



ANNUAL REPORT 2021/22



SUPPORTING A DECARBONIZED WORLD

DISCLAIMER

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The report covers the fiscal year from July 1, 2021, to June 30, 2022 (FY22). The financial contribution and expenditures reported are reflected up to May 31, 2022. All amounts in \$ are US dollars unless otherwise indicated.

ACRONYMS

CPLC	Carbon Pricing Leadership Coalition	NDC	Nationally determined contribution
CwA-GBF	Compact with Africa - Green Business Fund	PMI	Partnership for Market Implementation
ETS	Emissions trading scheme	PMIF	Partnership for Market Implementation Facility
FY	Financial year	SMEs	Small and medium enterprises



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Foreword by PMIF Chair



Carbon pricing and markets are widely seen as key mechanisms to cost-effectively reduce carbon emissions. Whether used domestically, in international carbon markets, or in combination with other approaches, carbon pricing has an important role among the set of policies and instruments that countries can draw on to achieve green, resilient, and inclusive growth. The Glasgow agreement on international carbon market rules reached at COP26 has provided some clarity on how market mechanisms will be used, but a lot more work is needed to operationalize them.

At the same time, there is clear and growing interest in the full range of carbon pricing approaches that have already emerged. More than 65 carbon pricing instruments—emissions trading schemes (ETSs) and carbon taxes—operate across more than 80 countries and subnational jurisdictions. Many countries are considering the role of international carbon markets to meet their nationally determined contributions (NDCs). In 2021, carbon pricing initiatives covered over 23 percent of global greenhouse gas emissions and generated \$84 billion in revenue. Emerging trends show an increase in carbon pricing initiatives globally, as well as increasing client demand for the World Bank Group’s technical support on carbon pricing.

The Bank is uniquely positioned to support clients to prepare, plan, build capacity, and implement carbon pricing policies to reach their net-zero goals. We launched the global, multi-donor Partnership for Market Implementation Facility (PMIF) as an umbrella program in 2021 to accelerate global decarbonization efforts and meet the increasing client demand for technical support on carbon pricing. The PMIF aims to be the Bank’s one-stop shop for helping client countries design and implement carbon pricing policies and programs, and to catalyze the next generation of international carbon markets. In this endeavor, the PMIF works closely with the relevant sectors, global practices, and country/regional units at the Bank to ensure that carbon pricing activities align with countries’ climate ambitions.

As countries plan and implement efforts to transition to low-carbon, resilient, and inclusive economic growth, it will also be critical to address the human dimension of the low-carbon transition—particularly the uneven distribution of the costs of climate change impacts and mitigation policies, especially for poor and vulnerable people most heavily impacted by the effects of the changing climate. To deliver on our twin goals of reducing poverty and boosting shared prosperity, the Bank is committed to supporting countries to integrate climate and development—recognizing that successful development depends on a coordinated approach to tackling the interlinked challenges of poverty, climate change, and inequality.

In the year since the PMIF was launched, I am happy to see that it has created a solid foundation to fulfill its mission, with over 30 countries joining the partnership to undertake carbon pricing actions. I would also like to express our deep appreciation for the sustained support—financially and programmatically—provided by the 11 contributing donors. The PMIF is well poised to help our partner countries implement their carbon pricing programs and accomplish their mitigation goals.

Bernice Van Bronkhorst

PMIF Chair and Global Director for Climate Change



2021-22: A Year in Review



The Partnership for Market Implementation Facility (PMIF) marks one year since it became operational as an umbrella program, and this inaugural annual report captures the progress made on the program’s various components. The PMIF is the culmination of the World Bank’s trust fund reform process, where different stand-alone initiatives and activities focused on carbon pricing and markets were brought together under one umbrella to ensure better integration and resource efficiency.

The anchor initiative of the Facility, the Partnership for Market Implementation (PMI), follows the decade-long Partnership for Market Readiness, which ended in 2021 after supporting over 20 countries in building their capacity and domestic infrastructure for putting carbon pricing instruments in place. In its initial round of support, the PMI is working with 17 countries—nine on implementing activities and eight on building readiness—to help facilitate the use of carbon pricing to meet their climate ambition. Also notable is the regional capacity-building program in Sub-Saharan Africa aimed at facilitating its participation in international carbon markets and the strong collaboration built with the regional institutions in delivering this program.

The CF-Assist trust fund, which has been operating since 2005, also became an associated program under the PMIF and has been supporting innovation, advocacy, knowledge management, and outreach activities for promoting carbon pricing and markets. However, in line with the trust fund reform guidelines, this legacy fund will be closed during the coming year, and its activities will be implemented through the PMI anchor program.

Extending its focus on Africa, the PMIF has another associate trust fund in the form of the Compact with Africa – Green Business Fund, which aims to enhance access to climate finance for small and medium enterprises in the region through the deployment of innovative financial instruments.

While the PMIF was consolidating its strategic priorities during the first year, there were exciting developments in the

sphere of carbon pricing and markets. Despite the continuing social and economic fallout of the COVID-19 pandemic, the year witnessed a record carbon pricing revenue of \$84 billion, as documented by the global report on State and Trends of Carbon Pricing, the flagship annual report of the PMIF. But, the most important development, perhaps, was the agreement at the Glasgow Conference of the Parties (COP26) on the rulebook for the Paris Agreement, including the long-awaited decision on Article 6, which has further bolstered the role of carbon pricing and markets as a key mitigation option. The World Bank and the PMIF have since received requests for support from several client countries to facilitate their participation in the operationalization of Article 6. The PMIF is exploring ways of responding to this demand, including collaborating with various bilateral and multilateral agencies.

Thus, during its first year, the PMIF has strived to create a strong foundation for scaling up carbon pricing and markets as a viable part of the toolkit to achieve the Paris goal of limiting global warming to 1.5°C and is well positioned to accelerate climate action in the coming years and respond to the increasing demands. In this regard, the strong role of our contributing donors and other partners in launching and setting the PMIF’s strategic direction is gratefully acknowledged. We look forward to further strengthening our partnerships to help client countries meet their climate goals.

Venkata Ramana Putti
Program Manager, PMIF



ABOUT THE PMIF

The Partnership for Market Implementation Facility (PMIF) is an umbrella trust fund managed by the World Bank to help accelerate global decarbonization efforts. This 10-year program was launched in 2021 with initial funding of about \$125 million and is currently supported by 11 global donors (Australia, Canada, the European Commission, Finland, Germany, Japan, Norway, Spain, Sweden, Switzerland, and the United Kingdom).

OUR CURRENT DONORS



Australia



Canada



European
Commission



Finland



Germany



Japan



Norway



Spain



Sweden



Switzerland



United Kingdom

The PMIF has two main goals:

- Assisting client countries to design and deploy explicit carbon pricing appropriate to their domestic context and compatible with their sustainable development priorities.
- Catalyzing the development of and enabling countries' participation in the next generation of international carbon markets.

The [PMIF](#) brings together several World Bank initiatives covering carbon pricing and climate finance under one umbrella. It comprises an anchor program, the [Partnership for Market Implementation](#) (page 9–13), and two associate trust funds: the [Compact with Africa – Green Business Fund](#) (page 14–15), which was launched in 2021, and CF-Assist (page 15), which has been running since 2005. CF-Assist hosts the [Climate Warehouse](#) program (page 17), the Networked Carbon Markets (page 18), the [Carbon Pricing Leadership Coalition](#) (page 19–20), the [Innovate4Climate](#) global conference (page 21–22), and the [Regional Climate Weeks](#) (page 23).

The PMIF program is implemented in collaboration with World Bank Group regions, country management units, and global practices to leverage and support operations. Its activities are structured around four thematic pillars.

 ADVISORY	 INNOVATION	 ADVOCACY	 KNOWLEDGE AND OUTREACH
<p>Help countries build their capacity to design and implement carbon pricing policies.</p> <p>Use country-specific approaches to create an enabling environment for private investment in climate-smart initiatives.</p>	<p>Conceptualize, develop, test, and pilot new ideas and prototypes.</p> <p>Develop new tools and assessment frameworks, explore the use of new technologies, develop innovative financial approaches, and help create an enabling environment.</p>	<p>Convene, deliver, and exchange consultative dialogues with key stakeholders on carbon pricing policies and market development.</p> <p>Facilitate leadership dialogue to catalyze action on carbon pricing in the public and private sectors.</p>	<p>Support the development of technical knowledge products, tools, and assessment frameworks.</p> <p>Develop carbon pricing guidebooks and organize global/regional conferences and workshops.</p>
<p>Partnership for Market Implementation Compact with Africa</p>	<p>Networked Carbon Markets Climate Warehouse</p>	<p>Carbon Pricing Leadership Coalition</p>	<p>Innovate4Climate Regional Climate Weeks</p>

Through the thematic pillars, the PMIF aims to:

- Help at least 30 countries and jurisdictions **develop** and **implement** carbon pricing instruments.
- Help countries' participation in the **operationalization of Article 6** of the Paris Agreement by facilitating international cooperation on carbon markets and promoting the alignment of national carbon pricing policies.
- Help countries identify and implement **best practice approaches** and, where relevant, ensure compatibility with other carbon pricing efforts and markets.
- Develop **innovative methods and instruments** to enable carbon markets to contribute to mobilizing climate finance.
- Develop and deploy innovative financial tools in relevant sectors to create **enhanced access to climate finance**.
- Inform policy discussions on greenhouse gas mitigation by **sharing lessons learned** and providing a platform for collective innovation on carbon pricing instruments.
- Continue developing the **knowledge base** and facilitating **information exchange** on carbon pricing instruments and carbon market mechanisms.

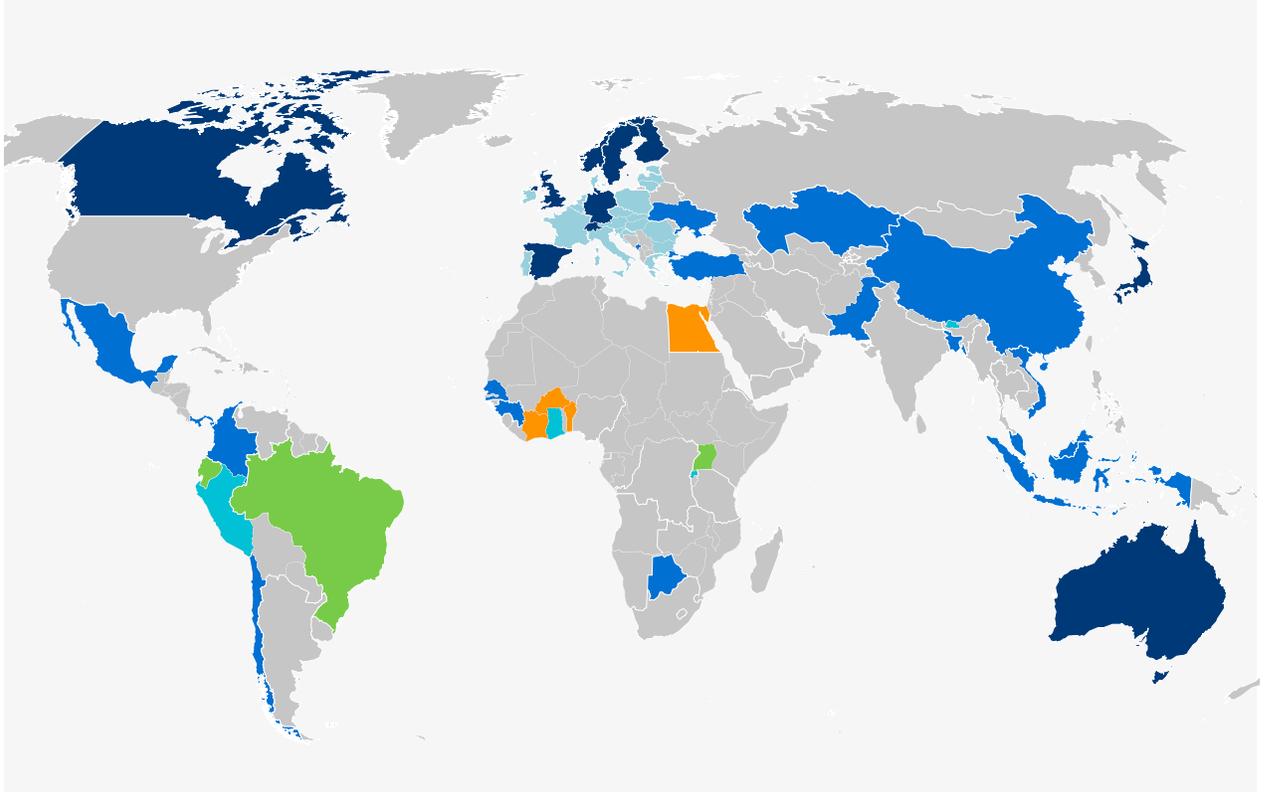


ACHIEVEMENTS IN FY22

In FY22, the PMIF made good progress in supporting climate action through its various initiatives with participation from 40 countries.



PMIF GLOBAL COVERAGE



PMIF DONORS

- Australia
- Canada
- European Commission
- Finland
- Germany
- Japan
- Norway
- Spain
- Sweden
- Switzerland
- United Kingdom

PMI COUNTRIES

- Bangladesh
- Botswana
- Chile
- China
- Colombia
- Guinea
- Indonesia
- Kazakhstan
- Malaysia
- Mexico
- Montenegro
- Pakistan
- Panama
- Senegal
- Turkey
- Ukraine
- Vietnam

CLIMATE CLUB

- Bangladesh
- Bhutan
- Chile
- Ghana
- Kazakhstan
- Japan
- Peru
- Rwanda
- Senegal
- Singapore
- Sweden
- Switzerland
- Ukraine

REGIONAL COVERAGE

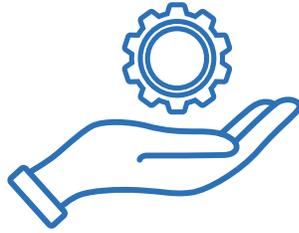
- Rwanda
- Uganda
- Brazil
- Ecuador
- Peru

COMPACT WITH AFRICA

- Benin
- Burkina Faso
- Côte d'Ivoire
- Egypt
- Senegal



Advisory



Partnership for Market Implementation

Following the successful 10-year run of the Partnership for Market Readiness (PMR)—which helped over 20 countries establish the necessary building blocks to implement carbon pricing—the World Bank launched the Partnership for Market Implementation (PMI) in 2021 with the goal of putting carbon pricing policies and programs in place in at least 30 countries by 2025.

There are two windows for country support: the implementation window, which supports countries that completed their readiness activities and are committed to advancing implementation, and the readiness window, which helps new countries develop policy, build capacity, and create necessary infrastructure. Support is also provided to facilitate their participation in international carbon markets through Article 6 and other means. The technical assistance at the country level is supplemented by a technical work program, regional capacity building, and outreach activities.

and size of the support based on a rigorous evaluation process including independent expert reviews of implementation proposals, and program execution will begin after grant agreements are completed. The table on page 10 and 11 indicates the status of proposal submissions as of June 30, 2022.

COUNTRY SUPPORT

In the first year, the PMI selected 17 countries (from 33 countries that expressed interest) through a competitive process to develop full proposals for grant support. All the proposals are expected to be submitted by the end of Q1 in FY23. The PMI will advise the selected countries on the final scope



IMPLEMENTATION WINDOW		
COUNTRY	FOCUS AREA	PROPOSAL STATUS
Chile	Roll out carbon offset mechanism Review energy sector cap-and-trade program and fuel tax National strategy on Article 6	Submitted
China	Broaden and deepen ETS	Under preparation
Colombia	Implement ETS	Submitted
Indonesia	Support implementation of cap-and-trade program in power sector Support development of domestic crediting scheme Deepen and broaden carbon pricing instrument mix (carbon tax/ETS) in other sectors	Under preparation
Kazakhstan	Strengthen and expand ETS	Submitted
Mexico	Operationalize ETS	Submitted
Turkey	Implement ETS	Under preparation
Ukraine	Design and roll out plan for ETS	Completed
Vietnam	Implement a pilot national crediting program Implement a pilot ETS in select sectors	Submitted

READINESS WINDOW		
COUNTRY	FOCUS AREA	PROPOSAL STATUS
Bangladesh	Assess feasibility and develop roadmap of carbon pricing options Readiness for participation in international carbon markets	Under preparation
Botswana	Readiness support for carbon tax	Completed
Guinea	Assess feasibility of domestic carbon pricing options	Under preparation
Malaysia	Pilot carbon tax in selected sectors	Submitted
Montenegro	Assess feasibility of carbon pricing options Draft legislative framework for bylaws in compliance with EU legislation	Submitted
Pakistan	Assess and prepare roadmap for ETS pilot program Readiness for participation in international carbon markets	Under preparation
Panama	Develop domestic carbon pricing infrastructure Pilot domestic voluntary carbon market	Submitted
Senegal	Analyze carbon pricing options Develop roadmap for design and implementation of carbon tax Readiness for participation in international carbon markets	Submitted



REGIONAL PROGRAMS

In addition to the two windows for the country support program, the PMI has another window to support activities at regional, sectoral, or subnational levels based on demand. In FY22, the PMI initiated a regional program in Sub-Saharan Africa and another in Latin America to help build capacity, assess feasibility, and create infrastructure (such as measurement, reporting, and verification systems and registries).



Sub-Saharan Africa

The program aims to promote the participation of African countries in post-2020 carbon markets by working with regional institutions to build the capacity of national governments on carbon pricing and coordinate government responses to climate change. Progress made in FY22 is outlined below.

East Africa: At the regional level, discussions have taken place with the Eastern Africa Alliance on Carbon Markets and Climate Finance to explore opportunities to deliver regional capacity-building activities. At the national level, discussions are under way with Rwanda and Uganda on providing capacity-building support.

Southern Africa: The PMI is finalizing the scope of its capacity-building program following consultations with the Southern African Power Pool and the Southern African Development Community. As part of the program, the PMI will assess the institutional structure and capacity needs to better understand the potential for developing a regional carbon market.

West and Central Africa: In coordination with the West African Power Pool, the PMI has finalized the scope of the capacity-building programs for national governments and regional institutions, which will be delivered in FY23.

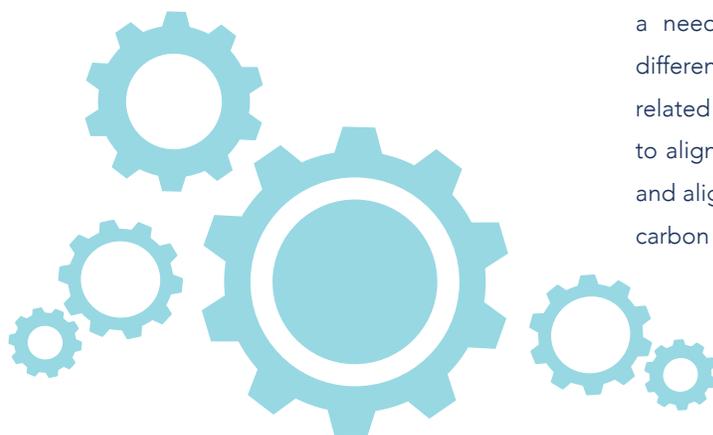
Latin America

The PMI developed the regional program in Latin America to continue supporting the countries that were part of the Partnership for Market Readiness but are yet to commit to implementing a carbon pricing instrument. In FY22, it held discussions with Brazil and Peru (PMR countries) and Ecuador (a new country) to identify areas of support.

Brazil: The Ministry of Energy and the Brazilian Energy Research Agency will lead a carbon pricing project together with the PMI. A work program has been finalized to build toward a potential ETS. It includes implementing a measurement, reporting, and verification system for corporate greenhouse gas emissions; building a stakeholder coalition to advance the domestic regulated carbon market in Brazil; and assessing the possible co-existence and fungibility of carbon credits and other existing emission reduction assets in the Brazilian energy sector.

Ecuador: A detailed scope of work and terms of reference are being prepared to support Ecuador with the implementation arrangements of Article 6 of the Paris Agreement, focusing on its governance and transition from the former Clean Development Mechanism.

Peru: The Peruvian Ministry of Environment has identified a need for capacity building on the governance of different segments of carbon markets and the use of related infrastructure. It is also interested in exploring how to align its climate action with sustainable development and aligning the measures identified by Peru's NDC with carbon markets.





TECHNICAL WORK

In FY22, the PMI held two virtual technical workshops (one on its country support program and another on [identifying](#), designing, and [implementing](#) carbon pricing instruments), hosted two virtual knowledge exchanges on a just transition and carbon pricing (one at the PMI country support program workshop and one at the 2022 Innovate4Climate conference), published six reports, and added a module on Africa to its [Carbon Taxation](#) e-course.

The PMI also contributed to the delivery of several external events, including:

- NDC Partnership Workshop: Mobilizing Private Finance and Market Mechanisms for Green Recovery (February 2022).
- ICAP Workshop on Challenges and Opportunities for Carbon Pricing in Africa (February 2022).
- Carbon Pricing in Americas Partners Meeting (March 2022).

During the reporting period, work on two major reports commenced: Carbon Pricing in the Power Sector and the Political Economy of Carbon Pricing. As part of the power sector work, the PMI held a joint workshop with the International Energy Agency and ICAP during the Innovate4Climate conference.

Furthermore, the PMI established a process for its roster of experts to support different activities at both the country level and the technical work level. It also finalized the terms of reference for its knowledge partners to contribute to the technical knowledge base and share lessons learned on designing and implementing carbon pricing instruments.

Finally, to support both PMI and non-PMI countries, the center of excellence for measurement, reporting, and verification systems and registries was operationalized. The center will offer open source, customizable systems to interested countries along with training to operate and maintain them.

PUBLICATIONS



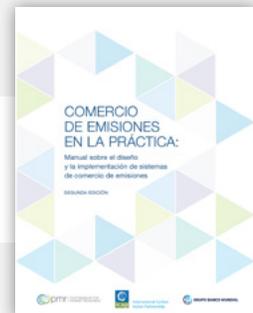
[Carbon Pricing for Climate Action](#)

[From the Ground Up: A Decade of Lessons on Carbon Pricing](#)



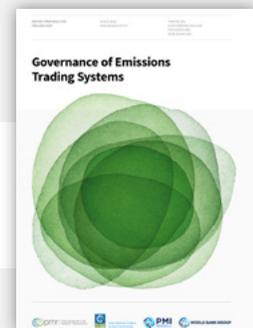
[Enhancing Carbon Pricing and International Carbon Market Readiness Through the Mitigation Action Assessment Protocol: Summary Report](#)

[Emissions Trading in Practice, Second Edition: A Handbook on Design and Implementation, Spanish version](#)



[ETS Handbook, Chinese version](#)

[Governance of Emissions Trading Systems](#)





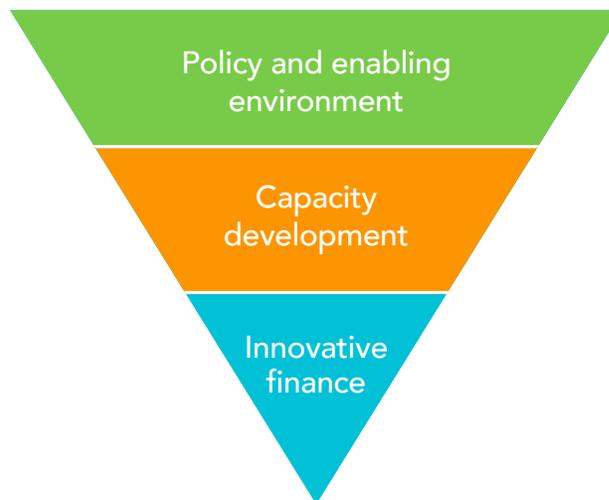
Compact with Africa – Green Business Fund

The G20 Compact with Africa (CwA) was initiated in 2017 to promote private investment in Africa, including in infrastructure, by improving countries' macroeconomic, business, and financing policy frameworks. It brings together reform-minded African countries, international organizations, and bilateral partners from the G20 and beyond to coordinate country-specific reform agendas, support policy measures, and promote investment opportunities to private investors. The CwA has 12 member countries: Benin, Burkina Faso, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Togo, and Tunisia.

With support from the International Climate Initiative under the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, the World Bank established the Compact with Africa – Green Business Fund (CwA-GBF) in 2021 as an associated trust fund under the PMIF umbrella. The CwA-GBF helps small and medium enterprises (SMEs) in Africa access climate finance to adopt and scale climate solutions. It aims to achieve this objective through three focus areas:

Policy and enabling environment: The objective of this focus area is to create an active community of SMEs, entrepreneurs, and relevant policy makers in targeted countries through shared understanding of policy and regulatory barriers for SMEs to access climate/green finance to scale up climate solutions; promotion of regulatory frameworks that incentivize SMEs to adopt and scale up climate solutions across different sectors; and exchange of knowledge and expertise on climate change risks and solutions.

Capacity development: The program will create tailored capacity-building packages for SMEs to improve their understanding of the risks and opportunities for



innovation under a rapidly changing climate. Activities will include supporting SMEs in identifying and developing business models for climate-smart products and services and developing toolkits for financial intermediaries and SMEs to assess climate risk.

Enhanced access to climate finance: This focus area will conceptualize, design, and pilot sustainable business models that apply innovative financial instruments to enhance access to climate finance in selected countries.

During FY22, the CwA-GBF partnered with the World Bank's Agriculture and Food Global Practice and Energy and Extractives Global Practice on two projects:

Agriculture and Food Systems Performance and Options for Competitiveness Enhancing Policies in Egypt. The CwA-GBF is working with this project and Egypt's Ministry of Planning and Economic Development to analyze the enabling policy and institutional environment, green financing incentives, and mechanisms for SMEs in selected agri-food value chains to adopt or scale climate technologies. The project is expected to be completed in FY23.



Regional Off-Grid Electricity Access Project. The CwA-GBF is working with the project in Benin, Burkina Faso, Côte d’Ivoire, and Senegal to help improve access to off-grid solar power, with SMEs acting as delivery agents. In the initial phase, the project will compile an updated market assessment for scaling solar, with an emphasis on the scope for productive uses of solar equipment; facilitate policy dialogue to promote harmonized legislation on the

tax treatment of solar panel and associated components; provide entrepreneurship and capacity-building training for commercial financial institutions; and set up a contingent grant facility to mitigate the risk of default among solar SMEs. The West African Development Bank and the Economic Community of West African States are the key implementing partners for this engagement, which is expected to run until FY26.

CF-Assist

The CF-Assist trust fund has been operating since 2005 and became associated with the PMIF in 2021. The program was originally launched to build capacity in developing countries to promote flexible mechanisms (Clean Development Mechanism/Joint Implementation) under the Kyoto Protocol. It has since evolved to support client countries in their transition to a low-carbon, climate-resilient development pathway, with a specific focus on carbon pricing and climate finance.

Through various initiatives, CF-Assist implements activities that cover three of the PMIF’s thematic pillars: innovation, advocacy, and knowledge and outreach.



However, at the first PMIF Partnership Council meeting in June 2021, the World Bank’s trust fund management recommended that CF-Assist be “grandfathered” as part of the Bank’s trust fund reform process. To streamline trust funds, activities that share the same developmental objectives will largely be implemented through the anchor fund, the PMI. Hence, after the remaining funds are disbursed, CF-Assist will be closed and no new funding will be added to it. All new financial resources will be routed through the PMI’s multi-donor trust fund. CF-Assist is expected to close in FY23.

The progress of CF-Assist activities in FY22 is described below.



Innovation



Climate Warehouse, Invest for Climate, and Networked Carbon Markets

The innovation pillar of the PMIF promotes forward-looking activities to conceptualize and test new ideas and prototypes that will help develop the next generation of carbon markets. It consists of three work programs:

- I** The **Climate Warehouse** pilots the generation of emission reduction credits from the World Bank’s lending operations and designs market infrastructure to support the creation of carbon assets and promote transparency and trust in markets. It also helps develop institutional mechanisms and approaches for piloting Article 6 transactions by producing knowledge products and driving common understanding through engagement with various stakeholders.
- I** **Invest for Climate** develops innovative financing mechanisms and business models that deploy them intelligently to meet clients’ needs and attract private investment.
- I** The **Networked Carbon Markets** conducts technical and analytical work to design new concepts, financial products, and technology applications for climate markets. New concepts and approaches developed based on technical assessments through the Networked Carbon Markets are tested further as part of activities under the Climate Warehouse and Invest for Climate.





CLIMATE WAREHOUSE

During FY22, the World Bank focused on laying the groundwork for an operational Climate Warehouse.

The Climate Warehouse aims to connect decentralized registries, linking, aggregating, and harmonizing their underlying data to ensure transparent carbon accounting in accordance with Article 6 of the Paris Agreement. The World Bank is testing the viability of running the Climate Warehouse on the Chia Network, a permissionless and public blockchain technology. In March 2022, the World Bank started the third and final phase of testing and simulation based on lessons learned from the second phase completed in Q3 of FY22.

Furthermore, at the request of the government of Singapore, the World Bank and the International Emissions Trading Association co-convened stakeholder consultations from September 2021 to February 2022 to define the potential governance and financing model for an operational Climate Warehouse. Over 70 entities participated in the consultation, including governments, independent standards, exchanges, traders, project developers, the private sector, financial institutions, multilateral development banks, technology providers, nongovernmental organizations, think tanks, and law firms. Based on these consultations, the World Bank, the International Emissions Trading Association, and the government of Singapore are working on the formation of the Climate Warehouse with a view to launching the operational phase in the second half of 2022.

Another initiative under the Climate Warehouse work program is the Climate Market Club, which is a group of 13 governments that was established in April 2020 to discuss and agree on key technical elements and outline options for operationalizing Article 6. The Club makes its work outputs publicly available through a series of Approach Papers, four of which have already been published (two in FY22). Another seven papers are scheduled between June and August 2022. In FY22, the Climate Market Club held eight meetings.

PUBLISHED APPROACH PAPERS



[Ensuring Environmental Integrity under Article 6 Mechanisms \(FY21\)](#)

[Country Processes and Institutional Arrangements for Article 6 Transactions \(FY21\)](#)

[Carbon Asset Development Process \(FY22\)](#)

[Country Policy Framework for Cooperative Approaches under Article 6.2 \(FY22\)](#)



INVEST FOR CLIMATE

In FY22, Invest for Climate worked on key outputs related to coal decommissioning and carbon credits.

A methodology for estimating emission reductions from accelerated coal decommissioning is being developed to enable access to results-based climate finance, which in turn could create a pathway for accessing carbon revenues in the future. It will help inform the feasibility of establishing a dedicated coal transition window in the World Bank's Climate Emissions Reduction Facility.

In addition to this methodology, Invest for Climate, in collaboration with the World Bank's Energy Sector Management Assistance Program, is drafting a report that explores various business models and financing mechanisms that leverage climate finance for accelerated decommissioning of coal-fired power stations. The Climate Investment Funds will be engaged to ensure alignment with its Accelerating Coal Transition facility.

Supported by the Pilot Auction Facility,¹ a scoping report was developed on the potential of auctions to help countries transition away from coal. The report discusses the global coal power fleet, factors that will affect countries' willingness to transition from coal, and auction elements that are suited to particular contexts.

Through the Pilot Auction Facility technical work program, a note specifying an initial set of characteristics for a normative definition of quality carbon credits is being drafted. This specification can be used for various purposes, especially in some of the PMI countries. For example, delineating the range of attributes could guide host countries in developing a positive list (a list of eligible technologies) for Article 6 projects. It could also

inform stakeholders' decisions on minimum eligibility criteria to ensure procurement of quality carbon assets and thus manage the inherent reputational risks of buying carbon credits. The draft will be finalized in FY23 based on consultations with stakeholders.

NETWORKED CARBON MARKETS

In FY22, the Networked Carbon Markets contributed to several tools and methodologies related to carbon pricing.

It published a summary report and guidance documents on capacity-building tools that it developed to enhance carbon pricing and international transfer readiness. These tools have been integrated with the Mitigation Action Assessment Protocol (a tool for identifying strengths and weaknesses in mitigation action design) and piloted in Chile, Mexico, Senegal, and Peru.

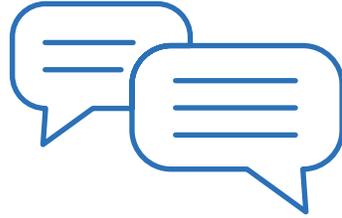
Together with Climate Transparency and in coordination with the World Bank's NDC Support Facility, the Networked Carbon Markets developed a framework for assessing and comparing the completeness of countries' first (2015) and updated (2020) NDC submissions based on requirements of the Paris Rulebook. Climate Transparency is using the [methodology](#) as part of its independent country assessments. Building on this work, the Networked Carbon Markets is developing a civil society-led framework for assessing the implementation of countries' NDCs with Climate Transparency.

Finally, the Networked Carbon Markets developed a methodology for consolidating global carbon pricing information and benchmarking. Invited experts have reviewed the paper, which will be published in August 2022 following a final review by different World Bank teams.

1. Established by the World Bank Group in 2016, the Pilot Auction Facility for Methane and Climate Change Mitigation is a financial intermediary fund. It is not part of the PMIF, although it is associated through its activities.



Advocacy



Carbon Pricing Leadership Coalition

Hosted by the World Bank, the CPLC is a voluntary initiative that brings together leaders from government, business, civil society, and academia to enhance global understanding of and support for carbon pricing as a tool for accelerating and financing effective climate action. It is the World Bank's principal vehicle for advocacy on carbon pricing.



In the leadup to COP26, the CPLC released a new [report](#) of the Task Force on Net Zero Goals & Carbon Pricing. The report contributes to a deeper, common understanding of what “net zero” means, how it can be achieved, and the role carbon pricing mechanisms can play in achieving it. The report is a call to action for governments, businesses, and civil society to seize the opportunity to drive credible climate action to achieve net zero by 2050 in a socially fair and just way.





To disseminate the key messages of this report, the CPLC and its partners held a series of events, including:

- | A soft launch during the CPLC's annual [high-level plenary](#) at the Innovate4Climate virtual conference in May 2021.
- | A webinar on carbon pricing and net zero in China in July.
- | The formal [report launch](#) in September during the 2021 UN Climate Week in New York.
- | A [leadership dialogue](#) for the Latin America region in October between the Chilean Minister of Energy, Juan Carlos Jobet, and former Minister of Finance of Colombia, Mauricio Cárdenas.
- | Three high-level events during COP26 in Glasgow, including one co-hosted with Canadian Prime Minister [Justin Trudeau](#).
- | A launch event in China in December in partnership with the municipal government of Guangzhou.

In addition to this workstream of the taskforce, in FY22 the CPLC partnered with CDP India² to draft a white paper on the use of internal carbon pricing by businesses and to host an associated [webinar](#) in March 2022. The CPLC also teamed up with the Organisation for Economic Co-operation and Development to publish an executive brief that assesses the impacts of COVID-19 on implementing carbon pricing policies in selected countries.

During the Regional Climate Week in the Middle East and North Africa region in March 2022, the CPLC, AEON Strategy, and EU-GCC Clean Energy Technology Network co-hosted an [affiliated event](#) that highlighted countries and entities that are using carbon pricing solutions to meet their decarbonization targets and discussed how to increase climate action ambition in this region. In May, the CPLC convened its annual high-level plenary during the World Bank Innovate4Climate 2022 conference where its [Carbon Pricing Leadership Report 2021/22](#) was launched.

2. Formerly the Carbon Disclosure Project. CDP India is based in New Delhi, India.



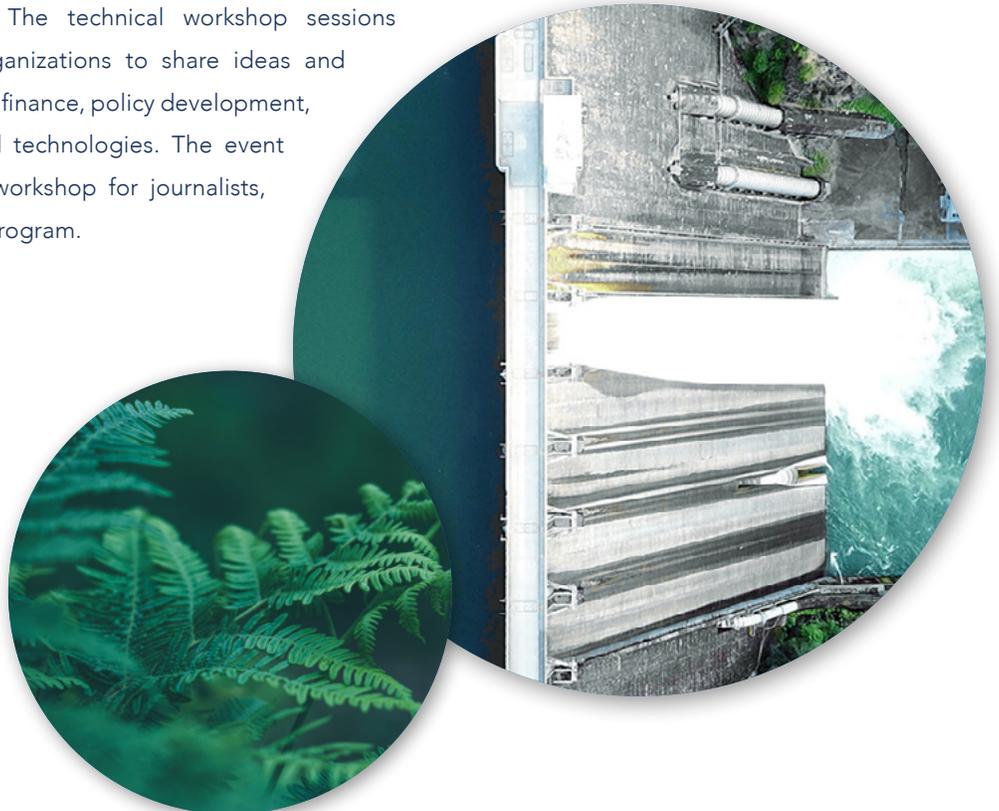
Knowledge and outreach



Innovate4Climate

Under the knowledge and outreach pillar of the PMIF, Innovate4Climate has been the World Bank Group’s annual flagship event on climate action since 2017. It has built a reputation for high-quality technical knowledge sharing, focusing on themes in finance, markets, policy, and technology. The sixth global conference took place virtually on May 24–26, 2022. The event built on the momentum of COP26, highlighting the need for governments and businesses to act urgently to tackle the climate challenge and build back better.

As in previous years, the 2022 global conference included three high-level plenaries focusing on Examining the Interplay Between Climate and Development; Putting a Price on Carbon to Reach Net Zero (hosted by the CPLC); and Financing Transformative Climate Action. The technical workshop sessions provided an opportunity for organizations to share ideas and experiences of working on climate finance, policy development, carbon markets and pricing, and technologies. The event also included a marketplace, a workshop for journalists, and a Young Climate Innovators program.





INNOVATE4CLIMATE 2022 IN NUMBERS

7,300

registered participants from **182** countries

19

marketplace exhibitors

59

workshops with more than **230** speakers

8,800

impressions of #Innovate4Climate on LinkedIn
and **2,300** engagements on Twitter



The 2022 edition of the [State and Trends of Carbon Pricing](#) report was launched at the start of the conference. This annual publication provides an overview of carbon pricing developments from year to year. Key topics covered in the 2022 report include cross-border approaches to carbon pricing, challenges and opportunities from rising energy prices, and new technologies and governance frameworks shaping carbon markets.

“Glad to have joined #Innovate4Climate. I highlighted the importance of adaptation, especially in the context of multiple crises, as well as working together across private and public sectors to overcome climate challenges.”

Axel van Trotsenburg, Managing Director of Operations, World Bank



“I was impressed by the depth and quality of the participation by finance, business, technology, and policy experts and leaders. [...] bringing together climate and development goals and how to ensure a just transition.”

Juergen Voegele, Sustainable Development Vice President, World Bank



Regional Climate Weeks

Regional Climate Weeks is a joint initiative of the United Nations Climate Change, the World Bank Group, the UN Development Programme, and the UN Environment Programme. These events bring together governments and other stakeholders to showcase climate action initiatives and explore strategies to achieve the Paris Agreement goals of limiting global warming and fostering resilience. The Regional Climate Weeks cover three themes: national actions and economy-wide approaches; integrated approaches for climate-resilient development; and seizing transformation opportunities.

Three Regional Climate Weeks took place in FY22, with the World Bank leading the first theme at all of them. The key takeaways from the Asia-Pacific Climate Week in July 2021 and the Africa Climate Week in September 2021

were presented at a high-level event during COP26 that highlighted the importance of regional collaboration. This was further emphasized in the final text of the [Glasgow Climate Pact](#), which calls on all stakeholders to use the Regional Climate Weeks as a platform to strengthen credible and durable climate action.

On March 28–31, 2022, the first [Middle East and North Africa Climate Week](#) took place in Dubai, United Arab Emirates. About 4,000 participants joined more than 200 sessions with around 500 speakers from 147 countries. The event brought together governments, private sector leaders, academia, financial institutions, and civil society to discuss the region's climate challenges and opportunities, showcase ambitious solutions, and encourage collaboration.



Above:

Ministers, UN agency heads, and leaders join the COP26 Presidency on-stage to hand over the Regional Climate Weeks 2021 COP26 Communique



Left:

The PMIF's Managing Director, Mari E. Pangestu, speaks to youth representatives at the inaugural Middle East and North Africa Climate Week



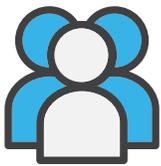
PROGRAM MANAGEMENT

The PMIF is governed by a Partnership Council and a Program Management Unit. The Council determines the strategic direction of the program and endorses the annual work program and budget, while the Program Management Unit is responsible for day-to-day operations and funding decisions.



Governance

The PMIF's governance structure consists of a Partnership Council, which determines the strategic direction of and endorses work program priorities, and a Program Management Unit, which is responsible for administering the PMIF's anchor and associate trust funds.



The **Partnership Council** is made up of all the donors that contribute to the individual trust funds in the PMIF (anchor and associates) and is chaired by the World Bank's Global Director for Climate Change. The Council meets at least once a year to discuss the strategic direction of the program, endorse the annual work program and budget, and review the progress of the work program presented by an annual report. The first PMIF Council Meeting took place on June 22, 2021, and the next one is scheduled for July 5, 2022.

The World Bank's Carbon Markets and Innovation unit is the **Program Management Unit** for the PMIF. It is responsible for day-to-day operations and funding decisions as per predetermined thresholds and due process. The Program Management Unit reports progress against key strategic priorities, thematic focus areas, and the agreed results framework. It is also responsible for organizing various meetings and consultations.

In addition to the formal governance process based on annual reporting and review, the PMIF has created institutional structures for individual trust funds and initiatives to facilitate periodic discussions with contributing partners and receive feedback on various aspects of the work program. During FY22, the Technical Advisory Group of the PMI met twice, while the Compact with Africa held two Steering Committee meetings. Similarly, the CPLC had its Advisory Group meetings and the Climate Warehouse organized regular stakeholder consultations.

In the PMI, three working groups have been established, comprising willing Technical Advisory Group members, to advance discussions and provide technical advice on specific topics:

- Working Group on Just Transition
- Working Group on Monitoring and Evaluation
- Working Group on Emerging Demand for Support on Carbon Markets.



Financial overview

For FY22, the Partnership Council approved a budget of \$22.7 million for the PMIF. Across various trust funds and activities under the umbrella, the total expenditure was \$10.24 million (as of June 15, 2022), or about 45 percent.

PMIF FY22 BUDGET AND ACTUAL EXPENSES (\$ MILLION)		
PROGRAM	APPROVED	ACTUAL
Partnership for Market Implementation	12.2	5.93
CF-Assist	5.7	
<i>Carbon Pricing Leadership Coalition</i>	1.5	0.65
<i>Climate Warehouse/Networked Carbon Markets</i>	2.2	1.84
<i>Innovate4Climate</i>	1.7	1.24
<i>Regional Climate Weeks</i>	0.3	0.17
Compact with Africa – Green Business Fund	4.8	0.41
TOTAL	22.7	10.24

Low disbursement in FY22 was mainly due to hosting virtual instead of in-person events and delays in countries submitting proposals for PMI support.

The original budget was developed with the assumption that the outreach activities would be held in person. However, given the continued restrictions due to the pandemic, all events were conducted virtually, which had a significant impact on disbursement. For example, the original approved budget for Innovate4Climate was \$1.7 million. This was revised to \$1.25 million with the decision to make it virtual, with a final expenditure of \$1.24 million. Similarly, the actual expenditure on the Regional Climate Weeks was \$175,000 against an approved budget of \$300,000.

The PMI's country support program was launched on

schedule and 17 countries were selected to develop full proposals, which were expected to be completed during the fiscal year. However, only nine proposals have been submitted to date, so the budgeted amounts for program implementation could not be disbursed. Factors contributing to this slow process include the following:

- Delivery partners took time to procure consultants to prepare the proposals due to clearances needed from client country authorities.
- In some countries, extensive consultations had to be undertaken across multiple ministries on the proposal scope and the draft proposals.
- Requisite endorsements needed to be obtained, for example, from focal ministries for the World Bank in the respective countries.



PMI FY22 BUDGET AND ACTUAL EXPENSES (\$)				
COST ITEM	APPROVED	DISBURSED	COMMITTED	TOTAL EXPENDITURE
Country program support				
<i>Window 1: Implementation</i>	4,550,000	1,350,000	0	1,350,000
<i>Window 2: Readiness</i>	2,800,000	1,200,000	0	1,200,000
<i>Country delivery and advisory</i>	750,000	510,000	0	510,000
<i>Proposals review by experts</i>	450,000	0	0	
Targeted support				
<i>Window 3: Targeted support</i>	750,000	70,000	530,000	600,000
<i>World Bank delivery and advisory</i>	90,000	0	0	0
<i>Expert reviews</i>	90,000	0	0	0
Knowledge management	775,000	350,000	400,000	750,000
Communications/Outreach	400,000	240,000	0	240,000
Program management	975,000	1,280,000	0	1,280,000
Subtotal	11,630,000	5,000,000	930,000	5,930,000
Contingency	581,500			0
TOTAL	12,211,500	5,000,000	930,000	5,930,000

Nevertheless, in FY22, the PMIF set up a strong platform for various programs to scale up and accelerate implementation from FY23 to accomplish the PMIF's objectives.

