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PMI ANNUAL REPORT 2025



PMI
PARTNERSHIP FOR MARKET IMPLEMENTATION

WORLD BANK GROUP

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Donor acknowledgements

The Partnership for Market Implementation Facility (PMIF) is an umbrella trust fund managed by the World Bank that supports countries in unlocking finance through carbon pricing and markets. Established in 2021, the program is supported by 11 development partners: Australia, Canada, the European Commission, Finland, Germany, Japan, Norway, Spain, Sweden, Switzerland, and the United Kingdom.

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The report covers the fiscal year from July 1, 2024, to June 30, 2025 (FY25). The financial contribution and expenditures reported are reflected up to May 31, 2025. All amounts in $ are US dollars unless otherwise indicated.

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Acronyms

- **ASCENT** • Accelerating Sustainable and Clean Energy Access Transformation program
- **CBAM** • Carbon Border Adjustment Mechanism
- **CADT** • Climate Action Data Trust
- **CMI** • Carbon Market Infrastructure
- **CCDR** • Country Climate and Development Reports
- **CCER** • China Certified Emission Reductions
- **CDM** • Clean Development Mechanism
- **CPI** • Carbon pricing instrument
- **CwA** • Compact with Africa
- **CwA-GBF** • Compact with Africa - Green Business Fund
- **ECOWAS** • Economic Community of West African States
- **ERCs** • Emission reduction credits
- **ESMAP** • Energy Sector Management Assistance Program
- **ETS** • Emissions trading system
- **FI** • Financial institutions
- **FY** • Fiscal year
- **GHG** • Greenhouse gas
- **I4C** • Innovate4Climate
- **ICAP** • International Carbon Action Partnership
- **IDA** • International Development Association
- **IETA** • International Emissions Trading Association
- **IFC** • International Finance Corporation
- **JIT** • Just-in-Time
- **LOA** • Letter of Authorization
- **MIGA** • Multilateral Investment Guarantee Agency
- **MRV** • Measurement, reporting, and verification
- **NDC** • Nationally determined contribution
- **OGS** • Off-grid solar
- **PMI** • Partnership for Market Implementation
- **PMIF** • Partnership for Market Implementation Facility
- **PMR** • Partnership for Market Readiness
- **RBCF** • Result-based climate financing
- **SCALE** • Scaling Climate Action by Lowering Emissions
- **SMEs** • Small and medium enterprises
- **WBG** • World Bank Group

Foreword

As the World Bank's recent report *Reboot Development: The Economics of a Livable Planet* highlights, countries are navigating slowing growth, rising debt, and the mounting impacts of climate change. Land, air, and water, the foundations of prosperity, are under strain, making growth and sustainability inseparable. The good news is that sound policies and well-designed market instruments can deliver benefits for development, growth, fiscal resilience and the climate.

That is exactly what the Partnership for Market Implementation Facility (PMIF) supports countries to do, bringing together the Partnership for Market Implementation (PMI) and the Compact with Africa –Green Business Fund (CwA-GBF) and working with nearly 50 countries to translate climate policy action into tangible financial and economic returns. Globally, PMI supports governments to build the policies and systems needed to implement carbon pricing that raises domestic revenues and access high-integrity carbon markets to unlock investment, and in Africa, the CwA-GBF supported building the institutional credibility of small and medium-size enterprises (SMEs) accessing climate finance.

Fiscal Year 2025 (FY25) saw strong progress. PMI supported 35 countries, with continued evolution from analytical work toward uptake of market infrastructure. Governments advanced policy and institutional reforms; strengthened measurement, reporting, and verification (MRV) and market infrastructure capacity; and expanded socio-economic analysis to support fair and competitive pathways. Carbon pricing coverage in PMI-supported countries increased from 11.4 to 17 percent of national greenhouse gases (GHG) emissions between 2023 and 2024, and carbon pricing revenues reached US$777 million in 2024. Knowledge and partnerships also played a key role, with PMI launching its knowledge center, expanding practitioner training and South-South exchanges, and delivering practical guidance on emissions trading and other technical areas. This work was carried out in close collaboration with global partners to ensure countries receive coordinated and technically robust support.

This year was also about preparing for the next phase of work for PMI. The PMI FY26–30 Business Plan, developed with donors and client governments, provides the vision for how PMI will deepen implementation support where reforms are advancing, strengthen regional collaboration, and align more closely with World Bank balance sheets and other available capital. As part of this, PMI and the Bank's carbon funds — including the Scaling Climate Action by Lowering Emissions (SCALE) — are increasingly working as a shared carbon value chain, so that PMI's upstream reforms help build the infrastructure that carbon funds can use to bring country and community credits to market, generating real finance flows for countries while delivering better value for money for development partners.

Across Africa, the CwA-GBF supported activities in 14 countries that strengthened financial institutions, expanded blended-finance solutions in agriculture, clean energy, and housing, and improved access to finance for local SMEs, which make up about 90 percent of the private sector and 70 percent of employment. Through new lending tools, risk-sharing facilities, and capacity building for local banks and development finance institutions, the program is helping channel more capital to businesses that drive growth and opportunity across the region, supporting firm expansion, resilience, and job creation. For example, a US$5 million grant from CwA-GBF is helping establish a US$100 million blended-finance facility for green housing in East Africa, which is expected to leverage an additional US$440 million in investment.

With PMIF implementation now in full swing, we look forward to supporting deeper work in our existing countries and more work across more countries to prove that climate and development objectives can advance together, grounded in strong policy frameworks that link to real investment reaching people, increasing jobs, and accelerating local opportunity.



Valerie Hickey
Global Director,
Climate Change Group,
World Bank

EXECUTIVE SUMMARY



How the PMI Facility Moved Policy and Financing Solutions Closer to the Ground in FY25

Global momentum behind carbon pricing and international carbon markets continued to accelerate this year. There are now 80 carbon pricing instruments in operation worldwide, covering around 28% of global GHG emissions. Major economies are expanding compliance systems, and Article 6 cooperation is shifting from design to real transactions. Demand for high-integrity carbon credits is also growing, as countries explore ways to access international finance while advancing their domestic climate and development goals.

Against this backdrop, PMIF remains one of the most important global partnerships helping countries navigate this evolving landscape, by providing the policy, institutional, and financing foundations they need to build credible carbon pricing systems and participate in emerging international markets. FY25 saw solid operational delivery across both of the Facility's programs — the Partnership for Market Implementation (PMI) and the Compact with Africa–Green Business Fund (CwA-GBF) — and stronger foundations to scale support for countries as they look for practical ways to finance development and strengthen their economies.

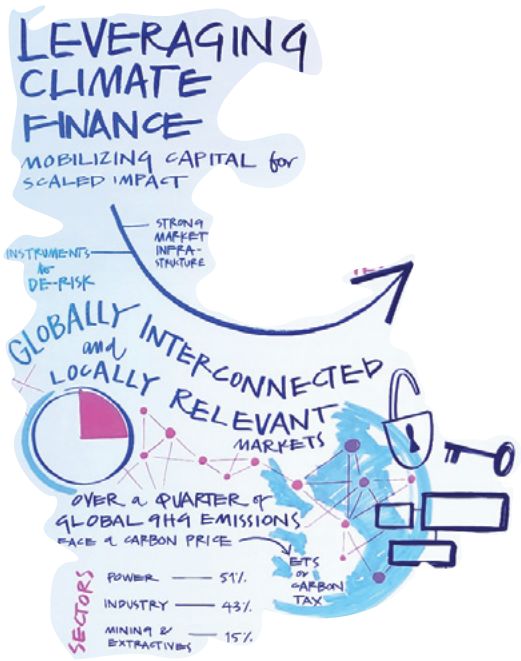
Partnership for Market Implementation

In FY25, PMI expanded to 35 countries and progressed from readiness toward implementation. New participants, including Azerbaijan, Cambodia, Egypt, Moldova, Nepal, South Africa, and Thailand, demonstrated growing demand for support on carbon pricing and market systems. Country programs advanced from planning stages to on-the-ground implementation:

- **A total of 18 multi-year country programs have been approved so far — with 14 now operational, including a newly approved grant for Brazil**. Under these programs, countries are increasingly seeking support that combines domestic carbon pricing instruments — such as emissions trading systems, carbon taxes, domestic crediting - with international market readiness, particularly preparation for Article 6 participation. This integrated approach positions them to mobilize both domestic and international finance.

- **19 Just-in-Time (JIT) grants have been allocated to date, including 7 new grants and 6 completed in FY25, highlighting the effectiveness of JIT as a tool for providing timely and catalytic support**. These grants responded to a range of country needs, such as an analysis of the impact of the EU's Carbon Border Adjustment Mechanism (CBAM) in Egypt, targeted input to Article 6 regulation and market infrastructure in Bhutan, or strategic assessments of carbon pricing options in Thailand. Through rapid, targeted interventions, JITs have played a key role in supporting PMI's shift from readiness to implementation across its country programs.

- **PMI support is increasingly leveraging broader World Bank lending to anchor and sustain carbon pricing and market reforms**. Examples include work in Belize on carbon market regulation and infrastructure alongside a US$32 million blue economy investment, and support to Moldova on its Climate Action Law and carbon-pricing roadmap in the context of a policy lending operation.



PMI's knowledge and innovation agenda scaled significantly and is now fully aligned with operational delivery.

- **In FY25, PMI launched the PMI Knowledge Center and a suite of practical tools and guidance**, including the *State and Trends of Carbon Pricing 2025* and the new *Country Guidance on Navigating Carbon Markets*, bringing together major technical partners to align assistance and give countries clearer tools to plan and sequence their market-readiness efforts. Learning programs and exchanges reached over 450 practitioners, with hands-on training on MRV, registries, Article 6, and ETS design. PMI also convened global and regional dialogues, from the Innovate4Climate conference and the PMI Global Knowledge Forum to regional academies and South–South exchanges, directly supporting country practitioners as they move toward implementation.

- **Innovation work progressed the solutions and infrastructure needed for high-integrity carbon markets**. PMI advanced the design and piloting of new carbon methodologies, covering energy access, coal transition, regenerative agriculture, while piloting the related digital MRV systems, and supporting the onboarding of 10 registries to the Climate Action Data Trust (representing over 85% of global credit issuance). PMI also finalized standardized templates for Article 6 authorizations and convened market actors through the Climate Market Club, the Carbon Action Forum, and the Carbon Markets Infrastructure Working Group.

The FY25 reporting of PMI's Results Framework confirms that PMI is on track. Countries report stronger capacity and growing uptake of PMI support and tools. Results also highlight priorities for the next phase: faster delivery, more systematic engagement with the private sector and civil society, and a tighter link between analytics and policy decisions — all core to the FY26-30 PMI Business Plan.

Compact with Africa–Green Business Fund

The CwA-GBF delivered strong progress in FY25 in advancing innovative financing solutions for African SMEs, businesses that form most of the region's private sector and jobs. The program focuses on easing long-standing barriers that prevent SMEs from accessing the capital they need to adapt to climate change, lower energy costs, and improve productivity.

Blended-finance solutions developed under CwA-GBF are now moving toward real-world implementation through World Bank investment operations. These solutions provide practical models that financial institutions can replicate, including:

- **A risk-sharing facility to help solar SMEs** bring affordable, reliable electricity to households and small businesses in West Africa.

- **A results-based financing mechanism to support farmers and agri-SMEs** adopting climate smart practices and technologies that increases productivity and reduce climate vulnerability in Rwanda's agriculture sector.

- **A de-risking facility for green housing** that makes safer, more resilient homes accessible to low- and middle-income families across countries in Eastern Africa.

Capacity building for financial institutions helped scale these models and strengthen their ability to serve SMEs:

- **More than 35 financial institutions took part in training programs** on sustainable finance in collaboration with the International Finance Corporation (IFC) Green Bond Technical Assistance Program.

- **Peer-learning and regional workshops** facilitated exchange across Compact with Africa countries.

Overall, FY25 showed that PMIF's programs are now firmly off the ground and building momentum. The year established the foundations needed for delivery, positioning PMIF to help countries translate climate finance opportunities into economic results through stronger policies, credible market systems, and practical financing tools.

ABOUT THE PARTNERSHIP FOR MARKET IMPLEMENTATION (PMI)



The World Bank's PMI supports countries in designing and putting in place the policies needed to introduce carbon pricing and participate in carbon markets — helping raise revenue, attract private investment, and drive economic development.

As demand grows, especially in the Global South, for support in moving from planning to implementation, **PMI is stepping up as a global hub for knowledge and innovation, offering practical tools, data, and technical expertise** co-developed with partners to help countries assess readiness and put carbon pricing solutions into practice.

PMI is supporting a growing coalition of over 35 countries — collectively accounting for more than half of GHG emissions. Its flexible model, designed to deliver rapid and targeted support, has helped unlock reforms even in countries at early stages of engagement.

PMI is also a leading platform for bringing together stakeholders and partners to advance global progress on carbon pricing and markets. It delivers cutting-edge data and analytics such as the annual *State and Trends of Carbon Pricing* report and the Carbon Pricing Dashboard; convenes forums to develop practical approaches and solutions, including the Climate Market Club and Carbon Action Forum; and facilitates country-to-country as well as global knowledge exchange through events such as the annual PMI Global Knowledge Forum and the Innovate4Climate (I4C) conference.

PMI's new Knowledge Center brings together the essential tools, guidance, country experiences, and resources needed to design and implement carbon pricing — whether through emissions trading systems, carbon taxes, or carbon crediting — enhancing the user experience by moving from a fragmented set of materials to a curated, milestone-driven structure that helps countries progress through the key phases of carbon pricing and market development.

As implementation accelerates, the PMI FY2026–2030 Business Plan provides the forward-looking framework for the next phase of the program, informed by donors' expectations and by the evolving needs and priorities emerging from PMI country engagements. Building on this, PMI is entering a more strategic phase: clarifying future priorities for carbon pricing and markets, strengthening alignment with World Bank operations, and ensuring the program's funding model can meet rapidly growing demand. The Business Plan sets out how PMI will consolidate its role as the Bank's global platform for carbon pricing and markets, expand its country-driven offer, and mobilize the resources needed to operate at greater scale.

PMI Donor Partners

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EUROPEAN COMMISSION
FINLAND
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JAPAN
NORWAY
SPAIN
SWEDEN
SWITZERLAND
UNITED KINGDOM

COUNTRY ENGAGEMENTS



Advancing Carbon Pricing at Every Stage of Readiness

PMI provides tailored assistance to countries through three complementary windows: (I) Implementation Support, (II) Readiness Support, and (III) Just-in-Time (JIT) & Regional Support. This structure enables PMI to support countries across a broad spectrum of needs, from early diagnostics, instrument design, to full-scale implementation. JIT support (Window 3) provides rapid, targeted technical assistance to respond to emerging needs and opportunities. Readiness Support (Window 2) focuses on helping countries establish the foundational policy, legal, institutional and market infrastructure frameworks necessary for carbon pricing instruments. Implementation Support (Window 1) builds on this foundation by assisting countries to pilot, scale up, or operationalize carbon pricing mechanisms such as emissions trading systems or carbon taxes. Under Window 3, PMI also provides Regional Support to promote country-to-country learning and regional collaboration.

In FY25, PMI advanced its core objectives by deepening and diversifying country-level support for carbon pricing and market participation, managing an overall portfolio of 35 countries. To date, 16 PMI countries have settled on their choice of carbon pricing instruments, and completed detailed work on the associated policy assessments, technical frameworks, and institutional arrangements. Five countries have now moved to the implementation phase, effectively using PMI support to operationalize carbon pricing in their jurisdictions.

This past year reflected real momentum, with eight countries starting new PMI-supported activities. Targeted technical assistance and capacity-building efforts were launched in Azerbaijan, Cambodia, Egypt, Moldova, Nepal, South Africa, and Thailand through JIT support. Brazil completed its ETS Roadmap under JIT support and received a new PMI Implementation grant as it moves ahead with establishing a national ETS and carbon market. These new engagements position PMI well for its forward-looking FY2026–2030 strategy, which will prioritize deeper implementation support and expand early-stage engagement to advance carbon pricing and carbon market development.

35

Countries supported through **PMI Country Engagements**
18 Country Programs
17 Just-In-Time Grants

28

Countries are supported in the design, piloting and implementation of **domestic carbon pricing instruments**

23

Countries are supported in building and enabling environment for **international carbon markets**

26

Countries are supported in developing and deploying **carbon market infrastructure**



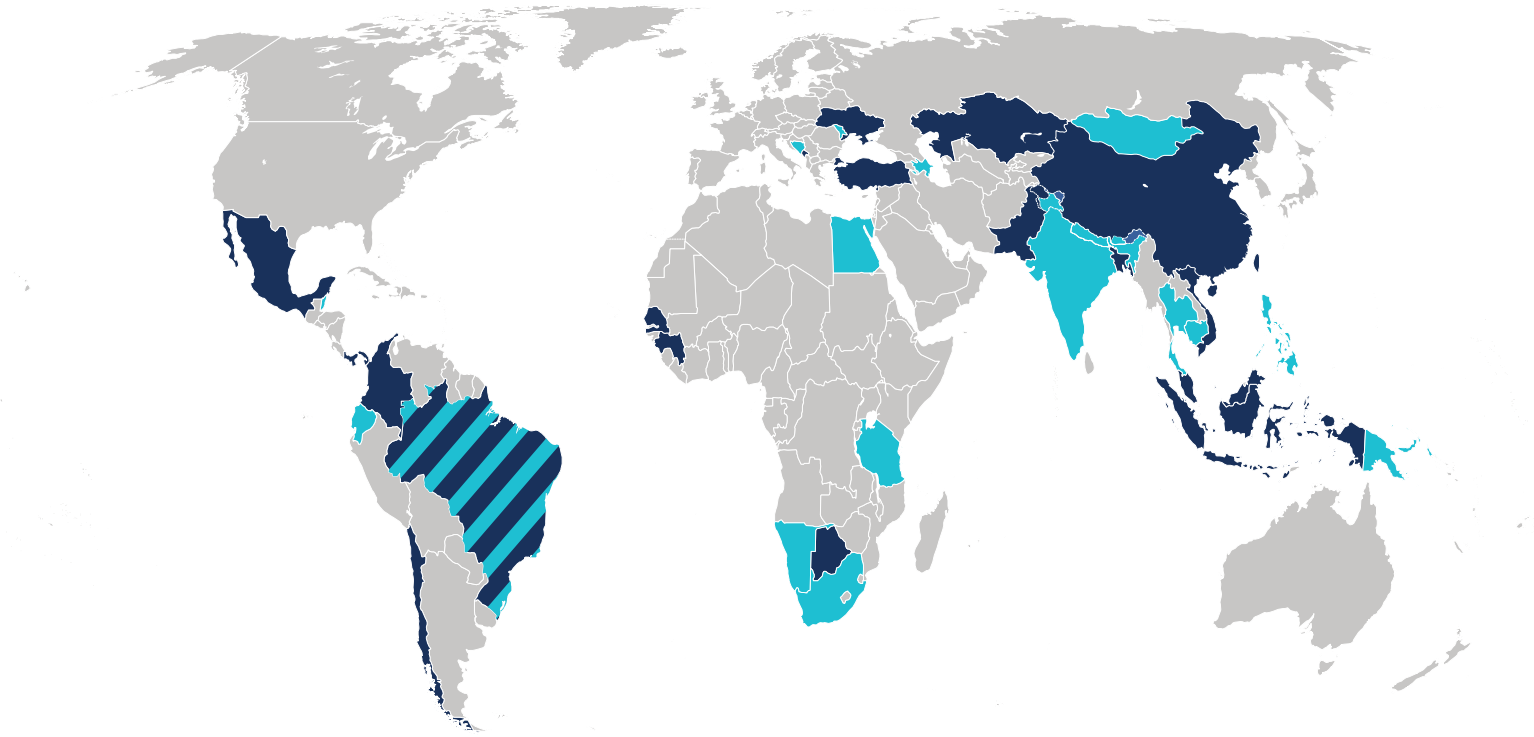
Increasing Global Coverage

*as of June 30, 2025

35 Countries supported in total

8 New engagements in FY25

7 JJIT support completed in total



PMI COUNTRY PROGRAMS

Bangladesh
Botswana
Brazil
Chile
China
Colombia
Guinea
Indonesia
Kazakhstan
Malaysia
Mexico
Montenegro
Pakistan
Panama
Senegal
Türkiye
Ukraine
Viet Nam

PMI JUST-IN-TIME SUPPORT

Azerbaijan
Belize
Bhutan
Bosnia & Herzegovina
Brazil
Cambodia
Ecuador
Egypt
India
Moldova
Mongolia
Namibia
Nepal
Papua New Guinea
Philippines
South Africa
Tanzania
Thailand*

* Engagement that was launched and completed in FY25

Box 1: PMI Advancing Carbon Pricing in Southeast Asia

Countries in Southeast Asia are accelerating efforts to develop carbon pricing systems, with PMI support helping move from early readiness toward concrete policy design, legislative development, and market preparation.

Thailand. Thailand advanced core climate legislation in FY25, including the draft Climate Change Act and Emissions Trading Law, and launched FTI-X, a domestic carbon credit trading platform. PMI JIT support deepened engagement with the newly established Department of Climate Change and Environment, enabling analysis of the macroeconomic, social, and environmental impacts of carbon pricing and assessment of feasible instrument options. These insights informed the review and finalization of the Climate Change Act, which will introduce a carbon tax and mandatory ETS. Preparations are also underway to revise the fuel excise tax by end-2025 and launch a pilot ETS in 2029. Thailand plans to request PMI Implementation support for detailed ETS design, assessment of carbon tax–ETS interactions, legal frameworks, and strengthened stakeholder engagement.

Philippines. PMI JIT support refined technical assessments for a Prospective Emissions Trading Scheme (PETS), including cap setting, allowance allocation, and alignment with the existing carbon tax. PMI also enabled the country to mobilize complementary funding from the Japan Policy and Human Resources Development program for multi-year analysis and capacity building to inform PETS design and implementation.

Malaysia. In the final phase of its Readiness program, Malaysia is assessing national MRV system needs to support a planned carbon tax in the short term and an ETS in the longer term, and is strengthening capacity related to border carbon adjustment measures. This work is complemented by a communications strategy for CPI implementation and analysis of policy options for a just and equitable transition. PMI has also supported the development of a comprehensive capacity-building strategy across key stakeholder groups. In parallel, Malaysia advanced the Climate Change Bill (RUUPIN), approved by the Cabinet in June 2025, which will provide the legal basis for both the carbon tax and ETS.



Window 1: Implementation Support

Driving the Delivery of Operational Carbon Pricing and Market Systems

The Implementation Support window, or Window 1, is PMI's flagship vehicle to support countries in operationalizing carbon pricing and market instruments. Implementation support is tailored for countries that have already completed key analytical groundwork, carried out inclusive policy consultation and decision-making processes, and are ready to deploy instruments such as ETS, carbon taxes, and domestic crediting mechanisms. Typically, the governments demonstrate strong political commitment, institutional capacity, and have issued legal mandates to implement a carbon pricing instrument or are on the cusp of adopting them. Support under this window often includes legal and regulatory design, development of technical systems, stakeholder consultations, and policy implementation planning.

Looking ahead, PMI aims to deepen engagement in countries that have reform momentum and strengthen support of well-performing programs to accelerate delivery. This reflects an evolution from pilot design toward full market operationalization, leveraging complementary World Bank instruments (such as policy operations and investment loans) to drive scale and impact.

The FY25 delivery aligns with this ambition and paves the way for enhanced outreach and impact. Countries are transitioning into implementation and strengthening their CPIs, while also laying the institutional infrastructure for sustained market engagement. For example, Brazil is making strides towards implementing its recently approved ETS and identifying a national strategy for carbon markets. Kazakhstan is aiming to strengthen its already existing ETS and expand carbon pricing policies. This validates PMI's model of progressing countries through the full policy cycle, from early diagnostics to design and implementation, with continuity and increasing ambition.

Key deliverables in FY25 included significant progress in moving the 10 approved country programs towards implementation, with the majority of developing economies receiving PMI support through this window. Six grants are now under active implementation.

- In Indonesia and Kazakhstan, the country programs launched project implementation units and started implementing their work program.
- Brazil received an implementation grant focused on operationalizing the ETS roadmap developed with JIT support and developing a strategy for carbon market integration. The program's progress from upstream, Just-in-Time support to full-scale implementation exemplifies the potential of PMI's phased-support approach for client countries.
- China, Mexico, and Viet Nam have been finalizing their work programs to ensure alignment with emerging country developments and are expected to launch operations in FY26.



Box 2: PMI Support to Strengthen and Expand China's ETS

The PMI China program builds on the World Bank's long-standing partnership with China under the Partnership for Market Readiness (PMR) from 2013 to 2020. Under PMR, the Bank supported the design of the national ETS and eight sub-national pilots through improved GHG data systems, more than 20 research projects on core ETS elements, and extensive capacity-building programs that trained over 13,000 participants.



Under PMI, China is now moving into a new phase focused on strengthening its national ETS, operationalizing the reformed China Certified Emissions Reduction (CCER) mechanism, and defining the contribution of carbon pricing to the country's 2060 carbon neutrality goal. By enhancing the regulatory framework, expanding CCER methodologies, and improving market infrastructure, the PMI China program aims to help China further consolidate an ETS that grows with integrity, transparency, and impact.

FY25 marked substantial progress in finalizing the preparation of the PMI China program. Over the course of the year, PMI advanced technical discussions and planning with government counterparts to finalize the program design and confirm priority workstreams. Key preparation activities included work on the potential for CCER international trading, early scoping of market infrastructure needs, and planning for country-to-country knowledge exchanges.



Window 2: Readiness Support

Laying the Groundwork for Carbon Pricing Reforms

Readiness Support, or Window 2, enables countries to put in place the institutional, legal, and technical groundwork for future carbon pricing and market implementation. Countries that receive this support typically exhibit high-level climate commitments, emerging political interest, or momentum in sectoral reforms, but are at earlier stages of the policy cycle. Hence government agencies still require foundational analysis, capacity building, or enabling frameworks to advance toward implementation. Readiness support includes diagnostic assessments, legal gap analyses, early design options, and stakeholder engagement strategies that help countries define a clear reform pathway.

Looking ahead, PMI aims to expand early-stage support in countries showing reform momentum, especially where foundational steps could be accelerated into implementation. Window 2 activities include bringing in new countries with political will and commitment and preparing existing Readiness countries to progress into implementation programs.

FY25 progress reflected this trajectory. Countries like Malaysia moved from diagnostics into early implementation planning, using readiness support to inform policy decisions and prepare the ground for future implementation grants. Other clients aligned readiness activities with broader World Bank policy and lending programs, helping embed carbon pricing within national reform agendas. Together, these advances underscore the role of Window 2 as a practical stepping-stone that helps countries turn early institutional, legal, and technical work into clearer pathways toward implementation.

All Readiness Support grants are now operational, providing countries with diagnostic work, institutional design support, and early-stage planning to prepare for future carbon pricing implementation.

Key highlights include:

- Malaysia successfully achieved key outcomes for readiness and transitioned into preparing a proposal for implementation support, focusing on carbon tax design, ETS assessment, and strategy development for domestic crediting and international market participation.

- Bangladesh advanced key carbon market readiness actions, which have been integrated in the program supported by a US$ 500 million World Bank development policy loan. In addition, the country is progressing significantly towards readiness for international carbon markets through its active participation in both PMI and the Carbon Initiative for Development (Ci-Dev), the development of a national readiness roadmap for Article 6 participation, and the adoption of core governance structures and initial operational procedures. These milestones have laid the foundation for the piloting, under Ci-Dev, of an emissions crediting program focused on decentralized renewable energy solutions.

- In Guinea, PMI has been supporting the initial design of a carbon-price signal for the extractive sector.

- Montenegro assessed the impacts of carbon pricing instruments on the economy, including on jobs and prices, and the power sector.

Box 3: Advancing Readiness for Carbon Pricing and Market in Africa

Across Africa, PMI Readiness programs are laying the technical foundations and strengthening institutional capacity for carbon pricing readiness and market participation, responding to countries' strong demand to unlock financing that advances their climate and development priorities.

In Guinea, carbon pricing readiness is advancing with support from a US$ 2 million PMI readiness grant launched in 2023. Undertaken with the Ministry of Environment and Sustainable Development and aligned with the World Bank's broader engagement on natural resources governance, the work focuses on the design of a carbon pricing instrument (CPI) for the mining sector, in response to anticipated growth in iron ore and bauxite extraction. Developed with industry and government partners, the CPI was validated at a workshop in October 2024 with cabinet level participation. PMI also worked with Guinea's government to strengthen institutional capacity. A National Climate Change Commission and a national carbon markets expert group were established. Progress was made on GHG reporting and climate legislation. In general, PMI-developed instruments are being integrated into key national strategies. In the land-use sector, new emissions data from the National Forest Monitoring System set the stage for an Emission Reductions (ER) Program, backed by two grants from the World Bank's Scaling Climate Action by Lowering Emissions facility, including a recipient-executed US$7 million grant, which could potentially lead to results-based climate financing of US$15 million to US$30 million. Guinea's entry into the Global Carbon Pricing Challenge further reinforces its commitment to market-based solutions.

In Senegal, efforts are ongoing to leverage a US$ 2 million PMI grant to build on its Clean Development Mechanism legacy and strong institutional foundation. In collaboration with the Ministry of Environment and Ecological Transition, the project supports the design of a potential carbon tax, Article 6 readiness, and broader climate governance. FY25 achievements include the modeling of carbon tax impacts (using the World Bank-IMF Climate Policy Assessment Tool, or CPAT), stakeholder consultations, and the launch of a second modeling phase focused on employment and informality. Additional achievements include the drafting of a national climate law, the assessment of digital MRV systems, development of marginal abatement cost curves, and the advancement of Article 6 operational procedures. In FY26, Senegal will focus on finalizing its Article 6 framework, piloting two carbon market projects, establishing a national carbon registry, and deepening capacity among public and private stakeholders. Analytical work will explore Just Transition considerations and the socioeconomic impacts of carbon pricing, to embed climate action within a broader development context.

In Botswana, the PMI Readiness grant is strengthening domestic resource mobilization and building capacity to participate in international carbon markets. Key activities include preparing an in-depth macroeconomic analysis of carbon tax options to assess their viability within Botswana's policy mix. Efforts continue to enhance institutional and technical capacity for carbon market participation and enable cross-sector policy coherence by examining the interaction with different market-based instruments, such as renewable energy certificates. These actions help to avoid double counting and lay the groundwork for robust and transparent market infrastructure.

Window 3:
Just-in-Time Support & Regional Programs

Just-in-Time Support: Responding Rapidly to Policy Opportunities

PMI's Just-in-Time support offers timely, targeted technical assistance to countries at critical moments of their carbon pricing policy development endeavors, such as to respond to political will and momentum, or when emerging policy questions require rapid input to inform decision-making, or when windows for reform open. These short-term, high-impact engagements are particularly valuable for countries with dynamic political environments or limited technical bandwidth to pursue full-scale programs. JIT support is used for policy assessments, instrument design options, preparedness for CBAM, or early-stage market readiness diagnostics. Window 3 also serves as a strategic onramp towards deeper PMI engagement.

Looking ahead, PMI will continue to leverage the JIT window to create timely entry points for carbon pricing. FY25 experience reinforced the value of this approach. Countries such as India, Thailand, Azerbaijan, and Namibia used JIT grants to address immediate policy questions related to carbon pricing and market readiness, while others, including Belize and Moldova, drew on JIT support to leverage broader World Bank investment operations and policy lending. These experiences illustrate how JIT support is emerging as a practical catalyst for countries to move forward on their carbon pricing reform pathways.



In FY25, 18 countries were supported through JIT grants. Seven grants were launched during the fiscal year (Cambodia, Egypt, Moldova, Nepal, South Africa, Tanzania, and Thailand). Seven grants were completed (Brazil, Bhutan, Bosnia & Herzegovina, Namibia, Papua New Guinea, the Philippines, and Thailand). Other key FY25 achievements include:

- 12 grants focused on carbon pricing policy development such as upstream policy analysis to inform the choice of pricing instrument or technical assistance for ETS design.
- 6 grants focused exclusively on readiness to access international carbon markets, meeting growing demand from lower-income and climate-vulnerable countries.
- As a first-of-its-kind, Egypt is strategically using JIT support to carry out an impact assessment of CBAM and analysis on carbon market readiness.
- South Africa is using JIT support to prepare for the next phase of its domestic CPI journey, by strengthening climate policy frameworks and finalizing sectoral emission targets, investment plans, and a review of its CPI policy mix to support NDC implementation.
- Belize is leveraging a JIT grant to push forward a broader reform framework for sustainable coastal and blue economy development. PMI-supported blue carbon readiness work resulted in a US$ 32 million World Bank investment and potentially additional financing to support carbon crediting generation.
- Moldova is leveraging a JIT grant to complement a US$ 55.5 million policy loan, aligning climate policy with EU accession efforts.

Box 4: PMI Support to Strengthen Bhutan's Carbon Market Framework

Bhutan has long participated in carbon markets, generating emissions reductions through the Kyoto Clean Development Mechanism, including from the Dagachhu Hydroelectric Project. The country is now seeking to mobilize financing from its hydro and forest resources, and its commitment to carbon markets continues to deepen.

In 2023, Bhutan approved new Carbon Market Rules, a policy trigger under the World Bank's Green and Resilient Growth Development Policy Credit, reinforcing the institutional foundations for monetizing emission reductions.

PMI deployed timely Just-in-Time support to help Bhutan take this reform forward. PMI assisted the government in defining a governance framework for a national carbon registry and developing a policy framework aligned with the country's long-term climate ambitions. This work clarified institutional arrangements, country processes, infrastructure needs, and the detailed provisions required across the framework. The resulting Bhutan Carbon Market Policy Handbook is now awaiting Cabinet approval. To continue building capacity, thirty officials from nine ministries participated in carbon asset registry training. PMI also co-hosted a South-South knowledge exchange with Nepal, Guyana, and Belize, with Bhutan serving as a mentor country.

Regional Programs

Regional Programs were introduced early in PMI operations as pilot initiatives to test approaches for supporting groups of countries facing similar challenges in carbon pricing and carbon market participation. These pilots explored how regional knowledge sharing, peer learning, and coordination could help countries align their efforts and accelerate progress on carbon pricing. The pilot phase focused on demand-driven regional workshops and gap assessments to identify priority needs and opportunities for country-level engagement. Examples include capacity-building workshops in Africa, which strengthened understanding of carbon pricing in the energy sector and highlighted areas for regional harmonization; activities in the East Asia and Pacific region which led to Just-in-Time support for Papua New Guinea; and activities in Latin America that informed Just-in-Time support in Ecuador and Brazil.

Building on this experience, PMI's Business Plan for the FY26-30 period introduces a new design and strategy for its Regional Programs, to be prepared and implemented from FY26 onwards. The approach emphasizes a more structured framework for regional collaboration, promoting peer learning, joint capacity building, and opportunities for policy alignment among countries with shared priorities. These Regional Programs now aim to unlock progress more efficiently on cross-cutting issues while learning from each other's experiences, create stronger regional ownership, and lay the foundation for deeper country-level engagement through future Readiness and Implementation grants. By building foundational capacity and fostering regional momentum, these programs are expected to position countries for more ambitious carbon pricing reforms and greater impact from PMI support.

GLOBAL KNOWLEDGE



all the solutions

Strengthening PMI as a Global Hub for Knowledge

FY25 marked an important step in consolidating PMI's role as a global hub for knowledge on carbon pricing and carbon markets. As demand for coordinated, actionable guidance continued to grow, PMI expanded its flagship reports, technical tools, and structured learning programs to help countries move from ambition to implementation. FY25 highlights include:

Delivering high-impact knowledge products. PMI released several major global reports, including:

- *State and Trends of Carbon Pricing 2025* and *State and Trends of International Carbon Markets 2024*, which track global policy developments and crediting mechanisms. Now in its second decade, *State and Trends of Carbon Pricing* highlights two milestones: instruments now cover 28 percent of global GHG emissions, and revenues exceeded US$100 billion.

- The upgraded Carbon Pricing Dashboard, offering streamlined, user-friendly access to real-time data.

- New guidebooks and technical notes developed with multiple technical partners, including *Carbon Pricing In the Power Sector*, *Political Economy of Carbon Pricing*, and *Efficient and Interoperable Carbon Market Infrastructure*, along with the landmark *Country Guidance for Navigating Carbon Markets* (Box 5).

To bring these resources together, the new PMI Knowledge Center was launched, offering a curated, milestone-driven platform that guides countries through the phases of carbon pricing and market reform (Box 6).

Expanding training and peer learning. FY25 knowledge work emphasized "learning by doing" with over 200 practitioners worldwide engaged through PMI's training and knowledge exchange activities, strengthening institutional foundations for carbon pricing and carbon markets. Activities included:

- The PMI Global Knowledge Forum, which convened more than 100 stakeholders for deep peer learning on domestic carbon pricing and participation in international markets.

- The Carbon Asset Registry Capacity Building Program, a three-month blended course for Belize, Bhutan, and Nepal covering registry design, transactions, transparency, and deployment.

- South-South Knowledge Exchanges (virtual and in-person) among Bhutan, Nepal, Belize, Guyana, and Thailand on registry architecture, governance models, and implementation tools.

- A new modular curriculum, The Fundamentals of Carbon Markets, now under development and modeled on the World Bank Academy.

Throughout FY25, PMI also contributed to more than 30 global and regional events, sharing its strategy and technical insights and helping shape the global dialogue on carbon pricing and carbon markets.

Looking ahead, PMI will increasingly engage on emerging policy issues that are shaping the next generation of carbon pricing systems, including hybrid pricing approaches, exposure to CBAM, and total carbon price diagnostics. Early work is already helping countries like Azerbaijan and Moldova prepare strategic responses to border adjustment measures, while pilot activities in Brazil and South Africa are informing guidance on integrating crediting systems with domestic pricing instruments. This new wave of analysis is helping countries anticipate and respond to evolving global policy signals while advancing practical pathways for their own carbon pricing reforms.

Box 5: A Collaborative Guide for Country Engagement in Carbon Markets

The *Country Guidance for Navigating Carbon Markets* was launched at I4C 2025 in June as a key output of the Bank's Carbon Markets Engagement Roadmap. Building on the earlier *Navigating Decisions in Carbon Markets* framework, the Guidance helps host countries develop a strategic approach to engaging in international carbon markets. Organized into seven modules, it guides countries through the fundamental questions they must address to participate effectively in international markets. It identifies options, assesses their strengths and weaknesses, and supports informed decision-making to help countries unlock financing opportunities for climate and broader development objectives while managing risks.

To address fragmentation in the capacity-building landscape, the Guidance was co-developed with a wide group of partners: the Paris Agreement Article 6 Implementation Partnership (A6IP), Global Green Growth Institute (GGGI), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Integrity Council for the Voluntary Carbon Market (ICVCM), United Nations Development Programme (UNDP), United Nations Framework Convention on Climate Change (UNFCCC), and the Voluntary Carbon Markets Integrity Initiative (VCMI).

The Guidance is already being used to inform real-time implementation in PMI countries and others, including Burundi, Nigeria, and Seychelles, and continues to evolve based on country feedback and on-the-ground experience.



Box 6: PMI's Knowledge Center – A One-Stop Shop for Carbon Pricing Guidance

PMI's new Knowledge Center makes it easier for countries to find the guidance they need to design and implement carbon pricing. Launched in June 2025, it brings together more than a decade of tools, diagnostics, and country experience into one clear, easy-to-use platform. The Center follows a simple, milestone-based structure that helps policymakers move through each phase of carbon pricing reform, from getting started, to assessing readiness, designing an instrument, implementing it, and learning from other countries' experience. The platform includes dedicated toolboxes for ETS, carbon taxes, and crediting mechanisms, with practical resources such as diagnostic tools, templates, and case studies. By organizing everything in one place and in a logical sequence, the Knowledge Center helps countries quickly find what they need and apply it in real time as they advance their carbon pricing programs.



"The PMI Knowledge Center has proven to be a practical resource for navigating complex information on several topics from carbon pricing and markets to regulatory frameworks for climate change policy implementation. Particularly, the State and Trends reports have directly shaped our work on the energy sector's cap-and-trade system. More than a repository, the Center is a useful tool that helps countries move from strategy to effective implementation."

Juan Pedro Searle
Head of Climate Change,
Ministry of Energy, Chile



INNOVATION

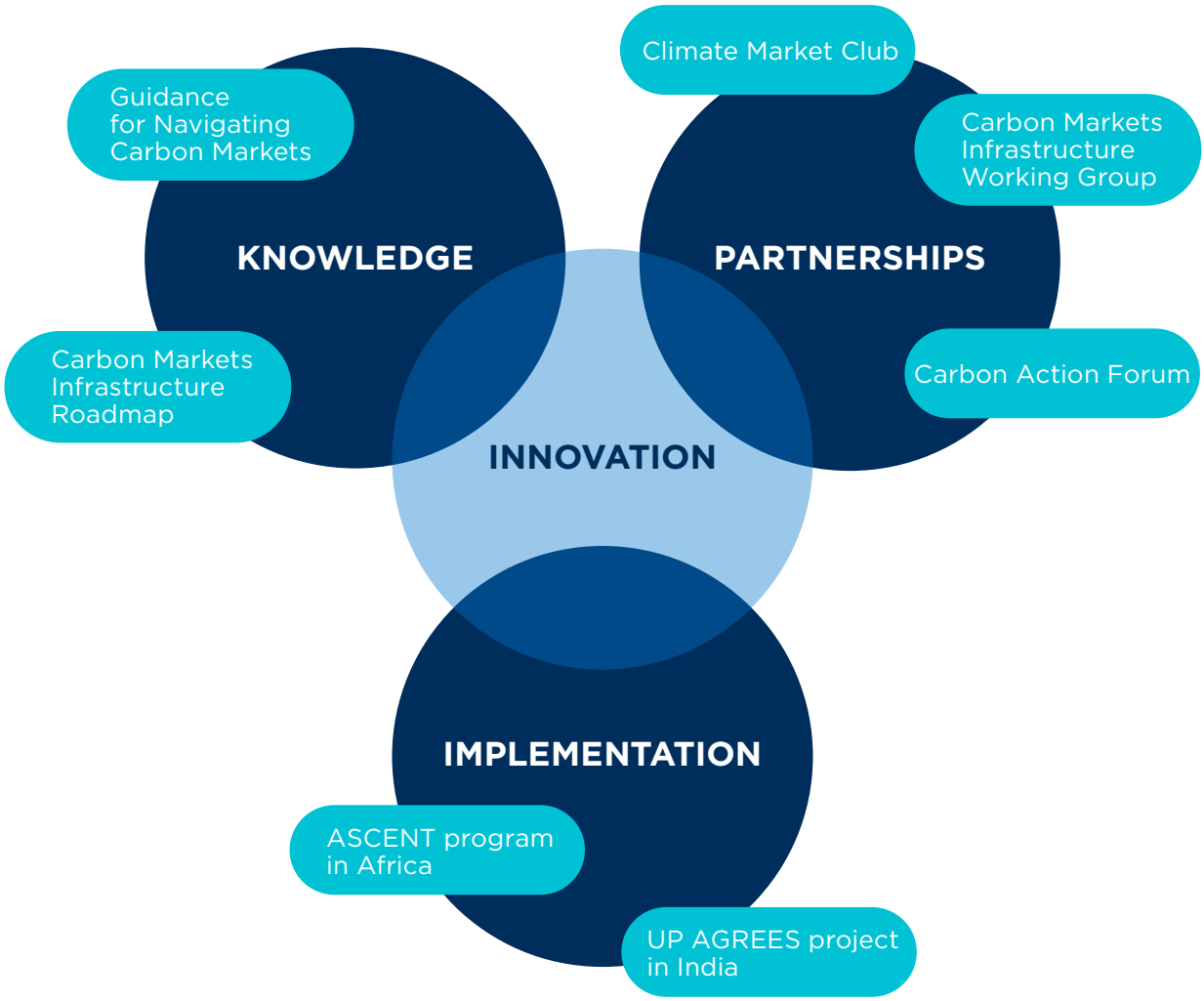


Advancing Innovation to Build Scalable, High-Integrity Carbon Markets

PMI's third strategic pillar — Innovation — serves as the Partnership's incubator of new ideas, instruments, and delivery models for carbon markets. Through this pillar, PMI pilots solutions, refines them, and determines whether they can deliver impact at scale. Successful pilots may evolve into global knowledge products, feed into partnerships and outreach efforts, or transition into World Bank operations for implementation and expansion.

In FY25, PMI strengthened its role as a driver of innovation by piloting approaches that respond to emerging gaps in carbon market design and implementation. Work focused on three areas: generating high-quality carbon assets, enabling connected and scalable markets, and convening technical communities to shape the global market architecture. These efforts helped translate frontier concepts into practical tools and institutional arrangements that can be expanded through World Bank operations and partner programs.

PMI Innovation: Driving the Frontiers of Carbon Market Solutions



Key Innovation Pillar Deliverables in FY25

1. Advancing the Generation of High-Quality Carbon Assets

PMI's Innovation work in FY25 focused on developing and testing new concepts with countries to expand the range of activities that could generate high-integrity carbon assets, while also advancing the underlying infrastructure needed to support future crediting. Early-stage work on energy access, regenerative agriculture, and other under-represented sectors explored pathways for potential credit generation, while parallel efforts on digital MRV, registries, and data systems strengthened the accuracy, transparency, and efficiency required for countries to manage emissions information and prepare for carbon market participation.

PMI's Innovation pillar delivered progress across two main areas:

Developing New Methodologies and Technical Standards. These initiatives aim to expand crediting opportunities in sectors that are often overlooked and explore approaches that align with Article 6:

- **Energy Access Standard Methodology**, developed with the Global Carbon Council (GCC), introduces a structured approach for regional aggregation, integrates digital MRV, and incorporates a development co-benefits tool. It is expected to be finalized in early 2026.
- **Coal Transition Methodology**, under joint development with the Kinetic Coalition and the Rockefeller Foundation, is being prepared for submission to the Article 6.4 mechanism.
- **Transmission Methodology**, developed with the World Bank's Energy Sector Management Assistance Program (ESMAP), explores how grid efficiency improvements could be quantified and credited, and is targeted for Article 6.4 submission by early 2026.

Piloting Digital MRV Solutions with Countries. PMI worked with countries to co-design and test digital MRV systems that can reduce transaction costs, improve data quality, and create building blocks for future crediting:

- **A regional digital MRV approach for off-grid energy systems piloted under the Accelerating Sustainable and Clean Energy Access Transformation (ASCENT)** program in Africa *(featured in the infographic)*. Work completed in FY25 — including a carbon protocol and prototype MRV software — will form the foundation for ASCENT's future digital MRV system.
- **A modular, interoperable digital carbon management platform co-developed with the Uttar Pradesh Agriculture Growth and Rural Enterprise Ecosystem Strengthening (UP AGREES)** project in India to track regenerative agriculture practices and explore integration with broader government systems.



Strengthening PMI footprint in Africa

ASCENT Program



To achieve the energy access goal in Eastern and Southern Africa in line with M300, the Bank has launched ASCENT, an ambitious program to accelerate energy access.

20+
countries in Eastern and Southern Africa

$15B
incl. $5 billion IDA and leveraging an additional **$10 billion of financing**, **incl. from carbon markets**

Helping Africa mobilize carbon finance for Energy Access through a regional approach to digitalization, aggregation, standardization and capacity building.

Country Engagement

New PMI Africa Regional Program supports 11 ASCENT countries to:

- Assess market readiness gaps
- Develop a standardized carbon market strategy template
- Build institutional capacity and promote regional knowledge exchange

Innovation

PMI Innovation helps regional organization COMESA to advance three key innovations:

- Digitization of MRV and carbon asset creation
- Development of new carbon standard for energy access
- Readiness for carbon asset generation and monetization

100M
people with **access to electricity**

50K
health and education facilities with access

20M
people with **clean cooking solutions**

10M
farmers and rural SMEs with **power and equipment**

80Mt
of GHG emissions reduced



2. Enabling Connected, Liquid, and Scaled-up Carbon Markets

To support broader and more reliable participation in carbon markets, PMI advanced practical innovations that improve transparency, reduce transaction barriers, and create the infrastructure needed for scale. This included strengthening market infrastructure by connecting registries and improving access to trusted data, as well as piloting standardized templates and financial structures that reduce uncertainty for buyers and investors. Together, these efforts are helping establish the enabling conditions countries need to engage more effectively in emerging carbon market mechanisms.

Key FY25 achievements include:

Strengthening market infrastructure through the Climate Action Data Trust (CADT). PMI supported the onboarding of 10 registries to the CADT, now representing more than 85 percent of issued carbon credits globally. This includes national registries (Bhutan and Switzerland); major standards (Verra, Gold Standard, Global Carbon Council, Cercarbono, Biocarbon, and Tero Carbon); and the UNFCCC Clean Development Mechanism Registry. By publishing registry data on a decentralized platform, CADT enhances transparency and traceability for market participants.

Innovating financial instruments and transaction enablers. PMI advanced a set of practical tools and financing structures aimed at reducing uncertainty for host countries and buyers, clarifying roles, and enabling transactions to move forward:

Finalization of the Letter of Authorization and Acknowledgement (LoA) package, providing standardized templates and terms to clarify roles and protect seller-country interests.

Support for the issuance of the Amazon Reforestation-Linked Outcome Bond, which uses expected revenues from high-quality carbon removals to attract upfront private capital for large-scale restoration efforts in Brazil's Amazon region.

Support for the World Bank Group's Multilateral Investment Guarantee Agency (MIGA) in issuing its first guarantee to cover carbon-market risks for a transaction requiring corresponding adjustments under the Paris Agreement.

Engaging investors and market participants. PMI convened investor roundtables in Singapore and Sevilla to test market appetite for new instruments, explore capital-pooling models, and gather feedback on emerging product designs, helping ensure that financial innovation aligns with real-world market needs.

3. Convening Leaders and Technical Communities to Shape the Global Carbon Market Architecture

In FY25, the World Bank convened government leaders and the heads of major initiatives and companies across the carbon market ecosystem at high-level gatherings, including the WBG–IMF Spring Meetings in Washington, DC and Innovate4Climate in Berlin, Germany. These discussions brought together countries and market actors to review progress, identify key bottlenecks, and agree on shared priorities for the next phase of carbon market operationalization, with a focus on clarifying use cases for corporate buyers and strengthening integrity and readiness.

These senior-level dialogues directly inform PMI's technical convenings, where practical solutions are developed with expert communities. The Climate Market Club engages governments to address policy-level challenges and coordinate approaches to international market participation. The Carbon Action Forum brings together private-sector actors to surface transaction-level bottlenecks and co-design solutions on issues such as demand pooling, investment de-risking, and corporate credit use. The Carbon Market Infrastructure Working Group brings together registry operators, standards, platforms, and service providers to address data integrity, interoperability, and infrastructure needs across the market.

Together, these platforms create a structured pathway from high-level strategic direction to technical problem-solving. Insights from senior leadership roundtables shape the agendas of PMI's technical communities, while solutions developed in these technical forums feed back into the broader effort to build a coherent, functional global architecture for carbon markets.

Climate Market Club

As the Secretariat for the Climate Market Club, PMI facilitated structured engagement with 16 country governments.

Discussions focused on Article 6 implementation and reflections on COP outcomes. One new approach paper was published this year, contributing to the Club's growing library of policy-oriented outputs.

Carbon Action Forum

For the Carbon Action Forum, PMI convened more than 20 public and private sector entities actively engaged in carbon transactions to jointly develop practical solutions. The topics included:

- Capital pooling for Scope 3 and sectoral crediting
- Experience with MIGA insurance
- Use of Outcome Bonds for carbon finance

Carbon Market Infrastructure (CMI) Working Group

The CMI Working Group brought together 35-plus institutions, including registries, standards, exchanges, and regulators, to address infrastructure bottlenecks. The group jointly developed five technical guidance notes on issues such as registry interoperability, data security, and market connectivity.

Box 7: Technical Guidance for Safe, Efficient, and Interoperable Carbon Markets Infrastructure

This technical guidance provides foundational knowledge, practical tools, and targeted recommendations across **five priority areas of carbon market infrastructure to support the design and implementation of secure, connected, and trustworthy carbon market systems.**

Standardizing and consolidating technical guidance across five priority areas—ecosystem governance, transaction integrity, information security, data and systems interoperability, and foundations for digital Monitoring, Reporting, and Verification (MRV)—will enable countries and market participants to adopt and scale high-integrity carbon markets infrastructure.

These technical guidance notes have been developed by the **Carbon Markets Infrastructure Working Group (CMI WG)** convened by the World Bank.

This series of five technical guidance notes establishes a common foundation for harmonized approaches and consistent messaging across the carbon market ecosystem.



Ecosystem Governance



Transaction Integrity



Information Security



Data and Systems Interoperability



Digital MRV

Scan here to view entire collection

Carbon Markets Infrastructure Working Group

PARTNERSHIPS AND OUTREACH



Partnerships and outreach are key elements of PMI's success, fostering greater collaboration that can scale impact. The program's Partnerships and Outreach Window serves as the avenue to highlight and strengthen these collaborations, and to promote its growing knowledge base. This pool of expertise includes practical lessons from country-level implementation, facilitating policymakers to absorb, adopt, and build on the experiences shared by peers in other countries. PMI leverages strategic partnerships and creates synergies with stakeholders to maximize opportunities for knowledge sharing and dissemination.

These strategic partnerships come to the fore in the myriad global and regional events that promote dialogue, capacity building, and knowledge exchange. Although the annual Innovate4Climate is PMI's showcase event, participation in Regional Climate Weeks and other events hosted by knowledge partners and other stakeholders is also important. Shepherding these efforts is PMI's communications strategy, which strives to achieve the goal of facilitating the right information to reach the right people at the right time.





Innovate4Climate

Convening policymakers and leaders from the private sector and civil society, Innovate4Climate (I4C) has distinguished itself as an unmissable forum for sharing technical knowledge on climate-related finance, carbon markets, policies, and technology. Since 2017, I4C has drawn thousands of participants from the public and private sectors, international organizations, civil society, academia, youth, and media. The event also serves as a platform to disseminate and share PMI knowledge and engage in dialogue with key stakeholders, including policymakers from governments.

Its organization has been a collaboration with the International Emissions Trading Association (IETA) and the International Carbon Action Partnership (ICAP), supported by the governments of Germany and Spain through PMI. To ensure its longevity, I4C is collaborating with knowledge and donor partners to develop a business model for the years ahead.



Two I4C events took place in FY25:

I4C 2024 in Berlin, Germany September 10-12, 2024

The eighth edition of I4C convened under the theme 'Advancing Carbon Pricing and Fostering Carbon Markets for a Livable Planet'. The theme reflects I4C's strategic shift to focus on carbon pricing and carbon markets, to better position the event vis-a-vis other climate conferences while creating synergies and pooling resources with key stakeholders, including knowledge partners and contributors.

Over the course of three days, 669 participants from 68 countries attended I4C 2024. Two high-level and four technical plenary events took place, as did 21 workshops. Participants also took part in or perused a marketplace showcasing 31 exhibitors.





I4C 2025 in Sevilla, Spain June 10-12, 2025

More than 650 participants from a gamut of sectors — government, finance, technology, and civil society — convened in Sevilla, Spain, to attend I4C 2025, held under the theme 'Harnessing Carbon Markets and Carbon Pricing for Smarter Development and Stronger Economies.' The three-day program featured six high-level plenaries, 20 technical workshops organized around two thematic tracks (carbon pricing and carbon markets), a marketplace for climate solutions, and dynamic networking spaces. The conference served as a key platform to foster engagement with client representatives, partners, and market stakeholders.

As with previous editions, I4C 2025 was a launchpad for several knowledge products and reports. In addition to releasing the annual *State and Trends of Carbon Pricing* report, the Sevilla event launched the *Country Guidance for Navigating Carbon Markets* and *Guidance Notes on Priority Areas for Safe, Efficient, and Interoperable Carbon Markets Infrastructure*.

Regional and In-Country Engagement with Carbon Pricing and Market Stakeholders

Across regions, PMI engages governments, industry, and technical partners through targeted forums and country platforms that help strengthen stakeholder understanding, build political and technical momentum, and support countries as they take concrete steps toward carbon market implementation.

In Asia, PMI plays an active role in the Asia Climate Summit 2024 held in New Delhi from October 22 to 24. Organized by IETA together with the Federation of Indian Chambers of Commerce and Industry, ICAP, and other partners, the Summit featured PMI in two key sessions: a regional workshop on international carbon markets and host country readiness, and an expert roundtable on designing a Market Stability Reserve for the Indian carbon market. These engagements deepen policy dialogue in India and support countries in navigating practical design options for emerging carbon pricing systems.

PMI also engages through the Business Partnership for Market Implementation (B-PMI), a platform established by IETA that builds the capacity of local businesses to understand and engage in carbon pricing and market mechanisms. By strengthening private-sector readiness, B-PMI helps create more informed and constructive public–private dialogue in PMI countries, ensuring that policy development reflects real market needs and supports effective implementation.







Communications and Outreach

Over the past year, PMI significantly expanded its visibility and engagement through more strategic and coordinated communications. A major milestone was the launch of its revamped website and donor portal, now featuring a dynamic Knowledge Center that showcases tools, insights, and progress across the Partnership.

To keep partners informed and engaged, PMI delivered a strong suite of communications products, including the PMI 2024 Annual Report, three regular newsletters (October 2024, May 2025, and June 2025), and two special editions timed to COP29. The team also produced high-visibility content (blogs, press releases, feature stories, and social media materials) that highlighted country progress, technical innovations, and PMI's leadership in advancing high-integrity carbon markets.

A cornerstone of PMI's communications strategy this year was its continued support to Innovate4Climate (I4C), which hosted two editions in FY25. PMI provided end-to-end communications support for both events, including branding, partner toolkits, social media campaigns, press engagement, and coordinated launches of knowledge products. I4C again served as a powerful platform for the World Bank and PMI to position themselves at the forefront of carbon pricing and market innovation.

PMI also worked closely with World Bank communications teams on outreach campaigns accompanying the launch of the *State and Trends of Carbon Pricing* report. These efforts amplified global visibility, ensured consistent messaging across channels, and reinforced PMI's role in advancing high-integrity carbon markets worldwide.

COMPACT WITH AFRICA – GREEN BUSINESS FUND



An associated trust fund to the PMI, the Compact with Africa – Green Business Fund (CwA-GBF) empowers small and medium-sized enterprises to take climate action. The Fund supports the 14 countries participating in the G20 Compact with Africa initiative: Benin, Burkina Faso, Côte d'Ivoire, Democratic Republic of Congo, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Sénégal, Togo, Tunisia and Zambia.

Three pillars comprise the CwA–GBF: Enabling Policy Environment; Capacity Development and Technical Assistance, and Innovative Financial Instruments.

The program continued to progress in FY25, with the near completion of the grant allocation and pilot development efforts. Close to US$15 million has been disbursed or formally committed to grant activities during FY25. These include commitments for the last two of the three large pilot project investments developed under Pillar 3, and for seven new technical assistance and analytical activities under Pillar 2. In total, more than US$25 million have been disbursed or committed from the original contribution of EU 20 million.

With these new allocations, the CwA-GBF is covering most eligible countries with activities across several sectors, from agriculture and natural resources management to green banking, energy access and transportation — thus fostering local and climate-smart small business value chains while creating jobs.

Pillar 1: Enabling Policy Environment

Activities under the Enabling Policy Environment pillar focus on creating an active ecosystem of SMEs, entrepreneurs, and policymakers who understand the policy and regulatory barriers for SMEs in accessing climate finance. The CwA-GBF also prioritizes sharing knowledge of climate solutions and hosted several knowledge events in FY25. They include a series of five webinars on climate finance organized in collaboration with, among others, the International Finance Corporation and the West African Development Bank (BOAD), targeting financial institutions and other private and public stakeholders.

Continued collaboration with the Africa Center for Economic Transformation resulted in a peer-to-peer learning event on climate finance that brought together representatives from government, the private sector, and civil society to discuss climate finance in the context of the Compact with Africa.

Finally, support to enabling the policy environment also continued through the implementation of many of the ongoing grants reported under Pillar 2.



COMPACT WITH AFRICA | GREEN BUSINESS FUND

Pillar 2: Capacity Building and Technical Assistance

The pillar for capacity building and technical assistance creates tailored capacity building packages for SMEs and financial institutions, such as training, toolkits, and guidance notes. The goal: to build their expertise on understanding the risk and opportunities for innovation in a rapidly changing climate. Activities include supporting SMEs in identifying and developing business models for climate-smart products and services, particularly in the energy and nature-based sectors, and developing toolkits that can help them assess climate risks.

The CwA-GBF achieved important milestones in FY25. A collaboration with IFC and other partners led to the launch of the Sustainable Finance Knowledge Center, a virtual platform designed to equip African corporations and financial institutions with the tools to transition toward sustainable business and finance models. Structured around four pillars - content development, capacity building, knowledge exchange, and stakeholder collaboration - the Center has already delivered a range of impactful activities.

Seventy-three participants from 25 institutions joined a tailored training program on the fundamentals of sustainable finance. An in-person knowledge-sharing event at the Benin Investment Forum brought together 66 participants to promote sustainable private sector investment. In addition, the Center hosted a series of webinars on sustainable bond issuance and a podcast series on renewable energy.

Building on this foundation, the Center will deepen its impact in FY26 by rolling out additional training programs for both Anglophone and Francophone African professionals, starting in September 2025. The Center will also focus on strengthening strategic partnerships and expanding thematic content through deep dives on the circular economy, nature-based solutions, and biodiversity finance, supporting Africa's transition toward a more climate-resilient and sustainable financial ecosystem. New technical assistance and analytical activities were identified and approved in FY25 and are under implementation in partnership with the World Bank's Global Practices. The seven new activities addressing SME and climate resilience and action in livestock, forestry, e-mobility, and upskilling have further diversified the portfolio.



Pillar 3: Innovative Financial Instruments

The objective of Pillar 3 – Innovative Financial Instruments - is to conceptualize, design and pilot business models for climate smart products and services to support FIs and SMEs. In FY25, the pilot development process was completed. The World Bank approved the last two of the three pilots under preparation, paving the way for implementation.

Progress under each pilot is as follows:

Results-based Climate Finance for Climate Smart Agriculture

- Upon approval of the additional financing under the Commercialization and De-risking for Agriculture Transformation (CDAT) project in FY24, the CwA-funded pilot program to implement results-based climate finance in the agriculture sector was launched in FY25. The RBCF pilot aims to expand the adoption of climate-smart agricultural practices (CSA) among agricultural SMEs by incentivizing them to invest in CSA technologies and practices that provide an additional revenue stream.

The pilot is expected to lay the foundation for and build capacity in the agriculture value chain to generate and receive payments for CSA practices that generate emissions reductions alongside adaptation and resilience co-benefits. A study to design the operationalization of the pilot has commenced, allowing for a smooth transition towards implementation once completed. The CwA-GBF will also support implementation through technical assistance in the form of capacity building and training of client counterparts.



Risk-sharing Facility for Off-grid Solar SMEs

In partnership with the Regional Off-Grid Electricity Access Project (ROGEAP), the CwA-GBF is facilitating improved access to finance for SMEs in the West Africa region.

This initiative is being realized through two key mechanisms:

- **Capacity Building for Financial Institutions**. Implemented by the Economic Community of West African States (ECOWAS), this component strengthens financial institutions' understanding of Off-Grid Solar (OGS) business models to enhance their ability to support the sector.

- **Risk-Mitigation Facility**. Managed by BOAD, this facility provides comprehensive coverage for OGS business risks, incentivizing local commercial financial institutions to extend credit to OGS enterprises.

Approved in May 2025, additional financing for this initiative is expected to become effective by early 2026, paving the way for implementation.

Africa Green, Resilient and Inclusive Housing De-Risking Facility Project

In April 2025, the World Bank Board approved the third CwA-GBF investment pilot with US$95 million from the International Development Association (IDA) and a US$5million CwA-GBF grant to the Eastern and Southern African Trade and Development Bank. This project aims to attract private investment into green housing in East Africa by offering financial de-risking products and mobilizing an estimated US$440 million in private capital through partnerships with financial institutions.

The project also addresses business constraints and capacity gaps related to mass housing construction across the region. The CwA-GBF plays a crucial role in offering blended finance options to facilitate these efforts.

ANNEX 1:
Financial Overview



PMI FY25 Overview

From inception through June 30, 2025, total signed contributions to PMI were US$ 145.8 million, received from 11 donor partners (table 1). This includes an additional US$ 20.8 million contribution from Germany in December 2024.

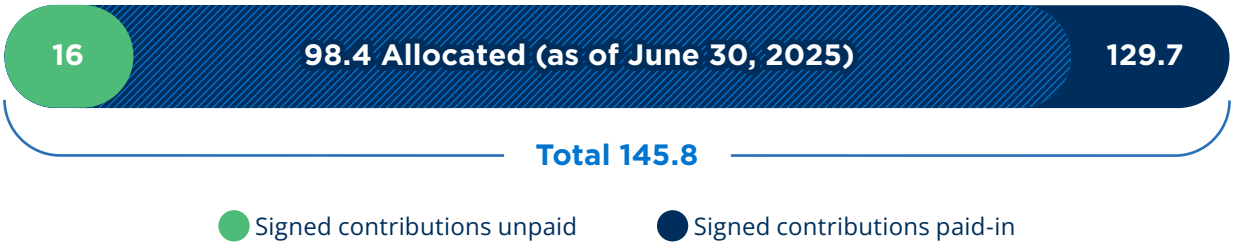
TABLE 1. PMI Donor Contributions as of June 30, 2025

Donor Partner	Institutions	Contributions [US$M]	Share [%]
AUSTRALIA	Department of Foreign Affairs and Trade	3.0	2.1
CANADA	Global Affairs Canada EAnvironment and Climate Change Canada (ECCC)	15.9	10.9
EUROPEAN COMISSION	Directorate-General for Climate Action (DG CLIMA)	3.3	2.3
FINLAND	Ministry of Foreign Affairs	6.5	4.5
GERMANY	Federal Ministry of Economic Affairs and Climate Action (BMWK) Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)	48.0	32.9
JAPAN	Ministry of Environment (MOE) Ministry of Energy, Trade and Industry (METI)	5.2	3.6
NORWAY	Ministry of Climate and Environment	7.0	4.8
SPAIN	Ministry of Economic Affairs and Digital Transformation (MINECO) Ministry for the Ecological Transition and the Demographic Challenge (MITECO)	13.9	9.5
SWEDEN	Swedish Energy Agency (SEA)	4.4	3.0
SWITZERLAND	Swiss State Secretariat for Economic Affairs (SECO)	12.3	8.4
UNITED KINGDOM	Department for Energy Security and Net Zero (DESNZ)	26.3	18.0
TOTAL		**145.8**	**100**

As of FY25, a total of US$ 98.4 million has been allocated since inception. Out of the total of US$ 145.8 million in signed contributions, US$ 129.7 million is paid-in and US$ 16.04 million is still unpaid (Figure 1).

A budget of US$ 25.75 million has been approved for FY26, with the remaining funding programmed for subsequent fiscal years in line with the PMI Business Plan for FY26–30.

FIGURE 1. Funding Status, FY25 (US$ millions)



Out of the US$19 million approved FY25 budget, US$12.27 million was effectively allocated. One Implementation Grant was approved (rather than the two initially planned) for Brazil, which transitioned from a Just-in-Time program to a full Implementation Program. In addition, only US$1 million of the US$2.5 million allocated for Program Management was used, reflecting available carryover funds from previous years (Table 2). Of the US$98.4 million allocated across the program's pillars, US$73.3 million (representing 74% of total allocations) has supported country engagement (Figure 2).

FIGURE 2. PMI Total Approved Budget by Pillar, FY21-25 (US$ millions)

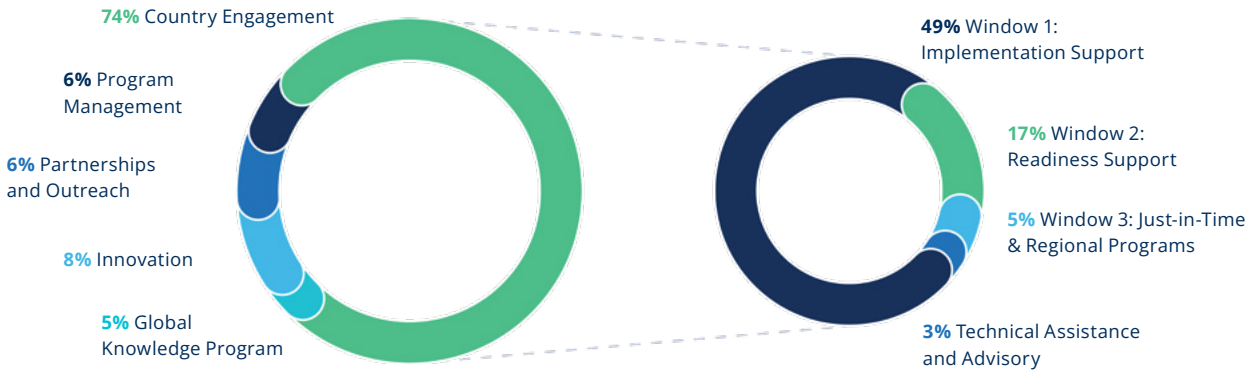


TABLE 2. PMI Total Approved Budget by Pillar, FY21-25 (US$ millions)

No.	Pillars	Total Approved Budget FY21-25 ($M)	FY25 Budget ($M)		
			PC Approved Budget	Allocations ($M)	Approved Pipeline ($M)
A	Country Engagement	73.3	10.0	5.9	9.3
1	Window 1: Implementation support	48.7	6.0	3.0	9.3
2	Window 2: Readiness support	17.0			
3	Window 3: Just-in-Time & Regional programs	4.7	3.0	1.9	
4	Technical Assistance and Advisory	3.0	1.0	1.0	
B	Global Knowledge Program	5.1	2.5	1.6	0.1
C	Innovation	7.5	2.5	2.5	
D	Partnerships and Outreach	6.5	2.0	1.3	
E	Program Management	6.0	2.0	1.0	
TOTAL		**98.4**	**19.0**	**12.3**	**9.4**

CwA-GBF FY25 Overview

For the CwA-GBF, US$ 14.88 million was allocated in FY25, in line with the budget approved by the Partnership Council. The past year was marked by strong progress in allocating resources and launching new activities, in particular with the project approvals and CwA-GBF commitments to two out of three pilot investments expected under Pillar 3 (also contributing to pillars 1 and 2). In addition, seven new technical assistance and analytical activities were launched this year under Pillar 2 (also contributing to Pillar 3).

TABLE 3. CwA-GBF FY25 Budget by Pillar (US$ millions)

No.	Pillars	FY25 Allocations ($M)
A	Pillar 1: Enabling Environment	0
B	Pillar 2: Capacity Building	2.95
C	Pillar 3: Innovative Financial Instruments	11.35
D	Knowledge Management	0.06
E	Program Management & Coordination	0.52
TOTAL		**14.88**

ANNEX 2:
Results Framework



FY25 Results Framework Reporting: What the Data Show

The PMI Results Framework tracks progress across all aspects of the program, from country implementation and capacity building to knowledge, partnerships, and global coordination. The section below presents the overall analysis of FY25 results, drawing on both quantitative indicators and country feedback. The detailed survey results and the full log frame with FY25 indicator reporting are provided in the following sections.

Summary

Overall, PMI is entering a new phase of implementation with solid foundations in place and a clear sense of how to deepen its impact in the years ahead:

- **FY25 results show steady progress as countries begin moving from readiness to implementation.** 8 PMI-supported countries now operate carbon pricing instruments, and several others have advanced through detailed design or policy adoption. Across PMI jurisdictions, about 17 percent of emissions are now covered by a carbon price, generating roughly US$777 million in revenues in 2024. Most programs remain in early stages, reflecting the time needed to establish the legal, institutional, and data systems required for sustained implementation.

At the same time, results point to strong institutional and policy momentum. 16 countries have made decisions on the design or implementation of carbon pricing instruments, and 14 have set up coordination mechanisms to manage them. Countries report that PMI support has strengthened capacity, improved policy coherence, and helped foster collaboration among ministries and partners.

- **The results also point to practical ways to enhance effectiveness:** by accelerating delivery, engaging more systematically with the private sector and civil society, and ensuring that analytical and knowledge work feeds directly into policy decisions.



Overall Progress: From Readiness to Implementation

FY25 marked a period when many PMI-supported countries began moving from preparation to action on carbon pricing. Eight countries now operate a carbon pricing instrument, while others are progressing through detailed design or policy adoption. Across PMI jurisdictions, about 17 percent of emissions are currently covered by a carbon price (up from roughly 13 percent in FY24) generating approximately US$777 million in revenues in 2024.

PMI also supported progress in the institutional and policy systems that underpin implementation. Sixteen countries made formal decisions on the design or rollout of instruments, 14 established coordination mechanisms, and 11 adopted or updated policy frameworks.

Country Perspectives: Strong Endorsement and Constructive Guidance

Feedback from countries continues to validate PMI's relevance and credibility. Governments value its technical quality, country-tailored approach, and ability to connect policy design with implementation. The large majority of respondents rated PMI support as effective and well aligned with their national priorities (77% effective or very effective; 86% aligned). At the same time, they see scope for PMI to deliver support more quickly, align more closely with national policy timelines, and engage more systematically with private and non-governmental actors. Engagement remains strongest with government institutions (96%), while collaboration with the private sector (41%) and civil society (27%) is less common.

Most countries report that the enabling environment for carbon pricing is taking shape (73% developing; 14% well established), though key elements, such as institutional coordination, legal frameworks, and financing mechanisms, are still being developed. This feedback supports the direction of PMI's next business plan, which focuses on helping countries move faster from design to implementation while keeping support flexible and well-targeted to their evolving needs.

Knowledge and Capacity: Building Skills and Applying Lessons

PMI's knowledge and learning work remains central to its support. Participation in PMI activities and workshops was high in FY25 (86% of countries), reflecting its convening power and the value countries place on technical exchange. Most respondents reported improvements in capacity and a stronger understanding of carbon pricing instruments (45% significant gains; 36% moderate).

As PMI supports shifts from readiness to implementation, countries are increasingly applying its knowledge and tools to inform policies and institutional reforms. Most respondents found PMI's knowledge activities effective (82%) and relevant to their needs, and about 50% reported using PMI outputs to guide policy discussions or design elements. While encouraging, these results also highlight scope to embed knowledge more systematically into policy and operational processes. The new Knowledge Center, digital tools, and regional programs will help make learning more applied and aligned with countries' implementation priorities.

Partnerships and Collaboration: Strengthening Coordination and Peer Exchange

PMI's partnership and coordination role remains a core strength. 82% of countries view PMI as a valuable or key convener, recognizing its ability to connect technical and policy actors across regions and institutions.

In FY25, PMI deepened collaboration through key platforms, including the Climate Market Club and Carbon Action Forum, which fostered technical exchange among practitioners and partners, and two I4C conferences, the World Bank's flagship high-level dialogue on carbon pricing and climate finance. These platforms helped align efforts across countries and partners and strengthen visibility for PMI-supported programs. At the country level, PMI facilitated 15 policy dialogues and regional exchanges, and 18 member countries shared progress on their carbon pricing initiatives at global events such as COP, I4C, and UN Climate Week. Twelve countries also created national "change agent" networks connecting government, private sector, and technical leaders to sustain coordination and peer learning.

Inclusion and Just Transition: Strengthening the Social Foundations of Carbon Pricing

Equity and inclusion are becoming integral to PMI country programs. Eight countries have conducted socio-economic assessments of carbon pricing impacts, helping governments identify implications for households, businesses, and vulnerable groups. In addition, 7 countries integrated Just Transition considerations into their communication and stakeholder-engagement strategies.

59% of the country survey respondents recognized PMI as a leading or significant thought partner on Just Transition, reflecting progress in embedding social dimensions into carbon pricing policy design. Continued work in this area will ensure that emerging carbon markets contribute to fair and inclusive transitions.

Looking Ahead

The FY25 Results Framework Reporting shows that PMI has built strong foundations and is entering a phase where achieving its expected outcomes will depend on supporting policy progress, operational systems for carbon pricing, and stronger institutions on the ground. Results point to some strategic priorities moving forward, including:

- **Accelerate implementation** by supporting operational delivery so countries can move from design to results.
- **Strengthen institutional systems** to consolidate progress through effective coordination, governance structures, and legal frameworks.
- **Broaden engagement** with private sector, civil society, and local stakeholders to build inclusive and durable market ecosystems.
- **Link knowledge to action** by ensuring that analytical tools and technical support are directly used in policy and operational decisions.
- **Sustain partnerships and collaboration** to align country and global efforts, leverage multilateral platforms, and scale collective impact.

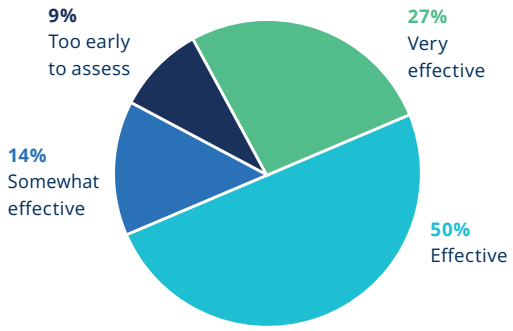


Capturing the Country Voice: How They View PMI Support

Findings from the FY25 PMI Country Survey

The FY25 PMI Country Survey gathered feedback from 22 of 23 PMI-supported countries (98% response rate) to assess how governments view the effectiveness, relevance, and impact of PMI support. The survey's findings provide a strong endorsement of PMI's relevance, technical quality, and global leadership. Countries view PMI as a trusted partner that brings credibility and coherence to their carbon pricing and market efforts. They also see opportunities for PMI to further enhance its impact, by accelerating implementation, broadening engagement beyond government, and deepening support for countries to translate knowledge into action, reinforce national capacity, and sustain and scale up reforms.

PMI Support is Viewed as Effective and Well Aligned with National Priorities



How effective is PMI support?

77% of respondents rate PMI support as effective or very effective, confirming that PMI continues to be seen as an effective and relevant partner in advancing carbon pricing and market readiness. Respondents particularly acknowledge PMI's contribution to strengthening institutional capacity and policy frameworks. A quarter of respondents found results limited or too early to assess, pointing to a need for more rapid delivery and visible early outcomes.

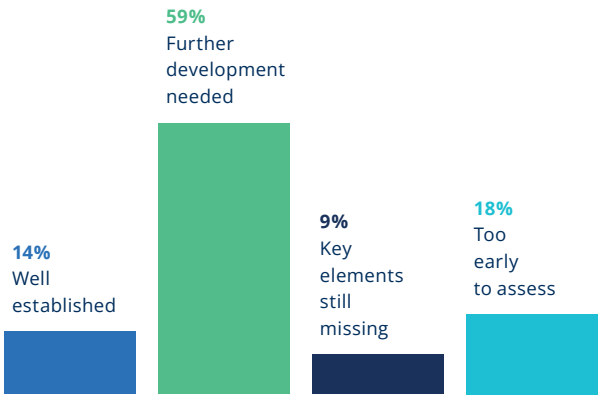
86% of respondents confirm that PMI projects are well aligned with national priorities, reinforcing that PMI's country-tailored approach remains a defining strength. Some note gaps in timing and delivery, highlighting an opportunity for PMI to better synchronize its support with World Bank operations and national policy cycles.

Engagement with Governments Is Strong, but Broader Outreach Is Needed

PMI's engagement remains strongest with the public sector. Nearly all respondents (96%) report active collaboration with government agencies, confirming PMI's effectiveness in supporting core institutions. However, engagement with the private sector (41%) and civil society (27%) remains more limited, suggesting that PMI could expand its outreach beyond government institutions to foster broader participation and long-term market readiness.

Capacity gains also reflect this pattern. Some 86% percent of countries report strengthened public-sector capacity, while fewer observe similar progress in private sector (46%) and civil society engagement (23%). These results highlight the importance of broadening capacity-building efforts to ensure that all stakeholders are equipped to engage effectively in emerging carbon markets.

Carbon Pricing Frameworks Are Emerging but Require Further Development



Most respondents indicated that their countries now have the foundations of an enabling environment for carbon pricing, though much remains to be consolidated. Some 73% see their frameworks as emerging but not yet mature, while only 14% consider them well established. This underlines the importance of embedding carbon pricing into durable legal, institutional, and financing structures so that progress achieved under PMI support can be sustained over time.

Does your country have an enabling environment to implement and sustain carbon pricing?

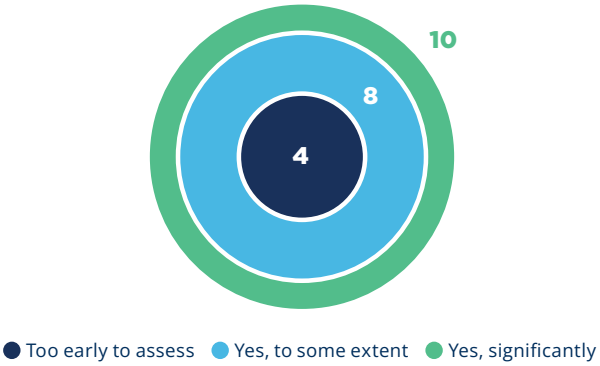
Contribution on Just Transition is Recognized, but Still at an Early Stage



Countries recognize PMI's contribution on Just Transition, but views are mixed on maturity. In total, 59% see PMI as either a leading thought partner (18%) or a significant contributor (41%). A further 5% view PMI's role as limited and 9% say it has not contributed in this area, while 27% say it is too early to assess. Taken together, the results suggest scope to move from pilots to more systematic integration of Just Transition, embedding equity and inclusion across programs, tools, and financing, while continuing to build evidence and practice to help countries assess progress over time.

Knowledge and Learning Activities Are Valued, with Scope to Reach More Stakeholders

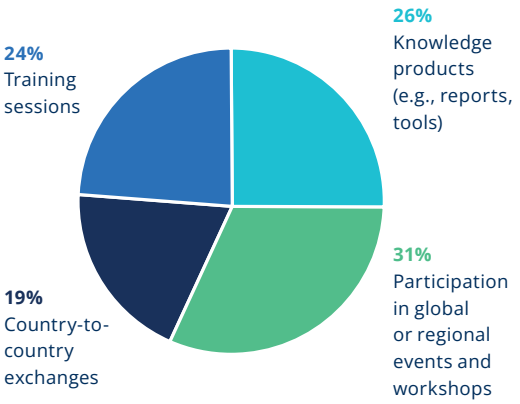
Has PMI knowledge support helped strengthen your country's capacity to understand, assess, design, and implement carbon pricing instruments?



PMI's knowledge and learning activities remain a key part of its support to countries, with 86 % of respondents confirming that representatives from their country participated in at least one PMI-supported knowledge activity, reflecting the program's strong convening role and relevance for peer learning and exchange. Further progress could be made by expanding outreach, investing in regional platforms, and using virtual formats to ensure more inclusive participation across countries.

When asked specifically about PMI's knowledge support 45% of respondents reported significant gains in their capacity on carbon pricing instruments, while 36 % said they had benefited to some extent. The remaining 18% considered it too early to assess. These findings confirm that PMI's knowledge activities are strengthening institutional capacity in many countries, while also suggesting that more tailored and context-specific support could help consolidate progress and sustain readiness over time.

Similarly, 45% of respondents said PMI support has significantly helped their country gain useful insights from the experiences of other countries implementing carbon pricing, and 41 percent said it has done so to some extent. While peer learning is clearly valued, the results suggest that PMI could make these exchanges more structured, applied, and problem-driven, ensuring that lessons drawn from international experience are more directly integrated into domestic reform agendas.



What type of PMI knowledge support has been most valuable for your work?

Respondents also evaluated the effectiveness of different forms of PMI knowledge support. Global and regional workshops emerged as the most valued, followed by knowledge products, training, and country-to-country exchanges. The results confirm PMI's strength as a global knowledge convener, while underscoring the potential to deepen and tailor peer exchanges for greater practical application at the country level.

When asked about the use of PMI knowledge outputs in domestic policy decisions, 18% of respondents reported using them frequently, while 32% use them occasionally, 23% are planning to, and 27% said it is too early to assess. These results suggest that PMI could better time and tailor its knowledge products to national decision-making processes, making them more practical and directly relevant, and strengthen dialogue with counterparts to ensure lessons and tools are effectively used in shaping carbon pricing policies.

PMI's Convening Role Is Widely Recognized as a Core Strength

The survey showed that 82% percent of respondents viewed PMI's role in convening countries and partners on carbon pricing and carbon markets as either very valuable (18%) or valuable (64%). A smaller share saw the role as limited (9%) or had no opinion (9%). These results confirm that PMI's convening function is widely recognized as a core strength, while also underscoring the importance of maintaining focus and coordination as this role continues to expand.

PMI Logframe and FY25 Reporting

ID	Indicator	Metric	Baseline Value	Target Value	FY25 Value
LT1	Proportion of global GHG emissions covered by an explicit carbon pricing instrument increases	% of annual global emissions subject to an explicit carbon price has increased [Y/N]	23.1%	Yes	Yes; 28.2% in 2024
LT2	Global weighted average carbon rate across carbon pricing instruments increases	Weighted average carbon price increased [Y/N]	US$ 2.79	Yes	Yes, $4.66 in 2024

ID	Indicator	Metric	Baseline Value	Target Value	FY25 Value
MT1	PMI implementing countries that have strengthened existing CPIs or introduced new ones	PMI jurisdictions have passed new CPI legislation and regulation [Y/N]		Yes	8
MT2	PMI jurisdictions' emissions covered by an explicit CPI increases	Share of jurisdiction's emissions subject to explicit carbon price increased [Y/N]	US$ 2.79	Yes	17%
MT3	Carbon revenues raised from carbon pricing instruments in place in PMI participant countries increases	Jurisdiction's public revenue from carbon pricing higher than baseline [Y/N]	US$ 614 million	Yes	No; $777M in 2024

ID	Indicator	Metric	Baseline Value	Target Value	FY25 Value
OC 1.1	Share of PMI countries that have made a decision on choice, design and implementation of carbon pricing instruments with support of PMI technical assistance	PMI jurisdictions with new/ updated policy, regulation, or roadmap adopted and in place [%]	0	90%	16
OC 1.2	Number of PMI countries that have developed or implemented MRV/registry infrastructure for carbon pricing and/or markets	Countries with MRV/ registry infrastructure developed or implemented [#]	0	20	5
OC 1.3	Share of PMI country program stakeholders that report their capacity to design, implement and operate carbon pricing instruments has increased substantively	Country survey with set of questions and scoring [%]	0	95%	77%
OC 1.4	[#JustTransition] Share of PMI implementing countries that have assessed socio-economic impacts of carbon pricing policies with PMI support	Countries with reported assessments, strategies, plans, policies, regulation [%]	0	100%	8
OC 1.5	[#CwA-GBF] Number of financial instruments designed and/or piloted	Number	0	9	0

ID	Indicator	Metric	Baseline Value	Target Value	FY25 Value
OP 1.1	Number of carbon pricing policies and/or governance arrangements adopted in PMI implementing countries	One per country to fulfill; needs to be adopted to count [#]	0	25	New/updated carbon pricing policy or regulation adopted: 11 • Governance arrangements in place with PMI support: 7
OP 1.2	Number of PMI implementing countries that put carbon asset registries in place with PMI support	PMI country reporting [#]	0	25	2
OP 1.3	Number of in-country inter-institutional coordination mechanisms on carbon pricing in place	PMI country reporting [#]	0	30	14
OP 1.4	Number of national or multi-country stakeholder capacity building programs delivered with PMI program assistance #Gender: Strive for gender balance	PMI country reporting and annual report [#]	0	40	36
OP 1.5	[#JustTransition] Number of PMI implementing countries that have carried out impact assessments and account for them in their carbon pricing policy design	Impact assessments and derived considerations for policy design described in PMI country reporting [#]	0	20	8

ID	Indicator	Metric	Baseline Value	Target Value	FY25 Value
OC 2.1	Share of global PMI stakeholders that evaluate PMI knowledge products as effective for the understanding, assessment, design, and implementation of carbon pricing policies across regions and countries	Surveys to PMI stakeholders [% affirmation]	0	0.8	82%
OC 2.2	Number of PMI participant jurisdictions that have used PMI knowledge outputs to inform domestic decisions on instrument choice, design and/or implementation	PMI country surveys and reporting [% of total participating jurisdictions]	0	50%	68%

ID	Indicator	Metric	Baseline Value	Target Value	FY25 Value
OP 2.1	Number of global knowledge products, guidebooks, technical notes, and/or bite-sized knowledge products published by PMI	Number, separated by type; number of downloads [#s]	0	30	8
	#JustTransition, #Gender: Subset of KPs that focus on JT considerations and/or gender impact discussions			15	0
	#CwA-GBF: Subset of KPs that focus on SME climate financing in Africa			5	0
OP 2.2	Number of international knowledge events including PMI Knowledge Forum, technical workshops, technical trainings, webinars and e-courses/e-learning held	Number, separated by type and online/in-person; number participants [#s]	0	40	11
	#JustTransition, #Gender: Number that feature or concentrate on JT considerations and/or gender impact discussions			PMI events: 30 • Participants: 2000 • #JT considerations discussed: 50% • #gender considerations discussed: 25%	#JT: 2 • #Gender: 0 • #participants: 450
	#CwA-GBF: Number of events that focus on SME climate financing in Africa			CwA: 10 events	5
OP 2.3	Number of country-specific communication strategies and/ or stakeholder engagement plans developed and delivered	PMI country reporting [#]	0	25	10
OP 2.4	Number of information sharing vehicles (website, newsletters, annual reports, etc.) established, and regularly updated	established yes/no; number of clicks; number of mailing list; number countries accessed [#s]	0	Target value: established [Y/N] • Website visits: 10,000 • Website country access: 150 • Mailing list subscribers: 2,000	Website: Yes, 17,000 visitors from 156 countries • Newsletters: 1,400 subscribers

ID	Indicator	Metric	Baseline Value	Target Value	FY25 Value
OC 3.1	Number of countries supported with readiness and participation activities in international carbon markets under the Paris Agreement and beyond	Design documentation, regulations [# jurisdictions]	0	20	7
OC 3.2	Number of GHG mitigation activities supported for Article 6 or other international carbon markets	Mitigation activities for Article 6 with direct PMI support [# activities]	0	15	4
OC 3.3	Number of regional initiatives established with PMI support aimed at deepening regional carbon market collaboration	Programmatic collaboration among countries incl. an objective and work program supported by PMI (agreement, policy, etc.) [# collaborations]	0	3	2

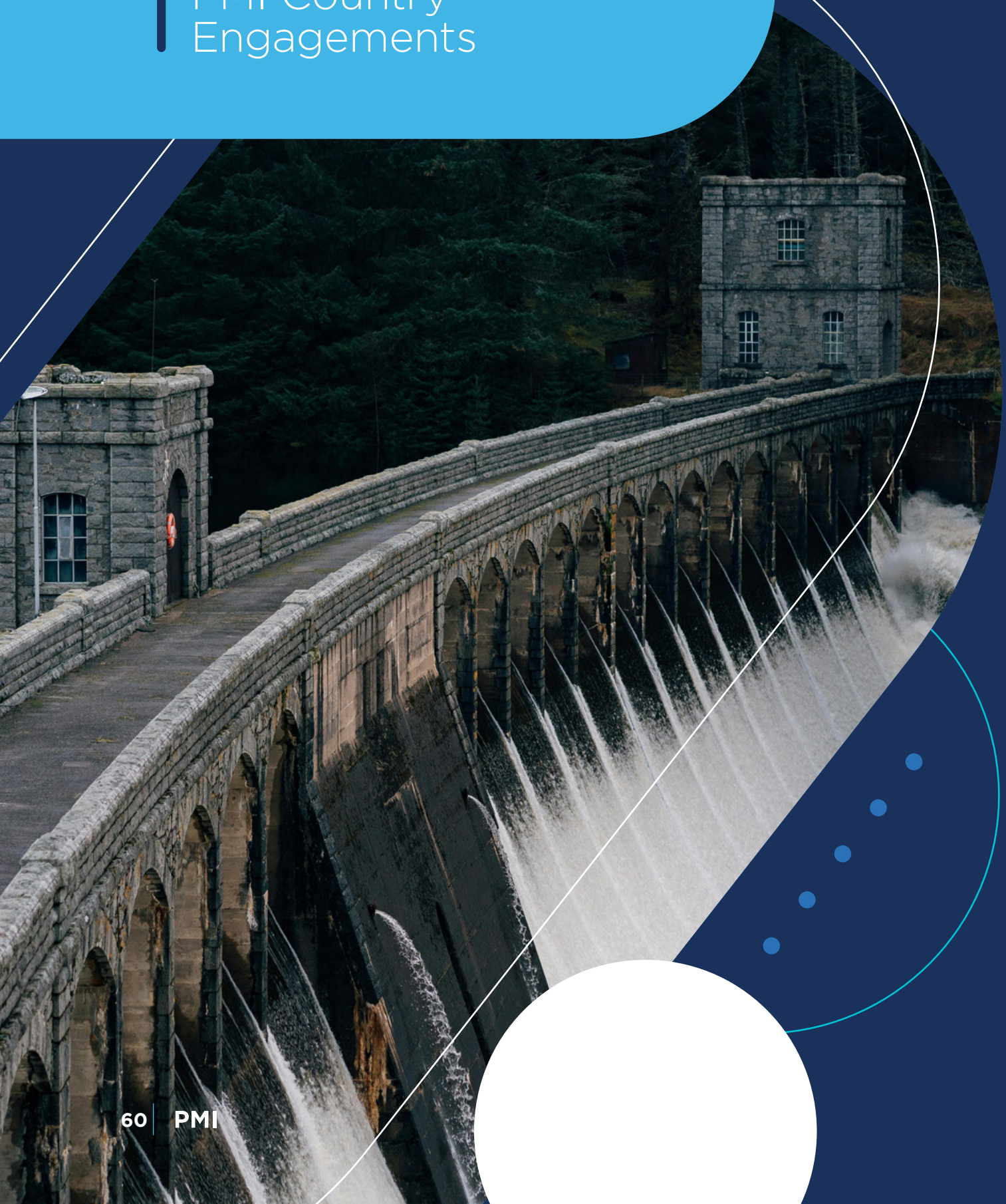
ID	Indicator	Metric	Baseline Value	Target Value	FY25 Value
OP 3.1	Number of country policy frameworks for participation in international carbon markets developed and implemented with PMI support	PMI reporting and adhoc program results [#]	0	20	6
OP 3.2	Number of enhanced national infrastructure systems (e.g. carbon asset registries) enabling participation in international carbon markets with integrity and transparency	PMI reporting and adhoc program results [#]	0	15	1
OP 3.3	Number of regional strategies or action plans developed promoting regional carbon market collaboration	Strategies and roadmap documents [# regions]	0	8	0

ID	Indicator	Metric	Baseline Value	Target Value	FY25 Value
OC 4.1	PMI has established processes and capacities to convene global and regional champions and mobilize collective action on carbon pricing and/or markets	Survey [% response: PMI as driver] [#yes]	0	90%	82%
OC 4.2	PMI country programs that have established and facilitate an effective national network of change agents to advance the carbon pricing and/or markets policy objectives	Share of PMI country work programs with national multi-stakeholder network established [% jurisdictions]	0	90%	12
OC 4.3	[#JustTransition] Climate policymakers and practitioners acknowledge the PMI partnership as thought leader on incorporating Just Transition into carbon pricing and/or markets	Survey [% affirmation]	0	90%	59%

ID	Indicator	Metric	Baseline Value	Target Value	FY25 Value
OP 4.1	Number of global/regional leadership and stakeholder discussions and dialogues convened or supported by PMI • #JustTransition, #Gender: Subset of events that focus on JT considerations and/or gender impact discussions	Events and activities [#]	0	Events co-organized: 20 • Presentations given: 200 • #JustTransition /gender: 40	6
OP 4.2	Number and frequency of international, high-visibility events in which PMI member countries advocated for carbon pricing (e.g. UN Climate Week, I4C, COP, etc.)	Events with active PMI member engagement on carbon pricing [#]	0	60	18
OP 4.3	Number of country-specific policy dialogues and technical discussions supported by PMI at the national or subnational level	PMI country reporting [#]	0	150	15
OP 4.4	Number of PMI in-country programs that have developed and implemented communications strategy and stakeholder engagement plan to support its carbon pricing policy-making roadmap. #JustTransition considerations included in strategy and engagement plan	PMI country reporting [# jurisdictions]	0	Target value: 25 • #JT included: 20	10 • #JT included: 7

ID	Indicator	Metric	Baseline Value	Target Value	FY25 Value
OP 5.1	PMI Program Management Unit and grant delivery system is in place and functioning	[yes/no]	0	yes	yes
OP 5.2	Share of country level project implementation units that complete the execution of the agreed country work program	PMI country reporting [% countries]	0	100%	14
OP 5.3	Share of the capitalization of PMI funding committed	Budget monitoring [%]	0	100%	US$ 98.2 million
OP 5.4	#Gender - Gender parity of speakers in PMI events	Share of non-male speakers [%]	n/a	50%	37%

ANNEX 3:
PMI Country Engagements



Window 1: Implementation Support



Brazil

PMI Program Objectives

- Inform and support carbon pricing decision-making.
- Support the final design, piloting, and implementation of the Brazilian Emission Trading System (Sistema Brasileiro de Comércio de Emissões de Gases de Efeito Estufa, SBCE), building on the JIT-supported ETS Implementation Roadmap.
- Support the development of a national strategy for systematic and consistent treatment of carbon crediting for the SBCE, as well as for international markets' participation (i.e. Article 6 of the Paris Agreement and the voluntary carbon markets).
- Facilitate communication, stakeholder engagement, and capacity building for both domestic carbon pricing and markets' components.

Carbon Pricing Policy: Context & Developments

- Brazil's NDCs was strengthened and updated in 2024. It is economy-wide in scope and therefore based on flexible pathways to achieve its objectives. The NDC indicates priorities, regulatory improvements, financial instruments, and key for the country's climate change mitigation strategy, including the Ecological Transformation Plan (ETP).
- As part of the sustainable finance instruments of ETP, in December 2024 Brazil approved Law N° 15042, which provides for the implementation of a domestic carbon market, encompassing an Emissions Trading System (ETS) with links to domestic carbon credit markets, along with a mandatory GHG MRV system. The Brazilian ETS will be implemented gradually in five phases.

PMI Country Program Highlights FY25

- Through a PMI JIT grant started in 2023 and completed in 2024, Brazil's Ministry of Finance, in collaboration with other ministries including the Ministry of Environment and Climate Change, developed the Sistema Brasileiro de Comércio de Emissões (SBCE) Implementation Roadmap. The JIT assistance also enabled to update the analysis of macroeconomic impacts that had been originally undertaken under PMR support.
- Brazil's application for a full PMI Program grant to support the implementation of the ETS system, as well as define a strategy for integrating carbon crediting domestically and internationally (Article 6 and VCM), was approved in June 2025 and implementation support activities are now underway.

Chile

PMI Program Objectives

- Support the roll-out of the domestic offsetting mechanism by advising on detailed regulation, methodology development, infrastructure architecture, and capacity building.
- Improvement of the carbon pricing instrument mix in the country by providing analytics on the interaction of the carbon tax and potential cap-and-trade mechanisms established by the Framework Law for Climate Change.
- Support development of a cap-and-trade pilot in the energy sector.
- Development of a country strategy and governance for Article 6.
- Explore international cooperation and linked carbon markets, especially in the Latin American region.

Carbon Pricing Policy: Context & Developments

- Carbon tax implemented in 2017; domestic offsetting mechanism to the carbon tax operational since 2024.
- Draft law in Congress for temporarily increasing the carbon tax value to US$10 per ton CO2eq.
- Framework Law for Climate Change provides for the implementation of cap-and-trade systems for sectoral NDC and Long-Term Strategy (LTS) compliance. No instrument yet designed.
- Energy sector ETS pilot planned under sectoral mitigation plan.
- Interministerial Article 6 working group established; Article 6 draft regulation has undergone public consultation. Several bilateral agreements for Article 6.2 in place.

PMI Country Program Highlights FY25

- Project Implementation Unit is operational and project coordinators in Ministry of Energy and Ministry of Environment are working. Inter-institutional Steering Committee is set up.
- Launch event for PMI Chile in October 2024.
- Development and IT support for national carbon market registry and IT systems ongoing.
- Dissemination activities for carbon offsetting mechanism supported.
- Activities for design options of an energy sector ETS initiated, including an impact assessment modelling.



China

PMI Program Objectives

- Improvement of carbon pricing (CP) policies (role of CP in achieving carbon neutrality, interaction and synergies with other sectoral policies).
- Improvement of the national ETS (governance, cap setting, auctioning, sector expansion, MRV and trading infrastructure, derivative trading products).
- Accelerating legislative process for emission trading, studies on carbon tax, domestic voluntary carbon markets (CCER).
- Strengthened institutional capacity, advocacy and communication strategy (including Just Transition) in support of expansion of the national ETS.

Carbon Pricing Policy: Context & Developments

- 8 subnational ETS since 2013.
- National ETS registry and trading platform became operational in 2021.
- National Carbon Trading Market Management Platform launched in 2023.
- China's annual flagship carbon market event "China Carbon Market Forum" launched in 2023.
- Domestic voluntary crediting mechanism relaunched in 2024, 6 CCER methodologies released.
- CCER registry became operational in 2024.
- National ETS expanded to include steel, cement, and aluminum in March 2025.

PMI Country Program Highlights FY25

- China's delegation led by officials leading the CCER and international carbon markets visited PMI Secretariat in January 2025 to explore collaboration.
- WB mission to China in March 2025 to support implementation planning and identify priority tasks.
- Initial dialogues to explore collaboration on CCER internalization and connectivity with global registries.
- Bank project preparation carried out. Grant agreement being finalized.

Colombia

PMI Program Objectives

- Support finalization of the detailed design and regulation for the national ETS (Programa Nacional de Cupos Transables de Emisiones - PNCTE).
- Roll-out the National Emissions Reporting System (ROE), including system adequacy and capacity building.
- Development of ETS registry and trading platform.
- Support the ETS pilot phase and associated capacity building needs across the public and private sector.
- Evaluation of the ETS pilot phase and recommendations for subsequent phases.

Carbon Pricing Policy: Context & Developments

- Carbon tax implemented since 2017; currently at about US$6 per ton CO2eq. Starting in 2025, carbon tax also applies to coal, with gradual phase-in of tax value.
- Domestic offsetting mechanism allowing compensation of up to 50% of carbon tax payment.
- ETS approved by law; detailed regulation under development and underwent public consultation.
- ROE implementation planned for 2026. ETS pilot now planned to start in 2027; full operation mandated by 2030.

PMI Country Program Highlights FY25

- Project Implementation Unit is operational. Lead PMI focal points at the Ministry of Environment and Sustainable Development (MADS) and the National Planning Agency (DNP) contracted, focal point in Ministry of Finance under procurement. Inter-institutional Project Steering Committee is established.
- ETS design advisory team set up in MADS, including experts in (i) institutional arrangements and architecture, (ii) information systems, (iii) monitoring, reporting, and verification, and (iv) regulatory instruments.
- Ongoing procurement for ETS design work package.
- Ongoing technical dialogue to define requirements for IT platforms, including ROE, ETS registry, and ETS auctioning and trading platforms.

Indonesia

PMI Program Objectives

Enhance institutional capacity to implement and administer carbon pricing policy instruments, and enable access to international carbon markets with the following components:

- policy analysis and implementation roadmaps;
- institutional strengthening and capacity development;
- ETS instrument design and MRV infrastructure;
- coordination, communication, and consultation;
- establishment of Carbon House as a one-stop consultation facility for carbon pricing and markets in Indonesia.

Carbon Pricing Policy: Context & Developments

- 2021 Presidential Regulation on Economic Valuation of Carbon established a legal framework for implementing carbon pricing policies in Indonesia.
- 2022 Environment and Forestry Ministerial Regulation governs implementation of carbon pricing instruments, including rules and modalities for domestic carbon crediting, and general provisions for allowance-based emissions trading.
- 2022 Energy and Mineral Resources Ministerial Regulation launched a 3-phased ETS in the power generation sector.
- 2023 Environment and Forestry Ministerial Regulation governs implementation procedure of carbon pricing in Forestry Sector through carbon offsetting.
- 2023 Financial Services Authority regulation governs carbon offset trading through the carbon exchange.

PMI Country Program Highlights FY25

- Establishment of PMI-Indonesia technical project unit at the Indonesia Environment Fund (IEF), and support for the operationalization of the Carbon Markets advisory unit (Carbon House) at the Ministry of Environment and Forestry (MOEF).
- Revision of PMI country program with the IEF (Project Implementation Unit) and MOEF's new directorate on Climate Change and Governance of Carbon Pricing, the lead agency in the reformed institutional architecture.



Kazakhstan

PMI Program Objectives

- Contribute to Kazakhstan's updated 2030 NDC targets and 2060 carbon neutrality goals.
- Strengthen the effectiveness of the ETS.
- Support carbon pricing expansion.
- Support stakeholder engagement and Just Transition.

Carbon Pricing Policy: Context & Developments

- National ETS (since 2013) - currently 5th National Allocation Plan (2022-2025), covering 40% of national GHG emissions.
- Current ETS design provides limited incentive to shift investments and retirements in a transition to lower-carbon generation in the energy sector.
- Kazakhstan updated NDC's unconditional target to reduction of GHG emissions by 15% by 2030, relative to 1990.
- Kazakhstan aims to achieve carbon neutrality by 2060.

PMI Country Program Highlights FY25

- PMI grant amendment agreed and processed, and implementations arrangements have been updated to reflect updated arrangements. This includes extending the project to June 30, 2028.
- PMI's engagement was marked with a launch event in Astana, Kazakhstan on March 27, 2025.
- A capacity building workshop entitled "Emerging Tools for Financing Low Carbon Development to Central Asia" was held in October 2024, followed by a second session in June 2025.

Mexico

PMI Program Objectives

- 2021 draft ISP focused on the implementation and strengthening of the ETS during the transition and operational phases.
- Engagement with Mexico's new administration focused on updating proposed activities under the 2021 draft ISP.

Carbon Pricing Policy: Context & Developments

- In October 2019, Mexico established the legal foundations for an Emissions Trading System (General Law on Climate Change). It foresaw a pilot phase from January 2020 to December 2021, followed by a transition phase from January 2022 to December 2022. An operational phase was set to begin in January 2023, but this start of the operational phase has been delayed. The goal is to start the ETS operational phase in 2026.
- In addition, Mexico established a carbon tax in 2014 (applicable to fossil fuels, excluding natural gas). At the sub-national level, several Mexican states (e.g., Queretaro, Yucatan, Guanajuato, Durango, State of Mexico) have also implemented their own carbon taxes.

PMI Country Program Highlights FY25

- After the change of administration, in November 2024, the Secretariat for Environment and Natural Resources (SEMARNAT) again expressed interest in working with the PMI and updating planned activities under the ISP.
- Detailed review of proposed activities under the 2021 draft ISP was completed. Updated workplan elaborated with activities corresponding to (i) modelling and assessment; (ii) ETS design implementation and design; (iii) compensation (domestic offset) mechanism; (iv) carbon market infrastructure (MRV systems, registries); and (v) communications, capacity building, and engagement strategy.
- SEMARNAT to submit its updated work plan.

Türkiye

PMI Program Objectives

- Support the design and Implementation of carbon pricing:
    - ETS design and implementation, including legislation support;
    - Carbon tax assessment, modeling and legislative support;
    - Design and implementation of domestic crediting mechanism.
- Support cross-cutting activities:
    - Support on communications strategy;
    - Support on Article 6 Strategy through capacity building;
    - Just Transition through modeling social impacts of ETS.

Carbon Pricing Policy: Context & Developments

- National Climate Change Strategy (2010–23), with short-, medium- and long-term objectives on adaptation and mitigation.
- National Climate Change Adaptation Strategy and Action Plan (NCCAP) 2011–23 covered key areas, including energy, buildings, industry, transport, waste, agriculture, land use and forestry, and adaptation.
- NCCAP Monitoring System.

PMI Country Program Highlights FY25

- Türkiye submitted its Climate Law Proposal to the Parliament in February 2025. The draft law provides the legal framework to establish Türkiye's ETS and governance arrangements through a Carbon Market Board. The details of the ETS will be outlined in regulations. The initial pilot phase of the ETS is expected to commence in 2026.
- Carbon Pricing Working Group has been established to consult with stakeholders, including businesses.
- Developing terms of reference (TOR) to progress each work program.

Ukraine

PMI Program Objectives

- Development of ETS design elements.
- Technical support for the ETS' legal framework.
- Communications, stakeholder engagement, capacity building.

Carbon Pricing Policy: Context & Developments

- NDC2 approval in 2021 committed to reduce emissions by 65% by 2030, reaching carbon neutrality in 2060.
- Law on the Main Principles of the State Environmental Policy of Ukraine until 2030, adopted in 2019.
- Energy Strategy until 2035 approved in 2017.
- Low emission development strategy until 2050 approved in 2017.
- MRV system was launched in January 2021.

PMI Country Program Highlights FY25

- Phase 1 is largely completed, including:
    - Development of a comprehensive set of core definitions based on the European Union's experience with ETS;
    - Specified cap-setting process;
    - Identified rules for allowances;
    - Defined process for revenue use;
    - Progress of an enforcement mechanism, in line with the European Union's ETS;
    - Delivery of an ETS impact analysis.

Viet Nam

PMI Program Objectives

- To facilitate Viet Nam's transition to a low-carbon economy through the implementation of a suite of carbon pricing instruments, including:
    - Design and implementation of the ETS and the national crediting program;
    - Support for participation in international carbon markets

Carbon Pricing Policy: Context & Developments

- In January 2025, a roadmap was approved for implementation of a domestic carbon market to support the country's net-zero emissions target by 2050. The plan includes a pilot ETS starting in June 2025, with full implementation scheduled for 2029.
- Mandated the Ministry of Natural Resources and Environment (MONRE) to develop an ETS and MRV system (Decision No. 232/QD-TTg).
- Decree 06/2022/ND-CP requires facilities in key sectors to submit emissions inventories starting in 2025 and provides an initial timeline for ETS and carbon credit market development.
- The Ministry of Agriculture and Environment (MAE) is developing the necessary regulatory framework for ETS.

PMI Country Program Highlights FY25

- Program undergoing restructuring to be executed by the Bank to expedite execution.
- On May 23, the Bank received a letter from the Ministry approving to start the process and assigning the Department of Climate Change to be the focal point to discuss the implementation options.
- PMI continues to provide guidance on the national registry.

Window 2: Readiness Support



Bangladesh

PMI Program Objectives

Readiness support, focused on enabling activities for international carbon credit trading and development of market infrastructure, to include:

- International carbon markets: development of country policy framework and institutional arrangements.
- MRV and registry: assessment of options for registry systems including the suitability of open-source tools; customization and piloting of core registry to support carbon credit trading.
- National carbon pricing policy: technical assessments around feasibility and impact of introducing an explicit carbon pricing instrument in Bangladesh, to inform policymaking.
- Cross-cutting: development and execution of capacity-building plan, communication strategy, knowledge management/outreach activities.

Carbon Pricing Policy: Context & Developments

- Bangladesh recognizes carbon markets as key tools to mobilize climate finance in its Mujib Climate Prosperity Plan, Updated NDC (2021), and NDC Action Plan.
- Proactive efforts to operationalize Article 6, including designation of the national authority and adoption of rules and modalities.
- The IDCOL Ci-Dev program continues to provide key lessons on crediting methodologies and market operations in Bangladesh.

PMI Country Program Highlights FY25

- Continued collaboration with the Ministry of Environment, Forest and Climate Change (MoEFCC) and key agencies to build institutional readiness.
- National Article 6 Readiness Roadmap completed with support from the Bank's Ci-Dev team. Initial ITMO-grade transaction completed.
- Training sessions to prepare for implementation and management of a national carbon asset registry, with the Bank's Climate Warehouse Program.



Botswana

PMI Program Objectives

- Assess the potential impacts of a domestic carbon tax on key macroeconomic variables as well as potential distributional impacts.
- Capacity building on Renewable Energy Certificate markets.
- Support the development of a policy and strategy approach for participation in international carbon markets.
- Assess infrastructure needs for the use of carbon pricing instruments.
- Consultations for a coordinated approach that addresses the concerns of different stakeholders.

Carbon Pricing Policy: Context & Developments

- Botswana's National Climate Change Policy, 2021 considered adoption and enforcement of a carbon tax.
- The original objective was to identify potential sources of additional revenues for the government while providing an incentive for green growth.
- Given the emphasis on prioritizing potential sources of revenues as well as concerns amongst stakeholders regarding the carbon tax, initial efforts have focused on understanding potential implications to facilitate informed discussions and the possibility of accessing carbon markets.
- The new government (elected November 2024) expressed in its budget speech efforts for greening the economy that includes substantial renewable energy scale-up.

PMI Country Program Highlights FY25

- Held stakeholder consultations to finalize terms of reference for two work packages – the package on macroeconomic modelling has been initiated and the carbon markets component is under procurement.
- Delivered a workshop on the linkages between carbon markets, renewable energy certificates, and international environmental attribute certificate markets, attended by about thirty representatives from government.

Guinea

PMI Program Objectives

- Design a carbon price signal instrument for the mining sector, adapted to the specific characteristics of Guinea and would reduce net emissions and promote forest conservation without hindering economic growth. Initial focus is on the mining sector.
- Development of the policy and regulatory framework for a Carbon Pricing Instrument (CPI) and the policy and regulatory framework and institutional infrastructure needed for meaningful participation in Article 6 transactions.
- Measures to engage and build the capacity of stakeholders and to promote Just Transition.

Carbon Pricing Policy: Context & Developments

- No past experience with carbon pricing or the Clean Development Mechanism (CDM).
- Guinea has been a member of the West African Alliance on Carbon Markets and Climate Finance since its inception in 2017.
- Updated NDC July 2021: unconditional target -9.7% / conditional -17% by 2030 compared to BAU; commitment to net-zero for the mining sector by 2040.
- NDC expresses Guinea's intention to engage in cooperative approaches under Article 6 to finance conditional mitigation efforts.
- National Strategy on Climate Change (2019) sets out Guinea's vision and objectives for action on climate change.
- National intersectoral committee on Climate Change created in 2021.

PMI Country Program Highlights FY25

- Establishment of a national commission on climate change and a national expert group on carbon markets. Ongoing discussions on climate change laws and regulation of GHG emissions reporting in the extractives sector. Joined the Global Carbon Pricing Challenge (GCPC).
- Initial design of CPI in the extractive sector developed with industry and government, validated in October 2024 by the Prime Minister's office and the ministries in charge of mining, environment and energy.
- Detailed data on emissions in the LU and forest sector produced as part of the National Forest Monitoring system, opening opportunities to develop an emissions reduction program with (i) a readiness phase, including an ongoing grant from SCALE and preparation of a US$ 7 million financing from SCALE that could lead to a US$ 15 to US$ 30 million Results-Based Climate Finance (RBCF) transaction.



Malaysia

PMI Program Objectives

- Support and inform policy decisions on carbon pricing, including:
    - Carbon pricing impact analysis, international lessons learnt, national policy evaluation and options analysis, and regulatory requirements.
- Support domestic carbon crediting, including:
    - Use of existing standards to ensure effective implementation and integration into domestic compliance.
    - Support MRV and registry infrastructure. Capacity building, communications, and stakeholder engagement.

Carbon Pricing Policy: Context & Developments

- High-level political commitment for carbon pricing through its inclusion in the Twelfth Malaysia Plan (12MP).
- Substantial experience with the CDM and other initiatives. The stock exchange launched the Bursa Carbon Exchange in December 2022.
- A CPI is expected to interact with existing policies and regulations at the sector level and economy wide. In the electricity and transport sectors, existing price regulation and planning policy may reduce carbon price incentives.
- The State of Sarawak has passed legislation for the introduction of carbon pricing policies to support the achievement of net zero by 2050.

PMI Country Program Highlights FY25

- Completion of modelling and delivery of initial reports on carbon taxes and carbon crediting.
- Drafting of a report on registry infrastructure requirements, including the preparation of a gaps assessment.
- Submission of Expression of Interest (EOI) for additional implementation support to build on completed readiness support activities and complement ongoing efforts related to the development of the MRV system, a Just Transition action plan, and a communications strategy, to prepare for CPI implementation.

Montenegro

PMI Program Objectives

- Improve carbon pricing policies (role of carbon pricing in achieving carbon neutrality, NDC goals, synergies with other sectoral policies).
- Improve of the national ETS (expansion to aviation and shipping sectors, alignment with EU ETS Phase 4 requirements).
- Accelerate legislative process to align with EU ETS, introduction of ETS 2 for buildings, road transport and small industry, and CBAM.
- Strengthen institutional capacity, advocacy, and communications strategy (including for Just Transition).

Carbon Pricing Policy: Context & Developments

- National ETS since 2020.
- Government declared intention to join the EU in 2028.
- National ETS is expected to expand to aviation and shipping sectors and align with EU ETS Phase 4 requirements.
- Since the EU will introduce ETS 2 in 2027, Montenegro will start preparation for ETS 2 introduction.

PMI Country Program Highlights FY25

- Completed:
  - CPI impact assessment on the economy (including jobs and prices);
  - Impact on the Power Sector: Evaluation of carbon pricing on EPCG generation planning (TPP Pljevlja);
  - High-level assessment of potential synergies between carbon pricing and the forestry and tourism sectors;
  - Development of a presentation on the proposed design options for the national ETS.
- Ongoing priorities include updating policies, legislation, and rules and regulations; preparing a proposal for the legal-regulatory framework for the introduction/enhancement of carbon pricing, including a legal gap analysis; identifying opportunities for clean energy generation; and technical assistance to key stakeholders involved in carbon pricing implementation and compliance with the EU's Carbon Border Adjustment Mechanism (CBAM).

Pakistan

PMI Program Objectives

Readiness support, with a focus on enabling activities for international carbon credit trading and development of market infrastructure:

- International carbon markets: development of country policy framework and institutional arrangements.
- MRV and registry: assessment of options for registry systems including the suitability of open-source tools; customization and piloting of core registry to support carbon credit trading.
- National carbon pricing policy: technical assessments around feasibility and impact of implementing an allowance-based emissions trading program in Pakistan, including preparation of a pilot to support stakeholder engagement.
- Cross-cutting: development and execution of capacity-building plan, communication strategy, knowledge management/outreach activities.

Carbon Pricing Policy: Context & Developments

- Although carbon pricing is not explicitly mentioned in Pakistan's NDC, there are several policy documents in place that do make reference to carbon pricing and markets, notably the National Climate Change Policy.
- Pakistan's 'Policy Guidelines for Trading in Carbon Markets', published in late 2024, establish a comprehensive policy and regulatory framework to enable participation in both voluntary and compliance carbon markets. The guidelines align with the Paris Agreement and national climate objectives, aiming to mobilize investment in low-emission projects across priority sectors such as energy, agriculture, waste management, and forestry.

PMI Country Program Highlights FY25

- Support to review and consultations regarding the Carbon Market Policy Framework. Pakistan is engaged in readiness activities for international carbon trading (voluntary carbon market and Article 6), including signature of memoranda of understanding with partner countries and reputable market standards.

Panama

PMI Program Objectives

- Support the implementation of Panama's National Carbon Market, with a focus on the National Offsetting Mechanism.
- Institutional arrangements and initial piloting of specific components of the National MRV "National Reduce Your Footprint Program" (PNRTH).
- Implementation of the Energy Transition Agenda, focusing on energy efficiency and transport sectors.
- Design of the National Energy Efficiency Certificates Program.
- Cross-cutting capacity building, stakeholder engagement, communications, and knowledge sharing activities.

Carbon Pricing Policy: Context & Developments

- National Reduce Your Footprint Program to support carbon neutrality by 2050 established in 2020 (Executive Decree 100).
- The Executive Decree 142 of 2021 establishes the legal structure for the National Carbon Market (Mercado Nacional de Carbono de Panamá) and mandates the Ministry of Environment to evaluate the economic, environmental, and distributive impacts of CPIs.
- Panama is currently advancing the implementation of its NDC commitments through the National Climate Action Plan.
- Panama currently co-chairs the Carbon Pricing in the Americas (CPA) Platform.

PMI Country Program Highlights FY25

- Program implementation unit (PIU) was established and is operational.
- Completion of an impact assessment of carbon pricing and an evaluation of impact mitigation measures, with the report under finalization.
- Progress assessment of Panama's energy transition agenda.
- Hosting of three stakeholder workshops to disseminate and discuss the technical work program.
- Technical terms of reference for other work packages under discussion.

Senegal

PMI Program Objectives

- Support for the design and impact analysis of a potential carbon tax and development of a roadmap for its implementation.
- Regulatory and institutional infrastructure for Article 6, including operationalization of the regulatory framework for full and meaningful engagement.
- Reinforcing the infrastructure for carbon pricing mechanisms - Support to the finalization of the national MRV system.
- Cross cutting activities - Supporting consensus-building and commitment through identification of key stakeholders and capacity building needs, and applying a Just Transition lens throughout.

Carbon Pricing Policy: Context & Developments

- The CDM led to the creation of an institutional framework and increased stakeholder capacity.
- NDC unconditional target -7% / conditional -29% by 2030 compared to business as usual (BAU).
- Engaged in Article 6 bilateral cooperation arrangements, with Japan, Korea, Norway, Singapore, and Switzerland.
- Multi-stakeholder National Committee on Climate Change; outline strategy on Article 6 implementation and draft carbon market decree that would set out roles and responsibilities and the broad authorizing environment.

PMI Country Program Highlights FY25

- Climate Policy Assessment Tool (CPAT) modelling of carbon tax impact, analysis for review and stakeholder consultations.
- Launch of the second phase of modelling with a study of the impact of a carbon tax on informality and employment.
- Operational framework for Article 6; review and stakeholder consultations and validation workshop; manual of procedures underway.
- Development of marginal abatement cost curves, to inform decision making around Article 6 participation.
- Review and assessment of digital MRV needs and options.
- Launch of stakeholder engagement workstream.
- Launch of the drafting of the climate law.

Window 3: Just-in-Time Support



Azerbaijan

PMI Program Objectives

- Support for readiness and participation in international carbon markets under Article 6.
- Preliminary carbon pricing assessment – instrument choice and impacts.

Carbon Pricing Policy: Context & Developments

- Government has announced the "Azerbaijan 2030: National Priorities for Socio-economic Development" and formulated the strategy for the period 2022-2026.
- NDC target of Azerbaijan aims to reduce GHG emissions by 35 percent by 2030 (unconditional target).
- Committed to gradual phaseout of fossil fuel subsidies by 2030.

PMI Country Program Highlights FY25

- Preparation of a high-level report on carbon pricing which assesses existing carbon price incentives (direct, indirect, and total); identifies the potential exposure, impacts, risks and opportunities from the EU's CBAM; provides a comparative analysis on CPI; and outlines the most appropriate instrument choice, design considerations, and recommendations for next steps to progress domestic carbon pricing.
- Delivery of a workshop on carbon pricing assessment.
- Preparation of a technical report outlining domestic potential and readiness to participate in international carbon markets, including recommendations and suggested next steps.



Belize

PMI Program Objectives

- Support for readiness and participation in international carbon markets under Article 6.
- Support for development on blue carbon credits.

Carbon Pricing Policy: Context & Developments

- Belize's NDC mentions actions to "explore carbon markets for blue carbon" under Article 6 of the Paris Agreement.
- Belize's government introduced the "Climate Change and Carbon Market Initiative Bill" in late 2023. It covers (I) climate change governance and institutional mandates; (ii) carbon market framework; and (iii) international commitments. The bill is under review with completion expected in 2025.

PMI Country Program Highlights FY25

- Substantive engagement with policymakers and key stakeholders, enabled by a Just-in-Time technical assistance grant for Belize's Carbon Market Infrastructure Needs Assessment and Roadmap.
- Leveraging of a ProBlue technical assistance grant support, which led to the development and completion of a 'Blue Carbon Readiness Assessment'.
- Capacity building and training on carbon registries (including training on open-source core registries). PMI technical support for carbon registry training of government officials is in progress.
- Informed the World Bank's Belize Blue Cities and Beyond project (approved in January 2025), which includes a sub-component on carbon market readiness.
- Informed the successful submission of a technical assistance grant from SCALE to design and inform the strategy for the national blue carbon program.

Bhutan

Project has been completed

PMI Program Objectives

- Define a governance framework for registry and the Bhutan Climate Fund (BCF) that clarifies the organizational structure, roles and responsibilities, and interaction between the registry and BCF.
- Develop a policy framework that supports Bhutan's long-term climate ambition and is aligned with its NDC goals. This involves expanding options for institutional arrangements, country processes and infrastructure; and elaborating potential options for each schedule of the policy framework.
- Define a carbon market strategy that supports Bhutan's long-term climate ambition This involves setting the objectives, scope, and timeline, collect and analyze data relevant to the strategy, and formulating recommendations.

Carbon Pricing Policy: Context & Developments

- Pledged to remain carbon neutral in its NDC, in addition to the constitutionally mandated maintenance of a minimum of 60 percent of the total land under forest cover.
- In 2023, the country strengthened its institutional framework for monetizing emission reductions by approving the Carbon Market Rules – a policy trigger under the Bank's latest Green and Resilient Growth Development Policy Credit.
- Bhutan has been active in carbon markets, generating emission reductions from the export of power from Dagachhu Hydroelectric Project under the Clean Development Mechanism (CDM). Other hydro projects registered for the generation of emission reductions through hydropower exports to India conservatively generate 2.5 million TCO2e/year.

PMI Country Program Summary

- Ongoing training on carbon asset registry for 30 ministerial counterparts across nine different ministries.
- Hosting of a South-South Knowledge Exchange event with Nepal, Guyana, Bhutan, and Belize, with Bhutan serving as a mentor country.
- Planning for subsequent training events on carbon markets.
- Development and submission of the 'Bhutan Carbon Market Policy Handbook', now under review and consideration by the cabinet.



Bosnia and Herzegovina

Project has been completed

PMI Program Objectives

- Support the design of a national Emissions Trading Scheme (ETS) aligned with EU ETS rules and requirements.
- Assess the ETS scope and ambition options, including cap trajectories and compliance design elements.
- Strengthen institutional capacity for Monitoring, Reporting and Verification (MRV) and future registry development.
- Inform carbon pricing policy decisions to support EU market integration and manage exposure to Carbon Border Adjustment Mechanism (CBAM).

Carbon Pricing Policy: Context & Developments

- Bosnia and Herzegovina committed to carbon pricing through the Sofia Declaration on the Green Agenda for the Western Balkans and alignment with EU climate legislation.
- The Ministry of Foreign Trade and Economic Relations announced an ambition to establish a carbon pricing and trading mechanism by 2026.
- ETS development is driven by the introduction of the EU CBAM, due to Bosnia and Herzegovina's high trade exposure to EU markets.
- A national roadmap for ETS implementation has been drafted with support from the Energy Community.

PMI Country Program Summary

- Completed analytical assessment of ETS design options comparing scope, cap ambition, and price paths.
- Completed assessment of three ETS alignment pathways and their macroeconomic, sectoral, and employment effects.
- Awareness raised across relevant stakeholders on competitiveness risks and CBAM cost exposure.
- Stakeholder engagement delivered through consultations and workshops across the institutional landscape.
- Recommendation around EU ETS alignment, MRV systems development, legal frameworks, and just transition measures.

Brazil

Project has been completed

PMI Program Objectives

- Inform and support carbon pricing decision-making.
- Support the planning and design of the Brazilian Emission Trading System (Sistema Brasileiro de Comércio de Emissões de Gases de Efeito Estufa, SBCE)
- Assess the expected socioeconomic impacts from the implementation of the SBCE under alternative scenarios.
- Develop advice on the necessary steps for SBCE implementation, including options, requirements, and timing

Carbon Pricing Policy: Context & Developments

- Brazil's NDCs was strengthened and updated in 2024. It is economy-wide in scope and therefore based on flexible pathways to achieve its objectives. The NDC indicates priorities, regulatory improvements, financial instruments, and key for the country's climate change mitigation strategy, including the Ecological Transformation Plan (ETP).
- As part of the sustainable finance instruments of ETP, in December 2024 Brazil approved Law N° 15042, which provides for the implementation of a domestic carbon market, encompassing an Emissions Trading System (ETS) with links to domestic carbon credit markets, along with a mandatory GHG MRV system. The Brazilian ETS will be implemented gradually in five phases.

PMI Country Program Summary

- Completed the preparation of a Sistema Brasileiro de Comércio de Emissões (SBCE) Implementation Roadmap, which is organized in four thematic areas : (i) SBCE governance, stakeholder engagement ; (ii) SBCE design, scope, and ambition ; (iii) SBCE MRV, compliance cycle and enforcement ; (iv) SBCE operation, unit allocation, trade and registry.
- Facilitated consultation of the SBCE Implementation Roadmap across key ministries.
- Completed analysis of macroeconomic impacts, which reflected updates to analysis originally undertaken under the Partnership for Market Readiness (PMR).
- Delivered a technical note on registry systems to promote understanding of functionality requirements to support carbon pricing as well as carbon markets.



Cambodia

PMI Program Objectives

Targeted technical support for identifying and developing a suitable roadmap of carbon pricing instruments which can help achieve Cambodia's NDC targets and goal for carbon neutrality by 2050, while enhancing its participation in international carbon markets. Focus activities include:

- Impact assessment and a high-level roadmap for Cambodia's readiness for selected carbon pricing instruments.
- Assessment of barriers to participate in the voluntary markets, including domestic crediting carbon markets and the Article 6 market.
- Capacity building support through a series of learning activities and workshops.

Carbon Pricing Policy: Context & Developments

- Despite a lack of dedicated national policies on carbon pricing, Cambodia's 2020 NDC and LTS4CN (2021) emphasize that carbon pricing is essential for achieving their 2030 climate targets and 2050 carbon neutrality goal.
- Promoting low-carbon development through a carbon market mechanism is included in Cambodia's Climate Change Strategic Plan.
- Cambodia's Ministry of Environment requested PMI's support in developing assessments and a roadmap to set up Cambodia's carbon pricing and markets policies.
- In 2024, the government released an Operations Manual for implementing Article 6 of the Paris Agreement.

PMI Country Program Highlights FY25

- Approval of PMI's proposal for Just-in-Time support, followed by the signing of the grant agreement in December 2024.
- Release of the TORs; the requests for proposal (RPF) and procurement is expected to be completed in 2025.



Ecuador

PMI Program Objectives

- Support the development of the domestic voluntary carbon offsetting program under Ecuador's Corporate Carbon Footprint Program (PECC, for its acronym in Spanish).
- Capacity building for the private sector to join the PECC, assume ambitious commitments, and implement corporate strategies to achieve emissions reduction, including through use of the domestic offsetting system. Implementation includes development of learning materials and an outreach plan, and delivery of training workshops.

Carbon Pricing Policy: Context & Developments

- Regulation approved that introduces the 'GHG Emission Compensation Scheme of Ecuador' as an element of Ecuador's Corporate Carbon Footprint Program (PECC).
- As of March 2025, more than 600 companies are voluntarily adhering to PECC.

PMI Country Program Highlights FY25

- Review of the work plan and its consolidation with government agencies.
- Program implementation during FY26.



Egypt

PMI Program Objectives

Targeted support contributes to strengthening the country's technical and institutional capacity to respond to the EU's CBAM and participate in international carbon markets. The goal is supported by the following activities:

- Develop and finalize procedures for the authorization of credits; assess country specific infrastructure requirements for carbon markets;
- Pilot, design and implement the capacity building program;
- Quantify economic impacts of CBAM, and identify practical policy responses, including the role of carbon pricing.

Carbon Pricing Policy: Context & Developments

- Egypt's commitment to carbon pricing policy implementation is supported by its National Climate Change Strategy 2050 (NCCS).
- The country's Renewable Energy Strategy and Sustainable Development Vision 2030 and liberalization of fuel prices under an IMF-backed program further aligns economic development with climate goals, creating a conducive environment for carbon pricing instruments.
- The World Bank's first development policy finance (DPF 1) operation supported the issuance of a ministerial decree on establishing and operationalizing the Working Group to support the national MRV system, allowing Egypt to collect data on GHG emissions and track progress on mitigation measures; and developed the procedures for operationalizing a voluntary carbon market (VCM).
- The DPF 2 requires the issuance of guidelines for designing and implementing MRV systems for transport, electricity and oil and gas; and issuance of decrees to identify the priority sectors for Article 6 and VCM.

PMI Country Program Highlights FY25

- Approval of PMI's proposal for Just-in-Time support.
- Signing of the grant agreement in April 2025.
- Initiation of work on the impact assessment of CBAM.



India

PMI Program Objectives

- Support the development and operationalization of the India Carbon Credit Trading Scheme (CCTS), integrating systems (and lessons) from current market-based instruments like the Perform Achieve and Trade (PAT) Scheme and the Renewable Energy Certificate (REC) mechanism.
- Enhance institutional capacity for MRV, registry systems, and Article 6 alignment.

Carbon Pricing Policy: Context & Developments

- The Energy Conservation (Amendment) Act, 2022 provides the legal foundation for the CCTS, enabling a national carbon market.
- In July 2024, the Bureau of Energy Efficiency (BEE) published detailed regulations for the compliance mechanism under the CCTS. The compliance mechanism adopts an intensity-based baseline-and-credit system, setting mandatory GHG emission intensity targets for obligated entities.
- In April 2025, the Ministry of Environment, Forest and Climate Change (MoEFCC) issued draft rules setting GHG emission intensity targets for 282 entities across four industrial sectors for 2025–26 and 2026–27.
- A (voluntary) offset mechanism under the CCTS is being developed to allow non-obligated entities to generate and trade carbon credits.

PMI Country Program Highlights FY25

- Conducting of assessments to align existing data systems with the requirements of the CCTS, ensuring interoperability with international platforms such as the Climate Action Data Trust.
- Provision of technical support for the design of the national carbon registry and MRV frameworks.
- Engagement with the MoEFCC, the BEE, and other stakeholders to coordinate efforts and build capacity for the implementation of the CCTS.



Moldova

PMI Program Objectives

- Estimate the Total Carbon Price (TCP).
- Understand the economic and distributional impacts of domestic carbon pricing reforms.
- Identify complementary policies to carbon pricing.
- Undertake an MRV Readiness Assessment to support the implementation of a carbon tax and subsequently an ETS, as well as CBAM readiness reporting.
- Prepare a detailed roadmap for implementing of a carbon tax.

Carbon Pricing Policy: Context & Developments

- NDC target to reduce GHG emissions by 70 percent below the 1990 level by 2030, with an option to increase this to 88 percent.
- National Energy and Climate Plan (NECP) that seeks to create a competitive and sustainable energy sector that aligns with European energy systems.

PMI Country Program Highlights FY25

- Completion of initial estimates of the TCP and exposure to CBAM.
- Continued progress of the work program.



Mongolia

PMI Program Objectives

Assess existing climate-related regulations and recommend the most effective legal, regulatory, and policy framework to establish the legal foundation and governance for Article 6 authorization and corresponding adjustments in Mongolia, with the following tasks:

- Establishment of the legal base for Article 6 engagement;
- Policy and institutional framework for Article 6 engagement.

Carbon Pricing Policy: Context & Developments

- In 2021, Mongolia launched the Billion Tree National Movement (BTNM) in as part of its commitment to address climate change. The government identified accessing international carbon markets as a key financing approach to enable BTNM.
- In February 2025, Mongolia released its Carbon Market Development Roadmap 2025-2027, which outlines key steps and actions for establishing carbon pricing and markets systems, as well as a timeline and lead development partners.
- In April 2025, Mongolia released its first draft Climate Change Law for public consultation.
- In parallel with the PMI program, the World Bank is also supporting the development of Mongolia's Long-Term Low-Emission Development Strategy (LT-LEDS) through a separate ongoing program.

PMI Country Program Highlights FY25

- Requested by the client country, the task team swiftly adjusted its work scope to focus on strengthening Mongolia's legal and regulatory framework for engaging in international carbon markets following the change in government administration in late 2024.
- Presentation in April 2025 of the initial findings of the Inception Report (Deliverable #1) and discussion of the next steps based of the revised work plan.
- Completion of the *Mongolia Carbon Market Regulatory Analysis* report (Deliverable #2), which includes comments to Mongolia's Draft Climate Law.

Namibia

Project has been completed

PMI Program Objectives

- Support the identification of potential sources of additional revenue that can accelerate energy transition.
- Strengthen understanding of the different environmental commodities that can be generated across the energy sector.
- Provide input to the development of a policy framework for carbon markets, including technical input to the imposition of fees on carbon market transactions and managing the costs associated with the operation of the carbon markets unit.

Carbon Pricing Policy: Context & Developments

- Namibia developed a policy framework for participation in carbon markets.
- The country has ambitious plans to scale up renewable energy generation; goals include ensuring 80% energy self-sufficiency by 2028, becoming an exporter of renewable energy to other countries in the region, and developing green hydrogen as an engine of green growth for the economy.
- Concessional finance is urgently needed to enable rapid deployment and scale-up of clean technologies.
- A consistent policy approach toward the use of environmental commodities can help optimize their use, avoid double counting, and bring a valuable source of non-debt finance to the country.

PMI Country Program Summary

- Full delivery of a JIT grant.
- Delivery of a report on the environmental commodities that can be generated from the energy sector and a framework for their prioritization.
- Delivery of a report on the analytical bases for imposing a fee on carbon market transactions and for managing the cost of operating a carbon markets unit.
- Provision of input to the carbon market policy framework developed by UNDP, currently under finalization.

Nepal

PMI Program Objectives

- Assess gaps and map stakeholders to define next steps.
- Develop national strategy for carbon markets aligned with NDCs.
- Establish policy framework for Article 6 implementation.
- Evaluate IT readiness for digital carbon market systems.
- Scope and plan national carbon asset registry with training.

Carbon Pricing Policy: Context & Developments

- NDC targets support low-carbon growth; CPI considered to meet goals.
- Forest sector has legal basis and pilot carbon finance experience (CDM, Forest Carbon Partnership Facility).
- Limited CPI frameworks; PMI will help scale efforts across sectors.
- Key partners: World Bank, Global Green Growth Institute, UNDP, the LEAF coalition – supporting strategy, MRV, and pilot initiatives.

PMI Country Program Highlights FY25

- Continuation of a gap analysis for Article 6 readiness.
- Delivery of Carbon Registry Training for 15+ officials from government agencies.
- Hosting of a South-South Knowledge Exchange event with Nepal, Guyana, Bhutan, and Belize, and planning of an in-person South-South Knowledge Exchange event with Thailand and Nepal.
- Conducting IT readiness assessment for carbon market systems.



Papua New Guinea

Project has been completed

PMI Program Objectives

- To identify concrete policy, institutional and infrastructure gaps and areas in which Papua New Guinea (PNG) would require additional support for participating in international carbon markets.
- To formulate recommendations through a comprehensive carbon market readiness assessment.
- To recommend a roadmap to guide the government towards creating an enabling environment for effective carbon market participation.

Carbon Pricing Policy: Context & Developments

- Through its Climate Change and Development Authority, the government has progressed in preparing for international carbon markets by developing the National Climate Change (Management) Carbon Markets Regulation 2024 (approved by the National Executive Council and pending gazettement), following the institutional framework established under the 2015 Climate Change Management Act (as amended).

PMI Country Program Summary

- Completion of a carbon market readiness assessment using a standardized methodology and informed by a set of background analyses, namely: (1) a stakeholder mapping; (2) a regulatory gap analysis, with a particular focus on the Climate Change Management (Carbon Markets) Regulation 2024 (CMR 2024) and Climate Change (Management) Act 2015 (CCMA 2015) , the two primary documents in PNG for overseeing carbon market implementation; and (iii) a high-level carbon market opportunity analysis with a focus on the forestry and energy sectors, given their relative importance in the country's emissions profile.
- Hosting of a validation workshop in March 2025, inviting key government officials and development partners to present the results of findings and recommendations for short-term and mid-term actions.
- The final report will be submitted to the government and used for continued discussion for potential PMI support, if additional JIT support is granted.



Philippines

Project has been completed

PMI Program Objectives

Targeted technical support for the assessment and design options of a planned national ETS, including for:

- Development of the design of the Philippines Emissions Trading Scheme (PETS);
- Support for carbon tax and offset mechanism consideration / readiness;
- Support for stakeholder engagement.

Carbon Pricing Policy: Context & Developments

- In May 2025, the Philippines House of Representatives approved a bill that would set up a domestic emissions trading scheme with offset provisions.
- In December 2024, the Philippines Renewable Energy Market (REM) began full commercial operations. The ETS will be implemented alongside REM for an integrated market approach.

PMI Country Program Summary

- Delivery of a roadmap for the development of the Philippines Emissions Trading Scheme (PETS), an impact assessment for integrating carbon tax/PETS, and a stakeholder engagement and communication plan.
- Ongoing support from the Japan Policy and Human Resources Development (PHRD) grant.
- Preparation of a study on the drafting of a carbon market strategy, and identifying any revision of the Low Carbon Economy Bill commenced under the PHRD grant.



Republic of South Africa

PMI Program Objectives

- The JIT proposal has 2 main objectives:
- Support the finalization of the Sectoral Emission Targets for NDC implementation including investment plans and the role of CPIs, and the update of the Long-Term Low Emissions Development Strategy.
- Review future areas of work to identify how PMI may assist in strengthening CPIs for NDC implementation.

Carbon Pricing Policy: Context & Developments

- South Africa ranks among 20-top emitters (albeit accounting for only 1.2% of global emissions).
- The Just Transition Framework (2022) commits to Net-Zero objective by 2050.
- The Climate Change Act came into effect in March 2025.
- The PMR was instrumental in supporting South Africa's introduction of a carbon tax in 2019, in line with its 2011 National Climate Change Response Policy.
- Sectoral emission targets have been developed to facilitate implementation of NDC.

PMI Country Program Highlights FY25

- Establishment of Just in Time grant support, with implementation to progress in FY26.

Tanzania

PMI Program Objectives

Targeted technical support on capacity building for operationalizing Tanzania's carbon trading regulation. Key activities include:

- Support for strengthening carbon market registry infrastructure;
- Capacity building on options for monetization and market access;
- Operationalization of carbon trading regulation and support on policy framework for Zanzibar;
- Inform development of Article 6 policy approach under existing regulations.

Carbon Pricing Policy: Context & Developments

- The government has put in place a series of legal and regulatory frameworks and development plans for carbon trading. In 2022, Tanzania introduced legislation on carbon trading regulations as well as national guidelines for carbon trading.
- In 2023, amendments to the 2022 regulations were introduced to enhance the legal framework, including through the creation of a national carbon registry, updating institutional arrangements, and new requirements for carbon project proponents.
- In 2025, the jurisdiction of Zanzibar also introduced draft carbon trading regulations, currently under review.

PMI Country Program Highlights FY25

- Provision of technical input for inclusion of reforms to support the strengthening of carbon trading as prior actions linked to a Development Policy Financing operation with Cat DDO, building on gaps identified through MAAP-ITR assessment delivered in 2024.
- Provision of technical input for Tanzania's Country Climate Development Report, which recognizes carbon markets as a potential source of financing for climate action.
- Delivery of training for senior Zanzibar government officials on fundamentals of carbon markets.
- Follow-on technical assistance requested by government to build capacity and enable reform to strengthen carbon trading regulations.

Thailand

Project has been completed

PMI Program Objectives

- Support and inform policy decisions on carbon pricing, including assessment of CPI options, modeling, policy analysis, and uses of carbon revenue. Activities include:
- Analysis of impacts of carbon instruments: analysis of the macroeconomic, fiscal, social, and environmental impacts associated with the introduction of CPIs.
- Assessment of feasible carbon pricing instruments: assessment of viable carbon pricing instrument alternatives and policy designs in terms of legal, regulatory, institutional, and administrative perspectives.

Carbon Pricing Policy: Context & Developments

- The government is drafting a Climate Change Act that will provide the legal basis for implementing a carbon tax and a mandatory ETS.
- A revision of the existing fuel excise tax to align it with GHG emissions is planned by September 2025. Once approved, this will transition into a formal carbon tax.
- The government also plans to launch a pilot ETS by 2029, as part of its broader climate policy framework.

PMI Country Program Summary

- Approval of the proposal in 2024. Implementation completed in FY25.
- Completion of a carbon pricing impact assessment and design options. Key deliverables : (i) Carbon Pricing Instrument Options Report and (ii) Carbon Pricing Impact Assessment Report.
- Government request of additional PMI support for detailed design of an ETS, a carbon tax and ETS interaction, assessment of additional legal arrangement for ETS implementation, and stakeholder engagement.