

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC2582

Date ISDS Prepared/Updated: 22-Apr-2013

Date ISDS Approved/Disclosed: 13-Mar-2014

I. BASIC INFORMATION

A. Basic Project Data

Country:	Morocco	Project ID:	P128654
Project Name:	MA-Partnership for Market Readiness (P128654)		
Task Team Leader:	Andrew Michael Losos		
Estimated Appraisal Date:		Estimated Board Date:	30-Sep-2014
Managing Unit:	MNSEE	Lending Instrument:	Specific Investment Loan
Sector(s):	Public administration- Energy and mining (50%), Public administration- Industry and trade (50%)		
Theme(s):	Climate change (50%), Environmental policies and institutions (50%)		
Financing (In USD Million)			
Total Project Cost:	3.96	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.61
Partnership for Market Readiness			3.35
Total			3.96
Environmental Category:	C - Not Required		
Is this a Repeater project?	No		

B. Project Objectives

The Project Development Objective (PDO) is to assist the Government of Morocco in developing a GHG crediting mechanism and a monitoring, reporting and verification system in one or more targeted sectors.

C. Project Description

Objectives and main implementation phases of the PMR

As the world seeks to enhance global GHG mitigation efforts post-2012, countries are exploring innovative and cost-effective ways to scale up emission reductions and foster financial flows, including through carbon market instruments. The Durban outcome led to the definition of a new market-based mechanism and an invitation to Parties for submissions on modalities and procedures. The Parties emphasized that such a mechanism must meet standard that deliver real, permanent, additional and verified mitigation outcomes, avoid the double counting of effort and achieve a net decrease or avoidance (or both) of GHG emissions. New market-based mechanisms could expand the scope of the conventional CDM beyond project levels to sector levels. In addition, mechanism options under discussion could include among other options the crediting of Nationally Appropriate Mitigation Actions (NAMAs). The establishment of new market mechanism remains dependent on the outcome of the next rounds of negotiations, and once an agreement on general design has been achieved, the needed time needs to factor in the setting up operational rules.

To support, facilitate and build “readiness” for such instruments, the World Bank established the Partnership for Market Readiness (PMR). The PMR is a grant-based, capacity building multi-donor trust fund that provides funding and technical assistance for the collective innovation and piloting of market-based instruments for greenhouse gas emissions reduction. The PMR Secretariat recently reached its US\$100 million funding target (donor pledges) during the PA4 in October 2012 in Sydney, Australia. The Partnership brings together developed countries (i.e. the Donor countries Australia, Denmark, EC, Germany, Japan, the Netherlands, Norway, Spain, Switzerland, United States, and United Kingdom) and developing countries (i.e. the fifteen Implementing Countries Brazil, Chile, China, Costa Rica, Colombia, India, Indonesia, Jordan, Mexico, Morocco, South Africa, Thailand, Morocco, Ukraine and Vietnam), as well as other key experts and stakeholders.

The PMR provides a platform for technical discussions on market instruments, fostering South-South exchange, facilitating collective innovation for pilot efforts and harnessing financial flows for implementation and scale up. Decisions in the PMR are made by the Partnership Assembly, including criteria for and allocation of funding (consisting of both the PMR Donors and Implementing Countries). The PMR supports four core objectives: (i) provide grant funding for building market readiness components, (ii) pilot and test new concepts for market instruments (e.g., domestic ETS and new crediting mechanisms), (iii) provide a platform for technical discussions, South-South exchange and collective innovation on new market instruments, and (iv) share lessons learned and best practices.

The PMR is a country-led initiative tailored to each implementing country needs. It provides systemic support to enhance countries’ technical and institutional capacities in order to implement market-based instruments, such as a domestic emissions trading system (ETS) or a scaled-up crediting mechanism. As the Implementing Countries are at different stages of development and market readiness, each will approach the use of market instruments in a different way. Some will focus on building core “readiness” components, such as new systems for MRV, data collection, baseline setting, and establishing regulatory institutions; others will go further and pilot an appropriate domestic or international market-based scheme. Regardless of a country’s choice, capacity building and piloting can have cross-cutting benefits relevant to implementing non-market based mitigation actions, designing low emission development strategies, and identifying areas of low cost mitigation potential.

PMR activities involve a preparation phase and an implementation Phase. Preparation Phase: With a benefit of a US\$350,000 preparation grant, each PMR Implementing Country formulates a Market

Readiness Proposal for review and endorsement by the PMR Partnership Assembly. The Implementing Country may also use the preparation grant for activities that continue into and overlap with the Implementation Phase. Implementation Phase: The Implementing Country enters into the PMR Implementation Phase once the PMR Partnership Assembly has reviewed and endorsed its Market Readiness Proposal (MRP) and awarded an Implementation Grant to it. Each Implementing Country is required to present its draft Market Readiness Proposal (see step 3 below) within two years after the award of the preparation grant (with a possibility of extension of six months in extraordinary circumstances). With the benefit of the Implementation Grant, which will range between US\$3 - \$8 million per country, the Implementing Country puts in place the readiness components outlined in the Market Readiness Proposal, including, where applicable, piloting the proposed market instrument. The size of the funding is determined by the Partnership Assembly in accordance with a set of criteria and availability of funding. The criteria for evaluation of the Market Readiness Proposals include (i) the scope of the proposal and sound rationale behind the choice of the instrument and sectors, (ii) comprehensiveness of the proposal with regard to planning for a implementation/piloting of a Market-based Instrument (scaled up GHG Crediting instrument or domestic emissions trading), (iii) estimate of GHG mitigation potential, (iv) identification of milestones and the timetable for implementation, and (v) ratio of co-financing. First Implementation Grants may be awarded by the Partnership Assembly in late 2012.

Morocco's expected PMR activities

Morocco submitted its Expression of Interest (EoI) and Organizational Framework (OF) to join the PMR respectively in May 2011 and March 2013, and was subsequently confirmed a PMR implementing country. The extraordinary meeting of the PMR Partnership Assembly (PA) held on 14 March 2012 in Shenzhen, China approved the allocation of the preparation phase funding in the amount of \$315,000 to Morocco to prepare its MRP. The Government of Morocco requested the PMR Partnership Assembly to approve the World Bank (WB) as its Delivery Partner in preparing its MRP.

An inter-ministerial task force was set up to coordinate the project preparation and implementation phases. The Ministry of General Affairs and Governance (MAGG) and the Ministry of Economy and Finance (MEF) and the Department of Environment of the Ministry of Energy, Mines, Water and Environment (DE/MEMEE) form the PMR Steering Committee (PMR-SC). The inclusion of the Ministry of Finance within the PMR-SC aims to lend support to enhancing the country's preparedness to grasp the future climate finance opportunities and to ensure consistency and adequate monitoring of project funding. MAGG will be responsible for the needed stakeholders' coordination. Finally, the Department of Environment will assume a lead role in technical implementation.

The GoM has defined a precise focus for the preparation phase activities. Activities financed by the project will consist in studies, consulting services, and other technical assistance activities with no negative environment and social impacts. These activities include (i) a market readiness assessment and rationale for the choice of sectors, technical and institutional/regulatory market readiness components for each sector, and assessment of the appropriate market based instruments for the sector, as well as on (ii) the preliminary design of a scaled-up GHG crediting instrument for each sector, taking into account its technical and policy components (crediting baseline, registry/tracking tools, MRV system), its potential emission reduction, its investment plan, its regulatory and institutional framework as well as its implementation schedule. The Market Readiness Proposal will further detail the technical readiness activities to be funded by the PMR Grant and to be realized

during implementation. It is envisaged that PMR Implementation Phase activities would run from June 2014 through June 2017.

PMR preparation is based on a broad based consultative process including public, private and NGO actors. The consultation process has been conducted in three complementary stages: an information workshop, direct interviews with potentially involved institutions, and a restitution workshop presenting the proposed PMR Organizational Framework. This preliminary consultation process held by the Team allowed to confirm stakeholders' interest, as well as to identify high potential sectors, and to shed some light on several key technical and institutional questions (New Market Mechanism model to follow, sectors to target, institutional framework to adopt, private and public actors to include, capacity building needs, resources required...). In order to be able to prepare its Market Readiness Proposal, the Department of Environment, jointly with MEF and MAGG, will organize consultations and utilize the Preparation Phase grant to organize such meetings, training events and outreach to stakeholders, as well as to establish effective project management capacity. It may also commission background studies (that may continue or be complemented during the Implementation Phase).

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will only finance technical assistance activities limited to studies, assessments, training programs, consultations aimed at helping Morocco enhance its capacities to set up carbon crediting mechanisms and benefit from opportunities to engage in post-CDM regime. The activities will essentially take the form of consulting services. As such the project will not have any direct adverse impacts on the environment and society. By helping Morocco develop its capacities for carbon crediting, the project aims to support the Government's low carbon growth objectives.

Delivery of the technical assistance activities, including training, capacity building, assessments, may be carried out in various locations throughout Morocco, but primarily in Rabat and Casablanca.

E. Borrowers Institutional Capacity for Safeguard Policies

The Department of Environment (Ministry of Energy, Mines, Water and Environment) is the institution responsible for environmental assessment policies in Morocco and has the necessary institutional capacity to address safeguard issues.

F. Environmental and Social Safeguards Specialists on the Team

Suiko Yoshijima (MNSEE)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/ BP 4.11	No	

Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 15-Sep-2014

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

N/A

IV. APPROVALS

Task Team Leader:	Name: Andrew Michael Losos	
Approved By:		
Regional Safeguards Coordinator:	Name: Maged Mahmoud Hamed (RSA)	Date: 13-Mar-2014
Sector Manager:	Name: Charles Joseph Cormier (SM)	Date: 13-Mar-2014

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.