county governments and their respective urban institutions with three types of grants, all of which will be accessed based on compliance with key institutional benchmarks (Minimum Conditions or MCs) and/or achieving program specific Performance Standards (PSs). DLI's will be specific to each of the grant types. Each of these grants would flow to county governments (with urban development grants flowing into the budgets of the urban boards) in the form of conditional grants in line with the existing intergovernmental fiscal system MCs and PSs, to be defined during preparation, will be oriented around selected intermediate outcome indicators, which will be measured through Annual Performance Assessments (APAs). DLI 1 on county institutions Grant will be linked to APA results and basic Minimum conditions to be met by counties. Whereas, DLI 2 and DLI3 specifically seek to encourage compliance and performance of urban areas through Urban Development Base Grants and an Urban Development Challenge Grant that would finance investments in urban infrastructure and services. Tentative eligible investments would range from roads and associated infrastructure, solid waste management, wastewater management, water supply connections, storm water drainage, markets, fire control and disaster management investments, etc. A detailed eligibility menu will be defined during preparation and confirmed under Environmental and Social Assessment (ESSA) of the program. Ineligible investments include any investment projects that are assessed to carry High and Substantial Risk under the ESF such as Power plants; Dams; Highways; Urban metro systems; Railways and ports; Engineered landfills; Office buildings; Land acquisition; projects with potentially significant risks to protected areas or national parks; manufacturing or industrial processing facilities and investment projects not included in the urban Integrated Development Plan (IDeP) or urban spatial plan. During ESSA, proposed investments will further be screened to determine whether linked or associated facilities would be required to meet program objectives.

Counties and urban areas will be expected to adhere strictly to the eligible and ineligible investment/expenditure menu. Failure to adhere to these investment menus will result in non-compliance with MCs, preventing an urban area from accessing grants in the following year.

D. 2. Borrower’s Institutional Capacity

The State Department of Housing and Urban Development (SDHUD) will be the coordinating agency to implement both the IPF and PforR components of the operation, with the support from other MDAs, including the State Department of Devolution.

In relation to the IPF components, the SDHUD has experience coordinating and implementing World Bank-financed projects and programs. Based on the lessons learnt while implementing the Kenya Urban Support Program (P156777) and Kenya Devolution Support Program (KDSP), county governments had not developed nor fully domesticated national legislations, institutionalized systems for the effective environmental and social risks and impacts management and had insufficient personnel (environment, health and safety and social specialists). The two PforR programs developed program-specific systems to support their implementation in the management of environmental and social impacts. Whereas FLLOCA is currently piloting capacity building plan specifically on Social Risk management aspects. In addition, the project will support the SDHUD to develop the environmental and social management system (ESMS) to support the management of environmental and social risks, away from the ad hoc approach in place. Accordingly, the existing capacity of the proposed operation will need to be enhanced by bringing onboard at least three more qualified staff (1 environmental specialist, 1 health and safety specialist and 1 social specialist) to provide adequate coverage to the 45 counties participating on the program. The SDHUD has no decentralized E&S resources at the county and municipality levels. The Municipalities that will participate in the PforR operation will be required to have full time and qualified 1 environmental specialist and 1 social specialist to support the environmental and social risk management. Also, the SDHUD will collaborate with NEMA, DOSHS, Ministry of Labor and NLC for synergy to enhance the capacity of the counties to appropriately manage E&S risks through trainings and carrying out statutory monitoring and supervision.

This project will be implemented as a hybrid PforR/IPF. The Environment and Social Framework (ESF) will apply to the IPF component (Component 1) of the operation. Component 2 includes physical works which will be financed through a PforR modality and therefore be covered by the ESSA of the program against the E&S core principles that aligns with ESF. The ESSA will assess the capacity gaps at national and County levels that would be required to be strengthened through allocation of qualified Environmental and Social specialists, Independent monitoring/Audit mechanisms, training and performance indicators. The ESSA recommendations for addressing the identified system and capacity gaps will be mainstreamed into the program design and actions for the Program Action Plan. These gaps will further be assessed and strengthened for the proposed activities to support public private partnerships.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

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

Environmental Risk Rating — Substantial

The proposed operation will be financed through a hybrid of an IPF and PforR instruments. Component 1 will finance Technical Assistance (TA) for capacity building activities for the National and Sub-National levels under the IPF instrument. The proposed TA under Component 1 capacity building activities will include: (i) management and coordination of the overall operations; (ii) support national level policy/regulatory frameworks (i.e. private sector regulations, strengthening public land management frameworks, spatial and land use planning and urban governance) ; and (iii) national level capacity building for counties and urban institutions. According to the definitions of the OESRC Advisory Note Technical Assistance and the Environmental and Social Framework (2019), this IPF component will include two types of TA: Type 2 Supporting the formulation of policies, programs, plans, strategies or legal frameworks and Type 3 Strengthening borrower capacity. The initial E&S screening for the proposed Type 2 TA activities that will be financed under this component indicates that there are potential direct or indirect adverse downstream environmental and social impacts related to the formulations of the proposed policies and regulations. These impacts include potential conflicts on competing land uses and not integrated i.e. agriculture ,built environment, transport and economics, development control challenges, eviction of encroachers, poor delivery mechanism and increased demand for public services and or physical or social infrastructure. Also, the initial screening of the Type 3, activities to be supported under this IPF component indicate the potential environmental risks and impacts relate to the occupational health and safety concerns that will emanate from the spread of Covid-19 where face to face meetings interactions for TA activities could expose project workers including SDHUD and county staff. In addition, Type 3 activities are likely to positively contribute to strengthening the implementation of the environmental and social risk management framework both at the national and county levels. Thus, the environmental risk classification is considered as Substantial due to the nature of the proposed IPF component interventions related to the Type 2 TA activities. The IPF component of the operation will be subject to the ESF and the Borrower will prepare the following ESF documents: (i) stakeholder engagement plan (SEP), (ii) labour management procedures (LMP) including the Sexual Exploitation, Abuse and Harassment (SEAH) Prevention and Response plan; and the (iii) the environmental and social commitment plan (ESCP) prior to Appraisal. The IPF component will support the preparation of policy and regulatory frameworks, spatial plans, public land management frameworks and processes thus the borrower will be required to conduct Strategic Environmental and Social Assessment (SESA) for the respective policy(ies) or frameworks. The SESA(s) will be prepared by the Borrower during Program implementation.

Social Risk Rating — Substantial

The social risks are anticipated to be Substantial due to the nature of proposed interventions.. While the Social risks of activities envisaged under IPF component are not significant, the downstream impact of capacity building and TA activities could be substantial. The PforR component of the project is expected to support investments in infrastructure in urban areas across the country. Further, the typology of investments eligible through project grants is yet to be firmed during preparation. Previous PforR engagements such as KDSP, KUSP and FLLoCA helped put in place citizen engagement mechanisms through the grievance redress mechanisms (GRM), and participatory mechanisms. KIDUSP will build on these mechanisms and assess areas needing improvement during preparation. Experience from the previous PforRs supporting similar activities show that the capacity of county governments in supervision and management of Environmental and Social impacts shall require substantial strengthening and particularly in physical and economic displacement, grievance management, management of labor welfare, health and safety. Further, the absence of clear guidelines on how to manage temporary or permanent displacement on public land, grievance management, integration of labour welfare, health and safety aspects in contract management in utilisation of grants under the project may enhance the risk level. . An Environmental and Social Systems Assessment (ESSA) shall be carried out prior to Appraisal and actions will be identified to strengthen the E&S risk management of the program. TA and capacity building activities under the IPF shall also support the E&S gap areas.

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

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The overall environmental and social risks are anticipated to be Substantial due to the nature of the proposed project interventions. The IPF component will not support civil works and/or development of any physical infrastructure that could potentially result in significant impacts that are adverse, sensitive, irreversible, or unprecedented on the environment and human health. Overall the technical assistance (TA) activities under the IPF financing are focused on institutional policy reforms and capacity building type of activities to support the implementing entities to implement the result based operations.

The IPF component will include two types of TA: Type 2 which will support the formulation of policies, programs, plans, strategies or legal frameworks these include: (i) addressing inconsistencies on roles, responsibilities and functions of municipalities, counties and national government regarding urban development ; (ii) preparing regulations for the urban and cities act; (iii) review, harmonize /update policy & regulatory frameworks for land use and spatial planning ; (iv) review and harmonize the urban areas and cities act; and (v) physical and land use planning act . The Type 3 Strengthening borrower capacity will include management and coordination of the overall operation and national level capacity building support for counties and urban institutions. The initial E&S screening for these proposed Type 2 TA activities indicates that there are potential direct or indirect adverse downstream environmental and social impacts related to the formulations of policies and regulations. These environmental and social risks and impacts include: conflicts with existing land uses such as built development and agriculture, development control challenges, increased demand for public services and or physical or social infrastructure, and eviction of encroachers and informal traders. The administrative relations between municipalities and VMGs often lead to conflict and/or exclusion and at a minimum jurisdictions vacuum that result in municipal authorities lacking resources or interests in addressing the needs of VMGs in their existing or potential service areas for basic services. Also, the initial screening of the Type 3, activities to be supported under this IPF component indicate the potential environmental risks and impacts relate to the occupational health and safety concerns that will emanate from the spread of Covid-19 where face to face meetings/interactions for TA activities could expose project workers including SDHUD and county staff. In addition, Type 3 activities are likely to positively contribute to strengthening the implementation of the environmental and social risk management framework both at the national and county levels.

Key environmental risks relate to occupational health and safety concerns related to the spread of Covid-19 where face to face meetings interactions related to TA activities could expose project workers including SDHUD and county staff. Other environmental risks include indiscriminate disposal of COVID-19 related PPE waste to be provided in meetings. The full range of environmental risks and impacts related to OHS will be reflected in a Labor Management Procedures document to be prepared, cleared and disclosed by Appraisal. LMP shall also cover Sexual Exploitation, Abuse and Harassment Risks relevant to the IPF component.
In addition, Stakeholder Engagement Plan (SEP) will be prepared that identifies all stakeholders of the IPF component and outlines the stakeholder engagement and consultation requirements throughout the implementation phase of the project.
In addition any risks related to downstream impacts of TA activities necessary for achievement of outcomes under the result areas, will be defined as activities under the TA gets identified. The IPF component will support the preparation of policy and regulatory frameworks, spatial plans, public land management frameworks and processes thus the Borrower will be required to conduct Strategic Environmental and Social Assessment (s) (SESAs) for each respective policy(ies) or regulatory frameworks. The SESA (s) will be prepared by the Borrower during the Program implementation. Particular attention would be required to identify potential downstream impacts of TA including those on land use planning and enforcement, and management of the urban space in general on vulnerable groups in the urban space. Accordingly, would require including strategy to avoid and or mitigate the adverse impacts as part of SESA action Plan. During implementation phase, environmental and social screening will be carried out to ascertain if there are any potential risks and impacts under the type 2 TA activities that will be financed and ensure that the TA outputs are consistent with the requirements of Environmental and Social standards. The Borrower will prepare terms of references (ToRs) for the specific workstream of policy or framework, the ToRs will be reviewed and cleared by the World Bank. Engagement with stakeholders specifically representatives of vulnerable groups, experts on E&S risks would be a critical action during SESA. The findings from the SESA will be incorporated to the specific policy/plan development. The ESCP will include requirement for the Borrower to prepare the SESA(s) and incorporate the SESA findings to the policy(ies) and plan(s) development. The approval and implementation of the SESA action plan will a condition in the ESCP for implementation of SESA findings.

Areas where “Use of Borrower Framework” is being considered:

Not applicable

ESS10 Stakeholder Engagement and Information Disclosure

Robust stakeholder engagements will be conducted to cover the entire spectrum of activities under the IPF . The program will ensure effective stakeholder engagement including the private sector to capture and reflect stakeholder input into the program design and where there are gaps, measures for effective stakeholder engagement will be defined through the TA. Stakeholder Engagement Plan (SEP) will be prepared in consultation with

the relevant stakeholders appropriate for the IPF component to ensure meaningful and inclusive engagements and ensure that appropriate project information on E&S risks and impacts is disclosed to the stakeholders. The SEP will continue to follow the multi-stakeholder taskforce methodology as well as a more structured stakeholder consultation process laid out by the Kenyan legislative process. The key stakeholders will include:
National level: Ministry of Transport, Infrastructure, Housing ,Urban Development and Public Works (MoTIHUDPW); Ministry of Devolution (MoD); National Treasury and Planning (TNT&P); Ministry of Water, sanitation and Irrigation; Ministry of Labor; National Environment Management Authority (NEMA); Council of Governors (CoG); National Gender and Equality Commission (NGEC); National Land Commission (NLC); Ministry of Industrialization, Trade, and Enterprise Development (MoITED); National Council for Persons with Disabilities (NCPWD); Directorate of Occupational Safety and Health Services (DOSHS); Commission for Revenue Allocation (CRA); Public Service Commission (PSC); and Public Service Performance Management Unit (PSPMU).

Local level: 45 county governments and urban boards

Non-state: Civil society organizations at both national and local level; civil society organizations run by or representing people with disabilities (DPOs); traditional representatives of local communities; and private sector representatives.

Community members, residents of the benefiting municipalities or cities, vulnerable groups (women, youth, informal business, elderly, illiterate persons, orphans, PWDs, LGBTQ, marginalized communities, urban poor and refugees).

Given the Covid-19 challenges, stakeholder engagements have been adapted to minimize close personal contact and follow the recommended MoH COVID-19 protocols as outlined by the Government of Kenya directives. Strategies employed include smaller meetings and small focus-group discussions (FGDs) conducted as appropriate, taking full precautions on staff and community safety. Where meetings are not permitted, traditional channels of communications such as radios and public announcements will be implemented. Other strategies will include one on one interviews through phones and virtual platforms for community representatives, CSOs and other interest groups.

B.2. Specific Risks and Impacts

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

ESS2 Labor and Working Conditions

ESS2 is relevant to the project intervention. Most activities supported by the project will be conducted by civil servants from the various implementing agencies that include the SDHUD, MoD, County Governments and the contracted consultants. Labor Management Procedures will be prepared for the IPF component. Consultations will engage all relevant stakeholders. In terms of occupational health and safety (OHS), SDHUD will require to apply appropriate OHS policies in place to maintain safe working environment and mitigate all risks and impacts related to insecurity and COVID-19 to all the program workers and consultants. Measures to include; provide the necessary training and information and undertake risk assessments for work related travels, meetings and face to face instructions. The PPE waste generated should be handled appropriately following the national legislation and other good international industry practices (such as WB General Environment, Health and Safety Guidelines). Although labor requirements are likely to be low for the IPF component, codes of conduct to mitigate the risk of sexual harassment or misconduct in the workplace and in contact with communities will be prepared and enforced by the project. National labor-related laws will be upheld, institutional mandates related to enforcement of the laws, and recruitment, discipline, appraisals and dismissals maintained. A grievance redress mechanism for work-related grievances will be included in the LMP for project workers possibly under the TAs to program stakeholders, with necessary considerations for confidentiality and whistle-blower protection. During implementation environmental and social screening will be carried out to ascertain if there are any potential risks and impacts under the type 2 TA activities that will be financed and ensure that the TA outputs are consistent with the requirements of this standard.

ESS3 Resource Efficiency and Pollution Prevention and Management

Relevant. During implementation environmental and social screening will be carried out to ascertain if there are any potential risks and impacts under the type 2 TA activities that will be financed and ensure that the TA outputs are consistent with the requirements of this standard. The Borrower will prepare ToRs for SESA(s), which will include screening to avoid or minimize risks and impacts on activities that will result to significant use of energy, water and raw materials , adverse impact on human health and the environment, emissions of short and long term lived climate pollutants, and generation of hazardous and non-hazardous waste to ensure that the TA outputs are consistent with the requirements of this standard. The SESA will assess the TA activities that may negatively result to significant use of energy, water and raw materials , adverse impact on human health and the environment, emissions of short and long term lived climate pollutants, and generation of hazardous and non-hazardous. Appropriate mitigation measures will be included in the SESA action Plan. The Borrower will prepare ToRs for preparation of the SESA(s), the ToRs will include aspects related to resource efficiency and pollution prevention and management to ensure that the TA outputs are consistent with the requirements of this standard.

ESS4 Community Health and Safety

Relevant. The project activities such as training and capacity building activities will be fully consistent with ESS4 principles. The relevant project stakeholders will be required to abide by the Government of Kenya , MoH, WHO COVID-19 recommended protocols as outlined by the Government of Kenya directives and World Bank guidance regarding consultations and trainings carried out during the COVID-19 pandemic. The clarity on the scope of TA will be defined by Appraisal.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The IPF component will not finance any civil/construction works and their risks and impacts, such as physical and economic displacements associated with ESS 5. However, the TA support for the establishment and strengthening of the program ESMS shall consider key elements of ESS5. Further environmental and social screening during implementation will be carried out to ascertain if there are any potential risks and impacts under the type 2 TA activities that will be financed and ensure that the TA outputs are consistent with the requirements of this standard.

Particular attention would be required to identify potential downstream impacts of TA including those on land use planning and enforcement, and management of the urban space in general on vulnerable groups in the urban space. Accordingly include strategy to avoid and or mitigate the adverse impacts as part of SESA action Plan.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevant. During implementation environmental and social screening will be carried out to ascertain if there are any potential risks and impacts under the type 2 TA activities that will be financed and ensure that the TA outputs are consistent with the requirements of this standard. The Borrower will prepare ToRs for SESA(s), which will include screening to avoid or minimize risks and impacts on protected or ecologically-sensitive areas to ensure that the TA outputs are consistent with the requirements of this standard. The SESA will interrogate TA activities that may negatively impact the: protection, conservation and impact biodiversity and habitats; livelihoods of local communities, including Indigenous Peoples, and hinder inclusive economic development and sustainable management of living natural resources. Appropriate mitigation measures will be included in the SESA action Plan.

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

Relevance of ESS7 will be assessed during project preparation. The administrative relations between municipalities and VMGs often lead to conflict and/or exclusion and at a minimum jurisdictions vacuum that result in municipal authorities lacking resources or interests in addressing the needs of VMGs in their existing or potential service areas for basic services. E&S screening during the SESA will consider potential risks and impacts under type 3 TA activities and ensure outputs are consistent with the requirements of this standard. Technical & capacity building support to counties/urban areas will be aligned with the requirements of ESS7 and implications taken into account in design and during implementation.

ESS8 Cultural Heritage

Relevance of this ESS will further be assessed during project preparation. During implementation environmental and social screening will be carried out to ascertain if there are any potential risks and impacts under the type 2 TA activities that will be financed and ensure that the TA outputs are consistent with the requirements of this standard. Capacity building will be aligned with the requirements of ESS8 and in a manner acceptable to the Bank.

ESS9 Financial Intermediaries

This standard is not relevant to this project as the financing will not involve any financial intermediaries.

B.3 Other Relevant Project Risks

No contextual risks related to environmental and social assessment can be identified at this stage.

C. Legal Operational Policies that Apply

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

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

NA

B. Proposed Measures, Actions and Timing (Borrower's commitments)

Actions to be completed prior to Bank Board Approval:

Stakeholder Engagement Plan (SEP)
Environmental and Social Commitment Plan (ESCP)
Labour Management Procedures (LMP) including Gender-based Violence/Sexual Exploitation and Abuse/Sexual Harassment (GBV/SEA/SH) Tool

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

Adoption of LMP and SEP and maintain throughout project implementation
Adopt and maintain Grievance Management System throughout the project implementation
Preparation and adoption of capacity Building plan for National and County implementation agencies
Prepare and disclose Strategic Environmental and Social Assessment as per ToR agreed with the Bank
Conduct annual Audit of implementation of Environment and Social Management Plan of all investment activities at devolved levels as per ToR agreed with the Bank
Appoint and Maintain One Environment Specialist and one Social specialist at NPCT and at the CPCT level throughout project implementation
Implement E&S actions as per the Program Action Plan
Implementation of a SESA action plan

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 09-Sept-2022

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: The National Treasury

Implementing Agency(ies)

Implementing Agency: Ministry of Infrastructure, Transport, Housing, Urban Development and Public Works

Implementing Agency: Ministry of Devolution

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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