



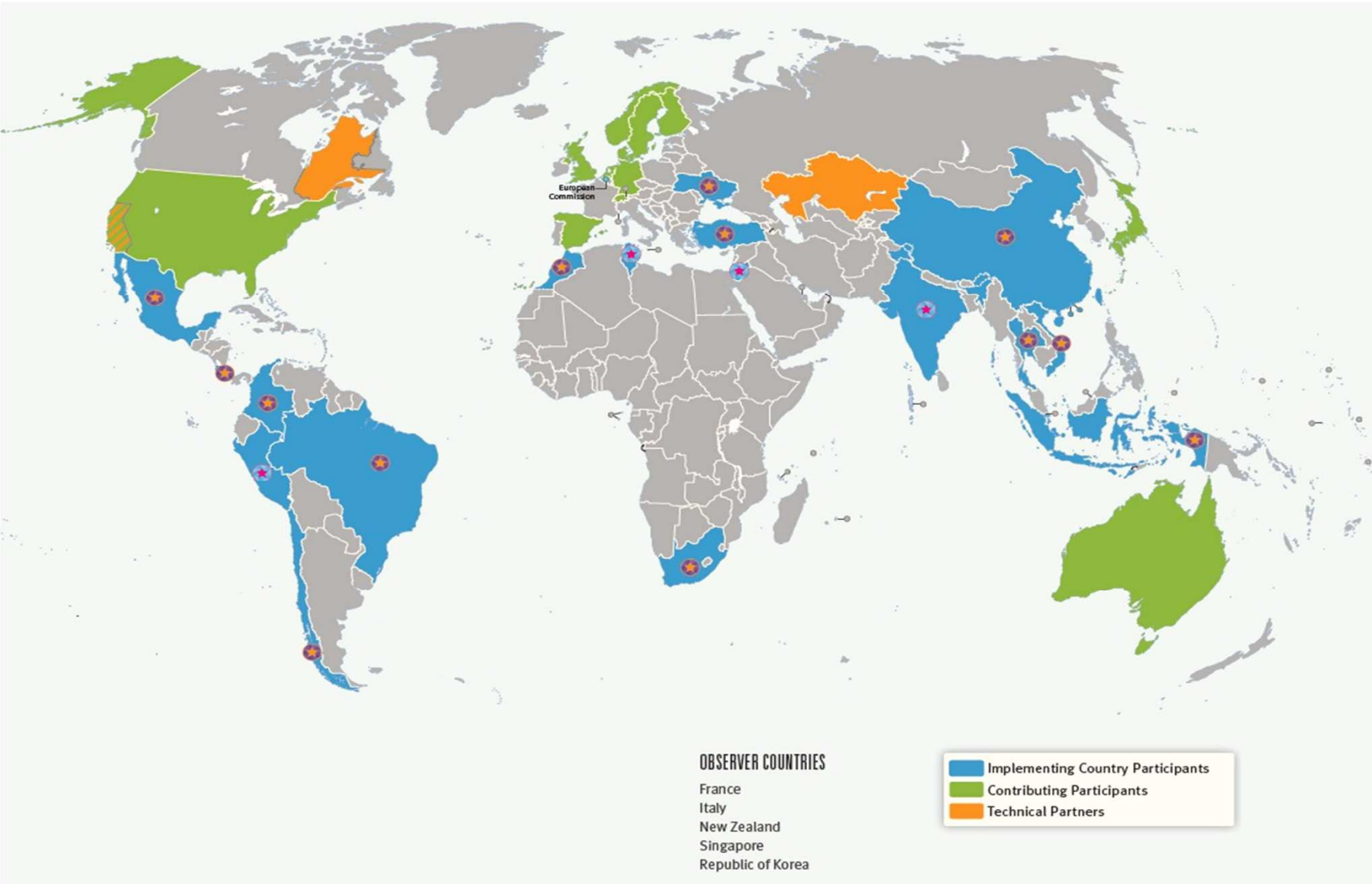
The Partnership for Market Readiness (PMR)

Supporting Action for Climate Change Mitigation

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World Bank

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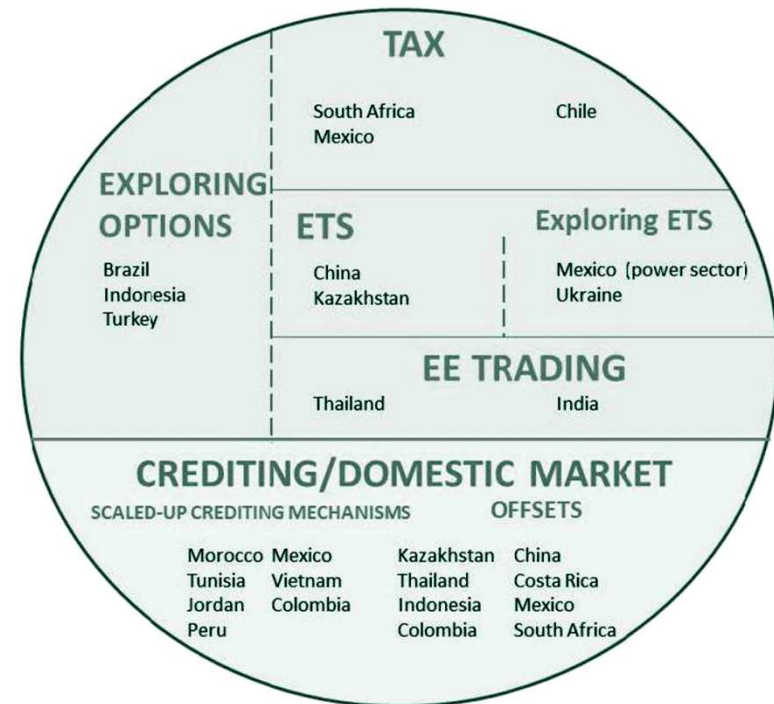
Keeping up the Pace with Developments around the World



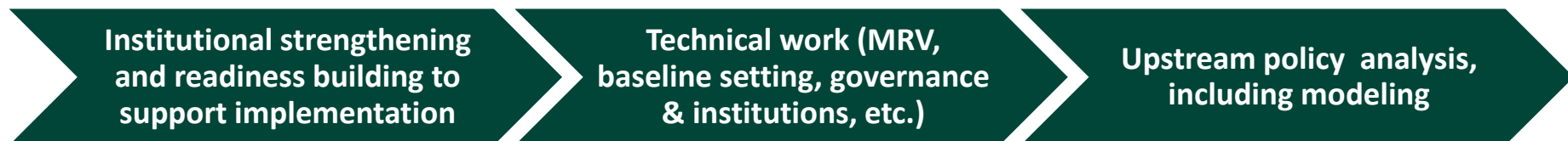
Supporting Countries in Developing Compatible Domestic Market Approaches

- ◆ The PMR facilitates the choice, design or implementation of a number of policy instruments:

1. *Emissions Trading Schemes*
2. *Carbon Taxes*
3. *Scaled-up Crediting*
4. *Offsets*



- ◆ ... to do so, the PMR carries out ground work through:



Case Study: South Africa's Carbon Tax

- Response to voluntary commitment to reduce emissions and reduce the country's reliance on fossil fuels

- Coverage: 75% of emissions including electricity generation, gasification, glass, cement, refining, mining, paper and pulp, iron and steel, aluminium, chemicals and transport

- Prices: R120/tonne (\$10/tonne), rising by 10% per year but with tax free allowance leading to initial marginal tax rate of R12-48/tCO₂ (\$1-\$4/tonne)

- Revenues are expected to be recycled although details are still to be determined

Observations and Insights Gained through the PMR Operation

- ◆ Most countries are still considering which carbon pricing instrument to pursue.
- ◆ Decisions on emissions trading, carbon tax or other instrument are part of a highly sensitive political process.
- ◆ Both political leadership and “readiness” support are needed to advance the carbon pricing agenda.
- ◆ Readiness building does not only aim at preparing for the implementation of a carbon pricing instrument but it also supports the decision-making process about the instrument itself.
- ◆ Country-to-country exchanges and knowledge sharing facilitate cooperation and innovation, ultimately facilitating a successful implementation of carbon pricing instruments.

FOR MORE INFORMATION ON THE PARTNERSHIP FOR MARKET READINESS (PMR),
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