

## **Countries target CO2 markets by year-end under World Bank scheme**

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Several countries such as Chile, Turkey, Mexico and China could launch pilot carbon market schemes by the end of the year under the guidance of a World Bank scheme, a bank official said Friday. Fifteen countries have applied for cash under the Partnership for Market Readiness (PMR), a programme funded by developed countries to help less-developed nations cut emissions to tackle climate change beyond 2012.

Of these, nine have already received \$350,000 each in preparation funding, and could receive \$3-\$10 million each before the end of the year to implement their pilot schemes, Xueman Wang of the World Bank, which steers the initiative, told Point Carbon News.

“We would expect several countries such as China, Mexico, Chile and Turkey to start the implementation phase before the end of the year,” she said.

The amount and method of doling out cash will be determined by the quality of proposals and the readiness of countries to host pilot schemes, Wang added.

The World Bank has developed a framework aimed at helping countries outline the sectors or programmes they want to follow, and how they plan to scale up domestic schemes.

Countries including Chile, China, Thailand, South Africa and Ukraine have proposed domestic emissions trading schemes, while other countries such as Mexico and Morocco are investigating ideas for programmes that issue credits based on national appropriate mitigation actions (NAMAs).

NAMAs are country-wide plans to cut emissions, such as initiatives to reduce the carbon footprint of industry sectors such as cement.

Wang said some countries also want to use the cash to set up ways of checking that emissions reductions have actually taken place, a system known officially as monitoring, reporting and verification.

The nine countries that have received cash to-date are Chile, China, Colombia, Costa Rica, Indonesia, Mexico, Thailand, Turkey and Ukraine.

Brazil, India, Jordan, Morocco, South Africa and Vietnam are also expected to receive implementation cash in the first half of 2012 so they can plan for future market-based approaches.

These could potentially be agreed at the next PMR meeting scheduled in March or the following meeting in May/June.

“The PMR will alone not be enough to fully fund the implementation of these schemes but we hope it will become key in providing experience and advice for their development,” she said.

## DONOR COUNTRIES

So far eleven countries have pledged a total of \$75 million in funding for the scheme.

“Our goal is still to have \$100 million (in donations) and we hope to do this by getting new countries on board or through an increase in funding from existing donors,” Wang said.

Denmark became the latest contributor to the pot when it announced, at climate talks in Durban last month, that it will donate \$5 million.

The other donors are Australia, the European Commission, Germany, Japan, the Netherlands, Norway, Spain, Switzerland, the UK and the U.S.

See below a list of actions proposed by each country under the scheme:

### **Countries that have been allocated \$350,000:**

Chile: Support ETS design and study, develop MRV and GHG registry system

China: Provide technical assistance on pilot ETS programmes in cities and provinces

Colombia: Identify carbon trading system between transport sectors in major cities and proposals for other sectors

Costa Rica: Study suitability of market instruments, look at policy in energy, transport waste management agriculture

Indonesia: Support energy sector programs, consultations on market instruments

Mexico: Develop and implement crediting NAMAs, set up GHG registry system

Turkey: Implement robust MRV, pilot market instrument

Ukraine: Support market readiness and capacity of carbon intensive sectors, investigate implementation of ETS

Thailand: Framework for domestic ETS, and domestic crediting in cities and carbon intensive industries

### **Countries yet to receive funding:**

Brazil: Create emissions reduction market in Brazil, analyze suitable instruments for given sectors

India: Expand domestic energy efficiency scheme, accelerate solar cities programme

Jordan: Explore market instruments, support capacity building for data collection and MRV systems

Morocco: Establish MRV framework, identify NAMAs in relevant sectors

South Africa: Analyze interaction between carbon tax and ETS, study design of ETS and new crediting mechanisms

Vietnam: Explore sector NAMAs, review ETS practices and study carbon tax options

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