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VCMI Voluntary Carbon Markets Integrity Initiative

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High-Integrity Carbon Projects in the **Brazilian Amazon**

Practical Guide on Legal Compliance and Socio-Environmental Safeguards

November 2025

High-Integrity Carbon Projects in the Brazilian Amazon

Practical Guide on Legal Compliance and Socio-Environmental Safeguards

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Clarification:

The Governments of the States of Acre, through the State Secretariat for the Environment of Acre (SEMA) and the Institute for Climate Change and Regulation of Environmental Services (IMC), and Rondônia, through the State Secretariat for Environmental Development of Rondônia (SEDAM), were consulted throughout the process of preparing this document, and endorse the publication of this guide.

Statements:

The content of this guide is for informational purposes only and should not be interpreted as legal or technical advice. The information is general in nature and may vary depending on the specific case and applicable regulations. It is always recommended to seek specialized advice before making any decision or implementing any action.

The contributions and consultations carried out during the preparation of this guide were for informational purposes only. The analyses and conclusions presented here reflect the authors' interpretation, without direct interference from the participants consulted or the institutions involved.

TABLE OF CONTENTS

LIST OF BOXES

LIST OF TABLES

LIST OF FIGURES

ACRONYMS

ACRONYM	DEFINITION
A6.4ER	Emission Reductions under Article 6.4 of the Paris Agreement
ABRAMPA	Brazilian Association of Members of the Public Prosecutor's Office for the Environment
AIC	Amazon Investor Coalition
APP	Permanent Preservation Area
ARR	Afforestation, Reforestation and Revegetation
ART/TREES	Architecture for REDD+ Transactions of the REDD+ Environmental Excellence Standard
CCP	Core Carbon Principles
CNAE	National Registry of Embargoed Areas
CO_2e	Carbon Dioxide Equivalent
CONAMA	National Council for the Environment
CONAREDD+	National Commission for REDD+
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
CRVE	Certificate of Verified Emission Reduction or Removal
DOF	Forest Origin Document
FCP	Palmares Cultural Foundation
FPIC	Free, Prior and Informed Consent
FREL	Forest Reference Emissions Level
FRFUR	Rondônia Special Fund for Land Regularization
FUNAI	National Foundation for Indigenous Peoples
GCF Task Force	Governors' Climate and Forests Task Force
GHG	Greenhouse Gases
HAY	Hutukara Yanomami Association
IBAMA	Brazilian Institute of Environment and Renewable Natural Resources
ICAO	International Civil Aviation Organization
ICVCM	Integrity Council for the Voluntary Carbon Market
IMC	Institute for Climate Change and Regulation of Environmental Services of the State of Acre
INCRA	National Institute for Colonization and Agrarian Reform
IPAM	Amazon Environmental Research Institute
IPLC	Indigenous Peoples and Local Communities
ISA Carbono	Acre State Carbon Environmental Services Incentive Program
ITMO	Internationally Transferred Mitigation Outcomes
JREDD+	Jurisdictional REDD+
MCU	Mitigation Contribution Units
MPE	State Public Prosecutor's Office
MPF	Federal Public Prosecutor's Office
MPI	Ministry of Indigenous Peoples
MRV	Monitoring, Reporting and Verification
NbS	Nature-based solutions
NDC	Nationally Determined Contributions
PACM	Paris Agreement Credit Mechanism
PCT	Traditional Peoples and Communities

PGSA	State Policy on Climate Governance and Environmental Services of the State of Rondônia
PRA	Environmental Regularization Program
PSA	Payment for Environmental Services
REDD+	Reducing Greenhouse Gas Emissions from Deforestation and Forest Degradation, Conserving Forest Carbon Stocks, Sustainable Forest Management, and Increasing Forest Carbon Stocks.
RL	Legal Reserve
RTID	Technical Report on Identification and Delimitation
SBCE	Brazilian Greenhouse Gas Emissions Trading System
SDGs	Sustainable Development Goals
SEDAM-RO	State Secretariat for Environmental Development of Rondônia
SGSA	State System of Climate Governance and Environmental Services of Rondônia
SISA	Environmental Services Incentive System of the State of Acre
SPU	Secretariat of Federal Heritage
TJ	Court of Justice
UC	Conservation Unit
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
VCM	Voluntary Carbon Market
VCMI	Voluntary Carbon Markets Integrity Initiative
ZEE	Ecological-Economic Zoning

EXECUTIVE SUMMARY

1 Introduction: objectives and scope of this guide

The states of Acre and Rondônia, and in general, the states of the Brazilian Amazon are committed to high-integrity voluntary carbon markets, promoting their development and attracting investors committed to quality climate and social outcomes. Acre and Rondônia seek to consolidate their position as leaders in high-integrity carbon markets by adopting regulatory frameworks and practices that prioritize transparency, traceability, and the environmental and social integrity of carbon credits generated by nature-based mitigation activities. Both states reaffirm their commitment to voluntary carbon markets aligned with international principles of integrity and sustainability. Similarly, the other states of the Legal Amazon share this commitment, strengthening their policies and institutional capacities to ensure that carbon activities promote forest conservation, sustainable development, and recognition of the rights of their local and indigenous communities.

This document aims to guide the development of greenhouse gas emission mitigation activities focused on nature-based solutions (NbS) within the scope of the Voluntary Carbon Market (VCM) in the Brazilian Amazon. The guide focuses on three main dimensions of integrity, based on the context, needs, and priorities of the region:

- Understanding and complying with existing regulations for the development of carbon projects in Brazil, including an approach to complex issues such as land tenure.
- Complying with social safeguards, structured in Free, Prior, and Informed Consent (FPIC) processes, to guarantee the rights and participation of local communities.
- Promoting best practices to distribute benefits and structure fair contracts that provide tangible benefits to local communities.

The guide does not seek to exhaust the dialogue and definitions on these dimensions, but it does provide fundamental support for this purpose. Although the content of the guide can be extrapolated to the entire Amazon region, initiatives for the states of Acre and Rondônia are addressed in greater depth, highlighting their active involvement in the preparation of this document.

2 High integrity carbon markets

Integrity is essential to building trust in carbon markets. It is a prerequisite for the credibility and for the long-term sustainable growth. High integrity focuses on three principles:

- Ensuring that carbon credit trading represents an accurate estimate of greenhouse gas (GHG) emissions reductions and removals, ensuring transparency, accountability, and continuous improvement;
- Generating additional benefits beyond climate change mitigation, such as those for sustainable development, biodiversity conservation, and human well-being;
- Use carbon credits as a complement — not a substitute — to urgent and direct decarbonization efforts within net-zero emissions trajectories.

The Amazon has well-defined principles of integrity. In the Amazon, integrity is based on transparency, accountability, and real emissions reductions, with a focus on social safeguards. This requires adapting actions to the local context, respecting the rights, traditions, and ways of life of indigenous peoples and traditional communities, and ensuring their effective participation and the fair sharing of benefits from nature-based solutions. Integrity also requires a holistic approach that considers the region's territorial and cultural diversity and shared climate responsibility among all stakeholders, ensuring that climate finance is transparent, reaches the territories, and generates lasting benefits for both people and forests.

The Amazon states guide their actions both by international initiatives that promote high integrity in carbon markets and by existing and developing Brazilian legislation and policies at the national level. The Amazon states are bound by the principles of high integrity defined by federal legislation and their own state legal frameworks, which reinforce transparency, traceability, and socio-environmental responsibility in carbon activities. Similarly, Amazonian states consider initiatives that serve as global pillars of the VCM to be relevant, establishing quality and credibility parameters for projects and transactions, such as the Core Carbon Principles (CCPs) of the Integrity Council for the Voluntary Carbon Market (ICVCM) and the Claims Code of Practice of the Voluntary Carbon Markets Integrity Initiative (VCMI).

3 Dynamics of carbon markets in the Brazilian Amazon

Brazil's participation in the voluntary carbon market focuses mainly on activities to reduce emissions from deforestation and forest degradation (REDD+). This reflects the central role of deforestation in the country's emissions profile, especially in the Amazon and Cerrado biomes. Between 2003 and July 2025, Brazil issued approximately 149 million carbon credits, representing 25% of South America's total and 6.3% of the global total.

In addition to hosting dozens of private projects, Brazil has been a leader in implementing jurisdictional REDD+ (JREDD+) programs through national and state public policies. As a result, states now have access to high integrity standards to mobilize private capital.

The development of carbon projects in the Brazilian Amazon requires an understanding of the rules at two levels: federal and state. Federal laws regulate issues such as property, registration, and socio-environmental safeguards. At the federal level, Brazil now has a legal framework for establishing the Brazilian Greenhouse Gas Emissions Trading System (SBCE), Law No. 15,042/2024. In addition to regulating the national emissions trading system, this law defines the incorporation of socio-environmental safeguards and principles applicable to the voluntary market, especially in the area of nature-based solutions.

At the state level, in addition to federal legislation, each state can adopt its own rules and programs applicable to NbS activities, adapting them to their local realities. Acre is a pioneer in subnational REDD+ programs, which integrate land regularization and recognition of indigenous peoples and traditional communities as conservation agents. Rondônia is moving forward with the State Policy on Climate Governance and Environmental Services (PGSA), which introduces jurisdictional carbon credits and is being revised to align with the SBCE, demonstrating interest in carbon projects and ecological restoration initiatives.

VCM projects in Amazonian states could benefit significantly from participating in the upcoming national emissions trading market, provided they fully comply with the rules and requirements established by Brazilian law. The integration between the voluntary market and the regulated system (SBCE) represents a strategic opportunity for high-integrity projects, which may have their credits recognized and valued in a robust, transparent regulatory environment aligned with national climate commitments. This convergence between the two markets tends to strengthen the credibility of carbon projects in the Amazon region and increase investor interest.

4 Legal issues of governance and land tenure

The complexity of land governance in the Legal Amazon requires special caution on the part of carbon project developers. Legal issues of governance and land tenure in the Amazon are complex. The generation of carbon credits depends on legitimate control over the land and its environmental resources, since only those who hold ownership, legitimate possession, or a valid concession can implement use and management projects that result in emissions reductions or removals, which is the basis for the configuration of carbon rights. Projects in areas without clear title, with overlapping registrations or legal disputes, remain vulnerable to challenges that can lead to the cancellation of credits.

Carbon rights are legally defined in both carbon projects and jurisdictional programs. Brazilian legislation is clear regarding the identification of the types of land on which carbon projects or programs can be implemented, as well as the definition of carbon rights ownership associated with each type of possession or domain. Thus, carbon projects in Brazil can be developed in various land categories, provided there is legitimate ownership or express authorization for the management of the area and the generation of environmental benefits.

The adoption of best practices in the face of land tenure uncertainties ensures the integrity of projects and contributes to the processes of recognizing land ownership of IPLCs. Best practices for dealing with the risks of irregular land tenure include: i) conducting a complete land audit; ii) using private software for integrated land data checking; iii) reflecting the complexity of land tenure in carbon contracts; iv) formalizing partnerships and assignments in writing, with recognition and registration in a notary's office; v) supporting the formal regularization of land tenure, especially for Indigenous Peoples and Local Communities (IPLCs).

5 Free, prior, and informed consent

Free, prior, and informed consent (FPIC) is an indispensable condition for the legitimacy of projects, guaranteeing the right of IPLCs to be consulted before projects or decisions that may affect their territories, rights, and ways of life. FPIC is mandatory, and the community's right to give or withhold its consent is a manifestation of the right to self-determination. Given the recurring reports of lack of consent in carbon projects, robust FPIC processes are indispensable.

The FPIC process is not an end in itself, but rather a tool to ensure that IPLCs give their consent throughout the design and life of the carbon project. Proper implementation of the FPIC process involves i) engaging with the community in advance and sharing information about the proposed project; ii) building dialogue and strengthening the community's capacity to understand the project; iii) enabling collective decision-making; iv) negotiating agreements in good faith; v) maintaining dialogue with IPLCs and confirming their continued consent throughout the project; and vi) involving communities in project monitoring and ensuring ongoing accountability.

Brazilian legislation addresses FPIC in specific regulations regarding the requirement to carry out the FPIC process in NbS projects that generate carbon credits and impact IPLCs. The main references are Law 15.042/2024, which governs the SBCE, and CONAREDD+ Resolution No. 19/2025. At the state level, most states in the Amazon do not yet have specific and detailed legislation on FPIC processes.

FPIC in the context of carbon projects must respect the consultation protocols already developed by IPLCs or, in the absence of these, observe their customs, traditions, and traditional forms of organization. The consultation protocols define how the community wishes to be consulted, including aspects such as assemblies, prior notices, language to be used, and legitimate representatives. Brazilian legislation formally recognizes this right, considering these protocols as instruments of self-regulation for communities and reinforcing their observance in negotiations related to carbon projects.

The right to consent or not to the carbon project is exclusive to the consulted communities, even if the FPIC processes must be supervised by

public institutions. According to the SBCE Law, FPIC processes related to carbon projects located in IPLC territories must have the participation and supervision of the Ministry of Indigenous Peoples, the National Foundation of Indigenous Peoples and the Federal Prosecutor's Office. Thus, for such processes to be considered legitimate, the involvement of these institutions is indispensable, and their role will be detailed in subsequent SBCE regulations. Although the legislation determines the supervision of public agencies in the consultation processes, these entities do not lead, approve, or validate the consent granted by the communities. The right to consent or not to the carbon project resides exclusively with IPLCs.

6 Benefit sharing

Integrity is only complete if the gains obtained from carbon projects or programs are distributed fairly, transparently, and equitably among the different actors involved. In carbon projects and programs, a well-structured benefit-sharing mechanism is essential to ensure legitimacy, promote stakeholder engagement, and ensure long-term participation.

Brazilian law requires certain conditions for the distribution of profits. Indigenous peoples and local communities are guaranteed ownership of at least 50% of the carbon credits generated by greenhouse gas removal projects and also at least 70% of the carbon credits resulting from REDD+ projects when developed in their territories. Other important issues are that the project developer must cover the costs of technical and legal assistance for IPLCs, as well as the costs of FPIC processes.

The operationalization of benefit sharing requires transparency and dialogue between developers and communities. The first step is to clarify all costs and revenues of the carbon project, including development and operating costs and opportunities lost by communities. Next, the parties must agree on the types of benefits: monetary (from the sale of carbon credits) and non-monetary (employment, training, alternative income generation). Finally, it is necessary to jointly define how the benefits will be implemented and distributed, considering the context of the project and the governance practices of the communities involved.

Effective community management in benefit sharing requires participation, transparency, and predictability. It is essential not only to divide resources, but to ensure collective and supervised decisions, with effective involvement of communities and respect for their governance protocols. The benefit-sharing agreement should be built on dialogue and understanding of the risks and opportunities of the project and the market, ensuring stable benefits for communities and protecting them from revenue fluctuations. Continuous monitoring of results and the existence of accessible complaint and conflict resolution mechanisms, with independent technical and legal support, are also essential.

7 Establishing fair carbon contracts with indigenous peoples and local communities

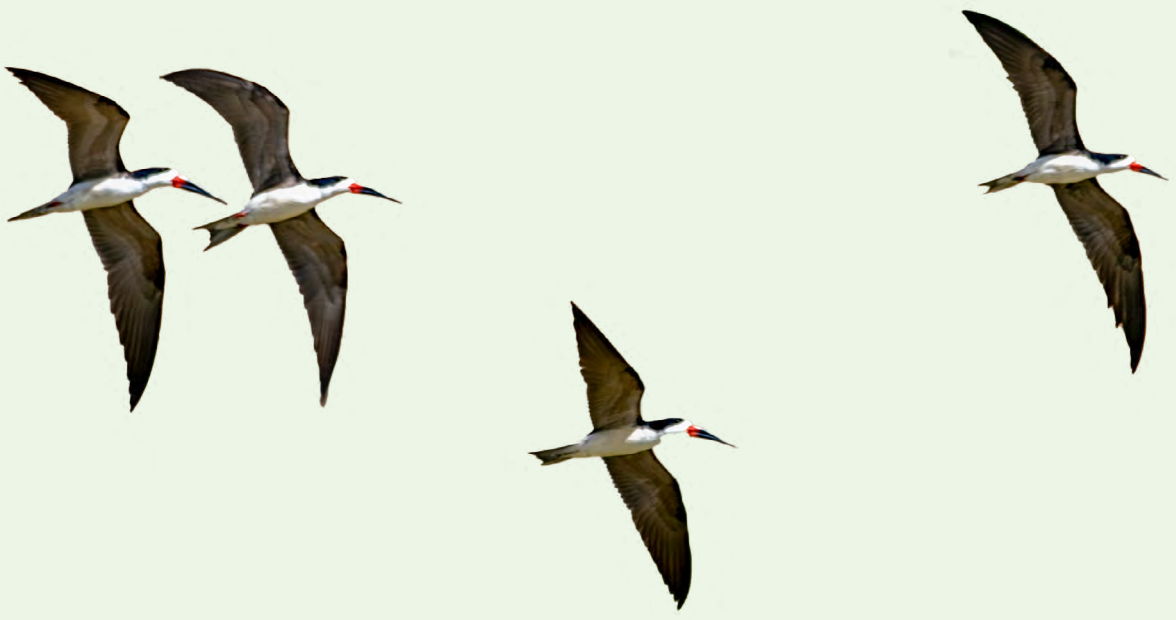
The formalization of fair and transparent carbon agreements with IPLCs is essential to strengthen the legitimacy of the project. Establishing fair and equitable carbon contracts with IPLCs is a central element for the legitimacy and long-term sustainability of carbon activities. These agreements should clearly define rights, obligations, and benefit-sharing mechanisms in order to avoid power asymmetries and protect the interests of the communities involved.

Brazilian law requires specific clauses in contracts with IPLCs. Brazilian law mandates the inclusion of a series of mandatory clauses in carbon contracts entered into with IPLCs. Issues such as benefit sharing percentages, contract registration, requirements for language accessible to IPLCs in negotiations, the obligation to include review and termination clauses, and the requirement for dispute resolution forums close to IPLC areas are required by the SCBE Law and CONAREDD+ Resolution No. 19/2025. These clauses ensure that contracts comply with the principles of transparency, free, prior, and informed consent, equitable benefit sharing, and legal protection of community rights throughout the project cycle.

Any buyer or investor can purchase carbon credits from both carbon projects and jurisdictional programs. In the case of jurisdictional REDD+ programs, each state that develops jurisdictional programs can choose a specific format for selling the carbon credits derived from such programs. However, the SCBE Law regulates how

public entities can develop jurisdictional REDD+ market programs in Brazil and sell carbon credits.

In addition to the mandatory legal clauses, carbon contracts with IPLCs must include additional clauses that reinforce balance and equity in contractual relationships. Although existing Brazilian legislation already establishes a series of contractual clauses that must be incorporated into carbon agreements with IPLCs, there are additional considerations that can also be integrated into such contracts to reinforce the contractual balance between the project developer or carbon credit buyer and the IPLCs. Contractual clauses such as dynamic revenue adjustment and minimum price guarantees, which ensure stable compensation and prevent IPLCs from being exposed to market volatility in limited cases of breach of contract and liability, restricted to situations under the control of the communities, bring extra balance to the contract, contribute to recognizing the role of IPLCs in project execution, and ensure their active involvement during implementation.



1 Introduction: Objectives and scope of this guide

Photo by Marcos Vicentti

1. INTRODUCTION: OBJECTIVES AND SCOPE OF THIS GUIDE

What is the purpose of this guide?

This guide aims to orient the development of greenhouse gas emission mitigation activities focused on nature-based solutions (NbS), within the framework of the Voluntary Carbon Market (VCM) in the Brazilian Amazon (see Table 1).

This document aims to promote high-integrity activities that contribute to the environmental and social goals of the Brazilian Amazon. While high integrity encompasses a broad spectrum of criteria — including robust validation, verification, and quantification of greenhouse gas (GHG) emission reductions and removals, sound governance, and compliance with environmental and social safeguards — this document focuses specifically on three key dimensions of integrity based on the context, needs, and priorities of the region[1]:

- Understanding and complying with existing regulations for the development of carbon projects in Brazil, including addressing complex issues such as land ownership.
- To fulfill social safeguards, structured in Free, Prior and Informed Consent (FPIC) processes, to guarantee the rights and participation of local communities.
- To promote best practices for distributing benefits and structuring fair contracts that provide tangible benefits to local communities.

The document provides practical and straightforward guidance, offering concrete examples and answering common questions that arise during the design and implementation of high-integrity carbon projects in the Amazon.

The guide does not seek to exhaust the dialogue and definitions on these dimensions, but it does present fundamental contributions for this purpose. Although the content of the guide can be extrapolated to the entire Amazon region, the initiatives for the states of Acre and Rondônia are addressed in greater depth, highlighting their active involvement in the elaboration of this document.

Although this guide provides legal analysis and practical guidance, it does not replace the need for specific assessments or consultations with the relevant authorities to ensure full compliance with the procedures and regulations applicable to the carbon market.

Box 1. The Brazilian Amazon in this guide

THE BRAZILIAN AMAZON IN THIS GUIDE

The Amazon can be defined from different perspectives. The Amazon biome extends across more than nine countries, occupying 49% of Brazilian territory and covering more than 4 million km².[2] The Legal Amazon, in turn, is a political-administrative definition that encompasses all or part of nine Brazilian states — Acre, Amapá, Amazonas, Maranhão, Mato Grosso, Pará, Rondônia, Roraima, and Tocantins — and covers approximately 60% of the national territory.[3]

In this guide, the term "Amazon" refers to the Legal Amazon.

Who is this guide intended for?

NbS project developers and national and international investors. It also includes representatives from local communities and civil society organizations that play an active role in the design and implementation of mitigation activities.

[1] Needs and priorities were reported by the governments of the states of Acre and Rondônia and by the Governors' Task Force on Climate and Forests.

[2] Ministry of Environment and Climate Change (2021). Amazon. Available at: https://www.gov.br/mma/pt-br/assuntos/biodiversidade-e-biomas/biomas-e-ecossistemas/biomas/amazonia

[3] Brazilian Institute of Geography and Statistics. Legal Amazon. Available at: https://www.ibge.gov.br/geociencias/cartas-e-mapas/mapas-regionais/15819-amazonia-legal.html?=&t=saiba-mais

Who are considered Indigenous Peoples and Local Communities (IPLCs) in this guide?

Indigenous Peoples and Local Communities (IPLCs) in the context of this guide refer to the groups recognized under Brazilian legislation as directly and indirectly affected by carbon projects, commonly described in Portuguese as *Povos Indígenas e Povos e Comunidades Tradicionais (PIPCTs)*. In the Amazon region, these include:

- Indigenous peoples
- Riverine communities
- Extractive workers
- Babaçu coconut breakers
- Andiroba collectors
- Quilombola communities

To ensure consistency and facilitate translation from Portuguese to English, this guide adopts the internationally used term "Indigenous Peoples and Local Communities (IPLCs)" to refer collectively to these groups.

Why are the states of Acre and Rondônia interested in promoting high-integrity mitigation activities?

The states of Acre and Rondônia are committed to advancing high-integrity carbon markets as a strategic way to support their environmental, social, and economic objectives, including meeting climate commitments, protecting and restoring forests, and promoting sustainable development for local communities.

However, challenges remain, particularly regarding respect for the rights of these communities. Previous experiences have failed to observe these rights, leading to social conflicts and undermining the legitimacy of carbon projects. These episodes highlight the importance of robust safeguards and transparent governance.

Simultaneously, project developers and other market players are seeking clear guidance on how to address complex aspects of carbon project development in Brazil, including land tenure and new federal regulations that strengthen social safeguards and protect the rights of indigenous and traditional communities. This guide was developed to address these concerns, aiming to support the design and implementation of high-integrity carbon projects that are aligned with legal frameworks and respect the rights of local communities in Acre and Rondônia.

What is the scope of this guide in terms of mitigation activities?

This material focuses particularly on the development of NbS — actions that seek to protect, restore, and sustainably manage natural or modified ecosystems facing social challenges in an effective and adaptive manner, while simultaneously providing benefits for the climate, society, and biodiversity. NbS can contribute to climate mitigation and adaptation, reduce the risk of disasters such as floods and fires, strengthen food and water security, prevent biodiversity loss, and promote the health and well-being of the population and sustainable development.[4]

In this guide, NbS mitigation activities include:

- **Activities to reduce emissions,** including forest conservation, reducing emissions associated with forest conversion, reducing deforestation, and improving agricultural practices.
- **Removal activities,** including reforestation and ecological restoration, carbon sequestration in agricultural systems, and enhanced forest management.

Among emission reduction activities, those involving forest carbon sequestration and storage services resulting from deforestation stand out, they are particularly relevant in the Amazon region and recognized differently separately in Brazilian legislation, whether implemented as a project or as a jurisdictional program (see Table 2). Several states covered by the Amazon forest are developing or implementing jurisdictional REDD+ programs as policy priorities, complemented by project initiatives conducted by the private sector and civil society organizations.

Thus, this guide addresses both REDD+ initiatives in project form and jurisdictional programs, offering general guidance applicable to both scales of implementation and specific guidance for each.

4 World Bank. (2022). What You Need to Know About Nature-Based Solutions to Climate Change. Available at: https://www.worldbank.org/en/news/feature/2022/05/19/what-you-need-to-know-about-nature-based-solutions-to-climate-change

Although Brazilian legislation also differentiates between market-based and non-market-based REDD+ approaches, this document focuses exclusively on market-based REDD+ approaches, that is, activities that generate credits intended for trading in carbon markets.

How was this guide developed?

This guide was developed through a technical collaboration between a working group composed of the Institute for Climate Change and Regulation of Environmental Services of the State of Acre (IMC), the State Secretariat for Environmental Development of the State of Rondônia (SEDAM-RO), Climate Focus, and Latin American Climate Lawyers Initiative for Mobilizing Action (LACLIMA), Amazon Investor Coalition (AIC), Voluntary Carbon Markets Integrity Initiative (VCMI) and the Governors' Climate and Forests Task Force (GCF Task Force).).

The development also involved interviews and consultations with project developers, civil society organizations, government representatives, multilateral institutions, and other actors active in the carbon market in the Brazilian Amazon. In addition, the project also included two workshops with participants from the private sector, public institutions, and civil society to validate and refine the presented content.

How do I use this guide?

This material is divided into 7 chapters (see Figure 1). Chapter 2 discusses the notion of high-integrity carbon projects. Chapter 3 focuses on the dynamics of carbon markets in the Brazilian Amazon, discussing how these markets develop in the country and addressing federal and state legislation in Acre and Rondônia related to this topic. Chapter 4 deals with legal issues of governance and land tenure where projects are implemented. Chapter 5 addresses stakeholder consultations and the FPIC protocol. Chapter 6 discusses the rules and guidelines for benefit-sharing among the entities participating in carbon generation projects and the trading of carbon credits. Finally, Chapter 7 explains how to establish fair carbon contracts with IPLCs.

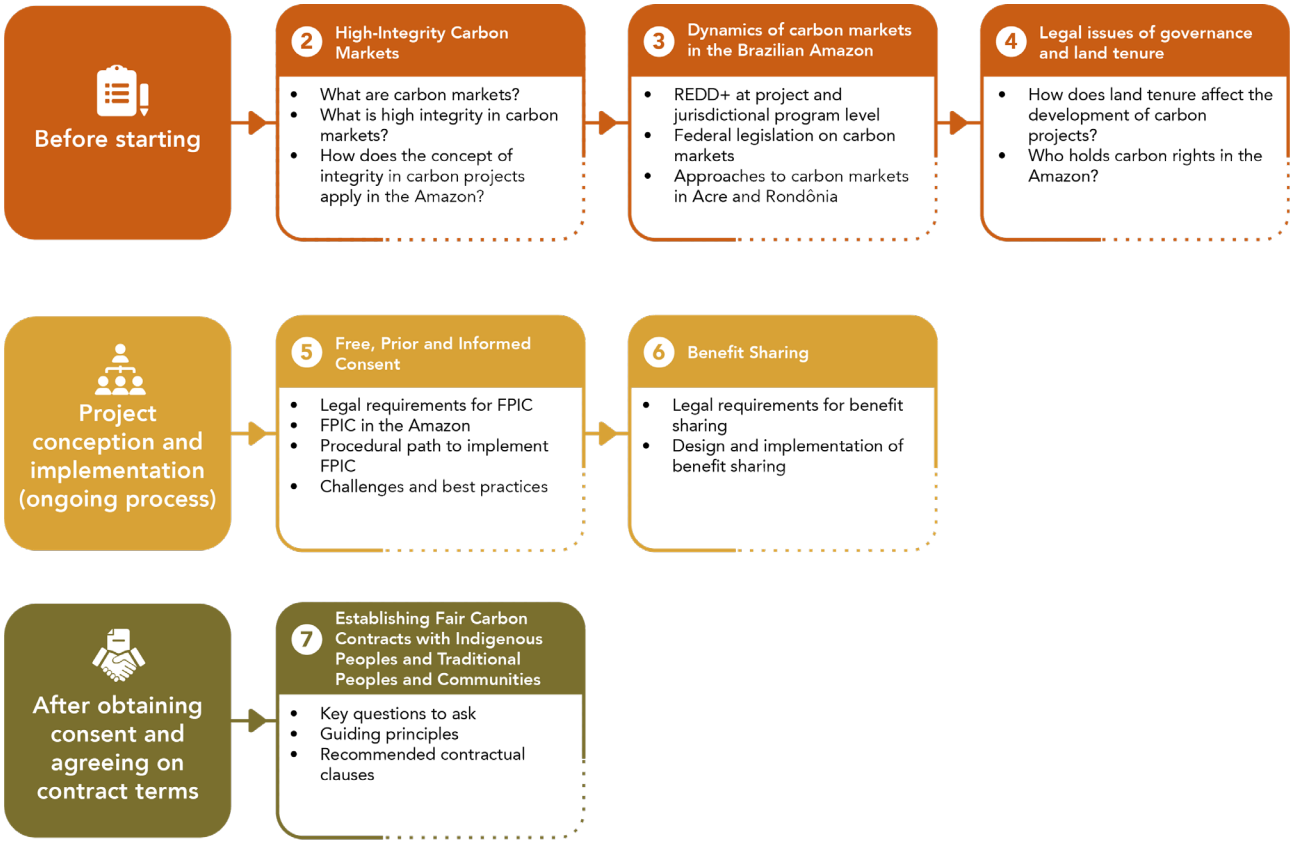
Box 2. Implementation of market-based REDD+ projects in Brazil

IMPLEMENTATION OF MARKET-BASED REDD+ PROJECTS IN BRAZIL:

- **REDD+ at the project level**: aimed at reducing emissions from deforestation and forest degradation, conservation, sustainable management of forests, and increasing forest carbon stocks. These projects are implemented by private entities or Indigenous Peoples and Local Communities (IPLCs) who own, have a concession for, or legitimate use of the project area. These projects generate carbon credits based on the observed reduction in deforestation and environmental degradation relative to a specific baseline defined and validated for the project.
- **Jurisdictional REDD+ programs:** policies and incentive instruments aimed at reducing emissions from deforestation and forest degradation at the national or state level. By monitoring deforestation and setting baselines across the jurisdiction, this approach reduces the risk of inflated baselines and carbon leakage, ensures more accurate accounting and greater cost efficiency through shared Measurement, Reporting and Verification (MRV) systems.

Figure 1. Structure of the guide

Figure 2. How to use this guide?



2

High integrity carbon markets

Photo by Pedro Devanir

2. HIGH INTEGRITY CARBON MARKETS

2.1 What are carbon markets?

Carbon markets are mechanisms that allow governments, companies, organizations, and individuals to finance climate mitigation activities in exchange for tradable units called carbon credits. These credits can be used to meet their mitigation goals or objectives or to contribute to climate mitigation more broadly. One carbon credit represents one metric ton of carbon dioxide equivalent (CO_2e) that has been reduced or removed from the atmosphere.

Carbon credits originate from different types of activities, such as NbS, renewable energy projects, and energy efficiency technologies. The generation of credits follows methodologies and rules developed by international certification organizations (e.g., Verra, Gold Standard, Architecture for REDD+ Transactions of the REDD+ Environmental Excellence Standard (ART /TREES), and the Paris Agreement Carbon Credit Mechanism – PACM), which define eligibility, monitoring, and project verification criteria. Carbon markets, therefore, allow actors to generate and trade carbon credits.

These are the main segments of the carbon markets:

- **Voluntary carbon market (VCM):** a segment in which companies, organizations, and other state and non-state actors generate and trade carbon credits, with the aim of achieving voluntary climate targets (such as net-zero trajectories) or contributing to climate mitigation more broadly. This market is regulated by international private standards and certification bodies.
- **Regulated international markets:** markets that allow voluntary cooperation between countries to achieve emission reduction targets. Participation is voluntary among states; however, the results are used to fulfil binding international commitments. This market is primarily governed by:

Rules of the Paris Agreement, particularly Article 6, which defines two market modalities:

- **Article 6.2:** allows countries to enter into bilateral agreements for the transfer of Internationally Transferred Mitigation Outcomes (ITMOs), which are carbon credits formally authorized and transferred between countries for the purpose of meeting NDCs or other international mitigation purposes, such as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Corresponding adjustments are required to avoid double counting of outcomes.
- **Article 6.4:** establishes the PACM, a centralized system overseen by the United Nations (UN) for generating and trading carbon credits. Emission reductions (referred to as A6.4ERs) can follow two distinct paths:
  - Authorized A6.4ERs: units authorized by the host country for international transfer and use in NDC, CORSIA, or voluntary corporate commitments of another country. Once authorized, they become ITMOs and require a corresponding adjustment to avoid double counting.
  - Unauthorized A6.4ERs (or Mitigation Contribution Units - MCUs): These units may be cancelled or retired to contribute directly to the host country's NDC or the global mitigation effort. They may be used for results-based climate finance, domestic carbon pricing systems, or domestic carbon pricing-based mitigation measures. Their purpose is to contribute to reducing the emission levels of the project's host country, and therefore no corresponding adjustment is required.
  - CORSIA: a scheme created by the International Civil Aviation Organization (ICAO) to mitigate emissions from international aviation, CORSIA requires airlines to offset some of the growth in their emissions, above 2019 levels, by purchasing carbon credits if they meet eligibility criteria. Participation in CORSIA will become mandatory for most international airlines from 2027.

- **Regulated domestic markets:** created by national governments, in which carbon credits are used to meet legally binding emission reduction targets, such as emission limits (e.g., emissions trading systems - ETS). These markets are governed by domestic legislation.

Voluntary and regulated markets are becoming increasingly interconnected. For example, carbon credits issued by international private certification bodies and standards can be authorized under Article 6.2, converted into ITMOs, and used for various purposes, such as fulfilling another country's NDC. Furthermore, some governments allow companies subject to emissions trading schemes to use carbon credits to partially offset their regulatory obligations.

2.2 What is high integrity in carbon markets?

Integrity is an essential pillar for carbon markets, ensuring their reliability and sustainable long-term expansion. Because of this, there has beenis progress in defining what constitutes high integrity, undertaken by different market participants such as international organizations, governments, and carbon certification bodies. Although there is still no internationally adopted definition[5], there is consensus that it is based on three central principles:[6]

- To ensure that carbon credit trading accurately represents reductions and removals of greenhouse gas (GHG) emissions, guaranteeing transparency, accountability, and continuous improvement;
- To generate additional benefits beyond climate change mitigation, such as those for sustainable development, biodiversity conservation, and human well-being;
- To use carbon credits as a complement to — and not a substitute for — urgent and direct decarbonization efforts within net-zero emissions trajectories.

Although these principles apply to both the demand and supply sides of the carbon markets, this guide focuses on the supply side and places special emphasis on ensuring the high integrity of this segment.

2.3 How does the concept of integrity in carbon projects apply in the Amazon?

In the Amazon, integrity is based on the same principles that demand transparency, accountability, and real, measurable, and permanent emission reductions. However, in this region, the concept of integrity is distinguished by placing social safeguards at the centre of actions. Ensuring the broad fulfilment of these safeguards means interpreting and adapting them appropriately to the local context, considering the diverse dynamics of land use, valuing traditional ways of life, and contributing to overcoming the socio-environmental challenges faced by traditional and indigenous populations. On the other hand, the distribution of benefits from the implementation of nature-based solutions is one of the few sources of resources available to meet the financing demands of indigenous peoples and local communities.

Amazonian communities maintain deep ties to their territories, supported by legal and institutional structures that protect their rights and their role in land management. Since this management encompasses diverse land categories (Chapter 4) and a wide variety of peoples and communities that maintain cultural, social, and economic links with the territory — including indigenous peoples, quilombola communities, extractivist communities, and riverine communities — integrity must adopt a holistic approach. To this end, it must respect rights and traditions, ensure effective participation, including FPIC (Chapter 5), guarantee recognition and equitable sharing of benefits generated (Chapter 6), and promote fair contracts and agreements (Chapter 7).

Efforts to reduce deforestation and conserve or restore forests will only be sustainable in the long term if they promote a transformation in the region's economic development model, considering biodiversity protection and respect for local ways

[5] In practice, some initiatives serve as international pillars of the voluntary carbon market, such as the Fundamental Carbon Principles (CCPs) of the Voluntary Carbon Market Integrity Council (ICVCM) and the Code of Practice for Claims of the Voluntary Carbon Markets Integrity Initiative (VCMI).

[6] Voluntary Carbon Markets Integrity Initiative (2023). Carbon Markets Access Toolkit: Considerations for host countries engaging in high-integrity carbon markets. Available here at: https://vcmintegrity.org/wp-content/uploads/2025/08/VCMI-Carbon-Markets-Access-Toolkit-English.pdf

of life. In practice, this means that for a carbon project to be considered to have high integrity in the Amazon, it must demonstrate that its benefits go beyond forest protection and the generation of credits: it is essential that it respects the rights of local communities, guarantees their effective participation in decisions, and ensures a fair distribution of the economic benefits generated.

Integrity in the Amazon also involves shared climate responsibility. Project developers, investors, financial institutions, carbon credit buyers, certification standards, regulators, and the scientific community all play complementary roles in ensuring that climate finance is swift, transparent, and effective, so that benefit sharing actually reaches the territories as defined in the consultation processes and generates concrete and lasting results — both for the people and for the forests.

2.4 What other initiatives promote integrity?

Supply-side Integrity

The Integrity Council for the Voluntary Carbon Market (ICVCM) is one of the most internationally credible platforms for assessing the transparency, ethics, and integrity of the voluntary carbon market. It provides the following tools:

- **Core Carbon Principles (CCPs):** 10 fundamental, science-based principles for identifying high-quality carbon credits that generate real and verifiable climate impacts (see Table 3).
- **Assessment Framework:** CCP Assessment Framework: a framework used to assess how well carbon credit programs or standards and their various methodologies comply with the CCPs.
- **CCP Label:** certification that attests to credits generated by methodologies in accordance with the CCPs, recognizing the high quality of the credits issued.

The governments of Acre and Rondônia, as well as all the states in the Amazon region, recognize the relevance of the ten CCPs proposed by the ICVCM. This recognition is reflected in the adoption of standards for commercialization that incorporate these principles. However, with regard to governance and social safeguards, project developers and market players must ensure that standards, methodologies, and projects are aligned with Brazilian national and state policies and regulations, as described in Chapters 3 to 7. It is worth mentioning that the ART-TREES standard, to which several Brazilian states have submitted their jurisdictional programs, was recognized as eligible by the CCP in 2024.

In addition to the initiatives mentioned above, rating agencies assess the risks and integrity of carbon credit projects. These agencies focus primarily on evaluating credits already issued and are used by buyers concerned about integrity and reputational risks. Some of these agencies are private, and access to their ratings requires payment. Examples include Calyx Global, Sylvera and BeZero.

Demand-side Integrity

While this guide focuses on the supply side of carbon markets, it is important to recognize

complementary initiatives that promote integrity on the demand side. The Voluntary Carbon Markets Integrity Initiative (VCMI) is a leading international benchmark for ensuring the responsible and transparent corporate use of carbon credits. Its Claims Code of Practice provides science-based guidance on how companies can responsibly use and communicate the use of carbon credits as part of their net zero strategies. The Scope 3 Action Code of Practice offers recommendations on the use of high-integrity credits to mitigate indirect emissions that are difficult to reduce.

Interested demand-side actors can consult VCMI and its publications for further guidance.

The interface between the CCPs, on the supply side, and the Claims Code of Practice, on the demand side, shows that integrity in carbon markets is a two-way street. High-quality credits require not only robust generation standards but also credible and transparent claims from buyers. Integrity on both the supply and demand sides must work together to maintain trust and environmental effectiveness.

2.5 What is the value of high-integrity projects?

Integrity has become a determining factor in carbon markets. Increasing scrutiny of credit quality, fuelled by investigations into overestimated impacts, greenwashing, violation of community rights, and other issues, has made integrity a fundamental determinant of the value of carbon credits generated by projects.

Recent analyses conducted by rating agencies and market intelligence firms show a clear trend toward a price premium for high-integrity credits, such as those backed by robust methodologies, transparent data, and verified co-benefits.[7] The higher prices still depend on the project type, location, and year of origination of the carbon creditsvintage. Furthermore, CCPs have also begun introducing supply restrictions for high-integrity credits, which could raise prices if demand remains stable. However, it is still too early to fully assess the impact of these measures on the market, as many methodologies and projects approved to receive the CCP label have only recently been launched.

Other aspects also influence the valuation of high integrity, such as:

- **Trust and reputation:** buying high-integrity carbon credits is more than an environmental choice; it's an investment in reputation. These credits are often more expensive because they reflect the true costs of delivering real, measurable, and lasting climate benefits. Ensuring robust monitoring, independent verification, and safeguards for biodiversity and local communities requires significant investment. This higher price signals quality, credibility, and lower reputational risk, making them a safer and more valuable choice for companies committed to genuine climate action.
- **Additional impact:** buyers value the additional impact on biodiversity, local communities, and sustainable development, which increases the perceived social and environmental value of carbon credits.
- **Resilience to regulatory changes:** high-integrity projects offer greater security in the face of changes in carbon market rules and trends. This compliance reduces the risk of future devaluation of credits, ensures their continued acceptance in voluntary and regulated markets, and increases the predictability of returns for investors.

[7] Although growing evidence suggests a positive relationship between high integrity and higher prices, this relationship does not necessarily imply that integrity alone is responsible for price differences. Other factors, in combination with high integrity, such as project type, region, and harvest, also play an important role. Furthermore, many existing datasets are based on indicative, not confirmed, transaction prices, and definitions of "integrity" vary across standards and grading systems. As more CCP-approved projects enter the market and transparency improves, it will become easier to discern how much of the premium price reflects integrity.

Box 3: Core Carbon Principles (CCPs)

CORE CARBON PRINCIPLES (CCPS)

1. **Effective governance:** The carbon-crediting program shall have effective program governance to ensure transparency, accountability, continuous improvement and the overall quality of carbon credits.
2. **Tracking:** The carbon-crediting program shall operate or make use of a registry to uniquely identify, record and track mitigation activities and carbon credits issued to ensure credits can be identified securely and unambiguously.
3. **Transparency:** The carbon-crediting program shall provide comprehensive and transparent information on all credited mitigation activities. The information shall be publicly available in electronic format and shall be accessible to non-specialised audiences, to enable scrutiny of mitigation activities.
4. **Robust independent third-party validation and verification:** The carbon-crediting program shall have program-level requirements for robust independent third-party validation and verification of mitigation activities.
5. **Additionality:** The greenhouse gas (GHG) emission reductions or removals from the mitigation activity shall be additional, i.e., they would not have occurred in the absence of the incentive created by carbon credit revenues.
6. **Permanence:** The GHG emission reductions or removals from the mitigation activity shall be permanent or, where there is a risk of reversal, there shall be measures in place to address those risks and compensate reversals.
7. **Robust quantification of emission reductions and removals:** The GHG emission reductions or removals from the mitigation activity shall be robustly quantified, based on conservative approaches, completeness and scientific methods.
8. **No double-counting:** The GHG emission reductions or removals from the mitigation activity shall not be double counted, i.e., they shall only be counted once towards achieving mitigation targets or goals. Double counting covers double issuance, double claiming, and double use.
9. **Sustainable development benefits and safeguards:** The carbon-crediting program shall have clear guidance, tools and compliance procedures to ensure mitigation activities conform with or go beyond widely established industry best practices on social and environmental safeguards while delivering positive sustainable development impacts.
10. **Contribution toward net zero transition:** The mitigation activity shall avoid locking-in levels of GHG emissions, technologies or carbon-intensive practices that are incompatible with the objective of achieving net zero GHG emissions by mid-century.

For more information on CCPs, visit the ICVCM website: The Core Carbon Principles and the Assessment Framework.

3

Dynamics of Carbon Markets in the Brazilian Amazon

Photo by Mikdad Haque

3. DYNAMICS OF CARBON MARKETS IN THE BRAZILIAN AMAZON

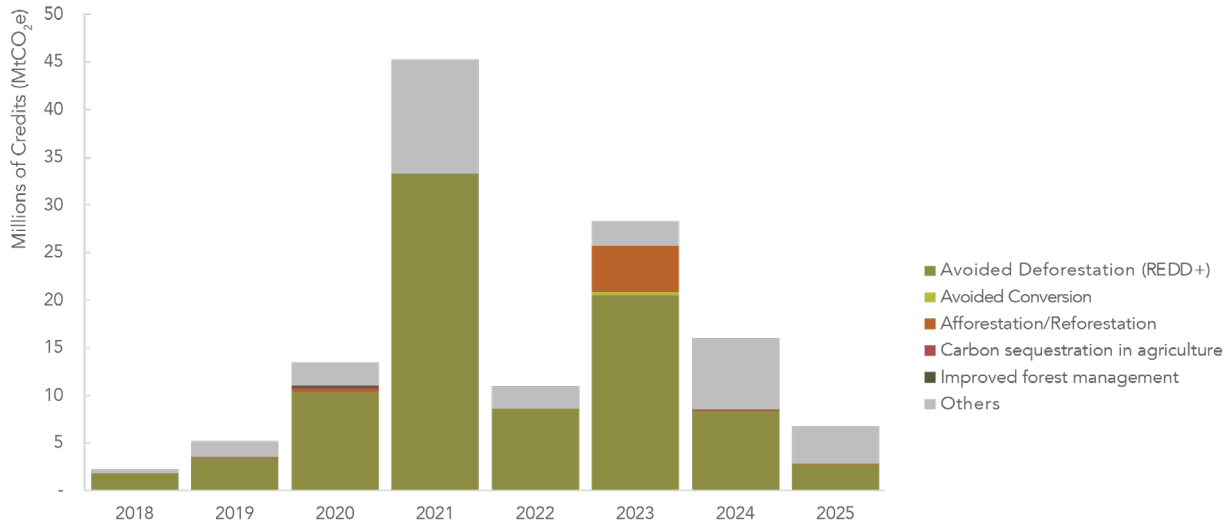
3.1 VCM NbS mitigation activities in Brazil

From the emergence of the voluntary carbon market (VCM) in 2003[8] until July 2025, Brazil issued approximately 149 million carbon credits. This volume represents 25% of all credits issued in South America and 6.3% of the global total. In the case of NbS, Brazil plays an even more significant role, accounting for 12% of global issuances of this type of credit.[9]

At the same time, in Brazil, NbS activities accounted for 72% of all credits issued, with the remainder mainly coming from renewable energy projects (14%) and waste management (10%). Among the NbS categories, 93% correspond to emission reduction activities, fully linked to REDD+ projects. Removals, mainly through reforestation and afforestation — which registered a significant increase in 2023 — accounted for 7%. Other removal activities, such as carbon sequestration in agriculture and improved forest management, also contributed in a minor way (Figure 3).

NbS credits issued. Mato Grosso, Acre, and Pará lead in REDD+ activities, with the first two representing 26% each and Pará, 19%.[10] Only Mato Grosso and Amazonas have registered removal projects (Figure 4).

Figure 3. Credits issued in the Brazilian VCM (in $MtCO_2e$) up to July 2025



Source: Climate Focus (2025) VCM Dashboard.[11] The 'Other' category includes activities that do not use NbS, such as renewable energy, waste management, and emission reductions from industrial processes.

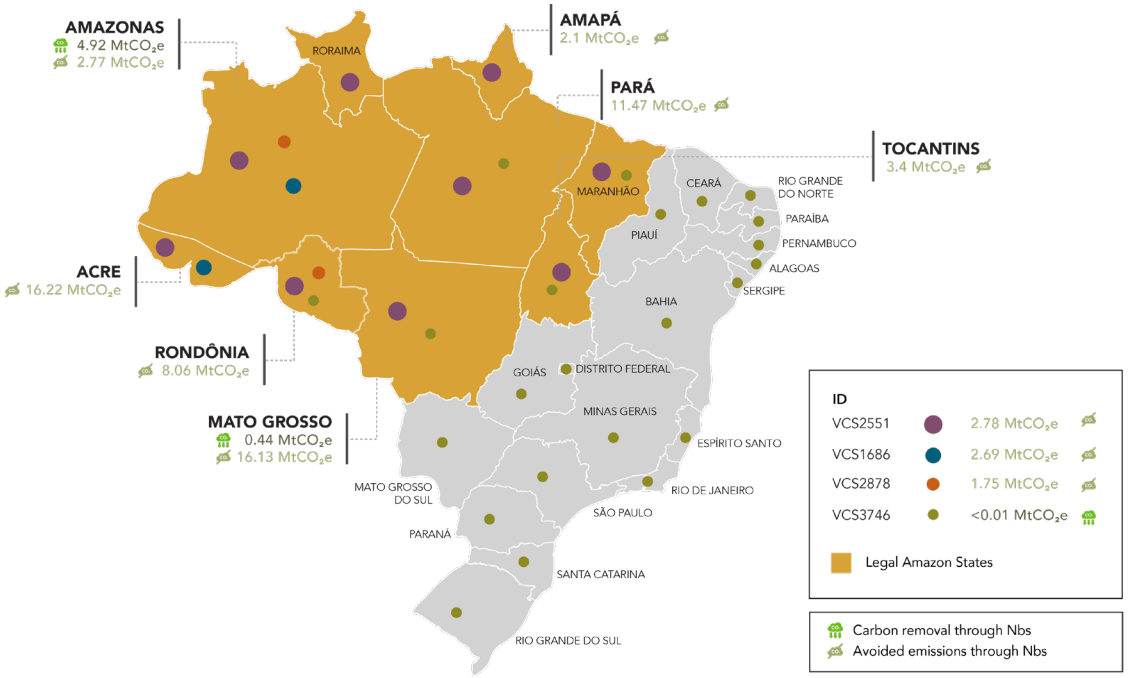
[8] The first carbon project in Brazil issued carbon credits in 2009.

[9] Climate Focus (2025)., VCM Dashboard. Available at https://climatefocus.com/initiatives/voluntary-carbon-market-dashboard/

[10] Totals may vary, as standards do not always disclose the specific project area. Furthermore, some projects are registered by the same applicant in different states, including outside the Legal Amazon region, as shown in Image 3.

[11] The Climate Focus VCM Dashboard compiles information from the following carbon standards: American Carbon Registry (ACR), Architecture for Reducing Emissions from Deforestation and Forest Degradation Transactions, BioCarbon, Cercarbono, Climate Action Reserve, Climate Forward, Gold Standard, Plan Vivo, and Verra's VCS . However, it is important to note that only the following standards issued carbon credits in Brazil: VCS (71%), Cercarbono (19%), Gold Standard (6%), and ACR (4%).

Figure 4. Carbon credits issued by carbon projects and by state in the Legal Amazon (in $MtCO_2e$), categorized by NbS activities for emission reductions and removals.[12]



Source: Author's own elaboration, based on the Climate Focus VCM Dashboard. The points shown in the graph represent individual carbon projects that were registered by the same project proponent under the same certification standard and process. This means that these projects are being implemented. They occur simultaneously in different states and therefore cannot be attributed to specific states or areas of the Legal Amazon.

3.2 The role of jurisdictional REDD+ programs in Brazil

Brazil's predominance in REDD+ reflects the central role of deforestation and forest degradation in its emissions profile, particularly in the Amazon and Cerrado biomes. With almost 60% of the Amazon rainforest within its borders[13], the country has been a leader in implementing jurisdictional REDD+ (JREDD+) programs, designed to reduce emissions from deforestation and forest degradation through government-led public policies.

In 2008, the country created the Amazon Fund and, at the subnational level, Acre (2010) and Mato Grosso (2013) developed state-run REDD+ programs with a non-market approach, called "REDD Early". Movers – REM" based on specific subnational milestones for REDD+. Given the limited scope of subnational legal frameworks and the limited prospects for new funding in this modality, states prioritized access to the voluntary carbon market, adopting high-integrity standards to mobilize private capital, such as ART/TREES (Table 4)[14], to attract additional private and public capital.

All nine Amazon states have initiated the development of jurisdictional REDD+ programs, which are at various stages of implementation. Six states are participants and have a registration account in the ART/TREES Standard; all have submitted proposals to the LEAF Coalition. The states of Tocantins and Pará have signed contracts in the last two years that establish commercial conditions for the sale of credits generated from the verification of results obtained from REDD+.

Six Amazonian states registered their JREDD+ programs in the ART/TREES registry (Table 1). In May 2024, ART received program-level approval from ICVCM as "eligible for CCP." This designation indicates that ART/TREES meets ICVCM's high

[12] As of the date of publication of this report, no state in the Legal Amazon region has issued jurisdictional REDD+ carbon credits.

[13] WWF. The Amazon . Available at: https://www.wwf.org.uk/where-we-work/amazon

[14] Mongabay (2025). Setting the record straight on Jurisdictional REDD+: The case of Brazil. Available at: https://news.mongabay.com/2025/09/setting-the-record-straight-on-jurisdictional-redd-the-case-of-brazil/

integrity criteria.[15] Furthermore, it was also approved by the ICAO Council to provide carbon credits for the 2024-2026 CORSIA compliance period.

Participation in JREDD+ programs is voluntary. Brazilian legislation reaffirms this voluntary nature and allows landowners, communities, and project proponents to opt out of jurisdictional REDD+ programs. Thus, in Brazil, current legislation allows excluded areas to be formally removed from jurisdictional accounting, guaranteeing the right to generate carbon credit projects. REDD+ projects must operate through a "nesting " approach, which aligns project-level emission reductions with jurisdictional accounting and avoids double counting. Nesting is required by Brazilian regulations and recognized carbon standards, including ART/TREES. Section 3.4 provides general information on how nesting processes work in Acre. Section 3.4 provides general information on how nesting processes work in Acre.

Box 4. Jurisdictional REDD+ and market integrity

JURISDICTIONAL REDD+ AND MARKET INTEGRITY[16]

JREDD+ is a government-led approach that aims for large-scale forest conservation and climate change mitigation. It offers advantages. It offers significant advantages in terms of environmental and social integrity:

Environmental integrity:

- Monitors emission reductions across entire jurisdictions (national or sub-national level), not just individual projects.
- Reduces the risk of inflated baselines and over-allocation of carbon credits by considering deforestation trends (verified reductions in emissions from deforestation and forest degradation, compared to a historical baseline at the state or provincial level) and carbon leakage (ensuring that deforestation is not transferred to other areas).

Integrity of social safeguards:

- Integrates local communities, indigenous groups, and small landowners in the design and implementation of REDD+ programs.
- Promotes the equitable sharing of benefits from carbon credit revenues.
- Supports governance structures that protect rights and livelihoods, while implementing forest conservation policies.

Table 1. JREDD+ programs listed in the ART/TREES standard

JREDD+ PROGRAMS LISTED IN THE ART/TREES STANDARD			
State	**Status**	**Credit period**	**Responsible body**
Tocantins	Listed	2020-2024	Secretariat of Environment and Water Resources (SEMARH)
Pará	Listed	2023 – 2027	State Secretariat for the Environment and Sustainability (SEMAS)
Mato Grosso	Listed	2024-2028	State Secretariat for the Environment (SEMA)
Acre	Listed	2023 – 2027	Institute for Climate Change and Regulation of Environmental Services (IMC)
Maranhão	Listed	2016-2020	State Secretariat for the Environment and Natural Resources (SEMA)
Amapá	Listed	2016-2020	State Secretariat for the Environment (SEMA)

Source: ART/TREES Registry, accessed in October 2025.

[15] ART (2024). ART Earns Core Carbon Principle (CCP) Approval for TREES Crediting Level from the Integrity Council for the Voluntary Carbon Market (ICVCM). Available at: https://www.artredd.org/art-earns-core-carbon-principle-ccp-approval-for-trees-crediting-level-from-the-integrity-council-for-the-voluntary-carbon-market-icvcm/

[16] For more information on jurisdictional REDD+, please visit: https://documents1.worldbank.org/curated/en/411571631769095604/pdf/Nesting-of-REDD-Initiatives-Manual-for-Policymakers.pdf

3.3 Federal legislation on voluntary carbon markets

Developing carbon projects in the Brazilian Amazon requires an understanding of the rules at two levels: federal and state. Federal laws establish general guidelines for developing carbon credit generation activities in voluntary markets and regulate issues such as carbon credit ownership, registration, and socio-environmental safeguards. At the state level, in addition to federal legislation, each state may adopt its own state laws, rules, and programs applicable to NbS activities.

Are carbon markets regulated in Brazil?

Brazil now has a federal legal framework for the regulated carbon market with Law No. 15,042/2024, which established the Brazilian Greenhouse Gas Emissions Trading System (SBCE). This law defines the principles and structure of the upcoming national emissions trading system, including aspects such as its governance structure, the assets to be traded within it, and the incorporation of socio-environmental safeguards. However, the SBCE still depends on sub-legal regulations to become operational, which will govern issues such as the implementation of the registration system for verified units and monitoring and reporting systems, the definition of participating sectors, and the setting of emission limits.

Although Law 15.042/2024 has as its main objective the regulated national carbon market, it contains several specific provisions relating to nature-based activities, which also encompass the voluntary carbon market. The SBCE Law defines carbon credits as assets that can be independently traded and, in the case of forest credits generated by preservation or reforestation actions, are considered civil fruits. This means that they belong to the landowner or whoever holds the right to use and exploit the area, provided that the applicable legal rules are respected. In practical terms, the credits represent an economic benefit resulting from the conservation and sustainable use of natural resources, and can be freely transferred or traded by their holders.

Additionally, the SCBE Law also stipulates that when carbon credits or other SBCE assets are traded on the financial and capital markets, they are considered securities and are subject to the regulations of the Securities and Exchange Commission (CVM), which is responsible for ensuring transparency and security in transactions. The SBCE Law also:

- **Creates Verified Emission Reduction or Removal Certificates (CRVEs).** CRVEs will be carbon credits issued according to government-approved methodologies and can be used as offsetting to help regulated entities meet their obligations under the SBCE.
- **Establishes a registry for carbon projects.** The Brazilian government will operate a central carbon registry to monitor relevant aspects of carbon markets and the SBCE, establishing the following conditions for carbon credits:
    - Carbon credits can only be converted into CRVEs when registered in the Central Registry.
    - Domestic transactions involving CRVEs and international transfers of ITMOs must be registered in this Registry. To date, the government has not published the necessary rules and procedures to operationalize these obligations.
- **Establishes rules of ownership and transfer rights.** As a general rule, carbon credits belong to the project generator, whether individuals, companies, traditional communities, or public entities, based on legitimate land ownership and usufruct rights. Ownership can be transferred through contracts or public concessions. In the case of forest concessions, recent legal updates allow concessionaires to hold and trade carbon credits during the term of their concession (see Chapter 4).
- **Establishes social safeguard requirements.** Projects or programs carried out in IPLC areas must obtain the consent of these communities through FPIC (Chapter 5) and distribute the monetary benefits derived from the sale of carbon credits fairly and equitably (Chapter 6).

Furthermore, Brazil has a broad set of federal laws, resolutions, and policies for the forestry sector, relevant to the development of carbon projects that utilize nature-based solutions. Box 5 lists some of the most important regulations for the forestry sector.

Under what conditions can private actors participate in carbon activities in Brazil?

Private actors can participate in carbon activities in Brazil in various ways, provided they meet the legal requirements. Table 2 below provides an overview of the types and characteristics of carbon projects or programs governed by the current legal framework, including where and how private actors can participate.

Table 2. Types of participation in forestry activities in the carbon market in Brazil

MODALITIES OF PARTICIPATION IN FORESTRY ACTIVITIES IN THE CARBON MARKET IN BRAZIL			
	Private carbon credit project	**Public carbon credit project**	**Jurisdictional REDD+ programs with a market approach**
Who has the right to carry out carbon-related activities?	Private actors[17] directly or in partnership with a developer	Public entities.	The federation or the federative units
Who can be a project developer (implementation partner)?	Legal entity authorized to operate in Brazil, which may be formed by a consortium or association of entities	Public entities directly or in partnership with private entities (through a bidding process).	The federation or the federative units
Types of areas where they can occur	Areas where the generator [18]holds ownership, concession, or legitimate usufruct rights	Public areas with property and usufruct rights held by the public entity, provided there is no overlap with areas under the legitimate rights of third parties.	The areas under the jurisdiction of the program, except for those areas whose owners, legitimate usufructuaries, and concessionaires have opted for the exclusion of such areas
What kind of activities?	Projects for the reduction or removal of GHG emissions, including REDD+ activities	Projects for reducing or removing GHG emissions, including REDD + activities	REDD+ activities at the state or national level

Source: Author's own elaboration based on Law No. 15.042/2024.

[17] Private actors are individuals or legal entities, indigenous peoples, or traditional peoples and communities that hold the concession, ownership, or legitimate use of assets or activities that form the basis for projects to reduce or remove GHG emissions.

[18] Generators are individuals or legal entities, indigenous peoples, or traditional peoples and communities that hold the concession, ownership, or legitimate use of assets or activities that form the basis for projects to reduce or remove GHG emissions.

Box 5. Federal laws, resolutions, and policies for the forestry sector relevant to the development of NbS activities.

FEDERAL LAWS, RESOLUTIONS, AND POLICIES FOR THE FORESTRY SECTOR RELEVANT TO THE DEVELOPMENT OF NBS ACTIVITIES

National Policy on Climate Change (Law 12.187/2009): provides the legal basis for Brazil's climate actions, including REDD+ initiatives.

Public Forest Management Law (Law 11.284/2006): creates the framework for the sustainable management of public forests. It also establishes the Brazilian Forest Service and the National Forest Development Fund.

Forest Code (Law 12.651/2012): regulates land use and forest management, obligating landowners to conserve between 20% and 80% of native vegetation, depending on the biome. It introduces Permanent Preservation Areas (APPs) and Legal Reserves (RLs). The Forest Code now explicitly recognizes carbon credits as tradable assets, particularly those derived from preservation and reforestation projects.

Resolution 9/2017 of CONAREDD+: adopts the operational application of the Cancun Safeguards in the Brazilian context and establishes how these socio-environmental safeguards apply in the country.

Federal Law 14.590/2023: modifies Law 11.284/2006 and enables carbon credit and environmental services projects in conservation units under concession contracts. It defines the right to ownership of carbon credits and facilitates the implementation of REDD+ projects in public forests.

Federal Decree 11.548/2023: establishes the National REDD+ Commission (CONAREDD+), revoking previous decrees. It is responsible for coordinating REDD+ implementations, safeguards, and defining criteria for access to REDD+ results-based payments in the country.

Resolution 19/2025 of CONAREDD+: establishes guidelines for the implementation of jurisdictional REDD+ programs and forest carbon projects. It determines conducting FPIC processes in IPLC areas and establishes minimum requirements for carbon agreements, among other conditions.

National Plan for the Recovery of Native Vegetation (PLANAVEG) 2025-2028: an instrument for expanding and strengthening public policies, markets, financial incentives, and other measures to support the national commitment to recover 12 million hectares by 2030. The plan promotes payments for environmental services, mitigation actions for sustainable agricultural and forestry practices, and new sources of income for IPLCs of timber and non-timber products (including carbon).

How can carbon credits from the voluntary market generated in Brazil be used in different carbon markets?

Voluntary carbon credits can be used and interact with different systems. In Brazil, there are three main ways to participate:

- **Participation in voluntary markets**

  Carbon projects and programs certified through independent carbon standards (Verra, Gold Standard, ART/TREES, etc.) may issue and sell credits to the VCM without government authorization, provided they meet the criteria specified by the SCBE Act and CONAREDD+ resolutions, such as safeguards and benefit-sharing requirements (see Chapters 5 and 6 respectively).

- **Participation in the Brazilian Emissions Trading System (SBCE)**

  Under the SBCE, regulated entities can meet their emissions limit by reducing their corporate emissions or purchasing CRVEs. To be eligible for conversion, credits must:

  - Follow a methodology approved by the SBCE's governing body.
  - To be measured, reported and verified (MRV) independently.
  - To be registered in the SBCE Central Registry.

The Brazilian government will adopt legislation regarding eligible activities and methodologies, as well as the percentages of carbon credits that entities with compliance obligations under the SBCE can use. This will be defined in the national allocation plan expected for 2026 .[19]

- **Participation in international regulated markets such as Article 6**

  International Transfers of ITMOs. Although the SCBE Law foresees the possibility of Brazil formally authorizing the transfer of mitigation results in accordance with Article 6.2 of the Paris Agreement, the country has not yet adopted an operational carbon market structure that enables such a transfer. Thus, for now, credits from the voluntary market are eligible. Request corresponding adjustments from the Brazilian government.

  The SCBE Law establishes the general conditions that Brazil will require for a corresponding adjustment of carbon credits to be requested and for these credits to be transferred internationally. Some of these conditions are:

  - Credits must first be converted into CRVEs and registered in the SBCE Central Registry. It is important to note that only one credit can be used. The fact that it has been issued or registered as a CRVE does not automatically mean that it can be transferred as an ITMO.
  - The government must formally authorize the transfer.
  - A corresponding adjustment should be applied to ensure there is no double counting between Brazil and the purchasing country, should the latter choose to account for the emissions in its NDC.

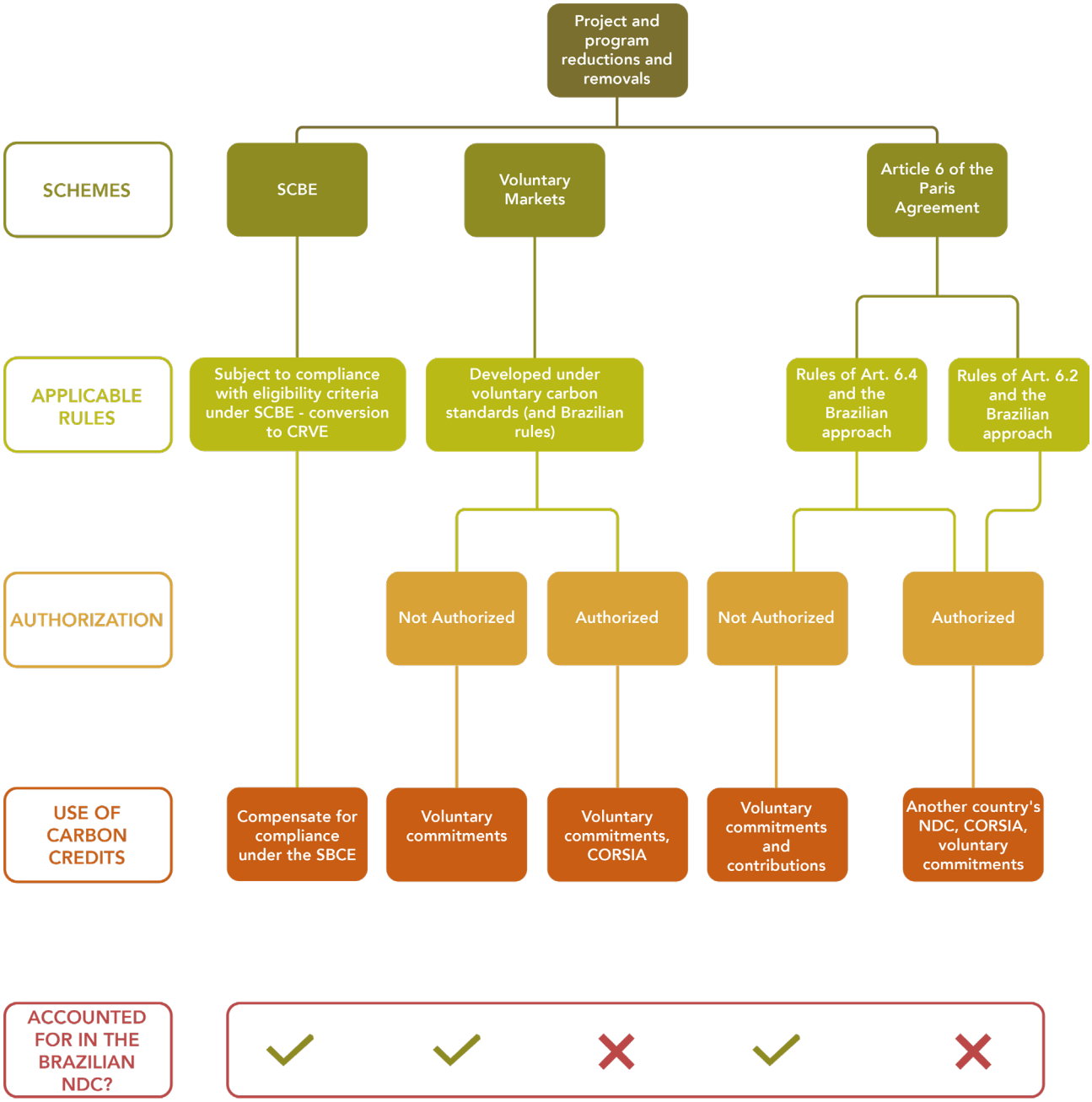
  International transfers of MCUs. It is possible to transfer MCUs without government authorization, provided that it complies with the methodologies approved under Article 6.4.[20]

Figure 5 shows the interconnections between carbon credits from the voluntary market in Brazil and other carbon market mechanisms with their respective uses.

[19] Climate transparency (2025). Brazil's roadmap for a high-integrity emissions trading system: an implementation assessment. Disponível em: https://www.climate-transparency.org/wp-content/uploads/2025/05/Implementation-Check-Brazil_Carbon_Market_2025.pdf

[20] At the time of writing this Guide, the Article 6.4 Supervisory Body is well advanced in developing standards and tools to define project eligibility. To date, only one methodology related to burning or using landfill gas has been adopted.

Figure 5. Use of carbon credits from the voluntary market generated in Brazil (present and future use)



Source: author's own elaboration. Independent carbon standard methodologies can also be recognized as "applicable standards" in the Article 6 approaches and potentially as standards for the development of CRVEs in the SBCE.

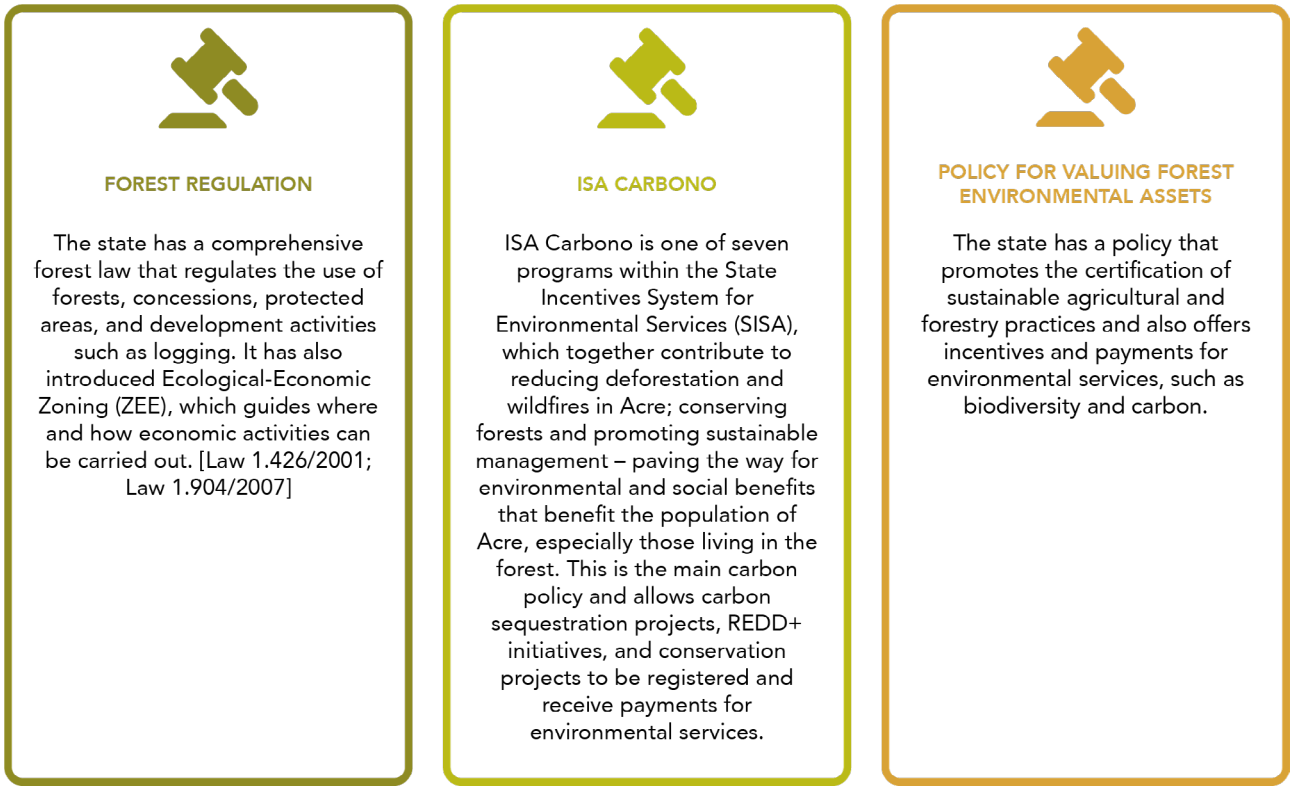
3.4 Approaches to carbon markets in Acre and Rondônia

Acre

Acre has a robust structure for forest and carbon governance at state level. In Acre, the jurisdictional approach to the carbon market was developed through the State Incentive System for Environmental Services (SISA), specifically through the ISA Carbono Program (State Law 2.308/2010).

The jurisdictional approach of Acre is officially registered in the ART/TREES registry. The accounting area covers the entire state (16.4 million hectares), with 88% of its forests preserved, including 7.7 million hectares in conservation units within the Amazon biome. As part of its application, the state included the legal and technical procedures (IMC Normative Instruction No. 1/2015) to integrate private REDD+ projects and define nesting mechanisms. This regulation standardizes the accounting of private REDD+ projects within the Acre jurisdictional system, ensuring transparency and preventing double counting of emission reductions.

Figure 6. Main policies and legal elements that underpin carbon markets in Acre



Source: own elaboration.

Box 6. How private entities can participate in the development of REDD+ projects in Acre

HOW PRIVATE ENTITIES CAN PARTICIPATE IN THE DEVELOPMENT OF REDD+ PROJECTS IN ACRE

There are fundamentally two ways in which private entities, as well as IPLCs, can participate in REDD+ projects in Acre.

Option 1. Nesting carbon activity within the Acre jurisdictional program:

- Project admission: all private REDD+ projects must submit an application to IMC with the necessary documentation.
- Methodology approval: Carbon accounting methodologies must be approved by IMC before credits are recognized as stipulated in Article 13 of the SISA Law.
- Traceability of credits: The credits generated by the project will be registered in the State Forest Carbon Registry, ensuring traceability, transparency and preventing double counting, as stipulated in Article 26 of the Law.

Option 2. Request exclusion of the Acre jurisdictional program nesting and its baseline:

- Owners, legitimate usufructuaries, and concessionaires of an area may request the exclusion of their areas from the jurisdictional program.
- In this case, such a request for exclusion must be notified to CONAREDD+, so that Acre can exclude the project from the state's carbon accounting and avoid double counting.
- The project can be developed following voluntary market carbon methodologies that utilize the Forest Reference Emissions Level (FREL) of Acre. Projects must respect national safeguards such as FPIC requirements and benefit-sharing, as well as other applicable environmental legislation.

Nesting rules in Acre

The State of Acre is in the process of formalizing technical norms and guidelines on nesting, as well as safeguards to be met by carbon projects in the state. This will be accompanied by the creation of the State Carbon Registry Platform, where all carbon projects must be registered. Similarly, the platform will allow project developers to verify in advance the maximum number of emission reductions their project can achieve.[21]

[21] As reported by Leonardo Ferreira Lima Filho, Executive Technical Director of IMC.

Rondônia

In Rondônia, the jurisdictional carbon market approach is guided by the State Policy on Climate Governance and Environmental Services (PGSA)[22], which established the concept of jurisdictional carbon credits. Currently, the PGSA is under review to align with the legislation of the SCBE. Although Rondônia has not yet developed a jurisdictional program to formally participate in carbon markets, the state has shown interest in hosting carbon projects and promoting NbS activities, including ecological restoration actions.[23]

When considering the development of carbon projects in Rondônia, there are some specific state regulations that must be observed:

- **Registering the carbon project:** all projects aimed at climate mitigation must be registered in the State Registry of Emission Reductions.[24] This applies to both public and private initiatives. Independent certification may be required to validate the results. Additionally, projects must be registered in the State Communication database.
- **Meeting MRV requirements:** the carbon project must measure, calculate, and report its emissions, as well as the respective reductions or removals.[25] Rondônia expects that, in the future, project developers will use methodologies approved by the Management Council of the State System of Climate Governance and Environmental Services (SGSA). Although the SGSA Management Council has not yet been regulated, the proposal is that it will be the body responsible for monitoring and approving projects in the state, ensuring that the methodologies applied comply with the high integrity standards of the carbon market.
- **Obtaining environmental permits:** permits or authorizations will only be granted if the project complies with the emission reduction targets established by the State.[26]

Carbon project developers in the state are expected to adopt a standard of participation in governance and consultation bodies, as stipulated in state legislation, in order to meet the guidelines of national and state safeguards. These safeguards are constantly evolving, aiming to strengthen monitoring and ensure effective compliance with their guidelines. Furthermore, it is essential that projects are fully integrated into the state accounting reporting system, ensuring transparency and avoiding situations such as double counting of carbon credits. This integration will contribute to maintaining the high integrity of Rondônia's state carbon credits, functioning as a true "state's carbon integrity label."

[22] Law No. 4,437, of December 17, 2018. (2018). Establishes the State Policy on Climate Governance and Environmental Services (PGSA) and creates the State System on Climate Governance and Environmental Services (SGSA), within the scope of the State of Rondônia.

[23] As reported by Diogo Martins Rosa, Director of Climate Governance at SEDAM-RO.

[24] State Law No. 5,868, of 09/11/2024 (amending Law 4,437/ 2018)

[25] Law No. 4,437/2018.

[26] Law No. 4,437/2018.

4

Legal issues of governance and land tenure

Photo by Ian Talmacs

4. LEGAL ISSUES OF GOVERNANCE AND LAND TENURE

4.1 How land ownership affects the development of carbon projects

The generation of carbon credits in the Amazon depends on legitimate control over the land and its environmental resources, since only those who hold ownership, legitimate possession, or a valid concession can implement land use and management projects that result in emission reductions or removals. This is the basis for defining property rights over carbon credits (see Item 4.2 on the ownership of carbon credits). This requirement is present both in Brazilian legislation and in the main international certification standards, which require proof of the right to control and operate the project area.

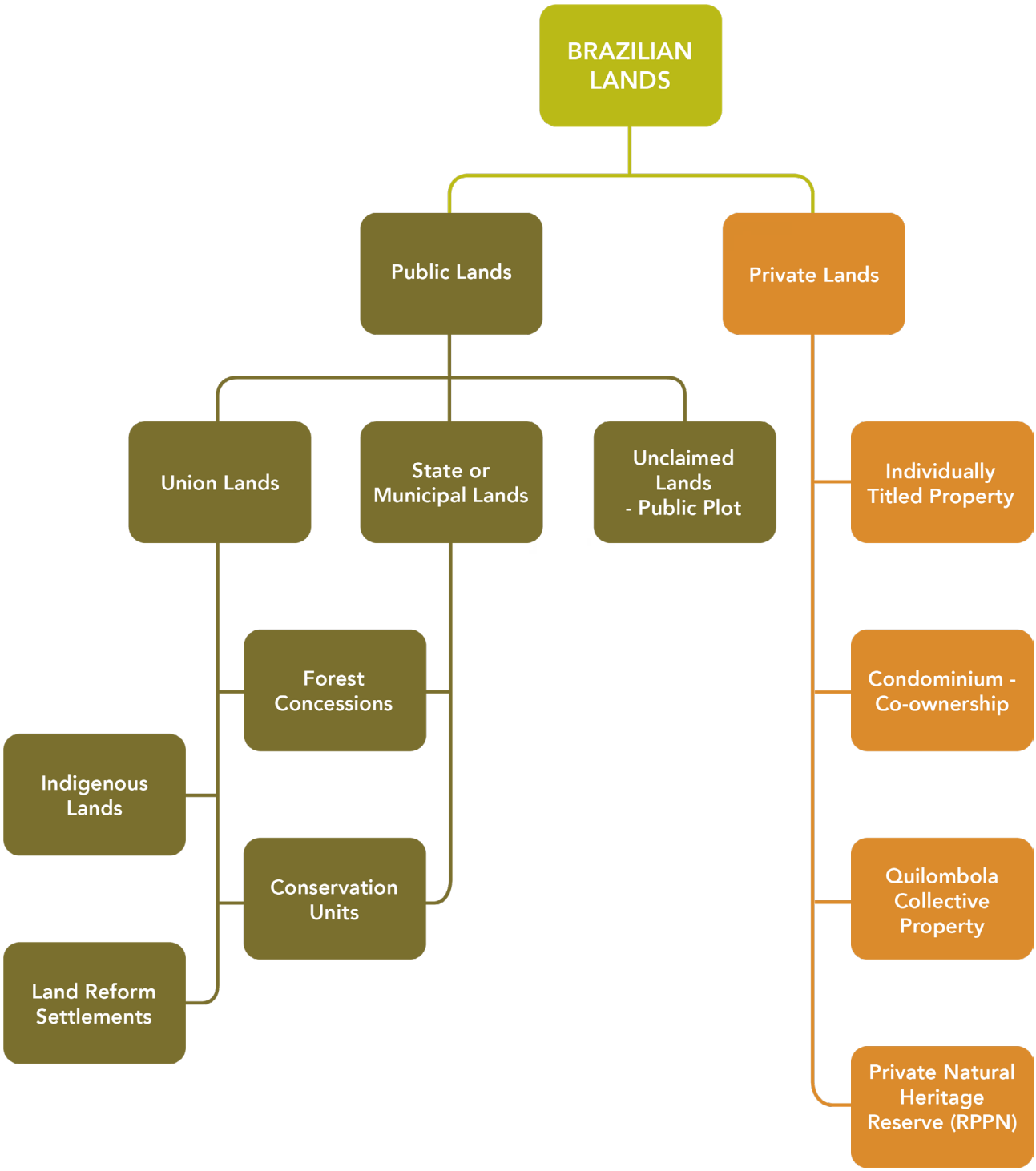
Projects in areas lacking land titles, with overlapping registrations, or involved in legal disputes rarely obtain certification and remain vulnerable to challenges that can lead to the cancellation of credits. This discourages investors, increases the cost of audits, and raises the perception of reputational risk. Conversely, areas with unequivocal title and recognized collective rights offer legal security, reduce regulatory uncertainties, and strengthen the socio-environmental legitimacy of the project, increasing its attractiveness in the international market.

Under which land ownership categories can carbon projects be developed?

Brazilian legislation is particularly clear regarding the identification of land types on which carbon projects or programs can be implemented, as well as the definition of ownership of carbon credit rights associated with each type of possession or ownership. Carbon projects in Brazil can be developed in various land categories, provided legitimate ownership or formal authorization for the management of the area and the generation of environmental benefits. From a strictly legal point of view, there are only two categories of property: public land and private land, which are divided into different classifications, with specific implications regarding the eligibility of projects (Figure 7).

The key difference between private and public lands lies in who owns and controls the area and, therefore, who can authorize carbon projects. On private lands, the decision-making power rests with the owner or the collective entity holding the land title, which generally ensures greater speed in contracting. However, there are important limitations in specific cases, such as Natural Heritage Private Reserves (RPPNs) and quilombola territories. On public lands, ownership remains with the State, and projects can only be implemented through formal authorizations or special usage regimes, involving communities, management bodies, or the National Institute for Colonization and Agrarian Reform (Incra).

Figure 7. Categories of Brazilian lands



Source: author's own elaboration.

Below, Table 3 indicates the feasibility of developing carbon projects and the main associated limitations for each land category.

Table 3. Feasibility of developing carbon projects and the main limitations.

FEASIBILITY OF DEVELOPING CARBON PROJECTS AND THE MAIN LIMITATIONS			
Land Category	**Private or Public**	**Feasibility for carbon projects**	**Main limitations and risks**
Individually titled property	Private	Viable	It is the most solid foundation for projects. There are specific restrictions on the acquisition of rural properties by foreigners, which cannot exceed a certain percentage of the municipality's surface area and, in border areas (within a 150 km strip), the purchase depends on special authorization from the National Defense Council.
Condominium / co-ownership	Private	Viable	All co-owners listed in the property registration must formally agree. The absence of a signature from even one of them may invalidate the contract or prevent its registration.
Quilombola collective property	Collective private	Feasible with conditions	These areas receive a collective title of ownership issued by INCRA (National Institute for Colonization and Agrarian Reform) or the state government, recognizing the community as the owner. Transfer or fragmentation of the title into individual lots are not permitted. Carbon projects can only be formalized through a decision made at a community assembly, recorded in the minutes. They frequently involve mediation from bodies such as INCRA or the Palmares Cultural Foundation.
Private Natural Heritage Reserve (RPPN)	Private	Feasible with conditions	A Private Natural Heritage Reserve (RPPN) is a private area voluntarily transformed into a conservation unit, with perpetual registration in the land registry. This means that the owner must maintain the conservation forever. Carbon projects in these areas face the challenge of additionality.
Union Lands	Public	Feasible with conditions	The domain is always public. Projects are only possible in specific categories (indigenous lands, settlements, federal protected areas, undesignated forests) and depend on express administrative authorization from the managing body for the project to be valid.
State or Municipal Lands	Public	Feasible with conditions	They follow a similar logic to Union Lands: projects are only possible in legally designated areas (protected areas, concessions, etc.) and always with authorization from the managing entity. There is a significant difference in regulation between states, which generates regulatory uncertainty and the need for case-by-case analysis.
Unclaimed Lands / Public Plots	Public	Not feasible	They cannot be legally traded without formal allocation from the public authorities. They have historically been the target of land grabbing, and any contract signed regarding them lacks validation.

Forest Concessions	Public	Viable	These concessions allow the government to grant sustainable exploitation rights to public forests for a fixed term, through a competitive bidding process. The concessionaire has the right to manage and exploit forest products and services, but does not acquire ownership of the land. Carbon projects can only be developed if they are included in the scope of the contract and in accordance with the approved management plan. Monitoring is ongoing, and non-compliance may lead to the suspension or termination of the concession.
Conservation Units	Public	Feasible with conditions	The feasibility depends on the category of the Conservation Unit. In sustainable use units, projects are possible as long as they are compatible with their management plan and authorized by the managing body. In strictly protected areas, private carbon projects are unfeasible, except for jurisdictional arrangements at the state or federal level. Administrative authorization is mandatory and subject to challenge by oversight bodies or the Public Prosecutor's Office.
Indigenous Lands	Public (exclusive use)	Feasible with conditions	These are assets of the Union, but with exclusive and original usufruct rights belonging to the indigenous communities. Projects can only be formalized through a(FPIC) and a collective contract approved in a community assembly.
Agrarian Reform Settlements	Public (temporary), Private (after obtaining a land title)	Feasible with conditions	In the early years, settlers receive Land Use Concession Contracts (CCU) or Real Right of Use Concessions (CCRU), which guarantee productive possession, but not full ownership. Projects at this stage can only be implemented with the approval of INCRA (National Institute for Colonization and Agrarian Reform) and a collective decision by the beneficiaries. There is also the possibility of returning of the plot if the settlement conditions are not met. After definitive titling, the plots become full private property.

Regarding carbon projects in public forests, these can only be developed when the right to use the area is formally granted by the public authorities or the entity responsible for the area. Except for areas involving Indigenous Peoples and Local Communities (IPLCs), the concession generally must occur through a public notice (a public instrument) for forest concession, according to Law No. 11.284/2006 (Public Forest Management Law).

The process results in the signing of a concession contract between the applicant and the managing body — such as the Brazilian Forest Service (SFB), an environmental agency, or the State Secretariat for the Environment — which defines the terms, obligations, and authorized activities.

In this case, the key points to consider are:

- The bidding rules and the concession contract must expressly provide for the possibility of exploiting environmental services and carbon credits. Without this clause, any operation may be considered irregular.
- The project must be aligned with the technical and usage guidelines established in the area's management plan. Contracts that contradict the plan or unduly expand the scope of use are subject to annulment.
- In Conservation Units, the responsible advisory council must be consulted for the preparation of the bidding rules and the concession contract, and will monitor all stages of the granting process.[27]

[27] Law No. 8,987, of February 13, 1995 – Provides for the concession and permission regime for the provision of public services (Public Concessions Law). Article 48, §3.

Furthermore, even in initiatives conducted in partnership with the State, the land, institutional, and social risks mentioned in this guide remain, requiring, likewise, documentary verification, land traceability, and social compliance before the investment phase.

How can a project developer determine if a project is legally viable and if there are any land disputes?

Each carbon project presents particularities that go beyond land tenure verification. In some cases, environmental licensing may be necessary, as well as statements from competent bodies (such as the Chico Mendes Institute for Biodiversity Conservation - ICMBio, for Conservation Units, the National Foundation for Indigenous Peoples - Funai for Indigenous Lands, or Incra for settlements) and approval in environmentally protected or collective areas. This section addresses these issues, however, it focuses on the analysis of the land tenure regularity of the project location, that is, on proving that the proponent legitimately holds or represents the rights to the land and, consequently, to the environmental services linked to it.

This process requires conducting an audit, which involves verifying the documents, registration, and administrative records of the project area, as illustrated in Figure 8.

Figure 8. Main elements to be considered in a legal audit of the property where a carbon project will be implemented.

Source: author's own elaboration.

Practical issues in verifying ownership and legitimate possession

The first aspect to be verified is whether the applicant is, in fact, the holder of a real right over the property or, if acting under authorization, whether the person granting such right is effectively the legitimate owner. This is the legal foundation of the entire operation: if the chain of legitimacy is compromised, no project will withstand an audit.

The central question is: does the person signing the contract actually have the power to dispose of that land and the carbon rights derived from it? If the answer is not clear, the risk to the carbon project is high.

The key points to consider are:

- Verify the property registration, which must be up-to-date at the competent real estate registry office for the respective property jurisdiction, without any discrepancies regarding area, perimeter, or ownership.
- Rebuild the chain of title for at least twenty years, in order to rule out evidence of land grabbing or fraudulent registrations.
- Ensure that the applicant is not operating solely with a private instrument signed with someone who is not the legal owner of the property (a private contract signed with someone who is not the true registered owner) – a common situation in areas with informal occupation.
- Assess, when there is no land registration (which exposes the project to even greater risk), whether land ownership stems from ongoing adverse possession, advanced land regularization, or simply precarious occupation.
- Each land category imposes its own governance and project approval conditions. In settlements, the approval of Incra is indispensable; in conservation units, authorization from the managing body; in condominiums, the unanimity of the co-owners is required (see Table 3).

Box 7. To better understand: risk of land grabbing

TO BETTER UNDERSTAND: RISK OF LAND GRABBING

Land grabbing consists of the illegal appropriation of public or third-party lands, frequently carried out through falsification of documents, irregular occupation, and improper registration. In the Amazon, land grabbing occurs mainly on undesignated public lands, that is, areas that have not yet been formally assigned to categories such as conservation units, indigenous lands, or private properties.

Land grabbers occupy public lands and register them as their own, attempting to regularize or sell them based on false or precarious documents. In many cases, there is complicity or inaction on the part of local authorities, either due to a lack of institutional capacity or due to local political and economic interests that favour irregular occupation.

Lands illegally occupied may be recognized in the future as public, indigenous, or third-party lands, nullifying contracts and carbon credits derived from them. Furthermore, the connection to such areas can generate reputational risk and international questioning.

When analyzing these documents, it is essential to consider the size of the rural property, which, in Brazilian law, is measured in fiscal modules. This unit varies according to the municipality, as it reflects the economic conditions and land use characteristics in each locality.

The classification of property according to the number of fiscal modules is relevant because the legislation differentiates rural properties into small, medium, and large categories.

- up to four tax modules — small properties;
- between four and fifteen fiscal modules — medium-sized properties;
- above fifteen fiscal modules — large properties.

This distinction guides the level of rigor required in land verification, especially in the case of small and large properties.

Small rural properties have a set of specific protections: they are immune to expropriation for agrarian reform purposes, cannot be seized when exploited by the family, and have a reduced period for adverse possession when there is family farming and housing on the land. Furthermore, they receive differentiated treatment for environmental regularization purposes.

On the other hand, for medium and large properties, a more detailed land audit is recommended, following the steps described below, in order to ensure the legal and environmental regularity of the area.

Conflicts over land and overlaps

The second critical point is verifying land conflicts and overlapping titles. In Brazil, it is common for private areas to be confused with public or protected lands, either due to registry errors or historical disputes over occupation. This is one of the biggest sources of invalidation of carbon projects and must be rigorously addressed from the initial audit phase.

The most sensitive records and documents that need to be verified are:

- **Rural Environmental Registry (CAR)**:[28] is a free, nationwide electronic public registry that is mandatory for all rural properties (owned or possessed) in the country, whether public or private, for the purposes of control, monitoring, environmental planning and combating deforestation.

  The registration is self -declared and subsequently validated by the government. This means that anyone who claims to hold a title or right to a certain area can register the property in the system.

  However, most registrations have not yet been validated. In the Amazonian states, the average

[28] The Rural Environmental Registry (CAR) is a mandatory electronic registration for all rural properties, created by the Brazilian Forest Code (Law No. 12.651/2012, art. 29).

validation rate in 2024 was 10% to 30%, with the exception of Pará, which exceeds 60%.[29] The remaining registered areas remain under analysis. Thus, the CAR (Rural Environmental Registry) is an important database and serves as an indicator of who declared occupying the land but does not prove ownership or legal regularity.

- **Land Management System (SIGEF/ Incra)[30] and state registries[31]:** it is necessary to verify if the property's perimeter overlaps with public land parcels or areas undergoing the process of designation.
- **Tax collection systems (CAFIR[32] and municipality):** it is important to verify the property's tax status, as this indicates who declares themselves responsible for the area and identifies the taxpayer for taxes related to the property. The registry for rural areas is CAFIR, but many municipalities have agreements with the Federal Revenue Service and carry out local inspection and collection of the Rural Land Tax (ITR), maintaining their own rural property records. Therefore, it is recommended to consult the municipality, which usually has the most up-to-date information on tax payments, outstanding debts, and land use.

In addition to verifying the aforementioned registrations, it is equally essential to ascertain the existence of administrative or judicial land regularization processes. If the area is under analysis in programs for the identification of vacant lands, for example, there is a significant risk that the lack of certainty regarding land ownership will invalidate the carbon contract.

To illustrate the risk of illegalities on undesignated lands, according to a report published by ABRAMPA (Brazilian Association of Members of the Public Prosecutor's Office for the Environment)[33], in 2020, 16 million hectares of undesignated public forests were identified as private property in the CAR (Rural Environmental Registry), in addition to 15.2 million hectares of other undesignated lands, evidencing strong overlap and cadastral land grabbing. Furthermore, according to a study published by the Amazon Environmental Research Institute (IPAM)[34], it was observed that, in cases of land grabbing, notaries, lawyers, and employees of land agencies provided fraudulent registrations and illegal intermediation.

Pre-existing social conflicts cannot be ignored either. Areas that face disputes with traditional communities, riverside communities, or landholders may even have formal land titles, but uncertainty regarding their ownership compromises the implementation and monitoring of the project.

Despite the efforts of the states and the Federal Government, significant structural limitations in land control and monitoring systems persist, such as the fragmentation of environmental and land databases and the lack of effective integration between state and federal systems, which compromises the accuracy of information and the legal security of land titling processes. Conversely, states have invested efforts to overcome these limitations, as is the case in Acre and Rondônia, as described in the tables below.

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[29] Lopes, CL, Didonet , N., Corleto , AF, & Chiavari , J. (December 5, 2024). *Where are we in the implementation of the Forest Code? Radiography of the CAR and PRA in Brazilian states – 2024 Edition*. Climate Policy Initiative. Available at : https://www.climatepolicyinitiative.org/pt-br/publication/onde-estamos-na-implementacao-do-codigo-florestal-radiografia-do-car-e-do-pra-nos-estados-brasileiros-edicao-2024/

[30] SIGEF is the electronic platform of (INCRA) Incra , created by Ordinance No. 511/2014, is responsible for the mandatory georeferencing of rural properties. It validates property boundaries and adjoining properties, integrating data from land registries, the Federal Revenue Service, and environmental agencies. It is an essential tool for identifying overlaps with public lands, environmentally protected areas, and neighboring properties.

[31] Some Amazonian states have their own land and rural property registries (such as Iterpa in Pará or SEMA/MT in Mato Grosso). These complement the CAR and SIGEF, especially for identifying state-owned vacant lands and settlements.

[32] The Rural Property Registry (CAFIR) is a registry maintained by the Federal Revenue Service that gathers tax and registration information on all rural properties in the country.

[33] Graças, CS (ed.). (2022). Combating environmental crimes: guidelines for the Public Prosecutor's Office to act in the Legal Amazon. Belo Horizonte, MG: Abrampa . ISBN 978-65-991329-3-3.

[34] Amazon Environmental Research Institute (IPAM). (2006). Land grabbing of public lands in the Brazilian Amazon. Brasília: Ministry of the Environment (MMA). Studies Series, 8. ISBN 85-87166-94-8.

Box 8. Case Study: Acre - Land regularization in REDD+ projects

CASE STUDY: ACRE – LAND REGULARIZATION IN REDD+ PROJECTS

The state of Acre is considered a pioneer in the development of subnational REDD+ programs, having established, in 2010, the Environmental Services Incentive System (SISA) through Law No. 2,308/2010, which includes the ISA CarbonProgram. The system is based on the " Forest Citizenship " strategy, which, since the late 1990s, has guided the state's sustainable development by integrating forestry policies, land regularization, and social inclusion. This history has given solidity and legitimacy to the Acrean model, now internationally recognized as a benchmark for climate governance.

Initiatives such as strengthening the Rural Environmental Registry and partnerships with federal programs have made it possible to integrate land titling and carbon incentives, reducing the risk of overlap and increasing legal certainty for investors.

The experience also gained international recognition with the REM Program (REDD EarlyMovers), funded by Germany and the United Kingdom, which provided significant resources for the state's climate agenda.

In summary, Acre demonstrates how a consistent legal framework, supported by land tenure instruments and social inclusion, can strengthen the credibility of jurisdictional carbon markets and attract international investment for forest conservation.

Box 9. Case Study: Rondônia – Building land regularization initiatives

CASE STUDY: RONDÔNIA – BUILDING LAND REGULARIZATION INITIATIVES

In recent years, the state has implemented legislative and administrative initiatives for land regularization. State Law No. 4.892/2020 established the Land Regularization Policy for Rural and Urban Public Lands; and Complementary Law No. 1.064/2020 created the Special Land Regularization Fund (FRFUR), which began financing titling and georeferencing actions. In the administrative field, SEPAT - the State Superintendence of Heritage and Land Regularization of Rondônia - is advancing land regularization programs, with initiatives such as the mobile unit "SEPAT on Wheels," technical cooperation agreements with INCRA (National Institute for Colonization and Agrarian Reform), and titling campaigns in rural municipalities. These efforts demonstrate an attempt to expand the state's presence in areas historically marked by conflicts and insecurity of tenure.

What's important to remember: A sound project cannot overlap with public land, protected areas, or traditional territory without observing the necessary requirements for the transfer of rights or authorizations. The legal and reputational risk is high. Identifying and eliminating this type of overlap is an essential condition for the development of carbon projects.

Restrictions and burdens

Another relevant point in assessing the land viability of a carbon project is the analysis of restrictions and encumbrances on the property. A clean registered title is not enough if the land is compromised by environmental liabilities, administrative injunctions, legal easements, or encumbrances that limit its economic use. This is one of the most relevant filters because it can directly impact eligibility, the amount of carbon credits generated, and their permanence.

The main points of attention are:

- Regarding environmental liabilities, it is necessary to verify if the property has illegally deforested areas in Permanent Preservation Areas (APP) or Legal Reserves (RL), or if it is subject to embargoes from federal or state environmental agencies. Projects based on the restoration of obligations already imposed by law are generally not accepted as valid credits, as they lack regulatory additionality. Table 10 below provides suggestions on how to verify the existence of environmental liabilities on a property.
- It is important to check if the property registration has any encumbrances that could jeopardize the carbon project – such as mortgages, liens, usufructs, or lease agreements. These encumbrances can limit the freedom to obtain or trade carbon rights, or require third-party authorization for the validity of the contract. In the case of a mortgage, for example, the lending bank usually needs to approve the inclusion of the property in a long-term contract.
- It is necessary to assess whether the project requires environmental licensing[35]. The requirement varies according to the type of activity and the sensitivity of the area. Some warning signs deserve attention: if the project foresees interventions in Permanent Preservation Areas (APPs), suppression of native vegetation, extensive use of exotic species, or if it is located in conservation units, licensing is likely to be required. Similarly, projects in territories with recognized environmental liabilities, or that involve productive activities ancillary to forest conservation and restoration management, emprsuch as timber extraction or non-timber products, tend to be subject to analysis by the competent environmental agencies. In short: whenever there is potential for direct environmental impact, the rule is to presume that licensing will be required.
- It is necessary to check if there are any legal proceedings involving the possession, ownership, or environmental use of the land. On-going disputes greatly increase the risk for investors, as they can result in the loss of the area or severe restrictions on the project. See suggestions on how to perform this check in Table 11.
- Any irregularities regarding land tenure, environmental issues, or ownership in the project area do not automatically imply liability for the buyer of the credits, who only acquires the economic result of the enterprise. Liability only applies in proven cases of bad faith or fraud.

Box 10. How to verify environmental liabilities?

HOW TO VERIFY ENVIRONMENTAL LIABILITIES?

Verifying environmental restrictions requires cross-referencing official databases and analyzing documentation. The first step is to consult the CAR (Rural Environmental Registry): it contains information on APPs (Permanent Preservation Areas), RL (Legal Reserve), and any areas of consolidated use. Although the CAR is self-declaratory, it is the starting point for mapping potential liabilities.

Next, it must be verified whether the property is registered in the Environmental Regularization Program (PRA). Adherence to the PRA indicates the existence of Permanent Preservation Area (APP) or Legal Reserve (RL) liabilities and a commitment to restoration. A property registered in the PRA may be considered regular, but there is debate as to whether the area under restoration can be used for generating carbon credits.

Another step is to consult public databases of environmental embargoes. Ibama maintains the National Registry of Embargoed Areas (CNAE), accessible online, and many states have their own registries of areas embargoed for administrative infractions. These consultations reveal whether the property is prevented from carrying out productive activities until its situation is regularized.

[35] The regulatory landscape for environmental licensing in Brazil is in transition. Brazil recently approved the new General Environmental Licensing Law, whose regulations are still under discussion. This means that the exact terms and types of licenses required (preliminary license, installation license, or operating license) may change in the coming months or years after the publication of this guide.

Box 11. How to verify disputes involving possession, ownership or use of land.

HOW TO VERIFY DISPUTES INVOLVING POSSESSION, OWNERSHIP, OR USE OF LAND

This verification must be done through research in the public consultation systems of the Judiciary, especially in the state Courts of Justice (TJ), using the owner's name as it appears in the registration and, when available, the Individual Taxpayer Registry (CPF) or National Registry of Legal Entities (CNPJ) number.

It is also advisable to consult: the e-Saj or PJe system of the Court of Justice of the state where the property is located (search for civil, possessory, environmental or land-related lawsuits); the website of the Federal Court of the respective Judicial Section (for public civil actions, environmental injunctions, expropriations or lawsuits involving Incra, Ibama, the Union or federal agencies); and, if applicable, the portals of the Federal Public Prosecutor's Office (MPF) and the State Public Prosecutor's Office (MPE), which frequently publish environmental and land-related public civil actions. In more complex cases, it is recommended to request negative court certificates in the owner's name from the Civil Distributor of the district or the Federal Court, which formalizes the proof of the absence of litigation.

4.2 Who holds the carbon rights in the Amazon?

The ownership of carbon credits in the Amazon is defined by federal law[36], which establishes a simple rule: carbon credits belong to the generator of the carbon credit project or CRVE (Certificate of Reduction of Carbon Emissions) that holds the concession, ownership, or legitimate usufruct of the asset or activity on which the reduction or removal projects are based. Specifically, as follows:

- The Union holds title to federal vacant lands and federal conservation units;
- States and municipalities hold ownership rights in conservation units under their jurisdiction;
- Owners and usufructuaries are the holders of rights in private properties;
- Indigenous Peoples, quilombola communities, traditional communities, and settlers of agrarian reform are recognized as the original holders of their territories.

Regarding the original definition of the allocation of rights over carbon credits, one should always start with federal regulations. Consideration of state regulations should be carried out in areas under state management, as described in Table 3.

How can carbon credits be transferred?

The initial transfer of rights occurs through private contracts. The key point is that the landowner or possessor must expressly declare that they are transferring to a third party, whether an investor, developer, or other partner, the rights to register carbon credits generated by the project.

The transfer typically occurs through the execution of contracts for the assignment of carbon rights or environmental services. This contract must be registered with the land registry office, along with a descriptive report of the area. Registration, in addition to being required by the SBCE Law, reinforces security for investors.

In jurisdictional programs, the logic is different. The original ownership of the credits belongs to the proposing public entity (Union, State or Federal District), however, the law safeguards the rights of private owners and usufructuaries: they can, at any time and immediately and unconditionally, notify CONAREDD+ of the exclusion of their properties from the program, ensuring the right to generate credits through private projects and preventing the public entity from trading credits related to these areas.[37]

[36] Law No. 15,042, of March 26, 2024 – Establishes the Brazilian Emissions Trading System (SBCE). Art. 43.

[37] Law No. 15,042, of March 26, 2024 – Establishes the Brazilian Emissions Trading System (SBCE). Article 43, § 6, items III and V; § 7.

BEST PRACTICES FOR ADDRESSING THE RISKS OF IRREGULAR LAND TENURE AND OPPORTUNITIES TO SECURE LOCAL TENURE RIGHTS THROUGH CARBON PROJECTS

- ✓ Conducting a complete land audit, which includes analyzing the registration of the title deed and the chain of title, checking for overlaps with public areas in systems such as CAR and SIGEF, and verifying environmental liabilities and embargoes. In collective or traditional areas, community consultations must be carried out, assemblies documented, and FPIC ensured.
- ✓ For the land audit process, many developers and investors use privately developed software tools that can collect information from different data sources and perform a joint check of this data, facilitating the work described in this chapter of the guide.
- ✓ Considering the high risks of land tenure irregularities in the Amazon region, carbon contracts should include provisions for land tenure guarantees, whose functions are to ensure that the legitimate owner or possessor is responsible for the validity of the title, as well as to require a documentary verification of their authority to allow the use of the area.
- ✓ All assignments or partnerships between parties involved in a carbon project must be formalized in writing, preferably with notarized authentication and registration in the property's land registry, when applicable. This prevents third parties from contesting the validity of the contract and makes the agreement public. In collective areas, it is recommended that minutes of meetings be registered in the registry of deeds and documents. For public lands under concession, formalization involves the explicit inclusion of the right to carbon credits in the concession or use contract. In all cases, formalization is not merely bureaucracy, but provides greater legal security to the contractual relationship.
- ✓ Where feasible, individual carbon projects should contribute to the formal regularization of land ownership, especially for IPLCs, supporting them in the formal processes of having their rights recognized by the competent authorities.

5 Free, prior and informed consent

Photo by Dylan Shaw

5. FREE, PRIOR AND INFORMED CONSENT

5.1 What is FPIC?

Free, Prior and Informed Consent (FPIC) is a right of Indigenous Peoples and Local Communities to be consulted before projects or decisions that may affect their territories, rights, and ways of life. Conducting FPIC is mandatory, and the community's right to give or withhold its consent is a manifestation of the right to self-determination. It refers to the collective authority to decide on their lands, territories, and resources. FPIC functions both as a decision-making process and as a safeguard for IPLCs.

FPIC is based on Article 6 of ILO Convention 169, ratified by Brazil in 2019, which defines that consultations should be conducted in good faith and in a manner appropriate to the circumstances with the aim of reaching an agreement and obtaining consent regarding the proposed measures. The FPIC process has four essential elements, as understood by the international community:

- **Free:** the consent resulting from the FPIC must be given voluntarily, without manipulation, coercion or intimidation.
- **Prior consultation:** consultation must be carried out and consent obtained before the commencement of any activities, including the granting of administrative or regulatory licenses.
- **Informed:** IPLCs must have access to all relevant technical and legal information in a clear, accessible, and transparent manner. They must also have the right to seek independent advice to evaluate options and revise their decisions as activities progress in their territories.
- **Consent:** Decisions must be made in accordance with the IPLCs' own decision-making rules and after considering the different internal priorities.

Given the recurring reported cases of lack of consent in carbon projects, robust FPIC processes are indispensable and now legally required. By ensuring meaningful consultation and full respect for the rights of communities, FPIC reduces the risk of conflict, strengthens the long-term sustainability of projects, and protects the reputation of public and private actors involved.

FPIC is simultaneously a procedural safeguard and a substantive requirement to ensure the integrity and legitimacy of carbon initiatives, whether within the scope of integrity frameworks, carbon standards, or, in the case of Brazil, national regulations. FPIC applies to both individual carbon projects and jurisdictional programs.

5.2 FPIC processes in accordance with legal requirements in Brazil

The fundamental normative basis for the right to FIPC is Convention No. 169 of the International Labour Organization (ILO) concerning Indigenous and Tribal Peoples, adopted in 1989 and ratified by Brazil through Legislative Decree No. 143/2002, subsequently promulgated by Decree No. 10.088/2019.

Currently, Brazilian legislation addresses FPIC in specific regulations applicable to certain contexts. Regarding the requirement for FPIC in NbS projects that generate carbon credits and may impact IPLCs, the following stand out:

- **At the federal level:** among the main regulations are Law No. 15.042/2024, which governs the SBCE, and CONAREDD+ Resolution No. 19/2025, which provides guidelines for the implementation of NbS programs and projects.
    - CONAREDD+ (through Resolutions No. 15/2018 and No. 4/2021) adopted the UNFCCC Cancun Safeguards and required their application to IPLCs, establishing rules and procedures to ensure compliance.
- **At the state level:** for now, most states in the Amazon – including Acre and Rondônia – do not have specific regulations on FIPC processes applicable to carbon projects.
- **Other relevant institutions**: Other Brazilian institutions play a relevant role, including environmental agencies, public defenders' offices, and government ministries. The Federal Public Prosecutor's Office (MPF) stands

out, playing a central role in guaranteeing respect for the right to the FPIC. In addition to interpreting and applying socio-environmental safeguards, the MPF issues technical notes, interpretative statements, and guidelines for action, which guide prosecutors on how to conduct consultation processes. Although these instruments do not have normative status, they play a fundamental role in the interpretation and practical standardization of the FPIC in Brazil. It should be noted that the MPF can issue recommendations and indictments, but the processes are judged by the Judiciary. Recently, a consultation process was opened by the National Council of Justice, and its conclusion should allow the establishment of guidelines to support judicial decisions related to FPIC.

Which populations and areas are covered by the FPIC process in Brazil when developing forest carbon initiatives?

Brazil recognizes a broad category of Indigenous Peoples and Traditional Peoples and Communities[38], defined as culturally distinct groups that:

- have their own forms of social organization;
- occupy and use territories and natural resources for their cultural, social, religious, ancestral, and economic survival;
- depend on knowledge, innovations, and practices passed down through tradition.

In areas shared by several peoples or ethnic groups, the autonomy and right to choose of each group must be respected. In the Amazon region, the most common IPLCs are:

- Indigenous peoples
- Riverine communities
- Extractive workers
- Babaçu coconut breakers
- Andiroba collectors
- Quilombola communities

Consultations vary depending on the type of IPLCs involved and the consultation procedure that the community decides to adopt or follow.

The FPIC requirement also applies to projects located near these communities when there is a possibility of direct or indirect impacts, such as restrictions on access to natural resources, interference with cultural practices, or effects on subsistence activities. Furthermore, careful attention should be paid to the guidelines established for isolated and recently contacted indigenous communities in the context of carbon-related activities (Table 12).

[38] Recognized by Decree No. 6,040/2007, represented by the National Council of Traditional Peoples and Communities.

Box 12. Special considerations for FPIC processes involving isolated and recently contacted indigenous communities.

CARBON ACTIVITIES IN ISOLATED AND RECENTLY CONTACTED INDIGENOUS COMMUNITIES

By their very nature, isolated indigenous peoples cannot participate in FPIC processes, which is why the areas they inhabit should not be subject to carbon-related activities.

In the case of recently contacted indigenous peoples, the eventual integration of these communities into carbon activities requires extreme caution. Any initiative must follow specific procedures, carefully adapted to the sociocultural context and the particular situation of each ethnic group. The Guidelines for the Social Protection of Recently Contacted Indigenous Peoples and Tehcnical Note No. 3/2025/COPIRC/CGIIRC/DPT-FUNAI detail the procedures applicable to consultation processes with these peoples. They are fundamental references for conducting prior consultations in these cases.

When dealing with recently contacted indigenous lands, after receiving a consultation request from public or private entities, the local Funai unit — under the guidance of the General Coordination of Isolated and Recently Contacted Indigenous Peoples (CGIIRC/ Funai) — must carry out a preliminary consultation with the community, in order to assess their willingness to discuss the topic.

This pre-consultation takes place without the presence of the applicants, and the formal consultation process can only begin if the community demonstrates openness, always under the supervision and leadership of Funai, which plays a central role in all stages.

What is the procedure for Indigenous Peoples and Local Communities to be formally recognized as such for the purposes of law enforcement?

The starting point for recognition is the principle of self-identification[39]. According to this principle, a group is considered indigenous, tribal, or traditional from the moment it recognizes itself as such, with the state responsible for confirming and formalizing this recognition through specific administrative procedures for each category.

Indigenous Peoples

The legal recognition of indigenous peoples and their lands is guaranteed by the Federal Constitution[40], which ensures their original rights to the lands they traditionally occupy.

The administrative procedure is conducted by Funai (National Foundation for Indigenous Peoples), involving the following steps[41]:

i. Identification and delimitation studies, based on anthropological and historical reports prepared by a specialized technical group;

ii. Declaratory Order from the Ministry of Justice and Public Security;

iii. Physical demarcation of the land;

iv. Presidential approval by decree; and

v. Public registration with the Secretariat of Federal Property (SPU) and the competent land registry office.

Even before the conclusion of this process, the mere existence of an indigenous people and their traditionally occupied territory already triggers the need for FPIC.

[39] As provided for in Article 1, Paragraph 2 of ILO Convention No. 169, ratified by Brazil through Legislative Decree No. 143/2002 and promulgated by Decree No. 10.088/2019.

[40] Constitution of the Federative Republic of Brazil of 1988. Article 231.

[41] Decree No. 1.775, of January 8, 1996 – Regulates the administrative procedure for the demarcation of indigenous lands and provides other measures.

Quilombola Communities

The recognition of *quilombola* communities is based on a constitutional principle[42] that guarantees the definitive ownership of lands occupied by descendants of *quilombos*.

The procedure involves two complementary steps[43] (which are further subdivided into other steps, which will not be detailed for the purposes of this guide):

i. Self-identification certification by the Palmares Cultural Foundation, attesting the quilombola character of the community;

ii. Opening of a land regularization process at Incra, including the preparation of the Technical Identification and Delimitation Report (RTID), recognition decree, and, finally, collective land titling.

Certification by the Palmares Foundation is sufficient for the community to be recognized as a subject of collective rights, including for the purposes of prior consultation and benefit sharing..

Traditional Peoples and Communities (TPCs)

Traditional peoples and communities (such as riverine communities, rubber tappers, coconut breakers, artisanal fishermen, extractivists, among others) are recognized in accordance with Decree No. 6.040/2007, which establishes the National Policy for the Sustainable Development of Traditional Peoples and Communities (PNPCT).

The recognition of these groups is more decentralized and does not depend on a single federal procedure. In practice, it occurs through:

i. Registration or mapping on the Traditional Territories Platform, which contains a list of these territories and is coordinated by the Federal Public Prosecutor's Office;

ii. Recognition in territorial and environmental management instruments, such as management plans for Conservation Units;

iii. State or municipal administrative acts, such as registrations, resolutions, or recognition agreements issued by environmental agencies and councils of traditional peoples.

Thus, formal recognition can be progressive and sectorial, but the right to prior consultation and benefit-sharing also stems from self-identification and traditional possession of the territory, and not exclusively from administrative registration.

What are the risks and implications when a community claims IPLC rights without being formally recognized?

In several Amazonian locations, communities self-identify as traditional, quilombola, or indigenous, but are still awaiting certification or registration from the competent authorities. This delay can create a legal grey area.

Communities whose territories have not yet been demarcated may be at risk of exclusion, being barred from FPIC processes and access to benefits for purely bureaucratic reasons. However, it is the responsibility of the project developer to carry out the necessary verifications to identify the existence of indigenous peoples or traditional communities in the project area in order to proceed with FPIC, thus enabling these communities to access the project's benefits.

Therefore, the principles of precaution and good faith apply. Thus, any group that self-identifies as an Indigenous People or Traditional People or Community, and whose way of life falls within the criteria of Decree No. 6.040/2007, should be considered as a IPLC for the purposes of applying the safeguards of the FPIC and benefit-sharing, even if formal recognition is still in progress.

This precautionary stance is also recommended by international best practices in the carbon market, which interpret the FPIC as a substantive and procedural right, linked to identity and not to bureaucratic status.

[42] Act of Transitory Constitutional Provisions (ADCT), of the Constitution of the Federative Republic of Brazil of 1988. Art. 68.

[43] Decree No. 4.887, of November 20, 2003 – Regulates the procedure for identification, recognition, delimitation, demarcation and titling of lands occupied by remnants of quilombo communities as referred to in Article 68 of the Transitional Constitutional Provisions Act.

Key message: Self-identification has the legal effect of triggering socio-environmental safeguards, while formal recognition is the administrative means of consolidating the right. Adopting this interpretation avoids risks of nullity, reinforces the social integrity of projects, and ensures compliance with international commitments undertaken by Brazil.[44]

What other requirements apply under the legislation?

- **The obligation to hold prior consultations with the affected communities**

Before implementing any carbon project or benefit-sharing agreement, consultations with IPLCs must:

- to be carried out before any decision is made about the project;[45]
- Provide sufficient time for communities to understand the terms and express their opinions;[46]
- To provide communities with full access, in accessible language, to the project's risk matrix and socioeconomic feasibility studies.[47] This access should not be understood as a single formal meeting, but rather as an on-going process of dialogue throughout the design, implementation, and sale of carbon credits for the project;[48]
- To bear the total cost of the consultation process for the IPLCs. This should include, at a minimum, legal assistance, access to technical experts under the supervision of MPF, as well as any eventual or additional expenses related to transportation, translation, and communication.[49]

The obligation to ensure FPIC falls on the project developers and public authorities, not on the communities. Without this consultation, any contract may be considered null or illegitimate.

- **Respect for community protocols and self-governing institutions**

The FPIC process must respect the consultation protocols already developed by indigenous communities or, in their absence, observe their customs, traditions, and traditional forms of organization. These protocols (Table 13) define how the community wishes to be consulted, including aspects such as assemblies, prior notice, the language to be used, and legitimate representatives. Brazilian legislation formally recognizes this right, considering these protocols as instruments of self-regulation for the communities[50], and reinforces their observance in negotiations related to carbon projects.[51]

[44] The MPF roadmap clarifies that "It should also be noted that ILO Convention No. 169 does not restrict the right to consultation to indigenous or tribal peoples who have territories formally demarcated or titled by the State. The Inter-American Commission on Human Rights states that: 'indigenous and tribal peoples who lack formal property titles over their territories must also be consulted regarding extractive concessions or the implementation of development or investment plans and projects'."

[45] ILO Convention No. 169, Art. 6(1)(a), incorporated by Decree No. 10,088/2019.

[46] ILO Convention No. 169, art. 6(2): consultations appropriate to the circumstances, carried out in good faith and with the objective of reaching an agreement or consent.

[47] CONAREDD+ Resolution No. 19, of August 1, 2025 – Establishes guidelines for the implementation of safeguards, benefit sharing and other instruments within the scope of the National REDD+ Strategy. Art. 18.

[48] ILO Convention No. 169, Art. 6(2), incorporated by Decree No. 10,088/2019.

[49] CONAREDD+ Resolution No. 19, of August 1, 2025. Article 17, heading and §1.

[50] Law No. 13,123/2015 – Biodiversity Law, art. 2, VII.

[51] Law No. 15,042/2024 – SBCE, art. 47, I, a.

Box 13. Consultation protocols as a way to promote the autonomy of IPLC decision-making procedures.

CONSULTATION PROTOCOLS AS A WAY TO PROMOTE THE AUTONOMY OF IPLC DECISION-MAKING PROCEDURES

Many IPLCs in the Amazon have Consultation Protocols, which constitute instruments for affirming and defending their rights. A Consultation Protocol is a document drawn up by the people or community themselves, establishing the rules that must be observed by the state and other organizations when they intend to implement projects or measures that may impact them.

These protocols vary according to the community of origin, but generally define the procedures for conducting consultations and the forms of internal deliberation. Both jurisdictional programs and individual NbS projects must conduct FPIC processes based on their respective Consultation Protocols.

In the absence of a protocol, carbon projects can support the community in its development, contributing to the strengthening of its governance capacities and to the creation of an instrument that will be useful not only in the context of the carbon project, but also in future initiatives that may affect the community.

Currently, there are FPIC protocols developed by IPLCs in the Brazilian Amazon region. Similarly, several initiatives support IPLCs in FPIC processes. Table 14 presents a platform dedicated to promoting FPIC among IPLCs in Brazil. In parallel, there are state-level initiatives regulating basic FPIC requirements, as is the case in the state of Rondônia (Table 16).

Box 14. The Observatory of Autonomous Protocols.

THE OBSERVATORY OF AUTONOMOUS PROTOCOLS

The Observatory of Autonomous Protocols is a platform that promotes and safeguards the rights of IPLCs in Brazil, with a focus on the FPIC. It offers:

- consultation protocols developed by the community
- guidance and educational resources for the affirmation of rights
- information on legal frameworks and institutional support
- case studies and publications that document FPIC in practice

The platform is a useful resource for communities, project developers, and investors to ensure compliance with FPIC and respect for local rights and traditions.

In addition to following IPLC protocols, consultations should also include existing representative groups from IPLCs (Box 15). However, dialogues established with these representative bodies do not replace consultations based on IPLC consultation protocols.[52]

[52] CONAREDD+ Resolution No. 19/2025, Art. 9,

Box 15. Consultation with representative bodies of IPLCs in Brazil

THE ROLE OF REPRESENTATIVE BODIES OF IPLCS IN FPIC PROCESSES

Brazilian legislation requires that the FPIC process include dialogues with established spaces for collective and community participation and management. In practice, Brazil already has some representative bodies and pre-existing governance spaces that facilitate social participation, such as conservation units with management councils that include community representatives. Similarly, IPLCs usually have representative organizations at the national, regional, or local level that act as political and social interlocutors.

For example, the Yanomami people – an indigenous ethnic group from the Amazon – are represented by the Hutukara Yanomami Association (HAY), which has national reach and is recognized as the official spokesperson on issues related to health, territory, and the environment. On a more regional scale, the Aty Guasu is the "grand assembly" of the Guarani-Kaiowá people, aimed at communities in the state of Mato Grosso do Sul. And, at an even more local level, it is common to find councils of indigenous leaders composed of different ethnic groups living close to each other in the same territory.

The role of each of these organizations during the FPIC will be set out in the Consultation Protocols.

- **Fair and equitable sharing of benefits and community participation in resource management**

FPIC goes beyond simply granting consent. It also requires that benefits be shared fairly and equitably. Communities should not be treated as passive recipients of resources — they should actively participate in the management and decisions about how these benefits will be used.[53] This point will be discussed in greater depth in Chapter 6.

- **Security for defenders and community leaders**

Carbon projects must establish safety protocols for human rights defenders, community leaders, communicators, and environmentalists involved in FPIC processes. Protecting the physical integrity and freedom of action of these individuals is essential to ensure that consent is, in fact, freely given.[54]

- **Formal agreement documenting consent**

The outcome of the consultation should be consolidated into a written contractual instrument, with clear clauses regarding the sharing of benefits and the obligations assumed by the parties involved.

- **Supervision of the FPIC process by public authorities**

According to the SBCE Law[55], FPIC processes related to carbon projects located in IPLC territories must include the participation and supervision of the Ministry of Indigenous Peoples (MPI), Funai, and MPF. Therefore, for such processes to be considered legitimate, the involvement of these institutions is indispensable, and their operational procedures will be detailed in subsequent SBCE regulations.

In addition to conducting general oversight, and only when it is necessary to obtain an environmental license[56], Funai must express its opinion whenever there is a potential impact on indigenous lands, provided there is a formal request from the licensing body. In the case of quilombola communities, Incra performs a function similar to that of Funai. Federal legislation regarding environmental licensing is currently being reformed.

It is important to highlight that, although the legislation mandates oversight by public bodies such as Funai, Incra, FCP, MPF, or protected area managers, these entities do not lead, approve, or validate the consent granted by the communities. The right to consent or not to the project belongs exclusively to the consulted communities.

[53] Law No. 14.119/2021, art. 8, §2; Law No. 13.123/2015, art. 31, sole paragraph).

[54] CONAREDD+ Resolution No. 19/2025, art. 24.

[55] Law No. 15.042/2024, Article 47, I, a.

[56] In accordance with Interministerial Decree No. 60/2015 and its complementary regulation, FUNAI Normative Instruction No. 2/2015.

- **Inclusion of women, young people and the elderly**

The programs should encourage the participation of women, young people, and the elderly in consultation, decision-making, project management, technical training, and economic empowerment initiatives, while respecting existing consultation protocols.[57]

- **Use of community languages**

Programs, project documents, and contracts should be written in a clear and accessible manner for the communities. When necessary, translations or simplified versions should be provided to ensure full understanding of the content.

Can the decisions of an organized representative group or a general assembly of IPLCs be considered sufficient to comply with FPIC requirements?

Although entities representing IPLCs are the legitimate parties to propose formal participation in JREDD+ programs or private carbon projects[58], consultation procedures under FPIC processes cannot be restricted to approval by a representative group limited to leaders, such as a general assembly or a single resolution. The FPIC process must be agreed upon with leadership and planned in good faith and in a manner appropriate to the circumstances for the implementation of NbS activities.

Are there additional requirements for the FPIC process for jurisdictional programs or REDD+ initiatives?

For jurisdictional REDD+ programs, which, by definition, are positive policies and incentives for activities related to reducing emissions from deforestation and forest degradation and increasing carbon stocks through natural regeneration of native vegetation, the consultation must be carried out based on consultation plans, that is, documents previously defined to structure the participatory process in a broad and integrated way at the state or regional level. The FPIC process must be submitted for approval by its governance body, which must necessarily include representatives of the IPLCs and family farmers settled by agrarian reform.[59]

The right to request exclusion from the jurisdictional program, provided for in the SBCE Law to avoid double counting, does not eliminate the right to conduct FPIC for project development. On the other hand, the practice in the development of Jurisdictional Programs in the states of Acre, Tocantins, and Pará has consolidated the implementation of FPIC for IPLCs as an essential requirement, and they have been carried out as soon as the relevant parameters necessary for an objective consultation process are defined, especially regarding the distribution of benefits.

Are there national, state, or IPLC-based mechanisms for handling grievances that carbon activities should follow?

Brazilian legislation requires public bodies to establish a grievance mechanism and open channels to receive and promptly respond to grievances from communities. These channels should preferably be led by a representative appointed by a council that includes representatives from IPLC and family farmers.[60]

Projects should incorporate grievance systems in accordance with the internal conflict resolution structures of the IPLCs. Furthermore, project developers should be aware of the different grievance structures available to the IPLCs. Some of these grievance modalities are shown in Figure 9.

[57] CONAREDD+ Resolution No. 19/25, art. 19.

[58] CONAREDD+ Resolution 19/2025, Article 2.

[59] CONAREDD+ Resolution No. 19/2025, Article 7, sole paragraph.

[60] RESOLUTION No. 19, OF AUGUST 1, 2025, CONAREDD+, Art. 22.

Figure 9. Complaint options available for IPLCs in Brazil

FEDERAL-LEVEL GRIEVANCE SYSTEMS	STATE-LEVEL GRIEVANCE SYSTEMS
Ombudsman offices (for example, the Ombudsman Office of the Ministry of Environment and the Ombudsman Office of the Comptroller General of the Union): channels for reporting irregularities, violations of rights, or the malfunctioning of public policies. **Federal Public Prosecutor's Office (MPF):** citizens and communities can turn to the Federal Public Prosecutor's Office or the Federal Public Defender's Office in cases of violation of socio-environmental rights. **CONAREDD+** can receive proposals and deliberate on actions related to safeguards.	**State environmental and climate councils** (e.g., CEVA/IMC in Acre): deliberative spaces where complaints can be submitted; Ombudsman of the Acre State System of Incentives for Environmental Services (OUVSISA). **Ombudsman offices of state environmental protection agencies:** formal administrative channels. **Local judicial procedures:** possibility of filing public civil actions for violations of environmental rights or the rights of indigenous or traditional peoples.

Source: author's own elaboration.

5.3 FPIC in the Amazon

Are there additional requirements for the FPIC process in the Amazonian states?

Although there is no uniform regulation on FPIC at the subnational level in Brazil, some Amazonian states have incorporated provisions related to consultation processes into their environmental or climate governance frameworks. In practice, the application of FPIC at the state level largely depends on federal regulations, as well as on how state authorities interpret these parameters when evaluating projects with potential impacts on indigenous or traditional territories.

Neither Acre nor Rondônia have established direct regulatory requirements for carbon projects. However, their regulations recognize the rights of indigenous peoples, emphasizing the responsibility of project developers to ensure their full respect. Both states have adopted the Guiding Principles for Collaboration and Partnership among Subnational Governments, Indigenous Peoples and Local Communities of the Governors' Task Force on Climate and Forests.[61]

In addition, all Amazonian states have established state structures within their institutional framework to work with IPLCs, whether in the form of State Secretariats, Superintendencies, or State Public Foundations, seeking to ensure dialogue with these populations and the fulfillment of commitments made. Therefore, the involvement of these bodies in the planning of the FPIC process is desirable.

Figure 10 presents the most important aspects for complying with regulations in Brazil before (design phase) and during the FPIC process.

[61] Governors' Climate and Forests Task Force. (n.d.). Member states. Available at: https://www.gcftf.org/who-we-are/member-states/

Box 16. FPIC as a state policy in Rondônia

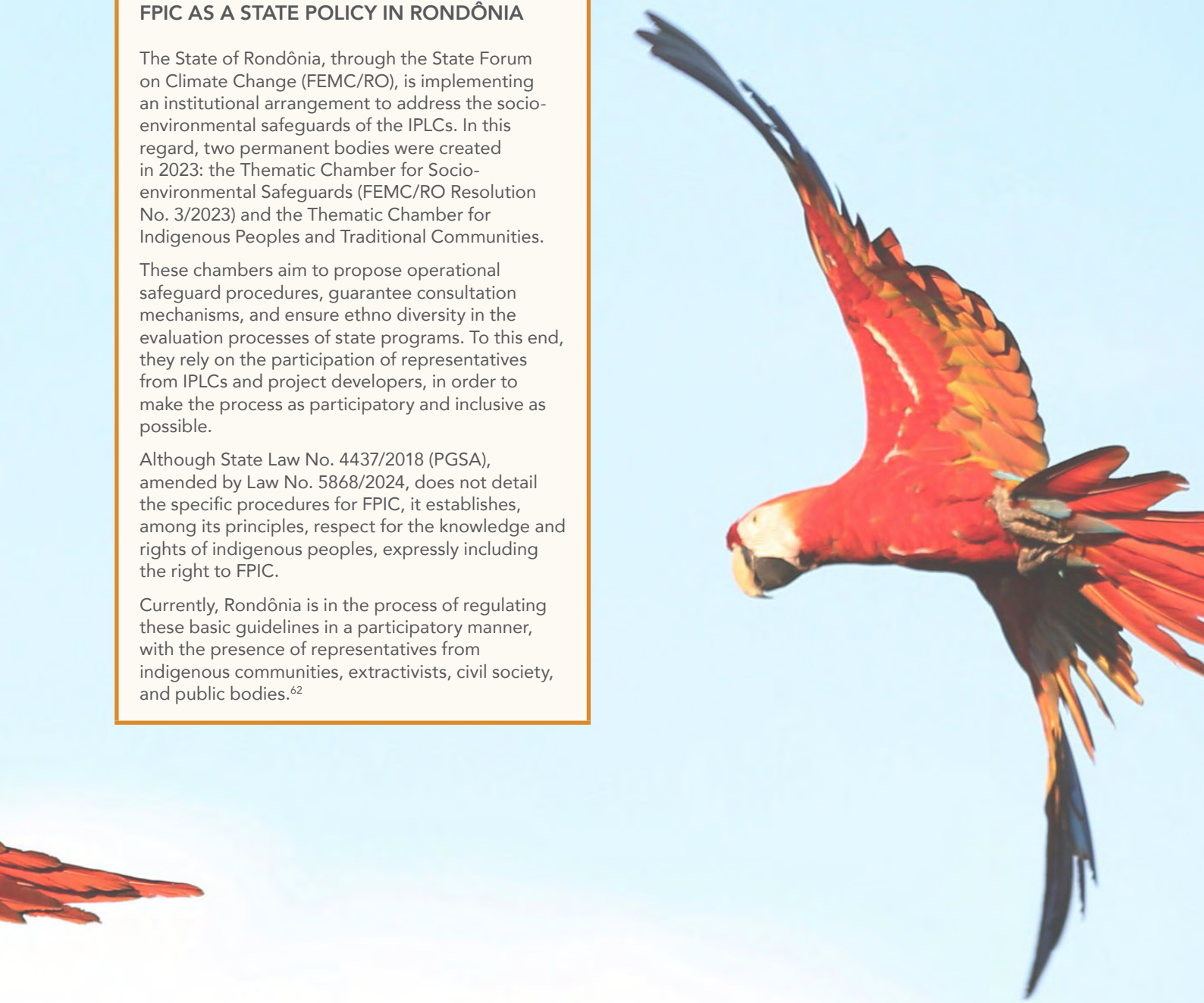
FPIC AS A STATE POLICY IN RONDÔNIA

The State of Rondônia, through the State Forum on Climate Change (FEMC/RO), is implementing an institutional arrangement to address the socio-environmental safeguards of the IPLCs. In this regard, two permanent bodies were created in 2023: the Thematic Chamber for Socio-environmental Safeguards (FEMC/RO Resolution No. 3/2023) and the Thematic Chamber for Indigenous Peoples and Traditional Communities.

These chambers aim to propose operational safeguard procedures, guarantee consultation mechanisms, and ensure ethno diversity in the evaluation processes of state programs. To this end, they rely on the participation of representatives from IPLCs and project developers, in order to make the process as participatory and inclusive as possible.

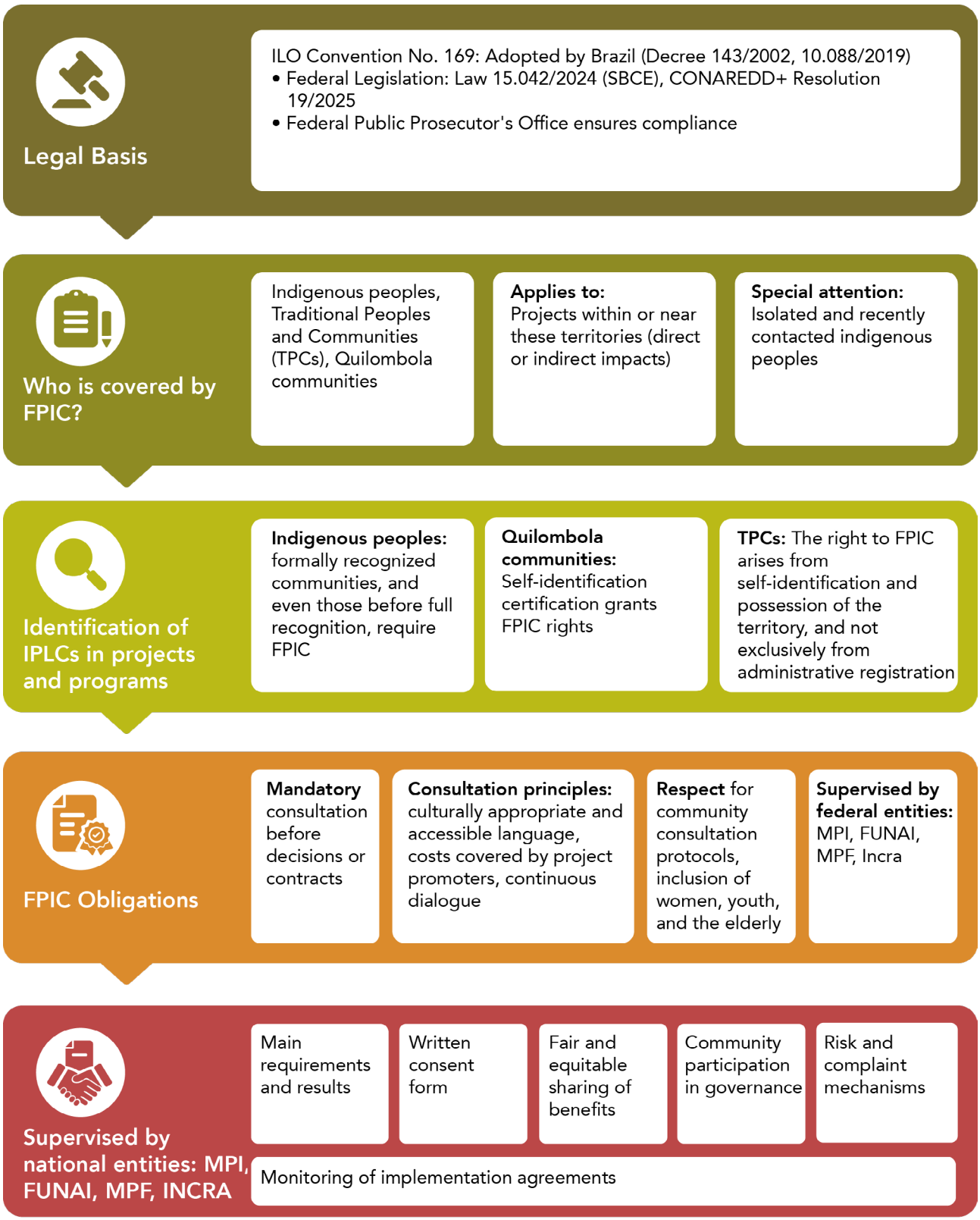
Although State Law No. 4437/2018 (PGSA), amended by Law No. 5868/2024, does not detail the specific procedures for FPIC, it establishes, among its principles, respect for the knowledge and rights of indigenous peoples, expressly including the right to FPIC.

Currently, Rondônia is in the process of regulating these basic guidelines in a participatory manner, with the presence of representatives from indigenous communities, extractivists, civil society, and public bodies.[62]



[62] As reported by Diogo Martins Rosa, Director of Climate Governance at SEDAM-RO.

Figure 10. Structure of the FPIC process in Brazil for carbon projects



Source: author's own elaboration. Traditional peoples and communities (TPCs) include riverine communities, rubber tappers, coconut breakers, artisanal fishermen, extractivists, among others.

5.4 Procedural path to implement FPIC

In general, including in Brazil, FPIC is increasingly understood as a deliberative and continuous process that ensures the effective participation of IPLCs in the design and implementation of carbon projects, and not merely as a one-off signature or a formal act of communication. This means that FPIC is understood as a multi-stage procedure, incorporated into the entire project cycle.

It begins in the initial scoping and feasibility phase, when communities should be informed about the nature of the project, its potential impacts, and the expected benefits. It continues with the negotiation of agreements, the definition of benefit-sharing mechanisms, and the creation of safeguards. Essentially, FPIC should also be revisited at key moments in the project lifecycle — for example, when there are changes in methodologies, when monitoring reports indicate new impacts, or when benefit-sharing arrangements are reassessed.

Figure 11 presents the most important steps and key elements during the FPIC process, from its conception to agreements on project implementation and contractual agreements.

What other topics are crucial to discuss and decide during consultations?

Providing information ensures that decision-making and consent are based on a full understanding of the relevant facts. The type of information shared will depend on the stage of the process, whether it's the initial planning phase, the design phase, or the preparation of a project implementation agreement.[63,64]

During consultations and negotiations regarding carbon activities in traditional territories, discussions often focus strictly on benefit-sharing, without clearly defining roles and responsibilities during project development or explaining how carbon credit projects work and the risks they may pose.

From the initial consultation, the following aspects of the project should be clearly agreed upon:

- Detailed description of project activities, including roles and responsibilities, potential risks, duration, planning and implementation phases, and benefit timelines.
- Agreed project governance structure, including:
  - Appointment of a community project coordinator
  - A clear timeline for decision-making at all stages of the project.
  - Gender equity measures to ensure women's active participation in decision-making.
  - Conflict resolution protocols[65], as discussed in Section 5.2

Furthermore, consultations with IPLCs should include a thorough review of potential risks, such as:

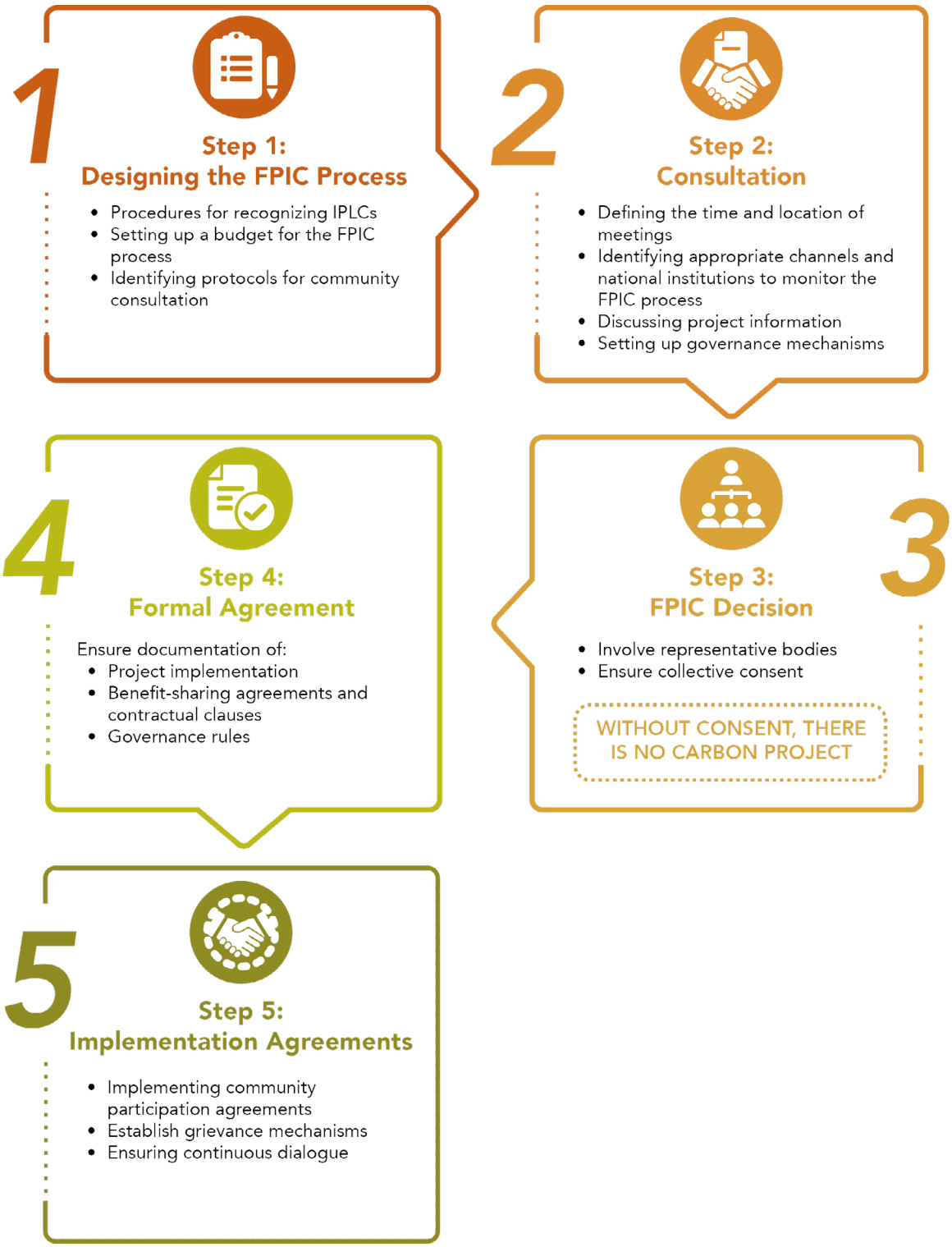
- Uncertainties surrounding the permanence of carbon sequestration and potential liabilities if a project underperforms.
- Risks of exclusion or unequal participation in benefit-sharing agreements
- Use of images or data from the community without consent.
- Financial and market risks arising from fluctuations in carbon credit prices.
- Long-term contractual commitments that may affect the autonomy and governance of the community, including the rights and obligations of all parties and the consequences of non-compliance.

[63] Food and Agriculture Organization of the United Nations. (2014). Respecting free, prior and informed consent: Practical guidance for governments, companies, NGOs, indigenous peoples and local communities in relation to land acquisition (Governance of Tenure Technical Guide 3). Rome: FAO. Available at: https://openknowledge.fao.org/server/api/core/bitstreams/d56dd997-62f2-4f5f-bf47-f28b5da6ac35/content

[64] Springer, J., & Retana, V. (2014). Free, prior and informed consent and REDD+: Guidelines and resources (Working Paper). Washington, DC: WWF-US People & Conservation Programme & WWF Forest & Climate Programme. Available at: https://wwfint.awsassets.panda.org/downloads/fpic_working_paper_01_10_14.pdf

[65] In Brazil, especially in the Amazon, conflicts can arise from land disputes, internal disagreements, or distrust in the use of resources. To avoid litigation, it is recommended to create accessible complaint mechanisms with clear deadlines and transparency in the procedures, allowing communities to report irregularities or exclusions.

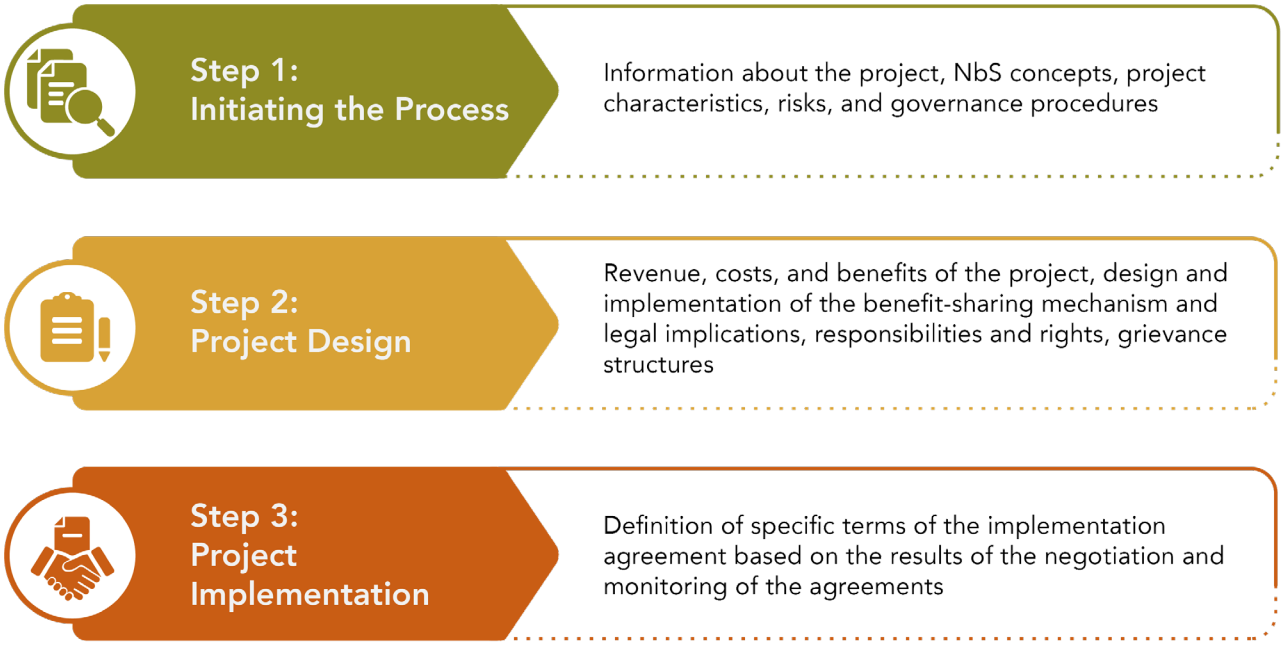
Figure 11. Steps for designing and implementing FPIC



Source: author's own elaboration

Figure 12 presents the minimum information to be discussed during consultations in the project implementation phase.

Figure 12. Providing information for queries



Source: author's own elaboration

5.5 What are the main challenges in implementing FPIC? And what are best practices for overcoming them?

Table 4 presents the main challenges that project developers may encounter when implementing a FPIC process, along with examples of best practices for addressing them. While these recommendations are not exhaustive, additional resources are available to support specific challenges as they arise.

Table 4. Challenges and mitigation strategies in FPIC processes in carbon-related activities

CHALLENGES AND MITIGATION STRATEGIES IN FPIC PROCESSES IN CARBON-RELATED ACTIVITIES.		
Challenge	**Description**	**Best practices for resolving it**
Tensions between IPLCs within the territory	Often, there is more than one community of IPLCs in the territory where carbon activity is located, and there are tensions and disagreements between the groups.	Map subgroups and conflict dynamics; use conflict-sensitive structures; use conflict resolution tools (e.g., mediation, grievance mechanisms).
Finding the right consultation format	Difficulty in aligning project-oriented meetings with the decision-making structures, languages, and cultural practices of the communities themselves.	Respect and follow community consultation protocols (or traditions, if there is no written protocol), allow for flexible formats (assemblies, smaller group meetings, translation), and adapt the timeline to the community's pace.
Lack of participation from women and young people	Consultations risk being dominated by traditional male leaders, excluding the perspectives of women and younger generations.	Actively create spaces for women and young people (separate sessions if necessary), provide support for empowerment and childcare, and integrate their input into final decisions.
Costs and time	FPIC processes require significant financial and time resources for legal support, technical experts, travel, translation, and multiple rounds of consultations.	Include the complete FPIC budget and timeline in the project planning, allocate resources for ongoing engagement, and schedule consultations well in advance to avoid delays.
Adaptation to the culture of indigenous peoples	Ensuring respectful and culturally appropriate engagement, adapted to their values, traditions, language, and forms of organization, can be a challenge. Indigenous peoples have their own decision-making processes and structures, and project developers must identify the right member and allow for the proper process so that the community can make decisions.[66]	Learning the cultural norms and traditions. Use the local languages Following traditional decision-making processes Involve community leaders and knowledge holders in designing consultation formats. Schedule meetings according to local calendars, seasonal activities, and community rhythms. Provide culturally appropriate materials (storytelling, diagrams, or participatory maps). Train the project team in intercultural communication and sensitivity.
Managing preconceived perceptions	Speculation and misconceptions about the carbon market can create resistance among some communities, often based on myths or incomplete information. At the same time, past issues related to FPIC and inadequate practices in the Brazilian Amazon make the caution of indigenous peoples understandable. Project developers must be transparent about all aspects of their projects to build trust and address these concerns.	Get involved from the start to clarify the project's objectives and expectations. To provide transparent and accessible information in local languages. Actively listen to the community's concerns and acknowledge past grievances.

[66] Amazon Watch. (2014). The right to decide: The importance of respecting free, prior and informed consent (Briefing Paper). Retrieved from https://amazonwatch.org/assets/files/fpic-the-right-to-decide.pdf

Managing expectations	It is crucial that project developers manage community expectations regarding project pricing and benefits. [67]The carbon market experiences volatility in carbon credit prices [68], and this demands transparency from carbon developers with Indigenous peoples, as well as clarity about the monetary benefits to be obtained.	Clearly communicate the scope, limitations, and deadlines of the project from the outset. Develop realistic benefit-sharing agreements in conjunction with the communities. Provide regular updates on the project's progress and adjustments.
Conflict of interest on the part of the project developers	By participating in and promoting FPIC, project developers can set their own agenda, and at certain times, some agreements with communities may be seen as professional advice, creating conflicts of interest.	Ensure that FPIC processes are facilitated, at least in part, by independent third parties (e.g., NGOs, academic institutions, or trusted local organizations). To provide communities with access to independent legal and technical advisors, transparently funded but selected by the community itself, so that negotiations are not one-sided. Maintaining a transparent distinction between the consultative process (in which communities freely deliberate on their position) and the professional engagement phase (in which agreements are formalized) prevents the perception that the FPIC is merely a pre-contractual formality or that communities are pressured into making decisions.

[67] Assunção, J., & Scheinkman, JA (2023, September 21). Carbon and the fate of the Amazon. Climate Policy Initiative & Amazônia 2030. Available at: https://www.climatepolicyinitiative.org/wp-content/uploads/2023/09/Carbon-and-the-Fate-of-the-Amazon.pdf

[68] Xiao, J., Wang, Y., & Wen, D. (2025). Global climate policy uncertainty and carbon market volatility: Aggravating or mitigating across market conditions? Economics Letters, 254(C). https://doi.org/10.1016/j.econlet.2025.112441.

BEST PRACTICES ON HOW TO CONDUCT FPIC IN THE BRAZILIAN AMAZON

Although Brazilian regulations include many specifications for conducting FPIC, several organizations, especially civil society groups at the national and international levels, have also identified fundamental pillars that should not be overlooked and are essential when conducting a FPIC process for carbon projects.[69]

- ✓ **Get involved from the start and share information.** Initiate discussions with IPLCs before the project design is finalized and provide clear and culturally appropriate information, including in local languages when necessary, about the project scope, expected benefits, potential risks, and community rights.
- ✓ **Build dialogue and capacity**. Provide communities with the time and space to understand the technical aspects of carbon projects. Offer independent legal and technical support so that communities can assess the implications and develop their own positions.
- ✓ **Enable collective decision-making.** Respect the governance structures and traditional decision-making processes of each community. Facilitate multiple consultations and assemblies to encourage deliberation and ensure the inclusive participation of women, youth, and the elderly.
- ✓ **Negotiate agreements in good faith.** Engage in negotiations on benefit-sharing, safeguards, and good-faith monitoring agreements. Document agreements in writing, while also acknowledging oral traditions and local practices.
- ✓ **Maintain ongoing consent throughout the project.** Revisit consent at critical stages, such as validation, verification, project renewal, or when significant changes occur. Establish complaint mechanisms and ongoing dialogue platforms to address emerging concerns**.**
- ✓ **Involve communities in monitoring and ensure accountability.** Include communities in monitoring environmental outcomes and compliance with benefit-sharing commitments. Ensure transparency by sharing monitoring reports and financial flows in formats accessible to communities.

[69] Buppert, T., & McKeehan, A. (2013). Guidelines for applying Free, Prior and Informed Consent: A manual for Conservation International. Accessible at: https://www.conservation.org/docs/default-source/publication-pdfs/ci_fpic-guidelines-english.pdf

6 Benefit sharing

Photo by Bruno Kelly / Amazônia Real

6. BENEFIT SHARING

6.1 What is benefit sharing and why is it relevant?

Benefit sharing is the set of mechanisms that ensure that the gains obtained from carbon projects or programs are distributed fairly, transparently, and equitably among the different actors involved.

In carbon projects and programs, a well-structured benefit-sharing mechanism is essential to ensure legitimacy, promote stakeholder engagement, and guarantee long-term participation. By establishing transparent and equitable rules for the distribution of benefits, such mechanisms build trust among local communities, thereby strengthening the sustainability and credibility of the initiative.

Benefit sharing is not only a socio-environmental and legal commitment, but also a guarantee of integrity (see Chapter 2 on the integrity of carbon projects).

6.2 Benefit sharing in the Brazilian legislation

Who needs to be included in benefit-sharing agreements?

Based on federal legislation, three groups are entitled to participate in the benefit-sharing of carbon projects:

- **Indigenous peoples, quilombola communities, and traditional peoples and communities** the right to participate in the benefits generated by the use of natural resources on their lands, as well as to receive fair compensation in case of damages. This right stems, first and foremost, from the recognition of the original ownership of carbon credits[70], which guarantees not only ownership but also the obligation to share benefits in carbon projects. Furthermore, it is an extension of the right to free, prior, and Informed Consent, as stipulated in ILO Convention No. 169[71], which ensures both participation in benefits and fair compensation for any potential impacts.
- **Family farmers and those settled through the agrarian reform** are a group expressly recognized by law, which grants them original ownership of carbon credits and guarantees mandatory participation in benefit-sharing agreements, including a clause for fair and equitable distribution of results.[72]
- **Local communities in forest concession areas**, even when they do not qualify as traditional peoples or communities. Forest concession contracts must include clauses relating to actions aimed at benefiting the local community, which explicitly includes participation in revenue from the sale of carbon credits or environmental services.[73]

Although the legislation establishes the above groups as having an express right to mandatory benefit-sharing, nothing prevents developers and investors from entering into additional agreements with other local actors who contribute to forest conservation or are affected by the project's activities.

Such voluntary benefit-sharing agreements with, for example, community associations, cooperatives, municipalities, or neighbouring communities are compatible with the Brazilian legal framework and consistent with international integrity standards that encourage broad and inclusive benefit-based approaches.

[70] Law No. 15.042/2024, art. 43 and art. 47, I, "b".

[71] Decree No. 10,088/2019, art. 15, 2.

[72] Law No. 15,042/2024 art. 43, VIII and art. 47, I, "b".

[73] Law No. 14,590/2023, art. 30, IX. This provision is central because it does not restrict the benefit only to communities recognized as "traditional," but imposes a broader duty: any local community located in the area of influence of the concession must be considered a legitimate party to receive benefits.

What are the legal requirements for benefit sharing in Brazil?

Federal regulations

In Brazil, federal legislation (see Table 5 below) and international agreements, such as ILO Convention No. 169, require that indigenous peoples, quilombola communities, traditional communities, and settled farmers be included fairly and transparently in carbon credit generation programs. This means they must have a real voice in decisions and receive a fair share of the benefits.

Compliance with legal requirements regarding transparency, access to information, independent technical advice, and social inclusion is not merely a formality, but a requirement for agreements to be accepted locally, reduce the risk of disputes, and create legal certainty for investors and developers.

In Amazonian practice, in particular, benefit-sharing involves more than just compliance with applicable legal requirements. It is a process that deals with the enormous diversity of land occupation patterns, different levels of community organization, and a long history of asymmetries in access to land, information, and bargaining power. In this context, best practices in benefit-sharing demonstrate that the content of agreements should not be limited to financial transfers, but should also consider local expectations of territorial security, investments in basic infrastructure, strengthening of community organizations, and recognition of traditional ways of life. Legislation allows for this plurality by stipulating that benefits can take both monetary and non-monetary forms; however, the challenge in the Brazilian Amazon is to transform this flexibility into concrete practices that are sustainable for communities and investors. Table 5 systematizes the legal requirements to be observed.

State regulations

At the state level, Acre stands out as a benchmark when it comes to REDD+. Decree No. 11.732/2025 approved the new Benefit Sharing Strategy (ERB) of the ISA Carbono Program for jurisdictional REDD+ projects, linked to the State System of Incentives for Environmental Services (SISA).

Pará also made progress by approving, in 2024, the Benefit-Sharing and Governance Strategy of the Jurisdictional REDD+ System (SJREDD+), establishing guidelines for the distribution of resources based on conservation, emission reduction, and community participation at different levels of governance. The document allocates 85% of the resources directly to beneficiaries and 15% to strengthening the system. Of this amount, 52% is allocated to traditional communities (indigenous peoples, extractive communities, and quilombola communities), 14% to family farmers and rural properties, and 19% to government institutions dedicated to combating deforestation, land regularization, and essential services.

Box 17. Federal legal requirements for benefit sharing in Brazil

LEGAL REQUIREMENTS FOR BENEFIT SHARING

- Indigenous Peoples and Local Communities are guaranteed ownership of at least 50% of the carbon credits generated by greenhouse gas removal projects and at least 70 % of the carbon credits resulting from REDD+ projects, when developed in their territories.[74] In other cases, there is no obligation for minimum distribution percentages.
- Jurisdictional REDD+ programs ensure that people who are legitimate landowners or have recognized rights to use the land, such as indigenous peoples, quilombola communities, and extractivists, receive a share of the revenue generated by carbon credits. This amount should be proportional to the area of forest that remains preserved on their land, including areas protected by law, such as Legal Reserves and Permanent Preservation Areas.[75]
- Compensation is guaranteed for indigenous peoples, traditional peoples and communities, and those settled through agrarian reform, for material or immaterial damages resulting from carbon projects.[76]
- The consultation process with the IPLCs should be funded by the carbon credit project developer, and this burden should not fall on indigenous peoples and traditional communities[77].
- In forest concessions, contracts must include actions aimed at benefiting the local community, including participation in revenue from the sale of carbon credits.[78] Furthermore, the concession notice may establish a percentage of participation for the granting public body in the income received from the sale of carbon credits generated in the area[79].
- Benefit sharing agreements should ensure that benefit sharing is fair, equitable, transparent, and that the management of monetary benefits is participatory.
- Agreements on benefit-sharing and their economic, social, and environmental outcomes must be made public in accessible language, with the exception of justifiably confidential information[80], adapted to the cultural and socioeconomic specificities of indigenous peoples, quilombola communities, and traditional peoples and communities, including translation when necessary.[81]
- Beneficiaries should have full access to information about the contracts, including the risk matrix and socioeconomic feasibility studies of the projects.
- Organizations representing family farmers, indigenous peoples, quilombola communities, and extractivists can access information related to carbon contracts at all stages of structuring jurisdictional programs.[82]
- Similar to the FPIC process, private forest carbon credit projects must provide indigenous peoples, quilombola communities, traditional peoples and communities, and family farmers settled through agrarian reform with independent technical and legal assistance, the form and value of which must be agreed upon between the parties, with oversight from the Federal Public Prosecutor's Office.[83]
- Benefit-sharing processes must ensure the inclusion of women, young people, and the elderly in both decision-making and access to benefits.[84]
- Benefit-sharing agreements and processes should be accompanied by specific security protocols aimed at protecting human rights defenders, community leaders, and environmentalists.[85]

[74] Law No. 15,042, of March 26, 2024 – Establishes the Brazilian Emissions Trading System (SBCE). Art. 43 and art. 47, I, "b".

[75] Ibid., Art. 43, §17.

[76] Ibid., Art. 47, II.

[77] Ibid., Art. 47, Sole Paragraph.

[78] Law No. 11,284, of March 2, 2006 – Provides for the management of public forests for sustainable production and other measures. Article 30, IX.

[79] Ibid., Art. 20, §5°.

[80] CONAREDD+ Resolution No. 19, of August 1, 2025 – Establishes guidelines for the implementation of safeguards, benefit sharing and other instruments within the scope of the National REDD+ Strategy. Art. 13.

[81] Ibid., Art. 23.

[82] Law No. 15.042/2024, Art. 43, §14.

[83] CONAREDD+ Resolution No. 19, of August 1, 2025 – Establishes guidelines for the implementation of safeguards, benefit sharing and other instruments within the scope of the National REDD+ Strategy. Art. 17.

[84] Ibid., Art. 19.

[85] Ibid., Art. 24.

Box 18. How Acre structured its carbon benefit-sharing in its jurisdictional program

HOW ACRE STRUCTURED ITS CARBON BENEFIT SHARING IN ITS JURISDICTIONAL PROGRAM[86]

In July 2025, the State of Acre concluded a broad participatory process aimed at redefining the benefit-sharing percentages of the ISA Carbono Program, which includes the Jurisdictional REDD+ Program.

The process involved an intense cycle of consultations in the five regions of the state — Lower Acre, Upper Acre, Purus, Tarauacá-Envira, and Juruá — mobilizing extractivists, family farmers, riverine communities, and indigenous peoples. Capacity-building workshops, pre-consultations in hard-to-reach indigenous villages, discussion groups, and thematic debates ensured an active and representative listening process for the communities.

Following the completion of the regional consultation phases, IMC promoted the Participatory Forum, which brought together approximately 150 delegates elected from the five regions, responsible for representing their traditional communities and indigenous peoples and consolidating the discussed decisions. At the meeting, the delegates formed working groups where they expanded the debate and, in plenary session, agreed on the new benefit-sharing model of SISA's ISA Carbono Program, for future fundraising from REDD+, resulting in the following division:

The new distribution of percentages was defined as follows:

- 26% for extractive territories;
- 24% for small and medium-sized producers and family farmers;
- 22% for indigenous peoples;
- 28% for the state government, responsible for implementing public policies, strengthening governance, and enforcing command and control.

The benefit-sharing system, as well as the process of its development, increases Acre's credibility with the carbon community, which seeks credits of high integrity.

6.3 Design and implementation of benefit sharing

How to operationalize benefit sharing?

Although in Brazil there are certain cases where a minimum distribution of monetary benefits is required, it is essential, as a first step, to establish total transparency between the project developer and the community regarding the project costs and returns, that is, the expected net financial benefit.

Costs should include:

- **Project development costs.** These are the costs of the activities necessary to develop a carbon project, including feasibility studies; validation; monitoring; verification; and credit issuance. Project development costs also include capacity building and training (as required by law). It should be noted that, according to Brazilian legislation, the consultation process with IPLCs must be funded by the project developer without this cost being charged to Indigenous peoples and traditional communities.[87]
- **Project operational costs.** These are the costs related to the operation and execution of the project (e.g., salaries, reforestation costs, overhead expenses). Community members participating in the implementation of project activities should receive fair compensation. Operational costs should include opportunity costs, in other words, the indirect economic losses incurred by communities as a result of their participation in the project, such as income that may be lost if it becomes necessary to discontinue potentially profitable activities that are incompatible with the implementation of the project.

Secondly, the project developers and the communities should discuss the types of benefits that will be included in the agreement:

- Monetary benefits resulting from the trading and sale of carbon credits generated by the project. A project that is fair to communities should always generate monetary benefits.
- Non-monetary benefits, compensating communities for their participation in the

[86] Araújo, J. (2025, Aug. 3). Updating the benefit-sharing of the ISA Carbon: a listening process that crosses rivers and forests. Available at: https://cdsabusiness.com.br/artigo/atualizacao-da-reparticao-de-beneficios-do-isa-carbono-uma-escuta-que-atravessa-rios-e-florestas/

[87] Law No. 15.042/2024, Article 47, sole paragraph.

project, such as employment, technical capacity development, or the generation of alternative income.

Thirdly, deciding on the implementation and disbursement of benefits. The disbursement method may vary considerably depending on the project context, internal governance standards and practices of the IPLC, and the decisions of the stakeholders.

Regarding monetary benefits, there are important trade-offs between making direct transfers to households and channelling payments through a community fund. Direct cash transfers to households reduce the risk of misuse and ensure that benefits reach their intended recipients. However, community funds may better reflect collective values and decision-making processes. At the same time, community leaders do not always represent the interests of all community members. To be effective, community funds need robust mechanisms for transparency, accountability, and governance to ensure that benefits are distributed as stipulated in the benefit-sharing agreement.[88]

The following are some examples of monetary and non-monetary benefits (Figures 13 and 14).

When it comes to non-monetary benefits, the fundamental principle remains that the community should be consulted and decide, through negotiation and dialogue, which benefits are most relevant to its reality. Unlike financial transfers, these arrangements usually require a longer-term relationship between developers, investors, and communities. Often, the developer establishes permanent spaces for interaction, such as periodic meetings within the community, to hear demands, adjust priorities, and monitor the execution of funded projects that can be directly implemented by the developer.

This approach demands greater proximity and shared responsibility, since the investor is generally involved not only in the release of funds, but also in the joint implementation of the initiatives chosen by the community, which contrasts with the logic of a community fund, for example, whose management is performed exclusively by the community itself.

[88] CrossBoundary LLC. (2023). Carbon Finance Playbook: Demystifying the capital raising process for nature-based carbon projects in emerging markets. Available at: https://crossboundary.com/wp-content/uploads/2023/12/PLANETA-Carbon-Finance-Playbook.pdf

Figure 13. Monetary Benefits

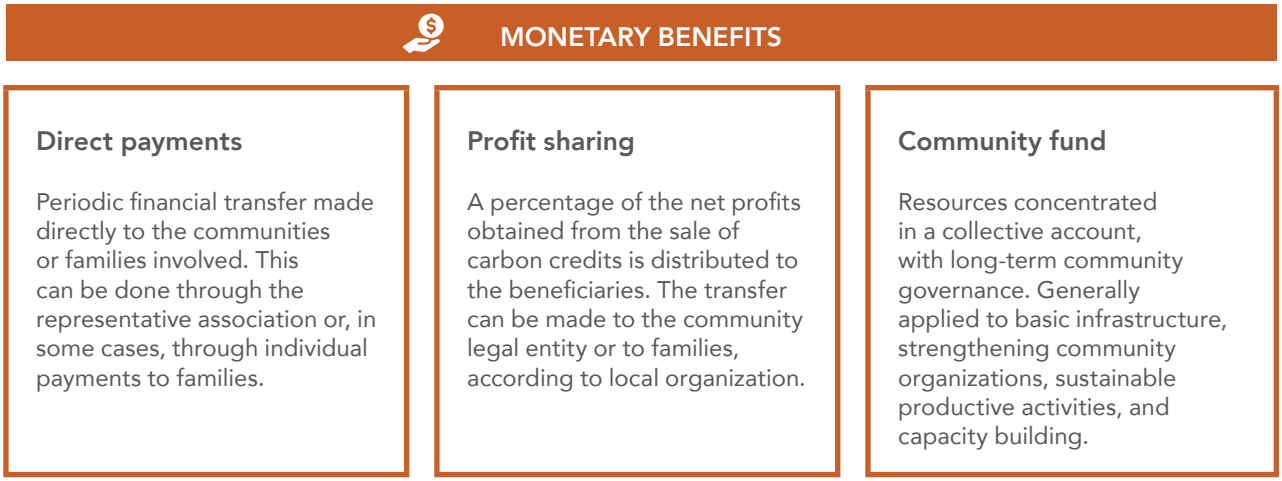
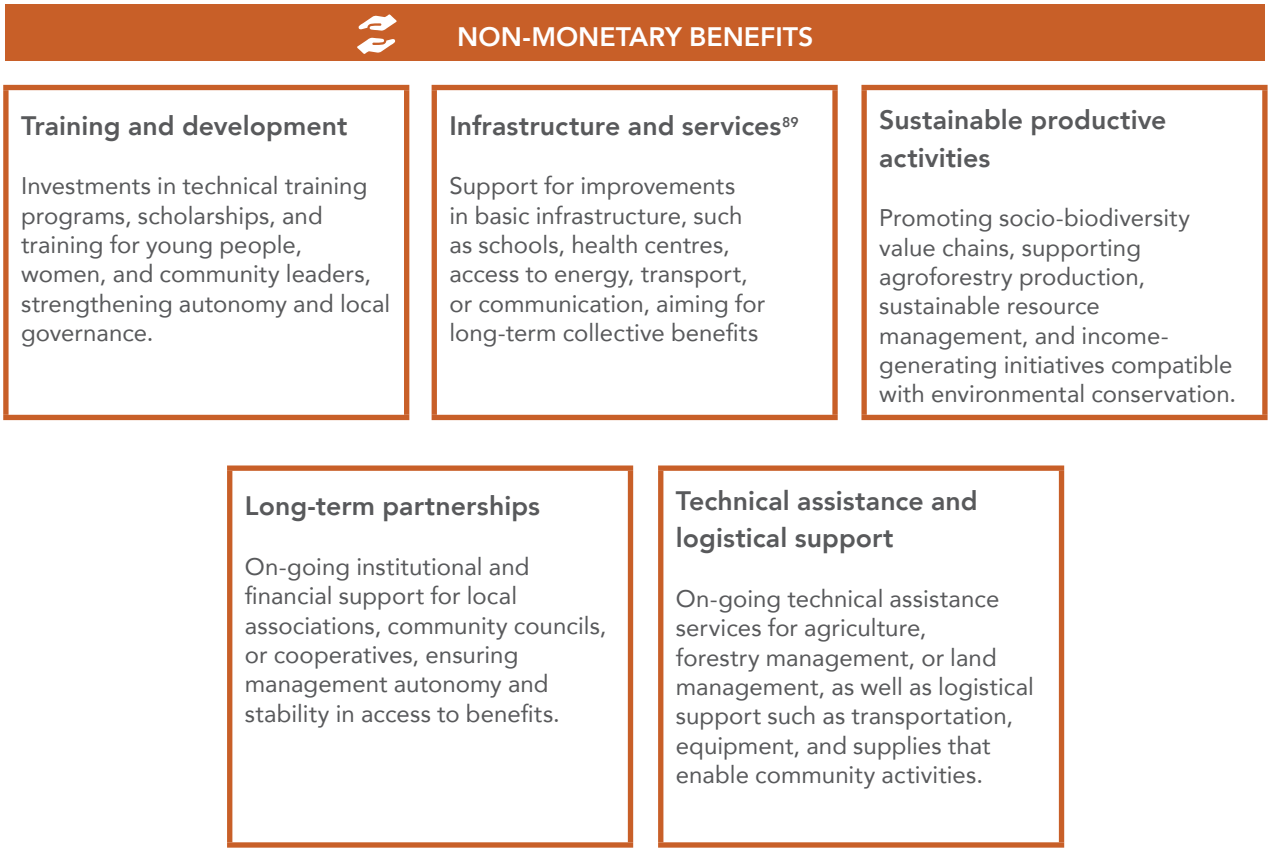


Figure 14. Non-Monetary Benefits



[89] While infrastructure is an important element of community development, it is essential to ensure its long-term operation, including covering recurring expenses and salaries necessary for its continued functioning.

What are the essential elements to ensure effective community-based benefit-sharing in carbon projects in the Amazon?

Benefit sharing in carbon projects depends not only on defining who receives and how much, but, above all, on how decisions are made and monitored. Effective community governance needs to guarantee real participation, transparency in choices, and continuous monitoring of results.

Who decides and how?

National legislation and all international carbon standards that comprise the self-regulation of the VCM converge on a central point: benefit sharing must be conceived in a participatory and inclusive manner. In addition to the design and approval of projects, some guidelines also stipulate that effective participation in the project's life cycle must be demonstrated.

Regarding IPLCs, please refer to Chapter 5 of this guide. Furthermore, it is essential to assess whether the community has a Territorial and Environmental Management Plan (PGTA) or another document containing information about the governance of that community. Such a document may even be included in the Consultation Protocols. However, as a general guideline, during project implementation, decisions regarding the benefit sharing and execution of the benefit sharing agreement should always involve local community associations, organizations, and cooperatives.

Community governance should establish minimum quorums for relevant deliberations, such as changes to the resource allocation plan, the signing of contracts, or the approval of financial statements. These decisions should be made in representative and horizontal bodies, ensuring the proportional participation of women, young people, and local leaders.

Drafting a benefit-sharing agreement

Drafting a benefit-sharing agreement is, first and foremost, a process of community governance. It is not simply about defining percentages or amounts, but about building a common understanding between the developer and the affected communities regarding the purpose, risks, and opportunities of the project.

In practice, this means that the process should begin with prior engagement actions, respecting FPIC, which include a detailed presentation of the project, explanations about how the carbon market works and about the possible types of benefits. This preparatory work is essential to level the technical and legal knowledge between the parties, increase transparency, and create the conditions for a more balanced and legitimate negotiation.

According to international best practices, this initial phase must ensure that:

- Communities should fully understand the project lifecycle, its risks, and expected benefits;
- Expectations regarding the flow of benefits are aligned, ensuring community trust and adherence to more sustainable practices;
- There is sufficient time for internal discussions, conducted in accordance with the community governance and consultation protocols specific to each people or organization;
- Communities can appoint independent representatives and technical advisors to support informed decision-making.

Based on this engagement process, the agreement design must reflect the diversity of local preferences and priorities. Furthermore, the longevity of the benefit is a central principle: the distribution must consider that the positive or negative effects of the project extend over decades and impact future generations of the communities. Thus, the agreement needs to define rules for updating, reviewing, and succession.

Incorporate predictable benefits to communities

Benefit-sharing mechanisms must guarantee predictable benefits to communities, potentially allowing for their implementation in the early years, before the project begins generating revenue. Since project income can fluctuate due to delays, lower production, price drops, natural disasters, or regulatory changes, it is essential to develop resource management mechanisms to protect communities against scenarios where revenues are lower than expected. Predictable payments ensure that community benefits always outweigh the opportunity cost of alternative land uses. These benefits can take many forms — such as guaranteed annual payments, income-generating activities, legal support to secure land rights, or socioeconomic development programs — but their essential characteristic must be predictability.[90]

Continuous monitoring: social indicators and transparency

National legislation indirectly establishes the need to monitor the results of benefit-sharing, by defining the need for publishing the economic, social, and environmental results of the project in accessible language.[91] Thus, in addition to deciding, it is necessary to monitor whether the agreements are being fulfilled.[92] For this, international best practices indicate that benefit-sharing plans should include monitoring systems that show how the economic, social, and environmental benefits established at the beginning of the project were distributed and which impacts were monitored.

Social indicators can capture data such as the number of families benefiting, the percentage of women and young people among the recipients, and investments in health, education, infrastructure, or sustainable production.

Grievance and dispute resolution mechanisms in benefit sharing matters

Federal regulations establish the duty of public bodies and representative entities to monitor the implementation of projects and ensure legality, alignment with public policies, and protection of community rights.[93] In addition to the legal requirement, public bodies are expected to establish ombudsman offices and develop strategies for receiving and promptly responding to grievances and reports about jurisdictional REDD+ programs, public projects, and private forest carbon projects that affect IPLCs.

ational legislation does not stipulate that developers must have a specific grievance system for carbon projects, but it establishes elements that serve as a basis: contracts must contain revision and termination clauses, with jurisdiction close to the communities, and independent technical and legal advice must be ensured, under the supervision of the Federal Public Prosecutor's Office and competent bodies.

The basis of these obligations is to ensure that the communities involved in benefit-sharing have access to formal complaint mechanisms and are protected against abusive or predatory contracts. Although there is no central body responsible for receiving and processing these complaints, the competent courts and the Public Prosecutor's Office play a fundamental role in analyzing and investigating complaints, acting to ensure the fulfilment of the communities' rights and the integrity of the contracts.

Thus, to avoid litigation in government bodies, it is best practice in sound governance to provide not only for the distribution of benefits, but also for the handling of conflicts and grievances, and mechanisms for addressing complaints so that communities can report irregularities or exclusions, with accessible complaint channels, clear response times, and transparency in procedures.

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[90] CrossBoundary LLC. (2023). Carbon Finance Playbook: Demystifying the capital raising process for nature-based carbon projects in emerging markets. Retrieved from https://crossboundary.com/wp-content/uploads/2023/12/PLANETA-Carbon-Finance-Playbook.pdf

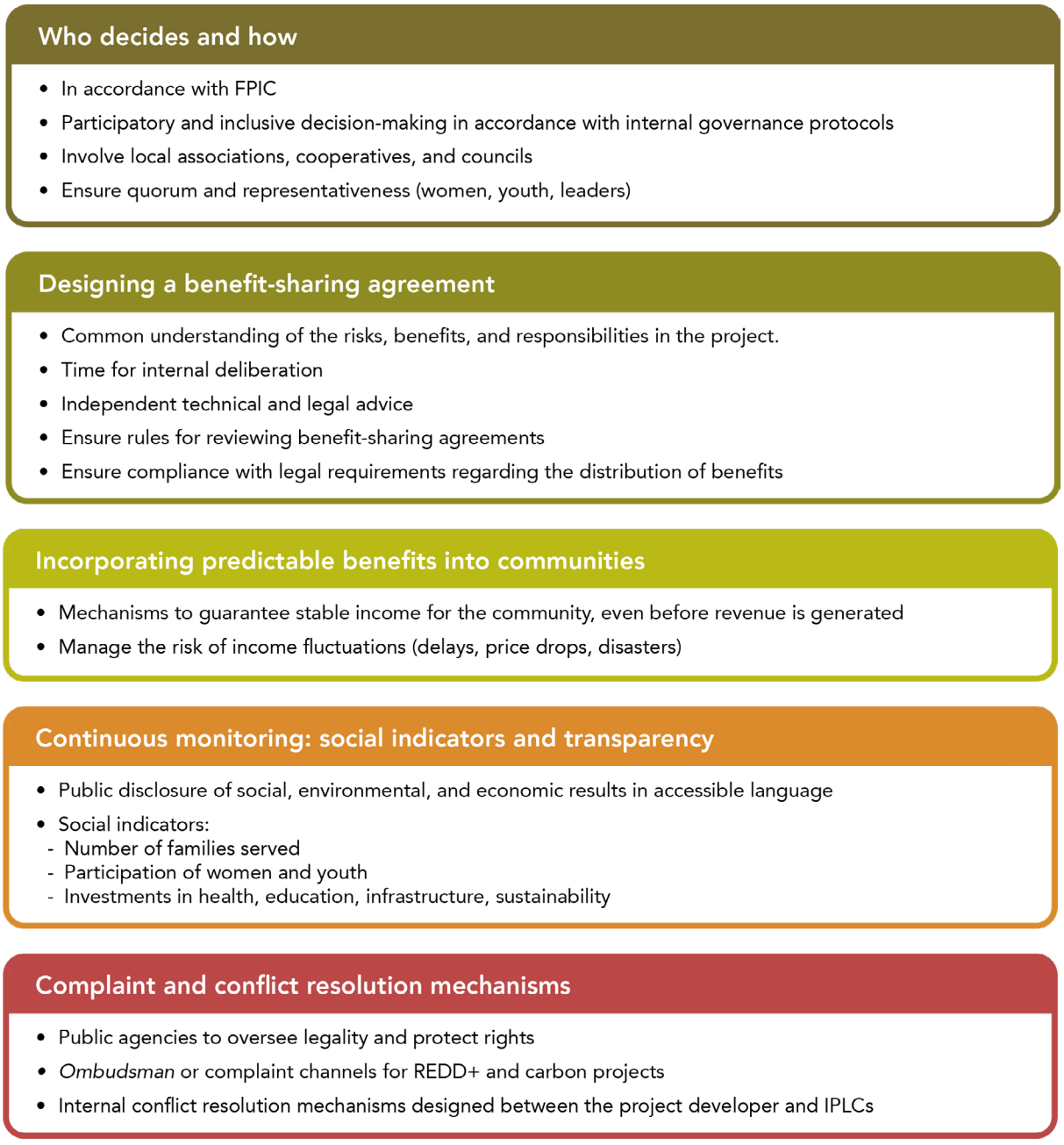
[91] CONAREDD+ Resolution No. 19, of August 1, 2025 – Establishes guidelines for the implementation of safeguards, benefit sharing and other instruments within the scope of the National REDD+ Strategy. Art. 13.

[92] International auditing bodies typically require a Benefit Sharing Plan (BSP) upfront, followed by Periodic Monitoring Reports (MRs) reviewed by independent validators (VVBs). The frequency of these reports varies for each project and generally aligns with the credit verification cycle. If the project claims social benefits, the report must detail how the benefits were distributed and which social impacts were monitored.

[93] CONAREDD+ Resolution No. 19, of August 1, 2025 – Establishes guidelines for the implementation of safeguards, benefit sharing and other instruments within the scope of the National REDD+ Strategy. Art. 20.

As a best practice, project governance mechanisms should provide for internal and external sanctions for cases of misuse, abuse, or irregular appropriation of resources. These sanctions may include internal accountability measures, suspension of disbursements, and, where applicable, notification to the competent authorities (Federal Public Prosecutor's Office, environmental and land agencies).

Figure 15. Essential elements to ensure a robust sharing of benefits with IPLCs



Source: author's own elaboration

WHAT ARE BEST PRACTICES FOR BENEFIT SHARING?

Defining percentages or creating funds is not enough to ensure legitimacy: the way agreements are structured and implemented is just as important as the numbers involved. Therefore, it is recommended that benefit-sharing be guided by clear principles, widely recognized best practices, and alignment with conservation, forest restoration, and deforestation reduction objectives, in order to create a virtuous cycle between social benefits and the maintenance of ecosystem services.

- ✓ **Ensure FPIC.** No benefit-sharing arrangement will be legitimate if it does not respect the right of communities to be consulted before the start of activities, with access to adequate information and in their own language. This principle, present in ILO Convention No. 169 and national legislation, ensures that agreements are built on the basis of conscious choices and not external impositions.
- ✓ **Involve all relevant stakeholders.** Benefit-sharing plans should involve all affected groups as project partners, especially indigenous peoples, traditional communities, women, youth, and the elderly. Benefit-sharing plans should be prepared in a participatory, transparent, and inclusive manner, avoiding capture by local elites, such as front associations, co-opted traditional leaders, or intermediaries who control access to contracts without distributing benefits equitably.
- ✓ **Strengthen social and environmental governance.** Benefit sharing should be supported by social governance mechanisms that ensure diverse representation, transparency in decisions, and social control mechanisms. Experience shows that agreements with community governance bodies (councils, committees, legitimate associations) increase trust, efficiency, and co-responsibility for forest conservation.
- ✓ **Define and disclose all key elements of the project.** A Benefit Sharing Plan needs to define who the beneficiaries are, what types of benefits (financial and non-financial) there are, how these benefits will be delivered, and what accountability mechanisms will be used. It is recommended to establish mechanisms for monitoring, financial auditing, and public reporting.
- ✓ **Ensure equity and proportionality.** Distribution must be fair and balanced, considering the role of each group in conservation and the level of social vulnerability. This means avoiding both excessive concentration in a single actor and ineffective dispersion of resources. Acre's experience with fixed percentages per beneficiary category for REDD+ programs is an example of how to bring predictability and equity.
- ✓ **Ensure combined monetary and non-monetary benefits.** The most robust arrangements link direct payments to investments in capacity building, infrastructure, and sustainable economic alternatives. This combination strengthens community engagement and amplifies long-term impacts.
- ✓ **Implement monitoring, evaluation, and grievance mechanisms.** International best practices indicate that there should be community well-being indicators, periodic public reports, and accessible channels for complaints or grievances. This strengthens trust, reduces the risk of misuse of resources, and increases the project's legitimacy in the eyes of buyers and regulators.
- ✓ **Ensure sustainability and adaptation.** A good benefit-sharing agreement provides for periodic adjustments to respond to changes such as fluctuations in carbon prices, deforestation dynamics, or new community demands. This adaptive nature prevents arrangements from becoming rigid and a source of conflict, as well as maintaining the connection between incentives and conservation.

7

Establishing fair carbon contracts with indigenous peoples and local communities

Photo by Valter Calheiros / Amazônia Real

7. ESTABLISHING FAIR CARBON CONTRACTS WITH INDIGENOUS PEOPLES AND LOCAL COMMUNITIES

7.1 Why fair carbon contracts matter

The establishment of fair and equitable carbon contracts with IPLCs is a central condition for the legitimacy and long-term sustainability of carbon activities. Such documents must articulate rights, obligations, and benefit-sharing agreements with sufficient clarity to avoid power imbalances and safeguard the interests of the community.

It is important to recognize that what constitutes a fair carbon contract is not a uniform concept, but rather one that varies according to the characteristics of each activity. The type of carbon project, its geographical context, the profile of the participants involved, the characteristics of the IPLC, the legal context, and the overall financial viability of the undertaking shape the contractual balance of rights and obligations. A project that may be equitable in one environment may be inadequate in another, highlighting the need for context-sensitive approaches that consider both legal safeguards and the specific socioeconomic realities of the communities involved and the project investors. However, the Brazilian legal framework provides specific provisions governing the drafting of carbon credit sales contracts, which prescribe requirements for transparency and respect for the rights of IPLCs.

7.2 What are the main questions an investor should ask when establishing a carbon contract with a Brazilian IPLC entity?

- Does Brazilian legislation require certain types of clauses in carbon contracts with IPLCs?
- Do IPLCs in Brazil need the consent of any authority before signing a carbon contract, or do Brazilian public entities need to be involved in negotiating the carbon contract?
- Does a contract with IPLCs need to be published in some type of public registry?
- How can we verify who within the IPLCs has the legal capacity to sign the carbon agreement?
- What type of document should be requested from IPLCs to prove that the entire community agrees to the carbon contract?
- Does Brazil require contractual conditions for selling carbon credits from jurisdictional programs?

Does Brazilian legislation require certain types of clauses in carbon contracts with IPLCs?

Yes, Brazilian legislation requires a series of clauses to be included in carbon contracts with IPLCs. Table 6 below provides a summary of contractual arrangements to be included in carbon contracts, as required by Brazilian law.

Table 5. Legal requirements imposed by Brazilian legislation regarding carbon contracts in public and private forest carbon credit projects in IPLC areas.

LEGAL REQUIREMENTS IMPOSED BY BRAZILIAN LEGISLATION REGARDING CARBON CONTRACTS IN PUBLIC AND PRIVATE FOREST CARBON CREDIT PROJECTS IN IPLC AREAS			
Contractual issue	**Regulatory Instrument**	**Content**	**Comments / Practical tips**
Benefit- sharing requirements	Article 47, I, b, SCBE Law	IPLCs are entitled to at least: 50% of carbon credits come from removal projects. 70% of carbon credits in REDD+ projects.	The percentages should be viewed as minimum limits and may be increased by agreement between the parties. IPLCs may retain ownership of their percentage of the credits and sell them directly, or, if the marketing is conducted by third parties, they receive their share of the monetary benefits according to these minimum percentages stipulated. The law does not clarify what is meant by "monetary benefits," nor does it indicate the project development costs to be deducted from the monetary benefits.
Compensation clause	Art. 47, II, b, SCBE Law	Inclusion of a contractual clause providing for compensation to IPLCs for damages arising from carbon activities.	This clause is required in both project and program agreements. Compensation for damages covers collective, material, and immaterial damages.
Transparency obligations of public entities	Art. 43, § 14, SBCE Law, and Art. 13, CONAREDD+ Resolution No. 19/2025.	Agreements, memoranda of understanding, and carbon contracts signed by the public entity with respect to jurisdictional programs, as well as benefit-sharing agreements, shall be made public.	Applicable in REDD+ jurisdictional programs in which the public entity is a party. This could be interpreted as meaning that it is possible to impose confidentiality clauses relating to commercial clauses in carbon contracts.
Transparency obligations in benefit agreements in private projects	Art. 13, CONAREDD+ Resolution No. 19/2025	Disclosure regarding benefit-sharing agreements and project information	Disclosure is the rule, but justifiably confidential information may be omitted, such as sensitive commercial clauses.
Need for public registration of contract	Art. 43, §5°, SCBE Law Law No. 14.119/2021	The carbon contract entered into between the generator and the developer of the carbon credit project must be registered in the land registry of the jurisdiction where the property used as the basis for the project is located.	Not applicable to public projects.

Community forests, traditional uses	Article 4, CONAREDD+ Resolution No. 19/2025	No carbon contract should establish areas that restrict access to and use of land and natural resources in relation to livelihood rights and traditional land use.	Applicable to jurisdictional REDD+ programs, public projects, or private forest carbon projects. The traditional uses of the forest are therefore preserved and cannot be cancelled by the format or implementation of the project activity. The right to hunt, fish and subsistence farming, as well as traditional community-based non-timber cultural management, family use, community-based tourism and religious practices and uses cannot be limited by the carbon contract.
Conflict resolution	Article 14, CONAREDD+ Resolution No. 19/2025	The competent court for resolving disputes is the judicial district or subsection closest to the community.	It is not possible to resort to arbitration or judicial systems of other countries in case of conflict resolution. The contract should specify the judicial entity closest to the IPLCs to facilitate their defence.
Right of termination and review	Article 16, CONAREDD+ Resolution No. 19/2025	Carbon credit contracts should include review and termination clauses in favour of IPLCs.	IPLCs must have real and clear cases in which they can terminate a carbon contract. The carbon contract should specify a sufficient number of instances in which IPLCs can request a review of the conditions to ensure contractual balance throughout
Financial support in contract negotiation	Article 17, CONAREDD+ Resolution No. 19/2025	Private forest carbon credit projects should provide IPLCs with sufficient resources to allow them to hire independent legal advisory services.	Applicable only to private projects. IPLCs and project developers are free to negotiate such funding under the supervision of the Federal Public Prosecutor's Office.
Accessible language	Article 18, CONAREDD+ Resolution No. 19/2025	Carbon contracts should be drafted in a clear and easily understandable manner.	Translation into local languages is required, if necessary. The law recommends the development of educational versions as an integral part of programs, projects, and contracts.

Do IPLCs in Brazil need the consent of any authority before signing a carbon contract, or do Brazilian public entities need to be involved in negotiating the carbon contract?

No, IPLCs are fully sovereign to engage in carbon contract negotiations and trade their carbon credits without needing the consent of any national authority. Carbon contracts signed by the legitimate authorities of a IPLC community are not subject to authorization or validation by a public authority (SCBE Law, Art. 47). However, it should be noted that, during the FPIC process, the participation and oversight of the Ministry of Indigenous Peoples, Funai, and the Thematic Chamber of Indigenous Populations and Traditional Communities of the Federal Public Prosecutor's Office are required by the SCBE Law (Art. 47, I, a).

Does a carbon contract with IPLCs need to be published in some kind of public registry?

According to Brazilian law, the carbon contract must be registered with the land registry office in the jurisdiction where the property used as the basis for the project is located.

How can we verify who within the IPLCs has the legal capacity to sign the carbon contract?

During the FPIC process, it is necessary to identify who is responsible for the management, governance, and representation of the community. In the case of Indigenous communities, this information may be included in documents such as the Territorial and Environmental Management Plan (PGTA) or the Consultation Protocol, which should define the governance and representation mechanisms of the Indigenous territory. Other traditional communities, such as quilombola, extractive, or riverine communities, may also have equivalent community plans, protocols, or statutes, which must be observed.

Then, it is necessary to verify if there is a legally constituted entity and request a copy of the statute and minutes of meetings of the assembly – or any other formats of community decision-making groups – that stipulate the powers of those who can sign contracts on behalf of the community. It is necessary to verify if this document is consistent with the rules of representation defined in the community plan or protocol. For greater security, it is also advisable that the assembly decision approving the signing of the agreement explicitly record the name of the representative authorized to enter into the contract on behalf of the community.

INDIGENOUS COMMUNITIES AS LEGAL ENTITIES

Since 2006, the National Classification Commission (CONCLA) has recognized indigenous communities as a specific type of legal entity in the Table of Legal Nature, classifying them as non-profit entities (CONCLA Resolution No. 01, of 12/28/2005).

This allows these communities to be registered directly in the National Registry of Legal Entities (CNPJ), without the need to form formal associations, which reinforces their legal autonomy and ability to enter into contracts in their own name.

When the community is represented by a partner entity — such as a regional association, cooperative, or civil society organization — it is necessary to verify the community's authorization document granting powers to the entity to act on its behalf, as well as evidence that the consent was collective.

What type of document should be requested from IPLCs to prove that the entire community agrees to the carbon contract?

Proof of consent does not follow a single model, as it must respect the plans, protocols, and decision-making processes specific to each people or community. These documents internally define what constitutes a valid decision and are the primary source of legitimacy.

However, the documents indicated for greater security in proving the consent of the entire community include a formal decision from the community's representative assembly, declaring its favourable opinion regarding the signing of the contract. A higher level of security is provided when registered with a notary public.

The law does not establish a fixed numerical quorum for community decisions, but the provisions of the statutes, plans, and protocols should be verified. Even so, the parameter for validity is the legitimacy of the process, not the number of votes, and consent is considered valid when it follows the FPIC protocols. Therefore, it is important to document the process, which should include signed minutes, attendance lists, or recordings of meetings that show participation, and decisions with a significant majority (if there is no specific quorum provision in community documents) and the absence of significant opposition.

For greater security, the final contract signing decision document should include a brief summary of the discussions on the main contractual aspects (price and payment schedule, obligations and responsibilities of the parties, liability in case of non-compliance, and contract duration), demonstrating that the community assembly debated and substantially approved the project represented in the agreement. It is essential to ensure that discussions on the carbon contract address the project risks and consequences for the IPLC community.

Does Brazil require contractual conditions to sell carbon credits from jurisdictional programs?

Any buyer or investor can acquire carbon credits from jurisdictional programs. However, there are important provisions in Brazilian legislation that need to be considered. In fact, Brazil is trying to find a balance between allowing jurisdictional REDD+ programs to operate on a market basis, safeguarding environmental integrity, and protecting private property rights (through the possibility of voluntary opt-out from the jurisdictional program, for example). Each state that develops jurisdictional programs can choose a specific format for selling carbon credits derived from such programs.

The SCBE Law[94] regulates how public entities can develop jurisdictional carbon credit programs based on the REDD+ market in Brazil and sell them. In this regard, buyers and investors of jurisdictional carbon credits are subject to the following considerations:

- No advance sale of carbon contracts is permitted.
    - Carbon credits cannot be sold before they have been verified.
    - Sales cannot be based on future projections or expected emission reductions. Only verified results are negotiable.
- Conditional pre-contracting is permitted.
    - Contracts can be signed in advance, but only to establish the commercial terms (such as price or delivery conditions) for carbon credits that will be generated later after verification of the results.
    - The parties may agree today on how future verified credits will be sold, but the credits themselves cannot be sold in advance.
- The sale of carbon credits from areas voluntarily excluded from the jurisdictional program is not permitted.
    - Carbon credits generated from mitigation results in areas where the owner or beneficiary has expressly communicated their wish to have their properties excluded from the program cannot be sold within jurisdictional programs.
- Publicizing public decisions.
    - All agreements, memoranda of understanding, and contracts signed by the public entity responsible for the jurisdictional program must be made public.

94 See Law No. 15.042/2024, Article 43.

7.3 Additional guidelines for fair carbon project contracts with IPLCs

Although existing Brazilian legislation already establishes a series of contractual clauses that must be incorporated into carbon agreements with IPLCs (see Section 7.1 above), this section presents additional considerations that can also be integrated into such contracts. While not necessarily mandatory, these guidelines serve to reinforce the contractual balance between the project developer or carbon credit buyer and the IPLC community, as well as to more broadly promote the principle of fairness in the contractual relationship. By articulating these safeguards, project developers and investors can ensure that the agreement not only meets legal requirements but also reflects equitable practices that increase the legitimacy and sustainability of carbon projects involving IPLCs.

Dynamic recipe adjustment

A fair carbon contract should contain dynamic revenue adjustment mechanisms that ensure the revision of the amounts transferred to IPLCs whenever market prices for carbon credits exceed certain pre-established levels. Another alternative would be the inclusion of periodic review clauses, with multi-year terms, that allow the financial conditions of the contract to be adjusted to market trends or to update the values based on inflation and other relevant economic indicators.

Minimum Price Guarantees

Brazilian legislation mandates a minimum distribution of percentages of revenue from the sale of carbon credits, but it does not yet establish mandatory indices or reference prices for carbon credits. However, carbon contracts with IPLCs should include clauses that guarantee minimum values, so that communities receive stable compensation regardless of market fluctuations. Pricing mechanisms purely indexed to the market are not adequate, since IPLCs are not market speculators.

Recognition of total community costs

When establishing payments to communities under the contract and calculating project implementation costs, the costs incurred by the IPLCs as a result of carrying out activities should also be considered, including opportunity costs (such as loss of income from alternative land uses) and expenses incurred in managing and monitoring the project.

Cases of breach of contract and liability

Cases of breach or violation of contract must be clearly and exhaustively defined, avoiding the use of generic language or language open to interpretation. The liability of IPLCs must be restricted exclusively to situations under their control or resulting from their fault, never encompassing events outside their responsibility, such as third-party invasions, natural phenomena, or other external environmental factors.

Contractual penalties should be proportionate and the financial liability of IPLCs limited, so as to avoid any imbalance between the parties. Abusive clauses that impose disproportionate economic risks or undue transfers of financial burden to communities should be rejected.

Advances

IPLCs typically require initial financial support to begin project activities to be implemented in their areas. Contracts should guarantee upfront payments, not subject to suspensive conditions, and such funds should not be reimbursed in case of subsequent termination. Upfront disbursements allow IPLCs to benefit from mitigation activities from the start of the contractual relationship.

Limits of Suspensive Conditions

Carbon contracts often include suspensive conditions, but these should be minimized, especially when they are outside the control of IPLCs. Examples such as making the effectiveness of the contract conditional on the resale of credits to a third-party buyer should not be included in agreements with IPLCs.

Clear reasons for termination by the buyer

The SBCE Law[95] mentions clear cases in which IPLCs can terminate and revise carbon contracts, such as the absence of FPIC. However, nothing is mentioned regarding cases in which the buyer can terminate the carbon agreement. The reasons for terminating a carbon contract with IPLCs must be enumerated precisely and be understandable to the community. Termination by project developers or buyers of carbon credits should not be permitted solely due to changes in market circumstances or because the credits may subsequently not be eligible for corresponding adjustments under the rules of the Paris Agreement. Such provisions create contractual imbalances and should be excluded.

Conservative estimates of credit issuance

Contracts should establish conservative estimates of carbon credits to be delivered. IPLCs should not be penalized if projected credits are not achieved annually, nor should they be required to provide replacement credits. The contract should be based on a best-efforts principle, rather than fixed delivery obligations that could impose disproportionate risks.

Law applicable to contracts

Brazilian legislation already stipulates that carbon contracts must designate Brazilian territory and courts as the forum for resolving disputes with IPLCs. Although the law does not expressly specify the applicable legislation, it is unequivocally clear that such contracts must be governed by Brazilian law, in accordance with the principle of territoriality and the legal nature of the obligations established therein.

Use of images from IPLCs

Carbon contracts with IPLCs must contain clear safeguards regarding the protection of their intellectual property rights, image rights, and access to traditional territories. The use of community images, cultural symbols, and other forms of traditional knowledge for marketing or promotional purposes by buyers and project developers cannot be presumed or granted by default, but must be expressly regulated in the contract.

Access to community territories

Contractual provisions must ensure that access to community territories for the development or monitoring of projects is strictly regulated and limited to what has been expressly authorized by the communities themselves.

Table 7 summarizes the contractual aspects that should be integrated into carbon contracts in projects with IPLCs.

[95] See Law No. 15.042/2024, ArticleArt. 47.

Table 6. Recommended contractual clauses in carbon contracts with IPLCs

RECOMMENDED CONTRACTUAL CLAUSES IN CARBON CONTRACTS WITH IPLCS	
Contractual issue	**Recommendation**
Defining the type of ecosystem service stipulated in the contract	Specifically define that the object of the contract is the service of sequestering and storing forest carbon, avoiding generic formulations such as "ecosystem services," which could later be broadly interpreted by the buyer to include, for example, biodiversity credits.
Dynamic recipe adjustment	Include mechanisms for dynamic revenue adjustments whenever market prices for carbon credits exceed certain pre-established levels; clauses for multi-year periodic reviews to reflect carbon market trends; and update values for inflation.
Minimum Price Guarantees	Brazilian legislation requires a minimum distribution of benefit percentages, but not mandatory price indices; contracts must guarantee minimum values for stable remuneration; market-indexed prices are not suitable for IPLCs.
Recognition of total community costs	When calculating implementation costs, include all costs incurred by IPLCs, including opportunity costs and project management expenses.
Limited cases of breach of contract and liability	The violation must be clearly defined; liability only for situations under the control of the IPLCs; proportionate sanctions; limited financial liability; avoid abusive clauses that transfer excessive risks.
Advance Payments	Guarantee advance payments prior to the start of the project; do not subject them to suspensive conditions; are non-refundable in case of contract termination; allow IPLCs to benefit from the outset.
Limits of Suspensive Conditions	Minimize suspending conditions, especially those outside the control of IPLCs; avoid conditions such as the resale of credits to third parties.
Clear reasons for termination by the buyer	The reasons for termination must be clearly stated and understandable; termination is not permitted due to market changes or credit rating issues; avoid contractual imbalances.
Conservative estimates of credit issuance	Define conservative estimates; no penalties if projected credits are not met; no requirement for replacement credits; best-efforts logic preferred.
Applicable law	Contracts should be governed by Brazilian law; Brazilian courts for dispute resolution.
Use of IPLC images	Safeguards for intellectual property, image rights, and traditional knowledge; use for marketing or promotion must be expressly regulated in a contract.
Access to community territories	Access for the development or monitoring of projects is strictly regulated and limited to what is expressly authorized by the communities.

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GLOSSARY

Adaptation: the process of adjusting to the real or expected effects of climate change, aiming to reduce negative impacts and take advantage of opportunities. It can involve human actions, such as policies, technologies, and practices, or natural adjustments in ecosystems.

Afforestation, reforestation, and revegetation (ARR): a set of forest management measures aimed at improving carbon sequestration, improving soil health and promoting ecosystem resilience through the creation of new forest areas and the restoration of vegetation cover with trees, shrubs and grasslands.

Article 6 of the Paris Agreement: Mechanisms that enable countries to cooperate voluntarily to achieve the emission reduction targets established in their Nationally Determined Contributions (NDCs), including market-based mechanisms.

Brazilian Institute of Environment and Renewable Natural Resources (Ibama): federal agency responsible for environmental licensing, inspection, and application of embargoes in areas with environmental infractions.

Carbon credits: A tradable unit representing one ton of GHG reductions or removals. Carbon credits in the VCM are generated through mitigation activities that are certified by carbon standards.

Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA): a global market measure designed to unify the reduction of international aviation emissions and minimize market distortions. CORSIA complements other measures to use carbon credits to offset CO2 emissions that cannot be reduced through technological or operational improvements or the use of sustainable fuels.

Carbon projects/programs: Planned activities designed to generate verifiable reductions or removals of greenhouse gas emissions, relative to a baseline, through the application of methodologies recognized by standards or certification mechanisms.

Carbon rights: legal or contractual prerogatives recognized to local communities, indigenous peoples, landowners, or other legitimate holders regarding reductions or removals of GHG emissions resulting from activities, especially those related to forests and land use. Carbon rights predominantly refer to the right to enjoy the economic, social, or environmental benefits associated with such reductions or removals, as well as to participate in mechanisms for the fair and equitable sharing of benefits arising from the trading or valuation of carbon credits.

Chain of ownership: historical sequence of property transfers registered in the land registry that proves the legitimacy of land ownership.

Core Carbon Principles (CCPs): These are ten science-based principles developed by the Integrity Council for the Voluntary Carbon Market (ICVCM) to identify high-integrity carbon credits that generate real and verifiable climate impacts.

Conservation Unit (UC): a territorial space, including its natural resources and, where applicable, jurisdictional waters, established by legal act of the Public Authority and intended for nature conservation. It has defined boundaries, specific environmental protection objectives, and is administered under a special regime, guaranteeing the full preservation or sustainable use of natural resources, according to its category in the National System of Conservation Units (SNUC) (Law No. 9,985/2000, art. 2, I).

Corresponding adjustments: accounting procedures carried out by the Parties to the Paris Agreement to ensure that the same reduction or removal of emissions is not accounted for by more than one country in fulfilling its NDCs. These are applicable in the case of the issuance of ITMOs.

Double counting: This occurs when the same reduction or removal of Greenhouse Gas (GHG) emissions is counted more than once, due to error or fraud, for the purpose of meeting climate targets or mitigation commitments. Double counting compromises the environmental integrity of carbon credits, as it inflates mitigation results.

Environmental integrity: a guiding principle of climate mitigation regimes and instruments that ensures that reductions or removals of GHG emissions represent real, measurable, additional, and permanent benefits to the global climate. In the context of carbon markets, environmental integrity requires that the credits issued correspond to effectively verified reductions or removals, not overestimated or subject to double counting, and that they contribute tangibly to global mitigation.

Environmental Services Incentive System (SISA): a public policy of Acre, created by State Law No. 2,308/2010, that establishes mechanisms for valuing and remunerating environmental services, and organizes state programs for REDD+ and sustainable development.

Free, Prior and Informed Consent (FPIC): a process that allows the exercise of the right granted to indigenous peoples and recognized by the United Nations Declaration on the Rights of Indigenous Peoples (UNDRI), to grant, reject or withdraw their consent at any time in relation to activities that affect their territories, as well as to participate in the design, implementation and evaluation of projects.

Jurisdictional REDD+ programs: public policies or REDD+ activities that operate at a national or subnational scale. Typically led by governments as part of broader national or sectoral strategies.

Land Regularization: A set of legal, territorial/urban planning, and social measures aimed at legalizing land occupations and recognizing the right to housing or land use.

Legal Reserve (RL): This corresponds to a mandatory fraction of each rural property that must be maintained with native vegetation. In the Legal Amazon, the proportion can reach 80% of the total area (in properties located in forest) - as stipulated in the Forest Code (Law No. 12.651/2012, art. 3, III and art. 12).

Ministry of Environment and Climate Change (MMA): the federal agency responsible for formulating and implementing Brazilian environmental and climate policy.

Mitigation activity: a set of human actions, policies, projects, or technologies aimed at reducing greenhouse gas (GHG) emissions or increasing the capacity of carbon sinks (such as forests, soils, and oceans) to remove and store carbon from the atmosphere.

Monitoring, Reporting and Verification (MRV): technical procedures for measuring, reporting and verifying greenhouse gas emissions, reductions and removals in a transparent and independent manner.

National Commission for REDD+ (CONAREDD+): collegiate body responsible for coordinating and regulating REDD+ actions in Brazil.

National Foundation for Indigenous Peoples (Funai): a federal public administration body responsible for protecting and promoting the rights of indigenous peoples in Brazil, including the demarcation, regularization, and monitoring of indigenous lands. It also works to support the territorial and environmental management of these areas, the formulation of public policies, and the defence of indigenous cultural and socio-environmental heritage.

National Institute for Colonization and Agrarian Reform (Incra): a federal agency linked to the Ministry of Agrarian Development and Family Agriculture (MDA), responsible for implementing agrarian reform policy and promoting land regularization throughout the national territory. Its duties include the titling of public lands, land regularization of rural areas and settlements, and the management of the National Rural Registry System (SNCR).

Nationally Determined Contributions (NDCs): instruments foreseen in Articles 3 and 4 of the Paris Agreement, which express each country's plans and targets for reducing greenhouse gas emissions and adapting to climate change. NDCs are submitted to the UNFCCC Secretariat and updated periodically to reflect greater ambition and progress.

Nature-based solutions (NbS): actions that seek to protect, restore, and sustainably manage natural or modified ecosystems facing social challenges in an effective and adaptive manner, while simultaneously providing benefits for the climate, society, and biodiversity. NbS have been identified as one of the most important and profitable tools for mitigating climate change and can offer approximately a quarter of the mitigation needed to keep global warming below 1.5°C, while also providing significant social, economic, and ecological benefits.

Nesting: the coordinated and harmonized implementation of REDD+ programs and activities across various accounting scales and governance levels within a country.

Net Zero (net zero emissions): A state in which the total amount of carbon emitted into the atmosphere is balanced by the equivalent amount removed, so that the net emissions balance is zero in a given period.

Permanent Preservation Area (APP): These are protected areas, covered or not by native vegetation, whose function is to preserve water resources, landscapes, geological stability and biodiversity, protect the soil and ensure the well-being of human populations - a concept from the Forest Code (Law No. 12.651/2012, art. 3, II and art. 4).

REDD Early Movers Programme (REM): an international program that rewards jurisdictions that reduce emissions from deforestation.

REDD+ (Reducing Emissions from Deforestation and Forest Degradation, conservation and sustainable management of forests and enhancement of forest carbon stocks): A mechanism created under the UNFCCC to encourage developing countries to reduce emissions from deforestation and forest degradation, promote conservation, sustainable forest management, and increase forest carbon stocks. It can be operated through non-market or market-based approaches. The former aim to reward emission reductions through public or cooperative financing mechanisms, without involving the trade of carbon credits. In turn, market-based approaches consist of the generation and trading of carbon credits resulting from duly verified emission reductions within voluntary or regulated carbon markets.

Safeguards: A set of principles, standards, and procedures designed to prevent, mitigate, or compensate for social, environmental, and governance risks associated with the implementation of policies, programs, or projects. In the context of carbon markets, safeguards aim to ensure that mitigation activities respect human rights, promote the participation of local communities and indigenous peoples, conserve biodiversity, and guarantee transparency and the equitable sharing of benefits.

Territorial and Environmental Management Plan (PGTA): The PGTA is an instrument foreseen in Decree No. 7,747, of June 5, 2012, which established the National Policy for Territorial and Environmental Management of Indigenous Lands (PNGATI). This decree mandates that each indigenous people develop their plan in a participatory manner, with the objective of planning the use, protection, and sustainable management of their territory. The PGTA must contain, among other elements, the environmental and sociocultural diagnosis of the territory, management priorities, governance and community representation mechanisms, and strategies for coordination with public bodies and external partners.

Chico Mendes Institute for Biodiversity Conservation (ICMBio): federal agency linked to the Ministry of Environment and Climate Change (MMA), responsible for implementing the actions of the National System of Conservation Units (SNUC). ICMBio is responsible for creating, managing, and monitoring federal conservation units, promoting research, protection, and sustainable use of biodiversity, as well as engaging with traditional communities that inhabit or use these areas.

Federal Public Prosecutor's Office (MPF): an independent institution that defends fundamental rights and the environment at the federal level.

Institute for Climate Change and Regulation of Environmental Services of the State of Acre (IMC): a state-owned agency linked to the Government of Acre, responsible for implementing and regulating the State Policy for Incentives for Environmental Services (SISA).

Voluntary carbon market (VCM): A market in which individuals, companies, governments, and organizations voluntarily issue, buy, or sell carbon credits. These credits are administered and certified by independent international standards, managed by non-governmental organizations such as Verra's Verified Carbon Standard (VCS) and the Gold Standard, which define methodologies, monitoring criteria, and verification procedures to ensure the environmental and social integrity of projects.

IMC INSTITUTO DE MUDANÇAS CLIMÁTICAS E REGULAÇÃO DE SERVIÇOS AMBIENTAIS

SEMA SECRETARIA DE ESTADO DO MEIO AMBIENTE

GOVERNO DO ACRE

SEDAM Secretaria de Estado do Desenvolvimento Ambiental

RONDÔNIA Governo do Estado

AMAZON INVESTOR COALITION

VCMI Voluntary Carbon Markets Integrity Initiative

CLIMATE FOCUS

LACLIMA

GCF task force