



Partnership for Market Readiness (PMR) and Carbon Market Developments

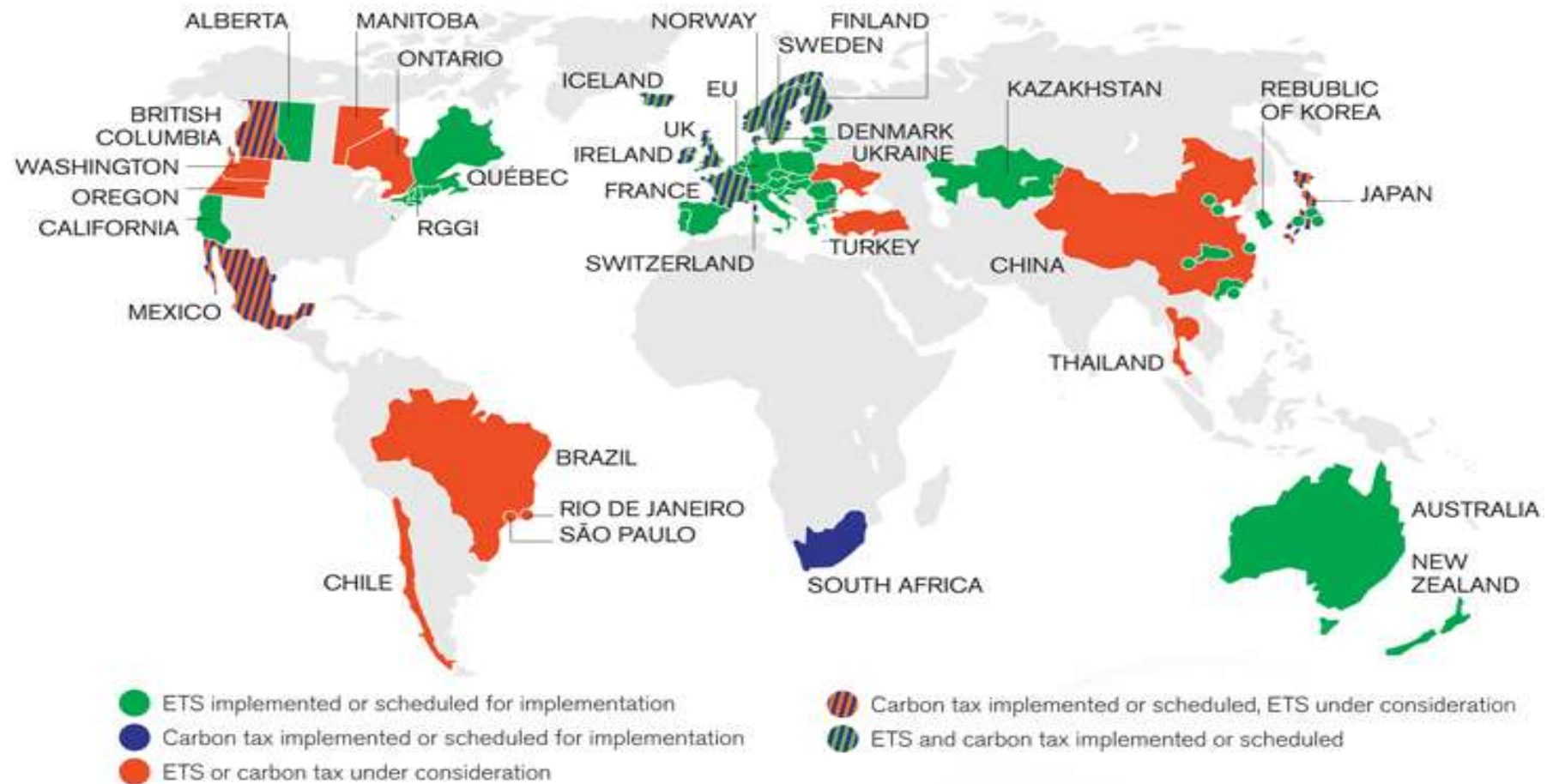
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September 11, 2014

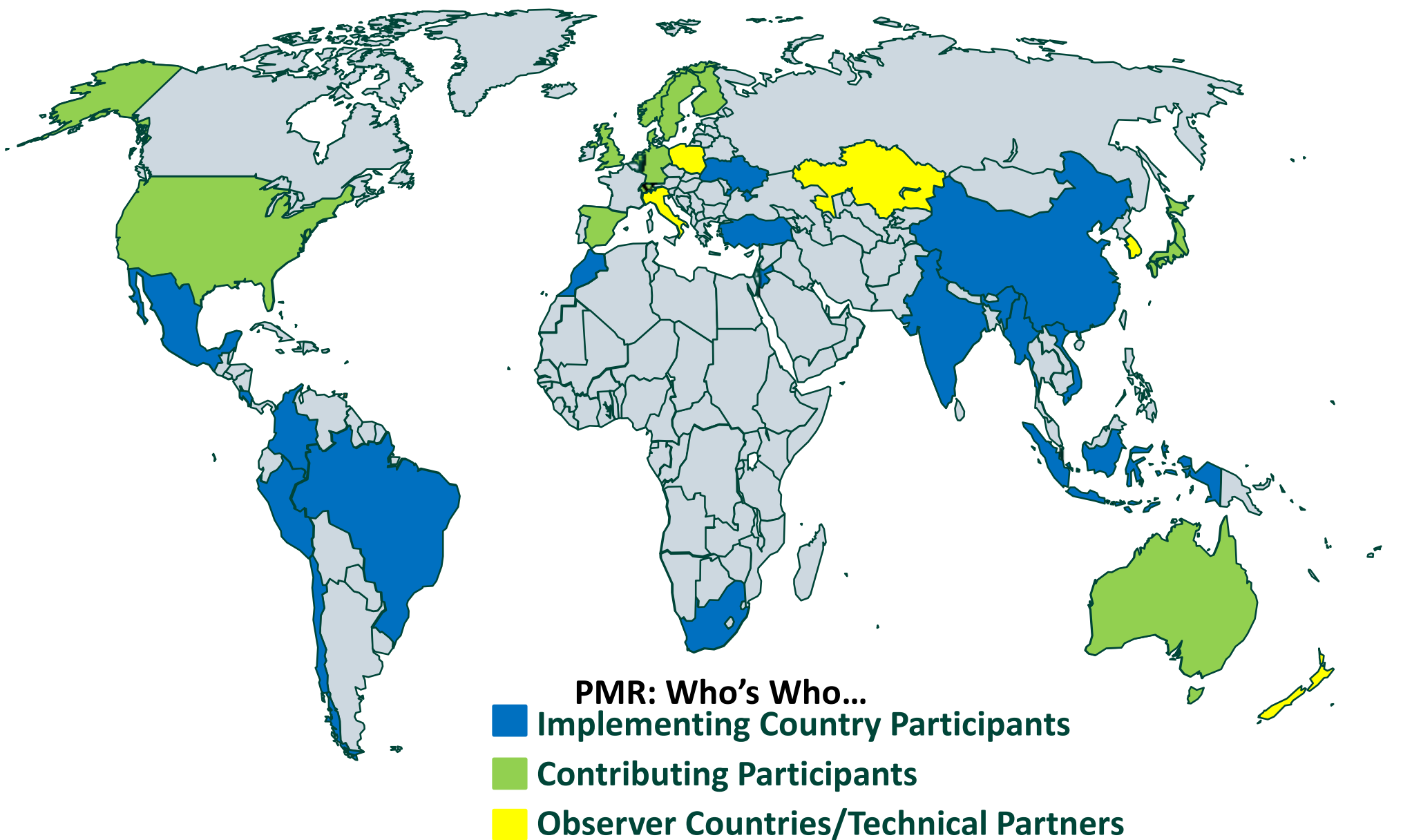
Carbon Pricing around the World: Existing and Scheduled Regional, National and Sub-national Carbon Pricing Instruments



State of Carbon Pricing Initiatives: Key Highlights

- ◆ Globally, **about 40 countries and over 20 sub-national jurisdictions have implemented or are scheduled to implement carbon pricing instruments**, including emissions trading systems and taxes.
- ◆ The world's emissions trading schemes are valued at **about \$30 billion**
- ◆ China is now housing the world's second largest carbon market, **covering the equivalent of 1,115 million tons of carbon dioxide emissions.**

Keeping up the Pace: The PMR Support to Carbon Pricing Instruments



Implementing Country Participants			Contributing Country Participants (US\$126.5 million mobilized)	
Brazil	Indonesia	Thailand	Australia	Netherlands
Chile	Jordan	Tunisia	Denmark	Norway
China	Mexico	Turkey	European Commission	Spain
Colombia	Morocco	Ukraine	Finland	Sweden
Costa Rica	Peru	Vietnam	Germany	Switzerland
India	South Africa		Japan	United Kingdom
				United States

- ◆ In March 2014, the PMR created a new participant category – **The Technical Partner** – for countries that are in the process of designing and implementing a carbon pricing instrument and seek technical support. **Kazakhstan** is the PMR's first Technical Partner
- ◆ Observer countries: France, Italy, New Zealand, Poland, Singapore, and South Korea

Building a Major Forum for Climate Mitigation

**The PMR operationalized in March 2011.
Its core objectives include:**

Provide grant funding to build policy, regulatory and institutional readiness for GHG mitigation

Pilot cost-effective instruments (e.g., domestic emissions trading schemes, carbon tax, new crediting mechanisms)

Provide a **platform for technical discussions**, South-South exchange, and collective innovation

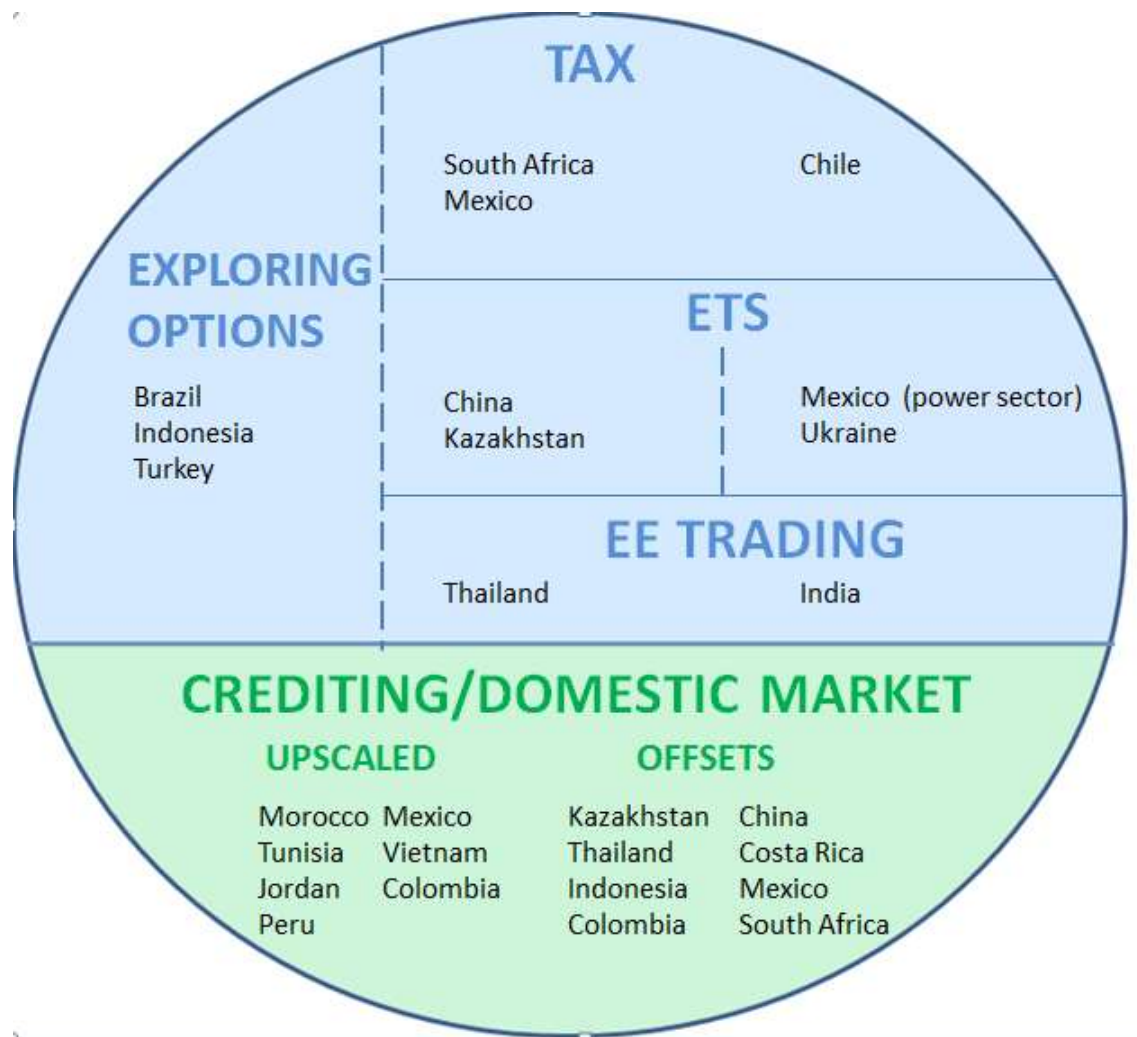
Create and **share lessons learned** and best practices

PMR Country Participants build foundations for a range of domestic instruments aimed at putting a price on carbon

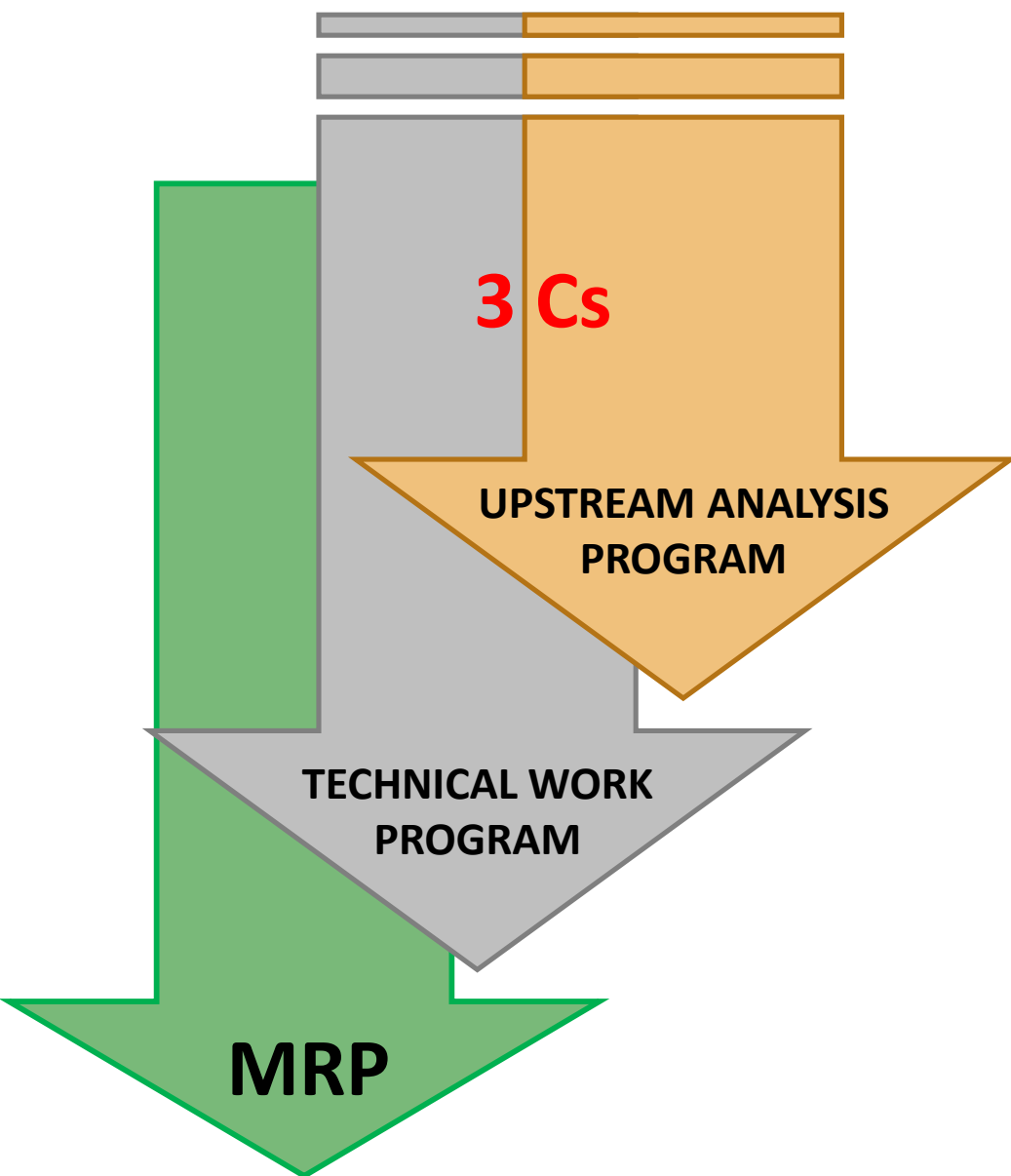
◆ Building “readiness”

- Developing Monitoring, Reporting, and Verification of GHG emission (MRV)
- Strengthening analytical capacities for mitigation objectives and policy options

◆ Design and implement domestic carbon pricing policies



The PMR supports the emergence of Credible, Consistent, and potentially Compatible carbon pricing frameworks across countries (3Cs)



- ◆ **Country-level Readiness**
Build the foundations, design and implement carbon pricing policies
- ◆ **Country-to-Country Dialogue**
Build capacity, exchange good practices and lessons learned
- ◆ **Upstream Policy Work Analysis**
Assess policy options and identify effective and cost-efficient instruments for post 2020 mitigation scenarios
- ◆ **Technical Work Program**
Complement country-level implementation activities by supporting ground work on MRV, registries, baseline setting, and offsets
- ◆ **Private Sector Preparation**
Facilitate business-Government Dialogue and companies' readiness

- ◆ **Expected timeline:** During the 13th Five Year Plan **(2016 - 2020)**
- ◆ **\$8 million grant allocated to China by the World Bank's PMR** to support the design of the national emissions trading scheme that is planned to be launched in few years.
- ◆ **Key Design Components:** **(i)** Cap Setting; **(ii)** Allowance Allocation; **(iii)** Monitoring, Reporting and Verification (MRV) System; **(iv)** Registry; **(v)** Legal and Compliance Mechanism; **(vi)** Price Containment Mechanism; **(vii)** Offset Mechanism and Scheme Linking; **(viii)** Market Oversight; **(ix)** Participants and Trading Products
- ◆ **Analytical work:** **(i)** State-owned Enterprises (SOEs) in China's ETS and **(ii)** China's Power Sector Participation in China's ETS

PMR Country Case Study: Indonesia

- **Core Technical and Institutional Readiness Components in Power and Industry Sectors:**
 - Emission profile and baseline setting
 - MRV system development and piloting in electricity generation and cement production

- **Planning for a Market-based Instrument:**
 - Technical assessment and policy consultation on market instrument
 - Piloting the selected instrument

PMR Country Case Study: Thailand

- ◆ **Support design and initial implementation of a domestic market mechanism to reduce energy consumption and GHG emissions in energy sector with a view to transform to ETS in the future**

Phase I – Preparation for a demonstration of the Energy Performance Certificate Scheme (EPC) including supporting infrastructure such as database and MRV system and a study on legal framework for the ETS

Phase II – Demonstration of the EPC scheme

- ◆ **To promote and support municipalities and local communities to implement GHG mitigation actions while achieving sustainable development and low carbon society goals through domestic market mechanism**

Phase I – Preparation of the Low Carbon City Program (LCC) and Low Carbon City Program Fund (LCC Fund).

Phase II – Implementation of the LCC program.

PMR Country Case Study: Vietnam

- Focus on:
 - (i) **Designing and piloting of market instruments in the steel and solid waste sectors**
 - (ii) **Establishing infrastructure for market mechanisms, such as work on a GHG registry and MRV system.**

- **Additional activities in the energy sector – in particular, carbon pricing in power sector and fossil fuel pricing reform and green finance readiness**

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