



**GOVERNMENT OF KENYA**

**MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES**

**STATE DEPARTMENT OF INVESTMENT AND INDUSTRY**

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**KENYA INDUSTRY AND ENTREPRENEURSHIP PROJECT (P161317)**

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**ENVIRONMENTAL AND SOCIAL MANAGEMENT  
FRAMEWORK (ESMF)**

**(DRAFT)**

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## ACRONYMS AND ABBREVIATIONS

BDS	Business Development Services
EA	Environmental Assessment
EIA	Environmental Impact Assessment
EHS	Environment Health and Safety
EMCA	Environmental Management and Coordination Act
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESMMP	Environmental and Social Management and Monitoring Plan
ESSF	Environmental and Social Screening Form
GOK	Government of Kenya
ICT	Information and Communication Technology
IP	Indigenous Peoples
KIEP	Kenya Industry and Entrepreneurship Project
KITI	Kenya Industrial Training Institute
MoITC	Ministry of Industry, Trade and Cooperatives
NEMA	National Environment Management Authority
PDO	Project Development Objective
PIU	Project Implementation Unit
PSC	Principal State Council
PSEA	Prevention of Sexual Exploitation and Abuse
PWC	Price Waterhouse Coopers

OP/BP	Operational Policy/ Bank Policy
SEA	Sexual Exploitation and Abuse
SMEs	Small and Medium-sized Enterprises
TA	Technical assistance
TEI	Tertiary Education Institution
WBG	World Bank Group
VC	Venture Capitalist
VMG/IP	Vulnerable Marginalized Group/ Indigenous People

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## EXECUTIVE SUMMARY

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### ***Introduction***

This document presents an Environmental and Social Management Framework (ESMF) for the Kenya Industry and Entrepreneurship Project (KIEP). The ESMF ensures that the project activities are compliant with the relevant requirements of national policies, regulations and legislations as well as the World Bank Safeguards Policies and Procedures. The objective of this ESMF is to set out the principles, rules, guidelines and procedure to assess the environmental and social impacts and monitoring to ensure that environment and social aspects are duly considered. This ESMF only applies to those activities that will be financed, either directly or indirectly, by the KIEP, and not to any other activities that a supported beneficiary may be otherwise involved in; all language in this ESMF should be interpreted under this light.

### ***Project Objectives and Description***

The Kenya Industry and Entrepreneurship Project (KIEP) aims to strengthen the existing start up ecosystem in Kenya and leverage it to help address the pervasive challenges of low productivity and innovation at the firm level, particularly in lagging sectors with high potential for employment generation. The Project Development Objective (PDO) for the Project is “to increase innovation and productivity in select private sector firms.”

The Project consists of three components as highlighted below:

- Component 1: Strengthening the innovation and entrepreneurship ecosystem
  - Subcomponent 1a: Strengthening the ecosystem’s support infrastructure
  - Subcomponent 1b: Connecting the ecosystem to international networks and local industries
- Component 2: SME Linkages and Upgrading
- Component 3: Communications, M&E and Project Implementation Support

Component 1 seeks to strengthen the entrepreneurship and innovation ecosystem in Kenya by building the capacity of intermediaries such as incubators, accelerators, innovation-hubs (I-hubs) and boot camp providers to offer better quality services. It also seeks to connect the Kenyan ecosystem to international networks of talent and support infrastructure, and foster linkages between startups and traditional industry to help the latter innovatively address productivity and competitiveness challenges. In addition, it aims to bridge the technical skills gaps by linking young talent to the private sector and academia.

Component 2 strives to increase productivity and innovation at the firm level by supporting firms to improve their managerial and technical skills and their use and access to technology. The last component, Component 3, would include Communications, Monitoring and Evaluation, and provide support to the implementation and management of the project.



## *Project Beneficiaries*

The Project's direct beneficiaries are formal private sector firms in Kenya, including incubators, accelerators and technology bootcamp providers (referred to collectively as Intermediaries), SMEs, and corporates, potentially select TEI under the industry-academia program, and select tertiary education and technology bootcamp students. Indirect beneficiaries of this Project include firms benefiting from the incubation/acceleration services, technology bootcamps, or linkage programs, as well as individuals, including those employed by a firm that benefits from these programs, and those preparing for or entering the job market.

## *Projects environmental and social baseline*

The specific location of all Project related activities is not known at this time but it is expected to be in major urban centres where target beneficiaries are concentrated. Chapter 4 of this report describes the overall baseline condition of Kenya in terms of biophysical environment, as well as the socio-economic context. Existing environmental and socio-economic conditions will, in many cases, provide a basis for predicting impacts of the project components and sub-components. The project activities will be implemented within premises of existing firms, which therefore mean that they will not have any direct interactions with indigenous people lands and territories.

## *Policy legal and institutional framework*

The following relevant policy, legal and institutional frameworks relevant to KIEP were reviewed

### *Laws and regulations*

- The Constitution of Kenya 2010
- The Environment Management and Co-ordination Act, 1999
- Environmental Impact Assessment and Audit Regulations 2003
- The Water Act, 2016
- The Occupational Health and Safety Act, 2007
- Water Quality Regulations (2006)
- EMCA (Wetlands, riverbanks, lakeshores and Sea shore management) regulations, 2009
- EMCA (Waste Management) Regulation, 2006

- EMCA (Noise and Excessive Vibration Pollution Control) Regulations, 2009
- Environmental Management and Coordination Act (Air Quality) Regulations, 2014
- Environmental Management and Co-Ordination (Draft E-Waste Management) Regulations, 2013
- Electric Power Act, 2006
- Electricity Regulatory Commission (Energy Policy of 2004, Energy Act of 2006 & various Regulations.
- National Gender And Equality Commission Act No. 15 Of 2011
- Micro and Small Enterprises Act, 2012
- Sexual Offences Act, 2006
- Pest Control Products Act CAP 346

### ***Institutions***

- National Environment Management Authority
- Ministry of Industry, Trade and Cooperatives
- Directorate of Occupational Health and Safety Services (DOHSS)

### ***Safeguard Policies and Triggers***

The Project is assigned an Environmental Category B partial assessment and triggers the safeguards policy on Environmental Assessment (OP/BP 4.01) given the implementation of activities in which project beneficiaries may purchase equipment and technology. Since the specific locations/sites were not confirmed during the preparation stage of the Project, the upstream safeguard has adopted framework approach and thus prepared this ESMF.

No social impacts related to IPs or involuntary resettlements are anticipated under any of the activities proposed for implementation under the three components of the project. This is because the activities will be implemented within the premises of existing firms. For this reason, the project has not triggered the Social Safeguard Policies, OP/BP 4.10 (Indigenous Peoples) and OP/BP 4.12 (Involuntary resettlement).

The objective of this Environmental and Social Management Framework (ESMF) is to ensure that any adverse environmental and social impacts are avoided or appropriately mitigated and compensated for where necessary. The ESMF is based on the World Bank's environmental and social safeguard policies as well as Kenyan laws and policies. It will enable project proponents (the Ministry of Industry, Trade and Cooperatives (MoITC)) and beneficiaries to integrate and incorporate environmental and social concerns in the entire cycle of project implementation. The ESMF provides an overview of relevant World Bank Safeguards Policies and Government of Kenya regulations and describes the planning process concerning environmental and social

issues, including screening, preparation, implementation, and monitoring of all project components and subcomponents to ensure full compliance with the agreed guidelines

### ***Project Potential Environmental and Social Impacts***

It is anticipated that the majority of investments supported in this Project will be in the services or technology sphere, with low-medium associated environmental or social risks and impacts. The activities of the project beneficiaries related to project implementation may result in negative environmental impacts, if environmental and social aspects are ignored or improperly managed, as they relate to the instalment and operation of new or disposal of old IT equipment. Other project activities do not pose such risks, since they relate to technical assistance, focused on capacity building and training.

Projects Components	Activities	Potential impacts
Component 1 Sub component 1a	This subcomponent will finance a consulting firm to: (i) develop a diagnostic tool to assess ecosystem intermediaries; (ii) conduct a call for expressions of interest for intermediaries to undergo the diagnostic and then pre-select 15-20 incubators and accelerators, and 8-10 bootcamp providers to take part; (iii) administer the diagnostic, and invite those intermediaries to submit their performance or expansion plans for funding consideration; (iv) through a business plan competition, select two cohorts of 5-7 incubators and accelerators and up to 4 bootcamp providers each that will receive funding; (v) after selection, administer and supervise the performance contracts or expansion plans for the cohorts under each track, including disbursements; (vi) analyze the rich data set from the diagnostics and the performance contract reports and facilitate sector coordination activities, including efforts to support women entrepreneurs, in close collaboration with the PIU.	<ul style="list-style-type: none"> <li>Related to work environment, the installment and operation of new or disposal of old IT equipment or technology, unsafe health and environmental working conditions and health problems may result due to a lack of safe facility arrangements, as well as waste and noise pollution in the working area</li> </ul>
Sub component 1b	a) Provide operational funding to leading International Accelerators to establish a program in Nairobi by financing the operational costs of the accelerator for the first three years.  b) The leading IA will create a program to match established firms and technology-enabled startups, which will lead to (i) new products, processes, services and ventures; (ii) increased technology adoption and innovation capacity within traditional firms;	<ul style="list-style-type: none"> <li>Related to work place environment, the installment and operation of new or disposal of old IT equipment or technology, occupational, health and safety risks and impacts associated with poor environmental working conditions, health problems may result due to a lack of safe facility arrangements, as well as waste and noise pollution in the working area</li> <li></li> </ul>

Projects Components	Activities	Potential impacts
	and (iii) a better understanding of local business needs by the startups	
	c) Establish an industry-academia platform for corporate innovation. A consulting firm will be engaged to design and establish a platform to connect students from TEIs to traditional industries in order to develop solutions to real industry problems	
	d)	
Component 2	a) The component will support SMEs in improving their managerial and technical skills, and their use and access to technology. This component will finance diagnostics and performance-based contracts to select SMEs by targeting an increase in the productivity of participating SMEs	<ul style="list-style-type: none"> <li>• Some SMEs who receive support from the Project via performance-based contracts may include among its milestones actions that result in negative environmental impacts related to the purchase of new or disposal of old IT equipment or technology.</li> <li>• Localized environmental negative impacts may occur from the types of IT equipment and technology upgrade being considered. These impacts may include air pollution due to dusts and fumes, soil and water pollution and waste from electrical, electronic, and metallic equipment, or other by-products produced as a result of creation, installation, manufacture and testing by SMEs</li> <li>• Workplace conditions related to the installment and operation of new or disposal of old IT equipment or technology: Potential for occupational health and safety concerns for workers due to unsafe working place conditions, health problems to workers may arise due to a lack of safe facility arrangements, as well as waste and noise pollution in the working area</li> <li>• Labour related issues related to the installment and operation of new or disposal of old IT equipment or technology. Failure to uphold good labour standards and worker exploitation, including SEA</li> </ul>
Component 3	a) provide resources for (i) project implementation, through the Project Implementation Unit (PIU); (ii) communications to facilitate diffusion and replication of promising innovations; and (iii) monitoring and evaluation analyses to ensure	<ul style="list-style-type: none"> <li>• Related to the work place environment, installment and operation of new or disposal of old IT equipment or technology, unsafe health and environmental working conditions, health problems may result due to a lack of safe</li> </ul>

Projects Components	Activities	Potential impacts
	the implementation and sustainability of the Project's activities	facility arrangements, as well as waste and noise pollution in the working area

### *Monitoring and Mitigation Measures*

In order to address these potential adverse impacts, the environmental and social screening process proposed under this ESMF will be applied in such a way as to ensure that potential negative impacts are prevented and/or mitigated appropriately, and positive impacts are enhanced

The activities envisaged under the KIEP Project are of low-risk type. However, each performance based contract will be subjected to environmental and social screening to;

- Verify whether the projects are among the exclusion list;
- Check if the proposed activity by the beneficiary requires any further environmental assessments such as ESIAs/or ESMPs;
- Identify the key potential environmental and social risks and impacts;
- Review the plan at early stage to ensure that it adopts environmental guidelines, criteria and good practices;
- Provide environmental guidance for preparing simple ESMP by the project beneficiaries if appropriate; and
- Review contract templates of potential beneficiary firms and ecosystem intermediaries to ensure that they are gender sensitive and have clauses for PSEA.

The project will also be monitored to ensure that it puts adequate safeguards in place to address the following social issues:

- Governance: The project's Task Teams will be required to consider as best practice, putting in place transparent and accessible selection criteria that will ensure that firms and ecosystem intermediaries owned by women, youth and people with disabilities, have equal chance for consideration for support under the project.
- Labour Influx: If any of the project components will involve works that require labour (skilled and unskilled), priority will be given to the local people to avoid instances of labour influx that may have adverse socio-cultural impacts on the local community.
- Protection Against Sexual Exploitation and Abuse (PSEA) and Cultural appropriateness of project activities: Project beneficiaries (firms and ecosystem intermediaries) will ensure that any contracts for project activities have inbuilt safeguards clauses and arrangements to protect local community members, in

particular, the vulnerable and poor women and young girls, from adverse impacts such as SEA, child labour, teen pregnancies, interferences with local culture, and unnecessary disruption of the community's livelihood strategies such as increase in the prices of commodities and rental housing.

Given the focus of the Project to target increase in productivity and innovation by supporting use and access to technology, the procurement of ICT equipment's is envisaged under all the components, hence the potential for e-waste generation after the electronic devices procured are discarded. As per the requirement of E waste regulation the PIU through the management consultant will inform the project beneficiaries to take the following steps with regards to safe disposal of electronic waste :

- Separate e-waste from other wastes to facilitate collection, treatment and recycling;
- Dispose e-waste generated to the e-waste collection centres;
- Sell or donate e-waste to licensed refurbishers;
- Take back equipment to the manufacturer, importer or assembler, if they allow it;
- Dump e-waste at the licensed dumping site specified for the e-waste;
- Be responsible for following recommended disposal methods or procedures; especially date of expiry or end of usage period of the product.

### *Exclusion list*

The following will be excluded from financing during the screening

- Category A projects;
- Project that will require land acquisitions, Will Involve Physical/economic displacements;
- Project likely to affect the Vulnerable Marginalised Group<sup>1</sup> /Indigenous People;
- Project activities that will involve expansion of existing infrastructure or construction of new buildings.

<sup>1</sup> Vulnerable and Marginalized Groups are those indigenous ethnic groups in Kenya that may be in a structural subordinate position to the dominating groups and the County/State leading to marginalization and discrimination.

### ***Project Implementation Arrangements with a Focus on the ESMF***

This ESMF has been prepared to guide the environmental and social screening of performance based contracts and the preparation of the relevant supplementary safeguards instruments that may be needed once beneficiary activities and locations are known.

The ESMF includes training program, responsibilities for its implementation and monitoring, procedures and budgets for ensuring enhancement of the environmental and social performance of the project. The ESMF reflects clarified roles and responsibilities vis-à-vis the implementation of the ESMF.

The project will procure consultant services for (i) the administration of performance contracts for ecosystem intermediaries, (ii) the IA to set up operations in Kenya, (iii) the implementation of an industry-academia platform, (iv) the implementation of the SME upgrading program, as well as for (v) monitoring and evaluation, (vi) communications, (vii) training and capacity building, (viii) third-party procurement audits, and (ix) technical assistance.

The select consulting firms will have safeguard capacity within its team to review beneficiary, applications, review and monitor the performance contracts, and work in close collaboration with the PIU safeguard focal person to manage the execution of the ESMF.

The matrix below outlines the responsibilities of each cadre of the ESMF implementation team

Monitoring Level	Roles	Responsibility
<b>Selected Beneficiaries</b>	<ul style="list-style-type: none"> <li>The beneficiaries are responsible for the accuracy of all information and data provided during the preparation of the ESSF and subsequent ESMPs</li> <li>Ensure implementation of mitigation measures as entailed in the ESMP where necessary.</li> <li>Update Management consultant on ESMP implementation, challenges and any additional support required.</li> <li>Address all identified issues in the ESMP directly related to the implementation of project activities, as advised by the Management consultant and report on the status of each, within agreed timeframes.</li> </ul>	Beneficiary firm manager

Monitoring Level	Roles	Responsibility
<b>Management Consultancy Firm</b>	<ul style="list-style-type: none"> <li>Assign, as part of the project team, a competent Environmental and Social Staff to oversee beneficiaries' implementation of the ESMP as needed.</li> <li>Advise the proponents on the content and scope of ESSF as needed.</li> <li>Advise Applicants on the content and scope of ESMPs, as needed.</li> <li>Review and approval of ESMPs.</li> <li>Review of the monitoring reports to ensure compliance with the ESMP as it relates directly to the implementation of project activities.</li> <li>Performing on-site visits if necessary.</li> <li>Conduct Environmental and Social Screening once beneficiaries submit proposed investments.</li> <li>Regularly update the PIU on relevant ESMP implementation, challenges and any additional support required.</li> <li>The Consultant will provide guidance to the selected beneficiaries during the preparation of the ESSF and ESMPs</li> </ul>	Consultant's Safeguard person / consultancy team
<b>PIU</b>	<ul style="list-style-type: none"> <li>Review adequacy of proposed project budgets to cover for the management of the environmental and social risks and impacts during implementation.</li> <li>Ensure that the assigned management consultants have competent Environmental and Social experts to support project implementation.</li> <li>Review consultant's reports on project ESMPs contained in the Regular Work Progress Reports submitted by the supervising consultant.</li> <li>Conduct site visits as agreed with the management consultants and advice on identified issues.</li> <li>Ensure that identified non-compliances are adequately communicated to the beneficiary, and relevant Corrective Action Plans developed.</li> </ul>	PIU Safeguard person

It is the responsibility of the Applicant (SMEs) to provide accurate information regarding any adverse impacts, and to include this information in the ESSF. After receiving funding, the SMEs will implement the proposed activities in line with good environmental and social practices, and will be expected to report to the management consultants any mitigation measures taken, or any pending issues. NEMA may also monitor and enforce environmental mitigation measures as applicable as per the requirement of EMCA.

### ***Public Consultations and Disclosure***

The World Bank Safeguards Operational Policy / Bank Procedures OP/BP 4.01 Environmental Assessment requires public consultation with affected groups and other stakeholders about the project environmental/social impacts and take their view into account. The Constitution of Kenya, EMCA and other statutes also require public consultations in the development process.



During the project preparation process, discussions were held on 7th December 2017 at the MoITC offices and the main discussion points was the potential positive and negative environmental and social impacts.

Below are suggestions by the PIU on the KIEP;

- Provision of budget to train the Project Implementation Unit and the selected beneficiaries on the requirements of the EMSF.
- A review of the proposed environmental and social screening to incorporate the needs assessment and ways of mitigating potential negative impacts by the beneficiaries.

A second consultation meeting with potential beneficiaries was held 8<sup>th</sup> December 2017 at the Ministry's 17th Floor, NSSF Building.' Below is the summary of the discussions and suggestions.

- The project to have a clear mechanism to support the gradual growth of startups/SMEs from startups.
- The performance contracts conditions should not lock out Startups with growth potential.
- The project beneficiaries should be provided with a timeframe during application of grants to enable fulfillment of obligations like obtaining the requisite licenses and conditions set out in the EMSF grant conditions.
- The need to train the potential beneficiaries on the requirements to be met on social and environmental aspects as the standards are generally high in Kenya on dealing with environmental safeguards
- Project should cover all counties.
- Develop communication and publicizing mechanisms to raise public awareness on the project.
- The project should include pilot model to inform the design success in the implementation of the project.

The suggestions raised by the beneficiaries are in line with the design of the project. A budget for training SME's on EMSF has been set aside. The project beneficiaries where applicable will also be guided on how to fill out the ESSF by the management consultant.

Minutes of the consultations are documented in Annex 4. The EMSF report will be disclosed on the MoITC website as well as the World Bank InfoShop

### ***Cost Implications of the ESMF***

MoITC has limited experience with the Bank's safeguard policies and procedures, the PIU will be strengthened through capacity building on the Bank's safeguard policies and procedures. The Ministry has designated two staff to support the PIU as the Safeguards focal persons, the staff have understanding of the national environmental policies, legislations and institutional framework for environmental management in the country. The project will enhance the safeguard capacity of the officers and the Ministry by carrying out targeted Safeguards training on the World Bank Safeguards Policies and Procedures.

The ESMF has assessed the Ministry Safeguards capacity and has proposed measures to enhance safeguards capacity to improve environmental and social performance during project implementation; this will include safeguards training for MoITC/Management Consultant /PIU/SMEs. The budget proposed to enhance safeguard capacity is 70,000USD.

The budget will cater for Capacity building of the PIU related to safeguard compliance, Environmental and social screening, review of the ESMPs, Monitoring & Evaluation and Implementation of ESMF.

### ***Grievance redress Mechanism***

The Project is required to establish a GRM to address any complaints that may arise during project implementation. Given the nature of the Project and the stakeholders, most of whom use online and social media to communicate and engage with their audiences, the PIU is recommended to set up an online grievance redressal system to be displayed on their website. The system will enable submission of grievances by the aggrieved stakeholders. The GRM will be managed by a dedicated communication specialist from PIU who will forward grievances received to a GRM panel made up of representatives from PIU and Management consultant firm to scrutinize and take action for speedy and favorable redress of these grievances. Tracking grievances will also be facilitated on the portal through the system generated unique registration number. This grievance administration system will enable effective monitoring and submission of online monthly status report regarding the number of grievances received, disposed of and the ones pending.

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# 1 INTRODUCTION AND PROJECT CONTEXT

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## 1.1 PROJECT CONTEXT

Despite promising prospects, Kenya's economic growth has been constrained by low investment and firm-level productivity, particularly in labor-intensive sectors. Agriculture and manufacturing, the major employment generating sectors, have been stagnating. Between 2006 and 2013, 72 percent of the increase in GDP came from services. Agriculture and manufacturing, on the other hand, grew slower, and their share in GDP declined between 2009 and 2013.<sup>2</sup> This divergent growth underlies the two-track nature of the Kenyan economy, which is particularly concerning since the sectors with the highest growth create few, and mostly high-skilled jobs.

While Kenya is among the top innovation leaders in Africa, it still ranks 80th out of 127 countries in the Global Innovation Index 2017, with room for improvement in human capital, research, knowledge and technology outputs. Linkages between players in Kenya's innovation ecosystem are weak, leading to capacity underutilization and a disconnect between industry and research organizations, hindering innovation for small and medium-sized firms in particular. Many ecosystem intermediaries--hubs, co-working spaces, incubators and accelerators, among others--are dependent on performance based contracts, which precludes them from pursuing financially viable business models, diminishing the quality and differentiation of their services. As a result, the relevance and impact of incubation and acceleration programs is mixed, and intermediaries are mostly concentrated in Nairobi, the epicentre of ecosystem opportunities.

Similarly, Kenya has not developed enough talent with key skills to produce a solid pool of internationally competitive technology-enabled businesses. Many companies in Kenya's Information and Communication Technology (ICT) sector, including startup companies, SMEs, and large companies, voiced their difficulties in sourcing skilled personnel to fit their needs, particularly recruits who are trained in specific technologies or soft skills. They highlighted technology bootcamps as the suppliers of employment-ready technology talent, as opposed to formal tertiary education institutions. Yet, the market of technology bootcamp providers is still nascent in Kenya, and similarly to the abovementioned intermediaries, most of these skill intermediaries do not have mature, well-developed business models.

In addition, limited connections to networks of international mentors, angel investors, and venture capitalists (VCs), among others, make it difficult for local startups to grow and compete internationally. There are challenges with regard to sourcing human capital in the country given

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<sup>2</sup> World Bank, (2017), "Kenya Economic Update: Housing-Unavailable and Unaffordable," April 2017, No. 15.

the very specific human capital needs in the tech sector, which is a favorite of VC investors in Kenya, as well as the small size of such target companies.

Moreover, there is currently limited contact between traditional industry and technology-enabled startups in Kenya, and this means a missed opportunity for both sides. Firms in major employment generating sectors, such as agriculture or manufacturing, have not yet absorbed the benefits from Kenya's growing tech scene, and tech firms are not creating solutions that respond to their specific needs. Similarly, despite some programs endeavoring to engage academia with industry, companies are not utilizing young local talent. This highlights the need to foster linkages between students in tertiary education institutions (TEIs) and industry players.

SMEs also have difficulties in leveraging technology, due to poor managerial practices and the incremental nature of Kenya's innovation. As a result, firm-level data in Kenya reveals that productivity dispersion is large, with most firms operating at low productivity levels. While Kenya fares better than other African countries, management quality is far from the "managerial frontier," and below the managerial capabilities in most middle-income and emerging markets.

## **1.2 PROJECT DESCRIPTION**

This ESMF is prepared by MoITC with funding from the World Bank and is developed with the primary aim of supporting the implementation of the KIEP in as far as environmental and social impacts are concerned.

## **1.3 PROJECT DEVELOPMENT OBJECTIVES**

In order to address the overall challenge faced by Kenyan firms in terms of low productivity and a marginal leveraging of technology, the PDO for the Project is "to increase innovation and productivity in select private sector firms." Progress towards the PDO will be monitored through the following two PDO-level indicators, which provide a coherent framework to measure increased innovation and productivity in select firms:

- Number of firms developing innovative products and processes
- Number of firms experiencing an increase in productivity

## **1.4 PROJECT BENEFICIARIES**

The Project's direct beneficiaries are formal private sector firms in Kenya, including incubators, accelerators and technology bootcamp providers (referred to collectively as Intermediaries), SMEs, and corporates, potentially select TEI under the industry-academia program, and select tertiary education and technology bootcamp students. The Project seeks to work with high-

growth firms and firms with a high potential to succeed, including strong Intermediaries, in order to enhance the Project's success in terms of realizing its outcomes and ensuring significant catalytic and cascading effects. Experience from other projects shows that firms that succeed have a strong demonstration effect on other companies, and their improved performance has a cascading effect on lower layer suppliers. The Project is designed so that beneficiaries can become role models for firms that may not directly benefit from the Project's interventions. This will build the foundation for strengthening the World Bank's new 'cascade' approach, which seeks to leverage private sector participation and financing in high-impact development projects through which Project interventions can be further scaled beyond the life of the Project. In this regard, the Project will aim to capture lessons learnt from the onset of implementation and contribute to capacity building for a broader set of stakeholders in Kenya, and the region. Indirect beneficiaries of this Project include firms benefiting from the incubation/acceleration services, technology bootcamps, or linkage programs, as well as individuals, including those employed by a firm that benefits from these programs, and those preparing for or entering the job market. Figure 1 broadly describes the proposed selection criteria for each category of beneficiary.

**Figure 1.1 Direct and Indirect project beneficiaries**

Direct Beneficiaries	Definition	# Direct Beneficiaries
<b>Incubators &amp; Accelerators</b>	<ul style="list-style-type: none"> <li>Offer incubation or acceleration services to cohorts of startups;</li> <li>Emphasis on entities with strong management, business foresight and high quality of services</li> </ul>	40 incubators, accelerators or hubs
<b>SMEs</b>	<ul style="list-style-type: none"> <li>Revenues between US\$500K and \$10M</li> <li>In manufacturing or trade-exposed sectors</li> </ul>	250 SMEs
<b>Corporates*</b>	<ul style="list-style-type: none"> <li>Kenyan corporates or multinational corporations with operations in Kenya</li> </ul>	15 corporates
<b>Technology Bootcamp Providers</b>	<ul style="list-style-type: none"> <li>Provide technical skills trainings to individuals</li> <li>Programs &lt;12 months, include focus on soft skills</li> <li>Private sector-driven curriculum, at least a 60% employment rate within 12 months of graduation</li> </ul>	7 tech bootcamp providers
<b>Students</b>	<ul style="list-style-type: none"> <li>Tertiary academic institution students that participate in the industry-academia platform, and those that receive subsidies from tech bootcamp providers</li> </ul>	800 students

**Indirect Beneficiaries**

**33,270 Individuals**

**3,677 Firms**

\*Large corporates do not receive project funds. They support interventions with SMEs, startups, and universities, and by doing so, benefit themselves. This makes them direct project beneficiaries.

## 1.5 PROJECT COMPONENTS

The proposed Project comprises of the following components and subcomponents:

- Component 1: Strengthening the innovation and entrepreneurship ecosystem
  - (i) Subcomponent 1a: Strengthening the ecosystem's support infrastructure
  - (ii) Subcomponent 1b: Connecting the ecosystem to international networks and local industries

- Component 2: SME Linkages and Upgrading
- Component 3: Communications, M&E and Project implementation support

Under component 1, the Project would finance two subcomponents targeting ecosystem intermediaries, entrepreneurs, and startups. The objective would be to bolster the support infrastructure of the innovation and entrepreneurship ecosystem, bridge the technical skills gaps, and create a platform that links established firms and young companies. This would be done through diagnostics and competitively awarded contracts for performance improvement and expansion for incubators, accelerators, and hubs, as well as technology bootcamp providers. The second subcomponent would provide operational funding to attract a leading international accelerator to establish a program in Kenya. It would also aim to increase the innovation absorption capacity of Kenyan firms in traditional sectors, and reduce the existing gap between established industry players, startups, TEIs, and other ecosystem stakeholders. This would be done by creating a program to match established firms and technology-enabled startups, and establishing an industry-academia platform for corporate innovation.

By supporting SMEs to improve their managerial and technical skills and their use and access to technology, the objective of component 2, the SME Linkages and Upgrading, is to strengthen Kenya SMEs' productivity and internal capabilities for innovation in order to access local and international market opportunities presented by lead firms. This objective would be achieved through providing diagnostics and performance-based contracts to select SMEs to implement agreed-upon action plans that are firmed up in performance contracts. The *lead firm to SME linkage* approach utilizes the potential demand of a lead firm (i.e., a large local or multinational firm) to incentivize SMEs to upgrade their managerial, technical, production, and technological capacity and capabilities. The lead firms will actively participate by providing information on their procurement needs and gaps in their supply chain such that over time, SMEs can upgrade to meet those needs. The SMEs are expected to benefit from being part of a program that helps them identify opportunities with lead firms and from having a dedicated business advisor to ensure progress towards identified improvement goals and more efficient use of business development services.

The objective of the third component, communications, M&E and project implementation support, is to provide resources for (i) communications to facilitate diffusion and replication of promising innovations; (ii) monitoring and evaluation analyses to ensure the implementation and sustainability of the Project's activities; and (iii) project implementation, through the Project Implementation Unit (PIU). This component will finance the design and implementation of a communications strategy, and dissemination tools to inform stakeholders on the Project's progress, and facilitate replicability of early success stories. These are intended to support the Project in having a demonstration effect and contribute to broader capacity building. The component will also fund conducting an impact evaluation, including surveys, to evaluate the

Project's impact. Finally, a PIU has already been created, and it sits within the MoITC. This component will also finance support to the PIU for project implementation and monitoring activities, including conducting project audits, and training to strengthen capacity within the PIU and ensure retention in the unit.

**Table 1.1 Project Cost**

<b>Project Components</b>	<b>Project Cost (US\$)</b>
<b>Component 1: Strengthening the innovation and entrepreneurship ecosystem</b>	25,000,000
Component 1a: Strengthening the ecosystem's support infrastructure	14,000,000
Component 1b: Connecting the ecosystem to international networks and to local traditional industries	11,000,000
<b>Component 2: SME Linkages and Upgrading</b>	20,000,000
<b>Component 3: Communications, M&amp;E and Implementation Support</b>	5,000,000
<b>Total Costs</b>	50,000,000

## **1.6 PROJECTS EXCLUDED FROM FINANCING**

There are a number of other World Bank Environmental and Social Safeguards policies and procedures in place to ensure identification and management of environment and social risks and impacts in the projects. For the purposes of this project the following subprojects will be excluded for financing, this should be carried out during the environmental and social screening of the subprojects:

- Environment Category A subprojects;
- Project that will require land acquisitions, Involve Physical/economic displacements;
- Project likely to affect the VMG/IPs;
- Project activities that will involve expansion of existing infrastructure or construction of new buildings.

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## **2 SCOPE AND METHODOLOGY OF THE ESMF**

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### **2.1 ESMF JUSTIFICATION**

The ESMF is based on recommendations from the environmental and social assessment of Project activities, and it incorporates the relevant National legislation and safeguard Operational Policies and Bank procedures of the World Bank. The KIEP Project is classified as Environmental Assessment Category B according to World Bank safeguard policies. Category B Partial Assessment projects are likely to have limited environmental and social impacts, and these impacts will be relatively easy to mitigate and reversible.

PIU and the management consultants will use and refer to this ESMF during implementation of the Project. Where appropriate, Environmental and Social Management Plans (ESMPs) will be prepared during project implementation following guidelines in the ESMF. It remains the responsibility of the safeguards officers of PIU and management consultant to ensure that the necessary mitigation plans are developed and adhered to by the beneficiaries.

The specific objectives of this ESMF are:

- Identify various environmental and social issues and impacts relating to KIEP;
- Enhance positive and sustainable environmental and social outcomes associated with Project implementation;
- Establish a mechanism to determine and assess potential environmental and social impacts during performance contract implementation and set out mitigation, monitoring and institutional measures where necessary to be taken during implementation, in order to eliminate their adverse environmental and social impacts, reduce them to acceptable levels;
- Support the integration of environmental and social aspects associated with the project into the decision-making process;
- Establish clear directives and methodologies for the environmental and social screening of project activities that will be supported by KIEP;
- Define appropriate institutional arrangements for the implementation and monitoring of ESMF;
- Undertake stakeholder consultations - when relevant - to address concerns and incorporate relevant feedback received from the project beneficiaries;
- Identify the capacity building needs for implementing the ESMF

### **2.2 ESMF PRINCIPLE**

This ESMF will guide the PIU in implementing the Project in line with World Bank and Kenya Government environmental and social management precepts.



## 2.3 METHODOLOGY

The ESMF was prepared through literature review and stakeholder discussions. The consultant undertook a review of the Project Appraisal Document and Integrated safeguard datasheet (ISDS) for the KIEP, as well as a review and analysis of relevant national legislation, policies, and guidelines, including the World Bank Operational and Safeguards Policies related to this Project.

Consultation with Key stakeholders in the application and implementation of the ESMF for the Project was conducted on 7<sup>th</sup> and 8<sup>th</sup> Dec 2017. The main points outlined in the consultative meetings with key stakeholders are in chapter 5 and documentation in Annex 4.

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### **3 POLICY, LEGISLATIVE AND INSTITUTIONAL FRAMEWORKS**

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#### **3.1 NATIONAL ENVIRONMENTAL AND SOCIAL MANAGEMENT REQUIREMENTS**

This section describes the country's national regulatory policies, and legal and administrative frameworks that are relevant to the KIEP and ESMF. The policies and legal and administrative frameworks are discussed in regard to their relevance in supporting compliance in the design and implementation of ESMF.

***Table 3.1 RELEVANT NATIONAL ENVIRONMENTAL AND SOCIAL MANAGEMENT LEGISLATIONS***

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Legal framework	Brief description	Relevance to the project
The Constitution of Kenya 2010	<ul style="list-style-type: none"> <li>Article 40(3) states: “The State shall not deprive a person of property of any description, or of any interest in, or right over, property of any description, unless the deprivation results from an acquisition of land or an interest in land or a conversion of an interest in land, or title to land, in accordance with Chapter Five; or is for a public purpose or in the public interest and is carried out in accordance with this Constitution and any Act of Parliament that –               <ul style="list-style-type: none"> <li>Requires prompt payment in full, of just compensation to the person; and</li> <li>Allows any person who has an interest in or right over, that property a right of access to a court of law”</li> </ul> </li> <li>Article 42 states that every person has a right to a clean and healthy environment, which includes the to; (a) to have the environment protected for the benefit of present and future generations through legislative and other measures, particularly those contemplated in Article 69; and Article 70.</li> <li>Article 69 (1) (f) says that the state shall establish systems of environmental impact assessment, environmental audit and monitoring of the environment and</li> <li>Article 69 (1) (g) demands that the state eliminate processes and activities that are likely to endanger the environment.</li> <li>Article 69 (2) states; every person has a duty to cooperate with state organs and other persons to protect and conserve the environment and ensure ecologically sustainable development and use of natural resources.</li> <li>Article 70 relates enforcement of environmental rights in case of violation, infringement and threats to right to a clean and healthy environment as protected under article 42.</li> </ul>	<ul style="list-style-type: none"> <li>The proposed Project should observe the constitution in as far as environmental protection is concerned</li> <li>The project should be consistent with the sustainable development provisions enshrined in the Constitution</li> </ul>
The Environment Management and Co-ordination Act, 1999	Part VII section 58 directs that any proponent of any projects listed under schedule II should carry out an environmental impact assessment and prepare an appropriate assessment report for submission to NEMA, who in turn may issue a license as appropriate.	Some funding activities may fall within Schedule 2 of EMCA and project owner is therefore required to elaborate a plan to comply with the Act. The Project Owner will be required to have the Environmental and Social Management and Monitoring Plan (ESMMP) laid out in the ESIA report and any other conditions laid out by NEMA.
Environmental Impact Assessment and Audit Regulations 2003	Article 4. (1) Environmental Impact Assessment and Audit Regulations 2003 stipulate that No proponent shall implement a project; (a) likely to have a negative environmental impact; or (b) for which an environmental impact assessment is required under EMCA Act or these Regulations; unless an environmental impact assessment has been concluded and approved in accordance with these Regulations.	For activities that will require ESMP to be developed the ESMP must comply with the requirements of the Environmental Regulations in the coverage of environmental issues, project details, impacts, legislation, mitigation measures, management plans and procedures.

The Water Act, 2016	<p>This Act provides for the regulation, management and development of water resources, water and sewerage services; and for other connected purposes. As stated in Section 63, every person in Kenya has the right to clean and safe water in adequate quantities and to reasonable standards of sanitation as stipulated in Article 43 of the Constitution.</p> <p>Section 21(2) that follow mandates the Water Resources Authority (WRA) to demand from any person, within a reasonable time or on a regular basis, to provide it with specified information, documents, samples or materials in relation to the system referred to in Section 21(1). Under these rules, specific records may require to be kept by a site operator and the information thereof furnished to the authority.</p> <p>Section 36 makes it a requirement to obtain a permit for any of the following purposes:</p> <ul style="list-style-type: none"> <li>• Any use of water from a water resource, except as provided by Section 37</li> <li>• The drainage of any swamp or other land;</li> <li>• The discharge of a pollutant into any water resource; and</li> <li>• Any other purpose, to be carried out in or in relation to a water resource, which is prescribed by Regulations made under this Act to be a purpose for which a permit is required.</li> </ul> <p>In line with Section 5(1) of the Second Schedule of this Act, the permit holder shall submit a completion certificate in the prescribed form upon the expiration of the time limited by a permit for construction of works authorised by the permit, or where the construction is completed before the expiration of that time</p>	<p>The ESMP, if relevant, should conform to the requirement of the act.</p> <p>For SMEs activities that plan to abstract water from underground sources such as a borehole they will have to apply for an abstraction permit from the Water Resources Authority (WRA).</p>
The Occupational Health and Safety Act, 2007	<p>This is an Act of Parliament to provide for the safety, health and welfare of all workers and all persons lawfully present at workplaces, to provide for the establishment of the National Council for Occupational Safety and Health and for connected purposes.</p>	<p>The safety, health and welfare of all the workers associated with the proposed Project will need to be assured in line with all the provisions of this Act throughout the Project lifecycle.</p> <p>All the work places of the project beneficiaries would be required to be registered with the directorate of occupational safety and health</p>

Water Quality Regulations (2006)	<p>The Water Quality Regulations (2006) are contained in the Kenya Gazette Supplement No. 68, Legal Notice No. 120. Water Quality Regulations apply to water used for domestic, industrial, agricultural, and recreational purposes; water used for fisheries and wildlife purposes, and water used for any other purposes. Different standards apply to different modes of usage. These regulations provide for the protection of lakes, rivers, streams, springs, wells and other water sources. Part II Sections 4-5 as well as Part V Section 24. Part II Section IV states, "Every person shall refrain from any act which directly or indirectly causes, or may cause immediate or subsequent water pollution".</p> <p>Part IV Section 24 states that "No person shall discharge or apply any poison, toxic, noxious or obstructing matter, radioactive wastes, or other pollutants or permit any person to dump any such matter into water meant for fisheries, wildlife, recreational purposes or any other uses".</p>	water pollution attributable to the proposed Project should completely be avoided
EMCA (Wetlands, riverbanks, lakeshores and Sea shore management) regulations, 2009	<p>Relevant General Principles</p> <p>5(1) the following principles shall be observed in the management of all wetlands in Kenya;</p> <p>(b) Environmental impact assessment and environmental audits as required under the Act shall be mandatory for all activities likely to have an adverse impact on the wetland;</p> <p>(f) The polluter-pays principle.</p> <p>(g) The pre-cautionary principle.</p>	water pollution attributable to the proposed Project should completely be avoided

EMCA (Waste Management) Regulation, 2006	<p>The Waste Management Regulations (2006) are contained in the Kenya Gazette No. 69, Legal Notice No. 121. The Waste Management Regulations are meant to streamline the handling, transportation and disposal of various types of waste. The aim of the Waste Management Regulations is to protect human health and the environment. The regulations place emphasis on waste minimization, cleaner production and segregation of waste at source. The regulation requires licensing of transporters of wastes and operators of disposal site (sections 7 and 10 respectively). Of immediate relevance to proposed development for the purposes of this project report is Part II Sections 4(1-2), 5 and 6.</p> <ul style="list-style-type: none"> <li>• Section 4 (1) states that “No person shall dispose of any waste on a public highway, street, road, recreational area or any other public place except in a designated waste receptacle”.</li> <li>• Section 4(2) and 6 explain that the waste generator must collect, segregate (hazardous waste from non-hazardous) and dispose waste in such a facility that shall be provided by the relevant local authority.</li> <li>• Section 5 provides method of cleaner production (so as to minimise waste generation), which includes the improvement of production processes through conserving raw materials and energy. Section 12 provides that every licensed owner or operator shall carry out an annual environmental audit pursuant to the provision of the act</li> <li>• In section 14 (1) every trade or industrial undertaking is obliged to install anti- pollution equipment for the treatment of waste emanating from such trade or industrial undertaking.</li> </ul>	The proposed Project activities may generate wastes which will need to be disposed of as per the guidelines in the Regulations.
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EMCA (Noise and Excessive Vibration Pollution Control) Regulations, 2009	<p>These Regulations determine that no person or activity shall make or cause to be made any loud, unreasonable, unnecessary or unusual noise that annoys, disturbs, injures or endangers the comfort, repose, health or safety of others and the environment. In determining whether noise is loud, unreasonable, unnecessary or unusual, the following factors may be considered:</p> <ul style="list-style-type: none"> <li>• Time of the day;</li> <li>• Proximity to residential area;</li> <li>• Whether the noise is recurrent, intermittent or constant;</li> <li>• The level and intensity of the noise;</li> <li>• Whether the noise has been enhanced in level or range by any type of electronic or mechanical means; and,</li> <li>• Whether the noise is subject to be controlled without unreasonable effort or expense to the person making the noise.</li> </ul> <p>These regulations also relate noise to its vibration effects and seek to ensure controlling the level of noise causes no harmful vibrations.</p> <p>Part II Section 4 state that: except as otherwise provided in these Regulations, no person shall;</p> <ul style="list-style-type: none"> <li>• Make or cause to be made excessive vibrations annoys, disturbs, injures or endangers the comfort, response, health or safety of others and the environment; or</li> <li>• Cause to be made excessive vibrations which exceed 0.5 centimetres per second beyond any source property boundary or 30 metres from any moving source.</li> </ul> <p>Part III Section 2 (1) states that any person wishing to a) operate or repair any machinery, motor vehicle, construction equipment, pump, fan, air conditioning apparatus or similar mechanical device; or b) engage in any commercial or industrial activity, which is likely to emit noise or excessive vibrations shall carry out the activity or activities within the relevant levels provided in the First Schedule to these Regulations. Any person who contravenes this Regulation commits an offence.</p> <p>Section 13 (1) states that except for the purposes in sub-Regulation (2) hereunder, no person shall operate construction equipment (including but not limited to any pile driver, steam shovel, pneumatic hammer, derrick or steam or electric hoist) or perform any outside construction or repair work so as to emit noise in excess of the permissible levels as set out in the Second Schedule to these Regulations. These purposes include emergencies, those of domestic nature and/or public utility construction.</p>	<p>The beneficiaries' activities will be required to have a plan, when relevant, to ensure compliance with these regulations in order to promote a healthy and safe working environment. The activities should not generate unnecessary noise and should adhere to the noise levels stipulated for day and night etc.</p>
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Environmental Management and Coordination Act (Air Quality) Regulations, 2009	The objective of these Regulations is to provide for prevention, control and abatement of air pollution to ensure clean and healthy ambient air. The general prohibitions state that no person shall cause the emission of air pollutants listed under First Schedule (Priority air pollutants) to exceed the ambient air quality levels as required stipulated under the provisions of the Seventh Schedule (Emission limits for controlled and non-controlled facilities) and Second Schedule (Ambient air quality tolerance limits).	The beneficiaries' activities will be required to have a plan, when relevant, to ensure compliance with these regulations.
Electric Power Act, 2006	Section 121 (1) c of the Electric Power Act, 1997 empowers the Electricity Regulatory Commission (ERC) to "formulate, enforce and review environmental, health, safety and quality standards for the energy sector, in coordination with other statutory authorities"; ERC is therefore the Lead Agency in respect of the electric power sub-sector, while section 9 (3) of the Act requires ERC to take into account the need to protect the environment, conserve natural resources, and protect the health and safety of service users and the public at large, among other things; when evaluating applications for licenses. The Act also empowers the board to ensure the licensees provide information to the public on the environmental performance and sources of their electric power.	
Environmental Management And Co-Ordination (draft E-Waste Management) Regulations, 2013 Arrangement Of Regulations	Kenya has prepared guidelines for E-waste management and in 2013 further completed the development of draft E-waste regulations, which are yet to come into force. Further, the Environmental Management and Coordination (Waste Management Regulations) regulations 2006, may apply to electronic waste where they can be classified as hazardous waste. In 2013, Kenya completed the development of E-waste regulations, which are still considered draft pending official gazetted before enactment into law.	Afterlife of project procured IT related equipment may lead to generation of electronic waste which is harmful to the environment if not properly disposed off
National Gender And Equality Commission Act No. 15 Of 2011	The objectives of the act is promoting gender equality and freedom from discrimination and contribute to the reduction of gender inequalities and the discrimination against all; women, men, persons with disabilities, the youth, children, the elderly, minorities and marginalized communities.	The project design seeks to incorporate some of the key recommendations on how to level the playing field for women entrepreneurs.
Micro and Small Enterprises Act, 2012	The Act facilitates the integration and harmonization of various public and private sector initiatives, for the promotion, development and regulation of the Micro and Small Enterprises to become key Industries of Tomorrow.	Some potential beneficiaries will come from SMEs sector, hence expected to comply with the requirements of the legislation
Vision 2030	Kenya Vision 2030 is the country's development blueprint covering the period 2008-2030. It aims to transform Kenya into a newly industrialised, "middle income country providing a high quality life to all its citizens by the year 2030".	Implementation of the proposed Project will contribute towards transformation of Kenya into middle income country, which is in line with the objectives of Vision 2030.

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	<p>Vision 2030 is based on 3 key pillars namely: Economic, Social, and Political. These pillars are anchored on the foundations of infrastructure, and public sector reforms, among others.</p> <p>Vision 2030 aspires for a country firmly interconnected through among others a network of roads and recognises that in order to achieve this, investment in the nation's infrastructure will be given the highest priority.</p>	
The Employment Act No 11, 2007	<p>The Act is enacted to consolidate the law relating to trade unions and trade disputes, to provide for the registration, regulation, management and democratisation of trade unions and employers organisations and federations. Its purpose is to promote sound labour relations through freedom of association, the encouragement of effective collective bargaining and promotion of orderly and expeditious dispute the protection and promotion of settlement conducive to social justice and economic development for connected purposes. This Act is important since it provides for employer – employee relationship that is important for the activities that would promote management of the environment at a workplace.</p>	<p>The project will create employment, respectively, the beneficiaries especially SMES are bound by this law to abide to its stipulations on employee management and relations</p>

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## **3.2 INSTITUTIONAL FRAMEWORK**

### ***3.2.1 National Environment Management Authority (NEMA)***

NEMA is the principal instrument of Government in the implementation of all policies relating to the environment. NEMA is the administrative body that is responsible for the coordination of the various environmental management activities in Kenya. NEMA is also responsible for Environmental and Social Impact Assessment (ESIA) approvals and for monitoring and assessing activities in order to ensure that the environment is not degraded by such project activities.

### ***3.2.2 Directorate of Occupational Safety and Health Services (DOSHS)***

The Directorate of Occupational Safety and Health Services (DOSHS) is one of the departments within the Ministry of Labour and East African Community Affairs, whose primary objective is to ensure safety, health and welfare of all workers in all workplaces. DOSHS is mandated to develop and implement effective systems for the prevention of workplace diseases, ill health and accidents in order to reduce damage to property and work injury compensation claims for improved productivity. The Directorate enforces Occupational Safety and Health Act, 2007 (OSHA, 2007) with its subsidiary legislation which aims at prevention of accidents and diseases at work. It also administers the Work Injury Benefits Act, 2007 (WIBA, 2007) which provides for compensation of workers who have been injured or have suffered a disease out of and in the course of employment. The Directorate is also the lead agent in implementing the National Policy on Occupational Safety and Health. In fulfilment of its responsibility of identifying hazards at workplaces and assessment of risks with a view of preventing accidents, diseases and damage to property, Since all firms in Kenya are required by law to be registered as a work place, the Directorate will indirectly play a role in the KIEP by inspecting and auditing of workplaces to promote best practices and ensure compliance with safety and health standards as set out in OSHA, 2007 and its subsidiary legislations.

## **3.3 WORLD BANK SAFEGUARDS OPERATIONAL POLICIES**

Relative to World Bank Environmental Safeguards, under Operational Policy (OP/BP) 4.01 the Bank undertakes environmental screening and proposed projects are classified into one of four categories, depending on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental impacts:

- Category A projects are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. These impacts may affect an area broader than the sites or facilities subject to physical works.
- Category B projects may have potential adverse environmental impacts on human populations or environmentally important areas, but are less significant than those of Category A projects. These impacts are site specific; few if any of them are irreversible; and in most cases mitigation measures can be designed readily with standard methods.

- Category C project is likely to have minimal or no adverse environmental impacts, and there are no further environmental requirements.
- Category FI project involves investment of Bank funds through a financial intermediary, in subprojects that may result in adverse environmental impacts.

The Project is classified as Environmental Assessment Category B and triggers OP/BP 4.01 given that potential impacts associated with financing of small-scale activities by SMEs. The project receives this classification since SMEs have the potential to cause localized negative environmental impacts, which can be identified and managed using standard approaches. Projects and activities have yet to be fully defined. The performance contracts provided under the project may also be used in upgrading of equipment and systems in selected firms. The procurement of IT related equipment may lead to generation of electronic waste which is harmful to the environment if not properly disposed

Under the Project, only one World Bank safeguard policy was triggered, namely the Environmental Assessment Operational Policy (OP/BP 4.01).

Safeguard Policies	Triggered	Description and applicability
Environmental Assessment (OP/BP 4.01)	Yes	The principal objective of OP/BP 4.01 is to ensure that World Bank financed projects are environmentally sound and sustainable. The policy is triggered if a project is likely to have potential (adverse) environmental risks and impacts in its area of influence. OP/BP 4.01 covers impacts on the natural environment, human health and safety, and trans-boundary and global environment.

In accordance with OP/BP4.01, This ESMF sets out the principles, rules, guidelines and procedures to assess the environmental and social impacts. It contains measures and plans to reduce, mitigate and/or offset adverse impacts and enhance positive impacts, provisions for estimating and budgeting the costs of such measures, and information on the agency or agencies responsible for addressing project impacts.

No social impacts related to IPs or involuntary resettlements are anticipated under any of the activities proposed for implementation under the three components of the project, This is because the activities will be implemented within the premises of existing firms. For this reason, the project has not triggered the Social Safeguard Policies, OP/BP 4.10 (Indigenous Peoples) and OP/BP 4.12 (Involuntary resettlement).

### 3.4 WORLD BANK GROUP EHS GUIDELINES

WBG has guidelines for Environment, Health and Safety (EHS) that serve as useful references for general issues as well as sector-specific activities. Projects financed by the World Bank Group are expected to comply with this guideline as required by the policies and the standards. The EHS guidelines are mainly on occupational health and safety, community health and safety as well as on construction and decommissioning. It contains guidelines cross cutting on environmental (waste management, ambient air quality, noise and water pollution), occupational health and safety issues among others, applicable to all the industry sectors.

### 3.5 ENVIRONMENTAL ASSESSMENT

In line with OP/BP 4.01, a partial socio-environmental assessment was carried out and no significant adverse impacts on the environment were identified. The majority of organizations and/or companies supported in this Project will be in the services or technology sphere, with no-to-limited associated environmental or social risks and impacts. Risks of direct environmental impacts will be assessed through the ESIA procedures and requirements of the Government of Kenya and the World Bank Safeguards Policies to mitigate potential risks of impacts.

### 3.6 COMPARISON OF WORLD BANK SAFEGUARD POLICES AND ENVIRONMENTAL POLICIES OF KENYA

*Table 3.5 Comparison of World Bank Safeguard Policies and Environmental Policies of Kenya*

Item	World Bank Safeguards	GoK Laws
Screening	O.P 4.01 require screening of sub project investments in order to determine if further environmental assessments (ESIAs) is needed	EMCA requires screening of project investments in order to determine if further environmental assessments (ESIAs) is needed
ESIA	Require ESIA before project design and implementation (which also includes an assessment of social impacts).	Require ESIA before project design and implementation (which also includes an assessment of social impacts).
Public consultation	Requires stakeholder's consultation during planning, implementation and operational phases of the project	Requires stakeholder's consultation during planning, implementation and operational phases of the project
Public Disclosure	Require public disclosure of ESIA reports	Require public disclosure of ESIA reports
Laws	WB has safeguards for specific interests	EMCA recognizes other sectoral laws

## 4 PROJECT BIOPHYSICAL AND SOCIOECONOMIC SETTING

The specific location of all Project related activities is not known at this time but it is expected to be in major urban centres where target beneficiaries are concentrated. This chapter describes the overall baseline condition of Kenya in terms of biophysical environment, as well as the socio-economic context. Existing environmental and socio-economic conditions will, in many cases, provide a basis for predicting potential impacts of the project components and sub-components.

### 4.1 GEOGRAPHICAL CONTEXT

Kenya is situated in eastern part of the African continent, bordering Ethiopia, Somalia, Sudan, Uganda, Tanzania and the Indian Ocean. The country has a total area of 582,646 sq. kms, with a land area of 571,466 sq kms. Only about 20 percent of this land is arable, along the narrow tropical belt in the coast region, the highlands east and west of the Rift Valley and the lake basin lowlands around Lake Victoria – and consequently accommodates a large proportion of the country's population. The arable area includes the very high humid forests and highlands of Mt. Kenya and the Abedares Ranges in eastern highlands of the Rift Valley, and Mount Elgon, Cherangani, Mau and Nandi Hills in western highlands; the humid highlands of moist and dry forests with high agricultural potential in central Kenya; the dry forest and moist woodlands which are of high and medium agricultural potential in Rift Valley; and the humid and dry transitional areas in lower parts of Rift Valley<sup>3</sup>. The rest of the country – the north and north eastern and much of the southern areas towards the Tanzania border – consist of arid or semi-arid lands (ASALs) primarily covered with bushes and shrubs, unsuitable for agriculture, but affording opportunity predominantly for pastoralism and wildlife conservation. Table 4.1 shows the Agro-ecological Zoning 4 (AEZ) of Kenya's total area. Out of 582,646 square kilometres of area, about 1.9 percent is covered by water and the dry land mass is commonly divided into six major agro-ecological zones.

<sup>3</sup> <https://info.undp.org/docs/pdc/Documents/KEN/Project>

**Table 4.1 Agro ecological zones Kenya**

Zone	Approximate Area (km <sup>2</sup> )	Percent of Total	Examples of regions	
I. Agro-Alpine	800	0.1	Mt. Kenya and Mt Elgon areas Little agricultural value, except as source of rain and some rivers/streams	
II. High Potential	53,000	9.3	Parts of Meru, Embu, Kirinyaga and Nyeri; parts of the Rift Valley around Mau and Aberdares mountains (e.g. Kericho and Nyahururu respectively); Mt Elgon (e.g. around Kitale and Webuye).	Highlands between 1980 and 2700 m and occurs as a forest or open grasslands, Minimum, rainfall 1000mm
III. Medium Potential	53,000	9.3	Vast parts of Nyanza, Western and Central provinces; Central Rift-Valley (Nandi, Nakuru, Bomet, Eldoret, Kitale) and a small strip at the Coast province.	Between 900-1800 m with an annual rainfall between 950 and 1500 mm Most significant for agricultural cultivation.
IV. Semi-Arid	48,200	8.5	Naivasha, vast parts of Laikipia and Machakos counties; vast parts of central and southern Coast Province.	Between 900-1800 m with an annual rainfall between 950 and 1,500mm but with annual rainfall of about
V. Arid	300,000	52.9	Prevalent in northern Baringo, Turkana, lower Makueni and vast parts of North Eastern Province.	Much drier than Zone IV and occurs at lower elevations; Annual rainfall is 300-600mm
VI. Very arid and desert area	112,000	19.8	Semi desert areas found in Marsabit, Turkana, Mandera and Wajir counties.	The driest part. Annual rainfall is 200-400mm and is quite unreliable



			Chalbi desert in Marsabit County.	Chalbi is a salt desert with very sparse salt bushes as the only vegetation found. It is vast and of beautiful scenery. Pastoralists use it as a source of mineral lick for livestock, particularly during the
Rest(waters etc)	15600	2.6		

Source;[www.infonet-biovision.org/default/ct/690/agrozones](http://www.infonet-biovision.org/default/ct/690/agrozones)\_6th March 2013

## 4.2 ADMINISTRATIVE UNITS

The Kenyan Constitution provides for 47 devolved county Governments which are distinct from, but interdependent with the national Government, each with a governor and a county assembly. The counties replace the previous 8 provinces and the over 250 districts they presided over. The counties are in turn subdivided into sub-counties, wards and villages. The main distinction in governance introduced by the Constitution is that while the provinces and districts had been administered by direct appointees of the President to whom they were accountable, counties elect their respective governors, which is anticipated to enhance accountability to the grassroots. Each county elects ward representatives to its county assembly whose role is to legislate locally and to monitor the performance of the governor's county executive committee. A major deviation from the old constitutional order is that the Constitution provides Parliament the powers to legislate for the mode of recalling non-performing legislators.

## 4.3 POPULATION

The population of Kenya was 38.6 million according to the Population and Housing Census data of 2009, with growth rates averaging 3.0% annually. Current estimates indicate a total population of 43 million people (in 2014). Kenya's population has grown by an average of one million people per year in the past 10 years, from about 5.4 million people in 1948 to over 40 million people in 2010. The country has a population density of 67 people per square kilometer, with an annual population growth rate of approximately 2.7%, but population distribution is densest in the high rainfall areas.

A majority of the Kenyan population (67.2%) live in rural areas, while 32.5% are in urban centres. Seventy-five percent of Kenya's population is under 30 years of age<sup>4</sup>. Overall, Kenya's population is projected to reach 67.84 million by the year 2030, by which time some 63% of the people will live in urban areas. This has great implications for agriculture, water resources, food security health and the environment, as urbanization increases the propensity for higher demands to cultivate more land, increasing industrialization and challenges for maintaining sustainable environments.

#### 4.4 SOCIO-ECONOMIC CONTEXT

Kenya has the largest and most diverse economy in East Africa, with an average annual growth rate of over 5% for nearly a decade. In terms of Human Development Index Kenya ranks highest in the region. Its entrepreneurship and human capital give it huge potential for further growth, job creation and poverty reduction. The recent discovery of oil and other mineral resources creates great potential for the Kenyan economy. However, despite a decline of the country's absolute poverty rate, wealth has not been distributed equally. Kenya remains a highly unequal society by income, by gender, and by geographical location. Poverty is highest in the arid and semi-arid areas that cover about 80% of the land area and are inhabited by about 20% of the population. Poverty also affects the coastal area, which receives fewer resources. Rapid population growth is another major challenge, further complicated by high unemployment rates especially among the youth. More than 75% of Kenya's population are below the age of 30<sup>5</sup> and the population under age 14 alone amounts to 43 percent.

<sup>4</sup> <http://www.youthpolicy.org/factsheets/country/kenya/>

<sup>5</sup> <http://www.youthpolicy.org/factsheets/country/kenya/>

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## 5 CONSULTATION AND PUBLIC DISCLOSURE

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The World Bank Safeguards Operational Policy /Bank Procedures (OP/BP 4.01 on Environmental Assessment requires public consultation with relevant stakeholders (potential project beneficiaries, affected groups and local non-governmental organizations (NGOs) about the project environmental/social impacts and take their view into account. The Constitution of Kenya, EMCA, EIA regulations (2003) and other statutes also require public consultations to be undertaken in development projects. Below is the process followed in stakeholder engagement and disclosure plans.

During the project preparation process, discussions were held with MoITC on the project activities and components.

Consultation with Key stakeholders in the application and implementation of the ESMF was held at two levels. First with PIU on 7<sup>th</sup> December 2017 at the MoITC offices boardroom and below are recommendations by PIU;

- Provision of budget to train the Project Implementation Unit and the selected beneficiaries on the requirements of the ESMF.
- A review of the proposed screening criteria to incorporate the needs assessment and ways of addressing non conformity by the beneficiaries.

A second consultation meeting with potential beneficiaries was held 8th December 2017 at the Ministry's 17th Floor Board Room, NSSF Building . Below is the summary of the discussions and suggestions for incorporation into the project design.

- The projects should have a clear mechanism to support the gradual growth of startups/SMEs from startups.
- The performance contracts conditions should not lock out Startups with potential to grow in the different sectors
- The need to advice the potential beneficiaries on the requirement ESMF
- Project coverage should cover all counties
- Develop communication and publicizing mechanisms to raise public awareness on the project
- The project should include pilot model to inform the design success in the implementation of the project

The suggestions raised by the beneficiaries are in line with the design of the project. A budget for training SME's on ESMF has been set aside. The project beneficiaries where applicable will also be guided on how to fill out the ESSF by the management consultant

Minutes of the stakeholders consultations are documented in Annex 4

Consultations with stakeholders will be held continuously with the beneficiaries throughout the course of project implementation.

## **5.1 ESMF DISCLOSURE**

The ESMF will be disclosed on MoITC website and the World Bank's Info Shop.

## 6 SOCIAL AND ENVIRONMENTAL IMPACTS

### 6.1 POSITIVE IMPACTS

It is anticipated that the majority investments supported in this Project will be in the services or technology sphere, with no-to-limited associated environmental or social risks and impacts. The specific location of all Project related activities are not known at this time of project preparation but is expected to target major towns of Kenya where the beneficiaries are located. The project objective is to increase innovation and productivity in select private sector firm. This Project will have positive social impacts in the form of creating employment opportunities, focused on better quality jobs, improved productivity, enhanced professional and ICT skills and competencies, as well as empowerment of women in technology and female entrepreneurs

*Table 6.1 Positive Impacts*

Component	Impacts
subcomponent 1a	<ul style="list-style-type: none"> <li>• “Strengthening the ecosystem’s support infrastructure” will have a positive impact on the creation of startups in Kenya by strengthening the services provided, enhancing management capacity, and supporting longer-term operational strategy. Activities to be implemented under this project may also lead to a decrease of the startup failure rate and enhanced job creation.</li> <li>• In addition, according to international experience in Lebanon, Peru, and Colombia, bootcamps have led to high employment rates among graduates and increases in salary earnings. Therefore, the impacts considered in the economic analysis of the bootcamps are: (i) the monetized value of jobs created with a substantial increase in salaries, and as a result (ii) the additional tax income generated. There is also strong inbuilt focus on supporting women in technology and female entrepreneurs, including those who own SMEs. For example, to incentivize the increased participation of women in technology bootcamps, a tiered subsidy system linked to female participation will be implemented, the aim of which is to catalyse the marketing outreach of relevant providers to ensure greater participation and retention of women.</li> </ul>
subcomponent 1b	<ul style="list-style-type: none"> <li>• The economic and financial analysis of the launch of an international accelerator in Kenya has assumed some of the results from the Finnish case and the impact of public investment in business innovation activities, analysed in the 2015 report, ‘The Impact of Tekes and Innovation Activities’. The activities implemented under the Tekes initiative had a positive impact on society, environment, and general wellbeing. Moreover, the report describes a job increase among 20 percent of SMEs funded by Tekes between 2010 and 2013.</li> <li>• The economic analysis for the industry-academia platform under subcomponent 1b has taken into consideration (i) a higher volume of business/revenue generated by new firms; (ii) a positive impact on job creation; and (iii) additional tax income.</li> </ul>
component 2	<ul style="list-style-type: none"> <li>• The Project will support the implementation of the SME linkages and upgrading program through performance based contracts to SMEs. As a result, individual enterprises will be able to improve the efficiency of their businesses and as such increase their profits. The impact on individual businesses of different sizes has been estimated as part of the economic analysis</li> </ul>

Component	Impacts
Component 3	<ul style="list-style-type: none"> <li>This component is expected to strengthen the local competencies and capacity within the PIU and ensure retention. . It is also expected to share Project learnings and build knowledge among a wider group of stakeholders in Kenya and beyond through its communications activities.</li> </ul>

## 6.2 POTENTIAL ENVIRONMENTAL AND SOCIAL IMPACTS

It is anticipated that the majority of sub-project investments supported in this Project will be in the services or technology sphere, with low-medium associated environmental or social risks and impacts. The activities of the project beneficiaries related to project implementation may result in negative environmental impacts, if environmental and social aspects are ignored or improperly managed, as they relate to the instalment and operation of new or disposal of old IT equipment. Other project activities do not pose such risks, since they are technical assistance, focused on capacity building and training.

**Table 6.2 Potential environmental and social risk and impacts**

Projects Components	Activities	Potential impacts
Component 1 Sub component 1a	This subcomponent will finance a consulting firm to: (i) develop a diagnostic tool to assess ecosystem intermediaries; (ii) conduct a call for expressions of interest for intermediaries to undergo the diagnostic and then pre-select 15-20 incubators and accelerators, and 8-10 bootcamp providers to take part; (iii) administer the diagnostic, and invite those intermediaries to submit their performance or expansion plans for funding consideration; (iv) through a business plan competition, select two cohorts of 5-7 incubators and accelerators and up to 4 bootcamp providers each that will receive funding; (v) after selection, administer and supervise the performance contracts or expansion plans for the cohorts under each track, including disbursements; (vi) analyze the rich data set from the diagnostics and the performance contract reports and facilitate sector coordination activities, including efforts to support women entrepreneurs, in close collaboration with the PIU.	<ul style="list-style-type: none"> <li>Related to work environment, the installment and operation of new or disposal of old IT equipment or technology, unsafe health and environmental working conditions and health problems may result due to a lack of safe facility arrangements, as well as waste and noise pollution in the working area</li> </ul>
Sub component 1b	<p>e) Provide operational funding to leading International Accelerators to establish a program in Nairobi by financing the operational costs of the accelerator for the first three years.</p> <p>f) The leading IA will create a program to match established firms and technology-enabled startups, which will lead to (i) new products,</p>	<ul style="list-style-type: none"> <li>Related to work place environment, the installment and operation of new or disposal of old IT equipment or technology, occupational, health and safety risks and impacts associated with poor environmental working conditions, health problems may result due to a lack of safe</li> </ul>

		processes, services and ventures; (ii) increased technology adoption and innovation capacity within traditional firms; and (iii) a better understanding of local business needs by the startups	facility arrangements, as well as waste and noise pollution in the working area
	g)	Establish an industry-academia platform for corporate innovation. A consulting firm will be engaged to design and establish a platform to connect students from TEIs to traditional industries in order to develop solutions to real industry problems	
	h)		
Component 2	b)	The component will support SMEs in improving their managerial and technical skills, and their use and access to technology. This component will finance diagnostics and performance-based contracts to select SMEs by targeting an increase in the productivity of participating SMEs	<ul style="list-style-type: none"> <li>Some SMEs who receive support from the Project via performance-based contracts may include among its milestones actions that result in negative environmental impacts related to the purchase of new or disposal of old IT equipment or technology.</li> <li>Localized environmental negative impacts may occur from the types of IT equipment and technology upgrade being considered. These impacts may include air pollution due to dusts and fumes, soil and water pollution and waste from electrical, electronic, and metallic equipment, or other by-products produced as a result of creation, installation, manufacture and testing by SMEs</li> <li>Workplace conditions related to the installment and operation of new or disposal of old IT equipment or technology. Potential for occupational health and safety concerns for workers due to unsafe working place conditions, health problems to workers may arise due to a lack of safe facility arrangements, as well as waste and noise pollution in the working area</li> <li>Labour related issues related to the installment and operation of new or disposal of old IT equipment or technology. Failure to uphold good labour standards and worker exploitation, including SEA</li> </ul>
Component 3	b)	provide resources for (i) project implementation, through the Project Implementation Unit (PIU); (ii) communications to facilitate diffusion and replication of promising innovations; and (iii)	<ul style="list-style-type: none"> <li>Related to the work place environment, installment and operation of new or disposal of old IT equipment or technology, unsafe health and environmental working conditions, health</li> </ul>

monitoring and evaluation analyses to ensure the implementation and sustainability of the Project's activities

problems may result due to a lack of safe facility arrangements, as well as waste and noise pollution in the working area

### 6.3 MONITORING AND MITIGATION MEASURES

In order to address these potential adverse impacts, the environmental screening process proposed under this ESMF will be applied in such a way as to ensure that potential negative impacts are prevented and/or mitigated appropriately, and positive impacts are enhanced

The activities envisaged under the KIEP Project are of low-risk type. However, each performance contract/ activity will be subjected to formal screening to:

- Verify that the projects are not among the exclusion list
- Check if the proposed projects requires any further environmental assessments such as ESIA
- To identify the key environmental and social impacts
- Review the plan at early stage to ensure that it adopts environmental guidelines, criteria and good practices; and
- Provide environmental guidance for preparing simple ESMP, if appropriate
- Review contract templates of potential beneficiary firms and ecosystem intermediaries to ensure that they are gender sensitive and have clauses for PSEA.

The project will also be monitored to ensure that it puts adequate safeguards in place to address the following social issues:

- Governance: The project's Task Teams will be required to consider as best practice, putting in place transparent and accessible selection criteria that will ensure that firms and ecosystem intermediaries owned by women, youth and people with disabilities, have equal chance for consideration for support under the project.
- Labour Influx: If any of the project components will involve works that require labour (skilled and unskilled), priority will be given to the local people to avoid instances of labour influx that may have adverse socio-cultural impacts on the local community.
- Protection Against Sexual Exploitation and Abuse (PSEA) and Cultural appropriateness of project activities: Project beneficiaries (firms and ecosystem intermediaries) will ensure that any contracts for project activities have inbuilt safeguards clauses and arrangements to protect local community members, in particular, the vulnerable and poor women and young girls, from adverse impacts such as SEA, child labour, teen pregnancies, interferences with local culture, and



unnecessary disruption of the community's livelihood strategies such as increase in the prices of commodities and rental housing.

Given the focus of the Project to target increase in productivity and innovation by supporting use and access to technology, the procurement of ICT equipment's is envisaged under the all the components hence the potential for e waste generation after the electronic devices procured are discarded. As per the requirement of E waste regulation the PIU through the management consultant will inform the project beneficiaries to take the following steps with regards to safe disposal of electronic waste:

- Separate e-waste from other wastes to facilitate collection, treatment and recycling
- Dispose e-waste generated to the e-waste collection centres
- Sell or donate e-waste to licensed refurbishers
- Take back equipment to the manufacturer, importer or assembler, if they allow it
- Dump e-waste at the licensed dumping site specified for the e-waste
- Be responsible for following recommended disposal methods or procedures especially date of expiry or end of usage period of the product.

In order to address these potential adverse impacts, the environmental screening process proposed under this ESMF will be applied in such a way as to ensure that potential negative impacts are prevented and/or mitigated appropriately, and positive impacts are enhanced.

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## 7 PROJECT INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

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### 7.1 PROJECT IMPLEMENTATION ARRANGEMENTS

The PIU will be responsible for monitoring project implementation and expected outcomes. Component 3 makes funds provision to support the PIU in its monitoring and evaluation role. The firms hired to work on the different components will be required to regularly collect and provide the PIU with relevant sets of data. The PIU will establish standard formats and guidelines for data collection and reporting. Sources of data include primary data collected through project implementation, as well as relevant government and third-party data collected for the purposes of other reports. Monitoring and evaluation of the Project will be embedded in its various components to ensure results are properly monitored. A detailed organogram of the current PIU is provided in Figure 7.1 below.

*Figure 7.1 Organogram of the Current PIU*

### 7.2 ESMF IMPLEMENTATION ARRANGEMENTS

This ESMF has been prepared to guide the environmental and social screening of performance based contracts and the preparation of the relevant supplementary safeguards instruments that may be needed once beneficiary activities and locations are known.

The ESMF includes training program, responsibilities for its implementation and monitoring, procedures and budgets for ensuring enhancement of the environmental and social performance of the project. The ESMF reflects clarified roles and responsibilities vis-à-vis the implementation of the ESMF.

7.3 The project will procure consultant services for (i) the administration of performance contracts for ecosystem intermediaries, (ii) the IA to set up operations in Kenya, (iii) the implementation of an industry-academia platform, (iv) the implementation of the SME upgrading program, as well as for (v) monitoring and evaluation, (vi) communications, (vii) training and capacity building, (viii) third-party procurement audits, and (ix) technical assistance.

The select consulting firms will have safeguard capacity within its team to review beneficiary, applications, review and monitor the performance contracts, and work in close collaboration with the PIU safeguard focal person to manage the execution of the ESMF;

Table 7.1 outlines the responsibilities of each cadre of the ESMF implementation team

**Table 7.1 Roles and Responsibilities**

Monitoring Level	Roles	Responsibility
<b>Selected Beneficiaries</b>	<ul style="list-style-type: none"> <li>The beneficiaries are responsible for the accuracy of all information and data provided during the preparation of the ESSF and subsequent ESMPs</li> <li>Ensure implementation of mitigation measures as entailed in the ESMP where necessary.</li> <li>Update Management consultant on ESMP implementation, challenges and any additional support required.</li> <li>Address all non-compliance directly related to the implementation of project activities, as advised by the Management consultant and report on the status of each, within agreed timeframes.</li> </ul>	Beneficiary firm manager

Monitoring Level	Roles	Responsibility
<b>Management Consultancy Firm</b>	<ul style="list-style-type: none"> <li>Assign, as part of the project team, a competent Environmental and Social Staff to oversee beneficiaries' implementation of the ESMP as needed.</li> <li>Advise the proponents on the content and scope of ESSF as needed.</li> <li>Advise Applicants on the content and scope of ESMPs, as needed.</li> <li>Review and approval of ESMPs.</li> <li>Review of the monitoring reports to ensure compliance with the ESMP as it relates directly to the implementation of project activities.</li> <li>Performing on-site visits if necessary.</li> <li>Conduct Environmental and Social Screening once beneficiaries submit proposed investments.</li> <li>Regularly update the PIU on relevant ESMP implementation, challenges and any additional support required.</li> <li>The Consultant will provide guidance to the selected beneficiaries during the preparation of the ESSF and ESMPs</li> </ul>	Consultant's Safeguard person / consultancy team
<b>PIU</b>	<ul style="list-style-type: none"> <li>Review adequacy of proposed project budgets to cover for the management of the environmental and social risks and impacts during implementation.</li> <li>Ensure that the assigned management consultants have competent Environmental and Social experts to support project implementation.</li> <li>Review consultant's reports on project ESMPs contained in the Regular Work Progress Reports submitted by the supervising consultant.</li> <li>Conduct site visits as agreed with the management consultants and advice on identified issues.</li> <li>Ensure that identified non-compliances are adequately communicated to the beneficiary, and relevant Corrective Action Plans developed.</li> </ul>	PIU Safeguard person

It is the responsibility of the proponents (SMEs) to provide accurate information regarding the proposed investments. After receiving funding, the SMEs will implement the proposed activities in line with good environmental and social practices, and will be expected to report to the management consultants any mitigation measures taken, or any non-compliance. NEMA may also monitor and enforce environmental mitigation measures as applicable as per the requirement of EMCA.

## 7.4 MONITORING OF ENVIRONMENTAL AND SOCIAL SAFEGUARDS

The goal of environmental and social monitoring is to measure the success rate of the project, determine whether interventions have resulted in mitigating negative impacts, whether further interventions are needed or monitoring is to be extended.

Environmental monitoring will be carried out by the management consultant and PIU safeguard focal person where necessary during the Project implementation phase in order to measure the success of the mitigation measures implemented. Monitoring provides opportunities:

- i) To alert Project PIU and provide timely information about the success or otherwise the implementation of the ESMF process, to enable changes to be made to the plans, if required; and
- ii) To determine whether the mitigation measures set out by project beneficiaries have been successful.

## 7.5 EXCLUSION LIST

The following will be excluded from financing during the screening

- Category A projects;
- Project that will require land acquisitions, will involve Physical/economic displacements;
- Project likely to affect the Vulnerable Marginalised Group /Indigenous Peoples;
- Project activities that will involve expansion of existing infrastructure or construction of new buildings.

### 7.5.1 Screening, Monitoring, and Reporting

The environment and social screening procedure will include four steps to ensure that environmental and social impacts are identified, mitigation measures proposed and monitoring measures incorporated, as summarized in the checklist below:

Step 1: Have the projects activities been compared to the Exclusion Checklist (section 7.5 of the ESMF)?

Step 2: Has the project been screened with the Environment and social screening form annexed to the ESMF?

Step 3: If required, has a field visit been conducted and an ESMP prepared?

Step 4: Has the proposal been reviewed and cleared by management consultant safeguard focal person?

*(a) Step 1: Compare to Exclusion List*

KIEP will not fund project in the exclusion list because they would potentially cause significant environmental and social impacts and potentially generate complex environmental and social management requirements that are not in line with the project goals. Those excluded activities are listed in section 7.5 of this ESMF.

*(b) Step 2: Application Screening to Evaluate Environmental and Social impacts*

The Safeguard expert at the management consulting firm will review environmental and social screening forms in order to identify if there are any relevant concerns. **Annex 1 contains** the lists of environment and social screening criteria, which will be used for the initial screening of environmental and social impacts. The completed screening forms will be submitted to PIU safeguard expert for records.

Some Performance based contract under sub component 2 may require environmental permits under the national regulations if they fall under prescribed categories. Where required the PIU through the management consultants should ensure it is adequately communicated to the applicants that compliance and permits are obtained during the implementation of the performance contract. .

*(c) Step 3: Field Appraisal*

Verification of the the applicant's premises will be carried out before the performance is submitted. The applicant will receive on site business advisors that will identify gaps and how to improve their productivity and innovation, and also any safeguards gaps. With the help of business advisors the applicant will put together the improvement plans that will be the basis of the performance contracts. The business advisor will be given safeguards training.

If any potentially significant environmental or social issues are identified, the management consultant will provide recommendation for supplementary safeguards instruments i.e. the ESMPs/ESIAs.

Where necessary PIU and management consultants safeguard persons, will also conduct a site visit in order to validate the information contained in the Performance Contract Application and to determine adequate measures are in place to manage environmental and social issues, or if additional mitigation measures are required to be implemented. For this purpose, the checklist given in Annex 2 will be applied. However, SME interventions which are likely to have no or minimal adverse environmental and social impacts will not need to conduct a site investigation beyond the initial environmental and social screening.

If environment and social impacts are identified during the screening process, a plan to correct them and improve management of the SME may be appropriate. In such case an Environmental and Social Management Plan (ESMP) would be developed by the project beneficiaries for implementation and be monitored by the Management Consultant and the PIU. Guidelines for preparing an ESMP are included in Annex 3.

*(d) Step 4: Review and Clearance*

Safeguard expert within the management consultants/PIU will review the applicant's proposal and the ESIA/ESMP to ensure that adequate environmental and social mitigation measures are in place .

### **7.5.2 Environmental Reporting**

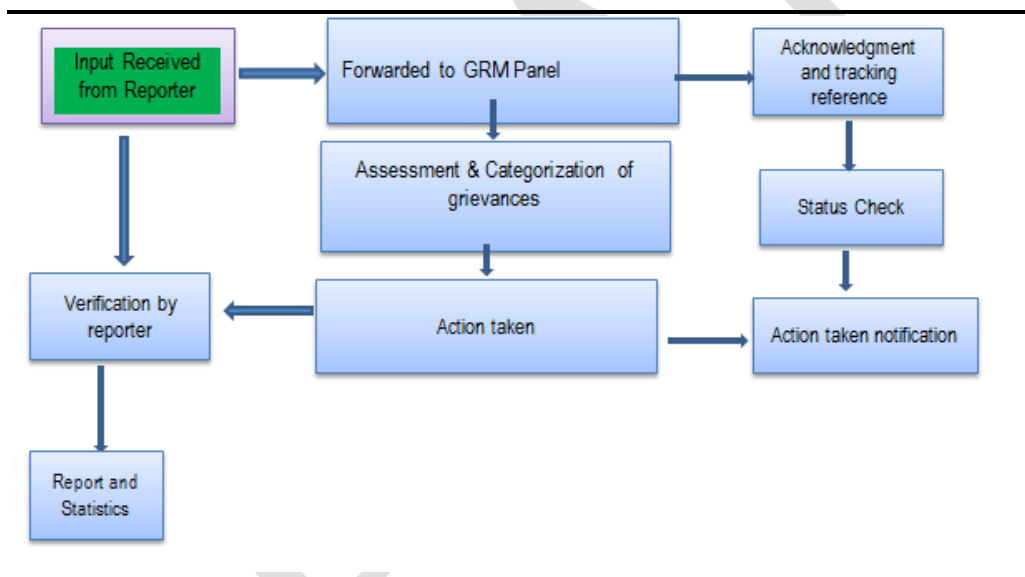
As part of Performance Contract administration, management consultant will maintain information on beneficiaries' environment and social performance in its portfolio. Follow-up on individual beneficiaries will be performed if deemed necessary. Management consultant will also require beneficiaries to provide accurate information and data on the ESSF and ESMPs, and the project will utilize and evaluate this information to continually monitor the project beneficiaries' activities. As part of environmental reporting the management consultant will regularly update the PIU on ESMP implementation, project implementation, challenges and any additional support required

## 8 GRIEVANCE REDRESS MECHANISM

The Project is required to establish a GRM to address any complaints that may arise during project implementation. Given the nature of the Project and the stakeholders, most of whom use online and social media to communicate and engage with their audiences. The PIU is recommended set up an online grievance redressal system to be displayed on their website. The system will enable submission of grievances by the aggrieved stakeholders. The GRM will be managed by a dedicated communication specialist from PIU who will forward grievances received to a GRM panel made up of representatives from PIU and Management consultant firm to scrutinize and take action for speedy and favorable redress of these grievances. Tracking grievances will also be facilitated on the portal through the system generated unique registration number. This grievance administration system will enable effective monitoring and submission of online monthly status report regarding the number of grievances received, disposed of and the ones pending.

The following diagram shows the flow of GRM procedure to be followed by the GRM panel

**Figure 8.1 The Grievance Redress Mechanism Process**





## 9 ESMF CAPACITY BUILDING AND TRAINING

MoITC has limited experience with the Bank's safeguard policies and procedures, the PIU will be strengthened through capacity building on the Bank's safeguard policies and procedures. The Ministry has designated two staff to support the PIU as the Safeguards focal persons, the staff have understanding of the national environmental policies, legislations and institutional framework for environmental management in the country. The project will enhance the safeguard capacity of the officers and the Ministry by carrying out targeted Safeguards training on the World Bank Safeguards Policies and Procedures.

The ESMF has assessed the Ministry Safeguards capacity and has proposed measures to enhance safeguards capacity to improve environmental and social performance during project implementation; this will include safeguards training for MoITC/Management Consultant /PIU/SMEs. The budget proposed to enhance safeguard capacity is 70,000USD. The budget will cater for Capacity building of the PIU related to safeguard compliance, Environmental and social screening , review of the ESMPs, Monitoring & Evaluation and Implementation of ESMF.

The budget remains open for revision and improvement as and when needed.

**Table 9.1 Estimated budget for technical assistance & implementation of ESMF**

List of Activities	Budget (USD)
Capacity building of PIU related to safeguard compliance , Safeguard training for for MoITC/Management Consultant /PIU/business advisors/SMEs	15000
Environmental screening, Review the EMP, Monitoring & Evaluation field assessments prior to implementation of subprojects	15000
Monitoring & Evaluation trips during implementation of subprojects	20000
Implementation & Monitoring of ESMF	20000
Total	70,000

## 10 ANNEXES

### ANNEX 1. ENVIRONMENTAL SOCIAL SCREENING FORM (ESSF)

1. Name of the beneficiary entity: .....
2. Location of the business: .....
3. Telephone numbers: .....
- 4 Email address
5. Name of beneficiary representative filling the ESSF

#### PART A: BRIEF DESCRIPTION OF BENEFICIARY PREMISES.

Please provide information on the type and scale of the business focusing on the following areas ;

- (1. area
- (2. approximate land acreage
- (3. approximate size of total building floor area
- (4. roads,
- (5. disposal sites
- (6. water supply
- (7. energy requirements
- (8. Human resources,.

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.....

## PART B: ENVIRONMENTAL SCREENING FORM(ESF)

The checklist below will be submitted along with the performance based contract application to help make a preliminary decision whether a particular applicant may exhibit compliance problems, excess environmental risk, or complex or sensitive environmental conditions. Proposed action plans that trigger any of the conditions in the checklist would be considered as potentially having significant environmental risk, and would require further explanation or clarification by the applicant, which should be attached to the checklist by the applicant for subsequent evaluation and correction during the field appraisal (Annex 2) as needed. Please complete the checklist below, indicating any applicable items, and by providing additional information where required. It is realized that for many startups, early-stage and growth-stage businesses, that these items will not be applicable. However, all sections should be filled, by indicating 'N/A' where it is the most appropriate response

NO ENVIRONMENTAL SCREENING	YES NO REMARKS/MITIGATION MEASURES
1 Does the existing enterprise require or have a valid operating permit, license, approval, etc.?	
2 Does the existing enterprise meet all national environmental regulations regarding air, water and solid waste management, if and as applicable?	
3 Does the existing enterprise have any significant outstanding environmental fees, fines or penalties or any other environmental liabilities? (E.g. lack of permit, legal claims, contaminated soil stained with chemical releases, waste pits, stressed vegetation, contaminated waterways)	
4 )	
5 Will the business activity generate water effluents? <ul style="list-style-type: none"> <li>• If yes, would they violate any national or local standard</li> <li>• If yes, would they be managed in accordance with applicable law</li> </ul>	
6 Will the business activity generate air pollutant emissions? <ul style="list-style-type: none"> <li>• If yes, would they violate any national or local standard</li> <li>• If yes, would they be managed in accordance with applicable law</li> </ul>	
7 Will the sub-project generate noise levels that:	

NO ENVIRONMENTAL SCREENING	YES NO REMARKS/MITIGATION MEASURES
<ul style="list-style-type: none"> <li>Violates national or local noise standards?</li> <li>Impacts sensitive receptors (housing, hospitals, schools, etc.)?</li> </ul>	
<p>8 Will the subproject consume, store, produce or utilize hazardous materials that:</p> <ul style="list-style-type: none"> <li>require special permits or licences</li> <li>require licenced or trained personnel</li> <li>are outlawed or banned</li> <li>are difficult, expensive, or hard to manage</li> <li>are inconsistent with WBG EHS Guidelines/local legislation or recommendations</li> <li>have a high risk of explosion, fire, or danger to workers</li> <li>are vulnerable to seismic, flood, terrorist attack, or other danger</li> </ul>	
<p>9 Will the sub-project be located within or close to sensitive areas such as:</p> <ul style="list-style-type: none"> <li>hospitals or schools</li> <li>housing areas</li> <li>historical structures</li> <li>buildings/areas not officially protected but recognized by the local population as significant</li> </ul>	
<p>10 Do the project activities have any unsafe history, such as:</p> <ul style="list-style-type: none"> <li>material complaints from the public</li> <li>legal claims against the company due to environmental or social issues</li> <li>significant accidents or deaths of workers or public</li> <li>Environmental incidents or accidents (spills, dust clouds, releases, etc.)</li> </ul>	
<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	

**PART C: SOCIAL SAFEGUARDS SCREENING FORM (SSF)**

This Social Screening Form (SSF) aim is to assist in screening of potential project beneficiaries for any potential adverse social impacts as part of performance contract evaluation.

SOCIAL SAFEGUARDS SCREENING	YES/NO	REMARKS/MITIGATION MEASURES
1. Would the proposed project have social impacts that could affect disabled persons or other vulnerable groups?		
Is the project likely to significantly impact gender equality and women's empowerment?		
Will the proposed project have variable impacts on different ethnic groups, or social classes?		
Will the proposed project have any specific human rights implications?		
Will the proposed project marginalize or adversely affect youth?		

N/B:

For all issues indicated by "Yes", the applicant is expected to explain how he/she intends to mitigate them.

**PART D. CERTIFICATION**

We certify that we have thoroughly examined all the potential adverse effects of business activities to the best of our knowledge, the activities as described in the application and associated information in this screening form is true and accurate.

Beneficiary Representative (signature):.....

**PART E: FOR SAFEGUARD SPECIALIST ONLY:**

The application is complete, all significant environmental and social information has been provided, and any potential issues have been identified.

**Indicate which environment /social issues, if any, need to be clarified at the beneficiary site by a field appraisal:**

.....  
 .....  
 .....

.....  
If necessary, a Field Appraisal report will be completed and added to the subproject file.

Name of safeguard specialist:

.....  
Signature:.....

Date: .....

DRAFT

## **ANNEX 2. SME FIELD APPRAISAL (SITE VISIT) CHECKLIST**

Safeguard specialist will visit applicants as required. During such visit, the representative will examine the physical condition of the area where the activities are taking place, in order to verify the information in annex 1 and to ascertain if there are any issues, which may represent environmental or social risks. The checklist below will assist the safeguard specialist in conducting the site visit, and in documenting and reporting the social, environmental and safety conditions at the site.

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**1. Key Processes**

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(List the key processes, physical activities, waste products, and emission from the project activities)

---

**2 Environmental Risks**

---

(List any potential environmental issues and discuss how the potential project beneficiary is managing and controlling these risks)

---

**3 Environmental Opportunities**

---



(List the key opportunities for improvement, and discuss these with the potential project beneficiary if appropriate)

4	Use this list as a check for indication of the existence or environmental issues of their good/poor management as you go around the site
	Noise level (high or low)
	Eye irritation (clean or dusty)
	Past use of land (could indicate contamination of ground)
	Storage of hazardous or polluting materials, by-products or waste (check method of disposal for environmental impact)
	Underground storage of liquids (difficult to see leakage but ask about how management control possibility of leaks).
	Proximity to residential areas (close or distant).
	Proximity to polluting source e.g. neighbouring industry (could contaminate beneficiary property)
	Proximity to water courses (indicates likelihood of contamination by accident/leakage).
	Health and safety record (good or bad).
	Level of housekeeping in general (good or bad)
	Nature of air emission from chimney or stacks (clean or dirty), and adequacy of emission control measures
5.	Financial Issues
	What are the annual costs for user fees, past fines/penalties?
	What is the required capital or operational investment costs for environmental improvements in the short/long term?
	Are environmental costs incorporated into the business plan and other financial projections?
6	Legal Issues

	Have there been any environmental notices or orders served on the company which restrict business activities?
	Does the company have all the required environmental permits?
	Is the company aware of their legal obligations as far as permits or emission standards is concerned?
<b>7.</b>	<b>Reputational Issues</b>
	Is the project exposed to reputational risk through the beneficiaries activities (e.g. handling hazardous products, high local emissions, or disturbing the local community)?
	What steps has the beneficiary taken to control any reputational or environmental issues, if applicable?
<b>8</b>	<b>Management Issues</b>
	Is there someone with responsibility for environmental matters?
	· Do they seem well informed and able to manage their environmental responsibilities?
	· Do they produce documentation in a timely manner?
<b>9</b>	<b>Social Issues</b>
	Have any social issues been identified in the Annex 1 checklist?
	Are there any labor, health and safety, or other social issues apparent during the site visit
<b>10</b>	<b>Conclusions and Recommendations</b>
	Add any conclusion and recommendation, including:
	Any further environmental appraisal required;

As a result of the on-site visit, the safeguard specialist may recommend environmental management or reporting activities, which would apply throughout the life of the Performance contract. If irregularities, complexities, permit gaps, or any problems are found during the screening process, a plan to correct them and improve management of the beneficiary may be appropriate. In such case an ESMP would be developed and included in the performance contract. Guidelines for preparing an ESMP are included in Annex 3. These recommendations may also be included in the site visit report and incorporated into the performance contract.

### ANNEX 3: GUIDELINES FOR PREPARING AN ESMP

When a subproject evaluation has included a Field Appraisal and it is determined that distinct mitigation measures are required, an Environmental and Social Management Plan (ESMP) needs to be included with the performance contract application. The Field Appraisal checklist (Annex 2) will guide the requirements of the ESMP.

An ESMP usually includes the following components:

- Description of adverse effects: A description of the possible adverse effects that the ESMP is intended to deal with are identified and summarized.
- Description of feasible mitigation measures: A description of planned mitigation measures, and how and when they will be implemented. Each measure is described with reference to the effect(s) it is intended to deal with. As needed, detailed plans, designs, equipment descriptions, and operating procedures are described.
- Description of monitoring program: Monitoring provides information on the environmental effects of the subproject – both positive and negative. It helps identify how well mitigation measures are working, and where better mitigation may be needed.
- The monitoring program should identify what information will be collected, how, where and how often. It should also indicate at what level of effect there would be a need for further mitigation.
- Responsibilities: A description of who will be responsible for implementing the ESMP:
  - the people, groups, or organizations that will carry out the mitigation and monitoring
  - Activities are defined, as well as to whom they report and are responsible. There may be a need to train people to carry out these responsibilities, and to provide them with equipment and supplies.
- Implementation schedule: The timing, frequency and duration of mitigation measures and
  - monitoring are specified in an implementation schedule, and linked to the overall
  - Performance Contract schedule.
- Cost estimates and sources of funds: These are specified for the initial Performance Contract
  - Mitigation and monitoring activities as a Performance Contract is implemented. Funds to implement the ESMP may form part of investment in the
  - Performance Contract if appropriate.
  - The scale of the Performance Contract will determine the length of the ESMP. A small-scale activity ESMP can be elaborated in a few paragraphs or in tabular format, keeping it as simple as possible with concrete mitigation actions, timelines and responsible persons

**Table 10.1 Mitigation Plan**

Issue	Mitigating Measure	Cost of Mitigation (If Substantial)	Responsibility	Supervision observation and comments (to be filled out during supervision)
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**Table 10.2 Monitoring Plan**

What Risk is to be monitored?	Where is the Risk to be monitored?	How is the Risk to be monitored/ type of monitoring equipment?	When is the Risk to be monitored frequency of measurement or continuous?	Monitoring Cost What is the cost of equipment or contractor charges to perform monitoring?	Responsibility	Supervision observation and comments (to be filled out during supervision with reference to adequate measuring reports)
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**ANNEX 4 STAKEHOLDER CONSULTATION****10.1.1 Meeting with PIU****MINUTES OF THE CONSULTATIVE MEETING ON ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF) FOR THE KENYA INDUSTRY AND ENTREPRENEURSHIP PROJECT (KIEP), ON 7<sup>TH</sup> DECEMBER, 2017 STARTING 11.35 A.M****MEMBERS PRESENT:**

- |                    |                 |                |
|--------------------|-----------------|----------------|
| 1. Stephen Odua    | Ag. DPSD        | Chairing       |
| 2. Mathew Nyamu    | ADI             |                |
| 3. Doris Githua    | PSC             |                |
| 4. Lawrence Ngari  | ADI             |                |
| 5. Edith Ndung'u   | ICTO            |                |
| 6. Michael Ocholla | Procurement     |                |
| 7. Paul Otieno     | Procurement     |                |
| 8. Haroub Ahmed    | ESMF Consultant |                |
| 9. Philip Maitha   | Econ            | Taking Minutes |

**APOLOGIES**

- |                     |            |
|---------------------|------------|
| 1. Hannah Kiarie    | ADI        |
| 2. Joseph Njeru     | PIDO       |
| 3. Jonah Sunday     | FO         |
| 4. Margaret Kigundu | Accountant |
| 5. Jecinter Obondi  | Accountant |

**AGENDA**

1. Introduction and Remarks by the Chairperson
2. Discussion on the Draft ESMF Framework
3. A.O.B

**Min 1: Introduction and Remarks from the Chair**

The meeting was called to order at 11.35 AM with a word of prayer from Mr. Lawrence Ngari and all the Members present introduced themselves.

The Chair welcomed all the members present and thanked them for their attendance in the meeting on short notice. The chair informed the meeting that the ESMF was a requirement to ensure that the proposed project activities are compliant with the relevant national policies, regulations and legislations as well as the World Bank (WBG) Operational Policies and Bank Procedures.

## **MIN 2: Discussion on the Draft Environmental and Social Management Framework**

The Consultant made a presentation on the Draft Environmental and Social Management Framework outlining the following key areas:

- i. World Bank Environmental Safeguards, under Operational policy and Bank Procedure (OP/BP) 4.01. the project is categorized as B project where it may have potential adverse environmental impacts on human populations or environmentally important areas, which will be identified and managed using standard approaches;
- Projects that are not eligible for financing as listed in section 1.6 of the ESMF (Category A projects, project that will require land acquisitions, project that will involve physical/economic displacements, project likely to affect the VMG/IPs and project activities that will involve expansion of existing infrastructure or construction of new buildings)
- ii. project because they are )
- iii. Screening forms for social, environmental, and field visits evaluation (screening criteria);
- iv. Implementation arrangements to ensure that all the beneficiaries are screened for any positive and potential adverse environmental and social impacts;
- v. Proposed Budget for technical assistance towards the implementation of the mitigations measures and capacity building for the project implementation unit;

### **Discussions**

Members noted that the ESMF was general due to the fact that the specific location of projects/ activities that may arise is not known; and may result in negative / positive social and environmental impacts.

Members agreed to have a budget to train the Project Implementation Unit and the selected beneficiaries on the requirements of the EMSF.

The screening and shortlisting criteria needed to be reviewed in order to incorporate the needs assessment and ways of addressing non conformity by the beneficiaries.

The direct beneficiaries are incubators and accelerators, technology boot-camp providers, small and medium-sized enterprises (SMEs), corporates, tertiary education institutions and technology boot-camp students.

The Indirect beneficiaries will include firms that will benefit from the incubation/acceleration services, technology boot-camps or linkage programs.

**Actions:** Members agreed to review and submit comments on the proposed screening criteria to capture the social and environmental impacts from the projects activities by Monday 11<sup>th</sup> December, 2017.

### **MIN 3: A.O.B**

There being no other business, the meeting was adjourned at 1:00 PM. The next meeting will be on Monday 11<sup>th</sup> December, 2017 at 10.00 AM.

**Signed:** ..... **Date:** .....

**Philip Maitha**

**Secretary**

**Signed:** ..... **Date:** .....

**Stephen Odua**

**Chair**

MOITC/F/MR/1



## MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES

State Department:	Investment and Industry
Subject:	Meetings
Issue No. 01	Revision No. 00

Title of Meeting CONSULTATIVE MEETING WITH ESMF CONSULTANTS ON KIEP  
 Venue 17TH FLOOR BOARD ROOM Date 7TH DEC 2017

S/No	Name	Organization	Position	Sex M/F	Age (Please tick)		Email Address	Telephone	Signature
					18-35	>36			
1	STEPHEN ODUA	SDII	AG. DIRECTOR	M		✓	Skueodua@yahoo.com	0722825161	
2	PHILIP NYAMATI	SDII	ECOD	M	✓		philipn@gmail.com	0722825161	
3	MATHEW NYAMATI	SDII	ADP	M		✓	mathewny@gmail.com	0722825161	
4	Lawrence M. Ngari	AD-GIS	ADP	M		✓	lawmuniel@yahoo.com	0722330173	
5	HARVEY ARMITAGE	ESMF CONSULTANT	ESMF CONSULTANT	M	✓		harvare@gmail.com	0722314718	
6	DORIS LUTHE	SDII	PSC	F	✓		dorisluthe@gmail.com	072165591	
7	EDITH ODUGU	SDII	ICTD	F	✓		editho@indom.com	072155479	

Facilitating and promoting Industrialization, Trade, Cooperatives &amp; Enterprise Development



S/No	Name	Organization	Position	Sex M/F	Age (Please tick)		Email Address	Telephone
8	Michael Ochoke	SDII	Procurement	M		<input checked="" type="checkbox"/>	odhumbodoke21@gmail.com	0722 763 087
9	Paul Oluoi	SDII	Procurement	M		<input checked="" type="checkbox"/>	ngilwaoloi@gmail.com	0722 559 941
10								
11								
12								
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### 10.1.2 Meeting with potential project beneficiaries

**MINUTES OF THE CONSULTATIVE MEETING WITH THE STAKEHOLDERS ON ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF) FOR THE KENYA INDUSTRY AND ENTREPRENEURSHIP PROJECT (KIEP), ON 8<sup>TH</sup> DECEMBER, 2017 STARTING 2.35 P.M AT PS BOARDROOM 17<sup>TH</sup> FLOOR**

#### **MEMBERS PRESENT:**

10. Stephen Odua	Ag. DPSD	Chairing
11. Doris Githua	PSC	
12. Lawrence Ngari	ADI	
13. Edith Ndung'u	ICTO	
14. Michael Ocholla	Procurement	
15. Paul Otieno	Procurement	
16. Peter Barasa	KITI	
17. Cecilia Guilford	World Bank	
18. Haroub Ahmed	EMSF Consultant	
19. Karen Kirubi	Entrepreneur Solutions for Growth	
20. Abednego K. Rotich	PWC	
21. Frank amello	Hebits Consultant	
22. Samuel Ochieng'	Hebits Consultant	
23. Joram Mwinamo	WYCDE International	
24. Anna Amakove	KIM	
25. Wangari Kabiru	PG6 Lead Associate	
26. Antony Omondi	YEES! Consultants	
27. George Makateto	NPCC	
28. Philip Maitha	Economist	Taking Minutes

#### **AGENDA**

4. Introduction and Remarks by the Chair
5. Presentation on the Draft EMSF Framework on KIEP
6. A.O.B

#### **Min 1: Introduction and Remarks from the Chair**

The meeting was called to order at 2.35 PM with a word of prayer from Mr. Lawrence Ngari and all the Members present briefly introduced themselves.

The Chair welcomed all the members present and thanked them for their turn up for the meeting. The chair informed the meeting that the ESMF was a requirement to ensure that the proposed project activities are compliant with the relevant National Policies, Regulations and Legislations as well as the World Bank (WBG) Operational Policies and Bank Procedures.

He informed the members that the objective of the project is to strengthen the innovation and entrepreneurship ecosystem and increase firm-level innovation and productivity; with project period of 6 years from March 2018.

The proposed project components include:

- Component 1: Strengthening the innovation and entrepreneurship ecosystem
  - Subcomponent 1a: Strengthening the ecosystem's support infrastructure
  - Subcomponent 1b: Connecting the ecosystem to international networks and local industries
- Component 2: SME Linkages and Upgrading
- Component 3: Communications, M&E and Project Implementation Support

The purpose of the stakeholder consultations was to discuss and receive comments on the Draft Environmental and Social Management Framework for the proposed project from potential beneficiaries both from private and public sectors.

The potential project beneficiaries include: incubators, accelerators and technology boot-camp providers; SMEs, and corporates, Tertiary Education Institutions, and technology boot-camp students.

## **MIN 2: Discussion on the Draft Environmental and Social Management Framework**

The Consultant made a presentation on the Draft Environmental and Social Management Framework outlining the following key areas:

- i. World Bank Environmental Safeguards, under Operational Procedure 4.01. where the project is categorized as B project anticipating that it may have potential adverse environmental impacts on human populations or environmentally important areas, which will be identified and managed using standard approaches;
- ii. Projects that are not eligible for financing as listed in section 7.5 of the ESMF environmental assessments for Category A projects include;, project that will require land acquisitions, project that will Involve physical/economic displacements, project likely to affect the VMG/IPs and project activities that will involve expansion of existing infrastructure or construction of new buildings
- iii. Environmental and social screening form;
- iv. Project implementation arrangements and roles and responsibilities;
- v. ESMF budget

## Discussions

Members noted that the document being developed is a framework mainly due to the fact that the specific location of projects/ activities that may arise is not known;

Specific issues raised include:

- i. The project to explore ways of supporting the local firm(s) to be able to grow to become a world class accelerator;
- ii. The project should explore a mechanism to support the gradual movement of startups/SMEs from informality stage to formality stages;
- iii. The performance contracts and grant conditions should not be penal in sense that it will lock out SMEs who are at very early stages but with growth potential;
- iv. The project beneficiaries can apply the performance contracts towards any ESMP implementation and fulfillment of other obligations set out in the performance contract;
- v. The need to guide potential beneficiaries on the requirements to be met on social and environmental aspects expected of them;

- vi. The project coverage should be wide as possible covering all the counties rather than only selecting firms/ beneficiaries in Nairobi;
- vii. Develop communication and publicizing mechanisms to raise the public awareness on the project; and
- viii. The project should include a pilot model to inform the design and success in the implementation of the project.

MOITC/F/MR/1



## MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES

State Department:	Investment and Industry
Subject:	Meetings
Issue No. 01	Revision No. 00

## CONSULTATIVE MEETING ON THE KIEP – ENVIRONMENT AND SOCIAL MANAGEMENT FRAMEWORK

Title of Meeting	17 <sup>TH</sup> FLOOR BOARD ROOM, NSSF BLOCK 'A', EASTERN WING	8 <sup>TH</sup> DECEMBER 2017
Venue	Date	

S/No	Name	Organization	Position	Sex M/F	Age (Please tick)		Email Address	Telephone	Signature
					18-35	>36			
1	STEPHEN ODUA	MOITC	AG. DIRECTOR COORDINATOR-KIEP	M		✓	Steveodua@yahoo.com	0722825161	
2	PHILIP MATHA	MOITC	Economist	M	✓		pmjudo@glaxo.com	072698218	
3	KAREN KIROBI	Entrep. solutions for growth	Director	F		✓	kirubi@hotmail.com	0721 383682	
4	Lawrence M. Ngari	MOITC	ADP	M		✓	lawmurese	072232017	
5	ABENEGO K. WICK	Incubator/mentor	PrC	M	✓		abednego.roth@hvc.com	072070321	
6	Frank Amollo	Hebita/gasp	MD/consultant	M			amollofrank@yahoo.com	0721453715	
7	Samuel Odhiambo	Hebita/Capital	CFD	M		✓	ochiambo.saja@gmail.com	0714955 978	

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S/No	Name	Organization	Position	Sex M/F	Age (Please tick)	Email Address	Telephone
8							
9	Paul Otieno	MOITC	CSCHO	M		nyilwidi@gmail.com	0725599461
10	Michael Ochola	MOITC	Procurement	M		edlwambodokle21@gmail.com	0722 763087
11	Itabouss Amine	ESMF CONSULTANT	ESMF CONSULTANT	M		bhanw6@gmail.com	0722 314418
12	Cecilia Guilford	WB	Private Sector Spec.	F		cparedignio@gmail.com	0740 163106
13	Edith Odingo	MOITC	ICT	F	✓	eddingo@industriamwari.org	072884954
14	Joram Mwinamo	WYDER International	MD & Consultant	M		joram@wyderinternational.com	0722844636
15	Doris Cuthua	MOITC	Head legal	F	✓	donsigithua@gmail.com	07465591
16	PETER S. BARASA	MOITC -KITI	REGISTRAR	M	✓	directoricti@kchp.com	0721342275
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18	WANGARI KABIRO (pgb)		LEAD ASSOCIATE	F		WANGARIKABIRO@gmail.com	+254(0)712260789
19	Anthony Omondi	VEES!	CO-ORDINATOR	M	✓	anthony.omondi@gmail.com	
20	Geop Makateto	NPCC	Deputy Dir	M			

**MIN 3: A.O.B**

There being no other business, the meeting was adjourned at 4:30 PM.

**Signed:** ..... **Date:** .....

**Philip Maitha**

**Secretary**

**Signed:** ..... **Date:** .....

**Stephen Odua**

**Chair**