

Renewable Energy and Energy Efficiency- Innovative policies and financing instruments for the EU's southern and eastern neighbours
19 April 2007, KfW Building Berlin

Session 2: Successful Policies for Energy Efficiency

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Statement of His Excellency Dr. Khaled Elshuraydeh Minister of Energy and Mineral Resources /Jordan)

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

**Mr. Chairman
Excellencies,
Ladies and Gentlemen.**

It gives me great pleasure to be here with you to participate in this ministerial conference on renewable energy and energy efficiency. Allow me first to thank the German government for organizing this conference and for giving us the opportunity to participate in such important event.

Sustainable development of a society depends mainly on the availability of energy resources, and how efficient they are utilized. Secure a reliable supply of energy with minimum cost to the consumers is the main concern of the Ministry of Energy and Mineral Resources (MEMR) of Jordan.

Demand on primary energy in Jordan has been growing at an average annual rate of about 4% over the past ten years and is expected to continue to grow at an average annual rate of about 3% during the next decade. However, demand on electrical energy is growing much faster. It has been growing at an average rate of 7% during the last ten years and is expected to continue to grow at an average rate of about 5% during the next decade.

The cost of imported energy constitutes a heavy burden on Jordan's economy, it almost constitutes about 23% of the Gross Domestic product (GDP) and about 42% of our total export earnings in 2006 .

**Excellencies,
Ladies and Gentlemen.**

In recognition of this situation, the Government adopted a National Energy Efficiency Strategy in 2004 that calls for promotion of energy efficiency measures in all sectors, development of local energy resources including renewable energy and adopting a rational pricing policy.

Jordan has made significant progress with this strategy through implementing the following measures:

- Conducting energy audits for forty industrial and commercial enterprises, it was found that over 20% of the total energy consumption of these enterprises could be saved through various demand-side efficiency measures and the average payback period of the investment would be some less than two years.
- Exempting the Energy Saving Bulbs from custom duties.
- Providing some incentives to replace old vehicles in the transport sector .
- Developing a program to increase the use of domestic Solar Water Heaters .
- Initiating a program for energy saving in Street lighting .
- Establishing Energy Labeling System for Household Appliances.

Despite of the above achievements, there exists several barriers facing energy efficiency measures in general, these can be summarized as follows:

- Lack of expertise to develop energy efficiency projects
- Relatively high initial implementation costs
- Lack of suitable financing mechanisms. Banks are reluctant to finance such projects, they lack the experience and awareness in energy efficiency projects and need assistance on risk analysis and mitigation to achieve bankability
- Lack of consistent institutional frameworks.

Ladies and Gentlemen.

One of the proposed solutions could be the establishment of the so-called “Energy Efficiency Fund” with the main objective of financing studies and demonstration projects in the field of energy efficiency through providing some support and soft loans to these studies and projects .

Potential financing resources of this Fund are grants and support from International Donors and some support from the Government budget and other local concerned institutions .

The Jordanian Government engaged an International Consultant to develop the required institutional, financial and legal frameworks for the fund. This is expected to be completed shortly, and the fund is going to be operational by the end of this year.

We think that effective and internationally coordinated policy is needed to accelerate development of both energy efficiency and renewable energy markets. Efforts should be channeled into finding ways and means to create favorable conditions for investments in developing countries. Organizing such a conference would enhance cooperation between our countries to establish a framework for economic and financial partnership based on principles of market economy and integration of economies that would take into account the needs of all countries.

Excellencies, Ladies and Gentlemen

In closing, I would like to seize this opportunity to stress the readiness and commitment of the government of Jordan to contribute actively to effective cooperation between our countries in all energy fields in general and in renewable energy and energy efficiency in particular.

Once again, I would like to thank the Organizers of this significant conference for all their efforts, and our hosts for their warm reception and hospitality.

Thank you all for your attention .