



بنك تنمية المدن والقرى
CITIES & VILLAGES DEVELOPMENT BANK

Precautionary Environmental and Social Policy 2026

First: Policy Scope

The Cities and Villages Development Bank is a main body in Jordan supporting municipalities and investment in infrastructure projects. The Bank offers banking services to the municipalities alongside technical support services. As a national institution, the Cities and Villages Development Bank abides by the Jordanian law currently in force with regard to environmental and social precautionary measures, which is the Environment Protection Law No. 6 of 2017, which came into effect on 16 April 2017.

The provisions of this law commit to protecting the environment with all its elements; creating policies to protect the environment and drafting action plans for these policies; stipulating the oversight for environmental elements, setting up principles to handle harmful substances; stipulating the formulation of environmental emergency plans; and overseeing and inspecting projects and enterprises to ensure compliance with Jordanian metrological standards.

In accordance with this Law, the Ministry of Environment is mandated with setting up an environmental protection policy in Jordan, monitoring activities, coordinating national environmental protection efforts and creating environmental emergency plans.

While the Jordanian government has a vast network of laws and regulations relevant to environmental protection and management, the Cities and Villages Development Bank is committed to enforcing its internal policy and bylaws to fulfill international standards. The mission of the Cities and Villages Development Bank is to “provide the necessary funding, banking services, technical support, capacity building for municipalities and other parties implementing local community development projects and enhance partnerships with the private sector”. The Cities and Villages Development Bank is committed to guaranteeing its support in an environmentally and socially responsible manner.

The following document presents the comprehensive environmental and social procedures policy, the precautionary principles and the institutional arrangements for implementation by the Cities and Villages Development Bank.

The policy was approved by the Cities and Villages Development Bank on **xxx** and will be periodically reviewed and updated.

Second: Environmental and Social Policy Outline

The precautionary environmental and social procedures policy for the Cities and Villages Development Bank was adopted to guarantee avoiding the harmful environmental and social impacts which cannot be escaped, in terms of reducing and / or mitigating them appropriately.

A main principle in the precautionary environmental and social procedures policy for the Cities and Villages Development Bank is to prevent, reduce and mitigate any effects to the environment and individuals through merging environmental and social interests as a main component throughout the period of the Cities and Villages Development Bank project. The precautionary environmental and social procedures policy applies to all phases of the project cycle from design and implementation to oversight and assessment.

In accordance with the bank’s commitment to environmental protection and supervision, the Bank undertook a series of specific measures to comply with this commitment (see Table 1):

Table No. 1 Compliance Procedures

Scope of Commitment	Procedures
Communications	<ul style="list-style-type: none"> • Inform all staff of the precautionary environmental and social procedures policy • Ongoing dialogue with stakeholders on matters relevant to precautionary environmental and social procedures and performance • Invest in training and awareness with regard to precautionary environmental

	and social procedures to attain a culture of excellence
Protection	<ul style="list-style-type: none"> • Enhance the effective use of energy, water and natural resources at the Cities and Villages Development Bank, with our partners, aides, contractors and subcontractors, and in the communities where we operate. • Prevent pollution, reduce waste and maintain natural resources • Limit and alleviate the effects on wildlife and cultural resources.
Compliance	<ul style="list-style-type: none"> • Identify precautionary environmental and social procedures and undertake the relevant measures to reduce risks. • Comply with all valid environmental and social laws, bylaws and pronouncements • Contribute to the regulatory process, if necessary, by providing inputs for developing the environmental and social policies so that they are technically and economically sound and valid.

The Bank seeks to develop the regulatory operations to continuously enhance the environmental and social perspective. This can be achieved through:

First: Formulating an environmental and social objective, regular follow-up and producing periodic reports.

Second: Review and update the policy.

Third: Integrate lessons learned in developing the precautionary environmental and social policy procedures while expanding the scope of operations and enhancing expertise.

When implementing projects, the Bank will comply with the provisions of the Environment Law No. 6 of 2017 in addition to the relevant environmental and social objectives and requirements. Thus, the Bank will seek to:

1) Enhance the social and environmental results of the projects

2) Avoid the harmful effects wherever possible. The Bank will also (whenever there are inescapable risks) apply the hierarchical sequence for mitigation, reduction and compensation, or limit these effects.

3) Build the capacity of the Bank's partners in managing social and environmental risks and impacts.

The Bank will design and implement the projects in a manner that avoids any change, destruction or removal of any physical cultural resources or cultural sites and sites of unique natural values that are recognized at the level of the local community or the national or international levels. These projects should also refrain from permanently undermining access to or utilization of these physical and cultural resources.

The Bank will guarantee complaint and grievance mechanisms so that individuals and communities affected by these projects are able to access effective measures to express concern and worries over the project's social and environmental performance.

Third: Precautionary Environmental and Social Policy Principles

The Cities and Villages Development Bank relies on the performance standards for international finance institutions with regard to environmental and social sustainability, to guarantee compliance with best international practices. These are represented by the eight performance standards, as follows:

- Performance standard 1: Assess and manage environmental and social risks and effects
- Performance standard 2: Workforce and work circumstances
- Performance standard 3: Efficient utilization of resources and pollution prevention
- Performance standard 4: Community health, safety and security
- Performance standard 5: Land acquisition and forced resettlement

- Performance standard 6: Maintaining biodiversity and sustainable management of live natural resources
- Performance standard 7: Indigenous people
- Performance standard 8: Cultural heritage

Performance standard 1 outlined the importance of the (1) comprehensive evaluation to identify the environmental and social impacts, risks, and opportunities for projects, (2) effective community engagement through disclosing information relevant to the project and consulting with the local communities on the matters that impact them directly, and (3) client management for environmental and social performance throughout the project's life cycle.

Standards 2 – 8 outlines objectives and requirements to avoid and reduce residual impacts wherever they appear, to compensate for the risks and impacts to the affected workers and / or communities and the surrounding environment. While all relevant environmental and social risks and possible impacts must be considered alike in the evaluation process, performance standards 2 to 8 describe the potential environmental and social risks and impacts that require special attention.

The environmental and social management system at the Cities and Villages Development Bank is developed to directly comply with the performance standards of the International Finance Corporation¹.

Fourth: Enforcing the Precautional Environmental and Social Procedures Policy

The Cities and Villages Development Bank has adopted the following principles to implement this policy:

- Roll out the principles of precautionary environmental and social procedures in the activities and processes of the Cities and Villages Development Bank
- Create new procedures and tools for environmental and social risks

- Identify internal responsibility for implementation
- Improve and develop public consultations and mechanisms of information disclosure
- Build partnerships to address environmental and social risks and opportunities
- Adopt comprehensive and transparent reports

Fifth: Institutional procedures to guarantee the implementation of the precautionary environmental and social policy

1- Scope

The provisions of this policy apply to all projects where the Bank is the entity legally responsible for the project, regardless of the type of project implementation or entities participating in the implementation. This includes:

- The projects that the Bank developed and implemented
- The projects created by the donor entities and other parties which the bank will implement and track.

2- Examining environmental and social procedures

All Cities and Villages Development Bank projects are examined along with partner projects in search of risks relevant to environmental and social procedures in accordance with the principles outlined above.

3- Roles and Responsibilities

When implementing the policy for precautionary environmental and social procedures, the general responsibility falls on the Cities and Villages Development Bank. The Bank approves the specific responsibilities for managing environmental and social risks for all partners participating in the implementation of these projects. The Bank will also assess the ability of partners to implement precautionary environmental and social procedures, in accordance with the environmental and social risks category designated for a specific project.

4- Monitoring, Evaluation and Reporting

Environmental and social issues will be included in monitoring, evaluation and reporting processes for these projects and activities. Periodic

and annual performance reports and project closure reports will include information relevant to precautionary measures to alleviate environmental and social risks, and this information will be communicated to the senior management.

5- Grievance Complaint Mechanisms

The objective of the complaints and grievance mechanism is to receive and facilitate the resolution of conflicts and grievances in communities affected by environmental and social plans or the project's performance. There are five general steps in managing the grievances process:

1. Promoting the process
2. Receiving and registering grievances
3. Review and investigate grievances
4. Develop solution options and response to grievances then closing them
5. Monitoring and evaluation

The Bank will ensure the development and implementation of the complaints and grievances mechanism for projects that may impact local communities. The volume of the grievance mechanism should be proportionate the volume of anticipated impact and the number of affected individuals from the population. The guidelines on the grievance mechanism at the project level will be provided as part of the environmental and social management system relevant to the Cities and Villages Development Bank.

The reporting policy on violations offered by the Cities and Villages Development Bank for persons affected by any project is characterized by being easily accessible, transparent, equitable and effective to raise complaints on environmental or social damages resulting from any project of this type. Stakeholders may also send complaints by email or on the website of the Cities and Villages Development Bank.

Sixth: Changes to the Policy on Environmental and Social Precautionary Measures

The policy on precautionary environmental and social procedures shall be reviewed periodically to guarantee compliance with relevant national and international laws, in line with the requirements of main donor agencies. The review process will also guarantee that the general approach for assessing and managing environmental and social risks will remain in line with the best international practices and standards.

This policy was drafted by the advisory team and the Global Green Growth Institute under the umbrella of the accreditation project for the Cities and Development Bank as a Green Climate Fund in Jordan.