Unlocking Global Emission Reduction Credit

Helping Countries Get Best Value from the Global Emission Reduction Credits Markets

World Bank's Emission Reduction Program

Through the establishment of an Emission Reduction Program (ERP), the World Bank aims to help developing countries to engage strategically with evolving global ERC markets, establish efforts to generate ERCs to sell into these global markets, and mobilize finance for such transactions. Check the sections below or click the link to find out more.

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Emission Reduction Program, Utopian City of Green

*Watch this space. **Unlocking Global Emission Reduction Credit** is intended to be a living document and will be reviewed at regular intervals. Check the page below, or visit **Strategic Guidance for Country System Assessments**, **Guidance for Countries in Assessing ERC Projects**, or **Mobilizing ERC Finance**. Let us know what you think by taking a **Quick Survey**.*

Through the establishment of an Emission Reduction Program (ERP), the World Bank aims to help developing countries to engage strategically with evolving global Emissions Reduction Credits (ERC) markets, support efforts to generate ERCs to sell into these global markets, and mobilize finance for such transactions. To achieve this objective, the ERP will focus on increasing interest and efforts to develop, implement, and fund ERC-generating projects among countries, businesses, and local communities. By providing support in these areas, the ERP aims to help countries leverage the benefits of ERC markets, including increased revenue streams, reduced emissions, and improved environmental sustainability.

The ERP informs government approach to monetizing ERCs in the global ERC markets. To this end, the ERP is organized around a series of living documents to help governments understand and access global markets for ERCs, specifically:

- Strategic Guidance for Country System Assessments – guides governments through a strategic and holistic assessment of their current legal and institutional frameworks, to help them understand how the global market perceives their country systems and where any gaps or short-comings might be addressed.
- Guidance for Countries in Assessing ERC Projects – provides a comprehensive and adaptable guide to identify and develop ERC projects and investments.
- Mobilizing ERC Finance – assists governments, project developers, and financiers in understanding key transaction-enabling conditions and financial structures to mobilize finance for ERC generation.

List of Contents

To find a full and detailed outline of all sections in ERP visit:

- Contents: Guidance for Countries in Assessing ERC Projects
- Contents: Country System Assessments
- Contents: Mobilizing ERC Finance

The Urgent Need to Reduce Carbon Emissions

As the world continues to grapple with the impacts of climate change, the urgent need to reduce carbon emissions has driven the use of carbon pricing instruments and trading of emissions reduction to create the incentives needed to meet emissions reduction targets established by Governments (eg Nationally Determines Contributions or NDCs under the Paris Agreement) and by businesses (eg Net Zero commitments). Developing countries, in particular, are wrestling with the creation of domestic systems to meet NDCs while also benefiting from the global emission reduction credit (ERC) markets that can help mobilize critical capital to help fund ER projects.

While some countries have made progress in this area, there is still a significant amount of work to be done to meaningfully reduce emissions and meet the increasingly rigorous standards of buyers seeking high-quality Emission Reduction Credits (ERCs). The ERP are focused on countries wishing to access global markets to monetize ERCs, and while there are key synergies between efforts to access global ERC markets and domestic systems to meet climate targets, the ERP focus on the former. For further guidance on domestic systems and markets, please see Partnership for Market Implementation Facility.

Global ERC markets are set to grow in importance in the coming years. According to the Shell-BCG report[1], 'The voluntary carbon market: 2022 insights and trends', global ERC demand is expected to grow by 5-20x by 2030, with voluntary ERC demand volume reaching up to 0.5-1.5 GtC02e and the overall market size projected to reach USD 10-40Bn. The Shell-BCG report also reveals that Monitoring, Reporting, and Verification (MRV) is ranked by 91% of corporates surveyed as one of the top three most important criteria for their ERC purchases, driven by the need to manage risks associated with buying ineffective credits. Furthermore, 52% of corporates surveyed expect removal credits to make up most of their portfolio by 2030 to address quality concerns. It is therefore clear that countries must establish reliable and effective frameworks for ERC trading to ensure that credits traded meet the highest standards of quality and transparency.

Find out more by watching this short video or visit the sections below on Country System Assessments , Guidance for Countries in Assessing ERC Projects or the Mobilizing ERC Finance.

Footnote 1: Shell-BCG report

ERP Video

Sections



Introduction to Emission Reduction Credits



Strategic Guidance for Country System Assessments



Guidance for Countries in Assessing ERC Projects

Mobilizing ERC Finance

Research and Publications in PPPRC

BROWSE BY REGION

- East Asia and Pacific (EAP)
- Europe and Central Asia (ECA)
- Latin America and Caribbean (LAC)
- Middle East and North Africa (MENA)
- North America (NA)
- South Asia (SA)
- Sub-Saharan Africa (SSA)

BROWSE BY SECTOR

- Power & Renewable Energy
- Urban & Cities
- Water & Sanitation
- Transport
- Telecom & ICT
- Solid Waste Management

BROWSE BY Topic

- Asset Recycling
- Climate
- Disruption
- Emission Reduction Credit
- Fragile and Conflict-Affected States (FCS)
- Gender
- Innovative Revenues for Infrastructure

This section is intended to be a living document and will be reviewed at regular intervals. The Guidelines have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions. Unless expressly stated otherwise, the findings, interpretations, and conclusions expressed in the Materials in this Site are those of the various authors of the Materials and are not necessarily those of The World Bank Group, its member institutions, or their respective Boards of Executive Directors or member countries. For feedback on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.