

Scale of REDD Financing from Emerging Carbon Markets: Estimates and Policy Considerations

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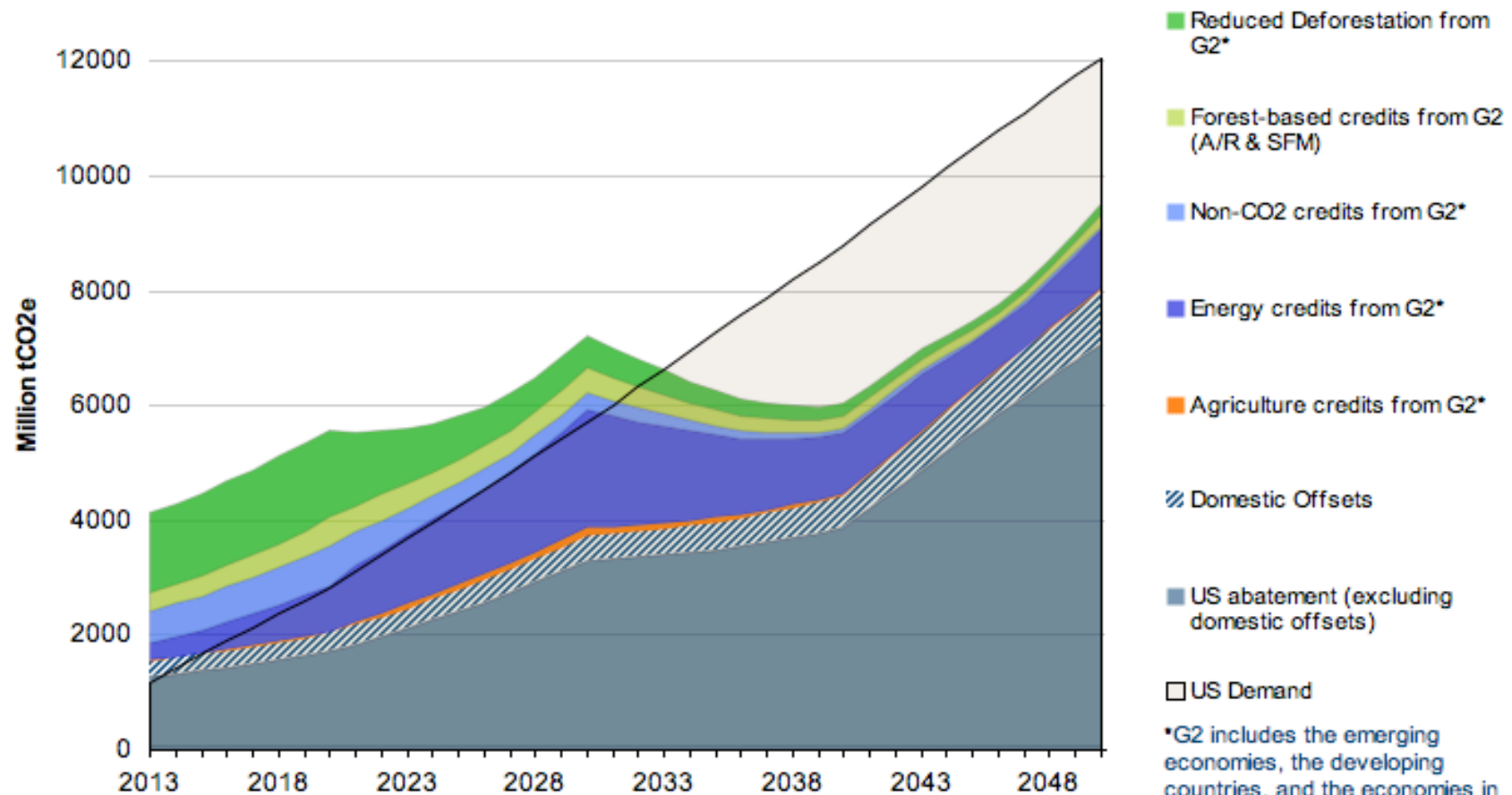


The American Clean Energy and Security Act: House of Representatives (H.R.) 2454, June 2009

- Cap-and-trade system.
- Covered sources (85% of emissions):
 - 17% below 2005 by 2020
 - 83% below 2005 by 2050
- International offsets: 1-1.5 billion tons of CO₂/yr
- 5% allowance set-aside for REDD+
 - 720 million tCO₂/year by 2020
(6 billion tCO₂/year by 2025)

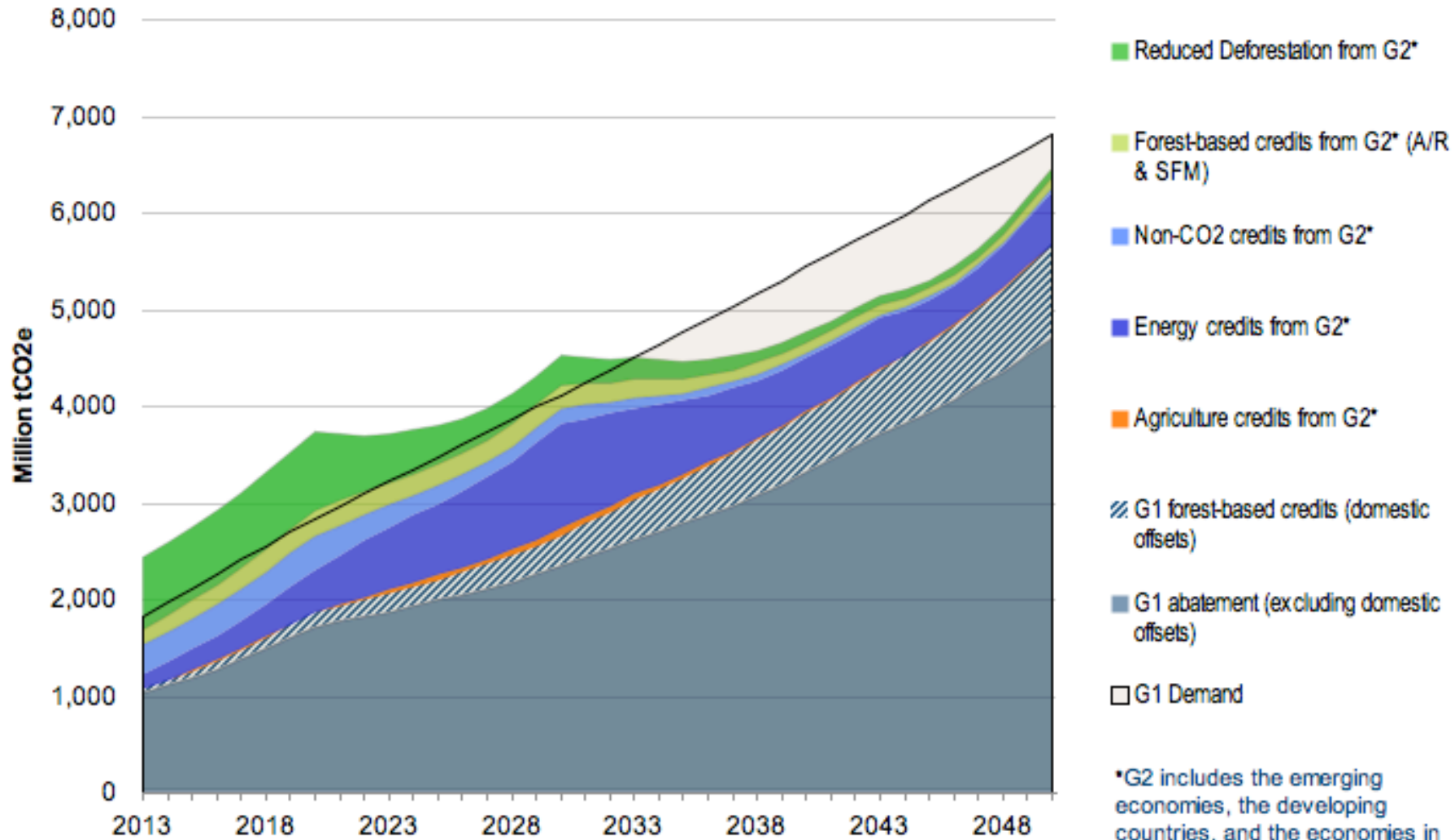


Estimated composition of U.S. abatement in global carbon market, 2013-2050



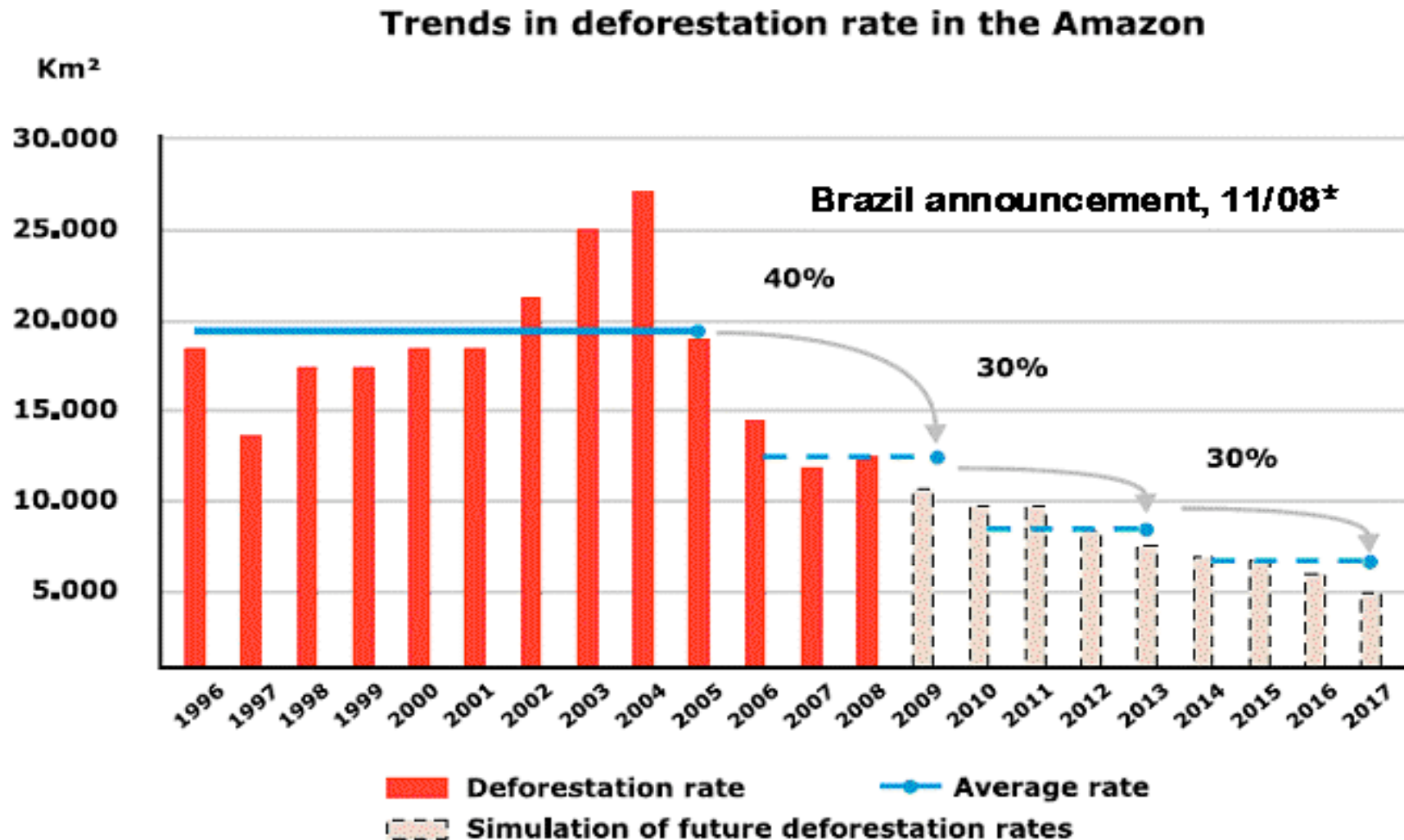
Source: EDF carbon market analysis.

Estimated composition of abatement in other developed countries (G1), 2013-2050



Source: EDF carbon market analysis.

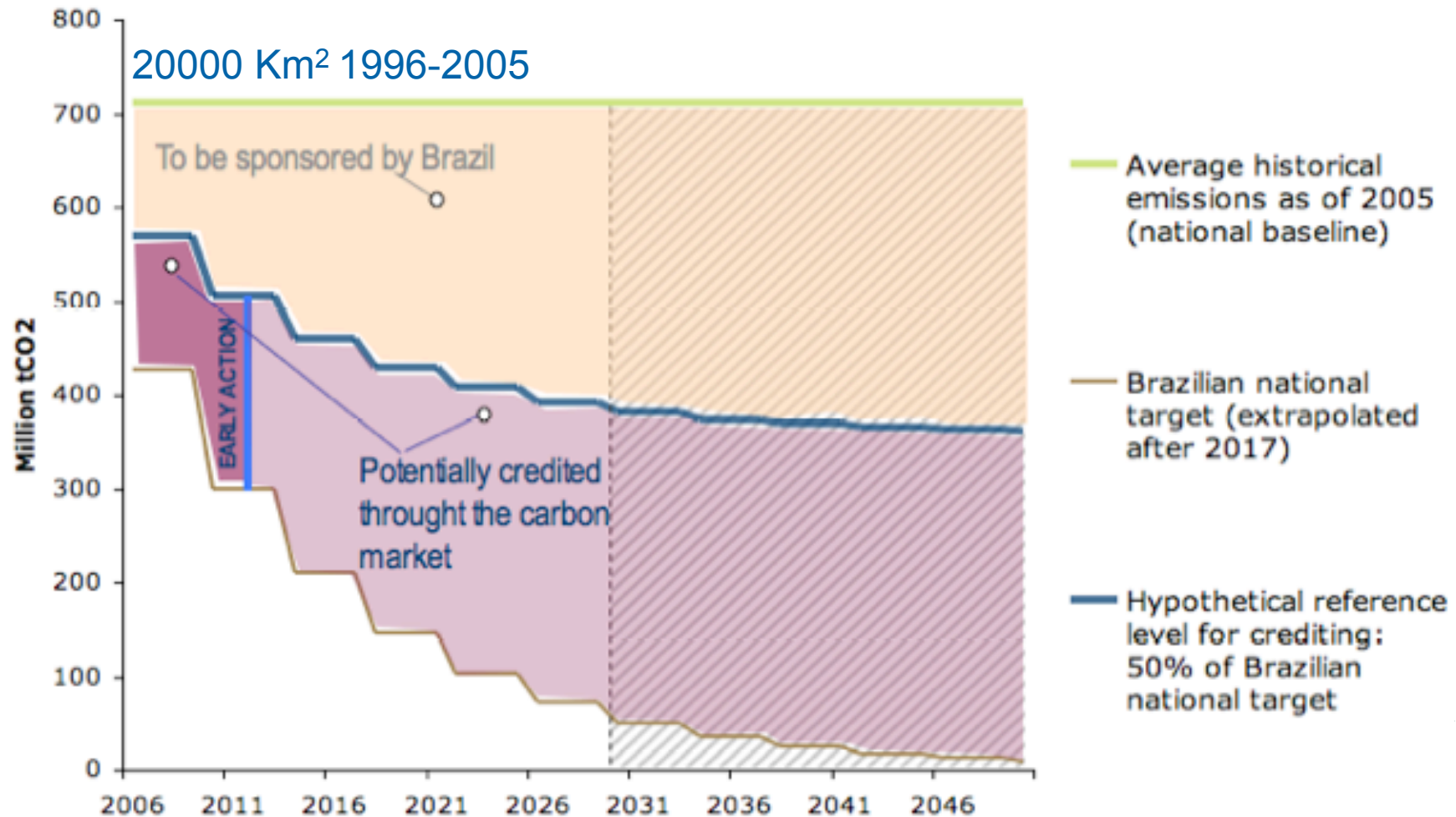
Brazil's National Plan for Climate Change



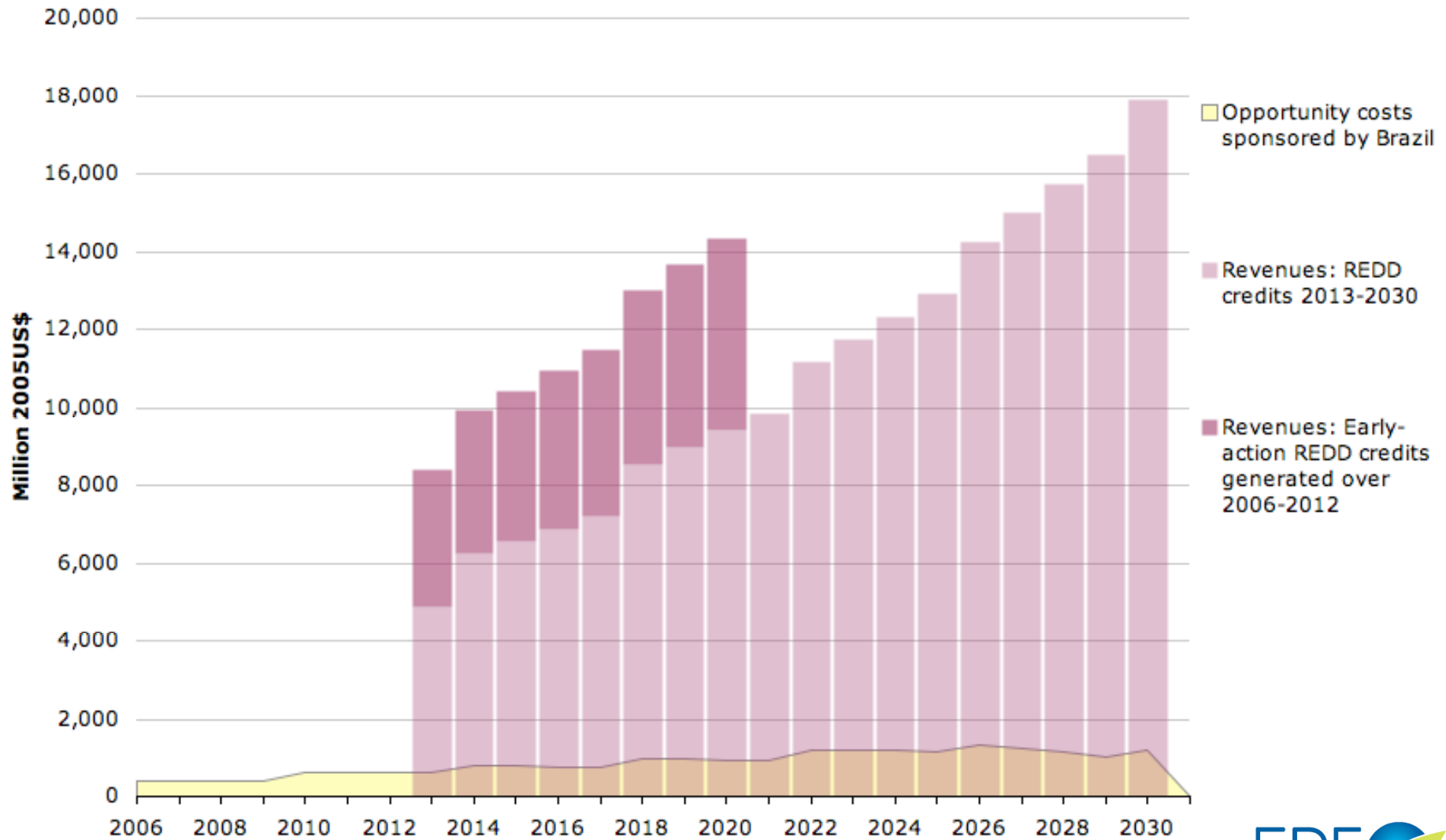
*Contingent on full funding of Amazon Fund.

Source: Brazilian Government (2008).

Hypothetical Carbon Market Scenario: Brazil trades 50% of reductions below 1996- 2005 historical baseline

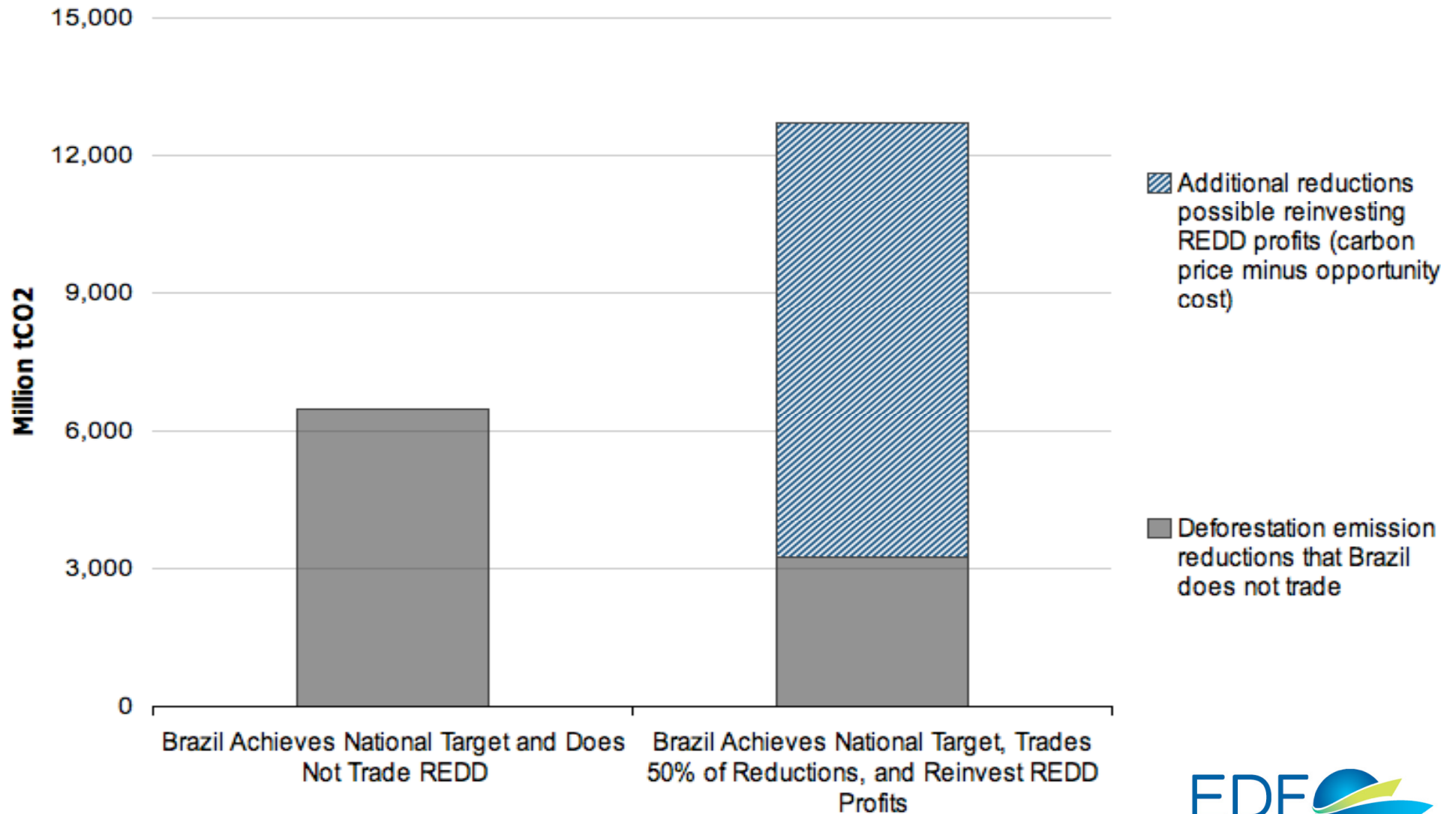


Potential returns from Brazil trading 50% of proposed reductions



Source: EDF carbon market analysis. Estimated opportunity costs for Brazil from Nepstad et al. (2007).

Reinvesting REDD gains from trade allows greater total reductions, 2013-2020



Source: EDF carbon market analysis.

SUMMARY

- Significant opportunity for REDD financing through emerging global carbon market.
- Long-term targets raise near-term demand.
- Potential to reinvest gains from trade to achieve greater overall reductions.

