Innovative Small Startups Fund PSC

Jordan Innovative Startups and SMEs Fund (ISSF) 2.0 Project

Stakeholder Engagement Plan (SEP)

March 2025

1. Introduction/Project Description

The Innovative Startups and SMEs Fund (ISSF) 2.0 Project is a follow-on IPF project aiming to scale up early-stage equity funding for entrepreneurs in Jordan, building on the results and lessons of the ongoing ISSF 1.0 project. The Project Development Objective is to increase the availability of early-stage equity finance and job creation by innovative startups and SMEs in Jordan. The ISSF 2.0 project will support the replenishment of ISSF investable capital, which will be leveraged to attract VC funds and catalyze investments in Jordan's entrepreneurial ecosystem. Through a co-investment strategy, ISSF, as a strategic partner in Jordanian market, will partner with regional and international VC funds, providing matching capital and de-risking investments (on commercial non-subsidized terms) to encourage their entry into Jordan. It prioritizes sectors aligned with national development goals, such as ICT, health-tech, and others, also providing more job opportunities for youth and women.

By bridging the financing gap for early-stage startups and strengthening the venture capital ecosystem, ISSF activities are aligned with government policy frameworks to drive innovation, economic growth, and job creation – the Economic Modernization Vision (EMV) of Jordan emphasizes the critical role of entrepreneurship and improved access to capital in driving economic growth, outlining a strategic goal to accommodate over one million young individuals in the labor market.

The key beneficiaries of the Project are early-stage startups, innovative small and medium-sized enterprises (SMEs), and entrepreneurial ventures seeking equity-based funding to scale their operations. It also includes incubators, accelerators, and innovation hubs that gain resources and coordination to enhance their support for the entrepreneurial ecosystem. By fostering a more vibrant investment and innovation environment, the ISSF also benefits job seekers and the broader Jordanian economy through job creation and economic growth, including the focus on creating opportunities for increased availability of early-stage financing for female or youth owned or led startups. Among others, the project will also support green-tech startups developing solutions with significant adaptation and mitigation benefits relevant in increasing resilience to climate effects of the country, businesses, and people.

Project Components

The ISSF 2.0 is a follow-on IPF project aiming to scale up early-stage equity funding building on the results and lessons of the ongoing ISSF 1.0 project. It will capitalize on ISSF's established position as a respected ecosystem leader both regionally and internationally. By leveraging ISSF's brand recognition and its strategic partnerships with VC funds, there is a significant opportunity to elevate Jordan's profile as an attractive investment destination.

The new project will retain key elements of the design of the ISSF 1.0, while institutionalizing good practices that emerged during the implementation period. The new project integrates an updated design when it comes to key components as well as governance and implementation arrangements. ISSF 2.0 comprises three components: (i) Fund of Funds investments, including impact investing in earlier-stage funds to catalyze the pipeline; (ii) Co-investing in startups with portfolio funds; and (iii) Project management.

Component 1: Fund of Funds investments, including impact investing in earlier-stage funds to catalyze the pipeline cc. [90%]

Key objective

1. **It is envisioned that the predominant majority of ISSF 2.0 investments would be made through a FoF component, as this is an efficient way to generate impact and further catalyze the attraction of regional and global funds to Jordan**. The core objective of this component is for ISSF to act as a catalyst of the VC ecosystem in Jordan to attract more regional and global VC funds (across different growth stages) to the country, leading to increased availability of early-stage financing in the short, medium, and longer term.

Fund selection and investment process

2. **The following are key elements in ISSF investment selection under the FoF component:**

   (a) **Sourcing and Selection of VC Funds:** (i) Market Scouting: identify potential VC funds aligned with the ISSF FoF's investment strategy and objectives; (ii) Due Diligence: assess the VC funds' track record, team expertise, investment thesis, and governance structures. It involves Legal and Corporate due diligence, and Operational Due Diligence of the funds; (iii) Approval Process: present findings to the ISSF investment committee for approval.

   (b) **Signing Investment Agreements:** (i) Negotiation of Terms: fund size, ISSF commitments, fees, and governance; (ii) Legal Documentation: Limited Partnership Agreements (LPAs) and other binding legal contracts.

   (c) **Capital Commitment:** (i) Commitment Allocation: allocate a specified portion of the ISSF's capital to selected VC fund; (ii) Funding Schedule: agree on a timeline for capital calls to meet VC funds' investment needs.

   (d) **Payment of Management Fees:** (i) Fee Structure: ISSF pay annual, biannual or on a quarterly basis management fees to the VC fund, typically calculated as a percentage of committed capital, to cover operational expenses.

   (e) **VC Funds' Investment Process:** (i) Deal Sourcing; (ii) Due Diligence: assess startups' market potential, financial health, legal and regulatory compliancescalability before investment; (iii) Investment Decisions.

   (f) **Monitoring and Support by a VC fund:** (i) Portfolio Oversight: VC funds monitor portfolio companies' performance and provide mentorship, operational guidance, and strategic support; (ii) Follow-On Investments: allocate additional capital to successful startups in later funding rounds.

   (g) **Exits and Realization of Returns:** (i) Exit Strategy: VC funds execute exits through IPOs, mergers and acquisitions (M&A), or secondary sales; (ii) Profit Realization: generate returns from divestments based on startups' growth and valuation increases.

   (h) **Distribution of Profits:** (i) Waterfall Structure: VC funds distribute profits according to the LPA, prioritizing the return of capital to investors, management fee recovery, and subsequent profit-sharing; (ii) Carried Interest: allocate a portion of the profits to VC fund managers as performance incentives.

   (i) **Reporting and Evaluation:** Regular Reporting: VC funds provide periodic updates to the ISSF

on portfolio performance, financial metrics, and market conditions.

Figure 6. Key milestones of ISSF investing in VC funds under the FOF component
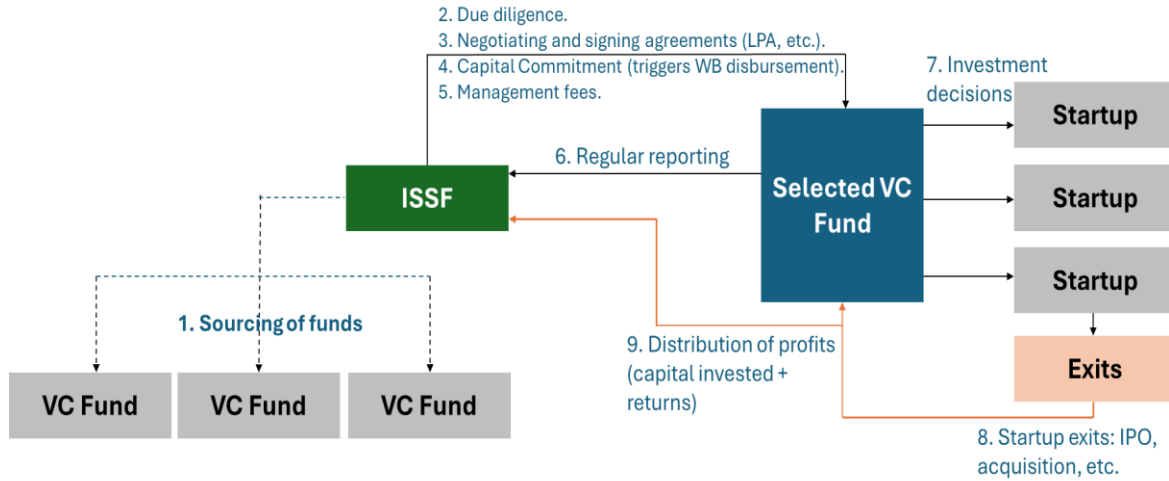
When selecting VC funds to invest in, ISSF uses a set of screening/eligibility criteria, including conducting a Legal Due Diligence, Commercial and Financial Due Diligence and Compliance Due Diligence. The key criteria include the following: (i) Current fund thesis (investment strategy, sectors, geographies, stages), and its alignment with ISSF investment strategy and policies; (ii) presence of quality/reputable other LPs and/or anchor LPs committed to the fund; (iii) GP and team qualifications and backgrounds; (iv) Previous funds' track records (if applicable); (v) Previous investments in Jordanian companies; (vi) Fund managers' views on the Jordanian ecosystem and what value would they add to the Jordanian startups; (vii) Legal structures; (viii) Quality of LPA; (ix) Quality of registered companies; (x) Compliance and KYC; (xi) Risk management and audit; (xii) asset administration; (xiii) data and continuity framework; (xv) third party management.

Impact investing sub-component to catalyze the pipeline of startups

One of the structural adjustments linked to ISSF 2.0 design, compared to the ISSF 1.0 project, is the redesign of the previous Deal Flow Creation component, which used to provide grants and support technical assistance initiatives, mostly through partnerships with incubators, accelerators, and various government or donor-supported programs. One of the takeaways from ISSF 1.0 project related to effectiveness of having grant money as part of a big catalytic (commercially driven) entity. Based on ISSF team's feedback, allocating, negotiating, managing, tendering, contracting, conceptualizing and managing the five (5) percent of overall portfolio took disproportionate amount of time, and also entailed challenges simply because of different mindsets and skills set between ISSF and implementing partners. This also resulted in diverting resources from the investable part of ISSF 1.0 for some time at the beginning (e.g., only 19% of investable capital was deployed between 2017 and 2022). Most importantly, there are many developmental startup programs in Jordan that are funded by donors (such as GIZ, EU, USAID, etc.) but there are no other entities classified as the ISSF with an economic and financial impact.

As such, the ISSF 2.0 project will phase out the grant-based activities and will support the deal flow creation through the catalytic equity investments within the Fund of Funds component – a type of

"Impact Investing", focusing on earlier growth stages. This sub-component is conceptualized to be around up to twenty percent (20%) of total investable capital, allocating them through investments in early-stage VCs, incubators and accelerators. It is aligned with the longer-term vision of ISSF, focusing on addressing the access to capital constraints in the startup ecosystem via being a catalytic equity investment fund with the ability to return the fund in the future.

   **Investment multiples under the Fund of Funds component**

One of the key parameters (and requirements) of ISSF FoF investments is the 'investment multiple', which defines the amount of the VC Fund that should be deployed in Jordanian startups. For example, a 2x multiple means that the ISSF partner fund's investment in Jordan should be 2 times the amount that ISSF invested in the fund. While the most recent ISSF's Investment Strategy stipulates the 1x multiple (meaning that ISSF portfolio fund should invest in Jordanian startups at least an amount equivalent to 100% ISSF capital invested in the fund), ISSF often used to require a 2x or 3x multiple. However, high multiples tend to discourage VC funds in partnering with ISSF. In reality, however, ISSF portfolio funds have typically overachieved the 1x multiple requirement: as of December 2024, ISSF deployment in Funds stood at $34.17 million, and the funds' investments into qualified Jordanian companies were $91.93 million, a multiplier of 2.7x. As such, keeping the multiplier at 1x would not only better align with industry practice, but would also help create a higher catalytic effect in attracting funds and is not expected to undermine the PCM.

- **Component 2: Co-investment in startups with portfolio funds [10%]**

A relatively small share of investable capital will be allocated for co-investments in startups along with ISSF's portfolio Funds in: (a) early stage, (b) follow-on in high-growth startups. It is important to highlight that, while ISSF would directly invest in selected startups (unlike under FoF component where partner funds are fully in charge for investment management), there would be a VC investor from the private sector leading the round, conducting the due diligence and the terms of the round. By following the lead of partner funds, ISSF can invest in startups with due diligence already conducted, reducing costs and risks associated with evaluating direct investments independently. ISSF would then match this lead investor up to a cap of $500,000. This provides a layer of private sector validation and safeguards the ISSF from any possible favoritism or interference. In summary, this component will help avail capital, reduce risk on other investors, only when done as a co-investment. ISSF would not be leading or upholding valuations or even setting term sheets.

There are several reasons for keeping a small allocation for this component: (i) cost efficiency – ISSF avoids annual management fees and carry; (ii) enhanced returns – capture additional upside from high-growth startups identified by its partner funds, enhancing overall returns; (iii) direct participation in startups demonstrates ISSF's commitment to the ecosystem, encouraging further investment from other stakeholders (e.g., international investors); (iv) access to strategic insights: direct involvement with startups gives ISSF deeper insights into market trends, entrepreneurial challenges, and opportunities that can inform its broader investment strategy. Also, from a developmental perspective, it provides more flexibility to ISSF to react to potential market shocks and support domestic startups – this type of investment sub-component was introduced under ISSF 1.0 during the COVID pandemic to expedite the investments to Jordanian startups during difficult market conditions. ISSF is not envisioned to engage in direct investments as a lead investor, which require a different approach, including active follow-ups and engagement with investee startups, which adds pressure to the overall costs of managing ISSF investments.

Figure 7. Key milestones of ISSF co-investing in startups following the lead by a portfolio fund
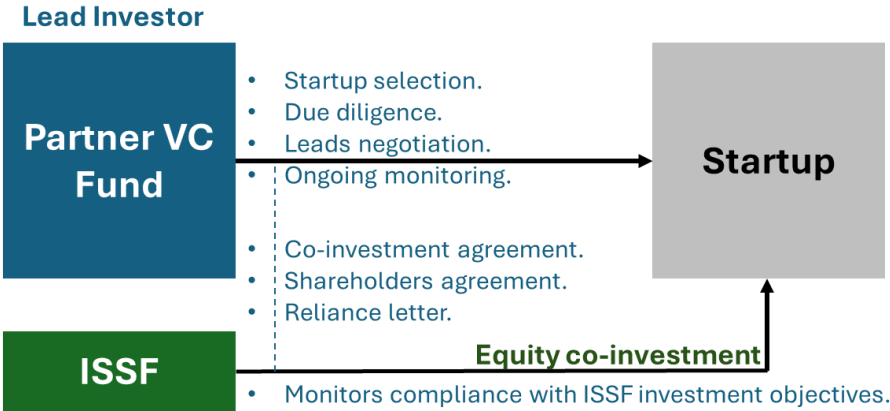
- **Component 3: Project implementation support [cc 5%]**

This component will support project management and implementation activities by the PMU. Under ISSF 1.0 project, the allocation for project implementation support was $5.8 million, or 5.9 percent of total capital of $98 million. The VC Fund of Funds industry average of operational costs ranges from 2 to 3 percent of total fund size annually, depending on the fund's structure, management strategy, and size. The 5.9 percent allocation under ISSF 1.0 project is reflective of higher initial costs in establishing the PMU as well as ISSF operational and institutional capacity. Since most of the ISSF current investable capital has been committed or deployed, it is expected to require less of management and operational costs. As such, under ISSF 2.0 project, the proposed allocation for project management and implementation support is proposed to be up to 5% of the project size. It will cover operational expenses required for successful project execution, investment management, day-to-day operations of ISSF, M&E, monitoring progress, and ensuring compliance with fiduciary, procurement, and environmental and social safeguards requirements. It will also cover the costs of project audits, stakeholder engagement, and other administrative functions necessary to achieve the project's objectives. By strengthening implementation capacity, this component plays a vital role in mitigating risks and ensuring the timely delivery of results.

The ISSF 2.0 is being prepared under the World Bank's Environment and Social Framework (ESF). Per Environmental and Social Standard ESS10 on Stakeholder Engagement and Information Disclosure, the implementing agencies should provide stakeholders with timely, relevant, understandable, and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination, or intimidation.

2. Objective/Description of SEP

The overall objective of this SEP is to define a program for stakeholder engagement, including public information disclosure and consultation throughout the entire project cycle. The SEP outlines the ways in which the project team will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about project activities or any activities related to the project.

3. Stakeholder identification and analysis

3.1 Methodology

In order to meet best practice approaches, the project will apply the following principles for stakeholder engagement:

- *Openness and life-cycle approach:* Public consultations for the project(s) will be arranged during the whole life cycle, carried out in an open and transparent manner.
- *Informed participation and feedback:* Information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholder feedback, and for analyzing and addressing comments and concerns.
- *Inclusiveness and sensitivity:* Stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders at all times are encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups that may be at risk of being left out of project benefits, particularly women, the elderly, persons with disabilities, displaced persons, and migrant workers and communities, and the cultural sensitivities of diverse ethnic groups.
- *Flexibility:* If social distancing, cultural context (for example, particular gender dynamics), or governance factors (for example, high risk of retaliation) inhibits traditional forms of face-to-face engagement, the methodology should adapt to other forms of engagement, including various forms of internet- or phone-based communication.

3.2. Affected parties and other interested parties

Affected parties include local communities, community members, and other parties that may be subject to direct impacts from the Project. Specifically, the following individuals and groups fall within this category:

The following table provides the list of affected parties as well as other interested parties:

Stakeholder Group	Internal/External	Role in the Project	Interest/concerns/needs	Description
Implementing Agencies				
Ministry of Planning and International Cooperation (MOPIC)	Internal	Implementing Agency/ Borrower	Governmental part responsible for the Financing Agreement with the World Bank	The main governmental institution in charge of managing international development aid
Innovative Small Startups and	Internal	Implementing Agency	Main implementing agency of the Project	Government owned private shareholding company (main

SMEs Fund PSC				shareholders are CBJ and JLGC)
Project Beneficiaries				
Early-stage Startups	External	Beneficiaries	- Need for equity-based funding to scale operations. -Stakeholder engagement and GM systems - Eligibility and selection criteria for project's beneficiaries	Startups in their early stages of development seeking financial support to grow. These startups are crucial for innovation and job creation in the Jordanian economy.
Innovative SMEs	External	Beneficiaries	- Require equity-based funding to expand their businesses. -Stakeholder engagement and GM systems - Eligibility and selection criteria for project's beneficiaries	Small and medium-sized enterprises that are innovative and looking for financial support. They play a significant role in economic growth and job creation.
Entrepreneuri al Ventures	External	Beneficiaries	- Need for equity-based funding to scale operations. -Stakeholder engagement and GM systems - Eligibility and selection criteria for project's beneficiaries	Ventures focused on entrepreneurship and innovation seeking financial support. These ventures contribute to the diversification and competitiveness of the economy.
Incubators, Accelerators, and Innovation Hubs	External	Beneficiaries	- Require resources and coordination to enhance their support for the entrepreneurial ecosystem. -Stakeholder engagement and GM systems - Eligibility and selection criteria for project's beneficiaries	Entities that support startups and SMEs by providing resources, mentorship, and networking opportunities. They help in building a robust entrepreneurial ecosystem.
Female or Youth-owned/led Startups	External	Beneficiaries	- Increased availability of early-stage financing. -Stakeholder engagement and GM systems - Eligibility and selection	Startups owned or led by women or youth that require financial support to grow. The project focuses on promoting

Stakeholder Group	Internal /External	Role in the Project	Interest/concerns/needs	Description
			criteria for project's beneficiaries	gender and youth inclusion in the entrepreneurial ecosystem
Green-tech Startups	External	Beneficiaries	- Support for developing solutions with significant adaptation and mitigation benefits. -Stakeholder engagement and GM systems - Eligibility and selection criteria for project's beneficiaries	Startups focused on green technology and solutions to increase resilience to climate effects. They contribute to sustainable development and environmental protection.
Job Seekers	External	Indirect Beneficiaries	- Need for job opportunities created through the project. -Stakeholder engagement and GM systems	Individuals seeking employment opportunities that will be generated by the project. The project aims to create jobs and reduce unemployment.
Broader Jordanian Economy	External	Indirect Beneficiaries	Economic growth and job creation.	The overall economy of Jordan which will benefit from the project's contributions to economic growth. The project aims to enhance the country's competitiveness and economic resilience.

Other Interested Parties:

The projects' stakeholders also include parties other than the directly affected communities, including:

Stakeholder Group	Internal /External	Role in the Project	Interest/concerns/needs	Description

Central Bank of Jordan (CBJ)	Internal	Shareholder, non-operational	supporting the financial aspects of the project, ensuring financial discipline and stability.	supports the financial aspects of the project. The CBJ's involvement ensures financial discipline and stability.
Jordan Loan Guarantee Corporation (JLGC)	Internal	Shareholder, non-operational	Facilitation of cashflow and legal setup of ISSF.	Previously responsible for setting up and supervising ISSF, now focusing on cashflow and governance.
Investors (all)	External	Investors	Investment opportunities and return	Companies looking to invest in or benefit from the project. Their involvement helps in driving private sector growth and innovation.
Development Partners (IFC, EU, etc.)	External	Financing, consultation, and coordination	- Need coordination between different donor funded projects and initiatives - Need for financing sustainable projects that last beyond the financed project duration	Individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way.
Civil society organizations (NGOs and CBOs): - Women associations - Professional associations	External	Consultation and outreach/ Implementation	- Feedback channel with communities, vulnerable groups, and private sector - women's workers' rights - Jobs creation	
Mass media	External	Outreach	Project's highlights and achievements	

3.3. Disadvantaged/vulnerable individuals or groups

Within the Project, vulnerable or disadvantaged groups may include but are not limited to the groups included in the below table.

Vulnerable groups within the communities affected by the Project may be added, further confirmed, and consulted through dedicated means, as appropriate. Description of the methods of engagement that will be undertaken by the project is provided in the following sections.

Stakeholder Group	Internal/ External	Role in the Project	Interest/concerns/needs	Description
Vulnerable Groups				
Youth	External	Beneficiaries	- Access to job opportunities created through ISSF investments. - Participation in the knowledge economy jobs.	Youth, particularly those with higher education degrees, are a significant focus of the project. The project aims to create job opportunities for over one million young individuals in the labor market, aligning with Jordan's Economic Modernization Vision (EMV).
Women	External	Beneficiaries	- Increased access to early-stage financing for female-owned or led startups. - Support for female entrepreneurs through targeted initiatives.	The project prioritizes creating opportunities for women, particularly in the entrepreneurial and startup ecosystem. This includes providing resources and support to female entrepreneurs to enhance their participation in the economy.
Job seekers	External	Indirect beneficiaries	- Creation of job opportunities through the growth of startups and SMEs. - Economic growth and job creation driven by the project.	The broader Jordanian economy, including job seekers, benefits from the project through job creation and economic growth. The focus is on creating a vibrant investment and innovation environment that generates employment opportunities.
People with Disabilities (PwD)	External	Potential beneficiaries	- Access to job opportunities and entrepreneurial support.	People with disabilities may face additional barriers to employment and entrepreneurship. Ensuring

			- Inclusive project design that accommodates their needs.	that project activities are inclusive and accessible can help address these barriers.
Other marginalized groups	External	Potential beneficiaries	- Equitable access to project benefits and resources. - Addressing specific challenges faced by marginalized communities.	Other marginalized groups, such as non-Jordanians or low-income individuals, may also benefit from targeted support to ensure they can participate in and benefit from the project's activities.

4. Stakeholder Engagement Program

4.1. Summary of stakeholder engagement done during project preparation

During project preparation, the following public consultation meetings were conducted:

During project preparation, extensive stakeholder engagement activities were conducted to ensure ISSF 2.0 aligns with the needs of Jordan's entrepreneurial ecosystem. A hybrid identification mission was carried out from October 14 to November 14, 2024, led by the World Bank (IBRD and IFC) in collaboration with the Government of Jordan. This mission engaged with key stakeholders, including the Ministry of Planning and International Cooperation (MoPIC), the Ministry of Investment (MoInv.), the Jordan Loan Guarantee Corporation (JLGC), ISSF, and private sector representatives. The discussions centered on refining ISSF 2.0's governance and institutional structure, revising investment strategies to align with emerging venture capital trends, and introducing a General Partner/Limited Partner (GP/LP) sub-fund structure while maintaining the Fund of Funds (FoF) model as the core investment mechanism. Additionally, the mission addressed ways to accelerate fund deployment, strengthen regional investment attraction, and ensure continued government support to prevent Jordanian startups from relocating to the GCC in search of capital.

Further engagement took place with several key institutional stakeholders, including EIB, EBRD, and regional and global venture capital fund managers. Private investors expressed strong interest in ISSF 2.0 but emphasized the need for greater flexibility in investment multiples and fund conditions to attract private capital. Meetings also highlighted ISSF's role in driving private capital mobilization (PCM) while maintaining a Jordan-focused investment nexus. Fund managers acknowledged ISSF's ability to crowd in private investment, but recommended adjustments in investment terms to increase participation

As part of the environmental and social (E&S) due diligence process, public consultations were very limited due to the very stretched project preparation timeline. Nevertheless, the extensive general consultations stated above served to present the project, benefits, and its impacts. The consulted stakeholders emphasized the need for transparent governance, clear stakeholder engagement mechanisms, an

effective grievance redress system, and gender and youth inclusion in financing. Special attention was given to the role of green-tech startups and sustainability initiatives, ensuring ISSF 2.0's design aligns with Jordan's Economic Modernization Vision (EMV) and broader climate resilience goals. Feedback from these consultations has been incorporated into ISSF 2.0's project design, this Stakeholder Engagement Plan (SEP), and governance framework.

4.2. Summary of project stakeholder needs and methods, tools, and techniques for stakeholder engagement

As stated in the table below, different engagement methods are proposed to cover stakeholder needs. Engagement methods include face-to-face and virtual meetings, focus group discussions, community consultations, formal meetings, online Feedback with comments, etc.

4.3. Stakeholder engagement plan

Project Stage	Estimated Date/Time Period	Topic of Consultation/ Message	Method Used	Target Stakeholders	Responsibilities
Project Preparation (before Appraisal)	*Before Appraisal (February 2025)*	*Project Design*	- A mix of face-to-face and virtual meetings, emails, phone calls - Disclosure of E&S instruments on the websites of MOPIC, and WB	Implementing agencies Other Government Officials Potential project beneficiaries Investors Civil society Organizations (CSOs) Development Partners Higher Council for People with disability (HCD)	MOPIC ISSF WB
Project Implementation	*During planning, design, and prior to activities' implementation. Also, during*	*Brief about Project design* *- Brief on planned project's activities* *- Selection criteria of beneficiaries*	- Provide a phone number for stakeholders to raise feedback and concerns verbally. - Display grievance channels and contact details at known sites for stakeholders to convey concerns, complaints, and opinions. - Organize consultation meetings during activity	All stakeholders	MOPIC ISSF

implement ation.	*- Potential risks associated with the envisaged activities* *- Grievance Mechanism* *- procedures, uptake channels and contact details*	implementation for stakeholders to discuss feedback and raise concerns, which will be recorded and documented. - Hold consultation meetings at accessible venues close to impacted communities. - Communicate advance notice for upcoming consultation meetings via appropriate methods (e.g., ISSF website, social media). - Document consultation meetings through minutes.		
Project Closure	*End of operation (closure)*	*Achievements*	Final project completion report - Feedback with comments option will be available to the public and stakeholders on websites and social media pages where they can their feedback they have. - Contact email and telephone number will be available to receive any feedback, comments and opinions on the disclosed documents.	All stakeholders	MOPIC ISSF

Information will be disclosed as follows: SEP; relevant E&S documents; Grievance Mechanism (GM) procedures; project orientation; regular updates on project developments; via social media platforms, project website, information leaflets and brochures. The information will be disclosed in both the Arabic and English languages.

Information Disclosure Plan:

Stage	Information to be disclosed	Stakeholder group	Methods
Project Preparation (before Appraisal)	All Stakeholders	Project Information Document (PID): Project' objectives and design.	*MOPIC website* *ISSF* *World Bank website,* *before appraisal*

		- Stakeholder Engagement Plan (SEP)- sets out the timing and methods of consultation and information disclosure. Describes the project's Grievance Mechanism - Environmental and Social Commitment Plan (ESCP)- Sets out the E&S requirements to be carried out by the borrower.	*(March 2025)*
Implementation	All Stakeholders	Project Appraisal Document (PAD) specifies: - types of funding and support to be available through the project - Investment in and support to Startups (green-tech, women, and youth led) - Project beneficiaries - Fund selection and Investment Process	*PAD will be disclosed on World Bank website and ESF documents to be available on MOPIC and ISSF after project launch.*
	Project affected people	- Investment in and support to Startups (green-tech, women, and youth led) - Project beneficiaries - Grievance Mechanism - Project's progress details - Coordination issues	*Project details, progress reports to be available on ISFF* *Grievance Mechanism (GM) will be accessible through MOPIC and ISSF websites*
	Vulnerable Groups	- Types of support offered by the project and requirements - Technical assistance available through the project - Plans to support other vulnerable groups. - Grievance Mechanism	PAD will be available on World Bank website only and safeguards documents to be available on MOPIC website after project launch. - Social media - Other printed materials with project information in accessible formats - Public meetings/FGDs
	Mass Media	- Project's highlights and success stories	*MOPIC, ISSF* *Social Media* *Press releases*
Project Closure	All Stakeholders	Project's achievements	*- Final evaluation report to be available on MOPIC and ISSF* *Public seminar to be organized at the end of*

					the project with all stakeholders

4.4. Reporting back to stakeholders

Stakeholders will be kept informed as the project develops, including reporting on project environmental and social performance and implementation of the stakeholder engagement plan and Grievance Mechanism, and on the project's overall implementation progress.

5. Resources and Responsibilities for implementing stakeholder engagement activities

5.1. Resources

The PMU in ISSF will be in charge of stakeholder engagement activities under the project.

The budget for the SEP is 50,000 USD and is included in the Component 3 of the project. Detailed budget breakdown is provided below.

Budget Category	Quantity	Unit Costs	Times/Years	Total Costs	Remarks
1. Events (meetings, focus groups, etc.)	Lumpsum	500	Annual	5000	
2. Communication campaigns					
2a. posters, flyers	Lumpsum	5000	Annually	5000	
2b. Social media campaign	Lumpsum	5000	Annually	5000	
3. Trainings					
Deliver trainings in accordance with the ESCP documents as follows: (Unit = Day): 1. Stakeholder Mapping and Engagement 2. Grievance Redress Mechanism (GM) 3. Gender and Inclusion (disability and others) 4. Gender-Based Violence, Sexual Exploitation and Abuse, and Code of Conduct 5. Conducting Environmental and Social assessment 6. Effective operation of the Grievance Mechanism (for community and workers) 7. Orientation & periodic training on the World Bank ESF and its	25	1000	Year 1 & 3	25,000	

Implementation and supervision requirements related to the IPF. 8. Community Health and Safety 9. Occupational Health and Safety 10. Emergency Preparedness and Response					
4. Beneficiary surveys					
4a. mid-project perception survey	*1*	*5,000*	*Year 3*	*10,000*	
4b. end-of-project perception survey	*1*	*5,000*	*Year 4*	*10,000*	
TOTAL STAKEHOLDER ENGAGEMENT BUDGET:				$50,000	

5.2. Management functions and responsibilities

The entities responsible for carrying out stakeholder engagement activities are the MOPIC and ISSF.

The stakeholder engagement activities will be documented through annual reports on the SEP implementation progress.

6. Grievance Mechanism

The main objective of a GM is to assist to resolve complaints and grievances in a timely, effective, and efficient manner that satisfies all parties involved. The ISSF has also developed several uptake channels as described below. It will also develop clear GM Procedures under the projects which will also cover Sexual Exploitation and Abuse/Harassment (SEA/SH).

6.1. Description of GM

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Step	Description of Process	Time Frame	Responsibility
GM implementation structure	The GM function is under the responsibility of the Legal and Compliance Officer in ISSF. The Compliance Officer reports directly to the Director General of ISSF.	Immediate/existing	Senior Legal and Compliance Officer

Step	Description of Process	Time Frame	Responsibility
	The GM is publicly accessible, especially to any individual or entity directly or indirectly affected by the activities of the company. It was designed to respond to and address all types of complaints, including but not limited to: • Social and Environmental concerns related to an ISSF-supported business. • Labor practices of an ISSF-supported business. • Unfair business dealings by an ISSF-supported business. • Concerns about the exclusion of qualified applicants from ISSF programs. A GM Brochure to publicize the existing system was also developed under the current project and will be distributed to all portfolio funds, portfolio companies, Deal Flow beneficiaries and it will be published on the ISSF website and social media mediums. The GM brochure is in both Arabic and English.		
Grievance uptake	Grievances can be submitted via the following channels: • Phone : 06-4636332 • E-mail: Complaints@issfjo.com. • Online complaints: Complaints - الصندوق الأردني للريادة. • Social media pages such as Instagram ISSF Jordan), Facebook (ISSF JO), and X (ISSFJO) could also be used for complaints. • Letter to Grievance focal points at local facilities • Walk-ins may register a complaint in a grievance logbook at ISSF headquarters		Senior Legal and Compliance Officer
Sorting, processing	Any complaint received is forwarded to the Compliance Function, registered in GM log (Excel sheet), and categorized according to the following complaint types: Component A/Component B (for existing ISSF project)	Upon receipt of complaint	Senior Legal and Compliance Officer
Acknowledgment and follow-up	Receipt of the grievance is acknowledged to the complainant by Compliance Function	Within 2 days of receipt	Senior Legal and Compliance Officer

Step	Description of Process	Time Frame	Responsibility
Verification, investigation, action	Investigation of the complaint is led by Compliance Function. A proposed resolution is formulated by Compliance Function, approved by ISSF management and communicated to the complainant by either email, phone call or SMS.	Within 10 working days	Compliance Function, Senior Management and in the event it is required, the Compliance Committee will be informed. Members to be appointed in due course.
Monitoring and evaluation	Data on complaints are collected in a GRM log and reported to stakeholders annually and semi-annually	Annually and Semi-annually	Compliance Function
Provision of feedback	Feedback from complainants regarding their satisfaction with complaint resolution is collected via email and/or phone call and documented by Compliance Function.	Based on channel through which the complaint was received	
Training	Training needs for staff/consultants in the ISSF, Contractors, and Supervision Consultants are as follows: - GM general training in accordance with World Bank requirements - GM reporting on complaints related to the project - AML Certificate – Compliance Department - ESG Certificate – Compliance Department - CAMS – Compliance Department	To be decided	ISSF

Escalation:

The GM will provide an appeal process if the complainant is not satisfied with the proposed resolution of the complaint. Once all possible means to resolve the complaint have been proposed and if the complainant is still unsatisfied, they should be advised of their right to legal recourse.

When relevant, the project will have other measures in place to handle sensitive and confidential complaints, including those related to Sexual Exploitation and Abuse/Harassment (SEA/SH) in line with the World Bank ESF Good Practice Note on SEA/SH.

The PMU in ISSF will oversee the GM for workers under the project. The PMU will establish clear procedures for handling and managing complaints stemming from workers and working conditions under the project. The GM for workers within ISSF is directly managed by the HR department. There are clear procedures for lodging a complaint and is accessible by all workers. They possess a dedicated committee tasked with addressing workers complaints.

7. Monitoring and Reporting

7.1. Summary of how SEP implementation will be monitored and reported

The SEP will be revised and updated as necessary in the course of project implementation in order to ensure that the information presented herein is consistent and is the most recent, and that the identified methods of engagement remain appropriate and effective in relation to the project context and specific phases of the development. Any major changes to the project related activities and to its schedule will be duly reflected in the SEP.

For reporting:

- The PMU in ISSF will have a central GM Focal Point (FP) within the Compliance Function to oversee the operation of the GM of the project
- The PMU will provide feedback to MOPIC, the World Bank and stakeholders.
- The PMU/ISSF will also keep monitoring the related complaints that will be received through different modalities, and this will allow for getting feedback from various parties, including beneficiaries and vulnerable groups.

The results of the stakeholder engagement process will be included in the Project Progress and Monitoring Reports (and SEP updates as needed). The monitoring reports will include the following information:

- Venue, time, and date of any public consultation meetings that have been undertaken.
- Issues and concerns raised during the consultative meetings.
- A list of the number and types of grievances raised in the reporting period and the number of resolved and/or outstanding grievances.
- Information on how the issues raised during the meetings and through grievances were/will be taken into consideration during the Project implementation (construction) Phase.
- Stakeholder engagement activities conducted by the implementing agencies, such as awareness campaigns, outreach activities with civil society organizations (a list of these CDOs should be established), etc.
- Stakeholder engagement activities by the other IAs, if relevant (at the PforR level).
- Number of all stakeholder engagement activities conducted during the reporting period.

The Reports will also include a summary of implemented corrective measures meant to address the grievances.

a. **Formal Meetings:** All formal meetings, which are scheduled through the stakeholder engagement team will be documented and minutes taken. Minutes will be captured in English and Arabic by team members engaged. Attendance registers / form will be maintained in appropriate formats.

b. **Attendance Register / Form:** A Stakeholders registers / form will be used to track the Consultation and Disclosure process. Specific stakeholder engagement actions will then be tracked in the registers / form, which contains the list of all stakeholders identified, under what category they fall, their importance to the project in terms of how they can influence or be influenced by the Project. Demographic information, including gender, area of residence, disability, and age, will be gathered.

c. **Record Keeping:** A master database will be maintained by the ministry to record and track management of all comments and grievances, and independently audited. This will serve to help monitor and improve performance of the Comment Response and, Grievance Mechanism. This database will be continued throughout all phases of the Project.

7.2. Reporting back to stakeholder groups

The SEP will be periodically revised and updated as necessary in the course of project implementation. Bi-annual summaries and internal reports on public grievances, enquiries, and related incidents, together with the status of implementation of associated corrective/preventive actions, will be collated by responsible staff and referred to the senior management of the project. The annual summaries will provide a mechanism for assessing both the number and nature of complaints and requests for information, along with the Project's ability to address those in a timely and effective manner. Information on public engagement activities undertaken by the Project during the year may be conveyed to the stakeholders in various ways, including formal meetings, awareness sessions, consultation sessions on specific topics, etc.

Endnotes