REPUBLIC OF KENYA

KENYA
GUIDE FOR STRATEGIC ENGAGEMENT IN CARBON MARKETS

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REPUBLIC OF KENYA

MINISTRY OF ENVIRONMENT, CLIMATE CHANGE AND FORESTRY

STATE DEPARTMENT FOR ENVIRONMENT AND CLIMATE CHANGE

CLIMATE CHANGE DIRECTORATE

Foreword

Kenya is leading. We have pioneered climate governance across the continent, built one of Africa's most ambitious mitigation agendas, and demonstrated time and again that development and decarbonisation can advance together. Today, we bring that same resolve to the evolving frontier of international carbon markets.

The Paris Agreement created a significant opportunity for countries like Kenya to generate and transfer high-integrity mitigation outcomes, unlock climate finance, and build partnerships that accelerate our green economic growth.

The *Kenya Guide for Strategic Engagement in Carbon Markets* is our sovereign response to this moment. It sets out how the Government of Kenya will assess and approve carbon market activities, from initial concept review through to authorisation for international transfer. It introduces a national carbon budget for trading to safeguard our NDC, a whitelist to signal priority sectors, and transparent assessment criteria that provide consistency and predictability for project developers and bilateral partners.

Kenya is open for high-integrity, high-value carbon market cooperation. We are building a market founded on trust, environmental integrity, and measurable benefits. We apply a particularly high ethical standard to projects involving communities. Where activities affect the lands, livelihoods, and rights of local communities, Kenya expects genuine consent, fair benefit sharing, and lasting value. Partners who share these principles will find in Kenya a reliable, ambitious, and welcoming environment for investment.

This Guide reflects sustained technical work led by the Ministry of Environment, Climate Change and Forestry. It draws on Kenya's experience in shaping the rules of Article 6 of the Paris Agreement through international negotiations, as well as lessons emerging from global practice in carbon market governance. It also aligns with our commitments under Kenya Vision 2030, the Bottom-Up Economic Transformation Agenda, and our long-term low-emission development pathway, which positions Kenya as a regional and continental leader in green economic growth.

I commend this Guide to all stakeholders—government institutions, project developers, bilateral partners, civil society, and communities—and call on each of us to uphold the standards it establishes. Our shared prosperity depends on a climate-secure future. Carbon markets, when governed with integrity, can be a vital bridge to that future.

Dr. Deborah Mlongo Barasa, EGH
Cabinet Secretary
Ministry of Environment, Climate Change and Forestry

Preface

Kenya's engagement in international carbon markets is no longer a future prospect, it is a present reality. Project pipelines are growing, bilateral partnerships are deepening, and the rules governing Article 6 of the Paris Agreement have, for the first time, been operationalised at the international level. What this moment demands of Government is not enthusiasm alone, but structured, evidence-based, and consistently applied decision-making.

The *Kenya Guide for Strategic Engagement in Carbon Markets* delivers precisely that. It operationalises Kenya's legal and institutional framework, the Climate Change Act, Cap. 387A, and the Climate Change (Carbon Markets) Regulations, 2024, by providing the practical decision tools that responsible Government institutions need to assess carbon market activities at every stage of the project cycle. It establishes a national carbon budget for trading as a binding quantitative safeguard, defines stage-specific assessment criteria for No-Objection, Approval, and Authorisation decisions, and introduces a whitelist to prioritise activity types that most clearly advance Kenya's national climate and development priorities.

This Guide was developed through a rigorous, consultative process within the Ministry, drawing on Kenya's active role in UNFCCC negotiations, its experience implementing the Carbon Markets Regulations, and the technical expertise of the Climate Change Directorate and the Designated National Authority. It represents a consolidation of that institutional knowledge into a coherent, actionable framework.

The Government of Kenya recognises that predictability, transparency, and institutional coherence are preconditions for attracting quality carbon market investment. This Guide is our commitment to project developers, host communities, and bilateral partners that decisions will be made on clear, published criteria, within a framework designed to deliver national benefit without compromising Kenya's climate integrity.

I encourage all relevant government institutions, at the national and county levels, to familiarise themselves with this Guide, to embed its criteria in their processes, and to engage with the Climate Change Directorate in its periodic review and refinement.

Dr. Eng. Festus K. Ng'eno, MIEK, CBS
Principal Secretary
State Department for Environment and Climate Change

Acknowledgement

The development of Kenya's Guide for Strategic Engagement in Carbon Markets was a collaborative undertaking led by the Climate Change Directorate (CCD). On behalf of the CCD, I express profound gratitude to the Cabinet Secretary and the Principal Secretary for their unwavering strategic leadership, policy guidance, and institutional support throughout this process. The CCD is honoured to have steered the vision and multi-stakeholder consultations required to align this guide with Kenya's National climate and economic goals.

I extend my sincere appreciation to the Global Green Growth Institute (GGGI) for its valued partnership and technical support throughout the process.

I am equally indebted to the Government officers who gave generously of their knowledge and expertise. In particular, I acknowledge the officers of the Climate Change Directorate (CCD); the Designated National Authority (DNA) office at the National Environment Management Authority (NEMA); the sector experts who lent their specialist insight; and the State counsels from the State Department for Environment and Climate Change, whose legal guidance was instrumental in ensuring the Guide's consistency with Kenya's legal and institutional framework.

The collective dedication of all these individuals and institutions has been central to the delivery of a quality, credible and coherent Guide. It is my sincere hope that it will serve as a practical resource in steering Kenya's engagement in carbon markets, safeguarding the achievement of our national climate targets, and advancing the country's sustainable development priorities.

This Guide is a living document that will be revised as necessary and as more information and data become available to keep it fit for purpose.

Dr. Pacifica Achieng Ogola, MBS
<u>DIRECTOR, CLIMATE CHANGE DIRECTORATE</u>

Executive Summary

Kenya has established a legal and institutional framework to govern engagement in international carbon markets, anchored in its national climate change legislation and carbon markets regulations, with additional supporting regulations under development (including on carbon trading, registries, and monitoring, reporting and verification). Within this framework, the Guide for Strategic Engagement in Carbon Markets provides strategic direction and decision guidance to steer and coordinate Government decisions on carbon market activities. It does not replace existing policy, legal, regulatory or institutional provisions; but rather complements them by clarifying Government expectations and enabling more consistent, transparent decision-making.

Carbon markets involve high-stakes choices, including decisions that can affect Kenya's ability to meet its national climate targets and maintain environmental integrity. The purpose of this Guide is to support timely, consistent and transparent Government decisions on requests for No-Objection and Approval, and to provide additional decision guidance where an activity seeks authorisation for international transfer of mitigation outcomes (which may have implications for national accounting and reporting). The Guide clarifies that the No-Objection and Approval criteria apply to all carbon market activities seeking those decisions in Kenya; additional criteria apply only where a project proponent requests authorisation for international transfer of mitigation outcomes under Article 6 of the Paris Agreement.

The Guide sets Kenya's high-level strategic direction for carbon market engagement by defining its guiding principles and objectives. The emphasis is on whole-of-government policy coherence, leadership in high-integrity markets, precaution and adaptive management, transparency and documented decision-making, and compliance with Kenyan laws and environmental and social safeguards. These elements are intended to ensure that carbon market engagement supports national development and climate priorities, safeguards achievement of national climate targets, and delivers nationally beneficial outcomes.

To translate this direction into consistent Government decisions during the current national climate target period (2021-2030), the Guide operationalises three linked measures. First, it sets a national carbon budget for trading as a decision parameter that limits the cumulative quantity that may be authorised for international transfer during the period, with transparent tracking against the remaining balance. Second, it establishes stage-specific assessment criteria for No-Objection, Approval and (where requested) Authorisation, with detailed guidance provided in annexes to support consistent application and transparency with project proponents. Third, it introduces a whitelist to transparently signal Kenya's priority activity types.

Implementation arrangements describe how key institutions apply these measures in practice, including roles for managing and updating decision parameters, applying criteria consistently across decision stages, maintaining records, and periodically reviewing and updating the Guide based on implementation experience and strengthened data and systems.

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List of Acronyms and Abbreviations

A6.4 ERs	Article 6.4 Emission Reductions
BAU	Business-As-Usual
CCD	Climate Change Directorate
CDM	Clean Development Mechanism
DNA	Designated National Authority
E(S)IA	Environmental (and Social) Impact Assessment
ITMO	Internationally Transferred Mitigation Outcomes
IPPU	Industrial Processes and Product Use
KNCR	Kenya National Carbon Registry
MOECCF	Ministry of Environment, Climate Change and Forestry
MRV	Monitoring, Reporting and Verification
$MtCO_2e$	Million tonnes of carbon dioxide equivalent
NCBC	National Carbon Budget Committee
NDC	Nationally Determined Contribution
PACM	Paris Agreement Crediting Mechanism
PCN	Project Concept Note
PDD	Project Design Document
REDD+	Reducing Emissions from Deforestation and forest Degradation

1. Introduction

1.1 Background

Kenya has established a legal and institutional framework to govern engagement in international carbon markets. This framework is anchored in the Climate Change Act, Cap. 387A and the Climate Change (Carbon Markets) Regulations, 2024, which set out governance arrangements, institutional roles and responsibilities, and core requirements for integrity and oversight.

The Ministry of Environment, Climate Change and Forestry (MOECCF) provides national leadership on climate change policy, coordination and implementation of Kenya’s climate commitments, consistent with the organisation of government functions set out under Executive Order No. 1 of 2025. The Guide for Strategic Engagement in Carbon Markets (hereafter, the Guide) is prepared under that mandate.

The Guide supports Kenya’s engagement in carbon markets and applies to all cases, including where authorisation for international transfer of mitigation outcomes is requested. The Guide does not replace existing policy, legal, regulatory or institutional provisions, but rather complements them by providing strategic direction and decision guidance to steer and coordinate Kenya’s engagement in carbon markets.

Engagement in carbon markets, primarily under Article 6 of the Paris Agreement, involves complex, high-stakes decisions. Carbon markets processes, particularly, those that require authorisation for international transfer of mitigation outcomes can have material implications for Kenya’s Nationally Determined Contribution (NDC) accounting and achievement, including through the application of corresponding adjustments. This requires clear Government direction, risk management, and consistent decision-making, so that Kenya’s engagement in carbon markets is timely, coordinated, and aligned with national climate and development objectives while promoting sustainable development, safeguarding environmental integrity and transparency.

Going forward, Kenya's engagement in carbon markets shall be guided by overarching objectives that place national interest, climate ambition, and sustainable development at the heart of all decisions. Article 6 shall be used strategically to enable mitigation activities that advance national priorities in alignment with Kenya Vision 2030, the National Climate Change Action Plan (2023–2027), the Long-Term Low Emission Development Strategy (2022–2050), and the Green Economy Strategy and Implementation Plan (2016–2030). Cooperation arrangements shall maximise value for Kenya beyond carbon revenue, encompassing climate finance, technology transfer, capacity building, and local value creation, while carefully managing risks and benefit-sharing to protect Kenya's national interest. A prudent approach to authorisation, underpinned by robust national tracking through the Kenya National Carbon Registry (KNCR), shall safeguard NDC achievement and prevent overselling of mitigation outcomes. All engagement shall uphold high standards of environmental integrity, community rights, and equitable benefit sharing, while leveraging carbon market participation to drive inclusive green growth and green job creation consistent with Kenya's long-term development vision.

1.2 Scope of the Guide

The Guide applies to carbon market activities in Kenya that seek Government decisions on **No-Objection** and **Approval,** covering the 2021-2030 NDC implementation period. Where a project proponent requests **Authorisation for international transfer** under Article 6 of the Paris Agreement, the additional authorisation requirements and criteria in this Guide apply. The Guide does not address non-market approaches under Article 6.8 of the Paris Agreement Requirements applicable to specific programmes (including the Paris Agreement Crediting Mechanism and CORSIA, where relevant) apply alongside Kenya's domestic legal framework.

The Guide will be subject to refinement based on lessons learned, emerging issues, including further relevant international rules under the UNFCCC, developments in the domestic policy and legal framework, and force majeure, as well as data availability and other considerations.

1.3 Purpose of the Guide

The purpose of the Guide is to facilitate operationalisation of Kenya's engagement in carbon markets in a timely and efficient manner. This will enable accelerated low-emissions and climate-resilient development and unlock carbon finance, technology development and transfer, while building strategic partnerships, safeguarding NDC achievement, ensuring high integrity carbon credits and delivering equitable sustainable development benefits.

1.4 Structure of the Guide

The Guide is organised into three parts. **Section 2** sets out the Guide's strategic directions and expected results. **Section 3** translates that direction into practical policy tools to guide decisions across the mitigation activity cycle, including activity prioritisation (the whitelist), assessment criteria across decision stages, and parameters for volumes available for international transfer. **Section 4** sets out implementation arrangements, roles and responsibilities, and processes for coordination, review and updating of the Guide. Relevant technical details are provided in the Annexes.

Recognising that Kenya's analytical inputs, data availability and national systems will continue to strengthen over time, the Guide is intended to support informed initial decisions and provide a foundation for periodic refinement based on implementation experience, updated information and relevant legal and regulatory framework.

2. Strategic Directions and Results

This section establishes the strategic direction and results of the Guide. These elements are clarified below and further operationalised in Section 3 (Strategic Measures).

2.1. Guiding Principles for Engagement

Bilateral Agreements: Kenya will primarily engage through bilateral agreements under Article 6 of the Paris Agreement, particularly for international transfer with additional cooperative pathways expected to emerge as international carbon markets evolve in the next NDC implementation period.

Environmental Integrity: All carbon market activities in Kenya shall uphold environmental integrity as a condition for participation. Mitigation outcomes shall be real, additional, measurable, permanent, and independently verified, with robust safeguards against double issuance, double use, and double claiming. Activities shall address risks of leakage and non-permanence through transparent risk assessments and appropriate buffers or risk management mechanisms. Carbon market activities shall not harm Kenya's ecosystems or biodiversity and shall enhance rather than displace national climate ambition in line with Kenya's NDC and long-term low-emission development strategy.

Social Inclusion: Kenya's carbon markets shall deliver meaningful, equitable, and lasting benefits for Kenyan communities, particularly those most vulnerable to climate change and marginalized from socioeconomic opportunities.

Transparency, coherence, and trust: Kenya shall apply clear, consistent and transparent decision standards across carbon market activities, and shall communicate Government expectations in a manner that supports predictability and builds confidence among stakeholders, while protecting legitimate confidential information. Government decisions under this Guide shall be documented through formal channels to ensure institutional continuity, accountability and long-term integrity.

2.2. Specific Objectives

- Promote Kenya's national interests and safeguard NDC achievement by managing the implications of authorisation decisions for NDC accounting and reporting.
- Establish transparent and efficient decision parameters for Requests for No-Objection, Approval, and Authorisation for international transfers of mitigation outcomes.
- Provide clarity to market stakeholders on Kenya's carbon budget, priority sectors, and technologies eligible for the whitelist.
- Mitigate risks of overestimation, overselling, and double counting of mitigation outcomes.
- Enhance integrity, safeguards, and fair and equitable benefit-sharing to support sustainable development.
- Ensure alignment of Kenya's bilateral agreements and cooperative approaches with this Guide.

2.3. Outputs

- **Decision parameters for No-Objection, Approval, and Authorisation:** Structured criteria, thresholds, and procedural steps governing the issuance of no-objection, approval, and authorisation for international transfers, with explicit linkage to NDC accounting and corresponding adjustment requirements.
- **National carbon budget and whitelist guidance**: delineation of Kenya's available carbon budget headroom along with a prioritised list of eligible sectors and technologies, providing transparent signals to key market participants.
- **Bilateral agreement alignment checklist:** A practical tool mapping authorisation conditions against Kenya's existing and prospective bilateral agreements, ensuring consistency between domestic decision-making and internationally agreed terms.
- **Standardised assessment instruments or tools:** Stage-specific review checklists and criteria application tools for the No-Objection, Approval, and Authorisation stages, enabling consistent, transparent, and accountable assessment of submissions by responsible Government institutions in accordance with the criteria set out in this Guide and its Annexes.

2.4. Outcomes

- **Align Kenya's carbon market engagement with Article 6 requirements**, including expectations on integrity, NDC accounting and reporting, sovereign authorisation, and corresponding adjustments where applicable, while ensuring that legacy and new activities are assessed against a coherent national approach.
- **Operationalise Kenya's domestic legal and institutional framework** by translating mandates and procedures into clear decision guidance that supports transparent and predictable processing of requests for No-Objection, approval, and authorisation for international transfer.
- **Respond to growing market interest and a strengthening project pipeline** by providing clear signals to proponents and partners, while safeguarding national priorities, avoiding overselling risks, maintaining high integrity and promoting sustainable development. This includes supporting engagement under Article 6.2 and preparing for gradual expansion of engagement under carbon markets as implementation arrangements mature.
- **Documented processes and authorisation decisions:** Timely processing of No-Objection, approval and authorisation requests, supported by documented rationales and clear records of decisions.
- **Clear and transparent requirements for project proponents:** Clear, practical requirements and expectations for project proponents and partners to avoid misinterpretation and boost investor confidence.

3. Strategic Measures

Kenya's Updated NDC, submitted to the UNFCCC in December 2020, commits to an economy-wide reduction of greenhouse gas emissions by 32% below business-as-usual (BAU) levels by 2030, against a BAU scenario of 143 $MtCO_2e$, including LULUCF.

The mitigation target is structured around two components: an unconditional contribution, financed domestically, estimated at approximately 21% (USD 3.725 billion) of total mitigation implementation costs; and a conditional component, dependent on international support in the form of finance, technology development and transfer, and capacity building, estimated at approximately 79% (USD 14 billion) of total mitigation implementation costs. Kenya's first Biennial Transparency Report (BTR1), compiled by the Ministry of Environment, Climate Change and Forestry and submitted to the UNFCCC under the Enhanced Transparency Framework in December 2024, provides a comprehensive assessment of progress towards NDC implementation, covering GHG emissions and removals from 1990 to 2022, mitigation policies and measures, and support received and required. The report highlights that, despite Kenya's continued progress towards the 2030 target through the implementation of mitigation policies and measures, the absolute emissions curve as at 2022 remains above the BAU scenario. The report further highlights the significant funding gap for implementing the conditional component of Kenya's Updated NDC. This underscores the strategic importance of carbon market engagement under Article 6 of the Paris Agreement in mobilising the international finance and partnerships needed to bridge this implementation shortfall. Thus, the measures introduced in this section are a critical step towards strategic engagement in carbon markets in Kenya.

The measures in this section are time-bound and intended for progressive refinement as Kenya's analytical capabilities, data availability and implementation experience mature. These measures establish clear decision expectations, together with the key parameters and procedural rules required for consistent application across all sectors. To support these measures, the Government may develop supporting materials to facilitate implementation, including internal templates and technical tools, to ensure standardised processing and oversight.

3.1. Carbon Budget for Trading Under Article 6

3.1.1. Purpose

The purpose of a carbon budget is to set a clear, quantitative limit on the total greenhouse gas emissions permitted over a specific period, consistent with long-term climate goals. It serves as a bridge between Kenya's national climate target and high-level decarbonisation targets (such as net-zero by 2050) and the practical policies, investments, and trading strategies needed to achieve them.

For trading under Article 6, the carbon budget institutionalises prudent authorisation decisions. It mitigates the risk of overselling mitigation outcomes and provides a robust foundation for national tracking and oversight, including corresponding adjustments where applicable. It does this by establishing a definitive national quantitative boundary on the cumulative quantity of mitigation outcomes that may be authorised for international transfer during a defined implementation period.

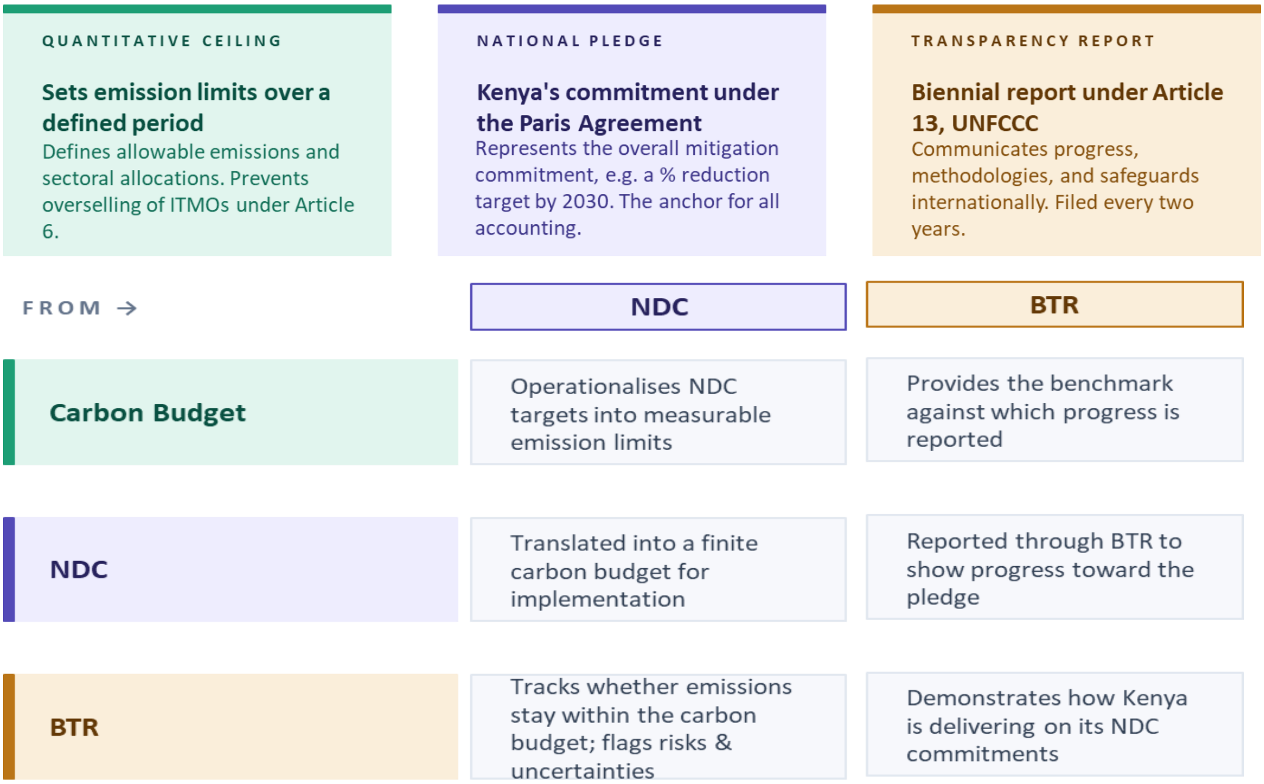
The carbon budget also supports alignment of policies, investments, and trading strategies with long-term decarbonisation pathways across sectors. It provides a measurable benchmark for transparency and accountability, enabling the Government to monitor authorised quantities against available headroom and maintain confidence in the integrity of decision-making. To further support effective decision-making, carbon budgets for trading are determined at both national and sectoral levels with indicative annual values for the period.

While initial carbon budgets have been based on a single retention factor value, different retention factors will in future be applied across sectors depending on their performance and prioritisation.

Finally, while the carbon budget defines the allowable emissions and international transfer limits, the biennial transparency reporting process communicates progress, safeguards, and compliance to the global community. Together, these elements ensure Kenya's climate governance is both domestically coherent and internationally credible.

The relationship between Kenya's carbon budget, national climate targets, and biennial transparency reporting is illustrated in Figure 1. The national climate target sets the ambition (the "promise"), the carbon budget provides the quantified pathway to achieve the promise (the "plan"), and the transparency reporting process provides the evidence through transparent reporting (the "proof").

Figure 1: Relationship between the Kenya's Carbon Budget, NDCs and BTR



Together, they form a closed loop of integrity: the national climate target sets ambition, the carbon budget operationalises it, and the transparency reporting process verifies and communicates progress while explaining methodologies, assumptions, and uncertainties. A carbon budget framework provides the structure for these explanations, including Kenya's management of risks associated with overselling or double counting.

3.1.2. Legal and Regulatory Foundations

The Climate Change Act, defines a carbon budget as an approved quantity of greenhouse gas emissions that is acceptable over a specified period, informed by the National Greenhouse Gas Inventory, and used to guide allocation of emission reductions for Kenya's NDC and other uses consistent with international guidance under the Paris Agreement. The Act further provides for operationalisation through the KNCR, including the requirement to maintain a register related to the carbon budget. Taken together, these provisions provide a basis for Government to set explicit national and sectoral limits that safeguard achievement of the NDC and mitigate the risk of overselling mitigation outcomes.

In addition, the draft Climate Change (Carbon Trading) Regulations, 2026 propose further institutional and technical arrangements to support national carbon budgeting and carbon market participation, including the introduction of a carbon budget for trading and the establishment of a National Carbon Budget Committee (NCBC) to provide technical input on carbon budgeting and the portion of the carbon budget available for trading. As draft provisions, these are referenced for context and anticipated institutional direction and do not replace requirements in instruments currently in force. Under the draft Regulations, a carbon budget for trading refers to the approved maximum quantity of greenhouse gas emission reductions and/or removals allocated for trading within carbon markets.

The carbon budget for trading under Article 6 set out in this Guide has been determined by applying these national legal definitions and are applied as decision parameters at national and sectoral levels within the broader decision-making framework, particularly for decisions on authorisation for international transfer.

3.1.3. Parameters and Application

The carbon budget for trading under Article 6 in Kenya represents a hard cumulative ceiling on the total quantity of mitigation outcomes that may be authorised for international transfer between 2021 and 2030, set at national and sectoral levels with indicative annual values. The carbon budget applies where authorisation for international transfer is requested.

As reflected in the key principle of the carbon market engagement, Kenya will engage in bilateral agreements under Article 6.2 of the Paris Agreement. This engagement will be based on the sectoral allocation of the carbon trading budget between 2021 and 2030 as demonstrated in Annex 1 of this Guide. Sectoral prioritisation will be based on national development plans and sectors' performance with respect to greenhouse gas emissions. However, the sectoral carbon budgets for trading will be reviewed to reflect any relevant major change. Furthermore, the approach for allocating the carbon budget, particularly as it nears exhaustion, shall be defined by the Government through periodic allocations.

3.2. Assessment Criteria (Stages of No-Objection, Approval, and Authorisation)

3.2.1. Purpose

The criteria set out below guide consistent Government decisions on requests for a Letter of No-Objection, Letter of Approval, and, where applicable, Letter of Authorisation for international transfer. They are intended to ensure that mitigation activities deliver real, verified and additional outcomes, uphold environmental integrity and safeguards, and manage NDC and accounting implications, including corresponding adjustments where applicable.

The No-Objection and approval criteria apply to all carbon market activities seeking those decisions in Kenya. Where a project proponent requests authorisation for international transfer under Article 6, the additional authorisation criteria apply.

3.2.2. Legal and regulatory foundations

The Climate Change (Carbon Markets) Regulations, 2024 establish Government decision instruments for carbon market activities, including issuance by the Designated National Authority (DNA) of a Letter of No-Objection, a Letter of Approval, and, where requested, authorisation of mitigation outcomes for international transfer, using the standard forms set out in the relevant legal schedules.

Kenya’s arrangement for authorisation is implemented through a sequential process that includes approval of mitigation activities and authorisation for international transfer. Project proponents seeking to engage in carbon markets shall meet the applicable requirements and criteria at each stage, as set out below and elaborated in the relevant stage subsections and Annexes 2-4.

3.2.3. No-Objection Stage

Significance of No-Objection Stage

The No-Objection stage is an initial screening step in which the DNA reviews a project concept note (PCN) to confirm that the Government does not object, in principle, to the proposed activity being developed in Kenya. The DNA screens the PCN against the No-Objection criteria in this Guide, including alignment with national and county priorities and, where relevant, consistency with the carbon budget for trading and the whitelist. Where the criteria are met, the DNA issues a Letter of No-Objection in accordance with established procedures. A Letter of No-Objection is not an approval and does not constitute an authorisation for international transfer; it enables the project proponent to proceed to develop a detailed Project Design Document (PDD) and the approval stage.

Project proponents shall use the forms and documentation requirements applicable to their specific pathway, as follows:

- **Article 6.4 activities** shall use the forms prescribed under the Paris Agreement Crediting Mechanism (PACM) alongside the applicable requirements under Kenya's domestic legal framework.
- **Article 6.2 activities** shall use the forms prescribed under the applicable bilateral agreement and relevant carbon crediting programme, alongside the applicable requirements under Kenya's domestic legal framework.
- **Voluntary carbon market activities** shall use the forms prescribed under the applicable carbon crediting programme, alongside the applicable requirements under Kenya's domestic legal framework.

In all cases, Kenya's domestic legal framework requirements take precedence where inconsistencies arise.

No-Objection Criteria

At the No-Objection stage, the Government undertakes an initial screening of the PCN. The assessment is organised under the criteria categories below:

1. **Strategic alignment and contribution.** Alignment with Kenya’s national development and climate policy framework, including sector and county priorities, and credible potential contribution to NDC implementation.

2. **Paris Agreement alignment.** Consistency with relevant Article 6 principles, requirements and obligations under the Paris Agreement.
3. **Sustainable development benefits.** Credible potential to deliver social, environmental and economic benefits.
4. **Safeguards readiness.** Identification of key environmental and social risks and a credible safeguards approach, including stakeholder engagement and Environmental and Social Impact Assessment (ESIA) intent where applicable.
5. **Policy coherence and coordination.** Consistency with relevant national and county policy directions and sector priorities, recognising the need for coordinated decision-making across mandates.
6. **Legal compatibility.** No obvious incompatibility with applicable sector laws and requirements relevant to the activity type.
7. **Reducing Emissions from Deforestation and forest Degradation (REDD+) requirement** (where applicable). For REDD+ activities, additional screening for consistency with applicable national requirements.

The criteria for No-Objection stage have been further elaborated and operationalised in the Annex 2, providing detailed guidance across categories and cross cutting considerations on carbon integrity and transparency, indicators, and assessment parameters for consistent application.

3.2.4. Approval Stage

Significance of Approval Stage

Following issuance of a Letter of No-Objection, the approval stage enables the DNA to undertake a detailed assessment of the proposed activity's design and implementation readiness. The assessment is based on the PDD and supporting documentation, and focuses on methodological credibility, integrity and feasibility, safeguards and stakeholder engagement, and readiness for MRV, in line with national expectations.

At this stage, project proponents are expected to submit a complete PDD, demonstrate that required national and county approvals and stakeholder documentation are in place (including, where applicable, a community development agreement for land-based projects on public or community land), and provide evidence of validation as required. Where the approval-stage criteria are met, the DNA issues a Letter of Approval in accordance with established procedures. A Letter of Approval confirms that the activity's design meets national expectations and may include additional conditions to be satisfied during implementation and reporting.

Approval Stage Criteria

At the approval stage, the Government undertakes a detailed assessment of the PDD and supporting documentation. The assessment is organised under the criteria categories below:

1. **Legal and regulatory compliance**. Demonstrated compliance with applicable legal and regulatory requirements, including relevant sectoral requirements.
2. **Methodological credibility**. Use of credible methodologies and quantification approaches appropriate to the activity type.
3. **MRV readiness**. Clear and credible arrangements for MRV, including data management and verification plans appropriate to the activity.
4. **Integrity and feasibility**. Evidence that the activity delivers real, measurable and verifiable emission reductions or removals, including appropriate treatment of key risks where relevant.
5. **Stakeholder engagement and benefit sharing**. Credible arrangements for stakeholder engagement and equitable benefit sharing, including grievance-handling and measures to avoid significant harm.
6. **National value proposition**. A clear value proposition for Kenya beyond carbon revenue where feasible, including investment mobilisation, technology development and transfer, capacity building, and local value creation, consistent with this Guide.

The criteria for the approval stage have been further elaborated and operationalised in Annex 3, providing detailed guidance, indicators, and assessment parameters for consistent application.

3.2.5. Authorisation stage

Significance of Authorisation Stage

At the authorisation stage, Government decides whether mitigation outcomes may be authorised for international transfer under Article 6 and under stipulated conditions. Government assesses whether the requested quantity and timing of mitigation outcomes are consistent with Kenya's carbon budget for trading under Article 6 and whether the proposed cooperation can be authorised under conditions that safeguard integrity, prevent double counting, and ensure compliance with applicable accounting, reporting and transparency requirements, including corresponding adjustments where required as mentioned below. Where the authorisation-stage criteria are met, the DNA issues a Letter of Authorisation setting out the authorised scope and any conditions attached to authorisation for international transfer.

Pre-requisites for authorisation

- **Prior approvals secured:** The project must have obtained a valid Letter of No-Objection (LoNO) and Letter of Approval prior to consideration for authorisation.

- **Ex-post authorisation:** Only projects that have been fully implemented, monitored, independently verified, and have issued MOs shall be eligible for authorisation for international transfer.
- **Vintage year eligibility:** Only with mitigation outcomes with a vintage year of 2025 or later shall be considered for authorisation for international transfer. This reflects that carbon market decisions have already been issued within the current NDC implementation period, and the carbon budget for trading is managed as a cumulative, period-wide cap with transparent tracking and periodic review.
- **NDC and inventory alignment:** The mitigation activity must fall within the scope of Kenya's NDC and be reflected in the National GHG Inventory.
- **Whitelist compliance:** Where the activity type is included in Kenya's whitelist, it will be prioritised and assessed based on clearer expectations. Where an activity type is not included in the whitelist, it may still be considered; however, the proponent shall provide a clear justification of strategic alignment and integrity, and the request may be subject to more rigorous scrutiny.
- **Bilateral arrangements requirement:** Voluntary carbon projects operating outside a bilateral arrangement shall not qualify for authorisation for international transfer. MOs generated by such projects shall be applied exclusively toward meeting Kenya's NDC commitments.
- **Cooperative approach consistency**: The MOs and their transfer must be consistent with the terms of the applicable cooperative approach and the relevant bilateral implementation agreement.
- **Approved methodology:** Compliance MOs must have been generated in strict accordance with the approved methodology for PDD and the applicable baseline methodology.
- **Corresponding Adjustment fee payment:** The Corresponding Adjustment (CA) fee stipulated in the Second Schedule of the Carbon Markets Regulations (CMR) must be paid in full prior to the issuance of the Letter of Authorisation.

Authorisation Criteria

The assessment is organised under the criteria categories below:

1. **Consistency with the carbon budget for trading under Article 6.** Consistency of the requested authorised quantity and timing with available headroom under the carbon budget for trading.
2. **Accounting and corresponding adjustments.** Clear accounting treatment and corresponding adjustments approach where required, consistent with applicable international guidance and cooperation arrangements.
3. **Prevention of double counting and integrity safeguards.** Robust measures to prevent double issuance, double use and double claiming, and to uphold integrity safeguards.
4. **Registry and reporting compliance.** Compliance with national registry, tracking and reporting requirements to support oversight and international reporting.
5. **Authorisation conditions and enforceability.** Clear definition of scope, conditions, liabilities and enforceability mechanisms (including amendment, suspension or revocation where applicable).

6. **Consistency with strategic measures.** Consistency with the strategic measures and priorities set out in this Guide for the current NDC period.

The criteria for the authorisation stage have been further elaborated and operationalised in Annex 4, providing detailed guidance, indicators, and assessment parameters for consistent application. Authorisation decisions are centralised and documented through formal channels to ensure traceability and auditability.

3.2.6. Alignment with Bilateral Agreements

Project activities seeking authorisation for international transfer shall demonstrate consistency with the terms of any bilateral agreement or cooperative arrangement concluded by the Government of Kenya and another Party to the Paris Agreement.

Where a bilateral agreement sets additional conditions or procedures, Government may apply or adapt the criteria in this Guide in a differentiated manner, provided this does not undermine national legal requirements, the achievement or ambition of Kenya's NDC, or the integrity principles of the Paris Agreement. Authorisation shall only be granted where the proposed project activity is demonstrably consistent with both the applicable bilateral conditions and the nationally applicable criteria, as adjusted in accordance with the bilateral arrangement.

3.2.7. Documentation, Tracking, and Consistency

All Government decisions under this Guide shall be documented through formal channels, including the decision instrument issued, any conditions attached, and the key basis for the decision.

For authorisations of mitigation outcomes for international transfer, Government shall ensure that authorised quantities, time periods and any relevant accounting and tracking information are recorded in the KNCR and associated Government records to support oversight, transparency and consistent application.

Government shall apply the criteria consistently across project proponents and cooperation arrangements. Where operational guidance is refined over time to support implementation (including internal templates and tools), such guidance shall remain aligned with the criteria and decision parameters set out in this Guide.

3.2.8. Limitation of Government Liability Regarding Third-Party Financing and Insurance

Regulatory Nature of Authorisation

The Parties expressly acknowledge and agree that the issuance of this Letter of Authorisation (LoA) by the Government of Kenya, through the Designated National Authority (DNA) or any competent state organ, is strictly an administrative and regulatory accounting action pursuant to Article 6 of the Paris Agreement and the Climate Change (Carbon Markets) Regulations. Under no circumstances shall the issuance of this LoA be construed as creating a partnership, joint venture, agency, employment, or financial underwriting relationship between the Government of Kenya and the Project Developer.

Financial and Credit Liability

The Government of Kenya, including all its ministries, departments, agencies, and agents, hereby disclaims any and all liability, whether direct, indirect, contingent, or consequential, arising from or related to any financial or commercial arrangements entered into by the Project Developer. Specifically, the Government of Kenya shall not be held liable for:

a) Any operational, technical, or financial default, insolvency, bankruptcy, or liquidation of the Project Developer;
b) Any default, failure to pay, or breach of contract regarding loans, credit facilities, green bonds, or other debt instruments secured or leveraged by the Project Developer using this LoA or prospective Corresponding Adjustments as security or collateral; and
c) Any non-payment, structural failure, dispute, or cancellation of commercial insurance, political risk insurance, or credit guarantees (including but not limited to products issued by the Multilateral Investment Guarantee Agency - MIGA) obtained in connection with the authorised project.

Sovereign Guarantee or Indemnity

This LoA does not constitute, imply, or provide a sovereign guarantee, financial warranty, or indemnity of any nature regarding the commercial viability, economic performance, or carbon credit yield of the project. All financial, lending, and insurance transactions are strictly private, commercial arrangements. The Government of Kenya assumes no duty of care to any third party and shall not act as a guarantor, indemnifier, or backup servicer in the event of Project Developer default.

Third-Party Reliance

Third-party institutions bear the sole responsibility for conducting independent financial, technical, and legal due diligence. The Government of Kenya is fully immune from any claims for lost profits, economic loss, or punitive damages arising from project underperformance or the subsequent suspension or revocation of this LoA due to regulatory non-compliance.

3.2.9. Clean Development Mechanism transition to the PACM and authorisations

Kenya recognises the Paris Agreement Crediting Mechanism (PACM) established under Article 6.4 of the Paris Agreement as a tool to support inclusive, resilient and sustainable development, subject to strong environmental integrity and transparency. The transition of legacy Clean Development Mechanism (CDM) activities to Article 6.4 may support early operationalisation of the mechanism, but it also introduces material risks to Kenya’s NDC achievement if authorisation for international transfer is not carefully governed. Approval of transition and issuance of Article 6.4 emission reductions (A6.4 ERs) does not, by itself, imply authorisation for international transfer.

A critical consideration is that many CDM projects were registered prior to the adoption of the Paris Agreement and may have been implicitly reflected in Kenya's NDC baseline or business-as-usual (BAU) projections. In such cases, mitigation outcomes from these activities may not represent mitigation beyond what is already assumed in the NDC. Authorisation of A6.4 ERs from transitioned activities for international transfer may therefore require corresponding adjustments that reduce the mitigation available for domestic NDC achievement.

Considering these risks, the Government applies a cautious, risk-based approach to authorisation of A6.4 ERs generated by transitioned CDM activities. Decisions on authorisation shall be based on an explicit assessment of:

(i) the activity's relationship to Kenya's NDC baseline and targets;

(ii) its treatment within the national GHG inventory, tracking and NDC accounting systems; and

(iii) the implications of applying corresponding adjustments, where required.

This assessment shall also consider alignment with Article 6.4 methodological requirements, the A6.4 Sustainable Development tool, and Kenya's long-term low-emissions and climate-resilient development objectives.

3.3. Whitelist for NDC Alignment and Authorisation

3.3.1. Purpose

As defined in the Climate Change Act, Cap. 387A, the whitelist is a policy steering tool that identifies priority activity types for Kenya's engagement in carbon markets under Article 6. It is intended to provide clear signals to project proponents and partners on the activity types that are most likely to align with Kenya's national development and climate priorities and to support a high-integrity pipeline (supported by credible baseline data). The whitelist prioritises the **hard-to-abate** sectors.

The whitelist supports risk-based and efficient processing by enabling the Government to apply proportionate scrutiny. Therefore, Kenya's whitelist will be conditional, capped, and dynamically updated. This way, Kenya avoids overselling while still leveraging its strongest mitigation sectors for Article 6 cooperation. Where an activity type is whitelisted, project proponents may benefit from clearer expectations and more predictable assessment, subject to meeting all applicable criteria at each decision stage.

Whitelist inclusion does not guarantee issuance of a Letter of No-Objection, Letter of Approval, or authorisation for international transfer. Exclusion from the whitelist does not bar any project activity from participating in PACM and the VCM. Activities that are not on the whitelist may still be considered for authorisation but are expected to be subject to more rigorous justification and scrutiny against the applicable criteria. The whitelist and its supporting assumptions will be reviewed periodically and updated as national priorities, data, and implementation experiences evolve.

3.3.2. Legal and Regulatory Foundation

The Climate Change Act Cap. 387A defines a whitelist as a non-binding, non-exhaustive periodic list of activities or technologies that can deliver mitigation outcomes as provided for in Kenya's 2021-2030 NDC and that are preferred by the Government for Article 6.2 bilateral cooperation. This provides the legal basis for the Government to signal priority activity types for carbon market engagement and to apply risk-based scrutiny where activities are misaligned with national priorities or integrity expectations.

The Climate Change (Carbon Markets) Regulations, 2024 operationalise this concept within the carbon market decision process. In particular, where a project proponent requests authorisation for international transfer, the request requires an explanation of how the proposed activity aligns with Kenya's whitelist (Sixth Schedule, Request for Authorisation, under "Alignment to eligibility criteria"). Accordingly, Government applies the whitelist as a steering measure within the assessment of requests for No-Objection, approval and, where requested, authorisation for international transfer, consistent with this Guide and the regulations.

3.3.3. Parameters and Application

For the current NDC implementation period (2021–2030), Government has developed a whitelist as a policy steering tool to signal priority activity types for engagement in carbon markets under Article 6. The whitelist is set out in Annex 5.

Government develops and updates the whitelist by applying the parameters below:

- **Alignment with national climate and development priorities**: Preference for activity types that clearly support Kenya's NDC implementation and wider national, sector and county priorities, where relevant.
- **Environmental integrity**: Preference for activity types with high integrity and credible quantification approaches, including robust treatment of key risks (e.g., leakage and non-permanence) where relevant.
- **Sustainable development benefits**: Preference for activity types with credible social, economic and environmental co-benefits and a clear approach to stakeholder engagement and benefit sharing.
- **Technical feasibility and MRV readiness**: Preference for activity types with feasible implementation pathways and practical MRV arrangements using recognised methodologies and standards, where applicable.

The whitelist is applied as follows:

- **Signal to project proponents and partners**: whitelisted activity types indicate priority areas and clearer expectations for development under Article 6.2.
- **Risk-based scrutiny**: whitelisted activities may be assessed more efficiently (including the risk of permanence and reversal across sectors), subject to meeting all applicable criteria at each decision stage.
- **No automatic approval**: whitelist inclusion does not guarantee issuance of a Letter of No-Objection, Letter of Approval, or authorisation for international transfer for projects that do not meet the technical and social safeguards requirements.

The whitelist is a living document that will be revised as necessary and as more information and data become available.

4. Implementation Arrangements

4.1. Functions, Roles, and Responsibilities

4.1.1. Carbon Budgets for Trading under Article 6

The Climate Change Directorate (CCD) shall coordinate the management and periodic updating of the national and sectoral carbon budgets for trading under Article 6 as a decision parameter and shall provide technical inputs to support Government decisions on authorisation for international transfer. Where established, the NCBC, or another technical body designated by Government, shall provide technical support on carbon budgeting and the portion of the carbon budget available for trading.

Oversight of the running balance shall be maintained through appropriate MRV activities, including record-keeping and registry functions. Authorised quantities and the remaining balance shall be recorded and tracked through the MRV system and the KNCR and associated Government records, to support oversight and accurate national accounting, including corresponding adjustments where applicable.

4.1.2. Criteria

Responsible Government institutions, led by the DNA in consultation with the CCD, shall apply the stage-specific criteria set out in this Guide when considering requests for a Letter of No-Objection, a Letter of Approval, and, where requested, authorisation for international transfer, in accordance with the decision instruments established under the Climate Change (Carbon Markets) Regulations, 2024. Relevant sector institutions and county authorities shall support assessment as required within their mandates, including by providing inputs on alignment with sector and county priorities and on permitting and safeguards requirements where applicable.

4.1.3. Whitelist

Government shall apply and periodically update the whitelist as a steering measure to guide prioritisation and risk-based assessment of activity types for consideration during the NDC implementation period, consistent with this Guide and in accordance with its use in authorisation-related decision processes under the Climate Change (Carbon Markets) Regulations, 2024.

To operationalise the whitelist, the Government of Kenya shall:

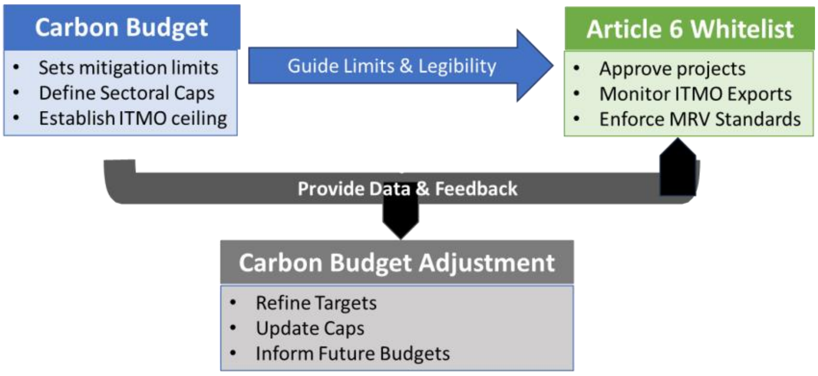
- establish a governance process for review and update, including technical input from relevant Government institutions (including the DNA and CCD) and consultation with stakeholders as appropriate;
- define procedures and frequency for periodic review and updates (e.g., annually, or when relevant standards and methodologies change);

- publish and communicate the whitelist and any updates through official channels (including, where feasible, via the Kenya National Carbon Registry and relevant Government platforms); and
- provide concise public guidance explaining the whitelist parameters and how project proponents may demonstrate alignment at the No-Objection, approval and authorisation stages.

4.2. Monitoring, Review, and Update Process

The carbon budget sets the limits and provides the guardrail, while the whitelist provides real-time operational intelligence (acting as the dashboard) as shown below.

Figure 2: Relationship Between the Carbon Budget and the Whitelist



The Government of Kenya, through the CCD, shall conduct a biennial review and stocktake of implementation of this Guide to assess progress, emerging implementation issues, and continued consistency with achievement of Kenya's NDC. The review shall be informed by consultation with relevant stakeholders, integrate learning and implementation insights, and support adjustments to strategic measures and supporting annexes, as appropriate, within the scope of this Guide.

Building on these reviews, the Government shall prepare an updated and consolidated version of the Guide within 18 to 24 months, supported by targeted analytical investments to strengthen the evidence base and enable more granular strategic measures, including to align with the next NDC period and evolving international guidance under Article 6

Annex 1 – Carbon Budget for Trading under Article 6

The national carbon budget for trading is the binding cumulative cap for Authorisation decisions. The value is the economy-wide budget for which corresponding adjustment may be undertaken

Vintage	Sectors	Annual budget (CO_2e)	Total (CO_2e)
2025 – 2030	Energy, Transport, IPPU, Waste	1.67 million	10 million

Annex 2 – No-Objection Stage Assessment Criteria

Category	Screening Focus	Assessment Considerations
1. Strategic Alignment and Contribution	Alignment with Kenya's national development and climate framework and credible contribution to NDC implementation	• Clear project concept, sector identification, and mitigation type • Defined title, location (county & coordinates), and duration • Indicative alignment with Kenya's NDC targets and priority sectors • Alignment with the whitelist, if the project proponent intends to seek authorisation for international transfer of mitigation outcomes • Consistency with national climate policy direction • Consistency with county development and climate priorities • Alignment with NCCAP, Vision 2030, BETA, CIDPs and relevant strategies • Plausible mitigation contribution (real, measurable, verifiable outcomes) • No obvious conflict with sector carbon budgets or national mitigation pathways (ONLY for projects who intend to seek authorisation for international transfer of mitigation outcomes)
2. Paris Agreement Alignment	Consistency with objectives, principles, and obligations under the Paris Agreement	• Factual demonstration of additionality (beyond legal mandate / BAU) • Conservative and credible baseline logic • No structural risk of double counting or double issuance • Declaration of intended credit use (voluntary, export, Article 6, etc.) • Alignment with transparency and accounting principles • Plausible consistency with Article 6 integrity requirements (where applicable)
3. Sustainable Development Benefits	Potential to deliver economic, social, and environmental co-benefits	• Identification of sustainable development contributions (jobs, livelihoods, resilience, ecosystem services, etc.) • Consistency with national and county development priorities • Environmental co-benefits (biodiversity, land restoration, water security, etc.) • Social co-benefits (gender inclusion, health, education, technology transfer) • No obvious significant negative social or environmental impacts at concept stage

Category	Screening Focus	Assessment Considerations
4. Safeguards Readiness	Identification of key environmental and social risks and credible safeguard intent	• Identification of environmental and social risks • Environmental and Social Impact Assessment Report and its license Environmental Audits, as appropriate • Preliminary stakeholder engagement plan • Consideration of Free, Prior and Informed Consent where applicable • Initial grievance redress approach • Identification of leakage, displacement, or permanence risks (if relevant)
5. Policy Coherence and Coordination	Consistency with national and county policy directions and sector mandates	• No obvious conflict with sectoral policies or mandates • Consistency with Climate Change Act, 2016 and carbon market regulations • Alignment with county planning instruments • Identification of affected communities • Proposed benefit-sharing approach consistent with equity principles
6. Legal Compatibility	Compatibility with applicable sector laws and legal requirements	• Proof of legal identification • Prima facie financial and technical capacity disclosed • Land category identified (public/community/private) • Lawful pathway to land access demonstrated • No obvious violation of land or environmental laws • Recognition of community/customary rights where applicable
7. REDD+ Requirement (Where Applicable)	Additional screening for REDD+ type activities	• Consistency with Kenya's national REDD+ strategy or action plan • Compatibility with national forest monitoring systems • Identification of leakage and permanence risks • Alignment with applicable forest safeguards Reduced Emissions from Deforestation and Forest Degradation Safeguards Standards Assessment Report
8. Methodological Credibility	Identification of approved standards and credible methodologies, as appropriate	• Proposed carbon standard identified • Methodology (baseline & monitoring) named • Credible MRV framework proposed • Key monitoring parameters identified • Data collection pathway described • Verification requirements identified

Annex 3 - Approval Stage Assessment Criteria

Category	Approval Focus	Assessment Considerations
1. Legal and Regulatory Compliance	Demonstrated compliance with the Climate Change Act, and its regulations thereunder, including the Climate Change (Carbon Markets) Regulations, 2024, and other applicable sectoral requirements	• Validated Project Design Document (PDD)/MADD submitted • Proof of legal identification • Executed land tenure agreements (title, lease, concession, resource Use rig) where applicable • County Government letter of support obtained • Environmental Social and Impact Assessment Report and its license obtained Environmental Audits, obtained, as appropriate • All sector-specific permits and approvals secured • Compliance with land and community laws Submitted Community Development Agreement (CDA), as appropriate • Signed and valid benefit-sharing agreements, within the Community Development Agreement (CDA), as appropriate • Evidence of Free, Prior and Informed Consent • Intended credit use clearly documented (including contribution toward Kenya's NDC, where applicable) Letter of No Objection obtained Evidence that an accredited Validation and Verification Body (VVB) has been utilised
2. Methodological Credibility	Use of approved standards and credible methodologies appropriate to Article 6.2 or Article 6.4 pathways	• Application of an approved carbon standard (e.g., Article 6.2 cooperative approach or Article 6.4 mechanism, where applicable) • Approved and valid methodology and version applied • Activity eligibility confirmed under the selected methodology • Baseline properly defined using credible data sources and conservative assumptions • Additionality demonstrated in accordance with methodology (investment, barrier, regulatory tests applied where required) • Crediting period aligned with methodology and standard rules

Category	Approval Focus	Assessment Considerations
3. MRV Readiness	Clear and credible MRV arrangements	Validated monitoring plan aligned with methodology, including:- •Defined monitoring parameters, frequency, and responsibilities • Credible data collection and management systems established • Quality Assurance/Quality Control procedures applied as required by standard • Reporting formats and timelines aligned with methodology and national requirements • Verification by accredited validation/verification body • Clear verification schedule defined
4. Integrity and Feasibility	Demonstrated real, measurable, and verifiable mitigation outcomes	• Quantified emission reductions/removals aligned with national mitigation objectives • No adverse impact on Kenya’s NDC achievement • Leakage risks identified and quantified (where relevant) • Permanence and reversal risks identified and addressed (where applicable) • Double issuance, double use, and double claiming risks assessed and mitigated • Financial and technical capacity demonstrated to implement the activity • Transparent disclosure of Capital Expenditure/Operating Expenses and financial support mechanisms (where relevant)
5. Stakeholder Engagement and Benefit Sharing	Stakeholder engagement, safeguards, and equitable benefit-sharing arrangements	• Stakeholder consultations completed with gender-disaggregated documented evidence • Operational grievance redress mechanism established and accessible • Signed Community Development Agreement • Benefit-sharing consistent with equity and inclusivity principles • Recognition of community rights and local governance structures • Identified social and environmental risks adequately mitigated • Evidence that significant harm is avoided or minimised

Category	Approval Focus	Assessment Considerations
6. National Value Proposition	Clear tangible benefits for Kenya beyond carbon revenue	• Demonstrated contribution to national and county development priorities • Investment mobilisation and local capital deployment • Technology transfer or innovation introduction • Capacity building and local skills development • Job creation and local economic value addition • Alignment with Kenya's long-term climate and development strategies • Transparent articulation of benefits retained within Kenya

Annex 4 – Authorisation Stage Assessment Criteria

Category	Authorisation	Assessment Considerations
1. Consistency with the Carbon Budgets for Trading under Article 6	Confirmation that the requested authorised quantity remains within Kenya's available carbon budget for trading	• Submission of formal Request for Authorisation in prescribed format • Volume of mitigation outcomes proposed for authorisation clearly specified • Timing (vintage and NDC period) clearly defined • Cumulative authorised volumes assessed against remaining carbon budget for the current NDC period • Interaction with sector allocations and safeguards assessed • Confirmation that authorisation will not compromise Kenya's ability to meet current and future NDC commitments

Category	Authorisation	Assessment Considerations
2. Accounting and Corresponding Adjustments	Confirmation of accounting treatment consistent with international guidance	• Intended use of mitigation outcomes clearly specified (sovereign decision) • Determination whether corresponding adjustment is required • Scope of adjustment defined (amount, vintage, NDC period) • Confirmation of accounting approach in line with Article 6.2 or 6.4 guidance • Ability to report through Biennial Transparency Reports and relevant Article 6 databases • Consistency with bilateral or multilateral cooperation framework (where applicable)
3. Prevention of Double Counting and Integrity Safeguards	Robust safeguards against double issuance, double use, and double claiming	• Risk assessment of double issuance completed • Retirement and cancellation rules clearly defined and applied • Claims and labelling rules prevent double claiming • Clear unit identification and serialisation procedures • Tracking and transfer controls in place across registries • Restrictions on use or claims clearly identified where applicable
4. Registry and Reporting Compliance	Compliance with national registry and reporting requirements	• Registration and tracking through Kenya National Carbon Registry • Compatibility with the draft Climate Change (Carbon Registry) Regulations 2026 • Compliance with Climate Change (Carbon Markets) Regulations, 2024 reporting requirements • Ability to upload transaction, issuance, and transfer data in required formats • Provision of required information for national tracking and international reporting • Transparent audit trail for authorised units

Category	Authorisation	Assessment Considerations
5. Authorisation Conditions and Enforceability	Clear definition of scope, conditions, and enforceability mechanisms	• Authorised quantity, time period, and intended use explicitly defined • Conditions for disclosure and reporting clearly documented • Liability provisions defined (over-issuance, reversals, non-delivery) • Conditions for suspension, amendment, or revocation clearly established • Remedies for accounting errors clearly specified • Clear allocation of risks between project proponent, buyer, and sovereign authority
6. Consistency with Strategic Measures	Alignment with national strategic priorities for the current NDC period	• Confirmation of alignment with strategic measures adopted under this Guide • Consistency with sectoral priorities and cooperation frameworks • Assessment of buyer eligibility and transaction context (where relevant) • Confirmation that authorisation supports Kenya's broader climate diplomacy and development objectives

Annex 5 – Approved Carbon Markets Whitelist for NDC Alignment and Authorisation

Sector	Sub-Sector	Activity/Technology
Energy	Electricity access	Distributed solar PV (rooftop/Commercial and Industrial) (C&I)
	Electricity access	Solar mini-grids and standalone systems
	Power generation	Utility-scale solar PV with storage
	Power generation	Geothermal, hydro and wind utility-scale
	Industrial decarbonisation	Industrial electrification/efficiency
Transport	Transport	Electric vehicles with renewable charging (trains, buses, trucks, motorcycles and tricycles)
	Transport	Modal shift of freight and passengers (Bus Rapid Transit, Non-Motorised Transport networks, road-to-rail freight transfer)
Waste	Waste	Landfill gas capture and utilisation
	Waste	Composting/anaerobic digestion with energy recovery

Core Considerations for Kenya's whitelist

1. Alignment with National Priorities

- Whitelisted activities shall directly support Kenya's NDC targets, recognizing that all the NDC targets are sectoral.
- The whitelist prioritises sectors with high mitigation potential but limited access to domestic finance.
- Whitelisted activities shall deliver sustainable development co-benefits, including employment, health, biodiversity, and climate resilience.

2. Carbon Budget Safeguards

- The whitelist informs and is bound by the carbon budget for trading under Article 6; Whitelisted activities are subject to the applicable sectoral carbon budget caps to prevent over-allocation and an eventual risk of overselling.
- Whitelisted activities shall apply robust baselines and conservative crediting approaches to protect Kenya's national carbon balance. Therefore, and for the time being, the sectors without credible data for baseline determination shall not be included in the whitelist, until such data becomes available.

3. Transparency & MRV Readiness

- Projects must meet Article 13 transparency requirements: clear monitoring, reporting, and verification systems.
- Activities applying methodologies with established track records are preferred.
- Activities integrating digital MRV systems for real-time tracking shall be preferred.

4. Risk Mitigation

- To mitigate the risk of reversal, activities under the Forestry and Other Land Use (FOLU) sector are excluded from the whitelist for the current NDC implementation period, pending improvement of baseline data. For example: Kenya's Forest Reference Emission Level (FREL) does not currently cover rangelands. The whitelist applies strict eligibility filters for projects with high permanence risks (e.g., land-use change).

5. Institutional & Financial Feasibility

- The whitelist prioritises sectors where Kenya has sufficient institutional capacity to regulate, assess and oversee activities.
- The whitelist avoids overburdening regulators with complex methodologies.
- The whitelist encourages activities that leverage carbon finance and reduce reliance on speculative carbon market transactions.

6. Regional Leadership

- The whitelist gives priority to innovative and high-impact sectors, which position Kenya as a regional leader in sustainable low-emission development
- Cross-border activities that strengthen Eastern Africa's climate cooperation are encouraged, where they are consistent with Kenya's national priorities and integrity standards.

Note: Exclusion from the whitelist does not bar any project proponent from participating in the Paris Agreement Crediting Mechanism (PACM) or the Voluntary Carbon Market (VCM).