

## **PARTNERSHIP FOR MARKET READINESS (PMR)**

### **PMR Governance Framework\***

#### **I. Objectives of the PMR**

- 1.1 The PMR aims to provide a platform for technical discussions and the exchange of information on market instruments for mitigation, and to help interested countries build capacity for scaling up their mitigation efforts through market instruments<sup>1</sup>, and to pilot instruments appropriate to their domestic context.
- 1.2 The PMR intends to achieve the following objectives:
- (a) Build countries' capacity to develop and implement carbon pricing instruments needed for GHG mitigation and INDCs/NDCs implementation through grant funding;
  - (b) Create a knowledge base on carbon pricing instruments and facilitate information exchange through technical discussions and dissemination of knowledge products;
  - (c) Assist countries to identify and implement best practice approaches and, where relevant, achieve compatibility in design to support the development of carbon markets; and
  - (d) Inform the national and international policy discussions on GHG mitigation by sharing lessons learned and providing a platform for collective innovation on carbon pricing instruments.

#### **II. Operating Principles**

- 2.1 Building on the objectives, the PMR will operate in accordance with the following principles:
- (a) to be country-led and to build on nationally defined and prioritized mitigation policies, according to each implementing country's national circumstances;
  - (b) to coordinate with other readiness efforts to avoid duplication and ensure effective use of resources;

---

\* As amended per Resolution No. PA Electronic/2017-1 on October 20, 2017

<sup>1</sup> For the purpose of the PMR, market instruments refer to domestic instruments (e.g., emissions trading scheme) and, without prejudging the outcomes under the United Nations Framework Convention on Climate Change (UNFCCC) negotiations, scaled-up market mechanisms.

- (c) to cooperate with other actors and processes that are undertaking similar initiatives, such as UN agencies and other multilateral development banks; and
- (d) to promote learning-by-doing through early and integrated efforts.

### **III. Activities for Support**

- 3.1 The activities to be supported by the PMR will be developed on a country-specific basis and will build on the country's existing initiatives to meet nationally defined priorities. As countries' technical and institutional capacities differ, the PMR resources may be used to undertake the activities that serve the objectives of the PMR set out in Section I (*Objectives of the PMR*) above, which may include some or all of the following activities:
- (a) *Assessment* – Carrying out a feasibility and capacity assessment for utilizing market mechanisms within a portfolio of policy instruments in the context of the country's mitigation strategies, including analysis and appraisal of national, sub-national and sectoral approaches.
  - (b) *Data* – Building or enhancing capacity of data collection systems and institutional capacity for data reporting and management and for setting up activity reference level.
  - (c) *Measurement, Reporting and Verifying (MRV)* – Designing or enhancing existing MRV frameworks to ensure transparency, quality, credibility and consistency with international good practice.
  - (d) *Institutional capacity* – Carrying out capacity building activities that aim to engage with key stakeholders early in the planning process and help the responsible government agencies organize cross-agency dialogues and broader consultations.
  - (e) *Policy and legal frameworks* – Facilitating the design of policy and legal frameworks for implementation of market instruments.
  - (f) *Piloting and testing* – Learning-by-doing is one of the most efficient means to gain experience, improve capacity and develop effective instruments. If a country so wishes, a pilot program could be set up to test a market instrument selected by the country.

### **IV. Participation and Governance Structure**

- 4.1 The participation and governance structure of the PMR include a Partnership Assembly, a Partnership Committee (if established by the Partnership Assembly), Technical Partners, Observers, Experts, a Secretariat, a Trustee and Delivery Partners.

#### ***Partnership Assembly***

- 4.2 The Partnership Assembly will consist of the following participants:
- (a) all donors that have contributed financially to the PMR and that have entered into an administration agreement with the International Bank for Reconstruction and Development (the Bank) (the Contributing Participants); and
  - (b) all countries that have submitted an expression of interest to participate in the PMR and whose participation has been confirmed at the organizational meeting or any meeting of the Partnership Assembly (the Implementing Country Participants) (the Contributing Participants and the Implementing Country Participants will be collectively referred to as the PMR Participants).
- 4.3 The Partnership Assembly will have the following roles and responsibilities:
- (a) provide strategic guidance for the operation of the PMR;
  - (b) confirm the participation of countries that have submitted an expression of interest to participate in the PMR as described in Section 4.2(b) above, and accept countries and sub-national jurisdictions as Technical Partners as described in Sections 4.8 to 4.10 below;
  - (c) in the absence of the establishment of a Partnership Committee described in Sections 4.6 and 4.7 below, approve the allocation of PMR resources to the Implementing Country Participants and where applicable, to Technical Partners;
  - (d) approve the budget for the operation of the PMR;
  - (e) monitor the operation of the PMR;
  - (f) decide on other matters related to the operation of the PMR;
  - (g) provide guidance to the Partnership Committee, if established; and
  - (h) exercise such other functions as the Partnership Assembly may deem appropriate to fulfill the purposes of the PMR.
- 4.4 The Partnership Assembly will meet twice a year or at any other frequency as may be decided by the Partnership Assembly on the basis of recommendation by the Secretariat.
- 4.5 (a) Decisions of the Partnership Assembly will be made by PMR Participants on a consensus basis, and any PMR Participant who holds a different view may request to record its view as a note to the decisions. If all efforts to reach a consensus have been exhausted and no decision has been reached, decision will be taken by two-thirds (2/3) majority of the Contributing Participants and two-thirds (2/3) majority of the

Implementing Country Participants, present and voting at the meeting of the Partnership Assembly, on the basis of one (1) vote per PMR Participant.

(b) Unless the Partnership Assembly decides otherwise, the Bank will chair the meetings of the Partnership Assembly at the initial stage of the operation of the PMR, which may cover the first two (2) meetings, and subsequent meetings will be co-chaired by a representative elected from the Contributing Participants and another representative elected from the Implementing Country Participants.

(c) Further details on the conduct of the meetings of the Partnership Assembly will be set forth in the Rules of Procedure, to be adopted at the organizational meeting or any subsequent meeting of the Partnership Assembly.

### ***Partnership Committee***

4.6 Once there are ten (10) Contributing Participants and ten (10) Implementing Country Participants in the Partnership Assembly, the Partnership Assembly may consider establishing a Partnership Committee to perform the functions identified in Section 4.3(c) above and other functions as may be designated by the Partnership Assembly.

4.7 (a) The Partnership Committee will consist of an equal number of representatives from the Contributing Participants and the Implementing Country Participants. The Partnership Assembly will decide on the size of the Partnership Committee. In order to be elected as a member of the Partnership Committee representing the Contributing Participants, the Contributing Participant will be required to make a financial contribution to the PMR in no less than the minimum amount of five million United States dollars (US\$ 5,000,000) or equivalent.

(b) Decisions of the Partnership Committee will be made by its members on a consensus basis, and any member of the Partnership Committee who holds a different view may request to record its view as a note to the decisions. If all efforts to reach a consensus have been exhausted and no decision has been reached, decision will be taken by two-thirds (2/3) majority of the members of the Partnership Committee representing the Contributing Participants and two-thirds (2/3) majority of the members of the Partnership Committee representing the Implementing Country Participants, present and voting at the meeting of the Partnership Committee, on the basis of one (1) vote per member.

(c) Further details on the conduct of the meetings of the Partnership Committee will be set forth in the Rules of Procedure, to be adopted at the organizational meeting or any subsequent meeting of the Partnership Assembly.

### ***Technical Partners***

- 4.8 The Partnership Assembly may, on the basis of the recommendation of the Secretariat, accept a country or a sub-national jurisdiction as a Technical Partner (the Technical Partner), provided that (i) it has expressed interest in engaging with the PMR as a Technical Partner; and (ii) it is developing or in the process of implementing an emission trading scheme, carbon tax or other related market-based instrument that serves the objective of the PMR set out in Section 1 (Objectives of the PMR).
- 4.9 The Secretariat may collaborate with Technical Partners to carry out joint activities such as workshops, training, and analytical work. A PMR Technical Partner is entitled to attend the meetings of the Partnership Assembly without the right to vote.
- 4.10 On a case-by-case basis a Technical Partner may request the Partnership Assembly to allocate funding to provide targeted technical support to complement its domestic actions in pursuing the activities referred to in Section 4.8 (ii).

### ***Observers***

- 4.11 The countries, organizations and entities relevant to the activities of the PMR and the Delivery Partners described in Sections 4.16 to 4.18 below may be invited to attend the meetings of the PMR as observers (the Observers), and may participate in the meetings without the right to vote. Further details on the Observers' participation in the meetings of the PMR will be set forth in the Rules of Procedure, to be adopted at the organizational meeting or any subsequent meeting of the Partnership Assembly and, where necessary, in the decisions of the Partnership Assembly.

### ***Experts***

- 4.12 Experts, including those drawn from a roster of experts established by the Secretariat (the Experts), will facilitate the work of the PMR, including attending the meetings of the PMR to provide expert advice, and may provide technical assistance to the Implementing Country Participants for readiness preparation and implementation. Where necessary, the modality of the expert support to the work of the PMR may be further developed by the Secretariat for consideration by the Partnership Assembly.

### ***Secretariat***

- 4.13 The Bank will serve as the secretariat of the PMR (the Secretariat) to provide secretariat services and technical support for day-to-day operations of the PMR.
- 4.14 The Secretariat will have the following roles and responsibilities:
- (a) to propose a provisional agenda for the meetings of the PMR;
  - (b) to provide secretariat services to meetings of the PMR;

- (c) to develop guidelines for allocation of funding for consideration by the Partnership Assembly;
- (d) to review funding proposals for completeness and quality;
- (e) to propose a budget for approval by the Partnership Assembly;
- (f) to prepare updates or consolidated progress reports on the individual activities of the PMR and on the PMR as a whole, for the meetings of the Partnership Assembly;
- (g) to maintain a website with details and relevant documentation about the PMR;
- (h) to disseminate knowledge gained under the PMR; and
- (i) to perform other functions necessary for facilitating the operation of the PMR.

#### ***Trustee of PMR trust fund***

4.15 The Bank will serve as the trustee of the trust fund for the PMR (the Trustee). The Bank as Trustee will establish a trust fund to receive contributions from donors to the PMR, and will hold in trust, as a legal owner and administer the funds, assets and receipts that constitute the trust fund, pursuant to the terms of the administration agreements entered into with the donors with respect to their contributions to the PMR.

#### ***Delivery Partners***

4.16 The delivery partners of the PMR (the Delivery Partners) will be responsible for (a) collaborating with the agreed Implementing Country Participants to assist them in carrying out the activities of the PMR, including providing technical assistance for preparing market readiness proposals and grant implementation; (b) supervising grant implementation in Implementing Country Participants; and (c) providing technical support as needed for activities financed by the PMR. Each Delivery Partner will be responsible for the use of funds transferred to it under the PMR and the activities carried out therewith in accordance with its own fiduciary, safeguard and operational policies and procedures. Each Delivery Partner will report, and be directly accountable, to the Partnership Assembly and/or the Partnership Committee, as applicable.

4.17 The Bank will serve as the principal Delivery Partner. Where the Bank agrees to serve as the Delivery Partner for an Implementing Country Participant, the Bank may, at its discretion, enter into grant agreement(s) with such Implementing Country Participant to implement the agreed activities.

4.18 At the request of the Implementing Country Participant, the Partnership Assembly may decide, with agreement of the Bank as the Trustee, on a case-by-case basis for one or

more multilateral development banks and UN agencies other than the Bank to serve as additional Delivery Partners. In the event an additional Delivery Partner has been agreed upon, the Bank as the Trustee will enter into a transfer agreement with such additional Delivery Partner to set forth the terms and conditions of the arrangement and the transfer of PMR funds, based on the decision of the Partnership Assembly and/or the Partnership Committee, as applicable. Following disbursement by the Trustee of the funds from the PMR trust fund to an additional Delivery Partner, the additional Delivery Partner will be responsible for the use of the funds transferred to it and the activities carried out therewith as described in Section 4.16 above, and the Trustee will have no further responsibility for the additional Delivery Partner's use of the funds and activities carried out therewith.

#### **V. Amendment to the PMR Governance Framework**

- 5.1 The provisions of this PMR Governance Framework may be amended with the prior consent of all PMR Participants; provided that, any amendments that would affect the rights or obligations of the Bank or the additional Delivery Partners will only be effective upon the agreement of the Bank or the additional Delivery Partners, respectively.