



Partnership for Market Readiness (PMR): Criteria and Process for the Allocation of PMR Implementation Funding

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Overview

Note (PMR-NOTE-PA2-1) dated October 20, 2011

- ◆ **Part I: Criteria for Assessing Market Readiness Proposals (MRPs)**
- ◆ **Part II: Process for Providing Feedback on MRPs**
 - Feedback from PMR Experts
 - Feedback from PMR Participants
- ◆ **Part III: Allocation and Considerations**

PART I: Criteria For Assessing MRPs

Who Assesses MRPs?

- ◆ **Partnership Assembly** (or Partnership Committee if established)
- ◆ **Purpose:**
 - To make a decision on allocation of PMR Implementation Funding to an Implementing Country Participant

Criteria for Assessing MRPs (1)

1. Role and relevance of market instrument(s) to country's overall mitigation strategy and rationale for the Target Areas for PMR support. The MRP:

- Demonstrates how market instrument fit into and contribute to mitigation strategy;
- Provides a clear assessment of emissions trends, policy context and choice for the Target Area(s); and
- Demonstrates a clear rationale for the choice of the Target Area(s) for PMR support

Criteria for Assessing MRPs (2)

2. Level of political support and clarity on institutional arrangement for implementation. The MRP:

- Demonstrates the level of political support for the planned activities;
- Demonstrates broad engagement and wide consultations with the relevant ministries and stakeholders; and
- Clarifies which ministry(ies)/agency(ies) leads the market readiness work and institutional set-up for implementation

Criteria for Assessing MRPs (3)

3. Clear planning and sound technical analysis. The MRP:

- Provides a clear assessment of the existing level of market readiness and gaps for capacity building;
- Outlines a clear plan for addressing the gaps;
- Presents clear options of approaches, methodologies and strategies in relation to the “readiness” components;
- Identifies risks or barriers to implementation and a plan for risk mitigation; and
- Presents a series of milestones with realistic and achievable timeline

Criteria for Assessing MRPs (4)

4. Synergy:

- The MRP specifies linkages between PMR activities and other relevant initiatives

5. Budget:

- The proposed budget for supported activities is clearly laid out , identifying sources of financing, including country's plan for its own contribution

6. Output/results of the implementation:

- The MRP identifies the output from the implementation of the components of the MRP and its plan to monitor and evaluate such implementation

PART II: Process for Providing Feedback on MRPs

Feedback Process

◆ Objectives:

- Provide timely feedback to the Implementing Countries in order to add value to the MRPs
- Provide quality review of the MRPs

◆ Process:

- Feedback from PMR Experts
- Feedback from PMR Participants

Feedback from PMR Experts (1)

◆ Composition:

- The PMR Secretariat appoints 3 to 5 experts for each MRP (Expert Group)
- Expert Groups should have cross-disciplinary expertise
- Selection of the Expert Group should be carried out in consultation with the relevant Implementing Country Participant. The PA will be informed of the composition of the Expert Group.
- A generic terms of reference for scope of review and criteria for selecting experts will be developed by the PMR Secretariat

Feedback from PMR Experts (2)

◆ Approach:

- Desk review
- Interaction with the Implementing Country Participant
 - Telephone and/or video conference
 - In country meetings if resources are made available by the Implementing Country Participant or resources other than the PMR Secretariat budget

◆ Output:

- A representative of the Expert Group presents the quality review to the PA
- The Implementing Country Participant is invited to indicate how the suggestions made by the Expert Group are reflected in the final version of the MRP

Feedback from PMR Experts (2)

◆ Timing:

- The PMR Expert feedback process takes place after the Implementing Country Participant submits the first draft of the MRP
- The feedback process should be completed within eight weeks
- The PMR Secretariat, the Delivery Partner and the Implementing Country Participant will work out a suitable timetable to provide feedback

Feedback from PMR Participants

◆ Regular updates:

- At each PA meeting, Implementing Country Participants can give an informal update on progress of MRPs
- Discussions on technical issues can take place at PMR workshops

◆ Informal presentation of the MRP:

- An Implementing Country Participant may, after completion of its first draft (and incorporating comments from the Expert Group), make an informal presentation to the PA in order to seek feedback from all Participants
- The informal presentation could be done at a regularly-schedule PA meeting or through electronic means (e.g., webinar)

◆ Formal submission of the MRP should be made at least two weeks prior to a PA meeting

PART III: Allocation of Implementation Funding: Amount and Considerations

Basis and Assumption

◆ Assumption:

- Target: US\$100 million to support 15 countries
- Available funding for countries: >US\$ 80 million
 - Preparation Funding Total: US\$ 5.25M (= US\$350K/Implementing Country Participant)
 - Implementation Funding Total: US\$ 75M

Caveat:

◆ PMR Funding has yet to reach US\$100 million

- Present pledges = US\$70M
- MRP submissions are expected between 2012 to 2013. The fund must reach US\$100M by 2013

Approach and Considerations (1)

- ◆ **PMR funding is unlikely sufficient to meet all the estimated funding needs of a country's MRP**
- ◆ **A good MRP can showcase a country's planned market readiness activities and leverage support from other sources of funding**

Approach and Considerations (2)

◆ Overall approach:

- The PA (or Participants Committee) determines the size of the funding for each MRP
- Funding allocations can fall between a ceiling of **US\$10M** and a floor of **US\$ 3M**

◆ Considerations for determining the size of the funding:

- Degree of readiness to implement or pilot a market instrument
- Scope and depth of the activities for piloting

Approach and Considerations (3)

For example:

- **Level of political and policy commitment for implementation:**
 - The degree to which policy or regulatory framework is planned
- **Technical and institutional arrangement:**
 - A coordinated and effective institutional arrangement for implementation has been set up or is being set up
- **Resources allocation:**
 - The Implementing Country Participant demonstrates its own commitment to the proposal by allocating (or planning to allocate) its own resources for implementation;
 - The proposed financial package can be realized in a reasonable time frame

Approach and Considerations (4)

- ◆ The PA (or PC) may take into account the following funding tiers illustrated in the table below:

Illustration of Allocation of Implementing Funding among Implementing Country Participants

Funding tiers (US\$)	Number of countries	Total funding allocation (US\$)
3 million	8	24 million
5 million	3	15 million
8 million	2	16 million
10 million	2	20 million
Total	15	75 million

Approach and Considerations (5)

- ◆ **Implementing Country Participants are in different stages of readiness for piloting of a market instrument.**
- ◆ **Not all countries are expected to be ready to pilot or to have a specific plan for piloting.**
- ◆ **If, at a later stage, a country is ready for piloting a market instrument and additional PMR resources (i.e. beyond \$100 million) are mobilized, supplemental funding could be provided.**

Recommendations for Action by PA2

◆ The PA adopts:

- Criteria for assessing MRPs; and
- Approach and consideration for allocation of the Implementation funding

◆ The PA endorses:

- Feedback process from PMR Experts and Participants
- With practical experience gained, the PA may review the process at PA4 to further elaborate and/or modify

Thank You

FOR MORE INFORMATION ON THE PARTNERSHIP FOR MARKET READINESS (PMR),
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