ICF DECC Annual Review

Project Title: World Bank's Partnership for Market Readiness

Review date: April 2014

Project Location:	Global – 16 Implementing Countries
Project Timescale:	On-going
Current Reporting Period:	November 2012 – October 2013
Funding: (ICF Funding and possibly other sources)	£7m from the International Climate Fund
Project website (if available):	http://www.thepmr.org and https://www.gov.uk/government/case-studies/partnership-for-market-readiness-pmr

Review Summary:

What are the key messages from this Review?
The Partnership for Market Readiness (PMR) has successfully convened most of the world's biggest emitters and facilitated their development of carbon pricing instruments. It has overachieved on fundraising, and has exceeded expectations for the number of countries to receive preparatory funding and to be awarded full 'market readiness' funding. In these regards the PMR represents value for money, and remains an important forum for the UK to participate in. For these reasons, detailed in Section A below, the **PMR has been awarded an A+ grade**. The primary challenge for the PMR, as highlighted in this Annual Review, is that the step from providing 'market readiness' to implementing a carbon pricing mechanism is a big step. The decision for a country to implement a carbon pricing mechanism is highly political, and the PMR has only limited leverage in the process. The PMR Secretariat has been invited to consider further ways to overcome this hurdle. A second important challenge for the PMR concerns the extent to which it is able to demonstrate its impact. This should be partly overcome through the creation of the PMR's Evaluation Working Group, where the UK intends to play an active role.

Legend on scoring

Description	Scale
Outputs substantially exceeded expectation	A++
Outputs moderately exceeded expectation	A+
Outputs met expectation	A
Outputs moderately did not meet expectation	B
Outputs substantially did not meet expectation	C

Introduction and Context

What support is the UK providing?

The UK has contributed **£7m** to the PMR programme. All of the UK's contribution was **Fast Start Finance** in 2011 and 2012.

The PMR Trust Fund provides grant funding to support the testing of concepts and market instruments in developing countries. It offers a platform for technical discussion and facilitates the sharing of best practices with the aim of promoting pilots and ultimately policy roll out. Through these activities the PMR seeks to enhance global greenhouse gas mitigation efforts.

In addition to funding the UK also contributes **technical expertise** to the programme drawn from DECC's Global Carbon Markets and EU ETS teams. The UK has over a decade's experience in designing and implementing market-based measures, which we are sharing with developing countries through the PMR.

The UK participates in the PMR's Partnership Assemblies (the official name for the PMR meetings, the decision-making body of the PMR – henceforth these will be referred to as 'PMR meetings'), which approve the allocation of resources to Implementing Country Participants[1], approve the PMR operating budget, and monitor the operations of the PMR against agreed objectives to ensure value for money. The UK is also planning to take part in two of the working groups – on evaluation and on offset units – to be established by the PMR, and coordinated by the PMR Secretariat.

[1]This is the official name for those countries eligible to receive funding within the PMR. Henceforth they will be referred to as 'implementing countries'. As of 31 October 2013 there were 16 implementing countries: Brazil, Chile, China, Colombia, Costa Rica, India, Indonesia, Jordan, Mexico, Morocco, Peru, South Africa, Thailand, Turkey, Ukraine and Vietnam.

What is the context in which UK support is provided and why is UK support required?

The UK is committed to the expansion of carbon markets in both developed and developing countries to enable economies to undertake cost effective emission reductions and therefore increase the likelihood that the world will be able to deliver emission reductions consistent with two degrees.

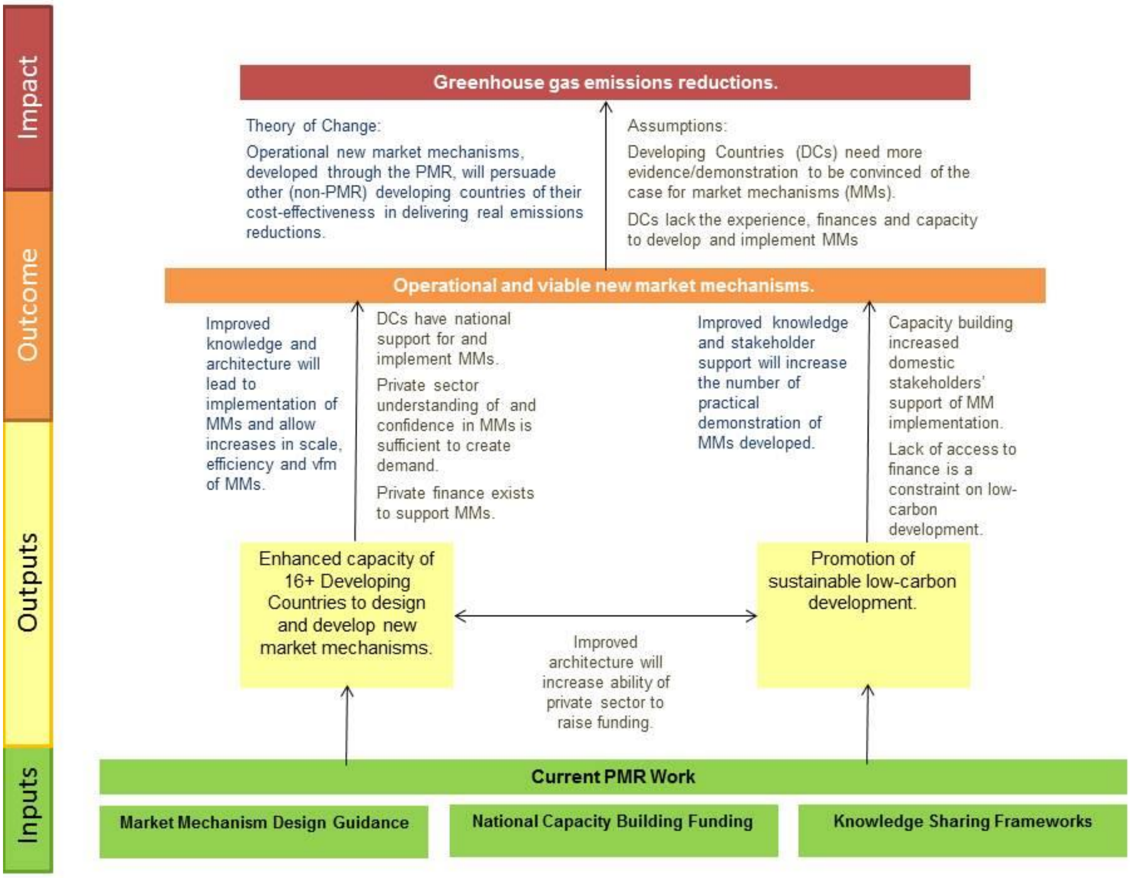
Market-based mechanisms are a cost effective way of reducing emissions, help to address the carbon externality by imposing a carbon price on emitters and can help raise revenues for national treasuries, which can be reinvested in low carbon activities. They can also contribute to energy security, improve access to clean energy, stimulate job creation and mobilise private finance.

Building institutional and technical capacity for market mechanisms and demonstrating their effectiveness and benefits to host countries is a necessary first step towards gaining support for market-based approaches and expanding their use. Market mechanisms could entail countries setting absolute emissions targets for particular sectors, but other options include energy efficiency trading schemes (e.g. the PAT scheme in India).

Interest in participating in large-scale market mechanisms is high and there is an ongoing need to provide continued support, in the form of technical and institutional capacity, to the PMR implementing countries. This will enable them to overcome the complex challenges to develop their readiness for such mechanisms.

What are the expected results?

The original expected results from the PMR programme were edited in 2013 based on the information gathered for the first Annual Review of the PMR. The updated expected results for the programme are as follows:



Impact:

- Substantial CO_2 abatement as a result of market mechanisms.

Impact indicators:

  - Quantity of emissions reductions (in MtCO2e) resulting from implementation of market mechanisms;
  - Public revenue raised from implementing market mechanisms for carbon mitigation;
  - Level of integration of climate change in national planning as a result of ICF support;
  - Level of institutional knowledge of climate change issues as a result of ICF support;
  - Extent to which International Climate Fund (ICF) intervention is likely to have a transformational impact.

Outcome:

- Operational and viable market mechanisms, as demonstrated by the implementation of market mechanisms in at least five developing countries by 2020.

  Outcome indicators:

  - Number of participating countries implementing market mechanisms;
  - Quantity of emissions reductions (in MtCO2e) directly resulting from implementation of market mechanisms supported by the PMR.

Outputs:

- Increased knowledge sharing and support between developed and developing country partners to improve new market mechanism design and development;
- Increased developing country capacity to implement market mechanisms;
- Promotion of sustainable, low-carbon development in developing countries.

Section A: Detailed Output Scoring

Output 1: Increased knowledge sharing and support between developed and developing country partners to improve new market mechanism design and development.

Output 1 score and performance description:

Output Score: A+

The PMR continues to expand its Knowledge Platform to meet the needs of implementing countries. 10 new knowledge tools were created this year, including an online training course on emissions trading systems, which witnessed high demand and will be delivered again in early 2014. In addition the number and length of, and attendance at, the PMR meetings has been consistently high, demonstrating that participants find their involvement valuable and are likely to be engaging in productive knowledge sharing.

Progress against expected results:

Output Indicator 1.1: Number of knowledge tools created to support implementation country market mechanism development and implementation.

As of 31 October 2013 the PMR had produced the following knowledge tools:

- PMR Technical Note 1: Crediting Mechanisms Overview
- PMR Technical Note 2: Domestic Emissions Trading Schemes (ETS)
- PMR Technical Note 3: The Nuts and Bolts of Baseline Setting
- PMR Technical Note 4: Supporting GHG Mitigation Actions with Effective Data Management Systems
- PMR Technical Note 5: Options and Guidance for the Development of Baselines
- PMR Technical Note 6: Overview of Carbon Offset Programs: Similarities and Differences
- Guideline to Preparing the Organizing Framework for Scoping of PMR Activities and a Template for the Organizing Framework for Scoping of PMR Activities
- Tool for the PMR Market Readiness Proposal (MRP) Version 2 and a Template for Preparing a PMR Market Readiness Proposal (MRP) Version 2
- E-learning Course on Emissions Trading Systems: Using Markets to Promote Low Emissions Development
- Regional MRV Technical Training Materials and Briefing Notes

Output Indicator 1.2: Number of meetings and workshops held by the PMR annually.

The PMR Secretariat continues to successfully deliver tri-annual meetings and technical workshops are held in conjunction with each. In the year to October 2013 three PMR meetings and three workshops were held. This year's workshops covered Policy Mapping & Effective Instruments for GHG Mitigation in Urban Transport (Washington, DC, 14 March 2013), Building Readiness for Implementation (Barcelona, 26 May 2013), and Stakeholder Engagement and Communication (Marrakech, 24 October 2013). In addition the PMR hosted its first regional MRV technical training (Beijing, 23-24 September 2013) and its first South-South exchange, which convened officials from China and Brazil (Rio de Janeiro, 26-27 August 2013).

Output Indicator 1.3: Number of visitors to online tools at the PMR's website (www.thepmr.org).

For the year ending 31 October 2013 there were 26,823 visits to the PMR website. During this period the website was re-launched with an improved user interface and more effective search functions. Though the general trend throughout the year was a steady increase, the three months with the highest numbers of visits were those in which PMR meetings were held (March, May and October).

The PMR website was accessed by visitors from more than 140 countries. The countries that are members of the European Union are grouped into the European Union for the purpose of this analysis. However, the EU countries that are donors to the PMR are counted separately. The PMR Web Analytics identified donor countries as the most frequent visitors to the website.

Recommendations:

1.1 Following the recommendations from last year's Annual Review, the UK has become involved in two new Working Groups which have been established to share lessons learnt from the UK. However, the UK could should still seek, resource-permitting, to provide additional information to the PMR for the website on UK climate, energy and carbon market policies, in particular a breakdown of CCAs, CRCs and lessons learned from EU ETS Phases I & II and what has changed in Phase III.

1.2 The UK should also continue to work closely with the PMR Secretariat to ensure that as the Knowledge Platform expands it continues to provide value for money and helps deliver the wider objectives of the PMR, to support the implementation of market mechanisms in developing countries.

1.3 The PMR Secretariat should translate their key resources into Spanish, and explore translation into other languages.

1.4 There are a range of potential qualitative success indicators, such as the practical benefit derived by the implementing countries from the knowledge sharing at each meeting, that are currently not recorded by the PMR Secretariat. The PMR Secretariat should collate this information in order to demonstrate the full impact of the PMR.

1.5 The PMR Secretariat should run further South-South exchanges, especially among Latin American countries.

Impact Weighting: 25%

Revised since last Review? No

Risk: Low

Revised since last Review? Yes. The previous Annual Review rated the risk that this output – increased knowledge sharing and support between developed and developing country partners to improve new market mechanism design and development – would not be delivered as 'medium'. However this risk has been reduced to 'low' because of the consistency with which the PMR has delivered effective knowledge sharing over the past year, and the high likelihood that it will continue to do so. In addition the previous Annual Review rated the risk of non-delivery of this output against the original log frame, rather than the log frame as it was revised last year. The revision to the log frame built on an improved understanding of the PMR's scope and methods, as the original log frame was developed prior to the PMR being operationalized. And therefore provides a more realistic assessment of what we can expect it to deliver. Log frames are intended to be living documents and the process of reviewing and strengthening them as more timely and accurate information comes to light, especially in the early years of delivery, is good practice.

Output 2: Increased developing country capacity to implement market mechanisms.

Output 2 score and performance description:

Output Score: A+

The PMR has demonstrated high performance with regard to this output over this period. All participating countries have been allocated their preparatory funding, and six have been awarded funding for the delivery of their Market Readiness Proposals (MRPs). On both of these measures progress has exceeded expectations.

In addition China and Costa Rica have made concrete steps towards developing nationwide market mechanisms, marking significant progress towards the intended outcome of the PMR as set out in the UK's revised log frame: market mechanisms in at least five developing countries by 2020.

Progress against expected results:

Output Indicator 2.1: Percentage of allocated preparatory funding (US$350,000 per country) disbursed.

This is 100%. As of the end of October 2013, 16 of 16 implementing countries had been allocated preparatory funding. The milestone in the revised log frame for this point in time was 60%.

Output Indicator 2.2: Number of countries with approved MRP implementation plans.

Between November 2012 and October 2013 six countries presented final MRPs, all of which were approved by the PMR participants. The milestone in the revised log frame for this point in time was five countries.

The following countries' plans were approved this year:

1 Chile – US$ 3 million
2 China – US$ 8 million
3 Costa Rica – US$ 3 million
4 Indonesia – US$ 3 million
5 Mexico – US$ 3 million
6 Turkey – US$ 3 million

Output Indicator 2.3: Percentage of implementation funding (US$3m, $5m, or $8m per country) disbursed – planned versus actual, based on Implementation Countries MRP budgets and timelines.

The PMR Secretariat is still in the process of finalising its grant agreements with the first six countries with approved MRPs. This process was expected to take six months to one year. For this reason no implementation funding has yet been disbursed by the World Bank. This is in line with our expectations, and matches our milestone for this year of 0% disbursement.

Recommendations:

2.1 The PMR Secretariat should lead a review of capacity building activities to examine how levels of capacity on climate mitigation and carbon markets have increased compared to the baseline at the beginning of the programme. This would help to assess the PMR's transformational benefits. The baseline for this review could be the questionnaire on market readiness that implementing countries were invited to complete as part of their initial expression of interest to join the PMR. This should be done when more than half of the MRPs have been implemented, or by 2020, whichever comes first. With increases in donation pledges, the review should be funded from the central pot of funding.

2.2 The PMR Secretariat should explore ways to expedite the grant agreement process.

Impact Weighting: 60%

Revised since last Review? No

Risk: Medium

Revised since last Review? No

Output 3: Promotion of sustainable, low-carbon development in developing countries.
Output 3 score and performance description:

Output Score: n/a

The baseline for this output is zero, therefore it is not possible to award an output score.

Progress against expected results:

Original output Indicator 3.1: Number of stakeholder outreach and engagement activities that have taken place in Implementation Countries.

Revised output Indicator 3.1: Number of stakeholder outreach and engagement activities, focussing on carbon pricing mechanisms and run in partnership with the PMR, that have taken place in implementing countries.

During this period the PMR Secretariat ran two stakeholder outreach events, both in Washington, DC, in March 2013, which featured participants from a range of implementing countries.

It should also be noted here that the significant improvements made to the PMR website, and the increase in the number of visitors (as described under output indicator 1.3, above) was likely to have had a positive impact on stakeholder outreach.

Revised since last Review?

Yes. This has been changed in recognition that a wide range of external actors are likely to run stakeholder outreach events in implementing countries, for a wide range of reasons, and on a wide range of topics. This new language seeks to define more precisely what we seek to measure.

Recommendations:

3.1 Implementing countries should be encouraged to include an assessment in their MRPs of how much private finance has been invested in carbon markets.

3.2 The UK to investigate the potential for one or more additional indicator(s) under this Output.

Impact Weighting: 15%

Revised since last Review? No

Risk: Low

Revised since last Review? No

Section B: Results and Value for Money

1. Progress and results

1.1 Has the log frame been updated since last review?

Yes. One indicator of the log frame (3.1) has been slightly adjusted to more clearly specify what we aim to measure. This very modest amendment follows the more comprehensive changes made as part of the first Annual Review.

1.2 Overall Output Score and Description: A+

This scoring reflects that the cumulative 85% weighting for outputs 1 and 2 received a score of A+, and the remaining 15% weighting for output 3 received no score because there is currently no baseline.

1.3 Direct feedback from beneficiaries

For the purposes of this Annual Review 'beneficiaries' is to be interpreted broadly, given that it would be impractical for us to solicit the views of each of the 16 implementing countries (who may each receive similar requests from each of the 13 donors). In future we hope that the PMR-wide evaluation work can conduct such research in order to obtain direct feedback from beneficiary countries.

The direct feedback that we have collected is drawn from the FCO's network of climate attachés, and from a number of institutional and commercial PMR stakeholders (i.e. multilateral institutions that are observers to the PMR and consultancies that provide services through the PMR).

<u>British Embassies</u>

We received feedback from FCO colleagues in China, Chile, South Africa and Colombia, which can be summarised as follows:

- Once a political decision is made to implement a carbon pricing mechanism, the PMR can have a significant positive impact, adding unique value through its expertise and grant funding;
- There is relatively widespread awareness of both carbon markets and the PMR, within the select circles of those with an interest in the topic;
- Domestic appetite for carbon pricing mechanisms is present, but muted;
- PMR outreach activities have been noted in some, but not all, countries surveyed;
- The PMR could be more effective by conducting more outreach activities, including some open to the general public, to raise the profile of carbon pricing.

<u>Multilateral Organisations</u>

The feedback from four of the multilateral observers to the PMR (UNFCCC, ADB, UNDP and EBRD) can be summarised as follows:

- The PMR is a very effective and important advocate for market-based mechanisms as a route to least-cost abatement;

- The PMR benefits from (and sometimes has to be proactive to remain) a technical, rather than a political forum, however this can lead to some implementing countries' proposals not receiving appropriately robust scrutiny;
- Though the available funds can leverage investments, in order to stimulate transformative change additional funds and more diverse bilateral and multilateral support would be beneficial;
- The PMR could do more to explore linkages with the CDM.

Private Sector and NGOs

Finally a selection of the PMR's commercial and NGO stakeholders provided input which can be summarised as follows:

- The PMR's impact on national processes varies, from extremely high in some countries to relatively low in others;
- Overall the PMR is seen as an extremely effective and important advocate for market-based mechanisms, with one stakeholder declaring it the most effective initiative in the world on this topic;
- A number of the representatives of implementing countries are not fully engaged in the discussions at PMR meetings, partly because those representatives seem to change frequently.

1.4 Summary of overall progress

The PMR made huge advances over the period under consideration (November 2012 – October 2013), most notably in the number of countries that received funding to develop their MRPs, and the number of those that were finalised and awarded funding. Meanwhile the donors to the PMR have now contributed roughly $126.5m to the fund, far exceeding the $100m target, demonstrating the extent to which the donors believe that the PMR is well placed to deliver on its objectives.

All 16 implementing countries have received preparatory funding of $350,000 to develop their MRPs, while six countries (Chile, China, Costa Rica, Indonesia, Mexico and Turkey) have been allocated funding totalling $23m for their implementation. These are the first countries to receive funding for their readiness proposals, and their progress represents a major step for the PMR, one likely to be emulated by a number of countries (namely Thailand, Colombia, Morocco, Ukraine, Vietnam and Brazil) in the next 12 months.

A final point to note is that the outreach and communications of the PMR have significantly improved over this period, primarily through the launch of the PMR's updated website. See the description of output indicator 1.3 above for more detail.

2. Costs and timescale

2.1 Is the project on-track against financial forecasts: Yes

As of 31 December 2012 the UK's full contribution of £7,000,000 had been transferred to the World Bank. This was the second of two equal drawdowns. The first occurred soon after the programme was approved in November 2011.

The two drawdowns were made at the planned times and we have been satisfied with the way in which the World Bank have spent the money. The overcapitalisation of the PMR occurred after this second drawdown, and is also not a problem in itself given that, even with a capitalisation of $126.5m, not all implementing countries would be able to access the full funding of $8m (plus $350,000 to prepare their proposal).

As of 31 October 2013 all 16 implementing countries had received their preparatory funding ($350,000) and six had been awarded funding to implement their readiness proposals (five receiving $3m, and one receiving $8m), meaning that a total of $28.6m had been allocated.

2.2 Key cost drivers

Key cost drivers identified in the original business case:

- The existing level of capacity in the implementing countries – the higher the existing capacity, the lower the cost;
- The coverage of the market-based policy being implemented – the more sectors and installations covered, the higher the capacity building and information gathering costs will be.

2.3 Is the project on-track against original timescale:

NB: This assessment is against the timescale in the log frame as revised as part of last year's Annual Review.

Yes, the PMR is broadly on track to deliver against the revised timescale for outputs 1 and 2. The milestones for output 3 have been defined as part of this Annual Review.

3. Evidence, Monitoring and Evaluation

3.1 Assess any changes in evidence and implications for the project

There have been no changes in evidence or implications for the project.

3.2 Quality of monitoring and reporting

The PMR endorsed a formal monitoring and evaluation programme for the PMR, subject to some amendments, at the October 2013 meeting. This can be viewed at https://www.thepmr.org/system/files/documents/PMR_Revised_Results%20Framework_Proposal_October%202013.pdf. The Results Framework has two purposes:

- To assess the performance of the PMR at the global level, through periodic evaluations by an independent third party;
- To monitor the status and progress of the PMR activities at the country level, by relying mainly on the World Bank's existing supervision processes to provide reporting on the implementation and outcome of grant financed activities.

In our view the finalised Results Framework is appropriately robust, and was developed largely in line with our contributions. The exception was that the finalised Results Framework does not contain any agreed common indicators against which implementing countries must report. This makes comparisons of countries' progress against the implementation of their MRPs challenging.

3.3 Where an evaluation is planned what progress has been made?

The PMR Results Framework sets out a Performance Evaluation System, which aims to evaluate the functions of the PMR at the global level, reviewing the structure, functions, processes and impact of the PMR as a whole. The system is also planning to evaluate the interactions between the PMR's global processes and implementation work at the country level, with a view to determining how the global processes have affected country capacity, and how the PMR has contributed to developing best practices on carbon market instruments, including assessing knowledge sharing at the country, regional and global levels.

Periodic evaluations are proposed to be carried out by independent evaluators every 3-5 years, with the first evaluation to be launched in early 2014. The budget for these evaluations will be provided by the PMR trust fund and the costs for each evaluation will be determined by the bids received, but will be benchmarked against similar work conducted for other funds within the World Bank's Carbon Finance Unit to ensure good value for money. Donors will not be required to contribute additional funds for the evaluations.

The PMR Secretariat is also planning to establish an Evaluation Working Group (EWG), which will provide oversight to the overall evaluation process followed by the PMR Secretariat. The EWG will be comprised of at least one implementing country representative, at least one donor country representative and members of the PMR Secretariat. The UK has indicated its interest to participate in this working group.

4. Risk

4.1 Output/Outcome Risk Rating: Medium

Of the three outputs for the PMR listed in our revised log frame, outputs 1 and 3 (with a combined weighting of 40%) are rated as low risk, while output 2 is rated as medium risk. Output 2 focuses on the PMR's core aim of increasing developing country capacity to implement market mechanisms, successful delivery of which is dependent on the outcomes of the UNFCCC climate negotiations and any global package which is agreed. This is largely outside of the control of the PMR. However, by building greater capacity for market mechanisms and increasing developing countries' understanding of their mitigation costs and potentials the PMR should increase the ability of participants to bring forward meaningful contributions to the negotiations.

This overall risk rating is unchanged from the previous Annual Review.

4.2 Assessment of the risk level

The risks identified for UK investment in the PMR are laid out below.

Risk 1 (from the Business Case)**:** Developing countries are not forthcoming in putting forward expressions of interest due to lack of capacity. This risk is now redundant as 16 countries were receiving funding from the PMR by the end of the period covered by this review.

Risk 2 (from the Business Case)**:** PMR funding is approved for work, which duplicates that done by existing organisations or national governments.

- Mitigating Action: The PMR will build on existing work to reduce costs and maximize synergies, collaborating with other organizations including UNDP, UNEP and other Multilateral Development Banks who have experience in building in-country capacity. The PMR has already started liaising with ICAP to create synergies on capacity building related to Emission Trading Systems (ETS). In the original Expression of Interest, countries are required to specify all existing work / initiatives underway on market readiness and to specify current capacity level in detail.

- Residual risk: LOW. This risk is being mitigated through the implementation of the MRP Tool, which details what information is required in the MRP to help the PMR participants make a decision on the level of grant funding alongside the allocation criteria. In one of the building blocks, Implementing Countries are required to detail all capacity building activities, including funding secured for these, to ensure duplication is minimised.

Risk 3 (from the Business Case)**:** PMR activities do not lead to the implementation of pilot schemes and only lead to yet another piece of analytical work on market-based policies.

- Mitigation Action: Each potential Implementing Country is required to have their own ministerial sign-off for the implementation of the proposed market-based instruments.

- Residual risk: MEDIUM. There is always a risk of change in political context in implementing countries leading to a change of position on market-based instruments. It is outside of the scope of the PMR's outputs to directly tackle the issue of political commitment as this can go as high as the head of state level.

Risk 4 (added as part of the first Annual Review)**:** PMR countries are slow in submitting their MRPs leading to significant delays in implementing market-based mechanisms, weakening value for money.

- Mitigating Action: The PMR meeting in May 2012 changed the rules so that an implementing country must submit a MRP within two years of receiving their preparatory funding.

- Residual Risk: MEDIUM. There is a risk that changes in political circumstances will result in MRPs being delayed or changed.

New Risk:

Risk 5: Lack of clarity on international demand for carbon credits disincentives the establishment of market based measures.

- Mitigating Actions: (i) Work with other donor countries and the European Commission to provide a clear, consistent and positive line as early as possible; (ii) Work to stimulate domestic demand across all implementing countries; (iii) Explore the potential for a market mechanism piloting fund to provide demand.

- Residual Risk: MEDIUM. As international demand for credits in developed countries is outside of the control of the PMR, it may not be possible to provide messages that are clear and consistent whilst also being positive. Likewise efforts to stimulate domestic demand in implementing countries could meet opposition from groups which would expect to be disadvantaged as a result. Finally a market mechanism piloting fund would be limited in scale and would be unable to provide sufficient demand without other grounds for potential investors to expect demand to increase.

4.3 Risk of funds not being used as intended

The World Bank is obligated to administer the PMR trust fund resources in a manner consistent with the terms laid out in the Administration Agreements signed with contributors to the PMR. The Administration Agreement between the IBRD and the UK concerning the PMR, in particular, stipulates, under Section 1.6., that "*(...) the Contributions will be administered in accordance with the Bank's applicable policies and procedures, as the same may be amended from time to time, including its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank's obligations to give effect to the relevant decisions of the Security Council, taken under Chapter VII of the of Charter of the United Nations".*

When the PMR provides funds to a recipient country under a grant agreement it is bound by the World Bank's Policies and Procedures, in particular, their framework on governance and anti-corruption, as per the World Bank's Operational Policy on Trust Funds (OP 14.40). This means that the World Bank's relevant rules such as the Guidelines on Preventing and Combating Fraud and Corruption ('Guidelines') are applicable. These guidelines are available at:

http://siteresources.worldbank.org/INTLEGSTAFONLY/Resources/AnticorruptionGuidelinesOct2006RevisedJan2011.pdf

5. Value for Money

5.1 Performance on VfM measures

NB: The World Bank's financial year is runs from 1 July until 30 June, so the following analysis is based on the PMR's figures for FY2013 (covering July 2012 – June 2013). At the time of writing the spending figures for FY2013 were actuals from 1 July 2012 until 31 March and estimates from 1 April until 30 June.

The value for money for the PMR will be assessed in four respects: donor contributions, economy (i.e. how effectively costs are managed), efficiency (i.e. how effectively funds are used to deliver the programme's aims), and governance. This approach has been adopted because of the difficulty in assessing the outcomes and impacts of the PMR in relation to value for money, as a result of the diverse contexts in the various implementing countries.

Donor Contributions

As of 30 June 2013, the PMR had received donor pledges of $114.5m (this figure is approximate given the expectation of exchange rate fluctuations), and received $83.9. This contribution rate of 76% is high, demonstrating high commitment from the 12 donors.

This high contribution ratio contains two outliers. While nine of the donors had contributed their full commitment, and one (Australia) had contributed the vast majority, the remaining two, the European Commission and the US, were standing at 16% and 0%, respectively. The PMR Secretariat has however confirmed that the delays with these contributions are the result of administrative obstacles which they expect to overcome in the following financial year.

Economy

The PMR's accounts for FY2013 show that $5.388m was spent, of which $2,721m was for PMR operations, $2,322m was for country grant disbursements, and $345,000 was the World Bank's administrative fee (a one-off 1% charge on contributions used to cover legal and administrative expenses).

Of the 50% of the annual spending allocated to PMR operations, 25% ($676,000) was spent on PMR meetings and workshops, 30% ($820,000) was spent on technical assistance to implementing countries, and 13% ($350,000) was spent on the PMR's management and communications.

The money spent on meetings and workshops in FY2013 represented improved value for money on FY2012 in two respects: it was lower than the total for the previous year ($773,000) while maintaining the same number of meetings (three PMR meetings in each year, each immediately followed by a workshop), and the average length of the meetings increased from 3 days in FY2012 to 4.3 days in FY 2013. One reason for the improved cost-effectiveness of the events in FY2013 was that the Australian government contributed $50,000 to the meeting and workshop held in Sydney in October 2012. This demonstrates that the PMR leverages external funding.

The amount spent on technical assistance rose from $0 in FY2012, and demonstrates that the capacity of implementing countries if being developed as part of the process of granting them their preparatory funding, and in order to facilitate their receipt of full grant funding.

Though the management and communications cost rose from $180,000 in FY2012, the figure in FY2013 represents less than 7% of the total amount spent by the PMR that year, so still representing good value for money.

Finally it is noteworthy that each of the cost items outlined in this section was less than budgeted.

Efficiency

By the end of FY2013 the PMR had received $84.3m ($83.9m in donor contributions and $442,000 in investment income), though spending in that year was just $5.388m. While this was up from $2.75m in FY2012 and $835,000 in FY2011, this is still a low rate of disbursement (just 10.6% of funds spent since the PMR began).

However this can be explained by the fact that the PMR is in its start-up phase. The PMR's aim is to build market readiness and this will require a relatively measured build-up of funding as technical capacity in the implementing countries is developed, as a pre-requisite of them receiving full grant funding (which can expected within 2-3 years of each country joining the PMR). This process is well on track because by the end of FY2013 all 16 implementing countries had received their preparatory funding ($350,000), demonstrating that the PMR is moving as quickly as could be expected.

Governance

The PMR's budget is agreed by the participants and the PMR Secretariat provides an update at each PMR meeting. Spending is scrutinised to ensure that value for money is achieved and that as much funding as possible is directed to developing capacity instead of on administration.

DECC has actively engaged with the PMR Secretariat on the development of the Allocation of Funds Criteria which set guidelines on how funds will be allocated to implementing countries once they have presented their final MRP. This implements strict criteria on how much countries should receive based on the quality of their MRPs. We have successfully influenced the Secretariat to make the criteria stronger to ensure value for money and that the amount of emissions reductions is a criterion. We also successfully changed criteria to ensure that funding was not guaranteed to countries prior to agreement of their MRP, and that they still had to meet the minimum standard set out in the criteria to be awarded initial funding of $3m, $5m or $8m.

5.2 Commercial Improvement and Value for Money

As explained in the section above, the World Bank applied its standard 1% administrative fee to the funds received from donors, and spent less than 8% on staff costs and communications. This represents reasonable value for money for an international fund in the start-up phase.

5.4 Does the project still represent Value for Money : Yes

5.5 If not, what action will you take?

N/A

6. Project partnerships, sustainability and transformation

6.1 Partnerships

The World Bank serves as the trustee of the trust fund for the PMR, and provides the PMR Secretariat, which delivers all administrative, logistical and technical services.

The World Bank is the principal Delivery Partner to implementing countries. As the Delivery Partner, the World Bank is responsible for:

(i) Collaborating with the agreed Implementing Country Participants to assist them in carrying out the activities of the PMR, including providing technical assistance for preparing MRPs and grant implementation;
(ii) Supervising grant implementation for Implementing Country Participants;
(iii) Providing technical support as needed for activities financed by the PMR.

The Delivery Partner is also responsible for the use of funds transferred to it under the PMR and the activities carried out in accordance with its own fiduciary, safeguard and operational policies and procedures. The World Bank as the Delivery Partner will report, and be directly accountable, to the PMR.

6.2 Transformation

Scoring legend:

1	Not enough evidence available
2	Transformation judged unlikely
3	Tentative evidence points to likely change
4	Clear indication of change - transformation judged likely

Overall rating: 3 – tentative evidence points to likely change.

Overall the PMR has been rated to have potential for transformational change because it is innovative and, so far, relatively effective.

The PMR transformational change criteria are:

1. <u>Fostering political will and enhancing local capacities to act on climate change</u>. The PMR

will build domestic support for market mechanisms through capacity building efforts and the exchange of technical expertise between developed and developing countries with the goal to increase domestic carbon mitigation efforts by providing more cost effective solutions.

Criteria 1 score: 3 (Tentative evidence points to likely change)

2. Encouraging innovation. The PMR will help countries develop nationally appropriate plans to incorporate market mechanisms into their domestic mitigation strategy which utilize innovative and untried programmes for reducing emissions. These plans should be country specific and will aim to drive low carbon development cost effectively.

   Criteria 2 score: 3 (Tentative evidence points to likely change)

3. Influencing future carbon markets, and encouraging replication by others. The PMR will help countries develop nationally appropriate plans to incorporate market mechanisms into their domestic mitigation strategy. It is a goal of the PMR that these plans, where successfully implemented, be able to act as models for other developing countries to replicate.

   Criteria 2 score: 2 (Transformation judged unlikely)

Full details of the assessment can be found in Annex 2.

7. Conditionality

7.1 Update on specific conditions

N/A

8. Lessons learned, conclusions and actions

Lessons Learned

Following the changes made to the project log frame in the previous Annual Review, which recognised the fact that the original milestones underestimated the time required to develop and implement new carbon pricing mechanisms, this Annual Review has highlighted that the highly political nature of the decision to implement a carbon pricing instrument presents a challenge to the realisation of the PMR's objective of piloting and testing new instruments.

A second lesson learned, which was also evident in completing last year's Annual Review, is that the nature of the PMR as a technical capacity building forum with an ambitious remit makes its evaluation extremely challenging. Lower-level outputs which are measurable do not guarantee the full meeting of the PMR's objectives, while evidence of success at higher levels runs into challenges of attribution (as the PMR is not the only driver in this area).

Conclusions

The overall output score that was given in this Annual Review is A+: *Outputs moderately exceeded expectation*

This scoring was given due to the 60% weighting of Output 2: *Increased developing country capacity to implement market mechanisms* which received an output score A+ in recognition of the better than expected rates of funding being allocated and significant progress made in a number of the implementing countries.

Actions

The primary action is for the UK to play an active role in the PMR's Evaluation Working Group, to ensure that the first (and subsequent) PMR-wide evaluations deliver information of maximum relevance and timeliness.

9. Review Process

Sources used: The PMR website; UK's First Annual Review of the PMR; PMR Secretariat; FCO Posts; live scoring exercise with the PMR Secretariat.

Annexes:

Annex 1: Log frame (as revised as part of the first Annual Review, covering November 2011 – October 2012, and indicating additional revisions to output 3)

Annex 2: Assessment of the PMR's potential to bring Transformational Change

***Annex 1: Log frame** (as revised as part of the first Annual Review, covering November 2011 – October 2012, with updates in red, and indicating additional revisions to output 3)*

PROJECT NAME	World Bank Partnership for Market Readiness (PMR)						
IMPACT	**Impact Indicator 1**		**Baseline May 2011**	**Milestone 1 (end of Oct 2016)**	**Milestone 2 (end of Oct 2018)**	**Target (end of Oct 2020)**	
Substantial CO2 abatement as a result of market mechanisms.	Quantity of emissions reductions (in MtCO2e) resulting from implementation of market mechanisms.	**Planned**	-	-	-	-	*NB: These Key Performance Indicators are included because they are standard indicators for International Climate Fund projects, however they are blank because of substantial difficulties with quantifying and attributing the particular impacts to capacity building initiatives (such as the PMR). We will continue to work with our partners to explore ways in which these indicators might be quantified with sufficient accuracy to be beneficial.*
		Achieved					
			Source				
	Impact Indicator 2 (KPI)		**Baseline**	**Milestone 1 (end of Oct 2016)**	**Milestone 2 (end of Oct 2018)**	**Target (end of Oct 2020)**	
	Public revenue raised from carbon related market mechanisms.	**Planned**	-	-	-	-	
		Achieved					
			Source				
			PMR Secretariat, Implementation Countries				
	Impact Indicator 3 (Qualitative KPI)		**Baseline**	**Milestone 1 (end of Oct 2016)**	**Milestone 2 (end of Oct 2018)**	**Target (end of Oct 2020)**	
	Level of integration of climate change in national planning as a result of ICF support.	**Planned**	-	-	-	-	
		Achieved					
			Source				
	Impact Indicator 4 (Qualitative KPI)		**Baseline**	**Milestone 1 (end of Oct 2016)**	**Milestone 2 (end of Oct 2018)**	**Target (end of Oct 2020)**	
	Level of institutional knowledge of climate change issues as a result of ICF support.	**Planned**	-	-	-	-	
		Achieved					
			Source				
	Impact Indicator 5 (Qualitative KPI)		**Baseline**	**Milestone 1 (end of Oct 2016)**	**Milestone 2 (end of Oct 2018)**	**Target (end of Oct 2020)**	
	Extent to which ICF intervention is likely to have a transformational impact.	**Planned**	-	-	-	-	
		Achieved					
			Source				

OUTCOME	Outcome Indicator 1		Baseline (May 2011)	Milestone 1 (end of Oct 2016)	Milestone 2 (end of Oct 2018)	Target (end of Oct 2020)	Assumptions
Market mechanisms in at least 5 developing countries by 2020.	No. of participating countries implementing market mechanisms.	**Planned**	0	0	3	5	That not all Implementation Countries within the PMR will choose to implement market mechanisms. That Implementation Countries in the PMR will implement market mechanisms prior to the agreement of a new international climate change deal expected in 2015.
		Achieved					
			Source				
			PMR Secretariat, Partnership Assembly meetings, PMR website				
	Outcome Indicator 2 (KPI)		**Baseline**	**Milestone 1 (end of Oct 2016)**	**Milestone 2 (end of Oct 2018)**	**Target (end of Oct 2020)**	
	Quantity of emissions reductions (in MtCO2e) directly resulting from implementation of market mechanisms supported by the PMR.	**Planned**	0	-	-	-	
		Achieved					
			Source				
			PMR Secretariat, Partnership Assembly meetings, PMR website				
INPUTS (£)	**DECC (£)**		**Govt (£)**		**Other (£)**	**Total (£)**	**DECC SHARE (%)**
	£ 7m (or US$11.4m at time of donation)		**US$107.6m (Not taking into account public funding from Implementation Countries for MRP implementation.)**		**N/A**	**cUS $119m**	**c9.6%**
INPUTS (HR)	**DECC (FTEs)**						
	0.5						

OUTPUT 1	Output Indicator 1.1		Baseline (May 2011)	Milestone 1 (end of Oct 2011)	Milestone 2 (end of Oct 2013)	Target (end of Oct 2015)	Assumption
Increased knowledge sharing and support between developed and developing country partners to improve new market mechanism design and development.	Number of knowledge tools created to support Implementation Country market mechanism development and implementation.	**Planned**	No Tools	Tool for Market Readiness Proposals finalized.	5 completed Technical Notes or similar knowledge products.	10 completed Technical Notes or similar knowledge products.	Indicator 1.1: That the knowledge tools created will be relevant to PMR Implementation Countries and improve their ability to design and develop stronger market mechanisms and mechanism implementation plans. Indicator 1.2: That Partnership meetings and workshops provide lesson learning which influences Implementation Countries. Indicator 1.3: That the number of visits to thePMR.org website is an indicator of the use of the PMRs knowledge tools.
		Achieved		Achieved – Tool was also amended in Oct. 2012.	Achieved – 6 Technical Notes, 2 set of guidelines with related templates, 1 E-Learning Course, and 1 set of Technical Training Materials have been finalized.		
		Source					
		PMR Secretariat, PMR website					
	Output Indicator 1.2		**Baseline (May 2011)**	**Milestone 1 (end of Oct 2011)**	**Milestone 2 (end of Oct 2012)**	**Target (end of Oct 2015)**	
	Number of Partnership meetings and workshops held by the PMR annually.	**Planned**	Initial PA Meeting	2 Partnership meetings per year.	2 Partnership meetings per year.	A minimum of bi-annual meetings and 2 workshops per year until 2015.	
		Achieved		Achieved – one technical workshop was also held in Sept 2011.	Achieved – surpassed in 2012 with the initiation of tri-annual meetings. 3 technical workshops also held in 2012.		
		Source					
		PMR Secretariat, Partnership Assembly meetings, PMR website					
IMPACT WEIGHTING (%)	**Output Indicator 1.3**		**Baseline 2011**	**Milestone 1 (end of Oct 2012)**	**Milestone 2 (end of Oct 2013)**	**Target (end of Oct 2015)**	
25%	Number of visitors to online tools at the PMR website (www.thepmr.org).	**Planned**	PMR website live	Total no. of visits to website	Total no. of visits to website	Total no. of visits to website	
		Achieved		*Unknown*	26,823 visits from Nov '12 to Oct '13, 11,858 of which were new visits. Visitors came from 140 countries.		
		Source					**RISK RATING**
		PMR Secretariat, Partnership Assembly meetings, PMR website					

OUTPUT 2	Output Indicator 2.1		Baseline	Milestone 1 (end of Oct 2013)	Milestone 2 (end of Oct 2014)	Target (end of Oct 2015)
Increased developing country capacity to implement market mechanisms.	Percentage of allocated preparatory funding (US$350,000 per country) disbursed.	**Planned**	0% - No funding disbursed	60% - (of US$3,150,000)	60% - (of US$5,250,000)	80% - (of US$5,600,000)
		Achieved		Achieved – by 30 June 2013 the PMR had allocated 100% of preparatory funding for the 16 implementing participants ($5.6m)		
		Source	PMR Secretariat, Partnership Assembly meetings, PMR website			
	Output Indicator 2.2		**Baseline**	**Milestone 1 (end of 2012)**	**Milestone 2 (end of 2013)**	**Target (end of 2015)**
	Number of countries with approved MRP implementation plans.	**Planned**	No implement ation plans	0 developing countries have implementation plans (altered from an original estimate of 5 countries).	5 developing countries have implementation plans	10 developing countries with implementation plans.
		Achieved		0 developing countries had finalized implementation plans. 4 developing countries had produced draft implementation plans.	Achieved – China, Chile, Costa Rica, Mexico, Turkey and Indonesia have finalized implementation plans.	
		Source	PMR Secretariat, Partnership Assembly meetings, PMR website			
IMPACT WEIGHTING (%)	**Output Indicator 2.3**		**Baseline**	**Milestone 1 (end of Oct 2013)**	**Milestone 2 (end of Oct 2014)**	**Milestone 3 (end of Oct 2015)**
60%	Percentage of implementation funding (US$3m, $5m, or $8m per country) disbursed – planned versus actual, based on Implementation Countries MRP budgets and timelines for work.	**Planned**	0% - No funding disbursed.	0%	40%	60%
		Achieved		Achieved - 0%		
		Source	Implementing Country MRP Plans, PMR Secretariat, PA meetings, PMR website			

Assumptions
Indicator 2.1: That Implementing Countries will use slightly less than the full US$350,000 of preparatory funding they are allocated for MRP development within the 2-year time frame. That disbursement rates will lag more in earlier years rather than later years. Indicator 2.2: That not all of the 16 Implementing Countries will follow through and develop MRPs. That countries which do will not all finalize their MRPs within the allotted 2 year time frame. Indicator 2.3: That Implementation Countries will face some delays in implementing their MRP leading to lower than estimated disbursement of funds. Also that given the uncertainty surrounding the process for disbursement at the start, the first years will have lower than average disbursement rates.
RISK RATING

OUTPUT 3 *(with additional revisions marked in red)*	**Output Indicator 3.1**		**Baseline (May 2011)**	**Milestone 1 (end of Oct 2014)**	**Milestone 2 (end of Oct 2015)**	**Target (end of Oct 2016)**	**Assumptions**
Promotion of sustainable, low-carbon development in developing countries.	No. of stakeholder outreach and engagement activities, focussing on carbon pricing mechanisms and run in partnership with the PMR, that have taken place in Implementation Countries.	**Planned**	0	4	7	10	Stakeholder outreach and engagement includes consultations and trainings conducted by Implementing Country groups in the course of their MRP implementation. Increased stakeholder engagement builds support for low carbon development and market mechanisms adoption.
		Achieved					
IMPACT WEIGHTING (%)		**Source**					**RISK RATING**
15%		PMR Secretariat, Partnership Assembly meetings					

***Annex 2**: Assessment of the PMR's potential to bring Transformational Change*s

As in the methodology note for KPI 15, the PMR's progress in achieving transformational change will be judged against criteria derived from the PMR Theory of Change, the log frame, and the monitoring and evaluation plan.

An annual qualitative assessment of the likelihood of the PMR achieving a transformational impact will be made by considering the seven indicators, grouped under three criteria, as set out below. A box marking will be given to the criteria overall to provide an assessment of the likelihood that transformation linked to UK support will occur. As in the KPI 15 methodology note, the box markings are:

1	No evidence yet available - too soon to revise assessment
2	Transformation judged unlikely
3	Tentative evidence points to likely change
4	Clear indication of change - transformation judged likely

Criteria

<u>1. Fostering political will and enhancing local capacities to act on climate change</u>

The PMR will build domestic support for market mechanisms through capacity building efforts and the exchange of technical expertise between developed and developing countries, with the goal to increase domestic carbon mitigation efforts by providing more cost effective solutions. The ability of the PMR to generate increased political support for market mechanisms will be assessed by the following **indicators**:

1.1. Percentage of allocated preparatory funding disbursed, number of countries with approved MRPs[1], and percentage of MRP implementation funding disbursed;

1.2. A qualitative assessment of the number and type of implementing country government ministries involved in the development and/or implementation of the MRPs.

[1] The Market Readiness Proposal (MRP) is the detailed grant request that PMR implementing countries must prepare in order to receive funding.

2. Encouraging innovation

The PMR will help countries develop nationally appropriate plans to incorporate market mechanisms into their domestic mitigation strategy which utilize innovative and untried programmes for reducing emissions. These plans should be country specific and will aim to drive low carbon development cost effectively. This will be assessed by the following **indicators**:

2.1. Number of distinct mechanisms (market models) proposed through the PMR, varying in sectors covered or mitigation approach (tax, sectoral, project based, etc.) – this will involve a qualitative assessment based on the range of the proposals brought forward but also taking into account their feasibility and the level of variation, i.e. no two market mechanisms are identical but some are more innovative than others;

2.2. Number of market mechanisms piloted – this will involve a qualitative assessment based on the range of the proposals piloted but also taking into account their feasibility and the level of variation, i.e. no two market mechanisms are identical but some are more innovative than others.

3. Influencing future carbon markets, and encouraging replication by others.

The PMR will help countries develop nationally appropriate plans to incorporate market mechanisms into their domestic mitigation strategy. It is a goal of the PMR that these plans, where successfully implemented be able to act as models for other developing countries to replicate. This will be assessed by the following **indicators**:

3.1. Number of observers attending PMR Partnership Assembly meetings;

3.2. Number and quality of engagement events run by the PMR;

3.3. The number of activities (e.g. workshops, key publications) delivered by the PMR Secretariat to disseminate programme experience. *(This can include benefits extending beyond participating countries.)*

Assessment of PMR's transformational change for second Annual Review, April 2014

1	Not enough evidence available
2	Transformation judged unlikely
3	Tentative evidence points to likely change
4	Clear indication of change - transformation judged likely

Overall score: 3 - Tentative evidence points to likely change

Overall the evidence tentatively points to the PMR achieving transformational change because it is considered to be fostering political will and enhancing local capacities in a very clear and direct way, through the delivery of technical assistance and grant funding faster than expected. This also demonstrates that demand for this technical assistance and grant funding from implementing countries is relatively high. Finally the PMR is also considered to be encouraging innovation, as can be seen from the wide range of proposals that implementing countries have contained in their MRPs.

Criteria 1. *Fostering political will and enhancing local capacities to act on climate change. PMR will build domestic support for market mechanisms through capacity building efforts and the exchange of technical expertise between developed and developing countries with the goal to increase domestic carbon mitigation efforts by providing more cost effective solutions.*

Criteria score: 3 (Tentative evidence points to likely change)

Indicator 1.1 *Percentage of allocated preparatory funding disbursed, number of countries with approved MRPs, and percentage of MRP implementation funding disbursed*

Indicator score: 3 (Tentative evidence points to likely change)

Six countries have had MRPs approved, with another five expected in the next 12 months. This is faster than the progress expected and demonstrates the high appetite for carbon markets around the world. The milestones for output 2 of the log frame have all either been met or exceeded.

Indicator 1.2 *A qualitative assessment of the number and type of implementing country government ministries involved in the development and/or implementation of the Market Readiness Proposal.*

Indicator score: 3 (Tentative evidence points to likely change)

Most countries are represented by their environment ministries. A small number are also (or solely) represented by their foreign ministries. Most significantly, a small but growing number are now also being represented by their treasuries, indicating that their plans to implement carbon pricing mechanisms are credible and at a relatively advanced stage.

Criteria 2. *Encouraging innovation. PMR will help countries develop nationally appropriate plans to incorporate market mechanisms into their domestic mitigation strategy which utilize innovative and untried programmes for reducing emissions. These plans should be country specific and will aim to drive low carbon development cost effectively.*

Criteria score: 3 (Tentative evidence points to likely change)

Indicator 2.1 has been weighted higher than indicator 2.2 because innovation is more wholly encapsulated in the design than the implementation stage.

Indicator 2.1 *Number of distinct mechanisms (market models) proposed through the PMR, varying in sectors covered or mitigation approach (tax, sectoral, project based, etc.), (a qualitative assessment based on the range of the proposals brought forward but also taking into account their feasibility and the level of variation, i.e. no two market mechanisms are identical but some are more innovative than others).*

Indicator score: 3 (Tentative evidence points to likely change)

There is already a distinct heterogeneity among the 6 MRPs approved, suggesting that the PMR is a viable route for stimulating impactful innovation.

Indicator 2.2 *Number of market mechanisms piloted (a qualitative assessment based on the range of the proposals piloted but also taking into account their feasibility and the level of variation, i.e. no two market mechanisms are identical but some are more innovative than others).*

Indicator score: 1 (Not enough evidence available)

Only China has initiated any mechanisms so far.

Criteria 3. *<u>Influencing future carbon markets, and encouraging replication by others</u>. PMR will help countries develop nationally appropriate plans to incorporate market mechanisms into their domestic mitigation strategy. It is a goal of the PMR that these plans, where successfully implemented be able to act as models for other developing countries to replicate.*

Criteria score: 2 (Transformation judged unlikely)

Indicator 3.1 Number of observers attending PMR Partnership Assembly meetings

Indicator score: 2 (Transformation judged unlikely)

Only two observers have attended PMR meetings: South Korea and Kazakhstan.

Indicator 3.2 *Number and quality of engagement events run by the PMR*

Indicator score: 2 (Transformation judged unlikely)

Only one high level engagement event was run by the PMR Secretariat during this period.

Indicator 3.3 *The number of activities (e.g. workshops, key publications) delivered by the PMR Secretariat to disseminate programme experience. (This can include benefits extending beyond participating countries.)*

Indicator score: 3 (Tentative evidence points to likely change)

The PMR has been relatively active in producing publications and running workshops in this period, and the training events have been well attended. This high demand for the PMR's knowledge products is taken as evidence of the potential for transformational change.