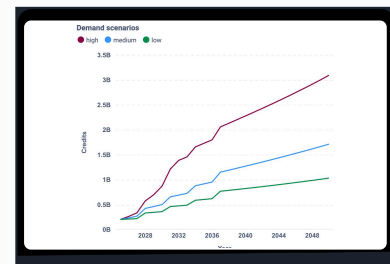


AlliedOffsets Forecasting Model

Unlock insights into carbon credit potential across sectors and geographies.



The Carbon Market Opportunity

1.3 Billion

2025

+12,285%

161 Billion

2050

The Voluntary Carbon Market is currently valued at **\$1.3 billion** but AlliedOffsets projects this to exceed **\$161 billion by 2050**, driven by rising demand, stricter quality standards, and growing net zero commitments. Despite today's market being fragmented, oversupplied with low-integrity credits, and constrained by low prices, a shift toward high-integrity carbon markets is underway. We can run different demand scenarios to show what the market would look like under different trajectories. Our customized, data-led approach empowers companies to make informed, future-proof investment decisions during this transition.

Tailored For Diverse Market Stakeholders & Customization

This model is designed for easy customization, enabling users to test their own assumptions. It was developed with the following user groups in mind.



Investors and project developers looking to understand how to best deploy capital



Project developers looking to understand how demand and price for credits will evolve in the future, and what competing supply of credits may look like.



Buyers of credits needing a price projection for the market



Regulators, policymakers, and negotiators needing to understand volumes of credits under various scenarios



Consultants and research organizations aiming to test out potential market outcomes

How the Model Works

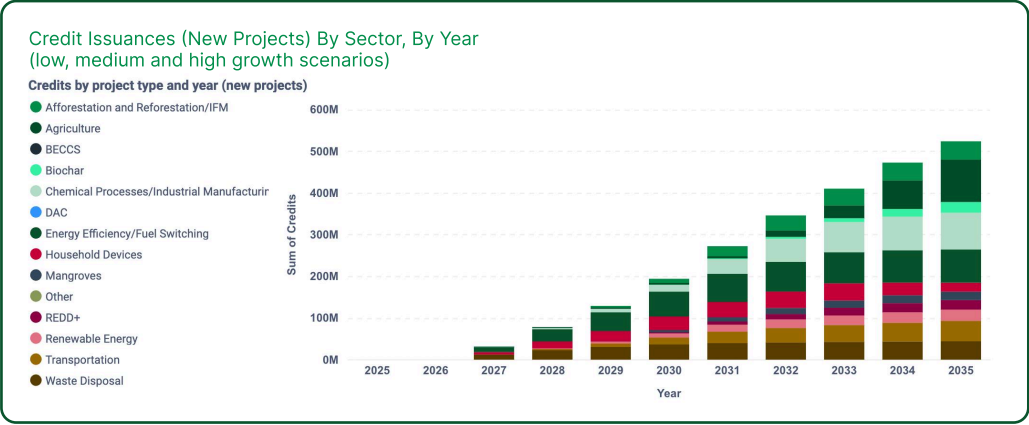
- Detailed Supply Dynamics:** Our close work with project developers gives us strong insight into the market's capacity to generate new projects, based on the credit prices developers expect. This enables us to forecast when and how many credits will be issued, across which sectors, in which countries, and at what price points.
- Demand Affects Price:** Low demand limits price growth, which in turn restricts the market to only low-cost projects capable of competing at such price levels. This creates a cycle of constrained development unless demand increases.
- Responsive Demand:** Rising demand leads to higher prices, unlocking the economic viability of more project types and sectors. This enables growth beyond the traditional focus areas, supporting broader carbon credit generation.
- Sustainable Movements:** By analyzing large-scale trends, the model forecasts sustainable market shifts, identifying long-term trends such as regional and sectorial growth, investment and employment opportunities.

AN OVERVIEW OF THE FORECAST TOOL CAPABILITIES

Forecasting Model Use Cases for the Carbon Market

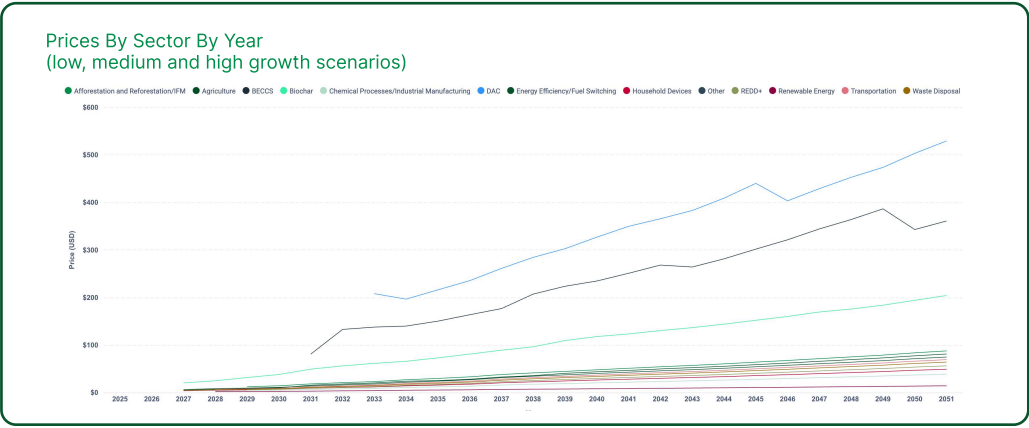
1 Supply Forecasting by Sector and Geography

The tool models annual credit issuances from new projects across 15+ carbon credit types under low, medium, and high growth scenarios. Outputs include volumes by sector and geography, to project how supply will look like in any given year.



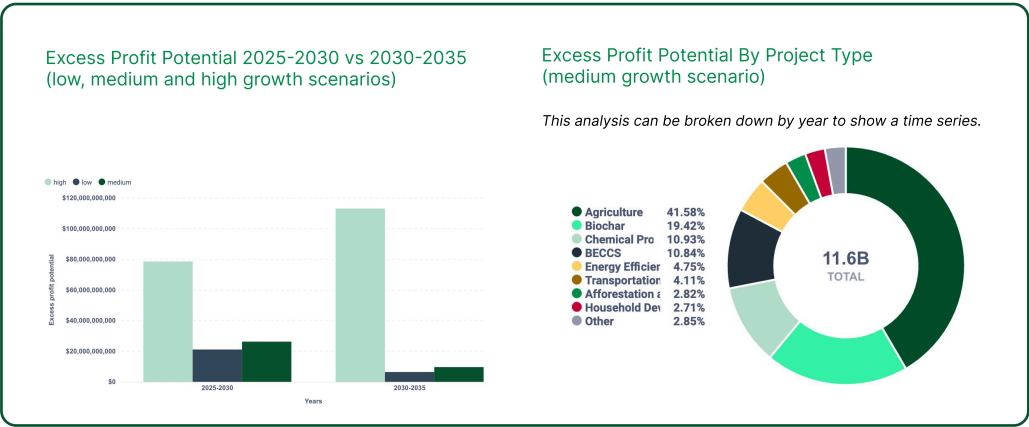
2 Price Forecasting by Sector

The tool provides price trajectories by sector out to 2060, enabling users to anticipate future credit economics. The tool can also be used to model custom scenarios.



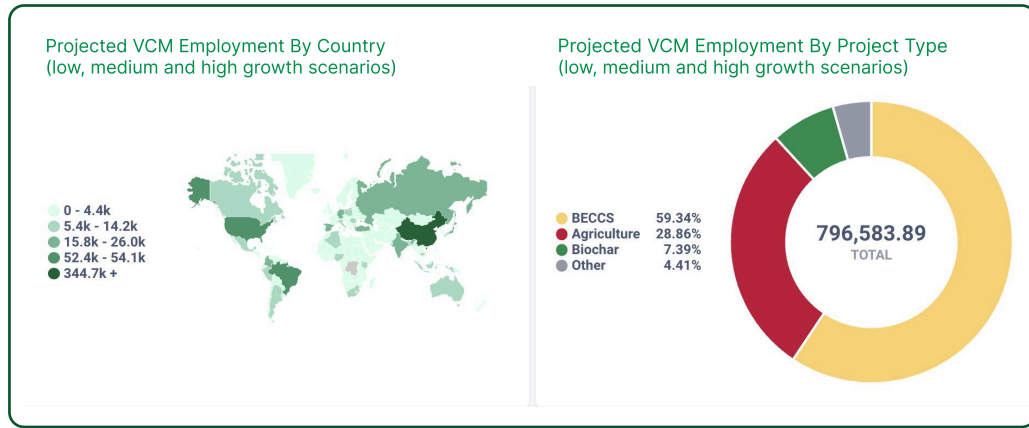
3 Investment and Profitability Insights

By forecasting excess profit potential, the tool reveals which regions and technologies are likely to attract capital.



4 Revenue and Employment Potential

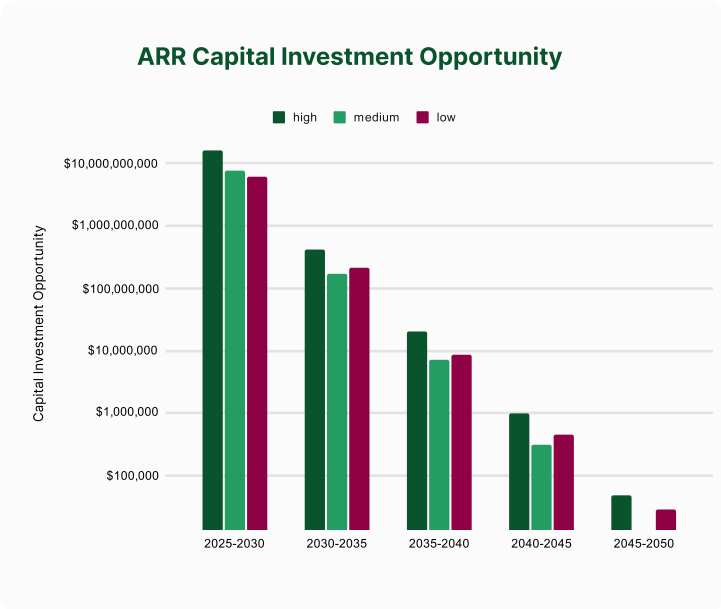
Building on forecasts for supply and demand across different credit types and geographies, the model can estimate revenue and employment potential for the VCM globally.



Investment Timing: Unlocking Value in a Target Project Type

The forecasting tool enables investors to evaluate returns across project types (e.g. ARR, Cookstoves, Direct Air Capture) and demand scenarios (high to low), compare outcomes across timeframes (e.g. 2025–2030), and identify high-return geographies.

It also highlights emerging VCM sectors by region (e.g. Latin America's VCM sizing and composition in 2035), and allows users to assess how their capital compares to the total funding needed to scale specific sectors or jurisdictions



Example

- Private equity firms investing in Afforestation, Reforestation, and Revegetation (ARR) projects can unlock significant upside by entering the market early.
- Between 2025 and 2030, **profit potential ranges from \$6.2B to \$16.0B**, depending on carbon demand growth.
- Explore forecasted prices of ARR technologies against other project types (e.g. **Bio-energy Carbon Capture** and **Storage, BECCS**, or **Biochar**).

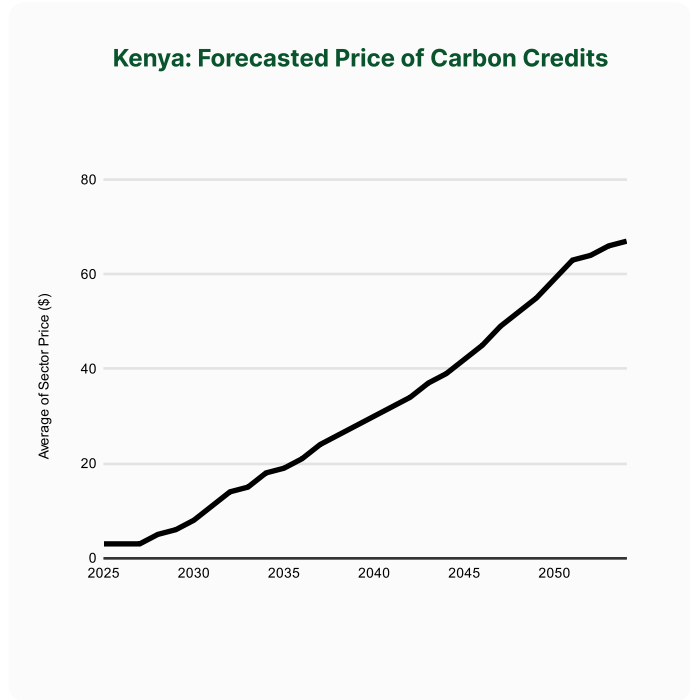
Market Interventions Shaping Market Trajectories

The tool helps policymakers assess how regulatory choices can shape the voluntary carbon market, both at national and sectoral levels. It models how different policy instruments -

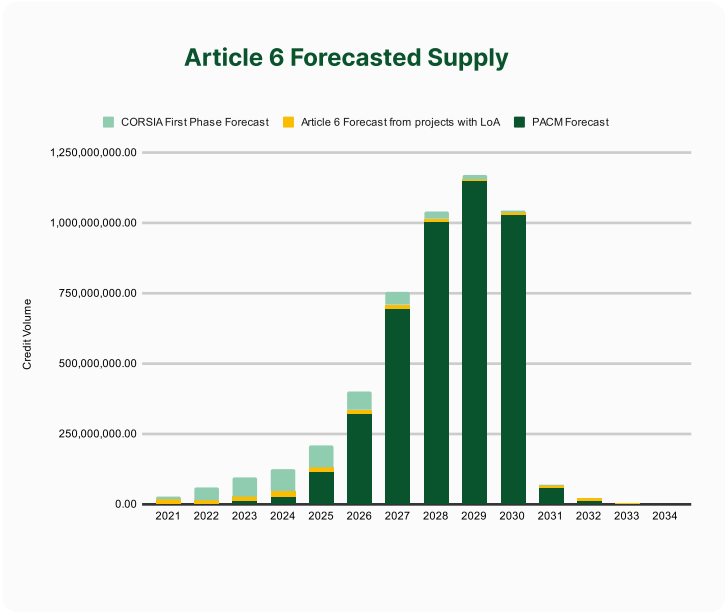
such as credit price floors, public procurement targets, or streamlined MRV - could impact credit issuance, revenue, and job creation.

Example

- Countries such as Kenya can model the impact of **introducing a floor price** (e.g. \$30/tCO₂e in 2030) and its impact on the market size by 2050.
- AlliedOffsets Forecasting allows for **projected average market prices up to 2050**, which can also be split by sector across 3 scenarios.
- Calculate **potential fiscal revenues** from the voluntary carbon market towards the national Treasury and adaptation funds, **attract public and private investments** with estimated 10% real return on investment figures overtime, forecast direct and indirect jobs created in the country's real economy.



Forecasted Article 6 Credit Supply



Example

- AlliedOffsets Forecasts provide forward-looking projections of Article 6 credit supply from **both active and anticipated projects**.
 - Our data covers expected volumes of internationally transferred mitigation outcomes (ITMOs) and Article 6.4 emission reduction units (A6.4ERs), mapped across jurisdictions up to 2050.
- Use the platform to pinpoint **where** supply will emerge, **when** it will arrive, and **how it aligns** with demand signals from key buyers, including CORSIA, Singapore’s carbon tax, and others. Price forecasts are coming soon.

APPENDIX

Key Model Component	Implications
Modelled forecasted supply at a given price	Decisions to invest in projects stems from project viability (where profits for selling each credit exceeds minimum set up costs).
The VCM has a market-clearing price	From the point that the VCM has a single clearing price (AO500), sectoral premiums and discounts on that price generates outputs from the model.
Demand for offsets will increasingly be from compliance sources	Demand for credits increases until 2050, price sensitivity decreases for companies as they become subject to a current or future compliance regime (ETS)
Prices of credits can be fixed and valid for project lifetime	Developers can assess prices (real and adjusted) they need to sell their credits to make projects viable.
Real-world constraints to supply	Finite resources (land, energy capacity, households) place limits to numbers of projects which can be set up per geography.

The AlliedOffsets Forecasting Tool equips climate stakeholders with the insights necessary to navigate a fast-evolving carbon market. With granular forecasts on **supply, price, employment, and profitability**, it provides a strategic edge, especially for those shaping the next phase of carbon finance in developing countries. By helping anticipate how and where the carbon market grows, the tool supports **more targeted climate action, investment mobilization, and inclusive development**.

Explore the full capabilities of the forecast tool



Book a Call