Calculating Carbon Credits in the VCM

@Tania Biswas | Climate Finance
linkedin.com/in/taniabiswas-climatefinance

What Is a Carbon Credit?

1 Carbon Credit

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1 metric ton of CO_2 reduced or removed

This could be through forest protection, renewable energy, or carbon capture.

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Step 1

Set the Baseline

Baseline

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Emissions that would have occurred without the project

Example: A forest would release 10,000 tons CO_2/year if cut down.

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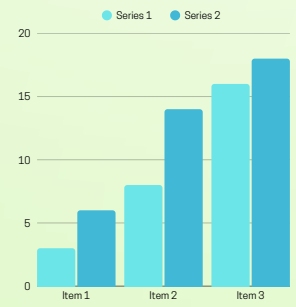
Step 2

Measure Actual Impact



After the project, actual emissions are measured.

E.g. if only 1,000 tons of CO_2 was emitted →

9,000 tons avoided

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Step 3
Apply Adjustments

🔧 **We subtract for:**

- **Leakage (emissions shift elsewhere)**
- **Permanence risk (fires, decay)**
- **Uncertainty buffer**

💡 **If 20% is deducted:**

👉 **9,000 x 0.8 = 7,200 verified credits**

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Step 4

Final Formula

🧮 **Final Credits**

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Baseline – Actual Emissions – Adjustments

✅ **In our case:**

10,000 – 1,000 – adjustments

= ~7,200 credits

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Why It Matters

📌 **The trust in carbon credits comes from:**

✓ **Scientific methods**

✓ **Third-party verification**

✓ **Registry transparency**

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