

# INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC629

**Date ISDS Prepared/Updated:** 15-Aug-2012

## I. BASIC INFORMATION

### A. Basic Project Data

|   |  |                              |                          |
|---|--|------------------------------|--------------------------|
| <b>Country:</b>                             | Kenya  | <b>Project ID:</b>           | P117635                  |
| <b>Project Name:</b>                        | Kenya - Enhancing Water Security & Climate Resilience (P117635)  |                              |                          |
| <b>Task Team Leader:</b>                    | Gustavo Saltiel  |                              |                          |
| <b>Estimated Appraisal Date:</b>            | 04-Mar-2013  | <b>Estimated Board Date:</b> | 11-Jul-2013              |
| <b>Managing Unit:</b>                       | AFTN2  | <b>Lending Instrument:</b>   | Specific Investment Loan |
| <b>Sector:</b>                              | General water, sanitation and flood protection sector (30%), Irrigation and drainage (20%), General agriculture, fishing and forestry sector (20%), Public administration- Water, sanitation and flood protection (20%), General energy sector (10%) |                              |                          |
| <b>Theme:</b>                               | Water resource management (40%), Other environment and natural resources management (30%), Land administration and management (30%)  |                              |                          |
| <b>Financing (In USD Million)</b>           |  |                              |                          |
| <b>Financing Source</b>                     |  |                              | <b>Amount</b>            |
| BORROWER/RECIPIENT                          |  |                              | 0.00                     |
| International Development Association (IDA) |  |                              | 350.00                   |
| Total                                       |  |                              | 350.00                   |
| <b>Environmental Category:</b>              | A - Full Assessment  |                              |                          |
| <b>Is this a Repeater project?</b>          | No   |                              |                          |

### B. Project Objectives

The project development objective is to support the institutionalization of processes and water-related investments to strengthen climate-resilient water resources development and management in Kenya.

The PDO will support the higher level objectives of inclusive and sustained growth through the achievement of water security and resilience to climate variability.

### C. Project Description

The proposed Project is designed as a framework operation that would support the Government of Kenya (GoK) in realizing its longer-term vision by establishing a rigorous selection process for preparing priority water investments. Achieving climate resilient water security for economic development and growth is far beyond the possibilities of one operation. GoK recognizes that its vision of transforming the water sector requires a dedicated, long-term commitment that is best approached at a practical level in phases, whereby the myriad and vast investment needs are implemented according to a transparent process and quality assurance standards. The proposed Project responds to this need through the development of an investment framework, with agreed upon criteria and guidelines for selecting and preparing priority investments.

The investment framework would set the ‘rules of the game’ by making transparent the decision-making process on investments selection, ensuring that selected investments are well-prepared, amongst the most effective for realizing the objectives, and implemented in a sustainable manner. The single, consistent investment framework could eventually be broadened beyond the proposed project in order to facilitate implementation of GoK’s larger investment program, which would include support from other development partners, the private sector, etc. The framework approach of the proposed Project has been agreed with the Ministry of Water and Environment (MWI) and is in line with their vision for an “umbrella program” for the implementation of the Water Sector Strategic Plan (2011), through which they encourage Development Partners to coordinate support. The advantage of the framework approach is that it would provide GoK and the World Bank the opportunity to invest early in priority schemes provided that they are well-prepared, while establishing a rigorous investment framework for selecting and preparing subsequent investments.

World Bank engagement is expected to span over an 8-10 years period. The first phase of the proposed Project is expected to be in the order of US\$ 350 million, with subsequent phases to follow (either through an APL, new SILs or with Additional Financing). The total budget envelope will be determined during project preparation and will reflect the vast water investment needs in Kenya, which the Project aims to support. The longer-term and phased approach demonstrates the Bank's commitment to the sector, while providing necessary flexibility and opportunities for reframing the subsequent phases, as needed and if conditions on the ground change substantially (particularly in light of the evolving institutional and reform process).

The proposed Project would have three components: (i) water resources development; (ii) water resources planning and management; and (iii) support to water sector institutional reforms. The total budget, particularly for Component 1, could be increased with co-financing from other development partners.

#### Component 1: Water Resources Development (US\$ 305 million)

This component would support climate resilient water security and economic growth through water resources development investments that are prepared in line with the eligibility and preparation framework. Such investments could include:

- Bulk water supply (large-scale, transformative water storage projects for single- and multipurpose use);
- Groundwater development.
- Flood management infrastructure.
- Activities to ensure sustainability of investments (e.g., catchment management for selected

sites, community outreach, etc.).

- Enhanced productive water uses (e.g., irrigation development and water supply).

The investment framework will clearly specify the investment selection criteria and preparation guidelines (covering various aspects, including technical preparation, financial and economic analyses, environmental and social management, long term operations and management sustainability, community participation, implementation arrangements and institutional capacity). In order to test the robustness of the investment framework and the capacity of the country to adequately prepare investments in accordance with it, between one and three investments will be assessed using the framework and appraised prior to project approval, with the expectation that at least one of the investments will be financed upon project effectiveness (i.e. a "first mover" investment). These investments will be selected from amongst the most advanced GoK priority projects, including possibly ones under preparation with support from other World Bank-financed projects. Funding will be committed to additional water resources investments during project implementation, as schemes are selected and prepared in accordance with the investment framework.

Three to four candidate investments have been identified and are actively being reviewed for consistency with the proposed PDO and for their readiness in terms of the investment framework. The potential investments are:

- Nzoia Irrigation scheme – currently being designed under the Natural Resources Management Project. Additional work needed to fully prepare Nzoia irrigation scheme by appraisal is being fast-tracked.
- Ruiru wellfields in Nairobi – identified as a potential water supply option in the Water Supply Master Plan for Nairobi, supported under Water Supply and Sanitation Improvement Project (WaSSIP).
- Maira Dam – a site located in Western Kenya that is currently being studied under the Nile Basin Initiative/Nile Equatorial Lakes Subsidiary Action Program's Sio-Malaba-Malakisi (SMM) River Basin Management Project.
- Mwache Dam – a project that has been given high priority by MWI, Ministry of Regional Development Authorities (MoRDA), the Coast Development Authority (CDA), and the Coast Water Services Board (CWSB). Consideration is being closely coordinated with the preparation of the Water Supply Master Plan for the Coast Region/Mombasa, supported under WaSSIP.

## Component 2: Water Resources Planning and Management (US\$ 30 million)

This component aims to support: (i) comprehensive water sector planning (including upgrading the water resources monitoring network; improving the knowledge base, including facilitating data sharing, and building analytical tools; strengthening decision support systems for climate risk adverse planning and building a pipeline of sound and well-prepared investments; and associated capacity building) and (ii) disaster risk reduction and climate risk management measures (forecasting, early warning and preparedness plans, etc.). Specific activities could include the following:

- Upgrading water resources monitoring network. This could include enhancing the network for hydro-meteorological, surface and groundwater monitoring; improving the water quality and pollution monitoring network; and strengthening water quality laboratories.
- Improving the knowledge base. Strengthening and consolidating the water resources and

climate information base, including strengthening information management infrastructure and practices.

- Strengthening analytical capacity. Building in-house water resources assessment capacity within the institutions responsible for water resources management and development, and strengthening the capacity for water resources investment planning through the development / application of decision support tools and models (economic, financial, technical, social, environmental, etc.) . This might include improved decision support tools for climate risk management in river basin planning and for coordinated water infrastructure operations.
- Catchment/basin Planning. Support for integrated water resources planning through the preparation of consolidated catchment/basin-level water resources development and management plans (building on ongoing initiatives, including National Water Resources Master Plan, Water Supply and Sanitation Plans for the Coast and Nairobi, Kenya Water Sector Investment Plan, etc).
- Climate risk management. Activities could include: providing technical support for forecasting, early warning and preparedness plans for droughts and floods in priority areas, building on the ASAL and Western Kenya CDD/Flood Mitigation projects; improving the climate knowledge base, analytics, forecasting and warning systems; and scaling up instruments for climate risk management (e.g. climate insurance schemes, land use planning).

### Component 3: Support to Water Sector Institutional Reforms (US\$ 15 million)

1. This component aims to support: (i) enhancement and strengthening of the ongoing institutional and legal reforms associated with aligning the water sector to the Constitution of Kenya (2010), with a view to creating the conditions for ensuring the sector's long-term contribution to sustainable economic growth; and (ii) implementing agencies to effectively implement and manage the project, including the establishment of a Project Coordination Unit that will provide for effective project implementation throughout the institutional transition and beyond.

2. This component would also support the institutional and legal reforms associated with the forthcoming National Water Policy and Water Act 2012. To align the sector with the 2010 Constitution of Kenya, a new National Water Policy has been prepared and is planned to be implemented starting in 2012. A Water Act 2012 has been submitted to the Committee for the Implementation of the Constitution. It is expected that a new institutional framework for water resources management and development will be created and that the transition to this new structure will take place over a period of at least three years. This component would support the establishment of mechanisms and measures to ensure that the project will be successfully implemented during a possibly turbulent transition period, and beyond.

3. Specific activities could include: technical assistance to GoK in reforming water sector in line with the mandate of the 2010 Constitution; implementation support for overall project management covering planning, design, and construction supervision phases, as well as required training and capacity building; support for inter-agency coordination, as well as effective reporting, monitoring and evaluation; and fiduciary and safeguard management, including financial and technical audits.

### **D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

The exact project location is not yet known for all potential investments that would be financed under the Project. Investments under consideration are sites around the Nairobi metropolitan area, the Coast, and the Lake Victoria Basin. During the project preparation period, feasibility studies and

Environmental and Social Impact Assessments (ESIAs) will be undertaken for priority investments, identified by the GoK in consultation with the World Bank.

### **E. Borrowers Institutional Capacity for Safeguard Policies**

The GoK has established the Environmental Management and Coordination Act (EMCA) of 1999, which empowers the National Environmental Management Authority (NEMA) with an oversight role on environmental compliance. In accordance with the EMCA, NEMA is responsible for conducting annual environmental audits and carrying out due diligence on the projects that have already undertaken EIAs, as well as those in the process of undertaking EIAs. MWI has been implementing World Bank-funded projects and has the necessary structures in place for overseeing safeguard issues. However, overall capacity for implementation of environmental and social safeguards policies is still low. Inadequate capacity to execute the required social and environmental risk mitigation measures could lead to high negative social and environmental impacts and undermine project results.

To mitigate this, an Environmental and Social Management Framework (ESMF), a Resettlement Policy Framework (RPF), and a Vulnerable and Marginalized Groups Framework (VMGF) will be prepared to guide project implementation and preparation of site-specific environmental and social impact assessments and resettlement action plans for specific project investments. Training programs will target capacity issues related to the implementation of the social and environmental management plan and the resettlement plan. The World Bank team will carry out close, field-based implementation support and supervision.

### **F. Environmental and Social Safeguards Specialists on the Team**

Zarafshan H. Khawaja (AFTCS)

Helen Z. Shahriari (AFTCS)

Hocine Chalal (AFTN3)

Jane A. N. Kibbassa (AFTN3)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

| <b>Safeguard Policies</b>               | <b>Triggered?</b> | <b>Explanation (Optional)</b>   |
|---|-------------------|---|
| Environmental Assessment OP/<br>BP 4.01 | Yes               | MWI is preparing an Environmental Management Framework (EMF) that will establish the environmental criteria for selecting investments, the detailed procedures for preparing the environmental assessments necessary for those investments, as well as the details of potential impacts and suggested mitigation measures for the kinds of activities envisaged by the project. As part of those procedures, MWI will be conducting prefeasibility and feasibility studies to prepare for water resources investment schemes for water supply, irrigation, flood control and small hydropower generation, etc. These prefeasibility and feasibility studies will determine the extent of impacts that the |

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|   |     | identified projects may have on the environment. Relevant subsequent and more specific environmental and social impact assessments, including the corresponding management plans, will be undertaken for each specific investment, with TORs and deliverables reviewed by the Bank. However, it is expected that for at least one of the priority investments considered (i.e. the "first mover" investment), the corresponding site-specific safeguards instruments (including the ESIA) will be prepared by appraisal. |
| Natural Habitats OP/BP 4.04             | TBD | The project location is not yet known, so any potential impacts on national parks, sensitive wetlands, or other natural habitats are not yet known. The completed and ongoing environmental studies will be consulted to determine whether the project will affect natural habitats and trigger the policy.  |
| Forests OP/BP 4.36                      | TBD | The project location is not yet known. The completed and ongoing environmental studies will be consulted to determine whether the project will affect forests and trigger the forests policy.  |
| Pest Management OP 4.09                 | TBD | As the exact investments and locations are not yet known, any reservoir creation or agricultural development in the project area is not yet known, but will be determined during the environmental assessment.   |
| Physical Cultural Resources OP/ BP 4.11 | TBD | The project location is not yet known. The identification of specific sites as well as the preliminary feasibility work for those sites will determine if the Physical and Cultural Resources policy will be triggered. The Bank will provide technical support and training at the regional and national levels for addressing cultural issues through the EIA process and will ensure "chance find" procedures are in place in the overall ESMF for the project as well as site-specific EMPs.                         |
| Indigenous Peoples OP/BP 4.10           | Yes | While the location of the investments is yet to be determined, it is likely that some investments may be in areas where there are vulnerable and marginalized groups. In light of this, a Vulnerable and Marginalized Groups Framework (VMGF) will be prepared in  |

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|  |     | accordance to the World Bank's Policy on Indigenous Peoples (OP 4.10). A Vulnerable and Marginalized Group Plan (VGMP) consistent with the VGMPF will be prepared, if applicable, once investments are identified.   |
| Involuntary Resettlement OP/BP 4.12            | Yes | Although the investment location is not known at this stage, feasibility studies for the identified projects will determine the extent of impacts on people and their land. A Resettlement Policy Framework (RPF) will be prepared by appraisal and disclosed. At the level of sub-projects, individual RAPs will be prepared and disclosed based on the RPF if needed. Capacity building for the preparation of the needed documents and implementation of the RAPs will be provided under Component 3. A Resettlement Action Plan will be prepared for the "first mover" investment. |
| Safety of Dams OP/BP 4.37                      | Yes | The Safety of Dams Policy is triggered because the project will construct multi-purpose storage dams for water supply, irrigation, flood control, etc. Feasibility studies for storage options will recommend safety and mitigation measures for the design, construction, and operational phases. The Team will also work with the GoK to establish a Panel of Experts during project preparation for review of issues that arise during the selection of specific investments.   |
| Projects on International Waterways OP/BP 7.50 | Yes | Subsequent phases of the project may be implemented in the Lake Victoria Basin, which is part of the Nile River Basin and may involve construction of water storage. Formal notification would be made under the Projects on International Waterways Policy. The framework prepared to govern the selection of investments under the project will clearly state when notification in accordance with OP 7.50 is required. All project outputs and reports will be shared with and discussed by all concerned riparians through the Nile Basin Initiative.                              |
| Projects in Disputed Areas OP/BP 7.60          | No  |  |

### III. SAFEGUARD PREPARATION PLAN

#### A. Tentative target date for preparing the PAD Stage ISDS: 14-Jan-2013

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

**B. Time frame for launching and completing the safeguard-related studies that may be needed.  
The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:**

The ESMF, RFP, and VMGF will be prepared, reviewed, and disclosed by February 2013.

**IV. APPROVALS**

|                                  |                                   |                   |
|----------------------------------|-----------------------------------|-------------------|
| Task Team Leader:                | Name: Gustavo Saltiel             |                   |
| <b><i>Approved By:</i></b>       |                                   |                   |
| Regional Safeguards Coordinator: | Name: Alexandra C. Bezeredi (RSA) | Date: 02-Sep-2012 |
| Sector Manager:                  | Name: Jonathan S. Kamkwalala (SM) | Date: 23-Aug-2012 |