Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 12-May-2019 | Report No: PIDISDSA24298
### BASIC INFORMATION

**A. Basic Project Data**

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>P166646</td>
<td>Kenya Electricity System Improvement Project</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Project Financing</td>
<td>National Treasury</td>
<td>The Kenya Power and Lighting Company Limited (KPLC), Kenya Electricity Transmission Company Limited (KETRACO), Ministry of Energy (MOE)</td>
</tr>
</tbody>
</table>

**Proposed Development Objective(s)**

To increase capacity of transmission system and to increase access to electricity.

**Components**

- Access Expansion and Distribution Network Strengthening
- Transmission Network Expansion and Strengthening
- Technical Assistance and Capacity Building

### PROJECT FINANCING DATA (US$, Millions)

#### SUMMARY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>390.00</td>
</tr>
<tr>
<td>Total Financing</td>
<td>390.00</td>
</tr>
<tr>
<td>of which IBRD/IDA</td>
<td>370.00</td>
</tr>
<tr>
<td>Financing Gap</td>
<td>0.00</td>
</tr>
</tbody>
</table>

#### DETAILS

**World Bank Group Financing**
B. Introduction and Context

Country Context

1. With a population of 51 million and a Gross Domestic Product (GDP) of about US$79 billion, Kenya is one of the largest and most vibrant economies in Sub-Saharan Africa (SSA). Since 2011, gross domestic product (GDP) growth has averaged 5.6 percent, which is 1.8 percentage points higher than the average for Sub-Saharan African countries during this period. Kenya’s coastal location has propelled its emergence as a hub for trade in East African Community countries. Kenya continues to improve its business environment as the country jumped from its ranking of 129 in 2014/2015 to 108 in 2016/17, 80 in 2017/18, and 61 in 2018/19 in the World Bank’s Doing Business Index. The country combines vibrant economic activity in some of the largest cities together with a continued dependence on agriculture in rural areas and widely heterogeneous access to education, services, productive jobs, and infrastructure services.

2. The Government of Kenya (GoK) has prioritized four main pillars as part of its Medium-term Plan (2018-22) of Kenya’s Vision 2030 - universal healthcare, affordable housing, food security, and manufacturing, all of which are dependent on provision of adequate, affordable, and reliable electricity supply. Under the “Big Four” agenda, GoK targets to lower the cost of construction, develop 500,000 new affordable housing, encourage large scale agriculture, and scale up manufacturing. Reliable and affordable supply of electricity is the key enabler to achieving the Big Four Agenda. In order to increase competitiveness of Kenya’s manufacturing, a 50 percent reduction in electricity tariff during the off-peak hours was introduced recently taking advantage of the surplus capacity of power generation that the country currently enjoys. Addressing Kenya’s infrastructural deficit lies at the core of the government’s development strategy and the government continues to invest heavily in improving roads, rails, ports network, and energy infrastructure.
Sectoral and Institutional Context

3. Kenya’s energy sector is among the most vibrant in Africa following two generations of reforms implemented since 1995. Kenya Electricity Generating Company (KenGen) and KPLC are among the best performing electricity companies in Africa, both being listed on the Nairobi Securities Exchange and are able to successfully raise funds for investment from commercial banks and the capital market. Electricity retail tariffs reflect current costs of service delivery. Eleven Independent Power Producers (IPPs) have invested in power plants that currently account for 30 percent of the installed generation capacity. The IPPs sell electricity to KPLC through long-term Power Purchase Agreements (PPAs).

4. Kenya can finally claim to be self-sufficient in installed capacity in the short-term and to have a successful electrification track record. The current installed generation capacity is 2,712 MW (February 2019) with a peak demand of 1,882 MW, resulting in a peak reserve margin of 30 percent. Kenya doubled the number of grid connections in a span of just 5 years. KPLC connected about 1.1 million new consumers annually in the last three years on an average, and presently has about 6.7 million consumers as at June 2018. The recently concluded Multi-tier Framework (MTF) survey has estimated that as of February 2018, access to electricity was 75% (53.5% through grid and 21.5% through off-grid options). GoK, with World Bank support, has recently prepared the Kenya National Electrification Strategy (KNES) that defined the technical, financial, and institutional pathways to reach universal electrification by 2022 through both grid and off-grid options.

5. However, considerable challenges remain. First, a large part of Kenyan population does not yet have access to electricity and achieving universal access will require huge investment estimated at US$2.6 billion. Second, the transmission and distribution networks are weak and overloaded impacting on availability, quality and reliability of supply. This is largely due to significant under-investment and delays in implementation of capital projects. As a result, the system losses have been on a rising trajectory, while there are serious low voltages particularly in western Kenya that has been the cause of load shedding in that part of the country for years. Third, the recent expansion of geothermal capacity at Olkaria requires a robust transmission network to evacuate this least cost electricity to load centers throughout the country. Lastly, Kenya implemented a new decentralized system of government in 2013, that devolved economic and political power to 47 county (local) governments. The devolution has created new load centers in counties that now need adequate, secure, and reliable electricity supply to support economic activities.

6. The proposed Project will support last mile electrification and contribute to the creation of a robust transmission and distribution network. The proposed Project will support the much needed investment in medium and high-voltage network in order to introduce high voltage network to areas that have been serviced by long medium voltage lines in order to reduce technical losses, contribute to improvement in efficiency and quality of electricity supply, while creating capacity for last mile electrification. The proposed Project will scale up the flagship last mile electrification and slum electrification programs and will directly support electricity access to about 450,000 people. The proposed technical assistance support under the Project will facilitate a pilot Public-Private Partnership (PPP) allowing KETRACO to leverage commercial financing for transmission at affordable terms for the first time.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)
To increase capacity of transmission system and to increase access to electricity in Kenya
Key Results
7. The achievement of development objectives will be assessed using the following key outcome indicators:
   (i) Increase in nominal transmission capacity (MVA)
   (ii) People provided with new or improved electricity service (number)

D. Project Description
8. The proposed Project aims to address system bottlenecks in the medium voltage (MV) network to reduce technical losses and create capacity to support last mile electrification. The proposed project will directly support connecting 100,000 new consumers in urban, peri urban and rural areas and another 20,000 new consumers in slums and informal settlements. The proposed Project is also expected to support high-voltage transmission network while also providing technical assistance support for a pilot PPP transaction in transmission. Finally, the proposed Project is expected to support technical assistance and capacity building support to KPLC and KETRACO, the two implementing agencies and other sector agencies.

9. The proposed Project has three components: (i) access expansion and distribution network strengthening; (ii) transmission network expansion and strengthening; and (iii) technical assistance and capacity building, needed for among others, transaction advisory support for PPP transaction in transmission; sector development and strengthening and sustaining the policy, institutional, and regulatory environment; and enhancing institutional, governance, management, safeguards, procurement, technical and operational capacity of the sector agencies.

10. Component 1: Access Expansion and Distribution Network Strengthening (approximately US$ 235 million equivalent): Kenya National Electrification Strategy (KNES) has identified that to achieve universal access by 2022, some 2.3 million connections will need to be made through grid densification (extending the existing distribution network by 2km). Another 580,000 connections will need to be made through grid intensification within 600m radius of existing distribution network and some 270,000 connections through grid expansion (within 25km radial distance around the periphery of the existing distribution system of KPLC). The proposed project will aim to support mostly grid densification and intensification and some grid expansion to reach about 120,000 new connections benefiting about 450,000 people. The exact lines and substations to be supported under the component will be determined during project implementation.

11. The component has three sub components: (i) new medium and low voltage infrastructure to help address system bottlenecks for reducing losses, improving reliability, and creating capacity to support last mile electrification (US$85 million); ii) connections of new consumers through Last Mile electrification (US$130 million); and (iii) Slum Electrification to connect consumers living in informal settlements (US$20 million). The component will be implemented by KPLC and will also finance the consultants needed to support KPLC to implement the activities.

   a) Sub-component 1.1: Medium and low voltage infrastructure strengthening (Approximately US$85-million): This sub-component will finance design, materials and construction of new medium and low voltage infrastructure to address system bottlenecks, reduce technical losses, and create capacity to support last mile electrification. The subcomponent will include substations (around 46 MVA 132/33kV, 46MVA 66/11 kV, 37.5 MVA 33/11 kV, 600kVA 11/0.433kV ) and lines (around 250 km of 66 kV, 790 km of 33 kV, 93 km of 11 kV and 1 km of 32kV). These substations and lines will extend the grid network to potential customers in seven distinct geographical regions; Nairobi, Western, North Rift, Central Rift, South
Nyanza, Coast and Mt. Kenya to enable future customer connections as well as improve supply quality. The exact lines and associated substations to be constructed will be selected within the first year of project implementation based on project’s readiness, technical prioritization and environmental social screening and assessments. The subcomponent will be implemented by KPLC.

b) **Sub-component 1.2: Last Mile Electrification (Approximately US$130 million):** This sub-component will finance the design, materials and construction works required to electrify all households and businesses in rural and peri-urban areas located close to existing electricity networks. The component will support extending the distribution network as per the least cost plan identified through geospatial tool for the KNES to connect some 100,000 new consumers with 2,100 secondary transformers and 3,100 km MV and 5,200 km LV lines. KPLC has identified broad locations in seven geographical regions where the sub-component will be implemented. The final selection of sites within these locations will be made by KPLC and MoE in the first six months of project implementation based on population density, proximity to existing electricity network, and social screening and assessment in order to maximize the number of connections in a given area.

c) **Sub-component 1.3: Slum Electrification (US$20 million equivalent):** This is a scale-up of the successful component financed under the recently closed Kenya Electricity Expansion Project (KEEP) with resources from IDA and the Global Partnership on Output Based Aid (GPOBA) providing connections to low-income households in various informal settlement schemes in urban and peri-urban areas. This sub-component will reimburse the costs of KPLC for connections in informal settlements that will include costs of low voltage network extension, installation of secondary distribution transformers, installation of service lines and prepaid meters to improve access to electricity to the residents of high-density settlements. The cost of connection up-to a maximum average of US$1,000 per connection will be reimbursed to KPLC under the Project based on the verification of the connections and related cost by an Independent Verification Agent (IVA) to be engaged for the purpose. About 20,000 households in densely populated informal settlements are estimated to be connected to electricity under this sub-component. The selection of slums/informal settlements to benefit under this sub-component will be made by KPLC and MoE within the first six months of implementation based on population density, proximity to the electricity network, and social screening and assessment.

12. **Component 2: Transmission Network Expansion and Strengthening (Approximately US$120 million equivalent):** The component is expected to introduce high voltage network to areas that have been serviced by long medium voltage lines to increase the capacity of the system while reducing technical losses and reinforcing the existing medium voltage networks. The component will also increase transmission adequacy for interconnecting different regions of the country, improve reliability of power transmission, and ensure compliance with N-1 contingency criteria. KETRACO has identified priority investment needs for six 132 kV and 220 kV transmission lines and associated substations, and three new 400/220kV substations. The priority investment needs also include support for installation works for transformers and other equipment for capacity expansion of 16 existing substations (the equipment will be purchased through the on-going Bank support under Eastern Electricity Highway Project (P126579); but the IDA Credit will be closing before the installation of the equipment can be completed). The total investment requirements for such investment is estimated at US$298 million against a funding allocation for this component of US$120 million. The exact lines and substations that can be supported within the funding allocation for this category will be determined later based on priority, readiness, and environmental and social screening and assessment. The screening and assessment will be undertaken in accordance with IDA safeguards guidelines for all the lines and substations in the long list and will be financed.
from the Eastern Electricity Highway Project. As part of the assessments, KETRACO (through experienced contractors) has substantially completed the aerial mapping and cadastral survey of the all transmission lines. The company is at the final stages of completing the procurement of experienced consultants to prepare the Environmental and Social Impact Assessments (ESIAs), Resettlement Action Plans (RAPs), and Vulnerable and Marginalized Groups Plans (VMGPs) for all the identified subprojects as guided by the Environmental Social Management Frameworks (ESMFs), Resettlement Policy Framework (RPFs) and Vulnerable and Marginalized Groups Framework (VMGF) prepared for the project. The consultancy assignments are scheduled to commence in June 2019 and be completed in about 6 months. The component is also expected to support an owner’s engineer (firm), which will help KETRACO with preparation of design, bidding documents, bid evaluation, and project supervision during implementation phase.

13. **Component 3: Technical Assistance and Capacity Building: (Approximately US$15 million equivalent)**: The component will be implemented by MOE, KPLC and KETRACO.

a) **Sub-component 3.1** (US$8 million) will be implemented by MOE and will include support for sector studies, capacity building, and training activities for sector development and to help sustain and enhance the policy, institutional, regulatory arrangements and reforms of the GoK as well as gender and citizen engagement. Some of the studies to be supported under the component may include optimal power market design, system operation and dispatch guidelines for the Energy Regulatory Commission (ERC), project feasibility studies, beneficiary feedback, impact evaluation studies, master plan updates etc. The capacity building will also include training and activities to strengthen governance, management, safeguards management, procurement, technical and operation capacity of the sector agencies including the ERC, KenGen, Geothermal Development Company (GDC), and Rural Electrification Authority (REA). It will also include support for the incremental operational costs of the planning and coordination unit at MOE.

b) **Sub-component 3.2** (US$3 million) will be implemented by KPLC and will include support for consultancy support and incremental operating costs for KPLC; implementation of the Operational and Financial Strategy Plan, Corporate Governance and Financial Accountability Action Plan, and the Gender Action Plan prepared by KPLC and agreed with the Bank; the independent verification agency for the verification of slum electrification connections etc. The component will also include consultancy support and incremental operating costs for KPLC Project Implementation Unit (PIU), engagement of gender based violence experts to support the preparation and implementation of the gender based violence action plan, stakeholders engagement policy and strengthening of the grievance redress mechanism (GRM) etc.

c) **Sub-component 3.3** (US$4 million) will be implemented by KETRACO and will support pre-feasibility and feasibility studies required under the PPP law to determine the technical, financial, legal, social and environmental feasibility of developing some identified transmission lines under PPP arrangements on a pilot basis, including establishing the value for money for PPP. The initial phase of the feasibility study will start soon with support from an on-going IDA credit (Eastern Electricity Highway Project, P126579) while the second phase will be supported under the proposed Project. Implementation of the PPP pilot may be supported by IFC as a transaction advisor and Africa50 and other private sector investors as financiers. IFC Advisory and Africa50 are currently in discussion with KETRACO regarding their respective mandates on the PPP project. The feasibility study will be supervised by IFC on behalf of KETRACO and closely coordinated
with Africa50 to ensure a consistent approach for all the 5 lines included in the pilot PPP\(^1\). The support to KETRACO will enable the company to develop the basic building blocks for a state-of-the-art transmission company able to attract commercial financing - a cost reflective wheeling tariff, a strong balance sheet, capacity to manage the PPP program through improved O&M practices and standardization of design specifications. The component will also include consultancy support and incremental operating costs for KETRACO PIU, engagement of gender-based violence experts to support the preparation and implementation of the gender-based violence action plan, stakeholders engagement policy and strengthening of the grievance redress mechanism etc.

**E. Implementation**

**Institutional and Implementation Arrangements**

14. The proposed Project will be implemented by three implementing agencies – Ministry of Energy (MOE), KPLC and KETRACO. MOE will provide overall oversight and coordination while implementing part of Component 3 (technical assistance and capacity building). MOE will be responsible for the overall monitoring of project progress and for consolidating the progress reports from each implementing agency. It will convene quarterly meetings of the implementing agencies to review Project progress and to address issues that may hinder timely implementation of the Project.

15. KPLC will be responsible for implementation of Component 1 (access expansion and distribution network strengthening) and associated technical assistance activities (Component 3.b). KETRACO will be responsible for implementation of Component 2 (transmission network expansion and strengthening) and associated technical assistance activities (Component 3.c).

16. The existing project implementation unit at KPLC that is implementing the ongoing IDA-financed Kenya Electricity Modernization Project (KEMP) will be responsible for implementation of access expansion and distribution network strengthening component. The existing PIU is headed by a Deputy Manager Infrastructure Development who reports to the Manager Infrastructure Development, who in turn reports to the Managing Director. The PIU is structured in two broad functions- electrification and distribution system each headed by a chief engineer. The PIU has personnel responsible for engineering; procurement; accounting/financial management; installation (substations and lines); and environmental and social safeguards management. KPLC has adequate safeguards capacity within its Safety, Health and Environment (SHE) department, which has the corporate responsibility for safeguards. One environment and one social safeguards specialist from that department have been deployed to work with the PIU to ensure effective implementation of environment and social safeguards. These specialists will be backed by other specialists within SHE as and when needed basis. Short-term consultants will be recruited as and when needed basis supported from the technical assistance component. Consultants will also be procured to support KPLC in the detailed design and implementation of the works. For Level 1-Low E&S risk investments following E&S screening process as guided by the ESMF, KPLC will use its environment and social safeguards team to prepare the safeguards documents. Experienced consulting firms will however, be engaged to prepare safeguards documents for Level 2- Medium and Level 3- High risks projects as required by the ESMF, RPF and VMGF.

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\(^1\) The terms of reference for the feasibility-stage ESIA, RAPs, Social Assessments, and VMGPs will be prepared in accordance with the World Bank Performance Standards applicable to PPP transactions (in line with OP 4.03) and will be submitted to the Bank for clearance before being adopted.
17. KETRACO has experience in implementing World Bank-funded projects and other donor-funded projects. The Company has implemented Kenya Electricity Expansion Project (KEEP, P103037) and is also implementing the Eastern Electricity Highway Project (EEHP, P126579). KETRACO will establish a project implementation unit dedicated for the Project. The KETRACO PIU will be headed by a PIU Coordinator reporting to the Senior Manager (Project Management and Construction) who would report to the General Manager (Technical Services), who in turn reports to the Managing Director. The PIU will be assigned with staff having adequate skills in engineering, procurement, project management, survey, environmental and social safeguards experts, and accounting. Short term consultants will be recruited for the duration of the project to strengthen the PIU in safeguards management, procurement and project management. The PIU structure proposed is based on the anticipated need for implementing the long-list of sub-projects that include a number of substations and transmission lines. However, the proposed allocation for transmission component can only support a limited number of lines and substations. The actual staffing needs for the PIU will be assessed based on the number of lines and substations that will ultimately be implemented under the proposed Project.

18. A staffing plan with adequate resources for safeguards capacity will be agreed to with the Bank prior to implementation. Such a plan will include the number of additional positions/staff required for effective implementation of the Project. The additional staffing will be supported under the technical assistance component. The actual size of the PIU, its formation, its functions and terms of reference will be dependent on the exact scope of the project (number of transmission lines and substations to be supported), land acquisition requirements, and whether or not the sub-projects will be implemented in Indigenous People/Vulnerable or Marginalized Group (IP/VMG) areas. KETRACO is about to complete selection of an experienced consultant firm to support the preparation of the necessary safeguards plans (Environmental and Social Management Plans - ESMPs, RAPs and VMGPs) for the long list of the proposed transmission subprojects.

19. Although KETRACO has limited capacity in undertaking technical studies, managing procurement, and contract implementation, it has been relying on qualified international consulting firms to provide the needed services and expertise. A design and supervision consultant to be procured under the Project will help KETRACO in bid preparation, evaluation and supervision of construction. The consultant firm will be required to have qualified and experienced personnel in environment and social safeguards. The consultant will also help build capacity in KETRACO for project design and supervision. At the same time, MoE and the sector agencies including KETRACO and KPLC have attended several safeguards trainings organized or financed by the Bank under the ongoing projects with the objective of strengthening safeguards skills.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The proposed project will support construction of 220kV and below transmission and distribution overhead lines and associated substations and possibly 400/220kV substations. The actual project locations at this stage are not known and will be selected during implementation.
## G. Environmental and Social Safeguards Specialists on the Team

Margaret Auma Ombai, Social Specialist  
Kimberly Vilar, Social Specialist  
James Chacha Maroa, Environmental Specialist

## SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>This policy is triggered because construction and operation of substation, transmission distribution lines will have potential adverse environmental and social impacts that are reversible, temporary in nature and scope, and can be easily and cost effectively mitigated. However, based on the available information, some transmission subprojects may be implemented in regions which are home to nationally recognized and protected natural habitats, forests and other sensitive environmental receptors that would be impacted if proper due diligence is not carried out and compliance not enforced. Other potential temporary negative impact is the risk of increased incidences of Gender Based Violence (GBV). Given that the subprojects have not yet been identified, a framework approach has been adopted leading to the preparation of Environmental and Social Management Framework (ESMFs) by KPLC and KETRACO for their respective components. A strong environmental and social due diligence process has been incorporated into the project ESMFs to ensure sensitive sites are avoided at an early stage of site identification and GBV mitigation measures are prepared and implemented. Based on the ESMFs, all subprojects will be subject to an environmental and social screening process to establish their level of risk and the proportionate safeguard tools to be prepared to manage the environmental and social (E&amp;S) risk. This will include Environmental and Social Impact Assessment Studies (ESIA) from which detailed Environmental and Social Management</td>
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</table>
Plans (ESMPs) and Construction Environmental and Social Management Plans (CESMPs) will be prepared. These tools will detail measures to mitigate impacts identified and will be consistent with the requirements of the WBG Environmental, Health, and Safety (EHS) Guidelines (General and Specific Guidelines for Electric Power Transmission and Distribution). In addition, the contractors and subcontractors will be required to develop a GBV Action Plan, Labor Influx Management Plan, a Stakeholder Engagement Plan (SEP) and GRM process for capturing disclosure of GBV. All the safeguard plans prepared will require the Bank’s review, clearance and disclosure both in country and the Bank’s external website. The ESMPs to be prepared will include but not limited to: Labor Influx Management Plan, GBV Action Plan, Stakeholder Engagement Plan, Occupational Health and Safety Management Plan, Waste Management Plan, Emergency Response Plan, Camp Management Plan, Grievance Redress Mechanisms, Cultural Heritage and Chance Find management Plan among others. The transmission component’s scope will be carefully selected during project implementation to avoid high risk lines from an environment and social safeguards perspectives through an Environmental and Social screening process elaborated in the ESMFs.

Performance Standards for Private Sector Activities OP/BP 4.03

<table>
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<tr>
<th>Performance Standard</th>
<th>Requirement</th>
<th>Description</th>
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<tbody>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>Yes</td>
<td>The policy is triggered given that the project involves construction of transmission and distribution powerlines and Substations. These could result in clearing and encroachment into various natural habitats to create wayleaves and secure substations sites. The ESMFs provide for a screening process for all proposed sub-projects at the preliminary stage, and provides for measures for prevention and mitigation to avoid damage to these natural habitat. This will include re-routing of the proposed powerlines and re-siting of substations pre-located in sensitive ecological sites.</td>
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<tr>
<td>Forests OP/BP 4.36</td>
<td>Yes</td>
<td>This policy has been triggered because of a possibility of proposed sub-projects traversing</td>
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protected forest reserves found in Nairobi, Western, North Rift, Central Rift, South Nyanza, Coast and Mt. Kenya region. Project related activities have the potential to affect the health and quality of forests found in these regions and the rights and welfare of local resident’s dependent on them. The ESMFs however provide for controls to ensure these impacts are avoided, and where not possible to avoid, mitigated. The screening process provided for in the ESMFs will inform selection of investments that avoid impacts on forest and further guide the appropriate safeguard tools to be prepared to properly manage any impacts anticipated.

<table>
<thead>
<tr>
<th><strong>Pest Management OP 4.09</strong></th>
<th><strong>No</strong></th>
<th>Is not applicable as neither KPLC nor KETRACO use herbicides to control vegetation under transmission or distribution lines.</th>
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<tbody>
<tr>
<td><strong>Physical Cultural Resources OP/BP 4.11</strong></td>
<td><strong>Yes</strong></td>
<td>Construction of substation and powerline pylons will involve heavy excavation and civil works that are likely to encounter cultural heritage sites/graves and/or encounter cultural resources. Guidance on addressing chance finds and Physical Cultural Resources (PCRs) for individual investment during project implementation has been prepared as part of the ESMFs. Individual subprojects will also screen for PCRs and chance finds, and will include in the ESIAs/ESMPs appropriate plans and measures that will be put in place during the implementation of the project so as to protect PCRs.</td>
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<tr>
<td><strong>Indigenous Peoples OP/BP 4.10</strong></td>
<td><strong>Yes</strong></td>
<td>This policy has been triggered because of a possibility that the project’s implementation will be undertaken in areas where indigenous people (IPs)/VMGs are present or have collective attachment to the project area. Since the location of subproject areas are not known at this stage, KPLC and KETRACO have each prepared a VMGF to guide the preparation of site specific social assessments and VMGPs. Implementation of the VMGPs would safeguard the rights, dignity and cultures of the IPs/VMGs and ensure they have access to project benefits in culturally appropriate ways. These specific instruments will be cleared by the Bank and disclosed in accordance with the VMGFs. The VMGFs have been disclosed in country and in the Bank's external website.</td>
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This policy has been triggered because the subprojects proposed by KETRACO and KPLC may require the acquisition of land for Transmission Lines wayleave corridors, construction of towers, construction and/or strengthening of substations and existing distribution lines, as well as the construction of additional feed-out lines. As subproject locations to be financed by the Bank are not known at this stage, both KPLC and KETRACO have prepared RPFs to guide the implementation phase of this policy. Specific plans to be prepared in accordance with the RPFs will be cleared by the Bank and disclosed. The RPFs have been disclosed in country and in the Bank’s external website.

| Involuntary Resettlement OP/BP 4.12 | Yes |
| Safety of Dams OP/BP 4.37 | No |
| Projects on International Waterways OP/BP 7.50 | No |
| Projects in Disputed Areas OP/BP 7.60 | No |

**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:

   **Environment**

   The proposed investments under this project will be limited to construction of substation, transmission and distribution lines. These will present adverse differentiated environmental risks and impacts depending on the selected project sites. Given that the proposed sub-projects will be invested in rural, urban and peri-urban locations that have not been identified yet, there is a risk of negatively impacting existing natural habitats, wildlife and forests given that the general recipient regions selected have protected natural habitats and forests. Clearing of forests and natural habitats for obtaining right of way, as well as active civil works and the associated support facilities like camps and quarry sites would negatively impact the biodiversity in the project areas. This may result in ecosystem fragmentation, loss of vegetation cover, expose forests to exploitation through open access that never existed before, soil erosion, impacts on potential PCRs, dust pollution, disposal of construction waste, and the general workers and community occupational health and safety impacts.

   The project has however prepared Environmental and Social Management Frameworks (ESMFs) for the transmission and distribution components respectively, which provide for screening processes that will be undertaken at the initial phase of the project to inform sub-project siting and recommend the best tools to be used to manage the environmental risks. The screening will ensure that most of the potential negative impacts are avoided by changing sites and routing of sub-projects away from critical natural habitats and protected areas. Where such cannot be
avoided and investments have to traverse through National Parks and Protected Areas including forests, it would ensure appropriate tools are used to put forward mitigation measures for implementation. The anticipated impacts have been discussed in detail and relevant mitigation measures are described in the project's ESMFs.

Social
Potential adverse impacts related to OP 4.10 and OP 4.12 are anticipated to include loss of assets (land, structures, crops or grazing areas) along the wayleave corridor and may result in economic and/or physical displacement of people. There may also be long term restrictions on certain activities such as construction of structures and planting of certain cadres of trees in the wayleave corridor. Risks and impacts related to involuntary resettlement will be mitigated in accordance with the provisions of the Resettlement Policy Frameworks (RPFs) and Vulnerable and Marginalized Group Frameworks (VMGFs) developed by KETRACO and KPLC for their respective components. For example, as much as possible, the project will endeavor to avoid physical and/or economic displacement of Project Affected Persons (PAPs) or reduce such risks and impacts through design. Where avoidance will not be possible or where residual risks remain after being minimized through design, the PAPs will be compensated for project induced losses in accordance with the Resettlement Action Plans (RAPs) that will be prepared for each subproject, based on the provisions of the respective RPFs. Similarly, any adverse impacts on VMGs will either be compensated in accordance with the RPFs provisions or through the VMGPs that will be prepared based on the provisions of the VMGFs.

Other potential temporary risks of the project include increased incidences of Gender Based Violence (GBV), in particular, Sexual Exploitation and Abuse (SEA) of the community by project workers, Sexual Harassment (SH) in the workplace, school dropouts, underage girls’ pregnancies as well as social and cultural degradation, all associated with labor influx. This is because the project is likely to result in the influx of a large number of, especially, male workers from outside the project area (from other parts of Kenya and internationally) during the construction phase. Such an influx can potentially result in Sexual Exploitation and Abuse (SEA) of the local community by project workers and Sexual Exploitation (SE) among project workers.

For GBV risks, mitigation will include preventive and response measures. Preventive measures will include awareness and sensitization of workers and communities against SEA, and preparation of Codes of Conduct (CoC) and Child Protection Policies by contractors and sub-contractors in accessible languages – complete with appropriate sanctions for non-compliance - to be signed by their respective workers. Response measures will include identification and assessment of the capacity of available referral pathways for psychosocial and emotional support to survivors, health facilities within the project’s area of influence, and available legal services to which survivors can be referred to for help. In addition, the contractors and subcontractors will be required to develop a GBV Action Plan, Labor Influx Management Plan, a Stakeholder Engagement Plan (SEP) and GRM process. For effective management of GBV risks, the implementing agencies and the contractors will be required to have GBV specialists in their teams to help in the development of the required mitigation measures and to oversee their implementation. Finally, preparation and implementation of mitigating measures for the management of project GBV risks will be made part of the Financing Agreement between the Bank and the Government of Kenya, and will form part of the contractual agreements between the implementing agencies and contractors/sub-contractors.

The technical assistance component of the project includes adequate budget for management and implementation of environmental and social safeguards commitments including GBV activities and the required GBV specialists.

Strengthening KETRACO’s safeguards capacity
KETRACO has limited experience and inadequate human resource capacity to manage transmission projects applying Bank's safeguards guidelines and policies. The World Bank facilitated and organized a workshop with KETRACO, KPLC, and other implementing agencies to identify lessons learned on safeguards implementation during the implementation of the Kenya Electricity Expansion Project that closed in December 2017. The lessons learnt are being applied to strengthen the safeguards policies, practices and institutional capacities of the agencies. The ESMFs, RPFs and VMGFs prepared by KPLC and KETRACO have incorporated some of these lessons and detailed out the procedures and processes for KETRACO and KPLC to follow for the preparation and implementation of ESIs, ESMPs, VMGPS and RAPs as part of project implementation.

The PIU structure proposed for implementation of the transmission component by KETRACO is based on the anticipated need for implementing the long-list of sub-projects that include a number of substations and transmission lines. However, the proposed allocation for transmission component can only support a limited number of lines and substations. The actual staffing needs for the PIU will be assessed based on the number of lines and substations that will ultimately be implemented under the proposed Project. A staffing plan with adequate resources for safeguards capacity will be agreed to with the Bank prior to implementation. Such a plan will include the number of additional positions/staff required for effective implementation of the Project. The additional staffing will be supported under the technical assistance component. The actual size of the PIU, its formation, its functions and terms of reference will be dependent on the exact scope of the project (number of transmission lines and substations to be supported), land acquisition requirements, and whether or not the sub-projects will be implemented in Indigenous People/Vulnerable or Marginalized Group (IP/VMG) areas.

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

KPLC and KETRACO will take care to identify and manage other potentially project induced social risks related to Gender Based Violence (GBV) and risks related to labor influx such as sexual exploitation and abuse and sexual harassment in the workplace.

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

The exact line routes and substations locations will be determined based on an Environment and Social (E&S) screening process as guided by the ESMFs. KPLC and KETRACO will subject all the proposed lines and substation locations to the E&S screening process which will recommend less environmental and social risk sites for implementation. It will also assign a risk rating as per the guidance provided in the ESMFs to each of the selected site and recommend the correct safeguard tools to be used to manage the identified risks. All sites assigned a risk categorization of Level 2 – (Medium) and Level 3 – (High) will be subjected to an ESIA process and the relevant social safeguards studies as guided by the RPFs and VMGFs. The ESIA studies will collate a presentation on the analysis of alternative. All these safeguards tools prepared will be reviewed and cleared by the Bank before disclosure by both the Bank and KPLC/KETRACO as guided by the ESMFs.

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 ESMF, RPFs and VMGFs prepared by KPLC and KETRACO incorporate lessons learnt from on-going Bank projects (recently closed Kenya Electricity Expansion Project and the on-going Kenya Electricity Modernization Project) and detail out the procedures and processes for KETRACO and KPLC to follow for the preparation and implementation of the Project. Both KETRACO and KPLC's Project Implementation Units (PIUs) will have environmental and social safeguards specialists to coordinate the implementation of their respective ESMFs, RPFs and VMGFs. The top management of the two companies have expressed commitment to providing additional human resources needed to strengthen the safeguards team and the proposed PIU structure has additional staff for environment and social
safeguards. As necessary, short term consultants will be hired by both the agencies and such consultants will be supported under the technical assistance component of the project.

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 are KETRACO, KPLC, National Environment Management Agency (NEMA), project affected persons who may include vulnerable and marginalized Groups (VMGs), beneficiaries to be connected to electricity supply under the project, and national and county governments. Because the exact line routes and substation locations are not known at this stage, Vulnerable and Marginalized Group Frameworks (VMGFs) and Resettlement Policy Frameworks (RPFs) have been prepared by KPLC and KETRACO for their respective components.

Stakeholder consultations will be a key strategy for social risk management. Both the implementing agencies and the contractors/sub-contractors will be required to prepare stakeholder engagement plans (SEPs) – with clear responsibilities for stakeholder engagement – for ensuring that consultations with stakeholders is a living feature of the project throughout its lifetime. Dedicated funds will be set aside for stakeholder engagement and consultations by both the agencies and the contractors as relevant (as provisioned for in the ESMFs for the project).

To enable stakeholders, particularly the PAPs, to meaningfully and actively participate in the project implementation process, and to enhance their ability to make informed decisions and choices, with their views being taken onboard at each stage of the project, disclosure of information will be key. In this regard, KETRACO and KPLC will be required to disclose project information to PAPs in a timely manner, and in accessible languages. In addition, the findings of the ESIA, Social Assessment and RAP studies are expected to inform the final design of the project routes and NEMA’s full or conditional approval and permitting. Projects rated Level 1 – Low and Level 2 – Medium Risk will require at least two consultation processes and those rated as Level 3 – High Risk will require at least three consultation processes in line with the EIA regulations of 2003. Level 3 projects would require NEMA National office approval while Level 1 and 2 would suffice with NEMA county office approval.

Grievance Redress will be part and parcel of the social risk management measures. To this end, KETRACO and KPLC will implement the provisions of the respective RPF and VMGF by putting in place dedicated project level GRM that is developed in consultation with the PAPs and which are culturally appropriate and accessible. The GRM will be based on existing grievance redress strategies of the PAPs with provisions for accessing alternative GRMs as stipulated in the Constitution of Kenya, 2010, Articles 159(2)(c) 159(3); 60(1)g); 67(2)(f); and 189(4) and as well as administrative and legal/judicial redress systems whenever necessary. The implementing agencies will be encouraged to work with national grievance redress systems such as the Commission for Administrative Justice (CAJ – the Ombudsman) in order to explore alternative dispute resolution/grievance redress strategies that could practically allow grievances to be resolved at the lowest level and earliest opportunity possible. Grievances or complaints received, and redress actions taken, will be recorded and reported in the quarterly progress reports and maintained in Grievance/Complaint Logs by both KPLC and KETRACO. A summary of the grievances received and how they were addressed will be publicly disclosed annually through the websites of KPLC and KETRACO. To achieve the effective implementation of the GRM, the technical assistance component of the project has adequate provisions to support incremental PIUs operational costs, complete with GRM focal points with clear job descriptions at KPLC and KETRACO. The project will seek the services of expert agencies such as the CAJ to build the capacity of each PIU to effectively manage the GRM.

Finally, social risk management entails processes and actions. KETRACO and KPLC will be required to document all social safeguards mitigation measures and risk management actions and process and include these in the quarterly safeguards reports as necessary.
**B. Disclosure Requirements**

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
</tr>
</thead>
</table>

**"In country" Disclosure**

Kenya
15-Apr-2019

Comments
KETRACO ESMF disclosed on April 15, 2019 and KPLC ESMF disclosed on April 16, 2019

<table>
<thead>
<tr>
<th>Resettlement Action Plan/Framework/Policy Process</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
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<tr>
<td></td>
<td>26-Apr-2019</td>
<td>26-Apr-2019</td>
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</table>

**"In country" Disclosure**

Kenya
23-Apr-2019

Comments
KPLC disclosed its RPF on April 23, 2019 and KETRACO on April 26, 2019.

<table>
<thead>
<tr>
<th>Indigenous Peoples Development Plan/Framework</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>23-Apr-2019</td>
<td>24-Apr-2019</td>
</tr>
</tbody>
</table>

**"In country" Disclosure**

Kenya
23-Apr-2019

Comments
Both KPLC and KETRACO disclosed their respective VMGF on April 23, 2019
C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>OP/BP/GP 4.01 - Environment Assessment</td>
<td>Does the project require a stand-alone EA (including EMP) report?</td>
<td>No</td>
</tr>
<tr>
<td>OP/BP 4.04 - Natural Habitats</td>
<td>Would the project result in any significant conversion or degradation of critical natural habitats?</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>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?</td>
<td>Yes</td>
</tr>
<tr>
<td>OP/BP 4.11 - Physical Cultural Resources</td>
<td>Does the EA include adequate measures related to cultural property?</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?</td>
<td>Yes</td>
</tr>
<tr>
<td>OP/BP 4.10 - Indigenous Peoples</td>
<td>Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?</td>
<td>NA</td>
</tr>
<tr>
<td>OP/BP 4.12 - Involuntary Resettlement</td>
<td>Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?</td>
<td>Yes</td>
</tr>
<tr>
<td>OP/BP 4.36 - Forests</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?
Yes

Does the project design include satisfactory measures to overcome these constraints?
Yes

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?
NA

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?
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 project cost?
Yes

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

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