



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 09/14/2020 | Report No: ESRSC01602



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Kenya	AFRICA EAST	P173065	
Project Name	Financing Locally-Led Climate Action Program		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Social Sustainability & Inclusion	Program-for-Results Financing	9/30/2020	2/26/2021
Borrower(s)	Implementing Agency(ies)		
The National Treasury	The National Treasury		

Proposed Development Objective

To strengthen county governments’ capacity to plan, implement and monitor resilience investments in partnership with communities.

Financing (in USD Million)	Amount
IPF Component	30.00
Total Project Cost	300.00

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

No

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

The proposed project aims to strengthen local resilience to the impacts of climate change, natural hazards, and other shocks/stressors by building capacity to plan, implement and monitor resilience investments in partnership with communities. It will emphasize the governance, social inclusion and citizen participation aspects of climate and disaster risk management, and support resilience investments identified by counties in partnership with communities. The project will be national in scale and will be designed to build the capacities and systems for understanding, planning, administering climate investments while at the same time funding the investments themselves. The project will support county readiness for supporting locally-led climate action by helping to put in place the mechanisms,



policies, regulations, and capacities at the county level for participatory climate risk planning, implementation and monitoring; capitalize the national level and County Climate Change Funds to finance investments that reduce climate and disaster risk while supporting communities to adapt to future climate scenarios; and support the strengthening of a cross-government team to support local to national climate action and capacity for coordination and reporting through the engagement of the National Treasury Climate Finance and Green Economy Unit, Climate Change Directorate (CCD), the Council of Governors, Ministry of Devolution, and other key stakeholders who play critical roles in coordinating, monitoring, and reporting on climate change activities in the country.

D. Environmental and Social Overview

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

The operation will be financed through an hybrid of Program for Results (PforR) and Investment Project Financing (IPF) which will be implemented nationally across the 47 Counties in the Country. The IPF component will provide Technical Assistance for capacity building that will support to the national government and county governments' readiness to support the implementation of project activities. These government agencies include the National Treasury, Climate Change Directorate (CCD), the National Disaster Management Authority (NDMA), the Kenya Meteorological Department (KMD), Kenya School of Government (KSG), Ministry of Labor and Social Protection (MLSP) and the Council of Governors (CoG).

The operation shall have the following four components:

PforR Component 1: County readiness for supporting locally-led climate action

This area will cover activities to put in place the mechanisms, policies, regulations, and capacities at the county level for participatory climate risk planning, implementation and monitoring. The capacities, policies and institutions of county governments to understand, address and support climate action at the local level varies greatly.

PforR Component 2: Locally-led climate action grants

The bulk of the funding would be channeled through this expenditure area to support local actions and adaptation activities in the counties as prioritized by communities and counties. The establishment of County Climate Change Funds (CCCFs) is one of the priorities of the National Climate Change Action Plan (2018–2022). The CCCFs will finance investments that reduce climate and disaster risk while supporting communities to adapt to future climate scenarios. CCCF investments could be used, for example, to support resilience focused on livelihoods, livestock, water, natural resource governance, climate information services, etc. Environmental and social risk management applied to these grants will be implemented through the P4R Program at county and national level in line with the project's Environmental and Social Systems Assessment (ESSA) and guided by the Environmental and Social Implementation Manual for the project, which incorporates the core principles of the ESF, by capacity building for the Program's Environmental and Social Experts at National and County Government, the Ward and County Climate Change Committees will be carried out under the IPF component by (i) Establishing a stakeholder engagement process in all the counties under the Program; (ii) Establishing a project level GRM; (iii) Training of the Ward and County Level Committees Training of all the Program's Social Specialists/Experts and the committees. All advice provided by the Bank will be consistent with the ESF

IPF Component 3: Building cross-government team to support local climate action for coordination and reporting



Support would be provided at a national level to strengthen linkages between the Climate Change Directorate (CCD), the Council of Governors, the National Disaster Management Authority (NDMA), KMD, KSG, and other actors who play key roles in coordinating, monitoring, and reporting on climate change and disaster risk management activities in the country.

The CCD serves as the national knowledge and information management center for collating, verifying, refining, and disseminating knowledge and information on climate change, they will play a key role. The CCD will establish an intergovernmental committee comprised of members of CCD, CoG, NDMA and chaired by the CECM Natural Resource Management to oversee the functioning and reporting.

The IPF Component 3 will also support the (i) capacity building for the P4R Program at county and national level in line with the project’s Environmental and Social Systems Assessment (ESSA) and its Environmental and Social Implementation Manual for the project which incorporates the core principles of the ESF; and (ii) country’s capacity building on social risk management (SRM)

D. 2. Borrower’s Institutional Capacity

The National Treasury (NT) will be the coordinating agency to implement both the IPF and PforR components of the operation.

In terms of the IPF components, the NT has experience coordinating World Bank-financed projects and programs but lacks the environmental and social staff to manage environmental land social risks and impacts. Nevertheless, the NT will strengthen its capacity by recruiting environmental and social staff with the necessary skills to advise on the Program’s environmental and social capacity building dimensions.

This project will be implemented as a hybrid PforR/IPF. The ESF will be applied to components 3 and 4. The only component that includes physical works (comp. 2) will be financed through a PforR modality and will therefore be covered by the ESSA of the program.

Public Disclosure

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

A. Environmental and Social Risk Classification (ESRC)

Moderate

Environmental Risk Rating

Low

The proposed operation will be financed through a hybrid of an IPF and PforR instruments. The components 1 and 2 will be implemented through the PforR instrument and components (3 and 4) will be financed as Technical Assistance for capacity building activities for the National and Sub-National levels under the IPF instrument. The ESF applies to components 3 and 4. The only component that includes physical works (comp. 2) will be financed through the PforR covered by the Environmental and Social Systems Assessment of the program which is consistent with the ESF principles of the ESF. The initial E&S screening did not identify any significant potential environmental risks and/or impacts for components 3 or 4 covered under this ESRS. The relevance of ESS1, ESS3, ESS4, ESS6 and ESS 8 will be further assessed during project preparation. The type of technical assistance provided will be consistent with the ESF by explicitly strengthening country systems on local climate action and SRM. The proposed capacity building activities under the TA will include: (i) strengthening linkages between actors on the climate change; (ii) coordination through intergovernmental committees; (iii) monitoring and reporting on the implementation of the National Climate Change



Action Plan; (iii) knowledge sharing and dissemination activities; and (iv) developing the Social Risk Management Framework at the national and county level. Thus, the environmental risk classification is considered as Moderate to Low to be confirmed during project preparation.

Social Risk Rating

Moderate

The Social Risk Rating is considered to be Moderate. This risk rating will be reviewed and confirmed at the appraisal stage. The IPF Components 3 and 4 will involve capacity building on SRM, which will be directed towards Technical Assistance to the Ministry of Labour and Social Protection (MoLSP) on SRM. These activities will not in themselves have direct adverse social impacts but there may be downstream impacts due to the sensitivity of social issues in Kenya. According to the definitions of the OESRC Advisory Note Technical Assistance and the Environmental and Social Framework (May 21, 2019), this project will include two types of TA: Type 2 Supporting the formulation of policies, programs, plans, strategies or legal frameworks and Type 3 Strengthening borrower capacity. The content of these frameworks and capacity building will not only be aligned with the ESF, but will actually enhance country systems both for local climate action and the management of social risks.

The MoLSP will be an implementing partner under the project. The Department of Social Development under MoLSP derives its mandate from the Presidential Executive Order No. 1 of 2018 that currently includes (1) community mobilization; (2) family promotion and protection; (3) community development policy; (4) registration of self-help groups; (5) implementation of the Social Protection Policy; (6) policies and programmes for persons with disabilities; (7) policies and programmes for older persons; (8) National Volunteerism Policy; (9) Vocational Training and rehabilitation of persons with disability. It is now in the process of expanding its mandate to include the establishment of a Social Risk Management Unit that will be in charge of advising on the prevention and mitigation of social risks on national and county development projects and programs (including, et al, the review and approval of social impact assessments and oversight of mitigation measures during implementation), in coordination with other national and county institutions. The Ministry could choose to establish a policy, and perhaps ultimately a bill, to formalize the establish

Specifically, the initial social screening identified the following risks and mitigation measures.

Risk 1: Reputational and attributable risks to the World Bank relating to ineffective operation of the SRM unit and its regulatory mechanisms

Mitigation Measure 1: Full integration of social objectives in the TA process by emphasizing institutional strengthening and practical application of new regulations, focused on functionality.

Rating: Moderate

Risk 2: Lack of support for the SRM institutional framework from institutions with more limited or contending mandates on SRM Mitigation

Measure 2: The activity will ensure transparency through stakeholder participation and public information disclosure, as it has been so far, by engaging national-level stakeholders and encouraging the establishment of a multi-institutional taskforce.

Rating: Low



Risk 3: If procedures are not aligned with existing environmental licensing procedures, approval processes for development projects can become more cumbersome and discourage private investment.

Mitigation Measure: Prioritization of efforts to streamline processes within existing licensing procedures to the extent possible and technically viable.

Rating: Moderate

Risk 4: The TA to develop the MLSP’s SRM framework could lead the Ministry to embark on legal reforms.

Mitigation Measure: The likelihood of this risk is low in the current project design, given that legal reforms on substantive risks are not envisaged. However, if the design changes during implementation to include legal reforms, the ESF adaptive management principle will be invoked to revisit the risk rating. In the unlikely case that these legal reforms involve a departure from the World Bank’s ESF, the appropriate contractual remedies will be taken by Bank management.

Rating: Moderate

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

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The proposed operation will be financed through a hybrid of the PforR and IPF. The IPF components include: (i) Component 3, Building cross-government team to support local climate action capacity for coordination and reporting and capacity building for social risk management; and (ii) Component 4, Effective climate finance management and programme coordination. The financing of these components on Technical Assistance for capacity building and development of a regulatory framework to both national and sub-national governments and agencies involved on Climate Change issues and overall coordination is not foreseen to result in any significant potential adverse risks and impacts on human population or environment result to negligible potential environmental and social risks and impacts. The project (IPF component) will prepare Stakeholder Engagement Plan and Labour Management Procedures (LMP) to be disclose prior to appraisal. The relevance of ESS1, ESS3, ESS4, ESS6 and ESS 8 will be further assessed during project preparation.

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

The IPF components covered under this ESRS will focus entirely on strengthening the borrower framework both at national and county levels for climate change resilience policy and social risk management.

ESS10 Stakeholder Engagement and Information Disclosure



IPF Component 3's stakeholder engagement will build on the preparatory work facilitated by the Bank during the last year amongst national-level stakeholders. The stakeholder engagement has gone through a series of workshops that have brought together key national stakeholders (listed below), as a de facto taskforce, to engage on SRM on development projects in Kenya. The main outcomes of the process so far have been on four fronts: (i) multi-stakeholder engagement; (ii) regulatory environment in the form of a legal study of Kenyan legislation related to SRM; (iii) support to national capacity development providers by leading a dialogue with universities and learning institutions to develop training options for civil servants/practitioners on the new framework and (iv) direct support to coordination agency (MLSP). The project's stakeholder engagement plan will include specific actions for this component. It will continue to follow the multi-stakeholder taskforce methodology as well as more structured stakeholder consultation process laid out by the Kenyan legislative process.

National level:

- Ministry of Labor and Social Protection (MLSP)
- National Environment Management Authority (NEMA)
- Kenya School of Government (KSG)
- Council of Governors (CoG)
- National Gender and Equality Commission (NGEC)
- University of Nairobi (UoN)
- National Land Commission (NLC)
- Ministry of Devolution and Arid and Semi-Arid Lands (MoDA)
- Environment Institute of Kenya (EIK),
- National Council for Persons with Disabilities (NCPWD)
- National Cohesion and Integration Commission
- Kenya Commission on Human Rights
- Ministry of Public Service, Youth and Gender

Local level:

- 47 County governments

Non-state:

- Civil society organizations at both national and local level
- Civil society organizations run by or representing indigenous peoples (IPOs)
- Civil society organizations run by or representing people with disabilities (DPOs)
- Traditional representatives of local communities
- Traditional representatives of indigenous peoples

B.2. Specific Risks and Impacts

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

ESS2 Labor and Working Conditions



Labor Management Procedures (LMP) will be put in place for Components 3 and 4 by appraisal. The activities will involve civil servants from participating ministries 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 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 public service act, labor law, and public service human resource policy et al and 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 project civil servants and consultants, with necessary considerations for confidentiality and whistle-blower protection.

ESS3 Resource Efficiency and Pollution Prevention and Management

Relevance of this ESS will further be assessed during project preparation.

ESS4 Community Health and Safety

ESS4 Community Health and Safety

Relevance of this ESS will further be assessed during project preparation.

However, the development of policies, regulations and/or standards on community health and safety developed as a part of the regulatory framework on social risk management under Component 3 will be fully 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.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

As stated in the risk classification justification, the activities covered in this ESRS will not pose any social risk covered under ESS5.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevance of this ESS will further be assessed during project preparation.

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

The relevance of this standard will be determined during project preparation.

ESS8 Cultural Heritage

Relevance of this ESS will further be assessed during project preparation.



ESS9 Financial Intermediaries

This standard is not relevant to this project.

B.3 Other Relevant Project Risks

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

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

Common Approach is not under consideration.

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

Actions to be completed prior to Bank Board Approval:

Stakeholder Engagement Plan (SEP)

Labor Management Procedures (LPM)

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

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C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 30-Sep-2020

IV. CONTACT POINTS

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Public Disclosure



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Borrower/Client/Recipient

Borrower: The National Treasury

Implementing Agency(ies)

Implementing Agency: The National Treasury

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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