

PMR PROJECT IMPLEMENTATION STATUS REPORT (ISR)

1. SUMMARY INFORMATION

Implementing Country/Technical Partner:	Hashemite Kingdom of Jordan
Reporting Period:	From 08/01/2017 to 03/31/2018
Report Date:	04/02/2018
Implementing Agency:	World Bank (BETF)
Contact Person:	WB: Monali Ranade, Harikumar Gadde Ministry of Environment: Eng. Ahmed Al Qatarneh, Eng. Dina Kisbi

Grant Executed By:	WB
Grant Effectiveness and Closing Dates:	07/11/2016 - 06/30/2020
Grant Amount (USD):	USD 3,000,000.00
Funding Mobilized (USD):	USD 80,000.00
Funding Committed (USD) (as of April 01, 2018)	USD 1,371,115.00

2. OVERVIEW

Objective

The Project Development Objective (PDO) is to assist the Government of Jordan in piloting an integrated Monitoring, Reporting and Verification (MRV) framework in targeted sectors, and developing the technical capacity of public and private sector stakeholders for identification of a potential market based instrument for greenhouse gas (GHG) mitigation.

For the purposes of the PDO, capacity development includes: (i) capacity of private sector engaged in energy efficiency and renewable energy projects, focusing on small and medium scale project developers and intermediaries; (ii) capacity of financial institutions; (iii) evaluation of mitigation potential in the targeted sectors; and (iv) collaborative analysis of policy framework and technical potential to identify future market based instruments.

Indicators

PDO level results indicators are as follows:

- i. GHG emissions MRV framework piloted within the targeted sectors (Environment, Energy, Water)

ii. Opportunity for potential MBIs identified

The PMR project has been restructured into four components:

Component 1 corresponds to Axis A in the MRP, which will enable stakeholders to monitor GHG emissions. A robust MRV framework will create the institutional readiness required for developing a scaled up crediting mechanism. Owing to their high ability for market readiness, small and medium scale Renewable Energy (RE) and Energy Efficiency (EE) projects are prioritized for piloting the MRV framework. Tasks include:

- **Design and Pilot of a multi-tiered MRV Framework:** The MRV Framework will allow GHG data to be collected at the national, sectoral, agency/fund and project level. This will involve linking existing sector-specific IT systems and developing systems in target agencies.
- **Technical Assistance to public and private sector for piloting the MRV framework:** The focus will be on Ministries of Environment, Energy, Water and Jordan RE and EE Fund (JREEEF), Jordan Environmental Fund (JEF) and Greater Amman Municipality (GAM), with structured information sharing with stakeholders.
- **Development of a national web-based project registry and match making platform** (tool/app) to enhance coordination and transparency of climate change related funding and projects and to facilitate financing flows to sustainable energy projects.

(Budget: US\$1,924,000, of which US\$1,724,000 from PMR grant and US\$200,000 in-kind)

Component 2 corresponds to Axis B in the MRP and focuses on analytical work and technical capacity development of public and private sector participants in enabling a pipeline of GHG Mitigation activities; improve access to financing; and strengthening the understanding and implementation of GHG MRV. The tasks have a special focus on private-sector (financiers and project developers) to unlock sustainable energy and climate/results-based financing. Tasks include:

- **Private sector engagement:** Strengthen the capacity of Jordanian private sector stakeholders, including Financial Institutions and SMEs working on EE and RE. The capacity building program will take into account the wide range of actors and their different needs and will be carried out in coordination with other capacity building initiatives on mitigation. A capacity-building plan will be prepared and implemented which will propose a combination of practical and participative workshops, meetings for participants to share knowledge during piloting activities, study trips, tools.

(Budget: US\$508,000, of which US\$408,000 from PMR grant and US\$100,000 in-kind)

Component 3 combines the Analytical Studies from Axis A and B in the MRP and focuses on analytical work to enable the identification of potential MBI.

- **Analytical Studies on policies and sectoral GHG baselines:** Assessment of GHG emissions, mitigation potentials, policy options, readiness of sectors and domestic market opportunities
- **Analytical studies** with extensive private sector participation, to identify opportunities for potential MBIs, e.g., tradable certificates.
- **Support to Greater Amman Municipality (GAM)** as a pilot activity to explore the potential for a global city-based crediting mechanism

(Budget: US\$550,000, of which US\$450,000 from PMR grant and US\$100,000 in-kind)

Component 4 corresponds to Project Management. To ensure full client ownership and engagement, a PMR Core Team has been formed in the Ministry of Environment, which will work collaboratively

with the WBG PMR Team. This includes a mid-term review (FY18 Q4) and a completion report (FY21 Q1). The PMR grant funds will be complemented by supervision budget (\$150,000 for 3 years, with additional funds made available if required) provided by PMR for WBG costs and costs of PMR technical experts.

(Budget: US\$718,000, of which US\$418,000 from the PMR grant and US\$300,000 in-kind)

Based on request from GoJ, this project is being implemented as a BETF. In the interest of securing effective collaboration, a WB PMR team and a Ministry of Environment PMR Core Team structure was developed for joint implementation of the PMR project. This implementation arrangement is provided in Section 5. The Ministry of Environment has seen several staff changes in the past year, however the structure of the PMR core team has been maintained. The Ministry of Environment's PMR Core Team continues to be chaired by the Secretary General.

This MoEnv led PMR Core Team continues to engage with a multi-ministerial Technical Working Group (PMR-TWG), which includes representatives from the Ministry of Finance (MOF), Ministry of Planning and International Cooperation (MOPIC), Ministry of Water and Irrigation (MoWI), Ministry of Energy and Mineral Resources (MEMR), Ministry of Municipal Affairs (MoMA), Department of Statistics (DOS) and Greater Amman Municipality (GAM). For the MRV system, this PMR-TWG was complemented by a IT-TWG, which brought together the IT staff from each of the line ministries indicate above and also engaging the Ministry of Information & Communications Technology (MOICT).

3. IMPLEMENTATION REPORT BY COMPONENT

Differences between the Objectives/Activities in the Market Readiness Proposal and the Implementation Plan

Are there any important and material differences between the objectives/activities proposed in the Market Readiness Proposal and endorsed by the Partnership Assembly of the PMR and those agreed to in the Grant Agreement with the Delivery Partner and described in the Project's Results Framework?	<p>The project is being implemented as BETF so there is no Grant Agreement.</p> <p>There are no important or material differences between the MRP endorsed by the PMR PA, the implementation plan and the last Implementation Status Report (ISR) of February 2017.</p>
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Implementation Progress by Component

A. Component 1: Integrated Multi-tier MRV Framework and Project Registry	
Status:	<p><i>Under implementation.</i></p> <p>This component has two major sub-components:</p> <p>1.1: establishment of a multi-tier MRV framework that will be housed at the Ministry of Environment and will link the information systems in the</p>

	<p>pilot/target sectors – Water and Energy - and the Department of Statistics. The system will collect and enable MRV of data at national, sectoral and project level.</p> <p>1.2: establishment of a project registry (with a matchmaking system) that will be housed at the Ministry of Planning and International Cooperation (MOPIC) and is linked – at the project level – with the MRV system.</p> <p>Sub-component 1.1 is under implementation. This sub-component has two phases. The first phase, design of the MRV system was completed in July 2017 and resulted in a detailed Systems Needs Assessment (SNA) and drafted the technical and functional specifications for the MRV system. As the second phase involves development and deployment of the IT-based MRV system, it had to follow a more complex IT procurement process within the Bank. Through this process, a consortium of firms has been selected, which includes Jordanian IT and CC experts and international MRV experts. The consortium of firms has started the process of validating the design of the MRV system. The IT system development process (incl. coding) is expected to be completed within 6 months followed by pilot deployment.</p> <p>Sub-component 1.2 was placed on hold based on discussions with MOPIC as their original system (a project registry called Jordan Aid Information Management System, JAIMS) was under review. This internal review has been completed so this activity is expected to restart by July 2018.</p>
Comments:	N/A
B. Component 2: Private Sector Engagement	
Status:	<p><i>Under implementation.</i></p> <p>This component is co-led by WB and IFC. The WB-IFC team held consultations with key private sector stakeholders including, select commercial banks, Association of Banks, Credit rating company, leasing companies, industry associations and select companies, to understand the challenges in scaling-up finance. Based on the major challenges identified include, lack of access to information regarding available loans including climate finance, a lack of confidence in EE projects and a limited understanding of the role of intermediaries (leasing companies, ESCOs). This activity involves two specific activities:</p> <ul style="list-style-type: none"> (i) development of a solution (online platform – digital finance solution for clean energy) to enable potential borrowers and potential lenders to link projects to finance. (ii) identification of global/regional trainings programs on developing ‘product programs’ to facilitate small/medium scale RE/EE financing that can be customized for Jordanian context

	<p>A new Digital Finance Working Group (DFWG) was created in July 2017 with participants from Central Bank of Jordan, Credit Bureau of Jordan, representatives of the financial institutions (incl., banks, leasing companies and MFIs), key development partners. The working group guided the definition of the challenge and conceptualization of the solution (incl. the platform) and preparation of Terms of Reference (TOR) for a consultancy firm to support the design of the platform.</p> <p>A consultancy firm has been procured to develop the 'digital finance solution for clean energy'. This is closely supported by the Central Bank of Jordan as it is fully aligned with their own priority agenda of 'digital and inclusive finance'. This activity will be completed by September 2018 and the DFWG will continue to guide the process to ensure that the digital finance solution can be effectively implemented. In the future, this private sector focused solution will also link with an overall project registry of climate projects in Jordan.</p> <p>During the process of developing the online solution, described above, consultations will be held with financial institutions (separately with commercial banks, MFIs and leasing companies) to design training programs on product programs. The training could be based on customization of existing IFC training programs or sourced from external banking sector training institutions. This activity will be initiated in April 2018.</p>
Comments:	N/A
C. Component 3: Analytical Studies	
Status:	<p><i>Under implementation.</i></p> <p>As noted earlier, the analytical studies planned in the MRP were modified to account for the complementary climate initiatives of other development partners. One of the proposed studies was to conduct a needs assessment and develop recommendation for legislative amendment to support MRV framework. Jordan approved a new environmental law in April 2017. Following this approval, GIZ was providing support to MoEnv for developing a CC By-Law and the PMR project provided specific contributions to enshrine MRV system and data reporting requirements into the CC By-Law. The CC By-Law is in the process of review by line ministries and is expected to be submitted for further clearances leading to submission for cabinet approval shortly.</p>

	<p>The following studies related to market based instruments have been prioritized, as they align with developments on MRV system and the digital finance platform.</p> <ul style="list-style-type: none"> (a) Study of EE/Green Building certification as a domestic market opportunity in Jordan: Jordan has approved its 2nd National Energy Efficiency Action plan (NEEAP), which includes a substantial target for EE in existing residential and non-residential buildings. ESMAP (a WB managed Energy sector TF) and PMR are co-financing the development of a national program for energy efficiency in existing residential buildings, supported by a EE certification scheme. Jordan has relevant building codes (EE, thermal insulation, solar, etc.) and a voluntary green building code, which require stronger enforcement and uptake. The proposed certification scheme will be developed as a market instrument based on global experience adapted for Jordanian context. The design of the certification scheme, with an implementation roadmap is expected to be completed by January 2019. (b) Support GAM with Results Based Financing Pilot: This analytical work is closely associated with the ongoing GAM engagement with C40. GAM has developed a GHG inventory, based on the GPC methodology and developed GHG ER scenarios using the CURB tool. GAM has also developed urban development and green growth scenarios and continues to work extensively on climate change and sustainability issues. Building on these efforts, the PMR is supporting the developed of a Results Based Financing program for GAM. This program is being discussed with the Carbon Partnership Facility (CPF) and also with various donor agencies to explore the options for attracting climate finance (e.g., GCF or climate bonds) or generate carbon credits. The analytical work includes the development of a low-carbon development program and the definition of an innovative, inventory-based GHG emission reduction methodology. <p>In addition, the MRP had identified a series of analytical studies to develop GHG emissions scenarios, baselines and policy options. These have been combined into a single study, however the timeline for this study has been reprioritized. This study will be undertaken once the pilot stage implementation of the MRV system is completed in the Energy and Water sectors, to focus on the next priority sector (e.g., Transport) based on its contribution to GHG emissions in Jordan.</p>
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Comments:	N/A
D. Component 4: Project Management	
Status:	Project management is an ongoing activity. A WB STC based in Amman, continues to directly support the Ministry of Environment's PMR Core Team in everyday coordination of the project. In addition, technical expert STCs have been, or are in the process of being, recruited to support the IT related activities MRV system, digital finance and GAM related components.
Comments:	N/A

4. PROGRESS, CHALLENGES, AND LESSONS LEARNED

Important policy or regulatory developments related to the Grant's objectives and activities:
Developments: The National Environmental Law was passed in April 2017. A new CC By-Law, as described in the previous sector, is being developed. This CC By-Law will address the need to formalize multi-sector, inter-agency coordination that is essential for achieving the CC objectives and commitments of Jordan. The CC By-Law also enshrines the MRV system and establishes the requirement for data reporting from each of the line ministries. The CC By-Law is in the process of review prior to submission to the Cabinet. In the interim, the Prime Minister's office has officially approved the establishment of the integrated, multi-level MRV system in the Ministry of Environment and informed all line ministries regarding their responsibility to submit data, as required.
Important changes in the technical design or approach related to the Grant's activities:
None.
Key capacity issues (implementation, technical, financial management, procurement) related to the Grant's activities:
<p>The Govt. of Jordan requested this project to be implemented as BETF as they had identified key capacity issues that would limit their ability to undertake the highly innovative and private sector focused activities. However, to enable the Ministry of Environment's PMR team to learning-by-doing and ensure ownership of the MRV system and outcomes of the technical studies, a joint implementation mechanism has been defined, refer to Section 5.</p> <p>In the past year, the PMR core team at the MoEnv has shrunk substantially. However, the project continues to receive support and the progress has not been affected. The implementation as BETF is proving useful.</p>
Coordination with other carbon pricing initiatives, including those funded by other donors:

There are no other carbon pricing initiatives in Jordan. There are several CC and Energy sector related donor funded initiative in Jordan and the Ministry of Environment (along with the PMR project) is ensuring effective coordination and that there will not be any duplication of efforts.

Stakeholder engagement related to the Grant's activities:

The PMR project is implemented through the National Climate Change Committee (NCCC), the PMR multi-ministerial Technical Working Group and an IT-Technical Working Group. The donors are engaged through the CC Directorate's own activities and through participation in the regularly held donor coordination meetings. As mentioned earlier, a digital finance working group (DFWG) has also been established to ensure effective engagement of private sector and financial sector stakeholders.

The PMR initiative continues (as reported in the previous ISR) to be closely aligned with WBG global, regional and national strategies and priorities.

Other issues related to the Grant's activities

N/A

5. ADDITIONAL INFORMATION

In this Section, please provide any additional information that may be relevant for the achievement of the Grant's objectives and/or the implementation of the Grant's activities. Please also provide any relevant information related to carbon pricing and the use of market-based instruments for climate change mitigation.

