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Acronyms

CGE	Computable general equilibrium	MRV	Monitoring, reporting, and verification
ETS	Emissions trading system/scheme	NDC	Nationally determined contribution
FY	Financial year	PA	Partnership Assembly
GHG	Greenhouse gas	PMR	Partnership for Market Readiness
ISR	Implementation Status Report	UNFCCC	United Nations Framework Convention on Climate Change
MRP	Market readiness proposal		

INTRODUCTION



Positive developments at the regional, national, and subnational levels reaffirm carbon pricing as one of the key instruments for climate action.

LETTER FROM PMR SECRETARIAT

Momentum is growing to act on climate change by pricing carbon pollution.

Implementation of carbon pricing initiatives has tripled in the past decade. According to the World Bank's 2018 "State and Trends of Carbon Pricing" report, to date, 51 carbon pricing initiatives have been implemented or are scheduled for implementation. Furthermore, both the public and private sectors are increasingly committed to using carbon pricing tools to drive the climate agenda forward.

On the second anniversary of the Paris Agreement in December 2017, the governments of Canada, Chile, Colombia, Costa Rica, and Mexico, as well as the US states of California and Washington, and the Canadian provinces of Alberta, British Columbia, Nova Scotia, and Québec, announced the creation of the Declaration on Carbon Pricing in the Americas at the One Planet Summit in Paris. The declaration represents a landmark commitment to implementing carbon pricing policies in the Americas. Elsewhere, new pricing systems are coming into action: Argentina announced its intention to institute a carbon tax, Singapore expects to launch a carbon tax in 2019, Kazakhstan has revived its emissions trading scheme (ETS), and China's national ETS continues to develop.

These positive developments at the regional, national, and subnational levels reaffirm carbon pricing as one of the key instruments for climate action. The PMR is proud to be one of the key programs supporting these initiatives around the world.

As of June 2018, the PMR has been providing funding and technical guidance to 23 countries—19 Implementing Country Participants and four Technical Partners. In the past year, the PMR continued building the substantial body of knowledge that supports the design of effective carbon pricing instruments and convening knowledge exchanges that promote best practices. As we near the program's end in 2020, the Partnership Assembly (PA) agreed in Kiev that the PMR should focus on completing country programs.

Thus, in FY19, the PMR will continue to drive country progress by increasing its delivery support, with the goal of achieving full implementation by June 2020. The Policy Analysis Work Program will complete the remaining country-level activities in FY19, while the Technical Work Program will continue to support strategically important topics through studies and workshops.



Looking beyond 2020, we have—in consultation with our participants and other stakeholders—identified a continued relevance of our mandate in the context of the Paris Agreement and the increasing interest among countries in carbon pricing as an option to realize their nationally determined contributions (NDCs). In line with this, we are designing a successor program to the PMR that focuses primarily on implementing carbon pricing, in contrast to the "readiness" focus of the current program.

The experience gained through the PMR's work provides a solid foundation for developing both domestic carbon pricing initiatives and international carbon market mechanisms. Such insights will be critical to increasing the collective ambition of the Paris Agreement over time, and we look forward to presenting an evolved successor program that continues to serve specific countries' needs in their mitigation efforts and their road to low-carbon development.

Venkata Putti
PMR Secretariat

Quick Figures

Go to **page 7** for a map of PMR participants as at end FY18

Go to **page 20** for the Country Dashboard, which summarizes project components by country as at end FY18

Quick Facts

\$81.8m

allocated to governments
to support readiness
activities

19

countries have completed
road maps for carbon
pricing readiness

30+

technical notes, country
papers, and other
publications produced

9

Technical Partners

13

Contributing Participants

\$127m

in total capitalization

41

Participants across
all continents

50+

knowledge exchanges
hosted

19

Implementing Country
participants

Objectives

BUILD

countries' capacity
to develop and
implement carbon
pricing instruments
needed for greenhouse
gas (GHG) mitigation
and (intended) NDC
implementation
through grant funding.

CREATE

a knowledge base
on carbon pricing
instruments and
facilitate information
exchange through
technical discussions
and dissemination of
knowledge products.

HELP

countries to identify
and implement best
practice approaches
and, where relevant,
achieve compatibility
in design to support
the development of
carbon markets.

INFORM

the national and
international policy
discussions on GHG
mitigation by sharing
lessons learned
and providing a
platform for collective
innovation on carbon
pricing instruments.

HOW WE WORK

Country, Technical, and Policy work streams come together to identify and fill gaps in countries' market "readiness" for mitigation action.

Country Work

PMR's Country Work focuses on the readiness activities detailed in countries' Market Readiness Proposals (MRP). Using a building block approach, countries present their existing mitigation policy contexts, identify readiness components to design or strengthen target sectors and, if appropriate, select market instruments to pilot.

Technical Work

The Technical Work Program complements the Country Work by providing support on elements that are common across countries. It promotes best practices and facilitates efforts to establish common standards and approaches for greenhouse gas (GHG) mitigation. Drawing on country experience, global industry experts, and in-house resources, the PMR generates knowledge products and exchanges on various technical elements related to carbon pricing.

Policy Work

The Policy Analysis Work Program supports the development of emissions reduction targets, and the analysis of policy options. It offers countries targeted, in-depth support to model the costs and benefits of policy options. It also analyzes interactions between policies and integrates this analysis into low-carbon development plans and strategies. It provides tools to help countries determine post-2020 mitigation scenarios and build NDCs.

PMR Participants

Contributing participants provide financial support to the PMR Trust Fund and share their carbon pricing experience. Implementing Country Participants receive funding and technical support. Together, they make up the Partnership Assembly (PA)—the PMR's decision-making body.

Following an initial expression of interest and the presentation of an organizing framework, the PMR process involves two phases: a preparation phase, in which Implementing Country Participants formulate a market readiness proposal (MRP), and an implementation phase, in which they implement the activities identified in the proposal. MRPs are finalized and presented to the PA for feedback and a decision on the

allocation of funding. Delivery partners and the Secretariat help the country participants prepare for and implement the activities laid out in the MRPs.

Technical Partners are countries or subnational jurisdictions that are at an advanced stage of preparing or implementing a carbon pricing instrument. This category includes jurisdictions that already have an effective carbon pricing instrument in place. Technical Partners engage with the PMR through collaborative activities. In some cases, they receive targeted technical support to enhance their domestic carbon pricing policies.

OUR PROGRESS IN FY18



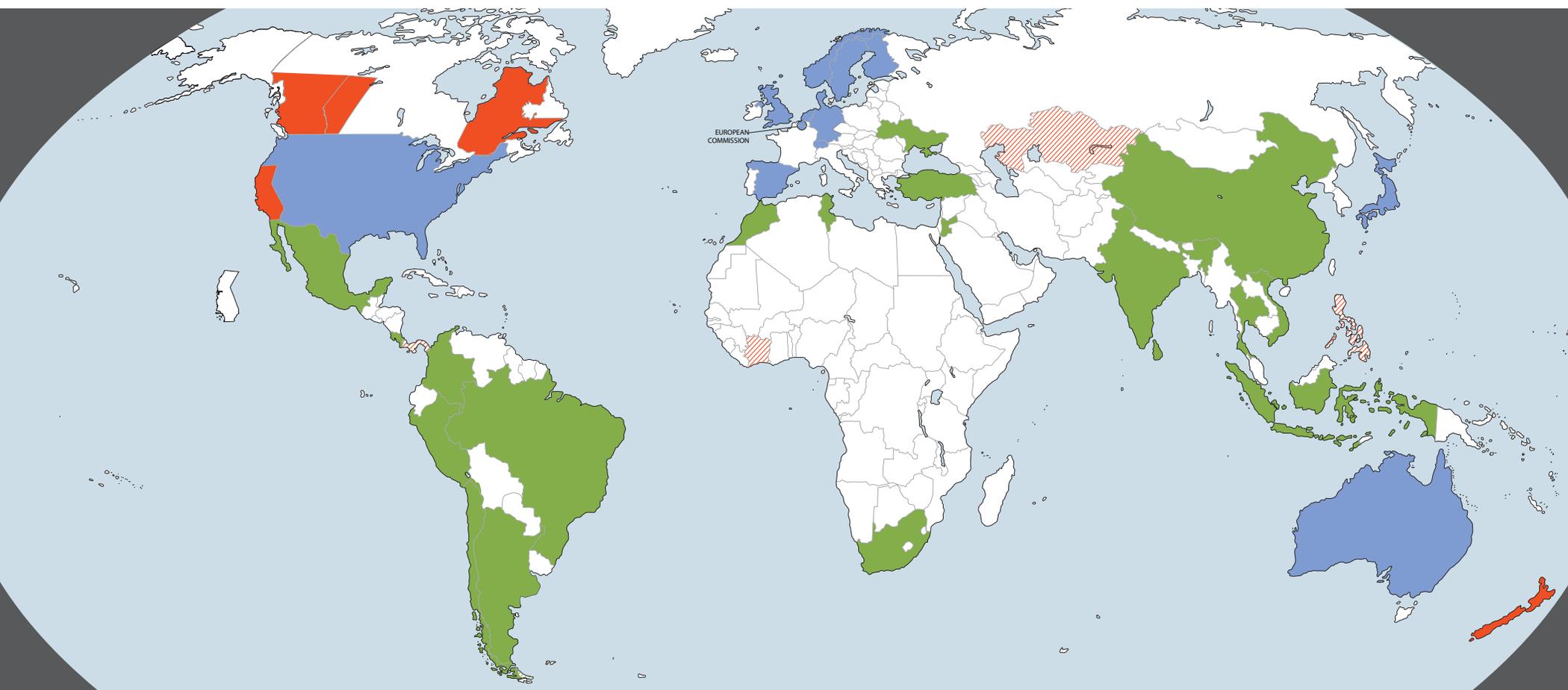
The PMR continued to implement market readiness activities and began developing a strategy for work after 2020, when the program concludes.

PARTICIPANTS AND TECHNICAL PARTNERS

The map shows the different categories of participants and the stage in the process reached by each Implementing Country Participant.

FIGURE 1: PMR PARTICIPANTS BY CATEGORY AND IMPLEMENTATION STATUS

-  Implementing countries at preparation phase
-  Implementing countries at implementation phase
-  Contributing participants
-  Technical partners
-  Technical partners receiving targeted technical support



This map was produced by the Map Design Unit of the World Bank Group. The boundaries, colors, denominations, and any other information shown on the map do not imply, on the part of the World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

PARTNERSHIP ASSEMBLY MEETINGS

The PA is the PMR's governing body. It consists of all Contributing and Implementing Country Participants.

Meetings are held twice a year to provide strategic guidance, endorse the participation of new countries and their readiness proposals, and approve the allocation of PMR resources. The PA

held two meetings in FY18: the 17th meeting of the PA (PA17) was held in Tokyo, Japan, in October 2017 and the 18th meeting (PA18) in Kiev, Ukraine, in April 2018.

Partnership Assembly Meeting (PA17) was held in Tokyo, Japan, in October 2017



Partnership Assembly Meeting (PA18) was held in Kiev, Ukraine, in April 2018



PROGRAM PROGRESS

This section provides an update on the progress of PMR's Country, Technical Work and Policy Analysis Work programs during the review period.

Country Programs

The centerpiece of each Implementing Country Participant's program is the MRP, which serves as a road map for planning, designing, and piloting a carbon pricing instrument. So far, 19 countries have finalized their proposals. The PMR is also helping four Technical Partners—Côte d'Ivoire, Kazakhstan, Panama, and the Philippines—enhance their domestic carbon pricing policies. The focus of each country's MRP, including achievements and expected outputs by the end of the PMR, is summarized in this section.

The PMR's focus has shifted from preparing proposals and allocating funding to implementing and completing market readiness activities. It works to enhance the implementation of country programs by effectively monitoring its operations.



ARGENTINA

Argentina is exploring policy instruments that support the mitigation objectives of its NDC. It is assessing renewable energy and energy efficiency certificates trading and exploring options to refine the design of its new carbon tax. Ongoing PMR work will inform decisions on the design of green and/or white certificate schemes, as well as options for potentially expanding its carbon tax.



BRAZIL

Brazil is assessing the impacts and interactions of different carbon pricing options. To date, it has mapped various options and completed a sectoral analysis. The goal is to identify and design a policy package to recommend to government.



CHILE

The PMR has been instrumental in implementing Chile's carbon tax and is now exploring ways to make the tax more effective and possibly to introduce a complementary ETS. Other PMR activities include building public and private sector capacity to design and implement an MRV framework and a GHG registry.



CHINA

China soft-launched its ETS in December 2017. The PMR supports the design and implementation of key building blocks of China's national ETC, focusing on the electricity sector and inclusion of state-owned enterprises.



COLOMBIA

Colombia has revised the scope of its market readiness work to better account for developments in the country's climate policy. These include the introduction of a carbon tax (2017) and the adoption of a new climate law that includes provisions for allowance-based emissions trading. The PMR's technical assistance will help inform a decision on a supplemental carbon pricing instrument and an agreement among relevant stakeholders regarding the design and development of an ETS.



COSTA RICA

Costa Rica is developing a domestic carbon market by promoting voluntary actions, assessing regulatory instruments, and fostering supply. With PMR support, the National Carbon Neutrality Program, including domestic offset rules, has been reformed and relaunched. The country has also designed a GHG emissions levy proposal. By the end of the program, a decision on the implementation will have been taken, a domestic voluntary emission reduction market will be operating, and sector crediting programs will be in place.



CÔTE D'IVOIRE

Côte d'Ivoire became a Technical Partner in October 2017. The PMR will help the country define policy objectives for a carbon tax, design the tax, and prepare for its implementation. The country's commitment to pricing carbon is reflected in its NDC.



INDIA

The PMR is helping India develop a meta-registry to support various market-based instruments; develop a policy package for the country's low-carbon development goals; and select, design, and pilot carbon pricing instruments in the waste management and micro, small, and medium-sized enterprise sectors.



INDONESIA

The PMR is providing technical support to identify and implement the most suitable carbon pricing instrument to achieve mitigation in the power and pulp-and-paper sectors. Design and implementation of an MRV framework for these sectors is also under way.



JORDAN

Jordan is implementing an MRV framework and designing a digital financing match-making platform to facilitate renewable energy and energy-efficiency technologies. By the end of the program, the country's MRV infrastructure will be in place, increasing the potential for adoption of a carbon pricing instrument.

**KAZAKHSTAN**

PMR funding has been instrumental in helping Kazakhstan address key challenges facing its national ETS. In January 2018, Kazakhstan relaunched its ETS, which had been on hold for two years. An online GHG reporting platform supported by the PMR is now operational.

**MEXICO**

Mexico has introduced a carbon tax and plans to develop and pilot an ETS. Activities include developing and establishing a national GHG emissions registry; developing a domestic offset system to provide flexibility to current and planned carbon pricing instruments; and providing ETS training and capacity development for private sector stakeholders. By the end of the program, the ETS will have been piloted, with a schedule for operation.

**MOROCCO**

The PMR is helping Morocco establish and pilot the building blocks for market-based approaches in selected sectors; create an MRV framework and baseline measurements for the power and industrial sectors; and explore ways to integrate with international carbon markets. By the end of the program, Moroccan stakeholders will benefit from a comprehensive analysis of carbon pricing instruments to inform policy choices.

**PANAMA**

Panama became a Technical Partner in October 2017. The country is investigating the potential impacts of a carbon price or tax. The PMR is helping it expand its capacity and design MRV systems for the energy sector. Currently, the role of carbon pricing as a key policy instrument to meet its NDC is being explored.

**THE PHILIPPINES**

The PMR is helping the country explore carbon pricing instruments for the energy sector and build awareness on the effectiveness of these instruments. By the end of the program, the Philippines will have a clearer idea about which carbon pricing instrument to choose.

**PERU**

The PMR is helping Peru develop the building blocks of a national mitigation action management system, including a GHG emission registry and GHG crediting instruments for piloting. To date, the impact of introducing a carbon price has been assessed and the use of international carbon markets included in the country's NDC. By the end of the program, internationally transferred mitigation outcomes pilots will have been designed and MRV infrastructure for international transactions will be in place.

**SOUTH AFRICA**

The PMR is helping South Africa refine the design of its carbon tax through analytical work; develop a related carbon offset plan; and enhance its data management and MRV systems. By June 30, 2018, a grant agreement was in place and a detailed procurement plan had been developed.

**SRI LANKA**

The PMR is helping Sri Lanka develop a national MRV system and registry; build institutional and regulatory capacity; and enhance its domestic voluntary carbon offsetting scheme. Identification of a suitable carbon pricing instrument for the power and transport sectors has started. By the end of the program, MRV infrastructure will be in place; a strengthened domestic offset scheme will be operating; and the country will have identified a suitable carbon pricing instrument.

**THAILAND**

With the PMR's support, Thailand is designing an energy performance certificate plan and preparing infrastructure such as a GHG database and an MRV system. The PMR is also supporting a study on a legal framework for an ETS; putting in place the Low Carbon City Program Fund; and analyzing carbon pricing options for the country.

**TUNISIA**

The PMR is helping Tunisia create an enabling environment for carbon pricing policies by, for example, strengthening the understanding of the socioeconomic impact of such policies. The country is exploring a carbon tax to support the domestic Energy Transition Fund; designing a results-based approach to financing renewable energy; and designing a carbon pricing instrument within the cement sector.

**TURKEY**

PMR funding has helped Turkey develop a GHG MRV pilot in the electricity sector and generate analytical information to establish a carbon market in the country. Phase I of funding is coming to an end. Phase II will focus on formulating the necessary legal and institutional infrastructure and improving the technical infrastructure for piloting an ETS in the country.

**UKRAINE**

PMR activities in Ukraine focus on designing and implementing MRV regulations and systems in the energy and industry sectors, and building capacity in ETS. To date, MRV legislation has been finalized and is under consultation. By the end of the program, the MRV legislation and framework will be implemented and a decision on the carbon pricing instrument made.

**VIETNAM**

The PMR is helping Vietnam analyze the feasibility of using carbon pricing instruments, such as carbon credits for the steel and solid-waste sectors, to reach the country's NDC mitigation targets. It is also strengthening the country's capacity to prepare the instruments and national and sectoral MRVs, and supporting the energy sector's NDC mitigation plan. By the end of the program, Vietnam will have an NDC mitigation target for the energy sector and be ready to pilot a carbon crediting program in the steel sector.

Technical Work Program

Through its Technical Work Program, the PMR provides support on the technical challenges faced by many countries in implementing MRP activities. The program facilitates the sharing of experience and knowledge, develops practical guidance, identifies good practice and shared standards, and builds institutional and technical capacity.

The Technical Work Program is based on country needs and draws on country experience, global experts, and in-house resources to generate knowledge products and organize knowledge exchanges. The program focuses on three work streams (ETSs, carbon taxes, and crediting instruments and offsets), as well as the various components that support them (such as MRV, data management and registries, baselines, benchmarks, and stakeholder engagement).

During FY18, the Technical Work Program:

- **Hosted a workshop on communicating carbon pricing** at the [Innovate4Climate Conference](#) in Frankfurt in May 2018, in partnership with the Carbon Pricing Leadership Coalition. The workshop presented key principles and approaches to successful engagement on carbon pricing for government and businesses communicators. The workshop is part of a program, commissioned by the Carbon Pricing Leadership Coalition and the PMR, to identify effective strategies for communicating carbon pricing. This work will culminate in the launch of a comprehensive guidebook and a series of executive briefs towards the end of 2018.
- **Held a technical workshop on the role of carbon markets in global climate action and implications for market development activities.** This workshop ran alongside the Tokyo PA17 meeting and gave participants an opportunity to discuss the latest developments in international and domestic carbon markets, including international aviation and negotiations on Article 6, and to exchange views on the domestic preparations that are under way or planned to support countries' participation.
- **Began work on several important knowledge products on carbon pricing**, including a report on the use of carbon revenues, and online and face-to-face training courses on carbon taxation based on the Carbon Tax Guide released in 2017.
- **Published "Establishing Scaled-Up Crediting Program Baselines under the Paris Agreement: Issues and Options"** in November 2017. This report discusses technical issues involved with establishing baselines; the concerns that arise from the uncertainties regarding international rules under Article 6 of the Paris Agreement; and how crediting programs may affect countries' ability to achieve their NDCs.



Getting the Message Right: How to Effectively Communicate Carbon Pricing, Innovate4Climate Conference, Frankfurt, May 2018



Quick Facts

63

technical events held
(Technical Work Program: 57;
Policy Analysis Work
Program: 6)

31

**technical knowledge
products published**
(Technical Work Program: 30;
Policy Analysis Work Program: 1)

48,500

**downloads of PMR
knowledge products**

Policy Analysis Work Program

The Policy Analysis Work Program aims to provide timely and customized analytical support along the Paris Agreement milestones and throughout the NDC implementation cycle (including update and submission, implementation, monitoring and tracking, and increasing ambition), while recognizing that carbon pricing instruments are key to effective NDC implementation and the strengthening of targets over time.

Policy analysis provides a comprehensive picture of a country's climate policy landscape and can help identify effective and cost-efficient policies to achieve climate change goals. Economic and policy analyses are critical for countries to make informed decisions about the design of carbon pricing instruments.

In the context of preparing and implementing NDCs, the Policy Analysis Work Program helps countries:

- **Build capacity** to develop models for policy analysis.
- **Analyze options** to determine how best to integrate carbon pricing with existing sectoral and national policies.

The program supports activities at two levels:

- **Program-level activities** address analytical and modeling issues with international dimensions and cross-country implications.
- **Country-specific support** is tailored to a country's needs and is carried out after a formal request has been submitted by the country and endorsed by the PA.

In FY18, Chile, Colombia, and Costa Rica completed their projects under the Policy Analysis Work Program. Morocco, Turkey, Thailand, and Vietnam are implementing the remaining projects under this program.



Case Study: Morocco



Morocco received funding under the Policy Analysis Work Program to develop and pilot new tools tailored to support policy and financial planning for NDC implementation. The country

aims to implement policies and actions that incentivize low-carbon investment, both at the national level and with international support. The new tools enable the design and evaluation of a range of potential policy reforms to achieve national NDC targets, taking into account the financial impact of lower carbon choices for investors and consumers. The current phase of work focuses on Morocco's building sector and considers measures such as energy efficiency and renewable energy technologies in buildings.

To ensure that the strategy to incentivize uptake of energy savings is realistic and effective, the modeling framework incorporates investors' and consumers' perspectives and the parameters that affect their investment decisions,

including transaction costs and financial incentives. The framework explores policy reforms that create enabling conditions for firms, households, and individuals to take mitigation actions that would not be financially attractive without such policy changes. This work also provides insight on the flows of commercially viable investment and budgetary requirements relative to different policy packages, and discusses potential ways to combine different forms of financial support, including grants, concessional finance, and international support.

The Policy Analysis Work Program is also supporting Morocco in assessing potential carbon pricing options by, for example, exploring ways to align the existing fiscal policy with Morocco's ambitious NDC targets and business climate. This work complements the Moroccan MRP, which explores opportunities for Morocco to participate in the international market-based mechanisms established under Article 6 of the Paris Agreement.

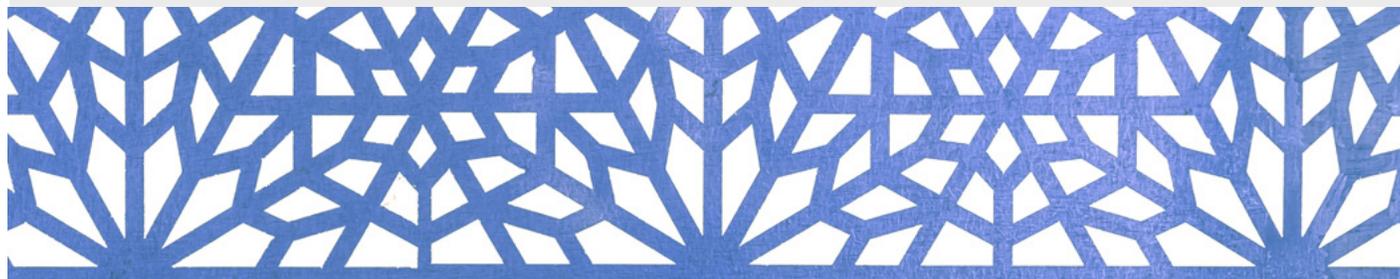


TABLE 1: OVERVIEW OF POLICY ANALYSIS WORK PROGRAM PROJECTS

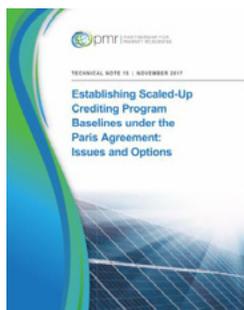
COUNTRY	DESCRIPTION	FRAMEWORK	RELEVANCE FOR NDC
CHILE	Modeled policy options and developing implementation plan for NDC in energy sector	Bottom-up energy and computable general equilibrium (CGE) models in tandem (2050)	Energy sector contribution and action plan
COLOMBIA	Macroeconomic modeling of carbon pricing instruments Modeled ETS design options and designing road map	CGE adaptation and soft-linking with bottom-up energy (2040) Qualitative assessment; gap analysis	Inform choice of carbon pricing instruments to support economy-wide NDC mitigation targets
COSTA RICA	Developed modeling framework, database, and technical capacity for exploring decarbonization pathways to achieve NDC target	Bottom-up model with focus on energy and transport; aggregation framework for other sectors (2050)	Energy and transport sector contributions; policy actions toward NDC
MOROCCO	Developing NDC implementation strategies Rapid assessment of potential carbon pricing options	Bottom-up model with current focus on the building sector (2030); plan to cover other NDC-relevant sectors; investors' perspective approach Policy analysis and road map for carbon pricing; qualitative assessment	Support NDC implementation
THAILAND	Reviewing and developing economic modeling for carbon tax and ETS with and without crediting mechanism as part of ETS/carbon tax to contribute to Thailand's NDC mitigation goal	E3-Thailand model, including detailed sector coverage with two-way feedbacks between energy-environment-economy	Refine NDC and support NDC implementation
TURKEY	Strengthening local modeling capacity and tools for effective NDC implementation	Marginal abatement cost curve tool (linked with CGE under MRP activity); investors' perspective approach	Support NDC implementation and clarify the role of carbon pricing in achieving GHG reduction objectives
VIETNAM	Developing and reaching consensus on cost-effective low-carbon energy mitigation options and pathways both on the demand and supply sides to achieve the NDC target Recommending effective policies to implement the identified mitigation options to achieve the NDC target Estimating the total costs and financing needs to achieve the NDC unconditional and conditional targets	Country-specific energy systems model based on the TIMES-Starter platform	Support the setup of the energy sector NDC mitigation target

KNOWLEDGE MANAGEMENT

To promote best practice in climate change mitigation efforts, the PMR produces various knowledge products and holds technical workshops and meetings, training sessions, and public events.

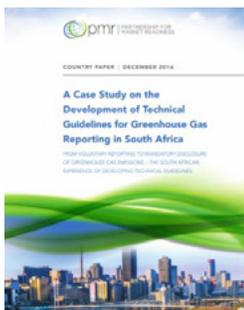
PMR Secretariat Knowledge Products

In FY18, the PMR Secretariat published three reports and one issue of the China Carbon Market Monitor. This list does not include knowledge products produced under the PMR Country Programs.



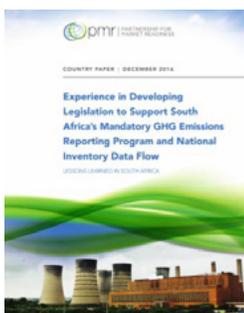
"Establishing Scaled-Up Crediting Program Baselines under the Paris Agreement: Issues and Options"

This technical note offers guidance and identifies options for developing baselines for scaled-up crediting programs under the Paris Agreement. Establishing baselines is partly a technical, methodological challenge, but the biggest uncertainties arise from unresolved questions regarding international rules under Article 6 of the Paris Agreement, as well as how crediting programs may affect countries' ability to achieve their NDCs.



"A Case Study on the Development of Technical Guidelines for Greenhouse Gas Reporting in South Africa"

South Africa has a comprehensive climate change response strategy to support the transition to a low-carbon economy and a climate-resilient society. Improving the national GHG inventory and implementing a carbon tax are only two elements that form part of this transition. Developing mandatory GHG reporting regulations will not only support the national GHG inventory, but also aid policy formulation, implementation, and legislation while allowing South Africa to meet its reporting obligations under the United Nations Framework Convention on Climate Change (UNFCCC).



"Experience in Developing Legislation to Support South Africa's Mandatory GHG Emissions Reporting Program and National Inventory Data Flow"

South Africa's National Climate Change Response Policy sets out several key goals. Reaching these goals will enable South Africa to meet its commitments under the UNFCCC. The key to ensuring South Africa can effectively track and steer GHG emissions and removals is establishing a national system for GHG MRV.



China Carbon Market Monitor

The China Carbon Market Monitor analyzed the performance of the country's seven pilot markets, reporting on each market and benchmarking it against others. It highlighted actions taken by each market in anticipation of the new national system. The newsletter tracked the policy and regulatory development of the national ETS and the issuance of Chinese Certified Emissions Reductions for domestic offset projects. The Monitor issued its final edition in 2017.

Knowledge Exchanges

The PMR provides a platform for countries to share their knowledge and experience in building institutional and technical capacity. The objective is to support the design and implementation of innovative instruments to expand GHG mitigation.



TECHNICAL WORKSHOPS

Getting the Message Right: How to Effectively Communicate Carbon Pricing

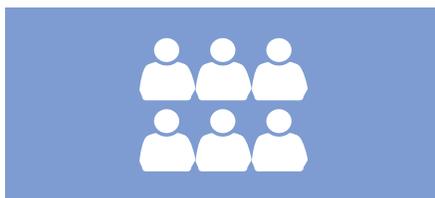
The PMR and the Carbon Pricing Leadership Coalition ran this workshop at the [Innovate4Climate Conference](#) in May 2018.

Consultative Workshop on Design Options for PMR Successor Program

This consultative workshop provided an open forum to discuss the possible design of a PMR successor program. The workshop discussion built on key elements set out in the “Options Paper on a Successor Program for the PMR,” prepared by the PMR Secretariat following the PA17 discussions. The workshop discussion will help refine the options paper.

Role of Carbon Markets in Global Climate Action and Implications for Market Development Activities

This workshop provided an opportunity for participants to discuss the latest developments in international and domestic carbon markets and to exchange views on the domestic preparations that are under way or planned to support countries’ participation.



PUBLIC EVENTS

Public Seminar on Carbon Markets and the Paris Agreement

This public seminar outlined current information on carbon markets around the world and provided an opportunity to discuss the expected role of the Paris Agreement in promoting carbon markets. The PMR hosted the seminar with the Ministry of the Environment of Japan and the Institute for Global Environmental Strategies. Participants included representatives from private industries, governments, consultancies, research institutions, universities and nongovernmental organizations in Japan.

Pathway to Achieving National Determined Contributions (NDCs): How Low Emission Development Strategies Can Help Countries Advance Climate Action

Ukraine hosted this workshop to showcase how the country is aligning its low emission development strategy with the commitment put forward in its NDC. The workshop included a session illustrating how other PMR countries are aligning their market readiness and policy analysis work to achieve their NDC targets and what lessons can be learned from this process.



WEBINARS AND E-LEARNING

In FY18, 38 people participated in the MRV online learning facilitated course. Additionally, 139 participants took the self-paced online course titled, “Designing MRV Systems for Entity-Level Greenhouse Gas Emissions” and 76 took the online course titled “Emission Trading Schemes”.



MONITORING AND EVALUATION

The PMR uses several tools to monitor the progress of its work.

Operations Monitoring System

The operations monitoring system, launched in 2015, helps the PA and Secretariat monitor each country's progress towards implementing activities outlined in its MRP, as well as highlight lessons learned during implementation.

In the past, the system focused on market readiness preparation and included two tools: a country dashboard that aggregated the status of the various milestones associated with preparing for a PMR grant and a template for project Implementation Status Reports (ISRs).

To complement the existing operations monitoring system, the Secretariat has developed an annual reporting tool, which will be launched at PA19 in Buenos Aires in October 2018. This tool will provide a summary of key information from ISRs by providing a snapshot of progress of activities within countries and a high-level assessment of the PMR's progress in achieving its results. The key inputs to the annual monitoring report include:

- The PMR dashboard
- Country metrics
- The PMR operational logframe
- An online survey of PMR stakeholders.

The PMR Secretariat has enhanced the country status dashboard to better show each country's progress toward achieving its objectives, not just the status of its funding disbursement.

Project and Other Country Updates

ISRs are a way for countries to update the PA about the execution of their MRPs. Countries complete at least one ISR per year for presentation at a PA meeting. These reports are publicly available on the PMR website.

In FY18, 14 countries presented their Project ISRs: Brazil, Indonesia, Mexico, Peru, South Africa, Thailand, and Ukraine presented at PA17; and Chile, China, Costa Rica, Morocco, Turkey, and Vietnam presented at PA18. Each country's report provides information on the progress of activities, based on the indicators and objectives outlined in their MRPs and formalized in their implementation arrangements.

British Columbia, Côte d'Ivoire, New Zealand, Panama, and the Philippines presented at PA17 and electronically submitted a request to join the PMR as Technical Partners. Côte d'Ivoire and Panama presented their targeted technical proposal at PA18.

Independent Evaluation

The PMR undertook its second independent evaluation to review its progress to date and identify lessons for the remainder of the program and that could inform the design of a successor program.

The evaluation assessed the relevance, effectiveness, and efficiency of the PMR's Governance Framework and the Country Work, Policy Analysis Work, and Technical Work programs, in addition to knowledge-sharing functions. It focused on qualitative and quantitative assessments and relied on evidence collected from various sources, including a literature review, a survey, one-on-one interviews, and three country case studies in Chile, Costa Rica, and Ukraine.

Based on the evaluation, the PMR Secretariat prepared an action plan to respond to the evaluation recommendations. The plan will be presented for feedback at PA19.

TABLE 2: PMR DASHBOARD: PROJECT COMPONENTS BY COUNTRY AS AT JUNE 30, 2018

This dashboard monitors the progress of each country against its specific objectives.

	CORE TECHNICAL COMPONENTS					SUPPORTING WORK COMPONENTS					DEVELOPING CARBON PRICING			
	MRV	DATA AND REGISTRIES	BENCHMARKING	INSTITUTIONS AND GOVERNANCE	OTHER ¹	GHG INVENTORY	EMISSIONS PROJECTIONS/ NDC DEVELOPMENT	POLICY OPTIONS ASSESSMENT AND/OR POLICY INTERACTION	STAKEHOLDER ENGAGEMENT/ COMMUNICATIONS	OTHER ²	CARBON TAX	ETS	CREDITING	OTHER PRICING INSTRUMENTS
ARGENTINA														
BRAZIL														
CHILE														
CHINA														
COLOMBIA														
COSTA RICA														
CÔTE D'IVOIRE (TP)														
INDIA														
INDONESIA														
JORDAN														
KAZAKHSTAN (TP)														
MEXICO														
MOROCCO														
PANAMA (TP)														
PERU														
THE PHILIPPINES (TP)														
SOUTH AFRICA														
SRI LANKA														
THAILAND														
TUNISIA														
TURKEY														
UKRAINE														
VIETNAM														

Preparation (scoping, developing terms of reference, hiring consultants)

In progress (project has started and is ongoing)

Completed

¹ China: Multi-stakeholder consultations

² Jordan: Work on developing a match-making platform for the private sector is in progress; Vietnam: Preparing for a financial mobilization plan and a mid-term action plan

FIGURE 2: STATUS OF CORE TECHNICAL AND SUPPORTING COMPONENTS SUPPORTED

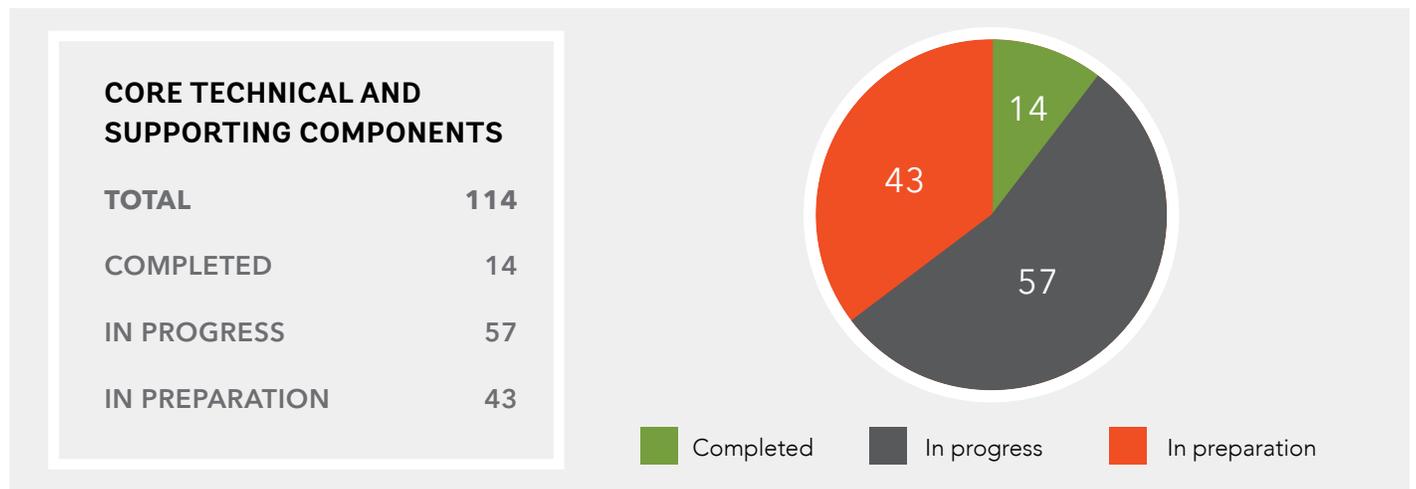


FIGURE 3: NUMBER OF CORE TECHNICAL AND SUPPORTING COMPONENTS SUPPORTED

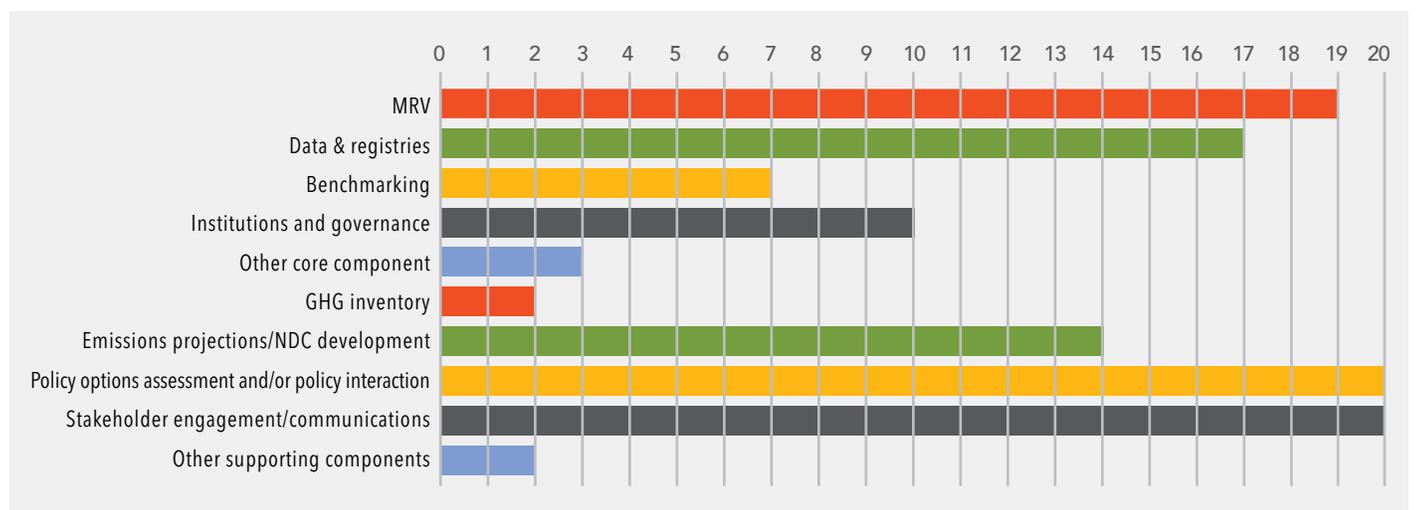
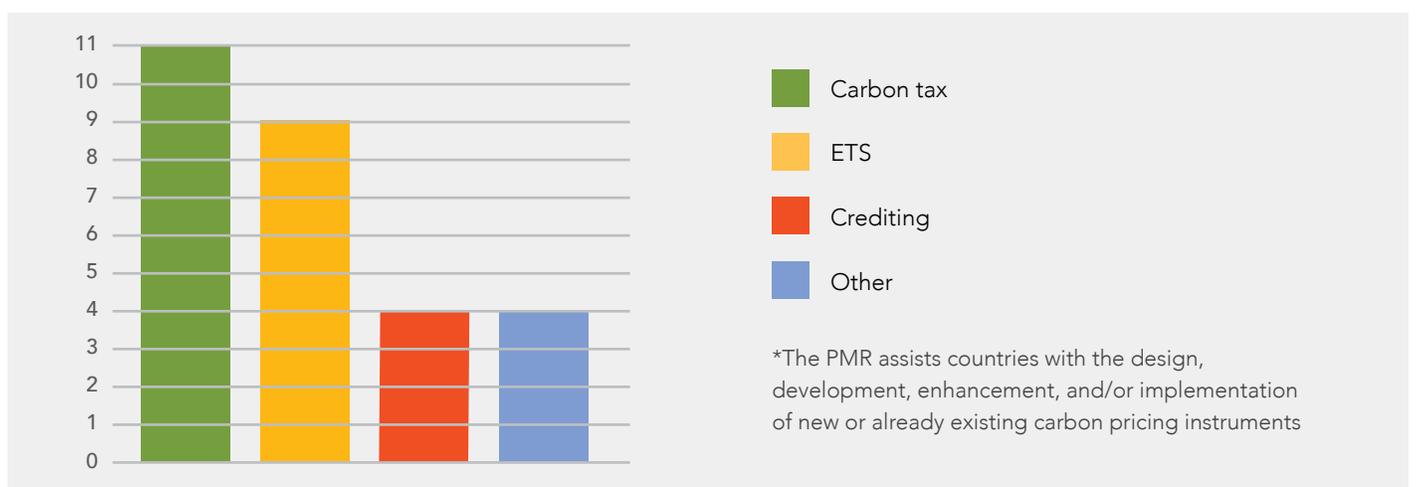


FIGURE 4: NUMBER AND TYPE OF CARBON PRICING INSTRUMENTS SUPPORTED



PMR SECRETARIAT OPERATIONS

In FY18, the PMR Secretariat continued to implement market readiness activities and started coordinating and facilitating a consultation process on a Post-2020 Successor Program.

Trust Fund Administration and Financial Summary

The World Bank Group is the trustee of the PMR Trust Fund. It administers and manages an annual budget and expense report, administrative agreements for pledged contributions from contributing participants, and grant distributions to Implementing Country Participants.

SOURCES OF FUNDING

The PMR is funded through contributions from 13 contributing participants and interest income. As of June 30, 2018, total committed contributions amounted to about \$125.6 million, while total received contributions equaled \$116.8 million. The total investment income earned since the inception of the PMR until June 30, 2018, is an estimated \$3.5 million.

BUDGET APPROVAL PROCESS

Per the Governance Framework, the Secretariat is responsible for proposing a budget for the PMR's annual operations and presenting it for the PA's endorsement before the start of the fiscal year.

For FY18, the PA approved a budget of \$7.069 million; actual expenses totaled \$5.909 million. For FY19, the PA approved a budget of \$5.673 million. This is a 19.7 percent decrease compared to the FY18 budget to keep the PMR's overall budget in balance until FY21.

To maximize efficiency, the PMR Secretariat will run workshops at existing events, particularly the PAs. The Secretariat also expects to complete all activities under the Policy Analysis Work Program in FY19.

CORE BUDGET COSTS

The Secretariat uses activity-based budgeting—that is, it tracks activities using a coding system—to monitor spending and prepare the budget. The budget consists of six core costs:

- PA meetings, workshops, and other events. Costs associated with these events include catering, hiring a venue and audiovisual equipment, and travel and accommodation.
- Country delivery support and advisory services. These costs cover MRP Expert Feedback expenses and the technical assistance provided by delivery partners and the Secretariat to Implementing Country Participants for the preparation and implementation of the activities laid out in the MRPs. Costs include staff time from both the Secretariat and delivery partners, consulting fees associated with the MRP Expert Feedback process, and travel costs.



- Knowledge management. Costs associated with the Technical Work Program include preparing technical notes; organizing working groups, expert meetings, technical training, and other events.
- Policy Analysis Work Program. These costs are associated with the country-level analytical work, common methodology and framework (including modeling), and technical workshops held by the program.
- Management and communications. These refer to the Secretariat's day-to-day operating costs in managing and coordinating PMR activities, including already incurred and future monitoring and evaluation expenses, and the website's design and maintenance.
- Contingency. A contingency amount is included to cover any unforeseen expenses that the PA deems appropriate.

TABLE 3: FY18 OPERATING BUDGET EXPENSES AND FY19 BUDGET (IN \$ THOUSAND)

Use of Funds	FY18 Budget	FY18 Actual Expenses	FY19 Proposed Budget
PA meetings and workshops	640	728	650
Country delivery support and advisory services	2,007	2,283	2,100
Of which:			
MRP Expert Feedback process	50	46	-
Country delivery support	1,957	2,237	2,095
Of which:			
Secretariat support	1,127	1,095	1,121
Delivery partner support	830	1,142	1,026
World Bank central unit costs (1% contribution)	127	127	127
Monitoring and evaluation	268	74	96
Knowledge management	1,079	975	800
Policy Analysis Work Program	2,222	805	1,000
Management and communications	576	918	750
Contingency	150	0	150
TOTAL USE OF FUNDS	7,069	5,910	5,673



In FY19, the PMR will continue promoting innovation in climate change mitigation and supporting countries to achieve their mitigation goals.

It will drive progress by increasing its delivery support at country level. PMR supported activities, set out in countries' readiness roadmap, are expected to increase significantly in FY19. As implementation phase funding has been allocated to 19 Implementing Country Participants and four Technical Partners, the focus for FY19 will be on country program implementation.

The Policy Analysis Work Program will complete the remaining country-level activities by June 2019. As such, there is no budget for this program beyond FY19. The Technical Work Program will continue to support strategically important topics through studies and workshops.

In consultation with program participants and other stakeholders, the PMR Secretariat has identified a continued relevance of its mandate beyond 2020. Nested in the context of the Paris Agreement and the increasing interest among countries in carbon pricing as an option to bring their NDCs to fruition, the PMR Secretariat will be presenting a successor program with an evolved concept that focuses primarily on implementing carbon pricing.

