



Capacity building for the development of economic and financial instruments and incentives to promote circular and green economy and SCP in Jordan

Expert Facility Activity No: EFH-JO-3

Task 1: Inception Report

SWIM and Horizon2020 Support Mechanism

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THE SWIM AND H2020 SUPPORT MECHANISM PROJECT (2016-2019)

The SWIM-H2020 SM is a Regional Technical Support Program that includes the following Partner Countries (PCs): Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, [Syria] and Tunisia. However, in order to ensure the coherence and effectiveness of Union financing or to foster regional co-operation, eligibility of specific actions will be extended to the Western Balkan countries (Albania, Bosnia Herzegovina and Montenegro), Turkey and Mauritania. The Program is funded by the European Neighborhood Instrument (ENI) South/Environment. It ensures the continuation of EU's regional support to ENP South countries in the fields of water management, marine pollution prevention and adds value to other important EU-funded regional programs in related fields, in particular the SWITCH-Med program, and the Clima South program, as well as to projects under the EU bilateral programming, where environment and water are identified as priority sectors for the EU co-operation. It complements and provides operational partnerships and links with the projects labelled by the Union for the Mediterranean, project preparation facilities in particular MESHIP phase II and with the next phase of the ENPI-SEIS project on environmental information systems, whereas its work plan will be coherent with, and supportive of, the Barcelona Convention and its Mediterranean Action Plan.

The overall objective of the Program is to contribute to reduced marine pollution and a more sustainable use of scarce water resources. The Technical Assistance services are grouped in 6 work packages: WP1. Expert facility, WP2. Peer-to-peer experience sharing and dialogue, WP3. Training activities, WP4. Communication and visibility, WP5. Capitalizing the lessons learnt, good practices and success stories and WP6. Support activities.



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The section on the analyses of policy gaps/ reforms for establishing green financial instruments/ incentives in Jordan, has been based on the invaluable contribution of different stakeholders during the conducted meetings and workshops.

Disclaimer:

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ABBREVIATIONS

AFD	Agence Francaise de Développement
ASEZA	Aqaba Special Economic Zone Authority
CBO's	Community Based Organizations
CIFs	Climate Investment Funds
CTF	Clean Technology Fund
EBRD	European Bank for Reconstruction and Development
EDP	Executive Development Program
EE	Energy Efficiency
EIB	European Investment Bank
GAM	Greater Amman Municipality
GCF	Green Climate Fund
GEEREF	Global Energy Efficiency and Renewable Energy Fund
GGGI	Global Green Growth Institute
IFC	International Finance Corporation
INDC	Intended Nationally Determined Contributions
IRENA	International Renewable Energy Agency
JEF	Jordan Environment Fund
JREEEF	Jordan Renewable Energy and Energy Efficiency Fund
KfW	Kreditanstalt für Wiederaufbau, German government-owned development Bank
MEMR	Ministry of Energy and Mineral Resources
MENA	Middle East and North Africa
MOPIC	Ministry of Planning and International Cooperation
RE	Renewable Energy
SDGs	Sustainable Development Goals
SCP	Sustainable Consumption and Production
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WBG	The World Bank Group



EXECUTIVE SUMMARY

Best seen at policy level; Jordan has been advancing in adopting more sustainable approaches to sustainable consumption and production and green growth. The National Green Growth Plan and the National Strategy and Action Plan for Sustainable Consumption and Production in Jordan 2016 – 2025, both set forth ambitious targets to be achieved by a diversified pool of actors and stakeholders.

Access to green finance remains a challenge to green growth and sustainable consumption and production, despite the remarkable efforts that the Government of Jordan has perused. This challenge is coupled with a sluggish economy, which has been slowing down over the past few years, a stressed labor market, an unprecedented refugee influx and most importantly, the scarce natural resources with high dependency on imported oil and extreme water poverty conditions.

Green finance poses a great opportunity for Jordan to help both, the public and the private sectors, advance more steadily towards greener developments and more sustainable consumption and production cycles and behaviors. Several successful projects in Jordan could be drawn as success stories in this regard.

Green finance sources include different financial tools offered by various actors, including: National Development Agencies, Multilateral Development Banks, Private Sector Actors and other national schemes. Each group of actors sets objectives for their financing mechanisms and tools.

Legislative and institutional reforms can help Jordan create an enabling environment for green financing. These gaps are listed under Legislative Framework and Institutional Framework.

Gaps and reforms within the legislative framework include: (1) Creating synergies among the different available plans and strategy tools; (2) Alignment and embedding of the National Green Growth Plan and the Sustainable Consumption and production plan within the currently followed EDPs, (3) The need for a unified monitoring and evaluation system to be monitored at central level and accessed at local level; (4) A clear project management process is lacking; (5) Green public procurement policy is key to green growth and SCP, and yet remain mission; and (6) The space for public innovation in financing remains limited in Jordan within the public sector.

Gaps and reforms within the institutional framework include: (1) Lack of clarity of the Institutional functional assignments, within the public sector and in terms of access to green financing; (2) Institutional capacity level on green finance is questionable; (3) Institutional awareness building and enhancement is a must; (4) Private sector involvement remains absent; (5) Public innovation centres, think tanks or city labs do not exist; and (6) the clear need for improved public communication and raising awareness regarding related issues.



Moving forward, five items were identified to improve access to green financing and accelerate the development within the green growth and the sustainable consumption and production domains, these items are:

- Conducting further capacity enhancement activities
- Establishing green public private dialogue
- Piloting green growth & SCP successes within public institutions
- Engaging communities
- Greening operations

Actions to achieve each of these items are laid out for the Jordan Ministry of Environment who has and will hopefully continue to be a national and regional pioneer in gearing efforts towards greener and more sustainable achievements.



BACKGROUND INFORMATION

The implementation of this activity, EFH-JO-3 “Capacity building for the development of economic and financial instruments and incentives to promote circular and green economy and SCP in Jordan”, came as part of SWIM and Horizon 2020 Support Mechanism in response to Jordan’s Ministry of Environment request. The activity aimed at strengthening the capacity of the targeted stakeholders so they are more able to identify, develop and promote green investments, overcoming current obstacles, including - but not limited to - finance opportunities and options.

The specific objectives of this activity are:

- To build the capacities of relevant stakeholders so they:
 - have a better understanding of the National Green Growth Plan and the SCP National Action Plan, and how these national plans are directly linked to supporting green investments;
 - can identify green investment opportunities and develop initial concept notes of project proposals.
 - are more able to access available project financing tools/opportunities.
 - have a better understanding of projects financing / funding cycles (donor/agency specific).
 - are able to design/form successful Public Private Integration models.
- To enhance the enabling environment for private sector engagement in the fields of Waste, Transport and Energy Efficiency.

The following expected results are to be achieved by the activity tasks:

- A better enabling environment for the implementation of the Green Growth Plan, the SCP National Action Plan and Jordan’s Environment Protection Fund (Ministry of the Environment).
- Enhanced key stakeholder capacities on circular economy and SCP principles to prevent pollution and to enable the emergence of green jobs, green businesses, and new business models.
- At least two project proposal concept notes are developed with the support of the SWIM-H2020 SM experts that include PPPs.

This report is part of the activity’s deliverables, and it aims at providing an in-depth understanding of green financing in Jordan. It first introduces the local context of green growth and sustainable consumption and production, listing down the key stakeholders for green growth and sustainable consumption and production in Jordan. Then providing an overview of the different green financing sources that can be accessed by the public sector in Jordan, followed by a brief analysis of some gaps/reforms that should be addressed to enable better conditions for access to green finance and ending with some recommended items to move forward.



0.1 INTRODUCTION

Over the past decade, and with the support of the international partners, Jordan has been advancing in adopting more sustainable approaches to sustainable consumption and production and green growth, best seen at policy level.

In 2016, the National Strategy And Action Plan For Sustainable Consumption And Production In Jordan 2016 - 2025 was issued by Jordan Ministry of Environment with the support of SwitchMed¹ and UNEP, which aimed at supporting the implementation of agreed on sustainable consumption and production strategic, operational objectives and actions at national level. The plan addressed three sectors; Agriculture/Food Production, Transport and Waste Management, setting up the transition to a Green Economy and is considered an important tool to prevent pollution and implement some of the Green Growth initiatives in Jordan. It also set priority actions within each of the three sectors and drew a clear link to Jordan Vision 2025 – the National economic and social framework.

In 2017, a National Green Growth Plan for Jordan was prepared the Global Green Growth Institute (GGGI) and published by the Ministry of Environment, which identifies six priority sectors that provide coverage of key green growth issues and opportunities: transport, water, tourism, energy, agriculture and waste. The plan has a clear vision for Jordan as a country with an expanding and sustainable economy that creates jobs, income for its citizens, contributes to achieving social inclusion and is resilient to external shocks and instability in the region. A country that provides decent work and living conditions based on an environmentally sustainable economic growth model. An inter-ministerial Executive Green Growth Committee was formed during the consultation phases of the National Green Growth Plan, which brings together representatives from the different sectors. The committee is still contributing to GGGI's current efforts that to prepare and issue an executive action plan for green growth, compiling priority actions for the 6 sectors and recommendations for implementation.

As for the Sustainable Development Goals (SDGs) and the 2030 Agenda; Jordan has been one of the most active countries within the region in this aspect. SDGs were mainstreamed as part of the National Integrated Development Plans (EDPs), with the Higher National Committee for Sustainable Development being responsible for overseeing the implementation of 2030 Agenda. This Committee has a Coordination Committee with 18 working groups that ensure that all SDGs are addressed while working on the EDPs.

¹ SwitchMed Programme is implemented by the United Nations Industrial Development Organisation (UNIDO) and the United Nations Environment Programme (UNEP), through the Mediterranean Action Plan (MAP) and its Regional Activity Centre for Sustainable Consumption and Production (SCP/RAC) and the Division of Technology, Industry and Economics (DTIE).



Jordan is also a party to the UN Framework Convention on Climate Change (UNFCCC) and is one of the most active and pioneering countries in the region. Jordan has submitted three National Communications on Climate Change (1997, 2009 and 2014). Jordan was amongst the first group of developing countries to join the Kyoto Protocol in 2003 and proactively supported innovation in the carbon markets. Jordan's National Climate Change Policy of 2013 is also the first comprehensive policy in the Arab region and the Middle East. Continuing this leadership, the Government of Jordan has ratified its Nationally Determined Contributions (NDC) under the Paris Agreement in November 2016.

Despite the remarkable efforts, the ambitious plans and targets that the Government of Jordan has perused and/or set to be achieved; access to green finance remains a challenge that, in many cases, is slowing down the implementation of green growth and sustainable consumption and production projects. This challenge is coupled with a sluggish economy, which has been slowing down over the past few years, a stressed labor market, an unprecedented refugee influx and most importantly, the scarce natural resources with high dependency on imported oil and extreme water poverty conditions.

In this context; green finance – defined as *“The financing of public and private green investments (including preparatory and capital costs) in the following areas; -environmental goods and services (such as water management or protection of biodiversity and landscapes); -prevention, minimization and compensation of damages to the environment and to the climate (such as energy efficiency or dams); -the financing of public policies (including operational costs) that encourage the implementation of environmental and environmental-damage mitigation or adaptation projects and initiatives (for example feed-in-tariffs for renewable energies); -components of the financial system that deal specifically with green investments, such as the Green Climate Fund or financial instruments for green investments (e.g. green bonds and structured green funds), including their specific legal, economic and institutional framework conditions”*² [UNDP Definition] presents a great opportunity to seize.

The case for green financing in Jordan has been strongly supported by local and international sources. The 2017 Jordan Economic Monitor, issued by the World Bank, as clearly marked the potential for the “Green Economic Boost” which stated that “Jordan has an opportunity to vitalize green growth and undertake climate action as part of a sustainable solution to addressing Jordan's fiscal, economic and climate vulnerabilities.”³ [World Bank].

Jordan has been working on leveraging various means of green financing in different forms and from different sources. Tapping into official development assistance (ODA), public and private partnerships (PPPs) as well as sub-national, national and global finance.

Although, the country has been faced with major challenges that may have hurdled the green growth and sustainable development actions; nevertheless; the opportunities to advance still seem promising.

² UNDP Glossary: <http://www.sdfinance.undp.org/content/sdfinance/en/home/glossary.html>

³ Jordan Economic Monitor 2017 | The Green Economic Boost

0.2 STAKEHOLDER MAPPING

The pool of stakeholders in the fields of green financing of green growth and sustainable consumption and production in Jordan is widely dispersed. It includes governmental and non-governmental bodies, local and international entities and if we consider the two sides of green financing to be the supply and demand, then generally, stakeholders would be as represented in figure 1.



Figure 1: Green Financing Demand and Supply

For this activity, the target group will be:

- The Green Growth Technical Committee, which is a public body within the MoE that covers the six potential green growth areas.
- Other public bodies of relevance such as the Ministry of Planning and International Cooperation, Ministry of Finance, Ministry of Industry and Trade, Central Bank of Jordan, etc.
- Non state actors: Chambers of commerce and industry, banks (including the Jordanian Banks Association), Energy Saving Companies (ESCOs), environmental NGOs, etc.

Some of the specific key stakeholders are included in Table 1.

Table 1: Green Financing Key Stakeholders in Jordan

Group	Institution	Specific Department (s)
Direct beneficiaries (The Green Growth Technical Committee)	Ministry of Environment	International Cooperation Department Projects Department Environment Fund Green Economy Unit
	Ministry of Agriculture	Projects Department
	Ministry of Transportation	SG Ministry of Transport Land Transport Regulatory Commission



	Ministry of Energy	SG Ministry of Energy Technical Departments Renewable Energy & Energy Efficiency Fund EU TA for MeMR REEE II
	Ministry of Tourism	SG Ministry of Tourism Project Department
	Ministry of Water and irrigation	Water Authority Jordan Valley Authority Projects Department
	Ministry of Municipalities & Rural Affairs	SG Assistant for Municipal Affairs Cities and Villages Development Bank
	Greater Amman Municipality	City Manager Project Management Office PMO
	Aqaba Special Economic Zone Authority	Commissioner Aqaba Development Company ADC
Public bodies of relevance	Ministry of Planning & International Affairs	International Cooperation Department
	Ministry of Finance	SG Assistant for Financial Affairs PPP Unit
	Ministry of Industry & Trade	Representative(s)
	Ministry of Public Sector Development	Representative(s)
	Jordan Investment Commission	Representative(s)
Non state actors	Jordan Chamber of Commerce	Representative(s)
	Jordan Chamber of Industry	Representative(s)
	Central Bank of Jordan	Representative(s)
	Jordanian Banks Association	Representative(s)
	GGGI	Representative(s)
	EDAMA	Representative(s)
	Jordan Green Building Council	Representative(s)
	Environmental Associations Union	Representative(s)
	Tourism Agents Association	Representative(s)



International Bodies	European Union EU	Representative(s)
	UNIDO	Representative(s)
	EBRD	Representative(s)
	World Bank	Representative(s)
	IFC	Representative(s)
	AFD	Representative(s)
	GIZ	Representative(s)
	USAID	Representative(s)
	Friedrich Ebert StifTung	Representative(s)

With a note that the private sector actors are also vital stakeholders in green financing. Specific names of companies were not included from Table 1 and assumed to be represented by the Chambers (Industry and Commerce) and the Unions.



1. GREEN FINANCING OPPORTUNITIES FOR THE PUBLIC SECTOR

Means for green financing have been developed over the years from various organisations supported by various international and national policies and instruments that support the environment; currently including: National Development Agencies, Multilateral Development Banks, Private Sector Actors and other national schemes. Each group of actors in this domain sets objectives for their financing mechanisms and tools.

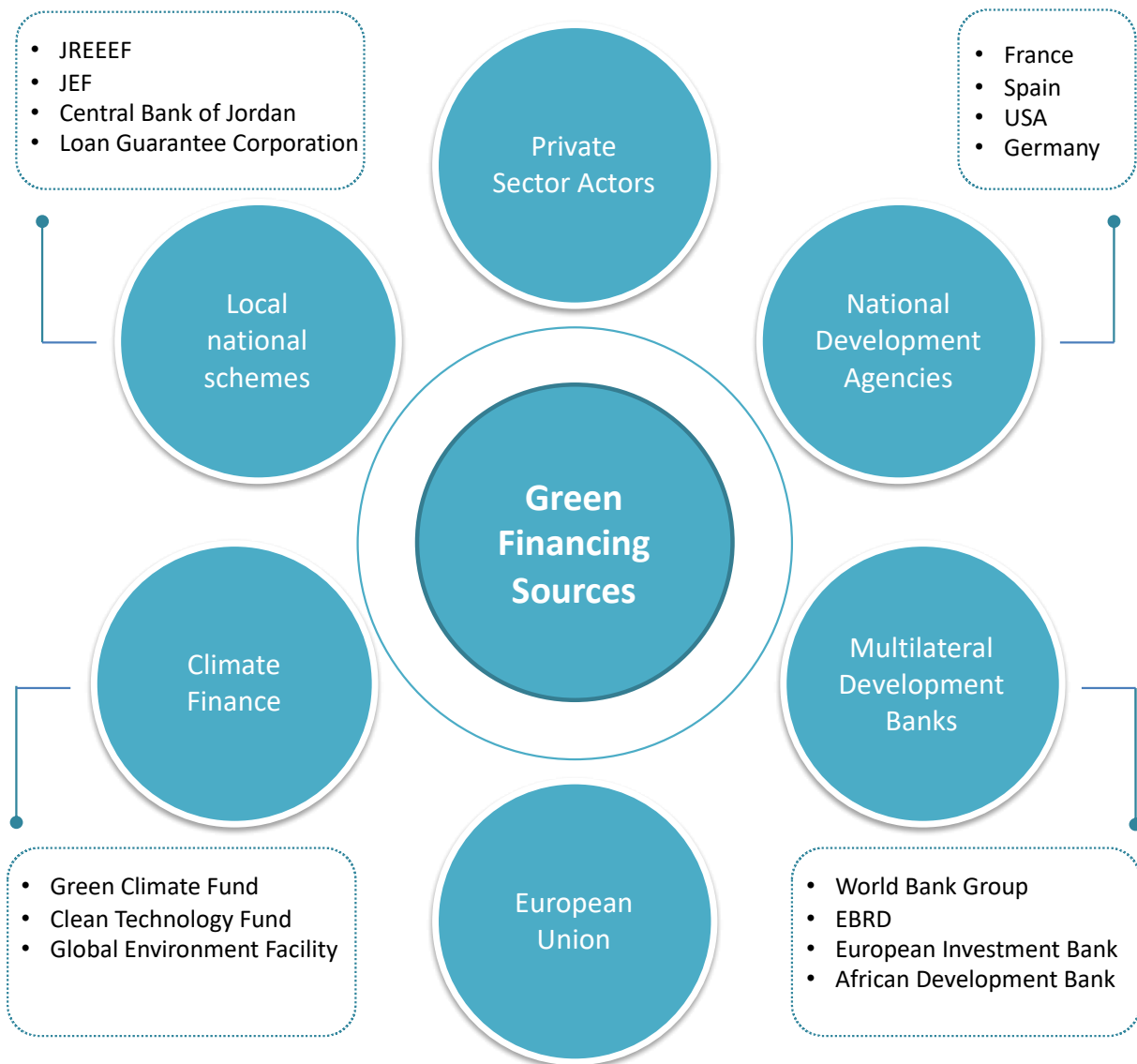


Figure 2: Identification of Green Financing Sources

In this report we will make a distinction between the different sources of green financing, emphasizing the international and regional in addition to the available local sources in Jordan.



1.1 MULTILATERAL DEVELOPMENT BANKS

A **multilateral development bank** (MDB) is an international financial institution chartered by two or more countries for the purpose of encouraging economic **development**⁴. Among the multilateral development banks, there are several institutions that nowadays offer green financing options.

The following sections will describe green financing offered by the following multilateral development banks:

- World Bank Group
- European Bank for Reconstruction and Development
- United Nations Development Programme
- The European Investment Bank

1.1.1 World Bank Group

The World Bank Group is a major actor in sustainable development globally. The group is composed of five agencies⁵, of which two have been the lead lending facilities of the Group in Jordan, namely; World Bank and International Finance Cooperation (IFC).

In its 2012 'Inclusive Green Growth' report, the World Bank Group stressed on the importance of inclusive green growth as means for achieving overall sustainable development highlighting the deficit in available sources for green financing and the supporting mechanisms and policy frameworks, in addition to proposing innovation, institutional and policy reforms as opportunities to enhance overall green growth. As part of the World Bank Group's Climate Change Action Plan, which was adopted in April 2016; the WBG aims to increase the climate-related share of its portfolio from 21% to 28%, up to \$29 billion a year by 2020. This is reflected on five priorities:⁶

- Helping countries integrate climate change into development, achieve their NDCs and set the stage for further ambition;
- Accelerating the energy transition;
- Facilitating the expansion of sustainable infrastructure;
- Boosting the climate resilience of communities, economies and ecosystems;
- Unlocking trillions in climate finance.

⁴ As defined by Investopedia.

https://www.investopedia.com/terms/m/multilateral_development_bank.asp

⁵ World Bank Agencies: International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), International Centre for Settlement of Investment Disputes (ICSID).

⁶ World Bank Climate Strategy: <http://pubdocs.worldbank.org/en/677331460056382875/WBG-Climate-Change-Action-Plan-public-version.pdf>



The World Bank Group currently offers various green financing instruments, as follows:

- **Investment Project Financing** – loans, credits grants and guarantees are provided for governments to finance activities that aim to create physical or social infrastructures necessary to create sustainable development. With special focus on long term infrastructure and agriculture projects in addition to technical assistance and global knowledge sharing programs.
- **Carbon Finance Unit** – a finance unit dedicated for contributing to both, governments and companies to purchase Emissions Reduction Credits within the Kyoto Protocol's Clean Development Mechanism (CDM) or Joint Implementation Mechanism (JIM).
- **Green Bonds** – the World Bank Group this as an innovative financing tool, and sets a specific eligibility criteria for project selection that focus on low-carbon development. As of April 2017, the World Bank had issued a total of 130 green bonds worth over \$10 billion.⁷ As of April 2017, the IFC had issued 77 green bonds worth \$5.8 billion across 12 currencies.⁸
- **Trust Funds and Grants** – contributions are made as part of partnerships among different multilateral institutions, which are seen in the forms of the Global Environment Facility and the Climate Investment Fund.
- **Development Policy Financing** – this tool is utilized by the World Bank Group to contribute to offer credits, grants and budget support for governments to perform policy reforms and enhance overall government performance.

One example from Jordan on the World Bank Group green financing is the concessional lending project for the Jordan Energy and Water Sector Reform which was financed through a Development Policy Loan of \$250 million issued by the International Bank for Reconstruction and Development (IBRD) in 2014. The purpose of the project was to help Jordan diversify its fuel supply for power generation and shift power generation away from heavy fuel oil and diesel to cleaner renewable energy options and through scaling up the development of renewable energy resources and gas-fired generation, increasing efficiency in energy and water.⁹

⁷ <http://treasury.worldbank.org/cmd/htm/WorldBankGreenBonds.html>

⁸

http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/about+ifc_new/ifc+governance/investor+relations/grnb
ond-overvw

⁹ IBRD Program Document for Proposed Loan for Jordan.



1.1.2 European Bank for Reconstruction and Development

The European Bank for Reconstruction and Development (EBRD) is a multilateral development investment bank owned by 65 countries and the EU institutions. It invests mainly in private enterprises, together with commercial partners. The Bank primarily supports countries within its region of operation (from Central Europe to Central Asia and the Southern and Eastern Mediterranean).¹⁰

Since 2006 the EBRD has adopted cross-sectoral strategies: to mainstream across the Bank's operations, and to increase the share of business represented by projects which enhance the efficient use of energy and resources (water, materials) and contribute to the mitigation of and adaptation to climate change. The EBRD released its Green Economy Transition (GET) approach at the end of 2015. The GET approach aims to address the transition gap to increase the level of financing in sustainable resources to some \$4 billion per year which means increasing its green financing to at least 40% of total annual investments by 2020.¹¹

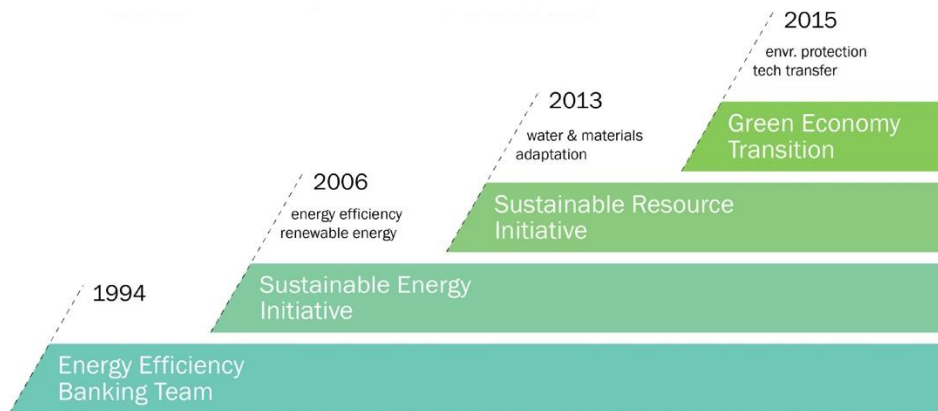


Figure 3: EBRD green financing themes (1994 - present)

EBRD offers a variety of green financing instruments, which are summarized below:

- **Environmental Sustainability Bond Program (ESBP)** – financing projects that achieve environmental benefits. Projects fall under the EBRD's Green Project Portfolio to ensure that the proceeds of green bonds are immediately directed towards projects with positive environmental impacts with a specific focus on renewable energy, energy efficiency and environmental infrastructure domains.
- **Carbon Finance** – providing projects with additional revenues via offering technical support and other mechanisms to assist in restructuring transactions benefiting from carbon finance.
- **Private sector corporate financing** – guaranteed loans, direct equity, equity funds and credit lines for energy efficiency and renewable energy projects.

¹⁰ EBRD Central Europe to Central Asia and the Southern and Eastern Mediterranean, Guide to EBRD Financing.

¹¹ Pledges Roadmap to 100\$ Billion,

[http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/261_295_131233554162587561-Roadmap%20to%20the%20US\\$100bn%20\(UNFCCC\).pdf](http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/261_295_131233554162587561-Roadmap%20to%20the%20US$100bn%20(UNFCCC).pdf)



- **Co-financing** – engaging with private financing institutions to contribute to multilateral donor finds and other financial institutions as part of the financing plan.
- **Subsidies** – selective and smart mechanisms utilized to support governments address specific barriers and obstacles faced by local markets.

Since Jordan joined the EBRD in 2012, the bank has invested over 1.3 billion euros in 43 projects. Most recently, the European Bank for Reconstruction and Development inaugurated the Amman Green City Action Plan (GCAP), making the city one of 20 worldwide now taking part in the greening project. The action plan, funded by the Austrian government, is part of EBRD’s 1-billion EUR programme to target cities, which produce 80 per cent of the world’s carbon emissions, according to the statement. The EBRD announced in May of last year that Amman had signed up for the plan. Amman’s Amman Green City Action Plan comes nine months after the EBRD and the Greater Amman Municipality agreed to address the Jordanian capital’s needs for sustainable growth by developing a programme tailored to its needs. Over the next year, the plan, including projects and policy initiatives, will be worked out by the Greater Amman Municipality and Jordan’s Environment Ministry with support from the EBRD.¹²

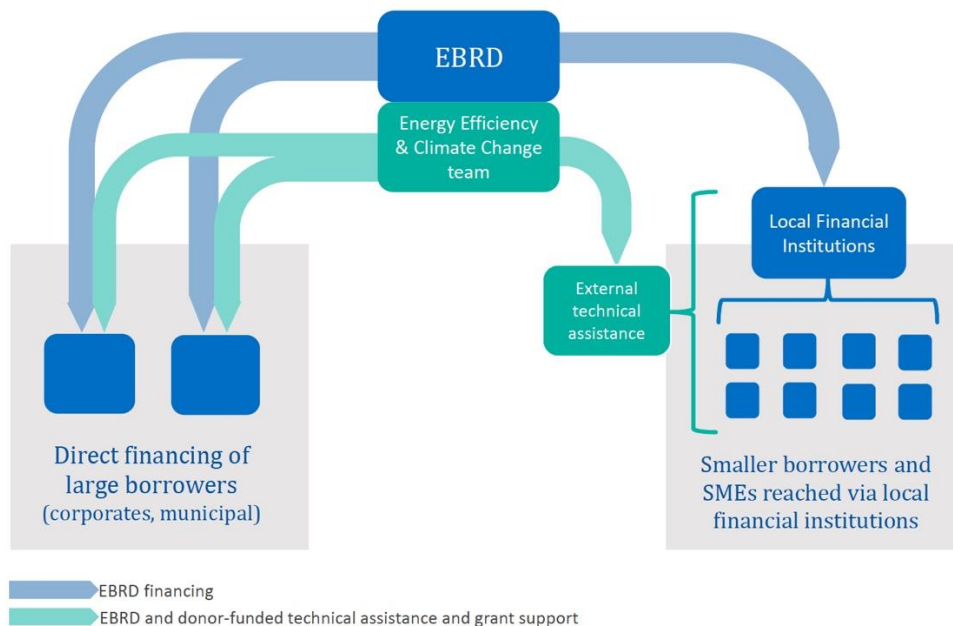


Figure 4: EBRD Financing Mechanisms

EBRD has also teamed up with the Regional Centre for Renewable Energy and Energy Efficiency (RCREEE), an organisation promoting sustainable energy practices in Arab countries, to reduce energy intensity in the Southern and Eastern Mediterranean (SEMED) region and increase the use of renewable energy.¹³

¹² <http://jordantimes.com/news/local/amman-launches-green-city-action-plan-becoming-first-region-do-so>

¹³ Sikorova, K. (2015), The EBRD: Fueling the future, or stuck in the past?, CEE Bankwatch Network.



1.1.3 The European Investment Bank

The European Investment Bank (EIB) is the lending arm of the European Union. It is the world's largest multilateral lender and the biggest provider of climate finance. The Bank's global mission is "mobilising the finance needed to achieve the worldwide commitment to keep global warming to below 2°C above preindustrial levels and to adapt to the impacts of climate change."¹⁴

The climate action work of the EIB is guided by its climate strategy published in 2015 to help implement the Paris Agreement inside and outside the EU and contribute to the EU 2030 Climate and Energy Framework.

The EIB Group has two parts: the European Investment Bank and the European Investment Fund. The EIF specialises in finance for small businesses and mid-caps. The EIB focuses on four areas: Innovation and Skills, Small Businesses, Infrastructure, Climate and Environment. With over 25% of total financing being committed to climate change adaptation and mitigation; a percentage that is yet to increase to 35% by 202 for investments in developing countries – with USD 100bn of climate-related projects from 2016 – 2020 as part of EIB's contribution towards achieving the COP21 ambitious Paris agreement.

EIB offers three financing options, as follows:

Lending – in the forms of: project loans for large developments in excess of EUR 25m, intermediated loans made via local banks, venture capital for high-tech and growth SME's via fund managers, venture debt for small, high-risk and innovative projects, microfinance, equity fund and investment and co-investment facilities.

Blending – offering a variety of tools such as: structured fiancé providing additional support for priority projects guarantees to help projects attract investors, project bonds, donor partnerships, urban development technical assistance through JESSICA (Joint European Support for Sustainable Investment in City Areas), Private Finance for Energy Efficiency (PF4EE), The Natural Capital Financing Facility (NCOFF), transport infrastructure and other.

Advising – technical and financial expertise available to our clients to develop and implement investment projects and programmes, and to improve institutional and regulatory frameworks. Including support to public-private partnerships (EPEC), Sustainable Energy: maximising investment (ELENA), FELICITY: Sustainable solutions for cities and other.

In 2018, the EU bank financed EUR 15.15 billion in projects for our natural and human environment, which includes biodiversity, clear air, clean water, sustainable transport, renewable energy and energy efficiency.¹⁵

¹⁴ <https://www.eib.org/en/about/index.htm>

¹⁵ <https://www.eib.org/en/projects/priorities/climate-and-environment/environment/index.htm>



1.1.4 United Nations Agencies

Among the different agencies of the United Nations; the following are highlighted as actors who contribute to green growth and sustainable development in Jordan.

The United Nations Development Programme (UNDP) is the largest multilateral source of development assistance in the world. It was founded in 1965 to combine the Expanded Programme of Technical Assistance and the United Nations Special Fund. UNDP plays a key role, supporting platforms for solutions to complex problems such as climate change, and using networks to connect a new generation of partners beyond the traditional development community. To help close the green finance gap leading up to the Secretary General's Climate Summit in September 2019, UNDP has spearheaded the launch of a new US\$7 million SDG Climate Facility initiative in the Arab region.

A partnership between the League of Arab States, Arab Water Council, FAO, UNDP, UN Environment, UN Habitat, UNISDR and WFP, the SDG Climate Facility has emerged as a UN platform to accelerate climate finance in a way that combats climate change while creating benefits across the SDGs on poverty, gender and peace.¹⁶ UNDP in Jordan are considered an accredited entity to receiving Global Climate Fund GCF contributions to both ends; adaptation and mitigation.

The UNDP Global Environmental Finance (UNDP-GEF) Unit partners with environmental vertical funds to support countries with simultaneous eradication of poverty and significant reduction of inequalities and exclusion, by catalyzing environmental finance for sustainable development.¹⁷

United Nations Environment Programme – Finance Initiative (UNEP FI) is a partnership between United Nations Environment and the global financial sector created in the wake of the 1992 Earth Summit with a mission to promote sustainable finance. More than 230 financial institutions, including banks, insurers, and investors, work with UN Environment to understand today's environmental, social and governance challenges, why they matter to finance, and how to actively participate in addressing them.¹⁸

Food and Agriculture Organization of the United Nations (FAO) has been offering assistance to Jordan since 1951, when Jordan first joined FAO, supporting Jordan's agriculture and rural sectors. A country office was established since 1977 and has been upgraded to full representation in 2015. FAO assistance in Jordan is shaped by the 2017-2021 FAO Country Programming Framework (CPF), which sets out four priority areas for technical cooperation¹⁹:

- Disaster preparedness and response in the agriculture sector

¹⁶ <https://www.undp.org/content/undp/en/home.html>

¹⁷ <https://www.undp.org/content/undp/en/home/sustainable-development/global-environmental-finance.html>

¹⁸ <https://www.unepfi.org/about/>

¹⁹ Jordan and FAO: <http://www.fao.org/3/a-az572e.pdf>



- Sustainable development and use of natural resources, including water, land, range and forests
- Resilience of rural and peri-urban livelihoods
- Competitiveness of agriculture; products in domestic and export markets, also aimed at achieving inclusive growth and employment.

United Nations Educational, Scientific and Cultural Organization UNESCO, is the United Nations Educational, Scientific and Cultural Organization. It seeks to build peace through international cooperation in Education, the Sciences and Culture. UNESCO's programmes contribute to the achievement of the Sustainable Development Goals defined in Agenda 2030, adopted by the UN General Assembly in 2015. On 16 May 2017 in Allan, Jordan, the SESAME synchrotron (Synchrotron-light for Experimental Science and Applications in the Middle East) was inaugurated by H.M. King Abdulla II of Jordan in the presence of the Director-General of UNESCO, Irina Bokova, the President of the SESAME Council, Chris Llewellyn Smith, and many other dignitaries. This opening is the result of many years of intensive negotiation, fund-raising and cooperation hand in hand with UNESCO and other partners. It is first and foremost a leap forward for research. This third-generation light source, unrivaled in the region, now offers scientists and researchers a scientific centre of excellence. Light sources are effectively giant flash lamps coupled to powerful microscopes. They are used to study the properties of materials, and to advance research in fields as diverse as medicine, biology, chemistry, the environment or archeology. SESAME also aims to provide state-of-the-art technological equipment to researchers in the region, helping stem the brain drain to northern countries.²⁰

Economic and Social Commission for Western Asia ESCWA provides a framework for the formulation and harmonization of sectoral policies for member countries, a platform for congress and coordination, a home for expertise and knowledge, and an information observatory. ESCWA activities are coordinated with the divisions and main offices of the Headquarters of the United Nations, specialized agencies, and international and regional organizations, including the League of Arab States and its subsidiary bodies, and the Gulf Cooperation Council. Among its various activities; a Regional Initiative for the Assessment of the Impact of Climate Change on Water Resources and Socio-Economic Vulnerability in the Arab Region (RICCAR) and Integrated and Transboundary Water Resources Management projects aim at conducting technical assistance activities along with institutional capacity building. The commission supports research in all its member states²¹ and offers its Regional Coordination Mechanism (RCM) to hold regular interagency meetings in each of the five regions (Africa, Asia-Pacific, Europe, Latin America & Caribbean and Western Asia) with a view to improving coordination among the work programs of the organizations of the United Nations system in each region. The RCM currently has four WGs (Food Security and Nutrition, 2030 Agenda for

²⁰ <https://en.unesco.org/sesame-history>

²¹ ESCWA comprises 18 Arab countries in Western Asia: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Mauritania, Oman, Palestine, Qatar, Saudi Arabia, The Sudan, The Syrian Arab Republic, Tunisia, The United Arab Emirates and Yemen.



Sustainable Development, and International Migration and Water) and four TFs (Arab Forum for Sustainable Development, Arab Sustainable Development Report, Country Support and SDG Data).²²

1.1.5 African Development Bank

The African Development Bank is a regional multilateral development bank, with an overarching objective of spurring sustainable economic development and social progress in regional member countries (RMCs), thus contributing to poverty reduction. The Bank Group achieves this objective by: mobilizing and allocating resources for investment in RMCs; and providing policy advice and technical assistance to support development efforts. The African Development Bank's Strategy for 2013–2022 reflects the aspirations of the entire African continent.²³

In 2010 the Energy, Environment and Climate Change Department (ONEC) was created in AfDB, with a mission to tackle the operational priorities and deliver tangible results for the Bank's Regional Member Countries (RMCs) and enable innovative strategic and operational thinking with the goal of leading the work of the Bank toward a more sustainable development pathway for Africa. It works on integrating a bank-wide strategy for energy sector interventions financed by the Bank's financing windows and concessional funds, such as the Climate Investment Funds, with a complementary framework on green growth and climate change mainstreaming.²⁴

The AfDB uses a multiplicity of instruments to finance and invest in climate-resilient projects as well as adaptation and mitigation. The main instruments through which green finance is channeled are:²⁵

- Climate Investment Funds (CIF)
- Global Environment Facility (GEF)
- African Carbon Support Program
- African Water Facility (AWF)
- Congo Basin Forest Fund (CBFF)
- Clean energy bonds
- ClimDev-Africa Initiative
- Sustainable Energy Fund for Africa (SEFA)

The AfDB also has its own Green Bond Portfolio. The AfDB Green Bond program facilitates the achievement of the Bank's corporate priority of green growth through the financing of eligible climate change projects.

²² <https://www.unescwa.org/about-escwa/regional-coordination-mechanism>

²³ <https://www.afdb.org/en/about-us/mission-strategy/>

²⁴ Green Finance the Mediterranean by eco-union and IEMed. Page 30 of 92.

²⁵ Ibid.

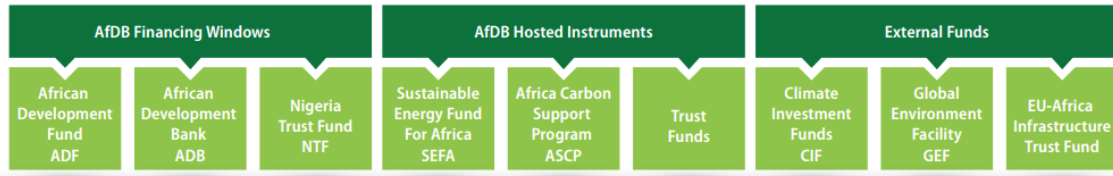


Figure 5: AfDB Green Financing Instruments²⁶

1.2 NATIONAL DEVELOPMENT AGENCIES

National development agencies are institutions setup by governments in some countries and assigned a certain mandate. Many countries have established development agencies, from which some are more focused on green growth and sustainable consumption & production aspects.

Some of the most active development agencies in financing green growth and sustainable consumption and production projects in Jordan include:

- French Agency for Development (AFD)
- German Development Agency (GIZ)
- KfW Development Bank Entwicklungsbank
- Spanish Agency for International Cooperation and Development (AECID)

1.2.1 French Agency for Development

The Agence Française de Développement (AFD) funds, supports and accelerates the transitions to a fairer and more sustainable world. Focusing on climate, biodiversity, peace, education, urban development, health and governance, the Agency has carried out over 4,000 projects in over 110 countries.

In 2016, AFD passed a new milestone and for the first time committed over EUR 9bn for over 600 development projects globally. Below is a brief description of the different mechanisms that AFD contributions use²⁷:

- **Loans** - different types of loans, with terms being determined by the nature of the project and its environment (political, economic, social, environmental impact and context) and the quality of the borrower (sector of activity, rating, guarantees).
- **Grants** - to finance actions in the social sector (health, education), rural and urban development initiatives, and infrastructure projects.

²⁶ African Development Bank Group (2012), Powering a Climate-Smart Africa.

²⁷ <https://www.afd.fr/en/finance-projects>



- **ADAPT'ACTION** - Following the Paris Climate Agreement, AFD has launched Adapt'Action to support countries seeking technical assistance for the institutional, methodological and operational implementation of their commitments to the fight against climate change.
- **MINKA, Peace & Resilience Fund** - AFD's new instrument to tackle crisis situations. Minka is financed by the Financial Transaction Tax (FTT) and symbolizes our reinforced commitment in the most difficult contexts to support peace and resilience. Minka is a fund with EUR 100m a year earmarked to finance operations in the Sahel region, Middle East, Central African Republic and countries around Lake Chad.
- **SUNREF** - One of the innovative tools developed by AFD to promote the emergence of "green" finance tailored to the needs of economic actors in countries in transition. It aims to allow local financial institutions to take action to fight against climate change.
- **AGREENFI** – AFD's agricultural and rural finance label, which provides actors in rural areas in developing and emerging countries with access to appropriate and sustainable financial services, as well as customized technical assistance.
- **Project Preparation Funds** - used to finance feasibility studies and technical assistance in order to prepare future investment projects, mainly with climate co-benefits.

One example on green projects that was financed by AFD in Jordan is The Disi drinking water supply project, which aimed at exploiting the Disi groundwater and to carry water through a 320 km supply line to Amman, thus providing 100 million m³ of drinking water. The project is being implemented through a 25-year BOT (Build-Operate-Transfer) contract for a total cost of around \$1 billion, of which the AFD and Proparco are contributing \$200 million. From 2013 onwards, this project provided Amman with a continuous drinking water supply, with a volume of water of 145 m³ available per person per year, partly replacing water from the overexploited aquifers.

1.2.2 German Development Agency (GIZ)

GIZ is a service provider in the field of international cooperation for sustainable development and international education work. The core competence of the Agency is capacity development. GIZ supports people in acquiring specialist knowledge, skills and management expertise. It helps organizations, public authorities and private businesses to optimize their organizational, managerial and production processes.

The institution mainly offers advisory services for a specific partner country in three fields of activity:

- **mitigating greenhouse gas emissions**
- **adapting to climate change**
- **climate financing**

GIZ has been working in Jordan for over 40 years, and opened its office in the capital of Amman in 1979, operating on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and the European Union (EU).



Currently, Jordanian-German cooperation is focusing on the following issues:

Water - Since 2001, water has been the priority in Jordanian-German cooperation. GIZ is helping provide an adequate and stable water and wastewater management system through various measures.

Waste Management - The huge influx of Syrian refugees in Jordan has placed tremendous burden on the hosting local governorates to accommodate the increased demands on waste management. GIZ is fostering improvements to the management of waste in different governorates to provide technical support to municipal staff with the aim of enhancing the organisation of a waste-collection mechanism.

Employment, vocational training and education - GIZ is working with key public institutions to ensure that labour market policy measures achieve its desired effects and lead to sustainable investments and lasting employment opportunities.

GIZ is also promoting **environmental protection and resource conservation** in Jordan.²⁸

1.2.3 KfW Development Bank

KfW Entwicklungsbank is a German Government-owned development bank. KfW is working towards achieving the Paris Agreement goal of limiting the increase in global warming well below 2°C by promoting mitigation and adaptation projects. KfW develops and implements instruments in order to finance environmental and climate protection in developing countries. KfW deploys instruments of German financial cooperation for climate change financing such as grants, participations and low-interest loans. In addition, and specifically for environmental and climate protection, there is also a range of special programmes and funds available that offer greater financial leeway and support particularly innovative or broad approaches. The work of KfW is the "financial cooperation" branch, complemented by the "technical cooperation" branch of GIZ and other public agencies. The main sectors of financial cooperation are water supply and sanitation, renewable energy and energy efficiency, as well as the development of the financial sector.

In Jordan, KfW primarily focuses on the Sewage and Energy sectors. Wastewater treatment Greater-Irbid Drinking Water Supply System Syrian Refugees I and II Water Resource Management Programme I and II, commissioned by Federal Ministry for Economic Cooperation and Development (BMZ) was implemented by KfW. KfW also supports Jordan's plans to shifting towards ore renewable energy generation and energy efficiency and will provide funds for, among other things, the rehabilitation of the King Talal hydropower plant.²⁹

²⁸ <https://www.giz.de/en/worldwide/360.html>

²⁹ <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/North-Africa-and-Middle-East/Jordan/>



1.3 EUROPEAN UNION

The European Union (EU) is a political and economic union of 28 member states that are located primarily in Europe. The EU climate strategy and target to reduce greenhouse gas emissions are set out in the 2020 climate and energy package and the 2030 climate and energy framework. To respond to challenges and investment needs related to climate change, the EU has agreed that at least 20% of its budget for 2014-2020 – as much as €180 billion – should be spent on climate change-related action. 20% of the EU budget to be spent on climate action by 2020 and at least €14 billion, an average of €2 billion per year, of public grants will support activities in developing countries between 2014 and 2020.³⁰

EU has a variety of programmes and mechanisms to provide different means of green financing and support, some of which are:

LIFE Programme - The Financial Instrument for the Environment and Climate Action, with a total budget of 3.4 billion euros for the period 2014 – 2020. The program offers various means of financing, which can be summarized as follows:

- LIFE yearly action call grants for projects;
- LIFE NGO operating grants;
- LIFE financial instruments managed by the EIB: (1) the Natural Capital Financing Facility (NCOFF) and (2) the Private Finance for Energy Efficiency instruments (PF4EE).

EU Blending Facilities: Mobilising Climate Finance in Developing Countries - EU blending facilities mobilise additional financing from private and public sources for climate change action, complementing other aid modalities. Blending is the combination of EU grants with loans or equity from public and private financiers. EU grants can take different forms: investment grant and interest rate subsidy, technical assistance, risk capital and guarantees³¹.

Neighbourhood Investment Facility (NIF) - belongs to the European Neighbourhood Instrument (ENI), the funding mechanism for implementing EU policy in the Mediterranean region, and its strategic objectives include addressing climate change as one of the major challenges of the region³².

Jordan has been receiving EU contributions to its sustainable agenda and green growth through the EU Delegation in Jordan, which have targeted so far key political and socio-economic reforms focusing mainly on good governance , economic growth, reinforcing the rule of law for enhanced

³⁰ <http://ec.europa.eu/environment/life/funding/lifeplus.htm>

³¹ European Commission (2015), EU blending facilities in climate action: overview.

³² European Commission (2016), Neighbourhood Investment Facility 2016 Operational Annual Report, https://ec.europa.eu/neighbourhoodenlargement/sites/near/files/nif-oar2016_en_200617_web_version.pdf



accountability; employment and private sector development; and renewable energies and energy efficiency. Since 2010, Jordan has been granted an advanced status with the EU, agreed under the European Neighbourhood Policy (ENP) Action Plan. Within a framework of the ENP, the EU and Jordan can now cooperate more closely in terms of trade, development and political dialogue.

The current agenda of EU-Jordan relations is spelled out in the EU-Jordan Action Plan, under the European Neighbourhood Policy. The EU-Jordan Action Plan was adopted for a period of five years on 11 January, 2005. It aims to translate the Association Agreement, the legal basis of the EU-Jordan relationship, into detailed actions, and to help broaden and strengthen Euro-Jordanian relations in various fields. Using different means of support including technical assistance, direct grants and medium-term institutional partnerships, the EU has helped Jordan achieve remarkable advancements especially within the energy sector.

The Renewable Energy and Energy Efficiency technical assistance programs, I and II, both received by the Ministry of Energy and Mineral Resources were part of EU's cooperation and support and targeted institutional capacity building, raising public awareness, establishing energy labels and other successfully achieved targets.

Moreover, the EU also was present throughout a variety of multilateral and bilateral cooperation schemes and partnerships with other organizations to help Jordan achieve greener economy and more sustainable approaches; one of the recent partnerships that EU plays a key role in is the "Green Entrepreneurship Program", which in its second phase (2019), which is funded by the EU and conducted by SwitchMed, aims at building on their successful efforts in spreading awareness and training Jordanians on acquiring sustainable business approaches and green entrepreneurship skills.



1.4 CLIMATE FUNDS

Multilateral climate funds (MCF) manage contributions from public and private actors to climate-specific goals. For the purpose of this report, the main funds considered are those for which countries formerly report to the UNFCCC and have developed projects in the Mediterranean region³³.

The table below lists some of the most recognizable multilateral climate funds that Jordan can access for financing green projects.

Table 2: Overview of Climate Funds

Name of Fund	Area of Focus	Administration	Description
Green Climate Fund	Multi foci	Multilateral	Adopted as a financial mechanism of the UN Framework Convention on Climate Change (UNFCCC) at the end of 2011. It aims to make an ambitious contribution to attaining the mitigation and adaptation goals of the international community.
GEF Trust Fund	Adaptation-Mitigation-General	The Global Environment Facility (GEF)	Supports the implementation of multilateral environmental agreements and serves as a financial mechanism of the UN Framework Convention on Climate Change. It is the longest standing dedicated public climate change fund.
Special Climate Change Fund (SCCF)	Adaptation	Multilateral	The SCCF has two active windows (1) Adaptation and (2) Transfer of technologies. Its governing instrument also allows it to support (3) projects on energy, transport, industry, agriculture, forestry, and waste management; and (4) activities to assist developing countries whose economies are highly dependent on income generated from the production, processing, and export or on consumption of fossil fuels and associated energy-intensive products in diversifying their economies.
Clean Technology Fund (CTF)	Mitigation-General	The World Bank/Climate Investment Fund	Provides middle-income countries with highly concessional resources to scale up the demonstration, deployment and transfer of low carbon technologies in renewable energy, energy efficiency and sustainable transport.
Global Energy Efficiency and Renewable Energy Fund (GEEREF)	Mitigation - general	Multilateral	a Public-Private Partnership (PPP) designed to maximize the private finance leveraged through public funds funded by the European Commission and managed by the European Investment Bank. GEEREF is structured as a fund of funds, and invests in private equity sub-funds that specialize in financing small and medium-sized project developers and enterprises (SMEs) to implement energy efficiency and renewable energy projects in developing countries and economies in transition.
Strategic Climate Fund		The World Bank/Climate Investment Fund	Serves as an overarching framework for three targeted programs piloting new approaches and scaled-up, transformational action on climate change: Pilot Program for Climate Resilience, Forest Investment Program, Scaling-up Renewable Energy Program.

³³ OECD, Climate Policy Initiative (2015), Climate Finance 2013-14 and the US 100 billion goal, <http://www.oecd.org/env/cc/OECD-CPI-Climate-Finance-Report.pdf>



1.5 PRIVATE SECTOR ACTORS

There are many actors in the private sector that currently offer green financing options, as summarized below. The types and different roles that each of the actors play differ according to the geographical and sectorial stand.

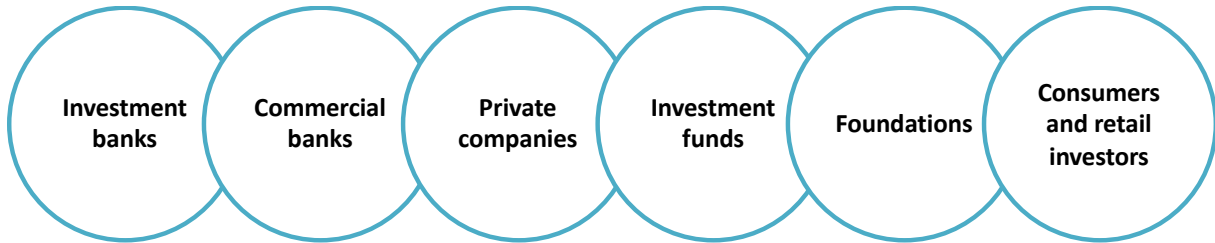


Figure 6: Types of Private Sector Actors

The green financing products that such institutions provide can be categorised under the following categories:

- Retail banking products – such as Green Equity Loans and green deposits.
- Corporate, banking and investment products – Green Indices, Carbon Commodities, Green Bonds, Green Venture Capital and Private Equity.
- Asset management products – examples include green fiscal funds, green investment funds, carbon funds and Catastrophe Bond Funds.
- Insurance products – such as those offered on carbon insurance, home and business insurance.

In Jordan, the public sector lending are generally managed by the Ministry of Finance, but nevertheless, public investment, asset management and insurance are managed locally at the institutions. With a note that some existing public bodies, such as the Environment Protection Fund and Greater Amman Municipality, are relatively considered to have higher flexibility in engaging in such due to their governing legislation and institutional structures. Examples of utilizing such tools and practices are not common in Jordan, which may be led to the conservative and risk-averse financial orientation which are very dominant.

Moreover, such products offer solutions to private public partnerships offering guarantees, insurance among other products, which is yet to be exploited by the public sector in Jordan.

1.6 LOCAL SOURCES FOR GREEN FINANCE

Supported by the various strategic and policy tools that the government in Jordan has developed over the years with the support of its international partners, several entities now offer different types of green financing options.

A brief of the following entities is provided next;

- The Jordan Renewable Energy and Energy Efficiency Fund (JREEEF)
- Agricultural Credit Corporation
- Jordan Environment Protection Fund (JEF)

1.6.1 The Jordan Renewable Energy and Energy Efficiency Fund

The Jordan Renewable Energy and Energy Efficiency Fund (JREEEF) was established in Oct 2012 by MEMR under the Renewable Energy and Energy Efficiency Law. It was set up to help facilitate the



scaling-up of RE & EE to meet the energy needs of Jordan, in accordance with the National Energy Strategy and National Energy Efficiency Action Plan. The key beneficiaries of JREEEF's programmes so far include households, SMEs, community organisations, universities, government entities and more broadly, the Jordan national green energy programme / strategy.

JREEEF focuses on five key areas of support in its drive to promote the uptake of RE and EE initiatives across Jordan, including:

- **Revolving credit structures:** where concessionary loans are provided to households, and as the loan is paid back through energy savings, the JREEEF fund is re-stocked for further lending to other consumers.
- **Direct grants:** some form of grants is also provided to drive down the capital cost of implementing RE/EE by consumers.
- **Equity financing:** with the provision of risk capital for projects, companies or individual entrepreneurs to encourage development of innovative technologies.
- **Guarantees:** underwriting risks for certain RE/ EE developments.
- **Technical assistance:** including assistance with funding energy audits and creation of M&V systems, preparing bankable project proposals, etc.

1.6.2 Jordan Environment Protection Fund

The Jordan Environment Protection Fund (JEF) was established by the Ministry of Environment in 2006. The Fund was intended to provide financial support for projects in the context of environmental protection and preservation. The Fund also aims to drive technological and process improvements across select sectors and complement existing environmental expenditure in Jordan.

JEF's beneficiaries have been varied cross sectorally, and include:

- Industrial & Commercial entities: mainly SMEs producing products and services dealing with environmental issues.
- NGOs: environmental projects, advocacy, awareness, research and assessment.
- Government: Technical assistance, and other services.
- Environmental consulting companies: energy efficiency, environmental effectiveness,

The aim of the Ministry of Environment is to disburse \$2.5 million from the Fund each year. Applications to the Fund cost JD100 and applicants can make a request up to JD500,000. Currently, no online system exists to provide applicants with the information and remote ability to make applications. Instead, applicants must reach out directly to the Ministry of Environment³⁴.

1.6.3 Agricultural Credit Corporation

A quasigovernmental lending facility dedicated to support farmers operating under the Ministry of Agriculture. It has two special lending windows where the interest payments are met by the Ministry of Finance: The last government injection of resources into the Committee was in 2008 since when it has operated as a revolving fund. At present, the Committee has spare lending capacity. It also has emergency facilities with the Central Bank that it can draw upon. The corporation offers loans with special terms for farmers to establish agricultural projects, especially those aimed at reviving, buying and repairing agricultural lands, such as forestry, deep tillage, dumping, irrigation and drainage projects, planting trees, growing vegetables, fodder crops, grains, industrial crops, raising livestock, poultry, fish and fish, and agricultural expansion. The loans provided fall within two types: Interest Rate Formulae and Islamic Murabaha Formulae; both of which are classified according to time terms into: (1) seasonal term; (2) short term; (3) medium term; and (4) long term³⁵.

³⁴ Jordan National Green Growth Plan, prepared by GGGI and published by Ministry of Environment; 2017.

³⁵ <http://www.acc.gov.jo/en/node/360>



2. POLICY GAPS/ REFORMS FOR ESTABLISHING GREEN FINANCIAL INSTRUMENTS/ INCENTIVES IN JORDAN

2.1 LEGISLATIVE FRAMEWORK

Although the Kingdom have witnessed the development of various policy and legislation tools over the past decade, including: (1) policy reforms in energy, water and other sectors, (2) issuance of several policy tools such as the National Strategy and Action Plan for Sustainable Consumption and Production, the National Green Growth Plan, the National Energy and Energy Efficiency Plan and Action Plans, (3) institutional reforms, such as the establishment of the Environment Protection Fund, the Green Economy Unit within the Ministry of Environment, the Jordan Renewable Energy and Energy Efficiency Fund; (4) the on-going partnerships with international organisations that aim at continuing the efforts and to a certain extent focusing on building capacity and raising public awareness; (5) the National commitments made throughout the years to achieve targets sets by international agreements such as the Sustainable Development Goals; and other efforts targeted at achieving improved sustainability practices, green growth and growing the local green economy. But yet, several issues can still be enhanced in order to achieve better access to green financial instruments and incentives in Jordan.

Creating synergies among the different available plans and strategy tools will benefit not only access to green finance, but also, overall national development. Building on existing efforts would save resources and push the wheel forward.

Alignment and embedding of the National Green Growth Plan and the Sustainable Consumption and production plan within the currently followed EDPs, which identify priority actions and are linked to all means of national and international financing. This would ensure that the green growth and SCP projects are within the national priority actions.

The need for a unified monitoring and evaluation system to govern public sector performance, and monitor progress in adopted projects. This should be integrated and well harmonized with national objectives. Such system should be monitored at central level and accessed at local level.

A clear project management process is lacking; making it difficult for enhanced project design and delivery to take place at public sector institutions. An overall framework should be available for public



sector to access and utilize according to each institution's needs beginning from the project selection phase and ending with the closing of a project.

Green public procurement policy is key to green growth and SCP. A lot can change if we embed the green growth and sustainability concepts in the overall procurement process, from preparing project documents, tendering procedures, selection of contractors, monitoring and evaluation and even the closing stages.

The space for public innovation in financing remains limited; due to a variety of legislative obstacles and lack of integration of private sector actors.

2.2 INSTITUTIONAL FRAMEWORK

The institutional framework for financing green / sustainable public projects does not follow a special track; it instead goes through the same procedures for financing any public project. Currently, the Kingdom follows a result-oriented budget (ROB) system which is managed by the Ministry of Finance and its National Budget Department. The Ministry of Finance works in close coordination with the Ministry of Planning and International Cooperation which manages the national executive development programmes tool EDP's, a platform that gathers all priority actions including public projects, programs and initiatives under one unified umbrella.

Budgets are first determined at local level including capital and operational expenses. Each public body is required to submit their budget to the Ministry of Finance, who revises all submitted budgets and identified funding gaps. Funding gaps are then analysed in coordination with the concerned public body and Ministry of Planning and International Cooperation to realize whether donor grants and other means of international financing is available to cover the gaps.

All international cooperation schemes including financing of projects must go through international funding must go through Jordan Ministry of Planning and International Cooperation (MOPIC) who oversees and coordinates the process of access to finance. Public bodies are requested to prepare priority actions technical documents, i.e. concept notes and other requires documentation, in alignment with national and institutional strategies and priorities. The concept notes are reviewed by MOPIC who identifies possible means of receiving international cooperation, be it financial, logistic or any other type of support. Nevertheless, some other governmental bodies such as JREEEF, Greater Amman Municipality, can directly submit proposals to receive green financing as part of international cooperation, but still, would need to verify with MOPIC the possibility of receiving the means of support in addition to the type and source of support.

This is meant to ensure the correct priority actions are being addressed in addition to ensuring transparency within the financial management is achieved.



Institutional functional assignments, including the roles, responsibilities and means of coordination within the public sector and in terms of access to green financing must all be clarified and well communicated among the different actors within the green growth and SCP domains in Jordan.

Institutional capacity level is questionable on subjects as: preparing project proposals, technical reporting and financial budgeting. Project management is another area that seems to need further capacity enhancement at public institutions.

Institutional awareness building and enhancement is a must to achieve higher levels of understanding of green growth concepts, sustainable consumption and production, innovation, green technologies, green public procurement, and so on and so forth. As well as enhancing the awareness level in terms of national objectives and priority actions.

Private sector involvement remains absent at institutional decision making and planning levels. The need to establish common ground between the public and private sectors must be achieved through various mechanisms.

Public innovation centres, think tanks or city labs do not exist. A missed opportunity to capture all kinds of ideation sessions, brainstorming solutions and resource funding. Entities such as the Jordan Environment Protection Fund could be the lead in establishing such schemes, which can even start virtually or on temporary basis without the need to include physical structures.

Public communication and raising awareness regards environmental issues, green growth, green economy, the benefits of adopting sustainable consumption and production approaches and the communication of success stories among the different sectors and the different community groups would help achieve a common understanding and a push towards the green shift.



3. MOVING FORWARD

3.1 CAPACITY ENHANCEMENT

Further capacity enhancement activities must be pursued in a systematic manner, and must address both central and local level staff of public institutions and key stakeholders. Such activities must seek to install a common language among the different actors including non-governmental bodies. Priority areas for the capacity enhancement efforts as expressed during the meetings with different stakeholders³⁶ include the following:

- Project concept notes preparation
- Project management frameworks
- Available green financing solutions
- Public private partnership models and tools & Innovation in public services
- Sector-specific sustainability concepts and measures

Recommended action for the Ministry of Environment: with its Environment Protection Fund, other concerned departments and partners, to take the initiative to start a structured national institutional capacity enhancement, taking the form of Training of Trainers, to embark on a long-term and sustainable capacity enhancement program. This would be a continuation of all the capacity building activities the Ministry has been pursuing over the years.

A bi-annual broadcast in any form, with the possibility of having it posted online via public bodies; websites, is highly recommended to advertise such activities.

3.2 GREEN PUBLIC PRIVATE DIALOGUE

The structured interaction between the public and private sectors to promote the right conditions for private sector development must be treated as a priority action at all public sector institutions. A public sector led systematic initiative must be ignited. Such initiative could take the form of a sector-specific regular activity, and yet, can take any different form. Focus must be shed on establishing sustainable dialogue to enhance the mutual trust and contribute to innovating solutions to persistent issues.

Recommended action for the Ministry of Environment: to launch a hub for organized and continuous green public private dialogue. The executive green technical committee could be the nuclei of such hub. Pioneers from each sector must be key members.

³⁶ The contracted consultant, Hala Mujally, met during the period between September, 2018 and February, 2019 members of the Green Growth Committee, Environment Protection Fund, Ministry of Finance's Budget Department, MOPIC's environment and climate change department, JREEF, among other stakeholders. Two workshops also took place during the same period bringing together a total of over a hundred participants representing the various stakeholders groups identified in Table 1 of this report.



3.3 PILOTING SUCCESS

More success stories must be created and told; public sector bodies must lead such success stories. These could be simple interventions within a public institution to catalyse sustainable consumption and production by, for example, achieving a zero single-use plastic usage or embarking on facility upgrades to achieve a green building accreditation. In addition to continuing other successful practices that aim at creating larger impacts on local society, environment and economy.

Recommended action for the Ministry of Environment: to not only to continue the support for the implementation of sustainable and green projects, as seen in the Waste Management Project in Aqaba that targeted the hospitality sector; but to also develop and implement initiatives that demonstrate green innovations at public institutions are achievable.

3.4 ENGAGING COMMUNITIES

Civic engagement is now a global best practice followed in all kinds of developments. Communities are by definition the most valuable asset and resource to any green and sustainable development.

Recommended action for the Ministry of Environment: to embark on creating a 'THINK LAB' or an 'INNOVATION LAB' in several location in the Kingdom to provide means for engaging communities and also innovation solutions that have positive social impacts.

3.5 GREENING OPERATIONS

This begins by greening procurement processes and revisiting institutional systems and procedures, targeting the highest impact with the least resources. Selection and qualification measures must consider sustainability and green growth measures and indicators. Additionally, excessive use of resources in internal processes must also be avoided.

Recommended action for the Ministry of Environment: to identify and embark on green procurement modalities and to also cut down on excessive use of resources and implement sustainable consumption practices at the Ministry and its directorates.