Strategic Orientation of the PMR:
Upstream Analytical Work to Support Development of Policy Options for Mid and Long-term Mitigation Objectives

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Most countries are still at the stage of policy formulation

- Choice of instrument (e.g., carbon tax, ETS, others) requires significant upstream policy analysis

Setting a mitigation trajectory and identifying a package of efficient and effective policy instruments go hand-in-hand

- In preparing mid- and long-term scenarios, important to analyze potential roles of carbon pricing or market-based approaches

Consultative process and policy dialogue is critical for the relevance of the analytical studies

- The consultative process established through the MRP has proven useful for coalition building and for increasing understanding
The policy support is extension of the Building Block 2 of the MRP
- BB2 is about emission trends, policy mapping, option assessment and choice of instrument
- As the case for technical program, complementary policy support helps countries develop an integrated approach

The support would leverage the World Bank’s expertise in economic analysis, bringing mitigation agenda into development

The PMR provides a valuable forum for technical experts and policy makers to exchange experience and lessons
- The work is technical and should be disconnected from the negotiating process and political concerns
Scope of Policy Support

Three indicative components:

◆ Policy mapping and policy option assessment
  ▪ Map relevant policies to ensure they are mutual supportive
  ▪ Assess options for “new” polices (such as a carbon pricing instrument)

◆ 2020 scenarios for economic growth and emissions
  ▪ Assessing policy options (including a carbon pricing scheme) in country’s 2020 scenarios

◆ Align economic growth with mid-to long-term mitigation and development goals
  ▪ Consider economic scenarios for 2030, 2040, and 2050
  ▪ Consider policy options and impact of economic instruments (including a carbon pricing instrument) in reaching long-term objectives

*The list is not exhaustive - countries can opt for individual components or add new elements*
Approach

◆ **Avoid-duplication of efforts**
  - Countries interested in the study need to take stock of exiting work, including the MRP
  - Closely coordinate with other organizations/initiatives

◆ **Leverage the MRP process**
  - Support policy work that is complementary-to the MRP work

◆ **World Bank staff work in partnership with governments, local think tanks (or academia), and international experts**
Participating Countries

- Analytical support is open to all PMR Implementing Country Participants
- Depending on availability of resources, support would start with a group of countries that convey interest and where the World Bank is able to build on existing capacity to deliver analytical support
- Countries are invited to express interest in the analytical work:
  - The PMR Secretariat/World Bank will work with countries to identify scope, timetable, and cost
Resource Allocation

◆ The PA has allocated funding for policy support (i.e., modeling work) in FY2014

◆ The PMR Secretariat seeks PA to allocate US$10 million from existing trust fund to provide complementary support for policy analysis

◆ If there is strong interest from PMR Implementing Country Participants, the PMR Secretariat plans to raise more funding to provide support
Time Table and Role of PA

- Depending on the scope, this work is expected to be completed within 1-2 years
- The PMR provides a valuable forum for knowledge sharing with the PA process
- The PMR Secretariat will update the PA on the status of funding allocation to studies and the impact on the overall budget
Action by PA

The PMR Secretariat:

- Seeks feedback and, if possible, endorsement, from the PA on the proposed modality for the complementary policy analytical support to Implementing Country Participants

- Implementing Country Participants are invited to express interest in seeking policy support