



Background

As the world seeks to enhance global mitigation efforts, countries are exploring innovative and cost effective ways to scale up emission reductions and induce climate finance, including through carbon market instruments. To facilitate and inform the design process for such instruments, the World Bank established the Partnership for Market Readiness (PMR) in December 2010, a grant-based, global partnership to provide funding for capacity building, piloting, and a platform for technical discussions on market-based instruments for mitigation.

Who are PMR Participants?

The PMR brings together most of the world's major market players. Working together, these countries have made the PMR a major global platform for discussions on new market instruments and carbon pricing, generating an open dialogue on lessons learned from previous successes and failures.

PMR Participants include:

- *Contributing Participants:* Australia, Denmark, the European Commission, Finland, Germany, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States. These participants have pledged about US\$127 million to the PMR Trust Fund.
- *Implementing Country Participants:* Brazil, Chile, China, Colombia, Costa Rica, India, Indonesia, Jordan, Mexico, Morocco, Peru, South Africa, Thailand, Tunisia, Turkey, Ukraine and Vietnam.
- *Technical Country Partners:* In October 2013, the PMR created a new category of participant for countries that have made a decision about a market-based policy and are relatively advanced in its design and/or implementation but may require supplemental technical support. Technical Partners may also be sub-national jurisdictions pursuing carbon pricing mechanisms that have experience to share. Kazakhstan became the PMR's first technical partner in 2013. Quebec and California joined in October 2014, and Alberta joined in October 2015.

What is the governance structure of the PMR?

The PMR is governed by the Partnership Assembly (PA), made up of all Contributing and Implementing Country Participants. The PA is the PMR's decision-making body on issues including funding allocation. Despite its size, the PA successfully functions in the true spirit of partnership, reaching decisions by consensus.

What is the modality of participation for Contributing Participants?

Countries pledge financial resources to the PMR to become Contributing Participants. There is no minimum contribution.¹ The smallest contribution to the PMR to date has been US\$5 million.

What is the modality of participation for Implementing Country Participants?

Developing and emerging countries interested in participating in the PMR submit an expression of interest to the PMR Secretariat. Currently, the PMR is not actively looking for new Implementing Country Participants.

¹ The transaction costs for a contribution smaller than US\$3 million may be too high to justify.

**What does the PMR Do?**

The PMR is country-led. It provides systemic support to enhance countries' technical and institutional capacities in order to implement market-based and carbon pricing instruments, such as a domestic emissions trading system (ETS), carbon taxes, or a scaled-up crediting mechanism. As countries are at different stages of development and market readiness, each approaches the use of market instruments in a different way. Some focus on building core "readiness" components, such as systems for MRV, data collection, baseline setting, and establishing regulatory institutions; others go further, working toward a pilot of a domestic or international market-based scheme. Regardless of a country's choice, capacity building and piloting can have cross-cutting benefits relevant to implementing non-market based mitigation actions, designing low emission development strategies, and identifying areas of low cost mitigation potential.

Latest Developments

Since it began operation, all 17 Implementing Country Participants have presented frameworks outlining anticipated PMR activities and have been allocated US\$350,000 each in Preparation Phase funding. Preparation Funding is used to identify capacity building gaps and to prepare a plan or roadmap for implementing readiness components or a market instrument. This roadmap is known as the Market Readiness Proposal (MRP). Thirteen countries – [Brazil](#), [Chile](#), [China](#), [Colombia](#), [Costa Rica](#), [Indonesia](#), [Mexico](#), [Morocco](#), [South Africa](#), [Thailand](#) and [Turkey](#), [Ukraine](#) and [Vietnam](#) – have finalized an MRP and received Implementation Phase funding to implement the activities outlined in the MRP. Jordan and Peru presented draft MRPs to the PA in October 2015 and are expected to finalize these proposals in early 2016.

Country MRPs are supported by the PMR's [Technical Work Program](#). Through the MRP development process, Implementing Country Participants identify gaps in their technical and institutional capacities. The PMR's Technical Work Program addresses capacity issues that are common to Implementing Country Participants and can benefit from technical assistance provided in a comprehensive and programmatic manner. The Program is designed to provide support to share experience and knowledge, highlight good practices, and build compatible national systems around these components: [facility-level GHG MRV and data management](#); [baseline setting](#), [offset standards](#), [policy mapping](#) exercises, and [modeling work](#) on carbon pricing instruments.