

# **PARTNERSHIP FOR MARKET READINESS (PMR)**

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Extraordinary Meeting of the Partnership Assembly  
March 14, 2012, Shenzhen, China

## **Chair's Summary of the Extraordinary Meeting of the Partnership Assembly**

## OPENING OF THE MEETING

1. The meeting was opened by the Co-chairs, Mr. Evren Türkmenoğlu and Mr. Lex de Jonge.
2. The PMR Secretariat presented an [update](#) on work carried out since [PA2](#) (Istanbul, October 27-28, 2011).
3. The PA adopted the [agenda](#) as attached to this document.

## INFORMATION SHARING AND UPDATES

4. The following countries presented formal updates on their preparation work for their respective Market Readiness Proposals (MRP): [Chile](#), [Costa Rica](#), and [Mexico](#).
5. In addition, Implementing Country Participants and Contributing Participants were invited to share updates on recent domestic policy developments related to carbon markets or on their PMR activities. All Implementing Country Participants present provided an update, as did Japan.

## REFLECTIONS ON THE DURBAN OUTCOME

6. Mr. Türkmenoğlu presented [reflections on the Durban Outcome](#), highlighting the significance of the launch of the Durban Platform and the decision of the international community to push forward on new market mechanisms. He then invited the PA to consider the implications of Durban on the work of the PMR.
7. Participants agreed that the PMR offers an opportunity to work on some important design issues for a new market mechanism(s) at the practical level, and that the lessons generated from piloting and testing can feed into the UNFCCC process. However, Participants reiterated that the PMR is the platform for cooperation and should not intervene in the UNFCCC negotiations.

## ORGANIZING FRAMEWORK FOR SCOPING OF PMR ACTIVITIES

8. **Morocco** presented its [Organizing Framework](#) for Scoping of PMR Activities for consideration and discussion by the PA. Some Participants expressed the view, among others, that Morocco's MRP should be more explicit about the market mechanism(s) Morocco plans to pursue. The PA adopted [Resolution No. PA EOM 1/2012-1](#) allocating preparation phase funding in the amount of US\$315,000 to Morocco. (While preparation phase funding is set at US\$350,000 per Implementing Country Participant, Morocco already received an advance of US\$35,000). Participants are invited to provide Morocco with any further feedback on its Organizing Framework by March 31, 2012. Morocco is invited to take comments made by Participants into consideration as it formulates its MRP.

## OPTIONS FOR ALLOCATION OF PMR IMPLEMENTATION FUNDING

9. The PMR Secretariat made a [presentation](#) on funding availability and on the allocation process to date (including a recap of the allocation options considered thus far, a description of the proposed additional criteria to be considered for funding allocations above US\$3 million, and recommendations for moving forward).

10. The Co-chairs reported on informal meetings held by all Participants in which participants voiced support for the following principles with regard to implementation funding allocation:
  - a. The primary emphasis should be on increasing the available budget to US\$100 million.
  - b. A “reserve list” that places an Implementing Country Participant on a waiting list for implementation funding should be avoided;
  - c. Allocation that employs a first-come, first-serve approach should be avoided;
  - d. Allocating additional funding should take into consideration the actual size of the additional allocation pot;
  - e. The funding range should include a floor of US\$3 million;
  - f. A reserve of US\$3 million for 15 MRPs (for a total reserve of US\$45 million) should be set aside (the reserve is not a guarantee of funding but provides funding for each Implementing Country Participant that presents an MRP that goes through the feedback process);
  - g. A deadline for MRP approval/submission should be set in order to enable a robust operation of the PMR; and
  - h. Finding a workable solution to move forward is in everyone’s best interest.
  
11. Participants agreed to the following:
  - a. The PMR Secretariat will continue to explore possibilities to increase the PMR Fund up to US\$100 million; Contributing Participants are invited to assess whether an increase of their pledges/contributions is possible;
  - b. For each of the 15 Implementing Country Participants, US\$3 million will be set aside (for a total budget reservation of US\$45 million). This US\$3 million will be allocated only once an MRP has completed the MRP feedback process and funding has been approved by the PA, and provided that the budget plan of that MRP justifies this minimum amount;
  - c. The funding range for implementation funding allocations shall be between US\$3 million and a value between US\$7 and US\$8 million. Participants are open to reconsider the upper limit of the funding range when the status of available funds changes;
  - d. There should be a deadline for the submission of the MRP, after which the availability of funding would become uncertain. The PMR Secretariat shall make a recommendation for a reasonable deadline, which would start after the submission of an Organizing Framework. The PMR Secretariat shall also make a recommendation as to whether the deadline will apply to draft MRPs or final MRPs. Participants are also invited to make submissions of their views on the matter;
  - e. The Co-chairs requested the PMR Secretariat to further elaborate on the modality for using the additional criteria, showing a possible relationship between the criteria and the level of additional funding, and applying a pro-rata approach taking into consideration the total available budget for additional funding. The PMR Secretariat invites Participants to share ideas for how they would like these criteria to work. The goal is to agree to a modality for these criteria at PA3; and
  - f. A resolution should be adopted – preferably at PA3 – with regard to implementation funding allocation and the principles agreed to at the extraordinary meeting of the PA.

#### **NEXT STEPS**

12. The next PMR technical workshop and Partnership Assembly meeting (PA3) are scheduled for May 27-29, 2012 in Cologne, Germany. Proposed topics for the one-day workshop include baseline setting and/or registry set up.
13. Implementing Country Participants that wish to submit an Organizing Framework or draft MRP for consideration at PA3 must do so at least two weeks prior to the meeting, e.g., by May 11, 2012.
14. Participants agreed to hold PA4 in October 2012. Participants acknowledged that the meeting may need to be longer than the customary two days in order to accommodate the anticipated number of country presentations that will be submitted for consideration. The meeting will also be accompanied by a technical workshop. The topic for the workshop, the location for both events, and the dates are to be determined. If possible, the meetings will be held back-to-back with other meetings attended by PMR participants to save travel costs.

#### **CLOSING**

15. The meeting was closed on March 14, 2012.
16. All presentations, resolutions and other meeting documents are publicly available on the PMR website: <http://www.wbcarbonfinance.org/pmr>.

**Partnership for Market Readiness**  
**Extraordinary Meeting of the Partnership Assembly**  
**Agenda**

**March 14, 2012**  
**Hotel Shangri-La Shenzhen**  
**Shenzhen, China**

<b>1. Opening and Introduction</b>	
08:30	Registration: welcome coffee
09:00	<ul style="list-style-type: none"> <li>- Welcome by Co-Chairs (<i>Mr. Evren Türkmenoğlu and Mr. Lex de Jonge</i>)</li> <li>- Update since PA2 (<i>Xueman Wang, PMR Secretariat</i>)</li> <li>- Adoption of agenda</li> </ul>
<b>2. Reflections of the Durban Outcome</b>	
Participants are invited to share their reflections on the UNFCCC decision on a market mechanism(s), in particular on how the PMR work could provide practical information to the UNFCCC process	
09:30	<ul style="list-style-type: none"> <li>- Introduction by the Co-Chairs</li> <li>- Comments by Participants</li> </ul>
10:15	Coffee break
<b>3. Presentation of Organizing Framework for Preparation Funding</b>	
Morocco will present the Organizing Framework for consideration and decision by the PA on allocation of the Preparation Funding of US\$350k.	
10:30	<ul style="list-style-type: none"> <li>- Presentation</li> <li>- Discussion and decision</li> </ul>
<b>4. Information Update</b>	
Implementing Country Participants are invited to update the PA on their PMR activities, in particular on the status of the Market Readiness Proposal. The update may be done through PowerPoint presentations or oral briefings. Contributing Participants are encouraged to share any relevant policy developments from their countries.	
11:30	<ul style="list-style-type: none"> <li>- Update by Participants</li> </ul>
12:45	Lunch
<b>5. Options for Allocation of PMR Implementation Funding</b>	
14:00	<ul style="list-style-type: none"> <li>- Presentation (<i>PMR Secretariat</i>)</li> <li>- Discussion and decision</li> </ul>
16:00	Coffee break
<b>6. Decisions and Next Steps</b>	
16:15	Planning for 2012 PMR meetings and workshops ( <i>PMR Secretariat</i> )
16:45	Adoption of decisions
17:00	Wrap up