

ANNUAL MONITORING REPORT FOR FY18

PMR Note PA19-2018-03

October 18, 2018

I. BACKGROUND

1. The Annual Monitoring Report for FY18 provides a high-level assessment of the PMR's progress in achieving its results for the 2017-18 financial year. It provides a summary of results against the indicators in the PMR Operational Logframe will be available on the PMR Website. The information for this is gathered from country focal points, TTLs, the PMR Secretariat and a survey of PMR stakeholders.

II. PROGRAM OBJECTIVES

2. The PMR objectives (amended per Resolution/2017-1 on October 20, 2017) are:

Objective 1: Build countries' capacity to develop and implement carbon pricing instruments needed for GHR mitigation and INDCs/NDCs implementation through grant funding.

Objective 2: Create a knowledge base on carbon pricing instruments and facilitate information exchange through technical discussions and dissemination of knowledge products.

Objective 3: Assist countries to identify and implement best practice approaches and, where relevant, achieve compatibility in design to support the development of carbon markets.

Objective 4: 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.

III. MAIN PROGRESS TOWARD RESULTS

3. The PMR Trust Fund has a total capitalization of US\$127 million (subject to exchange rate variations on unpaid sums) and has been operating since 2011 with many significant developments from the PMR country, technical, and policy work programs.

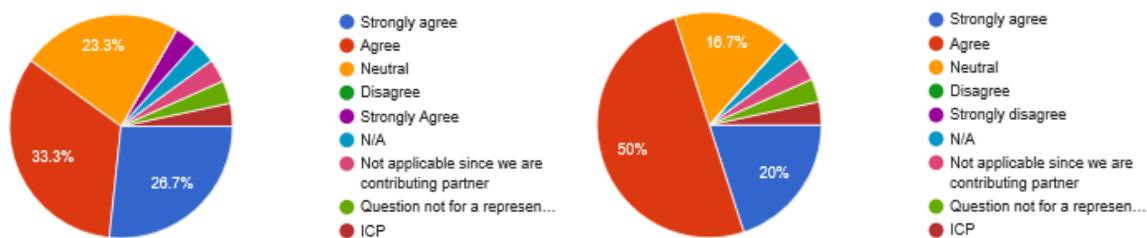
4. **PMR impacts:** 9 (China, Argentina, Chile, Colombia, Costa Rica, Mexico, Ukraine, Sri Lanka and South Africa) ICPs have carbon pricing instruments in place or planned. The PMR

Program is providing support for activities leading to the development of these carbon pricing systems or strengthening the existing programs.

5. **PMR outcomes:** As of September 30, 2018, all nineteen ICPs have approved Market Readiness Proposals (MRPs) and are in various stages of implementation.

6. The first Annual Survey (will be available on the PMR Website) of the PMR Stakeholders provided an opportunity for feedback on the quality of technical and country level work undertaken with support from PMR at the global and/or country level. The survey contained ten questions and was sent to all PMR Participants as well as other PMR stakeholders, such as observers to the PMR, topic experts, PMR Secretariat team, delivery partners, World Bank staff (non PMR) and implementing country participants. The PMR received a total of thirty responses of which 72 percent were from ICPs; 10 percent equally from contributing participants and technical partners. The survey indicated that 82 percent felt that their capacity to design, develop and implement carbon pricing instruments has increased substantially and 89 percent said that PMR-generated knowledge brought added value to the development, enhancement and/or implementation of carbon pricing instruments in their country.

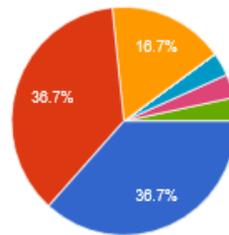
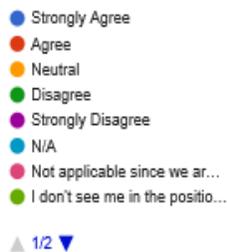
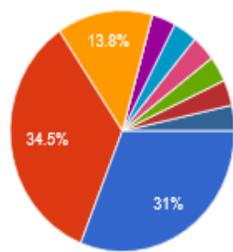
7. **PMR outputs:** Six country-level supporting work components ¹are complete, 27 are in progress and 21 are under preparation). In addition, the First Annual Survey shows that stakeholders surveyed clearly agree with the statement that supporting work components completed in their country with PMR assistance is of high quality and timeliness.



8. The same progress is evident as it relates to core technical components² designed, enhanced and/or implemented in ICPs with PMR assistance. (7 are complete, 27 are in progress and 17 under preparation). The pie below shows similar agreement in the stakeholders' survey as it related to the core technical components for quality and timeliness.

¹ These include work on GHG inventory, emissions projections and targets, analysis of policy options and interactions, stakeholder engagement activities within countries completed as part of the country's MRP and/or as part of the PMR Policy Analysis Work Program.

² Core technical components include MRV, data management and registry systems, GHG baselining or benchmarking, and development of institutions and governance arrangements.

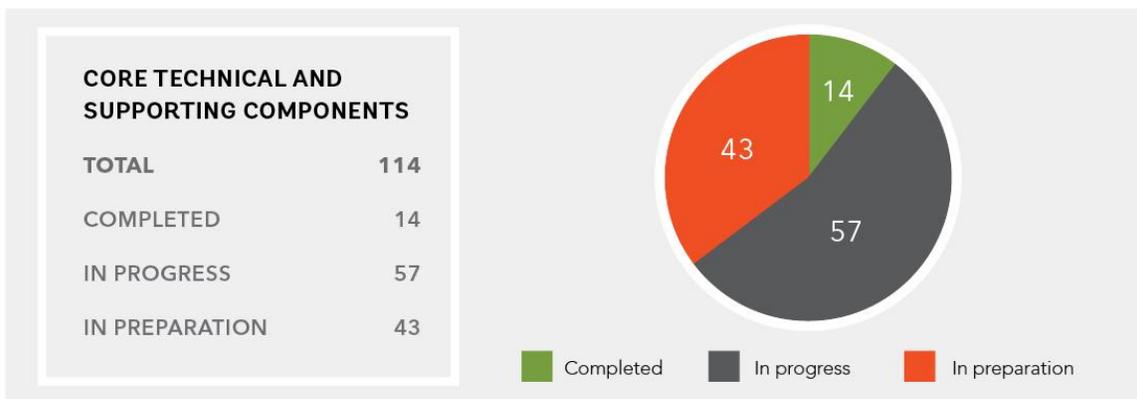


9. The following figures from the Annual Report 2018 show the status and progress of the PMR.

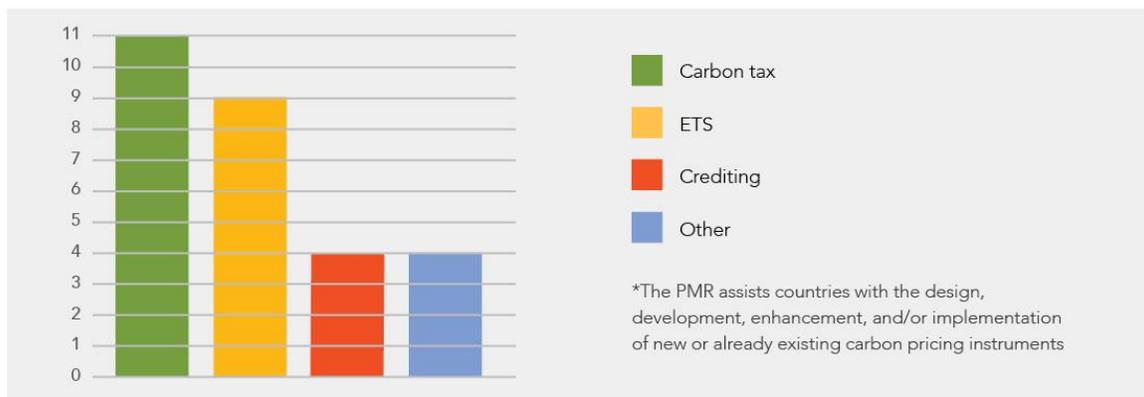
NUMBER OF CORE TECHNICAL AND SUPPORTING COMPONENTS SUPPORTED



STATUS OF CORE TECHNICAL AND SUPPORTING COMPONENTS SUPPORTED



NUMBER AND TYPE OF CARBON PRICING INSTRUMENTS SUPPORTED



10. ICPs carried out 210 stakeholder outreach and engagement activities between FY11-18 using PMR funding. The quality of this outreach, based on survey results, is positive (76 percent approval rating)
11. From FY11 to FY18, PMR funding helped to leverage 481 technical events (workshops, consultations, trainings, and webinars related to carbon pricing instruments/market readiness) in ICPs, 259 of these took place in China.
12. Sixty three workshops have been held during the same time period at the programmatic level by the PMR Secretariat (57 technical work program events and 6 policy analysis work program events). The [2018 Independent Evaluation](#) survey assessed stakeholder feedback on the technical support offered through the TWP, 80 percent of ICPs surveyed said that workshops are useful. The Annual Survey assessed the quality of technical events as rated above average or excellent by 76 percent of survey takers.
13. From FY11 to FY18, the PMR produced 30 technical knowledge products. The quality of technical knowledge products (including all knowledge products completed published and/or disseminated online as part of the PMR TWP (guidebooks, notes, etc.) was rated even higher (90 percent).
14. The PMR website remains the key tool for knowledge dissemination; since 2012, more than 454,431 visitors have visited and the average number of downloads per knowledge products was 48,500.

15. Policy Analysis Work Program (PAWP): Nine countries have completed work as part of this program.³ Two more -- Thailand and Vietnam – will complete country-level activities in FY19 and FY20. No further activities are planned.

IV. CHALLENGES AND LESSONS LEARNED

The key challenges identified over FY18 included:

16. Stakeholder engagement is key as it can help to establish and manage expectations. It's important that such engagement is an ongoing process that involves a wide range of stakeholders to support long-term implementation.

17. A related challenge is that of communicating carbon pricing concepts and the technical content associated with implementing a PMR project. An example is the challenge of communicating modelling results to a non-technical audience. This highlights the importance of using simple language and knowing the audience in order to design the communications appropriately.

18. Challenges can also be related to systems such as the Procurement Processes of the World Bank: It often takes time for a client to learn these procurement procedures and processes, due to unfamiliarity with the World Bank's online system that tracks procurement activities called Systematic Tracking of Exchanges in Procurement (STEP). The length of procurement processes itself has also been highlighted as a challenge.

19. Changes in government can lead to project delays, impacting implementation of activities. Furthermore, such changes can significantly influence the policy enabling environment. While these changes are difficult to manage, this underscores the importance of inter-ministerial coordination and internal consultation.

³ Brazil, Chile, China, Colombia, Costa Rica, Morocco, Peru, South Africa, Turkey,

