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Carbon Sovereignty and the Governance Conditions for Equitable Climate Finance in Kenya's National Carbon Registry

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ABSTRACT

On February 17, 2026, Kenya formally launched its National Carbon Registry (KNCR), a sovereign digital ledger designed to track, verify, and manage carbon credits and Internationally Transferred Mitigation Outcomes (ITMOs) from domestic climate projects. The launch marks a defining moment in Kenya's climate governance trajectory and in the broader African push for carbon sovereignty. This paper examines the governance architecture underpinning the KNCR, assessing the institutional conditions under which it can deliver equitable climate finance while maintaining high-integrity market participation. Drawing on the political economy of natural resource governance, the carbon market integrity literature, and comparative case analysis of established frameworks, including Ghana's Carbon Registry (GCR), Costa Rica's National Forestry Financing Fund (FONAFIFO), and the evolution of Verra's Verified Carbon Standard (VCS), the paper develops a conditional analytical framework. The central argument is that Kenya's registry represents a genuine and significant governance advance, creating the structural preconditions for carbon sovereignty. Its long-term effectiveness in delivering equitable outcomes, however, is contingent upon resolving three interrelated institutional conditions: the independence and transparency of project authorization, the robustness of measurement, reporting, and verification (MRV) infrastructure, and the operationalization of community benefit-sharing mechanisms. Since no projects have yet been deposited into the registry, the present moment offers Kenya an unprecedented opportunity to entrench governance principles that turn initial promise into enduring institutional credibility.

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INTRODUCTION

On February 17, 2026, the Republic of Kenya formally operationalized its National Carbon Registry (KNCR), positioning the country at the forefront of a growing movement among developing nations to assert sovereign authority over their carbon assets (National Environment Management Authority [NEMA], 2026). Managed by the National Environment Management Authority (NEMA) as the Designated National Authority (DNA), the KNCR serves as a centralized digital platform for registering, tracking, and authorizing carbon credit transactions aligned with Article 6 of the Paris Agreement. Cabinet Secretary for Environment Deborah Barasa described the registry as nothing less than "the title deed of Kenya's emissions reduction," framing it as the country's sovereign assurance of market integrity (Nairobi Wire, 2026). That metaphor is instructive: title deeds confer rights, but they derive their value entirely from the institutional system that recognizes and enforces them.

The KNCR's launch arrives at a moment of significant turbulence in global carbon markets. Between 2021 and 2023, the voluntary carbon market contracted sharply from a peak of approximately USD 2 billion to USD 723 million a decline of over 61% driven in significant part by the exposure of systematic integrity failures in major certification programs, most notably the 2023 Guardian investigation that found approximately 94% of rainforest credits certified by Verra's Verified Carbon Standard (VCS) provided no meaningful climate benefit (Carbon Containment Lab, 2024). Against this backdrop of eroded trust, Kenya's decision to establish a sovereign national registry rather than relying exclusively on voluntary market intermediaries represents both a structural governance choice and a reputational bet: that a state-backed, legally grounded platform can restore the credibility that decentralized private certification schemes have struggled to maintain (Afripoli, 2025).

The registry's current status further amplifies the significance of this moment: no projects have yet been deposited. This pre-deposit phase represents a genuinely rare institutional window — a moment in which governance principles, verification architectures, and benefit-sharing mechanisms can be designed and entrenched before the first transactions occur and before path dependencies set in. International experience consistently demonstrates that governance design choices made at the inception of resource management institutions have long-lasting structural effects (Ostrom, 1990, as cited in subsequent frameworks). The KNCR's institutional DNA is, in a meaningful sense, still being written.

This paper assesses the governance conditions under which the KNCR can fulfil its potential as an instrument of both climate integrity and equitable development. The analysis proceeds through four stages. First, it contextualizes Kenya's evolution in carbon governance within the broader trajectory of African carbon sovereignty. Second, it examines the KNCR's structural architecture through the lens of political economy, drawing on comparative literature concerning resource rent governance. Third, it benchmarks the KNCR against established international frameworks, Ghana's Carbon Registry (GCR), Costa Rica's FONAFIFO, and the reformed Verra VCS to identify transferable lessons. Fourth, it specifies the institutional conditions necessary for the registry to translate structural promise into equitable and credible outcomes. The paper's analytical orientation is neither celebratory nor pessimistic but conditional: the KNCR is a substantive governance step forward whose ultimate impact depends less on its existence than on the quality of the institutional architecture constructed around it during the critical months ahead.

KENYA'S CARBON GOVERNANCE EVOLUTION

From Fragmentation to Sovereignty

Kenya's engagement with carbon markets predates the KNCR by more than two decades, beginning with early Clean Development Mechanism (CDM) projects under the Kyoto

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Protocol. However, the country's pre-registry carbon market was characterized by significant fragmentation: projects operated under multiple voluntary standards, lacked a unified national ledger, lacked transparent benefit-sharing requirements, and lacked systematic government oversight (Capital FM, 2026). This institutional vacuum created conditions for the problems that have most damaged the credibility of African carbon markets: double-counting of emission reductions, inflated baselines, and unequal distribution of carbon revenues between international intermediaries and the communities whose land stewardship generates the underlying conservation value (Jones Day, 2025).

The legal architecture that underpins the KNCR was assembled progressively. Kenya's Climate Change Act was the first to acknowledge carbon markets as a legitimate climate finance instrument. The Climate Change (Amendment) Act of 2023 provided the primary legislative framework, followed by the Climate Change (Carbon Markets) Regulations 2024, the Climate Change (Carbon Trading) Regulations 2025, and the Climate Change (Non-Market Approaches) Regulations 2025 the latter ensuring alignment between Kenya's carbon trading activities and its broader Nationally Determined Contribution (NDC) commitments under the Paris Agreement (NEMA, 2026; Kenyans.co.ke, 2026). This layered regulatory architecture represents a qualitative shift from the Kyoto-era "export reflex" in which host countries passively approved projects designed primarily to serve the accounting needs of acquiring nations toward what Afripoli (2025) terms the "Paris mindset," where carbon authorization is conceived as a sovereign decision about the national carbon budget.

The distinction carries significant analytical weight. Under the Kyoto Protocol's CDM, Africa accounted for less than 2% of registered projects, despite hosting some of the world's largest reservoirs of forest- and land-based carbon (Afripoli, 2025). The structural reasons for this marginalization were partly technical and partly political: African nations lacked the institutional capacity to navigate complex project approval processes, and the CDM's project-by-project architecture privileged jurisdictions with advanced legal and financial infrastructure. Article 6 of the Paris Agreement, by contrast, creates a framework in which bilateral cooperative approaches (Article 6.2) and a multilateral mechanism (Article 6.4) can accommodate a wider range of national contexts, provided that participating nations can demonstrate credible accounting, corresponding adjustment application, and transparent authorization (UNFCCC, 2025). The KNCR directly addresses these requirements by creating a sovereign platform for ITMO issuance, tracking, and reporting.

The Scale of Kenya's Carbon Asset Base

Understanding the stakes of the KNCR requires an appreciation of the scale and diversity of Kenya's carbon asset base. The country's landscapes, spanning highland forests, savannah ecosystems, mangrove systems, and arid and semi-arid land-use zones, represent a globally significant carbon reservoir. The government's ambitious 15 Billion Trees Programme, which is explicitly linked to the registry's forestry component, signals national intent to expand this asset base through active ecosystem restoration (Capital FM, 2026). Prior to the registry's operationalization, over 80 carbon project concept notes had already been submitted by developers and investors, demonstrating robust pre-existing market interest (National Observer, 2026). The Kenya-UK Strategic Partnership, Germany's GIZ contributing 2.4 million euros in technical and financial support, and backing from the European Union collectively underscore that international partners regard Kenya's carbon governance infrastructure as strategically significant (NEMA, 2026).

Kenya's international positioning in the carbon diplomacy space further amplifies the domestic stakes. The country's Special Climate Envoy, Ali Mohamed, co-led with Singapore and the United Kingdom the formation of the Coalition to Grow Carbon Markets at the 2025 London Climate Action Week, with the explicit ambition of

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unlocking USD 250 billion in carbon finance by 2050 (CVFV20, 2025). This international leadership role creates both opportunity and accountability pressure: Kenya's national governance architecture will be scrutinized not merely as a domestic policy choice but as a model for the wider developing world. The KNCR must therefore serve simultaneously as a national accounting instrument, an international compliance tool, and a demonstration of African carbon sovereignty.

THEORETICAL FRAMEWORK

The Political Economy of Resource Rents and Carbon

The academic literature on resource governance offers a productive analytical lens for examining the KNCR's institutional design challenges. The resource curse hypothesis, as developed by Ross (2015), Collier and Venables (2011), and others, posits that large windfall rents from natural resources can, under certain institutional conditions, generate perverse incentives that undermine governance quality, crowd out diversified economic development, and concentrate benefits among political elites while marginalizing the communities most proximate to the resource. The applicability of this framework to carbon markets is not straightforward. Carbon credits are not extracted in the way that oil or minerals are, but the structural logic of rent politics nonetheless applies in important respects.

Carbon credits function as a spatially defined rent: their value derives from ecological conditions on specific parcels of land, and the legal-institutional framework determines who captures that value. In a registry-mediated system, the government acts as an authorizing intermediary between ecological providers of carbon services, communities, smallholders, and conservation actors, and international buyers seeking to acquire verified emission reductions. This intermediary role confers significant rent-capture potential. Authorization of projects, determination of benefit-sharing arrangements, and selection of verification standards are all decisions that shape how the carbon value chain distributes benefits across actors (Afripoli, 2025). The governance quality of these decisions determines whether the registry serves as an instrument of equitable climate finance or as a mechanism for capturing a new class of resource rents within existing power structures.

It is critical to emphasize that this analytical lens does not predict a negative outcome for the KNCR. Rather, it identifies the structural conditions under which governance quality matters most and where institutional design has the greatest leverage. Bodin (2017) argues that effective environmental governance depends critically on the fit between institutional arrangements and the ecological and social systems they seek to manage. Applied to carbon markets, this suggests that governance architectures designed with explicit attention to additionality verification, transparent authorization, and community rights protection are significantly more likely to deliver both environmental and equity outcomes than architectures that rely primarily on market incentives without these structural safeguards. The KNCR's current pre-deposit status means that these architectures can still be deliberately constructed.

Carbon Sovereignty as Analytical Concept

The concept of carbon sovereignty, as it has emerged in the climate finance literature since the Paris Agreement, refers to a nation's capacity to make independent, strategic decisions about its carbon assets — including whether and on what terms to sell emissions reductions internationally, how to integrate carbon market revenues with national climate planning, and how to ensure that domestic ecological stewards benefit from the value their conservation generates (Afripoli, 2025). This is distinct from mere carbon market participation, which can be technically compliant with international frameworks while still reproducing asymmetric relationships in which host countries function as passive suppliers of raw carbon offsets for international buyers' accounting purposes.

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True carbon sovereignty, in this analytical sense, requires three institutional foundations. First, it requires a sovereign accounting infrastructure, precisely what the KNCR provides, which gives the state transparent visibility over all carbon transactions within its territory and the capacity to apply corresponding adjustments in accordance with Article 6.2 commitments. Second, it requires authorization processes that reflect strategic national priorities rather than project-by-project commercial logic, ensuring that the sum of individual carbon deals aligns with NDC goals and does not foreclose domestic development options. Third, and most critically for equity considerations, it requires benefit-sharing mechanisms that ensure communities whose land stewardship generates carbon value receive equitable returns (Wunder et al., 2020). A registry that achieves the first but not the second or third would represent a partial rather than a full realization of carbon sovereignty.

INTERNATIONAL COMPARISONS: ARCHITECTURE AND LESSONS

Ghana's Carbon Registry as an African Benchmark

Ghana's Carbon Registry (GCR), operationalized by the Environmental Protection Agency (EPA) of Ghana, is Africa's most advanced national registry aligned with Article 6 accounting requirements. Ghana achieved a globally significant milestone when it issued the first ITMOs in Africa through its collaboration with Switzerland on the Transformative Cookstove Activity in Rural Ghana, a landmark cooperative approach under Article 6.2 that demonstrated the practical viability of the Paris Agreement's bilateral market mechanisms (Oaks Legal, 2025). Ghana's EPA Act 2025 subsequently embedded the GCR within a comprehensive legislative framework that provides for mandatory project approvals, benefit-sharing mechanisms, and environmental, social, and governance screening procedures. The Act creates a legal foundation for approximately 24 million tonnes of emission reductions to be made available under Article 6.2 cooperative approaches (Oaks Legal, 2025).

Several specific features of Ghana's institutional architecture offer directly transferable lessons for Kenya. The GCR incorporates a Grievance and Appeals Mechanism (GAM) that provides an independent channel for resolving complaints from project participants and affected communities. This safeguard addresses one of the most persistent structural vulnerabilities of carbon projects in Africa, namely, inadequate community redress when projects fail to deliver promised benefits (Ghana Carbon Registry System, 2025). The Carbon Market Office operates as a multi-institutional coordination mechanism that integrates EPA oversight, Ministry of Finance climate finance tracking through the CLIMFINTRAC system, and National Development Planning Commission monitoring, creating cross-institutional accountability rather than concentrating oversight within a single ministry (Ghana NDC, 2021). Kenya's NEMA-centered model, while providing welcome institutional clarity, will need analogous cross-institutional accountability structures to prevent the concentration of carbon governance authority in a single institutional actor.

At the same time, Ghana's experience also illustrates the limits of export-oriented carbon market strategies. Afripoli (2025) characterizes Ghana as a "regional frontrunner" in Article 6.2 deal-making, noting that export-focused arrangements have predominantly driven its impressive technical progress, and the challenge now is to leverage this technical leadership to build a corresponding domestic carbon market. Kenya, which must simultaneously attract international investment and ensure domestic climate ambition, faces an analogous tension between export optimization and domestic market development. The KNCR's dual-use design, intended to support both Article 6 ITMO transfers and domestic voluntary market activity, positions it to navigate this tension, but doing so effectively will require deliberate prioritization of domestic NDC use cases in project authorization decisions.

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Costa Rica's FONAFIFO and the Governance of Ecological Value

Costa Rica's National Forestry Financing Fund (FONAFIFO), established under Forest Law No. 7575 in 1996, represents the most institutionally mature national framework for converting forest conservation into structured financial payments, with over two decades of operational experience that has been studied and replicated across the developing world (Pagiola, 2008, as cited in Enterprise Development, n.d.). FONAFIFO administers Costa Rica's Payment for Environmental Services (PES) program, which provides conditional payments to landowners for maintaining forest cover, with explicit recognition of four environmental services: greenhouse gas mitigation, hydrological services, biodiversity conservation, and scenic beauty (FONAFIFO, n.d.). Between 1997 and 2012, the program distributed approximately USD 340 million, reaching indigenous communities, cooperatives, and individual landowners (Enterprise Development, n.d.).

FONAFIFO's governance architecture incorporates several features that are directly instructive for Kenya's registry design. The program is governed by a multi-stakeholder board including representatives from the Ministry of Environment, Ministry of Agriculture, public national banks, and the private sector, including both industrial and small producer representation. This public-private governance model has enabled the program to adapt over time while maintaining political legitimacy (Enterprise Development, n.d.). Critically, FONAFIFO's financing is structurally embedded in national fiscal policy: a dedicated allocation of 3.5% of fossil fuel tax revenues provides approximately USD 10 million annually in predictable, government-backed financing for PES payments, reducing dependency on project-by-project international deal flows (ScienceDirect, 2007). This fiscal entrenchment is a significant distinguishing feature of FONAFIFO, which differs from more fragile PES schemes that depend entirely on voluntary buyer demand.

However, FONAFIFO's experience also surfaces critical caveats. Research by Viguera et al. (as cited in EfD, 2023) and others has documented that the program has disproportionately benefited large landowners rather than small producers and indigenous communities, and that the additionality of PES payments — the degree to which payments induce conservation beyond what would have occurred anyway — has been more limited than early program assessments suggested. These findings underscore a fundamental challenge in all payment-for-ecosystem-services architectures: that well-intentioned benefit-sharing frameworks can be captured by those with greatest pre-existing access to formal institutional processes. Kenya's registry, in designing its benefit-sharing mechanisms, must explicitly address targeting and additionality to avoid replicating these distributional weaknesses at scale.

Costa Rica's broader success story nonetheless remains compelling: the country doubled its forest cover between 1983 and 2014 while growing its economy, demonstrating that well-governed forest carbon frameworks can align ecological and developmental objectives over the long term (World Bank, 2022). FONAFIFO's integration of gender equity considerations — including the development of a formal Gender Action Plan for its emissions reductions program, making it one of the few developing country programs with explicit gender-disaggregated benefit distribution requirements represents a governance standard that Kenya's registry could meaningfully adopt as it moves from institutional design to operational practice (World Bank, 2022).

Verra's VCS and the Credibility Crisis of Private Certification

The evolution of Verra's Verified Carbon Standard (VCS), the world's largest voluntary carbon crediting program with over 2,300 registered projects and more than 1.3 billion credits issued, provides perhaps the most instructive cautionary lesson for any national carbon registry operating in the current market environment (Verified Carbon Standard

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Wikipedia, n.d.). In January 2023, a landmark investigation by The Guardian, Die Zeit, and SourceMaterial concluded that approximately 94% of Verra's rainforest carbon offsets provided no meaningful climate benefit, with deforestation threats systematically overstated by an average of 400% to generate inflated credit volumes (Carbon Containment Lab, 2024). The investigation triggered the resignation of Verra's CEO, a sharp contraction in market confidence, and a wave of buyer withdrawals, which contributed significantly to the 61% decline in the voluntary carbon market's value between 2021 and 2023.

The structural diagnosis of Verra's credibility crisis is as instructive as the crisis itself. CarbonPlan (n.d.) identifies the central problem not as the absence of formal quality standards but as the application of methodologies at the project level that systematically fell short of those standards, in a market environment where the certifying body had financial incentives aligned with credit issuance volume rather than credit quality. The conflict of interest embedded in this model — in which entities earning fees per credit approved had limited institutional incentives to apply conservatively represents precisely the design flaw that a sovereign state registry can, in principle, correct. A government-backed registry, accountable to national law and to international treaty obligations under the Paris Agreement, operates with different incentive structures than a fee-for-service private certifier.

Verra's subsequent reform efforts including the development of updated REDD+ methodologies (VM0048) approved by the Integrity Council for the Voluntary Carbon Market (ICVCM) in 2024, the launch of a Performance Monitoring Program tracking 17 indicators of validation body compliance, and the June 2025 public consultation on VCS Version 5 with mandatory financial transparency requirements for benefit-sharing (Verified Carbon Standard Wikipedia, n.d.; Jones Day, 2025) demonstrate that reform of carbon market standards is possible but requires sustained institutional pressure and explicit design changes rather than incremental adjustments. Kenya's registry, by establishing a sovereign ledger from inception, bypasses the structural conflicts that accumulated in Verra's model. However, the KNCR will still rely on third-party verification bodies for MRV. The lessons of the Verra crisis underscore that verification quality depends critically on the independence and accountability of the verification ecosystem, not merely on the existence of formal standards.

ANALYZING THE KNCR'S GOVERNANCE ARCHITECTURE

What the Registry Achieves Structurally

A rigorous assessment of the KNCR must begin with clear-eyed recognition of what the registry substantively achieves. Prior to its launch, Kenya's carbon market operated without a unified national ledger, creating conditions for double-counting, limited government oversight, and inadequate protections for community benefits (Capital FM, 2026; The Star, 2026). The registry's operationalization directly addresses these structural gaps in four important ways. First, it creates a sovereign accounting infrastructure, described by NEMA Director General Mamo B. Mamo as the "central nervous system" of Kenya's carbon market, that gives the government real-time visibility into all project authorizations, credit issuances, and transfers within its territory (NEMA, 2026). This visibility is the foundational precondition for all other governance functions.

Second, the KNCR enables Kenya to participate credibly in the Article 6.2 cooperative approaches framework by providing the national registry infrastructure required for transparent ITMO issuance and corresponding adjustment reporting to the UNFCCC's Centralized Accounting and Reporting Platform (CARP). As of late 2025, only 17 Parties had formally submitted Article 6.2 initial reports to UNFCCC, with only 4 having submitted annual information in an agreed electronic format, a measure of how far global implementation of Article 6 accounting lags behind its legal requirements (A6 Implementation Partnership, 2025). Kenya's registry positions it ahead of the implementation curve in a global landscape where Article 6 infrastructure remains

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underdeveloped. Third, the registry consolidates what was previously a multi-agency, multi-standard ecosystem of carbon activities into a single government-backed platform, reducing transaction costs for project developers and enhancing the legibility of Kenya's carbon market for international buyers (Standard Media, 2026).

Fourth, and most consequentially for long-term equity, the KNCR establishes the legal infrastructure for mandatory benefit-sharing, a requirement that CS Barasa identified as a defining feature distinguishing Kenya's registry from earlier voluntary market arrangements in which communities "did not always receive equitable benefits" (The Star, 2026). The Climate Change Act framework's explicit benefit-sharing provisions represent a normative commitment that, if operationalized with specificity and enforceability, could address one of the most persistent failures of African carbon markets. The Carbon Markets Association of Kenya (CAMAK), whose formalization coincided with the registry's launch, has publicly committed to ensuring that Kenya's market grows "correctly" rather than merely growing rapidly, a market actor endorsement of the registry's integrity architecture that reflects genuine industry interest in sustainable market development (Standard Media, 2026).

Three Institutional Conditions for Success

While the KNCR's structural contribution is substantive and should not be understated, its long-term effectiveness is analytically conditional on three institutional design elements that remain incompletely specified at the time of this writing. These are not predictions of failure but identification of the governance work still to be done during the critical pre-deposit window.

The first condition is the independence and transparency of the project authorization process. The authorization of decisions on which projects receive letters of authorization (LoAs) enabling ITMO transfers is, under the Paris Agreement framework, a sovereign act of profound consequence for the national carbon budget (Afripoli, 2025). The criteria by which NEMA, as the DNA, evaluates and approves project concepts should be published, standardized, and subject to independent review. Ghana's experience with authorization processes under the EPA Act 2025 illustrates both the possibility and the difficulty of maintaining transparent authorization criteria amid intensifying commercial pressures from a growing pipeline of projects (Oaks Legal, 2025). Kenya's pre-deposit status offers an opportunity to publish, consult on, and entrench these criteria before the first LoAs are issued, thereby preventing precedents from being set by individual project approvals whose rationale may otherwise appear arbitrary or politically mediated.

The second condition is the robustness and independence of the MRV infrastructure. The credibility of carbon credits issued under the KNCR ultimately depends on the quality of measurement, reporting, and verification of underlying emission reductions. Kenya's registry creates the accounting container, but, as with Verra's VCS experience, the integrity of the credits within that container depends on the methodology and independence of third-party verification bodies. The Verra VCS crisis was, at its core, an MRV failure: methodologies for calculating deforestation baselines were designed and applied in ways that systematically overstated project benefits, and verification bodies operating on commercial fee structures lacked adequate incentives to conduct conservative assessments (CarbonPlan, n.d.; Jones Day, 2025). Kenya must, as part of its registry operationalization, establish clear accreditation requirements for verification bodies, adopt ICVCM-aligned methodologies for AFOLU projects, and consider mandatory use of jurisdictional forest reference emission levels rather than project-specific baselines for forest carbon projects.

The third condition is the operationalization of community benefit-sharing with specificity, legal enforceability, and equity-disaggregated monitoring. The KNCR's enabling legislation includes benefit-sharing provisions, but the gap between the statutory commitment and the delivered outcome is wide enough to warrant

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analytical attention. Costa Rica's FONAFIFO experience demonstrates that even institutionally mature, well-resourced PES programs with a genuine commitment to community benefits can exhibit distributional outcomes that favor established landowners over marginalized communities (Enterprise Development, n.d.). Kenya's community forest associations, pastoralist groups, and coastal mangrove stewards, many of whom lack formal land titles, will need explicit program design provisions rather than general benefit-sharing language to ensure that the communities most responsible for generating Kenya's carbon value actually receive equitable shares of carbon revenues. The recent Ogiek case at the African Court of Human and Peoples' Rights, which established that conservation-linked exclusion from ancestral territories violates indigenous rights, provides both a legal precedent and a governance obligation that the KNCR's benefit-sharing design must explicitly address (Bodin, 2017).

OPTIMISTIC PROSPECTS AND THE WINDOW OF INSTITUTIONAL DESIGN

First-Mover Advantages in African Carbon Sovereignty

Notwithstanding the institutional conditions identified above, the KNCR's prospects for delivering genuinely transformative outcomes are, on balance, strongly positive. Several convergent factors support this optimism. Kenya enters the carbon registry space at a moment when global demand for high-integrity carbon credits is recovering from the 2023 crisis, driven by tightening regulatory requirements in major buyer markets including the EU's Carbon Border Adjustment Mechanism, which is creating structural demand for credible national carbon accounting systems and by the completion of Article 6 rulebooks at COP29 that give international buyers greater confidence in the legal validity of ITMO-based credits (IESE Finance and Nature Blog, 2024). Kenya's registry, aligned with Article 6 requirements from inception rather than retrofitted to comply with them, is structurally better positioned than older voluntary market arrangements to serve this demand.

The international support ecosystem surrounding the KNCR is also exceptional by regional standards. Germany's GIZ is providing both financial resources (2.4 million euros) and deep technical expertise in the implementation of registries. The United Kingdom is providing hosting and technical support for the registry's initial two years of operation, allowing Kenya to build domestic institutional capacity without the technical infrastructure risks that have hobbled registry development elsewhere (Standard Media, 2026). The EU's formal attendance at the launch ceremony, alongside Switzerland, signals that major compliance market actors view Kenya's registry as a serious institutional development rather than a performative gesture. This international credibility provides reputational collateral that can be leveraged to attract high-quality project developers and serious institutional buyers.

Kenya's own domestic market appetite is also strong. The observation that over 80 project concept notes were submitted before the registry's formal launch demonstrates that project developers, including those in reforestation, renewable energy, and land-use management, were actively awaiting the institutional clarity that the KNCR now provides (National Observer, 2026). KEPSA's Dr. Jackson Koimbori has noted that local businesses are increasingly viewing carbon credits as a collateral-free financing instrument, reflecting growing domestic market sophistication and suggesting that the KNCR could catalyze domestic green finance flows beyond international credit export (Standard Media, 2026). The registry's ability to support non-market approaches alongside market mechanisms enabled by the Climate Change (Non-Market Approaches) Regulations 2025 further broadens its relevance beyond conventional carbon credit trading to collaborative climate actions that may be particularly appropriate for community-based conservation contexts.

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The Institutional Window and Its Implications

The pre-deposit status of the KNCR is perhaps the single most analytically important feature of the current moment. Institutional economics consistently finds that governance arrangements established at institutional founding persist with remarkable durability even when their initial rationale evolves, a phenomenon North (1990, as cited in subsequent literature) analyzed as institutional path dependency. Applied to carbon registries, this suggests that the authorization criteria, verification requirements, benefit-sharing formulas, and oversight mechanisms established during the KNCR's first operational year will be significantly more difficult to revise upward after major projects are registered and commercial interests become entrenched around existing arrangements. The institutional architecture Kenya embeds before the first project is deposited will shape outcomes for decades.

This creates a specific and time-sensitive policy priority: operationalizing the governance architecture should be sequenced with deliberate attention to establishing high-integrity foundations before market growth pressure accelerates. Specifically, the publication of transparent project authorization criteria, the accreditation of verification bodies meeting ICVCM Core Carbon Principles standards, the specification of minimum community benefit-sharing percentages with legal enforceability, and the establishment of a multi-stakeholder oversight body with civil society and community representation should ideally precede or accompany the registration of the first projects rather than emerging reactively after market activity has commenced. The experiences of both Ghana and Costa Rica suggest that early institutional design choices carry far more weight than subsequent reform attempts in shaping the distributional outcomes of carbon governance systems (Oaks Legal, 2025; Enterprise Development, n.d.).

The broader significance of the KNCR for African climate governance should not be overlooked in this analysis. Afripoli (2025) argues that true African carbon market leadership requires not merely export infrastructure but a domestic-first strategy that prioritizes NDC achievement over credit export optimization. Kenya, which faces significant climate adaptation challenges across its arid and semi-arid lands, coastal zones, and highland water catchments, has strong intrinsic reasons to ensure that its carbon market architecture prioritizes domestic climate resilience alongside international revenue generation. A KNCR that channels carbon revenues toward Kenya's own most climate-vulnerable communities and ecosystems rather than functioning primarily as an export platform for international buyer demand would represent the fullest expression of the carbon sovereignty that the registry's launch rhetoric invokes.

Policy Recommendations

Drawing on the comparative analysis and the identification of the three institutional conditions necessary for KNCR success, the following policy recommendations are offered for Kenya's government and its international partners during the pre-deposit period.

First, the government should publish transparent, publicly available project authorization criteria before the first LoAs are issued. These criteria should address additionality thresholds, minimum community consultation requirements, benefit-sharing floor percentages, and alignment with Kenya's NDC domestic use priorities. The Ghana Carbon Market Office's publication of its Article 6 cooperative approaches framework provides a useful template for the level of transparency required to build and maintain market confidence (Ghana Carbon Registry System, 2025).

Second, a multi-stakeholder KNCR oversight board should be established, with statutory representation from civil society organizations, community and indigenous representatives, the private sector, and independent academic and technical experts alongside government agencies. Embedding this oversight structure in secondary regulation before market activity begins would address the authorization concentration risk

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identified earlier and provide the kind of cross-institutional accountability that has strengthened Ghana's GCR governance model.

Third, verification body accreditation requirements should be explicitly aligned with ICVCM Core Carbon Principles and should mandate jurisdictional rather than project-specific deforestation baselines for AFOLU projects. Kenya's scale of forest carbon assets and the documented failures of project-level baseline approaches demonstrated in the Verra VCS crisis make this a foundational integrity requirement. The KNCR's government-backed status provides institutional leverage to require higher verification standards than voluntary market registries have consistently enforced.

Fourth, the benefit-sharing framework should specify minimum percentage allocations to community project proponents with legally enforceable mechanisms for monitoring and enforcement. The framework should include equity-disaggregated monitoring of benefit distribution, with explicit provisions for communities without formal land titles, women landowners, and indigenous groups drawing on lessons from Costa Rica's Gender Action Plan and the legal precedents established by African human rights jurisprudence. CAMAK's stated commitment to ensuring that Kenya's market grows correctly creates an industry partner to implement and monitor these requirements.

Fifth, a mandatory three-year institutional review of the KNCR's governance architecture, including an independent assessment of authorization transparency, MRV quality, and benefit-sharing outcomes, should be legislatively embedded from the outset. This review mechanism would provide a structured opportunity to identify and correct design weaknesses before they become entrenched, while simultaneously signaling to international buyers and partners that Kenya is committed to continuous governance improvement rather than static compliance.

CONCLUSION

Kenya's National Carbon Registry represents a genuine and consequential step forward in the country's climate governance trajectory and in the broader African project of asserting sovereign authority over carbon assets. Launched at a pivotal moment in the evolution of global carbon markets — when the credibility failures of earlier voluntary market architectures have created structural demand for high-integrity, government-backed platforms, and when the Article 6 rulebook has provided the international legal framework for sovereign carbon accounting, the KNCR is well-positioned to fulfill its stated ambition of becoming a model for developing nations.

The comparative analysis of Ghana's GCR, Costa Rica's FONAFIFO, and Verra's VCS reform trajectory yields a consistent analytical finding: governance architecture matters more than the mere existence of a registration system. The distributional and environmental outcomes of carbon governance frameworks are not determined by their legal establishment but by the specific institutional arrangements governing authorization transparency, MRV independence, and operationalization of benefit-sharing. Kenya has the rare advantage of entering this design space before the first projects are deposited, before path dependencies accumulate, and before commercial interests organize around existing arrangements.

The window will not remain open indefinitely. Over 80 project concept notes already submitted represent active queues of commercial interest, and the international political momentum created by the registry's high-profile launch will create pressure for rapid project approvals. The governance imperative is clear: to use the available institutional space to entrench the authorization criteria, verification standards, community benefit-sharing mechanisms, and oversight structures that will determine whether the KNCR fulfils its constitutional promise not merely as the "title deed of Kenya's emissions reduction," but as the institutional guarantee that the value of Kenya's ecological assets flows equitably to the communities whose stewardship creates it. When the first projects are deposited, Kenya's registry will have already answered the

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governance questions that have undermined its predecessors.

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