



Carbon markets as a source of funding for REDD+

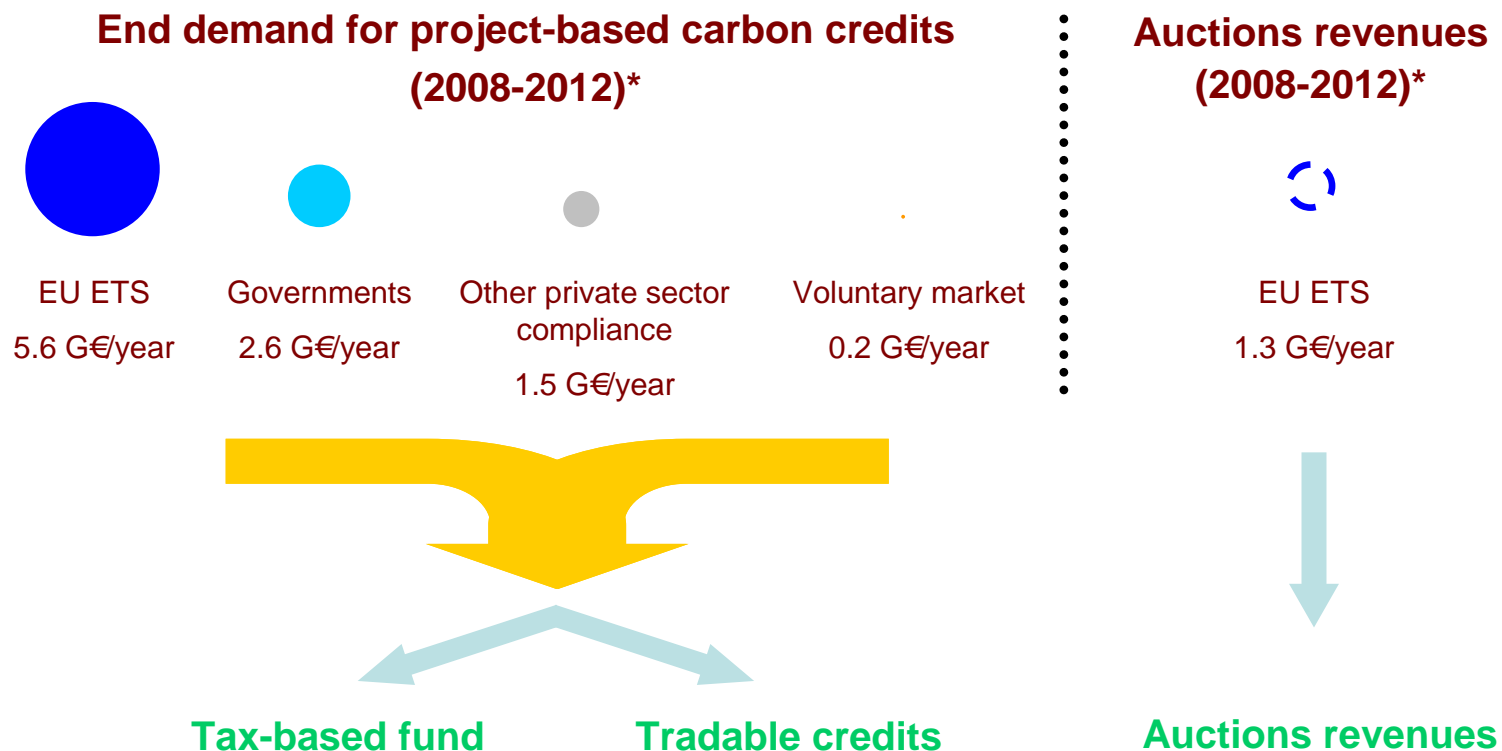


Caisse
des Dépôts

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Carbon markets: an important financing source



*The end demand for imported credits is estimated based on given current rules and market conditions (eg. ETS quota of 280 MtCO₂e/year for CDM credits). Tons of CO₂e are converted into euros assuming a 20 €/tCO₂e price for both compliance project-based credits and auctioned allowances.



REDD+: theoretical impact on carbon markets

■ Anger & Sathaye 2008: comparable to CDM

	No imports allowed	CDM credits allowed without restriction	CDM & REDD credits allowed without restriction
Price of carbon (€/tCO ₂ e)*	68	11	6
Abatement within the ETS (MtCO ₂ e/year)	906	321	246
Imports of CDM credits on the ETS (MtCO ₂ e/year)		585	366
Imports of REDD credits on the ETS (MtCO ₂ e/year)			294

* Original prices in 2005 euro are increased by 23% to be comparable with the 0,65 euro/dollar exchange rate used for EDF's results



REDD+: theoretical impact on carbon markets

- Comparison to Paris-Cabesas 2008
 - Effect of overall demand
 - Effect of credit banking

	CDM credits allowed for up to 10% of commitments	Same scenario for CDM credits + REDD credits without restriction	Same scenario for CDM credits + forestry credits without restriction
Price of carbon (€/tCO ₂ e)	23	20	16
Price of carbon (€/tCO ₂ e) <i>Forestry supply x 2</i>		18	12
Price of carbon (€/tCO ₂ e) <i>Forestry supply / 2</i>		21	19



From theoretical cost/impact to operational cost assessment

- Examples:
 - About 35 €/ha for the Amazon Region Protected Areas program
 - About 10 €/tCO₂e for the Noel Kempff project
- Need to refine abatement cost curves of global models based on feedback from pilot programs and projects

Source : Kindermann 2008

