PARTNERSHIP FOR MARKET READINESS (PMR)

Organizational Meeting, Bangkok
April 10–11, 2011

Note on Participation in the Partnership for Market Readiness (PMR)
Introduction

1. The PMR Governance Framework, as proposed for consideration and adoption at the Organizational Meeting, provides for the Partnership Assembly, which is the ultimate decision making body of the Partnership for Market Readiness (PMR), to consist of the following participants:

   a) all donors that have contributed financially to the PMR and that have entered into an administration agreement with the International Bank for Reconstruction and Development (the Bank) (the Contributing Participants); and

   b) all countries that have submitted an expression of interest to participate in the PMR and whose participation have been confirmed at the organizational meeting or any meeting of the Partnership Assembly (the Implementing Country Participants) (the Contributing Participants and the Implementing Country Participants will be collectively referred to as the PMR Participants).

2. This note provides background information on the World Bank’s engagement with potential Implementing Country Participants during the consultation phase of the PMR; describes the rights associated with being a PMR Participant and emphasizes the importance of involvement by non-PMR Participants. In addition, the note proposes recommendations, including a draft resolution, for discussion and adoption at the Organizational Meeting.

The World Bank’s engagement with potential Implementing Country Participants

3. During the PMR consultation phase, which took place throughout 2010, the World Bank held multilateral and bilateral consultations with a number of countries on the design and modality of the PMR. With regard to the participation of Implementing Country Participants, feedback from the consultation phase broadly endorsed the approach proposed in the draft Design Document\[1\] that, given the piloting nature of the PMR and the limited availability of funding resources, the PMR would “provide packages of capacity building and implementation support to 10-15 countries, mainly targeting middle-income countries\[2\]. The overall enabling environment and existing level of capacity in these countries is likely to be higher, thereby creating opportunities for

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\[1\] The draft Design Document was circulated to the countries that participated in the consultation in April 2010, with the revised version circulated in July 2010.

\[2\] According to the World Bank, economies are divided into income categories based on Gross National Income per capita calculated using the World Bank Atlas method. The groups are: low income, $975 or less; middle income, $976 - $11,905; and high income, $11,906 or more.
earlier demonstration of readiness outcomes and learning-by-doing through implementation.\(^3\)

4. Following the launch of the PMR in the margin of the United Nations Framework Convention on Climate Change (UNFCCC) conference in Cancun in December 2010, a number of middle income countries with which the World Bank had engaged during the consultation phase, submitted an Expression of Interest (EoI) to participate in the PMR. These countries include:

*Chile, China, Colombia, Costa Rica, Indonesia, Mexico, Thailand, Turkey and Ukraine*

In addition, the World Bank is also in discussions with several other countries to explore their participation in the PMR.

5. The World Bank broadly used the following considerations for engaging potential Implementing Country Participants in the PMR:

a) middle-income status of the country, within which the priority is given to developing countries;

b) countries with an active World Bank program\(^4\) in order to enhance synergy with the PMR;

c) existing capacity in market instruments, such as previous use of the Clean Development Mechanism (CDM) or Joint Implementation;

d) interest in piloting new market readiness components and introducing market instruments to achieve mitigation objectives;

e) possibility for the PMR to test a variety of market instruments, such as domestic carbon trading schemes, a new international crediting mechanism based on nationally appropriate mitigation actions (NAMAs) or a reformed CDM; and

f) broad and diverse geographical coverage across different continents.

**The Role of PMR Participants and potential engagement with non-PMR Participants**

6. According to the proposed PMR Governance Framework, a PMR Participant is entitled to participate in the decision-making process under the PMR and is potentially eligible

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\(^3\) The World Bank Carbon Finance Unit is currently in the process of conducting consultations on capacity building programs that would provide support to low income countries or Least Developed Countries and other countries not targeted by the PMR.

\(^4\) An “active” program refers to a lending program and/or an on-going policy dialogue with the country.
for selection into the Partnership Committee, if such a committee is established. The Implementing Country Participants of the PMR are eligible to access funding under the PMR for readiness capacity building programs, provided that the funding is approved by the governing body of the PMR.

7. Full participation in the PMR process is limited to the PMR Participants. However, technical discussions and knowledge sharing under the PMR would benefit significantly from engaging with a broad range of stakeholders, including countries that are not PMR Participants and organizations that have undertaken similar initiatives, such as UN agencies, other multilateral development banks, the International Energy Agency, and other organizations with expertise in market instruments. It is important that the PMR process be inclusive for achieving one of its objectives: to become a technical forum that brings together relevant experts and policy makers from both developed and developing countries in order to jointly explore market instruments and provide an opportunity for learning, including south-south exchange.

8. As proposed in the PMR Governance Framework, the meetings of the PMR will be open for these stakeholders to participate as observers without voting rights. The modalities of engagement are described in the PMR Governance Framework and the Rules of Procedure for the Meetings of the PMR.

9. In addition to governments and organizations, effective and strong private sector participation is particularly important for ensuring the overall success of any market instrument. The PMR Secretariat has received inquiries from private entities on the possibility for them to attend PMR meetings as observers. At this time, the PMR Secretariat is still formulating recommendations for how best to engage and include the private sector in the PMR process. The PMR Secretariat intends to invite comments from the PMR Participants and the relevant stakeholders on the modalities of engagement. Based on this feedback, the PMR Secretariat will develop options for consideration by the PMR Participants.

Recommendations

10. Regarding the process of confirming individual countries as Implementing Country Participants, the PMR Secretariat recommends the following process for consideration at the Organizational Meeting:

a) In order to achieve early demonstration of readiness outcomes, set the target number of Implementing Country Participants at 15, with the understanding that if, in the future, there is broad support and additional financial resources, the PMR may be expanded to provide technical and financial support to more countries;

\[5\] See Paragraphs 4.6 and 4.7 of the proposed PMR Governance Framework.
b) Confirm all of the nine countries that have submitted the EoI to participate in the PMR referred to in Paragraph 4 above as Implementing Country Participants; and

c) Invite the PMR Secretariat to continue its engagement with other potential Implementing Country Participants, taking into account the elements described in Paragraph 5, with the objective of reaching 15 Implementing Country Participants by the end of 2011.
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Organizational Meeting
Bangkok, April 10-11, 2011

Resolution No. ORG-3

Implementing Country Participants’ Participation in the PMR

Whereas:

According to Section 4.2 of the PMR Governance Framework, as proposed for adoption at the Organizational Meeting, the participants of the Partnership Assembly shall include, in addition to the Contributing Participants, the countries that have submitted an expression of interest to participate in the PMR and whose participation have been confirmed at the Organizational Meeting or any meeting of the Partnership Assembly (Implementing Country Participants).

The Organizational Meeting:

1. Decides to set the target number of Implementing Country Participants at 15. This limit is set with the understanding that if, in the future, there is broad support and additional financial resources, the PMR may be expanded to provide technical and financial support to more countries.

2. Confirms, in accordance with Section 4.2(b) of the PMR Governance Framework, the following countries, which have submitted an expression of interest to the PMR Secretariat by February 28, 2011, as Implementing Country Participants of the PMR: Chile, Colombia, Costa Rica, Indonesia, Mexico, Thailand, Turkey and Ukraine; and invites the aforementioned countries to submit a funding proposal for preparation phase, i.e. organizing framework for scoping of market readiness activities, for consideration by a meeting of the Partnership Assembly.

3. Invites the PMR Secretariat, in consultation with the participants at the Organizational Meeting and subsequently the Partnership Assembly, to continue its engagement with other potential Implementing Country Participants, with the objective of reaching a total of 15 Implementing Country Participants by the end of 2011.