

# Voluntary Carbon Market Outlook

2023-2026

*Trends in the Voluntary Carbon Market*





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# About CarbonBetter



Founded in 2012, CarbonBetter is a trusted sustainability partner for public and private companies across industries, including events, food and beverages, and beyond. We help align what's good for the planet with what's good for business, from sustainability strategy, regulatory compliance, decarbonization, and carbon markets.

### *How We Can Help with Carbon Offsets*

**Personalized offset portfolios** built around each client's industry, risk profile, and sustainability goals.

**End-to-end support for project developers**, from generating carbon credits to go-to-market strategies that maximize value.

**One partner for the full decarbonization roadmap**, carbon accounting, verification, offset procurement, and net zero strategy under one roof.

**Over 1M+ carbon credits transacted**, guiding buyers through offset and clean energy procurement to reach carbon neutrality and net zero targets





# VCM Evolution

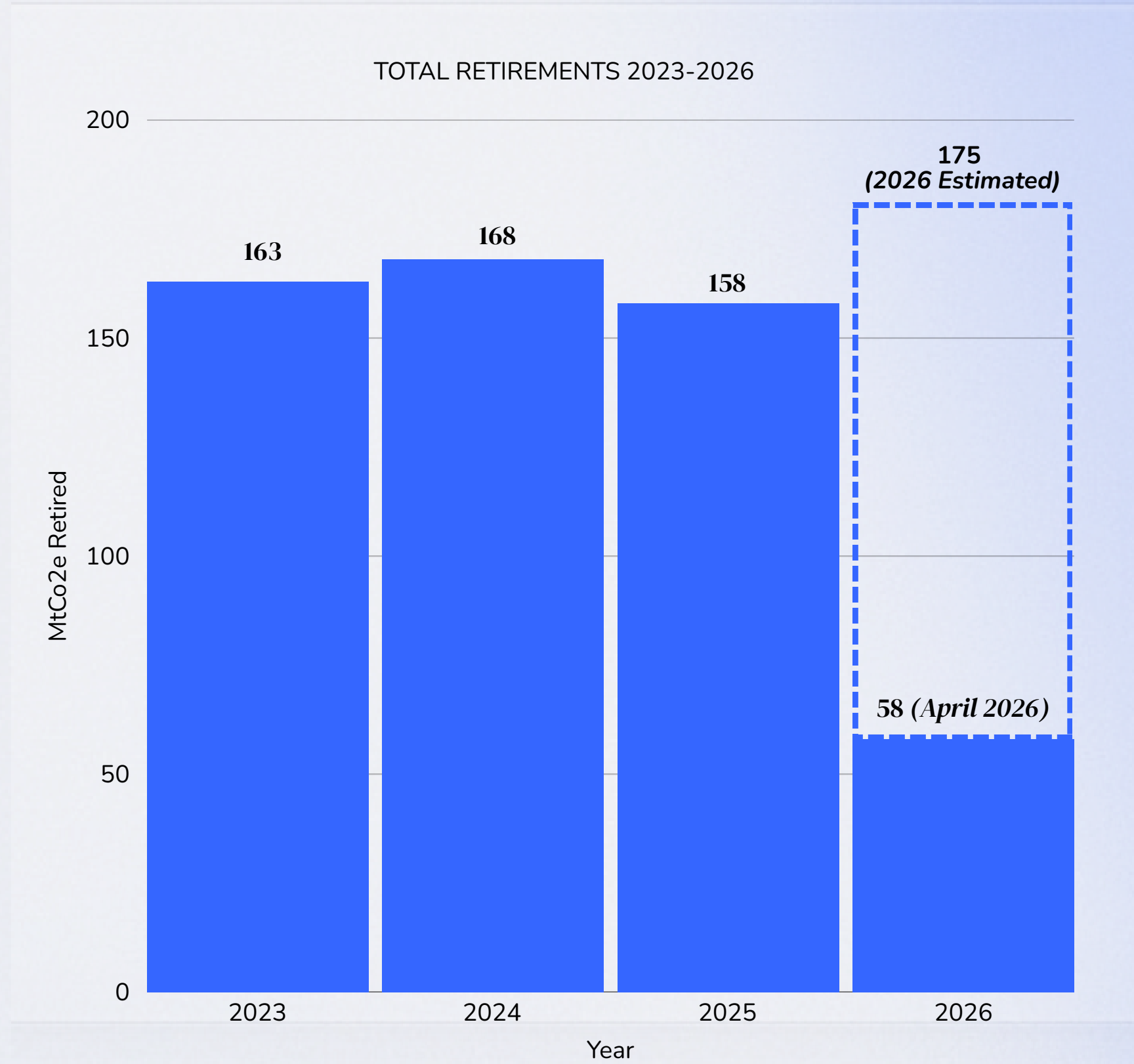
The Voluntary Carbon Market has evolved and matured substantially since its inception roughly 20 years ago. What began as a relatively niche way for companies to support climate projects has become a more structured market, shaped by corporate climate commitments, independent standards bodies, registries, ratings providers, and growing expectations around credit quality.

That evolution has not been linear. In recent years, the market has faced sharper scrutiny over project integrity and quality. This scrutiny has focused on the real-world impact of carbon credits (often described as “additionality”), and the performance of the impact after a series of reports raised serious concerns about several projects.

Buyers have become more selective. Many are moving away from treating credits as a simple tool to quickly lower (or “offset”) their emissions and toward using them as part of broader climate strategies, with more attention to project type, verification, durability, and co-benefits.

## Purpose and Scope

We have been interested in what this evolution looks like in practice. Which project types are buyers still supporting? Where have retirements increased or declined? And what does market behavior from 2023 to 2026 suggest about where the VCM is headed next?

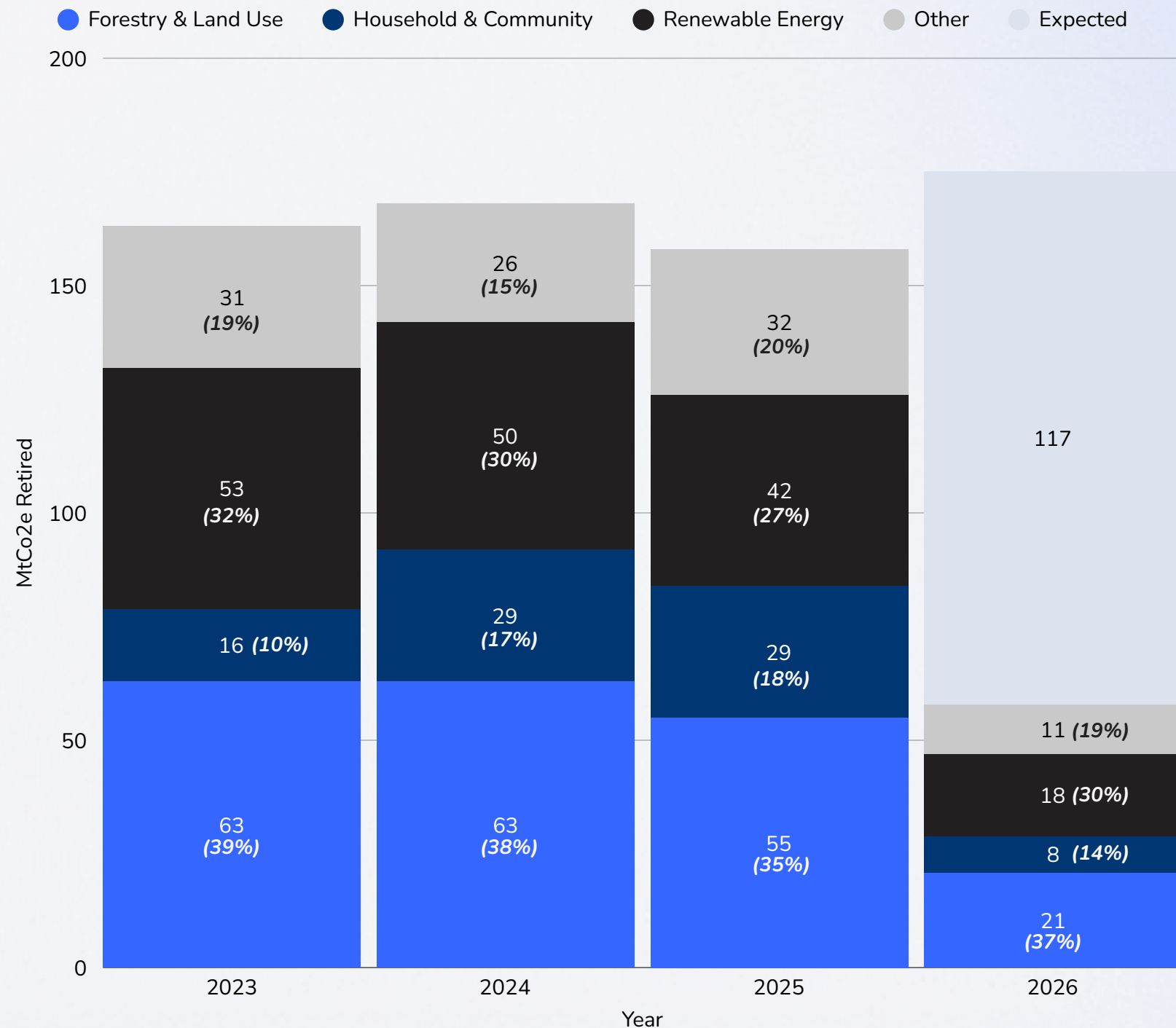


## Big Picture

Retirement volumes have been broadly stable over the period shown. But volume alone does not tell the full story. What has shifted is not how much is being retired, but what is being retired and why. The following sections break down retirements by project type, where the more telling trends emerge.



PROJECT TYPE 2023-2026



# PROJECT TYPE

## RETIREMENTS POINT TO A MORE SELECTIVE MARKET

**Forestry & Land Use** has remained the largest project type across the period, but its share of total retirements has edged downward. Volume held flat from 2023 to 2024, then fell in 2025. There is growing buyer selectivity about which projects within the category companies are willing to retire, a trend explored in the following page.

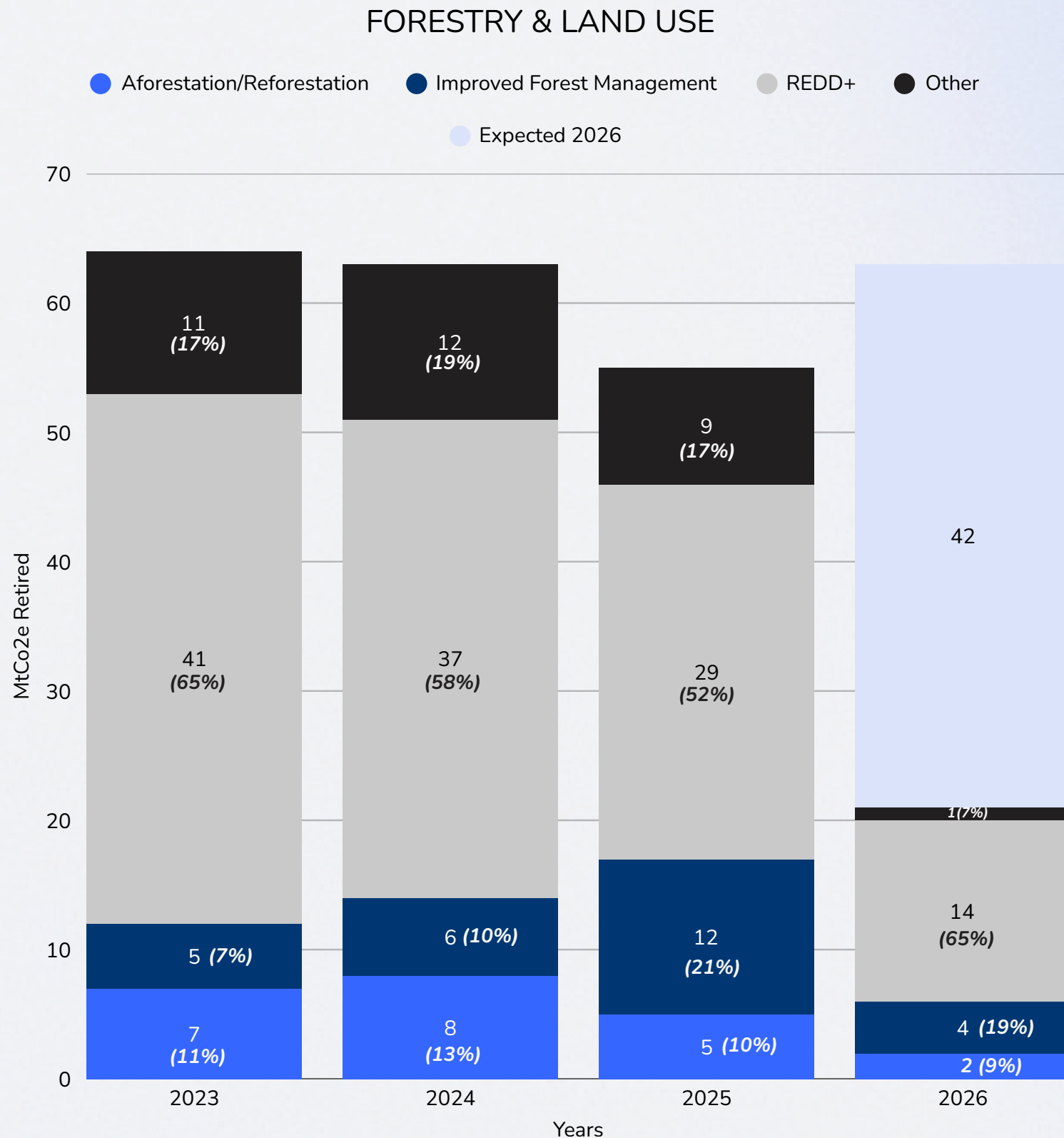
**Renewable Energy** has declined in absolute terms each of the past three years. The driver is structural: as wind, solar, and hydropower became commercially viable in most markets, credits became harder to defend as genuinely additional emissions reductions. The Integrity Council for the Voluntary Carbon Market (ICVCM) formalized that concern in August 2024. Page 6 covers this in detail.

**Household & Community** is the only category that grew, nearly doubling from 2023 to 2024 and holding that level through 2025, even as the overall market fell. Projects in this category have proven resilient because they offer something many credit types cannot: a co-benefit story that is tangible and easy to communicate with external stakeholders. Page 7 unpacks the drivers and the risks.



# Forestry and Land Use

## BUYERS ARE TREATING FORESTRY MORE SELECTIVELY



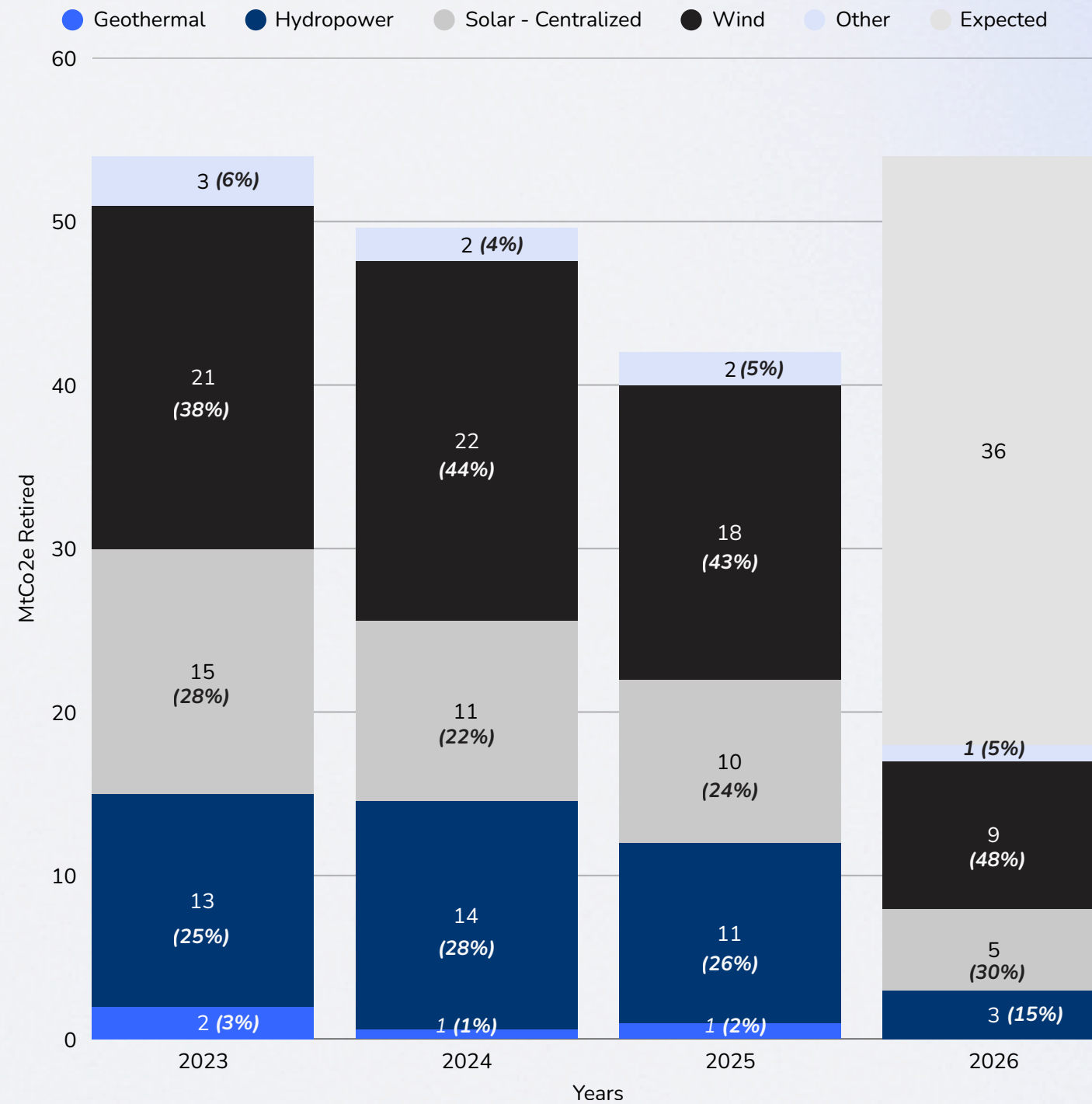
**REDD+ still dominates Forestry and Land Use retirements, but its grip is loosening.** The decline tracks the credibility damage the subtype absorbed in 2023. A Guardian investigation claimed that Verra had built a system prone to manipulation, asserting that millions of carbon credits should never have existed, findings that Verra disputed and that independent researchers have since debated. Shortly after, Bloomberg published evidence of massive over-crediting in the Kariba REDD+ project in Zimbabwe, implicating both South Pole and Verra. Verra's own subsequent investigation concluded that 57% of Kariba's approximately 27 million credits were issued in excess. For buyers already under scrutiny for their use of nature-based offsets, REDD+ became increasingly difficult to defend publicly, and retirements have fallen every year since.

**IFM absorbed some of the reallocation away from REDD+, but the shift was neither immediate nor broad.** Two years after the REDD+ credibility shock, IFM retirements roughly doubled. However, the increase was concentrated in a small number of projects: the top 5 accounted for 48% of all IFM retirements in 2025, and the top 10 for 58%. Kuamut Rainforest Conservation in Malaysia (VCS2609) alone represented nearly 30% of total IFM volume, having retired nothing in the two prior years. What makes this notable is the timing relative to quality standards: the first Carbon Core Principle (CCP)-labelled IFM credits under VM0045 were only issued in December 2025. Buyers rotated into IFM before any formal integrity certification existed for the category. The move reflected a preference for project types that were easier to diligence than legacy REDD+, not a response to a quality stamp that was not yet there.

**REDD+ has not disappeared, and the 2026 partial data should be read carefully.** It remains the largest subtype in the partial 2026 data, but that does not signal a broad recovery in buyer confidence. The figures cover only through April and are dominated by a small number of projects. The pattern is consistent with what Fastmarkets has described as a "smaller and sharper" REDD+ market, activity concentrated around projects with a stronger quality track record, rather than a return of wide-scale purchasing. These projects include the Luangwa Community Forests Project, the Mai Ndombe REDD+ Project, and the Southern Cardamom REDD+ Project.



RENEWABLE ENERGY 2023-2026



# Renewable Energy

## DECLINING AS LEGACY CREDITS FAIL THE ADDITIONALITY TEST

**The decline in renewable energy retirements is structural, not scandal-driven.**

As the cost of wind, solar, and hydropower became commercially viable across most markets, older credits became harder to defend as genuinely additional emissions reductions.

**The ICVCM formalized the concern in August 2024, but its full effect showed up in 2025.** The ICVCM ruled that eight existing renewable energy methodologies could not receive the Core Carbon Principles label because existing standards were not rigorous enough in proving that projects would not have gone ahead without carbon credit revenues. The decision affected approximately 236 million unretired credits, roughly 32% of the voluntary carbon market. The ruling landed mid-2024, and the sharper retirement decline visible in 2025 reflects it beginning to shape buyer behavior in full.

**Wind has held up better than solar or hydro, but the direction for the category as a whole is clear.** Wind maintained and even grew its share of a shrinking total across the period. That likely reflects the fact that wind projects, particularly in emerging markets, retain a more credible additionality argument than centralized solar. Without a pathway to CCP eligibility under current methodologies, Renewable Energy retirements are likely to continue declining until updated standards are submitted and approved.

**One exception worth noting is 2026,** which based on current data is on track to be an outlier. Retirements through April reached 19 Mt CO<sub>2</sub>e, 33% of the full-year total if historical seasonality holds, implying a full-year figure of approximately 55 Mt CO<sub>2</sub>e. If that projection holds, 2026 would be the highest retirement year for Renewables. It is too early to draw conclusions from this, and the pattern may not sustain through the remainder of the year, but it is a finding we are actively monitoring



# Household & Community

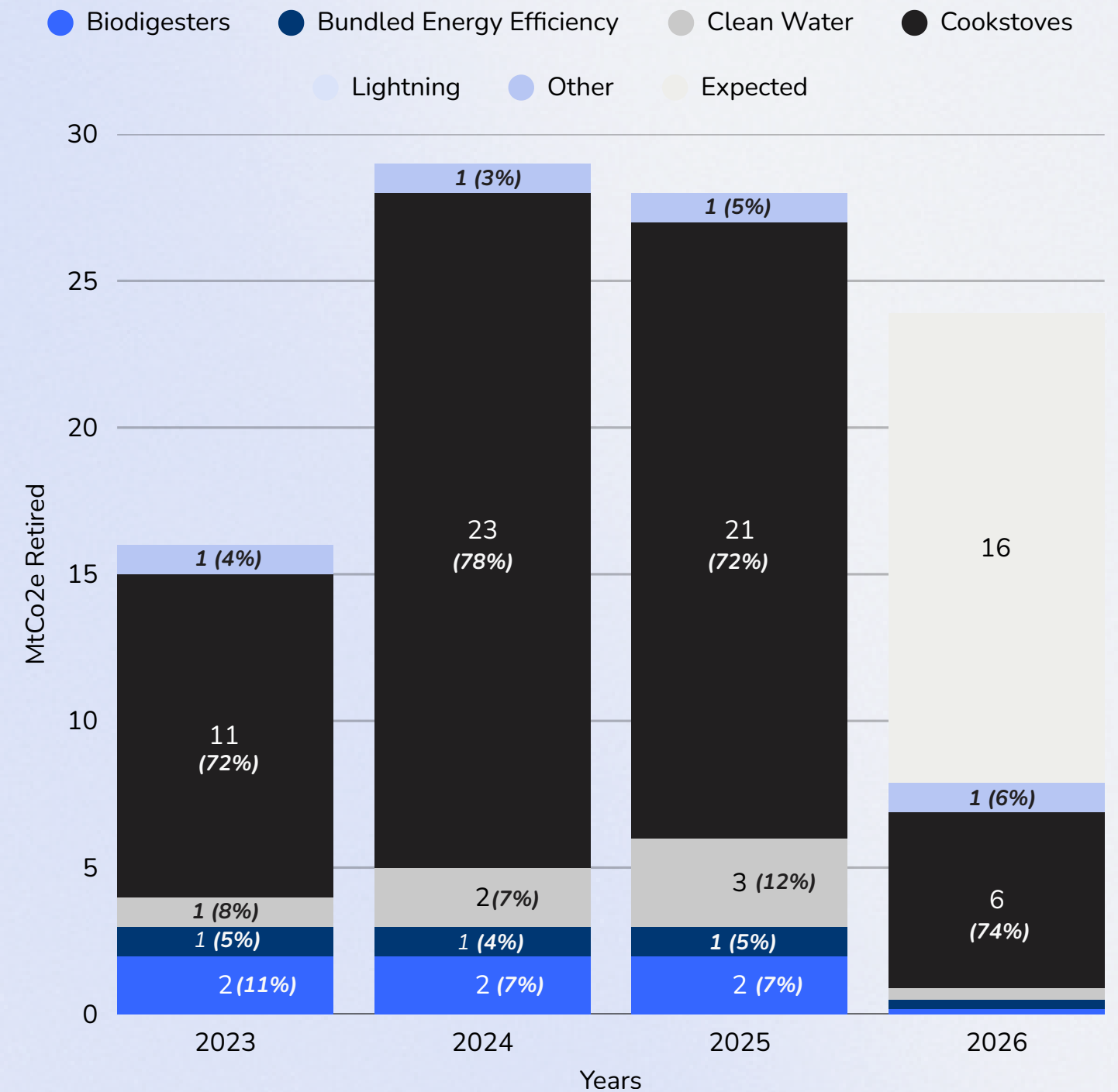
## BUYERS PRIORITIZE VISIBLE CO-BENEFITS AND DEFENSIBLE IMPACT

**Cookstoves are the dominant subtype.** Over four years, cookstove projects account for most Household & Community retirements. Clean water is the next most meaningful subtype, while biodigesters, community boreholes, lighting, and weatherization remain in much smaller parts of the category.

**Buyer appeal in this category is tied to tangibility and co-benefits,** which makes these credits easier to defend than many alternatives. A stove is installed, a household uses less fuel, and a water filter reduces the need to boil water. That directness matters for buyers who need to explain their climate investments to customers, employees, auditors, or the media. These projects also deliver visible development outcomes, including cleaner air, safer water, lower household energy burdens, and time savings for women and children. In a market where buyers have grown more cautious about what they can publicly defend, that combination of a verifiable emissions reduction and a tangible human impact has proven durable.

**This category is not completely risk-free.** Cookstove credits have faced scrutiny over over-crediting, baseline assumptions, and actual adoption rates. On 7 March 2025, the ICVCM approved three cookstove methodologies for CCP eligibility while rejecting two others for insufficiently rigorous measurement of fuel consumption and technology usage. The approvals came with conditions that are expected to reduce credits issued per project going forward. This is not a uniform quality category, and the ICVCM decisions have made that distinction harder to ignore.

HOUSEHOLD & COMMUNITY





## Overarching Themes in VCM

- 01. Quality now drives demand.** Buyers are no longer treating credits as interchangeable; additionality, monitoring, permanence, and methodology approval are shaping retirements.
- 02. Demand is shifting across project types.** Total retirements moved unevenly from 2023 to Q1 2026, but the more important story is reallocation. Forestry and Land Use remain large, but buyers are sorting REDD+, Improved Forest Management, and Afforestation/Reforestation differently. Renewable Energy is losing ground as older methodologies fail additionality tests. Household and Community projects are gaining share because they offer tangible interventions and visible co-benefits.
- 03. It's not only an environmental story, it's a social one too.** The growth of Household and Community projects points to something broader than a preference for a particular project type. Buyers are increasingly drawn to credits that deliver visible, human outcomes alongside emissions reductions. In a market where companies face growing scrutiny over what they can publicly defend, co-benefits have moved from a nice-to-have to a real purchasing signal. The credits that are gaining ground are the ones that can tell a story beyond the carbon reduction.



# Methodology Detail

*This report draws on annual retirement data from the Berkeley Voluntary Registry Offsets Database (BVROD) covering 2005–2025. The following limitations apply to all findings and should be considered when interpreting conclusions.*

*The dataset records retirements (the act of formally cancelling a carbon credit), not issuances, purchases, or underlying project performance.*

*The dataset identifies when volume and category shifts occurred; it does not record buyer intent, purchasing rationale, or decision-making drivers. They should be read as analytical inference, not empirical conclusion.*

*Project type categorizations follow the Berkeley dataset's classification schema. Category definitions may not be fully consistent across the full 2005–2025 period due to registry methodology updates and reclassifications. Long-run category share comparisons should be interpreted with this in mind.*

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