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SUMMARY REPORT

ENHANCING CARBON PRICING & INTERNATIONAL CARBON MARKET READINESS THROUGH THE MITIGATION ACTION ASSESSMENT PROTOCOL

WORLD BANK GROUP
Climate Change

pmr | PARTNERSHIP FOR MARKET READINESS

THE NETWORKED CARBON MARKETS INITIATIVE

Climate Warehouse

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Acknowledgements

The assessments were supported by the World Carbon Markets and Innovation Practice (SCCMI). The team from the World Bank included (in alphabetical order): Marcos Castro, Harikumar Gadde, Keisuke Iyadomi, Juan Mata, Rachel Mok, Miguel Rescalvo, Florencia Sánchez Zunino, and Chandra Shekhar Sinha.

We would like to thank the following persons (in alphabetical order) who collaborated with the team on this pilot exercise and the assessment framework. Without their support, the pilot assessments would not have been possible.

Ximena Aristizábal (PMR Mexico); Libasse Ba (Senegal's National Climate Change Committee); Francisco Dall'Orso León (Chile's Ministry of Energy); El Hadji Mbaye Diagne (Senegal's National Climate Change Committee); Papa L. Diouf (Senegal's Ministry of Environment and Sustainable Development); Lorenzo Eguren (PMR Peru); Manuel García (PMR Peru); Hugo González-Manrique (PMR Mexico); Marlen Görner (PMR Chile); Carlos Maldonado (PMR Mexico); Fatma Niang (Senegal's Ministry of Environment and Sustainable Development); Babacar Sarr (Consultant); Madeleine Sarr (Senegal's Ministry of Environment and Sustainable Development); Ousmane Sarr (Senegal's National Climate Change Committee); and Juan Pedro Searle (Chile's Ministry of Energy).

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SUMMARY REPORT

ENHANCING CARBON PRICING & INTERNATIONAL CARBON MARKET READINESS THROUGH THE MITIGATION ACTION ASSESSMENT PROTOCOL

Overview

Putting a price on carbon could be an indispensable part of a country's strategy to reduce emissions in an efficient way. Many countries are evaluating the potential role of domestic carbon pricing instruments to support their broader decarbonization strategies. Carbon pricing needs to operate as part of a broader policy mix to be effective, and the development of carbon pricing instruments is a dynamic process requiring adjustments and reviews over time.

Furthermore, putting a price on carbon through international carbon markets could also offer significant cost benefits and enable flexibility in achieving emission reduction targets. Article 6 of the Paris Agreement provides a potential basis for bottom-up carbon market linkage. Beyond Article 6, the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and voluntary carbon markets provide additional avenues to explore the role of carbon markets.

Under the Paris Agreement, carbon pricing policies and international carbon markets are increasingly developed bottom-up[1] and are diverse in nature to accommodate countries' domestic priorities. While this bottom-up development promotes innovation, the diversity of approaches reduces transparency between climate actions and increases the complexity of market integration. A standardized framework is needed to assess countries' capacity building needs to participate in carbon pricing and international carbon markets.

The World Bank initiated the development of the Mitigation Action Assessment Protocol (MAAP) in 2015 to drive meaningful assessment of diverse climate actions. In 2020, with the support of the Partnership for Market Readiness (PMR), the World Bank supported the development of two additional versions of MAAP, the International Transfer Readiness (MAAP-ITR) and the Domestic Carbon Pricing Instruments (MAAP-CPI). MAAP-ITR aims to assess the level of readiness to participate in international transactions (particularly Article 6.2). MAAP-CPI seeks to assess the level of development of countries' efforts toward the design and implementation of CPIs. By applying MAAP the user can identify capacity building needs and priority actions.

Pilots results showed that MAAP provides a transparent and relatively easy-to-use framework to help countries identify strengths and opportunities for improvement. Future implementation of the tool will seek to address identified challenges such as collecting evidence, identifying capacity building priorities, and providing guidance on communication strategies. This report summarizes key findings and lessons learned from pilots.

[1] Under the bottom-up architecture of the Paris Agreement, countries determine their mitigation goals and pledge Nationally Determined Contributions. This is in contrast to a top-down approach where an international climate agreement is managed by a strong multilateral institution and based on legally binding commitments for emission reductions or finance for as many national governments as possible.

1. Context

1.1 CARBON PRICING

Carbon pricing is any policy that creates a direct and explicit price on greenhouse gas (GHG) emissions. By making pollution more expensive, economic actors are incentivized to account for the costs of their emissions when making commercial decisions. Carbon prices often cover only some of a jurisdiction's emissions, and there are often a range of barriers to emissions mitigation that carbon pricing alone cannot address. This means that a comprehensive policy package is required to reduce emissions. CPIs generally take the form of a carbon tax or an Emissions Trading System (ETS).[2]

- **Carbon taxes** are those that explicitly put a price on GHG emissions or that use a metric directly based on carbon (that is, a uniform price per tCO_2e or per unit of fuel based on its carbon content).[3] They force emitters to internalize the cost of pollution by implementing a compulsory charge proportional to the emissions associated with activities and goods, creating a financial incentive for emission reduction.

- **ETSs (also called cap-and-trade systems)** work by placing a quantitative limit (a cap) on the amount of GHG emissions from specific sectors of the economy.[4] Regulated entities are required to surrender one "allowance" for each unit of emissions for which they are responsible.[5] Regulated entities either acquire allowances from auctions, are allocated allowances for free, or purchase them from other regulated entities in a secondary market. The carbon price will vary with changes in allowance supply and demand.

Carbon pricing is critical for the Paris Agreement goal of decarbonization and has multiple co-benefits including generating fiscal revenues and catalyzing investments. Many countries and private sector entities are factoring in the potential role of carbon pricing instruments (CPIs) as a part of their decarbonization strategies. Ambitious climate action will require a significant shift in investment patterns and behaviors, and innovation in technologies, infrastructure, financing, and practice. A well-designed carbon price could be a cost-effective way to abate GHG emissions by helping such a transformational shift and innovation.[6] There is evidence of growing momentum on carbon pricing – 97 out of 190 nationally determined contributions (NDCs) mention carbon pricing, and there are now 61 CPIs in place or scheduled for implementation, consisting of 31 ETSs and 30 carbon taxes.[7]

The choice and design of carbon pricing depends on local context and is a dynamic and time-consuming process requiring stakeholder engagement, adjustments, and reviews over time. The design and implementation of a carbon pricing instrument should be a part of an integrated set of policies that are linked to development priorities. In the design and implementation of carbon pricing, the political and economic considerations are critical. If these considerations are not carefully accounted for, carbon pricing can be misaligned with other policies, have regressive impact or carbon leakage, negatively affect competitiveness, or have impact on government revenues.

Carbon pricing – in combination with other coordinated policies – will play a critical role in bringing economic efficiency to climate action while contributing to sustainable development.

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[2] World Bank (2021) Carbon pricing assessment and decision making: A guide to adopting a carbon price.

[3] State and Trends of Carbon Pricing, 2016.

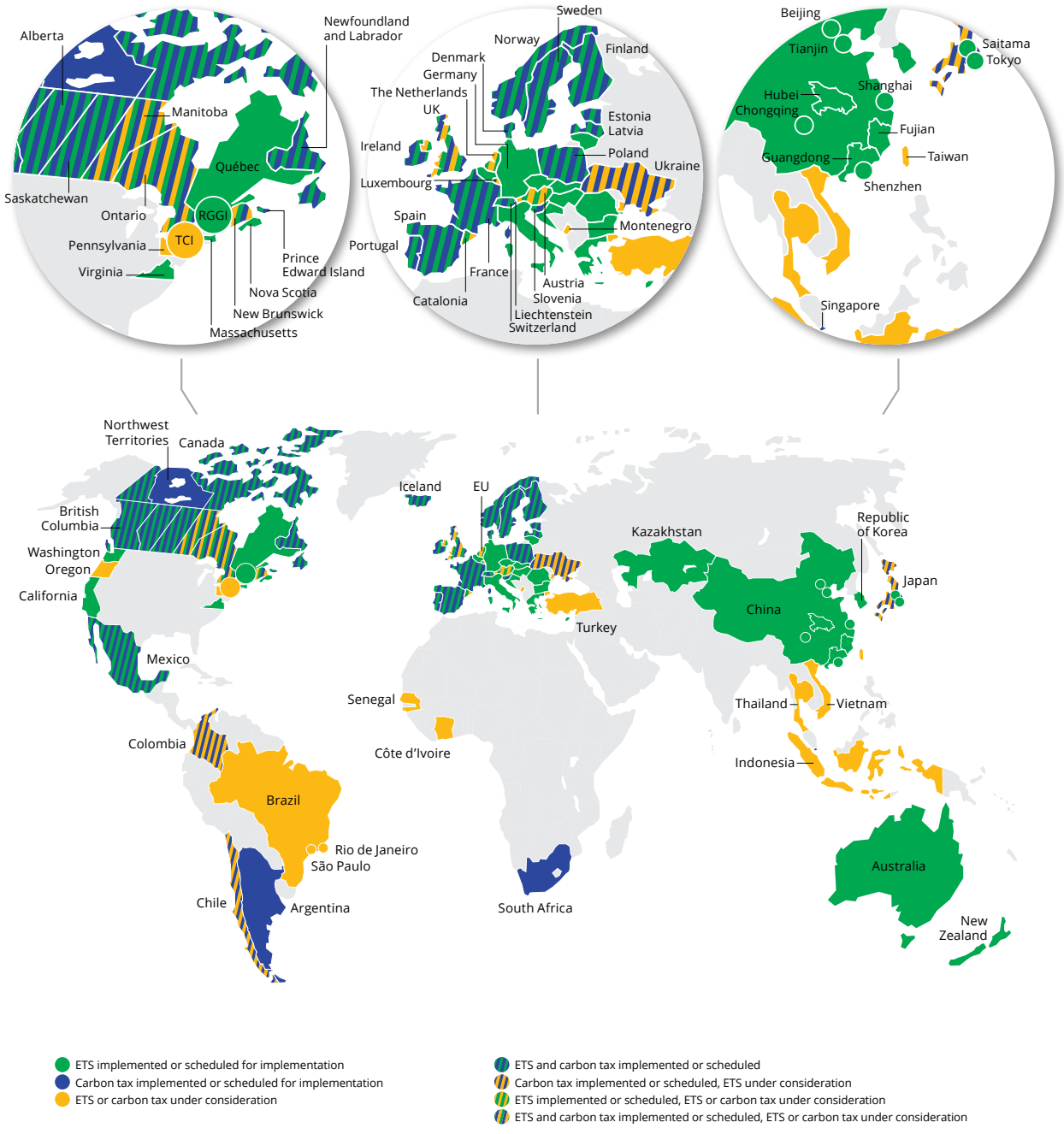
[4] Baseline and credit systems are a subtype of ETS, using an emissions intensity-based cap set at either a firm or industry level and calculated net liabilities or credits based on a performance-based standard.

[5] One allowance typically equates to one ton (1,000 kg) of carbon dioxide equivalent, or one short ton (907 kg) of carbon dioxide equivalent in some systems in the US.

[6] World Bank (2018), "Carbon Markets under the Kyoto Protocol", https://openknowledge.worldbank.org/bitstream/handle/10986/31210/133140-19-12-2018-17-11-20-CarbonMarketsUnderKPWeb.pdf?sequence=1&isAllowed=y

[7] World Bank, "Carbon Pricing Dashboard", https://carbonpricingdashboard.worldbank.org/

FIGURE 1. CARBON PRICING INITIATIVES IMPLEMENTED, SCHEDULED FOR IMPLEMENTATION, AND UNDER CONSIDERATION (ETS AND CARBON TAX) (STATE AND TRENDS, 2020)



1.2 INTERNATIONAL CARBON MARKETS

It has been estimated that international carbon markets, if designed well, could reduce the cost of implementing countries' NDCs by more than half to $250 billion per annum in 2030, or increase the amount of emissions removed by 5 $GtCO_2$ a year in 2030, at no additional cost.[8] Article 6 of the Paris Agreement recognizes voluntary cooperation for the implementation of NDCs, and the draft negotiation text suggests that there would be two types of carbon markets. Article 6.2 will likely have flexibility for bilateral or plurilateral arrangements between Parties, relying on assets generated and transferred under a variety of mechanisms, procedures, and protocols. Article 6.4, in contrast, will likely involve a higher level of supervision by Parties to the Paris Agreement. Beyond international carbon markets under Article 6, the International Civil Aviation Organization (ICAO) has also decided to establish a global market-based mechanism, in the form of the CORSIA to help achieve ICAO's global goal of carbon-neutral growth from 2020 onwards. Despite the potential impact of the COVID-19 pandemic on air travel, this is expected to contribute to global demand for carbon offsets and to play a key role in supporting the development of the next generation of carbon markets. Other voluntary market mechanisms are also emerging, potentially providing additional avenues for countries to explore the role of the private sector in contributing toward climate goals. There are more than 14,500 registered crediting projects, generating almost 4 billion tCO_2e of cumulative carbon credits.[9] Crediting activity is starting to shift or scale up beyond projects generated from the Kyoto mechanisms, such as the Clean Development Mechanism (CDM) to program, sectoral, or policy level. Companies remain active in voluntary markets, with credits from independent crediting mechanisms responsible for almost two-thirds of all credits issued in 2019. Several countries are also linking their carbon crediting schemes for compliance purposes with a carbon tax or ETS. Governments are also developing domestic crediting mechanisms. Not only do these projects generate local benefits, but carbon credits also give companies flexibility to meet their compliance on climate commitments.[10]

It is critical to lay the foundation for post-2020 international carbon markets in the next few years given that the Paris Agreement has left the key definition and architecture to future negotiations while the NDC implementation period has already started. Furthermore, while negotiations on international carbon markets are ongoing, countries should not wait to abate emissions but seek to implement domestic mitigation policies, especially carbon pricing, as soon as possible. Therefore, it is now more important than ever to design new concepts that could enhance impact, enable scaled-up action, and build countries' capacity to fully utilize the opportunity presented by international carbon markets and CPIs to meet climate goals and raise ambition.

1.3 VISION OF THE MAAP

Climate ambition skyrocketed in 2020 and is expected to continue to grow. To date, more than 121 countries and 1,000 companies have pledged net zero carbon emissions.[11] Thirty Parties, representing 44 countries and 14.5% of global GHG emissions, have adopted net-zero targets in law or policy.[12] Under the Paris Agreement, countries have agreed to reach net zero by 2050 and agree to communicate updated NDCs every five years. Despite this growing momentum, countries are still far from reaching the global goal. To reach the 1.5°C temperature target, global net CO_2 must decline by ~45% from 2010 levels by 2030.

Putting a price on carbon, either through a domestic carbon pricing instrument or international carbon markets, could play an important role in driving innovation across sectors and facilitating an orderly transition towards low carbon by addressing market failures. Nonetheless, while the current bottom-up development of carbon pricing and international carbon markets promotes innovation, the diversity of approaches reduces transparency between climate actions and increases the complexity of market integration. A standardized framework is needed to track progress on carbon pricing and international carbon market development. In the short run, such a standardized framework could support the development of more robust carbon pricing and international carbon market policies, through either a self-evaluation or independent assessment. As the application of a standardized

[8] IETA, University of Maryland and CPLC (2019), "The Economic Potential of Article 6 of the Paris Agreement and Implementation Challenges," https://www.ieta.org/resources/International_WG/Article6/CLPC_A6%20report_no%20crops.pdf

[9] World Bank (2020), "State and Trends of Carbon Pricing 2020" https://openknowledge.worldbank.org/bitstream/handle/10986/33809/9781464815867.pdf?sequence=4&isAllowed=y

[10] World Bank (2020), "State and Trends of Carbon Pricing 2020" https://openknowledge.worldbank.org/bitstream/handle/10986/33809/9781464815867.pdf?sequence=4&isAllowed=y

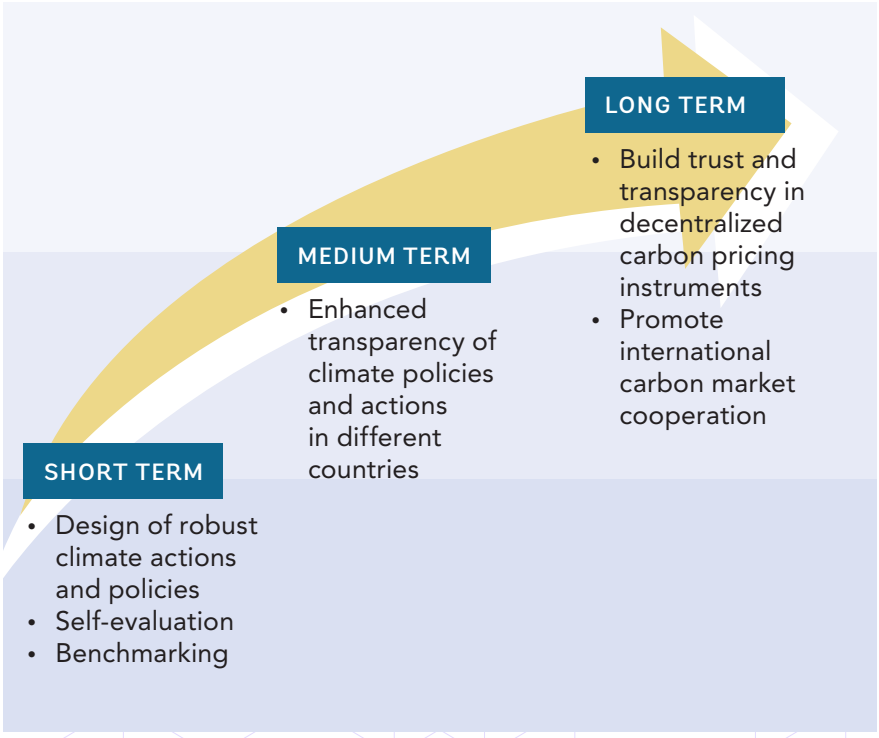
[11] UNFCCC, "Climate Ambition Alliance: Net Zero 2050", https://climateaction.unfccc.int/views/cooperative-initiative-details.html?id=94

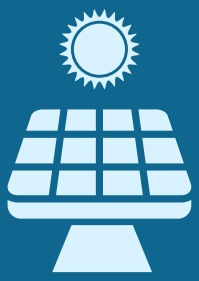
[12] Climate Watch, "Net-Zero Tracker", https://www.climatewatchdata.org/net-zero-tracker?indicator=nz_year&showEUCountries=true

framework is scaled up, these assessments could also increase trust and transparency across decentralized policies, and facilitate international cooperation and knowledge sharing (see Figure 2).

Against this backdrop, the World Bank's Networked Carbon Markets (NCM) initiative started the development of the MAAP in 2015 to drive meaningful assessment of diverse climate actions. The main goal of MAAP is to provide a standardized framework to evaluate the risks and performance of climate actions and policies. MAAP takes a scales-based approach to provide a more nuanced assessment of the relative strengths and weaknesses of climate actions. The modules are composed of a series of key indicators, each reflecting best practices. Each indicator includes a checklist of activities, and the scores assigned to each indicator depend on the extent to which these activities have been achieved. Each module is independent from the others, enabling users to add or remove modules based on their own interests and needs.

FIGURE 2. STRATEGIC OBJECTIVES OF MAAP

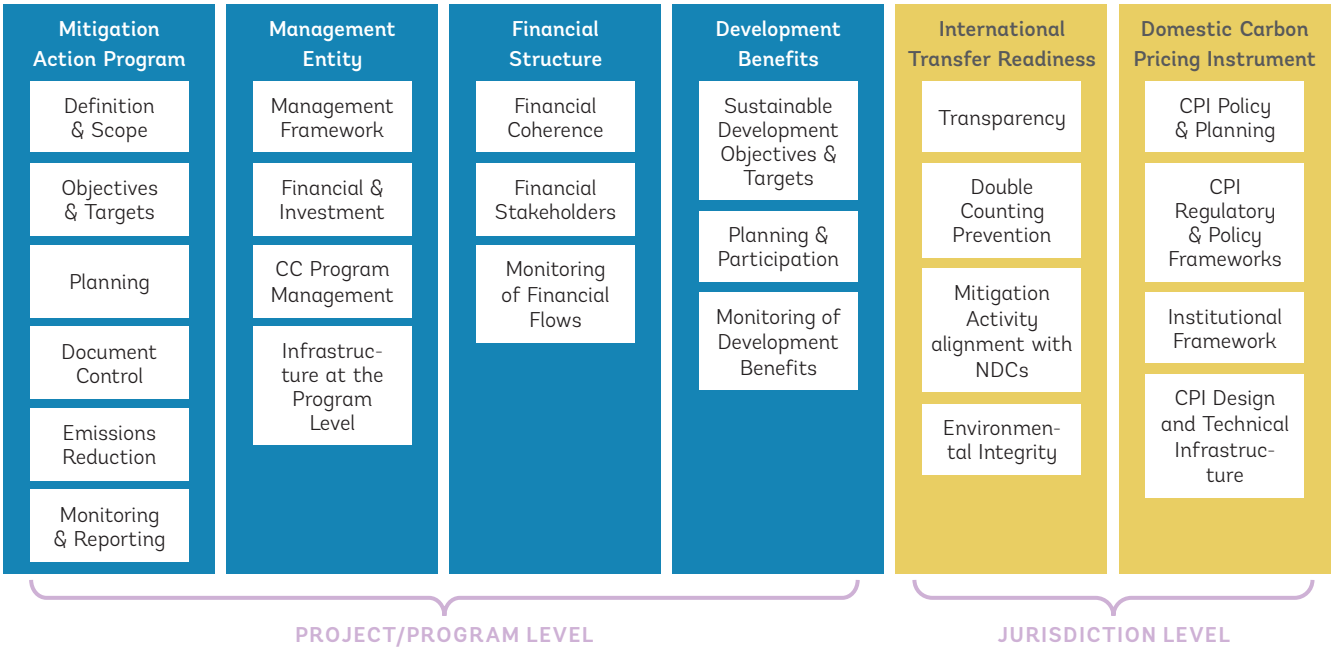




Carbon pricing is any policy that creates a direct and explicit price on GHG emissions.

The main goal of MAAP is to provide a standardized framework to evaluate the risks and performance of climate actions and policies.

FIGURE 3. METHODOLOGICAL FRAMEWORK OF MAAP



MAAP has four modules that focus on project or program-level assessments, specifically in relation to mitigation action design, the management entity, financial structure, and development benefits. The project/program-level framework is currently used as an online interface, and has been developed with the support of more than 40 partners, including governments, multilateral development banks, the private sector, and civil society groups.

With the support of the Partnership for Market Readiness (PMR), the World Bank expanded and piloted two additional versions of MAAP: **MAAP-CPI** and an updated version of the **MAAP-ITR** to help countries assess, prepare, and participate in domestic CPIs and international carbon markets.

MAAP-CPI and MAAP-ITR seek to increase transparency and comparability of different climate policies and actions to inform targeted capacity building, especially in the context of bottom-up market mechanisms of the Paris Agreement. The annex of this report describes the frameworks in more detail.

The expected value added by this work with PMR's support includes:

- Assisting countries in understanding where they stand in the design and implementation processes of CPIs;
- Assessing the level of capacity required to participate in international climate markets for countries that are developing international carbon markets strategies, including Article 6 and CORSIA;
- Helping countries to identify the gaps and to use MAAP key indicators to identify critical next steps in the design and implementation process;
- Identifying capacity building needs. This could be used to support countries' readiness and technical work programs, as well as developing countries' roadmaps for implementing domestic CPIs;
- Informing countries' analytical work to advance policymakers' understanding on how best to integrate CPIs and international carbon markets into their existing sectoral and national policy landscape and support countries' NDCs.

The design principles for this work are as follows:

- MAAP is designed to support countries at various stages of policy development so that progress can be tracked over time. During the early design stage, MAAP can help countries understand the key building blocks of a CPI development process. At a later stage, MAAP could be used to assess how well the instruments have been implemented.

- MAAP is not instrument specific. Instead, it seeks to assess the robustness of common building blocks for CPIs and international carbon markets. Other PMR guides (such as those shown in figure 4) support supplemental assessments to provide more instrument-specific design recommendations.

- While there is no standardized way to design CPIs and international carbon markets, MAAP seeks to provide a checklist of common building blocks based on international best practices. However, countries do not necessarily need to achieve full scores on MAAP to participate in carbon pricing and international carbon markets. Instead, the tool strives to help countries track their progress and, based on lessons learned, adjust their policies over time.

The framework builds on existing technical work and country experience, including PMR's Market Readiness Proposal (MRP) and the World Bank's FASTER principles for carbon pricing. As shown in figure 4, the World Bank has developed a range of tools and guides, including MAAP, which can be used in a complementary manner to support the development of carbon pricing instruments and international carbon markets at various stages of the process. As previously mentioned, MAAP was developed to help countries understand their readiness in the design and implementation processes; by doing so, countries can also identify the gaps and use MAAP key indicators to identify how to make progress in the design and implementation process.

In the carbon pricing design and implementation process, the CPI Assessment and Decision-Making Guidebook can support early discussions by helping to develop the case for carbon pricing and to analyze the CPI options available. Subsequently, the MAAP tool can provide a deeper assessment of the key gaps and capacity-building needs. The MAAP assessment is likely most useful at the design and implementation stages (i.e., when the country has done some groundwork to consider potential CPI options), rather than at the very early stage of CPI consideration. Nonetheless, at earlier stages, MAAP scores can provide a point of reference to highlight the key best practices that the country should strive towards over time.

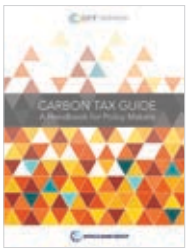
FIGURE 4. COMPLEMENTARY TOOLS AND KNOWLEDGE PRODUCTS FOR CARBON PRICING

PREPARING FOR CARBON PRICING | **DESIGN AND IMPLEMENTATION**

CARBON PRICING ASSESSMENT AND DECISION MAKING

(FORTHCOMING)

CARBON PRICING ASSESSMENT TOOL (CPAT)



CREDITING GUIDE

(FORTHCOMING)

MRV AND REGISTRY | **MANAGING COSTS AND BENEFITS**

CO-BENEFITS GUIDE

(FORTHCOMING)

1.4 MAAP-CPI ASSESSMENT FRAMEWORK

The MAAP-CPI tool is meant to assess the level of development toward the design and implementation of CPIs. MAAP-CPI is designed to support countries in evaluating their ongoing efforts for CPI integration into the country's overall policy package, and to assess the existing level of development of CPIs in order to identify gaps and priority actions. The tool builds directly on the existing MAAP framework as well as PMR's technical documents and country programs.

MAAP-CPI is divided into four modules, as shown in figure 5 below. The first two modules, **"CPI Policy & Planning"** and **"CPI Regulatory & Policy Frameworks,"** consider the broader political, economic, and social context in which the policy occurs. The modules assess the policies and processes being designed or implemented to operationalize the CPI, and evaluate the robustness of resources, rules, and incentives that are in place. The third module, **"Institutional Framework,"** contributes to analytical work to advance policymakers' integration of CPIs into their existing sectoral and national policy landscape, defining clear roles and responsibilities. This module assesses coordination with relevant stakeholders in the development and implementation of CPIs. Overall, the first three modules evaluate the enabling environment that countries are implementing to participate in CPIs by identifying the level of domestic development in the institutional frameworks, processes, and infrastructure. The fourth module, **"CPI Design and Technical Infrastructure,"** is a more specific assessment of the technical and environmental aspects of the CPI. These indicators assess the technical architecture, documentation, and financial sustainability for the CPI. Overall, module 1 is relevant to the broader policy landscape and can be replicated for different assessments in a country, while modules 2, 3, and 4 are for individual CPI evaluation.

1.5 MAAP-ITR ASSESSMENT FRAMEWORK

MAAP ITR aims to assess whether a country has the necessary institutional framework and infrastructure in place to participate in international carbon markets, such as Article 6 (particularly 6.2), CORSIA, and voluntary carbon markets. Indicators are grouped into the following modules, as shown in figure 6.

The first two modules, **"Party Readiness"** and **"Article 6 Implementation,"** assess whether the country has the necessary institutional framework and infrastructure in place for international transfers under Article 6.2. The "Party Readiness" module assesses the robustness of institutional frameworks and infrastructure for existing climate markets. On the other hand, the Article 6 implementation module assesses the infrastructure and processes that are put in place specifically for international transfers under Article 6. The indicators under "Article 6 Implementation" are most applicable to Parties with ongoing piloting activities.

FIGURE 5. MODULES UNDER CPI

CPI Policy & Planning	• CPI definition and scope • Planning
CPI Regulatory & Policy Frameworks	• CPI legal mandate • CPI operational rules • CPI incentives for support
Institutional Framework	• CPI management structure • Roles and responsibilities • Stakeholders' participation
CPI Design and Technical Infrastructure	• CPI objectives and targets • CPI design principles • CPI financial mechanisms for support • CPI contribution to sustainable development • MRV CPI processes and infrastructure

Indicators that are grouped under these two modules are further categorized into four assessment areas, as defined below:

- **Country-level environmental integrity**. This criterion assesses the processes that countries are designing and implementing to ensure that transfers of units between Parties do not lead to an overall increase in global GHG emissions and that any international transferable unit generated as a result of cooperative approaches is real, permanent, and verifiable.

- **Alignment of mitigation activities with the NDC**. The alignment of traded activities with the issuing Party's NDC is key to ensuring that the activity is conducted in priority areas.

- **Double Counting Prevention**. A country should have the required infrastructure to track all ongoing units and activities at the national and subnational level related to GHG emissions, including those that may be transferred internationally. The mechanisms should have documented procedures for registering activities and dealing with potential double counting of emissions reductions.

- **Transparency**. This assesses the extent to which the country is complying with the requirements established, among others, in the Modalities, Procedures, and Guidelines (MPGs) for the Transparency Framework referred to in Article 13 of the Paris Agreement. Key indicators include those related to the quality of information related mitigation strategies and policies, the Party's NDC, reporting requirements for the GHG inventory and for tracking the NDC implementation.

The extent to which NDCs provide a clear and complete picture of a country's climate commitment is critical for ensuring the environmental integrity of international transfers under Article 6. Against this backdrop, existing indicators from the "Party Readiness" and "Article 6 Implementation" modules are extracted to form a score on **"NDC Completeness."**

Furthermore, the tool provides a score on **"Unit Transfer Authorization,"** based on scoring using existing key indicators related to the host country's capacity for authorizing international transfers. This is intended to help understand the minimum requirements for hosting projects for international cooperation under Article 6.2, CORSIA, or voluntary carbon offset projects where corresponding adjustments apply. This includes aspects related to the institutional capacity, authorization process, tracking and registration of units, and the processes to do corresponding adjustments, where applicable.

The first version of MAAP ITR has been piloted in 13 countries. A summary report and blog have been published to summarize key results and lessons. MAAP ITR has since been updated with the support of PMR. Overall, pilot results showed that significant capacity building is still needed to align countries' institutional frameworks and infrastructure with the Paris Rulebook and the evolving procedures of Article 6. This capacity building is needed even for countries that have substantial experience in Kyoto markets, seeing that the Article 6 rulebook has not been finalized yet, and therefore, official readiness for Article 6 cannot be considered "complete" in any country.

FIGURE 6. MODULES UNDER MAAP ITR

Transparency	• As per Article 13's "Enhanced Transparency Framework"
Double Counting Prevention	• Double claiming, double issuance, double registration and double use
Mitigation Activity Alignment with NDCs	• Actions should be taken to ensure alignment with the Issuing Party's NDCs
Environmental Integrity	• Does not lead to an overall increase in global GHG emissions and that ITMOs are real, permanent, and verifiable

2. Objectives of the Pilot Assessments

PMR and NCM are expanding and piloting the updated MAAP-CPI and MAAP-ITR tools to assess the level of development of carbon pricing policies and instruments in the countries as well as their readiness to enter into international transactions in the future. This assessment identifies gaps in countries' institutional frameworks, processes, and infrastructure. The pilot assessments aim to consultatively explore how MAAP can help countries effectively identify gaps in their institutional frameworks and infrastructure for markets and facilitate broader capacity-building efforts for domestic carbon pricing instruments and international carbon markets.

With the aim of assessing the two additional versions of MAAP in countries with different climate policies and market-based mechanisms strategies, the ITR and CPI tools were piloted in collaboration with partners from Chile's Ministry of Energy, Mexico's PMR program,[13] Peru's PMR program and Senegal's Ministry of Environment and Sustainable Development. As described in table 1, countries selected for piloting are at various stages of carbon pricing and international carbon market development.

TABLE 1. PILOT COUNTRIES' LANDSCAPE OF MARKET-BASED INSTRUMENTS

	CHILE	MEXICO	PERU	SENEGAL
DOMESTIC CARBON PRICING IS BEING DESIGN OR SCHEDULED FOR IMPLEMENTATION	CARBON TAX IMPLEMENTED; OFFSETTING SYSTEM UNDER DEVELOPMENT; TRADABLE PERFORMANCE STANDARD PROGRAM PROPOSED IN BILL	CARBON TAX IMPLEMENTED; ETS FIRST PHASE OPERATING	DOMESTIC CARBON PRICING: ASSESSING THE IMPACT OF CARBON PRICE ON SEVERAL SECTORS OF THE ECONOMY	DOMESTIC: CARBON TAX CONSIDERED
ARTICLE 6 PILOTS OR ARTICLE 6 STRATEGY UNDER DEVELOPMENT	YES	YES	YES (AGREEMENT SIGNED WITH SWITZERLAND TO PILOT ARTICLE 6)	YES
UPDATE THE NDCS (AND INCLUDES REFERENCE TO CARBON PRICING)	NDC UPDATED; INTENDS TO USE INTERNATIONAL MARKETS-BASED MECHANISMS	NDC UPDATED; INCLUDES ETS AS A MULTISECTORAL ACTION TO MITIGATE GHG EMISSIONS	NDC UPDATED; CONSIDERS THE USE OF INTERNATIONAL CARBON MARKET MECHANISMS	NDC UPDATED; REFERENCE TO INTERNATIONAL MARKETS

[13] In this instance, the assessment was conducted as part of an internal exercise that did not involve government agencies.

Expected outcomes of the pilot assessment identified by the pilot countries include:

- **Support of countries that are developing strategies for carbon pricing and international carbon markets**. The tools supply useful insights during the design and implementation phase of national carbon pricing instruments, guiding discussion on critical elements to be considered (for instance, the regulatory framework and the infrastructure needed). A prompt assessment can ensure that the domestic infrastructure is aligned with international best practices and facilitate potential participation in international markets, i.e., through linking instruments or use of Article 6.

- **Identify broader country capacity building needs at the regulatory, institutional, and infrastructural levels**. The assessment provides for a self-check regarding design and implementation of carbon pricing instruments and clarifies the priority areas.

- **Inform technical and financial assistance priorities, as well as future country-funding proposals**. The assessment creates an objective baseline for future work and can identify work streams for international cooperation (e.g., PMI). The tools provide a comprehensive assessment of the status of the country's carbon pricing and international carbon market development, and allow for increased trust and transparency to access new sources of funding.

While the piloting process differed from country to country, the standard approach involves six stages as outlined below. The assessment is usually led or supported by a local expert, and the assessment is reviewed and discussed with relevant government counterparts. For more information refer to Annex III.

FIGURE 7. PILOTING PROCESS

3. Lessons learned

MAAP provides a transparent and relatively easy-to-use framework

Policy choices have to be made in line with country priorities (e.g., the use of revenues for offsetting other taxes versus direct payments to households) and MAAP tools can help consider all critical aspects when moving through these critical choices. MAAP provides a transparent and relatively easy-to-use framework, and directly builds on existing country experience and knowledge products that are produced by PMR. The assessment has a transparent framework that provides the reasoning for the scoring of each indicator and there is a guidance document to assist the process. The online version of the tools that will be launched during the first semester of 2021 will enhance transparency by allowing results to be shared with selected users.

Both the ITR and CPI tools have proved useful in ensuring that critical building blocks are considered at various stages of policy development for domestic carbon pricing instruments and international carbon markets. A key objective of MAAP-CPI and MAAP-ITR is to help countries track their progress. The process helps counterparts fully consider what the key gaps and capacity building priorities are, and the way the key indicators are structured enables the users to quickly identify priority actions.

> *"MAAP ITR & CPI are tools for combined assessment of country NDC readiness, ET readiness, and CPI readiness to better understand the current situation, and evaluate and plan the necessary efforts to improve it. To be effective it must be used on a regular basis and the lessons learned must be implemented."* ***Babacar Sarr, Senegal Consultant***

Beyond the technical design of individual policies, MAAP-CPI and MAAP-ITR also encourages the assessor[14] to consider broader aspects that are critical to the success of carbon pricing and international carbon markets, such as the country's political will and level of institutional coordination. This allows the user to take a holistic and coordinated approach when developing their carbon pricing and international carbon market policies. For example, for MAAP-CPI, a key value-add of the tool is that it does not only cover technical issues, but also assesses critical issues that have actually inhibited carbon pricing development in the past (e.g., political barriers, lack of communication and regressive impacts). For MAAP-ITR, the tool places an equally strong emphasis on governance, planning and stakeholder consultation.

The tool can help identify strengths and opportunities for improvement

Through a review of the key elements of design and implementation, the tools can provide insight on critical areas for development and help countries plan the timeline for design and implementation. By analyzing the score obtained for each key indicator and assessment area, countries can quickly assess the required effort to achieve a higher score. Depending on the indicator evaluated, this effort can be translated as capacity building, technology or infrastructure development, or other next steps. This score gap can give countries a sense of the effort needed to fill in gaps in key areas.

For instance, for a country implementing the MAAP-ITR tool with low scores in "Transparency" and "Double counting prevention," it can clarify the areas to prioritize, using the evaluation guidance to plan the next steps in terms of infrastructure or institutional needs. Understanding that the score is a snapshot of the current situation and that low scores should not be interpreted negatively, the score can also help countries track progress of different elements through time. For a country like Senegal in the initial stages of the CPI development, a standardized assessment like

[14] The assessor is the person leading the MAAP process. The assessment is usually led or supported by a local expert, and the assessment is reviewed and discussed with relevant government counterparts.

MAAP can provide a collective understanding of the key areas of development and clarify which public institutions and stakeholders will be essential in the next steps.

Once the strengths and opportunities for improvement are identified, evaluating when to repeat the assessment is also a relevant decision. In Mexico's case, relevant information was being discussed at the moment of the assessment, such as the NDC update and the Special Climate Change Program (PECC). Therefore, important data was about to arise in the short-term. The timing of upcoming assessments should be scheduled so that the newest data is available at the time of developing the new iteration of the assessment.

> *"When applied in the early development stages of a CPI or a strategy to participate in international markets, though it might not be necessary to evaluate every detailed question of the modules, it can be of significant help to go through the areas of action included in the modules, in order to identify aspects to be considered in the development of the CPI or international carbon market participation. This can enable the country to include all relevant aspects from the start."*
> ***Marlen Görner, PMR Chile***

Collecting the evidence for the rating of scoring parameters can be challenging with ongoing developments

Identifying and providing the documents to support the ratings can be an additional challenge when the country is in the design phase and there are ongoing discussions. Decisions usually involve multiple stages, where information might not be documented or publicly available. Countries reported that in some cases, it was hard to find written proof (evidence) or information as decisions were made based on:

- Internal discussions and international exchange;
- Stakeholder exchanges;
- Influence from political opportunities (what can or cannot be approved);
- Reflection in design choices that are not explicitly explained in documentation.

In addition, for information related to Article 6 there are multiple ongoing initiatives but little finalized and published information. Since Article 6 is not yet operational, the section on "Article 6 implementation" represents a snapshot of the development at the moment.

For instance, Mexico has been working on different infrastructure elements needed for the ETS: the system's registry, offset protocols, and the auction platform. The challenge for countries like Mexico in the process of implementing initiatives is that initiatives might be under discussion or in advanced stages of design, but the process is yet to be formalized, and critical information might not be publicly available yet. It is also important to consider that political changes may hamper the implementation of what is currently planned and the government's appropriation of such reports.

There is a need to coordinate with other development projects

Countries implementing the MAAP tools are likely implementing a range of capacity building projects beyond MAAP. It is important to recognize the complementarities and role of MAAP in this context, and how the tools fit in the broader strategy of the country. MAAP can be complementary to other initiatives, for instance by identifying key priority actions or demonstrating results by tracking progress over time. The MAAP tool could also complement instrument-specific assessments. The coordination of the MAAP with other capacity-building projects should not oppose but support given the dynamic nature of tool that can be easily updated. The government's challenge is to take ownership of the tool and give it continuity despite internal changes.

Stakeholder consultation is key to ensure coordination, but it is important to consider an adequate timeline to get feedback on the assessment and its objectives. For example, in Senegal there are several concurrent development projects (e.g., United Nations Framework Convention on Climate Change Collaborative Instruments for Ambitious Climate Action, KliK), and the assessment should identify the main objectives of ongoing engagements, as the results would not be useful if the recommendations are conflicting. It is critical to ensure coordination with other development initiatives or capacity building projects to ensure consistency of recommendations. Given that stakeholder consultation is critical, it is important to estimate how long it will take for the country to conduct the assessment, in order to plan how often the tool will be updated.

Discussion and iteration are necessary for an insightful scoring process

As mentioned above, the score that MAAP provides is not bad or good per se, and a significant benefit of implementing the tool is around the discussions needed to define the score for each indicator. The assessment process can prompt a policy dialogue across key stakeholders, since it involves document reviews, meetings, interviews, and consultation with experts. It is critical to make sure all relevant stakeholders are consulted during the MAAP assessments. All relevant government agencies and individuals should be identified in time and included in the discussion and iteration process.

Piloting countries have reported that agreeing on a score, especially for the yes/no indicators, can generate extensive internal discussions. It is important that the team discusses the stringency expected and refers to the "Assessor Guidelines for the MAAP-ITR Module under Article 6.2 of the PA" to overcome potential difficulties in the scoring process. Overall, It is important that evaluators in charge of the assessment are familiar with the climate policy context as well as with the details of the specific policy instrument to be designed/implemented.

For those who conduct the assessment, the tool also has a learning process. Given the learning period in using the tools, the piloting assessment was developed collaboratively between the country experts and the World Bank team to provide assistance during the assessment. During this initial phase of implementation of the new tools, internal preparatory discussions with government counterparts allowed pilot countries to have a clear idea of how the assessment should be done. The process of implementing the tool in turn helped build countries' capacity to their capacity-building needs through MAAP. It also increased their understanding of what are considered to be critical aspects of any carbon pricing instrument or international carbon pricing market mechanism. Moving forward, it will be critical to train assessors so that they can apply the tool adequately. Providing translations in other languages (Spanish, French, Chinese, etc.) might also be useful for facilitating stakeholder engagement in the countries.

Sharing the results can help communication with stakeholders and provide insightful feedback

MAAP-ITR and MAAP-CPI piloting approaches allow for consultations to receive feedback from relevant government counterparts on the preliminary results and a workshop to discuss how the assessment informs broader carbon pricing and international carbon market strategies. These two instances are critical to gather feedback and update the assessment results as needed. Sharing the results and identifying stakeholders' insights and main concerns can help develop effective communication strategies to improve acceptability among stakeholders, including the private sector. Clear communication around the policies is critical, particularly due to political economy considerations (regressive, competitiveness, etc.). MAAP can help address these issues of political support and communication.

"In Mexico's case, the initial exercise was carried out within the team, so it was easy to recognize the importance of evaluating with different stakeholders to have a more comprehensive analysis. This considering that although the initial examination is rigorous, the voice [of] those who implement climate policy is necessary and enriching." ***Carlos Maldonado, PMR Mexico***

MAAP-CPI provides the most useful insights when applied to one specific carbon pricing instrument

For countries with different carbon pricing instruments in different stages of implementing the assessment, separating some of the modules for each instrument will provide the most useful insights. While some of the modules are an assessment of the country landscape (e.g., the MAAP CPI module 1 regarding "Policy & Planning"), most indicators are specific to the carbon pricing instrument being discussed or implemented. The structure of MAAP-CPI encourages countries to consider that different policies complement each other, ensuring that carbon pricing is considered as part of a broader coordinated policy package.

For example, since 2013 Chile has been conducting a series of studies on the design and implementation of carbon pricing instruments in the country, with a demonstrated political commitment. Chile has three carbon pricing instruments in various stages: a carbon tax fully operational since 2017; a carbon tax reform in 2020, including legal mandate for an offsetting system that is currently under implementation and will enter into force in 2023; and a baseline and crediting system as part of a Climate Change Framework Bill (currently under discussion in Congress). In order for MAAP-CPI to capture the capacity and institutional gaps, the tool was applied to the carbon tax reform, including the offsetting system, as its current development stage allows for the most benefit to be extracted from the MAAP evaluation of the development process, and as an average of the three instruments might not represent the country context.

MAAP-ITR is particularly useful for countries that are developing Article 6 pilots

MAAP-ITR is particularly useful for countries that are conducting Article 6 pilots. It is intended to facilitate learning-by-doing and to inform negotiations on Article 6. For governments that are approaching Article 6 of the Paris Agreement for the first time, the MAAP ITR serves as an agenda that will help build capacities if attended by experts. Coordination and capacity building are essential to address Article 6 cooperative approaches. The tool facilitates localizing where to focus on the next steps, such as developing workshops, courses, or different activities to prepare the country better.

The ITR pilot assessments highlighted that substantial capacity building is still needed to ensure readiness for Article 6, even for countries with considerable experience in Kyoto markets. The bottom-up nature of the Paris Agreement means that countries who wish to participate would need significantly higher levels of preparation for markets. For example, it is critical for countries to develop robust MRV systems at different levels, and develop or have access to a registry in order to ensure that the traded units are legitimate and are not double counted. Countries also need to develop systems to ensure corresponding adjustment is made against traded assets. The pilot assessments also highlighted that institutional coordination is key to ensure international transfer readiness. Decision-making at the national level requires coordination across relevant ministries and stakeholders, particularly for questions such as the eligibility of projects for international transfer, the process for authorizing transfer, and the country's progress with meeting its own NDC goals.

"MAAP - ITR allowed us to have a complete evaluation of our progress, weaknesses and gaps thanks to a set of criteria that address the main elements to consider to achieve a successful ITMO. As a standardized assessment tool, it has the potential to give a comparative vision between countries on their efforts to access international markets within the framework of Article 6, which not only facilitates south-south exchange, but also to direct international assistance."
Lorenzo Eguren, PMR Peru

4. MAAP Online Interface

MAAP-ITR and MAAP-CPI have been integrated into the MAAP online interface to increase the usability and accessibility of the tool. Some of the key functionalities include online assessments; a platform to store key documents (with the option to add documents as evidence); filtering and comparing assessments; and tracking progress over time by comparison of the visualization tools to facilitate benchmarking.

The platform enables countries to easily track their progress over time, use visualization tools to facilitate benchmarking, and store key documents as evidence for the allocated scores. To start using please visit https://maap.worldbank.org.

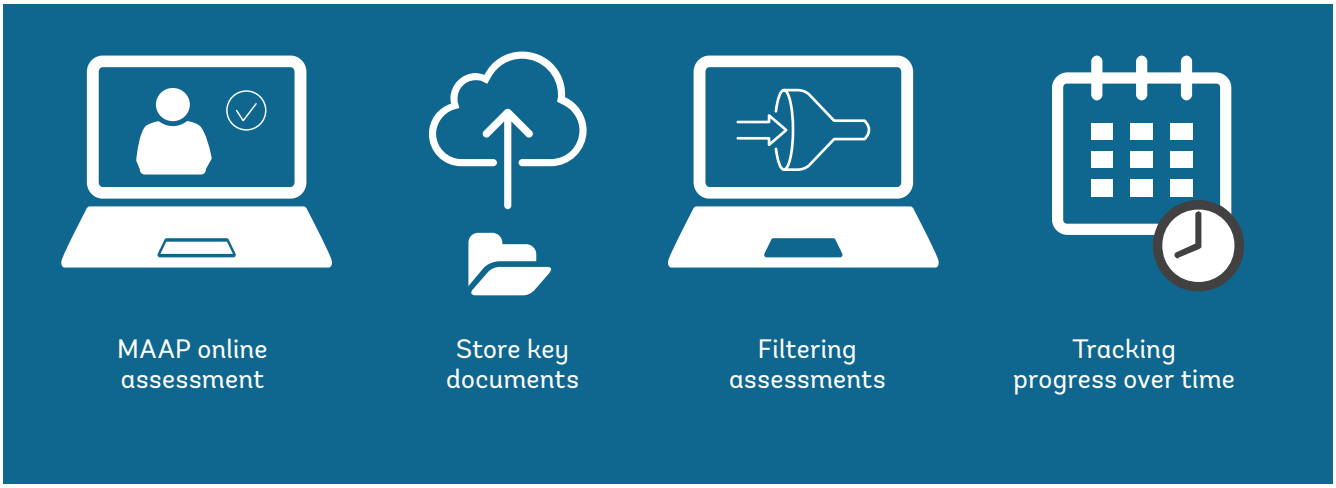
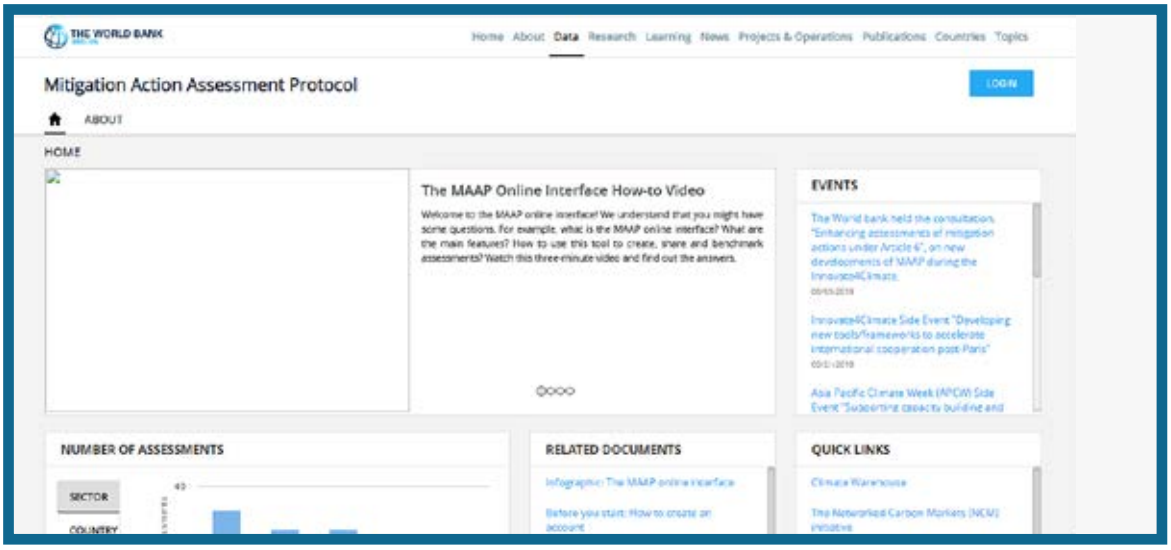
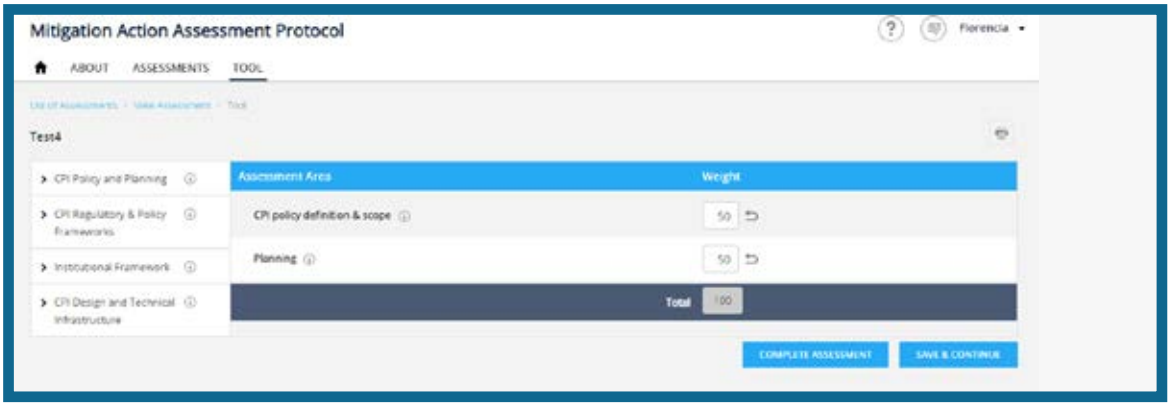
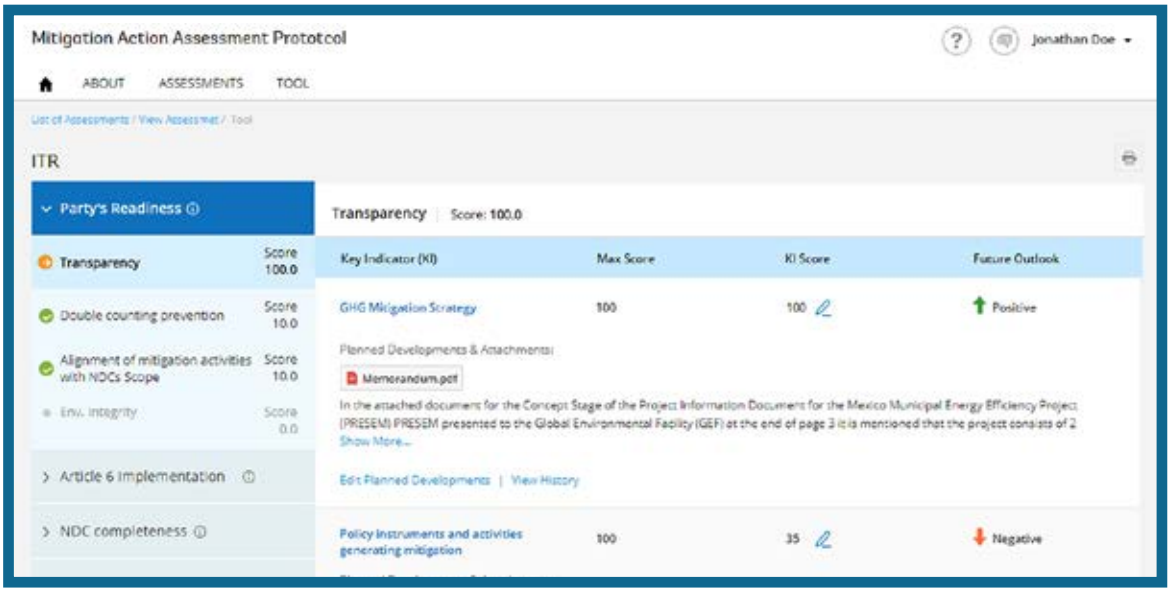


FIGURE 8. MAAP ONLINE INTERFACE







5. Concluding Remarks and Recommended Next Steps

The World Bank is committed to carbon pricing as part of the overall climate agenda in pursuit of its two goals of poverty removal and shared prosperity. Climate change is a threat multiplier, and the World Bank is committed to playing an important role in helping countries integrate climate action into their core development agendas. Making the right investments now can unlock short term gains – jobs and economic growth – as well as deliver longer term benefits for people, including decarbonization and resilience. Domestic carbon pricing will be essential for the achievement of the Paris Agreement goals and carbon markets can help mobilize international climate finance effectively to support investment in the transition to low carbon. Given the urgency of increased global climate action and the challenges in international negotiations, development of tools such as MAAP ITR and MAAP CPI provide an opportunity to reflect on how to develop and implement carbon pricing and enable learning-by-doing.

For MAAP-CPI, understanding existing opportunities and priorities is crucial to implementing carbon pricing aligned with the broader development agenda. Putting a price on carbon must and can be fair and just, but needs a pragmatic approach to deal with equity issues and potential regressive impacts (e.g., how to use carbon revenues). Effective communication strategies are essential to share the multiple co-benefits of carbon pricing with a broader group of stakeholders. In this context, MAAP-CPI could be coordinated with other PMR tools available that address specific topics such as "Using Carbon Revenues" and the "Guide to Communicating Carbon Pricing." There is also a need for instrument-specific assessments, and PMR provides a range of tools to support this process. Alignment with the PMR technical and guidance document will be essential as PMI launches in early 2021 to support countries embarking on the carbon pricing move from readiness to rollout.

For MAAP-ITR, a learning-by-doing approach will be critical for effective participation in international carbon markets. MAAP-ITR has proven useful in guiding technical discussion around participation in international climate markets, providing a framework to guide the testing and piloting activities. There are already several piloting efforts to address some of the key challenges of international climate markets, and emerging initiatives have built upon others' experiences and are taking a learning-by-doing approach to build a new generation of carbon markets. Countries' collaboration will be key for a gradual convergence of diverse market instruments and systems, and participation in initiatives like the Climate Market Club. Article 6 pilots could be critical in identifying issues to consider when developing the next generation of international carbon markets.

Moving forward, the World Bank will continue to collaborate with partners and clients to update the modules to reflect the latest negotiation outcomes. The World Bank will also work with countries, such as through the PMI program,[15] to explore how the ITR and CPI modules can be used to ease broader capacity-building efforts for Article 6 readiness. The World Bank will continue to collaborate with any country that participated in the first round of pilot assessments, if the country has updated its policies since the previous assessment, in addition to piloting the tools with additional countries.

[15] Partnership for Market Implementation. https://www.worldbank.org/en/topic/climatechange/brief/partnership-for-market-implementation

WORLD BANK GOALS

The World Bank is committed to carbon pricing as part of the overall climate agenda in pursuit of its two goals of poverty removal and shared prosperity.

ANNEX I: MAAP International Transfer Readiness

The ITR Module is currently used as an MS Office Excel tool and is accompanied by a Guidance Document that describes the means of assessment. The ITR Module is composed of a series of key indicators, each reflecting best practices for ensuring international transfer readiness. Each indicator includes a checklist of activities, and the scores assigned to each indicator depend on the extent to which these activities have been achieved.

By design, some scoring parameters are covered using several indicators to ensure that the assessor has considered certain important processes and infrastructure (e.g., registries and MRV) in the context of different aspects of readiness. For example, "double counting prevention" assesses the registry requirements for mitigation activities intended to be transferred, while "environmental integrity" evaluates the robustness of the country's registry for tracking units.

Complementing the assessment of the "Party Readiness" and "Article 6 Implementation" submodules, the ITR Module also includes a submodule on assessing "NDC Completeness." This includes requirements to facilitate the clarity, transparency, and understanding of NDCs (as listed in Annex 1 of Decision 4/CMA.1), which forms an important foundation to ensure countries' readiness to transfer internationally.

FIGURE 9. FRAMEWORK OF THE "NDC COMPLETENESS" SUBMODULE

SCORING PARAMETER
Quantifiable information on the NDC reference point (including, as appropriate, a base year).
Time frames and/or periods for implementation for the NDC and mitigation activities, including mitigation activities to generate Article 6.2 mitigation units.
Scope and coverage of the NDC and mitigation activities for implementation, including those aiming at international transfers under Article 6.2 cooperative approaches.
The NDC describes the planning process for the preparation and update of the NDC.
The NDC provides information on the implementation plans for the preparation and update of the NDC.
Evidence that the Party has analyzed and considered, when appropriate, reviews of the NDC and the Party's efforts for a point's implementation.
The NDC includes information on how the Party considers that its NDC is fair and ambitious, and contributes to the objectives of Article 2 of the Paris Agreement as per items E.4.1a-e (see Party's readiness sheet).
The NDC includes a description of all assumptions and methodological approaches for estimating and accounting of anthropogenic GHG and removals corresponding to the Party's NDC, and assumptions and methodological approaches used for accounting for the implementation of policies and measures or strategies in the NDC as per items E4.2a-e (see Party's readiness sheet) and as per the requirements in Annex I of Decision[16] -/CMA.1.

[16] Summary Report: Identifying capacity building needs for carbon pricing and international carbon market development through the Mitigation Action Assessment Protocol (MAAP)" by the World Bank, Washington, DC.

AREA NAME	KEY INDICATOR	PARTY READINESS	ARTICLE 6 IMPLEMENTATION
TRANSPARENCY • As per Article 13's "Enhanced Transparency Framework"	GHG MITIGATION STRATEGY	■	
	POLICY INSTRUMENTS AND ACTIVITIES GENERATING MITIGATION	■	
	REPORTING WITHIN THE NATIONAL INVENTORY	■	
	INFORMATION NEEDED TO TRACK PROGRESS TOWARDS NDCS RELATED TO MITIGATION	■	
	INFORMATION RELATED TO PARTICIPATION IN COOPERATIVE APPROACHES UNDER ARTICLE 6	■	
DOUBLE COUNTING PREVENTION • Double claiming, double issuance, double registration and double use	DOCUMENTED PROCEDURES FOR DOUBLE COUNTING PREVENTION		■
	MONITORING AND REPORTING INITIAL REQUIREMENTS	■	
	IMPLEMENTATION OF A REGISTRY FOR TRACKING OF INTERNATIONALLY TRANSFERABLE UNITS	■	
	CORRESPONDING ADJUSTMENT PROVISIONS		■
ALIGNMENT OF MITIGATION ACTIVITIES WITH NDCS SCOPE • Actions should be taken to ensure alignment with the Issuing Party's NDCs	MITIGATION ACTIVITIES ALIGNMENT WITH ISSUING PARTY'S NDC	■	
	GOVERNANCE STRUCTURE FOR DEVELOPMENT, PLANNING, ACCOUNTING OF NDCS AND MITIGATION ACTIVITIES	■	
	DEFINITION OF NDC TARGETS AND MITIGATION ACTIVITIES	■	
	PLANNING OF NDCS AND MITIGATION ACTIVITIES	■	
ENVIRONMENTAL INTEGRITY • Does not lead to an overall increase in global GHG emissions and that Internationally Transferred Mitigation Outcomes are real, permanent, and verifiable	AMBITION OF NDC TARGET	■	
	ACCOUNTING OF NDC	■	
	QUANTIFICATION OF INTERNATIONALLY TRANSFERABLE UNITS	■	
	QUALITY OF UNITS TO BE TRANSFERRED		■
	NATURE AND SCOPE OF ARTICLE 6 UNITS FOR ROBUST ACCOUNTING		■
	REGISTRY FOR TRACKING OF INTERNATIONALLY TRANSFERABLE UNITS		■

Annex II: CPI Assessment

FIGURE 11. MODULES, AREAS, AND INDICATORS UNDER CPI

MODULE	AREA	KEY INDICATOR
CPI POLICY & PLANNING	CPI POLICY DEFINITION & SCOPE	Carbon pricing policy scope and objectives of the country CPI/s initiatives
		CPI/s policy impact assessment process
		Alignment of the CPI/s policy scope and the jurisdictional priorities on climate change
		CPI policy contribution to sustainable development
		Contribution to transformational change
		Boundaries of the CPI/s in terms of geographical area of implementation, sectors of the economy and GHG
	PLANNING	CPI/s policy planning to achieve established targets
		Barriers for implementation
		Risk analysis for implementation, risk management and mitigation plan
		Resources available for implementation
CPI REGULATORY & POLICY FRAMEWORKS	CPI LEGAL MANDATE	CPI approval by relevant authorities
		CPI compliance with regulatory requirements
		Legal mandate of the CPI management entity
		Jurisdictional commitment towards CPI
		CPI's compliance enforcement provisions
	CPI OPERATIONAL RULES	CPI operational and management documented system
		CPI's MRV enforcement mechanism
	CPI INCENTIVES FOR SUPPORT	Alignment of economic support policies
		Financial incentives for CPI participants
INSTITUTIONAL FRAMEWORK	CPI MANAGEMENT STRUCTURE	Identification of CPI management entity, relevant stakeholders and MRV supporting entities
		CPI management structure and capacity including inter-institutional or sectorial coordinating capabilities
		CPI's contribution to strengthening public policy, institutional growth and capacity building of the actors/stakeholders involved
		CPI institutional capabilities for participation and compliance enforcement

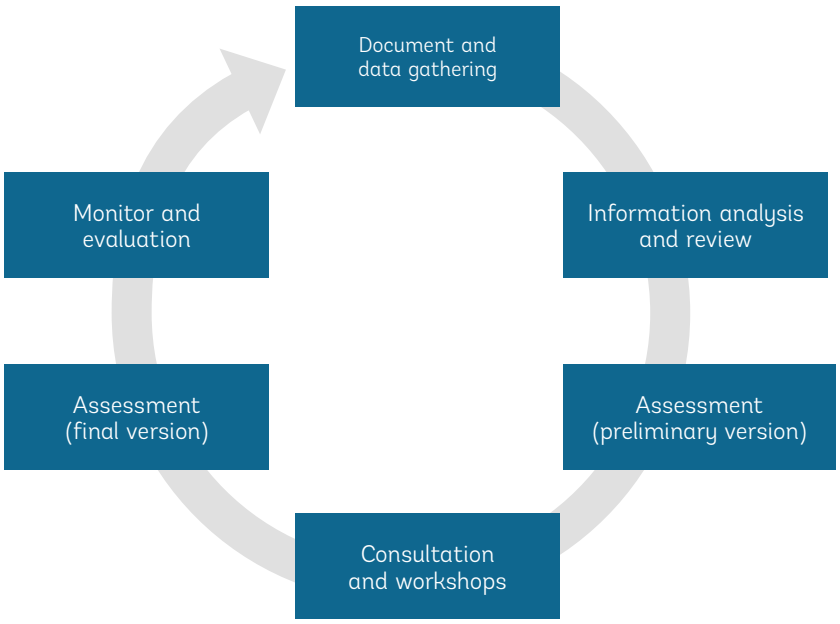
MODULE	AREA	KEY INDICATOR
INSTITUTIONAL FRAMEWORK	ROLES & RESPONSIBILITIES OF PARTICIPANTS	Roles, responsibilities and authorities within the CPI management entity, participants, monitoring and support entities, and other stakeholders.
		CPI management entity´s MRV capability
		Coordination between the CPI management entity and entities responsible for MRV
	STAKEHOLDERS PARTICIPATION	CPI includes the participation of relevant stakeholders
		CPI mechanisms for stakeholder's participation
		Communication, capacity, and motivation strengthened within civil society
CPI DESIGN AND TECHNICAL INFRASTRUCTURE	CPI'S OBJECTIVES AND TARGETS	Definition of CPI's objectives & targets
		CPI's specific targets of GHG emissions reduction (NDC alignment)
		Planning of individual CPI(s)
	CPI GENERAL DESIGN PRINCIPLES	Estimation of GHG impact of the CPI
		CPI architecture
		Cooperation with other international CPI/s
		GHG emissions/emissions reduction quantification protocols
	CPI FINANCIAL MECHANISMS FOR SUPPORT	CPI financial value chain
		Financial sustainability of the CPI
		CPI funding reliance on the national budget
		Use of CPI revenues
		CPI financial stakeholders
		CPI specifies financial indicators according to its scope, boundaries and sector involved
	CPI CONTRIBUTION TO SUSTAINABLE DEVELOPMENT	CPI´s consideration of Social Responsibility Principles
		CPI's economic impacts of its implementation
		Identification and mitigation of potential negative environmental, social, or economic impacts
		Monitoring of possible negative impacts of the CPI
	MRV CPI PROCESSES AND INFRASTRUCTURE	The CPI Key performance indicators process
		The CPI emissions and/or emissions reduction MRV requirements
		Publication of MR findings and quality of disclosure
		Monitoring and reporting procedures and infrastructure
		Verification provisions
		CPI provisions for registry and tracking of emissions, emissions reductions, compliance & transactions

Annex III: Pilot Process

Each pilot assessment generally involved the following activities:

- **Preliminary assessment:** The Assessor, with input from local experts and relevant government counterparts, gathers data and documents from different sources. Ideally, the Assessor should already have a good understanding of the local policy context. Because some of the information needed for the CPI and ITR tools may not be available from publicly available sources and official documents, government counterparts may be asked to provide additional information needed to conduct the assessment. The Assessor then reviews the obtained material, conducts a preliminary assessment, and justifies the subitem scores with specific reference to the obtained data and documents.
- **Consultation:** The Assessor presents the preliminary results to relevant government counterparts and receives feedback from them. If needed, the Assessor requests complementary information to refine the assessment. The Assessor adjusts and completes the scoring justification of each subitem.
- **Workshops:** A virtual workshop is organized with relevant government counterparts to present the results and discuss possible next steps for developing the country's broader carbon pricing and Article 6 strategy.
- **Final assessment:** The final assessment will incorporate the feedback from the workshop and outline key opportunities to strengthen capacity building to enhance the country's access to carbon pricing and climate markets. A final assessment report with the main findings and recommendations is then prepared and shared with relevant government authorities.

FIGURE 12. PILOTING PROCESS AND EXPECTED OUTCOME



Annex IV: PMR-supported MAAP Program Key Activities

The PMR-supported activity was initiated in July 2020. Activities to support the development of MAAP-CPI and MAAP-ITR framework were as follows:

- **Update the methodology for the MAAP International Transfer Readiness (ITR) tool:** The first version of MAAP-ITR was developed in 2019. MAAP-ITR was updated to reflect negotiation outcomes, ongoing developments of CORSIA, and feedback from peer review and consultations.
- **Update MAAP to assess gaps and capacity building needs for domestic carbon pricing instruments (CPI)**. Build on PMR's knowledge base and adjust MAAP to identify key building blocks for carbon pricing development.
- **Consultation and identification of pilot process**. Develop a selection criteria and conduct consultations to select key countries.
- **Apply MAAP to identify capacity building needs for carbon pricing and international carbon market development**. This involves a preliminary assessment with the support of local experts and government counterparts; consultation and workshops; and a final assessment to identify opportunities to strengthen capacity building.
- **Integrate MAAP-ITR and MAAP-CPI into the MAAP online interface**. Update the MAAP online interface to integrate the MAAP-ITR and MAAP-CPI framework to increase the usability and accessibility of the tool.
- **Outreach**. Develop communication and learning materials, launch the updated online interface, organize webinar, publish summary report and blog to socialize the tool and share lessons learned.

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