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Overcoming the financial barrier to a low emission development strategy in Brazil

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Overcoming the financial barrier to a low emission development strategy in BrazilLa Rovere, E.L.¹; Grottera, C.²; Wills, W.³**Acknowledgements:**

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Abstract

This paper presents two low GHG emission scenarios for Brazil up to 2050, and discusses the impact in the implementation of a deep decarbonization scenario of a financial device allowing for decreasing capital costs of mitigation investments. Section 1 presents the Brazilian development context and the recent evolution of the country's GHG emissions. Two GHG emission scenarios up to 2050 are presented in Section 2: a governmental plan scenario assuming the achievement of NDC targets up to 2030 and the extension of current policies up to 2050; and a deep decarbonization scenario leading to a national GHG emission pathway compatible with an international effort targeted to stabilize the global temperature at 1.5 °C above pre-industrial levels. Section 3 presents a comparative analysis of the scenario results for key economic and social indicators. The adoption of a new financial device allowing to decrease capital costs of low carbon investments in Brazil is simulated in Section 4. The Conclusions summarize the main findings of the exercise, highlighting the potential of innovative financial mechanisms to foster the transition to a low carbon society in developing countries, as illustrated in the case of Brazil.

Introduction

The Paris Agreement reached at COP21 of the UNFCCC in 2015 calls for stabilizing global average temperature at well below 2 °C above pre-industrial levels. This target requires global

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