

Cities and Villages Development Bank (CVDB): Environmental and Social Safeguard Policy

DECEMBER 2020

Background

The Cities and Villages Development Bank (CVDB) is one of the main institutions in Jordan supporting municipalities and investment infrastructure. As its name suggests, it provides banking services to municipalities as well as technical support services. As a national institution CVDB adheres to the current Jordanian law as it relates to Environmental and Social Safeguards. The main national law related to environmental protection is the *Law of Environmental Protection, No. 52 of 2006, went into effect Oct. 16, 2006.*

The provisions under this Law include the requirement to protect the environment and all of its elements; the requirement to set policies for the protection of the environment and the preparation of plans for such policies; the requirement to monitor elements of the environment; the requirement to set principles for the handling of harmful substances; approval for the establishment of natural reserves, national parks, and their management and supervision; the requirement to issue environmental emergency plans; and the monitoring and inspection of projects and facilities to ensure that they are in compliance with Jordanian standard specifications. As per the law, the Ministry of Environment (MoEnv) is responsible for setting Jordan's environmental protection policy, monitoring activities, coordinating national efforts for environmental protection, and preparing environmental contingency plans.

While the Jordanian government has an extensive web of laws and regulations pertaining to environmental protection and management, CVDB is committed implementing its own internal policy and system to meet international standards. CVDB's mission "to provide the necessary funding, banking services, technical support and capacity building to municipalities and other parties implementing community development projects; and to enhance private sector partnership" – CVDB is also committed to ensuring its support is done in an environmentally and socially responsible manner. The following document details CVDB's overarching E&S policy, safeguard principles, and institutional arrangements for implementation.

The policy was approved by CVDB's Board on 22 December 2020 and will be periodically reviewed and updated.

Environmental and Social Policy Statement

The Environmental and Social (E&S) Safeguards Policy for the Cities and Villages Development Bank of Jordan (CVDB) is adopted to ensure that adverse environmental and social impacts are avoided or, when unavoidable, minimized and appropriately mitigated and/or compensated.

A key principle of CVDB's E&S Safeguards Policy is to prevent, minimize and mitigate any harm to the environment and to people by incorporating environmental and social concerns as an intrinsic part throughout CVDB's project cycle. The E&S Safeguards Policy applies to all stages of the project cycle from design and implementation to monitoring and evaluation.

In accordance with CVDB commitments to environmental protection and stewardship, to fulfil this commitment through a series of concrete actions (see table 1).

Table 1. Commitment Actions

Commitment Segment	Actions
Communication	<ul style="list-style-type: none"> • Communication of the E&S policy to all employees • Continuous dialogue with stakeholders on E&S matters and performance • Investment in E&S training and awareness to achieve an organizational culture of excellence
Conservation	<ul style="list-style-type: none"> • Promotion of the efficient use of energy, water, and natural resources, within CVDB, with our partners, collaborators, contractors and subcontractors and in communities where we operate. • Pollution prevention, waste minimization, and natural resources preservation. • Reduction and mitigation of impacts to habitat, wildlife and cultural resources
Compliance	<ul style="list-style-type: none"> • Identification of E&S risks and the undertaking of relevant actions to mitigate those risks • Compliance with all applicable environmental and social laws, regulations, and permits • Contribution to regulatory process, if requested, by providing input to develop E&S regulations, and policies that are technically sound and economically feasible

CVDB seeks to fulfil organizational processes in such a way that there is continuous environmental and social improvement. We believe this can be achieved through:

- i. The establishment of E&S target establishment, regular monitoring and periodical progress reporting
- ii. The reviewing of this policy for updates as required
- iii. The incorporation of lessons learned into our E&S Policy for continuous improvement as we scale our operations and increase our experience

CVDB projects will adhere to the objectives and requirements of its E&S Principles (see section below. In doing so, they will seek to: i) strengthen the social and environmental outcomes of projects; ii) avoid adverse impacts where possible, and where unavoidable, apply the mitigation hierarchy of minimisation, mitigation and compensation / offset; and iii) strengthen CVDB and its partners' capacity for managing social and environmental risks and impacts.

CVDB will design and implement projects in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international level. Projects should also not permanently interfere with existing access and use of such physical and cultural resources.

CVDB will ensure that grievance mechanisms are in place so that individuals and communities potentially affected by CVDB supported projects have access to effective mechanisms and procedures for raising concerns about the social and environmental performance of a project.

Environmental and Social Safeguard Principles

CVDB will adopt IFCs Performance Standards on Environmental and Social Sustainability¹, to ensure alignment with international best-practice. The eight performance standards are as follows:

- Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- Performance Standard 2: Labor and Working Conditions
- Performance Standard 3: Resource Efficiency and Pollution Prevention
- Performance Standard 4: Community Health, Safety, and Security
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Performance Standard 7: Indigenous Peoples
- Performance Standard 8: Cultural Heritage

Performance Standard 1 establishes the importance of (i) integrated assessment to identify the environmental and social impacts, risks, and opportunities of projects; (ii) effective community engagement through disclosure of project-related information and consultation with local communities on matters that directly affect them; and (iii) the client's management of environmental and social performance throughout the life of the project.

Performance Standards 2 through 8 establish objectives and requirements to avoid, minimize, and where residual impacts remain, to compensate/offset for risks and impacts to workers, Affected Communities, and the environment. While all relevant environmental and social risks and potential impacts should be considered as part of the assessment, Performance Standards 2 through 8 describe potential environmental and social risks and impacts that require particular attention.

CVDB's Environmental and Social Management System (ESMS) is being developed to align directly with IFC's performance standards.

E&S Safeguards Policy Implementation

CVDB adopts the following principles to implement this policy:

- Mainstream E&S Safeguards Principles in CVDB's activities and operations;
- Develop E&S risk procedures and new tools;
- Delineate internal responsibility in implementation;
- Improve public consultation and information disclosure mechanisms;
- Build partnerships to address E&S risks and opportunities; and
- Adopt inclusive and transparent reporting.

¹ IFC, [Performance Standards on Environmental and Social Sustainability](#) (2012), last accessed December 15, 2019.

Institutional Arrangements for E&S Safeguards

Scope

The provisions of this policy are applicable to all projects where CVDB is the entity legally responsible for the project, irrespective of the type of project implementation in place or entities involved in its execution. This includes:

- Projects developed and implemented by CVDB;
- Projects developed by donors and other parties and executed by CVDB.

E&S Screening

All CVDB projects and partner projects are screened for E&S risks in line with the principles above. Please see Annex 1 for CVDB's screening process and associated template.

Roles and Responsibilities

Overall responsibility for implementing this E&S Safeguards Policy lies with CVDB within its Risk Management Unit. Detailed roles and responsibilities will be outlined in CVDB's ESMS.

CVDB will agree upon specific responsibilities for E&S risk management with partners engaged in delivering projects. CVDB will undertake E&S due diligence to assess the capacity of partners, commensurate with the E&S risk category assigned to a particular project.

Monitoring, Evaluation, and Reporting

E&S issues will be incorporated into the monitoring, evaluation and reporting of projects and activities. Periodic and annual performance reports and end of project closure reports will include information on E&S risk mitigation measures, and this information will be reported to senior management.

Grievance Mechanism

The purpose of a grievance mechanism is to receive and facilitate the resolution of concerns and grievances held by Impacted Communities about the social and environmental plans or performance of a project. There are broadly five steps in the grievance management process:

1. Publicize the process
2. Receive and register grievances
3. Review and investigate grievances
4. Develop resolution options, respond to grievances and close-out
5. Monitor and evaluate

CVDB will ensure that projects potentially affecting Impacted Communities develop and implement a grievance mechanism. The complexity and scale of the grievance mechanism should be appropriate to the scale of impact and size of affected population. CVDB's project level grievance mechanisms guidance can be found in Annex 2 and will be integrated into CVDB's overall Environmental and Social Management system (ESMS).

CVDB's Whistleblower Policy provides people affected by any projects with an accessible, transparent, fair and effective process for raising complaints about environmental or social

harms caused by any such project. Stakeholders can lodge a complaint via letter at or CVDB's website.

Changes to this E&S Safeguards Policy

It is expected that CVDB will review this E&S Safeguards Policy periodically to ensure compliance with relevant national and international laws and alignment with requirements of major donors. The review will also ensure that the overall approach to assessing and managing E&S risk remains relevant and aligns with global best practices and standards.

Annex 1: Environmental and Social Screening

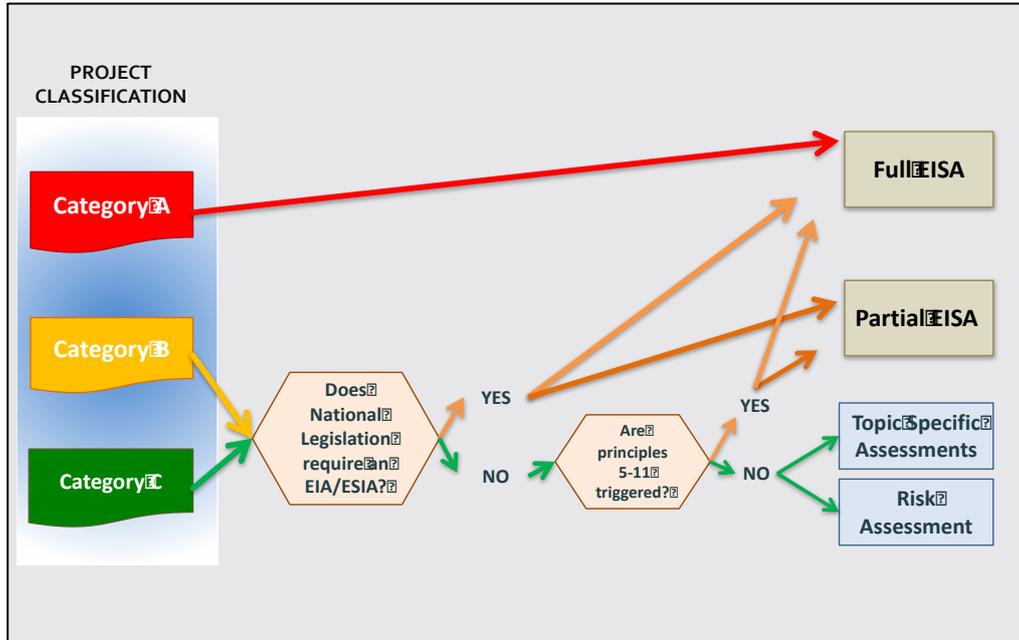
The E&S screening template is a desk-based assessment tool designed to help determine potential adverse social and/or environmental impacts of the project. The screening is conducted at the concept development stage by CVDB or its partners seeking funding and should be submitted to CVDB's Risk Unit.

Projects will be categorized (A, B, or C) based on identified potential risks and impacts.

Categorization will inform the level of social and environmental assessment required for the project.

- **Category A** – Projects with the potential to cause significant adverse social and/or environmental impacts that are diverse, irreversible or unprecedented.
- **Category B** – Projects with the potential to cause limited adverse social and/or environmental impacts that are few in number, generally site-specific, largely and readily addressed through mitigation measures
- **Category C** – Projects that include activities with minimal or no risks of adverse social and environmental consequences.

Requirements of assessment for Categories A, B and C are determined by national legislation and are contingent upon whether or not principles 2 through 8 are triggered. Note that Category B and C follow the same decision pathway: If national legislation does not require an EIA/ESIA assessment and the safeguards are triggered, CVDB or its partners must conduct a partial ESIA assessment. If the safeguards are not triggered, either a topic specific assessment or risk assessment will apply. For Category A projects a Full EISA will be necessary.



The four level of assessments are defined as follows:

1. **Full Environmental and Social Impact Assessment (EISA)** – Comprehensive process for analyzing social and environmental impacts with a dedicated methodology for stakeholder consultation. The assessment encompasses analysis of the policy, regulatory and administrative framework; analysis of project alternatives; documentation of social and environmental baseline data; analysis of social and environmental impacts generated by the project; description of stakeholder engagement conducted with regard to the project; and development of an environmental and social management plan (ESMP).
2. **Partial EISA** – Comprehensive process for analysing social and environmental impacts with a dedicated methodology for stakeholder consultation. The assessment encompasses an analysis of the policy, regulatory and administrative framework; analysis of project alternatives; documentation of social and environmental baseline data; analysis of social and environmental impacts generated by the project; description of stakeholder engagement conducted with regard to the project; and development of an environmental and social management plan (ESMP).
3. **Topic Specific Assessment** – Assessments limited in scope to address specific potential risks or impacts. Topic specific assessments might be needed to supplement a Partial ESIA or they could be conducted in the absence of an ESIA if the project is broadly considered low risk. Examples could include an assessment on the use of pesticides and a management plan for addressing any pesticide use within the project.
4. **Risks/Hazards** – Address risks of injury to workers and the public from potential hazards related to project activities, such as the release of toxic or hazardous material or unsafe conditions due to construction.

Once the E&S Assessment is complete, the appraisal process will commence. A decision will then be taken on the status of clearance. Only projects receiving a positive decision will progress to the next stage of the project cycle.

CVDB's screening template and determination of risk significance are included below.

Project ID#: _____

Key Project Information			
Project Name			
Estimated Project Duration	Start:	Completion:	Months:
Primary Donor (s) & amount			Total Project Grant \$:
CVDB's Role	Accredited Entity:	Executing Agency:	
Executing Partner ²			
Key Partners (in delivery)			
Beneficiary/ies countries			
Has a screening or ESIA been done before?	<i>If yes, provide details</i>		
Screening Questionnaire completed by:	<i>Name, organisation and function, and date</i>		
Screening Questionnaire reviewed by:	<i>Name, organisation and function, and date</i>		

² This is the agency/entity that signs an Executing Partner Agreement with CVDB where CVDB acts as an Accredited Entity (AE) for the GCF

Part I - Potential impacts related to ES Performance Standards

Important considerations:

- Project activities are screened for their inherent environmental and social risks before applying mitigation and management measures. It is important to form a clear picture of potential inherent risks in the event that mitigation measures are not implemented or fail
- Screening for potential adverse environmental and social impacts must consider all activities with potential direct and indirect impacts across the Project's Area of Influence (including primary facilities, associated facilities, and areas and communities affected by cumulative impacts or induced impacts)

	To be completed by Project Proponent		CVDB Reviewer
	<i>Yes, No, n/a, TBD</i>	<i>If yes, describe potential issues, specify activities causing this and measures for preventing or minimising adverse impacts (if applicable)</i>	<i>Comments, additional observations</i>

PS 1: Assessment and Management of Environmental and Social Risks and Impacts

1	Can the project demonstrate that sufficient management sponsorship and human and financial resources will be available to the project on an ongoing basis to achieve effective and continuous social and environmental performance?			
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Safeguard 2: Labor and Working Conditions

1	Would the project potentially require migrant workers to construct or implement it?			
2	Will the project be required to provide accommodation services for workers?			
3	Does the host country allow union activity and permit workers to bargain collectively?			
4	Is there potential for the project to apply adverse discriminatory practices?			
5	Will the project involve the employment of children?			
6	Is there a risk of child exploitation or abuse linked to the project?			

7	Will the project present unsafe or unhealthy working conditions?			
PS 3: Resource Efficiency and Pollution Prevention				
1	Is the project likely to release pollutants?			
2	Will hazardous waste materials be generated by the project?			
3	Are chemical pesticides likely to be used by the project?			
PS 4: Community Health, Safety and Security				
1	Will the project require the construction or rehabilitation or any structural components which could pose a risk to Affected Communities?			
2	Does the project involve the construction or rehabilitation of a dam?			
3	Is the project likely to increase community exposure to disease (water borne, water based, water related and vector borne diseases as well as communicable diseases)?			
4	Will the project retain security workers to protect its property?			
5	Is there a risk that security personnel could be responsible for unlawful and abusive acts against Affected Communities?			
PS 5: Involuntary Resettlement				
1	Will / could the project involve the physical relocation of people?			
2	Will / could the project rely upon expropriation to resettle people?			
3	Is it likely that the project will need to acquire land from individuals and households, causing them to experience economic displacement?			

4	Will the project restrict access to natural resources and areas used by Affected Communities resulting in economic displacement?			
PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources				
1	Is the project likely to affect biodiversity or ecosystem services?			
2	If the project is expected to impact natural habitat, are plans in place to ensure that no net loss of biodiversity is achieved?			
3	Is the project expected to affect critical habitat?			
4	Is the project located in a legally protected area or internationally recognized area?			
5	Is the project likely to introduce invasive alien species to the project area?			
6	Will the project impact on priority ecosystem services?			
PS 7: Indigenous Peoples				
1	Is the project likely to affect Indigenous Peoples?			
2	Is the project likely to: <ul style="list-style-type: none"> a) be located on or commercially develop natural resources on lands traditionally owned by Indigenous Peoples, with adverse impacts anticipated? b) Require the relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or customary use? c) Significantly impact critical cultural heritage? d) Use cultural heritage for commercial purposes? 			
Safeguard 8: Cultural Heritage				
1	Is the project likely to affected cultural heritage?			
2	Is the project located in a legally protected cultural heritage area or is it likely to impact critical cultural heritage?			

Determining Significance of Risk

Use the risk matrix below to determine the overall “Risk Rating” (severe, high, medium or low)

		Consequence				
		Insignificant	Minor	Moderate	Major	Critical
Likelihood	Almost Certain	Low	Medium	High	Severe	Severe
	Likely	Low	Medium	Medium	High	Severe
	Possible	Low	Low	Medium	High	Severe
	Unlikely	Low	Low	Low	Medium	High
	Rare	Low	Low	Low	Medium	High

What are the potential social and environmental risks (as identified through the screening process in Part D)?	What is the likelihood and consequence of the risk before mitigation measures are applied?	What is the significance of the risk? (low, medium or high)?
1		
2		
3		
4		
5		
6		

Part II: What is the overall project categorization based on the potential risk and impact profile?

	<i>Comments</i>
Category A - Projects with the potential to cause significant adverse social and / or environmental impacts that are diverse, irreversible or unprecedented.	
Category B – Projects with the potential to cause limited adverse social and/or environmental impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures	

Category C – Projects that include activities with minimal or no risks of adverse social and environmental consequences	
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Annex 2: Project Level Grievance Mechanism

The purpose of a grievance mechanism is to receive and facilitate the resolution of concerns and grievances held by Affected Communities about the social and environmental plans or performance of a project. There are broadly five steps in the grievance management process:

- Publicize the process
- Receive and register grievances
- Review and investigate grievances
- Develop resolution options, respond to grievances and close-out
- Monitor and evaluate.

Where a project is likely to generate adverse impact to affected communities and/or the environment, a simple grievance mechanism will be implemented right from the beginning of project activity on the ground. The grievance mechanism will be considered part of the suite of engagement tools used by the project, and should not replace other stakeholder engagement activities. Similarly, the project needs to explain to affected communities that their use of the grievance mechanism does not inhibit their access to legal or judicial recourse processes.

The key principles of a grievance mechanism³:

- Proportionality – The project level grievance mechanism should be scaled to the size and stage of the project. Grievances are likely to be relatively few in the development stages and most frequent during the construction, operation and closure stages of a project.
- Cultural Appropriateness – A project level grievance mechanism needs to take into consideration specific cultural attributes as well as traditional mechanisms for raising and resolving grievances.
- Accessibility – The level of accessibility of a grievance mechanism is influenced by: clarity of communication; and ease of use. Consideration of language, locations for receiving complaints, literacy and education levels and gender issues should inform the grievance mechanism design at project level.
- Transparency and accountability – All complaints must be taken seriously and treated fairly and there should be consistency and predictability in the process. The project should commit to a certain timing of responses to grievances and should monitor and share grievance resolutions (where appropriate).
- Appropriate protection – The project must ensure that there is no retribution for use of the grievance mechanism, protect the identity of individuals who file grievances, provide information on mechanisms to escalate grievances and ensure stakeholder's understand their rights to use alternative remedies to resolve their grievances.

Grievance Management Process

A basic grievance management process comprises eight steps (illustrated in **Error! Reference source not found.**), each of which is described below.

Step 1: Publicize the grievance mechanism procedures

- Develop a procedure which explains how the grievance mechanism will work on the specific project site
- Present the grievance mechanism at a public meeting held with affected communities.

³ Adapted from IFC (2014) A Strategic Approach to Early Stakeholder Engagement, www.ifc.org

Step 2: Receive and track grievances

- Identify locations to receive grievances and ensure accessibility to all affected stakeholders
- Recognize that some grievances may be submitted in writing while others will be communicated verbally. All grievances are to be treated with the same level of seriousness and respect
- Log all complaints into a database (depending on the scale of the project and the number of grievances, this might be a notebook or an excel file)

Step 3: Preliminary Assessment

- Categorize the complaint, e.g., access to land restrictions; impacts to environment; employment; health and safety; compensation etc.
- Decide how and who will be responsible for addressing the issue

Step 4: Initial Response to Complainant

- Write or communicate verbally (where literacy is an issue) to the complainant within a set timeframe
- Explain the process and the timeframe for the grievance mechanism process

Step 5: Investigate grievance and develop resolution options

- Appoint an appropriate person to obtain information and investigate
- Develop a proposed resolution process, involving communities where appropriate

Step 6: Implement and follow-up on agreed resolution

- Implement the agreed solution
- Follow-up with complainant to ensure satisfaction
- Seek sign-off from complainant, record and file documents in database

Step 7: Further action if complainant is not satisfied

- Discuss further options
- Identify local partners who might be able to assist in finding solutions
- If still unresolved, refer matter to third-party mediation or external review

Step 8: Monitor, evaluate and report on grievance mechanism performance

- Regularly monitor the number and type of grievances received, resolved and outstanding
- Evaluate trends over time and stages of project development