

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

PMR Note PA22-2020-01

March 2020

Draft version, for review and endorsement

I. EXECUTIVE SUMMARY

FY20 highlights include the regional workshops on **Communicating Carbon Pricing** and both a face to face and an online course on **Carbon Taxes**. A report on **measuring emissions** will also be finalized by the end of this fiscal year. Furthermore, the State and Trends of Carbon Pricing 2020 will be launched before summer. FY20 highlights are shown in Figure 1.



Figure 1: FY20 highlights

In addition to above, the PMR Secretariat has commissioned five guidance reports in FY20 and will continue working on these reports in FY21 (until Dec 2020): **(i) development co-benefits of carbon pricing; (ii) selecting a carbon pricing instrument; (iii) a crediting Guide; (iv) an update to the ETS Handbook; and (v) a report on ETS governance.** In line with the wrap up of the PMR program, a note on **lessons learned under the PMR, assessment of country MRP outputs** as well as an **archive** of PMR outputs and documents will be compiled.

Finally, the PMR is proposing additional scoping assessment topics for the FY21 technical work program, including gender considerations in carbon pricing and carbon pricing in the transport sector.

TECHNICAL WORK PROGRAM

II. INTRODUCTION

The 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 eighth year in fiscal year 2021 (FY21).¹ This note provides a status update on the FY20 activities and outlines expected activities for FY21. The Partnership Assembly (PA) is invited to provide feedback on this proposed work program and consider it for endorsement at PA22.

III. TECHNICAL WORK PROGRAM ACTIVITIES IN FY20

This section provides a status update on FY20 activities, including work through the end of FY 20 (Until June 2020; see table 1).

Table 1: Summary of PMR TWP’s activities in FY20

FY20	
	GUIDE to measuring emissions Webinar on findings of the Guide
	
	E-COURSE on designing and running carbon taxes (400+ registered participants)
	WORKSHOPS on communicating carbon pricing LAC workshop (October 2019: Costa Rica – 34 participants / 6 countries) MENA /ECA workshop (February 2020: Istanbul - 25 participants / 5 countries)
	TRAINING: Carbon tax face-to-face course developed
	TRAINING: Carbon tax (Ivory Coast)

Training courses, both face-to-face and online were developed on carbon taxes based on the PMR Carbon Tax Guide. A training was held in the Ivory Coast for policymakers. 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. The e-course on carbon taxes held a facilitated session in March 2020, which attracted more than 400 registrants and concluded in the first week of April. The course is available [here](#) as a self-paced learning.

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

Regional workshops on communicating carbon pricing were held over the course of two days for LAC (Costa Rica, October 2019) for 34 participants from Argentina, Brazil, Chile, Colombia, Costa Rica, Panama and Peru. For the MENA /ECA region (Turkey, February 2020), 25 participants from Kazakhstan, Iran, Tunisia, Turkey and Ukraine attended, alongside representatives from the European Bank for Reconstruction and Development, the International Carbon Action Partnership and the International Emissions Trading Association. A key highlight of these regional carbon pricing communication workshops is to train participants on how carbon pricing messaging can be effective in specific geographical contexts. The workshops provide ample hands-on interactive exercises for participants to practice communication skills. The courses were very favorably rated, and a third workshop is planned for the Asia region later in 2020.

IV. ACTIVITIES TO BE COMPLETED IN FY21

As 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 a systematic administrative closing of the trust fund. Anticipating the timing needs for completing several of these activities, the work has already been initiated during FY20 and are expected to continue and complete by end of Dec 2020.

A summary of technical work program components, that includes **Guidebooks**, the State and Trends of Carbon Pricing (2020) and a training course scheduled for FY20-21 is shown in table 2.

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

FY20-21	
	GUIDE to identifying, measuring and assessing the development co-benefits of carbon pricing Webinar on findings of Guide 
	GUIDE to designing and operating domestic crediting systems Webinar on findings of Guide 
	GUIDE: Update ETS Handbook with new developments (eg. Market stability mechanisms, role of financial instruments in an ETS, case studies from new and aspirant ETSs) in partnership with ICAP Webinar on findings of the Guide 
	GUIDE: On the process of selecting a domestic carbon pricing instrument that would be most suitable for a jurisdiction. The guide includes primers on carbon pricing instruments and the major issues, as well as guidance and tools to conduct modeling, a legal assessment and stakeholder consultations. Webinar on findings of the Guide 
	GUIDE to designing and implementing a framework for jurisdictions to quantify emissions and generate the appropriate data for their carbon pricing instruments Webinar on findings of Guide 
	REPORT on the institutional and legal framework governments may need to put in place to operate an ETS (companion piece to the ETS Handbook) Webinar on findings of Guide 
	STUDY on the role of voluntary international markets in the post-2020 world and how it may help promote ambition. The study seeks different perspectives of countries on the role of such markets, opportunities and challenges in the context of countries' NDCs and Article 6

	SLIDE DECK: Introduction to the rationale, benefits and means of pricing carbon pricing
	STATE AND TRENDS OF CARBON PRICING 2020: annual report on key carbon pricing developments, including a new chapter on crediting instruments.
	TRAINING: Regional workshop in Asia on communicating carbon pricing. This will also be open to all implementing and donor countries that could not participate in the previous two workshops.
	REPORT: Preliminary assessment of lessons learned from countries that participated in the PMR. This report will be developed further and comprehensively once after all countries complete their MRP activities.
	REVIEW: PMR country outputs and carbon pricing readiness assessment . The assessment will provide an initial understanding of a country's carbon pricing readiness and their path towards implementation.
	ARCHIVES: All PMR documents and outputs will be catalogued and archived to ensure continued access as needed as the program transitions to the PMI.

The PMR has worked with many countries to design and develop MRV systems. Based on the work undertaken in several 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 systems. The Secretariat, based on the technical work program presented during PA20 in Brussels, will implement this in up to 2 countries by the end of Dec 2020.

V. ADDITIONAL SUPPORT

In line with discussions at the [PA20](#) and [PA21](#) on the deployment of residual funds to support new activities that aid the transition toward carbon market/pricing implementation (see [here](#)), five proposals have been approved and will be delivered during FY21. These include projects in Chile, Panama, Southern Africa, Thailand and one on CORSIA.

Assessing Design Options for Domestic Carbon Market Infrastructure and GHG Offset Schemes – This activity examines possible design options for domestic GHG crediting mechanisms that are suited to Chile's current carbon pricing portfolio. Credits may supply domestic and/or international markets.

Customization of MRV System in Panama – test a systematic approach to support Panama in designing an MRV platform based on existing architecture with customization features. A south-south knowledge exchange program will assist this.

Supporting climate market development for the Southern African Power Pool - assesses the opportunity for a climate market in Southern Africa's power sector. It will initiate consultations with regional institutions to identify key capacity gaps, engage with national institutions (for selected countries) to better define the potential role of carbon markets, and provide inputs to develop a harmonized MRV process for the power sector and institutional arrangements for decision-making on the use of climate markets.

Intensive Capacity Building in Internal Carbon Pricing and Green Finance for Key Stakeholders of GHG Mitigation – A series of intensive consultations with stakeholders will be held on carbon pricing (including

internal carbon pricing) and green finance in Thailand. In addition, a sector-specific case study on internal carbon pricing and the real monetary value of GHG emissions will be developed.

CORSIA: Capacity Building for Aviation and Carbon Markets – developing knowledge products and capacity building trainings for client countries, airlines and other stakeholders to comply and benefit from the Carbon Offsetting & Reduction Scheme for International Aviation (CORSIA).

VI.POTENTIAL ACTIVITIES UNDER CONSIDERATION

Several activities are under consideration and feedback is sought from PMR members (see table 3). Given the tight timelines, only activities that are impactful and have potential to consider further under the PMI will be considered. Accordingly, the scope for further such activities will be restricted to desk-based research, scoping study and assessing the scope for further development.

Table 3: Proposed activities under FY21

FY21	
	SCOPING STUDY on carbon pricing and gender considerations
	SCOPING STUDY on carbon pricing in the transport sector
	S&T 2021
	E-COURSE on communicating carbon pricing
	TRAINING: with UNFCCC and ad-hoc
	REPORT: Building on the preliminary assessment on lessons learned by the Secretariat, the report will be developed further and comprehensively once after all countries complete their MRP activities.

The following topics are under consideration:

- **Gender aspects in promoting carbon pricing:** As we work on delivering effective carbon pricing policies and the PMI focusing mainly on the implementation aspects, it is important that we explore and assess how gender aspects are taken in to consideration during the design and implementation of carbon pricing instruments. While there is a growing body of work on the distributional impact of carbon pricing on household and income levels, the gender issue warrants further examination. This initial scoping study reviews the existing literature, if and how countries are considering these, what metrics are used and needed to track these and how the PMI should consider these.
- **Carbon pricing in the transport sector:** Carbon pricing has traditionally covered emissions in the power and industry sectors. Yet for many countries, solutions to reduce emissions in the road

transport sector represent the next big challenge. However, the abatement opportunities and needs of the transport sector suggest that the design and role of a carbon pricing instrument may look very different. This scoping study looks at the key issues and challenges for putting a carbon price on transport emissions. Building on this, possible design options for carbon pricing in driving emissions in the transport sector from upstream coverage to revenue use will be assessed. The study will also consider how the PMI program can support countries to price emissions in the transport sector.

- **State and Trends of Carbon Pricing (2021):** After several editions of the State and Trends of Carbon Pricing, the report has become a go-to resource for anyone interested in carbon pricing. While key trends and developments will still be covered in this year's edition, a revamp of the report is foreseen to ensure the publication's continued relevance to assess how carbon pricing trends should be best presented and communicated. This could include, among others, new metrics and visuals, more analytics and a new format for the report.
- **E-Learning Course on Communicating Carbon Pricing:** Following the success of the carbon pricing guide and face-to-face regional trainings, an e-course that guides audiences through the communications and behavioral science behind people's responses to climate change and carbon pricing is envisaged. The course will break down key topics including audience research, segmenting and the ways in which carbon pricing narratives can be developed for different jurisdictions.
- **Carbon Pricing Trainings (UNFCCC and ad-hoc):** Given the UNFCCC's work on supporting carbon pricing development, the PMR is examining opportunities to work together on joint capacity building products, including introductory trainings on carbon pricing. In addition, the PMR has developed several trainings on core carbon pricing topics and can support country or regional trainings.
- **Ad hoc webinars** on current and previous topics under the TWP may also be held based on interest.
- **PMR lessons learned:** Based on the preliminary assessment of PMR lessons learned report that the Secretariat initiated during FY20, mainly using internal resources, a comprehensive report will be developed once after all countries complete the implementation of MRP activities.

VII. WORKING GROUPS

The PMR Secretariat proposes to **continue using working groups** to support and provide guidance for the TWP. The working groups are a vital part of the review process to ensure the delivery of accurate, high-quality products. The reviews provide member jurisdictions and other experts with the opportunity to provide comments and insights that shape the work of 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.

VIII. DISSEMINATION

The Technical Work Program (TWP) remains an invaluable source of information for countries interested in carbon pricing and the broader carbon pricing community. Its workshops are well received and there were over 50,000 visits to the PMR TWP page in 2019. The Emissions Trading Systems (ETS) and Carbon

Tax Guides remain important touchstones, with over 27,000 and 20,000 downloads for the publications respectively. The Communications and Revenues Guides also receive increasing interest, nearing 4,000 downloads since their release in 2018 and 2019 respectively (Figure 2).

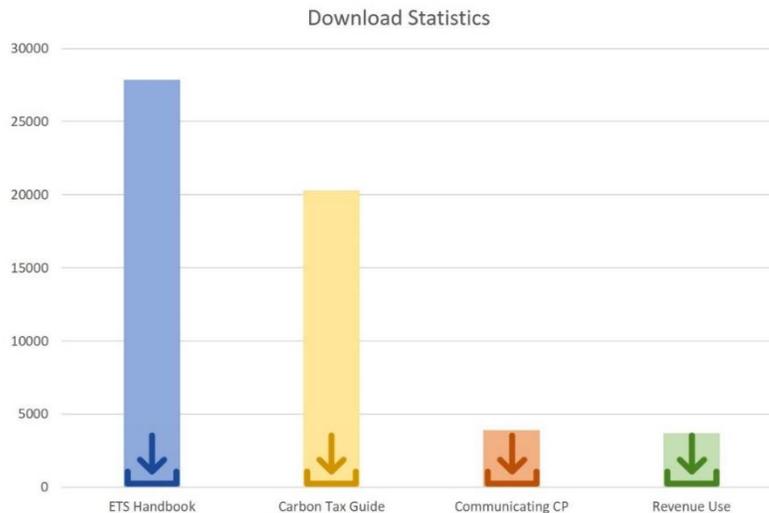


Figure 2: Download numbers of PMR TWP publications

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.

IX. BUDGET

Based on the activities that continue to roll over to next FY, new activities that already started and proposed new activities, the PMR Secretariat proposes to allocate an additional USD 1.13 million for the FY21 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 FY21 and Estimated Budget Broken Down by Type of Activity

Activity	Approved Budget FY20, USD	Total spent (end Feb 2020), USD	Total additional Budget estimated to complete (FY21), USD
Knowledge products	610,000	581,000	428,000
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			
Technical workshops	50,000	33,000	0
Use of Revenue			
Technical training and country to country exchange	445,000	204,000	44,000
Carbon tax training (Ivory Coast)			
Communicating carbon pricing regional training			44,000
Others based on demand			
Electronic modes	120,000	117,000	18,000
Carbon tax facilitated course			8000
MRV E-Learning facilitated courses			
Webinars			10,000
Other	75,000	0	75,000
MRV Software product			75,000
TOTAL	1,300,000	935,000	565,000
Net additional budget needed (A) = 565,000 - (1,300,000 – 935,000)			200,000
Additional Works started in FY20 and complete in FY21			
Perspectives from countries on role of voluntary markets			70,000
Outputs assessment + Archiving + Lessons learned			50,000
Carbon pricing instruments slide deck			10,000
Guidebook on Carbon Pricing selection			180,000
ETS Governance			40,000
Carbon pricing in Transport sector – Scoping study			15,000

Carbon pricing and gender considerations			65,000
TOTAL (B)			430,000
New proposed for FY21			
State and Trends of Carbon Pricing (FY2021)			250,000
PMR Lessons Learned			125,000
PMR Technical workshops			25,000
Comms Asia workshop			100,000
TOTAL (C)			500,000
GRAND TOTAL (A + B + C)			1,130,000

X.ACTION BY THE PA

The PA is invited to provide feedback on the proposed activities and budget for the PMR TWP in FY21 and consider it for endorsement at PA22. Following endorsement and as is the practice, the PMR Secretariat will report back to the PA 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 was the completion of the remaining country projects.

At the start of FY, there were two remaining projects – in Thailand and Vietnam. Both projects are now completed. Out of \$600k budgeted for these activities, \$500k was utilized to complete the tasks and remaining \$100k will be diverted to complete the technical work program activities mentioned above.