



# Project Information Document/ Identification/Concept Stage (PID)

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Concept Stage | Date Prepared/Updated: 29-Jun-2020 | Report No: PIDC106292



**BASIC INFORMATION**

**A. Basic Project Data**

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P163035		Moderate	Improved Livelihood Opportunities and Accessibility for underserved urban communities in Meru, Kenya
Region	Country	Date PID Prepared	Estimated Date of Approval
AFRICA	Kenya	29-Jun-2020	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	Community Road Empowerment	Community Road Empowerment	

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**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	2.75
<b>Total Financing</b>	2.75
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Trust Funds	2.75
Japan Social Development Fund	2.75

**B. Introduction and Context**

Country Context

**The Kenyan economy rebounded in 2018 and remained robust through 2020.** Nonetheless, the demand side shows significant slack, with growth driven purely by private consumption as private sector investment lags and government spending is slowing due to planned fiscal adjustment. The benign demand pressure is reflected by a lack of adequate credit to the private sector, slow demand for industrial imports, and weak



profitability by corporates. The medium-term growth outlook is stable, but recent threats of drought could drag down growth. Medium-term GDP growth should rebound to 5.8 percent in 2019 and 6.0 percent in 2020 respectively, dependent on growth in private sector credit, continued strong remittance flows, management of public debt and expenditure, and global oil prices[1].

**In spite of the reduction of poverty through the country's economic growth, more than 36 percent of the population is still living under the national and international poverty line.** The incidence of extreme poverty, assessed against the international poverty line of US\$1.9 per day, has also declined from 33 percent in 2006 to an estimated 24.4 percent in 2016. Nonetheless, statistics show that inequality remains high, and the Gini index only declined marginally[2], leaving a quarter of the population in extreme poverty. While between one-third and half of the country's urban population live in poverty, it is projected that urban poverty will represent almost half of the total poverty in Kenya by 2020 with the current pace of urbanization[3].

**Kenya is a rapidly urbanizing lower middle-income country.** Among Kenya's total population of 49.7 million[4] in 2017, 13.2 million (27 percent) lived in urban areas. In contrast, according to one estimate, about 40 percent of Kenyans would be living in urban areas if urbanization in Kenya had followed the established trends[5]. However, while the pace of urbanization in Kenya has been slower than many sub-Saharan African countries, urbanization in Kenya has been accelerating: whereas the population growth rate of Kenya was 2.7 percent annually since 2000, the urban population grew at 4.3 percent a year. It is projected that Kenya will have to accommodate about 40 million new urban dwellers between 2010 and 2050[6].

**The development of better and more sustainable livelihoods is likewise essential to reduce poverty in Kenyan cities.** The urban poor in Kenya are essentially "working poor" employed in low-productivity industries and the informal sector. About 70 percent of the economically active population is employed in urban areas. While urban areas have a higher proportion of full-time employees, at 71.8 percent compared to 57.7 percent in the rural areas, urban areas also have a higher proportion of casual employees, at 14.1 percent compared to 11.7 percent in rural areas[7]. In addition, according to 2014 estimates, the informal sector represents 82.7 percent of employment in the country[8]. About three-quarters of the urban poor consider "limited employment opportunities" the main persistent cause of poverty[9].

**Despite the prospect of driving economic growth, urban growth in Kenya has been accompanied by significant challenges in infrastructure and service delivery.** Rapid urban growth, lack of affordable formal housing, and inadequate urban planning have resulted in the expansion of unplanned development and informal settlements in main urban towns. For instance, a 2016 study[10] found that approximately 50 percent of Kenya's urban dwellers live in informal settlements. Inequality, measured across the distribution of household consumption, is high in Kenya, particularly in urban areas[11], and research suggests location-based inequality has been arising within Kenya's urban centers due to unequal access to basic services and opportunities[12]. The continued rapid urban growth of unplanned communities with unequal access to basic services, particularly due to inadequate infrastructure (e.g., roads, footpaths), will likely further limit poor urban dwellers' access to formal employment opportunities. In this context, reducing intra-urban



inequality in access to services and economic opportunities by upgrading infrastructure appears to be an increasingly important part of addressing overall urban poverty.

[1] Kenya National Bureau of Statistics 2019 Population and Housing Census

[2] The Kenya National Bureau of Statistics.

[3] *Urban Poverty and Vulnerability in Kenya*, Oxfam, 2009.

[4] <http://wdi.worldbank.org/table/2.1>.

[5] Based on a correlation of per capita GDP and urbanization levels.

[6] *The State of Eastern African Cities 2014*, UN-Habitat, 2014.

[7] *Labour Force Basic Report 2015*, KIHBS, March 2018.

[8] *Informal Enterprises in Kenya*, World Bank, January 2016.

[9] Poverty and inequality assessment, Kenya, June 2008.

[10] *Kenya Urbanization Review*, World Bank, February 2016.

[11] In 2005/6, the consumption decile ratios of the top 10 percent to the bottom 10 percent stood at 20:1 and 12:1 in urban and rural areas, compared to Tanzania at 5:1 and Ethiopia at 3:1 (*Kenya Poverty and Inequality Assessment*, World Bank, June 2008).

[12] "Urban poverty and inequality in Kenya", M. Shifa and M. Leibbrandt, *Springer Science + Business Media B.V.*, 2017.

#### Sectoral and Institutional Context

**Currently, the Ministry of Transport, Infrastructure, Housing and Urban Development (MoTIHUD) oversees transport functions, as well as other functions related to housing and urban development, maritime, and public works.** The institutional reform program established three major road agencies, which now report to MoTIHUD: the Kenya Urban Roads Authority (KURA) has overall responsibility for the country's urban primary roads, while Kenya Rural Roads Authority (KeRRA) and Kenya National Highways Authority (KeNHA) are responsible for rural roads and highways, respectively. Additionally, under the 2010 Constitution of Kenya, county governments now play an increasing role in the provision of transportation infrastructure as well as urban development at the local level.

**Kenya's National Integrated Transport Policy, endorsed by Parliament in 2012, identifies improved accessibility and increased mobility as core strategic objectives.** The policy responds to the Government of



Kenya's intention to use the transport sector to reduce poverty and improve general welfare by increasing accessibility and mobility in areas not already well served by the transport network and thereby connecting them to the wider national economy. Because of the inefficient and poor urban transport infrastructure and services, transport costs are high for both passengers and goods (estimated to be as high as 30 percent of household income for those in the most remote suburbs)[1]. Most low-income urban dwellers rely on walking (while 41 percent of all trips are walking only, 83 percent of all trips include walking as the primary or secondary mode of travel in Nairobi[2]) to meet most of their transport needs, which results in poor access to employment opportunities and social services.

**MoTIHUD has translated aspects of Vision 2030, the nation's development blueprint, into transport sector policy by promoting the use of local resources and labor-based civil works methods under the Roads 2000 Program.** The Program aims to provide employment-based social protection for rural and urban poor, especially youth, through labor-intensive works using local resources and was identified in the First Medium-Term Plan (2008–2012) of Vision 2030 as one of the flagship projects. While “Do-nou” technology has been adopted as part of the labor-based road maintenance methods under the Roads 2000 but yet national standards, its application has been at a small scale and limited to the rural areas without support to establishing a small enterprise, using its technology. However, despite its apparent benefits, the R2000 concept is not yet fully mainstreamed in regular programs of most implementing bodies and remains to be donor-driven.

**MoTIHUD is currently revising its labor-based road maintenance standards to include Do-nou technology.** “Do-nou” is a Japanese word that means wrapping soil in a gunny bag. Do-nou technology is applied for spot maintenance at impassable road sections, reinforcement of drainage/dykes, and similar applications. Its application consists mainly of filling gunny bags with either sand, farm soil, gravel, or murrum (laterite); tying the opening properly; laying gunny bags in rows within the excavated section of the road; and compacting them manually. Unlike other labor-intensive road maintenance methods, Do-nou technology does not require machine compacting, and anyone can learn this technology without technical background, which creates job opportunities in the road sector for non-skilled people. Under the right conditions, the bearing capacity of a Do-nou section can reach up to 250 kilonewtons (25.5 tons) per square meter and, with regular maintenance, roads rehabilitated with Do-nou can remain passable for up to 10 years.

**Do-nou is a cost-effective, labor-based road maintenance method, particularly for spot improvements.** The costs of Do-nou and other methods applied in labor-based road maintenance in Kenya have been reviewed and presented below in Table 1. These are average costs; actual costs using Do-nou would have some variation depending on the situation and location. Do-nou costs are slightly higher than gravelling only because of the following:

- a. It is used in areas where normal gravelling cannot work, e.g., wet road sections, sections with loose soil, black cotton soil (clay), deep gullies/potholes, and sections with heavy erosion.
- b. Costs of materials and labor are slightly higher than gravel roads but Do-nou is durable and can last for more than 10 years. Once the gravel-type material is confined in the bags and compacted in place, it has a better (higher) bearing strength (250 kN) than unconfined gravel. This translates to higher



loading of the carriageway with lesser effect on the structural formation of the road, and more traffic can pass without greatly affecting the road.

- c. Due to continuous erosion, gravelling alone is not always cost-effective, since it will be eroded over a period of one year. However, with the confinement of the gravel in gunny bags, it is not eroded, ensuring the road remains in its original state of construction. However, maintenance is required to cover the bags once the gravel-wearing course is eroded on top of the bags. Maintenance is required twice in a span of five years, but regular follow-up is needed after the rainy season, especially in wet areas.

Table 1: Comparative table: Costs of several methods of labor-based road maintenance

<i>Technology/Method</i>	<i>Average Cost (NGO’s experience)</i>	<i>Average Cost (Local Engineer’s experience)</i>
- Do-nou technology	US\$39,000/km	US\$40,000–50,000/km with gravel surface
- Cabro (concrete paving blocks) installation	US\$105,000/km	Not well tested
- Low-volume sealed road	US\$250,000/km	US\$350,000–400,000/km
- Gravelling using labor	US\$35,000/km	US\$20,000-30,000/km

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**The Government of Kenya is keen to promote Do-nou technology not only in rural areas but also in urban areas.** There are numerous unclassified, unpaved access roads that are not maintained well by the government due to a limited budget. As most access roads in informal urban settlements are in poor condition and receive inadequate maintenance, residents have limited access to basic services and livelihood opportunities. Considering the simple methods, durability, and cost[3] of Do-nou, it is considered highly adaptable to labor-based urban road maintenance. As an official partner with KeRRA and KURA, Community Road Empowerment (CORE), an international NGO, has trained community people to repair their feeder and access roads using Do-nou technology. CORE has successfully implemented grants from the International Labor Organization, the Government of Japan, Toyota Foundation, etc. H.E. Mr. Shinzo Abe, Prime Minister of Japan, in 2014 introduced CORE’s activity as an excellent illustration of “bringing a bright future to youth” during his follow-up missions of the fifth Tokyo International Conference on African Development (TICAD V).

**Institutionalization of road maintenance using Do-nou.** With the awaited standardization of Do-nou technology in 2020, the Meru County government has agreed that they will adopt Do-nou technology for unclassified road maintenance. This ensures that there will be a market to obtain contracts for road maintenance using Do-nou technology, which will be a key component of the JSDF project. The Meru County government has confirmed that approximately US\$3.8 million (KES 380 million) will be allocated for road-related infrastructure in FY19/20 (of the Meru County Development Fund of US\$9 million or KES 900 million). Kenya Roads Board has transferred US\$2.1 million (KES 210 million) to Meru County from the Roads Levy Maintenance Fund this fiscal year (FY19/20). Based on the previous years’ records, budget allocations for



labor-based road maintenance will not be less than 30 percent of these two resources (budget for road-related infrastructure and transfer from the Roads Levy Maintenance Fund) for the coming years. In addition, 10 percent of public procurement will be earmarked for enterprises owned by youth, women, and the vulnerable, respectively (totaling 30 percent of public procurement). With the success of this pilot project, this scheme can be replicated to other counties in Kenya.

**Lessons learned from previous experiences demonstrate the potential of small and medium-sized enterprises (SMEs) using Do-nou technology in urban settings.** International Labor Organization supported Do-nou technology training for 20 youth groups from four counties in 2012. This experience provided lessons that youth groups based in urban areas were more likely to establish SMEs using Do-nou technology (versus returning to working in agriculture) with technical and financial support to kick off their businesses. The proposed Japan Social Development Fund (JSDF) grant targets unemployed and underemployed youth and women within vulnerable groups in urban areas and attempts to build on these prior lessons. A successful pilot of the application of Do-nou technology in urban areas could result in a nationwide roll-out of the application of Do-nou technology.

**Strengthening local governments' capacity to formulate and implement urban development plans and mobilize local reviews is an urgent priority if local government is to successfully assume an urban service delivery function.** Most counties have yet to establish urban governance and management systems for urban areas. To address the specific challenges, MoTIHUD has designed the Kenya Urban Support Program (KUSP, P156777) to strengthen urban governance, prepare participatory strategic and spatial planning, and finance urban infrastructure and services. Under the KUSP, as of January 2019, all counties have prepared their County Urban Institutional Development Strategies, established urban areas with approved charters, established boards, appointed urban managers, and enacted a budget vote as addressed by the Urban Areas and Cities Act (amended in 2016). Each county government will receive urban development grants for eligible activities. Despite counties' growing importance, urban development grant readiness assessments undertaken in 2018 revealed that only seven counties were ready to implement the grants.

**The proposed pilot project will complement the World Bank's ongoing and pipeline transport operations in Kenya by emphasizing holistic and inclusive transport and urban development planning.** The Meru town Western and Eastern Bypasses was constructed with partial financing by the World Bank to alleviate traffic congestion in Meru town center by providing alternative routes for through traffic. While the bypasses are anticipated to support better access to economic opportunities for the entire population in the town, the intended beneficiaries could be increased by improving the access roads connecting the underserved communities in the vicinity to these bypass roads and other towns' main road networks. Access roads in these communities are in poor condition, are inadequately maintained, and become impassable during the rainy season, hindering residents' access to economic opportunities. Given existing financial capacity constraints, the Meru County government is currently unable to fully respond to the needs of these underserved communities. Empowering underserved communities and involving them in basic service delivery planning and delivery through community road maintenance will fill this gap while the county builds its urban management capacity. Piloting access road improvement using Do-nou also provides an





opportunity to shift the focus of urban transport projects from mobility for private vehicles and owners to enhancement of underserved communities' connectivity and access to economic opportunities.

**A baseline survey[4] of socioeconomic and road access conditions in the target communities in Meru town and a series of community consultations identified their needs and promoted the ownership of the project by communities.** Under the Seed Fund Program of Japan Social Development Fund, the task team has carried out the community and stakeholder consultations and a socio-economic baseline survey in Meru town and found the following: a) the majority of the target community are youth and are living below the poverty line; b) a combination of lack of road accessibility and economic opportunities contributes to high rates of poverty in the target areas, particularly among youth; and c) violence against women and girls remains a challenge in the target areas, and it is hampering women's access to jobs.

[1] *Poverty and Urban Transport in East Africa: Review of Research and Dutch Donor Experience*, International Institute for Infrastructural, Hydraulic and Environmental Engineering, December 2000.

[2] *Nairobi Integrated Urban Development Master Plan*, JICA, December 2014.

[3] From previous experience in Kenya, two layers of Do-nou cost US\$6–7.8 per square meter (average).

[4] A total of 450 respondents were randomly selected from the three target communities, which is equivalent to about 3 percent of the total population of the target area.

#### Relationship to CPF

The Country Partnership Strategy for Kenya (the fiscal year 2014–2018, extended to FY20), is composed of three domains of engagement: 1) Competitiveness and Sustainability – growth to eradicate poverty, 2) Protection and Potential – human resource development for shared prosperity, and 3) Consistency and Equity – delivering a devolution dividend. The proposed project corresponds particularly to the second domain of engagement, "Protection and Potential," by improving access to basic services and economic opportunities, and partially contributes to the first domain of engagement, "Competitiveness and Sustainability," by improving livelihood opportunities and access to basic services for vulnerable groups in marginalized communities, who are the intended beneficiaries of World Bank-financed projects. In light of this, the project will complement the proposed North Eastern Transport Improvement Project (NETIP) (161305) and KUSP (P156777).

The NETIP target does not cover the proposer JSDF piloted area. While KUSP includes all counties in Kenya, it is designed to support a) urban planning/ institutional capacity building and b) the implementation of the infrastructure investment plan, not to create livelihood opportunities for underserved communities. Therefore, after the proposed project is able to establish the county's road maintenance system with Do-nou technology, there is a possibility that the county's investment plan can include it. In light of this, proposed JSDF actions are not targeted by KUSP.





### C. Project Development Objective(s)

#### Proposed Development Objective(s)

The Project Development Objective is to implement Do-nou technology and create employment opportunities in labor-based road maintenance for underserved urban communities of Majengo, Mjini, and Gitimbine in Meru Town.

Based on community consultations and the baseline survey, the project intends to empower target communities to reduce poverty through improving their access roads by themselves, obtaining skills to establish and operationalize small and medium-sized enterprises in road maintenance. Ultimately, the project will have a positive impact on building labor-based Do-nou road maintenance capacity in Meru. Furthermore, as a result of on-the-job training under the project, selected access roads in the target communities will be improved and become passable all year round.

In total, the direct and indirect beneficiaries of the project are 1,250 people and 13,500 people respectively. Please see the detailed description in the section of 'Project Beneficiaries'.

The theory of change for the project is outlined in Figure 1 in the Annex.

#### Key Results

Key results of the project are as follows: enhanced job opportunities and livelihoods for target communities, and improved accessibility to basic services for the target community through enhanced road networks and connectivity. Basic services under this project mean school, health facilities and markets.

The achievement of the Project Development Objective will be measured by the following indicators in table 2.:

- a. Number of direct targeted beneficiaries trained on Do-nou technology (gender disaggregated)
- b. Number/percentage of targeted population (approx.13,500) with improved access to basic services
- c. Percentage of beneficiaries with increased revenue as the result of being employed by the SMEs (gender disaggregated)
- d. Percentage of poor and marginalized groups in target areas aware of project information and instrument supported

**Table 2. PDO indicators**

PDO Indicators	Baseline	End target
Number of direct targeted beneficiaries trained on Do-nou technology (gender disaggregated)	0	1250 (female:500)
Percentage of targeted beneficiaries (approx.13,500) with improved access to basic services	0	70

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Percentage of direct targeted beneficiaries (1250) with increased revenue as the result of being employed by the SMEs (gender disaggregated)	0	20*
Percentage of poor and marginalized groups in target areas aware of project information and instrument supported	0	60

\*This end target will be reviewed during the appraisal stage.

### Project Beneficiaries

The project will target 50 groups, each composed of approximately 25 people, prioritizing youth, women, and other vulnerable groups, and will support improvement of their livelihoods. The exact number of each group (youth, women, and other vulnerable persons) will be finalized during the community mobilization stage of the project. As a result of on-the-job training under the project, selected access roads in the target communities will be improved and become passable all year round. Thus, the entire target community is considered to be beneficiaries. In total, the direct and indirect beneficiaries of the project are 1,250 people and 13,500[1] people respectively. The direct cost for on-the-job training for employment opportunities using Do-nou technology (50 target groups or 1,250 people) is estimated at less than US\$600,000, which is equivalent to about 22 percent of the total project cost[2].

The county government of Meru and Meru Youth Service will also be project beneficiaries. At the county level, the project will support the establishment of a procurement system, using Do-nou Technology and including the mock training module. The project will include 5 groups (125 people) from Meru Youth Service to establish the training program of Do-nou in the Meru Youth Service so that new groups of youth can receive the same benefits of the project even after the project close.

National Government Agencies will be project beneficiaries too. Kenya Roads Boards is monitoring the road maintenance status of the entire road network in the country. Access roads rehabilitated through the Do-nou training under the project will be recorded in Kenya Roads Board’s system and contribute to the total length of road maintenance. The project is aligned with the RODS 2000 program in which Ministry of Transport, Infrastructure, Housing and Urban Development (MoTIHUD) promotes the use of local resources and labor-based civil works methods as part of the sector’s poverty reduction strategy. Therefore MoTIHUD as well as Kenya Urban Roads Authority will benefit from a mechanism to engage with underserved urban communities in labor-based civil works that they can replicate in other counties.

[1] Based on the baseline survey and interview with the community chief, it is estimated that the population of each target community is about 4,500 people.

[2] Excluding workshops and equipment.

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## **D. Preliminary Description**

### *Activities/Components*

This is a Recipient-executed Small-scale Trust Fund project, funded by Japan Social Development Fund and administered by the World Bank. The project will be implemented by the CORE. The Government of Kenya (Ministry of Transport, Infrastructure, Housing, Urban Development, and Public Works, Kenya Urban Roads Authority, Kenya Roads Board, and Meru County Government) will provide the technical and advisory support.

This proposal is designed as a pilot project to complement the collaboration between the World Bank, JSDF, and the Government of Kenya by addressing community needs in the transport and urban sectors. Following the broad consultations with communities and stakeholders, two main themes are developed in order to achieve objectives: capacity building and enhancement of livelihood opportunities in target communities. The process will entail capacity building of target communities in the application of Do-nou technology in road maintenance and empowering them to become SMEs as small contractors. The project will also support project management.

This pilot project has several innovative features. It (a) tests the applicability and sustainability of labor-based road maintenance technology (Do-nou technology) in urban settings, which has not been well examined; (b) sets up a replicable mechanism of a series of training – from Do-nou technology to participating in public procurement in labor-based road maintenance – at the county level; (c) combines income generation activity with access road improvement in informal urban settlements; (d) combines income generation activity with skills training; and (e) intends to propose more inclusive urban transport projects by improving access to the road network for underserved communities. Details are discussed in Annex: Japan Social Development Fund Project Related Information. Special attention will be given to youth and women’s groups.

The proposed project duration will be four years. At the concept stage, the project aims at completing on the job training of Do-nou technology in road maintenance, and most of the income-generating activities within 36 months. During the fourth year, the project aims at: (a) the enhancement of the adaptation of the Do-nou technology within the county’s road maintenance mechanism to ensure their sustainability; (b) assessment of project impact and identification of lessons learned; and (c) dissemination of knowledge obtained through this pilot project to enhance its replication in other countries. Detailed plan will be reviewed and finalized during the appraisal stage.

### **Project Components**

A project diagram is presented in Figure 2 in the Annex.

#### **Component 1: Capacity building and sustainability of labor-based road maintenance technology in target communities (US\$2.00 million)**

Component 1 will be composed of the following four main activities:



**Mobilization of training resources.** It is estimated that it will take three months for the implementing agency to commence the project, including vital coordination between the implementing agency and the Government of Kenya, such as the signing of a Memorandum of Understanding between the implementing agency and KURA and the setting up of a Project Advisory Committee (PAC). This activity also entails setting up training and site facilities and finalization of road sections utilized for on-the-job training. As land acquisition and involuntary resettlement will not be part of the project, CORE will pay extra attention to the finalization of pilot roads based on consultation with the community, Meru County, and KURA, as well as the technical feasibility. During the appraisal stage, screening of roads to be utilized for the on the job training will be carried out for any encroachment. To enhance technical assistance to the target community and increase the visibility of Japan under the proposed JSDF project, the possibility of dispatching community development expert(s) to support the community and county government under the **Japan Overseas Cooperation Volunteers[1]** scheme was discussed. Once the project proposal is approved, details will be discussed with **Japan International Cooperation Agency (JICA)**, in terms of the application process, terms of reference for expert(s), and timeline.

**Community mobilization and training.** Under the Seed Fund Program[2], community consultations have been conducted with more than 400 community members (cumulative total), as discussed in the above section. The project implementing entity will re-engage with them and conduct sensitization workshops, inviting entire target communities. During the sensitization, the implementing entity will also explain the project goals, activities, and selection criteria. The project aims to formulate 50 target groups (a total of 1,250 community people) in three cohorts for on-the-job training: 1st year – 25 groups, 2nd year – 15 groups, 3rd year – 10 groups. The project implementing entity will organize two sensitization workshops per year between Year 1 and Year 3 to keep engaging with the target communities throughout the project life. On-the-job training of Do-nou technology will be hands-on, step-by-step learning activities, and will include spot maintenance of the community access roads that become impassable during the rainy season. Depending on the pilot road sections, target groups will receive at least eight weeks of on-the-job training using Do-nou technology to ensure they master the basics and are able to apply Do-nou by themselves after the project. During the training, all participants will receive a daily stipend for their labor, thus creating temporary jobs and generating income. Five groups of youth (one group is composed of about 25 people) will be formed from those who are already selected by Meru County for Meru Youth Service[3], anticipating that they will perform as trainers and provide skills training to other youth groups in the Meru Youth Service after project completion. This will maximize the use of project resources by reaching a larger number of youths in Meru County beyond the target area. Furthermore, the project will explore the possibility to engage with those who received the Do-nou Training under the ILO project in 2012, as foremen, to increase the synergy with the previous project. To address women’s challenges in accessing job opportunities due to both gender bias and traditional and cultural gender roles, the training will include empowering women and awareness of equal opportunities.

**Preselection to the SME stage.** The project will target participation by youth, women, and other vulnerable groups. Meru County is targeting youths who live in adjacent areas along the Eastern and Western Bypasses for identification. The county government already has a database of the youths in Majengo, Mujini, and Gitimbini areas.. The implementing agency will recruit the groups in collaboration with Meru County. A



committee will be established for the recruitment and management of beneficiaries. The recruitment committee at a minimum will be composed of representatives of CORE, the county government, the local administration (Chiefs and Sub-Chiefs), and Kenya Urban Roads Authority. Information on the recruitment and the eligibility will be provided at the sensitization workshops during the community mobilization stage, and the application form will be available at the county government. Profiles of target groups will be prepared through one-on-one interviews to ensure the formulation of target groups well suited to the JSDF concept.

Both unskilled and skilled youths will be given an equal opportunity; however, based on the community consultations, the majority of the youths in the target area are classified as unskilled. To avoid the risks of elite capture and exclusion, a minimum quota will be set for the vulnerable groups, such as women, persons with disability, unskilled youths. In case the number of applicants exceeds the target number, the final selection may include a lottery.

**Capacity building support to Meru County.** The long-term success of target communities with enhanced livelihood opportunities through the project will rely on the capacity of Meru County, particularly a transparent and accountable county procurement system and tendering process, basic service delivery through a participatory planning process, occupational safety and health policy and monitoring, and enhanced policies to fight corruption. As technical assistance in budgeting and participatory planning aspects are under KUSP, the project will support Meru County in the enhancement of its tendering process through the necessary training/workshops.

## **Component 2: Enhancement of livelihood opportunities (US\$0.21 million)**

This component will include formalization of SMEs and technical and financial support to SMEs.

**Formalization of SMEs.** The implementing agency will carry out consultations with the target groups during and after the on-the-job training on Do-nou technology, and support target groups in the development of their business plans as SMEs. The implementing entity will provide technical assistance to the target groups to help them register the SMEs at Meru county and join Meru County's Access to Government Procurement Opportunities (AGPO) program[4]. This process will require several steps, such as acquisition of Personal Identification Numbers (PIN)[5] and tax compliance/tax exemption certificates from Kenya Revenue Authority, certifications from professional bodies and/or authorities, and opening a bank account. At least five staff from each SME registered under the project will receive management skills training: basic book-keeping, accounting, budgeting, procurement, enterprise management, market assessment, monitoring, business target setting, etc., all of which are essential for entrepreneurs. Two leaders from each SME will receive training at the Kenya Institute of Highways and Building Technology. This specific training at the institute will focus on building skills vital to working as Do-nou contractors and will be supported/financed by the MoTIHUD[6]. With the successful completion of this training, SMEs can apply for National Construction Authority (NCA) certification and be approved as Category 8[7] contractors (labor-based road work). To support the SMEs' successful registration, workshop on NCA application will be organized by NCA officer.



With the certification from the National Construction Authority, SMEs using Do-nou technology will join the AGPO program.

**Technical and financial support to SMEs.** To operationalize SMEs with Do-nou technology, the project implementation agency, with the support of Meru County, will assist SMEs in applying for a mock tender[8] at the county. SMEs will familiarize themselves with all steps of public tendering through this trial process. With the support of the project, SMEs will develop a strategy to succeed in public procurement that incorporates areas for improvement drawn from feedback from Meru County during the mock procurement. The project SMEs can apply for a grant with a maximum amount of US\$3,550 after being registered with the AGPO program. This financial support for SMEs established under the project is to kick off their businesses: e.g., purchase basic equipment, prepare tender documents, participate in the tender process, etc. Financial assistance will be a grant to the group, but it will be a loan to individuals within the group, and each group is accountable for the grant. The PAC will assess the applications and determine when SMEs are eligible to receive the grant. Where necessary, the implementing agency and committee will provide technical support to the SME to strengthen their business plan to be more realistic and feasible. The PAC will establish eligibility criteria and share it with the target communities in advance. The implementing entity will develop a grant manual, which would set up the operational and fiduciary arrangements for SMEs for the management of the grants in order to manage the fiduciary risks. The grant manual will be finalized before the effectiveness of the project. Details of the grant manual will be explained to SMEs, and SMEs will sign the Grant Agreements to receive the grant.

The implementing agency will provide fulltime support for the SME registration, and it is estimated that at least 60 percent of the target groups will succeed in registering companies. CORE will also link the target SMEs with the Roads Department of Meru County to ensure the SMEs established under the project will obtain small contracts for activities such as bush clearing and drainage cleaning while they are applying for the Do-nou contracts.

### **Component 3: Project management, monitoring and evaluation, knowledge dissemination (US\$0.54 million)**

**Project management.** This component includes overall project management such as internal supervision, travel, administration, annual audit, and associated costs, including office equipment, supplies, and utilities.

**Monitoring and evaluation.** The implementing agency is fully responsible for the monitoring and evaluation (M&E) of the project. CORE has an established Monitoring and Evaluation (M&E) system based on an M&E policy that follows standard M&E principals. The policy standard M&E principals and covers entire M&E cycles, supporting project designs, implementation and evaluation as follows: a) conducting a baseline survey, b) developing and selecting key indicators with Specific, Measurable, Achievable, Replicable, Time-bound targets, d) monitoring results with establishing data collection system, analysis, reporting guidelines and quality control means, d) evaluating progress, outcomes, and impacts, and e) adjusting projects when needed to show efficiency and results. While they have substantial M&E capacity, the CORE will recruit an





M&E expert to enhance their capacity further to ensure the satisfactory M&E throughout the life cycle of the proposed project.

At the beginning of the project, community-driven indicators and monitoring mechanisms will be explained and reconfirmed with the communities. A M&E committee will be set up in each community that supports the M&E process, including reporting on the progress of project activities. Each community will select three committee members through consultation with the implementing agency. Additionally, the PAC will carefully monitor the project progress based on reports from the implementing agency, and the progress report will be sent to the World Bank on a quarterly basis. An annual M&E report will be prepared in consultation with M&E committees. As this is a pilot project, challenges will be noted and improvements to the livelihood opportunities will be identified at least annually, and lessons incorporated into the following year's implementation. In the fourth year, the implementing agency will conduct a final survey of the target community, which will be similar to the baseline survey conducted during the project preparation stage. In addition, the implementing agency will carry out an impact evaluation of the road access improvements and the target groups' livelihoods. The implementing agency will prepare an Implementation Completion and Results report within six months of the project closing.

**Knowledge dissemination.** The proposed project will create a website and social media account where progress, milestones, and voices from the target communities will be posted. The project will host a series of dissemination workshops to present the pilot project experiences, lessons, and what worked and did not work. The workshops will raise awareness of the project, Japan Social Development Fund, and the project's impact, and identify potential for similar activities at the county and national level. A networking platform for youth groups and women's groups will be established during the workshops, and a short film will be screened, presenting changes that target groups made and the project's impact on the target communities.

[1] The possibility of deployment of Japan Overseas Cooperation Volunteers for Meru County to support the project and target community was discussed and agreed with JICA in November 2018. Japan Overseas Cooperation Volunteers is a program funded by the Government of Japan.

[2] JSDF has a Seed Fund Program to help with the upstream development and preparation of JSDF grant proposals. This proposal was developed through the Seed Fund Program.

[3] These group members are also from three target communities of Majengo, Mujini, and Gitimbini, and unskilled youth.

[4] The Access to Government Procurement Opportunities (AGPO) program is founded on Article 227 of the Constitution of Kenya 2010 on the fair, equitable, transparent, and cost-effective public procurement of goods and services, Article 55 on affirmative action, and the Public Procurement and Asset Disposal Act 2015. The legal requirement for women, youth, and persons with disabilities to access 30 percent of government procurement opportunities is being implemented within the context of the AGPO program.





[5] Personal Identification Number (PIN) is a computer-generated number issued by Kenya Revenue Authority to every taxpayer in Kenya.

[6] MoTIHUD has currently committed 190 slots for Do-nou contractor training at Kenya Institute of Highways and Building Technology. Among the 190 slots, 100 slots will be earmarked for those recommended by this project (pending agreement from MoTIHUD).

[7] Contractor registered NCA category 8 in Roads and other Civil Works can undertake construction with value upto Ksh 20,000,000.00, equivalent to US\$ 200,000.

[8] Mock tender means a trail tender, which follows the same procedures as the real tender under Meru County.

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**Environmental and Social Standards Relevance**

**E. Relevant Standards**

ESS Standards		Relevance
ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Relevant
ESS 4	Community Health and Safety	Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8	Cultural Heritage	Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

**Legal Operational Policies**

Safeguard Policies	Triggered	Explanation (Optional)
Projects on International Waterways OP 7.50	No	
Projects in Disputed Areas OP 7.60	No	



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Summary of Screening of Environmental and Social Risks and Impacts

The roads were screened for encroachment and any social and environmental impacts. Positive social and environmental impacts will include; strengthened community cohesion, reduction in crime, youth empowerment, job creation for women and youth, and improved road access and drainage for the underserved residents. The youth and women in these communities are unemployed and are involved in low paying jobs. Some of the youth are on drug and substance abuse or are involved in crime. The negative social and environmental impacts will include; discrimination/ exclusion risk for women and vulnerable groups including the disabled as project beneficiaries, this will include of women and vulnerable groups been left out from the training and job opportunities, elite capture in the targeting of project beneficiaries and job opportunities, political interference of the project by County Government Leadership and local leaders, community conflict from the groups that have been left out, disruption to access of homes during construction of the roads, loss of residential structures and economic loss by businesses, potential accidents and injuries during construction, and soil erosion. The project will result in moderate environment and social risks. Social assessment will form part of the environment and social management plan . The social impacts that will be identified will have mitigation measures coupled with the stakeholder engagement plan and a grievance redress mechanism. Given that at this stage in project preparation, the access roads to be financed have not been identified, the project will prepare the Environmental and Social Management Framework (ESMF).

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