

Clima-Med  
Acting for Climate in  
South Mediterranean



Funded by  
the European Union



CLIMATE  
FINANCE  
GUIDEBOOK

Annexe 3

**FRAMEWORK CONDITIONS FOR CLIMATE  
FINANCE IN JORDAN**

# Table of Contents

<b>Introduction</b>	<b>2</b>
1.1 Content.....	3
1.2. The Clima-Med project.....	4
<b>Institutional and planning set-up</b>	<b>6</b>
<b>Examples of climate-related funding</b>	<b>12</b>
3.1. The Cities and Villages Development Bank (CVDB).....	13
3.2. Jordan Environmental Fund (JEF).....	13
3.3. The Jordan Renewable Energy and Energy Efficiency Fund (JREEEF).....	14
3.4. Commercial Banks Supporting Climate Financing.....	14
3.5. Public-Private Partnerships (PPP) and Concessions.....	15
3.6. Crowd Funding.....	15
3.7. Energy Service Companies (ESCO).....	15
<b>Examples of climate financing by donors and multilateral development banks</b>	<b>16</b>
<b>Conclusions</b>	<b>20</b>
<b>References</b>	<b>22</b>



This document was produced as part of the activities of the European Union's project activities for ENP South Countries EUROPEAID / 139067 / DH / SER / MULTI.

# 01.

Introduction



## 1.1 Content

**The “Framework Conditions for Climate Finance in Jordan – Annex 3 to Clima-Med’s Climate Finance Guidebook” presents a selected set of rules, regulations, structures, and examples of relevance to the overall effort to scale up climate finance in the country.**

**The information included in this Annex is meant to guide climate finance actions in general and, more specifically, to enhance the planning and implementation of the recommendations in the Clima-Med Climate Finance Guidebook.**



**The framework conditions relate to the following:**

- The availability and usability of Clima-Med SEACAPs and the CAS.
- Main technical support facilities and programmes related to climate finance in the country.
- Institutional set-up, including leading state institutions whose role and needs are related to climate action in general and, more particularly, to climate finance.
- Commercial banks, funds, and other financing actors with experience and potential role in climate financing, including Development Banks Funds and relevant funding programmes.
- Specific framework conditions related to NDC implementation in the country.

- Existing key financial instruments or critical sources of funding for climate projects.
- Past or existing subsidy programmes and subsidies supported by bilateral governments, Multilateral Development Banks, and climate-related blended finance.
- Application, qualification process and recourse to Energy Service Companies (ESCO) and Energy Audits Companies.
- Applicability and enabling conditions for Public-private partnerships and concessions.
- Selected examples of financed climate actions and overall conclusions.

## 1.2. The Clima-Med project

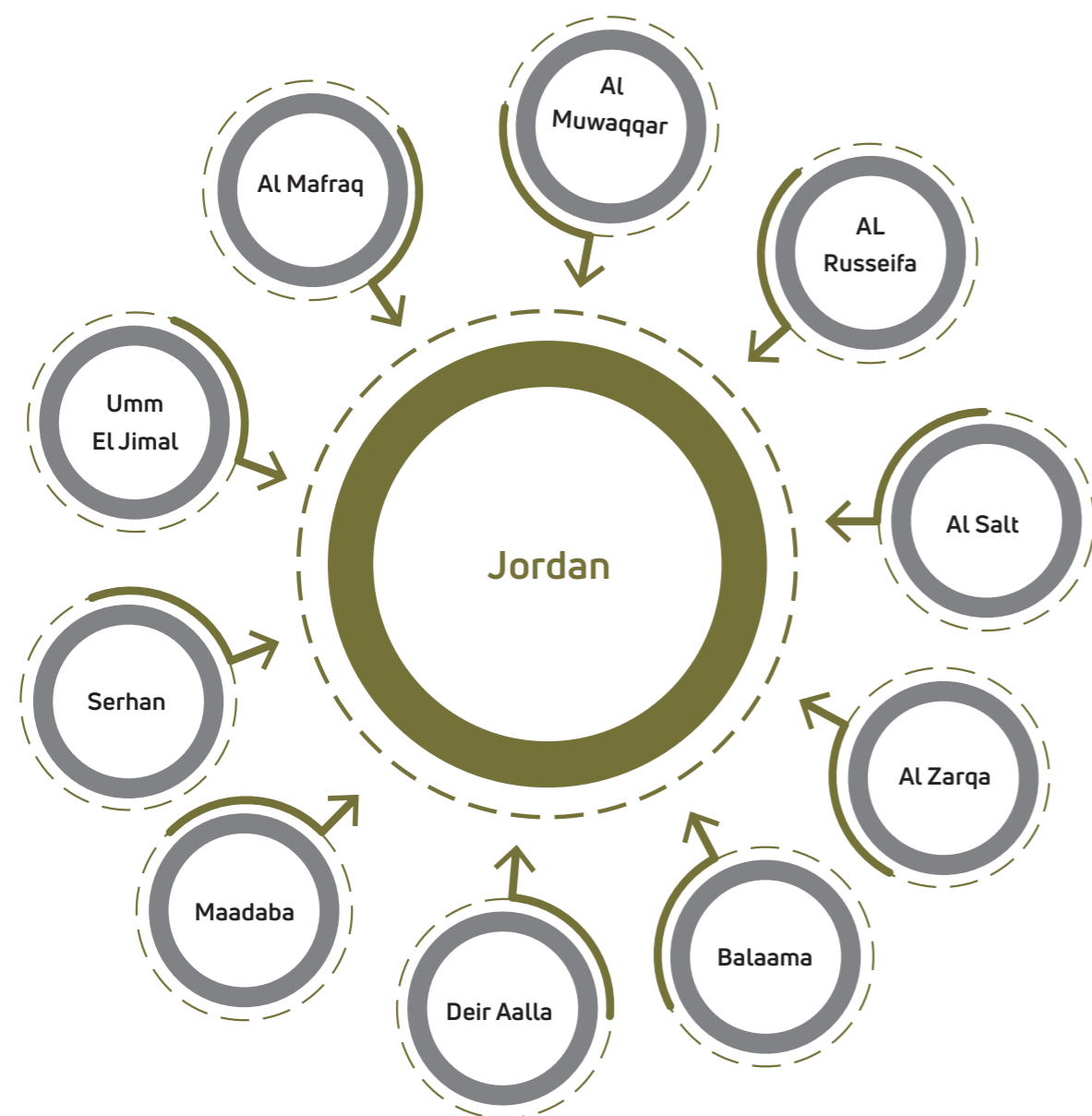
The Clima-Med project, which started in 2018 for the benefit of 8 countries and over a hundred cities in the southern Mediterranean, enhances three essential components aiming at guiding and implementing policies, strategies and programs related to the climate at national and local levels.

The first project's component is dedicated to coordinating climate action at the national level by creating the National Coordination Group (NCG) and developing a National Climate Coordination Strategy (CAS). The second component supports local authorities (LA) in preparing Sustainable Energy Access and Climate Action Plans (SEACAPs), and the third component aims to enhance Climate Finance, primarily to fund the SEACAPs projects.

The CAS aims to provide recommendations to national authorities to improve the mainstreaming of climate change (at both mitigation and adaptation aspects of climate change) in public policies and to ensure more effective coordination between all climate change actors nationwide.



The following 10 cities have developed their SEACAP in Jordan:



Moreover, the Clima-Med Project has created and led the CoM Med initiative, attracting many cities committed to preparing SEACAPs, thus increasing the need to support them in financing the plans' actions.

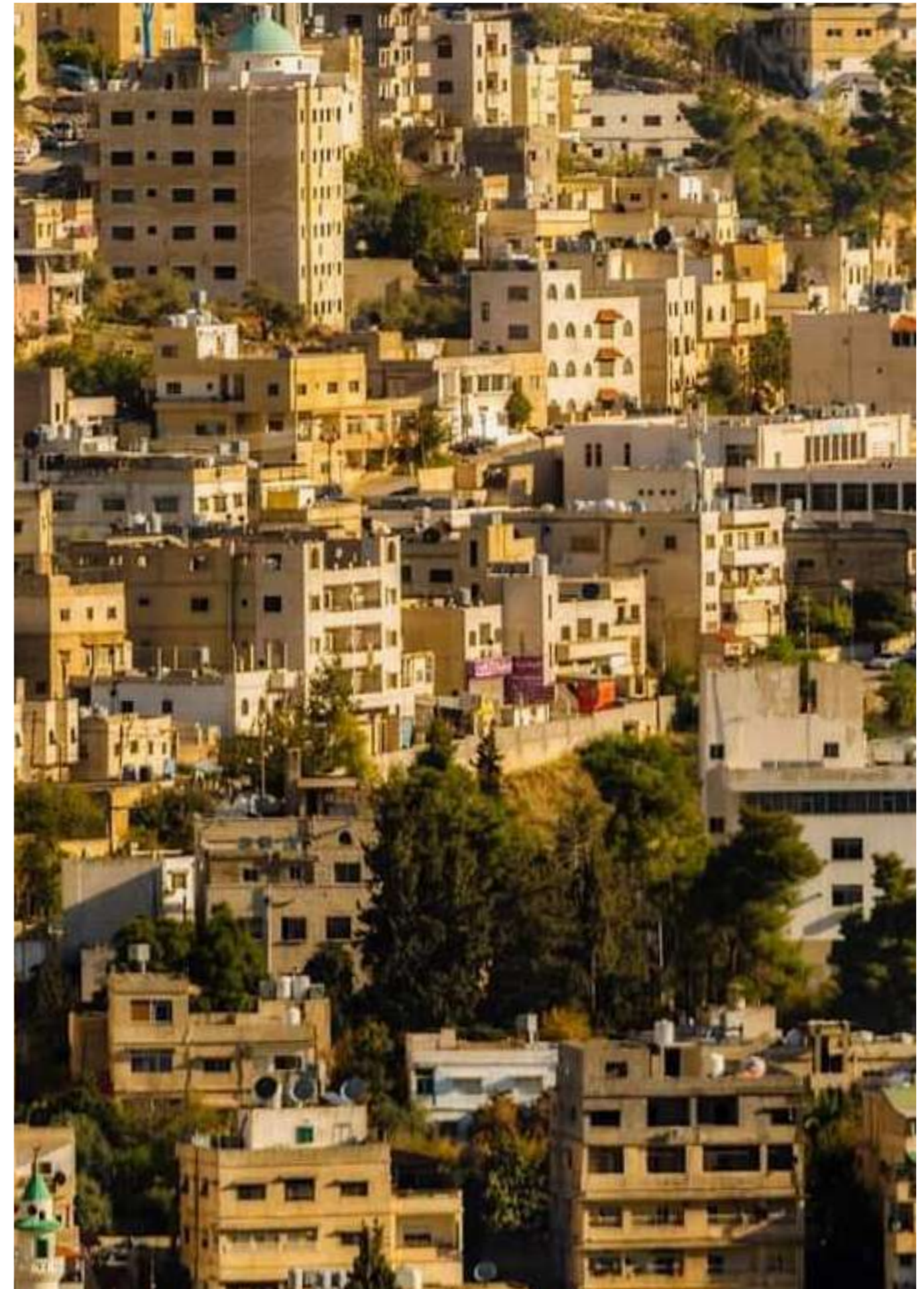
The prepared SEACAPs and the engagement of more cities are a solid basis to be presented to the attention of national institutions and primarily to international donors.

# 02.

Institutional and Planning Set-up



As of January 2021, the Government of Jordan has taken NDC implementation to the highest political level. All ministries and national institutions are called upon to include the NDC Action Plan and Green Growth Action Plan in their respective development plans. This is expected to strengthen a whole-of-government climate mainstreaming effort as ministries and agencies can better align sectoral plans with climate targets and actions outlined in the NDC Action Plan. It also underscores a national commitment to support climate finance needs.



The role of several national institutions thus aims to contribute to climate actions directly. For this, several recent plans and strategies were issued addressing mitigation and adaptation within both natural and urban environments at national and local levels. Key actors and main plans include the following:

**The Ministry of Environment (MEnv)** is the National Climate Change Committee Chair. It is a national focal point for the United Nations Framework Convention on Climate Change (UNFCCC) and its Protocols and Funds. **The National Climate Change Committee (NCCC)** is responsible for oversight and coordination, chaired by the Ministry of Environment and consists of 16 secretary generals from the line ministries.

As early as 2014, the MEnv established the **Climate Change Directorate (CDD)**, a milestone in strengthening Jordan's climate change institutional structure. The CDD is the official focal point for coordinating and developing all national climate change activities associated with the UNFCCC and the global climate change governance structure and initiatives. The CDD aims to enhance the Ministry of Environment's capacity to implement the NCCP by developing

and updating relevant climate change strategies, policies and programs related to vulnerability, adaptation, mitigation, technology transfer and finance<sup>[1]</sup>. Six sectorial action plans for the green economy were launched in 2020 by the Global Green Growth Institute (GGGI) and the MEnv.

All municipalities depend on government transfers and have no legal limit on borrowing. They can also borrow from the Cities and Villages Development Bank (CVDB) and other domestic banks with the approval of the Minister of Municipal Affairs.

In 2020, **the Ministry of Energy and Mineral Resources (MEMR)** released the 2020-2030 Energy Strategy. Goals include the diversification of energy resources and the expansion of renewable energy. By the end of 2030, the country envisages having 48.5 % of nationwide electricity generation come from local energy sources.

Moreover, MEMER is planning to set technical and legal standards to produce green hydrogen from solar and wind, towards decreasing the country's dependency on the import of fossil fuels and increasing the expansion of locally sourced renewable energy.

**NDCP Action Plan:** The NDC was submitted in October 2021; Jordan joined the NDC Partnership in 2017 and requested support in five sectors: transport, water, energy, agriculture, and health. The Government validated in 2019 a comprehensive project based NDC Action Plan detailing technical assistance and investment needs to deliver measurable and transformational action in those sectors.

**Jordan's Vision 2025,** a long-term national vision and strategy, was released in 2015 and presents the socio-economic development objectives for the country. Within this document, climate change was stated clearly under the Environment Sector as a priority initiative to develop a legislative framework for the organisation of climate change to maximise the benefits, minimise the negative impacts, and build national capacity.



[1] <https://www.unepfi.org/wordpress/wp-content/uploads/2021/01/Sustainable-Arab-Finance-Report-Jan-2021.pdf>

**The National Green Growth Plan for Jordan (NGGP):** Focusing on six sectors critical to Jordan’s development – Energy, Waste, Agriculture, Water, Transport and Tourism. The NGGP operationalises a green growth approach to sustainably implement existing development plans and strategies, including Jordan Vision 2025.

The NGGP envisages several funding actions, including establishing a green finance team to enhance direct access to international climate funds, establishing a new “Jordan Green Growth Fund”, and launching a private sector green finance program and working groups.

The Government of Jordan is developing the Long-Term Strategy (LTS) for a new **Climate Change Policy for 2050**<sup>[2]</sup>. This Policy will introduce long-term targets and measures for enhancing adaptive capacity within a climate vision that aims to move towards a net zero carbon economy.

**The National Energy Sector Strategy (2020-2030)** is a ten-year plan that sets the roadmap to increase self-sufficiency through the utilisation of domestic natural and renewable sources, reduce energy consumption by improving energy efficiency measures in different sectors, and reduce carbon dioxide emissions by 10% by the year 2030.



[2] <https://www.undp.org/sites/g/files/zskgke326/files/2023-03/National%20Climate%20Change%20Policy%20of%20the%20Hashemite%20Kingdom%20of%20Jordan%202022-2050.pdf>



**The National Water Strategy (2016-2025)** incorporates provisions for climate change, the water-energy-food nexus, and the sustainability of overexploited groundwater resources.

**A ten-year National Strategy for Agricultural Development (2016-2025)**. Its overall goal is the sustainable development of agricultural resources that will preserve the country's animal and plant biodiversity.

**The Long-term National Transport Strategy (2016-2030)** defined the sector's activities, including road, rail, and maritime, civil aviation.

**Jordan's Climate Investment Mobilization Plan** prioritises climate-responsive projects to engage the private sector, establish Jordan as an attractive destination for climate investments and support the achievement of Jordan's NDCs. The Plan was developed for nine climate-responsive projects within the priority plan approved by the Council of Ministers. It thus seeks to contribute to informing the mobilisation of climate finance in light of the climate change impacts across all sectors.

One additional project considered a climate-responsive priority is the **Energy Efficiency and Green Buildings Retrofits in Public Buildings - Phase 1**. This scheme is designed for ten projects fully aligned with the overall goals of Jordan's Economic Modernisation Vision (2023-2030), the National Climate Change Policy (2022 – 2050), and Jordan's NDCs.

**The National Strategy and Action Plan for Mainstreaming Sustainable Consumption and Production (SCP) 2016-2025**<sup>[3]</sup> targeted three sectors: agriculture and food production, transport, and waste management, aiming to support the implementation of the agreed SCP strategic, operational objectives and actions at the national level. Specific goals of the plan include Promote Sustainable Public Procurement (SPP) schemes in the three sectors targeting the development of guidelines, regulations, policies, and instructions and enhancing the SCP engagement of procurement departments.

[3] <https://switchmed.eu/wp-content/uploads/2020/04/01-SCP-NAP-Jordan.pdf>

**The National Green Growth Plan for Jordan (NGGP)** is a nationwide sectoral document aiming to guide green growth projects and align green policies and investments to work for national development goals, mainly included in Vision 2025. It (i) identifies green growth opportunities and Green Key Performance Indicators to be included; (ii) designs a cross-sector green growth policy framework and implementation roadmap; (iii) develops a sustainable

economy that creates more jobs and achieves social inclusion. The Plan provides for financing mechanisms from the public and private sectors, donor agencies and partnerships between the private and public sectors. The NGGP also offers a new approach to project clustering by introducing three main green growth clusters to Jordan: Green Growth Corridor Cluster, Smart Urban Cities Cluster and Rural Resilience Cluster.

Jordan has launched the **Energy Efficiency Programme for the Industrial Sector**, 'Kafa'a', funded by the US Agency for International Development (USAID) and implemented in conjunction with the Jordan Chamber of Industry. It aims to provide technical assistance to Jordanian industries to help them adopt best practices in energy efficiency, reduce production costs, improve productivity and competitiveness, build self-capabilities for energy

management, access new markets, facilitate access to green finance, and leadership in energy efficiency.

'Kafa'a' will be implemented during the period 2023-2028. The first phase, beginning in 2023, will target the food, agriculture and livestock, engineering and electrical, information technology, chemicals and cosmetics industries.



# 03.

## Examples of Climate-related Funding



**The government of Jordan has determined which sectors to target for financing mitigation and adaptation projects. Based on the NDCs, mitigation actions focus on several sectors: energy, transport, waste management, industry, water, agriculture, and food security. For adaptation, the focus sectors are water, health, biodiversity, ecosystems and protected areas, agriculture, and food security. In this context, and according to the World Bank Group's Country Climate and Development Report, Jordan needs USD 9.5 billion in investments to move toward low-carbon development and foster a greener economy. Over 60 per cent of that figure will need to come from the private sector.**

Regarding the legal possibility for local authorities to sign loans, there is no legal limit on municipal borrowing, capital spending is subject to the central government's approval, and there is a formula-based transfer scheme. Municipalities can borrow from the CVDB and other domestic banks with the support of the Minister of Municipal Affairs. Even though municipalities collect several taxes, levies, and fees, including property taxes, license fees for small businesses, and traffic violation fines, all municipalities depend on government transfers. The formula for government transfers considers socioeconomic factors, potential local revenues, and financing needs<sup>[4]</sup>.

### 3.1. The Cities and Villages Development Bank (CVDB)

The CVDB is a publicly owned bank established in 1979 that provides financing to Jordanian municipalities to develop their infrastructure. The Bank administers and guarantees loans granted to cities, assists the local councils in setting priorities for economically feasible projects, and provides technical experience and services, including training of technical staff. The CVDB also acts as a financial intermediary for government transfers and manages the municipalities' treasury collected by the Jordanian government on their behalf. The Minister of Local Administration chairs CVDB's Board of Directors and comprises representatives from several Ministries and local municipalities<sup>[5]</sup>.

The CVDB's technical expertise and services include training on financial topics, administrative aspects, management information, budget analysis, and feasibility studies. The bank established five training centres in association with the Ministry of Municipal Affairs: one in the bank's headquarters covering Jordan's central region (Zarqa, Balqa, Amman and Madaba); in Irbid Municipality, covering the northern region (Irbid, Jerash, Ajloun, Mafraq); in Al-Karak; in Al-Tafeela; in Ma'an Municipality, covering the southern region<sup>[6]</sup>.

### 3.2. Jordan Environmental Fund (JEF)

JEF was established in 2009 under the provisions of the Environment Protection Law of the Ministry of Environment, with a mandate to help Jordan advance its national goals for environmental protection and sustainable development. JEF is governed by its bylaw (No.18 for the year 2018) through its Board of Directors, which comprises representatives from the public and private sectors. The Fund works with beneficiaries from the public, private and NGO sectors. Its mandate includes:

- support activities that contribute to environmental protection, conservation, and development of environmentally friendly practices,
- initiatives that promote resource efficiency,
- contribute to raising environmental awareness,
- focus on priority national sectors and provide support to fulfil environmental requirements, and
- promote cooperation and knowledge transfer with national, regional and international entities with similar mandates.

[4] Technical Assistance Report - Public Investment Management Assessment, 2017, International Monetary Fund, Report no 17/366

[5] <https://www.eib.org/en/press/all/2019-271-the-eu-bank-boosts-resilient-and-sustainable-growth-of-municipalities-in-jordan-through-a-partnership-with-the-cities-and-villages-development-bank>

[6] [https://portal.jordan.gov.jo/wps/wcm/connect/gov/eGov/Government+Ministries+\\_+Entities/Cities+and+Villages+Development+Bank/General+Information/](https://portal.jordan.gov.jo/wps/wcm/connect/gov/eGov/Government+Ministries+_+Entities/Cities+and+Villages+Development+Bank/General+Information/)

### 3.3. The Jordan Renewable Energy and Energy Efficiency Fund (JREEEF)

The JREEEF, outlined by Law No.13, aims to facilitate renewable energy subsidies to privately owned and operated facilities and interest rate subsidies on loans. It was established in 2012 by the Energy Efficiency and Renewable Energy Law 13 (articles 12, 13, 14, 15, and 16), yet it became operational in 2015 after the promulgation of Bylaw 49 of 2015. It is established at the Ministry of Energy and Mineral Resources (MEMR) to provide necessary funding for Energy Efficiency and Renewable Energy measures at the end-user's level. It supports any program and financial mechanism, allowing RE and EE users to access financing from banks and local and international financial institutions<sup>[7]</sup>.



In 2013, Jordan launched a 20 000 solar water heaters (SWH) subsidisation programme under the Jordan Renewable Energy & Energy Efficiency Fund (JREEEF). Public funding is available for 50% of the SWH system cost. JREEEF covers half the cost of their purchase and installation. The remainder must be paid by the owner of the system, who can do so either in a shop of the Civil Service Consumer Corporation (CSCC), which has 68 of them across the country or via one of 300 community organisations<sup>[8]</sup>.

### 3.4. Commercial Banks Supporting Climate Financing

Commercial or private financing of green projects has attracted debt finance from the commercial banking sector in Jordan, particularly in the energy sector (energy efficiency and renewable) and interacting with sustainability. **The Association of Banks in Jordan (ABJ)** has thus a sustainability strategy to help banks transition from mere social responsibility to a more significant role in financing the country's sustainable development goals. The strategy has four pillars:

- promote sustainability practices in the banking sector,
- develop a sector strategy for funding national sustainable development,

- enhance non-financial performance transparency and reporting, and
- increase the awareness of sustainability in the sector.

**The Arab Bank<sup>[9]</sup>** has launched its **Sustainable Finance Framework** in line with its efforts towards integrating sustainability into its operations. The Arab Bank is the first financial institution in Jordan to issue a framework aligned with the four core components of the Green Bond Principles 2021. The Bank intends to use the framework to issue sustainable debt instruments to advance projects that will contribute to climate action and employment generation, as well as support the UN SDGs.

[7] <https://jreeref.memr.gov.jo/Default/EN>

[8] <https://solarthermalworld.org/news/20000-subsidised-solar-water-heaters-jordan/>

[9] <https://www.arabbank.jo/>

### 3.5. Public-Private Partnerships and Concessions

The latest Law governing PPP in Jordan is the **Public-Private Partnership Law No.17** of 2020. This Law provides the legal framework required to execute the projects and sets the roles and responsibilities for all the stakeholders. A Bylaw issued in 2021 defines the procedures. Since 2004, up till August 2022, Jordan has attracted more than \$9 billion in investments from over 30 PPP-financed transactions. Among them, there are multiple water and renewable-energy projects<sup>[10]</sup>.

Jordan has established PPP-specific central government institutions: The PPP Unit and PPP High Committee. The PPP Unit was set in the Prime Ministry to be the main body for the supervision and support of all PPPs conducted by the Government of Jordan. It has been affiliated with the Ministry of Investment. It is supervised by the Higher PPP Committee, with a regulatory mandate to provide full support for all parties to implement the PPP projects. The High

Committee formulates the general policy for PPP projects and identifies prioritised activities and sectors. It is also responsible for selecting potential PPP Projects based on the reports prepared by the Ministry of Planning and International Cooperation, the Ministry of Finance, and the PPP Unit<sup>[11]</sup>.



### 3.6. Crowd Funding

In Jordan, crowdfunding emphasises providing funds for Jordanian entrepreneurs or social projects that want to implement a project by attracting and convincing investors through rewarded or non-rewarded capital injection. Crowdfunding is also becoming increasingly popular for collecting money from supporters' capital injectors. It is an excellent alternative to avoid classical banks, which are risk-averse, conservative, and slow when processing a borrower credit application.

The whole of Jordan is affected by the Syrian crisis, but the Northern Governorates of Irbid and Mafraq are receiving increasing numbers of Syrians fleeing war and seeking refuge. A mere look at numbers and resources and the future seems bleak. Municipalities struggling with providing necessities are helpless against a pressing demand for essential, social and economic services, let alone hiking unemployment numbers<sup>[12]</sup>.

### 3.7. Energy Service Companies (ESCO)

In Jordan, ten companies call themselves ESCO. Even though most of them do not fit the ESCO definition of NAESCO, all provide energy services. Due to the rapid development of renewable energy sources, particularly solar hot water systems, solar photovoltaic (PV) system, and wind energy system, many Jordanian ESCOs are increasingly involved in renewable and energy efficiency projects. This may lead to a new definition of ESCOs in Jordan and new ways to accredit these companies. There are great opportunities to minimise primary energy sources in Jordan through effective energy efficiency measures and expanded use of renewable resources, particularly solar energy. ESCOs implementing EE & RE projects are expected to be critical in promoting and implementing such measures in Jordan. However, many obstacles must be removed before ESCOs can operate profitably in this country<sup>[13]</sup>.

[10] <https://www.jordannews.jo/Section-36/Opinion/Jordan-s-PPP-A-win-win-solution-for-infrastructure-projects-20040>

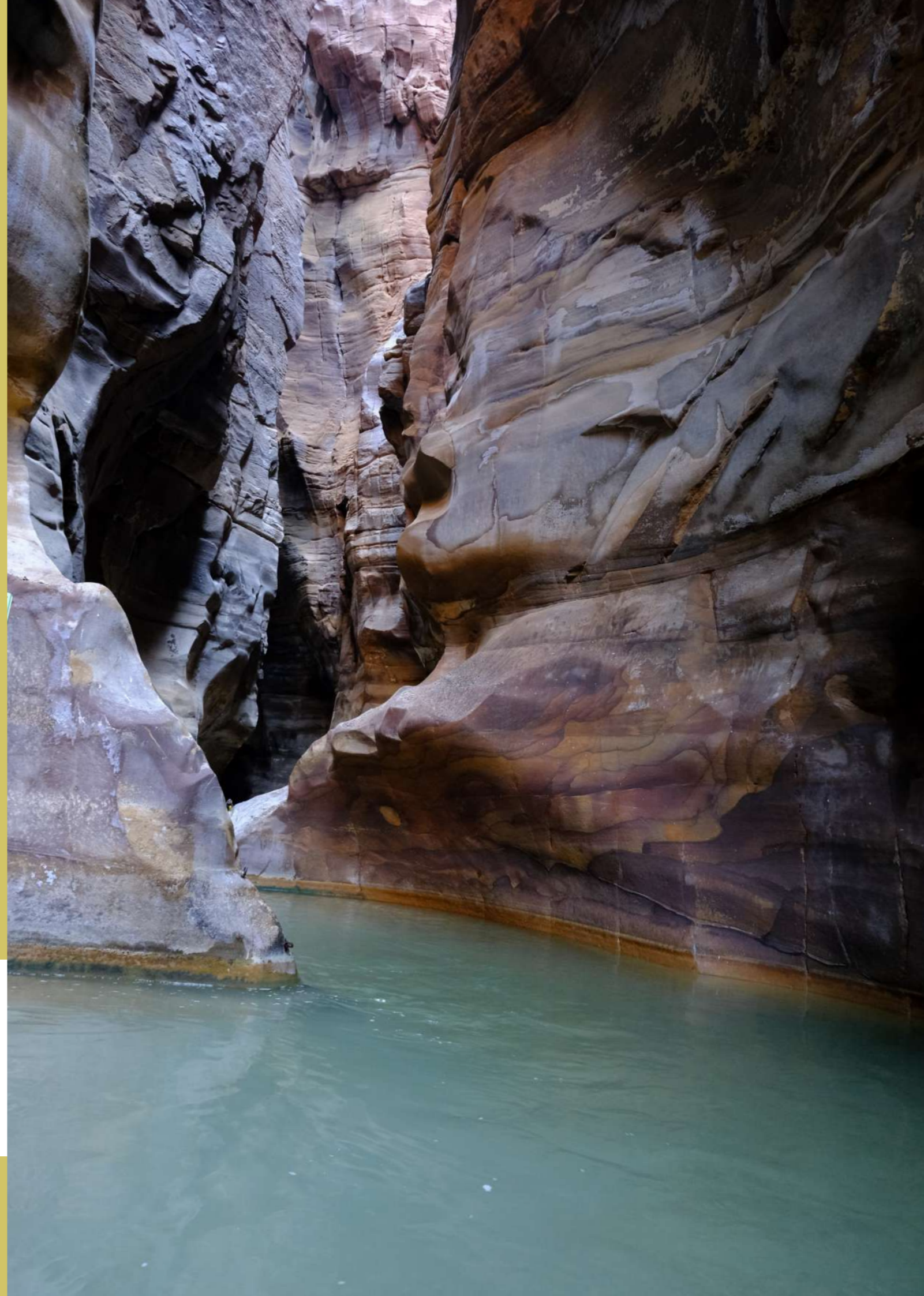
[11] [https://pppu.gov.jo/En/Pages/About\\_PPPU](https://pppu.gov.jo/En/Pages/About_PPPU)

[12] <https://www.undp.org/arab-states/publications/crowd-funding-initiative-support-jordans-host-communities-together-we-can-make-it-possible>

[13] <https://jordankmportal.com/resources/survey-of-energy-services-industry-in-jordan>

# 04.

Examples of climate financing by donors and  
multilateral development banks



### The European Bank of Investment (EIB)

The first EIB loan to municipalities in Jordan (EUR 45 million) was provided through the Cities and Villages Development Bank (CVDB) in 2019. The financing will support municipalities' renewable energy and energy efficiency infrastructure investments. CVDB will allocate an additional JD 45 million (EUR 57,6 million) to finance the same project. One hundred municipalities all over Jordan will benefit from the initiative, which will substantially impact the sustainable development of cities in Jordan, especially those most affected by the refugee crisis. It will reduce energy costs for cities by boosting the implementation of renewable energy and energy efficiency projects<sup>[14]</sup>.

### The German Government, through the KfW (Kreditanstalt für Wiederaufbau "Credit Institute for Reconstruction")

The KfW finances different projects in the energy sector with a total financing volume of EUR 76.5 million. One of the main goals is to reach the national target of producing 20% of the energy out of renewable sources until 2025, thus using the vast potential for renewables in the country. Energy projects focus on dealing with the increased energy demand related to the high number of Syrian refugees and the enormous energy costs in the water sector, which is the largest electricity consumer. An additional investment of EUR 70 million is currently in planning<sup>[15]</sup>.

The KfW has substantially increased its commitment over recent years regarding the water sector. It supports the sector in 24 ongoing programmes and accompanying technical assistance measures. The total financing volume of these ongoing programmes amounts to approx. EUR 700 million, not accounting for various projects at the planning and preparation stage<sup>[16]</sup>.

### European Union (EU)

The EU provided a grant of EUR 30 million 2016 to support the Water Authority of Jordan to construct a photovoltaic system to power 3-5 pumping stations nationwide. The EBRD manages the grant funds and supervises the implementation of the project. In addition, the EBRD provided EUR 7.5 million in loans and the EU Delegation to Jordan EUR 5 million in grants to help build a waste-to-energy plant in the Al-Shaer solid waste transfer station serving Greater Amman. The plant is expected to produce 9 million cubic metres of biogas annually from food waste, enough to power 8,000 households. Both projects comprise the EU's EUR 90 million renewable energy and energy efficiency programme in Jordan<sup>[17]</sup>.

### The Green Economy Financing Facility (GEFF)

The European Bank for Reconstruction and Development (EBRD), the European Union (EU) and the Green Climate Fund (GCF) have launched the Green Economy Financing Facility programme (GEFF) in Jordan to support the country's transition to a greener economy. Jordan is the latest country to join the GEFF programme in the southern and eastern Mediterranean (SEMED) region. The Programme aims to boost private-sector investment in energy efficiency, renewable energy, water, and resource efficiency<sup>[18]</sup>. Under the programme, the EU, EBRD and GCF will provide USD 40 million in financing to local financial actors, such as banks, microfinance institutions and leasing companies, to on-lend to the private sector for investment in high-performance technologies and services. Since 2022, three GEFF facilities worth USD 22 million have been signed with Cairo Amman Bank, Etihad Bank and the Micro Fund for Women.

[14] <https://www.eib.org/en/press/all/2019-271-the-eu-bank-boosts-resilient-and-sustainable-growth-of-municipalities-in-jordan-through-a-partnership-with-the-cities-and-villages-development-bank>

[15] [https://www.kfw-entwicklungsbank.de/PDF/Entwicklungsfinanzierung/L%C3%A4nder-und-Programme/Nordafrika-Nahost/2019\\_Projektinformation\\_Jordanien\\_Energie\\_EN.pdf](https://www.kfw-entwicklungsbank.de/PDF/Entwicklungsfinanzierung/L%C3%A4nder-und-Programme/Nordafrika-Nahost/2019_Projektinformation_Jordanien_Energie_EN.pdf)

[16] [https://www.kfw-entwicklungsbank.de/PDF/Entwicklungsfinanzierung/L%C3%A4nder-und-Programme/Nordafrika-Nahost/2019\\_Projektinformation\\_Jordanien\\_Wasser\\_EN.pdf](https://www.kfw-entwicklungsbank.de/PDF/Entwicklungsfinanzierung/L%C3%A4nder-und-Programme/Nordafrika-Nahost/2019_Projektinformation_Jordanien_Wasser_EN.pdf)

[17] [https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/15795/903\\_Donor\\_support\\_for\\_climate\\_change\\_in\\_MENA.pdf?sequence=1&isAllowed=y](https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/15795/903_Donor_support_for_climate_change_in_MENA.pdf?sequence=1&isAllowed=y)

[18] <https://www.ebrd.com/news/2022/ebrd-eu-and-gcf-strengthen-green-investments-in-jordan.html>



### The Agence Française de Développement (AFD)

AFD has extended a soft credit line valued at USD 53 million to two local banks—**Cairo Amman Bank and Capital Bank of Jordan**—for onward lending to businesses and households. This has been undertaken through the AFD's Sustainable Use of Natural Resources and Energy Finance (SUNREF) program, whose main objective is to improve access to affordable, sustainable energy (SUNREF 2020).

### The Islamic Development Bank (IsDB)

The IsDB is financing 50 MW Xenel Wind Farm between 2018 and 2020. The total project cost is USD 52 million<sup>[19]</sup>.

### The Abu Dhabi Fund for Development

The Abu Dhabi Fund for Development manages the Gulf Development Fund, a five-year Gulf Cooperation Council grant programme, to finance development projects in line with the Jordanian government's strategic objectives. This mechanism includes a renewable energy project: developing a 100 MW solar photovoltaic power plant in the Al Quweira region. The Fund has supported renewable energy projects in Jordan starting in 2013, including a solar energy farm in the Al Kwairah area, which was linked to the national power grid.

### The World Bank's Partnership for Market Readiness (PMR)

The PMR provides support to prepare and implement climate change mitigation policies—including carbon pricing instruments—to scale up GHG mitigation and serves as a platform to share lessons; countries work together to shape the future of cost-effective GHG mitigation<sup>[20]</sup>.

The Partnership for Market Readiness (PMR), set in cooperation with the World Bank, is at the forefront of facilitating the design and implementation of carbon pricing instruments in the Arab Region. It has provided Jordan with a USD 3 million grant to assist the government in establishing an integrated Monitoring, Reporting and Verification (MRV) framework in targeted sectors and mitigating greenhouse gas emissions by enhancing the technical capacity of both public and private sector stakeholders. According to the PMR 2019 project, a climate change tag has been proposed to be included in the Ministry of Finance's Public Investment Management System to help identify climate-related projects proposed by various government entities.



[20] <https://www.thepmr.org/content/supporting-action-climate-change-mitigation>

05.

CONCLUSIONS



**Institutional players in climate finance include the Ministry of Environment, which houses the Climate Change Directorate and is the Chair of the National Climate Change Committee, the Ministry of Energy; the Ministry of Finance; the Ministry of Investment; the Ministry of Agriculture; and the Jordan Renewable Energy and Energy Efficiency Fund.**

**Municipalities depend mainly on government transfers. They can also borrow from the CVDB and other domestic banks with the approval of the Minister of Municipal Affairs. They have no legal limit on borrowing.**

The CVDB is a critical public national development bank acting as a financial intermediary between the national budget and the Multilateral Development Banks. It is and will be instrumental in climate finance in the future. For example, there is a EUR 45 million EIB loan to municipalities intermediated by the CVDB, but unfortunately has not taken off.

The Jordan Environment Fund (JEF) is also an institution with the potential to act as a Financial Intermediary for climate-related projects in the future. There are other private banks (e.g., Arab Bank) which have experience in climate finance and could be instrumental in scaling up climate finance in Jordan

While Jordan has a well-developed upstream enabling policy and institutional framework, as well as relevant plans, there is a need for improvements with regard to the following:

- Identifying and mapping available financing sources will help mobilise and scale up climate finance from a wide range of public and private, bilateral and multilateral, including alternative sources, and will advise on any available synergies between the available financing instruments and national priorities.

- Further effort is needed to improve mainstreaming of adaptation at regional and local levels, which needs help identifying the necessary sources, attracting financing, and setting up appropriate mechanisms.

- Advancing the implementation and developing legislation to support ESCOs, create a relevant institutional framework, and raise awareness among end users and consumers.



# References

## Websites

<https://www.iea.org>

<https://www.climamed.eu>

<https://www.eib.org>

<https://www.kfw-ipex-bank.de>

<https://www.climamed.eu/wp-content/uploads/files/Israel-CES-MED-Newsletter.pdf>

<https://www.cips.org/supply-management/news/2019/november/jordan-launches-government-procurement-department/>

<https://jordan.un.org>

[https://www.eeas.europa.eu/jordan/european-union-and-jordan\\_en?s=201](https://www.eeas.europa.eu/jordan/european-union-and-jordan_en?s=201)

<https://solarthermalworld.org/news/20000-subsidised-solar-water-heaters-jordan/>

<https://jordankmportal.com/resources/survey-of-energy-services-industry-in-jordan>

<https://www.jordannews.jo/Section-36/Opinion/Jordan-s-PPP-A-win-win-solution-for-infrastructure-projects-20040>

<https://pppu.gov.jo>

<https://www.greenfinanceplatform.org/country/jordan>

<https://greenfiscalpolicy.org>

<https://jreeef.memr.gov.jo/Default/EN>

## Reports, publications

Jordan's Vision 2025 available at <https://www.jordanvision.jo/img/vision-en.pdf>

EU 2021, Recommendations for Climate Action Coordination Strategy (CAS) in Jordan available at <https://www.climamed.eu/wp-content/uploads/files/Final-JORDAN-CAS-Document-23April-2021.pdf>

2017, Technical Assistance Report - Public Investment Management Assessment, International Monetary Fund, Report no 17/366

available at <https://www.unepfi.org/wordpress/wp-content/uploads/2021/01/Sustainable-Arab-Finance-Report-Jan-2021.pdf>

2020, GIZ, Innovative energy efficiency instruments for the MENA region available at [https://www.researchgate.net/publication/365161487\\_Regulatory\\_framework\\_for\\_Crowdfunding\\_platforms\\_in\\_MENA\\_region\\_Mechanisms\\_to\\_enhance\\_financial\\_inclusion](https://www.researchgate.net/publication/365161487_Regulatory_framework_for_Crowdfunding_platforms_in_MENA_region_Mechanisms_to_enhance_financial_inclusion)

2020, UK K4D, Donor support for climate change initiatives in the MENA available at [https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/15795/903\\_Donor\\_support\\_for\\_climate\\_change\\_in\\_MENA.pdf?sequence=1&isAllowed=y](https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/15795/903_Donor_support_for_climate_change_in_MENA.pdf?sequence=1&isAllowed=y)

2021, IJEEP, Barriers to Improving Energy Efficiency: Insights from Energy Services Companies in Jordan, available at <https://www.econjournals.com/index.php/ijeeep/article/view/10811/5717>

2018, Clean Energy Investment Policy Review of Jordan, available at [https://read.oecd-ilibrary.org/finance-and-investment/oecd-clean-energy-investment-policy-review-of-jordan\\_9789264266551-en#page21](https://read.oecd-ilibrary.org/finance-and-investment/oecd-clean-energy-investment-policy-review-of-jordan_9789264266551-en#page21)

2018, Union for the Mediterranean, Report on national subnational climate finance, available at <https://ufmsecretariat.org/wp-content/uploads/2019/10/Executive-Summary-Report-UfM-FMDV-Morocco-Jordan.pdf>

2021, UNEP, Promoting sustainable finance and climate finance in the Arab region, available at <https://www.unepfi.org/wordpress/wp-content/uploads/2021/01/Sustainable-Arab-Finance-Report-Jan-2021.pdf>

This publication was funded by the European Union. Its contents are the sole responsibility of the Clima-Med project and do not necessarily reflect the views of the European Union.

The authors of the publication regret any errors or omissions that may have been unwittingly made.

This publication may not be reproduced in whole or in part and in any form without special permission from the copyright holder, provided acknowledgement of the source is made. Clima-Med would appreciate receiving a copy of any publication that uses this publication as a source.

Find us at: [www.climamed.eu](http://www.climamed.eu)

Follow us on:



This project is labelled by the UFM



Union for the Mediterranean  
Union pour la Méditerranée  
الإتحاد من أجل المتوسط



Joint Research Centre

Design: Purple  
Images: Wadih Chehaibar

Project implemented by  
a DAI led Consortium   
Shaping a more livable world.