

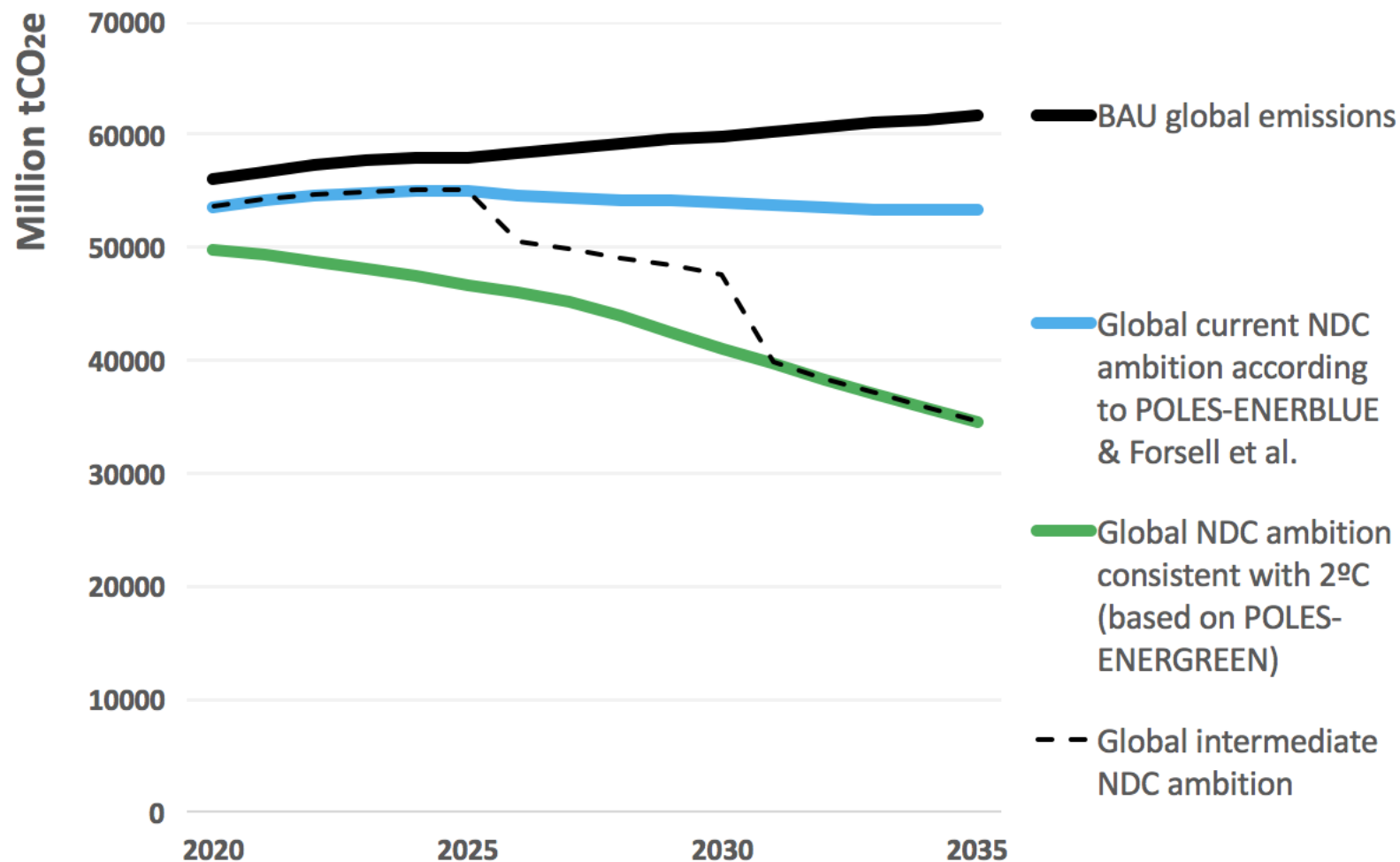
# Modeling Emissions Trading Systems: International Cooperation

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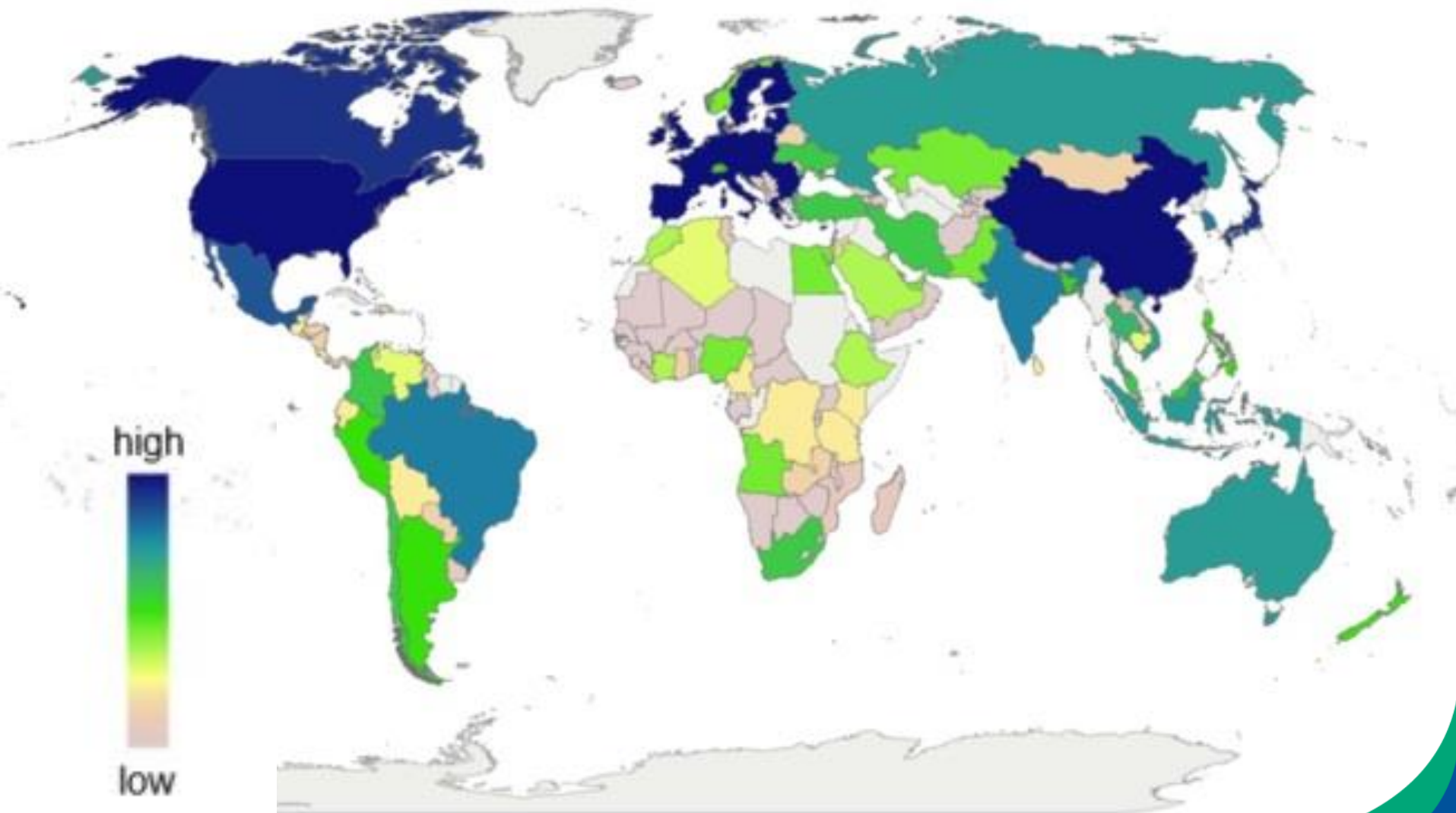


# NDC ambition is perspective



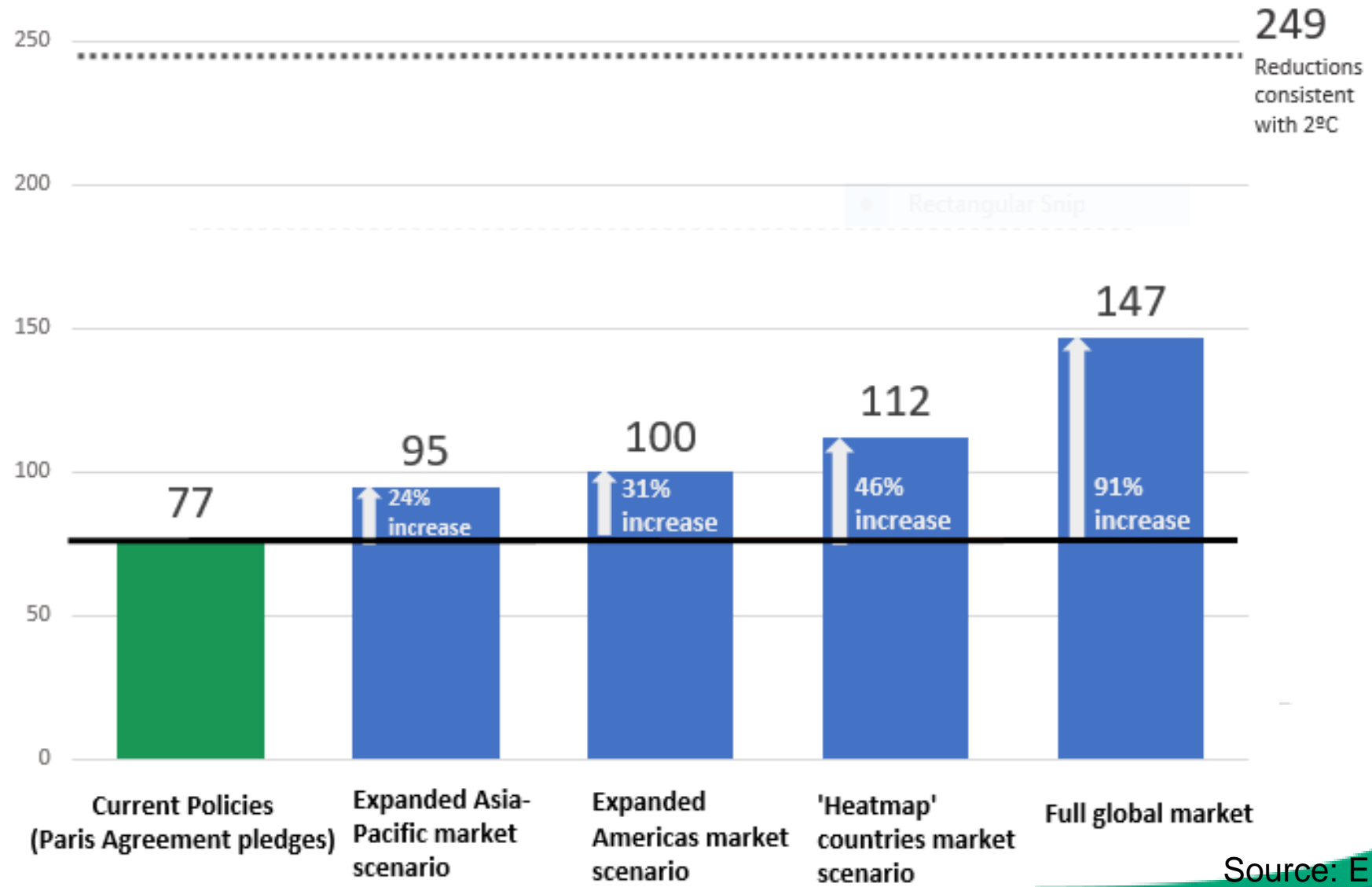
Source: EDF based on Enerdata/POLES, IIASA, FAO

# Market readiness and priority: “Carbon Markets Heat Map”



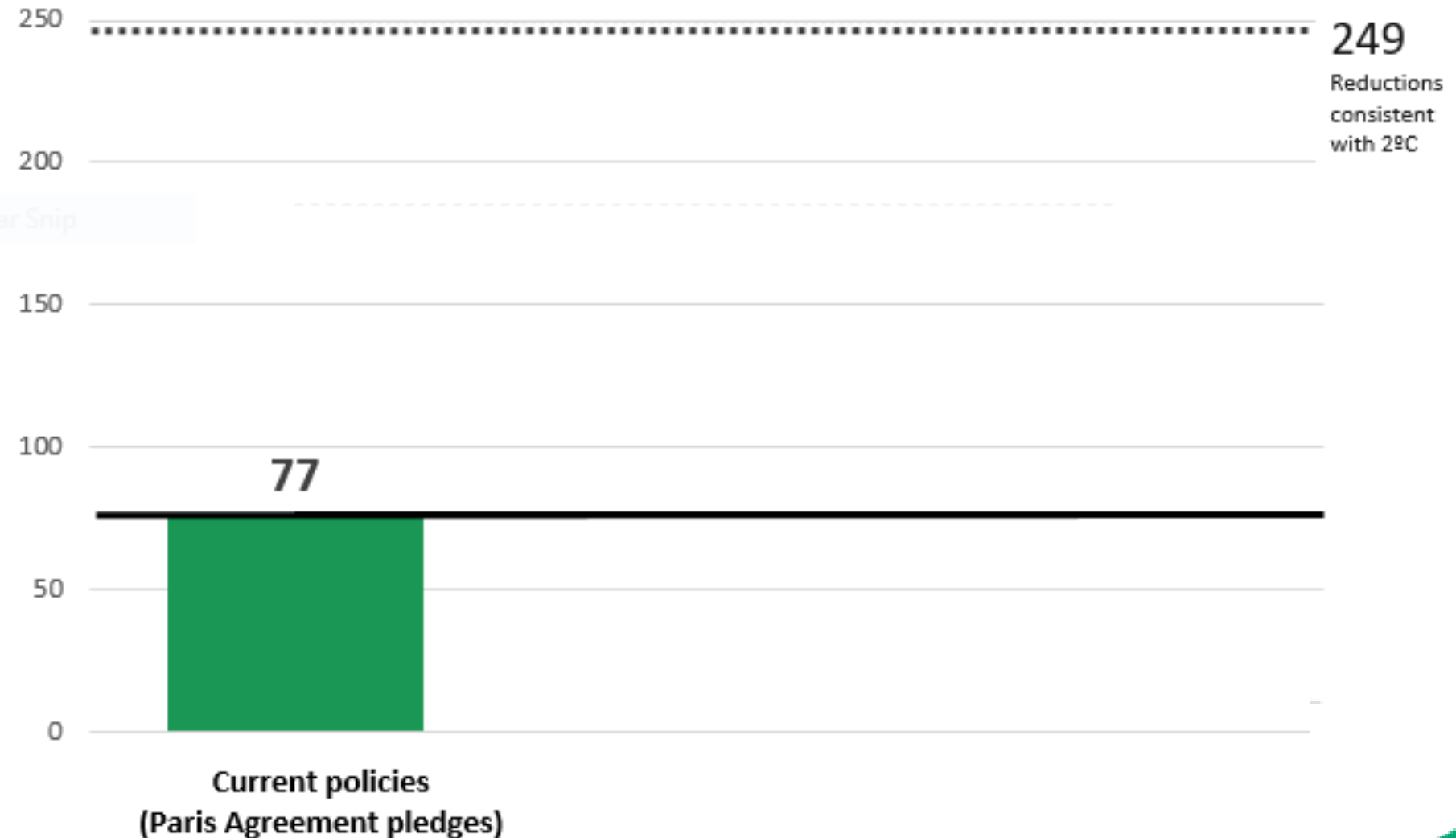
# Global carbon markets can enable almost double the emissions reductions at the same total cost as current policies

Total emissions reductions from 2020-2035 in billion tonnes CO<sub>2</sub>e



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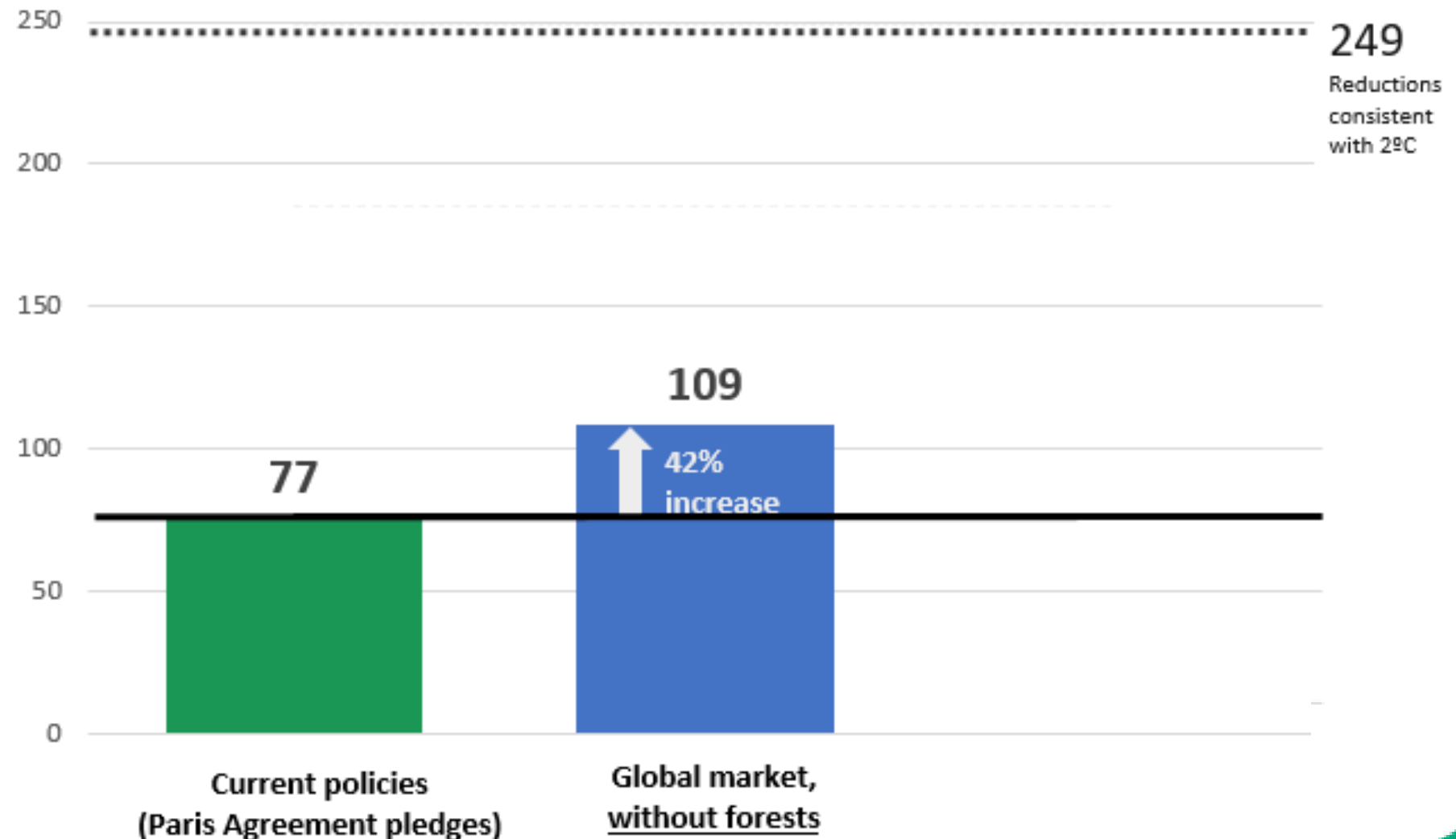
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Source: EDF

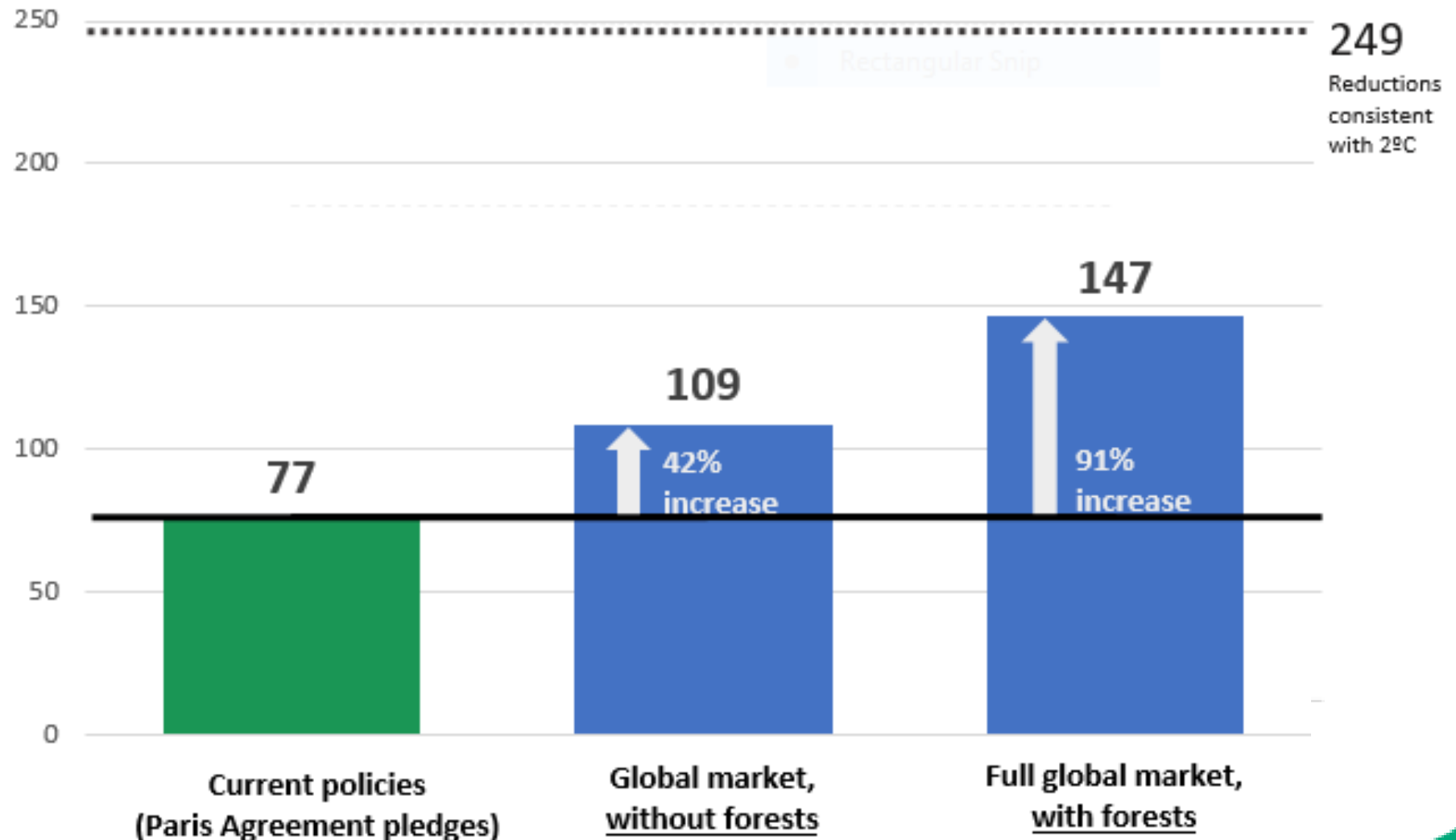
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POLICY ANALYSIS ARTICLE



# Escaping the climate policy uncertainty trap: options contracts for REDD+

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## ABSTRACT

Climate policy uncertainty significantly hinders investments in low-carbon technologies, and the global community is behind schedule to curb carbon emissions. Strong actions will be necessary to limit the increase in global temperatures, and continued delays create risks of escalating climate change damages and future policy costs. These risks are system-wide, long-term and large-scale and thus hard to diversify across firms. Because of its unique scale, cost structure and near-term availability, Reducing Emissions from Deforestation and forest Degradation in developing countries (REDD+) has significant potential to help manage climate policy risks and facilitate the transition to lower greenhouse gas emissions. 'Call' options contracts in the form of the right but not the obligation to buy high-quality emissions reduction credits from jurisdictional REDD+ programmes at a predetermined price per ton of CO<sub>2</sub> could help unlock this potential despite the current lack of carbon markets that accept REDD+ for compliance. This approach could provide a globally important cost-containment mechanism and insurance for firms against higher future carbon prices, while channelling finance to avoid deforestation until policy uncertainties decline and

## ARTICLE HISTORY

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## KEYWORDS

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Thank you!

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