Caution Required:
Protecting Communities from Carbon Markets

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Contents

Executive Summary

Carbon market mechanisms have long been the favorite climate "solution" among parts of the private sector in the Global North. Proponents argue that countries or companies, unable to cut their emissions in the short term, can fund climate action in places where the opportunities for climate action exceed the available resources. However, any kind of scrutiny of the actual outcomes of carbon market projects uncovers a consistent and overwhelming failure to deliver on their optimistic promises. Carbon market projects almost always fail to provide any real climate benefit; worse, they have a long history of subjecting host communities to various abuses and human rights violations.

Unfortunately, this dismal record has not deterred interest in carbon markets or carbon credits. It is clear, though, that potential sellers and buyers are responding to different incentives. Buyers – typically corporations or governments – are generally looking to purchase credits because they are aiming for carbon offsets under pressure to reduce emissions that they are not able or willing to do at the moment. On the other hand, sellers – often poorer global south governments or local communities – are generally not motivated by supposed climate benefits, but rather by the need for revenue.

These differing motivations mean our response to buyers and sellers of carbon credits should be appropriately calibrated. On the other hand, we must be cognizant of the often desperate need for revenue motivating those participating in carbon markets as sellers. These sellers should be protected from the harmful side effects of carbon market projects, and alternative forms of revenue (ideally direct climate finance in the form of public, grant-based funding) must be provided.

In the absence of significant fiscal reform, such as debt relief or a massive increase in flows of grant-based public climate finance, Global South governments and communities are likely to seek opportunities in the carbon markets. But carbon markets are not a substitute for climate finance, and their dismal track record, especially of frequent human rights abuses, suggests that extreme caution is needed. It is necessary to consider the steps that must be taken to ensure host communities are well-informed about the risks of selling carbon credits, and the necessary steps to protect and preserve their rights.

This report considers case studies from Kenya and Liberia, which are at different stages of engagement in carbon market mechanisms. Kenya has a long history of participating in various carbon market schemes, but some of the largest deals have also illustrated the problems. The Northern Range Trust and the Kasigau Wildlife Corridor projects have been tied to increased power imbalances, conflict and violence, and different abuses of host communities. The projects lacked legitimate Free Prior and Informed Consent (FPIC) from all of the affected populations, and functional grievance mechanisms. They were not consistently established with regard to community land rights laws and UN land tenure guidelines. Additionally, "middle men" and technical consultants took much of the economic benefit before it reached communities.

Liberia, in contrast, is just at the start of its engagement with carbon markets. However, the Liberian government made initial deals without Free Prior and Informed Consent of affected communities, in contradiction to Liberia's progressive Community Land Rights Law. The largest deal was made with the inexperienced company Blue Carbon, closely tied to the UAE government, which has been making large-scale deals all over the African continent without taking into account community interests.

The Liberian government has begun a process of consultation on a new Carbon Law that offers the opportunity to provide safeguards, but also runs the risk of legitimizing deals that neither benefit the climate nor are fair to communities.

Key recommendations for governments and communities considering carbon markets

Based on our research and experience with other resource-related land grabs, ActionAid USA makes the following recommendations for host country governments and communities:

- **Ensure tenure rights to land are preserved:** This is possibly the most critical demand, as land grabs are a serious risk to communities given the financial incentives at play. Communities should not agree, under any circumstances, to give up land tenure to outside parties, as the risk to food security and economic livelihoods is too great.

- **Ensure transparency in negotiations and meaningful community consultations over any major agreements:** Many of the most damaging carbon market deals have occurred without meaningful input, or even awareness, of affected communities. Negotiations should be transparent and inclusive, and meaningful and widespread consultations should be held with the affected communities from the outset.

- **Do not accept liability for failed carbon projects:** Host communities should not accept any liability for reversals or other failures that result in the credits being declared worthless, or "junk". Host liability could leave communities with a very expensive bill for a reversal that is completely out of their control.

- **Avoid "middle men" as much as possible:** Any actual financial benefits from carbon market projects should be kept as close to the community as possible, which will generally mean avoiding any company seeking to sell on behalf of the community.

- **Accessible and effective grievance mechanisms must be in place:** Given the history of carbon market projects in practice, some form of harm is effectively inevitable, and there must be a redress mechanism in place to address it.

- **No offsets:** Any carbon credits sold should be bought as "contributions" to climate action, rather than being bought to offset ongoing emissions, and allowing the planet's biggest polluters to falsely claim that they are "carbon neutral".

Introduction

The climate crisis is a risk magnifier, meaning that those already struggling are the most vulnerable to the worsening impacts of the crisis. For many countries in the Global South, the intersecting crises of growing debt, climate impacts, and continued underdevelopment have left their governments in a bind. They need fiscal resources to manage the increasing costs of servicing their debt, investing in development, and managing the escalating climate crisis – both from the impacts they are facing and the pressure and need to reduce their own emissions. This has driven increased and ongoing interest in carbon markets, primarily as a source of resources rather than a tool for reducing carbon emissions.

Carbon market mechanisms have long been the favorite climate "solution" among parts of the private sector in the Global North. At a time when the world continues to fall even farther off track of climate goals under the Paris Agreement, the appeal is understandable. Proponents argue that countries or companies, unable to cut their emissions in the short term, fund climate action in places where the opportunities for climate action exceed the available resources. In theory, this helps meet global climate goals while unlocking needed cash for communities on the frontline of climate impacts. However, the reality of carbon markets falls short of this rosy picture.

Carbon markets are not a particularly new mechanism, and therefore, they have a track record spanning decades. Any kind of scrutiny of their record, though, uncovers a consistent and overwhelming failure to deliver on their optimistic promises, both for the climate and those made to host communities. In practice, "unable" to cut emissions has often blurred with those unwilling to cut emissions. And the climate benefits promised often fail to materialize. Too often, communities have been subjected to abuse rather than feeling the benefits.

This record, however, has unfortunately not deterred interest in the carbon markets or carbon credits. Potential sellers and buyers are responding to different frameworks. Buyers are generally looking to buy credits because they are aiming for offsets due to pressure to reduce emissions that they are not able or willing to at the moment. Those buying offsets then should be met with opposition, because carbon offsets are a failed strategy for climate action. Companies and governments looking to buy offsets should instead be held accountable for doing their fair share of climate action.

Considering the track record that market mechanisms have left behind, it is somewhat surprising that communities and governments are still actively seeking to sell carbon credits. Sellers, however, are generally not motivated by the promised climate benefits, but rather by their interest in promised payments. With financial pressures growing and other forms of finance under increasing strain, this is likely to continue.

It is, therefore, impossible to adequately consider the persistence of carbon markets without recognizing the failure to date in climate finance. Climate finance is a key pillar of the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. But in reality, it has fallen short of both the need and the (typically inadequate) promises from the global north. Far too little money is flowing. Developed countries promised $100 billion a year in climate finance by 2020 as a good-faith down payment on what everyone acknowledged was a far greater need. That money was not only late, but what was provided was also overwhelmingly in the form of loans and double-counted development assistance.[1] When setting the new climate finance target at COP 29 in Baku, developed countries refused to engage in a real discussion of the scale of the need for climate finance or have a conversation about the quality of that finance. The resulting goal was a profound disappointment that has deeply strained climate negotiations.

Recognizing that reality, arguing that carbon markets are not a climate solution is insufficient. Carbon markets are not climate finance, but failing significant fiscal reform, such as debt relief or actual climate finance flows significantly accelerating, Global South countries and communities are likely to seek opportunities in the carbon markets. Therefore, we must consider steps to ensure host communities are well-informed about risks and how to protect their rights. We'll examine case studies from Liberia and Kenya, which are at different engagement stages in carbon markets, providing useful learnings going forward.

Carbon markets do not reduce emissions

On the climate front, carbon markets and offsets have failed to actually reduce emissions after decades of trying. In short, they do not work. And even if they could provide some climate benefits (which, again, as a rule, they do not), the idea that that benefit would somehow make ongoing emissions elsewhere acceptable, as the world careens towards nearly three degrees of warming, is indefensible.

Several comprehensive studies over the past few years have demonstrated the dubious nature of the climate promises being made by these carbon market mechanisms. In fact, most offsets or carbon credits provide no real emission reductions at all. Research into Verra, a prominent carbon crediting program, found that more than 90% of its rainforest offset credits were "phantom credits,"[2] in other words, worthless for the climate.

A separate study examining the top 50 projects in 2023 identified 39 as likely "junk," with an additional eight areas of concern. Three projects had insufficient data, meaning none of the top fifty carbon credits could demonstrate any actual emission reductions.[3] In 2024, Nature Communications published a study that compiled thousands of projects and similar field investigations, covering approximately one-fifth of the credit volume issued so far. It found that less than 16% of those credits represented real emission reductions.[4] This held true across regions and project types, although there is a wide variation based on the type of project or the activity generating the carbon credit. However, no activity type was a certain winner. The only project type that exceeded a quarter of the promised emission reductions involved hydrofluorocarbon-23 (a refrigerant that is highly emissive). Avoided deforestation, wind power, improved forest management, and cookstoves all failed to hit even 25% of the promised emission reductions. Improved forest management projects did the worst, achieving none of their targets. Regional variation did not improve outcomes. Kenyan-based projects delivered on about 26% of their promised emission reductions, better than most. Mali (1%), India (2.1%), and Tanzania (0%) were among the stragglers. Only two countries (Colombia and Mozambique) exceeded 50% of their promised savings, and only the latter met or exceeded its target.[5]

Why do all of these climate projects fail, though, when the theory behind markets seems so logical? In practice, most of these projects fail to deliver for a few reasons. First, some are **fraudulent, or the climate action or intervention fails** because it is poorly designed and ineffective. Take, for example, clean cookstoves. Many women and girls in poverty in poor countries cook over open flames indoors, which creates both emissions (burning wood) and has a health cost due to the air pollutants in the smoke they breathe when inside for hours every day. Clean cookstoves are supposed to be more efficient with a lower emissions footprint, reducing the need for firewood, and improving air quality. However, if the stoves are not accepted by the community or break quickly, they end up unused, and the community continues to cook as they have traditionally, meaning there is no reduction in emissions.[6]

There is also the risk of "**reversals**," particularly for projects in the land sector, meaning something happens that undoes any climate benefits achieved. For example, a carbon offset generated by preserving or ideally restoring a forested area can be wiped out by a wildfire (worsened by climate change), and the sequestered carbon is emitted anyway.

In other cases, the projects are **not additional or lack additionality**, meaning that the climate action would have happened with or without the carbon credit sale. Or accounting tricks are used to inflate the impact of a project, suggesting it prevented emissions that weren't likely to happen anyway (termed '**inflated baseline**').

Finally, in some cases, the source and location of emissions are simply shifted to another place (termed **leakage**). For example, a carbon credit for halting deforestation might be sold as an offset, but while that forested area has been protected, another forested area a short distance away is logged. The projected deforestation has not been reduced; it has merely been shifted to a different geographic location.

While new market mechanisms and verification programs often insist that they will solve these issues to provide real emission reductions, decades of failure should cause policymakers to pause before thinking they will be the ones to finally fix these problems.

No space for offsets

Even when carbon markets deliver the promised climate action, most of the time, the buyer uses the credit for an offset. So, climate action may be happening, but it is in the context of emissions being allowed elsewhere, just now greenwashed to look acceptable. However, those emissions are still occurring, and we cannot afford them, even if the climate action being funded elsewhere is effective. The world is now well past the point where any ongoing emissions that can be reduced or halted must be as soon as possible. Everything that can be done to reduce emissions must be done, as quickly as possible.

Most experts now agree that the world will cross the 1.5°C threshold. Now, with the threshold too close, there is no longer enough time to decarbonize and reduce emissions before crossing the line. Every degree of warming worsens impacts, increases the devastation, and risks tipping points that collapse ecosystems and drive more climate change. Current policies still put the world on track for a nearly 3°C rise, which would be catastrophic. Offsetting emissions is unacceptable; no more free passes to pollute.

Carbon markets are a risk to host communities

The climate risks associated with ongoing emissions enabled by climate offsets should be taken seriously; however, carbon market projects also present clear risks, specifically to host communities. While many projects claim they will bring benefits, such as jobs or other kinds of investments, to the region, these projects not only have a history of failing to deliver promised benefits to communities, but also have a record of violence, displacement, abuse, and other injustices.

A Carbon Brief investigation has found more than 100 documented cases of harm to host communities over the past five years.[7] This is often related to land rights. Communities are displaced from their land or lose access to forest area, in the name of stopping deforestation, even though the local community is almost never the cause of the deforestation. This disrupts and sometimes undermines communities' food sovereignty, denying access to traditional hunting grounds and leading to the loss of agricultural land. The frequent failure of carbon markets does not necessarily mean the land is returned to the community. The record of previous land grabs shows that once the land tenure is taken, it can be sold to other buyers for different purposes. And other abuses are not uncommon. Armed guards, supposedly there to protect ecosystems, take advantage of communities and inflict violence. An investigation into a project in Kenya over 12 years found extensive sexual abuse and harassment.[8]

Indigenous peoples are particularly at risk, in part because they are the stewards of nearly 40% of the remaining intact ecosystems despite only being six percent of the population. The majority of the cases Carbon Brief reviewed impacted Indigenous peoples, including instances of Indigenous communities being denied access to their lands (including sacred places such as religious sites), being displaced or forced off their land, and even being subject to violence. In addition to an unacceptable violation of rights, this is also a backward climate strategy, as enforcing the land tenure of Indigenous communities is an extremely effective and affordable climate action to reduce emissions.[9]

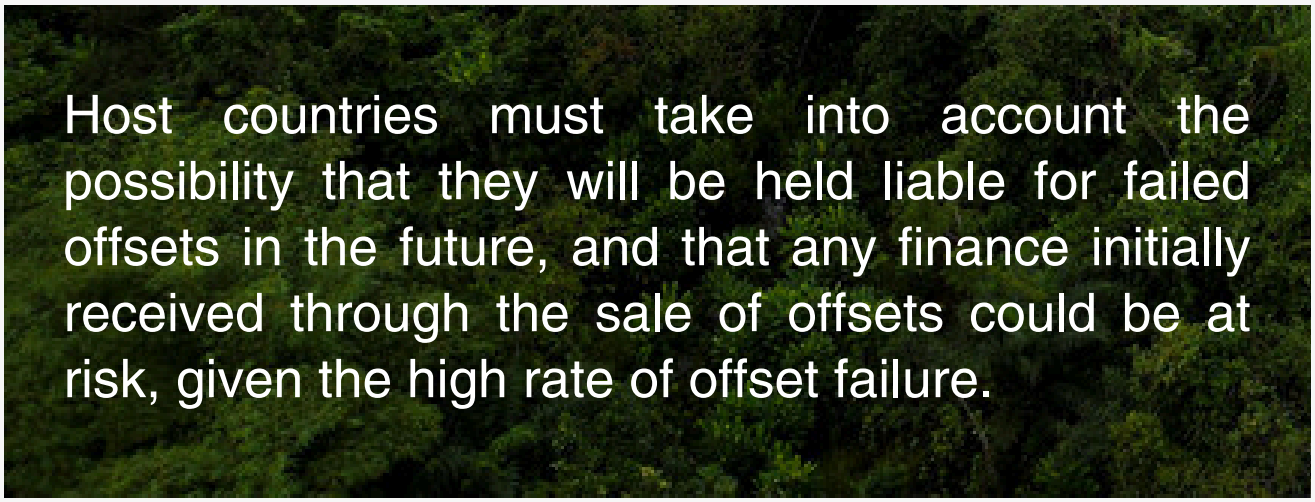
A new risk emerges

A new risk is emerging as the market mechanisms under the Paris Agreement become operational. One of the questions that governments have struggled to answer so far is who is liable for failed carbon credit projects. If a company buys an offset that is later found to be junk – for whatever reason – who is then liable for those 'extra' emissions? Is it the company or country that bought the carbon offset that failed? Or will the host community and country be left holding the bag? Considering the high failure rate of carbon offsets discussed in the previous section, accepting liability for failed carbon offsets could vastly outweigh any potential financial benefits. That is also true for accounting under the Paris Agreement, especially as all countries have some obligation to reduce emissions.

Developing countries shouldn't be held responsible for failed offsets. It would not only be unfair and burdensome, but also lets the Global North avoid its climate responsibilities yet again.

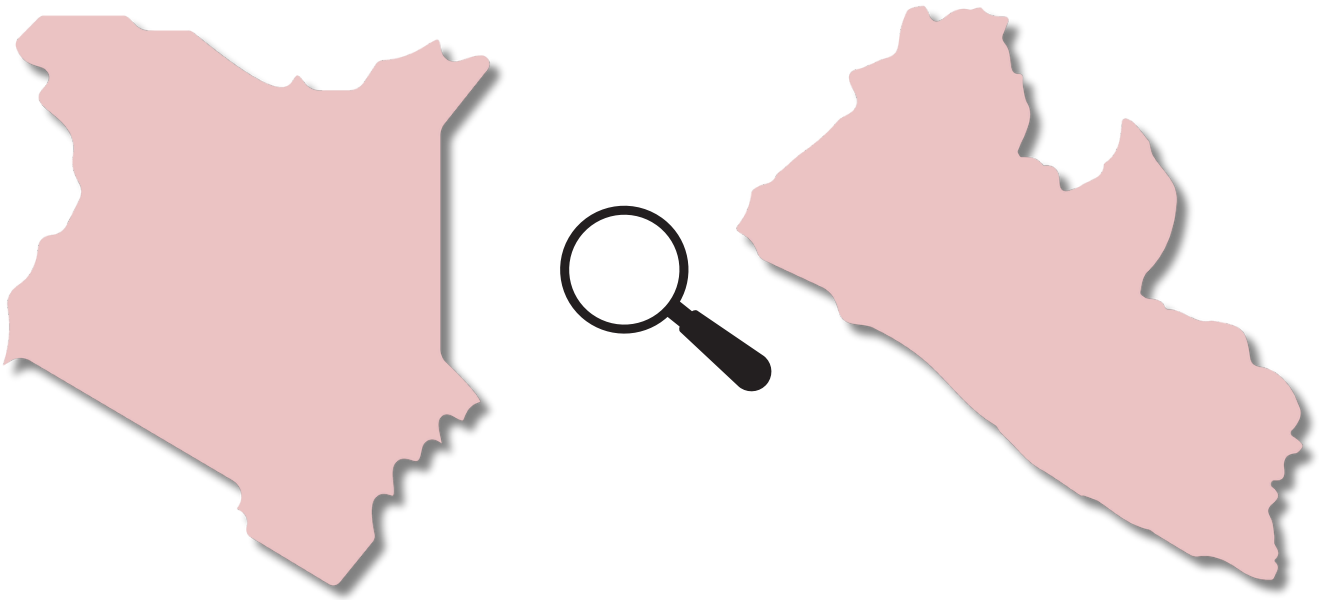
While this remains unsettled internationally with pushback against host countries bearing this burden, they should be proactive to avoid being left holding the bag. This should be a key consideration when host countries establish legal frameworks and negotiate contracts related to carbon credit sales.

This overwhelming history of abuse for host communities should be taken extremely seriously. Any communities considering engaging in carbon offset projects must take steps to ensure they will not be subjected to these kinds of rights violations, regardless of what happens with the carbon accounting. That also highlights the need for a grievance mechanism, as even with consultations and transparency, projects may still cause harm. When they do, impacted people must be able to appeal to a mechanism that can hear their complaints without bias. The mechanism, therefore, must be independent, seen as legitimate, accessible to community members, render their decisions in a timely and predictable manner, and be able to enact or enforce any remediation or other decisions.[10]



Case Studies:

Kenya and Liberia's experience with carbon market mechanisms



Two countries, two paths: what their experiences reveal about risk and rights in carbon trading.

Emblematic Cases in Kenya

Kenya hosts the largest number of and oldest carbon projects in Africa. Many of these illustrate the problems with exaggeration of emissions avoided or carbon sequestered, and uncertainty of carbon credit value, as well as risks to communities. Analysis reveals that there are also severe problems, including community loss of control over their land, a lack of required free, prior, and informed consent, and an unfair and non-transparent distribution of revenue. The proceeds from carbon credit sales go to companies and organizations that strike deals with national and local officials, as well as to the consultants and organizations involved in designing or certifying the projects.

Kenya currently has 317 carbon projects registered with voluntary carbon markets, the majority of which are small cookstoves or water filtration projects.[11] While such projects may have significant potential health benefits, scientific studies indicate that these types of projects exaggerate the climate benefits by overestimating the uptake of cookstoves and water filters, and the amount of firewood saved, through their distribution.[12] Private companies and organizations that implement these projects and purchase the credits typically benefit far more than the communities.

Most of Kenya's largest carbon projects involve attempts to alter land use, often involving changes to who controls the land. There are 30 land-based projects in Kenya; some of these involve small-scale reforestation, while others involve emissions that are theoretically avoided.

The largest carbon credit project in terms of carbon credits issued is the Kasigau Wildlife Corridor Project, run by Wildlife Works, a company originating in the United States. The project, located in the Tsavo ecosystem in Southern Kenya, claims to avoid carbon emissions by protecting against deforestation in the Corridor. In this type of project, one concern is the exaggeration of the amount of emissions that would have occurred without the project, given that there are other mechanisms in place to protect forests.

However, the biggest controversies surround the distribution of the project's revenue, new power imbalances, and the further marginalization of communities that need access to land. In addition to Wildlife Works, two other companies not based in Kenya, Everland and Stand for Trees, also profit from the sale of the credits.

The Kasigau Wildlife Corridor runs through an area of large, formerly public ranches created by a failed Kenyan government cattle project. Local elites gained control of the land after the government project concluded. However, local communities of marginalized people also have legitimate claims of tenure as they have been using the land to graze their flocks of sheep and goats or to collect forest products. Wildlife Works created programs that it claims will benefit communities through job creation and set up a private system of rangers to protect the land. While some residents may have benefited from these programs, others faced the loss of land use and abuses of power at the hands of rangers and staff employed by Wildlife Works.

An investigation by the Kenyan Human Rights Commission and the Dutch organization SOMO found that there was a significant pattern of sexual harassment and abuse by upper-level Wildlife Works employees and rangers aimed at local women, women employees, and the wives of lower-level male employees.[13] According to the report, local women faced degrading and humiliating treatment, and demands of sexual favors were made on women to obtain or retain jobs for themselves or their husbands. Verra, the world's largest private certifier of carbon projects, claims to have investigated and addressed the abuses, but SOMO says Verra's review was seriously flawed.[14]

Northern Rangelands Trust

The world's largest active project in terms of land area is the Northern Kenya Grasslands (or Rangelands) Carbon Project (labeled in different documents as NKGCP or NKRCP). The project encompasses nearly 2 million hectares. It was highlighted by the President of Kenya and the "Natural Climate Solutions Alliance" at the 2022 United Nations negotiations on climate, COP 27, and received positive attention in the media.[15]
The project was celebrated at COP 27 despite existing serious human rights concerns.

A record of rights abuses

In 2019, the Boran Council of Elders in Isiolo County said that the NRT's heavily armed private rangers were preventing pastoralists from grazing on community land, displacing community members, and exacerbating conflict between members of the Samburu and Borana communities.[16] They said that the violence included the deaths or disappearances of 76 people and argued that NRT Rangers and Kenya Wildlife Service officers had a role in some of the deaths.

The allegations were amplified by the Kenya human rights group Missing Voices and investigated by the U.S.-based Oakland Institute, which published its report in 2021.[17] Through interviews, the Oakland Institute said they identified 11 deaths where people were killed in circumstances involving NRT. The report provoked a strong response from project proponents, and NRT denied any involvement in these deaths.[18] Later, a peer-reviewed study in the Journal of Autonomy and Security, based on field research conducted from 2018 to 2024, concluded that the militarized conservation of the Northern Rangelands Trust increases violence and has a negative impact on communities.[19] In January 2025, Kenyan journalist Lynn Ngugi aired lengthy interviews with victims of the violence who blamed NRT.[20]

The Northern Rangelands Trust (NRT) was founded by Ian Craig, a white Kenyan, who inherited his family's 62,000-hectare colonial-era ranch and used it to establish a wildlife conservancy and foster tourism, including luxury safaris. He used this as a springboard to set up 45 "community" conservancies promoted as beneficial for both wildlife and people, allowing the NRT to gain significant control and influence over 6 million hectares, more than 10% of the land in Kenya, and claiming to benefit 700,000 inhabitants. Thirteen of the conservancies established by the Northern Rangelands Trust are currently participating in the Northern Kenya Grasslands Carbon project.

Through the carbon project, the Northern Rangelands Trust generates and extracts a substantial amount of revenue and benefits, which are distributed to companies and organizations outside of the local communities and around the world. One of those entities is 51 Degrees, a security company owned by Craig's son that trains the hundreds of armed rangers deployed by NRT. Other major outside beneficiaries are the organizations and companies that promote, manage, and certify the project, as well as sell the credits. Large companies like Netflix and Meta have purchased the NRT's carbon credits, which fund the project and have been benefiting from greenwashing while failing to reduce their own carbon emissions. The NRT has also received millions of dollars from major government donors, including USAID and the European Union, as well as individual European countries, private foundations, and prominent green organizations such as The Nature Conservancy. The supporters and outside beneficiaries of the NRT's carbon project tried to discredit the 2021 Oakland Institute report.[21]

However, a 2023 report by the Indigenous rights advocacy organization Survival International, entitled *Blood Carbon*, finally helped expose the flaws in NRT's Northern Kenya Grasslands Carbon project.[22] Verra was forced to suspend the project for nearly a year before finally reinstating it despite the incomplete and unconvincing answers collected by its reviewers.[23] The report by Survival International digs into the main questions about the power imbalances inherent in the project and the impacts on communities' Indigenous leadership and culture. It puts into question the models and procedures that are used to justify the carbon credits, including the project's additionality (i.e., whether the project captures more carbon than would otherwise be stored), as well as the baseline used to calculate vegetation to estimate the amount carbon storage before and after the project began. The report found it unlikely that NRT is accurately tracking rotation grazing, livestock location, or carbon leakage from animals grazing outside project boundaries. The report notes the project relies mainly on remote vegetation sensing, not widespread soil testing, to track carbon sequestration.

While project documents admit that permanent sequestration of carbon is not guaranteed, Survival raised concerns that the carbon sequestration and the value of the carbon credits may be undermined by climate change, which may require longer-range movement of herds. The report highlights that procedures for securing proper Free, Prior, and Informed Consent fell far short of standards set by the U.N. Declaration on Indigenous Rights and even Verra's own policy.

The report also highlights that grievance mechanisms are not functional and raises questions about the legal basis of NRT for establishing the project and trading carbon in areas where land tenure rights have not been legally formalized. Lastly, Survival reports on the lack of transparency around total revenue from the project, which makes it impossible for communities to negotiate a fair share for ceding control of a key portion of their land rights.

Despite requests, NRT refused to reveal the total revenue from carbon credit sales. Survival estimates that up to 50% of the revenue is taken off the top before NRT allocates the other half to the operation of the conservancies, which set aside a portion for community benefits. Most of the top cut goes to Native, the U.S. company selling the credits, with the rest split between Verra and verification consultants firms like U.S. Soils for the Future, which developed the carbon measurement methods and standards.

Of the money that reaches the conservancies, 40% (estimated by Survival to be 20% of total revenue) is allocated to NRT's funding of conservancy monitoring operations, including support for the hundreds of armed rangers. If Survival is correct, 30% of total revenue would be set aside for the communities (NRT describes it as 60% because they don't count the unknown amount taken off the top). However, communities don't directly control the money that is supposed to be allocated to them. Instead, the money is controlled by NRT, and communities must apply for projects through the 13 conservancy boards. Based on these numbers, on average, 2.3% of total revenue would go to each of the participating conservancies, each of which contains multiple communities.

Through the carbon project, communities have received some infrastructure and covered some expenses that should be public services, such as the costs of local education and basic water infrastructure. While project money addresses real needs, the lack of transparency in revenue distribution creates a situation in which communities have little choice but to comply with control by an outside private organization. The combination of armed rangers and NRT's control of the project money greatly increases the power imbalances in the region, creating power relations reminiscent of colonialism.

NRT's founder, Ian Craig, resigned as CEO in 2018 and was replaced by Tom Lalampaa, who is from the region. However, Craig remained very active in project leadership. In July 2024, Craig resigned from the Board of Directors of NRT, accusing Lalampaa of operating without transparency, and using a racial slur against some of the local people.[24] In January 2025, German outlet DW released an English documentary showing NRT using armed rangers, police, and subtle threats to control land and conservancy board members.[25]

Court ruling in 2025 deals a blow to the project

On January 24, 2025, a Kenyan court in Isiolo County issued its decision in a lawsuit brought in 2021 by community members. The court ruled that two of NRT's largest conservancies (one within and one outside the carbon project) were set up unconstitutionally, creating a precedent that could apply to many of the other conservancies in the project.[26] In mid-May 2025, in response to the ruling, Verra decided to once again suspend the project and conduct a new review. At the same time NRT announced a leadership change: Tom Lalampaa remains with NRT but has been replaced as Executive Director.[27]

The court's ruling was based on the fact that the conservancies were created on public land held through customary tenure that had not been formally registered as community land. Thus, even outside of the lack of community representation and Free, Prior, and Informed Consent, NRT had no legal right to create conservancies. Once the land is registered under the procedures of Kenya's Community Land Act, the land use will be governed by Community Land Management Committees elected by Community Assemblies in each community, not the conservancy boards set up by NRT, which cover multiple communities.[28] Even on registered community land, valid Free, Prior, and Informed Consent is still required to establish a conservancy or launch a project.

This is a promising ruling, as land loss has long-term devastating impacts on communities. It is also why one of our key recommendations to hosts is to ensure they do not give up land tenure in carbon credit deals.

What do communities want?

The Northern Rangelands Trust project has sown division and distrust within the communities, and some members want the NRT to leave the region. However, Namati, an NGO that works with communities to understand legal systems and protect rights, says that many community members in the project area want access to the revenue generated by the project, but agrees that Northern Rangelands Trust has not been fair or transparent.[29]

In an October 2024 Op-ed, Namati founder, Vivek Maru wrote, "Northern Rangelands Trust did not provide communities with access to the legal agreement that governs the project until late last year. And to date, the Trust has refused to disclose how much revenue it has received from the sale of carbon credits."[30] Maru also made it clear that the Indigenous Peoples' Right to Free Prior and Informed Consent had not been yet met by Northern Rangelands Trust even though the project has been ongoing for more than a decade, and that if the project is to continue, a new legitimate Free Prior and Informed Consent process would need to be undertaken, and new agreements would need to be negotiated.

Communities should not have to choose between their rights and the income streams on which they and their governments rely. Governments must proactively act to ensure that rights are protected from the outset, including the requirement for transparency.

Avoiding carbon blues in Liberia

In contrast to Kenya's troubled history with large carbon projects, Liberia has seen very few projects to date. The Berkeley combined registry lists only two active carbon projects: a cookstove project that has not yet sold any credits, and a private hydroelectric plant serving the giant SOCFIN rubber plantation in Grand Bassa County.[31] Both of these projects raise the usual questions about the possible effectiveness. Hydroelectric dams are infamous for their impact on land rights and the ecosystems of rivers, and also raise questions about additionality. Should the buyers of the credits be allowed to offset their continued emissions, given that the hydroelectric plant might have been built anyway to take advantage of the source of energy?

This relatively minimal incursion of carbon market projects, however, is unlikely to last. Our research found projects in development linked to Blue Carbon, Recov.Earth, and BluEarth Carbon - at various stages of development. The total area for carbon projects under discussion is 1.7 million hectares, a huge figure considering Liberia is 9.6 million hectares (although some of the proposed projects may overlap). Blue Carbon thus far has made the largest splash.

In 2023, Blue Carbon, a relatively new company based in the United Arab Emirates (UAE), enticed the then-Liberian President George Weah with a deal that proposed a quantum leap into the carbon credit market. President Weah signed an MOU granting 10% of Liberia's land to Blue Carbon, owned by Emirati royalty, in exchange for 30% of the revenue for the government.[32] Prior to this, Liberia had been internationally recognized as an example of a government taking action to formalize and protect community land rights. After several years of debate, in 2018, the Liberian Legislature passed a Land Rights Act, which established a framework for community land rights. The Act was signed into law by President Weah. Despite this record of support for land rights and the laws on the books, President Weah signed the MOU in March 2023, during a visit to the UAE following a secret negotiation process.

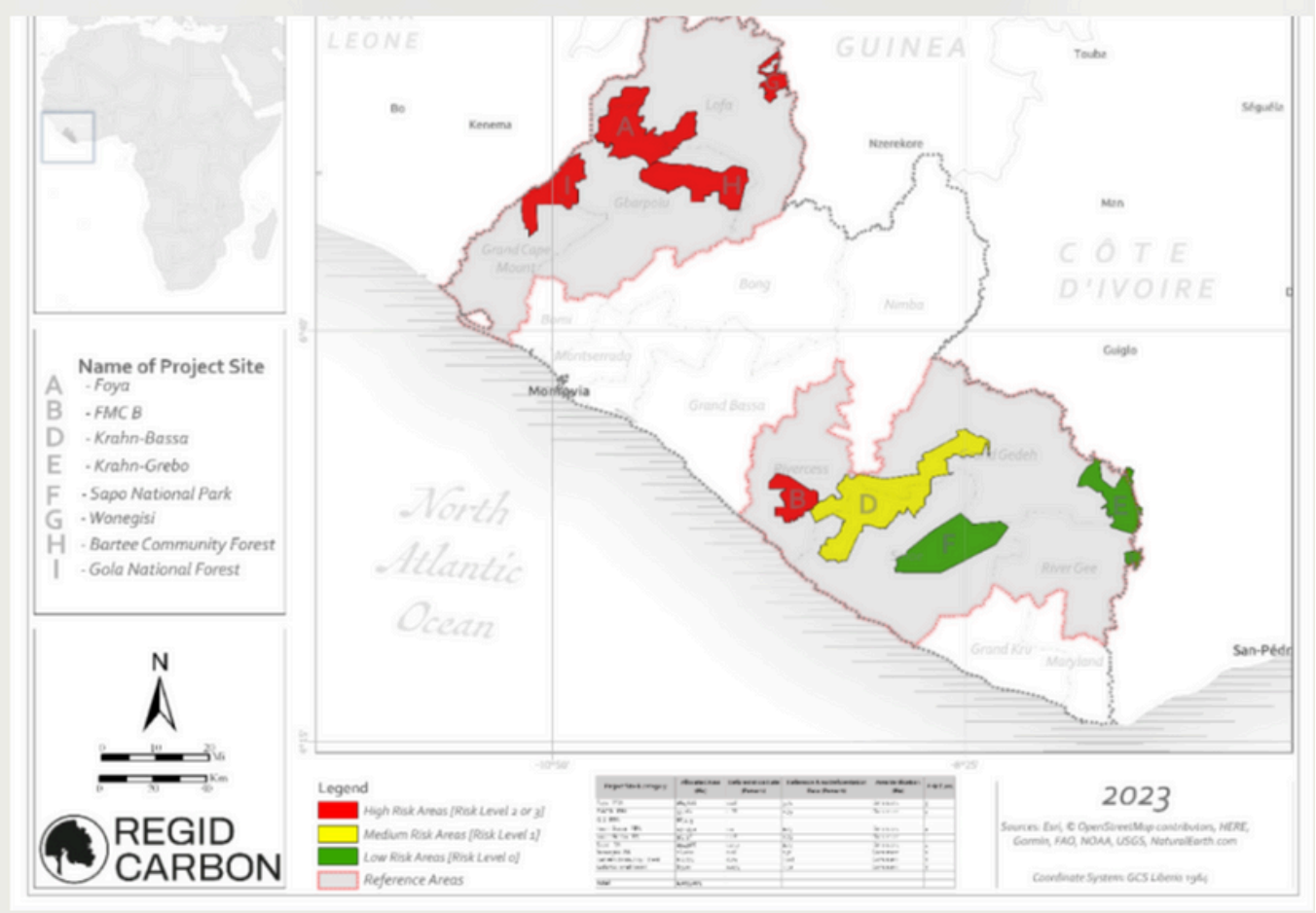
The Liberian president was far from the only African President who signed land deals with Blue Carbon without consulting the communities holding land tenure rights. In 2023, Blue Carbon signed deals for 8 million hectares each with Zambia and Tanzania, 7.5 million with Zimbabwe, and a non-specific agreement covering several million hectares with Kenya.[33] These deals surged ahead of COP 28, hosted by the UAE, seemingly to help the oil-producing nation claim progress toward carbon neutrality without cutting fossil fuel output.

However, by July 2023, word of Weah's agreement with Blue Carbon had spread widely, provoking a strong reaction against it from national and international civil society.[34] The deal, amounting to a land grab for carbon, was widely denounced as violating Liberia's 2018 Land Rights Law.[35]

According to the Sustainable Development Institute, Blue Carbon would be given control of 1,093,075 hectares of land to carry on activities aimed at developing carbon trading opportunities.

"Liberia will give out its Protected Areas (PAs), Proposed Protected Areas (PPAs) and customary lands including Foya PPA (164, 628 ha), FMC B-PPA (57,262), Gbi PPA (88,405), Krahn-Bassa PPA (290, 392), Krahn-Grebo PA (97,136), Sarpo PA (154,966), Wonegisi PA (26,000), Barte-CL (124, 875) and Gola Park PA (89,411) respectively to Blue Carbon."[36]

Source Material published the following map taken from the leaked contract draft:[37]



The draft agreement between the Liberian government and Blue Carbon, seen by Source Material, includes suggested areas of forest to be included.

There remains considerable uncertainty regarding the amount of money that would have been allocated to communities based on the draft agreement. An open letter from 40 CSOs to the UNFCCC explained: *"The draft contract specifies that of the value of each carbon credit created, the Government of Liberia gets 10 % in royalties. Of this 10 %, half goes to the communities 'in and around the conservation area.' When the credits are sold on the carbon market, 70% of the selling price* ***(minus the costs incurred to create the credits)*** *is allocated to Blue Carbon, and 30% is allocated to the Government of Liberia for the first ten years. Of this 30%, just 40% goes to the affected communities."*[38]

If accurate, the figures suggest communities would first get a 5% royalty via the government, then 12%–20% of net revenue after sales and deductions.

Without knowing what costs will be deducted and the potential differences between value and the selling price due to unstable carbon markets, it's impossible to understand what portion of the total revenue communities would be receiving.

What is clear is that the communities would lose control of a significant part of their land rights, and the government has not respected their right to Free Prior and Informed Consent regarding projects in making the deal with Blue Carbon. In any case, there is broad agreement in civil society that the share of the proceeds that the government would control and theoretically distribute to communities was far too low. Some supporters of carbon credit projects argue that communities should be guaranteed a minimum share of at least 60%.[39] Even if the share of the Blue Carbon project reached this standard, communities should still be guaranteed the right to maintain control of their land and to cancel a project that is not working in their favor.

Following a sharp outcry from Liberian civil society, the government of President Weah slowed the completion of the deal.[40]

Carbon markets and an uncertain future

In Liberia's October 2023 elections, Weah was defeated by the opposition candidate, Joseph Boakai. When the UNFCC COP 28 met in December of that year, the New York Times observed that "Despite the frenetic deal-making in the months ahead leading up to COP28, Blue Carbon did not have a discernible presence at the climate summit in Dubai."[41]

By March 2024, the media reported that the new Government was considering the suspension of the deal and a moratorium on new projects. This concern over the agreement with Blue Carbon, however, did not extend to a broader suspicion of carbon market projects. In July, the government formed a committee to develop a new carbon framework policy with the intention of moving forward with carbon credit deals following a consultation process.[42] In October 2024, the Liberian government announced that it had signed a "letter of engagement" with the Coalition of Rainforest Nations, signifying "Liberia's commitment to participating actively in the global carbon market."[43] The fate of the Blue Carbon deal is unclear.

In a related development, a new plan was published in February 2025 by the Forest Policy Trade and Finance Initiative of the NGO Forest Trends, for the Liberia Forest Sector Project (LFSP), which was funded under a 2014 agreement between the governments of Norway and Liberia. There is a pilot project to protect 50,000 hectares of forest in Sinoe County beginning this year, with hopes to expand to 500,000 by 2027.[44] The project will begin as a non-market plan to support community stewardship of forests that are organized into clusters to attract future large-scale investment, including access to international funding for climate change mitigation and biodiversity conservation. The project prohibits communities from expanding their land use for farming, or for growing their communities. They must also prevent any incursions by loggers. The project will pay communities **just a dollar and a half per hectare yearly** to protect their forests during a transition period, and one of the main activities is to "*Prepare Project Design Document for a carbon credit scheme.*"[45] So, the non-market approach, in this case, is only a stepping stone to carbon markets. While the project promises to seek community consent and provide significant benefits, it also appears to be designed from the top-down, and carrying out legitimate Free, Prior, and Informed Consent with assemblies that cluster multiple communities could prove problematic. A final question that can be raised concerning the project is if the forest is being protected by a non-market scheme, would a future carbon credit scheme comply with the requirement of providing additionality?

The Liberian government's plan to enact a national Carbon Law to regulate carbon credit schemes is moving forward.[46] However, in April 2025, the government was still seeking additional funding to undertake a year-long process, which would include national consultations over a three-month period. The quality of community participation and input into the new carbon law may reflect future standards for ensuring community land rights. This is important to consider in light of the significant uncertainty in carbon markets and the poor track record of past standards for Free, Prior, and Informed Consent. The rights of communities to say no to carbon projects, to maintain control of their land, to access effective grievance mechanisms when needed, and to withdraw from projects that aren't serving their interests must all be in place.

It is of great concern that many organizations and governments consider carbon projects to be inevitable, although they are not effective solutions to climate change and may even slow down emissions reductions. Communities need to be informed that caution is warranted, as risks may be significant while benefits may be minimal, and they should be empowered to defend their rights.

Why carbon markets still attract hosts and what now

The record thus far of carbon market mechanisms does not provide much to entice communities and governments to sell carbon credits. Financial pressures, however, are growing, and other forms of finance are shrinking, so more evidence of carbon markets' failures to deliver their promised benefits alone is unlikely to dissuade countries looking to sell carbon credits. Liberia is an excellent example of this, where the new government suspended a particular carbon project but is clearly interested in trying again.

There are still considerable risks associated with participating in carbon market mechanisms, and communities should exercise caution and consideration before undertaking any projects.

Recognizing that these deals are happening, however, despite their dubious promise, ActionAid proposes some key safeguards to protect communities in the carbon market space. This is not to absolve buyers, particularly governments and corporations from the Global North, who are seeking to buy their way out of climate action. They should be held accountable for their share of climate action, and ActionAid is committed to doing so. Instead, our goal here is to support communities facing impossible choices in the midst of intersecting crises. Communities and governments in the Global South should not be forced into a position where they are compelled to take such enormous risks to secure needed funding. However, since this is happening, ActionAid is suggesting recommendations for communities and governments interested in hosting carbon markets.

Key suggestions for governments and communities considering carbon carkets

- **Ensure tenure rights to land are preserved:** This is possibly the most critical demand, as land grabs are a serious risk to communities. Communities should not agree, under any circumstances, to give up land tenure to outside parties. Agreements on the climate action – such as stopping deforestation, ecosystem restoration, and so on – will be needed, but ceding ownership or control of the land to an outside entity, as was done in many of the Blue Carbon deals, is unacceptable. The risks to food security and land rights are simply too great.

- **Ensure transparency in negotiations and meaningful community consultations over any major agreements:** Many of the most damaging carbon deals have occurred without meaningful input and often without community knowledge. Negotiations should be transparent and inclusive, with meaningful and widespread consultations with the community held from the outset. Ideally, projects would also be rooted in plans developed by the communities already, reflecting the community's needs and objectives related to climate action.

- **Do not accept liability for failed carbon projects:** In the event of reversals - meaning carbon is released into the atmosphere and the credit failed on the climate goals (for example, due to deforestation, forest fires, droughts, etc.)- or some other kind of failure for a climate credit that has already been sold, the question then becomes who is liable for that failure and how the emissions are counted. Host communities should not accept any liability for reversals or other failures that result in the credits being declared worthless, or "junk". Host liability could leave communities with a very expensive bill for a reversal that is completely out of their control.

- **Avoid "Middle Men" as much as possible:** Outside companies or entities that end up selling the carbon credits to customers often take a massive cut of any profits and often are not even based in the country in question. The financial benefits from these projects should be kept as close to the community as possible, which will generally mean avoiding any company seeking to sell on behalf of the community.

- **Accessible and effective grievance mechanisms must be in place:** The mechanism needs to be able hold both individual bad actors and the project as a whole accountable; these are essential.

- **No offsets:** Any carbon credits sold should be bought as "contributions" to climate action, rather than being bought to offset ongoing emissions, and allowing the planet's biggest polluters to falsely claim that they are "carbon neutral". Realistically, this will likely reduce interest in buying carbon credits considerably, as most buyers are not operating under altruistic motives. However, the notion that climate action through a market mechanism renders emissions elsewhere acceptable or acceptable is deeply flawed and should be called out.

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ActionAid is a global movement of people working together to achieve greater human rights for all and defeat poverty. We believe people in poverty have the power within them to create change for themselves, their families, and their communities. ActionAid is a catalyst for that change.

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