

SUPPORTING ACTION FOR CLIMATE CHANGE MITIGATION

Annual Report
FY2016

ACRONYMS

COP	Conference of the Parties
ETS	Emissions Trading System
GHG	Greenhouse Gas
ICAP	International Carbon Action Partnership
IETA	International Emissions Trading Association
INDC	Intended Nationally Determined Contribution
MBI	Market-Based Instrument
MRP	Market Readiness Proposal
MRV	Monitoring, Reporting, and Verification
NAMA	National Appropriate Mitigation Action
NDC	Nationally Determined Contribution
PA	Partnership Assembly
PMR	Partnership for Market Readiness
UNFCCC	United Nations Framework Convention on Climate Change
WRI	World Resources Institute

The reporting cycle for this report is from July 1, 2015 to June 30, 2016. This time period is the fiscal year 2016 (FY16) for the World Bank Group.

All amounts in \$ are in U.S. dollars unless it is stated otherwise.

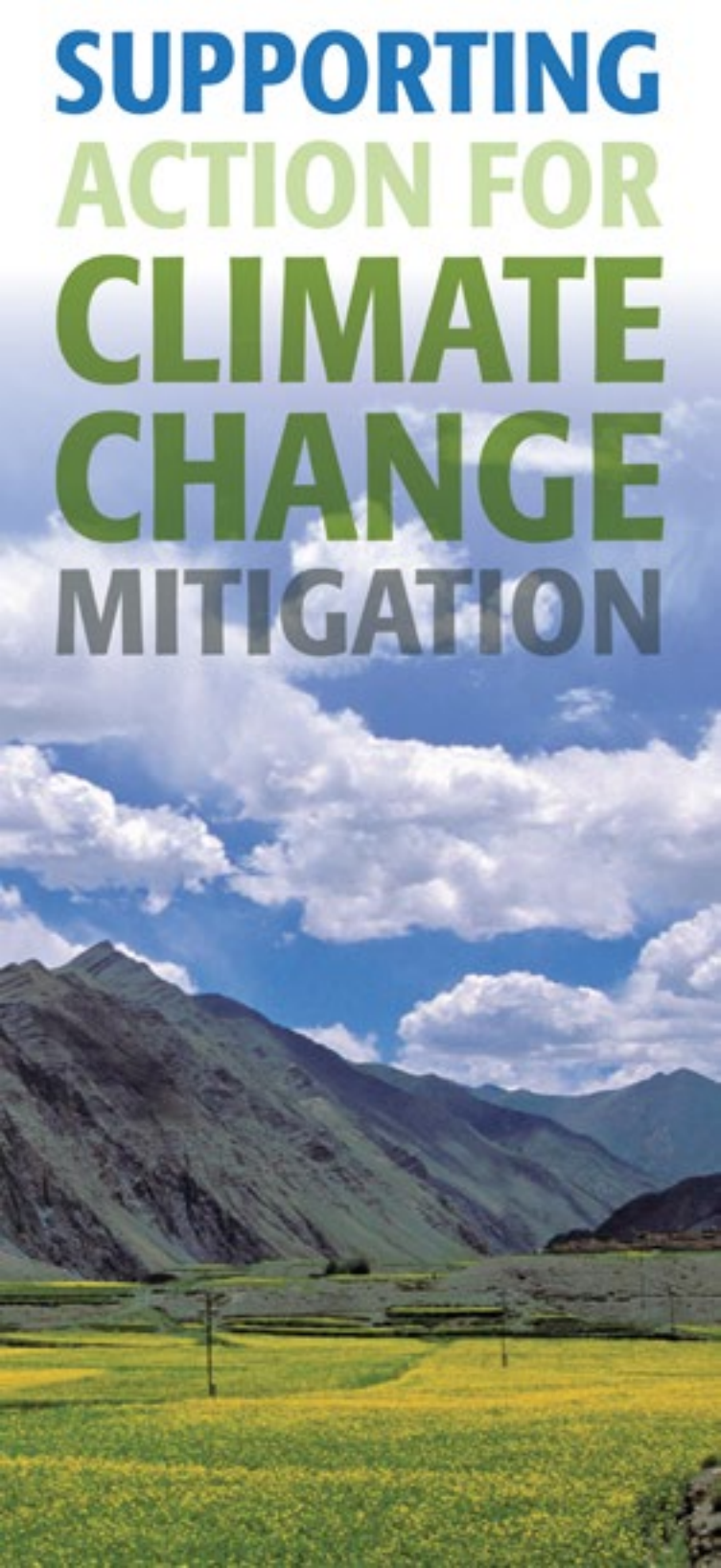
Tons are metric tons, a unit of mass equal to 1,000 kilograms.

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INTRODUCTION FROM THE PMR SECRETARIAT



As part of the process leading up to the historic Paris Agreement, more than 180 countries submitted their pledges—the Intended Nationally Determined Contributions (INDCs)—laying out the actions they will take to reduce emissions and increase resilience to climate change impacts. Many of them also emphasized the importance of using carbon pricing measures and carbon markets to ensure that greenhouse gas (GHG) emission reductions targets outlined in their INDCs are achieved.

The Partnership for Market Readiness (PMR) is one of the prime initiatives to support countries in understanding and testing the use of carbon pricing to achieve their climate change mitigation objectives, therefore helping create the foundation for carbon markets. The PMR has been delivering results on the ground since 2011, and the year following Conference of the Parties (COP) 21 was no different with a number of notable developments in terms of PMR country, technical, and policy work programs.

In many countries the implementation of PMR activities laid out in the Market Readiness Proposals (MRPs) is now in full swing, highlighting the shift that has occurred from the initial PMR preparation and funding allocation phase. With the addition of Jordan and Peru, which received funding allocations in fiscal year 2016, fifteen countries have submitted final MRPs.

During the same period, the PMR Technical Work Program and knowledge management activities have also seen significant growth covering a number of topics—from various design and implementation issues around emissions trading systems (ETs), carbon taxes, and scaled-up crediting instruments to underlying technical components such as data management and registries, monitoring, reporting, and verification (MRV). As featured throughout this report, FY16 was a productive year with a large number of cutting-edge knowledge exchanges and products delivered. One noteworthy example includes the *Emissions Trading in Practice: Handbook on Design and Implementation*, which was developed in collaboration with the International Carbon Action Partnership (ICAP). Remarkably, more than 5,000 copies of this Handbook have been downloaded since its launch in Zurich in March 2016!

The PMR Policy Analysis Work Program was launched to help countries prepare their INDC's mitigation component under the United Nations Framework Convention on Climate Change (UNFCCC) process. Recognizing that a systematic and long term

support to countries in strengthening their modelling capacity is critical and goes beyond COP21, this work program was streamlined into two types of activities in FY16. These included program- and country-level analytical work and modelling support as well as interactions between carbon pricing and other policies.

Last but not least, in FY16, the first round of discussions on the strategic direction for the future of the PMR was concluded with the endorsement of new criteria and a process to provide additional funding to Implementing Country Participants, to complement existing activities in their MRPs and/or to carry out related policy analysis activities. Likewise, the PMR Assembly endorsed a process to broaden the Partnership and welcome additional Implementing Country Participants. Sri Lanka was the latest addition to the PMR family.

The Paris Agreement has clearly reinforced the mission and objectives of the PMR, and all the support the Partnership is providing at the country and program levels. In this regard, FY16 was an exciting year. Going forward, we hope that the PMR will continue to play an important role in catalyzing the transition from the design and preparation for carbon pricing approaches to their actual piloting and implementation.



Adrien de Bassompierre
PMR Coordinator



Objectives

- **Provide grant funding** to build readiness components that support the implementation of carbon pricing instruments— including market-based approaches—for GHG mitigation;
- **Pilot carbon pricing instruments**, e.g. domestic ETs, scaled-up crediting mechanisms, or carbon taxes;
- **Provide a platform for discussions, networking, and collective innovation** on carbon pricing instruments—in particular new market-based approaches—for GHG mitigation;
- **Create and disseminate a body of knowledge on carbon pricing instruments**, in particular market-based approaches that could be tapped for country-specific requirements;
- **Share insights and lessons learned** with the international community, including the UNFCCC.

Quick Facts

- 35 national and sub-national jurisdictions, and the European Commission
- 18 Implementing Country Participants, 13 Contributing Participants, and 4 Technical Partners
- Total capitalization of \$127 million
- 15 countries have completed road maps for carbon pricing readiness
- \$59 million allocated to governments to implement readiness activities
- More than 15 Technical Notes, 40 Technical Workshops and other events, and a growing body of knowledge on carbon pricing instruments and their technical underpinnings

YEAR IN REVIEW

Bringing together more than 30 countries—including some of the world's largest carbon emitters—the PMR is a forum for collective innovation and a fund to support countries to prepare and implement climate change policies, including carbon pricing instruments, in order to scale-up mitigation efforts.

The PMR also serves as a forum for countries to share technical knowledge and experience to inform the design and implementation of carbon pricing instruments. To facilitate these country-to-country exchanges, the PMR organizes knowledge exchanges. In addition, the PMR generates knowledge products on various economic policy instruments and technical elements related to carbon pricing.

This is an overview of PMR highlights from July 1, 2015 to June 30, 2016.



PA MEETINGS

The Partnership Assembly (PA) is the governing body of the PMR. It consists of all Contributing Participants and Implementing Country Participants. PA meetings are held two or three times per year to provide strategic guidance, endorse the participation of new countries and their readiness proposals, and approve the allocation of PMR resources.



TECHNICAL WORKSHOPS AND MEETINGS

Technical workshops provide an important platform for countries and other stakeholders to engage in discussion on technical, regulatory, and institutional aspects of carbon pricing. The PMR also holds technical meetings, which are tailored to the needs and programs of a specific country, as well as country-to-country exchanges on a particular subject matter.



TECHNICAL TRAININGS

Training sessions are designed as hands-on learning events featuring case studies and group exercises to examine the practical considerations of a specific technical component, such as MRV. Tailored training sessions have been offered in various regions of the world.



PUBLIC EVENTS

The PMR organizes public events and strategic dialogues to facilitate discussions on topics ranging from progressive domestic climate action to showcasing the experiences and lessons learned from the use of carbon pricing instruments. These events are open to the public and media and offer a valuable forum for interaction with a wider audience than the regular PMR participants.



WEBINARS AND E-LEARNING

Webinars and E-learning present opportunities for knowledge sharing and capacity building by providing practitioners with a convenient and cost-efficient platform for collaboration.



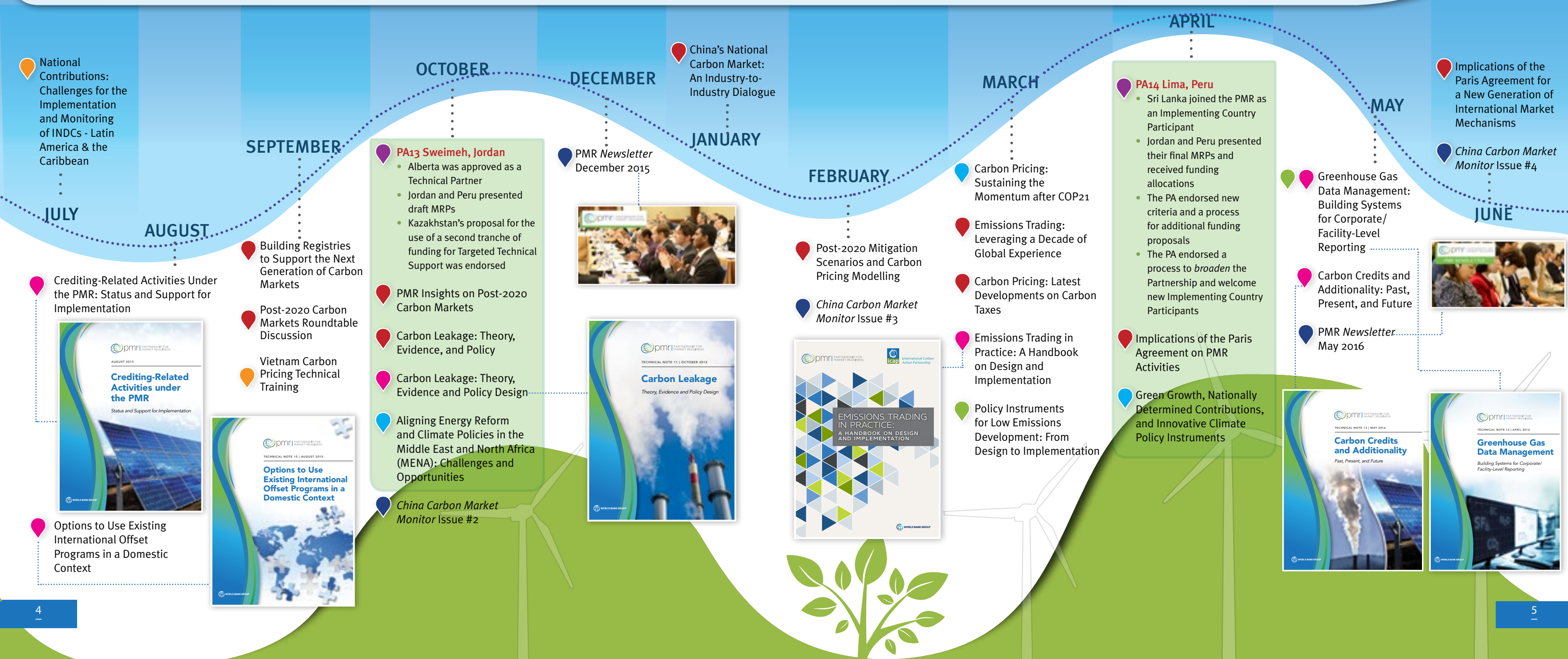
TECHNICAL NOTES AND GUIDANCE DOCUMENTS

The PMR publishes Technical Notes and Guidance Documents to provide insight and guidance on an array of technical aspects associated with carbon pricing. The publications contribute to the ongoing work of the PMR as well as to the general debate on carbon pricing.



NEWSLETTERS

The PMR circulates electronic newsletters regularly to provide periodic updates on the activities of the Partnership, both at the program and at the country level. The *Newsletter* provides information of interest to the community, including an overview of upcoming and past events. The *China Carbon Market* provides timely information across the seven Chinese pilot carbon markets. It also provides analysis of climate policy and market developments at the national level in China.



BRINGING KEY PLAYERS TO THE SAME TABLE

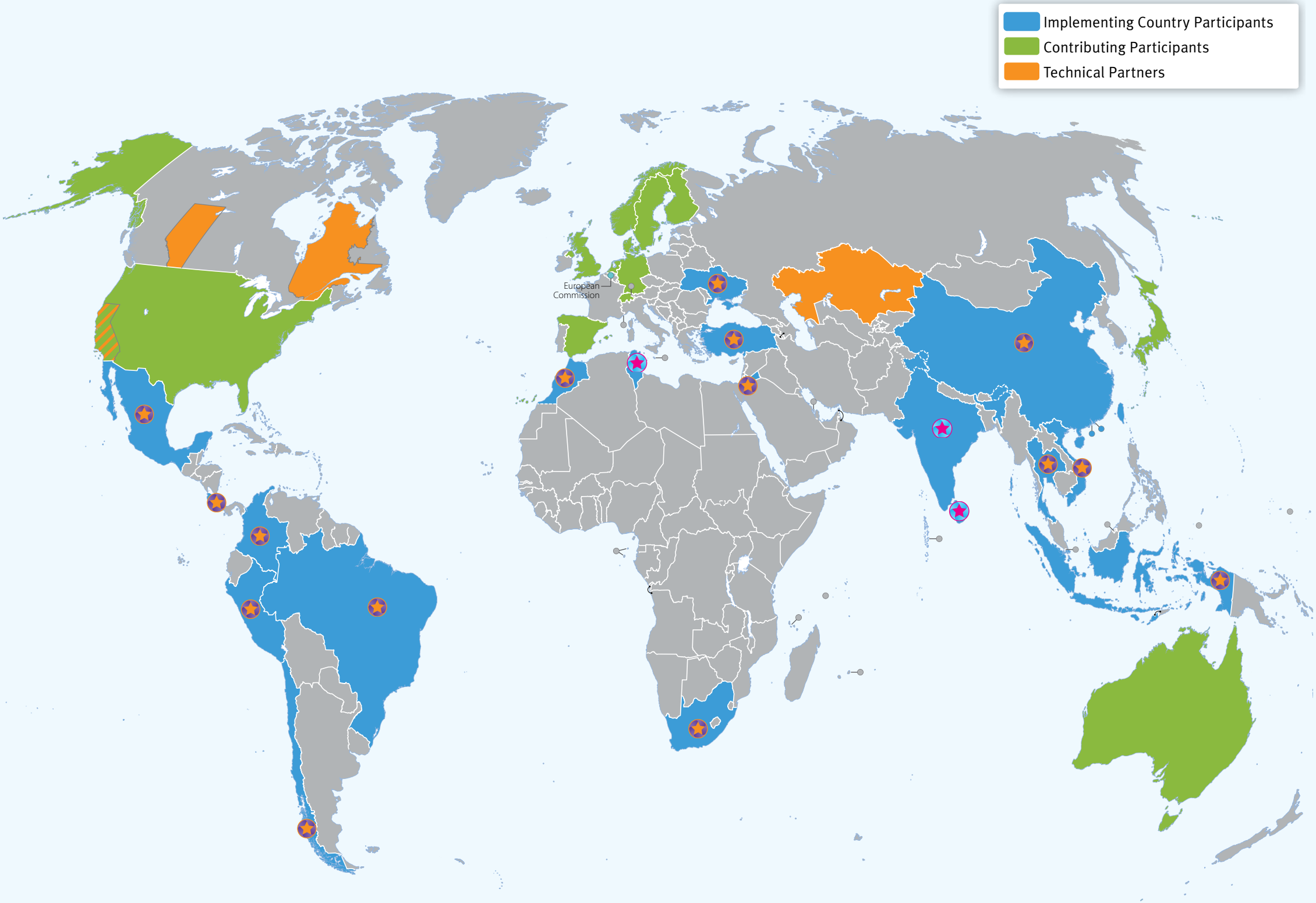
PARTICIPANTS AND PROCESS

The PMR consists of [Contributing Participants](#), who provide financial support to the PMR Trust Fund and share their carbon pricing experience, and [Implementing Country Participants](#), who receive funding and technical support. Together, they make up the Partnership Assembly—the PMR’s decision-making body. Sri Lanka joined the PMR as its 18th Implementing Country Participant in FY16.

Following an initial expression of interest and the presentation of an organizing framework, the [PMR Process](#) consists of two phases: a Preparation Phase in which Implementing Country Participants formulate a *Market Readiness Proposal* and an Implementation Phase in which they implement the activities identified in the MRP. MRPs are finalized and presented to the PA for feedback and funding allocation decision. Technical assistance is provided by Delivery Partners and the Secretariat for both the preparation and implementation of the activities laid out in the MRPs.

[Technical Partners](#) are countries or sub-national jurisdictions that are at an advanced stage of preparation or implementation of a carbon pricing instrument. This category of Participants, which includes jurisdictions that already have an effective carbon pricing instrument in place, allows them to share valuable experience and engage with the PMR through various collaborative activities and, in some cases, receive targeted technical support to enhance their domestic carbon pricing policies. This year, Alberta became the fourth Technical Partner.

This map shows the different categories of Participants. It also indicates which stage in the process the Implementing Country Participants are in. Within this fiscal year, two countries have completed the Preparation Phase and entered the Implementation Phase: Jordan and Peru.



EXPRESSION OF INTEREST AND ORGANIZING FRAMEWORK

- Implementing Country Participants present an Organizing Framework to the PA for the scoping of PMR activities and funding needs.
- The PA decides on allocation of funding (\$350,000) for the Preparation Phase.



PREPARATION PHASE

- Implementing Country Participants prepare and formulate an MRP.
- Participants, experts, and the Secretariat provide feedback on each MRP.
- The PA decides on an allocation of funding in the amount of three, five, or eight million for the Implementation Phase.



IMPLEMENTATION PHASE

- With support from a Delivery Partner, the activities in the MRP are implemented.
- This includes building readiness components and designing, preparing, and piloting carbon pricing instruments where possible.

BROADENING REACH THROUGH TECHNICAL PARTNERS AND OBSERVERS

The participation of Technical Partners and in a number of PMR activities brings additional depth and diversity in the exchange of knowledge and experience on carbon pricing

As a global partnership, the PMR brings together the key actors—countries, organizations, and experts—to spark innovative approaches to GHG mitigation using markets and carbon pricing. In FY16, the Partnership agreed to prioritize efforts on broadening and expanding the reach, by welcoming new countries and partners.

Three sub-nationals as Technical Partners

Since 2014, one country and three sub-national jurisdictions joined the PMR as Technical Partners. Alberta, California, and Québec have engaged with the PMR through workshops, training, expert advice, and other activities. Accessing their unique experience and technical expertise in carbon pricing instruments has been useful to the other Participants.

Alberta joined the PMR in October 2015, as the most recent Technical Partner. In November 2015,

Alberta released its *Climate Leadership Plan* to set an economy-wide price on carbon; phase out emissions from coal-fired electricity by 2030 and transition to renewables; establish a limit on oil sands emissions; and reduce methane emissions from the oil and gas sector. Revenue from Alberta’s carbon pricing approaches will be reinvested to support Albertans, communities, and businesses transition to a lower carbon economy and to mitigate emissions through clean innovation and technology.

California and Québec became Technical Partners in 2014. Both jurisdictions have had an ETS in operation since 2013, which now regulate about 85 percent of the states’ total GHG emissions. California and Québec linked their ETSs in 2014 to establish a single regional market with mutual recognition of each other’s compliance instruments.

Sacramento, USA



International Workshop on Registries in California
September, 2015

The technical workshop, *Building Registries to Support the Next Generation of Carbon Markets*, brought together experts from California and other experienced jurisdictions to share insights and lessons learned with countries seeking to leverage such knowledge for their own market programs. Technical knowledge and field insights shared during the workshop provided key input to the preparation of the forthcoming report: *Emissions Trading Registries Guidance on Regulation, Development, and Administration*.

Other Partnerships

The PMR also benefits from the knowledge exchange and experience sharing with a wider international community. This includes Observers, which are countries, multilateral development banks, UN organizations, including the UNFCCC, and non-governmental organizations that participate in the PMR meetings and events, as well as contribute to the development of knowledge products.

The PMR has also strengthened its collaboration with two Strategic Partners. Leveraging on the *ETS Handbook*, in-country training on ETS design and operation will be delivered jointly with ICAP. To complement such effort, the PMR is also working with the Business-PMR (B-PMR) of the International Emissions Trading Association (IETA) on training material specifically targeting private sector companies preparing for the introduction of carbon pricing.



“The Paris Agreement provides a clear framework for advancing low-carbon policies and gives all countries alike the responsibility to mainstream climate action goals into their development agenda.”

Manuel Pulgar-Vidal, former Minister of Environment Peru and the President of COP20

COUNTRIES FOCUS ON READINESS ACTIVITIES

COUNTRY WORK BUILDS READINESS FOR IMPLEMENTATION

The centerpiece of each Implementing Country Participant’s program is the MRP, which serves as a road map for planning, designing, and piloting a carbon pricing instrument. So far, fifteen countries have finalized their MRPs, and three countries are in the process of preparing them. The main focus of each implementing country’s MRP is summarized below, and more details about each country program are provided in the following pages.



BRAZIL
The PMR supports Brazil to explore various carbon pricing instruments by carrying out analytical studies on alternative policy design options, assessing their impacts, and building modelling capacity.



CHILE
The PMR supports the preparation and implementation of a carbon tax in Chile. PMR activities also include building capacity in the public and private sectors for the design and implementation of an MRV framework and GHG registry.



CHINA
PMR funding supports the design and implementation of key building blocks for China’s national ETS, with particular focus on inclusion of the electricity sector and state-owned enterprises.



COLOMBIA
The PMR supports Colombia to develop crediting Nationally Appropriate Mitigation Actions (NAMAs) in the transport sector as well as a domestic offset scheme. Colombia is also working on the introduction of vehicle performance standards.



COSTA RICA
The PMR supports the development of a domestic carbon market in Costa Rica by stimulating demand through promotion of voluntary actions and assessment of regulatory instruments, and fostering supply through the development of sector mitigation programs.



INDIA
The PMR supports India to build a centralized GHG data management system that can support various market-based instruments (MBIs) that could be integrated with the national GHG inventory.



INDONESIA
PMR funding in Indonesia is used to explore possible suitable carbon pricing or market-based instruments to achieve mitigation as well as to design an MRV framework in the power and pulp and paper sectors.



JORDAN
The PMR supports Jordan to develop an MRV framework as well as provide technical assistance to enhance the capacity and readiness of public and private sector actors for climate financing and carbon market instruments.



MEXICO
In Mexico, PMR funding supports the establishment of a national GHG emissions registry and the development of an MRV system for crediting of urban housing and transport NAMAs.



MOROCCO
The PMR supports Morocco to pilot market-based approaches in selected sectors and to build carbon market infrastructure, including a GHG registry and an MRV framework. It also explores ways to integrate with international carbon markets.



KAZAKHSTAN RECEIVED ADDITIONAL FUNDING

In 2014, Kazakhstan was the first Technical Partner to join the PMR. With support from the PMR, Kazakhstan has built modelling tools and capacity to draw emissions trends and trajectories and to analyze the role of various policies in reaching national climate mitigation targets. Other PMR activities have helped the Ministry of Energy address key challenges facing the national ETS, which was established in 2013. For instance, country specific emissions benchmarks were developed to distribute ETS allowances to the local industry in a way that accounts for its specific technical and economic conditions.

In October 2015, the PMR allocated a second tranche of funding in the amount of \$500,000. With this support, Kazakhstan is building an online reporting platform and database for regulated emitters to report their GHG emissions electronically. This system will help to increase the accuracy, completeness, and consistency of the GHG data collected, to allow for a more accurate data review and analysis by authorities.



PERU
PMR activities in Peru consist of developing the building blocks of a national mitigation action management system, including GHG data reporting and emissions registry; and designing GHG crediting instruments for pilot mitigation actions.



SOUTH AFRICA
The PMR provides support to South Africa to strengthen preparedness for a carbon pricing instrument, as well as to refine the design of its carbon tax through analytical work. The PMR also supports the design of a related carbon offset scheme and capacity building to enhance data management and MRV systems.



SRI LANKA
The PMR provides support to Sri Lanka to develop a national MRV system and registry. In addition, it builds institutional and regulatory capacity as well as enhances and strengthens the domestic voluntary carbon offsetting scheme.



THAILAND
In Thailand, the PMR supports the design of an Energy Performance Certificate scheme and prepares infrastructure such as a database and MRV system. PMR activities also include a study on the legal framework for an ETS and preparation of the Low Carbon City Program and Fund.



TUNISIA
PMR support to Tunisia includes development of sectoral crediting mechanisms in the cement and electricity sectors, as well as a national registry of mitigation initiatives and financing sources.



TURKEY
The PMR provides support to Turkey to pilot MRV in several sectors to support implementation of the mandatory government program on MRV. In addition, the PMR supports capacity building on carbon pricing instruments and lays out design options and a road map toward the implementation of an ETS.



UKRAINE
PMR activities in Ukraine focus on design and implementation of MRV regulation and systems in the energy and industry sectors and supports development of a regulatory framework for a national ETS.



VIETNAM
In Vietnam, PMR support is strengthening capacity for carbon pricing approaches to mitigation, including through the use of MBIs, in the steel and solid waste sectors.

Operations Monitoring System

The operations monitoring system, launched in 2015, helps the PA and the Secretariat to understand the progress made in the PMR Process. It aims to:

- i) support the PA to efficiently monitor the progress of the activities laid out in each implementing country’s MRP; and
- ii) share experiences and lessons learned through the implementation of the activities laid out in each MRP.

The system focuses mainly on the market readiness preparation and includes two tools: a Dashboard and a template for Project Implementation Status Reports.

Dashboard

The dashboard allows for the monitoring of key (mainly administrative) milestones of the PMR process in all Implementing Country Participants. It is accessible on the website and is updated before each PA meeting.

PMR Dashboard-Project Milestones by Country as of June 30, 2016

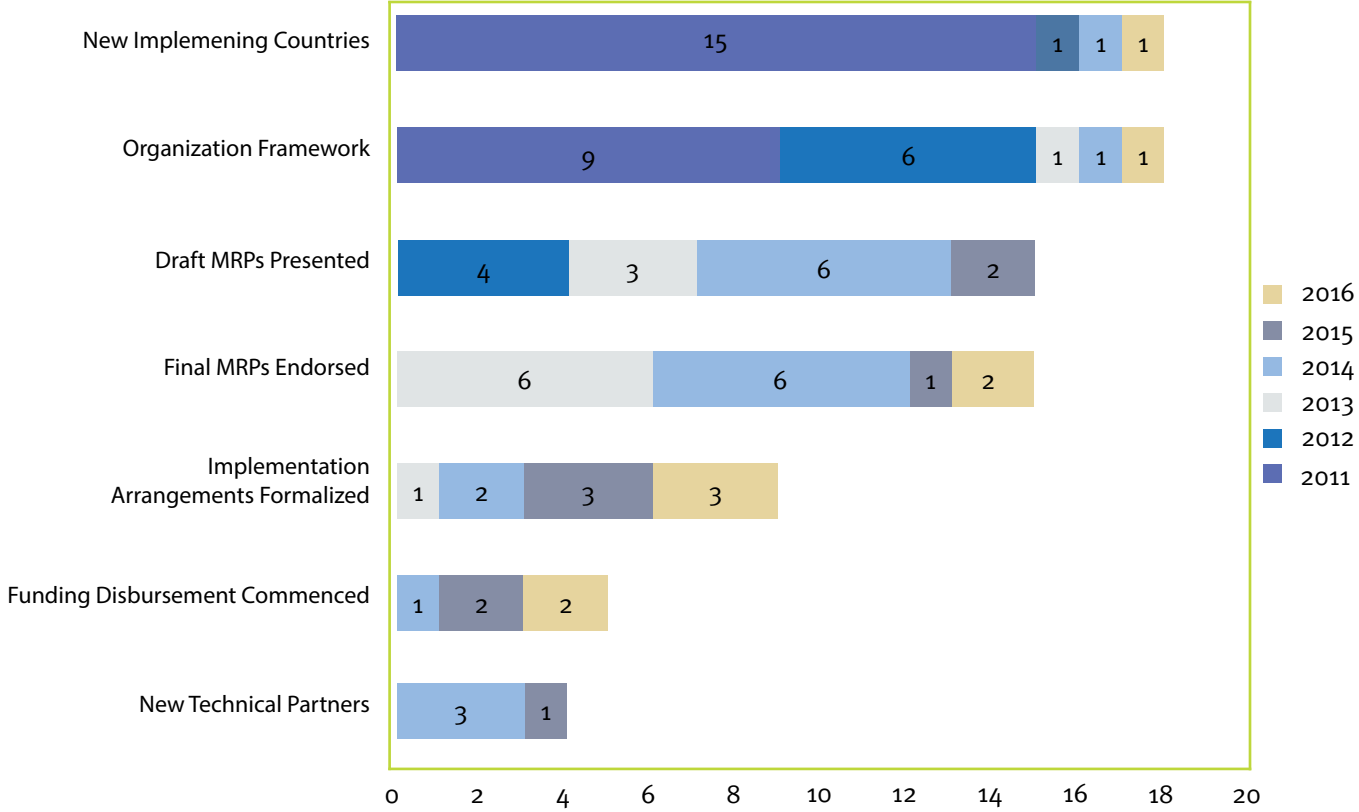
Implementing Country Participants	INITIAL STEPS 18 COUNTRIES	PREPARATION PHASE 15 COUNTRIES HAVE COMPLETED MRPs			IMPLEMENTATION PHASE 9 COUNTRIES
	Organizational Framework	Draft MRP Presentation	Final MRP Endorsement	Grant Allocation (M USD)	Grant Agreement
Brazil	PA3	PA9	Electronic	3	May
Chile	PA1	PA4	PA5	3	Sep
China	PA1	PA4	PA5	8	Dec
Colombia	PA1	PA8	PA9	3	
Costa Rica	PA1	PA4	PA5	3	Sep
India	PA3				
Indonesia	PA1	PA6	PA7	3	
Jordan	PA3	PA13	PA14	3	May
Mexico	PA1	PA4	PA5	3	
Morocco	EX MTG	PA8	PA9	3	Jul
Peru	PA5	PA13	PA14	3	
South Africa	PA3	PA10	PA11	5	
Sri Lanka	PA14				
Thailand	PA1	PA7	PA8	3	Feb
Tunisia	PA8				
Turkey	PA1	PA5	PA6	3	Dec
Ukraine	PA2	PA9	Electronic	3	Apr
Vietnam	PA3	PA9	PA10	3	
TOTALS	18	15	15	\$54	9
Kazakhstan	N/A	N/A	N/A	2	

2011	2012	2013	2014	2015	2016
OM	PA3	PA5	PA8	PA11	PA14
PA1	PA4	PA6	PA9	PA12	
PA2	EX MTG	PA7	Electronic	PA13	
			PA10		

The Secretariat also facilitates discussions on how to improve the Partnership’s overall effectiveness and efficiency. The graph below shows how the PMR has evolved over time: from the initial phase during which most Implementing Countries submitted their Expressions of Interest to join the PMR and presented their Organizing Frameworks, to a preparation phase during which many countries formulated and presented

their Market Readiness Proposals. The graph below also provides aggregate information on the initial stages of the implementation phase, including the number of countries that have formally established implementation arrangements for their grants and that have started disbursing PMR funding.

PMR Dashboard-Project Milestones-Aggregated Milestones as of June 30, 2016



Project Implementation Status Report

In FY16, six countries submitted and presented their Project Implementation Status Reports: Brazil (PA13), Chile, China, Costa Rica, Morocco, and Turkey (PA14). In addition, the Technical Partner Kazakhstan presented its status report at PA13.

Each country’s Implementation Status Report provides information on the progress of the activities, based

on the indicators and objectives that were outlined in the MRPs and later formalized in the implementation arrangements. These reports are presented at the PAs and posted on the country pages on the PMR website.

The six presentations and reports submitted in FY16 are available on the PMR website.

TECHNICAL AND POLICY WORK TO COMPLEMENT COUNTRY PROGRAMS

TECHNICAL WORK PROGRAM TO ENHANCE COUNTRY SUPPORT

Through its Technical Work Program, the PMR provides support on issues that are common across countries to complement the work that countries undertake as they implement the activities laid out in the MRPs. Its objectives are to facilitate experience and knowledge sharing, develop practical guidance on common issues, identify good practice and common standards, and build institutional and technical capacity.

A wide range of activities have been carried out under the Technical Work Program, driven by country needs, as identified in MRPs or requested by Participants. Drawing on country experience, global experts, and in-house resources, the PMR produces a number of knowledge products and exchanges. It focuses on three thematic work streams: ETS, carbon taxes, and crediting instruments and offsets. It complements these with a range of cross-cutting work streams on different

technical components that support carbon pricing, such as MRV, data management and registries, baselines, benchmarks, and stakeholder engagement. This section provides a summary of the activities that were carried out under each work stream in the past fiscal year. A more detailed description of each knowledge product and exchange can be found in the section on Knowledge Management.

Thematic Work Streams in Carbon Pricing

ETS

This work stream focuses on the design and implementation of cap and trade systems, building on the extensive experience gained to date among Participants. One key highlight of this year was the launch of the *ETS Handbook* in collaboration with the International Carbon Action Partnership (ICAP). This how-to handbook has been downloaded over 5,000 times since it

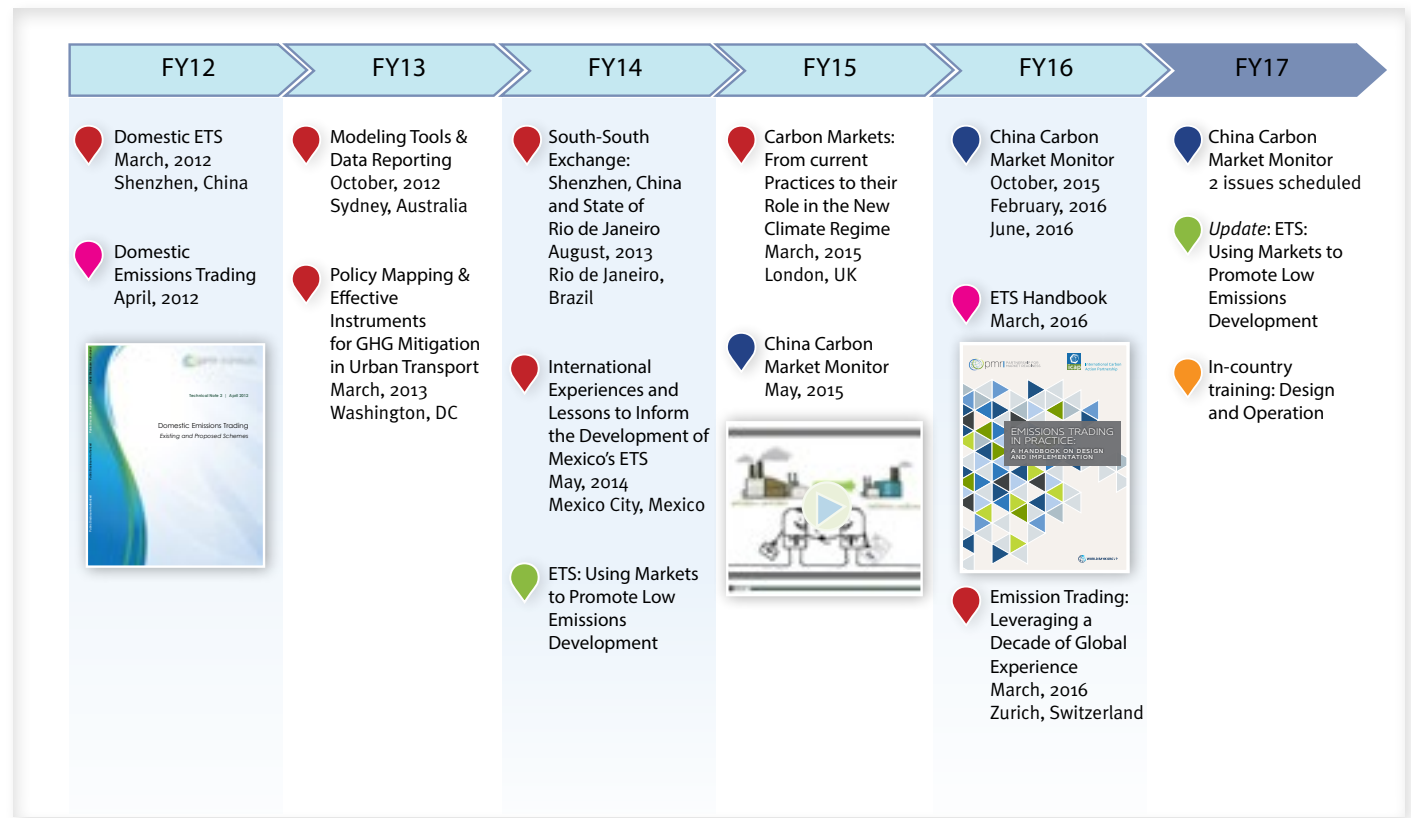
was launched in March 2016 at the workshop *Emissions Trading: Leveraging a Decade of Global Experience* in Zurich, Switzerland. The quarterly newsletter *China Carbon Market Monitor* is published to disseminate the latest climate policy developments in China and updates on the activities laid out in the MRP, which support the implementation of the national ETS.

Carbon taxes

This work stream focuses on the design and implementation of carbon taxes, building on previous PMR activities and international experience. The PMR organized one workshop *Latest Development on Carbon taxes* in this work stream in the past year. Work on the design guide for carbon taxes also commenced in FY16, with the report to be completed in FY17. This guide will provide step-by-step guidance on the design of carbon taxes, drawing on other relevant international experience.

Crediting and Offsets

This work stream focuses on the design and implementation of both domestic offset programs as well as new generation crediting mechanisms. In the last year, the PMR published three technical notes within this work stream: i) Options to Use Existing International Offset Programs in a Domestic Context; ii) Crediting Related Activities under the PMR; and iii) Carbon Credits and Additionality: Past, Present, and Future. In the coming year, work will focus on developing guidance for the design and implementation of crediting mechanisms. In addition to the publications, one workshop Implications of the Paris Agreement for a New Generation of International Market Mechanism was organized.



Cross-cutting Work Streams on Technical Components

MRV

This work stream focuses on the design and implementation of facility or entity level reporting programs. In partnership with the World Resources Institute (WRI), the *Guide for Designing Mandatory GHG Reporting Programs* was published in May 2015. A Spanish translation was made available this year. In addition, an e-Learning course was initiated and in-country training sessions on MRV conducted.

Data Management and Registries

This work stream supports the development of robust data management and market infrastructure. The report *Guidance on the Development of GHG Data Management Platforms for Corporate/ Facility Level Reporting* was launched in May, 2016 at an event in Bonn, Germany on the margins of the UNFCCC conference. The PMR also organized a three-day workshop *Building Registries to Support the Next Generation of Carbon Markets* in California. As a follow up, a report *Emissions Trading Registries Guidance on Regulation, Development, and Administration* will be released next year. This report—developed jointly with the Forest Carbon Partnership Facility—will help countries implement transaction registries that support the issuance and robust tracking of carbon units in market-based programs, is being finalized.

Baselines

This work stream focuses on the development of baselines for carbon pricing. In collaboration with a number of UN agencies, WRI and GIZ, the PMR initiated the development of a *Compendium on Baselines this year*. The Compendium will provide generic approaches to baseline setting that can be applied to mitigation action at different levels (national, regional, sectorial, or facility-level actions) and provide links to data sources where more detailed guidance can be obtained. The Compendium will not propose or develop any new or additional baseline approaches, but rather capture the existing experience.

Benchmarks

This work stream focuses on the development of benchmarks to support carbon pricing. Leveraging the work already done to support the development of benchmarks in South Africa and Kazakhstan, a technical note was initiated on benchmarking to provide an overview of approaches and practical guidance for policy-makers and practitioners. The note will provide step-by-step guidance on the development, implementation, and management of benchmarks by taking various technical and implementation issues into consideration. The note also intends to capture the experience with benchmarking from around the world and considers the similarities and differences in design and implementation.

Stakeholder Engagement and Preparedness

This area of work supports Participants with their stakeholder engagement, particularly interactions with the private sector. This year, representatives from the private sector were invited to join most PMR workshops. A workshop *China's National Carbon Market: An Industry-to-industry Dialogue* was jointly organized with the IETA. Next year, a technical note *Communicating Carbon Pricing* will be developed to capture experiences and lessons learned. Training material to support private sector readiness will also be prepared in collaboration with IETA's B-PMR.

Additional Activities

The Technical Work Program has also undertaken a number of other relevant activities during FY16. They are summarized below.

The technical note on *Carbon Leakage: Theory, Evidence, and Policy Design* was published and released in October 2015. To provide Participants an opportunity to discuss the issues in more detail, a Technical Workshop was held in October 2015 on the margin of PA13 in Jordan. Two webinars were also held in November and December 2015 to disseminate the work to a broader audience. The webinars were a success with about 100 people participating.

A series of workshops providing Participants and relevant experts an opportunity to discuss post-2020 markets continued in FY16. The objectives of these workshops were to build knowledge on key technical market related issues discussed at the international level, exchange views and facilitate common understanding for how the carbon market will develop, to bridge the gap between carbon market practitioners and negotiators, and to inform PMR activities accordingly.

Four workshops and events were organized in FY16:

- A roundtable discussion focusing on building a better understanding of the role and likely scale of international trade in carbon assets post 2020, in Bonn on the margin of the August 2015 UNFCCC negotiating session;
- The technical workshop *PMR Insights on post-2020 Carbon Markets*, in October 2016 in Jordan;
- In collaboration with other World Bank Initiatives and the Swiss Government, *Carbon Pricing: Sustaining the Momentum after Paris*, in March 2016 in Zurich;
- A technical workshop *Implications of the Paris Agreement for the PMR*, in April 2016 in Lima.



Participants at *Carbon Pricing: Sustaining the Momentum after COP21* in Zurich, Switzerland in March, 2016

ANALYTICAL WORK TO SUPPORT AND INFORM NDC IMPLEMENTATION

Policy analysis provides a comprehensive perspective of a country’s overall climate policy landscape

The Policy Analysis Work Program aims to support countries’ efforts to establish post-2020 mitigation scenarios and identify packages of effective and cost- efficient policies—including carbon pricing instruments—to achieve climate change goals. This is necessary for making informed decisions on the choice and design of one or more suitable carbon pricing instruments.

The first phase of the Policy Analysis Work Program, launched in 2014, demonstrated that carrying out economic and policy analysis is critical for informing decisions surrounding the selection and introduction of carbon pricing instruments. In addition, the experience showed that a common challenge faced by the countries is how to address the interactions between carbon pricing and other policies, reinforcing each of the policy objectives. Finally, while this work facilitated several Implementing Country Participants’ efforts in preparing their mitigation component for INDCs under the UNFCCC process, the experience demonstrated that the provision of systematic and long-term support to countries in strengthening their modelling capacity is critical in the years to come. For these reasons, the Policy Analysis Work Program was strengthened in 2015.

As of end of FY16, ten countries have received support through the Policy Analysis Work Program.

Two Categories of Activities

In the context of the preparation and implementation of National Determined Contribution (NDCs), the Policy Analysis Work Program continues to provide support to countries around the following two categories of activities:

(1) Modelling and capacity building aimed at identifying a suitable package of policies and measures—including carbon pricing instruments, understanding their impacts and potential barriers, and achieving effective policy design;

(2) Analytical work aimed at advancing the understanding of policy makers on how to best integrate carbon pricing in their existing sectoral and national policy landscapes.

Activities at Two Levels

The Policy Analysis Work Program supports activities at two levels: (1) country-specific support, which is tailored to a particular country’s needs and is carried out after a formal request is submitted by the country and subsequently endorsed by the PA, and (2) program-level activities, which address analytical and modelling topics and issues with strong international dimensions and cross- country implications.

Example of Cross-Country Analytical Work

The PMR and the Brazilian Ministry of Finance hosted a workshop on *Post-2020 Mitigation Scenarios and Carbon Pricing Modelling* in February 2016 in Brasilia. This workshop brought together more than 50 international policy makers, technical experts, and practitioners. It provided participants an opportunity to discuss analytical challenges and gaps related to the design and implementation of INDC/NDC and to inform key areas of future support under the Policy Analysis Work Program. International workshops and meetings are organized in an effort to develop common methodologies and frameworks.

Example of Country Work

China’s national ETS will be one of the principal tools for achieving its mitigation targets. The PMR supports the design and implementation of the national ETS with an \$8 million grant.

Since many aspects of the national ETS design are closely linked with the country’s mid- and long-term mitigation goals, the PMR also provided policy analysis support to China. This support contributed to the development of the country’s INDC and facilitated the process of presenting

and disclosing the key indicators, components, and assumptions that are used for the mid- and long- term scenarios.

One of the products of this analytical support, the discussion paper *Pursuing an Innovative Development Pathway—Understanding China’s INDC*, also helped better understand how China’s INDC could be seen as a powerful vehicle for innovation and help shift the country toward a new development pathway.

Overview of Country Policy Analytical Work and Modelling

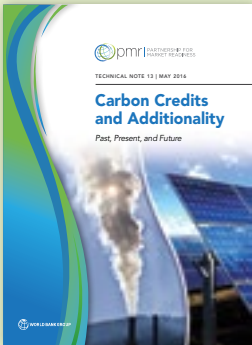
Brazil	Estimating climate impact on energy system; low-hydro scenario to 2030 and implication on thermal generation increase and offset through EE, input to INDC
Chile	Modeling of policy options and developing action plan for energy sector in INDC, building on past work on carbon tax modeling and policy interaction
China	Facilitating the process of presenting and disclosing the key indicators, components, and assumptions that are used for the mid- and long-term scenarios
Colombia	Macro-economic modeling of carbon pricing instruments, contributing to INDC; modeling of ETS design options and design roadmap
Costa Rica	Developing modeling framework and capacity building for exploring decarbonization pathways to achieve NDC targets
Morocco	Identifying effective policies and market-based instruments to achieve INDC targets and provide incentives for low-carbon actions
Peru	Developing low-carbon scenarios and MAC curves by 2030 and their macro-economic impacts, contributing to INDC targets and cross-sectoral discussion
South Africa	Analyzing the principles and effectiveness of combining carbon budget and carbon tax in achieving mitigation goals
Turkey	Support for strengthening local modeling capacity and tools for analyzing mid to long-term emission trajectory, policy options, and impacts
Vietnam	Assessing policy options that would stimulate mitigation actions and private-sector investments toward meeting INDC targets

KNOWLEDGE MANAGEMENT TO CREATE AND DISSEMINATE INFORMATION

The PMR has continued to strengthen its knowledge management activities in FY16. To be sure, the PMR has delivered close to 30 knowledge management activities in the last year. These activities are divided into two main categories: knowledge products and knowledge exchanges. A complete list of the activities that were carried out during the reporting period is provided below.¹

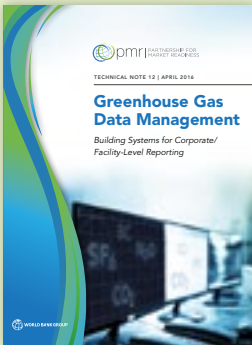
Knowledge Products

A total of six Technical Notes and Guidance Documents and three issues of the *China Carbon Market Monitor* have been published in FY16. In addition, the PMR has circulated two electronic newsletters. The topics vary and below are summaries and key points of each publication.



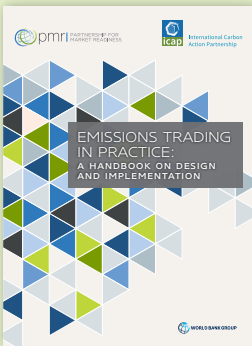
Carbon Credits and Additionality: Past, Present, and Future
May 2016

This technical note examines the concept of additionality and its significance for crediting mechanisms. It also describes the different approaches that have been used to demonstrate or test additionality and explores the implications of the evolving carbon markets on the application and importance of additionality.



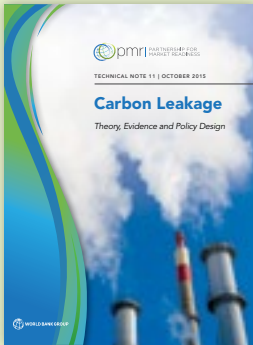
Greenhouse Gas Data Management: Building Systems for Corporate/Facility-Level Reporting
April 2016

Drawing on lessons learned from more than 10 jurisdictions, this technical note provides guidance on how to design, develop, and implement data management systems that support industry GHG reporting programs.



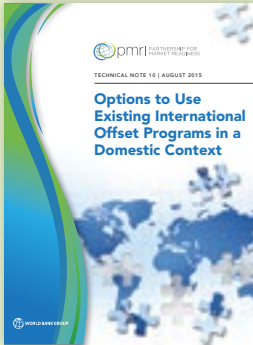
Emissions Trading in Practice: A Handbook on Design and Implementation
March 2016

The ETS Handbook-jointly developed by the PMR and ICAP-is a go-to guide for policymakers that distills best practices and key lessons from more than a decade of practical experience with emissions trading worldwide.



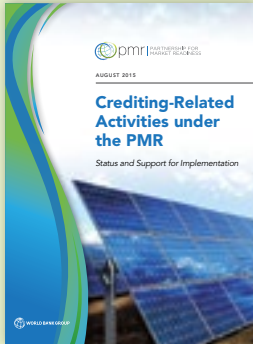
Carbon Leakage: Theory, Evidence, and Policy Design
October 2015

This technical note provides an overview of the issue of carbon leakage, discussing the theory, evidence, and policy design. It draws lessons from policymaking experience and academic evidence to provide guidance to countries on how to address issues of carbon leakage as they arise in their national contexts.



Options to Use Existing International Offset Programs in a Domestic Context
August 2015

This technical note presents a framework to support policymakers in making informed decisions about if and how existing international offset standards can be used in a national context.



Crediting-Related Activities under the PMR
August 2015

This technical note examines the role that crediting activities play to stimulate scaled-up mitigation. It suggests that crediting can facilitate national climate policy development and discusses ways to assess how crediting-related activities foster mitigation under multiple policy instruments.



China Carbon Market Monitor Issues 2, 3, 4
January 2016, February 2016, October 2015

The China Carbon Market Monitor provides quarterly analysis of the performance of the seven pilot markets, reporting on each individual market as well as benchmarking it against the others. It also highlights actions taken by each pilot in anticipation of the new nation-wide system: some of the pilots plan to continue to operate in parallel with the new system. This electronic newsletter also tracks the policy and regulatory development of the national ETS as well as the issuance of Chinese Certified Emissions Reductions for domestic offset projects. It is published in English and Chinese.

¹ The reporting period is from July 1, 2015 to June 30, 2016.

Knowledge Exchanges

The PMR is a unique platform for facilitating experience and knowledge sharing and for building necessary institutional and technical capacity in order to facilitate the design and implementation of innovative instruments used to ramp up GHG mitigation.

Participants update one another, give and receive feedback, and share lessons learned. This is a list of the 19 knowledge exchanges organized by the PMR in FY16.



Paris, France

Implications of the Paris Agreement for a New Generation of International Market Mechanisms

May 31 to June 2, 2016

This workshop focused on the current interpretations of the Paris Agreement relative to the scaled-up crediting and its implications for the ongoing and future capacity building and piloting initiatives. The workshop provided timely contribution to the discussions on how the framework of the Paris Agreement should be shaped to build over time a robust basis for the international cooperation using market-based instruments.

Online

Greenhouse Gas Data Management: Building Systems for Corporate/ Facility-Level Reporting

May 4, 2016

This webinar provided an opportunity to discuss issues around the design and development of GHG data management systems that support industry reporting programs. The discussions were based on the recently-published PMR report highlighting the legal, institutional, and technical considerations associated with GHG data management.

Lima, Peru

PA14

April 26-28, 2016

During PA14, PMR welcomed Sri Lanka as the 18th Implementing Country Participant. The PA also allocated funding in the amount of \$3 million each to Jordan and Peru for the implementation of the activities laid out in their MRPs. The PA furthermore endorsed new criteria and a process to provide additional funding to Implementing Country Participants to complement existing activities in their MRPs and/or to carry out related policy analysis activities. As part of the same process, the PA also endorsed a process to “broaden” the Partnership and welcome additional Implementing Country Participants. Finally, PA14 was an opportunity to review the Technical and Policy Analysis Work Programs and several other governance-related matters.

Lima, Peru

Green Growth, Nationally Determined Contributions, and Innovative Climate Policy Instruments

April 26, 2016

The high-level event highlighted challenges and opportunities behind the use of effective carbon pricing policies in the Latin American region and beyond. The event also provided an opportunity to analyze the potential implications and opportunities of the historic climate change accord signed in April, 2016 at the United Nations Headquarters in New York.

Lima, Peru

Implications of the Paris Agreement on PMR Activities

April 25, 2016

This workshop provided an important opportunity for the PMR participants, observers and the Secretariat to collectively analyze potential implications for the PMR stemming from the Paris Agreement. The deliberations at the workshop provided an input for future advancements of different work programs of the PMR including its technical, policy analysis, and in-country activities.

Online

Policy Instruments for Low Emissions Development: From Design to Implementation

March 29 to April 12, 2016

This e-Learning session provided an opportunity for the participants to advance their knowledge on issues related to planning, design, and implementation of various policy instruments to scale-up GHG emissions reductions and foster private sector investment.

Zurich, Switzerland

Carbon Pricing: Latest Developments on Carbon Taxes

March 11, 2016

This workshop provided an opportunity to discuss the latest developments on carbon taxes around the world, as well as share lessons learned from their design and implementation. The workshop also discussed the role carbon taxes can play in achieving countries’ NDCs.

Zurich, Switzerland



Emissions Trading: Leveraging a Decade of Global Experience March 10, 2016

This workshop was organized jointly by the PMR and ICAP and served as the launch of the ETS Handbook. The workshop was also an opportunity for participants to exchange insights gained and lessons learned on ETSs over the past decade, as well as to discuss the practicalities of establishing and operating ETSs.

Zurich, Switzerland



Carbon Pricing: Sustaining the Momentum after COP21 March 8, 2016

This high-level event was an opportunity to discuss a number of overarching issues, including how the Paris Agreement paves the way towards an international carbon market post-2020, its implications for the design and implementation of carbon pricing instruments around the world, practical steps to be taken to enhance an international framework for collaboration, and the role of public-private partnerships in this regard.

Brasilia, Brazil



Post-2020 Mitigation Scenarios and Carbon Pricing Modelling February 1-3, 2016

This workshop provided an opportunity for PMR participants to share lessons learned from the technical assessment work underlying countries' low emissions development strategies and INDC decision-making process, discuss common analytical challenges related to INDC implementation strategies; take stock of issues facing experts and policy makers when conducting carbon pricing modelling, and identify areas of support for the PMR policy analysis community.

Beijing, China



China's National Carbon Market: An industry-to-industry Dialogue January 18, 2016

Jointly organized by the PMR and IETA's B-PMR, this technical workshop and dialogue brought together the National Development and Reform Commission, the State-owned Assets Supervision and Administration Commission of the State Council, a number of international companies and China's leading state-owned enterprises, to discuss best industry practices and engage in ETS simulations. The objective of the event was to enhance private sector engagement and readiness on emissions trading in China.



B-PMR meeting in China in January 2016



Sweimeh, Jordan



PA13 October 28-29, 2015

At PA13, Alberta was approved as a Technical Partner of the PMR. The PA also endorsed second allocation of funding for Targeted Technical Support to Kazakhstan. In addition, PA13 was an opportunity to discuss and obtain feedback on a number of PMR work program- and governance-related matters: Draft MRPs from Jordan and Peru; Progress of Technical and Policy Analysis Work Programs; Follow up actions on the recommendations from the First PMR Independent Evaluation Report; and Strategic directions and the next phase of the Partnership.

Sweimeh, Jordan



Carbon Leakage: Theory, Evidence, and Policy October 27, 2015

This workshop provided an opportunity to discuss issues around carbon leakage a phenomenon, which occurs if differences in emission costs lead to the relocation of carbon-intensive activities and related emissions from more to less stringent jurisdictions. Structured around the main findings from the recently published PMR technical note on carbon leakage, participants discussed how these issues can best be addressed, drawing on experience from around the world.

Sweimeh, Jordan



Aligning Energy Reform and Climate Policies in MENA: Challenges and Opportunities October 27, 2015

This high-level event highlighted a wide variety of considerations for ensuring synergies between energy reform and low-carbon transformation in the MENA region. More specifically, participants discussed how different countries are exploring a role for carbon pricing as means for improving the economic viability of clean technologies and energy efficiency measures, and how the private sector is reacting to such signals.

Sweimeh, Jordan



PMR Insights on Post-2020 Carbon Markets October 26, 2015

This workshop provided a timely opportunity to review and take stock of the role that carbon markets could play in achieving different countries' national contributions post-2020. The workshop also provided an opportunity to hear about the latest developments and options that could accommodate carbon markets in the Paris agreement, as well as their links with the readiness activities in PMR countries.



The PA met for its 13th meeting in Jordan in October 2015





Participants at Vietnam Carbon Pricing Technical Training



Hanoi, Vietnam



Vietnam Carbon Pricing Technical Training

September 29-30, 2015

This training educated officials on the basic concepts of carbon pricing. In these training sessions, key ministries and business groups shared relevant knowledge and experience to assure efficient and effective implementation of the upcoming PMR Implementation grant. Moreover, participants increased understanding of the implication of the carbon pricing building blocks of the Vietnam Partnership for Market Readiness Project.

Sacramento, USA



Building Registries to Support the Next Generation of Carbon Markets

September 23-25, 2015

This workshop brought together experts and policymakers from various jurisdictions and organizations to exchange insights and lessons learned on the legal, institutional, and administrative issues related to registry development. The workshop was also an opportunity to discuss potential options available for countries to build robust registry infrastructure in support to the next generation of carbon markets.

Bonn, Germany



Post-2020 Carbon Markets Roundtable Discussion

September 1, 2015

The roundtable provided an opportunity to take stock of the most recent developments and countries intentions as indicated in their INDCs and plans to achieve them. It also provided an opportunity to discuss the role of international markets in delivering and leveraging climate finance.

Cartagena, Colombia



National Contributions: Challenges for the Implementation and Monitoring of INDCs - Latin America & the Caribbean

July 14-16, 2015

This regional workshop brought together policy-makers and technical experts from ten countries to share experiences and challenges in the development of their national contributions to the Paris Agreement. The workshop provided a platform for peer-to-peer discussions on issues related to challenges in management of information and monitoring systems of an INDC as well as priorities identified in relation to the analysis of measures and instruments to support the implementation of an INDC.

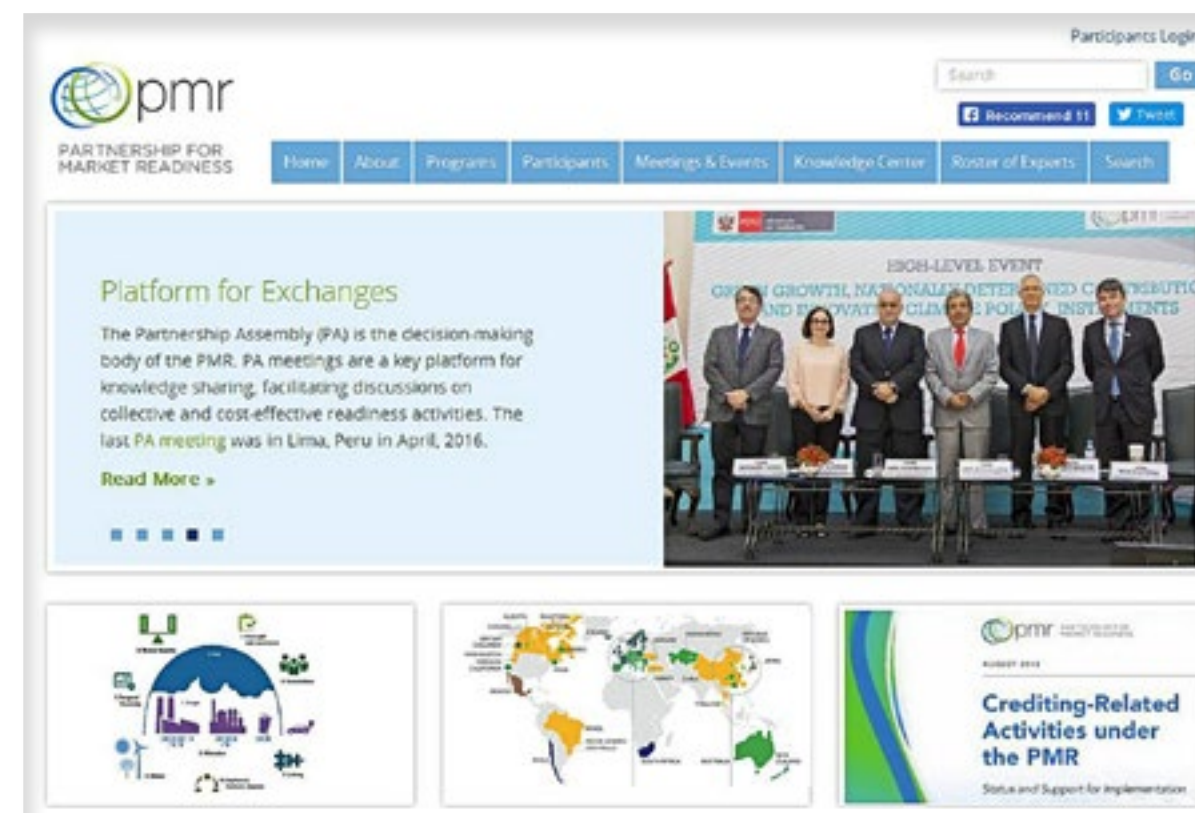
Website

The website is an important tool for knowledge sharing among PMR participants and with a wider audience. This year, several design and content changes were made to improve accessibility and reflect the continued growth of activities.

The *Dashboard*, which summarizes the status of all PMR participants, was added to the Homepage to provide an easy way to monitor country progress. In an effort to further advance the information sharing with its Participants and the public, the *Newsletter*, which is circulated to participants via email, is now publically available on the website.

Based on feedback from users, the layout of the *Meetings & Event* pages was redesigned in order to make it more user-friendly. Content wise, the new *Programs* section—featuring the fast-growing Country, Policy and Technical Work Programs—was launched, providing users with a one-stop location for details on each.

Finally, the improvements of the *Knowledge Center* are currently ongoing to better highlight and feature knowledge products (i.e., technical notes, guidance documents, newsletters, etc.) and knowledge exchanges (PA meetings, trainings, workshops, webinars, e-learning, and the roster of experts.)



SECRETARIAT MANAGES OPERATIONS AND ADMINISTRATION

TRUST FUND ADMINISTRATION AND FINANCIAL SUMMARY

The World Bank Group serves as the trustee for the PMR Trust Fund. It administers funds and manages an annual budget and expense report, administrative agreements for pledged contributions from Contributing Participants, and grant distributions to Implementing Country Participants.

Sources of Funding

PMR funding is made up of contributions from 13 Contributing Participants and interest income. As of March 31, 2016, total committed contributions amounted to about \$125.8 million², while total received contributions equaled \$116.8 million. The total investment income earned since the inception of the PMR until March 31, 2016 is estimated to be close to \$1.5 million.

Budget Approval Process

Per the [Governance Framework](#), the Secretariat is responsible for proposing a budget for the annual operations of the PMR and presenting it for endorsement by the PA prior to the start of the fiscal year.³ Historically, the Secretariat presents the annual budget during the last PA meeting in the fiscal year.

For FY16, the PA approved a budget of \$7.574million, while the PMR operating expenses totaled \$6.401 million.⁴ For FY17, the PA approved a budget of \$7.424 million. The following planned activities drive the proposed increase:

Promoting Good Practices through Knowledge Management Activities

Following the scale-up of knowledge management activities in FY16, the PMR will continue to support all of the carbon pricing instruments that Implementing Country Participants are pursuing, including ETs, carbon taxes, and crediting instruments—both scaled-up and project-based offset instruments. By clustering countries according to their readiness activities, the knowledge management activities in FY17 will provide targeted and timely support to PMR countries and, as such, facilitate preparation and implementation of country programs and activities.

Providing Systematic Support to PMR Countries through the Continuation of the Policy Analysis Work Program

The first phase of the Policy Analysis Work Program demonstrated that carrying out economic and policy analysis to inform decisions surrounding the selection and introduction of carbon pricing instruments, is one of the key components of each country’s market readiness process. Going forward, the Secretariat will streamline the ongoing and planned activities under the Policy Analysis Work Program, and continue to provide support for both the analytical and modelling work, as well as for analyzing the interactions between carbon pricing and other policies. The two groups of activities are expected to be carried out at both the country-level and the program-level.

Driving Country Progress through Increased Country Delivery Support

With PMR Implementation Phase funding now allocated to 15 out of 18 Implementing Country Participants and one assistance-receiving Technical Partner, PMR activities in countries are expected to ramp up significantly, as more and more Implementing Country Participants/Technical Partners formally enter the implementation stage of their PMR project. A key driver of the proposed budget increase will, therefore, come from the shift of focus from the preparation of initial PMR activities to their implementation, and from the identification and preparation of new or complementary activities to deepen PMR support in Implementing Country Participants and assistance-receiving Technical Partners. Additional support will also be required to help prospective Implementing Country Participants and assistance-receiving Technical Ps go through the PMR process, to prepare their proposals and seek funding for the implementation of PMR activities.

² Not all contributions are made in U.S. dollars. This total is based on an estimated exchange rate. The exact exchange rate will vary depending on the date at which commitments are transferred to the World Bank Group.
³ The World Bank Group’s fiscal year runs from July 1 to June 30.
⁴ These figures represent actual expenses through March 31, 2016 and estimated expenses from April 1 through June 30, 2016. For a complete analysis of the FY16 budget, see PMR Note PA14-2016-4.

Table 1: FY16 Operating Expenses and FY17 Budget (In \$ thousand)

Use of Funds	FY16 Budget	FY16 Actual Expenses*	FY17 Proposed Budget
PA Meetings, Workshops	850	701	656
Country Delivery Support and Advisory Services	1,685	1,806	2,543
MRP Expert Feedback Process	102	51	70
Country Delivery Support	1,583	1,755	2,473
o/w: Secretariat Country Support	808	985	1,513
Delivery Partner Support	775	770	960
Knowledge Management	1,000	1,200	1,303
Policy Analysis Work Program	3,071	1,966	2,004
Management and Communications	753	728	768
Trust Fund Management	65	0	0
Contingency	150	0	150
Total Use of Funds	7,574	6,401	7,424

*The reporting period covers actual expenses from July 1, 2015 to April 30, 2016. The expenses during the period from May 1 to June 30, 2016 are estimated.

The Secretariat uses activity-based budgeting—i.e., it tracks activities using a coding system—to monitor spending and prepare the budget. There are seven core cost elements to the budget:

1. PA meetings, Workshops, and Other Events:

Costs associated with PA meetings as well as workshops and side-events, including meeting venue hire and catering, audio-visual equipment hire, and travel and accommodation expenses for Implementing Country Participant representatives, invited PMR experts, and the Secretariat.

2. Country Delivery Support and Advisory Services:

These costs cover MRP Expert Feedback expenses and the technical assistance provided by Delivery Partners and the Secretariat to Implementing Country Participants for the preparation and implementation of the activities laid out in the MRPs. Costs include staff time from both the Secretariat and Delivery Partners, consulting fees associated with the MRP Expert Feedback Process, and associated travel cost.

3. Policy Analysis Work Program:

These costs are associated with the country-level analytical work, common methodology and framework (including modelling), and international and national technical workshops related to the Policy Analysis Work Program.

4. Knowledge Management:

These costs cover those associated with the Technical Work Program, including the preparation of technical notes, organization of working groups and expert meetings, technical trainings, and other events. In addition, they cover expenses for the design and maintenance of the website.

5. Management and Communications:

These costs comprise day-to-day operating costs of the Secretariat in managing and coordinating PMR activities, including already incurred and future monitoring and evaluation expenses, and the costs of communication and reporting efforts.

6. Trust Fund Management:

These costs are associated with setting up and managing the PMR Trust Fund, including legal, budgeting, and accounting services. This item saw no spending in FY16 and was not allocated budget for FY17 due to the introduction of a new trust fund cost recovery framework at the World Bank.

7. Contingency:

A contingency amount is included to cover any unforeseen expenses that the PA deems appropriate.

OUTLOOK FOR FY17

Following the historic success of the Paris Agreement, there will be a continuum in demand for supporting countries to translate the internationally agreed commitments into their low carbon and climate resilient development plans. Having in mind that many countries anticipated the use of carbon pricing and market-based instruments to achieve their commitments to reduce GHG emissions, the role that the initiatives such as the PMR will play in the years to come is likely to become even more critical. In fact, leveraging and expanding on its past work, the PMR is committed to scaling up its efforts to help countries design and implement innovative approaches to reduce GHG emissions. More specifically, in the next fiscal year (FY17), the PMR efforts will be focused on the following three streams of activities:

Supporting Domestic Climate Action through Comprehensive Country Programs

In FY17, the PMR will be further enhancing its technical and financial support to countries. Indeed, now that the PA has endorsed a new process to facilitate the allocation of additional funding, we expect a number of countries to come forward with proposals for new sets of activities related to the design, preparation and implementation of carbon pricing instruments. Likewise, in FY17, PMR countries will also have an opportunity to request dedicated support to advance their policy and modelling-related work. This will help them identify a suitable package of policies and measures, and understand their interactions, impacts and potential barriers. Last but not least, in light of the increasing demand for technical assistance on carbon pricing, the PMR family will likely expand in FY17, covering even larger share of global emissions under cost-effective GHG mitigation policies.

Promoting Good Practices through Knowledge Management Activities

Following the scale-up of Technical Work Program activities in FY16, the PMR will continue to generate knowledge and build capacity on a number of topics relevant to PMR countries. In particular, by clustering countries according to their readiness activities, the PMR Secretariat will provide targeted and timely support to PMR countries and, as such, facilitate preparation and implementation of country programs and activities. Similarly, in FY17, the PMR will scale up program-level policy analysis activities by addressing a number of analytical and modelling topics and issues with strong international dimensions and cross-country implications.

Initiating Discussions on the Future of the PMR

In FY16, the PMR reached an important milestones by concluding the first round of discussions on the strategic orientation of the PMR and by endorsing the criteria and process for the use of remaining funds for the current operational phase of the PMR (until December 2020). In FY17, the PMR participants will collectively engage in discussions on how to best ensure that the PMR impacts are maximized and sustained over time, beyond 2020.

