

# CARBON MARKET MANDATE AND LEGAL FOUNDATION

The table below provides a high-level overview of how selected countries have established legal and institutional frameworks to regulate carbon market activities. It provides an overview of legislative instruments, regulations, and governance arrangements that countries are adopting for national engagement in carbon markets.

Across jurisdictions, a common pattern shows that countries adopt a primary law (e.g. climate change act, environmental management act, or carbon markets act) that establishes the legal basis for carbon market participation, followed by secondary regulations that operationalise procedures for project approval, ITMO authorisation, registry management, benefit-sharing, and fees or levies.

Table 1: Case study examples of how countries govern carbon market

Country	Description
Ghana	<p>Based on the mandate granted by the Environmental Protection Agency (EPA) Act of 1994, Ghana's EPA developed an administrative framework, i.e. <a href="#">Ghana's Framework on International Carbon Markets</a>. The framework extensively addresses the substantial and procedural issues relevant to Article 6 of the Paris Agreement, such as the criteria and process of authorization, approval and registration of mitigation activities. It also addresses how voluntary carbon market (VCM) projects will be treated under Article 6 of the Paris Agreement, the institutional structure governing Article 6 in the country, and the applicable fees and levies.</p> <p>In January 2025, Ghana enacted the Environmental Protection Act 2025, which repealed the 1994 EPA Act, which gives the Ghana's Framework on Carbon Markets a legal backing.</p>
Kenya	<p>Kenya amended its <a href="#">Climate Change Act</a> in 2023 to introduce provisions on carbon market. The amended Act provides the legal basis for the Kenya's participation in carbon markets and the types of markets in which credits from the country can be traded. It also broadly addresses the requirements that all carbon market activities need to comply with, such as principles of carbon market activities, requirements of environmental impact assessment and</p>



benefit sharing. The Act authorizes the Ministry responsible for climate change to enact the required regulation to operationalize the carbon market provisions.

Pursuant to the mandate granted by the Climate Change Act, the Ministry adopted [Carbon Market Regulations](#) in 2024. The Regulations provide more details on the institutional framework, the procedure of developing carbon market activities, benefit sharing arrangements and a carbon registry. The regulations grant the Designated National Authority (DNA) the mandate to issue guidance on operationalizing Art. 6 of the Paris Agreement, eligibility of projects and keep and update list of carbon standards that are recognised by Kenya to be used to develop carbon projects in the country.

In addition, Kenya realised two draft regulations for public consultation in 2025: carbon trading and carbon registry. These regulations will provide more detail on Article 6 country engagement, as well as the architecture and procedures of the national registry.

The government already appointed the National Environmental Authority as the DNA.

#### Zimbabwe

Pursuant to Section 140 of [Zimbabwe's Environmental Management Act](#), the Minister responsible for Climate Change Management issued the [Carbon Trading \(General\) Regulations 2025](#), which impose requirements for carbon trading, establishes institutional arrangements led by the Zimbabwe Carbon Markets Authorities, prescribe requirements and procedures for implementing projects and obtain registry under the national carbon registry, and fees and levy structure.

#### The Bahamas

The Bahamas enacted the [Climate Change and Carbon Markets Initiatives Act](#) which regulates carbon market activities. The Act addresses issues such as ownership of carbon credits, institutional framework, requirements for implementing carbon market activities and the countries' participation in both the VCM and Article 6. It also grants the Prime Minister the power to make regulations on carbon markets.

Pursuant to the mandate granted by the Act, The Prime Minister issued the [Carbon Markets and GHGs Regulation](#), which provides the procedure for trading carbon credits, process of approving bilateral and multilateral agreements among others.

#### Uganda

Uganda has established a legal framework to regulate voluntary carbon markets and Article 6 market-based mechanisms. This framework comprises the [National Climate Change Act, 2021](#), as well as the [National Climate Change \(Climate Change Mechanisms\) Regulations, 2025](#). These regulations facilitate the development of carbon projects and include provisions for ITMO authorisation. The prevailing regulations require project proponents to submit a benefit-sharing plan for project approval. The framework imposes fees for carbon market activities, including project approval fee and corresponding adjustment fee. Comprehensive implementation guidelines have not yet been finalized, which currently precludes the completion of Article 6 authorisation.

#### Tanzania

Tanzania has an [Environmental Management Act](#), which was amended in 2024. The Act establishes a governance structure, requirement and templates for requesting registration of projects and authorization of ITMOs; prescribes a fee and levy structure, including a mandatory revenue-sharing mechanism.



In addition, Tanzania issued the [Environmental Management \(Control and Management of Carbon Trading\) Regulations](#) and its [amendment](#) address issues such as carbon rights, requirements and procedures for carbon project development, and institutional framework.

India's [Energy Conservation Act](#) is the country's main legal framework on carbon markets. It allows the government to establish a carbon credit scheme. Based on the Act, the government adopted a [Carbon Credit Trading Scheme 2023](#), which encompasses two mechanisms: (i) compliance, which allows obligated entities to sell and purchase emissions allowances, and (ii) offset, which allows non-obligated entities to register mitigation activities for issuance of carbon credit certificates.

#### India

The government has issued [detailed procedures for implementing offset](#) and compliance mechanisms of the CCTS. For the offset mechanism, the government has set up its crediting mechanism under which projects in approved sectors can be registered and issued with carbon credit certificates.

Carbon credits issued under the national crediting mechanism can be authorised under Article 6.2 for international transfer as long as they are listed in activities eligible for Article 6.2 authorisation. The government has also published a list of activities eligible for trading of carbon credits under Article 6.2 and Article 6.4.

#### Peru

Peru has a legal framework composed of the Framework Law on Climate Change and the RENAMI supreme decree. The [RENAMI Decree](#) establishes essential aspects for the development of mitigation measures under the voluntary market and cooperative approaches of Article 6.2. It includes an institutional framework led by the Ministry of Environment; detailed requirements and procedures for the registration of mitigation actions; establishes the authorization of ITMOs and allows their use for compliance with another country's NDC, other international purposes (e.g. CORSIA), and other uses allowed under the Paris Agreement; compliance with environmental and social safeguards is required and regulated.

#### Honduras

Honduras has a special [law on forest carbon transactions for climate justice](#) in place since 2023. This law includes provisions for obtaining authorizations for ITMOs generated in forestry sector projects or programs. The Law establishes a general procedure for carbon transaction authorizations, which will be applicable to ITMO authorizations. It also establishes a governance framework for forest carbon markets. The National Commission for Carbon Transactions will be in charge of authorizing ITMOs. The country designated the Secretariat of Natural Resources and Environment (SERNA) as its Designated National Authority (DNA).