

Carbon Markets, Forests and Rights: An Introductory Series

A set of short explainers for indigenous peoples and communities



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September 2023

Note: These explainers represent a preliminary response to requests from communities for information on the topic of carbon markets.^a They are likely to be updated based on further feedback and questions, including when it comes to practical strategies for the defence of rights in the context of carbon market developments.

^a These materials were originally prepared for indigenous community representatives in Guyana and have been adapted for a broader audience.

Background and Introduction

For decades, indigenous peoples and their representatives have demanded that all policies, funding and initiatives aimed at addressing the climate crisis must respect and protect their rights, cultures, livelihoods and knowledge. They have insisted on being treated as central actors – and as rights holders – in the design and implementation of climate solutions.

Indigenous peoples have historically been particularly active in trying to influence climate policies that relate to protecting **forests**. Such policies are often referred to by one catchphrase: **Reducing Emissions from Deforestation and Degradation**. 'REDD+' for short. 'No Rights, No REDD+' has become a famous advocacy slogan across the world.¹

In the past few years, a topic that has rapidly been gaining attention in climate discussions at all levels is '**carbon markets**'. Some of these discussions concern the role of forests in these markets, and whether carbon markets can bring in finance to pay for REDD+ activities.

Box 1: What is a carbon market?

What carbon markets are, how they work, and what they may mean for indigenous peoples' rights is the focus of these explainers and is discussed in more detail throughout the document. This includes explaining the technical terms often used to talk about these markets, which you and your community may find strange or unfamiliar. These terms are discussed in Explainer 2.

At the most general level, a **carbon market** is a (non-physical) market where **carbon credits** are bought and sold. A carbon credit represents one ton of carbon dioxide (CO₂) (or an equivalent amount of another greenhouse gas) that, it is claimed, is being saved from entering the atmosphere or is being removed from the atmosphere.² One way to think of a carbon credit is as a piece of paper that symbolises this saving or removal of CO₂. Carbon credits can be bought and sold for money.

Many indigenous communities around the world are currently considering what carbon markets might mean for them. The views on this vary widely. Some groups have chosen to completely reject and resist carbon markets.³ Others have chosen to engage with them on certain terms, including because they feel the money or other benefits generated through these markets can help them further their own priorities for the future.⁴ Many indigenous communities have not made any decisions about what they think. They have expressed that they need more information about carbon markets that can help them think this through, but the technical and complex language around the topic makes this difficult. This short series of 'explainers' is a first step in responding to this demand for clearer information. The explainers focus specifically on the link between carbon markets, forests and indigenous peoples' rights.^b

^b This does not mean that non-forest projects and programmes that create credits to be sold in carbon markets cannot also involve indigenous peoples or have an effect on their lives and rights.

Purpose of these Explainers

The goal of these explainers is to support indigenous peoples and communities to make informed decisions in relation to carbon markets.^c They explain key terms and 'carbon market jargon', introducing what carbon markets are and how they function. They also set out some of the key concerns around carbon markets and introduce the potential benefits and, especially, risks that these markets can entail for indigenous peoples and communities. They are intended as an introduction and are not a complete guide to carbon markets.

Since the information that communities have access to about carbon markets is often provided by actors who are proposing carbon credit projects or programmes in their lands or territories (such as NGOs, companies or the government in their country), communities may hear more about potential benefits than about potential risks.⁵ To balance this, these explainers put more emphasis on the potential risks, and critiques, of carbon markets. They also highlight some of the important questions that your people and community may want to think through in relation to carbon markets. However, these explainers do not aim to tell your people and community how they should respond to carbon markets. That is a decision for you as a collective to make.

Finally, while focusing specifically on indigenous peoples (as they self-define) and their rights as protected in international human rights law, the explainers may also be of interest to other peoples and communities that do not identify as indigenous, but who hold lands collectively and in accordance with their customary tenure systems and laws.

Structure

These explainers do not have to be read in the order they appear. If you as a reader are interested in understanding what carbon markets can mean for your community, rather than delving into the details of carbon cycles and carbon credits, you can jump straight to Explainer 3.



Explainer 1 introduces key concepts that are essential background to understanding carbon markets. It introduces what climate change is, what the carbon cycle and carbon dioxide is, and the link between carbon dioxide, forests and climate change.



Explainer 2 outlines what carbon markets and carbon credits are, and provides a brief introduction to why these markets are developing and how they function.



Explainer 3 focuses on indigenous peoples' rights and carbon markets. It highlights some of the particular risks that carbon markets pose to indigenous peoples and communities. It also highlights key questions communities should ask themselves as they consider how to engage with or respond to carbon markets.



Explainer 4 provides an overview of the key environmental critiques and concerns around carbon markets.



Explainer 5 provides a short introduction to ART-TREES. ART-TREES is an institution and standard that is involved in 'certifying' carbon credits and that is gaining a lot of attention internationally.

c Many of the questions that communities would likely want to consider in relation to carbon markets will be similar for other nature markets (i.e., other markets selling the gifts that nature provides us with, which often in such markets are referred to as 'ecosystem services').

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Endnotes

- 1 Adianto Simamora, "No rights no REDD: Communities," *Jakarta Post*, July 1, 2010, <https://www.thejakartapost.com/news/2010/07/01/no-rights-no-redd-communities.html>; Frances Seymour, "Indigenous Peoples Rights and REDD+," Center for Global Development, August 7, 2014, <https://www.cgdev.org/blog/indigenous-peoples-rights-and-redd>.
- 2 Charlotte Streck, Melaina Dyck and Danick Trouwloon, "Chapter 5: What is a carbon credit" in *The Voluntary Carbon Market Explained (VCM Primer)*, Climate Focus, December 2021, <https://vcprimer.org/chapter-5/>.
- 3 Indigenous Environmental Network. "Global Alliance Against REDD+," accessed September 11, 2023, <http://no-redd.com/>; Indigenous Environmental Network, "Carbon Conflicts cause Conflict and Colonialism," May 18, 2016, <https://www.ienearth.org/carbon-offsets-cause-conflict-and-colonialism/>.
- 4 Carolyn Kormann, "How Carbon Trading Became a way of Life for California's Yurok Tribe," *New Yorker*, October 10, 2018, <https://www.newyorker.com/news/dispatch/how-carbon-trading-became-a-way-of-life-for-californias-yurok-tribe>.
- 5 See for e.g. Patrick Greenfield, "The 'carbon pirates' preying on Amazon's Indigenous communities," *The Guardian*, January 21, 2023, <https://www.theguardian.com/environment/2023/jan/21/amazon-indigenous-communities-carbon-offsetting-pirates-aoe>.

^d Publications of the Global Justice Clinic do not purport to represent the institutional views of NYU School of Law, if any.

