

## PMR PROJECT IMPLEMENTATION STATUS REPORT (ISR)

### 1. SUMMARY INFORMATION

Implementing Country/Technical Partner:	Hashemite Kingdom of Jordan
Reporting Period:	From 04/01/2018 to 03/31/2019
Report Date:	04/02/2019
Implementing Agency:	World Bank (BETF)
Contact Person:	WB: Monali Ranade, Harikumar Gadde Ministry of Environment: H.E. Eng. Ahmed Al Qatarneh, Secretary General Eng. Belal Shaqarin, Director, Climate Change

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 100,000.00
Funding Committed (USD) (as of April 01, 2019)	USD 1,667,313.00

### 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 is complemented by a IT-TWG, which brought together the IT staff from each of the line ministries indicate above, in close coordination with 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***

<p>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>	<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 April 2018.</p>

#### ***Implementation Progress by Component***

<b>A. Component 1: Integrated Multi-tier MRV Framework and Project Registry</b>	
Status:	<i>Under implementation.</i>  This component has two major sub-components:

	<p>Subcomponent 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 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><i>Update:</i></p> <p>(a) <i>Multi-level MRV system development process has been completed. The system has been deployed at pilot scale, with a formal launch on February 5, 2019. The testing of the system and training of stakeholders is currently underway and is expected to complete on schedule in March 2020.</i></p> <p>(b) <i>Building on the successful pilot deployment, the MRV system will be expanded to include Waste, Transport, Industrial and Agriculture sectors in parallel to the testing phase during June-December 2019.</i></p> <p>Subcomponent 1.2: establishment of a 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><i>Update: This sub-component has been slightly modified. The registry will be developed in two parts.</i></p> <p>(a) <i>A climate change tag has been proposed for inclusion in the Public Investment Management System of Ministry of Finance. This tag will enable identification of climate change related projects being proposed by all government agencies. Further discussions will be held to identify opportunities for these projects to be aggregated and presented as Jordan’s portfolio of climate change interventions for potential future international climate financing. This is still under discussion.</i></p> <p>(b) <i>A Registry will be developed as an addition to the MRV system, with the aim to enable potential linkage with international transaction platforms for sale of carbon credits or as future internationally transferred mitigation outcomes (ITMOs). This is currently being designed, with design phase expected to be completed by July 2019 with assessment for potential implementation by June 2020.</i></p>
Comments:	N/A
<b>B. Component 2: Private Sector Engagement</b>	
Status:	<p><i>Under implementation.</i></p> <p>This component is co-led by WB and IFC. The WB-IFC team continues to engage with key private sector stakeholders including, select commercial</p>

	<p>banks, Association of Banks, Credit rating company, leasing companies, industry associations and select companies. 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> <p>Subcomponent 2.1: Development of a solution (online platform – digital finance solution for clean energy) to enable potential borrowers and potential lenders to link projects to finance.</p> <p><i>Update: The design of the ‘Digital Finance Platform for Clean Energy’ has been completed. The collaborative design process was guided by a Digital Finance Working Group (DFWG) 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, conceptualization of the solution (incl. the platform) and guided the consultancy firm during design of the platform. As next steps, the Digital Finance Solutions (DFS) group in IFC is taking the leading in defining the next steps towards developing and implementation of the platform.</i></p> <p>Subcomponent 2.2: 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> <p><i>Update: The Terms of Reference (TOR) for this training program has been finalized and identification of technical experts is underway. This training program will be held during June – December 2019.</i></p>
<p>Comments:</p>	<p>N/A</p>
<p><b>C. Component 3: Analytical Studies</b></p>	
<p>Status:</p>	<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.</p> <p>(a) Climate Change Bylaw: <i>Update: The PMR supported finalization and submission of the CC Bylaw by Ministry of Environment for cabinet approval. The bylaw was submitted in March 2019 and is expected to be approved in April 2019. The initial draft of the bylaw had been prepared with support from GIZ. The bylaw enshrines and encourages efforts of the Government of Jordan to pursue climate action and achieve commitments under the Paris</i></p>

	<p><i>Agreement. Specifically, the bylaw provides a mandate for the MRV system and future efforts related to develop project registry and ITMOs and also support new sources of climate financing.</i></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 and are underway.</p> <p>(b) Study of EE/Green Building certification as a domestic market opportunity in Jordan:  <i>Update: The design study of domestic market opportunity for EE Buildings retrofit has been completed. This directly supports Jordan’s 2<sup>nd</sup> 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 continue to co-finance the development of a national program for energy efficiency in existing residential buildings, supported by an EE certification scheme. 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 2020.</i></p> <p>(c) Support GAM with Results Based Financing Pilot:  <i>Update: The Amman Climate Action Plan has been finalized. It is planned to be launched by the Greater Amman Municipality and the MoEnv in June 2019. The Plan is also being developed as a Results Based Financing low-carbon development Program, which has been submitted for consideration by the Carbon Partnership Facility (CPF). A methodology for ‘inventory-based GHG emissions reduction and urban crediting’ has been developed to support GAM, and other cities, in attracting potential carbon finance or generate carbon credits through a development of a sectoral crediting program. 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.</i></p> <p>In addition, the MRP had identified a series of analytical studies to develop GHG emissions scenarios, baselines and policy options. These</p>
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	have been combined into a single study, however the timeline for this study has been reprioritized and will commence in July 2019.
Comments:	N/A
<b>D. Component 4: Project Management</b>	
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 recruited to support the IT related activities MRV system, digital finance and GAM related components.
Comments:	N/A

#### 4. PROGRESS, CHALLENGES, AND LESSONS LEARNED

<b>Important policy or regulatory developments related to the Grant's objectives and activities:</b>
Developments: The National Environmental Law was passed in April 2017. In 2018, 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. As described above, a CC By-Law has been submitted to the cabinet for approval.
<b>Important changes in the technical design or approach related to the Grant's activities:</b>
None.
<b>Key capacity issues (implementation, technical, financial management, procurement) related to the Grant's activities:</b>
<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>
<b>Coordination with other carbon pricing initiatives, including those funded by other donors:</b>

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.*



