



جمعية البنوك في الأردن  
Association of Banks in Jordan

# The Path towards Sustainability



**Report of the Green Finance  
Committee at the Association of  
Banks in Jordan.**

**February – 2024**

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## Introduction

The release of this report titled "The Path towards Sustainability" serves as documentation of the most prominent achievements and activities of the association in the field of sustainability and green finance during the year 2023. It highlights the significant efforts made by the Green Finance Committee of the Association of Banks in this field, especially during this important phase, which marks the transitional stage towards green financing following the issuance of the Green Finance Strategy by the Central Bank of Jordan. This strategy was developed to establish the concept, mechanisms, and tools of green financing in the banking sector within a framework of collaborative work and coordination with various stakeholders.

The activities and accomplishments of the association in the field of green finance were carried out through extensive and direct coordination with member banks and the Central Bank of Jordan. This was based on an effective partnership built on consultation, continuous dialogue, effort coordination, and harmonization with the efforts made by the central bank in the field of green financing. In this regard, I extend my sincere thanks to the Central Bank of Jordan for its efforts in preparing and issuing the Green Finance Strategy. I also appreciate the significant support of Dr. Adel Sharkas, the Governor of the Central Bank of Jordan, for his relentless efforts to enhance green financing practices in the banking sector.

I also thank the Chairman and members of the Board of Directors of the Association for their great support of green finance initiatives in the banking sector, evident through the decisions and follow-ups of the board on this matter. This includes the board's decision to establish a permanent committee for green finance within the Association, with representation from member banks in the council to lead and promote this transition in the sector. I also extend my gratitude to all our member banks who have shown a high level of responsiveness to this direction, demonstrating their keenness for active participation in various activities, events, studies, forums, training programs, and workshops implemented in the field of green finance.



I would also like to express my sincere thanks and appreciation to all our international and local partners who have played a significant role in supporting the association's efforts in this field, including the Green Action in Enterprises (GAIN), the International Finance Corporation (IFC), the Frankfurt School of Finance & Management, the World Bank, and the Royal Scientific Society.

Furthermore, I extend heartfelt thanks and appreciation to the members of the Green Finance Committee in the association for their diligent work and blessed efforts aimed at enhancing and disseminating banking awareness and capacity building related to green finance in the banking sector. I appreciate their valuable contributions and significant cooperation in various events, meetings, and workshops. The association will continue its efforts to support the endeavors of member banks in the field of green finance and to promote the transition towards a green economy in the Kingdom.

**Dr. Maher Al-Mahrouq**  
**Director General**



## 1 – Introduction

The **Green Finance Committee** was established within the Association of Banks in Jordan by a decision of the Association's Board of Directors in its meeting held on 26/6/2022. The committee aims to promote and advocate for the concept of green finance, raising awareness and knowledge among banks operating in the Kingdom. It aims to enable banks to align their policies and strategies towards green finance in accordance with global best practices and successful experiences in this field.

The launch of this committee comes amid the increasing importance of transitioning to green finance due to its economic and environmental benefits, its role in developing the financial portfolios of the banking sector, and enhancing the management of climate change and environmental risks. The establishment of the committee was also based on a series of studies and research collaborations with local and international institutions to identify its goals and framework.

Internationally, many indicators highlight the importance of keeping pace with developments resulting from the Sustainable Development Goals agenda and the Paris Agreement. The global push towards sustainability encourages a shift towards green finance aimed at achieving economic growth while simultaneously reducing pollution and improving the efficiency of natural resource use. Additionally, the banking sector plays a crucial role in promoting green economics through environmentally friendly investment and financing instruments capable of redirecting investment towards green economic activities that balance economic, environmental, and social objectives.

Furthermore, the global green finance market has witnessed rapid growth in recent years with the development of green financial instruments such as green bonds, green sukuk, green loans, green investment funds, among others. This underscores the importance of establishing the committee within the association to keep pace with and capitalize on these developments in the banking sector.



The starting point for establishing the committee was the signing of a framework agreement with the Green Action in Enterprises (GAIN). Through this agreement, an evaluative study was conducted on the status and practices of green finance in Jordan by analyzing both supply and demand aspects. The agreement aimed to facilitate access to green finance by conducting a practical analysis of green finance policies and practices in the Jordanian industrial sector, evaluating the role of the Association of Banks in promoting green finance and supporting its development and capacity building to raise awareness of the importance of green finance. Additionally, joint efforts were made to build capacities and design training programs suitable for enhancing financial awareness in green sectors and supporting banks in developing their green finance policies.

The Green Finance Committee is the ninth permanent advisory committee formed within the association, in light of the growing global and local interest in green finance. This comes parallel to the Central Bank of Jordan's direction towards greening the financial sector through the Green Finance Strategy for the years 2023-2028, in which the committee played an active role in providing feedback on the draft strategy and actively participating in its preparation stages. Additionally, the committee participated in the preparation for the Green Finance Forum "GREEFIN Forum," organized by the association last year, intending it to be one of the annual activities. On the other hand, the association sought to align the committee's work with the national goals of the green economy, especially the Economic Modernization Vision, which includes a focus on the financial sector. Furthermore, the vision adopted sustainability as a cornerstone, dedicating a specific engine for the green environment, which includes mechanisms for transitioning to a green economy and greening economic sectors.

This report discusses the committee's main achievements during 2023 and highlights its key activities and active participations, shedding light on its role in raising awareness about green finance and the training programs it offers. It also outlines future trends for its work.

## 2– The Starting Point

The committee commenced its actual work at the beginning of 2023, following the Association's prior preparations to facilitate the committee's operations. The committee held its inaugural regular meeting in February 2023, attended by the following members (see Annex 1): Fadi Khalil/ Jordan Kuwait Bank, Hatem Hajazi/ Arab Bank, Joud Dahdal/ Etihad Bank, Wael Al-Biyari/ Jordan Ahli Bank, Adi Qanbar/ Jordan Islamic Bank, Faisal Al-Shobaki/ Jordan Commercial Bank. During the meeting, a representative from Jordan Kuwait Bank was elected as the chairperson of the Green Finance Committee. The meeting also discussed the agenda items, the committee's objectives, tasks, framework, and the frequency of its meetings. The committee's framework included the following objectives:

1. Facilitating communication with international and national institutions involved in green finance and networking between them and member banks.
2. Raising awareness and building the capacities of personnel in the Jordanian banking sector in the field of green finance.
3. Supporting the transition to green finance policies in the banking sector to enhance financial sustainability.
4. Coordinating dialogue between influential entities in green finance, including the central bank and member banks.
5. Assisting in implementing the strategic axes of the central bank's green finance strategy.



### 3– Active Contributions and Engagements

The Green Finance Committee played a pivotal role in numerous key activities in the field of green finance during the year 2023. It contributed to the dissemination of financial knowledge associated with this domain, as well as the examination and discussion of existing challenges with all stakeholders to develop appropriate strategic objectives for the transition to a green economy. Here are the highlights of the contributions and participations of the Green Finance Committee:

#### A) Reviewing the Green Finance Strategy 2023–2028:

The Green Finance Strategy issued by the Central Bank serves as a roadmap for a qualitative shift in financing green activities in the Kingdom, aiming to achieve the Economic Modernization Vision for transitioning to a green and sustainable economy. The strategy targets greening the financial sector, especially the banking sector, which represents about 97% of the Jordanian financial sector. Notably, the strategy's comprehensive approach ensures monitoring, implementation, and linkage of activities and projects to clearly specified standards. Additionally, it adopts a gradual implementation process. The strategy's visionary objectives include "transforming Jordan's financial sector into a leading sector in green financing, enhancing resilience against climate and environmental risks, and positioning Jordan as a regional leader." This strategy is the first of its kind in the region and serves as a model for other Arab countries.

The primary strategic objectives of the strategy include:





- A) Enhancing capacities, and governance, activating systems, implementing green finance policies, and managing climate risks.
- B) Improving financial institutions' ability to address environmental and climate risks.
- C) Promoting green financial inclusion: increasing green financing in the financial sector by 30% over the next five years.

The committee's participation in the stages of preparing the strategy involved a series of meetings and discussions related to establishing strategic objectives. Several meetings were held between the association members, the Central Bank, and the World Bank in this regard. The committee's most prominent role came in the discussion of the draft strategy with stakeholders at the Central Bank of Jordan. The committee thoroughly examined the near-final draft of the strategy and provided feedback and inquiries. The Central Bank of Jordan showed high responsiveness and active cooperation, welcoming the committee's feedback and inquiries. This was evident during the technical meeting held between the Central Bank stakeholders and the committee members to discuss all details, proposals, and ways to incorporate them.

## **B) Green Finance Forum in the Banking Sector "GreeFin"**

The Association of Banks in Jordan organized the first edition of the Green Finance Forum (GREEFIN) in July 2023 under the patronage of the Central Bank Governor, Dr. Adel Sharkas, and in the presence of the Minister of Environment, Dr. Muawiya Al-Radadah. The event was attended by numerous prominent figures in the banking sector, including chairpersons of bank boards, CEOs, and several bank department managers, in addition to members of the Green Finance Committee. The forum, themed "Green Finance:





"Shaping the Scene," aimed to facilitate dialogue among various stakeholders in green finance, provide momentum for integrating green finance concepts into banks' strategic directions, and enhance the shift towards green finance. It also aimed to ensure the integration and coordination of efforts between the Central Bank, banks, and government entities. The Green Finance Forum is planned to be an annual event organized by The Association of Banks in Jordan in collaboration with partner organizations. The Green Finance Committee will play a role as a preparatory committee for the forum on an annual basis. The conference was held in cooperation with the Green Action in Enterprises (GAIN) project implemented by GIZ with funding from the German Federal Ministry for Economic Cooperation and Development and Frankfurt School of Finance & Management.

During the forum, two main sessions were held; The first session covered the measures, procedures, and steps taken by the Central Bank of Jordan in the field of green finance and climate risk management, along with a general overview of the Green Finance Strategy as part of the financial sector greening process. The second session, led by an expert in green finance, addressed the aspirations and vision for transitioning to green finance in the banking sector, focusing on the key opportunities

and challenges facing the sector amidst global trends and the banking sector's transformation as a major player in providing green financing and investments.



## 4– Training Programs

### A) Training in the field of green finance.

The first of its kind, this training program aims to lay the groundwork and build the knowledge base for participants in the field of green finance. It covers environmental concepts and classifications, methods for identifying green and sustainable financing opportunities within various economic sectors, and provides an overview of green technologies, distinguishing them from traditional technologies. Examples include environmentally friendly cooling systems, renewable energy, modern water pumping systems, lighting systems, and other technologies that preserve the environment and do not emit greenhouse gases.

The program also addresses appropriate training methods to increase awareness of green finance programs across different segments of the banking sector, up to banking leadership levels. It offers a variety of training models tailored to each group, as well as a training model for developing green finance business plans and strategies for the banking sector.



It's worth noting that this training program was designed by the Frankfurt School of Finance and Management, one of the leading international institutions with expertise in green finance. It was facilitated by international expert Ms. Shahin Tajani, who possesses extensive experience in banking training, particularly in leading organizations through change and transition to green finance. This program is one of the key activities implemented under the cooperation agreement with the Green Action in Enterprises (Gain) project. Additionally, the program aimed to train members of the Green Finance Committee to become key trainers for the program, with the goal of sustaining the training program within the association and incorporating it into the training programs offered by the association. Furthermore, the program focuses on building the capacity and training skills of participants to prepare them in line with the nature of the program provided.

## **B) Green Finance Training Program:**

After the completion of the train-the-trainer program for members of the Green Finance Committee, the committee organized the first training program events in the

field of green finance for the banking sector. The program trained over 227 participants from various managerial levels in the banking sector. Additionally, the program contributed to equipping banking sector employees with necessary skills regarding green finance models, the importance of transitioning to sustainable finance, and understanding key concepts such as circular economy.



### **C) Training in Environmental and Social Governance (ESG):**

As part of the association's focus on enhancing green finance and sustainability prospects in the banking sector, The Association of Banks in Jordan signed a cooperation agreement with the International Finance Corporation (IFC) - a member of the World Bank Group. This agreement aims to build and support the association's capacities in promoting Environmental, Social, and Governance (ESG) practices in





the Jordanian banking sector and raising awareness about environmental and social governance.

Within the framework of this agreement, the International Finance Corporation (IFC) is providing a series of specialized training sessions, including train-the-trainer programs for the esteemed members of the Green Finance Committee. The first training program, titled "Environmental Sustainability Governance (ESG) Standards," was held during the period of November 14-15, 2023.

### **D) Training Program on Environmental, Social, and Governance (ESG)**

To disseminate the benefits of training across the sector and following the capacity building of committee members, the association repeated the implementation of the training program by involving one of the committee members in delivering the training program to the banking sector. The program aimed to discuss a range of concepts related to sustainability, environmental and social governance standards, risk management, report preparation, assessment tools, and monitoring. The training program was held during the period of 17-18/12/2023, and 30 participants from various banks were trained.

### **E) Training in Green Technologies**

Within the committee's framework of collaboration with all partners to enhance awareness in green areas and build sustainable financing tools, committee members participated in the following training programs:

- **Green Buildings Workshop in partnership with the International Finance Corporation (IFC):**

The Jordan Banks Association, in partnership with the International Finance Corporation (IFC), held a workshop in September on green building financing programs. The workshop was attended by a large number of bank representatives from departments related to real estate financing, green finance, and engineering. The workshop discussed various topics, including defining green buildings, the Green Bonds Initiative, the European Union's definition of green activities, as well as case studies on bank financing for green building projects globally. Additionally, it covered explanations of the costs and return on investment in green buildings.



• **Awareness Workshop on Electronic Waste:**

In November, the Jordan Banks Association, in collaboration with TII Recycling Solutions, held an awareness workshop on methods of disposing of electronic waste. The workshop aimed to provide an overview of the company's initiative in collecting and recycling electronic waste and how the banking sector can benefit from it. It discussed topics such as defining electronic waste and relevant laws, providing an overview of electronic waste disposal methods, and its environmental impact. Given the banking sector's global consumption of





technology, there's a significant impact on electronic waste generation. Proper disposal of electronic devices is crucial due to data protection concerns, aligning with banking industry standards.

- **Awareness Workshop on Sustainable Cooling Opportunities:**

Held in December, the workshop focused on sustainable cooling and its importance in environmental sustainability. It highlighted the vast potential for reducing negative impacts caused by increasing demand for cooling on the ozone layer and the environment. The workshop also emphasized available financing opportunities for the banking sector to finance modern and sustainable cooling technologies. Cooling technologies are crucial not only for the household sector but also for various economic sectors such as the food industry, supply chains, commercial enterprises, and agriculture.



## 5– Meetings with Various Entities:

### A. World Bank Meetings:

As part of developing the green finance strategy, the Green Finance Committee at The Association of Banks in Jordan contributed by presenting the banking sector's perspectives on the strategy. This was accomplished through a series of meetings with representatives from the World Bank and the Central Bank of Jordan. Three meetings were held focusing on specific discussions regarding the strategy's targets, the nature of activities, implementation mechanisms, and initial steps in collecting data to prepare a Climate Risk Assessment (CRA) report for banks and financial institutions.

### B. Meetings with Ministry of Environment Representatives:

A meeting was held between representatives of the Ministry of Environment and the committee to identify ways to cooperate in enhancing corporate disclosures of green activities. In this regard, the committee highlighted the financial sector's role in financing and the importance of having success stories to rely on in enhancing disclosures. Additionally, the committee discussed the nature of incentives provided and ways to develop them in this context.

### C. Meetings with German Agency for International Cooperation

#### (GIZ) Projects:

As part of cooperation with the Green Action in Enterprises (GAIN), the Green Finance Committee held several meetings with programs under the German agency to enhance linkages and interactions with the financial sector. These meetings aimed to identify the main obstacles from the banking sector's perspective. Among these meetings was one discussing green hydrogen projects and proposed financing mechanisms for developing green hydrogen projects in the Kingdom.



## D. Meetings with Royal Scientific Society:

The committee held various meetings with representatives of programs related to the transition to a green economy under the Royal Scientific Society. These included meetings to enhance efficiency in buildings and ways to develop financing for green buildings. The committee also held meetings with representatives of sustainable cooling programs. Additionally, the committee participated in various events and activities related to these projects, such as discussions and meetings aimed at raising awareness.

## 6- Notable Contributions in the Green Finance Domain:

1- Committee members' participation in the launch event of the Green Finance Strategy.

2- Dr. Maher Al-Mahrouq, the Director General of the Jordan Banks Association, participated in a conference promoting private sector involvement in water sector projects.

3- Committee members' participation in the dialogue session between the public and private sectors concerned with climate finance/Global Green Growth Institute (GGGI).

4- Committee members' participation in a workshop on innovative solutions for financing sustainable development goals (UNDP).

5- Committee Chairman, Mr. Fadi Khalil, participated in a wide range of preparatory



and coordination meetings with various entities.

6- Committee Chairman, Mr. Fadi Khalil, as a speaker in various workshops including awareness in sustainable cooling, green buildings, and promoting partnership with the private sector in the water sector.

7- Committee member, Mr. Wael Bayari, participating in a televised meeting on green finance on Al-Mamlakah TV channel.

8- Committee member, Ms. Joud Dahdal, as a speaker in workshops for the industrial sector in Aqaba/ Green Action in Enterprises (GAIN).



## 7– Future Steps:

In 2023, the Green Finance Committee achieved several targets related to its framework and objectives. In continuation of its work, the association aims to further enhance the committee's role and build more capacities in the field of green finance in the coming year. In this regard, the committee aims to continue its pivotal role in promoting green finance in Jordan through a set of activities and targets in 2024, including:

1. Continuing to build the committee's capacities through the agreement signed with the Green Action in Enterprises (GAIN) project. The association renewed its cooperation agreement with the project in December, with the aim of developing training programs and avenues for collaboration for the next year.
2. Continuing work under the agreement signed with the International Finance Corporation (IFC) in the field of Environmental, Social, and Governance



(ESG) governance and sustainability in the financial sector by developing specialized training courses and programs.

3. Joining the Sustainable Banking and Finance Network and working on identifying programs and services that align with the association's needs according to the aspirations of the Green Finance Committee.
4. Preparing to hold the Green Finance Forum within the Banking Association.
5. Continuing cooperation with the Central Bank on the green finance strategy.
6. Expanding the committee's membership to include more banking expertise and competencies.
7. Continuing collaboration with all partners to enhance awareness about green finance and the role of the banking sector.



## Annex No. 1

### The Green Finance Committee at the Association of Banks

#### ❖ Members of the Green Finance Committee at the Association of

##### Banks:

- Mr. Fadi Khalil – Jordan Kuwait Bank – Chairman of the Committee
- Mr. Hatem Hajazi – Arab Bank – Member
- Ms. Joud Dahdal – Etihad Bank – Member
- Ms. Reema Al-Abli – Housing Bank – Member
- Mr. Wael Bayari – Capital Bank of Jordan – Member
- Mr. Adi Qanbar – Jordan Islamic Bank – Member
- Mr. Faisal Shubaki, then Mr. Mohammed Abdul Salam – Jordan Commercial Bank from 10/7/2023 – Member
- Mr. Firas Al Mouqat – Arab Jordan Investment Bank from 24/12/2023 – Member
- Mr. Ahmed Qaisiya – BLOM Bank from 21/12/2023 – Member
- Mr. Mustafa Al-Sulaima / Committee Advisor
- Mr. Osama Jafar / Committee Advisor



## ❖ Objectives and scope of the committee's work

Establishment of the Green Finance Committee at ABJ

### **Mandate**

Identifying, interpreting, and recommending steps that are expected to nourish the development of green finance in the Jordanian banking sector, in addition to sharing the green finance knowledge with ABJ member banks. The committee will do so by overseeing the following activities:

- Channelling relevant international and national green finance development for the member banks
- Raising awareness and capacitating member banks staff regarding green finance developments
- Supporting the positioning of green finance within the member banks and ensuring its sustainability
- Assisting the Central Bank of Jordan (CBJ) in future activities related to green finance
- Acting as a facilitator for dialogue between the regulatory body CBJ and member banks

### **Committee Members' Responsibilities**

- Attend and represent your member bank in meetings
- Actively support joint decisions and activities that are aiming to enhance the development of green finance in the banking sector
- Delegate and nominate tasks required by the committee as appropriate, i.e. reviewing the committee's plan, updating or reviewing guidance and issues related to green finance
- Act as a lead trainer for upcoming ABJ-coordinated trainings on green finance and product development to member banks' staff (Train the Trainers' trainings (TOT) will be provided with supporting tools and materials)
- Communicate the knowledge and tasks discussed within the committee with the concerned employees within the member bank, taking into consideration the confidentiality of information
- Highlight any potential risks and suggest potential mitigation procedures
- Attend and participate in conferences, events, and panel discussions relevant to green finance development in Jordan
- Cooperate with stakeholders, conduct side meetings as discussed with the committee
- Participate in consultation requests issued by the ABJ and CBJ

### **Committee Secretariat Responsibilities**

- Organise and attend the committee meetings, follow-ups, and relevant trainings
- Draft the committee's agenda and minutes of meetings
- Take over communications between ABJ and the committee members
- Ensure deliverables and tasks are handled responsibly by the assigned member
- Act as focal point for member queries and substitutes
- Assist the committee members when needed within the capacity of ABJ

### **Code and Conduct**

Business decisions are made in good faith and in the best interests of the committee. Improper use of information or position for personal gain may cause detriment to the association and member banks and is not permitted. Disclose and manage conflicts of interest which must be recorded in the minutes of the meeting and include the nature and extent of the interest. All members need to ensure practising ethical norms and standards.

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