WBG Carbon Pricing Initiatives: Overview and Update

Dr. Venkata Putti
Program Manager, Climate and Carbon Finance Unit

PMR Partnership Assembly Meeting (PA13)
October 28th, 2015 - Sweimeh, Jordan
World Bank Group (WBG) Efforts to Promote and Enable Carbon Pricing

1. Validating the Need for Carbon Pricing
   - Mobilize political leadership and business support for carbon pricing
   - Support upstream analytical work
   - Create evidence base

   Carbon Pricing Leadership Coalition (CPLC)
   Partnership for Market Readiness (PMR)

2. Building Capacity for and Piloting Carbon Pricing
   - Financial/technical support to prepare and implement carbon pricing instruments
   - Create a platform to share lessons and practical experience on carbon pricing

   Partnership for Market Readiness (PMR)
   Carbon Asset Development Fund (CADF)
   Pilot Auction Facility (PAF)

3. Scaling up Carbon Pricing Efforts
   Assist countries in raising their ambition and to implement carbon pricing policies, through results-based financing

   Carbon Partnership Facility (CPF)
   Transformative Carbon Asset Fund (T-CAF)

4. Enabling Connectivity among Carbon Markets
   - Develop a framework for ‘comparability’ among countries and ‘fungibility’ among carbon assets
   - Facilitate the emergence of an integrated international carbon market

   Networked Carbon Markets (NCM)
A linked international carbon market is desirable.

Governments and market participants need information about the schemes that they link with and the carbon assets that are imported.

Governments should have the sovereignty to act on the information about the schemes that they link with.
### Key components of the NCM initiative

1. **Independent assessment framework** to determine the climate change mitigation value of carbon assets and enable their fungibility in the international market.

2. **International Carbon Asset Reserve** to support and facilitate carbon market related functions.

3. **International Settlement Platform** to track cross-border trades and possible clearing house function.
The Networked Carbon Markets initiative is collaborating with a wide range of partners to progress its technical and analytical work plan.

### Private sector outreach
Partners: Climate Markets and Investment Association (CMIA).

### General Principles to guide carbon asset assessment
Partners: Observer to ISO Climate Change Standards Committee.

### Independent Assessment Framework
Partners: DNV, IISD, New Climate Institute, Climate Transparency initiative.

### International Carbon Asset Reserve
Partners: INFRAS, Grantham Institute.

### Concept Development
**Partners:***
- ‘NCM and its compatibility with a future UNFCCC regime’ (Marcu)
- ‘Comparison and Linkage of Climate Mitigation Efforts in a New Paris Regime’ (Harvard/IETA)
- Achieving compatibility and synergy between the NCM initiative and Climate Clubs (Climate Strategies)
- ‘A model for NCM based on the key elements and principles of Comparative Markets’ (Macinante)
- ‘Options for Operationalizing a Carbon Trading Ratio Mechanism’ (Austin)
- ‘Enabling Comparability of heterogeneous Emissions Trading Systems – Caps, MRV frameworks and non-compliance penalties’ (Munnings)
The Carbon Pricing Leadership Coalition

A VOLUNTARY INITIATIVE OF NATIONAL AND SUB-NATIONAL GOVERNMENTS, PRIVATE SECTOR AND BUSINESS, AND CIVIL SOCIETY ORGANIZATIONS THAT ASPIRES TO CATALYZE ACTION TOWARDS THE SUCCESSFUL IMPLEMENTATION CARBON PRICING AROUND THE WORLD.

The CPLC brings together leaders from government, business, and civil society to support the introduction of carbon pricing, share experiences and enhance global, regional, national and sub-national understanding of the emerging practices in the implementation of carbon pricing.
CPLC Governance

Institutional Arrangements

- A **High Level Assembly** (HLA) that bring together Partners of the coalition, at the executive/ministerial level. The HLA will be co-chaired on a rotating basis by a government and a business representative.

- A **Steering Committee** (SC) that provides input and reviews the activities of the Secretariat. SC will be co-chaired on a rotating basis by 3 governments, 3 businesses and 3 Partners from other stakeholders. SC will be elected at the HLA.

- **Working Groups** will advance the CPLC’s three work pillars and will be co-chaired on a rotating basis by a government and business representative.

- **Secretariat** will facilitate meetings of the CPLC; develops and tracks progress with the CPLC’s annual work plan and associated budget; prepares external reports; supports peer-to-peer learning and knowledge exchange; prepares and implements the CPLC’s communications and outreach strategy (e.g. website, webinars); develops a fund raising strategy and supports fund raising activities if required. The World Bank Group will serve as Interim Secretariat until the first HLA.
CPLC Work Plan

Three pillars:
1. Building and sharing the evidence
2. Mobilizing business support
3. Convening leadership dialogues

Sample deliverables

Issue papers and dialogue
Synthesize global knowledge on key issues such as competitiveness, use of revenues, networking markets, effectiveness

CEO Briefing Papers

Track and report on progress in carbon pricing developments globally

Host dialogues in targeted jurisdictions around possible future carbon pricing pathways and best practice policies

Engage investors, business and civil society to support adoption of carbon pricing in targeted jurisdictions and sectors

Assist governments in applying Principles to achieve successful carbon pricing implementation
Government leaders unite in calling for a price on carbon

Members of the Carbon Pricing Panel

- Chilean President Michelle Bachelet,
- German Chancellor Angela Merkel,
- French President François Hollande,
- Ethiopian Prime Minister Hailemariam Desalegn,
- Philippines President Benigno Aquino III,
- Mexican President Enrique Peña Nieto,
- Governor Jerry Brown of California,
- Mayor Eduardo Paes of Rio de Janeiro.
Business leaders unite in calling for a price on carbon

USA Institutional Investor Calpers,

Engie of France,

Mahindra Group of India,

Netherlands based Royal DSM
Thank you for your attention