

CARE'S 10 MINIMUM REQUIREMENTS FOR CARBON FINANCE PROJECTS



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This paper sets out the minimum requirements CARE applies whenever it engages in carbon finance projects. It defines the 10 requirements that decide whether and how CARE takes part, across project design, implementation, monitoring and evaluation, and CARE presents them to all prospective partners as the basis on which it will engage.

The requirements place particular weight on gender equality, including women's role in community engagement and FPIC, benefit-sharing and revenue transparency, and on integrity considerations such as carbon rights and biodiversity co-benefits.

They build on recognized external standards rather than replacing them: Verra and Gold Standard for certification; the ICVCM Core Carbon Principles and the VCM Claims Code of Practice for credit quality and credible claims; and standards that verify community and gender outcomes, including the W+ Standard for women's empowerment. More detailed guidance sits in three annexes, available on request: Annex 1, Guidance on Risk Assessment Approaches for Carbon Finance Projects; Annex 2, CARE Carbon Finance Due Diligence Guidance; and Annex 3, Carbon Finance MEAL Framework.

Context

Carbon finance has increasingly been identified as an emerging innovative financing mechanism, and a growing number of NGOs are exploring it to fund community-level climate action. For CARE, it is one way to diversify the funding needed to deliver its Climate Justice Strategy 2030, whose goal is for 25 million poor and marginalized people, particularly women and girls, to strengthen their resilience to climate change. With funding for climate action still largely insufficient, carbon finance offers access to innovative, results-based finance that flows back to communities. The Climate Justice Strategy points to equitable carbon finance models as a way to both build resilience and contribute to emissions reductions. At the same time, persistent and well-documented shortcomings in market quality and integrity require a cautious approach, which is why CARE engages only on clearly defined terms, informed by lessons from projects such as Restore Africa in Malawi and BACHAT. Carbon credits are a complement to, never a substitute for, real emissions reductions. For CARE to engage ethically and in line with its Climate Justice Strategy, Global Strategy and 2030 Vision, carbon finance projects must strengthen communities' resilience, deliver measurable gender equality outcomes, and generate co-benefits across CARE's impact areas, particularly the Right to Food, Water and Nutrition. They must also complement ambitious emissions reductions by the entities buying the credits.

Carbon Finance is not Climate Finance

Climate finance is defined under the UNFCCC and grounded in common but differentiated responsibilities: high-emitting countries with greater capacity are expected to provide public finance for climate action elsewhere, as set out in Article 9 of the Paris Agreement and following climate finance commitments such as the New Collective Quantified Goal. Carbon finance falls outside those obligations and must never be counted towards them or used as a substitute for them. CARE treats it as an additional, complementary source of funding, and continues to advocate for the full delivery of climate finance obligations.

CARE's carbon finance work to date has been in the voluntary carbon market, and these requirements are written with that market in mind. The distinction between carbon finance and climate finance applies across carbon markets as a whole, and is reflected in CARE's wider policy engagement. CARE is among the signatories to the June 2025 open letter coordinated by CAN Europe, which calls on the EU to meet its 2040 climate target and NDC domestically rather than through the purchase of international credits. In making that case, the letter argues that credits bought in this way would represent a transaction rather than a climate finance contribution and that they are not a substitute for the domestic emission reductions needed under the Paris Agreement. Compliance mechanisms, including those under Article 6, fall outside the scope of this document.

CARBON FINANCE

- Carbon market transaction
- Voluntary or compliance market mechanism
- Purchase of carbon credits
- Generates funding through credits
- Additional or complementary only
- Cannot be counted toward climate finance obligations

CLIMATE FINANCE

- UNFCCC / Paris Agreement
- Obligation of developed countries
- Public finance commitments
- Supports climate action
- Must be delivered

Building on Existing High-Integrity Standards

Rather than creating its own definition of a credible carbon credit, CARE builds its requirements on the established standards that already govern integrity in the voluntary carbon market. This keeps projects measurable against the same benchmarks as the wider sector and avoids duplicating work that recognized bodies already do well. These standards fall into three groups.

STANDARD / FRAMEWORK	PURPOSE & KEY FEATURES
CERTIFICATION PROGRAMS (Certify projects & issue credits)	
<u>Verra (VCS)</u>	Program for nature-based and other project types.
<u>Gold Standard</u>	Requires social and sustainable-development co-benefits alongside emission reductions.
<u>Plan Vivo</u>	Community-led standard for smallholder land-use projects requiring at least 60% of credit revenue to flow to communities.
INTEGRITY BENCHMARKS & FRAMEWORKS (Define high-quality credits; do not certify projects)	
<u>ICVCM Core Carbon Principles</u>	Global threshold for credit quality. CARE prioritizes methodologies meeting CCPs.
<u>VCMI Claims Code of Practice</u>	Sets guidelines for what buyers can credibly claim when using carbon credits.
<u>SBTi Corporate Net-Zero Standard</u>	Framework ensuring credits complement, rather than substitute, a buyer's own emissions reductions (v2.0, June 2026).
CO-BENEFIT & COMMUNITY STANDARDS (Verify social, biodiversity, & gender outcomes)	
<u>CCB Standards</u>	Verifies social and biodiversity co-benefits of land-use projects (co-funded by CARE, managed by Verra).
<u>SD VISta</u>	Verifies contributions to UN SDGs across carbon or non-carbon projects (managed by Verra).
<u>W+ Standard</u>	Measures and finances women's empowerment, requiring at least 20% of credit revenue to go to women's groups.

These verification standards were mainly built to quantify and verify carbon, not to secure the social and gender outcomes CARE exists to deliver. Social and gender provisions rarely go beyond consultation and the avoidance of harm, and few standards set a floor for the revenue reaching communities. Demand-side integrity initiatives such as the VCMI Claims Code and the Science Based Targets initiative do set conditions on how buyers use credits, requiring companies to reduce their own emissions before making claims, but adherence is voluntary, and uptake remains partial. CARE therefore sets minimum requirements on top of certification rather than treating it as sufficient: certification establishes that a credit is credible as a carbon instrument, while CARE's requirements set the floor for whether a project is acceptable as a development intervention.

While certification is essential, it cannot on its own guarantee that a credit will prove effective. What matters most to CARE is therefore that a project's value to communities never depends on the carbon alone. Every CARE project must first and foremost improve people's livelihoods: more secure and diversified income, stronger rights over land and resources, and greater resilience for the households most exposed to climate shocks. These are real gains that communities keep, whatever happens to the credits. Even where carbon crediting is delayed, reduced, or does not proceed, a project that has strengthened livelihoods has still delivered what CARE set out to achieve. This is what most clearly sets CARE's approach apart: the improvement in people's lives is the measure of success, and the carbon is what helps finance it, not the other way round.

CARE's Minimum Requirements for Carbon Finance Projects

For CARE's engagement in carbon finance to be effective, the following requirements are non-negotiable and must be prioritized throughout a project cycle. They form CARE's minimum requirements and are presented to all prospective partners as the basis on which CARE will engage.

CARE will **not** engage where:

- FPIC cannot be demonstrated
- indigenous/community land rights are violated
- Projects involve conversion of natural ecosystems
- Communities do not receive equitable benefit sharing
- Women are excluded from governance
- Buyers rely on credits instead of emissions reductions
- Serious safeguarding violations exist
- Carbon rights remain legally disputed

1 COMMUNITY ENGAGEMENT

CARE takes a participatory and people-centred approach to project design. We co-create solutions with local communities, especially women, ensuring they are meaningfully involved in decision-making and receive a fair share of the benefits. This means fostering co-creation, co-development and community ownership, and adhering to the principles of Free, Prior, and Informed Consent (FPIC), in line with the safeguarding requirements of standards such as Gold Standard and the CCB Standards.

FPIC processes must distinguish between procedural compliance (the minimum floor: all community members are informed and have the opportunity to consent) and substantive participation (the goal: women and marginalized groups are able to meaningfully shape project design, free from social sanctions or structural barriers to dissent). Where structural barriers exist, including male gatekeeping of community spaces, limited women's mobility, or social norms discouraging women's public disagreement, CARE and its partners must adapt consultation processes to address these conditions, not document them as context and proceed regardless.

FPIC processes must also be designed and timed so women can participate fully, for example through separate consultations for women where social norms limit mixed-group participation, the use of women facilitators, and meeting at times and locations accessible to women given their care and labor responsibilities.



CARE prioritizes social impact and accountability through a framework that incorporates:

- Social analysis and social accountability models: methodologies such as Community Score Cards to empower communities and promote transparency.
- CARE's gender and resilience markers.
- Safeguarding measures: every carbon finance project undergoes a safeguarding assessment and stakeholder consultations to identify and mitigate risks, minimize adverse effects, and prevent rights violations.
- Carbon rights assessment: before project registration, CARE assesses who holds legal and customary carbon rights in the project area, and whether women are excluded from or disadvantaged in those frameworks. This feeds into project design and benefit-sharing. Where women's carbon or land rights are insecure, CARE advocates for their inclusion and ensures project activities do not inadvertently formalize male-only rights

WORKERS' RIGHTS

Communities and workers are not the same group, and carbon projects create both, employing people as nursery and planting crews, rangers, and monitoring and seasonal staff. Existing standards reference International Labor Organization (ILO) conventions within their safeguarding policies. To build on that, CARE requires workers' rights to be protected as a distinct area, including freedom of association, collective bargaining, fair wages, safe and lawful working conditions, and grievance and social dialogue channels separate from community mechanisms, with particular attention to seasonal and casual workers and to women confined to lower-paid or informal roles.



2

ADVANCE GENDER EQUALITY, INCLUSION AND SAFETY

Gender justice and women's economic justice are central to CARE's climate work, and every carbon project must actively contribute to them. CARE therefore requires a comprehensive Gender and Power Analysis, including a dedicated GBV risk assessment, integrated into project design, budgeting, implementation, and monitoring. This analysis must operate across three levels: (a) Agency, women's individual capabilities, knowledge, confidence, and decision-making autonomy; (b) Structure, the formal and informal rules, institutions, and resource systems that shape women's access to carbon revenues, land, governance roles, and economic opportunities; and (c) Relations, the distribution of power between women and men within households, communities, and project governance structures. The analysis must explicitly identify opportunities for women to shape carbon co-benefits, design livelihood models, influence land-use decisions, and determine equitable benefit-sharing priorities.

BUDGETING AND RISK

- Budget lines for gender-responsive activities, including GBV safeguarding, women's capacity building, gender-sensitive MEAL, and separate women's consultations, must be explicit and ring-fenced, not absorbed into general project costs or negotiated away in cost discussions with investors or donors.
- Risk assessments must address sexual exploitation, abuse and harassment (SEAH); child abuse; gender-based violence (GBV); reinforcement of harmful gender stereotypes; conflict; human rights violations; and inappropriate data management. GBV risk must be reassessed at key project milestones, not only at the design stage.

WOMEN-LED CO-BENEFITS AND EQUITY OUTCOMES

Women must directly influence the selection, design, distribution, and monitoring of co-benefits. Co-benefits cannot be pre-determined by project developers, investors, or CARE and then merely validated by women; they must emerge from women-led consultations as part of project design.

- A women-led co-benefit consultation must be documented at the feasibility and design stage, with findings formally recorded and traceable to the project's co-benefit design.
- The menu of co-benefits must reflect priorities identified by women, tracked as a key performance indicator throughout implementation.
- Women's economic justice outcomes, including income, assets, reduced unpaid labor burden, and improved decision-making, must be reported alongside carbon metrics as equal measures of project success.
- Post-crediting sustainability plans must explicitly address how women's gains will be protected beyond the project lifecycle, including economic gains, governance roles, and land and carbon rights.

3 EMPOWERING COMMUNITIES THROUGH FAIR BENEFIT-SHARING

CARE integrates transparent benefit-sharing mechanisms that prioritize equity and inclusion, and maximize the carbon revenue reaching the communities we work with, so that all community members, especially women, are justly compensated for their contributions.

- Maximize community share, transparently. CARE aims to return as much carbon revenue as possible to communities, prioritizing adaptation, rather than letting value be captured by intermediaries. Benefit-sharing should be a percentage of gross revenue, not net revenue or profit, so the share is calculated on a transparent figure rather than after deductions the community cannot verify. The full value chain, including developer, broker and intermediary margins, must be disclosed. Recognized standards offer a useful floor: Plan Vivo requires at least 60% of revenue to reach communities, and W+ at least 20% to women's groups.
- Communities manage the money, not just receive it. Wherever possible, communities should have a formal role in managing and distributing revenue, giving them genuine decision-making power and a long-term stake.
- Track who benefits, disaggregated by sex. Plans must report not only how much revenue reaches communities, but what proportion is received and controlled by women, individually and through women's groups. "Community benefit" flowing mainly through male-controlled structures does not meet CARE's gender equality standard.
- Co-design with women, not just review by them. Women must have a formal role in shaping the menu of non-monetary benefits, and their adaptation priorities, such as clean cooking, water security, and food system resilience, must be protected from capture by intermediaries or male-dominated governance bodies.
- Accounting communities can read. Transparency must be accessible to women with limited literacy through oral briefings, visual formats, and community disclosure sessions; written-only reporting to community "leaders" is not enough.
- Dispute resolution and review. Long crediting periods mean communities commit for many years, so getting benefit-sharing terms right before signing is essential, and agreements must include transparent dispute resolution procedures and scheduled periodic review. While the underlying carbon commitment cannot easily be undone, the terms of benefit-sharing, including how revenue is shared, how funds are used, and how disputes are handled, should be reviewed at defined intervals and adjusted where circumstances change, so communities retain a meaningful voice over the life of the project rather than only at the outset.

4 EFFECTIVE CARBON REDUCTIONS & ENVIRONMENTAL STEWARDSHIP

Aligned with CARE's Climate and Environment Policy (CEP), every CARE project undergoes comprehensive environmental screening before it proceeds. CARE also commits to reducing its own program and office emissions. CARE prioritizes effective carbon reduction and avoidance, ensuring tangible, measurable greenhouse gas outcomes, and works only through internationally recognized certification programs such as Verra and Gold Standard, prioritizing methodologies that meet the ICVCM Core Carbon Principles. These ensure clear, quantifiable emission reductions verified by independent third parties.

LEAKAGE ASSESSMENT AND MITIGATION

Emission reductions are only real if they are not cancelled out by higher emissions elsewhere, such as when protecting one area shifts deforestation, grazing or fuelwood collection beyond the project boundary. Certification standards such as Verra and Gold Standard already require leakage to be estimated and deducted from the credits claimed, which protects the carbon accounting. CARE requires more: because displaced activity usually reflects real needs for land, fuel or income, a project must present a credible leakage assessment and, where risk is material, mitigation protocols that address those needs rather than simply excluding people, linking leakage control to benefit-sharing and adaptation design.

ENVIRONMENTAL AND BIODIVERSITY SAFEGUARDS

Carbon projects must deliver a net positive impact on the local environment, not only on the carbon balance. Screening and project design must therefore look beyond tonnes of CO₂ to the wider ecosystem, and in particular should:

- Protect existing natural ecosystems. Never convert or degrade natural habitat (forest, wetland, grassland, mangrove) to establish a carbon project. Conversion of natural ecosystems to plantations is a clear red flag.
- Favour native and diverse species over monocultures, avoid invasive species, and design for habitat connectivity, so the project restores biodiversity rather than simply maximising carbon.
- Safeguard soil and water. Maintain soil health and avoid water-intensive species in water-scarce areas, so the project does not compromise local water availability or land productivity.
- Verify biodiversity and environmental co-benefits through recognized standards where appropriate, such as the CCB Standards or the SD VISTA Nature Framework, rather than asserting them.
- Plan for permanence and resilience with contingency measures for fire, pests, drought and other climate risks, supported by community engagement, Early Warning Systems, and sustainable land management. *Annex 1* (Guidance on Risk Assessment Approaches for Carbon Finance Projects) sets out how these environmental and permanence risks are assessed at each project stage.



WOMEN-SPECIFIC CLIMATE VULNERABILITIES

The climate rationale must also demonstrate how the project addresses women's specific climate vulnerabilities, which often differ from men's: increased labor burden from water scarcity and crop failure; heightened food insecurity given women's role as primary food providers; reduced mobility and market access during climate events; and disproportionate health impacts from indoor air pollution and contaminated water. Community priorities, including those identified by women, must be reflected in the project's adaptation logic, not only in the carbon methodology.

CAUTION ON AVOIDED DEFORESTATION CREDITING

Project types differ in integrity risk. Avoided deforestation crediting relies on estimating the deforestation that would have happened without the project, and independent studies have found these counterfactual baselines are frequently overstated, so many projects over-credit. Because the baseline is hypothetical, this risk is structural. CARE therefore treats avoided deforestation crediting with particular caution and prioritizes project types where reductions or removals can be directly measured, such as ecosystem restoration.

MEASURABLE ADAPTATION OUTCOMES

Adaptation is central to CARE's mandate, and carbon finance matters to CARE largely because the revenue it generates can build community resilience. CARE therefore engages only where a project delivers measurable adaptation outcomes alongside mitigation, with particular benefit for the most vulnerable households. This is not a competing objective but a use of the revenue mitigation generates: where benefit-sharing is well designed, adaptation outcomes follow. Projects must show how revenue and co-benefits strengthen resilience in the priorities communities identify, such as water security, food and livelihood resilience, and clean cooking, and must track these alongside carbon and women's economic justice metrics.

5 RESPONSIBLE INVESTMENT: DUE DILIGENCE

Before partnering on any carbon project, CARE verifies that the investors and buyers it works with, whether private or public, have demonstrated substantial reductions in their own emissions (Scopes 1 and 2) and are using carbon finance as part of a credible climate strategy, not as a substitute for reducing their own emissions. We aim to promote a 'contribution claim' model over 'offset claims,' advocating for a holistic approach to climate change by actively reducing emissions, supporting host countries in meeting Paris Agreement goals, and utilizing internal carbon pricing policies. CARE assesses each partner's climate commitments, use of credits, and any history of greenwashing or (gender) rights violations that would create reputational or ethical risk for the communities we work with.

This assessment is carried out using *Annex 2* (CARE Carbon Finance Due Diligence Guidance), which complements CARE's existing corporate partnership due diligence and works across three layers: the project developer or delivery partner (technical capacity, governance, track record, and what share of revenue reached communities in past projects); the corporate buyer or investor (climate targets, genuine emissions reductions, intended use of credits, and greenwashing risk); and the project itself (its alignment with CARE's minimum requirements). The tool supports informed decisions at each stage but does not by itself decide whether a project proceeds.

Due diligence does not end when a partnership begins. CARE reserves the right to suspend or withdraw from a partnership where credible evidence shows a material breach of these minimum requirements at any stage, not only at entry, giving due regard to the interests of the communities involved.

6 FAIR PRICING FOR CARBON CREDITS: REFLECTING TRUE COSTS

Carbon credits should be priced to reflect their real environmental impact and the robustness of project quality and integrity. Reversal risk is managed through the buffer pools operated by certification standards, into which a share of credits is withheld to cover losses from fire, drought or other events. CARE requires that buffer contributions are accounted for in project budgets and that communities are not left bearing the financial consequences of reversals outside their control. CARE advocates for a minimum price that accounts for:

- The true cost of carbon removal or reduction: the actual cost of removing or avoiding one ton of CO₂.
- Full project implementation costs: including design, MRV, certification, and communication.
- The full cost of gender-responsive implementation: GBV safeguarding and referral pathways, women's leadership and capacity-building, gender-sensitive MEAL (including sex-disaggregated data and women's community monitoring roles), and separate women's consultations.

These gender-responsive costs are core components of program quality, not optional line items to be reduced or negotiated away in price discussions with buyers or investors. Pricing on this basis is what makes carbon finance projects sustainable and keeps benefit-sharing fair.

FAIR CARBON CREDIT PRICE

Gender-Responsive Implementation Costs

- GBV Safeguards
- Women's Leadership
- Gender-Responsive MEAL
- Women's Consultations

Project Implementation Costs

- Design
- MRV
- Certification
- Communication

True Cost of Carbon

Removal/Reduction

7 ROBUST MONITORING AND VERIFICATION

CARE works only through projects verified to internationally recognized standards, such as Verra and Gold Standard, that apply rigorous, transparent, long-term systems to measure and verify carbon outcomes, and prioritizes methodologies meeting the ICVCM Core Carbon Principles. On top of this technical MRV, every project applies robust MEAL covering the social, economic, gender and environmental outcomes for communities, treating these as equal measures of project performance alongside carbon.

CARE's added requirements are set out in *Annex 3* (Carbon Finance MEAL Framework), which applies gender-transformative MEAL principles to the carbon context. It requires sex-disaggregated data, monitoring of women's economic empowerment (income, assets, labor burden, and decision-making power) alongside carbon metrics, community ownership of monitoring with women trained as community monitors rather than only data sources, and participatory learning that feeds back into adaptive management and advocacy.

8 ADHERENCE TO LOCAL LAND LEGISLATION AND LAND RIGHTS

CARE works only in carbon projects that conduct comprehensive feasibility analysis and due diligence to identify and respect existing land rights, including customary and Indigenous land tenure systems. Projects support locally led, participatory approaches and comply with national and local laws on land use, land tenure, and environmental protection. CARE establishes mechanisms for regular communication, feedback, and grievance redress to address community concerns promptly. Where carbon markets lack regulation, CARE advocates for fair, equitable, internationally recognized mechanisms that safeguard communities and prioritize their wellbeing.

Where women face inequitable land and natural resource rights, whether formally or in practice, CARE's due diligence must explicitly assess how carbon project activities interact with those rights. This includes whether carbon rights are linked to land title that women do not hold; whether community-level carbon agreements could inadvertently formalize male-only resource control; and whether project revenues might generate land conflict that puts women's customary access at risk. CARE advocates for women's inclusion in land and carbon tenure systems and ensures project activities do not inadvertently erode women's customary land access.

9 EQUITABLE PARTNERSHIPS

CARE works through equitable partnerships with local civil society organisations, in-country partners, and community representatives to protect rights and strengthen community capacities and resilience. Together we put in place mechanisms that safeguard communities' rights and interests and uphold them beyond project completion, aligned with the principles of Free, Prior, and Informed Consent (FPIC). During project design, CARE collaborates with investors and donors to integrate and resource these mechanisms. These partnerships follow CARE's commitment to locally led approaches and shifting power to local actors, working in ways that reinforce rather than replace existing capacities.

Where possible, CARE partners with women-led organisations with expertise in gender rights and women's economic justice in the relevant context. At a minimum, CARE verifies that partners can meaningfully support women's participation and rights protection, not only community representation in general.

10 CARE'S EFFECTIVE MANAGEMENT OF CARBON FINANCE FUNDS

CARE treats carbon finance income as restricted funding. It must not be used as unrestricted, pooled, or reserve funds, and is instead directed to scaling up projects, financing new ecosystem programs, and benefiting communities. Carbon finance must never divert official development assistance (ODA). CARE also pursues multiple funding sources to reduce dependence on volatile carbon markets.

Gender-responsive activities are protected line items within this funding. Budget reductions under cost pressure must not fall disproportionately on gender safeguarding, women's capacity building, or gender-sensitive MEAL, and CARE tracks gender expenditure on its carbon finance programs.



Applying CARE's Minimum Requirements Across the Project Lifecycle

Carbon projects evolve, and information, partnerships, risks, and opportunities only become clear over time. CARE's 10 minimum requirements are therefore not a one-time test but a continuous framework for decision-making, risk management, and accountability across the whole project lifecycle. At each stage, CARE assesses whether a project still aligns with the requirements, which lets CARE catch risks early, strengthen quality over time, and decide whether and how to continue. Early stages carry significant unknowns; later stages bring more technical, financial, legal, social, and environmental detail, so continuous review and adaptive management are essential.

Indicative check-in points:

PROJECT STAGE	PURPOSE OF REVIEW
1. Initial engagement and identification	Preliminary check against the 10 requirements and CARE values: potential partners, intended activities, and major red flags or exclusion criteria. Significant information gaps may remain.
2. Feasibility and project design	Detailed review of land tenure, carbon rights, community engagement and FPIC, environmental and social safeguards, benefit-sharing, financial viability, and alignment with CARE's Climate Justice objectives.
3. Identifying investors, buyers, or partners	Partner due diligence: climate commitments, genuine emissions reductions, intended use of credits, reputational risk, transparency, and contractual terms (see <i>Requirement 5</i> and <i>Annex 2</i>).
4. Validation and implementation	Verification that governance, safeguarding, grievance mechanisms, MRV, and community participation structures are operational and working.
5. Credit issuance and revenue distribution	Review of transparency, benefit-sharing in practice, financial accountability, and whether community benefits and safeguards are actually being delivered.
6. Ongoing monitoring and adaptive management	Continuous monitoring of environmental integrity, social impacts, community engagement, permanence, regulatory developments, and emerging risks.

CARE has the right to review its engagement at any stage should significant concerns arise regarding human rights, environmental integrity, transparency, safeguarding, or alignment with its minimum requirements and Climate Justice principles. Detailed guidance is in *Annex 1* (Guidance on Risk Assessment Approaches for Carbon Finance Projects), and *Annex 2* on Due Diligence.

Conclusion

CARE engages in carbon finance only where it strengthens community resilience, advances gender equality, and delivers real climate impact. The ten minimum requirements in this paper are CARE's threshold for that engagement: the basis on which we negotiate with any partner, whether a company, donor, government, INGO, or investor, and a continuous test applied across the project lifecycle, not a one-time check. Throughout, communities, especially women, must be the drivers of decisions, not the investors. Carbon finance is a complement to ambitious emissions reductions, never a substitute, and where projects cannot meet these requirements, CARE will not proceed.

Annexes

The annexes are internal documents and are available on request from the contact listed at the end of the document.

Annex 1: Guidance on Risk Assessment Approaches for Carbon Finance Projects.

Annex 2: CARE Carbon Finance Due Diligence Guidance.

Annex 3: Carbon Finance MEAL Framework.

List of Definitions

Carbon Credit	A 'carbon credit' describes a certified unit, often tradeable, that represents a quantified way of supporting emission reduction and carbon removal projects. A single credit represents 1 ton of CO ₂ e (or Carbon dioxide equivalent) that has been removed.
Carbon Finance	Carbon finance is the payment for the delivery of emission reductions. The funds from carbon financing support the emissions removal projects. Examples of these projects include forest management and protection, wind or solar power generation, and gas capture from landfills, mines or farms. The project developer can then sell the carbon credits they generate (Climate Impact Partners).
Carbon Offset	A claim a company or individual can choose to make after purchasing carbon credits to cancel out against their greenhouse gas emissions. When an organization 'offsets', they do so in order to claim that they have compensated for some or all of their emissions, or as part of a larger strategy to claim to be "carbon neutral" or "net zero".
Climate Justice (CARE definition)	For CARE, climate justice is about realizing a future in which the poorest and most marginalized people have significantly improved their wellbeing and can enjoy their human rights through greater resilience to the climate emergency, increased equality and a global temperature rise that is limited to 1.5°C.
Monitoring, Reporting, and Verification (MRV)	Measurement, Reporting, and Verification (MRV) refers to the multi-step process to measure the amount of greenhouse gas (GHG) emissions reduced by a specific mitigation activity, such as reducing emissions from deforestation and forest degradation, over a period of time and report these findings to an accredited third party. The third party then verifies the report so that the results can be certified, and carbon credits can be issued. Source: www.worldbank.org/en/news/feature/2022/07/27/what-you-need-to-know-about-the-measurement-reporting-and-verification-mrv-of-carbon-credits
Voluntary Carbon Market (VCM)	The voluntary carbon market refers to the issuance, buying and selling of carbon credits, on a voluntary basis. Buyers are acting voluntarily to use carbon credits to offset their emissions, there is no legal obligation for them to do so. A carbon credit is a token representing the avoidance or removal of greenhouse gas emissions, measured in tonnes of carbon dioxide equivalent (tCO ₂ e). One carbon credit represents the reduction of 1 tonne of tCO ₂ e.

References

STANDARDS AND FRAMEWORKS CARE BUILDS ON

- CCB Standards (Climate, Community & Biodiversity), managed by Verra. <https://verra.org/programs/ccbs/>
- Gold Standard for the Global Goals. <https://www.goldstandard.org/>
- Gold Standard Principles & Requirements (including Safeguarding). <https://globalgoals.goldstandard.org/101-par-principles-requirements/>
- ICVCM. The Core Carbon Principles. <https://icvcm.org/core-carbon-principles/>
- Plan Vivo Foundation. PV Climate Standard. <https://www.planvivo.org/>
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- W+ Standard (WOCAN). <https://www.wplus.org/>

SUPPORTING REFERENCES

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To get to know the CARE Climate Justice Center (CJC), visit our website at www.careclimatechange.org

The CJC is an initiative powered by CARE Denmark, CARE France, CARE Germany, CARE Netherlands, and CARE UK.