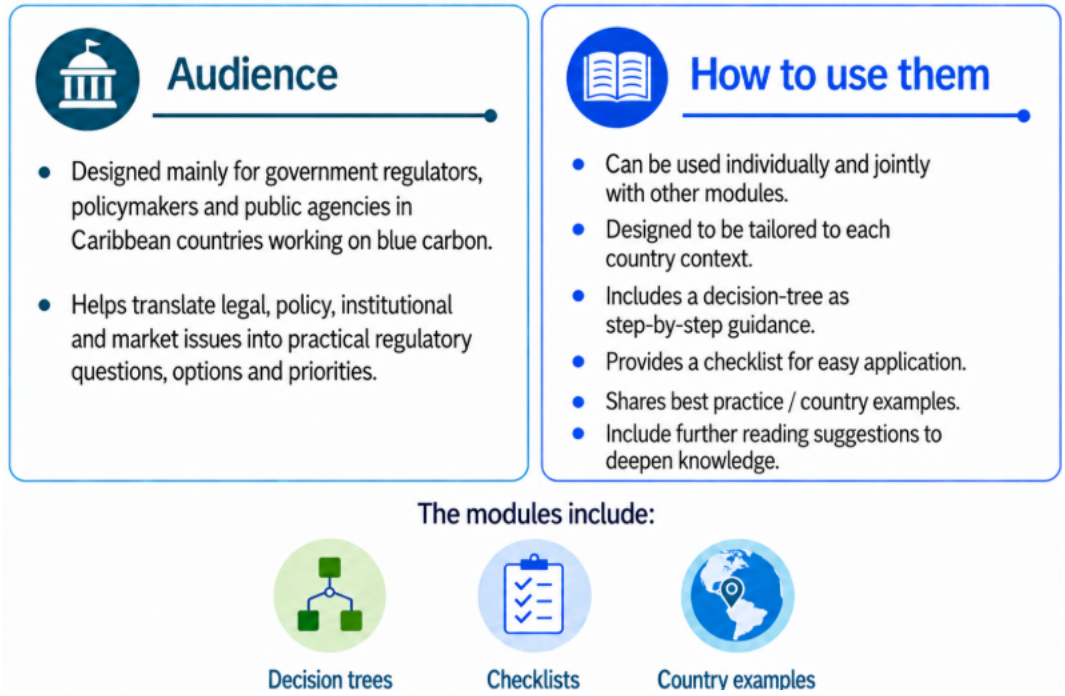
Blue Carbon Toolkit (2026)

Module 5: Blue Carbon Contracts

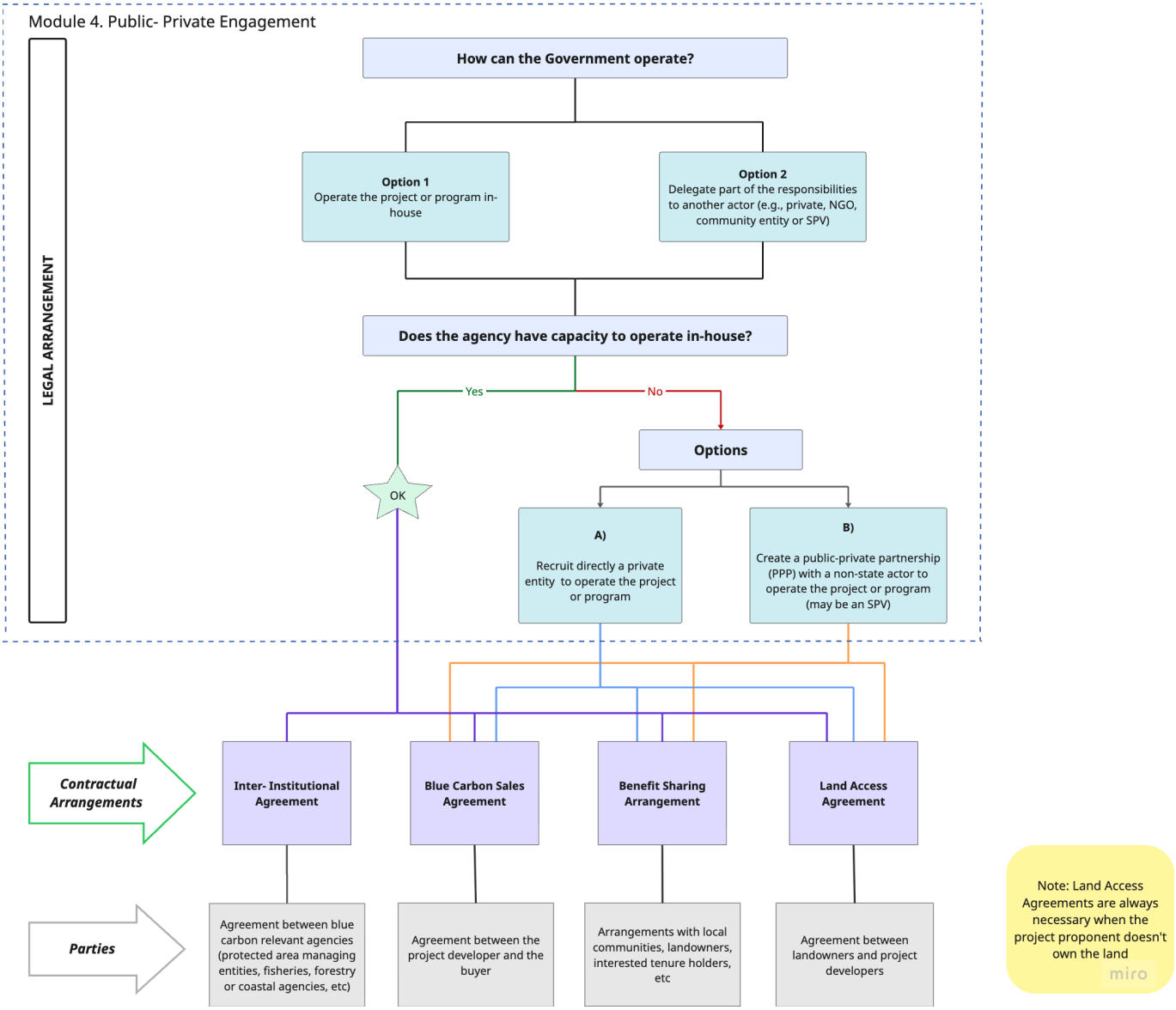
The different modules are designed to support CARICOM countries in advancing legal, regulatory, and institutional readiness for blue carbon market participation.



Specifically, this Guidelines on Contracts module is important for the following stakeholders:

Primary audience	Secondary audience
☐ Political **Leadership (Cabinet)**	☐ **IPLCs (incl. women, fisheries organizations etc.)**
☒ **Climate and Environment (incl. UNFCCC focal point, etc.)**	☐ **Science, Research and Development (R&D)**
☒ **Fisheries and Marine Affairs**	☐ **Civil Society**
☒ **Attorney General & Legal Affairs**	☒ **Blue Carbon Project Actors (developers, carbon crediting entities, validators & verificators /VVBs)**
☐ **Lands and Planning (including Land Surveys)**	☒ **Markets and Finance (including investors)**
☐ **Finance / Treasury**	☐ **Coastal Infrastructure entities**
☒ **Gov't responsible for Community, Indigenous People (incl. local Gov't)**	☐ **Tourism Industry**
☐ **Dedicated Regional Bodies** (incl. Caribbean Community Climate Change Centre (CCCCC / 5Cs) and UNFCCC Regional Collaboration Centre (RCC))	

Core Contracts to Develop Blue Carbon Projects



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1 Why is a solid contractual structure key?

Any carbon project or program requires a well-structured and robust contractual framework to support its successful implementation. Carbon activities typically extend over long periods and involve multiple parties whose roles, responsibilities and interests may evolve over time. Clear contractual arrangements are therefore essential to allocate responsibilities and risks, align the interests and incentives of the parties, establish rights over carbon credits and associated benefits and provide mechanisms for addressing changes and conflicts. These contractual arrangements should ensure that the relationships necessary for the implementation of the carbon project or program remain effective and durable throughout its entire lifecycle.

In the context of blue carbon activities, a solid contractual infrastructure is fundamental. Blue carbon projects activities often involve a particularly diverse range of actors. At the institutional level, several government authorities with responsibilities relating to coastal and marine areas, forests, protected areas, fisheries, land tenure or protected areas shall likely be involved at some point in the implementation of the blue carbon activity. In parallel, private entities, NGOs, local communities, resource users and other stakeholders may participate in conservation, restoration, monitoring and other blue carbon activities. Contracts provide the framework for connecting these actors, defining their respective roles and responsibilities and allocating rights, obligations, setting up the right incentives and clarifying the distribution of benefits among all parties. They are also essential for understanding and allocating and managing the specific risks associated with blue carbon activities, including monitoring and MRV risks, gaps in available sea and coastal data, changes in blue carbon methodologies or carbon standards that may affect credit generation, underperformance of restoration or conservation activities and other events that may affect the volume or value of carbon credits generated.

A wide variety of contractual arrangements may be relevant depending on how a blue carbon activity is structured. Rather than attempting to cover every possible arrangement, this module focuses on three core agreements that are particularly relevant to blue carbon activities: the **Inter-Institutional Agreement**, establishing the roles and responsibilities of the public institutions involved; the **Blue Carbon Credit Sales Agreement**, governing the sale and transfer of carbon credits; the **Land- Access Agreement**, granting the project developers the rights necessary to access and use land or coastal areas for the implementation of the blue carbon activities; and **Benefit Distribution Agreements**, establishing how carbon revenues and other benefits are shared with participating communities and other beneficiaries.

2 Why are interinstitutional agreements relevant?

Where the government or a private sector entity seeks to develop, implement, and manage a carbon project or oversee the development of a carbon project, often multiple government institutions are involved given overlapping responsibilities, or they need to be involved at different stages of the project. In such cases, an interinstitutional agreement can help establish clear roles and responsibilities, decision-making authority, and coordination arrangements among the relevant institutions throughout the development and implementation of the carbon activity. In particular, the agreement should address the following:

Key Clauses

1. Lead institution, roles, and responsibilities. The parties to this agreement should be the public institutions that have a legal mandate, operational responsibility or control over assets/rights necessary for the carbon activity implementation. It should not necessarily include every government institution with an interest in the activity but only those ones with a relevant role and whose cooperation is necessary for the success of the

activity. The agreement define the respective roles of other institutions involved in project development, implementation and oversight.

2. MRV. The Inter-Institutional Agreement should identify which institutions are responsible for collecting and managing the different types of data required for carbon activities that need government involvement, preparing and consolidating monitoring reports, maintaining records, and giving project developers access to information. Monitoring responsibilities should reflect the ecosystem involved.

For blue carbon activities, data may be held by different institutions, and monitoring may require coordination across forestry, coastal and marine management, fisheries, land use and other sectors. For example, fisheries or blue economy authorities may lead monitoring for seagrass projects, while forestry authorities may lead for mangrove projects, in coordination with the relevant blue economy and climate change institutions. The agreement should also set out data-sharing arrangements, quality-control procedures and coordination mechanisms so that information is timely, reliable and consistent. Importantly, it should assign responsibility for engaging and cooperating with the carbon crediting standard or mechanism under which the activity is registered.

3. Benefit sharing. Where the government receives payments under the carbon activity, the Inter-Institutional Agreement should set out how those revenues are allocated and distributed among the participating national institutions. This process is also an opportunity for each institution to identify and estimate the costs of the functions and activities it is expected to perform under the carbon activity. That gives a sound basis for allocating revenue. In practice, public institutions are not always fully aware of the internal costs of implementing carbon activities, and these costs are often poorly identified and left out of overall program implementation costs. The allocation criteria should also link the distribution of payments to the fulfilment of agreed responsibilities, deliverables or performance indicators.

4. Safeguards and IPCLs. The agreement should clearly allocate responsibilities for implementing and monitoring the environmental and social safeguards that apply to the carbon activity. This is particularly important where different institutions have mandates covering environmental protection, local communities or IPLCs, land and resource rights, protected areas or other safeguard-related matters. The agreement should identify who is responsible for monitoring safeguard compliance, managing grievances, and responding to any adverse impacts or non-compliance that are identified. It should also establish mechanisms for coordinating institutional responses to safeguard issues, and assign responsibility for preparing and submitting any safeguard reports or documentation required by the applicable carbon standard.

How is this relevant to blue carbon projects?



- **Many mandates:** Coastal and marine areas fall under several institutions, such as environment, forestry, fisheries, marine affairs, land, infrastructure and coastal management.
- **Local authorities matter:** Local and regional bodies often hold key powers over coastal zones, spatial planning, resource management and enforcement.
- **Clarity where mandates overlap:** An Inter-Institutional Agreement sets out who does what on land and resource management, implementation, monitoring and carbon-related activities.

3 Why are blue carbon sales agreements relevant?

Blue carbon sales agreements provide the revenue stream for the carbon activity. They set the terms under which the carbon credits it generates are sold and purchased, and give the contractual basis for monetizing its

emission reductions or removals. They also define the key commercial terms, including the quantity and type of credits, price and payment terms, delivery conditions, and how risks and responsibilities are allocated between the parties.

For a sale to be legally effective, the seller -either a public or a private institution- needs to prove that it has the title over the carbon credits object of the sale and can transfer the credits to the buyer. Depending on the host country's legal framework, these rights may derive from landownership, carbon rights assignment from the holder of those rights, or government approval or authorization. See Module 1: Carbon Rights.

Key Clauses

1. Sale and purchase. Defines the quantity, type, and timing of the carbon credits to be sold and purchased. Purchases may involve future credits that have not yet been generated, verified or issued, or existing credits that have already been verified, and issued by a carbon standard.

- **Forward purchase:** the buyer commits to purchasing credits expected to be generated and delivered in the future. The agreement may specify the expected volume, delivery period, vintage years, pricing, and other eligibility criteria. Forward purchases may also include upfront or milestone-based payments to support project development and implementation.
- **Purchase of existing credits:** the buyer purchases credits that have already been generated, verified, and issued. The agreement may specify the credits to be delivered based on their vintage, certification standard, methodology, or other eligibility criteria.

Within either structure, the parties may agree on different volume arrangements, including:

- **Fixed volume:** a set number of credits, tied to specific vintage years.
- **Variable volume:** credits generated up to an agreed cap, which may be specified per vintage year.

2. Delivery. Specifies how and when the credits will be delivered to the buyer, including applicable delivery milestones and conditions for transfer. These may include verification and issuance of the credits, required government approvals or authorizations, provision of required documentation, and payment by the buyer. The agreement may also establish procedures for addressing delays, shortfalls, or other circumstances affecting delivery.

3. Pricing, payment, and advance payments. Sets out the price of the carbon credits and the timing and conditions for payment. Payment may be made on delivery, in advance or in instalments. Where an advance payment is used to fund project development and implementation, the agreement may set out how it is credited against the purchase price, how the balance due is calculated, and what happens if fewer credits are delivered than expected.

4. Obligations, events of default and termination. Outlines each party's obligations for the design, implementation, monitoring, reporting and verification of the carbon activity. It may also specify how carbon credit revenues are to be used. Seller obligations may include complying with the Project Design Document (PDD) and applicable project requirements, and meeting reporting and verification commitments. Buyer obligations typically include accepting delivery and making payments on time. The agreement also defines what counts as an event of default for each party, the consequences of default, and the grounds for termination.

How is this relevant to blue carbon projects?



- **Blue carbon credit prices**: Blue carbon credits tend to be priced higher than other nature-based credits, reflecting factors such as their co-benefits, limited availability, and buyer demand. Mangrove

restoration credits have a price range of US$50–75/$tCO_2e$, while ARR credits range from US$15–35/$tCO_2e$.[1] Pricing provisions are therefore particularly relevant for determining the value of credits and whether prices will remain fixed or vary over the project's duration.

- **Upfront investment:** Blue carbon projects often require significant investment in restoration, monitoring, and verification, often in remote or difficult-to-access areas, before credits can be generated and issued. Advance payments can help close this financing gap. The agreement should specify how advance payments may be used, and what happens if credits are issued later than planned or not at all, so that the financial risk is clearly allocated between buyer and seller.
- **Blue carbon sale revenues for coastal infrastructure investment:** Blue carbon activities require significant investment in enabling coastal infrastructure, such as wastewater and sewage management, coastal planning measures or the restoration and maintenance of hydrological connections between the sea and mangrove areas. Carbon revenues may be expected to cover at least part of these investments, and the Carbon Sales Agreement may provide for a portion of those revenues to be allocated to such activities. This creates an important link between the sale of carbon credits and continued investment in the underlying activities and infrastructure necessary to enable and sustain their generation over time.
- **Long-term climate exposure:** Sea-level rise, coastal erosion, storms, and other climate-related changes can affect the longevity of blue carbon projects. Arrangements should therefore consider the potential for non-delivery of the expected credits and establish how such circumstances will be addressed, for example through force majeure clauses.

4 Why are land access agreements relevant?

A Land Access Agreement is necessary when a third party develops a carbon activity on land it does not own or does not manage. The third-party acts as the project proponent and is responsible for developing, implementing, and managing the carbon activity. The landholder remains the owner of the land but grants the project proponent the legal right to access and use it for the duration of the carbon activity, subject to the agreed terms. The agreement may also address the project proponent's rights and responsibilities in relation to the carbon project and the carbon rights associated with the project. The concrete legal instrument may be materialized as a lease, concession, license, management agreement or other land or resource-use arrangement. See Module 1: Carbon Rights.

Key Clauses

1. Term. The agreement should remain in effect for at least the period required to demonstrate continuity of the project proponent's rights to access and use the project area. This is particularly relevant for nature-based carbon projects, where permanence refers to maintaining the carbon sequestration or removal benefits over the long term. Many carbon standards use a 40-year period as the benchmark to demonstrate that the conditions necessary to maintain the project are secured for at least this period. A Land Access Agreement can provide evidence that the project proponent has secured the required access to the project area for this period.

Attention should be paid to existing users' rights, including customary rights. Where communities or IPLCs hold users' rights and customary rights over the project area, even if they do not own the land, the Land Access Agreement should identify and take these rights into account. The rights granted to the project developer should, as far as possible, avoid or minimize interference with existing community uses and rights. Where restrictions are necessary for the implementation of the carbon activity, the agreement should ensure that they are

[1] Senken 2026

consistent with applicable law and the safeguards of the relevant carbon standard, including requirements relating to consultation, consent or FPIC, and compensation where applicable.

2. Transfer of carbon rights. The landholder should transfer the relevant carbon rights associated with the project area to the project proponent for the term of the agreement. The scope and duration of the transfer should be clearly defined and aligned with the applicable legal framework and the requirements of the relevant carbon standard. See Module 1: Carbon Rights.

3. Landholder remuneration or reward. The agreement should establish what the landholder receives in return for granting access to the land and, where applicable, transferring carbon rights. The parties may agree on cash remuneration such as:

- Fixed fee: The landholder receives rent or access payments, regardless of project performance.
- Share of proceeds: The landholder receives a percentage of sale proceeds, paid within a set period after receipt. The developer controls the timing, quantity, and price of sales.
- Share of credits: The landholder receives a percentage of the credits, transferred to the landholder's registry account within a set period after issuance. The landholder must hold an account and sell its own credits.
- Combination: A fixed fee paired with a share of credits or proceeds. The fee gives the landholder a stable baseline, and the share gives it a stake in project performance.

4. Project developer obligations. The project proponent should be responsible for complying with applicable legal requirements, carrying out the activities set out in the project management plan and applicable carbon standard, and obtaining and maintaining the approvals and permits required for the project. The agreement should clearly establish the project proponent's responsibilities throughout the project term.

5. Landholder obligations. The landholder's obligations should include complying with any restrictions on activities within the project area that could interfere with the project or affect the generation or permanence of carbon credits. Where appropriate, the landholder may also be required to use reasonable efforts to prevent third parties from undertaking activities that could interfere with the project, such as accessing the project area. The agreement should also establish how these obligations apply if ownership of the land changes during the project term.

6. Safeguards. The agreement should set out the environmental and social safeguards that apply to the carbon activity, including those required by the carbon standard. It should cover in particular stakeholder engagement, consultation and, where applicable, free, prior and informed consent (FPIC).

8. Termination. The agreement should establish the circumstances in which it may end, either automatically or through a party's right to terminate.

- **Automatic termination:** The agreement may terminate if specified conditions necessary for the project to proceed are not met within the agreed timeframe, such as registration of the project under the applicable carbon standard or obtaining required consents from third parties with interests in the land, or not receiving benefits by a certain date..
- **Right to terminate:** A party may have the right to terminate the agreement if the other party materially breaches its contractual obligations, subject to any applicable notice and cure periods. The agreement should specify the circumstances that constitute a material breach and the consequences of termination for the project and the parties. Because participation in a carbon activity is voluntary, agreements with communities and IPLCs may also give them the right to withdraw from the activity, subject to reasonable prior notice and agreed conditions. This protects their right to participate freely while giving the project enough predictability.

How is this relevant to blue carbon projects?



- **Fragmented land tenure:** Mangrove areas and in general, coastal areas are often held in multiple separate parcels or tenure areas. An aggregated blue carbon project may therefore encompass land held by multiple owners or rights holders, requiring the project proponent to secure land access and carbon rights for each parcel included in the project.
- **Conservation easements:** Fragmented land and frequent changes of ownership weaken long-term protection. Easements solve this. An easement is a legally binding agreement between a landowner and a land trust/NGO or government agency that permanently restricts certain development rights on private property to protect its natural values. The owner keeps title, and the restrictions run with the land, so they bind future owners and secure coastal ecosystems for the long term.
- **In practice, Belize:** Belize is considering including a conservation easement instrument in its Blue Economy Bill. This would give easements a clear legal basis and a tool to secure long-term protection of privately held mangroves and coastal land, including land within blue carbon projects.

5 Why are benefit sharing arrangements relevant?

Benefit-sharing arrangements can provide a framework for engaging land and resource tenure holders, including communities with or without formal tenure, and for establishing how monetary and non-monetary benefits generated by a carbon project will be shared among relevant stakeholders.

Depending on the carbon activity, these arrangements may take the form of a general benefit-sharing arrangement covering beneficiaries across the project area. Where the government leads the activity, this may be formalized through a national policy or legal instrument. It can be complemented by specific agreements with communities or stakeholder groups involved in fisheries management, restoration or other project activities. Beyond setting out how benefits are distributed and paid, these agreements set the conditions and activities each party must carry out, define roles and responsibilities and, where appropriate, provide a basis for transferring or otherwise recognizing carbon rights. For further guidance, see Module 3: Benefit Sharing.

How is benefit sharing relevant to blue carbon projects?



- **Making communities part of the project.** Fishers, harvesters, Indigenous Peoples and local communities live in and depend on blue carbon ecosystems, and the success of a blue carbon project depends on them too. Through benefit sharing, they become part of the project. They earn alternative livelihoods by participating in activities such as restoration and monitoring, and they are compensated when their lands or resources form part of the project area.
- **Benefits beyond carbon:** Blue carbon activities can generate benefits that extend beyond carbon including improved fisheries, greater coastal protection, better water quality and more resilient local livelihoods. Benefit-sharing arrangements can help ensure that a portion of carbon revenues is reinvested in activities that strengthen these benefits for example through sustainable fisheries management, improved value chains, ecosystem restoration or livelihood related infrastructure.

6 How are blue carbon countries approach the matter of contracts?

Governments have taken different approaches to regulating contractual arrangements relevant to carbon projects. Some legislation expressly authorizes specific types of agreements to establish land-use rights or govern carbon transactions, while other frameworks provide a broader legal basis for contractual arrangements between governments, project developers, landholders and carbon-market participants. The examples below illustrate how legislation can provide a legal foundation for Land Access Agreements and Carbon Sales Agreements, while leaving the parties to define the specific terms and obligations applicable to each project.



Belize: Belize's legal framework recognizes the importance of formalizing landholder rights in carbon projects. Under the Climate Change and Carbon Markets Initiatives Act, 2026, the government can enter into a "Carbon Reduction or Removal Project Agreement" with a project developer or landholder. These agreements can be used to establish or assign land-user rights for the development of a carbon project under section 22, providing a legal mechanism to address access to land where the project developer is not the landowner.

The Act also makes clear that "the rights of any landholder shall be fully respected in the implementation of any carbon reduction or removal project." In practice, this means that projects must account for existing landowner rights and establish a clear legal basis for the project developer to access and use the land.

While the Act does not establish specific requirements or guidance for Carbon Sales Agreements, it regulates the authorization of carbon credit transactions. "Any person who intends to sell, trade, or transfer carbon credits derived from mitigation outcomes achieved in Belize shall apply to the Registrar for a carbon credit authorisation permit" (s.25). This provides a regulatory framework for carbon credit transactions, while leaving the specific contractual terms governing the sale, trade or transfer of credits to be established by the parties.



The Bahamas: The Climate Change and Carbon Market Initiatives Act 2022 establishes a legal framework for the government to engage in carbon-market transactions, including the sale or purchase of carbon credits, through three types of arrangements: bilateral or multilateral agreements, agreements with private entities, and participation in voluntary carbon markets (s. 22).

The Act identifies the Prime Minister as the government actor authorized to enter into these arrangements. Under section 23, the Prime Minister may enter into bilateral or multilateral agreements with other countries to trade carbon for emission reductions and removals, including ITMOs. Under section 24, the Prime Minister may, with Cabinet approval, enter into an agreement with a private entity for the private entity to offset its carbon emissions. Section 25 further allows the Prime Minister, with Cabinet approval, to enter into an agreement to trade in a carbon market established or overseen by an internationally recognized entity

Bahamas legislation also provides for carbon management contracts (See Art. 6) with a carbon management entity for the development of activities such as (Art. 7).



Blue carbon project example: Conservation agreements in Vida Manglar (Colombia)

Vida Manglar shows how contracts between public authorities and community organisations can secure community participation in a blue carbon project. Public authorities, research institutions, NGOs and community associations work together on project implementation and monitoring, including monitoring of mangrove condition, coastal erosion, water quality and carbon capture.

Instruments involved"

- **Resource-use permits (administrative authorization):** Local mangrove associations receive permits to extract specified quantities of wood from the mangrove forest each year.
- **Conservation agreements (contract):** The associations can enter into agreements with the regional authority, the Corporación Autónoma Regional de los Valles del Sinú y del San Jorge.
    - *Community obligations:* Protect and conserve the mangrove ecosystem.
    - *Authority obligations:* Provide financial and technical support.

7 Sources for further reading

- Bio Carbon Fund and World Bank Group (2025) Contracting Emissions Reductions from Natural Climate Solutions The Experience of the BioCarbon Fund in Contracting Emissions Reductions Purchase Agreements (ERPAs). https://documents1.worldbank.org/curated/en/099062725162541384/pdf/P180769-0d5ead36-71d3-47df-884b-8f8dc9fb3f27.pdf
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