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## Norway, U.S. May Pledge Up to \$6 Billion to Fight Deforestation

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By Alex Morales

May 21 (Bloomberg) -- Norway, the U.S., the U.K. and other donors may raise pledges to help save forests in poorer nations to \$6 billion, said Jens Riese, head of sustainable economic development at the consultant McKinsey & Co.

The money includes \$3.5 billion that was already promised at the United Nations climate summit in Copenhagen in December. Those funds are due to be paid by the end of 2012. The countries, which include Japan, France, Australia and Germany, plan to boost funding to \$5 billion to \$6 billion, Riese said in an interview in London today. More countries may join, he said.

Because forests absorb carbon dioxide, clearing them accounts for about 17 percent of the world's annual emissions of CO2 and other greenhouse gases. Keeping the trees in place and limiting the burning of rainforest is an important part of the effort to curtail global warming, the UN says.

"For the developed world, it's a cheap source of carbon emissions savings," said Riese, who attended a meeting of donor and recipient nations in Paris in March. "For the developing world it's an economically attractive way of shifting the economy to low-carbon development."

The pledges may be announced at a meeting on May 27 of donors and forested countries in Oslo, Riese said.

Riese, who advises the governments of Papua New Guinea and Congo on forestry, said global funding will need to ramp up to \$20 billion to \$30 billion a year in order to halve net deforestation by 2020 and stop it by 2030. McKinsey also advises Indonesia, Brazil and Guyana.

Papua New Guinea could get five times as much money by protecting its forests and selling carbon credits than from the timber it exports, he said. That uses an assumed carbon price of \$5 to \$10 per ton of carbon, cheaper than the approximately 12 euros (\$15) it costs to buy a 1-ton UN carbon offset.

Riese said the funds for avoided deforestation would mainly be channeled through bilateral agreements between donors and tropical forest nations such as Brazil and Guyana, though the World Bank and the UN could also be used.

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