

# OFFSETTING ACCOUNTABILITY IN THE VOLUNTARY CARBON MARKET

*How Systematic Failures in the Voluntary Carbon Market Undermine Climate Integrity*

## THE PROBLEM

The voluntary carbon market (VCM) has grown into a multibillion-dollar system whose structural conflicts of interest and lack of transparency make it impossible to ensure that credits represent real offsets in emissions. A November 2025 report from Transparency International U.S., [\*Offsetting Accountability: Conflicted Governance in the Voluntary Carbon Market\*](#), shows that market actors face deep conflicts of interest because of a series of interdependent financial

arrangements. Standard setters both establish the methodologies that govern credit issuance *and* collect revenue based on the credits issued. In some cases, developers of offset projects authored the methodologies used to credit their own projects, and auditors were hired and paid directly by the entities whose performance they are supposed to evaluate, creating and profiting from inherent conflicts of interest.



**These structural flaws have led to widespread over-crediting across major project types.** Studies show inflated assumptions of project impacts, exaggerated climate benefits, and limited transparency in key project documentation. As a result, governments and corporations rely on offset claims that later prove inconsistent with actual emissions impacts. Without real oversight, the VCM as it

exists today ends up enabling performative climate action on a truly industrial scale.

***"More than 90% of rainforest carbon offsets issued by a leading standards setter were likely 'phantom credits' that did not represent actual emissions reductions."***

*Patrick Greenfield, The Guardian, 2023*

## EXAMPLES OF THE PROBLEM

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- A major forest conservation project in Zimbabwe issued millions of credits based on baselines that were later shown to have significantly overstated the expected deforestation, resulting in large volumes of credits that did not reflect real-world climate benefits.
- Methane reduction projects in Chinese rice fields claimed to introduce irrigation techniques that were already widely used in China, violating the core principle of additionality (i.e., projects with carbon reduction impacts that would not have happened without the interventions).
- One company, C-Quest, had multiple projects validated and verified by accredited third-party auditors. These firms were contracted and paid directly by C-Quest, consistent with common practice in the VCM. Despite what was later described as systematic falsification of project data, these auditors did not detect or report irregularities. This raises serious questions about the ability of financially dependent auditors to provide independent oversight.

## WHY IT MATTERS

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Governments, investors, and corporations increasingly *rely* on carbon credits to meet climate commitments. When those credits lack integrity, accountability disappears while

emissions rise. In the end, **weak or meaningless oversight undermines trust in climate finance and slows the global transition away from fossil fuels.**

## THE SOLUTION

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Leading recommendations for VCMs include:

1. Prohibit financial relationships between project developers, credit buyers, and standard setters that reward credit volume over quality.
2. Prohibit board seats or voting power for companies or entities with a direct financial stake in the issuance or sale of carbon credits.
3. Require public access to all project documentation, including what is submitted to verifiers.
4. Auditors must be randomly selected from a qualified pool and not paid by project developers.

5. At a minimum, sunset credits issued under flawed or discredited methodologies that are still on the market.

The VCM, in its current form, is not working. It is failing the climate, failing frontline communities, and failing to uphold public trust. The path forward must be built on systemic reform, not incremental improvement. This means breaking the financial and governance dependencies that compromise integrity. Without serious reform, the VCM will continue to fall short of its climate promises.

*For more information, please contact Transparency International U.S., at [info-us@us.transparency.org](mailto:info-us@us.transparency.org).*