



**WORLD BANK GROUP**  
Climate Change

**I4CE**

INSTITUTE FOR  
CLIMATE  
ECONOMICS

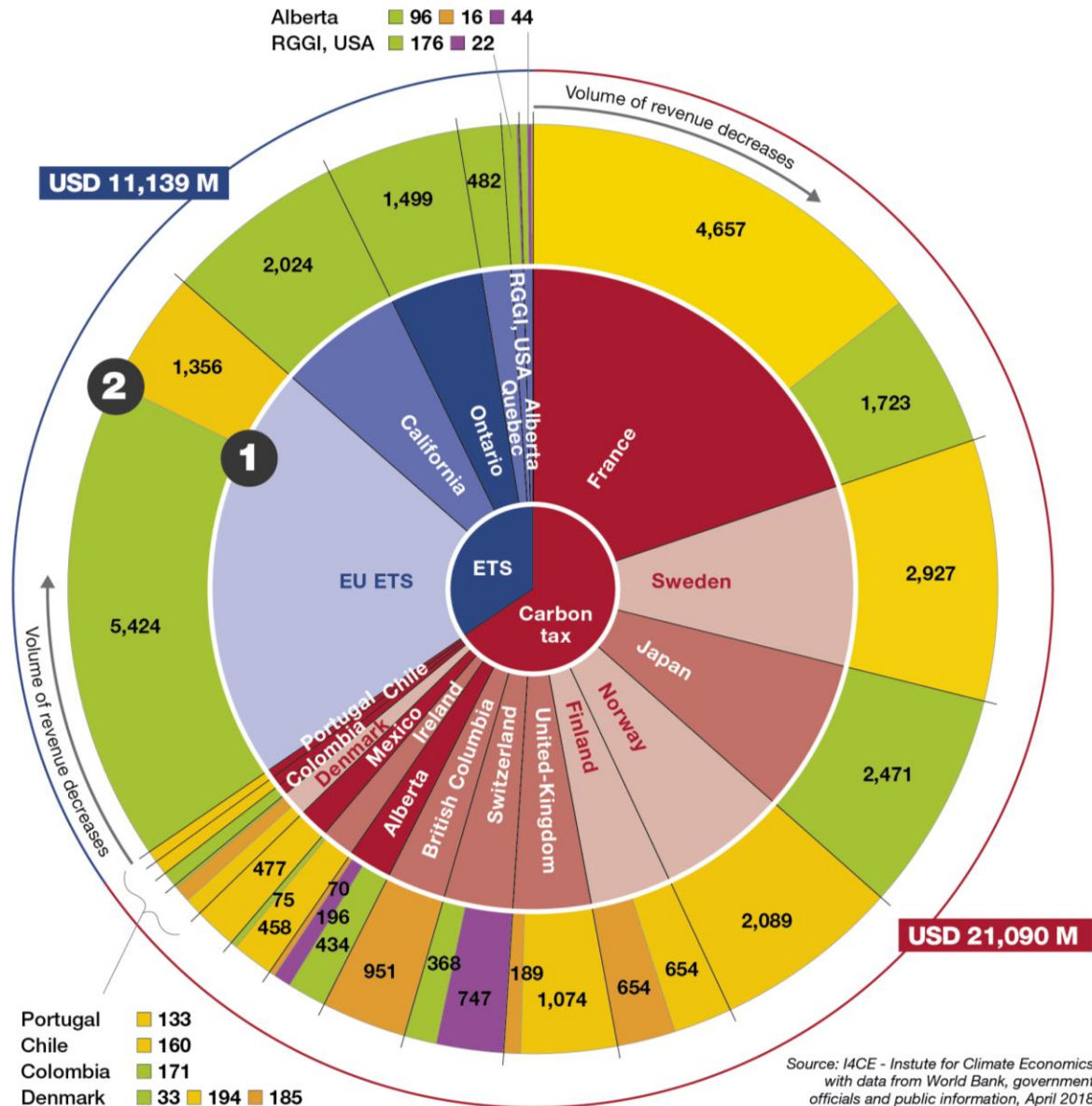
Une initiative de la Caisse des Dépôts et  
de l'Agence Française de Développement



# **Use of Carbon Revenues: From Environmental Issues to Economic Benefits**







**A central element to stakeholder's engagement**

# US\$32bn : carbon revenues in 2017



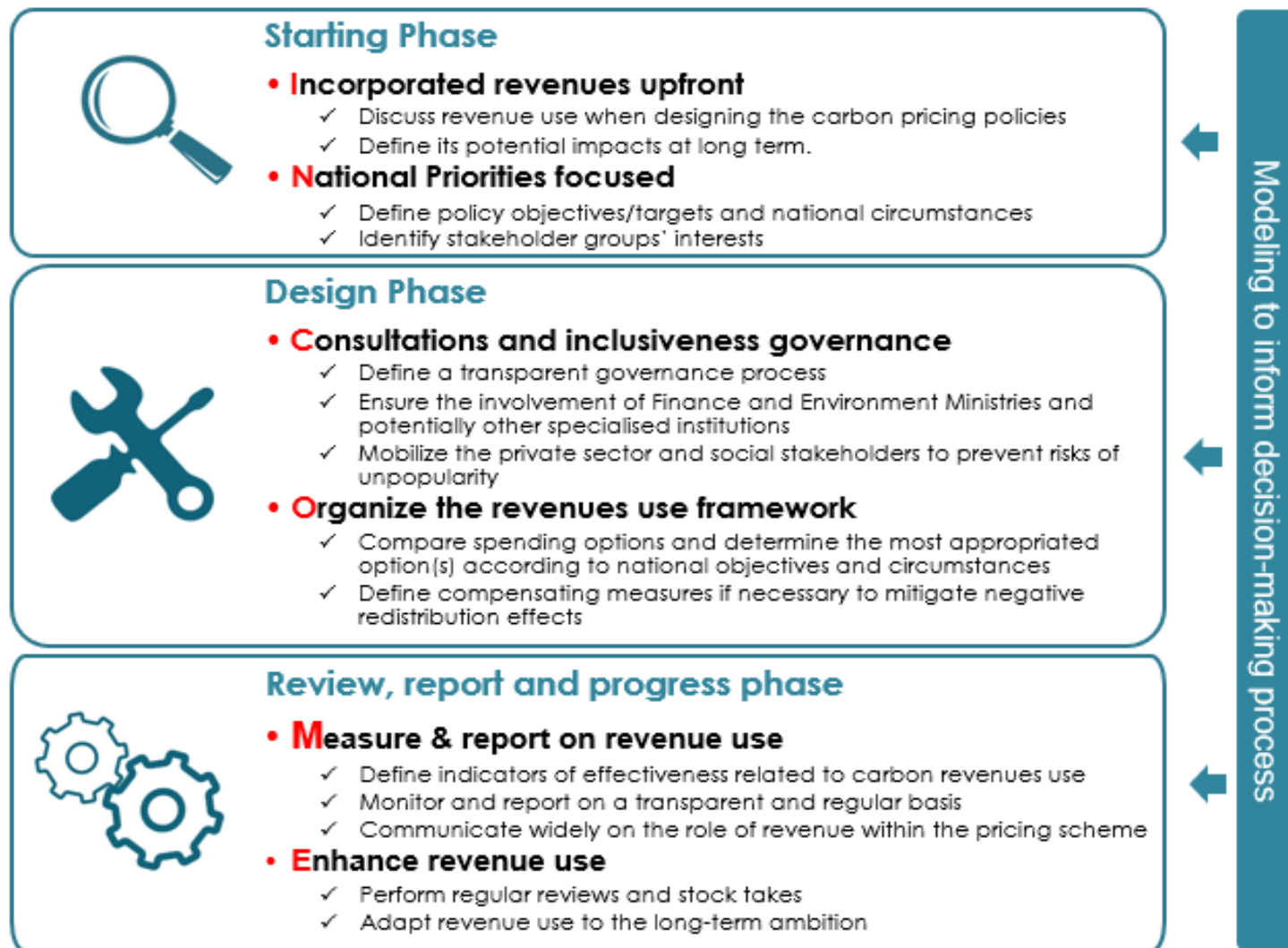
Source: I4CE - Institute for Climate Economics with data from World Bank, government officials and public information, April 2018

# 6 non-exclusive options for using carbon revenues

TAXONOMY OF OPTIONS		CRITERIA OF EFFECTIVENESS	Macroeconomic performance	Environmental performance	Governance and management	Communication and transparency	Social inclusiveness	Political resilience
<b>1. General budget</b> No targeted transfers			↑	↔	↑	↓	↔	↑
<b>2. Direct transfers</b> Targeted beneficiaries (households, companies, etc..)			↔	↔	↓	↑	↑	↓
<b>3. Green earmarking</b> Investments in energy transition (RES, EE, etc..)			↓	↑	↔	↑	↔	↓
<b>4. Tax cuts</b> Reduction in taxes (corporate, private, labour, etc..)			↑	↔	↔	↑	↔	↔
<b>5. Social programs :</b> Support to disadvantaged households, health programs			↔	↔	↓	↔	↔	↓
<b>6. Public low-carbon infrastructures and development earmarking</b> Investments in electric public transportation (buses, trains)			↔	↑	↔	↔	↔	↓

Source: World Bank, I4CE and AFD, 2018

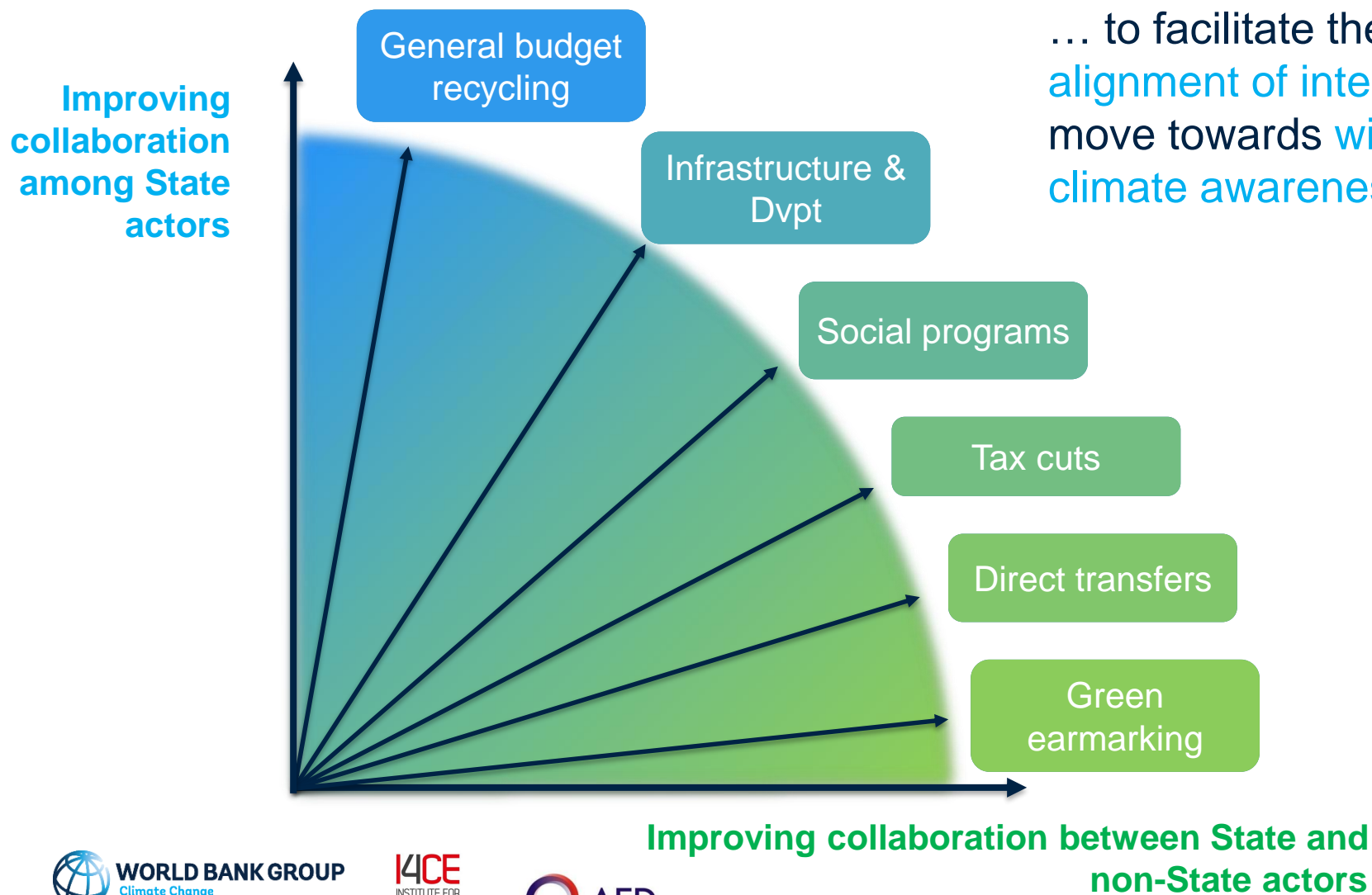
# Designing a carbon revenues use framework : The INCOME principles



# Carbon revenues: a means of **collaboration**

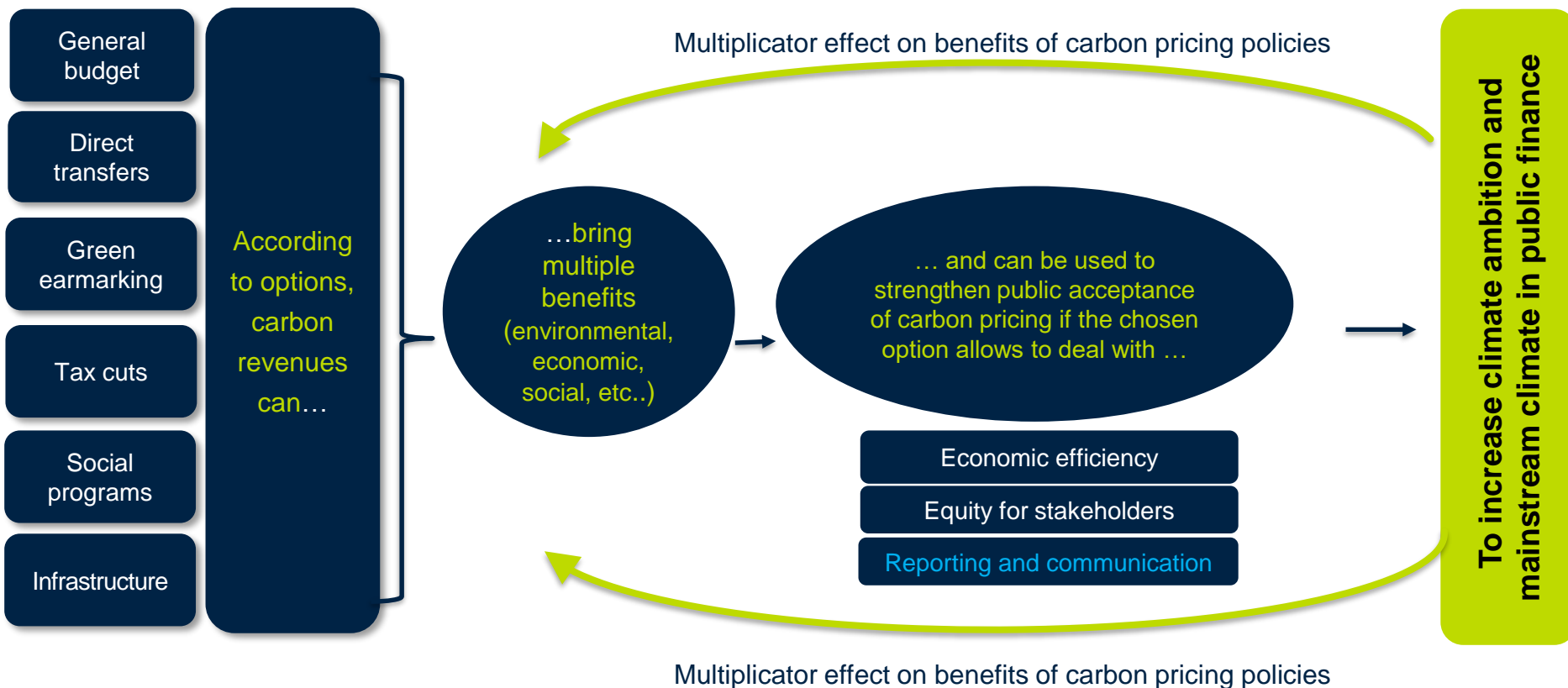
- Strengthening the **appropriation of the pricing scheme** by all stakeholders...

... to facilitate the **alignment of interests** and move towards **widespread climate awareness**



# Carbon revenues: a need for communication

- Build trust in Efficiency & Equity
- Display climate and non-climate benefits
  - Link them to the scheme



# Taking stock of revenue experiences worldwide (1)





# Taking stock of revenue experiences worldwide (2)



Emissions 2015: 1,5 MMtCO<sub>2e</sub>  
 Pricing scheme: ETS  
 Coverage: 85 %  
 Start year: 2012  
 Revenues 2017: USD 2bn

## Cumulative Funding Summary



Emissions 2016: 332 MtCO<sub>2e</sub>  
 Pricing scheme: Carbon tax  
 Coverage: 35 %  
 Start year: 2014  
 Revenues 2017: USD 6.4bn



Emissions 2016: 643 MtCO<sub>2e</sub>  
 Pricing scheme: FFS reform  
 Coverage: XXX %  
 Start year: 2010  
 Revenues: USD 3-6bn





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**Thank you for your attention**

**Questions ?**