



REPUBLIC OF KENYA

# OVERVIEW OF THE CARBON MARKETS LANDSCAPE AND OPPORTUNITIES FOR TRADING UNDER CORSIA IN KENYA

Presented By:

Brian Mounde  
Ministry of Environment,  
Climate Change and Forestry  
KENYA

# Presentation Outline

---

1. Background
2. State of Preparedness for Carbon Markets in Kenya
3. Opportunities for Trading Under CORSIA
4. Conclusion



# BACKGROUND

# Background



***“The devastating disruptions due to climate change are undermining our progress and aspirations for **economic development**”***

***H. E. Dr. William S. Ruto***

***President of the Republic of Kenya***

- Kenya’s carbon markets play a pivotal role in H.E. President William Ruto’s national climate action and development agenda.
- The Government of Kenya has developed an enabling environment for carbon markets through enactment of several policies and laws that include:
  - ✓ The Kenya Climate Change Act, 2016;
  - ✓ The Green Economy Strategy and Implementation plan;
  - ✓ The NDC; and
  - ✓ The National Climate Change Action Plans.
- Kenya’s NDC has provided for the use of a market mechanism to finance climate mitigation actions.

# Project Types in Kenya with High Carbon Market Potential

---

- **Forestry and land use:** There is high potential due to large forest and wetland coverage in Kenya, with emerging opportunities driven by developments in jurisdictional REDD+ and buyer preference for removal-type forestry and land projects.
- **Agriculture:** There is high potential due to the size of the sector (approximately 33 percent of Kenya's GDP) and interest of market participants in climate-smart agriculture.
- **Industrial processes:** Kenya's industrial sector, especially the cement industry, offers significant opportunities for GHG emissions reduction. Cement manufacturing is traditionally a highly energy-intensive process, often powered by fossil fuels, which significantly contributes to the country's overall carbon footprint. The implementation of energy-efficient technologies and practices, such as improving kiln efficiency or substituting clinker (a major component of cement) with less carbon-intensive materials, can further reduce the industry's environmental impact.
- **Waste management:** There is high potential due to the large volume of waste generated and government attention with the recent Sustainable Waste Management Act (2022), with emerging opportunities including composting and methane recovery in water.



# **STATE OF PREPAREDNESS FOR CARBON MARKETS IN KENYA**

## Legislation (1/2)

---

- The Government amended the Climate Change Act, 2016 to provide for overarching legislative requirements for regulated and unregulated markets.
- The Act provides legislation on the process of participating in carbon markets; governance structure; social and environmental benefits of carbon projects and outlining the benefit sharing framework to communities through the Community Development Agreement which shall outline relationships.
- The Act also establishes a **National Carbon Registry** and **provides for the appointment of the Designated National Authority (DNA)** who shall be the custodian of the Registry.

- In terms of subsidiary legislation, The Climate Change Act, 2016 (Rev.23) requires the Ministry of Environment, Climate Change and Forestry to make four regulations to fully operationalize the carbon markets.
- Kenya initiated the process of developing **carbon markets regulations** last year and continue to receive overwhelming comments from stakeholders.
- we are also resource mobilizing to initiate the process of developing the remaining three regulations namely: **carbon trading; carbon registries and non-market approaches**.



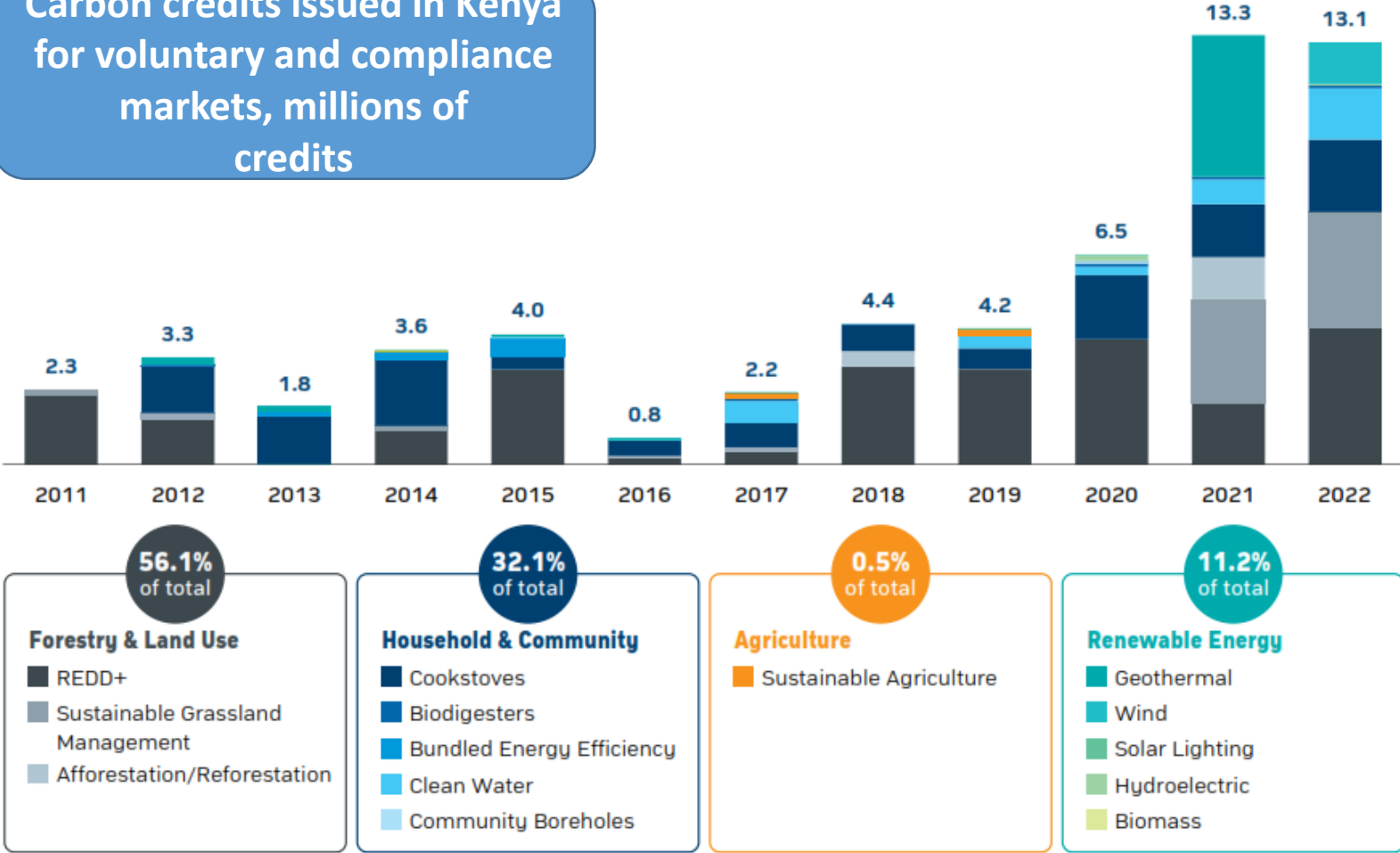
# Kenya's Participation in CDM and VCM

---

- Kenya actively participated in the CDM by supporting geothermal energy plants as well as other CDMs through establishment of the Kenya National Cleaner Production Center and appointment of the Designated National Authority, Kenya's National Environmental Management Authority (NEMA), to support the approval process for carbon trading.
- Kenya has the largest CDM portfolio in Eastern Africa, with a total of 210 registered activities, including 20 Project Activities as well as 190 Component Project Activities (CPAs) within 29 Programmes of Activities (PoAs).
- Kenya also hosts a significant number of voluntary carbon standards portfolio totaling 72 activities with a large number of registered Gold Standard activities (51), Voluntary Carbon Standard (19) and (2) Plan Vivo projects.
- In metric tonnes, Kenya has issued over 12.3 million Certified Emission Reductions (CERs) with the top three sub-sectors being grid-connected renewable power (geothermal and wind taking over 39 percent share), improved cook stoves (40%) and water purification (20%).
- Geothermal projects have the highest issuances with about 4.7 million CERs (41%), followed by improved cook stoves with about 4.5 million CERs (31%) and water purification activities with about 1.6 million CERs (14%).

Since 2011, Projects in forestry and land use, household and community, and renewable energy produced more than 99 percent of credits in Kenya.

**Carbon credits issued in Kenya for voluntary and compliance markets, millions of credits**



**Sources:** Berkeley Carbon Trading Project Voluntary Registry Offsets Database (data from Climate Action Reserve, American Carbon Registry, Verra, and Gold Standard); Clean Development Mechanism.

**Note:** Percentage of total refers to all credits issued from 2011 to 2022.

# Bilateral Agreements to Unlock Trading Opportunities

---

- In 2012, Kenya and the Government of Japan agreed to cooperate bilaterally through the Joint Crediting Mechanism (JCM). As of January 2024, there were 5 JCM model projects registered and in different stages of development and implementation.
- .Currently, technical negotiations have been on going with;
  - ✓ The Swiss Government – Done, pending Cabinet Approval
  - ✓ Sweden – On-going
  - ✓ Singapore – In the pipeline

# Kenya's Carbon Budget

---

- Kenya's carbon budget is innately embedded in our updated Nationally Determined Contributions (NDC) Mitigation target which is economy-wide covering all IPCC sectors or GHG sectors (Meaning ALL sectors are inside the NDC and eligible for trading trade).
- The Climate Change Directorate, under the Ministry of Environment, Climate Change and Forestry in close collaboration will relevant sectors have already started working on the process of updating our Greenhouse Gas (GHG) inventory to guide on the carbon budget using most current information on what can be traded, and what needs to be set aside for the NDC in-line with the guidance of Article 6 of the Paris Agreement Rulebook.



# **OPPORTUNITIES FOR TRADING UNDER CORSIA**

## Opportunities for Trading Under CORSIA

---

- Kenya is actively involved in the International Civil Aviation Organization (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) through Kenya Civil Aviation Authority (KCAA). Our National Carrier Kenya Airways and Astral Aviation (based at Wilson Airport) are actively involved in the voluntary (pilot) phase
- The Ministry of Environment, Climate Change and Forestry also works very closely with Kenya Civil Aviation Authority (KCAA), Kenya Airports Authority (KAA) and more recently held a meeting with Kenya Airways. Colleagues from KCCA and KAA also happen to be part of our negotiators under Article 6 of the Paris Agreement.
- Our National Climate Change Action Plans also integrate and recognise the Aviation Action Plan for reducing CO<sub>2</sub>e emissions.

## Opportunities for Trading Under CORSIA

---

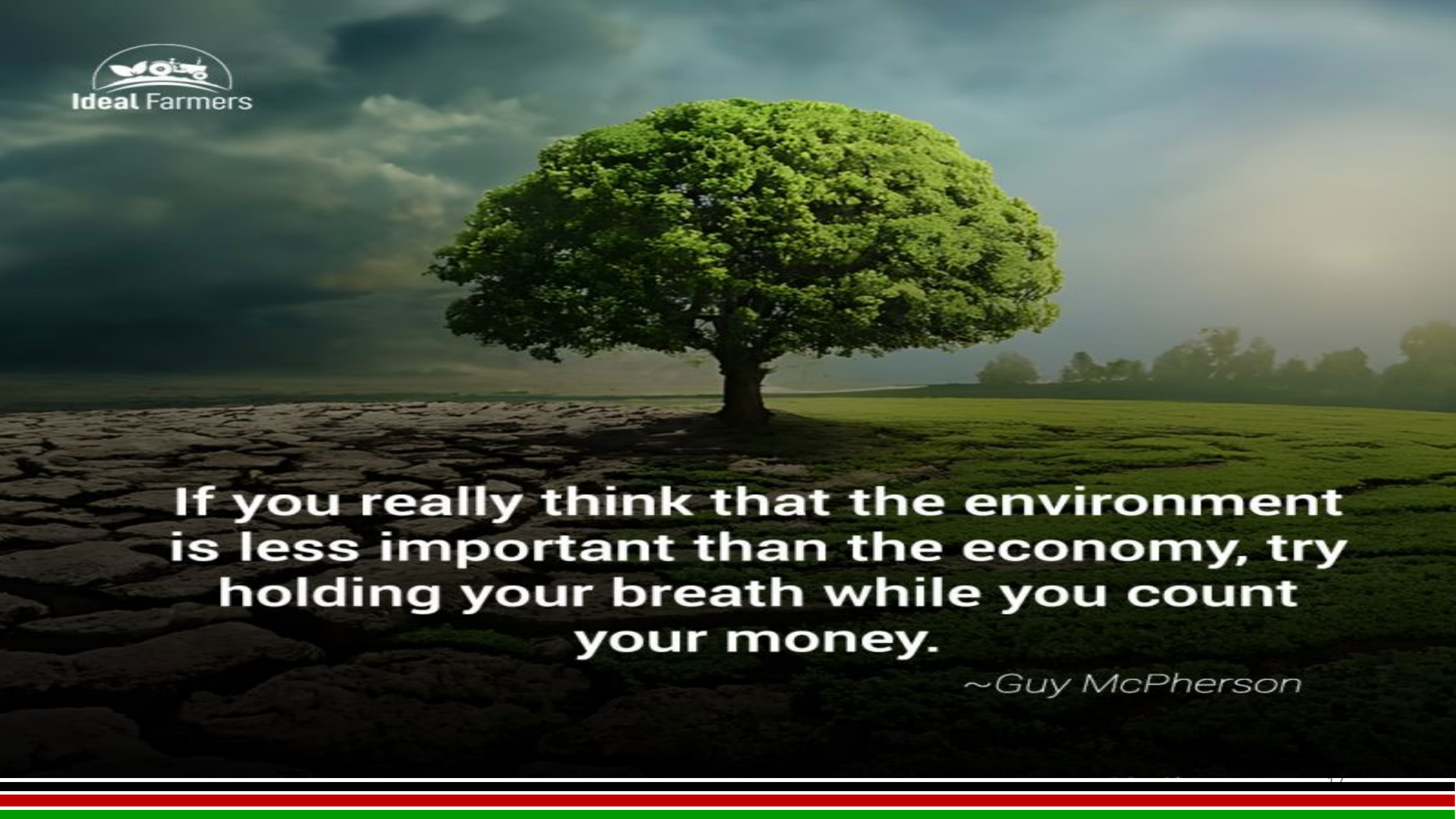
- The Amended Climate Change Act, provides the legal framework for markets which has attracted a number of new investors thereby increasing opportunities for credits that can be purchased by airlines.
- Opportunity to increase more credits exist in land, energy (transport) and agriculture sector
- The Aviation industry can develop a portfolio of potential projects from Kenya for use under CORSIA.



## CONCLUSION

- Despite the incremental progress, we have to acknowledge the institutional, technological and capacity gaps in carbon markets required to design and operationalize the legal framework and the carbon registry in Kenya.
- We are equally challenged by the low level of general public awareness in this space and currently working on how to address it.
- Carbon markets are essential tools for addressing climate change by harnessing market forces to drive emission reductions and promoting sustainable development.
- Understanding their mechanisms and potential impact is crucial for shaping a sustainable future.
- By addressing challenges, leveraging innovation, fostering collaboration, we can unlock the full benefits of these markets for a greener future





**If you really think that the environment  
is less important than the economy, try  
holding your breath while you count  
your money.**

*~Guy McPherson*

# Thank You

