

**PARTNERSHIP FOR MARKET READINESS (PMR)**  
**TECHNICAL AND POLICY ANALYSIS WORK PROGRAMS:**  
**REPORT ON FY19 ACTIVITIES AND PLAN FOR FY20 & FY21**

PMR Note PA20-2019-02

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Draft version, for review and endorsement

## I. EXECUTIVE SUMMARY

The Technical Work Program remains an active and popular part of the PMR. Its workshops have been well attended and its publications downloaded over 56,000 times. The ETS and Carbon Tax Guides are the most in demand reports, with over 21,000 and 15,000 downloads for the publications respectively. FY19 highlights include the publication of the **Guide to Communicating Carbon Pricing** and a report on **verification and accreditation systems**, as well as the development of a **carbon tax training course** and a workshop on the future of the voluntary market. In FY20 and FY21, the PMR Secretariat expects to publish reports on the **co-benefits of carbon pricing, using carbon pricing revenue** and **measuring emissions**. The Technical Work Program is also developing a guide to designing and implementing **crediting systems**. **Training courses** are expected to take place on carbon tax, ETS and communicating carbon pricing. An **update** to the **ETS Guide** is also scheduled.

The final two projects under the Policy Analysis Work Program are nearing completion. The project in Morocco concluded this financial year. The projects in Thailand and Vietnam are expected to be complete before December 2019.

## TECHNICAL WORK PROGRAM

### II. INTRODUCTION

The Technical Work Program (TWP) complements Participant's readiness activities by providing technical support on those carbon pricing elements that are common across countries. Its objectives are to facilitate experience and knowledge sharing; develop practical guidance on common issues; identify good practice and common standards; and to help build necessary capacity.

The TWP will enter its seventh year in fiscal year 2020 (FY20).<sup>1</sup> This note provides a status update on the FY19 activities and outlines expected activities for FY20 and FY21. The Partnership Assembly (PA) is invited to provide feedback on this proposed work program and consider it for endorsement at PA20.

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<sup>1</sup> The PMR follows the World Bank Group fiscal year, which begins on July 1 and finishes on June 30.

**Table 1: Summary of PMR TWP's activities to be completed in FY19**

FY19	
	<b>GUIDE</b> to communicating carbon pricing
	Event: Launch guide (COP24)
	Webinar on findings of the Guide
	<b>GUIDE</b> on verification and accreditation systems
	<b>WORKSHOP</b> on voluntary action (PA19)
	<b>TRAINING:</b> Carbon tax face-to-face course developed
	<b>TRAINING:</b> Carbon tax (Ivory Coast)
	<b>TRANSLATE:</b> BPMR Guide into Mandarin
	<b>TRANSLATE:</b> Carbon tax guide into Spanish and French

**Table 2: Summary of PMR TWP's activities to be completed in FY20 & FY21**

FY20-21	
	<b>GUIDE</b> to use of carbon pricing revenue
	Webinar on findings of Guide
	<b>GUIDE</b> on emissions measurement
	<b>GUIDE</b> on co-benefits of carbon pricing
	Webinar on findings of the Guide
	Update ETS Guide
	<b>GUIDE</b> to crediting systems
	<b>TRAINING:</b> Carbon tax e-course launched
	<b>TRAINING:</b> Regional trainings on communicating carbon pricing

### III. ACTIVITIES TO BE COMPLETED IN FY19

This section provides a status update on FY19 activities, including work through end-April 2018 and an estimate regarding what will be completed by the end of FY19.

Two **Guides** were finalized and published in FY19: the *Guide to Communicating Carbon Pricing and Designing Verification and Accreditation Systems*. The *Guide to Communicating Carbon Pricing* draws on case studies, research and best practice, to provide guidance on designing and implementing effective carbon pricing communications strategies. The Guide was launched at COP24 in Katowice, Poland, and several **webinars** held. The events and webinars attracted large numbers of participants and requests for further capacity building on the topic. *Designing Verification and Accreditation Systems* provides guidance to policy makers on the design and implementation of verification and accreditation systems that best suit national circumstance while at the same time taking advantage of international norms and standards. A webinar was held on the topic on April 9, 2019.

A three-day face-to-face **training** course on designing and implementing carbon taxes has been developed in partnership with UNITAR. The course is designed to provide the core materials that can then be tailored to a country's circumstances. Countries are encouraged to get in touch with the PMR Secretariat if such training would be of interest. A training on carbon taxation is planned for the Ivory Coast in 2019.

A **workshop** was held at Partnership Assembly (PA19) in Buenos Aires, Argentina on voluntary action as a tool for raising ambition, mobilizing private sector finance and supporting carbon pricing.

**Translations** of the carbon tax guide into French and Spanish were completed in FY19, and the translation of the BPMR Guide into Mandarin is expected to be complete in June 2019.

### IV. ACTIVITIES TO BE COMPLETED IN FY20 AND FY21

The PMR trust fund comes to an end in June 2021, program activities, including those under the TWP are expected to be completed by December 2020 to allow for the accounting and closure procedures of the trust fund.

Four **Guides** are scheduled for FY20-21. First, on the **use of carbon pricing revenue**, which will assist policymakers in identifying possible uses for the revenue raised through carbon pricing, including extensive research on existing practices. Second, a Guide on the **co-benefits of carbon pricing**, which will provide practical guidance on how to identify and assess co-benefits. Third, a Guide on **measuring emissions** will provide further technical guidance to the PMR's MRV Guide to help policymakers design emissions measurement frameworks and systems. Fourth, the PMR will produce a **Crediting Guide**, which will be a comprehensive handbook on designing and implementing crediting systems. The aim of the Guide is to bring existing material together, build on the existing literature and incorporate lessons from jurisdictions' experiences to date. Publications will be followed by **webinars** disseminating the key lessons. Finally, an update of the **ETS Guide** is also planned in partnership with ICAP.

The **online course on carbon taxation** will also be launched in FY20. The course, based on the Carbon Tax Guide, will be available as a facilitated course run by a carbon tax expert, or as a course that can be completed at any time by the user.

In response to requests for further capacity building on communicating carbon pricing, the TWP is planning three regional **trainings** for PMR participants in FY20. A training is planned to be held in Asia, Latin America, and Middle East/Africa. It will be a two-day training course for policy makers and communication specialists.

The PMR has worked with many countries to design and develop MRV systems. Based on the work undertaken in a number of countries, it would be possible for the PMR to develop and productize an off-the-shelf open source **MRV software package** that could reduce the time and cost to countries of implementing similar MRV systems. The proposal will be presented to the Partnership Assembly (PA20) in Brussels in May 2019. The estimated cost for productizing the software, using the source code of the MRV system developed in one of the PMR countries, to be piloted is USD \$75,000.

## V. ACTIVITIES UNDER CONSIDERATION

Several activities are under consideration and feedback is sought from PMR members.

A number of PMR Countries plan on developing or integrating existing voluntary carbon markets into their NDCs. Further analytical work and scenarios are needed to understand the implications and design options for these markets. Building on the interest generated at the Technical Workshop in Buenos Aires, the PMR Secretariat is considering developing country-specific scenarios to understand pathways for increased voluntary action by non-state actors through scenario development, gathering feedback and NDC simulations. This would involve engaging three PMR implementing countries to see how different potential models for the future voluntary market would work for specific sectors within countries' NDCs.

The following topics are also under consideration:

- Carbon pricing governance – guidance on institutional and legal arrangements
- Role of financial institutions in emissions trading systems and lessons learned so far.
- Policies to support carbon pricing – what is the basis for complementary policy, key considerations and lessons learned.
- Guidance on policy choice – how to assess carbon pricing policy options
- Carbon pricing and sustainable development.

Consideration will also be given to updating the ETS online course.

## VI. WORKING GROUPS

The PMR Secretariat proposes to **continue using working groups** to support and provide guidance for the TWP. The working groups were updated and consolidated in 2018 with groups now on ETS, carbon tax, crediting, and MRV. The PMR Secretariat would like to thank all participants that elected members to the working groups. Groups engage via email and may meet virtually.

Representatives can be changed or added at any time by emailing the secretariat.

## VII. DISSEMINATION

The PMR disseminates its findings and publications through many channels, including:

- **PMR Website:** Improved website to increase accessibility, content regularly updated;
- **Newsletter:** Regular publications with new contacts added to increase circulation;
- **Mailing and outreach:** Social media, twitter, mailing lists (e.g. Climate-L), media releases and blogs as appropriate;
- **Webinars:** online presentations with Q&A
- **Events:** Showcasing PMR work and its members through events like I4C, as well as the regional carbon forums.

The PA is invited to provide feedback on the approach to enhance dissemination and to recommend any additional steps that the Secretariat can take to improve dissemination further.

### VIII.BUDGET

Based on the planned activities, the PMR Secretariat proposes to allocate USD 1.3 million for the FY20 TWP budget. The estimated budget by type of activity is presented in Table 2 below. Some flexibility is needed for the allocation to individual work streams and the activities within.

**Table 2: Summary of Activities Planned in FY20 and Estimated Budget Broken Down by Type of Activity**

<b>Activity</b>	<b>Budget FY20 USD</b>
<b>Knowledge products</b>	<b>610,000</b>
Crediting Guide	
Guidance on developing measurement protocols for GHG reporting Programs	
Guide to the co-benefits of carbon pricing	
Update to the ETS Guide	
Guidance on the use of carbon pricing revenues	
State and Trends of Carbon Pricing	
<b>Technical workshops</b>	<b>50,000</b>
Use of Revenue	
<b>Technical training and country to country exchange</b>	<b>445,000</b>
Carbon tax training (Ivory Coast)	
Communicating carbon pricing regional training	
Others based on demand	
<b>Electronic modes</b>	<b>120,000</b>
Carbon tax facilitated course	
MRV E-Learning facilitated courses	
Webinars	
<b>Other</b>	<b>75,000</b>
MRV Software product	
<b>TOTAL</b>	<b>1,300,000</b>

## **IX.ACTION BY THE PA**

The PA is invited to provide feedback on the activities and budget for the PMR TWP in FY20 and consider it for endorsement at PA20 in Brussels on 29-30 May, 2019. Following endorsement and as is the practice, the PMR Secretariat will report back to the PA periodically on its progress toward completing the work program.

## **POLICY ANALYSIS WORK PROGRAM**

As outlined in PMR Note PA18 2018-3, no further funding is available under the Policy Analysis Work Program (PAWP). The focus of the program for FY19 and FY20 is the completion of the remaining country projects.

At the start of FY, there were three remaining projects – in Morocco, Thailand and Vietnam. The project in Morocco was complete in FY19. The projects in Thailand and Vietnam are nearing completion and are expected to be concluded before December 2019. A description of the three project is provided at Annex II.

The remaining budget for Thailand and Vietnam has been carried over to FY20, amounting to US\$600,000.

**ANNEX I: DISSEMINATION STATISTICS FOR PMR KNOWLEDGE PRODUCTS RELEASED SINCE JANUARY 2015<sup>2</sup>**

Title	Release	Abstract views	Downloads
<b>Designing Accreditation and Verification Systems: A Guide to Ensuring Credibility for Carbon Pricing Instruments</b>	March 2019	146	64
<b>Guide to Communicating Carbon Pricing</b>	December 2018	4152	2280
<b>Establishing scaled-up crediting program baselines under the Paris Agreement: Issues and options</b>	November 2017	532	676
<b>A Guide to Greenhouse Gas Benchmarking for Climate Policy Instruments</b>	May 2017	1157	1224
<b>Carbon Tax Guide: A Handbook for Policy Makers</b>	May 2017	11450	14773
<b>Emissions Trading Registries: Guidance on Regulation, Development, and Administration</b>	October 2016	3741	2943
<b>Carbon Credits and Additionality</b>	May 2016	2335	2772
<b>Greenhouse Gas Data Management: Building Systems for Corporate/ Facility-Level Reporting</b>	May 2016	915	2742
<b>Emissions Trading in Practice: A Handbook on Design and Implementation</b>	March 2016	11900	21602
<b>Carbon leakage: theory, evidence and policy design</b>	October 2016	2874	2302
<b>Crediting-Related Activities Under the PMR: Status and Support for Implementation</b>	August 2015	1371	652
<b>Options to Use Existing International Offset Programs in a Domestic Context</b>	August 2015	1087	756
<b>Guide for Designing Mandatory Greenhouse Gas Reporting Programs</b>	May 2015	3279	1513
<b>Preparing for Carbon Pricing: Case Studies from Company Experience--Royal Dutch Shell, Rio Tinto, and Pacific Gas and Electric Company</b>	February 2015	2829	4529
<b>Overview of Carbon Offset Programs: Similarities and Differences</b>	February 2015	1384	1893

<sup>2</sup> Note: as of 11 March, 2019

## ANNEX II: PAWP COUNTRY PROJECTS IN FY19 AND FY20

### (i) Morocco

The PAWP work in Morocco aims to develop and demonstrate new tools tailored to support policy and financial planning for NDC implementation. This is carried out in response to the need of the government of Morocco for mobilizing analytical and policy efforts necessary for NDC implementation and its vision to translate NDC objectives into a business-oriented roadmap of policies and actions that can provide clear and strong incentives to low-carbon investment, both at the national level and with international support. The new tools are based on the analytical and modeling approach that enables the design and evaluation of a range of potential policy reform packages to achieve national NDC targets, taking into account the financial perspective of lower carbon choices for investors and consumers. The current phase of work focuses on Morocco's building sector and measures such as energy efficiency and building-integrated renewable energy technologies.

The key innovation of this activity is in the development of a detailed representation of the investors' financial perspective in the modeling framework to inform a realistic and effective strategy to incentivize uptake of energy savings, through the incorporation of investors' and consumers' perspectives and the parameters that affect their investment decisions including transaction costs, barriers and risks, taxes and subsidies, and other financial incentives. The purpose is to explore a granular design of policy and reform packages that create enabling conditions for firms, households, and individuals to take mitigation actions that would not be financially attractive without such policy changes. This work also informs the government on the flows of commercially viable investment and budgetary requirements relative to different policy packages, and discusses potential ways to combine, in a balanced way, different forms of financial support, including grants, concessional finance and international support, such as climate and carbon finance.

The PAWP also support the government of Morocco in undertaking a rapid assessment of potential carbon pricing options with the goal of developing a carbon pricing roadmap for the country looking forward. This task is based on a qualitative analysis of existing information, evidence, and lessons learned domestically as well as internationally. The main focus is to identify opportunities and impacts of introducing domestic carbon pricing (to be further investigated), for example, by exploring the possibilities to improve the alignment of the existing fiscal policy with Morocco's ambitious NDC targets and business climate. This work complements very well the Moroccan MRP that explores the opportunities for Morocco to participate in the international market-based mechanisms established under Article 6 of the Paris Agreement.

### (ii) Vietnam

The Ministry of Natural Resources and Environment (MONRE) is currently requesting each key line ministry to submit their sectoral targets to achieve Vietnam's NDC target. The energy sector for power generation, industry, buildings in the residential and commercial sectors, and transport is the single largest source for GHG emissions in Vietnam, accounting for more than 60 percent of GHG emissions now, and more than 85 percent by 2030. At the sectoral level, the Ministry of Industry and Trade (MOIT) is working to identify and develop its sectoral contribution to achieve the NDC target. The MOIT envisages

that the scope of its sectoral contribution towards Vietnam's mitigation commitments will cover both energy supply and demand sides.

This PAWP activity supports the MOIT to support the development of the Roadmap for GHG Mitigation in the energy sector up to 2030. More specifically, the primary objectives of this analytical advisory are to support Vietnam in: (i) developing and reaching consensus on cost-effective low-carbon mitigation options and pathways both on the demand and supply sides to achieve the NDC target; (ii) estimating the total costs and financing needs to achieve the NDC targets, and (iii) recommending updated NDC target for the energy sector and determine the roadmap to achieve the NDC target.

Specifically, this PAWP covers the power, industry, and building sectors and may use the results from the parallel transport study as inputs to energy demand and interaction with the power sector in terms of electric vehicles. The scope of work under this PAWP is an extension of the existing analysis that the Government of Vietnam conducted as an analytical underpinning of its NDC.

The PAWP comprises of the following activities: (i) Stocktaking existing and ongoing activities; (ii) collect data and develop modeling; (iii) develop the business-as-usual (BAU) and six scenarios based on the discussions with MOIT and policies and institutional framework for their implementation; (iv) analyze results, produce report and presentation; and (v) provide hands-on training and take part in consultation.

### (iii) Thailand

This PAWP complements the ongoing MRP by filling in analytical gaps at the national policy level, aiming to understand the linkage between climate policy, carbon pricing and the economy. The PAWP helps determine the role carbon pricing can play in achieving Thailand's NDC mitigation objectives in a cost-effective manner and the impact on the economy if carbon pricing is adopted.

This PAWP project comprises the following tasks: (i) review and develop economic modeling for carbon tax and ETS with and without crediting mechanism; (ii) model and assess the interaction and consistency between carbon pricing policy (carbon tax/ETS) and existing national policies and regulations; and (iii) support capacity building and dissemination of the knowledge and understanding of the effectiveness of carbon pricing instruments in achieving mitigation objectives.