

1ST PLENARY MEETING OF ARTICLE 6 IMPLEMENTATION PARTNERSHIP



ARTICLE 6 CAPACITY BUILDING ACTIVITIES

20 February 2023

Partnership for Market Implementation Facility (PMIF)



The two-fold **objective of the PMIF** is to contribute to the acceleration of global decarbonization efforts by:

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

PMIF will partner with relevant stakeholder groups to deliver assistance under four pillars:

Advisory and Analytics at country-level:

Strengthen capacities for development and implementation of domestic carbon pricing instruments

Knowledge services: Develop the knowledge base on carbon pricing instruments and facilitate knowledge exchange through variety of modalities and products

Innovation: Assist countries to identify and implement best practice approaches and, where relevant, achieve compatibility in design to support the development of international carbon markets

Advocacy services: Policy discussions at various levels - with practitioners, policy-makers and other relevant stakeholders - on the role of carbon pricing as a key climate policy instrument

World Bank Activities in the Carbon Markets



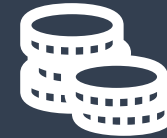
Creating Emission Reduction Credits

Generate **supply** of ERCs from WB IDA & IBRD lending operations with mitigation



Market Infrastructure

End to End Digital Ecosystem for carbon markets through **Climate Warehouse**, Carbon pricing institutions



Monetizing ERCs

Catalyze **demand** for ERCs through result-based/ “Carbon” Funds like **SCALE** and design of financial instruments, products and platforms

Create **capacity, enabling environment**, inform development of **regulatory framework**, institutional arrangements and associated **governance** arrangements, including **PMI** (Partnership for Market Implementation), Climate Market Club, technical assistance through carbon funds

Linkages, flow and support for activities in carbon markets from the Climate Change Group

Product/Process Development, Advisory, and Implementation:

Conceptualization

Prototyping Products

Implementation & Scale-Up

Climate Market Club, Climate Warehouse, Invest4Climate, Carbon Market Platform

Partnership for Market Implementation




SCALE
SCALING CLIMATE ACTION
BY LOWERING EMISSIONS

SCALING CLIMATE ACTION BY LOWERING EMISSIONS (SCALE)
provides results-based climate finance during investment project implementation in order to catalyze initial investments, assist repayment, and pay ongoing operating costs




UNLOCKS CLIMATE FINANCE & AMBITION



CARBON+ APPROACH PUTS PEOPLE FIRST



THREE PILLARS STRETCH ACROSS SECTORS




Pillar 1: Natural Climate Solutions

Forest and land-use credit stacking: building on classic REDD+ by being more ambitious, comprehensive and inclusive.
Blue carbon: stored carbon in marine & coast ecosystems (e.g., mangroves, tidal peat swamps & marshes, sea grasses).
Climate-smart agriculture: integrated approach to cropland, rangelands and fisheries to increase productivity, deliver adaptation/resilience, & ERs.



Pillar 2: Sustainable Infrastructure Solutions

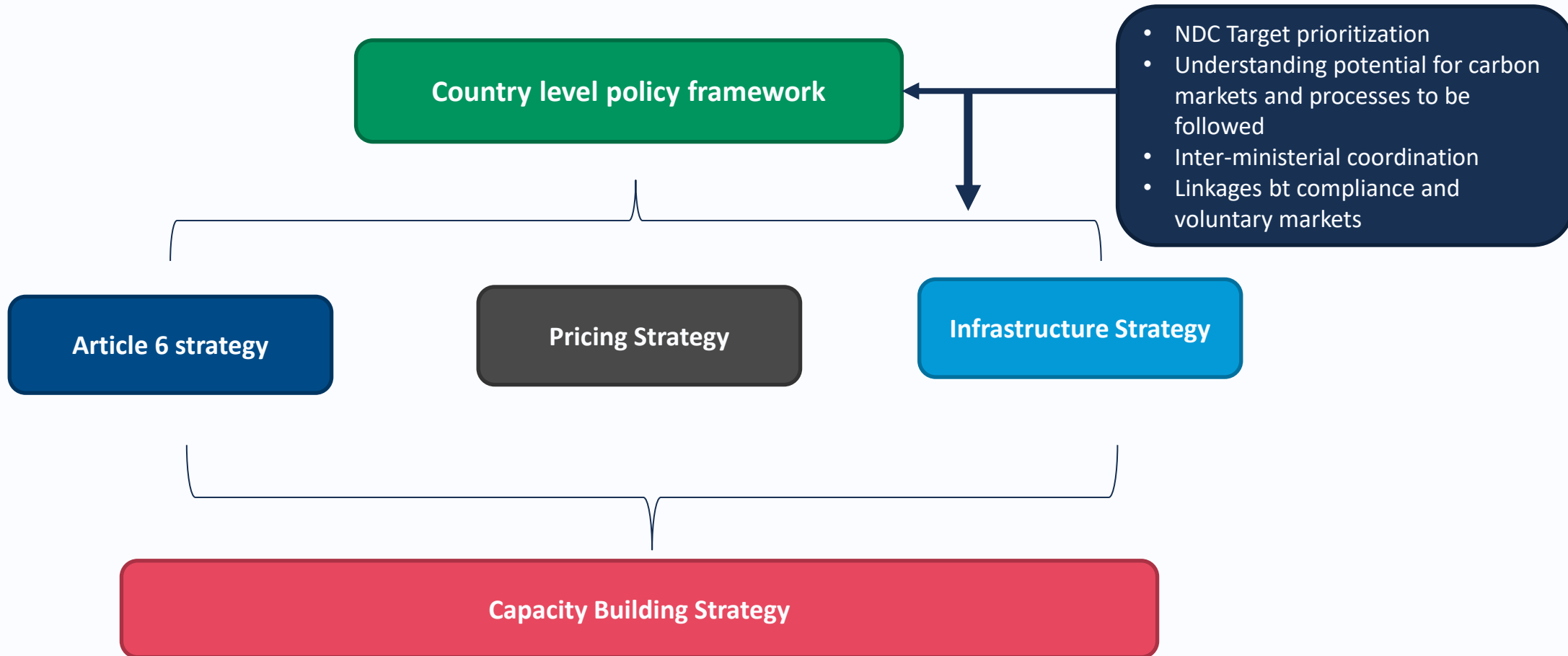
Energy transition: phasing out coal and scaling renewables in coal-consuming countries committed to decarbonization.
E-mobility: vehicle switching for high-mileage users, fleet replacements, and novel schemes (e.g., e-vehicle leasing & guarantees for charging infrastructure).
Low-carbon cities: energy efficient buildings, climate-smart urban planning, & low-carbon infrastructure/services.



Pillar 3: Fiscal & Financial Solutions

Green financial sector reform: supporting policy and other changes to attract greater financial sector investment in climate action.
Subsidy reform: eliminating fossil fuel and agricultural subsidies to free up funds for productive/climate-smart uses.
Carbon taxes: results-based payments for ERs can offset the impacts on poorer consumers of higher carbon pricing.

Supporting countries readiness to participate in international carbon markets



Climate Market Club consists of like-minded countries to discuss and learn about different aspects of Article 6

Governments agree on guidelines for piloting the generation, transfer, and use of mitigation outcomes

Principles

- Ensure environmental integrity of mitigation outcomes under Article 6.2 and increase ambition of climate action;
- Ensure corresponding adjustments and avoidance of double counting of mitigation outcomes; and
- Follow the rules and guidance that emerge from Article 6.2 of the Paris Agreement

Primary Members (Government)



Non-Primary Members (Non-Government)



Secretariat

World Bank and other MDBs

- ❖ Approach Papers
- ♣ A6 strategy
- ◆ Institutional and policy framework
- ♠ Infrastructure



World Bank Climate Warehouse Program:

Building an End-to-End Digital Ecosystem for Carbon Markets



Pillar 1: Piloting and Developing Global Public Goods

Making digital infrastructure for carbon markets available to client countries through development, testing and prototyping of innovative digital infrastructure for carbon markets.

Work Streams:

- **Digital for Climate (D4C) Working Group.** Collaboration with EBRD, UNDP, UNFCCC, and WB for a modular and interoperable end-to-end digital ecosystem for carbon markets.
- **Digital Monitoring, Reviewing and Verification (dMRV) systems.** Piloting the connection between dMRV systems with national carbon registries and national MRV systems.
- **National Carbon Registries.** Development of opensource off- and on-chain transaction registries.
- **Tokenization instruments.** Development of tokenization instruments to tokenize carbon markets.
- **Climate Action Data Trust (CADT)**



Pillar 2: Global Knowledge and Capacity-Building

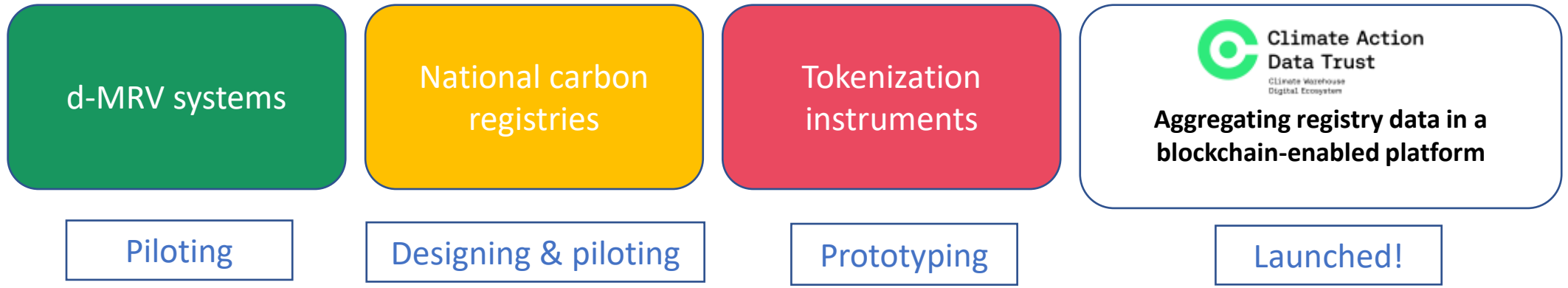
Support countries and jurisdictions to in implementation of digital infrastructure for carbon markets needed for GHG mitigation and NDC implementation through PMI Technical Assistance

Work Streams:

- **Develop** knowledge base on digital infrastructure and facilitate information exchange through technical discussions and knowledge dissemination
- **Assist** countries to identify and implement best practice approaches and, where relevant, achieve compatibility in design to support the development and linking of digital infrastructure for carbon markets
- **Encourage** international and national cooperation, and inform the domestic and global policy discussions on GHG mitigation by sharing lessons learned and providing a platform for collective innovation on digital infrastructure products

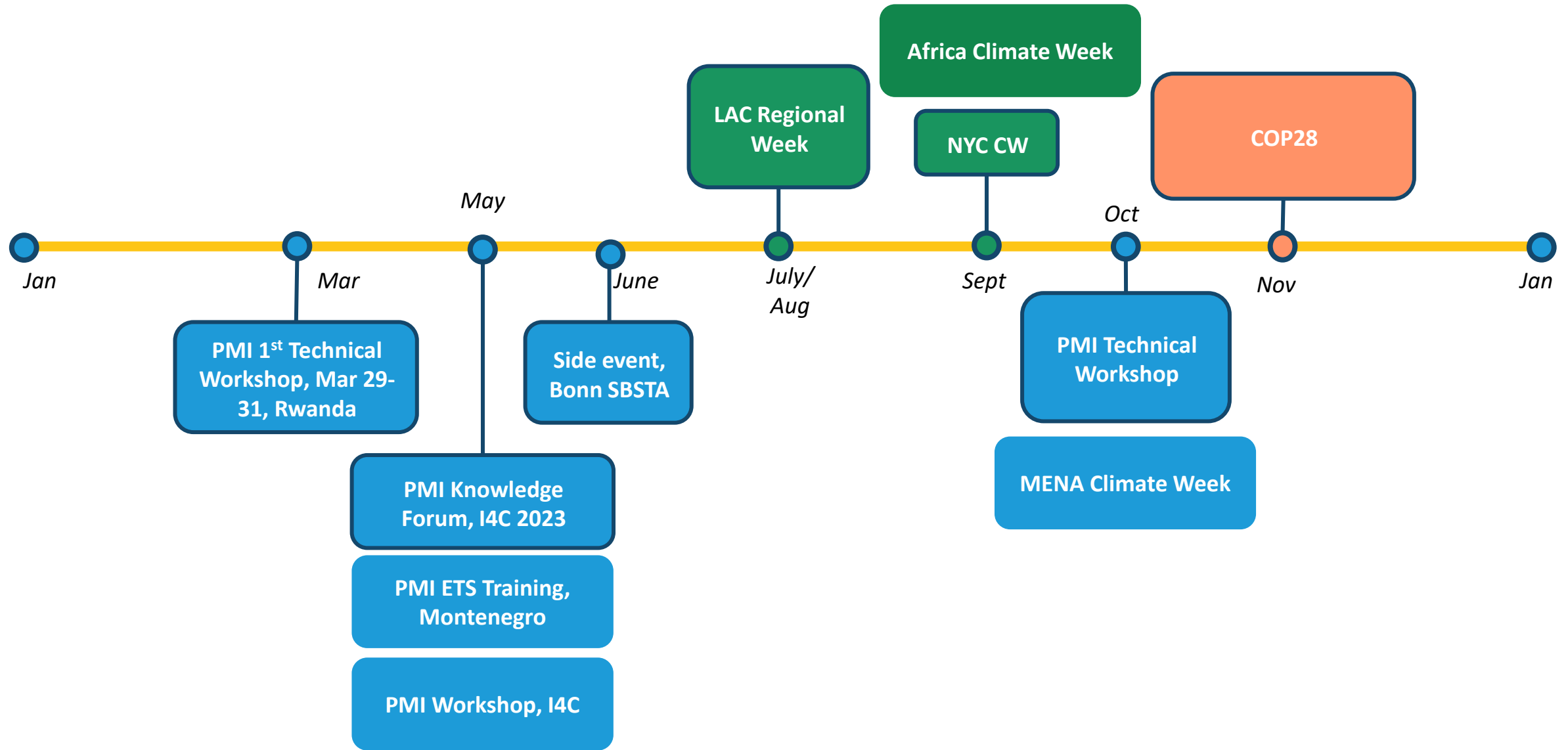
World Bank Climate Warehouse Program:

Building an End-to-End Digital Ecosystem for Carbon Markets



Designing, prototyping, piloting and validating digital infrastructure for the scale up of carbon markets and finance

2023 Capacity Building Activity Calendar



Thank You!

Program links & resources:

- Partnership for Market Implementation (PMI) - <https://pmiclimate.org/>
- Partnership for Market Readiness (PMR) – <https://thepmr.org/>
- Carbon Pricing Leadership Coalition (CPLC) - <https://www.carbonpricingleadership.org/>
- Climate Warehouse - <https://www.theclimatewarehouse.org/>
- Networked Carbon Markets - <https://www.worldbank.org/en/topic/climatechange/brief/globally-networked-carbon-markets>
- Innovate4Climate - <https://www.innovate4climate.com/>
- Pilot Auction Facility - <https://www.pilotauctionfacility.org/>

Partnership for Market Implementation



Country program

- 17 countries – 9 implementation and 8 readiness
- 12 of the 14 country proposals approved and moving towards execution
- 9 ETS, 2 carbon tax, 2 crediting programs, rest feasibility of CPIs
- All PMI countries also have work components on Article 6 operationalization

Regional program

- Sub Saharan Africa initiative for CB and TA around A6 and domestic CP
- Pacific Islands programs soon to be launched

Just-in-time support

Brazil	Bosnia
Mongolia	Philippines
Ecuador	Peru

Technical program

- Carbon pricing in power sector
- Political economy of carbon pricing
- State and trends of carbon pricing
- Technical Workshops
- Training programs
- Online learning