



GREEN economy

Advisory services

Jordan

Promoting a green economy

The government of Jordan is currently supporting various policies, initiatives and programmes aimed at achieving a green economy. The government's 2010 Executive Programme highlights its pursuit of green economy development, by documenting the need to "launch a programme for green services and industries to meet the requirements for adhering to environmental standards and turning Jordan into a regional centre for green services and industries."

UNEP's partnership with Jordan

UNEP, in cooperation with the Jordanian Ministry of Environment, has carried out a Scoping Study in 2011, which provided policy recommendations for safeguarding Jordan's economic, social and environmental priorities, increasing efficiency in the use of resources in different sectors of the Jordanian economy, and strengthening institutional and human capacities.

Key challenges and opportunities

Some of the factors that challenge the sustainable and socially-inclusive growth of the Jordanian economy, including the study's recommendations, are addressed below.

Employment

Unemployment in Jordan is chronically high, hovering between 12.3 and 15.3 per cent, and seems to increase despite economic growth. The labour market suffers from a severe structural unemployment due to a mismatch between the skills of job seekers and the demand in the labour market. Part of the problem is that manufacturing,

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which is generally labour-intensive, receives a limited share of private investment and foreign direct investment, compared to real estate investment which mainly employs low-skilled guest workers. Furthermore, lack of adequate transportation networks tends to limit workers' geographic mobility, leading to regional disparities in employment.

The study finds that in total, investment in environmental conservation could generate an estimated 50 000 jobs, and over JOD 1.3 billion in revenues over a period of 10 years. In order to achieve such benefits, this study recommends an integrated and coordinated approach that involves all levels of the government, private sector and civil society. In accordance with the Green Economy Policy Paper, jobs can be created in sectors such as transport, sustainable agriculture, waste management, and eco-tourism.

Energy

Approximately 13 per cent of Jordan's GDP in 2009 was spent on energy, of which 96 per cent were imported. Its heavy reliance on oil imports has adverse impacts on the growth of industrial production. Moreover, Jordan's energy use generates approximately 14.9 million tonnes of greenhouse gas (GHG) emissions.

With over 13 per cent of GDP spent on energy imports, it is essential to scale up the development of alternative energy sources and to enhance energy efficiency in

buildings and industrial processes. Investment in energy efficiency can save the nation one-fifth of its energy usage over the next 12 years. Methods to promote energy conservation are, among others, taxing excessive energy use, improving insulation and energy efficiency of homes, and providing incentives for the use of lower voltage bulbs and devices. The economic benefits of shifting towards cleaner energy in Jordan include saving on imports, smaller trade deficit, lower rate of inflation and increased employment rate. There is a need, however, for an enhanced legal and institutional framework to support the implementation of existing policies, and for more incentives to encourage the use of renewable energy technologies.

Water

Jordan is one of the most vulnerable countries to climate change impacts, primarily due to the fact that its ecosystem productivity is highly dependent on a hydrological cycle. Jordan is a country with absolute scarcity of freshwater resources. The water and agricultural challenges in Jordan are tightly related as the agricultural sector currently accounts for 71 per cent of water demand. The contribution of agriculture to Jordan's GDP declined from 6 to 3 per cent in 15 years mainly due to drought and inefficient water use.

Up to 51 per cent of the country's water is wasted and around 35 per cent of households are not connected to a sewerage system. As a result, there is an enormous

potential to improve the conservation and efficient use of water. A rehabilitation of wetlands and better allocation of water to relevant economic activities could optimise the economical productivity of water.

Jordan has adopted a number of innovative policies and regulations in certain areas to help transform key economic sectors and enable a move towards a green economy. An example could be the Renewable Energy Law, which contains provisions for a renewable energy and energy efficiency fund and for the creation and maintenance of renewable energy infrastructure. Such policies could be expanded to other sectors of particular importance, along with greater government spending to target the most prominent environmental challenges.

Key messages

Public spending on the environment is less than 0.5 per cent of the government budget. Investment requirements estimated for the six sectors examined in the report are significant and will demand the mobilisation of greater amounts of public and private financial resources. Currently, most funding for environmental initiatives benefits from aid from donor countries and organizations. However, there are encouraging signs that new funding – from the Jordan Renewable Energy Fund to the Green Investment Fund and the Environmental Protection Fund – are forthcoming and can play a major role in financing the transition to a green economy.

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