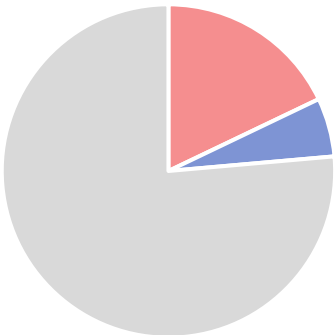


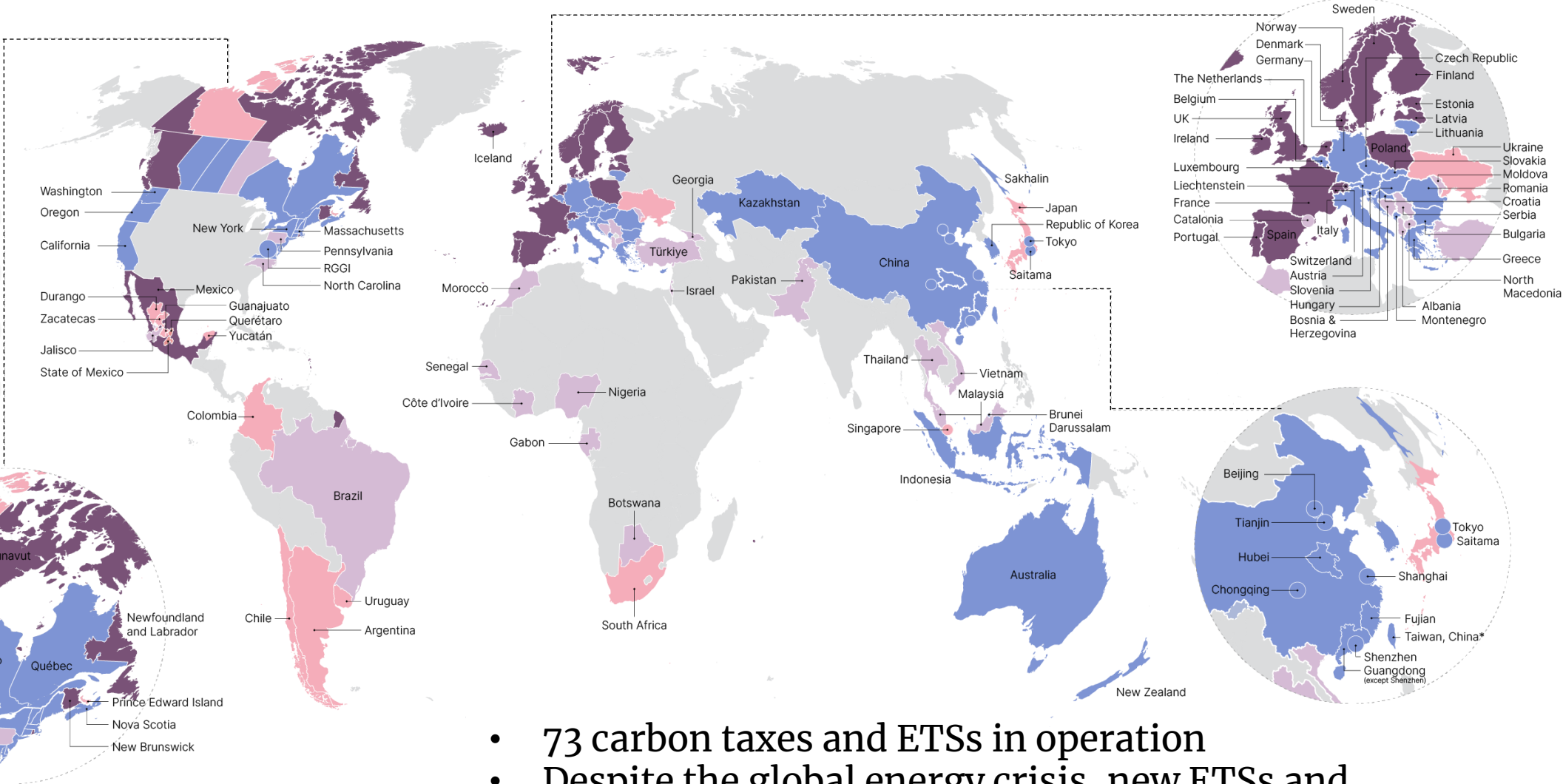
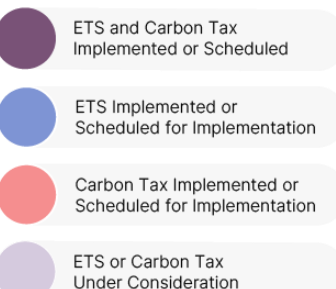


State and Trends of Carbon Pricing 2023



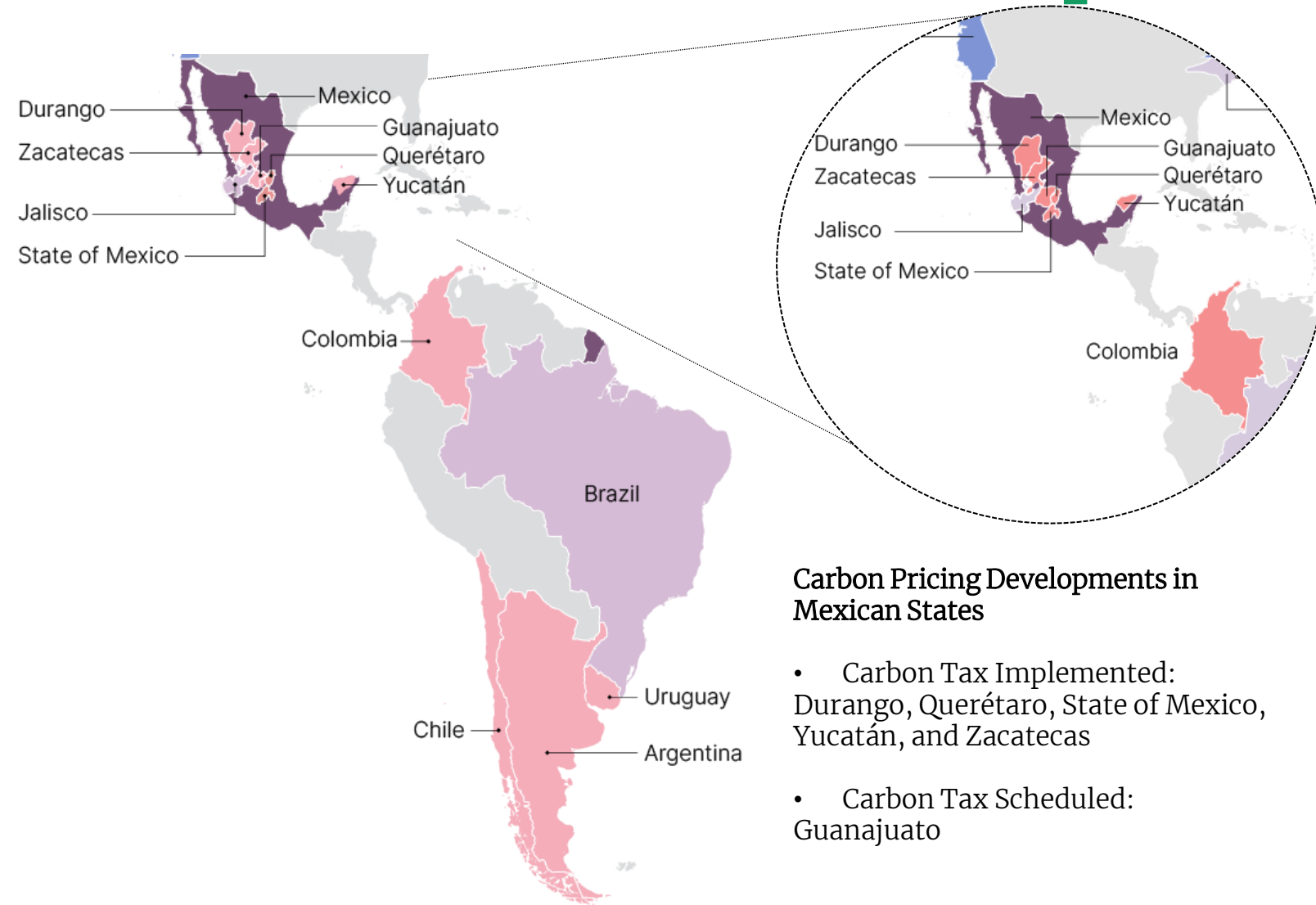
23% of global GHG emissions covered

Map of Carbon Taxes and ETSs



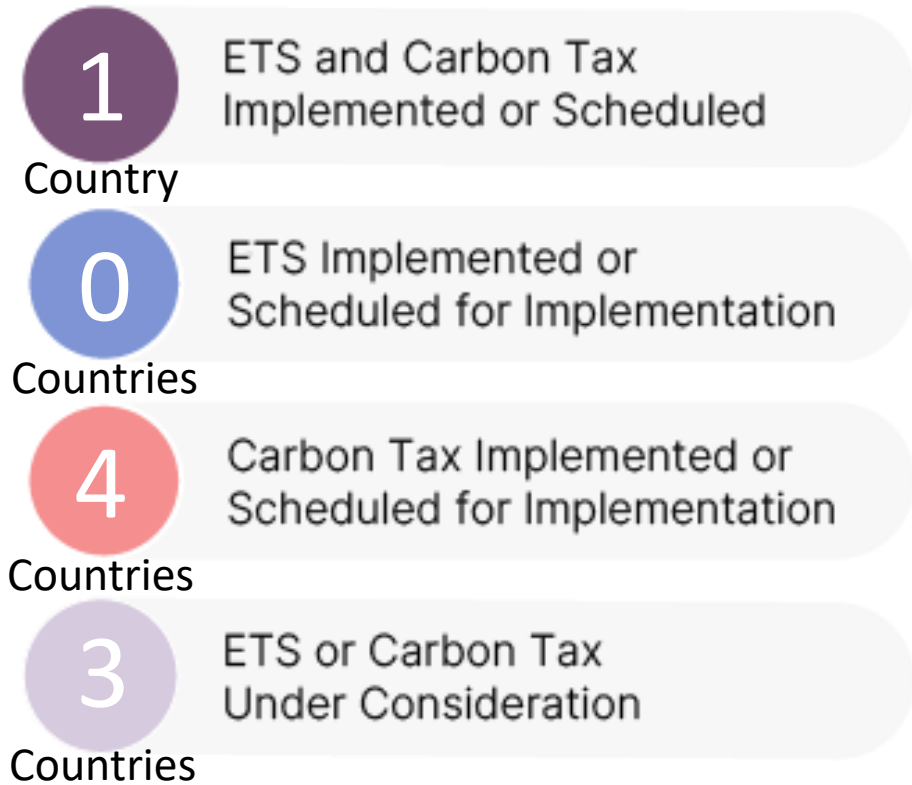
- 73 carbon taxes and ETSs in operation
- Despite the global energy crisis, new ETSs and carbon taxes launched

5 countries in LAC have implemented carbon pricing



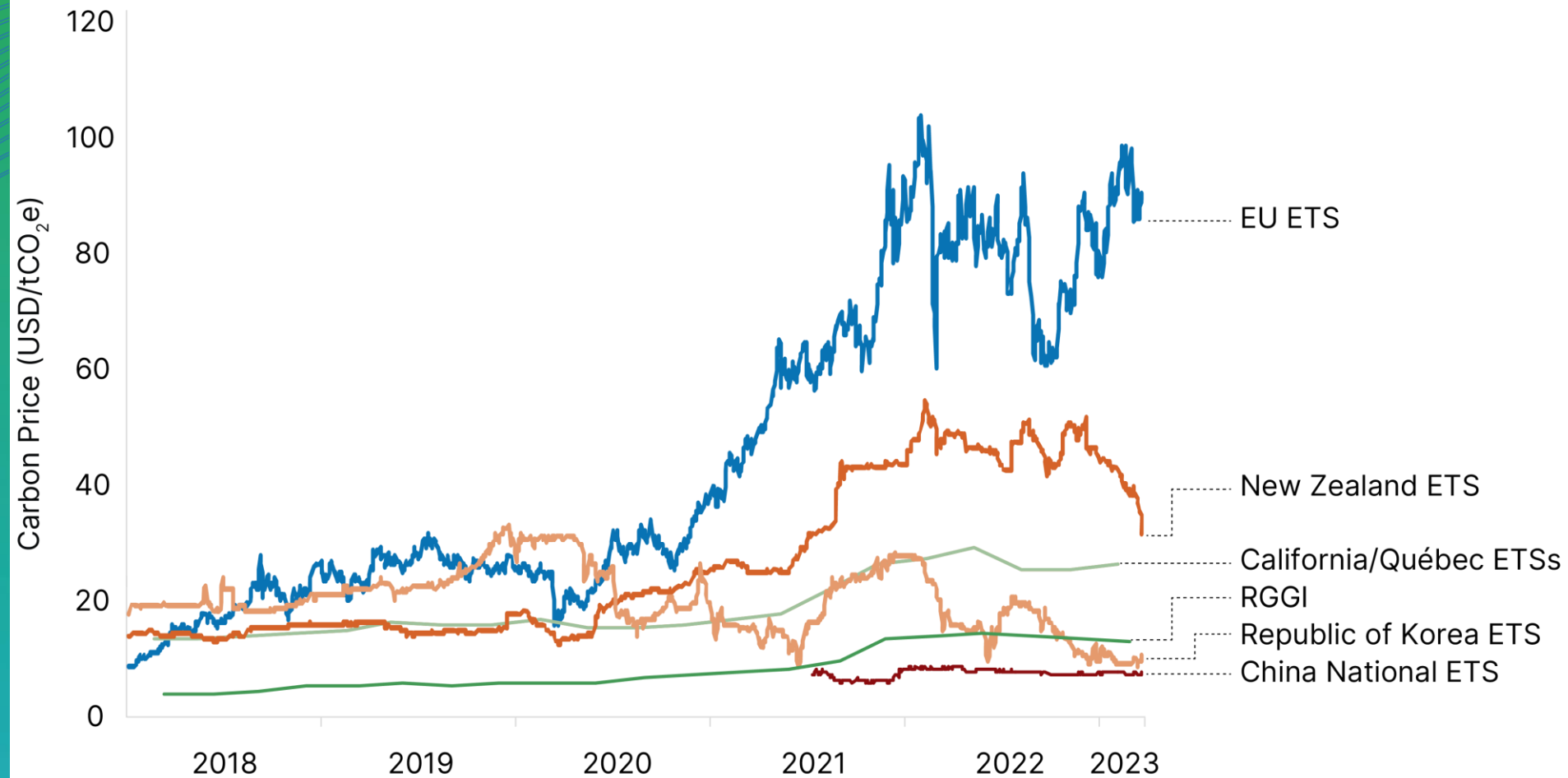
Carbon Pricing Developments in Mexican States

- Carbon Tax Implemented: Durango, Querétaro, State of Mexico, Yucatán, and Zacatecas
- Carbon Tax Scheduled: Guanajuato



Price trends varied but overall trend is up

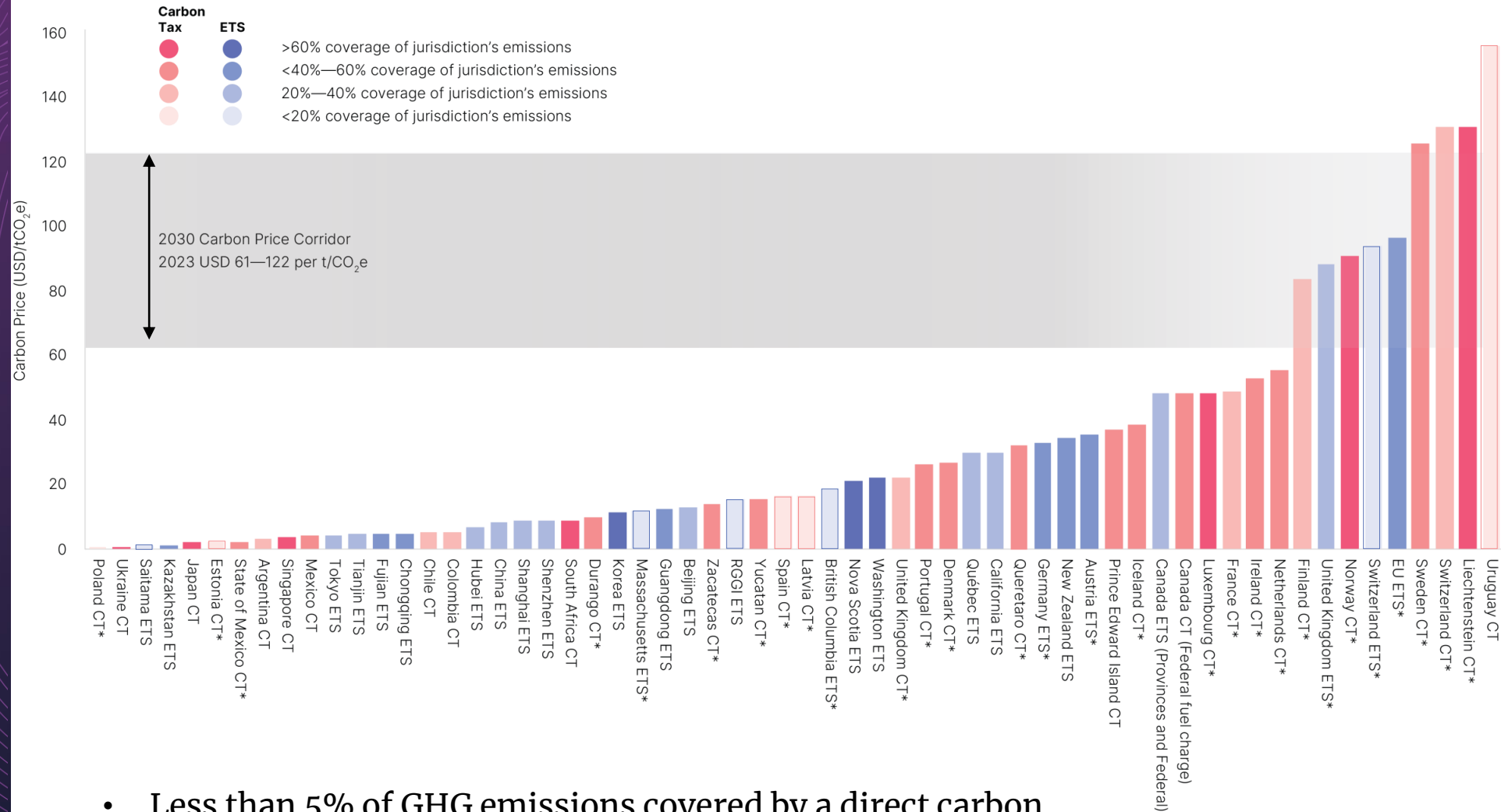
Price Evolution in Selected ETSs from 2018-2023



- Half of implemented carbon nominal prices increased, a third stayed the same.
- However, there was substantial variation in the trends between mechanisms.

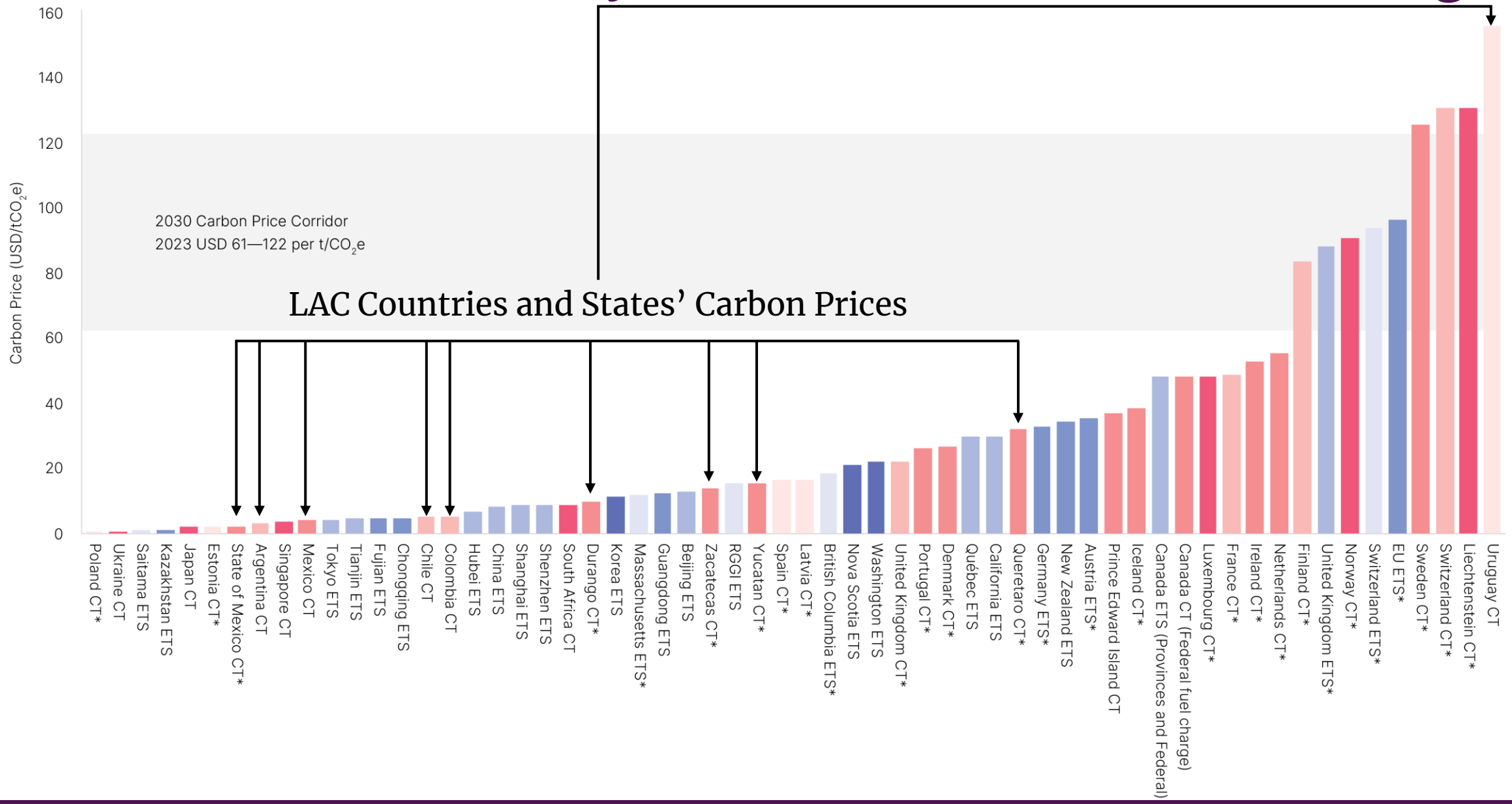
Prices remain below the levels required to achieve Paris Agreement goals

Prices and Coverage across ETJs and Carbon Taxes



- Less than 5% of GHG emissions covered by a direct carbon price at or above the range recommended by 2030

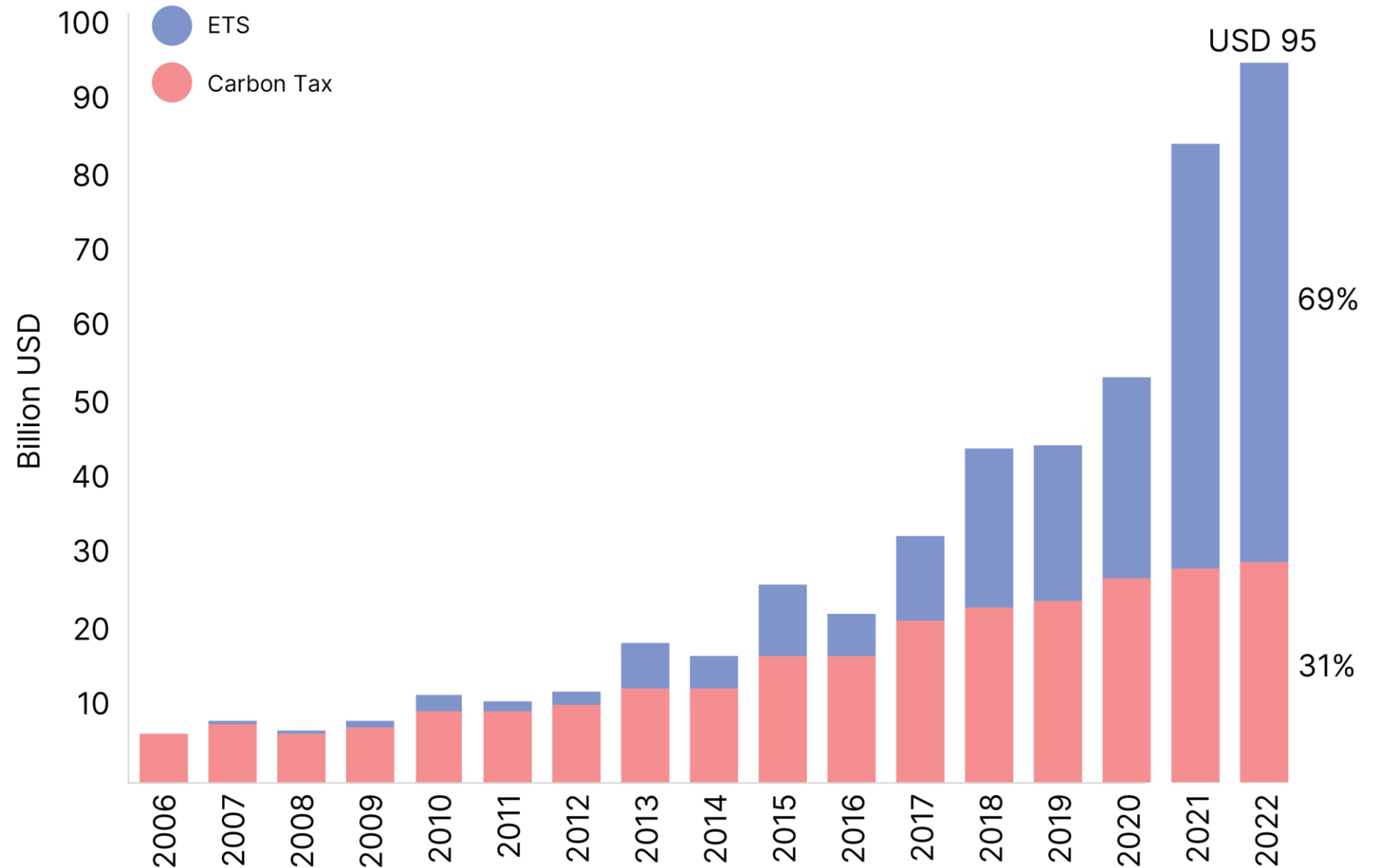
Prices in LAC are (mostly) below the recommended range



Source: World Bank, State and Trends of Carbon Pricing 2023

The majority of global carbon revenue now comes from ETSs

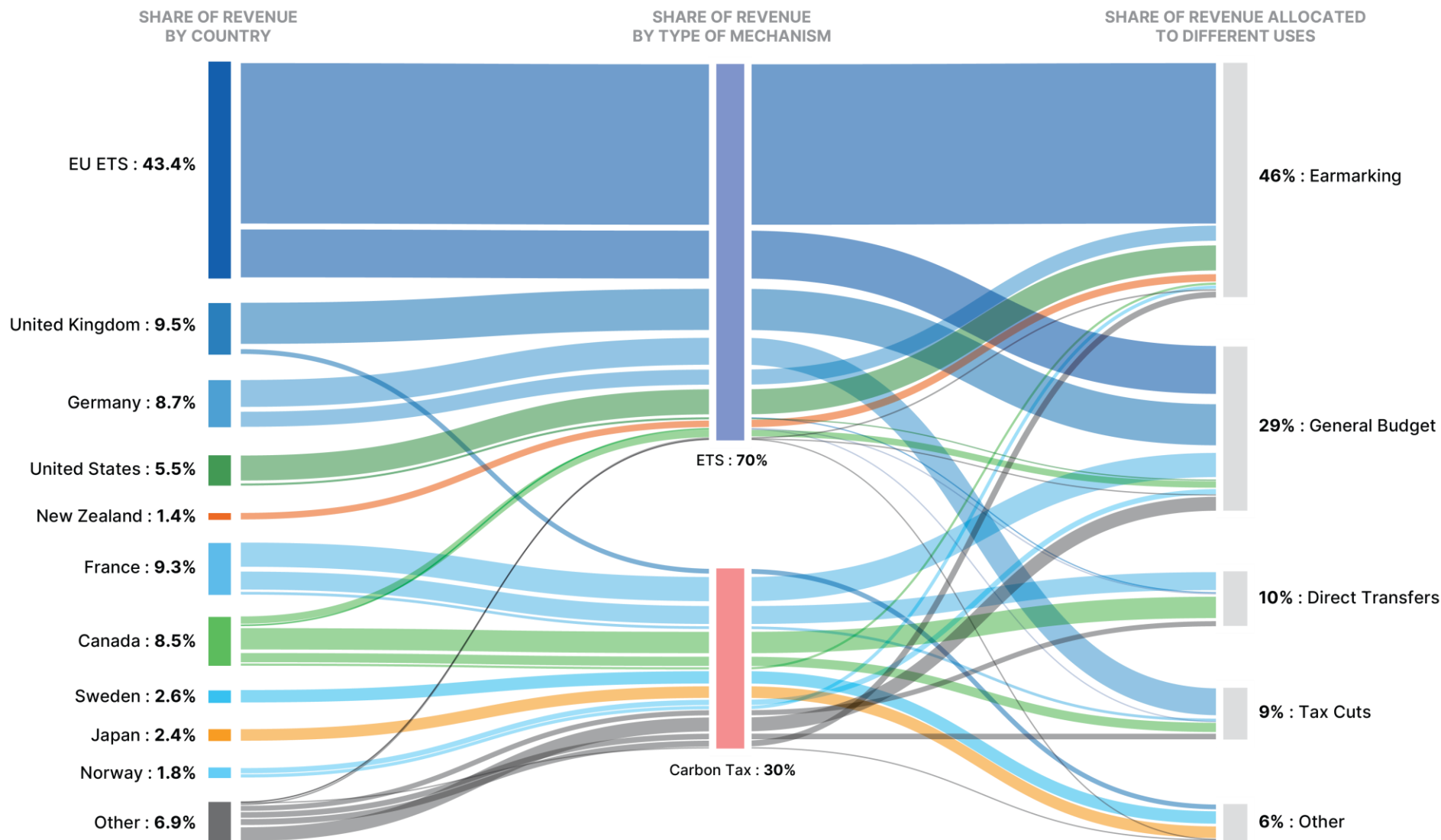
Evolution of Global Revenues from Carbon Taxes and ETSs over time (Nominal)



Most carbon revenue is from the EU;

“Earmarking” represents the largest end-use

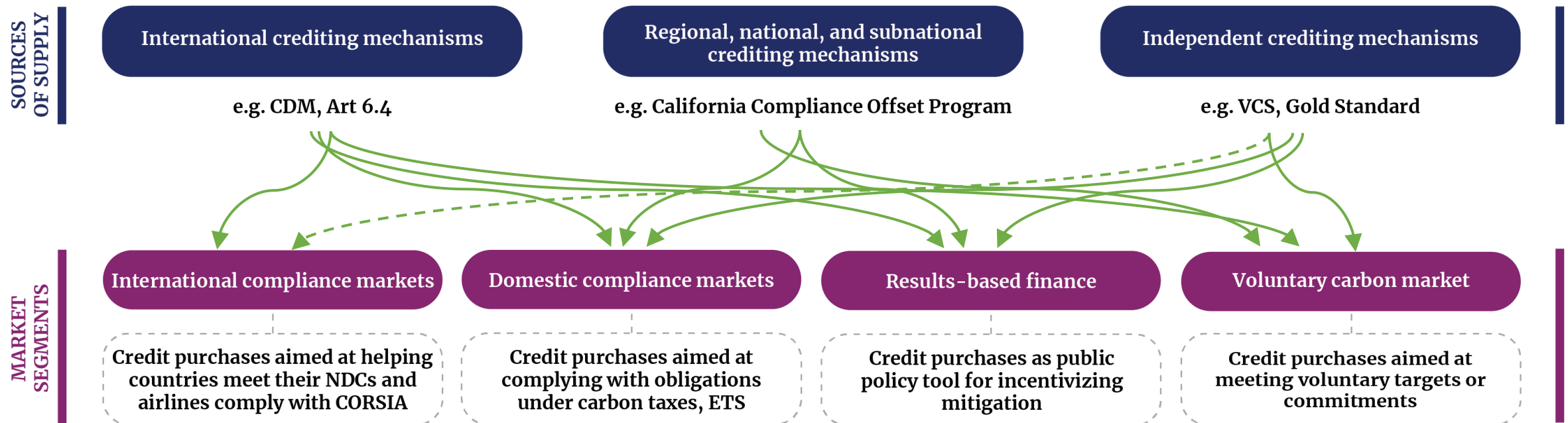
Scale and uses of carbon revenue in 2021



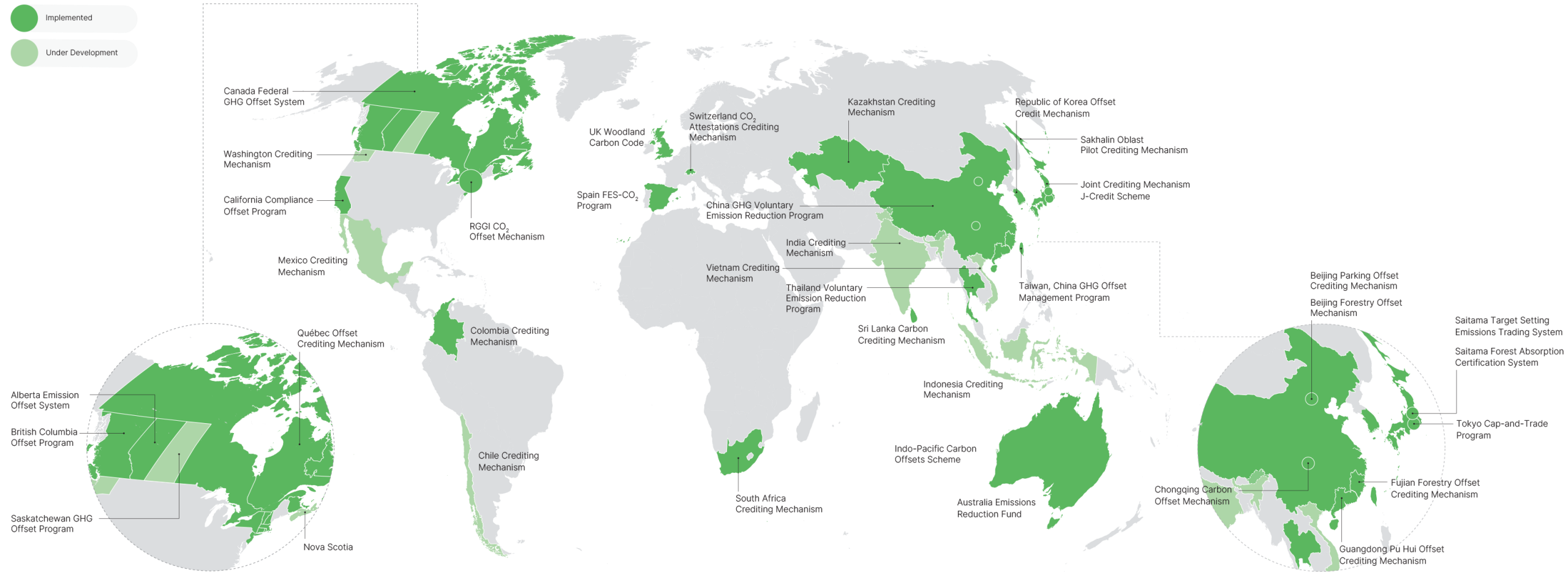
Around 1% of revenue from ETS and carbon tax from LAC countries

Carbon crediting markets

- COP26 Article 6 rulebook major milestone and improves certainty
 - Creates path for contributions to NDC goals
- Market fragmentation will likely continue

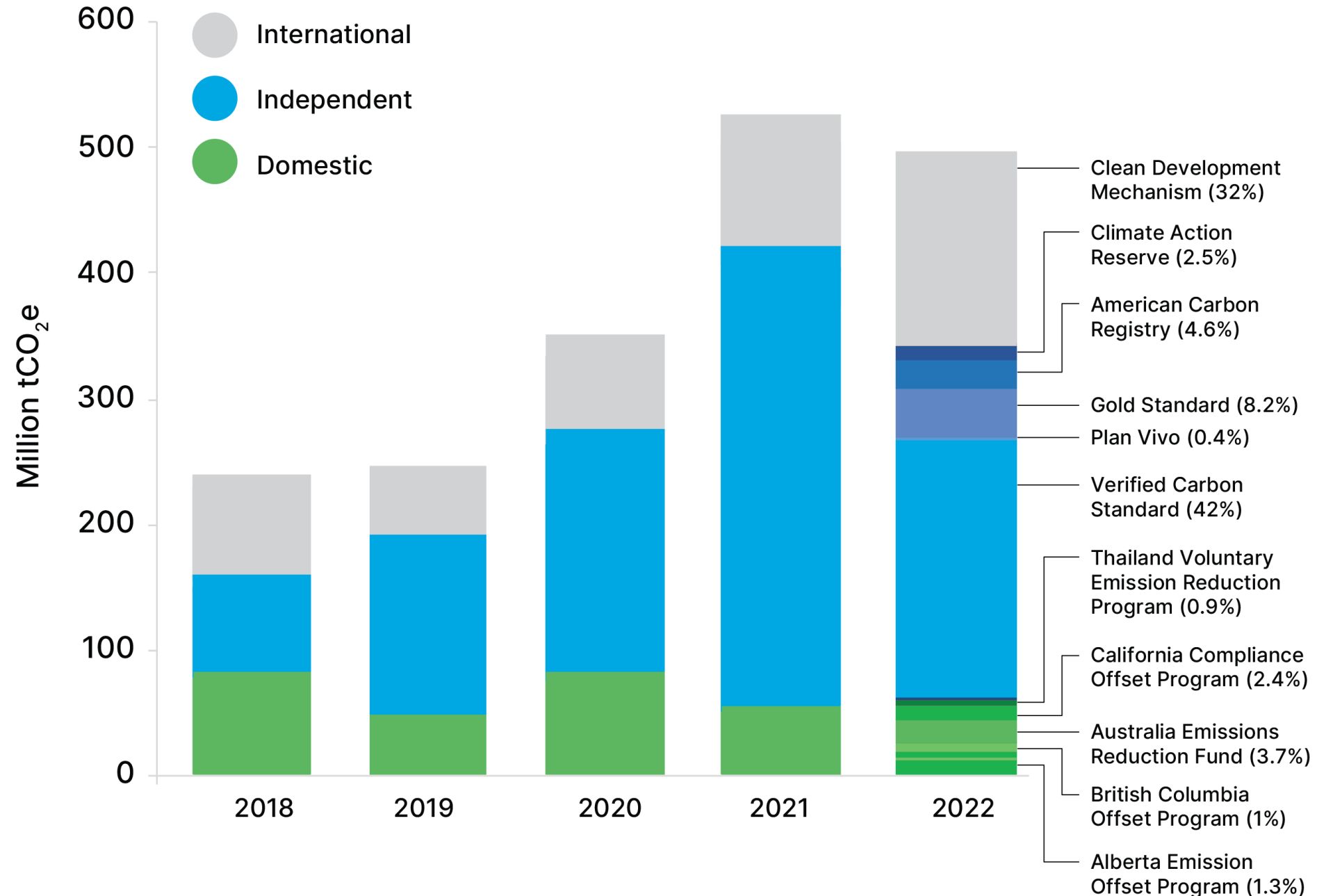


Map of national and subnational crediting mechanisms



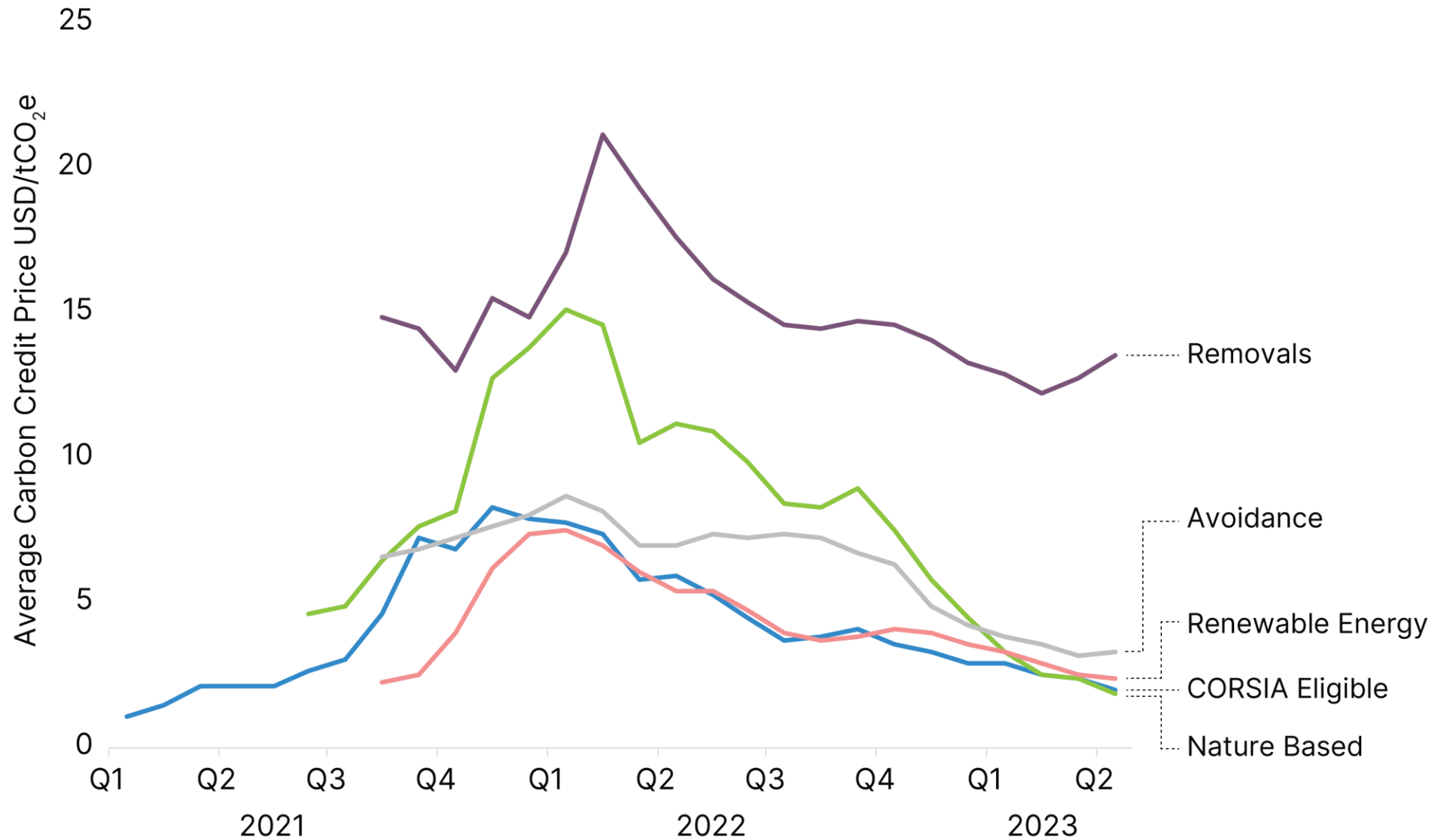
Carbon crediting activity slowed, trends differing across categories

Global Volume of Issuances by Crediting Mechanism Type (2018-2022)



Trends for carbon credit prices varied but generally declined

Prices of Standardized Carbon Credit Contracts 2021-2023



Voluntary market space

“Voluntary” market size by traded value, Pre-2005 to Dec 2021



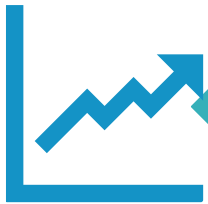
“Voluntary” market size and price by Project Category in 2020 & 2021

	2020			2021		
	VOLUME (MtCO _{2e})	PRICE (USD)	VALUE (USD)	VOLUME (MtCO _{2e})	PRICE (USD)	VALUE (USD)
FORESTRY AND LAND USE	57.8M	\$5.40	\$315.4M	227.7M	\$5.80	\$1,327.5M
RENEWABLE ENERGY	93.8M	\$1.08	\$101.5M	211.4M	\$2.26	\$479.1M
CHEMICAL PROCESSES / INDUSTRIAL MANUFACTURING	1.8M	\$2.15	\$3.9M	17.3M	\$3.12	\$53.9M
WASTE DISPOSAL	8.5M	\$2.69	\$22.8M	11.4M	\$3.62	\$41.2M
ENERGY EFFICIENCY / FUEL SWITCHING	30.9M	\$0.98	\$30.4M	10.9M	\$1.99	\$21.9M
HOUSEHOLD / COMMUNITY DEVICES	8.3M	\$4.34	\$36.2M	8.0M	\$5.36	\$43.3M
TRANSPORTATION	1.1M	\$0.64	\$0.7M	5.4M	\$1.16	\$6.3M
AGRICULTURE	0.5M	\$10.38	\$4.7M	1.0M	\$8.81	\$8.7M

Key takeaways



Direct carbon pricing
displayed resilience



Growing interest from
middle-income jurisdictions



There is still a long path
ahead

