



**PROGRAMME-LEVEL ENVIRONMENTAL AND
SOCIAL MANAGEMENT FRAMEWORK (ESMF) FOR
KCB BANK'S CLIMATE-SMART SOLUTIONS
(CST FACILITY) PROJECT**

Executive Summary

This Environmental and Social Management Framework (ESMF) has been prepared to govern the implementation of the KCB Bank MSMEs Climate-Smart Solutions (CST Facility) Project, an initiative designed to enhance access to climate adaptation and mitigation financing for micro, small, and medium enterprises (MSMEs) across Kenya's most climate-vulnerable sectors and geographies. The ESMF serves as the overarching safeguard and risk management instrument for all project activities, ensuring full alignment with the Constitution of Kenya, relevant national legislation, including the Environmental Management and Coordination Act (EMCA), labour, gender, and land laws, and the most stringent requirements of international standards, specifically those of the Green Climate Fund (GCF) and the IFC Performance Standards (PS1-PS8).

The ESMF operationalises a rigorous system for environmental and social risk assessment, categorisation, mitigation, and monitoring. All subprojects are screened using a tailored Environmental and Social Due Diligence (ESDD) process that classifies activities as Category A (high risk, excluded), Category B (moderate risk, requiring subproject-specific Environmental and Social Management Plans, ESMPs), or Category C (low risk, requiring application of basic safeguards). The risk categorisation approach accounts for sectoral, geographic, and social vulnerability, explicitly mapping project exclusion protocols to sensitive ecosystems, protected areas, high SEAH risk zones, and regions hosting indigenous populations or critical biodiversity.

All moderate-risk subprojects must prepare ESMPs detailing mitigation measures, actors, monitoring, and compliance budgets. Sector-specific guidance is provided for agriculture, water, waste, energy, and manufacturing, including requirements for sustainable resourcing, labour and OHS compliance, and benefit-sharing. A robust, multi-channel Grievance Redress Mechanism (GRM), with escalation pathways reaching KCB, NEMA, and ultimately the GCF. Ongoing stakeholder engagement through barazas, focus groups, public disclosure, and feedback surveys, particularly targeting women and marginalised populations. Additionally, standardised monitoring indicators, disaggregated by gender, age, vulnerability, and sector, track E&S compliance, grievance resolution, inclusion, biodiversity impacts, and stakeholder satisfaction. Systems are in place for real-time tracking, reporting, and adjustment of mitigation measures.

To address the complex risk landscape, the ESMF integrates a suite of safeguard instruments mandated by both national and international frameworks. These include *[but are not limited to]*:

- Indigenous Peoples Planning Framework (IPPF) and Free, Prior, and Informed Consent (FPIC) protocols for meaningful participation and benefit-sharing among indigenous and marginalised communities (*Annex 16*)
- Grievance Redress Mechanism (GRM) and public disclosure protocol with multi-level accessibility, encompassing confidential reporting of grievances including SEAH, labour, environmental complaints, among others (*Annex 6*)
- Chance-find and heritage protection protocols, biodiversity management plans, sectoral OHS and labour standards (*Annexes 8, 9, 12, 18, 19*).

This ESMF also incorporates robust mechanisms for annual review and updating, enabling the framework to remain responsive to changes in legal requirements, operational context, performance data, and emerging best practices. All substantive revisions are disclosed to stakeholders and submitted to financing partners for review.

The institutional roles and arrangements are clearly delineated for clarity, ease of monitoring, accountability, tracking and implementation as follows:

- The KCB Project Management Unit (PMU) retains overall accountability for ESMF delivery
- The Safeguards Team oversees technical compliance, capacity building, screening, and supervision
- MSMEs and contractors are responsible for the implementation of all safeguard actions at the subproject level, reporting, and record-keeping.
- County and national regulatory authorities (NEMA, sector ministries) provide oversight, permitting, and external monitoring.
- Coordination is maintained with GCF and IFC standards through direct project reporting, audit, and recourse to the GCF Independent Redress Mechanism as needed.

Through the structured application of this ESMF, the KCB MSMEs CST Project is equipped to achieve a dual mandate of driving sustainable, climate-resilient private sector growth and promoting equitable, transparent, and auditable environmental and social outcomes. This ESMF ensures that all the supported MSMEs CST subprojects meet or exceed national and global environmental, social, and inclusion standards, and that the project benefits and risks are managed in the interests of all stakeholders, including the most vulnerable. This environmental and social management framework, therefore, positions KCB as a model of responsible and transformative climate finance implementation.

Table of Contents

Executive Summary	i
Table of Contents	iii
List of Abbreviations	vi
List of Tables	vii
CHAPTER 1: Introduction and Project Context	1
1.1 Introduction.....	1
1.2 Purpose and Scope of the ESMF	1
1.3 Project Overview and Design	3
1.4 Policy and Legal Alignment.....	4
1.5 Adaptive Management and Learning.....	4
CHAPTER 2. Environmental and Social Baseline	5
2.1 Introduction	5
2.2 Physical Environment and Natural Resources Baseline	5
2.2.1 Climate, Topography, and Soils	5
2.2.2 Biodiversity, Land Use, and Natural Resource Management	6
2.2.3 Water Resources	7
2.3 Socio-Economic and Cultural Context	8
2.3.1 Demographics and Livelihoods.....	8
2.3.2 Gender, Social Inclusion and Marginalisation	9
2.3.3 Culture, Heritage, and Assets	10
2.4 Project Area-Specific Baseline Data	0
CHAPTER 3: Policy, Legal, and Regulatory Framework	6
3.1 Introduction	6
3.2 Kenyan National Policy and Legal Framework.....	6
3.3 International Frameworks and Standards.....	8
3.4 Gap Analysis: Legal and Operational Gaps.....	10
3.5 Potential risks and Safeguard Instruments in Practice	12
CHAPTER 4: E&S Risk Assessment Screening Framework	13
4.1 Introduction	13
4.2 Risk Identification, Screening and Categorisation	13
4.2.1 Screening Protocol	13
4.2.2 Risk Categorisation.....	14
4.3 ESIA and ESMP Development Process	15
4.3.1 Environmental and Social Impact Assessment (ESIA) Trigger	15
4.3.2 Environmental and Social Management Plan (ESMP) Trigger	15
4.4 Sectoral SEAH and ESMP Guidance for the MSMEs Climate-Smart Technologies	15
4.4.1 Sectoral SEAH Risk Assessment	16
4.4.2 SEAH Mitigation Approach	17
4.5 Sample ESMPs for the CST Sectors.....	17

4.5.1 ESMP for Climate-Smart Agriculture CSTs	20
4.5.2 ESMP for Water Management CSTs	21
4.5.3 ESMP for Waste Management CSTs	22
4.5.4 ESMP for Energy Efficiency and Clean Energy Manufacturing CSTs	23
4.5.5 ESMP for Renewable Energy and Clean Cooking CSTs	24
4.5 Mitigation Hierarchy and Residual Risk Assessment Framework	25
4.6 Adaptive Management	26
CHAPTER 5: Capacity Building and Institutional Arrangements	27
5.1 Introduction	27
5.2 Capacity Building Framework	27
5.3 Monitoring and Evaluation of Capacity Building	28
5.4 Institutional Roles and Responsibilities	28
5.5 Security and Field Safety	30
5.6 Adaptive Management and Continuous Improvement	30
CHAPTER 6: Monitoring and Evaluation Framework	31
6.1 Introduction	31
6.2 Core Principles	31
6.3 System Structure	31
6.4 Monitoring and Evaluation Core Indicators	32
6.4.1 Stepwise M&E Field Protocol	32
6.5 Adaptive Management and Review	34
6.6 Digital Integration and Data Management	34
CHAPTER 7: Implementation Action Plan	35
7.1 Introduction	35
7.2 Implementation Schedule and Milestones	35
CHAPTER 8: References	37
Annex 1: Exclusion List	39
Annex 2: Environmental and Social Due Diligence (ESDD)	40
Annex 3: Indicative ESIA Process	44
Annex 4: Indicative ESMP Template for Sub-projects	45
Annex 6: KCB Public Disclosure and Grievance Redress Mechanism	47
Annex 7: Emergency Preparedness and Response Plan (EPRP)	54
Annex 8: Chance Find Procedures	56
Annex 9: Culture and Heritage Protocols	59
Annex 10: Biodiversity Management & Protection Plan	61
Annex 11: Agrochemical Management Plan (AMP)	62
Annex 12: Occupational Health and Safety (OHS) Procedure	67
Annex 13: Livelihood Asset Vulnerability Plan (LAVP)	69
Annex 14: Waste Management and Pollution Prevention Plan (WMPPP)	73
Annex 15: SEAH Framework for KCB MSMEs CST Project – Kenya	75
Annex 16: Indigenous Peoples Planning Framework (IPPF)	80

Annex 17: Environmental and Social Safeguards proposed Clause..... 86
Annex 18: Institutional Process of Handling Safeguarding Cases - SOP No: KCBF/033..... 89
Annex 19: Safeguards, Psychosocial, and SEAH Reporting Contact 94

List of Abbreviations

Abbreviation	Meaning
ASAL(s)	Arid and Semi-Arid Land(s)
BMP	Biodiversity Management Plan
CBO	Community-Based Organization
CST	Climate-Smart Technologies
E&S	Environmental and Social
EHS	Environmental Health and Safety
EIA	Environmental Impact Assessment
EMCA	Environmental Management and Coordination Act
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Safeguards (or Standards)
FPIC	Free, Prior, and Informed Consent
GAP	Gender Action Plan
GCF	Green Climate Fund
GRM	Grievance Redress Mechanism
IPPF	Indigenous Peoples Planning Framework
IRM	Independent Redress Mechanism
KCB	KCB Bank
KRCS	Kenya Red Cross Society
LAVP	Local Adaptive Vulnerability Plan
M&E	Monitoring and Evaluation
MSME	Micro, Small, and Medium Enterprise
NDC(s)	Nationally Determined Contribution(s)
NEMA	National Environment Management Authority
NGO	Non-Governmental Organization
OHS	Occupational Health and Safety
PCPB	Pest Control Products Board
PFI	Participating Financial Institution

PMU	Project Management Unit
PWD	Persons with Disabilities
QA/QC	Quality Assurance/Quality Control
RAP	Resettlement Action Plan
SDG(s)	Sustainable Development Goal(s)
SEAH	Sexual Exploitation, Abuse, and Harassment
SEP	Stakeholder Engagement Plan (or Process, see context)
TA	Technical Assistance
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
WB	World Bank
WMPPP	Waste Management and Pollution Prevention Plan

List of Tables

Table 1: CST Core Sector Areas and Sub-Projects	3
Table 2: Kenya’s Physical and Ecological Features by Region	7
Table 3: National Socio-Economic Baseline by Region	10
Table 4: Baseline Indicators for the representative counties	0
Table 5: National Frameworks and Policies	7
Table 6: International Compliance Frameworks and Standards	9
Table 7: Harmonisation and Gap Analysis: National Vs International Safeguards	10
Table 8: Possible negative Impacts of the proposed Programme	12
Table 9: Project Risk Categorisation Table	14
Table 10: Sample ESMP for CST Projects in the Climate Smart Agriculture Sector	20
Table 11: Sample ESMP for CST Projects in the Water Management Sector	21
Table 12: Sample ESMP for CST Projects in the Waste Management Sector	22
Table 13: Sample ESMP for CST projects in the Energy Efficiency and Clean Energy in Manufacturing	23
Table 14: Sample ESMP for CST Projects in the Renewable Energy and Clean Cooking Sector	24
Table 15: Key Monitoring, Evaluation, and Learning Indicators	33
Table 16: Key Phases and Milestones	35
Table 17: ESMF Implementation Budget	Error! Bookmark not defined.

CHAPTER 1: Introduction and Project Context

1.1 Introduction

Micro, small, and medium enterprises (MSMEs) are crucial to Kenya's economy, providing over a third of the country's GDP, providing jobs, driving innovation, and supporting livelihoods across urban, peri-urban, and rural areas. They provide over 80% of Kenya's employment and are critical for innovative, low-carbon, and climate-resilient development across Kenya's diverse geographies – urban, peri-urban, and especially arid, marginalised, or climate-vulnerable counties¹. Despite their importance, MSMEs face persistent challenges in accessing finance and adopting transformative climate-smart technologies, climate vulnerability such as market shocks, social inequality, as well as various environmental pressures such as resource degradation, pollution. These challenges are compounded in counties with high poverty rates, Arid and Semi-Arid Lands (ASALs), informal settlements, and among women, youth, and marginalised groups.

The MSMEs Climate-Smart Technologies (CST) Project – KCB's first Green Climate Fund (GCF)-accredited initiative as a private sector Direct Access Entity – aims to overcome these barriers by offering finance and technical support to scale up MSMEs' adoption of sustainable and resilient climate-smart technologies countrywide. This project supports and aligns with Kenya's Vision 2030, Bottom-Up Economic Transformation Agenda (BETA), and the Nationally Determined Contributions (NDCs) under the Paris Agreement.

1.2 Purpose and Scope of the ESMF

This ESMF serves as the overarching instrument for ensuring that all project activities financed under the CST Project comply with applicable national legislation and the environmental and social safeguards of the GCF. It is anchored on the GCF Revised Environmental and Social Policy (2021) and adopts the IFC Performance Standards PS1-PS8 as the principal framework guiding environmental and social due diligence for this programme. These standards, together with Kenya's national environmental,

¹ Kenya National Bureau of Statistics (KNBS). (2023). Economic Survey.

social, and labour legislation, provide the framework through which sub-projects are screened, categorised, and monitored to ensure that social, environmental, labour, and community-related risks etc., are effectively addressed.

References to the World Bank Environmental and Social Framework (ESF) within this document are maintained for cross-reference and learning purposes, recognising its complementary value in governance-driven or public-sector contexts. It, however, does not constitute a mandatory compliance requirement for this project. The application of the IFC Performance Standards therefore provides the operative safeguard framework for KCB Group as a private sector Direct Access Entity, ensuring that programme financing and implementation meet the same level of safeguard integrity as those used under the GCF ESS system.

To operationalise this alignment, KCB Group, through the KCB Foundation, applies complementary institutional instruments including the KCB Foundation Safeguarding Policy (2025), the Safeguarding Incident Management SOP, and the Service Agreement with Kenya Red Cross Society for Provision of Psychosocial support and survivor care. These are reinforced through environmental and social clauses embedded in all facility agreements and partner contracts as specified under the Environmental and Social Safeguards Contractual Clause (Annex 17). Together, these instruments establish a coherent framework for managing the project's environmental and social risks in line with the GCF ESS, IFC Performance Standards, and applicable national regulations.

Specific objectives

This ESMF establishes a program-wide system to

- i. Identify, assess, mitigate, and monitor all E&S risks and opportunities associated with the CST Project interventions.
- ii. Integrate cross-cutting safeguards, including indigenous peoples' inclusion, SEAH prevention, grievance redress, biodiversity, cultural heritage, and occupational health and safety.
- iii. Ensure robust compliance with Kenyan law (e.g., EMCA), GCF Environmental and Social Safeguards (2023 update), IFC/World Bank Performance Standards, and all relevant national and international policies,

- iv. Provide ready-to-use screening, planning, and field tools, with clear roles, adaptive management, compliance, and reporting requirements,
- v. Exclude/screen out any project element or subproject likely to trigger land acquisition, physical and economic displacement, or involuntary resettlement.

Scope

The ESMF applies to all components, implementing partners, subprojects, and value chains in all 47 Counties. Covered sectors include climate-smart agriculture, water management, waste management, energy efficiency and clean energy in manufacturing, and efficient and reliable renewable energy and clean cooking.

1.3 Project Overview and Design

- **Accredited Entity:** KCB Bank Kenya Ltd (Direct Access Entity to the GCF).
- **Programme Value:** USD 65 million, targeting 60% adaptation (Agriculture, Water) and 40% mitigation (Waste Management, Energy Efficiency, Renewable Energy/Clean Cooking) outcomes, particularly in the waste management, energy efficiency and clean energy in manufacturing, and efficient and reliable renewable energy and clean cooking.
- **Core Sectors:** 17 subsectors in five key sectors (see Table 1).
- **Innovation:** Blend of financial instruments, digital and data ecosystems, and intensive outreach.

Table 1: CST Core Sector Areas and Sub-Projects

Core Area	Subprojects
Climate Smart Agriculture	<ul style="list-style-type: none"> ○ Resilient crop, livestock, and fisheries production ○ Greenhouse infrastructure ○ Post-harvest management (cold chains, dryers, food processing) ○ Climate-responsible food supply chains
Water Management	<ul style="list-style-type: none"> ○ Water usage control systems ○ Hot water re-circulation kits ○ Water harvesting systems
Waste Management	<ul style="list-style-type: none"> ○ Biomass/biogas systems for heat and power ○ Biomass waste boilers ○ Wastewater treatment plants and bio-digesters
Energy Efficiency & Clean Energy in Manufacturing	<ul style="list-style-type: none"> ○ Solar systems for industrial processes ○ Energy-efficient motors and equipment

Core Area	Subprojects
	<ul style="list-style-type: none"> ○ Building retrofits (cool/green roofs)
Efficient & Reliable Renewable Energy, Clean Cooking	<ul style="list-style-type: none"> ○ Clean cooking solutions (electric, biogas, solar) ○ Solar-powered appliances ○ Green mini-grids and solar home systems for MSMEs and admin buildings

1.4 Policy and Legal Alignment

All interventions must comply with:

- The Constitution of Kenya (2010, Articles 42, 56, 60),
- EMCA (Cap 387), County Governments Act (2012),
- National Gender and Equality Commission Act (2011),
- National Climate Change Framework Policy (2016),
- GCF RESP (2021), GCF Information Disclosure Policy (2016), GCF Gender Policy (2021), GCF Indigenous Peoples Policy (2022), IFC PS, ILO Core Conventions, UNDRIP, and FPIC protocols.

Where inconsistencies exist, the most stringent ("higher-of") standard prevails (See *Tables 5-7*).

1.5 Adaptive Management and Learning

This ESMF is a “living” document that will be reviewed and updated regularly to reflect evolving project needs, regulatory changes, and stakeholder input throughout the project cycle. Updates are informed by participatory evidence, audit findings, and new best practices or regulatory mandates. All new standards (GCF, IFC, World Bank, national law) are adopted on a "most recent prevails" basis; major incidents immediately trigger an interim review. All ESMF and ESMP/ESIA tools, templates, and guidelines are updated accordingly, with full disclosure to stakeholders and funding partners.

CHAPTER 2. Environmental and Social Baseline

2.1 Introduction

This chapter provides a comprehensive multi-dimensional baseline synthesising the current data on the physical environment, biodiversity, climate, water, socio-economic realities, and cultural aspects in all the targeted counties and regions covered under the MSMEs CST Project. The baseline is structured to directly inform site screening, E&S risk categorisation, ESIA/ESMP design, adaptive management, and monitoring throughout the project cycle. Data points are chosen to align with project screening tools (Annexes 1-5), risk frameworks, and safeguard standards, and are reviewed and updated as sub-projects are prepared or as conditions change.

2.2 Physical Environment and Natural Resources Baseline

2.2.1 Climate, Topography, and Soils

Kenya features a highly diverse landscape ranging from humid, fertile highlands to arid and semi-arid lands (ASALs) that comprise over 80% of the land area². Major topographic zones such as central highlands, Rift Valley, lake basins, and coastal plains dictate rainfall, temperature, water availability, and agro-ecological potential.

Climate risks

The country experiences a wide range of climatic conditions, from humid tropical along the coast and Lake Victoria basin to arid and semi-arid in the northern and eastern regions. The country has two main rainy seasons: the “long rains” (March-May) and the “short rains” (October-December). However, rainfall is highly variable and has become increasingly unpredictable due to climate change, leading to more frequent and severe droughts, floods, and temperature extremes. The highly variable rain patterns, recurrent droughts and floods, and rising temperatures increase vulnerability, particularly in Nyanza, Rift Valley, Coast, and ASAL counties. These climatic shifts directly impact agricultural productivity, water availability, and the resilience of CST MSMEs.

² Kenya National Bureau of Statistics. (2023). Economic Survey 2023

Soil and Topography

The landscape comprises low-lying coastal plains, lake basins, central highlands, plateaus, and the Great Rift Valley. Fertile volcanic soils dominate the highlands, while sandy and saline soils are prevalent in ASALs. The central highlands, including Mount Kenya, are among the most fertile and densely populated areas, supporting intensive agriculture and agro-processing. In contrast, the arid and semi-arid lands (ASALs) cover more than 80% of the country's land area and are characterised by low rainfall, sparse vegetation, and high vulnerability to climate shocks³. Soil degradation, driven by erosion, overgrazing, deforestation, and unsustainable farming practices, remains a significant challenge, reducing agricultural yields and increasing the risk of desertification⁴. Adoption of CST practices that promote soil conservation and restoration is therefore important for sustainable development.

2.2.2 Biodiversity, Land Use, and Natural Resource Management

Kenya contains critical biodiversity hotspots such as Rift lakes (RAMSAR, World Heritage sites), savannahs, marine zones (coral reefs, mangroves), and is globally recognised for its rich biodiversity, hosting over 35,000 species of flora and fauna. However, biodiversity is threatened by habitat loss, overexploitation, invasive species, and climate change⁵. Soil erosion, deforestation, and wetland encroachment are widespread, especially in highland and ASAL counties.

On the other hand, Agriculture is the dominant land use activity, but it is under pressure from urbanisation, population growth, and land degradation. This is a clear indication that Kenya is rich in biodiversity, but habitats are threatened by unsustainable land use and resource extraction. Conservation of critical habitats and sustainable use of biological resources are therefore integral to the project's environmental safeguards. Critical habitats, protection and conservation areas, and migratory corridors are mapped in ESIA screening and Biodiversity Mitigation plan. Subprojects near sensitive areas receive enhanced scrutiny.

³ National Drought Management Authority, "ASALs Situation Report," 2023.

⁴ Ministry of Agriculture and Livestock Development, "Kenya Soil Health Baseline Report," 2022.

⁵ Kenya Wildlife Service, "Biodiversity Atlas of Kenya," 2022.

2.2.3 Water Resources

Kenya is classified as water-scarce (renewable per capita <math><550\text{m}^3/\text{year}</math>)⁶ with perennial rains and key water bodies (rivers, lakes, aquifers) concentrated in the Lake Victoria Basin, Tana River, Ewaso Ng’iro, and central highlands, while ASALs (e.g., Turkana, Marsabit, Garissa) face chronic water scarcity. Flooding is frequent in Nyanza, Tana River, and urban lowlands (e.g., Nairobi). Groundwater and rainwater harvesting are vital sources in many rural and peri-urban areas. However, their water quality is often compromised by overuse, poor management, and pollution from agriculture, industry, and settlements, increasing the vulnerability of both people and ecosystems⁷.

Table 2: Kenya’s Physical and Ecological Features by Region

Region	Climate	Topography	Key Biodiversity/ Ecosystems	Water Situation	Soil Types	Primary risk
Central Highlands	Humid, temperate	Highlands, plateaus	Forests, rivers, and farmlands	River basins, reliable rainfall	Volcanic, fertile	deforestation, erosion, landslides
Coast	Tropical, humid	Low-lying plains	Mangroves, coral reefs	Coastal aquifers, variable rain	Sandy, lateritic	Salinisation, pollution, coastal floods
Rift Valley	Variable, semi-arid	Rift escarpments, lakes	Lakes, savannahs, wetlands	Lakes, rivers, periodic drought	Mixed, volcanic, saline	Soil salinity, drought, overuse
ASALs (North/ East)	Arid/semi-arid	Plains, plateaus	Grasslands, shrublands	Chronic water scarcity, flash floods	Sandy, saline, poor	Desertification, water stress
Lake Victoria Basin	Humid, Variable	Lake and Basin	Wetlands, forests, and intensive agriculture	Rivers/Lakes and recurring floods	Mixed, relatively fertile	Floods, water pollution

⁶ Ministry of Water, Sanitation & Irrigation. (2022). Water Sector Statistics.

⁷ Water Resources Authority, “National Water Resources Situation Report,” 2023.

Data Update Protocol: Baseline data for any subproject site must be checked and updated at initial screening and at least annually, incorporating national/county statistics and any new ESIA/site findings.

2.3 Socio-Economic and Cultural Context

Kenya's socio-economic landscape is diverse and dynamic, shaping the opportunities and challenges faced by MSMEs targeted by the CST project. Understanding the baseline socio-economic conditions, including population characteristics, livelihoods, the status of vulnerable groups, gender dynamics, and the presence of indigenous people, is essential for designing inclusive, effective, and sustainable interventions.

2.3.1 Demographics and Livelihoods

Kenya's population is young and rapidly urbanising, with significant regional disparities in income, education, and access to services. The population is estimated at over 53 million, with a median age of 17 years, reflecting a youthful demographic profile⁸. The country is experiencing rapid urbanisation, with approximately 29% of the population living in urban areas, while the majority still reside in rural settings⁹.

Population density varies widely, being highest in the central highlands and Lake Victoria basin and lowest in the ASALs¹⁰. Agriculture remains the mainstay of the Kenyan economy, employing about 70% of the rural population and contributing nearly one-third of GDP¹¹. Other key livelihood activities include agro-processing, trade, small-scale manufacturing, tourism, and services (*See Table 2*). In ASALs, pastoralism and livestock rearing are predominant. MSMEs are a critical source of employment and income, especially for women and youth, but often operate informally and face challenges in accessing finance, markets, and technology. The Urban centres attract MSMEs in trade, services, and manufacturing, while rural areas focus on agriculture, livestock, and agro-processing (*See Table 3*).

⁸ Kenya National Bureau of Statistics, "2023 Economic Survey," 2024.

⁹ United Nations Population Division, "World Urbanization Prospects: The 2022 Revision," 2023.

¹⁰ National Drought Management Authority, "ASALs Situation Report," 2023.

¹¹ Ministry of Agriculture and Livestock Development, "Kenya Agriculture Sector Transformation and Growth Strategy," 2022.

2.3.2 Gender, Social Inclusion and Marginalisation

Persistent disparities in land and asset ownership, financial access, leadership, and technical participation exacerbate vulnerabilities. Vulnerable populations in Kenya include women, youth, persons with disabilities, elderly people, and those living in poverty, rural or marginalised regions such as ASALs and informal urban settlements. These groups often have limited access to resources, decision-making, and economic opportunities, making them more susceptible to climate shocks and other risks¹². They often face greater barriers to opportunities and are more exposed to climate and economic risks. Notably, despite the significant progress in gender equality, disparities still persist in regards to access to education, land, finance, and leadership positions. Women constitute about 50% of Kenya’s population and play a vital role in agriculture and MSME development, yet they face systemic barriers to credit, technology, and market participation¹³. The gender gaps are prevalent in business ownership, resource access, and leadership. The project’s Gender Action Plan will address these disparities by promoting women’s empowerment and ensuring gender-responsive project design and implementation.

Indigenous Peoples (IPs), Vulnerable Groups, and Marginalised Communities

Kenya is home to several indigenous and marginalised communities, including the Maasai, Turkana, Samburu, Ogiek, Awer/Boni and others, who maintain distinct cultural identities and livelihoods closely tied to land and natural resources¹⁴. These groups have unique vulnerabilities related to land, culture, and resource rights. They are often disproportionately affected by climate change, land tenure insecurity, and exclusion from mainstream development processes. In addition, Women, Youth and PWDs are often underrepresented in asset ownership, credit, and climate adaptation activities. The CST project incorporates an Indigenous Peoples Policy Framework (IPPF) to safeguard the rights of all IPs and promote culturally appropriate participation and benefit sharing in line with the Kenyan Law, GCF Indigenous People’s Policy and IFC PS7 (*See Annex 16*).

¹² National Gender and Equality Commission, “Status of Equality and Inclusion in Kenya,” 2023.

¹³ Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes, “Kenya Gender Statistics Report,” 2023.

¹⁴ Ministry of Devolution and ASALs, “Policy on Marginalized and Minority Groups in Kenya,” 2022.

2.3.3 Culture, Heritage, and Assets

Kenya's counties host diverse tangible (monuments, sacred sites, artefacts) and intangible (language, performance, spiritual, traditional knowledge) cultural heritage. Chance Finds are managed as per the National Museums of Kenya Heritage protocols. All subproject screening includes culture and heritage checklists (see Culture and Heritage Protocols Annex 9; National Museums and Heritage Act, 2006).

This project will employ a detailed protocol to ensure that free, prior, and informed consent is obtained before project financing. This will ensure that there are ongoing consultations on protection of cultural heritage, benefit sharing etc., (*See Annexes 9 and 16*)

Table 3: National Socio-Economic Baseline by Region

Region	Main Livelihoods	Key Vulnerable Groups	Gender Issues	Main Tribes
Central Highlands	Mixed farming, trade	Women, youth, landless	Land access, credit barriers	Kikuyu, Embu, Meru (some minority IPs)
Coast	Fishing, tourism, and trade	Women, youth, fisherfolk	Education, employment gaps	Mijikenda, Bajuni, Boni, Awer
Rift Valley	Agriculture, livestock	Pastoralists, women, and youth	Land tenure, gender-based violence	Maasai, Ogiek, Sengwer
ASALs (North/East)	Pastoralism, trade	Women, youth, elderly	Resource access, poverty	Turkana, Samburu, Borana, Gabra
Lake Victoria Basin	Fishing, farming	Women, youth, fisherfolk	HIV/AIDS, gender inequality	Luo, Suba, marginalised fisherfolk

This socio-economic baseline informs the targeting, design, and monitoring of project interventions, ensuring that the CST project is responsive to the needs of all stakeholders and promotes inclusive, equitable development

2.4 Project Area-Specific Baseline Data

The following table summarises key baseline indicators for counties targeted by the project

Table 4: Baseline Indicators for the representative counties

County	Population (2024) ¹⁵	MSME Density	Main Livelihoods	Key Environmental Features	Environmental Sensitivities/ Climate Risks ¹⁶	Vulnerable Groups	Social Vulnerabilities
CLUSTER 1							
Homabay	1,131,950	Medium	Fishing, crop farming, trade	Lake basin, wetlands, agricultural	Flooding, drought	Rural poor, women, youth	Poverty, limited infrastructure
Kajiado	1,269,000	Medium	Pastoralism, trade, quarrying	Semi-arid, rangelands, urbanising	Drought, urban flooding	Pastoralists, women, youth	Urbanisation, water scarcity
Mandera	867,457	Low	Pastoralism, small-scale trade	Arid, desert, pastoralism	Drought, heatwaves	Pastoralists, women, youth	Water scarcity, poverty
Narok	1,284,000	Medium	Pastoralism, wheat, tourism	Semi-arid, Maasai Mara ecosystem	Drought, wildlife conflict	Indigenous (Maasai), women, youth	Land conflicts, indigenous rights
Marsabit	459,785	Low	Pastoralism, trade	Arid, mountainous, pastoralism	Drought, flash floods	Pastoralists, women, and youth	Water scarcity, marginalisation
Samburu	310,327	Low	Pastoralism, tourism	Arid, rangelands, wildlife	Drought, flash floods	Pastoralists, women, and youth	Water scarcity, poverty
Turkana	1,022,000	Low	Pastoralism, fishing, trade	Arid, water-scarce, drought-prone	Drought, heatwaves	Pastoralists, indigenous women, youth	Water scarcity, poverty
West Pokot	621,241	Low	Mixed farming, pastoralism	Semi-arid, hilly, agricultural	Drought, landslides	Smallholders, women, youth	Land disputes, poverty

¹⁵ Kenya National Bureau of Statistics (KNBS), Population of Kenya 2024 - Stats Kenya.

¹⁶ Kenya County Climate Risk Profiles - CGIAR

County	Population (2024) ¹⁵	MSME Density	Main Livelihoods	Key Environmental Features	Environmental Sensitivities/ Climate Risks ¹⁶	Vulnerable Groups	Social Vulnerabilities
Garissa	949,230	Low	Pastoralism, trade	Semi-arid, Tana River basin	Drought, floods	Pastoralists, refugees, women, youth	Drought, resource conflicts
Wajir	781,263	Low	Pastoralism, small-scale trade	Arid, pastoralism	Drought, heatwaves	Pastoralists, women, youth	Water scarcity, poverty
Baringo	666,763	Medium	Pastoralism, fishing, and crop farming	Semi-arid rangelands, lakes	Drought, floods	Pastoralists, smallholders, women, and youth	Water scarcity, land conflicts
Lamu (Boni Forest)	143,920	Low	Fishing, crop and tourism	Coastal, forest, marine	Coastal flooding, sea level rise	Rural poor, women, youth	Poverty, limited infrastructure
CLUSTER 2							
Busia	987,000	High	Agriculture, fishing, cross-border trade, Food Crops: Maize, beans, sweet potatoes, millet, and cassava are grown for subsistence use, cash crops like sugarcane, cotton and tobacco, and fishing	Bimodal rainfall, Hot and humid, undulating plains, swamps and hills	Prolonged droughts, erratic rainfall, and frequent flooding. Dependence on Natural resources, Ecosystem degradation, and erosion	children, the elderly, youth, women, people with disabilities, and those affected by specific health issues like HIV/AIDS or climate change	Food insecurity, poverty, child labour, child neglect, gender-based violence
Makueni	1,054,000	Low	Mixed farming, Mangoes, Maize, Avocado, citrus,	Arid and semi-arid climate, volcanic hills, high temperatures,	droughts, erratic rainfall, and floods, soil degradation,	Elderly, People living with disability, Orphans, food-insecure	Vulnerable populations, poverty,

County	Population (2024) ¹⁵	MSME Density	Main Livelihoods	Key Environmental Features	Environmental Sensitivities/ Climate Risks ¹⁶	Vulnerable Groups	Social Vulnerabilities
			green grams, livestock farming, Agribusiness	Natural resources, e.g. forests, low-lying terrain	biodiversity loss, deforestation	households, women-headed households, vulnerable children	unemployment, and water scarcity
Bomet	987,000	High	Mixed farming, dairy, Trade and commerce, food and cash crop	Diverse landscape, Moderate rainfall, Water sources, Ecotourism sites	Soil erosion, Strong winds, Prolonged dry spells, floods, and high temperatures	Children and youth, the Elderly, People with disability, smallholders	Poverty, gender inequality, poverty, unemployment, Water scarcity, Food and nutrition insecurity
Laikipia	518,560	Low	Crop production, Livestock farming, tourism, mixed farming	Diverse vegetation like grasslands and bushlands, the high-altitude Laikipia Plateau,	Arid and semi-arid regions, prolonged droughts, water scarcity, heat stress, erratic rainfall leading to flash floods, and widespread land degradation.	Marginalised community, the elderly, youth, people with disabilities, and those affected by poverty, food insecurity, and poor infrastructure	Insecurity and conflict, resource scarcity (especially water and pasture), historical marginalisation, and socio-economic inequality.
Kisii	1,358,000	High	Agriculture farming, consistent rainfall, soapstone carving, trade and commerce	Hilly topography with numerous ridges and valleys, a fertile soil suitable for agriculture, and a highland equatorial climate with high, reliable rainfall and moderate temperatures.	changes in rainfall patterns (leading to both flash floods and prolonged dry spells), increasing temperatures, and severe land degradation (soil erosion and water pollution	Women & Youth, the elderly, people with disabilities, orphans and vulnerable children, and unemployment	High population pressure and widespread poverty, high rates of youth unemployment, challenges in education and health access, pronounced gender inequality, effects of climate change.
Elgeyo Marakwet	502,000	Low	Agriculture-Crop and livestock farming, small	Forest ecosystems-Kaptagat & Cherangany, water	Fragile ecosystems, deforestation, unsustainable	The elderly, children, people with disabilities,	High poverty rates, low literacy levels, high unemployment,

County	Population (2024) ¹⁵	MSME Density	Main Livelihoods	Key Environmental Features	Environmental Sensitivities/ Climate Risks ¹⁶	Vulnerable Groups	Social Vulnerabilities
			businesses, fluorspar mining	towers, agro-ecological zones	farming, soil erosion, Biodiversity loss, landslides and mudslides	people affected by HIV/AIDS, and women	inadequate access to essential services, climate change impacts, and insecurity
Bungoma	1,816,000	Moderate	Agriculture, Manufacturing, Trade, and forest products	Mt. Elgon Volcanic dome, rivers, hills, waterfalls, caves, hot temperatures, wetlands, deforestation, and climate change	Scarce water, prolonged dry spell, flash floods, pests and diseases, landslides, strong winds, hailstones, water resource degradation, a dependent economy	Children, youth, the elderly, people with disabilities, households affected by HIV/AIDS, and individuals experiencing poverty	High poverty rate, Gender inequality, climate change, high rate of vulnerable children
CLUSTER 3							
Nairobi	4,828,000	Very High	Trade, services, industry	Urban, air/water pollution, informal areas	Urban flooding, heat stress	Urban poor, informal settlers, youth, women	Informal settlements, waste, and air pollution
Nakuru	2,397,000	High	Mixed farming, trade, and tourism	Rift Valley, agriculture, urban growth	Flooding, drought	Rural poor, youth, women	Land degradation, informal settlements
Uasin Gishu	1,257,000	High	Maize farming, dairy, agro processing	Highlands, fertile, grain belt	Hailstorms, drought	Smallholders, women, youth	Market volatility, youth unemployment
Tharaka Nithi	421,000	Low	Aquaculture, agriculture and pastoralism, casual labour	Mount Kenya forest, Arid and semi-arid land, highlands, hills	Arid and semi-arid lands, recurrent prolonged droughts, unpredictable rainfall patterns, increased	Youth, women, and people with disabilities, elderly, the poorly nourished, and children, women-	High poverty levels, food insecurity, gender inequality, marginalisation, and limited access to education

County	Population (2024) ¹⁵	MSME Density	Main Livelihoods	Key Environmental Features	Environmental Sensitivities/ Climate Risks ¹⁶	Vulnerable Groups	Social Vulnerabilities
					temperatures, and a high risk of flooding	headed households and smallholder farmers	
Machakos	1503,000	Moderate	Agriculture, commerce and trade, and technological hub, growth in services	Semi-arid climate with low rainfall, a semi-arid rangeland with seasonal streams, diverse topography- hills, plateaus, and valleys	Drought, water scarcity, agricultural vulnerability, and land degradation, Erratic Rainfall and Flooding, high temperatures	children, youth, the elderly, women, and persons with disabilities	Poverty, unemployment, High cost of living, substance abuse, Child labor, child trafficking
Nyeri	844,000	High	Agriculture, tourism, aquaculture, manufacturing, Infrastructure and services	Mountains, fertile central plains, Rivers,	Soil erosion, erratic rainfall patterns, increased temperatures, flooding, and food insecurity	Youths, women, people living with disability and children, Marginalised group	Youth unemployment, Gender based violence, vulnerable populations, school dropouts, and poverty
Kiambu	2,704,000	High	Agriculture, Industry and Manufacturing, Wage Earners and Self-Employed	Bi-modal rainfall pattern with high rainfall, fertile volcanic soils, and varied topography with highlands and valleys	Deforestation and soil erosion, destruction of water catchment, water scarcity, waste management and pollution, quarrying impacts, Erratic weather patterns	Youth, women, the elderly, People living with disability, drug addicts, fire victims,	poverty and economic disadvantage, inadequate access to education and essential services, substance abuse, and gender-based violence
Murang'a	1,056,640	High	Business enterprises, Agriculture, livestock and dairy farming, Manufacturing	Diverse topography, Aberdare ranges, fertile soils	Frequent droughts, floods, and landslides, soil degradation, Erratic rainfall and	Indigent/low-income households, at-risk children and youth, the elderly, and individuals with mental and physical disabilities	Alcoholism and substance abuse, landslides, food and nutrition insecurity, economic insecurity, Vulnerable children

County	Population (2024) ¹⁵	MSME Density	Main Livelihoods	Key Environmental Features	Environmental Sensitivities/ Climate Risks ¹⁶	Vulnerable Groups	Social Vulnerabilities
					temperature changes, and resource conflict		
Embu	655,000	Low	Agriculture, Trade, transport and storage	Rivers, national reserves, higher humidity, rainfall pattern	erratic rainfall, increased temperatures, and high reliance on climate-sensitive sectors like agriculture and water resources.	The elderly, children (especially street children and those from child-headed households), people with disabilities, women, and individuals affected by poverty, addiction, or health issues	Poverty, alcoholism, unemployment, gender-based violence
Mombasa	1,340,000	High	Tourism, blue economy (shipping, tourism, and fishing), manufacturing, Trade,	Tropical climate, coastal ecosystems like sandy beaches, coral reefs, and mangrove forests, inadequate wastewater management, pollution, and coastal erosion	Low-lying coastal geography and rapid urbanisation, sea-level rise, frequent and intense flooding, coastal erosion, and increasing temperatures.	Children living on the streets, people with disabilities, the elderly, youth, people who use drugs, and sex workers	Poverty and inequality, rapid and unplanned urbanisation and exposure to climate change impacts like flooding and sea-level rise

CHAPTER 3: Policy, Legal, and Regulatory Framework

3.1 Introduction

The MSMEs CST Project is grounded in a robust framework of national policies, legal mandates, international standards, and institutional arrangements. These frameworks ensure full alignment with Kenya's national development goals, compliance with KCB's Social and Environmental Management Systems (SEMS) policy and GCF environmental and social safeguards, and the realisation of sustainable and inclusive development outcomes.

3.2 Kenyan National Policy and Legal Framework

- **Constitution of Kenya (2010):** Guarantees rights to a clean environment, access to information, stakeholder participation, and equitable resource benefits (Articles 42, 56, 60).
- **Environmental Management and Coordination Act (EMCA), Cap 387:** Kenya's core environmental statute, offering the framework for Environmental and Social Impact Assessment (ESIA), licensing, and enforcement.
- **National Climate Change Framework Policy (2016), National Climate Change Action Plan (2023–2027):** Align CST activities to NDC and climate adaptation/resilience priorities.
- **Sectoral Laws and Policies:**
 - County Governments Act (2012) – local planning and public participation
 - Water Act (2016), Agriculture and Food Authority Act, Forest Conservation and Management Act, and others for specific sector safeguards
- **Labour, Gender, and Inclusion Laws:** National Gender and Equality Commission Act (2011), Employment Act (2007), Persons with Disabilities Act (2003), Children's Act (2022).

The following Table provides a detailed mapping of national legal and policy references applicable to project sectors.

Table 5: National Frameworks and Policies

Law/Policy	Key Provisions	Applicability to Project Activities
Constitution of Kenya (2010)	Guarantees rights to a clean environment, public participation, equality, and sustainable development	Foundation for all project activities
Environmental Management and Coordination Act (EMCA) of 1999	Legal framework for environmental protection, EIA, ESIA processes, and enforcement mechanisms	Environmental and social safeguards
Micro and Small Enterprises Act (2012 revised)	MSME regulation, promotion, and institutional frameworks	Governs MSME development
National Occupational Safety and Health Policy (2012)	Ensures occupational safety and health standards	Workplace health and safety
National Policy on Gender and Development (2019)	Promotes gender equality and women's empowerment	Gender mainstreaming
National Climate Change Framework Policy 2018	Framework for climate change mitigation and adaptation	Climate alignment
Bottom-Up Economic Transition Agenda (BETA) (2023-2027)	Inclusive, equity-driven economic growth	Strategic alignment
Public Procurement and Asset Disposal Act (2015)	Ensures transparent and accountable procurement processes	Compliance in contract award
Persons with Disabilities Act (2003 updated 2025)	Rights and access for PWDs	Inclusion and accessibility
Children Act (2022 revised)	Child rights and anti-child labour provisions	Child protection safeguards
County Governments Act (2012)	Local governance, including environmental and development plans	Local-level implementation and monitoring
Kenya Vision 2030	Long-term development blueprint emphasising sustainability, equity, and innovation	Strategic alignment
Sessional Paper No.10 of 2014 on the National Environment Policy	National environmental policy framework	Guides environmental management
National Industrialisation Policy (NIP), 2012-2030	Promotes industrial growth and competitiveness	Reference for MSME development
National Sustainable Waste Management Policy (2021)	Sets standards for sustainable waste management practices	Environmental safeguard reference
Water Act (2016)	Regulates water resource management and use	Relevant for water-related interventions
National Adaptation Plan (NAP)	Outlines national priorities for climate adaptation	Reference for climate resilience

Law/Policy	Key Provisions	Applicability to Project Activities
Nationally Determined Contributions (NDC)	Kenya's international commitments to climate mitigation and adaptation	Climate action compliance
National Environment Tribunal (NET)	Handles environment-related disputes and appeals	Legal recourse
National Environment Complaints Committee (NECC)	Receives and investigates environmental complaints	Grievance and oversight

3.3 International Frameworks and Standards

The ESMF is designed to meet the requirements of the most stringent applicable international environmental and social safeguard standards, including:

- **GCF Revised Environmental and Social Policy (2021):** Mandatory for financing; governs all project-level screening, exclusion, and safeguards. It provides the overarching safeguard framework governing subproject risk categorisation, screening, and monitoring.
- **IFC Performance Standards (2019/2023):** Provides the core structure for risk categorisation, ESIA/ESMP design, and sectoral best practices alongside NEMA/EMCA standards for the local context
- **UNDRIP and FPIC Protocols:** Applied for all subprojects in indigenous territories or affecting marginalised groups
- **ILO Core Conventions:** Worker rights, non-discrimination, protection against harmful labour (*See Table 6*).

The following Table cross-references the international standards with project requirements

Table 6: International Compliance Frameworks and Standards

Standard/Policy	Key Requirements	Relevance and Project Application
GCF Revised Environmental and Social Policy (2021)	ESMS, risk categorisation, stakeholder engagement, FPIC, gender action plan, E&S impact assessments, IPPF, SEAH, IRM, IPPF	Mandatory standard. All E&S screening, exclusion, and monitoring under this project will follow this GCF 2021 policy framework, ensuring proportional risk management and continuous stakeholder engagement through adaptive learning. Applies to every safeguard tool and Annex, dual compliance with Kenya's EMCA – the highest standard applies
GCF Gender Policy; Indigenous Peoples Policy; UN Declaration on the Rights of Indigenous Peoples (UNDRIP)	Gender equality, FPIC, rights and participation of indigenous peoples	Mandatory safeguard instruments for gender mainstreaming; IP engagement and inclusion
IFC Performance Standards	PS 1-8 Risk Management, community engagement, and robust labour standards	Best practices for ESMF; Inform ESMPs, screening templates, labour/OHS provisions, and biodiversity/heritage strategies
GCF SEAH Risk Assessment Guideline	Guidance on addressing Sexual Exploitation, Abuse, and Harassment risks.	Mandatory for survivor-centred SEAH prevention and response
Paris Agreement (2015) Sustainable Development Goals (SDGs)	Climate mitigation and adaptation, poverty reduction, Sustainable Development Goals, particularly: <ul style="list-style-type: none"> ○ SDG 1 (No Poverty) ○ SDG 5 (Gender Equality) ○ SDG 7 (Affordable and Clean Energy) ○ SDG 8 (Decent Work and Economic Growth) ○ SDG 9 (Industry, Innovation, and Infrastructure) ○ SDG 13 (Climate Action) ○ SDG 15 (Life on Land) 	Alignment with NDCs and global commitments
ILO Conventions/World Bank EHS GS	Labour protections, non-discrimination, occupational health and safety	Worker safety and social equity/safeguards
African Union Agenda 2063	Inclusive and sustainable growth	Demonstrate regional alignment

3.4 Gap Analysis: Legal and Operational Gaps

Analysis of Kenya’s policy, legal, and institutional landscape reveals some areas where alignment with international standards, institutional coordination, and implementation capacity can be further strengthened.

Based on the gap analysis between Kenyan national frameworks and international standards, including the GCF Revised Environmental and Social Policy, IFC Performance Standards, and other relevant conventions, the following actions will be taken to ensure harmonisation and full compliance in the implementation of the project. Wherever gaps exist between Kenyan national frameworks and international standards, the project adopts the higher standard or supplements national requirements with additional measures. (See Table 7).

Table 7: Harmonisation and Gap Analysis: National Vs International Safeguards

Area	Kenya’s Legal Framework	International Standard	Harmonisation Strategy and Project Response
PS 1: Assessment and Management of E&S Risk	EMCA requires EIA/ESIA, with public participation. Focuses on direct, project-level impacts.	Robust ESMS, risk categorisation and mitigation hierarchy; must include indirect, cumulative and supply chain impacts; adaptive management required.	Dual compliance: Stricter/“higher-of” standard always applies. Adaptive ESMS and risk-based ESMP screening and review are mandatory (Annexes 2, 3 and 4).
PS 2: Labour and Working Conditions	Kenyan Labour Laws—strong on paper, but patchy coverage/enforcement in informal MSME sector.	ILO Core Conventions, strict safe/healthy workplace requirements, decent work, no harmful child/forced labour, OHS management, access to grievance.	Compliance with national law and ILO standards. Mandatory OHS protocols, labour conditions in all contracts, regular worker training, ongoing monitoring (Annex 12).
PS 3: Resource Efficiency and Pollution Prevention	Pollution Control Acts and NEMA waste/equipment standards. EMCA addresses pollution and resource use in a project-by-project manner.	GCF/IFC require proactive pollution prevention, efficient resource and energy use, and GHG reduction across all activity cycles.	Adoption of mitigation hierarchy, ESMP resource efficiency protocols and pollution management. Site, sector and activity-specific plans (Annexes 3, 4, 11, 14).
PS 4: Community Health, Safety, and Security	EIA requires basic community health and safety risk assessment; regulations on hazardous substances.	Continuous HSE risk management, emergency preparedness/response, security staff codes, SEAH risk control and community engagement.	Full adoption of CHSS/SEAH protocols, SEP, incident reporting and verified security procedures; survivor-centred GRM and emergency response (Annexes 6, 7, 13).
PS 5: Land Acquisition/Resettlement	Land Act regulates acquisition and compensation, with	Absolute avoidance of forced or involuntary resettlement/displacement;	Strict Exclusion —Any subproject triggering resettlement or economic/physical displacement is

Area	Kenya's Legal Framework	International Standard	Harmonisation Strategy and Project Response
	defined process for expropriation.	robust impact mitigation if triggered (but always excluded here).	automatically screened out (Annexes 1, 2).
PS 6: Biodiversity Conservation/Natural Habitats	Wildlife, Forest, Water, and Fisheries Acts require protection for defined habitats and “protected” species.	No net loss of biodiversity, critical habitat assessment, restoration/enhancement hierarchy, and sustainable natural resource management.	Activities occurring in Critical/ sensitive habitats have been excluded (Annex 1) Biodiversity Protection Plan developed (Annex 10) to minimize activities’ impacts on biodiversity
PS 7: Indigenous Peoples	Community Land Act protects collective land rights, but FPIC only partly mandated.	FPIC protocol, respect for identity, culture, resources, and benefit-sharing in all activities affecting IPs.	IPPF sets out culturally appropriate FPIC and benefit-sharing in line with UNDRIP, GCF/IFC. Full documentation and participation required (Annex 16).
PS 8: Cultural Heritage	National Museums and Heritage Act covers tangible/intangible heritage, chance find notification required.	Inclusive, prior mapping and stakeholder involvement, chance-find and rapid response fully operational.	Heritage and Chance Find Protocols, documented engagement for all flagged sites/activities. Exclusion/mitigation through ESMP (Annex 8 and 9).

3.5 Potential risks and Safeguard Instruments in Practice

The table below outlines the full compliance mapping of the ESMF with IFC PS1 – PS8, showing potential risks and required safeguards if triggered.

Table 8: Possible negative Impacts of the proposed Programme

IFC PS	Potential risks	PS triggered? (Yes or No) If Yes, how has it been addressed
PS1: Assessment and management of environmental and social risks and impacts	Misunderstanding of programme objectives leading to social conflict,	Programme-level GRM has been developed (Annex 6)
PS2: Labour and working conditions	Infringement of decent working conditions; physical exposure to OHS risks; presence of child labour and forced labour	Labour and OHS protocols (Annex 12)
PS3: Resource efficiency and pollution prevention	<ul style="list-style-type: none"> Indirectly increased use of pesticides and other chemical products in intensified community or smallholder farming and agriculture Indirectly increased chemical waste from agriculture 	ESMP and Waste Management and Pollution Prevention Plan outlined (Annex 3, 4, 11 and 14)
PS4: Community health, safety, and security	Security concerns in conflict-prone areas	KCB Security Protocol (Annex 5)
PS5: Land acquisition and involuntary resettlement	compulsory land acquisition and involuntary physical and/or economic displacement of people (loss of structures, livelihoods and access to common resources.	If ESS 5/PS 5 is invoked then the sub-project is not considered for lending. Included in the Exclusion List
PS6: Biodiversity conservation and sustainable management of living natural resources	The promotion of agriculture may cause impacts on the habitats of endemic species	Biodiversity Management Plan
PS7: Indigenous Peoples	Risks to the rights and livelihoods of Indigenous Peoples	IPPF developed (Annex 16)
PS8: Cultural heritage	Impacts on tangible and intangible cultural heritage, risk of loss or damage to chance finds	Culture and Heritage Protocols (Annex 8 and 9)

CHAPTER 4: E&S Risk Assessment Screening Framework

4.1 Introduction

This chapter sets out the systematic framework for E&S risk assessment, screening, categorisation, and associated management procedures under the KCB MSMEs CST Project. This is achieved by ensuring that, in addition to adhering to the national regulations, the ESMF and the project adhere to the KCB SEMS Policy GCF and IFC standards¹⁷¹⁸¹⁹. The chapter provides a structured, stepwise approach for identifying, screening, categorising, and mitigating E&S risks across all MSMEs CST Project activities and subprojects.

4.2 Risk Identification, Screening and Categorisation

4.2.1 Screening Protocol

All MSME subprojects undergo a standardised E&S risk screening process before funding approval. The screening focuses on risk type, context sensitivity, and vulnerability using the following sequential process

STEP 1: Initial Screening: Using the Project Exclusion List to identify ineligible activities (see Annex 1).

STEP 2: Preliminary E&S Risk Screening: Utilising eligibility and safeguards forms (Annex 2), which capture basic compliance, sectoral alignment, location and stakeholder characteristics

STEP 3: Detailed Screening: For flagged projects using the MSMEs CSTs Environmental and Social Due Diligence (ESDD) tools (*See ESDD from in Annex 2*)

¹⁷ KCB-social-and-environmental-management-systems-policy-final

¹⁸ Revised Green Climate Fund (GCF) Environmental and Social Safeguards (ESS) (2023).

¹⁹ IFC Performance Standards on Environmental and Social Sustainability (2012, revised version).

4.2.2 Risk Categorisation

Based on screening results, subprojects are classified into one of three E&S categories, in line with international standards:

Table 9: Project Risk Categorisation Table

Category	Risk Characteristics	Project Action
A (High)	Significant adverse E&S impacts, sensitive/irreversible, involve resettlement, affect critical habitat/indigenous peoples, high cumulative risk. EXCLUDED from financing.	Not eligible; no further assessment.
B (Moderate)	Limited, site-specific, reversible E&S impacts with feasible mitigation.	ESMP required, further assessment, subject to approval.
C (Low)	Minimal or no adverse E&S impacts.	Apply basic safeguards only.

SCREENING FLOW

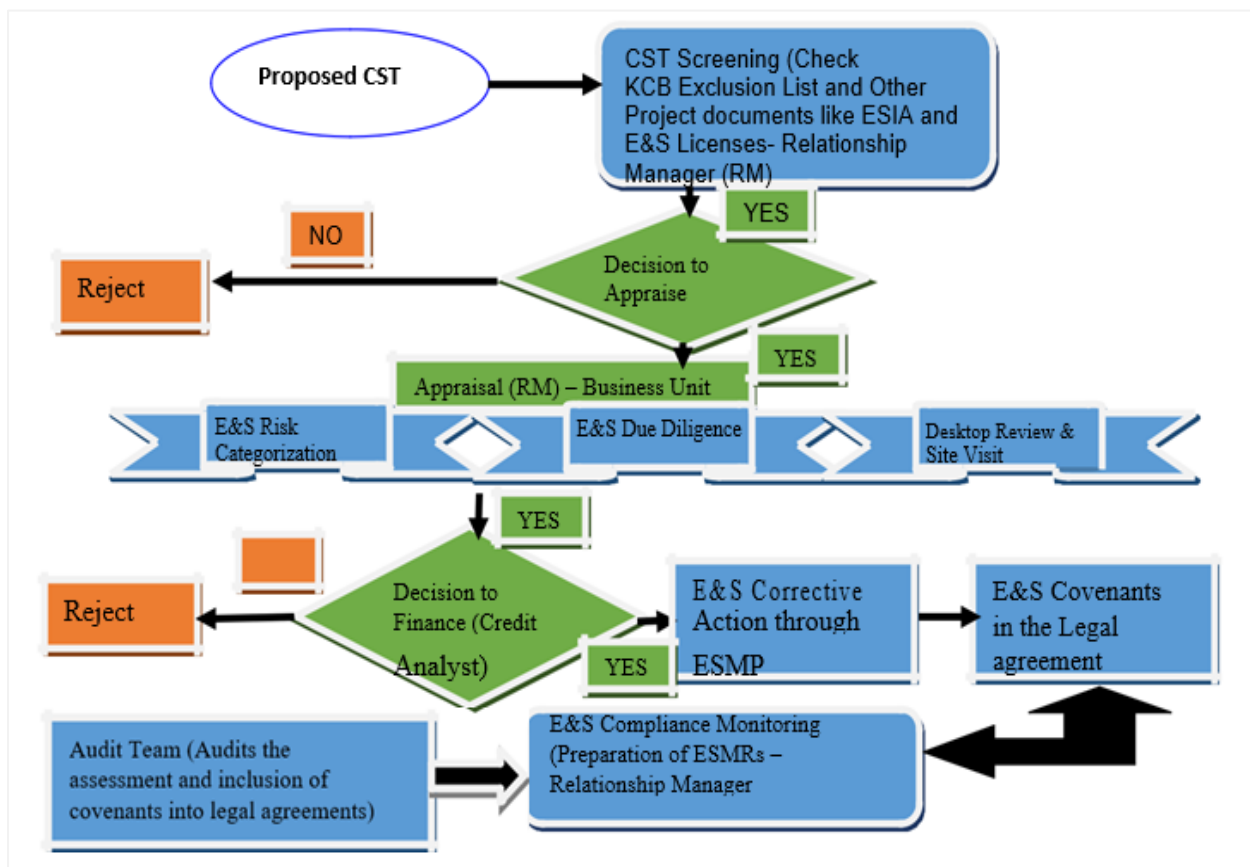


Figure 1: KCB ESDD process for the MSMEs CST project

4.3 ESIA and ESMP Development Process

4.3.1 Environmental and Social Impact Assessment (ESIA) Trigger

Full ESIA's are only required for projects with characteristics or scale that may elevate them to high risk, which are otherwise excluded from financing under the Exclusion List. Category B projects may require focused or limited assessments where significant sector-specific risks are identified.

4.3.2 Environmental and Social Management Plan (ESMP) Trigger

All Category B (moderate risk) subprojects must develop subproject-specific Environmental and Social Management Plans (ESMPs), including:

- Description of project activities, inputs, and outputs
- Regulatory and policy references (EMCA, IFC PS)
- Identification and analysis of potential E&S risks and impacts (environmental, OHS, labour, SEAH, IPs, etc.)
- Stakeholder consultation summary
- Mitigation and enhancement measures with performance indicators, responsible parties, budget, and monitoring schedules

ESMPs are reviewed and approved by the Safeguards Team and, where required, statutory authorities (e.g., NEMA). ESMP template included in the ESMF Annexes

4.4 Sectoral SEAH and ESMP Guidance for the MSMEs Climate-Smart Technologies

ESIA and ESMP guides and templates are provided in Annexes 3, 4. Sample ESMPs for the five core sectors are provided in Tables 10-14. Each sectoral ESMP includes targeted mitigation and monitoring for typical risks identified in the baseline chapter and local context, such as:

- Climate-Smart Agriculture: Soil health preservation, water resource efficiency, agrochemical management, labour standards, biodiversity protection, and community conflict avoidance.
- Water Management: Demand management, safe abstraction, pollution and runoff control, and user conflict mitigation.

- Waste Management: Safe waste segregation, hazardous materials handling, methane and leachate minimisation, community health protections.
- Energy Efficiency and Renewables: Safe installation and operation, resource use minimisation, lifecycle GHG analysis.
- Clean Cooking & Biogas: Household and community health, air quality monitoring, safe appliance standards

4.4.1 Sectoral SEAH Risk Assessment

The CST sectors supported under the Programme are subject to context-specific SEAH risks, particularly for women, youth, persons with disabilities, and other vulnerable populations. These risks may manifest as workplace harassment, coercion linked to recruitment, abuse by supervisors or contractors, community-level exploitation in mobilisation efforts, online harassment through digital communications, etc.

SEAH risks are a cross-cutting social risk across all the CST sectors. In climate-smart agriculture, seasonal labour influx and community mobilisation may expose participants to risks of harassment, transactional exploitation, or abuse by supervisors, vendors, or external actors. Risks increase in rural settings where there is limited oversight and unequal gender power dynamics. In water management, SEAH risks may arise during community engagement or fieldwork, particularly where participants interact with contractors and service providers responsible for project delivery.

Energy access projects, particularly those involving off-grid or informal sectors, may see increased exposure to harassment or exploitation during recruitment, training, or beneficiary targeting, especially for women or minority group beneficiaries and vulnerable youth. On the other hand, waste management and clean cooking initiatives may encounter SEAH risks in the recruitment and supervision of informal labour, community outreach, and training programs, requiring robust mitigation and response measures.

4.4.2 SEAH Mitigation Approach

Despite their cross-cutting nature, SEAH risks are often underreported due to stigma, fear of retaliation, and lack of clear reporting pathways. To address this, all ESMPs for the CST programme shall identify SEAH risks and include their mitigation through sector-specific assessments, tailored awareness programs, and survivor-centred grievance mechanisms that are fully consistent with the SEAH Framework in Annex 15.

At a minimum, each ESMP shall:

- i. Incorporate SEAH awareness-raising and training for project staff, contractors, MSMEs, and community stakeholders
- ii. Reference and apply the SEAH-related Code of Conduct, reporting channels, and survivor-centred response protocols set out in Annexes 6, 15, 18, and 19
- iii. Document how sector-specific SEAH risks identified in Section 4.4.1 and during project assessment will be prevented, reported, and managed throughout the project cycle.

SEAH awareness-raising activities shall be integrated into ongoing stakeholder engagement, gender action plans, capacity-building, and GRM processes described in this ESMF, rather than implemented as stand-alone activities. This includes using multi-channel GRM to receive SEAH-related complaints. Reporting channels such as toll-free phone numbers, dedicated emails, web portals, and a Safeguarding Manager should be available for confidential incident reporting. Psychosocial support and referral services are to be activated promptly for survivors, in collaboration with trained partners. This will ensure access to psychosocial and referral support for survivors through existing safeguarding arrangements, and monitoring SEAH-related indicators as part of the overall ESMF monitoring framework in Chapter 6. Detailed SEAH roles, procedures, and tools are provided in Annex 15 and shall guide the CST subprojects (*see Annexes 6, 15, 17* for more details).

4.5 Sample ESMPs for the CST Sectors

The following Tables 10-14 are indicative ESMPs for the project's targeted 17 climate-smart technologies across the five sectors. Potential environmental risks consider climate, ecology, water/soil, greenhouse gases, and pollution for each intervention;

potential social risks highlight labour, gender inclusion, youth, IPs, SEAH/GBV, exclusion, and community conflicts, whereas potential economic risks reference input costs, market shocks, smallholder vulnerability, and supply chain failures. Proposed mitigation measures focus on crosscutting, specific, and inclusive actions. Where appropriate, prioritise capacity-building, fair access, and regulatory compliance. Implementation of the sector-specific ESMPs is a mandatory requirement for all sub-projects financed under the CST Programme.

The MSMEs will be contractually required to adopt and adhere to the generic or sector-specific ESMPs as mandatory conditions for financing as detailed in *Annex 17*. The sample ESMPs in Tables 10-14 are adaptable and dependent on the scale and location of the final projects, which will be determined during project appraisal and implementation. Each MSME will therefore be required to submit a detailed ESMP tailored to their respective locations, scope, and scale of activities. The beneficiary will then be obligated to adhere to the approved ESMP as a condition for disbursement and continued funding.

Before disbursement of funds, each participating entity will sign financing agreements embedding the *Environmental and Social Safeguards Compliance Contractual Clause* detailed in Annex 17. This clause mandates the adoption, implementation, and reporting of ESMP actions that are appropriate to the risk category. Failure to meet these obligations will trigger corrective enforcement measures such as suspension of disbursement, remedial actions, or termination of financing as provided under the contractual provisions (*See Annex 17*).

At the MSME level, all sub-projects classified as Category B shall designate a qualified Environmental and Social Focal Point responsible for safeguards compliance, stakeholder engagement and incident reporting. The Focal Point will work closely with the KCB Safeguards Team, who will be available to offer technical guidance and periodic training on the implementation of the ESMPs and to ensure compliance and continuous improvement in safeguards practice.

At the Programme-level, KCB, through its Environmental and Social Safeguards Unit under the PMU, will retain overall programme oversight for ESS implementation across all funded activities. This includes review and approval of ESMPs, monitoring of compliance performance, and coordination of capacity-building initiatives for

MSMEs. This structure will also leverage the KCB Foundation Safeguarding Policy (2025), the Safeguarding Incident Management SOP, and the existing Service Protocol between KCB and the Kenya Red Cross Society to ensure that psychosocial support and survivor-centred responsive services are available for persons affected by safeguard-related incidents.

4.5.1 ESMP for Climate-Smart Agriculture CSTs

Table 10: Sample ESMP for CST Projects in the Climate Smart Agriculture Sector

CST Project	Risk Category	Potential Environmental Risks	Potential Social Risks	Potential Economic Risks	Proposed Mitigation Measures	Responsibility	Means of Monitoring
Climate-resilient crop breeds and techniques	B (Medium)	<ul style="list-style-type: none"> Genetic erosion Unintended impacts on local biodiversity Potential agrochemical misuse Water resource stress 	<ul style="list-style-type: none"> Exclusion of women, youth, and indigenous smallholders Unequal access to improved seeds IP-related land/resource conflicts Labour exploitation Risk of sexual exploitation, abuse or harassment (SEAH) in project activities 	<ul style="list-style-type: none"> Input affordability Market shocks due to yield variability Increased costs for smallholders 	<ul style="list-style-type: none"> Promote local seed diversity Inclusive beneficiary targeting Capacity building (esp. for women/youth/IPs) Soil and water conservation Enforce fair labour standards SEAH training and Code of Conduct, confidential reporting, survivor-centred support 	KCB MSME Team, County Agri Dept., Seed Agencies, Safeguarding Champion Manager	Field visits, beneficiary feedback, sales/uptake data, Training Records, Signed SEAH codes, Incident Reports, Feedback Forms
Climate-resilient livestock production	B (Medium)	<ul style="list-style-type: none"> Overgrazing/land degradation GHG emissions Poor waste handling Water body pollution 	<ul style="list-style-type: none"> Gendered workload inequities SEAH in grazing routes/camps Resource conflict (pastoralists vs. farmers) Marginalised group exclusion 	<ul style="list-style-type: none"> Disease outbreaks Loss from climate shocks Animal market fluctuations 	<ul style="list-style-type: none"> Rotational grazing, pasture restoration Water-point protection Community animal health workers Gender/SEAH training Conflict mediation committees Index-based insurance 	KCB MSME Team, Livestock Dept., CBOs, Gender Focal points/Champions	Pasture/water quality checks, incident reports
Resilient fisheries and aquaculture	B (Medium)	<ul style="list-style-type: none"> Waterbody eutrophication Spread of invasive species Disease or chemical contamination Management of feed/waste 	<ul style="list-style-type: none"> Social exclusion of women/youth SEAH at landing/beach sites Conflict with traditional fishers/IPs 	<ul style="list-style-type: none"> Stock/harvest failure High input costs (feed, infrastructure) Market price drops 	<ul style="list-style-type: none"> Sustainable feed use Strict effluent/waste management FPIC and inclusion for IPs Women/youth training Biosecurity protocols Community-based savings/insurance schemes 	MSME Operators, Fisheries Dept., Community leaders	Water sampling, social/economic surveys, disease audits
Greenhouse/controlled farming infrastructure	B (Medium)	<ul style="list-style-type: none"> Chemical overuse (fertiliser/pesticides) Waste plastic accumulation Soil degradation Increased water use 	<ul style="list-style-type: none"> Youth/women labour exclusion Heat stress for workers IP land disputes SEAH during construction and supervision 	<ul style="list-style-type: none"> High cost of setup Technology failure risk Poor market access 	<ul style="list-style-type: none"> Integrated pest management Waste plastic recycling partnerships Worker OHS and heat control Gender-responsive employment and training Market linkage support SEAH training, signage, periodic checks, and incident reporting 	MSMEs, County Agri Dept., NEMA, Project Team, Safeguarding Champion, Safeguarding Manager	Compliance audits, labour reports, yield tracking, Training records, site inspection checklists, and incident reports
Post-harvest cold chains, dryers, etc.	B (Medium)	<ul style="list-style-type: none"> Refrigerant leaks (GHG emissions) Energy overuse Improper waste (old equipment, packaging) Water use for cleaning 	<ul style="list-style-type: none"> Access/affordability barriers for women/youth SEAH/harassment in the aggregation site Worker safety (OHS) Micro-enterprise exclusion SEAH risks during operations and stakeholder engagement 	<ul style="list-style-type: none"> Food spoilage (if breakdown) High maintenance costs Depressed prices due to increased supply 	<ul style="list-style-type: none"> Use natural/recyclable refrigerants Energy audits & solar hybridization Gender/youth inclusion plans OHS/SEAH protocols Repair/maintenance training SME financing support Training, gender balanced teams, tip-off system 	MSME Operator, County Trade Dept., Cooling Suppliers, Project Team, Safeguarding Champion, Safeguarding Manager	Maintenance logs, gender/inclusion audits, attendance lists, tip-off logs, and incident response documentation
Climate-responsible food supply chain	B (Medium)	<ul style="list-style-type: none"> Emissions from transport/storage Packaging waste Increased risk of food loss (during crises) Invasive pests 	<ul style="list-style-type: none"> Gender exclusion in logistics/aggregator jobs Occupational accidents (loading, storage) Labour rights violations IP/traditional trader displacement SEAH risks in community mobilisation and market linkages 	<ul style="list-style-type: none"> Price volatility High distribution costs Losses from shock events (floods, droughts, pandemics) 	<ul style="list-style-type: none"> Promote low-emission logistics Code of conduct for labour Gender/SEAH inclusion in supply/logistics Digital market platforms (inclusive access) Value chain climate insurance Oversight by Safeguarding Manager, reporting protocols, survivor-centred support 	MSME Logistics Managers, County Govt., Trade Unions, Project Team, Safeguarding Champion, Safeguarding Manager	Vehicle/emission monitoring, labour/SEAH grievance logs, reporting logs, monitoring report, beneficiary feedback

4.5.2 ESMP for Water Management CSTs

Table 11: Sample ESMP for CST Projects in the Water Management Sector

CST Project	Risk Category	Potential Environmental Risks	Potential Social Risks	Potential Economic Risks	Proposed Mitigation Measures	Responsibility	Means of Monitoring
Water usage control systems	B (Medium)	<ul style="list-style-type: none"> Resource depletion if poorly calibrated Effluent mismanagement Energy use for automated controls 	<ul style="list-style-type: none"> Exclusion of marginalised households from access User resistance due to lack of awareness Privacy/data misuse concerns SEAH risk during installation or maintenance 	<ul style="list-style-type: none"> Upfront purchase/installation costs Savings do not materialise if poorly operated 	<ul style="list-style-type: none"> Community participation in design and calibration Awareness and training sessions for equitable use Integration of inclusive digital/data protocols Routine system checks Clear procedures for reporting breakdowns or misuse Subsidy or micro-finance for low-income users Contractor induction, SEAH contract clauses, onsite reporting mechanisms 	MSME Operator, County Water Dept., Community Water Committees, Project Team, Safeguarding Champion, Safeguarding Manager	Water consumption data, user feedback, system audit logs, briefing attendance, and complaint records
Hot water recirculation kits	C (Low)	<ul style="list-style-type: none"> Minor increase in energy use Possible leaks causing water damage 	<ul style="list-style-type: none"> Maintenance burden falls on staff/women Exclusion from benefits if poorly targeted SEAH risk during deployment at beneficiary sites 	<ul style="list-style-type: none"> Kit purchase and installation costs Potential increase in energy bills if misused 	<ul style="list-style-type: none"> OHS guidance for safe installation/maintenance Targeting protocols for equitable benefit Training modules for maintenance targeting both men and women Usage monitoring Energy-efficiency benchmarking Pre-deployment briefings, monitoring 	MSME Facility Managers, Plumbers/Installers, Project Team, Safeguards Champion, Safeguards Manager	Maintenance logs, complaint records, energy/water use records, Briefing attendance, site visit reports, complaint records
Water harvesting systems	B (Medium)	<ul style="list-style-type: none"> Siltation of tanks/pans Poor siting causing habitat loss or drainage problems Water stagnation (vector breeding) 	<ul style="list-style-type: none"> Conflicts over resource sharing Additional workload for women/youth Exclusion of vulnerable/small landholders SEAH risk during outreach and community events 	<ul style="list-style-type: none"> Upfront infrastructure cost Maintenance shortfalls causing non-functionality 	<ul style="list-style-type: none"> Participatory siting and design Regular cleaning/maintenance plans Sensitisation on health/hygiene Gender/youth quotas in management Transparent beneficiary selection Reinvestment fund set-aside for repairs/upkeep Awareness training, safe engagement guidelines 	MSME, County Govt., Public Health, User Committees, Project Team, Safeguarding Champion, Safeguarding Manager	Water quality tests, usage records, maintenance audit, participatory feedback, signed contracts, training/compliance logs, and reports

4.5.3 ESMP for Waste Management CSTs

Table 12: Sample ESMP for CST Projects in the Waste Management Sector

CST Project	Risk Category	Potential Environmental Risks	Potential Social Risks	Potential Economic Risks	Proposed Mitigation Measures	Responsibility	Means of Monitoring
Biomass/biogas systems	B (Medium)	<ul style="list-style-type: none"> ○ Unsustainable biomass sourcing (deforestation, soil depletion) ○ Effluent contamination of water bodies ○ Unintentional GHG/methane releases ○ Air quality impacts from incomplete combustion 	<ul style="list-style-type: none"> ○ OHS risks in installation and maintenance ○ Gender/youth exclusion from benefits ○ SEAH at feedstock/waste sites ○ Community conflict over feedstock supply ○ SEAH risks during recruitment and field labour 	<ul style="list-style-type: none"> ○ High upfront investment ○ O&M costs ○ Uncertain market demand for bio-slurry and gas ○ Productivity loss from system downtime 	<ul style="list-style-type: none"> ○ Apply sustainable feedstock sourcing, enforce community replanting ○ Construct and maintain effluent and leakage management ○ Implement routine OHS/SEAH training for all staff, prioritise women/youth involvement ○ Transparent community engagement on feedstock sourcing and benefit sharing ○ Support market development for energy/fertiliser products ○ Contractual SEAH clauses, trained labour, accessible confidential reporting 	MSME operator; County Environment Dept.; CBOs, Project Team, Safeguarding Champion. Safeguarding Manager	Quality and leak tests, OHS and SEAH incident logs, beneficiary tracking, signed contracts with SEAH clauses, training/compliance logs, incident reports
Boilers, wastewater treatment & bio-digesters	B (Medium)	<ul style="list-style-type: none"> ○ Improper sludge/effluent disposal leading to water/soil pollution ○ Odours and air emissions from boilers ○ Hazardous chemical risks ○ Energy inefficiency 	<ul style="list-style-type: none"> ○ OHS hazards: chemicals, confined space entry ○ Exclusion/marginalisation in management positions ○ Nuisance (odour/noise) to the community ○ SEAH risk for labourers ○ SEAH risks in operational teams, informal and youth labour teams 	<ul style="list-style-type: none"> ○ High O&M and compliance costs ○ Limited local skilled operators ○ Regulatory penalties for non-compliance ○ Cost overruns from inefficiency 	<ul style="list-style-type: none"> ○ Adopt and maintain the best EHS protocols for all processes ○ Comprehensive worker training on OHS, emergency and SEAH prevention ○ Accredited disposal for all waste streams ○ Use energy-efficient/low-emission technologies ○ Conduct inclusive stakeholder consultations on siting/operation ○ Establish management/user committees reflecting community diversity ○ Risk briefing, regular monitoring, survivor-centred support 	MSME operator; NEMA; County Public Health Office, Project Team, Safeguarding Manager	Effluent and air quality sampling, maintenance, stakeholder and labour feedback, audits, briefing records, monitoring checklists, survivor-centred support referrals

4.5.4 ESMP for Energy Efficiency and Clean Energy Manufacturing CSTs

Table 13: Sample ESMP for CST projects in the Energy Efficiency and Clean Energy in Manufacturing

CST Project	Risk Category	Potential Environmental Risks	Potential Social Risks	Potential Economic Risks	Proposed Mitigation Measures	Responsibility	Means of Monitoring
Solar systems for non-agricultural industrial use	B (Medium)	<ul style="list-style-type: none"> E-waste from end-of-life solar panels and batteries Hazardous substances in PVs/batteries Stormwater runoff if poorly sited 	<ul style="list-style-type: none"> Exclusion of women/youth from technical and O&M jobs OHS risks during installation/maintenance Visual/site disputes SEAH risk during installation and maintenance 	<ul style="list-style-type: none"> High upfront investment Technical downtime impacting production Disposal costs for panels/batteries 	<ul style="list-style-type: none"> Life-cycle planning for procurement and decommissioning Agreements with certified e-waste recyclers Local OHS/gender-inclusive training Community engagement for siting Preventive maintenance contracts Pre-project training, tip-off hotline 	MSME/factory owner; County Environmental & Energy Department.; Solar providers, Project Team, Safeguarding Champion, Safeguarding Manager	E-waste records, OHS incident logs, installation/maintenance audits, SEAH training records, hotline usage log, and incident tracking
Efficient motors, retrofits and ICT systems	B (Medium)	<ul style="list-style-type: none"> Disposal of old equipment (e-waste, heavy metals) Noise emissions Inefficient sizing increases grid demand 	<ul style="list-style-type: none"> Displacement of low-skilled staff without reskilling OHS during retrofits Digital gender gap in ICT adoption SEAH risk for trainees and new hires 	<ul style="list-style-type: none"> Retrofit/upgrade costs Training expenses for the workforce ROI uncertainty on energy savings 	<ul style="list-style-type: none"> Prioritise recycling programs for old equipment Technical/OHS and digital upskilling measures Tools for gender and youth inclusion Pre-retrofit audits and demand-side diligence SEAH policy communication and induction, confidential complaint handling 	Factory/MSME; Equipment suppliers; County Industrial Office, Project Team, Safeguarding Champion, Safeguarding Manager	E-waste and energy audit logs, staff training records, training/induction logs, SEAH complaints register
Building efficiency (cool/green roofs, retrofits)	B (Medium)	<ul style="list-style-type: none"> Construction waste generation Use of non-eco materials Runoff management issues for green roofs 	<ul style="list-style-type: none"> Short-term worker displacement Lack of access for marginalised contractors OHS in construction zones SEAH risk towards female and youth team members 	<ul style="list-style-type: none"> Upfront cost of retrofitting Maintenance cost for plant-based or alternative roofs Delayed payback/savings 	<ul style="list-style-type: none"> Use certified low-carbon material Require runoff/stormwater control OHS standards for all work Set quotas for women/youth/SMEs in contracts Post-retrofit performance review and training Reporting protocols, on-site checks 	Factory/building owner; Contractors; County Works & Environment Departments, Project Team, Safeguarding Champion, Safeguarding Manager	Waste tracking, materials certifications, labour participation/audit logs, site visit reports, staff feedback, incident complaints and follow-up reports

4.5.5 ESMP for Renewable Energy and Clean Cooking CSTs

Table 14: Sample ESMP for CST Projects in the Renewable Energy and Clean Cooking Sector

CST Project	Risk Category	Potential Environmental Risks	Potential Social Risks	Potential Economic Risks	Proposed Mitigation Measures	Responsibility	Means of Monitoring
Clean cooking solutions	B (Medium)	<ul style="list-style-type: none"> Unsustainable fuels cause deforestation if not sourced responsibly Air emissions from non-certified stoves Improper stove disposal (waste/chemicals) 	<ul style="list-style-type: none"> Exclusion of women/youth or marginalised groups SEAH at sales or distribution points Health risks from improper usage SEAH risks, especially for women facilitators and vulnerable beneficiaries 	<ul style="list-style-type: none"> High upfront cost for stoves/fuels Affordability barriers for the poorest Market volatility in clean fuels supply 	<ul style="list-style-type: none"> Promote certified, sustainably sourced fuels Awareness, capacity-building for safe use and maintenance (gender/inclusive) SEAH/GBV risk protocols for intermediaries Awareness and micro-financing or subsidies for household affordability Mandatory training, referral support networks 	MSME, County Public Health, Women and Youth Community-Based Organisations (CBOs), Project Team, Safeguarding Champion, Safeguarding Manager	Stove/fuel sales and monitoring; user feedback; SEAH audit logs, briefing record, incident and referral logs
Solar-powered appliances	C (Low)	<ul style="list-style-type: none"> Improper e-waste disposal (batteries, components) Resource use for appliance manufacturing Energy storage hazards (batteries) 	<ul style="list-style-type: none"> Exclusion of women/youth from the digital/technology value chain OHS risks in installation/use Limited after-sales service in rural areas SEAH risk during rollout, training, and outreach 	<ul style="list-style-type: none"> High initial appliance cost Cost recovery issues if the appliance fails Market access gaps for low-income buyers 	<ul style="list-style-type: none"> Formal e-waste collection agreements Inclusive training for installation/maintenance (prioritise local youth/women) Quality certification of batteries/components Support/guaranteed after-sales and repair services Facilitator briefings, incident monitoring, referral procedures 	MSMEs, Tech Suppliers, Environment Project Safeguarding Champion, Safeguarding Manager	E-waste logs, user outreach, training records, briefing records, SEAH incident and referral logs
Green mini grids & solar home systems	B (Medium)	<ul style="list-style-type: none"> Land use/tenure and siting impacts if not properly negotiated Battery and panel e-waste bad disposal Habitat/visual impacts in sensitive areas 	<ul style="list-style-type: none"> Exclusion/marginalisation in community engagement OHS incidents during construction/maintenance Risk of gender/SEAH around installations SEAH risk in staff and beneficiary interactions 	<ul style="list-style-type: none"> High upfront investment and O&M costs Affordability issues for vulnerable households Revenue shortfalls if uptake is low 	<ul style="list-style-type: none"> Rigorous community engagement and FPIC for land-siting OHS (installation/maintenance) and SEAH guidelines Qualified panel/battery recycling partners Gender and inclusion requirements in management/beneficiary selection Targeted user subsidies Signed SEAH Codes of Conduct, visible reporting channels 	MSMEs, County Energy Dept., Local User Committees, Project Team, Safeguarding Champion, Safeguarding Manager	OHS and e-waste audits; service records; beneficiary demographic tracking, SEAH code acknowledgement forms, report/feedback logs

4.5 Mitigation Hierarchy and Residual Risk Assessment Framework

Residual risk assessment is a critical step in the MSMEs CST-Kenya project's environmental and social management process. It involves evaluating the level of risk that remains after applying mitigation and enhancement measures to ensure that all project-supported activities are aligned with Kenyan law, KCB SEMs, the GCF Revised Environmental and Social Policy, and international best practices.

Each ESMP must demonstrate:

- Initial risk identification and impact analysis.
- Application of the mitigation hierarchy: avoid → minimise → restore → offset/compensate.
- Assessment of residual (post-mitigation) risk, with actions adapted if not “acceptable” per GCF/IFC and NEMA standards

After applying mitigation measures, residual risks are evaluated to determine if they are (i) Acceptable (the project proceeds with monitoring); (ii) Tolerable (require further mitigation – calls for enhancement of ESMP measure); or (iii) Unacceptable (either reconsider the project elements or exclude the project entirely). This process is integrated into the ESMP cycle and is revisited during project monitoring and adaptive management

Residual risk assessment for each project activity will entail:

1. Identifying the impact area: Clearly indicate the affected area or project element e.g., water abstraction, soil erosion, gender exclusion, waste generation etc.
2. Identifying initial risks: List all potential adverse impacts identified during screening and impact assessment.
3. Applying mitigation measures: Document all mitigation, enhancement, or offset measures planned or implemented for each risk.
4. Assessing residual risk: Evaluate the likelihood and consequence of each risk after mitigation, using a qualitative or quantitative risk matrix
5. Determining acceptability: Classify residual risks as Acceptable (Low), Tolerable (Medium, with ongoing monitoring), or Unacceptable (High, requiring further action or activity redesign).

6. Documenting and monitoring: Record residual risks in the ESMP and integrate them into project monitoring, with triggers for adaptive management if risks increase or new risks emerge

4.6 Adaptive Management

Continuous monitoring enables early detection of increased residual risks or new emerging issues. Residual risks will be reviewed regularly as part of project monitoring and evaluation. If monitoring reveals that residual risks are higher than anticipated, additional mitigation measures are implemented, or project activities are modified to ensure compliance and safeguard objectives.

This will entail:

- (i) Adjusting project activities or enhancing mitigation.
- (ii) Increasing stakeholder engagement
- (iii) Updating ESMPs and safeguards accordingly.

CHAPTER 5: Capacity Building and Institutional Arrangements

5.1 Introduction

The successful oversight and implementation of the ESMF relies on dedicated institutional arrangements and continuous capacity building, ensuring that all project actors possess the knowledge, tools, and competencies needed to screen, implement, monitor, and adapt the project's E&S safeguards.

5.2 Capacity Building Framework

KCB, in partnership with the KCB Foundation and key implementing partners, will deliver a comprehensive, multi-year capacity-building program. The program is directly aligned to project milestones and implementation phases, and designed to address:

- **Core E&S Risks** (screening, mitigation, monitoring, compliance)
- **Safeguards Inclusion:** women, youth, PWDs, and indigenous groups will be tracked for inclusion and evidence of benefit.
- **Sectoral Best Practice:** occupational health and safety (OHS), SEAH prevention, Indigenous peoples' safeguards, biodiversity, and climate risk adaptation.
- **Operational Tools:** use of risk categorisation templates, ESIA/ESMP preparation, GRM, and reporting routines.

The capacity building programme modalities will include:

- **Annual core trainings** for KCB staff, MSMEs, and implementing partners covering E&S standards, ESMF operational tools, incident/accident reporting, and participatory monitoring.
- **Refresher and induction sessions** at project launch, before milestone activities, and for newly recruited staff or contractors.
- **Targeted technical assistance** modules (OHS, biodiversity, SEAH, Indigenous Peoples) led by domain experts, timed to coincide with high-impact implementation periods.
- **Financial literacy and outreach** in marginalised and hard-to-reach communities.

5.3 Monitoring and Evaluation of Capacity Building

Monitoring of capacity-building efforts is fully integrated into the project's M&E framework. The following components are required to demonstrate delivery, capture effectiveness, and inform adaptive improvements:

- **Pre- and post-training assessments** to gauge gains in knowledge or skills.
- **Tracking of participation** by gender, youth, PWDs, and indigenous status in all trainings.
- **Annual independent reviews/audits** of capacity-building outcomes, including trainee feedback and evidence of practical application in ESMF tasks.
- **Continuous improvement loops:** lessons learned are incorporated into in-year and annual adaptive reviews, with targeted supplementary sessions where gaps or new challenges arise.

5.4 Institutional Roles and Responsibilities

KCB has institutionalised the technical capacity, human resources and partnerships framework necessary to vet, monitor, and report on environmental and social safeguard compliance for the CST programme. The implementation of this ESMF will be supported through KCB's institutional safeguard structure embedded within the PMU. To enhance responsiveness in social risk management, KCB maintains a standing partnership with various partners for the provision of psychosocial support services, governed by a formal Service Provision Agreement. This ensures that survivor-centred, confidential, and timely support mechanisms are available whenever required.

Specific roles and responsibilities of each party are as follows:

The KCB Project Management Unit

- Overall accountability for ESMF and capacity-building program delivery.
- Approves annual plans, resource allocations, trainer selection, and outcomes reporting.

Safeguards Team & Experts

KCB Bank will engage a dedicated Environmental and Social Safeguards Team within the implementation unit. This team will comprise of qualified professionals in environmental and social risk management, gender and inclusion, labour and working conditions compliance, and grievance and safeguarding management. These personnel will serve on a full-time basis and report to the Sustainability and Impact Department through the Programme Manager. This Safeguards team will be responsible for providing technical E&S support to the MSMEs

- Supervising screening, review, and approval of sub-project ESMPs.
- Monitoring environmental and social performance and ensuring compliance with the GCF Revised Environmental and Social Policy (2021) and the IFC Performance Standards.
- Coordinate annual capacity-building programmes for the PMU, MSMEs, and implementation partners to promote shared understanding of safeguard responsibilities, risk assessment and incident management.
- Maintaining registers of trained individuals and supporting adaptation of content for local context

KCB Foundation and Key Partners

- Provides specialist technical trainers (e.g., gender, SEAH) and supports MSME outreach, inclusion, and annual refresher training on SEAH.
- Monitors hard-to-reach, vulnerable, and marginalised group participation and benefit.

Contractors, MSMEs, and Community Partners

- Attend required trainings, cascade good practices to workforces and communities.
- Responsible for on-the-ground implementation of ESMF and keeping incident/training records.

County and National Authorities (NEMA and others)

- Regulatory oversight of local compliance (especially for ESIA requirements in regulated sectors).
- Participate in joint reviews/audits and in validation of sector-targeted capacity sessions when need be.

5.5 Security and Field Safety

In regions classed as high-security risk or with known conflict/biodiversity tension, all field trainings and implementation will incorporate KCB's **Security Operations and Preparedness Protocols (See Annex 5)**. No field activity will proceed without risk assessment, pre-event staff briefings, backup/response plans, and documented compliance with sector, local, and bank-level security requirements.

5.6 Adaptive Management and Continuous Improvement

This capacity-building strategy is **iterative and adaptive**, reviewed annually as part of project-wide learning and after any major incident or regulatory update. Improvements will draw on:

- Direct feedback from trainees and partners.
- Results of training M&E audits.
- Performance data from field activities and compliance assessments.
- Updates in law, KCB/group policies, or international standards.

Immediate adaptation of materials, delivery methods, and key topics will be triggered by the review outcomes, partner input, and lessons learned in each operating context.

CHAPTER 6: Monitoring and Evaluation Framework

6.1 Introduction

This program-level monitoring and evaluation (M&E) framework will govern coordinated tracking, review, and adaptive management of E&S safeguards, results, and learnings across all activities under the project. It is designed to ensure compliance, facilitate real-time correction, foster transparency, and enable adaptive learning throughout the project lifecycle. Monitoring will be conducted quarterly by the Safeguards Team with independent verification every year by the ESG Department and accredited third-party specialists. Refresher training for SEAH and other key safeguards will be conducted annually.

6.2 Core Principles

- **Systematic tracking** of all E&S performance, compliance, and risk management indicators at project and subproject levels.
- **Inclusion, transparency, and accountability** by fully disaggregating data (gender, age, vulnerability, sector, geography) and ensuring public availability of E&S reporting as required by partners.
- **Continuous improvement and adaptive management:** M&E findings will directly inform corrective actions and annual ESMF updates, in synergy with Chapter 7 on capacity building.

6.3 System Structure

The M&E will be implemented at multiple, cascading levels:

- **Field-level data collection:** MSMEs, field facilitators, and contractors use standardised annexed checklists, digital tools, and logbooks for data entry, incident reporting, and compliance verification (see annexes).
- **Branch and safeguards team monitoring:** Routine verification, spot checks, and annual compliance reviews, with responsibility for data quality assurance and escalation of non-compliance or risks.
- **Central PMU oversight:** Aggregation of project data into a centralised, real-time digital M&E dashboard to enable program-wide analytics, tracking of KPIs, and early warning for E&S risks or inclusion gaps.

- **Grievance tracking:** All GRM cases, complaints, and resolutions are incorporated into the M&E reports, ensuring traceable escalation and learning linked with the KCB GRM protocol and digital recordkeeping (*See Annex 6*).
- **Thematic action plans:** In addition to subproject-level monitoring, the programme will track and monitor the implementation of the Environmental and Social Action Plan (ESAP) (*See Chapter 7*), and the program-level Gender Action Plan (GAP) through the overall project M&E system. Each will include clearly defined monitoring activities, indicators, and reporting arrangements, and, where needed, budgeted costs to enable effective implementation and verification of respective commitments.
- **External audit and independent verification:** Annual or milestone-based reviews by auditors or donor-appointed specialists for high-risk themes, critical grievances, or significant incidents.

6.4 Monitoring and Evaluation Core Indicators

Table 15 shows the core indicators tracked for safeguards implementation, the minimum set for quarterly and annual reporting. All indicators must be disaggregated by gender, age, location, vulnerability status, and sector, where relevant.

6.4.1 Stepwise M&E Field Protocol

1. **Routine Data Entry:** MSMEs/Field Facilitators complete digital or paper forms (logs, checklists) for all required indicators at specified intervals and after key events (incidents, stakeholder engagement, etc.).
2. **Verification and Escalation:** Facilitators and Safeguards Officers review data. Critical compliance lapses or risk events are escalated for immediate corrective action or technical assistance (TA).
3. **Reporting:** Consolidated data is uploaded monthly/quarterly to the central digital M&E platform. Automated alerts flag non-compliance, inclusion shortfalls, or unresolved grievances for management attention.
4. **Audit and Learning:** External audits validate compliance and verify field data. Findings are fed into the adaptive review cycle.
5. **Corrective Action Loop:** Any major compliance gap, threshold breach or significant unresolved grievance triggers PMU-led review and targeted remedial action, including tailored retraining or updated procedures

Table 15: Key Monitoring, Evaluation, and Learning Indicators

Indicator	Definition/What to Measure	Data Source/ Method	Frequency
1. Beneficiaries reached	Number of people/MSMEs directly and indirectly supported by the project	Loan and outreach records, M&E reports	Quarterly
2. Youth participation	% and number of youth beneficiaries (18-35)	Application forms, M&E database	Quarterly
3. PWD and IP inclusion	% and the number of PWDs and Indigenous Peoples benefiting	Application forms, inclusion records	Annually
4. Climate-smart technology adoption	Number and type of CSTs adopted (by core sector)	Loan tracking, field verification	Quarterly
5. GHG emissions avoided/reduced	Tonnes CO ₂ eq reduction (projected/measured)	GHG tracking tool, calculations	Semi-Annually
6. Climate resilience improvement	Number/% reporting reduced vulnerability to climate risks	Beneficiary surveys, focus groups	Annually
7. ESMP/ESIA compliance rate	% of active subprojects meeting ESMF, ESMP, ESIA requirements	Audit reports, site visits, checklists	Quarterly
8. Grievances received/resolved (total & SEAH)	Number received, addressed, and resolved (SEAH, OHS, exclusion, etc.)	GRM database, complaint logs	Quarterly
9. Livelihood improvement/asset recovery	% reporting improved income or asset status	Baseline/endline survey	Midterm/ Endterm
10. Capacity building delivered	Number of MSME staff, partners, and officials trained	Training registers, feedback forms	Quarterly
11. Biodiversity/habitat impact status	Number of subprojects triggering safeguards for biodiversity, actions taken	Screening checklists, ESMPs, verifications	Quarterly
12. SEAH and OHS incident rate, numbers trained on SEAH, number of complaints, number of referrals	Number of confirmed SEAH incidents and referrals, OHS incidents and trainees	GRM, incident reports, attendance logs, training logs/certificates	Quarterly, Annual refreshers for SEAH
13. Timely reporting and compliance	Submission of required M&E, ESMP, and E&S compliance documents	Submission tracker	Quarterly
14. Project adaptation & lessons learnt	Documented cases of adaptive management and program/ESMF improvement	Reports, annual reviews	Annually

6.5 Adaptive Management and Review

- All M&E findings directly inform the ESMF review cycle, driving updates to safeguards, capacity-building plans, and operational procedures based on “what works” and lessons from the field.
- Urgent corrective actions can be triggered at any time if major risks emerge.
- All updates and learnings are shared with stakeholders, regulatory authorities, and financing partners through accessible public channels and periodic stakeholder engagement sessions.

6.6 Digital Integration and Data Management

- KCB’s centralised, secure digital M&E dashboard will be used for all aggregated reporting, compliance tracking, alert management, and analytics.
- Data privacy and security protocols are strictly enforced, and all relevant staff are trained to maintain confidentiality and ethical standards in line with both Kenyan data protection regulations and donor requirements.

CHAPTER 7: Implementation Action Plan

7.1 Introduction

This chapter presents the Programme’s Environmental and Social Action Plan (ESAP) serving as the implementation action plan for the ESMF. It consolidates the key environmental and social commitments, associated monitoring activities, and indicative costs required to operationalise this ESMF in coordination with the Programme-level Gender Action Plan.

7.2 Implementation Schedule and Milestones

Implementation is scheduled, and the corresponding milestones schedule ensures that all safeguard measures, including screening, assessments, stakeholder engagement, capacity building, and monitoring, are systematically integrated at appropriate stages of the project lifecycle. It is structured around nine integrated phases, each anchored by distinct deliverables and milestone reviews (See Project Implementation Timetable for detailed milestone calendar and deliverable schedule).

Table 16: Key Phases and Milestones

Phase	Core Activities and Milestones
1. Inception	ESMF launch, dissemination, onboarding; create implementation tracking log
2. Screening	Eligibility/exclusion checks using annexed tools; subproject triage
3. Assessment	ESIA/ESMP development/approval for Category B; site-specific risk mitigation
4. Stakeholder Engagement	Activation of engagement and FPIC as applicable
5. Capacity Building	Training roll-out as per plan (see chapter 7)
6. Implementation	Execution of ESMPs and safeguards actions; site-level documentation
7. Monitoring/Midterm Evaluation	Routine monitoring, quarterly/annual reports, adaptive corrections
8. Grievance & Security	Operate GRM, log/resolve cases, and field security protocol application
9. Closure	Final external audit/validation, reporting, knowledge transfer, and completion report filed with GCF

CHAPTER 8: References

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Annex 1: Exclusion List

The following activities are **NOT ELIGIBLE** for financing under the MSMEs CST programme. If a subproject meets any point on this list, it must be automatically excluded.

- Illegal activities under Kenyan law or international agreements.
- Production or trade in weapons, ammunition, or explosives.
- Tobacco production or trading (except non-substantial involvement).
- Alcohol production/trading (except beer and wine, unless minor).
- Gambling, casinos, betting, or similar enterprises.
- Production or trade in radioactive materials
- Unbonded asbestos manufacture or trade.
- Drift net fishing with nets over 2.5 km.
- Activities requiring involuntary land acquisition, resettlement, or restricting access to land/natural resources.
- Projects likely to cause significant, irreversible, or cumulative negative environmental impacts.
- Work in protected areas, critical habitats, or biodiversity hotspots likely to cause harm.
- Major hazardous waste production or unsafe disposal (including untreated chemicals, bulk toxic or persistent substances).
- Operations that may impact cultural heritage, monuments, or sacred sites (unless authorised and with full community consent).
- Introduction, use, or trade in agrochemicals or inputs banned/restricted by the PCPB or Kenyan authorities.
- Use, promotion, or sale of genetically modified organisms (GMOs).
- Waste management activities involving open burning, unregulated landfills, or persistent organic pollutant release.
- Activities requiring fossil-fuel power generation, coal/mining, or high-emission energy systems.
- Commercial logging in primary forests or unsustainable forestry products.
- Projects that involve open water, wetlands, or areas of high conservation value without strict compliance and approval.
- Use of forced labour, child labour, or hazardous work for minors.
- Violations of core labour standards or discriminatory employment practices.
- Operations with unresolved serious past E&S complaints (including SEAH, OHS, or exclusion of vulnerable groups).
- Projects that discriminate against, or exclude, women, youth, PWDs, or indigenous/marginalised populations.
- Activities likely to generate significant community conflict or known security risks that cannot be managed by KCB Security or industry-standard protocols
- Any other activity on the official KCB Bank, GCF, or IFC exclusion list not captured above.

Annex 2: Environmental and Social Due Diligence (ESDD)

For use in all subprojects under the KCB Climate-Smart Technologies Programme

Project and Applicant Details

Field	Response
Project Title	
Project Location	
MSME/Applicant Name	
KCB Project Officer	
Screening Date	
Screening Officer(s)	
Project Sector	<input type="checkbox"/> Climate-Smart Agriculture <input type="checkbox"/> Water Management <input type="checkbox"/> Energy/Access/Clean Cooking <input type="checkbox"/> Waste Management <input type="checkbox"/> Manufacturing <input type="checkbox"/> Other
Project Type	New <input type="checkbox"/> Expansion <input type="checkbox"/> Rehabilitation <input type="checkbox"/> Other <input type="checkbox"/>

Section A: Preliminary Project Eligibility Screening

Eligibility Screening Criteria	Yes/	No	Comments/Justification
Does the project match exclusion list detailed in Annex 1?			If YES, project is not ineligible for CST Financing
Activities have significant, irreversible, or cumulative E&S risks?			If YES, project is Category A (terminate/not eligible for CST financing)
Moderate E&S impacts (can be managed with ESMP)?			Usually Category B – prepare ESMP.
Only minor/negligible risks?			Category C – apply basic safeguards.

Provide justification for Risk Category assigned:

Section B: Project E&S Screening Checklist (IFC PS, GCF ESS)

For ALL “Yes” answers, details/comments and evidence must be provided. Attach supporting documents.

Screening Checklist	Yes/ No	Details/Comments/Evidence Document (refer to ESMF annexes, docs, etc.)
PS1: Assessment and Management		
Environmental & social impacts identified and assessed?		
Is the project site-specific ESMP or management plan available?		
Stakeholder/community engagement performed?		
Grievance Redress Mechanism available, known, and accessible to stakeholders?		
Gender and vulnerable groups included in analysis and consultation?		
PS2: Labour and Working Conditions		
Labour risks, OHS gaps, or forced/child labour risks present?		
OHS plan, including PPE training protocols, incident reporting channels in place?		
Worker(s) contracts and grievance redress channels available?		
PS3: Resource Efficiency and Pollution		
Resource use (energy, water, land) significant or sensitive?		
Emissions, effluents, or hazardous waste generated?		
Pollution prevention measures identified, documented and budgeted?		
PS4: Community Health, Safety, SEAH		
Risks to local communities (health, safety, SEAH) identified?		
Emergency preparedness/response plan in place?		
Is site security or labour influx an issue?		
SEAH risks identified, mitigated, and included in ESMP?		
Survivor-centred grievances redress mechanism (GRM) and referral protocols known and accessible to stakeholders/community?		

PS5: Land Acquisition and Involuntary Resettlement		
Physical or economic displacement or land acquisition needed?		
Is a Resettlement Action Plan (RAP) or Livelihood Plan needed/triggered or provided?		
PS6: Biodiversity		
Is the project in or near protected areas critical, or sensitive habitats?		
Are impacts on ecosystem services or endangered species likely?		
Biodiversity Action Plan required?		
PS7: Indigenous Peoples, FPIC		
Are Indigenous Peoples present or potentially impacted?		
Was FPIC process undertaken/documentated?		
Is an Indigenous Peoples Plan (IPP) required or prepared?		
PS8: Cultural Heritage		
Could tangible/intangible heritage be disturbed?		
Cultural heritage management and chance-find procedures required?		
SEAH Requirements		
Gender Action Plan available and documented?		
SEAH risks assessed and survivor-centered response protocol in place?		
Is GRM SEAH-compliant and able to route referrals confidentially?		
SEAH reporting channels and tip-off options (including toll-free hotlines emails, website, SEAH Champions) clear, known, and accessible to all?		

Section C: Stakeholder Engagement and Disclosure

(Summary of Stakeholder Consultations held, indicating who, when, how many events, main issues, how each was addressed etc., - Attach consultation minutes, attendance, FPIC agreements, other disclosures as needed.)

Section D: Risk Summary, Required Actions and Monitoring Plan

Summarize key E&S risks and gaps identified, affected parties, and outline all required corrective and enhancement actions, plans, mitigation and/or monitoring (e.g., ESMP, FPIC, IPP, SEAH referral, disclosure etc.):

Section E: Risk Categorization

(Assign Category A, B, or C based on the project screening results and the guiding project risk level category definitions below:)

Category	Definition
Category A	High/significant, cumulative, or irreversible impacts – NOT eligible, or refer to PMU
Category B	Moderate impacts, manageable with specific ESMP/action plan
Category C	Minor/negligible impacts, basic mitigation sufficient

Final Risk Category Assigned for the Project: []

Section F: Safeguards Commitments and Approvals

- The applicant has received and reviewed all relevant E&S documents (ESMF policies, PS7/IP Policy, SEAH protocols, GRM...).
- All required mitigation, compensation, rights protection, and disclosure measures are contractually tied to financing agreement (Annex 17).
- KCB/Applicant MSME/Government/Community representatives' signatures below acknowledge commitment to implement and monitor all ESDD-identified requirements.

Approval and Signatures:

The undersigned confirm this screening, documentation, and categorization are complete and in compliance with KCB ESMF, IFC PS1-PS8, and GCF standards.

Name & Title	Signature	Date
Applicant/MSME Authorised Representative		
KCB Safeguards/E&S Officer		
Safeguards Team Leader/PMU		
(IP/FPIC) Community Representative (if needed)		

Required Attachments:

- Project-specific Environmental and Social Management Plans (ESMP)
- Minutes of Stakeholder Consultations
- Indigenous People's Plans (IPP) (if applicable)
- Free, Prior, and Informed Consent (FPIC) documentation (if applicable)
- SEAH/gender referral protocols and Action Plans
- Supplementary assessment, NEMA/authority permits
- Signed agreement with commitments

Annex 3: Indicative ESIA Process

Step 1: Project Screening

- Complete the E&S screening form.
- Check the exclusion list; projects with high/irreversible risks (Category A) are not eligible.
- If Category B, proceed with ESIA

Step 2: Scoping and Baseline Data Collection

- Define the project activities and potential areas of impact.
- Gather information on the environment, people, land use, water, and sensitive habitats at or near your project site.
- Identify stakeholders (local people, vulnerable groups, authorities).

Step 3: Stakeholder Engagement

- Inform and consult all relevant stakeholders (including women, youth, and indigenous groups) early and throughout the ESIA.
- Record stakeholder feedback and concerns

Step 4: Impact Assessment

- Identify and describe all potential environmental and social impacts (air, water, soil, waste, OHS, community safety, biodiversity, culture, gender, SEAH).
- Consider direct, indirect, short-term, and long-term impacts.
- Use available checklists and risk matrices for each sector

Step 5: Analysis of Alternatives

- Assess other possible siting, design, or technology approaches and explain why the proposed one was chosen.
- Show that alternatives with lower risk were considered.

Step 6: Develop Mitigation and Enhancement Measures

- For each significant impact, define measures to avoid, minimise, or compensate.
- Use the mitigation hierarchy: avoid > minimize > restore > offset.

Step 7: Prepare an Environmental and Social Management Plan (ESMP)

- Outline in a simple table for each impact:
 - What is the risk?
 - What mitigation will be done?
 - Who will do it?
 - How and when will it be monitored?
 - What is the budget, if any

Step 8: Review, Disclosure, and Approval

- Submit your ESIA to the KCB PMU and Safeguards Team (and NEMA where legally required).
- Disclose key findings to stakeholders.
- Address any required changes before final approval and implementation starts.

Annex 4: Indicative ESMP Template for Sub-projects

1. Subproject Identification
<ul style="list-style-type: none">▪ Item▪ Subproject Title▪ Location (GPS/Address)▪ MSME/Applicant Name & Contacts▪ Project Phase▪ Core Sector▪ Date of ESMP Preparation
2. Subproject Description
<ul style="list-style-type: none">▪ Brief summary (main components, duration)▪ Sketch/site map (attach if possible)▪ Main inputs (materials, energy, water, labour)▪ Main outputs (products/services, waste/emissions)
3. Legal and Policy Requirements
<ul style="list-style-type: none">▪ List relevant permits/approvals (attach copies, e.g., NEMA license)▪ National laws (EMCA, labour, land use, OHS)▪ KCB/Donor safeguard standards and exclusion list
4. Environmental & Social Risks/Impacts
<ul style="list-style-type: none">▪ Activity/aspect▪ Potential impact▪ Risk level▪ Affected parties
5. Mitigation & Enhancement Measures
<ul style="list-style-type: none">▪ Risk/impact▪ Specific mitigation/enhancement action▪ Responsible entity/person▪ Timeline▪ Monitoring/method/indicator
6. Stakeholder Engagement
<ul style="list-style-type: none">▪ List of groups/individuals consulted▪ Date/method of consultation (meeting, baraza, phone, etc.)▪ Main issues raised & actions (attach notes/register)
7. Monitoring and Reporting Plan
<ul style="list-style-type: none">▪ What to monitor▪ How/method▪ Frequency▪ Responsibility▪ reporting

Annex 6: KCB Public Disclosure and Grievance Redress Mechanism

These guidelines shall apply to the funded projects and investments that are of public interest due to our funding partners' interests and demands without contravening the local legislations and regulations, including, but not limited to, privacy and data protection of the clients and customers.

Public disclosure and stakeholder access to information under this programme are guided by the GCF Information and Disclosure Policy²⁰, as read together with the GCF Revised Environmental and Social Policy²¹, thus ensuring that environmental and social information is made available in a timely, accessible, and culturally appropriate manner, subject to legitimate confidentiality limitations.

1. E&S assessment Disclosure in line with the DFIs Information Disclosure Policy

Requirement:

I. Disclosure of Environmental and Social Reports.

KCB Bank shall avail publicly relevant environmental and social reports related to the funded projects and investments in fair, adequate and transparent communication channels as envisaged in our stakeholders' disclosure expectations. KCB Bank shall have a robust disclosure system through various channels in a bid to ensure a fair, appropriate and correct information disclosure; equal access and treatment of all participants /stakeholders; appropriate management of confidential information and in total compliance with law and regulations. The applicable communication channels include, but are not limited to, stakeholder mailing, website disclosures, etc.

KCB Bank operating entities shall endeavour to publicly disclose the following S&E documents that explicitly capture the purpose, nature, scale, project beneficiaries and key information of the DFI Funded projects. These include: -

- **Environmental and Social Impact Assessments (ESIA), Environmental and Social Management Plan (ESMP), Environmental and Social Due Diligence (ESDD), Project Stakeholders consultations and engagements reports, etc.**

- a) In the case of Category B projects, the KCB Bank operating entities' clients' Environmental and Social Impacts Assessments (ESIAs) and an Environmental and Social Management Plan (ESMP) **at least 30 days and**
- b) In the case of Category I-2 programmes, the KCB Bank operating entities' fiduciary clients' ESMS at least 30 days in advance of the KCB Bank or Development Financial Institutions (DFI) Board decision, whichever is earlier.

The reports will be available in both English and the local language (if not English). The reports will be available via electronic links in the KCB Bank's website. Funding proposals relating to projects and programmes that do not have any significant environmental or social impact (i.e., Category C project or Category I-3) shall not require any additional advance information disclosure.

II. Stakeholder Engagement

²⁰ GCF (2016). Information Disclosure Policy of the Green Climate Fund.

<https://www.greenclimate.fund/sites/default/files/document/information-disclosure-policy.pdf>

²¹ GCF (2021). Revised Environmental and Social Policy.

<https://www.greenclimate.fund/sites/default/files/document/revised-environmental-and-social-policy.pdf>

KCB Bank shall ensure effective engagement and consultation of communities and individuals, including transboundary, vulnerable and marginalised groups and individuals affected or potentially affected by its activities and projects. To guarantee the achievement of this objective, every project will include a Stakeholder Engagement Plan describing the disclosure of information, meaningful consultation and informed participation processes that will be implemented in the project in a culturally appropriate and gender-responsive manner.

All participants and community stakeholders will receive clear guidance on SEAH risk prevention, reporting options, survivor support access, and protection from retaliation, with messaging tailored for vulnerable groups (women, youth, persons with disabilities). The Safeguarding Champion and field staff are responsible for regular engagement, monitoring feedback, and updating outreach methods with lessons learned from incident reports and stakeholder feedback. Safeguarding contacts, including, confidential reporting channels, the Safeguarding Manager’s details, and toll-free tip-off numbers and email addresses will be displayed and shared in all engagement events and project documentation, in line with the KCB Foundation Safeguarding Policy as detailed in *Annex 15 on SEAH Safeguard*.

All information will be designed and undertaken in a manner that takes into consideration the risks and impacts, including, where appropriate, transboundary impacts, as well as opportunities to enhance environmental and social outcomes of the proposed activities, starting from the design and development of activities and will continue throughout the lifecycle of the activities.

2. KCB Bank Institutional Level and Executing Entity Level Grievance Redress and Accountability Mechanism (GRAM)

The Grievance Redress and Accountability Mechanism (GRAM) for the DFIs-funded projects will be addressed at two levels as discussed below:

a) Institutional Level:

- i) The Grievance and Complaint Redress Mechanism (GCRM) for funded projects and programmes will adhere to KCB Bank’s grievance redress and accountability mechanism (GRAM) applicable to complaints received from a person or a group of two or more persons or communities who have been or may be affected by adverse impacts through the failure of a project or programme, or by clients, and entities regarding DFI funded projects and programmes.
- ii) KCB Bank’s Grievance and Complaint Redress Mechanism (GCRM) for funded projects and programmes are designed to assist people negatively affected by a -funded project or programme to submit their complaints freely and have their grievances redressed. KCB Bank shall ensure that the Complaint Mechanism functions effectively, efficiently, legitimately, and independently in a manner that is accessible, equitable, predictable, transparent, and allows for continuous learning.

- iii)** The objective of the Grievance and Complaint Redress Mechanism (GCRM) for this projects and programmes is to receive complaints regarding a project or programme and forward them to the project implementers KCB Bank, respond to the complaints in collaboration with the project implementers and resolve the issues in the best possible way.

b) “Borrowers” Executing Entity Level:

- i) KCB Bank shall ensure that its executing entities establish grievance redress mechanisms at the activity level to receive and facilitate the resolution of concerns and grievances about the environmental and social performance of financed activities. These mechanisms will seek to resolve complaints in a manner that is satisfactory to the complainants and other relevant parties that will be identified, depending on the nature of the complaint.
- ii) KCB Bank shall identify where this already exists at the activity level grievance redress mechanism or establish and maintain appropriate and effective mechanisms to receive complaints and facilitate the resolution of such in connection with the DFI-financed activities.
- iii) Where KCB Bank is acting in an intermediary function, KCB Bank shall require the executing entities to fulfil the activity-level grievance mechanism requirements discussed in this document while maintaining responsibility for its grievance redress mechanism and will conduct the necessary due diligence and oversight to confirm that these requirements are fulfilled.

GRIEVANCE REDRESS PROCEDURES (GRP)

At the institutional level, the following are the operational procedures set out in detail: how complaints are to be submitted by an individual, organisation and entity, what channels are to be used for submitting complaints, how the complaints will be received, how the eligibility of the complaint will be determined, how the complaint will be solved, how to report on the complaint, and how to close the complaint. KCB Bank shall follow these procedures to handle complaints regarding projects or programmes funded by the DFI on lending programmes.

A. Rights and responsibilities of the KCB Bank Designated Group Division for Grievance and Complaint Redress Mechanism (GCRM) of funded projects and programmes:

- i) The KCB Bank shall monitor the implementation of the procedures and the effective resolution of complaints.
- ii) KCB Bank will take corrective actions to solve the issue in based on the explanations, clarifications and information received.
- iii) KCB Bank shall monitor the resolution of complaints with the comments and information received from clients and, where necessary, request additional information.
- iv) Where necessary, KCB Bank can contact the project implementers regarding complaints to have the issue solved.
- v) KCB Bank’s Grievance and Complaint Redress Mechanism (GCRM) for projects and programmes is only responsible for solving issues related to projects or programmes funded by the Bank.

B. Submitting Complaints

- i) The complaint must include the following critical information, i.e., Full name of the complainant, Phone number, Address, Email address, Name of the project or programme at issue,
- ii) Further to the above, the harm or negative impact that has been caused or is expected to be caused by the funded project or programme needs to be well-captured
- iii) Whether the complainant has contacted the project implementer or the other stakeholders to resolve the harm. If yes, the name of the point of contact, how and when the complainant contacted them, the response the complainant received and whether there is any evidence to prove the communication. If no, comments on why the complainant did not contact the project implementers (optional);
- iv) The results or the outcome the complainant expects by submitting the complaint to KCB Bank through various channels as outlined in (Vii) below. The Suggestions by the complainant on resolving the issue can also be outlined;
- v) Supporting documents, evidence or photos regarding the complaint (optional).
- vi) The complainant may submit their complaint in English or Kiswahili language.
- vii) The complainant may submit their complaint through the following channels:
 - Hand-deliver or mail the complaint in a letter form to KCB Bank's head office addressed to the Sustainability Department
 - Email the complaint to SustainabilityUnit@kcb.co.ke or contactcentre@kcbgroup.com well labelled "Complaints"
 - Submit the complaint online by filling out the online complaint form on the KCB Bank web page for the Complaint mechanism for projects and programmes.
Social media channels like X (formerly known as Twitter), Instagram, and the complaints must be well labelled.

Contact Details for SEAH-Related Complaints are as follows (See Annex 19):

- **KCB Safeguards Team Email:** kcbfsafeguarding@kcbgroup.com
- **Tip-off Email:** KCB@tip-offs.com
- **Web Portal:** www.tip-offs.com
- **Toll-free phone numbers:** **0800720990 (Kenya); 0800110025 & +27 315715795 (international)**

C. Who to Submit Complaints?

Complaints can be submitted by the following persons:

- A person or a group of two or more persons or communities who have been negatively affected or expected to be negatively affected by a funded project or programme.
 - Authorised representative of the complainant.
- i. If the complainant has requested for confidentiality and the complainant's identity does not need to be revealed to solve the issue, the identity of the complainant will be kept confidential. However, the identity of the complainant shall be disclosed to the Bank and the

Division in charge of the Grievance and Complaint Redress Mechanism (GCRM) for projects and programmes and the project or programme.

- ii. Suppose the Grievance and Complaint Redress Mechanism (GCRM) team for projects and programmes decides that the identity of the complainant must be revealed to the project implementers and the other stakeholders to solve the issue. In that case, the Complaint Mechanism will ask the complainant for their consent. If the complainant objects to revealing their identity in a situation where the identity must be revealed to solve the issue, the complaint will be dismissed on the basis that an agreement could not be reached.

D. Receiving Complaints

- i. Complaints submitted by email, S&E complaints website form or through other channels of the Bank will be registered and forwarded to the officer in charge of the Grievance and Complaint Redress Mechanism (GCRM) department within 1 business day by the Customer Service Unit and S&E complaints for projects and programmes register maintained by the Bank.
- ii. The Bank shall notify the complainant within **2 business days** that their complaint has been received.

E. Determining the Eligibility of Complaints

- i. Within 10 days after receiving the complaint, the officer in charge of the Grievance and Complaint Redress Mechanism (GCRM) for projects and programmes will determine the eligibility of the complaint by contacting or meeting the complainant to receive more information.
- ii. If the complaint includes any of the following components or attributes, the complaint shall be regarded as ineligible:
 - a) Complaints submitted 2 years after the funded project or programme has been closed;
 - b) Complaints submitted 2 years after the date that the complainant became aware of the negative impacts by a funded project or programme;
 - c) Complaints that do not relate to a funded project or programme;
 - d) Complaints submitted again regarding an issue that has been resolved by the Complaint mechanism for projects and programmes; (complaints containing elements or evidence that was previously not included can be submitted again);
 - e) Complaints submitted again regarding an issue that has been resolved by the project implementers or other parties involved;
 - f) Complaints submitted by minors or persons judged by the court as lacking legal capacity without the guardians' consent;
 - g) Complaints submitted on behalf of someone without authorisation to represent them;
 - h) Complaints that would require the breaking of the Kenyan laws or regional subsidiaries' legislations to be solved;
 - i) Complaints containing elements that are insulting, mocking, slanderous, unreasonable, or ostentatious;
 - j) Complaints submitted to gain competitive advantage;

- k) Complaints submitted regarding environmental or social issues that have been caused by illegal activities or not fulfilling their duties of an organisation that is not related to funded project or programme;
- l) Complaints that do not contain the name and information of the complainant.
- iii. If the officer in charge of the complaints determines that the complaint is eligible, the complaint will be presented to the Grievance and Complaint Redress Mechanism (GCRM) team for further processing and registered on the Grievance and Complaint Redress Mechanism (GCRM) webpage.
- iv. If the officer in charge of the complaints determines that the complaint is ineligible, the complaint will be forwarded to the direct manager, and the decision will be made either to dismiss the complaint or forward the complaint to the Customer Service Unit in the case the complaint is regarding other operations of KCB Bank.
- v. Upon determining the eligibility of the complaint, the officer in charge of the complaint will notify the complainant.
- vi. If the officer in charge of the Grievance and Complaint Redress Mechanism (GCRM) for projects and programmes determines that the complaint can be made eligible with certain changes made, the complainant will be advised to make changes to their complaint and submit it within 10 business days for it to be accepted.

F. The Problem-Solving Process

The Bank shall follow the following steps when resolving issues:

- i. To collect all evidence and information about the issue, visit the site and conduct a thorough analysis regarding the issue in a way suitable to the nature of the issue raised. In this stage, the Bank can seek assistance from an independent professional or consulting company to determine if the harm has been caused or could be caused by the -funded project or programme. If, in this stage, it is concluded that the issue cannot be solved or there cannot be more done to solve the issue, or it is proven that the harm has not been caused by a funded project or programme, the complaint will be dismissed.
- ii. Explanation, clarification and evidence will be collected from the Bank, the project implementers, and the relevant parties. If, in this stage, it is found that the issue is being addressed by the project implementer and the relevant parties, it will be taken into consideration.
- iii. The officer in charge of the complaint shall present the findings to their direct manager to receive further guidance on resolving the issue.
- iv. Upon discussing the issue with the relevant parties, the Bank shall determine the actions to be taken to reduce or mitigate the negative impact that has been caused or is expected to be caused by a funded project or programme and to redress the grievances of the complainant.
- v. The final decision will be made upon approval by all of the parties involved.
- vi. If the harm has been caused or it is proven that a situation has arisen where harm could be caused because of the Bank's non-compliance with its own policy and procedures, corrective measures will be taken to ensure the same breaches will not be repeated again. If the issue has

been caused by an employee's unethical behaviour, the issue will be forwarded to the relevant Division for appropriate disciplinary measures as per the Bank's policies.

- vii. If the complaint cannot be solved by the Grievance and Complaint Redress Mechanism (GCRM) team for projects and programmes, the issue will be presented and forwarded to the relevant Bank Officer in-charge to be resolved.
- viii. The Bank will contact the complainant and present the solutions to resolve the complaint as the outcome of the previous steps. If the complainant agrees to the solutions offered, the implementation will be initiated. If the complainant objects to the solutions offered by the Complaint mechanism for projects and programmes, further solutions will be offered based on discussion with the relevant parties.
- ix. If the Grievance and Complaint Redress Mechanism (GCRM) for projects and programmes decides that the requirements of the complainant are not possible to be met and it is evident that an agreement cannot be reached with the complainant, the complaint will be dismissed, and the complainant will be notified.
- x. After the complaint has been resolved, the Bank will prepare a Complaint resolution report on the complaint resolution, the outcome, and the next steps to take.
- xi. The report will be delivered to relevant parties for their approval. If the report is approved by the relevant parties, the report will be finalised and posted on the webpage of Complaint Mechanism for projects and programmes within 5 business days. If the relevant parties object to disclosing the report, short description of the complaint and the outcome of the problem-solving process will be posted on the complaint's registry section of the webpage, and the status of the complaint will be changed to 'resolved'.

G. Monitoring

- i. The issue will be kept open for two years after the issue has been solved based on mutual agreement of all parties. During this period, Grievance and Complaint Redress Mechanism (GCRM) will be open to receiving feedback and comments and shall monitor the process.
- ii. The complaint will be closed 2 years after the decision has been made to resolve the complaint. The complaint status will be updated within 5 business days after the complaint has been closed.

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Annex 7: Emergency Preparedness and Response Plan (EPRP)

1. INTRODUCTION

This Emergency Preparedness and Response Plan (EPRP) establish the framework for anticipating, managing, and mitigating potential emergencies across all subprojects and operations under the KCB MSMEs CST Project in Kenya. It is designed to protect the safety of personnel, beneficiaries, communities, and the environment, and to ensure project continuity. The plan aligns with Kenyan regulatory requirements, Green Climate Fund (GCF) Revised Environmental and Social Standards, and best international practices.

2. OBJECTIVES

- i. Promptly identify, assess, and respond to foreseeable emergency scenarios related to project activities.
- ii. Minimise adverse impacts on people, property, the environment, and project outputs.
- iii. Establish clear roles, communication channels, and coordination mechanisms for all stakeholders.
- iv. Provide necessary training, resources, and continual improvement mechanisms for emergency management.

3. POTENTIAL EMERGENCY SCENARIOS

The following emergencies may arise during project implementation and operation:

- i. Natural hazards: Floods, droughts, storms, and landslides.
- i. Project-related incidents: Fires (greenhouses, waste facilities), explosions, hazardous spills/leaks, structural collapses, and electrical accidents, etc.
- i. Health emergencies: Outbreaks (zoonoses, pandemics, food/waterborne diseases).
7. Security/safety incidents: Violence, theft, vandalism, unrest, conflict.
7. Technological failures: Major power outages, system failures in water/energy/cold chain facilities.
- i. Environmental accidents: Unintended pollution (air, water, soil), hazardous waste incidents.

vii. Transport/logistics accidents: Vehicle accidents, breakdowns affecting the distribution of goods/inputs.

4. EMERGENCY PREPAREDNESS MEASURES

i. Risk Assessment & Planning:

- All subprojects must complete emergency risk mapping and vulnerability assessments before implementation.
- Site-specific EPRP protocols to be developed and posted at each project site.

ii. Prevention & Readiness:

- Ensure emergency equipment (fire extinguishers, first aid kits, spill containment, PPE) is available and regularly checked.
- Hazardous substances (fuels, biogas, agrochemicals) secured and labelled.
- Critical infrastructure and escape routes are identified, marked, and maintained.
- Memoranda of Understanding with local emergency services are in place.

iii. Training & Simulation:

- Annual training for staff and local stakeholders on emergency scenarios relevant to their site/role.
- Regular drills (at least biannual) for evacuation, fire response, first aid, and spill management.
- Language-adapted materials and pictograms for all training.

iv. Communication:

- Emergency contact lists displayed in accessible locations (including local authorities and project focal points).
- Multi-channel alert systems (SMS, radio, loudspeaker, community mobilizers).
- Key roles in communication assigned and rehearsed (e.g., spokesperson, notifier of authorities).

5. RESPONSE PROCEDURES

- Prioritise life safety (rescue, first aid, evacuation).
- Contain hazards if safe (cut power/gas, initiate spill control procedures).
- Notify appropriate emergency services and project management without delay.

Annex 8: Chance Find Procedures

1. INTRODUCTION

Chance finds are defined as the unexpected discovery of culturally significant artefacts, sites, or materials, including archaeological, paleontological, historical, or spiritual items during project implementation. The KCB MSMEs CST Project is committed to respecting Kenya's cultural heritage and complying with national and international legal requirements, including the National Museums and Heritage Act (2006) and GCF Environmental and Social Standards.

2. OBJECTIVES

- i. Establish systematic procedures to protect chance finds during all CST project activities.
- ii. Ensure the prompt, transparent, and responsible reporting of chance finds.
- iii. Define clear roles and responsibilities for all project stakeholders.
- iv. Comply fully with Kenyan regulatory requirements and international good practice.
- v. Prevent unauthorised removal, damage, or loss of cultural property.

3. LEGAL AND POLICY CONTEXT

- i. National Museums and Heritage Act, 2006 (Kenya): Mandates protection of moveable and immovable heritage, notification of finds, and official oversight of conservation.
- ii. GCF Revised Environmental and Social Policy (2021) IFC Performance Standards PS8: Require preservation of cultural heritage in all project operations.
- iii. Other Guidelines: UNESCO conventions, IFC Performance Standards, and county laws as applicable.

4. SCOPE OF APPLICATION

This annex applies to all MSMEs CST project activities, including construction, land disturbance, drilling, excavation, and any movement of earth or major facility installation in both rural and peri-urban locations.

5. CHANCE FIND PROCEDURE: STEP-BY-STEP

5.1. *Discovery and Initial Action*

- i. All project staff, contractors, MSMEs, or community workers must cease all work in the immediate area upon the uncovering of any item or site that may be of cultural, historical, or archaeological significance.
- ii. Secure the area with a clearly marked safety perimeter. No removal, touching, or alteration of the find is permitted.

5.2. Immediate Notification

- i. Report the find to the site supervisor and KCB CST Project Management Unit (PMU) Safeguards Officer.
- ii. The Safeguards Officer will officially log the find and immediately notify:
 - County Commissioner and/or local administration
 - County Directorate of Culture or National Museums of Kenya (NMK) representative

5.3. Protection and Documentation

- i. Site supervisor arranges for 24-hour security or watch over the site/find area until authorities arrive.
- ii. Take GPS coordinates, photographs (without moving objects), and a brief written description.
- iii. Restrict all access except for responsible personnel and mandated officials.

5.4. Regulatory Assessment

- i. The NMK or authorised cultural heritage agency will visit, assess the significance, and determine necessary actions (e.g., excavation, protection, documentation).
- ii. The agency will also provide written authorisation and conditions for resuming work or for further site management.
- iii. Any key findings are reported to KCB and included in quarterly E&S performance reports.

5.5. Suspension of Works

- i. Project activities in the impacted area remain suspended until clearance is given in writing by the relevant agency.
- ii. If the find is discovered during construction in active MSME or loan portfolio projects, project implementation at the site must pause as above.

5.6. Mitigation and Management

- i. If significant cultural heritage is found, a management plan is developed in collaboration with NMK/county authorities and community leaders.

- ii. The plan may detail site avoidance, recovery, documentation, conservation, or, where necessary, relocation.
- iii. Full community consultation is mandatory for any ongoing management affecting access or use of the area.

5.7. Resumption of Works

- i. Clearance to resume must be in written form, with any conditions clearly documented and communicated to the contractor, MSME, or project team.
- ii. Implement any mitigation or monitoring measures recommended by authorities.
- iii. Update all site staff on procedures and lessons learned.

Annex 9: Culture and Heritage Protocols

1. OBJECTIVES

- i. Protect and preserve cultural heritage, archaeological, historical, natural, spiritual, and living traditions throughout the project lifecycle.
- ii. Prevent adverse impacts from project activities on heritage sites, artefacts, practices, and expressions.
- iii. Promote meaningful consultation and benefit sharing with affected communities, especially in regions with marginalised or indigenous groups.
- iv. Fulfil all national and international compliance obligations regarding cultural heritage.

2. DEFINITIONS

Cultural Heritage: Includes tangible (movable or immovable) objects or sites of archaeological, historical, artistic, religious, or natural value, as well as intangible forms such as traditions, oral expressions, performing arts, rituals, traditional knowledge, etc.

Chance Finds: Unexpected discoveries of heritage items/sites during project execution (*see separate Chance Find Procedures Annex 9*).

Intangible Heritage: Non-physical assets such as language, music, knowledge, ceremonies, folklore, and craftsmanship.

3. PROTOCOLS AND PROCEDURES

3.1. *Screening and Baseline Assessment*

- i. All subprojects must undergo screening to determine the presence or likelihood of heritage sites, objects, or intangible cultural elements within project influence areas.
- ii. Baseline studies should leverage local knowledge, involve community elders, and consult county records and the National Museums of Kenya.

3.2. *Avoidance and Minimisation*

- i. Project design should seek to avoid heritage sites and minimise intervention near identified cultural resources.
- ii. No removal, alteration, or disturbance of heritage assets is permitted without written authorisation from the National Museums of Kenya or relevant county authorities.

3.3. *Consultations and Community Engagement*

- i. Engage affected communities, including custodians of tangible and intangible heritage, in culturally appropriate ways (e.g., barazas, council of elders, local language facilitators).
- ii. Apply Free, Prior and Informed Consent (FPIC) if heritage issues potentially impact indigenous or marginalised groups.

3.4. Protection and Management

- i. Establish buffer zones around physical heritage sites, supported by relevant signage and physical barriers if needed.
- ii. Map and document heritage sites and practices in project-affected locations in coordination with authorities and communities.
- iii. Implement protective measures for intangible heritage—such as supporting intergenerational transmission, documentation, or ceremonies—when risks are identified.

3.5. Commercial Use of Cultural Knowledge

- i. No traditional knowledge, practices, or community cultural expressions may be used for commercial project purposes without formal agreement, adequate benefit sharing, and respect to community rights.
- ii. IP rights and relevant community protocols must be honoured at all times.

3.6. Chance Find Procedures

Follow the “Chance Finds” protocol immediately if unanticipated artefacts, sites, or heritage items are discovered; suspend works and inform relevant authorities without delay (Refer to Annex 9 for comprehensive Chance Find Protocol).

Documentation and Reporting

- i. Maintain detailed records of all heritage consultations, agreements, and management actions.
- ii. Report all heritage management actions in regular project environmental and social performance reports.

Annex 10: Biodiversity Management & Protection Plan

1. OBJECTIVES

1. Avoid, minimise, or offset negative impacts on biodiversity, habitats, and ecosystem services.
2. Ensure project activities support conservation, ecosystem health, and sustainable use of natural resources.
3. Fulfil national legal and donor requirements for biodiversity protection.
4. Build local capacity for biodiversity-friendly MSME and community practices.

2. SCOPE AND APPLICABILITY

This BMP applies to all MSME CST Project components, especially those in:

- v. Agriculture, water management, and agro-processing adjacent to forests, wetlands, rivers, or natural habitats.
- vi. Renewable energy, mini-grids, or infrastructure sited in/near conservation or biodiversity-rich zones.
- vii. Waste management or value chains affecting terrestrial or aquatic ecosystems.

Activities are excluded if located within gazetted protected areas or if significant, irreversible biodiversity loss is likely to happen.

Mitigation Hierarchy

Avoidance: Site selection to steer projects away from sensitive habitats, endangered species' ranges, and critical ecosystem services.

Minimisation: Adoption of best practices (e.g., climate-smart agriculture, buffer zones, use of indigenous species, reduction in pesticide/fertiliser use). Seasonal scheduling to avoid breeding/migration periods.

Restoration: Rehabilitate disturbed areas with native vegetation, restore riparian zones after works.

Annex 11: Agrochemical Management Plan (AMP)

1. OBJECTIVES

1. Ensure that all agrochemicals use in CST-supported activities is safe, environmentally responsible, and in line with best practices and legal requirements.
2. Prevent and mitigate adverse impacts on farmers, workers, local communities, and ecosystems.
3. Build capacity among MSMEs and stakeholders for effective, safe, and sustainable pest and agrochemical management.
4. Strengthen monitoring, traceability, and accountability throughout the project lifecycle.

5. SCOPE OF APPLICATION

This agrochemicals management annex applies to all CST subprojects and MSMEs involved in agriculture, horticulture, livestock, storage, and processing activities that may involve:

- i. Chemical pesticides, herbicides, fungicides, acaricides, nematicides, rodenticides, and other inputs.
- ii. Fertilisers and chemical soil amendments.
- iii. Other agrochemical substances with known risk profiles.

6. AGROCHEMICAL RISK ASSESSMENT

6.1. *Pre-Procurement Screening*

- Only PCPB-registered agrochemicals may be purchased or distributed under the project.
- Exclude chemicals classified as “WHO Class Ia or Ib” (extremely/highly hazardous), banned substances, or those prohibited by Kenyan law or GCF.
- Review environmental and health hazard labels before approval.

5.2. *Alternatives Assessment*

- Preference for integrated pest management (IPM), biological control, and cultural/physical pest and weed management methods.
- Use of agrochemicals only when safer alternatives or good agricultural practices are inadequate.

7. PROCUREMENT, TRANSPORT, AND STORAGE

7.1. *Procurement*

- Bulk procurement only from certified suppliers with traceability and safety data sheets (SDS) for each product.
- No repackaging or decanting of chemicals outside certified facilities.

7.2. *TRANSPORT*

- Licensed transporters only.
- Chemicals must be transported in original, sealed containers.
- No co-mingling with food, seed, or feed.

7.3. STORAGE

- Dedicated, ventilated, locked storage structures separate from food, water sources, and livestock.
- Storage areas must be equipped with spill kits, PPE, and warning signage.
- Access restricted to authorised, trained personnel only.

8. USE AND HANDLING

8.1. *Safe Application*

- Follow manufacturer's label on dosage, dilution, crops, and re-entry intervals.
- Use of PPE (gloves, masks, goggles, boots, overalls) is mandatory.
- Equipment must be regularly checked for leaks or malfunctions.
- Spray only under favourable weather (avoid strong wind/rain).

8.2. *Worker and Community Safety*

- No spraying by pregnant women, children, or untrained persons.
- Buffer zones of at least 100m to water bodies, schools, and homes.
- Pre-spray notification for surrounding communities.

8.3. *Training and Awareness*

- All staff, MSME operators, and farmers provided with training on IPM, safe handling, storage, and emergency procedures.
- Refresher courses at least annually or at the start of the growing season.

9. DISPOSAL AND ENVIRONMENTAL PROTECTION

- **Container Disposal:** Triple rinse, puncture, and render empty containers unusable before handover to licensed waste collectors or certified collection centres.
- **Expired/Unusable Products:** Collected and disposed of via licensed hazardous waste companies following national and international protocols.
- **Spill Management:** Immediate containment and clean-up by trained personnel using designated kits.
- **Prohibit burning, burying, or open dumping of any agrochemical/container**

LIST OF BANNED/RESTRICTED AGROCHEMICALS (UPDATED ANNUALLY)

Purpose:

To provide a reference list of agrochemicals banned or severely restricted by the Pest Control Products Board (PCPB) in Kenya²², including those classified as WHO Class Ia (extremely hazardous) and Class Ib (highly hazardous)²³ as well as substances prohibited by the project or GCF policy.

This tool/reference list will be applied at the screening level, especially for MSMEs and projects within the Climate-Smart Agriculture core area, to determine whether the activity/MSME qualifies for financing or is excluded. It will also be used throughout the project to guide MSMEs on compliance.

The table – **Kenya’s 2025 Restricted and Banned Agrochemicals** - presents the list of key agrochemicals banned or severely restricted in Kenya as of 2025. This list references both national and international authority actions, including the WHO hazard classification and reflects the policies of the GCF and relevant international conventions, including the Stockholm Convention²⁴, Rotterdam Convention²⁵, the Montreal Protocol²⁶.

Any activity or MSME dealing with one or more of the restricted agrochemicals, whether in terms of usage, production, handling, or distribution of any of the listed agrochemicals, is excluded from the MSMEs CST financing (*See Annex 1/Project Exclusion list and ESDD Checklist*).

²² Pest Control Products Board. (2025). Banned pesticides in Kenya.

https://www.pcpb.go.ke/downloads/BANNED_PESTICIDES_IN_KENYA.pdf

²³ World Health Organisation (2019). WHO recommended classification of pesticides by hazard and guidelines to classification 2019 edition. World Health Organisation.

<https://www.who.int/publications/i/item/9789240005662>

²⁴ Stockholm Convention on Persistent Organic Pollutants. (2001). United Nations Treaty Series, 2256, 118.

<https://www.pops.int/TheConvention/Overview/TextoftheConvention/tabid/2232/Default.aspx>

²⁵ Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade. (1998). United Nations.

<https://www.pic.int/TheConvention/Overview/TextoftheConvention/tabid/1048/>

²⁶ Montreal Protocol on Substances that Deplete the Ozone Layer. (1987). United Nations Environment Programme. <https://ozone.unep.org/treaties/montreal-protocol>

Note: This list is indicative and not exhaustive. Supported implementers/MSMEs and KCB Safeguards team and PMU will be required to regularly refer to the most recent lists from the Kenya Pest Control Products Board (PCPB), GCF, NEMA Kenya, WHO and international treaties for annual updates and compliance checks

Kenya's 2025 Restricted and Banned Agrochemicals

Agrochemical Name	Active Ingredient	Classification (WHO/PCPB)	Restriction Status	Reason for Ban/Restriction	Reference/Authority
Aldicarb	Aldicarb	WHO Ia (extremely hazardous)	Banned in Kenya and by GCF	Acute toxicity	PCPB, GCF, WHO
Methyl bromide	Methyl bromide	Ozone depleting	Banned	Environmental risk	PCPB, Montreal Protocol
DDT	DDT	Persistent Organic Pollutant	Banned	Environmental/persistence	PCPB, Stockholm Convention
Paraquat	Paraquat	WHO II	Restricted	Human health risk	PCPB
Chlordane	Chlordane	Persistent Organic Pollutant	Banned	Environmental & health risks	PCPB, Stockholm Convention
Lindane	Lindane	WHO II, POP	Banned	Environmental persistence, health risks	PCPB, Stockholm Convention
Acephate	Acephate	WHO III	Banned	Human health risks (neurotoxicity)	PCPB
Chlorothalonil	Chlorothalonil	WHO II	Banned	Carcinogenicity, environmental risk	PCPB
Diuron	Diuron	WHO III	Banned	Environmental contamination	PCPB
Alachlor	Alachlor	WHO II	Banned	Carcinogenicity	PCPB, International Conventions
Ethylene dichloride	Ethylene dichloride	WHO II	Banned	Health/environmental risk	PCPB
Pymetrozine	Pymetrozine	WHO II	Banned	Health/environmental risk	PCPB
Thiacloprid	Thiacloprid	WHO II	Banned	Toxicity	PCPB
POE Tallow Amine	POE tallow amine	Adjuvant, surfactant	Banned	Human and ecological toxicity	PCPB
Kasugamycin	Kasugamycin	WHO III	Banned	Risk to human health	PCPB
Pyridalyl	Pyridalyl	WHO II	Banned	Safety/environmental concerns	PCPB
2,4,5-T	2,4,5-Trichlorophenoxy	WHO II, POP	Banned	Carcinogenicity, environmental risks	PCPB, International Conventions
Endosulfan	Endosulfan	WHO II, POP	Banned	Neurotoxicity, persistence	PCPB, Stockholm Convention

Mancozeb	Mancozeb	WHO U, Carcinogenic (IARC)	Under review/restricted	Carcinogenicity (thyroid/reproductive harm)	PCPB
Chlorpyrifos	Chlorpyrifos	WHO II	Restricted	Acute/chronic toxicity, neurotoxicity	PCPB
Dimethoate	Dimethoate	WHO II	Restricted	Acute toxicity, potential environmental risk	PCPB
Imidacloprid	Imidacloprid	WHO II	Restricted (non-open field)	Environmental/neonicotinoid risk	PCPB
sAbamectin	Abamectin	WHO II	Restricted (non-open field)	Highly toxic in open environments	PCPB
Propineb	Propineb	WHO III	Banned for edible crops	Health/environmental risk	PCPB
Iprodione	Iprodione	WHO U/III	Banned for edible crops	Health/environmental risk	PCPB
Oxydemeton-methyl	Oxydemeton-methyl	WHO I	Banned/pending review	Acute neurotoxicity	PCPB
2,4-D Amine	2,4-D Amine	WHO II	Restricted (no use in coffee)	Risk to crops/human health	PCPB
Glyphosate	Glyphosate	WHO U/IARC Carcinogenic (probable)	Under review/restricted	Carcinogenicity, environmental persistence	PCPB, IARC
Carbendazim	Carbendazim	WHO II	Banned/pending review	Carcinogenicity, reproductive risks	PCPB, IARC
Synthetic pyrethroids	Lambda-cyhalothrin, Cypermethrin, Deltamethrin	WHO II/III	Under review/restricted	Neurotoxicity, persistence	PCPB
Pyriproxyfen	Pyriproxyfen	WHO III	Restricted	Ecological risk (aquatic)	PCPB

Annex 12: Occupational Health and Safety (OHS) Procedure

1. OBJECTIVES

- Prevent workplace accidents, injuries, and illnesses across all CST project sites and interventions.
- Ensure all project activities and worksites conform to national and international OHS requirements.
- Promote an OHS culture among KCB staff, MSMEs, contractors, service providers, and communities.
- Integrate hazards identification, risk assessment, and response throughout the project lifecycle.

2. HAZARD IDENTIFICATION AND RISK ASSESSMENT

- i. Conduct a baseline OHS risk assessment at the start of all subprojects.
- ii. Identify common hazards: physical (machinery, heights, slips), chemical (pesticides, fuels), biological (zoonoses, wastes), ergonomic, psychosocial, and electrical.
- iii. Maintain a Site Risk Register to record and update hazards, controls, incidents, and corrective actions.

3. SAFE WORK PROCEDURES

3.1. *General Safe Practices*

- i. Enforce use of appropriate PPE (helmets, gloves, boots, eye protection, respirators, high-visibility vests).
- ii. Provide site safety induction for all staff, visitors, and contractors before starting work.
- iii. Ensure proper lifting techniques, machine guarding, clear walkways, and fall protection at elevated worksites.

3.2. *Specific Activity Guidance*

- i. Chemical handling and storage per Agrochemical Management Annex 11.
- ii. Lockout/tagout protocols for machinery maintenance.
- iii. Working in confined spaces only with a permit, atmospheric monitoring, and buddy systems.
- iv. Special protocols for hot work (welding, cutting), electrical installation, and working at heights.

3.3. Community and Environmental Protection

- i. Erect signage and barriers at dangerous work zones.
- ii. Inform and protect nearby residents during potentially hazardous activities (e.g., spraying, excavation).
- iii. Manage site access to authorised, trained personnel only.

4. INCIDENT REPORTING, INVESTIGATION, AND RESPONSE

- i. All accidents, near-misses, and health incidents must be reported within 24 hours via the standard Incident/Accident Report Form.
- ii. Immediate on-site response: first aid, evacuation, hazard containment as required.
- iii. Incident investigation by OHS focal persons, root cause analysis, and reporting to PMU and regulatory agencies.
- iv. Implementation and follow-up of corrective/preventive measures.

Annex 13: Livelihood Asset Vulnerability Plan (LAVP)

1. INTRODUCTION

This LAVP Annex provides a structured framework for identifying, assessing, and managing risks to the livelihood assets of individuals and communities affected by the implementation of KCB's MSMEs Climate-Smart Technologies (CST) Project. The plan aligns with Kenya's Vision 2030, national climate policy, GCF guidelines, and KCB's social inclusion commitments. It ensures that project interventions enhance, rather than undermine, beneficiaries' capacity to build resilience, sustain assets, and attain equitable economic benefits from CSTs.

2. OBJECTIVES

- i. Identify asset-based vulnerabilities across all targeted CST sectors and interventions.
- ii. Guide project implementers and partners in screening, mitigating, and monitoring risks that could negatively impact people's livelihoods.
- iii. Embed practical, actionable mitigation and safeguard measures into project design and delivery.
- iv. Provide accountability to KCB, beneficiaries, and partners by setting out clear roles and monitoring targets.

3. LIVELIHOOD ASSET FRAMEWORK

This LAVP adopts the "Five Capitals" approach, examining how project interventions affect:

1. **Natural Capital:** soil, water, biodiversity, forests, fisheries, land
2. **Physical Capital:** infrastructure, tools, technologies, equipment
3. **Human Capital:** skills, knowledge, health, labour capacity
4. **Financial Capital:** savings, income, access to credit, productive assets
5. **Social Capital:** networks, organisations, trust, cultural heritage

4. SECTORAL ASSET VULNERABILITY AND MITIGATION MATRIX

1. CLIMATE-SMART AGRICULTURE

Technology/Activity	Assets at Risk	Key Vulnerabilities	Safeguard/Mitigation Measures
Drought-resilient crops	Natural, human, financial	Loss of local varieties, market dependency, and input overuse	Community seed banks, participatory breeding, extension training, FPIC
Livestock improvements	Natural, social, financial	Overgrazing, gender exclusion, loss of mobility	Rotational grazing, mobile vet clinics, inclusive training, gender quotas
Greenhouse tech	Physical, financial, natural	Upfront costs, groundwater overuse, ecosystem conversion	Targeted subsidies, water permitting, EIA screening, group greenhouses
Post-harvest/cold chain	Physical, human	Exclusion of women/youth, skill gap, energy intensity	Youth/women cooperatives, solar power, targeted training

2. WATER MANAGEMENT

Technology/Activity	Assets at Risk	Key Vulnerabilities	Safeguard/Mitigation Measures
Drip irrigation, metering	Natural, physical	Inequitable access, misuse, tech illiteracy	Water user committees, local-language training, transparent allocation
Rainwater harvesting	Physical, natural, financial	Uneven distribution, lack of O&M	Communal storage, gender-priority targeting, WASH committees
Hot water recirculation	Physical, financial	Low adoption, abandonment, and cost barriers	Feasibility studies, peri-urban targeting, local technician training

3. WASTE MANAGEMENT

Technology/Activity	Assets at Risk	Key Vulnerabilities	Safeguard/Mitigation Measures
Biogas plants	Natural, physical, financial	Feedstock competition, air quality, affordability	Feedstock planning, ventilation standards, access to finance
Bio-digesters, composting	Natural, human, social	Odour/handling issues, resistance, technical gap	Community awareness, O&M training, user buy-in processes

4. ENERGY EFFICIENCY AND CLEAN MANUFACTURING

Technology/Activity	Assets at Risk	Key Vulnerabilities	Safeguard/Mitigation Measures
Solar for industries	Physical, financial, natural	Land conflicts, minimal jobs, limited local benefit	Rooftop/brownfield focus, local installer training, labour compliance
Efficient motors/ICT	Financial, human, physical	MSME exclusion, electronic waste	Targeted MSME grants, e-waste recycling schemes, technical support
Green retrofits	Physical, human, natural	Retrofit hazards, high material cost	Safety audits, local materials promotion, labour safety protocols

5. RELIABLE RENEWABLE ENERGY AND CLEAN COOKING

Technology/Activity	Assets at Risk	Key Vulnerabilities	Safeguard/Mitigation Measures
Clean cookstoves/biogas	Physical, human, financial	Inequality in access, fire risks	Subsidies for vulnerable HHs, safety training, carbon finance schemes
Mini grids/Solar Home	Physical, social, financial	Exclusion of remote HHs, land disputes, and technical gap	Decentralised planning, FPIC processes, vocational training
Solar appliances	Physical, financial, human	E-waste buildup, remote maintenance	Take-back recycling, local technician incubators

5. LAVP ACTION PLANNING TABLE

Vulnerability	Safeguard/Mitigation Measure	Timeline	Responsible	Budget

Loss of indigenous crop varieties	Seed banks, participatory breeding, extension training	Yr 1–2	KCB, County Agriculture Department, NGOs	TBD
Gender exclusion in livestock/fisheries	Mobile outreach, quotas, inclusive extension services	Yr 1–2	KCB, Gender Office, NGOs	TBD
High upfront tech costs	Targeted financing, MSME group subsidies	Yr 1–2	KCB, PFIs, MSME Authority	TBD
Water access inequity	Community WUA, water allocation planning	Annually	CBOs, Water Department	TBD
Exclusion from value chains	Contract farming, digital platforms, local hubs	Yr 1–3	MSME Authority, Ag Extension	TBD
Community conflict over water/land	FPIC, public barazas, transparent site selection	Ongoing	KCB PMU, Sub-County administrator	TBD
Technical skill gaps	Vocational training, demo centres, incubators	Annually	TVETs, NGOs, KCB Foundation	TBD
E-waste & O&M challenges	Take-back schemes, recycling partnerships, O&M manuals	Yr 2–3	NEMA, Solar Companies	TBD

5. MONITORING AND REPORTING

Indicator	Frequency	Responsible Entity
Asset vulnerability screenings completed	Quarterly	KCB Safeguards Unit
% women/youth participation in asset programs	Biannual	Project M&E Teams
Safeguard measures implemented per vulnerability	Annual	County Focal Points
Grievance/complaint cases resolved	Ongoing	Grievance Committee
Technical support sessions held	Annual	MSME, TVET, KCB

Annex 14: Waste Management and Pollution Prevention Plan (WMPPP)

1. OBJECTIVES

- i. Prevent and minimise the generation and adverse impact of solid, liquid, and hazardous wastes across all project activities and sites.
- ii. Ensure environmentally sound, cost-effective, and inclusive waste collection, handling, storage, recycling, treatment, and disposal.
- iii. Build MSME, community, and partner capacity to manage waste and pollution in compliance with Kenyan and donor standards.
- iv. Reduce project-related pollution of air, water, and soil, and protect public health and biodiversity.

2. SCOPE AND APPLICABILITY

This plan applies to all CST subprojects and supply chains, particularly:

- i. Agriculture, agro-processing, and livestock (organics, plastics, agrochemicals).
- ii. Water and energy projects (sludge, e-waste, oils).
- iii. Manufacturing, renewable energy, and allied industries (solids, chemicals, metal scraps).
- iv. Community, peri-urban, and rural settings.

3. WASTE TYPES, RISKS, AND SOURCES

Waste Stream	Typical Sources	Risks & Impacts
Organic/biodegradable	Crop residues, food waste, manure, sludge	Odours, GHG, soil/water contamination
Inorganic (non-hazardous)	Plastics, metals, packaging, glass	Litter, choking hazards, landscape impact
Hazardous (chemicals, e-waste)	Pesticide containers, solvents, batteries	Acute/chronic health, water/soil harm
Wastewater/runoff	Processing, washing, runoff	Eutrophication, pathogen spread, pollution
Medical & sharp waste	First aid, animal health	Disease, injury, regulatory breaches

4. WASTE MANAGEMENT HIERARCHY

The following hierarchy applies to all activities, in order of descending preference:

1. Prevention: Avoid procurement and/or use of materials likely to generate waste.
2. Minimisation: Adopt efficient technologies and processes.
3. Reuse: Identify materials that can be safely reused on-site or off-site.
4. Recycling: Channel suitable waste to local collectors, recyclers, or circular-economy projects.
5. Energy Recovery: Convert appropriate organics to biogas or compost; support local waste-to-energy.
6. Safe Disposal: Non-recyclables and/or hazardous waste disposed through licensed service providers and in NEMA-approved sites only.

5. REQUIREMENTS & PROCEDURES

5.1 Waste Segregation and Storage

- i. Segregate at source into colour-coded, clearly labelled containers (organics, recyclables, hazardous, e-waste, sharps).
- ii. Secure, ventilated storage areas; impervious flooring for hazardous/chemical wastes.
- iii. No open dumping, burning, or unapproved landfill disposal.

5.2 Collection & Transport

- i. Engage NEMA-licensed service providers for all off-site waste movement.
- ii. Use sealed, leak-proof vehicles and proper PPE for handlers.
- iii. Maintain manifests and receipts for transfer and final disposal.

5.3 Hazardous & Special Wastes

- i. Triple rinse and puncture agrochemical containers before handing to licensed collectors.
- ii. Store e-waste separately and/or partner with registered e-waste recycling firms.
- iii. Immediate, safe response to spills – maintain spill kits and staff training at all project sites, especially where machinery is operated.
- iv. Medical waste and other sharps waste should be disposed of via authorised health waste routes.

5.4 Wastewater Management

- i. Pre-treatment (grease traps, sedimentation) before release to sewer/natural environment.
- ii. No direct discharge into water bodies, wetlands, or stormwater drains; comply with local effluent standards.
- iii. Repair leaks promptly; maintain records of maintenance and sampling.

5.5 Community and MSME Engagement

- i. Train MSME/partner staff and community in waste minimisation, safe handling, and reporting.
- ii. Promote behavioural change: source separation, composting, plastic reductions, waste-to-value.
- iii. Collaborate with county, private sector, and NGOs on local recycling/value-chain initiatives.

Annex 15: SEAH Framework for KCB MSMEs CST Project – Kenya

1. INTRODUCTION

SEAH risks across sectors and geographies of the CST project, may be heightened due to lack of awareness; operations in remote and decentralised areas; labour interactions with vulnerable groups especially women, youth, indigenous peoples, PWDs, informal workers; limited access to independent and safe SEAH redress and response mechanisms, especially in the rural areas etc. *(See section 4.4. and Sample ESMP Tables 10-14 for more details on Sectoral and Sub-project SEAH Risk, Mitigation, indicators, and monitoring).*

To address the challenges, KCB shall undertake dedicated SEAH training and awareness-creation activities throughout the life of the Project, ensuring communities are informed of potential project-related SEAH risks, how to prevent them, and how to access support and safe, effective redress mechanisms. Information will be shared via community meetings, sensitization campaigns, posters at project sites, and digital communications. Safeguarding contacts including confidential reporting channels, the Safeguarding Manager's details, and tip-off numbers will be displayed and shared in all engagement events and project documentation, in line with the KCB Foundation Safeguarding Policy and Annexes 6, 17-18. All MSMEs will be required to adhere to this framework and develop the internal mechanisms to ensure compliance. KCB will conduct annual SEAH training refresher courses to monitor progress and ensure compliance.

2. SEAH DEFINITIONS

- i. Sexual Exploitation is any form of abuse of power, trust, or vulnerability for sexual purposes, including offering benefits in exchange for sexual acts.
- ii. Sexual Abuse is the actual or threatened physical intrusion of a sexual nature, often under coercive conditions.
- iii. Sexual Harassment is any unwelcome sexual advances, requests for sexual favours, or other verbal or physical conduct of a sexual nature that creates an intimidating or offensive environment.

These acts may involve project staff, beneficiaries, contractors, or any parties interfacing with the CST Project.

3. KEY SEAH PREVENTION MEASURES

Action	Application
Inclusion of SEAH prevention in Codes of Conduct	Signed by KCB staff, PFIs, contractors, service providers, and loan recipients
SEAH Training and Induction	Provided to all CST actors: community, employees, lenders, extension officers, MSMEs and cooperative leads
Sector-Specific Risk Guidance	Mandatory inclusion in ESMPs and contracts
Community Awareness Campaigns	Delivered in accessible formats and local languages during barazas, consultations, and roadshows in rural counties
Gender-Sensitive Design	e.g., Separate sanitation facilities, secure sleeping & working places (especially for vulnerable groups)

(See Section 4.4 ESMP Tables 10-14 for detailed indicative SEAH risks, and their corresponding mitigation, indicators and responsible entities for each sub-project).

4. CONTRACTUAL REQUIREMENT ON SEAH IN FUNDING AGREEMENTS

All contracts made under the CST Project including those with MSMEs, contractors, intermediaries, suppliers, and implementing partners must contain explicit SEAH safeguarding clauses, as outlined in the KCB Foundation Safeguarding Policy and Contract clause in Annex 17. Each contract will clearly state consequences for SEAH violations, including but not limited to immediate suspension or termination of the contract, formal reporting to relevant authorities, withdrawal of funding, and permanent exclusion from further engagement with KCB and GCF projects (Annex 17).

All activities related to SEAH prevention, mitigation, response, and survivor support will be documented and are a mandatory requirement in the funding agreement. These activities include mandatory annual refresher training, mandatory awareness creation campaigns, establishment and operation of survivor-centred GRM (*Annex 6*), psychosocial support provisions, legal assistance facilitation, community protection initiatives as well as appropriate reintegration programs.

The procedure for enforcement, escalation, and redress is described in detail in the KCB GRM (Annex 6), including standardised contract language for SEAH undertakings and steps for managing non-compliance, safeguarding support, and reporting (Annexes 17-19). Confirmed incidents will trigger rapid survivor-centred support measures, including medical, psychosocial support, counselling etc. All contractors and partners will sign SEAH codes of conduct at the outset, with reminder notices and compliance checks undertaken throughout the contract duration.

5. SURVIVOR-CENTRED SEAH INCIDENTS APPROACH

The strategy established for this Project is designed to enable survivor-centred, gender-responsive, and confidential management of SEAH grievances (*See Annexes 6 and 18*). The project has a full-time Safeguards Team and a dedicated Gender, Equality, Diversity and Inclusion (GEDI) Manager (Annex 19) to whom complaints and grievances can be directed, allowing timely, safe, and confidential reporting of SEAH incidents.

All survivors of SEAH incidents reported under the CST Project shall have rapid access to a survivor-centred support system, which includes:

- Timely referral to medical care for both immediate and ongoing health needs, facilitated by KCB's agreement with the Kenya Red Cross Society (KRCS).
- Direct linkage to psychosocial support services to address trauma and promote healing, as outlined in partnership contracts and implemented by trained Safeguarding Champions and external counsellors.
- Pathways for confidential legal assistance to help survivors exercise their rights and seek justice through accredited legal aid organizations and established referral contacts.
- Community-driven protection measures, including temporary relocation, accompaniment, and safeguarding of at-risk individuals, to ensure safety and prevent retaliation or secondary harm.
- Reintegration support such as financial counselling, skills building, and community mediation to empower survivors in resuming their livelihoods and full participation in social spheres without stigma.

Cases are tracked by the Safeguarding Team, and regular follow-up is provided. Survivors decide the extent and type of support they wish to receive, ensuring control and confidentiality over their case

This project’s survivor-centred approach can therefore be summarised in the following steps

Step	Means of Confidentiality	Survivor Support Offered
Complain Lodging	Secure, anonymous options, privacy and data protection safeguards	Survivor consulted, offered choice of referral services
Case Documentation	Restricted access, encrypted files	Psychosocial support offered throughout the process by our official partner – The Kenya Red Cross Society
Investigation	Confidential review, involved staff recused	Survivor feedback integrated, legal and or medical support offered

This steps and approach guarantee that each SEAH incident handling is anchored on a responsive survivor-centred approach and documentation follows ethical guidelines as outlined in the KCB Foundation Safeguarding Policy, Incident Management SOP (Annex 18).

6. SEAH INCIDENT REPORTING CHANNEL

The Project SEAH reporting channels include toll-free hotlines, a dedicated email, anonymous web portal forms, and direct access to Safeguarding Champions as specified in Annex 19.

SEAH Incidents in the Project should be reported to:

KCB via any of the following channels:

- Safeguards Team Email: kcbfsafeguarding@kcbgroup.com and [<SustainabilityUnit@kcb.co.ke>](mailto:SustainabilityUnit@kcb.co.ke)
- Tip-off Email: KCB@tip-offs.com
- Web Portal: www.tip-offs.com
- 24/7 Toll-free phone numbers: 0800 720 990 (Kenya); or
0800 11 00 25 & +27 315 715 795 (international)

(See Annex 19 for more information)

Alternatively,

In addition to project and partner-level grievance and redress mechanisms for SEAH-related cases, all stakeholders and survivors can lodge complaints or their concerns to:

Green Climate Fund (GCF) Independent Redress Mechanism (IRM) via:

- GCF IRM online portal : <https://irm.greenclimate.fund>
- Email : irm@gcfund.org

All reported SEAH incidents shall be securely documented, accessible only to designated Safeguarding Officers, and thoroughly investigated using procedures that protect survivor identity, respect privacy, and prevent retaliation.

7. CONCLUSION

KCB partners closely with the Kenya Red Cross Society (KRCS) to provide comprehensive survivor-centred referral and support services for all SEAH incidents. The KRCS is the designated psychosocial support service provider under contract with KCB Foundation, equipped with trained counsellors and social workers who provide timely medical, psychosocial, legal, and protection services to survivors. Referrals to KRCS psychosocial and counselling services are initiated immediately upon report receipt, with subsequent follow-ups coordinated by the Safeguarding Manager to ensure continuity of care, survivor choice, and confidentiality. Legal aid and community protection measures are also arranged via the KRCS partnership, adhering to principles of dignity, respect, and non-retaliation.

In addition, KCB maintains a network of Safeguarding Champions and GEDI focal points who will be embedded within project teams and communities, serving as first-line points of contact for confidential report intake, survivor accompaniment, and referral facilitation. Contact details and reporting channels including dedicated email and 24/7 toll-free hotlines will be provided openly to project stakeholders and beneficiaries, as detailed in Annex 19.

This targeted referral and support framework provides a robust mechanism to guarantee survivor rights, protection, and access to essential services.

Annex 16: Indigenous Peoples Planning Framework (IPPF)

1. INTRODUCTION

This annex outlines KCB's commitment to safeguarding the rights, dignity, livelihoods, culture, and interests of Indigenous Peoples (IPs) in alignment with the Constitution of Kenya 2010, the GCF Indigenous Peoples Policy (IPP) 2022, and IFC Performance Standard 7 (PS7).

This IPPF recognises IPs as distinct social and cultural groups who meet the criteria set by the GCF Indigenous Peoples Policy (Paragraph 14). In cases where the national identification is narrow, the GCF's broader definition of IPs shall prevail. This ensures comprehensive inclusion and protection of all IPs affected by the CST Program, regardless of whether they are recognised nationally or not.

2. DEFINITION AND IDENTIFICATION CRITERIA OF INDIGENOUS PEOPLES

In accordance with Paragraph 14 of the GCF Indigenous Peoples Policy, and for this Framework²⁷:

The term indigenous peoples is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- i. Self-identification as members of a distinct indigenous social and cultural group and recognition of this identity by others;
- ii. Collective attachment to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupation, as well as to the natural resources in those areas;
- iii. Customary cultural, economic, social, or political systems that are distinct or separate from those of the mainstream society or culture; and
- iv. A distinct language or dialect, often different from the official language or languages of the country or region in which they reside. This includes a language or dialect that has existed but does not exist now due to impacts that have made it difficult for a community or group to maintain a distinct language or dialect.

²⁷ Green Climate Fund, *Indigenous Peoples Policy. Paragraph 14.*
<https://www.greenclimate.fund/sites/default/files/decision/b19/decision-b19-11-b19-a11.pdf>

In all cases, the presence of any group meeting the above criteria (in full or in varying degrees) triggers the application of this Framework, in line with GCF standards.

3. SCOPE AND APPLICATION

This safeguard applies to all IPs potentially affected by the financed CST subprojects across agriculture, water management, waste management, energy, and manufacturing implemented in or near areas where IPs are present. This safeguard extends to all communities meeting the GCF Indigenous Peoples Policy (paragraph 14), ensuring that the broader international criteria prevail over narrower national definitions.

This comprehensive approach will ensure coverage of forest dwellers, fisher communities, pastoralists, and other marginalised groups who may not have constitutional recognition in Kenya but meet the GCF and IFC broader definition criteria.

At the MSME concept or proposal stage, the Project Management Unit (PMU) will screen each subproject to determine the following:

- a. Is the subproject located within or adjacent to an area known to be inhabited or used by an indigenous or marginalised group?
- b. Does the subproject affect traditional lands, resources, or cultural practices?
- c. Will the intervention impact local governance, social networks, or access to resources?
- d. Are there communities that self-identify as indigenous or meet the characteristics outlined in Section 2 of this Framework?

If “yes” to any, the subproject triggers the IPPF, and a site-specific **Indigenous Peoples Plan (IPP)** must be developed.

4. CONSULTATION AND PARTICIPATION

Communities that could potentially be affected by the project activities will be engaged from the onset. Evidence of Free, Prior, and Informed Consent (FPIC) obtained through a culturally appropriate, participatory, and iterative process shall be required before project approval, with clear procedures for documentation of consent, management of dissent or denial of consent, and measures for independent verification. The consultation and participation process will be guided by the following FPIC Protocol.

FREE, PRIOR, AND INFORMED CONSENT (FPIC) PROTOCOL:

Purpose: The FPIC protocol operationalises the principles of IPs participation and consent, ensuring project activities proceed only with the explicit, collective consent of affected communities. The process is designed to be respectful, clear, culturally relevant, transparent, participatory, and iterative, thereby empowering communities to make decisions about the projects affecting their lands, resources, and culture.

Key Principles: The PMU will ensure that all consultations follow FPIC protocols using local languages, culturally appropriate methods (barazas, focus groups, elders' councils), and ensure inclusion of youth, women, IPs, and other marginalised groups in the community in line with the constitution of Kenya, GCF IPP and IFC PS7.

Definition of Consent: In this context, consent refers to the collective agreement of IPs granted voluntarily after they have been adequately informed about the project's nature, scope, risks, benefits, and alternatives. It must be free, without coercion, manipulation, or undue influence; given before project approval or commencement; and can be withdrawn at any stage.

Timing of Consent: Consent shall be obtained before commencement of any project activities impacting IPs. This includes prior to the making of critical decisions preceding Board or Fund approval. Where consent is withheld or withdrawn, KCB Bank will respect such decisions and take appropriate measures, including suspension of activities.

FPIC Process, Inclusive Engagement, and Documentation:

- i. ***Employ inclusive criteria*** consistent with GCF IPP and IFC PS7 to identify indigenous communities that will potentially be affected by the project.
- ii. ***Initiate engagement early*** to inform the communities about the project scope and rights. This engagement should be conducted in local language(s) using culturally relevant consultation methods while respecting the community's culture and traditional decision-making systems.
- iii. ***Iterative and participatory discussions through co-design***. The co-design sessions will address potential project risks, mitigation, benefits, grievance redress options, and compensation/benefit-sharing opportunities. In this case, multiple rounds of dialogue will be conducted where required to discuss community concerns, project modifications, and joint decision-making. These iterative dialogues will be maintained throughout project implementation to ensure ongoing engagement and best practice.
- iv. ***Ensure transparent documentation***. Keep a clear record of engagement outcomes, including agreement, dissent, concerns, and justification.
- v. ***Formal documentation of consent or non-consent is mandatory*** and should be submitted to KCB and GCF as part of safeguards compliance.
- vi. ***Provide accessible, safe Grievance Redress Mechanisms (GRM)*** for addressing grievances related to consent processes (*See KCB Public Disclosure and GRM detailed in Annex 6*).

5. MANAGEMENT OF DENIAL OR WITHDRAWAL OF CONSENT

- i) If consent is denied or withdrawn, project activities affecting the IPs must be suspended immediately.
- ii) A respectful dialogue will be initiated to explore concerns and assess if project modifications or mitigation measures are acceptable to the communities.
- iii) Where disagreements persist, access to impartial third-party mediators, such as local civil society organisations, customary institutions etc., shall be facilitated to resolve conflicts.

- iv) If consent is not regained, project activities in the impacted areas will not proceed
- v) Documentation of such cases and remedial steps will be maintained as part of monitoring and reporting.
- vi) KCB will ensure that IPs' rights to deny or withdraw consent are respected without discrimination or retaliation.

6. INDIGENOUS PEOPLES PLANS (IPPs)

The IPP outlines measures to avoid, minimise, mitigate, or compensate adverse impacts and maximise benefits for IPs in culturally appropriate ways. For each subproject affecting indigenous groups, an IPP must be developed detailing:

- Summary of baseline environmental and socio-cultural data of affected groups
- Consultation process and detailed FPIC record/documentation
- Assessment of potential positive and adverse impacts, including:
 - Impacts on traditional lands, territories, and resources
 - Effects on cultural, spiritual, and religious practices
 - Impacts on livelihoods and food security
 - Any involuntary restrictions on access to lands and resources
- Cultural heritage protection and benefit-sharing plan co-developed with IPs
- Institutional responsibilities and resourcing
- Implementation schedule, monitoring, and reporting framework
- Budget estimates for safeguard actions
- Grievance redress mechanisms

7. BENEFIT-SHARING AND CULTURAL HERITAGE PROTECTION

Benefit sharing and cultural heritage protection plans will be jointly developed and approved with IPs through their free, prior, and informed consent. These plans should be:

- Culturally appropriate
- Enhance livelihoods and opportunities
- Safeguard Indigenous heritage
- Ensuring respect for cultural integrity, and
- Enable equitable distribution of benefits.

8. DISCLOSURE AND TRANSPARENCY

Public disclosure of IPPs, FPIC outcomes, and benefit-sharing agreements will be made in culturally appropriate and accessible formats, local languages, and shared prior to funding approval to ensure accountability and enable informed stakeholder participation and oversight.

8. VERIFICATION AND MONITORING

Independent third-party and/or participatory monitoring involving IPs' representatives will verify effective implementation of IPPs and FPIC commitments and document grievances related to consent processes. Results will feed into annual safeguard performance reports to ensure ongoing accountability.

9. ESCALATION AND APPEAL PROCEDURES

In cases of grievances, consent disputes or FPIC concerns the following redress options are available (See Annex 6 for contacts and detailed grievance redress mechanism):

1. **Level 1 (Local Resolution):** Direct engagement with the community and PMU; and involvement of local customary authorities if appropriate
2. **Level 2 (KCB Internal Review):** Escalation to Safeguards Teams and Senior Management for mediation
3. **Level 3 (Independent Redress):** Access to GCF Independent Redress Mechanism (IRM) or third-party mediators
4. **Level 4 (GCF Escalation):** Formal complaint to GCF if internal mechanisms are exhausted.

Annex 17: Environmental and Social Safeguards proposed Clause

Clause X: Environmental and Social Safeguards Compliance

The Borrower/partner acknowledges and agrees that this facility is extended as part of KCB Bank climate-smart financing portfolio and is subject to the Group's Sustainability and Environmental, Social, and Governance (ESG) policies. In consideration of this, the Borrower/partner shall comply with all environmental and social obligations set out under this Agreement, including but not limited to the provisions detailed in Annex [X]: Environmental and Social Safeguards (ESS) Requirements.

The Borrower/Partner further agrees that compliance with the Environmental and Social Safeguards, including the adoption and implementation of any applicable Environmental and Social Management Plans (ESMPs), is a material condition of this Agreement and of any disbursements made hereunder. The Borrower shall at all times cooperate with the Lender in fulfilling monitoring, reporting, and audit requirements associated with the safeguards, as detailed in the Annex.

Failure to comply with the obligations set forth in the ESS Annex shall constitute a breach of this Agreement and may result in suspension of disbursements, enforcement of corrective actions, or termination, as deemed appropriate by the Lender.

Environmental and Social Safeguards Clause

In alignment with KCB Bank's Sustainability Agenda and ESG commitments, particularly the promotion of climate-smart investments, responsible lending, and financial inclusion, this Agreement includes the following environmental and social safeguard requirements applicable to the financing of MSMEs adopting climate-smart technologies:

1. Compliance with Environmental and Social Standards

The Borrower acknowledges and agrees that this financing is subject to environmental and social safeguard requirements aligned with KCB Bank's Sustainability Framework, the Green Climate Fund (GCF) Environmental and Social Safeguards (ESS), and the International Finance Corporation (IFC) Performance Standards. The Borrower shall comply with all applicable environmental and social laws, and with any relevant safeguard instruments

provided by KCB Bank, including sector-specific or thematic Environmental and Social Management Plans (ESMPs) that form part of this Agreement.

2. Adoption and Implementation of Thematic ESMPs

To promote sustainability and responsible business practices, the Borrower shall adopt and implement any Generic or Thematic ESMP(s) provided by KCB Bank as part of the loan approval. These ESMPs are designed to support risk mitigation and ensure the sustainability of climate-smart technologies financed under this facility. The Borrower shall fully integrate the ESMP into project planning, execution, and reporting. These plans are a mandatory condition of disbursement and non-compliance may trigger enforcement actions as set out herein.

3. Risk Category Requirements – Category B Projects

Where the Borrower's proposed activity is classified as Category B, indicating potential limited adverse environmental and/or social impacts, the following minimum institutional safeguard requirements apply:

- (a) The Borrower shall designate an Environmental and Social (E&S) focal point within its organization responsible for overseeing ESMP implementation;
- (b) The Borrower shall submit periodic E&S monitoring reports in a format and frequency agreed upon with KCB Bank;
- (c) The Borrower shall provide access to KCB Bank or its appointed representatives for monitoring, verification, or audit purposes as may be necessary.

4. KCB Bank Oversight and Support

Where the Borrower lacks internal environmental and social risk management capacity, KCB Bank's institutional setup, including its internal Sustainability and ESG Units will provide oversight, monitoring, and technical support to ensure safeguard compliance. This approach aligns with KCB Bank's commitment to enabling MSMEs to access climate finance responsibly and sustainably.

5. Remedies for Non-Compliance


Failure by the Borrower to adhere to the agreed environmental and social safeguard obligations, including the ESMP, may constitute a breach of this Agreement. In such instances, KCB Bank reserves the right to:

- 5.1.1. Issue a formal notice of non-compliance;
- 5.1.2. Suspend or withhold further disbursements;
- 5.1.3. Require immediate corrective actions; and/or
- 5.1.4. Terminate the financing arrangement, in accordance with applicable terms.

Contextual Summary

This clause operationalizes KCB Bank's sustainability commitments by ensuring that financed MSMEs adhere to globally recognized environmental and social safeguards. It promotes not only environmental protection and social inclusion but also strengthens the integrity and impact of KCB's climate-smart finance portfolio, supporting the Group's role as a regional ESG leader.

Annex 18: Institutional Process of Handling Safeguarding Cases - SOP NO: KCBF/033



FOUNDATION

KCBF – HANDLING SAFEGUARDING CASES

SOP NO: KCBF/033

1. Purpose;
This Standard Operating Procedure describes the process of handling safeguarding cases or complaints received at the foundation

2. Scope;
This standard operating procedure (sop) applies to KCB Foundation

3. Responsibilities;
The responsibility of executing this process lies with the following:-

- ❖ Director KCBF
- ❖ Safeguarding Manager
- ❖ Safeguarding Committee
- ❖ Program Participant

4. Specific Procedure

- ❖ Workflow - High level relationship.
- ❖ Activity flow - Sequential process steps end to end.
- ❖ Task flow - Narration of the activities.

5. Forms/templates to be used

- ❖ N/A

6. Internal and external references.

Internal references.

- ❖ KCBF Programmes Policy
- ❖ KCBF Safeguarding policy
- ❖ KCBG Data protection & privacy policy
- ❖ KCBF Grants policy
- ❖ KCBF Programs Delivery Policy
- ❖ KCBF Projects Branding Policy

External References.

- ❖ Applicable statutory Requirements

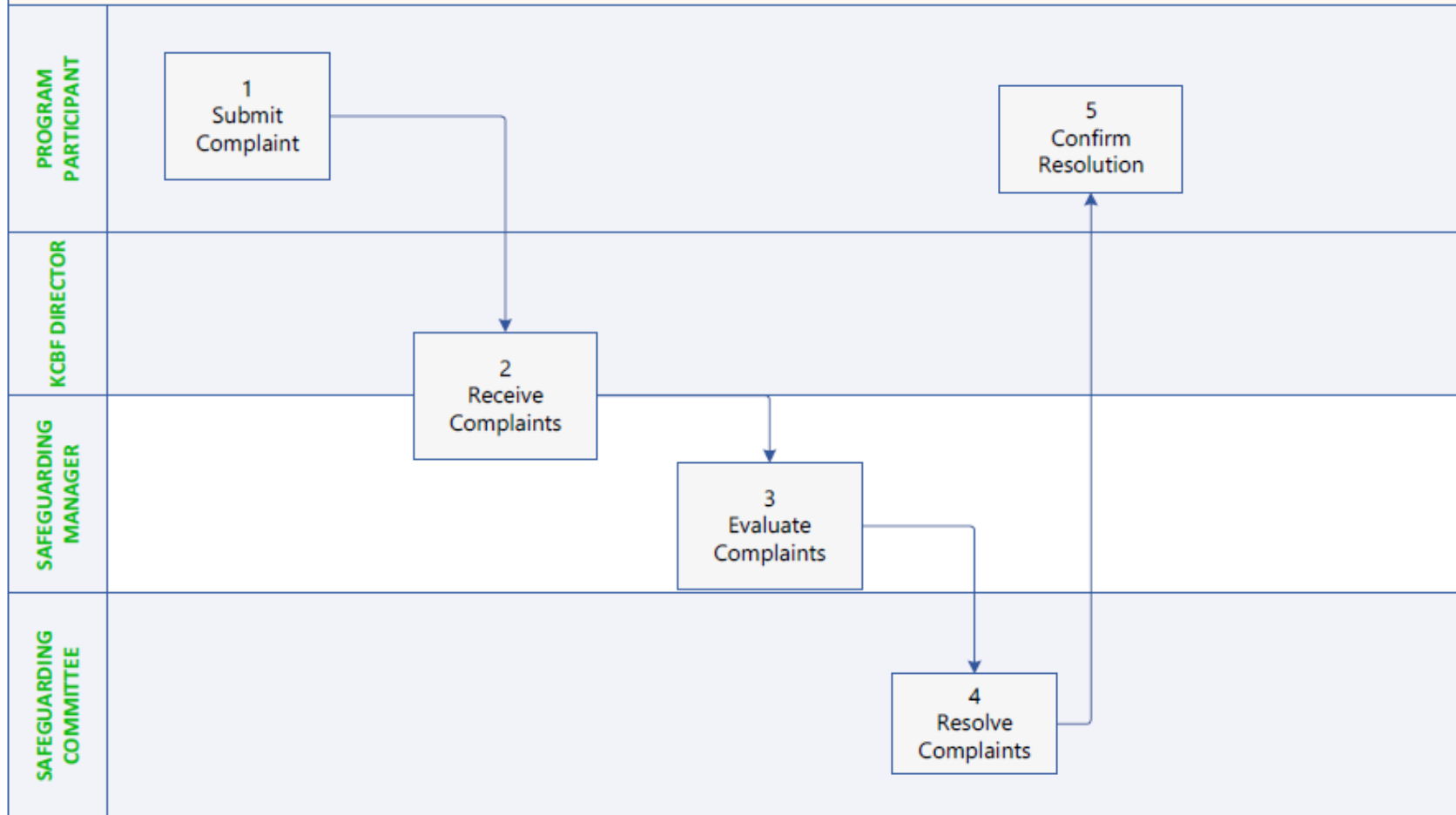
7. Change History

SOP No.	Effective Date	Previous SOP No.	Next Review Date
ver02/052025/pm	May, 2025	N/A	May,2028

KCBF – HANDLING SAFEGUARDING CASES

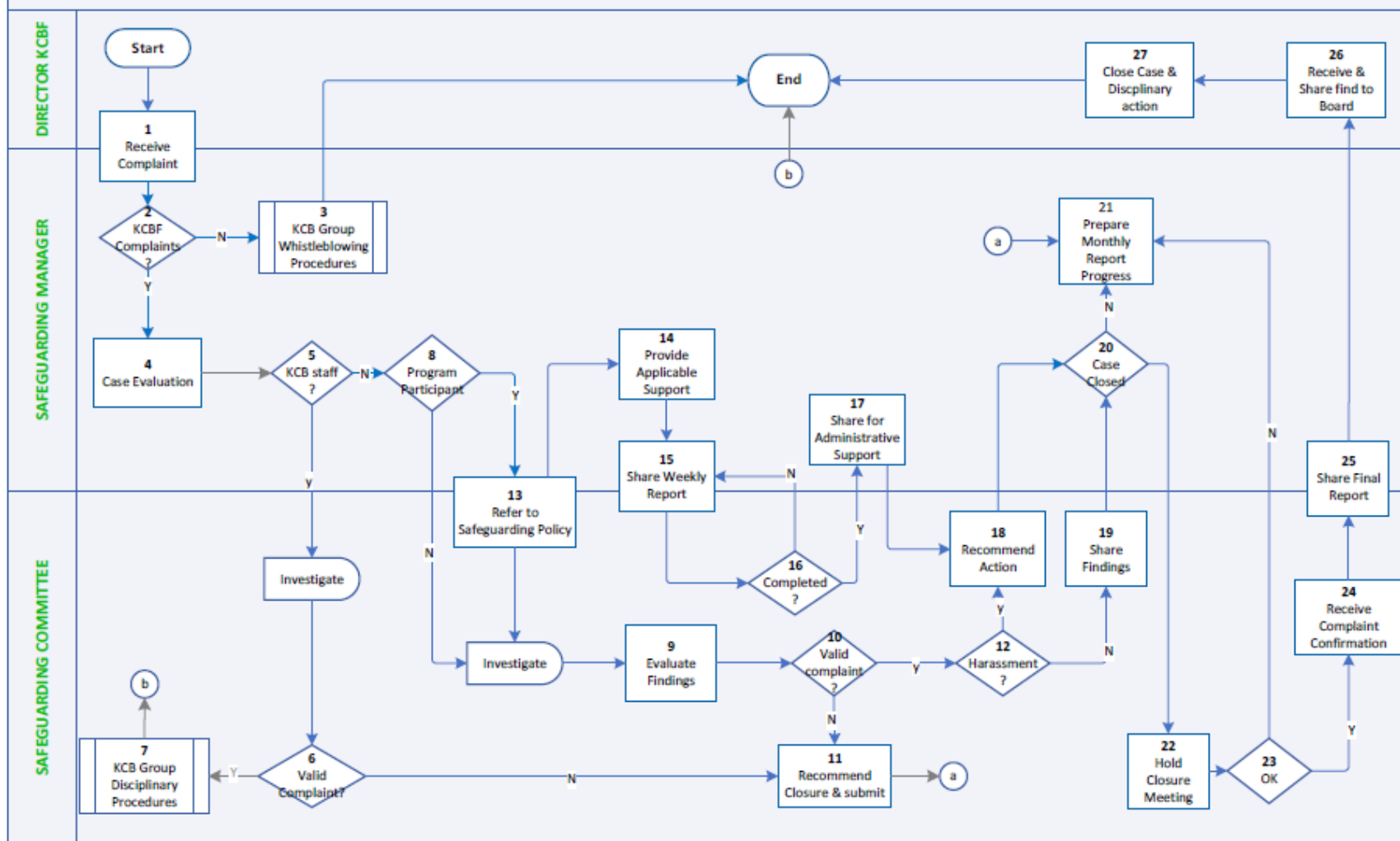
KCBF/033

WORK FLOW



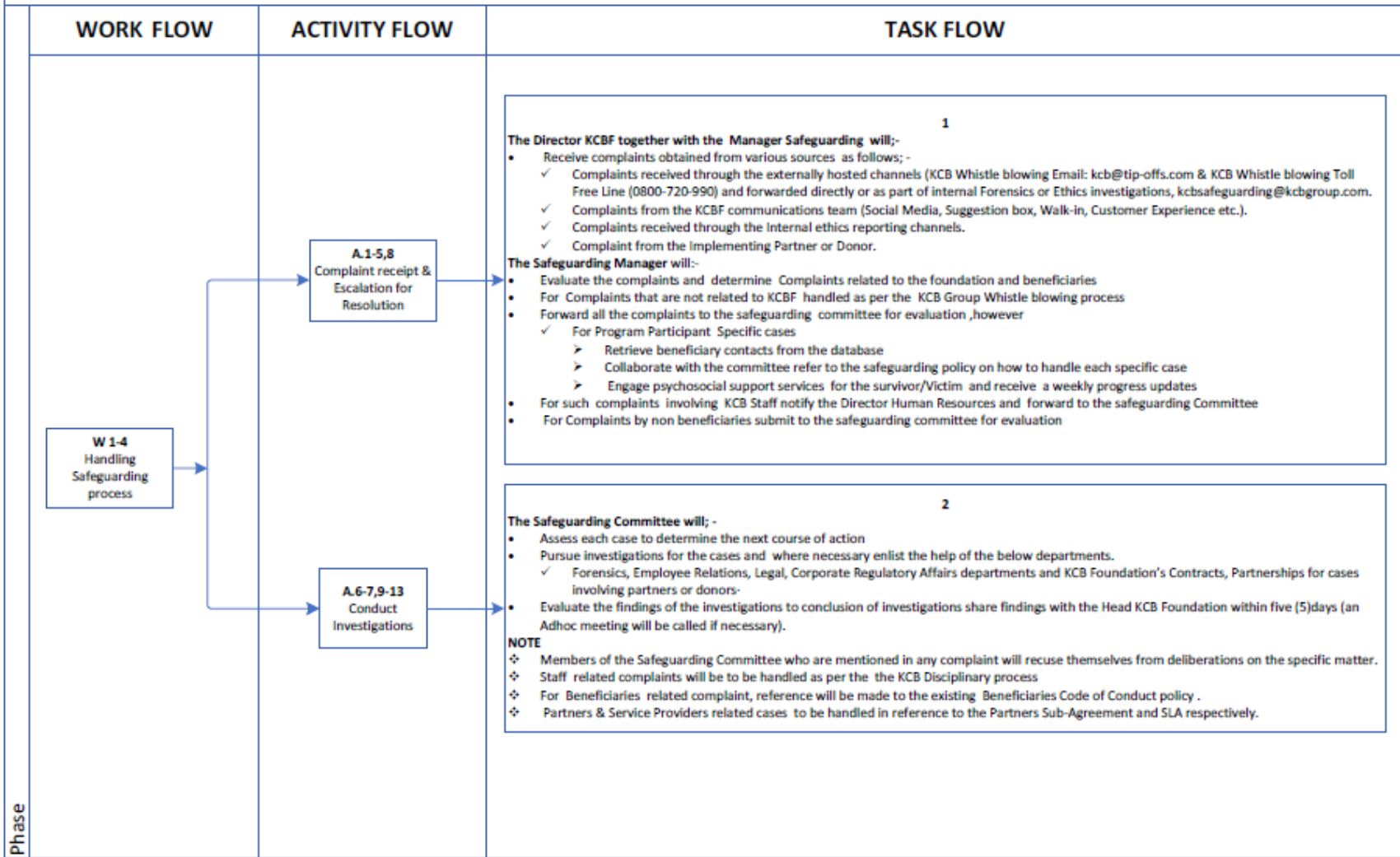
**KCBF – HANDLING SAFEGUARDING CASES
ACTIVITY FLOW**

KCBF/033



KCBF – HANDLING SAFEGUARDING CASES
TASK FLOW

KCBF/033



Annex 19: Safeguards, Psychosocial, and SEAH Reporting Contact

KCB FOUNDATION

Safeguarding and PSHEA Reports

Safeguarding & PSHEA Concerns

Protecting children, young people and vulnerable adults from harm that comes from within the organization - Its people, processes and interventions

16 KCBF and KCBG Safeguarding Champions



KCB Foundation safeguarding Unit
kcbfsafeguarding@kcbgroup.com

Fredrick Mwangangi – Safeguarding & GEDI Manager
FMMwangangi@kcbgroup.com
Cisco: 13914

KCB Group External whistleblowing Channel

Use any of the following **CONFIDENTIAL** channels:

 **Call for free:**
0800 720 990

 **Call for free:**
0800 11 00 25

For the above countries the standard number for international calls:
+27 315 715 795

Email: KCB@tip-offs.com
Web Portal: www.tip-offs.com

For People. For Better.