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# Can Carbon Markets Make a Breakthrough at COP29?

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## ► Key Takeaways

- Voluntary carbon markets (VCMs) have a strong potential, notably to help bridge the climate finance gap, especially for Africa.
- However, the past years have seen an uninterrupted series of controversies, with carbon projects accused of lacking transparency, having little or no mitigation effect, and even leading to Human Rights abuse. Investments have fallen.
- The potential remains high for international carbon markets, with or without a COP29 Agreement. Actors such as African countries or the Gulf region have high expectations. They are investing important resources in the development of new organizations and mechanisms that may share the carbon markets of tomorrow.
- VCMs need to improve their transparency, integrity, better demonstrate their sustainable development benefits, and to advance robust and convincing data about their impact on climate change.

## Introduction

Are carbon markets the silver bullet to fight climate change? By making the polluters pay, they can, in theory, incentivize low-carbon technologies, foster the climate finance flows, improve climate justice, reduce deforestation, accelerate development, etc. However, a series of endless controversies has seriously damaged their credibility. In 2023, several articles questioned their integrity and results, revealing some projects that resulted in human rights violations. In 2024, many organizations questioned the very impact of these markets on climate change. Meanwhile, climate negotiators have been failing so far to strike a deal on the implementation rules of the Paris Agreement Article 6, that would create markets with a centralized and robust regulation.

There are several types of markets, the main ones being on one hand the decentralized voluntary carbon markets (VCMs), where private actors can buy and sell carbon offsets that are validated by certification bodies such as Verra or Gold Standard, and on the other hand, regulated markets, typically national emission trading schemes (these will only be addressed in this paper in the context of potential further national carbon market developments). The negotiations on Article 6 of the Paris Agreement are adding new compliance mechanisms:<sup>1</sup>

- ▀ Internationally transferred mitigation options (ITMOs) from Article 6.2: emission reduction that can be traded bilaterally or multilaterally between countries to contribute to the emissions reduction target featured in their NDC. Cooperation between countries may also include links with the private sector and regulated markets such as the emissions trading systems (ETSs). Though no deal has been reached on Article 6 yet, projects are already under development.
- ▀ The Paris Agreement Crediting Mechanism, similar to the United Nations' (UN) Clean Development Mechanisms (CDM), and will consist of a new centralized international market for crediting mechanisms, described in Article 6.4 and overseen by Article 6.4 Supervisory Body.
- ▀ Non-market approaches, under Article 6.8, with cooperation on mitigation and adaptation without transfer of mitigation outcomes. This will be done through a centralized website that could be used to match projects with financial and technical support available.

Carbon markets are attracting growing attention across the world. On the supply side, African nations see carbon markets as an opportunity to obtain more money to fight climate change, monetize their biodiversity resources and raise their international profile. On the demand side, new actors are emerging, for instance, Gulf countries hoping to create a huge regional market that would allow them to offset some of their emissions.

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1. See B. Granziera, K. Hanrick and J. Verdieck, "Article 6 Explainer", The Nature Conservancy, 2023 (updated in 2024), available at: [www.nature.org](http://www.nature.org).

So, what are the realities behind voluntary and compliance carbon markets and which developments can be expected in the coming years?

## Making climate finance fairer?

Compliance and voluntary carbon markets have been a topic of discussion for the past years. Carbon markets are extremely complex and require important technical knowledge. They relate to two sensitive topics: climate finance and climate justice, or, to put it in other words, how developed countries, who are responsible for most of the global emissions, financially compensate low-emitting poor countries. Two visions are battling in these negotiations: a market-based approach against a more state-focused and regulated one.

This slow progress did not prevent concrete transactions on the ground. Voluntary (i.e., non-Article 6) carbon markets are developing, though at a slower pace, because of a series of scandals, while countries are signing new agreements to exchange carbon credits under Article 6.

The current importance of carbon markets comes from the idea that the financial flow they can generate could compensate for the lack of climate finance. Although climate finance (defined as public and private money flow aiming at supporting actions on climate mitigation, adaptation or both) has been steadily increasing, the gap between the current contributions and what is needed to address climate needs remains daunting: in 2021-2022, climate finance had reached 1,265 billion dollars (\$), almost 3.5 times up from 364 billion ten years before, but still suffering from a 4,700 to 9,000 billion gap.<sup>2</sup> The flows are unbalanced: in 2021-2022, only \$30 billion were directed toward Africa, responsible for less than 3% of the global energy-related CO<sub>2</sub> emission,<sup>3</sup> and host of the most vulnerable countries to climate change.<sup>4</sup> The region needs ten times more money to meet its nationally determined contributions (NDCs, the climate plans submitted to the UN) targets.<sup>5</sup>

With their ability to mobilize important investments, notably from the private sector, carbon markets are seen as a potential solution to bridge this financial gap. According to the World Bank, the market value of traded carbon credits within VCM dropped in 2023 from \$1.87 billion to \$723 million, mostly due to environmental integrity concerns. The average price remained below \$6 per ton of CO<sub>2</sub> (tCO<sub>2</sub>) after July 2023.<sup>6</sup> However, carbon markets have a strong potential, with new actors emerging, new deals

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emerging

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2. *Global Landscape of Climate Finance 2023*, Climate Policy Initiative (CPI), November 2, 2023, available at: [www.climatepolicyinitiative.org](http://www.climatepolicyinitiative.org).

3. "Africa Energy Outlook 2022", International Energy Agency, May 2023, available at: [www.iea.org](http://www.iea.org).

4. Notre Dame–Global Adaptation Initiative (ND-GAIN), Rankings, available at: <https://gain.nd.edu>.

5. C. Meattle et al., (2022) "Landscape of Climate Finance in Africa", CPI, September 21, 2022, available at: [www.climatepolicyinitiative.org](http://www.climatepolicyinitiative.org).

6. *State and Trend of Carbon Pricing 2024*, World Bank, May 2024, available at: [www.worldbank.org](http://www.worldbank.org).

signed and ambitious plans: their growth is estimated between x5 and x50 from 2022 to 2030.<sup>7</sup> However, the pace of development and impact will depend on the credibility and robustness of markets.

## North against South?

### *The Wild West of climate finance*

The VCM is in the middle of a series of controversies that erupted in 2023. It started with articles from *The Guardian* and others that cast doubt on the climate impact of projects from Verra, the world's biggest certifier,<sup>8</sup> with human-rights abuse situations revealed in some projects. Other papers followed, about the influence of the consulting company McKinsey on the Africa Carbon Market Initiative (ACMI, see below), a new but already key actor in the field in Africa.<sup>9</sup> In parallel, accusations of greenwashing have been spreading, leaving serious doubts about the impacts of the credits and their effect on climate change – typically accusing companies of expelling local communities to plant trees that are not adapted to the land and that would eventually perish and damage the soil.<sup>10</sup> Finally, there is a debate over how credits can be reported and accounted for.

Most companies in the field changed their rules and published communiqués in reaction to these scandals. In the spring of 2024, the United Nations Framework Convention on Climate Change (UNFCCC) adopted a mechanism to further protect human rights from potential violations linked to carbon markets,<sup>11</sup> while initiatives such as the Voluntary Carbon Markets Integrity Initiative (VCMI) and the Integrity Council for the Voluntary Carbon Market (ICVCM) are working on better integrity of the voluntary markets.

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### Accusations of greenwashing have been spreading

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However, 2024 saw new questions about the effects of carbon credits: in April, the board of the Science Based Targets Initiative (SBTi), a very respected non-governmental organization (NGO) that audits emission-reduction efforts from nearly 6,000 companies, acknowledged it was possible to use carbon offsets to compensate Scope-3 emissions, i.e.: “indirect emissions [...] that occur in the value chain of the reporting company, including both upstream and downstream emissions.”<sup>12</sup>

7. Based on scenarios from Bain, BCG, the ICVCM, McKinsey, Credit Suisse and Morgan Stanley. See *Africa Carbon Markets: Status and Outlook Report 2024-25*, ACMI, July 2024, available at: <https://africacarbonmarkets.org>.

8. “Revealed: More Than 90% of Rainforest Carbon Offsets by Biggest Certifier Are Worthless, Analysis Shows”, *The Guardian*, January 18, 2023, available at: <https://theguardian.com>.

9. *The Africa Carbon Markets Initiative: A Wolf in Sheep's Clothing*, Power Shift Africa, 2023, available at: <https://squarespace.com>.

10. J. Gabbatiss, D. Dunne et al., “In-depth Q&A: Can ‘Carbon Offsets’ Help to Tackle Climate Change?”, Carbon Brief, September 25, 2023, available at: <https://interactive.carbonbrief.org>.

11. “UN Body Adopts Historic Human Rights Protections for Carbon Market Mechanism”, UNFCCC, May 3, 2024, available at: <https://unfccc.int>.

12. Definition from the Greenhouse Gas Protocol, FAQ, December 2022, available at: <https://ghgprotocol.org>.

The SBTi staff published a letter stating its opposition to this measure.<sup>13</sup> In July, SBTi seemed to have taken the side of its staff, stating that evidence suggests that “various types of carbon credits are ineffective in delivering their intended mitigation outcomes”.<sup>14</sup> The same month, a coalition of 50+ organizations and think tanks published a letter named “Why carbon offsetting undermines climate targets”.<sup>15</sup>

The United States’ (US) election may indirectly affect SBTi developments: if Donald Trump is re-elected, the political pressure on US companies to set decarbonization targets will probably be completely lifted. Either way, SBTi currently lacks clarity in the evolution of its work, being torn between “pragmatism and ambition”, and this may affect businesses that need longer-term visibility.<sup>16</sup>

### ***Politicizing the divide***

Such positions triggered many reactions and could lead to political tensions. The West-African Alliance on Carbon Markets and Climate Finance, a 10-country-member group, stressed the need for “high integrity carbon markets that are credible and with rules consistent with limiting warming to 1.5 degrees”, and condemned opponents to carbon markets as “misguided activists”.<sup>17</sup> In September, a group of NGOs from the Global South also asked for the SBTi to include carbon credits as mechanisms to compensate for Scope 3 emissions. The letter opposes a “North” that hosts decision makers and is opposed to carbon markets and funding to the developing world, ignoring a “Global South” represented by local communities said to be supporting carbon markets and acting on climate change. According to the signatories, their “voices have been ignored by the decision-makers in London, Brussels, Geneva and New York”, and “despite big promises, the governments of the Global North have failed to deliver the requisite funding to the communities”.<sup>18</sup>

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Opposition between a pro-VCM South and a reluctant North is exaggerated and misleading

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This opposition between a pro-VCM South and a reluctant North is exaggerated and misleading. Many of the signatories of the letter are described as “directly managing or monitoring carbon projects”.<sup>19</sup> Some NGOs from developing countries have also expressed

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13. “SBTi Staff Response to the Board of Trustees April 9 Statement”, April 2024, available at: [www.dropbox.com](http://www.dropbox.com).

14. “Evidence Synthesis Report Part 1: Carbon Credits”, SBTi, July 2024, available at: <https://sciencebasedtargets.org>.

15. “Why Carbon Offsetting Undermines Climate Targets”, Joint Statement, July 2024, which can be found in different websites including: <https://eeb.org>.

16. A. Cramer, “What the SBTi Battle Portends: The Decisive Decade Becomes the Dilemma Decade”, BSR, June 12, 2024, available at: [www.bsr.org](http://www.bsr.org)

17. “West African Nations Call for Firms to Be Able to Offset Carbon”, Reuters, June 6, 24, available at: [www.reuters.com](http://www.reuters.com).

18. We unfortunately could not retrieve the original text, nor the list of signatories. See G. Redgrave, “Global South Organizations Urge SBTi to Allow Carbon Credits”, Environmental Finance, 2024, available at: [www.environmental-finance.com](http://www.environmental-finance.com).

19. Ibid.



their opposition to carbon markets.<sup>20</sup> More importantly, many of the biggest emitters (companies and governments) are developed countries and are the main buyers of carbon credits, and most of the organizations involved in the sector come from and are based in the developed world, some of them have been vocal against the aforementioned letter claiming that carbon markets are failing to deliver any outcomes.<sup>21</sup> Finally, most if not all governments from developed countries have expressed support for carbon markets, with countries such as Switzerland, Japan, Norway, South Korea and Singapore engaging in projects before Article 6 negotiations concluded.

## The geopolitics of voluntary and compliance carbon markets

### *The supply side: is Africa the new frontier?*

The African continent could be the new frontier for carbon markets, though it currently only represents around 11% of the total credits issued in the world.<sup>22</sup> Carbon markets are perceived as a mechanism that could compensate for the lack of financial flows. Though the continent represents a limited share of the global Greenhouse gas (GHG) emissions, there are many opportunities in these countries – here are some of the main projects:

- ▀ Decarbonization of the energy sector: countries like Senegal or South Africa are fossil fuel producers and asked to accelerate their energy transition, and carbon markets can support the scale-up of renewable solutions as they are already doing with solar energy. Carbon markets can also support accelerating the adoption of clean cooking devices.
- ▀ Avoid future emissions: this can be done in countries with rapid economic growth, by building new infrastructure, e.g., for electric vehicles or solar panels and mini-grids.
- ▀ Support carbon sinks and, more generally, preserve forests: REDD+ projects reforestation attempts in many regions of the continent. In addition, there are new initiatives aimed at protecting the Congo Basin forests, experimenting with new carbon credits that could typically include biodiversity elements, as discussed in the Biodiversity COP16 in October 2024.

Therefore, many African governments have high expectations from carbon markets. By August 2024, 67% of them had established an institution in charge of carbon markets under Article 6.4 and submitted it to the UNFCCC, a preliminary step to abide by

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20. *The Africa Carbon Markets Initiative. A Wolf in Sheep's Clothing*, op. cit.

21. C. King, "What Next After 'Bewildering' Climate Offsetting Ban Call?", *Sustainability Magazine*, July 9, 2024, available at: <https://sustainabilitymag.com>.

22. "Africa Can Harness the Global Carbon Markets to Advance Climate and Development Goals", Gold Standard, July 3, 2024, available at: [www.goldstandard.org](http://www.goldstandard.org).

Article 6.4 rules, compared to 52% of Asian countries and 43% of Americans.<sup>23</sup> Some countries are already well advanced in terms of carbon market developments, as shown in Table 1. In parallel, the ACMI was launched in 2022 during COP27 and aims at supporting and accelerating the development of carbon markets in Africa, with the objectives of participating in the creation of 30 million new jobs by 2030, and 50 million by 2050, but also \$6 billion of carbon credits mobilized per year by 2030 and a total of \$100 billion by 2050, as well as 300 megatons of avoided emissions by 2030 and between 1.5 and 2.5 by 2050.<sup>24</sup>

**Table 1. Selection of African countries' achievements or plans for carbon markets**

Countries	Significant achievement or plan
South Africa	The Johannesburg Stock Exchange (JSE) partners with Xpansiv to develop a national voluntary market
Ghana, Senegal, Ethiopia, Kenya, Gabon <sup>25</sup>	More or less advanced partnerships with other countries on Article 6.2 mechanisms (ITMO)
ECOWAS region	Plan to develop an ETS, that could lay the ground for the development of Article 6 mechanisms
Kenya, Rwanda	Leaders, with advanced and mature institutions for voluntary and compliance carbon markets

Sources: R. Zhou, "The Development of Voluntary Carbon Emissions Trading Systems in South Africa", *Climate Scorecard*, June 9, 2024, available at: [climatescorecard.org](https://climatescorecard.org); Voluntary Carbon Market: Casablanca Finance City and CDG forge a Strategic Partnership", *Business Wire*, September 25, 2024, available at: [businesswire.com](https://businesswire.com).

Governments hope for new financial opportunities but also want to reap the political benefits of such initiatives. The Democratic Republic of Congo (DRC) announced in 2023 its ambitions to use a percentage of its carbon revenues to support African countries that are the most vulnerable to climate change. Governments are also keen to host a potential global carbon credits trading exchange. They are also actively pushing for a credit price floor for carbon credits, a proposal likely to be put forward during the COP29 negotiations in Baku.<sup>26</sup>

However, African countries need institutions with sufficient resources, staffed with carbon market experts, transparency and governance. This can be a problem, as highlighted in the regular assessments such as the biannual updated reports (BUR) of the

23. Carbon Pulse, August 7, 2024.

24. More information on: [www.seforall.org](https://www.seforall.org).

25. M. Jaspal, "Potential or Peril: Carbon Trading in Africa", Policy Center for the New South, June 11, 2024, available at: [www.policycenter.ma](https://www.policycenter.ma).

26. The Republic of Congo has been supportive of this idea for a long – see C. Van Offelen, "La diplomatie 'verte' du Congo-Brazzaville", *Revue Conflits*, November 27, 2023, available at: [www.revueconflits.com](https://www.revueconflits.com).

UNFCCC.<sup>27</sup> This lack of transparency opens the door to potential human rights violations, typically involving local communities expelled from their land.<sup>28</sup> Coordination between the different governments could also become an issue if buyers use competition between the countries to lower the price of carbon. In that sense, a minimum price would be a key achievement, if governments manage for this proposal to be adopted during the negotiations. However, questions remain about the potential price, which should be high enough to bring benefits to the countries, but not discourage investors.

### ***Latin America: a market led by Brazil and the Amazon***

Latin America represents 20% of the global carbon credit generation, and the region could take advantage of natural carbon sinks such as the Amazon. Countries like Colombia, Chile and Mexico have established national carbon taxes and Brazil, under President Lula's new term, is moving forward with new projects.<sup>29</sup> In September 2024, the State of Pará, stroke what is said to be the largest carbon credit sale in history with the purchase of credits from

the Amazon forest worth \$180 million. Buyers include 30 large corporations, such as Amazon, Bayer, BCG or H&M, which will pay \$15 for each ton. The United Kingdom (UK), the US, Norway and South Korea are backing the deal.<sup>30</sup>

Other countries are rushing to sign new deals, sometimes at the expense of transparency and integrity. Typically, the government of Paraguay revised its regulations before COP28 to accommodate new deals and eventually signed one with Singapore. However, concerns have been raised about the integrity of the agreement.<sup>31</sup> In Guyana, the government is criticized for the lack of transparency of the deals, with local communities that are not benefiting from the money earned with the carbon credits.<sup>32</sup>

### ***Developing Asia: a strong potential to be confirmed***

Asian countries are also experiencing a carbon market momentum, though the region may not be as attractive as Africa or Latin America, at least for the time being. Most countries of the region are developing domestic carbon pricing frameworks, allowing them to

Asian countries are also experiencing a carbon market momentum

27. For instance, a recent BUR highlighted transparency issues in the DRC forestry sector: "Technical report on the technical analysis of the technical annex of the first biennial update report of the Democratic Republic of Congo submitted in accordance with decision 14/CP.19, paragraph 7, on 30 December 2022", UNFCCC, May 29, 2024.

28. See for instance D. Dunne et al., "Mapped: The Impacts of Carbon-offset Projects Around the World", op. cit.

29. G. Harrington et al., "Carbon Markets in Latin America", LACCA, April 3, 2024, available at: <https://latinlawyer.com>.

30. S.Rodriguez, "Amazon State That Will Host COP30 Strikes 'Largest Carbon Credit Sale in History'", *Climate Home News*, September 27, 2024, available at: [www.climatechangenews.com](http://www.climatechangenews.com).

31. M. Manzoni, "Paraguay's Carbon Deal with Singapore Beset by Lobbying, Lax Rules", *Climate Home News*, March 14, 2024, available at: [www.climatechangenews.com](http://www.climatechangenews.com).

32. M. Hastings, "Guyana's Carbon-credit Deal to Protect Forests Undermines Its Forest Protectors", *Climate Home News*, October 3/2024, available at: [www.climatechangenews.com](http://www.climatechangenews.com).



integrate compliance carbon pricing into their national climate plans. Rule clarification, an agreement around Article 6 and the expected market growth may benefit the region, and make it a world leader.<sup>33</sup> Indonesia, home of one of the three main world carbon sinks (along with the Amazon and the Congo Basin) and a coal producer is often seen as having an important market potential, though its domestic carbon exchange, launched in late 2023, did not meet the expectations.<sup>34</sup>

## ***The demand side***

### The Gulf countries – new players setting new rules

The development of voluntary and compliance carbon markets has also generated interest in the Gulf region. For these oil and gas-producing countries, carbon markets are seen as a way to compensate for the related emissions. Local actors seem to be approaching carbon markets in a pragmatic and business-oriented manner, investing vast amounts of money to secure the supply of credits in countries they deem as a priority (mostly in Africa). Over the past two years, countries have launched new initiatives, that have the potential to reshape the market.

In 2022, Saudi Arabia established a Regional Voluntary Carbon Market Company (RVCMC).<sup>35</sup> It enables companies, governments or individuals to buy and sell carbon credits. In 2023, the RVCMC bought carbon credits from a group of African countries, representing the equivalent of 2.2 million tons of GHG emission, and sold them to Saudi companies.<sup>36</sup> The company is said to be holding 1.3% of the global carbon trading market and could reach 100 million tons by 2030. It plans the launch of a new carbon trading platform and a new auction in Baku, during the COP29, representing 2.5 to 3 million metric tons of carbon credits.<sup>37</sup>

In 2023, Qatar launched its Climate Action Center for Excellence (CACE) which proposes support to countries to develop carbon markets and implement Article 6. It established an ITMO platform, which selected its first auction project in October.<sup>38</sup>

In the United Arab Emirates (UAE), the Blue Carbon company has attracted media attention as it signed a deal with five African countries to generate offsets on pieces of land

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33. “International Carbon Market Update: States and Trends in the Asia Pacific”, Carbon Market Institute, August 2024, available at: <https://carbonmarketinstitute.org>.

34. J.Rachman, “Slow Start for Indonesia’s Much-hyped Carbon Market”, *Climate Home News*, November 20, 2024, available at: [www.climatechangenews.com](http://www.climatechangenews.com); T. Michel, “The Prospects of Indonesia’s Nickel Boom Amidst a Systemic Challenge from Coal”, *Ifri Papers*, May 2, 2024, available at: [www.ifri.org](http://www.ifri.org).

35. “MENA Carbon Market Likely to Reach Around 150m Tons by 2030”, *Arab News*, October 11, 2023.

36. “RVCMC Successfully Sells Over 2.2 Million Tonnes of Carbon Credits at Largest-ever Voluntary Carbon Credit Auction Even in Nairobi, Kenya”, Saudi Press Agency, June 15, 2023, available at: [www.spa.gov.sa](http://www.spa.gov.sa).

37. “Saudi Arabia Aims for Global Carbon Market Share Equal to Regional Emissions”, *Asharq Al-Awsat*, October 1, 2024, available at: <https://english.aawsat.com>.

38. More information on: <https://cace.gord.qa>.

that represent 7.5 million hectares (the size of the UK).<sup>39</sup> During COP28, the UAE also committed to acquire \$420 million of African carbon credits by 2030.<sup>40</sup>

### Other countries: advancing in a piecemeal fashion

The US has repeatedly expressed high-level support for the development of carbon markets. At COP28 in late 2023, while he was Climate Special Envoy, John Kerry expressed strong support for the VCMs. In 2024, the White House published an official Statement aiming at “responsible participation”, and to promote high integrity.<sup>41</sup> The

United States Agency for International Development (USAID) is actively working on the topic.<sup>42</sup> This support may fade if Donald Trump is to win the coming presidential election. However, international carbon markets are supported by American companies and influential NGOs such as the Nature Conservancy.

In addition to its ETS, the European Union (EU) is supportive of the development of international carbon markets, and many European companies from different sectors are active in the voluntary markets. At COP28, Ursula von der Leyen joined

John Kerry to push for a revival of the market,<sup>43</sup> and an EU task force was established to focus on Article 6.<sup>44</sup> However, EU member states have so far been reluctant to engage in ITMOs, like Switzerland and Norway did. This may change, as Sweden signed in late September an agreement with Rwanda to work together on ITMO.<sup>45</sup> Rumors are that Germany may also be considering using Article 6 mechanisms to reach its climate targets.

Finally, in Asia, countries like South Korea, Singapore and Japan are active in signing Memorandums of Understanding to develop ITMOs in various parts of the world. China’s position is more ambiguous, focusing for the time being on its ETS, and exploring options to open it internationally.<sup>46</sup> Meanwhile, Chinese companies are showing some appetite to invest abroad in projects that could lead to the release of carbon credits.<sup>47</sup>

## International carbon markets are supported by American companies and influential NGOs

39. “A UAE Company Has Secured African Land the Size of the UK for Controversial Carbon Offset Projects”, *CNN*, November 23, 2023, available at: <https://cnn.com>.

40. “UAE Carbon Alliance Pledges to Purchase USD450 Million in African Carbon Credits by 2030”, *Khaleej Times*, September 4, 2023, available at: [www.khaleejtimes.com](http://www.khaleejtimes.com).

41. *Voluntary Carbon Markets Joint Policy Statement*, The White House, May 2024, available at: [www.whitehouse.gov](http://www.whitehouse.gov).

42. See for instance “Carbon Credits for Off-grid Solar in Sub-Saharan Africa. Lessons from Energy-access Companies in the Voluntary Carbon-credit Market”, USAID, Power Africa, June 2023, available at: <https://usaid.gov>.

43. P. Greenfield and F. Harvey, “Critical or Concerning? COP28 Debates Role of Carbon Markets in Climate Crisis”, *The Guardian*, December 13, 2023, available at: [www.theguardian.com](http://www.theguardian.com).

44. *Carbon Pulse*, April 17, 2024.

45. “Rwanda and Sweden Sign Memorandum of Understanding to Cooperate on the Implementation of Article 6 of the Paris Agreement”, Ministry of Environment of Rwanda, *Updates*, no date, available at: [www.environment.gov.rw](http://www.environment.gov.rw).

46. A. Lake Zhu and Q. Wu, “Analysis: Will COP28 Bring Us Closer to a Global Carbon Market?”, *Dialogue Earth*, November 28, 2023, available at: <https://dialogue.earth>.

47. S. Rodriguez, “Chinese Companies Seek Global Carbon Market for Green Hydrogen”, *Climate Home News*, August 8, 2022, available at: [www.climatechangenews.com](http://www.climatechangenews.com); “Congo/Forêts : La pays cède plus de 20 000 ha à la société Xian He pour

## Conclusion: a deal for COP29 (or after)?

Carbon markets are likely to be one of the hottest topics at COP29, though many experts do not believe that the negotiators will be able to strike a deal before COP30.<sup>48</sup> Disagreements include the definition of standards for carbon credit projects and assessment, transparency, or the centralization of the carbon markets. Some countries want restrictive rules and some advocate for light oversight.<sup>49</sup> The topic could also influence the conversations about the new global climate finance goals. African countries could, for instance, ask for a minimal price of the carbon ton to be included in these goals.

Still, carbon markets will continue to grow, under Article 6 or not, and for the better or the worse. The recent scandals have shed light on the imperfections of these markets and the need for better regulation. This is positive, as it shall improve the integrity, transparency and therefore the efficiency of these markets. The question remains on how efficient these markets can be in addressing deforestation, accelerating the energy transition or simply mitigating climate change.

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48. Personal conversations held in early October 2024.

49. "Bonn Climate Talks: Key Outcomes from the June 2024 UN Climate Conference", Carbon Brief, June 14, 2024, available at: [www.carbonbrief.org](http://www.carbonbrief.org).



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