

Appropriate Institutional Mandates

Full Description

II: Appropriate institutional mandates: A critical factor for the successful implementation of policies related to ERCs is the level of mandate provided to the executing body and core institutions responsible for their implementation. A strong mandate ensures that the necessary resources and support are available to maintain policies effectively. This is especially crucial for core institutions such as finance, securities, land, trade, environment, etc., which must fulfill their roles in the implementation process. The resulting consistency and clarity in policy implementation from such mandates are especially critical for potential buyers and investors in local ERC projects given the longer-term nature of such investments.

Guideposts for best practice

- Official regulation establishing an institutional framework providing legal mandates to new or existing bodies for oversight and implementation of policies in enabling ERC projects and identifying which markets policies and implementations should be geared towards
- Leading agency identified and provided accountability for policy implementation, including for the coordination of decisions from across agencies through mechanisms such as one-stop shops
- Explicit mandates created articulating objectives and responsibilities of identified executing bodies in implementing ERC-enabling policies, including those within finance, securities, land, trade, etc., and specifically how the leading agency will support them in their execution
- Explicit guardrails and coordinating mechanisms provided to sub-national governments to implement policies and/or draft their own relevant policies.
- Clear coordination and mechanism between sub-national government (local and regional) and national government on ERC project development.

Sequencing for roadmap

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Impact High–Empowered and well-resourced executing bodies will send the right messages to potential stakeholders from both supply and demand side regarding the local ERC market

Resources needed Low to Medium–Governments typically have autonomy to decide on appropriate executing bodies and can leverage experience of setting up agencies that have targeted mandates; May be challenged based on political set-up of the country

Phase 1: Establishing the foundations of an ERC supply market

Institutional set-ups in governments

It is essential for governments to establish unambiguous roles, responsibilities, and coordination links for carbon crediting activities within and across agencies to ensure the successful implementation of policies related to ERCs. Institutional set-ups observed in governments that have established carbon market mandates can be broadly grouped by three layers:

Strategic layer: Provides overall direction for national policies and strategy for the role of carbon credits at a domestic and international level, typically where Ministers are involved.

Accountable layer: Determines rules and protocols for national standards and procedures related to carbon credit schemes, typically provides expertise support to the strategic layer.

Execution layer: Executes mandates given by strategic and accountable layers, such as to conduct reviews, manage day-to-day operations of carbon credit schemes and makes recommendations to the accountable layer based on technical expertise.

These layers provide a general guidance for governments to establish institutional bodies and provide them with the mandate to carry out these functions. When setting up these agencies, it is important that governments consider their existing governance structures and clarify the key areas of cooperation required within their existing structure to enable the implementation of the strategic, accountable and execution layers. This can help determine if existing agencies have the functional mandates to execute carbon market-related work, or if new executing bodies are needed. The following are examples of institutional set-ups across these layers, their typical mandates and recommended considerations for governments

Examples of institutional set-ups

Institutional set-up	Typical mandate & considerations	Exemplars
Strategic layer		

Inter-Ministerial Committee

Mandate: Strategic decision-making to set the role of carbon credits, develop strategy and policy recommendations for carbon market, carbon credit transactions and Article 6 engagements, and oversee the mechanism (e.g., agree on scope sectors, allocate activities to functions, agree on use of elements).

Considerations:

- Steered by Ministry responsible for coordinating country's NDC and/or climate change agenda
- Ministries involved correspond to project sectors (e.g. Ministries responsible for forestry and energy, etc.)
- Set-up will depend on government structure and if existing inter-ministerial functions for overseeing national climate change agenda in coordination with other relevant ministries already exist as a government body
- Meeting frequency will depend on timeline and objectives of country's engagements



Carbon Market Inter-Ministerial Committee evaluates progress and sectoral opportunities, recommends policy changes on Ghana's Article 6.2 engagement and approves recommendations on standards or processes for using methodologies and accrediting VVBs.

Composition: Committee chaired by Ministry responsible for NDC – Ministry of Environment, Science, Technology and Institution (MESTI) and co-chaired by Ministry of Finance; members represented by various sectoral Ministries as well as the Attorney General and Ministry of Justice. Committee is made of Ministers or their appointed Representatives from these ministries.

Meeting frequency: Committee meets twice a year to make strategic decisions regarding Ghana's participation in Article 6.2.

Accountability: Carbon Market Office Administrator acts as the Secretariat; MESTI acts as the authorization entity to oversee authorization of activities and development of bilateral engagements.



Department of Climate Change, Energy, the Environment, and Water (DCCEEW) delivers on the Government's climate change and energy agenda by supporting the Minister for Climate Change and Energy and Minister for Environment and Water to administer laws including the Carbon Credits Act 2011 and Clean Energy Regulator Act 2011, both of which provide the mandate for Australia's Emission Reduction Fund (ERF).

Composition: Led by the Secretary and 7 Deputy Secretaries, each overseeing a portfolio of divisions

Accountable layer

Committee for Rulemaking

Mandate: Develop and approve rules for approved methodologies, technical standards, guidelines, and implementation decisions, etc. based on overall regulatory environment and mandate.

Considerations:

- Requires senior officials from public and private sector with knowledge and experience in methodologies, technical standards etc. across various sectors
- Effective approval process requires independent board of reviewers represented by key relevant sectors and topic areas
- More frequent meetings (i.e. quarterly) required to review recommendations, especially at initial phase of development



GHANA

Carbon Market Committee reviews and approves recommendations from technical advisory committee for approval of methodologies, VVBs, eligible ITMOs, design of mitigation activities to consider NDC-related baseline parameters, and addresses grievances and appeals raised on Article 6.2 decisions.

Composition: Committee made of Director-level executives from state and non-state institutions, including MESTI, Environment Protection Agency (EPA), Energy Commission, Forestry Commission, and Ghana Associations of Industries and Bankers, etc.

Meeting frequency: Committee meets every quarter.

Accountability: Reports to the Minister of MESTI.



AUSTRALIA

Emissions Reduction Assurance Committee (ERAC) is an independent statutory committee that assesses the compliance of methodologies against the integrity standards set out in Australia's Carbon Credits Act, advises the Minister on whether to make, vary or revoke methods and undertakes consultation on methodology and crediting period reviews.

Composition: Five members represented by senior experts from Regional Development Australia, the DCCEEW, the Commonwealth Scientific and International Research Organisation (CSIRO), the Australian Competition and Consumer Commission, and the International Union of Soil Sciences. Committee members are required to hold office on a part-time basis.

Accountability: Established under the Carbon Credits (Carbon Farming Initiative) Act 2011, which provides

Execution layer

Technical Advisory Committee

Mandate: Provide technical support on approved methodologies, technical standards, guidelines, and implementation decisions, etc.

Considerations:

- Requires consolidation of key technical experts in country with active roles across sectors and with expertise in NDC and/or carbon accounting
- Committee responsibilities can provide guidance on required members, based on technical expertise needs
- Committee typically has a direct relationship with the rulemaking committee and recommends positions for their approval, hence coordination between these two committees should be clearly set out as part of their establishment
- More frequent meetings (i.e. quarterly) required to review technical information regularly as market continuously evolves



Carbon Market Technical Advisory Committee reviews international methodologies and technical guidelines, recommends NDC-related baseline parameters, oversees the development of new methodologies, provides analysis on the impact of potential projects on Ghana's NDCs, and review and recommend eligibility of Article 6-related transactions.

Composition: Committee made up of technical experts in various government institutions, the private sector and civil society organizations, including the EPA focal person for UNFCCC, the National REDD+ Secretariat of Forestry Commission, and Technical Advisors from the UNDP, etc.

Meeting frequency: Committee meets every quarter.

Accountability: Reports to the Executive Director of the EPA, who advises the Minister responsible for the Environment. Recommends positions for rulemaking to Carbon Market Committee.



Climate Change Authority provides expert advice to the Australian Government on climate change policy, including on the greenhouse gas emission reduction targets to be included in new or adjusted NDCs. The authority also reviews and makes recommendations on the ERF through conducting and commissioning its own independent research and analysis.

Composition: Members are represented by senior industry experts with extensive experience in energy, climate change policy, capital markets, agriculture, marine science, indigenous rights and ecology.

Meeting frequency: At least every

Management Office

Mandate: Execute the mandate given by policies, rules and guidance on transactions (e.g., review and register eligible projects, maintain registry, accredit auditors to carry out validation).

Considerations:

- May benefit from having sub-working groups to own specific operational activities, where leads of working groups should have significant experience and expertise in their designated topic
- Office should be established as a full-time operational entity to focus solely on executing carbon market mandate



Carbon Market Office provides support for activity sourcing and matchmaking, MRV accounting, registry operations, and oversees the overall execution of carbon credit transactions.

Composition: Office is represented by Technical Task Leads with expertise in specific topics such as methods and standards, registration and issuance, knowledge and capacity development, and legal affairs, etc.

Meeting frequency: Daily operations.

Accountability: Hosted by the EPA, which is mandated to provide implementation support through its Climate Change Unit.



Clean Energy Regulator (CER) administers the day-to-day operations of the ERF as an independent statutory authority.

Composition: Led by the Chair as the head of the CER and three other members who are appointed by the responsible minister under the Clean Energy Regulator Act 2011 and are required to have substantial experience or knowledge in fields relevant to the CER. The rest of the staff are grouped into specific functions, including a dedicated working team for the ERF.

Meeting frequency: Daily operations.

Accountability: Established under the Clean Energy Regulator Act, which provides mandate for the committee's establishment, functions and membership conditions. Under the portfolio of the Minister of Climate Change and Energy.

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[Strategic Guidance for Country System Assessments \(Download PDF version\)](#)

[Guidance for Countries in Assessing ERC Projects \(Download PDF version\)](#)

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