

*USAID-funded Energy Sector
Capacity Building (ESCB) Program
Clean energy finance innovation in
Jordan*

*6th International Forum on Energy for
Sustainable Development
September 30, 2015*

Jordan's energy sector faces multiple challenges

Rapidly growing energy demand



- 7% annual growth in primary energy demand
- 5.5% annual growth in electricity demand

Near total dependency on imported fuels



- 97% of energy needs met through imports
- 17% of GDP annual spending on energy imports

Large subsidy flows for household electricity consumption



- \$1.3 billion spent last year on electricity subsidies

Mobilizing the investment to expand energy resources



- New supplies (conventional and renewable)
- Transmission additions

Jordan's energy policy promotes diversifying energy production while reducing consumer demand and subsidies

Renewable Energy

Jordan's 2007-2020 Energy Strategy calls for increasing the share of renewable energy to 10% by installing an additional 1,000 MW of wind and 800 MW of solar energy by 2020.

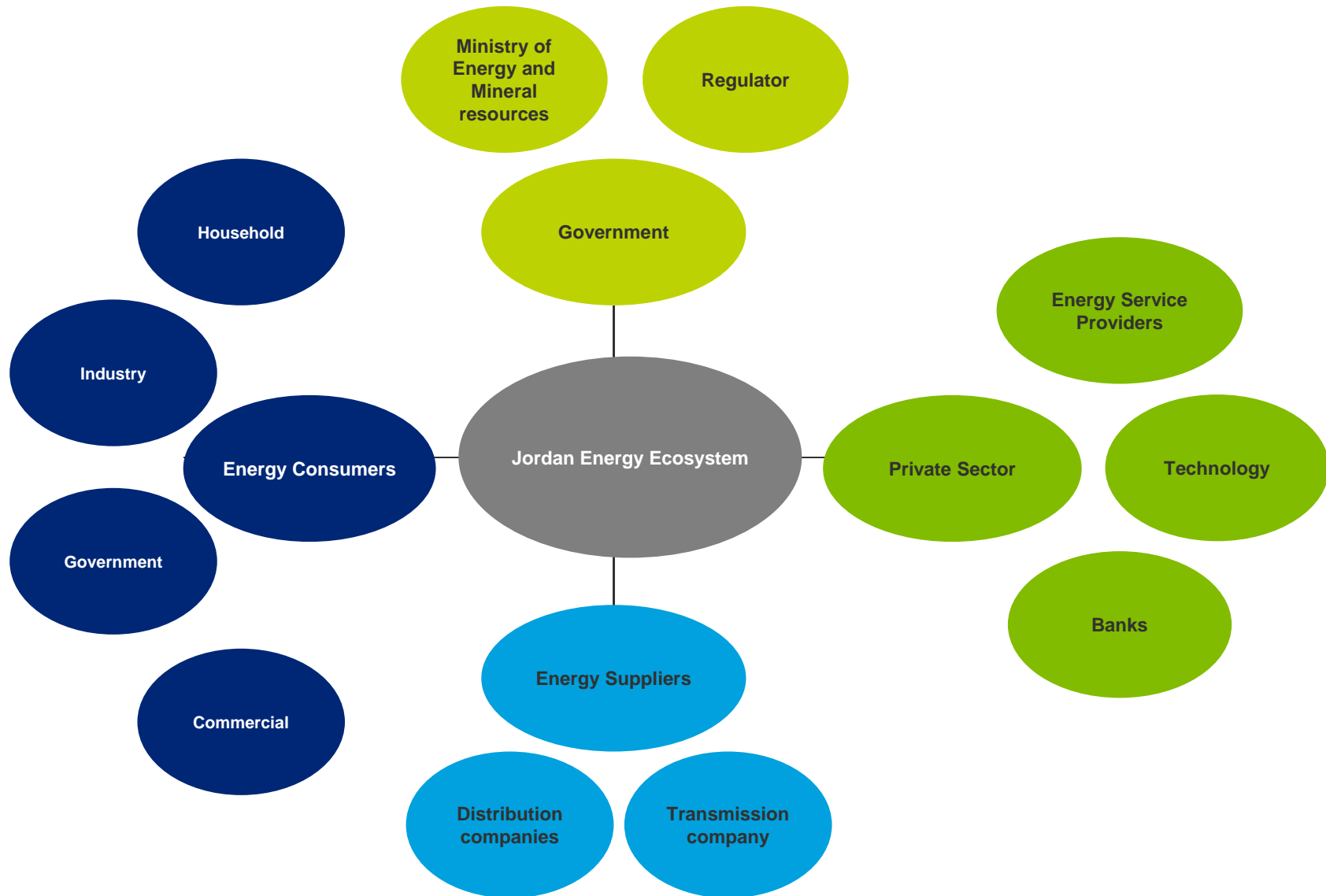
Energy Efficiency

The 2012 National Energy Action Plan calls for a 30% increase in solar water heater uptake and 20% improvement in energy efficiency by 2020.

Supply diversity

Jordan is pursuing alternative supplies for power generation, including regional natural gas, oil shale and nuclear.

Jordan's Energy Ecosystem



Public sector financed EE/RE

ESCB delivers a broad range of technical assistance and capacity building throughout the energy sector

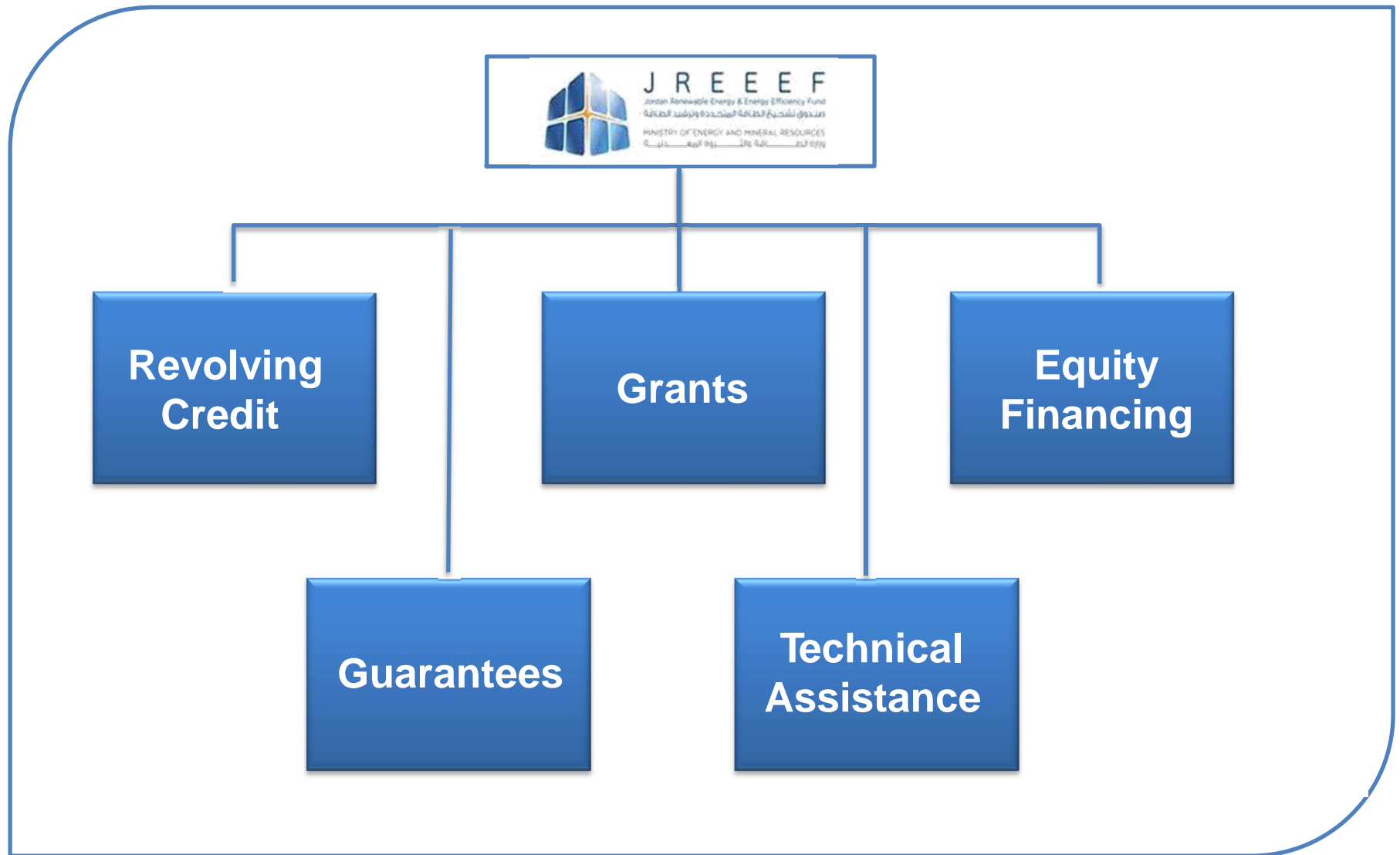


Operationalizing JREEEF

- Developed fund strategy and business plan
- Organized a consultation process for JREEEF's stakeholders
- Developed the JREEEF by-law which was approved by Cabinet and Executive Committee
- Designed JREEEF's EE/RE programs for 2015 implementation, including support to DSM and solar water heater/PV programs
- Providing ongoing analytical and design support to JREEEF



Financial & Technical Support Windows



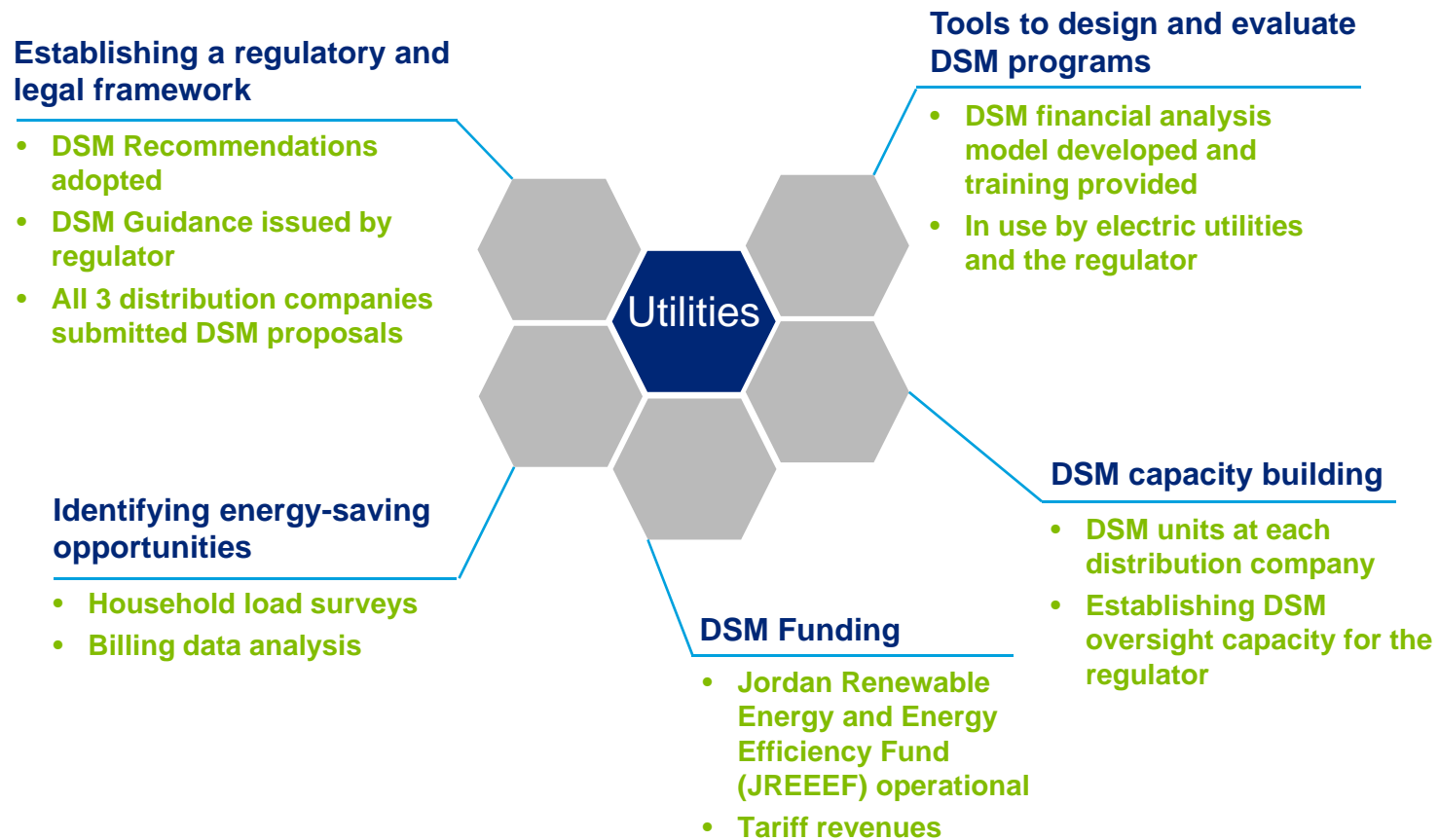
JREEEF STRATEGY (2015-2018)

- **Household PV Pilot Projects.**
- **Household Solar Water Heater Projects.**
- **Energy Efficient Lighting Projects.**
- **Scaling up household SWH and PV with donor co-financing**
- **Support program for SMEs Market.**
- **Support for innovation and R&D**

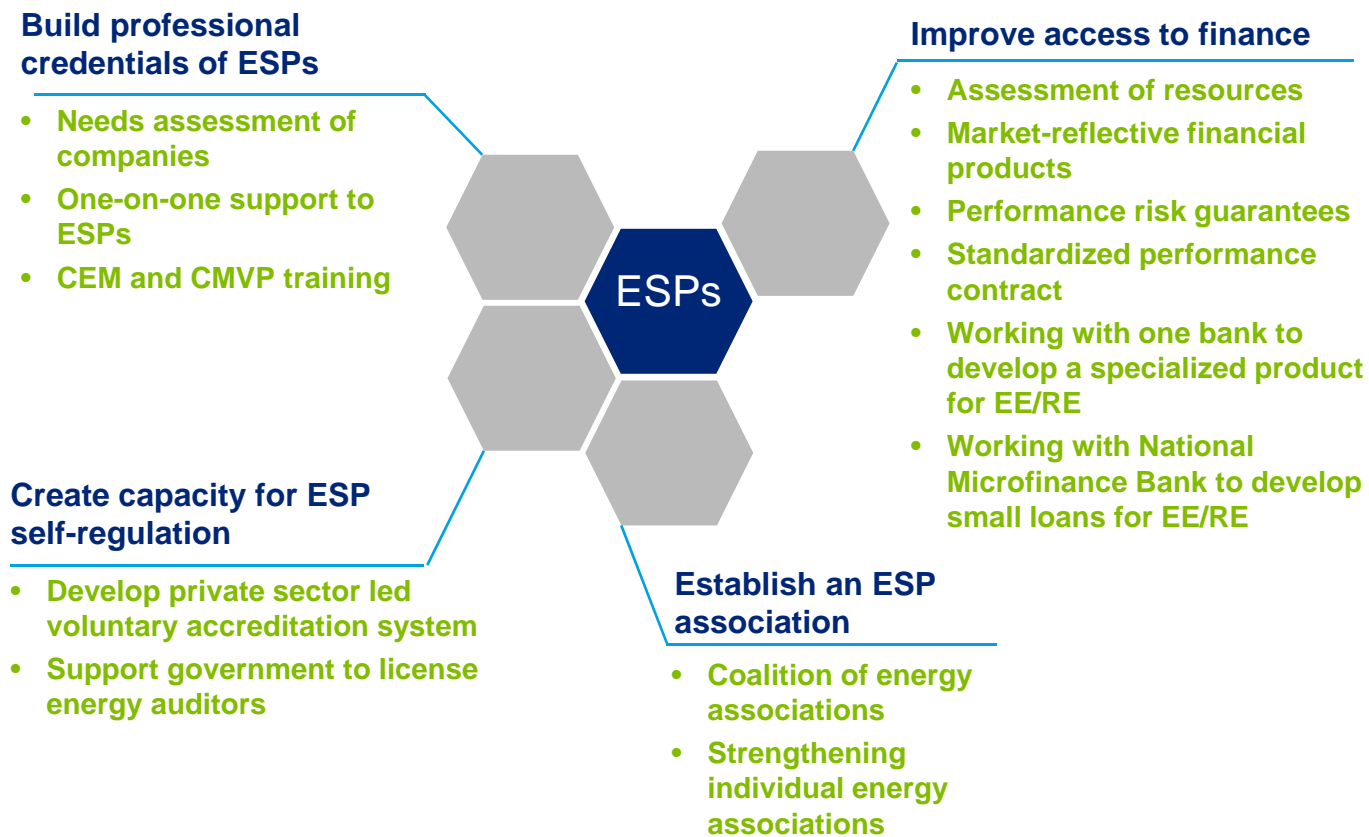


Private sector financed EE/RE

ESCB's activities address the full spectrum of support required to advance DSM in Jordan



Establishing a thriving energy services industry in Jordan



Access to Finance

Bank Al Etihad: Energy Efficiency Loan Product

Despite very high electricity prices in some markets segments, RE/EE market penetration has been low.

There is a ***lack of confidence in EE technologies*** and in the estimated future ***savings*** being achieved or measured and verified.

No ***commercially attractive*** financing is available to ESPs & consumers,

Banks are offering their traditional asset-based corporate lending terms for EEPs.

Developed an EEP Loan Product Manual for Bank Al Etihad (**BAE**) to apply in financing pilot Energy Efficiency Projects (**EEPs**) at client facilities.

Trained Bank employees-Relationship Managers, Risk Managers, Credit Managers on how to use EEP Loan Product Manual.

Identifying 3 pilot locations for the EE loan

Energy Savings Product Insurance

Jordan Insurance Company expressed interest in offering **Energy Savings Product Insurance (ESPI)** coverage on one or more of BAE's pilot EEP loans.

With ESPI Jordan Insurance Company will provide the following coverages to facility owners and banks:

Guarantees savings of EEPs (***not Host Credit Risk***)

Covers any performance-related shortfall in savings versus Facility Owner's debt service payments to Bank

Eliminates the risk and instill confidence in Facility Owners and Banks that future savings (cash flow) will be achieved.

Access to Finance-MFIs

National Microfinance Bank (NMB) showed interest to develop and implement micro financing of RE/EE projects.

ESCB is providing technical assistance to NMB to develop EE and RE micro loan product focusing on home appliances, SWH and to a lesser extent PV.

Developing an EE/RE assessment tool for NMB that will be integrated into their loan assessment package

Marketing campaign for NMB to roll out the EE/RE product

Financing Initiatives Designed to Overcome Risks/Barriers



Thank you!

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