

PMR PROJECT IMPLEMENTATION STATUS REPORT (ISR)

1. SUMMARY INFORMATION

Implementing Country/Technical Partner:	Hashemite Kingdom of Jordan
Reporting Period:	From 04/01/2019 to 03/31/2020
Report Date:	04/02/2020
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 Directorate

Grant Executed By:	WB
Grant Effectiveness and Closing Dates:	07/11/2016 - 12/31/2020
Grant Amount (USD):	USD 3,000,000.00
Funding Mobilized (USD):	USD 200,000.00 (in-kind financing from Jordanian entities)
Funding Committed (USD) (as of March 23, 2020)	USD 2,920,000.00

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; (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 is structured 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 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 and international market opportunities, especially under the Paris Agreement
- **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 completion report (FY21 Q1). The PMR grant funds will be complemented by supervision budget (\$150,000 for 3 years, with additional funds made available as 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 an inter-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 Local Administration (MoLA), 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 Digital Economy and Entrepreneurship (MODEE).

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 2019. However, the scope of work under the analytical studies has been clarified better to suit to evolving needs of the country.</p>

Implementation Progress by Component

A. Component 1: Integrated Multi-tier MRV Framework and Project Registry	
<p>Status:</p>	<p><i>Under implementation.</i></p> <p>This component has two major sub-components:</p> <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> <ul style="list-style-type: none"> <i>(a) Multi-level MRV system development process has been completed. Pilot deployment was completed in July 2019. The first round of testing of the system and training of stakeholders has been completed in February 2020.</i> <i>(b) Building on the successful pilot deployment, the MRV system has been expanded to include Waste, Transport, Industrial and Agriculture sectors. The second round of testing and stakeholder training will commence in April and continue till October 2020.</i> <i>(c) The testing phase is continuing with GHG data, including national and sectoral data and data from projects in the energy sector and projects from Greater Amman Municipality (GAM), being added to the MRV system. The MRV system will include data from January 2016, to enable alignment with Jordan’s NDC.</i> <i>(d) The MRV system is being converted into a global product, which can be offered to other interested countries in the region. A regional workshop was held in Amman and the Palestinian Authority has already expressed commitment to adapting the MRV system. Discussions are underway with few countries in other regions. The MRV system is being expanded to operate in four languages (English, Arabic, French and Spanish) so as to offer to interested countries in MENA region and beyond.</i> <i>(e) An independent (third-party) auditing company has been hired. A validation protocol, based on ISO14064, is being defined and certification of the MRV system is expected to be completed by September 2020.</i> <p>Subcomponent 1.2: establishment of a registry system linked with the MRV system and a matchmaking platform.</p> <p><i>Update: This sub-component was modified to strengthen focus on the project registry system.</i></p> <ul style="list-style-type: none"> <i>(a) A national Registry is currently under development, as an addition to the MRV system, with the aim to facilitate transactions and enable potential linkage with international transaction platforms for sale of carbon credits or as future internationally transferred mitigation outcomes (ITMOs). The Registry is expected to be deployed by May/June 2020.</i>

	<p>(b) <i>A climate change tag was introduced in the Public Investment Management System of Ministry of Finance. This tag enables identification of climate change related projects being proposed by all government agencies. Due to competing priorities, further discussions could not be held so far and will be revisited after the national registry is deployed.</i></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 continues to engage with key private sector stakeholders including, select commercial 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’ was completed in July 2019. Through market assessment process, the Jordan Payment and Clearance Company (JO-PACC) was identified as the host for the digital finance platform. JOPACC is jointly owned by the Central Bank of Jordan and all the commercial banks operating in Jordan. PMR technical experts, in close coordination with IFC’s digital financing and SME financing experts, led the process of developing the business case during Sept 2019-March 2020. The business case has been prepared and is in the process of approval by the JOPACC Board of Directors. The IFC-WB team is exploring opportunities for providing implementation support to JOPACC, as a separate project that will be an independent to this PMR initiative.</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: This task has been dropped. It will become a part of the digital finance platform implementation, which is expected to follow this PMR initiative.</i></p>
Comments:	N/A
C. Component 3: Analytical Studies	
Status:	<i>Under implementation.</i>

	<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:</i> <i>(i) The PMR supported CC Bylaw was passed in May 2019¹. 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 to achieve commitments under the Paris 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 including, green bonds. The PMR is supporting its</i> <i>(ii) The PMR is supporting implementation of the CC Bylaw through development of sectoral and sub-national strategies. As agriculture has been identified as a priority sector, the PMR is co-financing the development of a Climate Smart Agriculture (CSA) Action plan, including options for climate finance and use of market-based instruments.</i> <i>(iii) The PMR supported the development of draft Green Bonds guidelines, as one of the potential financing instruments encouraged under the CC By-law. Discussions were held with all key stakeholders. The draft guidelines are awaiting finalization and issuance by the Jordan Securities Commissions.</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 was completed in May 2019. This directly supports Jordan's 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 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</i></p>
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¹ As part of Second Jordan Programmatic Development Policy Loan (DPL2) (P168130), approved in May 2019.

	<p><i>Jordanian context. As discussions under DPL2² created an opportunity to explore targeted mechanisms for delivery of energy savings benefits to low-income and vulnerable populations, the design of the certification scheme was delayed. DPL2 has resulted in the adoption of a targeting mechanism by the Govt., which would also be useful as a delivery mechanism for donor/climate financing and market-based support for EE in residential sector. Development of the certification scheme and implementation roadmap is underway and is expected to be completed by October 2020.</i></p> <p>(c) Support GAM with Results Based Financing Pilot: <i>Update: The Amman Climate Action Plan was launched by the Greater Amman Municipality and the MoEnv in June 2019. The Plan continues to be developed as a Results Based Financing low-carbon development Program. This was not accepted by the Carbon Partnership Facility (CPF) and is currently under consideration by the Transformative Carbon Asset Facility. The methodology for ‘inventory-based GHG emissions reduction and urban crediting’ has been published. This will 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. The Amman climate plan financing strategy is currently under development and is expected to be completed by July 2020.</i></p> <p>(d) Support for development of guidance to support Jordan’s participation in international markets under Article 6 of the Paris Agreement <i>Update: A consultant team comprising of international and local experts has started the process of consultations and desk review to prepare guidance notes and recommendations to assist MoEnv in preparing Jordan’s Article 6 strategy. This work is ongoing and is expected to be completed by September 2020.</i></p>
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² *ibid*

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 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. 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. The CC By-Law was passed in May 2019 and an implementation plan to achieve the goals of the CC by-law is under preparation. With support from various development partners, MoEnv is currently conducting a review of Jordan's NDC, to inform the process of updating the NDC by 2022.
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, the joint implementation mechanism continues to be in effect, 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 see strong ownership and 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. In November 2019, the PMR team joined a stakeholder consultation workshop organized by EBRD, with support

from the Govt. of Spain to discuss emerging opportunities for carbon pricing. This coordination effort will be continued to enable effective continuation of the PMR supported efforts of Govt. of Jordan.

Stakeholder engagement related to the Grant’s activities:

The PMR project is implemented through the National Climate Change Committee (NCCC), the PMR inter-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 donor coordination meetings.

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.

