Carbon Pricing Implementation Guide

Introduction

The **Carbon Pricing Implementation Guide** is a critical tool within the *Climate & Energy Governance Implementation Framework*, designed to support stakeholders in designing and implementing carbon pricing mechanisms to reduce greenhouse gas emissions and accelerate the transition to a low-carbon economy. This guide assists policymakers, regional authorities, businesses, and civil society organizations (CSOs) in developing carbon pricing systems—such as carbon taxes or emissions trading systems (ETS)—that align with the Framework's goals, including a 50% emissions reduction by 2035 and net-zero by 2050, while ensuring equitable outcomes for vulnerable communities and industries.

The guide integrates the Framework's principles of sustainability, equity, science-based decision-making, and cooperation, with a focus on the Climate Mitigation pillar. It provides a structured approach to assess carbon pricing needs, design pricing mechanisms, ensure just transition measures, and monitor outcomes, fostering coordination across governance levels and sectors. By emphasizing stakeholder engagement and revenue recycling, the guide ensures that carbon pricing is both effective and socially acceptable.

Objectives

- Assess the feasibility and context for implementing carbon pricing.
- Design science-based carbon pricing mechanisms aligned with Framework targets (e.g., $135/tCO2e by 2030).
- Integrate just transition measures to support affected workers and communities.
- Engage stakeholders to ensure inclusive and equitable policy design.
- Monitor and evaluate carbon pricing outcomes using standardized metrics.

Target Audience

- National and regional policymakers
- National Implementation Units
- Finance and environment ministries
- Businesses subject to or supporting carbon pricing
- CSOs advocating for climate action and equity
- Communities affected by carbon-intensive industries

Carbon Pricing Implementation Guide

1. Carbon Pricing Context Assessment

Evaluate the current emissions profile, economic conditions, and policy frameworks to determine the feasibility of carbon pricing.

Field	Response
Emissions Profile	E.g., 500 MtCO2e annually, 60% from energy, 20% from industry
Economic Context	E.g., GDP $1 trillion, energy-intensive industries employ 100,000 workers
Existing Policies	E.g., Fossil fuel subsidies ($10 billion/year), renewable energy incentives
Carbon Pricing Status	E.g., Pilot carbon tax ($20/tCO2e) in energy sector
Stakeholder Readiness	E.g., Business support for ETS, CSO concerns about equity
Alignment with Framework	E.g., Partial alignment (pricing below $135/tCO2e by 2030)

Instructions:

- Use national emissions inventories or the Climate Policy Dashboard for data.
- Assess economic impacts (e.g., on industries, consumers) and stakeholder sentiments.
- Identify gaps (e.g., low pricing levels, lack of coverage) relative to Framework targets.

Example: Country X emits 500 MtCO2e annually, with a pilot carbon tax of $20/tCO2e in the energy sector. This falls short of the Framework's $135/tCO2e target by 2030, requiring broader coverage and higher rates.

---

2. Carbon Pricing Mechanism Design

Design a carbon pricing mechanism (e.g., carbon tax, ETS) aligned with Framework targets and local context.

Field	Response
Mechanism Type	E.g., Carbon tax, Emissions Trading System (ETS)
Coverage	E.g., Energy, industry, transport (80% of emissions)
Price Level	E.g., $50/tCO2e by 2026, scaling to $135/tCO2e by 2030
Revenue Use	E.g., 50% for just transition, 30% for renewable energy, 20% for tax rebates
Compliance Mechanisms	E.g., Emissions monitoring via ICMS, fines for non-compliance
Stakeholder Roles	E.g., Businesses report emissions, CSOs monitor equity

Instructions:

- Choose a mechanism based on economic and political feasibility (e.g., tax for simplicity, ETS for market flexibility).
- Align price levels with Framework targets ($135/tCO2e by 2030, escalating to $200/tCO2e by 2040).
- Plan revenue recycling to support just transitions and renewable energy, using the Just Transition Planning Template.
- Engage stakeholders via the Stakeholder Engagement Protocol to ensure buy-in.

Example: Country X will implement a carbon tax covering energy and industry (80% of emissions), starting at $50/tCO2e in 2026 and scaling to $135/tCO2e by 2030. Revenues will fund retraining for 50,000 workers (50%), renewable energy projects (30%), and household rebates (20%).

3. Just Transition Measures

Develop measures to support workers, communities, and industries affected by carbon pricing.

Field	Response
Affected Groups	E.g., 50,000 coal workers, 10 energy-intensive firms, 5 rural communities
Measures	E.g., Retraining for green jobs, subsidies for low-carbon tech, income support
Scope	E.g., Retrain 10,000 workers annually, support 5 firms with $10M grants
Timeline	E.g., 2025-2030, full worker support by 2035
Funding Source	E.g., 50% of carbon tax revenues, Framework finance

Instructions:

- Identify groups impacted by carbon pricing (e.g., fossil fuel workers, low-income households).
- Design measures using the Just Transition Planning Template, prioritizing equity for vulnerable groups.
- Fund measures with carbon pricing revenues or the Climate Finance Access Navigator.
- Ensure stakeholder input, including Free, Prior, and Informed Consent (FPIC) for indigenous communities.

Example: Country X will retrain 50,000 coal workers for green jobs by 2035 and provide $10M in grants to 5 energy-intensive firms for low-carbon tech, funded by 50% of carbon tax revenues, with CSO input on equity.

4. Implementation Roadmap

Define a phased timeline for implementing the carbon pricing mechanism and just transition measures.

Phase	Timeline	Actions	Milestones
Short-Term	2025-2030	E.g., Launch carbon tax at $50/tCO2e, retrain 10,000 workers, phase out fossil fuel subsidies	E.g., 20% emissions reduction, 20% of workers retrained by 2030
Medium-Term	2030-2040	E.g., Scale tax to $135/tCO2e, expand ETS to transport, support all affected workers	E.g., 50% emissions reduction, 100% worker support by 2035
Long-Term	2040-2050	E.g., Maintain $200/tCO2e, sustain low-carbon industries	E.g., Net-zero emissions by 2050

Instructions:

- Align with Framework milestones (e.g., 50% emissions reduction by 2035, net-zero by 2050).
- Coordinate with other sectors using the Climate-Energy Policy Integration Matrix.
- Engage stakeholders to validate timelines.

Example: By 2030, Country X will launch a $50/tCO2e carbon tax and retrain 10,000 workers; by 2035, scale to $135/tCO2e and support all workers; by 2050, achieve net-zero emissions.

5. Metrics for Success

Establish indicators to track progress and evaluate carbon pricing outcomes, aligned with the Framework's Integrated Climate Metrics System (ICMS).

Indicator	Target	Measurement Method	Frequency
Emissions Reduction	50% reduction by 2035	MtCO2e from covered sectors	Annual
Carbon Price Level	$135/tCO2e by 2030, $200/tCO2e by 2040	Price per tCO2e in tax/ETS	Annual
Revenue Allocation	50% for just transition by 2030	Percentage of revenues for retraining, rebates	Annual
Worker Support	100% of affected workers supported by 2035	Number of workers retrained/supported	Biennial
Equity Outcomes	80% of vulnerable groups report benefits by 2035	Surveys of low-income and marginalized communities	Biennial

Instructions:

- Integrate metrics into ICMS for standardized reporting.
- Use emissions data, revenue tracking, and surveys to assess reductions, equity, and worker support.
- Report progress via the Climate Policy Dashboard.

Example: Track emissions reductions annually (target: 50% by 2035) and survey low-income communities biennially to ensure 80% report benefits from revenue-funded programs by 2035.

Next Steps

1. **Review Results**: Share your carbon pricing plan and outcomes with key stakeholders to validate findings and build consensus on priorities.
2. **Develop a Strategy**: Use the roadmap and metrics to integrate carbon pricing into your broader climate and energy governance strategy.
3. **Connect to Regional Resources**:
   - Explore the Regional Hub concept at globalgovernanceframework.org/frameworks/hubs to understand how regional coordination can support your carbon pricing initiatives.
   - Identify existing regional organizations in your area that may provide similar functions to the conceptual Regional Hubs.
4. **Access Support**:
   - Email globalgovernanceframeworks@gmail.com for technical assistance and to discuss potential regional collaboration opportunities.
   - Inquire about pilot projects or implementation partnerships related to the Regional Hub concept.
5. **Monitor Progress**: Reassess the carbon pricing plan annually to track improvements and adjust strategies based on metrics and stakeholder feedback.

6. **Share Insights**: Contribute lessons learned to the Framework's knowledge repository to support global learning and inform Regional Hub concept development.

Contact and Further Information

For additional support:

- **Online Resources**: Access tools and guides at globalgovernanceframework.org/frameworks/tools/energy.
- **Technical Assistance**: Email globalgovernanceframeworks@gmail.com.
- **Regional Governance Concepts**: Learn more about the Regional Hub framework at globalgovernanceframework.org/frameworks/hubs.
- **Implementation Partnerships**: Inquire about opportunities to pilot Regional Hub functions in your region through globalgovernanceframeworks@gmail.com.

This guide is a living document, updated periodically. Check the website for the latest version.