



Partnership for Market Readiness (PMR): Proposal for the Use of Additional Funds

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Presentation Outline

- I. Summary and an update on the overall PMR strategic direction discussions
- II. Broadening: Main rationale and proposed way forward
- III. Deepening: Proposed scope of activities
- IV. Criteria to review and assess proposals
- V. Process
- VI. Action by the PA

**PMR Note PA14 2016-1: *Strategic Orientation for the Future of the PMR:
Proposal for the Use of Additional Funds***

I. Summary and an update on the overall PMR strategic direction discussions

Strategic Direction Discussions: Background and Context

- ◆ Reflection on the strategic direction for the future of the PMR was initiated in **May 2013 (at PA6)** and focused on 4 elements:
 1. Deepening readiness support, including through policy analysis
 2. Broadening readiness support, through an expansion of the number of PMR countries
 3. Supporting the piloting of scaled-up crediting programs, and
 4. Preparing for a possible PMR Phase II.
- ◆ General understanding was that proposals 3 and 4 “would require additional resource mobilization.”
- ◆ 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 Documents

PA7

- Note on the Strategic Orientation of the Future of the PMR outlined 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

- Proposal on Upstream Policy Work outlined options for additional support in order to respond to new domestic and international developments and help countries assess policy options and identify a package of effective and cost-efficient instruments (including carbon pricing instruments) for post-2020 mitigation scenarios. This work stream was endorsed by the PA at the following meeting (PA9) and subsequently extended at PA12 May.

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 outlined the rationale for deepening readiness support to Implementing Country Participant , suggested possible ways for delivering such support in the future, and provided the PMR financial outlook up to 2020, which demonstrated the availability of funding to support additional activities.

PA12

- The Note on Options for Funding Additional Activities under the PMR: Update and Proposed Way Forward provided a summary and an update on the overall strategic direction discussions held to date and suggested a way forward to frame discussions on the matter, including proposing a timeline and key milestones.

PA13

- The Note on Modality for Funding Additional Activities under the PMR: Draft Proposal for Discussion provided a brief summary and an update on the overall strategic direction discussions, outlined the proposed scope of additional activities under the PMR, presented broad considerations for reviewing proposals for funding allocations, and suggested a process and modality in this regard for the PA's feedback.

Future of the PMR

◆ Immediate future: Allocation of remaining funding

- “Deepening” country support (i.e., allocation of additional funding to existing implementing country participants (ICPs))
- “Broadening” the Partnership (i.e., acceptance of new countries)

◆ Long-term future: Extension of the TF beyond 2020?

- Post-Paris: Strengths and opportunities to advance increased climate action through carbon pricing around the world

Strategic Direction Discussions: Where Do We Stand Now?

- The first milestone was to prepare a **draft proposal for PA13** on a procedure for the allocation of additional funding under the PMR
- At PA13, the **PA generally welcomed the Secretariat's initial proposal** and modality for funding additional activities under the PMR
- Based on the PA's feedback during and after PA13, **revised proposal for the use of additional funding under the PMR** was prepared, with the objective of endorsing it at PA14

II. Broadening: Main rationale and proposed way forward

PMR Participants: Overview and Developments

Implementing Country Participants (ICPs)

Brazil, Chile, China, Colombia, Costa Rica, India, Indonesia, Jordan, Mexico, Morocco, Peru, South Africa, Thailand, Tunisia, Turkey, Ukraine, Vietnam

- Countries that benefit from financial and technical assistance from the PMR
- Originally limited number of ICPs to 15
- With additional contributions from Switzerland and Germany, Peru and Tunisia formally joined the Partnership in 2012 and 2014, respectively

Contributing Participants (CPs)

Australia, Denmark, European Commission, Finland, Germany, Japan, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, United States

- Donors that have contributed financially to the PMR

Technical Partners (TPs)

Alberta, California, Kazakhstan, Quebec

- Countries or sub-national jurisdictions that already have an effective carbon pricing instrument in place or that are at an advanced stage of preparation to establish one
- Kazakhstan is the only TP that receives funding for targeted technical support

Broadening the PMR: Rationale and Benefits

- ◆ Increasing demand for technical assistance to design prepare and implement carbon pricing instruments
- ◆ An opportunity for the PMR to leverage and expand on its past work
- ◆ Build on established procedures and lessons learned to prepare, review and operationalize proposals for readiness activities

Proposal on Broadening the PMR (until December 2020)

Expand the number of ICPs to a maximum of 20

- Well established process
- Proposed modifications: (1) To combine the submission and presentation of EoI and OF; and (2) Limit the period to prepare an MRP to a maximum of 1 year
- US\$ 3 million cap
- Deadline for submission: October 2016

Expand the number of assistance-receiving TPs to a maximum of 2

- Well established process
- Resolution No. PA8/2014-3
- US\$ 1 million cap
- October 2017

III. Deepening: Proposed scope of activities

Deepening Country Support: Rationale and Type of Activities

Gradual shift from the preparation to the implementation phase



Need for enhancing technical and financial support to ICPs is critical

◆ Types of activities:

- I. **Additional MRP or Targeted Technical Support Activities**
- II. **Policy Analysis Activities**
- III. **Targeted Support to the Design and Implementation of Carbon Pricing**

Complementary Activities related to MRPs or Targeted Technical Support

◆ Objectives:

1. Strengthen and complement the implementation of existing activities
2. Help achieve the MRP objectives
3. Overcome the existing barriers to implementation
4. Improve readiness for the implementation of carbon pricing instruments

◆ Basis:

1. Review of the progress of the PMR project
2. Identification of additional readiness gaps

Policy Analysis Activities

◆ Objectives:

1. Inform the selection and introduction of a carbon pricing instrument
2. Identify a suitable package of policies and measures, and understand their interactions, impacts and potential barriers
3. Take a holistic approach to mitigation goal and policy setting

◆ Basis:

1. Outside of the scope of existing MRP activities
2. Identification of additional readiness gaps

Modality for Additional Funding Proposals

Type of activities	Maximum allocation	Deadline for submission of proposals
Activities that complement ongoing activities related to MRPs in ICPs	US\$2 million	April 2018
Activities that complement ongoing activities related to Technical Targeted Support for TPs	US\$1 million	
New or additional activities related to policy analysis in ICPs	US\$500,000	

Overall allocation (“cap”):

- Up to \$2 million

Timeline:

- The implementation period will start by July 2018
- The implementation will last up to 2 years
- The deadline for submission of proposals will be April 2018

IV. Criteria to review and assess proposals

Complementary Activities related to MRPs to Targeted Technical Support: Criteria

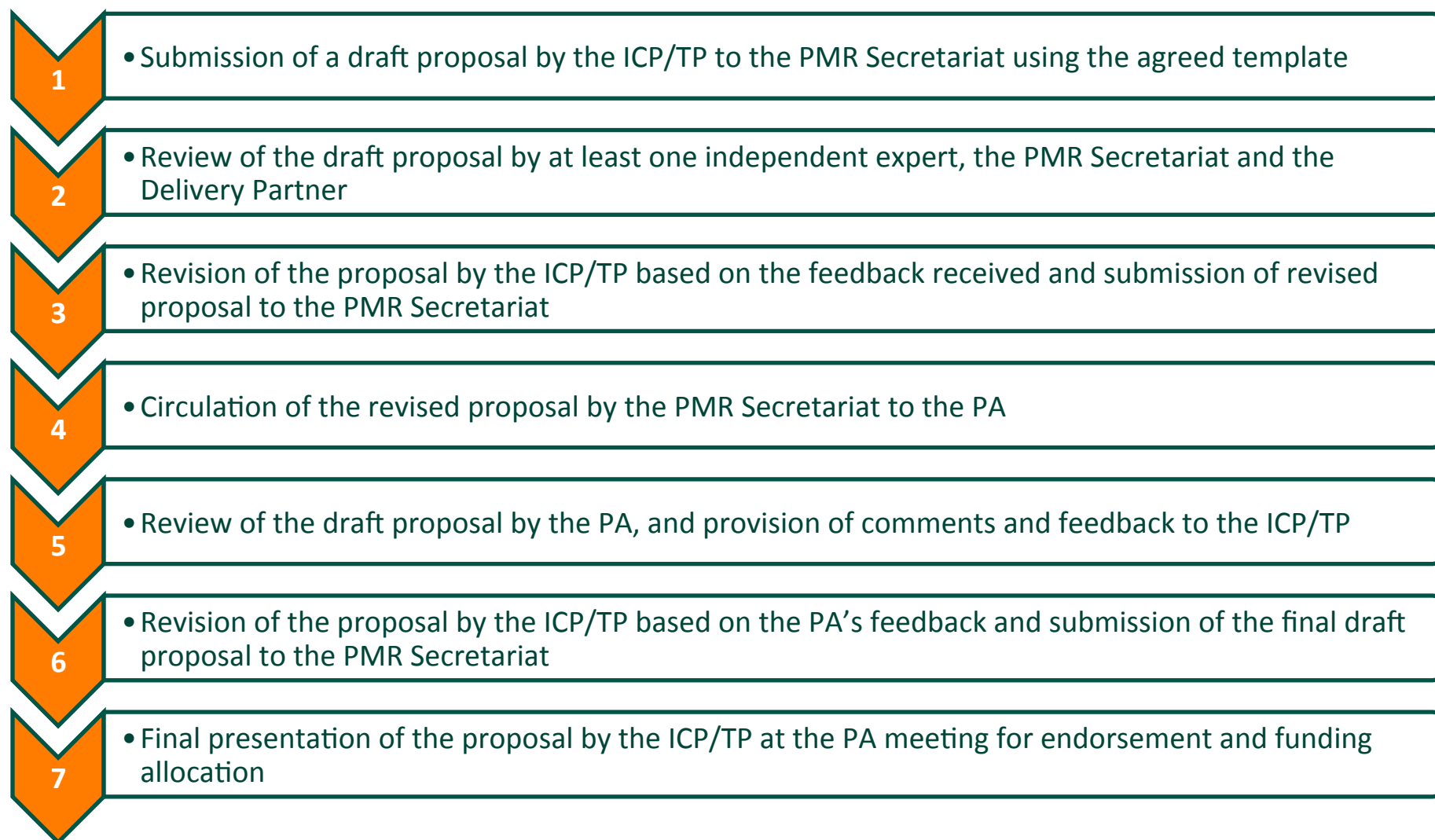
- I. Overall mitigation strategy and (Intended) Nationally Determined Contribution (INDC/NDC)
- II. Level of political commitment to carbon pricing and clarity on the institutional arrangement for implementation
- III. Scope of work and additionality of proposed activities
- IV. Progress made on initial funding allocation(s)
- V. Budget and timeline
- VI. Output and expected outcome

Policy Analysis Activities: Criteria

- I. Overall mitigation strategies and (Intended) Nationally Determined Contribution (INDC/NDC)
- II. Level of political support to carbon pricing and clarity on the institutional arrangement for implementation
- III. Scope of work and additionality of proposed activities
- IV. Budget and timeline
- V. Output and expected outcome of the implementation

V. Process

Complementary Activities related to MRPs or Targeted Technical Support: Process



Complementary Activities related to MRPs to Targeted Technical Support: A Closer Look at the Feedback Process

◆ Objectives:

1. Help enhance the formulation and increase the quality of the proposal
2. Assess the progress made so far with regards to the implementation of activities laid out in the ICPs' MRPs or the TPs' Targeted Technical Support

◆ Value added:

1. A critical step for improving the quality of funding proposals
2. A solid foundation for a smooth decision-making on funding allocations by the PA

Policy Analysis Activities: Key Considerations

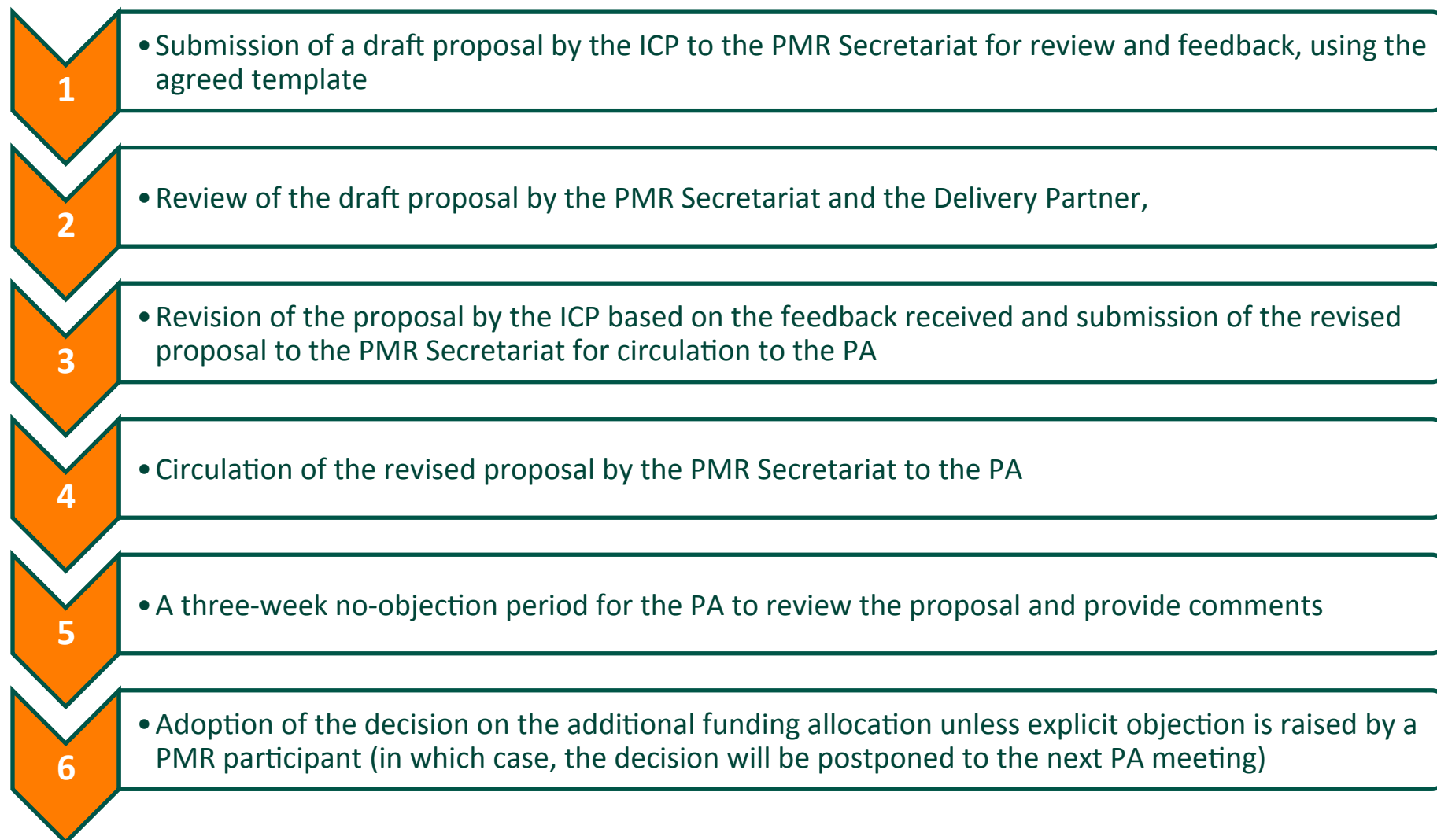
◆ Key considerations:

1. Limited scope and funding envelope
2. Need for timely implementation of activities proposed by the ICPs



Electronic decision-making process (as per PMR Note PA10 2014-2, and further refined in the PA10 Co-Chairs' Summary)

Policy Analysis Activities: Process



Templates

- ◆ Templates for two types of activities annexed to the Note
- ◆ Additional work required to provide more details
- ◆ For complementary activities related to MRPs or Targeted Technical Support:
 - Revised template to be submitted for review and no objection by June 13;
 - Establishment of a “tool”, to help ICPs/TPs prepare the requests and provide all the relevant information to help assess the proposal vs. criteria.

VI. Action by the PA

The PA is invited to consider the proposed scope, criteria and process for the use of remaining funds under the PMR, with the objective of endorsing the proposal at PA14.

Thank You

**FOR MORE INFORMATION ON THE PARTNERSHIP FOR MARKET READINESS
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