



KENYA ELECTRICITY TRANSMISSION CO. LTD.
"Building a World Class National Grid"

KETRACO Corporate Social Responsibility (CSR) Policy & Guidelines

KETRACO CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY & GUIDELINES

Our Vision Statement

“To be a world-class electricity transmission company and the leading inter-connector in Africa.”

Our Mission Statement

“To build and operate a national electricity transmission network that is reliable, efficient, effective, safe and environment-friendly through innovative and best practices; and to promote regional power trade to facilitate socio-economic development.”

Core Functions of KETRACO

The company’s core functions are:

- a) Planning the national transmission Grid;
- b) Financial resource mobilization for new high voltage power transmission lines;
- c) Design of new high voltage power transmission lines;
- d) Building/construction of new high voltage power transmission lines;
- e) Operationalization of the system for new high voltage power transmission lines;
- f) Maintenance of new high voltage power transmission lines;
- g) Participation in regional power trade; and
- h) Supervision of contractors/consultants.

KETRACO’s Core Values

As a public sector institution, we are dedicated to utilizing the best practice and provision of high quality professional services to our customers. The guiding principles in the operations of the company are (i) customer focus (ii) integrity, transparency and accountability (iii) teamwork (iv) creativity and innovation (v) commitment (vi) equity and (vii) professionalism.

1.0 Preamble

Corporate Social Responsibility (CSR) is defined by the European Commission as “the integration by companies of social and environmental concerns in their business operations and in the interaction with their stakeholders on a voluntary basis”. It’s about managing companies in a socially responsible manner.

It is generally accepted that the obligation of businesses is to satisfy customer needs and make profits for owners; but this primary objective must be twinned with positive impacts to societies that such businesses operate in. Such positive impacts can include creation of employment, provision of goods and services, contribution to economy by paying taxes, contributing towards development of infrastructure and improvement of quality of life for the people.

Today more and more businesses are making substantial investment in areas that include; infrastructure, health facilities, environmental conservation, recreation, food security, support to small scale enterprises, rehabilitation programmes for the youth, relief during natural disasters, poverty alleviation etc

All these CSR efforts by public or private businesses are undertaken outside their main commercial functions for the betterment of the society. This is irrespective of motives, outcomes or perceptions and whether this is part of the broader business strategy or not.

KETRACO as a responsible corporate has made a conscious decision to internalize CSR in her operations. This deliberate move is necessary because it is the society that gives us a “license to operate” and their goodwill is necessary for continued security and room to operate long after our transmission line construction is over.

KETRACO’s approach towards CSR will be focused on identifying and formulating projects guided by this policy and in response to specific needs that will go towards solving a problem that members of the concerned community have assessed as a priority.

Towards this end, we have consulted widely internally and beyond on best practices and come up with this policy and guidelines. Through this policy we aim at making corporate social responsibility an integral part of our policies, organizational culture, strategies and operations. We intend to build internal competency for social responsibility; undertaking internal and external communication on social responsibility; and regularly reviewing these actions and practices related to CSR.

2.0 KETRACO CSR POLICY STATEMENTS

The Kenya Electricity Transmission Company Ltd, (KETRACO) a State Corporation wholly owned by the Government, was incorporated on 2nd December, 2008 under the Companies Act Chapter 486 of the Laws of Kenya. This was pursuant to Sessional Paper No. 4 of 2004 on Energy.

KETRACO's mandate is to design, construct, operate and maintain new high voltage electricity transmission lines and substations that form the backbone of the National Transmission Grid. In doing so, KETRACO will strive towards ensuring that power is affordable, safe, reliable, is of good quality and is environmentally sustainable.

We aim to undertake our mandate in an environmentally friendly and socially responsible manner, while maintaining the highest standards in workplace health and safety.

To fulfill this commitment, we are actively engaged in:

- meeting and, when practicable, setting targets to surpass all applicable legal and regulatory safety, health and environmental requirements, policies and codes of practice;
- seeking to partner with stakeholders in appropriate community development programs within the laid down procedures governing such ventures;
- ensuring that our contractors use sustainable processes, practices, procedures and materials that avoid adverse effects on air, water and soil and maintain the environmental health of the communities in which we operate; and
- Consulting with stakeholders in matters that affect them.

We understand that the actions and conduct of every KETRACO employee and contractor are the basis upon which our stakeholders will evaluate our commitment to achieving the highest standards of social responsibility.

Beyond the statutory requirements, KETRACO also ensures that her operations meet ethical, environmental and social best practices because construction and maintenance of transmission lines usually involves acquisition of land or way leaves, compensation for the same, disrupting and restricting land-use activities in the areas of operations.

Due to such requirements as well as the set safety standards associated with electricity transmission, as a practice, KETRACO ensures that all projects include the following procedures:-

- Advertise the intention to undertake a project
- Conduct feasibility studies
- Ensure that any adverse effects arising from the line are adequately brought to the fore and mitigation measures accepted.
- Conduct Environmental and Social Impact audits
- Engage communities affected to gain their consent, support and goodwill
- Ensure a Resettlement Action Plan is in place

3.0 SPECIFIC RESPONSIBILITIES

3.1 Board of Directors

The KETRACO Board of Directors as the apex policy organ of the organization is responsible for the approval of CSR Policy & Guidelines and to ensure the principles of the policy are included in the KETRACO's Strategic Plan and statement of business objective. The Board also monitors for compliance with the policy through regular briefings from Managing Director & CEO.

3.2 Managing Director & Senior Management

The Managing Director and Senior Management are responsible for the implementation of the policy and to ensure that the business plans, projections and performance contracts are built taking the policy into consideration.

They will also ensure that CSR components and funding are included in all projects

3.3 Corporate Communications Department

The Corporate Communications Department will be the CSR task owners and will implement the same by the set guidelines. The Department will also develop the Annual CSR Workplan in liaison with other line managers especially those involved with project implementation.

The department will also maintain an inventory of all CSR projects and programmes undertaken by KETRACO and the resources provided by the company in support of the same.

The Head of Corporate Communications Department will also be the Secretary and Convener of the KETRACO CSR Committee that will oversee all CSR processes.

3.4 KETRACO CSR Committee

A CSR Committee appointed and chaired by Managing Director/CEO administers the CSR Policy & Guidelines. The Committee approves the Annual CSR Workplan and receives quarterly progress reports.

3.5 Third Party Partners/Implementers

In places and projects that may not be environmentally, financially, technologically practical or efficient for own implementation or supervision, KETRACO will appoint Third Parties who are determined to have the expertise and ability to implement a project on behalf of KETRACO. Such third Parties may be Project Contractor, Non-Government Organizations (NGOs), Community Based Organisations (CBOs) and Government Agencies.

4.0 KETRACO CSR FOCUS AREAS

Due to the nature of its operations, KETRACO will endeavor to adopt an integrated approach to address the community, societal and environmental concerns by taking up a range of projects in the following broad themes for consideration:

4.1 Education

KETRACO will support a community's efforts to ensure opportunities are availed by way of supporting school infrastructure, equipment including provision of desks and books. Payment of fees for bright students from marginalized communities can also be considered.

4.2 Health

KETRACO will support provision of health services if the local community identifies that as a priority. Specific emphasis will be given to efforts towards mitigation of HIV/AIDS impact on society.

4.3 Water provision

Most of the areas that our projects traverse are marginal arid and semi-arid lands where pastoralism is the most common economic activity. It therefore follows that potable water for human and animal populations is very important. The most appropriate means will be utilized to provide the water.

4.4 **Rural Lighting**

Being a utility in the power sector, KETRACO supports universal access of electricity to all communities. It is however not always possible to get connected to grid power in many cases. KETRACO will therefore encourage the use of stand-alone solar or wind power to pump borehole water and lighting of rural schools in off-grid areas.

In areas where electricity is available and a community has made an express request for connections to public institutions like schools, dispensaries, shopping centres, boreholes, etc; project funds including interest can be utilized as per the CSR project funding policy.

4.5 **Environment**

KETRACO will integrate policies that are pro-environment in all our business practices. Negative impact on the environment will always be avoided and where minimal impact is unavoidable, mitigation measures will be adopted using best practices.

4.6 **Culture, Sports & Recreation**

KETRACO will facilitate community driven efforts aimed at the preservation and promotion of local culture.

On the sports and recreation front, KETRACO supports initiatives that are aimed at ensuring the youth have healthy minds and bodies.

4.7 **Infrastructure**

There are cases where communities may request for assistance in augmenting infrastructure already in place by way of up-grading or expanding of shared facilities like community centres, libraries, classrooms, health centre or playgrounds.

Such funding will be on the basis that it is a one-off capital cost and any recurrent or operational or maintenance cost will be borne by the community or other benefactors.

4.8 **Employment Opportunities**

As a policy, KETRACO will ensure that project contractors source for unskilled labour needs from the local area.

Youth and women empowerment through employment-creation initiatives through complimentary initiatives like capacity building can be in-built in project proposals will be encouraged and supported.

4.9 Animal Health Programmes

Many pastoral communities may not have access to proper animal health and husbandry techniques. Where communities make express requests, veterinary camps can be supported for deworming, temporary cattle dips, etc. Such initiatives can be organized through government or private service providers.

4.10 Staff- driven Charity & Voluntary Work

KETRACO being a caring and considerate corporate citizen will also encourage staff-driven charity and voluntary programme. Such programmes can include sweat equity, philanthropy or charitable donations for purposes like famine or drought relief, destitute children, rehabilitation of substance abusers or donation of obsolete equipment.

5.0 KETRACO POLICY GUIDELINES

5.1 Funding

For Rural Electrification Projects requested by communities or intended for getting the goodwill and support of communities within an on-going project, at the Board of Director's discretion, Project Funds including interest from such funds can be utilised to finance a CSR Project.

For projects at inception level, while resources are mobilized for such transmission projects, KETRACO will be obligated to ensure a percentage of the funds sought are directed towards complimentary initiatives and there is project benefit enhancement. This should especially be directed towards mitigating any social or environmental impacts the project may visit on the communities that happen to be in the transmission line's path.

For activities that are in-built within the projects a floor and ceiling of between 2-5% of project budget or US\$3 million whichever is higher will be allocated for use in CSR or project social and environmental impact mitigation measures.

When KETRACO starts generating revenues, 5% of the profits will be directed towards CSR projects on a 50:50 basis for areas within project areas and non-project areas respectively.

5.2 **Project Choice**

All projects that are funded by KETRACO will as a matter of policy be based on beneficiary community's request. Such a request will be received by KETRACO or her appointed agents in the prescribed format including the project proposal template and with the requisite endorsement and concurrence by the local Government representative in the District/County.

KETRACO will not impose a project that has not been sanctioned and endorsed by the majority in the community that is expected to reap benefits from the project.

5.3 **Criteria for Qualifying & Location**

KETRACO will be guided by the principle of "the most good for the most people" in determining where a project will be located. The following factors will also be taken into consideration:-

1. Closest to project trace line
2. Closest to KETRACO sub-station sites
3. In areas where the line seems to face more risks
4. As agreed by local leaders
5. Where lines come closest to communities
6. At distances of 10 kms apart

5.4 **Neutrality, Non-Partisan & Secular**

As a matter of policy KETRACO will not fund projects that support the spread of a religious, racial, political or tribal agenda. In a cosmopolitan community, KETRACO will choose projects that stand for neutrality.

5.5 **Procurement**

KETRACO will endeavor to use the prevailing public sector procurement guidelines especially where exchequer funds are funding the project.

However in cases where donor procurement procedures are more efficient to implement, such a method will be used with the concurrence of KETRACO's MD & CEO.

6.0 IMPLEMENTATION

6.1 Project proposal format

The attached format will be adopted for all projects and will be filled by representatives of the community as guided by the Social Economist or other KETRACO officers and KETRACO's CSR Policy. (See attached form).

6.2 Third party implementation

The KETRACO CSR Committee will consider the option of 3rd party implementers on a case by case basis. However, specialist agencies to include NGOs, Institutes, Academic Organizations, Civil Society/Community-based organizations, Trusts, etc., who have requisite expertise in the project area will always be given priority.

6.3 Project Duration

KETRACO will always adhere to the agreed project period, but where unavoidable circumstances come into play, the CSR committee can consider extending the length of a project on a need basis.

7.0 REPORTING, MONITORING & EVALUATION

7.1 Reporting

KETRACO will also ensure that adequate coverage is given including a chapter in the Annual Report, websites, internal newsletters and where possible mainstream media on the implementation of CSR activities/projects including the facts relating to physical and financial progress.

7.2 Monitoring

For proper monitoring of CSR activities, KETRACO's CSR committee may approve an external Social Auditor or a suitable and credible agency to critically assess fulfillment of social obligations and suitability of the projects.

Internal monitoring of the CSR projects will be a periodic activity by KETRACO's Corporate Communications Department. The Board will also receive quarterly briefs of implementation of CSR activities.

7.3 Impact Evaluation

CSR projects shall also be evaluated by an independent external agency. This evaluation should be both concurrent and final.

Use of baseline surveys is encouraged to measure impacts made, especially if the same is a donor requirement.

8.0 POLICY REVIEW

KETRACO will amend the CSR Policy from time to time as informed by best practices and realities on the ground.

KENYA ELECTRICITY TRANSMISSION COMPANY LTD (KETRACO)

C.S.R PROJECT PROPOSAL & APPLICATION FORM

Date of Application: _____

1. Community Background

Name of applying community project: _____

Address/Location: _____

Location: _____ District: _____ County: _____

Name & Contacts of person in charge: _____

2. Statement of Need

What problem or issue does this project address?

3. Overview of Project

Project's Executive Summary: _____

How does the project propose to address the problem? (List objectives and specific tactics.) _____

Is the project currently underway? Yes _____ No _____

If yes, what has been accomplished so far? _____

What are the resources committed to the project? _____

What are the sources of funding so far? NGO _____
Community _____ CDF _____ Donor _____ Central Government _____

Summarize project's action plan and timetable: _____

How many beneficiaries are targeted by this project? _____

4. Measurable Objectives

What are your short and long-term goals for this project, and what will be the impact on the target audience? _____

How will you assess the success or effectiveness of your project? (Give clear, quantifiable objectives to measure the project's progress) _____

Additional Information

1. Project's Executive Summary
2. Registration Documents (with MoSS, Registrar of Companies, etc)
3. List of Leadership- (Board, Committee, etc)
4. Two letters of support from local government agency on viability (District Commissioner, Water, Agriculture, Education Officer, etc as the case may be)
5. Statement of accounts showing how past funds have been utilized
6. Detailed budget and schedules of current budgetary requirement

Strategic fit into KETRACO's CSR key focus / theme areas

A statement of how the project fits into one or more of KETRACO's CSR key focus / theme areas

For official use

Date application received: _____

KETRACO project in the area: _____

Confirmation of viability by Project Social Economist _____

Endorsement by PIT coordinator: _____

Date of approval by CSR Committee: _____

Recommended 3rd Party implementer: _____

Officer charged to oversee project: _____