

Carbon Markets Integrity

Ensuring Carbon Markets Have High Social
and Environmental Integrity

Photo: Kynan Tegar



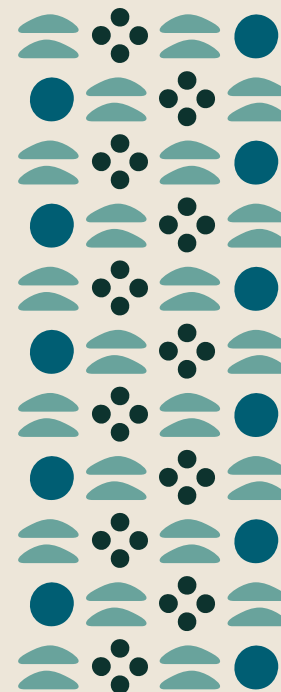
Forests, People, Climate (FPC) is a collaborative of philanthropic funders, civil society, and community-based organizations seeking to halt and reverse tropical deforestation while supporting just, sustainable development. We focus on equitable and enduring solutions that safeguard tropical forests and support those stewarding them, in particular Indigenous Peoples, Afro-descendants, and Local Communities in tropical forest countries. For more information, please contact us at info@forestspeopleclimate.org

Why Carbon Markets Integrity?

According to some projections, up to \$5 billion USD annually over the next 10 years could be mobilized through a high-integrity Voluntary Carbon Market (VCM) for Natural Climate Solutions (NCS). In addition to the potential for significantly scaled-up finance for climate, nature, and Indigenous Peoples, Afro-descendants & Local Communities (IP, AD, & LC) from the voluntary market, approaches currently being used in the VCM could help support a global transition to compliance markets and regulatory arrangements.

In order to deliver on this potential, additional resources and support are needed to define, implement, and transparently oversee environmental and social integrity in the VCM through participatory approaches. If a VCM for NCS with high social and environmental integrity is realized, it would benefit climate mitigation; conservation and ecosystem integrity; IP, AD, & LC as well as local and national economic development; and enhance countries' ability to implement ambitious climate commitments, including Nationally Determined Contributions (NDCs).

Because it can be reactive, responsive, flexible, and targeted, philanthropic funding can play a unique and essential role in supporting this effort toward high integrity carbon markets. Given the complexities surrounding carbon markets and NCS, opportunities exist to support consensus-building on establishing high-integrity market norms. Opportunities also exist to support increased access to information and transparency, self-determination, and full and effective participation in decision-making and governance processes related to the VCM, as desired, for market stakeholders, including IP, AD, & LC.



FPC supports efforts to establish a high social and environmental integrity global VCM for NCS, including support for establishing the conditions for high-integrity approaches, and for mobilizing the needed finance through this market to meet urgent climate, environmental, and development needs, while helping catalyze a transition to compliance markets, regulatory approaches, and a broader framework for NCS finance.



Photo: NASA

Our Goal

Create the conditions for a high social and environmental integrity Voluntary Carbon Market (VCM) for Natural Climate Solutions (NCS).

To succeed in establishing a high social and environmental integrity VCM, the infrastructure, capacity, mechanisms, guidance, and narratives must be in place to support high-integrity supply and demand of credits. This will significantly improve the credibility and robustness of a VCM, scaling up climate finance and bringing benefits to communities and the climate.

Specifically, support is needed for the conditions for the institutional architecture, rules, and norms to limit the supply and demand of low-quality credits and encourage the supply and demand of high-integrity credits, recognizing the need and opportunity for continuous improvement over time, especially for NCS.

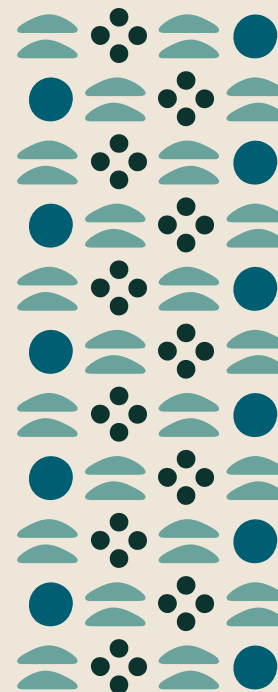


Photo: Bruno Locatelli/CIFOR

Focus Areas

These interconnected focus areas seek to advance the continual evolution of the VCM for NCS to define, implement, and transparently oversee environmental and social integrity, ultimately resulting in better outcomes for climate, nature, and people, and a higher proportion of transactions for high-quality carbon credits:

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| 01. | Establish a Foundation for Integrity | Promote market infrastructure, rules, and transparency that support high-integrity credits. |
| 02. | Foster High-Integrity Supply | Create the capacity and conditions needed to increase the supply of high-integrity carbon credits. |
| 03. | Finance Implementation | Develop financial mechanisms to provide the investments needed for jurisdictions and IP, AD, & LC to deliver on forest protection, with a focus on up-front finance. |
| 04. | Encourage Demand for Integrity | Support the creation of norms and incentives for buyers to purchase high-integrity credits in addition to within-value-chain mitigation. |
| 05. | Build Narratives | Positively shift the global perception of the VCM as integrity increases, and accelerate learning, dialogue, and awareness. |

Further Information

All focus areas identified in FPC's strategic priorities for the VCM are global in nature and broadly relevant across many countries and regions. This overview of FPC priorities for Carbon Markets Integrity draws on a longer strategy that was developed through a widely participatory process with a focus on representatives from tropical forest countries and experts in the VCM for NCS.

About FPC Strategies

FPC has nine strategies – three regional strategies in the Brazilian Amazon, Congo Basin, and Indonesia, and six cross-cutting thematic strategies: Enabling Conditions, Indigenous Peoples, Afro-Descendants, & Local Communities (IP, AD, & LC), Supply Chains, Strategic Communications, Private Finance, and Carbon Markets Integrity.

The primary purpose of the FPC strategies is to provide a roadmap for grantmaking, action, monitoring progress, and learning. The strategies are also a tool to align a number of actors around strategic goals, whether it's where FPC focuses implementation or funding. These are 'living strategies' that FPC intends to iteratively update to respond to changing contexts.

