



Insights from road-testing Tool for Market Readiness Proposal (MRP) and PMR Feedback process

Martina Bosi
PMR Secretariat

OUTLINE

- ◆ **Part I: Tool Market Readiness Proposal**

- ◆ **PART II: Process for Providing Feedback on MRPs**
 - ◆ **Feedback from Participants**
 - ◆ **Feedback from Experts**

- ◆ **Conclusion: Proposal going forward**

◆ PART I: Tool for Market Readiness Proposal

Recalling purpose of Market Readiness Proposal

- ◆ Through **MRP**, country lays out roadmap of activities for work on market readiness components & analysis and design of market instrument(s):
 - How market readiness work will be organized & managed;
 - Needed capacity-building & financial resources (and who provides them);
 - Clear plan, budget & schedule for identified activities
- ◆ MRP forms basis for the Partnership Assembly's (PA) decision on allocation of implementation funding



Coming out of PA2 in Istanbul, Presentation of Tool and Resolution (PA2/2011-1)...

- ◆ Presentation and consideration of the Tool (Version 1) in Istanbul.
- ◆ The PA invited Implementing Country Participants to:
 - Use the final Version 1 of the Tool as the guidance document in developing their MRPs; and to
 - Subsequently share their experience on the use of Version 1 of the Tool with the PA **in order to enable further improvement of the Tool as appropriate.**

Outline of Tool for Market Readiness Proposal: The Building Blocks



General Information & Executive Summary

Building Block 1. The Big Picture: Policy Context

Building Block 2. Target Area: Assessment and Rationale for Focus on Sector(s)/Sub-sector(s)/Program(s)/Region(s)

Building Block 3. Core Technical and Institutional/Regulatory Market Readiness components

Building Block 4. Planning for a Market Instrument

Module 4a. Scaled-up
Crediting Instrument

Building Block 5. Organization, Communication & Stakeholder Engagement

Building Block 6. Schedule and Budget

Building Block 4

Crediting

mechanism:

- participation
- Scope/boundary
- Crediting baseline
- MRV

• Regulatory & institutional fmwk

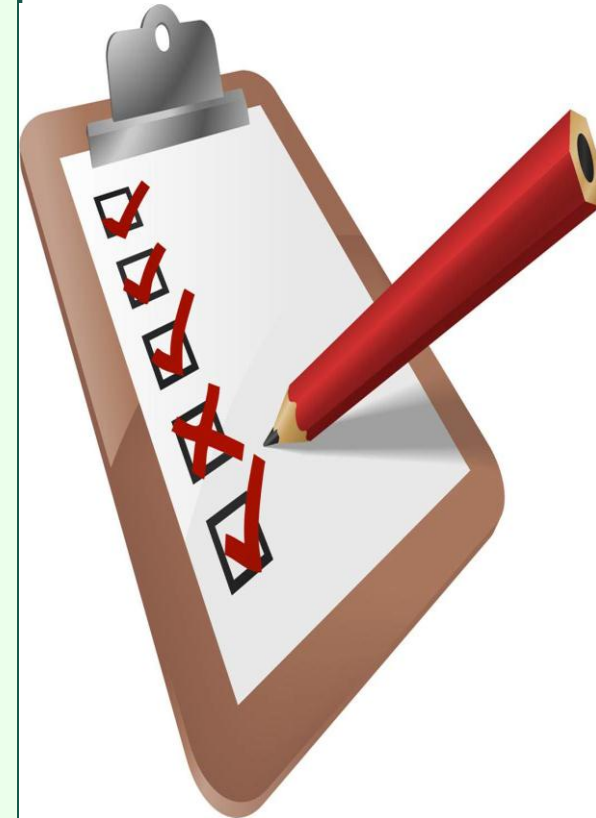
ETS:

- Scope/coverage
- Cap setting
- Allocation
- MRV
- Institutional & regulatory fmwk
- Fostering stability
- Use of offsets & linking

Coming into PA4, observations/insights from use of the Tool...

What we observe/learned:

- ◆ Tool useful to organize Preparation Phase work; overall seems to cover right elements
- ◆ For drafting of MRP, observe that
 - ◆ 2 out of the 4 Countries presenting MRPs at PA4 closely following MRP structure; other 2 opted for flexibility
 - ◆ Tool may work better for those countries that have made a decision on scaled-up crediting or domestic emissions trading scheme ...
 - ◆ Need to find better balance need for some flexibility with need for some consistency



Coming into PA4, observations/insights from use of the Tool... (2/2)

What we observe/learned

1. Some overlap between Building Blocks (e.g., 2 and 4) → could benefit from some streamlining/better sequencing
2. Some “analytical” space seems missing for analytical/modeling work to inform policy decision(s), e.g,
 - ◆ Work to define objectives and criteria for selection of instrument, as well as analysis of implications of instruments (and comparison with others).
3. Scaled-up crediting mechanism
 - ◆ International and domestic
4. Relevance of Building Block 3 (Core Market Readiness Components):
 - ◆ To support building solid market readiness foundation
 - ◆ Possibility to strengthen by inserting insights from PMR technical workshops such as baselines, modeling and data reporting)

Suggested modifications to Tool for Market Readiness Proposal: The Building Blocks (1/2)

General Information & Executive Summary

Building Block 1. The Big Picture: Policy Context

Building Block 2. Making policy choice and support to inform decision-making on possible use of instrument: objectives, elaboration of criteria, analysis and impact assessment to support decision-making

Building Block 3. Core Technical and Institutional/Regulatory Market Readiness components

- *Seek to strengthen components, integrating key insights from technical workshops*



Suggested modifications to Tool for Market Readiness Proposal: The Building Blocks (2/2)

Building Block 4. Planning for a Market Instrument

Target Area: Assessment and Rationale for Focus on Sector(s)/Sub-sector(s)/Program(s)/Region(s)

Module 4a. Scaled-up GHG Crediting Instrument

Module 4b. Domestic Emissions Trading (and-trade)

Module 4c. Other instrument?

Building Block 5. Organization, Communication and Engagement

Building Block 6. Schedule and Budget



PA4

Sydney, Australia
October 22-24, 2012

Building Block 4

Crediting

mechanism:

- participation
- Scope/boundary
- Crediting baseline
- MRV
- Regulatory & institutional fmwk

ETS:

- Scope/coverage
- Cap setting
- Allocation
- MRV
- Institutional & regulatory fmwk
- Fostering stability
- Use of offsets
- **Linking**

PART II: Process for Providing Feedback on MRPs



Feedback Process for MRPs

◆ Objectives:

- Enhance formulation of the Market Readiness Proposal (MRP)
- Share relevant knowledge and experience with Implementing Country to help enhance quality of its MRP

◆ Process:

- a) Feedback from PMR Experts
- b) Feedback from PMR Participants

◆ Start:

- After submission of 1st draft MRP to PMR Secretariat



Following PA3, Insights from from *PMR Experts* Feedback process ...

- ◆ PMR Experts can play useful & constructive role in process of elaborating draft MRPs
- ◆ Desk review is useful, but has limitations.
 - ◆ Consider how much is too much?
- ◆ Opportunity for in-country-visit and face-to-face discussion is very valuable
 - ◆ Contingency budget used to cover in-country visit by one expert per Expert Group (email dated July 23, 2012)
- ◆ Timeline for Expert Feedback process has been too tight



Feedback from PMR *Experts*

◆ Composition of Expert Group

- ◆ The PMR Secretariat appoints 2 to 4 experts for each MRP (Expert Group)

◆ Approach:

- Desk review
- Interaction with the Implementing Country
 - Telephone and/or video conference
 - **In country meeting**
 - **PMR Secretariat covering cost of in-country visit by representative of Expert Group.**



◆ Output:

- Expert Group shares feedback with Implementing Country
- Representative of Expert Group presents feedback to the PA
 - Following Implementing Country's presentation of **draft MRP**

Following PA4, enhancing the PMR Expert feedback process ...

- ◆ Going forward, PMR Secretariat proposes:
 - ◆ Feedback modality
 - ◆ In general, PMR Expert Group to consist of less than 4 Experts
 - ◆ In general, in-country visit to be conducted by 2 PMR Experts
 - ◆ Building-in more time for Feedback Process
 - ◆ Continuation of Expert engagement after PA feedback
 - ◆ Support for finalization of MRP, as needed
 - ◆ Continued engagement during Implementation Phase



Following PA3, the feedback from *PMR Participants* taking this form...

◆ Regular updates by Implementing Country

- At each PA meeting, each Implementing Country can give informal update on progress on MRP
 - Opportunity to seek early feedback from PMR Participants on MRP development



◆ Implementing Country's presentation of draft MRP to PA

- **Goal:** allow PA to view complete proposal prior to funding decision & opportunity for Implementing Country to collect comments
- **Modality:** PMR Participants shall present their draft MRPs at PA meetings.
- **Draft MRP to be submitted to PMR Secretariat at least [2 weeks] [3 weeks] prior to PA meeting**
- **Written feedback on draft MRPs can be submitted to PMR Secretariat up to 3 weeks after PA meeting at which draft was presented**



- ◆ Implementing Country finalizes MRP taking into PA feedback (at PA meeting & in writing)
-

Finalization of MRP and PA decision on Funding Allocation (PMR “Implementation Phase” funding)

- ◆ **Implementing Country revises MRP, including PMR funding request and submits to PA...**
 - ◆ **After presentation of Draft MRP at PA meeting and collecting & taking into account feedback**
 - ◆ **Modality for PA decision on funding allocation :**
 - ◆ **At subsequent PA meeting, PA decision based on presentation of revised MRP (or key parts thereof);**
- Or, PA may decide, in some cases, that*
- ◆ **PA decision may be made through virtual process after submission of revised MRP**



Conclusion: Going Forward ...

- ◆ Modification to Tool for Market Readiness Proposal (i.e., move to **Version 2**)
 - Timing of Revised Tool (Version 2): aim for end-November
 - Circulate draft to PA by mid-November for any comments
 - Relevant for countries that have not yet presented draft MRPs to PA
 - Drafting of MRPs: Encouragement to follow more closely structure of Tool for MRP (Version 2), as appropriate
- ◆ Modification to **PMR Resolution on Feedback Process**:
 - To reflect process implemented by PA
 - Timing of new Resolution: Circulate draft to PA by December
- ◆ **Plan to periodically take stock with experience**
 - Building on experience, as learning-by-doing continues...



Thank you.

PMR Secretariat: [pmrsecretariat @worldbank.org](mailto:pmrsecretariat@worldbank.org)

PMR website: www.thepmr.org