

PARTNERSHIP FOR MARKET READINESS (PMR)

**Second Meeting of the Partnership Assembly
Istanbul, October 27-28, 2011**

Resolution No. PA 2/2011-3

**Adoption of Criteria for Assessing MRPs and Endorsement of Process for Providing Feedback
on MRPs**

WHEREAS:

1. Pursuant to Section 4.3(f) of the PMR Governance Framework, the Partnership Assembly's roles and responsibilities include deciding on matters related to the operation of the PMR; and
2. The PMR Secretariat has presented the Note on Criteria and Process for the Allocation of PMR Implementation Funding, PMR-NOTE-PA2-1 (the "Note"), for consideration by the Partnership Assembly at this meeting.

THE PARTNERSHIP ASSEMBLY:

Criteria for Assessing Market Readiness Proposals (MRPs)

1. Decides to adopt the criteria set forth in Annex I to this Resolution as criteria to be applied for the assessment of the MRPs submitted by Implementing Country Participants.

Process for Providing Feedback on MRPs

2. Invites the PMR Secretariat to (i) revise the feedback process outlined in Part II of the Note based on comments expressed by the PMR Participants at this meeting, and (ii) circulate the revised feedback process to the PMR Participants by November 15, 2011, for consideration and decision on a no-objection basis in accordance with the procedures set forth in Section IX of the Rules of Procedure for Meetings of the PMR.
3. With practical experience gained, the Partnership Assembly may review the feedback process at the fourth PA Meeting or thereafter as necessary.

Allocation of PMR Implementation Phase Funding

4. Invites the PMR Secretariat to prepare a note on the options for allocating the PMR implementation phase funding based on Part III of the Note and the comments shared by the PMR Participants at this meeting, and to circulate such note by December 15, 2011.

5. Invites the PMR Participants to consider the note referred to in paragraph 4 at an extraordinary meeting of the PMR, which is tentatively scheduled to be held in February or March 2012, with the objective to reach an agreement on this matter at such extraordinary meeting.

Annex I

Criteria for the overall assessment of the Market Readiness Proposals (MRPs)

- (a) **Role and relevance of market instruments to a country's overall mitigation strategy and rationale for the target sector/program(s)/areas:** As countries develop their low emission development strategies, they may consider a range of policy and financing tools. The MRP:
- (i) Demonstrates how market instruments fit into and contribute to a country's mitigation strategy;
 - (ii) Provides a clear assessment of trends, policies (successful and not so successful), regulations, political contexts, and objectives within the target sector/program(s)/areas that are identified for PMR support, including the link to other related market instruments; and
 - (iii) Demonstrates a clear rationale for why the target sector/program/area was selected for PMR support.
- (b) **Level of political support within the country and clarity on the institutional arrangement for implementation:** The implementation of market readiness activities and the establishment of new market-based instrument(s), e.g, a domestic emissions trading scheme and/or a scaled-up crediting instrument, is expected to involve a significant level of responsibility from national governments. The MRP:
- (i) Demonstrates that there is political support for the corresponding planned activities;
 - (ii) Demonstrates that the MRP is the result of broad engagement and wide consultation with the relevant ministries and stakeholders involved in or affected by the planned activities outlined in the MRP; and
 - (iii) Clarifies which ministry or agency will lead the market readiness work and the institutional set-up for implementation, including the functions of lead agency(ies), the role of other relevant institutions and the decision-making process.
- (c) **Clear planning, sound technical analysis and rationale behind the proposed activities or instrument(s) for PMR funding:** Activities for PMR support will vary from country to country; however, all proposals require a sound technical analysis and assessment. Regardless of the choice of instruments and/or readiness activities for support, outlining this rationale helps build a good foundation for implementation. The MRP:

- (i) Provides a clear assessment of the existing level of market readiness for the target sector/program(s)/areas and the gaps for capacity building;
 - (ii) Outlines a clear plan for addressing these gaps (whether through the PMR or other efforts), which is explained and suitable in the context of the country's circumstances, available resources and proposed timeline and budget;
 - (iii) Presents clear options of approaches, methodologies and strategies in relation to the components identified in the Building Blocks of the Tool for the MRP;
 - (iv) Identifies risks or barriers to implementation and the plan for risk mitigation; and
 - (v) Presents a series of milestones that indicate implementation, including intermediary milestones. The timeline presented is realistic and achievable.
- (d) **Synergies:** The MRP clearly specifies linkages and synergies between PMR activities and any relevant existing or planned efforts with other initiatives that address climate and mitigation goals.
- (e) **Budget:** The proposed budget reflects indicative costs for the tasks proposed in a comprehensive manner, as well as a timetable. The sources for financing the proposed market readiness proposal are clearly laid out, including the plan for a country's own contributions.
- (f) **Output/results of the implementation:** The MRP clearly identifies the output or results from the implementation of the MRP and its plan to monitor and evaluate such implementation.