



The Jordan National Green Taxonomy *Frequently Asked Questions (FAQs)*

July 2026

INTRODUCTION

This Frequently Asked Questions (FAQs) document accompanies the **Jordan National Green Taxonomy** and is intended to support its understanding and practical use by financial institutions, project developers, policymakers, and other relevant stakeholders.

The FAQs provide **clear, non-technical explanations** of key concepts, scope, and design choices underpinning the Taxonomy. They address common questions related to the Taxonomy's objectives, structure, application, and limitations, and clarify how it should be interpreted alongside existing national policies, regulatory frameworks, and international best practices.

This document does **not replace** the Taxonomy or its Technical Screening Criteria. Instead, it serves as a **supporting and explanatory tool**, aimed at promoting consistent interpretation, facilitating implementation, and reducing uncertainty during the initial phase of adoption.

The FAQs are a living document and will be updated over time, as the Taxonomy evolves, and as further guidance is developed based on implementation experience and stakeholder feedback.

The current version of the FAQ contains Chapter 1 for a general explanation of core taxonomy concepts, Chapter 2 to explain the main components of Jordan's National Green Taxonomy, and Chapter 3 to address frequent questions around practical implementation.

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1. GENERAL QUESTIONS ON GREEN TAXONOMIES

1.1 WHAT IS A GREEN TAXONOMY?

In general, a green taxonomy is an official classification system of economic activities that defines when an activity is environmentally sustainable (“green”). It may also include economic activities for which no technologically or economically feasible low-carbon alternatives currently exist, but which nonetheless support the broader shift toward a climate-neutral economy by reducing emissions along a credible pathway. Taxonomies provide a common language to direct capital toward activities needed for climate and environmental objectives and to reduce greenwashing.

Who can use TAXONOMY?

Taxonomies are designed for use by a wide range of stakeholders, including:

- **Financial institutions:** to classify and monitor green and transition finance, support product design, and strengthen transparency.
- **Companies and project developers:** to assess and benchmark activities against ‘Green’ and ‘Amber’ thresholds, and to communicate credible sustainability performance.
- **Public authorities:** to monitor and report green finance flows and support policy design.

This overview is not exhaustive. There are further market practices. For a more extensive overview, see for example the European Union’s overview on [A Compendium of Market Practices - How the EU’s Taxonomy and sustainable finance framework are helping financial and non-financial actors transition to net zero](#).

1.2 WHAT ARE KEY CONCEPTS OF A GREEN TAXONOMY?

At its core, a green taxonomy is structured around a hierarchy of concepts that move from high-level environmental goals to concrete, assessable economic activities.

- **Environmental objectives:** Environmental objectives describe the policy goals a taxonomy seeks to support. They reflect the most pressing environmental challenges and provide the reference point for assessing whether economic activities are environmentally sustainable. The following six environmental objectives are commonly used in taxonomies around the world: climate change mitigation, climate change adaptation, sustainable use and protection of water resources, pollution prevention and control, promoting a circular economy, and the protection of biodiversity and ecosystems.
- **Sectors and economic activities:** To operationalize environmental objectives, a taxonomy is typically organized into sectors (such as energy, buildings, manufacturing, transport, or water) and economic activities within those sectors. Sectors are chosen based on their relevance to identified environmental objectives — for instance, their contribution to greenhouse gas emissions (for climate mitigation) or their vulnerability to climate impacts (for adaptation). An economic activity refers to a clearly defined type of activity that can be assessed against technical criteria. Taxonomies therefore assess activities, not entire companies, and a single company may carry out multiple activities, some of which may be taxonomy-aligned and others not.
- **Technical screening criteria:** For each covered economic activity, a taxonomy defines technical screening criteria. The following cumulative conditions have evolved internationally:
 - **Substantial contribution criteria:** The technical screening criteria for ‘substantial contribution’ to an environmental objective ensure that the economic activity either has a substantial positive environmental impact or substantially reduces negative impacts on the environment, e.g. substantially reduced levels of greenhouse gas (GHG) emissions.
 - **Do No Significant Harm (DNSH):** DNSH ensures that progress toward one environmental objective is not achieved at the expense of others. DNSH criteria typically address risks such as: pollution of air, water, or soil; inefficient or unsustainable use of water; or damage to biodiversity-sensitive areas.
 - **Minimum social safeguards (MSS):** The MSS ensure that taxonomy-aligned activities are carried out in a manner that respects basic social and human-rights standards. MSS typically

apply across the entire taxonomy at enterprise level, not per activity, and are grounded in compliance with national and/or international labor standards.

1.3 WHY DOES A TAXONOMY NOT COVER EVERY SECTOR OR ENVIRONMENTAL OBJECTIVE IN FULL DETAIL?

As in many jurisdictions, a Taxonomy is designed to evolve in phases. Early versions typically prioritize high-impact sectors and objectives where criteria can be defined clearly and applied consistently, then expand over time as data availability, institutional capacity, and market readiness improve.

1.4 WHAT IS THE DIFFERENCE BETWEEN “ELIGIBLE” AND “ALIGNED”?

Eligible: An economic activity that is included in the list of activities covered by the Taxonomy. Eligibility indicates that the activity falls within the scope of the Taxonomy. A taxonomy-eligible activity is therefore in scope but may or may not meet the technical screening criteria.

Aligned: Taxonomy-alignment refers to the fulfilment of all relevant technical screening criteria (meets the Green threshold), namely: substantial contribution criteria to at least one prioritized environmental objective; DNSH to the remaining environmental objectives; and alignment with MSS.

1.5 DOES THE TAXONOMY ASSESS HOW SUSTAINABLE OR “GREEN” A COMPANY IS OVERALL?

No. The Taxonomy does not rate or judge the overall sustainability of a company. It is not a label, score, or ranking of how “green” a business is. Instead, the Taxonomy focuses on economic activities. It defines when a specific activity can be considered environmentally sustainable based on scientific criteria. A company may therefore have:

- Some activities that are taxonomy-aligned,
- Other activities that are not aligned.

Despite the above, the company could still be neither “green” nor “non-green” as a whole.

The Taxonomy is designed to increase transparency at the activity level, not to classify entire companies.

1.6 DOES NON-ALIGNMENT, OR HAVING NO TAXONOMY-ALIGNED ACTIVITIES, MEAN A COMPANY CANNOT ACCESS FINANCE?

No. Not being aligned with a Taxonomy does not mean that a company cannot access finance, and it should not be interpreted as a negative credit or investment assessment. A taxonomy is a classification and transparency tool: it helps identify activities that meet the defined technical screening criteria, but it does not determine whether a company is financially sound or creditworthy.

There are several reasons why a company may have no taxonomy-aligned activities. Its activities may be outside the current scope of the taxonomy, they may be covered but not meet the relevant technical criteria, or the necessary data may not yet be available to demonstrate alignment.

Lending and investment decisions remain with financiers and depend on a wider range of commercial and strategic considerations. At the same time, taxonomy-aligned activities may attract greater interest from financial institutions seeking green or transition finance opportunities.

1.7 DOES THE TAXONOMY ASSESS OR JUDGE THE FINANCIAL PERFORMANCE OR PROFITABILITY OF AN INVESTMENT?

No. The Taxonomy does not make any judgement on the financial performance of an investment. It is a classification system for environmental sustainability, not a financial evaluation tool. The Taxonomy defines when an economic activity is environmentally sustainable, but it does not:

- Predict financial returns,
- Assess risks or creditworthiness,
- Indicate whether an investment is profitable, safe, or suitable for any investor.

Its sole purpose is to increase transparency regarding environmental performance, not to provide financial guidance.

1.8 HOW DO TAXONOMIES ENSURE INTEROPERABILITY ACROSS JURISDICTIONS?

Interoperability refers to the ability of different taxonomies to be compared and used alongside each other without creating unnecessary duplication or conflicting requirements. Most national and regional taxonomies aim for interoperability by using similar core concepts, such as environmental objectives, technical screening criteria, DNSH, and minimum social safeguards, while adapting thresholds and sector coverage to national circumstances.

2. CORE CONCEPTS FOR JORDAN'S NATIONAL GREEN TAXONOMY

2.1 WHAT IS THE JORDAN NATIONAL GREEN TAXONOMY (JNGT)?

The Jordan National Green Taxonomy (JNGT, also referred to as “the Taxonomy”) provides a national reference framework for identifying economic activities that may be classified as green or, where relevant, as transition activities. It is designed to support Jordan’s strategic goals, while addressing the most pressing environmental objectives, and provide a common basis for classification and reporting of green finance. The JNGT does not assess whether an entire company is “green”; it classifies specific economic activities against defined technical criteria.

2.2 WHICH ENVIRONMENTAL OBJECTIVES ARE COVERED UNDER THE JNGT?

The Jordan National Green Taxonomy currently defines Substantial Contribution (SC) criteria for three environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water resources

These objectives reflect Jordan’s most pressing environmental challenges, in particular climate change and severe water scarcity. Other environmental objectives commonly found in international taxonomies, such as circular economy, pollution prevention, and biodiversity protection, are addressed primarily through DNSH requirements in this version of the Taxonomy.

The JNGT follows a phased development approach. Future updates may expand the scope of objectives as methodologies mature, data availability improves, and implementation experience is gained.

2.3 WHICH SECTORS ARE COVERED UNDER THE JNGT?

The JNGT defines environmentally sustainable and transition activities across a set of priority economic sectors, selected based on their relevance for Jordan’s climate and water objectives and the availability of robust technical criteria.

In its current version, the JNGT covers activities across the following macro sectors (following mostly the ISIC Rev.4 definitions):

- A – Agriculture, Forestry and Fishing (see chapter 4.4)
- B – Mining and Quarrying (see chapter 4.11)
- C – Manufacturing (see chapter 4.5)
- D – Electricity, Gas, Steam and Air Conditioning Supply (see chapter 4.6)
- E – Water Supply; Sewerage, Waste Management and Remediation Activities (see chapter 4.7)
- F – Construction (see chapter 4.9)
- H – Transportation (see chapter 4.8)
- Tourism (see chapter 4.9)
- J – Information and Communications Technology (see chapter 4.10)

Tourism is included as a dedicated sector in the JNGT due to its strategic importance for Jordan, although tourism-related activities may map across several ISIC categories rather than one single ISIC macro-sector.

The current sectoral scope reflects Jordan's environmental priorities, economic structure, and the feasibility of defining robust criteria in this first version of the JNGT. Additional sectors or activities may be considered in future updates.

2.4 HOW DOES THE TRAFFIC-LIGHT SYSTEM WORK IN THE JNGT?

To classify economic activities in a clear and transparent way, the JNGT applies a traffic light classification system at the level of individual economic activities.

The decision to adopt a traffic light system, instead of a purely binary "green vs. not green" approach, was taken in response to stakeholder feedback and extensive discussions within the Green Taxonomy Working Group. This traffic-light approach also aligns with recent international taxonomy developments, where more jurisdictions are moving beyond "binary" classifications to explicitly recognize credible transition pathways. For instance, the Thailand Taxonomy and the Singapore-Asia Taxonomy both use traffic-light style classifications (including an "Amber/Transition" category).

Each economic activity covered by the JNGT is assessed against its technical screening criteria and classified into one of the following categories:

- **Green (Taxonomy-aligned):** Activities that already meet all applicable technical screening criteria and are considered environmentally sustainable under the JNGT.
- **Amber (Transition):** Activities that do not yet meet the Green criteria but satisfy defined transition criteria, demonstrating that they are on a credible and time-bound pathway towards alignment. In the current JNGT, Amber criteria are defined only for climate change mitigation, reflecting international practice and methodological maturity.
- **Red (Ineligible):** Activities that do not meet the criteria for Green or Amber classification, or that are explicitly excluded because they do not substantially contribute to the environmental objectives or cause harm.

2.5 CAN AN AMBER / TRANSITION ACTIVITY BE DESCRIBED AS "GREEN"?

No. "Green" and "Amber / Transition" are distinct classifications under the JNGT.

Amber activities may represent credible progress toward environmental sustainability and may be relevant for transition finance. However, it does not meet the same standard as a Green activity. They should therefore be described clearly as transition activities, not as fully Green.

2.6 WHERE CAN I FIND THE TECHNICAL CRITERIA?

The Technical Screening Criteria (TSC) for each covered activity are set out in the official Jordan National Green Taxonomy document¹.

Users should always refer to the official taxonomy document when assessing eligibility or alignment, as the FAQ does not replace or reinterpret the TSC.

¹ See: https://www.cbj.gov.jo/EN/Pages/Jordan_National_Green_Taxonomy

2.7 DOES THE TAXONOMY FAVOUR OR PROMOTE SPECIFIC TECHNOLOGIES OVER OTHERS?

The JNGT generally focuses on environmental performance and defined activity criteria, rather than promoting technologies for their own sake. Where specific technologies are named, this is because they are linked to activities for which robust criteria can be defined. In practice, an activity or technology can qualify where it meets the relevant technical screening criteria, does no significant harm to other objectives, and complies with minimum social safeguards.

2.8 WILL THE JNGT BE UPDATED?

Yes. The JNGT is meant to be a living framework. Future updates may add sectors or activities, refine thresholds based on new market evidence and/or data availability, incorporate new technologies based on market trends; or expand guidance based on implementation experience.

2.9 HOW WAS THE JNGT DEVELOPED?

The JNGT was developed through a structured, iterative process combining technical analysis, international benchmarking, and extensive stakeholder engagement. The process began with a stocktaking of Jordan's policy, regulatory, and market context to identify priority environmental objectives and guiding principles. Priority sectors were then selected based on their relevance to Jordan's climate and water challenges and their suitability for clear technical criteria. For these sectors, economic activities and technical screening criteria were developed, drawing on international taxonomies where appropriate while adapting thresholds to Jordan's national context. Throughout the process, feedback was gathered through a dedicated Green Taxonomy Working Group, sector-specific technical discussions, and a formal public consultation. Consultation input was systematically reviewed and used to refine definitions, improve usability, and calibrate ambition. The JNGT is designed as a living framework and may be refined over time based on implementation experience, improved data availability, and evolving national and international best practice.

3. PRACTICAL APPLICATION AND IMPLEMENTATION

3.1 WHAT ARE THE CURRENT APPLICATION EXPECTATIONS UNDER THE JNGT?

Following the issuance of the JNGT, the Central Bank of Jordan (CBJ) circulated the Taxonomy to banks and licensed financing companies operating in Jordan. The [CBJ circular](#) requests these institutions to review the Taxonomy, familiarize themselves with its contents, and apply it as a reference framework, as appropriate, particularly for the classification of green activities, the preparation of green finance-related reports, and climate risk management in accordance with applicable legislation, specifically, [Table \(3\) from Annex \(2\) of disclosure and reporting regulations](#).

At the same time, the JNGT is not a mandatory list of activities to invest in, nor does it require banks or financial institutions to finance only activities classified as green. The CBJ circular clarifies that the Taxonomy does not impose mandatory financing decisions and does not restrict the financing of any activities.

Further guidance may be provided by the competent authorities, as needed.

3.2 AT WHAT LEVEL IS THE JNGT APPLIED – ACTIVITY, COMPANY, COUNTERPARTY?

The JNGT is applied at the level of specific economic activities, not at the level of entire companies, sectors, counterparties, or end-beneficiaries. This means that a financing can be assessed where the underlying financed activity or asset is covered by the Taxonomy, even if the borrower itself is not a “green company” or does not belong to a listed sector as a whole. For example, while households are not included as a sector in the JNGT, financing for a covered green asset, such as an electric vehicle, may be assessed by reference to the relevant activity criteria, provided the financed asset or use of proceeds can be clearly identified. The key question is therefore what activity, asset, or use of proceeds is being financed, not whether the borrower as a whole is taxonomy-aligned.

3.3 WHO IS RESPONSIBLE FOR ASSESSING WHETHER AN ACTIVITY IS TAXONOMY-ALIGNED?

In practice, the primary responsibility for assessing whether an activity is taxonomy-aligned usually lies with the entity making or using the claim, such as a company, project sponsor, financial institution, or issuer. They are expected to review the relevant technical screening criteria and determine whether the activity meets the applicable conditions.

Depending on the use case, other parties may also play a role. Financial institutions, auditors, external reviewers, or other qualified independent experts may assess or validate taxonomy alignment for due diligence, reporting, or labelled financial products such as green bonds and loans.

The JNGT provides the common framework, but it does not by itself replace the professional judgment, due diligence, internal governance, or any applicable assurance requirements of the relevant market participant.

3.4 DOES TAXONOMY ALIGNMENT NEED TO BE INDEPENDENTLY VERIFIED?

Not necessarily in all cases. Whether independent verification is needed may depend on the specific use case, the internal policies of a financial institution, market practice, or any applicable regulatory or product-level requirements.

For public claims, labelled green financial instruments, external reporting, or investor communication, independent review may strengthen credibility. In other cases, an internal assessment may be sufficient, provided it is robust, documented, and based on the official criteria.

3.5 DOES THE GOVERNMENT APPROVE OR CERTIFY TAXONOMY-ALIGNED PROJECTS OR ACTIVITIES?

No. The JNGT is a classification framework. It sets out criteria that can be used by market participants and public authorities to assess whether a specific economic activity is eligible, aligned, or in transition under the framework.

In general, the existence of the Taxonomy should not be understood to mean that the government individually approves, certifies, endorses, or guarantees particular projects, companies, loans, bonds, or investments as “green” or “taxonomy-aligned,” unless such an approval mechanism is explicitly established under a separate official process.

3.6 CAN ONLY PART OF A PROJECT OR FINANCING BE TAXONOMY-ALIGNED?

Yes. In many cases, taxonomy alignment may apply only to a specific activity, component, asset, expenditure item, or use of proceeds within a broader project or financing structure.

For example, financing may support both aligned and non-aligned activities. In such cases, it is important to identify clearly which part is being assessed against the Taxonomy, what proportion is aligned, and on what basis. This helps avoid overstatement and supports transparency.

Example from the JNGT: Under the Construction sector, the JNGT distinguishes between *Activity 3: “Renovation/improvement of existing buildings”* and *Activity 4: “Installation, maintenance and repair of low-carbon or water and energy-saving technologies and EV charging stations.”* Activity 3 assesses improvements at the whole-building level and states that partial upgrades of individual systems or appliances do not qualify as a green renovation unless the building meets the full performance thresholds. However, such partial upgrades may qualify separately under Activity 4, which covers equipment- or system-level interventions, including renewable energy installations, EV chargers, efficient lighting, and water reuse equipment.

3.7 HOW DOES THE JNGT ADDRESS PRACTICAL FEASIBILITY AND PROPORTIONALITY, ESPECIALLY FOR SMES?

The JNGT places a strong emphasis on proportionality and materiality. It clarifies that safeguards, notably DNSH and MSS, should be applied in a risk-based and proportionate way, rather than as a one-size-fits-all exercise for every transaction. To reduce unnecessary burden, the final JNGT anchors requirements more clearly in existing Jordanian laws and established processes and introduces materiality-based language to avoid excessive additional analysis for low-risk or low-emission activities. For example, the JNGT reflects proportionality through several concrete design choices:

- **Minimum Social Safeguards:** SMEs are primarily expected to demonstrate compliance with applicable labour and occupational safety and health laws and the absence of severe violations, while larger corporates and major projects are expected to provide more structured policies, stakeholder engagement, grievance mechanisms, and social impact assessments where relevant.
- **Use of existing systems:** Financial institutions may rely on existing customer due diligence (KYC, “Know your Customer”) or environmental and social risk management systems, where these systems adequately capture the relevant safeguards.
- **Generic DNSH on Climate Change Mitigation:** For smaller projects, qualitative evidence may be sufficient, while larger projects may require more detailed methodologies.

3.8 WHAT HAPPENS IF DATA IS INCOMPLETE OR NOT YET AVAILABLE?

Incomplete data does not automatically prevent the use of the JNGT, but they may limit the ability to conclude that an activity is taxonomy-aligned. Users should make reasonable efforts to obtain and assess relevant information, use reliable available data, and clearly document any assumptions, limitations, estimates, or proxies used.

Where data gaps are not material, a proportionate assessment may still be possible, provided the conclusion is sufficiently supported and transparently documented. Where data gaps are material and the relevant criteria cannot be assessed with sufficient confidence, users should not claim that the activity is taxonomy-aligned. In such cases, the activity may be described as **not yet demonstrated to be aligned**, or as requiring further evidence before an alignment conclusion can be made.

Over time, data quality and availability are expected to improve as implementation matures, market practice develops, and further guidance is issued.

4. ILLUSTRATIVE EXAMPLES

This chapter illustrates how the JNGT's three-step screening of Substantial Contribution (SC), DNSH and MSS could be applied to specific examples in practice. The examples are illustrative and simplified. The official JNGT remains the authoritative source.

EXAMPLE 1: FINANCING A SOLAR PV PLANT (MID-SIZE INDEPENDENT POWER PRODUCER)

A mid-size renewable-energy developer seeks a project loan to build and operate a solar PV plant. The developer has already obtained an approved Environmental Impact Assessment (EIA).

- **Substantial Contribution (Climate Change Mitigation).** The Green criterion is qualitative and is met when the activity "*generates electricity using solar PV*". In this case it is met directly. No emission calculation is needed and there is no Amber tier. -> **SC decision: Green.**
- **Do No Significant Harm Assessment:**
 - **DNSH/Adaptation:** Power generation is among the more climate-exposed activities, so a light assessment is warranted, following the steps of the Illustrative Guidance (see Box at the end of this chapter). *Step 1 (exposure):* ThinkHazard! rates extreme heat as high for the site, and dust/sandstorms are a known local factor. *Step 2 (sensitivity):* the plant depends on module performance and clean panel surfaces, heat reduces output and dust causes soiling, so both hazards are material; in particular given that this asset will probably last for >20 years. *Step 3* and the projections of World Bank's Climate Change Knowledge Portal confirm rising temperatures. *Step 4 (solutions):* mostly standard engineering, and most may already be part of the design, such as high-temperature-rated modules and inverters, and a dry-cleaning regime for dust. *What the bank sees:* a short 1–2 page note covering the hazard screen, the materiality conclusion, and the design measures.
 - **DNSH/Water.** Solar PV is not a water-intensive activity, so no activity-specific water criteria apply. The operator confirms compliance with applicable Jordanian water laws.
 - **DNSH/Pollution.** Solar can be treated as a low-risk operation, so qualitative evidence is acceptable. The operator confirms compliance with applicable laws.
 - **DNSH/Circular Economy.** The generic criterion (compliance with the Waste Management Framework Law No. 16 of 2020) is relevant only in a limited way for a solar plant (e.g., there is limited operational waste). The more substantial point is the activity-specific criterion: durable, recyclable panels and end-of-life panel recycling. *How the bank can check this:* relying on information that already exists (e.g., the manufacturer's datasheet/warranty which states durability and recyclability of modern solar PV modules); plus a brief written statement from the developer that end-of-life panels will go to an authorised recycler.
 - **DNSH/Biodiversity & Ecosystems.** The site is not in or near a biodiversity-sensitive area. Where an EIA is required that document evidences this criterion, and the developer already holds an approved EIA.
- **Minimum Social Safeguards (MSS).** The existing KYC process confirmed compliance with Jordanian labour and occupational health & safety regulation. As the project is of medium size, no additional check is required.

EXAMPLE 2: FINANCING A NEW COMMERCIAL BUILDING

A developer seeks financing to construct a new commercial building, designed to achieve green-building certification for leasing to corporate tenants.

- **Substantial Contribution (Climate Change Mitigation).** For buildings, the contribution is shown not by an emissions calculation but by independent third-party certification. The JNGT accepts several certificates as Green including, as a national route, the Jordanian Energy Performance Certificate (EPC) of A or A+. In this case, we assume the building is designed to achieve the EPC at level A. -> **SC decision: Green.**
- **Do No Significant Harm Assessment:**
 - **DNSH/Adaptation.** Following the Illustrative Guidance in this chapter: *Step 1 (exposure):* ThinkHazard! rates extreme heat as high; flood exposure depends on the specific site. *Step 2*

(*sensitivity*): a building's key sensitivities are cooling demand and overheating, and potentially flood damage. *Step 3* confirms rising temperatures for this long-lived asset. *Step 4 (solutions)*: may already be covered by the green-building certification's design measures (thermal envelope, cooling efficiency); where flood is material, drainage capacity and protection of critical installations should be confirmed. What the bank sees: a short 1–2 page note, as above.

- **DNSH/Water.** This is about generic compliance plus a specific criterion: all relevant water appliances (such as taps, showers or urinals) must meet JSMO standards or a recognised international water-efficiency label. *How the bank can check this:* the fixture specifications or water labels (if not covered by existing green building certificate).
- **DNSH/Pollution.** Generic compliance plus three specific criteria: (i) no asbestos, and compliance with hazardous-substance rules; (ii) if the site is a potential brownfield, an investigation for contaminants; (iii) post-construction indoor air quality (e.g. use of low-emitting materials). *How the bank can check this:* the materials specifications (e.g. asbestos-free) and, if relevant, the site contamination assessment. Many things could already be covered by the green-building certificate.
- **DNSH/Circular Economy.** Generic compliance plus a clear, measurable threshold: at least 40% by weight of the non-hazardous construction & demolition waste generated on site (excluding excavated soil and stones) must be prepared for re-use, recycling or other material recovery (including backfilling where waste substitutes other materials). *How the bank can check this:* the contractor's construction & demolition waste-management plan (and ideally waste-transfer records as evidence for the recovery rate).
- **DNSH/Biodiversity & Ecosystems.** Generic compliance plus two specific criteria: (i) the building is not on greenfield land of high biodiversity value nor on land meeting the FAO forest definition; and (ii) at least 70% of timber used is recycled/re-used or from sustainably managed forests certified by FSC/PEFC or equivalent. *How the bank can check this:* confirmation of the site's land status and the timber procurement records.
- **Minimum Social Safeguards (MSS).** The developer and its contractors must comply with Jordanian labour and occupational health & safety law. The bank can confirm this through its existing KYC and E&S due-diligence processes (if they address these issues).

EXAMPLE 3: FINANCING ELECTRIC DELIVERY VANS FOR AN SME

A family-owned delivery business (an SME) seeks a loan to replace its diesel vans with new electric vans. The SME is a typical borrower with limited reporting capacity.

- **Substantial Contribution (Climate Change Mitigation).** The Green criterion is that the vehicle's direct (tailpipe) CO₂ emissions are zero, which applies to all new electric vehicles. There is no Amber tier for new vehicles. -> **SC decision: Green.**
- **Do No Significant Harm Assessment:**
 - **DNSH/Adaptation.** The screen from the Illustrative Guidance resolves at Step 2: vans are mobile, short-lived assets (well under 10 years), and no location-specific climate hazard can structurally disrupt them. A one-line justification may be sufficient. No further analysis is needed.
 - **DNSH/Water.** Generic compliance only. Vehicle purchase and operation require no water permit, so the criterion is met without further measures.
 - **DNSH/Pollution.** Generic compliance plus specific criteria on air emissions, noise, battery safety and tyres. Most of these criteria are product-level and are built into a new EV through the manufacturer's type-approval. The ambient-air standard (JS 1140) is met because an EV has zero tailpipe emissions. *How the bank can check this:* the vehicle's type-approval. No separate analysis by the SME is needed.
 - **DNSH/Circular Economy.** Generic compliance plus specific criteria on managing waste over the vehicle lifecycle and on reusing/recycling batteries and tyres. For an SME this means relying on the seller's battery and tyre take-back. *How the bank can check this:* a brief confirmation of the take-back/disposal arrangement.
 - **DNSH/Biodiversity & Ecosystems.** Generic compliance only; not material for the purchase and operation of vehicles.
- **Minimum Social Safeguards (MSS).** For an SME, MSS is lighter by design: compliance with applicable labour and occupational health & safety law and the absence of severe violations. The bank confirms this through its existing KYC process (if applicable).

EXAMPLE 4: FINANCING A STEEL PRODUCER'S DECARBONIZATION UPGRADE (LARGE CORPORATE)

A Jordanian steel producer operates an electric arc furnace (EAF) plant. The furnace currently melts around 60% scrap steel, and runs on grid electricity, with natural gas used in the reheating furnace. The company seeks a loan to finance a decarbonisation package for the following two measures: (i) an upgraded scrap yard and sorting line to raise the scrap share above 70%; and ii) a solar power purchase agreement to increase the share of renewable electricity.

- **Substantial Contribution (Climate Change Mitigation).** For EAF facilities, the Green criterion is input-based: at least 70% of total annual furnace inputs must be scrap. At 60% scrap, the facility does not yet meet this, so it is not Green today. However, the JNGT provides an Amber route for exactly this situation (the "measures track"; Route 1 of the Amber criterion): capital investments in decarbonisation measures qualify as Amber if they (a) are implemented before the 2040 sunset date, (b) enable the facility to meet the Green criteria - the JNGT explicitly lists increasing the scrap share and increasing the share of renewable energy as eligible measures for EAF facilities, see Table 4.6 in the JNGT and (c) comply with the cross-cutting criteria (see Table 4.5 in the JNGT). Both financed measures fall squarely within this list. -> **SC decision: Amber** (the loan finances the transition).
- **Do No Significant Harm Assessment:**
 - **DNSH/Adaptation.** This is a long-lived industrial asset, so the full sequence of the Illustrative Guidance applies (see Box at the end of this chapter). *Step 1 (exposure):* ThinkHazard! rates extreme heat and water scarcity as high. *Step 2 (sensitivity):* the operator identifies what the plant depends on, e.g. cooling water (hit by water scarcity), a stable power supply (heat waves drive peak demand), and a high-temperature working environment (worker safety); both hazards are material where exposure and sensitivity overlap. *Step 3:* as an asset operating well beyond 10 years, forward projections confirm both trends intensifying. *Step 4 (solutions):* largely operational, such as closed-loop, water-efficient cooling, heat-management protocols for workers, and backup arrangements for critical processes. What the bank sees: a short note, as in the other examples.
 - **DNSH/Water.** Generic compliance only. The operator confirms compliance with Jordanian water law.
 - **DNSH/Pollution.** Generic criteria plus an activity-specific criterion: emissions to air, water and soil must be prevented or minimised in line with international standards (the JNGT lists parameters such as particulate matter, SO₂, NO_x, heavy metals and dioxins, and points to the IFC EHS Guidelines and ISO 14001). *How the bank can check this:* the facility's environmental approval and licence conditions under the Environmental Protection Law and the EIA Regulation (No. 37 of 2005) (which are documents every operating industrial facility in Jordan is legally required to hold) plus emissions-monitoring reports where the approval conditions require them.
 - **DNSH/Circular Economy.** Generic criteria plus the sector-specific criterion: minimise and manage manufacturing waste, in particular hazardous waste, in line with international guidance. Note that the activity itself is circular at its core (i.e., scrap-based steelmaking is metal recycling) and the financed investment increases exactly that. *How the bank can check this:* a brief waste management plan from the steel plant (if available).
 - **DNSH/Biodiversity & Ecosystems.** Generic criteria. In this case, nothing needs to be checked here since the steel plant is on long-established industrial land.
- **Minimum Social Safeguards (MSS).** Unlike Examples 1–3, this borrower is a large industrial corporate, so the proportionate expectation is fuller: documented labour and human-rights policies, occupational health & safety management (critical in steelmaking), a channel for worker complaints, and stakeholder engagement in line with good international practice. Much of this may already exist in statutory form, e.g. via the company's internal work regulations approved by the relevant Ministry. Where the company has international lenders or export customers, a formal grievance mechanism may already be in place; where not, the statutory channels provide the baseline and the bank can encourage formalisation over time. *How the bank can check this:* the approved internal work regulations, OHS records, and the bank's standard corporate due diligence or KYC systems.

HOW-TO BOX — APPLYING THE GENERIC DNSH CRITERION FOR CLIMATE CHANGE ADAPTATION

How to read this box. Most DNSH objectives are verified through documents that already exist (e.g., permits or licences). Adaptation is the exception: it asks a *forward-looking* question — *could climate hazards significantly disrupt this activity over its lifetime?* This box shows how that assessment **could** be completed using publicly available tools and with limited effort for a standard case, following the logic of the JNGT's generic criterion: **screen the hazards** → **assess those that are material** → **identify adaptation solutions**.

Disclaimer: This is illustrative guidance showing how the assessment could be done. The depth of the assessment should be proportionate to the scale and lifetime of the activity. The official JNGT remains the authoritative source.

Step 1 – Exposure: which hazards can occur at this location?

Use ThinkHazard!²: enter the project location and the tool returns a rating (low / medium / high) for each natural hazard, with short guidance notes.

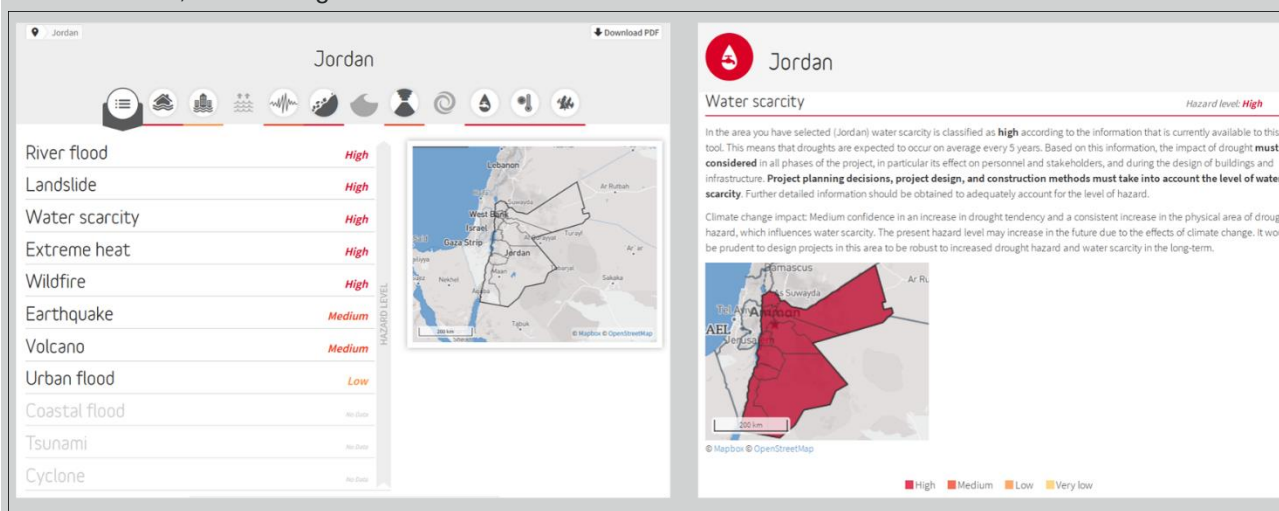


Figure 1: Sample Output from ThinkHazard.org (left-hand side: generic overview across all hazards; right-hand side: downloadable PDF with hazard-specific information)

Output of Step 1: a short list of hazards rated medium or high for the location.

Step 2 – Sensitivity: which of those hazards could actually disrupt this activity?

Knowledge from the operator is required. These could be structured along the following four questions, which have been adapted from the World Bank's Climate & Disaster Risk Screening methodology.

- What are essential processes the activity depends on to run? (e.g. cooling or process water, stable power supply, transport links)
- Which of the hazards from Step 1 could affect these?
- Would a disruption be temporary or structural?
- Is the asset long-lived (more than ~10 years)?

As a rule of thumb, a hazard is material only where Steps 1 and 2 overlap, i.e. the location is exposed to it and the activity is sensitive to it. Hazards that fail either test drop out. Depending on the activity, the screening can end already here.

² <https://thinkhazard.org/en/>

Step 3 - Direction of travel: how will the material hazards evolve?

For the hazards that survived Step 2, and mainly for assets with a lifetime beyond 10 years, additional scenario projections can be leveraged, also subject to the size and significance of the project.

The World Bank Climate Change Knowledge Portal – Jordan³, for example, is a helpful resource, made for development practitioners and policy makers. The portal contains science-based climate projections (“CMIP6 scenarios”, i.e. Coupled Model Intercomparison Project Phase 6). Another rich source is the ESCWA RICCAR initiative with a focus on water resources and socio-economic vulnerability in the Arab region⁴.

Step 4 - Adaptation solutions: what is done about the material hazards?

In most cases the answer is linked to standard engineering or operational know-how, often already part of the design. Examples, for activities in this chapter, could be:

- High-temperature-rated modules and inverters, plus a dust-cleaning regime: for a solar PV plant (Energy, Activity 1; Example 1) where extreme heat and dust may be material.
- Increased site drainage and waterproofing of critical installations: for a new commercial building (Construction, Activity 1; Example 2) on a flood-exposed site; listed under "protect/harden" measures in the World Bank screening tool's guidance tables.
- Backup power for critical processes and heat-adjusted maintenance and worker-safety protocols: for continuous industrial operations such as steelmaking (Example 4) during more frequent heat waves; both appear in the World Bank guidance tables (e.g., "plan back-up power systems for critical facilities").

Public lists of such measures are freely available: the World Bank Climate & Disaster Risk Screening Tools⁵ include sector guidance tables of risk-management measures (accommodate/manage, protect/harden, site selection, planning). ThinkHazard! also provides short hazard-specific recommendations directly on each hazard page.

³ See: <https://climateknowledgeportal.worldbank.org/country/jordan/climate-data-projections>

⁴ See: <https://riccar.org/>

⁵ See: <https://climatescreeningtools.worldbank.org/>. The “Rapid Assessment” produces a report which includes, for example, “Types of Climate Risk Management Measures for Typical Industry Projects”