



Smoke and mirrors: why the Catholic Church should morally disrupt the carbon offset market

Edward de Quay

Since the conclusion of COP28 earlier this month, the conference's focus on 'false solutions' has been lamented by many who are disappointed with its outcomes. Edward de Quay asks us to consider whether carbon offsetting, now a well-established practice, really lives up to its name. Is it just another false solution?

Offset (noun): Something set off against something else so as to counterbalance it, as an item on one side of an account equivalent to one on the other side; anything that counterbalances, compensates, or makes up for something else; a consideration or amount diminishing or neutralizing the effect of a contrary one.¹



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have been difficult to break away from 'the idea of infinite or unlimited growth, which proves so attractive to economists, financiers and experts in technology'.⁵

The world of climate change is littered with terms such as 'net-zero', 'carbon neutral', 'carbon capture', and many more, which are easily misunderstood, and in the wrong hands dangerous.

'No false solutions!' This was the cry of campaigners outside the United Nations Climate Change Conference (COP28) in December.² Whilst the delegates reached agreement on a 'transition away' from fossil fuels for the first time, loopholes prolonging the fossil fuel era left many disappointed.³ For Mary Robinson, Chair of The Elders, 'transparency, equity and climate justice [at COP28] have been undermined by misleading language, false solutions and game-playing'.⁴ These false solutions fall into the trap of the 'technocratic paradigm,' described by Pope Francis as thinking that 'reality, goodness and truth automatically flow from technological and economic power'. Rather than dealing with the root causes of climate change and the injustice it brings, it seems, again, to

be difficult to break away from 'the idea of infinite or unlimited growth, which proves so attractive to economists, financiers and experts in technology', with deep issues, offering a seemingly easy and reputable way to pay your way to sustainability. Whilst some of the concerning technological 'false solutions', such as carbon capture and storage, and geoengineering, are still in their infancy, the economic tools – and specifically for the purposes of this article, carbon offsetting – are quite developed and causing considerable concern, not least among indigenous communities where 'the risk of added pressure from the lucrative carbon markets places an additional lethal weight on Indigenous Peoples'.⁶

The problem of 'greenwash'

A recent study entitled 'I'll take the easiest option please: Carbon reduction preferences of the public'⁷ is self-explanatory in content, and perhaps indicative of the public attitude that encourages carbon offsets as an answer to our carbon problem. The logic is seductive. By buying carbon 'credits' from someone, somewhere else in the world, with a project sucking in carbon rather than emitting it, you can pay to balance out your own emissions. However, in his encyclical letter *Laudato si'*, Pope Francis cautions that: 'The strategy of buying and selling "carbon credits" can lead to a new form of speculation which would not help reduce the emission of polluting gases worldwide. This system seems to provide a quick and easy solution under the guise of a certain commitment to the environment, but in no way does it allow for the radical change which present circumstances require. Rather, it may simply become a ploy which permits maintaining the excessive consumption of some countries and sectors.'⁸ The danger is that companies and individuals buy offsets *instead of* reducing emissions. They can then claim to be 'carbon neutral,' giving conscientious consumers the impression that they are supporting sustainable practices.⁹ This behaviour is 'greenwashing', which does not address the root causes of the problem.

There are two main carbon markets, a 'compliance' market expected to be worth \$800bn in 2023,¹⁰ and a 'voluntary' market which is estimated to reach \$10-40bn in 2030.¹¹ Compliance markets are created because of policy or regulation. The European Emissions Trading Scheme, for example, issues emission permits (to energy, manufacturing and aviation)¹² which are capped at a maximum level. Polluters exceeding their quota must then buy permits from others who have them in surplus. This provides an incentive to reduce emissions so as to avoid having to buy credits, or to have surplus to sell. The voluntary market is supplied by private entities, and bought by

individuals or businesses who want to compensate for their carbon footprints out of principle rather than necessity.¹³ The money generated can then go towards financing beneficial projects and technologies to help draw down carbon and benefit affected communities. However, despite a growing market for offsets, global CO2 concentrations are still rising, reaching an all-time high in 2022¹⁴ and expected to climb again in 2023.¹⁵

Do communities benefit?

There are concerns that the price paid for offsets is often insufficient to provide the benefits promised, or that the benefits of the project might be inflated. An investigation by UK climate website 'Carbon Brief' claimed that of the stories they analysed for a report, more than 70% contained evidence of carbon offset projects causing harm to Indigenous people and local communities, including indigenous people being moved from their lands.¹⁶ Furthermore, an investigation into BP's purchase of forest carbon credits in 2021 showed that rural villagers in Mexico were paid a fraction of the market rate (at \$4 a credit),¹⁷ and massively below the \$40-\$80 a ton recommended by the Carbon Pricing Leadership Coalition in 2017.¹⁸ As for inflating the benefits, a recent study in the journal *Science* on carbon offsets from 'avoided-deforestation projects' found that most projects in the study did not in fact reduce deforestation, and those that did made reductions substantially lower than claimed.¹⁹ An investigation in 2023 concluded that 90% of the rainforest carbon offset offers provided by a leading certifier were worthless.²⁰ These are not claims that instil confidence in the market.

The position of the Catholic Church

With billions of dollars being pumped into a market designed to reduce emissions, it seems fair to ask whether it is working, and how best the Church might engage with it, if at all.²¹ Recently the General Secretariat of the Synod

issued a press release announcing the offsetting of residual emissions from the 16th General Assembly of the Synod (the ‘Synod on Synodality’). Supported by the ‘SOS Planet Foundation’ and ‘LifeGate’, this will rely on projects that generate a carbon ‘credit’ to balance the accumulated ‘debt’. Whilst there can be no doubt that the General Secretariat has made this programme as reputable as it is possible to do (the projects are certified by the ‘Gold Standard’ programme), the voluntary carbon market is still perceived as a ‘wild west’, with standards developing but concern increasing as to the integrity of the options on offer.²² It is worth noting that the Vatican has been a victim of unscrupulous carbon trading before. A reforestation project set to make Vatican City the first carbon-neutral state in the world failed to materialise back in 2010.²³ Whilst a well-managed offsetting project can indeed bring multiple benefits, it is worrying to see the same uncritical offset language used in a Vatican project as any other business, indicating either total support and/or trust, or plausibly insufficient scrutiny from a religious institutional perspective. Where the Vatican treads others will follow, so its messaging is important.

Our common home

The carbon offset market sits uncomfortably with the idea of the Earth as our common home, in that it treats the life sustaining processes of the planet as commodities. In terms of Catholic Social Teaching, ‘the church recognises that ... the environment is one of the ‘common goods’ which are the shared responsibility of the human race ... belonging to all humanity, present and future, freely and equally. Because of this environmental mortgage that the future holds over the present, none of this natural wealth can be owned outright, as if nobody but the owner had any say in its disposal’.²⁴

Another concern is that offsetting, especially in the voluntary market, could be seen as a modern financialisation of overseas development

aid or wildlife conservation, rebranded as carbon offsetting. Often offsetting programmes present opportunities that, arguably, we should be (and have been) embracing altruistically, not to receive benefit in kind. For example, the benefit of financing a clean cookstove might be the knowledge that a family will suffer fewer respiratory problems, not that our intervention has lowered their carbon use, which we can purchase to offset our own emissions. Luke 6:34-35 is worth considering. ‘And if you lend to those from whom you hope to receive, what thanks can you expect? Even sinners lend to sinners to get back the same amount. Instead, love your enemies and do good, and lend without any hope of return.’²⁵

If offset payments don’t cause the purchasers’ emissions to drop, a clean cookstove will not solve the dangers that climate change poses to the people we are looking to support. This behaviour puts us in danger of what some have referred to as ‘climate colonialism’, once again using the resources of poorer communities to prop up our lifestyles (which are usually vastly more polluting than those from whom we would be buying offsets). In fairness, the benefits of clean cookstoves increasing fuel use efficiency and associated health benefits are real and necessary, and it may be that more funding comes in because of the availability of carbon offsets than would otherwise,²⁶ but we are still not addressing the real root causes.

Putting offsets in their place

For all these reasons it is generally accepted that carbon offsets should be at the bottom of the ‘mitigation hierarchy’. A 2020 discussion paper from the World Wildlife Fund stresses the importance of dealing with the most pressing issues, such as the avoidance of waste of resources, first. Skipping to easier or cheaper steps at best provides a temporary plaster to complex global challenges, and at worst will ‘cannibalize efforts for meaningful change’.²⁷ Whilst there is still ambiguity around the place of offsets in a

carbon reduction strategy, the Science Based Targets Initiative specifically states that companies cannot purchase carbon credits as a substitute for emission reductions,²⁸ and the Climate Change Committee has recommended that the UK government publish guidance to stop businesses claiming net-zero status on the back of inappropriate reliance on offsetting.²⁹ If carbon credits, used properly, are secondary and additional to emission reductions rather than integral to them, they really resemble something closer to charitable donation than a business transaction.

There are good news stories too. Some recent research suggests that businesses who purchase carbon credits on the voluntary market are more likely to be reducing their own emissions year on year than their peers who are not.³⁰ If this is representative of the market at large, it is good news. It is, however, more difficult to find equivalent indications for the much larger compliance market. By far the largest carbon market is the EU compliance market,³¹ which is also a region noted as having a decreasing carbon footprint.³² However, the second biggest market is the Chinese market, where emissions are still increasing (though this is a market still in its infancy where the emphasis is on establishing the market rather than emissions reduction). The important difference between these two markets is the price of a carbon credit. The price per tonne in China is currently around \$8, whilst the European price is around \$110.³³ A higher compulsory carbon market price is likely to be more effective at driving large scale emissions reduction. However, the size of the market does not say anything necessarily about the *quality* of the credits.

Change the narrative. Do offsets replace charity?

How might the Church address the challenge of carbon offset markets? Firstly, by cultivating a practical 'integral ecology' mindset when considering the carbon market, paying attention to the most vulnerable and recognising the inter-

connectedness of all life.³⁴ It should not uncritically accept dominant technocratic or economic narratives. Where offsets are to be used, they need to be reputable, and with clear benefits to the host community. However, given the difficulties in finding reputable projects, the moral issues raised and the secondary nature of offsets to absolute emissions reduction, perhaps it would be best to retire the terminology of offsetting entirely and replace it with something more suitable.

ClientEarth, an environmental law company, has a helpful stance. 'Carbon credits are not offsets in the way that a profit offsets a loss. The accurate label for these credits is simply a donation towards climate-friendly projects and not, as marketing for high-carbon products often claims, as a means to 'offset' the harmful climate impacts of the things we buy.'³⁵ This narrative, where emission reducing projects are seen as a donation rather than compensation for emissions is much harder to criticise, and stresses that any emissions reductions are real and not reliant on someone else's reductions.³⁶ It is still worthwhile, under this narrative, to monitor your emissions and give them a value with which to make these payments, but a language of donation rather than offsetting would be more honest. It is possible that this is where we are anyway. The report mentioned previously, which suggests that businesses buying offsets have stronger emission reductions, also notes that the credits these companies buy represent on average just over 2% of their total emissions.³⁷ This suggests that these companies see the offsets as a charitable gesture rather than the totality of their efforts.

In conclusion, whilst it is right to recognise the modest but useful³⁸ contribution that the voluntary carbon market can play for faith institutions, it is important not to overstate its importance or see it as a one-stop solution. To do so is to fall into the trap about which Pope Francis warns us: 'we risk remaining trapped in the mindset of pasting and papering over cracks,

while beneath the surface there is a continuing deterioration to which we continue to contribute.³⁹ The carbon offsetting market seems currently unable to prove itself as ‘profit’ that offsets a ‘loss’. Carbon offsetting is, as it stands, a ‘false solution’. It seems sensible to consider a language more centred on charity than offsetting, and to treat these projects as recognition of damage done rather than as a means to balance the books, extra rather than integral to any emissions reduction programme, for fear of exacerbating rather than improving the problem.

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¹ https://www.oed.com/dictionary/offset_n?tab=meaning_and_use#33875229

² ‘Activists protest against “false solutions” at COP28’ in *The Independent* (10 December 2023): <https://www.youtube.com/watch?v=qXF9ur8UDUo>

³ Friends of the Earth International Press Release, ‘COP28 outcome undermined by dangerous distractions and lack of finance’ (13 October 2023): <https://www.foei.org/cop28-outcome-press-release/>

⁴ The Elders Press Release (13 December 2023), ‘Mary Robinson reacts to final COP28 agreement’: <https://theelders.org/news/mary-robinson-reacts-final-cop28-agreement>

⁵ Pope Francis, *Laudate Deum* (2023).

⁶ Indigenous Environmental Network, *Meaningful engagement of Indigenous Peoples and local communities in Article 6.4 mechanism* (30 October 2023): https://unfccc.int/sites/default/files/resource/SB007_c_all_for_input_indigenous_Indigenous%20Environmental%20Network.pdf

⁷ <https://www.sciencedirect.com/science/article/pii/S0959652623035564>

⁸ Pope Francis, *Laudato si’* (2015), §171

⁹ Client Earth, *Legal risks of carbon offsets*: <https://www.clientearth.org/latest/documents/legal-risks-of-carbon-offsets/>

¹⁰ <https://about.bnef.com/blog/global-carbon-markets-get-bigger-even-as-trading-dips/>

¹¹ <https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2023/03/The-voluntary-carbon-market-and-sustainable-development-policy-brief.pdf>

¹² https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/what-eu-ets_en

¹³ <https://climatepromise.undp.org/news-and-stories/what-are-carbon-markets-and-why-are-they-important>

¹⁴ <https://www.iea.org/reports/co2-emissions-in-2022>

¹⁵ https://theconversation.com/fossil-co-emissions-hit-record-high-yet-again-in-2023-216436?utm_medium=email&utm_campaign=Imagine%20112&utm_content=Imagine%20112+CID_ce7fceda27715d841669ee2b7e9bf11f&utm_source=campaign_monitor_uk&utm_term=Fossil%20CO%20emissions%20hit%20record%20high%20yet%20again%20in%202023

¹⁶ Carbon Brief, *Mapped: The impacts of carbon-offset projects around the world* (20 December 2023): <https://interactive.carbonbrief.org/carbon-offsets-2023/mapped.html>

¹⁷ <https://www.bloomberg.com/features/2022-carbon-offset-credits-mexico-forest-bp/?sref=xpkx9tNh&leadSource=verify%20wall>

¹⁸ <https://www.carbonpricingleadership.org/resource-library>

¹⁹ <https://www.cam.ac.uk/stories/carbon-credits-hot-air>

²⁰ <https://www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe>

²¹ Any church involvement will be via the voluntary market.

²² <https://www.ft.com/content/9b02fcf7-9e04-4b71-ad14-251552d5a78e>

²³ <https://www.ncronline.org/news/vatican-may-sue-carbon-offset-company>

²⁴ CBCEW, *The Common Good and the Catholic Church’s Social Teaching* (London: The Catholic Bishops’ Conference of England and Wales, 1996).

²⁵ Luke 6: 34-35. The CTS New Catholic Bible.

²⁶ There is, of course, then, the danger of the 'Jevons Paradox', where increased efficiency can increase demand for fuel. For example, buying more efficient light bulbs and leaving them on longer as they are cheaper to run.

²⁷ WWF Discussion Paper, *Mitigation hierarchies. First things first: Avoid, reduce...and only after that-compensate* (April 2020): https://wwfint.awsassets.panda.org/downloads/wwf_discussion_paper_mitigation_hierarchies_april_2020.pdf

²⁸ Science Based Targets, FAQ: <https://sciencebasedtargets.org/faqs>

²⁹ The Climate Change Committee, *Progress in reducing emissions: 2023 Report to Parliament* (28 June 2023): <https://www.theccc.org.uk/publication/2023-progress-report-to-parliament/#downloads>

³⁰ <https://www.conservation.org/press-releases/2023/10/11/new-research-carbon-credits-are-associated-with-businesses-decarbonizing-faster#:~:text=Companies%20engaging%20in%20the%20voluntary,more%20quickly%20than%20their%20peers.&text=The%20median%20voluntary%20credit%20buyer,efforts%20within%20their%20value%20chain.>

³¹ <https://www.ft.com/content/5349cb46-4c33-4a2e-840a-b8fc94de7254>

³² <https://globalcarbonbudget.org/fossil-co2-emissions-at-record-high-in-2023/>

³³ [https://chinadialogue.net/en/climate/china-carbon-market-turns-two-how-has-it-performed/#:~:text=The%20carbon%20price%20of%20China%27s,euros%20\(%24110\)%20per%20tonne.](https://chinadialogue.net/en/climate/china-carbon-market-turns-two-how-has-it-performed/#:~:text=The%20carbon%20price%20of%20China%27s,euros%20(%24110)%20per%20tonne.)

³⁴ Séverine Deneulin and Carlos Zepeda, Laudato Si' Research Institute, Integral Ecology in Practice: Reflections on its key pillars (26 January 2023): <https://lsri.campion.ox.ac.uk/publications/integral-ecology-practice-reflections-its-key-pillars>

³⁵ <https://www.clientearth.org/latest/latest-updates/stories/the-legal-risk-of-advertising-carbon-offsets/>

³⁶ S. Dalsgaard, 'Tales of carbon offsets: between experiments and indulgences?' *Journal of Cultural Economy* (2022), pp. 52-66.

³⁷ <https://www.conservation.org/press-releases/2023/10/11/new-research-carbon-credits-are-associated-with-businesses-decarbonizing-faster#:~:text=Companies%20engaging%20in%20the%20voluntary,more%20quickly%20than%20their%20peers.&text=The%20median%20voluntary%20credit%20buyer,efforts%20within%20their%20value%20chain.>

³⁸ <https://www.theccc.org.uk/publication/voluntary-carbon-markets-and-offsetting/>

³⁹ Pope Francis, *Laudate Deum* (2023), §57.