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

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**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
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)

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### Building Block 5. Organization, Communication and Engagement

### Building Block 6. Schedule and Budget

#### Building Block 4

**Crediting mechanism:**
- participation
- Scope/boundary
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- 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

**PMR website:** www.thepmr.org