This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

Photo Credit
Photo of eco-friendly building in modern city sustainable glass office building with tree

Capabilities Developed

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On this page: *Read more on how to built the necessary capabilities in the ERC space. The successful implementation of policies relating to ERCs is highly dependent on well-resourced executing institutions with a clear legal mandate. Read more below, or visit Strategic Guidance for Country System Assessments, Guidance for Countries in Assessing ERC Projects, or Mobilizing ERC Finance.*

I2: Capabilities developed. The successful implementation of policies relating to ERCs is highly dependent on well-resourced executing institutions with a clear legal mandate. In addition, the private ecosystem must be adequately equipped to match the potential supply of offset projects.

Guideposts for best practice

Sequencing for roadmap

- Well-structured institutional setup with minimal overlapping of responsibility and comprehensive coverage of relevant topics (e.g., offices set up by local vs international demand, by project types, by voluntary vs compliance demand).
- Appointed institution(s) are resourced across all relevant aspects to execute legal mandate, including, but not limited to, human, financial, and technological resources.
- Frequent and deep collaboration with private sector to support capability building especially as they relate to the technical aspects of ERC policies.

Impact	High–A well-structured and well-resourced institutional setup is a key enabler to ensure proper and effective operationalization of policy against its legal mandate	Phase 1-2: Establishing the foundations of an ERC supply market

Guideposts for best practice	
Sequencing for roadmap	
Resources needed	Low to High– Potential to implement pilots and lower-touch policies before transitioning to full policy roll-out

As countries aim to develop and implement policies related to reducing greenhouse gas emissions, it is essential for regulators to have the necessary capabilities to ensure the integrity of their respective carbon market(s). However, building these capabilities can be a complex process, and regulators may need to consider various options based on their level of involvement and existing capabilities. In this context, it is useful to examine examples or models from other markets that have successfully built their capabilities in the ERC space.

Model 1: Build capabilities	
Exemplars	
Build in-house. Invest in capacity-building and training to build technical capabilities in-house (e.g., methodology, monitoring/evaluation, operations), potentially leveraging the capabilities set up in previous engagements such as for the Clean Development Mechanism within the Designated National Authority and securing the support of multi-lateral development banks and/or organizations for funding and technical assistance	
Benefits and risks	
Image not found or type unknown **Long-term capacity** within country with deeper and more targeted understanding of technical activities that are highly relevant to local context	Image not found or type unknown **Significant investment in human and financial** resources required for training and capability building

Model 1: Build capabilities

Exemplars

AUSTRALIA

Australia's Clean Energy Regulator (CER) works with the Emissions Reduction Assurance Committee (ERAC)—an independent statutory committee staffed by CER personnel—to consult on all new and varied ERF methods. The ERAC advises which methods to progress, or revoke based on compliance with the Offsets Integrity Standards. The CER has also created the Method Development and Purchasing branch, Compliance Branch, Policy, Markets, and Data branch, to enforce and implement mandates. Building these capabilities took Australia over 10 years to achieve.[1]

Model 2: Cooperative mechanisms

Exemplars

Government-to-government partnerships or coalitions, bilateral government partnerships, or regional country coalitions to finance and pool resourcing to build technical expertise.

Benefits and risks



Shared pool of resource and technical expertise, increase political support and enhanced legitimacy for offsets, and improved coordination of systems within coalition/partnership



Potential bureaucratic hurdles such as **slower decision-making** and conflicting priorities and interests to align the parties within the cooperative mechanism

Model 2: Cooperative mechanisms

Exemplars

Ghana and Switzerland

Ghana and Switzerland recently agreed on the first ever **bilaterally authorized project** aligned with Article 6.2 of Paris Agreement. Switzerland will provide training to rice farmers (covering ~80% of Ghana's rice production) in climate-smart agriculture practices for sustainable rice cultivation to reduce methane emissions; 1Mn tCO2e emissions avoided expected through this project by 2030.

Model 3: Partnerships

Exemplars

Partnerships. Partner with local or international private entities to develop technical capabilities

Benefits and risks



Access to technical expertise and accelerated implementation, as partner organizations may have experience and existing systems in place



Less control over resources (e.g., technical experts, data) and less internal capacity to independently run carbon-offset program over the long term

Malaysia

The Malaysian Government has mandated its **Bursa Carbon Exchange (BCX)** to tie up with accreditation body **Verra**. All projects listed in the exchange will be required to be registered with Verra. Potential market participants have access to join webinars and workshops to learn best practices for high-quality credits.

Model 4: Engage in regional cooperation

Exemplars

Engaging in regional mechanisms to synergize carbon market activities through cooperative networks or alliances, and build robust capabilities for the benefit of the entire region

Benefits and risks



Harmonized standards and mechanisms can be established to share costs of infrastructure, improve market efficiency by establishing region-wide processes for verification and/or other permitting standards and allow for regional **sharing of capabilities and best practices**



Potentially longer timelines to build given need for alignment and inclusiveness, as countries will have differing objectives and varying stages of maturity

Model 4: Engage in regional cooperation

Exemplars

Africa. The Africa Carbon Markets Initiative (ACMI) was launched in 2022 to support the growth of carbon credit project development and create jobs in Africa, with an aim to produce 300 million carbon credits annually by 2030. By regionalizing efforts and identifying key challenges faced by the region, the ACMI was able to identify action programs and bring together multi-sector stakeholders needed to build a coordinated effort towards addressing these challenges.

How it works:

- **Parties involved:** This initiative includes multiple African nations, including Kenya, Malawi, Gabon, Nigeria and Togo, and is steered by representatives from African governments, international organizations, voluntary carbon market standard bodies, project developers, financiers and buyers. These include The Integrity Council for the Voluntary Carbon Market (ICVCM), Verra, and Conservation International, and the Exchange Trading Group, Nando's and Standard Chartered as committed financiers and buyers.
- **Cooperation areas:** Through these experts, the ACMI set up specialized working groups targeted to address various market development areas and support the implementation of its action plan, including initiatives to scale African project developers, set up early-stage market commitment with large corporates to secure demand for African credits, and build additional MRV capacity.

Pacific Islands. Several cooperative networks and initiatives have been formed to join efforts for climate action, which could be similarly adapted for regional carbon market development.

The Pacific Islands Climate Change Cooperative (PICCC) is one that was set up in 2009 to support actors managing native species and island ecosystems in the Pacific Islands to adapt to climate change.

How it works:

- **Parties involved:** The PICCC is steered by a core team of representatives from various organizations, including government, indigenous and non-government organizations, and academic institutions.
- **Cooperation areas:** The PICCC developed a collaborative infrastructure for the research, planning, implementation, and monitoring of conservation activities, including the application of geospatial technologies at a regional scale. The cooperative also coordinated conservative program actions, community engagement initiatives and the formulation of policy recommendations across the Pacific Island countries.

Footnote 1: Australia's Clean Energy Regulator (CER)

Related Content

- **Strategic Guidance for Country System Assessments (Download PDF version)**
- **Guidance for Countries in Assessing ERC Projects (Download PDF version)**
- **World Bank Emissions Reduction Program: Mobilizing ERC Finance (Download PDF version)**

Additional Resources

- Country Profiles
- Concession and PPP Laws

This section is intended to be a living document and will be reviewed at regular intervals. The Guidelines have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions. Unless expressly stated otherwise, the findings, interpretations, and conclusions expressed in the Materials in this Site are those of the various authors of the Materials and are not necessarily those of The World Bank Group, its member institutions, or their respective Boards of Executive Directors or member countries. For feedback on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.