Partnership for Market Implementation

Global Knowledge Forum
21 May 2023
Bilbao, Spain
THEORY OF CHANGE

Guiding vision
A strong price signal on carbon emissions will be introduced across jurisdictions and sectors in the medium to long term.
Such a signal will help reduce mitigation costs; improve access to climate finance; and raise climate ambition, making a significant and sustained contribution to global decarbonization.

DEVELOPMENT OBJECTIVE

- Contribute to the acceleration of global decarbonization efforts by:
  - Assisting client countries design and deploy carbon pricing policies/programs
  - Catalyzing development of the next generation of international carbon markets, and
  - Leveraging climate finance
PMI – launched in July 2021 -- is the anchor of the PMIF umbrella that includes many associated initiatives and activities.
PMI DONORS

- Australia
- Canada
- European Commission
- Finland
- Germany
- Japan
- Norway
- Spain
- Sweden
- Switzerland
- United Kingdom
<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>FOCUS AREA</th>
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</table>
| Chile    | • Roll out carbon offset mechanism  
          | • Energy sector cap-and-trade program  
          | • National strategy on Article 6 |
| China    | • Broaden and deepen ETS |
| Colombia | • Implement ETS |
| Indonesia| • Cap-and-trade program in power sector  
            | • Domestic crediting scheme  
            | • CP instrument mix (carbon tax/ETS) in other sectors |
| Kazakhstan| • Strengthen and expand ETS |
| Mexico   | • Operationalize ETS |
| Türkiye  | • Implement ETS |
| Ukraine  | • Design and roll out plan for ETS |
| Vietnam  | • Implement a pilot crediting program  
            | • Implement a pilot ETS in select sectors |
## COUNTRY PROGRAM - READINESS

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>FOCUS AREA</th>
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<tbody>
<tr>
<td>Bangladesh</td>
<td>• Feasibility of and roadmap for CP options</td>
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<td>• Participation in international carbon markets</td>
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<tr>
<td>Botswana</td>
<td>• Readiness support for carbon tax</td>
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<td>Guinea</td>
<td>• Assess feasibility of domestic CP options</td>
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<td>Malaysia</td>
<td>• Pilot carbon tax in selected sectors</td>
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<tr>
<td>Montenegro</td>
<td>• Feasibility of carbon pricing options</td>
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<td>• Legislative framework to comply with EU legislation</td>
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<td>Pakistan</td>
<td>• Assess and prepare roadmap for ETS pilot program</td>
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<td>• Participation in international carbon markets</td>
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<td>Panama</td>
<td>• Develop domestic carbon pricing infrastructure</td>
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<td>• Pilot domestic voluntary carbon market</td>
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<tr>
<td>Senegal</td>
<td>• Assess carbon pricing options</td>
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<td>• Roadmap for implementation of carbon tax</td>
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<td>• Participation in international carbon markets</td>
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OUTPUTS SUMMARY 2021-23

15 out of 17 country proposals approved and implementation process started

Capacity building activities in SSA, EAP and ECA

Eight publications produced; two more to be done by COP28

Two Global Knowledge Forums organized

Results framework developed

Seven technical workshops conducted
Policy-Level Capacity Building

Engagement with regional institutions that bring together relevant policymakers/ministries such as West and East African Alliances for Carbon Markets and Climate Finance, UNFCCC RCCs, etc.

West Africa

- Joint workshop with the West African Power Pool (WAPP) in Lome from April 24 – 27 in English and French.
  - Participants: 19 participants from WAPP's member utilities, 4 participants from the WAPP Secretariat
  - Countries represented: Benin, Burkina Faso, Cote d'Ivoire, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo
  - Speakers: West African Alliance, Ghana EPA, UNFCCC RCC Lome, World Bank, consulting firm (Promethium)
  - Format: In person with separate French and English sessions
  - Topics covered: Basics of carbon markets through practical examples; regional grid emission factor; MRV approaches including digitization; lessons learned from the implementation of the Standardized Crediting Framework in Senegal and Ghana's experience with the development of carbon projects

- Virtual workshop (scheduled for May 22-25)
  - Participants: WAPP utilities and Ministries of Environment (through RCC Lome and West African Alliance)
  - Topics: Institutional arrangements for accessing carbon markets, opportunities for regional harmonization

Other Regions

- RFP issued for CB initiative with Southern African Power Pool (SAPP)
- Partnership details developed with RCC- UNFCCC and SAPP

National Track

- Needs have been identified in Rwanda, Uganda, Namibia and working with clients to develop specific activities
JUST-IN-TIME SUPPORT

BRAZIL:
Supporting MRV activities in the energy sector

BOSNIA:
Support for ETS design carrying on; final report expected by year-end
TECHNICAL PROGRAM – CAPACITY BUILDING

Technical Workshops 2022-23
- Global Workshop on Using International Carbon Markets to Achieve NDC Targets
  – Kigali, Rwanda; 29-31 March 2023
- National Workshop on Results-based Carbon and Climate Finance
  – Hanoi, Vietnam, 27 February – 01 March 2023
- National Workshop on Climate Finance
  – Jakarta, Indonesia; 06-07 March 2023
- Technical Workshop on Political Economy of Carbon Pricing
  – Bilbao, Spain; 24 May 2023

Technical Workshops 2021-22
- PMI Country Support Program
- Implementing CP Instruments
- Just Transition

Global Knowledge Forum
- Carbon Pricing, Markets and Climate Finance
  – 04-07 July 2022; Madrid, Spain
- Implementing domestic carbon pricing: political economy challenges and emerging issues
  – 21-22 May 2023; Bilbao, Spain

Training Program
- Emissions Trading Course for Europe and Central Asia Region
  – Podgarcia, Montenegro; May 08-12, 2023
KNOWLEDGE PRODUCTS

POLITICAL ECONOMY OF CARBON PRICING
To be completed by COP28
PMI; LSE; Adelphi

CARBON PRICING IN THE POWER SECTOR
To be completed by COP28
PMI; WB Energy; IEA; ICAP
OBJECTIVE:

Support African FIs and SMEs in accessing climate finance to adopt and scale climate solutions
INNOVATION

**CLIMATE WAREHOUSE**
- Climate Action Data Trust (CADT) launched – Singapore/ IETA
- Digital for Climate Working Group – UNFCCC, UNDP, EBRD, ESA, IETA and WB
- Capacity Building
  - Climate Warehouse
  - Net Zero: The integrity pathway
  - Robust data infrastructure for carbon markets
  - Digital MRV for climate action
  - Enhancing integrity in carbon markets

**NETWORKED CARBON MARKETS**
- Climate Market Club - Four Approach papers
  - Developing an Article 6 strategy for host countries
  - Infrastructure to meet A6 reporting requirements
  - Defining RBCF, VCM and CCM
  - Corresponding Adjustment and Pricing of MOs
- Methodology for consolidating carbon pricing information and benchmarking
- Climate Policy Implementation Check (w/CT)

**INVEST FOR CLIMATE**
- Carbon Market Rules in design of National Climate Fund for Bhutan
- ER-linked Bonds for Upfront Project Finance
- Enhancing access to climate finance for coal transition
- Finance leverage from VCM/CCM for climate mitigation
## Activities

- Annual Carbon Pricing Leadership Report (to be released in June)
- Partner calls and weekly news briefs on carbon pricing
- Co-organization of Carbon Markets Plenary at I4C 2023

## Expected outcomes

- Identification of niche areas of focus (e.g. private sector mobilization)
- Potential hosting of Secretariat by CPLC partners (e.g. IETA/EDF)

### Internal review of mandate, scope and activities

- Evolving context of climate action and momentum around carbon pricing
- Prioritization of implementation over global advocacy
- Emergence of other global initiatives/players around advocacy
2022 I4C had 6500 participants

14C 2023 Bilbao

- 2500+ Registered
- 132 countries
- 3 Plenaries; Youth/Media events
- 28 Exhibitors
- > 230 speakers
- 44 workshops
REGIONAL CLIMATE WEEKS

- **Santo Domingo, DR**
  - 2,600+ registered
  - 1,700+ joined in person
  - 500+ speakers
  - 170 sessions including
    - 80 Side Events
    - 26 Affiliated Events
    - 29 Action Hub Sessions

- **Libreville, Gabon**
  - 2,300+ in person
  - 1,000+ virtual participants
  - 500+ speakers
  - 176 sessions including
    - 85 Side Events
    - 31 Affiliated Events
    - 34 Action Hub Events
STRATEGIC PARTNERSHIPS

- Spain/Germany: Innovate4Climate
- IETA Business-PMI
- IEA/ICAP: Knowledge Work
- Singapore/IETA: Climate Action Data Trust
- Canada Global: Carbon Pricing Challenge
- Japan A6: Implementation Partnership
- UNFCCC/UNDP/UNEP: Regional Climate Weeks
SUMMARY

• 15 of the 17 PMI countries have either begun execution or completed the granting process, representing a significant focus despite countries being in recovery mode from pandemic, etc. At least two new countries will be considered in FY24

• Developments on carbon markets at COP26 and COP27 generated substantive interest as reflected in at least 10 countries (including from SSA) seeking just-in-time support for FY24

• Various capacity building and outreach activities under PMI and other initiatives have supported stakeholders at multiple levels and demonstrated a huge demand for these services.

• The role for innovation such as digitization has become pronounced as countries turn to operationalization of Article 6, developing integrated strategies for dealing with market segments, building infrastructure and aligning policies across carbon pricing/markets and climate finance. Mainstreaming results of innovation to benefit PMI countries will be a focus area going forward.

• Following decisions around Article 6 at successive COPs, several global/regional initiatives have come up, and PMI is working in partnership with many of them.