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Report No: PAD723

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$ 50.00MILLION

TO THE

HASHEMITE KINGDOM OF JORDAN

FOR AN

EMERGENCY SERVICES AND SOCIAL RESILIENCE PROJECT

October 10, 2013

Sustainable Development Department
Middle East and North Africa

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2013)

Currency Unit = Jordanian Dinar (JOD)

JOD 0.708 = US\$1

US\$ 1.41 = JOD 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

CBJ	Central Bank of Jordan
CBO	Community-based Organization
CPS	Country Partnership Strategy
CSO	Civil Society Organization
CVDB	Cities and Villages Development Bank
DA	Designated Account
DFATD	Department for Foreign Affairs, Trade and Development
DFID	Department for International Development
EMP	Environmental Management Plan
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
EU	European Union
FIDIC	International Federation of Consulting Engineers (<i>Fédération Internationale Des Ingénieurs-Conseils</i>)
FM	Financial Management
GDP	Gross Domestic Product
GOJ	Government of Jordan
GPFD	Global Program for Forced Displacement
GIZ	German Organization for Technical Cooperation
IBRD	International Bank For Reconstruction And Development
ICB	International Competitive Bidding
IFR	Interim Un-audited Financial Report
IMF	International Monetary Fund
JESSRP	Jordan Emergency Social Services and Resilience Project
LPG	Liquefied Petroleum Gas
MOF	Ministry of Finance
MOH	Ministry of Health
MOMA	Ministry of Municipal Affairs
MOI	Ministry of Interior
MOPIC	Ministry of Planning and International Cooperation
MOU	Memorandum of Understanding
MWI	Ministry of Water and Irrigation
NCB	National Competitive Bidding
NGO	Non-Governmental Organization

OM	Operations Manual
OP	Operational Policy
PDO	Project Development Objective
PMU	Project Management Unit
RLDP	Regional and Local Development Project
SBA	Stand-By Arrangement
SPF	State and Peace Building Fund
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WDR	World Development Report

Regional Vice President:	Inger Andersen
Country Director:	FeridBelhaj
Sector Director:	Junaid Kamal Ahmad
Sector Manager:	Franck Bousquet
Task Team Leader:	BalakrishnaMenonParameswaran

HASHEMITE KINGDOM OF JORDAN
Emergency Services and Social Resilience Project

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PAD DATA SHEET
Hashemite Kingdom of Jordan
Emergency Services and Social Resilience Project

PROJECT APPRAISAL DOCUMENT

Middle East and North Africa
Sustainable Development Department

Report No.:PAD723

Basic Information			
Project ID: P147689	EA Category: B	Team Leader: BalakrishnaMenonParameswaran	
Lending Instrument: Investment Project Financing		Fragility or Capacity Constraints [x]	
		Financial Intermediary []	
		Series of Projects []	
Project Implementation Start Date: November 1, 2013		Project Implementation End Date: December 30, 2016	
Expected Effectiveness Date: October 14, 2013		Expected Closing Date: June 30, 2017	
Sector Manager	Sector Director	Country Director	Regional Vice President
Franck Bousquet	Junaid Kamal Ahmad	FeridBelhaj	Inger Andersen
Recipient: Hashemite Kingdom of Jordan			
Responsible Agency: Ministry of Planning and International Cooperation			
Contact: H.E.Dr. Ibrahim Saif		Title: Minister of Planning and International Cooperation	
Telephone No.+962 6 4645437		Email: Ibrahim.Saif@mop.gov.jo	
Project Financing Data(in USD Million)			
<input type="checkbox"/>	Loan	<input checked="" type="checkbox"/>	Grant
<input type="checkbox"/>	Credit	<input type="checkbox"/>	Guarantee
<input checked="" type="checkbox"/>		<input type="checkbox"/>	Other
Total Project Cost:		US\$ 53.00	Total Bank US\$ 13.39 Million

				Financing:	
Total Cofinancing:		US\$ 36.61		Financing Gap:	
Financing Source					
					Amount(USD Million)
Government of Jordan					3.00
Multi-donor Trust Fund (comprising contributions from Canada, the United Kingdom, the State and Peacebuilding Fund (SPF) and Government of Canada through the Global Program for Forced Displacement (GPFDD))					50.00
Total					53.00
Expected Disbursements (in USD Million)					
Fiscal Year	FY14	FY15	FY16	FY17	
Annual	9.00	18.50	15.50	7.00	
Cumulative	9.00	27.50	43.00	50.00	
Institutional Data					
Sector Board: Urban Development					
Sectors / Climate Change					
Sector (Maximum 5 and total % must equal 100)					
Major Sector		Sector		%	Adaptation Co-benefits %
Water, sanitation and flood protection		Solid waste management		30	
Transportation		General transportation		20	
Public administration, Law and Justice		Subnational government administration		20	
Public administration, Law and Justice		Public administration – Other social services		15	
Water, sanitation and flood protection		Water supply		15	
Total				100	
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.					
Themes					
Theme (Maximum 5 and total % must equal 100)					
Major theme			Theme	%	

Urban Development	City-wide Infrastructure and service delivery	50
Social dev/gender/inclusion	Other social development	25
Social dev/gender/inclusion	Conflict prevention and post-conflict reconstruction	25
Total		100
Project Development Objective(s)		
The project development objective is to help Jordanian municipalities and host communities address the immediate service delivery impacts of Syrian refugee inflows and strengthen municipal capacity to support local economic development.		
Components		
Component Name	Cost (USD Millions)	
<i>A. Municipal Grants</i>	50.00	
<i>B. Institutional Development and Project Management</i>	3.00	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes []	No [x]
Explanation: NA		
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No []
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Explanation: NA		
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []
Safeguard Policies Triggered by the Project		
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X

Pest Management OP 4.09	X	
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12	X	
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

Legal Covenants

Description of Covenant

Name Schedule 2, Section I.A.1	Recurrent	Due Date	Frequency
The Recipients shall establish and maintain, throughout Project implementation, a Steering Committee with composition, functions and resources satisfactory to the Bank be responsible for <i>inter alia</i> overall Project progress, oversight and interagency coordination.	Yes	No later than 30 days after the Effective Date	Ongoing

Description of Covenant

Name Schedule 2, Section I.A.2	Recurrent	Due Date	Frequency
The Recipients shall establish and maintain, throughout Project implementation, a Project Management Unit with staffing, terms of reference and resources satisfactory to the Bank be responsible for <i>inter alia</i> overall coordination, management and monitoring of the Project.	Yes	No later than 30 days after the Effective Date	Ongoing

Description of Covenant

Name Schedule 2, Section I.B.1(a)	Recurrent	Due Date	Frequency
The Recipient shall enter into an agreement with CVDB, under terms and conditions approved by the Bank and thereafter provide all assistance necessary to CVDB for CVDB to discharge its role in the Project in handling fiduciary aspects of the Projects as further described in the Operations Manual.	No	No later than 30 days after the Effective Date	One time

Description of Covenant

Name Schedule 2, Section I.B.1(b)	Recurrent	Due Date	Frequency
The Recipient shall cause CVBD to recruit a financial coordinator in accordance, with qualifications, experience and terms of reference satisfactory to the Bank.	No	December 31, 2013	One time

Description of Covenant

Name Schedule 2, Section I.B.2	Recurrent	Due Date	Frequency
Ministry of Municipal Affairs and Ministry of Water and Irrigation shall enter into a memorandum of understanding for the purpose of facilitating the implementation of Part 1 of the Project including enabling the contracting by Participating Municipalities of Yarmouk Water Company to provide certain	No	No later than 60 days after the Effective Date	One time

services including water and wastewater services in the said Participating Municipalities.			
Description of Covenant			
Name Schedule 2, Section I.D.1	Recurrent	Due Date	Frequency
The Recipients shall prepare a Project Operations Manual in form and substance satisfactory to the Bank, containing detailed arrangements and procedures for implementation of the Project including <i>inter alia</i> : (a) the procedures, terms and conditions, and eligibility criteria for Participating Municipalities to carry out Subprojects under Part 1 of the Project including a positive list of eligible investments; (b) institutional coordination and day-to-day implementation of the Project; (c) disbursement, procurement and financial management including financial and technical audit of the Project; (d) environmental and social safeguards including the operation of grievance redress mechanism; (e) monitoring and evaluation, reporting and communication, including performance indicators; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.	No	No later than 60 days after the Effective Date	One time
Description of Covenant			
Name Schedule 2, Section II.A.1	Recurrent	Due Date	Frequency
The Recipients shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank.	Yes	No later than 60 days after the end of each calendar semester	Half yearly
Description of Covenant			
Name Schedule 2, Section II.B.4	Recurrent	Due Date	Frequency
The Recipients shall recruit the independent auditors referred to in Section 2.07 (b) of the Standard Conditions, in accordance with Section III of Schedule 2 of this Agreement and pursuant to terms of reference satisfactory to the Bank to be responsible for <i>inter alia</i> performing financial and technical audits of the Project.	No	Not later than 6 months after the Effective Date	One time
Description of Covenant			
Name Schedule 2, Section II.B.5	Recurrent	Due Date	Frequency
The Recipients shall cause to be installed a computerized financial management system for the Project in a manner acceptable to the Bank.	No	Not later than 4 months after the Effective Date	One time
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit

BalakrishnaMenonParameswaran	Lead Social Development Specialist and Task Team Leader	Public finance and local governance	MNSSU
Caroline Bahnson	Sr. Social Development Specialist	Conflict, resilience and social cohesion	MNSSU
Caroline van den Berg	Lead Water Supply Specialist	Water supply and sanitation	MNSWA
Chantal Reliquet	Sr. Urban Specialist	Urban management	MNSSU
Charlene D'Almeida	Program Assistant	Operational support	MNSSU
EvaristBaimu	Sr. Counsel	Legal	LEGAM
FadiRiachi	Municipal services consultant	Municipal capacity building	MNSSU
FareebaMahmood	Sr. Operations Officer	Trust Funds	MNADE
GhadaShaqour	Project Management consultant	Project management	MNSSU
HaneenSayeed	Lead Human Development Specialist	Livelihoods	MNSSP
HassineHedda	Finance Officer	Disbursement	CTRLA
HusamBeides	Lead Energy Specialist	Sector coordination	MNSEG
JadMazahreh	Sr. Financial Specialist	Financial Management	MNAFM
Lina Fares	Sr. Procurement Specialist	Procurement	MNAPR
NielsHarild	Lead Social Development Specialist	Forced displacement	SDV
Nina Bhatt	Sr. Social Scientist	Social safeguards	MNSSU
SimaKaanan	Lead Social Development Specialist and Co-task Team Leader	Conflict and Institutional development	MNSSU
Tracy Hart	Sr. Environmental Specialist	Environmental safeguards	MNSEN
Victoria Gyllerup	Sr. Operations Officer	Results monitoring and impact evaluation	MNADE
Other agencies			
Aislin Baker	Governance Advisor	Governance	DFID
Kara Mitchell	Regional Analyst	Project management	DFATD
Nabeel Ali	Sr. Development Officer	Local economic development	DFATD
ShehryarSarwar	Head of Cooperation	Development assistance	DFATD
Tim Williams	Sr. Governance Advisor	Local governance	DFID

I. STRATEGIC CONTEXT

A. Country Context

1. More than two years of violent conflict in Syria has resulted in massive movements of people within Syria, as well as into neighboring countries. In mid-September 2013, more than 2 million people had registered, or were awaiting registration with the United Nations High Commissioner for Refugees (UNHCR) in Jordan, Lebanon, Turkey, Iraq and Egypt. Of these, approximately 530,000 have crossed the border into Jordan. UNHCR estimates that by the end of 2013, the number of refugees in Jordan could surpass 650,000, constituting more than 10 percent of the population.

2. While some of the Syrians are living in camps, the majority—as much as 70 percent—are staying in urban centers, where they share space, resources and services with their Jordanian hosts. This influx has rapidly expanded the population of many towns. The additional pressures are undermining the coping mechanisms of public institutions, communities, households and individuals. Public authorities lack the resources to keep up their service provision, such as maintaining health and education services, providing adequate roads, transportation and street lighting, ensuring waste collection and disposal, and delivering core social services. Due to emergency needs, funds from planned capital expenditures have been diverted towards immediate operating costs. These may eventually impact longer term development outcomes.

3. Many individuals and households in affected areas are now experiencing downward pressures on their incomes as well as increased competition for housing, employment and basic commodities. Community life has also been interrupted with the large influx of Syrian refugees. Because of the close ties across the border and a belief in the short-term nature of the crisis, Syrians benefited from large amounts of in-kind and financial support from Jordanian individuals, charities and businesses. However, with the continuation of the crisis and limited support targeting hosting communities, the burden on Jordanians is becoming untenable. The hospitality is now wearing thinner and symptoms of tension among communities are increasing. As the uncertainty around the refugee situation prolongs, adaptive coping strategies targeting communities and public institutions may be required to manage tensions and strengthen resilience, especially at the local level.

4. At a broader level, Jordan has experienced large exogenous shocks over the past years that have resulted in a sharp and unsustainable deterioration of its fiscal and external balances. The imports for electricity generation, mostly in the form of gas from Egypt at preferential rates, drastically shrunk in 2012. To meet its generation needs, Jordan had to substitute cheap gas with expensive oil imports. Combined with increased demand for electricity and Liquefied Petroleum Gas (LPG), caused in part by the refugee situation, this has resulted in a drastic and unsustainable widening of both the current account deficit (18 percent of GDP in 2012, up by 6 points from 2011) and the fiscal balance deficit (16 percent of GDP, excluding arrears, in 2012) for the non-financial public sector, while the central government's deficit reached 10 percent of GDP (excluding grants). Faced with mounting macroeconomic vulnerabilities, including a large deterioration in its foreign exchange reserves, Jordan entered into an International Monetary Fund (IMF) Stand-by Arrangement (SBA) program in August 2012.

5. The consequences of the pressures on Jordan's fiscal and external balances are also felt at the household level. In November 2012, the Government of Jordan (GOJ) eliminated its large petroleum products subsidy program (with the exception of the LPG program) resulting in price increases of 14-33 percent, while compensating households by introducing a broad-based cash transfer scheme. Rising macroeconomic vulnerabilities and tepid growth led to renewed increase in already high unemployment—about 12.8 percent in the first quarter of 2013, with unemployment levels particularly high among women and youth.

6. The rising influx of Syrian refugees has increased the burden on public service provision, worsened already stretched public finances, and is also having an impact on Jordanians working in the informal labor market, both in terms of competition for jobs and reduction of wages. Some Jordanians are marginally profiting from the increased demand for commodities, housing and jobs. But most communities - particularly those in the north - are being squeezed by higher prices and lower wages. Overall, the conflict across Jordan's border continues to pose significant downside risks to growth, stability and public wellbeing in Jordan.

B. Situations of Urgent Need of Assistance

7. This Project is being prepared and implemented according to paragraph 11 of the World Bank Operational Policy 10.00, which allows for certain exceptions to the investment project financing policy requirements if the Bank deems the recipient to be in urgent need of assistance because of a man-made disaster or conflict (among other factors). This includes the provision that the fiduciary, environmental and social requirements set out in certain Bank Operational Policies (OPs) that are applicable during the project preparation phase may be deferred to the implementation phase. The evolving situation in Jordan reflects both the impact of conflict (in neighboring Syria) and of a man-made disaster (resulting from the influx of refugees fleeing the conflict) – two specific situations that the provisions were developed to address.

8. It is unclear how the conditions in Syria will change in the foreseeable future. As the inflow of Syrians continues to increase, the capacity of the existing infrastructure will no longer be sufficient to meet the excess demand, and urgent public investments in the sectors that are under particular pressure will be needed – imposing further and potentially substantial burdens on Jordan's already stretched public finances. While sectors such as health and education are significantly affected, these are being addressed through a variety of sources and modalities. Among the most affected now are municipal services, water and sanitation, and social sectors.

C. Sectoral and Institutional Context

9. Jordan has three tiers of Government: central, governorate and municipal. Governorates focus mainly on public order, while also serving as the provincial seat through which deconcentrated units of line ministries plan and coordinate investments and provide services. Municipalities operate under the Ministry of Municipal Affairs (MOMA). There are currently 99 municipalities that are classified into four categories: (i) Grade A that functions as the center of a governorate or have more than 100,000 people; (ii) Grade B that functions as the center of a district or have between 15,000 and 99,999 people; (iii) Grade C that functions as the center of a sub-district (*qada'*) or have between 5,000 and 14,999 people; and (iv) Grade D that have less than 5,000 inhabitants.

10. While a number of services are channeled directly from line ministries to users through deconcentrated units at the Governorate level (e.g. education and health), at the lowest level, municipalities remain responsible for a range of functions and services, among them solid waste collection, road construction, rehabilitation and maintenance, street lighting and cleaning, construction and operation of slaughterhouses, markets, public parks, libraries, and town planning activities. These activities are funded through their own-revenues, central government grants, and loans channeled through the Cities and Villages Development Bank (CVDB). The World Bank is currently financing municipal infrastructure through the Regional and Local Development Project (RLDP), whose objectives also include the improvement of central-local resource transfers, financial management, revenue generation and service delivery capacity.

11. Although municipalities have constraints on authorities and resources, in this crisis they have been called upon to address a broad range of service delivery and socio economic issues by their constituents. The large majority of Syrians living in Jordanian communities, concentrating in a number of municipalities in Northern Jordan. They share the physical space, doubling up in existing urban spaces as well as occupying newly developed neighborhoods. This rapid increase in their population has added tremendous pressure on these municipalities. The increased demand for housing has led to a boom in new construction, which has resulted in the establishment of new neighborhoods needing roads, street lighting and connections to services. Garbage has doubled and is piling up in many urban centers, leading municipalities to overwork their waste collection fleets. In addition, high unemployment, rising rents and cost of living has highlighted the need for municipalities to take on a more active role in promoting local economic development, fostering livelihood opportunities and enhancing communal wellbeing.

12. Jordan held municipal elections in August 2013, instituting elected Mayors and representatives in the local councils. The elections have the potential of enhancing the profile of municipalities in service delivery, local development and social sphere. With enhanced external support and more robust systems of accountability, municipalities could be on a path towards responding better to the needs, priorities and grievances of their citizens, civil society organizations (CSOs) and the private sector.

D. Higher Level Objectives to which the Project Contributes

13. The overarching strategic objective of the World Bank Group's Jordan Country Partnership Strategy (CPS) for 2012-2015 is building resilience to internal and external shocks through laying a foundation for inclusive growth and job creation.¹ This strategic approach proves to be relevant in the current context. While it could not foresee the Syrian crisis and its impact on Jordan, the CPS acknowledged that Jordan is vulnerable within a highly volatile region and is clearly exposed to risks stemming from the regional environment. The strategic framework of the CPS was formulated in a flexible manner to allow for needed adjustments including additional operations in response to GOJ's demand. One key pillar identified in the CPS to help mitigate risks, and to which the proposed emergency Project speaks, is enhancing inclusion through local development. Under this pillar, the CPS places enhancement of inclusion

¹The World Bank Group (2012). Country Partnership Strategy for the Hashemite Kingdom of Jordan for the Period FY12-FY15 (Report 58114-JO), MNC02 Country Management Unit, Middle East and North Africa Region.

and improvement of living standards of the population at the center of the strategy, with local development as one of the means for reducing regional imbalances. Local development in areas affected by Syrian displacement and the ability of Jordanian municipalities to cater to the immediate needs of their population are under tremendous pressure. The proposed operation would enable the participating municipalities and the communities served by them to respond to the heightened challenges in services, livelihoods and social cohesion due to the Syrian crisis.

14. The operation would form part of a wider World Bank response to support Jordan mitigate the negative impact of Syrian refugees. At the early stages of the crisis, the Bank provided a State and Peace-building Fund Grant (SPF,US\$1.2 million)to improve access to basic education, vocational training opportunities for targeted host and displaced communities, as well as to undertake a fiscal impact study. As the crisis intensified, a larger program of support was designed to help Jordan build up resilience to the current and future impacts of conflict spillover, and pursue its reform programs. Besides this proposed operation, the package includes the Emergency Project to Assist Jordan Partially Mitigate Impact of Syrian Conflict (US\$150 million), which was approved in July 2013 and finances vaccines, drugs and treatment of Jordanians crowded out of public hospitals, as well as universal bread and LPG subsidies. This Project stems from the need to ensure that resources are urgently made available to support rapid and visible investmentsthat will address community needs at the local level.

15. Support for fragile and conflict-affected states is a key priority for the World Bank Group. *The World Development Report (WDR) 2011 on Conflict, Security and Development* considers four tracks to improve global responses for security and development: preventing repeated cycles of violence; reforming internal agency systems to restore confidence and long-term institution building; acting regionally and globally on external stresses; and marshaling experience and support from global and regional institutions to reflect the changing landscape of international policy and assistance. The proposed Project fits within this framework. It not only aims to respond rapidly to address some of the pressingservice delivery and socioeconomic needs of the affected host populations, to boost their confidence in the existing systems of Government, but also makes a start in strengthening institutional capacities and community coping mechanisms to address similar crises in the future. Moreover, by addressing the impact on basic services arising from the large influx of Syrian refugees on host communities, the Project seeks to minimize the developmental impact of the present crisis and to ensure adequate linkages between humanitarian assistance being provided to refugees and the developmental challenges facing the country. The Project's design has benefited from extensive consultations with UNHCR which is concerned with preserving the protection space for refugees and from other UN agencies who are expanding their assistance beyond the humanitarian sphere to protect the quality of services and the country's achievements in the health and education spheres.

16. Further, *WDR 2012 on Gender Equality and Development and MENA's companion piece Opening Doors: Gender Equality in the Middle East and North Africa 2012* argue that outcomes for women can improve through accumulation of endowments (education, health and physical assets); use of such endowments to take up economic opportunities to generate income; and application of endowments to take action or agency. The Project's attention to vulnerable groups, in particular, women, children and youth, links directly with these priorities.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

17. The project development objective is to help Jordanian municipalities and host communities address the immediate service delivery impacts of Syrian refugee inflows and strengthen municipal capacity to support local economic development.

Project Beneficiaries

18. The proposed Project will initially support nine municipalities in Northern Jordan covering an estimated population of about 791,150 Jordanians and 299,000 Syrians. Additional municipalities may be considered in future. The main Project beneficiaries consist of:

- *Residents in the participating municipalities affected by Syrian refugee inflows*, who will benefit from increased provision of municipal services and enhanced local economic development and livelihood opportunities. The participatory mechanisms of the Project, targeting both hosts and refugees, will promote inclusion and enhance the voice of the affected communities, especially women and youth. The focus on social cohesion through strengthening of community coping mechanisms and provision of social infrastructure will help reduce social tensions and ensure reliable access to resources for the most vulnerable groups.
- *Select Jordanian institutions*, among them participating municipalities, governorates in which the participating municipalities are located and the Ministries of Interior, Municipal Affairs and Planning and International Cooperation through institutional development support to better tackle exogenous shocks and emergencies through emergency preparedness and risk management plans and systems.

PDO Level Results Indicators

19. Progress towards the PDO will be monitored through the following key indicators:

- Direct project beneficiaries (#), of which (i) women (%); (ii) under 35 years of age (%).
- Conflict affected people to whom benefits have been delivered within the first year of project effectiveness (#), of which: (i) women (%); (ii) Jordanian host population (%); (iii) refugees (%).
- Participating municipalities ensuring pre-crisis levels of per capita investments in at least two of the following services (%): (i) solid waste; (ii) local roads; (iii) street cleaning; (iv) parks and recreational spaces; and (v) community services.
- Participating municipalities implement/facilitate at least 2 priority local economic development subprojects identified in local economic development plans (%).
- Participating municipalities clearing annual financial and technical audits without adverse opinion each year (%).

III. PROJECT DESCRIPTION

20. The proposed Project is premised on the following approaches: (i) *confidence building through immediate and tangible improvements*. Investments in municipal services — be it better security through streetlights at night, improved hygiene through garbage collection, or reduced tensions via recreational spaces for young people — tend to be visible, can bring immediate improvements to quality of life as well as stimulate the local economy; (ii) *responsive problem solving at the local level*. Because of their proximity, municipalities are often called upon solve problems even outside their regular functions and authorities. Equipping them with discretionary resources will enable them to be more responsive; (iii) *reduction of tensions through investments in individual and community resilience*. Treating resilience as a dynamic process encompassing positive adaptation within the context of adversity, the Project could help create physical spaces that relieve tensions for women and children, foster institutional spaces for communities and public officials to seek solutions to their pressing problems, or finance locally engendered solutions to urgent service delivery needs. As part of this, enabling individuals, communities, public institutions and the private sector to come together to discuss issues and solve problems will help foster greater inclusion and social cohesion; and finally (iv) assuming that the Syrian crisis and the refugee situation will further evolve, it is important that any *support program is flexible to allow easy scaling up or down and simple enough to roll out rapidly*.

21. Recognizing the various stresses experienced at the individual, community and institutional levels, the Project will promote broader crisis resilience through support to participating municipalities to strengthen local adaptability and responsiveness, whether providing additional services based on evolving local needs, the strengthening of individual and community resilience through local economic development and community engagement, and the strengthening of institutional resilience to crises through development of emergency preparedness systems. It will initially support nine municipalities most affected by Syrian refugee inflows (details provided in Annex 2). These municipalities will receive support based on the number of refugees accommodated. Depending on needs and availability of funding, the Project may include additional municipalities, including Greater Amman, in the future. This programmatic approach will allow the Project to remain flexible and evolve over time. All Project activities are expected to be fully implemented over a period of 38 months.

A. Project Components

22. The Project consists of two components: (i) Municipal Grants; and (ii) Institutional Development and Project Management.

Component 1: Municipal Grants (US\$50.00 million)

23. This component will provide direct Municipal Grants to municipalities that are hosting the largest concentration of Syrians (i.e., weighting the number of Syrians hosted and their ratio to the host population). Reflecting the increased size of their populations, the Grants will allow municipalities to finance additional public services and programs to help improve living conditions, reduce communal tensions and enhance social cohesion for the benefit of the Jordanians and Syrians living in their jurisdictions. These services would include those that are directly within the municipal competence (e.g., solid waste management, rehabilitation of roads,

street lighting, pest control, recreational facilities, local economic development and livelihoods, etc.), as well as certain services that can be contracted out by municipalities to other service providers (e.g., water, wastewater, sanitation, etc.). Grants will also allow municipalities to support community development programs and services amongst vulnerable communities, including women and children. Municipalities can also procure urgent and temporary human resources to ramp up their capacities to deliver various services and programs. The simplicity and flexibility attached to the Grants will allow municipalities to be quick and responsive to local needs and thus win the confidence of their citizens. The Municipal Grants will finance goods, works and services.

24. The municipalities will initially focus on the most pressing service delivery priorities of their citizens. In parallel, they will work with governorates, communities, the private sector, Community-based Organizations (CBOs) and Non-Governmental Organization (NGOs), including those working for the inclusion of women, to prioritize activities and subprojects for years two and three. This could include identifying areas of critical service gaps, drivers of local economic development and actions to foster job creation locally. Municipalities are already working closely with local Chambers of Commerce in identifying opportunities for public-private partnerships befitting of the local context, and the Project will enable participating municipalities to further invest in projects identified in their participatory local economic development plans and perceived to have positive impact on local growth and job creation. Such projects could include markets, labor intensive works, or investments leveraging some of the many other livelihood, entrepreneurship, or Micro, Small and Medium Enterprise programs supported by other partners. It could also include investments in social infrastructure, such as women's and children's centers, soccer fields, parks, or other communal infrastructure, activities and services. The prioritization of key investments, especially those in the realm of social infrastructure, will take into account the specific needs of women, youth and other vulnerable social groups.

25. The municipalities would employ a participatory model, leveraging platforms supported by other stakeholders and programs—for example, the United Nations Development Programme's (UNDP) Host Community Project and the Community Empowerment Project supported by the US Agency for International Development (USAID), to involve local populations in prioritizing needs and identifying solutions. The Project will over time explore entry points to support inter-community dialogue and the strengthening of refugee inclusion in the institutionalized participatory mechanisms. This will be done in collaboration with NGOs and CBOs working with refugee and host communities. The precise participatory modalities will be further developed and outlined in the Project Operations Manual (OM). This will help build strong local ownership and thereby foster community resilience and social cohesion. Involving vulnerable communities and social groups, be it women, the poor or the conflict affected, in both the participatory processes and in the provision of benefits will help amplify their voice and inclusion and strengthen community-based coping mechanisms.

26. The size of and the rules surrounding the Municipal Grant will be flexible and evolve over the life of the Project. Initially, the Grant size to each municipality will be based on number of refugees hosted — about US\$67 per capita in year one. While the municipalities will have significant discretion to determine the expenditure priorities in year one, based on ground

conditions and emerging needs, additional norms may be tagged to the Grant in years two or three. For example, provision of critically undersupplied municipal services may dominate year one, but with improved services, in later years, the use of Grants may include greater focus on local economic development/livelihood activities and services, and/or strengthening community and municipal level crisis coping mechanisms. This will be determined based on biannual reviews involving the municipalities, MOMA, Ministry of Interior (MOI) and donor partners.

Component 2: Institutional Development and Project Management (US\$3.00million)

27. Component 2 will finance two subcomponents: (i) Subcomponent 2A - technical assistance to participating municipalities to plan, implement and manage activities funded by the Municipal Grant, as well as project management support to implementing agencies to coordinate, manage and oversee the Project; and (ii) Subcomponent 2B - capacity building of key Government agencies and vulnerable communities in emergency preparedness, and risk planning, management and financing. The component will finance goods and services.

28. Technical assistance to municipalities will help them utilize the Municipal Grant effectively and efficiently and thus meet the service delivery, local economic development and livelihoods needs of host communities. This support will not only allow municipalities to immediately ramp up delivery of urgent services but also to reach out to communities, prioritize needs and plan investments and activities for years two and three. A central element of this will be the preparation/updating of simple local economic development plans that will tap into the latent endowments and comparative advantages of municipalities, local communities and the private sector to identify potential drivers of local growth and job creation.

29. The UNDP, which is currently working with host communities in Northern Governorates, will provide technical assistance to municipalities in year one to carry out consultations with communities, undertake needs assessment, identify local endowments, prepare service delivery and local economic development plans (in collaboration with Governorate level Local Development Units (LDUs)), establish grievance redress mechanisms appropriate to local socio-cultural context and accessible to marginal and vulnerable populations, and strengthen project management and monitoring capabilities. This will help kick start implementation, check potential elite capture in the early stage, build local capacities and enhance on-the-ground synergies among various donor efforts.

30. Project management support will help MOMA, CVDB, and other relevant national and subnational agencies, including governorates, coordinate, manage and oversee Project implementation. It will finance *inter alia* implementation support, fiduciary and safeguards oversight and management, dissemination of the Project OM, Project related communication activities, workshops, trainings, and various studies and surveys related to project monitoring.

31. A key element of Component 2 is strengthening the resilience at the municipal, governorate and central levels and among vulnerable communities to external crises and shocks through risk planning, management and financing, emergency preparedness systems and capacities. A study identifying the existing systems, capacities, gaps and needs will be undertaken in the Project's first year under the direction of MOI/MOMA to inform the design of

the specific support that will be provided to the relevant institutions and vulnerable communities under this sub-component. Based on the study, the subcomponent could support the preparation and operationalization of emergency preparedness plans, training of communities and public officials, establishment of crisismanagement protocols and systems, and so forth.

32. Recognizing the important of timely and accurate information flows, this subcomponent would support strategic communications and information exchange among key stakeholders with the aim of strengthening crisis resilience and emergency preparedness. Based on the results of the needs assessment, the Project could reinforce capacity to collect and analyze information on population movements and capacities of their destinations, and well as improve relevant institutions’ ability to communicate effectively with each other andwith affected communities.

B. Project Financing

Financing Instrument

33. The Project will be financed through grants provided by the World Bank and other bilateral donors, as well as counterpart contributions from GOJ. Current indications from the Governments of Canada, the United Kingdom and the World Bank point towards an initial donor financing envelope of US\$50.00million for a period of 3 years. The Government of Canada has already approved a CAD 5 million grantchanneled through the Global Program on Forced Displacement (GPFD), and is expected to provide an additional grant of CAD 20 million, while the United Kingdom is expected to provide a £12 million grant contribution. Based on current information, it is expected that the grant funds will be available in late-October or early-November, 2013. The Bank will provide another US\$10 million of grant financing via the SPF while the Government will provide its own counterpart funding of US\$3 million. In addition, the Swiss Government is also likely to contribute around US\$2 million in the near future.

34. The World Bank will set up a free-standing, multi-donor trust fund (MDTF) to which both donor and Bank grant financing (including contributions from SPF and part of the Canadian contributions made via GPFD)will be pooled. The timing and use of funds from donors will be governed by Administrative Agreements between the Bank and the donors. Funds will be disbursed to GOJ on the basis of agreed Project documents and Grant Agreement between the Bank and the Government. Certain activities, including various studies and evaluations will be financed outside the Project, usingBank-executed grant funds provided by Canadato the GPFD.

Project Cost and Financing

35. The Project costs and financing are detailed in the table below.

Project Components	Costs (US\$ M)	Government Financing	MDTF (US\$ M)
Component 1: Municipal Grants	50.00	3.00	47.00
Component 2: Institutional Development and Project Management	3.00	0.00	3.00
Total	53.00	3.00	50.00

C. Lessons Learned and Reflected in the Project Design

36. *Tangible and speedy results are crucial for building confidence in national institutions in situations characterized by fragility.* First of all, they provide concrete evidence that the Government can and is willing to respond to the needs of its citizens. Secondly, they demonstrate the Government's ability to deliver on its promises (WDR 2011). Many programs responding to Syrian crisis target refugee communities. Even those programs aimed at host communities are mostly implemented by nongovernmental entities. This has led to a sense of abandonment and rising resentment among host communities. The Project will be implemented by the Government and aimed at host communities primarily. Many of the services which are decided together with communities and delivered by municipalities are visible and have immediate and direct impact on people's lives. Provision of resources to local authorities will enable them to bring about speedy improvement in people's immediate environment and thus strengthen the credibility of the newly elected municipal representatives.

37. *Reliance on existing structures and tested implementation approaches during a crisis facilitates a rapid and effective response.* Evaluation of the World Bank's experience in responding to the global financial crisis indicates that, in the interest of providing timely assistance, 74 percent of responses were channeled through existing programs. This operation will benefit from the institutional arrangements and capacities already established under RLDP. Both MOMA and CVDB have the necessary institutional and human capacities to effectively support Project implementation. They also have the local penetration and networks needed to support those municipalities in need of extra assistance. The Project will utilize mechanisms established by local authorities with support of UNHCR, UNDP and other agencies for prioritizing community needs, thereby avoiding duplication of efforts and benefiting from the networks that these organizations have established with communities and service providers

38. *Effective implementation requires a simple and flexible project design.* Experience from emergency operations around the world show that lumping too many objectives into one project or establishing complex implementing structures can hamper delivering relevant and timely benefits. In addition, to address the consequences of a constantly evolving crisis, flexibility in targeting and prioritization is essential over the life of the project. Both Project design and implementation arrangements are simple and allow for programmatic changes. Bulk of the resources is set aside for Municipal Grants, whose allocation and utilization criteria and modalities can be adjusted over time to respond to emerging needs. Flexibility associated with the Municipal Grants, both in terms of fund flow to municipalities and use of funds by municipalities, will enable local authorities to act quickly, effectively and responsively.

39. *Quick disbursing and discretionary funds to local governments are an efficient way to invest in local development.* Evaluations of projects in Indonesia, Bangladesh, India and Uganda that have used similar approach showed higher rates of return for local public investments (production efficiencies). In addition, giving the prerogative of decision-making and allocations to local governments tend to better reflect local preferences identified through a local planning process (allocative efficiencies).

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

40. To ensure prompt and efficient implementation, the Project's institutional set up and implementation arrangements will follow the systems and procedures that have already been established under the ongoing RLDP, which have proven to be time-tested and effective in working with multiple municipal stakeholders. The RLDP, which is funded through an IBRD loan and the French Agency for Development, is implemented by MOMA with support of CVDB, with the latter having developed solid experience and knowledge in providing technical assistance to municipalities as well as on Bank-related fiduciary and safeguards aspects. Adhering to this well-functioning institutional setup, Jordan Emergency Social Services and Resilience Project (JESSRP) will be implemented according to the following arrangements:

41. **An inter-ministerial Steering Committee (SC)** will, as for the RLDP, provide strategic direction and exercise overall coordination and oversight at the national level. It will be headed by the Secretary General, MOMA and include key ministries and agencies such as Ministry of Planning and International Cooperation (MOPIC), MOI, MOMA, Ministry of Water and Irrigation (MWI) and CVDB. It will also include representatives of participating governorates and municipalities (on a rotating basis). MOMA, especially the Project Management Unit (PMU — noted below) will function as the Secretariat to the SC. It will meet at least once every six months.

42. MOMA will be responsible for overall Project coordination, management and reporting, and for implementing Subcomponent 2B. Similar to the RLDP, a PMU within MOMA, comprising a Project Director, two Deputy Directors (one each from MOMA and CVDB) and support staff will be responsible for day-to-day Project coordination, management and implementation oversight. This will involve, *inter alia*: (i) providing support to the SC, planning and supervision of Project activities, coordination amongst institutional partners and donors, organizing annual joint missions, etc.; (ii) overall fiduciary oversight of the Project, including Project monitoring, financial management (FM), audits, safeguards compliance, etc.; (iii) Project reporting to the Government and donors, including the preparation and dissemination of Project progress reports; (iv) Project related information and communication activities; and (v) management and implementation of Subcomponent 2B, which involves building capacities for emergency preparedness and risk management systems in Jordan.

43. MOMA, working with CVDB, will also support and oversee participating municipalities. MOMA will be assisted by UNDP, which will be contracted to provide technical assistance and implementation support to participating municipalities during year one.

44. CVDB will support MOMA under a management contract and be responsible for providing (i) fiduciary support to the Project, including the preparation of withdrawal applications and other financial requests; (ii) procurement of works, goods and services for items that are beyond the procurement thresholds set for municipalities under the current regulations; (iii) FM and reporting; and (iv) procurement of annual audits for the entire Project, including expenses made under Component 2 and assurance audits of participating municipalities. CVDB

will assign a nodal officer who will be Deputy Director of the PMU and will report to the Project Director on the above set of activities.

45. MWI through Yarmouk Water Company(YWC) will be responsible for supporting municipalities identify short term priorities and implementing sub projects in water, wastewater and sanitation (e.g., rehabilitation of wells, wastewater container units, household connections to wastewater networks, urgent supplies and equipment, etc.).A MOU between MWI and MOMA will facilitate this collaboration and enable municipalities to contract YWC. MWI will be a member of the SC. Similarly, MOI will play a key role in supporting and overseeing preparation/updating of local economic development plans by municipalities. It will also be a member of the SC.

46. The participating municipalities will be responsible for the identification and delivery of priority infrastructure and services to be financed through the Project, in close collaboration with the beneficiary communities. This will involve (i) the identification of priority needs, the costing of alternative programs affordable within the financial envelop allocated through the Project, an arbitrage amongst the various alternatives, and the final consolidation of the priority list of eligible expenses; (ii) formulation of local economic development plans, working with governorate level LDUs; (iii) detailed programming of technical requirements, procurement of works, good, and services according to the current regulatory thresholds; and (iv) management of activities, including consultation with the communities and work supervision.

47. The beneficiary communities will contribute to the selection of priority activities through participatory processes which are outlined in the Project OM and which includes guidelines for ensuring participation of women, youth and groups that are considered vulnerable. Local social organizations (NGOs, CBOs, charities, etc.)will be expected to facilitate the process. Selection criteria for these groups will also include whether they explicitly represent the interests of women and youth. The local communities and organizations will also be consulted throughout Project implementation and will be able to track progress and results through the publication and dissemination of relevant Project information.

48. **Implementation support:** The Project will aim to procure the services of UNDP to provide support to municipalities, particularly during the first year of implementation. UNDP is already providing technical assistance to municipalities through an existing MOU with MOMA and is working at the municipal and governorate levels on host community needs. It will assist municipalities in the planning and implementation of services and in reaching out to citizens and communities by helping organize participatory needs identification and prioritization processes. It will also support municipalities in enhancing transparency in the utilization of grant funds by facilitating citizens' ability to monitor municipal investments and performance. Involvement of UNDP will help the Project mobilize support to municipalities rapidly and enhance on-the-ground cooperation and synergies among various donors and development programs

49. The Project will be coordinated with other donor-funded programs through the newly established "The Support to Host communities Platform", which is led by MOPIC. The objective of the Platform is to ensure that the needs of host communities are adequately covered through various donor-funded programs with due regard to the need to enhance linkages between

humanitarian and developmental efforts. At a practical level, coordination will be enhanced through local coordination structures as well as through sectoral and inter-sectoral working groups at which both the humanitarian as well as the developmental actors will be represented.

50. Detailed description of implementation arrangements will be given in the Project OM, which will be prepared and updated as required by MOMA, and approved by the Bank and the SC. The OM is expected to be completed within sixty days of Project Effectiveness and key Project stakeholders, including municipalities, trained on implementation authorities, responsibilities and tasks by December 31, 2013.

B. Results Monitoring and Verification

51. The Project will track inputs, outputs and results through the following modalities:

- On a routine basis, the Project will track expenditures and other fiduciary data relevant to Municipal Grants. This will be overseen by CVDB via quarterly progress reports and financial statements provided by the municipalities and annual financial audits of municipalities by independent auditors contracted under the Project. CVDB and MOMA will report on this data biannually to the World Bank and donor partners.
- On a half yearly basis, the Project will track key activities and outputs of participating municipalities — for example, the number of community infrastructure subprojects undertaken, the amount of solid waste collected or the number of household wastewater connections provided, the number of local economic development subprojects supported, and so forth. At the aggregate level, this will be tracked by MOMA and MOI through two means: first, a monitoring specialist hired under the Project will support the PMU and municipalities on project monitoring aspects; and second, annual financial and technical audits will help MOMA/MOI verify physical and institutional activities and outputs of participating municipalities. Half yearly progress reports prepared by MOMA and CVDB, and submitted to the Bank and the SC, will report on key activities, outputs and results.
- The Bank team will undertake a limited evaluation of the Project, in close coordination with MOMA and other Jordanian stakeholders and with the Center for Conflict, Security and Development (CCSD) within the Bank. This will involve surveys of beneficiary households and other key stakeholders at key point during the life of the Project. The evaluation design could employ appropriate evaluation techniques to estimate Project-specific benefits and impacts. Further, based on availability of resources, the use of geo-mapping technology will be explored to gather disaggregated information on socio-economic conditions in Project areas, as well as for timely knowledge sharing of special needs in the changing demographic landscape of Northern Jordan.

C. Sustainability

52. In light of the fiscal constraints that Jordan faces and the central government's inability to increase its annual budget transfers to municipalities, there is a risk that participating municipalities will not be able to sustain the level of services they will provide through the

Project's funds beyond the Project's duration. However, given the focus during the Project's initial phase on investing in infrastructure needs that have remained largely unmet over the past two years, it is expected that the return on these investments will extend beyond the Project's lifetime, mitigating any need for sustaining the investments levels made possible through the Project's financing. Investments in local development projects are also expected to contribute to expanding the municipalities' revenue base.

53. Financial and capacity constraints within municipalities may pose further challenges to the sustainability of the Project's investments. Additional design features have been put in place to augment operation and maintenance of Project investments. For example, the Project's delegation of the use of funds to the municipalities in combination with multipronged technical assistance to support their performance in key areas such as engineering, FM, procurement, participatory planning and social accountability will strengthen local capacity beyond the life of the Project. Improvements in transparency and participation (including public participation in the planning process, and disclosure of allocation of Municipal Grants and annual audit results) will strengthen the relationship between the municipality and its constituents, elements that will complement the transition from appointed to elected municipal representatives. With regard to assets created, a share of the Municipal Grants can be set aside for operation and maintenance. The institutional development support that will be provided in the area of emergency preparedness and risk management will be specifically designed to strengthen systems and mechanisms that benefitting Jordanian communities and institutions can use for the duration of this particular crisis as well as others that may arise in the future.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Risk Category	Rating
Stakeholder Risk	Substantial
Implementing Agency Risk	
- Capacity	Substantial
- Governance	Substantial
Project Risk	
- Design	Substantial
- Social and Environmental	Moderate
- Program and Donor	Substantial
- Delivery Monitoring and Sustainability	Moderate
Overall Implementation Risk	Substantial

B. Overall Risk Rating Explanation

54. The overall risk for this operation is “Substantial.” The main risks originate from limited capacity and weak governance environment at the municipal level. While A category municipalities are generally better staffed and capacitated, B and C category municipalities lack accountability systems and have limited capacities. The ability of these municipalities to absorb significant amounts of additional resources, scale up service provision, and abide by Project related rules and procedures, especially those concerning fiduciary and safeguards aspects, is likely to pose substantial risks. This will be addressed by providing comprehensive training at the start of the Project and need-based external support during implementation, including on-the-ground technical assistance by UNDP in year one. The Project’s strong emphasis on social accountability and inclusion of annual technical and financial audits will also help mitigate fiduciary and implementation risks, including fraud and corruption. Finally, the Bank will provide close implementation support to the Project authorities, particularly in early stages of implementation. These measures, together with strong Recipient ownership of this operation, will help mitigate the key implementation risks.

55. Other key risks include donors delivering on their fund commitments in a timely fashion and stakeholder risks arising from any sudden and large inflows of refugees to the Project towns. The former will be secured to the extent legally feasible through Administrative Agreements and institutionally through ensuring strong donor ownership in the Project. The latter will be beyond the immediate remit of the Project. However, programmatic and flexible Project design allows scaling up or down the support to individual municipalities, if resources are available.

VI. APPRAISAL SUMMARY

A. Economic and Technical Analysis

56. The Project has several potential benefits which justify the investments in service delivery and local economic development. Tangible benefits are the investments by municipalities in local infrastructure and services. Intangible benefits include the enhanced consultative and participatory processes underlying service delivery, livelihood and local economic development at the local level. At a broader level, the Project contributes to GOJ’s institutional reforms through capacitating municipalities, and enhancing emergency preparedness at the central, governorate and local government levels, and among vulnerable communities.

57. Central government fiscal transfers to municipalities in 2013 were about US\$105 million, with little change is expected in 2014. Additionally, own source revenues of municipalities are around 30 percent of total revenues while several municipalities receive project-based financing. The per capita total municipal revenues in the selected nine municipalities range from US\$ 42 to 127 annually. On the expenditure side, bulk of resources goes into wages and operating costs. Municipal Grants in year one will amount to approximately \$67 per refugee capita. This will help participating municipalities ramp up services in a significant manner, as well as potentially provide a short term stimulus to the local economy.

58. The types of public infrastructure that may be created under Component 1 are likely to yield a higher rate of return (production efficiencies) than those under alternative arrangements (through central agencies or NGOs). The decisions taken by local governments are also likely to better reflect the local preferences identified through a local planning

process(allocativeefficiencies). Based on experience elsewhere, it is supposed that the resulting choices of local public investments financed through the discretionary Municipal Grants provided by the Project are likely to yield higher rates of return over time. For example, evaluations of similar projects in countries like India, Bangladesh and Ugandahave yielded robust positive rates of return.

59. Since the spending choices of municipalities cannot be determined *a priori*, a framework approach will be adopted to estimate the economic efficiency of sample investments financed by Municipal Grants. The Bank will conduct economic analysis of a sample of about 5-10 percent of municipalinvestmentsin local roads, solid waste management, water and sanitation, and drainageat the mid-term and end of the Project. Smaller investments (<US\$500,000) will be subject to standard cost effectiveness analysis, while larger ones (>US\$500,000) will be sampled for cost benefit analysis. The Project will also examine if municipalitiesare making better allocative choices which respond to their constituent priorities by surveying citizen satisfaction with municipal services and by matching citizen preference with actual municipal expenditure patterns.

60. Public sector provision and financing of emergency local services areappropriate in this context for a number of reasons: one, the social benefits of the chosen subprojects under the Project are likely to outweigh their costs because of the robust social accountability mechanisms involved and the social capital it can generate; two, improving access to and quality of the basic public goods and services in these participating municipalities is likely to benefit the poor most; and three, from a fiscal point of view, since much of the financing is coming in the form of grants, this will help alleviate pressures on Jordan’s stretched public finances.

61. Most activities proposed under the Project are those within municipal competence and delivered by municipalities routinely.Nevertheless municipal capacities, especiallyin B and C category municipalities, are generally weak. This will pose challenge to scale up activities and ensure quality and sustainability of investments. To mitigate this risk, participating municipalities will be provided with a range of support mechanisms. In addition to the technical assistanceby UNDP in year one, municipalities can use a share of the Grants to procure criticaltechnical and operationalsupport during implementation.Biannual reviews will allow for calibrating this support further based on needs and performance. Annual financial and technical audits will ensure stringent review of the quality of expenditures and assets created or maintained.

B. Financial Management

62. Due to the emergency nature of this operation, the FM approach was streamlined and based on more simplified ex-ante requirements, while relying more heavily on ex-post requirements as additional fiduciary controls and review.

63. The World Bank undertook assessments of FM systems in three sample municipalities in Northern Jordan(Greater Irbid municipality — category A, Greater Ramthamunicipality — category B, and Hushamunicipality — category C). Furthermore, the Bank updated the assessment previously conducted for CVDBduring the preparation of RLDP. The assessment concluded that, with the implementation of agreed-upon actions, the proposed FM arrangements

will satisfy the minimum requirements under OP/BP 10.00. Annex 3 provides additional information on the FM assessment and the recommended mitigation measures. The detailed FM capacity assessment and arrangements are available in Project files.

64. MOMA will be responsible for overall coordination and monitoring of the Project, CVDB will manage the fiduciary functions (FM and procurement), and the participating municipalities will manage fiduciary aspects related to the Municipal Grants. CVDB has built solid experience and knowledge of the World Bank projects and procedures during the implementation of RLDP, where its performance has been satisfactory. On the other hand, the participating municipalities have no prior experience with the World Bank FM and disbursement guidelines. Therefore, a qualified Financial Coordinator will be hired in CVDB under the Project to follow up closely with municipalities on fiduciary aspects related to the use, oversight and reporting of Municipal Grants.

65. The proceeds of the Grant will be disbursed in accordance with the World Bank's disbursements guidelines as outlined in the Disbursement Letter and in accordance with the World Bank Disbursement Guidelines for Projects. Disbursement will be Report-based using Interim Unaudited Financial Report (IFR). The CVDB will open a segregated Designated Account (DA) at Central Bank of Jordan (CBJ) in US Dollars to cover the Grant's shares of eligible expenditures. The Ceiling of the DA will be based on forecast for two (2) quarters as provided in the quarterly IFRs. A sub-account in local currency will be opened for each participating municipality at CVDB for receiving the Municipal Grants. The Grants will be provided annually to participating municipalities based on the subsidiary agreements and transferred over two tranches: (i) the first tranche would be in the form of an advance equaling 50 percent of the total annual allocated amount, and, from year two onwards, (ii) the second tranche would be released only after submitting progress reports and FM reports with bank reconciliations to CVDB for review and verification that funds were disbursed according to the subsidiary agreements and against eligible list of expenditures.

66. The Project will be required to generate the quarterly IFRs in compliance with International Public Sector Accounting Standards (IPSAS). Each participating municipality will submit to CVDB within 30 days after the end of each quarter financial reports detailing cash receipts and disbursements, budget compared to actual disbursements, bank reconciliations, signed contracts, and list of fixed assets. CVDB will compile the data and prepare consolidated IFRs and submit to the World Bank not later than 45 days after the end of each quarter.

67. An external auditor, acceptable to the World Bank, will be appointed, based on Terms of Reference (TOR) acceptable to the Bank, to perform financial and technical audit covering the Project's three years lifetime. The Project's audited financial statements are due for submission to the World Bank not later than six months after the end of each year. The auditor's scope of work will cover the expenditures at the municipalities' level to provide an opinion regarding the expenditures undertaken as per the agreed list of eligible expenditures and signed subsidiary agreements. An OM, acceptable to the Bank, will be developed by MOMA, describing the roles and responsibilities of MOMA, CVDB, and participating municipalities, including FM and disbursement related aspects.

C. Procurement

68. OP10.00, paragraph 11(a) allows deferring fiduciary requirements and related assessments to the project implementation phase and 11(b) specifies that “Such projects may be processed under special procurement arrangements –simplified procurement procedures- referred to in paragraph 20 of OP11.00. Under the Municipal Grants component, procurement activities cover infrastructure services and community development activities routinely delivered by municipalities, and water, wastewater and sanitation related services contracted through YWC. Activities under the Institutional Development and Project Management component cover technical assistance and capacity building for ministries, governorates and beneficiary municipalities as well as PMU staffing, Project audits and communications.

69. Rapid capacity assessments were conducted for (i) CVDB, to update the capacity assessment that was previously conducted for RLDP; (ii) three sample municipalities in Northern Jordan (noted in the FM section); and (iii) YWC (a limited liability company owned fully by MWI, which may be commissioned by the municipalities on a direct contract basis for undertaking urgent water supply, wastewater and sanitation related works and services), to verify warehouses capacity, procurement processing, and reliability of services. In general, national procurement regulations are in place and are followed by all those who are involved in procurement processes and procedures. The assessment of municipalities identified generic risks related to limited procurement capacity, as currently they can only handle very small contracts (up to US\$21,000 equivalent), as per the national regulations. In general, there is a lack of contractors’ appetite for competing in such small biddings.

70. The procurement capacity of municipalities shall be enhanced through technical assistance under Component 2. Based on the list of eligible expenditures specified in the Project OM, municipalities can initiate emergency activities immediately using NCB procedures and documents developed under RLDP. The municipalities shall also develop and maintain procurement plans, with the support of CVDB, after completing their needs assessment study in the first year. The procurement plan shall determine the activity estimates and identify those activities that fall under the thresholds of the municipalities and those that will be procured by CVDB centrally. CVDB shall coordinate procurement activities and, where the value added of decentralized procurement is negative, draw up procurement packages to increase their contract values in order to attract bidders and encourage competition. CVDB shall also be trained to conduct post reviews of contracts awarded under the municipalities’ thresholds. Procurement arrangements shall be reviewed and upgraded, if necessary, during implementation, based on actual municipal capacities.

71. World Bank procurement guidelines shall apply to the Project. Under RLDP, CVDB has gained solid experience on World Bank procedures to process works using standard NCB document that is satisfactory to the Bank, as well as on International Competitive Bidding (ICB) for purchase of goods, and selection of consulting firms and individuals. Similar methods are foreseen under this Project. The municipalities’ procurement of goods up to JD10,000 (US\$14,000 equivalent) and works up to JD100,000 (US\$140,000), both of which are below the World Bank’s Shopping threshold, shall be done following GOJ regulations. Expenditures under municipalities’ own thresholds may be treated either as operating costs or shall be procured using

shopping and direct contracting, as the case may be. The municipalities shall directly contract YWC for water, wastewater and sanitation related activities.

72. There will be at least biannual supervision missions and annual post-procurement reviews. The post procurement reviews shall cover a sample of at least 15 percent of contracts awarded by CVDB and eligible for post review.

D. Environment and Social (including Safeguards)

73. JESSRP is classified as environmental category “B”, in accordance with the World Bank’s Operational Policy OP 4.01. The Project’s safeguards aspects has been prepared based on application of paragraph 11(a) of OP 10.00 (*Situations of Urgent Need of Assistance or Capacity Constraints*), as well as May 23, 2013 OPSPQ *Instructions for Preparation of Investment Project Financing*. A ‘Safeguards Action Plan’ (JESSRP-SAP), which provides a time-bound plan with sequential steps for preparing the relevant safeguards instruments to support project activities by the Grantee, has been developed and is presented in Annex 6.

74. According to initial assessments, refugee-impacted municipalities in Northern Jordan are likely to undertake/request: (i) procurement of street lights, vector (malaria) control misters/foggers, solid waste compactors, sewage tankers, and water tankers; (ii) rehabilitation, including relining, of water wells; (iii) small-scale connections of individual households to existing wastewater networks; (iv) road rehabilitation; and (v) establishment/maintenance of public gardens, sports fields and other civic amenities on public land. For subprojects/activities which may include civil works (i.e. items (ii), (iii), (iv) and (v) above), a social and environmental safeguards screening tool will be applied, along with the specific subproject level instruments that will be necessary to cover both social and environmental aspects (including for instance, subproject specific Environmental Management Plan (EMPs)). For procurement of goods (item (i) above), in lieu of a subproject EMP, guidelines for terms of use will be developed and applied. In addition to subproject screening, subproject EMP application, monitoring, and reporting, annual fiduciary audits will include post-review of a subset of subproject EMPs with regards to design as well as implementation.

75. The Project anticipates only positive social impacts through community service delivery and other services. No adverse impacts such as relocation of households, adverse impacts on incomes/livelihoods/businesses, or any restriction of access to natural resources are anticipated. No permanent or temporary land acquisition using the principle of eminent domain is expected under the Project. Land requirements, if any, are expected to be small scale in nature and subproject investments will be carried out only on state owned lands (municipal or otherwise). Further, the siting of physical investments is expected to be flexible. A *Resettlement Policy Framework* (RPF) is being prepared not in anticipation of land acquisition, but as a precautionary measure in the unlikely situation that squatters and/or encumbrances are found on government land used for the Project. In such an event, *Resettlement Action Plans* (RAP) will be prepared to address any adverse impacts that may arise as per OP 4.12. A safeguards capacity assessment of the counterpart has been carried out. The counterpart is familiar with the provisions of the Bank’s social safeguards policies due to their experience with RLDP, and should any gap in capacity become evident, this will be addressed through provision of additional staff with appropriate skills and/or further training.

76. As part of Project preparation, discussions on safeguards specifics were held with counterparts, including with MOMA/CVDB technical staff responsible for aggregating, tendering and procuring the same types of goods (solid waste equipment for use for neighborhood collection, transportation to site, and within the landfills, slaughterhouse equipment, and pesticides and related mobile sprayers used for pest control). Discussions were also held on the requirements of the Bank safeguard policies, including on specifics regarding consultation and disclosure requirements, as well as GOJ's parallel policies and procurement guidelines governing the delivery of the Environmental and Social Management Framework (ESMF) and RPF. For social safeguards, a screening tool will be used to ensure that only currently-owned public lands devoid of squatters are used. The RPF, discussed above, will ensure that any unexpected land-related issues that may arise during implementation will be addressed. The safeguards instruments, ESMF and RPF will be cleared and disclosed as a condition of disbursement of Component 1.

77. As mentioned above, JESSRP safeguards management will gain from the safeguards modalities established under RLDP, whose safeguards documentation includes baseline reports for Northern municipalities, an ESMF, a subproject screening checklist, a safeguards monitoring and evaluation framework, a municipality "toolkit", and a social and environmental audit form for use as part of the yearly subproject audits. The Project ESMF will update the RLDP documents with regard to current capacities of the targeted governorates and municipalities as well as the addition of any subproject category not included in the RLDP.

Annex 1: Results Framework and Monitoring
HASHEMITE KINGDOM OF JORDAN
Emergency Services and Social Resilience Project (P147689)

Results Framework

Project Development Objectives										
The project development objective is to help Jordanian municipalities and host communities address the immediate service delivery impacts of Syrian refugee inflows and strengthen municipal capacity to support local economic development.										
Project Development Objective Indicators										
Indicator Name	Core	Unit of Measure	Baseline 2013	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection
				2014	2015	2016	End Target			
Direct project beneficiaries, of which women ²	<input checked="" type="checkbox"/>	Number, %	0	395,000 (45%)	590,000 (45%)	790,000 (45%)	790,000 (45%)	Annual	Surveys and service delivery records of municipalities	Municipalities, MOMA
Conflict affected people to whom benefits have been delivered within the first year of project effectiveness, of which: (i) women; (ii) host population; (iii) refugees ³	<input checked="" type="checkbox"/>	Number	0	545,000 (245,250) (395,000) (150,000)	NA	NA	545,000 (245,250) (395,000) (150,000)	Annual	Surveys and service delivery records of municipalities	Municipalities, MOMA
Participating municipalities ensuring pre-crisis levels of	<input type="checkbox"/>	%	0 ⁴	0	50	50	50	Annual	Surveys and service delivery records of	Municipalities, MOMA

² Direct beneficiaries include the Jordanian host population who will benefit irrespective of the number of Syrian refugees living in the participating municipalities.

³ Conflicted affected people include both the Jordanian host population and the Syrian refugees living in participating municipalities.

⁴ Baseline data on municipal pre-crisis investments is available for all participating municipalities.

per capita investments in at least two of the following areas: (i) solid waste; (ii) local roads; (iii) street cleaning; (iv) parks/recreational space; (v) community services									municipalities	
Participating municipalities implement/facilitate at least 2 priority local economic development subprojects identified in local economic development plans	<input type="checkbox"/>	%	0	25	50	75	75	Annual	Annual project review mission aide memoires, annual project progress reports	World Bank, MOMA
Participating municipalities clearing annual financial and technical audits without adverse opinion	<input type="checkbox"/>	%	0	NA	50	75	90	Annual	Annual technical audit reports of municipalities	MOMA, CVDB
Intermediate Results Indicators										
				Cumulative Target Values			Frequency	Data Source/Methodology	Responsibility for Data Collection	
Indicator Name	Core	Unit of Measure	Baseline 2013	2014 (Year 1)	2015 (Year 2)	2016 (Year 3)				
Component 1 - Municipal Grants: (1) enhanced service delivery and community engagement in participating municipalities; (2) enhanced environment for local economic development in participating municipalities										
Participating municipalities spending at least 75 percent of their Municipal Grant each year		%	0	0	50	75		Annual	Annual financial audit reports of municipalities	MOMA, CVDB
Participating municipalities with service delivery needs assessments completed in participatory manner.	<input type="checkbox"/>	%	0	50	75	100		Annual	Annual project review mission aide memoires, annual project progress reports	World Bank, MOMA, UNDP

Priority service delivery/ community infrastructure projects implemented by participating municipalities	<input type="checkbox"/>	Number	0	30	60	90	Annual	Annual project review mission aide memoires, annual project progress reports	World Bank, MOMA
Participating municipalities with local development plans updated/completed in participatory manner.	<input type="checkbox"/>	%	0	50	75	100	Annual	Annual project review mission aide memoires, annual project progress reports	World Bank, MOMA, UNDP
Beneficiaries that feel project investments reflected their needs, of which women	<input checked="" type="checkbox"/>	%	0	N/A	N/A	50	One time	Surveys	Municipalities, MOMA
Participating municipalities that publicly disclose project budgets and audit results	<input type="checkbox"/>	%	0	25	50	75	Annual	Annual project review mission aide memoires, annual project progress reports	World Bank, MOMA
Component 2 - Institutional support and project management: (1) enhanced emergency preparedness and crisis management capacities at the subnational and national levels									
Participating municipalities and governorates having emergency management plans	<input type="checkbox"/>	%	0	0	50	75	Annual	Annual project progress reports	MOI/MOMA
Key staff in participating municipalities and governorates trained on emergency preparedness procedures	<input type="checkbox"/>	Number	0	0	13	40	Annual	Annual project progress reports	MOI/MOMA

Project Development Objective Indicators

Indicator Name :	Description (indicator definition etc.)
Direct project beneficiaries (number), of which women (%)	This indicator will track the total number of project beneficiaries and the share of women beneficiaries in the total.

Conflict affected people to whom benefits have been delivered within the first year of project effectiveness, of which: (i) women; (ii) host population; (iii) refugees	This indicator will track the number of conflict affected project beneficiaries who will be benefited by the project in the first year of project effectiveness.
Participating municipalities maintaining pre-crisis levels of per capita investments in at least two of the following areas: (i) solid waste; (ii) local roads; (iii) parks/recreational space; (iv) street lighting	This indicator will track if municipalities are able to expand service provision to maintain pre-crisis level per capita standards in key municipal services.
Participating municipalities implement/facilitate at least 2 priority local economic development subprojects identified in local economic development plans	This indicator will track if municipalities are able to support local economic development identified through local economic development plans updated/completed in a participatory manner.
Share of participating municipalities clearing annual financial and technical audits without adverse opinion each year	This indicator will track quality of subprojects and activities by participating municipalities on priority emergency services, local economic development and livelihood activities.

Annex 2: Detailed Project Description

HASHEMITE KINGDOM OF JORDAN Emergency Services and Social Resilience Project (P147689)

Background

1. The outbreak of violent conflict in Syria has since March 2011 forced a large number of Syrians to leave their country and seek refuge in neighboring states. As of mid-September 2013, around 530,000 had registered or were awaiting registration with United Nations High Commissioner for Refugees (UNHCR) in Jordan, a number that is expected to increase as the crisis in Syria carries on. The Jordanian Government estimates that approximately 600,000 Syrians have crossed the border since March 2011, a number that reflects the fact that not all refugees choose to register with UNHCR for a variety of reasons. The first Syrian arrivals settled in urban areas mainly in the north, until Zaatari camp opened in Mafraq governorate in July 2012. Approximately 130,000 currently reside in Zaatari camp, and a second camp with a capacity of 30,000 has opened in Zarqa with support of the United Arab Emirates. A third camp with a planned capacity of up to 110,000 has been completed at Azraq.

2. The majority of Syrians, however, reside in host communities across Jordan, with a concentration in the Northern Governorates and Amman. Many communities have thus seen an exponential population increase over a short period of time, leading to more people sharing the existing available resources and services. Core public services provided to Jordanians have been extended to Syrians. GOJ has calculated that it incurred additional costs in the order of US\$250 million in 2012 and the first quarter of 2013 to accommodate the increased demand for services. Among the key sectors affected are energy, health, water, education and municipal services.⁵

3. The Syrian refugees residing in host communities benefit from services and subsidies extended to the population at large, estimated at US\$371.8 million by GOJ. For example, the Government decided early in 2012 to allow Syrian children to attend public schools, and over 31,000 Syrian students were supported by United Nations Children's Fund (UNICEF) during the 2012/13 school year. Where excess capacity was not sufficient to absorb the additional students, schools have been running double shifts in order to accommodate them, resulting in fewer hours of instruction for all students. UNICEF and other international partners have been able to ensure the provision of additional school supplies and the financing of salaries to cover the double shift for last year's caseload. A number of donors are supporting initiatives in the education sector, among them Department for Foreign Affairs, Trade and Development (DFATD), the European Union (EU) and United States Agency for International Development (USAID), along with several NGOs.

⁵ According to GOJ's Rapid Response Plan (April 2013), the estimated cost of hosting accommodating up to one million Syrian refugees in 2013 is US\$ 850 million, covering both camp population and host communities. The main expenditures were in subsidies (US\$ 371.8 million), energy (US\$ 178.8 million), health (US\$ 93.6 million), water (US\$ 91.3 million) and education (US\$ 26.2).

4. Syrians have also been given access to public hospital and medical facilities. While the refugees also have access to and make use of a range of other medical facilities by other providers, the demand for services provided by facilities under the Ministry of Health has increased significantly. This has not only lead to an increased fiscal burden on the GOJ health budget, but has also resulted in the crowding out of Jordanian patients in those areas hosting the largest concentration of Syrians. To prevent the spread of communicable diseases, extensive vaccinations of Syrians have taken place upon arrival resulting in the depletion of Jordanian drugs and vaccination stocks. Taking into account the needs in health sector, the recently approved World Bank project finances vaccines and drugs and the treatment of Jordanians that are being crowded out from public hospitals. A number of other donors are also active in the health sector, among them the most prominent are USAID and UNRWA that provides health services to 1.9 million Palestinians.

5. Jordan is one of the most water scarce countries in the world, with very little surface water available for consumption. Hence, Jordanians also have one of the lowest per capita water consumption rates in the world. Water consumption by Syrians has increased the pressure on water stations as well as affected the availability of water for residents in cities like Zarqa, Irbid, and Mafraq. This has resulted in rising prices for delivered water. Water sector — covering water supply, wastewater and sanitation — requires capital intensive expansion of networks as well as smaller scale repairs, rehabilitation and other improvements. Although a number of donors, among them UNICEF, UNHCR, KfW, USAID (through Mercy Corps), Agency for Technical Cooperation and Development (ACTED) and International Relief and Development (IRD), are active, the unmet needs in the sector are still significant, especially with regard to the latter set of priorities.

6. While the above services have been under tremendous strain, external support — donor agencies, international and local NGOs and charities — has helped alleviate conditions to some extent. In contrast, support for municipal services has been relatively insignificant. Municipalities have had difficulties keeping up the quality of services in face of rapidly increasing number of users. The rising demand and lagging supply of housing has led to significant rent hikes, especially in northern towns, and renting suitable and affordable housing has become harder for Jordanians. Led by such favorable prospects for rental revenue, investors have been constructing new housing, which has resulted in the establishment of new neighborhoods needing roads, street lighting and connections to electricity, water and sewage networks. Garbage is piling up in many urban centers — in cities like Irbid and Mafraq, waste generation has doubled, by some accounts — leading many municipalities to overwork their waste collection fleets. In addition, the high unemployment, rising rents and cost of living has highlighted the need for municipalities to take on a more active role in promoting local economic development, fostering livelihood opportunities and enhancing communal wellbeing.

7. Many of the above-mentioned difficulties facing Jordan at this juncture are exacerbated by structural and longer term challenges. To the extent that any excess capacity has already been absorbed by the refugees, significant investments in the existing system will be needed to cater to the existing and incoming population. While Jordan has already shown an impressive level of resilience in responding to the current refugee crisis, JESSRP is designed specifically to further strengthen existing mechanisms and institutions that have allowed highly affected communities cope so far, whether at the individual, community or institutional level. The design of the Project

has been guided by the following assumptions and observations in its approach to strengthening the resilience of Jordanian host communities:

- *Confidence-building through tangible improvements:* Many of the costs of hosting the refugee population are incurred by the regular users of public services, who have seen quality and access deteriorate as the supply of these services have not kept pace with the increase in users. The gap between the rate of arrivals and the reinforcement of service provision is thus a common cause of frustration in the northern region. Many of the municipal services tend to be visible and can produce immediate improvements to quality of life for Jordanians and Syrians, be it enhancing public security through street lights, improving hygiene through garbage collection, or providing recreational facilities for idle youth.
- *Responsiveness through problem solving at the local level:* Municipalities have the advantage of proximity, both in grasping local needs and effecting practical responses. Even while many services are provided by central authorities, municipalities are often called upon to solve problems outside their regular functions and authorities. Equipping them with discretionary resources will enable them to be responsive to local needs, whether through direct funding of local solutions or by channeling citizen demands to other appropriate authorities. Upcoming municipal elections are only likely to increase their incentive to cater to the priorities and needs of their constituencies.
- *Reduction of tensions through investments in individual and communal resilience:* Syrian inflows into local communities are presenting Jordanians with rapidly changing foundations for individual livelihoods strategies and social interaction, requiring them to adapt to these new circumstances with similar speed. At the individual level, the pressure on host populations' livelihoods and employment has been consistently identified as one of the major sources of tension and frustration. Similarly at the community level, lack of communal and recreational space hinders inter-group interaction and the possibility for people to escape cramped living conditions and alternatives to suboptimal employment opportunities. Providing the municipalities and the residents with the institutional space to discuss the most pressing social problems in the community and financing locally appropriate and creative solutions to these will help linking individual and community coping mechanisms with institutional systems of resilience.
- *Social cohesion through voice and participation:* Bringing civil society together with the private sector and municipal representatives will provide one among several avenues for citizens to discuss the challenges facing their communities and how existing public and private resources can be used to mitigate these. Initial analysis of previous or existing projects using participatory mechanisms indicate a high satisfaction with this method of decision making and its ability to increase the sense of agency in locations removed from the center. International experience in a range of conflict affected countries, from Cambodia to Sri Lanka and Sierra Leone, is consistent with this approach.
- *Relevance through flexible design:* The Syrian refugee crisis, by all accounts, has not peaked. The degree of inflow of refugees, the attributes and needs of the visitors and their choice of location of residence within Jordan are still evolving. These factors also

influence which host communities are affected and to what extent. It is therefore important that any initiative to support host communities will have to be programmatic to accommodate new hosting communities as they get affected, flexible to allow scaling up or scaling down of support, and simple enough to allow for rapid roll out of the program.

8. The Project has been developed in close coordination with other donors active in the municipal sector, as well as with some of the main humanitarian actors that are providing assistance to Syrians residing in Jordanian communities, notably but not exclusively the EU, USAID, AfD, UNDP, UNICEF and UNHCR and several national and international NGOs. The Project will tap into coordination mechanisms, including the support platform for host communities, that are being drawn up by MOPIC and various development partners to coordinate and synergize efforts aimed alleviating conditions in Northern Jordan. Further, the Project will be unique in the way that it combines the longer term development vision of capacitating existing local government structures while focusing on the emergency challenges.

9. Additional funds outside of the Project financing have been secured to support the Project implementation and monitoring with discrete and timely analytical work. Additional studies will be carried out throughout the lifetime of the Project in particular to analyze, test and fine-tune the Project's assumptions regarding how investments and support at the local level can strengthen individual, community and institutional resilience to external shocks.

Component 1: Municipal grants

10. This component will provide discretionary Municipal Grants to municipalities that are hosting the largest concentration of Syrians (i.e., weighting the number of Syrians hosted and their ratio to host population), using figures provided by MOI. The Grants will supplement formula based existing intergovernmental fiscal transfers channeled to municipalities by the central government. The size of Grant to each participating municipality will be based on the number of refugees hosted by the municipality. Based on the current resource envelope, the total yearly Municipal Grant allocations for 2014, 2015 and 2016 will be US\$ 20, 15 and 15 million respectively, although this may be revised based on availability of resources and/or change in needs. The number of Syrians hosted by municipalities will be re-estimated each year, which will affect both the list of eligible municipalities and the size of the grant going to each eligible municipality. The number, location of municipalities, and the size of Municipal Grant may therefore change over the life of the project reflecting the changes in the numbers and settlement patterns of the Syrian refugees.

Initial List of Municipalities (based on the magnitude of refugee inflow)

Municipality	Total host population	Total refugee population	% Refugee population
Irbid	481567	120000	24.92%
AlMafraq	67544	90000	133.25%
Ramtha	90119	40000	44.39%
Sahel Horan	37811	15000	39.67%
Al Serhan	19240	9000	46.78%

Garb Irbid	51908	10000	19.26%
Balama Al Jadeedah	22877	7500	32.8%
Al Za'taryWalManshieh	9304	3500	37.6%
Al Sholah	10772	4000	37.1%
Total	791,142	299,000	46.2%

Source: MOI, August 2013

11. The municipalities will use the funds to finance works, goods and services to address needs identified by the communities. The investments will be chosen based on a positive list determined in the OM, focusing on the areas of solid waste management, public lighting, roads, pest control, communal recreational spaces, social activities, as well as livelihoods and income generation capacity. Due to their critical nature, even though these are outside municipal competences, municipalities can also finance some investments in water, wastewater and sanitation. A positive list of eligible expenditures in these sectors has been prepared, and it includes, among others, rehabilitation of existing wells, household sanitation connections, small works in water supply networks, wastewater container units, and other essential equipment and materials. Local priorities and small scale investments in water, wastewater and sanitation will be identified in collaboration with YWC, who will also implement the work and procure the materials, as needed. A MOU between MOMA and MWI will provide the framework for cooperation between the municipalities and YWC and the legal basis for municipalities to contract YWC for water related works.

12. Unemployment and rising cost of living are major challenges facing Jordanians. The Project will support the municipalities, the private sector and local communities in exploring and expanding the role of municipalities as a facilitator of local economic growth and income generation. This could be, for example, through the conduct of local market and value chain analyses, the formulation of local economic development plans or partnerships with the private sector for fostering job creation. Municipalities and communities may also identify and remedy logistical or infrastructure related hindrances to labor market access, such as the availability of adequate public transport or child care facilities. As urgent needs in infrastructure services are met, the focus may shift increasingly to areas such as livelihoods or social support. The Grants may be recalibrated if required to adjust to such evolving needs.

13. Municipal Grants can also be used by municipalities to procure urgent and short term technical or operational support, be it additional personnel on an emergency basis for waste collection, or short term engineering or Project management support, or hiring of community outreach specialists to support participatory processes during later years. However, any such specific hiring will be temporary, for a period not exceeding six months. Temporary hires will have no claim to regular or longer term employment under the Project in the municipalities.

14. The activities to be financed by the Municipal Grant will be identified and prioritized based on a consultative and participatory process involving the municipalities, the communities, CBOs and NGOs, and the local private sector. Given the emergency nature of the Project and the prerequisite to provide rapid concrete improvements, the grant funds for the first year of operation will be allocated for eligible activities identified and prioritized based on a municipal assessment using focus groups of community leaders undertaken by UNDP. While the first batch of subprojects are being implemented during year one of the Project, a more thorough

participatory process will be set in motion, in which the municipalities work with the wider community to discuss the most pressing needs of their locality. This process will be supported by external technical assistance.

15. Engaging affected communities, CBOs and the private sector in defining the development goals of the participating municipalities is an important element in the efforts of building long term resilience at the local level. Communities in northern Jordan have already exhibited notable levels of resilience with regards to hospitality, tolerance and adaptive coping strategies. The growing pressure on local resources — which is the principal underlying cause of tensions between the two populations⁶ — will manifest itself differently from locality to locality, posing diverse challenges and opportunities for host communities. By ensuring broad participation, the Project will seek not only to certify the relevance of the implemented activities, but also over time elevate communities' sense of agency and that the central and local authorities are responsive to the stresses being felt at the local level. The Project will over time explore entry points to support inter-community dialogue and the strengthening of Syrian inclusion in institutionalized participatory mechanisms. This will be done in collaboration with NGOs and CBOs working with refugee and host communities, as well as building on ongoing initiatives like the USAID-funded Community Empowerment Project.

16. Yearly allocations to participating municipalities will be paid in two equal tranches every six months, except for the year one tranches which will cover the period from November 2013 to December 2014. Participating municipalities will submit progress reports and FM reports at the end of each semester, which will be reviewed by MOMA and CVDB to verify the eligibility of expenditures incurred and review the progress achieved in delivering priority subprojects and activities. From year two onwards — i.e., tranche 3 and forward — municipalities should spend or commit at least 50 percent of their preceding tranche of Municipal Grant to receive the next tranche. This threshold will be reviewed and adjusted as part of annual Project reviews.

Component 2: Institutional Development and Project Management

17. This component will support technical assistance to municipalities, enhance the institutional capacity to strengthen resilience, and provide project management support. It will thus provide the strategic framework and integrate the longer vision of strengthened resilience into Project activities and capacity development.

18. Subcomponent 2A will provide the technical assistance and surge capacity required by municipalities to manage the additional funds received through the Municipal Grant and to deliver relevant and tangible results in a short time frame. The participating municipalities will be assisted in identifying urgent needs and local endowments; preparing plans, subprojects and activities; project management, procurement, FM and safeguards compliance; and transparency, participation and social accountability. The provision of technical assistance would be based on the needs and demands of the participating municipalities, with an anticipated peak demand at the outset of the Project.

⁶ Mercy Corps *Analysis of Host Community-Refugee Tensions in Mafraq, Jordan*. October 2012.

19. The Project will seek the services of UNDP to implement this component in year one through the contracting by MOMA of UNDP. UNDP is already providing technical assistance to municipalities through an existing MOU with MOMA and is already working at the municipal and governorate levels conducting focus groups for verifying community needs. Partnering with UNDP will ensure that the Project benefits from and builds on UNDP's existing network and local knowledge. It will also help the Project mobilize support to municipalities rapidly and enhance on-the-ground cooperation and synergies among various donors and development programs. UNDP will provide assistance in the areas of:

- *Technical capacity:* It is expected that the initial subprojects identified through the municipal focus groups will cluster around the core competences of the municipalities, such as solid waste management, roads and transportation, street lighting and small scale community infrastructure. While category A municipalities will have some existing capacity to rapidly expand services in these areas, other categories of municipalities may need additional resources for planning, engineering, procurement and subproject implementation — which will be provided under the Project.
- *Participation and social accountability:* Taking advantage of the elections to municipal councils in late-August, support will be provided to municipalities to reach out to their citizens and communities (especially hard-to-reach or vulnerable groups), organize more comprehensive participatory needs identification and prioritization processes, and establish institutional modalities for grievance redress. In collaboration with the PMU in charge of strategic communication at the Project level, support would also be given to municipalities to enhance transparency in the utilization of grant funds by facilitating citizens' ability to monitor municipal investments and performance.
- *Local economic development:* Based on the participatory needs identification and prioritization, UNDP will facilitate and support governorates and municipalities in analyzing and assessing the local opportunities and challenges for economic growth and job creation. Such support will be designed around the results of a joint ILO-ACTED labor needs assessment survey that UNDP is financing and an effort to bridge vocational training services with labor demands. It will also include market and value chain assessments, preparation/updating of participatory local economic development plans or other exploratory analysis related to livelihoods and income generating potential.

20. Subcomponent 2A will finance the costs of Project related supervision, coordination and monitoring, FM, procurement, safeguards management, audits of participating municipalities and other Project entities, etc. This subcomponent will also finance the preparation and dissemination of the Project OM, Project related information and communication activities, workshops, trainings, and various studies and surveys related to monitoring and evaluation.

21. Subcomponent 2B will seek to strengthen the institutional capacity and resilience of Government entities at the central, governorate and municipal level to better address the adverse impacts of external shocks and stresses. While the municipal grant seek to alleviate some of the more immediate stresses stemming from current increased pressure on local services, this subcomponent will take its point of departure from the fact that (i) this is neither the first nor

likely the last refugee crisis experienced by Jordan; and (ii) this is a multifaceted crisis that requires drawing on expertise from many different sectors at all levels of Government.

22. A study will be carried out during year one of Project implementation to analyze and assess the existing capacities, gaps and needs in the areas of emergency preparedness, risk planning and management and resource mobilization. The collection of timely and accurate information and the management information flows forms the foundation for relevant crisis response. Similarly, strategic communication has been identified as a key element in natural disaster settings as it helps build trust, credibility, and transparency by ensuring that the right messages are reaching all relevant stakeholders⁷. Particular attention will therefore be given to this aspect of crisis management and its usefulness in efforts to build resilience related to man-made crises will be explored. The study will form the basis for the design of a capacity enhancing program that will target specialized support to different levels of government and identified communities. The study and ensuing support will be carried out under the direction of MOI and MOMA in collaboration with MOPIC.

⁷ http://www.gfdr.org/sites/gfdr.org/files/Chapter_3_Communication_in%20Post-Disaster%20Reconstruction.pdf

Annex 3: Implementation Arrangements
HASHEMITE KINGDOM OF JORDAN
Emergency Services and Social Resilience Project (P147689)

A. Project Institutional and Implementation Arrangements

1. The institutional and implementation arrangements for the Project will emphasize simplicity and continuity with RLDP arrangements, to the extent feasible. This is keeping in mind the emergency nature of the Project and taking into account systems and capacities that have been established under the ongoing project. Detailed description of implementation arrangements and activities are provided in the Project OM, which will be prepared and updated as required by MOMA, and approved by the Bank and the SC.

2. At the national level, overall Project progress, oversight and interagency coordination, as well as advice on key policy and institutional actions that have national bearing will be the responsibility of an inter-ministerial Steering Committee (SC). The SC will be headed by the Secretary General, MOMA and involve high level officials, as necessary, from MOI, MOPIC, MWI and CVDB. It will also include Executive Officers of two participating municipalities and representatives of participating Governorates. SC will meet as needed or at least once every six months. The minutes of SC meetings will be formally recorded and shared with Project agencies.

3. The Project will be coordinated, managed and overseen by MOMA at the central level and implemented by participating municipalities at the local level. A PMU will be established and housed at MOMA. It will be responsible for the overall coordination, management and monitoring of the Project. The PMU will be headed by a Project Director and supported by two Deputy Directors—one each from MOMA and CVDB, and other staff, as needed. Among the key tasks of the PMU are:

- Serve as the secretariat for the Project Steering Committee, including, but not limited to, organizing SC meetings, providing relevant documentation for SC review, following up on SC responses and recommendations, and documenting and sharing information related to SC proceedings.
- Coordinate and manage Project implementation, which will involve: (i) overall monitoring of all Project-related components and activities as well as resolving implementation and coordination related bottlenecks, (ii) reporting to the Government, donors and other stakeholders, as relevant, (iii) oversight of fiduciary and safeguards compliance, (iv) procurement and supervision of consultant services, as required/relevant, (v) preparation, updating, obtaining approvals, distribution and dissemination of the Project OM, (vi) organizing trainings and orientation sessions for key Project stakeholders, (vii) organizing biannual joint Project reviews with other agencies and donors, and (viii) carrying out various Project related surveys and studies, etc.
- Implementing all Project-related information and communication activities, at all levels. The most critical of this includes, but is not limited to, (i) preparing a concise Project Information and Communication Strategy and Action Plan, (ii) disseminating information

related to Project activities to participating municipalities, communities, governorates, and other stakeholders, (iii) disseminating information related to allocation and utilization of Municipal Grants to the participating municipalities and to general public (via official communications and other print and electronic media), and (iv) general awareness raising and communications activities related to the Project.

- Implement Subcomponent 2B: Institutional Development for Crisis Resilience and Emergency Preparedness. This will involve, inter alia, (i) coordinating an initial assessment of emergency preparedness and risk management systems in Jordan in year one; (ii) in consultation with other agencies/entities (especially MOI, MOPIC, governorates and municipalities, civil society representatives), developing a priority Action Plan listing key institutional development activities related to emergency preparedness and risk mitigation and management that can be implemented under the Project in years two and three; (iii) implementing the priority Action Plan, as per the agreed timeline, (iv) sharing information and carrying out strategic communication activities related to the subcomponent.

4. CVDB will provide implementing support to MOMA, specifically the PMU. It will function as the fiduciary agent for the Project — a role it is currently carrying out under RLDP. In this role, its main functions will include, inter alia, (i) providing fiduciary support to the Project, including the management of the Designated Account (DA), preparation of withdrawal applications and other financial requests; (ii) procurement of works, goods and services that are beyond the procurement thresholds set for municipalities under the current regulations; (iii) FM and reporting; and (iv) procurement and management of annual audits for the entire Project, including expenses made under Component 2 and assurance audits of participating municipalities. The full list of responsibilities, functions and authorities of CVDB is presented in the Project OM. The agency will report to the Project Director in these tasks and will designate a senior staff member to represent itself in the PMU.

5. The Project will be implemented by participating municipalities at the local level. Subject to meeting eligibility conditions, they will receive the Municipal Grants in biannual tranches. In year one, considering the emergency nature of the Project, municipalities will immediately commence identifying and implementing priority services and activities, upon receiving the first tranche of the Municipal Grant. In parallel, municipal officials will carry out extensive consultative processes (as outlined in the Project OM) with their constituents, with special focus on women, youth and vulnerable groups, to prioritize service delivery and socioeconomic needs of their constituents. These priority needs and demands will translate into targeted subprojects and activities and included in the municipal budgets from year 2 onwards. Participating municipalities will utilize the Municipal Grant to implement, support and catalyze, as relevant, these priority subprojects and activities.

6. Municipalities will be responsible for adhering to all Project-related rules, procedures and reporting requirements, as outlined in the OM. The Executive Officer of the participating municipalities will be responsible for all ensuring that all implementation, monitoring and reporting related requirements, as described in the OM, are satisfactorily met. The municipality may, as needed, set up a dedicated Project implementation team headed by the Executive Officer to ensure smooth implementation of the Project. It may also set up other bodies such as local

consultative forums to enhance transparency and accountability and strengthen community ownership and involvement in the Project.

7. The Project will ensure that timely and relevant technical assistance is provided to participating municipalities according to need. This assistance will be channeled through three different modalities. Firstly, in year one the UNDP will provide technical and operational support to municipalities such as the establishment of gender-sensitive community consultation procedures, establishment of accountability and grievance redress mechanisms and the undertaking of necessary needs assessments and other socio-economic analyses underpinning municipal priority projects. Secondly, those municipalities that have identified priority subprojects in water, wastewater and sanitation will receive preparation and implementation support from Yarmouk Water Company guided by a MOU between MOMA and MWI. Thirdly, in addition to above-mentioned technical support, participating municipalities can use a share of the Grants to procure short term technical and operational support during implementation.

8. As Governorates have the responsibility of coordinating the work of governmental departments and public services at the regional and local level, as well as overseeing the provision of services and the execution of projects in close cooperation with the Ministries concerned, the concerned Governorates will be included in the coordination mechanisms of the Project. The Governorates that have participating municipalities located within their jurisdiction will be represented in the Project SC. In addition, the financed municipal activities will be discussed at each Governorate level Executive and Advisory Committee to facilitate the sharing of relevant information across municipalities in the same Governorate and upwards through the relevant line ministries. In addition, coordination at this level will explore opportunities to exploit economies of scale as well to circumvent any duplication of activities.

9. Civil society organizations and other non-governmental entities including the private sector will play an important role in the identification of projects at the local level for year two and three. The Operations Manual will establish the guidelines for the composition of the consultative forums, including minimum requirements regarding representation of women, youth, and vulnerable groups. The Project will also work with CBOs, NGOs and the private sector to enhance the accountability and dissemination of the Project goals, procedures and results.

B. Financial Management, Disbursements and Procurement

Financial Management

10. **Implementation arrangements and staffing:** MOMA will be managing the overall coordination implementation of the Project. The overall fiduciary aspects, including FM and procurement, will be managed by the CVDB, while the participating municipalities will manage fiduciary aspects related to the Municipal Grants. CVDB is a public institution established by a special decree with mandate to provide financing and distribute transfer funds to the local governments represented by the municipalities all across the country. CVDB has solid experience and knowledge of World Bank projects built during the implementation of the ongoing RLDP Project, where its performance is considered satisfactory.

11. The Project will build on the lessons learned and good practices of RLDP with some additional fiduciary measures related to participating municipalities managing the grants under Component 1. The participating municipalities have no prior experience with the World Bank FM and disbursement guidelines. Owing to the latter, a qualified Financial Coordinator will be hired under the Project to follow up closely with municipalities on the fiduciary aspects related to the Municipal Grants (flow of funds, progress reports and quarterly financial reporting, annual audit, etc.). The Financial Coordinator will be hired before December 31, 2013.

12. **Project FM Risk:** The overall FM risk is “*Substantial*”. However, with mitigation measures in place, the Project will have acceptable Project FM arrangements and the FM risk rating will become “*Moderate*”. The FM risk is assessed as Substantial mainly due to the following factors:

- Grants provided to participating municipalities could be used to finance expenditures that are noncompliant with the signed subsidiary agreements and/or agreed positive list of expenditures;
- Poor coordination among the multiple executing entities (MOMA, CVDB, and participating municipalities) that might cause delays in payments to beneficiaries and in financial reporting;
- Limited capacity and prior experience of participating municipalities with the World Bank’s FM and disbursement guidelines;
- The current accounting software is not capable of capturing contracts and generating the Interim Unaudited Financial Reports (IFRs), as per the World Bank guidelines.

13. The following measures will be taken to mitigate FM-related risks:

- A qualified Financial Coordinator hired under the Project will be responsible of following closely on fiduciary aspects with participating municipalities;
- Adequate training will be provided by the World Bank to the municipalities on the World Bank FM and disbursement guidelines;
- The same accounting software used for the ongoing RLDP will be used for this operation with some upgrades to enable the system to generate the quarterly IFRs and to include a module for contract management,
- An OM, acceptable to the Bank, will be developed by MOMA for all components, describing the roles and responsibilities of MOMA, CVDB, and participating municipalities, including related FM and disbursement aspects;
- An independent external auditor, acceptable to the World Bank, will be hired to perform financial and technical audit in accordance with TORs acceptable to the World Bank. The auditor’s scope of work will cover the expenditures at the municipalities’ level to provide an opinion on their eligibility as per the agreed positive list and signed sub-agreements.

14. **Grants to participating municipalities:** The Project would provide financial support to participating municipalities through direct Municipal Grants. The Grants aim to enable municipalities to provide additional municipal services towards maintaining the pre-crisis level of services. These services would include those that are currently within the municipalities’ competence (e.g., garbage collection and solid waste management, rehabilitation of roads and

minor infrastructure, street lighting, pest control, water tanks, recreational facilities, local economic investments etc.), but could be expanded to include certain services that can be contracted out (e.g., water, wastewater, sanitation, etc.). Municipalities will be responsible for procurement of works, goods and services as per the current regulatory threshold. They will also be responsible for FM and disbursement functions of the Grants received under the Project. For each operation supported by the World Bank, the Bank requires the borrower to maintain FM arrangements that are acceptable to the Bank and that, as part of the overall arrangements for implementing the operation, provide reasonable assurance that the proceeds of the grant are used for the intended purposes.

15. The World Bank undertook assessments of the FM systems in a sample of three municipalities (Irbid Greater Municipality, Ramtha Greater Municipality, and Husha Municipality), representing three different categories of municipalities (A, B, and C respectively). Overall, the assessment concluded that, with the implementation of agreed-upon actions and mitigation measures, the proposed FM arrangements will satisfy the minimum requirements under OP/BP 10.00.

16. Following additional measures are to be implemented in the participating municipalities:

- A subsidiary agreement will be signed between MOMA and each fund receiving municipality that will explicitly state such fund flow arrangements;
- Each participating municipality will open a sub-account in local currency at CVDB for receiving and disbursing the Grants;
- Each participating municipality will open a separate general ledger in its accounting system. In return, CVDB will open a separate general ledger in the accounting system to account for funds advanced and expenditure incurred by each selected municipality; both general ledgers will mirror each other;
- Each participating municipality will submit within 30 days quarterly financial reports to CVDB detailing the following financial statements: (i) statement of cash receipts and expenditures for the period and cumulatively from Project inception; (ii) statement of bank account reconciling period-opening and end balances; (iii) budget vs. actuals for the period and cumulatively from Project inception generated directly from the municipality budget system, with justification of significant variance; (iv) list of contracts signed; and (v) list of assets procured;
- The scope of the annual audit will cover financial transactions at the participating municipalities;
- Payment of Grants to selected municipalities will be done annually over two tranches:
 - (i) The first tranche would be in the form of an advance equals to 50 percent of the total annual allocated amount, and
 - (ii) The second tranche will be released only after submitting the needed progress reports and FM reports reviewed and verified by CVDB that funds were disbursed according to the subsidiary agreement and positive list.
- An OM will be developed describing the roles, authorities and responsibilities of participating municipalities, CVDB, MOMA and other agencies.

17. **Budgeting and Funds Flow:**A Project budget and periodical disbursement plan, based on the procurement plan and implementation schedule, will be developed by CVDB. The participating municipalities will use its own budget system (Municipality Budget System), developed by MOMA in cooperation with international donors (German Organization for Technical Cooperation (GTZ)) and used by all municipalities in Jordan, to plan for activities to be financed by the Grants, and to compare planned with actual expenditures. The Project is expected to be included under MOMA's budget for 2014. To ensure that funds are readily available for Project implementation, a US Dollar DA, to be managed by CVDB, will be opened at CBJ. Deposits into and payments from the DA will be made in accordance with the disbursement letter. CVDB will prepare withdrawal applications with the related supporting documents, signed by the designated signatories. Each participating municipality will be required to open a sub-account in local currency at CVDB for receiving and disbursing the grants received under Component 1.

18. **Accounting and Reporting:**The Project will follow the International Public Sector Accounting Standards (IPSAS) cash basis of accounting where resources and uses of funds are recorded when cash is received or when payments are made. Expenditures according to the Project's chart of accounts will be broken down by category, component, and municipality. Supporting documents will be kept by the relevant party implementing the components. Ring-fenced accounting software will be used for this Project. The same accounting software used for the ongoing RLDP will be used for this operation but with some needed upgrades to enable the system to generate the IFRs, as per IPSAS and to include a module for contracts management. The upgrade should be completed within 3 months of effectiveness. CVDB will be responsible for preparing the quarterly IFRs and annual project financial statements in compliance with IPSAS. The reports will consist of (i) "Statement of Cash Receipts and Payments by category", (ii) the list of all signed Contracts per category" showing contract amounts committed, paid, and unpaid under each contract, (iii) Reconciliation Statement for the balance of the DA, (iv) budgets compared to actual, and (v) a list of assets (goods and equipment). The Financial Coordinator at CVDB will be responsible for collecting the needed data from the participating municipalities to complete the IFRs and submit to the World Bank within 45 days after the end of the concerned period.

19. **Internal Controls:**Project will be implemented under the general context of CVDB internal control policies and procedures while direct grants provided to municipalities will follow the Jordan municipalities' financial bylaw of 2007 and its amendments. There are four levels of controls under this Project: (i) technical approval of related departments (at municipalities' level, this will be performed by the "Public Works Department", while this task will be performed by the Engineers at the Planning and Development at CVDB; (ii) Finance Department checking and approving payments; (iii) resident Internal Auditors, and (iv) the Audit Bureau verifying of the financial accuracy and compliance with the applicable laws in Jordan and the grant terms and conditions. These controls will be complemented by additional measures related to verification and approval of payments by the Project's Manager and Finance Team at CVDB, financial reporting requirements, and disbursement procedures. All financial policies and procedures applicable to the Project will be documented in the OM, which will also outline the flow of funds, and reporting and auditing arrangements.

20. **External Auditing:** An external independent auditor financed by the Project and acceptable to the World Bank will be hired to perform annual technical and financial audit (the technical audit can be part of/or separate of the financial audit). The audit report and management letter will be submitted by CVDB to the World Bank within six months after the end of the audit period. CVDB will be responsible for preparing the TORs for the auditor and submitting them to the Bank for clearance. The scope of the auditor will be extended to cover the participating municipalities and provide an opinion of the eligibility of funds distributed to beneficiaries as per the agreed list of eligible expenditures. The auditor will also assess the effectiveness of internal controls of the Project. The annual audit report will cover the expenditures at CVDB level and as well expenditures made at participating municipalities. The auditor will issue annual consolidated audit report for all municipalities yet the report would show the disbursements of each municipality. The final payment for the auditor after the closing date will be transferred from the Grant account to an escrow account. According to the World Bank Policy on Access to Information issued on July 1, 2010, the audit report with audited financial statements of the Project will be made available to the public.

21. **Technical Audit.** The Project will finance annual technical audits aimed at verifying the physical activities and outputs of participating municipalities. This will be combined with the financial audit mentioned above. CVDB will be responsible for the drafting of the TORs for the auditor and submitting them to the Bank for clearance. The main purpose of the technical audit is to review a sample of physical activities and outputs of participating municipalities to ensure that these are carried out in accordance with the sub-grant agreements and agreed list of eligible expenditures.

22. **Training and Implementation Support:** The World Bank will provide focused training to participating municipalities on the World Bank FM and disbursement guidelines and procedures, and will provide close support during the first year of Project implementation.

Disbursement Arrangements

23. The proceeds of the Grant will be disbursed in accordance with the World Bank's disbursements guidelines as outlined in the Disbursement Letter and in accordance with the World Bank Disbursement Guidelines for Projects. Disbursement will be Report-based; the initial disbursement for CVDB will be submitted to the Bank after Project effectiveness, based on forecast for two (2) quarters as provided in the quarterly IFRs. Thereafter, disbursements will be made into the Designated Account (DA) based on quarterly IFRs which would provide actual expenditure for the preceding quarter (three months) and cash flow projections for the next two quarters (six months). All supporting documentation will be retained at CVDB. They will be kept in a manner readily accessible for review by Bank missions and internal and external auditors.

24. The supporting documentation for reporting eligible expenditures paid from the DA will be summary reports and records evidencing eligible expenditures for payments against contracts for prior and post reviews. The supporting documentation for direct payment requests should be records evidencing eligible expenditures (i.e., copies of receipts, suppliers' invoices, etc.). CVDB will prepare quarterly IFRs in form and content satisfactory to the Bank. The format and content of the IFR will be agreed upon between the Bank and CVDB. The contents of the IFR will include a section to report on the accountability of funds utilized and a section to access funds

using the report based method of disbursement. The reporting section of the IFRs should include (a) Statement of Sources and Uses of Funds; (b) Statement of Uses of Funds by Project Activity/Component; and (c) budgets compared to actual, and list of assets. The disbursement section should include (a) Designated Account Activity Statement; (b) bank statements for DA and related bank reconciliation statements; (c) Summary Statement of DA expenditures for contracts subject to prior review; and (d) Summary statement of DA expenditures not subject to prior review.

25. **Designated Account:**CVDB will open a segregated DA at CBJ in US Dollars to cover the Grant' shares of eligible expenditures. The Ceiling of the DA will be based on forecast for two (2) quarters as provided in the quarterly IFR. CVDB will be responsible for submitting quarterly replenishing applications with appropriate supporting documentation.

26. **Sub-Accounts:**Each participating municipality will be required to open a sub-account at CVDB for receiving the grant funds in local currency.The Grants will be provided annually to participating municipalities in two tranches: (i) the first tranche would be in the form of an advance equals to 50 percent of the total annual allocated amount, and (ii) the second tranche would be released only after submitting the progress reports and FM reports with bank reconciliations to CVDB for review and verification that funds were disbursed according to the subsidiary agreements and positive list of expenditures.

27. **E-Disbursement:**The World Bank has introduced e-disbursement for all projects in Jordan. Under e-Disbursement, all transactions will be conducted and associated supporting documents and IFRs scanned and transmitted online through the World Bank's Client connection system. The use of e-Disbursement functionality will streamline online payment processing to (i) avoid common mistakes in filling out WAs; (ii) reduce the time and cost of sending WAs to the Bank; and (iii) expedite the Bank processing of disbursement requests.

28. Table1 below specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant and the percentage of expenditures to be financed for Eligible Expenditures:

Table 1: Categories of Eligible Expenditures and the Percentage of Expenditures to be Financed by the Grant

Category	Amount of the Grant Allocated (expressed in US\$)	Percentage of Expenditures to be Financed (inclusive of taxes)
(1) Goods, works, non-consulting services, and consultants' services under Part 1 of the Project	6,250,000	100%
(2) Goods, non-consulting services and consultants' services under Part 2of the Project	3,750,000	100%

TOTAL AMOUNT	10,000,000	
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Procurement

27. **Project information:**The World Bank’s OP 10.00 paragraph 11 “Projects in Situations of Urgent need of Assistance or Capacity Constraints” proposes deferring fiduciary requirements and related assessments to the project implementation phase and 11(b) specifies that “Such Projects may be processed under special procurement arrangements –simplified procurement procedures- referred to in paragraph 20 of OP11.00 and may finance a positive list of goods procured in a manner that satisfies the considerations of economy and efficiency (including national procurement procedures of the borrower)”. Under the Municipal Grants Component, procurement activities cover infrastructure services and community development activities that are part of municipal competence, and water, wastewater and sanitation related services contracted through YWC. Activities under the Institutional Development and Project Management component cover technical assistance and capacity building for ministries, governorates and beneficiary municipalities as well as PMU staffing, Project audits and communications.

28. **Implementing agency:** Similar to RLDP, MOMA, supported by CVDB, will be responsible for the Project implementation. Further, the municipalities shall also operate under the thresholds that are defined in the Law of Municipalities No 14 (2007) and related regulation No 70 (2009). With respect to procurement, municipalities are subdivided into two categories: Category A comprises municipalities that are centers of governorates, while the rest are under Category B. Table 1 list the procurement thresholds per category of procurement and of municipalities.

Table 1- Procurement categories and thresholds

Thresholds for:	Goods	Works and related services
Category A	JD 10,000	JD 15,000
Category B	JD 5,000	JD 10,000
Governorate	-	JD 100,000
MOMA	Above Municipalities thresholds	Above Governorate threshold

29. **Capacity assessment:**Rapid capacity assessments were conducted for (i) CVDB, to update the capacity assessment that was previously conducted for RLDP; (ii) one each of category A, B and C municipalities from Northern Jordan; and (iii) YWC, to verify warehouses capacity, procurement processing, and reliability of services.

30. **CVDB assessment:**CVDB is an autonomous government undertaking in which Jordanian municipalities (100 municipalities) have 30 percent shares, CBJ has 2 percent, while the rest belongs to the Ministry of Finance (MOF). CVDB is governed by a Board of Directors with the Minister of Municipal Affairs as the Chairman and the Director General as the Deputy Chairman. The Board is formed of representatives from MOPIC, MOF, CBJ, MOMA, Ministry of Public Works and Housing (MOPWH), CVDB, and two Mayors representing municipalities (rotated every 2 years). By law, CVDB is the only financial institution that municipalities of Jordan could approach for financing. CVDB has its own administrative and financial systems.

31. Public procurement system in Jordan is currently regulated by two main legal instruments: The Government Works Regulation N° 71 for the year 1986 (with amendments and instructions) which governs the procurement of works and engineering services and the Supplies Regulation N° 32 for the year 1993 (with its amendments and instructions) which governs the procurement of supplies and equipment. CVDB fully follows both regulations.

32. Procurement is handled by the Planning and Development Department (in charge of Projects' implementation) and the Financing Department (in charge of providing loans to municipalities). Both departments deal with procurement of works, goods, and consultant services through three permanent committees with defined thresholds and related authorities (i) Purchasing Committee (for goods, up to JD10,000), (ii) Local Tendering Committee (for works, up to JD100,000), (iii) Local Tendering Committee (for goods, up to JD20,000), and, ad-hoc Tendering Committee (for works up to JD10,000).

33. Special Tendering Committees (STC) are formed to allow operating under higher thresholds and thus avoid processing procurement centrally at the level of MOPWH or MOF - General Supplies Department. The STC are formed at the request of the Prime Minister.

34. CVDB is well exposed to donors' projects since 1997. It has implemented Poverty Alleviation through Municipal Development (PAMD) funded by GTZ, and Poverty Reduction through Local Development (PALD) funded by the EU. In both projects, CVDB provided capacity building to municipalities and also served as the fiduciary agent (procurement and FM) of the projects. In addition, for the past five years, CVDB has also been involved in RLDP implementation, as the fiduciary agent dealing with procurement transactions, which includes works, goods, and consultants' services.

35. **Municipalities rapid assessment:** Public procurement system for Jordan municipalities in Jordan is regulated by two main legal instruments: the Municipalities Regulation for Works and Supplies N° 70 for the year 2009 which governs the procurement of works and engineering services and supplies; and the administrative Regulation N° 107 for the year 2007 (with its amendments and instructions) which governs the human resources and administrative staff.

36. Greater Irbid municipality (Category A) comprises 23 regions that are covered each by a bureau for the municipality. Out of the total annual budget of JD25 million (2012), only JD6 million goes into investments while the rest is for salaries and operating costs. Although Irbid has experienced procurement staff, it has had no exposure to international projects. FIDIC document is used for works. Procurement directorate is composed of three departments (Goods, Works and maintenance) comprising 10 staff and an engineer. Technical specifications are standardized because of the similarity in procured items and works, market research conducted to update prices. Electronic filing is maintained in parallel to hard copies.

37. Greater Ramtha and Hosha municipalities (Category B and C, respectively) had annual budgets of JD3.3 million and JD0.86 million respectively for year 2012. Both budgets financed only salaries. FIDIC document is used for works. Procurement staffing has a very weak capacity. Records are kept in hard copies with no electronic filing.

38. **YWC rapid assessment:** The Northern Governorates Water Administration (NGWA) was corporatized through the establishment of a Limited Liability Company Al-Yarmouk Water Company (LLC). YWC was registered on July 26, 2010 in accordance with its Article of Association and Memorandum of Association (AOA and MOA). YWC is now the legal successor of NGWA. YWC is independent as a legal entity and financially. Its Management Committee consists of seven members who are from both public and private sectors.

39. A procurement manual is maintained at the company and the following are the methods and thresholds used:

- Up to JD 200: direct procurement (petty cash) or direct purchase;
- Up to JD 1,000: minimum of 3 sealed offers;
- Up to JD 50,000: minimum of 3 sealed price quotations or competitive bidding (validation by audit bureau);
- Above JD 50,000: competitive bidding (validation by audit bureau).

40. YWC has been exposed to international projects (in particular, the EU) and has a tendering department composed of 12 staff (with backgrounds in engineering, administration and business). The bidding documents are based on Jordan regulation and can be issued in both English and Arabic languages. YWC has the flexibility of using donors' regulations. Archiving is ensured both electronically and manually. The Company has large storage areas but no materials or workforce to execute works by itself. All contracts are awarded to the private sector.

41. **Risk assessment:** The overall risk is assessed as 'Substantial' due to the following factors:

- Municipalities lack of experience in handling large contracts;
- Poor quality procurement outcomes due to limited procurement and contract administration capacity of municipalities;
- Limited experience in selection of consultants;
- Poor procurement planning capacities;
- Lack of contractors' appetite for competition in remote areas;
- Lack of proper system to handle and resolve complaints;
- Lack of proactive contract management; and
- Insufficient oversight of procurement.

42. **Mitigations measures:** The following are the measures to mitigate the risk to 'Moderate':

- Agree on a plan to build the necessary procurement expertise;
- Arrange for appropriate support (staff, training, tools) to prepare the Project procurement plan with a clear linkage to Project objectives;
- Agree on fair competition measures;
- Set deadlines for submission of complaints and decision making by implementing agencies;
- Develop and implement quality assurance arrangements and inventory controls;
- Require technical audit by independent private auditors;
- Ensure support to the municipalities through technical assistance; and
- Enhance CVDB oversight functions (planning, post-review, standard bidding documents, etc.).

43. **Project procurement arrangements:**Based on the list of eligible expenditures specified in the Project OM, participating municipalities can initiate urgent activities immediately using NCB procedures and documents developed under RLDP. The municipalities shall also develop and maintain procurement plans, with the support of CVDB, after completing their needs assessment in the first year. The procurement plan shall determine the activity estimates and identify those activities that fall under the thresholds of the municipalities and those that will be procured by CVDB centrally. CVDB shall coordinate procurement activities and, where the value added of decentralized procurement is negative, combine procurement packages to increase the contract values. CVDB shall also be trained to conduct post reviews of contracts awarded under the municipalities' thresholds. Procurement arrangements shall be reviewed and upgraded, if necessary, during implementation, based on actual municipal capacities.

Table 2- Indicative list of eligible expenditures^{1/}

Indicative positive list of eligible municipal expenditures	
Waste compactor	Waste collection vehicles
Tipper	Parks and other community recreational spaces
Loader	Libraries
Sewage tanks	Community centers
Water tanks	Women's and youth centers
Pick ups	Construction and expansion of cemeteries
Fumigation vehicles	Construction of new roads and sidewalks, maintenance of existing roads and sidewalks
Garbage containers	Water suction pumps
Insecticides	Rehabilitation/maintenance of public wells
Rehabilitation/maintenance slaughter houses and markets	Short term hiring of technical and operational personnel for Project related support

^{1/}This is only an indicative list. The full list is provided in Project OM and it will be reviewed on a need basis from time to time.

44. **Applicable Guidelines:**The Procurement will be carried out in accordance with the 'Guidelines On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants Dated October 15, 2006 and Revised in January, 2011', and the "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants" dated January 2011, and "Guidelines: "Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011, as stipulated in the Legal Agreement.

45. **Procurement methods:**Under RLDP, CVDB has gained solid experience on World Bank procedures to process works using standard NCB document that is satisfactory to the Bank, as well as on ICB for purchase of goods, and selection of consulting firms and individuals. Similar methods are foreseen under this Project. The municipalities' procurement of goods up to JD10,000 (US\$14,000 equivalent) and works up to JD100,000 (US\$140,000), both of which are below the World Bank's Shopping threshold, shall be done following GOJ regulations.

Expenditures under municipalities' own thresholds may be treated either as operating costs or shall be procured using shopping and direct contracting, as the case may be. The municipalities shall directly contract YWC for water, wastewater and sanitation related activities. A positive list of eligible expenditures shall determine the nature of such activities.

46. **Operations Manual:** The Project OM shall have a procurement section that will tackle the processing at the level of CVDB and the municipalities. It will include a format for procurement planning, the list of eligible items and the required documentation for disbursement.

47. **Frequency of supervision:** There will be at least two supervision missions and an annual post-procurement review. The post-procurement reviews shall cover a sample of at least 15 percent of contracts awarded by CVDB and eligible for post review.

48. **Procurement Plan:** This Project is the second project implemented by MOMA through CVDB and thus high prior review may be set. The preliminary thresholds are set here below. Following the needs assessment, these will be integrated in the procurement plan.

I. Goods and works and non-consulting services.

- **Prior Review Threshold:** Procurement Decisions subject to Prior Review by the Bank as stated in Appendix 1 to the Guidelines for Procurement:

	Procurement Method	Prior Review Threshold	Comments
1.	ICB procedure (Goods)	Above US\$1.00 M	The list of Goods is based on the positive list of goods.

- **Summary of the procurement packages will be determined in a later stage**

II. Selection of Consultants

- **Prior Review Threshold:** Selection decisions subject to Prior Review by Bank as stated in Appendix 1 to the Guidelines Selection and Employment of Consultants:

	Selection Method	Prior Review Threshold	Comments
1.	Competitive Methods (Firms)	Above US\$0.5 M	Needs assessment and Auditors shall also be subject to prior review.
2.	Single Source (Firms)	All	
3.	Individual	Above US\$0.2 M	

1. **Short list comprising entirely of national consultants:** Short list of consultants for services, estimated to cost less than US\$200,000 equivalent per contract, may comprise

entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

- **Consultancy Assignments with Selection Methods and Time Schedule**

1	2	3	4	5	6
Ref. No.	Description of Assignment	Estimate Cost (US\$)	Selection Method	Review by Bank (Prior/Post)	Comments
TA	Needs assessment study	50,000	QCBS/ CQS/LCS/SSS	Prior	
TA	External Auditor	40,000	LCS/SSS	Prior	
TA	Consultants for risk planning	1,950,000	QCBS/ CQS/LCS/IC/SSS	Prior/ Post	
TA	Consultants for project management	1,000,000	IC/SSS	Prior/ Post	

Environmental and Social (including safeguards)

Project Impacts

49. The Project is designed to mitigate the impact of a population surge in Northern Jordan on its already-stretched municipal services. As such, positive impacts of this Project are that currently unmanaged municipal and water waste will be able to be collected and channeled effectively to current collection facilities. Negative impacts include the increased intensity of waste on waste collection facilities; currently waste is impacting the proximal neighborhoods when it is not fully collected. Municipalities are also requesting insecticides, rodenticides, and fumigation vehicles. Precautionary and safety measures associated with these chemicals, especially vis-à-vis communities (also children), water supply, animals, and the natural environment will need to be carried out.

50. More indirect impacts include a reinforcement of the increased supply of water and materials which contribute to solid waste through the more capable management of their collection and disposal. This Project is addressing the outputs of increased consumption, not the root causes of increased consumption, nor the longer-term supply of those consumptive resources in a resource-scarce environment.

51. Any construction related impacts are expected to be small-scale in nature with most of it consisting of rehabilitation of existing roads, sidewalks, public parks and cemeteries. Any new construction will be of highly limited nature and these, if they occur, will be on already-owned municipal/state lands. The siting of any new construction will be flexible in nature (i.e., their location is not fixed). During construction, anticipated impacts may include worker health and safety; safety of proximate pedestrians and motor vehicles; generation of dust, noise, and construction debris; and possible small detours in order to create safe space for construction teams and their equipment to conduct work unimpeded. During operation, increased solid and waterwaste vehicles will lead to increased impact of municipal vehicles on municipal roads as well as on disposal facilities.

Anticipated sub-project categories and screening process

52. The following is the list of anticipated subproject categories and their safeguards screening categories.

Goods procurement: guidelines on terms of use
Garbage containers, waste compactors, tippers, loaders, pick-up trucks and other waste collection vehicles
Mobile water supply tasks, sewage tanks
Water supply pumps, starter panels, motors, cables, pipes, fittings, and valves, heavy vehicles and equipment, as well as water quality laboratory equipment
Vector control related inputs: application of Pest Management screening tool and PMP-specific EMP
Fumigation vehicles, trailed sprayers, insecticides, rodenticides
Small-scale civil works (rehabilitation): mandatory application of Environmental and Social Screening tools and selection and use of relevant EMP from existing EMP templates
Rehabilitation of currently-existing parks, libraries, community centers, and cemeteries
Rehabilitation of currently-existing roads, sidewalks, street lamps, street signage, etc.
Rehabilitation and upgrading of currently-existing wells
Small-scale civil works (expansion and/or new construction): mandatory application of Environmental and Social Screening tools and required development and application of site-specific EMP; only to occur on currently-owned municipal lands
Cemetery expansion
Construction of new roads, parks, libraries, and or community centers
New household connections to existing water supply and/or sewerage networks
Selected water supply and/or sewerage rehabilitation measures.

Social Safeguards and subproject screening

53. Eligible activities at the subproject level are not anticipated to trigger World Bank Operational Policy OP 4.12, which covers impacts mainly related to the relocation of households or communities; acquisition of private owned lands (temporarily or otherwise); adverse impacts on livelihoods including those that may occur through restriction of access to resources. It is anticipated that that subproject level activities will be carried out on public/state owned lands. However, the Project has prepared an RPF to address unexpected issues that might arise even in the context of state owned lands (i.e., presence of squatters or other encumbrances). A subproject level screening tool is being prepared to help make quick assessment the types and range of social impacts vis-à-vis the *Bank's Involuntary Land Acquisition and Resettlement Policy*. For instance, a positive list and eligibility criteria will be integrated by a set of specific questions related to safeguards. The main categories covered under the screening include but is not restricted to the following:

- Will subproject investments require the acquisition of private land (temporarily or permanently) for its development?

- Will restriction of access to natural resources (e.g. pasture, fishing locations and forests) occur for households and communities as a result of subproject level investments?
- Will subproject level investments result in the involuntary relocation of individuals, families, or businesses?
- Will the Project result in the temporary or permanent loss of economic activities, like crops, fruit trees, businesses, household infrastructures (such as granaries, outside toilets and kitchens, etc.)?
- Will the Project result in adverse impacts on individuals or entities encroaching on state lands?

54. Moreover, as delineated below, CVDB will be staffed with a social scientist trained and familiar with Bank safeguard issues and OP 4.12 who will be accountable for ensuring that this screening mechanism is fully functional, implemented and reported back to the Bank on a regular basis. The details of this arrangement are elaborated in the OM.

Mitigation Measures and Monitoring Arrangements

55. During Project implementation, individual subprojects will be reviewed on the basis of screening criteria, including economic/financial, social and environmental considerations. Most of the small-scale civil works will be carried out on existing sites under municipal ownership. Individual template EMPs to be used to screen and monitor impacts that were developed for RLDP will be applied to the Project. Additional EMPs will be added to cover subproject categories not developed in RLDP. These EMPs will be contained in both an initial ESMF as well as in the OM.

56. Municipalities will be responsible for subproject screening, application of relevant subprojects EMPs, insertion of relevant environmental safeguard language into contractors' bill of quantities and contracts, and individual subproject monitoring during construction and implementation.

57. CVDB Social and Environment Specialists would be responsible for reviewing, advising and reporting respectively on social and environmental issues throughout the Project life. Detailed guidance on screening will be available in the OM. Both specialists will be aided by a competitively selected local firm, qualified in their respective fields, who would carry out on annual basis a post-review fiduciary audit, including reporting on the level of EMP compliance, ensuring quality and the contractors' compliance with the EMP, and appropriate management of any social issue that might emerge during implementation as well as recommendations to strengthen such compliance. In addition, the Project team (both CVDB and the Bank) will conduct spot checks on prospective or actual subproject sites to ensure quality.

Capacity for Safeguards Implementation

58. CVDB is staffed with a full-time qualified environmental specialist, with solid understanding of the Bank's social and environmental policies, as well as experience on the ground in monitoring and mitigating the anticipated social and environmental implications created by implemented subprojects. Over the years of Bank's operations in Jordan, several leading Jordanian consulting firms have excellent knowledge and experiences with Bank's social

and environmental safeguards, sufficient for post-review fiduciary compliance and reporting. The Project would further develop such capacity by financing additional safeguards training to MOMA, CVDB and municipal operations staff. Furthermore, the CVDB will continue to build further social and environment management capacities of local contractors through technical well-structured training.

Annex 4: Operational Risk Assessment Framework (ORAF)

HASHEMITE KINGDOM OF JORDAN Emergency Services and Social Resilience Project (P147689)

Stage: Appraisal

Risks												
1. Project Stakeholder Risks												
1.1 Stakeholder Risk	Rating	Substantial										
<p>Risk Description: The pressure stemming from the Syrian refugee inflow affects many sectors and services, including those provided directly by deconcentrated central ministries. GOJ may wish to divert resources to address service delivery gaps in centrally managed sectors and services.</p> <p>Newly elected Mayors may try to circumvent the participatory processes to cater to their own constituencies</p>	<p>Risk Management: The Government has strongly supported efforts to mitigate the impact of Syrian displacement, including those affecting municipalities. The provision of tangible benefits in the most affected communities within a short time span will help show the responsiveness of the Government to community needs while creating ownership by the newly elected officials and communities. Further, the legal agreements between the Bank and the Government will cover eligibility rules.</p>											
	Resp:	Bank	Status:	Ongoing	Stage:	Prep/Impl	Recurrent:	Yes	Due Date:	January and July of each Project year when Municipal Grants are determined.	Frequency:	Biannual
	<p>Risk Management: Technical assistance to municipalities on participatory processes and strategic communication in participating municipalities reaching out to civil society stakeholders will make diversion of funds more difficult. Annual technical audits will track milestones on participatory aspects.</p>											
	Resp:	Bank	Status:	Not due	Stage:	Impl	Recurrent:	Yes	Due Date:	Each FY	Frequency:	Annual
	Resp:	Govt/Bank	Status:	Not due	Stage:	Impl	Recurrent:	Yes	Due Date:	Ongoing	Frequency:	Continuous
2. Implementing Agency (IA) Risks (including Fiduciary Risks)												
2.1 Capacity	Rating	Substantial										

<p>Risk Description: While MOMA and CVDB have benefitted from increased capacity during the implementation of RLDP, there is a risk that onerous approval procedures, especially in procurement slow down implementation.</p> <p>Some participating municipalities may have less ability to absorb the additional resources and translate it into service provision.</p> <p>Participating municipalities have varying degrees of capacity and little experience with the World Bank's FM and disbursement guidelines leading to the financing of ineligible expenditures that are noncompliant with the signed subsidiary agreements and list of eligible expenditures.</p>	<p>Risk Management: An OM, acceptable to the Bank, will be developed by MOMA for all components, describing the roles, authorities and responsibilities of MOMA, CVDB, and participating municipalities, including the related FM and disbursement aspects. Municipalities will be supported on fiduciary aspects. A special tender committee will be set up within CVDB to expedite procurement beyond municipal thresholds.</p> <p>Municipalities will be provided with flexible and multiple modalities of external support, including comprehensive training at the start of the Project and on-the-ground implementation support in year one. A Finance Coordinator hired under the Project will follow up with and support municipalities on fiduciary aspects. Regular progress reports from municipalities, covering physical and fiduciary aspects, will be screened by CVDB. Annual audits will track physical and fiduciary aspects. Finally, the Bank team will provide close implementation support to the Jordanian authorities, particularly in early stages of project implementation.</p>											
<p>2.2 Governance</p>	Rating		Substantial									
<p>Risk Description: The Government may come under pressure to include additional municipalities that are not impacted by refugee inflows. Further, yearly reviews and changes in allocations to municipalities may create tensions and political risks for the Government.</p>	<p>Risk Management: The choice of participating municipalities and the calculation of the yearly allocation will be based on well-founded and transparent rules that are owned by the Government and can be publicly defended. The Project SC comprising the key Government ministries will play a key role in this regard.</p>											
	Resp:	Govt/Bank	Status:	Not due	Stage:	Impl.	Recurrent:	Yes	Due Date:	Beginning of each project FY	Frequency:	Annual
	Resp:	Govt	Status:	Not due	Stage:	Impl	Recurrent:	Yes	Due Date:	Continuous	Frequency:	Annual
<p>3. Project Risks</p>												
<p>3.1 Design</p>	Rating		Substantial									
<p>Risk Description: Limited functional authority and procurement thresholds will constrain municipalities from making full use of Municipal Grants.</p> <p>Some municipalities may not be ready/have the capacity to immediately implement priority projects.</p> <p>Municipalities may choose projects that are not based on public participation and/or demand.</p>	<p>Risk Management: Municipalities have competence over a range of core local services including SWM, roads and transportation, street lighting and social infrastructure. These services are underfunded presently. Further, the MoU between MOMA and MWI will enable municipalities to contract YWC for emergency improvements related to water, wastewater and sanitation. Health and education are delivered by central ministries and are supported through a number of other funding sources. The low threshold of procurement at the municipal level is a constraint, but the Project has sought to overcome this through practical arrangements, including clearance of procurement up to JD 100,000 by the field offices of MOMA and the establishment of a special tender committee within CVDB to expedite clearance of larger packages.</p> <p>Municipal officials and local stakeholders will get training on the Project OM and implementation arrangements through a series of orientation sessions and workshops. During year one, municipalities will receive on-the-ground support by UNDP. Contracting of UNDP will be done at the earliest stage possible to ensure appropriate support is in place. In addition, municipalities can utilize a share of their Municipal Grants to procure urgent and short term technical and operational support.</p> <p>Resources have been set aside for communications to ensure that citizens are aware of the participatory nature of the project and the roles and responsibilities of the municipalities viz. involving their citizens in project related activities. Further, orientation and information</p>											

	dissemination workshops will be held in participating municipalities involving local citizens, NGOs, CBOs, the private sector, and so forth. Finally, annual technical audits will track participatory aspects of subproject prioritization, planning, implementation and oversight.											
	Resp:	Govt/Bank	Status:	Not due	Stage:	Impl.	Recurrent:	Yes	Due Date:	Continuous	Frequency:	Periodic
3.2 Social and Environmental	Rating		Moderate									
Risk Description: Municipalities may not have the capacity to consider social and environmental impacts when choosing their priority projects.	Risk Management: A dedicated Environmental and Social Safeguards Specialist already engaged by CVDB (through the RLDP) will be responsible for safeguards oversight of municipal subprojects. Annual technical audits will cover safeguards compliance.											
	Resp:	Govt	Status:	Not due	Stage:	Impl.	Recurrent:	Yes	Due Date:	Continuous	Frequency:	Periodic
3.3 Program and Donor	Rating		Substantial									
Risk Description: As the majority of Project financing stems from donors, any donor decision affecting design or disbursement would pose a risk.	Risk Management: Project identification, preparation and appraisal missions have been done jointly with financing partners, leading to a collaboratively designed project. Annual joint project reviews and periodic joint missions led by the Bank will ensure that current collaborative approaches are maintained during project implementation. Further, Administrative Agreements between the Bank and donor partners will clearly lay out the funding modalities and other details.											
	Resp:	Bank and financing partners	Status:	Ongoing	Stage:	Prep/Impl	Recurrent:	Yes	Due Date:	Continuous	Frequency:	Annual
3.4 Delivery Monitoring and Sustainability	Rating		Moderate									
Risk Description: The distribution of investment across many sectors and locations may make it difficult to monitor progress and quality.	Risk Management: The Project will at the outset target only nine municipalities, all within the same region. CVDB has through its implementation of the RLDP established representative offices in all the country's Governorates, hence ensuring proximity and in-depth knowledge of the municipalities' capacities and development.											
Due to municipal fiscal constraints, investments in infrastructure may not be maintained.	Some operation and maintenance costs will be allowable expenditures under the Project to ensure the sustainability of investments undertaken and assets created. Municipalities also have other sources of revenue, including own revenues and transfers from the Government, to maintain the assets created under the Project											
	Resp:	Govt	Status:	Not due	Stage:	Impl	Recurrent:	Yes	Due Date:	Post-project	Frequency:	Periodic
4. Overall Risk: Substantial												

Annex 5: Implementation Support Plan
HASHEMITE KINGDOM OF JORDAN
Emergency Services and Social Resilience Project (P147689)

Strategy and Approach for Implementation Support

1. The World Bank’s implementation support to the Project will comprise technical, fiduciary and evaluation support as follows:

- (i) **Technical assistance:** The Bank’s policy guidance and advice has been an integral part of preparation of the Project. There are two areas that merit extra focus during implementation:
 - a. the channeling of Municipal Grants to Participating Municipalities, the utilization of Grants for service delivery and local economic development, and the embedding of participatory processes that will be integral to the success and sustainability of the investments. The Bank along with partner agencies (DFID and DFATD) will provide proximate technical advice to MOMA and the municipalities on these aspects during implementation.
 - b. the development of institutional resilience systems and capacities. This is a relatively new area for both Bank and the Government under Component 2B. A comprehensive study undertaken during year one will inform the activities to be supported under the Project. The Bank team will seek the services of experts from the Center for Conflict and Development, the Conflict and Violence Prevention thematic group at the Social Development anchor and the Disaster Risk Management anchor as well as other external experts during implementation to support and advise the relevant stakeholders in Jordan.
- (ii) **Fiduciary management support:** The Bank team includes fiduciary management staff to provide routine supervision of FM and procurement activities. Since MOMA — which is the main implementing agency at the central level — and CVDB—which will be the fiduciary agent of the Project — are very familiar with relevant Bank rules and guidelines on fiduciary aspects, major issues are not anticipated. Municipalities, on the other hand, are unfamiliar with Bank’s fiduciary rules and guidelines. They are likely to require extensive handholding during the early phase of Project implementation. In addition to comprehensive training for relevant municipal staff before the commencement of Project implementation, external technical support will be made available to municipalities on fiduciary matters via CVDB and Bank financed consultants. In addition, Bank’s fiduciary staff will provide guidance to the municipalities, MOMA and CVDB on FM guidelines, preparation of IFRs and withdrawal applications, compliance with the Bank guidelines and other issues as they arise during the implementation.
- (iii) **Monitoring and verification support.** The mainstay of monitoring will be biannual progress reports from the municipalities via CVDB and MOMA, as well as third party technical and fiduciary audits annually. The Bank team will provide support to organize these audits, including inputs for the preparation of TORs and support to MOMA and

CVDB to monitor the work of the audit firms. Finally, impact evaluations will be carried out by the Bank team independently using external resources.

Implementation Support Plan

Time	Focus	Skills Needed
Year 1-2	<ul style="list-style-type: none"> ○ Technical and advisory support to roll out Municipal Grants and monitor their utilization. ○ Technical support for community outreach and participatory planning. ○ Technical and advisory support on enhancing emergency preparedness and disaster management. 	<ul style="list-style-type: none"> ○ Public finance and local governance experts ○ FM, procurement and safeguards specialists ○ Participation specialists ○ Conflict and violence experts ○ DRM experts
Years 1-3	<ul style="list-style-type: none"> ○ Fiduciary and safeguards management support to ensure that municipalities complied with the relevant procurement guidelines 	<ul style="list-style-type: none"> ○ FM, procurement and safeguards specialists
Years 2-3	<ul style="list-style-type: none"> ○ Technical support for annual assurance audits. 	<ul style="list-style-type: none"> ○ FM, procurement and safeguards specialists
Year 1-2	<ul style="list-style-type: none"> ○ Training for municipalities on Project OM and other relevant Bank rules and guidelines 	<ul style="list-style-type: none"> ○ Municipal engineers ○ FM, procurement and safeguards specialists

Annex 6: Safeguards Action Plan (SAP)
HASHEMITE KINGDOM OF JORDAN
Emergency Services and Social Resilience Project (P147689)

Background Guidance

1. Paragraph 11 of the World Bank Operational Policy 10.00 “*Preparation of Investment Project Financing – Situations of Urgent Need of Assistance or Capacity Constraints*” requires the preparation of **an action plan** as part of the Project documents addressing the application of environmental and social policies. The goal of the action plan is to provide guidance on how the Project manages safeguards risks during Project implementation. The content of the *Safeguards Action Plan* is dictated by the dual objective of ensuring that there is a legally binding road map for safeguards compliance during Project implementation and providing clear guidance to the Grantee on the types of actions and instruments required so as to facilitate speedy implementation of emergency services.

Project Description

2. The proposed Project has two components: (i) Municipal Grants; and (ii) Institutional Development and Project Management. The first component (US\$50.00 million) provides direct grants to municipalities hosting the largest concentration of Syrians. The grants will allow municipalities to finance additional public services and programs directly within the municipal competence (for example, waste management such as through compacting trucks, rehabilitation of existing roads, street lighting, pest control, rehabilitation mainly of recreational facilities, local economic development and livelihoods activities, etc.), as well as certain services that can be contracted out by municipalities to other service providers (for example, water, wastewater, sanitation, etc.). Grants will also allow municipalities to support community development programs and services amongst vulnerable communities, including women and children. Municipalities can also procure urgent and temporary human resources to ramp up their capacities to deliver various services and programs. The simplicity and flexibility attached to the grants will allow municipalities to be quick and responsive to local needs and thus win the confidence of their citizens.

3. The second component (US\$3.00 million) has two subcomponents: (i) Technical Assistance to participating municipalities to plan, implement and manage activities funded by the Municipal Grant, as well as project management support to implementing agencies to coordinate, manage and oversee the Project; and (ii) Capacity Building of key government agencies and vulnerable communities in emergency preparedness, and risk planning, management and financing. The component will finance goods and services.

4. The JESSRP is premised on the following approaches: (i) *confidence building through immediate and tangible improvements*. Investments in municipal services — be it better security through streetlights at night, improved hygiene through garbage collection, or reduced tensions via recreational spaces for young people — tend to be visible, can bring immediate improvements to quality of life as well as stimulate the local economy; (ii) *responsive problem solving at the local level*. Because of their proximity, municipalities are often called upon to solve

problems even outside their regular functions and authorities. Equipping them with discretionary resources will enable them to be more responsive; (iii) *reduction of tensions through investments in individual and community resilience*. For example, creating physical spaces for women and young people for leisure, fostering institutional spaces for communities to discuss their pressing problems with public officials, or financing locally appropriate solutions to urgent service delivery needs will help strengthen coping mechanisms and resilience capabilities of individuals, communities and local institutions. As part of this, enabling individuals, communities, public institutions and the private sector to come together to discuss issues and solve problems will help foster greater inclusion and social cohesion; and finally, (iv) assuming that the Syrian crisis and the refugee situation will further evolve, it is important that any *support program is flexible to allow easy scaling up or down and simple enough to roll out rapidly*.

Objectives of the Action Plan and General Principles

5. This Project is being prepared and implemented according to paragraph 11 of the World Bank Operational Policy 10.00, which allows for certain exceptions to the investment project financing policy requirements if the Bank deems the recipient to be in urgent need of assistance because of a man-made disaster or conflict (among other factors). This includes the provision that the fiduciary, environmental and social requirements set out in certain Bank OPs that are applicable during the Project preparation phase may be deferred to the implementation phase. On safeguards, if the exception allowing for deferral of environmental and social requirements referred to in paragraph 11 (a) of OP 10.00 is granted, the Bank prepares a project-level safeguards planning document (referred to in paragraph 47 of BP10.00 as an “Action Plan”). The Safeguards Action Plan (SAP) is a planning document that provides a time-bound plan setting forth the steps and the sequential planning and coordination for project activities and the preparation by the Grantee of the relevant safeguards instruments to ensure compliance with these safeguards requirements. The safeguards action plan is reflected in the PAD and referenced in the ISDS. Refer to OP 4.01, *Environmental Assessment*, paragraph 12, and BP4.01, *Environmental Assessment*, paragraph 5, for additional requirements relating to Projects covered by paragraph 11 of OP 10.00.

Indicative positive list of eligible municipal expenditures	
Waste compactors	Waste collection vehicles
Tippers	Parks and other community recreational spaces
Loaders	Libraries
Sewage tanks	Community centers
Water tanks	Women’s and youth centers
Pick up trucks	Construction and expansion of cemeteries
Fumigation vehicles	Construction of new roads and sidewalks, maintenance of existing roads and sidewalks
Garbage containers	Water suction pumps
Insecticides	Rehabilitation/maintenance of public wells
Rehabilitation/maintenance slaughter houses and markets	Short term hiring of technical and operational personnel for Project related support

Safeguards Screening and Mitigation Process, Approaches, and Instruments

6. There will be an initial safeguards screening form for all proposed civil works subproject level activities to assess for, among other things, the application of the Bank Operational Policies on natural habitats, forests, dam safety, or involuntary land acquisition and resettlement. Initial subproject screening will be conducted by Governorate and Municipality supervisory engineers who have been training by a Project hired safeguards consultant supervised by RLDP. These subproject screening forms will be forwarded for review and reviewed by the safeguards consultant. For social safeguards, while the Project is expected to only operate on public/state lands, the screening will assist in risk management, especially related to the presence of squatter or other encumbrances on state lands. The screening form will assist also, for instance, in “chance finds”, i.e., relating to the Physical and Cultural Resources Policy of the Bank. The screening form will also identify subprojects which might involve the Bank operational policy on Pest Management, for which there will be an additional screening form in the case that the OP for Pest Management is applicable.

7. This initial screening form will also identify whether the subproject relates to water supply and sewerage (which the YWC will be implementing) or to other municipal services (which municipalities are implementing, as well as whether the subproject is exclusively goods provisioning or entails minor civil works.

8. A RPF will be prepared as a precautionary measure in the unlikely situation that squatters and/or encumbrances are found on government land used for the Project. In such events, RAPs will be prepared to address any adverse impacts that may arise as per OP 4.12.

9. There will be subproject EMP templates prepared as part of the ESMF for the following categories:

- Pest-management related goods purchase and use;
- Non pest-management related (e.g. solid waste, water supply, slaughterhouse, cemetery) related goods purchase and use;
- Small-scale road and/or lighting rehabilitation and/or new construction on existing right of way (ROW);
- Small-scale water supply or sewerage rehabilitation and/or new construction on existing ROW;
- Small-scale rehabilitation and maintenance work on existing public wells; and
- Small-scale civil works rehabilitation, extension, and/or new construction of municipal structures (e.g. libraries, parks, community centers, women and/or youth centers) on state lands.

10. These templates will each be prefaced by guidance and a form in order to tailor the EMP template to specific subproject conditions. These EMP templates will also include mitigation measures and suggested standard clauses for contractors’ contracts, to be made specific to the site by a Municipal and/or MOMA engineer trained in the use of subproject screening and subproject EMP use. Similarly, there will be generic subproject supervision/monitoring form developed for the smallscale rehabilitation works so as to record compliance with the subproject

EMP. These will be completed by a Municipal and/or MOMA engineer trained in the application of these subprojects EMP monitoring forms.

11. Safeguards supervision will include quality assurance on subproject EMP monitoring and reporting, field visits to selected subprojects, as well as inclusion in a yearly fiduciary audit, which will include post-review of a subset of subproject EMPs with regards to design as well as implementation.

Capacity Building and Monitoring of Safeguard Frameworks Implementation

12. The TOR for the JESSRP ESMF and RPF will detail the needed capacity building for JESSRP implementation. Based on the success of RLDP, it is expected that an individual consultant, or local consulting firm, will be hired and supervised by CVDB to design and implement these training programs. These are expected to cover the following topics: (i) overview of World Bank safeguard Operational Policies; (ii) overview of the JESSRP ESMF structure, including positive list of potential subprojects; (iii) exposure to and training on the use of the initial screening tool, the subproject EMP templates and the cover sheet to tailor them to individual subprojects; (iv) exposure to and training on subproject EMP on-site monitoring form; and (v) resources to access in case of questions or in case of “complicated” subprojects.

Consultation and Disclosure Requirements

13. During the ESMF and RPF preparation process, the grantee consults project-affected groups and local nongovernmental organizations (NGOs) about the Project's environmental aspects and takes their views into account. The borrower initiates such consultations as early as possible. For meaningful consultations between the grantee and Project-affected groups, the grantee provides relevant material (e.g. the ESMF and the RPF) in a timely manner prior to consultation and in a form and language that are understandable and accessible to the groups being consulted. For the purposes of ESMF consultation for this Project, Project-affected groups to be consulted will include relevant departments in the Governorates and Municipalities (e.g. planning, general cleaning, and engineering), sub-municipal representatives, and representatives of host communities. For this Project, the grantee should consult these groups after a draft ESMF and a draft RPF is prepared and before this ESMF and RPF is finalized. In addition, the grantee must consult with such groups throughout Project implementation as necessary to address safeguards-related issues that affect them. Provisions and specifics, including budgets, will be included in the relevant TORs and subsequent safeguards documents.

14. Whenever the Bank requires an environmental assessment (including the ESMF), the Grantee is responsible for preparing a separate, freestanding report; (b) the borrower must make the draft ESMF available in the grantee country at a public place accessible to Project-affected groups and local NGOs in accordance with OP/BP 4.01, *EnvironmentalAssessment*; (c) the grantee must officially transmit the ESMF to the Bank; and (d) once the ESMF report has been locally disclosed and officially received by the Bank, the Bank will also make it available to the public. Submission to the Bank for clearance and disclosure are conditions of disbursement of Component 1. Once the EMSF/RPF has been made publicly available in the grantee country and has been officially received by the Bank, the ESMF/RPF must be sent for disclosure on the

public World Bank website. In the case of this Project, submission to the Bank for clearance and disclosure are conditions of disbursement of Component 1 of the Project. The disclosure requirements pertain to both social and environmental instruments.

15. Whenever the Bank requires social and environmental safeguards instruments (including the ESMF, RPFs), (a) the Grantee is responsible for preparing a separate, freestanding report; (b) the borrower must make the draft documents available in the grantee country at a public place accessible to Project-affected groups and local nongovernmental organizations (NGOs) in accordance with OP/BP 4.01, *Environmental Assessment*; (c) the grantee must officially transmit the ESMF/RPFs to the Bank and (d) once the ESMF/RPF report has been locally disclosed and officially received by the Bank, the Bank will also make it available to the public. Once the ESMF/RPF has been made publicly available in the grantee country and has been officially received by the Bank, the documents must be sent for disclosure on the public World Bank website.

Organizational Arrangements

16. The Project will essentially build upon the institutional arrangements in place for the ongoing Regional and Local Development Project (RLDP) with one significant departure: municipalities will play a key nodal role with respect to implementation and coordination of activities related to activities financed by the supplementary Block Grant. The JESSRP PMU will comprise a Project Director, Deputy Director and a representative from CVDB. The PMU will be supported by support staff, as required. The safeguards instruments of ESMP and RPF will be attached to the OM as stand-alone annexes.

17. CVDB will be responsible for providing fiduciary support to the Project, including with regards to procurement, financial management, and environmental and social safeguard aspects. CVDB will assign a nodal officer who will be a member of the PMU and will report to the Project Director on the above set of activities.

18. The TOR for the ESMF has been prepared and reviewed by technical experts from CVDB and MOMA. The timeframe for the ESMF is expected at eight weeks of staff work, not including gaps of time needed to collect and relate GOJ and donor comments on the draft and revised draft versions of the ESMF. The consultant for the ESMF will be paid from government contributions and recruited through a GOJ-compliant competitive process. The RPF TOR will be prepared and submitted to the RSA for clearance followed by RPF preparation to be undertaken by the clients. A comparable level of effort to that of the ESMF is anticipated. Financing for the RPF will be made available from Project funds.

19. It is expected that the subproject screening, EMP subproject finalization, and EMP monitoring will be conducted by municipality-based supervisory engineers, including those staffing the municipality as well as MOMA field-based staff, to be supplemented by other municipality staff as needed. A safeguards consultant, to report to the CVDB fiduciary safeguards staff member, will review the above documents for quality assurance, conduct 'spot checks', design and conduct necessary training, and prepare monthly safeguards monitoring reports in a timely manner.

20. Approximate timetable of when instruments will be ready, including Bank internal review and clearance processes, is as follows:

Action	Timetable
TOR for ESMF and RPF submitted to Regional Safeguards Advisor for review and clearance	Prior to Negotiations
Draft Safeguards Action Plan submitted to Regional Safeguards Advisor (as part to Decision Meeting Package)	Prior to Decision Meeting
Safeguards Action Plan revised per RSA and LEGEN guidance (as part of Negotiations Package)	Prior to Negotiations
ESMF and RPF Review, Clearance, and Disclosure	Disbursement Condition for Component 1
Hiring of safeguards supervision consultant to report to CVDB	Within 30 days of ESMF disclosure
ESMF subproject screening training for relevant municipal staff	Within 60 days of ESMF disclosure
First year review of safeguards compliance	Disbursement condition for Second Year of Block Grants

Guidelines for the Preparation of the Relevant Safeguards Instruments

21. JESSRP safeguards aspects will be prepared with application of paragraph 11 (a) of OP 10.00 (Situations of Urgent Need of Assistance or Capacity Constraints, as well as May 23, 2013 OPSPQ Instructions for Preparation of Investment Project Financing with specific regards to implications for safeguards management. These guidelines have been supplemented with JESSRP-specific guidance from the Regional Safeguards Advisor (referenced above in paragraph 6). Guidance for the preparation of the safeguards instruments are the Terms of Reference bench-marked against the safeguards policies. For the ESMF, the Terms of the Reference will be bench-marked against the Bank Operational Policies of Environmental Assessment 4.01 and Pest Management 4.09.