

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

I. Basic Information

Date prepared/updated: 2/1/2010

Report No.:

1. Basic Project Data

Country: Kenya	Project ID: P107798	
Project Name: Kenya Agricultural Carbon Project		
Task Team Leader: Johannes Woelcke		
Estimated Appraisal Date (Decision Review): January 19, 2010	Estimated Date for signing Carbon Emission Reduction Purchase Agreement: March 5, 2010	
Managing Unit: AFTAR	Lending Instrument: Funds from BioCarbon Fund will purchase emission reductions (ERs) as it is generated through adoption of sustainable agricultural land management practices	
Sector: General agriculture, fishing and forestry sector (100%)		
Theme: Climate change (P); Other rural development (S)		
IBRD Amount (US\$m.):	0.00	
IDA Amount (US\$m.):	0.00	
GEF Amount (US\$m.):	0.00	
BioCF Amount (US\$m.):	0.60 for contract ERs plus 0.40 for option ERs	
Environmental Category: B		
Simplified Processing	Simple <input type="checkbox"/>	Repeater <input type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

2. Project Objectives

The overall goal of this Carbon Finance project is carbon sequestration through the adoption of sustainable agricultural land management (SALM) practices in Western Kenya. The project developer – the NGO Swedish Cooperative Center-Vi Agroforestry (SCC-ViA) – will promote the adoption of SALM practices on approximately 45,000 ha in Nyanza and Western Province. Expected outcomes include that smallholder farmers in Kenya will be able to access the carbon market and receive additional carbon revenue streams through the adoption of productivity enhancing practices and technologies. Hence, economic benefits will be based on: (i) increased yields and productivity; and (ii) additional income sources due to payment for environmental services. An important co-benefit will be enhanced resilience to climate variability and change. As an outcome indicator it is estimated that the project will generate in average about 60,000 tons of CO₂ equivalents per year.

3. Project Description

The project developer will promote sustainable agricultural land management (SALM) practices for smallholder farmers in Western Kenya. It is expected that a wide range of SALM practices will be adopted, including practices related to cropland management (e.g. cover crops, crops rotation, mulching, improved fallows, compost management, green manure, agroforestry, organic fertilizer, residue management) and rehabilitation of degraded land. The project is targeting smallholder farmers and small-scale business entrepreneurs organized in common interest groups, primary level cooperatives, farmer groups and informal organizations.

SCC-ViA applies a participatory extension approach focusing on community empowerment, using tools and methods such as participatory rural appraisals (PRA), farmer field schools, agricultural training centers and farmer-to-farmer study tours. SCC-ViA extension staff will provide demand-driven advice and training on all issues related to sustainable agricultural production and marketing. The extension staff will work closely with other institutions such as the Ministry of Agriculture and the Kenya Forestry Service. SCC-ViA advice is also focusing on farm enterprise development. Farmer groups and organizations are strengthened through capacity building and development of entrepreneurial skills. Extension staff works with smallholders to organize farming activities as a business, react on market demands and integrate them into the value chain.

A key component of this project is the development and application of innovative methodological approaches for measuring the amount of carbon sequestered in the soil through different agricultural land management practices. The project has developed a robust and cost effective carbon accounting methodology outlining how to quantify these emission reductions. The cost of quantification will be reduced by using a farmer self assessment approach for reporting the adoption and maintenance of management practices, and independent third party verification. The amount of carbon sequestered by different management practices is being estimated by using a biophysical simulation model. The project plans to modify and fine-tune these values based on actual measurement of soil carbon sequestration rates of various practice and technologies. The methodology has been submitted for validation to the Voluntary Carbon Standard (VCS) in September 2009. After approval, the methodology will be in the public domain and can be used by any other institutions interested in planning and implementing similar carbon finance projects.

4. Project location and salient physical characteristics relevant to the safeguard analysis

The proposed project will be implemented in Western and Nyanza Provinces in Kenya. The targeted District in Western Province is Bungo, and Bumula, Malakisi and Sirisia are the targeted Divisions. In Nyanza Province the project covers Bondo, Kisumu and Siaya Districts; and the targeted Divisions are Madiany, Kombew, and Wagai. The projected adoption area is about 45,000 ha.

In general, agro-ecological conditions in the project area are favorable to agricultural production. The ecological zones range from upper midland zone to low midland zone with mean annual temperatures of 18-21 degrees Celsius and 21-24 degrees Celsius respectively. Rainfall amounts to 1,200-1,600 mm per year. Loamy and clayey soils are predominant.

The primary livelihood strategy is subsistence farming. Maize and beans are the dominant crops. High population density (of 150 to more than 350 persons per square kilometer) is putting pressure on natural resources. Severe land degradation is contributing to declining soil fertility and land productivity. This combination of factors leads to cultivation of marginal lands and degradation of the remaining natural forests.

The main land tenure type in the project areas is freehold, adjacent is some Government land. HIV/AIDS rates in Western Kenya are also among the highest in the country and have left a growing number of rural households widowed or orphaned. Cultural, economic and other factors are responsible for the widespread HIV/AIDS pandemic. Women headed households represent up to 35 percent of households in some project areas.

The projects sites are bordering the Mt. Elgon National Park. The major rivers in the project area are: Nzoia River, Sio River, Yala River, and Seme Awach. Western Kenya is also part of the larger Lake Victoria Basin, whose products and services support some 25 million people in Kenya, Tanzania and Uganda. Environmental degradation in the uplands inevitably affects the lake, resulting in declining fisheries and increased infestation by the exotic aquatic weed, water hyacinth.

5. Environmental and Social Safeguards Specialists

Ms Banu Setlur (MNSSD)
Ms Nyambura Githagui (AFTCS)

6. Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Natural Habitats (OP/BP 4.04)		X
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)		X
Physical Cultural Resources (OP/BP 4.11)		X
Indigenous Peoples (OP/BP 4.10)		X
Involuntary Resettlement (OP/BP 4.12)		X
Safety of Dams (OP/BP 4.37)		X
Projects on International Waterways (OP/BP 7.50)		X
Projects in Disputed Areas (OP/BP 7.60)		X

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. *Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:*

The BioCF resources will help to promote sustainable agricultural land management (SALM) practices for smallholder farmers in Western Kenya. Thus the project is conceived and designed to have significant positive environmental and social impacts. The project will not result in any potential large scale, significant or irreversible impacts.

Environmental Assessment (OP 4.01): The environmental classification of the project is Category B. The safeguard policy on environmental assessment (OP 4.01) is triggered. The project developer SCC-ViA prepared an Environmental and Social Assessment (ESA). The National Environmental Management Authority (NEMA) provided the approval letter of the ESA in December 2009. The ESA has been disclosed in the World Bank Infoshop, the World Bank Country Office in Kenya, and in the SCC-ViA office in Kisumu (Kenya) on January 28, 2010. The ESA acknowledges the positive environmental and social impacts of the project, including improved soil fertility and land productivity, water conservation, biological diversity, community capacity building and institutional development, community awareness of and capacity to adapt to climate change, and gender empowerment. Potential negative environmental impacts are assessed to be minimal and may include the risk of invasive tree species and risk of increased pests and diseases. Based on these findings, an environmental and social management framework has been developed to avoid, minimize, mitigate potential negative impacts as well as enhance the beneficial impacts.

Pest Management (OP 4.09): Pesticide use among farmers in project area is currently low. The project will not support the purchase or induce increased use of pesticides. The project developer is clearly focusing on the promotion of sustainable agricultural land management practices and technologies. Due to these findings of the Environmental and Social Assessment (ESA), OP 4.09 is not triggered at the Appraisal-stage ISDS. However, there is a chance that the introduction of profitable farm enterprises and new technologies may lead to an accompanied increased pesticide use. Therefore, the ESA includes a screening checklist that will be applied to screen project activities for potential pest management issues (procuring and usage of pesticides) and negative environmental impacts. When any activity with significant pest management issues is identified, the project implementer Swedish Cooperative Center-ViAgroforestry (SCC-ViA) will prepare a sub-project specific Pest Management Plan, obtain approval and disclose the document before implementation of the sub-project. The ESA includes an annex outlining a pest management screening framework as a guide in relation to the Bank's pest management safeguard policy and an annex containing a questionnaire to screen project activities for pesticide use. Also, the project developer will receive training on Integrated Pest Management from the Kenyan Agricultural Research Institute (KARI) as part of the Bank-supported Kenya Agricultural Productivity and Agribusiness Project (KAPAP).

Forests (OP 4.36): Forest operations such as forest restoration or plantation development will not be carried out under this project. The project developer promotes agro-forestry systems which will reduce the pressure on the forest. This policy is not triggered.

Involuntary Resettlement (OP 4.12): The project will not support any activities that trigger OP 4.12. The project does not finance activities involving the involuntary taking of land or the involuntary restriction of access to legally designated parks and protected areas.

Indigenous Peoples (OP 4.10): This policy was triggered in the Concept Stage ISDS, since it was not clear whether there are Indigenous People (IPs) within the project area and whether they would be impacted by the project. As part of the ESA a study was conducted to assess whether IPs would be affected by the project. It was found that there are no IPs within the project boundaries. The project will be implemented on agricultural land only, which is privately owned. No activities will be implemented within the forest. Due to these findings of the ESA it was decided not to trigger OP 4.10 in the Appraisal Stage ISDS.

Other safeguard policies that are not triggered by the project are: Natural Habitats (OP/BP 4.04), Physical Cultural Resources (OP 4.11); Projects on International Waterways (OP 7.50); Projects in Disputed Areas (OP/BP 7.60) and Safety of Dams (OP 4.37).

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

No negative long-term impacts are anticipated due to project activities.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

At an early design stage it was considered to include a forestry component in the project. However, this inclusion would have resulted in additional complexities from the carbon accounting perspective and in sensitive and complex issues related to the question of carbon ownership. It was felt that these additional aspects would dilute from the objective of increasing agricultural productivity and generate emission reductions based on sustainable agricultural land management.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The project developer SCC-ViA recently conducted a comprehensive Environmental Assessment (EA) of its Lake Victoria Development Program (LVDP). The types of interventions of LVDP are comparable to those of this project. The project area of LVDP covers districts neighboring the districts of the Kenya Agricultural Carbon Project. The EA was approved by the National Environment Management Authority (NEMA) on March 3, 2008. NEMA also provided a letter of no objection for this project to proceed to

the validation and negotiation steps required subject to undertaking an Environmental Assessment prior to the commencement of the project. The Environmental and Social Assessment was approved by NEMA in December 2009.

The World Bank-supported Western Kenya CDD/FM project is also operational in the area and working in the Nzoia Basin. In order to further strengthen the project developer's capacity for safeguards policies, SCC-ViA will participate in training on implementation of safeguards frameworks provided by the Western Kenya CDD project. With regard to Integrated Pest Management, the project developer will receive training from the Kenya Agricultural Research Institute (KARI) as part of the Bank-supported Kenya Agricultural Productivity and Agribusiness Project (KAPAP).

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders of the Kenya Agricultural Carbon Project include the project developer SCC-ViAgroforestry, the Ministry of Agriculture, Ministry of Environment and Natural Resource Management, District Authorities, other NGOs, and farmers. During the preparation of the ESA, consultations were held with all stakeholders in the form of focus group meetings, participatory rural appraisal, semi-structured interviews and stakeholder mapping. Affected farmer groups were consulted based on a continuous process while carrying out the ESA.

Since OP 4.10 is not triggered, it has been agreed between the Regional Safeguards Coordinator and the Sector Manager that safeguards management will be transferred to the relevant Sector Management Unit.

B. Disclosure Requirements Date

Environmental Assessment/Audit/Management Plan/Other:

Was the document disclosed 30 days prior to ERPA signature?	Yes
Date of receipt by the Bank	12/1/2009
Date of "in-country" disclosure	1/28/2010
Date of submission to InfoShop	1/28/2010
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	N/A

*** If the project triggers the Pest Management and/or Physical Cultural Resources, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?	Yes
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?	No
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	N/A

OP 4.09 – Pest Management

Does the EA adequately address the pest management issues?	Yes
Is a separate PMP required?	No
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM?	N/A
Are PMP requirements included in the project design? If yes, does the project team include a pest management specialist?	N/A

OP/BP 4.10 – Indigenous Peoples

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected indigenous peoples?	No
If yes, then did the regional unit responsible for safeguards or Sector Manager review the plan?	N/A
If the whole project is designed to benefit IP, has the design been reviewed and approved by the regional social development unit or Sector Manager?	N/A

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes
Have costs related to safeguard policy measures been included in the	Yes

project cost?

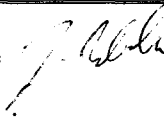
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

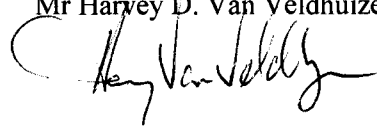
Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes (the implementation arrangements have been adequately reflected in the draft ERPA)

D. Approvals

Signed and submitted by:	Name	Date
Task Team Leader:	Mr Johannes Woelcke 	2/2/2010
Environmental Specialist:	Ms Banu Setlur	11/11/2009
Social Development Specialist:	Ms Nyambura Githagui	12/8/2009
Additional Environmental and/or Social Development Specialist(s):		

Approved by:		
Regional Safeguards Coordinator:	Mr Harvey D. Van Veldhuizen	2 Feb 2010
Comments:		
Sector Manager:	Ms Karen Mcconnell Brooks	
Comments:	