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JORDAN INCLUSIVE, TRANSPARENT, AND CLIMATE RESPONSIVE INVESTMENTS PROGRAM FOR RESULTS

Additional Financing and Restructuring

(P180285)

ADDENDUM

ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT (ESSA)

DRAFT REPORT

February 2023

Executive Summary

The World Bank has prepared this Addendum to the existing Environmental and Social Systems Assessment (ESSA) of the proposed Additional Financing and restructuring of the Parent program "Jordan Inclusive, Transparent, and Climate Responsive Program for Results (PforR)" while the project is being discussed and deliberated with the governmental counterparts in Jordan. The content and views expressed herein in this Addendum are subject to modification and change based on the outcome of the ongoing discussions and negotiations with the relevant governmental counterparts.

1. Background:

The parent operation "Jordan Inclusive, Transparent, and Climate Responsive Program for Results (PforR)" was approved by the Board of the World Bank Group (WBG) on June 10, 2021, and it became effective on August 24, 2021. The Additional Financing and Restructuring of the same project (Parent program) will have the same PDO, which reads: To improve accountability to foster climate responsive investment and growth. A reference will also be made to the Economic Modernization Vision, which is the overarching economic strategy for the next ten years. The Parent program focuses on the following three result areas, with 12 indicators of implementation progress for project funding disbursement (DLI):

- **Result Area 1:** Improving the accountability and fiscal space for public investment, including toward national climate goals.
- **Result Area 2:** Improving the business-enabling environment and the capacity of key institutions to attract climate finance and private investment, including for the tourism sector.
- **Result Area 3**: Generating evidence and data for policy making, implementation, and stakeholder dialogue.

The GoJ has requested both additional financing (AF) and the restructuring of the operation in October 2022 to scale up and restructure the operation "in light of the recent institutional developments that included key implementing agencies". Restructuring is needed to adjust to institutional re-organization and to policy shifts, to align with the updated Jordan Reform Matrix (government program), and to mobilize innovative financing for fiscal sustainability.

2. Proposed Changes:

The proposed changes under the additional financing will **not change the PDO but** will scale up the PDO-level indicators which are being adjusted to reflect the revisions related to DLIs. Proposed **changes to DLIs essentially aim at strengthening and scaling them up across result areas and at adjusting to policy shifts and institutional reorganization in result area 2 on private investment. In result area 1 on public investment**, proposed changes aim at strengthening risk management and fiscal sustainability of public investment, at improving further the quality of public investment through green procurement and strategic prioritization, and at increasing the fiscal space for public investment through Domestic Revenue Mobilization (DRM) and at scaling up support to climate responsive capital spending and PPPs. **In result area 2 on private investment**, proposed changes aim at adjusting to policy shifts and institutional reorganization on investment promotion and incentives and at scaling up support to green financing and tourism development and building on lessons learned from program implementation regarding the streamlining of business licensing. **In result area 3 on governance**, proposed changes aim at scaling up support to improvements to investment and infrastructure services, to data and evidence-based policy making, and to leveraging further climate finance.

Revisions to DLIs build on lessons learned from implementation since the parent operation became

effective, and scale up initially targeted results including by broadening the scope of support provided by the operation to their achievements: e.g., additional DLRs aim at improving social accountability in public investment, revenue mobilization and PPP-related fiscal risk management in support to public investment, at strengthening data and evidence-based policy making and supporting through more practical avenues further improvements to investment and infrastructure service standards, at mobilizing green investment and finance including by mobilizing carbon markets and taking steps toward issuance of a sovereign green bond.

In accordance with World Bank OP 9.0 for Program for Results financing, **an Environmental and Social Systems Assessment (ESSA) for the parent was prepared, and disclosed in May 2021**[1]. The purpose of the parent ESSA was to provide (a) a summary of environmental and social risks and benefits associated with proposed activities required to achieve the Program Development Objective (PDO) and the Disbursement Linked Indicators (DLIs) for each results area; (b) an assessment of the borrower's environmental and social management systems which apply to these activities, their risks and benefits; (c) an evaluation of the borrower's performance and track record in implementing its environmental and social management systems; (d) an assessment of the extent to which the borrower's environmental and social management systems are consistent with the Bank's core environmental and social principles spelled out in Bank policy and associated guidance materials; and (e) a set of recommendations and actions which the borrower has agreed to undertake to improve the implementation of applicable systems. World Bank PfoR Programs must comply with the Bank Policy for Program for Results Financing[2], which includes a set of (6) core environmental and social principles.

The risks, impacts, activities and benefits of the Parent program as outlined in the parent ESSA are all still relevant to the parent and additional financing. Thus, the ESSA of the Parent program remains valid, and an Addendum to the ESSA is prepared to reflect policy shifts and institutional reorganization and to provide background analysis on the proposed revisions and adjustments of DLIs and DLRs. The ESSA Addendum reflect the following: 1) an assessment of the ongoing relevance of the parent ESSA, including any changes to the activities, risks or benefits under the parent program; 2) any new risks or benefits associated with new activities under the Additional Financing (AF); 3) changes to borrower environmental and social systems; 4) evaluation of the borrower's environmental and social performance and track record to date in delivering the program; and 5) recommendations for actions to be taken by the borrower; 6) The PDO will remain unchanged, but a reference will be made to the Economic Modernization Vision; 7) The Program boundaries will be updated as it is suggested to extend the timeframe of the operation and thus the boundaries by two years, that is, until June 30, 2028, while keeping the perimeter of the Program of expenditure unchanged. 8) No additional implementing agencies will be included (except for the replacement of the JIC by the Ministry of Investment) to the institutional set up of the operation which also justifies limited updates to the environmental and social assessment. However, the ESSA Addendum also comprise an update on the assessment of the legal policy framework and the institutional setup and responsibilities to reflect the replacement of the Jordan Investment Commission (JIC) by the Ministry of Investment as an implementing agency, and the enactment of a new Investment Environment Law.

Also, it is proposed that a range of DLIs will disburse against gender related results, including, tentatively on gender sensitive project appraisal, gender sensitive tourism development and investment incentives, and gender relevant statistical data generation and analysis**.**

DLI verification protocols are revised and completed based on amendments to DLIs, including through the addition on new DLRs. As the Independent Verification Agent (IVA), the Audit Bureau performed well under the parent operation and remains the IVA of the operation under additional financing and restructuring.

The closing date is June 30, 2028. Program is extended by two years. By aligning to this timeframe, the operation will support both short-term government initiatives and longer-term strategic plans and programs.

3. Impacts, Risks, Benefits of the Additional Financing

The Environmental and Social Risks Screening of the AF and Restructuring of the Program:

The assessment of the Environmental and Social Risks Screening of the AF and Restructuring of the Program is maintained as **Substantial as for the Parent program.** Similarly, the AF and Restructuring will have a number of positive environmental and social effects (benefits) in the areas of government accountability; information sharing and accessibility; citizen engagement; improvement of livelihoods; resilience to climate change and reduction of GHG emissions. The AF and Restructuring is also expected to have direct adverse environmental and social impacts and risks. The AF will directly support an increase in climate responsive infrastructure investments, which are tied to Disbursement-Linked Indicators. These investments could be in various sectors, supported with either public or private financing. Their environmental and social impacts and risks were assessed and mitigated in line with relevant laws of Jordan and the core principles of Bank Policy on Program for Results Financing. Several of the program activities are designed to improve the overall investment policies and regulatory framework in the country. This in turn, is expected to attract more investment, particularly in infrastructure development. The increase in infrastructure investment in all sectors will bring significant socioeconomic benefits, but will be accompanied with a range of direct and indirect adverse environmental and social impacts, such as pollution, land acquisition or involuntary relocation, labor risks, etc. Measures to improve the national environmental and social management systems and processes, have accordingly been incorporated into the Program.

4. Borrower Environmental and Social Management Systems:

Some changes in the applicable local and national environmental and social regulatory requirements, and others pertaining to activities under the program have been identified. These include:

- Amended Environmental Classification and Licensing System (69-2022)
- Regulation for Non-Hazardous Solid Waste Management System (44-2022)
- Regulation for Hazardous Materials and Hazardous Waste Management System (68-2020 and its amendments for the year 2022)
- Investment Environment regulation law (21-2022)
- Instructions for Climate Responsive Expenditure (9-2022)
- Green Bonds Guidelines (December 2021)
- Public Procurement Bylaw (8- 2022)

4.1 Borrower Performance and Track Record:

The environmental and social risk ratings also consider the performance of the parent program. The Environmental and Social (E&S) Performance of the program is rated Moderately Satisfactory owing to the following reasons: 1. The project management unit does not have the required E&S staffing, including the social and environmental specialists; 2. The program does not currently have an operational GRM since the "at your service" platform is being reformed and revamped; 3. The World Bank did not receive any E&S reporting on the project. Nonetheless some E&S PAP actions and verifications were completed under the parent. For example, the PPP unit hired an interim E&S consultant to screen projects; the PPP Appraisal Methodology was adopted and informed by good environmental and social practice; a Strategic Environmental and Social Assessment (SESA) of the Tourism Strategy was prepared, consulted, and disclosed; and an independent technical assessment of the government's centralized grievance redress mechanism was completed with recommendations on how to improve it. The targeted 20% increase in environmental inspection compared to the 2019 baseline was achieved in the year 2020. Hence, the data available do not support confirming that this increase was maintained or scaled up in the year 2021. Through preparation of the AF, E&S challenges will be reviewed and addressed. Technical assistance to build the capacity of the implementing agencies provided by the Jordan Multi-Donor Trust Fund (MDTF) will be scaled up under its upcoming replenishment. Further parallel technical assistance by donors will also be explored.

5. Stakeholder Engagement:

The environmental and social risks and benefits of the program restructuring and scale up have been consulted through the ESSA of the Parent Project. The ESSA of the Parent Program has been widely consulted with external stakeholders including government representatives from various implementing agencies, CSOs, and private sector associations. Additionally, during the implementation of the Parent Program the Public Investment Management (PIM) Unit/MoPIC adopted an appraisal methodology to apply to all large PIP/PPP (over 10 million JOD) projects and published an updated project concept note template with detailed guidance on public consultation, citizen engagement, and environmental and social assessment. Furthermore, the Parent Program supported the preparation and finalization of the Strategic Environmental and Social Assessment (SESA) that was conducted for the new National Tourism Strategy. The SESA was disclosed and consulted publicly. The ESSA Addendum was shared with the client for review and agreement. The ESSA Addendum will be disclosed on the World Bank and MOPIC website before project appraisal.

The GRM of the project will also be assessed under the AF and Restructuring. Under the Parent Project, the program was relying on the governmental electronic centralized and specialized platform called "At Your Service" (Bekhedmetkom) which is directly responsible for managing and tracking citizens' complaints with all government agencies. However, an independent assessment of the government grievance redress mechanism (At your Service platform) commissioned by the World Bank has shown certain weaknesses and needs to be strengthened. Currently, the government is considering enhancing the way it is dealing with citizen feedback by enhancing the GRM system. The government entities under the project are Ministry of Tourism and Antiquities (MoTA), Ministry of Industry, Trade, and Supply (MoITS), Ministry of Environment (MoE), Ministry of Investment (MoI), Department of Statistics (DoS), Ministry of Planning and International Cooperation (MoPIC), the Prime Minister Office, and Ministry of Finance (MoF).

6. Recommendations:

The environmental and social risks of the program are considered to be adequately mitigated, through DLIs and associated verification protocols and committed actions in the Program Action Plan. All the following recommendations are the responsibility of MOPIC as the implementing agency and will be supervised throughout Bank implementation:

All the recommendations stated in the ESSA of the Parent program are all valid and should be read and followed in conjunction with the following recommendations. The recommendations below include some recommendations that were already included in the ESSA of the Parent program but are being carried forward and reemphasized for their importance for the AF and Restructuring

- Assign one part-time Environmental and one part-time Social Specialists at the Program Management Unit (PMU) in MoPIC and allocate resources needed to ensure alignment between the government's environmental and social management systems and the core principles of Policy on Program-for-Results Financing. The specific Terms of Reference (ToR) should include screening the environmental and social impacts and risks associated with the proposed capex and PPP investment activities to be supported under the Additional Financing (AF).

- Assign E&S focal points in each implementing agency to follow up on the Program's E&S aspects as needed, and to contribute to the E&S screening of related expenditure and investment for their respective IAs in coordination with the E&S resources at the Reform Secretariat.

- Strengthen and maintain the capacity of the Program Management Unit (PMU) and the implementing agencies to address the E&S requirements and to report on E&S progress and results.
- Program GRM Procedures and Action Plan to strengthen the existing GRM (At Your Service system and system at Implementing Agency level), or another feedback mechanism acceptable to the Bank, will be included in the POM. A report on grievance data will be prepared on a semi-annual basis.
- Any new investments proposed by MoInv and/or investments financed by the PforR should be screened for E&S risks and impacts based on the exclusion list stated in the ESSA of the Parent program and against the core principles of Policy on Program-for-Results Financing and national environmental regulations. Screening and risk rating decisions should be aligned with the Environmental Classification and Licensing System (69-2022) which requires the preparation of ESIA/ESMPs for investments rated as of moderate, substantial, or high environmental and social risks to comply with the national system.

Recommendations added to the PAP:

- Modify the recommendation for the MoEnv to increase monitoring/inspection capacity (DLRs 1.5, 4.3 and all DLRs under DLIs 2 and 3, and all DLR under DLI 8) to clarify that this will be done by increasing inspection visits by 20% from the baseline of 2019 and maintaining it throughout the project duration, and by better-targeting inspection visits to ensure that higher risk projects are more frequently monitored.

[1] World Bank Program-for-Results, Jordan Education reform support program, ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT (ESSA)

[2] Bank Policy Program for Results Financing, November 10, 2017

Table 1: Progress status of the PAP actions and proposed revisions

Initial Actions	Achievement	Proposed changes
Dedicated E&S resources at the PPP unit by effectiveness	After its transfer from the PMO to the MoInv, the PPP unit lost most of its staff, including its E&S resource. It needs to be hired again.	Not completely achieved. E&S staff were not maintained during the Parent program implementation
Increase environmental inspection visits by 20 percent compared to the baseline of 2019	The targeted 20 percent increase has been achieved in the year 2020 but not maintained through 2021 due to the focus on social distancing during COVID crisis.	The 20 percent increase in the number of environmental inspection visits compared to the baseline of 2019 should be maintained throughout the duration of the project. Better targeting inspection visits are also required to ensure that higher risk projects are more frequently monitored to address the capacity issue in following up the implementation of EIA recommendations. Capacity building of the environmental inspection directorate is needed.
Strategic ES Assessment of National Tourism Strategy based on agreed ToR, including consultations	Achieved	Achieved.
Existing Program GRM (I.e. At Your Service Platform, implementing agency systems) to be strengthened according to the	Missed	Not achieved. A new DLR is suggested

principles listed in the Environmental and Social Assessment		

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1. Introduction

The GoJ adopted an economic modernization strategy (Economic Modernization Vision 2033) in June 2022, and updated the Jordan Reform Matrix (government program). Hence, project restructuring is needed to adjust to policy shifts and institutional re-organization. The new Economic Modernization Vision 2033 aims at doubling Jordan's growth rate and calls for a significant increase in both public and private investment. The strategy aims at accelerating the annual growth rate to 5.6 per cent, creating over one million jobs, enhancing living conditions by increasing per capita income by 3 percent per year on average, improving competitiveness, and strengthening environmental sustainability. Overall estimated investment needs for achieving the Vision's objectives amount to a net increase of capital investments between 2023 and 2033 of JD 41.4 bn (US$ 58.4 bn), most of which (73 percent) is expected to come from private investments (FDI, domestic investments, and PPPs). In 2021, private investment in Jordan accounted for around 12 percent GDP and the targeted annual net increase in private investment by the Vision would amount to around 6 percent of GDP. The Vision calls for an increase in total investment by 7.8 percentage points of GDP annually, including an increase of around 75 percent of current public investment. Given its focus on investment, both public and private, the operation is well designed to support the achievement of the macro-economic objective of the Vision.

The Parent program (P180285) in the amount of USD750 million was approved by the International Bank for Reconstruction and Development (IBRD) Board in June 2021 and declared effective August 2021, with a closing date of December 31, 2023. The GoJ requested both additional financing (AF) and the restructuring of the parent operation in October 2022 to scale up and restructure the program. Project restructuring is needed to reflect the recent adjust to institutional re-organization and to policy shifts, to align with the updated Jordan Reform Matrix (government program), and to mobilize innovative financing for fiscal sustainability. This is the first restructuring of the project.

The strong performance of the parent operation (P175662) during the first year of implementation, with disbursements ahead of schedule, warrants additional financing and institutional reorganization and policy shifts warrant restructuring. Significant progress has been made towards the achievement of the PDO, including regarding the rebalancing of the spending mix towards capital spending and the improvement of Jordan scoring under the Open Data Index (ODIN). Critical disbursement linked results (DLRs) have been achieved and should support the achievement of downstream results towards targeted outputs and outcomes. Most targeted results in 2021 have been met and a range of targeted results in 2022 are also expected to be achieved. Aligned with achieved results, the disbursement rate has reached 47 percent, ahead of schedule. The parent operation is rated satisfactory on achievement of PDO indicators and from a fiduciary perspective, it is rated moderately satisfactory on implementation progress and Environmental & Social systems. The main implementation challenges include (1) the resignation of critical staff from the Project Management Unit (Reform Secretariat) in October/November 2022; (2) capacity development needs across implementing agencies; and (3) the ongoing redesign of the government's centralized grievance redress platform which serves as the operational Grievance Redress Mechanism (GRM).

To ensure that adverse environment and social risks and impacts continue to be avoided, reduced, and mitigated adequately, the World Bank team prepared this addendum to the Environmental and Social Systems Assessment (ESSA) to cover potential additional environmental and social (E&S) aspects that may arise from the Additional Financing and Restructuring. The Addendum does not constitute a new

ESSA and should be considered together with the ESSA of the parent Program. The ESSA of the Parent program assessed, against the requirements of Bank Policy/Bank Directive Program-for-Results Financing (formerly OP/BP 9.00), the E&S systems of the implementing agencies (seven) under the project with respect to institutional capacity and performance, policy and regulatory framework.

1.1 Purpose of the ESSA Addendum:

In accordance with World Bank OP 9.0 for Program for Results financing, the World Bank conducted An Environmental and Social Systems Assessment (ESSA) was prepared for the Parent Project, Jordan Inclusive, Transparent, and Climate Responsive, Investments, Program for Results (PforR) and was disclosed in May 2021. The purpose of the ESSA was to provide:

- (a) a summary of environmental and social risks and benefits associated with proposed activities required to achieve the Program Development Objective (PDO) and the Disbursement Linked Indicators (DLIs) for each results area;
- (b) an assessment of the borrower's environmental and social management systems which apply to these activities, their risks and benefits;
- (c) an evaluation of the borrower's performance and track record in implementing its environmental and social management systems;
- (d) an assessment of the extent to which the borrower's environmental and social management systems are consistent with the Bank's core environmental and social principles spelled out in Bank policy and associated guidance materials; and
- (e) a set of recommendations and actions which the borrower has agreed to undertake to improve the implementation of applicable systems.

World Bank PfoR Programs must comply with the Bank Policy for Program for Results Financing, which includes a set of (6) core environmental and social principles:

- Core Principle 1: E&S Sustainability and Risk Avoidance, Minimization and Mitigation
- Core Principle 2: Avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources
- Core Principle #3: Protect public and worker safety
- Core Principle #4: manage land acquisition and loss of access to natural resources to avoids or minimizes displacement and assists affected people in improving, or at the minimum restoring, their livelihoods and living standards
- Core Principle #5: (Social Inclusion) Due consideration for equitable access to Program benefits, giving special attention to vulnerable groups
- Core Principle #6: Avoid exacerbating social conflict,

This Addendum comprises an assessment of the ongoing relevance of the ESSA, including 1) any changes to the risks or benefits identified 2) any new risks or benefits associated with new activities under the Additional Financing (AF) 3) changes to borrower environmental and social systems 4) evaluation of the borrower's environmental and social performance and track record to date in delivering the program.

2. Description of the AF and Restructuring:

The proposed additional financing (AF) and restructuring of the Jordan Transparent, Inclusive and Climate Responsive Investments Program-for-Results (PforR) aims to align the PforR with the updated

Reform Matrix (associated Government program) and scale up the impact of the well-performing parent program. An additional financing amount of US$ 400 million is proposed (the original loan amounts to US$500 million and is supported by co-financing from the Asian Infrastructure Investment Bank (AIIB) for an amount of US$250 million). The parent program became effective on August 24, 2021 and has disbursed to date 46 percent of its amount (triggering parallel disbursements by the AIIB). The Program's closing date is also proposed to be extended from June 30, 2026, until June 30, 2028 aligned with the Reform Matrix updated timeline. The AIIB has been requested by the GoJ and is processing in parallel a proposed additional financing of US$ 200 million.

The rationale for AF and restructuring of the Program is to improve the development effectiveness and fiscal sustainability of public investment, to scale up support to climate responsive public and private investment, to promote job and business opportunities for women, and to strengthen government effectiveness through participatory and evidence-based policy making based on data. The program development objective remains unchanged—to improve accountability to foster climate responsive investments and growth. Restructuring proposes to adjust the Program to policy developments and institutional reorganization in the past year and scale up and improve the initial result framework across result areas. It supports in particular targeted investment incentives to promote women business opportunities by operationalizing the new Investment Environment Law enacted at the end of 2022 and promotes business and job opportunities for women in tourism in implementation of the Tourism Gender and Inclusion Plan which was an output of the parent Program.

Proposed AF is mostly allocated to the following updated and added results under restructuring:

1) in result area 1 (public investment), AF and restructuring is proposed to further strengthen the quality of public investment (through green procurement and strategic prioritization); strengthen fiscal sustainability of capital spending); and further incentivize the prioritization of climate responsive public investment, including through public-private partnerships.

2) in result area 2 (private investment), AF and restructuring is proposed to enable a stronger set of interventions to scale up financing through the issuance of a possible green bond by MOF and the implementation of a National Green Taxonomy; support investments that create job opportunities for women; enhance job and business opportunities for women in tourism; and help operationalize the newly enacted legal framework for private investment.

3) in result area 3, AF and restructuring is proposed to incentivize government responsiveness to citizen feedback through e-participation, supporting the production and analysis of critical statistical information to inform policy making, including on gender, and leveraging carbon markets by mobilizing carbon credits.

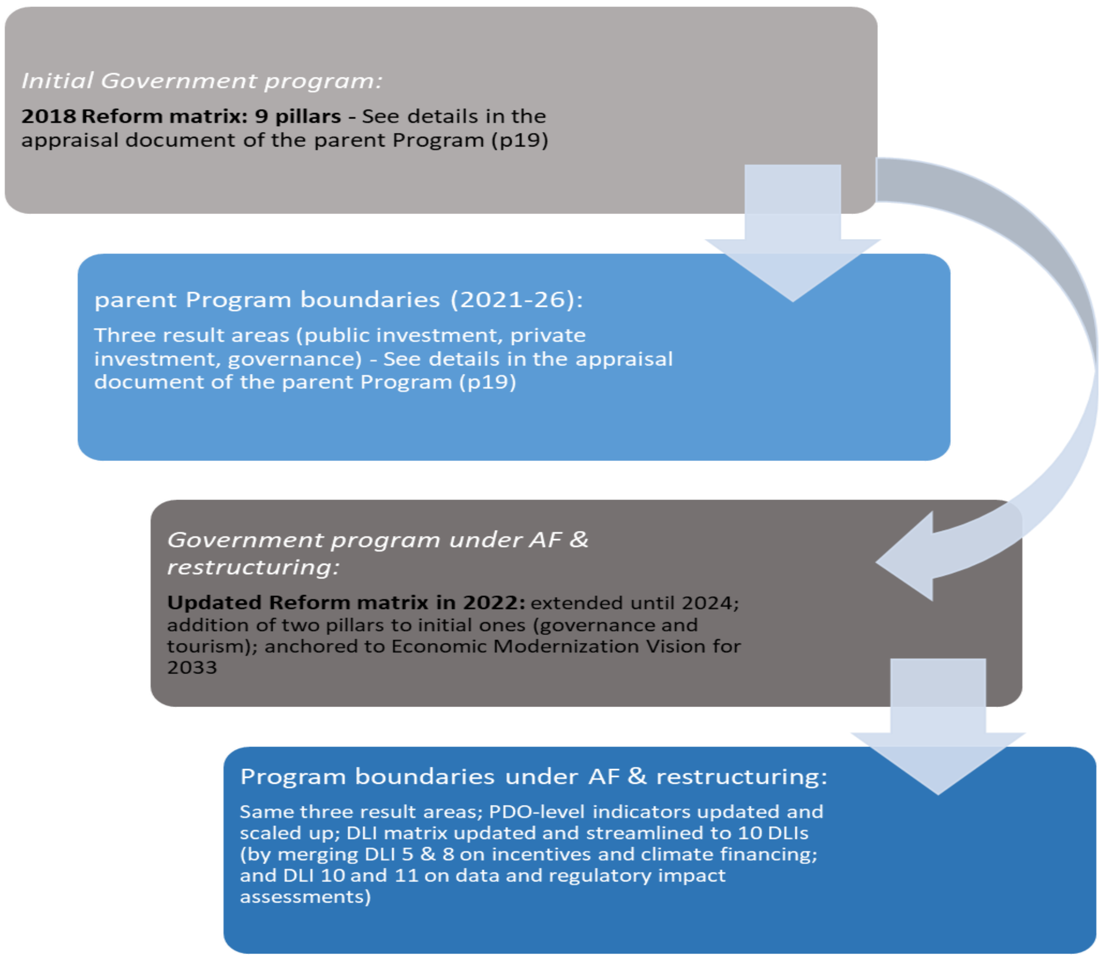
AF and restructuring proposed would significantly improve the Program impacts on gender, climate and private capital mobilization.

The Program boundaries, which were initially delineated in reference to the 2018 Reform Matrix and its underlying expenditure framework, are updated to align with the 2022 updated Reform Matrix. The updated Reform Matrix is itself better anchored to the overarching government medium-term economic strategy as reflected in its Economic Modernization Vision 2033.

3. Impacts, Risks and Benefits of the Additional Financing

The risks, impacts, activities and benefits of the Parent programs outlined in the parent ESSA are all still relevant to the parent and Additional Financing (AF). The PDO remains unchanged and program boundaries are updated to comply with the revised Reform Matrix. It is suggested to extend the timeframe of the operation and thus the boundaries by two years, that is until June 30, 2028. With the proposed extension of the operation timeline by two years, the operation will cover the first half of the Economic Modernization Vision.

Figure 2: Program boundaries under AF and restructuring.



[1] See the government budget on the website of the General Budget Department (www.gbd.gov.jo)

[2] IMF, 2022, Fifth Review under the extended arrangement under the extended fund facility and modification of performance criteria

3.1 Implementing agencies of the project:

The implementing agencies remain the same as under the Parent except for the replacement of Jordan Investment Commission (JIC) by the Ministry of Investment (MoI). The Implementing agencies are: Ministry of Tourism and Antiquities (MoTA), Ministry of Industry, Trade, and Supply (MoITS), Ministry of Environment (MoE), Ministry of Investment (MoInv), Department of Statistics (DoS), Ministry of Planning and International Cooperation (MoPIC), the Prime Minister Office (PMO), and Ministry of Finance (MoF).

The MoInv was established in October 2021 to be the main reference authority for investment in the Kingdom. The ministry is concerned with all investment affairs, responsible for addressing all issues of local and foreign investors and setting policies to stimulate investment and enhance the competitiveness of the main economic sectors in Jordan. The ministry duties also include (1) unifying investment references, (2) facilitating its procedures through providing an incubating environment for investment, and (3) attracting, encouraging, and promoting investments.

The ministry has now replaced the investment commission and has joined the Public-Private Partnership Unit,. The MoInv was governed, until mid-January 2023, by the Investment Law No. 30 of 2014. Hence, it is now governed by the new Law No. (21) of 2022 “Investment Environment Law for the year 2022” which was published in the Official Gazette No. (5821) on 16/10/2022 and has recently come into effect after ninety days from the date of its publication. This law regulates the investment environment, govern the establishment and responsibilities of the Ministry of Investment and Investment Council, and includes articles pertaining to the registration and licensing of economic activities, general investment policy, investor’s rights, investment incentives, development and free zones, grievance mechanisms and streamlining processes. Hence, the new Investment Law do not apply to the Aqaba Special Economic Zone. Supporting regulation must be issued by January 2023 outlining the details.

The MoInv is planning to prepare a new National Investment Strategy and new strategy for the Ministry. The preparation of the two strategies is planned to engage related stakeholders, and to address the direction set in the Modernization Vision.

3.2 Environmental and Social effects:

The Environmental and Social Risks of the Program are considered Substantial:

This rating takes into consideration the performance of the parent project, and the design of the new activities and restructuring proposed under the AF. The PDO has not significantly changed, only minor refinements are introduced, and Result Areas and implementing agencies remain the same except for introducing MoInv as implementing agency in replacement of the JIC. Hence, the program is undergoing restructuring to consider DLRs, and actions already completed.

Pending final approval, the proposed changes to DLIs capture the following:

Environmental Effects:

Under Result Area 1- Capturing green procurement and the Life Cycle Costing (LCC) by the Program under DLI1 1 will improve the quality of public investments by striving to reduce greenhouse gas emissions, control pollution and sustain natural resources. These positive impacts will be achieved through purchase of services and products with lower GHG footprint, efficient water and energy products, and choosing environmentally friendly products which limits the use of hazardous substances, control chemical pollution, reduces waste generation and encourage recycling, etc. DLI 3 scales up climate-responsive public investment to meet Jordan’s NDC 2030 Goals. The AF will further enhance project management capacity for PPP investment and scale up capital expenditures of public and climate responsive investments and climate – having already achieved targets. Implementation of climate responsive activities will bring economic and health benefits from the reduced risk to human health and welfare, and environmental benefits from strengthening Jordan efforts to achieve its updated NDC targets for 2030. Hence, environmental effects remain the potential adverse environmental effects of downstream PPP and public and climate responsive investment projects. These PPP and public investments may also cause environmental risks related to dust, air emissions, noise, discharge of wastewater and disposal of solid/hazardous waste, in addition to biodiversity risks. During preparation, it will be confirmed that the typology of investments envisioned to meet the DLRs are the same as under the parent, and the exclusion criteria and screening methodology in the ESSA remains valid or it will be revised as needed. Under DLR 1 to 4, a climate finance governance system will be established, and it will move further toward operationalization under DLI 12 for achieving Jordan’s NDC 2030 goals. It would be important to understand how the ESSA exclusion criteria and screening methodology, and how the project appraisal methodology (under DLR 1.1) will be maintained, implemented, monitored, and revised to address identified and emerging E&S aspects (adaptive approach).

Proposed changes Under Result Area 2- The new Ministry of Investment (MoI) will replace the Jordan Investment Commission (JIC) as an implementing agency and will lead the enactment of a new Investment Environment Law. The exclusion criteria and the screening methodology should be applied to all new investments under RA2. Under DLI 4 all IPS should meet good practice principles, and under DLR 4.3 E&S risks and impacts should be addressed through related ESMPs and ESIAs. Under DLR 5.2 the National Green Taxonomy should consider the exclusion criteria, and its implementation should incorporate the screening methodology provided in the ESSA. Under DLR 5.3 consideration of E&S risk rating (from the screening process) and E&S performance evaluation in the decision making to provide climate-responsive investment incentives is advisable. DLI 5 has been renamed “Enhancing mobilization of green finance to generate climate-responsive investments” and focused on green investment. The Green Bonds Financing Framework, including eligibility and exclusion criteria, selection criteria, and prioritization that will be financed by the green bonds in the pre-issuance stage should address anticipated environmental risks and impacts, and meet the World Bank environmental and social principals. Impact Reports related to post-issuance and implementation completion should document and provide an accurate description of the incurred environmental impacts as per the baseline. The DLR on non-fiscal incentives has been dropped. Under the Parent program (DLI 6), Tourist Site Management Plans (including environmental compliance and community consultations) are already required as a DLI verification for tourist site-level expenditures, and this will be maintained. DLR 6.4 could entail environmental risks related to touristic sites improvements including occupational and community health and safety, cultural heritage, biodiversity, waste management, etc. The exclusion criteria and the screening methodology should be applied, and relevant actions would be proposed in the program’s PAP such as ESMPs to be prepared and implemented by the implementing agency for each site, proportionate to risks rating. Also, under DLI 6, a new DLR has been proposed on the implementation of the Tourism Gender and Inclusion Project Plan. DLR 8.2 on Green Bonds Guidelines, the Guidelines and projects’ eligibility, screening, and shortlisting criteria that will be financed by the green bonds in the pre-issuance stage should cover environmental risks and impacts. Reports related to post-issuance and implementation completion should document and provide an accurate description of the incurred environmental impacts. M&E should periodically report on the above.

Proposed changes proposed under Result Area 3 and the scale up of all DLIs under this result area are not expected to generate significant adverse environmental effects and provides opportunities to enhance social benefits of transparency and accountability (e.g., DLR on government responsiveness to grievances from users). Environmental risks and impacts from downstream investments are similar to what is mentioned above. The risks and impacts are indirect and expected to be moderate. During preparation and processing the Additional Financing, it will be confirmed that the typology of investments envisioned to meet the DLRs are the same as under the parent, and the exclusion criteria and screening methodology in the ESSA remains valid or will be revised as needed. The simplification of a number of government services through process re-engineering based on user journey mapping under the new DLR 9.3 should meet the World Bank E&S principals, comply with the relevant national environmental and social policies and regulations and integrate good practice principals. DLI 10 might also introduce a new DLR aiming at enhancing the production and analysis of data, including gender relevant, to inform the Economic Modernization Vision and the SDGs. Also, under DLI 12, a new DLR is under discussion on production and analysis of data, including gender relevant, to inform the Economic Modernization Vision and the SDGs. Linked to the discussion provided for Result Area 1 (DLR 1 to 4), DLI 12 on climate finance governance system will move further toward operationalization of the governance system. ESSA exclusion criteria and screening methodology, and the project appraisal methodology should be maintained, implemented, monitored, and revised to address identified and emerging E&S aspects (adaptive approach).

Social effects

Result Area 1

Proposed changes under Result Area 1 will result in a number of social benefits related to strengthening social accountability through capturing new dimensions such as gender sensitivity of project appraisal. Under DLI1, a new DLR might been added on green procurement and the decision on disbursement against gender-sensitive project appraisal process. Under DLI2 the new government consolidated budget 2023-2025 has introduced a new chapter on gender-based allocations for capital and recurrent budget as well as a chapter on allocations to children. This came as a result of the third stage of the governmental program on gender-responsive budget program following the collaboration between the National Committee for Women Affairs (NCWA) and National Budget Department which also resulted in the inclusion of women economic empowerment projects in the government programs. Additionally, the allocations for children came as part of “Child friendly budget” initiative to help the institutions working with children to improve their services (Ministry of Social Development- MoSD, Ministry of Awqaf and Religious Affairs, Higher Council for Youth, etc.). Under DLI 3, the DLRs will be scaled up to increase climate responsive capex and increase in government fiscal commitments to climate responsive PPP. The pipeline of PPP investments to be financed under the AF has not been finalized, indicating priority sectors of transportation, water, energy, agriculture, and environment. This increase in DLI3 could have potential adverse social risks and impacts caused by land acquisition or loss of access to natural resources, risks associated with project labor, community and worker safety and health risks; and risks related to adequacy of consultation and disclosure processes. These risks may be disproportionately experienced by vulnerable and marginalized groups. All new public and PPP projects will be screened to exclude public or PPP investments that have significant and severe adverse social impacts and risks. Priority public investments to be considered under the program are expected to be adequately managed under Jordan’s existing social systems as described in Section 4 as well as necessary provisions to bridge any gaps between relevant government laws and World Bank Policy on Program-for- Results Financing, as already explained in the ESSA of the parent program. It is also expected that the existing PDA will be extended to finance public investments in addition to PPP. The PDA in this case could support institutional capacity of project management including necessary E&S assessments which will support processing the new investments.

Result Area 2

Proposed changes under Result Area 2- DLI 4 will reflect the replacement of the Jordan Investment Commission (JIC) by the Ministry of Investment (MoInv). It will also scale up support for investments in tourism to enhance the focus on private investment and revenue generation and the green and climate-responsive investments private sector in alignment with the government's climate agenda. There are long-term socio-economic benefits from increased investment in Jordan including job and entrepreneurial opportunities. Under DLI 4 a new implementing agency has been introduced, the Ministry of Investment (MoInv) which replaced the Jordan Investment Commission (JIC). A quick E&S assessment has been conducted for the MoInv and concluded that the Ministry was newly established and is still going through a process of reengineering and redesigning its functions and organizational structure. The E&S aspects of investments are covered under the 2023 Investment Bylaw and the Investment Environment Law which also include incentives on private investments fostering women employment. However, the E&S institutional capacities of the nascent Ministry of Investment (MoInv.) A new DLR might be introduced on gender-related investment incentives. A revised DLR will also be introduced on facilitation of private investment. Additionally the new Investment Strategy (under preparation) should be screened for E&S risks and impacts.

DLR 4.3 may cause E&S risks and impacts which should be addressed through relevant E&S instruments (ESMPs, ESIAs, and others). All Site Management Plans will be consulted with local communities, to ensure equitable access to the PforR program benefits giving special attention to vulnerable groups, and to locals working in the tourism sector including women. DLI 5 has been renamed "Enhancing mobilization of green finance to generate climate-responsive investments". It has also been refocused on green investment. Green Bonds Guidelines have been issued by the Ministry of Environment (MoEnv.) in December 2021 (as per the requirement under DLR 8.2). The Green Bonds Financing Framework, including eligibility, selection criteria, and prioritization that will be financed by the green bonds in the pre-issuance stage should cover social considerations and requirements including land acquisition and resettlement, stakeholder engagement, etc. Impact Reports related to post-issuance and implementation completion should document and provide an accurate description of the incurred social impacts as per the baseline. The DLR on NDC conditional commitments has been strengthened to align with updated and significantly scaled-up commitments in 2021. The DLR on non-fiscal incentives has been dropped. Under DLI 6, a new DLR has been proposed on the implementation of the Tourism Gender and Inclusion Project Plan. DLR 6.4 could entail low to moderate social risks related to touristic sites improvements including minor land acquisition (Land acquisition is not considered to be a significant risk as these are existing sites with established boundaries) and community and workers health and safety during upgrading of existing tourist sites under the program. Upgrades may consist of signage, small improvements to structures, and improved security measures. Most activities proposed under this Result Area could also cause risks related to labor and working conditions for project workers, including those who are managing the project and contracted workers managing the different activities under the project; risk of exposure to sexual harassment or exploitation, or poor working conditions, indirectly, through the different project activities; as well as risks related to health and safety aspects. All proposed improvements should be screened, and related risks should be mitigated as per the requirements of the newly prepared Strategic Environmental and Social

Assessment (SESA) and through the preparation of site management plans (ESMPs/ESIAs and others). A new DLR on the implementation of the Tourism Gender and Inclusion Project Plan could entail positive socio-economic impacts women vulnerable and marginalized groups through creation of new job opportunities. The new Plan should be publicly consulted with women and vulnerable groups. The specific climate projects are not known at this time. The program will follow relevant national laws, regulations, and World Bank Policy on Program-for-Results financing in addressing such impacts. Under DLI 7 the DLR on business registration is dropped (due to policy shift) and the DLR on licensing is revised to better support licensing reform.

Result Area 3

Activities under Result Area 3 are expected to have a number of positive social effects in enhancing transparency and government accountability. Under DLI 8 the DLR on NDC conditional commitments to align with updated and significantly scaled up commitments in 2021 has been strengthened. DLI 9 might remain unchanged which will support the launch of The National Registry of Government Services (NRGS) should encompass 2,400 of these services, against a target of 120 to 200 specified under the current DLI, the Ministry of Digital Economy plans to revamp the government grievance redress mechanism (GRM) for service users and launch a first citizen service center (one-stop shops). Based on these developments, new DLRs are proposed related to process re-engineering of service delivery based on service user journey mapping, enhanced citizen centric life event services informed by user research, government responsiveness to grievance from service users, and access and quality of services granted through citizen service centers under deployment. These activities will have social benefits by allowing for citizens of all backgrounds to get equal service and treatment from the same place leading to enhanced accessibility and nondiscrimination, and improved feedback mechanism. To enhance government responsiveness to citizen feedback, a new DLR will be proposed in relation to the responsiveness to citizen complaints and grievance as the current system (At Your Service Platform) is not functioning as it was expected, with only one-third of users receiving a response from the government. It needs to be revived by mandating its use within the government, as well as by restoring the response rate and ensuring response timeliness. In addition, Digitalization of services can have risks associated with the project including risks related to social exclusion and inaccessibility to project benefits by vulnerable groups who have limited access to IT services such as the elderly, the poor, the disabled, etc.

DLI 10 will support the establishment of the National Data Center and the generation of data needed to monitor the implementation of the Economic Modernization Vision. DLI 10 will also introduce a new DLR aiming at enhancing the production and analysis of data, including gender relevant, to inform the Economic Modernization Vision and the SDGs. DLI 11 remains unchanged but will be amended to include a DLR on the operationalization of an e-participation policy for the purpose of public dis, and government responsiveness to stakeholder feedback provided through e-participation on legal and policy. To this effect, the disbursement formula of DLR on completion of regulatory impact assessment will be revised to incentivize e-consultation. The associated risks could include IT literacy of some population segments (the elderly) which could limit their e-participation, limited access to the internet and the related platforms. Under DLI 12, the DLR on leveraging carbon markets will be strengthened which would have positive social impacts.

4. Environmental and Social Management Systems

This section will cover any updates or changes in the Borrower's environmental and social management systems, regulatory regimes, capacity to manage risks and impacts resulting from the program, as well as performance of the systems to date. Systems associated with new activities under the AF will also be highlighted.

There have been no major changes to the regulatory frameworks governing environmental and social risks and impacts associated with the program since the parent ESSA was issued. The ESSA of the Parent program included an assessment of the existing E&S regulatory systems as well as the main gaps within these systems. Below are some recent developments and a baseline description of the regulatory framework associated with new activities and DLIs under the program.

In general, the environmental and social assessment and management system includes an adequate legal framework to guide environmental and social impact assessment, mitigation, management, and monitoring for the PforR expected activities. The system functions with clear articulation of institutional responsibilities for different entities, and regulatory bodies have capacity to operate the system to a reasonable degree of efficacy.

The changes could be summarized as follows:

The MoInv replaced the Investment Commission, and it is governed by the new Law No. (21) of 2022. This law sets the general investment policy in the Kingdom and points out the principals to the policy which include "protecting the environment and encouraging transition to a green economy, safety and public health, according to social standards" [item (H) of Article (3)]. According to the Law No. (21), MoInv shall exercise the duties and authorities for "Protecting the environment, water sources, natural resources and biodiversity in line with the legislations in force" within the boundaries of the Zone, except for ASEZ [Point (6) of Item (B) of Article (23)]. The master developer of each development and/or free zone is responsible for "Providing environmental requirements and conditions and waste collection and disposal services" [Point (5) of item (B) of Article (20)].

The MoInv is planning to prepare a new Investment Strategy and new strategy for the ministry. The preparation of the two strategies is planned to engage related stakeholders, and to address the direction set in the Modernization Vision.

Under the current organizational structure of the Ministry, and under the Policies and studies Department the Ministry operates a Section for Local Community Development. A Surveying, Acquisition and Geographic Information Systems Section is operated under the Urban Planning and Development and Free Zones Directorate, and a Public Relations and Communications Unit is operated and constitutes two sections: the Public Relations and Communication Section, and the Media Section.

The ministry established Environment Committee which include a representative of the Ministry of Environment, hence the ministry lacks a unit, or the resources needed to conduct its E&S due diligence, to administrate and manage the environmental aspects related to the mandate of the MoInv, and to coordinate with related environment protection organizations. Hence, MoInv is in the process of reengineering its organizational structure and is also developing its operational system and manual considering the new Investment Environment Regulation which is expected to be approved and officially published by February 2023.

Changes in the applicable local and national environmental and social regulatory requirements which became effective since the approval of the ESSA for the Parent program include:

– Amended Environmental Classification and Licensing System (69-2022)

According to the latest amendment to regulation 69/2022, This regulation should be read along with the Amendment regulation No. 97 for the year 2020 (Amendment of the Environmental Classification and Licensing System – Regulation No. 69 for the year 2020). The amendments are limited to revising and updating the four tables on classification criteria and activities risk rating which present grouping of different activities under each of the four environmental risk categories [provided in Annex No. (1): Classification Criteria and Activities Tables] and revising and updating the conditions for selecting sites for development activities [provided in Annex No. (1) to the regulation], which defines the minimum distance required between proposed activities and sensitive receptors and pollution sites.

- Regulation for Non-Hazardous Solid Waste Management System (44-2022)

This new regulation was issued in accordance with Article (31) of the Waste Management Framework Law No. (16) of 2020, and it replaces the regulation for solid waste management system No. 27 of 2005 and the instructions of Solid Waste Management for the year 2019.

Regulation 44-2022 clarified responsibility boundaries for non-hazardous waste generators and non-hazardous waste management authorities and obliged the authorities responsible for non-hazardous solid waste management to develop a plan for sorting waste from the source. The regulation also assigns the responsibility for its application within development and free zones to the authorities responsible for managing these zones and in coordination with the relevant authorities. The provisions of the system excluded the domestic sector (households) and non-hazardous by-products, as defined by the regulation, from the obligation to the application of the provisions of this new regulation.

In addition, the regulation explained the categorization of the sorting facilities based on type of waste separation (manual, mechanical, semi-mechanical), and listed the general conditions for operating non-hazardous solid waste sorting, material recovery and final disposal (landfill) facilities.

The regulation emphasized the necessity to develop plans for the collection and transportation of waste in emergencies and exceptional circumstances, with the provision of the necessary mechanisms, equipment/machinery to implement these plans, and with appropriate measures taken to ensure that hazardous waste is not mixed with non-hazardous waste to preserve health. The authorities responsible for managing solid waste dumps and landfills are obligated “not to receive hazardous waste, to allow unauthorized waste pickers to pick them up, to record the tonnages that are finally disposed of, and to surround the landfill facilities with a fence to prevent the entry of animals, and other requirements.”

As instructed by the new regulation, the competent non-hazardous waste management authorities must take the necessary measures to reach the principle of self-sufficiency and within its areas of competence by providing an integrated and sufficient network of recovery and treatment facilities, and the final disposal of waste. It is also obligated to ensure the provision of adequate measures to comply with the occupational health and safety requirements and applicable legislation issued by relevant authorities in the kingdom.

Article 14 of the new regulation stipulates that the Minister shall issue the necessary instructions for the implementation of this system, including:

1. Preparing non-hazardous solid waste management plans.
2. Safe use and rehabilitation of environmentally unsafe waste dumps.
3. Technical and environmental requirements for establishing and operating solid waste transfer stations.
4. Technical and environmental requirements for establishing and operating non-hazardous waste sanitary landfills.
5. Technical requirements and specifications for the machinery/equipment used in streets cleaning inside municipalities and the capital of Amman.
6. Technical requirements for the establishment and operation of the associated storage facilities for non-hazardous solid waste.
7. Technical requirements for non-hazardous solid waste collection operations.
8. Plans for the management of agriculture non-hazardous solid waste.

- Regulation for Hazardous Materials and Hazardous Waste Management System (68-2020 and its amendments for the year 2022)

The amendments made to Regulation No. 68-2020 is limited to including representatives of the Ministry of Interior and the Ministry of Transport to the Technical Committee for the management of hazardous materials and waste.

- Instructions for Climate Responsive Expenditure (2022)

The instructions for climate responsive government capital expenditures and financing were issued in 2022 under the direction of Article Number (9) of the Climate Change Bylaw (79-2019) to clarify the environmental concepts and terms mentioned in Article (2) of the bylaw and defines eligibility criteria for considering the financing projects, activities or programs as climate responsive, and for determining financing categories of the capital climate responsive expenditures.

- Green Bonds Guidelines (December 2021)

The green bond guidelines were issued in December 2021 to stimulate dialogue with private sector stakeholders interested in the green bonds market and launch Jordan towards issuance of the first green bonds in the future. The guidelines draw upon market best practices such as the Green Bond Principles (GBP) and have been prepared by the Ministry of Environment in coordination with Ministry of Finance, Jordan Securities Commission and Central Bank of Jordan.

- Public Procurement Bylaw (8- 2022)

The new Procurement Bylaw No. 8 of 2022 was amended towards the end of 2022 to include an Addendum on gender mainstreaming in Jordanian public procurement. The Council of Ministers decided in November 2022 to give a special preference when evaluating offers for integrating gender into government procurement, with a preference rate not exceeding (5%) on the price, where (2%) is granted for the financial offer made by the establishment in which women or youth own shares of not less than (51%), and (2%) for the financial offer made by the establishment in which the position of general manager and/or the authorizer is held by women or youth prior to the date of participation in the tender, for a period of not less than two years in a row, and (1%), for the financial offer made by the institution in which individuals with disabilities own not less than (51% of the voting power).

In addition, Article 8- A included the following requirements and conditions in any new public purchase:

- Procurement of energy-saving supplies and appliances.
- Use of renewable energy.
- Reducing water consumption.
- Disguise, reduce waste and promote recycling.
- Taking into account environmental, social and health and safety aspects.
- Promoting economic development and ensuring the participation of small and medium companies
- Based on the principles approved by the Procurement Policies Committee.
- From the best quality of local products or any other facilities specified by the Council of Ministers, provided that the requirements set forth in the procurement documents are met.

Article 8- B added that any special requirements or conditions required to be applied to the contractor shall be disclosed which will be referred to a purchase contract in the purchase documents related to the contract.

4.1 Borrower Performance and Track Record

The Proposed changes to the implementation arrangements are described below:

Institutional arrangements are strengthened to ensure more effective interagency coordination, monitoring, and oversight at the apex of government, and to build capacity of implementing agencies. Program implementation remains coordinated by MOPIC and involves the same implementing agencies as initially to the exception of JIC replaced in 2022 by a Ministry of Investment which is a new implementing agency under restructuring. The following provisions are suggested to be added to the initial implementation arrangement:

- **The PMU will hire a full time Program manager, vested with authority on the Program management team members, along with the assignment of fiduciary and safeguards responsibility to qualified staff.** Staff retention by MOPIC for the duration of the Program operation is included in the Program Action Plan (PAP).

- **The Technical Steering Committee, which was established by decree for the purpose of the parent Program to ensure interagency technical coordination is strengthened as follows:** 1) it will be chaired by MOPIC; The Technical Steering Committee will meet every six months and the minutes of its meeting will be shared with the World Bank.

- **The M&E function of the operation management unit will be strengthened.** In addition to reporting on progress and achievements as specified by the parent operation, it will report on implementation bottlenecks and provide analytical insights and draft policy briefs to MOPIC Minister on underlying factors. For this purpose, it can request implementing agencies to provide detailed information on implementation bottlenecks and may commission independent evaluation about them. The template for reporting to the government and the WB on progress will be detailed in the operation manual.

- **The Ministry of Investment will substitute the Jordan Investment Commission as the implementing entity for DLI 5.**

The Program Action Plan (PAP) is updated to take stock of its achievement under the parent Program and focus on ensuring that implementing agencies are capacitated enough to meet targeted results falling under their respective responsibility. The initial PAP has been partially achieved but some actions have proved ineffective, and others have become irrelevant (as the one related to DLR 7.1 on business registration which is dropped from the Program). The updated PAP will mostly focus on mitigating the lack of institutional capacity for program implementation as the main implementation risk: a new action prescribes the Reform Secretariat to retain a program manager, an M&E specialist, and Environmental and Social specialists for the duration of the operation.

5. Stakeholder Engagement

Due to the tight timeline of the preparation of the AF, the ESSA Addendum could not be shared with client counterparts and project stakeholders. However, extensive consultation with different stakeholders and partnering institutions took place during the AF preparation and these included: Ministry of Tourism and Antiquities (MoTA), Ministry of Industry, Trade, and Supply (MoITS), Ministry of Environment (MoE), Ministry of Investment (MoI), Department of Statistics (DoS), Ministry of Planning and International Cooperation (MoPIC), and Ministry of Finance (MoF) General Budget Department, Income and Sales Tax Department, etc. Additionally, no consultations took place on the Addendum with external stakeholders such beneficiaries, the civil society development partners, vulnerable groups, etc. Consequently, the team is recommending adding an item to the Program Action Plan (PAP) on the need to conduct meaningful consultation with the project's different stakeholders. The project will conduct additional consultations as appropriate following the appraisal.

5.1 Program Grievance Redress Mechanism

The government is considering redesigning its approach to handling citizen feedback, hence it is considering other systems in addition to the At Your Service Platform. However, no matter what system is selected by the client the focus should be on improving the performance of the system and its responsiveness to the stakeholder and the citizen complaints and grievances. Nonetheless, the Program will continue to use the existing governmental GRM system At Your Service Platform until there is clarity on the decision of the government regarding the revamping of the system.

A technical assessment of the program's GRM, "At Your Service Platform" that was conducted in July 2022 and as was recommended in the Parent ESSA (and included in the Program Action Plan Item #9). Below is a summary of the assessment and recommendations:

The report investigated and elaborated on the strengths, best practices, gaps, and weaknesses of the national GRM, "At Your Service," and entity owned GRMs, including the adequacy of the national GRM, "At Your Service," and government entity GRMs in terms of their legal frameworks, organizational structure and practices, or lack thereof. It also evaluates whether the processes and procedures therein are clearly laid out regarding the handling and resolving of complaints and the extent to which these processes and procedures are systematic across the national GRM and the GRMs for the seven government entities. Moreover, it assesses the levels of communication and awareness among citizens about the complaint processes and methods of quality assurance and reporting to conclude whether current practices serve to undermine or enhance government GRM transparency and accountability and citizens' satisfaction. Additionally, it assesses the GRMs' performance on elements of the GRM value chain, as well as principles of fairness, confidentiality, accessibility, and responsiveness. Finally, the report provides recommendations to enhance the GRM process at both the national and entity levels.

6. Recommendations:

All the recommendations stated in the ESSA of the Parent program are all still valid and should be read and followed in conjunction with the following recommendations. The recommendations below include some recommendations that were already included in the ESSA of the Parent program but are being carried forward and reemphasized for their importance for the AF and Restructuring

- Assign one part-time Environmental and one part-time Social Specialist at the Reform Secretariat in MoPIC and allocate resources needed to ensure alignment between the government environmental and social management systems and the core principles of Policy on Program-for-Results Financing. The specific Terms of Reference (ToR) should include screening the environmental and social impacts and risks associated with the proposed capex and PPP investment activities to be supported under the Program.

- Assign E&S Focal Points in each implementing agency- IA to follow up on the Program's E&S aspects as needed and to contribute to the E&S screening of related expenditure and investment for their respective IAs in coordination with the E&S resources at the Reform Secretariat.
- Strengthen and maintain the capacity of the PMU to address the E&S requirements and to report on E&S progress and results.
- Program GRM Procedures and Action Plan to strengthen the existing GRM (At Your Service system and system at Implementing Agency level) will be included in the POM. A report on grievance data will be prepared on a semi-annual basis.
- Any new investments proposed by MoInv and/or investments financed by the PforR should be screened for E&S risks and impacts based on the exclusion list stated in the ESSA of the Parent program and against the core principles of Policy on Program-for-Results Financing and national environmental and social regulations. Screening and risk rating decisions should be aligned with the Environmental Classification and Licensing System (69-2022) which requires the preparation of ESIA/ESMPs. for investments rated as of moderate, substantial, or high environmental and social risks to comply with the above-mentioned system.
- All site management plans for touristic sites should include E&S aspects; to be consulted with the local communities, particularly with vulnerable groups, as needed; and to comply with the ESSA as well as the national E&S management systems requirements.

Recommendations to be added to the PAP:

- Modify the recommendation for the MoEnv to increase monitoring/inspection capacity (DLRs 1.5, 4.3 and all DLRs under DLIs 2 and 3, and all DLR under DLI 8) to clarify that this will be done by increasing inspection visits by 20% from the baseline of 2019 and maintaining it throughout the project duration, and by better targeting inspection visits to ensure that higher risk projects are more frequently monitored.

https://www.w3.org/WAI/standards-guidelines/wcag/