Global Scenario

- Brazil is already a major player in international carbon markets.
- Multiple economic and environmental benefits in production chains and for society.
- Strategic recommendations for the Paris Agreement and voluntary markets.
- Potential for generating carbon credits.

The study explores the opportunities and barriers associated with Brazil's carbon market establishment, especially to Article 6 of the Paris Agreement and voluntary markets, bringing a sectoral view of the potential for generating carbon credits.

Carbon credit generation opportunities

- Generation of approximately US$ 10 billion to 15 billion in additional revenues for the private sector that have MRV and incorporate projects of MRV, mainly in the energy sector (hydroelectric projects – about US$ 32 billion raised in 340 CDM projects).

Brazil Context

- History of strong credit generation in CDM projects.
- Generation of approximately 4 billion tCO2e in 2005.
- Increased production efficiency in the field.

Impasses and long political time regarding implementation of robust public policies.

Barriers:

- Incapacity to create national and regional carbon credit markets.
- Limited potential of the national market.
- Weakness of the institutional framework.
- Lack of carbon credits.
- Singularity of carbon projects.
- Impacts and impaired cost-time ratio regarding the execution of projects.

Co-benefits of carbon credits in the private sector:

- Generation of approximately 4 billion tCO2e in 2005.
- Increased production efficiency in the field.

Opportunity to reduce emissions beyond the NDC target and raise revenue equivalent to 40 billion in additional reductions from international sources.

Recomendations for the government:

- Implement carbon pricing systems that generate robust carbon markets.
- Develop a national infrastructure for monitoring, reporting, and verification (MRV).
- Prioritize processes related to legal mechanisms and carbon pricing instruments.
- Support the development of national carbon markets.
- Create monitoring and evaluation systems.
- Strengthen the institutional framework.
- Establish institutional measures that make it easier for actors to access carbon markets.
- Establish partnerships between companies.
- Foster the potential for economic development, and carbon neutrality in the long term.
- Defend the inclusion of the Agricultural, Forest, and Energy sectors in COP 26 in the article 6 project types.
- Prioritize processes related to legal mechanisms and carbon pricing instruments.
- Comply with NDC as soon as possible.
- Pay attention to the potential of public policies to reduce 1 GtCO2 in 2030.
- Organize the set of activities and projects that have MRV and incorporate projects of MRV.
- Strengthen possible arrangements for Article 6.4 because it includes results of the project types.
- Defend the inclusion of the Agricultural, Forest, and Energy sectors in COP 26 in the article 6 project types.
- Establish partnerships between companies.
- Foster the potential for economic development, and carbon neutrality in the long term.