



GLOBAL CARBON REWARD

FROM CLIMATE GRIDLOCK
TO A REGENERATIVE FINANCIAL SYSTEM



2022

TWO-PAGE POLICY SUMMARY



Policy Summary

The Global Carbon Reward (GCR) is a new international climate policy that can mobilise the large-scale finance and broad cooperation that are essential for achieving the 1.5-2.0°C goal of the Paris Agreement.

The GCR represents an economic system-change because it will offer a “carbon reward” to financially incentivise the reduction of greenhouse gas (GHG) emissions and the removal of GHGs from the atmosphere — at speed and scale. The reward is therefore a market price and a positive incentive that will be granted for mitigated carbon, however the reward will also be *debt-free* and *scalable* to bridge the investment gap of the Paris goal, which is estimated to be about:

- US \$3-6 trillion per year for cleaner energy and emissions reductions¹
- US \$100 trillion by the year 2100 to remove at least 640–950 GtCO₂ from the atmosphere².

The GCR offers a new political solution to the “free-rider” problem by not creating any direct costs for governments, businesses or citizens. Rather than creating more debt, the carbon reward will be financed through an investment vehicle (see Carbon Currency) that will be conveniently traded in open markets, and will be underwritten with an international central bank guarantee (see Carbon Exchange Authority).

The GCR will not involve carbon offsetting, and it will limit greenwashing and double-counting through service-level agreements, accreditation programme, and transparency. Moreover, uniform accounting standards and the predictable long-term GCR price will attract the required investing, scientific research, and project development on a global scale.

Carbon Currency

The GCR policy is designed to issue the carbon reward in the form of a “carbon currency” (CC). The CC will have the dual functions of a pricing tool and an investment vehicle. The CC will be created and issued in proportion to the mass of mitigated carbon that results when project owners can verifiably:

- produce cleaner energy and retire fossil energy assets
- develop cleaner businesses, industrial processes, and supply chains
- remove carbon from the ambient atmosphere and store it safely.

By design, the CC is not a type of “money” because it will not be used to pay for goods and services. The CC is not a cryptocurrency.

The CC will perform as a “store-of-value” until it is converted into national fiat currencies via banks and currency traders. The CC’s exchange rate will be partially managed so that it never falls below a guaranteed floor price. The CC is justified with a revised economic theory that takes into account liquidity and risk (see over).

Communities & Ecosystems

The carbon reward will be calibrated to the Paris goal, but it will also be adjusted to preferentially support projects that promote co-benefits and avoid harms. This is to incentivise new technologies and businesses that evidently improve:

- energy reliability (load levelling, etc)
- community wellbeing (green jobs, food security, etc)
- ecosystem health (biodiversity, pollution reduction, etc).

1 IRENA (2019) , IEA (2021) , OECD (2018) and McKinsey & Company (2022)
2 Estimated from Luderer et al. (2018) and assuming US\$100 per tCO₂

Revised Economic Theory

A revised theory for the market failure in carbon has been developed to justify the GCR policy. The theory states that in order to rapidly achieve net-zero carbon emissions a minimum of two pricing mechanisms are needed: (1) a tax on emitted carbon to manage costs, and (2) a reward for mitigated carbon to manage risks. These complementary carbon prices are foundational to a holistic policy toolkit that may also include cap-and-trade, regulations, subsidies, carbon credits, green new deals, etc.

The GCR policy is proposed to create a *positive externality* that takes the form of a *global public good*. This public good is the institutional capacity to assess and limit the systemic risk of carbon-driven climate destabilization. For further details, see the *carbon pricing matrix*:

<https://globalcarbonreward.org/carbon-currency/pricing-theory/>

Call for Support

The GCR team welcomes new members, collaborations, and partnerships for:

- engaging with policy makers and central banks
- policy reviews and refinement
- advocacy and endorsements
- corporate sponsorship and foundation grants
- FinTech, digital platform, and IP development
- media relations

Contact Details

Dr Delton Chen (Project Director)
Global Carbon Reward (GCR)
<https://globalcarbonreward.org/delton.chen@globalcarbonreward.org>

Mr Richard Schorske (GCR Ambassador)
Global Carbon Reward Alliance (GCRA)
<https://gcralliance.net/richard.schorske@globalcarbonreward.org>

Carbon Exchange Authority

A new international body, called a Carbon Exchange Authority (CEA), is proposed to implement all aspects of the GCR policy, including the determination of the CC floor price in currency markets, and the coordination of central banks for defending the CC floor price. The required central bank operations will be coordinated under a new international monetary protocol, called *Carbon Quantitative Easing* (Carbon QE). Carbon QE does not involve excessive money printing or unregulated inflation. For further details, see:

https://en.wikipedia.org/wiki/Carbon_quantitative_easing

About the GCR

The GCR was founded in 2014 by Dr Delton Chen. The GCR is fiscally managed by Inquiring Systems Inc. (ISI), a non-profit based in Sonoma County, California, USA, and founded in 1978.

Public Notice

The GCR policy continues to evolve in dialogue with key stakeholders, and later revisions of the policy will reflect these refinements.

