

Green Finance





Why Green Finance Matters ??

“Green finance is not an optional — it's a strategic necessity.”

Green finance in Jordan has developed gradually over the past two decades, shaped by increasing awareness of environmental issues, regional energy challenges, and international climate commitments.





Today, green finance in Jordan is guided by national strategies and supported by the financial sector showing real progress driven by clear vision, strong policies, and collaboration.



Jordan's **energy challenges** (import dependency, cost)

- Jordan imports over 90% of its energy needs, making energy security a national priority.
- This reliance has historically made the country vulnerable to price fluctuations and supply disruptions.



Jordan's climate and economic commitments (NDCs, Energy Strategy 2030 :

➤ **National Energy Strategy**

- Jordan's energy strategy aims to increase renewable energy share to 31% by 2030.
- Focus areas: solar, wind, and waste-to-energy.

➤ **Renewable Energy Growth**

- As of 2024, renewable sources contribute roughly 26% of electricity generation.
- Most solar and wind projects are privately financed under Public-Private Partnerships (PPPs).



- **National Green Growth Plan (2017–2030):**
 - Developed with the help of the Global Green Growth Institute (GGGI), this plan outlines investment opportunities in six key sectors: energy, water, agriculture, transport, waste, and tourism.
 - Aimed at mobilizing green investments and aligning national development with climate change goals.

**** The nationally determined contributions (NDCs) :** are commitments that countries make to reduce their greenhouse gas emissions as part of climate change mitigation. These commitments include the necessary policies and measures for achieving the global targets set out in the Paris Agreement.



JLGC's Role in Jordan's Green Finance Ecosystem

1. Green Finance Guarantee Program

JLGC is developing a dedicated guarantee scheme to support environmentally sustainable lending by banks and financial institutions. The program aims to reduce credit risk and encourage financing of green projects—particularly by MSMEs.

2. Alignment with CBJ Strategy

JLGC's green initiatives are fully aligned with the Central Bank of Jordan's Green Finance Strategy, helping and encouraging financial institutions to allocate credit toward green and sustainable sectors.





3. Empowering MSMEs

By providing credit guarantees, JLGC enables micro, small, and medium enterprises to access financing for renewable energy, energy efficiency, and other green investments—promoting inclusive participation in the green economy.

4. Collaboration with the Financial Sector

JLGC works closely with banks and financial partners to implement the Green Finance Program, making green lending more trusted and encouraging the use of environmental standards in loan .



JLGC'S Green Finance Guarantee Program



The Green Finance Guarantee Program aims to promote eco-friendly investments in Jordan, reduce lending risks, and foster sustainable development through bank cooperation and centralized oversight.

Objectives

1

Support MSMEs and innovative projects

2

Encourage green technologies

3

Risk share between banks and JLGC

4

Enhance green lending in Jordan

General Terms

- **Guarantee coverage :**
 - 85% guarantee for projects in Amman
 - 90% for projects outside Amman and projects led or managed by women
- **Maximum loan amount :** JOD 4 million
- **Maximum payment Tenor:**
 - Up to 36 months for working capital
 - 10 years for assets



Eligible Green Sectors

- Renewable Energy
- Green Buildings
- Sustainable Transport
- Waste Management & Recycling
- Sustainable Agriculture
- Green Technology
- Water Treatment
- Energy Efficiency
- Eco-tourism



Banks' Responsibilities

- Promote the program.
- Assess and approve loans.
- Conduct environmental reviews.
- Ensure compliance with CBJ guidelines.
- Monitor and report to JLGC.

Challenges

1. Limited access to financing remains a barrier, especially for small and medium enterprises (SMEs), which are vital to the Arab region's economy **but building capacities for all stakeholders is in place**
2. Absence of a national classification system for green projects; currently, the European Union's Taxonomy is being used as a temporary reference **but the Central Bank of Jordan's official green taxonomy classification is in the pipeline .**

3. Concerns about “greenwashing” — the risk that some entities may misuse green financing labels without genuine environmental impact **but define a control measures could help such as :**

- Clear green taxonomy –
- Transparent reporting and environmental impact disclosure
- Use standardized evaluation criteria and metrics
- Engage third-party verification and certification
- Establish strong governance and accountability mechanisms

Despite all challenges

“Green finance is not just good business. It’s smart economics, energy security, and climate responsibility — all in one.”





Thank you !