

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

STRATEGY FOR JORDAN

**REPORT ON THE INVITATION TO THE PUBLIC
TO COMMENT**

1. INTRODUCTION

The objective of this report is to summarize key comments received from the general public and civil society stakeholders during the consultation period dedicated to the first Bank's Strategy for Jordan as well as Bank's management responses. The comments received during the public consultation period were reviewed by the Bank's management and reflected in the Strategy as appropriate.

In accordance with the EBRD Public Information Policy (PIP), the draft Strategy for Jordan was posted on the EBRD web site in English and Arabic for 45 calendar days. The public was invited to submit comments on the draft Strategy from 25 July 2014 until 09 September 2013.

Information about the public consultation process was posted on the EBRD's dedicated webpage "Have your say", which highlights the latest opportunities for public to comment on the Bank's policies and strategies under review. In addition, targeted notifications of the consultation process were sent to local and international civil society organisations (CSOs) that have expressed interest in the Bank's work in the country. The start of the review process was also advertised through Facebook and Twitter.

In an effort to gather information and insight for the development of the first Strategy for Jordan, on 19 June, the EBRD organised a consultative meeting with civil society organisations (CSOs) in Amman with the objective to discuss current and prospected activities of the Bank in the country. 20 participants attended the event from 11 civil society organisations as well as two observers respectively from the United Nations Office for Project Services and an international consultant working on civil society issues within the Ministry of Social Development. The consultative meeting was chaired by the EBRD Head of the Resident Office in Jordan and attended by EBRD representatives from banking, and specialists in environmental issue and civil society engagement. The summary of the meeting is provided in the Annex to this report.

2. PUBLIC COMMENTS AND STAFF RESPONSES

Reference	Comment	EBRD Response
2. Operational environment		
2.2 Macro-economic context	2.2.1 The reported figures on unemployment should be modified as per the Selected Indicators Report of the Department of Statics of the government of Jordan. In particular, the Strategy should reflect that the proportion of unemployed persons for more than one year is 38.2%.	<p>The percentage of unemployed persons for more than one year is an indicator for the proportion of long-term unemployed within the group of unemployed individuals.</p> <p>The Strategy has been amended to reflect the comment and draw attention to the issue of long-term unemployment.</p>
2.3 Structural reform context	2.3.1 Electricity tariffs have been gradually rising since 2008 and not only since 2013. Also, the increase of electricity tariffs has already been fixed for the period 2014-2017.	<p>On the issue of the historical development of tariffs, the report is intended to deal with recent developments rather than historical ones. On the issue of planned tariff rises, the Strategy notes that <i>“electricity tariffs [...] are expected to increase further over five years.”</i></p> <p>The Strategy has been amended to clarify that planned tariff rises until 2017 have been officially published by the Electricity Regulatory Commission.</p>
	2.3.2 The Government of Jordan has already a National Strategy for the reduction of the National Electric Power Company’s (NEPCO) losses.	<p>The Strategy already refers to the National Strategy (“Further commitments have been made to tackle the country’s high dependence on energy imports; notably Jordan’s Energy Strategy has set a target to reduce energy consumption by 20 per cent by 2020”).</p> <p>The Strategy has been amended to clarify that the reduction of NEPCO losses (as well as the reduction of energy consumption) is one of the aims of the National Strategy.</p>

	<p>2.3.3 A Mineral Resources Law is currently under preparation.</p>	<p>The EBRD takes note of this development, which is however not reflected in the Strategy due to its preliminary stage.</p>
<p>2.6 Social context</p>	<p>2.6.1 The following figures from the Selected Indicators Report of the Department of Statistics should be reflected in the report: proportion of unemployed persons aged 15-24 is 48.8% and proportion of unemployed persons for more than one year is 38.2.</p>	<p>The draft Strategy originally quoted statistics for unemployment rate of people aged 20-24.</p> <p>The Strategy has been amended to reflect the broader age bracket 15-24, which is more in line with international definition. Also, another reference was made to the proportion of long-term unemployment.</p>
<p>2.7 Energy efficiency and climate change</p>	<p>2.7.1 The 2014 Facts and Figures Report of Ministry of Energy and Mineral Resources (MEMR) has already been issued. As a consequence, percentages for energy import and energy intensity can be quoted directly from the report.</p> <p>On the issue of energy efficiency the following bylaws were issued: Bylaw No.73 (2012) per Clause (18) of RE and EE Law 13 (2012), Bylaw No.10 (2013) - Issued per Paragraph (b) of Clause (11) of REEL 13 (2013)- Exemptions Related to RE and EE. [Abbreviations: RE- renewable energies; EE- energy efficiency; REEL- Renewable Energy and Energy Efficiency Law].</p> <p>The National Energy Efficiency Action Plan (NEEAP) was approved in June 2013.</p>	<p>The Strategy has been amended as per 2014 Facts and Figures Report of MEMR.</p> <p>The Bank takes note of the bylaws regulating renewable energy and energy efficiency issues. The Strategy is aimed at assessing the broad operational environment in the countries of operations. As such the Strategy does not provide an in-depth analysis of the regulatory framework of each sector under review.</p> <p>The Strategy has been amended to reflect the month and year of the NEEAP adoption.</p>

ANNEX 1

Summary of EBRD meeting with civil society- 19 June 2014, Amman*EBRD and civil society*

Civil society participants shared their expectations in terms of the role played by the EBRD in advancing corporate social responsibilities practices in the country; promoting accountability of the private sector and partnerships between private enterprises and the third sector. They urged the Bank to involve local communities and community based-organisations in the development of environmental impact assessments. The Bank was also encouraged to develop a more structured engagement with civil society in relation to the EBRD's core business of promoting transition through private sector development.

EBRD mandate and business model

During the discussion, the business model of the EBRD was compared to private commercial banks in relation to sound banking principles and financial return on investment. In line with that, CSOs raised concerns regarding the Bank's approach to disclosure of information, whereby information considered confidential for commercial purposes might hamper the right of public access to information. Also, participants exchanged their perspectives on the political significance of the EBRD engagement in countries affected by high political instability, where EBRD investments might interfere with dynamics of internal politics and protection of economic and social rights. The EBRD acknowledged that working in countries in transition represents a challenge in view of political and economic developments. The EBRD believes that remaining engaged in countries undergoing major changes will help the creation of well-functioning and inclusive market economies.

PPP regulatory framework

Participants welcomed the EBRD's efforts in policy dialogue and encouraged the EBRD to support the development of a regulatory framework on public private partnerships (PPPs) aimed at creating an enabling environment for investments in the energy sector. The EBRD acknowledged the need for a regulatory framework for PPPs that would benefit the development of the energy sector as well as of the water sector. However, considering that both the World Bank and USAID are providing technical assistance and support for the development of the PPP law, the EBRD does not envisage providing technical assistance in this regard.

Energy sector

The legislative framework for renewables is largely in place and the EBRD will align its investments in the energy sector with the national priorities. The EBRD recognises the importance and potential of solar energy and will explore relevant investment opportunities in Jordan. There was a common agreement about the challenges in promoting photovoltaic systems in private households due to the difficulties in securing energy efficiency financing.

According to representatives from environmental organisations, the use of international consulting companies for the development of environmental and social impact assessment (ESIA) does not contribute to build local expertise. Therefore, the EBRD was encouraged to develop environmental guidelines for the preparation of ESIA in the country, in particular in relation to projects in renewable energies, that could be used by Jordanian consultants.

Selection criteria for investment projects

Civil society representatives urged the EBRD to invest across different governorates in Jordan, including in underserved governorates such as Ma'an or governorates where economic and social development might be limited due to humanitarian crisis, like in Mafraq or Zarqa. Civil society representatives also suggested that the Bank should invest in the sectors of agribusiness and healthcare as part of its strategy in Jordan.

The EBRD representatives said that the Bank is willing to invest across Jordan whereby projects meet the Bank's investment principles of sound banking, additionality and transition impact. Relevant projects in agribusiness will be considered by the EBRD, whereas investments in the healthcare sector would be more challenging to identify as the healthcare sector does not represent a main sector of investment for the EBRD and is mostly dominated by public enterprises.

List of participating organisations

1. Al Hayat Center
2. ArabEnv
3. General Federation of Jordanian Women
4. Jordan Environmental Society
5. Jordanian Hashemite Fund for Human Development
6. Lawyers for Defending Human Rights Society
7. Partners- Jordan
8. Phenix Center
9. Rasheed
10. Royal Society for the Conservation of Nature
11. Sawat Al Qanon/ Voice of Law
12. United Nations Office for Project Services