



# Interrogating Corruption Risk in the Climate Transition: Trading in Voluntary Carbon Markets

## Project Summary

The project builds on GI ACE research published in the 2022 report 'Merchants of Integrity: Commodity Trading and Corruption Research for a World in Transition'. The 2022 report showed how the commodity trading sector is being transformed by the climate transition, highlighting two key areas of corruption risk: the sourcing of raw materials for green technologies and voluntary markets for carbon offsets. While this earlier research provided a high-level overview of knowledge gaps, this project targets these gaps through in-depth analysis in one key area: the complexities of corruption risks across voluntary carbon markets. The project will generate actionable evidence to inform more effective anti-corruption initiatives across voluntary markets for carbon offsets. The project will create new evidence on corruption risks, specifically those linked to verification and certification processes, to inform more effective interventions and controls across voluntary carbon markets.

## Policy and Programming Implications

RUSI will maximise practical impact and relevance from nose-to-tail of the project by establishing an expert project working group comprised of key practitioners/policy-makers internationally, including in ODA-eligible countries. The working group will facilitate ongoing engagement with key stakeholders, guiding activities, ensuring that the project is able to draw on practical expertise and input, providing ongoing refinement to tailored research uptake plans and enhancing opportunities to disseminate outputs and influence policy. This approach to engagement is based on the premise that practitioners will be involved in the full implementation cycle, rather than being limited to specific activities, ensuring that inter-disciplinary and cross-sectoral expertise is brought to bear across all aspects of project delivery.

## Research Questions

1. How can corruption best be conceptualised in relation to voluntary markets for carbon offsets?
2. What verification and certification procedures are in place for the major voluntary carbon markets? What role do anti-money laundering (AML) and know-your-client (KYC) controls play in mitigating corruption risks and how effective are these controls?
3. What corruption risks exist around gaps in these procedures, and how do these risks (and their exploitation) vary by location?
4. How effective are current measures to mitigate corruption risks and what changes in verification and certification procedures does the evidence generated by this project support?
5. How can a better understanding of corruption risks support the development and application of more effective AML/KYC and other controls in practice?

## Methodology

The methodology will include analysis of major voluntary offset project registries and databases; in-depth literature reviews; semi-structured interviews and fieldwork in two case-study countries; sectoral and case study analysis and typology refinement; and a virtual validation workshop; alongside nose-to-tail engagement across policy and practitioner stakeholder communities, with a focus on selected ODA-eligible countries.

## Research Team Members

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This research is part of the Governance & Integrity Anti-Corruption Evidence (GI ACE) programme which is hosted by the Centre for the Study of Corruption, University of Sussex and funded by UK International Development from the UK government. GI ACE generates actionable evidence that policymakers, practitioners and advocates can use to design and implement more effective anti-corruption initiatives. The views expressed here do not necessarily reflect the UK Government's official policies.

