

PMR TECHNICAL WORKSHOP
Implications of the Paris Agreement on PMR Activities

Session 2: Dialogue session

Implications for the PMR relating to national action

□ Objective

The Paris Agreement provides a new context for climate action in the post-2020 period and reinforces the need to enhance action before 2020 as well. New opportunities and priorities may prompt adjustments in the work and strategic direction of the PMR. Participants will break into small groups to identify and discuss any new opportunities for the PMR, any reasons to readjust priorities, and any concrete recommendations and next steps.

The ideas presented here are intended to stimulate a discussion among participants. As such, a spectrum of options have been presented which therefore do not represent proposals from the PMR Secretariat and may not all be feasible. In each case, there are pros and cons that should be considered in more depth.

□ Instructions

Participants are asked to join a table discussing one of the three following topics, and further presented below: (1) Supporting post-2020 national action among PMR countries; (2) Extending PMR's reach on post-2020 national action; and (3) Enhancing pre-2020 national action. Each group will nominate a person to report back on the discussion of that topic. After 30 minutes of discussion, participants are asked to choose another topic table, except for the person selected to report back, who will stay and brief the next group on the discussions of the previous group so that their discussion can build on those before them. After a second round of 30 minutes, each table will report back to the plenary for the topic. Groups will be facilitated by an expert or member of the PMR Secretariat.

For each of the idea starters below, please discuss and answer the following questions:

- What are the benefits and risks?
- How should the idea be modified? What specific issues or activities should be included?
- What next steps should be taken to advance the idea, if any?

Please be encouraged to add further ideas and develop them in the group!

□ **Topic 1 – Supporting post-2020 national action among PMR countries**

1. The current phase of Intended Nationally Determined Contributions (INDCs) was prepared after the majority of Market Readiness Proposals (MRPs), and NDCs are now set to go into an ongoing cycle of periodic revision. This may leave MRP activities out of sync with the country's latest NDC. The PMR could therefore facilitate any reviews of MRP activities during the implementation phase that are needed to better align them with NDCs, where there are changes in NDCs from earlier goals or context. Such reviews could be done in consultation with the delivery partner to minimize disruption to ongoing implementation work.
2. Many countries will initiate processes to decide how they are going to implement their NDCs. These processes provide an opportunity for Implementing Country Participants (ICPs) to frame their PMR activities within these national plans. The PMR could encourage and facilitate PMR focal points and project implementation units to engage in their countries' NDC preparation and implementation processes.
3. The Paris Agreement heightens pressure on countries to decide upon and implement their desired routes for climate action. Measures could be taken in the PMR to accelerate the transition from readiness activities to implementation by prioritizing new activities that address the choice; the design; and/or the implementation of carbon pricing instruments. Any new PMR activities could also need to be consistent with the NDCs and implementation plans of ICPs.
4. The timeline for NDC submissions implies that PMR countries will have an ongoing need to assess their mitigation scenarios and goals, assess policy instruments to achieve them (including carbon pricing instruments) and track progress over time. Support has been given under the Policy Analysis Work Program (PAWP) in the past and could be extended in the future. Greater emphasis could be placed on building analytical and modelling capacity in ICPs that could be applied to carbon pricing instruments and the preparation and tracking of NDCs in the future.

□ **Topic 2 – Extending PMR's reach on post-2020 national action**

1. NDCs and Low Emission Development Strategies (LEDS), as called for by the Paris Agreement, are vehicles for countries to communicate their mid and long-term mitigation objectives. Their preparation creates conditions in which countries can decide on and implement policy instruments, therefore reinforcing a focus on the implementation of national action. The PMR could partner with other initiatives that support countries in developing their NDCs and LEDS, in order to assist these initiatives to incorporate the consideration of carbon pricing further into NDC and LEDS preparation processes. Partnering with other initiatives may help the PMR keep a focus on carbon pricing issues, while reaching out to a broad spectrum of countries outside the PMR. Such work could occur under the PAWP.
2. To more effectively share PMR results with audiences outside its membership, in particular policy makers and experts engaged in NDC preparation and implementation processes, the PMR could prepare one or more synthesis paper(s) drawing together PMR work and outcomes on approaches to choosing instruments and assessing their likely impact on mitigation. It would be important that any such paper(s) be made accessible to a wide audience.

3. The PMR could facilitate country-to-country exchanges, focusing on experience among PMR countries but extending participation beyond the PMR. For example, these could include exchanges among policy makers on the choice of policy instruments for potential inclusion in NDCs and the assessment of their likely impact on mitigation.
4. The private sector is also key to the successful implementation of carbon pricing instruments. As an extension of the Technical Work Program (TWP), the PMR could partner with external initiatives that support the private sector in building readiness for carbon pricing, such as through facilitating business-to-business exchanges and supporting the development of corporate strategies and operational practices to respond to the introduction of carbon pricing instruments (e.g. GHG emissions reporting, compliance and risk management). Partnering with other initiatives may help the PMR keep a primary focus on the issues of its public sector members, while reaching out to a broad spectrum of stakeholders outside the PMR.
5. Given the numbers of INDCs containing references to carbon pricing instruments, and the proximity of the next expected submissions of NDCs, there is likely to be an increase in interest in joining the PMR or at least engaging further with it. The PMR could:
 - Open some PMR events and work streams for wider participation. For example, representatives of non-PMR countries, experts and the private sector could be allowed to participate in workshops and technical meetings convened by the PMR;
 - Explore the addition of new ICPs, technical partners and observers to the PMR;
 - Target a broadening of participation in a future phase of the PMR. This could include different tiers of support to cater for the different stages of readiness among new countries, from support in analyzing the role of carbon pricing, to building readiness to support carbon pricing, all the way to full implementation of carbon pricing instruments.

Topic 3 – Enhancing pre-2020 national action

1. While there is considerable momentum now to develop post-2020 national action, it remains essential to enhance ambition and implementation now, before 2020. A full work stream of the negotiations leading to the Paris conference was dedicated to the pre-2020 period. The COP decided on several activities for UNFCCC Parties between 2016 and 2020 to share information and experience and provide opportunity to enhance action. The initiatives are the following:
 - Annual technical papers, prepared by the UNFCCC secretariat, on the mitigation benefits and co-benefits of policies, practices and actions;
 - Annual summaries for policy makers, also prepared by the UNFCCC secretariat, on policies, practices and actions representing best practices and with potential to be scalable and replicable;
 - The twice-yearly (so far) mitigation Technical Examination Process (TEP), in conjunction with the Subsidiary Bodies to the UNFCCC, on opportunities for scalable and replicable policies, practices and technologies with high mitigation potential;

- Annual high-level events on the results of the TEPs, in conjunction with COPs. These new events are to provide opportunity to announce new or strengthened policies and initiatives, take stock of progress, and for high-level representatives of Parties, international organizations, cooperative initiatives and non-state actors to engage;
- The facilitative dialogue at COP 22 (2016) to take stock of progress in implementing the Convention and identify ways to enhance support and mitigation ambition.

The PMR could engage and provide input, as other collaborative initiatives, international organizations, stakeholders and Parties are expected to do. Although the more detailed scope for these papers and events is still to be clarified, such input could potentially be in the form of making analytical and synthesis papers available, providing written inputs, making formal submissions, participating in events, or partnering on events. If it is preferred that PMR countries should engage with these papers and events individually, the PMR may be able to provide support on relevant substantive matters. The work could be done under the TWP.

2. To more effectively share PMR results with audiences outside its membership, in particular policy makers and experts engaged in the pre-2020 UNFCCC processes, the PMR could prepare one or more synthesis paper(s) under the TWP to showcase scalable and replicable policy instruments (existing and under development) in PMR participant countries, assess their impacts and finance flows, and examine their relation to achieving NDCs. It would be important that any such paper(s) be made accessible to a wide audience. In addition, PMR countries could make joint submissions to the events and documents being prepared.
3. All countries engaging in international transfers of mitigation outcomes prior to 2020 are to report transparently on them, including when outcomes are used to meet Cancun pledges or Kyoto Protocol targets. There is however no process established under the UNFCCC to develop any central guidance on this. The PMR could prepare one or more analytical or synthesis paper(s) under the TWP on reporting needs when engaging in international transfers and the relationship between Kyoto targets, pledges and NDCs, drawing from experience and the work of PMR participants. This could increase awareness and practical knowledge of accounting and double counting issues and be of practical benefit to all countries, including PMR countries. It may also be useful in the development of accounting rules under the UNFCCC for the post-2020 period. Again, any such paper(s) could be made accessible to a wide audience, in particular policy makers and experts engaged in the pre-2020 UNFCCC events and documents. In addition, PMR countries could make joint submissions to the events and documents being prepared.
4. Countries were encouraged in Paris to promote the voluntary cancellation of CERs under the CDM and other Kyoto units in the lead up to 2020. Such cancellation can be incorporated into other carbon pricing instruments such as ETS and carbon tax systems. The PMR has already prepared a technical note to help countries assess options for using existing international offset schemes, including the CDM, in a domestic context. The PMR could conduct further work under the TWP on how such voluntary cancellation could be incorporated into carbon pricing instruments.