

Financing REDD+

Predictability from donors perspective

REDD+/ETS workshop

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Cost-predictability for donors

1. Predictable at $\pm 10\%$

Voluntary pledges to a dedicated trust fund

Levies on predictable flows (GHG emissions, international aviation, maritime transport, GDP, population) denominated in own currency

Price floor for AAUs with a stable basket of currencies

2. Predictable at $\pm 50\%$

Auction of a fraction of AAUs or ETS allowances

Any levies/pledges denominated in foreign currencies

REDD+ crediting with dual market approach (volume capped by percentage of BY emissions and price capped by main GHG market price)

3. Highly unpredictable

REDD+ crediting with full GHG market fungibility

Guaranteed purchase of all REDD+ credits with a price floor

Agreed fund raising instruments whose rules and rates are not under sovereign control

Levies on marginal flows (use of Kyoto Protocol market mechanisms, activation of an agreed safety valve)

The New Yorker - December 23, 2002



*"Fortunately, the law of the jungle
doesn't require lawyers of the jungle."*