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## Carbon Certification: “The Emperor’s New Clothes”

“The emperor’s new clothes” is a remarkable tale by Hans Christian Andersen, in which the Emperor pays a lot of money for two charlatans posing as weavers that supposedly produce magnificent clothes for him that are invisible to the stupid or incompetent. At the end of the day, the emperor poses in his underwear in front of the people and, in spite of no one being able to see the new clothes, everyone pretends they are seeing it – the people, the emperor, and of course, the fake weavers.

The certification of carbon credits has a lot in common with this tale. After all, both are about a product that no one can see. Also, in both cases, the false narrative is sustained by alleged experts that technically certify if the product is real and if it does what they say it is supposed to do. The main difference is that in the case of carbon credits, the key buyers of the intangible commodity – corporations – are not silly and naïve as the emperor. On the contrary, corporations, in alliance with governments and conservation NGOs, reinforce the false narrative of ‘certifiable carbon offsets’, in order to maintain and expand their fossil fuel-dependent profits.

The purpose of this article is to reflect on the crucial role that the certification of this new asset (the carbon credit) plays in the framework of the green economy, as well as to point out to the interests and contradictions that are intrinsically linked to its creation.

### **Certification as a Key Element of Carbon Markets**

Most corporations have already endorsed some type of ‘net-zero emissions’ target or ‘climate neutral’ propaganda. On their websites, companies from the fossil fuels to the aviation industries sell stories about how they are ‘protecting forests’ and investing in ‘natural solutions’ and ‘clean’ energies. These stories however run in parallel to a reality of continued or even increased extraction and consumption of fossil fuels; expansion plans that run well beyond 2050. Carbon offsets are at the centre of this contradiction.

In a nutshell, each carbon credit allows the buyer to emit one ton of carbon dioxide or an equivalent greenhouse gas. Multinational corporations are the main buyers of these credits, although governments and even individuals can also buy them. Companies are therefore buying ‘permits to (keep on) polluting.’

But, how is a carbon credit actually produced?

Carbon credits can be generated from several types of offset projects, such as the substitution of fuels mainly by renewable energy generation, waste management, the establishment of large-scale tree plantations, the creation of protected areas for avoiding deforestation, etc. In general, any initiative that is capable to follow certain methodologies for removing or reducing carbon dioxide as well as for avoiding its liberation to the atmosphere, can ‘apply’ for generating carbon credits to be sold in the market.

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The only precondition is that each project must have a document that shows a storyline explaining how those emissions would not have been removed, reduced or avoided in the absence of the carbon market project – the ‘additionality’ aspect, as it is referred to in the carbon jargon.

For example, when the project is related to ‘protecting a forest area’, the argument is that, without the project, that forest area would be destroyed or degraded, and in consequence, a large amount of carbon dioxide would be released to the atmosphere. Therefore, the carbon ‘stored’ in that area is considered ‘additional’, as it ‘avoided emissions’ that, according to the storyline of the project developers, would have been emitted without the offset project.

The difference between the two hypothetically predicted scenarios (with and without the offset project) calculates how many carbon credits will be generated. Therefore, the storyline presented by the project developers is a crucial piece for deciding if the project can actually be considered an offset (a compensation) as well as for defining how many credits the project will be producing. This storyline, along with the methodology and other technical aspects, is to be judged by a certification body.

When one thinks of certification, the image that comes to mind might be of products that have a label indicating that their ingredients or components were produced through ‘sustainable practices’ or something along those lines. For producers to be allowed to use these labels in their products, they usually need to hire a paid certification system, whose role is to audit their production process. There are many structural flaws and power imbalances in these certification labels, including the underlying message to consumers of ‘keep buying’, which enables the expansion of corporate control over peasant and indigenous lands and livelihoods.(1) The product to be sold however exists regardless of the label, as the role of the certification is to add extra value to the product and thus, profits to their producers.

Yet, in the case of carbon offsets, the certification has assumed a different, much more crucial role, in which the certification process itself is what generates the final product.

But who is responsible for the certification? And who are the actors engaged in the carbon markets?

## **Certifying a colonial story: How are carbon credits generated?**

To briefly illustrate how carbon credits can be generated, we will use a REDD+ project as an example, which is the type of project that leads the issuances of credits within the voluntary carbon market worldwide. (2)

The stated objective of a REDD project focused on ‘avoided deforestation’ is to protect a given area against deforestation and therefore avoid the emissions that would be released in case the project had not taken place. Every REDD project is based on such a story, which is a hypothetical prediction of what would have happened with that forest in the future if the project did not take place.

Most REDD project documents emphasize the message that communities living in and/or around those forests are to be blamed for deforestation. So never mind the corporate large-scale destruction that actually drives deforestation and forest degradation. This message is crucial for legitimizing the ‘need’ for outside intervention (and money) to stop or change community practices. And this message is therefore also colonial. It always portrays the future as something statistically predictable. As a result, Indigenous Peoples and peasant communities that depend on those areas are conceived as predictable beings, subjected to the racist prejudices of colonial minds. (3)

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Besides, REDD projects always present the worst future scenarios of deforestation if the projects would not take place. Then, based on a given methodology, the project developer presents a calculation of how much deforestation (and thus carbon dioxide) will be avoided in the next 40, 50, or even 100 years.

After that, the project needs to be approved by a certifier, also known as *carbon standard* or *carbon registry*. Four major registries represent almost all of the world's voluntary market offsets: Verra (VCS), American Carbon Registry (ACR), Climate Action Reserve (CAR), and Gold Standard. These standards are themselves organisations and, at least on paper, non-profit. They verify and issue carbon credits and hold registries with data from each project and credits that are issued. The serial number that is issued to each tonne of carbon dioxide traces each of the generated credits.

The largest certifier is Verra, a non-profit organisation that at the end of 2022 had issued 64 per cent of all carbon offsets worldwide, and more than 70 per cent if we consider forestry and land use projects only. (4) It operates pretty much like a company and it takes US\$ 0,20 for each credit issued. (5) The base salary of Verra's founding CEO – who has recently quitted after scandals of Verra's junk carbon credits – was almost as much as the US president. (6)

A certification system such as Verra includes a validation/verification body that is responsible for, first, validating the project hypothesis and its carbon calculations and second, verifying the project development. Afterwards, the certifier issues the carbon credits and the project developers are given the right to sell them to either carbon credit buyers directly or to brokers.

On top of a certification process that generates an abstract commodity, it is worth pointing out that carbon markets are also entering the sphere of the digital economy with mainly what is known as 'cryptocurrencies' and 'tokenization' of digital assets. (7) Crypto firms sell and buy things that materially do not exist. And that is what carbon markets do: trade credits that do not exist in reality. The 'tokenization' of carbon credits is technically possible given that these are by definition digital assets and that each one is linked (at least in theory) to a concrete offset initiative (e.g. a piece of forest supposedly protected by a REDD project), which makes them singular and unique.

This trend entices a whole new range of 'digital players' to the carbon markets, increasing the already high pressure over territories eligible for carbon projects and over the peoples that inhabit them. Furthermore, the deepening of the digitalization and massive centralization of data by corporations (on territories, fertile lands and forest-dependent populations) represents a massive threat. This digitalization of territories enable another layer of dispossession that further enforces mechanisms of surveillance and control of land, forests, soil, waters, mangroves, and even cultural practices.

## **Carbon Certification: A Contradiction in Terms**

There are many contradictions in the generation and use of carbon credits, with the certification labels only serving to legitimize a system that perpetuates the continuation of the fossil fuel-based economy. An unsolvable core incongruity in the logic of carbon offsetting is that while on the one hand, the emissions (to be offset) are materially real and impacting the real world, on the other hand, the compensation (credit) is always hypothetical. This section highlights some key contradictions.

### **Unverifiability**

The first contradiction to highlight is the unverifiability of the story held by carbon projects'

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developers. Despite the fact that few people are able to go through the certification documents, which camouflage highly political assumptions on the processes of deforestation behind intricate mathematical formulas and technical language, it is impossible to predict the future. The methodologies used for doing this ‘fortune teller’ type of storylines are always biased on the developers’ (and certifiers’) interests.

Certifiers in particular are highly interested in approving the projects with the highest and most unlikely achievable predictions. The more carbon credits they issue, the more they are paid by the project owners. The overall result of this unverifiability has been to overstate the emissions reduced, removed or avoided by offset projects.

### **Interests and overstatement**

Certifiers are not in any sense neutral. A large part of the money from REDD projects, for example, stays with the certifiers, brokers and verifiers of the projects. In January 2023, a report from the news portal Follow the Money exposed how certifier South Pole had made millions of dollars buying offsets from the Kariba REDD+ project in Zimbabwe for US\$ 0.45 and selling them for more than US\$ 18. (8)

In line with this, an in-depth investigation released in January 2023 by a consortium of a journalist group found that more than 90 per cent of Verra’s carbon offsets related to tropical forests were worthless. (9) Moreover, a study from Cambridge University analysed 32 projects that altogether claim to cover forests the size of Italy, but in reality, it could only be assessed that an infinitely smaller area was in fact ‘protected’, about the size of the city of Venice. (10)

When questioned about the flaws that the study revealed, Verra’s spokesman simply said “If something happens and a project is perceived as having been over-credited, that should be a market decision”. However, this simply evidences how there is “simply nobody in the market who has a genuine interest to say when something goes wrong”, as pointed out by the study! Indeed, who would do that? The developer gets money selling the supposedly avoided emissions, highly overestimated, while the certifiers and auditors get money attesting that the overestimation is supposedly correct.

### **Renewed colonialism**

This vicious and structural circle of unverifiability, interests and overstatements, along with other underlying contradictions, enables the certification of carbon projects to reinforce the continuous expansion of corporate control over territories and communities.

This is shown, for example, by the simplification and reduction of complex forest territories into the accounting of carbon dioxide molecules, which obscures and silences violent processes of historic dispossession and oppression of forest-dependent populations. The focus on carbon molecules also destroys the imaginations and diversities of Indigenous Peoples and peasant communities, as well as their relations and co-existences with and among their territories. Moreover, it also erases ancestral knowledges and practices of many other existing worlds.

Another expression of the intrinsic colonial nature of carbon certification is the often-violent consequences and crimes committed against forest-dependent people by projects that have been certified through carbon standards. Certifiers are accomplices in projects that have evicted communities and destructed houses and livelihoods or that have imposed changes on long-standing traditional systems of using and existing with their land. (11)

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## Validating the fossil fuel-based economy expansion

A fossil fuel-based capitalist economy does not only refer to the powerful role of fossil fuel companies, but also to the agribusinesses that consume high amounts of fossil fuels; the aviation and transport industries; the digital industry; the military industry; the financial system, which largely depends on the money tied to fossil fuels; among many others. Capitalism constantly requires energy from fossil fuels and offsetting is the mechanism that allows its expansion.

The companies that buy the carbon credits are very aware that certification is a key element for sustaining the misconception of carbon offsetting, on which many of them have strongly relied to greenwash their polluting activities. The exponential growth of carbon markets reflects the significant benefits that carbon credits have generated for these companies.

In line with this, the astonishing increase in the revenue of carbon certifiers or registries is great evidence that these have been well rewarded. (12) In the meantime, it becomes increasingly clear that the carbon certification schemes not only do not contribute to solving the climate chaos but on the contrary, they make it even worse, as they legitimate the expansion of the fossil fuel-based economy while increasing the power of corporations.

### “The emperor is wearing nothing!”

It is definitely time to expose certifiers for what they are. It is time to open the eyes and see that the emperor is wearing no clothes at all. People need to stick with the little child that, rather than taking part in the play, points the finger at the scene and says the obvious: “The emperor is wearing nothing at all!” – or, for the carbon credits version, “carbon credits are a complete farce!”

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(1) [Read more about certification schemes here.](#)

(2) REDD+ projects respond for 25% of the credits issuances worldwide in the voluntary carbon market, followed by wind energy projects (15%) and Improved Forest Management (11%). This rating considers the issuances of the four major registries of voluntary offset projects – American Carbon Registry (ACR), Climate Action Reserve (CAR), Gold Standard, and Verra (VCS) – which represent almost all of the world’s [voluntary market offsets](#).

(3) [Read more about impacts of REDD over territories and communities here.](#)

(4) Idem footnote number 2.

(5) [Verra’s 2023 fees schedules are presented here.](#)

(6) In 2021, the compensation of Verra’s CEO was USD 345,272 against US president’s USD 400,000, according to the following sources: [projects.propublica.org/nonprofits/](https://projects.propublica.org/nonprofits/) and the US Code (Chapter 3, Section 102).

(7) Read more about it [in REDD-Monitor](#).

(8) Approximate values in USD considering the original reference in EUR. [Follow the Money, 2023, Showcase project by the world’s biggest carbon trader actually resulted in more carbon emissions.](#)

(9) [Source Material, 2023, The Carbon Con.](#)

(10) Idem footnote number 9.

(11) Read some examples here: [The Guardian, 2023, ‘Nowhere else to go’: forest communities of Alto Mayo, Peru, at centre of offsetting row](#); and Survival International, 2023, [Anatomy of a Multi-](#)

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[Million Dollar Colonial Carbon Project in Kenya.](#)

(12) As an example, according to Verra's annual reports, in 2019, 2020 and 2021 its total assets figures respectively added up to 14, 27, and 50 million USD.