Offset standard is off target

by Kevin Smith
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A new government â€˜kitemarkâ€™ suggests that most carbon offset schemes are flawed, but fails to address the more fundamental problem of paying others to clean up after us, argues Kevin Smith.

Offset companies across the UK were petulantly stamping their carbon footprints recently following environment minister Hilary Bennâ€™s announcement of a new â€˜kitemarkâ€™ scheme for the sector. Voluntary offsets promise consumers the cha to pay extra to assuage their guilt when they fly or engage in other carbon-intensive activities. But they have been heavily criticised for making bogus claims about emissions reductions, and for funding projects that adversely impact upon communities in the global South.

In a move designed to weed out the carbon cowboys, Bennâ€™s proposal is that only offset providers using the Kyoto Protocolâ€™s â€˜clean development mechanismâ€™ (CDM) will qualify for the governmentâ€™s seal of approval. This currently all but a handful of offset companies in the UK. Most of the industry has been delegitimised at a single stroke, including such outfits as Climate Care and the Carbon Neutral Company, who have always taken pains to portray themselves as the good apples in the bad bunch.

Thatâ€™s the good news. The bad news is that Bennâ€™s measure is only temporary. In response, eight of the largest offset providers in the UK are forming an industry coalition to create their own â€˜self-regulatingâ€™ standards that would replace the governmentâ€™s best practice code.

There is even worse news when you look at what the CDM entails. As with voluntary offsets, it is designed to shift the burden of cutting emissions onto poorer countries in the South. A range of research has shown that the same problems of corruption, bogus emissions reductions and harm to communities occur within the CDM as with the voluntary offset market.

To take just one recent example, the Oxford-based carbon broker, Ecosecurities, recently sold CDM credits generated by a wind farm in Maharashtra, India. Fantastic, you might think, this is exactly what the carbon market should be all about, promoting renewable energy in Southern countries. A visit to the project in 2007 revealed a different picture. The gigantic wind farm had been built on traditional grazing grounds and provided no energy to the villagers themselves. Those who resisted met with repression.

The company responsible for the project, Tata Motors, also has an appalling environmental and human rights record in India. When people buy these credits, they are putting money in the pockets of those responsible for violent industrial expansion and land appropriation on the other side of the world.

Thereâ€™s also the thorny issue of additionality. Carbon offsets are supposed to provide investment for emissions reduction projects that wouldnâ€™t otherwise have happened. If not, they are simply selling â€˜hot airâ€™.

But a 2006 investigation in India, conducted by an adviser to the CDM executive board (which regulates the scheme), conservatively estimated that one-third of all projects failed to be â€˜additionalâ€™. An extensive study of CDM hydro-electricity projects by International Rivers, meanwhile, found that almost all such projects were already under construction when they applied for carbon financing â€“ suggesting that â€˜additionalityâ€™ in this sector is in very large part a fiction.

There is a basic catch-22 with offsets and regulation. The more you regulate, the more expensive it becomes to enter the market, so the more you push it into the hands of the big corporate bad guys with enough money to make it work for them. The less you regulate, the greater the openings for chancers who claim that theyâ€™re generating offsets from any old nonsensical scheme.

Establishing a code of best practice does, at least, acknowledge the serious problems with existing offset schemes. But it also reinforces a false dichotomy of good versus bad offsets that distracts attention from their more fundamental problems. No number of regulatory frameworks or best practice codes can resolve the fact that offsets are snake oil, a nonsensical commodity that reduces the problem of tackling climate change to a short-sighted cost-benefit analysis that foists projects on communities â€˜over thereâ€™, irrespective of the social costs, and is cheaper than making political and socia changes here.

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