



Morocco

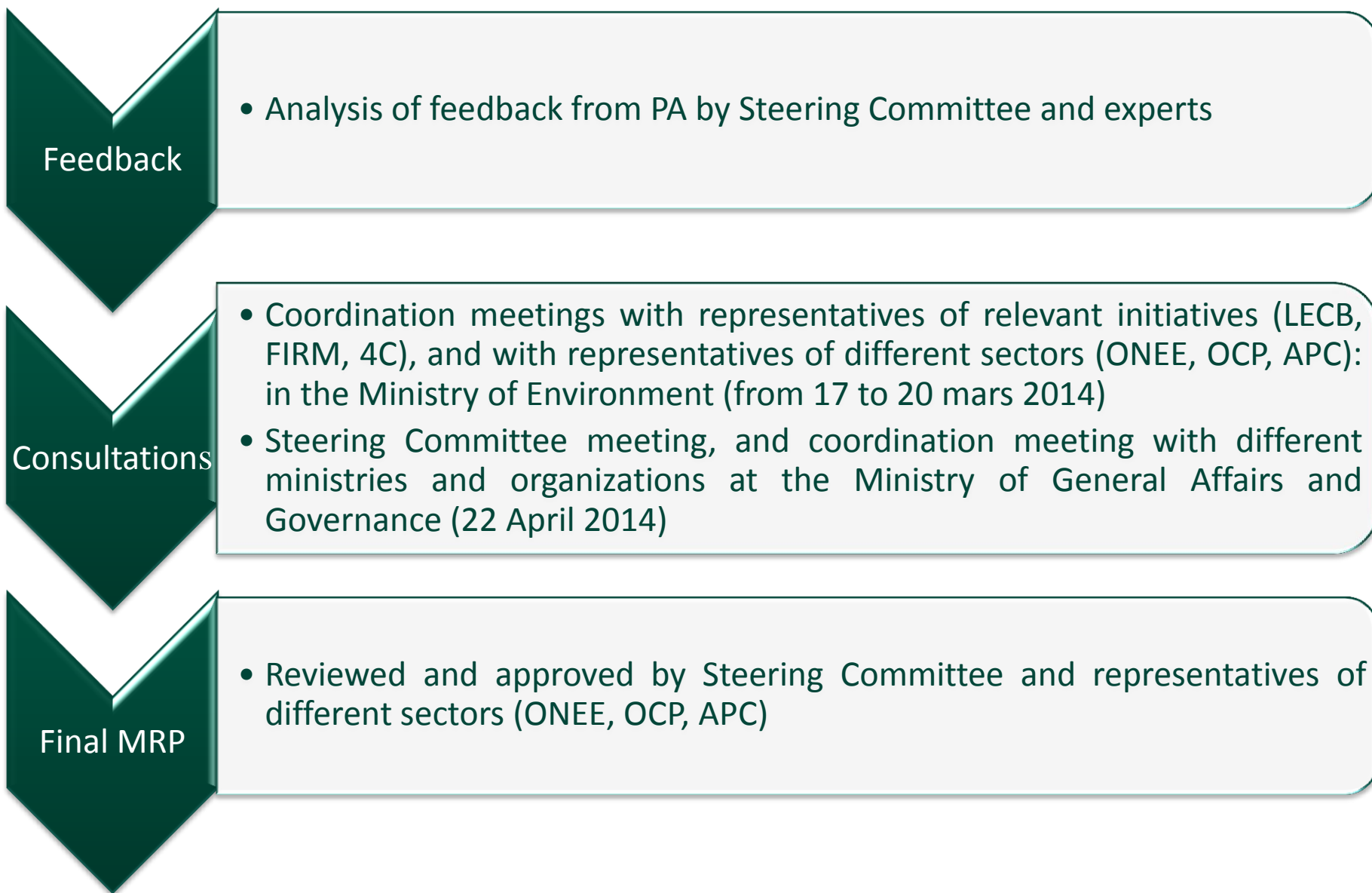
Final Market Readiness Proposal

PA9 – Cologne – May 25, 2014

MRP Objective and Focus

- Implementation of a scaled-up crediting mechanism in three key sectors of the economy (electricity generation, cement production, and phosphate processing)
- Development of core technical and institutional readiness components in those sectors:
 - Database management
 - Evaluation of the mitigation potential of each sector
 - Definition of sectoral baselines
 - MRV system design and piloting
 - Capacity building
 - Creation of a regulatory framework needed for mitigation in each sector
- Analysis of appropriate mitigation instruments and MBI governance for Morocco to support the definition of a national strategy for MBI implementation and to explore possible options for next phase of the market readiness activities, depending on the evolution of the national and international context.

MRP review process



Specific feedback from PA8

Questions/Feedback

- Clarification about Morocco's funding request

Answer/Revision

- Done: The project budget was clarified in the Executive Summary and in Section 6.2.
- The total budget for the activities to be implemented in the period 2015-2017 is USD 3,710,000.
- USD 200,000 will come from the Moroccan government,
- USD 510,000 from other sources of funding,
- USD 3,000,000 from the PMR, following approval
- A budget was provided for all activities envisaged for a potential 2nd tranche of activities. The complete budget is presented in Section 6.

Specific feedback from PA8

Questions/Feedback

- Clarification about the scope of PMR support

Answer/Revision

- **Done: Clarified in the proposal**
- MRP implementation **establishes the foundation** needed for the crediting mechanism **in three targeted sectors of the economy.**
- Depending on the evolution of the international context, particularly concerning the demand for carbon credits, Morocco will be ready to advance and implement the next phase of activities **to operationalize the mechanism.**

Specific feedback from PA8

Questions/Feedback

- Clarification regarding the timeline for MRP implementation

Answer/Revision

- Done: Clarified in Block 2 (2.1.1) in the proposal:
- All efforts will be made to have the PMR grant disbursement arrangements in place by the end of 2014 (start of MRP implementation brought forward by 3 months).
- If achieved, the Project Management Unit will be established at the beginning of 2015 and the other activities will start during the second quarter of 2015, once the terms of reference are prepared and the external entities recruited

Specific feedback from PA8

Questions/Feedback

- Distinction between “vision” and “action”

Answer/Revision

- Done: Clarified in Executive summary Block 2 (2.1.1) in the proposal
- Split of activities between the first tranche (foundation for the sectoral mechanism) and the second tranche (operationalization of the mechanism).
- “Foundation” vs. “basic infrastructure”
- “Operationalization” vs. “design and operationalization”
- Summary diagram and presentation of the activities in Section 6 were also revised to clarify this split.

Specific feedback from PA8

Questions/Feedback

- Interaction between upstream analytical work (choice of MBI) and the focus on sectoral crediting

Answer/Revision

- Clarified in Block 3 (3.1.3) of the proposal
- The focus will be on developing a system that is appropriate for the crediting mechanism while ensuring flexibility to allow the adaptation of the system based on the evolution of the national and international context.

Specific feedback from PA8

Questions/Feedback

- Difference between B3 and B4

Answer/Revision

- Clarified in Block 3 (introduction) and block 4
 - Block 3 explores the status of different core components in the preparation of a Moroccan carbon market (data management and MRV systems, targets/objectives, a registry, and a suitable institutional and regulatory framework) and proposes activities that will facilitate the establishment of these key elements.
 - These activities will lay the necessary foundation for the operationalization of MBIs discussed in Building Block 4.

Specific feedback from PA8

Questions/Feedback

- Keep the focus on no-regret measures for market instruments and market readiness, which might differ from more general MRV measures.

Answer/Revision

- Done: Clarified in Executive summary and Block 2 (2.1.1) in the proposal
- The general approach presented in the Executive Summary and in Section 2.1.1 was revised to highlight the focus on no-regret measures for market instruments and market readiness as opposed to general no-regret measures. Activity 3 (activity objectives) was also revised to highlight this point.
- The type of MRV system will depend on the applied mitigation instrument. The focus will be on developing a system that is appropriate for the crediting mechanism while ensuring flexibility to allow the adaptation of the system based on the evolution of the national and international context.

Specific feedback from PA8

Questions/Feedback

- Clarification about sectoral baselines

Answer/Revision

- Clarified in Block 3 (3.2.2) of the proposal
- The aim of activity 7 is to set baselines in each of the three sectors covered by the MRP. It will build on data collected during the pilot phase of the monitoring and reporting system, on works carried out during the development of TNC, on the efforts of the PMR working group on the subject, as well as on the experience and data of relevant initiatives.
- MRP now highlights that options for ensuring net mitigation will be assessed during crediting threshold determination.

Specific feedback from PA8

Questions/Feedback

- Cement sector: collaborate with initiative such as the Cement Sustainability Initiative and synergy across MRPs with other countries working on the same sector, namely Indonesia and Tunisia

Answer/Revision

- Clarified in Block 2, 3 and 4 of the proposal : Section 2.1.1 , Section 2.2.2, Section 3.1.1 (Sub-activity group 2), Section 3.2.2 (Activity 7), Section 4.3.2 (Activity 11):
- Other countries under the PMR are exploring similar topics (e.g. MRV in Turkey, Thailand and Indonesia) and/or working in similar sectors (e.g. cement in Tunisia and Indonesia). Morocco will seek to maximize the synergies and experience sharing with such initiatives, and also with CSI.

Specific feedback from PA8

Questions/Feedback

- Consideration of potential interaction between the proposed MBIs and selected instruments in place or planned domestically and internationally (e.g., the CDM, the EU ETS, the NMM), including carbon leakage risks and potential synergies

Answer/Revision

- Clarified in the proposal Block 2 (activity 1) et block 4 (activities 11 et 12):
- Assessment of the interaction of such mitigation instruments with selected instruments in place or planned domestically and internationally (e.g., the CDM, the EU ETS, the NMM), including carbon leakage risks and potential synergies.

Specific feedback from PA8

Questions/Feedback

- Question about indirect emissions in the targets sectors

Answer/Revision

- The treatment of indirect emissions was explicitly included in Block 3 (activity 3) and Block 4 (activity 7)
- Activity 3: will look at cross-sectoral topics, such as the treatment of indirect emissions due to electricity use.
- Activity 7: The PMU will ensure consistency and complementarity in the approach used in the different sectors, notably in the treatment of indirect emissions.

Specific feedback from PA8

Questions/Feedback

- Phosphate sector: did not work under the CDM due to the lack of financial additionality. This barrier can be overcome within a sectoral crediting approach

Answer/Revision

- Clarified in Block 4 (4.3.1) of the proposal
- The targeted sectors have had some experience with the CDM, ranging from successful validations and registrations of projects to issues with additionality. Such experience will be analysed and built upon in the design of the sectoral crediting mechanism.
- The phosphates sector faced issues with financial additionality under the CDM. It is impacted by non-financial barriers to mitigation.

Summary of Building Block 1 – Big Picture: Policy Context

This Building Block outlines the big picture and existing relevant policies on climate change in Morocco. It provide in particular information about:

- Historic and projected GHG emissions trends. With an average of 2,8 tCO₂/year/capita, Morocco has a low level of GHG emissions. Generating over half of the total emissions, the energy sector is the main source of GHG emissions.
- Morocco's low emissions development strategies and its GHG mitigation policies.
- Carbon market experience including CDM, NAMAs and NMM.

No activities are proposed in this section of the MRP.

Summary of Building Block 2: Preparatory work to support and inform policy decisions on market instruments

- In view of the country's economic context and the international situation of the carbon market, the Moroccan government plans to evaluate the implementation of a **crediting mechanism in the three targets sectors** (electricity generation, cement production, and phosphates processing).
- Morocco has decided to use the PMR to establish the foundation needed for the sectoral crediting mechanism including activities on :
 - ✓ MBI Governance
 - ✓ Data Management and MRV
 - ✓ Sectoral piloting
 - ✓ Capacity development
- Provided national and international signals are positive, particularly concerning the demand for carbon credits, the government will be ready to advance in the process and in particular to design and operationalize the mechanism

Summary of Building Block 2: Preparatory work to support and inform policy decisions on market instruments

Activity	Activities objectives	Duration	Start date	End date	Budget (USD)	
					1 st tranche	2 nd tranche
Block 2						
Activity 1: Analysis of appropriate mitigation instruments and MBI governance for Morocco	to assist the Moroccan government in evaluating different mitigation instruments, including MBIs, in order to help make an informed decision on which instruments should be applied in Morocco.	1 year 6 months	Q3 2015	Q4 2016	600,000	-
Activity 2: Mid-term review	The objective of this activity is to review the progress of Morocco’s preparation for MBIs in general and the implementation of a sectoral crediting mechanism in particular, as well as to prepare a second request for a PMR grant.	3 months	Q2 2016	Q2 2016	150,000	-

Summary of Building Block 3: Preparatory work to support and inform policy decisions on market instruments

This Building Block explores the status of different core components in the preparation of a Moroccan carbon market:

- suitable institutional and regulatory framework
- targets/objectives
- data management and MRV systems
- IT Platform and registry

Building Block 3 proposes activities that will facilitate the establishment of these key elements. These activities will lay the necessary foundation for the operationalization of MBIs discussed in the next Building Block

Summary of Building Block 3: Preparatory work to support and inform policy decisions on market instruments

Activity	Activities objectives	Duration	Start date	End date	Budget (USD)	
					1 st tranche	2 nd tranche
Building Block 3						
Activity 3: Design of a MRV system, and piloting of the MR in the three sectors covered by the MRP (electricity, cement and phosphates)	This activity will design an institutional framework for the monitoring and reporting of emissions, and its transposition into operational requirements for the monitoring and reporting of emissions at the level of industrial installations. This activity will allow the piloting of this framework in the three sectors covered by the MRP. This activity will also prepare the design of the verification and accreditation system. . This activity will therefore focus on planning the verification and accreditation system and its integration in international systems.	1 year 9 months	Q4 2015	Q2 2017	1,200,000	-

Activity	Activities objectives	Duration	Start date	End date	Budget (USD)	
					1 st tranche	2 nd tranche
Building Block 3						
Activity 4: Design of a verification and accreditation system, and piloting in the three sectors covered by the MRP (electricity, cement and phosphates)	Activity 3 will result in a roadmap for a verification and accreditation system for Morocco. It will recommend, among other things, the development of a national system or the integration in an international system. Activity 4 aims to implement this roadmap.	1 year 9 months	Q2 2017	Q4 2018		600,000
Activity 5: Design of an IT platform for data management and MRV, and its piloting in the three sectors covered by the MRP	This activity will consist in the development of a general data management module, specific modules for MRV, and cross-cutting modules.	2 years	Q2 2017	Q1 2019		1,325,000

Activity	Activities objectives	Duration	Start date	End date	Budget (USD)	
					1 st tranche	2 nd tranche
Building Block 3						
Activity 6: Preparation for expansion of the MRV system to other economic sectors in Morocco	Once the MRV system is in place in the three sectors covered by the MRP, the government will be able to expand this system to other economic sectors, such as the built environment and transport sectors considered in the early phases of the MRP.	2 years	Q3 2019	Q2 2020		Initial estimate for 3 sectors (buildings, transport and waste): 900,000
Activity 7: Establishing a baseline for each of the three sectors covered by the MRP (electricity, cement and phosphates)	The aim of this activity is to set baselines in each of the three sectors covered by the MRP. It will build on data collected during the pilot phase of the monitoring and reporting system, on works carried out during the development of TNC, on the efforts of the PMR working group on the subject, as well as on the experience and data of relevant initiatives.	1 year	Q4 2015	Q3 2016	390,000	

Activity	Activities objectives	Duration	Start date	End date	Budget (USD)	
					1 st tranche	2 nd tranche
Building Block 3						
Activity 8: Evaluation of mitigation potential in the three sectors covered by the MRP (electricity, cement, phosphates)	The aims of this activity include an external evaluation of the existing mitigation potential estimates in the electricity generation and phosphates sector, and an independent expert assessment of the mitigation potential in the Moroccan cement sector.	1 year	Q4 2015	Q3 2016	150,000	
Activity 9: Design and pilot of a national registry	This activity entails the design and piloting of a national registry, include the Development of the institutional, legal and regulatory framework, and the operational requirements, for a national registry	> 1 year	>Q3 2019			750,000 ^{>}
Activity 10: Support for the establishment of a regulatory framework for mitigation measures in the three sectors covered by the MRP)	This activity aims to support the definition and the establishment of a regulatory framework to promote the implementation of mitigation measures in the three sectors covered.	2 years	Q2 2015	Q1 2017	120,000	

Summary of Building Block 4 : Planning for a Market-based Instrument

- Building Block 4 describes different types of MBI, and present a preliminary evaluation of the possible MBIs in Morocco;
- The assessment done in the MRP and the result of the consultation process with concerned stakeholders have shown, at this stage, a sectoral crediting mechanism is the most promising option. This Building Block also proposes activities to operationalize such a mechanism.

Summary of Building Block 4 : Planning for a Market-based Instrument

Activity	Deliverable(s)	Duration	Start date	End date	Budget (USD)	
					1 st tranche	2 nd tranche
Building Block 4: To be implemented after 2017, as part of a second tranche of activities						
Activity 11: Design of a sectoral crediting mechanism for the three sectors covered by the MRP (electricity, cement and phosphates)	The aim of this activity is to establish a clear roadmap for the implementation of a sectoral crediting mechanism and to set out the main building blocks of the mechanism, then to implement such roadmap and pilot the mechanism in the three sectors covered by the MRP.	1 year	Q1 2017	Q4 2017		1,150,000
Activity 12 Evaluation of the pilot crediting mechanism and expansion of the scheme to other sectors of the Moroccan economy	The aim of this activity is to evaluate the pilot, in the three MRP sectors is suggested in order to capture the lessons learned in the first months of operation and to establish the roadmap and pilot the expansion of the mechanism.	> 1 year	>Q1 2019			1,100,000

Summary of Building Block 5 : Organization, Communication, Consultation and Engagement

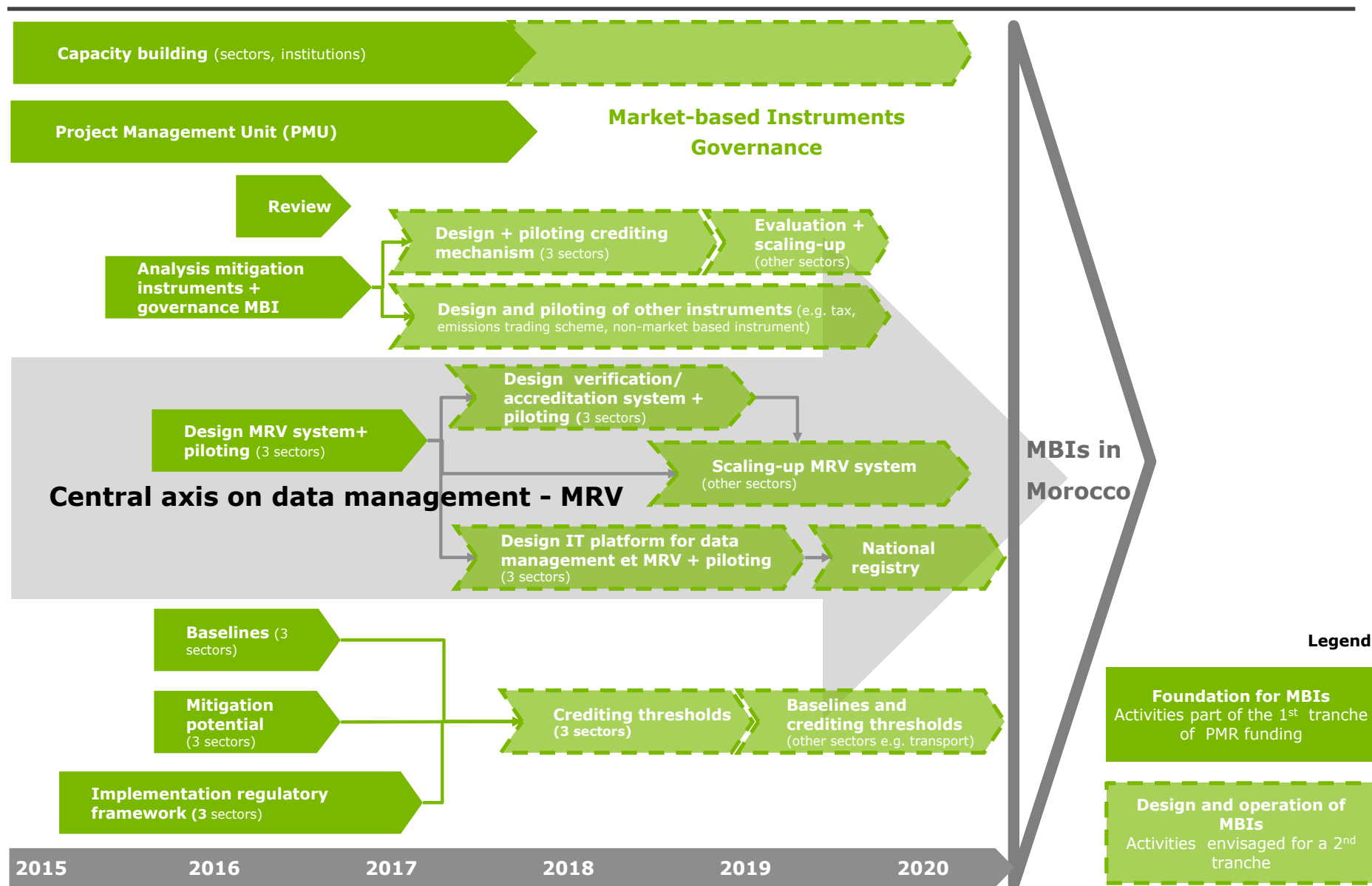
This block

- defines the organization structure of implementation phase, (Steering Committee, Project Management Unit, Implementation and monitoring Technical Committee, Implementation partners, and Expert Group(s)); and
- describes stakeholders capacity building activities during the MRP preparation phase

Summary of Building Block 5 : Organization, Communication, Consultation and Engagement



Activity	Activities objectives	Duration	Start date	End date	Budget (USD)	
					1 st tranche	2 nd tranche
Building Block 5 <i>To be implemented in the period 2015-2017, as part of a first tranche of PMR funding</i>						
Activity 13: Establishment and Operation of a Project Management Unit	The aim of this activity is the establishment and operation of the PMU, which will be in charge of the management, coordination and realization of MRP activities.	3 years	Q1 2015	Q4 2017	600,000	
Activity 14: Capacity building in both the private sector and in government	This activity aims to strengthen the capacity of Moroccan stakeholders in the key areas of the MRP. These stakeholders include not only representatives from various Ministries and government agencies, but also members of the PMU, industry sector associations and operational personnel from industrial facilities.	6 years	Q1 2015	Q4 2020	500,000	500,000

Summary of Proposed Activities (graph)



Summary of Proposed activities (timeline)

N°	Activity	2015				2016				2017				2018				2019				2020				...
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
13	Establishment and operation of a Project Management Team																									
14	Capacity building in both the private sector and in government																									
10	Support for the establishment of a regulatory framework for mitigation in the three sectors covered by the MRP																									
1	Analysis of appropriate mitigation instruments and MBI governance																									
3	Design of a MRV system, and piloting of the MR in the three sectors covered by the MRP																									
7	Establishing a baseline for each of the three sectors covered by the MRP																									
8	Evaluation of mitigation potential in the three sectors covered by the MRP																									
2	Mid-term review																									
11	Design of a sectoral crediting mechanism for the three sectors covered by the MRP + piloting																									
4	Design of a verification and accreditation system + piloting in the three sectors covered by the MRP																									
5	Design of an IT platform for data management and MRV + piloting in the three sectors covered by the MRP																									
6	Preparation for expansion of the MRV system to other economic sector																									
12	Evaluation of the pilot crediting mechanism and expansion of the scheme to other sectors of the Moroccan economy																									
9	Design of a national registry + piloting																									

 Activities part of the 1st tranche of PMR funding
 Activities envisaged for a 2nd tranche of PMR funding

Summary of Proposed Budget

Activity		Budget (USD)
Building Block 2		
Activity 1 Analysis of appropriate mitigation instruments and MBI governance for Morocco		600,000
Activity 2 Mid-term review		150,000
Building Block 3		
Activity 3 Design of a MRV system, and piloting of the MR in the three sectors covered by the MRP		1,200,000
Activity 7 Establishing a baseline for each of the three sectors covered by the MRP		390,000
Activity 8 Evaluation of mitigation potential in the three sectors covered by the MRP		150,000
Activity 10 Support for the establishment of a regulatory framework for mitigation measures in the three sectors covered by the MRP		120,000
Building Block 5		
Activity 13 Establishment and Operation of a Project Management Unit		600,000
Activity 14 Capacity building in both the private sector and in government (2015 – 2018)		500,000
Sources of funding (USD)	Total	3,710,000
	PMR funding request	3,000,000
	Moroccan government	200,000
	Other	510,000

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THANK YOU FOR YOUR ATTENTION

شكرا على حسن استماعكم

MERCI DE VOTRE ATTENTION