Readiness Environmental and Social Review Summary

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I. BASIC INFORMATION

A. Basic Operation Data

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P517246	Investment Project Financing (IPF)	KAIS project	2027
Operation Name	Kenya Agriconnect Implementation Support Project		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Kenya	Kenya	EASTERN AND SOUTHERN AFRICA	Farming and Agribusiness
Borrower(s)	Implementing Agency(ies)	Estimated Board Date	
National Treasury	Ministry of Agriculture and Livestock Development	25-Nov-2026	
Estimated IR review Date	Total Project Cost		
14-Sep-2026	670,000,000.00		

Proposed Development Objective

To generate more and better jobs in agribusiness value chains prioritized by the program and enhance food and nutrition security of targeted beneficiaries

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

No

C. Summary Description of Proposed Project Activities

The Kenya Agribusiness Value Chains Development Project (KAVDP) operationalizes the AgriConnect Initiative in Kenya. It aims to generate more and better jobs in prioritized agribusiness value chains while improving food and nutrition security. The project targets key constraints across priority value chain clusters through a set of integrated, mutually reinforcing interventions. On the production side, the project strengthens farmer capacity, improves access to inputs, and builds resilience to climate and market shocks. It also expands aggregation, value addition, and market linkages to enable smallholders and agribusinesses to capture greater value along the chain. To underpin these efforts, the project invests in digital public infrastructure and service delivery systems that improve efficiency and transparency across value chains. Finally, it works to improve the policy and regulatory environment to reduce barriers to private investment and crowd in commercial capital at scale.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

The project is national in scope, covering all 47 counties of Kenya, with activities concentrated in both urban, pre-urban rural areas and priority agrifood value chain clusters. Investments will disproportionately target underserved and high poverty regions, including Arid and Semi Arid Lands (ASALs), where vulnerability to climate shocks, food insecurity, and limited service access is highest. The project operates in a decentralized governance context, with implementation led at both national and county levels, reflecting varying institutional capacities.

Project activities span agriculture, agro-processing, digital services, and rural market connectivity and will be implemented across diverse agro-ecological zones. Environmental settings include smallholder-dominated agricultural landscapes, areas with farmer-led and small-scale water management practices to enhance productivity, and locations that may be in proximity to environmentally sensitive ecosystems, given the project's nationwide footprint.. While the project does not finance activities within protected areas or high-biodiversity critical habitats, cumulative impacts on land, water resources, and ecosystems may arise if not adequately managed, particularly in water-stressed basins and ASAL counties. Socially, the project serves a predominantly rural population characterized by high informality, poverty, and climate vulnerability. Beneficiaries include smallholder farmers, pastoralists, MSMEs, cooperatives, and service providers, with specific focus on women, youth, and vulnerable and marginalized groups (including VMGs as defined under Kenya's Constitution). Some activities may involve land acquisition or land-use restrictions for rural infrastructure, or market facilities. The operation includes associated facilities such as agro-processing units and storage facilities that may be financed or expanded by private actors or other public programs.

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

The Borrower has relevant and demonstrated experience in managing environmental and social (E&S) risks under World Bank–financed operations, including long-running agriculture projects implemented under both the former Safeguard Policies and the Environmental and Social Framework (ESF). These include the ongoing National Agricultural Value Chain Development Project (NAVCDP, P168366) and the Food Systems Resilience Program (FSRP, P178785) in Kenya, as well as recently closed operations such as the National Agricultural and Rural Inclusive Growth Project (NARIG, P153349) and the Kenya Climate Smart Agriculture Project (KCSAP, P154784). These operations have generally maintained Moderately Satisfactory to Satisfactory E&S performance ratings, reflecting established systems for preparation and implementation of E&S instruments despite capacity constraints at decentralized levels. National ministries and county governments have previously implemented E&S instruments such as ESMFs, RPFs, LMPs, SEPs,SEA/SH, PRAP and site-specific ESIAs/ESMPs, with varying but generally adequate performance. However, capacity constraints remain due to the nationwide scale of the program, multi-sectoral scope, and decentralized implementation across 47 counties with uneven institutional capacity. Key challenges include managing cumulative environmental impacts, ensuring consistent application of ESF requirements across counties, timely preparation of site-specific instruments, effective supervision of contractors and private actors, and sustained operation of GRMs and SEA/SH prevention measures, particularly in remote and ASAL areas.

Environmental and social risk management will be supported through dedicated staff at national and county levels, with detailed arrangements set out in the ESCP.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) — Substantial

A.1 Environmental Risk Rating — Substantial

Environmental risk under KAIS project is rated Substantial. The environmental risk is rated Substantial due to the nature and scale of the proposed investments, including those involving rehabilitation and construction of agricultural infrastructure such as aggregation centers, storage facilities, cold-chain facilities, livestock production infrastructure, mechanization service centers, laboratories, markets, and agro-processing facilities. These investments may result in localized adverse environmental impacts including vegetation clearance, soil erosion, dust generation, noise, construction waste, occupational health and safety risks, increased traffic, and potential pollution of soil and water resources if not properly managed. Agricultural intensification supported through improved seed systems, strengthened extension services, enhanced livestock production, mechanization, and improved access to agricultural inputs may also contribute to increased use of fertilizers, pesticides, veterinary drugs, and other agricultural chemicals. This could introduce risks related to pollution, improper waste disposal, soil and water contamination, and ecosystem degradation if appropriate safeguards are not implemented. The project's support for sustainable land management, climate-smart agriculture, integrated pest management, and sustainable rangeland management is expected to generate significant environmental benefits through restoration of degraded landscapes, improved soil health, enhanced climate resilience, and more sustainable management of natural resources. However, there remains a risk that agricultural expansion and increased commercialization could exert pressure on natural habitats, biodiversity, and ecosystem services in environmentally sensitive locations if investments are not adequately screened and managed. Additional environmental risks arise from livestock development activities, including disease surveillance systems, veterinary laboratories, vaccine distribution, breeding infrastructure, feed production, and animal health interventions. These activities may generate medical and biological waste, increase risks associated with animal disease management, and require adequate biosafety and biosecurity measures. The development of agro-processing facilities, cold-chain systems, and market infrastructure may also result in increased generation of organic waste, wastewater, and greenhouse gas emissions, requiring site-specific environmental management measures. While these impacts are expected to be largely site-specific, temporary, reversible, and manageable through known mitigation measures and application of Good International Industry Practice, the cumulative impacts of multiple investments across value-chain clusters justify a Substantial environmental risk classification.

A.2 Social Risk Rating — Substantial

Social risk for KAIS project is rated Substantial. Potential risks include land acquisition and restrictions on land use for construction of market infrastructure, aggregation centers, storage facilities and processing hubs, risks of livelihood impacts on smallholder farmers, pastoralists, and informal land users, particularly in areas with customary or undocumented land tenure arrangements. Labor and working conditions risks, including occupational health and safety concerns. Additional risks are associated with livestock production and processing activities, including nuisance (odors, noise, and waste) affecting nearby communities, and potential public health risks linked to zoonotic disease transmission in areas with limited veterinary and health service capacity. Workers and producers may also face exposure to biological hazards related to animal handling, breeding, and processing. SEA/SH risks linked to labor influx and increased interaction between workers and communities, especially in rural and underserved areas. Risks of elite capture and exclusion of women, youth, and vulnerable and marginalized groups if targeting, benefit allocation, and engagement mechanisms are not consistently applied across counties.

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

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts Relevant

Given the project's nationwide scale, multi sectoral scope, and decentralized implementation across all 47 counties through multiple subprojects. The operation will finance, agro processing and storage facilities, energy and cold chain systems, and agricultural productivity interventions. These activities are expected to give rise to diverse, cumulative, and context specific environmental and social risks. These risks will be managed through an Environmental and Social Management Framework (ESMF), Resettlement Policy framework, site-specific ESIAs, RAPs and ESMPs, prepared proportionate to each activity's risk profile and in accordance with the ESF; an ESMF with all annexes including SEA/SH , LMP, VGMF ,and IPMF to manage risks related to agricultural input will be prepared and disclosed before project effectiveness. The borrower will prepare site specific instruments ESIAs, ESMPs, IPMP, VGMP during implementation and before bidding any construction work. RAPs and LRPs(as needed will be prepared during implementation and before acquiring any land. Further, the FI institutions will establish ESMS to manage the E&S risks of the investments activities. Binding commitments will be captured in the ESCP. A stakeholder engagement plan with a detail procedure on grievance mechanisms has been prepared and will be disclosed before appraisal. For Financial Intermediaries involved in Project implementation, the relevant E&S risks will be addressed through development and implementation of an Environmental and Social Management System (ESMS) by each FI, in accordance with ESS9 requirements.

ESS10 - Stakeholder Engagement and Information Disclosure Relevant

The project will involve diverse stakeholder groups, including smallholder farmers, pastoralists, cooperatives, agribusinesses, workers, county governments, and vulnerable and marginalized groups, across multiple value chains and local contexts in Kenya. Meaningful, timely, and inclusive stakeholder engagement is essential to manage risks associated with land acquisition, labor and working conditions, SEA/SH, community health and safety, and, importantly, leverage stakeholder participation in improved project design, including access to project benefits. Draft SEP has been prepared to guide identification, analysis, and engagement of stakeholders throughout the project lifecycle, including tailored approaches to ensure meaningful engagement of women, youth, pastoralists, and VMGs and will be disclosed before project appraisal. The Project will establish and operationalize a project level GRM before effectiveness. Financial Intermediaries in the Project will also be required to undertake stakeholder engagement in a manner commensurate with the risks and impacts of the FI's activities, and in accordance with the provisions of ESS10.

ESS2 - Labor and Working Conditions Relevant

The project will involve direct workers in national and county coordination units, as well as extensive use of contracted workers through civil works, infrastructure development, agro processing, value addition facilities, and service provision along agricultural value chains. The scale and geographic dispersion of activities increase risks related to occupational health and safety (OHS), labor influx, informal employment practices, and inconsistent application of labor standards, particularly in remote and ASAL counties. As part of ESMF, draft LMP will be prepared which defines terms and conditions of employment, OHS measures, codes of conduct (including SEA/SH provisions), and a grievance mechanism for project workers. ESS2 provides the framework to ensure fair treatment, safe working conditions, and effective labor risk management across all components of the program lifecycle. Financial Intermediaries will also develop and implement procedures to ensure that labor and working conditions on financed activities are in accordance with ESS 2 requirements.

ESS3 - Resource Efficiency and Pollution Prevention and Management Relevant

KAIS will finance agricultural productivity interventions, including agro processing and storage facilities, cold chain infrastructure, market and aggregation infrastructure, mechanization, and service delivery systems. It will support enhanced crop and livestock productivity through genetic improvement and breeding systems, expansion of animal product value chains, and development of export oriented production zones. These activities present risks related to inappropriate use or dissemination of improved breeds in the absence of adequate biosecurity, disease surveillance, and regulatory alignment. Livestock processing for domestic and export markets may generate biological waste, wastewater, effluents, odors and pose food safety risks that could cause localized pollution if not properly managed. In line with ESS3, these risks will be addressed through the ESMF, application of GIIP and relevant WBG EHSGs and site specific ESMPs or ESIAs as required, supported by the Integrated Pest Management framework (IPMF) and veterinary input controls. Financial intermediaries will be required to develop as part of the ESMS, E&S screening procedures to identify and mitigate pollution and resource efficiency risks of relevant activities, in accordance with ESS3.

ESS4 - Community Health and Safety Relevant

KAIS will support civil works related to the rehabilitation and construction of aggregation centers, markets, storage and cold chain facilities, agro processing infrastructure, mechanization services, and associated logistics, which may pose community health and safety risks. Operational activities may generate nuisances such as dust, noise, and waste affecting nearby communities. Livestock production and processing present risks of zoonotic disease transmission and exposure to biological hazards, particularly where veterinary and public health capacity is limited. Agro processing may generate wastewater, organic waste, and effluents that could lead to localized pollution if not properly managed. While most of the workforce will be recruited from the local community, the project may require additional skilled workers from outside the project area. This could result in labor influx, which may increase the risks of sexual exploitation and abuse/sexual harassment (SEA/SH), the spread of communicable diseases, and safety concerns for vulnerable groups. These risks will be addressed through Codes of Conduct, community level prevention measures, and survivor centered grievance mechanisms, as set out in the ESCP and SEP. Financial Intermediaries will develop, as part of the ESMS, E&S screening procedures to identify and mitigate community health and safety risks of relevant activities, in accordance with ESS4.

ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement Relevant

KAIS may require limited land acquisition, temporary land use, or restrictions on land use associated with selected agribusiness investments, including market infrastructure, aggregation and storage facilities, agro processing hubs, and mechanization service centers. While large scale displacement is not anticipated, subprojects may result in localized economic displacement affecting smallholder farmers, pastoralists, informal land users, and other land based livelihoods, particularly where tenure is customary or undocumented. In line with ESS5, the project will prioritize avoidance and minimization of land acquisition through design alternatives. Where unavoidable, impacts will be managed through a Resettlement Framework and site specific RAPs, ensuring eligibility, compensation at replacement cost, livelihood restoration, consultation, disclosure, and grievance redress. The RPF will be prepared and disclosed before effectiveness of the project. Voluntary land donation will not be used as a land acquisition mechanism for the project. Financial Intermediaries involved in project implementation will develop, as part of their ESMS, screening procedures to identify subprojects with potential risks related to land acquisition, restrictions on land use, and involuntary resettlement, and to apply appropriate mitigation measures in accordance with ESS5. Further, sub projects that requires significant land acquisition and resettlement will be excluded from the FIs investment list.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant

Investments in agricultural productivity, livestock systems, post harvest infrastructure, aInvestments in agricultural productivity, livestock systems, post harvest infrastructure, agro processing facilities, mechanization services, and rural market infrastructure may pose localized biodiversity risks, including habitat disturbance, vegetation clearance, soil and land degradation, and indirect pressure on natural resources through intensification. Given the nationwide scope and multiple subprojects across diverse agro ecological zones, there is potential for cumulative impacts on ecosystems, particularly in ecologically sensitive and ASAL counties. In line with ESS6, risks will be screened and managed through the implementation of a Biodviersity Management Plan, including landscape level screening, aggregation of subproject impacts, and exclusion of activities in critical or high risk habitats. Site specific ESMPs or ESIAs will include biodiversity management measures as needed, supported by sustainable land management, climate smart agriculture, and IPM/IPMF measures. Financial Intermediaries involved in project implementation will develop, as part of their ESMS, screening procedures to identify subprojects with potential risks to natural habitats, biodiversity, and living natural resources. Where screening indicates relevant risks, FIs will be required to apply the mitigation hierarchy, conduct appropriate biodiversity assessments, and develop and implement suitable management measures in accordance with ESS6.

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

Project activities may be implemented in counties where VMGs meeting the criteria of ESS7 are present, including in ASAL and remote rural areas. Investments in agribusiness development, productivity enhancement, mechanization services, market infrastructure, and value chain facilities could pose risks of exclusion from project benefits, unequal participation, or adverse impacts on customary land use, livelihoods, or cultural practices if not appropriately designed and implemented. All subprojects will be screened per the screening checklists included in the ESMF, which will have a dedicated annex with a VMGF, to determine the presence of ESS7 eligible groups. Where such groups are identified and may be affected, the project will prepare proportionate VMGPs, in line with ESS7 and the ESMF/VMGF, or equivalent measures to ensure culturally appropriate engagement, equitable access to benefits, and avoidance or mitigation of adverse impacts. FIs will be required to conduct culturally appropriate engagement and free, prior, and informed consultation, assess potential impacts on VMGs, and develop and implement suitable management measures to ensure equitable access to project benefits and avoidance of adverse effects, in accordance with ESS7.

ESS8 - Cultural Heritage Relevant

Potential cultural heritage risks will be screened through the ESMF, and chance find procedures will be applied to all relevant civil works. Where screening identifies known cultural heritage sites or a likelihood of impacts, site specific mitigation measures will be incorporated into ESMPs or ESIAs, and works will be designed to avoid or minimize adverse effects. Consultation with affected communities and relevant authorities will be undertaken as required. Financial Intermediaries involved in project implementation will develop, as part of their ESMS, screening procedures to identify subprojects with potential risks to tangible and intangible cultural heritage. Where screening indicates relevant risks, FIs will be required to ensure that civil works contracts include and enforce Chance Finds Procedures, conduct appropriate cultural heritage assessments as relevant, and implement suitable mitigation measures in accordance with ESS8.

ESS9 - Financial Intermediaries Relevant

KAIS includes Component 2.3 (Agricultural Finance, De-Risking, and Private Investment Facilitation), which supports a partial credit guarantee (PCG) and blended finance instruments to mobilize private capital for agribusiness SMEs and FPOs through commercial banks, SACCOs, and other financial institutions. If matching grants or de- risking instruments are channeled through financial institutions, ESS9 will apply, and participating FIs or fund managers will be required to develop and adopt an ESMS acceptable to the Bank prior to first disbursement. FIs will also be required to establish an External Communication Mechanism. Timelines, actions, and responsibilities will be defined in the ESCP.

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways No

OP 7.60 Operations in Disputed Areas No

B.3 Other Salient Features

Use of Borrower Framework No

At this moment, the project is not using the Borrower Framework, either in whole or in part.

Use of Common Approach No

N/A

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by implementation?

To ensure readiness to manage the environmental and social risks and impacts of KAVDP, the Borrower will prepare and disclose a set of ESF instruments framework-level environmental and social instruments prior to Implementation Readiness, commensurate with the project's nationwide scale, multi-sectoral scope, and decentralized implementation across 47 counties.

Prior to appraisal the borrower will prepare;
1. A Stakeholder Engagement Plan (SEP) establishing principles and procedures for meaningful consultation, information disclosure, inclusive engagement of vulnerable and marginalized groups, and a project-level grievance redress mechanism .

2. Environmental and Social Commitment Plan (ESCP) that consolidates binding commitments on staffing, timing of preparation, adoption and implementation of E&S instruments, monitoring, reporting, capacity building, and supervision.
Prior to Effectiveness, the Borrower is expected to have prepared, consulted upon, and disclosed the following instruments, in form and substance acceptable to the World Bank:
1. Environmental and Social Management Framework (ESMF), which shall have a VMGF chapter, setting out procedures for E&S screening, risk classification, mitigation, monitoring, exclusion criteria, and preparation of site-specific instruments;
2. a Resettlement Framework (RF) to guide avoidance, mitigation, compensation, and livelihood restoration measures related to land acquisition, restrictions on land use, and economic displacement under ESS5;
3. Labor Management Procedures (LMP) covering direct, contracted, and primary supply workers, including OHS measures, codes of conduct, SEA/SH provisions, and a worker grievance mechanism;
4. As apart of ESMF an Integrated Pest Management Framework (IPMF) to manage risks associated with the use of pesticides, fertilizers, and veterinary inputs under ESS3 and ESS6.
Where applicable under Component 2.3, arrangements for Financial Intermediaries will require participating institutions or fund managers to adopt an Environmental and Social Management System (ESMS) consistent with ESS9 prior to First Disbursement under Component 2.3
Following effectiveness and during implementation, site-specific instruments—including ESIAs, ESMPs, RAPs, VMGPs, and IPMPs—will be prepared, reviewed, and implemented prior to commencement of relevant activities.

World Bank due diligence will rely on review and clearance of these instruments, consistency checks with the ESCP and project design documents, portfolio experience under predecessor operations, and ongoing supervision, including field-based reviews and stakeholder feedback during implementation.

III. CONTACT POINT

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