



WORLD BANK GROUP
Climate Change

I4CE

INSTITUTE FOR
CLIMATE
ECONOMICS

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

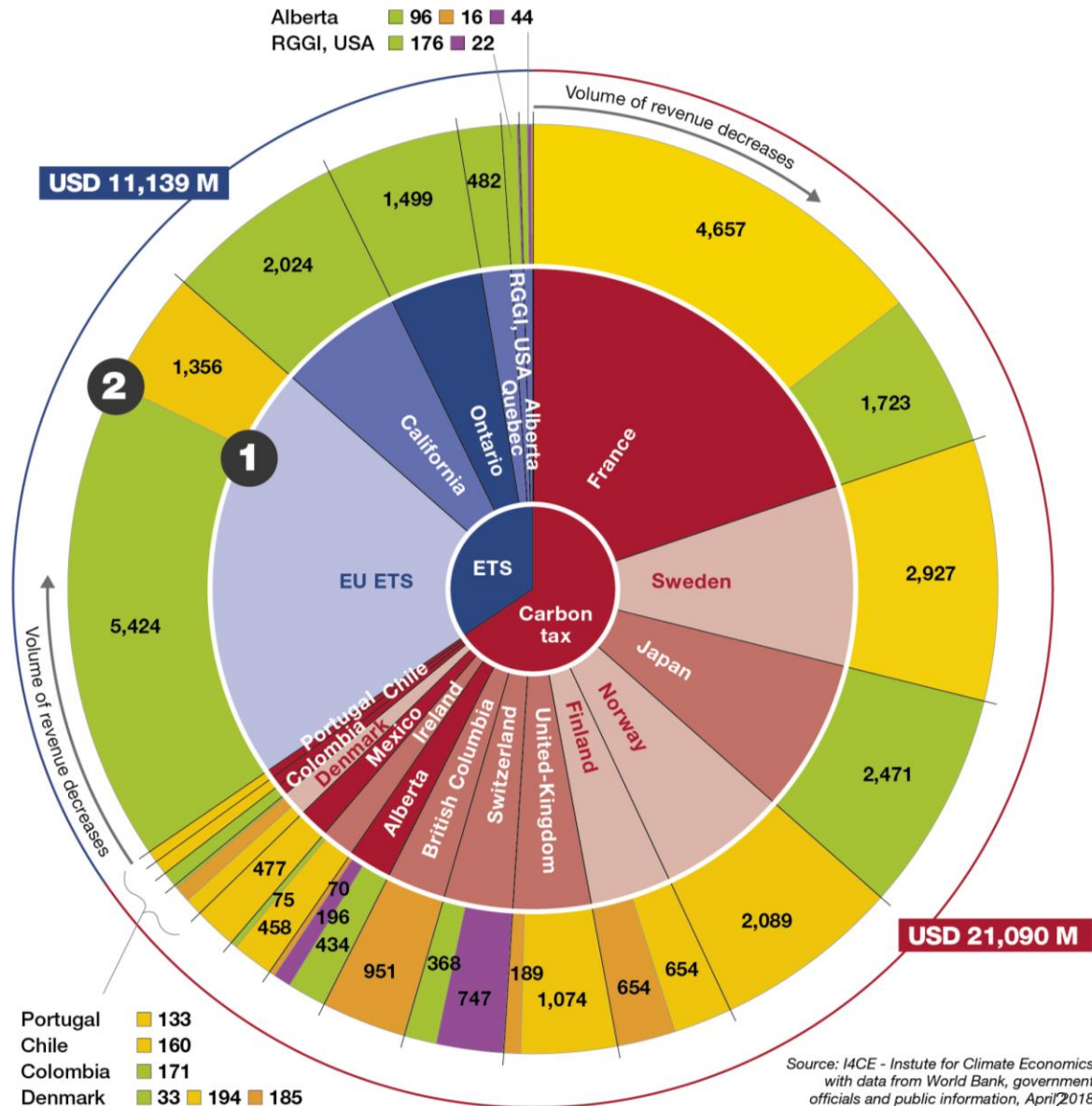


Use of Carbon Revenues: From Environmental Issues to Economic Benefits

A central element to stakeholder's engagement







Effective carbon pricing communication | Frankfurt, 21st May 2018

US\$32bn in 2017: growing fast, getting big



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

Options for revenue use: multidimensional assessment

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

Source: World Bank, I4CE and AFD, 2018

“ Il s’agit d’une réforme considérable qui porte en germe une refonte de tout notre système fiscal.

La contribution climat énergie ne sera acceptable que si elle a pour objet exclusif de prémunir contre le changement climatique et qu’elle crée de l’emploi.

Tout viol de ces deux règles mettrait en danger le consensus national nécessaire à sa mise en œuvre. ”

“ *We are working on a considerable measure, bearing the **seeds of a sweeping reform of our whole fiscal system.***

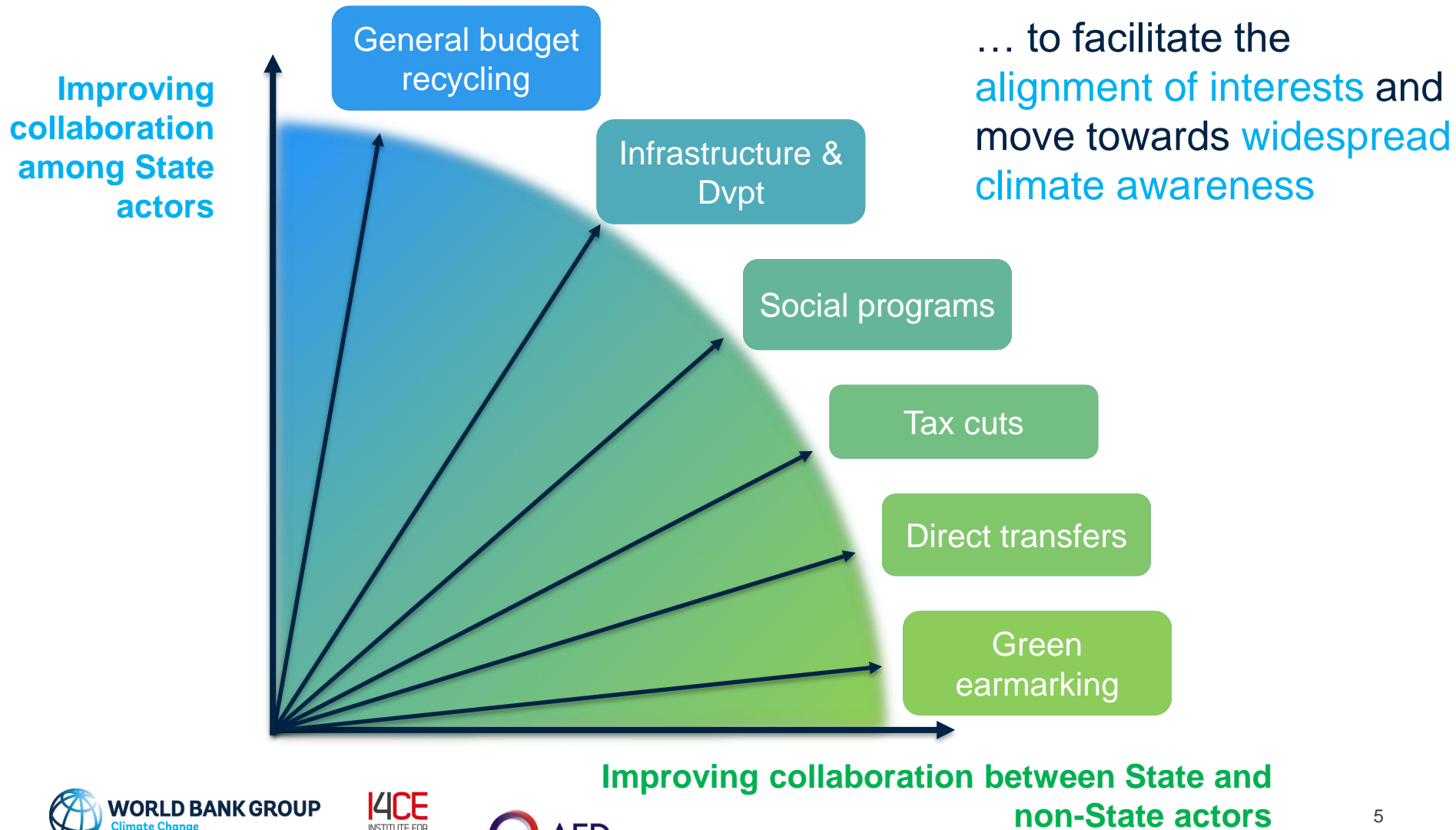
*The Climate and Energy Contribution will be acceptable only if its ultimate and only goal is to **protect us from climate change, and it creates jobs.***

Failing any of these two rules would jeopardize the national consensus that is vital to its implementation. ”

Michel Rocard, former French Prime Minister,
Chair of the Expert’s Roundtable on the Climate-Energy Contribution

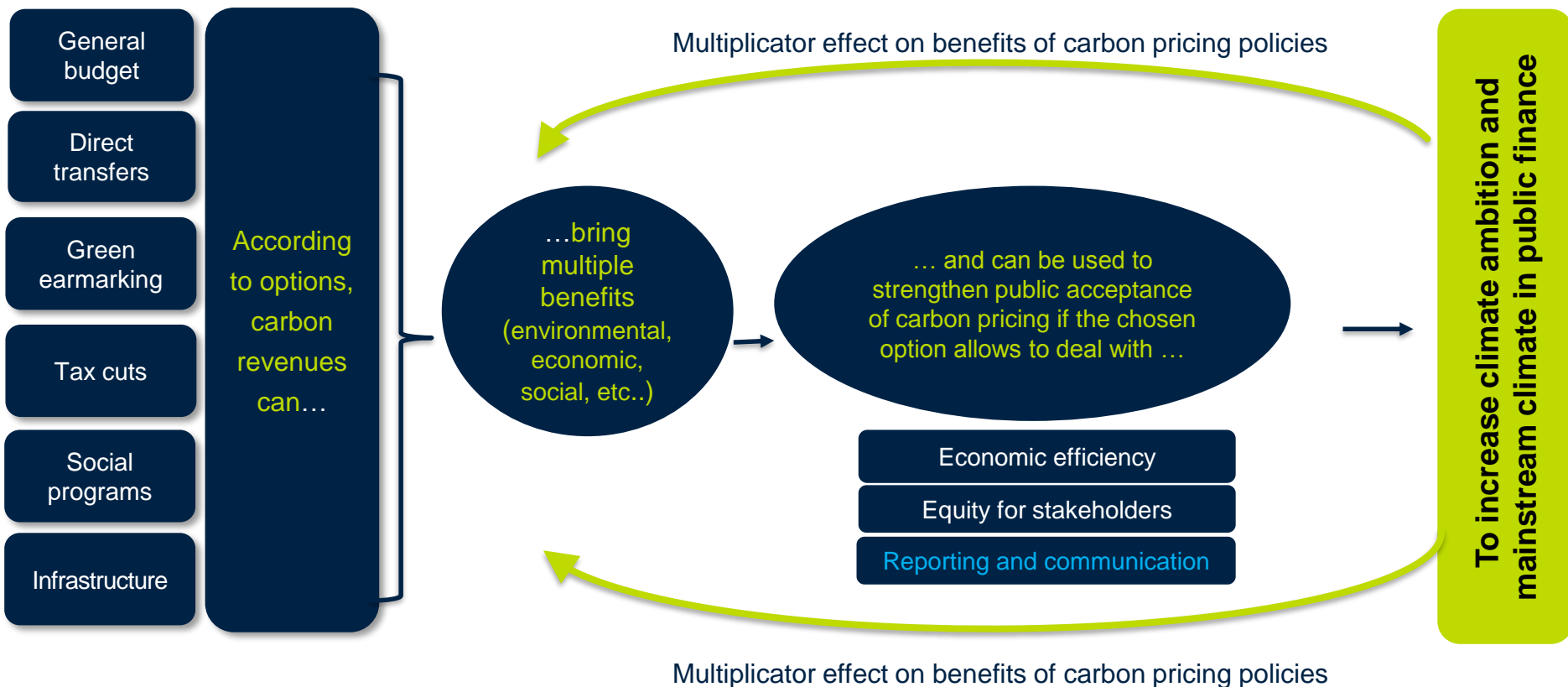
Carbon revenues: a means of **collaboration**

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




Carbon revenues: a need for communication

- Build trust in efficiency & equity of government action
- Highlight climate and non-climate benefits
 - Link benefits to the pricing scheme



Taking stock of revenue experiences worldwide



Emissions 2015: 1,5 MMtCO_{2e}

Pricing scheme: ETS


Coverage: 85 %

Start year: 2012


Revenues 2017: USD 2bn

Cumulative Funding Summary

Appropriated	Selected & Awarded	Implemented
\$6.1 billion appropriated by the Legislature	\$3 billion selected & awarded by agencies	\$2 billion in implemented projects



Cap and Trade Dollars at Work




Emissions 2016: 332 MtCO_{2e}


Pricing scheme: Carbon tax


Coverage: 35 %

Start year: 2014

Revenues 2017: USD 6.4bn








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RÉPUBLIQUE FRANÇAISE

MINISTÈRE DE LA TRANSITION ÉCOLOGIQUE ET SOLIDAIRE




Emissions 2016: 643 MtCO_{2e}

Pricing scheme: FFS reform

Coverage: XXX %

Start year: 2010

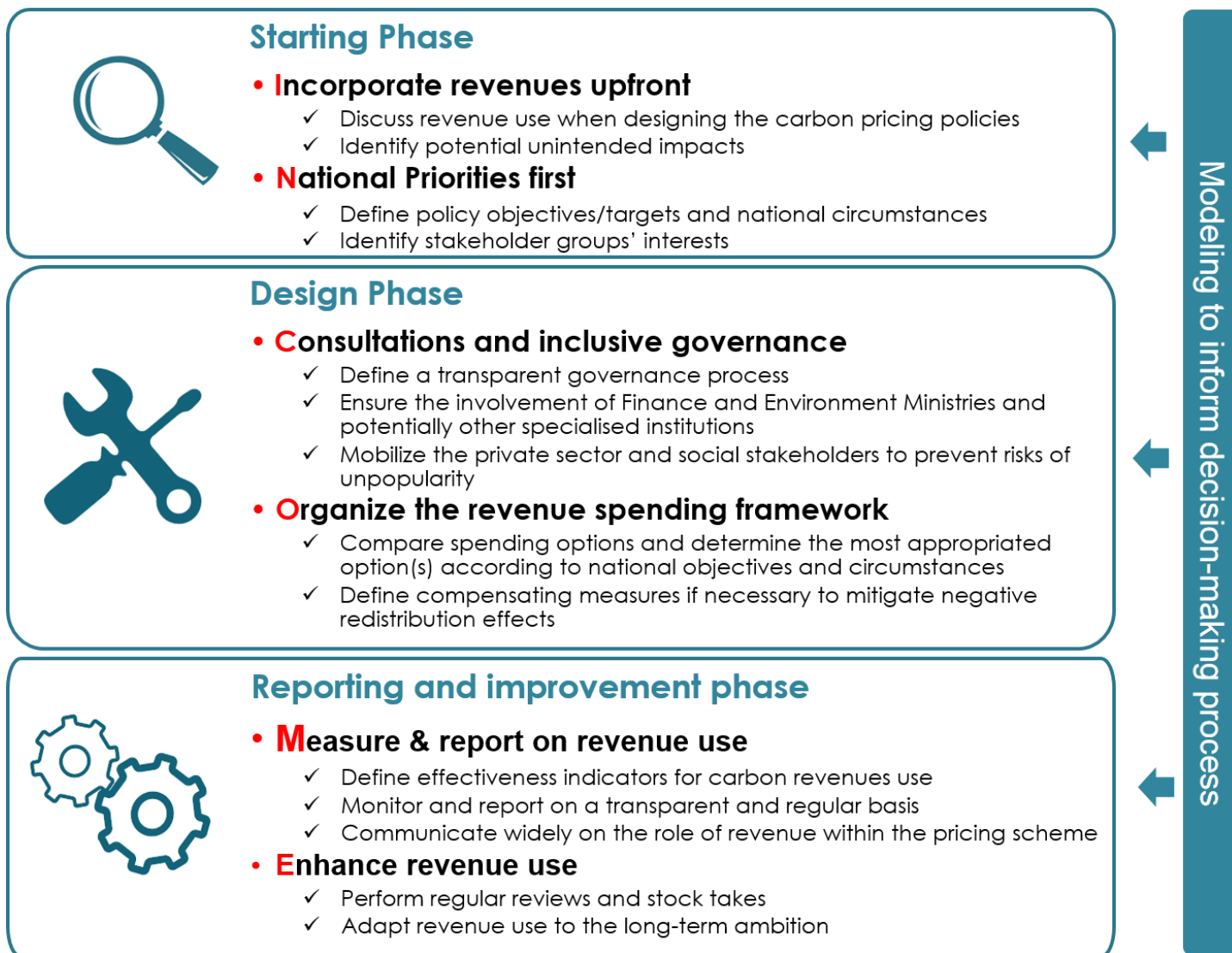
Revenues: USD 3-6bn



Taking stock of revenue experiences worldwide



Designing an adapted framework: the INCOME principles



Thank you for your attention

Questions ?

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