REPORT :

# CENTRAL AFRICAN REPUBLIC

# Strategic Roadmap for Carbon Market and Climate Finance in the Forest Sector

## Priority Recommendations and Actions

November 2025

THE WORLD BANK

# Central African Republic
# Strategic Roadmap for Carbon Market and Climate Finance in the Forest Sector

## Priority Recommendations & Actions

November 2025

WORLD BANK GROUP

1818 H Street NW

Washington, DC 20433

Telephone: 202-473-1000

Internet: www.worldbank.org



Please cite the work as follows:

World Bank Group. 2025. Central African Republic Strategic Roadmap for Carbon Market and Climate Finance in the Forest Sector: Priority Recommendations and Actions Washington, DC: World Bank Group

## Table of Contents

## List of Tables



## List of Figures

## Foreword

The forests of the Central African Republic (CAR) are among the nation's most valuable natural assets. Covering nearly one fifth of the national territory, these forests form the ecological backbone of the country's economy, support rural livelihoods, and are central to biodiversity conservation.

The *Strategic Roadmap for Carbon Market and Climate Finance in the Forest Sector for the Central African Republic* offers a detailed, country-specific framework designed to advance carbon finance initiatives within CAR's forest sector. This roadmap serves as a complement to the Central African Republic Forest Ecosystem Accounts, which quantify the economic value of the nation's forests in both physical and monetary terms. Both documents were developed under the World Bank's Advisory Services and Analytics program for the Congo Basin countries.

The Central African Republic's forests also play a globally significant role in stabilizing the climate by acting as a net carbon sink— storing an estimated 2.9 billion tons of carbon in 2020, equivalent to more than one-third of annual global $CO_2$ emissions from the energy sector. These forests not only sustain biodiversity and support rural livelihoods but also serve as an immense carbon sink— representing both a national treasure and a globally critical public good.

However, the full potential of Central African Republic's forests has yet to be realized. With the country's macro-fiscal constraints and the urgent need to diversify its economy, monetizing forest assets has become essential rather than optional. Advancing sustainable forest finance can unlock new revenue streams, create green jobs, and deliver meaningful development benefits for local communities.

Rooted in the Central African Republic's unique national context and aligned with its economic priorities, the Strategic Roadmap presents clear, actionable steps to establish the institutional, technical, and governance frameworks necessary for leveraging carbon market opportunities under articles 6.2 and 6.4 of the Paris Agreement. Developed through extensive consultations with key stakeholders across the country, the strategy ensures inclusivity and relevance to CAR's specific needs, making it both comprehensive and context aware.

The Central African Republic has taken initial steps toward low-emissions development with Vision 2035, its updated Nationally Determined Contribution (NDC), and the ongoing Long-Term Low Emissions Development Strategy (LT-LEDS). However, legal, institutional, and technical frameworks for international carbon markets remain underdeveloped. Establishing structures for carbon rights, benefit-sharing, private sector involvement, and inter-ministerial coordination offers a chance to build strong systems without legacy constraints.

Chakib Jenane

Regional Practice Director, Western and Central Africa Region
The World Bank

## Acknowledgements

This report was prepared by the World Bank team, led by Kanta Kumari Rigaud (Lead Climate Change Specialist) and Tsegaye Ginbo Gatiso (Environmental Economist), under the World Bank's Advisory Support and Analytics (ASA) project, 'Leveraging Natural Capital Accounting and Climate Finance for the Congo Basin Forests' (P180767). The report benefited from the strategic management guidance from Chakib Jenane, Cheick Fantamady Kante, Guido Rurangwa, and Ellysar Baroudy. Neeta Hooda and Idriss Deffry also provided valuable contributions and support to the team in the overall management of the program.

Throughout the study implementation, the team worked with government-nominated focal points from relevant ministries and agencies, and a broad set of focus groups comprising civil society and indigenous groups, sectoral agencies, private sector, and development partners who actively contributed to the preparation of the roadmap and participated in consultation workshops and capacity-building trainings. The ONFI-Salva Terra team comprising Pascal Douard, Federic Jacquemont, and Olivier Bouyer conducted the data assessment, compilation, and report preparation under the guidance and supervision of the World Bank team.

Gratitude and acknowledgement are extended to the Ministry of Finance and Budget; Ministry of Economy, Planning, and International Cooperation; Ministry of Water, Forests, Hunting, and Fisheries; Ministry of Environment and Sustainable Development and all key stakeholders for their active engagement valuable contributions during consultations to foster national ownership of the process. The government nominated focal points contributed actively to the process of roadmap development. The report was enriched by feedback during multistakeholder consultations and the capacity building and training sessions.

The World Bank peer reviewers, namely Joseph Dickman, Andres B. Espejo, David Maleki and Ngao Mubanga, provided invaluable inputs and feedback at key stages of the forest account development. The team is grateful to Sandrine Armelle Nambessa Ndoubenoue and the country team staff, especially Rosine Prudence Babou Yakondji, for their valuable support in facilitating in-country missions for consultations with the government and other stakeholders.

The World Bank team is grateful for the financial support provided by the Central African Forest Initiative (CAFI), and the Climate Investment Funds (CIF).

## Acronyms

| | |
|---|---|
| ACR | American Carbon Registry |
| ACMI | Africa Carbon Markets Initiatives |
| AFOLI | Agriculture, Forestry, and other Land-use |
| AP | African Parks |
| ARR | Afforestation Reforestation Revegetation |
| ART-TREES | Architecture for REDD+ Transactions- The REDD+ Environmental Excellence Standard |
| BAU | Business as Usual |
| BTR | Biennial Transparency Report |
| BUR | Biennial Update Report |
| CAFI | Central African Forest Initiative |
| CAR | Climate Action Reserve |
| CARP | Centralized Accounting and Reporting Platform |
| CDM | Clean Development Mechanism |
| CCPs | Core Carbon Principles |
| CMO | Carbon Market Office |
| CPI | Carbon Pricing Instruments |
| COMIFAC | Central Africa Forest Commission |
| CORSIA | Carbon Offsetting and Reduction Scheme for International Aviation |
| CMO | Carbon Markets Office |
| CO2 | Carbon dioxide |
| COP | Conference of the Parties (of UNFCCC) |
| CSR | Corporate Social Responsibility |
| DNA | Designated National Authority |
| ERs | Emission Reductions |
| EU ETS | European Union Emission Trading Scheme |
| FCPF | Forest Carbon Partnership Facility |
| FLEGT | Forest Law Enforcement, Governance, and Trade |
| FPIC | Free, Prior, and Informed Consent |
| FREL | Forest Reference Emissions Level |
| GCR | Ghana Carbon Registry |
| GCF | Green Climate Fund |
| GEF | Global Environment Facility |
| GGGI | Global Green Growth Institute |
| GHG | Greenhouse Gas |
| G2G | Government to Government |
| G2P | Government to Private Sector |
| GRM | Grievance Redress Mechanism |
| HFLD | High-Forest, Low-Deforestation |
| ICAO | International Civil Aviation Organization |
| ICVCM | The Integrity Council for the Voluntary Carbon Market |
| IFM | Improved Forest Management |
| IPLC | Indigenous Peoples and Local Communities |
| ITMOs | International Transferred Mitigation Outcomes |
| JCM | Joint Crediting Mechanism |
| JNR | Jurisdictional and Nested REDD+ |
| ktCO2E | kilo-tonnes of carbon dioxide equivalent (of GHGs) |
| LEAF Coalition | Lowering Emissions by Accelerating Forest finance Coalition |
| MCUs | Mitigation Contribution Units |
| MADR | Ministère de l’Agriculture et du Développement Rural |
| MEDD | Ministère de l’Environnement et du Développement Durable |
| MEFCP | Ministère des Eaux, Forêts, Chasse et Pêche |

| | |
|---|---|
| MFB | Ministère des Finances et du Budget |
| MRV | Measurement, Reporting, and Verification |
| NDC | Nationally Determined Contribution |
| NFMS | National Forest Monitoring System |
| NGO | Non-Governmental Organization |
| PES | Payments for Ecosystem Services |
| PIN | Project Ideas Note |
| PMI | Partnership for Market Readiness |
| PTF | Finance and Technical Partnership |
| RBPs | Results-Based Payments |
| REDD+ | Reducing Emissions from Deforestation and forest Degradation in developing countries, sustainable management of forests and the conservation and enhancement of forest carbon stocks |
| RRUs | REDD+ Result Units |
| R-PP | Readiness Preparation Proposal (under the FCPF) |
| SB | Supervisory Body |
| SCALE | Scaling Climate Action by Lowering Emissions |
| SIS | Safeguards Information System |
| SBTi's | Science Based Target initiative |
| TFFF | Tropical Forest Forever Facility |
| UNDP | United Nations Development Program |
| UNFCCC | United Nations Framework Convention on Climate Change |
| VCM | Voluntary Carbon Market |
| VCMI | Voluntary Carbon Market Integrity Initiative |
| VCS | Verified Carbon Standard |
| VERRA | Verified Carbon Standard Organization |
| VERRA/CCB | VERRA Climate, Community, and Biodiversity Standards |
| WCS | Wildlife Conservation Society |

## Glossary

**Authorization (Article 6)**
Authorization in the context of Article 6 of the Paris Agreement refers to the formal approval and registration process by which a host country permits the transfer of mitigation outcomes to another country. This process is crucial as it triggers corresponding adjustments and reporting requirements, ensuring that the transfer aligns with the host country's climate goals and contributes to global emission reductions.

**Carbon Markets**
Carbon markets are market-based instruments aimed at reducing carbon emissions by putting a price on greenhouse gas emissions. On those markets, emission reduction units or carbon credits are being traded; each one is equivalent to one ton of carbon dioxide reduced, sequestered, or avoided. These markets are divided into *compliance* and *voluntary markets*.

*Compliance markets* are mandated by regulatory bodies (international, national, or subnational) and set a target level of emissions reduction, often through a cap-and-trade system.

*Voluntary carbon market*, however, allows companies, organizations, or individuals to voluntarily purchase carbon credits to offset their emissions, often as part of corporate social responsibility initiatives or personal commitments.

**Corresponding Adjustments (Article 6)**
Corresponding Adjustments in the context of Article 6 of the Paris Agreement refer to the changes made to the GHG inventories of countries involved in the transfer of mitigation outcomes (country-level equivalent of carbon credits) to avoid double counting. When one country transfers mitigation outcomes to another, both countries must adjust their GHG inventories accordingly.

**Climate Finance**
Climate Finance refers to local, national or transnational financing—drawn from public, private and alternative sources of financing, that seeks to support mitigation and adaptation actions that will address climate change It encompasses a wide range of financial instruments and mechanisms, including grants, loans, and green bonds, among others, designed to mobilize resources for climate-related projects and programs. In the context of this Roadmap, climate finance refers more specifically to preparedness funding and other non-market results-based payment (RBP) opportunities such as the Green Climate Fund, the Carbon Fund or even the Tropical Forest Forever Initiative (TFFF).

**High-Forest, Low-Deforestation (HFLD)**
HFLD countries are defined as having more than 50 percent of their forest cover and a deforestation rate under 0.22 percent per year.

**Internationally Transferrable Mitigation Outcomes (ITMOs)**
In the context of the Paris Agreement, ITMOs are a mechanism that allows countries to transfer reductions of GHG emissions to help one or more countries meet their climate targets. These transfers are governed by the rules of Article 6 of the Paris Agreement, which establishes an international compliance carbon market. When a country transfers ITMOs, it must make corresponding adjustments to its GHG inventory to avoid double-counting emissions reductions.

| | |
|---|---|
| **Jurisdictional REDD+ program** | Jurisdictional REDD+ refers to government-led REDD+ activities at the sub-national or at the national level. This approach is considered superior to project-based methods, particularly from a forest monitoring point of view, by reducing the risk of leakage. |
| **Monitoring, Reporting and Verification (MRV)** | In the context of carbon projects and programs, MRV refers to the processes used to quantify GHG emissions reductions or removals, report these data to relevant stakeholders, and verify the accuracy and reliability of the reported data.<br><br>*Measurement* involves quantifying the amount of GHG emissions reduced or removed by a project or program. This can include direct measurements, modeling, and the use of standardized methodologies.<br><br>*Reporting* involves documenting and disclosing the measured data to stakeholders, including regulators, investors, and the public. Reporting ensures transparency and accountability in the carbon project or program.<br><br>*Verification* involves an independent assessment of the reported data to ensure its accuracy and reliability. Verification is typically conducted by third-party organizations and helps to build confidence in the integrity of the carbon reductions or removals.<br><br>MRV is a critical component of carbon projects and programs, ensuring that emission reductions (ERs) are accurately quantified, transparently reported, and independently verified. This process helps to maintain the credibility and effectiveness of carbon markets and climate change mitigation efforts. |
| **Nationally Determined Contributions (NDCs)** | In the context of the Paris Agreement, NDCs are the climate action plans that each country submits to outline their efforts to reduce national emissions and adapt to the impacts of climate change. These contributions are central to the Paris Agreement and represent the commitment of each country to address climate change. NDCs are updated every five years and reflect each country's ambition and progress in reducing greenhouse gas emissions and enhancing resilience to climate impacts. |
| **Nesting REDD+** | Nested REDD+ refers to a patchwork of approaches that seek to create a common accounting system and/or crediting system in order to integrate existing REDD+ projects into REDD+ programs. This can range from simply accounting for all emissions reductions and cutting out crediting of projects from the broader REDD+ program to seeking to integrate project crediting directly within the existing program's approach to benefits sharing plan. |
| **REDD+ project** | Site-specific REDD+ activities, often carried out by a non-profit or for-profit project developer. |
| **Result-based payments** | Similar to a market-based approach, results-based payments require the REDD+ program to achieve pre-determined results before payment is made. Unlike a market-based approach, the resulting credit is often not tradable, nor is it fungible with other non-REDD+ credits. |

# Executive Summary and Recommendations

## Key messages

**Establishing access to carbon markets represents a strategic lever to mobilize climate finance in support of Central African Republic's (CAR's) broader development agenda, and its climate commitments** as articulated in its Nationally Determined Contributions. CAR is at a critical juncture to deepen its engagement in international market mechanisms, particularly following the finalization of Article 6 rulebook of the Paris Agreement at the Conference of the Parties (COP) 29. This requires readiness not only in technical systems but also in institutional and political frameworks, legal clarity, and stakeholder capacity.

**The overall aim of CAR's Roadmap is to foster and strengthen participation in results-based payments and leveraging climate finance**. While this roadmap focuses specifically on the forestry sector, it recognizes the inherently multi-sectoral nature of carbon market engagement. Enabling frameworks for Article 6 transactions, safeguards, carbon rights, and benefit-sharing will have cross-cutting relevance for other sectors such as energy, agriculture, and land use planning.

**This Roadmap together with the** [Central African Republic Forest Ecosystem Accounts](#) **developed under the World Bank's Advisory Services and Analytics for the Congo Basin countries[1] provide important insights and recommendations that reinforce each other** to advance policy reforms and instruments to conserve and sustain its critical natural forest assets and lays out practical opportunities to participate in carbon markets and harness climate financing.

**CAR's forest ecosystem accounts determined that the country has not been able to monetize the forest values.** The country's forests retained an estimate of 2.9 billion tons of carbon in 2020, equivalent to more than one-third of annual global $CO_2$ emissions from the energy sector. Notably almost 99 percent of the ecosystem services estimated are attributed to global climate retention through carbon retention. CAR currently realizes only a minor share of this value domestically, underscoring the critical role of carbon markets and climate finance in enabling the monetization of these environmental benefits.

**Central African Republic's second Nationally Determined Contribution (NDC) outlines two primary objectives: i) increase the ambition of mitigation and adaptation measures compared to its first NDC, and (ii) support sustainable development and environmental integrity.** The CAR aims to cut emissions by 9.03% in 2025 and 11.82% in 2030 unconditionally; with support, these targets increase to 14.64% and 24.28% respectively. The NDC also has quantitative targets in the forest sector for 2030, including restoring 1,000,000 hectares of forest with agroforestry plantations. CAR's 3rd NDC is under preparation and underscores the urgency to operationalize access to carbon markets and climate finance.

**The NDC commitments and the development agenda offer CAR opportunities for climate-smart development across key sectors.** The CAR plans to boost energy efficiency, particularly in wood and charcoal use. In agriculture, it targets better agroforestry and lower emissions from slash-and-burn farming. For industry and waste, the goal is improved recovery.

[1] *Leveraging Natural Capital Accounting and Climate Finance for the Congo Basin Forests* (P180767).

In land management, CAR promotes sustainable forestry, biodiversity conservation, and increased forest carbon sequestration while avoiding degradation.

**CAR's status as a High Forested Low Deforestation (HFLD) region offers unique opportunities to achieve emission reductions in the forest sector, via** subnational jurisdictions.[2] [3] The new Reducing Emissions from Deforestation and Degradation+ ((REDD)+) standards (Architecture for REDD+ Transactions- The REDD+ Environmental Excellence Standard, ART TREES) for HFLD countries can help CAR access funding through carbon markets and climate finance, supporting its NDCs and sustainable development. The CAR's earlier participation in the Forest Carbon Partnership Facility (FCPF) Carbon Fund with the development of Readiness Project Proposal (R-PP) provided some experience on engagement in carbon markets.

**CAR must align its legal, institutional, and technical frameworks with global standards to participate effectively in carbon markets.** The country lacks national carbon registries, project nesting rules, and a designated authority for Article 6 transactions. Revenue-sharing and safeguards are still undefined, hindering readiness for sovereign and project-based carbon initiatives.

**This Roadmap details steps for enabling sovereign and project-based access to climate finance and carbon markets.** It helps national policymakers identify actions and reforms needed to strengthen institutions, regulations, and market infrastructure for forest carbon credits and climate finance. The document targets national decision-makers, especially those in climate-relevant sectors and ministries. Technical and financial partners are key to implementing this roadmap.

**This Roadmap should be seen as a foundational, dynamic document—designed to guide immediate priorities in the forest sector while laying the groundwork for broader national carbon market engagement**. It aims to establish a coherent structure of governance, technical infrastructure, and regulatory certainty that can scale and adapt as CAR expands its climate ambition and international cooperation over time.

## Findings from the country assessment

**CAR has established key groundwork through the adoption of a REDD+ strategy, a REDD+ investment plan, and carbon development projects involving private entities and NGOs.** Full alignment with climate finance and carbon market frameworks, especially those referenced by Articles 6.2 and 6.4 of the Paris Agreement, requires consistency and transparency across principal strategies and policies. This analysis was guided by insights obtained from a readiness assessment conducted during the development of the Roadmap.

**CAR does not yet have legislation or procedures for participating in Article 6 mechanisms of the Paris Agreement.** There are presently no laws covering authorization, approval, Internationally Transferable Mitigation Outcomes (ITMOs) transfer, or corresponding adjustments under Articles 6.2 and 6.4. CAR cannot approve ITMO transfers under Article 6 without a Designated National Authority (DNA). While some technical readiness exists, there is an urgent need for clear policy and institutional frameworks. The country is adopting a new forest code to establish carbon rights for private entities and local communities.

[2] TNC, High Forest Low Deforestation areas: potential incentive structures and business models
[3] Charting the future of high forest low deforestation jurisdictions, September 2024

**Key structural risks include the lack of a national training framework, incomplete safeguards implementation, and limited involvement of civil society and Indigenous Peoples and local communities (IPLCs) in climate governance.** Without comprehensive training for all stakeholders, CAR cannot participate effectively in high-integrity carbon markets.

**There is currently no legal instrument available for interpreting social and environmental safeguards at the national level beyond the existing framework,** which does not sufficiently meet the requirements of the Cancun safeguards. The revision of the environmental code presents an opportunity to develop legal mechanisms that will enable the adaptation of the Cancun safeguards nationally, in accordance with the guidelines and measures set forth by the REDD+ National Investment Framework (CNI, Cadre National d'Investissement REDD+).

**CAR has made progress in developing national forest monitoring systems (NFMS) and Monitoring Reporting and Verification (MRV), but neither is complete**. The technical infrastructure for credible participation in international carbon markets is still lacking, as a functional carbon registry does not exist.

**CAR needs to strengthen its technical capacity in carbon markets and climate finance following recent security challenges but lacks a coordinated national strategy for sustained capacity building.** Key institutions—including relevant ministries, private sector, and civil society—have basic operational, legal, and financial foundations under Article 6 of the Paris Agreement that should be reinforced to support carbon project development and implementation.

**The country has formed international partnerships to protect forests and biodiversity.** CAR was among the first to join the European Union's (EU's) Forest, Law, Environment, Governance, and Trade (FLEGT) initiative and began a Forest Partnership with the EU in 2022 for sustainable forest management. It also participates in the Central Africa Forest Initiative (CAFI), receiving a $10 million grant. However, CAR's presence in Congo Basin carbon market coordination is still limited.

**CAR has not taken advantage of or benefited adequately from international climate finance options to support its NDC.** Currently, no institutional leader is responsible for engagement with buyers, investors, or facilitators under Article 6.2 or 6.4, and large-scale activities are limited on Voluntary Carbon Markets (VCM) platforms. Participation in new initiatives such as the Tropical Forest Forever Facility (TFFF) is an emerging opportunity.

## Strategic Directions for Action

**Two complementary and mutually reinforcing strategies** – both for national/jurisdictional and local scales – are recommended to structure Central African Republic's entry into carbon markets:

### I. Build a Sovereign Jurisdictional Strategy towards carbon credits via ART-TREES and Article 6 Mechanisms

**CAR should consolidate its engagement as a sovereign actor in jurisdictional carbon markets by initiating ART-TREES application and establishing the institutional infrastructure needed to participate under Articles 6.2 and 6.4 of the Paris Agreement**. This includes the following key measures.

- Adopting legal instruments defining benefit-sharing, safeguards requirement and management as well as project authorization procedures.
- Designating a Designated National Authority (DNA).
- Establishing a national carbon information registry and selecting a transactional registry among solutions available.
- Developing nesting rules to integrate subnational or private initiatives under the national forest reference emissions level (FREL).
- Submitting the required Initial Report under Article 6.2and Biennial Transparency Report (BTR).
- Establishing a "Carbon Market Office" as a coordination mechanism with clearly defined leadership to manage the process for carbon market transactions and streamline for generating carbon credits.

**This pathway ensures long-term credibility and access to structured, high-integrity finance** channels such as World Bank Scaling Climate Action by Lowering Emissions (SCALE), Green Climate Fund (GCF) REDD+ Results-Based Payments (RBP), and bilateral internationally transferred mitigation outcomes (ITMO) agreements, including the prospects under the Tropical Forests Forever Facility (TFFF).

## II. Enable and Support Private Sector Pilot Projects with Simplified Governance

**In parallel, CAR should pursue the development of private-sector and NGOs carbon projects** – especially projects that are already in development[4] – under recognized project-based standards (e.g. Verra VCS/CCB, Gold Standard). These pilots can contribute to the following outcomes. :

- Generate early results and build practical experience.
- Test MRV and safeguard methodologies under national conditions, and the nesting approach.
- Reveal technical and legal gaps to inform national system development.

**To support this effort, it is proposed that a dedicated "one-stop shop" or Carbon Market Office (CMO) be established** to clarify procedures, provide technical support, and ensure policy coherence. A benefit-sharing scheme is also needed as well as tax incentives on carbon revenues to attract more private investments. The CMO has the advantage of extending to non-forest sectors.

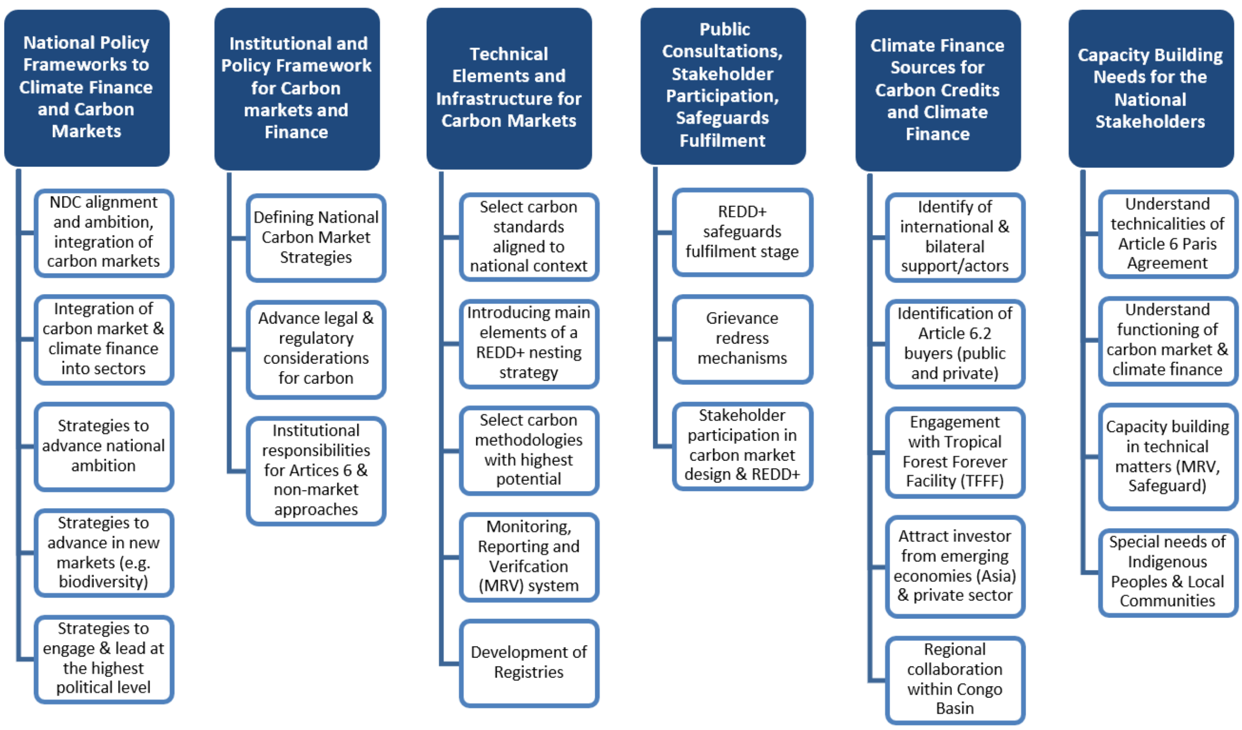
[4] For examples: conservation projects such as Chinko and CentraForest

**Developing a private sector pipeline of carbon projects should align with CAR's jurisdictional nesting framework for ART-TREES**. CAR can explore various carbon regimes by starting jurisdictional approaches in some regions (like the Southwest) while supporting project-level activities elsewhere. Standards for private projects must align with the national ART-TREES approach, and double counting needs to be prevented. Requirements may include using the ART-TREES baseline for emissions or excluding privately developed areas from jurisdictional accounting. The government's chosen nesting arrangements will determine the final approach.

## Strategic Roadmap for Carbon Market and Climate Finance in the Forest Sector

**The Roadmap for Central African Republic identifies six key policy pillars and priority action areas** in response to the gaps and needs identified through an in-depth assessment and multi-stakeholder consultations (Figure E1). The overall aim of CAR's Roadmap is to foster and strengthen participation in results-based payments and leveraging climate finance.

***Figure E1: Central African Republic's Strategic Carbon Markets and Climate Finance Roadmap - Key Policy Pillars and Action Areas***




**In each case, these priority policies and action areas should not be seen as discrete actions, but as a continuum** where actions can proceed in tandem to leverage efficiency gains and streamlining of efforts**.** Clarity on the institutional roles and responsibilities and enhanced coordination is key. Cooperation through the proposed one-stop shop, such as a Carbon Market Office, will greatly facilitate progress, transparency, and credibility in the broader context.

Table E1 presents a summary of the key policy recommendations and priority actions under each of the pillars ranked for priority, timing, and readiness for the Central African Republic.

## Summary of Key Recommendations and Action Areas for Central African Republic Roadmap

**Key action areas and priorities for the Roadmap are organized under six pillars**, based on readiness assessments conducted during the study, consultations with various stakeholders, and compliance with Articles 6.2 and 6.4 of the Paris Agreement for participation in carbon markets. The country has advanced in certain areas, but progress is uneven, or fragmented across issues. Table E1 provides a summary of the key actions and priorities, their sequencing, and level of readiness to advance these actions.

**Priority action areas were ranked for their strategic importance** in building sustainable engagement in carbon markets and climate finance: i) **foundational** (Tier 1)—essential steps to remove participation barriers; ii) **enabling** (Tier 2)—filling gaps and supporting market operations across sectors; iii) **scaling-up** (Tier 3)—expanding at programmatic, jurisdictional, or national levels.

**Priority actions are organized into near, medium, and long-term steps to systematically** address barriers and opportunities, enabling the development of carbon markets while establishing robust institutional and governance frameworks. Near-term actions (like assigning the Designated National Authority (DNA) and sending in the Biennial Update Report (BUR)) must happen now (within 12 months), long-term (2-5 years months and beyond) commitments (such as meeting NDC goals) require early dedication and sustained attention, and medium-term tasks (12-24 months) (like building registries and capacity) ensure ongoing progress toward strategic objectives.

**Assessing readiness allows them to build on progress and plan activities** for effective climate market participation and access to climate finance. Readiness levels for actions and timing are color-coded: dark green (good progress), light green (work in progress or more action needed), yellow (where progress is lacking and needs attention). These priority actions and sequencing present a significant opportunity for the country to strengthen its carbon market readiness.

**Table E1: Central African Republic's Strategic Roadmap for Carbon Market and Climate Finance in the Forest Sector: Priority, Timing and Readiness of Key Action Areas**

| Key Policy Directions and Action Areas | Priority & Readiness level | Timing & Readiness level |
|---|---|---|
| **1. Coherence of National Policy Frameworks to leverage Climate Finance and Carbon Markets** | | |
| **1.1 Develop NDC 3.0, including commitment to Art.6 and VCM: Include disaggregated, quantitative targets for forestry mitigation activities (REDD, ARR, IFM) conditioned to additional funding, and introduce a clear national roadmap for the operational use of Article 6.2 and 6.4 mechanisms.** | **Tier 1**<br>NDC 2.0 exist and should benefit from improvement on forest sector | **Near term** |
| 1.2 **Appoint and mandate a national-level representative for key NDC sectors:** Each person will be responsible for seeking and facilitating funding with international institutions, technical and financial partners, countries, and companies. | **Tier 1**<br>Same as intersectoral approach | **Medium term** |
| **1.3 Define a National Benefit-Sharing Framework**: develop and adopt a legal and operational mechanism to allocate carbon revenues transparently across the state, community, and private actors, providing investment security and equity guarantees. | **Tier 1**<br>To reassure project developers (private or government, public) | **Near term** |
| **1.4 Develop an intersectoral approach under the Prime Minister or Finance Ministry**: Enhance coordination, monitor progress and impulse ambition in the key NDC sectors (energy, agriculture, forestry, land-use planning, mining, finance) based on a 'Carbon Task Force' (CTF) model and mobilize and secure funding for its operation. | **Tier 2**<br>Intersectoral approach is the first step for triggering & coordinating actions | **Medium term** |
| **2. Alignment and Clarification of Institutional and Policy Frameworks to Advance Carbon markets and Finance** | | |
| 2.1 **Adopt a National Carbon Market Strategy**: Develop an intersectoral strategy that outlines priority activities, targeted standards (e.g. ART-TREES, VCM, Art. 6.4), institutional roles, and legal needs. It should be anchored in CAR's NDC. | **Tier 2**<br>Including multi-stakeholders' consultation | **Medium term** |
| 2.2 **Establish Art.6 approval institution – Designated National Authority (DNA) or the Carbon Market Office (CMO) below – and develop a regulatory instrument:** Formally allocate responsibilities for Art. 6.2, 6.4, and 6.8, and designate a DNA or CMO and procedures manual, to implement the defined national strategy and specify the roles and responsibilities of each institution throughout the approval/authorization process of Art.6. | **Tier 1**<br>Support is currently under progress with Presidency office. | **Medium term** |
| **2.3 Complete the legal and regulatory framework to increase the potential for external financial resources**: Adopt implementing decrees that define clearly benefit-sharing, PES, tax treatment of credits and Article 6 procedures taxes or incentives. | **Tier 1**<br>Same as above | **Near term** |

| Key Policy Directions and Action Areas | Priority & Readiness level | Timing & Readiness level |
|---|---|---|
| **2.4 Establish a Carbon Market Office for CAR**: CMO will generate or coordinate on a pipeline of investments – Government to Government (G2G) and Government to Private sector (G2P) – and facilitate processing and projects implementation. | **Tier 1**<br>Necessity to attract and reassure projects developers | **Medium term** |
| **3. Advance Readiness of Technical Requirements and Infrastructure of Carbon Markets** | | |
| **3.1 Strengthen and Institutionalize MRV Systems:** Built on proposed MRV architecture to consolidate MRV system to ensure long-term technical and financial sustainability, with cross-sectoral data use and clear institutional roles, at national and in preparation of nested level (data requirements specific for each level considered). | **Tier 1** | **Long term** |
| 3.2 **Initiate the process of submissions to the LEAF coalition:** After meeting with ART-TREES requirements in terms of Safeguards, MRV particularly by initiating activities to ensure CAR's compliance with the ART-TREES standard. Leverage this as the entry point for results-based payments (e.g. LEAF, SCALE) and potentially Art. 6.2-linked transactions. | **Tier 2**<br>CAR can position itself among other LEAF candidates | **Near term** |
| 3.3 **Select a Carbon Registry**: In the short term, use available transactional registries (e.g. ART registry, Carbon Assets Tracking System (CATS), UNFCCC registries) that tracks both emission reductions (ERs) and ITMOs and, potentially, develop in the medium and long term a national transactional registry according to national needs. | **Tier 2**<br>No constraints to choose an available registry | **Medium term** |
| 4. **Ensure Public Consultations, Stakeholders Participation and Compliance with Safeguards Standards** | | |
| 4.1 **Operationalize the Safeguards Information System (SIS):** Precise indicator development, institutional roles, and data flow protocols and submit the first SIS. | **Tier 1**<br>Based on national REDD+ strategy | **Near term** |
| 4.2 **Establish a Legal Framework for Grievances Mechanism and complete the Legal Framework for FPIC:** Enact dedicated legislation on national REDD+ grievance mechanism with clear jurisdiction and resourcing, and complete with implementing decrees the current legal framework for FPIC. | **Tier 1**<br>Necessity to attract and reassure projects developers | **Medium term** |
| **4.3 Institutionalize Multi-Stakeholder Dialogue:** Create a permanent REDD+/Carbon Market Committee including CSOs, private sector, and local representatives. Integrate stakeholder participation into project design and benefit-sharing mechanisms. | **Tier 2**<br>Considering the two above are the priorities | **Long term** |
| **4.4 Revitalize the REDD+ Technical Secretariat and consultation structures at the local level (operational unit):** Build or revive consultative platforms to ensure local participation and feedback in national REDD+ processes. | **Tier 3**<br>Same as above | **Long term** |

| Key Policy Directions and Action Areas | Priority & Readiness level | Timing & Readiness level |
|---|---|---|
| 5. **Identification of Climate Finance Sources for a Pipeline of Investments in support of the roadmap Implementation** | | |
| 5.1 **Map and Structure Financing Entry Points:** Launch a coordinated effort under the Ministries of Environment, Forest and Finance to map and prioritize climate finance actors across bilateral, multilateral, and philanthropic sources. Include identification of standards (e.g. ART-TREES, Global Green Growth Institute (GGGI), and others). Explore and leverage potential additional Technical Assistance programs to enhance readiness (e.g., SPARC, PMI, etc.). | **Tier 1**<br>This is the first step to mobilize more investments | **Medium term** |
| **5.2 Engage with TFFF and Brazil: Clarify participation modalities in TFFF ahead of COP30 and following that.** | **Tier 1**<br>Before COP 30 | **Near term** |
| 5.3 **Position CAR for Article 6.2 Transactions:** Identify key buyer countries and establish a negotiation roadmap for ITMO sales, anchored in CAR's current and upcoming NDC and benefit-sharing framework. | **Tier 2**<br>Must position itself among others | **Near term** |
| **5.4 Identify and create a pipeline of projects to implement the NDC:** For NDC sectors (forest, agriculture, energy), develop complete Projects Idea Notes (PIN) to implement the NDC and attract investors (private and international donors). | **Tier 3**<br>Should be coming after the submission of NDC 3.0 | **Long term** |
| 6. **Identification of Capacity Building Needs and Roll-out of Training** | | |
| 6.1 **Institutionalize a National Training Program on Article 6 and Carbon Markets:** Create structured training modules for public agencies, private actors, and civil society on the architecture of Article 6 (6.2, 6.4, 6.8), carbon standards, ITMO processes, and NDC integration. Deliver through the Task Force or a dedicated platform, with donor support (UNDP, CAFI, WB). | **Tier 1**<br>The first step to design and implement projects | **Near term** |
| 6.2 **Complete the MRV project to Strengthen and Sustain MRV Capacity**: Continue capacity building in MRV started with United States Forest Service (USFS) program. Build domestic expertise in remote sensing, FREL updates, GHG accounting, and safeguard monitoring. | **Tier 1** | **Near term** |
| 6.3 **Reinforce Civil Society and Community Participation**: Launch dedicated capacity-building for CSOs, Indigenous Peoples, and local communities on FPIC, grievance mechanisms, safeguards, and monitoring roles. Ensure their integration into national consultation platforms. | **Tier 2**<br>Legal framework needs to be completed before training | **Medium term** |
| **6.4 Create a Permanent Training and Technical Support Mechanism:** Anchor capacity-building in a permanent institutional structure (e.g. National University and others). Ensure it is funded and embedded in CAR's climate finance strategy. | **Tier 3** | **Long term** |

# 1. Background and Objective

**The World Bank's Advisory Support and Analytics (ASA) program "Leveraging Natural Capital Accounting and Climate Finance for the Congo Basin Forests" (P180767) supported the development of this Roadmap** and the Central African Republic Forest Ecosystem Accounts.[5] The roadmap aims to support the country's readiness and engagement in carbon market initiatives, align with Article 6 of the Paris Agreement, and ensure the effective implementation of climate finance in a manner that supports national development goals, environmental sustainability, and equitable benefit-sharing.

**Central African Republic's (CAR's) Strategic Roadmap for Cabon Market and Climate Finance in the Forest Sector complements the country's Forest Ecosystem Accounts underscoring the critical importance and opportunities of the country's forest assets.** The forest accounts report sets out the extent, condition, services and asset value of the forest from 2000-2020 (see Box 1). Covering about 17 percent of the national territory, the native forests provide vital domestic benefits—fuelwood, timber, bushmeat, sediment retention, and nature-based tourism—contributing directly to livelihoods and the national economy.

**In 2020, it was estimated that forest ecosystems in CAR retained close to 2.9 billion tons of carbon**, equivalent to more than one-third of annual global $CO_2$ emissions from the energy sector. According to the country report, the total annual value of forest ecosystem services rose from about US$ 18.6 billion in 2000 to US$ 37.3 billion in 2020, with global climate regulation through carbon retention representing almost 99 percent of this value. Despite these substantial environmental contributions, CAR currently derives only a limited portion of this value domestically, highlighting the importance of carbon markets and climate finance in facilitating the monetization of these ecological benefits.

**The Roadmap is designed to enhance the country's preparedness and participation in carbon market initiatives, ensure alignment with Article 6 of the Paris Agreement,** and facilitate the efficient implementation of climate finance in support of national development objectives, environmental sustainability, and equitable benefit-sharing. This national roadmap serves as a strategic framework to assist Central African Republic in operationalizing its climate commitments under the Paris Agreement, with particular emphasis on implementing its Nationally Determined Contribution (NDC) in line with national priorities. It provides strategic guidance on how to identify and prioritize the institutional reforms, policy instruments, and technical infrastructure needed to unlock and sustain access to climate finance and carbon markets.

**This roadmap focuses primarily on the forest sector, given the CAR's potential advantage with multiple High Forest, Low Deforestation (HFLD) sub-national jurisdictions, and its progress in REDD+ preparation,** but it also recognizes that carbon market readiness is inherently cross-sectoral. The processes, governance structures, and enabling reforms it proposes (such as registry systems, benefit-sharing frameworks, and carbon rights clarification) are foundational for broader Article 6 engagement, and will be

[5] World Bank Group. 2025. Central African Republic Strategic Roadmap for Carbon Market and Climate Finance in the Forest Sector: Priority Recommendations and Actions Washington, DC: World Bank Group
file:///C:/Users/wb84983/Downloads/CAR%20-%20%20Forest%20Ecosystems%20accounts%202000-20%20(3).pdf

relevant to energy, agriculture, land use, and other mitigation sectors over time.

**CAR's roadmap is aligned with its national plan for long-term socio-economic development, incorporating climate change considerations across social and productive sectors** with a goal of improving population well-being by 2030. This aim is outlined in the 2021 REDD+ National Strategy, the 2017 Strategic and Operational Planning of Responses to Climate Change, and the 2021 revised NDC. Collectively, these documents establish a development approach that utilizes forest-based mitigation, sustainable land use,

**This roadmap supports the country's goal to reduce emissions through various opportunities that promote positive and sustainable development.** CAR's revised NDC (2021) aims to cut GHG emissions by 10% unconditionally and up to 25% conditionally by 2030. Achieving this target requires $1.321 billion USD in mitigation funding from 2021–2030: $236 million from national funds and $1.084 billion from international partners. AFOLU mitigation mainly targets agriculture by improving techniques, promoting family palm oil plantations, and supporting cacao/coffee cultivation without deforestation for carbon sequestration. Forestry mitigation includes small-scale family tree planting, renewable fuel wood, agroforestry, reducing uncontrolled fires, restoring mining sites, and preserving the carbon storage of national parks. Reforestation is also considered an adaptation measure.

**This roadmap is based on a participatory assessment with national stakeholders—** including public institutions, civil society, and private actors—alongside capacity building workshops on carbon markets, Article 6 of the Paris Agreement, NDCs, climate finance, and REDD+.

**The roadmap enhances CAR's climate policy framework while outlining needed reforms to unlock climate finance**. It enables CAR to pursue results-based payments, produce high-quality ITMOs, and direct new funding toward national priorities like rural infrastructure, biodiversity, forestry jobs, and fiscal stability. The roadmap will guide national decision makers on key fronts.

- Clarifying the legal and institutional requirements of Article 6 to access international carbon markets.
- Mapping the current structure and emerging trends in carbon markets and standards.
- Identifying legal, institutional, and technical gaps that may hinder CAR's effective engagement.
- Recommending actionable measures for reform, capacity enhancement, and project development.

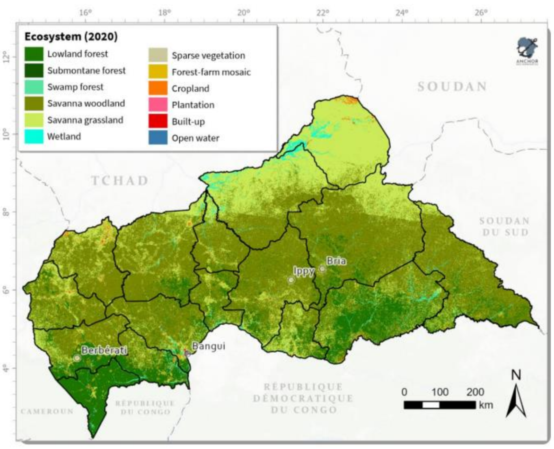
**The roadmap is structured around six foundational building blocks**: (1) Alignment of National Policy Frameworks to Climate Finance and Carbon Markets requirements, (2) Establishment of Institutional and Policy Framework for Carbon Markets and Climate Finance, (3) Development of Technical elements and Infrastructure for Carbon Markets, (4) Operationalization of Public Consultations, Stakeholders Participation, Safeguards Fulfilment (5) Identification of Climate Finance Sources to support roadmap Implementation, and (6) Identification of Capacity Building Needs. Following the review and feedback process on the draft roadmap, a national validation workshop was held with key stakeholders to endorse its content and recommendations.

**The Annexes provide additional information and technical guidance on key aspects**.

- Requirements under Article 6 for the development of a national strategy.
- A proposal for a regulatory or procedural instrument to operationalize this strategy.
- Clarifications on institutional roles and responsibilities.

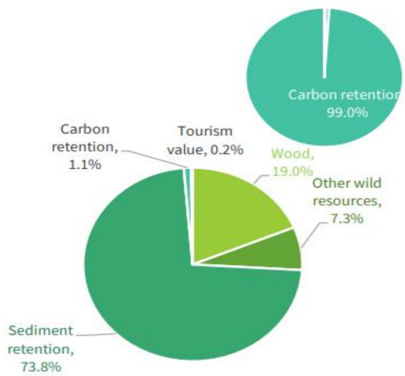
**Box 1: Central African Republic Forest Ecosystem Accounts and Policy Recommendations Ecosystem extent, condition, services, and asset accounts 2000-2020 (World Bank Group, 2025)**

### Figure 1: Extent of Ecosystem types across CAR in 2020



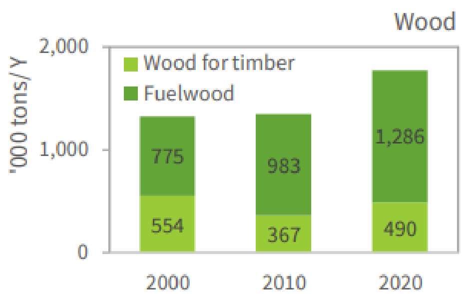

In 2000, native forests covered 16.7 percent of the Central African Republic, compared to 17.2 percent in 2020. Of this, 93 percent were lowland forest, and 7 percent were swamp forest, with the remainder being submontane and peat forest, both of which cover very small areas. Most of the country's land area was under woodland (55 percent) and savanna (27 percent).

### Figure 2: Share of Assessed Services in Total Forest Value Using the CAR's Social Cost of Carbon (Bottom), Capturing Only the Domestic Climate Benefits, Vs. Global Social Cost of Carbon (Top), Reflecting the Worldwide and Domestic Benefits of the CAR's Forests in 2020



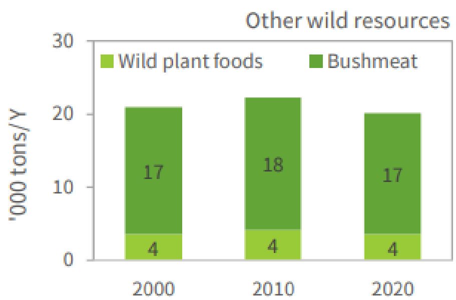

From 2000 to 2020, the monetary value of wood supply (formal and informal) increased by 54 percent in value over the two decades, and other wild resources remained stable. Sediment retention value increased by 58 percent, due to increase in demand. The monetary value of carbon retention increased by 39 percent in the first decade and by 45 percent in the second decade, a much more substantial increase than the increase in physical terms, due to the increasing social cost of carbon. Carbon value makes up 99 percent of the values assessed.

### Figure 3: Production of Wood Products Expressed in Tons Per Year




Extraction of wood for timber production varied significantly over time, starting relatively high at 554,000 tons in 2000 before dropping to 367,000 tons in 2010 and increasing to 490,000 tons by 2020 (Figure O. 6). The contribution from fuelwood was more than double that of wood for timber in 2020, reflecting the high reliance of both urban and rural households on biomass energy, and due to low levels of uptake of cleaner cooking methods.

### Figure 4: Production of Wild Resources Expressed in Tons Per Year




The use of other wild resources increased due to population growth and increasing demand initially but declined slightly between 2010 and 2020. The tonnage of bushmeat extraction relative to wild plants was approximately four times more. The slight decrease in bushmeat and wild plant food harvesting in the second decade suggests a decrease in the availability or accessibility of these resources from forests.

Source: World Bank Group. 2025. Central African Republic Forest Ecosystem Accounts and Policy Recommendations: Ecosystem extent, condition, services, and asset accounts 2000-2020. Washington, DC: World Bank Group. https://openknowledge.worldbank.org/entities/publication/7c432652-9ad2-4972-af06-f05428402f8d

## 2. Key Decisions and Requirements for Carbon Markets Participation

**Recent developments have significantly reshaped the carbon market landscape**. In particular, the decision at COP 29 in Baku (November 2024) to operationalize Article 6 market mechanisms of the Paris Agreement. The emergence of high-integrity credits from the voluntary carbon market (VCM), - led by the Integrity Council for the Voluntary Carbon Market (ICVCM) and the Voluntary Carbon Markets Integrity Initiative (VCMI) - have opened new opportunities for countries like the CAR (see annex 5). These shifts expand the potential for both public and private funding, just as CAR is preparing its third NDC.

**Carbon markets can mobilize critical finance for climate action.** They also support sustainable development by delivering ecosystem co-benefits, generating revenues for local communities, and contributing to poverty reduction and resilience. When aligned with national policy frameworks, they can help countries meet their NDCs and implement their Long-Term Low Emissions Development Strategies (LT-LEDS), offering cost-effective and flexible mitigation options.

### 2.1. Strategic and Regulatory Foundations for Carbon Market Participation

**To engage effectively in carbon markets, countries must understand a set of legal, technical, and strategic dimensions**. These fall broadly into three categories: (i) defining the scope and architecture of market participation, (ii) ensuring robust governance and compliance, and (iii) aligning implementation with sectoral priorities and buyer expectations.

#### 2.1.1. Defining Scope and Architecture

Countries must first establish the boundaries and modalities of their engagement:

- **Eligible activities and actors**: Emission reduction (ER) credits can be generated by a variety of actors (government agencies, private companies, NGOs, or local communities) at different scales (project-based, sectoral, or policy-level), and for different purposes (compliance, voluntary offsetting, or domestic NDC implementation).
- **Crediting mechanisms**: Credits may be issued under different systems, including:
  - Government-led schemes or mechanisms under Article 6.2 and 6.4 of the Paris Agreement.
  - Independent voluntary mechanisms such as Verra's VCS, ART-TREES, or the Gold Standard.
- **Credit generation modalities**: Governments must decide whether they will directly issue credits (such as ITMOs), enable the private sector to do so, or adopt a hybrid model. This decision has implications for governance, oversight, and benefit-sharing.

#### 2.1.2. Governance, Integrity, and Reporting

Once the architecture is defined, countries must ensure their systems meet the requirements of international markets and safeguard environmental integrity:

- **Authorization and corresponding adjustments (Art. 6.2/6.4)**: Countries must determine whether to authorize the transfer of credits, which requires applying corresponding adjustments to national GHG accounting. This may involve developing "positive lists" (eligible sectors) and "negative lists" (excluded sectors), as well as clarifying institutional roles and procedures (see Annexes 1–3).

- **MRV and registry infrastructure**: To maintain credibility and avoid overselling, countries must have a robust MRV system. This includes a national GHG inventory, reliable data management systems, and access to a registry capable of tracking issuance, transfers, and corresponding adjustments (see Annex 4).
- **Transparency and reporting**: Participation in Article 6 mechanisms entails new reporting obligations:
    - Submission of an Initial Report under Article 6.2.
    - Annual updates to the Article 6 database.
    - Contributions to Biennial Transparency Reports (BTRs), including national GHG inventories and progress toward NDC targets.

### 2.1.3. Sectoral Integration and Market Positioning

Carbon market engagement must also align with national sector strategies and be positioned to evolve with buyer expectations:

- **Buyer requirements**: Market participants vary in their needs:
    - Compliance buyers: e.g. governments and airlines under CORSIA, which require authorized credits (ITMOs).
    - Voluntary buyers: e.g. corporations seeking offsets or reputational benefits, some of whom also prefer authorized credits for their transparency.
    - Development partners: e.g. donors offering results-based finance to help countries meet NDCs.
- **Forest sector considerations**: In forestry—where private investment is needed and sensitive, several issues must be addressed:
    - Who holds the carbon rights, and can they be transferred? Are tax or legal barriers in place?
    - Is there a benefit-sharing mechanism? Who are the beneficiaries and how are revenues distributed?
    - Are the rights of Indigenous Peoples and Local Communities (IPLC) respected? Are grievance mechanisms in place?
    - Are safeguards to prevent social and environmental harm clearly defined and reported?
    - Does the country favor jurisdictional programs, project-level activities, or a combination? If combined, are nesting rules clearly established?
- **Engagement strategy**: Finally, countries must define how they interact with potential credit purchasers, including:
    - Whether and how to negotiate bilateral agreements for ITMO transfers.
    - How to position themselves in the market and attract credible investment.

## 2.2. Article 6 participation requirements and country readiness

**To participate in Article 6, countries must adjust their national transparency frameworks, comply with the specific requirements of Article** 6, and ensure that they track progress towards achieving NDCs and engage in international cooperation. In addition, Article 6 has a component of reporting obligations aligned with the enhanced transparency framework of Article 13 of the Paris Agreement.

**Effective participation in international market-based mechanisms requires host countries to establish robust legal, institutional, and technical framework** investments that demand time, resources, and high-level political engagement.

**Establishing a centralized one-stop shop for carbon market engagement could significantly enhance CAR's ability to access climate finance** and participate in international carbon markets. By concentrating technical, regulatory, and institutional functions within a single, dedicated entity, such a mechanism would streamline project approval processes, ensure compliance with Article 6 of the Paris Agreement, and provide essential support for project developers. It would also increase transparency, reduce transaction costs, and improve coordination across sectors. For CAR, a one-stop shop could serve as a strategic lever to operationalize its NDC, attract investment, and accelerate the implementation of high-integrity mitigation activities. Ghana's Carbon Market Office represents a good example (Box 2),

**CAR may prioritize engagement under Art 6.2 which allows greater flexibility** in bilateral arrangements and alignment with existing national processes. CAR may adopt a cautious or phased approach to Article 6.4 participation, particularly in the absence of final guidance from the Supervisory Body on methodologies applicable to the forest sector, and REDD+ activities in particular.

**Box 1: Ghana one-stop-shop example**

Ghana has decided to take proactive steps to establish a national carbon market framework which allowed mitigation activities, requirements and process to participate in carbon markets.

The Carbon Market Office (CMO), which is part of the Environmental Protection Agency's (EPA) climate change unit, is the official national authority responsible for managing engagement in carbon markets related to climate change, as Ghana's market strategy aims at raising climate finance to support its NDC and direct green investments to benefit local businesses.

Ghana's carbon market framework supports both compliance and voluntary carbon markets, providing clarity on approval processes and the conditions under which mitigation outcomes can be authorised for international transfer under Article 6 of the Paris Agreement.

The CMO performs the functions assigned under the carbon markets framework including implementing the policies, rules, and guidance on transactions, by providing targeted support for mitigation activity sourcing. Their activity also involves matchmaking, MRV and accounting, registry operations, creation, and transfer of ITMOs, reporting & the corresponding adjustment.

Today, Ghana has signed 5 bilateral cooperation agreements with Switzerland, Sweden, Singapore, South Korea, and Liechtenstein, and has received 70 carbon market projects for consideration and approval.

### 2.2.1. Requirements Under Article 6.2

**Article 6.2 of the Paris Agreement establishes a governance framework for the international transfer of mitigation outcomes (ITMOs) between countries**. Under this mechanism, participating Parties conclude bilateral or plurilateral agreements that define the terms of cooperation, including the use of transferred mitigation outcomes for achieving their respective NDCs. These agreements must be reported transparently to the UNFCCC, in accordance with the enhanced transparency framework.

**Table 1 provides a summary of key obligations and the current CAR's status of compliance and pending priority actions.** The urgency for the country to meet these requirements are ranked on a scale of high; moderate or low – reflecting an urgency or prioritization to meet these in a timely manner.

*Table 1: Article 6.2 participation requirements and CAR's status*

| Obligation category | Requirements | CAR's Status | CAR's priority actions |
|---|---|---|---|
| **Participation requirements** | The country has ratified the Paris Agreement. | **Yes** – Ratification of the Paris Agreement in December 2016 | - |
| | A Nationally Determined Contribution (NDC) is in place. | **Yes** – Second NDC submitted in October 2021, and the drafting of the NDC 3.0 is in progress | **Moderate** – The drafting process started. |
| | National arrangements exist for the authorization of Internationally Transferred Mitigation Outcomes (ITMOs) for use towards NDC targets. | **Not yet** – There is no legislation governing provisions for the transfer of ITMOs or the implementation of corresponding adjustments | **Moderate** – Need to clarify the legal framework and institutional responsibility |
| | Institutional and technical infrastructure is in place to track ITMOs throughout their lifecycle (issuance, transfer, use). | **Not in place** – No national registry has been developed to date, and no other transactional registry has been selected | **Moderate** – As alternative registry options exist, CAR should choose one of the existing tools to track national ERs and reporting requirements |
| | Submission of the latest greenhouse gas inventory. | Yes – BTR submitted in December 2024[6] | **Low** – BTR already submitted, as important element to ensure the credibility of the country's performance in terms of monitoring emission |

[6] In accordance with decision 18/CMA.1, the most recent national inventory report will only be available once the BTR is submitted. Parties have until 31 December of 2024 to submit their first BTR. In the meantime, participating Parties can refer to the latest national GHG inventory submitted under the UNFCCC: national GHG inventories of Annex I Parties and national GHG inventories of developing countries via national communications and/or biennial update reports (Source: https://unfccc.int/sites/default/files/resource/Article_6.2_Reference_Manual.pdf)

| Obligation category | Requirements | CAR's Status | CAR's priority actions |
|---|---|---|---|
| | | | reductions and participation in Paris Agreement climate finance mechanisms. |
| | An operational Safeguards Information System (SIS) and submission of safeguard summaries. | **Not yet** – CAR made small progress and need to address the national scale. | **High** – Supporting partner to define |
| | Participation in carbon markets is aligned with the implementation of CAR 's NDC and long-term low-emission development objectives. | **Yes** – The national REDD+ strategy is aligned with NDC and Paris Agreement goals. | **Low** |
| **Initial Report** | Submission of the Initial Report[7] to the UNFCCC as required under Article 6.2 guidance. | **Not yet** submitted | **Moderate** – Need to comply with international requirements even other activities are higher priority |
| | Selection of ITMO metric and methodology. | **Yes** – $CO_2$ metric is specified in the NDC | - |
| | Choice of approach for applying corresponding adjustments (e.g. for single- or multi-year NDC targets). | **Not yet** defined | **High** – Need to be done for projects which are already on-going |
| | Description and quantification of the NDC. | **Yes** – CAR's second NDC contains sectoral objectives, with quantitative carbon sequestration targets mentioned in the medium and long-term scenarios. | - |
| **Institutional requirements** | A registry that can track ITMOs (first transfer, transfer, use, etc.). The secretariat offers the services of an international registry to Parties that do not have one. | **Not yet** established | **Moderate** – As alternative registry options exist, CAR should choose one of the existing tools to track national ITMOs |

[7] The submission of the initial report must be no later than the authorization of ITMOs which requires countries to communicate specific decisions including the choice of ITMO metrics and an accounting approach for applying corresponding adjustments.

### 2.2.2. Requirements Under Article 6.4

**Article 6.4 establishes a centralized mechanism under the UNFCCC for generating carbon credits**, known as Article 6.4 Emission Reductions (A6.4ERs). It is overseen by the Supervisory Body (SB) of the UNFCCC, like the Clean Development Mechanism (CDM).

**Table 2 provides a summary of key obligations and requirements and the current status of CAR's compliance and pending priority actions**. The urgency for the country to meet these requirements are ranked on a scale of high; moderate or low – reflecting an urgency or prioritization to meet these in a timely manner.

*Table 2: Article 6.4 participation requirements and CAR's status*

| Obligation category | Requirements | CAR's Status | CAR's priority actions |
|---|---|---|---|
| **Participation requirements** | The country has ratified the Paris Agreement. | **Yes** – Ratification of the Paris Agreement in December 2016 | - |
| | A NDC is in place. | **Yes** – Second NDC submitted in October 2021, and the drafting of the NDC 3.0 is in progress | **-** |
| | A Designated National Authority (DNA) for Article 6.4 mechanism has been established and officially communicated. | **Not yet** – No formal designation has yet been made, but the Ministry of Environment was the DNA for CDM. | **Moderate** – As the rules designed by the SB of the UNFCCC are not completely fixed, this activity is not the first priority. |
| | The country has indicated how its participation in Article 6.4 mechanism contributes to its sustainable development. | **Not yet** – Although the national REDD+ strategy is aligned with sustainable development, no formal communication has been made under Article 6.4. | **Moderate** – As the rules designed by the SB of the UNFCCC are not completely fixed, this activity is not the first priority. |
| | The country has explained how the mitigation activities under Article 6.4 contribute to the achievement of its NDC. | **Not yet** – This articulation remains to be developed in future submissions. | **High** – As the 3rd NDC is in progress, this is an opportunity to clarify Article 6.4 contribution |
| | The country may optionally indicate accounting methodologies and periods applicable to Article 6.4 activities it intends to host. | **Not yet specified** – No accounting method or reference period has been formally indicated. | **Moderate** – As the rules designed by the SB of the UNFCCC are not completely fixed, this activity is not the first priority. |
| **Approvals and authorizations** | **Approval of mitigation activities**: The host Party approves each | **Not yet established** – No approval mechanism | **Medium term** – Maybe an interest to wait the |

| Obligation category | Requirements | CAR's Status | CAR's priority actions |
| --- | --- | --- | --- |
| | activity, explicitly stating how it contributes to the sustainable development of the country. | or guidance currently exists. | final rules designed by the SB of the UNFCCC. |
| | **Approval of accounting period renewal**: The host Party provides information on whether accounting periods can be renewed and how this links to the implementation of its NDC. | **Not yet addressed** – No policy or procedure in place. | **Medium term** – Maybe an interest to wait the final rules designed by the SB of the UNFCCC. |
| | **Authorization of participants**: The host Party formally authorizes public or private entities to participate in Article 6.4 activities. | **Not in place** – No institutional arrangement or process exists to authorize actors. | **Medium term** – Maybe an interest to wait the final rules designed by the SB of the UNFCCC. |
| | **Authorization of use of mitigation outcomes under Article 6.4**: The host Party authorizes the use of Article 6.4 emission reductions (A6.4ERs) towards NDC targets or international transfers. | **Not yet operational** – No framework or registry exists to support such authorizations. | **Medium term** – Maybe an interest to wait the final rules designed by the SB of the UNFCCC. |
| **Reporting requirements** | **Reporting on corresponding adjustments**: If CAR authorizes the international transfer of mitigation outcomes, it must apply the reporting obligations of Article 6.2, including:<br>– submission of an Initial Report.<br>– annual information on ITMO transfers.<br>– biennial updates through the BTR system. | **Not applicable yet** – No corresponding adjustments are being applied. CAR has not yet submitted an Initial Report under Article 6.2. | **-** |

# 3. HFLD Specificities, Forest Offsets Standards and Climate Finance

## 3.1. High Forest Low Deforestation in Central African Republic, and Forest Standards

**Central African Republic with sub-national jurisdictions (14) meets the definition of HFLD (forest cover greater than 50% forest cover and deforestation rate under 0.22 percent).** Compared to other tropical forest countries, CAR has generally seen low rates of deforestation, except near Bangui. Since there is little immediate threat to its forests, proving that emission reductions are truly “additional” to a business-as-usual scenario can be challenging. This makes it hard to generate credible ERs under typical REDD+ methodological approaches for avoided deforestation.

**In the Voluntary Carbon Markes (VCM), several forest carbon standards have introduced dedicated methodologies tailored to HFLD contexts.** These methodologies typically move away from traditional project-level approaches and favor jurisdictional or nested models, either at the national or subnational scale such as Verified Carbon Standards (VCS) Jurisdictional and nested REDD+ (JNR) and ART TREES. [8] The rationale is to recognize the value of standing forest carbon stock preservation in HFLD countries and to create pathways for credible, large-scale emission reductions to enter the carbon markets. Forest offsets standards for REDD+, responds to this specificity of HFLD. Alternatively, there is the Results-Based Payments (RBP) approach focusing on reducing CO2 emissions from degradation through sustainable forestry practices, as utilized by CAFI.

**Selecting a scale of implementation and carbon standard approach involves varying degrees of institutional engagement and technical readiness, depending on the scale.** Jurisdictional standards in particular require strong national or subnational coordination and often test a country’s capacity to meet rigorous requirements, especially in the areas of legal frameworks, governance, MRV systems, nesting of projects, benefit-sharing mechanisms, community engagement, and safeguards implementation.

**All standards except VCS-JNR are technically implementable but are legally constrained by the absence of carbon rights, participation protocols, and benefit-sharing mechanisms.** ART TREES remains the most strategic option but requires comprehensive institutional reform. Project-level standards (VCS, Gold Standard) are viable for early action or private investment pilots but lack legal guarantees under current national law.

**Table 3 summarize the implications of selecting different carbon market standards and presents CAR’s readiness for the options**. Forest offset standards chosen in the CAR are VCS for private 2 forest projects, while the government decided to participate in the FCPF for REDD+ readiness. CAR is not yet preparing its position to join the LEAF Coalition that buys ART-TREES jurisdictional REDD+.

**Table 4 summarizes the different buyer requirements and presents recommendations for CAR.** Buyers in the carbon market now prefer removals from Afforestation, Reforestation, and Revegetation (ARR) and Improved Forest Management (IFM) projects, while generally

[8] ART/TREES allows qualifying HFLD countries to annually claim 0.05% of their entire forest carbon stock multiplied by an HFLD Score calculated based on current forest cover percentage and deforestation rate.

avoiding emission reductions from nested REDD+ projects for compliance schemes. However, REDD+ offsets remain the most purchased and retired credits in the voluntary carbon market (see Carbon Market trends discussion Annex 5).

*Table 3 REDD+ scale of implementation and CAR status*

Good /fair level of readiness    Partially ready, work in progress    Not viable, not recommended

| Scale of implementation | Advantages | Disadvantages | Applicability criteria | Country status |
|---|---|---|---|---|
| **National** | Enables full alignment with CAR's NDC and REDD+ strategy; centralized oversight of carbon assets and safeguards; supports long-term credibility in compliance markets; facilitates integration with national land-use planning. | No national carbon registry or authorization protocol yet in place; no legal framework to authorize participation and revenue sharing for private actors or communities; no Initial Report submitted under Article 6.2 nor BUR and BTR. | Full legal and institutional framework (registry, authorizations, benefit-sharing); government capacity to submit UNFCCC reports; inclusive governance of carbon assets. | **Partially Ready** – REDD+ policy base, but legal instruments to operationalize carbon transactions and distribute benefits remain undeveloped. |
| **Jurisdictional** | Allows crediting at subnational scale can pilot implementation in department with stronger readiness; attractive to buyers under jurisdictional standards; enables nesting of projects; transitional step toward national crediting. | No operational governance framework at subnational level; no legal or procedural foundation for carbon rights or profit-sharing at local scale; no mechanisms to integrate private or community-based projects (nesting); risk of exclusion or uncertainty for non-state actors. | Subnational coordination, legal clarity on carbon rights and profit-sharing, ability to track and nest project outcomes. | **Not Ready** – No concept note submitted to ART TREES; MRV needs to be completed; institutional arrangements as well as nesting and distribution mechanisms are not defined. |
| **Nested projects** | Allow private investment at project level within a jurisdictional program, or previous projects to join REDD+ program and increase environmental integrity of projects by responding to project level baseline critics on their accuracy, align MRV of nested project with national GHG accounting and ensure that national safeguards are being applied at project level. | It needs to develop a system for sharing the benefits it receives from monetizing ERs at national scale with projects, which may result in difficult negotiations, and a strong national MRV system. | Subnational coordination, legal clarity on carbon rights and profit-sharing, ability to track and nest project outcomes | **Partially Ready** – Technical conditions exist, and 2 private actors are active, but implementation faces legal and policy barriers due to lack of recognized participation and revenue-sharing rules under national law. |

| Scale of implementation | Advantages | Disadvantages | Applicability criteria | Country status |
|---|---|---|---|---|
| **Project-level (VCM)** | Rapid implementation; accessible to private and community actors; active interest from some petrol majors and FSC-certified forest concessions; lower institutional barriers for launching; allows demonstration of early results and testing of methodologies. | Fragmented with limited national oversight; high risk of non-alignment with NDC and national accounting; no national nesting system; and critically, no regulated framework for participation or benefit-sharing exposing developers and communities to legal and financial uncertainty. | Project-level MRV, land tenure clarity, private investment readiness; requires enabling legal environment for benefit-sharing and credit ownership. | **Almost Ready** – Technical conditions exist, and private actors are active (agroforestry plantations) but scaling up faces clarification on participation and revenue-sharing rules as well as taxes incentives. |

*Table 4: Different REDD+ standards, buyers and requirements and CAR's status*

Good /fair level of readiness  Partially ready, work in progress  Not viable, not recommended

| Standard/Framework | Focus | Key Buyers/Markets | Requirements & Complexity | Country recommendation |
|---|---|---|---|---|
| **ART TREES** | Jurisdictional REDD+, designed for compliance under Article 6 (6.2); includes HFLD methodologies for forest carbon maintenance. | LEAF Coalition, sovereign buyers (e.g. Norway, UK, USA); aligned with Paris Agreement markets. | High complexity; requires robust jurisdictional governance, national MRV (SNORF), SIS, nesting rules, benefit-sharing system, legal clarity on carbon rights and ITMO authorizations. | **Ongoing** – CAR should submit a jurisdictional-scale TREES concept note and meets one technical requirement (REDD+ strategy), but lacks key operational elements: no MRV, no nesting framework, no registry, no legal instruments to recognize or share revenues with subnational actors and no SIS or safeguards tools operational. ART TREES is the most strategic standard but requires legal and institutional reforms as well as strong safeguards to proceed to credit issuance. |

| Standard/Framework | Focus | Key Buyers/Markets | Requirements & Complexity | Country recommendation |
|---|---|---|---|---|
| **Verra VCS/CCB** | Project-based REDD+, ARR, agroforestry; strong presence in forest sector, widely used by private actors. CCB adds co-benefits for communities and biodiversity. | Voluntary carbon market, private sector buyers, ESG investors, companies with net-zero pledges. | Moderate complexity; flexible methodologies; requires project-level MRV, FPIC, safeguards, performance monitoring. Project developers must manage risks independently; not directly linked to Paris mechanisms. | **Few pilots but constrained for scaling up** – Some projects exist (Chinko) or are structuring (Centraforest), especially agroforestry plantations. However, challenges on benefit-sharing rules weakens legal security for investors and may limit scaling until national frameworks are established. The absence of a defined nesting framework under the national level is also a challenge and might be perceived as a risk for investors. |
| **Gold Standard** | High-integrity project-based standard with a strong emphasis on SDG outcomes (energy, land use, water, community resilience). | Premium voluntary buyers, impact funds, donors focused on SDGs and social co-benefits. Exclude avoiding deforestation REDD+. | High complexity; rigorous additionality, stakeholder engagement, and sustainable development impact requirements; costly and less suited for large-scale forestry unless tied to strong social components. | **Recommended to complete Verra VCS/CCB** – Appropriate for small-scale forestry/agroforestry projects with strong community involvement and verifiable SDG co-benefits. Legal uncertainty about project registration and ownership still applies, as for VCS. Requires enabling policy framework for replication. The absence of a defined nesting framework under the national level is also a challenge and might be perceived as a risk for investors. |
| **Verra/VCS-JNR** | Jurisdictional or nested REDD+ crediting framework; | Governments, donor-backed results-based finance; partially accepted | High governance and technical requirements; like ART TREES in MRV | **Not recommended** – CAR should prioritize market-based finance |

| Standard/Framework | Focus | Key Buyers/Markets | Requirements & Complexity | Country recommendation |
|---|---|---|---|---|
| | enables marketable credits; precursor to full jurisdictional crediting. | under CORSIA; limited use for private offsetting. | and safeguards but without ITMO/credit issuance; may be used as preparatory step. | and credit issuance under compliance-aligned standards. VCS-JNR does not meet this strategic objective to access Paris-aligned markets. |

### 3.2. Potential Sources for Climate finance

**Result based payments (RBPs) for REDD+ results can come from market or non-market-based approaches.** With market-based approaches, RBPs are provided through a market transaction that involves the purchase of carbon credits. When non-market approaches cover agreements that do not involve the sale or retirement of carbon credits. In this case, payments are made when certain actions have been implemented or when GHG mitigation has been achieved.

#### 3.2.1. Market-based approach finance

- **Voluntary Carbon Market enables companies, organizations, and individuals to purchase carbon credits on a non-regulated basis to offset their greenhouse gas emissions** (see Annex 5). It functions through independent certification standards, such as Verra's VCS, Gold Standard, and Plan Vivo, which validate emission reductions from projects across sectors including forestry, energy, and agriculture.

  Projects operating under the VCM must follow approved methodologies and are generally subject to third-party validation and verification. They are also expected to meet environmental and social safeguards, including meaningful stakeholder engagement and demonstrable contributions to sustainable development. Increasingly, buyers and investors are demanding greater transparency on benefit-sharing arrangements, including the identification of beneficiaries and the distribution of revenues.

  VCM credits are traded bilaterally or via platforms, with pricing influenced by factors such as credit quality, associated co-benefits, and buyer preferences. While the VCM operates independently from the Paris Agreement, it is increasingly shaped by its principles—particularly in relation to transparency, additionality, and alignment with national climate commitments. Emerging buyer expectations, as well as initiatives such as CORSIA and the LEAF Coalition, are driving the VCM toward higher integrity and partial convergence with compliance market requirements, notably through the use of authorized credits.

- **Article 5 of the Paris Agreement on REDD+, REDD+ based payments on result is the objective, as long as the country complies with the Warsaw Framework**.[9] Under Article 5 result-based payments can either be non-market or market-based approach. REDD+ verified ERs under Art.5 could be sold under Art. 6.

- **Article 6 transferring and crediting mechanisms of the Paris Agreement can potentially provide funding for REDD+ activities in the host country**:

  - **Article 6.2** of the Paris Agreement establishes a governance framework for the international transfer of mitigation outcomes (ITMOs) between countries.

[9] (i) National REDD+ Strategy or Action Plan, (ii) a National Forest Reference Emission Level (FREL), (iii) a National Forest Monitoring System (NFMS), (iv) a Safeguard Information System (SIS), and (iv) Generation of REDD+ Results.
https://lcds.gov.gy/wp-content/uploads/2022/12/FACT-SHEET-Summary-of-Forest-Carbon-Credits-Transaction.pdf

Under this mechanism, participating Parties conclude bilateral or plurilateral agreements that define the terms of cooperation, including the use of transferred mitigation outcomes for achieving their respective NDCs. These agreements must be reported transparently to the UNFCCC, in accordance with the enhanced transparency framework.

Article 6.2 allows mitigation outcomes to originate from various sources, including activities under Article 6.4 or from the voluntary carbon market. However, these outcomes must be formally authorized by the host country and subject to corresponding adjustments to ensure environmental integrity and prevent double counting. The mechanism is intended to support international cooperation while reinforcing accountability and alignment with national climate targets.

- **Article 6.4**, also referred to as the Paris Agreement Crediting Mechanism, establishes a centralized process for generating carbon credits known as Article 6.4 Emission Reductions (A6.4ERs). The mechanism is overseen by Article 6.4 Supervisory Body, which builds on the experience of the Clean Development Mechanism (CDM) under the Kyoto Protocol.

  Credits issued under Article 6.4 may be used by countries toward the achievement of their NDCs, provided they are formally authorized and subject to corresponding adjustments under Article 6.2. If not authorized, these credits may still be traded in voluntary carbon markets, but they do not qualify as Internationally Transferred Mitigation Outcomes (ITMOs).

  As of now, Article 6.4 mechanism does not apply to REDD+ activities. These will only become eligible once approved methodologies are adopted by Article 6.4 Supervisory Body.

- The **Carbon Offsetting and Reduction Scheme for International Aviation** (**CORSIA**) **is a market-based emissions trading and carbon offsetting scheme managed** by the United Nations' International Civil Aviation Organization to achieve the goal of carbon-neutral growth from 2020 onwards. It allows airlines to use eligible emissions units (amongst them forest offsets and REDD+ from jurisdictional program) from the carbon market to offset emissions that cannot be reduced using technological and operational improvements. Since 2020 CORSIA has approved a number of carbon forest offset standards as eligible standards whose credits can be purchased by airlines to meet their climate goals.[10] CORSIA is implemented in three phases: (1) pilot phase (2021-2023); (2) first phase (2024-2026); and (3) second compliance phase (2027-2035). For the pilot and first phases, participation is voluntary.

- **Lowering Emissions by Accelerating Forest Finance Coalition (LEAF) is a public-private partnership that pays for ERs from jurisdictional REDD+ programs validated** under ART-TREES only. So far, LEAF has mobilized over US$1 billion in financing through a mixture of commitments from donor governments and

[10] American Carbon Registry, ART-TREES, Climate Action Reserve, Global Carbon Council, Gold Standard, Verra Verified Carbon Standard / Jurisdictional Nested REDD Program, BioCarbon Fund Initiative for Sust. Forest Landscapes, Cercarbono, Forest Carbon Partnership Facility, Thailand Voluntary Emission Reduction Program.

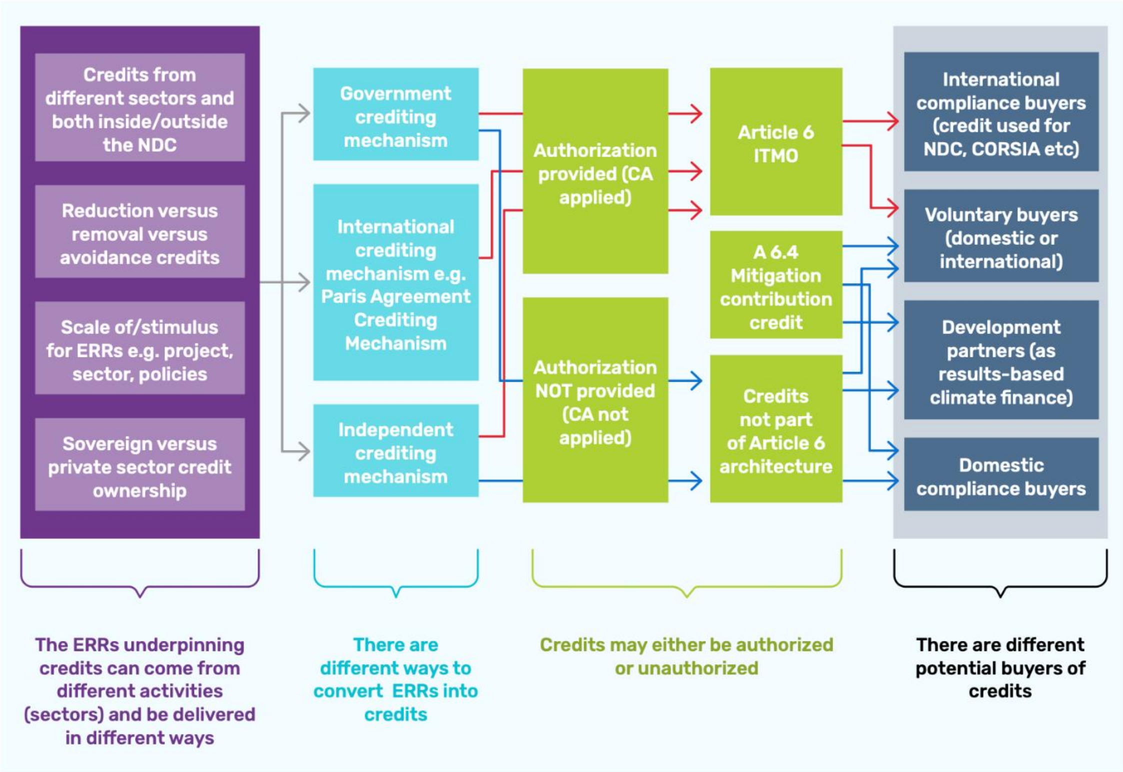
private sector companies. The participating donor governments support transactions by providing non-market-based RBPs. Private sector participants in LEAF are seeking ERs transactions in the VCM.

- **REDD+ sovereign units, is an initiative promoted by the Coalition for Rainforest Nations, they are to be purchased through the platform** REDD.plus. This platform allows countries to sell non-verified REDD+ Results Units (RRUs) issued by a sovereign government. The outcomes are evaluated according to the UNFCCC REDD+ (Art. 5) guidelines. Consequently, REDD.plus is not a carbon standard; rather, it serves as a medium for countries to register REDD+ results and make them available exclusively to voluntary buyers. It is not successful so far, as units have an unclear environmental integrity and therefore credibility, with no verification by third party.

**Result based payments (RBPs) for REDD+ results can come from market or non-market-based approaches**. With market-based approaches, RBPs are provided through a market transaction that involves the purchase of carbon credits. When non-market approaches cover agreements that do not involve the sale or retirement of credits. In this case, payments are made when certain actions have been implemented or when GHG mitigation has been achieved.

Figure 1 outlines the process from credit generation to use and purchase. Buyer type depends on the source of credits, conversion to tradeable credits, and whether national authorization is granted for emissions reporting (ITMOs) or not (World Bank et al., 2025). Buyers include international groups using credits for compliance or NDCs, voluntary offsetting, development partners funding results-based climate initiatives, and domestic buyers.

*Figure 1: International Carbon Markets. Source: World Bank, 2024*[11]




**Note:** Red lines show different pathways for the generation and use of authorized credits. Blue lines show different pathways for the generation and use of unauthorized credits. Credits generated through the Paris Agreement Crediting Mechanism (PACM) – the mechanism developed under Article 6.4 of the Paris Agreement - and that are subsequently authorized are referred to as Authorized Emission Reductions (AERs).

### 3.2.2. Non-market finance approach

- **Paris Agreement Article 5, when a country pays another on REDD+ ERs' performance,** and **Article 6.8** (non-market approach). Art. 6.8 provides possibilities for cooperating using nonmarket approaches such as result-based payments for REDD+ ERs performances.

- The **Green Climate Fund** (**GCF**) **is an example of a non-market** approach as the GCF does not require host countries to transfer the legal title to the REDD+ results. In 2017, the GCF established a US$500 million pilot program to provide RBPs for REDD+ based on the ERs that countries reported in the Lima REDD+ Information Hub of the UNFCCC. Building on this pilot program, in October 2024 the GCF Board approved a policy for RBPs for REDD+, considering country funding proposals requesting RBPs for REDD+ results. For the current GCF programming period of 2024-2027 (GCF-2), the GCF will make RBPs for REDD+ results achieved in the period 2018-2022, with payments of $15/ $tCO_2e$ of REDD+ results achieved for each programming period.

[11] World Bank; A6IP; GGGI; GIZ; ICVCM; UNDP; UNFCCC; VCMI. 2025. Country Guidance for Navigating Carbon Markets.

### 3.2.3. Bilateral finance approaches

- The **Joint Crediting Mechanism (JCM) is a mechanism set in place by Japan to achieve its NDC with ERs** and removals achieve through public-private collaborations in developing countries, under an umbrella bilateral agreement between Japan and individual country. Japan and the partner country will first decide what projects to implement and create appropriate methodologies for those projects.

- **Singapore's Article 6 Cooperation**[12] and **South Korea's** plans to use voluntary cooperation under Article 6 as a complementary measure to its domestic mitigation efforts.

### 3.2.4. Alternative finance under development

- **Scaling Climate Action by Lowering Emissions** (SCALE) is a relatively new World Bank umbrella trust fund for results-based climate finance, to follow up with FCPF-Carbon Fund and BioCarbon Fund Initiative's programs. It has three pillars with Pillar 1 focusing on natural climate solutions including jurisdictional REDD+ programs. SCALE will pay for a portion of the ERs achieved based on guaranteed floor price with the intention that most of the results will be available for the other market-based sources of finance listed above. SCALE is in the process of raising funds.

- **The Tropical Forest Facility** (**TFF**) [13] is a new multilateral initiative led by the Brazilian government, to maintain forest conservation value when country reach net-zero deforestation. It would be about paying $4 per hectare of standing forest annually to governments, when local communities would be paid 20 per cent of the $4 per hectare.

- **Nature Bonds**, also known as debt-for-nature swaps and debt-for-climate swaps, belong to a broader category of debt conversion programs. Creditors provide debt relief in return for a government commitment to protect ecosystems. It is a bilateral commitment between two countries.

### 3.2.5. Countries' example

- **Gabon**, within the CAFI framework, signed a Letter of Intent with Norway to paying up to USD 150 million for verified emission reductions and removals between 2016 and 2025 achieved at national level. It received first payment in 2021 of $16.9 million made in June 2021 for a reduction in emissions in results years 2016 and 2017, verified by a third independent party (at 10USD/verified emission reductions ERs).

- **Guyana** is using the HFLD adjusted ART-TREES emissions reductions and removals, which resulted in a total of 33,470,599 tCO2e TREES credits verified by an

---

[12] Singapore and Ghana signed an Implementation Agreement on carbon credits cooperation under Article 6 of the Paris Agreement on 27 May 2024.

[13] TFFF would operate on the same logic as banks, borrowing money at low interest rates and lending it at higher ones to make a profit. The TFFF would lend $125 billion at an annual interest rate of 4.9% and make various investments to obtain an average return of 7.6% , leaving it with a 2.7% profit on its capital, which it would distribute among tropical forest countries. TFFF sponsors would contribute 20% of the $125 billion and would leverage the remaining 80% from “market investors.” The former would invest $25 billion, and the latter $100 billion.

independent third party in 2022. Guyana has secured an agreement to sell one third of its credit every year from 2016 to 2030 to Hess corporation for minimum payment of US$750M, a first $37.5 million payment was received in 2023 (15$/verified ERs)[14].

- **Papua New Guinea** was the first country to join REDD.plus, a platform for country-level carbon credits from forests, offering over nine million “REDD+ Result Units” (RRUs) at USD 16/ton in 202. Honduras and Surinam joined.

***Table 5: Potential sources of RBPs for each standard and framework***

| Standards or Methodology Framework | Potential Sources of Results-Based Payments (RBPs) |
|---|---|
| Art.5 UNFCCC Warsaw Framework | - Green Climate Fund (GCF) (with additional requirements)<br>- International cooperation (with potentially additional requirements depending on the agreement) |
| ART-TREES | - LEAF Coalition<br>- CORSIA (pilot phase and first phase)<br>- VCM<br>- SCALE (expected) |
| VCS Jurisdictional and Nested REDD+ | - VCM<br>- CORSIA (with restrictions) |
| | - |

Notes:

- GCF: Operates under the UNFCCC Warsaw Framework with strict eligibility criteria: national REDD+ strategy, FREL, SIS summary, BUR technical annex must be in place.
- LEAF: Requires ART-TREES registration and high-level jurisdictional readiness (NDC alignment, safeguards, MRV, nesting, etc.).
- CORSIA: Currently accepts ART-TREES and selected Verra methodologies. Post-2027, eligibility will be restricted to methodologies meeting new ICAO criteria. HFLD credits face future scrutiny.
- SCALE: The World Bank’s upcoming platform expected to mobilize jurisdictional RBPs and ITMO transactions. ART-TREES is among eligible methodologies.
- FCPF: The Carbon Fund closed to new participants in 2022. Existing agreements remain active for verification and disbursement.

### 3.2.6. Implications of ART TREES v3.0 for Central African Republic’s Strategic Directions

Central African Republic has not as yet taken steps to join the LEAF Coalition for ART-TREES REDD+ emission reductions. Nevertheless, the release of the draft **ART TREES 3.0** standard in July 2025 introduces important updates that may be relevant to CAR’s roadmap for carbon

[14] https://lcds.gov.gy/wp-content/uploads/2022/12/FACT-SHEET-Summary-of-Forest-Carbon-Credits-Transaction.pdf

markets in the future. Several of these changes affect the strategic orientation of the country with respect to certification choices, nesting arrangements, and the role of private-sector projects.

**First**, **nesting provisions have been expanded and clarified**. TREES 3.0 strengthens requirements for consistency between project-level and jurisdictional baselines, provides flexibility for dynamic or fixed approaches, and emphasizes the need for centralized registries to avoid double issuance. This reinforces the importance of CAR's establishing nesting rules as a short-term priority under Strategic Direction 1, before expanding private-sector engagement.

**Second**, the draft standard includes **more detailed guidance on corresponding adjustments under Article 6**, specifying how jurisdictions can authorize credits for international transfers. For CAR, this would highlight the need to clarify whether private-sector projects will generate credits solely for voluntary buyers, or whether some credits could also be authorized for compliance markets, with implications for benefit-sharing and national accounting.

**Third**, TREES 3.0 provides **enhanced recognition for High-Forest, Low-Deforestation (HFLD) contexts** by refining how carbon stock maintenance and removals are valued. This could make ART TREES a more attractive platform for CAR's national program and may reduce reliance on purely voluntary standards for activities such as conservation, PES mechanisms, and community-based forestry.

**Fourth**, the new version strengthens **requirements on safeguards, benefit-sharing, and non-carbon benefits**. For CAR, this underscores the need to accelerate operationalization of its Safeguards Information System (SIS) and to formalize legal and institutional frameworks for equitable distribution of benefits.

**Finally, TREES 3.0 raises expectations for MRV alignment and data transparency** and provides a basis for this, but project-level MRV systems will need to dovetail with national systems to ensure consistency and transparency.

# 4. Central African Republic Strategic Roadmap for Carbon Market and Climate Finance

## 4.1. Strategic Directions for Carbon Markets Engagement

**Two complementary and time-sensitive strategic directions are recommended for structuring Central African Republic's participation in climate finance**, considering its current status, its existing REDD+ architecture, and its partial readiness to engage with carbon market mechanisms.

### 4.1.1. Advance a Sovereign Jurisdictional Strategy via ART-TREES and Article 6 Mechanisms

**The Central African Republic should consolidate its role as a sovereign actor in jurisdictional carbon markets** by finalizing the ART-TREES application process and developing the necessary institutional infrastructure to engage under Articles 6.2 and 6.4 of the Paris Agreement. This includes the following measures.

- Adopting legal instruments defining benefit-sharing, safeguards requirement and management as well as project authorization procedures.
- Designating a Designated National Authority (DNA).
- Establishing a national carbon information registry and selecting a transactional registry among solutions available.
- Developing nesting rules to integrate subnational or private initiatives under the national forest reference emissions level (FREL).
- Submitting the required Initial Report under Article 6.2[15].
- Establishing a "one-stop shop" or Carbon Market Office (CMO) as a coordination mechanism with clear leadership to clarify procedures, provide technical support, and ensure policy coherence to streamline and accelerate participation in carbon markets.

**This pathway ensures long-term credibility and access to structured, high-integrity finance channels** such as World Bank Scaling Climate Action by Lowering Emissions (SCALE), Green Climate Fund (GCF) REDD+ RBP, and bilateral internationally transferred mitigation outcomes (ITMO) agreements, and opportunities under new instruments like the Tropical Forest Forever Facility.

[15] BTR already submitted.

#### 4.1.2. Enable and Support Private Sector Pilot Projects with Simplified Governance

**In parallel, CAR should pursue support in developing private-sector and NGOs carbon projects** – especially projects that are already in development[16] – under recognized project-based standards (e.g. Verra VCS/CCB, Gold Standard). These projects can:

- Generate early results and build practical experience as well as proof points to inspire other actors to develop projects.
- Test MRV and safeguard methodologies under national conditions and in a second step nesting approach.
- Reveal technical and legal gaps to inform national system development.

#### 4.1.3. Strategic Complementarity

**These two tracks, jurisdictional/national engagement and decentralized or local project mobilization, are not mutually exclusive**. On the contrary, their coordination is essential to a phased and coherent transition. The jurisdictional or national approach secures long-term credibility and market access, while local initiatives led by the private sector or NGOs catalyze implementation and inform institutional design as well as attracting more investors. Together, they constitute the foundation for a robust, scalable, and Paris-aligned climate finance strategy for CAR.

**Private-sector engagement can be used to operationalize national ambition at local scale, while the jurisdictional framework ensures consistency, safeguards, and credibility in the eyes of buyers and partners**. Strategically combined, they form the foundation of a robust, scalable, and Paris-aligned climate finance system for CAR.

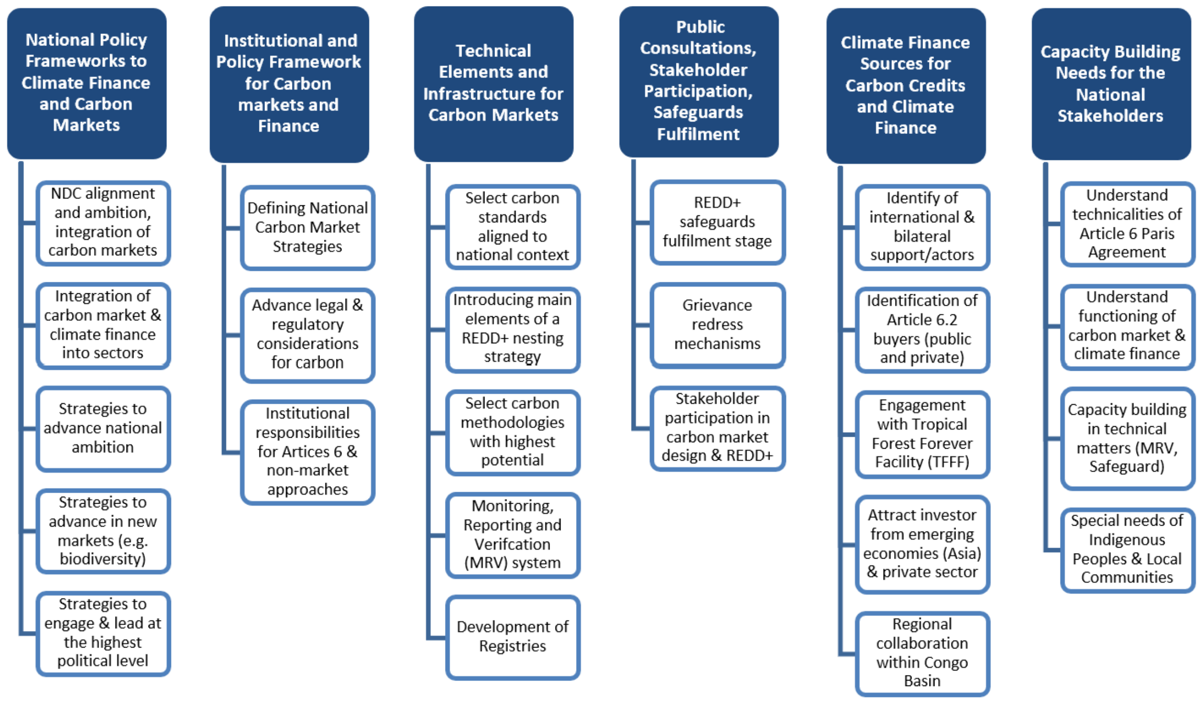
**Implementing private projects under international VCM standards also raises potential compatibility issues with ART-TREES on the national scale**. These include discrepancies between project-level baselines and the national ART-TREES baseline, differences in approaches to additionality and leakage, and the risk of overlapping or double issuance of credits if registries are not harmonized. The release of the draft ART TREES 3.0 standard in July 2025 introduces important updates that are directly relevant to CAR's roadmap for carbon markets (see section 3.1.6). Several of these changes must inform the strategic orientation of the country with respect to certification choices, nesting arrangements, and the role of private-sector projects.

**CAR's Roadmap builds on a prior readiness assessment that identified key gaps, needs, and challenges across four fundamental dimensions**; namely: institutional and regulatory frameworks; technical capacity gaps; governance arrangements; and an evaluation of stakeholder engagement mechanisms. Based on this assessment, multi-stakeholder consultations, and focused capacity building activities and feedback a set of strategic priorities identified for country-level action to leverage climate finance and carbon markets in support of country's development priorities and climate commitments.

[16] For examples: conservation projects such as Chinko and CentraForest

**The Roadmap is organized around six pillars to strengthen CAR's participation in carbon markets and climate finance.** Figure 2 outlines these interconnected pillars, showing how progress in one area supports others. Success relies on collaboration, clear leadership, and effective timing. Priority policies and action areas should work together for greater efficiency. Defining institutional roles and improving coordination through a one-stop shop (carbon market office) will enhance transparency, credibility, and overall progress.

***Figure 2: Central African Republic Strategic Carbon Markets and Climate Finance Roadmap***




**The next section outlines each pillar by describing identified gaps, recommended actions, responsible entities, and a suggested timeline for implementation**. Each priority or action area is ranked with respect to three aspects:

(i) Type of policy/action areas – this ranges from foundational actions that are a bottleneck to progress (Tier 1), to those that are crucial to strengthen the enabling context (Tier 2); and those actions that are key for scale up and harnessing programmatic gains (Tier 3).

(ii) Timing and sequencing: distinguish actions that need be taken in the near-term (6 to 12 months), medium-term (12 to 24 months) and longer term (2 to 5 years) reflecting urgency, sequencing, and scale-up respectively.

(iii) Level of readiness: the color coding reflects readiness: dark green: good progress; light green: work in progress or more action needed; and yellow: where progress is lacking and needs attention.

## 4.2 Content of the Roadmap

### 4.2.1 Alignment of National Policy Frameworks to Climate Finance and Carbon Markets

| Area | Identified gaps | Suggested actions | Entities/actors in charge | Time frame |
|---|---|---|---|---|
| **NDC alignment and ambition, integration of carbon markets** | - Revised NDC (2.0) does not mention capacity building in agroforestry sector.<br>- Few mitigation ambitions focusing on agroforestry practices.<br>- Few adaptation ambitions for the forestry sector[17] | - Enhance more ambitious target (in terms of ha, or in terms of GHG) in the forestry sector for ARR, REDD, and IFM.<br>- Precise conditional and unconditional commitments for each activity in the forest sector.<br>- Include explicit commitment in the 3rd NDC (to be published) to using Art. 6 and carbon markets and VCM to fulfil the NDC ambitions. | Ministry of Environment and Sustainable Development (MEDD) with possible technical support of NDC Partnership. | 2025 – 2026 (in line with NDC3.0) |
| **Integration of carbon market/finance into sectoral policies (forestry, land-use planning, agriculture, fiscal, etc.)** | - Yet, no forest sectoral policy or forest code mention carbon markets and carbon right<br>- Sustainable land-use Program is still in the making<br>- No tax incentive to promote carbon markets and/or climate finance | - Develop sectoral policies integrating carbon markets and climate finance, at least for the key sectors of the NDC: energy, agriculture/AFOLU, waste management sector<br>- Review legal and regulatory frameworks to enable the operationalization of defined sectoral policies, including intersectoral legislation for ERs project approval in these sectors<br>- Enhance Land-use strategy, its regulatory component concerning land-use decisions, to avoid overlapping land-uses in forest areas (guarantee for investors).<br>- Starting national relaxion on tax incentive measures. | An intersectoral approach under Prime Minister, or individual sectoral approach (forestry, agriculture, energy, regional planning, mining, finance). Support from development partners (e.g. UNDP, CAFI, EU, WB) | 2026-2027 |

[17] 1 000 000ha restored for the 2026-2030 period on adaptation

| Area | Identified gaps | Suggested actions | Entities/actors in charge | Time frame |
|---|---|---|---|---|
| **Strategies to advance national ambition** | Lack of strategy to implement the NDC (2.0 currently and 3.0 to come), although mentioned in CC strategy 2023-2030 | - To implement NDC 3.0, develop a national NDC implementation plan, within the CC strategy specifying the priority sectoral actions to be undertaken and the identified sources of financing for conditional commitments.<br>- Appoint and mandate a national-level representative for key NDC sectors, responsible for seeking and facilitate funding with international institutions, technical and financial partners, countries, and companies. | - Under responsibility of Prime Minister/or at each sector level | 2026 |
| **Strategies to advance in new markets (biodiversity)** | No strategy has been defined to move towards new markets (biodiversity) nor to mobilize carbon markets and climate finance | - Develop strategy using ongoing pilot initiatives: CBFP research programme – ATIBT on biodiversity certificates, WCS and COMIFAC partnership. | MEDD / With the support of a PTF to be identified, in association with AP for e.g.. | 2026-2027 |
| **Strategies to engage & lead at the highest political level** | The set-up of the Interministerial Committee on Paris Agreement/NDC has not been completed yet, as well as National Coordination on CC and NDC | - Seek funding for supporting the running of Interministerial Committee including coordination activities, particularly the capacity to meet regularly.<br>- Identify or establish one institutional structure equivalent at regional/local levels | At Prime Minister level, considering the Prime Minister is the Interministerial Committee coordinator | 2026 |

<u>**Next Steps/Recommendations synthesis for Pillar 1**</u>

**CAR has laid important foundations through the adoption of a REDD+ strategy, REDD+ investment plan, and carbon development projects managed by private sectors and NGOs**. However, full alignment with climate finance and carbon market frameworks – particularly under Articles 6.2 and 6.4 of the Paris Agreement – requires coherence and clarity across key strategies and policies.

| | | |
|---|---|---|
| • **Develop NDC 3.0, including commitment to Art.6 and VCM**: Include disaggregated, quantitative targets for forestry mitigation activities (REDD, ARR, IFM) conditioned to additional funding, and introduce a clear national roadmap for the operational use of Article 6.2 and 6.4 mechanisms. | **Tier 1**<br>NDC 2.0 exist and should benefit from improvement on forest sector | Near term |

| | | |
|---|---|---|
| • **Appoint and mandate a national-level representative for key NDC sectors**: Each person will be responsible for seeking and facilitating funding with international institutions, technical and financial partners, countries, and companies. | **Tier 1**<br>Same as intersectoral approach | Medium term |
| • **Define a National Benefit-Sharing Framework**: develop and adopt a legal and operational mechanism to allocate carbon revenues transparently across the state, community, and private actors, providing investment security and equity guarantees. | **Tier 1**<br>To reassure project developers (private or government, public) | Near term |
| • **Develop an intersectoral approach under the Prime Minister or Finance Ministry**: Enhance coordination, monitoring progress and impulse ambition in the key NDC sectors (energy, agriculture, forestry, land-use planning, mining, finance) based on a 'Carbon Task Force' (CTF) model and mobilize and secure funding for its operation. | **Tier 2**<br>Intersectoral approach is the first step for triggering & coordinating actions | Medium term |

### 4.2.2 Institutional and Policy Frameworks for Carbon markets and Finance

| Area | Identified gaps | Suggested actions | Entities/actors in charge | Time frame |
|---|---|---|---|---|
| **Defining National Carbon Market Strategies** | - The requirements and opportunities for the implementation of Article 6 of the Paris Agreement are understood by some key individuals from the public sector but lacking means to move forward with decisions to take.<br>- Therefore, there is no national carbon strategy defined at national level | - Develop thematic capacity building sessions with relevant stakeholder on carbon markets, climate finance, and Art. 6 in relation to NDC sectorial ambitions.<br>- Based on the capacity building plan, develop an intersectoral national carbon market strategies including activities, targeted carbon markets and standards, defining role & responsibilities, and translated in legislation when necessary (see Annex 1) | Intersectoral coordination under the Prime Minister or lead by different key Ministers (Finance/MEDD/Energy) / with support of development partners : World Bank, UNDP, CAFI, Africa Carbon Market Initiative | 2026: training<br>2027: strategies and legal transposition |
| **Advancing legal/regulatory considerations to include in carbon market strategy/legislation** | - Forest sector regulatory framework is in review process.<br>- Environmental services are not mentioned in the law.<br>- For other sectors, carbon rights legislation and carbon project approval are missing. | Following the adoption of a national carbon market strategy drafting missing piece of legislation or an operational manual of procedures for: Art 6, benefit sharing for forest carbon projects/programs, PES, taxes or incentives on ITMOs VCM carbon credits, defining use of funding from benefit sharing at governmental level, investment taxonomy (see Annex 2) | Intersectoral coordination under the Prime Minister or lead by different key Ministers (Finance/MEDD/Energy) / with support of development partners : World Bank, CAFI, | 2027 (after the adoption of the strategy) |

<table>
<tr><th>Area</th><th>Identified gaps</th><th>Suggested actions</th><th>Entities/actors in charge</th><th>Time frame</th></tr>
<tr><td></td><td>- Absence of national taxonomy in respect of climate finance</td><td></td><td>UNDP, Africa Carbon Market Initiative</td><td></td></tr>
<tr><td>Institutional responsibilities among national entities under Art. 6 and carbon market (Art.6.2 & 6.4) /non-market approaches (Art.6.8)</td><td>- The country does not have a clear allocation of roles for the institutions that would be responsible for carrying out the necessary functions to participate in Article 6 of the Paris Agreement.</td><td>Role and responsibilities shall be defined within the national carbon market strategy and implemented with the adoption of identified missing piece of legislation or an operational manual of procedures (see Annex 2).</td><td>Ibid above</td><td>2027 (after the adoption of the strategy)</td></tr>
<tr><td colspan="5"><u>Next Steps/Recommendations synthesis for Pillar 2</u><br>CAR has slowly begun its institutional framework for engaging with carbon markets and climate finance. The country is currently adopting a new forest code that should recognize carbon rights for the private sector and local communities.<br><br>Regarding the Paris Agreement, CAR currently lacks legislation or procedural manuals for participation in the mechanisms established under Article 6 the Paris Agreement. In this regard, there is no legislation governing authorization and approval processes under Articles 6.2 and 6.4, nor are there provisions for the transfer of ITMOs or the implementation of corresponding adjustments.<br><br>With no Designated National Authority (DNA) for Article 6, CAR is not yet ready to authorize ITMO transfers. CAR's technical readiness effort is existing, but the country must be accompanied with clarity on policy and institutional frameworks. A Carbon Market Office (CMO) as a coordination mechanism could greatly advance efficiency and streamline the uptake of carbon market opportunities by private and sovereign stakeholders.</td></tr>
<tr><td colspan="3">• Complete the legal and regulatory framework to increase the potential for external financial resources: Adopt implementing decrees that define clearly benefit-sharing, PES, tax treatment of credits and Article 6 procedures taxes or incentives.</td><td>Tier 1<br>Same as above</td><td>Near term</td></tr>
<tr><td colspan="3">• Establish Art.6 approval institution – Designated National Authority (DNA) or the Carbon Market Office (CMO) below – and develop a regulatory instrument: Formally allocate responsibilities for Art. 6.2, 6.4, and 6.8, and designate a DNA or CMO and procedures manual, to implement the defined national strategy and specify the roles and responsibilities of each institution throughout the approval/authorization process of Art.6.</td><td>Tier 1<br>Support is currently under progress with Presidency office.</td><td>Medium term</td></tr>
<tr><td colspan="3">• Establish a Carbon Market Office for CAR: CMO to generate or coordinate on a pipeline of investments – Government to Government (G2G) and Government to Private sector (G2P) – and facilitate processing and projects implementation.</td><td>Tier 1<br>Necessity to attract and reassure projects developers</td><td>Medium term</td></tr>
<tr><td colspan="3">• Adopt a National Carbon Market Strategy: Develop an intersectoral strategy that outlines priority activities, targeted standards (e.g. ART-TREES, VCM, Art. 6.4), institutional roles, and legal needs. It should be anchored in CAR's NDC.</td><td>Tier 2<br>Including multi-stakeholders' consultation</td><td>Medium term</td></tr>
</table>

### 4.2.3 Technical Requirements and Infrastructure of Carbon Markets

| Area | Identified gaps | Suggested actions | Entities/actors in charge | Time frame |
|---|---|---|---|---|
| **Selection of carbon standards based on potential of national activities** | - The country has not implemented Emission Reduction Program under the FCPF Methodological Framework<br>- CAR is not ready to submit proposal to the LEAF Coalition for a jurisdictional ER program, or for a sub-national area under the standard ART-TREES<br>- 2 private sector forest project developers are developing projects under VCS.<br>- No uniform national carbon standard approach | - Adapted strategy for the future on the Southwest Emission Reduction Program and ERs beyond 2025<br>- Assess the conditions for initiating the process to join the LEAF coalition | MEDD, MEFCP & CAFI | 2026 |
| **Introducing main elements of a REDD nesting strategy** | - There is no defined strategy or approach to integrating REDD+ projects with regard to existing or future jurisdictional programs | - Establish guidelines & process for REDD+ nesting approach. The nesting approach should consider existing or contemplated jurisdictional programs (cf. CNI 2020-2025) | MEDD / (potentially financed by CAFI?) | 2025-2026 |
| **Carbon methodologies with highest potential in the country** | - Clarification needed for the country to be considered as HFLD country via HFLD sub-national jurisdictions<br>- With market mistrust on avoiding deforestation credits the existing ART-TREES crediting methodology (TREES) is sufficiently conservative to avoid the risk of over-crediting. | - Initiate the process under the LEAF coalition, the next step is to submit a concept note under the ART-TREES standard | MEDD & MEFCP/CAFI | 2026 |

| Area | Identified gaps | Suggested actions | Entities/actors in charge | Time frame |
|---|---|---|---|---|
| | - High-quality HFLD crediting further strengthens conservativeness and rigor of forest carbon crediting, as it addresses risks of international leakage and perverse incentive to deforestation. | | | |
| **MRV** | The difficulty of fully operating the MRV does not lie in transferring the analytical methods, but in ensuring that MEDD/MEFCP staff really master its, which will not be possible without an important technical support beyond the current USFS-MRV project. | - Continue the development of MRV and SNSF by the MEDD following FCPF support (new phase of technical support). This will enable CAR to communicate on robust, high-quality data over the years.<br>- Maintain the availability of technical support tailored to the needs expressed by the MEDD. | MEDD/ with support from a development partners (same as above) | Initiated in 2025 |
| **Registries** | There is no operational or online registry due to lack of technical and funding capacities. | - In the short term, it is not advisable (to establish a transactional registry, but use option, such as the World Bank's Carbon Assets Tracking System (CATS) or the Art. 6 international registry, or those provided by carbon standards. | MEDD, MEFCP | Initiated in 2025 |

**Next Steps/Recommendations synthesis for Pillar 3**

**CAR has made some progress with respect to the national forest monitoring systems (NFMS) and Monitoring Reporting and Verification (MRV), but they have never been completed**. The technical infrastructure required to participate credibly and effectively in international carbon markets remains incomplete: there is no operational carbon registry.

| | | |
|---|---|---|
| • **Strengthen and Institutionalize MRV Systems**: Built on proposed MRV architecture to consolidate MRV system to ensure long-term technical and financial sustainability, with cross-sectoral data use and clear institutional roles. | **Tier 1** | **Long term** |
| • **Initiate the process of submissions to the LEAF coalition**: After meeting with ART-TREES requirements in terms of Safeguards, MRV particularly by initiating activities to ensure CAR's compliance with the ART-TREES standard. Leverage this as the entry point for results-based payments (e.g. LEAF, SCALE) and potentially Art. 6.2-linked transactions. | **Tier 2**<br>CAR can position itself among other LEAF candidates | **Near term** |
| • **Select a Carbon Registry**: In the short term, use available transactional registries (e.g. ART registry, Carbon Assets Tracking System (CATS), UNFCCC registries) that tracks both emission reductions (ERs) and ITMOs and, potentially, develop in the medium and long term a national transactional registry according to national needs. | **Tier 2**<br>No constraints to choose an available registry | **Medium term** |

### 4.2.4 Public Consultations, Stakeholders Participation, Safeguards Fulfilment

| Area | Identified gaps | Suggested Actions | Entities/actors in charge | Timeframe |
|---|---|---|---|---|
| **REDD+ safeguards fulfilment stage** | - The country does not have an operational Safeguards Information System (SIS)<br>- CAR has not yet submitted a Safeguard Information Summary key component for REDD+ implementation and results-based payments.<br>- There are no national guidelines/requirements or regulations regarding Complain Management Mechanisms | - Establishment of a Safeguards Information System (SIS).<br>- Periodically submit to UN-REDD+ a summary of information on how guarantees and safeguards are addressed and respected in CAR.<br>- Establish a national REDD+ complaints management mechanism that ensures simple and accessible participation for local communities. | - MEDD/MEFCP<br>- No program is yet expected to provide support in this regard, likely in 2025 | 2025 |
| **Stakeholder participation in carbon markets approach** | - Stakeholders have been able to effectively contribute to decision-making processes.<br>- The draft Forest Code should include the right to free, prior, and informed consent (FPIC) and express community rights. | - Develop a stakeholder engagement plan.<br>- Operationalize and further support capacity building related to the grievances management mechanism, FPIC processes, and, and stakeholder engagement | MEDD/Ministry of Justice, with support from development partners (World Bank, UNDP/CAFI) | |
| **Involvement of sub-national entities** | - During the preparation for REDD+, Regional REDD Committees as well as Local Operational Unit were established.<br>- No operational structure | Revitalize the REDD+ and/or set up consultation structures at the local level (CIP REDD+) | MEED & MEFCP | 2026 |

| Next Steps/Recommendations synthesis for Pillar 4: | | |
|---|---|---|
| **There is no legal instrument for the national interpretation of social and environmental safeguards outside the legal and regulatory framework, which is not sufficient to cover all the prerogatives of the Cancun safeguards**. The current revision of the environmental code represents an opportunity to develop a legal arsenal enabling the Cancun safeguards to be adapted at national level in line with the guidelines and measures of the CNI REDD+. | | |
| • **Operationalize the Safeguards Information System (SIS)**: Precise indicator development, institutional roles, and data flow protocols and submit the first SIS. | **Tier 1**<br>Based on national REDD+ strategy | **Near term** |
| • **Establish a Legal Framework for Grievances Mechanism** and complete the Legal Framework for FPIC: Enact dedicated legislation on national REDD+ grievance mechanism with clear jurisdiction and resourcing, and complete with implementing decrees the current legal framework for FPIC. | **Tier 1**<br>Necessity to attract and reassure projects developers | **Medium term** |
| • **Institutionalize Multi-Stakeholder Dialogue**: Create a permanent REDD+/Carbon Market Committee including CSOs, private sector, and local representatives. Integrate stakeholder participation into project design and benefit-sharing mechanisms. | **Tier 2**<br>Considering the two above are the priorities | **Long term** |

### 4.2.5 Identification of Climate Finance Sources for a Pipeline of Investments in support of the roadmap Implementation

| Area | Identified gaps | Suggested actions | Entities/actors in charge | Time frame |
|---|---|---|---|---|
| **Identification of bilateral cooperation or international entities supporting the preparation of carbon market frameworks** | The work of identification to support the preparation of carbon market frameworks has not been done yet. | - Establish a working group and provide capacity building in relation cooperation and funding opportunities<br>- Identify & create a pipeline of projects (call for proposals) under Art.6<br>- Explore bilateral partnerships with countries that can support project financing, transfer technologies, and technical expertise under Article 6.<br>- Establish memorandums of understanding (MoUs) to formalize partnerships and define roles, responsibilities, and shared goals.<br>- An alternative to bilateral cooperation is to leverage partnerships with multilateral organizations for additional project funding such as GGGI's forthcoming Carbon Transaction Platform. | MEDD/MEFCP/Ministry of Finance | 2026 |

| Area | Identified gaps | Suggested actions | Entities/actors in charge | Time frame |
|---|---|---|---|---|
| **Identification of Art. 6.2 buyers (private and public entities) and VCM investors** | This has not been done by the country. | To be addressed within the process above | | |
| **Engagement with Tropical Forest Forever Facility (TFFF)** | - No information has been provided whether the government has engaged with the Brazilian counterpart for this initiative.<br>- | Engage with the Brazilian at COP30 and World Bank as sponsor of the initiative | MEDD/MEFCP/Ministry of Finance | 2025 |
| **Attracting investors from emerging economies (Asia, Gulf, Foundations)** | - The work of identification to support the preparation of carbon market frameworks has not been done yet. | To be developed within the recommendations above | MEDD/MEFCP/Ministry of Finance | 2026 |
| **Regional collaboration within Congo Basin** | - CAR hasn't played an important regional role despite interest in it, including via COMIFAC | - Coordinate with COMIFAC, participate in a position on HFLD carbon pricing and regional Article 6 collaboration.<br>- TFFF and other relevant discussion | MEDD/MEFCP | 2025 |

**Next Steps/Recommendations synthesis for Pillar 5:**

**CAR has not leveraged international climate finance opportunities in support of its NDC to advance development and climate action** — whether under Article 6, VCM platforms (few projects but no scaling-up actions). Critically, no institutional lead currently drives structured engagement with buyers, investors, or facilitators under Article 6.2 or 6.4. Similarly, engagement with emerging concepts like the Tropical Forest

| | | |
|---|---|---|
| • **Engage with TFFF and Brazil**: Begin high-level discussions with Brazil and World Bank to clarify participation modalities in TFFF ahead of COP30. | **Tier 1**<br>Before COP 30 | **Near term** |
| 5 **Map and Structure Financing Entry Points**: Launch a coordinated effort under the Ministries of Environment, Forest and Finance to map and prioritize climate finance actors across bilateral, multilateral, and philanthropic sources. Include identification of standards (e.g. ART-TREES, Global Green Growth Institute (GGGI), and others). Explore and leverage potential additional Technical Assistance programs to enhance readiness (e.g., SPARC, PMI, etc.). | **Tier 1**<br>This is the first step to mobilize more investments | **Medium term** |
| • **Position CAR for Article 6.2 Transactions**: Identify key buyer countries and establish a negotiation roadmap for ITMO sales, anchored in CAR's current and upcoming NDC and benefit-sharing framework. | **Tier 2**<br>Must position itself among others | **Short term** |
| • **Identify and create a pipeline of projects to implement the NDC**: For NDC sectors (forest, agriculture, energy), develop complete Projects Idea Notes (PIN) to implement the NDC and attract investors (private and international donors). | **Tier 3**<br>Should be coming after the submission of NDC 3.0 | **Long term** |

### 4.2.6 Identification of Capacity Building Needs

| Area | Identified gaps | Suggested activities | Entities/actors in charge | Time-frame |
|---|---|---|---|---|
| **Understanding of technical Art. 6 Paris Agreement** | The national level of understanding is globally low | Develop thematic capacity building sessions with relevant stakeholders on carbon markets, climate finance, and Art. 6 in relation to NDC sectorial ambitions. | MEDD/MEFCP with support from Development partners | 2026 |
| **Understanding of functioning of carbon market/climate finance** | Lack of familiarity with international standards (ART-TREES, VCS, GS), crediting mechanisms, and pricing structures.<br>Weak understanding of financial structuring and access channels. | Ibid above | MEDD/MEFCP with support from Development partners | |
| **Capacity building in technical matters (MRV)** | - The USFS-MRV project has initiated capacity building, to operationalize MRV.<br>- The project now over is insufficient to sustain these achievements | - Extend the USFS-MRV supporting program to pursue capacity building in the methodologies implemented for MRV and their gradual evolution.<br>- After the USFS-MRV project, maintain the availability of technical support tailored to the needs expressed by the MEDD/MEFCP | MEDD/MEFCP (CAFI) | 2025 |
| **Special needs from local civil society and IPs** | Lack of understanding of mechanisms | Capacity building sessions related to the grievances management mechanism, FPIC processes, and stakeholder engagement | MEDD/MEFCP (CAFI) | 2026 |

| | | |
|---|---|---|
| <u>**Next Steps and Recommendations synthesis for Pillar 6**</u><br>**CAR has technical foundations that needs to be strengthened after security crisis but lacks a structured and sustained national approach to capacity building in the carbon market and climate finance space**. Key government institutions (key Ministries such as Ministry of Environment and Ministry of Forest), the private sector, and civil society actors has basis on operational, legal, and financial dimensions of Article 6 of the Paris Agreement and should be reinforced to develop and implement carbon projects.<br><br>**The absence of a national training framework, the incomplete development of safeguards implementation, and the weak integration of civil society and Indigenous Peoples into climate governance all represent major structural risks**. Without targeted, institutionalized training across all relevant stakeholders, CAR will not be able to participate effectively in high-integrity carbon markets. | | |
| • **Institutionalize a National Training Program** on Article 6 and Carbon Markets: Create structured training modules for public agencies, private actors, and civil society on the architecture of Article 6 (6.2, 6.4, 6.8), carbon standards, ITMO processes, and NDC integration. Deliver through the Task Force or a dedicated platform, with donor support (UNDP, CAFI, WB). | **Tier 1**<br>The first step to design and implement projects | **Near term** |
| • **Complete the MRV project to Strengthen and Sustain MRV Capacity**: Continue capacity building in MRV started with USFS program. Build domestic expertise in remote sensing, FREL updates, GHG accounting, and safeguard monitoring. | **Tier 1** | **Near term** |
| • **Reinforce Civil Society and Community Participation**: Launch dedicated capacity-building for CSOs, Indigenous Peoples, and local communities on FPIC, grievance mechanisms, safeguards, and monitoring roles. Ensure their integration into national consultation platforms. | **Tier 2**<br>Legal framework needs to be completed before training | **Medium term** |
| • **Create a Permanent Training and Technical Support Mechanism**: Anchor capacity-building in a permanent institutional structure (e.g. National University and others). Ensure it is funded and embedded in CAR's climate finance strategy. | **Tier 3** | **Long term** |

## 4.3 Regional Collaboration and Shared Learning

**Congo Basin countries (Cameroon, Central African Republic, Democratic Republic of Congo, Equatorial Guinea, Gabon, Republic of Congo) are keen to accelerate their access to carbon markets and climate finance**. Each nation has a National Strategic Roadmap for Carbon Market and Climate Finance, developed through the World Bank's ASA program based on thorough readiness assessments and stakeholder consultations.

**The Forests Ecosystem Accounts report highlights that Congo Basin Forests collectively hold about 90 billion tons of carbon—making them the largest net carbon sink and second only to the Amazon in total carbon stock (World Bank Group, 2025).** Carbon retention represents roughly 90% of the ecosystem service value, estimated at US$1.15 trillion in 2020. These forests store almost ten times more carbon than annual global energy emissions, underscoring their importance for climate regulation. Despite this, monetizing these benefits remains unclear, and countries have been lagging on engagement with carbon markets and climate finance opportunities.

**Table 6 summarizes REDD+ and Climate Finance opportunities and constraints for Congo Basin Countries, based on each country's roadmap.** It notes shared challenges as well as progress made by individual countries. There is potential for joint learning and regional collaboration through COMIFAC, CEMAC, ECCAS, the African Union, programs like CAFI and CBFP, and investment from MDBs and development partners.

*Table 6:* **Overview of opportunities and constraints in terms of REDD+ and Climate Finance for the Congo Basin Countries**

| Criteria | Cameroon | CAR | Congo | DRC | Eq. Guinea | Gabon | General comments |
|---|---|---|---|---|---|---|---|
| **INSTITUTIONAL ARRANGEMENTS FOR REDD+** | | | | | | | In the 6 countries, a REDD+ framework is partially in place but not fully operational. In most cases, an entity (e.g. REDD+ National Committee, National Climate Council, etc.) assumes coordination, though limited participation from civil society or the private sector. In most cases, a National REDD+ Strategy is also in place, but responsibilities, timelines, and financing somehow remain unclear. Apart from FONAREDD in DRC, no dedicated REDD+ fund operates - financing is mostly managed by external fiduciaries. |
| **INSTITUTIONAL ARRANGEMENTS FOR CARBON FINANCE** | | | | | | | In most cases, apart from Rep of Congo (Congo, RoC) and Eq. Guinea, a structured governance system for carbon finance is in place, but practical coordination is weak, external fiduciaries manage most funds, and no clear carbon finance strategy exists. In certain cases (e.g. in Gabon or DRC), regulations were adopted to create a national carbon registry, but it is still non-operational, with no carbon transactions recorded. In most cases, apart from Congo and Eq. Guinea, Article 6 (Paris Agreement) is duly referenced in national documents, but no concrete roadmap, pilot projects, or bilateral agreements exist to test practical implementation. In addition, there is no system in place for ITMO authorization, tracking, or reporting in none of the 6 countries. |
| **EXISTENCE OF REDD+ ACTIONS AND PROJECTS** | | | | | | | Apart in Eq. Guinea, there are REDD+ actions and projects in place, especially in Congo and DRC, and to a lesser extent in Cameroon, the CAR and Gabon. It is worth noting that Gabon is the only one pursuing a sovereign, national-scale REDD+ approach, with no subnational projects. The main financing mechanism is the results-based payment agreement with Norway under CAFI (€150m), linked to forest conservation, FSC/PAFC certification, and reduced-impact logging. |

| Criteria | Cameroon | CAR | Congo | DRC | Eq. Guinea | Gabon | General comments |
|---|---|---|---|---|---|---|---|
| **POLICIES SUPPORTING MARKET FINANCING/RBPs** | | | | | | | Such policies are either lacking (Cameroon) or partially developed. DRC and Gabon are one of the few African countries to have already secured large-scale results-based payments (RBPs) through their partnerships with Norway under CAFI, rewarding measured reductions in deforestation and forest degradation. Gabon also engaged in the ART-TREES standard, which offers opportunities to access international carbon markets and payments for verified emission reductions. |
| **EXISTENCE OF CLIMATE FINANCE PROMOTION SUPPORTS OR INITIATIVES** | | | | | | | Supports or initiatives to promote climate finance are generally poorly developed. While most of the 6 countries participate in some international initiatives (e.g. NDC Partnership, UNDP Climate Promise, etc.), their practical involvement remains limited, and they have not yet joined larger global carbon finance platforms (e.g. CAD, PMI, ICAP). In addition, data gaps on financial flows hinder full visibility of their share in global climate finance, that would be useful to lobby and advocate. Most of the climate finance comes from public donors (e.g. CAFI, EU, AFD, AfDB, etc.) but these efforts are fragmented and depend on public ODA. Private philanthropic support exists (e.g. Bezos Earth Fund, Enduring Earth, Gates Foundation, WWF, WCS, etc.), but private sector participation in carbon finance remains marginal. In all of the 6 countries, strengthening governance, consolidating donor efforts, and creating incentives for private investment are key to broadening and stabilizing climate finance. |
| **ROBUSTNESS OF REDD+ CREDITS CURRENTLY GENERATED** | | | | | | | Apart from Eq. Guinea, all the 6 countries have put in place a National Forest Monitoring Systems (NFMS) which allow them tracking - with more or less precision - deforestation, and sometimes degradation. However, the use of modelled/projected Forest Reference Emission Level (FREL) at project level weakens the credibility of REDD+ credits: modeling assumptions are debatable and may overestimate emission reductions. In addition, in most cases, the lack of a national carbon registry and the absence of clear mechanisms to address reversals and leakages create risks of double counting or inappropriate counting. |

| Criteria | Cameroon | CAR | Congo | DRC | Eq. Guinea | Gabon | General comments |
|---|---|---|---|---|---|---|---|
| **PROMOTION OF SOCIAL & ENVIRONMENTAL CO-BENEFITS** | | | | | | | Apart from Eq. Guinea where the REDD+ progress has been limited so far, consultations with Indigenous Peoples and Local Communities (IPLCs) have been initiated. But, in most cases, they remain limited despite legal provisions recognizing the importance of IPLCs and their customary rights. Participation is often confined to impact assessments, with weak information flows and no formal consultation framework, which undermines effective involvement and promotion of social co-benefits. On the environmental side, the REDD+ strategies strongly emphasize the need to promote co-benefits, especially in terms of biodiversity conservation. However, resource and capacity constraints limit consistent enforcement and monitoring, especially in high-pressure zones. |
| **TRANSPARENCY AND GRIEVANCE MECHANISM** | | | | | | | Apart from DRC, the other countries lack a specific legal framework to operationalize the Free, Prior and Informed Consent (FPIC) concept in REDD+, with consultations only covered under general Environmental and Social Impact Assessments (ESIA). This results in inconsistent, ad hoc practices. While ESIA are legally required, follow-up on mitigation measures is weak and often donor dependent. In addition to that, none of the 6 countries has yet a dedicated legal instrument for Cancun safeguards interpretation: instead, safeguards are scattered across sectoral laws (forest code, environment law, etc.). Last but not the least, Safeguard Information System (SIS) and Grievance Mechanism are often absent, and when they exist, they are not fully operational, with limited integration and data accessibility. |
| **EXISTENCE AND EFFICIENCY OF GHG AND NON-GHG MRV** | | | | | | | Much remains to be done in terms of MRV (both GHG and non-GHG) in Eq. Guinea. In Cameroon, the CAR and DRC, a GHG MRV system exists, but data collection and treatment generally suffer from weak inter-institutional coordination, limited technical capacity, and unstable funding. The GHG MRV systems are more operational in Gabon and Congo, supporting REDD+ result certification. In all the countries apart from Eq. Guinea, a Safeguard Information System (SIS) has been initiated for non-GHG impacts, but it generally remains underdeveloped. |

| Criteria | Cameroon | CAR | Congo | DRC | Eq. Guinea | Gabon | General comments |
|---|---|---|---|---|---|---|---|
| **EXISTENCE AND EFFICIENCY OF PROPERTY RIGHTS AND BENEFIT-SHARING** | | | | | | | REDD+ Property Rights and Benefit-Sharing remain to be clarified in Cameroon and Eq. Guinea. In other countries, carbon credits are generally considered as State property and - while the importance of IPLCs and private sector participation is emphasized in the REDD+ Strategies - no operational and standardized REDD+ benefit-sharing procedures exist at national level. Instead, each REDD+ Project has put in place ad hoc / local arrangements, that may greatly differ from one project to another and may also lack equity / efficiency / transparency. |
| **MULTI-STAKEHOLDER PARTICIPATION** | | | | | | | In most countries, local community participation in REDD+, climate, and forest policy design is limited, ad hoc, and mostly project based. Civil society points to weak access to information and lack of structured involvement. Yet, countries' legal frameworks recognize IPLCs and their customary rights, but application is weak, with frequent land-use conflicts involving logging and mining concessions. Although local forestry and conservation initiatives exist (e.g. community forests, promotion of non-timber forest products, etc.) local REDD+ projects led by IPLCs are scarce, leaving IPLCs vulnerable to external operators. |

## 5. Conclusion and Next Steps

**Central African Republic stands at an important crossroads in its engagement with international carbon markets.** With the Paris Agreement rulebook complete and CAR preparing its third NDC, the country has a window of opportunity to become a credible supplier of forest carbon credits. Its HFLD sub-national jurisdictions and a national REDD+ strategy give CAR technical relevance in carbon markets, but progress is hindered by institutional, legal, operational, and financial challenges.

**The country has made progress in forest policy, climate legislation, and REDD+ architecture, but key gaps must be addressed** to enable effective and sustainable participation in carbon markets. The following measures should be prioritized.

- Adopting legal instruments defining benefit-sharing, safeguards requirement and management as well as project authorization procedures.
- Designating a National Authority (DNA).
- Submitting the required Initial Report under Article 6.2.
- Establishing a national carbon information registry and selecting a transactional registry among solutions available.
- Developing nesting rules to integrate subnational or private initiatives under the national forest reference emissions level (FREL).
- Designing tax incentives on carbon revenues to attract more private investments.
- Establishing a “one-stop shop” or Carbon Market Office (CMO) to clarify procedures, provide technical support, and ensure policy coherence will streamline and accelerate participation in carbon markets

**Two complementary and mutually reinforcing strategies – both for national/jurisdictional and local scales – are recommended to structure CAR’s entry into carbon markets**. CAR should consolidate its role in jurisdictional carbon markets by applying for ART-TREES and building the institutional framework to participate under Paris Agreement Articles 6.2 and 6.4. In parallel, CAR should facilitate the development of private-sector or NGOs carbon projects – especially projects that are already in development[18] – under recognized project-based standards (e.g. Verra VCS/CCB, Gold Standard).

**Implementation of the Roadmap priority actions in a timely and sequenced manner will transition CAR from a technically capable REDD+ country to a fully operational jurisdictional actor in high-integrity carbon markets**. In doing so, CAR can secure sustained results-based payments, incentivize low-carbon land use, and mobilize new climate

[18] Eg. Chinko, Centraforest

finance-contributing meaningfully to its national development goals and global climate commitments.

**This pathway ensures long-term credibility and access to structured, high-integrity finance channels** such as World Bank Scaling Climate Action by Lowering Emissions (SCALE), Green Climate Fund (GCF) REDD+ RBP, and bilateral internationally transferred mitigation outcomes (ITMO) agreements. Opportunities should be explored with emerging finance modalities, such as the Tropical Forest Forever Facility (TFFF), which rewards the long-term preservation of carbon stocks in intact forests.

# Annexes

## Annex 1: National strategy for mobilizing carbon markets and climate finance

This strategy should include, at least:

- Activities identified as priorities in relation to the NDC. These activities will be described by key sectors of the NDC, with details provided on those that are subject to conditional or unconditional financial commitments.
- Define the targeted carbon markets: which voluntary market standards, which articles of the Paris Agreement are targeted and how: 6.2 and 6.4 for market mechanisms and 6.8 for non-market-based financial support.
- Define the general roles and responsibilities of ministries (forestry, environment, agriculture, finance, etc.) and agencies regarding the lead and implementation of climate finance and carbon market initiatives.
- Identify the need to adopt new regulations or amend existing regulations to develop an operational institutional structure to mobilize carbon markets.
- Assign national responsibilities to mobilize climate finance, approach donors and private sector.
- Consider the adoption of a taxonomy of financing considered “green” and eligible for investors wishing to direct their funds into these categories, with special benefit for such a category of activities.

## Annex 2: Regulatory instrument or procedural manual to implement the national strategy on Art. 6 implementation

This framework should include the main elements related to:

- The rules applicable to the implementation in the country of the mechanisms of Article 6, particularly the procedures for approval, authorization, transfer of mitigation results and corresponding adjustments.
- The categories of activities that will be reserved for Art. 6.2 and 6.4 and the ones that can be selected for results-based payments and voluntary carbon markets.
- The national approach can include both Art. 6.2, 6.4, 6.8 and voluntary carbon markets.
- The institutions in charge of the implementation of the strategy as stated in Annex 3 below.
- The benefit-sharing options applicable to the carbon market and results-based payments.
- Tax arrangements applicable to emission reduction transactions by type of product (voluntary carbon credits or ITMOs), with possible exemptions to be considered.
- Intended uses of revenues from the sale of emission reductions.
- A system for tracking financial resources received (from domestic or international sources).
- A general framework for results-based payment modalities (drawing on Emissions Reduction Programs).

## Annex 3: Defining responsibilities of ministries, agencies, and institutions

What must a country hosting Article 6 projects – engaging in cooperative approaches, put in place?

Institutional arrangements | Policy frameworks | Reporting arrangements | Building capacity within government institutions and private sector

### Policy guidance and supervision

- ✓ High-level strategic decisions and oversight on the scope of carbon markets and implementation of activities
- ✓ Define the general scope of the commitment provided for in Article 6
- ✓ Agree on the use of elements of international credit programs
- ✓ Define the assignment of other required roles.

### Drafting rules

- ✓ Develop and approve rules (e.g., eligibility criteria, registration and supervision of programs and projects, etc.)
- ✓ Approve methodologies, technical standards and guidelines; and approve validation rules for auditors
- ✓ Approve CDN-related parameters for emissions reduction calculations.

### Administration

- ✓ Approve auditors to perform validation and verification
- ✓ Approve projects/programs and proponents to generate mitigation outcomes for Article 6
- ✓ Register eligible programs/projects and their credit-generating period
- ✓ Certify and issue units of emission reductions
- ✓ Authorize the transfer of emission under Art. 6
- ✓ Transfer mitigation outcomes
- ✓ Keep track of projects and emission reductions, maintaining consistency with international
- ✓ Implement corresponding adjustments
- ✓ Submit reports on projects, units and transfers (in the biennial transparency report) for the technical expert review of Article 6

### Technical Assistance

- ✓ Review international methodologies, technical guidelines, and non-compliance factors.
- ✓ Oversee the development of new methodologies, technical guidelines, and third-party non-compliance factors (including overseeing compliance with MRV rules)
- ✓ Analyze the impact of activities, in accordance with the NDC.

## Annex 4: Registries, integrity of transactions, interoperability standards

To participate as a host country under Article 6, countries must provide credible, timely reports on key information. This includes authorized ITMOs, first transfers, participating cooperative approaches, and corresponding adjustments.

This requires access to core infrastructure and accounting systems. These include a greenhouse gas (GHG) emissions inventory - to provide a record of physical emissions and removals – and data management system - to store and track information related to emission reductions/removals, methodologies and tools, stakeholder engagement documentation, monitoring reports, validation and verification reports, among others.

A registry is particularly critical, as it tracks ITMO authorizations and transfers, ensuring authorized credits are excluded from host country NDC accounting.

### What is a carbon registry?

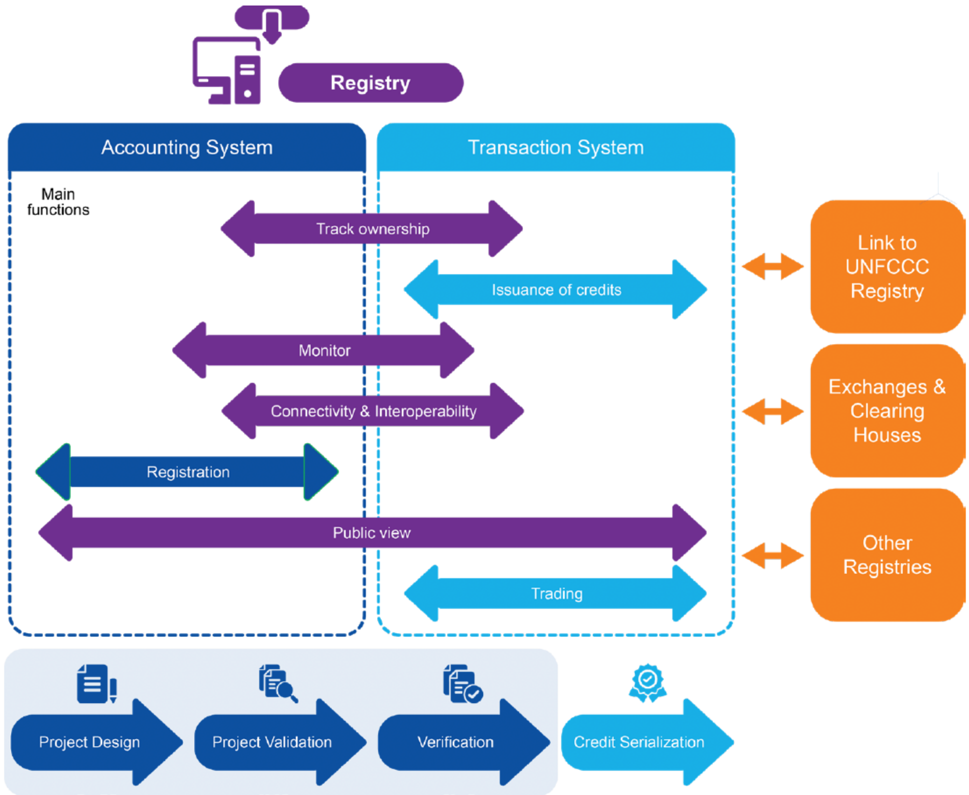
A carbon registry is a digital infrastructure that tracks the issuance, ownership, transfer, and retirement of carbon credits. It plays a critical role in ensuring transparency, traceability, and the integrity of carbon markets. Registries manage information about carbon projects, facilitate credit transfers between actors, and prevent double counting—thereby building trust in the system.

Usually, two types of registries are distinguished:

- **Register or accounting registry** that records and tracks serialized carbon credits and any other information specific to the carbon unit (e.g., the vintage of the carbon credit, the identity and location of the project, the project participants, the status of the carbon credit, or verification details) but does not issue or transfer carbon credits. Its main purpose is to ensure transparency and consistency, help to mitigate the risk of double counting of carbon credits, and monitor activities.
- **Transaction registry** is a more sophisticated system, as it has all the features of an accounting registry, plus the capacity to issue carbon credits (and assign a unique serial number), modify its status and cancel/retire carbon units. Transaction registries may also allow carbon units transfers between multiple account holders within the registry and/or to other registries.

In the **Voluntary Carbon Market (VCM)**, each standard operates its own registry—for example, Verra's VCS, the Gold Standard, the American Carbon Registry (ACR), and the Climate Action Reserve (CAR). Developers must open an account with the registry operator. Once verified by accredited bodies, credits are issued and can be traded, retired, or cancelled by account holders, including buyers, brokers, and exchanges.

*Figure 3: Type of Registries*




Source: Registry Requirements for Article 6 Transactions, Option for host country governments, Climate Focus July 2024.

**Article 6 of the Paris Agreement:**

Under Article 6, particularly 6.2 (cooperative approaches) and 6.4 (centralized crediting mechanism), registries play a central role in ensuring the environmental integrity and proper accounting of traded emission reductions. Countries must avoid double counting by applying corresponding adjustments (to their NDC) and transparently tracking each step of an ITMO's life cycle.

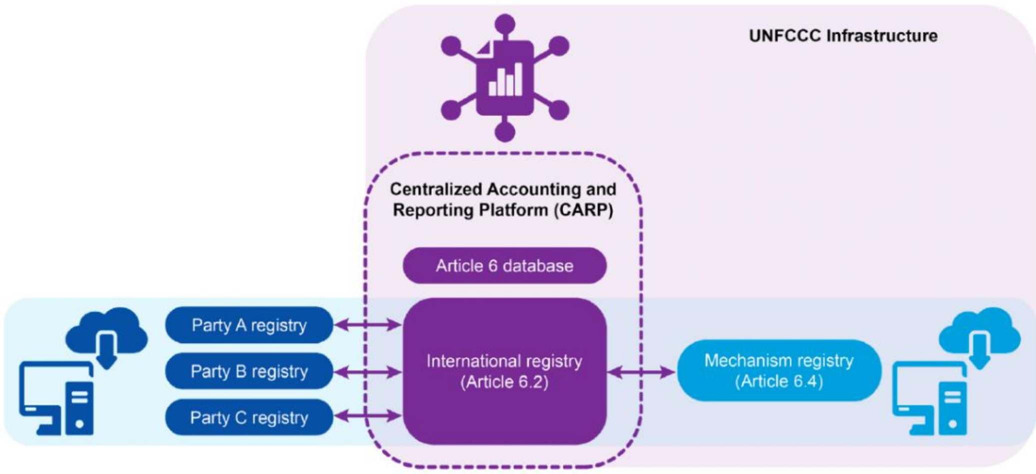
Three types of registries are relevant under article 6:

1. **Article 6.2 international registry**
2. **Article 6.4 mechanism registry**
3. **The Host country (national or third-party) registry**

At the international level, the **Centralized Accounting and Reporting Platform (CARP)** under the UNFCCC will host:

1. The **Article 6 database**, which stores information on all transactions and performs consistency checks.
2. The **international registry**, which tracks issuance, transfers, and cancellations of ITMOs, and supports countries that opt not to develop their own registry.
3. The **Article 6.4 registry**, which records emission reductions, both unauthorized Mitigation Contribution Units (MCUs) and authorized Art. 6.4 ERs eligible for transfer as ITMOs. This registry is designed to interoperate with the Article 6.2 registry.

*Figure 4: UNFCCC Art.6 Registry Infrastructure*




Source: Registry Requirements for Article 6 Transactions, Option for host country governments, Climate Focus July 2024.

Countries opting to build their own registry or adopt a third-party solution must ensure that the system includes an API to enable such interoperability.

**Host country registry options**

To comply with Article 6.2, countries can choose from the following registry options:

1. **Develop a national registry** using proprietary or open-source software.
2. **Use Software-as-a-Service (SaaS)** from third-party providers (e.g., standards).
3. **Adopt the UNFCCC international registry** administered by the UNFCCC Secretariat.
4. Hybrid approach, combining elements of the above.

**Factors to consider when selecting a registry option**:

- **Transaction volume**: High-volume countries need more robust, transactional registries.
- **Existing infrastructure**: Countries with MRV or REDD+ systems may expand these rather than build from scratch.
- **Legal and administrative readiness**: Registry operation requires legal oversight, institutional responsibility, and formal procedures.
- **Cost and capacity**: More advanced systems require higher investment in IT systems and human resources.

*Figure 5: Registry Options for Host Country Government*

| Approach to registry access | Pros | Cons | Host country suitability |
|---|---|---|---|
| National registry | Strong national ownership<br><br>Customizable to country context e.g. accommodate domestic CPIs<br><br>Scalable/ modifiable over time | Highest upfront costs<br><br>Requires strong technical/legal capacity<br><br>Ongoing security and interoperability responsibilities | Countries planning extensive international market participation, especially those with multiple cooperative approaches or needing to manage domestic CPIs or the sale of other environmental attribute certificates |
| Third party registries | Limited technical expertise needed<br><br>Likely to be inter-operable with other registries<br><br>Likely to offer flexibility to purchase different levels of functionality | Provider owns source code<br><br>Limited back-end customization<br><br>Inter-operability with other registries determined by third party<br><br>Ongoing fees may be high<br><br>Use tied to provider's methodologies | Countries with limited carbon projects and lack in-house capacity, and wanting registries with established reputations and flexibility to customise the registry's functionality. |
| International registry (i.e. making use of the (transaction) registry services that will be offered by the UNFCCC) | Lowest cost option<br><br>Full technical support<br><br>Will be designed to be interoperable with other registries | Need to follow rules, processes and requirements specified by the UNFCCC | Countries with financial/ technical constraints or limited Article 6.2 plans. |

*Source: Country Guidance for Navigating Carbon Markets World Bank 2025*

For host countries to choose to set a national registry or to decide to adopt a third-party registry, governments should make sure that such systems integrate an API and thus allow interoperability between multiple systems, applications, or users.

**Best practices and examples:**

**Ghana** has developed a comprehensive Art. 6 registry to date. It covers various aspects such as eligibility criteria, procedures like authorization and project development, institutional setups, and operationalizing mechanisms such as Art. 6.2 (with the issuance, transfer, holding, cancel and ready for authorization MOs) and the VCM.[19]

Amongst institutional arrangements, Ghana has established the Carbon Markets Office (CMO), hosted within the climate change unit of the Environmental Protection Agency. The CMO deals with day-to-day management, including running the Ghana Carbon Registry (GCR).

[19] https://gcr.epa.gov.gh/about-us/

All activities seeking to create authorized mitigation outcomes must be registered in the GCR. Alternatively, developers can opt to have authorized mitigation outcomes issued in the registries of recognized independent mechanisms, but they must inform the CMO about it within seven days. The GCR will then record the activity in the developer's account. Where possible, the GCR may also be linked with other registries. When registries are not linked, the cancellation will be done in one registry and created in the other one before conducting the transfer.[20]

**Regarding the case of the CAR**, the country failed to finalize and operationalize its Register due to lack of funding for its operation and technical capacities. The Register was to assist the process of REDD+ projects national approval and provide information on projects and credits generated, it wasn't meant to be transactional. In the short term, it is not advisable to establish a transactional registry, but use options, such as the World Bank's Carbon Assets Tracking System (CATS) or the Art. 6 international registries, or those provided by carbon standards. However, in the meantime reviving the national register is key to centralizing information and gaining experience.

[20] Registry Requirements for Article 6 Transactions, Option for host country governments, Climate Focus July 2024.

## Annex 5: Carbon markets, trends, price and buyers

*Based on current studies on carbon markets the annex will cover the following but not exclusively topics: Understanding carbon credit markets and buyers, demand for forest offsets (where excluded from markets and where is the demand for them) and Carbon credit prices and trends.*

Carbon markets are trading systems in which carbon credits are sold and bought. Companies or individuals can use carbon markets to compensate for their greenhouse gas emissions by purchasing carbon credits from projects that remove or reduce greenhouse gas emissions. One tradable carbon credit equals one tone of carbon dioxide or the equivalent amount ($CO_2e$) of a different greenhouse gas reduced, sequestered or avoided.

### Type of carbon markets:

There are different types of carbon markets compliance and voluntary markets:

***Figure 6: Types of Carbon Markets***

Compliance Markets

**International Carbon markets**

- Paris agreement articles 6.2 and 6.4
- Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

**National or regional Carbon markets**

- Established by authorities through legal action
- Can be national (Australia, south Africa), sub-national (California) or supra-national (European Union)

**Voluntary Carbon Market (VCM)**

- Established and managed by independent crediting carbon standards (ART-TREES, Verra VCS/CCBS, Gold Standard...)
- Not linked with legally binding obligation, based on voluntary CSR actions

- **VCM** allows businesses and individuals to offset their emissions by purchasing carbon credits voluntarily, usually as part of corporate social responsibility (CSR) initiatives or to achieve sustainability goals, and global net zero commitments. Credits are transacted between buyers and sellers mostly through bilateral, over- the-counter deals, or via a growing number of exchanges platforms.
- In **compliance markets** national authorities allocate allowances to capped private entities. Excess allowances can be traded among these regulated entities. Compliance markets often limit or ban voluntary offsets, especially forest offsets (e.g., EU ETS).

However, the boundaries between the VCM and international and domestic compliance markets have become blurred as compliance systems, such as the California Cap-and-Trade Program and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), have allowed participants to use credits from independent crediting mechanisms that would otherwise be considered voluntary credits. Same can apply under Art. 6.2 when countries allow the use of voluntary carbon credits to meet their NDCs, in that case corresponding adjustment applies to avoid double counting.

**Carbon markets trends:**

Voluntary demand continues to dominate in the short term when compliance demand is beginning. Voluntary demand accounts for around 90% of the total demand for carbon.[21] However, compliance demand will likely grow, as more domestic compliance instruments are being established, and allow the use of domestic and international credits, as CORSIA transitions from its voluntary first phase to its mandatory second phase in 2027.

VCS remained the largest standard by volume which accounts for 63%, Gold Standard became the second-largest standard by reported transaction volume representing 20 percent, and the American Carbon Registry (ACR) transaction volume increased 206 percent, ultimately making up nearly 10 percent of the total 2023 VCM transaction volume.[22]

The most traded and retired carbon credits are from nature based (mostly REDD+, ARR, Improved Forest Management (IFM), and Agriculture), and renewable projects, which represent 58% of total retired credits in 2024.[23]

Within the nature-based category, REDD+ credits made up the majority of credits traded in this category (78%), while ARR and IFM credits made up 11 percent and 7 percent, respectively.[24] Credits from nature-based projects originated in Latin America and the Caribbean constituted 36 percent of transaction volume for nature-based projects, followed by Africa (25%), and Asia (18%).

**Volume and Prices:**

The total market value fell for all categories of VCM credits, the causes of this decline in value varied between categories in the last three years:

***Figure 7: Volume and Prices on VCMs***

| | 2023 | | | 2024 | | | Percent Change | | |
|---|---|---|---|---|---|---|---|---|---|
| CATEGORY | Volume ($MtCO_2e$) | Value (USD) | Price (USD) | Volume ($MtCO_2e$) | Value (USD) | Price (USD) | Volume | Value | Price |
| Forestry and Land Use | 37.1 | $372.3M | 10.04 | 37.0 | $342.5M | 9.27 | 0% | -8% | -8% |
| Renewable Energy | 29.0 | $113.5M | 3.92 | 22.3 | $59.5M | 2.67 | -23% | -48% | -32% |
| Chemical Processes / Industrial Manufacturing | 12.2 | $50.2M | 4.10 | 5.7 | $20.8M | 3.66 | -53% | -58% | -11% |
| Household / Community Devices | 10.2 | $78.3M | 7.71 | 5.1 | $37.4M | 7.30 | -50% | -52% | -5% |
| Waste Disposal | 1.5 | $10.9M | 7.46 | 4.8 | $32.0M | 6.72 | 226% | 193% | -10% |
| Agriculture | 4.7 | $30.7M | 6.51 | 0.6 | $4.7M | 7.66 | -87% | -85% | 18% |
| Energy Efficiency / Fuel Switching | 9.4 | $34.4M | 3.65 | 0.6 | $1.9M | 3.05 | -93% | -95% | -16% |
| Transportation | - | - | - | 0.2 | $0.6M | 3.24 | - | - | - |

*Source: State of the Voluntary Market 2025, Ecosystem Marketplace*

Falling market value in 2024 was largely driven by the decline in both the volume and average price of credits from projects in Asia, especially Renewable Energy credits, which are considered lower quality.

Although REDD+ credits remain popular, their transaction volume has dropped by 63% over the last three years, with a 52% decline in volume and a 23% decrease in price compared to

[21] State and Trends of Carbon Pricing 2024, World Bank group
[22] State of the Voluntary Market 2024, Ecosystem Marketplace
[23] The State of Carbon Credits 2024, Sylvera
[24] Ibid note 2

2024. This decline is due to critical media coverage questioning the environmental integrity of some carbon credits, particularly those from avoided deforestation activities.

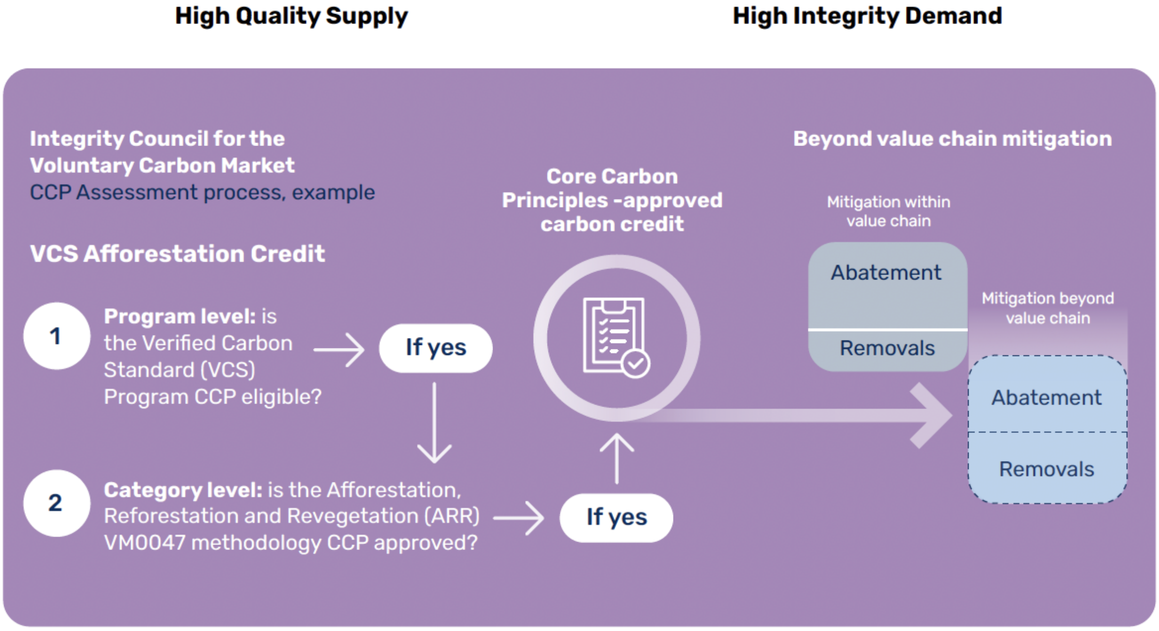
In Africa, volumes similarly fell 48 percent while average price increased 26 percent. This was driven by increasing prices for Forestry and Land Use credits from this region, while Household/Community Devices credits had little price change year-over-year.

### Seeking more transparency and environmental integrity

As the environmental integrity of nature-based projects faces scrutiny in the media and legal actions challenge companies' carbon neutrality claims, there is an increasing demand for high-integrity carbon projects. Companies are now conducting more rigorous due diligence on projects before purchasing credits or relying on integrity initiatives and rating agencies.
In 2023, both the Voluntary Carbon Markets Integrity Initiative (VCMI) and the Integrity Council for the Voluntary Carbon Market (ICVCM) introduced key frameworks to enhance carbon market integrity. Each framework addresses different aspects of the carbon credit lifecycle.

- ICVCM's Core Carbon Principles (CCPs) set a global standard and benchmark for high-integrity carbon projects. The CCPs are made up of ten fundamental, science-based principles that define high-quality and high-integrity credits for the issuing standard and standard-specific methodologies, guide projects and standards towards integrity and provide information to buyers to inform their search for high-quality credits.
- The VCMI Claims Code of Practice provide guidance to help companies credibly use VCM credits as part of their net-zero decarbonization targets. Companies can make a "Carbon Integrity" claim. The process of certifying a Carbon Integrity claim requires companies to disclose information on their corporate climate action practices including adherence to best practices, and key data on the carbon credits they are using to make their claims. All information disclosed must be verified by a third party.
- The Science Based Target initiative (SBTi) for corporates. SBTi's widely adopted net-zero standard helps corporations identify and set reduction targets to achieve net-zero. SBTi has not allowed the use of VCM credits to count against net-zero target. It may only be considered as an option for neutralizing residual emissions with permanent carbon removal and storage projects to counterbalance the final 10% of residual emissions.

*Figure 8: ICVCM's Core Carbon Principles (CCPs)*




Source: State and trends of carbon Pricing – International carbon markets, World Bank Group 2023

**REDD+ Project base versus Jurisdictional: REDD+ program credits:**

In response to criticisms, standards such as VCS and ART-TREES have developed jurisdictional approaches. Unlike project-level REDD+, these approaches require that all forests within a national or subnational jurisdiction be included when setting baselines and monitoring deforestation. The key advantages of jurisdictional approaches to REDD+ include: (i) Reduced risk of inflated baselines and over-crediting, (ii) Better monitoring and accounting for leakage (when deforestation shifts from inside the project to another area), (iii) Improved MRV at the jurisdiction level, and (iv) Incentivized policy changes.

REDD+ projects are nested within the program's baseline or integrated more closely within the program, receiving credits or payments through the program. The market appears to be moving towards jurisdictional and nested REDD+ approaches. For example, Verra's proposed updates to their avoided deforestation methodologies adopt an approach aligned with nesting for REDD+ projects.

**Buyers:**

Carbon credit buyers include companies, government institutions, NGOs, decarbonization platforms, and individuals. The main buyers of carbon credits generated by forest carbon projects implemented in the COMIFAC area are major international groups (Shell, British Airways, Nespresso, Veridian, etc.).[25]

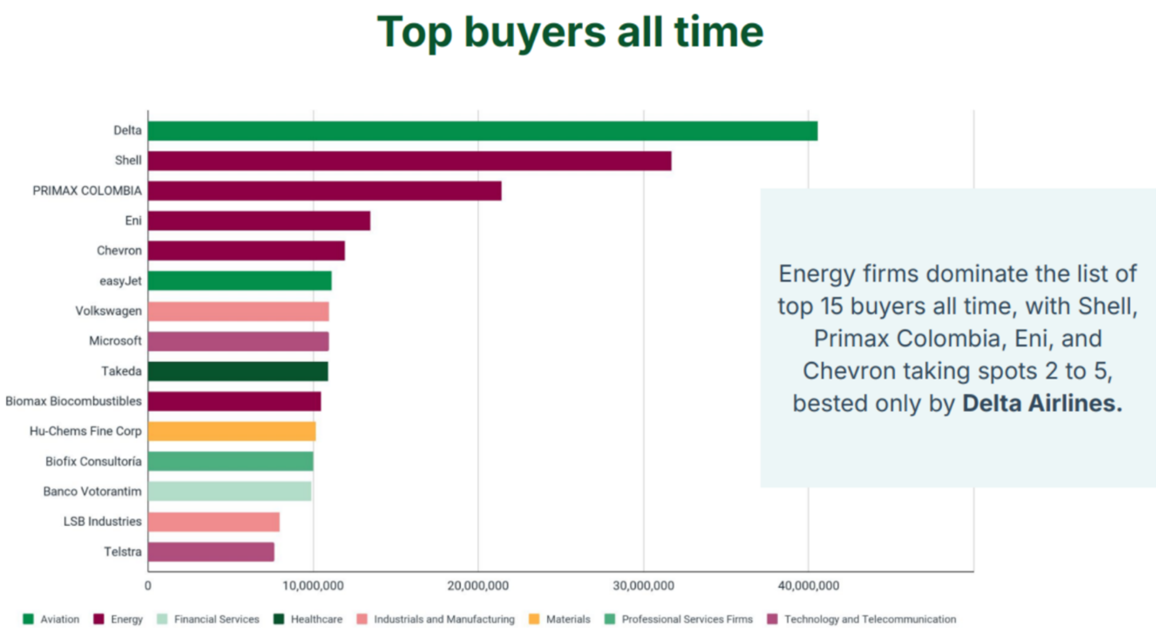
Globally, most carbon credit buyers are from the financial, airline transport, and energy sectors, with Microsoft being a significant participant in the technology industry. Companies in the energy sector (such as Delta, Shell, Eni, BP, Chevron, and Total) are the primary purchasers of nature-based credits, aiming to achieve net-zero emissions by 2050.

Shell is one of the largest fossil fuel companies in the world. Microsoft, a leader in technology,

[25] Étude sur les projets forestiers du marché volontaire du carbone dans l'espace COMIFAC, FRM mai 2024.

also plays an important role. Unlike Microsoft, which has invested significantly in carbon removal technologies, Shell's purchases are mainly REDD projects focused on emissions avoidance. A substantial portion of Shell's credits (9.4 million) came from forestry and land-use initiatives. Additionally, the company retired 2.4 million renewable energy credits.[26]

*Figure 9: Carbon Credit Buyers*




Note: reproduced with permission from Allied Offsets (2025), "VCM 2024 Review Emerging Trends for 2025"

[26] https://carboncredits.com/shell-and-microsoft-are-the-biggest-carbon-credit-buyers-in-2024-what-projects-do-they-support/

WORLD BANK GROUP
1818 H Street NW,
Washington, D.C. 20433, USA