

Partnership for Market Readiness

Country Program Report for FY19

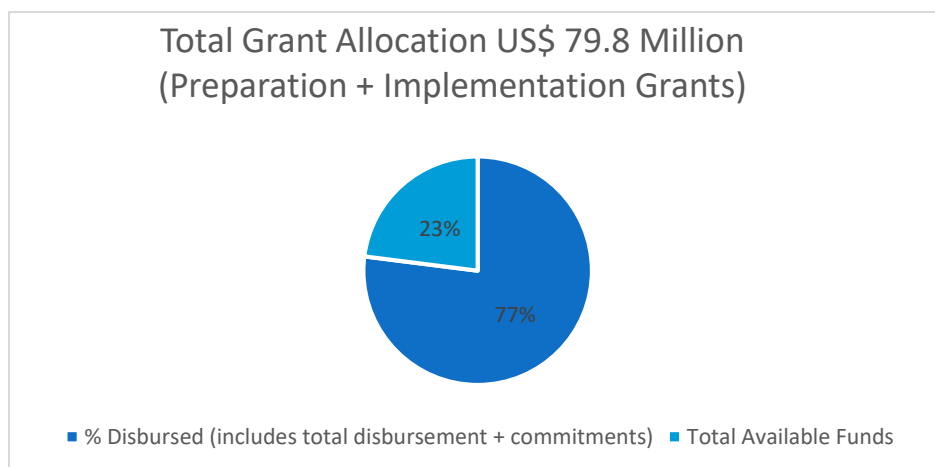
PMR Note PA21-2019-01
October 9, 2019

I. BACKGROUND

1. The Country Program Report for FY19 as of September 30, 2019, provides the grant status in terms of disbursements, commitments and available budget of each PMR Participant. The number of PMR Participants is 23 (19 ICPs and 4 TPs receiving targeted technical support). Additionally, there are highlights of key achievements in all countries.

II. OVERALL COUNTRY GRANT STATUS

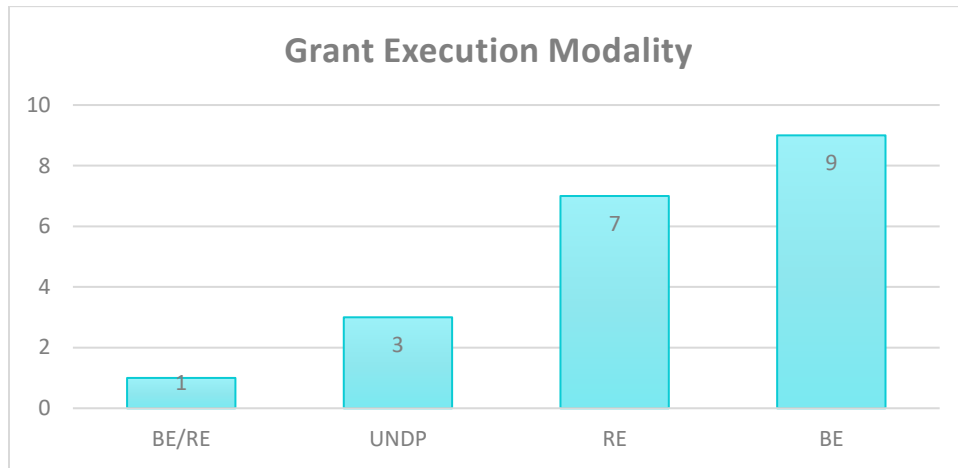
2. A general overview of the PMR’s status of total grant allocation to countries since the program began in 2011 includes both preparation and implementation grants. As of September 30, 2019, this allocation totals US\$79.8 million¹. Since the PMR began, the overall operating disbursements (actual disbursements plus commitments) equal 77 percent of total grant allocation leaving an actual available budget (uncommitted funds) of 23 percent.



III. GRANT EXECUTION MODALITIES

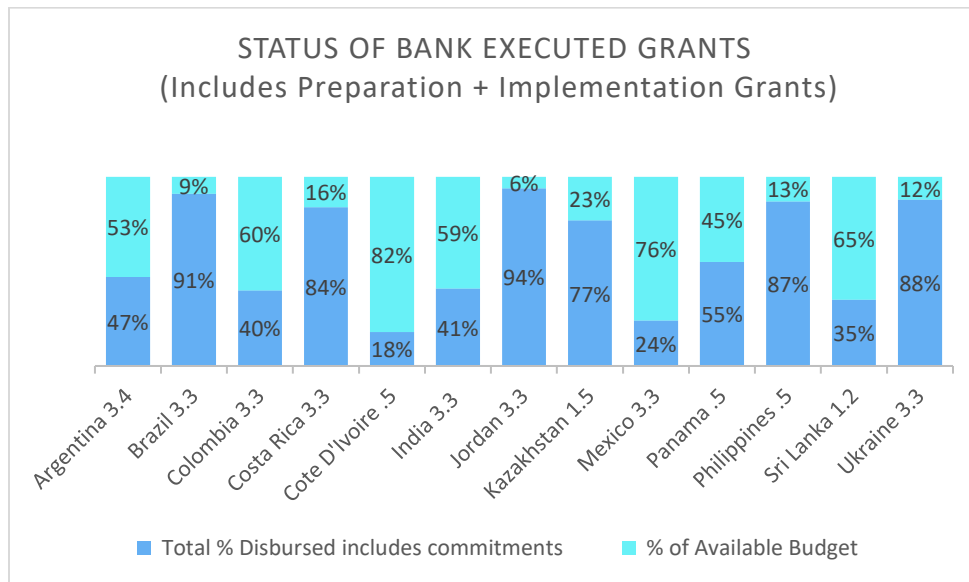
3. The following table shows the different execution modalities under PMR. Nine of the grants are Bank Executed (BE), seven are Recipient Executed (RE), three are executed by the UNDP (external delivery partner) and one, Sri Lanka, has a split execution of BE and RE.

¹ This total does not include India’s US\$ 5 million RETF grant.

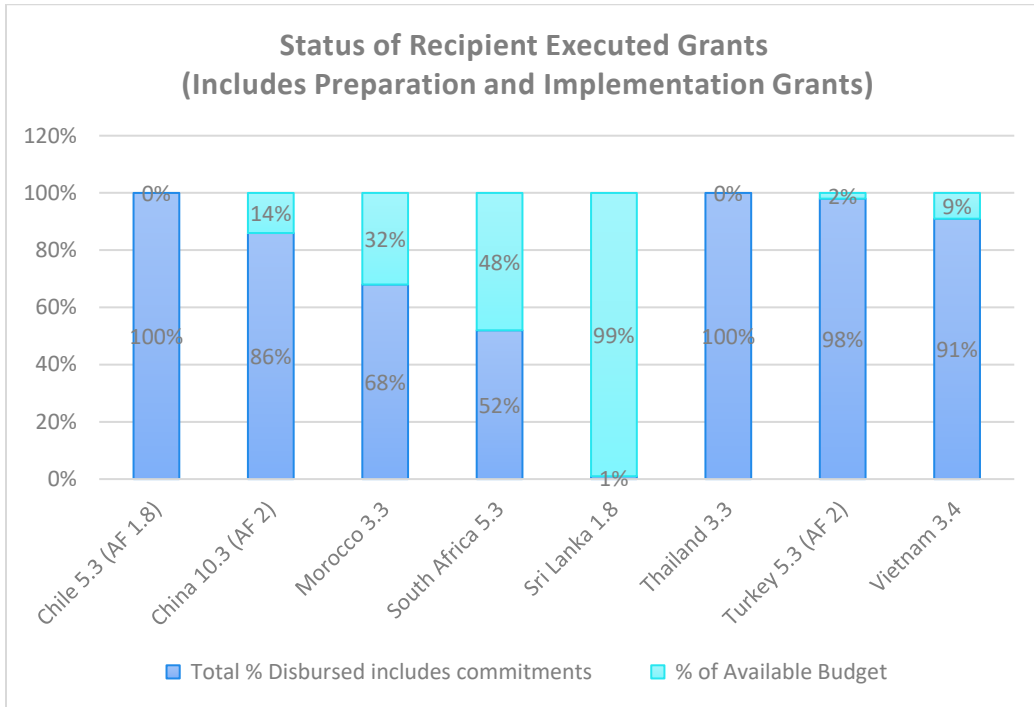


IV. PREPARATION AND IMPLEMENTATION GRANT EXECUTION

4. **Bank Executed Grants:** The following table provides the status of Bank Executed Grants (including Sri Lanka’s US\$ 1.2 million) by individual countries; in fractions of disbursements (which include commitments) and available budget.

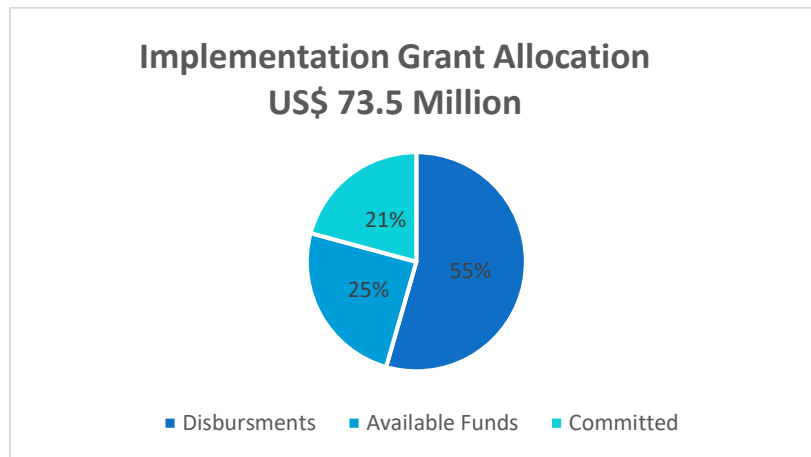


5. Recipient Executed Grants:



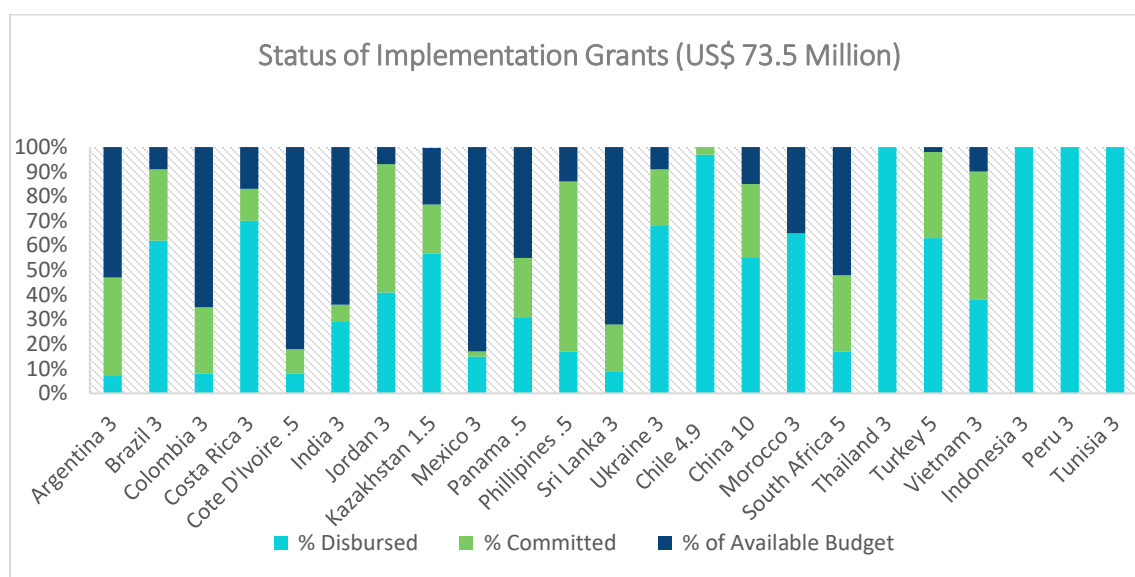
V. IMPLEMENTATION GRANT EXECUTION

6. The total implementation grant allocation (excluding preparation grant) per country totals US\$ 73.5 million²; 55 percent has been disbursed, 21 percent has been committed and 24 percent is the remaining available budget.



² Not including India's US\$5 million RETF grant.

7. The following table includes the status of the implementation grants for ICPs and Targeted Technical support for TPs which show the percentage disbursed; committed and available budget for each country. This table shows exclusively the implementation grant allocation.



8. **Closing Date:** Chile and Morocco have completed their country programs. Most countries currently have the closing date of June 30, 2020. Sri Lanka's (Recipient Executed Grant of US\$1.8 million), which was initiated in April 2019 is scheduled to close in February 2021. As expressed in the Co-Chairs Summary of PA20 countries will have until December 31, 2019 to request an extension of closing date if deemed necessary.

Countries	Closing Date
Morocco, Chile	Completed
Thailand, Tunisia, Turkey,	12/31/2019
Cote D'Ivoire	1/21/2019
China	2/29/2020
Brazil, Mexico	5/31/2020
Argentina, Colombia, Costa Rica, India, Indonesia, Jordan, Kazakhstan, Peru, South Africa, Sri Lanka, Ukraine, Panama, The Philippines	6/20/2020
Vietnam	12/31/2020
Sri Lanka*	2/28/2021

*RE US\$ 1.8 million grant

VI. REVIEW OF THE COUNTRY PROGRAM

9. Following the PA20, three countries announced that they would not be using part of their implementation grant allocation, Morocco; South Africa and Sri Lanka. Additionally, the World Bank informed the government of India on 30 September 2019 that they would no longer proceed with the US\$ 5 million Bank Executed Grant. As stated in the Co-Chairs summary for the 20th PA, each ICP was to have the grant agreement signed with the World Bank by no later than July 31, 2019. Although this time was extended for India to September 15, 2019 the grant agreement could not be signed. Furthermore, Mexico has submitted a revised implementation plan and South Africa has updated the amount they would not use.

V. KEY COUNTRY HIGHLIGHTS



ARGENTINA

- Carbon tax in place since 2018
- Exploring market-based instruments for the energy sector (green/white certificates systems)



BRAZIL

- Analyzed the impact of a carbon price on several sectors of the economy
- Considering a carbon pricing policy package



CHILE

- Implemented a carbon tax
- Launched a scalable MRV program
- Considering whether to extend its carbon tax, introduce a supplemental ETS, or a combination of the two



CHINA

- Soft launched a national ETS in 2017. Simulation ongoing in power sector
- Designing a policy framework for its national carbon market and advancing regulatory systems to ensure a functional ETS, with the aim of expanding it to seven other sectors of the economy



COLOMBIA

- Has a carbon tax in place
- Developing an ETS proposal, as per climate change law mandate



COSTA RICA

- Relunched National Carbon Neutrality Program with offset rules
- Working towards introducing an emissions levy, operating a domestic verified emissions reductions market, and piloting a sector-based crediting program



CÔTE D'IVOIRE

- Aligned the PMR program with the upcoming World Bank in-country Development Policy Operation and leveraged additional finance
- Engaged with the Transformative Carbon Asset Facility to mobilize additional results-based carbon finance
- Organized an inter-ministerial dialogue on environmental fiscal reforms
- Analyzing the options for a carbon tax in the energy, transport, and land-use sectors



INDIA

- Working on a road map for carbon pricing instruments in the waste and micro, small, and medium enterprises sectors, including piloting



INDONESIA

- Mandated the use of economic instruments, including carbon pricing
- Assessing carbon abatement costs and sector baselines in target areas
- Assessment being carried out to pilot a market-based instrument, develop a data management system, and review emissions data for an MRV system



JORDAN

- Launched an MRV system and developing a registry
- Passed the climate change by-law to support climate action
- Developed the Amman Climate Change Action Plan to meet zero-carbon goal by 2050
- Identifying a role for market instruments to support energy efficiency in its residential building sector



KAZAKHSTAN

- Drafting its NDC for post-2020 United Nations Framework Convention on Climate Change (UNFCCC) submission
- Determining the cap for its ETS for the next allocation phase and conducting a legal and technical review of its registry



MEXICO

- Has a carbon tax in place
- Planning the pilot phase for the national ETS, as per climate change law mandate



MOROCCO

- Developed an MRV framework for market-based instruments



PANAMA

- Assessing the role and design features of carbon pricing instruments in the energy sector, with a special focus on a potential carbon tax
- Developing the core building blocks for a domestic MRV system in the energy sector, including transport



PERU

- Assessing the impact of a carbon price on several sectors of the economy
- Designing Article 6 pilots and establishing infrastructure for an MRV program with international transfers



PHILIPPINES

- Assessing the potential of carbon pricing instruments to achieve its NDC targets. Analytical work started in March 2019



SOUTH AFRICA

- Rolling out a nationally legislated carbon tax
- Developing a domestic offset scheme



SRI LANKA

- Assessing carbon pricing instruments for the power and transport sectors
- Designing an MRV system and registry
- Assessing a voluntary carbon offset scheme for domestic implementation



THAILAND

- Has a carbon offsetting program, a voluntary emission reduction program, and a voluntary ETS in place
- Considering an appropriate carbon pricing instrument. All PMR activities are expected to be completed by October 2019. Based on these outputs, the government will prepare a Climate Change Law



TUNISIA

- Assessing how carbon pricing can help decarbonize Tunisia's economy



TURKEY

- Completed all its activities under the MRP phase
- Under the Additional Finance phase, the PMR will support Turkey to develop the legal, institutional, and technical framework to pilot an ETS



UKRAINE

- Draft MRV law is going through approval process
- Planning implementation of an MRV system and exploration of a national ETS



VIETNAM

- Developing a national MRV, assessing carbon pricing instruments, working towards piloting a crediting program in the steel sector, and exploring carbon pricing approaches in the waste sector
- Developed a mitigation plan for the energy sector

VI. SUMMARY

10. In addition to Chile and Morocco, which completed their MRPs, Turkey, Thailand and Indonesia are on the cusp of completing their programs in 2019, and China is poised to do so in early 2020. Brazil, Peru and Vietnam have disbursed/committed over 90%, and Costa Rica, Ukraine and The Philippines over 80%.

11. Thus, the six-month period between the PA20 and PA21 has shown considerable progress in terms of implementation with the total disbursement moving up to 77% compared to 65%. This has been facilitated through the exercise the Secretariat did with each country to develop realistic implementation roadmaps.

12. Nonetheless, around \$25m or about one-quarter still remains to be disbursed in the 9-15-month time left in the PMR.

13. In this regard, there is a need to ramp up the implementation efforts in India, Colombia, Sri Lanka, Mexico, Tunisia and Cote d'Ivoire.

14. A further effort (following the PA20 resolution on developing country procurement plans by 30 September 2019) has yielded additional insights in terms of rate of implementation across all the PMR countries. This analysis, to be presented separately at PA21, points to two key conclusions – i) some of the countries may need time extension of their programs up to December 2020; and, ii) several countries are likely to have small residual amounts unspent at the completion of their programs. The Secretariat will make suggestions to address these likely outcomes.