

**PARTNERSHIP FOR MARKET READINESS (PMR)**

**PRESENTATION OF THE PMR FY17 EXPENSES  
AND PROPOSAL FOR THE PMR FY18 BUDGET**

**PMR Note PA16 2017-5**

**March 6, 2017**

## BACKGROUND

1. Per the [PMR Governance Framework](#), the PMR Secretariat is responsible for proposing a budget for the annual operations of the PMR and for presenting it for approval to the Partnership Assembly (PA) prior to the start of the fiscal year (FY).<sup>1</sup>
2. Typically, the PMR Secretariat presents the annual budget during the last PA meeting in the FY. This presentation includes the following elements:
  - a. Summary of the current fiscal year's expenses;
  - b. A budget proposal for the upcoming fiscal year (for PA approval); and
  - c. A long-term financial plan for PMR operations.
3. The PMR Secretariat uses an activity-based budgeting system – i.e., it tracks activities using a coding system – to monitor spending and prepare the PMR budget. While the PMR Secretariat ensures that the annual expenses are within the approved budget every year, including for each category, a certain degree of flexibility is required, in exceptional cases, for the funds to be mobilized from one budget sub-category to another in order to ensure effective delivery of the program.
4. The PMR budget is financed with funds from the PMR multi-donor trust fund (i.e., contributions from the PMR Contributing Participants). As of February 2017, committed contributions to the PMR trust fund total about US\$125.8 million.
5. This note includes four sections: Section I provides an overview of the PMR's sources of funding; Section II presents an overview and analysis of the PMR's use of funds during fiscal year 2017 (FY17); Section III presents a draft budget for fiscal year 2018 (FY18); and Section IV presents a long-term plan (LTP).

## ACTIONS BY THE PA

6. PMR Participants are invited to review this note and **provide feedback and comments to the PMR Secretariat by March 16, 2017**. The document will be revised to reflect feedback received. The FY18 budget will be presented to the PA for approval during PA16 in India which will take place on March 20-22, 2017.

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<sup>1</sup> The World Bank Group's fiscal year runs from July 1 to June 30.

## I. PMR SOURCES OF FUNDING

7. PMR funding is made up of contributions from PMR Contributing Participants and interest income. As of February 28, 2017, total committed contributions are about US\$125.8 million<sup>2</sup> while total received contributions equal US\$116.8 million. Table 1 details these commitments by contributor. As of June 30, 2017, the total investment income earned since inception of the PMR is estimated to be US\$2,425,079 million.

**Table 1: Commitments to the PMR by Contributing Participant as of February 28, 2017  
(in US\$ million)**

Contributing Participant	Commitment	Received to date
Australia	12.5	12.5
Denmark	5.1	5.1
European Commission	19.0	10.0
Finland	5.4	5.4
Germany	13.3	13.3
Japan	13.6	13.6
Netherlands	7.1	7.1
Norway	5.8	5.8
Spain	5.4	5.4
Sweden	7.6	7.6
Switzerland	12.5	12.5
United Kingdom	11	11
United States	7.5	7.5
<b>Total</b>	<b>US\$125.8</b>	<b>US\$116.8</b>

<sup>2</sup> 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.

## II. OVERVIEW AND ANALYSIS OF THE PMR'S USE OF FUNDS

**Table 2: Summary of PMR Total Use of Funds, FY1 –FY17**  
(in US\$ thousand)

Category	Fiscal Year							Total FY11-FY17
	FY11	FY12	FY13	FY14	FY15	FY16	FY17*	
PMR Operations Expenses	835	1,911	2,931	3,786	4,421	6,617	6,461	26,962
Preparation Phase Funding Committed	2,800	2,450	350	0	0	0	1,050	6,650
Implementation Phase Funding Committed	0	0	0	11,500	6,000	9,500	23,000	50,000
<b>Total Use of Funds</b>	<b>3,635</b>	<b>4,361</b>	<b>3,281</b>	<b>15,286</b>	<b>10,421</b>	<b>16,117</b>	<b>30,511</b>	<b>83,612</b>
<b>Total Sources (US\$116,800 contributions + US\$2,425)</b>								<b>119,225</b>
<b>Estimated Fund Balance as of June 30, 2017</b>								<b>35,613</b>

\*FY17 figures represent actual expenses through February 28, 2017 and estimated expenses from March 1 through June 30, 2017.

8. Since operationalization of the PMR in 2011, the total use of funds amounts to US\$83.612 million. Out of that amount, US\$26.962 million were used for the PMR operations expenses (for detailed information on the expense categories included under the PMR operations expenses, see Section IV of this Note), while approximately US\$56.650 were used for the Market Readiness Proposal (MRP) preparation and implementation phase funding, and Targeted Technical Support to Technical Partners (TPs).
9. In particular, the amount of US\$350,000 was allocated to each of 19 Implementing Country Participants (ICPs) for the preparation of their MRPs, bringing the total of the preparation phase funding allocation to US\$6.65 million. Implementation phase funding has been allocated to 16 of 19 Implementing Country Participants (ICP)<sup>3</sup>, which amounts to US\$60 million. Among those, the implementation arrangements were finalized for 15 ICPs and 1 TP (either through grant agreements between the Delivery Partner and the Implementing Agency or other implementation arrangements), amounting to the total of US\$50 million in funding that has been committed.<sup>4</sup> In FY17 alone, the PMR Operations expenses were US\$6.461 million (for a detailed break-down of these, see below), while the ICP funding commitments amounted to US\$24.05 million<sup>5</sup> bringing the total use of funds through FY17 to US\$30.5 million.

<sup>3</sup> They include Brazil (US\$3 million), China (US\$8 million), Chile (US\$3 million), Costa Rica (US\$3 million), Colombia (US\$3 million), Indonesia (US\$3 million), Jordan (US\$3 million), Mexico (US\$3 million), Morocco (US\$3 million), Peru (US\$3 million), South Africa (US\$5 million), Thailand (US\$3 million), Turkey (US\$3 million), Ukraine (US\$3 million), and Vietnam (US\$3 million). India has requested a funding allocations in the amount of US\$8 million, to be discussed and endorsed at PA16 in March 2017.

<sup>4</sup> They include Brazil (US\$3 million), China (US\$8 million), Chile (US\$3 million), Costa Rica (US\$3 million), Morocco (US\$3 million), Thailand (US\$3 million), Turkey (US\$3 million), Ukraine (US\$3 million), Jordan (US\$3 million), South Africa (US\$5 million), Peru (US\$3 million), Indonesia (US\$3 million), Mexico (US\$3 million), Colombia (US\$3 million) and Vietnam (US\$3 million) and Kazakhstan (US\$1 million).

<sup>5</sup> They include preparation phase funding for Sri Lanka and Argentina in the amount of US\$350,000 each, as well as MRP implementation funding commitments in South Africa (US\$5 million), Vietnam (US\$3 million), Peru (US\$3 million), Indonesia (US\$3 million), Mexico (US\$3 million), Colombia (US\$3 million) and Vietnam (US\$3 million) – expected to be committed by the end of FY17.

10. On the other hand, the total PMR funding disbursements from FY12 through FY17 amount to approximately US\$16.995million. In FY17, actual funding disbursements totaled US\$6.843 million, of which US\$129,561 were of preparation phase funding and US\$6.713 were disbursements for implementation phase funding.

### Summary and Analysis of PMR Budgeted Uses (Secretariat Operations) in FY17

11. This section provides an analysis of expenditures of Secretariat Operations made during FY17. There are seven core cost elements:
- a. **PA Meetings, Workshops and Other Events:** This category includes costs associated with PA meetings as well as workshops and other events organized on the margins of those (e.g., public events). Such costs include meeting venue hire and catering; audio-visual equipment hire; and travel and accommodation expenses for ICP and TP representatives, invited PMR experts and the PMR Secretariat.
  - b. **Country Delivery Support and Advisory Services:** These costs comprise (i) MRP Expert Feedback groups and (ii) the technical assistance provided by Delivery Partners and the PMR Secretariat to ICPs and assistance-receiving TPs for the preparation and implementation of the activities laid out in their Market Readiness Proposals (MRPs) or Proposal for Targeted Technical Support. The costs include staff time from both the PMR Secretariat and Delivery Partners, consulting fees associated with the MRP expert feedback process, and associated travel costs.
  - c. **Policy Analysis Work Program:** These costs are associated with the country-level analytical work, common methodology and framework (including modeling) and international and national technical meetings and workshops related to the PMR's upstream policy support that was launched in 2014.
  - d. **Knowledge Management:** These costs cover those associated with the PMR's Technical Work Program, including the preparation of technical notes, organization of working group(s) and expert meeting(s), technical trainings organized under the Technical Work Program streams, and other events. In addition, they cover expenses for the design and maintenance of the PMR website.
  - e. **PMR Management and Communications:** These costs comprise day-to-day operating costs of the PMR Secretariat in managing and coordinating PMR activities, including Monitoring and Evaluation (M&E) expenses, and the costs of PMR communication and reporting efforts.
  - f. **Trust Fund Management:** These costs are associated with setting up and managing the PMR multi-donor trust fund, including legal, budgeting, and accounting services. Since FY17, this item is not being budgeted due to the introduction of new trust fund recovery framework at the World Bank.
  - g. **Contingency:** A contingency amount is included to cover any unforeseen expenses that the PA deems appropriate.

12. Table 3 shows a breakdown of the budgeted amount for each of these seven elements for FY17 and the actual expenditures incurred. For each element, the actual expenses from FY12, FY13, FY14, FY15 and FY16 are shown for reference.

**Table 3: FY17 PMR Operating Expenses: Use of Funds (In US\$ thousand)**

Use of Funds	Actual Expenses					FY17 Budget	FY17 Actual Expenses*
	FY12	FY13	FY14	FY15	FY16		
<b>PA Meetings, Workshops, and Other Events</b>	<b>773</b>	<b>824</b>	<b>799</b>	<b>667</b>	<b>468</b>	<b>656</b>	<b>557</b>
<b>Country Delivery Support and Advisory Services</b>	<b>879</b>	<b>1,315</b>	<b>1,761</b>	<b>1,480</b>	<b>1,991</b>	<b>2,543</b>	<b>2,025</b>
- MRP Expert Feedback Process		183	154	18	51	70	42
- Country Delivery Support o/w:		1,132	1,607	1,462	1,940	2,473	1,983
- Secretariat Support		465	664	878	1,033	1,513	1,167
- Delivery Partner Support		667	943	584	907	960	816
<b>Knowledge Management</b>	<b>0</b>	<b>279</b>	<b>664</b>	<b>750</b>	<b>1,814</b>	<b>1,303</b>	<b>1,116</b>
<b>Policy Analysis Work Program</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>735</b>	<b>1,657</b>	<b>2,004</b>	<b>1,869</b>
<b>PMR Management and Communications</b>	<b>180</b>	<b>457</b>	<b>457</b>	<b>727</b>	<b>687</b>	<b>768</b>	<b>744</b>
- PMR Secretariat Operating Costs			453	517	687	715	720
- PMR Evaluation			4	210	0	53	24
<b>Trust Fund Management</b>	<b>79</b>	<b>57</b>	<b>105</b>	<b>62</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Contingency</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>150</b>
<b>Total Use of Funds</b>	<b>1,911</b>	<b>2,932</b>	<b>3,786</b>	<b>4,421</b>	<b>6,617</b>	<b>7,424</b>	<b>6,461</b>

\*FY17 figures represent actual expenses through February 28, 2017 and estimated expenses from March 1 through June 30, 2017.

13. PMR operating expenses for FY17 totaled US\$6.461 million. The total expenses in FY17 were approximately US\$1 million less than budgeted for the FY mainly due to underspending of approximately 15% on average in categories of PA Meetings and Workshops, Country Delivery Support and Advisory Services, Knowledge Management and Policy Analysis Work program. Below is an analysis of the use of the PMR funds in FY16.

#### **PA Meetings, Workshops and Other Events**

*FY17 Total: US\$ 557,000*

14. In FY17, the PMR hosted two PA meetings (PA15 in Vietnam in October 2016 and PA16 in India in March 2017). The PMR also hosted a strategic dialogue on the margins of PA15 on “NDC Implementation and Policy Reforms for Low-Carbon Development” and co-organized day 1 of the “India Business and Climate Conclave” with FICCI and GIZ on the margins of PA16. In addition, the PMR hosted a number of technical workshops and meetings, including Technical Workshops on “Post-2020 Accounting: Implications for Carbon Pricing and Registries” and on “Carbon Tax: Design and Implementation in Practice”, on the margins of PA15 and PA16 respectively. Given that strategic dialogues are organized on the margins of PA meetings, these are budgeted as one item. The costs of technical workshops, on the other hand, are shared between the Technical Work Program and the PA Meetings.
15. Technical workshops have increased in size and scope (i.e., comprising additional participants and spreading out over more days). The average cost of a PMR meeting, workshop and/or a public event increased on average in FY17 compared to FY16. That said, the expenses related to this budget category in FY17 were less than budgeted, which was mainly due to lower than expected logistical costs.

### **Country Delivery Support and Advisory Services**

*FY17 Total: US\$2,025,000*

16. The PMR spent US\$2.025 million on country support in FY17 which represents a slight increase from US\$1.991 million spent in FY16. In total, sixteen countries have submitted final MRPs, out of which one (India) finalized its MRP in FY17. Also by the end of FY17, 6 additional countries will have finalized their implementation arrangements (South Africa, Colombia, Mexico, Peru, Indonesia and Vietnam), bringing the total number of ICPs and assistance-receiving TPs that have started executing activities under the PMR implementation phase to 15. For this reason, and based on estimates for the remainder of FY17, the costs related to the Secretariat and Delivery Partner advisory support to ICPs and assistance-receiving TPs increased, but with the overall costs remaining below the budgeted amount for FY17. With the focus of the PMR shifting to the implementation phase, an increased demand for country delivery support and advisory services will be reflected in the FY18 budget.

### **Knowledge Management**

*FY17 Total: US\$ 1,116,000*

17. In FY17, the Technical Work Program continued to grow. The knowledge products and activities under the **Technical Work Program** included activities on:
- ***Emissions Trading Schemes (ETS)***
18. The main focus of the work in FY17 was on the dissemination of the publication “Emissions Trading in Practice: Handbook on Design and Implementation” that was launched in March 2016 and developed in collaboration with the International Carbon Action Partnership (ICAP). In order to improve access

to the Handbook and facilitate ICP efforts to build ETS understanding with local stakeholders, the PMR Secretariat has worked with ICAP and PMR Participants, and other partners to translate (or facilitate the translation of) the Handbook into [Chinese](#), [Turkish](#), and [Spanish](#), with other languages to be made available in the future (e.g., Ukrainian). In addition, a more systematic collaboration with ICAP was explored in FY17 in order to disseminate the Handbook further, offering interested Participants in-country training on ETS design and operation. Two PMR/ICAP ETS trainings will be organized in FY17 - in Ukraine in April 2017, and in Mexico with the date still to be determined. Lastly, a facilitated E-learning course “*Emissions Trading Systems: Using Markets to Promote Low Emissions Development*” was offered twice during FY17.

– **Carbon Tax**

19. The main focus of work in FY17 was the development of a Carbon Tax Guide, which provides step-by-step guidance on the design of carbon taxes. It distills best practices and key lessons from more than two decades of experience worldwide and sets out the key steps for policy makers, with concrete decisions and actions to be taken to assist with the design, implementation and operation of an effective carbon tax. The Guide will be launched at a luncheon on the margins of PA16 in India and will be followed by a Technical Workshop “Carbon Taxes: Design and Implementation in Practice.” In addition, the terms of reference for an E-learning course on the design of carbon taxes are under development with the work expected to commence in FY17 and to be completed in FY18.

– **Offsets and Crediting**

20. The main focus of the offsets and crediting work stream in FY17 has been to advance the preparation of the technical notes that focus on the priority topics that countries are currently facing when building readiness and planning for the use of the new generation of crediting, including as the part of the NDC implementation strategies and broader national climate policy agenda. In addition, the following two technical notes are expected to be finalized in FY17 (*Assessing and mobilizing international and domestic sources of demand for scaled-up crediting-related programs* and *Baseline setting at the aggregate level in the context of broader policy development, including INDCs*). Lastly, the second technical workshop “Operationalization of the Article 6 of the Paris Agreement” will take place in Barcelona in May 2017, on the margins of Innovate for Climate (I4C) event. During this workshop the outcomes of the technical notes on baseline setting for crediting and on the assessment of demand will be discussed, together with the recommendations from the technical work on benchmarking.

– **Monitoring, Reporting and Verification (MRV)**

21. The primary focus of the work stream in FY17 was on the dissemination of the *Guide for Designing Mandatory GHG Reporting Programs* that was released in May 2015, with the Guide also being available in Spanish in FY17. The facilitated e-learning course based on the Guide was offered in October 2016, and the second facilitated delivery is planned in May 2017. In addition, the terms of reference for a technical note on verification and accreditation systems has now been completed,

with the work expected to commence before the end of FY17. Similarly, scoping has progressed for a technical note on establishing GHG measurement protocols and the procurement process to engage a consultant to lead the work is also expected to commence before the end FY17.

– **Data Management and Registries**

22. The key deliverable of the Data Management and Registries work stream in FY17 was the Report [Emissions Trading Registries: Guidance on Regulation, Development, and Administration](#) (jointly developed with the World Bank’s Forest Carbon Partnership Facility (FCPF)), which provides policy makers and other stakeholders with technical insights and guidance on how to support country-specific decision making and activities related to registry development. The report was launched at the workshop on the margins of PA15 in Vietnam in October 2016. In addition, the report’s findings were also presented and discussed in a number relevant avenues, such as the UNFCCC’ Registry Systems Administrators Forum (September 2016) and ICAO’s Committee on Aviation Environmental Protection (December 2016).

– **Baselines**

23. The PMR Secretariat is collaborating with the UNFCCC, UNDP, UNEP, WRI, GIZ, and FAO on the development of a Compendium on Baselines that will build on the PMR’s previous work on baselines, which 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 general structure of the Compendium has been finalized, as well as, the generic approaches and key technical elements identified for baseline setting by different schemes and applications. In addition, a chapter on baselines at the national level has been finalized.

– **Benchmarks**

24. The technical note on Benchmarking is in final stages of development. It provides an overview of approaches and practical guidance for policy-makers and practitioners, with step-by-step guidance on the development, implementation and management of benchmarks. The note also captures experience with benchmarking from around the world, and considers the similarities and differences in design and implementation. The note will be finalized in FY17 and discussed at a technical workshop on benchmarking in combination with a workshop on baseline setting for crediting mechanisms in May 2017 on the margins of the Innovate 4 Climate week in Barcelona.

– **Stakeholder Engagement and Preparedness**

25. In FY17 the PMR continued its collaboration with IETA’s Business-PMR (B-PMR) with the objective to develop comprehensive training material on corporate preparation to carbon pricing in order to facilitate and conduct industry outreach and consultations on emissions trading and carbon pricing with PMR ICPs. Part of the training material (on corporate preparation to carbon pricing will be

completed in April/May 2017) and will in turn help establish a more systematic mode of cooperation between the PMR and BPMR in countries – such as through joint PMR/BPMR training workshops for local stakeholders. In addition, the terms of reference for a new guidance on communication for carbon pricing is in the final stages of development. The guidance will be based on best communication practice, as well as, previous international experience in communication around carbon pricing. The procurement process is to commence shortly and be finalized before the end of FY17.

### **Other activities**

26. In FY17 the PMR agreed to continue partnering with the World Bank’s flagship report *State and Trends of Carbon Pricing* to more fully report and disseminate information on carbon pricing developments in PMR ICPs. [The 2016 report](#) was officially launched on 18 October 2016 in Hanoi, on the margins of PA15. In addition to providing an update on carbon pricing activities, the 2016 report provided analysis on the importance of aligning carbon pricing with the broader policy landscape.
27. The Technical Work Program is also developing a guidance note on communicating carbon pricing. The note will survey case studies of countries that have or are in the process of implementing a carbon pricing policy and explore the various strategies used to communicate to different audiences the costs and benefits of such a policy. A draft TOR for this note is completed and is expected to be finalized before the end of FY17. The note expected to be published in FY18.
28. In FY17, knowledge management costs largely remained within the budget expectations at US\$1.116 million. While the knowledge management work program continued to grow in FY17, there was a decrease of approximately US\$700,000 in spending compared to FY16. This decrease reflects the fact that some activities that have been initiated in FY17 will see their finalization in FY18, which in turn has an implication on the actual expenses related to contractual arrangements. as the Knowledge Management work program remain to deliver similar volume of activities, the budget is expected to remain broadly the same in FY18.

### **Policy Analysis Work Program**

*FY15 Total: US\$1,869,000 million*

29. In FY17, several country-specific analytical engagements and cross-country knowledge exchanges were carried out, including in Chile, Colombia, Costa Rica, Morocco, Turkey and Vietnam. In order to facilitate knowledge exchange and capacity development, a number of program-level activities were organized too. They included the Technical Workshop on “Paving the Way for NDC Implementation: Analyzing Policy Options and Modeling Carbon Pricing”, convened in December 2016 in San Jose, Costa Rica, and organized by the PMR Secretariat in collaboration with the Ministry of Environment and Energy of Costa Rica. In addition, the report “Reconciling Carbon Pricing and Energy Policies in Developing Countries”, jointly developed between the World Bank Energy and Extractives Global Practice and the PMR, is currently undergoing a peer review and quality enhancement process.

30. Overall, approximately US\$1.869 million is expected to have been spent by the end of FY17 on the PMR's Policy Analysis Work program, which is largely in line with the budgeted amount of US\$2 million. Taking into account the anticipated demand from ICPs and a number of knowledge products planned for FY18 under this work stream, the overall budget is expected to increase slightly.

### PMR Management and Communications

*FY16 Total: US\$744,000*

31. PMR management costs are roughly in line with the budget expectations, with the Secretariat operating costs being approximately US\$25,000 less than budgeted. Going forward, the FY18 budget for this category is expected to increase to take into account a Second Independent Evaluation of the PMR.

### III. FY18 DRAFT PROPOSED BUDGET

**Table 4: Draft FY18 PMR Budget: Use of Funds**  
(in US\$ thousand)

Use of Funds	FY17 Budget	FY17 Actual Expenses*	FY18 Proposed Budget
<b>PA Meetings and Workshops</b>	<b>656</b>	<b>557</b>	<b>640</b>
<b>Country Delivery Support and Advisory Services</b>	<b>2,543</b>	<b>2,025</b>	<b>2,007</b>
<i>MRP Expert Feedback Process</i>	70	42	50
<i>Country Delivery Support</i>	2,473	1,983	1,957
<i>o/w: Secretariat Support</i>	1,513	1,167	1,127
<i>Delivery Partner Support</i>	960	816	830
<b>Knowledge Management</b>	<b>1,303</b>	<b>1,116</b>	<b>1,079</b>
<b>Policy Analysis Work Program</b>	<b>2,004</b>	<b>1,869</b>	<b>2,222</b>
<b>PMR Management and Communications</b>	<b>768</b>	<b>744</b>	<b>844</b>
<b>Contingency</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>Total Use of Funds</b>	<b>7,424</b>	<b>6,461</b>	<b>6,942</b>

\* These figures represent actual expenses through February 28, 2017 and estimated expenses from March 1 through June 30, 2017.

32. Table 4 presents the proposed PMR budget for FY18. The Secretariat proposes an operating budget of US\$6.942 million for FY18, which represents a slight increase compared to US\$6.461 million spent

in FY17 but a decrease compared to US\$7.424 million budgeted for FY17. In addition to an adjustment made due to inflation,<sup>6</sup> the planned activities described below drive the proposed increase.

### ***Increase Country Delivery Support and Advisory Services***

33. In FY18, the PMR will further enhance country delivery support from the PMR Secretariat and Delivery partner(s) provided to ICPs and TPs. With PMR Implementation Phase funding now allocated to 16 out of 19 ICPs and one assistance-receiving TP, PMR activities in countries are expected to ramp up significantly. In addition, with the PA's endorsement of a new process to facilitate the allocation of additional funding, there is an expectation that a number of countries will come forward with proposals for new sets of activities related to the design, preparation and implementation of carbon pricing instruments. Lastly, additional support will also be required to help prospective assistance-receiving TPs go through the PMR process, to prepare their proposals and seek funding for the implementation of PMR activities.

### ***Continue Providing Systematic Support through the Technical and Policy Analysis Work Programs***

34. The Technical Work Program will continue to provide targeted and timely support to PMR countries and, as such, facilitate preparation and implementation of country programs and activities. Following the scale-up of Knowledge Management activities in previous years and the overall spending in FY17, the Secretariat envisions a similar level of engagement in FY18. For more information on the proposed Technical Work Program for FY18, including envisioned outputs from the plan, see the *Note on PMR Technical Work Program* (Note PA16 2017-2). In FY18, 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. PMR countries are also expected to request dedicated support to advance their policy and modelling-related work, following the endorsement of the procedure and criteria for additional funding allocations in FY16. For more information on the proposed Policy Analysis Work Program for FY18, including envisioned outputs from the plan, see the *Note on PMR Policy Analysis Work Program* (Note PA16 2017-1).

### ***Increase in PMR Management and Communications due to M&E work***

35. In addition to its annual work program, in FY18 the PMR Secretariat will launch the second Independent Evaluation of the PMR. This exercise was originally envisioned to take place in FY19. Based on feedback received from Participants, the Secretariat has decided to move up the schedule for the exercise in order to both inform the final years of PMR Phase I activities (scheduled to concluded in 2020) and also to inform the design of PMR Phase II.

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<sup>6</sup> The estimated rate of inflation per annum is 2%.

#### IV. PMR LONG-TERM PLAN (LTP)

36. The PMR Secretariat prepared a long-term plan (LTP) for the expected use of funds for the remainder of the life of the fund. Unless otherwise decided by the PA and the World Bank Group, the end date for the PMR is December 31, 2020. Each year the LTP is revised to ensure that the PMR will remain solvent given its envisioned activities. The current LTP is based on the following assumptions:

- a. **The PMR Operations** include the costs of the PMR meetings and workshops, PMR Management and Communications day-to-day operating costs of the PMR Secretariat in managing and coordinating PMR activities), Country delivery support (including the technical assistance provided by Delivery Partners and the PMR Secretariat to Implementing Country Participants for the implementation of the activities laid out in their MPRs and MRP Expert Feedback groups for the remaining MRP preparation); and Contingency).<sup>7</sup>
- b. **PMR Support to Countries** include PMR country grant support (funds allocated for the preparation of the MRPs, implementation grants, and targeted country support to technical partners) and PMR complementary support to countries (including technical work program and upstream policy analysis). In the estimate, the amount for the implementation grants of US\$69 million includes allocated funding for MRPs so far which amounts to US\$60 million and. A proxy of US\$3 million was used to for the remaining 3 MRPs, amounting to US\$9 million.<sup>8</sup>

37. Table 5 shows a breakdown of total expected expenditures per activity over the life of the PMR between July 2017 and December 2020. This estimate is based on an assumption that no additional funding will be provided to the PMR trust fund,<sup>9</sup> and it takes into account the costs related to the PMR operations and country support up to 2020. The estimate also includes the projected amount of funds that will be available to support additional PMR activities in new or existing ICPs/TPs, based on the outcomes of the discussions on strategic direction for the future of the PMR.

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<sup>7</sup> The World Bank Administrative Fee—a one-time 1% levy on contributions made to the PMR trust fund – totaled US\$126,500. This fee covers costs for legal support, transaction processing, compliance checks, and accounting and financial reporting.

<sup>8</sup> The funding allocation of US\$60 million included Brazil (US\$3 million), China (US\$8 million), Chile (US\$3 million), Costa Rica (US\$3 million), Colombia (US\$3 million), Indonesia (US\$3 million), Jordan (US\$3 million), Mexico (US\$3 million), Morocco (US\$3 million), Peru (US\$3 million), South Africa (US\$5 million), Thailand (US\$3 million), Turkey (US\$3 million), Ukraine (US\$3 million), and Vietnam (US\$3 million). India has requested a funding allocations in the amount of US\$8 million, to be discussed and endorsed at PA16 in March 2017.

<sup>9</sup> The assumption of the PMR is based on the total committed contributions (US\$126,500,000) and the total investment income earned (US\$2,425,079 million).

**Table 5. PMR Long-term Plan, July 2017 – December 2020 (in US\$ thousand)**

PMR Activities	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Est.	Est.	Est.	
PMR Operations	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Sub-totals
<b>PMR Operations</b>											
PMR PA Meetings + Workshops	305	773	676	799	667	468	557	640	650	650	<b>6,185</b>
PMR Management	342	180	350	457	727	687	744	844	750	750	<b>5,831</b>
Country Delivery Support	165	879	1,124	1,761	1,480	1,991	2,025	1,957	2,100	2,100	<b>15,582</b>
<b>Trust Fund Management</b>	24	79	58	105	62	0	0	0	0	0	<b>328</b>
<b>World Bank Central Units Cost (1% of contributions)</b>	127	127	127	127	127	127	127	127	127	127	<b>1,270</b>
<b>Contingency</b>	-	-	-	-	-	-	-	150	150	150	<b>450</b>
<b>PMR Operations Sub-total</b>	<b>963</b>	<b>2,038</b>	<b>2,335</b>	<b>3,249</b>	<b>3,063</b>	<b>3,273</b>	<b>3,453</b>	<b>3,718</b>	<b>3,777</b>	<b>3,777</b>	<b>29,646</b>
<b>PMR Support to Countries</b>											<b>Sub-totals</b>
<b>Initial Funding Support</b>											
Preparation Funding											<b>5,950</b>
Implementation Funding											<b>69,000</b>
Targeted Country Support to Technical Partners											<b>1,000</b>
<b>Initial Funding Support Sub-total</b>											<b>75,950</b>
<b>Complementary Funding Support</b>											
Knowledge Management & Technical Work Program	-	-	238	664	750	1,814	1,116	1,079	1,300	1,300	<b>8,261</b>
Policy Analysis Work Program	-	-	-	-	735	1,657	1,869	2,223	2,000	2,000	<b>6,615</b>
Funding Support for Additional MRP and TP Activities											<b>8,000</b>
<b>Complementary Funding Support Sub-total</b>											<b>22,876</b>
<b>PMR Support to Countries</b>											<b>98,826</b>
<b>PMR Activities Total</b>											<b>128,479</b>