Green Economy in Jordan

Achieving Operational Efficiency and Performance Excellence

Yanal Abeda / Jordan Cleaner Production Program

Conference on “The Role of Green Industry in Promoting Socio-economic Development in the Arab Countries”
28th-29th/9/ 2011
Beirut- Lebanon
Why Green Economy?
Driver: Unsustainable model of growth

Source: Wuppertal Institut
We use resources as though we had more than one earth at our disposal. However, we have only this one planet, so we will have to take care how we use it. Taking care means living and doing business in a sustainable manner.

Source: Wuppertal Institute
Greening the global economy

Global imperative for reversing the linear dependency of economic growth and resource consumption
The industrial (micro) level

Your business faces the same challenges as other businesses in a challenging world- how to use limited resources to maximize returns.
“Our central message is that...managers must start to recognize environmental improvement as an economic and competitive opportunity ... it is time to build on the underlying economic logic that links the environment, resource productivity, innovation, and competitiveness”.

Michael Porter
Harvard Business School
Author of Competitive Advantage of Nations
THINK OF ALL FORMS OF WASTES AS MONEY
Green Economy Challenges in Jordan:

The main Challenges facing Green Economy and its tools including Cleaner Production, and the Jordan Cleaner Production Program are mainly economical as well as legal within the governmental policy.

Such environmental concept, is faced with economical challenges whether from the Government as well as industrial clients. Although the level of awareness has increased, due to the financial crises around the world and energy prices hikes, still industry as well as Governments has to realize its importance and relevance to sustainable development.

Therefore, awareness and belief in such concepts are keys to sustainable production and consumption.
Electrical Cars Initiative:

As part of the Jordanian concern in the implementation of investments in Energy conservation and renewable energy. It was basically agreed to import one electrical from Nissan Motors for a limited period as a trial and study case in cooperation with the National Center of Research and Development of the Higher Council of Science and Technology of Jordan. Based on that, future plans will be discussed.

At the Cabinet, an MOU was signed between the Ministry of Environment and NISSAN Motors, in September 2009, to provide the suitable environment and proper infrastructure for investment in the sector of electrical cars in Jordan.
Another 3 year MOU was signed with a Consortium of three companies (Alicil Technologies, MATRA, DBT) which manufacture highly sophisticated batteries which can be charged by solar energy.

This consortium will, in cooperation with the Ministry of Environment, will assist in financial and technical support to assess infrastructure requirements as well as conduct technical studies for the introduction of investment possibilities of electrical cars to the public sector in Jordan. Such initiative will be extended eventually to the private sector.
Eco-cities Initiative:

As part of the Eco-Cities movement in the MENA area, a Jordanian initiative that was launched in October 2008, to provide support to the implementation of environmental opportunities in Jordanian cities.

It encourages the use and acceptance of environmental friendly practices through changes in the policies and strategies connecting the public and private sectors in Jordan.
Recommendations and results of such initiative leading to Green Economy, included:

2. Launching A Seminar on “Green Financing”
3. Support of the Jordan Cleaner Production Program (JCPP).
4. Tax and customs exemption of hybrid cars.
Capacity Building of the Rural Areas of Jordan in Renewable Energy and Water Harvesting Project:

Based on the initiative of the Ministry of Environment and in cooperation with the Indian Bare Foot College of India, a training of a group of three illiterate villagers (two ladies a gentleman), was conducted for period of six months in India on the use and skills of using solar energy to produce electricity as well as water harvesting for their communities.

That group was supported by the Indian government, the Royal Airlines of Jordan, the Jordan Society of Sustainable Development, and the Center of Research and Development of Jordan Badia.
The two ladies were trained on the assembly and maintenance of solar cell units and the gentleman was trained on methods of water harvesting in rural areas.

This group is intended to be start of a local training center for other people of the rural communities. The facilities will be provided by the Ministry of Education at one of the schools of the area.
Green Economy Strategy Initiative:

An MOU was signed between the Ministry of Environment of Jordan and United Nations Environment Program (UNEP) to conduct a comprehensive scoping study about the status and the strategic potential of Green Economy in Jordan.

It will be used to state the requirements as well as the legal framework to support such requirements to move to a better Green Economy. Such study is done and launched.

A Green Economy Strategy is underway based on the results of such study.
Environmental Financing:

A Conference on “Green Financing” was conducted at the Society of Banks of Jordan in March 2010. The main challenges and scenarios of the development of green financing in Jordan were discussed.

The main recommendation was to encourage the financial and banking sector to include environmental financing due to its positive impact on the protection of natural resources and the environment.

A following meeting that included 11 banks in Jordan at the Society of Banks of Jordan, was held in March 22, 2010 where the recommendations of the previous conference and bankers concerns were discussed.
Bankers concerns included:

1. Insufficient guarantees against such loans.

2. High interest values on environmental projects due to the addition of other charges such as risk charges which makes very difficult for investors in the environmental sector, as compared to other traditional investment projects.

3. The required steps that should be taken by the Central Bank of Jordan, Ministry of environment, and the private sector.
The main results of these two meetings was the decision of the Cabinet, added to the recommendation of the governmental Committee of Economical Development and Activities, was to conduct a comprehensive study on the best mechanisms to encourage the banking sector to work with environmental financing and push toward a green economy. With the support of the French Development Agency (AFD) and their long time experience in Green Financing.

A Green Financing Initiative with the AFD is under preparation where about 40 million Euros will be available to industry to fulfill their green plans. It will be managed and implemented through the Jordan Cleaner Production Program.
The Committee of Custom Exemptions:

Based on the decision of the Cabinet no.898 in March 3rd, 2008 as well decision no.1281 in April 15th, 2008; it was agreed on the customs exemption added to a sales tax of 0% for a number of equipment and materials used in energy conservation and renewable energy.

Added to that, a technical committee was named to provide supervision and follow up of such exemptions and its implementation.

It includes representatives of the Ministry of Environment, Ministry of energy and Mineral Resources, Income and Sales Tax Directorate as well as the Jordan Customs Directorate at the Ministry of Finance, The organization of Standards as Specifications of the Ministry of Industry and Trade, and the National Program of Energy Research.

Such committee meets on monthly basis to discuss new developments.
**Special Roadmap of Energy Conservation and Renewable Energy in Jordan:**

As a follow up to the production of the new law of Energy Conservation and Renewable Energy in Jordan, it was decided by the Cabinet that a roadmap to encourage and motivate the Energy Conservation and Renewable Energy sector for the implementation of such law.

A committee consisting of representatives of the Ministry of Environment, Ministry of Energy and mineral Resources, National Program of Energy Research, and the Jordan electric Company; with assistance of the US Development Agency (USAID); to work on such process.
Other SMEs Support Programs:

In the Jordan framework there are programs for competition and productivity improvement, like:

1. Jordan Upgrading and Modernization Program (JUMP): whose aim is the improvement of small and medium industrial projects through the development of the administrative and productive abilities, by preparing diagnostic studies and development plans, granting 90% of the costs.

2. The National Fund for the Support of Enterprises (NAFES): it aims at supporting the competition of small and medium industrial projects, by offering the financial aid through consultative services that include: work planning, production management, financial analysis, administration of human resources and providing training. This fund is supported from the Japanese government.

3. Jordan Enterprise Development Corporation (JEDCO): it aims at trade promotion and exports increase of Jordanian products, through participation in the international exhibitions and market studies.
4. The Scientific Research Fund: This aims at increasing awareness on the importance of scientific research, giving grants for 75% of the cost of the industrial project for the improvement of the product and of the operations.

5. The General Program for the exemption from customs duties on industrial production. The Ministry of Industry and Trade and the Customs Department, through the customs protection committee, supervises its execution.

6. The Jordan loans Guarantee Corporation: whose task is to give guarantees for the loans to small and medium projects.
7. Business Development and Exports for Jordanian Companies (TATWEER): aims on the encouragement and increase of local exports to non-traditional markets by helping Jordanian companies in developing their technical commercial capabilities.

It provided some financial, technical, and marketing support for the purposes of capacity building.

8. A Doctor for each factory Program: aims to the utilization of academic and research capabilities to solve industrial problems and development requests. It basically, provides technical support for such industry.

9. Mobile Energy and Environment Clinic: A service provided by the Amman Chamber of Industry to assist its members technical as well as partial financial support to solve their energy efficiency challenges.