



# Safeguards for Carbon Markets – Prioritizing Local Communities' Tenure Rights

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## EVOLUTION OF CARBON MARKETS

While emissions trading already began in the late 1980s and early 1990s, carbon markets can officially be traced back to the Kyoto Protocol of 1997. The Kyoto Protocol introduced market-based mechanisms allowing countries to trade emission allowances and invest in emission reduction projects overseas. On this basis, the European Union Emissions Trading Scheme (EU ETS) was launched in 2005, pioneering the introduction of large-scale, regulated carbon trading systems. Parallel to the established compliance markets, voluntary carbon markets emerged in the 2000s, enabling businesses and individuals to offset their carbon footprints through different projects involving verified activities that reduce, avoid, or remove greenhouse gas (GHG) emissions from the atmosphere. More recently, [Article 6 of the Paris Agreement](#) established a framework that allows countries to collectively reach their emission reduction targets through the voluntary exchange of carbon credits from GHG mitigation activities.

## IMPLICATIONS FOR COMMUNITIES AND LAND TENURE IN GROWING CARBON MARKETS

Throughout this evolution, carbon markets have experienced both successes and challenges. They have provided mechanisms to reduce emissions and mobilized resources towards a low-carbon transition. In theory, well-managed carbon offset projects could also help increase biodiversity, restore landscapes, and [create livelihood opportunities](#). At the same time, carbon markets face [growing criticism](#) over issues such

as the legitimacy of certain carbon offset projects, carbon leakage effects, the potential for market manipulation, lack of transparency and accountability, as well as the adequacy of prices in driving meaningful change. Furthermore, groups and individuals with insecure tenure rights risk being excluded from benefit sharing, decision-making or even being displaced from their land. Overall, 1.6 billion people depend on forests for their livelihoods, including 60 million indigenous peoples. As global carbon markets continue to gain traction and popularity (global demand for voluntary carbon credits is projected to [increase by a factor of 15 by 2030 and a factor of 100 by 2050](#)), there is an urgent need to address the risks associated with them and safeguard local communities' tenure rights.

## SAFEGUARDING LAND TENURE RIGHTS IN CARBON MARKETS: TMGS REFLECTION

Safeguarding the tenure rights of local communities is of paramount importance. [TMG Research](#) initiated discussions on securing land rights within carbon markets at the recently concluded Africa Climate Summit (see the [summary here](#)). During the event, participants underscored the significance of securing land rights, especially for women, in the context of climate justice and resilience. The event shed light on the critical connection between land tenure security and the impacts of carbon offset projects on local communities, particularly in regions like Africa where land rights are often secured. By advocating for the recognition of land tenure rights and the incorporation of safeguards in the carbon market framework, TMG emphasized the need to protect the livelihoods of vulnerable communities while addressing environmental concerns associated with carbon offset initiatives.

TMG's experience in working on land tenure rights in the context of climate action comes primarily from its work in monitoring the implementation of UNCCD's land tenure decisions in Benin, Madagascar, Malawi, and Kenya. The recent [case study from Kenya](#) emphasizes the need to go beyond national planning and development frameworks and identify pathways to fully realize the potential of restoration. Evidence from the [Madagascar case study](#) indicates that disconnecting forest conservation from legitimate tenure rights poses a significant risk to the livelihoods of rural communities. These case studies serve as a crucial evidence base highlighting the importance of safeguarding tenure rights in afforestation and reforestation, which are key types of carbon offset projects.

In our view, safeguarding means recognizing, ensuring, and protecting the [legitimate rights](#) of individuals or communities over land and other natural resources. Tenure rights include the right to possess, use, access, control, and transfer land, as well as the rights to benefit from the resources and ecosystems associated with that land.

In the context of discussions on carbon markets and environmental projects, it is essential to consider and protect the tenure rights of local communities, as these projects can have significant impacts on their access to and control over land and resources. Failure to do so can lead to negative social and environmental consequences, as highlighted in the text you provided.

To continue the debate TMG, with the support of the Federal Ministry for Economic Cooperation and Development (BMZ), is organizing a [session during this year's Global Landscapes Forum](#). This session will discuss the risks of carbon markets to local communities without tenure rights, as well as ways to address them and allow community members to become active stakeholders in carbon markets and reap the benefits.

## REFLECTIONS:

### **1. In situations of insecure land tenure, which is often the case in Africa, rural communities are more at risk of losing their livelihood.**

In addition to the shortcomings with regards to emissions reductions, some carbon offset projects [fail to provide adequate safeguards for local communities](#). This is particularly problematic in situations of insecure land tenure. [70 percent of Africans rely on agriculture](#) for their subsistence and as such, land rights and tenure rights have a significant impact on the communities' livelihood and household food security. However, it is estimated that close to [90 percent of Africa's rural lands](#) are undocumented and informally administered. With land-based carbon offset projects being given priority in recent months in Africa, through the promotion of voluntary carbon markets and [development of national policies and laws to establish frameworks for carbon trading](#), there will be an increase in the demand for land for such projects. The [communities that currently rely on these lands are at risk of losing their main source of livelihood](#) as countries try to meet this demand for land for carbon-offset projects.

Tenure insecurity coupled with demand for land to implement carbon offset projects will also compromise the communities' capacity to adapt to the effects of climate change. The recognition of communities' tenure rights, and consequently securing the benefits that accrue to them in the context of local level environmental actions, and especially including carbon offset projects, cannot be overlooked if we hope to strengthen adaptive capacities. As countries develop frameworks to guide carbon offset projects, it is important that communities' tenure rights are prioritized. This can be through documenting the legitimate landowners or tenure right holders prior to

implementing land-based carbon offset projects, and ensuring transparency in the institutional and financial infrastructure for carbon market transactions. In addition, there must be adequate social and environmental safeguards to mitigate against any adverse project impacts – and to promote positive ones. Safeguarding land rights in carbon markets not only helps achieve real emissions reductions, but also promotes social equity, environmental justice.

### **2. Environmental concerns of land-based climate mitigation measures.**

Carbon offset projects involving tree planting are a popular way of generating carbon removal credits. Undoubtedly, afforestation and reforestation are critical to reduce GHG emissions, yet they bring with them a suite of environmental and ecological considerations that warrant careful consideration. For instance, while [planting monocultures may allow for fast carbon sequestration](#), it can also erode local biodiversity and negatively affect the water balance of a landscape. In the case of afforestation, vast land-use changes created through the conversion of existing ecosystems, such as natural and semi-natural grasslands and shrublands, [is likely to be detrimental for biodiversity](#), affecting community structure, soil conditions, and wildlife beyond the immediate project site.

Indirect environmental risks, such as carbon leakage – wherein deforestation and unsustainable land use are translocated elsewhere rather than fully mitigated – also warrant critical consideration, as they present considerable barriers to the realization of net ecological benefits. Another concern is the continuity and [permanence of land-based soil carbon sequestration](#). Forest areas today are already facing a range of land use and climate change related stressors, and forest carbon offsets are at risk of failing due to storms, fire, pests, land use decisions, and other impacts. This creates a [risk of reversal](#) in which sequestered carbon is released back into the atmosphere.

Therefore, it is crucial that afforestation and reforestation projects are not only well-aligned with ecological diversity and future climate scenarios, but also incorporate robust strategies to enhance environmental sustainability and ecological resilience, ensuring a net-positive impact on biodiversity, ecosystem functionality, and local communities, who rely on these ecosystems for their livelihoods and well-being.

### 3. Forest carbon offset programs have overstated the achieved carbon reductions.

One of the ways in which carbon credits can be generated is through so-called carbon dioxide removal (CDR) resulting from nature-based sequestration. Projects that involve activities such as afforestation, reforestation, and forest conservation can therefore generate carbon credits used to offset emissions elsewhere. Given that forests are significant vaults of carbon dioxide and play a critical role in stabilizing the climate, the global market for carbon credits generated through forest carbon offsets is booming.

While carbon credits have the potential to reduce emissions by, for instance, funding sustainable forest management, the estimated carbon savings from conserving forests and reducing deforestation have been overstated. An assessment of REDD+ projects showed that 16 of the 18 projects assessed significantly overestimated the prevented levels of deforestation. The calculations used to quantify the saved carbon have promised greater emissions reductions and inflated conservation successes. In other words, individuals or companies have purchased carbon credits that should not have existed in the first place, thereby further worsening climate change and the carbon debt. This overestimation in carbon savings from conserving forests and reducing deforestation has raised concerns about the effectiveness of carbon credits in addressing climate change. An ineffective climate change mitigation measure will in the long run be an obstacle in the

efforts to achieve climate action targets. Even as we develop safeguards for carbon markets, we cannot overlook the need for ensuring the carbon offsetting process is credible and is indeed contributing to reduced emissions.

### 4. Are carbon markets selling pollution indulgences?

Critical evaluations of carbon markets pose a fundamental question: Do carbon credits inadvertently serve as a market-based guise, facilitating a form of environmental absolution for entities (notably from the Global North) without substantively contributing to global emissions reductions? Considering the pronounced risks for local communities, particularly those facing insecure land tenure, and given the environmental concerns of mismanaged carbon offset projects, a critical evaluation of carbon credits and offset schemes becomes indispensable.

The net positive impact of such initiatives becomes further blurred in the light of transparency deficiencies, suboptimal safeguarding mechanisms, and a potentially undervalued pricing strategy for carbon. Proponents argue that carbon credits and offsets can raise environmental awareness and provide additional ways to reduce GHG emissions. However, critics argue that carbon credits do not tackle climate change adequately, underscoring the lack of verifiable positive behavior change and alerting to the phenomenon of moral licensing.

In a future scenario wherein carbon credit schemes do not substantially recalibrate to address these evident gaps and safeguard local communities and ecosystems, their value and moral legitimacy in climate change mitigation could be fundamentally compromised, signaling a need for a reassessment and reformulation of the operational and ethical frameworks governing carbon markets. **Protecting legitimate tenure rights is the basis for enabling the benefits of carbon markets for people and nature.**



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