



MINISTRY OF  
ENVIRONMENT,  
CLIMATE CHANGE &  
FORESTRY



# CARBON MARKETS IN KENYA

## A Simplified Community Guide



Enhancing Transparency and Community Participation



MINISTRY OF  
ENVIRONMENT,  
CLIMATE CHANGE &  
FORESTRY



# CARBON MARKETS IN KENYA

## A Simplified Community Guide

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By publishing this Guide, NEMA expresses that the content represents an important contribution to enrich the related discourse on Kenya's environmental policy but does not endorse the content as Government policy, but that it serves as a guide to the Carbon Markets as a shared natural resources.

The technical support, publication and funding by WWF is gratefully acknowledged.



Mr. Emilio Mugo  
Chairman, NEMA Board of Management

## Preface

The National Environment Management Authority is the primary Government institution mandated to supervise and coordinate all environmental matters in Kenya. The Authority is also the designated National Authority for carbon markets in Kenya in line with the Climate Change carbon markets regulations of 2024 granting NEMA the responsibility to authorize and approve all carbon market projects in Kenya among other major responsibilities as laid down in the Act and the regulations. NEMA is committed to promoting environmentally sustainable and socially responsible practices not only within its own operations but also across all institutions under its supervisory purview.

Kenya has emerged as a key player in carbon markets, contributing significantly to voluntary carbon credits in Africa. The newly enacted Climate Change (Carbon Markets) Regulations, 2024, provides a

framework for implementing carbon projects, regulating participation, and ensuring that benefit-sharing mechanisms are upheld. The policy and legal framework for carbon markets gives communities a central role as both actors and beneficiaries. However, communities need to be prepared by building their capacity and understanding for effective engagement.

The responsibility of the DNA is to ensure compliance with all the Carbon Markets regulations and also carry out such duties as stipulated in the same regulations. In order for the Authority to ensure fairness in the enforcement of the regulation, the Authority is required to educate and create awareness on the requirements of the law. It is against this background that NEMA identified the need to develop this community guide to ensure that the communities understood their roles and responsibilities under the law and subsequent regulations.

This simplified Guide is designed to enhance the understanding of communities on the carbon markets regulations as well as build their capacity to enable them participate in the carbon projects being implemented in their areas and also unbundle the procedures and requirements of identification and implementation for their own carbon projects.

The Community guide complements all other education and awareness programs on climate change and carbon markets currently being run by the Authority and answers the many questions that come with any new regulation gazetted by the government.

The Authority is very proud of this effort to simplify the regulations for the community members who would otherwise find the regulations too technical to understand. The guide will be a great resource as a training support material for all stakeholders carrying out education and awareness creation.

# Acknowledgement



Dr. Mamo B. Mamo, EBS

Director General

The Government of Kenya has made significant strides in establishing robust legal, policy, and institutional frameworks to support carbon markets as part of its commitment to climate action and sustainable development. These include the Climate Change Act CAP 387A, to enhance its effectiveness in regulating carbon markets in line with emerging international carbon market mechanisms and the development of the Climate Change (Carbon Markets) Regulations, 2024, to provide guidelines and procedures for participation in carbon markets in Kenya.

The policy and legal framework for carbon markets gives communities a central role as both actors and beneficiaries. This guide aims to improve transparency, awareness and community knowledge as well as facilitate their participation in carbon markets and carbon project development in Kenya. The guide will therefore help demystify the carbon

market processes in Kenya and make communities aware of their choices and outline in a clear and simple manner pathways for grievance redress mechanisms.

I wish to acknowledge the exemplary work that has gone into the development of this important guide through collaborative work, commitment and diligence exhibited by each team member of the technical committee led by the programs and partnerships department, under the leadership of Dr. Anne Omambia to ensure the guide was completed within the set time.

The Authority is particularly grateful to the world-wide fund for Nature -Kenya (WWF Kenya) for the support that facilitated the completion of this guide. The long-standing partnership with WWF Kenya goes beyond the development of this guide into our common commitments of making Kenya a resilient self-sustaining Country where communities are able to make their own decisions as far as their resources are concerned including making their livelihoods sustainable. We cannot over emphasize our gratitude for this partnership.

The successful completion of this guide is a testament to the collective dedication, expertise, and collaboration of the entire team, including staff, management, and the board of NEMA and WWF Kenya, which continuously provide the relevant guidance and necessary environment for staff to work effectively.

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# Acronyms

<i>CDM</i>	Clean Development Mechanism
<i>CDAC</i>	Community Development Agreement Committee
<i>CDA</i>	Community Development Agreement
<i>CIDP</i>	County Integrated Development Plan
<i>Co2e / Co2eq</i>	Carbon Dioxide Equivalent
<i>COP</i>	Conference of the Parties
<i>CSO / CSOs</i>	Civil Society Organisation(s)
<i>DNA</i>	Designated National Authority
<i>EIA</i>	Environmental Impact Assessment
<i>ESIA</i>	Environmental and Social Impact Assessment
<i>FPIC</i>	Free, Prior and Informed Consent
<i>GHG</i>	Greenhouse Gas(es)
<i>GRM</i>	Grievance Redress Mechanism
<i>ITMO(s)</i>	Internationally Transferred Mitigation Outcome(s)
<i>LNO</i>	Letter of No Objection
<i>LOA</i>	Letter of Approval
<i>MCU(s)</i>	Mitigation Contribution Unit(s)
<i>NCCAP</i>	National Climate Change Action Plan
<i>NDC</i>	Nationally Determined Contribution
<i>NEMA</i>	National Environment Management Authority
<i>PACM</i>	Paris Agreement Crediting Mechanism
<i>PCN</i>	Project Concept Note
<i>PDD</i>	Project Design Document
<i>SBM</i>	Supervisory Body Mechanism
<i>UNFCCC</i>	United Nations Framework Convention on Climate Change
<i>VCS</i>	Verified Carbon Standard

# Glossary

To make best use of these guidelines, the reader must be familiar with the following key terms:

<b>Additionality:</b>	refers to a project achieving reductions in greenhouse gases (GHGs) solely because of the project itself. These reductions would not occur in its absence. If a project demonstrates this, it can earn carbon credits.
<b>Business-as-usual scenario:</b>	Description of what would most likely have occurred without a carbon offset project, also called the 'baseline scenario.'
<b>Base Year:</b>	The specified year from which emission reduction targets and net-zero journeys are measured, with annual targets established as a percentage of total emissions in this base year.
<b>Carbon Credit:</b>	When a project removes or prevents one ton of carbon dioxide (or similar gases) from entering the air, it earns one carbon credit.
<b>Carbon Dioxide Equivalent (Co2e/Co2eq):</b>	A standard measure of greenhouse gas emissions that represents various gases in terms of CO <sub>2</sub> based on their global warming potential.
<b>Carbon Footprint:</b>	This is the total amount of GHGs a person, household, business, or group produces through daily activities, such as using electricity, fuel, food, and products.
<b>Carbon Neutral:</b>	A person or organization is carbon neutral when it reduces its emissions as much as possible and offsets the rest using carbon credits. This means its net emissions are zero.
<b>Carbon Offset:</b>	This is when someone buys a carbon credit to balance the emissions they can't avoid. For example, if you can't stop using some fuel, you can pay for a project elsewhere that reduces emissions.
<b>Carbon Pool:</b>	These are places where carbon is stored in nature, like in trees, soil, dead wood, or harvested wood products. These pools hold carbon for long periods.
<b>Carbon Sequestration:</b>	means removing carbon dioxide from the air and storing it. Trees do this through photosynthesis—they take in CO <sub>2</sub> , store the carbon, and release oxygen.
<b>Carbon Sink:</b>	A carbon sink is a natural area, like a forest or ocean, that stores more carbon than it releases. It helps fight climate change by trapping carbon.

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<b>Community:</b>	means a consciously distinct and organized group of users of community land who are citizens of Kenya and share any of the following attributes: common ancestry; similar culture or unique mode of livelihood; socio-economic or other similar common interest; geographical space; ecological space; or ethnicity. See Climate Change (Amendment) Act, 2023 for detailed definition.
<b>Greenhouse Gas (GHG):</b>	These gases, like CO <sub>2</sub> , methane, and others, trap heat in the atmosphere. They are a leading cause of climate change, exacerbated by human activity.
<b>Public land:</b>	land owned by the State that is not privately or communally owned, including land held by state organs, natural resources (such as minerals, forests, and water bodies), and land with no identifiable owner, held in trust by national or county governments and managed according to law. See <i>Article 62 of Constitution of Kenya</i> for detailed definition.
<b>Carbon Market:</b>	A system that allows people, companies or governments to buy and sell “carbon credits” earned by reducing or removing greenhouse gases from the air, through approved projects that follow national and international rules.
<b>Land based: projects</b>	A project that protects, restores or improves how land is used and managed to help reduce harmful greenhouse gases or store more carbon in nature, like planting trees or conserving forests.
<b>Non-land based projects:</b>	A project that uses clean or green technologies to reduce pollution without relying on land to operate, like solar lamps, fuel-saving cookstoves, or water filters.
<b>Benefit-Sharing</b>	Making sure that the money and other benefits from a carbon project are shared fairly with local communities and everyone else who is affected by or helps with the project.
<b>Community Development: Agreement (CDA):</b>	A written agreement between project developers and the local community, especially where the project is on public or community land, showing how they will work together and what benefits the community will receive from the project.

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# About the Community Guide

The guideline aims to improve awareness, community knowledge, participation, and transparency in Kenya's carbon markets and carbon project development.

## Objectives of the Guidelines

This guide helps communities understand and participate in carbon markets by:

- Increasing awareness and knowledge of carbon markets.
- Helping communities take part in carbon projects.
- Explaining how benefits are shared through Community Development Agreements.
- Making carbon market policies and regulations more transparent.
- Providing a way to raise concerns and resolve conflicts (grievance redress).

## Who Can Use this Guide

This guide is for:

- Community members interested in carbon projects.
- National and county governments manage carbon policies.
- Civil Society Organisations (CSOs) supporting climate action.
- Researchers and environmental experts are working on climate solutions.

## What You Will Learn from the Guide

This guide explains:

- What carbon markets and carbon credits are, and why they matter.
- The laws and policies that govern carbon markets in Kenya.
- Who the key players are in carbon markets and their roles.
- How to develop carbon projects and what steps are needed.
- How communities can participate and benefit through fair agreements.
- How to raise concerns and solve disputes related to carbon projects.

# CHAPTER

# 1

# INTRODUCTION

## Chapter Overview

**The chapter highlights climate change mitigation strategies by defining carbon project, why it matters for communities. It categories carbon projects and recommends best practices in carbon projects**



## 1.1 What is Climate Change?

Climate change is the long-term change in weather patterns, for over a period of 30 years. It is caused by emissions of greenhouse gases, which mainly come from human activities like burning fuel, cutting trees, and industrial processes. The impacts of climate change include droughts, floods and storms. The greenhouse gases trap heat in the atmosphere, causing the earth to become abnormally warm (also called global warming).

*Greenhouse gases include Carbon Dioxide, Methane, Nitrous Oxide, Perfluorocarbons, Hydrofluorocarbons and Sulfur Hexafluoride*

Climate change is a global challenge affecting businesses, communities, and the environment. Scientists say we must stop the Earth's temperature from rising above 1.5°C to avoid serious damage. This means we must reduce the amount of greenhouse gases (GHG) we release into the air.

Greenhouse gases come from human activities like burning fuel, cutting trees, and industrial processes. If we continue as we are, temperatures could rise beyond 2°C in this century, which would cause more droughts, floods, and other extreme weather events.

## 1.2 Fighting Climate Change

One way to fight climate change is to put a price on carbon emissions. Carbon markets allow companies, individuals, and governments to buy and sell carbon credits, a system that encourages people to reduce emissions and promote sustainable development.

## 1.3 What is a Carbon Market?

Carbon market is a system that allows people, companies or governments to buy and sell "carbon credits" earned by reducing or removing greenhouse gases from the air, through approved projects that follow national and international rules.

Carbon markets offer communities a great opportunity to earn money, protect the environment, and build resilience against climate change. However, communities must understand the rules, participate actively, and demand transparency in benefit sharing.

## 1.4 What is a Carbon Project?

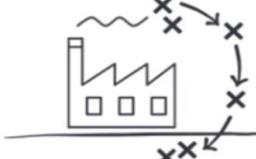
A carbon project is an activity that helps reduce, remove, or prevent harmful gases from entering the atmosphere. These projects create carbon credits that can be sold in carbon markets. There are three main types:

### Carbon Removal Projects



These are projects that take carbon-dioxide out of the air. They include planting trees (reforestation), improving farming practices to store carbon in the soil as well as using technology that captures carbon directly from the air

### Carbon Reduction Projects



These are projects that reduce the amount of emission levels released in the atmosphere. Examples: Use of solar, wind or hydro power instead of fossil fuels, capturing methane gas from waste and farms as well as using energy-efficient appliances like LED bulbs

### Carbon Avoidance Projects



These are projects that stop pollution before it happens. Examples include protecting forests from being cut down (REDD+ projects) as well as providing energy-saving stoves to reduce wood and charcoal use

## 1.5 Why Do Carbon Projects Matter for Communities?

Carbon projects are crucial for communities because they offer opportunities for sustainable development, economic growth, and improved well-being, while also mitigating climate change. Specifically they help communities to:

- Sustainably protect natural resources and environment by supporting activities like tree planting and clean energy.
- Earn income from carbon credits.
- Develop infrastructure such as better roads, schools, and water systems.
- Gain knowledge and skills through training e.g. climate-smart agriculture and green jobs.

Carbon projects can also help communities adapt and cope with climate change by making them more resilient—better prepared for floods, droughts, and extreme weather.

## 1.6 Land Ownership and Carbon Market Nexus

Carbon projects are categorised into two: land based and non-land based, as defined in the Climate Change (Carbon Markets) Regulations, 2024.

Land-based carbon projects are those whose activities relate to land use, land management and ecosystem conservation or restoration and are aimed at reducing greenhouse gas emissions or enhancing carbon sequestration while non-land based carbon projects are those that employ technologies that do not require land for their execution.

Land in Kenya is classified as public, community or private.

Category	Definition	Ownership	Examples	Legal Reference
Public Land	Land owned by the State, not classified as private or community land.	National or County Governments (in trust) territorial seas	Forests, rivers, national parks, unalienated government land, minerals, roads, territorial seas	Article 62
Community Land	Land held by communities identified by ethnicity, culture, or shared interest.	Specific communities or held in trust	Ancestral lands, grazing areas, shrines, community forests, trust land formerly held by counties	Article 63
Private Land	Registered land held by individuals under freehold or leasehold tenure.	Individuals or legal persons	Freehold farms, leasehold property, land declared private by law	Article 64

## 1.7 Requirements for Carbon Credit Projects on Public Land

- Determine the sub-classification of the public land: Is it vested under the county government or the national government?
- Obtain consent or no-objection letters, and licenses from the relevant government authorities and engage the National Land Commission to oversee.
- Engage constitutional institutions with jurisdiction over the land, such as the Kenya Wildlife Service (KWS), Kenya Forest Service (KFS), or National Environment Management Authority (NEMA) and Engage the National Land Commission to oversee.

## 1.8 Requirements for Carbon Credit Projects on Community Land

- Determine the status of land registration:
- If registered, engage the Community Land Management Committee for formal approval.
- If unregistered, obtain consent/no-objection from the county government.
- Conduct adequate and inclusive public participation, including:
  - i. Holding barazas (community meetings)
  - ii. Keeping records of attendance
  - iii. Collecting signed minutes of community consent
- Ensure equitable benefit-sharing agreements are in place.
- Provide fair and timely compensation in case of any displacement or loss of access to traditional resources

## 1.9 Requirements for Carbon Credit Projects on Private Land

- Determine land tenure type: Freehold or Leasehold.
- Verify ownership through:
  - A valid land title deed,
  - A recent land search from the Ministry of Lands,
  - Consultation with neighbours, particularly with adjacent landowners, to confirm uncontested ownership,
  - Engage NLC for application/extension of leases in case of leasehold.
- Engage a qualified advocate of the High Court of Kenya to:
  - Ensure legal compliance
  - Protect the rights of spouses and children, particularly in family land transactions
- Prepare landowner agreements, including:
  - Revenue-sharing structures
  - Duration and scope of the project
  - Conflict resolution mechanisms

## 1.10 Guiding Principles

To ensure fairness and success, carbon projects must follow these key principles:

Sustainable Development	Delivering economic, environmental and social co-benefits while ensuring environmental integrity.
Transparency and accountability	Information disclosure, clear and open processes in implementation of carbon projects and holding project developers responsible for their actions and results.
Effectiveness and efficiency	Achieving the intended goal of reducing carbon emissions in a timely manner while optimizing resources.
Social Justice	Ensure carbon projects benefit local communities and respect their rights.
Inclusiveness	Everyone, including women, youth, and Indigenous Peoples, should be involved.
Equity and equality	Costs and benefits should be shared in a fair and just manner.
Value for money	Carbon projects should be cost-effective and beneficial.
Non-discrimination	Ensure that community members are not discriminated against based on race, ethnicity, gender, age, religion, disability, etc..

## 1.11 Best Practices for Carbon Projects in Communities

To make carbon projects successful, communities and project developers should:

- Obtain the communities Free Prior Informed Consent (FPIC)
- Ensure community rights over land and resources are protected.
- Set clear and fair rules for selecting and approving carbon projects.
- Ensure easy and fair trading of carbon credits.

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- Use strong participatory monitoring and reporting systems to track project progress.
- Educate communities on the risks and benefits of carbon markets.
- Support new technologies that reduce emissions.
- Develop a clear grievance resolution mechanism.

## CHAPTER

# 2

# UNDERSTANDING CARBON MARKETS

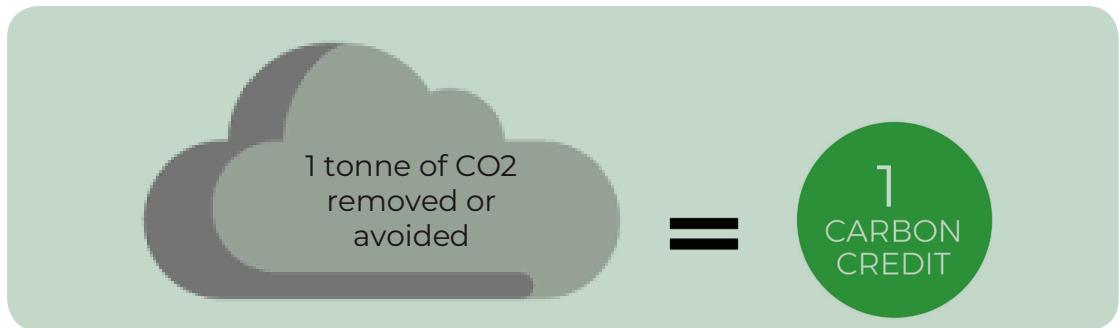
## Chapter Overview

The chapter defines carbon credits, how they are generated and sold, examples of carbon projects and how communities can participate and benefit as well as challenges involved in the implementation of the projects.

## 2.1 What Are Carbon Credits?

A carbon credit represents one ton of greenhouse gas (GHG) reduction or removal. It is a tradable unit used to support projects that reduce pollution. Carbon credits help attract funding, especially for projects that have insufficient financial support or technology access. Buyers of carbon credits use them for two purposes:

1. Compliance: To meet government or international emission targets.
2. Voluntary: To achieve corporate environmental goals.



Source: Carbon Planet

## 2.2 How are Carbon Credit Generated?

Carbon credits come from activities that reduce or remove greenhouse gas emissions. These activities must follow rules set by recognized carbon crediting mechanisms, such as:

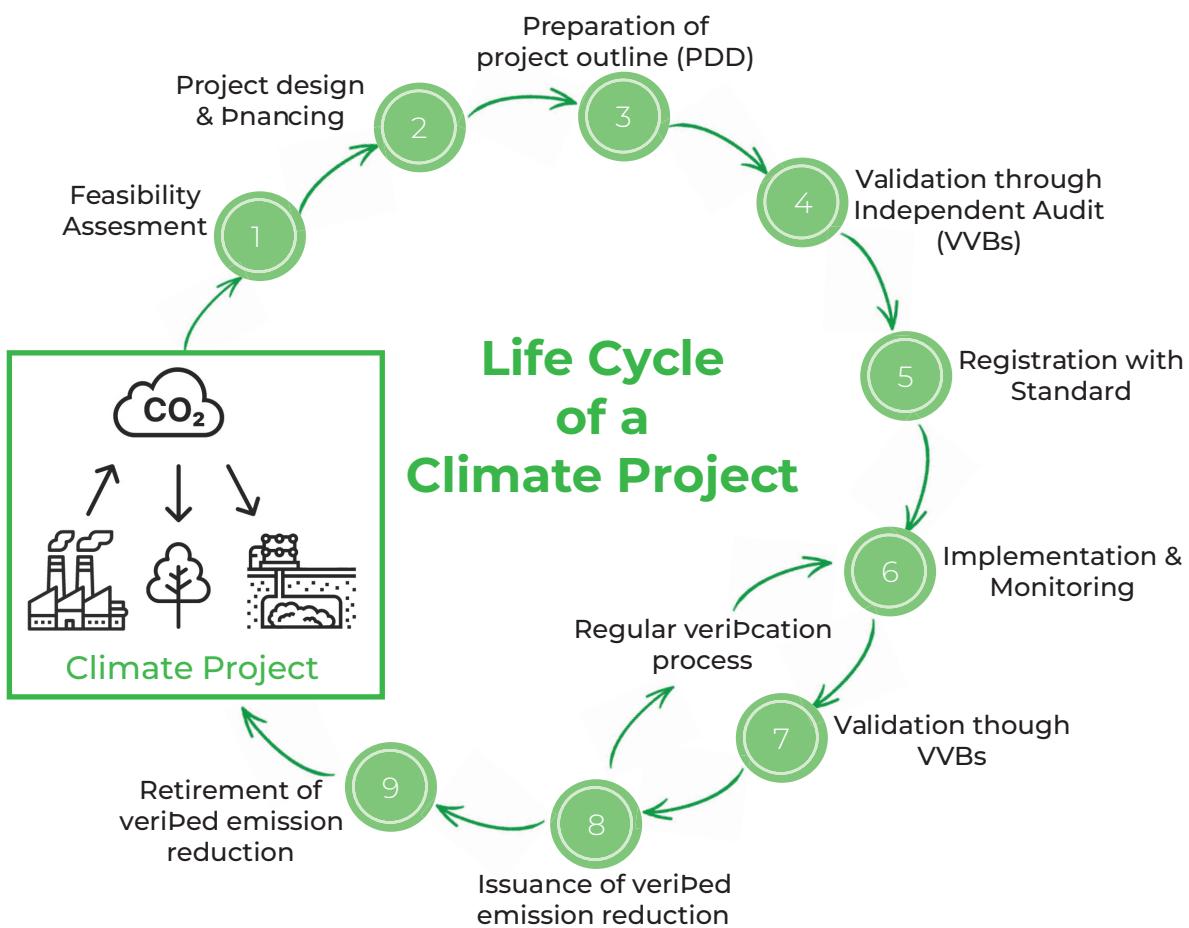
- Gold Standard
- Verified Carbon Standard (VCS)
- Article 6.2 Corresponding adjustments (ITMOs) & Article 6.4 Mechanism (Paris Crediting Mechanism). This is a new system under the Paris Agreement.

These standards ensure that projects:

1. Follow approved methods to measure emission reductions.
2. Undergo independent validation and verification.
3. Register credits in official systems to track ownership and transactions.

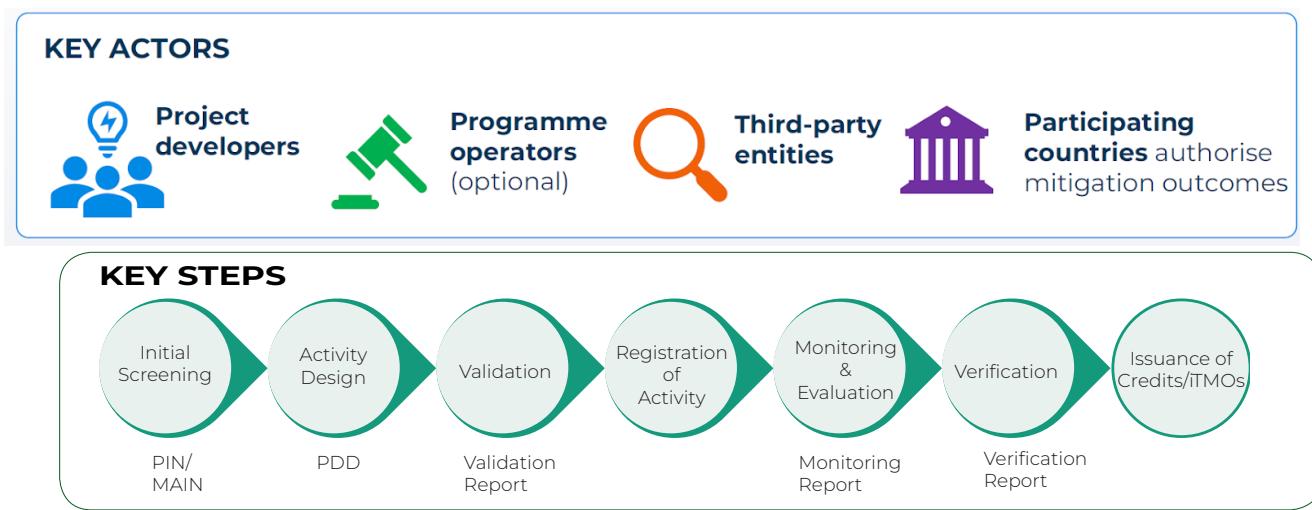
## 2.3 Process for Generating Carbon Credit

Generating carbon credit entails a nine (9) process step as illustrated in the figure shown:



## 2.4 Generating Carbon credit from Article 6.2 of the Paris Agreement

Article 6.2 presents a cooperative approach that enables countries to trade mitigation outcomes with each other through bilateral or multilateral agreements. These traded credits are termed ITMOs and must constitute real, verified, and additional emission reductions or removals not included in the host country's NDC. Countries participating in ITMO cooperation must ensure environmental integrity and transparency, implement robust accounting practices to prevent double-counting, and foster sustainable development. Involved countries monitor the transfers and utilisation of ITMOs through corresponding adjustments in their emissions balances



Source: Climate perspective group

## 2.5 Generating Carbon credit from Article 6.4 of the Paris Agreement

Establishes a baseline-and-credit mechanism, also known as the Paris Agreement Crediting Mechanism (PACM), which is overseen by the Article 6.4 Supervisory Body (SBM). The PACM, operationalised at COP29, is the successor to the Kyoto Protocol's Clean Development Mechanism (CDM). It establishes an activity cycle for registering activities that reduce emissions that meet its requirements, aligning with internationally defined standards to ensure environmental integrity. Only activities that the host country has approved can be registered under the PACM. Host countries may authorise A6.4ERs as ITMOs in line with the Article 6.2 rules. Article 6.4 Emission Reductions that are not authorised as ITMOs are referred to as "mitigation contribution units" (MCUs), and they may be used, *inter alia*, for results-based climate finance, domestic mitigation pricing schemes or domestic price-based measures, as well as voluntary mitigation contributions



Source: Climate perspective group

## 2.6 How is Carbon Credit Ownership Established?

Carbon rights define who has the right to benefit from emission reductions or removals linked to land, forests, or other projects. Holding these rights allows individuals or groups to trade and earn revenue from carbon credits. Communities can develop a carbon project and benefit from the sale of carbon credits. National laws and international agreements play a crucial role in defining and protecting carbon rights to support carbon markets.

## 2.7 How are Carbon Credits Sold or Traded?

There are two main ways carbon credits are sold:

- 1. Primary Trading:** Direct sales between project developers and buyers.
- 2. Secondary Trading:** Using intermediaries like brokers or exchanges to trade credits.

The Key actors in the carbon market include:

- **Project Developers:** Individuals, organisations, or companies that create and manage carbon-reducing projects.
- **End Buyers:** Companies, governments, or individuals who purchase credits to meet climate goals.
- **Brokers/Retailers:** Middlemen who buy credits from projects and resell them to buyers.
- **Carbon Crediting Mechanisms:** Organisations that set rules and oversee carbon credit transactions. e.g Verra, Gold Standard and Paris Agreement Crediting Mechanism.

## 2.8 How Can Communities Participate in Carbon Markets?

Communities can participate in carbon markets by developing local carbon projects or signing agreements with carbon project developers. Examples of project activities communities can participate in include:

### Examples of project activities communities can participate



Practicing better farming methods that trap carbon in the soil



Protecting forests to prevent deforestation



Using energy-efficient stoves to reduce firewood and charcoal use



Planting trees to absorb carbon dioxide



Using clean energy like solar, wind, or biogas

Communities can sell carbon credits from their projects, partner with organisations for training and financial support, or form cooperatives to manage projects together.

## 2.9 Benefits of Carbon Projects for Communities

- Environmental Protection – Helps conserve forests, improve soil, and protect wildlife
- Income Generation – Communities can earn money by selling carbon credits
- Better Livelihoods – Creates jobs and supports local development
- Health Benefits – Reduces smoke pollution from cooking and improves air quality



## 2.10 Challenges and Solution Communities can face in Carbon Market

Challanges	Solutions
High costs of certification of carbon projects	Work with partners for funding and training
Complex processes	Capacity building, education and awareness on the processes and mechanisms that place the community at the centre of the project.
Risk of exploitation	Ensure fair community development agreements and direct community participation. Ensure compliance with the Climate Change (Carbon Markets) Regulations, 2024.

Challanges	Solutions
Community resistance	<p>Ensure communities are fully informed, consulted, and free to accept or reject the project.</p> <p>Document the FPIC process and update it regularly, especially if project scope changes.</p>
Unclear or Insecure Land Tenure	<p>Ensure land ownership is ascertained in areas of project development.</p> <p>Follow due process in obtaining FPIC.</p>
Marginalized or poor communities may bear the cost of foregone land use without receiving adequate compensation.	<p>Ensure competitive and fair benefit-sharing</p> <p>Promote alternative livelihoods that generate income without degrading carbon stocks.</p>
Limited awareness and technical knowledge	<p>Undertake continuous community capacity-strengthening</p> <p>Create simplified and accessible educational materials</p>
Unstable carbon prices especially in voluntary markets	<p>Negotiate fair prices and long-term community benefits</p>

# CHAPTER

# 3

# LEGAL AND INSTITUTIONAL FRAMEWORK

## Chapter Overview

The chapter outlines the legal and institutional frameworks both global and national within which carbon markets are anchored for smooth implementation



### 3.1 Introduction

The way carbon projects are done in Kenya is guided by a set of rules and agreements. These come from two levels: international (global) and national (Kenya's own laws and policies).

At the international level, Kenya is part of a global agreement called the United Nations Framework Convention on Climate Change (UNFCCC), which brings countries together to fight climate change. Under this, Kenya also joined the Paris Agreement in 2015, where countries promised to reduce pollution and global warming. The Paris Agreement encourages countries to work together by using tools like carbon markets, where they can trade carbon credits to help reduce emissions.

To support this, Kenya has made its own laws and policies. For example, the Climate Change Act (2016) and its Amendment in 2023 allow carbon trading and say that communities must be involved and benefit. In 2024, Kenya created detailed Carbon Markets Regulations to explain how carbon projects should be registered, monitored, and managed.

Kenya's Constitution also says every person has a right to a clean and healthy environment. Other national plans, like the National Climate Change Action Plan (NCCAP) and Kenya's climate pledge to the world (NDC), help guide the country's response to climate change and the use of carbon markets.

Finally, we have institutions (offices and authorities) in place to make sure the rules are followed. These include the Ministry of Environment, NEMA, county governments, and others who give approvals, monitor projects, and protect community interests.

The table below shows the main international and national laws, policies, and institutions that guide carbon projects in Kenya.

### 3.2 LEGAL FRAMEWORK

#### Global Frameworks

##### **Paris Agreement 2015**

The Paris Agreement aims to strengthen the global response to the threat of climate change by keeping the rise in global temperature well below 2°C above pre-industrial levels.

The Agreement seeks to enhance countries' ability to deal with the impacts of climate change.

To achieve these ambitious goals, appropriate finance, technology, and capacity-building will be established to support developing countries. Kenya's NDC outlines the country's actions to contribute to achieving the global goal outlined in the Paris Agreement.

The Agreement extends climate targets to all countries and provides for market-based cooperation in Article 6.

Article 6 outlines how countries can cooperate to achieve their climate goals through various mechanisms, including the transfer of emission reductions and the establishment of a mechanism for trading carbon credits using common standards.

## National Legal and Policy Frameworks

<b>Constitution of Kenya, 2010</b>	Guarantees the right to a clean and healthy environment. Allows citizens to seek redress in court if this right is threatened, violated, or infringed. Mandates the state to ensure the management and conservation of the environment and natural resources while encouraging public participation.
<b>The Kenya Vision 2030</b>	Recognizes climate change as a risk that could slow development.
<b>The Climate Change (Amendment) Act, 2023</b>	Establishes climate finance mechanisms, including carbon trading, to support climate action. 2023 Amendment adds components on carbon markets and community involvement. Recognizes nature-based solutions, community rights, and benefit-sharing in carbon markets. Introduces a National Carbon Registry and links Kenya's actions to the Paris Agreement.
<b>The Climate Change (Carbon Markets) Regulations, 2024</b>	Govern the establishment, operation, and oversight of carbon markets in Kenya. Guide the development and trading of carbon projects within the country.
<b>Nationally Determined Contributions (NDC)</b>	Is a country's official climate action plan under the Paris Agreement, outlining how the country will work to reduce greenhouse gas emissions (mitigation) and adapt to the impacts of climate change (adaptation). Carbon markets are identified as a means to help achieve GHG emissions reduction targets.
<b>National Climate Change Action Plan (NCCAP)</b>	Is a five-year plan that outlines the specific priority actions Kenya will undertake to tackle climate change. Encourages the use of carbon markets as a fundamental financing tool to assist Kenya in achieving its climate objectives
<b>The Environmental &amp; Management Coordination Act, 1999</b>	Provides for the establishment of an appropriate legal and institutional framework for the management of the environment. Upholds the right to a clean and a healthy environment. Introduces the concept of voluntary environmental management, strategic environmental assessments, and acknowledges ecosystem services such as carbon sequestration. Requires ESIA for all significant projects, including carbon projects.
<b>County Government Act, 2012</b>	Outlines the powers of county governments, including the ability to acquire land in consultation with the National Land Commission, enter into contracts, and delegate functions, which have an indirect impact on land and environmental matters. Complements other laws like the Community Land Act, 2016, giving counties a role in holding unregistered community land in trust.
<b>Community Land Act, 2016</b>	Requires communities to manage natural resources on their land sustainably and protect the environment. Provides for FPIC, community participation in decision making, and fair and equitable benefit sharing among community members.
<b>The County Specific Policies &amp; Legislations</b>	Some counties have local laws or bylaws that support climate action, carbon markets, and ensure benefit sharing.

### 3.3 Institutional Frameworks

<b>Ministry of Environment, Climate Change &amp; Forestry</b>	<ul style="list-style-type: none"><li>Leads national climate and environmental policy.</li><li>Oversees the Climate Change (Carbon Markets) Regulations, 2024.</li></ul>
<b>National Climate Change Council</b>	<ul style="list-style-type: none"><li>Top decision-making body on climate change.</li><li>Provides policy direction and coordination across all sectors.</li></ul>
<b>Climate Change Directorate (CCD)</b>	<ul style="list-style-type: none"><li>Technical arm of the ministry.</li><li>Coordinates implementation of the NDCs</li></ul>
<b>National Environment Management Authority (NEMA)</b>	<ul style="list-style-type: none"><li>Is the Designated National Authority (DNA) for carbon markets.</li><li>Approves and regulates carbon projects.</li><li>Ensures projects follow environmental laws (EMCA, EIA/EA regulations).</li><li>Monitors environmental and social impacts.</li></ul>
<b>County Governments</b>	<ul style="list-style-type: none"><li>Issue requisite approvals</li><li>The governor appoints a county government representative to the CDA committee</li><li>Issue a letter of support for carbon projects</li><li>Implement county climate plans and manage county forests.</li><li>Facilitate community participation and benefit-sharing</li><li>Integrate projects into County Integrated Development Plans (CIDPs).</li></ul>

### 3.4 Carbon Market Sectors

The Climate Change (Carbon Markets) Regulations, 2024 prescribe six key sectors for Carbon namely:

- Energy
- Transport
- Agriculture
- Forestry and Land Use
- Industrial Processes and Product Use; Or
- Waste

# CHAPTER

# 4

# STAKEHOLDER PARTICIPATION

## Chapter Overview

**The chapter defines key carbon market stakeholders and their roles and responsibilities in carbon projects**



## 4.1 Who are Carbon Market Stakeholders?

Carbon market stakeholders are individuals, organisations, and institutions involved in or affected by carbon projects. They include government agencies, regulatory bodies, private investors, project developers, local communities, and civil society organisations.

## 4.2 Why is it Important to Involve all Stakeholders in Carbon Projects?

<b>Shared Ownership and Support:</b>	Inclusive participation fosters a sense of ownership and support. Stakeholders are more likely to support and sustain projects when they are actively and meaningfully involved.
<b>Better Planning and Long-Term Success:</b>	Engaging government bodies, local communities, experts, and development partners ensures that carbon projects are well-designed, effective, and sustainable.
<b>Stronger Ideas and Solutions:</b>	Every group brings unique knowledge and experience. Collaborating leads to more innovative and practical solutions.
<b>Less Conflict, More Trust:</b>	Open and honest communication helps build trust, reduces misunderstandings, and prevents conflict between parties.
<b>Fewer Risks and Better Preparedness:</b>	Engaging stakeholders from the outset enables the early identification of potential risks and challenges, thereby increasing preparedness and reducing the likelihood of project failure.
<b>Fair and Inclusive Benefits:</b>	Stakeholder participation helps ensure that benefits—such as employment, income, and services—are equitably shared, particularly with local communities who are most directly affected.
<b>Transparency and Accountability:</b>	Inclusive engagement promotes openness, information disclosure, ensuring that all parties—including developers, regulators, and communities—are well-informed and responsible.

*Stakeholder participation is crucial for successful carbon projects in Kenya, ensuring projects are sustainable, equitable, and effective by incorporating diverse perspectives and promoting local ownership*

## 4.3 Key Stakeholders and their Roles

### Primary Stakeholders

Stakeholder	Role
Project Developer	Designs and manages carbon projects; registers them with recognized standards; owns and sells the carbon credits.
Carbon Credit Buyer	Purchases carbon credits to offset their own emissions.
Investors	Provide funding to support project development and expect returns from the sale of carbon credits.
The National Government	Develops laws and policies governing carbon markets; coordinates with international agreements like the Paris Agreement; approves and registers projects through agencies such as NEMA.
The County Government	Approves projects within their jurisdiction; facilitates fair benefit-sharing and integrates projects into County Integrated Development Plans (CIDPs).
The Local Communities	Own or reside on land where carbon projects are implemented; must be fully consulted and provide FPIC; must benefit from the project; may participate in project activities like tree planting or conservation; should check the Environmental and Social Governance (ESG) to ensure it aligns with their priorities.

### Secondary Stakeholders

These stakeholders support, monitor, regulate, or advocate within the carbon market ecosystem.

Stakeholder	Role
Civil Society Organization (CSOs)	Educate and empower communities; advocate for transparency, accountability, and fair benefit-sharing; support capacity building and community monitoring.
Technical Experts & Consultants	Design, monitor, and report on projects to ensure they meet environmental and carbon standards.
The Accredited Validators & Verifiers	Independently assess project design and verify emission reductions to ensure credibility and impact.
The Carbon Standards/ Registries	Set rules and methodologies for carbon credit generation; approve and register projects; issue certified credits and prevent double-counting.
Donors & Development Partners	Provide financial and technical support, particularly during the early stages or pilot programs, to strengthen community engagement and capacity.
Media	Advocacy, awareness, education and information

**Note:**

*Every community-based project should conduct its own stakeholder identification and mapping to ensure inclusive participation and representation. A successful carbon project balances the needs of all stakeholders*

## 4.4 How can community members meaningfully participate in carbon project activities?

As a community member, your voice is essential in shaping the success of carbon projects. Here's how you can participate meaningfully:

	<b>Attend and Participate:</b> Go to community meetings, forums, or consultations when invited. Your presence and input are valuable.
	<b>Ask Questions:</b> Don't hesitate to seek clarity—especially on how the project will affect your land, environment, and the benefits you might receive.
	<b>Provide Honest Feedback</b> Share your ideas, concerns, and suggestions. Your input helps ensure the project aligns with community needs.
	<b>Speak for Others:</b> Represent your neighbors, women, youth, elders, and those who may not have the chance to speak for themselves.
	<b>Demand Transparency:</b> Request clear, written agreements—especially around land use, benefit-sharing, and project timelines.
	<b>Stay Involved:</b> Follow up even after the project begins. Monitor progress, ask for updates, and hold the project team accountable.

## CHAPTER

# 5

# PROCEDURE FOR CARBON PROJECT DEVELOPMENT

## Chapter Overview

The chapter explains how carbon projects are identified, developed and implemented. It also clarify how benefits accrued from carbon project are shared among the developer and communities



## 5.1 How Can a Community Identify/Develop a Carbon Project?

A community group or individual interested in developing a carbon project can follow the steps outlined in Part 5 of the Climate Change (Carbon Markets) Regulations, 2024. According to the regulations, a community carbon project refers to any carbon project implemented on community land.

### *a) Application for Project Approval*

To begin, the process starts by the project proponent (the individual or group proposing the project) must submit an application for project approval to the National Environment Management Authority (NEMA), which is Kenya's Designated National Authority (DNA) for carbon market mechanisms (Refer to Chapter 2 for Carbon Project Development Cycle)

The Application Must Include:

- a) A completed Project Concept Note (PCN)
- b) Minutes of a meeting approving the proposed project
- c) An Environmental and Social Impact Assessment (ESIA) report
- d) A valid Environmental Impact Assessment (EIA) license
- e) Proof of identity or registration of the project proponent (e.g., ID or registration certificate)

Application fee payment:

- Ksh 10,000 for citizens
- Ksh 100,000 for non-citizens

### *b) Review of Application & Feedback*

NEMA will review the application and provide feedback within 14 days, which may result in one of the following outcomes:

- Letter of No Objection (LNO) for successful applicants
- A request for additional information (to be submitted within 60 days)
- Rejection of the application, with written reasons provided
- If the required information is not submitted within the stipulated timelines, the application will be cancelled.

The reasons for rejection of an application

- Incomplete or incorrect information
- Inadequate safeguards for environmental or social protection
- Violation of applicable laws or regulations

## 5.2 Project Design Document (PDD)

Once the PCN is approved, the project proponent must prepare a Project Design Document (PDD) within 12 months. The PDD provides a detailed proposal outlining how the project will achieve emission reductions.

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The PDD Must be Accompanied by:

- A letter of support from the relevant county governments
- A Community Development Agreement (CDA) as prescribed in the fourth schedule
- Stakeholder consultation and project validation reports
- Payment of the PDD review fee:
- Ksh 100,000 for citizens
- Ksh 200,000 for non-citizens - Non refundable

NEMA will review the PDD and provide feedback within 51 days, which may include:

- Issuance of a Letter of Approval (LOA), with the concurrence of the Cabinet Secretary
- Rejection, with detailed reasons

## 5.3 How Does a Project Qualify to Participate in the Carbon Markets?

For a project to participate in carbon markets, it must comply with the methodologies and requirements of a recognized carbon standard which are available for public viewing on the various carbon standards registries. Recognised carbon standards include Verra, Gold standard ,Plan Vivo among others (such as Verra or Gold Standard).

Approval Process:

- The DNA forwards the PDD to a special technical committee within 7 days.
- The committee has 30 days to review and provide recommendations.
- The DNA, within 14 days of receiving the recommendations, will:
  - Approve the project (with Cabinet Secretary concurrence) and issue an approval letter
  - Reject the project, with written justification

## 5.4 Project Implementation

Once the project receives approval, the proponent must begin implementation within 12 months. If implementation is delayed, the proponent must:

- Request an extension, or
- Notify the DNA of voluntary withdrawal

## 5.5 Authorization to Sell Carbon Credits

To authorize the international sale or transfer of carbon credits (also referred to as mitigation outcomes), the project proponent must:

- Submit a formal request to the DNA, in line with procedures in the Sixth Schedule
- The DNA will review the request and seek Cabinet Secretary approval
- Upon approval, authorization is granted according to the Seventh Schedule

## Climate Change (Carbon Markets) Regulations, 2024

The Climate Change (Carbon Markets) Regulations, 2024, provide a clear framework for the sale of carbon credits within Kenya. The regulations aim to promote transparency, community benefit-sharing, and alignment with international best practices and national climate goals. Below is a summary of the process and options available for the sale of carbon credits under the Regulations.

Registration of Carbon Projects	All carbon projects must first be registered with the Designated National Authority (DNA), hosted at NEMA. Project developers must submit a Project Design Document (PDD), demonstrate community engagement (including Free, Prior and Informed Consent - FPIC), and obtain a Letter of Authorization for international transactions.
Verification and Issuance of Credits	Emission reductions must be monitored and verified by accredited third-party verifiers. Once verified, carbon credits (e.g., Verified Carbon Units - VCUs) are issued under recognized standards such as Verra or Gold Standard.
Approval for Sale or Transfer	Before any carbon credit is sold or transferred, approval must be obtained from the DNA. For international sales, additional authorization is required, including a Letter of Authorization and ministerial approval for corresponding adjustments.
Options for Selling Carbon Credits	The Regulation allows for several market options: <ul style="list-style-type: none"><li><b>Voluntary Carbon Market:</b> Sale to private companies or individuals; requires DNA approval and registry entry.</li><li><b>Article 6.2 of the Paris Agreement:</b> Sale to foreign governments with corresponding adjustments; requires DNA and ministerial approval.</li><li><b>Article 6.4 Mechanism:</b> Future UN-governed mechanism with centralized carbon trading.</li><li><b>Domestic Carbon Market (planned):</b> A Kenya-based market for local sale of carbon credits, subject to DNA oversight.</li></ul>
Revenue Sharing and Deductions	Carbon revenue must be shared according to a Revenue Sharing Agreement (RSA). Key deductions include: <ul style="list-style-type: none"><li>Minimum 40% to community benefits</li><li>5% Climate Resilience Levy to the Climate Change Fund</li><li>Administration costs (maximum 20%)</li><li>Other transparent costs such as transaction and verification fees</li></ul>
Monitoring and Reporting	Project developers must report to the DNA on the use of revenues, community benefits, and ongoing compliance. The DNA reserves the right to audit and monitor all approved projects. This framework ensures Kenya benefits from carbon markets while protecting communities, upholding environmental integrity, and supporting national climate commitments
Annual Progress Reporting	Project proponents must submit an Annual Progress Report to the DNA. Failure to submit this report is considered an offence and may result in project cancellation.

Grounds for Project Cancellation	<p>NEMA (as the DNA) may cancel a carbon project under the following conditions:</p> <ul style="list-style-type: none"> <li>Failure to commence project activities within the specified timeline.</li> <li>Non-compliance with legal or regulatory requirements.</li> <li>Voluntary cancellation by the proponent through formal notice.</li> <li>Approval obtained through fraud, false information, or misrepresentation.</li> <li>Project activities that pose risks to human health or the environment.</li> <li>Withholding or intentional distortion of critical project information</li> </ul>
What Happens to Ongoing Projects?	<p>Projects that began before the 2024 Carbon Markets Regulations came into effect must:</p> <ul style="list-style-type: none"> <li>Transition and comply with the new regulations within two years.</li> <li>Conduct an Environmental Audit within six months of the regulations' commencement</li> </ul>

## 5.6 Benefit Sharing in Carbon Projects

### *How is Carbon Project Revenue Shared?*

Communities involved in land-based carbon projects are entitled to receive a fair share of the revenue, guided by the Community Development Agreement (CDA), as seen in section 7.

#### *Community Projects eligible for benefits from Carbon Revenues (See section 7.1.8) Eligible Community Projects for Funding:*

- Education (e.g., classrooms, bursaries)
- Agriculture (e.g., irrigation, inputs)
- Environmental conservation (e.g., tree planting, water protection)
- Cultural and sports development
- Health services (e.g., clinics, sanitation)
- Special programs benefiting women, youth, and persons with disabilities

#### *Revenue Allocation:*

- Land-Based Projects: At least 40% of the previous year's net earnings (after business costs) must go to community benefits
- Non-Land-Based Projects: At least 25% of the previous year's net earnings
- These benefits must be clearly outlined in the CDA
- Private projects on private land are exempt from mandatory benefit-sharing

A Community Project Development Committee will be responsible for managing and disbursing the benefits.

#### *Other Deductions from Carbon Project Revenues*

##### *a) Regulatory Fees*

This are mandatory payments to the government agency overseeing carbon markets primarily National Environment Management Authority to enforce regulation and improve governance. This include:

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- a) Carbon Project Application Fees()
- b) Carbon Project Design Document Fees
- c) Administrative Fees

***b) Community Benefit Share***

40% of the proceeds (after all statutory deductions) must go to the host community

***c) Operational Costs***

This are day-to-day costs of running a carbon project to ensure proper implementation and local stakeholder engagement e.g Project design and planning ,Infrastructure, technology, and staffing.

***d) Government Taxes***

Carbon revenue may be subject to national taxes under Kenyan Law. These includes:

- a) Income tax
- b) Withholding tax

Communities should ensure that their project developers are tax compliant

Additional deductions include:

- 50% of corresponding adjustment fees (used for international compliance purposes)
- 25% of total earnings from non-land-based projects allocated to the Climate Change Fund

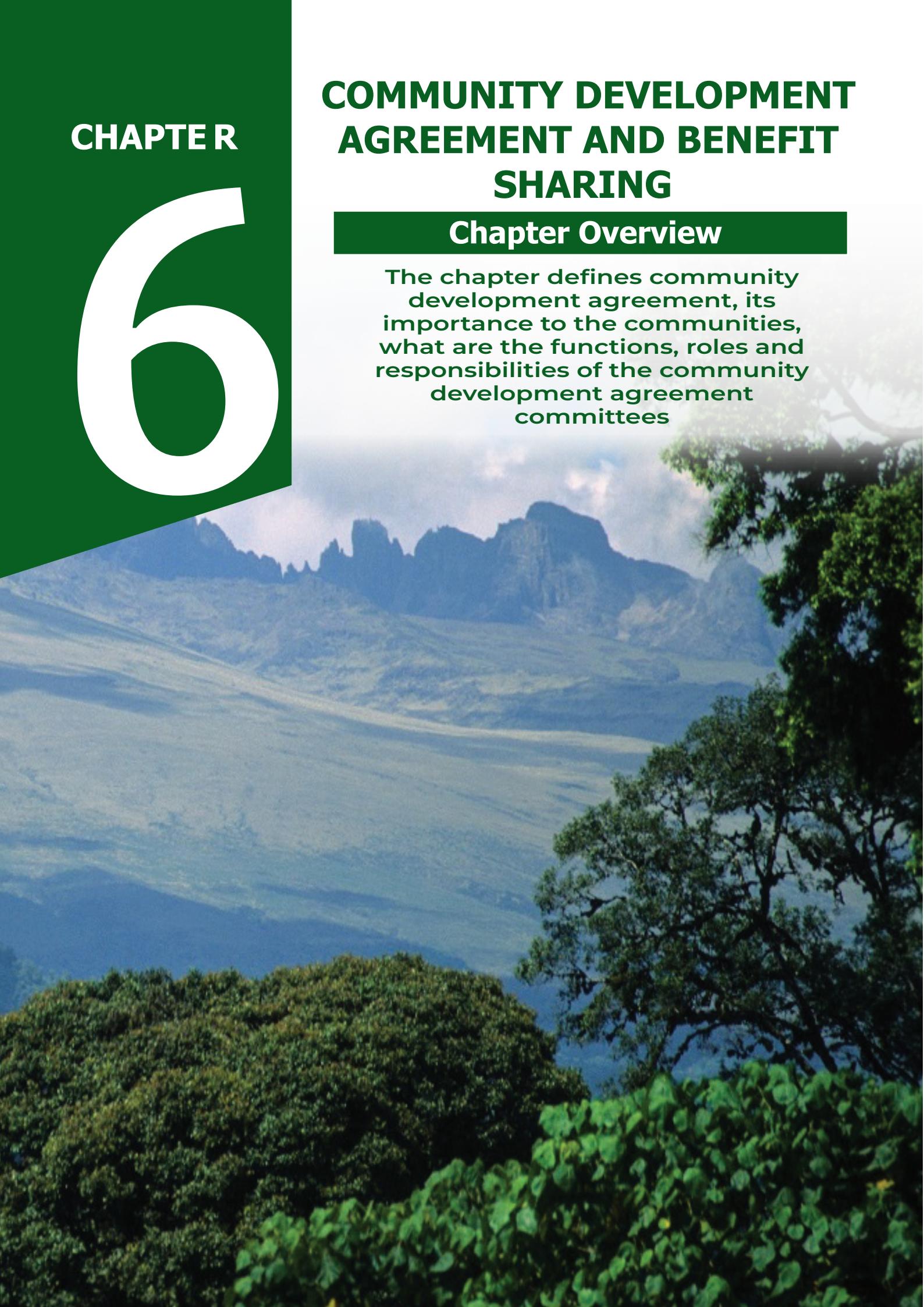
## CHAPTER

# 6

# COMMUNITY DEVELOPMENT AGREEMENT AND BENEFIT SHARING

## Chapter Overview

The chapter defines community development agreement, its importance to the communities, what are the functions, roles and responsibilities of the community development agreement committees



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Land-based projects are required to be implemented through a community development agreement which outlines the relationships and obligations of the proponents of the project in public and community land where the project is under development.

## 6.1 What is a Community Development Agreement (CDA)?

A Community Development Agreement (CDA) is a formal agreement between a project proponent and the local community where a carbon market project is proposed on public or community land. The CDA defines the roles, responsibilities, and relationship between the two parties throughout the project's development and implementation phases.

## 6.2 Why is a Community Development Agreement Important?

A CDA is essential because it:

1. Ensures that only projects contributing to the sustainable development of the community are implemented.
2. Provides the community with a voice in the decision-making processes of the project proponent.
3. Outlines mutual principles and commitments for collaboration.
4. Promotes transparency and accountability in project implementation.
5. Clearly identifies the issues to be addressed by both parties.
6. Establishes a platform for ongoing dialogue between the project proponent and the community.

## 6.3 What is a Community Development Agreement Committee (CDAC)?

The Community Development Agreement Committee is established to represent and safeguard community interests in the implementation of the CDA. It ensures the agreed commitments are met and that the benefits reach the community as planned.

## 6.4 What's the Composition of Community Development Agreement Committee (CDAC)?

The Committee is composed of representatives from the national and county governments, the community, and the project proponent. It must always have an odd number of members for decision-making purposes. Except for the proponents representative the other members will serve for a period of three (3) years renewable once. The appointments letters will be issued by the DNA.

Below is the list of members and how they are appointed:

No.	Member	Appointing/Electing Entity
1.	A National Government representative in charge of administration in the county	Appointed by the National Government Administration Office
2.	A County Government representative	Appointed by the Governor
3.	A representative of Women	Elected by the Community
4.	A Male representative of the village eldersthe village elders	Elected by the Community
5.	A Female representative of the village elders	Elected by the Community
6.	A Male representatives of the Youth	Elected by the Community
7.	A Female representative of the Youth	Elected by the Community
8.	A representative of the Civil Society Organizations working in the area of climate change in the County;	Elected by the Civil Society Organizations
9.	A representative of marginalized groups, ethnic and other minorities	Elected by the Community
10.	A representative of persons with disability	Elected by the Community
11.	A representative of the Project Proponent	Appointed by the project proponent

## 6.5 What are the Functions of the Committee?

The Committee shall—

- i. Monitor and evaluate compliance with the signed Agreement
- ii. Provide a platform for community debates on revenue use for programs under the Agreement.
- iii. Notify the community before conducting consultation exercises.
- iv. Facilitate continuous engagement between the community and the Project Proponent on development issues.
- v. Review national and county development priorities and align CDA priorities accordingly.
- vi. Prepare quarterly reports on community development project progress and payments.
- vii. Sensitize the community on agreed projects under the signed Agreement.
- viii. Collaborate with county and national governments on project implementation.
- ix. Settle disputes between parties regarding the Agreement.
- x. Address other grievances or issues raised by the Project Proponent or community.

## 6.6 What are the roles of various stakeholders in a Community Development Agreement?

Name of stakeholder	Role in Community Development Agreement	
	Preparation phase	Formation Phase
Project Proponent	<p>Party to the CDA preparation process.</p> <p>Identifies the Community on which the land the proposed carbon project will be implemented.</p>	<p>Signs the Agreement as a project proponent</p> <p>Commits to ensure sustainable economic and social development of the Community and its environs by complying with the CDA</p> <p>Consults with the Community and obtains their free, prior, and informed consent (FPIC), to design and implement the carbon project</p>
		<p>Promotes peace and harmony between itself and the Community.</p> <p>Makes payments of the annual social contribution in each financial year, towards community development projects as provided in the Climate Change Act and these Regulations</p> <p>Provides an annual report to the Committee setting out the project Proponent's annual aggregate earnings for the applicable financial year in accordance with this Agreement</p>
		<p>Prepare an annual report of the annual social contribution paid to the community for their benefit with specifics on amounts disbursed for administrative expenses and community projects development, for the applicable financial year in accordance with the CDA.</p>

Name of stakeholder	Preparation phase	Role in Community Development Agreement	
		Formation phase	Implementation phase
Community	Party to the CDA preparation	Commits to discussions and consultations with the Project Proponent on issues of mutual interest arising under CDA	Provide any relevant information to aid the CDA Projects implementation
		Agrees to enter into agreement with the project proponent for the use of their land for the proposed carbon project	Follow up on CDA project implementation and raise any concerns with the relevant Parties
Community Development Agreement Committee		Cooperates with the Project Proponent and mobilize social capital	Promotes peace and harmony between itself and the Project Proponent
Community Land Management Committee	Represents the community's land interests in the CDA Committee where the carbon project is on a community land	Consults with the Community and obtains their free, prior, and informed consent to the CDA, Ensures the CDA's content is consistent with the community's consent. Ensures the CDA's content is consistent with the community's land interests.	Signs the CDA, on behalf of the community, with the project proponent

Name of Stakeholder	Preparation phase	Formation phase	Role in Community Development Agreement
Monitoring, Evaluation and Reporting Subcommittee			<p>Provides quarterly written and oral reports to the Committee ensuring that the oral reports are presented in languages understood by all members</p> <p>Monitors and evaluates the progress on the implementation of the projects</p> <p>Provides oversight of the Agreement's activities including its operations, control, monitoring and evaluation</p> <p>Ensures the projects under the CDA are implemented in accordance with the agreed specifications and schedules as defined in the relevant contract(s)</p> <p>Provides guidance for those directly involved in projects to be implemented the CDA on project planning, implementation and management</p> <p>Address any issue that has major implications for a project to be implemented under the CDA</p> <p>Ensure the Community is adequately consulted as part of the implementation of projects under the CDA</p>

Name of stakeholder	Preparation phase	Formation phase	Implementation phase
Grievance Resolution Sub-Committee			<p>Resolves any complaints relating to the implementation of the CDA</p> <p>2. Settles all disputes that may arise between the Parties in respect of any matter in connection with or under the CDA</p> <p>3. Settles any other issue, matter, grievance or complaint that is not related to the Agreement that may be raised by the Project Proponent or the Community to the sub-Committee for resolution</p> <p>4. Manages disputes, issues, concerns, matters or grievances stipulated in the CDA</p> <p>5. Develops the relevant forms that are easy to use in lodging issues, grievances and disputes in respect of any matter in connection with or under the CDA with the sub-committee.</p>

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## 6.7 Under what Circumstances are Multiple Community Development Agreements Entered?

Multiple community development agreements are entered in case of the following two scenarios:

1. Where a carbon project spans more than one community the project proponent is required to enter into a separate agreement with each community in that county
2. Where a carbon project spans more than one county, the project proponent shall have a separate Community Development Agreement with each community in the different counties.

## 6.8 What community projects are eligible to be supported by the funds under the Agreement?

The projects to be implemented under the Agreement may include, but are not limited to:

- (a) Educational scholarship, apprenticeship, technical training and employment opportunities for the people;
- (b) Employment for members from the communities;
- (c) Financial or other forms of support for infrastructural development and maintenance including education, health, roads, water and power;
- (d) Assistance with the setting up of and support to small-scale and micro-enterprises;
- (e) Special programmes that benefit women, youth and persons with disabilities;
- (f) Agricultural product marketing;
- (g) Protection of the environment and natural resources;
- (h) Support for cultural heritage and sports; and
- (i) Protection of ecological systems.

## 6.9 How are Committee and Sub-Committee Members Remunerated?

Members of the Committees shall not be entitled to a salary. However, members of the Committees shall be entitled to allowances as agreed upon in the Agreement.

## CHAPTER

# 7

## GREVIANCE REDRESS MECHANISM

### Chapter Overview



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Grievance redress mechanisms (GRMs) are systems designed to address complaints raised by individuals or groups, ensuring fair resolution of issues. In the context of Carbon Markets, it's crucial to offer affected persons (APs) an opportunity to voice their concerns about potential impacts from development projects. These Grievance redress mechanisms (GRMs) are systems designed to address complaints raised by individuals or groups, ensuring fair resolution of issues. In the context of Carbon Markets, it's crucial to offer affected persons (APs) an opportunity to voice their concerns about potential impacts from development projects. These mechanisms should provide transparent, reliable, and efficient processes that address grievances effectively. By ensuring that APs can raise their issues and find satisfactory solutions, GRMs help balance the interests of both the affected individuals and the project. This fosters trust, fairness, and equitable outcomes for all stakeholders involved.

Key components of effective grievance redress mechanisms may include:

**Accessibility:** Making it easy for individuals to lodge complaints, whether through online platforms, in-person offices, or hotlines.

**Transparency:** Clearly outlining the process for submitting grievances, including timelines and potential outcomes.

**Responsiveness:** Ensuring that grievances are acknowledged and addressed promptly.

**Confidentiality:** Protecting the identity of complainants to encourage reporting without fear of retaliation.

**Fairness:** Providing an unbiased review of grievances, often involving a neutral party or panel.

**Follow-up:** Keeping complainants informed about the progress of their grievance and the final resolution.

Grievance Redress Mechanisms (GRMs) promote accountability, trust, and dispute resolution in community organizations. They help address potential negative impacts, prevent escalation, and improve project outcomes. Preventing grievances involves providing timely information, conducting consultations, and building conflict resolution skills among project staff, especially community facilitators. Any dispute, projects-related grievances may escalate if not redressed early.

The Carbon Markets Regulations of 2024, provide a framework of establishing a community based Grievance Redress Mechanism.

## 7.1 How is the Grievance Resolution Sub-Committee Created?

The regulations provide for the establishment of a Grievance Resolution Sub-Committee which shall be responsible for resolving any complaints relating to the implementation of the Community Development Agreement. The Grievance Resolution Sub-Committee shall be composed of:

- (a) Chairperson
- (b) Secretary
- (c) Five (5) other members of the Committee, provided that at least

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one (1) of the members is a representative of the Project Proponent, and at least three (3) of the members are representatives of the community.

## 7.2 What shall be the responsibilities of Grievance Redress Sub-committee?

- (a) Settling all disputes that may arise between the Parties in respect of any matter in connection with or under this Agreement;
- (b) settling any other issue, matter, grievance or complaint that is not related to the Agreement that may be raised by the Project Proponent or the Community to the sub- Committee for resolution;
- (c) managing disputes, issues, concerns, matters or grievances referred to in paragraph (a) and (b) in accordance with the procedure set out in the project concept note to this Agreement; and
- (d) developing the relevant forms that are easy to use in lodging issues, grievances and disputes in respect of any matter in connection with or under this Agreement with the sub-committee.

Parties agree that where any issue of potential conflict is identified or where any conflict arises between them, they shall exercise patience and tolerance and make an attempt to resolve the issue through dialogue and negotiation so as to maintain good working relations.

The regulations require that members of the grievance resolution sub-committee shall have capability or experience in conflict management.

Where requested by the Committee, the Project Proponent shall in consultation with the Committee assist in capacity building by providing training for people who will participate in the different aspects of conflict identification, management and resolution.

Parties agree to recognise and support the grievance resolution management mechanism.

## 7.3 What is the tenure of the Grievance redress mechanism sub-committee members?

1. One shall cease being a member of the sub-committee, upon death, expiry of their term which state that; every other member of the Committee shall serve for a period of three (3) years, which may be renewed once, or through resignation.
2. A member of the Sub-Committee may resign by giving thirty (30) days written notice to the Chairperson of the Committee.

## 7.4 Meetings and Decisions of the Grievance Resolution Sub-Committee

1. The Grievance Resolution Sub-Committee shall meet at such times and places as the Chairperson of the sub-committee may decide and shall meet, whenever

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it becomes necessary to resolve a complaint relating to the implementation of this Agreement and referred to it as per the channels specified in the project concept note to this Agreement.

2. Should the need arise, a special sub-committee meeting(s) of the Committee may be convened in consultation between the Parties. Any such meeting shall have a clear statement of matters to be discussed.
3. The quorum for a meeting shall be two-thirds of the membership of the sub-committee.
4. Decisions shall be by consensus or as shall be agreed by the sub-committee members.

## 7.5 What are the Potential grievances in the Carbon Projects?

Grievances related to the carbon projects may come as a result of:

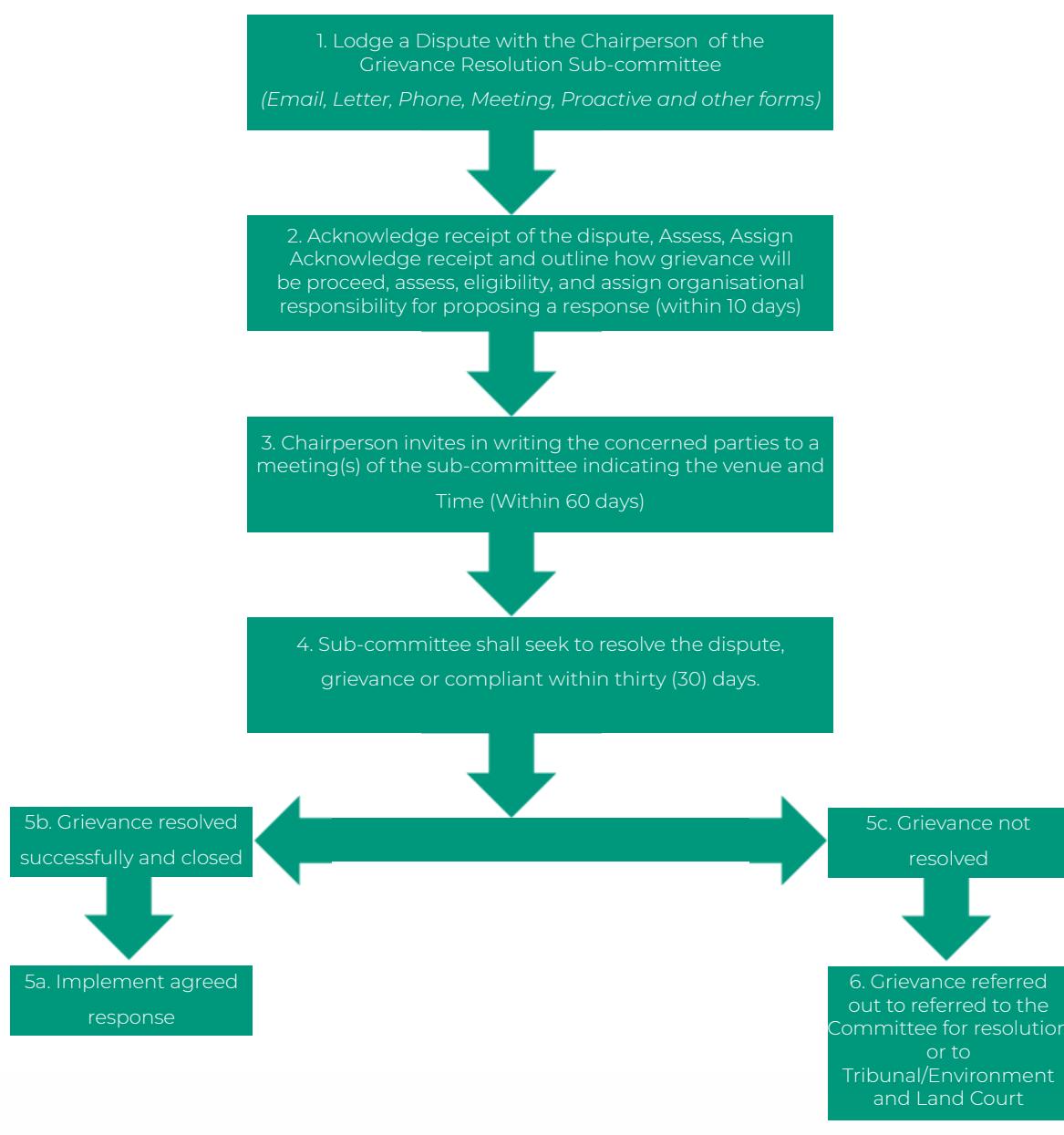
- Understanding Carbon Credits: Lack of clarity on what carbon credits are, their ownership, the activities that qualify for them, and how pricing is disclosed.
- Carbon Credit Pricing: Uncertainty about how carbon credits are priced, their actual value, and the price variations across different projects.
- Community Participation: Confusion on how communities can get involved in carbon credit projects, whether individuals can sell credits, and how they can form groups.
- Impact of Carbon Credits: Lack of clarity on how emissions reductions are measured, whether carbon credits truly reduce emissions, and how they contribute to climate change mitigation.
- Project Beneficiaries: Misidentification of community members, leading to exclusion of legitimate beneficiaries from carbon credit projects.
- Revenue Sharing: Disagreements over how proceeds from carbon credit sales should be shared among community members and their entitlements.
- Ownership Disputes: Conflicts arising from family issues (e.g., inheritance or divorce) over carbon credit ownership and shares.
- Valuation Disputes: Disputes over the valuation of carbon credits between community members and project proponents, or between neighboring parties.

## 7.6 Procedure / Step-by-Step Process for Filing a Grievance

Any grievance may follow the proposed steps:

1. Receive and registered grievance (Grievance Register)
2. Acknowledge, Assess and Assign grievance
3. Propose response to a grievance
4. Agreement on response
5. Implement agreed response
6. Review
7. Follow-up
8. Allow for appeal to a decision made

## ***A simple dispute resolution process flowchart***







# CARBON MARKETS IN KENYA

A Simplified Community Guide



MINISTRY OF  
ENVIRONMENT,  
CLIMATE CHANGE &  
FORESTRY  
REPUBLIC OF KENYA

Engaging Transparency and Community Participation

