



Case Study on Jordan's policy regulatory reforms and financial and legal frameworks

to promote small-scale RE technologies and applications in rural areas through a holistic approach

Policy analysis and recommendations

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National Policy Drivers

Poverty Alleviation & Unemployment Rates

- ▶ **Vision 2025:** The reduction of poverty, the provision of decent shelter, and improved quality of life are strategic priorities.
 - ▶ The target is to reduce poverty to 8% by 2025, and to 7% by 2030.
- ▶ **Government Priorities (2020-2021):** to create 35 thousand job opportunities.
- ▶ **Unfortunately, unemployment rates reached 25% by 2020 (in light of COVID-19)**



Improving Agricultural Productivity & Empowering Rural Farmers

- ▶ **56% of the labour force working in agriculture are concentrated in rural areas**
 - ▶ Accounting for almost 118 thousand families.
- ▶ **MoA National Strategy for Agricultural Development (2020-2025). Key drivers for economic empowerment and poverty alleviation:**
 - ▶ Increasing engagement of rural communities in local agricultural market
 - ▶ Enhancing their working conditions
- ▶ **MoA Economic Growth Stimulus Plan (2018-2022)**
 - ▶ Development of pastoral communities, training women in food industries, enhance income of poor families, development projects in rural areas



Economic development and stimulating green economy across sectors

- ▶ On an economic level, Jordan has issued **JEGP (2019-2022)** encompassing the 5-year reform matrix (5YRM).
- ▶ **5YRM:** focus on advancing growth and jobs for Jordan in 11 pillars, through improved investments, exports and fiscal gains.
- ▶ **MoEnv issued the NGGP in 2017** with support from **GGGI**, as a roadmap for green growth in Jordan building upon relevant government strategies. 5 desired outcomes of green growth:
 - ▶ Sustained economic growth
 - ▶ social development
 - ▶ Resilience
 - ▶ Biodiversity and ecosystem services
 - ▶ GHG emission reduction and avoidance.
- ▶ Green Recovery plan under way



Climate Policy & Actions

- ▶ Jordan and the Middle East region are among the world's climate change **hotspots**.
- ▶ **Jordan's NDCs:** the country aims to reduce its GHG emissions by 14% by 2030, with 12.5% contingent upon international financial support (considering to double the ambition 28%)
 - ▶ USD 5.7 bn financing target (mitigation)
- ▶ **National Climate Change Policy (2013-2020):** guidance framework for GoJ to achieve climate resilience, reduce GHG emissions & economic growth across various sectors (being updated)
 - ▶ Aims to achieve health, sustainable and resilient communities, in addition to sustainable water and agriculture resources.



Key Legislative Frameworks

RE/EE Framework

- Electricity Law (No.64/2002)
- RE and EE Law (REEEL) (No. 13/2012)
- JREEEF Bylaw (No.49/2015)
- Specifications for Exempting RE and EE systems and Appliances from customs and taxes Bylaw (No. 13/2015)

Decentralisation System

NOW

- Municipal Law (No. 41/2015) by **MoLA**
- Decentralisation Law (No. 49/2015) by **Mol**

Under progress

- GoJ seeks to develop the system to be under one umbrella (MoLA)
- Through developing the Local Administration Law - replacing the two laws mentioned above

Environmental Framework

- Environmental Protection Law (No.6/2017)
- Jordan Environment Fund (JEF) By-Law (No. 144/2019)
- Climate Change By-Law (No.79/2019)

Associations and Cooperatives

- **Local Community Development Centres By-Law (No.32/2014)**
- Established and run by MoSD (Gov centres)

Cooperative Law (No.18/1997)

- Under which cooperatives can be established and registered under JCC
- Several types of cooperatives (some can be for profit)

Associations Law (No.51/2008)

- Under MoSD
- All Associations perform activities voluntarily (non-for profit)



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The Role of RE in Rural Productive Activities

RE support to rural productive activities

- ▶ Businesses run by women characterised as home-based, with minimal access to market and low in productivity.
- ▶ Dairy production is a dominant productive activity in rural areas.
- ▶ Rural women producing local jameed, ghee and cheese are challenged by high costs of production
- ▶ RE systems aid in increasing productivity for food businesses run by rural women.



Source: ESCWA. GG-NAPs

Food-based businesses

- ▶ RE lowers costs associated with **agricultural practices** such as irrigation, crops storing, etc.
- ▶ RE systems aid in **food processing**, storage and transport which contributes to increasing productivity.
- ▶ **Tourism:** indirectly contributes to the socio-economic opportunities of women in rural areas.
 - ▶ Local and international tourists in curated experiences centred around rural activities (e.g., bread baking, olive picking, cheese making, etc.)
 - ▶ Integrating RE can have profound socio-economic impacts
 - ▶ Promotes “Eco-tourism”



Source: ESCWA, 2020



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Opportunities and Challenges for Policies to Promote RE Integration in a Rural Context



Conducive energy strategy

- ▶ **Energy sector largest contributor to GHG emissions.**
 - ▶ Contributed up to 81% in 2012.
 - ▶ Energy imports: 92% of the total energy mix (10% of GDP)
- ▶ **Jordan Energy Strategy (JES)/ MEMR: emphasises the self-reliance scenario.**
 - ▶ Increase the share of RE in the energy mix to 11% by 2020 and 14% by 2030.
 - ▶ Increase the share of RE used in electricity generation to 21% by 2020 and 31% by 2030.



Financial Incentives for RE

- ▶ **Incentives by the GoJ for RE and EE:**
 - ▶ Jordan Renewable Energy and Efficiency Fund (JREEEF)
 - ▶ Fils Al Reef
 - ▶ Net-Metering
 - ▶ Central Bank Incentive
 - ▶ Custom Fees and Sales Tax Exemption

Source: MEMR



Challenges of integrating RE within a rural context:

- ▶ Legislation and planning stability (<1MW restriction)
- ▶ Cross-sectoral coordination (nexus approach, public/private/IO)
- ▶ Procedure simplification
- ▶ Technical impediments
- ▶ Financial Impediments

Financial impediments in GoJ mechanisms

▶ JREEEF

- ▶ Lack of studies to identify beneficiaries according to a standard criterion.
- ▶ Lack of monitoring and evaluation programmes to assess the performance of financing windows
- ▶ Challenges faced by the implementing companies. Payment instalments are affecting the performance of the implementing companies.
- ▶ Lack of an adequate open database that monitors beneficiaries of various programmes.

▶ Fils Al-Reef

- ▶ It is essential to conduct studies to assess the technical readiness of beneficiaries to install small-scale RE systems.
- ▶ Focuses primarily on underprivileged families registered with the NAF

▶ Central Bank of Jordan

- ▶ SMEs face challenges meeting eligibility requirements, particularly having audited financial statements to fulfil requirements.
- ▶ Lack of financing mechanisms that fulfil the current market needs to eliminate risks associated with financing and investing in RE projects by SMEs.
- ▶ Lack of capacity in some commercial banks and microfinance institutions

Source: FES, EDAMA 2021



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Reduction in Policy Burdens and Barriers

Aim: Achieve sustainable rural development through an integrated approach

Policy Analysis

Key Shortcomings

- Sectoral plans and strategies lack focus on women empowerment
- Lack of coordination among public entities
- Lack of unified indicators and monitoring process
- Paucity of data
- Financing mechanisms and incentives

Policy Drivers

- Promoting SDGs/green economy
- Food security
- Job creation and women's economic empowerment
- Reduce economic pressure and trade imbalance

Objective 1: Productive opportunities for rural women

Action 1.1: Install RE systems for local households/productive activities.

Action 1.2: Establish women-led training centres

- to train and teach women about RE system and raise awareness of potential financial support and lending terms.

Action 1.3: Granting women access to land and natural resources

- due to the high dependence on agriculture, and the opportunities for economic development.

Action 1.4: Supporting women-led businesses

- through funding/incentivising their entrepreneurial projects, including rural productive activities and projects.



Objective 2: Holistic governmental cooperation

Action 2.1: Enhanced cooperation between responsible public entities

- Such as: MoA, MoEnv, Mol, MoTA, MoLA, and MoSD, to ensure coherent policy integration.

Action 2.2: Effective data collection, analysis and communication across governmental entities

- A vital tool to ensure regular updates on progress to achieve development in rural areas.

Action 2.3: Monitoring and evaluation of projects, programmes, and policies of the government

- A key factor to ensure performance quality and track progress.



Objective 3: Overall rural development

Action 3.1: Implement a strategy for rural development

- On climate change adaptation and mitigation, and WEF nexus.

Action 3.2: Establish a reliable transport network

- Allows individuals to mobilise within rural areas and connects rural to urban.

Action 3.3: Identify key challenges

- (environmental, social, political) that impede rural development

Action 3.4: Create economic zones, offices and departments

- As working spaces in rural areas
- As a way to promote entrepreneurial business activity and development within rural areas.



Objective 4: Create a suitable business environment

Action 4.1: Tax reductions for small, women-led businesses

Action 4.2: Reduction of bureaucracy and flexibility in issuing permits

Action 4.3: Targeted incentives, funds and financial support programmes for rural women





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Key Recommendations

Capture the integrated approach needed to advance deployment of RE for rural development and women's economic empowerment

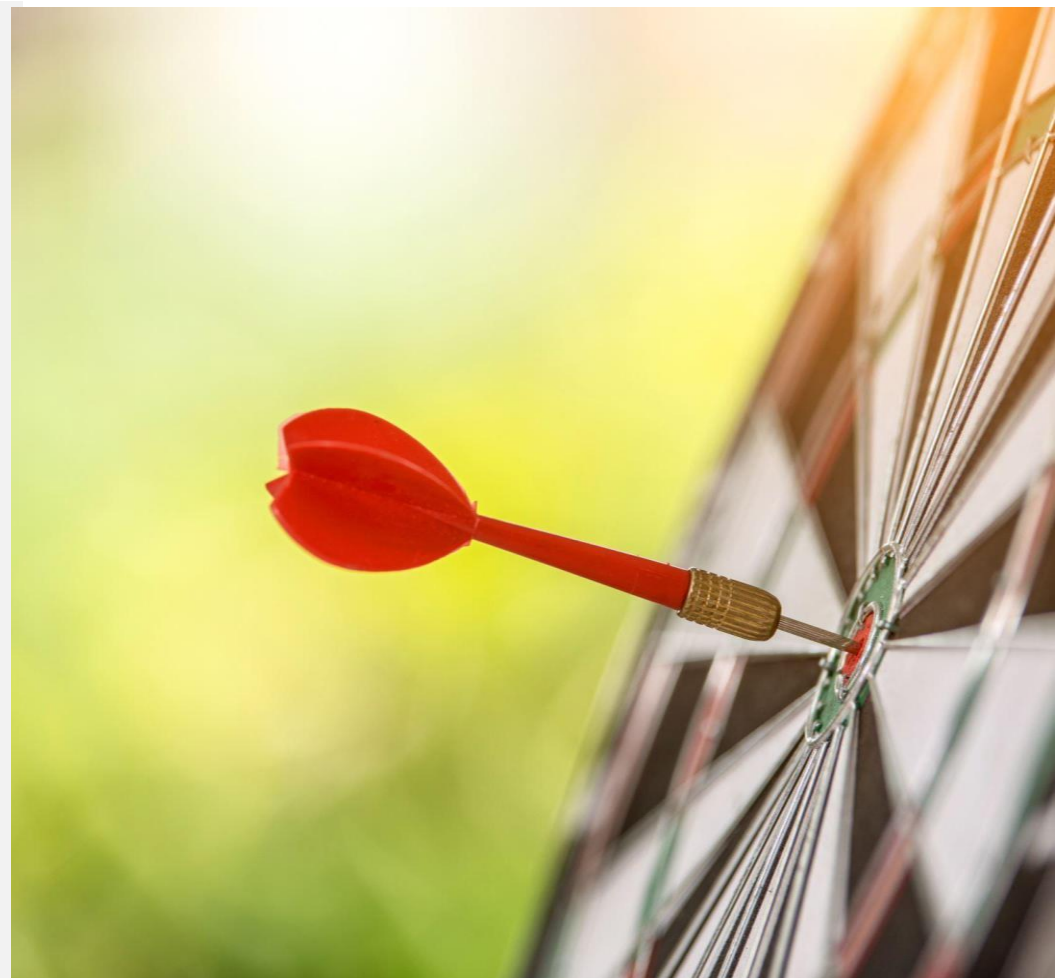
Recommendations

Strategy & Policy

- Rural Development Strategy / WEF nexus
- Operationalize the National Cooperatives Strategy (by the Jordan Cooperative Corporation (JCC))
- Ensure alignment between key national policies and strategic frameworks

Institutional

- A comprehensive and multi-sectoral, multi-stakeholder approach should be implemented.
- Strengthen the role of municipalities.
- Access to clean and reliable transportation
- Strengthen JCC and its institutional framework



Recommendations

Legal & Regulatory

Simplify mandate of legal and regulatory framework

- Mainly concerning associations, cooperatives, and local community development centres.

Strengthen the role of decentralisation

- Developing the adequate legal environment through issuing the Local Administration Law.

Keep up and update RE regulatory framework

- This would include clearer PV system specifications and optimising smart metering systems to allow collective self-consumption models



Recommendations

Legal & Regulatory

Ensure financial incentives for RE are backed with regulations

Governmental support towards women in land inheritance/ownership

- Backed by favourable regulatory framework.

Accelerate adoption of SMEs law

- Including reforms related to enabling small-businesses and entrepreneurship



Recommendations

Financial

Implement effective incentives and financing programmes.

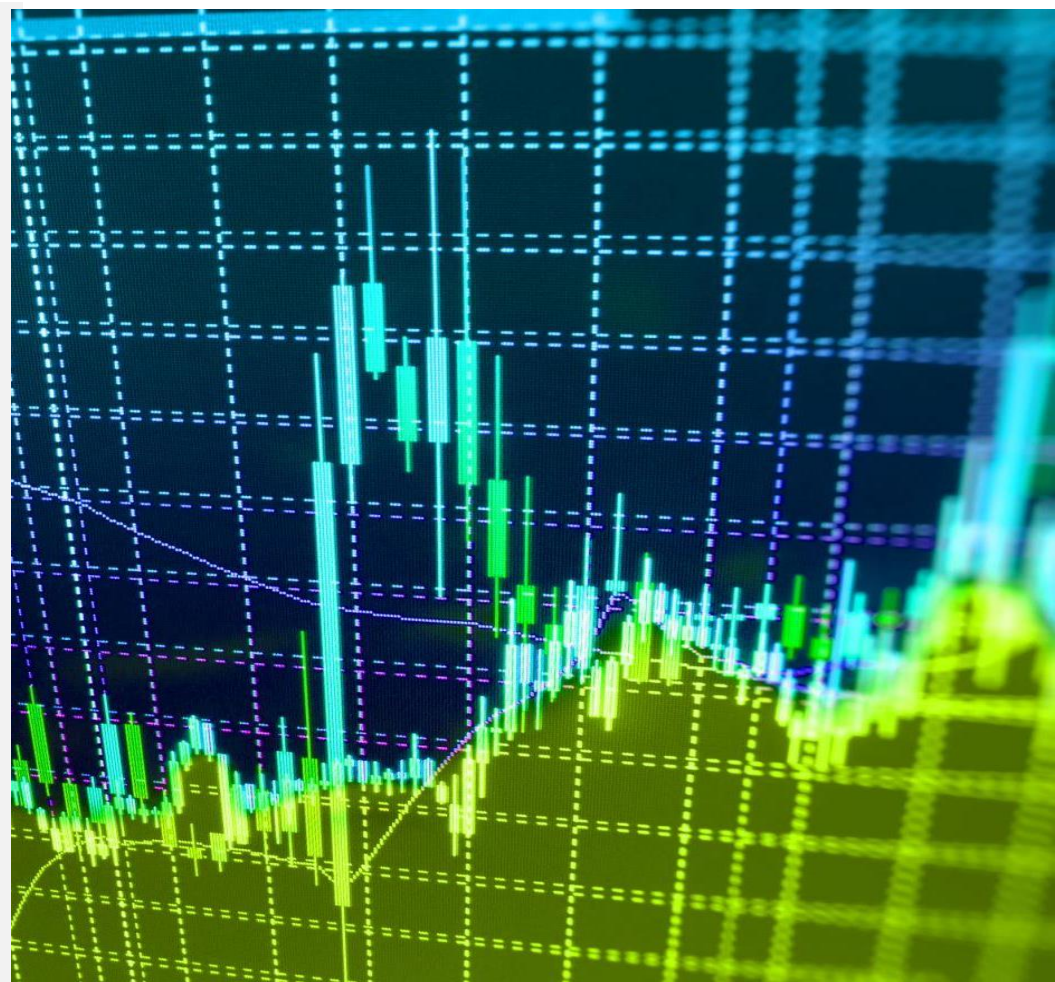
- Particularly, ones targeting small-scale RE systems as enablers of women economic empowerment.
- This could be done in cooperation with existing microfinance and support programmes

Introduce entrepreneurial business activities targeting rural women

- Focus on linkages to saving and income generation through small-scale RE systems.
- Cooperation with business incubators and microfinance institutions.

Leverage international development and financing programmes.

- This could include global funds like the Adaptation Fund (AF) or the Green Climate Fund (GCF)
- Also, bilateral partners active in Jordan and supportive of these sectors



Recommendations

Financial

Trade agreements and incentives should be optimised

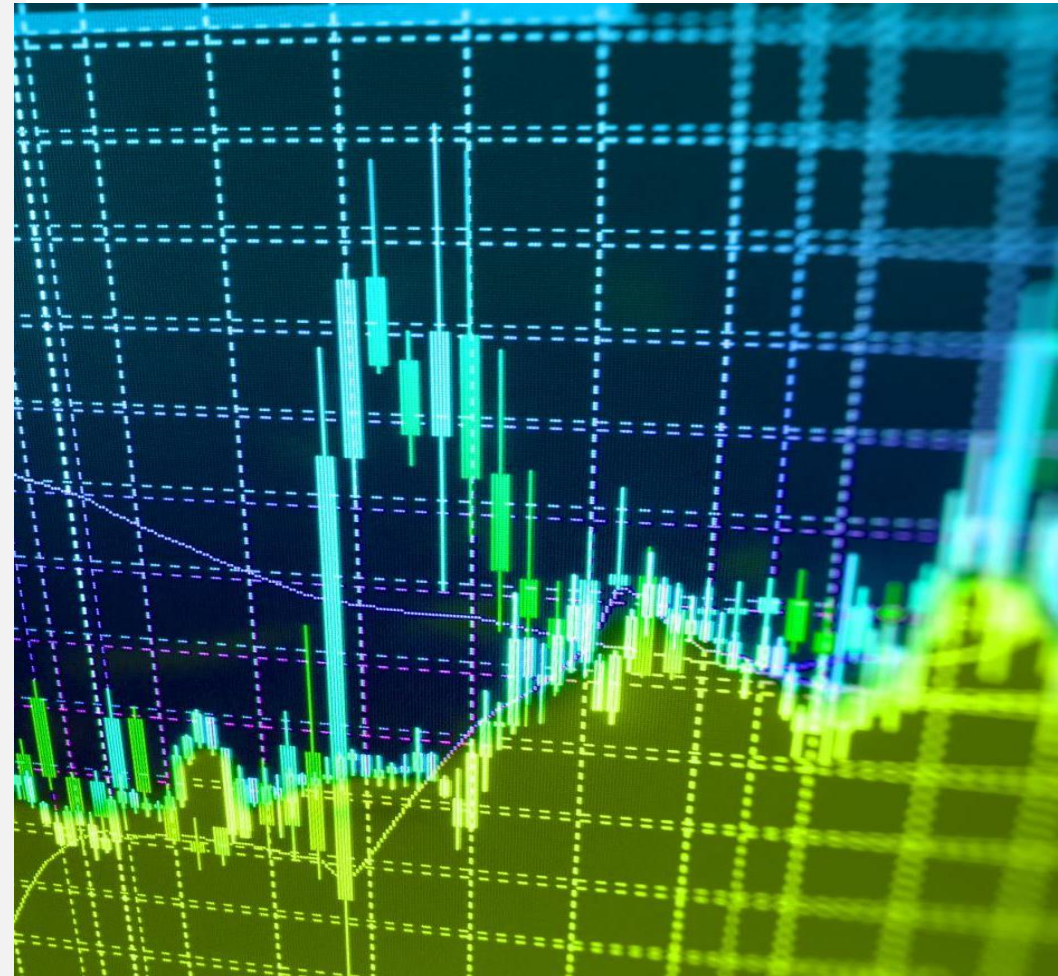
- to ensure sustainable and highly competitive rural productive activities
- Could be channelled with integrating small-scale RE systems

A gender budgeting approach is essential at the national and local levels

- to facilitate a gender-sensitive allocation of public resources.

Better coordination among donors and international agencies provided grants to rural development activities

- some of which may be “RE-blind” and hence leaving out small-scale RE technologies for rural and productive applications.
- MoPIC/MEMR could help in communicating the strategic role of these technologies



Recommendations

Capacity Building

Provide dedicated awareness raising on microfinance and lending terms and conditions among rural communities, particularly rural women

- This could help reduce the percentage of women facing debt challenges
- Effectively optimise funds to establish sustainable rural productive businesses.

Support CBOs to deliver training courses on marketing strategies (e-marketing, social media platforms, etc.)

- To strengthen the value of chain of women engaged in rural productive activities
- Support them in marketing their products.

Education and raising awareness among rural communities on the advantages of integrating RE in their rural operations.

- In key activities as mentioned including agriculture, agro-processing, dairy making, beekeeping, tourism and handicrafts)
- Helps achieving buy-in



Recommendations

Capacity Building

Design and deliver vocational training courses

- Mainly on RE and its role in entrepreneurial activities in rural communities
- **Rural women are capable** of being entrepreneurs, agriculture producers and civil society practitioners, if provided with adequate financial resources, training and enabling environment.

Dedicated training on the design and implementation of RE action plans

- Mainly through financial assistance and capacity building to prevent delays in planned RE projects

Strengthening the role of women's networks and mentorship opportunities

- As form of medium to long-term capacity building and support.





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Thank You