

ASCOR



Grantham
Research Institute
on Climate Change
and the Environment

Assessing Sovereign Climate-related Opportunities and Risks (ASCOR) Explainer Series

Area CP2. Carbon pricing

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ASCOR framework

Emissions Pathways (EP)	Climate Policies (CP)	Climate Finance (CF)
EP1. Emissions trends	CP1. Climate legislation	CF1. International climate finance
EP2. 2030 targets	CP2. Carbon pricing	CF2. Climate costing
EP3. Net zero targets	CP3. Fossil fuels	CF3. Climate spending
	CP4. Sectoral transitions	CF4. Renewable opportunities
	CP5. Adaptation	
	CP6. Just transition	

Note: [ASCOR framework: methodology note - Version 1.1](#) was used to assess 70 countries in 2024.

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1. Introduction to carbon pricing

What is carbon pricing?



Carbon pricing is an instrument that **internalises the costs of greenhouse gas (GHG) emissions** by applying a price on the CO₂ released by an entity.



In line with the “**polluter pays**” **principle**, entities that rely on fossil fuels and emit GHGs pay for the social and environmental costs of their emissions.



A price on carbon sends a **clear signal to economic actors** to avoid carbon-intensive activities and shift to cleaner ones.



A carbon price can be implemented through a direct tax on emissions (**carbon tax**) or by setting a cap and a market for emissions (**emissions trading system (ETS)**).

Why does ASCOR assess carbon pricing?



Carbon pricing is one of the policy tools that governments may implement to **decarbonise their economies** and meet their Nationally Determined Contributions (NDC) targets.



According to the [Intergovernmental Panel on Climate Change \(IPCC\)](#), carbon pricing is key for **driving mitigation scenarios that align with 1.5°C pathways**.



Besides reducing GHG emissions in a **cost-effective and flexible way**, it can raise public revenue that may be used to finance the transition and encourage clean energy investments.

2. How does ASCOR assess carbon pricing?

Indicators and metrics



CP2a. Does the country have a carbon pricing system?



CP2b. Does the country's carbon pricing system cover at least 50% of national greenhouse gas emissions?

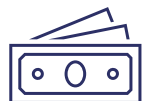
CP2bi. What percentage of national greenhouse gas emissions is covered by an explicit carbon price?



CP2c. Is the carbon price at least at the floor of a global carbon price corridor aligned with the Paris Agreement?

CP2ci. What is the country's most recent explicit carbon price?

How does ASCOR assess carbon pricing?



ASCOR assesses if countries implement carbon pricing (i.e. a carbon tax or ETS) at the subnational, national or supranational level.



We assess the percentage share of national GHG emissions covered by a carbon price and the alignment of the carbon price with a Paris-aligned threshold (US\$75 per tCO₂e in 2023).



To align with the principle of common but differentiated responsibilities, low-income countries are exempt on this area and middle-income countries are exempt on one indicator.



When assessing this area, we rely on legislative and executive documents, the [World Bank Carbon Pricing Dashboard](#), the [Organisation for Economic Cooperation and Development](#) and the [International Carbon Action Partnership](#).

3. Assessment results of 2024

2024 assessment results

CP 2.a Does the country have a carbon pricing system?



CP 2.b Does the country's carbon pricing system cover at least 50% of national greenhouse gas emissions?



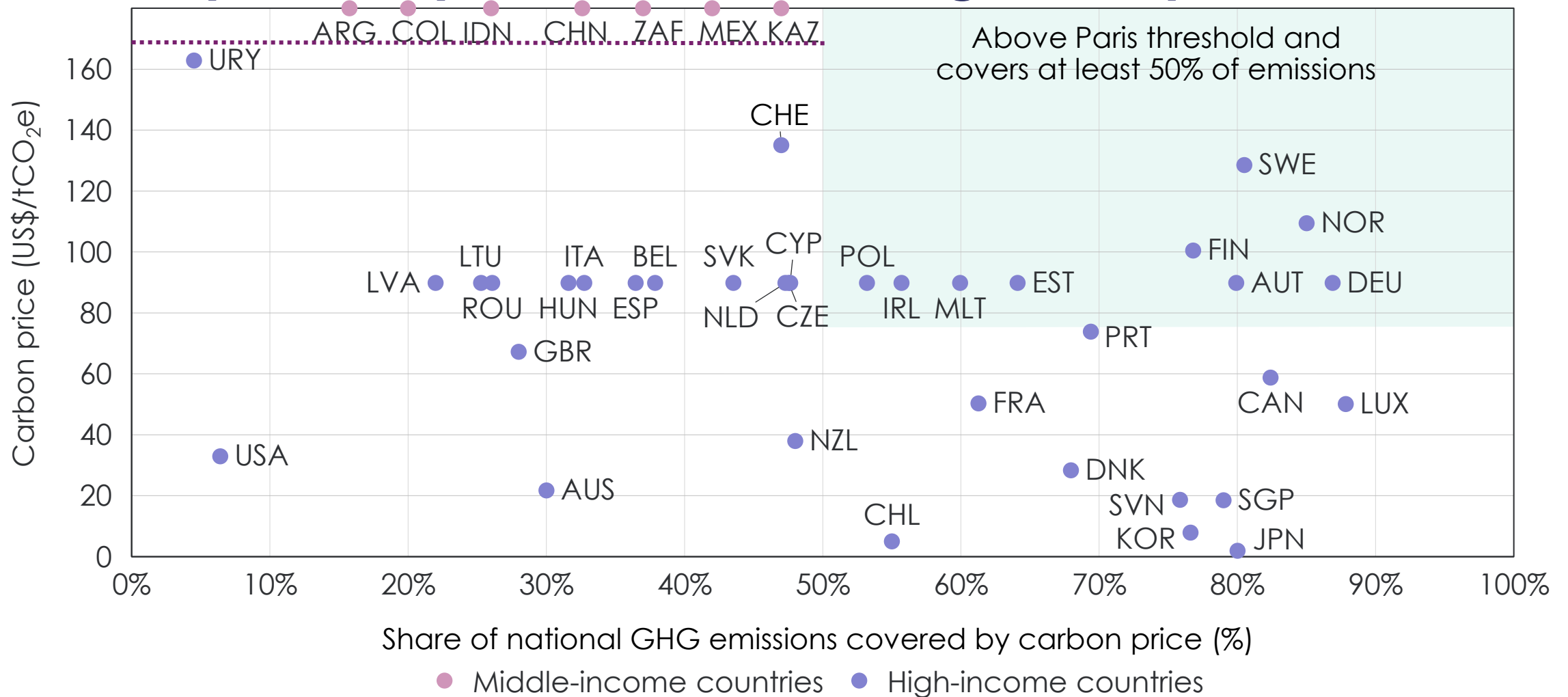
CP 2.c Is the carbon price at least at the floor of a global carbon price corridor aligned with the Paris Agreement?



Yes No

Note: The number of countries assessed against each indicator is specified next to each bar.

Carbon prices by emission coverage and price level



Source: Authors' analysis based on data from [European Environment Agency](#), [International Carbon Action Partnership](#), [OECD](#), [PRIMAP](#), [World Bank Carbon Pricing Dashboard](#) and official country sources. The data reflects the most recent estimates available for each country. For further information on estimates and sources see [ASCOR methodology note](#).

Stay up to date on the ASCOR project:

www.ascorproject.org

Access the ASCOR tool and database:

www.transitionpathwayinitiative.org/ascor

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