

Analysis and Design of integrated carbon pricing instruments in Chile



EBP, in collaboration with the Chilean firm OfReC and the international firm Climate Focus, analyzed various carbon pricing instruments and developed options for an integrated system of climate change mitigation instruments for Chile.

Chile is one of 17 countries implementing the **Partnership for Market Readiness (PMR)** under the auspices of the World Bank. The PMR program was established in 2010 and has the goal of providing the implementing countries with financial and technical support for the cost-effective reduction of greenhouse gas (GHG) emissions through the development of climate change mitigation instruments.



Development of an integrated system of climate change mitigation instruments

In Chile, PMR supports the strengthening of institutional and regulatory competencies for the implementation of the **CO₂-tax**, which was introduced in 2017. Further, the PMR supports the implementation of a robust **Monitoring, Reporting and Verification (MRV)-System** for the country's GHG emissions, as well as the development of options for an integrated system of climate change mitigation instruments.

En route to a low-emission, competitive economy

The goal of the mandate was to consider existing carbon

Client

Ministry of Energy Chile, World Bank
Partnership for Market Readiness

Facts

Period	2016 - 2017
Project Country	Chile
Involved locations	Chile, Switzerland

Contact persons

Denise Fussen
denise.fussen@ebp.ch

pricing instruments in Chile and make recommendations for expanding such instruments in order to create a comprehensive carbon pricing system that lowers emissions without harming competitiveness, vulnerable populations or results in carbon leakage.

The system should enable the Chilean government to achieve the goals set forth in the country's **Nationally Determined Contribution (NDC)** and, through innovations in low-emissions technologies, permit the country to pursue low-emission development.

Step-by-step to an integrated solution

The project is comprised of the following four sub-tasks, which have been carried out and enhanced through a comprehensive literature analysis, expert interviews and workshops with technical and policy experts from Chile:

- Analysis of the existing CO₂-tax and the possibility to expand its use to include more sectors or to raise the tax.
- Consideration of measures that may be needed to help sectors and vulnerable populations adversely impacted by carbon pricing measures. Design an offset mechanism for CO₂-emissions;
- Analysis of the utility of implementing an emissions-trading scheme (ETS) in Chile;
- Development of an action plan for an integrated system of climate change mitigation measures for Chile, including carbon tax, offset mechanism and ETS.

EBP was responsible for developing the sub-tasks on corresponding measures for affected sectors and populations, the development of a national offset system, the analysis of a possible emissions-trading system and the development of options for an integrated system of climate change mitigation instruments.

In addition, EBP supported the on-going work with its international know-how, particularly related to the company's knowledge of climate change mitigation instruments in Switzerland.

Explain video PMR-IPC

Interview with Joachim Sell