

# WHY CARBON OFFSETTING IS A FALSE SOLUTION

Let's start with the rather puzzling two-word combination:

## FALSE SOLUTIONS

- False solutions are ideas or measures that are promoted to address deforestation and biodiversity collapse, but in fact do not – and in the mean time deceive people while perpetuating the problems, even make things worse or block the real solutions.
- False solutions are often corporate-led voluntary interventions that do not challenge the status quo, market interest or power.

Carbon offsetting is a promoted solution in the global fight against climate change, especially in article 6.2 and 6.4 under the Paris Agreement.

The mechanism allows companies, governments, and individuals to purchase carbon credits to “offset” their emissions by funding projects like forest conservation that, in theory, either remove carbon from the atmosphere or prevent future emissions. While this may seem like a green solution, carbon offsetting is in reality ineffective and fraudulent, it negatively impacts indigenous peoples and local communities and hinders real climate action.

## 5 reasons why carbon offsetting is a false Solution (and 2 real solutions)

### Carbon offsetting is a license to pollute

1

One of the primary criticisms of carbon offsetting is that it fails to achieve genuine reductions in greenhouse gas emissions. Recent investigations, such as a 2023 exposé about Verra, a leading certifier of carbon offsets, revealed that more than 90% of offsets sold were either ineffective or entirely meaningless. This structurally undermines the credibility of carbon offsetting as a mechanism to combat the climate crisis.

The core issue is that offsetting allows emitters to continue business as usual: polluting without making significant changes to their operational practices. Instead, with offsetting, companies can pay to maintain high levels of emissions, essentially using offsets as a “license to pollute.” This approach does not address the systemic changes necessary to decarbonize economies, and is in fact only diverting attention from more direct solutions, such as transitioning away from fossil fuels.

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## A false sense of security

2

Many carbon offsetting projects are based on the premise of storing carbon in natural systems like forests or soil. However, these ecosystems are vulnerable to various disruptions. Wildfires, disease outbreaks, logging, or natural degradation can release the stored carbon back into the atmosphere. These disruptions are becoming more frequent as a result of climate change, rendering many of these carbon sinks unstable over the long term.

Unlike fossil fuel emissions, which are permanently added to the atmosphere, the carbon sequestered in offset projects is only temporarily stored. This leads to a false sense of security. This issue of impermanence means the carbon has a high risk of finding its way back into the atmosphere, contributing to the very problem it was meant to solve.

## The illusion of reduction

3

Carbon offset projects are supposed to demonstrate “additionality,” meaning that the emissions reductions they claim would not have occurred without the offset investment. In practice, however, this standard is difficult to prove. Many projects that claim carbon credits may have been carried out regardless of the financing provided by the offset mechanism, leading to inflated claims about their effectiveness.

Additionally, establishing accurate baselines — predictions of what would have happened without the offset project — is a fraught process. Baselines are often exaggerated, meaning that the actual reductions are smaller than reported. This creates a situation where companies claim to have offset their emissions, but the reality is far less impactful.

Furthermore, a phenomenon known as “leakage” occurs when activities that increase emissions, such as deforestation or industrial production, are simply shifted to other locations outside of the project boundaries. This undermines the overall effectiveness of the carbon offsetting system, as it allows emissions to continue while projecting an illusion of reduction.

## Reinforcing extractivism and neocolonial dynamics

4

Carbon offsetting has also been criticized for perpetuating extractive and neocolonial dynamics. Many offset projects are carried out in low-income countries where land, labor, and environmental resources are cheaper, making them attractive locations for carbon-intensive industries to “offset” their emissions at a lower cost. These projects, however, often come at the expense of local communities and ecosystems.

Carbon offset projects have structurally led to land grabs, where Indigenous or rural communities lose access to land and resources that are critical for their livelihoods. These communities often receive minimal or no benefit from the projects, while corporations in wealthier countries profit from the carbon credits. This reinforces historical patterns of exploitation, where richer nations continue to benefit from the natural resources of poorer regions, while the local populations are marginalized.

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## Negative impacts on local communities and indigenous peoples

# 5

Adverse impacts from carbon offsetting projects on local communities and Indigenous Peoples have been widely documented. Offset projects are oftentimes established in regions where land tenure is unclear or where traditional land-use rights are not formally recognized. As a result, local communities are excluded from decision-making processes that directly affect their territories. This lack of consent and transparency can lead to the displacement of communities, loss of livelihoods, and human rights abuses.

Communities find themselves being used as passive recipients of carbon offset projects, with little understanding or say in how these projects are implemented. Despite bearing the brunt of the negative impacts, these communities receive little compensation or benefit. Moreover, the focus on carbon sequestration in these regions tends to overlook the complex cultural and ecological relationships that Indigenous and local peoples have with their territories, reducing their environments to mere carbon storage units.

### Further reading

- [theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe](https://www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe)
- [redd-monitor.org/](https://www.redd-monitor.org/)
- [rainforestfoundationuk.org/new-analysis-finds-leading-global-carbon-offset-schemes-are-failing-forests-people-and-the-climate/](https://www.rainforestfoundationuk.org/new-analysis-finds-leading-global-carbon-offset-schemes-are-failing-forests-people-and-the-climate/)
- [www.fern.org/publications-insight/beyond-offsets-people-and-planet-centred-responses-to-the-climate-and-biodiversity-crisis/](https://www.fern.org/publications-insight/beyond-offsets-people-and-planet-centred-responses-to-the-climate-and-biodiversity-crisis/)
- [greenpeace.org/international/match-making-community-led-climate-action/](https://www.greenpeace.org/international/match-making-community-led-climate-action/)

## Real solutions please! If not carbon offsetting then what?

**The real solution is that decision makers should shift away from 'offsetting' mechanisms and start regulating corporations and the financial sector to achieve genuine reductions in emissions, as well as promote community based area management.**

## How can this work for people and nature?

**Non-market approaches (NMAs)** under Article 6.8 of the Paris Agreement offer a valuable opportunity to comply with international commitments on halting deforestation and biodiversity loss. NMAs encourage international cooperation without trading carbon credits, placing Indigenous Peoples and Local Communities (IPLCs) and their forests at the center of climate solutions. Direct funding to IPLCs is key, because it recognizes them as rightsholders and vital protectors of forests and biodiversity. This approach helps IPLCs secure land tenure, protect natural resources, and contribute to both climate mitigation and adaptation. Direct financing mechanisms empower IPLCs to continue their sustainable forest management practices, which have proven more effective than market-driven approaches. Scaling up direct funding through NMAs is a real solution to the climate and biodiversity crises.

