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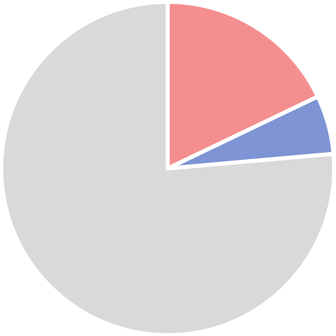
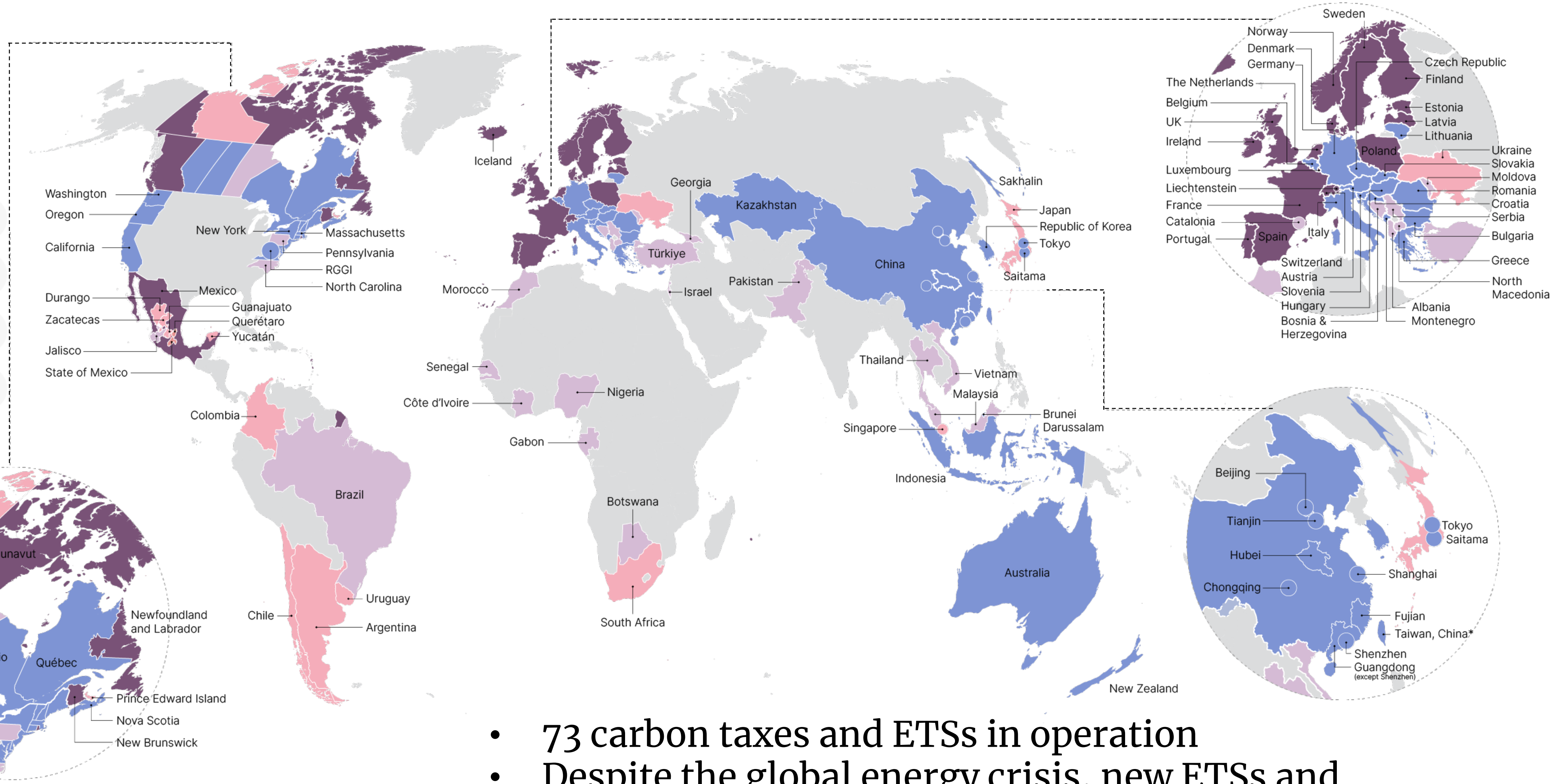
State and Trends of Carbon Pricing 2023



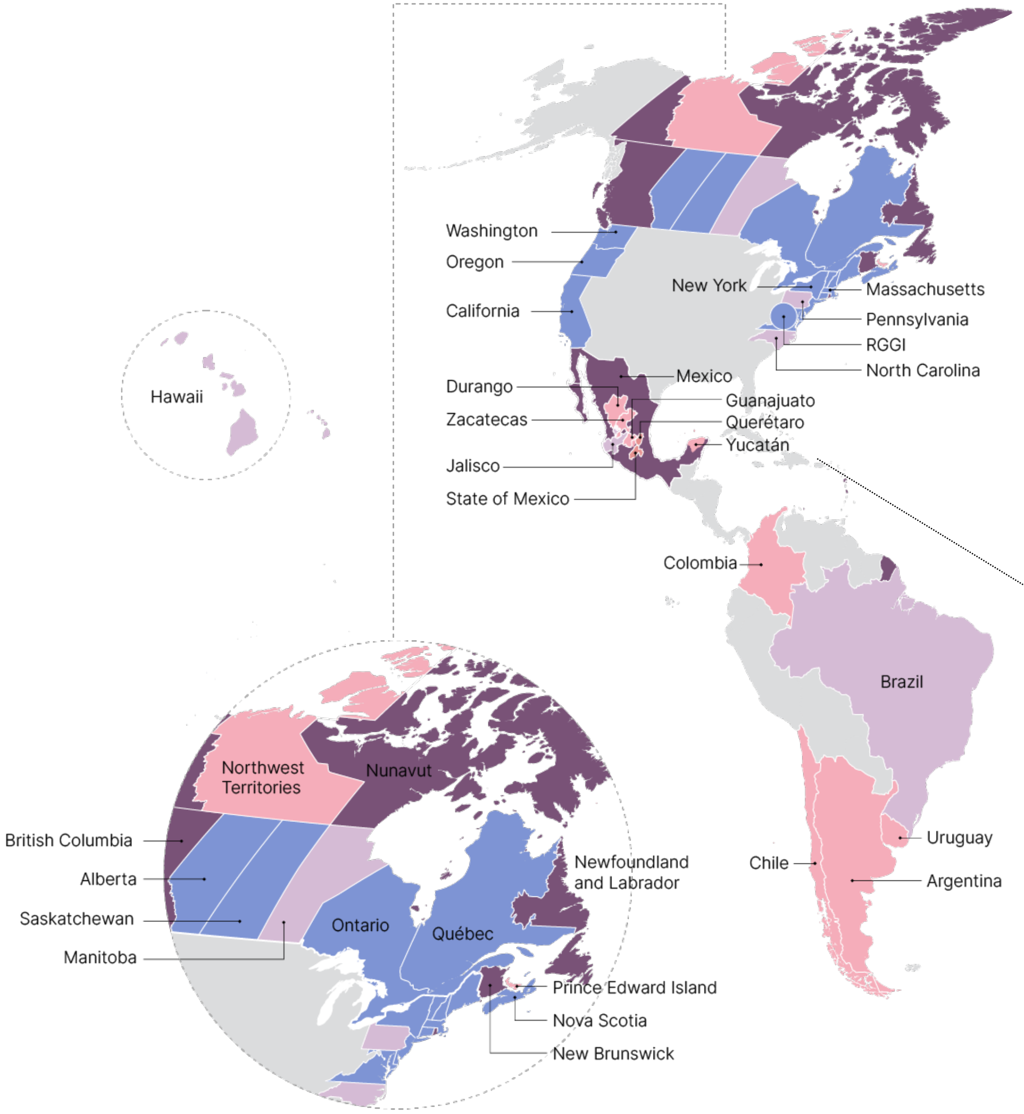
23% of global GHG emissions covered

Map of Carbon Taxes and ETSs



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

6 countries in NA & LAC have implemented carbon pricing



Existing sub-national instruments across North America

Carbon Pricing Developments in Mexican States

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

2 Countries — ETS and Carbon Tax Implemented or Scheduled

0 Countries — ETS Implemented or Scheduled for Implementation

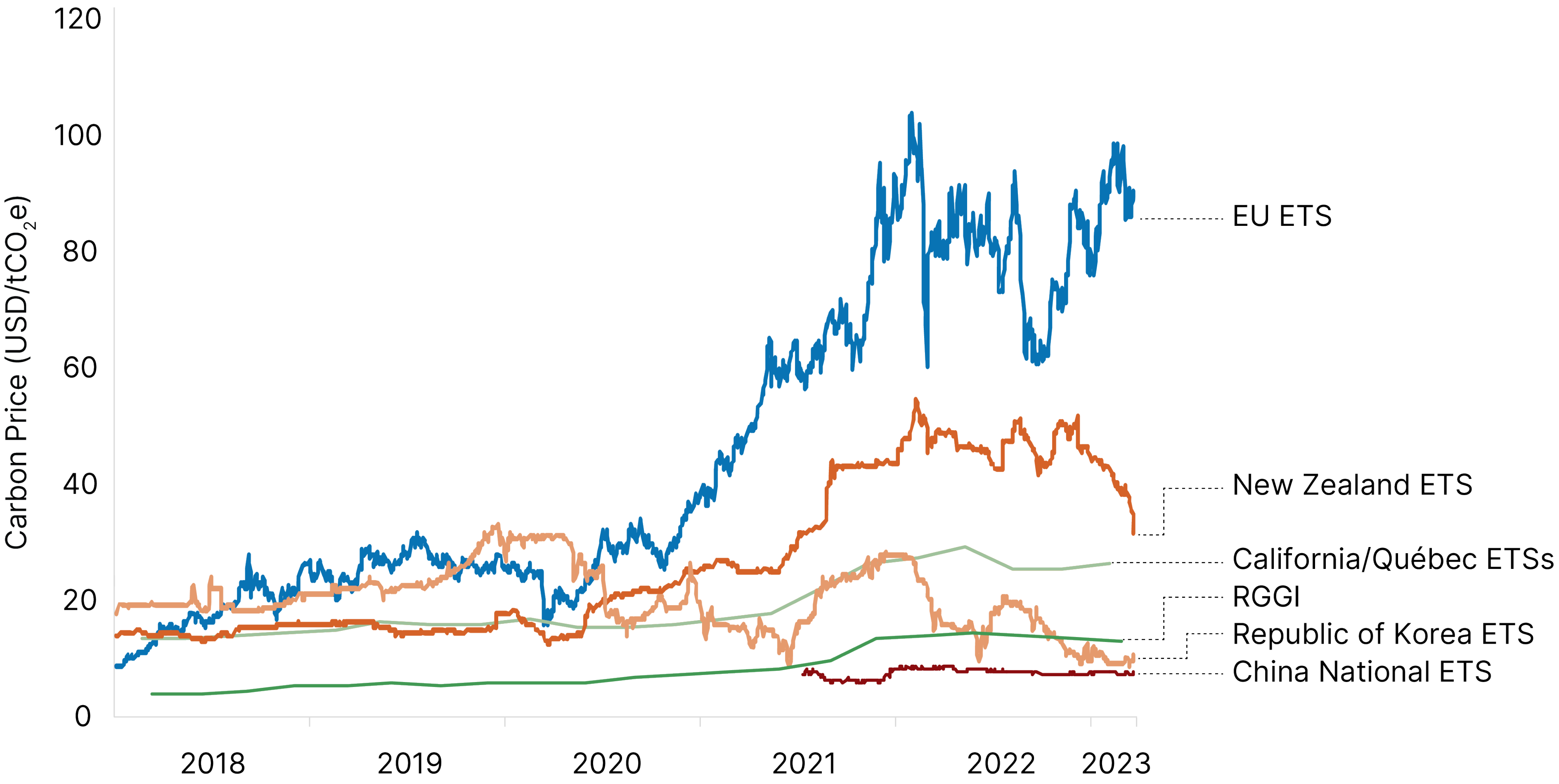
4 Countries — Carbon Tax Implemented or Scheduled for Implementation

3 Countries — ETS or Carbon Tax Under Consideration

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

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.

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

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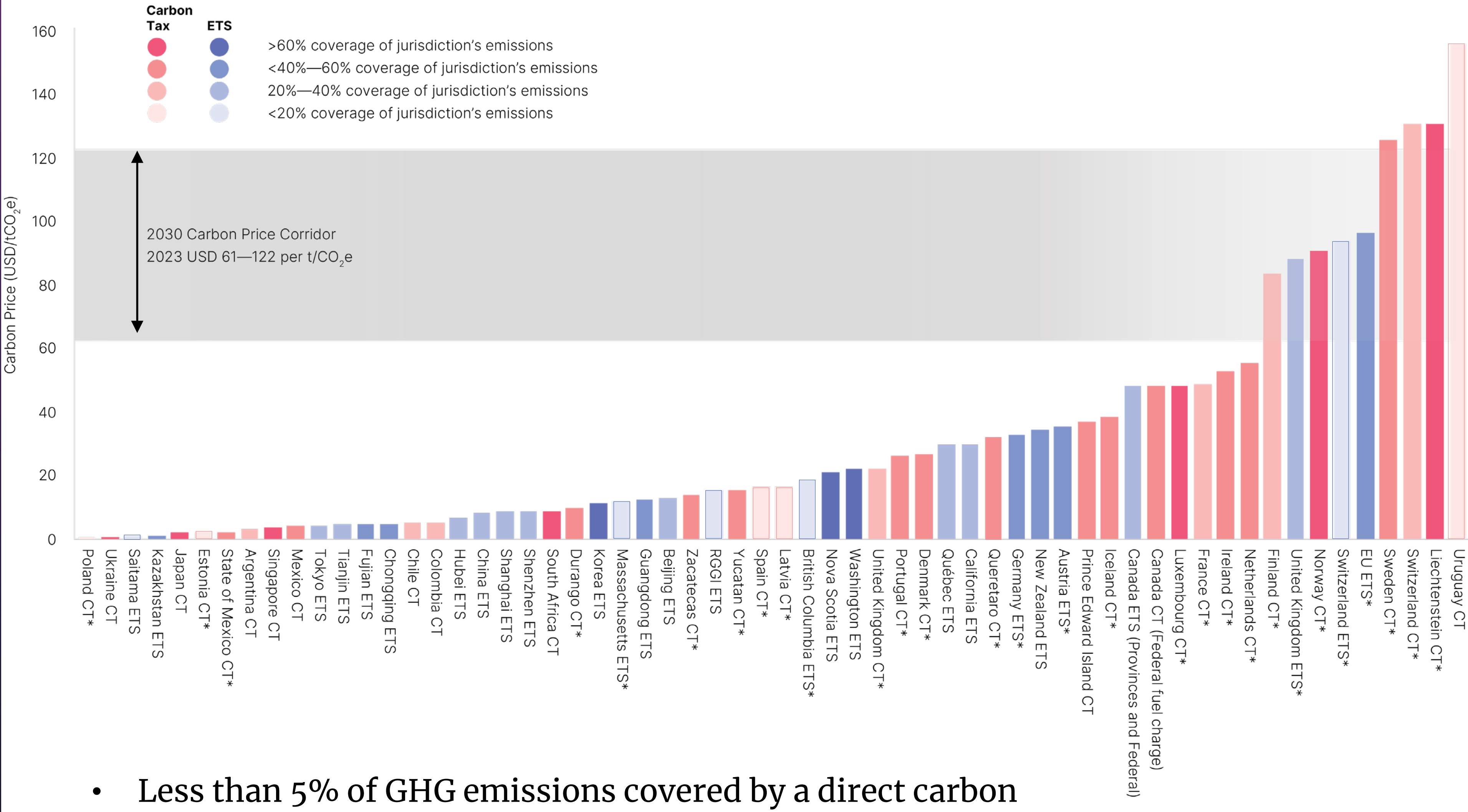
Prices remain below the levels required to achieve Paris Agreement goals

Prices and Coverage across ETSs and Carbon Taxes



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

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

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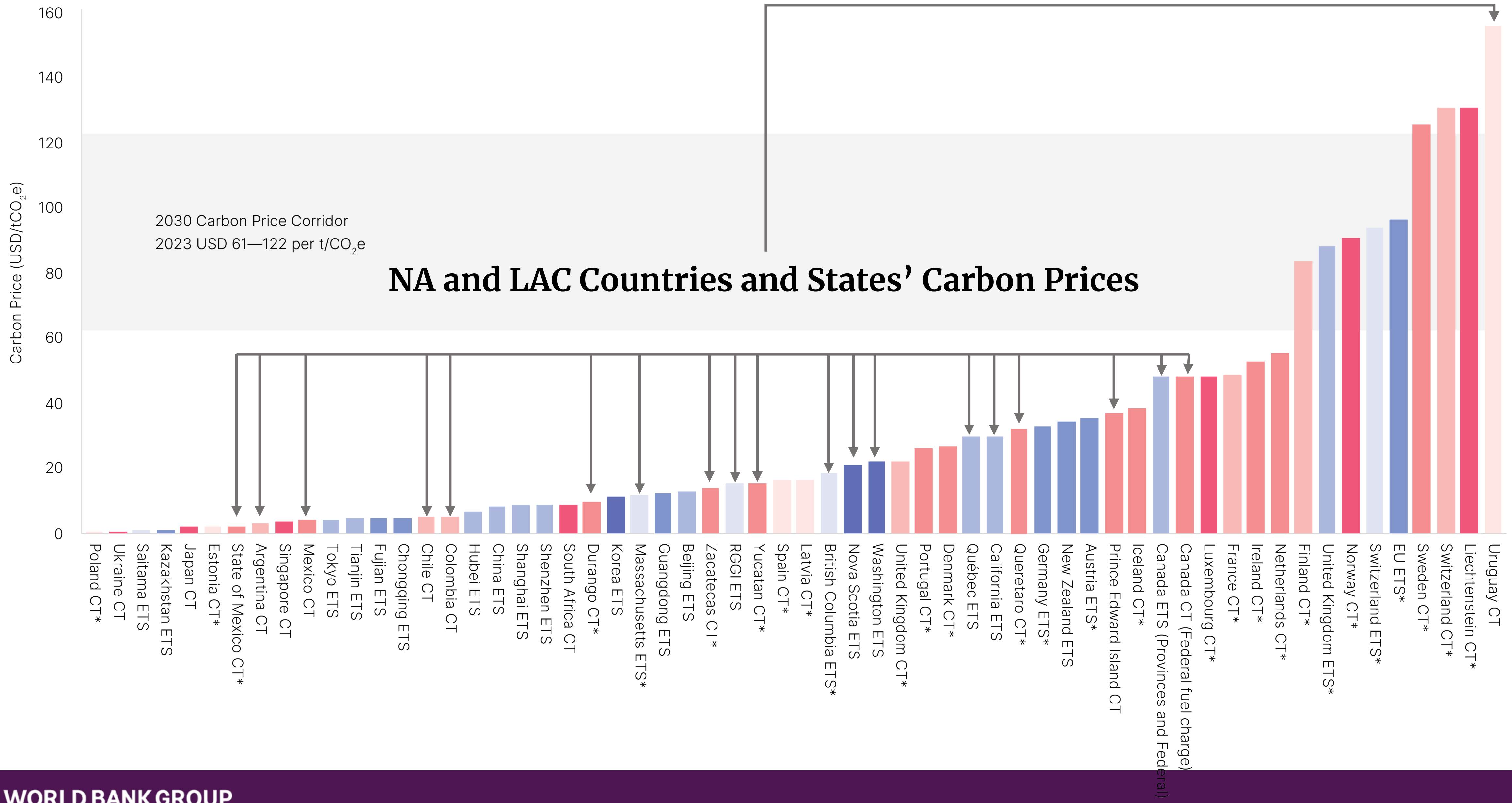
Prices in NA & LAC are (mostly) below the recommended range



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

The majority of global carbon revenue now comes from ETSs

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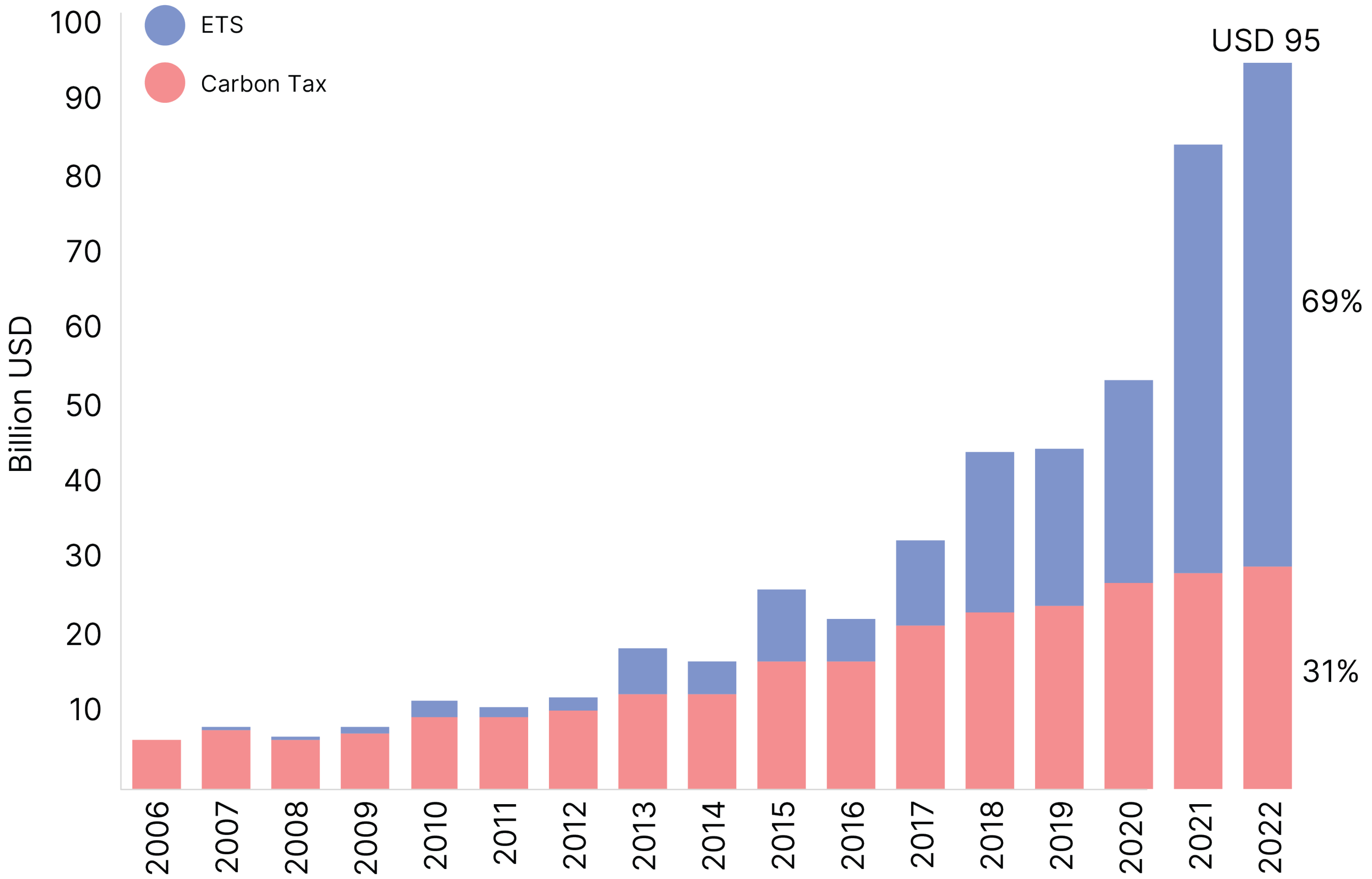
Evolution of Global Revenues from Carbon Taxes and ETSs over time (Nominal)

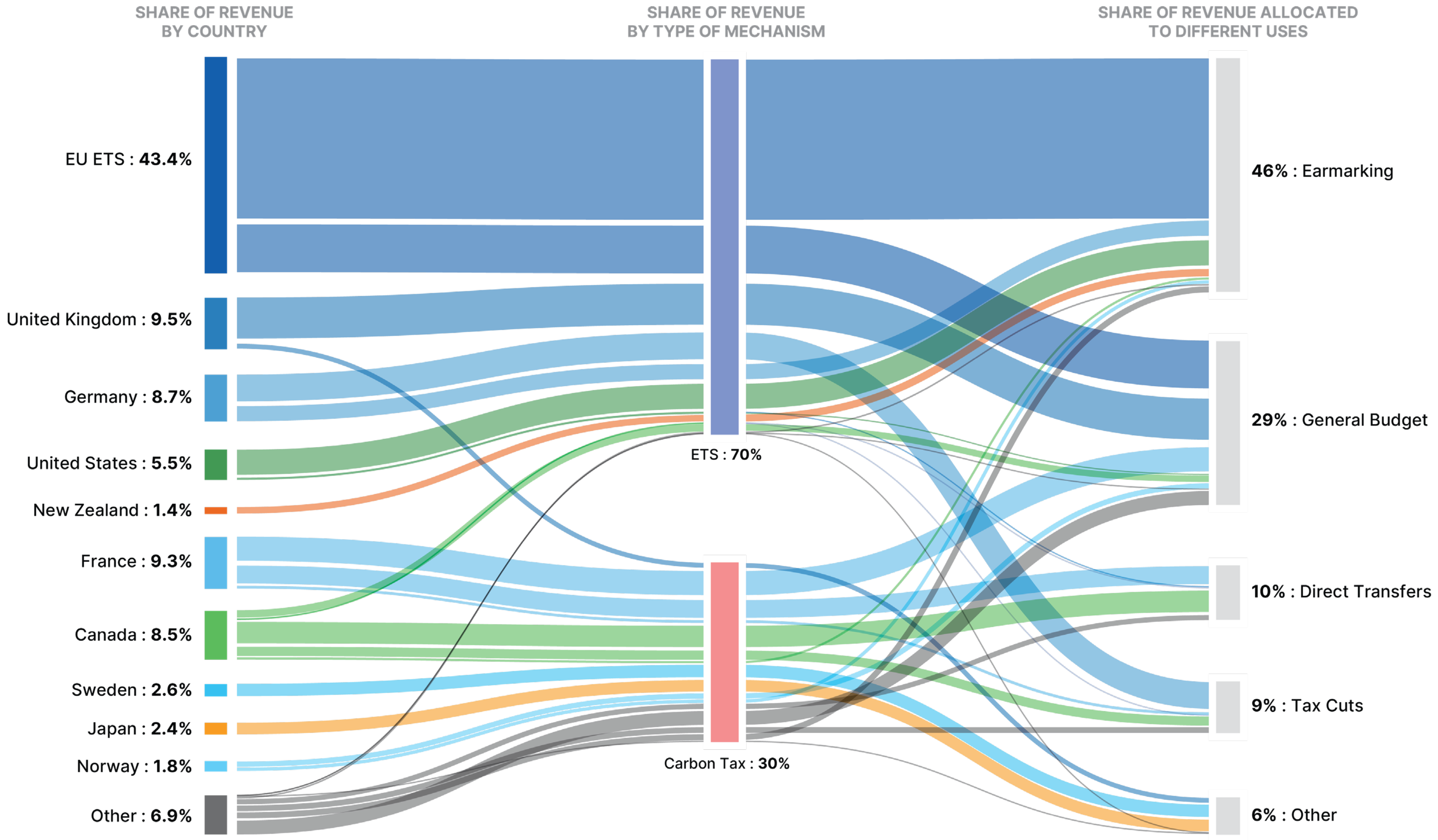


Source: World Bank, State and Trends of Carbon Pricing 2023

Most carbon revenue is from the EU;

"Earmarking" represents the largest end-use

Scale and uses of carbon revenue in 2021



~14% of carbon revenue from North America

~1% of carbon revenue from LAC countries

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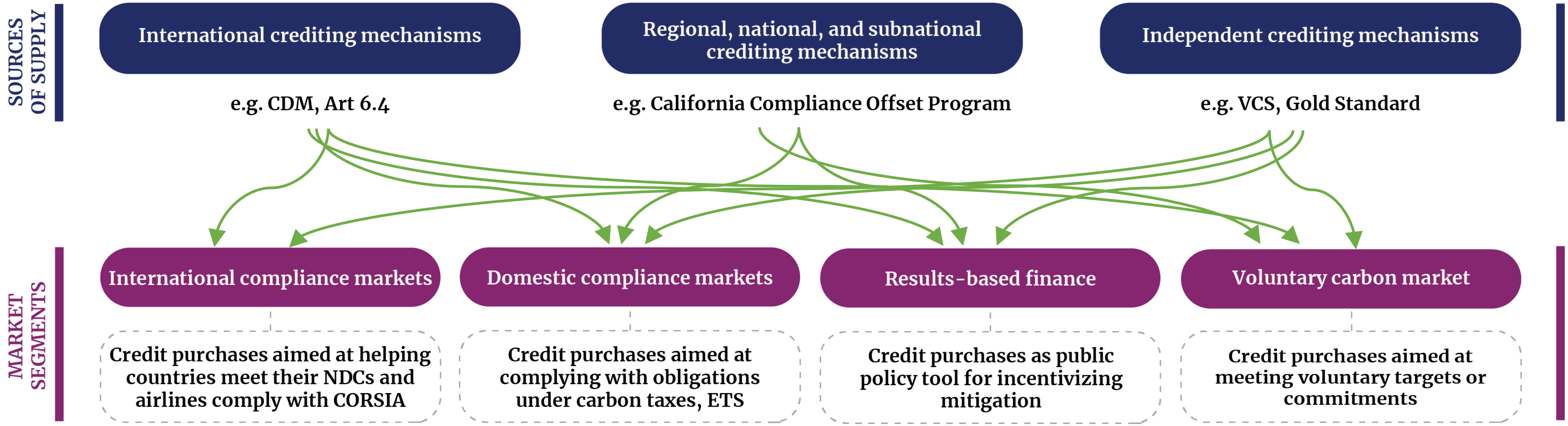
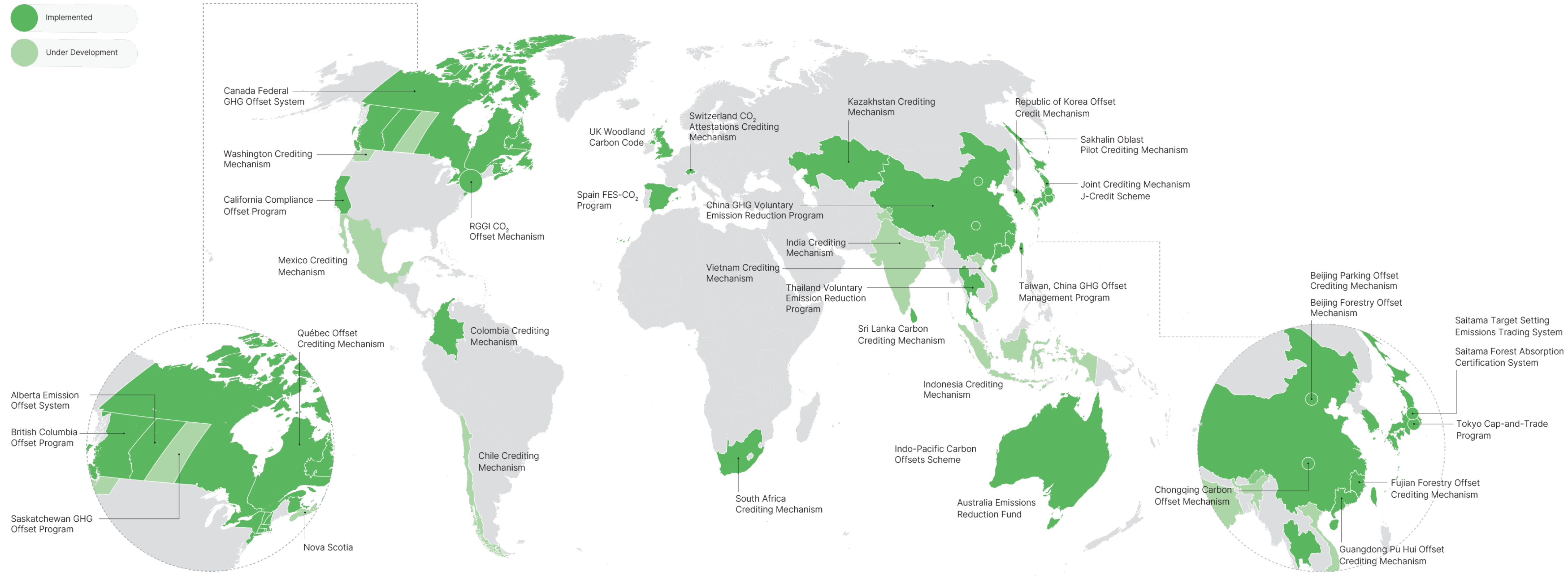
Carbon crediting markets

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

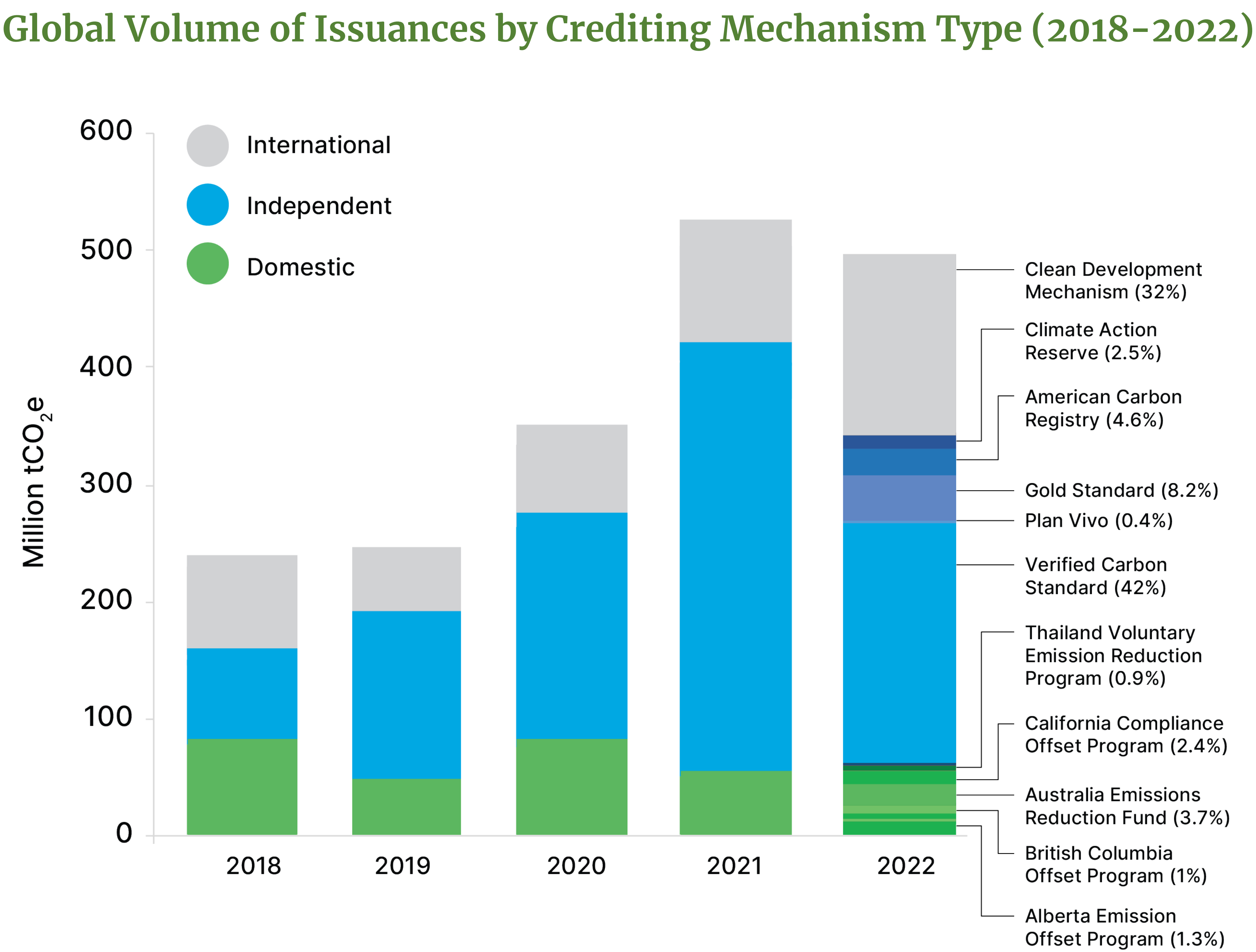


Map of national and subnational crediting mechanisms



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

Carbon crediting activity slowed, trends differing across categories



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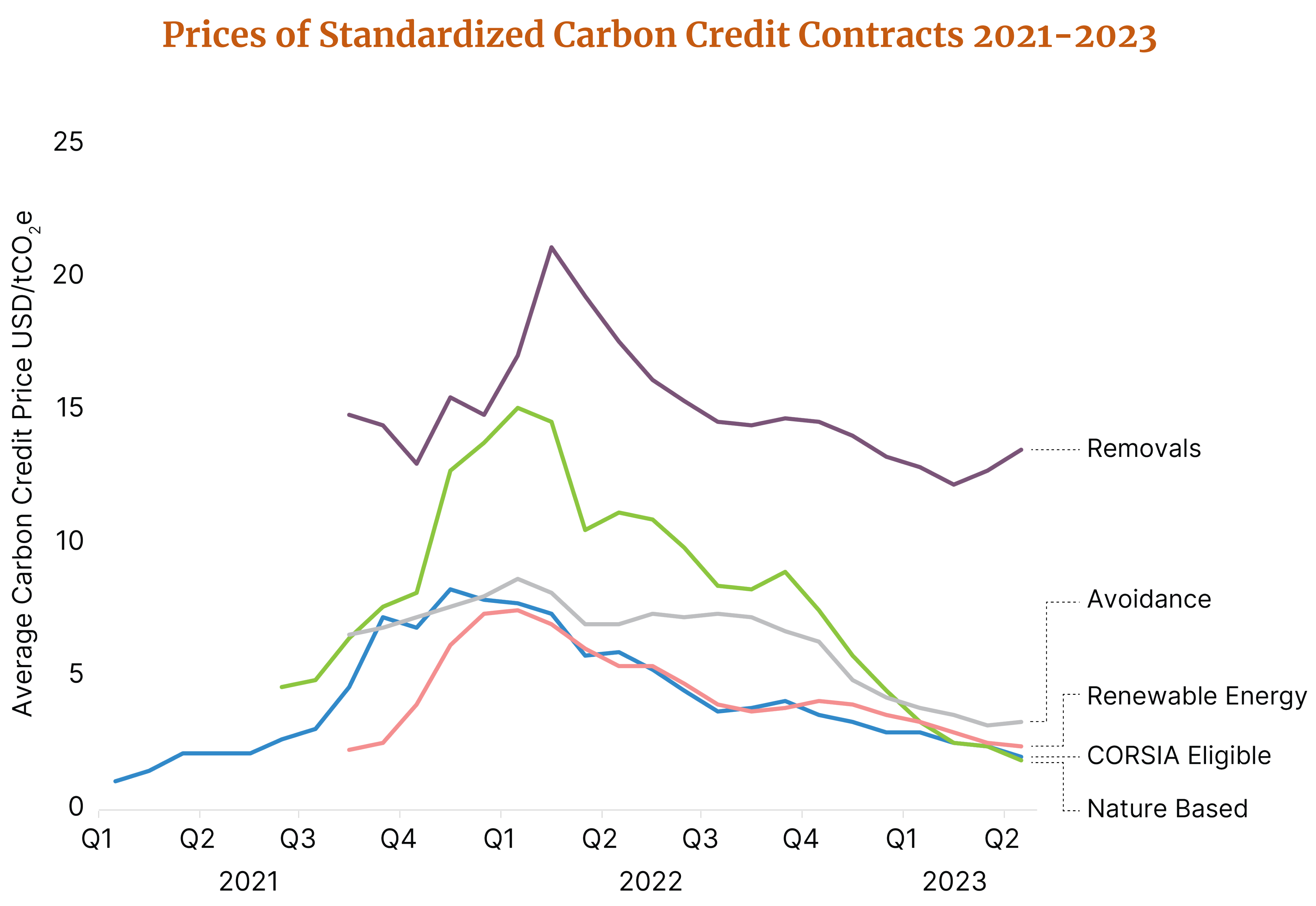
Trends for carbon credit prices varied but generally declined



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Key takeaways

Direct carbon pricing displayed resilience

Growing interest from middle-income jurisdictions

There is still a long path ahead