

WHY CARBON MARKETS ARE A DANGEROUS DISTRACTION FOR AFRICA

POLICY BRIEF

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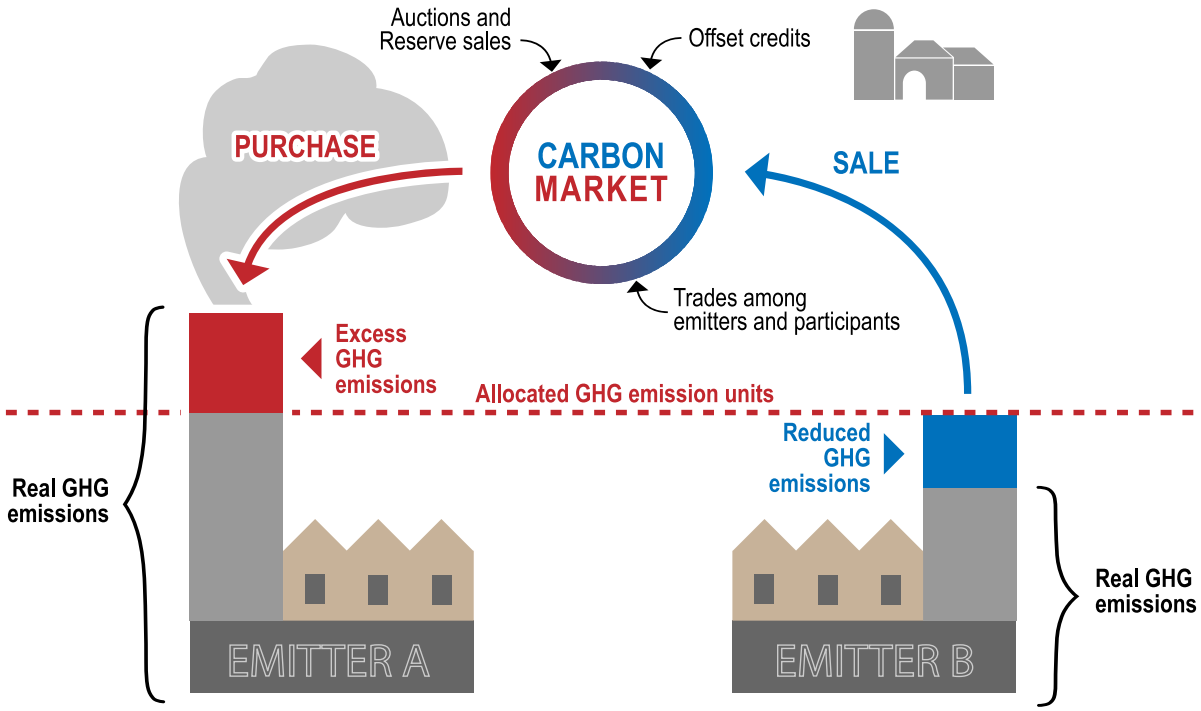


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Introduction

This brief argues that carbon markets are a false solution to Africa's climate finance needs. Rather than delivering real, equitable, and transformative funding for climate action, these markets risk undermining Africa's climate sovereignty by entrenching extractive economic patterns, delaying Africa's just energy transition, fostering neocolonial land-grabs and, by failing to address climate change, further destabilising the Earth's life support systems, leaving Africans first and worst affected. By unpacking the scientific, economic, and political limitations of these mechanisms, the brief offers evidence-based guidance to help African stakeholders reject false solutions and push for more just, transparent, and grant-based forms of climate finance.



Source: Ministère de l'Environnement et de la Lutte contre les changements climatiques

1. WHAT ARE CARBON MARKETS?

Carbon markets are trading systems that allow countries, companies, or entities to buy and sell "carbon credits", which represent claimed reductions or removals of greenhouse gas emissions. The underlying concept is that one party can emit more carbon dioxide if another party emits less, by purchasing credits representing the difference. These markets are either compliance-based (regulated by governments) or voluntary (often led by corporate initiatives).

Carbon markets were born out of a misleading but undeniably appealing idea: **instead of forcing every emitter to cut emissions at the source, why not allow those who can purchase the right to pollute from those who have reduced or absorbed greenhouse gases elsewhere?** In practice, these systems issue or recognise "carbon credits," each theoretically representing one metric ton of CO_2 either avoided or removed. Thus, a company that cannot easily (or doesn't want to) decarbonise its own operations buys these credits and claims the corresponding emission reductions as its own, an arrangement that, on paper, promises a cost-effective, market-driven path to climate mitigation.

> Carbon markets revolve around two main types of credits: voluntary avoidance credits and removal credits. **Voluntary avoidance credits** are generated by projects that claim to prevent emissions from occurring, such as protecting existing forests or reducing deforestation. **Carbon removal credits**, on the other hand, represent efforts to actively capture and store carbon from the atmosphere, often through reforestation, soil management, or technological solutions like direct air capture.

Under regulated, or compliance-based, schemes, such as the European Union Emissions Trading System (EU ETS), governments impose a cap on total emissions and distribute allowances accordingly. Industries that clean up can sell their surplus permits to those lagging behind. Voluntary markets, by contrast, rely on corporate pledges and reputational incentives: businesses and institutions buy credits to claim "carbon neutrality" or satisfy their stakeholders, without any legal requirement to do so.

In this policy brief, which is backed by scientific research, we argue that, if our ultimate goal is to avoid the climate tipping points that threaten global security and livelihoods, we cannot rely on offsets as a substitute for deep decarbonisation. We also point out that carbon markets risk becoming a seductive smokescreen: a way for powerful interests to claim virtue without making the sacrifices required to safeguard our planet, all while purchasing the pollution permits necessary to continue business as usual. If we truly believe in climate justice, then we must cut emissions at the source, restructure our economies around renewable energy, and embed equity at every step.

2. WHY CARBON MARKETS ARE A DANGEROUS DISTRACTION

This section presents a growing body of evidence that challenges the effectiveness and legitimacy of carbon markets as a tool for addressing climate change. We engage this evidence and expose the structural flaws of carbon markets, namely, that they permit further pollution, delay real climate action, fail to provide genuine scientific offsets or emission reductions, misallocate resources, undermine development, enable rich countries to shirk responsibility, enable corporate greenwashing, empower polluting industries, subsidise the fossil fuel industry, and entrench technocratic and elite control over lands and resources in the Global South. We thus show that carbon markets ultimately fail to deliver equitable and effective climate solutions.

a. Carbon markets undermine real climate action by creating pollution permits

Carbon markets and carbon credits are not a real climate solution; they are more accurately characterised as pollution permits that allow the wealthy to keep polluting under the illusion of environmental responsibility. Created by a technocratic elite, this system commodifies avoided or stored carbon and transfers control over Africa's land and resources to global and local elites. Instead of empowering communities, it benefits corporations and governments most responsible for the climate crisis, reinforcing existing inequalities.

Rather than cutting emissions, carbon markets, especially voluntary ones, enable corporate greenwashing and the outsourcing of climate responsibilities to the Global South. Instead of driving fundamental changes in how we produce energy, manufacture goods, or move people, carbon markets create a shortcut: companies can continue burning fossil fuels so long as they fund projects elsewhere, whether it's protecting tropical forests, installing cookstoves in rural communities, or deploying nascent carbon-capture technologies. This distracts from the urgent need to cut emissions at source and delays the global energy transition.

Companies use these credits to claim to be "net zero" while continuing or even expanding harmful and polluting activities. Initiatives like the African Carbon Markets Initiative (ACMI) could allow 1.5 to 2.5 gigatonnes of new emissions annually, more than all current fossil fuel and agricultural emissions in Africa combined, undermining global climate goals and burdening the Global South with the costs.

Africa deserves genuine investment in zero-carbon development, but not through schemes that justify continued emissions elsewhere. Real emissions reductions in Africa must be recognised as African contributions, not used to offset corporate pollution. Anything less is a dangerous form of climate neo-colonialism that prioritises carbon accounting over African lives, rights, and development. Carbon markets are a tool to allow the continuation of emissions rather than their elimination. Instead of prioritising real emission reductions, they offer a financial loophole for wealthy nations.

b. Carbon markets do not reduce emissions

Carbon markets have consistently failed to prove they can reliably reduce greenhouse gas emissions at the scale and speed necessary to meet global climate goals. The European Union Emissions Trading System (EU ETS), often held up as a pioneering and effective model, initially missed its reduction targets by a significant margin during its early phases. Independent analyses have shown that the emission reductions credited to the ETS in its first decade were largely a side effect of the global financial crisis in 2008, which caused industrial output to fall sharply, rather than deliberate emissions cuts driven by market incentives (Sandbag, 2019). Similarly, carbon pricing schemes in countries like Australia and New Zealand have fallen short of expectations, with fluctuating carbon prices and weak enforcement mechanisms limiting their impact (SOMO, 2023).

Voluntary carbon markets, such as those promoted by the African Carbon Markets Initiative with its aspirational carbon price of $10 per tonne, face additional challenges. Historical experience shows that voluntary markets suffer from inconsistent demand, low prices, and weak regulation, making it unlikely that they can generate a reliable or meaningful carbon price that drives deep emissions cuts. For example, the California Cap-and-Trade programme has frequently been criticised for oversupply of permits, leading to low carbon prices, and thus reducing the incentive for actual emission reductions (CA Air Resources Board, 2021).

This is why civil society organisations and academics have been raising the alarm on carbon markets for years.

The Centre for Research on Multinational Corporations (SOMO) states that

“carbon markets create the illusion of climate action while allowing polluters to continue emitting greenhouse gases, undermining the urgent systemic changes needed”.

Friends of the Earth International warns that carbon markets

“rely on unproven claims of carbon sequestration and permanence, risking the displacement of responsibility from polluters to vulnerable communities and ecosystems”.

Similarly, Carbon Market Watch notes that

"offsetting... diverts the focus away from the real emmission reductions that must be urgently achieved... (and) provides ample opportunity for greenwashing".

The reliance on such markets risks perpetuating business-as-usual emissions while offering the illusion of climate action.

c. Carbon markets do not create genuine offsets

Carbon markets are based on a false and unscalable equivalence between fossil fuel carbon and biological carbon. These markets assume that emissions from burning fossil fuels can be offset by absorbing an equivalent amount of carbon biologically, through forests, soils, or other natural carbon sinks.

However, this assumption ignores key scientific realities. Fossil carbon has been locked underground for millions of years and, when released, adds new carbon to the biosphere permanently. Biological carbon, by contrast, is part of a dynamic system with the atmosphere, whereby carbon stored in forests or soils can be rapidly re-released through fires, floods, or changes in land use. This false equivalence means that instead of reducing atmospheric carbon, carbon markets risk increasing the total carbon load in the biosphere. This destabilises ecosystems, threatens biodiversity, and ultimately undermines global climate goals by allowing continued fossil fuel emissions under the guise of offsetting.



Even if these offsets were equivalent, they are simply unscalable to the degree of carbon we are emitting and therefore should not be claimed as a “net zero” solution. As the Land Gap Report shows, relying on land-based carbon removals to meet the 1.5°C target would require an area larger than the entire United States, an unfeasible scale that would displace critical agricultural, ecological, and social needs. By failing to distinguish between these carbon types and their vastly different impacts, carbon markets create a dangerous illusion of climate action that delays the urgent systemic changes needed to transition away from fossil fuels.

d. Carbon markets misallocate resources and undermine development

The critique of carbon markets’ impact on development is vast enough to fill entire papers, each unpacking complex issues around financial flows, power dynamics, and social outcomes and exposing how profits are siphoned away from communities toward intermediaries and polluters.

Rather than empowering local communities, carbon markets predominantly channel financial benefits to project developers, certification and verification firms, carbon traders, and large polluting industries. These actors often capture the lion’s share of profits, while local populations receive little to no direct economic advantage. In some instances, carbon offset projects have worsened conditions for affected communities, adding to their debt burdens or causing social and ecological harm, such as displacement or restricted access to land and natural resources.

Additionally, the commodification of carbon has led to the misallocation of billions in public funds. Rather than financing sustainable development or transformative climate solutions, these funds often subsidise projects or technologies that reinforce unsustainable practices or fail to address root causes. This misdirection of resources entrenches unequal power relations within the global climate finance system, favouring wealthy investors and polluters over frontline communities. Such dynamics ultimately undermine genuine development goals, perpetuating social injustice while failing to deliver meaningful climate action.

e. Carbon markets enable rich countries to shift responsibility

Carbon trading enables wealthy countries and corporations to shirk their climate responsibilities by buying offsets instead of reducing their own emissions. This arrangement effectively transfers the burden of mitigation onto developing countries, many of which are the least responsible for historic greenhouse gas emissions yet suffer the most from climate impacts such as droughts, floods, and food insecurity. The Clean Development Mechanism (CDM) under the Kyoto Protocol, for example, was intended to foster sustainable development but has been widely criticised for allowing rich countries to outsource emissions reductions without adequate safeguards or benefits for host communities (Schneider, 2009). This has perpetuated a form of climate injustice where the Global North maintains high emissions while the Global South bears the social, environmental, and financial burdens of offset projects. A 2019 analysis of CDM projects in Africa found that many had failed to deliver promised benefits, with some exacerbating land conflicts and marginalising local people (Carbon Market Watch, 2019). This dynamic entrenches a pattern where responsibility is externalised, and developing countries face the costs and risks of climate mitigation without commensurate support.

f. Carbon markets enable corporate greenwashing and empower polluters

Voluntary carbon markets are a major tool in the greenwashing strategies of corporations seeking to portray their operations as environmentally responsible without making substantive changes. Companies purchase carbon credits, often of dubious quality or from projects that would have happened regardless of the offset funding, to claim their products or processes are “carbon neutral” or aligned with “net zero” goals. For example, investigations into some large-scale forestry projects revealed issues with permanence, double counting, and displacement of local communities (SOMO, 2023). This lack of transparency and verification allows companies to mislead stakeholders, while continuing polluting activities. The New York Times and The Guardian have documented how airlines, oil companies, and consumer goods firms rely heavily on such credits to greenwash their image despite minimal emissions reductions. Furthermore, carbon markets can perversely incentivise higher emissions because companies may buy credits to increase emissions beyond what would have otherwise occurred, turning carbon offsets into a pollution permit rather than a tool for real emissions cuts.

At the same time, carbon markets have facilitated alliances between the fossil fuel, agribusiness, and financial sectors that use offsetting schemes to legitimise ongoing harmful practices. Fossil fuel companies often promote nature-based offsets to justify continued extraction, delaying a shift to renewable energy. Agribusiness explores carbon farming and soil sequestration as new profit centers, sometimes encouraging land grabs and monocultures that undermine biodiversity and community rights (Friends of the Earth International, 2020). Financial actors profit from trading carbon credits and underwriting offset projects, frequently backed by weak regulatory oversight. In Africa, these dynamics threaten to concentrate control over land and energy in the hands of transnational corporations, sidelining smallholders and indigenous peoples. For example, in Mozambique and Tanzania, large-scale tree planting projects linked to carbon offsets have resulted in displacement and loss of access to traditional lands for local communities. Such outcomes exacerbate inequalities and undermine efforts to build resilient and just energy and food systems.

g. Carbon markets act as a subsidy to the fossil fuel industry

Carbon markets often provide implicit subsidies to fossil fuel companies by allowing them to continue polluting at little or no cost. In regulated systems, many emitters receive free or discounted allowances, which reduces the financial burden of emissions and rewards continued fossil fuel extraction (OECD, 2020). In voluntary markets, the availability of cheap or low-quality carbon credits enables fossil fuel producers to purchase offsets as a form of climate "insurance," avoiding real operational changes. These dynamic delays the transition to renewables by lowering the economic incentives to invest in cleaner technologies. At a time when fossil fuel companies are already receiving trillions of dollars in subsidies worldwide (IEA, 2022), carbon markets add another layer of cost externalisation and reduced accountability. For instance, reports have revealed how fossil fuel companies' investments in offset projects can obscure their ongoing lobbying against climate policies and perpetuate harmful business models (Reclaim Finance, 2021).



h. Carbon markets are prone to fraud and corruption

Because carbon credits represent intangible reductions or avoided emissions, they are inherently vulnerable to fraud, overestimation, and manipulation. Cases of fraudulent credits, inflated claims, and tax evasion have emerged across carbon trading schemes worldwide. The "phantom credits" scandal in the EU ETS, where permits were sold multiple times, exposed the risks of weak oversight (European Court of Auditors, 2015). In Africa, where regulatory frameworks may be less developed, the risks are even higher. For example, investigations into offset projects in Kenya and Uganda found discrepancies in emissions accounting and questionable benefit claims. Without strong governance and transparency, these markets risk becoming a new "carbon resource curse," where financial speculation and corruption undermine genuine climate action and sustainable development.

i. Carbon markets are based on a flawed analogy to a simpler problem

The design of modern carbon markets is largely modeled on the US sulfur dioxide (SO_2) emissions trading programme implemented in the 1990s, which is often cited as a pioneering example of market-based environmental regulation. This programme successfully reduced acid rain by setting a clear, enforceable cap on SO_2 emissions from a relatively small number of large power plants within a single country. It featured tight regulatory oversight, well-defined emissions limits, and a manageable number of participants, making the system more transparent and easier to enforce.

However, this analogy quickly breaks down when the concept is scaled up and applied globally to carbon dioxide (CO_2) emissions. Unlike SO_2, CO_2 emissions arise from millions of diverse sources, including factories, vehicles, agriculture, and land use changes, spread across nearly 200 countries with vastly different economic, political, and regulatory environments. Unlike the US SO_2 system's clear and enforceable caps, current global carbon markets operate without a binding, universally enforced limit on total emissions, which fundamentally undermines their effectiveness.

Moreover, carbon markets rely heavily on claims of achieving net zero emissions through offsets or carbon sequestration projects, but there are no strict requirements ensuring that these sequestration efforts are scalable, permanent, or verifiable. The biological processes often credited for absorbing carbon, such as forest growth or soil carbon storage, are subject to reversals caused by fires, droughts, land conversion, or other natural disturbances, unlike the permanent removal of sulfur dioxide from emissions.

In addition, measuring and verifying carbon emissions and offsets at this global scale is extraordinarily complex and fraught with uncertainty. The heterogeneous nature of emissions sources, combined with inconsistent monitoring standards and limited transparency, results in a system vulnerable to manipulation, double counting, and inaccuracies. By modeling global carbon markets on a relatively simple and well-regulated US pollution control system without adapting for scale, complexity, and enforceability challenges, this approach perpetuates a flawed analogy. This has led to widespread disillusionment with carbon markets as a serious tool for climate mitigation.

j. Carbon markets entrench technocratic and elite control

Carbon markets depend on complex technical infrastructures, such as satellite monitoring, carbon accounting methodologies, and financial instruments, that are controlled by a small and elite group of experts, consultants, investors, and multinational corporations. This complexity excludes meaningful participation by local communities, farmers, and indigenous peoples, who are often the custodians of forests, soils, and ecosystems targeted for carbon sequestration. Instead of empowering these groups, carbon markets reduce them to passive suppliers of credits, with little say in decision-making or benefit sharing (IPCC, 2022**).** In many cases, project governance is opaque, with limited accountability and few opportunities for democratic oversight. This technocratic control reinforces global inequalities and perpetuates a model of climate finance that prioritises profit and financialisation over social justice and ecological sustainability (Martinez-Alier et al., 2021**).** African farmers and indigenous communities are often sidelined in carbon project design and governance, which undermines local sovereignty and the potential for community-led climate solutions.

3. ALTERNATIVE APPROACHES TO RAISING CLIMATE FINANCE

Instead of relying on scaling carbon markets, African countries should prioritise direct, equitable, and accountable climate finance mechanisms that address the continent's unique challenges and promote justice. These include:

Public climate finance: African nations must intensify efforts to secure increased international climate finance from wealthy, industrialised countries, rooted in the principle of historical responsibility for climate change. This funding should primarily take the form of grants and direct budget support rather than loans or offset-based mechanisms that risk indebting already vulnerable economies. Such finance should focus on supporting public-sector-led climate adaptation and mitigation projects that prioritise the needs of marginalised communities, build resilient infrastructure, and strengthen public health and disaster preparedness systems. By promoting public finance, African countries can retain sovereignty over climate actions and ensure that funds are aligned with national development goals.

Debt cancellation and reparations: Many African countries face crippling debt burdens that limit their ability to invest in climate resilience and low-carbon development. African governments and civil society should actively campaign for the cancellation or restructuring of illegitimate, odious, or unsustainable debts that were incurred under unfair or exploitative conditions. Beyond debt relief, there is a growing call for climate reparations from the historically largest polluters, acknowledging their outsized responsibility for global warming. These reparations could take the form of dedicated climate funds or financial transfers to support a just transition, enabling African economies to leapfrog fossil fuels, protect biodiversity, and create green jobs without perpetuating cycles of dependency and austerity.

Tax justice and financial reform: Sustainable climate finance requires systemic reforms to the global financial architecture. African countries, alongside global partners, should advocate for measures such as imposing taxes on excessive fossil fuel profits (windfall taxes), implementing wealth taxes on ultra-high-net-worth individuals, and strengthening enforcement against illicit financial flows that drain resources from the continent. Closing tax loopholes and enhancing transparency in multinational corporate operations can recover significant funds that could be redirected toward climate and development priorities. These reforms not only raise critical revenue but also promote greater fairness in the global economic system.

Community-led adaptation and agroecology: Investing in locally driven solutions that combine ecological sustainability with social equity is essential for climate resilience in Africa. Agroecological farming methods, which integrate traditional knowledge with ecological science, improve soil health, increase crop diversity, and enhance food security while reducing reliance on chemical inputs. Community-managed forests and watersheds empower local people to conserve biodiversity and maintain ecosystem services vital for livelihoods. Decentralised renewable energy systems, such as solar mini-grids and clean cookstoves, offer accessible, low-cost alternatives to fossil fuels, particularly in rural and underserved areas. These approaches strengthen community autonomy, create sustainable livelihoods, and avoid the pitfalls of commodifying nature through offset markets.

National climate funds: Establishing transparent, accountable, and publicly governed national climate funds can provide a strategic platform to channel both international climate finance and domestic resources into priority climate actions. These funds should be designed with strong stakeholder participation, including civil society and indigenous groups, to ensure that investments reflect local needs and uphold principles of equity and sustainability. By centralising climate finance management, national climate funds can improve coordination, reduce fragmentation, and increase the impact and accountability of climate spending. They also serve as a foundation for long-term climate planning and integration with broader development strategies.

Conclusion

Carbon Markets are a failed model of climate finance that prioritises profits over people and delays over action. Carbon markets have not worked in the past and are unlikely to deliver the promised development benefits for Africa. They are based on flawed scientific and economic assumptions, encourage pollution outsourcing, and open the door to land grabs, corruption, and greenwashing. Africa deserves real climate solutions, not more broken promises. Civil society leaders and policymakers must reject carbon market expansion and instead pursue direct, just, and locally grounded approaches to climate finance and development that deliver real benefits to people. The path forward must be rooted in equity, sovereignty, and real emissions reductions, not pollution permits.

Glossary of Carbon Markets Terms

Carbon markets: Market-based systems where carbon emission reductions or removals are bought and sold as credits or allowances. The aim is to incentivise emission cuts by assigning economic value to greenhouse gas (GHG) reductions.

Compliance Carbon Markets (regulated markets): Legally mandated systems where governments or international bodies require specific emitters to meet emission reduction targets by holding allowances. Examples include the EU Emissions Trading System (ETS) and California's Cap-and-Trade Programme. These markets have enforceable caps on emissions.

Voluntary Carbon Markets (VCMs): Markets where carbon credits are purchased on a voluntary basis by companies, organisations, or individuals to offset their emissions or to claim climate commitments. There is no legal obligation to participate. VCMs tend to have weaker oversight and variable credit quality.

Carbon credit: A tradable certificate representing one metric tonne of carbon dioxide equivalent (CO_2e) emissions reduced, avoided, or removed. Credits are created from verified projects that claim to reduce emissions relative to a baseline scenario.

Carbon allowance: A permit issued by regulatory authorities under compliance markets that authorises the holder to emit a specific amount of CO_2e. Companies must surrender allowances equal to their actual emissions at compliance deadlines.

Carbon offset: An action or project resulting in the reduction or removal of GHGs that compensates for emissions occurring elsewhere. Offsets can be purchased and retired to claim net emission reductions.

Avoided emissions: Emissions that have been prevented by switching from a higher-carbon activity to a lower- or zero-carbon alternative; for instance, replacing coal with wind power. Often used to generate carbon credits but criticized for challenges in measurement and permanence.

Carbon removal / negative emissions: Techniques or natural processes that actively extract CO_2 from the atmosphere and store it long-term, including afforestation, soil carbon sequestration, bioenergy with carbon capture and storage (BECCS), and direct air capture. Credits from removal projects are considered more robust but are often limited in scale and permanence.

Additionality: A core principle ensuring that carbon reductions are truly extra, meaning they would not have occurred without the financial incentive from carbon markets. Projects that would have happened anyway (business-as-usual) do not qualify for credit issuance.

Leakage: Occurs when emission reductions in one area lead to an increase in emissions elsewhere. For example, protecting a forest in one region might push deforestation activities to another, offsetting gains and undermining overall climate benefits.

Permanence: Refers to the durability and longevity of stored carbon. Biological carbon storage in forests or soils is vulnerable to reversal via fires, disease, logging, or land-use changes, raising concerns about whether credits represent permanent emissions reductions.

Baseline scenario: The counterfactual emissions scenario representing what would have happened without the carbon market project. Establishing accurate baselines is critical for determining the real impact of a project, but often highly uncertain or inflated.

Verification and certification: Independent assessment processes to confirm that carbon reductions are real, additional, permanent, and properly accounted for. Certification bodies like Verra and Gold Standard issue credits after validation, but their credibility varies.

Clean Development Mechanism (CDM): A Kyoto Protocol mechanism allowing developed countries to invest in emission reduction projects in developing countries to earn carbon credits, or Certified Emission Reductions (CERs). The CDM faced criticism for weak additionality and social impacts.

Joint Implementation (JI): A Kyoto Protocol mechanism that allows developed countries to earn emission reduction credits by investing in projects in other developed countries, often criticised for lack of additionality and oversight.

European Union Emissions Trading System (EU ETS): The world's largest compliance carbon market, launched in 2005. It sets a cap on emissions from power generation and industrial sectors, allowing companies to trade allowances. Early phases suffered from over-allocation and low prices, undermining effectiveness.

Carbon pricing: The practice of assigning a monetary cost to emitting greenhouse gases, intended to encourage emitters to reduce their carbon footprint. This is implemented via carbon taxes or cap-and-trade systems.

Carbon price: The price paid per tonne of CO_2e in carbon markets. Prices fluctuate based on supply, demand, regulatory changes, and market confidence. Historically, prices have often been too low to incentivise meaningful emissions reductions.

Nature-Based Solutions (NBS): Climate solutions that leverage natural ecosystems for carbon sequestration and climate adaptation, such as reforestation, soil restoration, and wetland conservation. While promising, NBS face challenges related to permanence, measurement, and social impacts when commodified in markets.

Carbon farming: Agricultural practices designed to increase carbon storage in soils and biomass. Examples include agroforestry, cover cropping, and no-till farming. Carbon farming is often commercialised through credit programmes.

Financialisation of nature: Transforming natural resources and ecosystem services into tradable financial assets. This commodification is controversial because it can undermine ecological integrity and marginalise local and indigenous communities.

Greenwashing: The use of misleading or exaggerated environmental claims by companies to appear more sustainable than they are. In carbon markets, this includes reliance on low-quality or unverified carbon credits to claim "carbon neutrality" or "net zero" status without substantive emission reductions.

Carbon colonialism / Climate colonialism: Criticism that carbon markets enable rich countries and corporations to offset emissions by exploiting land and natural resources in poorer countries, perpetuating historical patterns of exploitation and environmental injustice.

Polluter Pays Principle: Environmental policy stating that those responsible for pollution should bear the costs of mitigation and damage. Critics argue that carbon markets allow polluters to avoid real responsibility by purchasing cheap offsets rather than reducing emissions.

Double counting: When the same emission reduction is claimed more than once by different parties, for instance, by both the seller and buyer of a credit, compromising the integrity of reported climate benefits.

Carbon market integrity: The overall trustworthiness and effectiveness of carbon markets in achieving genuine emission reductions. It depends on accurate measurement, additionality, permanence, prevention of leakage, transparency, and enforcement.

Carbon market fraud and corruption: Illicit activities, including issuance of fraudulent credits, exaggeration of emission reductions, tax evasion, or market manipulation. These are especially prevalent in regions with weak governance and regulatory oversight.

Carbon market subsidies: The practice of giving polluting industries free or low-cost carbon allowances or access to cheap credits, effectively subsidising ongoing emissions and delaying the transition to clean energy.

Carbon resource curse: A phenomenon where countries reliant on revenues from carbon credits or carbon-related finance suffer economic, social, or environmental harm similar to the "resource curse" associated with fossil fuel dependence.

Nationally Determined Contributions (NDCs): Climate action targets submitted by countries under the Paris Agreement. Carbon markets can allow countries to meet NDCs through purchasing offsets rather than domestic emissions cuts, raising concerns about ambition and fairness.

Carbon neutrality / Net zero: A status where an entity claims to balance its GHG emissions by removing or offsetting an equivalent amount of carbon. Critics argue that many net zero claims rely on unproven offsets and insufficient emission reductions.

Scalability of carbon markets: The potential for carbon markets to grow to a level that meaningfully contributes to global emissions reductions. Many experts doubt current markets can scale without compromising environmental integrity and social justice.

Transparency and accountability: Essential for the credibility of carbon markets. This includes public access to project data, independent verification, clear rules, and mechanisms for grievances and oversight.

Community-led climate solutions: Locally led initiatives prioritising equitable climate adaptation and mitigation that respect indigenous knowledge, land rights, and social justice. Seen as alternatives to market-based approaches that commodify nature.

Alternative climate finance mechanisms: Non-market approaches to financing climate action, including direct grants, debt cancellation, climate reparations, fossil fuel taxes, and public investments. These aim to provide equitable, effective, and transparent funding.

Carbon trading intermediaries: Financial entities such as brokers, traders, and consultants who facilitate carbon credit transactions. Criticised for opacity and capturing disproportionate profits, often at the expense of communities and climate goals.

Verification standards and protocols: Frameworks and methodologies used to assess carbon projects and quantify emissions reductions. Major standards include Verra's Verified Carbon Standard (VCS), Gold Standard, and the Climate Action Reserve, though they vary in rigour.

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