

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	JAMAICA/CCB - Caribbean Group
▪ TC Name:	Implementation and Technical Support for the Energy Sector in Jamaica
▪ TC Number:	JA-T1206
▪ Team Leader/Members:	AIELLO, ROBERTO GABRIEL (INE/ENE) Team Leader; PERSAUD, CHRISTOPHER (INE/TSP) Alternate Team Leader; ALLENG, GERARD P. (CSD/CCS) Alternate Team Leader; BENEDETTELLI, VERONICA (VPC/FMP); BLACK, KAYSON (VPC/FMP); JAINAUTH-UMRAO, NAVEEN (VPC/FMP); SAMUELS, ROCHELLE KAYE (CCB/CJA); JOHNSON, ROCHELLE SIMONE (INE/ENE); NATALIA ALMEIDA (LEG/SGO); MARQUEZ BARROETA, FIDEL (INE/ENE); LOANA VEGA (INE/ENE); JOHNSON, JODI (VPS/ESG)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	04 Feb 2022
▪ Beneficiary:	Government of Jamaica
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$200,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INE/ENE - Energy
▪ Unit of Disbursement Responsibility:	CCB/CJA - Country Office Jamaica
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Institutional capacity and rule of law; Environmental sustainability

II. Objective and Justification

- 2.1 The objective of this technical cooperation (TC) is to support the Government of Jamaica (GOJ) by identifying potential opportunities to decarbonize and increase efficiency of key infrastructure services while building resiliency through the development of policies and standards. The specific objectives of the TC are to: (i) provide diversification and decarbonization assessments of key infrastructure services; (ii) develop policies, standards and regulatory recommendations related to electromobility; (iii) support strategic planning for energy technology; (iv) provide implementation and technical support to the energy loan project executing unit to assist with coordination and project execution; and (v) enhance knowledge sharing among stakeholders.
- 2.2 Like many Caribbean countries, Jamaica faces infrastructure, competitiveness, and sustainability challenges due to high electricity prices and losses. Its heavy reliance on imported fossil fuels makes it vulnerable to climatic events. These challenges have serious implications for the government's fiscal capabilities as they represent a threat to the economic and environmental sustainability of the energy sector and more broadly, hinder the progress needed to achieve the country's Nationally Determined Contribution

(NDC) commitments. In 2020, Jamaica spent approximately US\$1 billion on imported fossil fuels that represented 7% of Gross Domestic Product (GDP). Additionally, 80% of the imported fossil fuels were consumed by the electricity and transport (land 34%, air 8%, and maritime 17%) sectors. As such, Jamaica's ambitious NDC target involves tackling the nexus between the energy and transportation sectors to increase the co-benefits of mitigation and resilience to climatic shocks, strengthen climate-resilient infrastructure, improve capacity building via a multi-sectorial approach. The Jamaica Public Service (JPS) is the sole vertically integrated electric entity licensed to transmit, distribute, and supply electricity in Jamaica. About 28% of the energy generated is recorded as losses (8% technical losses and 20% commercial). Since the utility operates on a price-based rate mechanism, losses are embedded in the tariff (US\$0.31 c/kWh on average). High tariffs affect the competitiveness of the productive sectors. Jamaica has signaled its commitment to reduce Green House Gas (GHG) emissions, as described in its NDC. The NDC was developed by identifying and quantifying existing commitments to mitigation, including policies and strategies that target the implementation of low-carbon technologies and other measures to reduce emissions in energy-intensive sectors.

- 2.3 In 2020, Jamaica updated its NDC doubling its ambition and moving towards an economy-wide target by adding the land-use change and forestry sector and deepening emission reductions in the energy sectors. By 2030, Jamaica foresees emission reductions covering these two sectors between 25.4% and 28.5%. The NDC promotes the benefits of shifting to cleaner energy and utilizing environmentally friendly technologies that support low-carbon and climate-resilient development. The GOJ is committed to implementing climate actions as indicated in the 2021 NDC Implementation Plan, which outlined 16 key commitments underpinning the emissions reductions to achieve the NDC target. Each commitment identifies one or multiple Key Performance Indicators (KPIs) that set out a trajectory consistent with the NDC and monitor progress to date. However, there are potential barriers that may hamper progress, including low stakeholder coordination, monitoring and compliance challenges, and limited funding sources to support each initiative. Nonetheless, the implementation plan seeks to prioritize resources to achieve its climate goals and maximize stakeholder engagement across key infrastructures.

III. Description of Activities and Outputs

- 3.1 **Component I: Support decarbonization of infrastructure services.** This component will finance feasibility studies and analytical work that assess the decarbonization potential of key infrastructure services aligned with Jamaica's NDC Implementation Plan. It will also support planning and development of enabling policies and regulations to promote decarbonization of infrastructure services through public and private low-carbon investments and technologies.
- 3.2 **Component II: Implementation support and capacity building.** This component will finance implementation support and capacity building within the Ministry of Science, Energy and Technology (MSET) as well as consultations and communications to address information gaps and ensure adequate stakeholders' engagement in sector reforms. It will also support workshops and public awareness campaigns to disseminate the results and lessons learned during the implementation of this TC.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Support decarbonization of infrastructure services	US\$150,000.00	US\$0.00	US\$150,000.00
Implementation support and capacity building	US\$50,000.00	US\$0.00	US\$50,000.00
Total	US\$200,000.00	US\$0.00	US\$200,000.00

V. Executing Agency and Execution Structure

- 5.1 This TC will be executed by the IDB's Energy Division (INE/ENE) and will hire individual consultants and consulting firms that will support the GOJ ministries, including the Ministry of Science, Energy and Technology, Ministry of Finance and Public Service, and Ministry of Transport and Mining in achieving the pursued objectives.
- 5.2 The Energy Division will execute this TC in concert given it has been designed to benefit multiple GOJ agencies under various ministries. Also, the IDB is able to identify the experts and carry out a rapid procurement of the resources to support the pursued objectives.

VI. Project Risks and Issues

- 6.1 A potential risk associated to this TC is related to the low coordination among different government entities and stakeholders in a timely fashion. This risk will be mitigated by undertaking inclusive consultations and close follow up and coordination during the entire execution period. Also, restrictions related to the COVID-19 pandemic can negatively impact some activities of the TC, particularly, some of the dissemination activities. This risk will be mitigated using digital communication tools and adapting the activities to these restrictions.

VII. Environmental and Social Classification

- 7.1 This TC will not finance feasibility or pre-feasibility studies of investment projects with associated environmental and social studies; therefore, it falls outside the scope of the Bank's Environmental and Social Policy Framework (ESPF).