DEVELOPING A TOOL FOR MARKET READINESS PROPOSAL – PROPOSED ELEMENTS AND NEXT STEPS

Presentation to PMR Organizational Meeting

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Overview

• Aim of discussion
• Key steps in PMR process
  – Expression of Interest
  – Preparation Phase
  – Implementation Phase
• PMR Documentation for allocation of funding
• Market Readiness Tool (formulation of market readiness proposal)
  – Template for scoping of Market Readiness activities
• Proposed next steps
Aim of presentation

Initiating common understanding on how to formulate & prepare market readiness – basis for allocation of PMR funding

- Begin to clarify PMR documentation requirements and their main components
- Seek to align development of proposals and expectations for what will be funded
  - Development of common templates
  - Such templates should also serve as a tool to assist Implementing Country Participants in
    - assessing readiness
    - preparing roadmap for implementation
    - proposing work to be undertaken and funded to prepare elements of market readiness

Feedback, suggestions and inputs welcome
Key steps in PMR process

I
• **Expression of Interest (EoI)**
  - Submission of EoI to the PMR Secretariat
  - Working meetings between World Bank and countries having submitted the EoI (Main purpose: discuss activities for PMR support)
  - Confirmation of countries having submitted EoI as “PMR Implementing Country”

II
• **Preparation Phase**
  - Implementing Countries present **Scoping of Market Readiness Activities** to Partnership Assembly;
  - Partnership Assembly decides on allocation of funding for Preparation Phase
  - Implementing country prepares funding proposal for Implementation phase

III
• **Implementation Phase**
  - Implementing Country formulates & presents its **Market Readiness Proposal** to Partnership Assembly
  - Partnership Assembly decides on allocation for Implementation Phase
  - With support of delivery partner (World Bank or potentially other), Implementing Country to implement market readiness elements & market instruments

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Updates of progress
Technical discussions
Sharing lessons & experience
Initial (emerging) views from PMR Countries on supporting GHG mitigation with market-based mechanisms

- Key market readiness needs identified *thus far*:

  | Capacity building for governments | Analytical framework to help **assess & select NAMA(s) for market support** → development of **criteria & priorities** | **Registry**: tracking & accounting for different NAMAs & other actions and their associated GHG reductions |
  | Support for **target-setting/baselines** | Improve **MRV** processes | Assess and improve **policy/regulatory framework** |
  | Foster **partnerships** between government & private sector | **Piloting** new mechanism |
### Basis for funding allocation decisions

<table>
<thead>
<tr>
<th>1. Funding for <strong>Preparation Phase</strong></th>
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<tr>
<td>• Secretariat developing Template (Powerpoint) on Scoping of Market Readiness activities</td>
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<td>• Template to provide a common framework for formulating scoping, but allow for different approaches</td>
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<td>• Implementing Country Participants make presentations at 1st Meeting of PMR</td>
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<table>
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<th>2. Funding for <strong>Implementation Phase</strong></th>
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<tr>
<td>• Secretariat with PMR working group develop a <strong>Tool for Market Readiness Proposal</strong></td>
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<td>• Elements to be included</td>
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<tr>
<td>• Implementing Country Participants present their Market Readiness Proposals when ready</td>
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Market Readiness process: from *Interest* to *Scoping* of Market Readiness activities to *Preparation* to *Implementation*

**Expression of Interest**

**Presentation of Scoping of PMR Activities (Powerpoint template)**
- Reflects country’s initial scoping of PMR activities and provides context
- Facilitated by contributions and inputs during PMR “working meetings”
- **Decision** on allocation of funding for PMR Preparation Phase

**Preparation Phase**
- During Preparation Phase, country **formulates** its Market Readiness Proposal (building on scoping of activities) through **Tool for Market Readiness Proposal**

**Presentation of Market Readiness Proposal (through Tool)**
- Reflects Implementing Country Participants roadmap for its Market Readiness activities
- **Decision** on allocation of funding for Implementation Phase

**Implementation Phase**
- Country implements Market Readiness elements, guided by its Market Readiness Tool
Tool for Market Readiness Proposal - purpose

Implementing Country Participants formulate Market Readiness proposal (through Tool for Market Readiness Proposal ) during PMR Preparation Phase.

• Laying out a roadmap of activities needed to undertake the Readiness Strategy
  – Assist in defining the components and concrete steps of an effective Readiness strategy, including resource requirements;

• Situate role of market mechanism(s) for GHG mitigation, notably in relation to:
  – country’s low-carbon development strategy
  – status, opportunities and challenges in the targeted sector(s) or region(s);

• Assess state of “readiness” for implementing proposed market instrument(s)
Proposed content of Tool for Market Readiness Proposal (1/2)

<table>
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<th>Tool to be developed.</th>
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<tr>
<td>1. Domestic mitigation objectives and role of market mechanism(s)</td>
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<td>2. Market mechanism(s) identification</td>
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<tr>
<td>3. Scope of mechanism (e.g., sector/region)</td>
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<tr>
<td>- How Market Readiness elements fit into low carbon development strategy/development of NAMA(s), as appropriate</td>
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<td>4. Context and expected result(s)</td>
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<td>- emissions inventory and trends, key drivers and barriers, structure of sector; expected impact</td>
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<tr>
<td>5. Overview of market readiness components</td>
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<tr>
<td>- policy, technical, legal/institutional elements</td>
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## Proposed content of Tool for Market Readiness Proposal (2/2)

| 6. | Reference scenario(s) for market instruments |
| 7. | System for measurement, reporting and verification (MRV) of emissions and activities covered by the market mechanism(s) |
| 8. | Organization and consultations - Institutional set-up to develop & implement readiness for market mechanisms |
| 9. | Planning and budgeting market readiness implementation tasks |
| 10. | Designing framework to assess progress of implementation |
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Template (Powerpoint) for *scoping* of Market Readiness activities

Template used for requesting funding for Preparation Phase

- Template developed by Secretariat
  - Consistent with proposed elements of Tool for Market Readiness Proposal
- Template is starting point for identification of market readiness activities
- Presentation given to – and decision taken by - the PMR Participants’ Assembly (or Participants’ Committee)
- Template to provide a common framework for formulating proposals, but allow for different approaches
Example of activities envisioned to be covered by PMR Preparation Funding

- Analysis of different sectors/sub-sectors/geographic areas
- Consultations/workshops with ministries/agencies & stakeholders;
- Identification of sectors and/or areas that could be covered by new market mechanism (e.g., elaboration of priorities, criteria);
- Analytical work & research on design options for market-based mechanisms;
- Stock-taking of existing data availability /quality & identification of MRV needs;
- Assessment of existing institutional set-up and gaps;
- Assessment of policy coherence and how market instruments can support country’ policies and goals;
- Surveys of ongoing related activities (e.g., activities aimed at development of low carbon development strategies or MRV)
Proposed next steps

• PMR Secretariat to circulate Powerpoint template for Implementing Country Participants’ scoping of market readiness activities (in next 2 weeks)

• PMR Participants to provide suggestions & feedback on:
  – Features and components of Tool for Market Readiness Proposal

• Establishment of small working group to assist PMR Secretariat in development of Tool for Market Readiness Proposal
  – Please email Martina Bosi (mbosi@worldbank.org);
THANK YOU.