

INTERNATIONAL FINANCE CORPORATION

**MANAGEMENT
PROGRESS REPORT
ON**

**IMPLEMENTATION OF THE
MANAGEMENT ACTION PLAN
FOR**

**MASDAR BAYNOUNA
JORDAN – MIDDLE EAST
(PROJECT No. 39339)**

April 8, 2026

INTRODUCTION

1. This Management Progress Report (Progress Report) reports on IFC's implementation of the Management Action Plan (MAP) in response to the Compliance Advisor Ombudsman (CAO) Compliance Investigation Report concerning IFC's investment in Masdar Baynouna in Jordan (Project No. 39339).
2. In October 2018, IFC financed, together with other investors, the development, construction, and operation and maintenance of a 200-megawatt (MW) greenfield solar photovoltaic (PV) plant (the Project) operated by Masdar Solar Baynouna Solar Energy Company (Baynouna or the Company).
3. In February 2020, a local community member, acting on behalf of himself and 66 others (collectively, the Complainants), filed a complaint with the CAO regarding the Project. The complaint raised three key concerns related to the Project for the Al Balqa Bedouin tribal communities: (i) non-compliance with environmental and social (E&S) regulatory requirements; (ii) threats and reprisals against certain Complainants; and (iii) limited economic opportunities for community members.
4. The Complainants and the Company agreed to participate in a CAO-led dispute resolution process. Despite these efforts, a final agreement was not reached. A compliance appraisal was completed in May 2022, and the CAO Compliance Investigation Report was released in October 2024.
5. The investigation found that IFC failed to comply with its Sustainability Framework, leading to harm for local communities, particularly Bedouin herders and Al Balqa tribal groups. The CAO findings indicated that IFC did not collect the necessary social baseline data, assess traditional land use and rights, or sufficiently consult with affected communities. Moreover, CAO indicated that IFC did not require the Company to develop a Stakeholder Engagement Plan or effectively address grievances. CAO therefore recommended IFC to work with the Company to conduct a supplementary Social Impact Assessment (SIA) and develop adequate mitigation measures to address any identified impacts.
6. On April 8, 2025, IFC's Board approved the Management Action Plan (MAP) proposed as part of its Management Report (February 1, 2025) responding to the CAO recommendations. This Progress Report provides an update on IFC's implementation of the MAP.

MAP IMPLEMENTATION STATUS

7. The MAP comprises a sequential set of project-level actions addressing project-level recommendations, and one systemic action addressing systemic-level recommendations. Implementation began immediately following IFC Board approval of the MAP.
8. The systemic action involves strengthening IFC's internal pre-Board guidance and controls so that investment activities meet the relevant Performance Standards (PS) within a reasonable timeframe. Drawing on this and similar recommendations from other CAO cases, IFC updated its Environmental and Social Review Procedure (ESRP) in January 2025, in consultation with the CAO. IFC understands that the CAO considers these changes satisfactory, and therefore regards this action as completed. No additional steps have been required for this action since the MAP implementation began immediately following IFC Board approval.
9. The project-level actions are sequential and depend on the outcome of the first action, which is to conduct a supplementary SIA. Depending on the outcomes of the SIA, the Company may be required to (ii) develop a Livelihood Restoration Plan (LRP), and (iii) update the Stakeholder Engagement Plan (SEP) and strengthen the project's Grievance Mechanism (GM). Development of

the supplementary SIA is underway, and the remainder of this Progress Report will report on its progress.

10. The main objectives of the SIA are to: (i) establish definitive information on Project-Affected Persons (PAP) and other project stakeholders; and (ii) where necessary, identify adequate and feasible mitigation measures to address project impacts in alignment with applicable PS requirements. The SIA will determine whether and how the following MAP actions should be undertaken as part of the mitigation measures it identifies.
11. Between April and July 2025, the Company, in collaboration with Masdar (the Sponsor), engaged in extensive deliberations on both the wording of the Terms of Reference (TOR) for the SIA and the identification and selection process for potential consultants, with the understanding that the assignment should be undertaken by a combination of local and international expertise. Securing the appropriate skill set required additional time and effort. Subsequently, the Company and Masdar issued a request for proposal to conduct the SIA, to which four consulting firms responded. By August/September, a preferred consulting firm had been identified; however, the process was further delayed pending senior management review and approval. Throughout this period, IFC maintained regular follow-up, but the client indicated that final clearance from the Sponsor's CEO was required for both the consultant selection and contract execution. In October 2025, Baynouna confirmed the selection of a consortium comprising international and Jordanian consulting firms (the Consultant), with the contract formally signed in November 2025.
12. **Communication protocol:** A kick-off meeting with Baynouna, Masdar, the Consultant, and IFC was held in mid-November, resulting in further refinement of the Consultant's proposed methodology and approach. Bi-weekly progress meetings are ongoing among all parties.
13. **Initial engagement with the Complainants:** Two meetings were held in December 2025 and January 2026, involving IFC, Baynouna, and the Consultant. The Consultant held introductory meetings with the Complainants to explain the planned SIA process. Delays occurred in identifying appropriate representatives and establishing contact, as many of the original Complainants have relocated and are no longer reachable. In addition, given the seasonality of the herders passing through the project area of influence, it has also required time to develop a methodology to encompass these stakeholders.
14. **Work plan preparation (ongoing):** The Consultant is developing a work plan to define the project Area of Influence (AOI), identify Project-Affected Persons (PAPs) and other stakeholders, and prepare baseline survey data collection. This has included initial consultations with Baynouna and selected Community Based Organizations (CBO), and a site visit.
15. **Next steps:**
 - Primary data collection will be conducted in April-May 2026 in alignment with the agricultural cycle.
 - Following the data collection, the Consultant will assess social risks and impacts from past, current, and future project activities. Draft SIA results will be shared with key stakeholders, and their input will be incorporated into the final SIA.
 - The SIA's findings will guide mitigation measures, including updates to the Stakeholder Engagement Plan (SEP) and project Grievance Mechanism (GM) under subsequent MAP actions.

CONCLUSION

16. IFC has taken meaningful steps toward implementing the MAP in response to the CAO Compliance Investigation Report on the Masdar Baynouna solar project. The systemic action—updating IFC’s Environmental and Social Review Procedure (ESRP)—has been completed, strengthening IFC’s internal controls and guidance to ensure timely compliance with Performance Standards.
17. At the project level, implementation is progressing with the supplementary SIA, designed to identify project-affected persons, assess impacts, and guide mitigation measures. While initial engagement with stakeholders faced delays due to relocation of complainants and seasonal movements of herders, the process is now underway, with primary data collection scheduled for April–May 2026. The SIA’s outcomes will inform subsequent actions, including the Livelihood Restoration Plan and updates to the Stakeholder Engagement Plan and Grievance Mechanism.
18. Overall, IFC’s progress reflects a commitment to addressing identified shortcomings, improving stakeholder engagement, and strengthening its capacity to manage environmental and social risks in current and future projects.
19. MAP implementation has progressed steadily since Board approval in April 2025. As noted, there have been some delays stemming mainly from procurement and review procedures, and difficulties in contacting Complainants for initial consultations.

UPDATE ON MAP IMPLEMENTATION ACTIONS

PROJECT-LEVEL RECOMMENDATIONS/ACTIONS					
CAO RECOMMENDATION	ACTION/ACTIVITY	RESPONSIBLE ENTITY	DELIVERABLES / TIMELINE	STATUS	SUMMARY OF IMPLEMENTATION
Recommendation 1a					
Work with the client to conduct a SIA that includes an ethnographic assessment of Al Balqa tribes' and herders' customary land ownership and land use. The assessment should include: (i) consultations with herders and tribal members who claim ownership of the Qa'fur area where the project is located; (ii) a vulnerability assessment; and (iii) a study of customary usage rights and uses of the land occupied by the project, covering at least a period of five years prior to the fencing. The assessment's outcome should inform the development of adequate mitigation measures that address the impacts identified, including appropriate compensation for the loss of customary land rights under IFC PS5 and, if applicable, PS7 requirements. In consultation with the affected Al Balqa herders, culturally appropriate and sustainable development benefits should be developed, in line with the applicable PS requirements.	The Company, with IFC support, will conduct a supplementary SIA. The objectives of the SIA will be to: (i) provide conclusive information on Project Affected People (PAPs); and (ii) as needed, identify adequate and feasible mitigation measures aligned with applicable PS requirements. IFC will disclose the results of the SIA on its disclosure portal after redacting confidential and sensitive information. The SIA will not consider the application of PS7 (see response to 1b). The outcomes of the SIA will determine actions 1c and 1d below.	Company, with IFC support	Supplementary SIA <i>Note: timing dependent on agricultural cycle, although estimated to be May 2026</i>	In progress	IFC is still working with the Company on the supplementary SIA. The consultant, contracted by the Company in November 2025, is finalizing the SIA work plan and scheduling site visits and stakeholder interviews. The SIA schedule depends on the completion of the work plan and alignment with the agricultural cycle, with fieldwork planned for April–May 2026.
Recommendation 1b					
If the SIA determines that PS7 applies to the project, IFC should work with the client and a PS7 regional expert to establish an Indigenous Peoples Plan for the ongoing project in line with the PS7 requirements, including a PS7-compliant stakeholder benefits-sharing approach.	IFC finds that its determination of PS7 applicability followed the correct process and that its conclusions were consistent with WBG precedent in Jordan. No further actions are proposed.	n/a	n/a	n/a	n/a

Recommendation 1c					
<p>Work with the client and a PS5 regional expert to develop a Livelihoods Restoration Plan (LRP) in line with PS5 requirements. The plan should be developed in close engagement with the Bedouin herders, those who plowed the land and planted barley, and the Al Balqa should their customary usage rights be confirmed in point 1a above. In that case, the LRP should also meet the land-related requirements of PS7 (paragraphs 13-14). IFC should work with the client to procure the services of qualified experts to implement the LRP, monitor implementation, and conduct a livelihood restoration completion audit. As part of the LRP, the client may consider mitigation measures to reduce and offset the loss of fodder growing on the 6.3 km² of project land before it was fenced. Examples may include assessing the feasibility to produce fodder on the 2 km² that is not occupied by solar panels, harvesting the grass that grows naturally under the solar panels, or allowing controlled access to herders to graze their livestock on the naturally growing grass under the panels. Because approximately 4 km² of the land that is not fenced remains unused by the project, IFC should consider advising its client to relinquish its lease rights over this land, perhaps at least until a plan for future use is clear. The compensation paid to the three herders should be assessed to determine whether it met PS5 requirements for loss of assets at full replacement cost, including compensation for the standing barley that was not allowed to be harvested after the area was fenced. Informed by the outcome</p>	<p>If the SIA finds past / ongoing economic displacement as a result of the Project, the Company will conduct and implement an IFC PS5-compliant LRP as part of adequate and feasible mitigation measures. IFC will review the LRP, monitor its implementation as part of its regular project supervision, and support the Company to undertake an external completion audit. IFC will disclose the LRP on its disclosure portal after redacting confidential and sensitive information.</p> <p>The Company, with support from IFC, will evaluate the compensation provided to the three herders whose grievances were resolved via the Grievance Mechanism (GM). Based on the SIA findings and livelihood restoration-related mitigation measures, and the specifics of the respective cases, the Company will determine whether additional compensation is warranted. IFC will review the outcome of this process as part of its regular project supervision.</p>	<p>Company, with IFC support</p>	<ol style="list-style-type: none"> 1. LRP developed six months after finalizing the SIA, followed by LRP Implementation and Post-implementation report 2. Evaluation Report of Grievance Resolution including corrective actions as needed, six months after completing the SIA. 	<p>Pending</p>	<p>Implementation of this action will start based on the outcomes of the supplementary SIA.</p>

of 1a above, adequate livelihood restoration measures should be provided to the three herders.					
Recommendation 1d					
Work with the company to develop adequate stakeholder identification and analysis, with inputs from the above SIA and an ethnographic assessment. IFC should ensure the outcomes of this process are reflected in the project Stakeholder Engagement Plan (SEP) and GM.	Based on the results of the SIA under recommendation 1a above, the company will expand the existing SEP to include any newly identified stakeholder groups. A review of the GM will be conducted and recommendations made to make improvements to provide an effectively functioning GM. The company will include the improved GM as part of the updated SEP. The company will implement (retroactively) any needed additional grievance management / revised resolutions that are identified. IFC will review the updated GM and SEP as part of its regular project supervision activities.	Company with IFC support	<ol style="list-style-type: none"> 1. SEP, including any revisions to SEP and GM six months after completing the SIA. 2. Audit Report of GM six months after completing the SIA. 	Pending	Implementation of this action will start based on the outcomes of the supplementary SIA.

SYSTEMIC-LEVEL RECOMMENDATIONS /ACTIONS

CAO Recommendation	Completed Action	Deliverable
<p>Recommendation 2: In line with the findings of other recent CAO investigations, strengthen internal guidance and controls within IFC Management to ensure that, prior to Board approval, all significant potential and known environmental and social (E&S) risks and impacts of an investment and their proposed mitigation measures are identified and fully analyzed by IFC to determine that the investment activities will meet relevant Performance Standards within a reasonable period of time. While the Sustainability Policy does not explicitly require IFC to review a complete and robust ESIA or other appropriate environmental and social analytical tools prior to Board approval, such a review is necessary for IFC to deliver on its obligations under the Sustainability Policy. ESIA's and other related analytical instruments were developed to make informed decision making. Their importance has long since been recognized as key to helping financial and other institutions ensure that the projects they support consider the environmental and social impacts and risks as early as possible, in order to effectively avoid, reduce, or compensate for those effects. IFC should include in its guidance to staff explicit expectations regarding the responsibility of project teams to review ESIA's and other related instruments to ensure that they are fit for purpose and effectively inform IFC's due diligence, monitoring, and supervision. Having such internal guidance and controls in place will also strengthen IFC's leverage to ensure client conformance with relevant Performance Standards through loan</p>	<p>According to IFC's Environmental and Social Sustainability Policy, IFC integrates E&S due diligence (ESDD) into its overall investment review process and presents it to the Board of Directors when the investment activity is presented for approval (paragraph 21 of the Sustainability Policy). IFC will only finance investment activities that are expected to meet the requirements of the PSs within a reasonable period of time (paragraph 22). The section on ESDD (paragraphs 20 – 25) provides a clear description of the process, which includes a thorough assessment of the E&S risks and impacts of the proposed investment before it is presented to the Board.</p> <p>In relation to the Company's E&S assessments, IFC PS1 (2012) defines company requirements to establish and maintain a process for identifying the E&S risks and impacts of the project (paragraphs 7-12 of PS1). Relevant project-related documents and information (or "analytical instruments") available at the time of the ESDD are reviewed. However, it is important to note that not all projects include stand-alone ESIA's. IFC reviews a range of E&S-related information to identify the E&S risks and impacts associated with the project prior to Board approval.</p> <p>The Environmental and Social Review Procedure (ESRP) outlines the E&S requirements and processes for Board approval. It provides clear guidance to E&S specialists on the project information that must be reviewed prior to Board approval. This includes explicit expectations and responsibilities for reviewing ESIA's and other related E&S assessment documents to ensure they are fit for purpose and effectively inform IFC's appraisal process.</p> <p>In addition, the Access to Information Policy requires IFC to disclose E&S information including any relevant E&S assessments once IFC is assured that the company is expected to undertake the project in a manner consistent with the PSs. IFC's current policies and procedures address the legacy issues identified by the CAO in the context of its investigation. On the basis of this and similar recommendations that CAO has made in recent CAO cases, IFC has consulted the CAO on the ESRP update since July 2024. As a result of these consultations, a new paragraph was included in the most recent ESRP update of January 2025, which clearly identifies responsibilities and internal controls to timely identify and review relevant information and inform the Board accordingly. In addition, language was included in the ESRP regarding structuring of the ESAP and E&S</p>	<p>COMPLETED 2012 Sustainability Policy 2012 Performance Standard 1 2012 Access to Information Policy 2024 ESRP</p>

covenants, the project ESAP, and other relevant means.	conditions in the legal agreement. IFC understands that these changes reflect improvements to the satisfaction of the CAO. Therefore, no further actions are proposed in response to CAO's systemic-level recommendations.	
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DISCLAIMER

The IFC Management Progress Report is provided in response to the Investigation Report of the Office of the Compliance Advisor Ombudsman (CAO) relating to complaints of alleged non-compliance by IFC with its Policy on Environmental and Social Sustainability in a project supported by IFC finance or investment.

The CAO administers IFC's accountability mechanism in order to address complaints by people affected by IFC supported projects. As noted in paragraph 9 of the IFC/MIGA Independent Accountability Mechanism (CAO) Policy, CAO has no authority with respect to judicial processes. CAO is not a judicial or legal enforcement mechanism, nor is CAO a substitute for courts or regulatory processes, and CAO's analyses, conclusions, and reports are not intended or designed to be used in judicial or regulatory proceedings or for purposes of attributing legal fault or liability.

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