



Partnership for Market Readiness (PMR): Crediting-related activities under the PMR: update and suggested next steps

Ms. Pauline Kennedy
PMR Secretariat

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Outline

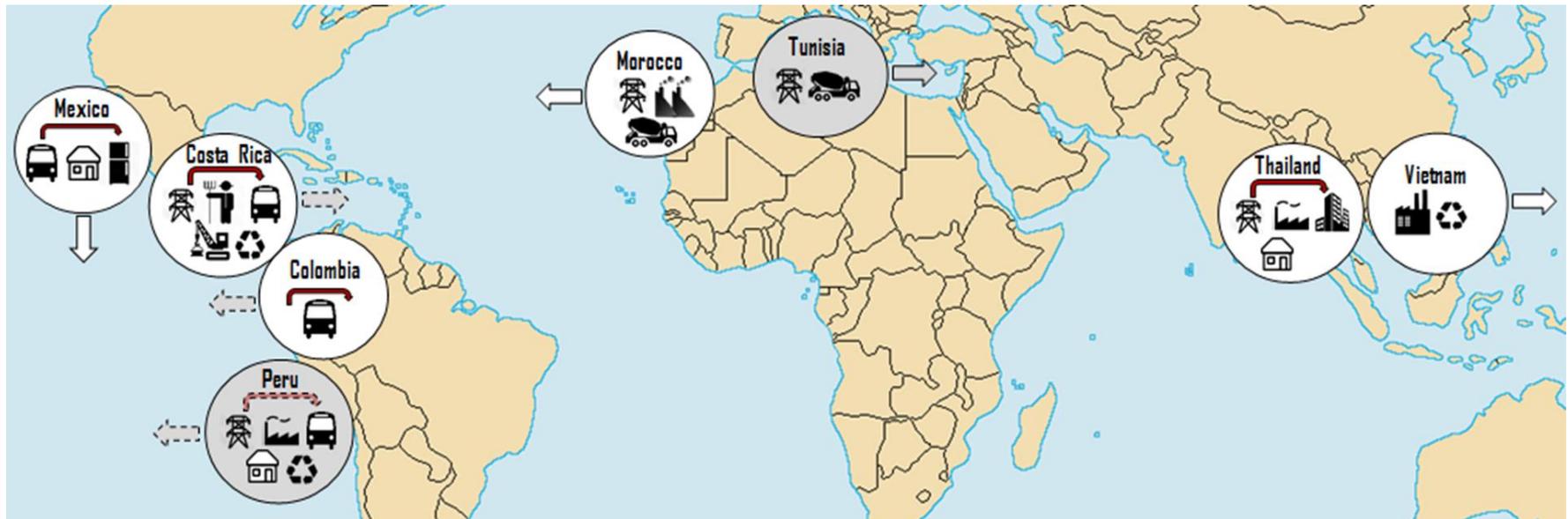
- ◆ Summary of the Crediting Session breakout group discussions at PA 11
- ◆ Suggested steps forward

Readiness for crediting: need for an overarching discussion

- ◆ Development of crediting instruments is an important part of the PMR work program
- ◆ Demand for credits is critical for these instruments:
 - Current uncertainty around international demand
- ◆ Common understanding on possible ways forward for the PMR support is important:
 - What are the possible implications of the evolving context on readiness activities in the Implementing Countries?
 - How can we ensure the effectiveness of PMR-supported readiness activities?

Status of crediting-related activities in the MRPs

- ◆ 8 out of 17 PMR Implementing Countries include crediting as the principal market-based instrument in their MRPs



Transport	Commercial buildings	Construction	Phosphates	International use
Housing	Agriculture	Power sector	Industry	International use of credits under consideration
Appliances	Waste	Steel sector	Cement sector	Domestic use of credits
				Domestic use of credits under consideration

Previous actions to support an overarching discussion

- ◆ PMR Secretariat commissioned a stocktaking study on crediting readiness support by the PMR to:
 - Review 8 MRPs with crediting as a principle market-based instrument;
 - Explore ways to support a range of climate policies through crediting readiness;
 - Identify opportunities for the PMR to consolidate and maximize its support to Implementing Countries

- ◆ The stocktaking study presented in London (PA11)
- ◆ Study will be published in June 2015
- ◆ Breakout group discussion took place in London

Summary of the Crediting Session breakout group discussions

- ◆ The outcomes of the Paris COP are expected to have an impact on the planned crediting-related activities
- ◆ Crediting-related readiness activities contribute to objectives and readiness efforts of other policies, instruments and measures
- ◆ Recognizing potential multiple benefits of crediting-related readiness activities, the PMR support could be further enhanced by exploring synergies and differences with international result-based climate finance

Summary of the Crediting Session breakout group discussions (cont.)

- ◆ There is a need for better understanding of how crediting-related readiness activities can be used to support other climate policy instruments
- ◆ In order to ensure effectiveness of the PMR's support to crediting-related activities, one of the areas of focus should be sharing of knowledge and emerging best practices between Implementing Countries

Possible areas of support highlighted by the Participants

- ◆ The PMR's policy and technical support to Implementing Countries should go beyond the activities identified in the MRPs
 - Links and interactions of crediting instruments with broader climate policy goals and instruments, including the INDCs
 - Minimum standards for the crediting programs
 - Ways countries may have to adjust their readiness paths
 - Additional technical support on cross-cutting building blocks of crediting instruments
 - Sources of demand and ways of accessing financing for the crediting programs
 - Strategies for (re-)engagement of the private sector

Suggested steps forward: three main action areas

- ◆ Follow-up on the recommendations of the Stocktaking Study
- ◆ Ensure sound coverage of crediting-related readiness under the Technical Work Program of the PMR
- ◆ Use crediting-related readiness work as a platform to discuss and inform the design on the new international crediting mechanisms

1. Follow-up on the recommendations of the Study

- ◆ Initiate bilateral discussions with Implementing Countries on the most effective ways of applying the recommendations provided by the Study
- ◆ Initiate “case study discussions” on ways that crediting-related readiness activities can help stimulate policy development
- ◆ Use analytical framework created by the Study by Implementing Countries which are finalizing their MRPs (e.g., Jordan, Peru and Tunisia)

2. Ensure sound coverage under the Technical Work Program

Knowledge products	Main objectives
MRV approaches beyond facility-level	Stocktaking of the emerging practices in sectors targeted by the crediting-related MRPs
Baselines setting at the sectoral level	Country specific case studies (building on the PMR TN #5 on baselines)
Relationship between crediting instruments and INDCs	Exploring ways to align crediting with other national policies; evaluating its contribution to broader policy development and integration
Readiness for crediting & other types of climate finance (including RbF)	Synergies and differences in implementation of investment with climate and other benefits
Financial mechanisms for programs	Financial mechanisms for crediting-related programs, including sources of demand, and incentive schemes for private sector participation
Priority to piloting	Closing the gap between readiness and implementation
Jurisdictional approaches	Ways to address vertical coordination and better policy integration

Guidance on emerging practices for crediting NAMAs

- ◆ Compile the outcomes of the analytical work and learned practical experience in a comprehensive guidebook reflecting on successes, challenges and ways forward
- ◆ The guidebook will be a living document
- ◆ The guidebook can serve as a basis for exploring and identifying minimum standards for the crediting programs

3. Inform the design of the new crediting mechanisms

- ◆ Use crediting-related readiness work as a platform to discuss and inform the role and design on the new international crediting mechanisms through:
 - Sharing knowledge and experience generated by the PMR-supported country work on crediting instruments, as well as by the cross-cutting technical work
 - Providing a practical ground, in a longer term, for the collective thinking of the ways of linking domestic crediting systems and facilitating compatibility of domestic offsetting schemes with the future international mechanisms

For further information and input, contact:

PMR Secretariat,
pmrsecretariat@worldbank.org
www.thepmr.org