

# Review and Update of the World Bank's Environmental and Social Safeguard Policies Phase 3 Feedback Summary

Date: February 3 and 4, 2016

Location (City, Country): Nairobi, Kenya

Audience (Government, Implementing agencies, Governmental Parastatals, and High Level Government.): Energy, Transport, Natural Resource Management and Forests, Water and Irrigation, and Health, Environment and Gender, Agriculture, Livestock & Fisheries/ SDA, National Oil, Development Planning Land, Housing & Urban Development, National Treasury, National Museum, Kenya Wildlife Services, ICT and Innovation, Commission on Administrative Justice, Devolution & Planning, Water and Irrigation, NEMA<sup>1</sup>, KALRO<sup>2</sup>.

#### **Overall Comments**

- i. The reports for the two government consultation meetings held on 3 and 4 February are combined and include the report proceedings of the government ministries, Project Implementation Units (PIUs) and parastatals, held on February 3, 2016 and the High Level government meeting of Thursday February 4, 2016. The two meetings were well attended. Both meetings drew their representation from several sectors including Energy, Transport, Agriculture, Livestock, Fisheries, Natural Resource Management and Forests, Water and Irrigation, NEMA, KALRO, National Museum and Health and Gender, representatives from the Kingdom of Lesotho. The technical meeting of February 3 had 105 participants and the high level government meeting had 67 representatives including several Cabinet Secretaries and Permanent Secretaries who participated actively in the consultations. Representatives from the Kingdom of Lesotho and Republic of Mozambique were also present in the two days.
- ii. The Government of Kenya (GOK) representatives were well organized and contributed to the consultations with robust comments. Each sector/sub-sector submitted comments on the proposed Environment and Social Safeguards Framework (ESF). These are some of the general comments made by the participants:

<sup>&</sup>lt;sup>1</sup>National Environment Management Authority

<sup>&</sup>lt;sup>2</sup>Kenya Agricultural and Livestock Research Organization

- The consolidation of the various operational policies has increased clarity, coherence, synergy, removed duplication and redundancy. Moreover there is clarity on the roles of the Borrower and the Bank in ensuring Bank financed projects meet the criteria of sustainability in line with the new development paradigm represented in the Sustainable Development Goals (SDG).
- The participants acknowledged that the opportunities to strengthen the ESF were largely positive. The new ESF will promote ownership of environmental and social issues in projects and provide opportunities to build borrower capacities. The same is true for the financial intermediaries.
- Kenya has been implementing projects that have had difficulty due to the existing safeguard measures. Many have been delayed for several years. The government noted that the frequency of inspection panels has also caused delays in project implementation.
- Kenya appreciates the new ESF however because they are more elaborate, the cost of actualizing the proposed safeguards needs to be examined as it can be prohibitive for countries.
- However, the new ESF does not adequately include reference to borrower's policy and legal framework and instruments and international conventions.
- The GOK noted that their comments and concerns in the earlier phase of this review were not adequately reflected in the documents and it is their hope that the comments made during this phase will be included in the documents.
- The GOK called on the WB to be more accommodating, but noted that not everybody will be happy with the final result but the onus is on the Bank to make a deliberate decision about what to include and what to leave out in the new ESF.
- The meeting cited projects which were delayed because of triggering of safeguards measures and that there is need to harmonize the understanding of the safeguards between all actors, the World Bank staff, government officials, CSOs and communities.

# **Use of Country Systems**

• When the borrower has well established national systems, e.g. the Environmental and Social Frameworks, the country should be allowed to use such systems during implementation. This should be recognized in the ESF document. As an example, Kenyan procurement systems have worked very well for projects financed by World Bank. The Bank acknowledges that the borrower should use the procurement laws as much as possible, unless a provision is in conflict with the Bank's procurement guidelines. This approach has had a positive impact on performance.

# The Proposed ESF

• GOK hopes for a simple flexible framework which is user friendly accessible and helps promote rather than hindering development.

- The WB should re-engineer its processes so that they are facilitative and not prohibitive to better absorb resources. Right now absorption is only about 25% of total WB resources available.
- The World Bank should establish a multi- trust fund to prevent governments from using borrowed funds to implement the ESF.
- ESS4 should include not only emergency response but also disaster risk reduction as a community's safety measure in line with the SINDAI Framework.
- FPIC was seen as a contentious issue and the meeting felt that the approach should be FPI Consultation rather than FPI Consent because other communities besides those who might be identified as Indigenous People have interests in resources such as forests for example. The PIUs gave examples of how projects had stalled for a long time because one person refused to give consent. The PIUs noted that there is need to look at the broader picture. Further the PIUs noted that there was need for FPI-Consultation throughout the project cycle.

#### **The Red Dot Scores Poster Exercise**

ESS 5 on Land acquisition and involuntary resettlement had 22 points followed by ESS10: Stakeholder Engagement with 15 points and ESS with ESS3 Climate change and GHG emissions with 11 points and ESS 7: Indigenous Peoples with 10 points.

ESF	Issue	Items	Feedback
Vision	Human Rights	1. Approach to human rights in the ESF	
ESP/ ESS1 scores	Non-discrimination and vulnerable groups	<ol> <li>Explicit listing of specific vulnerable groups by type/name (age, gender, ethnicity, religion, physical, mental or other disability, social, civic or health status, sexual orientation, gender identity, economic disadvantages or indigenous status, and/or dependence on unique natural resources)</li> <li>Specific aspects of the non-discrimination principle in complex social and political contexts, including where recognition of certain groups is not in accordance with national law</li> </ol>	C. ESS 1- Assessment and Management of Environmental and Social Risks and Impacts (Para 28-31, pg 12)  In respect of paragraph 31 bullet 1(pg 13), the requirement that the use of borrower framework in the assessment, development and implementation of projects be at the discretion of the WB, needs to be varied to take into account the existence of national legal and institutional frameworks. For example in Kenya EMCA 1999 (Reviewed 2015) is adequate in addressing environmental and Social concerns of projects. Using borrower frameworks where they exist allows for environmental monitoring during and after the project for sustainability.  C. There are many provisions in ESF which are in line with the Kenyan Constitution 2010. Even though in some instances the Constitution may not be explicit for example in the area of the rights to access to health services. The health sector simply acknowledges this right for all Kenyans and does not seek to know issues of sexual orientation and sexual identity. The approach is to provide health to all.

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Use of Borrower's	4. Role of Borrower frameworks in the	female headed households exist there is need to determine how to cater for such households.  C. In respect of paragraph 31 bullet 1(pg 13), the requirement that the use of <b>borrower</b>
Environmental and Social Framework  8 scores	management and assessment of environmental and social (E&S) risks and impacts where these will allow projects to achieve objectives	framework in the assessment, development and implementation of projects that would be at the discretion of the WB needs to be varied to take into account the existing national legal and institutional frameworks.
	materially consistent with Environmental and Social Standards (ESSs) 5. Approach for making decision on	C. In various World Bank funded projects, the absorption rate has been low and especially in the area of procurement. Creating an ESF with even more conditionalities will slow the absorption rate even further. Country frameworks must be used as they are more effective when used for implementing projects.
	the use of Borrower frameworks, including the methodology for assessing where frameworks will allow projects to achieve objectives	C. <b>User of Borrowers Frameworks (Para 77-79, pg 27):</b> It's gratifying to note that the Bank underscores the merits of using borrower frameworks. The direction should be that of

		materially consistent with the ESSs, and the exercise of Bank discretion 6. Role of Borrower frameworks in high and substantial risk projects	applying more of borrower frameworks than the Banks. This necessitates "support by the Bank for filling in capacity gaps the Bank in filling capacity gaps to strengthen borrower's frameworks to match the Banks requirements. This will enhance ownership and sustainability. However, the proposal by management that "standards set by the Bank must always be met", is not in the spirit of this direction and needs to be reviewed.
	Co-financing/ common approach	7. Arrangements on E&S standards in co-financing situations where the co-financier's standards are different from those of the Bank	
	Adaptive risk management 2 scores	8. Approach to monitoring E&S compliance and changes to the project during implementation	
	Risk classification	9. Approach to determining and reviewing the risk level of a project	
ESS1	Assessment and management of environmental and social risks and impacts scores	<ul> <li>10. Assessment and nature of cumulative and indirect impacts to be taken into account</li> <li>11. Treatment of cumulative and indirect impacts when identified in the assessment of the project</li> <li>12. Establishing project boundaries and the applicability of the ESSs to Associated Facilities, contractors, primary suppliers, FI subprojects and directly funded sub-projects</li> <li>13. Circumstances under which the Bank will determine whether the Borrower will be required to retain independent third party specialists</li> </ul>	<ul> <li>C. In Kenya, the transport sector has significant World Bank involvement and constitutes 30% or 1.9b USD of the WB portfolio in the country. The Bank is supporting initiatives in all transport sectors including, road, rail and aviation. Transport projects tend to be complex due to three key factors;</li> <li>Challenges related to urban land.</li> <li>When a trunk road passes through urban areas the government has challenges securing the right of way.</li> <li>Resettlement in urban areas is prone to conflict and delays for a range of reasons.</li> </ul>
	Environmental and Social Commitment Plan (ESCP) scores	14. Legal standing of the ESCP and implications of changes to the ESCP as part of the legal agreement	
ESS2	Labor and working conditions scores	15. Definition and necessity of and requirements for managing labor employed by certain third parties (brokers, agents and intermediaries)	C. ESS2 Labor and Working Conditions (Para 32-35 pg 14)  The requirement that the borrower's scope of coverage in relation to labor and working conditions is extended to cover primary supply workers, contractors and workers involved in community labor; and requirement of provision of a grievance mechanism encumbers the projects with concerns that are best addressed by existing labor laws.

- Application and implementation impacts of certain labor requirements to contractors, community and voluntary labor and primary suppliers
- 17. Constraints in making grievance mechanisms available to all project workers
- 18. Referencing national law in the objective of supporting freedom of association and collective bargaining
- 19. Operationalization of an alternative mechanism relating to freedom of association and collective bargaining where national law does not recognize such rights
- 20. Issues in operationalizing the Occupational Health and Safety (OHS) provisions/standards

*C. ESS2: Labor and working conditions* - Emphasis on results in the design of World Bank financed projects tends to overshadow some key exogenous factors, e.g. occupational health and safety (OHS), and more specifically road safety for workers and through traffic. The ESF should help to mitigate this, partly by emphasizing enforcement.

- D: Occupational Health and Safety (OHS); pages 54 55
   Paragraph 25: Insert a new sub-bullet before f) stating
   f) Continuous assessment of the safety and health conditions including statutory audits, inspections, occupational hygiene surveys and medical examinations of project workers.
- Current sub bullet f) becomes g) and is amended to read g) Remedies including compensation for adverse impact such as ......

Add an additional sentence stating: adequate resources should be made available for compensation for workers suffering from adverse effects mentioned above during the project lifetime."

Paragraph 26: second sentence amended to read:

Such parties will actively collaborate ... training of occupational safety and health, conducting statutory medical examinations and provision for personal protection....

# • Paragraph 28:

Add at the end of the paragraph, - "including provisions for sitting facilities, first aid facilities and wholesome drinking water."

Insert new paragraph immediately after paragraph 30

# • New paragraph:

The borrower will ensure that any contracted third party has in place OSH management procedures to protect the safety and health of other persons not just project workers who are lawfully present in the work location.

**C.** On labor issues the government representatives were of the opinion that if countries have ratified ILO conventions, then the country systems should be used instead of the WB standards.

ESS3	Climate change and	21. The relation between provisions on	C. ESS 3 Resource Efficiency and Pollution Prevention (Para 37-39, Pg 15-17)
	GHG emissions scores	climate change in the ESF and broader climate change commitments, specifically UNFCCC  22. Proposed approaches to measuring and monitoring greenhouse gas (GHG) emissions in Bank projects and implications thereof, in line with the proposed standard, including determining scope, threshold, duration, frequency and economic and financial feasibility of such estimation and monitoring  23. Implications required for the Borrower of estimating and reducing GHG emissions for Bank projects, in line with the proposed standard	<ul> <li>Provisions of resource efficiency and pollution prevention are adequate. The removal of thresholds for GHG emissions and water use for projects is agreeable. However, the requirements for projects to estimate their GHG emissions need to be reviewed given the technical capacity and financial resources required to accomplish this.</li> <li>4.09 Pest Management Policy: The ESF shows a bias for crop pest management and very little focus on livestock. It was proposed that clause 23 and 24 should include pest management for livestock, although the issue of vector is also mentioned which mainly is on livestock.</li> <li>Working on GHG is very expensive and the capacity to address GHG in Kenya is low. It will be difficult to set GHG standards and monitor the same. The Bank can assist by building the local capacity and funding a project to develop Kenya's own GHGs standards for the country.</li> <li>Climate Change (Para 74, pg 27): As noted under ESS1 discussion, emission estimation for projects is not feasible unless for projects designed specifically for GHG estimation purposes.</li> </ul>
ESS4	Community Health and Safety	24.	C. ESS4 Community Health and Safety (Para 40, pg 17)  Community health and safety concerns should be addressed right from ESS1 provisions where Environment and Social Impact Assessment (ESIA) identifies possible community exposure to diseases and pests. Relevant agencies are then tasked to play their respective roles as per Environment and Social Management Plan (ESMP) developed as part of ESIA.
ESS5	Land acquisition and involuntary resettlement 22 scores	<ul> <li>25. Treatment and rights of informal occupants and approach to forced evictions in situations unrelated to land acquisitions</li> <li>26. Interpretation of the concept of resettlement as a "development opportunity" in different project circumstances</li> </ul>	C. ESS 5 Land Acquisitions, Restrictions on Land Use and Involuntary Resettlement (Para 47 pg 20)  • The restriction on the borrower from commencing any project activities which cause physical or economic displacement until plans are finalized and approved by the Bank needs to be reviewed to allow projects to commence pending approval (e.g. beginning of construction of an electrical transmission line should not have to wait until all the land has been acquired for the entire length of the line). Borrower standards should apply where land occupiers have no legal rights. This is to safeguard against unnecessary costs related to compensation and also to discourage illegal occupation of rights of way/way leaves.

- The ESF should conform to national policy and legislation while efforts should be made not to encourage professional squatters. This ESS has some grey areas which require additional work.
- The Government position on forced eviction needs to be recognized, especially if notice to vacate the land was given in advance.
- **C.** There are compensation challenges when it comes to determining the most suitable type of compensation for a community or an individual.

Is the best compensation money or material in nature?

- Compensation rates are sometimes higher than the cost of road construction. The WB needs to examine how these compensation costs can be paid.
- C. There are compensation challenges when determining who qualifies for compensation, e.g.;
  - Does the compensation need to go to the current or future generation?
  - Do those people who are not geographically present but have an interest in the resource or land also deserve to be compensated?
  - Are those others who can trace their rights to ancestral land or resources deserving of compensation?
- C. In Kenya the issues of historical land injustices plays a very important role in the land narrative and continues to be the source of conflict. The ESF should provide guidance on how to deal with such historical injustices.
- C. Lead time to project implementation becomes too long as project implementers try to seek compliance with the requirement of the safeguards documents. The issue of land is emotive, and whenever squatters get wind that there is likelihood of getting compensation for illegal occupation, more people occupy the project areas. People also speculate by putting up infrastructure developments on project sites seeking a higher compensation. This disenfranchises rightful owners of land and also increases the cost of projects as well as prolonging the project duration.
- C. The ESF should not encourage criminal behavior by citizens who see opportunities for illegal occupation of public (or private) land when a World Bank funded project is proposed.
- C. The ESF should be designed to respect the laws of the borrower. Kenya is in the process of drafting legislation to govern maximum and minimum land holding bill (Minimum and Maximum Land Holding Acreages Bill, 2015)

ESS6	Biodiversity		<u>C.</u> The proposed provisions on biodiversity conservation and sustainable management of iving natural resources are adequate.
	7 scores	services, especially in situation with low capacity	Tyring natural resources are adequate.
		D. Role of national law with regard to	
		protecting and conserving natural and critical habitats	
		E. Criteria for biodiversity offsets, including consideration of project benefits	
		F. Definition and application of net gains for biodiversity	
ESS7	Indigenous Peoples		C. ESS7 Indigenous People (Para 52-55, pg 21)
	10 scores	Peoples standard in complex political and cultural contexts H. Implementation of ESS7 in countries where the constitution does not asknowledge Indigenous	The proposed provisions for indigenous people is adequate, however care should be exercised to avoid use of classifications of certain groups of people in a way that may further marginalize them. The Kenya Constitution 2010 recognizes special groups and the state commits not to discriminate against any person in Article 27(4). The borrower's classification for special groups needs to be recognized by the Bank for consistency.  Whatever is proposed as standards should have harmony with national legislation.

			C. In the application of FPIC, CSOs often usurp the role of a borrower. CSOs are unelected so it is not always clear whose interests they serve? National interests must supersede any other individual party's interests.  C. FPIC is an issue because defining what constitutes a community and who is part of a community can be challenging. For example, the Maasai community cuts across Kenya, Tanzania and Ethiopia. The evictions and resettlement bill for Kenya is in the process of formulation.  C. FPIC is a tricky issue even from land sector perspective. When the government needs to acquire Trust Land for a project, it is very difficult to strike consensus in defining what constitutes a community. The government is currently drafting legislation which will define and regulate community land (The Community Land Bill 2015).  C.FPIC under IP policy there is need to emphasis participatory consultation rather than consent as this approach may contribute to lack of development especially in cases where there needs to be forced evictions of IP in who dwell in forests.  Q. In FPIC using the consensus route questions arise. For example what sort of institutional structures can be developed and used to provide effective and legitimate anchorage for consent?
			C. IP in public protected Clause 21 of EES7 – needs further clarification.
ESS8	Cultural Heritage scores	<ul> <li>N. Treatment of intangible cultural heritage</li> <li>O. Application of intangible cultural heritage when the project intends to commercialize such heritage</li> <li>P. Application of cultural heritage requirements when cultural heritage has not been legally protected or previously identified or disturbed</li> </ul>	C. ESS 8 Cultural Heritages (Pg 23)  The standard is consistent with provisions of Kenya Constitution 2010.
ESS9	Financial Intermediaries scores	<ul> <li>Q. Application of standard to FI subprojects and resource implications depending on risk</li> <li>R. Harmonization of approach with IFC and Equator Banks</li> </ul>	C. ESS 9 Financial Intermediaries (Pg 24)  It's appreciated that the FI are a stand-alone standard and are answerable directly to the Bank. This facilitates implementation.

ESS10	Stakeholder engagement  Scores	S. Definition and identification of project stakeholders and nature of engagement  T. Role of borrowing countries or implementing agencies in identifying project stakeholders	NOTE: Although this ESS was ranked 2 <sup>nd</sup> on the charts, the discussion did not focus on this issue, but rather addressed it in the context of IPs.  C. ESS 10 Information Disclosure and Stakeholder Engagement (Para 67,Pg 25)  The requirement for retention of independent third party specialist needs to be reviewed taking cognizance of borrowers' existing structures for stakeholder's engagement. For instance, in Kenya, the need for public participation is a constitutional requirement and there exists guidelines for the same. (Guidelines for public participation in policy formulation are attached).  Stakeholder engagement is a constant requirement in all WB projects. The meeting felt that third party specialist needs to be removed.  Further the Government of Kenya (GoK) has specific guidelines for public participation for policy development, so this provision needs to be removed.  Q. When pursing consent from stakeholders and communities, at what time does the borrower draw a line to say the interests of the country is more important than objections of a group or individual?
General	EHSG and GIIP scores	U. Application of the Environmental, Health and Safety Guidelines (EHSGs) and Good International Industry Practice (GIIP), especially when different to national law or where the Borrower has technical or financial constraints and/or in view of project specific circumstances	
	Feasibility and resources for implementation  I scores	V. Implementation and resource implications for Borrowers, taking into account factors such as the expanded scope of the proposed ESF (e.g., labor standard), different Borrower capacities and adaptive management approach W. Mitigation of additional burden and cost and options for improving implementation efficiency while maintaining effectiveness	C. The government raised concern over the cost of working with the new ESF and noted that it appeared substantial.  C. The government noted that the country may not have adequate capacity to implement the measures contained in the new ESF. The World Bank needs to address this capacity issue by providing training and capacity building opportunities to enhance the country's capacity.
	Client capacity building and implementation support	X. Funding for client capacity building Y. Approaches and areas of focus	C. The Bank and the Borrower must agree on a capacity building program so that the implementers will be empowered to respond appropriately to the implementation of the ESF.

7 scores	Z. Approach to implementing the ESF	
_	in situations with capacity	
	constraints, e.g., FCS, small states	
	and emergency situations	
Disclosure	AA. Timing of the preparation and	
_	disclosure of specific environmental	
1 scores	and social impact assessment	
	documents (related to ESS1 and	
	ESS10)	
Implementation of the	BB. Bank internal capacity building,	
ESF	resourcing, and behavioral change in	
3 scores	order to successfully implement the	
	ESF	
	CC. Ways of reaching mutual	
	understanding between Borrower	
	and Bank on issues of difficult	
	interpretation	

#### Conclusion

The on-going review of previously used operational policy and Bank procedures is commendable. The proposed changes in the Environmental and Social Safeguard Policy will, to a large extent, enable Borrowers achieve good international practice relating to environmental and social sustainability and sustainable development.

This notwithstanding, there is need for further engagement to enable convergence on critical issues. These include increased application of Borrower Frameworks and in particular increased Borrower discretion on assessment and management of environmental and social risks and impacts; land acquisition, restrictions on land use and involuntary resettlement; and information disclosure and stakeholder engagement. It is also imperative to reconcile the two parallel implementation arrangements, namely the test phase that commenced in May 2015 and the on-going third phase of consultations.

The Bank's intention to strengthen its partnership with borrowers through increased use of borrower frameworks and close cooperation with borrowers to build and strengthen their environmental and social risk management capacity is the direction to go and should be reflected in framework.