



Strategic Orientation for the Future of the PMR *Update and Proposed Way Forward*

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Outline

I Summary and Update of the Strategic Direction Discussions

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PMR Note PA12 2015-4: Options for Funding Additional Activities under the PMR – Update and Proposed Way Forward

I Summary and Update of the Strategic Direction Discussions

Strategic Direction Discussions: Background

PMR has evolved into a key platform for supporting carbon markets and carbon pricing in a broad context of climate change mitigation policies and action...

...but there is a need to ensure that its impacts are maximized and sustained over time.



- ◆ Discussions on the strategic direction for the future of the PMR were initiated in **May 2013 (at PA6)**
- ◆ Strategic direction discussions are an **ongoing exercise** which has been **carried out regularly and in a participative manner**
- ◆ **A number of documents, proposals and actions** were put forward in order to facilitate these discussions

Strategic Direction Discussions: Summary of Key Actions

PA7

- Note on the Strategic Orientation of the Future of the PMR, including options for (a) Deepening readiness support; (b) Broadening the reach and scope of the PMR; (c) Supporting piloting of the new market-based instruments; and (d) Preparing for the second round of resource mobilization.

PA8 & PA9

- New category of PMR participants – Technical Partners
- Initial Proposal on (at PA8) and subsequent endorsement (at PA9) of Upstream Policy Work
- Initiation of the WBG consultations on the piloting fund for scaled-up crediting mechanisms

PA10

- Presentation of the main challenges and opportunities facing the PMR, as well possible ways of deepening, broadening, and strengthening the PMR support to countries

PA11

- Note on Options for Funding Additional Activities under the PMR, including suggestions on possible ways for delivering such support in the future

II Funding Additional Activities under the PMR: Implementing Country Participants' Demand and Proposed Way Forward

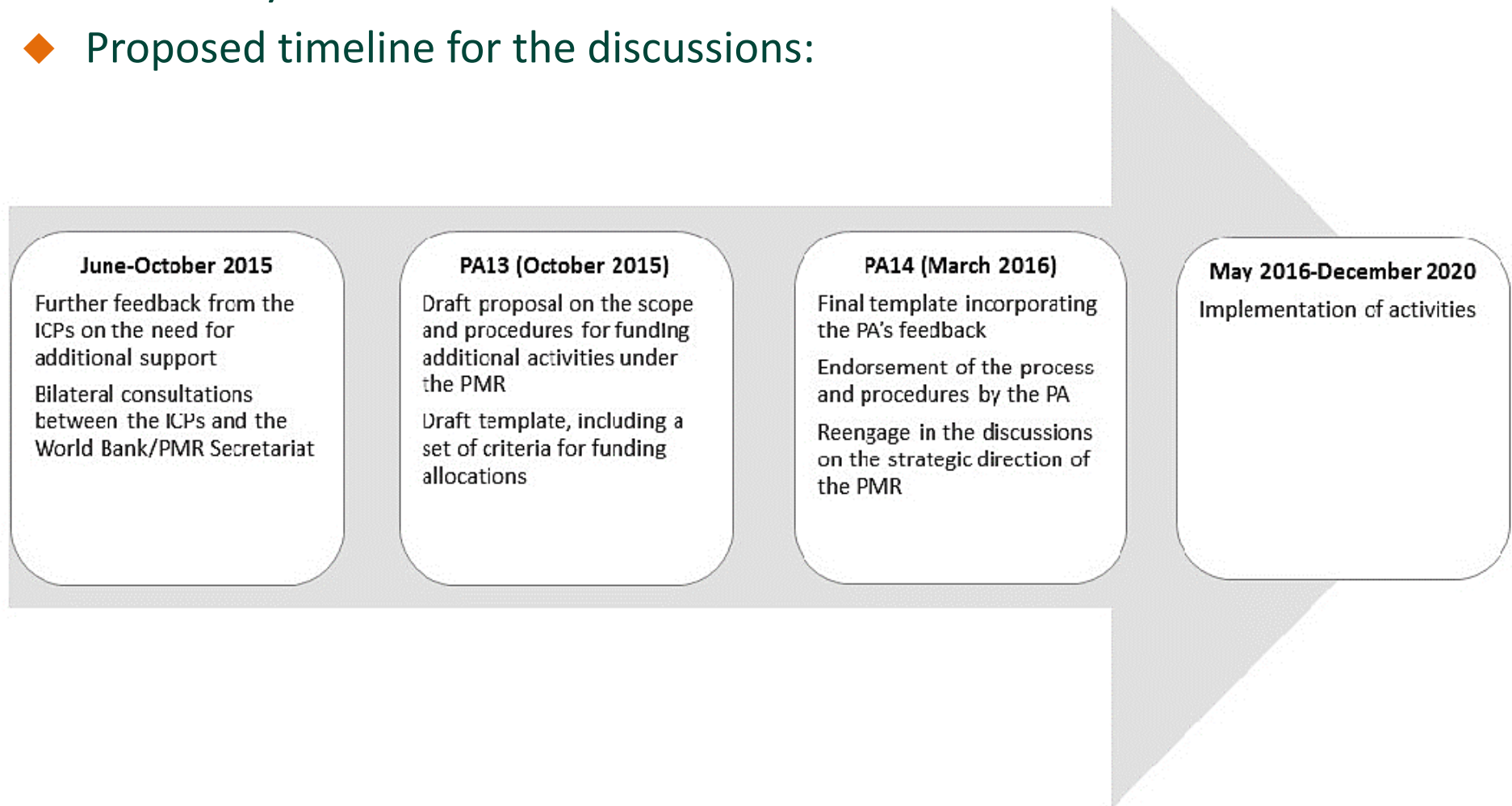
Follow up on PA11 Discussions: Survey for ICPs

- ◆ **Objective:** to identify initial demand and scope for funding additional activities under the PMR for the following activities:
 - (a) *Funding allocation to complement MRP activities*
 - (b) *Specific support to design and implement ETS, carbon tax or other innovative instruments*
 - (c) *Policy analysis and support for establishing post-2020 mitigation scenarios*
 - (d) *Other support*

- ◆ Responses to the survey were received from 5 countries – Colombia, Thailand, Tunisia, Vietnam and Peru

Funding Additional Activities: Proposed Timeline

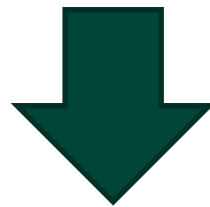
- ◆ Responses to the survey and the PA's feedback at PA11 suggest that the decision on the strategic direction of the PMR and the use of additional funds may not be well-timed
- ◆ Proposed timeline for the discussions:



III Continuation of the PMR Upstream Policy Work

Upstream Policy Work: Proposal to Carry over Balance of Funding Allocated by the PA

- ◆ Discussions on the strategic direction for the future of the PMR and scope and process for funding additional activities under the PMR may be postponed



- ◆ Proposal to carry over the balance of the funding allocated by the PA to support the upstream policy work (including the INDC-related analytical work) to FY16
- ◆ Proposal to use the same procedure which was adopted in May 2014 at PA9 in Cologne (through Resolution No. PA9/2014-3)

Upstream Policy Work: Importance of Systematic and Long-Term Support to Countries

Objectives:

- ◆ Supports countries' efforts to establish post-2020 mitigation scenarios and identify a package of effective and cost-efficient policies—including carbon pricing instruments—to achieve mitigation ambition
- ◆ Facilitates countries' efforts in preparing their mitigation component for INDCs under the UNFCCC process

Benefits:

- ◆ Systematic and long term support to countries in strengthening their modeling capacity is critical and goes beyond COP21
- ◆ A holistic approach to mid- and long-term scenario setting is necessary for making informed decisions on the choice and the design of a suitable carbon pricing instrument

Upstream Policy Work: Summary of Activities in FY15

Activities:

- ◆ Development of the “Checklist on Establishing Post-2020 Emission Pathways”
- ◆ Analytical work to support Brazil, China, Colombia, Costa Rica and Peru
- ◆ In-country and international technical and consultation workshops
- ◆ Analytical work to support Chile to pursue the design and implementation of a carbon tax

FY15 Expenses and Remaining Balance:

- ◆ Commitment of US\$ 1.6 million to support upstream policy work
- ◆ Remaining balance of approved funding under the upstream policy work is approximately US\$ 3.4 million

Upstream Policy Work: Proposal for FY16

- ◆ Support to formulation and presentation of INDCs, as well as to establishment of post-2020 mitigation scenarios irrespectively from the UNFCCC process
- ◆ A number of ICPs have indicated their interest in receiving technical assistance to carry out scenario analysis, including carbon pricing scenarios

The PMR Secretariat proposes to continue the current modality of the country support for the remaining funds (approximately US\$3 million) under the Upstream Policy Analysis work stream based on the Resolution No. PA9/2014-3.*

**Current modality stipulates that the PMR Secretariat informs the PA, prior to each resource allocation, on the scope and timelines of the analytical studies and resource allocation related to this work stream, as well as prepares regular updates on the progress of the work.*

IV Action by the PA

Action by the PA

- ◆ The PA is invited to provide feedback on the PMR Note PA12 2015-4, including on the proposed timeline and key milestones for the discussions on strategic orientation for the future of the PMR.
- ◆ The PA is also invited to share ideas on other areas of focus related to the strategic orientation of the PMR.
- ◆ Implementing Country Participants are invited to indicate their interest in receiving support for funding additional activities under the PMR.

Thank You

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