

**Co-Chair's Summary of the Twenty First Meeting of the
Partnership for Market Readiness (PMR) Assembly**

October 22-25, 2019

Berlin, Germany

Opening

1. The Twenty First Meeting of the Partnership Assembly (PA21) was opened by co-chair Silvia Charpentier (Costa Rica) and Hugh Salway (United Kingdom). Dr. Karsten Sach, Director General for the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), delivered the opening remarks. Dr. Sach emphasized the role carbon pricing instruments play as a cost-effective tool in the policy toolkit to implement NDCs.
2. The PA adopted the agenda as proposed by the co-chairs (see Annex I).

Overview: Progress Update since PA19

3. On behalf of the PMR Secretariat, Venkata Putti (Program Manager) presented the [Update and Progress Report](#). This presentation provided a recap of key outcomes from PA20 in Brussels, progress made since PA20 and key priorities for PA21.
4. Key country developments during this period are the following: Mexico's ETS pilot phase has been adopted and it officially kicks off in January 2020. Chile's tax code reform for 2019 includes the enhancement of the carbon tax supported by PMR Chile. Thailand and Indonesia submitted their final ISRs as their programs will end in December 2019. Brazil, Indonesia, Kazakhstan, Mexico, Peru, South Africa, Thailand and Ukraine submitted their Implementation Status Reports (ISRs) for PA21 as part of their annual reporting obligations.
5. The PMR Secretariat presented the results of the country-by-country analysis on implementation progress of the country programs. The analysis identified that most likely there would be \$9 million of residual resources. While most countries are on track to complete their programs on time, several countries (India, Mexico, Tunisia and Sri Lanka) would need to significantly ramp up their implementation in the next year to ensure successful and timely completion of their programs. The key insight from this analysis is that for the successor program, a more realistic budget estimation would be necessary for country activities.
6. The PMR Secretariat also provided an update on the process established to evaluate proposals under \$200K to access the residual resources. An internal evaluation committee of three people has been established that evaluates the proposals based on the criteria established in PA21, as outlined in the [co-chair's summary](#). Based on this evaluation criteria, the following three proposals were approved:
 - Develop the general framework for implementation of carbon pricing instruments in **Indonesia**
 - Implementation of a voluntary crediting scheme and defining the crediting mechanism proposed under carbon tax amendments in **Chile**
 - Intensive capacity building and green investment in **Thailand**
7. The PMR Secretariat emphasized that systematic completion of all country programs by December 2020 would be the key priority moving forward. As part of this closure, the Secretariat outlined the following closing activities for CY2020:
 - Assessment of PMR outputs for their efficacy in helping implementation in the future
 - Archiving technical outputs and other documents
 - Synthesis document on lessons learnt (process and content)

Information Sharing Session

7. Presentations on recent policy developments and programs that support carbon pricing included an update on the [Tokyo Cap and Trade Program](#), Coalition of Finance Minister's for Climate Action, [Asian Development Bank's Article 6 Support Facility](#), IKI-BMU Initiative on Climate Action, UNFCCC's [Collaborative Instruments for Ambitious Climate Action \(CI-ACA\) Initiative](#) and an update from the Costa Rica Pre-COP.

Country Program Update and Knowledge-Sharing Sessions

8. The PMR Secretariat presented key [country highlights](#) from all the PMR country programs. A key highlight from this update is that disbursements have increased to 77% from 62% at PA20 Brussels. While most of the bank executed, recipient executed and UNDP-implemented country programs are on track, countries to closely monitor progress for next year are: Argentina, Cote d'Ivoire, India, Tunisia, Sri Lanka and Mexico. Country program monitoring will therefore continue to be a top priority for the PMR Secretariat in CY2020 to ensure timely and systematic completion by December 2020.
9. A knowledge fair was organized with ISR presenting countries hosting booths showcasing key challenges and progress made in the past year. Countries that participated in this fair were: Brazil, Indonesia, Kazakhstan, Mexico, Peru, South Africa, Thailand and Ukraine. The informal setting of the fair provided an opportunity for contributing and implementing countries to interact with each other on implementation.
10. Following the knowledge fair, the PMR Secretariat organized two sessions reflecting on the lessons learnt from the PMR experience. The first session was a panel discussion with countries that have either completed their MRPs or close to completion to share key lessons learnt that helped them through the finish line. Countries on the panel were: [Thailand](#), [Indonesia](#), Chile, Turkey and China. Key lessons that emerged from this discussion are the following:
 - A detailed Terms of Reference (TOR) and a pool of experts to draw into is key for the successful implementation of the program.
 - Host country ownership is fundamental – therefore, given that there are regular changes in personnel within the ministries, it is ever more critical to maintain constant communication, have local experts as part of the team and ensure that the program is reflected in the country Nationally Determined Contribution (NDC) and other national climate policies.
 - Concrete ways of sharing knowledge and learning from each other was reiterated as an important enabling element for the success of the project.
11. The second session was organized around two technical topics: (i) MRV Infrastructure facilitated by Turkey and Costa Rica and (ii) Carbon Pricing Options Analysis facilitated by Brazil and the UNFCCC. The informal break-out session provided a space for countries to share key challenges and best practices they have come across within these two topics. A key challenge that emerged on MRV infrastructure was the need to build the capacity of verifiers and to harmonize various

MRV systems. On assessing carbon pricing options, a key point that was stressed throughout the discussion was to engage with more than one ministry and to have a clear communication narrative.

Policy Analysis and Technical Work Program Update

12. The PMR Secretariat presented an update on the progress under the [Technical Work Program](#) for FY20. The Secretariat informed the Participant Assembly that the policy analysis work under Vietnam has been completed and the analysis in Thailand is expected to be completed by December 2019. The project in Thailand supports carbon pricing policy choice through economic modelling of the impact of carbon pricing options. The project in Vietnam looks into policy mapping and economic modeling to support the development of a GHG mitigation roadmap for the energy sector up to 2030.
13. The Secretariat updated the Assembly on the upcoming regional carbon pricing communications training in Turkey (targeting ECA, MENA and AFR regions) and Vietnam (targeting EAP and SAR regions). The first regional communications training targeting the LAC region was organized in Costa Rica which received positive feedback.
14. Upcoming publications for FY20 include an updated ETS guidebook in addition to PMR Technical Reports on co-benefits of carbon pricing, carbon pricing selection, measuring emissions, crediting and carbon pricing governance. In addition, a facilitated e-course on carbon tax will be launched in February 2020.

Update on Expenditure and Additional Finance Proposals

15. The PMR Secretariat presented a financial update on expenses as of September 30, 2019. This exercise follows the practice started from PA19 whereby the Secretariat has been updating the Assembly on its finances every 6 months. For FY20, the Assembly has approved a budget of \$5.7million.
16. Based on the figures as of September 30, 2019, the following were the key trends observed in FY19:
 - Expenses went down for PA Meetings and Workshops because of lower expense incurred with a shortened 2-day PA in Brussels. Expenses were also lower under the policy analysis work program, as invoices will be charged in FY20 as a carry-over expense.
 - Expenses went up for country delivery support and advisory services (though under the estimated budget) because of the increased staff time spent on project monitoring ahead of the program ending in a year. Expenses also went up on PMR Management and Communication as increased staff time went to the preparation for the successor program and outreach.
17. Based on the country program analysis, the Secretariat estimates around \$9.0 million of residual resources will be left unspent. Some of these additional resources will be committed towards new activities as part of the closing process of PMR. These activities include creating an archive,

assessment of country outputs and a lessons-learned report. For countries interested in applying for additional funding, eligibility criteria were established for evaluation and selection of these proposals as outlined in the PA20 [co-chair's summary](#).

18. As per the additional financing criteria, three proposals under \$200K were accepted by the internal evaluation committee. As outlined in paragraph 6, the approved proposals are the following: These proposals are the following:
 - Develop the general framework for implementation of carbon pricing instruments in Indonesia
 - Implementation of a voluntary crediting scheme and defining the crediting mechanism proposed under carbon tax amendments in Chile
 - Intensive capacity building and green investment in Thailand
19. An additional proposal over \$200K on '[Connected Registries for Carbon market Implementation](#)' was presented at the Assembly. Based on the feedback and questions received from the Assembly on the proposal, a decision was taken to provide more time for the proposal to be revised to reflect these initial feedback and questions and for electronic submission of further comments.

Update on the PMR Successor Program – Partnership for Market Implementation

20. The PMR Secretariat provided an update on the timeline and approach for PMR Successor Program, the Partnership for Market Implementation (PMI). The Secretariat emphasized the following key influencing factors for the program to be fully functional:
 - Securing donor commitments
 - Completing grant agreement processes
 - Securing internal management approvals
 - Ensuring systematic completion of PMR activities
21. The PMI, which is planned to be launched at COP25, will be open for business in FY21.

Meeting Documents

22. All meeting documents have been uploaded to the PMR website. Please follow the link here: [PMR PA21 Berlin Documents](#)

23. Upcoming Deadlines for Submissions

The following countries are due to submit their annual implementation status reports (ISRs) to the PMR Secretariat for review by April 3, 2020.

- Argentina
- China
- Colombia
- Costa Rica
- Cote d'Ivoire
- India

- Jordan
- Panama
- Philippines
- Sri Lanka
- Tunisia
- Turkey
- Vietnam

Upcoming Meetings and Events

24. The next PMR PA22 (and related PMR events) will take place in Bali, Indonesia in from **April 20-23, 2020**. The schedule for other key upcoming events is below:

- Africa Climate Week: March 9-13, 2020, Kampala, Uganda
- Innovate for Climate (I4C): May 26-28, 2020
- Latin America and the Caribbean (LAC) Climate Week: July 6-10, Santo Domingo, Dominican Republic

Annex I

Partnership for Market Readiness

21st Meeting of the Partnership Assembly (PA21)

October 24 – 25, 2019
Crowne Plaza Berlin – Potsdamer Platz
Berlin, Germany

| DAY 1: October 24th, 2019 (Thursday) | |
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| Session 1 – PA20 Opening and Introduction | |
| 09.00a – 09.30a | Registration: Welcome Tea/Coffee and Badge Pick-up |
| 09.30a – 10.00a | Opening Remarks: <ul style="list-style-type: none"> • PMR Co-chairs: Hugh Salway (United Kingdom) and Silvia Charpentier (Costa Rica) • Dr. Karsten Sach, Director General, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), Germany • Neeraj Prasad, Practice Manager, World Bank Adoption of the Agenda |
| 10.00a – 10.45a | <ul style="list-style-type: none"> • Program Update and Progress Report (Venkata Putti, PMR Secretariat) • Q/A |
| 10.45a – 11.00a | 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. | |
| 11.00a – 12.30p | <ul style="list-style-type: none"> • Update of the Tokyo Cap and Trade Program – Satoshi Chida, Tokyo Metropolitan Government • An Update on Finland’s Ambitious Climate Policy and the Coalition of Finance Ministers for Climate Action – Eeli Jaakola, Ministry of Finance, Finland • Asian Development Bank’s Article 6 Support Facility – Virender Kumar Duggal, Asian Development Bank • An Update from the Pre-COP in Costa Rica and Looking Ahead at COP25 – Chile and Costa Rica • IKI – BMU Initiative: Support Program for Carbon Market Activities and an Update on Germany’s Climate Plan – Malin Ahlberg, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), Germany • The Collaborative Instruments for Ambitious Climate Action (CI-ACA) Initiative – Nicolas Muller, UNFCCC |
| 12.30p – 02.00p | Lunch |
| Session 3: Country Program Status | |
| As per the co-chairs’ summary from PA20, this session will take stock of the overall country program status and the outlook for the next year. The session will then break into a knowledge fair format where the Assembly | |

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| <p>is invited to interact with countries that have submitted their Implementation Status Report (ISRs). This will be an opportunity to have informal knowledge exchange with countries on their readiness progress and challenges as well as their next steps that can move the country towards carbon pricing implementation. Countries are also invited to share any knowledge/media products that they might have to showcase. Countries submitting ISR for PA21 are: Brazil, Indonesia, Kazakhstan, Mexico, Peru, South Africa, Thailand and Ukraine.</p> | |
| 02.00p – 02.30p | Overall Update on Country Programs (Jeannette Ramirez, PMR Secretariat) |
| 02.30p – 03.30p | ISR Country Knowledge-Sharing Fair |
| 03.30p – 04.00p | Coffee/Tea Break |
| <p align="center">Session 4: A Reflection on PMR – Market Readiness Proposal (MRP) Success Factors</p> | |
| <p>This session will invite countries close to the finish line for a panel discussion on best practices that helped them complete their programs. As PMR draws to a close, this will be an opportunity for countries to reflect and share their learnings in terms of ensuring successful completion of their Market Readiness Proposals (MRPs). The session therefore aims to elaborate on key building blocks necessary for a successful carbon market readiness program.</p> | |
| 04.00p – 05.00p | <ul style="list-style-type: none"> • Panel Discussion on MRP Best Practices Countries: Thailand, Indonesia, Chile, Turkey, China • Q/A |
| 05:00p – 05:30p | Day 1 Wrap Up (PMR Secretariat) |
| <p align="center">Cocktail Reception hosted by PMR</p> | |
| <p align="center">DAY 2: October 25, 2019 (Friday)</p> | |
| <p align="center">Session 5: A Reflection on PMR – Key Technical Focus Areas for a Post-Paris Era</p> | |
| <p>For countries to transition from carbon market readiness to implementation, PMR has served as a platform to determine what might be the key legal, institutional and technical areas to build capacity on. This becomes even more critical in a post-Paris Agreement era with countries embarking on their enhanced Nationally Determined Contributions (NDCs). This session takes a deep-dive on the analytical work that went into determining policy choices and the infrastructure for a functioning carbon pricing instrument. The discussion will therefore look into how countries approached conducting a carbon pricing options study. In addition, the session will look at their approach on setting up an MRV framework.</p> | |
| 09:00a - 09:10a | <ul style="list-style-type: none"> • Overview of the Discussion Format (PMR Secretariat) |
| 09:10a – 10:00a (50 mins) | <ul style="list-style-type: none"> • Breakout Discussion on MRV Infrastructure Moderators: Engin Mert (Turkey), Felipe De Leon (Costa Rica) |
| 10.00a – 10.20a | Coffee/Tea Break |
| 10.20a – 11.15a (55 minutes) | <ul style="list-style-type: none"> • Breakout Discussion on Carbon Pricing Options Analysis Moderators: Guido Couto Penido Guimaraes (Brazil), Phillip Eyre (UNFCCC) |
| 11.15a – 11.30a | Messages from the Breakout Session |
| <p align="center">Session 6: Policy Analysis and Technical Work Program Status</p> | |
| <p>This session will discuss the overall progress made under the Policy Analysis and Technical Work Program since PA20 and an update on the work program for fiscal year 2020.</p> | |
| 11:30a – 12:00p | <ul style="list-style-type: none"> • Update on the Policy Analysis and Technical Work Program (Daniel Besley, PMR Secretariat) • Feedback and Q/A |
| 12:00p – 01:30p | Lunch |
| <p align="center">Session 7: FY20 Expenditure Update</p> | |

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| This session will present a summary of expenditure for FY19, an update on current expenditure for FY20 and the long-term outlook for the fund. | |
| 01:30p – 02.00p | <ul style="list-style-type: none"> • Financial Update (Timila Dhakhwa, PMR Secretariat) • Feedback and Q/A |
| Special Session: Connected Registries for Carbon Markets Implementation | |
| There is need to demonstrate a decentralized information technology (IT) approach to link registry systems. The new IT architecture will need to ensure the tracking of transfer and use of climate assets across jurisdictions while ensuring integrity of trades. The World Bank (Carbon Markets and Innovation Team along with Technology and Innovation Lab) has initiated a simulation of distributed ledger (blockchain) technology-based solution to connect registries to surface relevant information to enable tracking for the avoidance of double counting. The session will present a proposal to establish a system of connected national registries in eligible PMR and other countries and associated entities that can form the beginning of the market infrastructure for Article 6 and ensure a prompt start of the market implementation process. | |
| 02.00p – 02.45p | <ul style="list-style-type: none"> • Carbon Markets and Distributed Ledger Technology (Chandra Shekhar Sinha, World Bank) • Q/A |
| 02.45p – 03.15p | Coffee/Tea Break |
| Session 8: An Update on the Successor Program, Partnership for Market Implementation (PMI) | |
| This session will provide an update on the design and planning for the PMR Successor Program. | |
| 03.15p – 04.30p | <ul style="list-style-type: none"> • Update on Partnership for Market Implementation (Venkata Putti, PMR Secretariat) • Q/A |
| Session 9: Next Steps and Adoption of Decisions | |
| 04.30p – 05.00p | <ul style="list-style-type: none"> • Adoption of Decisions/Resolutions by PA (Markus Pohlmann, PMR Secretariat) • Calendar of Upcoming Events (Panida Srithong, PMR Secretariat) |
| PA21 Closing | |
| 05.00p – 05.30p | <p>Concluding Remarks:</p> <ul style="list-style-type: none"> • PMR Co-chairs: Hugh Salway (United Kingdom) and Silvia Charpentier (Costa Rica) • Venkata Putti (PMR Secretariat) |