B. Debt-for-development swap: The case of Jordan

Debt swaps are well embedded in Jordan's national development strategies, with the local currency funds being used in sectors of priority to achieve national goals. Germany has carried out eight debt swaps with Jordan since 1992 – in the water, environmental, and education sectors. The total volume of the debt swaps agreed on is nearly EUR 214 million. Measured in terms of their volume, Germany is Jordan's leading provider of debt swaps (Berensmann, 2007).

In 1999, Jordan and France signed a debt for development swap agreement of 2.2 million Jordanian Dinars to fund development projects including water desalination, sanitation, agriculture and public finance (Petra, 2018). In 2000, Jordan agreed with Italy to swap USD 68 million of public debt into funds to finance development programs in the fields of irrigation, health, education and agriculture. Another agreement with Italy was signed in 2011 to swap the value of EUR 16 million to promote socio-economic sustainable development in Jordan, focusing on rural development, poverty alleviation and education, in a context of environmentally sustainable resource use (The Italian Embassy in Amman, 2011). Over the past years, Jordan signed agreements with a number of other creditor countries including Germany, Spain and the United States, to convert part of its debt into development projects or other investments.

VII. CLIMATE FINANCE

Climate finance is the public and private financing provided to investments intended to advance low carbon, climate resilient development. The carbon market is a market in which carbon emission allowances are traded. It encourages countries and companies to limit their carbon emissions. Emission trading enables entities that can reduce emissions at lower cost, to be paid to do so by higher-cost emitters, thus lowering the economic cost of mitigating climate change.

The Kyoto Protocol, which was signed in 1997 and became legally binding in 2005, seeks to reduce GHG emissions by 5.2 percent compared to 1990 levels. One of the Kyoto Protocol flexibility mechanisms is the Clean Development Mechanism (CDM), intended to offer developed countries an efficient market mechanism to achieve some of their emission-reduction obligations at a lower cost, by transferring green technology to developing countries. Since the Kyoto Protocol

GREEN BONDS MAY NOT BE SO “GREEN” AFTER ALL

The definition of “green bonds” is so unclear that environmentally minded investors could accidentally be funding fossil fuel power stations.

Green bonds, which are securities that help fund renewable power projects and energy efficiency programs, are becoming wildly popular. Issuance of these bonds increased from USD10 billion in 2013 to USD161 billion last year.

But they are not all the same. The Climate Bonds Initiative, a London-based watchdog group, has excluded hundreds of bonds labeled as green or eco-friendly from its portfolio. It rejected a total of USD24.5 billion out of USD114.2 billion in issuance this year.

The watchdog group has rejected bonds for not giving enough information about how proceeds will be distributed, as well as for failing to advance the Paris Agreement target of keeping temperatures less than 2 degrees Celsius above preindustrial levels.

Critics say the worst offenders in the green bonds world are in China and other developing countries. The Climate Bonds Initiative said Taiwan Power Co., a state-owned electricity provider, has egregiously marketed USD271 million in bond deals as “green,” even though proceeds would go to gas and coal power station upgrades.

“We really need to improve the definition of what it means to be a green bond as right now, even a dirty-brown corporate can carve out a deal that looks green,” said Andrew Jackson, head of fixed income at Hermes Investment Management in London.

(Bird/Dalal, Wall Street Journal, 19 August 2018)