

**Co-Chairs' Summary of the Nineteenth Meeting
of the PMR Assembly (PA19)**

**October 23-25, 2018
Buenos Aires, Argentina**

OPENING OF THE MEETING

1. The Nineteenth Meeting of the Partnership Assembly (PA18) was opened by the Co-chairs, Alfredo Sanchez Vicente (Spain) and Victor Hugo Escalona Gomez (Mexico). Carlos Gentile (Secretary of Climate Change and Sustainable Development) delivered the opening remarks on behalf of the host country Argentina and noted that the PMR is an opportunity for countries to learn from each other how to put a meaningful price on carbon.
2. On behalf the World Bank, Jesko Hentschel (Country Director for Argentina, Paraguay and Uruguay) welcomed the Assembly participants. He thanked the Government of Argentina for hosting the PA and bringing the PA to Latin America after 3 years. Noting the release of the *IPCC Special Report on Global Warming of 1.5°C*, he emphasized that without putting a meaningful price on carbon, we would not be able to innovate out of the climate crisis.
3. The PA adopted the agenda as proposed by the Co-chairs (See Annex I).
4. Venkata Putti (Program Manager, Carbon Markets and Innovation, World Bank) presented the PMR Secretariat's Update and Progress Report on the activities carried out during the inter-sessional period. The key message was that as the PMR draws to a close in the next 24 months, the priorities for the last stretch would be a focus on country program implementation, implementation of recommendations from the 2nd Independent Evaluation, enhanced budget management process, and planning for a systematic closure of the PMR. He also informed the Assembly of the progress made on preparation of the design document for the successor program being developed to follow the current program. The Secretariat also proposed to hold regional consultations with potential implementing countries on the next version of the design document.

INFORMATION SHARING

5. The following entities/organizations shared relevant policy developments in their jurisdictions or areas of work:
 - **UNFCCC** provided an update on the status of the Article 6 negotiations coming out of the Bangkok sessions. The PA was informed that three sets of 'draft text' documents were published along with a mandate for 'textual proposals' from the SBSTA Chair. Key issues under Article 6.2 included extent of obligations, nature of oversight, recording and reporting and relationship with the Article 6.4 mechanism. Key issues on Rules, Modalities and Procedures (RMP) for Article 6.4 included what can be credited, supervisory body, relationship with NDC, implementing share of proceeds and overall mitigation in global emissions and transition of the Kyoto mechanism. Key issues under the framework for non-market approaches included the vision for the long term, nature of oversight and activities, modalities, steps and phases.

- **China** provided the latest updates on its national ETS preparation. China aims to adopt a multi-phase approach to develop carbon markets with the national carbon market gradually involving more sectors and trading products, provided that the market would operate efficiently with stability. In terms of timeline, China's ETS follows three phases. The first phase, which would approximately take one year, would lay the groundwork by building the reporting system, registry system, governance system, etc. The second phase, which would test the operation would include simulation of trading allowances in the power sector, risk assessment and governance evaluation. The third phase would focus on optimizing the market. Looking ahead, China aims to refine allocation mechanism, further develop regulatory framework and systems and prepare for a liquid market.
- **Quebec** provided an [update](#) on its cap and trade system which aims to reduce GHG emissions by 20% under 1990 levels by 2020 and 37.5% under 1990 levels by 2030. Quebec originally had a threshold for the industrial sector set at 25,000tCO₂ eq. but emitters above 10,000t CO₂ eq. can now voluntarily register as a covered entity. Quebec informed the PA that 28 new facilities opted to register as an emitter in the system to comply with the regulation thereby avoiding the threshold effect. Quebec will also be implementing a pan-Canadian framework in January 2019 at 20 \$CAD/t in 2019 and thereby increasing the price by 10 \$CAD every year. New partnerships that Quebec is currently engaging in include the Carbon Pricing of the Americas, an MOU with Mexico that includes biweekly calls and a partnership with Nova Scotia.
- An update was provided on the latest developments on the [Carbon Pricing in the Americas](#) platform. The CPA platform commits to (1) collaborate in MRV of GHG emissions in the region (2) common standards to ensure environmental integrity (3) creates a cooperation platform on CPA, and (4) strengthen international and regional collaboration and cooperation. The common challenges that the platform currently faces include agreement on common standards, political constraints, unification of carbon pricing instruments and uneven carbon pricing development. Nevertheless, this partnership serves as an opportunity to showcase regional leadership and ambition.
- **Update on ICAP Activities:** The [International Carbon Action Partnership \(ICAP\)](#) is an international forum of 36 national and subnational governments that come together to exchange knowledge and experience on Emissions Trading Systems (ETS). The ICAP Secretariat updated the PA on the expansion of its knowledge hub that now includes an ETS library and an Allowance Price Explorer. The ICAP Secretariat also informed the PA about recent publications that includes the ICAP Guide to Linking, and ETS and Power Sector Regulation.

UPDATE ON PMR COUNTRY PROGRAM

6. The PMR Secretariat presented a brief [progress report](#) on the [Progress on Country Program](#). As of FY18, 35% of PMR country grants have been disbursed, 24% of country grants are planned for disbursement in FY19. While key country achievements in FY18 include the soft-launch of China's national ETS in January 2018, and Argentina's announcement to have its carbon tax effective in 2019, among others. The key challenges and lessons learnt in MRP implementation have been the stakeholder engagement, communicating carbon pricing concepts and technical concepts associated with implementing a PMR project, WB procurement processes, and changes in government.

COUNTRY FOCUS PRESENTATIONS

7. Taking into consideration feedback received from the PA for enhanced knowledge exchange between countries, the PMR Secretariat piloted a new format to serve this purpose. Three country focus panel discussions were organized featuring the nine countries that had submitted their Implementation Status Reports (ISRs) to this Assembly. The Secretariat provided each of these countries a template to provide a succinct overview of their ISRs. Key questions in the template provided included (1) status of project components (2) key achievements since the last ISR (3) key challenges going forward and (4) key lessons learnt. Brazil, Mexico, Peru, India, Indonesia, Thailand, South Africa, Kazakhstan and Ukraine presented their ISRs following this format. Feedback from the Assembly was quite positive.

FINDINGS AND RECOMMENDATIONS OF THE 2ND INDEPENDENT EVALUATION AND THE DRAFT ACTION PLAN

8. The PMR Secretariat presented the [overall findings](#) of the 2nd Independent Evaluation of the program. The findings validated the program as the most prominent initiative in the carbon pricing policy landscape that helps countries to develop readiness roadmaps. The evaluation also included recommendations on encouraging greater peer-to-peer learning, minimizing common administrative bottlenecks in navigating the PMR processes, building and sustaining momentum by engaging with a broader audience and maximizing synergies with other similar initiatives. In response, the PMR Secretariat presented a [proposed action plan](#) that includes a timeline. The country focus presentations and the thematic exchange forum were organized already for this PA as a response to the call for greater peer-to-peer learning. The Secretariat welcomes all the recommendations from the evaluation and will proceed with the proposed action plan.

THEMATIC EXCHANGE FORUM

9. As a response to the call for greater peer exchange among PMR participants, the Secretariat organized a thematic exchange forum. The forum consisted of two groups, one focused on carbon tax and the other on ETS. This informal group discussion offered an opportunity for countries to have a candid, open discussion on challenges and lessons learnt in building readiness roadmaps for each of these policy instruments. With each group having a diverse mix of contributing, implementing and technical country partners, the forum was successful in providing a platform for an open exchange of ideas. The UNFCCC and ICAP facilitated these discussions, respectively

UPDATE ON TECHNICAL AND POLICY ANALYSIS WORK PROGRAM

10. The PMR Secretariat provided an [update](#) on the ongoing and planned activities for the technical and policy analysis work program. For policy analysis work program, all remaining projects are expected to be completed by the end of FY19. The Secretariat presented the survey results on future topics for the TWP; International transfer and linking under the Paris Agreement, policies to support carbon pricing, and co-benefits of carbon pricing were among the topics that received the most votes. The Secretariat continues to welcome feedback on future topics for the Technical Work Program to explore.

11. Potential topics for future workshops were presented. Germany and Finland expressed support for having a workshop on communications now that the Guide is complete and given its importance to all implementing countries.

BUDGET

12. At the request of the Partnership Assembly at PA18, the PMR Secretariat provided an [update](#) on statement of FY18 expenditure. The request was based on a decision to provide budget update every six months during this last phase of the PMR. The key elements of the [presentation](#) included a summary of FY18 expenses and a summary of updated long-term financial projection. Overall, the expenditure was less than the allocated budget. However, there is still a need for adjustment of \$1.5 million, which is 1.2% of committed contributions to the PMR Trust Fund (see Annex III). As countries submit a revised implementation plan in accordance to Resolution No. PA19/2018-1 (See Annex II), a corresponding update to the budget will be provided at PA20.

MEETING DOCUMENTS

13. Final presentation, resolutions and other meeting documents are available on the PMR website here: [PA19 Documents and Presentations](#). Participants should note that some materials may require a password login for viewing.

DEADLINES FOR COMMENTS, FEEDBACK AND SUBMISSIONS

14. As per [Resolution No. PA19/2018-1](#), country participants are requested to submit an Updated Implementation Plan by February 28, 2019. The PMR Secretariat has provided a template to all participants.

15. For PA20, countries required to submit an Implementation Status Report (ISR) are: Argentina, Chile, China, Colombia, Costa Rica, Jordan, Morocco, Sri Lanka, Tunisia, Turkey, Vietnam, Philippines, Core d'Ivoire and Panama. The deadline for submission to the Secretariat is March 29, 2019. After review by the Secretariat, the ISRs will be posted online on April 9, 2019.

UPCOMING MEETINGS AND EVENTS

16. The schedule for the upcoming PMR events is summarized below:

- Capacity Building on Carbon Pricing Event (ICAP/PMR): COP24, December 2018, Poland
- Launch of Guide for Communicating Carbon Pricing: COP24, December 8, Poland
- World Sustainable Development Summit: February 11-13, New Delhi, India
- CPLC Research Conference on Carbon Pricing: February 14-15, New Delhi, India
- Stakeholder Workshop for China ETS: April 2019, Beijing, China
- PMR 20th Meeting of the Partnership Assembly: April 23-26, Colombo, Sri Lanka (TBC)
- Innovate4Climate (I4C) Conference, June 4-7, Singapore

Annex I

Partnership for Market Readiness 19th Meeting of the Partnership Assembly (PA19)

Agenda

October 23-25, 2018

Hilton Buenos Aires Hotel, Buenos Aires, Argentina

Day 1: Oct 23, 2018

Session 1 – PA19 Opening and Introduction	
15:00	Registration: Welcome coffee and badge pick-up
15:30	Opening remarks: <ul style="list-style-type: none"> - Spain and Mexico (Alfredo Sanchez Vicente, Victor Hugo Escalona Gomez, PMR Co-chairs) - Argentina (Carlos Gentile, Secretary of Climate Change and Sustainable Development) - The World Bank (Jesko Hentschel, Country Director for Argentina) Adoption of the agenda
15:50	<ul style="list-style-type: none"> - Program Update and Progress Report (Venkata Putti, PMR Secretariat) - Update on the PMR successor program design
Session 2 – Information Sharing	
PMR Participants and Observers are encouraged to share relevant policy developments in their jurisdictions or areas of work. Updates may be done through short PowerPoint presentations or oral briefings.	
16:50	<ul style="list-style-type: none"> - Outcomes of Bangkok negotiations (Phillip Eyre, UNFCCC) - China's national ETS preparation (Zhaoli Jiang, Ministry of Environment and Ecology, China) - Quebec ETS (Anaïs Jalbert, Ministry of Sustainable Development, Environment and Climate Change, Quebec) - Carbon Pricing in the Americas (Juan Pedro Searle, Ministry of Energy, Chile) - Update on ICAP activities (Stephanie La Hoz Theuer, ICAP Secretariat)
17:50	Day 1 Wrap-up

18:00 Welcome Reception co-hosted by GOA and PMR

Day 2: Oct 24, 2018

Session 3 – Update on PMR Country Programs	
<p>The PMR Secretariat will update a status of the PMR Country Programs based on an annual monitoring report (PMR Note PA19-2018-03: Annual Monitoring and Reporting for FY18.) For PA19, nine PMR Project Implementation Status Reports (ISRs) were submitted by Brazil, India, Indonesia, Mexico, Peru, South Africa, Thailand, Ukraine and Kazakhstan. The ISRs are available on the PMR website for review. Any Implementing Country Participant/TA-receiving Technical Partner can provide an update.</p>	
9:00	<ul style="list-style-type: none"> - Overall Status of the Country Programs (Jeannette Ramirez, PMR Secretariat) - Updates on the Country Programs (ICP and/or TA-receiving Technical Partner)
10:00	Coffee Break
Session 4 – Country Focus (Latin America)	
<p>Brazil, Mexico, and Peru will provide key updates to their MRP implementation, share lessons learned, and respond to any questions from the participants.</p>	
10:30	<p>Session moderated by PMR Secretariat (Marcos Castro, PMR Secretariat)</p> <ul style="list-style-type: none"> - Country Program Updates by Brazil, Mexico, and Peru - Q&A
12:00	Lunch
Session 5 – Findings and Recommendations of the Second Independent Evaluation and Presentation of the Draft Action Plan	
<p>The 2nd Independent Evaluation of the PMR was carried out between August 2017 and August 2018. This formative evaluation focused on PMR performance from December 2014 to December 2017. In this session, the PMR Secretariat will present the key findings and recommendations of the evaluation and present a draft Action Plan (PMR Note PA19-2018-01) for the implementation of the recommendations. Feedback provided on the Action Plan will be used to revise the Plan, which will be finalized following PA19.</p>	
13:30	<ul style="list-style-type: none"> - Presentation (Venkata Putti, PMR Secretariat) - Q&A
14:30	Coffee Break

Session 6 – Country Focus (South and South East Asia)	
India, Indonesia, and Thailand will provide key updates to their MRP implementation, share lessons learned, and respond to any questions from the participants	
15:00	Session moderated by PMR Secretariat (Timila Dhakhwa, PMR Secretariat) <ul style="list-style-type: none"> - Country Program Updates by India, Indonesia and Thailand - Q&A
Session 7 – Thematic Exchange Forum	
This session will provide an opportunity for the informal exchange of experience and ideas on assessing, designing or implementing carbon pricing systems. There will be two parallel sessions – carbon tax and ETS – and participants are requested to come prepared to discuss the challenges they have faced and the lessons they have learned on assessing policy options or designing and implementing carbon taxes or emissions trading schemes.	
16:30	<ul style="list-style-type: none"> - Group A (Carbon Tax) Moderated by PMR Secretariat (Thomas Kansy, Vivid Economics) - Group B (Domestic ETS) Moderated by ICAP Secretariat (Stephanie La Hoz Theuer, ICAP Secretariat)
17:30	Day 2 Wrap-up

Day 3: Oct 25, 2018

Session 8 – Country Focus (Africa, Central Asia, and Eastern Europe)	
South Africa, Kazakhstan, and Ukraine will provide key updates to their MRP implementation, share lessons learned, and respond to any questions from the participants.	
9:00	Session moderated by PMR Secretariat (Venkata Putti, PMR Secretariat) <ul style="list-style-type: none"> - Country Program Updates by South Africa, Kazakhstan, and Ukraine - Q&A
10:30	Coffee Break
Session 9 – Update on Budget	
The PMR Secretariat will provide an update on the statement of expenditures during fiscal year 2018, as outlined in PMR Note PA19-2018-02.	

11:00	<ul style="list-style-type: none"> - Presentation (Timila Dhakhwa, PMR Secretariat) - Q&A
Session 10 – Update on Technical and Policy Analysis Work Programs & Next Steps	
11:45	<ul style="list-style-type: none"> - Presentation (Daniel Besley, PMR Secretariat) - Discussion and Feedback - Next Steps: PMR Calendar of Upcoming Events (Rhiana Fitts, PMR Secretariat)
Session 11 – PA19 Closing	
12:30	<p>Closing remarks:</p> <ul style="list-style-type: none"> - Spain and Mexico (Alfredo Sanchez Vicente, Victor Hugo Escalona Gomez, PMR Co-chairs) - Argentina (Carlos Gentile, Secretary of Climate Change and Sustainable Development) - PMR Secretariat (Venkata Putti)

❖ Lunch will be served at the Hotel restaurant

Annex II

PARTNERSHIP FOR MARKET READINESS (PMR)

Nineteenth Partnership Assembly Meeting

Buenos Aires, October 23 – 25, 2018

Resolution No. PA19/2018-1

Approval for the Submission of an Updated Implementation Plan by All Implementing Country Participants and Targeted Technical Partners

WHEREAS:

- (1) As per Section 4.14 (e) of the Partnership for Market Readiness (PMR) Governance Framework, the Secretariat provides a budget proposal for FY20 (July 1, 2019 – June 30, 2020) at the twentieth Partnership Assembly (PA) meeting (PA20).
- (2) The PMR closes all country activities by the end of FY20 and the trust fund comes to a formal administrative close at the end of FY21 (June 30, 2021).
- (3) The PMR Secretariat recommends to the PA that all the implementing country participants (ICPs) and Technical Partners (TP) provide to the PMR Secretariat an updated implementation plan by February 28, 2019 to facilitate completion of activities before the end of FY20.

THE PARTNERSHIP ASSEMBLY:

- (1) Endorses the PMR Secretariat's request for an updated implementation plan by all ICPs and TPs by February 28, 2019.
- (2) Requests the PMR Secretariat to provide to the ICPs and TPs a template for the updated implementation plan by November 15, 2018.
- (3) Requests the PMR Secretariat and the respective Delivery Partners to support the ICPs and TPs to develop and submit the updated implementation plan.
- (4) Requests the PMR Secretariat and the Delivery Partners to support the Implementing and Technical Partners to carry out the implementation plans in a timely manner.
- (5) Requests the PMR Secretariat to update the PA at PA20 on the updated implementation plans.

Annex III

PA18 PMR Budget, Estimate Expenses and Actual Expenses

(in US\$ thousand)

Use of Funds	FY18 Budget	FY18 Estimated Expense	FY18 Actual Expenses
PA Meetings and Workshops	640	677	728
Country Delivery Support and Advisory Services	2007	2134	2283
MRP Expert Feedback Process	50	19	46
Country Delivery Support	1957	2115	2237
o/w: (1) Secretariat Support	1127	1234	1095
(2) Delivery Partner Support	830	881	1142
World Bank Central Unit Costs (1% Contribution)	127	127	127
Monitoring and Evaluation	268	108	74
Knowledge Management	1079	1032	975
Policy Analysis Work Program	2222	1589	805
PMR Management and Communications	576	683	918
Contingency	150	150	0
TOTAL USE OF FUNDS	7069	6500	5910

Updated PMR Expenses and Long-Term Budget Plan ('000)

PMR Operations	Actuals	Actuals	Estimate	Estimate	Estimate	Grand-totals
	FY 11 - FY17	FY18	FY19	FY20	FY21	
PMR PA Meetings + Workshops	4,158	728	650	650	325	6,511
PMR Management and Communications	3,574	918	750	750	375	6,367
Country Delivery Support	10,612	2,237	2,100	2,100	1,050	18,099
Trust Fund Management	451	-	-	-	-	451
MRP Expert Feedback Process	387	46	-	-	-	433
Monitoring and Evaluation	255	74	96	-	-	425
World Bank Central Unit Costs	889	127	127	127	127	1,397
Contingency	-	-	150	150	75	375
PMR Operations Sub-total (A)	20,326	4,130	3,873	3,777	1,952	34,058
PMR Support to Countries Initial Funding Support						
Preparation Funding						6,178
Implementation Funding						54,402
Targeted Country Support to Technical Partners						1,500
Additional Committed Funding						22,850
Initial Funding Support Sub-total (B)						84,930
Complementary Funding Support						
Knowledge Management & Technical Work Program	3,988	975	857	800	650	7,270
Policy Analysis Work Program	3,613	805	1,784	-	-	6,202
Funding Support for Additional MRP and TP Activities	-	33	26	-	-	59
Complementary Funding Support Sub-total (C)	7,601	1,813	2,667	800	650	13,531
PMR Support to Countries (B+C)						98,461
PMR Activities Total (=A+B+C)						132,519