Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 23-Jun-2021 | Report No: PIDA223100

BASIC INFORMATION

A. Basic Program Data

Country	Project ID	Program Name	Parent Project ID (if any)
Kenya	P173065	Financing Locally-Led Climate Action Program	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
AFRICA EAST	19-May-2021	22-Jul-2021	Social Sustainability and Inclusion
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Program-for-Results Financing	The National Treasury and Planning	The National Treasury and Planning	

Proposed Program Development Objective(s)

The PDO is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risks

COST & FINANCING

SUMMARY (USD Millions)

Government program Cost	1,050.00
Total Operation Cost	251.40
Total Program Cost	230.05
IPF Component	21.35
Total Financing	251.40
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	150.00
World Bank Lending	150.00
Total Government Contribution	80.00

Total Non-World Bank Group and Non-Client Government Financing	21.40
Trust Funds	21.40

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. **Until 2019, Kenya experienced higher growth per capita than that observed for Sub-Saharan Africa**. The poverty rate with respect to the international poverty line declined, falling from 43.7 percent in 2005/06 to 36.8 percent in 2015/16 and an estimated 33.4 percent in 2019. This is among the lowest levels in the East African Community, but it is high by the standards of lower-middle-income countries. Pro-poor growth has also caused income inequality to decline, with the Gini index falling from 0.45 in 2005/06 to 0.39 since 2015.[1]

2. **The ongoing COVID-19 pandemic poses a threat to near-term growth in Kenya and to the reduction in inequalities** because of the contraction of domestic demand, a decline in exports, the disruption of global supply chains, and a drop in tourism revenue. COVID-19 increased poverty in 2020 by 4 percentage points (or 2 million additional poor), eradicating progress in poverty reduction over the last 5 years. The increases in poverty are evident in both urban and rural areas, however urban areas showed signs of recovery much faster than rural areas.[2]

3. **Climate change is having and will continue to have a considerable negative impact on livelihoods and economic growth.** Over the past 50 years, changes in temperature and rainfall patterns have resulted in more frequent weather-related disasters such as floods, droughts, and landslides with a profound impact on Kenya's economy and people's well-being. Each flood event affected 68,000 people on average, each drought event affected 4.8 million people on average, and 3.4 million Kenyans were classed as food insecure in 2017 due to ongoing droughts. Climate change projections suggest that both temperatures and precipitation will further increase by 2100, accompanied by even more frequent heat waves, floods, and landslides. Further, warming in Kenya and in the rest of continental Africa is projected to be greater than the global mean (2.8°C) during the 21st century.[3] These changes are expected to reduce soil productivity, increase the prevalence of pests and diseases, and thus worsen people's food security.[4] Climate change will also lead to a rise in global sea levels and ocean temperatures, with implications for coastal flooding and the intensity of storms, expected to

[1] Source: World Bank Group. 2020 Kenya Systematic Country Diagnostic. Report No. 152949.
[2] Source: World Bank Macro Poverty Outlook for Kenya, February 2021.
[3] The IPCC (AR4) projected warming averaged over 21 models for the unmitigated medium-emissions A1B scenario, is between 2.5°C and 4°C across Kenya, with a median value of around 2°C by the middle of the century for the East African region, and of 3.2°C by 2100.
[4] Source: World Bank Group. 2019. Kenya Country Environmental Analysis. Report No. AUS0001100.

affect 10,000-86,000 Kenyans by 2030. Droughts will affect mobility and migration with strains on the environment and its services to the communities and reduce water supply and hydroelectric power generation. The economic effects of climate change will be significant, with recent modeling for Kenya placing the reduction in gross domestic product (GDP) growth at approximately 2.3 percentage points under current warming conditions (at the upper end of the estimates), doubling to 4.7 percent at 2°C warming.[5]

Sectoral and Institutional Context

4. **Climate change in Kenya will affect and require adaptation across multiple climate-sensitive sectors,** such as agriculture, water, energy, tourism, environment, and health. Reflecting this complexity, Kenya's National Climate Change Framework Policy (2018) prescribes a multi-sectoral approach to increasing the adaptation capacity of the country and the resilience of its population by ensuring the integration of climate change considerations into planning, budgeting, implementation, and decision-making at the national and local levels.

5. **Kenya has demonstrated leadership in establishing a policy framework to manage climate risk, derived from Kenya Vision 2030, the country's long-term development blueprint.** The Government of Kenya has a range of policies, strategies, plans, and financing mechanisms that integrate climate change into wider government programs. The main strategic framework is the National Climate Change Response Strategy (2010), which is further elaborated in a National Climate Change Framework Policy (2016) and a Climate Change Act (2016). The Act provides an overarching framework for climate risk management at all levels of the government, put into action in the National Climate Change Action Plan (NCCAP, 2018-2022). The NCCAP sets out a range of low-carbon and resilient development pathways for the country through five Enabling and Readiness Actions and 'Seven plus One' Priority Action Areas which are to be implemented at central and decentralized levels.

6. **However, climate action[6] is underfunded in Kenya.** Kenya's third Medium-Term Program (2018-2022) incorporates a financial framework for the implementation of the NCCAP. A recent report on the landscape of climate finance in Kenya[7] shows that climate-related expenditure in Kenya accounted for 25 percent of the of NCCAP budgeted financing needs in 2018/2019, with adaptation constituting only 30 percent of the amount. The report highlights the need to urgently increase financing for climate adaptation in Kenya, for multi-agency and multi-level coordination, and for the National Treasury and Planning (TNT&P) to better track finance flows for climate actions.

7. **Given the multisectoral nature of climate risks in Kenya, several agencies coordinate and implement climate actions.** The agency responsible for coordinating and reporting on the implementation of the NCCAP is the Ministry of Environment and Forestry (MoEF) Climate Change Directorate (CCD). The CCD also functions as the secretariat for a National Climate Change Council, which is responsible for overseeing the implementation of the NCCAP.[8] Mobilization and management of finance for climate resilience actions is the

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[5] World Bank Group. 2020 Kenya Systematic Country Diagnostic.

[6] The term 'climate action' refers to SDG 13: Climate Action, and includes actions that (i) strengthen resilience and adaptive capacity to climate-related disasters, (ii) integrate climate change measures into policy and planning, (iii) build knowledge and capacity to meet climate change, and (iv) build knowledge and capacity to meet climate change.

[7] Government of Kenya and the Global NDC Implementation Partners (GNI Plus). 2021. *The Landscape of Climate Finance in Kenya: On the road to implementing Kenya's NDC*. Nairobi, Kenya.

[8] The National Climate Change Council is chaired by the President of the Republic of Kenya and composed of key Cabinet

responsibility of the TNT&P Climate Finance and Green Economy Unit, while the National Drought Management Authority (NDMA) coordinates drought management and disaster risk reduction actions in the arid and semi-arid lands (ASALs). Oversight of climate action compliance with environmental and social requirements is the responsibility of the National Environment Management Authority (NEMA) and the Ministry of Labour and Social Protection (MLSP), respectively. This multiplicity of actors has resulted in weak coordination of climate risk management at the central level, and insufficient service delivery to the counties.

8. **Kenya's devolved governance system has strong potential to effectively improve communities' resilience to climate change, however the institutional capacity of county governments (CGs) to manage climate change actions and invest in climate-resilient development is generally weak.**[9] Some counties have taken steps to put in place policy, legal, and institutional structures to attract climate finance and implement climate actions, however on-the-ground execution of climate actions is still generally weak and inconsistent as many counties lack the institutional provisions to plan and budget such actions. The coordination between county departments is inconsistent as is the communication coming from communities to wards, and from wards to the CG headquarters. With very few exceptions, counties also lack the appropriate capacities to implement their policy and legal architectures to achieve adaptation objectives and have poor access to- and use of climate information services to inform and track actions.

9. **CGs allocate insufficient resources to CCAPs, mainly because of competing priorities over limited budgets.** Based on a county readiness assessment (CRA) carried out during Program preparation, very few counties allocate the recommended (by draft regulations) 1-2 percent of their county development budget for climate action. There is, however, a lack of accurate data on climate-related expenditures in most counties as these are not recorded through the country's Integrated Financial Management Information System (IFMIS). Nonetheless, there is a growing recognition within CGs of the importance of adapting to climate change and managing related risks, evident in the gradual increase of county-level legislation that dictates adequate budgetary allocations.

10. **There is also insufficient consultation with communities and vulnerable groups during climate action planning and execution, resulting in decisions that often do not directly reflect communities' priorities and needs.** The Climate Change Act considers public consultations a critical element when developing strategies related to climate change at all levels. However, there has been inadequate consultation and engagement of key stakeholders as required by law due to lack or non-existence of consultation structures. Often, gender norms and practices of communities propagate discrimination and exclusion from climate-related decisions, especially among communities in the ASALs, where there are unwritten and deeply entrenched informal rules and gender norms.[10] These norms further marginalize women and other vulnerable groups and increase their vulnerability to climate change.

PforR Program Scope

11. **In June 2020, the Government of Kenya launched the Government Financing Locally–Led Climate Action Program (G-FLLoCA). The G-FLLoCA is derived from the NCCAP with a strong county lens, looking at both**

secretaries, the Council of Governors (CoG), and representatives of civil society, marginalized groups, and academia.

[9] Devolved Climate Finance Alliance, 2019.

[10] This observation is based on an Ada Consortium Policy Brief (2018), which summarizes challenges experienced and actions needed to ensure equal participation of women and youth local climate actions.

enabling environment activities and a system of incentives for local climate action. The G-FLLoCA's stated objective is to strengthen local resilience to the impact of climate change, natural hazards, and other shocks/stressors by building the country's capacity to plan, implement, and monitor resilience investments in partnership with CGs and communities. It targets all 47 counties, including urban, peri-urban, and rural communities within the counties for a period of 10 years (2020-2030). Under the overall leadership of the TNT&P and building on the pilots supported by the World Bank and other development partners, the program consists of six components that are aligned with and support the achievement of the NCCAP Enabling and Readiness Actions and Priority Action Areas.[11] The components are:

(a) ***Component 1: Policy, Legal and Regulatory Framework:*** The component supports strengthened policy, legal, and regulatory instruments for building climate resilience at the national and county levels.
(b) ***Component 2: Capacity Building:*** The component supports strengthened institutional and human capacity to enhance the delivery of low carbon climate resilience actions at the national and county levels. Capacity building is carried out through formal and informal training as well as peer to peer and experiential learning.
(c) ***Component 3: Climate Finance:*** The component supports (i) strengthened policy, and regulatory frameworks for financing climate actions, (ii) enhanced capacity of the CoG and CGs to support investments in climate resilience and low carbon emissions at local level, (iii) enhanced capacity to address climate change emerging Issues (climate shocks and disasters at national and county levels, (iv) strengthened capacity of county structures responsible for climate related sectors; (v) financing of local urban and peri-urban climate actions; (vi) private sector incentivized to support low carbon emissions and climate resilient investments; and (vii) operationalized market-based mechanisms for carbon trade.
(d) ***Component 4: Community-Led Actions:*** The component supports (i) established modalities for community-led local initiatives, (ii) strengthened capacity of communities to deliver climate resilience actions for improved livelihoods, (iii) financed local actions, (iv) strengthened capacity of county structures responsible for climate-related sectors, (v) financed local urban and peri-urban climate actions, (vi) an incentivized private sector to support low carbon emissions and climate resilient investments, and (vii) operationalized market-based mechanisms for carbon trade.
(e) ***Component 5: Technology and Innovation:*** The component supports increased access to green/ environment friendly technologies for low carbon climate resilient investments at the national and county levels, and increased ability to finance local green/environment friendly technologies at the national and county levels.
(f) ***Component 6: Monitoring, Reporting, and Verification (MRV+):*** This component's objective is to improve tracking, verification, and reporting on climate finance by strengthening the structures, systems, and processes for collection, verification, and reporting on climate change at national and county levels. Outcomes are (i) enhanced transparency and accountability on financial support at national and county level, (ii) enhanced transparency and accountability on mitigation and adaptation actions at national and county level, and (iii) improved reporting on climate change by all national and county actors.

[11] The Enabling and Readiness Actions are: (a) Measurement, Reporting, Verification and M&E of Adaptation (MRV+); (b) Climate Finance; (c) Technology and Innovation; (d) Capacity Development and Knowledge Management; and (e) Enabling Policy and Regulatory Framework. The Priority Action Areas are: (i) Disaster Risk Management; (ii) Food and Nutrition Security; (iii) Water and the Blue Economy; (iv) Forestry, Wildlife, and Tourism; (v) Health, Sanitation, and Human Settlements, (vi) Manufacturing; (vii) Energy and Transport; and (viii) Emerging Climate-Relevant Issues.

12. **The G-FLLoCA covers the period 2020-2030 with considerable preparatory activity taken to-date,** including a CRA that looked at gaps in the 47 counties' institutional arrangements and legal and policy frameworks, weaknesses in coordination and reporting of climate actions, and constraints and opportunities that exist in CGs; establishment of a Program Implementation Unit with assigned government staff and hired consultants; official designation of the Program Steering Committee and Technical Committee; and vast consultation and awareness raising programs in all counties and national stakeholders. The program is implemented in phases: a preparation phase in 2020-2021, a county institutional strengthening phase in 2021-2022, and a final stage for local climate action investment and ongoing institutional strengthening in two blocks: 2022-2026 and 2026-2030.

13. **The FLLoCA Program will support key parts of the G-FLLoCA program across its six components.** The boundary of the Program is described in Table 1.

Table 1. FLLoCA Program Boundary – Summary

	G-FLLoCA program	FLLoCA Program	Reasons for non-alignment
Objective	The overall program goal is to is to support Kenya's transition to a low carbon climate resilient development pathway via six specific objectives.	Strengthen county government capacity to manage climate risk and deliver locally-led climate resilience investments.	The Program will support key objectives relating to the enabling environment, county capacity building and financing of local climate action.
Duration	2020-2030	2021-2026 The FLLoCA Program will focus its support on the final year of preparation (end 2021-2022) and the first four years of implementation (2022-2026) with grants provided in 2022-2025 and closing processes taking place in 2026.[12]	The Program will support the program's initial five years. The MTR will review progress and scope to consider extend support with Additional Financing.
Geographic Coverage	Entire country	Climate action support to rural counties (45); institutional support to all counties (47)	The criteria for determining the climate action grants will emphasize exposure and vulnerability to climate risk, favoring rural counties and wards. Complement existing World Bank-supported Programs in urban areas (e.g., KUSP).

[12] In addition, program preparation resources in the amount of US$3.2 were provided to the GoK, to be recovered from the FLLoCA's IPF component.

Result Areas	**Component 1:** Enabling Environment (2 Outcomes) **Component 2:** Capacity Building (2 Outcomes) **Component 3:** Climate Finance (8 Outcomes) **Component 4:** Community-Led Actions (7 Outcomes) **Component 5:** Technology and Innovation (4 Outcomes) **Component 6:** MRV+ (6 Outcomes)	**Component 1:** Both 2 Outcomes **Component 2:** Both 2 Outcomes **Component 3:** 2 of 8 Outcomes **Component 4:** 4 of 7 Outcomes **Component 5:** 2 of 4 Outcomes **Component 6:** All 6 Outcomes	The Program will support key objectives relating to the enabling environment, county capacity building, and financing of local climate action. As noted below, the IPF component will support G-FLLoCA's national outcomes and the PforR component will support G-FLLoCA's county-level outcomes.
Overall Financing	US$1.05 billion	US$251.4 million	The World Bank will contribute US$171.4 million to those parts of the G-FLLoCA program within the Program boundary and the GoK will contribute US$80 million.

14. The PforR is clustered into two Result Areas as follows:

(a) **Result Area 1: County institutional capacity building for locally-led climate action.** A conditional County Climate and Institutional Support (CCIS) Grant will strengthen climate risk management capacity, including establishment of Climate Change Units and CCCFs, and adoption of supporting legislation in the counties; development and implementation of community education and awareness raising programs; establishment of business and information centers in counties with information flows to the Maarifa Center and the KCCKP; enhancement of the capacity of Climate Change Units and County Assemblies for supporting local participatory climate action prioritization and implementation response (supported under Result Area 2), developing bankable projects, and monitoring and reporting on county-level climate finance and actions; development of climate information services and early warning systems to communities and other local stakeholders; and establishment of M&E systems for climate resilience actions and climate finance in counties. This Result Area supports the G-FLLoCA components 1, 2, 3, 4, and 6 and county-level outcomes related to policy, legal and regulatory frameworks; institutional and human capacities; modalities for community- led local initiatives; and transparency and accountability on financial support and finance actions.

(b) **Result Area 2: Locally-led climate resilience action.** Low-emission climate resilience actions will be financed through a conditional County Climate Resilience Investment (CCRI) Grant following a facilitated participatory process. The process will begin with participatory climate risk assessments of counties that identify, estimate, map, and rates climate change risks and other hazards. This will be a necessary step for the adoption of risk reduction measures and proportionate response measures while enhancing the awareness of communities and CGs about potential risks and needed actions. Based on the assessments and communities' own knowledge and risk management strategies, communities will prioritize local climate actions with facilitation and technical support of Climate Change Unit and CG sectoral departments, which will be trained for this purpose under Result Area 1. The prioritized actions will be endorsed and budgeted by the WCCPC and approved by the County Assembly. Some of the actions are expected to address risks which interact with, or are affected by, climate risks, such as COVID-19, disease outbreaks, and locust infestations. This Result Area supports the G-FLLoCA components 4 and 5 and county-level outcomes related to county financing of local initiatives and county access to green/ environmentally friendly technologies.

15. There are no activities or high value contracts in the government's program that should be excluded from the PforR component in accordance with the World Bank's Policy and Directive on Program-for-Results Financing.[13] The Program Implementation Manual spells out the exclusion of high-value contracts. The Program procurement does not involve procurements within the World Bank (Operations Procurement Review Committee/OPRC) thresholds; hence, a beneficial ownership pilot will not be applicable.

16. **The Program's IPF component will finance national-level activities which enable locally-led climate finance in support of the G-FLLoCA components 1,2,3, and 6, as well as project management costs.** Activities will be grouped into:

(a) ***Sub-component IPF-1: Capacity and Coordination Support.*** This sub-component will finance operational and technical capacity building of relevant national entities, namely the TNT&P, CCD, Ministry of Devolution and ASAL, Climate Finance and Green Economy Unit, NEMA, Directorate of Occupational Safety and Health Services (DOSHS), CoG, NDMA, Kenya Meteorological Department (KMD), Ministry of Water and Sanitation, and the Kenya Wildlife Service. Capacity building activities will aim to improve entities' ability to support counties to develop and operationalize their climate change-related policies and regulations and establish clear coordination mechanisms between the entities. The sub-component will finance the hiring of consultants to provide training on subject relevant to the entities' role in fostering climate resilience in counties in accordance with the capacity needs assessments' areas of priority and also address entities' operational weaknesses to make sure they are able to effectively and efficiently support the counties. The sub-component will also finance the necessary capacities, equipment, and software of the Maarifa Center and the KCCKP to enable them to serve as state-of-the-art national centers that document and share experiences, innovations, and solutions for counties' climate resilience (relevant to the Maarifa center) and as a one stop repository of national and county climate change information (relevant to the KCCKP).

(b) ***Sub-component IPF-2: Social Risk Management Support.*** This sub-component will assist the MLSP to institutionalize social risk management (SRM) at the national and county levels, and to help counties to pilot the screening of climate actions for social impacts. At the national level, the sub-component will finance costs related to the creation of a national multi-stakeholder committee on SRM to ensure broad institutional support to the process, and the establishment of a unit under the MLSP's State Department for Social Protection to conduct SRM of development projects and government programs. These

[13] In the context of the PforR instrument, High-Value Contracts are defined as those contracts that would normally be subject to review by the Bank's Operations Procurement Review Committee (OPRC) based on Procurement Prior Review Thresholds set-out in the "Bank Procedure, Procurement in IPF and other Operational Procurement Matters".

activities will include capacity building of committee and unit staff, extensive consultations with stakeholders, public fora, knowledge dissemination activities with national and county stakeholders and communities, and the purchase of equipment and software. At the county level, the sub-component will finance technical assistance, equipment, and software to all 47 counties to institutionalize, operationalize, and pilot the application of SRM principles in climate actions in the CGs. The sub-component will also finance technical assistance to academic institutions in Kenya to develop SRM curricula for social professionals, manage their continuous professional development, and regulate their professional conduct. The support to be provided under this sub-component will build upon county safeguards management capacities established under the Kenya Devolution Support Program (KDSP) and the Kenya Urban Support Program (KUSP).

(c) ***Sub-component IPF-3: Program management and M&E support.*** This sub-component will finance the incremental operating costs of the Program Implementation Unit, and the hiring of technical and operational specialists that will manage, monitor, and evaluate the Program. Program Implementation Unit members will receive training to ensure their ability to support the Program and adhere to World Bank guidelines and procedures concerning the IPF Component. Workshops and meetings between stakeholders will also be supported, as well as a Program Resource Center at the Program Implementation Unit and in four decentralized locations to coordinate public awareness programs, contact with media outlets, and resource mobilization to the counties. Finally, the sub-component will finance the operating costs of the Program Steering Committee, CF-TAC, and National Climate Change Council to facilitate their oversight of and technical support to the Program.

C. Proposed Program Development Objective(s)

Program Development Objective(s)

17. The PDO is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risks. Table 2 below outlines the PDO-level indicators per Program Outcome.

Table 2. Program Outcomes and Indicators

PDO-Level Result	PDO-Level Indicators
Deliver locally-led climate resilience actions	1. Number of rural wards benefitting from Program-funded functioning resilience investments in the agriculture, environment, water, or other prioritized sectors (Number) 2. Participating counties that spend >50% of their approved budgeted CCRI Grant amount (Percentage) 3. Participating counties where at least 60% of the utilized CCRI Grant budget is spent on in climate-resilient actions relevant to agriculture, environment, and/or water sectors (Percentage, disaggregated by portion of allocation benefitting marginalized groups)
Strengthen county government capacity to manage climate risk	4. Counties' average Annual Performance Assessment score (Percentage)
Strengthen national government capacity to manage climate risk	5. Annual national entity capacity building plan delivered (Percentage)

Environmental and Social Effects

18. **Kenya has robust national environmental legislation, policy, and management system but weak social management systems.** The environmental and social risk management under the Program will be mostly based on the existing national legal, regulatory, and institutional system for environmental and SRM in Kenya. Broadly, drawing on experience and lessons from the implementation of environmental and SRM under ongoing World Bank-funded PforRs and the ESSA prepared for this Program the Kenyan regulatory system shows that SRM systems are not as well developed as the environmental management systems. The management of environmental and social risks in different counties assessed is also uneven, which can be due to lack of relevant experience and competencies in risk management at the national and county levels, especially on social issues. Given the significant geographic dispersion of the participating counties, different scale of proposed investments, and the potential cumulative environmental and social impacts associated with the program, the overall environmental and social risk of the Program is rated as Substantial.

19. **To address these weaknesses, the Program will strengthen county level systems to manage climate resilience actions' risks**. National government officers at the county level, such as Social Development, Labour, and Gender Officers and county officers, shall be involved in managing the social risks of the Program. The Program will collaborate with the NEMA to build the capacity of counties on climate resilience actions' screening, preparation of environmental and social assessment documents, and monitoring of the ESMP during actions' implementation. Also, the Program will collaborate with the DOSHS to enhance the capacity of the counties for community OHS, develop an OHS checklist for minor civils works, and train the environmental and social focal points. The Program will support the strengthening of the TNT&P and the counties' social and environmental risk management systems in all counties. This will include the recruitment of an environmental and social specialist at the TNT&P PIU and social and environmental safeguards focal points in each county.

20. **FLLoCA incorporates measures to address environmental and social risks in the Program design.** The Program will exclude high risks projects (Category A projects: projects that have significant negative environmental and social impacts that are sensitive, diverse, or unprecedented). The county-level environmental and social focal points will be guided by the Program's Environmental and Social Manual, annexed to the POM, in screening for exclusion. Moreover, the Manual will also provide guidance for the rigorous sub-project screening of remaining environmental and social risks.

21. **The IPF component will finance actions to strengthen the Borrower's framework for climate risk management and SRM at national and county levels.** Institutionalization of SRM will build on the preparatory work with national stakeholders facilitated by the World Bank. Stakeholder engagement took place through a series of workshops, which brought together key national stakeholders as a *de facto* taskforce to discuss SRM of development projects in Kenya. The main outcomes of the process were: (i) a study of Kenyan legislation related to SRM; (ii) a dialogue with universities and learning institutions on developing training options for civil servants/practitioners on the new framework; and (iii) direct support to the MLSP for SRM. This taskforce has evolved into a Multi-Stakeholder Committee. The Program's Stakeholder Engagement Plan (SEP) will follow this methodology and a structured stakeholder consultation process as laid out by the Kenyan legislative process.[14] The plan includes specific actions for stakeholder engagement.

(a) <u>ESS1: Assessment and Management of Environmental and Social Risks and Impacts</u>. Activities are not foreseen to result in any significant potential adverse risks and impacts on human populations or the environment and would result in negligible potential environmental and social risks and impacts. The government prepared a Stakeholder Engagement Plan and Labor Management Procedures (LMP) prior to appraisal.

(b) ESS2: Labor and Working Conditions. LMP were put in place by appraisal. Program activities will be implemented by civil servants from participating ministries and county staff and contracted consultants. Although labor considerations will be minimal and there is low to negligible risk of child labor, the procedures will include codes of conduct acceptable to the World Bank to mitigate the risk of harassment or misconduct in the workplace and in contact with communities. They will also ensure that national labor-related laws are upheld, such as the Public Service Act, Labor Law, and the Public Service Human Resource Policy, as are institutional roles related to enforcement of the laws, and recruitment, discipline, appraisals, and dismissals. A redress mechanism for work-related grievances will be provided to civil servants, county staff, and consultants engaged in the Program, with necessary considerations for confidentiality and whistle-blower protection.

(c) ESS4: Community Health and Safety. IPF-financed activities will not pose any social risk covered under ESS4. However, the development of policies, regulations and/or standards on community health and safety will be consistent with the principles of ESS4. Moreover, civil servants and consultants will sign and abide by a code of conduct, which will cover their interactions with community members during consultation processes.

(d) ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement. IPF-financed activities will not pose any social risk covered under ESS5.

(e) ESS7: Vulnerable and Marginalized Groups (VMGs): The activities under the IPF component will focus on building systems to identify and mitigate potential negative impacts and ensure inclusion of all relevant vulnerable groups including those identified as VMGs according to ESS7 and as marginalized communities (Art. 56) by the Kenyan Constitution. The SEP specifies the meaningful consultation of VMGs during the validation of the SRM Framework. There will be deliberate effort at the county level to ensure that VMGs are meaningfully consulted, have access to the GRM and benefit from the Program interventions.

22. Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

[14] The multi-stakeholder taskforce included at the national level: MLSP, NEMA, Kenya School of Government, CoG, National Gender and Equality Commission, University of Nairobi, NLC, Ministry of Devolution and Arid and Semi-Arid Lands (MoDA), Environment Institute of Kenya, National Council for Persons with Disabilities, National Cohesion and Integration Commission, Kenya Commission on Human Rights, Ministry of Public Service, Youth and Gender.

Legal Operational Policies

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

Summary of Assessment of Environmental and Social Risks and Impacts (With IPF Component for PforR)

23. IPF components have been screened for potential environmental and social risks and impacts. The proposed TA for capacity building both at national and sub-national level will result in negligible risks and impacts to the human population and environment. Downstream risks of policies and legislation developed will integrate environmental and social dimensions and have only process-related risks of not achieving desired effectiveness.

E. Financing

24. **The FLLoCA will be financed by a US$150 million IDA Credit, a US$21.4 million Grant from a Multi-Donor Trust Fund with resources from the Government of Denmark (US$9.8 million grant equivalent) and the Government of Sweden (US$11.6 million grant equivalent), and US$80 million from the GoK.** The credit and grants will finance both the PforR and IPF components while the GoK counterpart financing will support the PforR component: US$75 million will be provided by CGs while US$5 million will be provided by the National Government Denmark has been supporting Kenya's devolution agenda since 2013, including through the KADP. Its 2021-2015 Country Program supports*, inter alia*, environmental governance engagements and implementation of climate resilience and adaptation projects at the county level. Climate, environment, and resilience are considered important thematic areas for Sweden's support in Kenya, and Sida was a key implementation partner of the CCCF pilots in counties between 2011 and 2018. The credit and grants will finance both the PforR and IPF components as described in Table 3 below.

Table 3. Summary of Program Financing by Component (US$ million)

Component	**IDA**	**Government of Denmark**	**Government of Sweden**	**Total**	**% of Total Amt.**
PforR Result Area 1: County institutional capacity building for locally-led climate action	10.90	1.00	1.50	13.40	8%
PforR Result Area 2: Locally-led climate resilience action	128.45	4.00	3.80	136.25	80%
Subtotal – PforR component	139.35	5.00	5.3	149.65	88%
% of PforR component	*93%*	*3%*	*4%*	*100%*	-
IPF 1: Capacity and coordination support	7.45	3.0	3.7	14.15	8.5%

IPF 2: Social Risk Management support	1.06	0.0	1.25	2.31	1.5%
IPF 3: Program management and M&E	2.14	0.0	1.25	3.39	2%
Subtotal – IPF component	10.65	3.0	6.2	19.85	12%
% of IPF component	*54%*	*15%*	*31%*	100%	-
Total	**150.0**	**8.0**	**11.5**	**169.5**	-
% of total hybrid operation	*88.5%*	*4.7%*	*6.8%*	*100%*	-

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