

Carbon Pricing Readiness: Looking Ahead

As countries construct their 2030, 2040, and 2050 greenhouse gas mitigation scenarios, they have increasingly identified cost-efficient policies, including carbon pricing instruments, as essential elements of proposed climate action. Countries' activities in this regard differ based on their unique circumstances, and range from improving "carbon pricing readiness" to designing and piloting various carbon pricing instruments.

Carbon pricing readiness sets a foundation for the implementation of a forthcoming carbon pricing instrument and can include the following activities:

- Design and implement GHG data management systems for monitoring, reporting and verification (MRV);
- Set up GHG data registries;
- Design offset programs;
- Engage in policy mapping exercises to ensure new policies align with existing ones;
- Set GHG baselines;
- Determine sector benchmarks;
- Model policies to determine impact (particularly on competitiveness);
- Design institutional arrangements to support new policies; and
- Support stakeholder engagement and alignment.

Some countries are simultaneously pursuing carbon pricing readiness-related activities and carbon pricing instruments. Others are at the readiness stage only. Below is a status table of countries' activities as of 2014, and expected time frame for completion.

Country	Carbon Pricing Readiness	Carbon Pricing Instruments	Expected Delivery
Brazil	<ul style="list-style-type: none"> • MRV capacity 	<ul style="list-style-type: none"> • Explore various carbon pricing systems in order to select suitable instrument for implementation • Carbon tax (ongoing analysis of feasibility and design features) 	<ul style="list-style-type: none"> • 2016
Chile	<ul style="list-style-type: none"> • MRV and GHG registry systems • Stakeholder awareness for market based approaches. 	<ul style="list-style-type: none"> • Domestic ETS pilot within the energy sector • Carbon tax (on thermoelectric power plants emissions) 	<ul style="list-style-type: none"> • 2016
China	<ul style="list-style-type: none"> • Cap setting, allocation, MRV, mechanisms for price containment, market oversight and a legal framework for national ETS • Analytical work targeted at the inclusion of state-owned enterprises and the power sector into the national ETS 	<ul style="list-style-type: none"> • Domestic ETS Pilots (seven) • Design and prepare for a national ETS 	<ul style="list-style-type: none"> • ETS Pilots – 2013-14 • National ETS launch - 2018
Colombia	<ul style="list-style-type: none"> • MRV capacity • Stakeholder engagement • Institutional arrangement for carbon pricing 	<ul style="list-style-type: none"> • Explore options, specifically: <ol style="list-style-type: none"> 1. Crediting NAMAS in transport sector 2. Domestic offset scheme 3. Carbon tax 	<ul style="list-style-type: none"> • Readiness activities - mid-2016
Costa Rica	<ul style="list-style-type: none"> • Domestic offset program 	<ul style="list-style-type: none"> • Domestic carbon market/offset 	<ul style="list-style-type: none"> • 2016

	<ul style="list-style-type: none"> • MRV capacity • Data management and registry • GHG baseline(s) 	scheme	
India	<ul style="list-style-type: none"> • Data management • MRV capacity 		<ul style="list-style-type: none"> • n/a
Indonesia	<ul style="list-style-type: none"> • Pilot MRV framework in power and cement sectors 	<ul style="list-style-type: none"> • Explore options for appropriate market instrument(s) 	<ul style="list-style-type: none"> • Pilot MRV – 2017-18
Jordan	<ul style="list-style-type: none"> • Data management • MRV capacity • Baseline setting (water and solid waste sectors) 	<ul style="list-style-type: none"> • Explore crediting mechanisms for renewable energy, water (energy efficiency in pumping, waste water treatment) and/or solid waste management sectors 	<ul style="list-style-type: none"> • n/a
Kazakhstan	<ul style="list-style-type: none"> • Upstream policy mapping and interaction • Scoping study on trade barriers • Development of sector benchmarking 	<ul style="list-style-type: none"> • National (pilot) ETS 	<ul style="list-style-type: none"> • ETS – 2013 • Readiness activities – 2014-15
Mexico	<ul style="list-style-type: none"> • GHG Registry/tracking system • Domestic offset program to complement carbon tax (explore suitability) 	<ul style="list-style-type: none"> • Carbon tax • ETS pilot in energy sector • Develop and implement crediting NAMAs in selected sectors (e.g., housing, appliances, public transport, solid waste & cement) 	<ul style="list-style-type: none"> • Carbon tax – January 2015 • ETS plan – end-2015 • NAMAs – mid-2016
Morocco	<ul style="list-style-type: none"> • Data management • Set sectoral baselines • MRV capacity • Institutional and regulatory arrangement 	<ul style="list-style-type: none"> • Explore crediting mechanism in power generation, cement and phosphates extraction and processing 	<ul style="list-style-type: none"> • 2017-2020
Peru	<ul style="list-style-type: none"> • Policy mapping 		<ul style="list-style-type: none"> • n/a
South Africa	<ul style="list-style-type: none"> • Benchmarking for sectors included in domestic carbon tax 	<ul style="list-style-type: none"> • Refine design features of proposed carbon tax and complementary offset mechanism 	<ul style="list-style-type: none"> • Carbon tax – early 2016 • Benchmarking – end-2014
Thailand	<ul style="list-style-type: none"> • Legal and institutional arrangement 	<ul style="list-style-type: none"> • Create an Energy Performance Certificate (EPC) scheme • Pilot a Low Carbon City Program (LCC) 	<ul style="list-style-type: none"> • End-2019-early 2020
Tunisia	<ul style="list-style-type: none"> • MRV capacity • Institutional arrangement • Stakeholder engagement 	<ul style="list-style-type: none"> • Pilot crediting mechanism in a sector to be determined 	<ul style="list-style-type: none"> • n/a
Turkey	<ul style="list-style-type: none"> • Implement installation-level MRV system based on the MRV law 	<ul style="list-style-type: none"> • Establish road map to implement a domestic ETS 	<ul style="list-style-type: none"> • MRV system – mid-2015 • ETS roadmap – mid-2015
Ukraine	<ul style="list-style-type: none"> • Design installation-level MRV for energy sector 	<ul style="list-style-type: none"> • Establish road map to implement a domestic ETS 	<ul style="list-style-type: none"> • n/a
Vietnam	<ul style="list-style-type: none"> • MRV capacity (national level) • Policy mapping • Baseline setting and MRV for energy efficiency in buildings 	<ul style="list-style-type: none"> • Explore market approach for waste sector • Domestic crediting system (stepping stone to ETS) for steel sector 	<ul style="list-style-type: none"> • 2017