

**PMR TECHNICAL WORK PROGRAM**

**Status Report on FY16 Activities and Proposed work plan for FY17**

PMR Note PA14 2016-3

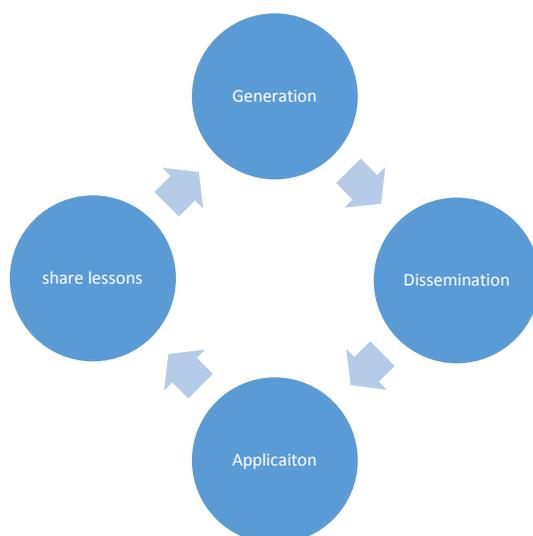
April 12, 2016

## I. INTRODUCTION

1. The Technical Work Program complements Participant’s readiness activities by providing support in a programmatic manner on those elements that are common across countries. Its objectives are to facilitate experience and knowledge sharing; develop practical guidance on common issues; identify good practice and common standards; and to help build necessary capacity.
2. The PMR Technical Work Program will enter its fourth year in FY17. This note provides a status update on the FY16 activities and proposes a work plan for FY17 that builds on previous activities. The PA is invited to provide feedback on this proposed work program and consider it for endorsement at PA14 in Lima, April 26-28, 2016. Following endorsement, the secretariat will report back to the PA periodically on the Technical Work Program and seek further guidance on its activities throughout the year.

## II. STRATEGIC PLANNING FOR THE TECHNICAL WORK PROGRAM

3. The Technical Work Program supports all the carbon pricing instruments that Implementing Countries Participants (ICPs) are pursuing, including emissions trading schemes, carbon taxes, and crediting instruments - both scaled-up and project-based offset instruments. Some activities and products focus on a particular type of instrument while others focus on a technical component that will be relevant to more than one type of instrument.
4. The secretariat presented a strategic planning approach for the Technical Work Program at PA10 in Santiago. Like the FY16 work plan, the FY17 work plan has been informed by that strategic planning approach. By clustering countries according to their readiness activities the Technical Work Program can provide support that is targeted and timely. The secretariat has assessed the MRP activities, as well as other market-based activities Participants are pursuing, with the objective to more systematically identify common needs and shape the work plan for FY17 (see Annex I). The Secretariat will continue to map countries’ activities and needs as they evolve over time to inform the technical work program.



5. The work plan also includes a range of different types of activities (see Annex II for further details). Importantly, the FY17 work plan reflects the natural cycle of capturing and generating knowledge, disseminating it, applying it as readiness activities are implemented, and capturing and sharing experience and lessons, which in turn will enrich the collective knowledge.

6. With the Technical Work Program entering its fourth year a breadth of knowledge products have already been generated and the focus for these work streams is now on enhanced dissemination and application. This is well timed as more ICPs move into

implementation phase. The Technical Work Program will facilitate those countries in applying the guidance and knowledge already generated, for example, in the preparation and implementation of their country activities. Some countries will be more advanced in their implementation throughout FY17 and the Technical Work Program can help facilitate the sharing of lessons learnt, for example, through the development of case studies and country-to-country exchange.

### III. STATUS REPORT ON FY16 ACTIVITIES AND PROPOSED WORK PLAN FOR FY17

7. This section provides a status update on the activities undertaken for FY16 and proposes the work plan for FY17.

#### A. ETS

8. This work stream was initiated in FY15 in response to the number of ICPs interested in establishing an emissions trading system (ETS) to achieve emissions reduction goals. It focuses on the design and implementation of cap and trade schemes, building on earlier PMR activities and the extensive experience gained to date among PMR Participants.

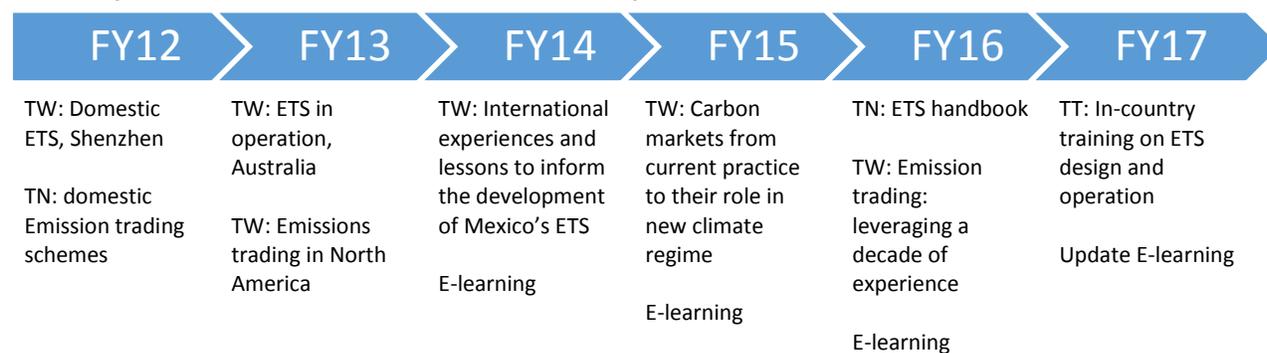
9. The primary focus in FY16 was the preparation of the report [“Emissions Trading in Practice: Handbook on design and Implementation”](#) in collaboration with the International Carbon Action Partnership (ICAP). The Handbook distills best practices and key lessons from more than a decade of experience worldwide. It sets out a 10-step process, with concrete decisions and actions to be taken to assist with the design, implementation and operation of an effective ETS. The preparation of the Handbook involved experts from the Environment Defense Fund (US), Motu (New Zealand), Vivid Economics (UK), Oeko-Institut (Germany), MIT (US), and Tsinghua University (China), as well as input from over 100 international policy practitioners and technical experts. The Handbook was launched at the **Technical Workshop “Emissions trading: leveraging a decade of global experience”**, held in Zurich in March 2016. The workshop was part of a series of World Bank Group events focused on carbon pricing. The workshop brought together around 100 public and private participants. The agenda and the presentations can be found on the [PMR website](#).

10. In order to improve access to the Handbook and facilitate ICPs efforts to build ET understanding with local stakeholders, the Secretariat will work with ICAP and PMR Participants, and other partners to translate the Handbook in additional languages, including Chinese, Turkish, Japanese, Spanish and Korean.

11. A more systematic collaboration with ICAP will be explored in FY17 in order to disseminate the Handbook further, and offer interested Participants **in-country training** on ETS design and operation. The Secretariat will also work with Participants to identify opportunities for **country-to-country** exchange on emission trading. For example, the Technical Work Program could facilitate dialogues, meetings, or study tours between PMR Participants including with Technical Partners. Interested ICPs should contact the PMR Secretariat to discuss further. Demand for country-to-country exchange and in-country training will need to be managed in accordance with the capacity of the Secretariat to deliver.

12. An E-learning course “*Emissions Trading Systems: Using Markets to Promote Low Emissions Development*” was developed in FY14 in collaboration with the Carbon Finance-Assist (CF-Assist) program. The facilitated E-learning course was offered twice during FY16 with over 450 registrations. Drawing on the Handbook and other relevant material the course will be updated during FY17.

**Summary ETS work stream activities, achieved and planned**



Note: Related activities from previous are years included. “TW” denotes a technical workshop or similar event, “TN” denotes a technical note or similar knowledge product; “TT” denotes a technical training.

**B. Carbon Tax**

13. The carbon tax work stream was initiated in FY15 reflecting the interested of some Participants in pursuing carbon taxes as a way to achieve emission reduction goals. The work stream focuses on the design and implementation of carbon taxes, building on previous PMR activities and international experience.

14. The main focus of work in FY16 was the development of a **Carbon Tax Guide**, like the ETS Handbook, it will provide step-by-step guidance on the design of carbon taxes. A consortium of consultants lead by Climate Focus has been engaged to help develop the Guide. Drafting is now well underway with most of it due to be completed before the end of the financial year. The Guide is now expected to be released publically in the first half of FY17.

15. The PMR Carbon Tax Working Group is assisting the PMR Secretariat in providing input and guidance on the Carbon Tax Guide. The Working Group has already provided comment on the outline and will have an opportunity to review a draft of the guide before it is finalized. As is normal practice, the PA will also have an opportunity to review the guide before it is released.

16. A **technical workshop “Carbon pricing: latest developments on carbon taxes”** was also held in Zurich in March, 2016. It was also a part of the four day series of WBG carbon pricing events. The workshop was attended by around 100 participants from both public and private sectors. The agenda and the presentations can be found on the [website](#).

17. Also in FY16, the Technical Work Program supported Chile with the technical implementation of its carbon tax. Experts were engaged to work with Chile on the detailed definition of which plants will be subject to the tax. The experience and lessons learnt by Chile in defining its carbon tax liability

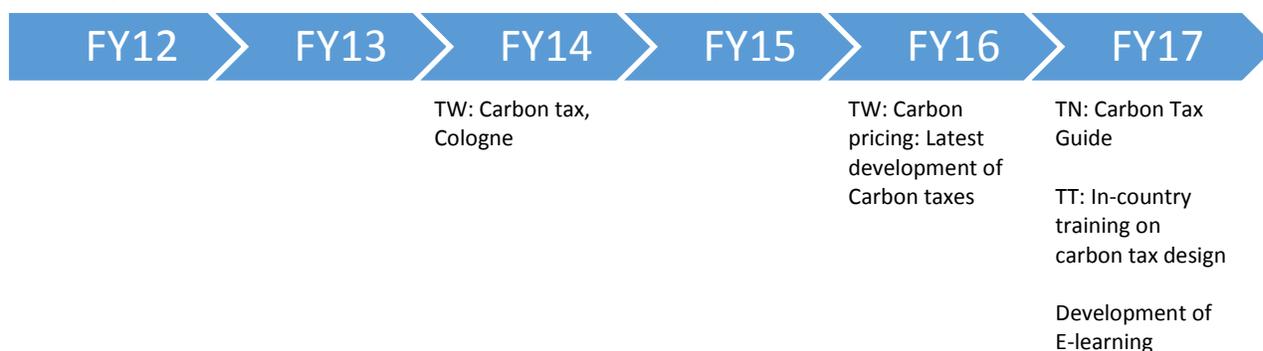
arrangements are likely to be of value to other PMR Participants. The technical work is now completed and a **case study** to share the lessons learned is in final stages of development.

18. In FY17 the focus of the carbon tax work stream will be on the finalization and dissemination of the Carbon Tax Guide. An **E-learning** course on the design of carbon taxes, similar to that which was prepared on emissions trading will be developed. It will draw largely on the Carbon tax Guide, providing the material in a pedagogical format.

19. The Secretariat will also work with Participants to identify opportunities for **country-to-country exchanges** on carbon taxes. For example, the Technical Work Program could facilitate dialogues, meetings, or study tours between PMR Participants including with Technical Partners. The Secretariat will also provide **in-country technical training** based on the Guide and tailored to national or regional context. Interested ICPs should contact the PMR Secretariat to discuss further. Demand for country-to country exchange and in-country training will need to be managed in accordance with the capacity of the Secretariat to deliver.

---

**Summary carbon tax work stream activities, achieved and planned**




---

Note: Related activities from previous years included. “TW” denotes a technical workshop or similar event, “TN” denotes a technical note or similar knowledge product, “TT” denotes technical training.

**C. Offsets and Crediting work stream**

20. In FY16 the focus of the offsets work stream was broadened to explicitly capture issues relevant to scaled-up crediting approaches, reflecting that many issues are cross-cutting and to progress the PMRs work on crediting-related activities. Timely progress on the PMRs offsets and crediting work is important to assist countries in their ongoing and planned activities, and has the potential to contribute more broadly to the international discussions on the development of the new mitigation mechanism and cooperative approaches agreed as part of the Paris Agreement.

21. The work program published two technical notes and a technical brief in FY16. The **Technical Note “Options to Use Existing International Offset Programs in a Domestic Context”** was finalized and publically released in August 2015. It can be accessed on the [PMR website](#). A dedicated session to discuss the options further was included as part of the **Technical Workshop on Building Registries to Support the Next generation of Carbon Markets”** held in California, in September 2015. Participants had an opportunity to engage directly with representatives from several of the International offset programs to

further consider options for using them. Participants are encouraged to inform the PMR Secretariat if they are interested in further assistance in applying the framework to their national circumstance.

22. The PMR study ***“Crediting-related Activities under the PMR: Status and Support for Implementation”*** was also finalized and published in August 2015. It can be assessed on the [PMR website](#). The outcomes and recommendations of this study were discussed by the PMR at PA11, PA12 and PA13.

23. A **technical brief “Additionality: Past, Present and Future Contexts”** will also be finalized in FY16. The brief is in final preparations for publication and will be released very shortly. The **Offsets and Crediting Working Group** meet virtually in January 2016 to discuss the topic and provided valuable input to the draft.

24. Work also commenced in FY16 on a **Crediting Guide** to explore the main elements of design and implementation of crediting instruments, with a particular focus on the new generation of scaled-up crediting. It will also provide an overview of the developments around the world, introducing various country experiences. The Guide will however reflect the infancy of scaled-up crediting concepts and limited practical experience in implementation. It will capture any emerging guidance on the new generation of international mechanisms under the Paris Agreement and elsewhere.

25. The preparation of the Guide has commenced by focusing on priority topics, selected based on the current design and implementation issues countries are facing, and will progressively evolve to provide more comprehensive guidance covering all building blocks. Work will continue throughout FY17 with the comprehensive guide likely to be finalized in FY18.

26. The following three **technical notes** have been initiated and will provide input to the more comprehensive guide and inform the ongoing work program:

- **“Assessing and mobilizing international and domestic sources of demand for scaled-up crediting-related programs”**. The consultants have been engaged and work is expected to be complete in October 2016.
- **“Baseline setting at the aggregate level in the context of broader policy development, including INDCs.”** The procurement process is in its final stage with consultants to be engaged shortly. Work is expected to be complete by October 2016.
- **“MRV approaches beyond facility-level (for example, in transport, residential communities), including MRV of policy-driven mitigation actions”**. The procurement process has been initiated with work expected to commence before the end of the financial year. The final work can be expected to be delivered in February 2017.

27. To complement the crediting work that will focus mainly on scaled-up crediting approaches, a **technical note** that provides comprehensive guidance for policy makers designing domestic offset instruments to accompany their other domestic policies (such as ETS, carbon tax, or other policies that rely on domestic offsets) was also proposed for FY16. The proposal was to partner with USAID who has prepared such guidance for Kazakhstan that intends to develop a domestic offset program to complement its emissions trading scheme. With some extension, that guidance can be made relevant to more

countries. Scoping of this technical note is still underway and given the strong interest in domestic offsets from many ICPs, the Secretariat proposes to move forward with this piece of work in FY17. Careful consideration will be given to ensure that work does not duplicate the crediting notes discussed above and that relevant aspects of this note are used as input to the comprehensive guidance on crediting.

28. The Offsets and Crediting Working Group is invited to take an active role in providing input and guidance on the technical notes and comprehensive Crediting Guidance. As is normal practice, the PA will also have an opportunity to comment on the final drafts before they are released publically.

29. A **technical workshop** on “**Implications of the Paris Agreement for a New Generation of international Crediting Mechanisms**” is also planned to take place in Paris, on May 31-June1, 2016. This workshop will clarify the current interpretation of the Paris Agreement in relation to scaled-up crediting and assess its implication for the ongoing and future capacity building and piloting initiatives. It will provide a timely contribution to the discussions on how the international framework should be shaped to provide a robust basis for international cooperation. Participants will gain (i) a better understanding of new market mechanisms under cooperative approaches and the mechanisms for mitigation and sustainable development; (ii) awareness of the main design and implementation approaches and gaps for scaled-up crediting; (iii) collective understanding of the role result-based climate finance (RBCF) could play. The workshop will be organized jointly with several other World Bank lead initiatives working on crediting instruments and RBCF with a view to maximize knowledge sharing, capacity building and networking opportunities between interested countries and leading experts. More information on the workshop including the agenda, is provided on the [PMR website](#).

30. A further **technical workshop** on baseline setting for crediting is also planned in combination with a workshop on benchmarking for February 2017.

---

**Summary of offsets and crediting work stream activities, achieved and planned**

FY12	FY13	FY14	FY15	FY16	FY17
TN: crediting mechanisms overview	Webinar to clarify scope of work for offset component of TWP	TB: Using CERs in domestic offset program	TN: Options to use existing international offset programs in a domestic context	TN: Assessment and creation of demand	
TW: Mitigation Programs for scaled-up crediting mechanisms, Istanbul	CE: Developing Domestic Offset Schemes, Mexico	TN: Update of Similarities and differences of offset standards	TN: Crediting-related activities under the PMR:	TN: Baseline setting at the aggregate level	TN: MRV approaches beyond facility level
	TN: Similarities and differences offset standards		TB: Additionality		
	Webinar: Introduction to California’s offset program		TW: Crediting and RBCF workshop.	TN: Crediting Guide	TN: Domestic offset guide

---

Note: Related activities from previous years included. “CE” denotes country-to-country exchange, “TW” denotes a technical workshop or similar event, “TN” denotes technical note or similar knowledge product.

**D. Monitoring, Reporting and Verification (MRV)**

31. The MRV work stream was initiated in FY14. This reflects that most Implementing Country Participants have identified MRV readiness activities in their MRPs, with several pursuing the development and implementation of entity-level GHG reporting programs.

32. The primary focus of the work stream in FY16 was on the dissemination of the **“Guide for Designing Mandatory GHG Reporting Programs”** that was released in May 2015. The Guide is available on the [PMR website](#). For example, during the IV Regional LEDS LAC Workshop held in the Dominican Republic on the 12-13 October, 2015, the PMR collaborated with partners to deliver a 3 hour **training** session on MRV and Greenhouse Gas Reporting Programs. The session drew heavily on the guide.

33. The Guide is also in the process of being translated into Spanish and should be available before the end of the financial year. This should help to further disseminate the Guide and make it more accessible for Spanish speaking policy makers and practitioners. There would be scope to translate the guide into other languages if demanded.

34. The preparation of an **E-learning course** based on the guide is now also in final stages of development. The E-learning course is being developed jointly with WRI and the CF-Assist initiative. While finalization has been delayed a little, the course is expected to be completed before the end of the financial year. It will be made available on the World Bank’s Open Learning Campus with two facilitated courses offered in FY17.

35. The PMR Secretariat can also facilitate country or regional specific **training** to help Participants better understand the guide and apply the guidance to their national circumstance. Participants are encouraged to inform the PMR Secretariat if they are interested in such support.

36. In FY16, the Technical Work Program also supported South Africa on the technical implementation of the MRV system that will support its carbon tax. The experience and lessons learnt by South Africa in developing the MRV arrangements are expected to be of value to other PMR ICPs that plan to undertake similar activities. The technical work is now complete and a **case study** of the South African experience in final stages of development.

37. Detailed scoping for the following new **technical notes** is still underway and are now proposed to be progressed in FY17.

- A technical note on verification and accreditation systems that draws on experience and practice, and provides step-by-step guidance for policy makers to support them in the design and implementation of verification and accreditation systems that best suit their national circumstance while at the same time take advantage of international norms and standards.
- A technical note on establishing GHG measurement protocols. It would draw on existing programs and literature to establish guidance on aspects such as specifications for direct measurement and

emissions calculation methodologies, including sampling and testing requirements for location specific emissions factors.

- A template for describing and comparing different MRV systems. In July 2014 the PMR published a technical note that surveyed the MRV systems of the seven Chinese Pilot emission trading schemes. This kind of survey is very useful for others in the process of designing MRV systems. Having a detailed understanding of the MRV systems that underpin other countries' instruments also assists in assessing the potential compatibility of instruments. Building on this earlier technical note, the template would allow for different MRV systems to be described and compared in a consistent and easy way. The technical work program would then work with Participants as they finalize their own arrangements to complete the template for their particular case.

38. The PMR Secretariat intends to engage consultants to assist with the development of these knowledge products. The PMR Secretariat will consult with the MRV Working Group and seek their input during the projects

---

**Summary monitoring, reporting and verification activities, achieved and planned**

FY12	FY13	FY14	FY15	FY16	FY17
	TN: Supporting GHG Mitigation Actions with Effective Data Management Systems	TT: first regional training on MRV, Beijing  TT: second regional training on MRV, Mexico City  TN: A Survey of the MRV Systems for China's ETS Pilots  TW: MRV-ing GHG Emissions Under Existing and Developing Pricing Mechanisms, Bonn	TT: Third regional training on MRV, Izmir  TN: Design guide for mandatory GHG reporting programs	E-learning development  TT: MRV and GHG reporting programs  Case study: South Africa's MRV program	TN: guidance on guidance on verification and accreditation systems  TN: guidance on establishing GHG measurement protocols  TT:MRV and GHG reporting programs  E-learning

---

Note: Related activities from previous years included. "TT" denotes technical training, "TW" denotes a technical workshop or similar event, "TN" denotes a technical note or similar knowledge product.

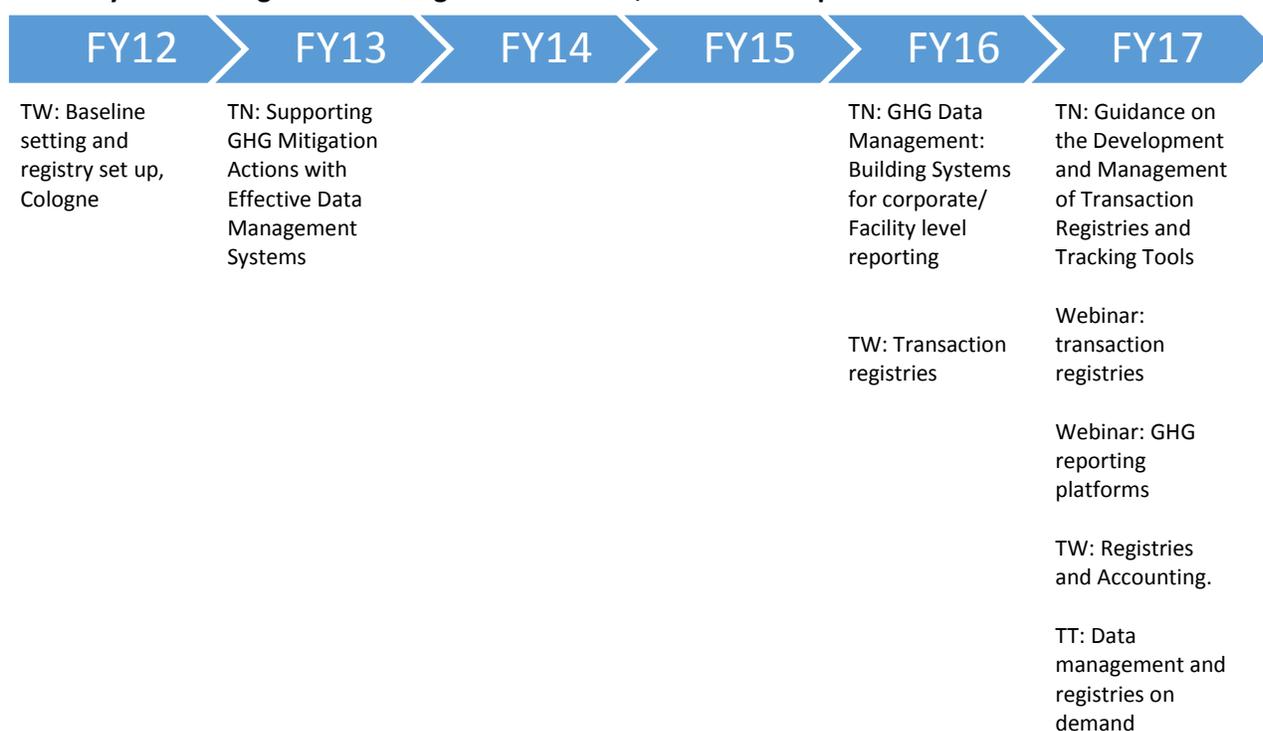
**E. Data management and registries**

39. A dedicated work stream focusing on data management and registries was established in FY15. In FY16 the focus was on finalizing two technical notes:

- **“Greenhouse Gas Data Management: Building Systems for Corporate/Facility Level Reporting”.**  
To provide more detailed guidance on MRV and Greenhouse Gas Reporting Programs and to complement the ‘*Design Guide for Mandatory GHG Reporting Programs*’, this **technical note** provides guidance for regulators, program administrators, and IT/development teams on how to design, develop and implement the GHG data management systems that support GHG reporting programs. The report is grounded in the experiences of and lessons learned from more than 10 jurisdictions including: Australia, California, Chile, China, France, Germany, Kazakhstan, Mexico, South Africa, Turkey, United Kingdom, and the United States. The report will be published and available on the PMR website in April 2016.
  
  - **“Guidance on the Development and Management of Transaction Registries and Tracking Tools.”**  
This **technical note** is targeted to countries planning to develop or enhance a transaction registry which processes the issuance of carbon assets and supports their transfer and tracking between account holders within the registry and to other linked registries. The technical note is being jointly developed with the World Bank’s Forest Carbon Partnership Facility (FCPF) and is intended to support countries in identifying their individual registry needs and to adequately plan for specific functional, technical, legal, administrative, and regulatory developments. It will also discuss emerging registry issues and needs in the context of new market mechanism (e.g., scaled-up crediting programs, REDD+, and Results Based Finance) and the implementation of the Paris Agreement. The technical note is also in final stages of preparation and will be circulated for review by PMR and FCPF Participants in May 2016, seeking publication in July 2016.
40. A **Technical Workshop “Building Registries to Support the Next Generation of Carbon Markets”** was also held in September 2015 in Sacramento, California. It was attended by more than 60 participants from around 20 countries and sub-national jurisdictions, including key registry experts and practitioners from various government agencies, international organizations, non-government organizations, and the private sector, capturing most of the registry experience in existing carbon markets. Excellent feedback was received from participants (see Annex III). The workshop’s materials and presentations are available on the [PMR website](#).
41. In FY17 the focus will be on dissemination and application of these technical notes. The secretariat proposes to hold webinars for each note and provide in-country training as demanded. Looking forward, further work on registries and linking issues will be explored in collaboration with the World Bank Networked Carbon Market Initiative.
42. A **Technical Workshop** on Registries and Accounting is also planned for October 2016 on the margins of the Partnership Assembly meeting (PA15). The workshop is intended to build on this work stream and the PMRs discussions on post-2020 carbon markets to advance discussions around the role for registries in supporting effective accounting.

---

## Summary data management and registries activities, achieved and planned




---

Note: Related activities from previous years included. "TW" denotes technical workshop or similar event, "TT" denotes technical training, "TN" denotes technical note or similar knowledge product.

### F. *Baselines*

43. The PMR Secretariat is collaborating with the UNFCCC, UNDP, UNEP, WRI, GIZ, and FAO on the development of a **Compendium on Baselines** that will build on the PMR's previous work on baselines. The Compendium will provide generic approaches to baseline setting that can be applied to mitigation action at different levels (national, regional, sectorial, or facility-level actions) and provide links to data sources where more detailed guidance can be obtained. Specifically the information will provide an overview of different approaches used to project baseline emissions available in the literature, key steps in scenario building, data requirements and ways of addressing data gaps, and provide guidance on projecting baseline emissions at different levels (national, sub-national, sectoral, or project). The Compendium will not propose or develop any new or additional baseline approaches.

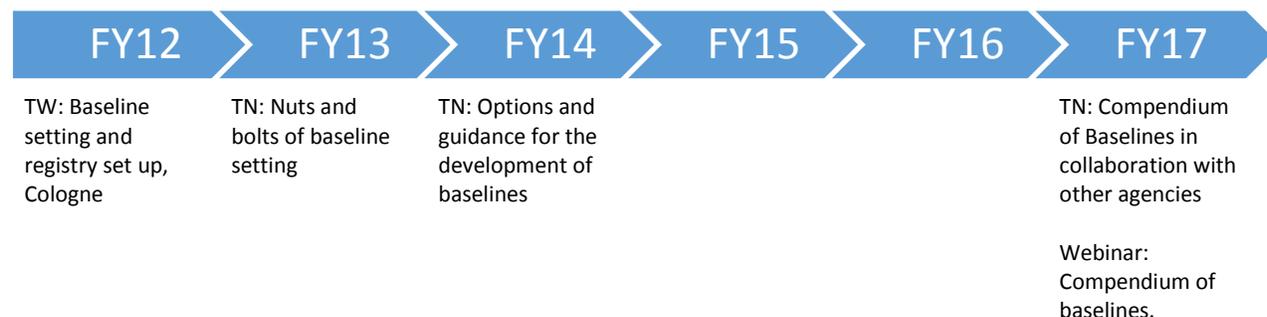
44. UNFCCC is proposing to make the Compendium a working document to allow updating for new developments in baseline setting at different levels over time. Most likely, the Compendium will be a static knowledge product that is linked to a dynamic website that is regularly updated. The operation, frequency of the update of the website etc., will be decided at a later stage. The full Compendium is expected to be available by the end of 2016.

45. The general structure of the Compendium has been finalized, as well as, the generic approaches and key technical elements identified for baseline setting by different schemes and applications. Each participating partner is taking the lead on one or more of the sectors. The PMR has agreed to lead on

manufacturing industries and construction; as well as a chapter on cross cutting baseline such as at the city level. Other sectors to be included in the compendium are energy industries, transport, buildings, other energy, carbon capture and storage, AFLOU – livestock, AFLOU-land, and waste – including waste water and solid waste.

---

**Summary baselines activities, achieved and planned**




---

Note: Related activities from previous years included. “TW” denotes technical workshop or similar event, “TN” denotes technical note or similar knowledge product.

**G. Benchmarks**

46. In FY15 the PMR supported studies on benchmarking in South Africa (as part of the preparation of the MRP) and in Kazakhstan (as part of the Targeted Technical Support provided). Beyond these two studies, there is a breadth of experience in PMR Participants in the use, development, and implementation of benchmarks for a range of different purposes to support carbon pricing.

47. To leverage this work, a **technical note** is under development on benchmarking providing an overview of approaches and practical guidance for policy-makers and practitioners. The note will provide step by step guidance on the development, implementation and management of benchmarks by taking various technical and implementation issues into consideration. The note also intends to capture the experience with benchmarking from around the world, and consider the similarities and differences in design and implementation.

48. A consortium of consultants, led by Ricardo AEA, has been engaged to help develop the note. Drafting is now well underway. A Benchmarking Working Group has been established to assist the PMR Secretariat in the preparation of the technical note and will provide input on the drafts of the technical note. As is normal practice, the final draft will be shared with the Partnership Assembly for their input before it is published. It is expected to be released before the end of 2016.

49. In FY17 the focus will be on disseminating the technical note. In particular, the Secretariat proposes to have a technical workshop on benchmarking in combination with a workshop on baseline setting for crediting mechanisms in February 2017. In addition, the Secretariat will hold at least two webinars.

---

## Summary of benchmarks work stream activities, achieved and planned



---

Note: Related activities from previous years included. “TW” denotes technical workshop or similar event, “TN” denotes technical note or similar knowledge product.

### **H. Stakeholder engagement and preparedness**

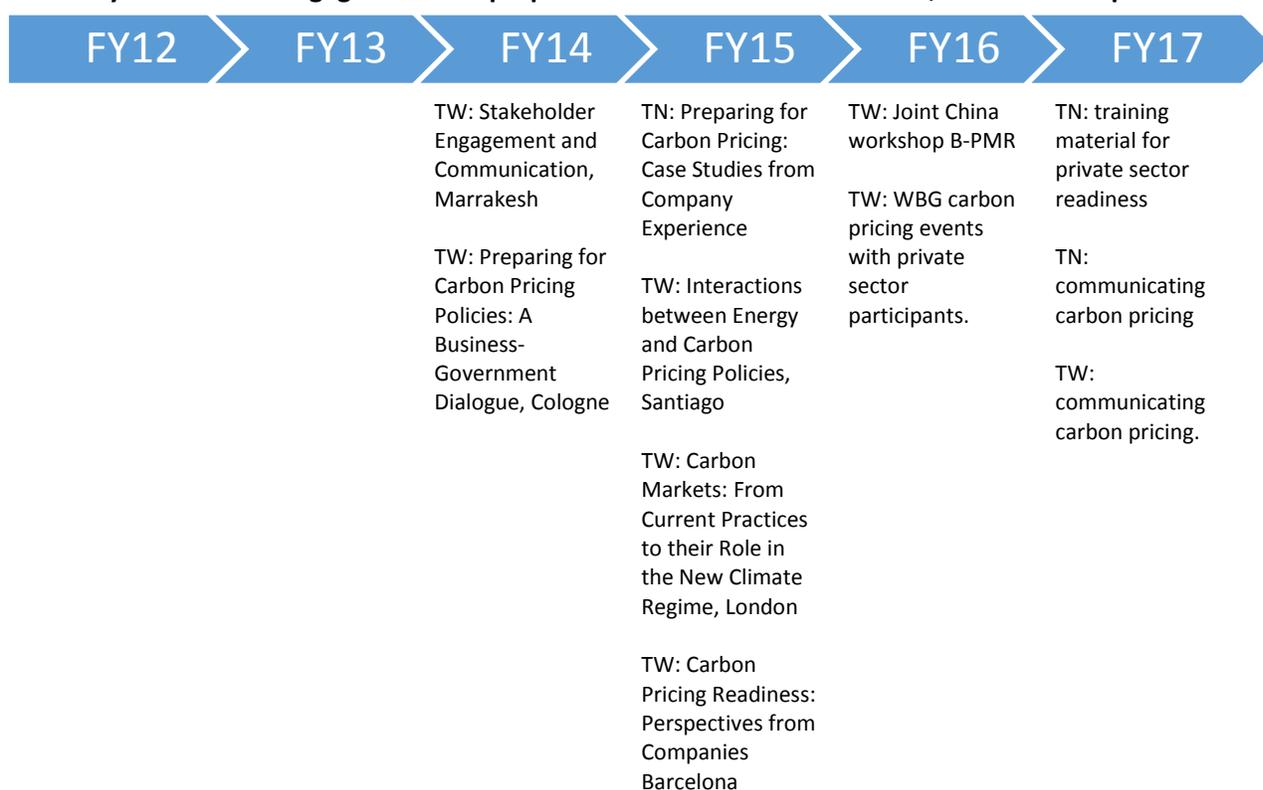
50. In FY16 the PMR continued its collaboration with IETA’s BPMR. A joint workshop “**China’s National Carbon Market: An Industry –to-industry Dialogue**” was held in Beijing (China) in January 2016. It brought together the National Development and Reform Commission (NDRC), State-owned Assets Supervision and Administration Commission of the State Council (SASAC) that oversees 112 large centrally owned companies, and a number of international companies and China’s leading state-owned enterprises (SOEs) to discuss best industry practices, and to engage in ETS simulations with the objective to enhance private sector engagement and readiness on emission trading in China. The report is available on the B\_PMR website.

51. Based on this experience in China, the PMR will pursue opportunities to collaborate with the B-PMR throughout FY17, in particular through in-country workshops supporting the engagement of local authorities and the private sector. To support such efforts, it is proposed that the PMR and B-PMR jointly develop training material for private sector companies who are preparing for the introduction of carbon pricing.

52. Many ICPs will, as part of their MRPs activities, prepare communication plans and activities around the introduction of carbon pricing. These communication plans will look to address not just the private sector but also other groups, the general public and political stakeholders. While each country will need to design a communication plan for their own specific context, several participants have indicated that some guidance and collaboration on this aspect of their readiness would be beneficial. Accordingly, in FY17 the secretariat proposes to engage an expert to prepare some guidance based on best communication practice, as well as, previous international experience in communicating around carbon pricing. In addition, a technical workshop on communicating carbon pricing is planned for April 2017 on the margins of the Partnership Assembly meeting (PA16).

---

**Summary stakeholder engagement and preparedness work stream activities, achieved and planned**




---

Note: Related activities from previous years included. “TW” denotes technical workshop or similar event, “TN” denotes a technical note or similar knowledge product.

**I. Flagship report “State and Trends of Carbon Pricing”**

53. In FY16 the PMR agreed to partner with the World Bank’s flagship report **“State and Trends of carbon pricing”** to more fully report and disseminate information on carbon pricing developments in PMR ICPs. The report has a long history and wide readership so in partnering with it, the PMR was able to disseminate its work and ensure that country advances are highlighted. For example, in FY16 the report draw heavily on the PMRs work on carbon leakage and featured a specific chapter on this topic. In FY17 the Secretariat proposes to continue this partnership with the State and Trends Report and provide financial support for its preparation.

**J. Other activities**

54. In addition to the dedicated work streams, the technical work program has undertaken a number of other relevant activities.

*Carbon Leakage.*

55. The **technical note “Carbon leakage: Theory, Evidence and Policy”** was finalized and released in October 2015. It is available on the [PMR website](#). It draws lessons from policymaking experience and academic evidence to provide guidance to countries on how to address the issue of carbon leakage as it may arise in their national context. The work benefited greatly from the input of technical experts from

Australia, Chile, China, the European Commission, Republic of Korea, New Zealand, and South Africa who participated in a survey and interviews, and reviewed drafts of the technical note. It also benefited from contributions and comments received from the PA.

56. Also, to provide Participants an opportunity to discuss the issues in more detail a half day **Technical Workshop** was held in October 2015 on the margin of PA13 in Jordan. The agenda, summary of the workshop and presentations are available on the [PMR website](#). Two **webinars** were also held in November and December 2015 to disseminate the work to a broader audience. The webinars were a success with about 100 people participating.

57. In FY17, the Technical Work Program will facilitate **country-to-country engagement** on the issue or **in-country training** as demanded. Participants are encouraged to inform the PMR Secretariat if they are interested.

#### *Technical Discussions to Support Post-2020 Carbon Markets*

58. In FY15, the Technical Work Program initiated a series of **workshops** to provide PMR Participants and relevant experts an opportunity to engage in technical discussion on post-2020 markets. The series was continued throughout FY16. The objective of the workshops was to build knowledge on key technical market related issues discussed at the international level; exchange views and facilitating common understanding for how the carbon market will develop, to bridge the gap between carbon market practitioners and negotiators, and to inform PMR activities accordingly. Overall three workshops, two roundtable discussions and a high-level event have been held, including:

- The technical workshop ***“Different market based approaches and implications for a future carbon market”***, in November 2014, Santiago;
- The technical workshop ***“Carbon Markets: From Current Practices to their Role in the New Climate Regime”***, in March 2015, in London;
- A roundtable discussion on what it means, in practice, for carbon assets to be real, additional, permanent and verified, in Bonn on the margin of the June 2015 UNFCCC negotiating session;
- A roundtable discussion focusing on building a better understanding of the role and likely scale of international trade in carbon assets post 2020, in Bonn on the margin of the August 2015 UNFCCC negotiating session;
- The technical workshop ***“PMR insights on post-2020 carbon markets”***, in October 2016, in Jordan; and
- In collaboration with other World Bank Initiatives and the Swiss Government, ***“Carbon pricing: Sustaining the momentum after Paris”***, in March 2016, in Zurich.

59. For each event the agendas, presentations and meeting summaries can be found on the PMR website. Participant feedback for the workshops and roundtables indicated that the discussions were welcome and helped in progressing the issues both with the PMR and the broader international discussions.

60. A further **technical workshop** is planned for April 25, 2016 on the margins of the Partnership Assembly meeting, in Lima, Peru (PA14). The workshop will provide a timely opportunity for the PMR Participants, observers and the Secretariat to collectively analyze any potential implications for the PMR stemming from the Paris Agreement, with a view to further advancing the various strategic discussions under the PMR and identifying related activities for its different work programs including its technical, policy analysis and in-country work programs. Should those discussions identify any additional work streams or activities for the technical work program, these will be accommodated in the FY17 work plan.

61. Also building on this work program and the work on registries, a **technical workshop** is planned on the margins of PA15 to explore further issues around accounting for trade and the role of registries in supporting effective accounting.

#### *China carbon market monitor*

62. In FY15, the Technical Work Program initiated the preparation of a China Carbon Market Monitor that will provide timely and regular information on the Chinese pilot carbon markets. It also provides analysis of the climate policy and market developments at the national level. To date the PMR has finalized three issues of the Monitor that are available on the website, with at least one additional issue expected to be released before the end of FY16. The Monitor will continue to be prepared throughout FY17.

#### *Governance and Institutions*

63. Many PMR Participants have identified readiness activities to explore the governance arrangements (both institutional and legal) to support their planned carbon pricing policies. Many of these activities will be country specific and reflect national circumstances. Furthermore, governance and institutional arrangements have been covered as part of other guidance prepared by the Technical Work Program. For example, the Design Guide on GHG Reporting Programs has a section dedicated to governance and institutional arrangements, as does the ETS handbook, and other technical notes near completion.

64. Nonetheless some ICPs have indicated that specific guidance and collaboration on this aspect of their country work programs would be beneficial. In FY17 it is therefore proposed that the Technical Work Program explore a new technical note that will provide guidance on establishing governance arrangements for different aspects of carbon pricing. A technical workshop on the issue could then be held later in FY18.

#### *Use of Carbon Pricing Revenue*

65. Depending on the design, carbon pricing instruments have the potential to raise significant revenue. Carbon pricing revenue can be used in any number of ways including to address competitiveness and distributional concerns; reduce or supplement other taxes for general revenue purposes, or be target toward other climate policies and measures. Often, consideration of how carbon pricing revenue is to be used is an important part of the policy development process. A dedicated chapter on the use of revenue is planned as part of the Carbon Tax Guide with that material expected to be relevant for other carbon

pricing instruments as well. However, given the relevance across instruments and countries, the secretariat proposes to explore if further work is warranted to capture lessons from policymaking experience and academic evidence to help countries who are considering how to use carbon pricing revenue in their national context.

---

### Summary of other activities, achieved and planned

FY12	FY13	FY14	FY15	FY16	FY17
	TW: Building Readiness for Implementation, Barcelona	TW: Stepping Up to the Challenges: Domestic Climate Action and Carbon Pricing Instruments, Mexico City	TW: Different Market-Based Approaches & Implications for a Future Carbon Market, Santiago	Roundtable discussion: post-2020 carbon markets	TW: Accounting and registries
	TW: Modeling Tools & Data Reporting, Sydney	TN: Lessons Learned from Linking Emissions Trading Systems	TW: Carbon Markets: From Current Practices to their Role in the New Climate Regime, London	TW: PMR insights for post-2020 carbon markets	TN: Guidance for establishing governance arrangements for carbon pricing (institutional and legal arrangements)
	TW: Tackling Climate Change: Pricing Carbon to Achieve Mitigation, Washington		TB: China carbon market monitor	TW: Carbon Pricing: Maintaining the momentum after Paris.	TB: China carbon market monitor
	TW: Expert meeting on modelling for carbon pricing, Washington			TW: Implications of the Paris Agreement for the PMR	
	TW: Policy Mapping & Effective Instruments for GHG Mitigation in Urban Transport, Washington			TN: Carbon leakage: theory, evidence and policy	
				TW: Carbon leakage: theory, evidence and policy	
				Webinar: Carbon leakage: theory, evidence and policy	
				TN: Interactions between energy and carbon pricing	
				TB: China carbon market monitor	

---

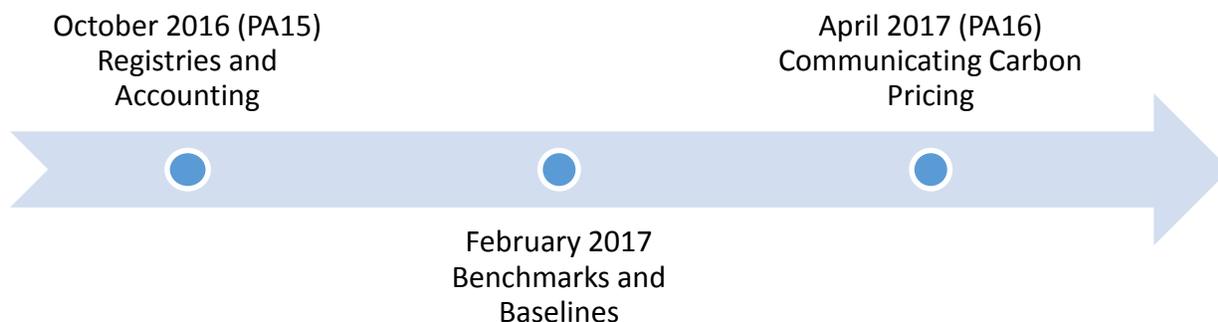
Note: Related activities from previous years included. "TW" denotes technical workshop or similar event, "TN" denotes technical note or similar knowledge product, "TB" denotes a technical brief or similar.

**K. Technical Workshops and Trainings**

66. In FY16 the PMR held a number of technical workshops that were standalone from those typically held on the margins of the Partnership Assembly meetings. These include the workshop on Registries, the workshops on ETS and carbon tax and the planned workshop on scaled-up credit6ing (see above update on relevant work streams for further information). Annex III provides a summary of the feedback received from participants at the workshops held in FY16.

67. These standalone workshops provided an opportunity for the agendas to go into more technical detail and to target participation to relevant representatives from Participants. We propose to continue to hold these standalone workshop in FY17. Going forward, however, the scheduling of workshops must also take into account the broader PMR work program (including any meetings under the Policy Analysis Work Program, see PMR note PA14 2016-2) and not overwhelm participants with travel.

68. In FY17 it is therefore propose to hold two day long technical workshops on the margins of the PA meetings in October 2016 and April 2017. We also propose to hold a stand along technical workshop for up to three days in February 2017. These would include technical workshops on: accounting and registries (October 2016); benchmarks, and baseline approaches (February 2017); and on communicating carbon pricing (April 2017).



69. To capture the breadth of experience on many of these issues, it is important that standalone workshops can benefit from experts from both ICPs and Contributing Country Participants (CCPs). Experience suggests that CCPs may not have budget to fund the participation of their experts in these workshops. The Secretariat seeks guidance from the PA on funding participation from CCPs if it would secure the participation of experts with particular relevance for the workshops.

70. In addition to these workshops for which participation would be open to all Participants, regional or in-country specific technical training on the different aspects of the Technical Work Program is also proposed. These trainings are expected to leverage the knowledge products that

have now been prepared and to help participants to apply the guidance in their regional or national specific context. The Secretariat will work with interested ICPs to maximize the benefits of such training in terms of focus, as well as, the most suitable timing for the training. For example, ideally training will occur at a time when implementation of related activities has commenced in-country.

71. Interested ICPs are encouraged to inform the Secretariat so that demand can be mapped. Request for this support will need to be managed within the overall capacity of the technical work program to deliver on the training. The Secretariat will also look for opportunities to leverage partnerships and other events to deliver regional or in-country specific activities.

#### **L. *Working groups***

72. Some components of the Technical Work Program are supported by a working group comprising nominated representatives from PMR Participants, observers and experts. Working groups provide guidance on the work plans, input to workshops, and feedback on knowledge products and other deliverables. Specifically in FY16:

- ETS focal points provided valuable input on the ETS handbook;
- The carbon tax working group has provided input on the outline of the Carbon Tax Design Guide.
- The Offset and Crediting Working Group met virtually in January 2015 and provided valuable input to the technical brief on additionality;
- Experts from a number of countries also provided input to the Carbon Leakage report including being interviewed by the project team and providing input of the drafts; and
- The MRV Working Group provided input to the Background Notes on Registries prepared ahead of the Registries workshop.

73. The secretariat proposes to continue to use working groups to support the Technical Work Program in FY17. The following working groups are expected to be active throughout the year:

- ETS working group;
- Carbon Tax working group;
- Offsets and Crediting working group;
- MRV working group;
- Baseline working group; and
- Benchmark working group.

74. The secretariat will also likely establish ad-hoc working groups to support its new work on governance, communication and use of revenue as appropriate.

75. Typically working groups engage via email and meet virtually. The secretariat will consider face-to-face meetings where this is identified as being beneficial for the work-stream's activities. Participants

are encouraged to nominate the most relevant representatives to participate in the working groups that are of interest to them. Representatives can be changed or added at any time by emailing the secretariat.

#### IV. DISSEMINATION

76. The PA identified improved dissemination of the knowledge generated by the Technical Work Program as a priority at PA10, Santiago. The first independent review of the PMR also highlighted this as an area for improvement. Accordingly, the secretariat undertook a number of actions to improve dissemination in FY16, including:

- improvement of the PMR website to restructure, update and improve accessibility of knowledge available;
- translation of products when demanded
- publishing and disseminating knowledge products on the World Bank’s Open knowledge repository that has a wide and far reaching general audience and provides statistics to track dissemination (see table 1 below for a summary);
- use of social media, twitter, blogs, and media releases where appropriate, to communicate the release of knowledge products and events;
- circulation of a regular newsletter with new contacts added throughout the year to expand distribution;
- notifications of activities and release of products through other distribution channels such as Climate\_L; and
- featuring the PMR at a number of events such as Carbon Expo, the Latin American Carbon Expo Forum and Navigating the American Carbon World.

77. The Secretariat proposes to continue to use these approaches to enhance dissemination in FY17. The PA is invited to provide feedback on the approach to enhance dissemination and to recommend any additional steps that the Secretariat can take to improve dissemination further.

**Table 1: Dissemination statistics for PMR knowledge products released since January 2015**

Title	Release	Abstract views	Downloads	Social media
<b>Emissions Trading in Practice : A Handbook on Design and Implementation</b>	March 2016	3826	3946*	Picked up by 10 news outlets Blogged by 1 Tweeted by 342 On 1 Facebook pages
<b>Carbon leakage: theory, evidence and policy design</b>	October 2016	1581	1096	Tweeted 7 times

<b>Crediting-Related Activities Under the PMR: Status and Support for Implementation</b>	August 2015	572	293	Tweeted 6 times
<b>Options to Use Existing International Offset Programs in a Domestic Context</b>	August 2015	548	416	Tweeted 1 time
<b>Guide for Designing Mandatory Greenhouse Gas Reporting Programs</b>	May 2015	1421	812*	Tweeted 13 times
<b>Checklist on Establishing Post-2020 Emission Pathways</b>	March 2015	850	629	Tweeted 7 times
<b>Preparing for Carbon Pricing : Case Studies from Company Experience--Royal Dutch Shell, Rio Tinto, and Pacific Gas and Electric Company</b>	February 2015	1022	1813	Tweeted 5 times Blogged by 2, On 2 Facebook pages
<b>Overview of Carbon Offset Programs : Similarities and Differences</b>	February 2015	772	1005	Tweeted 1 times

\* Note this includes downloads from ICAP's and WRI's websites.

## V. TECHNICAL WORK PROGRAM BUDGET

78. For FY16, the PA approved a budget of USD 1 million for delivery of the Technical Work Program. Actual expenses totaled USD 1.2 million<sup>1</sup> to support the activities described above.

79. Based on the planned activities, the secretariat proposes to allocate \$1.3 million for the delivery of the Technical Work Program in FY17. The estimated budget by type of activity is presented in Table 2 below. Some flexibility is needed for the allocation to individual work streams and the activities within.

**Table 2: Summary of Activities Planned in FY17 and Estimated Budget Broken Down by Type of Activity**

<b>Activity</b>	<b>Timing</b>	<b>Budget FY17 USD</b>
<b>Knowledge products</b>		<b>820,000</b>
Carbon Tax Guide	Initiated FY16, finalized FY17	
Assessing and mobilizing international and domestic sources of demand for scaled-up crediting programs	Initiated FY16, finalized FY17	
Baseline setting at the aggregate level in the context of broader policy development, including INDCs	Initiated FY16, finalized FY17	

<sup>1</sup> This represents actual expenditures until March 31 and estimates from April 1 to June 30 2016.

MRV approaches beyond facility-level	Initiated FY16, finalized FY17	
Crediting Guide	Initiated FY17, finalized FY18	
Designing and implementing a domestic offset scheme	Initiated FY17, finalized FY17	
Guidance on developing measurement protocols for GHG reporting Programs	Initiated FY17, finalized FY18	
Guidance on developing verification and accreditation arrangements for carbon pricing	Initiated FY17, finalized FY18	
Template for comparing GHG reporting programs	initiated and finalized FY17	
Designing and Implementing Benchmarks for Carbon Pricing	Initiated FY16, finalized FY17	
Compendium of Baselines	Initiated FY16, finalized FY17	
State and Trends	Initiated FY17, finalized FY18	
China carbon market monitor	Initiated FY15, finalized FY17	
Guidance on Determining Governance Arrangements (institutional and legal) for Carbon Pricing	Initiated FY17, finalized FY18	
Training Material for Private Sector Preparing for Carbon Pricing	Initiated FY17, finalized FY18	
<b>Technical workshop</b>		<b>250,000</b>
Registries and Accounting	Held FY17	
Benchmarks and Baselines	Held FY17	
Communicating Carbon Pricing	Held FY17	
<b>Technical training and country to country exchange (based on demand)</b>	<b>Held FY17</b>	<b>150,000</b>
<b>Electronic modes</b>		<b>80,000</b>
ETS E-learning update	Initiated and finalized FY17	
ETS E-learning facilitated courses	Held in FY17	
Carbon Tax E-learning develop	Initiated in FY17, finalized in FY18	
MRV E-Learning facilitated courses	Held in FY17	

Webinars	Held in FY17	
<b>TOTAL</b>		<b>1,300,000</b>

**VI. ACTION BY THE PA**

80. The PA is invited to provide feedback on the proposed activities and budget for the PMR Technical Work Program in FY17 and consider it for endorsement at PA14 in Lima, April 26-28, 2015. Following endorsement, the secretariat will report back to the PA periodically on progress of the work program and seek further guidance on its scope and activities.

## ANNEX I: MAPPING IMPLEMENTING COUNTRY PARTICIPANT'S READINESS ACTIVITIES

1. To help inform the strategic planning for the Technical Work Program in FY17, the secretariat updated the exercise also used in FY16, of mapping the readiness activities of Implementing Country Participants using a matrix of the different carbon pricing instruments and the various cross-cutting technical components. A summary of the mapping exercise is presented in table 1.

**Table 1: Summary of mapping exercise**

	Cap & Trade	Carbon Tax	Offsets	Scaled-up crediting
<b>Policy Mapping/ MBI analysis</b>	Brazil, China, Indonesia, Morocco, Thailand, Turkey, Ukraine, Kazakhstan	Brazil, Chile, South Africa, Turkey		Columbia, Indonesia, Jordan, Morocco, Mexico, Thailand, Turkey, Vietnam
<b>Instrument Design</b>	China, Indonesia, Thailand, Ukraine		China, Columbia, Costa Rica, South Africa	Columbia, Indonesia, Morocco, Mexico, Peru, Vietnam
<b>MRV</b>	China, Indonesia, Morocco, Thailand, Turkey, Ukraine	Chile, Morocco, South Africa, Turkey	Columbia, Costa Rica, South Africa	Columbia, Indonesia, Jordan, Morocco, Mexico, Peru, Turkey, Vietnam
<b>Data Management and Registries</b>	Brazil, China, Thailand, Ukraine	Brazil, Chile, South Africa	Costa Rica, South Africa	Columbia, Jordan, Morocco, Mexico, Peru, Vietnam,
<b>Baselines</b>			Columbia, Costa Rica	Morocco, Mexico, Peru, Vietnam
<b>Allocations/ Exemptions</b>	China, Thailand, Kazakhstan	South Africa		
<b>Linking</b>	China			
<b>Use of Revenue</b>		South Africa		
<b>Trading Infrastructure and Oversight</b>	China			Mexico
<b>Stakeholder Engagement &amp; Preparedness</b>	Brazil, Thailand, Turkey, Ukraine	Brazil, Chile, South Africa	Costa Rica, South Africa	Columbia, Indonesia, Jordan, Morocco, Mexico, Peru, Vietnam
<b>Governance &amp; Institutions</b>	China, Indonesia, Thailand, Ukraine	Chile, South Africa,	Columbia, Costa Rica, South Africa	Columbia, Indonesia, Jordan, Morocco, Mexico, Vietnam
<b>Compliance &amp; Enforcement</b>	China			Peru

Note: Implementing Country Participants with activities to assess different instruments have been mapped to all possible instruments. The readiness activities of those Implementing Country Participants who are still in the process of preparing their MRPs will be added to the matrix as MRPs are finalized

## ANNEX II: TYPES OF ACTIVITIES

1. The Technical Work Program has, and will continue in FY17, to use a range of activities and delivery modes to achieve its objectives.
  - **Knowledge Products** such as Technical Notes that provide tools and guidance on the design and implementation of carbon pricing instruments; country case studies that capture experience, insights and lessons as readiness activities are implemented; and technical briefs that provide timely insights or advice on specific issues as needs are identified.
  - **Country-to-Country Exchanges** that support knowledge sharing directly among the PMR Participants, for example, through bilateral, regional or multi-country dialogues. Exchanges can be facilitated on the margins of PMR events or organized specifically on request.
  - **Technical Workshops** that provide an opportunity for PMR Participants to engage in technical discussions with experts and other relevant stakeholders (e.g., the private sector) to enhance capacities and collective understanding.
  - **Technical Trainings** that focus on capacity building. Technical trainings are designed as practical learning events. They can accommodate participants from multiple countries or focus on participants from a single country. These build on the knowledge products and compliment planned capacity building activities at the country level.
  - **Electronic modes** such as the PMR's website, the World Bank's Open Knowledge Repository, webinars, and E-Learning courses. These modes and activities can be used to effectively and efficiently disseminate knowledge products and experience among PMR participants and to a wider audience.

**ANNEX II: SUMMARY OF FEEDBACK ON TECHNICAL WORKSHOP.**

1. Following the recommendations of the first independent evaluation of the PMR, the PMR secretariat has systematically gathered feedback from participants for each of its technical workshops during FY16. The feedback provides a good indication of the usefulness of the workshops and helps us to better shape future workshops. The table below is a summary of the feedback received.

**Table 1: Summary of Feedback Received from Workshop Participants in FY16 to date** (weighted average rating of between 1-5 where 5 is maximum)

<b>Workshop</b>	<b>Overall usefulness</b>	<b>Improved understanding of topic</b>	<b>Knowledge gained useful in country context</b>	<b>Networking opportunities</b>
<b>Building Registries to Support the Next Generation of Carbon Markets</b>	4.62	4.22	4.43	4.44
<b>PMR Insights on Post 2020 Carbon Markets</b>	4.46	4.04	4.04	4.44
<b>Carbon Leakage: Theory, Evidence and Policy</b>	4.55	4.16	4.19	4.45
<b>Emissions Trading: Leveraging a Decade of Global Experience</b>	4.0	3.94	3.90	Not asked
<b>Carbon Pricing: Latest Developments of Carbon Taxes</b>	4.38	4.08	4.09	4.30