



# Draft Market Readiness Proposal for Jordan

## Preparation of Jordan's Market Readiness Proposal

# Agenda - Introduction

## 1 - Introduction

## 2 - Process

## 3 – Context

## 4 - Activities during 1<sup>st</sup> Implementation Phase

## 5 - Organisation, consultation, communication and engagement

## 6 - Closing remarks



# Jordan can show the world that it is possible to transform its economy in a manner that is compatible with climate change priorities



Ministry of Environment

- Jordan recognises that climate change is one of the most important global issues.
- Climate change is one of Jordan's national priorities, and we have shown vision and leadership in this field.
- As Jordan develops, we are committed to including the principles of climate change mitigation in this growth.
  - Jordan imports 96% of its energy, which is fossil fuel based.
  - This energy contributes to 70% of our total GHG emissions.
  - Jordan's **situation is typical of its neighbouring countries in this region.**



***With the help of the PMR, we believe Jordan can serve as a regional and global example of how to develop market and institutional readiness for climate mitigation, in the small country context.***

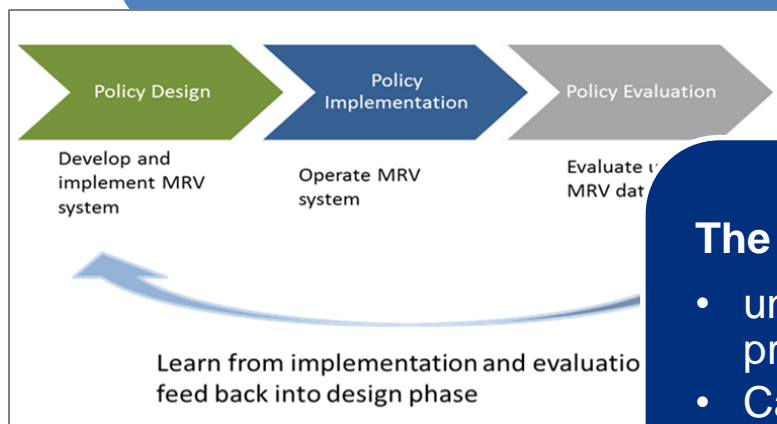
# PMR support is needed to provide the framework and capacity to turn this vision to action.

**Strong laws and policies exist, but a framework for tracking, monitoring and enforcement is lacking.** This is inhibiting:

- Effective climate policy making and target setting
- Climate financing and coordination to deliver scaled mitigation activities.

**Constrained private sector:**

- The “missing middle” sized companies
- Limited capacity to access and provide traditional financing, let alone climate financing.



**The PMR can support Jordan to:**

- unlock the potential of the private sector
- Cause lasting change in Jordan’s approach to policy making and financing

# Jordan is breaking new ground in their approach to PMR.

## Key principles

**Realism:** “Walk before we can run”

**Collaboration:** rely on a cross section of stakeholders

**Pragmatism:** Piloting and capitalise on ongoing work

**Build enduring change.**

## Innovative approach to PMR

Jordan is currently a small emitter, at a very early stage of market readiness.

**Our approach to PMR:**

- Capacity building of the private sector, targeting foundational activities, and public sector financing institutions (PFIs) to stimulate the project pipeline.
- Cross sectoral and inter-ministerial involvement is a key feature of institutional components

# Agenda - Process



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# Jordan has got here today thanks to the numerous stakeholders who supported us throughout this process.



## Stakeholder involvement

- Over 70 people
- Over 25 organisations

- NCCC
- PMR Board
- Technical working group

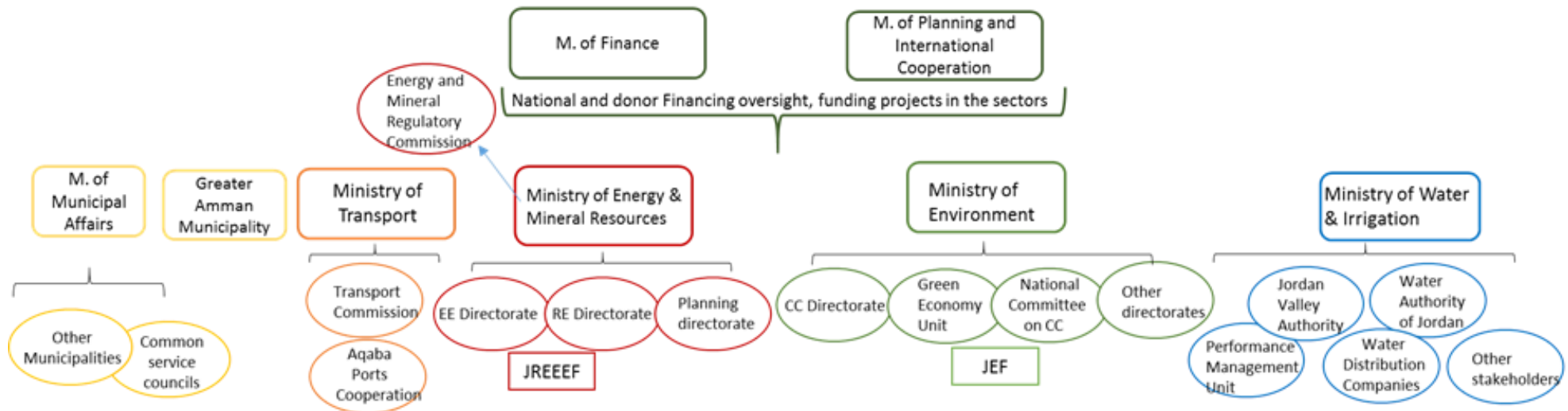
<b>Government</b> MoEnv MEMR MWI MOMA GAM MOF MOPIC	DOS EMRC Jordan Met Department JEF JREEEF NEPCO	<b>Donors</b> USAID GIZ EBRD UNDP AFD GGGI
<b>Trade Associations</b> EDAMA Jordan Chamber of Commerce JCI JU WEEC	<b>Others</b> NERC JRES RSS	



## World bank and external reviewers



# Stakeholder engagement led us to choose a scaled crediting mechanism



- Instruments such as carbon taxes were not considered politically or socio-economically feasible.
- ETS is technically not relevant, as Jordan has a small industrial base.
- MRP builds towards is 'scaled up crediting'



# Agenda - Context



1 - Introduction

2 - Process

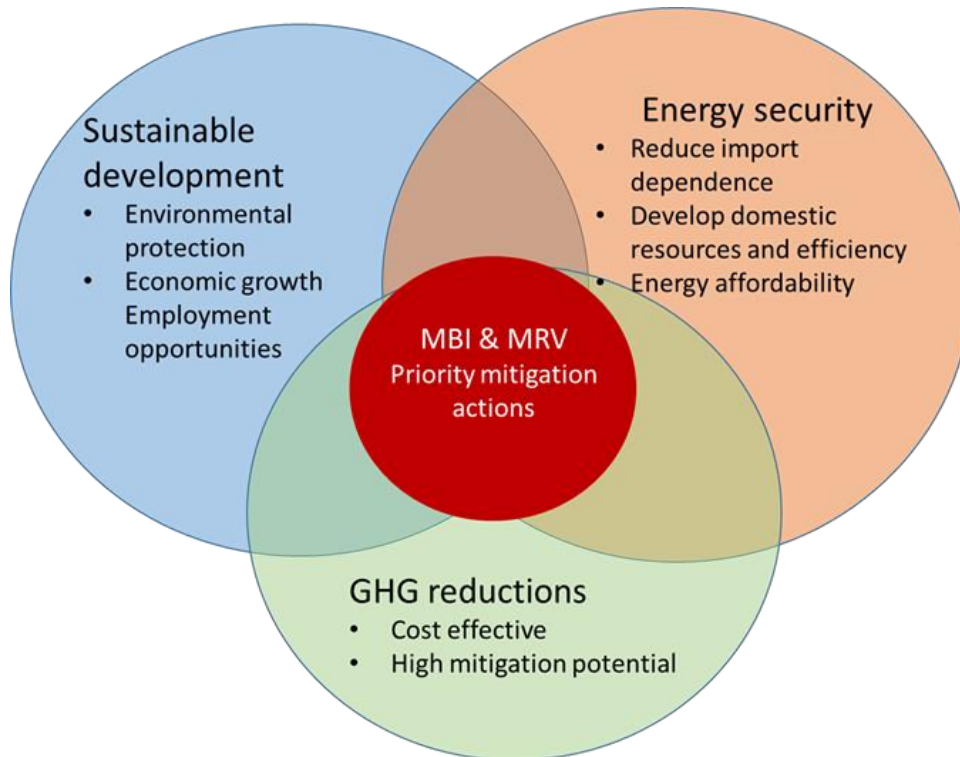
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# Ambitious strategies and key institutions exist. However, these require the right tools and capacity in order to plan and finance scaled mitigation activities



## Challenges:

- **Lessons learnt through CDM:** Jordan needs robust frameworks for monitoring and reviewing
- **Technical capacity:** new data initiatives need time to mature
- **Fragmentation** and lack of **coordination** of government and donor initiatives

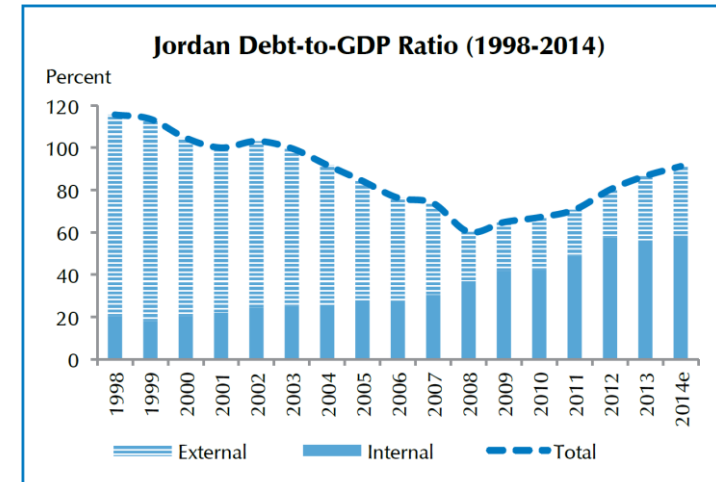
# Delivering scaled mitigation activities requires unlocking the potential of a growing private sector, struggling to finance itself.



- Private sector: RE/EE developers & the banking community
- Economic structure: services sector driven, missing SMEs companies
- RE and EE market:
  - Good incentives and signals exist, but need time to mature.
  - Players include a small but growing number of IPPs and ESPs

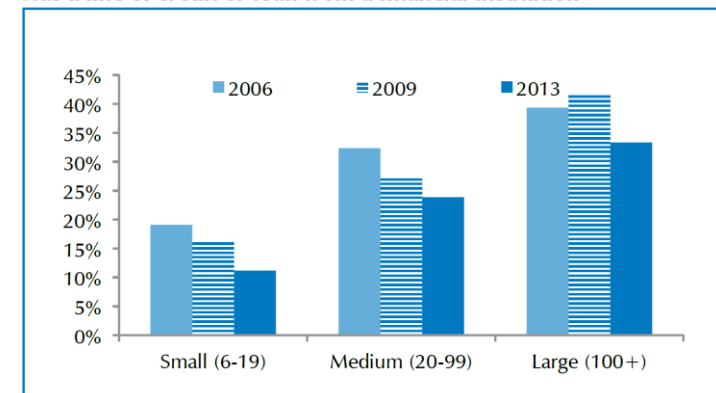
## The financing challenge:

- Increasing debt to GDP ratio, high public debt
- Lower access to credit is affecting small enterprises most.
- Lack of familiarity and technical capacity in private sector
- Public sector funds can play an important role
- Large number of international donors, playing a very significant role



**Debt to GDP ratio has been rising from 2008**

*Has a line of credit or loan from a financial institution*



**Access to credit has been worsening, especially for small firms**

# Agenda - Activities during 1st Implementation Phase



1- Introduction

2 - Process

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## 4 - Activities during 1<sup>st</sup> Implementation Phase

- Building block 1a. Development of RE/EE projects
- Building block 1b. Climate Finance skills
- Building block 2. A multi-tiered MRV framework
- Building block 3. Public registry of planned activities and potential support
- How it all fits together: case study of energy efficiency project in water pumping stations

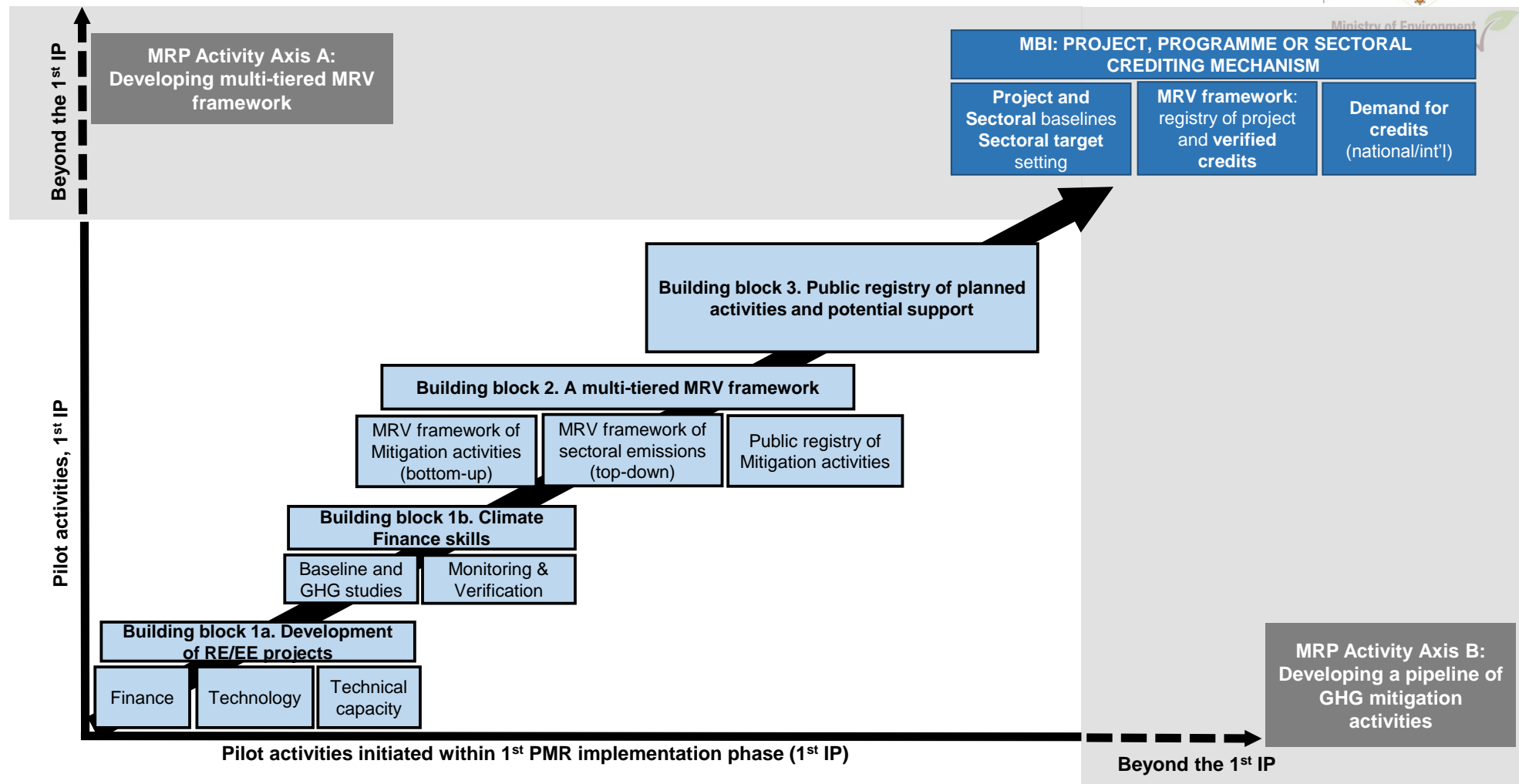
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Ministry of Environment

# The vision: Jordan is embarking on a long journey toward a crediting mechanism.



- Long term aim: readiness for a Crediting Mechanism
- Very early stage readiness: work will continue well beyond 1<sup>st</sup> IP
- The first step will be to enable access to **Results Based Financing**.

# Guide to phasing and priorities of activities and aims

## Aims

- Short term: 3 years - during 1<sup>st</sup> IP
- Medium term: 3-10 years (and may begin in 1<sup>st</sup> IP)
- Long term: Beyond 10 years

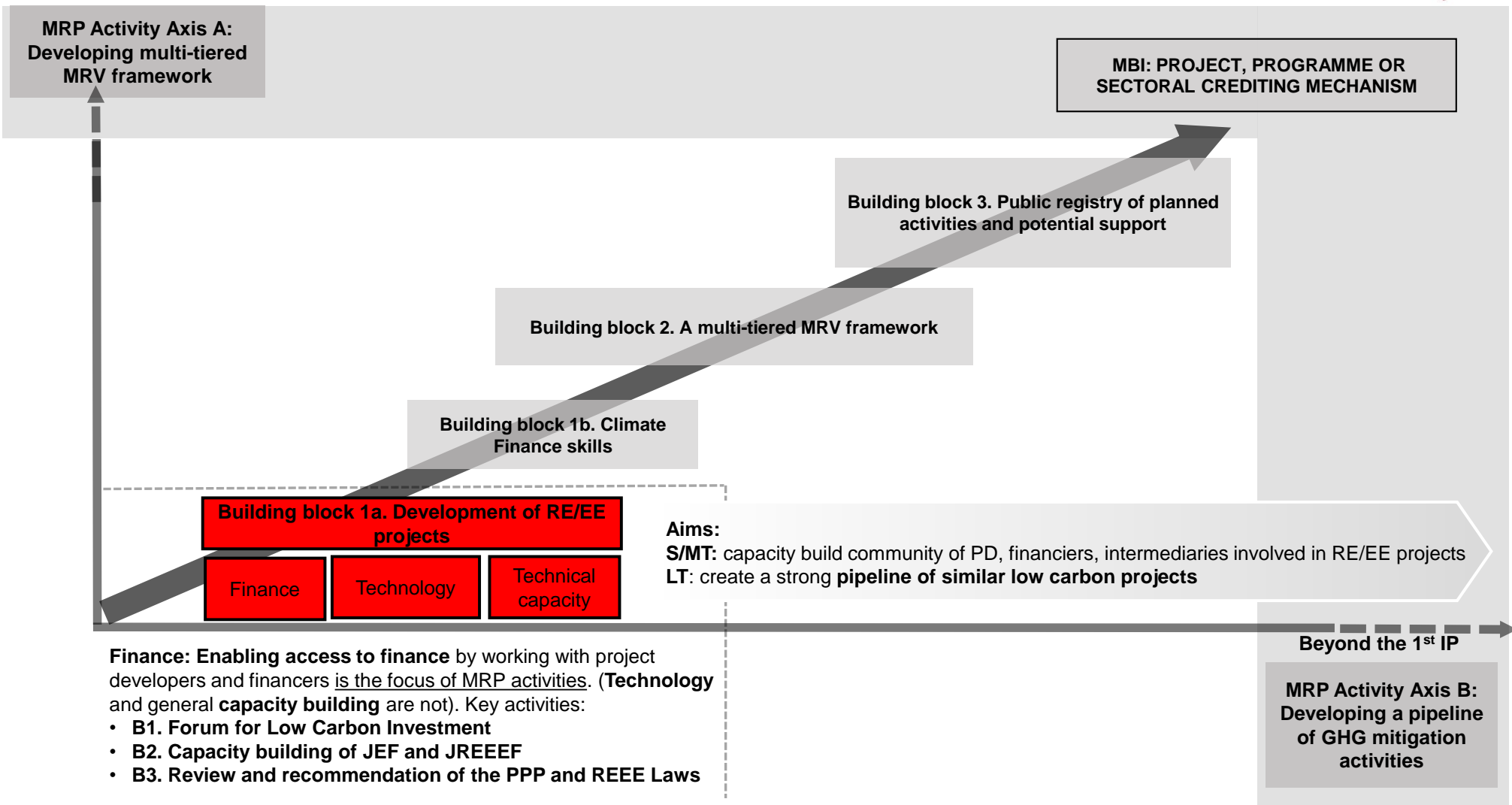
**All short term aims are expected to be achieved at the end of the 1<sup>st</sup> IP, and some of the medium term aims may also be delivered.**

## Priority of activities

Priority of activities is indicated by their phasing within the 1<sup>st</sup> IP

High	Activities initiated Y1-2 of 1 <sup>st</sup> IP
Medium	Activities initiated Y2-3 of 1 <sup>st</sup> IP
Low	Activities initiated Y3 of 1 <sup>st</sup> IP

# Zooming in on Building Block 1a. Development of renewable energy and energy efficiency projects





# Financing of RE/EE projects is constrained by a lack of capacity and familiarity of project developers and financiers

Challenges	Activities in 1 <sup>st</sup> PMR IP	Aims - short, medium, long term
<ul style="list-style-type: none"><li>Financiers lack familiarity and perceived RE/EE projects as high risk,</li><li>Lack of technical capacity to prepare and evaluate project proposals.</li><li>Legal ambiguity for private sector involvement in RE</li></ul>	<p><b>B1.</b> Forum for Low Carbon Investment</p> <p><b>B2.</b> Capacity building of PFIs – JREEEF and JEF.</p> <p><b>B3.</b> Remove legal barriers to private sector participation in RE projects.</p>	<p><b>S - MT:</b></p> <ul style="list-style-type: none"><li>Engagement key stakeholders</li><li>Capacity building</li><li>Catalyse investment</li></ul> <p><b>LT:</b> strong pipeline of RE/EE projects</p>

## Principles:

- **Start from the basics**
- **Private sector driven.**
- **Pragmatic: Capitalise on and collaborate with existing initiatives**
- **Maximise potential of PFIs**

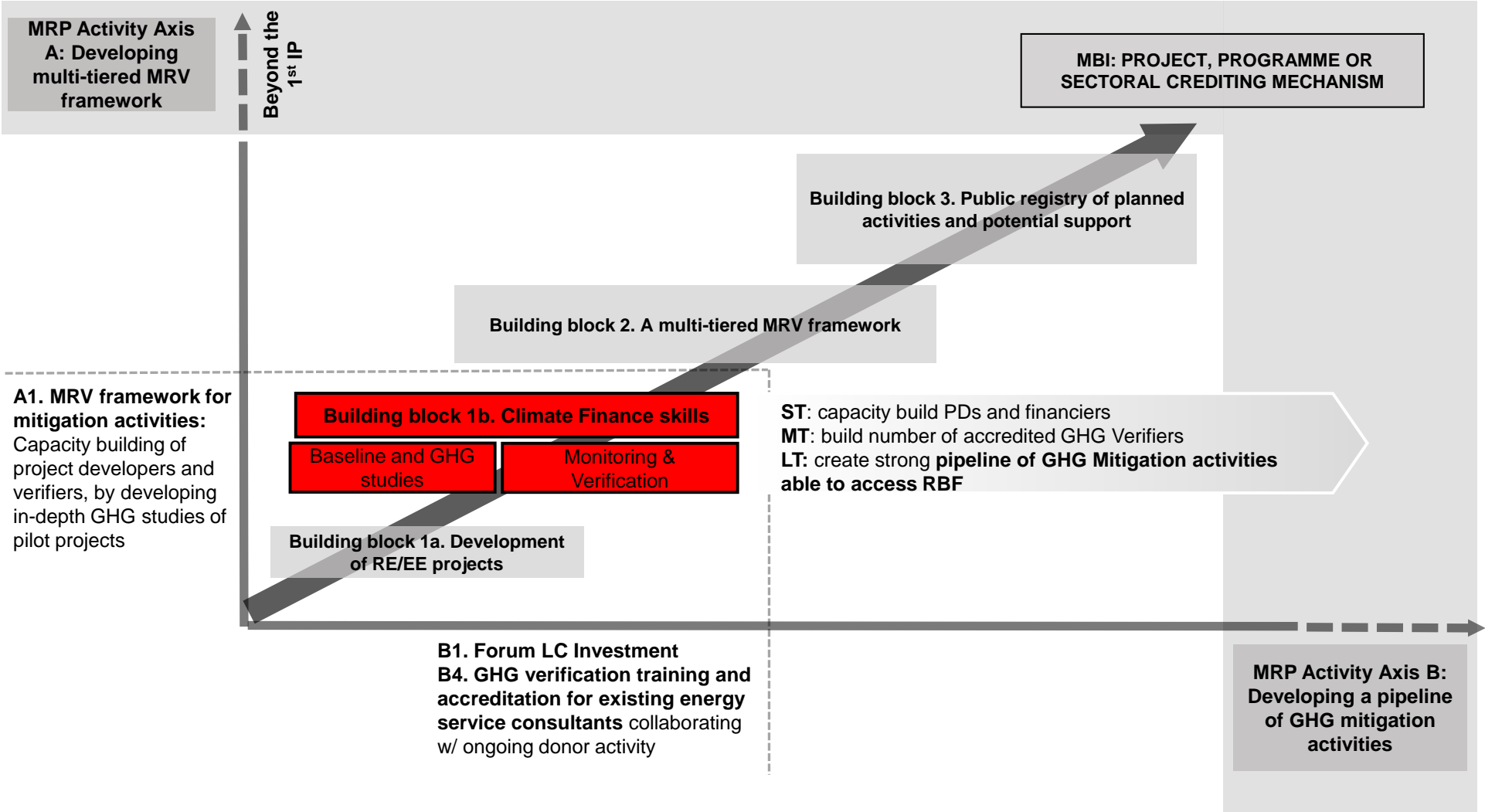
# PMR activities will support pipeline development by focusing on challenges to project finance and removing potential legal barriers

	B1. Forum for Low Carbon investment	B3. Review and recommendation of the PPP and REEE Laws
<b>Description of activities</b>	<ul style="list-style-type: none"> <li>• Forum for knowledge exchange and training</li> <li>• Training programme to be delivered by experts within the community.</li> <li>• Tendered out to private sector .</li> </ul>	<ul style="list-style-type: none"> <li>• Review apparent contradiction of rules governing the submission of project proposals by IPPs in the REEE Law and the PPP law.</li> <li>• Recommendation for amendment, if necessary</li> </ul>
<b>Priority 1<sup>st</sup> IP</b>	High	High
<b>Outputs 1<sup>st</sup> IP</b>	<ul style="list-style-type: none"> <li>• Establish the forum,</li> <li>• identify capacity building,</li> <li>• specify training programme,</li> <li>• 1 training workshop</li> </ul>	Review and recommendation of amendment to law if required.
<b>Outputs subsequent phases</b>	<ul style="list-style-type: none"> <li>• Execution of training programmes,</li> <li>• Knowledge exchange platform</li> </ul>	n/a

# Given their potential to catalyse investment in mitigation activities, capacity building of public financing institutions is a priority

	B2. Capacity building of JREEF – Jordan RE and EE fund	B2. Capacity building of JEF – Jordan Environment Fund
<b>Description of activities</b>	<ol style="list-style-type: none"> <li>1. Support for compliance with MRV requirements, <b>pilot projects</b>.</li> <li>2. Accreditation to the Green Climate Fund</li> <li>3. Fundraising support</li> </ol>	<ol style="list-style-type: none"> <li>1. Organisational development plan</li> <li>2. Operational support</li> <li>3. MRV requirements</li> <li>4. Fundraising</li> </ol>
<b>Priority 1<sup>st</sup> IP</b>	High	High
<b>Outputs 1<sup>st</sup> IP</b>	<ul style="list-style-type: none"> <li>• Establish and test MRV frameworks and procedures, with a pilot project.</li> <li>• Development of plan for accreditation readiness and fund raising</li> </ul>	<ul style="list-style-type: none"> <li>• Business development plan</li> <li>• Fund raising plan</li> <li>• Support a project funding round.</li> </ul>
<b>Outputs subsequent phases</b>	<ul style="list-style-type: none"> <li>• Continued support for MRV requirements</li> <li>• Implementation of accreditation readiness and fund raising plans</li> </ul>	<ul style="list-style-type: none"> <li>• Implement development plan</li> <li>• Establish and test MRV procedures with pilot project</li> </ul>

# Zooming in on Building Block 1b. Developing climate finance skills



# Accessing results based climate finance is also constrained by a lack of capacity and familiarity of stakeholders

Challenges	Activities in 1 <sup>st</sup> PMR IP	Aims - short, medium, long term
<ul style="list-style-type: none"><li>• Lack of technical capacity</li><li>• Limited availability of verifiers.</li><li>• Lack of a credible reference for RE and EE projects, to minimise risks.</li></ul>	<p><b>B1.</b> Forum for low carbon investment</p> <p><b>B4.</b> GHG verification training and accreditation for existing energy service consultants</p> <p><b>A1.</b> MRV framework for mitigation activities</p>	<p><b>ST:</b> capacity build of stakeholders</p> <p><b>MT:</b> increase number of accredited GHG Verifiers</p> <p><b>LT:</b> create strong pipeline of GHG mitigation projects, accessing <b>results based climate finance</b> (RBF)</p>

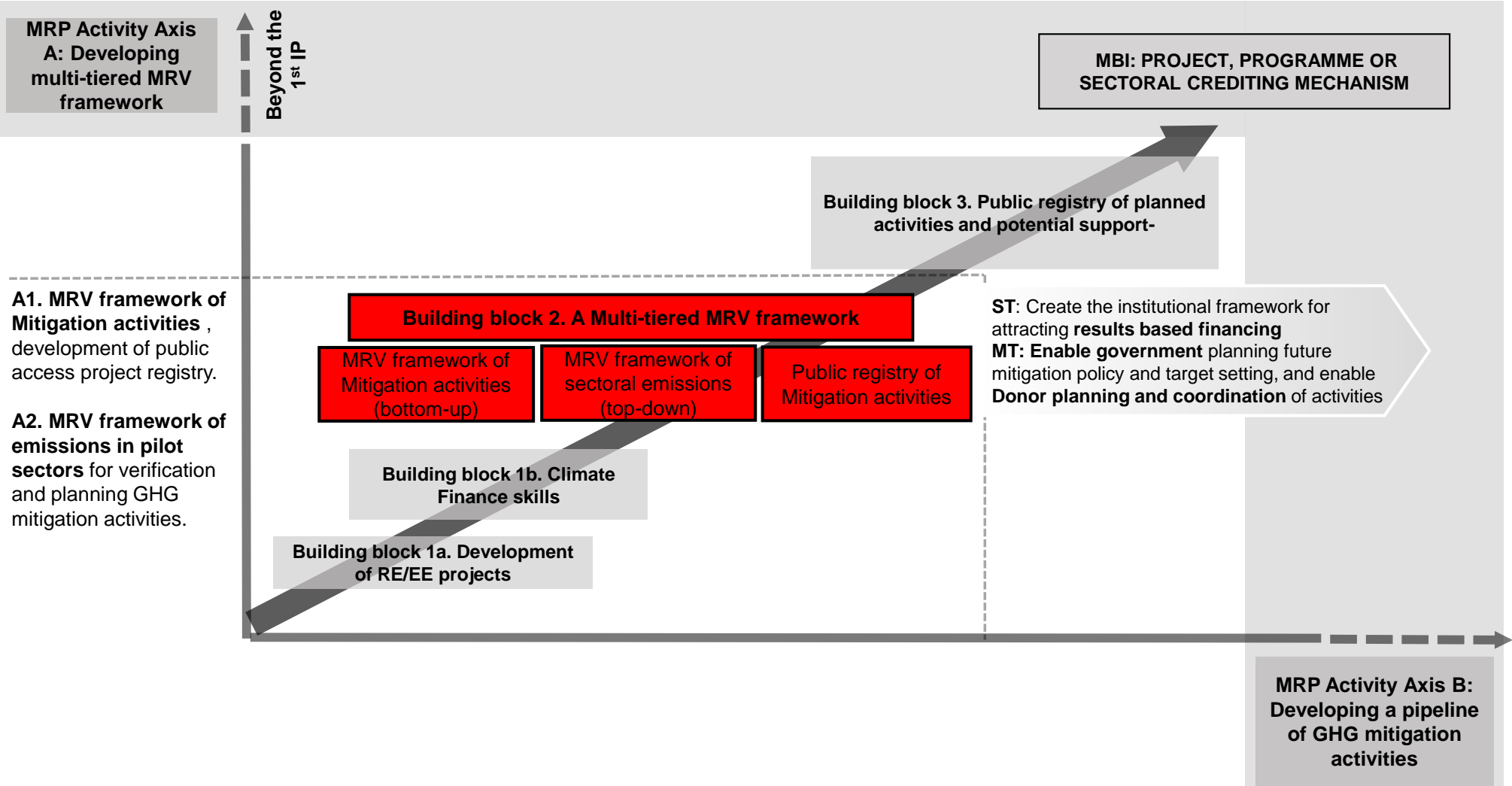
## Principles:

- **Private sector led**
- **Collaborative**
- **Pragmatic: pilot projects for capacity building**
- **Replicable and scalable**

# PMR Activities will build climate finance skills to enable access and flow of RBF, subject to demand for this

	B1. Forum for Low Carbon investment – Climate Finance Skills	B4. GHG verification training and accreditation for existing energy service consultants	A1. MRV framework for mitigation activities
<b>Description of activities</b>	As before. The forum will allow knowledge exchange and training on <b>climate finance</b> topics, subject to interest from stakeholders.	Collaborate with ongoing training and accreditation programmes for energy service providers (USAID) to specify and deliver GHG verification training and accreditation	Capacity building of stakeholder through GHG studies of pilot projects
<b>Priority 1<sup>st</sup> IP</b>	Medium	Low	High
<b>Outputs 1<sup>st</sup> IP</b>		<ul style="list-style-type: none"> <li>Scoping and test demand</li> <li>Design of programme.</li> </ul>	<ul style="list-style-type: none"> <li>Identify candidates</li> <li>Arrange work shadowing of pilot projects</li> </ul>
<b>Outputs subsequent phases</b>		Execution of training and accreditation programme.	Replication in subsequent pilot projects.

# Zooming in on Building Block 2. A multi-tiered MRV framework





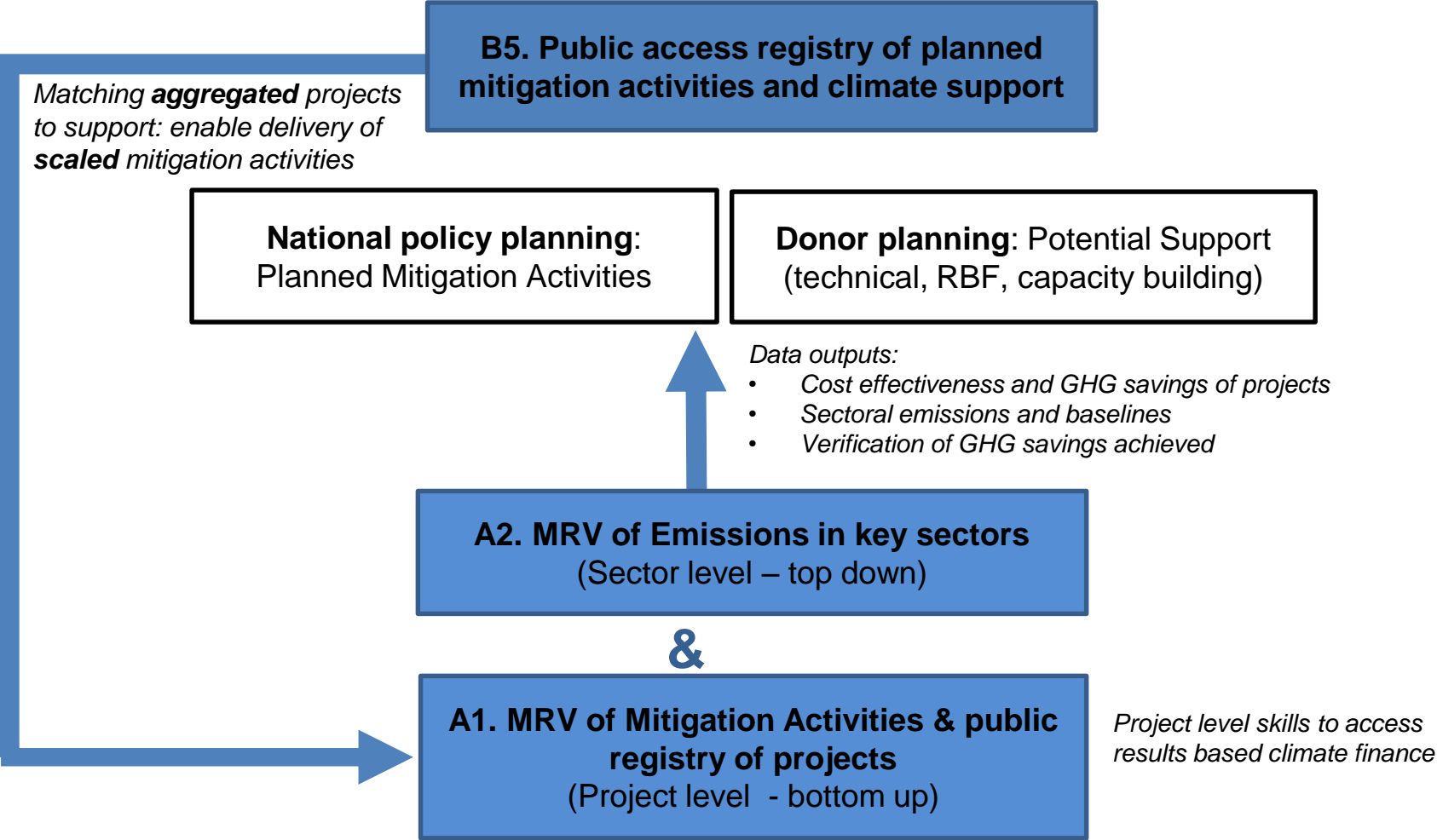
# Limited institutional and technical capacity challenge policy making for scaled mitigation activities, and access to results based financing

Challenges	Activities in 1 <sup>st</sup> PMR IP	Aims - short, medium, long term
<ul style="list-style-type: none"> <li>Monitoring and planning CC policy and mitigation activities</li> <li>Reviewing and planning future policy</li> <li>Fragmentation and lack of coordination</li> <li>Effectiveness of support is unclear</li> <li>Mainstreaming and inter-ministerial collaboration</li> <li>Tracking RBF impact</li> </ul>	<p><b>A1.</b> MRV framework for mitigation activities (bottom up), and public project registry of mitigation activities.</p> <p><b>A2.</b> MRV framework of sectoral emissions in key mitigation sectors (top down).</p>	<p><b>ST:</b></p> <ul style="list-style-type: none"> <li>Strengthen institutional capacity</li> <li>Create the institutional framework for <b>RBF</b></li> <li><b>Increase inter-ministerial</b> collaboration</li> </ul> <p><b>MT:</b></p> <ul style="list-style-type: none"> <li><b>Enable review and effective</b> planning of mitigation policy and target setting</li> <li>Enable <b>donor planning and coordination</b></li> </ul> <p><b>LT:</b> Support the delivery of <b>conditional INDC targets</b>, and support demonstration of <b>achievement of unconditional</b> targets</p>

## Principles:

- **Building lasting change**
- **Realism**
- **Pragmatism: pilot projects and capitalise on existing initiatives**
- **Scalable**
- **Collaborative**

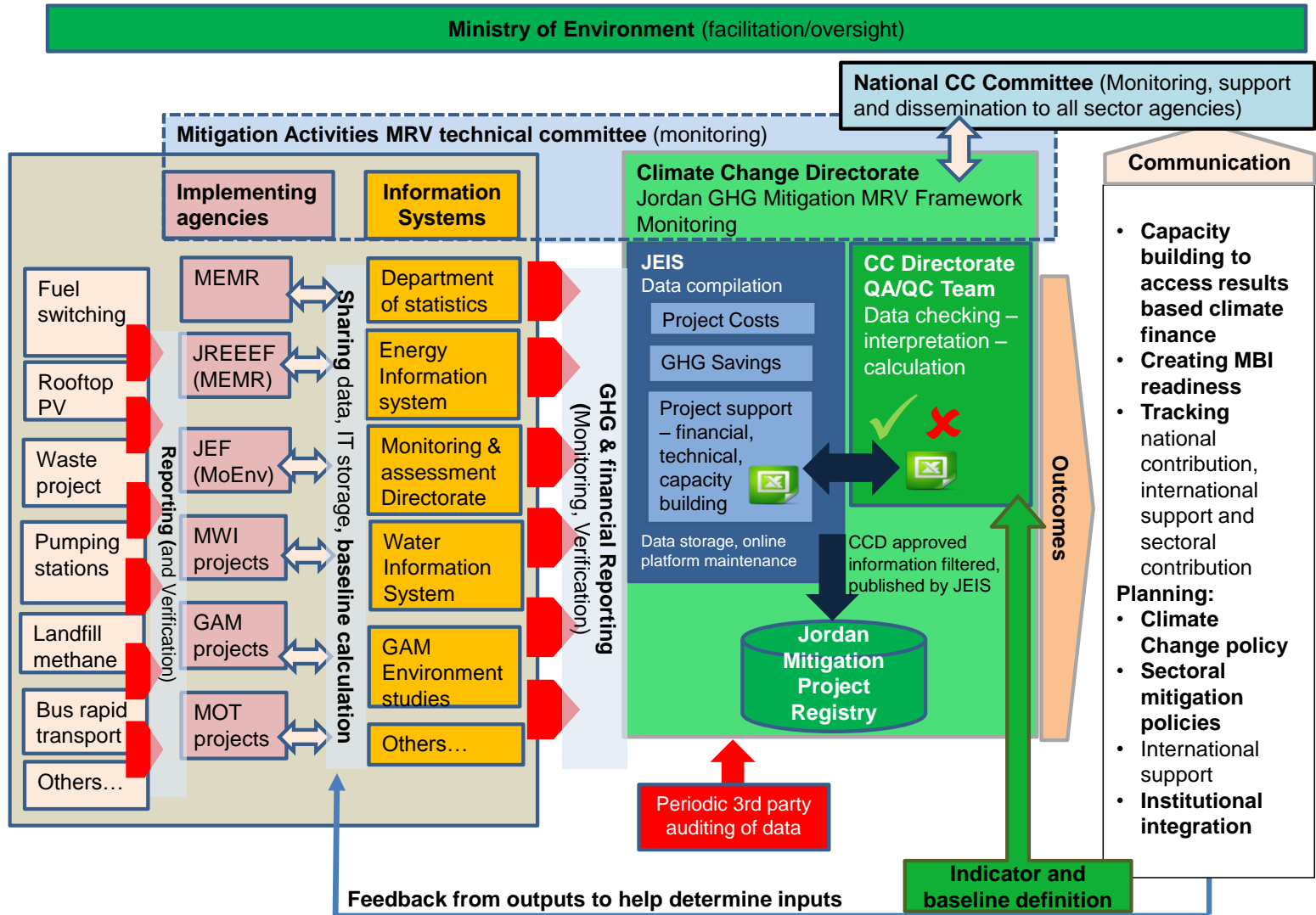
A multi-tiered MRV framework will track mitigation activities and emissions, essential for government and donor planning, accessing RBF and delivering scaled mitigation activities.



# An ambitious, cross sectoral and inter-ministerial MRV framework is envisaged.



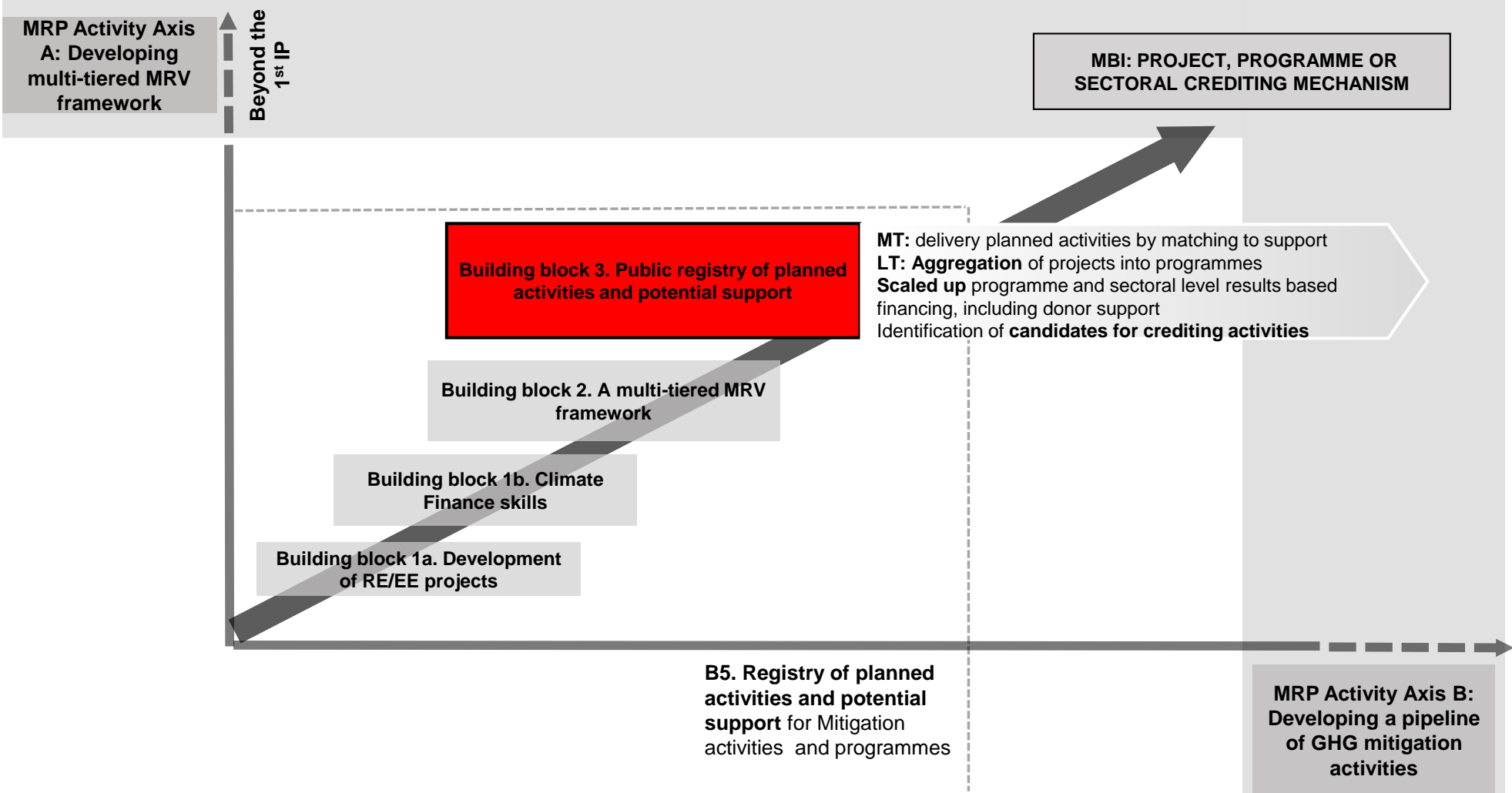
Ministry of Environment



# MRV frameworks for mitigation activities and of sectoral emissions are necessary and complementary components of effective mitigation policy making.

	A1. MRV framework for mitigation activities (bottom up)	A2. MRV framework for sectoral emissions (top down)
<b>Description of activities</b>	<p>Institutional framework :</p> <ul style="list-style-type: none"> <li>Monitoring: MoEnv</li> <li>Monitoring and reporting: implementing agencies</li> <li>Reporting and verification at project level</li> </ul> <p>MoEnv national policy planning Published through project registry</p>	<p>Institutional framework :</p> <ul style="list-style-type: none"> <li>Monitoring of emissions: MoEnv</li> <li>Reporting: sectoral data initiatives</li> <li>Conversion and verification of data by MoEnv</li> </ul> <p>Tracking mitigation progress, target setting</p>
<b>Priority 1<sup>st</sup> IP</b>	High	High
<b>Outputs 1<sup>st</sup> IP</b>	<ul style="list-style-type: none"> <li>Creation of institutional frameworks and procedures</li> <li>Capacity building at institutional and project level</li> <li>Established project registry</li> </ul>	<ul style="list-style-type: none"> <li>Creation of institutional framework and IT infrastructure</li> <li>Capacity building</li> <li>Support governmental planning</li> </ul>
<b>Outputs subsequent phases</b>	<ul style="list-style-type: none"> <li>Legal enforcement of framework</li> <li>Testing</li> <li>Continued capacity building</li> <li>Widening of stakeholders and projects</li> <li>Data analysis for planning</li> </ul>	<ul style="list-style-type: none"> <li>Legal enforcement of framework</li> <li>Testing</li> <li>Enhanced IT solutions</li> <li>Expanding the scope</li> <li>Governmental planning support</li> </ul>

# Zooming in on Building Block 3. Public registry of planned activities and potential support



**In the longer term, the ambition is to create a platform allowing the matching of planned mitigation activities with international support.**

Challenges	Activities in 1 <sup>st</sup> PMR IP	Aims - short, medium, long term
<ul style="list-style-type: none"> <li>Fragmentation and lack of coordination</li> <li>Lack of transparency of impact</li> <li>Small scale project based planning and financing</li> <li>Mapping potential support</li> </ul>	<b>B5. Registry of planned activities and potential support</b> for Mitigation activities and programmes	<b>MT:</b> enable delivery of planned projects by matching to support <b>LT:</b> <ul style="list-style-type: none"> <li>Aggregating projects to enable scaled financing and programme/sectoral mitigation activities</li> <li>Identify <b>candidates for crediting activities</b></li> </ul>

### Principles:

- **Collaboration**
- **Pragmatism: capitalise on ongoing activities.**

	B5. Registry of planned activities and potential support
<b>Description of activities</b>	<ul style="list-style-type: none"> <li>Collate planned project and potential support data</li> <li>Publish on public project registry</li> </ul>
<b>Priority 1<sup>st</sup> IP</b>	Low
<b>Outputs 1<sup>st</sup> IP</b>	<ul style="list-style-type: none"> <li>Engaging key stakeholders and mapping projects and support</li> <li>Extension of existing IT platforms</li> </ul>
<b>Outputs subsequent phases</b>	<ul style="list-style-type: none"> <li>Publicising the registry</li> <li>Government planning</li> <li>Identify candidate - aggregation and scaled up financing</li> </ul>

# How it all fits together: case study of energy efficiency project in water pumping stations



## Ministry of Environment oversight

### National Climate Change Committee

GHG emission analysis, policy planning

### Climate Change Directorate, MoEnv

Sectoral Emissions

### National Water Information System, MWI

Project data  
Baseline data

### Implementing agency: Water Authority of Jordan

Public Registry Existing projects

Planned projects and potential support

MRV of sectoral emissions

**Financiers:**  
Donors  
(BMU/GIZ/  
JICA), National  
banks

**Project developers:**  
energy service provider

**Energy consultants & GHG verifiers**

**Project:** Energy Efficiency in Water Pumping Stations

MRV of mitigation activities



## MRP Activities

Building block 3. Public registry of planned activities and potential support

Building block 2. A multi-tiered MRV framework

Building block 1b. Climate Finance skills

Building block 1a. Development of RE/EE projects



# Agenda - Organisation, consultation, communication and engagement



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# A cross section of public bodies are ready to contribute to the success of the 1st IP, which will also engage a number of private sector stakeholders.

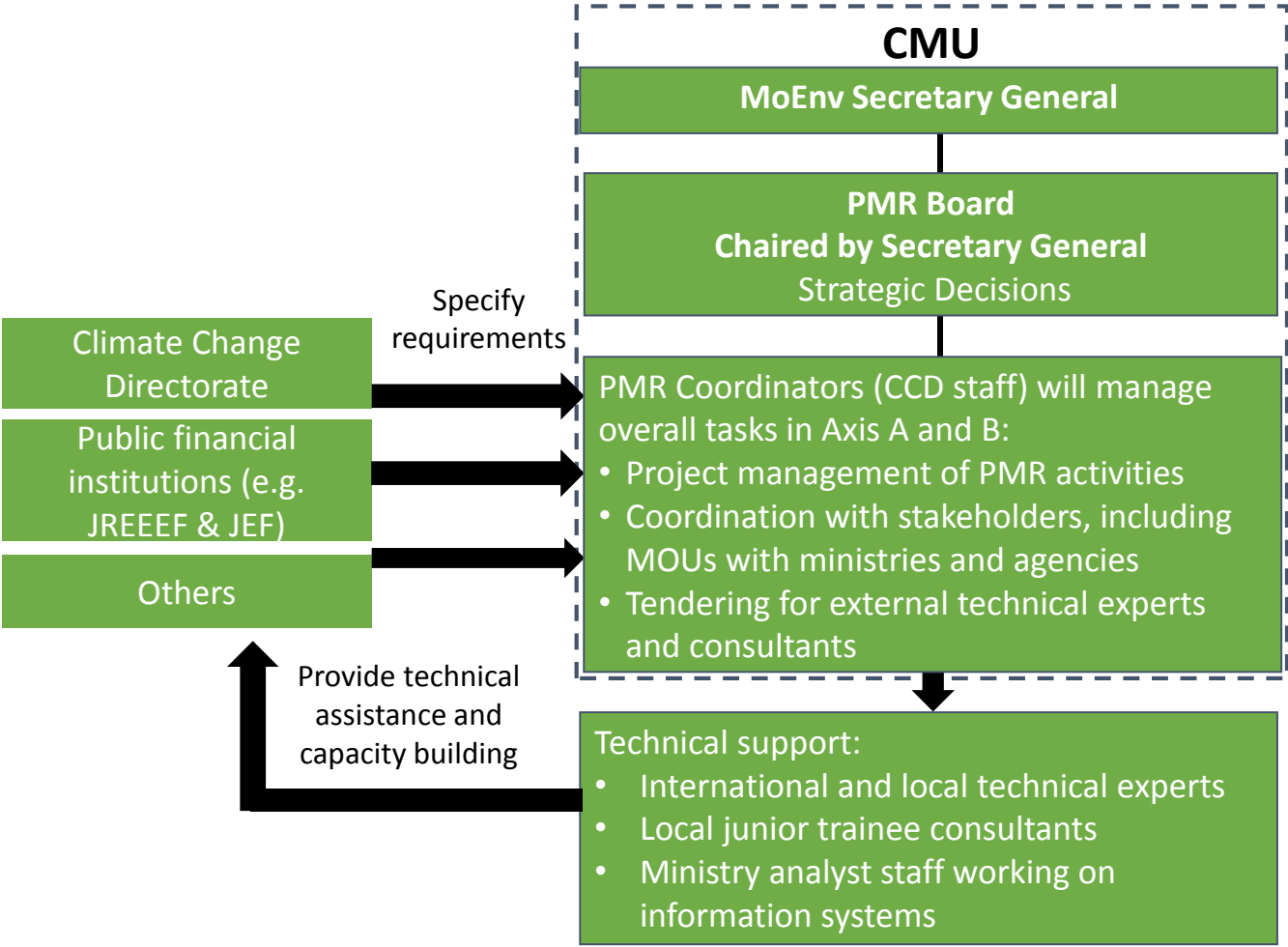


- MoEnv and NCCC
  - Overall responsibility for implementation of the PMR programme
  - CCD owner of the MRV Framework
- JEF and JREEEF
  - Technical oversight of their own MRV Framework
  - Capacity building and technical assistance
- Reporting units in the MRV Frameworks
  - Eg. JREEEF, JEF, DOS, MEMR, MWI, GAM
- Coordinators of the Registry of Planned Projects and Potential Support
  - MOPIC, MOF
- Engage with:
  - Donors (eg USAID EuropeAid EBRD.....)
  - Financiers (eg Central Bank , banking associations Microfinance)
  - Project developers (eg Energy Service Providers, Jordan Chamber of Industry)
  - Intermediaries ( NERC, RSS..)
  - RE and EE associations (EDAM JRES..)
- Total contribution in kind \$700k

# To ensure efficient use of PMR resources, activities in 1st IP capitalise on ongoing activities and seek enduring change by building stakeholder capacity and laying the groundwork for lasting frameworks

	Year 1	Year 2	Year 3	Next Implementaion Phase
<b>Axis A activities: addressing institutional and technical challenges</b>				
<b>A1 and A2: Developing an MRV system for Mitigation Projects and an MRV system of Sectoral emissions in key sectors</b>				
1. Design of institutional framework for the MRV system	■			
2. Setting up MRV systems: institutional framework	■	■		
3. Implementation of the MRV system: capacity building, technical assistance and IT resources		■	■	■
4. Delivery of key outputs		■	■	■
<b>Axis B activities: addressing market challenges</b>				
B1. Capacity building for JEF and JREEEF	■	■	■	■
B2. Forum for Climate Finance	■	■	■	■
B3. Review and recommendation of the PPP and REEE Laws	■			
B3. GHG verification training for existing energy service consultants		■	■	■
B4. Registry of planned projects and potential support		■	■	■

The CMU will manage the efficient delivery of programme, coordinating with stakeholders and ensuring they have the support required.



# Agenda - closing remarks



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## Jordan: leading regional Climate Change action and pioneering approaches to PMR.



Jordan has shown great vision and is leading Climate Change policy making on a regional level.

However, PMR support is needed to provide the framework and capacity to turn this vision to action, by:

- Strengthening the capacity to plan, track and deliver mitigation activities
- Maximizing potential co-benefits
- Enabling access to results based financing.

Through its focus on private sector stimulus and foundational activities, Jordan is taking **a new approach to PMR.**

Jordan can show the world that **it is possible** to transform its economy in a manner that **is compatible with climate change priorities.**

We believe Jordan can serve as a **regional and global example** of how to develop market and institutional readiness for climate mitigation, in **the small country context.**