



Policy Framework for International Carbon Markets in Jordan

Monday, March 15, 2023

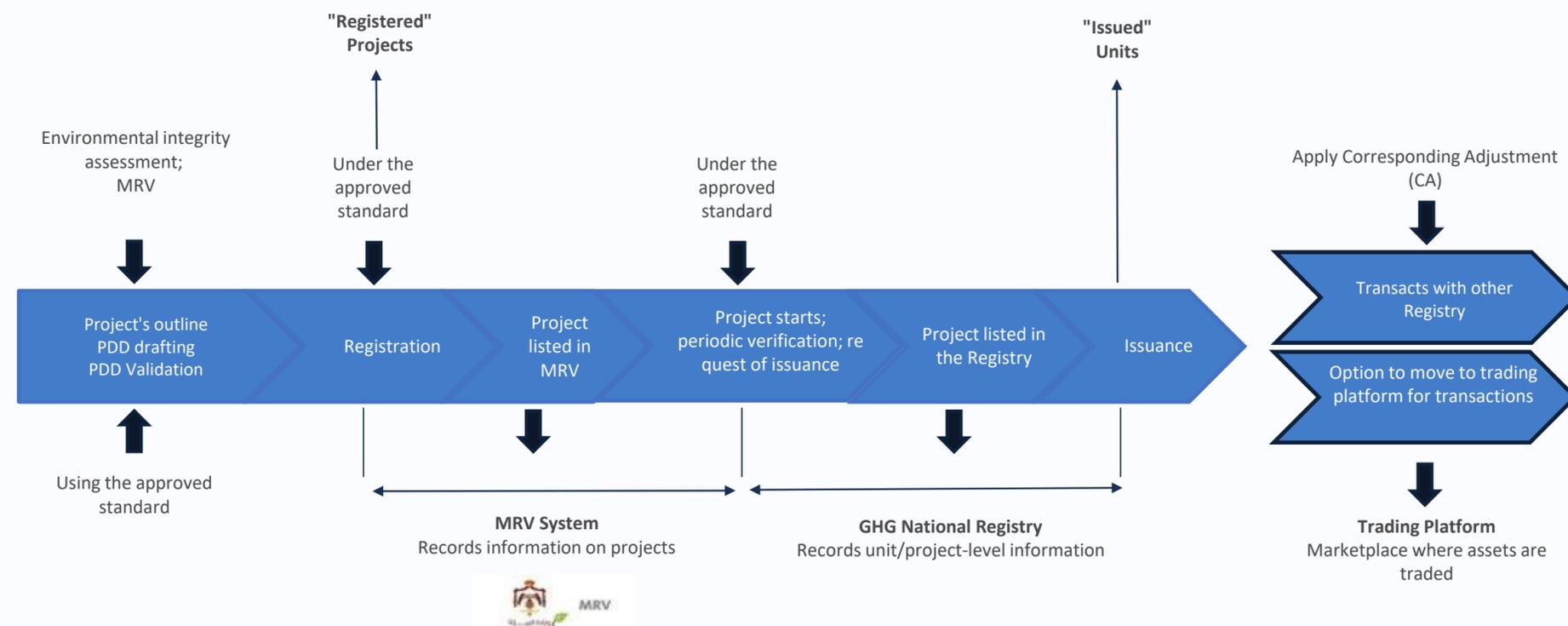


MINISTRY OF ENVIRONMENT

Belal Shqarin, Director of Climate Change
Email: belal.shqarin@moenv.gov.jo

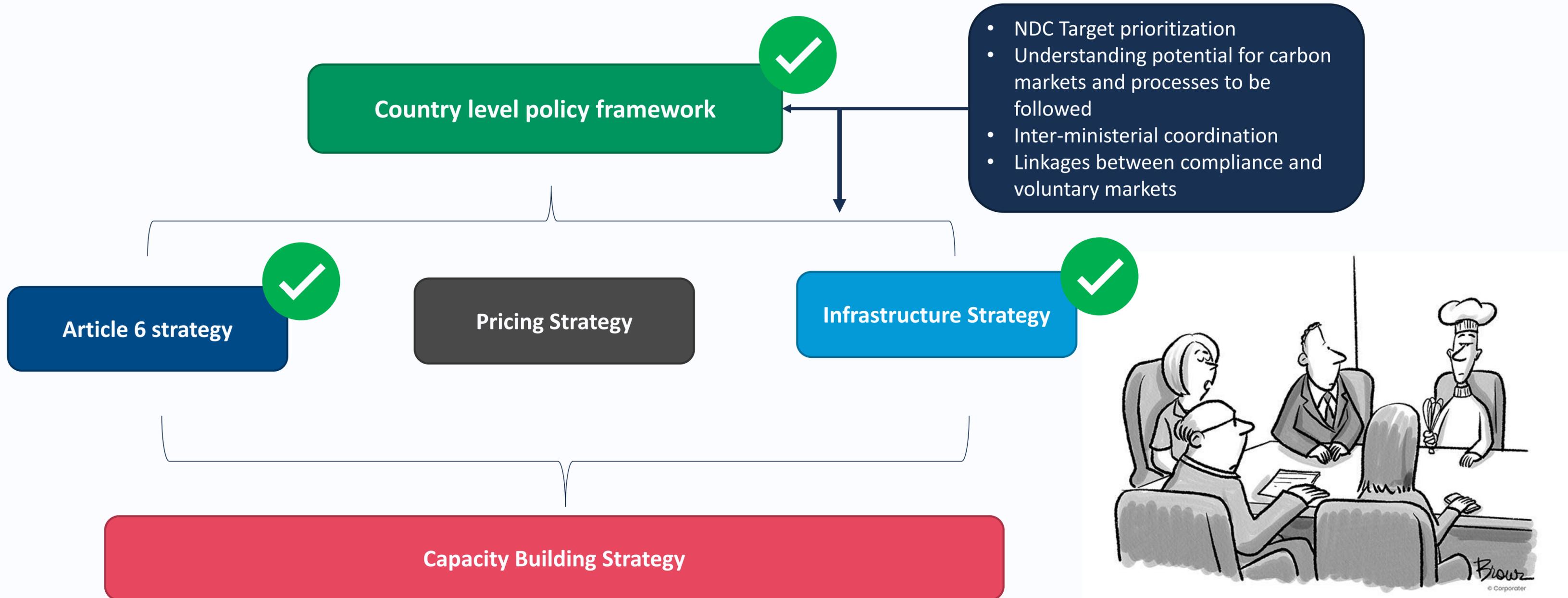
Jordan is leading in the region with the development of needed strategy and the policy framework

- Jordan has participated in the **Paris Agreement since 2016**.
- However, Jordan has limited participation in the carbon markets so far: **Four registered Clean Development Mechanism (CDM) projects and one voluntary carbon market (VCM) project registered**. MoEnv has recently issued a carbon market transaction authorization letter.
- The **private sector interest in participating in carbon markets has increased** during the last year in Jordan and UNFCCC has recently accredited the **first Jordanian entity for CDM, the only accredited entity in MENA**.
- The **Policy Framework** that is being developed supports carbon market participation and sets out the elements of how Jordan will achieve higher ambition in mitigation and adaptation actions through voluntary cooperation with other Parties to the Paris Agreement.



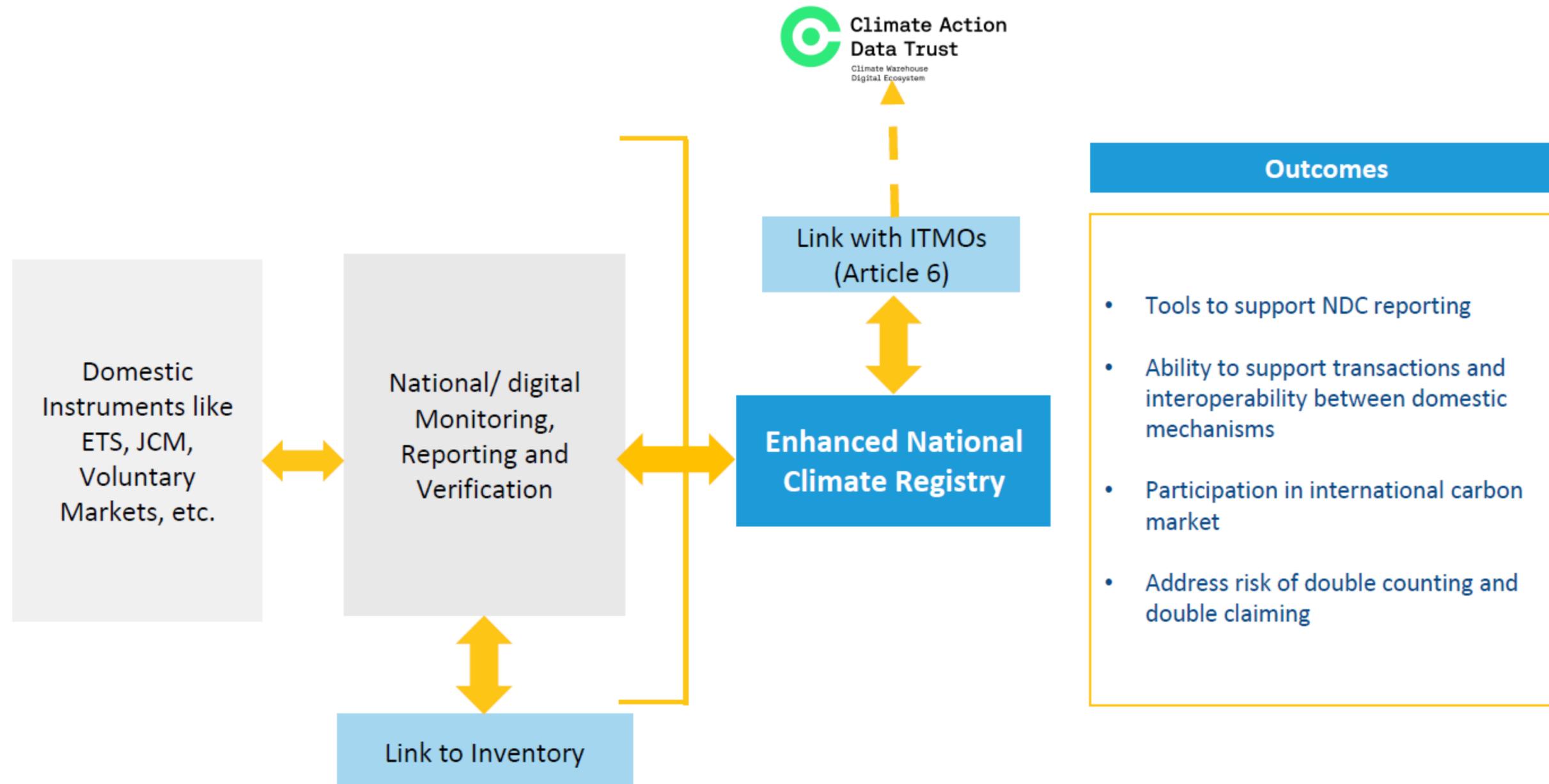
Jordan already developed the draft policy framework based on the Article 6 Strategy

- The policy framework can be finalized based on the feedback from stakeholders during 2023 and could be adopted by 2024.



Jordan has also established the needed Infrastructure at country level to support participation in international carbon markets

- The national registry system can now be connected to World Bank supported Climate Action Data Trust (an initiative under the Climate Warehouse) to make the national level carbon market data to international market players, for transparency and for identification of potential buyers.



The structure and content of policy framework considered the needs identified and the role the country would like to play

Contents - Framework

Guiding principles	<ul style="list-style-type: none">• Scope and obligations• Environmental integrity• Sustainable Development• Alignment with Art 6.2 Guidance and CMA Guidance
Framework for eligible mitigation outcome activities	<ul style="list-style-type: none">• MO development process, incl eligibility criter• Validation and registration• Monitoring and reporting• Verification and issuance• Eligible entities for independent assessment
Framework for approval and authorization	<ul style="list-style-type: none">• Approval of activities• Activity participants• Authorization for the purposes of Art 6.3 of the PA
Issuance of mitigation outcomes	<ul style="list-style-type: none">• Prerequisites for creation of MOs• Creation of MOs• Registry and tracking
Corresponding adjustments	<ul style="list-style-type: none">• Corresponding adjustments and reporting of ITMOs
DNA, penalties, and appeals	<ul style="list-style-type: none">• Governance• Penalties• Appeals committee

Schedules - Specifics

1. Definitions
2. EI requirements
3. SD criteria
4. Eligible activity types and sectoral scopes
5. Eligible methodologies and standards for ex-ante estimation & the process for approval of new methodologies
6. MO development process
7. Validation, MRV
8. Requirements for activity participants
9. Issuance
10. Eligibility criteria and/or approval/accreditation process for independent entities
11. Authorization requirements
12. Prerequisites for MOs (vintage, metrics, etc.)
13. Registry procedures
14. Reporting procedures
15. Functions of the DNA and relevant ministry

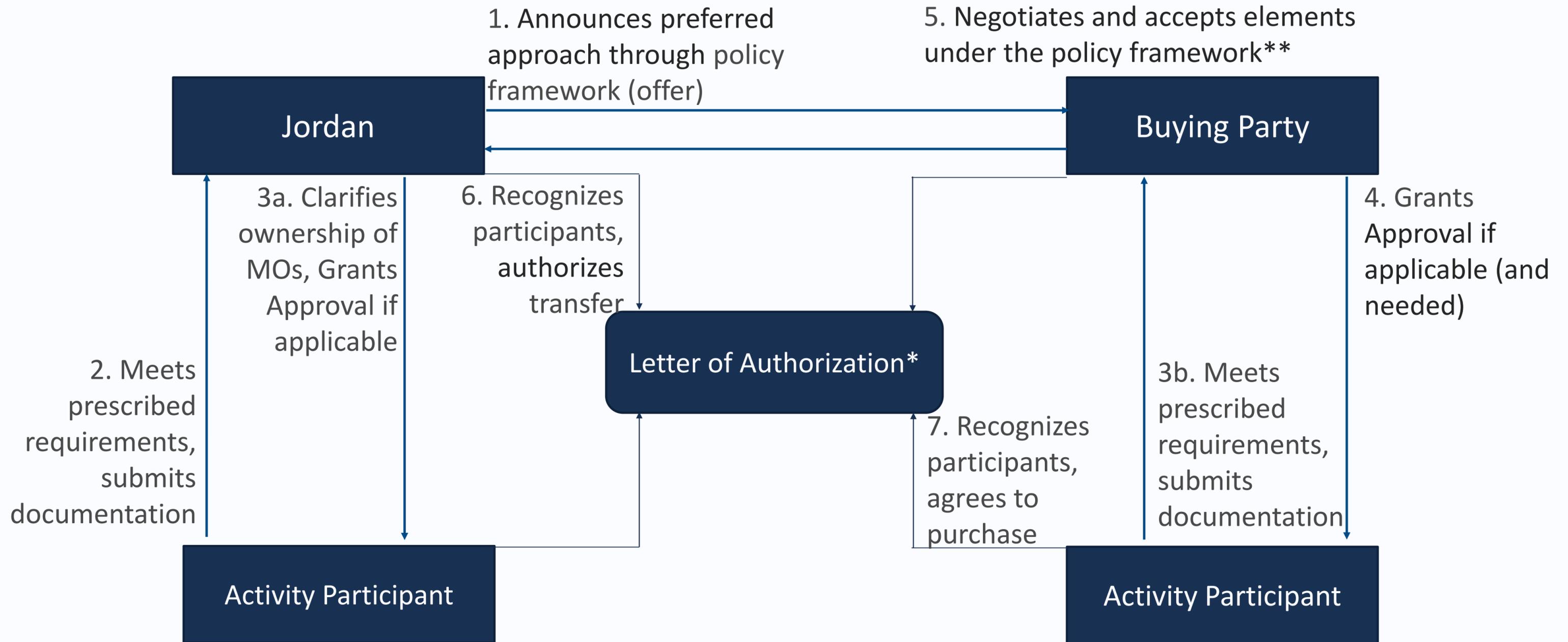
Inputs for Schedules

- **WB Approach Papers and associated discussions with the Climate Market Club**
- **Experience with pilots, PMR, etc.**
- **National circumstances**
- **Domestic requirements**
- **National climate strategies**
- **Final Article 6.2 Guidance**



The framework allows Jordan to present its preferred approach

- Minimum legal foundation to facilitate discussion and agreement between participating Parties

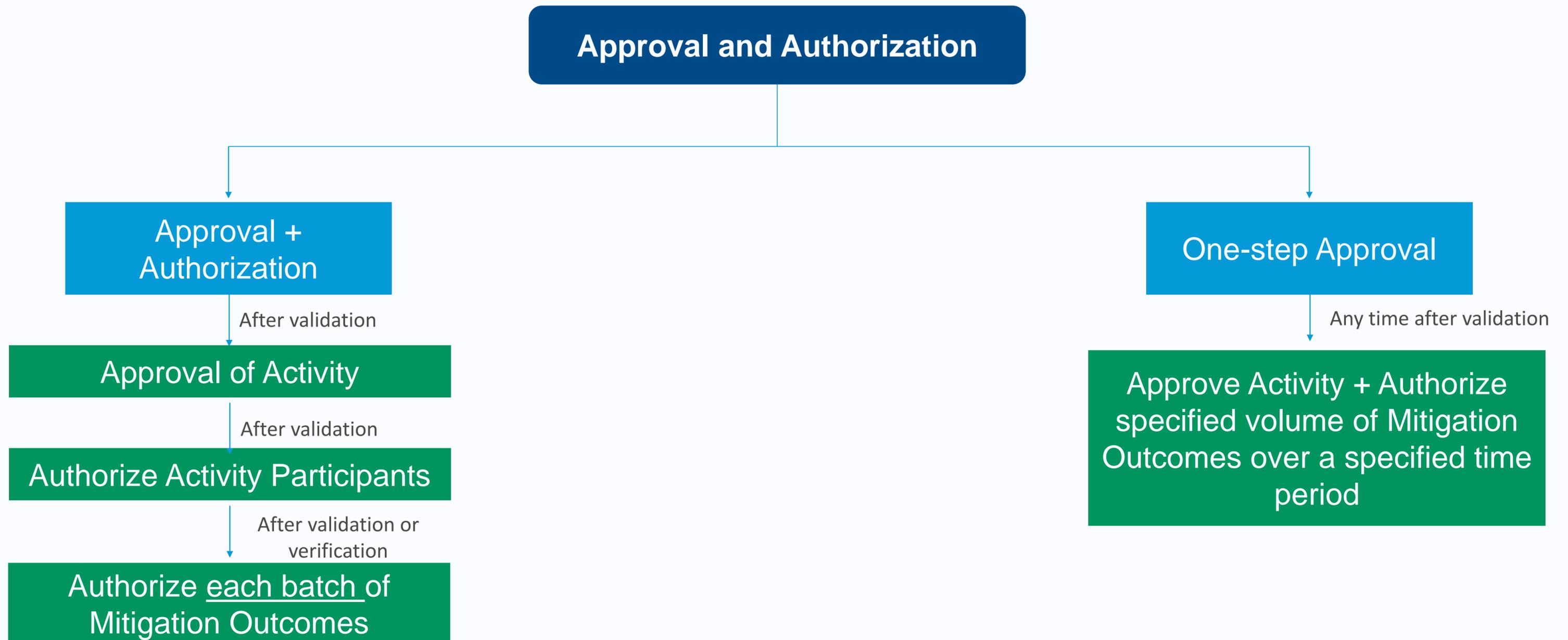


*Separate from commercial agreement

**Framework prioritizes elements that MUST be established at domestic level (minimum requirements)

The framework considers two possible modes for authorization

- Depending on level of comfort, types of activities and their impact on NDC



For activities that Jordan decides not to authorize for international transfers, Jordan may still approve these activities under the Article 6.4 mechanism to generate “mitigation contribution Article 6.4 emission reductions”, which may be used for the voluntary carbon market and other purposes defined under the Article 6.4 mechanism rules, modalities and procedures.

The authorization criteria would be developed by MoEnv, with relevant technical inputs, and approved by the National Climate Change Committee

- **These criteria may include issues such as:**
 - a) Project type or technology (i.e., being on a “positive list” or not being on a “negative list”)
 - b) Promoting sustainable development
 - c) Ensuring environmental integrity
 - d) Avoiding double counting
 - e) Requirement for independent verification
 - f) Emission reductions generated in respect of mitigation from 2021 onwards
 - g) Alignment with relevant national and sectoral policies and strategies
 - h) Preventing negative social and environmental impacts
 - i) Compliance with anti-corruption laws and conventions
 - j) Compliance with other local regulatory requirements relevant to the project type (e.g., environmental impact assessment, technical standards)
- The GoJ will also assess and authorize transfers of offsets which are intended to be sold to CORSIA participants.

Thank you





Additional Slides

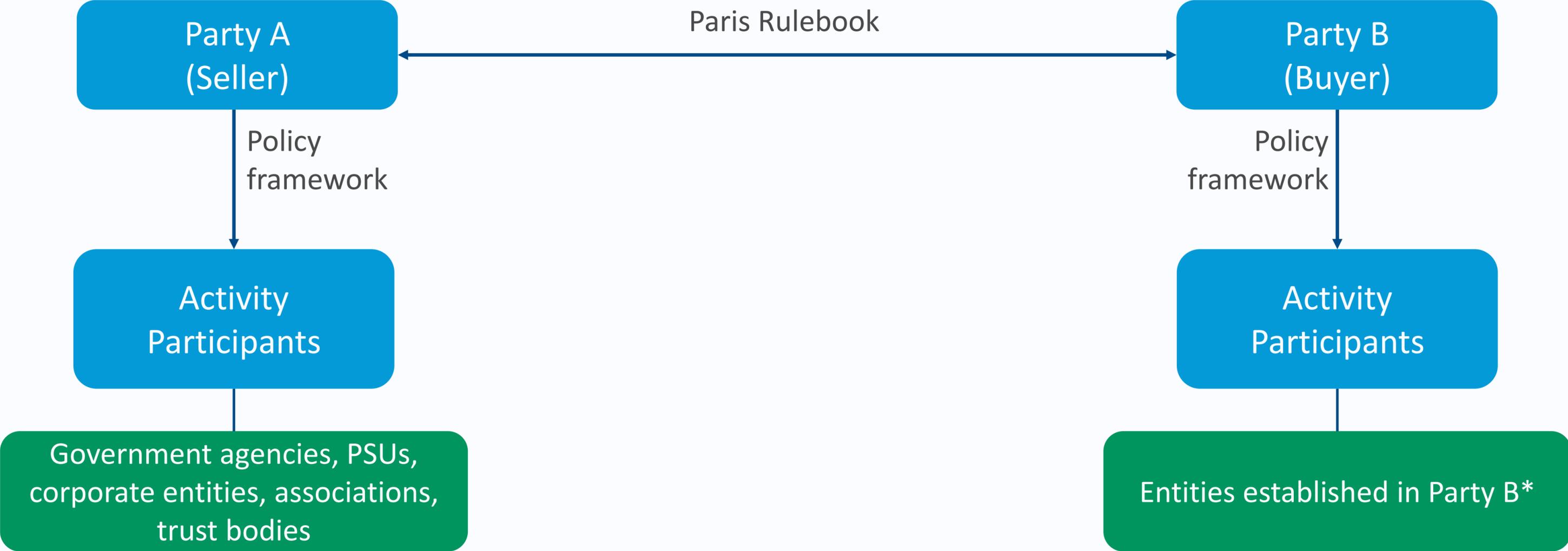
Article 6 strategy is expected to help Jordan to make needed decisions at different levels

Decisions for host countries on Article 6 engagement happen on three levels:

- **Strategic issues** for decision on whether to participate: Under what conditions would it be beneficial to participate in Art 6?
 - Understanding **risks** and **opportunities**: Overselling risks **vs** Opportunities for additional financing for low carbon development, sustainable development “co-benefits”, technology transfer, and capacity building
 - Analysis of options to address overselling risks: strategies for choosing sectors, project types, technologies for Article 6; pricing strategy to ensure sufficient revenue to cover high mitigation costs in the event of overselling; quantity restrictions, etc.
 - Explanation on how Article 6 can support the country’s NDC, long-term strategies, and net-zero targets
- **Tactical issues** for decision on how to participate: Possible models for engagement and implementation of Art 6
 - Identification of the relationship between domestic carbon pricing instruments and Article 6
 - Use of international and domestic programs and standards
 - Bilateral vs multilateral cooperation
 - Creation of a mitigation fund based on Art 6 levies
- **Operational issues** for choices on implementing the various strategic and tactical decisions: to be addressed in individual approach papers

The policy framework provides a basis for participation by domestic entities and confidence/trust to market players to enter transactions

Clarifies rights and obligations of Activity Participants for participation in a Cooperative Approach

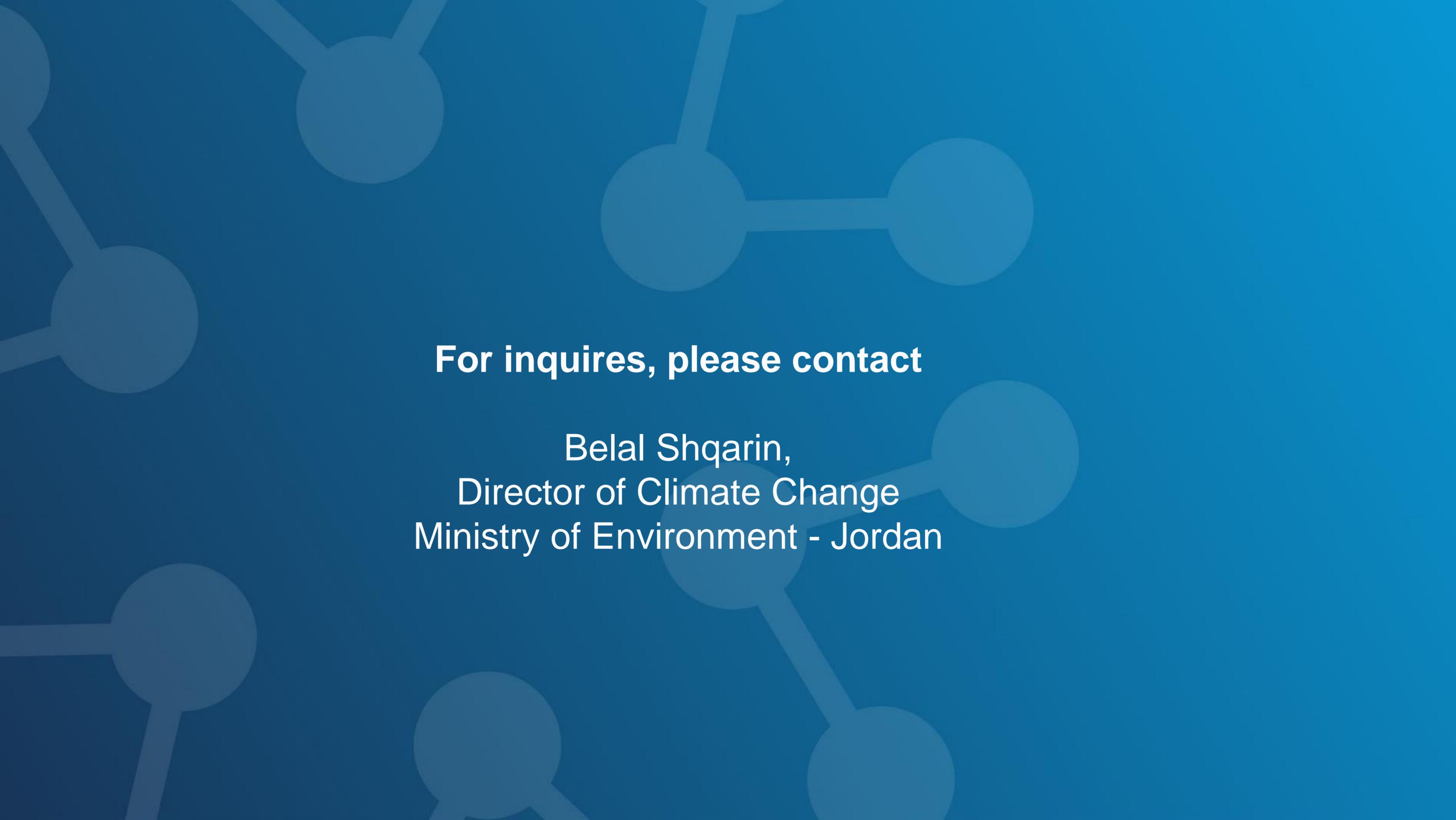


*A Party may decide whether to permit applicants established outside its jurisdiction to participate in Mitigation Outcome Activities in the country.

Details of implementation to be defined through Schedules

Schedules can be customized to meet country requirements

Schedule	Description	References
Functions of DNA/ Relevant Ministry (Schedule 15)	Roles and responsibilities of different entities	Approach paper on country processes and institutional framework
Environmental Integrity & Sustainable Development (Schedules 2 and 3)	Minimum requirements for environmental integrity/ demonstrating unit quality	Approach paper on Environmental Integrity, SDGs, UNFCCC SD Co-Benefits Tool
Eligible Mitigation Outcome Activities (Schedule 4)	Could include positive list of technologies [for automatic approval]	Country-specific
Eligible Methodologies, MRV, Validation (Schedules 5 and 7)	Party may list eligible methodologies and process for developing new methodologies	Existing internationally reviewed standards and methodologies may be pre-approved
Mitigation Outcome Development Process (Schedule 6)	Steps for generating a mitigation outcome	Approach paper on carbon asset development process
Requirements for Activity Participants, Independent Entities, MOs (Schedules 8, 10, 12)	Conditions to be met, accreditation process, vintage/metric of MOs that can be transferred	To be defined at country level
Issuance and Authorization (Schedules 9 and 11)	Process for issuance and authorization of MOs	Draft Letter of Authorization
Registry Procedures (Schedule 13)	How MOs will be created and recorded. Reconciliation and transfer	Generic registry specifications; lessons learned from Climate Warehouse simulation



For inquires, please contact

Belal Shqarin,
Director of Climate Change
Ministry of Environment - Jordan