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FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES (FIRM)

ENVIRONMENTAL MITIGATION AND MONITORING PLAN (EMMP)

REVISED

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Environmental Monitoring and Mitigation Plan (EMMP)

Draft 3

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The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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ACRONYMS AND GLOSSARY

Term	
Adaptive management	Monitor achievement of goals and adjust project actions to compensate or exploit success
DCA	Development Credit Authority, which provides a Loan Portfolio Guarantee (LPG)
EA	Environmental Assessment
EDD	Environmental Due Diligence
EMMP	Environmental Mitigation and Monitoring Plan
EMMR	Environmental Mitigation and Monitoring Report
Environment	Natural environment; following common USAID practice, “environment” is conceived broadly to include impact on the human population
ERR	Environmental Review Report
FI	Financial institution (such as a bank or micro-finance institution)
FIRM	Financial Inclusion for Rural Microenterprises
FY	Fiscal Year
GOK	Government of Kenya
ICT	Information and Communications Technology
KCISI	Kenya Credit Information Sharing Initiative
MFI	Micro-finance Institution
NEMA	National Environmental Management Authority
NESC	National Economic and Social Council
PERSUAP	Pesticide Environmental Review/ Safe Use Action Plan (a kind of EA)
USG	United States Government
Value chain	Actors that produce, process, transform or sell a commodity or related group of commodities

I. EXECUTIVE SUMMARY

This Environmental Mitigation and Monitoring Plan (EMMP) describes how the Kenya Financial Inclusion for Rural Microenterprises (FIRM) will meet or exceed the requirements of the SO 7 Initial Environmental Evaluation (IEE) and Threshold Decision (and conditions established therein), approved by the Bureau Environmental Officer on 5/7/09, complying with USAID environmental regulations (Regulation 216 and ADS 204).

Content: This EMMP covers project and regulatory background, FIRM procedures for screening actions and developing mitigation measures, due diligence for partner organizations, mitigation measures for the main types/clusters of actions, methods for subproject or action EMMPs, monitoring recommendations, reporting, and implementation. The annexes to this report provide the forms required for the EMMP, from screening to reporting, based on USAID templates adapted to FIRM. The cover page of the project IEE/Threshold Decision is also provided.

Focus: FIRM focuses on financial services, including Development Loan Guarantee (DCA) guarantees, and the Sector IEE requires building Financial Institution (FI) capacity for environmental screening, institutional environmental policies, environmental soundness, compliance with local environmental laws and USAID's ability to assess impact. DCA requires conformity with local environmental regulations. Building FI environmental capacity and considering indirect effects is emphasized in this EMMP, and measures are provided to conform to local regulations.

Environmental Screening: FIRM will screen partners' activities for environmental risk, using categories provided by the USAID IEE. Environmental screening forms will be completed for each activity for further approval by USAID Environmental Officer.

Treatment of low-risk activities (risk categories 2 and 3): Prior to obligating funds and project implementation, sub-projects of risk categories 2 (insignificant, low or low-to-moderate risk of adverse effect on natural and physical environment) and 3 (insignificant effect but moderate risk) will be subject to Environmental Monitoring and Mitigation procedures, which will be incorporated in respective agreements with partner FIs. For DCAs facilities, FIRM will provide an EMMR for incorporation in the corresponding DCA guarantee agreement. Participating FIs will agree to comply with local and USAID regulations in DCA agreements and will be supported by FIRM training and technical assistance. To comply with Kenya law, FIRM will prepare the appropriate "strategic" risk analysis for NEMA, the responsible Government of Kenya (GOK) agency.

Treatment of significant risk activities (risk category 4): Sub-projects of risk category 4 (potential for significant adverse effect) would require an Environmental Impact Assessment for further approval by USAID and in accordance with Regulation 216.

Best practices for FIs: Literature reviewed shows that environmental compliance by MFIs and DCAs is an evolving field. While the procedures for larger loans and well-established lenders are clear, best practices for environmental review of MFIs and support for SMEs is less well established. Interviews of FIs for this EMMP showed variable practice and receptiveness to technical assistance to build capacity. FIRM will implement the procedures of the IEE. Also, to assess environmental impact and to strengthen partner capacity, FIRM will undertake policy and practice reviews with the partners. *Two reviews of current practices and environmental impact* are projected: one of the environmental impact of micro-finance and SME lending and the second of inclusion practices that meet USAID policy concerns (ICT, climate change, gender and youth). Both will be used to design institutional strengthening for Kenyan FIs.

II. FIRM PROJECT OVERVIEW

FIRM facilitates the expansion and innovation of financial services in three thematic areas key to the development of Kenya's economic growth and prosperity: agriculture, renewable/clean energy and policy reform. FIRM also capitalizes on opportunities that can potentially advance the frontier of financial services into, for example, water, health, and education, in order to benefit marginalized and excluded populations across Kenyan society.

FIRM works in partnership with and supports a wide variety of commercial actors in the financial services industry, government of Kenya agencies and stakeholders, associations, donors, business service providers, and consultants. FIRM uses the Financial Inclusion and Innovation Fund (FIIF) to underwrite costs associated with these partnerships. FIRM also continues to manage and grow USAID's Development Loan Guarantee program in crucial implementation areas. USAID's DCA portfolio in Kenya stands at \$62.5 million, and growing. The target sectors are agriculture, renewable/clean energy, SME and water.

FIRM's technical assistance to partners includes development of agriculture finance strategies, financial product development, financial modeling for producer groups, strengthening agriculture value chains through financial and market linkages, institutional strengthening which includes development of operational manuals and capacity building. In partnership with the Government of Kenya, FIRM is working with National Economic and Social Council (NESC) to develop a national credit guarantee scheme. FIRM has also assisted NESC to draft the Credit Guarantee Policy and Bill to be tabled in parliament. In addition, FIRM has assisted Kenya Credit Information Sharing Initiative (KCISI) to develop a platform for DTMs and Banks to share client information through licensed Credit Reference Bureaus (CRBs).

Ultimately, FIRM's partnerships with financial and nonfinancial sector participants improves access to financial services for rural microenterprises, benefiting individuals, families, and small businesses excluded from finance such as farmers and other value chain actors.

III. KENYA ENVIRONMENTAL REGULATIONS

The Constitution of Kenya includes strong support for the environment: The State is to "ensure sustainable exploitation, utilization, management and conservation of the environment and natural resources, and ensure the equitable sharing of the accruing benefits," protect biodiversity, "establish systems of environmental impact assessment, environmental audit and monitoring of the environment," and "eliminate processes and activities that are likely to endanger the environment," among other actions. It requires support to "protect and conserve the environment and ensure ecologically sustainable development and use of natural resources." It also allows for legal redress and compensation¹.

The Environmental Management and Coordination Act of 1999 (EMCA) was enacted in 2000 to provide an appropriate legal and institutional framework for the management of the environmental. The institutions under the EMCA are the National Environment Council (NEC) and the National Environmental Management Authority (NEMA). NEC is the highest policy making body under EMCA. It is responsible for policy, goals and objectives and promotes cooperation among both public and private

¹ www.primeminister.go.ke/DOCS/the_proposed_constitution_of_kenya.pdf

organizations engaged in environmental protection programs. NEMA, operational since 2002, is the principal government institution charged with the overall supervision and co-ordination of all matters relating to the environment as well as implementation of all policies relating to the environment².

There are two environmental review procedures required by NEMA: (a) an environmental impact assessment (EIA) for larger projects and for some agricultural activities and (b) a strategic environmental assessment (ESA). Kenyan law requires EIA's (or "environmental certificates") for larger projects and ESA for multi-product, multi-site lending involving substantial numbers of varied producers or SMEs. Informal consultation with NEMA confirmed that only larger projects require an EIA and that support for small-scale activities, such as most of those to be implemented with FIRM support, will not require EIAs.

IV. FIRM EMMP

Ensuring positive environmental results is an important part of DAI's approach to FIRM. To achieve environmental compliance with USAID Regulation 216 and Kenyan law, DAI will establish a comprehensive environmental management system (EMS). The EMS will be designed to effectively implement the Initial Environmental Examination (IEE)/Threshold Decision and its conditions (see Annex I) established for the FIRM project. DAI will build appropriate environmental content into project activities even some that do not require environmental mitigation because they are a "categorical exclusion."

Key elements proposed for the FIRM EMS are as follows:

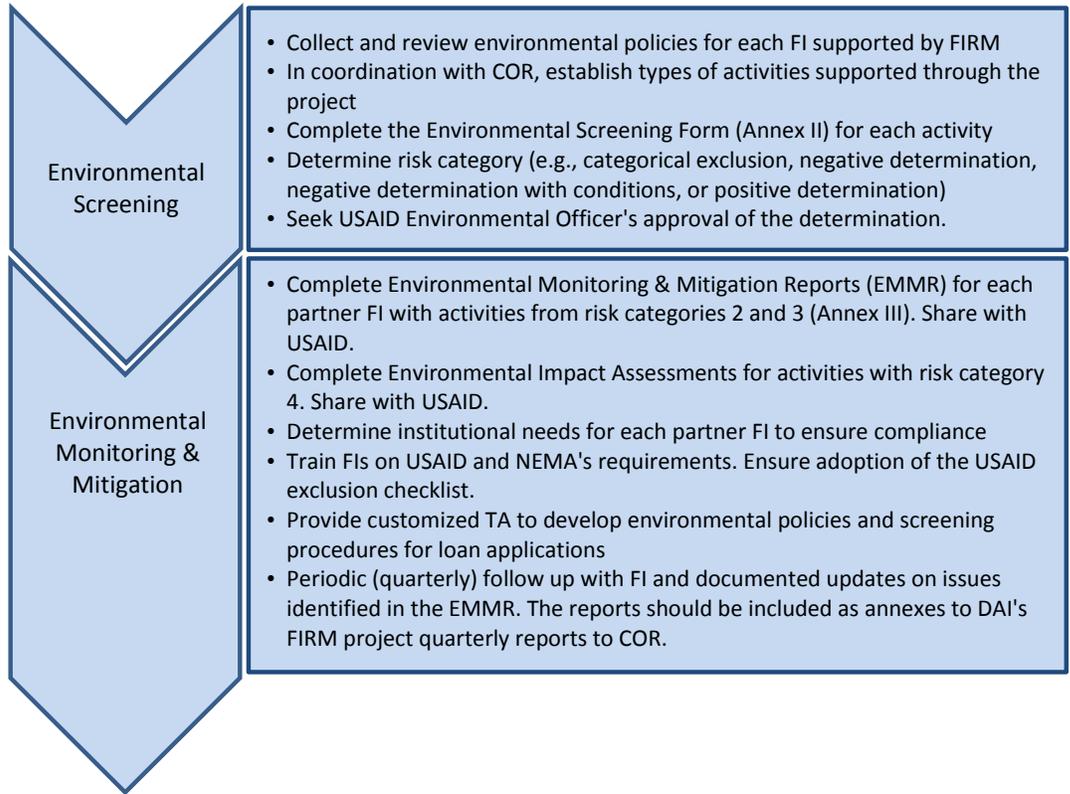
- A clear EMMP approved by USAID,
- DAI environmental tracking system,
- Designated long-term project staff and short-term experts, as needed, and
- Continuing liaison/review with USAID.

A clear EMMP is an integral part of the FIRM project's EMS. It describes the procedures to be implemented by FIRM to recognize potential negative environmental impacts of program actions; avoid, prevent, reduce, mitigate or offset those potential negative environmental impacts; comply with local law, positively improve environmental management capacities of partner institutions and beneficiaries; plan project actions to meet the above requirements and monitor and report environmental compliance.

Partner FIs are defined as financial and non-financial institutions engaged in lending activities and supported by the FIRM project with technical assistance and/or DCA facilities.

² See <http://www.nema.go.ke/>

Figure 1 summarizes DAI's EMMP for the FIRM project:



A. EMMP Step by Step

Step 1: Environmental Screening

Step 1.1 *Collect and review environmental policies for each FI supported by FIRM*

The IEE sets standards for reviewing the institutional capacity of partner FIs, which must have or develop the following: (i) Environmental screening system sufficient to demonstrate compliance with local environmental laws and to enable USAID to make an assessment of the environmental impact of such activities and (ii) Proposed policies and procedures to assure that the projects financed are environmentally sound and comply with applicable laws and procedures.

Step 1.2 *In coordination with COR and in accordance with the IEE, establish types of activities supported through the project*

We will compile a comprehensive list of activities that are supported by FIRM through its partners. The list will be shared with the COR, who will be involved in determining the activities that can continue to be supported by USAID as they meet the conditions laid out in the IEE. FIRM will continue to document the activities of each partner and share this with the COR on a quarterly basis for review.

Step 1.3 Complete the Environmental Screening Form (Annex II) for each activity

The Environmental Screening Form will be duly completed by all the partners for each of the activities detailed. Partners will be expected to fully complete and comply with the requirements as outlined in the Environmental Screening Form. FIRM will compile and document the information in the EMMR and use the information collected from partners for risk determination and further evaluation.

Step 1.4 Determine risk category (e.g., categorical exclusion, negative determination, negative determination with conditions, or positive determination)

The Environmental Screening Form (ESF) will inform the threshold decision for each activity, and will determine whether the activity requires one of the following:

- Environmental Review,
- Environmental Due Diligence or
- Positive environmental actions (requires EIA)

Step 1.5 Seek USAID Environmental Officer's approval of the determination

The threshold decisions as determined for each activity will be submitted to the COR and Mission Environmental Officer for approval.

Step 2: Environmental Monitoring and Mitigation

Step 2.1 Environmental Monitoring & Mitigation Reports (EMMR)

For each partner FI with activities from risk categories 2 and 3, FIRM will complete an EMMR (template provided in Annex III), which will be shared with USAID. Each EMMR will include a menu of mitigation measures with specific plans to comply with USAID Reg 216 and GOK laws; plans to avoid damage to sensitive or valuable ecosystems and more sector-specific measures. It will identify the monitoring indicators, reporting frequency and parties responsible. Additional mitigation measures may be recommended on the basis of site visits. The guidelines for determining sound mitigation measures and sub-sector environmental reviews are available at <http://www.encapafrika.org/egssaa.htm>. Of particular significance to FIRM is the section on Small and Medium Enterprises.

Step 2.2 Environmental Impact Assessments for activities with risk category 4

If potential significant adverse effect is confirmed and classified as category 4, an Environmental Assessment (EA) or Environmental Impact Assessment (EIA) has to be conducted in line with the set standards and procedures. The EA/EIA will be reviewed by MEO in consultation with REA, who will seek approval from the BEO prior to taking any actions.

Step 2.3 Determine institutional needs for each partner FI to ensure compliance

FIRM will evaluate each partner's environmental policies and manuals to ensure compliance with local laws and USAID environmental guidelines. Should an institution lack these manuals, FIRM will assist in drafting and documenting them. FIRM will also recommend to all partners to have an environment champion within the organization who will be in charge of ensuring that all activities funded by USAID are environmentally sound. This individual (or team) will be the liaison between FIRM and the partner institution.

Step 2.4 Training on USAID and NEMA's requirements. Ensure adoption of the USAID exclusion checklist. FIs are required to have capacity to complete the environmental screening process and to implement monitoring and mitigation measures. To enhance this capacity, FIRM will carry out environmental training for all its existing and new partner FIs, including DCA partners. Specifically, the training will build FIs' capacity to carry out the following:

- Implement an exclusion list of activities, as part of the loan processing requirements, that cannot be financed as a result of USAID's technical assistance
- NEMA and USAID requirements for environmental mitigation
- Screening systems for reviewing loan applications
- Review and monitoring of larger loans for environmental impact

For **agricultural lending**, FIRM will develop training materials and provide training to each participating financial institution covering the following topics (but not limited to):

- GOK environmental review of agriculture,
- Best management practices for soil fertility: integrated soil fertility management (both organic and inorganic sources of nutrients), use of legume cover crops (plus phosphorous) and green manures by fallow rotation or intercropping,
- Agroforestry practices,
- Conservation tillage,
- Use of manures and wastes,
- Crops and associated plants that have high nutrient use efficiency.

For FIs supporting **construction** activities, FIRM will offer training in the following:

- GOK environmental review of construction and
- ENCAP construction standards for small-scale works.

Step 2.5 Customized TA to develop environmental policies and screening procedures for loan applications

The consensus priorities for environmental technical assistance will include:

- Participation in training events laying emphasis on environmental issues and environmental management,
- Building capacity to assess SMEs for environmental and social characteristics,
- Technical assistance for USAID/DCA requirements,
- Discussion of cost of NEMA certification for SMEs, agribusiness and renewable energy including the financiers (financing for EIA when required),
- Training in good agricultural practices for all actors in agricultural value chains,
- Assist in development of environmental guidelines for agricultural products, the horticulture value chain, use of greenhouses including training on the environmental aspects of greenhouses and
- Means to achieve environmental compliance that does not cost too much for the borrower.

Step 2.6 Periodic (quarterly) follow up with FIs and documented updates on issues identified in the EMMR.

The reports will be included as annexes to DAI's FIRM project quarterly reports to COR.

B. FIRM'S USE OF EXISTING PERSUAPs

Developing a new PERSUAP for FIRM would overlap with existing PERSUAPs and would not be focused. Therefore, FIRM, through our partners, will implement sound pesticide management practices detailed in approved PERSUAPs developed by the Kenya Horticulture Competitiveness Project (KHCP) and Kenya Drylands Livestock Development Programme (KDLDP)³. The PERSUAPs will enable FIRM partners supporting dairy, livestock, horticulture, staples and any other agricultural activities that require the use of pesticides to comply with the USAID pesticide procedures as stated in 22 CFR 216.3 (b). FIRM will enforce compliance through partners to ensure the use of only the same or similar pesticide products registered by the United States Environmental Protection Agency (USEPA) that are also registered and available for use in Kenya.

Local environmental experts will be involved in assessments of compatibility with target and non-target ecosystems and also to assess the physical conditions that warrant or justify the use of pesticides, considering climate, flora, fauna, geography, hydrology, and soils. Partners' ability to regulate their clients' use, storage and disposal of pesticides will also be assessed. Subsequently, any compliance loopholes noted after an environmental review or due diligence is conducted will be addressed through training and institutional capacity building by FIRM. The initial and continuous monitoring of use and efficacy of pesticides will be done throughout the life of the project.

C. WATER QUALITY ASSURANCE PLAN

The Water Quality Assurance Plan (WQUAP)⁴ is informed by USAID best practice guidelines, World Health Organization (WHO) standards, and Government of Kenya (GoK) Water Services Regulatory Board (WASREB) water quality standards. It encompasses water quality standards and thresholds to be met, and how partners are required to meet these standards and criteria for water quality assurance. These best practices include:

- Good groundwater source selection
- Proper system installation, disinfection, and water testing after installation or refurbishment
- Installation of disinfection equipment
- System maintenance and monitoring for disinfection residuals
- Participatory approach that engages community members

At a minimum, testing and monitoring water quality and use must be done:

- After completion and before commissioning of a new water point
- When water quality becomes suspicious (e.g., due to unusual odor, color, or taste etc.)
- After 12 months to ensure that water is still safe to drink

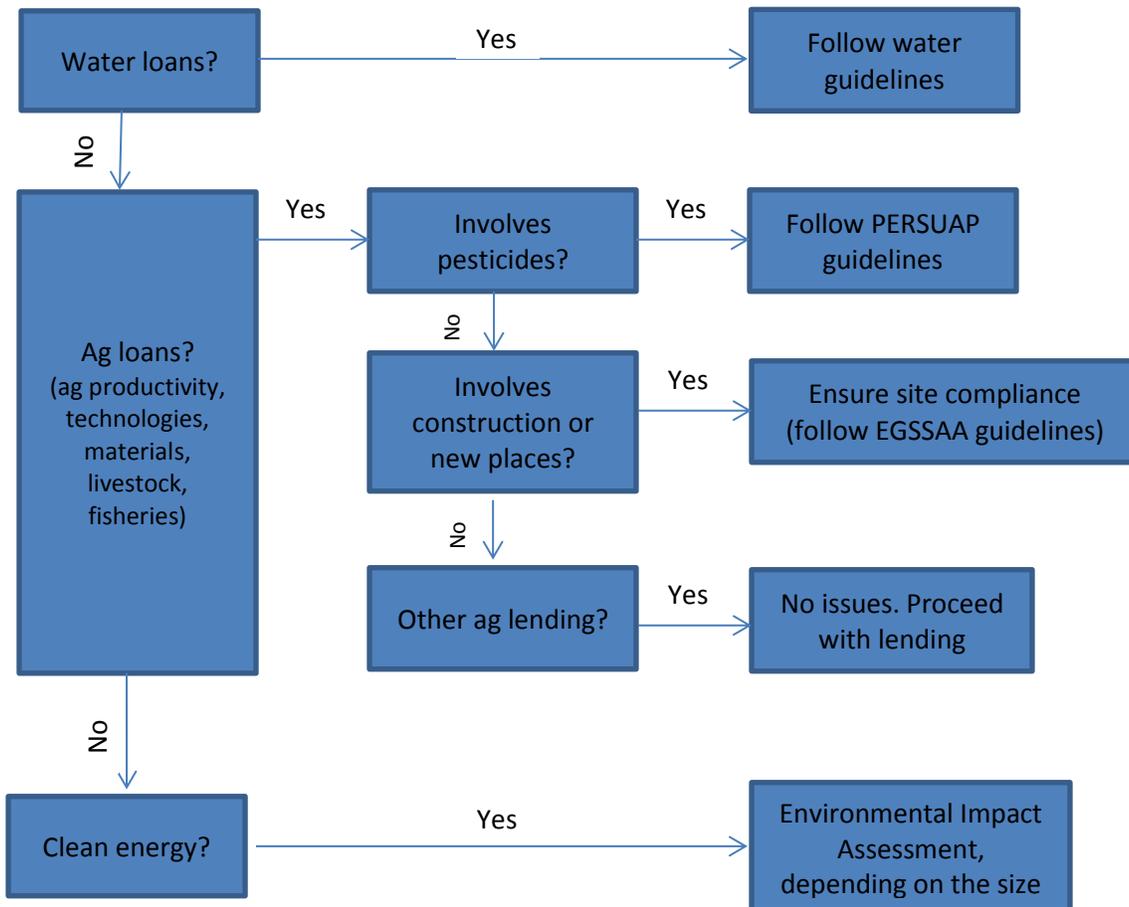
FIRM, through its water financing partners and prequalified environmental experts, is responsible for testing and monitoring water safety and quality. All water projects require arsenic testing to assure that the beneficiaries of USAID-sponsored water projects are supplied with water that meets U.S. Environmental Protection Agency (USEPA) Arsenic Rule criteria. Testing will be done at GoK accredited laboratories countrywide. Partners will be required to submit water quality reports to the Ministry of Water local representatives, and provide a water testing report to FIRM that will be included in the quarterly report to USAID. Closure or re-examination of non-compliant water samples will be done to

³ KHCP and KDLDP PERSUAPs are available at USAID Kenya Agriculture Business and Environment Office (ABEO)

⁴ The Water Quality Assurance Plan (WQUAP) is available at USAID Kenya Agriculture Business and Environment Office (ABEO)

avoid use of contaminated water. Water purification measures, water equipment inspection and maintenance, standard guidance to the community (water users) to minimize contamination and subsequent reporting will be done by FIRM partners.

Figure 2 Analysis Matrix to Ensure Environmental Compliance:



ANNEX I: FIRM EMMP MATRIX

Category of Activity	Environmental Threats	Mitigation Measures	Responsible Party	Indicators	Data source / Method	Frequency
1. Education, technical assistance, training, etc.	No negative environmental impacts anticipated as a result of these activities.	Education, technical assistance and training about activities that inherently affect the environment including discussion of prevention and mitigation of potential negative environmental effects.	FIRM M&E Manager, COP, USAID COR	<ul style="list-style-type: none"> • # of partners trained in prevention and mitigation of potential negative environmental effects. • # of environmental trainings done (including GOK and USAID regulations) 	Review of training materials or reports	Annual
2. Micro credit, loans, MFIs and micro enterprises; Development Credit Authority (DCAs)	Threats are varied and will be targeted depending on the specific financial sector needs and applications	Ensure that the Guaranteed Parties, MFIs and beneficiary microenterprises have an environmental screening system sufficient to demonstrate compliance with local environmental laws and to enable USAID to make an assessment of the environmental impact of such activities. They are required to submit to USAID their proposed policies and procedures to assure that the projects financed are environmentally sound and comply with applicable laws and procedures [from IEE]	FIRM M&E Manager, COP, USAID COR	<ul style="list-style-type: none"> • # of FIRM partner organizations that have demonstrated full environmental compliance (including GOK and USAID regulations). • # of FIRM partner organizations that have received environmental and compliance training (including government and USAID regulations) 	Review of compliance certification or partner specific environmental policy materials. Review of training materials or reports	Annual

<p>3. New agricultural productivity technologies, materials improvement, construction, including livestock and fisheries activities to be designed</p>	<ul style="list-style-type: none"> • Unsafe use of pesticides • Introduction of invasive species • Damage to the ecosystem • Negative effects on human/animal health 	<ul style="list-style-type: none"> • Pesticide IEE prepared and approved prior to any purchase, handling or use, and the Safer Use Action Plan should be implemented. Further, because of the environmental risks inherent in improper handling, storage, use and application, FIRM's partners must assure that their clients are trained in proper handling, storage, and use/application techniques • Identification and mitigation of any potential direct adverse impacts on the physical environment and human health and safety (e.g. due to aflatoxin contamination) arising from distribution of contaminated seeds • Construction will not begin until a review is completed and approved by the Mission Environmental Officer. Any activities dealing with land and water management improvements must ensure that best practices are adhered to as per USAID Africa Bureau's Environmental Guidelines for Small-Scale Activities in Africa. (http://www.encapafrika.org/EGSSAA/Word_English/construction.doc), (www.encapafrika.org/EPTM/AnnexG_EPTM_Mar2005.pdf) 	<p>FIRM M&E Manager, COP, USAID COR</p>	<ul style="list-style-type: none"> • # of partners who comply with the pesticide training and use regulations where applicable • # of funded constructions done as per USAID guidelines • # of partners who comply with USAID Africa Bureau's Environmental Guidelines 	<p>Review of compliance certification or partner specific environmental policy materials.</p> <p>Review of environmental compliance training materials or reports</p>	<p>Annual</p>
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<p>4. Water, Sanitation and Hygiene Activities</p>	<ul style="list-style-type: none"> • Depletion of fresh water resource • Chemical degradation of the quality of potable water sources • Creation of stagnant water • Contaminated water supply 	<ul style="list-style-type: none"> • All water supply and sanitation activities should be conducted in a manner consistent with the best design and implementation practices described in EGSSAA, Chapter 16: Water Supply and Sanitation. (http://www.encafrica.org/EGSSAA/Word_English/watsan.doc). • Any USAID-supported activity engaged in the provision of potable water must adhere to Guidance Cable State 98 108651, which requires arsenic testing and also the WHO guidelines for drinking water quality standards for human health (http://www.who.int/water_sanitation_health/dwg/gdwg3/en/index.html) • USAID-supported water projects must put in place proper systems for regulating the use of water and sanitation resources (e.g. by proper pricing) • USAID-supported water projects must put in place a water and sanitation resource monitoring and repair team to avoid wastage or contamination 	<p>FIRM M&E Manager, COP, USAID COR</p>	<ul style="list-style-type: none"> • # of partners who comply with EGSSAA and Guidance Cable State 98 108651 on drinking water quality standards where applicable 	<p>Review of compliance certification or partner specific environmental policy materials</p> <p>Review of environmental compliance training materials or reports</p> <p>Reports from site visits</p>	<p>Annual</p>
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ANNEX 2: FIRM ENVIRONMENTAL SCREENING FORM

A. FIRM partner information

ORGANIZATION:	CLIENT NAME:
CONTACT PERSON NAME AND TITLE:	CLIENT POSTAL ADDRESS, PHONE AND EMAIL:
POSTAL ADDRESS, PHONE AND EMAIL:	AMOUNT OF FUNDING REQUESTED:
LOCATION OF PARTNER ACTIVITY (COUNTY/REGION):	START AND END DATE OF PROPOSED ACTIVITY:

B. Activities, screening results, and recommended determination

FIRM Partner Activities	Details of Proposed Activities	Activity deliverable	Screening Result	Threat	Next step	General description of Mitigation Measures for these activities as required in Section 5 of IEE (see also ERR)	Activity requires ERR	Activity requires EDD	Activity suggests positive environmental action

C. Summary: Screening Results

Categorical exclusions	Activities determined to have no significant adverse impacts
Negative determinations	After environmental review, activities determined to have no significant adverse impacts
Negative determinations with conditions	After environmental review, activities determined to have no significant adverse impacts given specified mitigation and monitoring
Positive determinations	After environmental review, activities determined to have significant adverse impacts

D. Certification

I, the undersigned, certify that:

1. The information on this form is correct and complete
2. Those responsible for implementing this activity have received training in environmental review and training and/or documentation describing essential design elements and best practices for activities of this nature.
3. These design elements and best practices will be followed in implementing this activity.
4. The following actions have been and will be taken to assure that the activity complies with environmental requirements established for this Project.

Print name: _____ **Signature:** _____ **Date:** _____

ANNEX 3: FIRM ENVIRONMENTAL MONITORING AND MITIGATION REPORT

EMMR Part I of 3: Environmental Verification Form

USAID/KENYA Award Name: _____ Date of Screening: _____

Name of Prime Implementing Organization: _____ Funding Period for This Award: _____

Geographic location of USAID-funded activities (Province, District): _____

This report was prepared by: Name: _____ Date _____

Date of previous EMMR for this organization (if any): _____

Indicate which activities your organization is implementing under SO7 funding.

Key Elements of Program/ Activities Implemented

Activity Group	Group Discussion	Yes	No
1	Technical assistance, training, training modules development, capacity building, workshops, media events, radio programs, creating awareness, organizational strengthening, civic education, policy reforms, legal and social services and development of business plans and strategies.		
2	Micro credit, loans, MFIS and micro enterprises; loan and guarantees, DCAs		
3	Biotechnology		
4	Fertilizers, pesticides, new agricultural productivity technologies, planting materials, seeds and construction.		
5	Water, sanitation and hygiene activities.		
6	Sub-grants		
7	Other activities that are not covered by the above categories		

EMMR Part 2 of 3: Mitigation Plan

Category of Activity	Environmental Threats	Mitigation Measures	Responsible Party	Indicators	Data source / Method	Frequency
1. Education, technical assistance, training, etc.	No negative environmental impacts anticipated as a result of these activities.	Education, technical assistance and training about activities that inherently affect the environment including discussion of prevention and mitigation of potential negative environmental effects.	FIRM M&E Manager, COP, USAID COR	<ul style="list-style-type: none"> • # of partners trained in prevention and mitigation of potential negative environmental effects. • # of environmental trainings done (including GOK and USAID regulations) 	Review of training materials or reports	Annual
2. Micro credit, loans, MFIs and micro enterprises; Development Credit Authority (DCAs)	Threats are varied and will be targeted depending on the specific financial sector needs and applications	Ensure that the Guaranteed Parties, MFIs and beneficiary microenterprises have an environmental screening system sufficient to demonstrate compliance with local environmental laws and to enable USAID to make an assessment of the environmental impact of such activities. They are required to submit to USAID their proposed policies and procedures to assure that the projects financed are environmentally sound and comply with applicable laws and procedures [from IEE]	FIRM M&E Manager, COP, USAID COR	<ul style="list-style-type: none"> • # of FIRM partner organizations that have demonstrated full environmental compliance (including GOK and USAID regulations). • # of FIRM partner organizations that have received environmental and compliance training (including government and USAID regulations) 	Review of compliance certification or partner specific environmental policy materials. Review of training materials or reports	Annual

<p>3. New agricultural productivity technologies, materials improvement, construction, including livestock and fisheries activities to be designed</p>	<ul style="list-style-type: none"> • Unsafe use of pesticides • Introduction of invasive species • Damage to the ecosystem • Negative effects on human/animal health 	<ul style="list-style-type: none"> • Pesticide IEE prepared and approved prior to any purchase, handling or use, and the Safer Use Action Plan should be implemented. Further, because of the environmental risks inherent in improper handling, storage, use and application, FIRM's partners must assure that their clients are trained in proper handling, storage, and use/application techniques • Identification and mitigation of any potential direct adverse impacts on the physical environment and human health and safety (e.g. due to aflatoxin contamination) arising from distribution of contaminated seeds • Construction will not begin until a review is completed and approved by the Mission Environmental Officer. Any activities dealing with land and water management improvements must ensure that best practices are adhered to as per USAID Africa Bureau's Environmental Guidelines for Small-Scale Activities in Africa. (http://www.encapafrika.org/EGSSAA/Word_English/construction.doc) , (www.encapafrika.org/EPTM/AnnexG_EPTM_Mar2005.pdf) 	<p>FIRM M&E Manager, COP, USAID COR</p>	<ul style="list-style-type: none"> • # of partners who comply with the pesticide training and use regulations where applicable • # of funded constructions done as per USAID guidelines • # of partners who comply with USAID Africa Bureau's Environmental Guidelines 	<p>Review of compliance certification or partner specific environmental policy materials.</p> <p>Review of environmental compliance training materials or reports</p>	<p>Annual</p>
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<p>4. Water, Sanitation and Hygiene Activities</p>	<ul style="list-style-type: none"> • Depletion of fresh water resource • Chemical degradation of the quality of potable water sources • Creation of stagnant water • Contaminated water supply 	<ul style="list-style-type: none"> • All water supply and sanitation activities should be conducted in a manner consistent with the best design and implementation practices described in EGSSAA, Chapter 16: Water Supply and Sanitation. (http://www.encapafrika.org/EGSSAA/Word_English/wat_san.doc). • Any USAID-supported activity engaged in the provision of potable water must adhere to Guidance Cable State 98 108651, which requires arsenic testing and also the WHO guidelines for drinking water quality standards for human health (http://www.who.int/water_sanitation_health/dwg/gdwg3/en/index.html) • USAID-supported water projects must put in place proper systems for regulating the use of water and sanitation resources (e.g. by proper pricing) • USAID-supported water projects must put in place a water and sanitation resource monitoring and repair team to avoid wastage or contamination 	<p>FIRM M&E Manager, COP, USAID COR</p>	<ul style="list-style-type: none"> • # of partners who comply with EGSSAA and Guidance Cable State 98 108651 on drinking water quality standards where applicable 	<p>Review of compliance certification or partner specific environmental policy materials</p> <p>Review of environmental compliance training materials or reports</p> <p>Reports from site visits</p>	<p>Annual</p>
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Certification

I certify the completeness and the accuracy of the mitigation and monitoring plan described above for which I am responsible and its compliance with the SO7 IEE:

Print Name _____

Date _____

Signature

Organization

BELOW THIS LINE FOR USAID ONLY

USAID/Kenya Clearance of EMMR:

Contracting Officer's / Agreement Officer's Technical Representative: _____

Date: _____

Mission Environmental Officer: _____

Date: _____

As appropriate: REA, BEO [depending on the nature of activity, which potentially may require an EA]

Note: if clearance is denied comments must be provided to applicant.

EMMR part 3 of 3: Reporting Form

List each Mitigation Measure from column 3 in the EMMR Mitigation Plan (EMMR Part 2 of 3)	Status of Mitigation Measures	List any outstanding issues relating to required conditions	Remarks

ANNEX 4: FIRM EMMP IMPLEMENTATION WORKPLAN

Activity	Activity Deliverable(s)	2013				2014				2015			
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Submit FIRM EMMP draft 2 to USAID for approval	EMMP draft 2												
Carry out environmental due diligence on selected partners to identify environmental risks and institutional needs to ensure compliance	Environmental Assessment Report												
Develop an exclusion list of activities that may not be financed by FIRM partners as a result of our technical assistance	Exclusion list in partner MOUs												
Outline environmental and sustainability considerations in FIRM manuals and policies and include a section on environmental compliance in MOUs with partners	Environmental compliance Section in partner MOUs												
Monitor environmental progress to help strengthen each institution and report environmental actions and progress	EMMR; FIRM Annual Reports												

ANNEX 5. PROJECTS THAT REQUIRE ENVIRONMENTAL ASSESSMENT UNDER KENYA LAW

1. General –
 - (a) an activity out of character with its surrounding;
 - (b) any structure of a scale not in keeping with its surrounding;
 - (c) major changes in land use.
2. Urban Development including:-
 - (a) designation of new townships;
 - (b) establishment of industrial estates;
 - (c) establishment or expansion of recreational areas;
 - (d) establishment or expansion of recreational townships in mountain areas, national parks and game reserves;
 - (e) shopping centers and complexes.
3. Transportation including –
 - (a) all major roads;
 - (b) all roads in scenic, wooded or mountainous areas and wetlands;
 - (c) railway lines;
 - (d) airports and airfields;
 - (e) oil and gas pipelines;
 - (f) water transport.
4. Dams, rivers and water resources including –
 - (a) storage dams, barrages and piers;
 - (b) river diversions and water transfer between catchments;
 - (c) flood control schemes;
 - (d) drilling for the purpose of utilizing ground water resources including geothermal energy.
5. Aerial spraying.
6. Mining, including quarrying and open-cast extraction of –
 - (a) precious metals;
 - (b) gemstones;
 - (c) metalliferous ores;
 - (d) coal;
 - (e) phosphates;
 - (f) limestone and dolomite;
 - (g) stone and slate;
 - (h) aggregates, sand and gravel;
 - (i) clay;
 - (j) exploitation for the production of petroleum in any form;
 - (k) extracting alluvial gold with use of mercury. Forestry related activities including –
 - (a) timber harvesting;
 - (b) clearance of forest areas;
 - (c) reforestation and afforestation.
7. Agriculture including –
 - (a) large-scale agriculture;
 - (b) use of pesticide;
 - (c) introduction of new crops and animals;
 - (d) use of fertilizers;
 - (e) irrigation.
8. Processing and manufacturing industries including –

- (a) mineral processing, reduction of ores and minerals;
 - (b) smelting and refining of ores and minerals;
 - (c) foundries;
 - (d) brick and earthenware manufacture;
 - (e) cement works and lime processing;
 - (f) glass works;
 - (g) fertilizer manufacture or processing;
 - (h) explosive plants;
 - (i) oil refineries and petro-chemical works;
 - (j) tanning and dressing of hides and skins;
 - (k) abattoirs and meat-processing plants;
 - (l) chemical works and process plants;
 - (m) brewing and malting;
 - (n) bulk grain processing plants;
 - (o) fish-processing plants;
 - (p) pulp and paper mills;
 - (q) food-processing plants;
 - (r) plants for the manufacture or assembly of motor vehicles;
 - (s) plants for the construction or repair of aircraft or railway equipment;
 - (t) plants for the manufacture or assembly of motor vehicles;
 - (u) plants for the manufacture of tanks, reservoirs and sheet-metal containers;
 - (v) plants for the manufacture of coal briquettes;
 - (w) plant for manufacturing batteries;
9. Electrical infrastructure including –
- (a) electricity generation stations;
 - (b) electrical transmission lines;
 - (c) electrical sub-stations;
 - (d) pumped-storage schemes.
10. Management of hydrocarbons including –
the storage of natural gas and combustible or explosive fuels.
11. Waste disposal including –sites for solid waste disposal;
- (a) sites for hazardous waste disposal;
 - (b) sewage disposal works;
 - (c) works involving major atmospheric emissions;
 - (d) works emitting offensive odours.
12. Natural conservation areas including –
- (a) creation of national parks, game reserves and buffer zones;
 - (b) establishment of wilderness areas;
 - (c) formulation or modification of forest management policies;
 - (d) formulation or modification of water catchment management policies;
 - (e) policies for the management of ecosystems, especially by use of fire;
 - (f) commercial exploitation of natural fauna and flora;
 - (g) introduction of alien species of fauna and flora into ecosystems.
13. Nuclear Reactors.
14. Major developments in biotechnology including the introduction and testing of genetically modified organisms.

CITED IN: SECOND SCHEDULE (s.58 (1), (4)) PROJECTS TO UNDERGO ENVIRONMENTAL IMPACT ASSESSMENT

Available at: <http://www.nema.go.ke/images/stories/pdf/EMCA.pdf>

ANNEX 6: SIGNATURE PAGE (FIRM PARTNERS' SIGN-OFF)

	Partner Name	Contact person	Email	Phone	Signature
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