Co-Chair’s Summary of the Twentieth Meeting of the Partnership for Market Readiness (PMR) Assembly

May 29-30, 2019
Brussels, Belgium
Opening

1. The Twentieth Meeting of the Partnership Assembly (PA20) was opened by co-chair Alfredo Sanchez (Spain) and acting co-chair Olga Yukhymchuk (Ukraine) representing Victor Escalona (Mexico) who was unable to join the meeting. Beatriz Yordi, Director for European and International Carbon Markets at the European Commission delivered the opening remarks. Ms. Yordi emphasized the value PMR brings on building the readiness of countries in implementing carbon pricing instruments.

2. On behalf of Sri Lanka, Methmali Rajaguru expressed gratitude to the PMR community for their expressions of support after the tragic turn of events in the country, which forced the change of dates and venue of the Assembly. She took the opportunity to express Sri Lanka’s continued commitment to the PMR and urged participants to continue to keep the country in their thoughts. The remarks were followed by a moment of silence.

3. The PA adopted the agenda as proposed by the co-chairs (see Annex I).

Overview: Progress Update since PA19

4. On behalf of the PMR Secretariat, Venkata Putti (Program Manager) presented the Program Update. This presentation focused on key developments in PMR countries, PMR priorities moving forward and an update on the PMR Successor Program design process. He emphasized that the PMR Successor Program would be the primary vehicle for the World Bank to reach its Climate Change Action Plan Targets on scaling carbon pricing for 2021 – 2025.

5. As per the PMR Resolution PA19/2019-1 adopted at PA19, the Secretariat reported to the Assembly that 22 countries submitted their updated country implementation plans, with India being the lone exception. Among these, South Africa and Morocco revised the scope of activities in their MRPs, while other countries streamlined their activities to ensure completion of all activities on time. This item was discussed in further detail in session 4.

6. Grant/financing agreements were signed with Argentina, Colombia, Panama, the Philippines, Sri Lanka, Tunisia (UNDP-implemented) and Turkey (Additional Finance).

7. Some key country developments during this period were: Jordan passed a climate change by-law to support climate action, including MRV system and registry. Ukraine passed a draft legislation on MRV. South Africa’s carbon tax passed the parliament and has gone into effect from June 1, 2019. Turkey is the second country to complete all its MRP activities and is currently implementing readiness activities on ETS with the support of the additional financing from PMR.

8. The most important priority for the PMR Secretariat moving forward is the completion of country activities by June 2020 and finalization/dissemination by December 2020. This would include a systematic closure of all country programs, including documentation, reporting and outreach.
Information Sharing Session

9. Presentations on recent policy developments included an update on the NDC Partnership and its relevance to the PMR from the Netherlands, an update on Article 6 negotiations by UNFCCC Secretariat, South Africa’s carbon tax, Sweden’s transition to 100% renewable electricity system by 2040, and the United Kingdom’s domestic carbon pricing framework.

10. In addition, the United Kingdom also presented findings from its Annual Review of the PMR from the reporting period of starting November 1, 2017 to 31 October 2018. PMR received a program scoring of ‘A: Outputs met Expectations’ with a ‘Moderate’ risk rating. Though PMR continues to perform well, significant progress still needs to be made to ensure that disbursements do not further lag. Please follow this link for specific recommendations that came out of this review: UK’s Annual Review of PMR.

Country Program Update

11. The PMR Secretariat presented key country highlights which included detailed information on which countries are preparing or implementing carbon tax, emissions trading or crediting mechanisms. Total grant allocation in terms of available funds and disbursements, and execution modality were also presented. Morocco (US$ 1.3M), South Africa (US$ 1.5M) and Sri Lanka (US$ 72,000) have reduced the scope of their PMR activities and funding required to implement has also been reduced. Given the imperative of concluding all the country programs by December 2020, participants agreed on the need for all countries to complete their procurement processes by committing resources by September 2019. The status of each country will be reported at PA21 and decisions on rationalization of work programs and use of remaining funds will be taken then.

Policy Analysis and Technical Work Program Update

12. The PMR Secretariat presented the progress achieved under the Technical Work Program for FY19 and the workplan for FY20 and FY21. There was broad support for the work program and the projects for the coming year, including for further in-depth training on communicating carbon pricing and investigating the distribution of impacts of carbon pricing. The Technical and Policy Analysis Work Program Note further details the proposed work program for FY21.

13. The PMR Secretariat also presented the current status of the Policy Analysis Work Program. There are two projects remaining, in Thailand and Vietnam, both of which are expected to be completed early in FY20.

Budget for FY20

14. The PMR Secretariat presented a budget note on its FY19 expenditure (as of February 28, 2019) and a proposed budget for FY20. Overall there has been underspending in FY19 compared to the allocated budget. This underspending comes from two key categories: (1) Country Delivery Support and (2) Policy Analysis Work Program. However, with all grant agreements in place, spending in the next fiscal year is projected to be get back up to the allocated budget.
15. The PMR Secretariat proposed a budget of $5.7 million for FY20 which was approved unanimously. Please follow this link for the FY20 budget and see Annex II for the resolution endorsed by the assembly.

**Guidance & Provisions for Completion of PMR Country Programs**

16. To ensure that all country programs are completed in a timely fashion, the Secretariat recommends the following process which has been endorsed by the Partnership Assembly. These recommendations take into account certain delays in the signing of grant agreements as well as in the commitment and disbursement of allocated Implementation Phase Funding amounts to Implementing Country Participants (ICPs) or targeted technical support to Technical Partners (TPs):

- Each ICP for which the PA has allocated PMR Implementation Phase Funding should, unless it has already done so, and as applicable, (1) have a grant agreement signed with the World Bank by no later than July 31, 2019 and (2) have committed all allocated funding amounts in accordance with the implementation plan to any outstanding funded activities under its respective MRP by no later than September 30, 2019;

- Each TP for which the PA has allocated funding for targeted technical support should, unless it has already done so, have committed all allocated funding amounts to any outstanding funded activities under its respective “Proposal for Targeted Technical Support” by no later than September 30, 2019;

- If deemed necessary, and subject to agreement with the World Bank, an ICP or TP may request an extension of its grant agreement closing date until no later than December 31, 2019;

- In the event that either a grant agreement, if applicable, is not signed or allocated funding amounts are not committed in full by the respective above deadlines, the PA assumes that the allocated Implementation Phase Funding for the relevant ICP or funding for targeted technical support for the relevant TP cannot be committed and disbursed in full during the remainder of the PMR and, therefore, recommends that the relevant ICP or TP should enter into good faith discussions with the World Bank to assess and adjust the grant amount under its grant agreement, as appropriate; and

- The World Bank and the PMR Secretariat should continue to support the relevant ICPs or TPs in meeting the respective above deadlines.

17. The PMR Secretariat presented a proposal with guidance and provisions on the likely aggregate of residual funds by the end of the FY20 for the PMR Trust Fund as country programs come to a close. Assuming that (1) the spending rate is the same as last year, (2) projections of non-country items remain and (3) existing deficit is to be addressed, the Secretariat estimates US$7 million to remain unprogrammed. In order to redeploy the resources, the Secretariat suggests the following considerations for activities to be supported:
• Should aid the transition towards implementation
• Should be new, non-repeating activities
• Should not be an extension of the existing/ongoing activities
• Should help to bridge the readiness/knowledge gaps
• Should act as an incentive towards advanced stages of carbon pricing implementation

18. The PMR Secretariat requested the mandate of the Partnership Assembly to develop and evaluate proposals on a rolling basis till the last six months of PMR closure in December 2020 based on a periodic assessment of resource availability. The Assembly has endorsed this mandate and given the Secretariat the ability to directly fund proposals below the threshold of US$200K. For larger proposals, the Secretariat will seek a no-objection from the Assembly through an electronic process. The funds will be administered from the Secretariat.

Co-Chair Election

19. Costa Rica and the United Kingdom were selected to take on the co-chair roles for PA21 and PA22.

Meeting Documents

20. All meeting documents have been uploaded to the PMR website. Please follow the link here: 20th Partnership Assembly (PA20).

Upcoming Deadlines for Submissions

21. The following countries are due to submit their annual implementation status reports (ISRs) to the PMR Secretariat for review by October 7, 2019.

• Brazil
• Colombia
• India
• Indonesia
• Jordan
• Mexico
• Panama
• Peru
• South Africa
• Ukraine

Upcoming Meetings and Events

22. The next PMR PA21 (and related PMR events) will take place in Berlin, Germany, on October 23 - 25. The schedule for other key upcoming events is below:

• LAC Climate Week: August 19-23, Brazil
• Asia Pacific Carbon Forum: September 9-13, Bangkok
• United Nation’s Secretary General’s (UNSG) Summit: September 23, New York
• COP25: December 2-13, Chile
## DAY 1: May 29th, 2019 (Wednesday)

**Session 1 – PA20 Opening and Introduction**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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<tbody>
<tr>
<td>9.00a – 9.30a</td>
<td>Registration: Welcome Tea/Coffee and Badge Pick-up</td>
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<tr>
<td>9.30a – 10.00a</td>
<td>Opening Remarks:</td>
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<tr>
<td></td>
<td>- PMR Co-chairs Alfredo Sanchez (Spain) and Victor Escalona (Mexico)</td>
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<td></td>
<td>- Brief remarks from Sri Lanka</td>
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<td>- Beatriz Yordi, European Commission</td>
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<td>- Neeraj Prasad, World Bank</td>
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<td>10.00a – 10.30a</td>
<td>Adoption of the Agenda</td>
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<td>- Program Update and Progress Report (Venkata Putti - PMR Secretariat)</td>
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<td>- Q/A</td>
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**Coffee/Tea Break**

**Session 2 – Information Sharing**

PMR Participants and Observers are encouraged to share recent policy developments in their jurisdictions or areas of work that would be of relevance to the PMR community.

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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</thead>
<tbody>
<tr>
<td>11.00a – 12.30p</td>
<td>• UK’s Annual Review of PMR and Carbon Market Policy Update – Chris Shipley, Department of Business, Energy and Industrial Strategy (BEIS), UK</td>
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<td></td>
<td>• NDC Partnership – K.P.M. Solberg, Ministry of Economic Affairs and Climate Policy, The Netherlands</td>
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<td>• Transition to 100% Renewable Electricity System by 2040 in Sweden – Lars Andersson, Swedish Energy Agency</td>
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<td>• Update from South Africa’s Carbon Tax – Memory Machingamby, National Treasury, South Africa</td>
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<td>• UNFCCC Update on Article 6 Negotiations – Phillip Eyre, Program Officer, UNFCCC</td>
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**Lunch**

**PMR Successor Program Consultation**

The World Bank will present the progress and status of documentation on the PMR Successor Program. The aim of the consultation is to receive feedback from the PMR participants on the scope, governance and other features of the new program.

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<tr>
<th>Time</th>
<th>Activity</th>
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<tbody>
<tr>
<td>1.30p – 1.45p</td>
<td>Opening remarks</td>
</tr>
<tr>
<td>Time</td>
<td>Session</td>
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<tr>
<td>1.45p – 2.00p</td>
<td>Introduction/Goals for the Consultation (Venkata Putti, PMR Secretariat)</td>
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<tr>
<td>2.00p – 2.30p</td>
<td>Overview of the Design Document (Venkata Putti, PMR Secretariat)</td>
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<tr>
<td>2.30p – 3.30p</td>
<td>Deep Dive 1: Program Windows (Daniel Besley and Timila Dhakhwa, PMR Secretariat)</td>
</tr>
<tr>
<td>3:30p – 4:00p</td>
<td>Coffee/Tea Break</td>
</tr>
<tr>
<td>4:00p – 5:30p</td>
<td>Deep Dive 2: Options for a Streamlined Project Cycle (Marcos Castro, PMR Secretariat)</td>
</tr>
<tr>
<td>5:30p – 5:45p</td>
<td>Conclusion/Day 1 Wrap-up (Venkata Putti, PMR Secretariat)</td>
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**Cocktail Reception hosted by PMR**

**DAY 2: May 30th, 2019 (Thursday)**

### Session 3: Country Program Status

As per the approved Resolution No. PA19.2018-1 at PA19, the Implementing Country Participants (ICPs) and Technical Partners (TPs) submitted updated implementation plans. This session will provide an overview of the revised plans and discuss the implications. Select ICPs and TPs will discuss their plans in detail.

- **09:00a - 11:00a**
  - Overall update on country programs (Jeannette Ramirez, PMR Secretariat)
  - Country Presentations on Updated Implementation Plan – South Africa, Kazakhstan, Colombia
  - Updates from other interested ICPs
  - Feedback and Q/A

- **11:00a – 11:30a** Coffee/Tea Break

### Session 4: Policy Analysis and Technical Work Program Status

The PMR Secretariat will present the overall progress made under these work streams since PA19 and the proposed work program for fiscal year 2020.

- **11:30a – 12:30p**
  - Policy and Technical Work Program (Daniel Besley, PMR Secretariat)
  - Feedback and Q/A

- **12:30p – 1:30p** Lunch

### Session 5: FY19 Expenditure and FY20 Budget Proposal

The PMR Secretariat will present a review of expenditures during fiscal year 2019 and propose a budget for fiscal year 2020 for PA approval.

- **1:30p – 2.15p**
  - FY19 Expenditure and FY20 Budget Proposal (Timila Dhakhwa, PMR Secretariat)
  - Feedback and Q/A

### Session 6: Redeployment of Potential Unspent Resources

In expectation of potential unspent resources to be available from revised country programs, the Secretariat will present a set of forward-looking ideas to be funded that could help in strengthening pre-implementation activities and/or examples of activities that could demonstrate prototype implementation activities. The final list and scope of ideas will be subject to the extent of available resources and time availability.

- **2.15p – 3.30p**
  - Presentation (Venkata Putti, PMR Secretariat)
  - Feedback and Q/A

- **3.30p – 4.00p** Coffee/Tea Break

### Session 7: Next Steps and Adoption of Decisions

- **4.00p – 4.30p**
  - Election of new co-chairs
  - Adoption of Decisions/Resolutions by PA (Markus Pohlmann, World Bank)
  - PMR Calendar of Upcoming Events (Rani Kumar, PMR Secretariat)

**PA20 Closing**
<table>
<thead>
<tr>
<th>Time</th>
<th>Event Description</th>
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</table>
| 4.30p – 5.00p | Concluding Remarks:  
• PMR Co-chairs Alfredo Sanchez (Spain) and Victor Escalona (Mexico)  
• Venkata Putti, PMR Secretariat |
| 6.00p    | Dinner hosted by Pilot Auction Facility (PAF) of the World Bank                   |
Annex II

PARTNERSHIP FOR MARKET READINESS (PMR)

Twentieth Partnership Assembly Meeting

Brussels, May 29-30, 2019

Resolution No. PA20/2019-1

Authorizing Budget for Fiscal Year 2020

WHEREAS:

1. Pursuant to Section 4.3(d) of the PMR Governance Framework, the Partnership Assembly’s roles and responsibilities include approving the budget for the operation of the PMR; and

2. The PMR Secretariat presented the proposed budget for Fiscal Year 2020 for consideration by the Partnership Assembly at this meeting.

THE PARTNERSHIP ASSEMBLY:

Approves the budget for PMR operation for Fiscal Year 2020, presented by the PMR Secretariat at this meeting and attached as Annex to this resolution.
## Budget for Fiscal Year 2020

<table>
<thead>
<tr>
<th>Use of Funds</th>
<th>FY19 Budget</th>
<th>FY 19 Actual Expenses*</th>
<th>FY20 Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA Meetings and Workshops</td>
<td>650</td>
<td>343</td>
<td>650</td>
</tr>
<tr>
<td>Country Delivery Support and Advisory Services</td>
<td>2147</td>
<td>1025</td>
<td>2187</td>
</tr>
<tr>
<td>MRP Expert Feedback Process</td>
<td>0</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Country Delivery Support</td>
<td>2147</td>
<td>1020</td>
<td>2187</td>
</tr>
<tr>
<td>o/w: (1) Secretariat Support</td>
<td>1121</td>
<td>574</td>
<td>1121</td>
</tr>
<tr>
<td>(2) Delivery Partner Support</td>
<td>1026</td>
<td>446</td>
<td>1026</td>
</tr>
<tr>
<td>(3) Implementation Completion Reports (ICRs) Funding for RETFs</td>
<td>0</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>World Bank Central Unit Costs (1% contribution)</td>
<td>127</td>
<td>0</td>
<td>127</td>
</tr>
<tr>
<td>Monitoring and Evaluation</td>
<td>96</td>
<td>191</td>
<td>0</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>800</td>
<td>346</td>
<td>1300</td>
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<tr>
<td>Policy Analysis Work Program</td>
<td>1000</td>
<td>175</td>
<td>600</td>
</tr>
<tr>
<td>PMR Management and Communications</td>
<td>750</td>
<td>656</td>
<td>750</td>
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<tr>
<td>Contingency</td>
<td>150</td>
<td>0</td>
<td>150</td>
</tr>
<tr>
<td><strong>TOTAL USE OF FUNDS</strong></td>
<td><strong>5,720</strong></td>
<td><strong>2,736</strong></td>
<td><strong>5,764</strong></td>
</tr>
</tbody>
</table>

* FY19 Actual Expenses cover expenses incurred from July 1st, 2018 until Feb 28th, 2019.