



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

JORDAN

Climate Module of the Public Investment
Management Assessment and
Green Public Financial Management

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High-Level Summary Technical Assistance Report Fiscal Affairs Department

**Jordan: Climate Module of the Public Investment Management Assessment and
Green Public Financial Management**
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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: The assistance assessed how climate change impacts and mitigation and adaptation responses are addressed in the public investment cycle using the Climate Module of the Public Investment Management Assessment (C-PIMA). The assistance also evaluated the scope to advance Green Public Financial Management (PFM) practices, drawing on the IMF's new Green PFM framework. Jordan was found to perform well in the climate-aware planning and coordination institutions of the C-PIMA, but some gaps were identified in implementation aspects of the framework, and there were several areas where climate could be better integrated in the PFM system.

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Background

Like the rest of the world, climate change has begun to impact Jordan's economy. While Jordan is not a significant contributor to emissions, it is exposed to climate-related risks. The country is experiencing shifts in annual mean temperatures and precipitation patterns, leading to increased risks and intensities of extreme weather events, periods of extreme temperatures, and droughts. The integration of climate-sensitivity into public investment management and public financial management processes can help to address the challenges posed by climate change. Climate-sensitive public investment management ensures that climate change considerations are mainstreamed into the decision-making processes for public investments. Similarly, Green Public Financial Management (Green PFM) ensures that fiscal policies and budgetary processes are responsive to environmental and climate concerns. To strengthen the climate sensitivity of public investment management and public financial management in Jordan, this assistance from the Fiscal Affairs Department assessed those practices in Jordan drawing on the IMF's [Climate Module of the Public Investment Management Assessment \(C-PIMA\)](#) and [Green PFM framework](#).

Summary of Findings

The results of the C-PIMA show Jordan performs well in the climate-aware planning and coordination institutions of the C-PIMA, but that there are gaps in implementation. Jordan has relatively strong climate-aware planning institutions and has well-designed coordination mechanisms, with effective governance mechanisms established to mainstream climate change considerations in planning and decision-making processes. However, gaps exist in project appraisal and selection, where climate-related aspects are not consistently assessed, and climate integration in the selection criteria is not uniformly applied. There are also gaps in climate-aware budgeting and portfolio management, and there is a need for better tracking and consolidation of climate-related expenditures. The analysis and management of infrastructure risks in Jordan does not address risks associated with climate change.

Jordan has launched several green PFM initiatives that span all four stages of the budget cycle, from fiscal strategy through budget preparation, budget implementation, and control and audit. However, there remain gaps that need to be addressed to amplify the adoption of green PFM practices. Areas that require further attention include: the analysis of the wide range of physical and transition risks from climate change to revenue, expenditure and the value of assets; the incorporation of climate and environmental priorities into the medium-term fiscal framework; and the mainstreaming of climate change planning and implementation in the decision-making processes for the annual budget.

Summary of Recommendations

Several dimensions across the C-PIMA could be enhanced through targeted modifications to the institutional framework, addressing both public investment management and public financial management more broadly. The recommendations presented during the activity propose modifications to project appraisal and selection processes to highlight climate-related aspects and emphasize their role in the selection criteria. They suggest implementing efficient and cost-effective mechanisms for tracking and consolidating climate-related expenditure, where applicable. They propose vulnerability analysis of infrastructure assets through hazard mapping and its integration with new asset registers to help mitigate disaster risks and their costs. They also advocate for fiscal risk analysis to encompass a more thorough examination of fiscal risks associated with climate change and natural disasters.

Capacity building to support effective climate-sensitive public investment and public financial management should be a high priority. The Ministry of Finance's and General Budget Department's

stewardship roles are crucial, as is the integration of the climate-sensitive strategy within the existing extensive PFM reform agenda. The limited technical capacity to integrate climate change aspects in public investment and public financial decision-making processes is of significant importance, calling for a capacity development strategy across government departments. Collaborative arrangements with other climate change stakeholders in government, and particularly the Ministry of Environment, should be established to leverage existing environmental policy expertise in the government.