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POLICY BRIEF

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CAN SUPPLY AND DEMAND MEET IN A HIGH-VOLUME, HIGH-INTEGRITY CARBON MARKET?

THE CRITICAL ROLE OF DOMESTIC REGULATION

Bhavya Gupta, University of Oxford, Blavatnik School of Government

Thomas Hale, University of Oxford, Blavatnik School of Government

November 2026

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Policy Brief

Can supply and demand meet in a high-volume, high-integrity carbon market? The critical role of domestic regulation

Bhavya Gupta and Thomas Hale

Oxford Climate Policy Hub

Nov 2026

Acknowledgements. We thank Maleesha Fernando, Malo Gledhill, Fausta Zykute, Hannah Milner, Timothy Randazzo, Albert Cucurull Bachiller, Emma Lecavalier, Helena Wright, and Thom Wetzer for their contributions to the data that underlie this brief.

Summary

- Effective and robust domestic policy frameworks are a critical building block to make carbon markets effective tools for both reducing emissions and mobilizing finance
- **Recent years have seen a flurry of policymaking activity**: of the 125 carbon crediting policies now in force across the 38 jurisdictions with crediting rules tracked by the Oxford Climate Policy Monitor, 96 have been adopted since 2020, and 26 since the start of 2025.
- Despite this progress, key gaps remain. **Regulation is surging, but stringency is not keeping pace.** As crediting rules have spread, they have become far more ambitious in what they ask of credits, but no more binding.
- **Generation: the basics are in place, but reversal and social integrity are the weak links.** Registries and additionality requirements are close to universal. Remedies for reversal and social safeguards are not, and the burden of providing them falls largely on supplier countries.
- **Use: demand is being created faster than guardrails.** Several of the newest compliance markets allow credits to be used without associated quantitative limits, and corporate use of credits is governed mainly through a transparency lens than by rules on what claims credits can support.
- **Exchange: domestic plumbing is in place; cross-border integrity is not.** Registries are near-universal, and rules against double issuance and double use are close behind, but rules on double claiming, corresponding adjustments, and the legal status of credits remain patchy.
- **Role of standards:** Regulators are relying on a layered 'all of the above' approach of combining domestically created standards for credit generation (and use) along with permitting private standards. While this offers greater flexibility and scope for interoperability across jurisdictions, it also reduces regulatory oversight in enforcing private standards.

1. Can carbon markets deliver their promise of meaningful mitigation and finance?

Market-based mechanisms to put a price on carbon (colloquially called carbon markets) promise to enable effective and efficient mitigation while also raising valuable climate finance. But their record to date remains mixed. This policy brief presents new data from the Oxford Climate Policy Monitor that shows both progress—and continuing gaps—around policies around carbon credits in particular.

Carbon market mechanisms include carbon taxes, which imposes a price, and emissions trading schemes (ETS), which set a quantitative cap on emissions with tradeable allocations. Both policy instruments together form the compliance carbon market, as shown in Figure 1. The voluntary carbon market, on the other hand, is where carbon credits (each credit representing 1 tonne of CO2 emissions reduced or removed from the atmosphere) can be used by non-state actors to *offset* their emissions or contribute to so-called "beyond value chain mitigation" in the absence of any compliance obligation.

Carbon credits are unique policy instruments for two reasons. First, they exist as fungible units across both the compliance and voluntary markets (Figure 1). They can be used as flexibility mechanisms in compliance carbon markets to offset a portion of firms' obligations, or in the voluntary carbon market, traded both domestically and internationally by firms to offset their beyond-value-chain emissions. The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is a pertinent example of airline operators using credits to offset their emissions beyond an internationally agreed baseline (85% of 2019 emissions). Second, credits serve a dual purpose of being a climate policy tool aimed at emissions reductions and an instrument to mobilise climate finance. The latter use of credits is particularly useful for countries which can monetise their natural resources by generating credits from nature-based emissions reduction or removal projects.

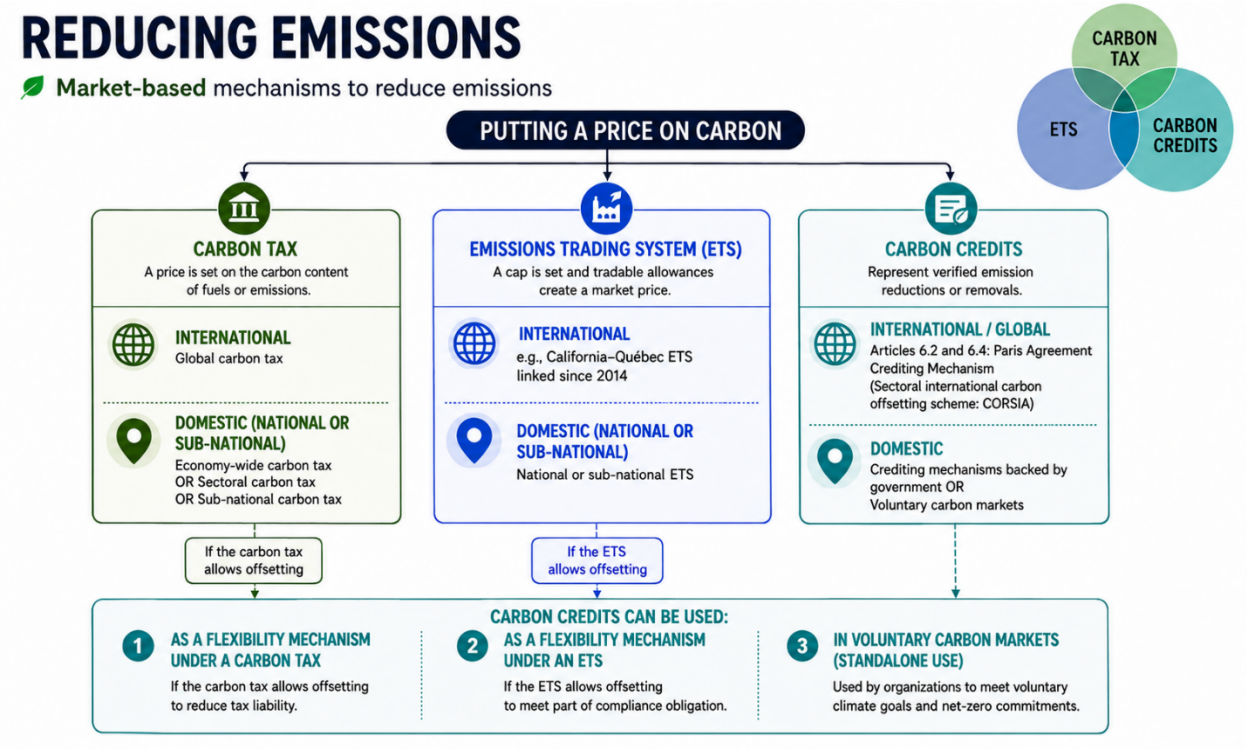


Figure 1: Market-based mechanisms to put a price on carbon.

In practice, the market for carbon credits is trapped in a low-volume, low-integrity equilibrium. Confidence has been damaged by repeated integrity scandals, most prominently a 2023 investigation reported by The Guardian[1], which found that more than 90% of rainforest offsets certified by the largest standard-setter were likely to be worthless. Volumes remain small. The voluntary carbon market was worth around $535 million in 2024, roughly a quarter of its 2021 peak of about $2 billion, and transactions fell to their lowest level since 2018[2]. Trading between countries under Article 6 of the Paris Agreement has cautiously begun: Africa's first transfer of internationally transferred mitigation outcomes (ITMOs), from Ghana to Switzerland in 2025, involved fewer than 12,000 units[3], and other early transfers have

[1] Greenfield, P. (2023). Revealed: more than 90% of rainforest carbon offsets by biggest provider are worthless, analysis shows. The Guardian, 18 January 2023. https://www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe

[2] Ecosystem Marketplace (2025). State of the Voluntary Carbon Market 2025. Forest Trends, Washington DC. https://www.ecosystemmarketplace.com/publications/2025-state-of-the-voluntary-carbon-market-sovcm/

[3] Environmental Protection Authority of Ghana (2025). First transfer of ITMOs to Switzerland under the Ghana–Switzerland bilateral agreement, as reported by GhanaWeb, 22 July 2025. https://www.ghanaweb.com/GhanaHomePage/business/Government-transfers-world-s-largest-Paris-aligned-carbon-credits-to-Switzerland-1992705

been smaller still. Low integrity depresses demand, and low demand in turn weakens the incentive to invest in integrity.

Breaking out of this equilibrium depends above all on domestic regulation. Buyers will commit at scale only if they can trust that a credit represents a real and durable generated tonne, and that they can use it without reputational or legal risk. Suppliers will invest only if demand is predictable. Clear, robust, and aligned rules on how credits are generated, how they are used, and how they are exchanged are what make both possible. This is now an active area of policymaking: the number of carbon crediting policies in force has more than quadrupled since 2020. Several "coalitions of the willing" are also working on making the carbon market more interoperable, both across voluntary and compliance markets, and between domestic and international levels (Box 1). While each coalition works on a different part of the carbon market, their ultimate success depends on the quality of the underlying domestic rules they seek to build on and connect.

Box 1: Coalitions working to scale up high-integrity carbon markets

Linking compliance markets

- **Open Coalition on Compliance Carbon Markets** (launched by Brazil at COP30, 2025; 18 supporting jurisdictions, including China, the EU, the UK, Canada and Singapore) aims to build an interlinked network of emissions trading systems through common MRV and accounting standards.
- **International Carbon Action Partnership (ICAP)** (2007; 36 members and 9 observers) is a forum for governments that operate or plan emissions trading systems to share experience on their design, with a view to future linking.
- **Global Carbon Pricing Challenge (GCPC)** (led by Canada) aims to accelerate the adoption of carbon pricing worldwide.

Voluntary demand and the integrity of use

- **Coalition to Grow Carbon Markets** (launched by the UK, Kenya and Singapore in 2025; 11 governments by COP31) aims to drive demand for high-integrity credits by making the regulatory landscape more coherent and comparable across countries.
- **Charter for Paris-aligned and High-Integrity Use of Carbon Credits** (French government, 2025; 17 companies at launch) commits signatory companies to use credits only alongside validated, Paris-aligned reduction targets, and only credits aligned with Article 6.4 or the ICVCM Core Carbon Principles.
- **LEAF (Lowering Emissions by Accelerating Forest finance) Coalition** (2021; launched by Norway, the UK and the US, with private companies) is a public–private initiative that set out to mobilise at least $1 billion to buy jurisdictional REDD+ credits from tropical forest countries.

- **Scaling J-REDD+ Coalition** (COP30, 2025; governments, Indigenous Peoples, investors, intermediaries and standard setters) aims to mobilise upfront finance and boost demand for high-integrity jurisdictional forest credits.
- **Integrity Council for the Voluntary Carbon Market (ICVCM)** (independent governance body) sets a global threshold for high-integrity credits, assessing crediting programmes and methodologies against its Core Carbon Principles (published in 2023) and labelling the credits that meet them.
- **Voluntary Carbon Markets Integrity Initiative (VCMI)** (international non-profit organisation) sets guidance on the claims companies can credibly make when they use carbon credits alongside science-aligned emissions reduction targets; published the Claims Code of Practice in 2023.

Cooperation under Article 6

- **Article 6 Ambition Alliance (AAA6)** (launched at COP30, 2025; Chile, Germany, Ghana, Luxembourg, Mongolia, Norway, Peru, Sweden, Switzerland and Zambia) aims to use Article 6 to raise ambition beyond current NDCs, with members financing mitigation without counting the outcomes towards their own targets.
- **Paris Agreement Article 6 Implementation Partnership** (led by Japan, COP27, 2022; over 90 countries and 200 organisations) supports capacity building and information sharing for the implementation of high-integrity Article 6 markets.

Regional initiatives

- **Africa Carbon Markets Initiative (ACMI)** (COP27, 2022) aims to scale voluntary, compliance, and Article 6 carbon markets across the continent.
- **ASEAN Common Carbon Framework (ACCF)** (COP29, 2024; carbon market associations across ASEAN, recognised by ASEAN economic ministers) aims to harmonise carbon market rules across ASEAN countries, align them with international benchmarks such as the ICVCM and CORSIA, and pilot cross-border transactions.
- **Carbon Pricing in the Americas (CPA)** (2017; Canada, Chile, Colombia, Costa Rica and Mexico, with California, Washington and five Canadian provinces) aims to align carbon pricing systems, strengthen MRV, and explore common integrity standards for carbon markets in the region.

2. From low-volume, low-integrity to high-volume, high-integrity carbon markets

This brief asks how far domestic regulation has gone in putting the conditions for a high-volume, high-integrity market in place, and where the gaps lie. It draws on the Oxford Climate Policy Monitor (OCPM)[4], which tracks carbon crediting rules across 39 jurisdictions covering 90% of global GDP (38 of which have

[4] Oxford Climate Policy Monitor (2026). OCPM 2026 dataset. University of Oxford.

crediting rules in force in 2026, the exception being the United States) and assesses their ambition, stringency, and implementation.

Scaling up the market without sacrificing integrity requires good regulation at each of the three stages of the credit life cycle (Table 1). Attributes of 'good' are assessed by the OCPM using granular policy-tool level survey data. At the **generation** stage, rules must ensure that each credit represents a real, additional, and lasting tonne, that the risk of reversal is managed, and that the communities affected by credit-generating projects are protected and share in the benefits. At the **use** stage, rules must create demand for credits (whether they can be used in the compliance or voluntary market) while setting guardrails on how they can be used, so that credits complement rather than substitute for emissions reductions, and claims made with them are credible. At the **exchange** stage, rules must ensure that each credit is tracked and counted only once, whether it is traded at home or abroad, and that markets for credits are transparent and well supervised.

Table 1: What good regulation looks like at each stage, and how the OCPM measures it

Stage	What good looks like	How the OCPM measures it
Generation	- Credits are additional and permanent - Reversal risk is managed through monitoring, buffers or replacement - Projects respect social safeguards, including free, prior and informed consent (FPIC), benefit-sharing and grievance mechanisms.	Ambition sub-components for: - Additionality and permanence - Reversal - Social integrity safeguards, including requirements on Free Prior and Informed Consent (FPIC), benefit-sharing, and grievance redressal.
Use	- Demand is created through compliance markets, voluntary market, or international trading - Guardrails around credit use, including quantitative limits so credits complement rather than replace abatement - Eligibility criteria for credits used - Transparency and standards for the claims companies make.	- Whether credits can count towards compliance obligations or national targets - Whether credits can be used in the voluntary market, and whether international credits are accepted; - Quantitative limits and eligibility criteria/guidance for using credits; - Disclosure rules on offsets drawn from the OCPM's climate-related disclosure domain.

Stage	What good looks like	How the OCPM measures it
Exchange	- Credits are recorded in a transparent registry - Each credit is issued, used, and claimed only once - International transfers are backed by corresponding adjustments - The legal status of credits is specified - Exchanges and intermediaries are transparent and supervised.	- Registry requirements; - Rules against double issuance, double use and double claiming; - Corresponding adjustments and Article 6 mechanisms; - Carbon exchanges and the legal status of credits

Across all three stages, the OCPM assesses the ambition of rules (what they require), their stringency (whether requirements are binding, allow opt-outs and carry sanctions) and their implementation (evidence of implementation and enforcement, monitoring systems and institutional capacity). OCPM scores combine all the crediting rules in force in each jurisdiction, so they describe the regulatory regime a market participant faces rather than individual policies. EU member states are assessed on their national rules together with the EU regulations that apply to them.

In the OCPM basic framework for policy assessment[5], the above elements of "what good looks like" contribute to our measure of ambition. OCPM also collects data for two other characteristics of crediting policies. First, **stringency** measures the degree to which the duties in a policy are mandatory. For example, whether they are voluntary guidelines or enforceable rules, if there are meaningful penalties for non-compliance, is there evidence of enforcement, etc. Second, **implementation** measures the degree to which adopted policies function in practice, capturing information on, for example, decisions and action to operationalize policies and the capabilities of relevant policy bureaucracies to deliver them.

Section 3 below lays out findings from the OCPM and Section 4 draws out the implications for the coalitions working to scale up carbon markets.

3. Findings

3.1 A surge of regulatory activity, but stringency is not keeping pace

Carbon crediting regulation has spread rapidly. By 2020, 29 crediting policies were in force across 20 of the jurisdictions tracked by the OCPM; by mid-2026 there were 125, across 38 jurisdictions, with the steepest growth between 2022 and 2024 (Figure 2). Regulation is also reaching further along the credit life cycle. Early rules dealt mainly with generating credits and using them domestically; more recent ones also govern international transfers under Article 6 and the trading of credits as financial instruments.

[5] More details available here: Methodology | Climate Policy Monitor

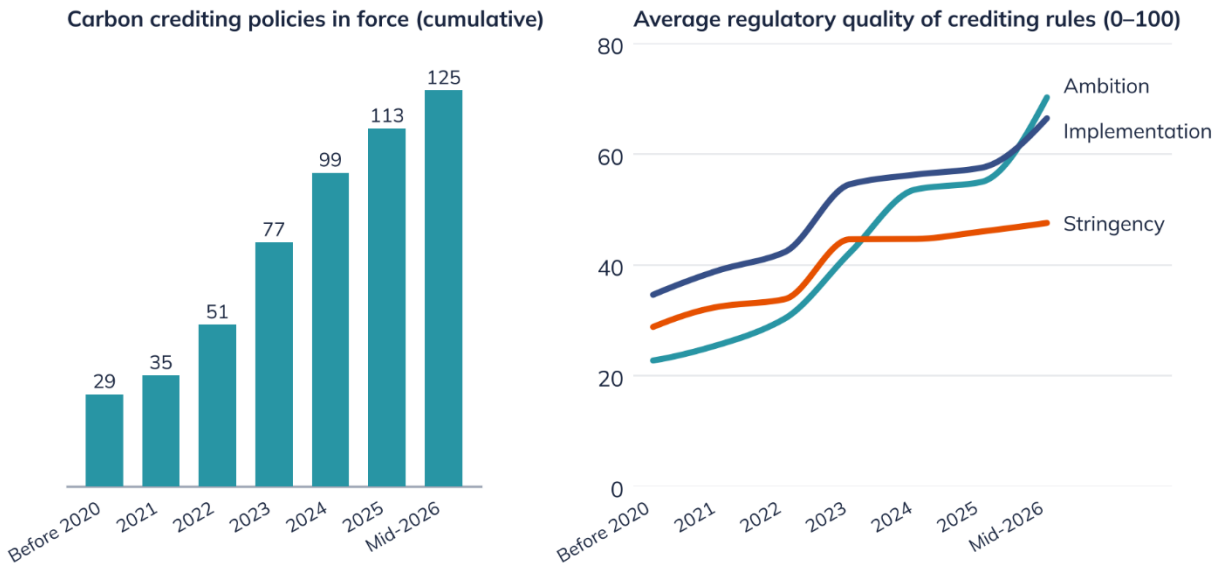


Figure 2: Carbon crediting policies in force (left) and the average ambition, stringency and implementation of crediting rules (right), before 2020 to mid-2026. "Before 2020" covers the position up to and including 2020. In the left panel, policies are dated by year of adoption and counted once, so EU regulations are not double-counted across member states; the series is reconstructed from the policies assessed in 2026. In the right panel, scores are unweighted averages across all 39 jurisdictions tracked by the OCPM, with jurisdictions that had no crediting rules in force in a given year scored as zero. Changes therefore reflect both the spread of crediting rules to new jurisdictions and changes in the quality of existing rules. Source: OCPM 2026.

The most important trend, however, is what has happened to the quality of these rules. As crediting rules have spread, they have become markedly more ambitious (Figure 2): the integrity criteria they set for credits have strengthened substantially. However, their stringency has not kept pace; average stringency has risen only slightly since 2023, while ambition has climbed steeply. **Governments are writing high-integrity criteria into their rules, but often as recommendations rather than binding duties, and with weak consequences for non-compliance.**

Implementation presents a similar picture. Implementation scores are held up by the near-universal presence of monitoring systems and implementing authorities judged to have adequate capacity, but evidence that crediting rules have actually been enforced, through penalties, disputes or sanctions, exists in fewer than half of the jurisdictions. This partly reflects how recent much of this regulation is. It nonetheless means that the integrity of most domestic credit markets currently rests on regulatory design rather than demonstrated enforcement.

This gap between ambition and stringency is not confined to one stage of the market. Rules governing the generation, use and exchange of credits are similarly stringent, and similarly well implemented, in most jurisdictions. Only one jurisdiction has repealed its crediting rules outright: at the federal level, the United States repealed the Commodity Futures Trading Commission's 2024 guidance on listing voluntary carbon credit derivatives, leaving it without crediting rules in force.

3.2 Generation: the basics are in place, but reversal and social integrity are the weak links

Figure 3 shows the regulatory quality of crediting rules in each jurisdiction. The basic architecture of integrity at the generation stage is largely in place. Most jurisdictions have strong requirements for credits to be additional and permanent. The weak links are the two safeguards that matter most for nature-based credits: reversal risk and social integrity safeguards. Fourteen jurisdictions set no remedial measures for the reversal of stored carbon, including several large prospective suppliers such as Indonesia, Viet Nam, Nigeria, and Saudi Arabia. Social safeguards are likewise uneven. Sixteen jurisdictions require at least one of three core safeguards: prior consultation with affected communities, benefit sharing arrangements, or their free, prior and informed consent (FPIC). Consent is the least common. Brazil, Ethiopia, Kenya, Nigeria and the Philippines require it in their crediting rules, and the UK in its Peatland Code.

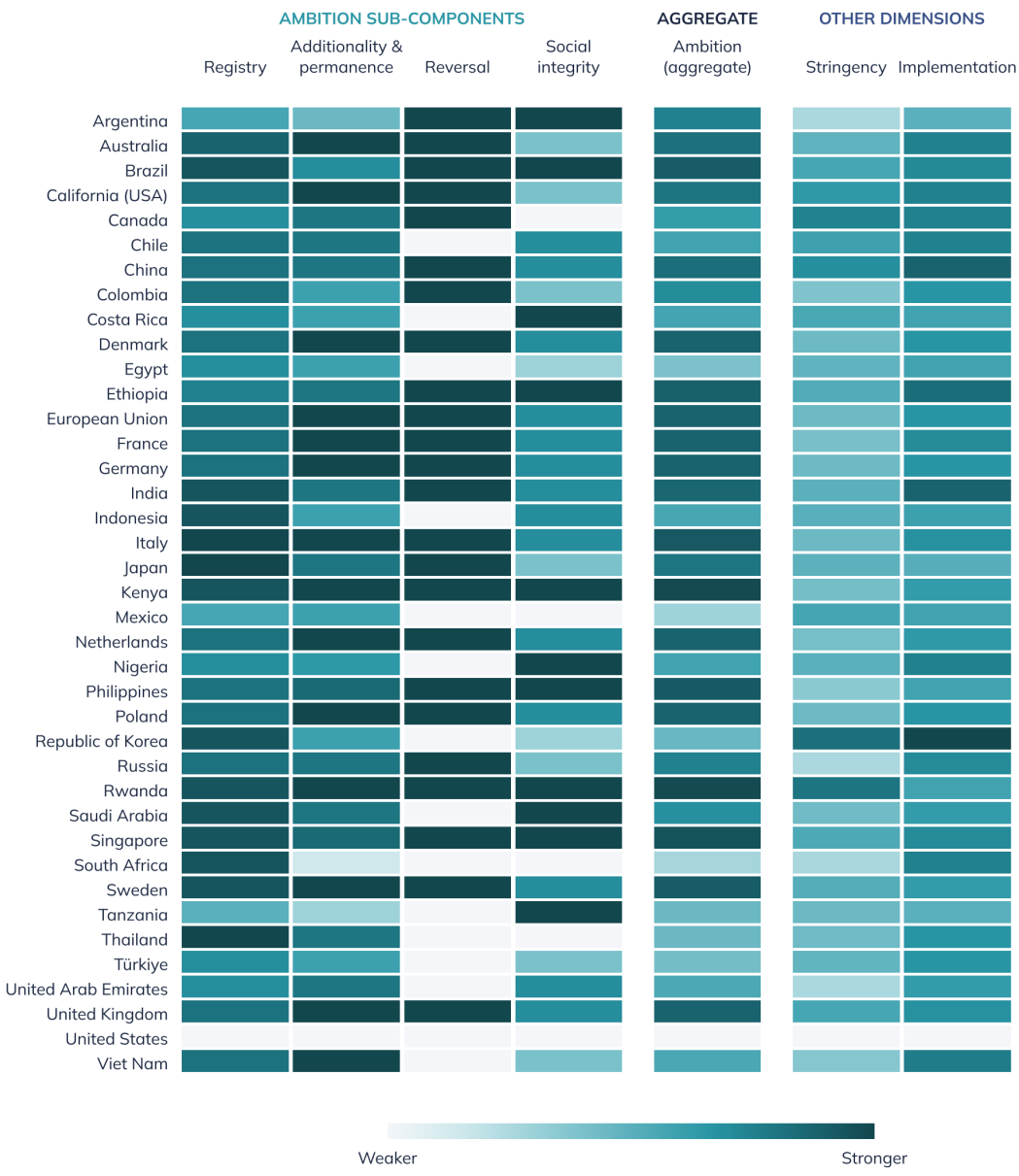


Figure 3: Regulatory quality of carbon crediting rules by jurisdiction, 2026. Darker shading indicates stronger rules. Ambition aggregates four sub-components: registry, additionality and permanence, reversal, and social integrity. Blank cells indicate no policies. Source: OCPM 2026.

The burden of generation-stage integrity falls largely on supplier or host countries. Emerging and developing economies, where most nature-based credits are generated, have on average stronger social safeguards than advanced economies. Where they lag is in the technically demanding safeguards that require long-term monitoring and financial backstops. Their reversal provisions are, on average, about half as strong as those of advanced economies, and their additionality and permanence requirements are also weaker. These safeguards determine whether a tonne credited from a forest or soil carbon project remains a tonne, and they are costly for host-country regulators to build and enforce alone.

3.3 Use: demand is being created faster than guardrails

At the point of use, a market needs two things: rules that create demand for credits, and guardrails on how those credits can be used. Most jurisdictions pair demand with at least one guardrail, but several of the newest markets have opened demand before setting limits.

In 17 regulatory systems (counting the EU and its member states together as one), credits can count towards compliance obligations or national targets. This happens through carbon taxes[6], emissions trading and baseline-and-credit systems[7], and the EU's 2040 climate target, which allows a limited role for high-quality international credits from 2036. Aviation creates further compliance demand through the implementation of CORSIA. Australia offers a clear example of public procurement of credits among the jurisdictions tracked: its Carbon Credits (Carbon Farming Initiative) Act 2011 authorises the government to purchase credits through carbon abatement contracts, so that public demand underwrites the market alongside private buyers.

In about half of these systems, demand-generating policies are paired with both a quantitative limit and quality criteria for the credits used. For instance, Singapore lets companies offset up to 5% of taxable emissions with international credits that must comply with Article 6 rules and meet seven integrity principles. China and Japan accept credits certified under their national schemes (China's CCER and Japan's J-Credit) for up to 5% and 10% of obligations and emissions respectively, and South Africa allows credits from approved domestic projects to offset 10–15% of taxable emissions (from 2026).

Among the newest markets, Brazil, India, and Indonesia specify which credits are eligible but set no fixed limit on their use, with Brazil and Indonesia leaving it to implementing rules not yet adopted**,** and Türkiye's new compliance market will accept domestic and international credits under principles still to be set. Older systems can also be permissive: Chile's green tax allows offsetting of up to all taxable emissions.

Voluntary markets are more widely but less deeply regulated. Thirty jurisdictions set rules for the trading of credits in the voluntary market, mostly through national certification schemes (such as Japan's J-Credit scheme, the UK's Woodland and Peatland Codes, France's Label bas-carbone[8], and China's CCER). A group of emerging economies instead **rely on private standards or international bodies to set criteria**: the Philippines accepts credits verified under Verra, Gold Standard or ICVCM-endorsed standards, Saudi Arabia's exchange lists only credits certified by recognised standards or eligible under CORSIA, and Egypt requires UNFCCC or ICROA methodologies, validated by its financial regulator.

Corporate claims made with credits are governed mainly through transparency. Disclosure rules in most jurisdictions recommend or require companies to report the offsets and removals they use, typically through sustainability reporting regimes, many of them based on the ISSB's IFRS S2 reporting standard. Fewer require companies to disclose whether those offsets are verified or set standards for how offsets

[6] Chile, Colombia, Singapore, and South Africa.

[7] Australia, California, Canada, China, Japan, Mexico (pilot ETS), and the Republic of Korea, as well as new systems, several still being phased in, in Brazil, India, Indonesia, Türkiye and Viet Nam.

[8] Established through Decree n° 2018-1043 of 28 November 2018.

may be used in climate claims. Rules on the substance of claims remain thin and largely rely on consumer protection: the UK's Green Claims Code requires offsetting-based claims to be clear and substantiated, the Netherlands' Guidelines on Sustainability Claims discourage climate-neutrality claims based on offsetting, and California's Voluntary Carbon Market Disclosures Act requires entities making such claims to disclose information about the credits behind them. Although disclosure tells investors and consumers what a company bought, it does not establish whether the claim the company makes with it is warranted.

The result is an asymmetry between supply and demand in the voluntary market. Supplier jurisdictions face detailed integrity requirements on how credits are generated, while buyers face mostly transparency requirements on how they are used. Exceptions to this include the EU, Singapore, and the Republic of Korea, which set eligibility criteria and limits for the international credits they will accept, making buyer-side rules part of the integrity architecture rather than leaving it to host countries alone. Rules requiring buyers to reduce their own emissions before offsetting are also rare: **Italy** registers a purchase of credits on its national agroforestry register only if the buyer has a certified emissions-management system that measures, avoids and reduces emissions before compensating[9], and **France** requires buyers of Label bas-carbone credits to report their prior reduction efforts alongside any claim and prohibits them from presenting the purchase as evidence of carbon neutrality.

3.4 Exchange: the domestic plumbing is in place, cross-border integrity less so

The infrastructure for exchanging credits within jurisdictions is the most complete part of the regulatory landscape. Every jurisdiction with crediting rules requires a national registry (Figure 3) where the issuance, trading, and/or retirement of credits is tracked, and almost all prohibit the same credit from being issued twice or used twice. Many are also building trading infrastructure, particularly in emerging economies: carbon exchanges have been established or provided for in law in jurisdictions including Brazil, India, Indonesia, Saudi Arabia, Türkiye and Viet Nam.

The gaps lie in what happens when credits cross markets and borders. Rules against double claiming, where the same emission reduction is claimed by more than one entity, are missing in a third of jurisdictions, including several suppliers such as Ethiopia, Nigeria, the Philippines, Tanzania and Viet Nam. Most jurisdictions allow international transfers of credits, but fewer explicitly require corresponding adjustments to ensure that a transferred tonne is not counted by both host and buyer. Corresponding adjustments feature more often in the rules of host countries than of buyer countries: fewer than half of the advanced economies tracked make them part of their crediting rules, including Japan, the Republic of Korea, Singapore, and the UK. The legal status of credits as financial instruments, which determines how they are taxed, held and supervised, is defined in only a minority of jurisdictions.

[9] Article 45, paragraphs 2-quater to 2-octies, of Law-Decree no. 13 of 24 February 2023

Rules for trading credits are also often written separately from rules on their integrity. Instruments that regulate exchanges, brokers and registry accounts, such as Egypt's requirements for securities brokers trading carbon credits, Japan's carbon credit market terms and conditions, and Sweden's registry account rules, typically carry few integrity criteria of their own. As carbon exchanges multiply, this creates a risk that the infrastructure for trading credits develops apart from the rules that govern what is being traded. The withdrawal of the US federal guidance on carbon credit derivatives removes one of the few instruments that addressed this link in a large buyer market.

3.5 The role of standards

Almost every jurisdiction sets its own methodologies for generating credits, but most also recognise external (private and international) standards, in a layered, "all of the above" approach. The Paris Agreement Crediting Mechanism (PACM) under Article 6.4, whose first methodologies were approved only recently, is the most frequently cited, recognised by 19 jurisdictions directly and in a further seven EU member states through EU law. Private standards play a secondary role: methodologies from Verra, Gold Standard, the Climate Action Reserve, or the American Carbon Registry are recognised for generating credits in 12 jurisdictions (Argentina, California, Chile, Colombia, Egypt, Ethiopia, Nigeria, the Philippines, Rwanda, Singapore, South Africa and the UK), legacy CDM methodologies in 11, and ICVCM-approved methodologies in six (Egypt, Ethiopia, Nigeria, the Philippines, Singapore and the UK). Credits listed on private registries are accepted in 12 jurisdictions (California, Chile, Egypt, Ethiopia, Japan, Nigeria, the Philippines, Saudi Arabia, Singapore, South Africa, Türkiye and the UK).

Standards for the use of credits follow a similar pattern, with national certification schemes again prominent. Few of the external references are initiatives built for the integrity of credit use and claims: the Voluntary Carbon Markets Integrity Initiative appears only in Ethiopia and Nigeria. Most point instead to public frameworks such as the Article 6 rulebook, or to standards and programs for generating and verifying credits such as ICROA, ISO 14064, Verra, and Gold Standard. This layering offers flexibility and interoperability, but it can blur responsibility for integrity. **Where criteria sit in external standards rather than in law, regulators have limited means to enforce them, which may help explain why the ambition of crediting rules so often outruns their stringency.**

4. Implications for governments and coalitions

The governments and coalitions working to scale up carbon markets are, in effect, trying to connect domestic regulatory regimes. Our findings suggest that what they connect matters as much as how. Interoperability built on the lowest common denominator of current rules would guarantee little beyond registry tracking and a commitment to additionality. Built on the strongest existing rules, it could deliver volume without sacrificing integrity. We draw five implications.

First, make stringency the priority. The defining weakness of today's regulation is not a lack of integrity criteria but a lack of binding force. Coalitions should help members turn recommended standards into binding duties backed by sanctions, and track enforcement as well as rulemaking, for instance through regular review of implementation.

Second, share the burden of integrity at the generation stage. Supplier countries have done much of the work of writing high-integrity rules, and lead on social safeguards. They need support to close gaps on reversal and permanence, which demand long-term monitoring and financial backstops. The Article 6 Ambition Alliance and others could channel finance and technical support to buffer pools, monitoring, reporting and verification (MRV) systems, and enforcement capacity in host countries, and use the strongest supplier rules on FPIC and benefit-sharing as the benchmark for common standards rather than the floor.

Third, pair demand with guardrails. The Open Coalition on Compliance Carbon Markets is well placed to promote common quantitative limits and eligibility criteria for credits used in compliance systems, especially in the new markets in Brazil, India, Indonesia, and Türkiye, where implementing rules are being written now. The Coalition to Grow Carbon Markets should pair efforts to grow voluntary demand with rules on the substance of claims, not only their disclosure, including by distinguishing contributions to mitigation from claims to compensate for a company's own emissions. Public procurement, as in Australia, offers a way for governments to underwrite demand for high-integrity credits directly.

Fourth, complete the cross-border plumbing. Coalitions focused on Article 6 should make corresponding adjustments a condition of both host-country authorisation and buyer-country acceptance, close gaps on double claiming, and encourage members to define the legal status of credits and connect the supervision of carbon exchanges to integrity rules.

Fifth, sequence and differentiate. No regulatory blueprint will work without grounding in local context: advanced economies mainly generate demand for credits, developing economies mainly supply them, and emerging economies increasingly do both[10]. The evidence points to a sequenced pathway. First, consolidate domestic markets around the strongest existing rules, closing gaps on reversal and social safeguards and making standards binding. Second, connect these markets through Article 6 and shared reference standards such as the Paris Agreement Crediting Mechanism, starting with a club of jurisdictions that meet high standards on both the supply and the demand side. Third, widen that club as others raise the stringency and implementation of their rules, with buyer jurisdictions sharing the regulatory burden through rules on claims and support for supplier capacity.

[10] Johnstone, I., Kuci, S., Hale, T., Gupta, B., Chawla, V. and Nicholas, K. (2025). Roadmap to Net-Zero Aligned Carbon Market Regulation. University of Oxford.

ANNEX: Methodology

The Oxford Climate Policy Monitor tracks climate policy in 39 jurisdictions (32 counting the EU and its seven member states covered by the Monitor – Denmark, France, Germany, Italy, Netherlands, Poland, Sweden -- as one). A Legal Expert Network of more than 80 law firm offices globally completes a standard survey for each policy tool; the Monitor team reconciles and reviews responses. All data and full methodological details will be available at https://climatepolicymonitor.ox.ac.uk/ from 12 November 2026.

The carbon credits policies covered by the Monitor include policy tools establishing rules for the generation, use, exchange, and/or governance of carbon credits in both voluntary and compliance markets. These policies were surveyed across 37 jurisdictions in 2025, and across 39 jurisdictions in 2026 (Denmark and Ethiopia were added as new jurisdictions to the Monitor in 2026). Our data collection cycle ran until mid-2026 and includes policies adopted until June 2026.