



Jordan Environment Protection Fund

*SABEQ Team
Wild Jordan, Amman
15th August, 2007*

Background

- World Bank estimates the cost of environmental degradation at **JD 205 million or 3.1% of GDP** in 2004
- Ministry of Energy estimates that Jordan **can reduce its energy bill by 21%**
- **Over 85% of total wastewater** is discharged in streams, wadis or low-lying areas (Diarrhea illness and mortality: damage cost is estimated at JD 31 million per year)
- The 2005 Environmental Sustainability Index **ranked Jordan at 7.4** as one of the top-tier countries in biological diversity (above USA, France, Lebanon, etc)



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Need

- The National Agenda indicates that:
 - Hazardous & chemical wastes are expected to increase by over 50% annually
- Jordan needs to fulfill its obligation towards international conventions and treaties



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Objectives of the Fund

- Support initiatives and projects that contribute to the **achievement of sustainable development in Jordan**
- Contribute to the compliance with the **international environmental conventions**
- **Increase capital investment and technological innovation** in the environmental sector in Jordan



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Objectives of the Fund

- Address Jordan's **national environmental priorities**
- Provide a sustainable and effective mechanism to **raise and channel resources** to environmental priorities
- **Improve environmental performance**
- **Raise awareness** on clean and environmental-friendly technologies and their economic and social impacts



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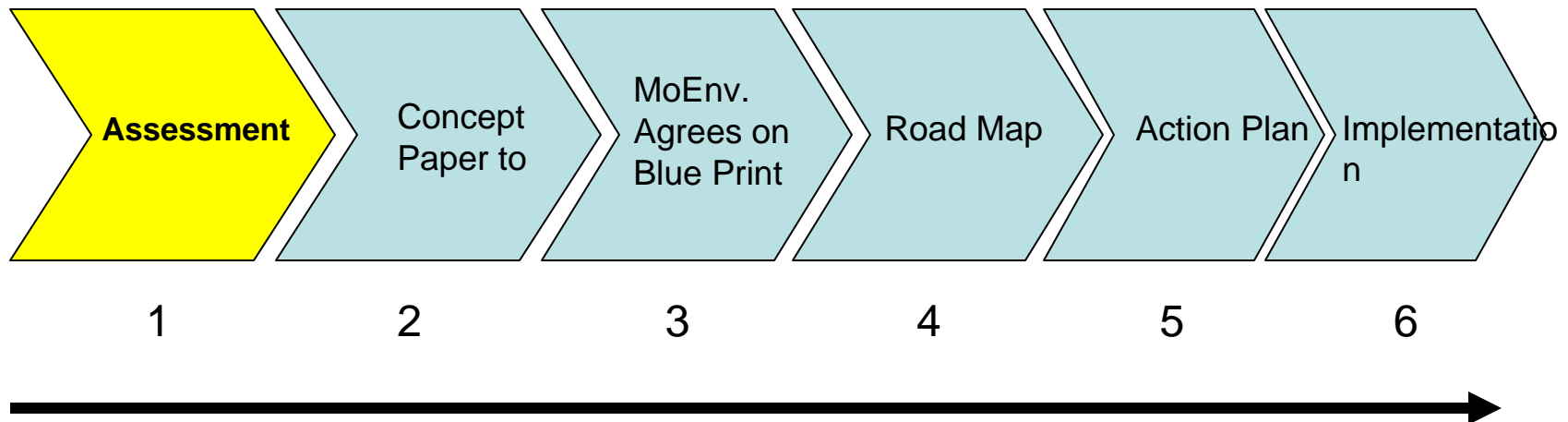
Underlying Assumptions

- Comprehensive National Approach
- Leadership of the Ministry of Environment
- Designed to serve a broad spectrum of beneficiaries with diverse forms of assistance
- Sustainability, Flexibility, Accountability and Transparency



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MoEnv & SABEQ's Process



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International Experience

□ Cases Studied

- **Egyptian** - Environmental Fund (Est. 2000)
- **Montenegro** - Environmental Fund (In-Progress)
- **Latvian** - Investment Environmental Fund (Est. 1997)
- **Bulgaria** - The National Environmental Protection Fund (Est. 1992)
- **Turkish** - Environmental Pollution Prevention Fund
- **Czech** - The State Environmental Fund (Est. 1991)
- **Estonia** - The Environmental Fund (Est. 1983)
- **Thailand** - Environmental Fund (Est. 1992)
- **Hungary** - The Central Environmental Protection Fund (Est. 1980)

Economies
in Transition
with a Need
to Comply



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Findings

Common Themes



Strategy & Objectives

- What are Jordan's long term environmental policies?
- What are the goals and strategies of the MoEnv?
- Which goals can the fund serve in achieving?
- What's the core focus of the fund e.g. Priority List? And what issues will it address?
- What's the lifetime of the fund?
- What kind of support can the fund provide?
- Who are the beneficiaries of the fund?



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Legal Structure

Legislation	Advantages	What can be governed and regulated?
Law	<i>Legitimacy to ensure sustainability and to provide stability</i>	<ul style="list-style-type: none"> - The sustainability of the fund - The long term policy goals <p><i>To be revised in about 10 years?</i></p>
Regulations and Directions	<i>Flexible instrument for revision and modernization</i>	<ul style="list-style-type: none"> - Fund Mandate - The goals of the fund - Sources of funding - Organizational structure - Procedures and operation of the fund <p><i>To be revised in about 5 years?</i></p>



Governance & Administration

- What level of independence would the fund have?
Autonomous or semi – autonomous?
- What type of organizational structure should be put in place?
- Who should be represented on the fund's board, why and how?
- What policies and procedures should the fund have?
- How to establish accountability, credibility and transparency?



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Governance & Administration (Cont.)

Issues to be Addressed in Designing the Organizational Structure:

- Organizational structure should assist in achieving the fund's long-term policy goals.
- Organizational structure should reflect the long-term perspective of the fund.
- A structure in keeping with the fund's resources and scope



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Sources of Funds

Sources of funds should ensure financial sustainability

- Factors to be considered:
 - Size and predictability of revenues to be generated
 - Financial risk assessment
 - Type and mechanism for collecting fines and charges
 - Ensure administrative capacity and efficiency of the fund in cooperation with relevant government authorities
 - Return on investment



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Sources of Funds (cont)

International common funding sources are:



International Experience shows that the most important sources of revenues are Charges and Fines on environmentally harmful activities.

Illustration:
57% of funds' revenues in Czech Republic, Estonia, Poland & Slovakia were generated from environmental charges and fees

Disbursement Mechanisms

- Disbursement Mechanisms (DM) are selected according to available resources & environmental priorities
- DM are reviewed and assessed periodically
- For each disbursement mechanism, the EPF will allocate a share of expenditures, establish transparent eligibility criteria and set priorities
- Most commonly used types of disbursements are:
 - Grants
 - Interest Rate Subsidies
 - Soft Loans
 - Loan Guarantees
 - Tender Method



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Priority Themes

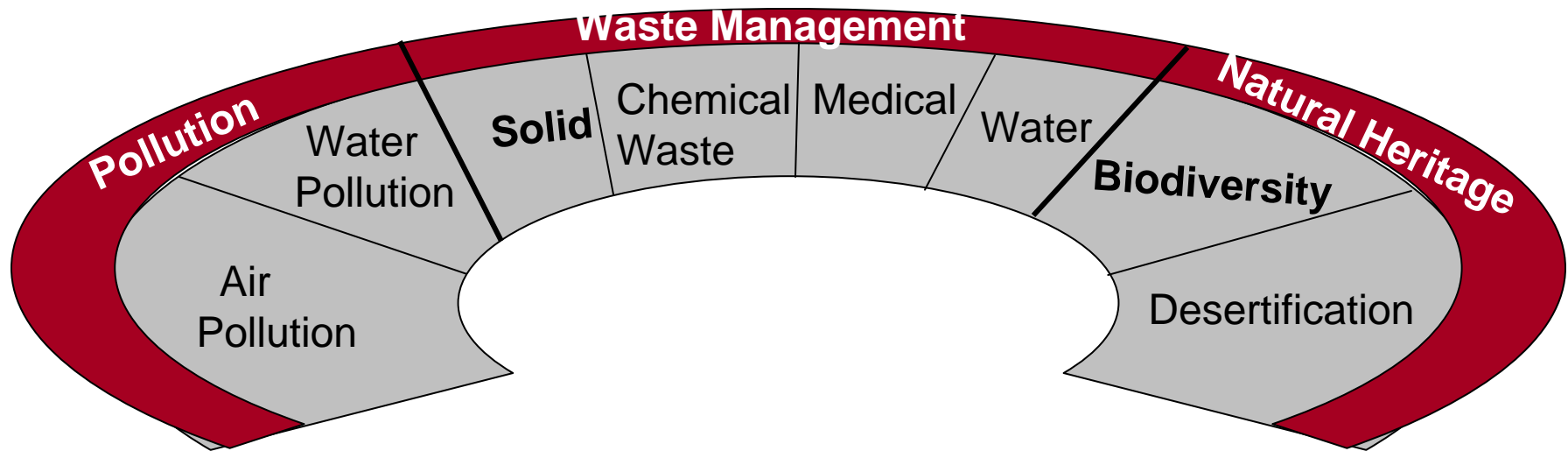
The Fund should select its priorities in line with those adopted by the National Agenda and the Ministry of Environment. Namely;

- Pollution
- Waste Management
- Natural Heritage



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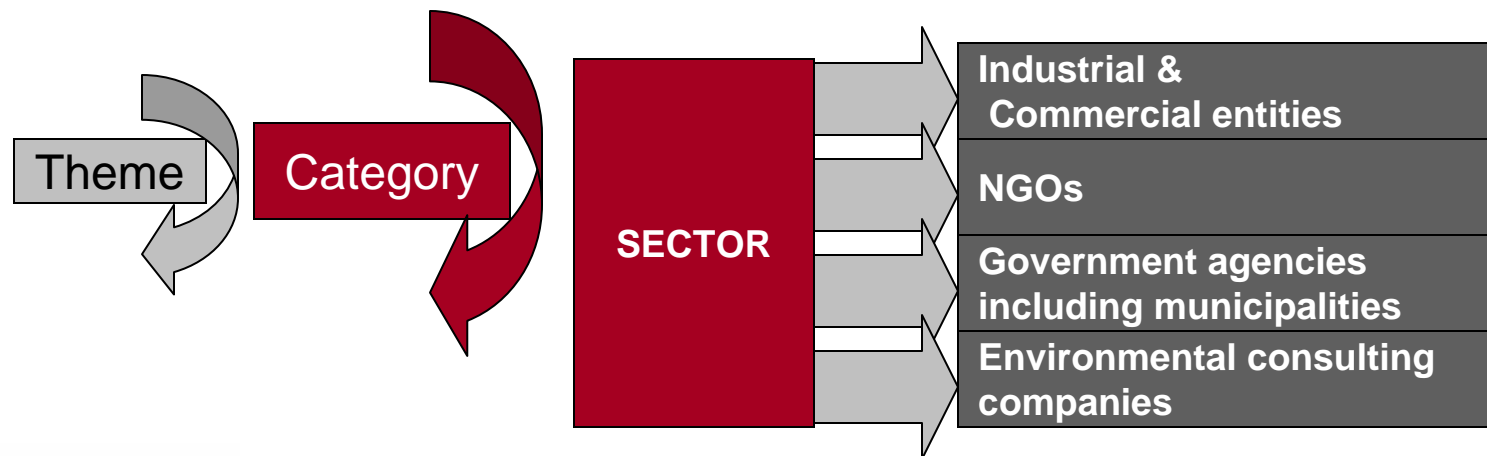
Priority Categories Under each Theme



Main Beneficiaries

- Under each theme, category and sector, the environmental fund will need to identify its main target segments as follows;

Identification of main beneficiaries for each sector



Main Beneficiaries

- **Industrial & Commercial entities:** mainly SMEs for compliance (fund will be targeting issues with high environmental impact and a relative low to medium costs), companies who produce products and services to deal with environmental issues.
- **NGOs:** environmental projects, advocacy, awareness, research and assessment.
- **Government:** Technical assistance, etc.
- **Environmental consulting companies:** service providers, energy efficiency, business processes and plans, etc.



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Possible Activities

Type of Activity	Description
Investments	Equity investments in companies to support development of an environmental cluster
Procurement	Purchase of equipment used in environmental and natural resource management, etc...
Research	Support applied research and innovative technology solutions to private sector, research institutes and NGOs
Education & Awareness	Support for environmental education and awareness programs administered by agencies, local governments, NGOs, Universities and schools
Training	Support for training on new innovative technology to increase capacity of institutions and stakeholders
Institutional Capacity Development	Capacity building of staff
Consultancy services	Support beneficiaries develop business plans and processes etc..
Habitat Restoration and protection	May involve some capital and infrastructure investments, species propagation, etc...
Contamination Clean UP	Removal of contaminated material from sites



Thank You

Interviews

- **Ahamad Atiqa**, IFC, Resident representative
- **Amal Hijazi**/ CDM-RIAL Project
- **Ala' Al Kurdi**/ SABEQ
- **Adnan Zawahreh**/ MoEnv, Director of Inspection and Enforcement
- **Bassam Hayk**/ RSS, Director of the Environmental Research Center
- **Batir Wardam**/ MoEnv, Environmental Claims Unit
- **Farah Hanbali**/ SABEQ Consultant
- **Hussain Badarin**/ MoEnv, Director of Monitoring and Assessment, Climate Change focal point
- **Hussain Shaheen**/ MoEnv, Director of Nature Protection
- **Jacob Cohen**/ SABEQ
- **H. E. Khaled Irani**/ MoEnv, Minister
- **Lindsey Wellons**/ SABEQ
- **Mohammad Asfour**/ SABEQ
- **Malik Kabariti**/ National Energy Research Center, President
- **Mai Abu Tarboush**/ CDM-RIAL Project
- **Mohammad Khashashneh**/ MoEnv, Director of Waste and Hazardous Substances Management
- **Ra'fat Ahmad**/ RSS, Director of Industrial Chemistry Research Center
- **Rana Dababneh**/ SABEQ Consultant
- **Raouf Dabbas**/ MoEnv, Minister's Advisor
- **Rodrigo Ortiz**/ Chief of Party, SABEQ
- **Ruba Al-Zu'bi**/ MoEnv, Director of Policy and Development
- **Souad Abdul-Hamid**/ SABEQ
- **Yahya Khaled**/ , Director of RSCN
- **Zaki Ayoubi**/ Chamber of Industry, Board Member-Director General



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Relevant Initiatives

- Global Environment Facility (GEF)
- Jordan Fund for Nature
- IDB-KFW
- Jordan Cleaner Production Program (JCPP)
- Energy Fund
- The French Agency For Development (AFD) Credit Line



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