PMR Perspectives Series

Looking Ahead: Partner dialogue on carbon pricing, enabling environment, and capacity development

April 29, 2021
THEORY OF CHANGE

• The **guiding vision** of the World Bank’s engagement is that a strong price signal on carbon emissions will be introduced across jurisdictions and sectors in the medium to long term.

• Implementation of carbon pricing will result in opportunities for the creation of national and international carbon markets, further reducing mitigation costs and raising climate ambition, making a significant and sustained contribution to global decarbonization efforts.

DEVELOPMENT OBJECTIVE

In alignment with the WBG Climate Change Action Plan (CCAP), the two-fold development objective is to contribute to the acceleration of global decarbonization efforts by:

• Assisting client countries design and deploy explicit **domestic carbon pricing policies** appropriate to their domestic context and compatible with their sustainable development priorities; and

• Catalyzing the development of the next generation of **international carbon markets**.
Carbon Pricing at WB CCG

Supporting countries to put a price on carbon, to participate in carbon markets, and to increase access to finance

**Advocacy:** Carbon Pricing and Leadership Coalition (CPLC)

**Analytical Work:** e.g. Global State & Trends of Carbon Pricing

**Product Development, Advisory, and Implementation to help country engagement:**
- Conceptualization
- Prototyping Products
- Implementation & Scale-Up

**Networked Carbon Markets**
- Climate Warehouse, Climate Club, etc.
- Partnership for Market Readiness
- Partnership for Market Implementation

**Outreach:** Innovate4Climate, Regional Climate Weeks, Knowledge outreach
PMR at a glance

- $125 million – 13 donor partners
- 23 country programs (19 Market Readiness Programs; 4 funded Technical Partners)
- 10+ country policy analysis activities
- Platform for over 50 partners
  - Implementing countries
  - Contributing countries
  - Technical partners
  - Observers
  - Subject experts

- Knowledge generation
  - > 50 publications
  - Industry-standard guidebooks (CPI selection, ETS, MRV, Carbon Tax, crediting, development benefits etc.)
  - Flagship Reports (S&T)
- Capacity building for > 20,000 professionals
  - 24 Assemblies; > 30 international technical workshops
  - Regional technical trainings, South-South Exchanges, national events
  - 10 Online courses

Two independent program evaluations
Partnership for Market Implementation


Conceptualized (2017-19)  Approved (2020)

• 11 Contributing Partners
• Initial funding commitment -- $85m+
• EOI launched for Implementation and Readiness
• 30+ countries expected to apply
• Other program components under design
• Anchor program for WB Carbon Pricing Umbrella
PMI Objectives

- **Support** participant countries/jurisdictions in the implementation of carbon pricing instruments needed for GHG mitigation and NDC implementation.

- **Develop** the knowledge base on carbon pricing instruments and facilitate information exchange through technical discussions and knowledge dissemination.

- **Assist** countries to identify and implement best practice approaches and, where relevant, achieve compatibility in design to support the development and linking of international carbon markets.

- **Encourage** international and national cooperation, and inform the domestic and global policy discussions on GHG mitigation by sharing lessons learned and providing a platform for collective innovation on carbon pricing instruments.
**Carbon Pricing Implementation Support**

**Initial target: 10 countries**

**Target:** Countries with an implementation timeline, demonstrated political commitment or an existing carbon pricing system in place

**Support package:** Strengthening domestic implementation capacity, strengthening legislative and policy review functions, scaling and expanding to new sectors

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**Carbon Pricing Readiness Roadmaps**

**Initial target: 20 countries**

**Target:** New countries ready for the decision to assess and potentially implement a carbon pricing instrument.

**Support Package:** Early stage activities to determine which instrument to adopt, build stakeholder support for policy infrastructure, e.g. MRV

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**Targeted Technical Support**

**Target:** Regional, subnational jurisdictions

**Support Package:** Harmonization of carbon pricing infrastructure, development of transparent accounting procedures, etc.
Looking Forward

PMI...will leverage **knowledge and networks** generated by PMR community of policymakers, practitioners, partners

- Preparedness for Implementation
- Infrastructure Development (MRV, Registries)
- CP Instrument Design & Piloting
- Policy Analysis / CPI decision-making

Looking Forward
Thank you!