

PMR PROJECT IMPLEMENTATION STATUS REPORT (ISR)

1. SUMMARY INFORMATION

Implementing Country/Technical Partner:	Hashemite Kingdom of Jordan
Reporting Period:	From 08/01/2016 to 01/31/2017
Report Date:	02/20/2016
Implementing Agency:	World Bank (BETF)
Contact Person:	WB: Monali Ranade, Harikumar Gadde Ministry of Environment: Eng. Abdelkarim Shalabi, Eng. Wafa Daibes

Grant Executed By:	WB
Grant Effectiveness and Closing Dates:	07/11/2016 - 07/31/2019
Grant Amount (USD):	USD 3,000,000
Funding Mobilized (USD):	USD 75,000
Funding Committed (USD)	USD 350,474

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 Q2) and a completion report (FY20

Q1). The PMR grant funds will be complemented by supervision budget (\$150,000 for 3 years) 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 has been developed for joint implementation of the PMR project. This implementation arrangement is provided in Section 5. The Ministry of Environment's PMR Core Team is chaired by the Secretary General. This Core Team works in collaboration with a multi-ministerial Technical Working Group, 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) and Greater Amman Municipality (GAM).

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 and the implementation plan.</p>
<p>There are no substantive differences between the objectives/activities proposed in the MRP and endorsed by the PA of the PMR and the implementation plan. However, a few modifications have been made, as outlined below. Further details are provided in the later sections:</p> <ul style="list-style-type: none"> a) The implementation plan has restructured the activities under Axis A and B of the MRP into four components to enable a more efficient procurement process and streamlined tracking of progress b) Component 1 has no changes. c) Component 2 is co-led by IFC, which has a strong focus on sustainable energy (RE & EE) and SME financing and ongoing engagement with major stakeholders (Banks and private sector entities) and key development partners (USAID, AFD, EBRD, ILO, UNDP) in Jordan. Building on IFC's experience and additional inputs from the stakeholder and development partners, the activities (capacity building and tools) under this component are being revised. Further details below. d) Component 3 has minor modifications. GIZ is providing extensive support to the MoEnv on the BUR process and NDC implementation and the teams are identifying activities (e.g., development of sectoral baselines), which are proposed to be covered by GIZ, freeing up PMR resources for deeper analytical work on the identifying market based instruments. 	

- e) Component 4 is project management. As this is a BETF, funds allocated for this component will contribute towards the cost of the WBG staff, including local consultants (STC) hired to support the Ministry of Environment.

Implementation Progress by Component

A. Component 1: Integrated Multi-tier MRV Framework and Project Registry	
Status:	<p>Under implementation.</p> <p>This component has two major outcomes:</p> <p>(a) 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>(b) 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>These outcomes will be achieved through the following activities, that also serve as key milestones for the project</p> <ol style="list-style-type: none"> 1.1 Design an integrated MRV framework 1.2 Implementation of the MRV framework in Target (Pilot) Sectors 1.3 Implementation of MRV framework for Pilot Projects (Energy Efficiency and Renewable Energy in Water and Energy sectors) 1.4 Design and Implementation of the Project Registry and match-making platform <p>Activity 1.1 is currently under implementation. It is expected to complete in May 2017 and inform the Terms of reference (TOR) for Activities 1.2 and 1.3. The scope of work for Activity 1.1 is as follows:</p> <ul style="list-style-type: none"> • Assess current state of information systems, data sources, standards, skills and resources; • Identify business and IT gaps, and requirements ; • Define technical and functional requirements for implementing a final solution integrated with MRV framework; • Build stakeholder working group to review and provide feedback on systems workflow, integration, and data sources; • Conduct technical workshop for stakeholders. • Develop a detailed ToR with functional and technical requirements which are aligned with the final solution for implementing a MRV framework; <p>Procurement of a firm/consortium for implementation of the MRV system (Activities 1.2 and 1.3) is expected to be completed by July 2017. Preparation of TOR for Activity 1.4 will commence by July 2017</p>

Comments:	N/A
B. Component 2: Private Sector Engagement	
Status:	<p>Under implementation.</p> <p>This component will undergo modification. The MRP focused on activities that would build capacity and create a climate finance forum to identify opportunities for MBIs and RBCF. The original approach was to procure services of a consulting firm to undertake capacity needs assessment and address the same.</p> <p>The activities include:</p> <ol style="list-style-type: none"> 2.1 Scoping of capacity needs of banking sector to scale-up financing support for medium/small-scale RE & EE projects 2.2 Scoping of training needs of energy sector SMEs and energy service consultants to develop bankable projects 2.3 Development and Delivery of training programs for project developers, and financiers 2.4 Establishment of the Climate Finance Forum & the Working Groups to identify potential market based instruments; develop business/work plan for the forum 2.5 Engagement with Climate Finance Forum and Working groups <p>As this component is being co-led by Jordan-based IFC staff with strong experience of the subject matter and extensive knowledge of the local context and private sector stakeholders, Activities 2.1 and 2.2, are being implemented by the team (i.e., no international consultants have been hired). The team has 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. This complements the insights from MEMR and JREEEF. Based on the discussions with the government agencies, donors and private sector, it has become evident that Energy Efficiency (EE) projects require greater support. Through discussions with development partners, related initiatives that build capacity of SMEs (including ESCOs) have been identified that the PMR project will seek to partner with. The three 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). Based on this feedback, details of activity 2.3 will include tasks for (a) identification of IFC developed trainings that can be customized for Jordanian context and; (b) development of a tool to enable SMEs and Banks to link projects to finance.</p> <p>Activity 2.1 and 2.2 are under implementation. The result of the scoping exercise will be finalized by May 2017.</p>

	<p>Activity 2.3 will be modified. Based on further stakeholder engagement, to be held during May-June 2017, this activity will include customization of existing IFC training programs and development of a financial match-making tool (to complement the public sector focused registry and match-making tool under component 1), with a proposed link to the project registry.</p> <p>Activity 2.4 and 2.5 will also be modified to focus on Energy Efficiency related business opportunities.</p>
<p>Comments:</p>	<p>N/A</p>
<p>C. Component 3: Analytical Studies</p>	
<p>Status:</p>	<p>To be initiated in April 2017.</p> <p>The PMR Core team at the Ministry of Environment is leading the coordination with the climate change, Green Economy and NDC related activities being supported by various donor partners.</p> <ul style="list-style-type: none"> 3.1 Assessment of mitigation potential in key sectors and progress made till date in realizing that potential 3.2 Study of emissions in key sectors: Jordan specific emission factors, baselines, projections, explore options for GHG emission target setting (to be aligned with the timeline for BUR) 3.3 Study of mitigation policy options 3.4 Need Assessment and Recommendation for legislative amendment to support MRV framework 3.5 Upstream policy analysis for alignment and cohesion across Ministries 3.6 Study of readiness of non-target sectors (Transport, Agriculture, Waste) for MRV integration 3.7 Study of domestic market opportunities (e.g., tradable energy certifications) in Jordan 3.8 Support GAM with Results Based financing Pilot (new) <p>Activity 3.1 is being dropped as it can be subsumed under a BUR related technical study.</p> <p>Activity 3.2, 3.3 and 3.5 are being combined into one technical study with a focus on Energy (oil, gas and power). The Terms of Reference (TOR) will be finalized in March/April 2017. This study will inform the TOR for Activity 3.7, which will be commenced in 2018.</p> <p>Activity 3.4 will be initiated once the new Environmental Law, which is currently in the Parliament, is approved.</p> <p>Activity 3.6 will be initiated in 2018, once the MRV system is under implementation</p>

	Activity 3.8 has been added to support the interest expressed by GAM, C40 and Gold Standard, and more recently by UNFCCC, to explore the development of a city-based program and explore the design of a Results based financing mechanism. This is being further explored and the scope of the activity will be defined by June 2017.
Comments:	N/A
D. Component 4: Project Management	
Status:	Project management is an ongoing activity. A WB STC has been hired in Amman, to directly support the Ministry of Environment's PMR Core Team in everyday coordination of the project.
Comments:	N/A

4. PROGRESS, CHALLENGES, AND LESSONS LEARNED

Important policy or regulatory developments related to the Grant's objectives and activities:
<p>Developments:</p> <ol style="list-style-type: none"> 1. Paris Agreement Jordan signed the Paris Agreement on April 22, 2016 at a High-level Signature Ceremony convened by the Secretary General in New York and completed ratification on November 4, 2016. 2. Jordan Intended Nationally Determined Contribution (INDC) Jordan's Nationally Determined Contribution (NDC) proposes to reduce GHG emissions by a total of 14% by 2030. This includes an unconditional contribution of 1.5% compared to the BAU scenario and a conditional target, subject to the availability of international financial aid, of 12.5%. The estimated cost of achieving the overall reduction is USD 5,700m of which GoJ has secured USD 542m, leaving a gap of USD 5,158 to meet its conditional target. At the national level Jordan is currently developing the "National Strategy and Action Plan for Transitioning to a Green Economy in Jordan 2016-2025". At a sectoral level, the NDC proposes actions in the energy, transport, waste management, industries, water and agriculture, and food security sectors. The conditional contribution will be met by implementing tens of projects, some of them part of the 43 sectoral projects identified in the TNC. The conditional target will be met by implementing these projects and additionally a number of other projects recently identified.
Important changes in the technical design or approach related to the Grant's activities:
Please see Section 3

<p>Key capacity issues (implementation, technical, financial management, procurement) related to the Grant's activities:</p>
<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 learn-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>Coordination with other carbon pricing initiatives, including those funded by other donors:</p>
<p>There are no other carbon pricing initiatives in Jordan. There are several CC and Energy sector related donor funded initiative in Jordan that the PMR project is coordinating with. Jordan is presently considering accessing funding from the NDC Partnership facility for preparation of a comprehensive financing strategy for identification of necessary financing resources for its NDC implementation. Any support received from such facilities will be complementary of what Jordan is implementing with the PMR support and it will be ensured that there will not be any duplication of efforts.</p>
<p>Stakeholder engagement related to the Grant's activities:</p>
<p>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.</p> <p>In addition to local stakeholders, the PMR project seeks to build stronger alignment with WBG engagement with Jordan. The project is aligned with the new Country Partnership Framework (CPF), for the period 2016-2020, which recognizes climate change as a major risk to Jordan's sustainability and identifies private sector engagement, access to finance, and improved service delivery as focus areas. As such, the Project is also consistent with MENA's Regional Strategy, supporting the pillars of accelerating sustainable growth and strengthening governance and the MENA Climate Action Plan. The PMR project is also in line with several operations in the Bank's portfolio aimed at supporting Jordan's development priorities including, the 2nd Programmatic Energy and Water Sector Reforms DPL (P160236) and IFC's initiatives on Sustainable Energy Finance.</p>
<p>Other issues related to the Grant's activities</p>
<p>N/A</p>

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.

