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Nature, People, and Carbon Markets: Why Article 6 Should Sideline the Trade in Nature-Based Credits

POLICY BRIEF

Bennett Jarvis, Brendan Schwartz, Vittoria Moretti, Joe Eisen.
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RECOMMENDATIONS

1. Climate negotiators at COP30 should exclude the trade in nature-based projects under Articles 6.2 and 6.4 due to ongoing concerns over non-permanence. Instead, source finance for nature-based projects through Article 6.8's NMAs.

2. VCM standards bodies Article 6 standards, and national legislators should vest ownership of carbon "assets" derived from nature in the legitimate land/forest tenure owners.

3. VCM standards bodies should require robust minimum standards for negotiating benefit-sharing agreements and their substantive provisions. Best practices should further serve as a basis for communities decision-making in NMA agreements under Article 6.8.

4. National governments of both host and buyer countries should work toward maintaining exhaustive publicly accessible project databases.

SUMMARY

As negotiators head into critical discussions on Article 6 of the Paris Agreement at COP30 in Belém that could trigger a boom in the struggling carbon markets, this policy briefing highlights several outstanding issues that must be addressed to prevent nature-based offset projects from further entrenching human rights violations and the trade of carbon credits that do nothing to sequester carbon in the real world.

Importantly, we argue that the trade in nature-based offsets should be entirely excluded under Articles 6.2 and 6.4 of the Paris Agreement. We further believe that nature-based offsets should be excluded from the VCM as well. Rather, Indigenous peoples and local communities, particularly in the Global South, should receive financing from non-market arrangements (NMAs) under Article 6.8 in order to protect nature and high carbon stocking ecosystems. To scale NMAs and protect communities while nature-based offsetting continues, we advocate further for ownership of carbon assets to derive from legitimate land/forest tenure ownership, for the vast improvement of benefit-sharing arrangements, and for exhaustive, publicly accessible registries.





Introduction

The Voluntary Carbon Market (VCM) has struggled in recent years due to ongoing concerns over the credibility of carbon offset projects but is poised for a boom with some analysts predicting a market value of \$1.1 trillion USD by 2050.¹ VCM proponents laud the market's ability to mobilize private sector financial resources at scale, as wealthy governments have repeatedly failed to meet targets for public climate finance to protect key ecosystems or develop renewable energy in the Global South.² Finance for ecosystems through nature-based carbon projects represent a significant percentage of the VCM: Microsoft, Meta, and Total have signed deals worth hundreds of millions of dollars and demand increased by 50% in 2024.³ Industry players are betting market growth, particularly for nature-based projects, will be stimulated in large part by implementation of the Paris Agreement's Article 6 which, through its 6.2 and 6.4 market mechanisms (explored further below), stand to generate demand from sovereign and institutional actors.⁴

Yet this potential boom in the VCM and the implementation of Article 6 obscure fundamental problems.⁵ Critics have long argued that the practice of carbon offsetting is a distraction from decarbonization of the global economy and promotion of climate justice.⁶ There is growing scientific evidence that "carbon offsets fail to cut global heating due to 'intractable' systemic problems."⁷ This is especially the case with nature-based offsets which are non-permanent/temporary carbon removals in most cases and thus ineffective for 'offsetting' fossil fuel emissions.⁸ Furthermore, market actors have been largely unwilling to place the livelihoods and wellbeing of the communities maintaining critical ecosystems at the center of nature-based projects, often exposing them to immense harm and rights violations.⁹ While there are some exceptions to these trends, and organizations like the Integrity Council for the Voluntary Carbon Market (ICVCM) have proposed more robust standards, we argue the structural flaws in nature-based offsets are so severe they cannot be corrected.

For these reasons, we join other organizations in calling for land and nature-based carbon offset projects to be entirely excluded from Articles 6.2 and 6.4 of the Paris Agreement.¹⁰ Instead, Indigenous peoples and local communities should receive financing from the non-market arrangements (NMAs) provided for in Article 6.8, which will likely produce better carbon biosequestration results and be more respectful of human rights compared to market approaches. To scale NMAs and secure the rights of Indigenous peoples and local communities, the ownership of carbon should be vested in the legitimate land/forest tenure owners, whether private land owners or land/forests held under collective tenure arrangements; high-quality standards need to be implemented for the Benefit Sharing Agreements (BSAs) signed with communities; and we advocate for improving public carbon registries that must publish complete data to ensure transparency in the VCM and Article 6 implementation.



Whilst we recognize that many problems within the VCM are intractable, and we advocate for the withdrawal of nature-based offsets from market mechanisms, we acknowledge that nature-based VCMs will continue to operate for the foreseeable future, causing significant harm to local and Indigenous populations. Therefore, our recommendations contained in this briefing note aim to minimize these harms until alternative financing mechanisms are available at scale. This can be achieved by implementing stronger safeguards such as clarifying carbon ownership, strengthening standards for benefit sharing agreements (BSA) and ensuring accessible and transparent information.

BOX 1: Carbon Offsets and Credits

Carbon offsets are the “reduction, avoidance or removal of a unit of greenhouse gas (GHG) emissions by one entity, purchased by another entity to counterbalance a unit of GHG emissions by that other entity.”¹¹ Offset projects—which can include forest conservation or tree-planting, deployment of clean cooking stoves, or renewable energy projects to replace fossil fuel energy—generate “credits”, each equivalent to one metric tonne of carbon dioxide equivalent (mtCO₂e).

Projects that generate credits based on reforestation or preserving CO₂ in vegetation or soil are often referred to as nature-based offsets. Project developers design and implement projects. Certification bodies (also known as standards bodies) give approvals for projects after validation bodies examine the underlying process and science against their standards. Carbon registries issue the credits and track their use (retirement). And carbon ratings agencies evaluate the quality of carbon credits and give ratings to clients.

Individuals, companies or countries (typically large multinational enterprises or wealthy countries) that pollute the atmosphere with GHGs can purchase credits to reduce their ‘net’ carbon footprint; at least on paper. Many of these credits are traded on the international Voluntary Carbon Market (VCM), while others are bought and sold on legally binding “Compliance Markets” such as the European Union’s or China’s emissions trading schemes. Soon carbon credits will be traded globally according to rules being finalized by the Paris Agreement on climate change.

Section 1: What is Article 6 of the Paris Agreement and why does it matter?

Carbon market actors hope the finalization of the Article 6 technical guidelines will contribute to interoperability across carbon markets globally and drive finance into nature-based projects. However, the lack of durability of carbon removals, unscientific claims about avoided deforestation, and weak protections for project-affected communities raise serious concerns.



BOX 2: Article 6 of the Paris Agreement

Article 6.2: Provides guidance for states to use Internationally Transferred Mitigation Outcomes (ITMOs) towards their NDCs; country-level plans to reduce GHGs. A host country may transfer ITMOs to a buyer country through a bilateral or multilateral agreement, receiving investments, support for capacity building, or access to technologies not available through domestic sources.¹²

Article 6.4: Establishes a new UNFCCC mechanism called the Paris Agreement Crediting Mechanism (PACM) for governments and private companies to trade credits referred to as A6.4ERs.¹³ The Parties to the Paris Agreement also established a 12-member Supervisory Body to oversee the mechanism.¹⁴ Key regulations governing the PACM are supposed to be adopted at COP30 in November, 2025.

Article 6.8: Creates opportunities for cooperation, including but not limited to finance, in support of holistic Non-Market based Approaches (NMAs) for implementing NDCs, offering a much broader scope than 6.2 or 6.4.¹⁵ It does so by establishing a centralized UNFCCC website where countries can submit mitigation projects and specify where support is required, serving a sort of ‘match-making’ function between collective land or forest owners and sources of finance.¹⁶

The implementation of regulations governing global carbon markets under Article 6 is expected to be finalized at COP30 in Brazil, with market actors projecting that these regulations will support global interoperability and convergence across carbon markets.¹⁷ Though these policies may facilitate a boom in the trade of carbon credits, it is unlikely that significant amounts of carbon reductions will occur because of weak scientific standards for monitoring nature-based carbon offset projects.

In 2025, there has been significant debate about the Draft Standard on non-permanence and reversal risks for the PACM. These are the rules that would govern what happens if a carbon credit is sold based on carbon stored in forests that are later cut down or lost to fire, for example. The Draft Standard defines a reversal as “*a net loss in the storage of a greenhouse gas... for which A6.4ERs have been issued.*”¹⁸ Under the Draft, carbon project developers have the opportunity to end post-credit monitoring of reversal risks “if they can demonstrate that their storage of greenhouse gases or precursors of greenhouse gases is at a negligible risk of reversal” over a 100-year timeframe.¹⁹ Some carbon market participants have argued that the Draft 100-year monitoring requirement is too costly, which could greatly reduce or eliminate the number of nature-based offset projects in the PACM.²⁰ In early October 2025 the PACM Supervisory Body conditionally approved the Draft but removed references to “indefinite monitoring” and proposed that monitoring periods be determined by carbon crediting methodologies to be approved later, effectively green-lighting nature-based



projects in PACM.²¹ The revised framework also allows carbon project developers to end the monitoring of carbon storage in nature-based projects if there is an “approved insurance policy” in place.

In simple terms, if these rules are adopted at COP30, it is very likely that large amounts of carbon credits will be traded based on nature-based offset projects that will fail to stock carbon in the long-term. These will be carbon reductions on paper only, but not in real life. The draft framework caters to the desired “risk-based approach” advocated by market proponents instead of the scientific guidelines proposed by PACM’s own Methodological Expert Panel (MEP).²² This is likely a direct result of the fact that 76% of the responses to the Draft Standard’s call for inputs came from “stakeholders that have a direct or indirect financial interest in carbon credits, most of which called for the Supervisory Body to water down the draft rules.”²³

Section 2: Who owns carbon credits?

The legal status of nature-based carbon credits remains murky. Efforts to clarify this status have, thus far, neglected the tenure rights of communities in determining who owns carbon credit “assets.”

Companies seeking to develop nature-based projects on the VCM have operated in a legal void for decades. Basic questions about what a carbon credit is, how they are “created” and who owns them continue to plague the industry; including in jurisdictions where governments have fairly comprehensive frameworks governing carbon projects. So-called “carbon cowboy” companies continue to exploit this situation to develop projects on communally held or public lands that restrict how communities access and use resources; often without free, prior and informed (or any) consent (FPIC) from the legitimate land or forest tenure holders (see Box 3).²⁴

BOX 3: Land and Resource Tenure

Existing land and resource tenure policy instruments provide guidance that is increasingly relevant to the nature-based segment of the carbon market. To avoid disputes between carbon project developers and communities, government regulators and market actors should look to the “Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGTs).” In 2012, the United Nations’ Food and Agriculture Organization (FAO) convened UN member countries in intergovernmental negotiations to create the VGGTs which specify that governments should “provide legal recognition for legitimate tenure rights not currently protected by law [and ...] should provide systems (such as registration, cadastre and licensing systems) to record individual and collective tenure rights.”²⁵ While there is no universal definition, “legitimate



BOX 3 Continued

tenure rights” generally include recognition of collective and customary land tenure systems that pre-date colonization, avoid discrimination, and continue to enjoy a degree of socio-cultural legitimacy.²⁶ Examples of such rights include the collective tenure rights of land in Indigenous territories, pastoralist rangelands and forests with socio-cultural and economic importance to communities. Though there has been progress in recognizing legitimate tenure rights, countries considering hosting nature-based carbon projects should accelerate VGGT implementation as a precursor. The registration of collectively-held customary and Indigenous lands would help clarify who owns nature-based carbon credits.

Thus far, market participants have approached carbon credits traded on the VCM as intangible property assets. The International Institute for the Unification of Private Law (UNIDROIT) has been working on a project to formalize principles on this legal status.²⁷ The Principles claim that a credit can be subject to proprietary rights—indeed, that it must be considered as such to attract investment at scale. Scaling market demand through standardization and risk mitigation has been central to the development of these Principles.²⁸ The Principles also state i) a carbon credit comes into existence when it is credited to an account on a registry; ii) a credit may be subject to security rights; and iii) many of the specifics regarding carbon credit acquisition, ownership, and security interests should be left to domestic law.²⁹

But domestic law has generally not provided clarity on these issues (see Box 4), and the market consensus thus far, reified in UNIDROIT’s Draft Principles, is that carbon credits become assets once issued on a registry, giving rise to the working assumption that carbon project developers assume ownership of the assets.³⁰ Questions regarding the validity of this assumption have recently emerged since, presumably, the ownership of carbon credits would be derived from ownership of the underlying land assets or forest tenure. Thus, there is a growing sense that rights to biosequestered credits should flow from holding these legitimate tenure rights.³¹ Verra’s update to its Verified Carbon Standard (VCS 5.0) does not designate legitimate land/forest tenure holders as the rightful owners of carbon credits, though it recognizes that existing practices have led to conflicts.³² The certification body is therefore reconsidering whether project developers must furnish proof of the right to sell or transfer carbon credits and has proposed separating these rights from exclusive decision-making rights on land-use, rights to the carbon pools or sinks themselves, or full control over revenue streams.³³ These developments from Verra are welcome, however we believe they are incapable of resolving the underlying ownership issue.



BOX 4: Kenya's Carbon Legislation

In the case of Kenya, the government's recent carbon market laws have muddied the waters on carbon credit ownership for land or nature-based offsets. Kenya's Climate Change (Amendment) Act of 2023 and Carbon Markets Regulations of 2024 fail to designate ownership of carbon credits, instead providing guidance on how a "project proponent" may obtain consent from communities to develop a project, enter into a Community Development Agreement (CDA) that is overseen and mediated by the government, and pay a 40% royalty on "aggregate earnings" to impacted communities.³⁴ In practice, this has resulted in the government assuming increased control over carbon project contracts, and thus community lands on which the offsets are based.³⁵ This is in contradiction to the spirit and statutes of Kenya's 2016 Community Land Act which recognizes rural communities' customary right to land as having equal effect in law as registered freehold or leasehold titles, meaning communities are free to manage collective lands as they see fit (like private landowners) without direct government involvement.³⁶

Section 3: What are the benefits communities receive from nature-based carbon projects and how are they determined?

Benefit Sharing Arrangements (BSAs), the contracts signed between nature-based carbon project developers and communities that are legitimate land/forest tenure holders, are seriously inadequate when they exist at all. Prevailing practices assume project developers control rights to carbon assets while exposing communities to harm, rights violations, and give land/forest holders few reasons to support projects.

In lieu of designating land/forest tenure holders as owners of carbon credits, a small number of carbon companies and a few countries have promoted BSAs for communities to derive benefits by hosting offset projects. Yet, the carbon industry as a whole has not embraced good benefit sharing practices and has been actively pushing back against BSAs entirely. When ICVCM attempted to integrate mandatory BSAs into its Core Carbon Principles, all but one standards body rejected the idea, claiming that mandatory BSAs would infringe upon confidentiality and are beyond their scope and capacities.³⁷ Verra's standard (VCS 4.7) does require BSAs "where relevant" and for the project developer to provide them to the validation body and community, though not to publicly disclose the agreements.³⁸

Furthermore, where they do exist, the carbon industry has approached BSAs as a tool for project developers to take control of credits and share (often minimal) benefits with communities. To the contrary, BSAs should be a tool for communities—who are the rightful



owners of the carbon by virtue of their collective tenure rights—to seek investment from private and public sources under the auspices of Article 6.8 NMA provisions.

The negotiation and implementation of BSAs with communities has been a standard practice for decades in many industries such as logging, mining and commercial real estate development. This has led to a proliferation of best practice guidance on how to negotiate BSAs in an inclusive and participatory manner and model language on substantive provisions that should be included in the BSAs themselves.³⁹ An inexhaustive list of best practice principles include:

- Negotiating BSAs by implementing a Free, Prior and Informed Consent (FPIC) process which allows local tenure holders to withhold consent and veto projects;
- Ensuring communities have access to adequate technical and legal counsel when negotiating with investors;
- Designing BSAs with multiple revenue streams so that benefits continue to accrue to communities even if an investment is not profitable;
- Requiring public disclosure of BSAs;
- Including grievance mechanisms and strong enforcement provisions in case parties do not respect their obligations;
- Requiring continuous information sharing on key project data;
- Including clear timelines for the end of agreements and/or renegotiation windows.

In the carbon space, a 2023 joint publication by CrossBoundary LLC and USAID advocated for BSAs that guarantee fixed payments to communities before credits are generated to build community buy-in, protect communities against downside risks, and ensure that payments exceed opportunity costs of alternative land uses.⁴⁰ On top of these fixed payments, projects should also include a range of payments based on performance by participants and inclusion in windfall gains if projects achieve super-profitability. Moreover, payments should be based on revenue from credit sales rather than based on profits after breaking even.⁴¹ Unfortunately, this is not representative of BSAs across the carbon offset industry. Multiple revenue streams are rare in carbon BSAs, when they exist, and standards bodies do not provide detailed guidance on the negotiation process or minimum standards for substantive provisions of agreements.

The lack of public scrutiny of BSAs is a major concern. Communities often lack the capacities or access to independent legal resources to negotiate agreements.⁴² When agreements have been made public, such as those associated with Plan Vivo or Rabobank projects, BSA provisions typically seek to offset the opportunity cost of alternative land use with little more than performance wages being paid to local residents (usually farmers enrolled in the project).⁴³

These weak standards leave governments a low bar to clear when crafting benefit-sharing laws and regulations. Neither the Philippines nor Kenya require public disclosures of BSAs



and they fail to require payments to communities prior to the offset project breaking even.⁴⁴ In other words, if a project struggles to become profitable through its operations under these arrangements, communities may lose access to productive resources such as lands and forests, but receive no benefits at all. In the DRC, Ministerial Order 047 requires REDD+ project developers to negotiate BSAs with stakeholders, however the Order provides no guidance on assessing or enforcing these agreements, leaving communities vulnerable.⁴⁵ To make matters worse, DRC's Interministerial Order 006/120 of September 2023 does not specify the minimum share of carbon revenues for local stakeholders.⁴⁶

Weak regulations in the nature-based carbon sector have left communities vulnerable to harm in a litany of cases. One of the DRC's biggest projects, Wildlife Works Carbon's Mai Ndombe REDD+ project, neglected to inform communities of specific details about the project (some communities were not consulted at all) and constructed an "opaque" benefit sharing plan that excluded various stakeholders and made vague promises, most of which have yet to materialize.⁴⁷ The Tshopo Lomami Grouped REDD+ project, also in the DRC, did not engage with communities until 2022 despite an official start date in 2020. The project also offered no contractual monetary benefits to communities. When communities organized a peaceful demonstration in early-2023, it was brutally repressed by security forces who arrested and beat multiple protesters.⁴⁸

Among the worst cases has been the Southern Cardamom REDD+ Project in Cambodia. The project did not consult Indigenous peoples and local communities until two and half years after the project start date and has forcibly evicted inhabitants, including by burning homes and confiscating property. Project staff also promised residents land titling assistance yet, a few years later, project staff reneged on this.⁴⁹ As late as late-2023, the project had signed no BSAs with any community included in the project.⁵⁰

In Kenya, the Kajiado Rangeland Carbon Project has been stalled due to community uproar. Local residents opposing the project claimed they were misled with promises of land titles to lease out their land to brokerage firms for less compensation than initially promised and under restrictive cattle grazing practices that have hurt the incomes of pastoralists in the area.⁵¹ The Northern Kenya Grassland Carbon Project run by the Northern Rangelands Trust (NRT) has also been plagued by scandals. The project has employed unsustainable grazing practices and has channeled funding for "communities" through NRT. Community leaders have argued NRT uses its discretion over these funds to exert control over community livelihood activities.⁵² The Oakland Institute, in a 2021 report on the case, found that NRT "allegedly dispossessed pastoralist communities of their ancestral lands, through corruption, cooptation, and sometimes through intimidation and violence, to create wildlife conservancies."⁵³ As of May 2025, Verra suspended the project for review; it remains on hold as of November 2025.

There have been some efforts within the VCM to address these problems. Verra's draft VCS 5.0 standard does raise the possibility of requiring BSAs when "Indigenous Peoples (IPs),



local communities (LCs), and customary landowners are present.”⁵⁴ Verra may also require project proponents to disclose a breakdown of financial information on project revenues and costs to “beneficiaries”.⁵⁵ ICVCM has also indicated they will require greater transparency on revenues for benefit sharing, including potentially enabling communities to see financial flows and cost structure of projects; ICVCM has further considered calling for an industry-wide grievance redress body to investigate wrongdoing by nature-based carbon project developers.⁵⁶ Both Verra’s and ICVCM’s proposals are steps in the right direction, however, we believe financial transparency is not enough and communities will continue to be exposed to harm and infringements on their tenure rights. In turn, project developers will continue to face “performance risks” that disrupt project maintenance and delivery of credits if communities take action.

Section 4: What is the state of carbon registries?

National registries are largely non-existent and are inadequate in countries where they do exist. This is of serious concern as independent registries have also proven faulty and project data is fragmented and lacking transparency.

A carbon market registry is an electronic database designed to track the lifecycle of carbon assets. It is an essential infrastructure for carbon markets which allow authorities and market participants to gather information about emission-reduction activities and, if data is accurate and transparent, prevent emissions reductions from the same activity being double counted.⁵⁷ In the VCM, they serve as essential tools for standards bodies to issue, track, and manage carbon credits. However, not all registries serve the same purpose with standards bodies often using what are called *transactional registries* to manage credit lifecycles from issuance to retirement. There are also *accounting registries* that aggregate data from transactional registries to be used for decision making, but these registries do not issue credits.⁵⁸ While transactional registries are often used or managed by standards bodies, accounting registries are often the model for national registries to manage data on projects occurring within a jurisdiction.

To date there are few national accounting registries and the national registries that do exist fail to integrate all offset projects in a given country, often fail to geo-locate projects, and provide incomplete data on how many credits are being issued. This is a serious problem as, per S&P Global, “for effective management of carbon as a national asset, countries should ideally have visibility on credits issued under independent standards as well as those produced through a national program.”⁵⁹

There are a variety of examples ranging from Ghana’s new system that lacks project updates and discloses only estimated figures,⁶⁰ to Malaysia’s scheme that does not offer comprehensive public access to Environmental or Social Impact Assessments.⁶¹ The DRC is particularly illustrative. The Rainforest Foundation UK (RFUK) recently reported that “it is



challenging to determine the exact status and surface area of projects in the DRC due to the lack of information online... The national carbon registry, which was published online only in October 2024, contains limited and fragmented information, despite this being a legal requirement under national legislation.” RFUK’s research identified at least 71 carbon projects and conservation concessions in the DRC, though the status of most remains uncertain due to lack of information; DRC’s national registry contains only 15 projects.⁶² No one in the DRC government has a complete picture about who is selling what, how much profit carbon agents are making, or what revenues are due to the government and impacted communities.⁶³

Independent registries have a much longer history and more trust among market participants, yet they still routinely fail to offer transparent, quality data. Registries include mis-named project documents, provide inconsistent or inaccurate data, and include unrelated documents on project pages.⁶⁴ These basic errors raise the potential of double counting carbon credits and lead to persistent integrity problems. In a recent report by the Clean Air Task Force, the authors point out the need for improved place-based data to assess the accuracy of carbon quantification alongside “radical improvements in transparency,” and enhancing monitoring and verification.⁶⁵

In an attempt to correct these problems, ICVCM has mandated that all relevant documentation related to climate mitigation activities be disclosed to the public.⁶⁶ We see this as an issue that public entities in both host countries and ‘buyer’ countries must attend to. Host countries need a better grasp on the amount and scope of carbon projects occurring within their borders. Wealthier countries, where most carbon credit buyers reside, must offer public data on credits purchased by individuals, companies, and the government itself to better assess trading revenues and credit retirements. In the end, however, these public registries must go beyond serving as a transparency tool for carbon markets and serve as foundational databases for coordinating and tracking non-market based financing.

Recommendations

TO CLIMATE NEGOTIATORS

- **Given concerns over the non-permanence of nature-based carbon offsets, we recommend that nature-based projects be entirely excluded from Articles 6.2 and 6.4. We further question the inclusion of nature-based offsets in the VCM in general. Instead, we call for nature-based projects to source financing through Article 6.8’s NMAs. We also encourage greater participation by civil society and Indigenous Peoples organizations in reviewing technical guidelines going forward.**



TO VCM STANDARDS BODIES

- **Explicitly state that ownership of carbon “assets” derived from nature is vested in the legitimate land/forest tenure owners—even if their tenure rights are not formally registered—per the guidance contained in the FAO’s VGGTs.**
- **Require robust minimum standards for the process of negotiating BSAs and their substantive provisions. This includes, but is not limited to, i) FPIC in negotiation processes where communities can veto projects; ii) public disclosure of BSAs; iii) inclusion of multiple revenue streams for communities; iv) clear enforcement provisions; and v) grievance mechanisms to resolve disputes. Looking ahead, best practice BSAs should serve as a basis for communities, who are legitimate owners of carbon assets, to decide who they want to deal with and what financing they want to receive through NMA agreements under Article 6.8.**

TO NATIONAL LEGISLATORS

- **Adopt legislation recognizing that ownership of carbon “assets” derived from nature resides with legitimate land and forest tenure holders—even if their tenure rights are not formally registered—in alignment with the FAO’s VGGTs**
- **Establish minimum legal and regulatory frameworks for BSAs to guarantee fair and enforceable arrangements between carbon project developers and communities.**
- **National governments of both host and buyer countries must work toward maintaining exhaustive publicly accessible project databases including BSAs, information on the location and scope of projects, as well as credit issuances, retirements, and prices.**

Conclusion

Since nature-based offsets are largely failing to sequester carbon and are causing real harm to communities, carbon market watchdogs need to mobilize to propose viable alternatives. Though some of our recommendations in this policy brief call for improvements to existing VCM and Article 6 standards and practices, our organizations reiterate that we do not view these as solutions to the ‘intractable’ problems with nature-based offset projects. Rather, our recommendations seek to impress upon existing market participants the need to alleviate continued pain caused by nature-based carbon projects in the VCM to Indigenous and local communities, especially as Article 6 looms in our near future.



It is in this context that nature-based carbon credits must be set aside in favor of robust non-market arrangements for nature-based projects that match financing for ecosystems with the desired benefits and needs of people who, through their maintenance of ecosystems and livelihoods over centuries, are the rightful owners of these carbon “assets”. NMAs have the potential to deliver real finance to communities to sequester real carbon. There are of course barriers to achieving this; for instance the incentives to drive finance for non-market approaches remain unclear for many actors. But we maintain that it is more important to design ways to overcome these challenges than to focus on devising schemes to scale nature-based offset markets that have failed to support climate action or sustainable development. And will continue to do so, even if on a larger scale.

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¹⁷ Sylvera (2025) “Carbon Market Convergence: What it is and Why it Matters”. <https://www.sylvera.com/blog/carbon-market-convergence-how-lines-are-blurring-between-the-carbon-markets-and-what-it-means-for-incentivizing-investment-into-climate-action>; Löffler, T. and Joshi, A. (2025) “2025 State of Integrity in the Global Carbon-Credit Market”. MSCI, p. 8-9.

¹⁸ UNFCCC. (2025) “Draft Standard Addressing non-permanence and reversals version 02.2”, p. 19. <https://unfccc.int/sites/default/files/resource/A6.4-MEP008-A03.pdf>.

¹⁹ Ibid, p. 8. Negligible risk is still to be fully defined but it is being debated whether this entails a loss of no more than 0.1-5.0% or 0.1-2.5% of A6.4ERs.

²⁰ Maradan, M. (2025) “UN Body Leaves the Door Open to Nature-Based Solutions in PACM”. Clear Blue Markets. https://www.clearbluemarkets.com.cdn.ampproject.org/c/s/www.clearbluemarkets.com/knowledge-base/un-body-leaves-the-door-open-to-nature-based-solutions-in-pacm?hs_amp=true.

²¹ Ibid.

²² See for instance the 2025 “Open letter on Article 6.4” signed by IETA and 12 other organizations: https://d2iwp18k086uu2.cloudfront.net/docs/default-source/s3-library/publication-pdfs/updated-on-oct-09-open-letter-cop30-proposed-guidance-on-article-6-4-1.pdf?sfvrsn=551407fb_2. This language of risk and employment of insurance as a way to bridge market needs with technical requirements was also used frequently at IETA’s North America Climate Summit 2025 in New York.

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²⁴ See for example: Counsell, S. (2023).

²⁵ FAO (2022) *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security*. First revision. Rome, Article 4.4 and 17.1. <https://openknowledge.fao.org/server/api/core/bitstreams/4e08d38d-b1f5-4c74-8478-7cbd61a1e90a/content>.

²⁶ Cotula, L. and Knight, R. (2021) “Protecting legitimate tenure rights: From concepts to practice”. FAO. <https://openknowledge.fao.org/server/api/core/bitstreams/23904641-af48-4713-8ac3-8171b797e261/content>.

²⁷ UNIDROIT (2025) *Draft UNIDROIT Principles on the Legal Nature of Verified Carbon Credits*. <https://www.unidroit.org/wp-content/uploads/2025/04/Study-LXXXVI-W.G.5-Doc.-2-rev.-Draft-Principles.pdf>.

²⁸ UNIDROIT (2025), p. 20; Dagan, R. et al. (2025) “De-risking carbon markets: Managing legal uncertainty in the treatment of carbon credits”. BeZero and Herzog Law, p. 15. <https://herzoglaw.co.il/wp->



[content/uploads/2025/06/BeZero-x-Herzog-De-risking-carbon-markets_-Managing-legal-uncertainty-in-the-treatment-of-carbon-credits.pdf](#).

²⁹ See UNIDROIT (2025), p. 24, 53.

³⁰ Dagan, R. et al. (2025), p. 10-12.

³¹ Cordes, K et al. (2025) “Tackling the complexities of carbon rights”. International Institute for Environment and Development, p. 2. <https://www.iied.org/sites/default/files/pdfs/2025-03/22597iied.pdf>.

³² Verra (2025) *Public Consultation on Version 5 of the Verified Carbon Standard Program*, p. 25. <https://verra.org/wp-content/uploads/2025/06/June-2025-Public-Consultation-on-Version-5-of-the-VCS-Program.pdf>.

³³ Verra (2025), p. 26.

³⁴ Republic of Kenya (2024) *Climate Change (Carbon Markets) Regulations, 2024*. See Sections 16 and 29.

³⁵ Arach, D. (2025) “Kenya’s Climate Laws Leave Communities Behind: Missing Rights in the Carbon Market”. Namati. <https://namati.org/news-stories/kenyas-climate-laws-leave-communities-behind-missing-rights-in-the-carbon-market/>.

³⁶ Republic of Kenya (2016) *The Community Land Act, 2016*, Section 5.

³⁷ Otis, L. (2023), “A fair share of the voluntary carbon market”. Carbon Market Watch, p.12, <https://carbonmarketwatch.org/publications/a-fair-share-of-the-voluntary-carbon-market/>.

³⁸ Verra (2024) “VCS Standard version 4.7”, p.42-3, 48, <https://verra.org/wp-content/uploads/2024/04/VCS-Standard-v4.7-FINAL-4.15.24.pdf>.

³⁹ See For Example: Gibson, G. and O’Faircheallaigh, C. (2015) “IBA Community Toolkit: Negotiation and Implementation of Impact and Benefit Agreements”. The Gordon Foundation. https://gordonfoundation.ca/wp-content/uploads/2017/03/IBA_toolkit_web_Sept_2015_low_res_0.pdf and Columbia Center on Sustainable Investment’s “Guides for Communities Interacting with Investors”, <https://ccsi.columbia.edu/content/guides-communities-interacting-investors>.

⁴⁰ CrossBoundary LLC and USAID (2023) “Carbon Finance Playbook: Demystifying the capital raising process for Nature-based Carbon Projects in Emerging Markets”, p.53. <https://crossboundary.com/usa-id-planeta-carbon-finance-playbook/>.

⁴¹ Ibid, 54.

⁴² See for instance Rights and Resources Initiative et al. (2024) “How to Address the Carbon Market Community Engagement Gap: Exploring a Pooled Fund for Community Legal and Technical Support”. https://rightsandresources.org/wp-content/uploads/2024_-EN_NYClimateWeekWorkshopSummary_v4.pdf.

⁴³ In the case of Rabobank’s projects, farmers often receive in-kind benefits such as seeds which serve to offset costs of the projects, plus cash payments that vary based on performance (an issue that has resulted in complaints from farmers), Rabobank (2023) “Farm Africa-Kenya: Embu District in Kenya”, p. 15; Rabobank (2022) “Kaderes-Tanzania”, p. 12; Rabobank (2024) “Acorn Annual Report: Solidaridad”, p. 2; In Plan Vivo’s case, where 60% of revenue from sales is going to locals, the very language of the standard does not clarify what percentage of this cut is going to “Project Participants” vs “other Local Stakeholders”, Plan Vivo (2022), “Project Requirements”, p.18-9, <https://www.planvivo.org/Handlers/Download.ashx?IDMF=e9b6a9b8-a0ca-4712-9c37-f07ea51db07f>; It’s also important to note that Carbon Market Watch and Öko-Institut, in their own review of BSAs that focused on Plan Vivo, argue that “it was not possible, however, to ascertain if the monetary benefits received... were actually beyond the costs associated with the implementation of the mitigation activities.” Healy, S et al. (2023) “Assessing the transparency and integrity of benefit sharing arrangements related to voluntary carbon market projects”. Öko-Institut, p. 25.

⁴⁴ Jodoin, S. and Robinson, B. (2025) “The Carbon Rights of Indigenous Peoples, Afro-descendant Peoples, and Local Communities in Tropical and Subtropical Lands and Forests”. McGill University and RRI, p.19. https://rightsandresources.org/wp-content/uploads/Carbon-Rights-Report_Final-rev-05-2025-1.pdf; Republic of Kenya (2024), Article 29(1)(a).

⁴⁵ Moretti, V. (2025), p. 20. <https://www.rainforestfoundationuk.org/wp-content/uploads/2025/10/JA-605-The-Great-Green-Rush-FINAL.pdf>; See also Kengoum, F et al. (2024) “REDD+ benefit sharing mechanisms in the Democratic Republic of the Congo Legal and institutional frameworks, policy implementation, and



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⁵⁵ Ibid.

⁵⁶ The Integrity Council for the Voluntary Carbon Market (2024) *Core Carbon Principles, Assessment Framework and Assessment Procedure Version 1.1*, p. 71; The Integrity Council for the Voluntary Carbon Market (2025) "Continuous Improvement Work Program report: Sustainable Development Benefits and Safeguards", p.16.

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⁶⁰ Osabutey, G. (2025) "Ghana's EPA Act 2025: Carbon Credits and Climate Regulation Implications". Oaks Legal. https://oakslegal.net/ghanas-epa-act-2025-carbon-credits-and-climate-regulation-implications/?utm_source=chatgpt.com; Stephenson, P. (2025) "Betting Big While Transparency is a Mystery – Ghana's Carbon Market Dilemma". African Climate Wire. <https://africanclimatewire.org/2025/01/betting-big-while-transparency-is-a-mystery-ghanas-carbon-market-dilemma/>.

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