

SPECIAL ISSUE

1187

Kenya Gazette Supplement No. 105

17th May, 2024

(Legislative Supplement No. 40)

LEGAL NOTICE No. 84

THE CLIMATE CHANGE ACT

(Cap. 387A)

THE CLIMATE CHANGE (CARBON MARKETS) REGULATIONS,
2024

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THE CLIMATE CHANGE ACT

(Cap. 387A)

IN EXERCISE of the powers conferred by sections 23A(2), 23E(9) and 23I of the Climate Change Act, the Cabinet Secretary for Environment, Climate Change and Forestry makes the following Regulations—

THE CLIMATE CHANGE (CARBON MARKETS) REGULATIONS,
2024

PART I—PRELIMINARY

1. These Regulations may be cited as the Climate Change (Carbon Markets) Regulations, 2024. Citation.

2. In these Regulations unless the context otherwise requires— Interpretation.

“annual social contribution” means sharing of annual benefits accruing from carbon projects;

“community carbon project” means a carbon project undertaken on community land;

“community development agreement” means an agreement which outlines the relationships and obligations between the proponents of a project and the community in public and community land where the project is being developed;

“compliance carbon market” means the regulated market where carbon credits that represent certified emissions removals or reductions of greenhouse gases in the atmosphere are traded;

“land-based carbon project” means any project that involves activities related to land use, land management and ecosystem conservation or restoration that is aimed at reducing greenhouse gas emissions or enhancing carbon sequestration;

“non-land based carbon project” means any activity that reduces greenhouse gas emissions or remove carbon dioxide from the atmosphere and employ technologies that do not require land for their execution and include household or institutional green technologies such as hand-held solar lighting devices, energy efficient cookstoves, water purification devices, electric-powered or green transport;

“ongoing carbon project” means a carbon project that is operational in Kenya and was developed before the commencement of these Regulations;

“private carbon project” means a non-land-based carbon project where a private entity is the project proponent or a land-based project where the project is on private land;

“public carbon project” means either a land-based carbon project undertaken on public land or a non-land-based carbon project where a public entity is the project proponent;

“project area” means the geographical area described in a project concept note and project design document within which the carbon project takes place or is proposed to take place;

“Registrar” means the National Registrar under regulation 11;

“sector Cabinet Secretary” means a Cabinet Secretary responsible for matters related to any of the following sectors—

- (a) energy;
- (b) transport;
- (c) agriculture;
- (d) forestry and land use;
- (e) industrial processes and product use; or
- (f) waste; and

“voluntary carbon market” means a market where private investors, governments, non-governmental organizations, and businesses voluntarily buy and sell carbon credits that represent certified emissions removals or reductions of greenhouse gases in the atmosphere.

3. The object of these Regulations is to—

Object of the
Regulations.

- (a) provide a framework for implementation of carbon projects;
- (b) create incentives to support greenhouse gases emissions reduction and removal targets in line with Nationally Determined Contribution; and
- (c) provide guidance on the annual social contribution for carbon projects.

4. These Regulations shall apply to participation in—

Application.

- (a) voluntary carbon markets; and
- (b) compliance carbon markets.

5. The implementation of carbon markets under these Regulations shall ensure that—

Carbon markets
principles.

- (a) each transaction in a carbon project results in the additional reduction or removal of greenhouse gas emissions;
- (b) mitigation outcomes reported under these Regulations are accounted for in tonnes of carbon dioxide equivalent;

- (c) emissions from carbon projects are kept out of the atmosphere for a reasonable length of time in accordance with the relevant carbon standards;
- (d) emission reductions and removals are carefully recorded and documented for each offset scheme; and
- (e) each carbon project adheres to environmental integrity.

6. The Designated National Authority shall, upon request by a project proponent, apply corresponding adjustments to carbon projects under these Regulations to ensure that there is no double counting of mitigation outcomes.

Prohibition
against double
counting.

PART II—GOVERNANCE AND INSTITUTIONAL FRAMEWORK

7. The Designated National Authority appointed under section 8(2A) of the Act shall—

Designated
National
Authority.

- (a) provide key information to project proponents in carbon projects;
- (b) consider and make determinations on carbon project concept notes and issuance of letters of no objection;
- (c) issue letters of approval to project proponents;
- (d) receive and submit project design documents to the *ad hoc* committee for consideration;
- (e) monitor registered carbon projects and project proponents' compliance with these Regulations;
- (f) provide guidance to project proponents on operationalizing Article 6.2 of the Paris Agreement on cooperative approaches;
- (g) provide guidance on the rules, modalities and procedures of Article 6.4 of the Paris Agreement, including approval and authorisation of activities and the project proponents;
- (h) provide guidance on the application of corresponding adjustments and project eligibility;
- (i) keep and update a list of recognised carbon standards; and
- (j) appoint project specific *ad hoc* committees to review project concept notes and project design documents.

8. The Climate Change Directorate established under section 9 of the Act shall, in addition to the functions provided under the Act—

Climate Change
Directorate.

- (a) advise the government on measures and the control of carbon market activities being carried out by stakeholders in order to ensure compliance to these Regulations;

- (b) co-ordinate and mobilize sectoral stakeholders for the effective control and management of carbon markets;
- (c) co-ordinate public participation and awareness on carbon markets; and
- (d) facilitate research on carbon markets.

9. (1) There is established a multi-sectoral technical committee consisting of membership drawn from ministries, counties, departments and agencies comprising of all sectors of the Intergovernmental Panel on Climate Change to provide technical advice to the Designated National Authority on carbon project assessment.

Multi-sectoral
technical
committee.

(2) The members of the multi-sectoral technical committee established in sub-regulation (1) shall be nominated by the respective sector Cabinet Secretaries and the Council of Governors.

(3) A member nominated to the multi-sectoral technical committee shall—

- (a) possess technical expertise in—
 - (i) energy;
 - (ii) transport;
 - (iii) agriculture;
 - (iv) forestry and land use;
 - (v) industrial processes and product use; or
 - (vi) waste sector;
- (b) meet the requirements of Chapter Six of the Constitution.

(4) The Cabinet Secretary shall, through a notice in the *Gazette*, appoint the members nominated under sub-regulation (2).

(5) The Cabinet Secretary shall review the membership of the multi-sectoral technical committee, once every three years.

10. (1) The Designated National Authority shall appoint project specific *ad hoc* committees of not more than five members drawn from the multi-sectoral technical committee established under regulation 9.

Ad hoc
committees.

(2) The ad hoc committee shall perform the following functions—

- (a) review project design documents and provide recommendations to the Designated National Authority; and
- (b) provide technical advice to the Designated National Authority on carbon projects.

(3) Members of the *ad hoc* committee shall be paid such allowances as may be determined by the Designated National Authority in consultation with the Salaries and Remuneration Commission.

PART III—CARBON REGISTRY

11. The head of the Designated National Authority shall be the National Registrar of the National Carbon Registry established under section 23G of the Act. National Registrar.
12. The National Registrar shall perform the following functions— Functions of the Registrar.
- (a) keep, maintain and update the registers provided for under section 23G(3) of the Act;
 - (b) implement measures to ensure the confidentiality of information collected under these Regulations; and
 - (c) submit to the Cabinet Secretary, quarterly reports of the information maintained in the register under section 23G(3) of the Act.
13. (1) The Designated National Authority shall maintain and update registries of all carbon projects in the following sectors— Sector carbon registries.
- (a) energy;
 - (b) transport;
 - (c) agriculture;
 - (d) forestry and land use;
 - (e) industrial processes and product use; and
 - (f) waste.
- (2) The registries of the sectors under sub-regulation (1) shall be headed by sector Registrars who shall be appointed by the Cabinet Secretary.
14. A sector Registrar shall perform the following functions— Functions of a sector Registrar.
- (a) keep, maintain and update a sector register of their respective carbon projects;
 - (b) implement measures to ensure the confidentiality of information collected under these Regulations; and
 - (c) submit to the Registrar, quarterly reports of the information maintained in the sector register established in sub-regulation (1).

PART IV—CARBON MARKETS

15. Each carbon credit shall be traded in accordance with the provisions of section 23C of the Act. Carbon trading.
16. Each carbon project authorised under the Act and these Regulations shall— Carbon project requirements.

- (a) comply with the provisions of the Act and these Regulations;
- (b) adhere to sector specific standards and safeguards;
- (c) be subject to certification and validation by an independent auditor before the project starts;
- (d) be subject to verification of each project result by an independent auditor;
- (e) be in line with national policies, laws and strategies;
- (f) indicate if the project shall contribute to the Nationally Determined Contribution;
- (g) indicate the ownership of the property involved in the project and where the property is owned by a third party, provide agreements demonstrating the property owner's consent for use of the property in the carbon project;
- (h) provide community development agreements where the carbon project is undertaken on public or community land;
- (i) involve local communities in the project conceptualization and development in public and community land-based carbon projects;
- (j) adhere to national priorities, ecological, social, cultural and economic safeguards;
- (k) indicate expected employment creation by the project;
- (l) provide documentation of free, prior and informed consent for all community land-based carbon projects;
- (m) provide a letter of support from the respective county where the carbon project shall be undertaken;
- (n) describe how the project ensures environmental integrity; and
- (o) indicate how the project will contribute to sustainable development and alleviation of poverty.

17. A project proponent shall—

Eligibility of a project proponent.

- (a) be a legal entity;
- (b) possess the financial capacity to undertake a carbon project;
- (c) demonstrate relevant knowledge and expertise in undertaking carbon projects; and
- (d) adhere to all applicable legal requirements necessary for the operation of carbon projects.

18. (1) A project proponent shall disclose to the Designated National Authority the relevant carbon project information including—

Obligations of a project proponent.

- (a) the project costs;
- (b) expected emission reductions or removals at the carbon project application stage;
- (c) verified emission reductions and removal and estimated revenues at issuance; and
- (d) adherence to all applicable legal requirements in operating carbon projects.

(2) A project proponent who knowingly or willfully fails to provide information under sub-regulation (1) or under-values the estimated revenue commits an offence and shall be liable to the penalty provided under section 33(1A) of the Act.

19. (1) Pursuant to section 23D of the Act, each carbon project shall be required to undergo an environmental and social impact assessment.

Environmental
and social impact
assessment.

(2) Despite sub-regulation (1)—

- (a) each ongoing carbon project shall be required to undertake an environmental audit; and
- (b) each carbon project shall adhere to sector specific standards and safeguards.

20. (1) Each carbon project shall, prior to commencement, be subject to certification of international standards by a recognized international body and validation by an independent auditor and each result shall be verified for compliance with the Act and these Regulations.

Certification,
validation and
verification.

(2) A project proponent that contravenes this regulation commits an offence.

PART V—PROCEDURES FOR DEVELOPING CARBON PROJECTS

21. (1) A project proponent who wishes to engage in a carbon project shall apply to the Designated National Authority for approval of the carbon project.

Application for a
carbon project.

(2) The application made under sub-regulation (1) shall be—

- (a) in Form PCN set out in the First Schedule;
- (b) accompanied by minutes of the proponent's meeting approving the project; and
- (c) accompanied by the fees specified in the Second Schedule.

(3) Where the Designated National Authority is satisfied that the project proponent has fulfilled the requirements for approval under the Act and these Regulations, the Designated Authority shall within

fourteen days of receipt of the application, issue a letter of no objection in the manner set out in the Third Schedule, to the project proponent.

(4) Where the Designated National Authority declines an application under sub-regulation (1), the Designated National Authority shall within fourteen days of such decision—

- (a) notify, in writing, the project proponent of the refusal; and
- (b) provide reasons for such refusal.

(5) The Designated National Authority may decline an application under sub-regulation (1) where the—

- (a) particulars provided in the application are incomplete;
- (b) appropriate safeguards for environmental protection have not been provided; and
- (c) project proponent is in violation of any provision of the Act and these Regulations.

(6) Where the Designated National Authority declines an application due to incomplete particulars under sub-regulation (5)(a), the Designated National Authority shall, in writing, request the project proponent to provide any missing particulars within sixty days of the decision.

(7) Where the project proponent fails to submit the particulars requested under sub-regulation (6) within the stipulated time, the Designated National Authority shall cancel the application.

22. (1) A project proponent shall, within twelve months of obtaining the letter of no objection under regulation 21(3), develop a project design document and submit the project design document to the Designated National Authority.

Project design document.

(2) Subject to sub-regulation (1), the project proponent may, through a written notice to the Designated National Authority, request for an extension of time, stating the reasons for delay to develop and submit the project design document.

(3) The Designated National Authority may grant an extension of time of not more than twelve months to the project proponent to develop and submit the project design document after being satisfied with the reasons provided for the extension.

(4) The project design document submitted under this regulation shall be accompanied by the following—

- (a) the requisite national and county government approvals;
- (b) a stakeholder report;
- (c) a community development agreement for land-based carbon projects on public and community land in the manner set out in the Fourth Schedule;

- (d) a project validation report; and
- (e) the fees set out in the Second Schedule.

(5) The project design document shall provide—

- (a) a detailed description of the project activity;
- (b) a detailed description of the baseline and monitoring methodology; and
- (c) the carbon credit period.

(6) The project design document submitted under this regulation shall comply with the project design document requirements of the applied accepted carbon standard.

(7) The Designated National Authority shall within seven days upon receipt of the project design document, submit the project design document to the *ad hoc* committee for recommendation.

(8) The *ad hoc* committee shall within thirty days of receipt of the project design document submitted under sub-regulation (7), review and submit its recommendation to the Designated National Authority.

(9) The Designated National Authority shall, within fourteen days of the receipt of the report and recommendations of the *ad hoc* committee—

- (a) with the concurrence of the Cabinet Secretary, approve and issue a letter of approval to the project proponent as provided in the Fifth Schedule upon payment of the administrative fees specified in the Second Schedule; or
- (b) reject the project, setting out the reasons in writing.

23. (1) A project proponent may request the Designated National Authority for authorisation of international transfer of mitigation outcomes as provided in the Sixth Schedule. Authorisation.

(2) Upon receipt of the request under sub-regulation (1), the Designated National Authority may, with the approval of the Cabinet Secretary, authorise the international transfer of mitigation outcomes in the manner set out in the Seventh Schedule.

24. (1) A project proponent undertaking a carbon project shall, within twelve months of receipt of the letter of approval, commence the implementation of the carbon project activities. Commencement of a carbon project.

(2) Despite sub-regulation (1), where a project proponent undertaking a carbon project is unable to commence implementation of the project activities within the time stipulated under sub-regulation (1) the project proponent may—

- (a) request for additional time to commence the implementation of the project activities; or

- (b) issue a notice to the Designated National Authority withdrawing its intent to continue with the project.
25. A project proponent whose project has received an issuance from a recognised standards body shall, within fourteen days of receipt, notify the Designated National Authority of the issuance in the manner set out in the Eighth schedule. Issuance.
26. (1) A project proponent shall prepare and submit to the Designated National Authority an annual progress report as set out in the Ninth Schedule. Progress report.
- (2) A project proponent who fails to submit the report under sub-regulation (1) commits an offence.
27. The Designated National Authority may cancel an approved and authorised project— Cancellation of approval.
- (a) for failure to commence the project activities within the stipulated time where it is a public carbon project;
 - (b) for non-compliance with the project requirements set out in these Regulations;
 - (c) where the project proponent voluntarily cancels the project by submitting an official written notice;
 - (d) where the approval or authorisation was obtained through fraud or misrepresentation;
 - (e) where the continued operation of the project activity is or is likely to be injurious to the environment or human health; or
 - (f) where the project proponent knowingly or willfully withholds information or provides misleading information.
28. (1) Where a project proponent is required to enter into a Community Development Agreement with more than one community in a county, it shall enter into a separate agreement with each community in that county. Multiple community development agreements.
- (2) Where a carbon project spans more than one county, the project proponent shall have a separate Community Development Agreement with each community in the different counties.
29. (1) The annual social contribution to the community in carbon projects on public and community land shall be as provided in section 23E(5) of the Act: Annual social contribution.
- Provided that the annual social contribution for—
- (a) land-based projects shall be at least forty per centum of the aggregate earnings of the previous year less cost of doing business; and

- (b) non-land-based projects shall be at least twenty-five per centum of the aggregate earnings of the previous year less cost of doing business.

(2) The annual social contribution shall be included in the Community Development Agreement set out in the Fourth Schedule.

(3) A private carbon project on private land shall not be required to disburse the annual social contributions under section 23E(5)(b) of the Act.

(4) The management and disbursement of the benefits for the community shall be undertaken by a community project development committee in the manner set out in the Community Development Agreement.

30. The Designated National Authority shall remit into the Climate Change Fund—

Funds to be paid into the Climate Change Fund.

- (a) fifty per centum of the corresponding adjustment fees set out in the Second Schedule; and
- (b) twenty-five per centum of the aggregate earnings payable for non-land-based carbon projects.

PART VI—GENERAL PROVISIONS

31. Any dispute arising under these Regulations shall be resolved in the manner provided under section 23H of the Act.

Dispute resolution.

32. (1) A person who obtains information in the performance of their duties under these Regulations, shall not disclose any information classified as confidential to an unauthorised person.

Confidentiality.

(2) A person who contravenes the provisions of sub-regulation (1) commits an offence and shall be liable, on conviction, to a fine of not exceeding twenty thousand shillings or to imprisonment for a period not exceeding six months or to both.

(3) Nothing under this Regulation shall prohibit a person from disclosing information to another person so far as it is required or permitted under these Regulations or any written law.

33. Where any damage to the environment or to human health is caused by a carbon project, the project proponent responsible for that particular carbon project shall be liable for the damage caused.

Liability.

34. (1) A project proponent shall not transfer a letter of no objection or a letter of approval for a carbon project issued under these Regulations unless—

Non-transferability.

- (a) a transfer is required upon change of control or full transfer of ownership of the project proponent; and

- (b) the proposed new project proponent meets the requirements under these Regulations.

(2) Where a project proponent transfers a letter of no objection or a letter of approval under this regulation, the person to whom it is transferred to and the person transferring shall jointly notify the Designated National Authority in writing of the transfer, not later than thirty days after the transfer.

(3) Where no joint notification of a transfer is given in accordance with sub-regulation (2), the registered holder of the letter of no objection or a letter of approval shall be deemed, for the purposes of these Regulations to be the project proponent.

(4) A transfer of a letter of no objection or a letter of approval under this regulation shall take effect on the date the Designated National Authority approves the transfer.

(5) A person who contravenes any provisions of this regulation commits an offence.

35. (1) Subject to section 26 of the Act, the Cabinet Secretary may in consultation with the Cabinet Secretary responsible for finance, provide fiscal incentives to project proponents to support the development of carbon projects.

Fiscal and non-fiscal incentives.

(2) The Cabinet Secretary may provide non-fiscal incentives to support the development of carbon projects.

36. The Cabinet Secretary may issue operational guidelines for the effective implementation of these Regulations.

Guidelines.

37. A person who contravenes the provisions of these Regulations for which no specific penalty has been provided under these Regulations or any other written law, commits an offence and shall be liable on conviction, to a fine of not exceeding twenty thousand shillings or to imprisonment for a term not exceeding six months or to both.

General penalty.

38. A project proponent engaged in a carbon project before the coming into operation of these Regulations, shall comply with the provisions of these Regulations within two years of commencement of these Regulations:

Transition.

Provided that an ongoing carbon project shall undertake an environmental audit within six months of commencement of these Regulations.

SCHEDULES

FIRST SCHEDULE

FORM PCN (r.21(2)(a))

PROJECT CONCEPT NOTE1. *General Information*

Title of Project.....

Project Application Reference Number.....

(to be inserted by the DNA)

Date of Application:

Type of project.....

(Tick as appropriate)

(a) Energy

(b) Transport

(c) Agriculture, Forestry, and Land Use (AFOLU)

(d) Industrial Processes and Product Use (IPPU)

(e) Waste

(f) Others *(provide details below)*

.....

2. *Project Details:*

(a) Project description

(b) Location

(i) County

(ii) Sub County

(iii) Ward

(c) Site (Precise GPS Coordinates):

(d) Size *(land area for land-based projects and No. of Units for non-land-based Projects)*;

(e) Objectives:

(f) Proposed activities

(g) Full Name and type of stakeholders

(e.g. Mary Peterson – Women Group), attach list where necessary:.....

-
- (h) Timeline
 - (i) Budget
 - (j) Linkage to national priorities
3. Is the project proponent the Proprietor?
- (a) Yes.....
 - (b) No..... (*Attach a letter from the Proprietor authorising the proponent to proceed with the project*)
 - (c) If neither, explain.....
4. Project proponent seeking approval
- (a) Name:
 - (b) Address:
 - (c) Contact Person:.....
 - (d) Email and Web Address:
 - (e) Telephone:.....
 - (f) Organizational category (*Tick as appropriate*)
 - (i) National Government (*Ministries, Departments and Agencies*)
 - (ii) County Government
 - (iii) Private (*individual, company-include registration documents*)
 - (iv) Civil Society Organization (*include registration documents*)
 - (v) Other (*provide details and documentation*)
 - (g) Other function(s) of the project proponent in the project (*Choose one or more*)
 - (i) Sponsor
 - (ii) Intermediary
 - (iii) Technical advisory
 - (h) Summary of Relevant Experience
5. Details of Proprietor
- (a) Name:
 - (b) Address:
 - (c) Contact Person:
 - (d) Email and Web Address:
 - (e) Telephone:
 - (f) Organizational category (*Tick as appropriate*)

-
- (i) National Government (Ministries, Departments and Agencies)
 - (ii) County Government
 - (iii) Private (individual, company)
 - (iv) Civil Society Organization
 - (v) Other (*provide details*)
6. Project sponsor(s) or upfront buyer financing the project (*List and provide the following information for all project sponsors/upfront buyers*)
- (a) Name:
 - (b) Address:
 - (c) Contact Person:
 - (d) Email and Web Address:
 - (e) Telephone:
 - (f) Organizational category (*Tick as appropriate*)
 - (i) National Government (Ministries, Departments and Agencies)
 - (ii) County Government
 - (iii) Private (individual, company)
 - (iv) Civil Society Organization
 - (v) Other (*provide details*)
7. Greenhouse Gases:
- (a) Provide details of the Greenhouse Gases targeted by the Project
.....
 - (b) Provide details of the Greenhouse Gas quantities to be reduced or removed by the Project
8. Proposed Project Management and Governance Structure:
.....
9. Timeframe:
- (a) Expected Start Date:.....
 - (b) Base Year of the first expected carbon credits:
 - (c) Project lifetime:.....
10. Baseline Scenario (description of the current status if the emission removal or reduction activities are not implemented)
11. Expected carbon credits per annum:
12. Expected Environment and socio-economic benefits:
13. Carbon Standard(s) to be used:.....

Project Costs:

- (a) Preparation Costs:
- (b) Establishment Costs:
- (c) Other costs (*explain*):
- (d) Total project costs.....

14. Projected proceeds:

15. Attach Project's Environmental and Social Impact Assessment Report and Reduced Emissions from Deforestation and Forest Degradation Safeguards Standards Assessment Report (where applicable) as required under Section 23D of the Climate Change Act.

Declaration

I.....do hereby declare that the information provided in this application are true to the best of my knowledge.

Name:.....

Qualification:.....

Signature:.....

Date:.....

Witnessed by

Name:.....

Qualification:.....

Signature:.....

Date:.....

For Official Use:

Registration Number.....

SECOND SCHEDULE

FEES

(r. 21(2)(c), 22(4)(e), 22(9)(a), 30(a))

A. Carbon Project Application Fees

S/N	Type of Fee	Amount charged (Kshs)
1	Carbon Project Application Fee (Citizen)	10,000
2	Carbon Project Application Fee (Non-Citizen)	100,000

B. Carbon Project Design Document Fees

S/N	Type of Fee	Amount charged (Kshs)
1	Carbon Project Design Document Fee (Citizen)	100,000
2	Carbon Project Design Document Fee (Non-Citizen)	200,000

NOTE:

- (a) a body corporate shall be regarded as a citizen only if the body corporate is wholly owned by one or more citizens; and
- (b) a body corporate held in trust shall be regarded as being held by a citizen only if all of the beneficial interest of the trust is held by persons who are citizens.

C. Administrative Fees

S/N	Type of Fee	Amount charged (Kshs)
1	Administrative Fee	Upon the Designated National Authority approval of the project design document: (a) A carbon project with projected annual issuance of 15,000 carbon credits per annum or less- KES 150,000 (b) A carbon project with projected annual issuance of more than 15,000 carbon credits per annum - KES 300,000 <i>The fixed administrative fee paid by a project proponent will be deducted from the administrative fee payable by a project proponent at first issuance.</i>

		Upon Issuance To be paid within thirty days following the sale of the issued carbon credits: (a) The Kenya Shilling equivalent of USD 0.10 per carbon credit issued for the first 15,000 tonnes of CO₂ equivalent for which issuance is requested in a given year. (b) The Kenya Shilling equivalent of USD 0.20 per carbon credit issued for any amount in excess of 15,000 tonnes of CO₂ equivalent for which issuance is requested in a given year.
2.	Corresponding Adjustment Fees	The Kenya Shilling equivalent of USD 4 per unit of Internationally Transferred Mitigation Outcome

THIRD SCHEDULE

LETTER OF NO OBJECTION (r.21(3))

Our Ref:

Date.....

Address of the proponent(s).....

RE: Letter of No Objection (LNO) for project titled

Reference is made to the above captioned subject and the Project Concept Note reference No.....

1. The Designated National Authority received and considered the project concept note.
2. This is to inform that this office—
 - (a) Has no objection to the proposed project as prescribed in the concept note.
 - (b) The registration number for the project shall be made available for public notice as appropriate.

Dated.....20....

FOR DESIGNATED NATIONAL AUTHORITY

FOURTH SCHEDULE (r.22(4)(c))
 COMMUNITY DEVELOPMENT AGREEMENT
 BETWEEN
COMMUNITY INCOUNTY
 AND

(PROJECT PROPONENT) A. STATEMENT OF AGREEMENT

This Community Development Agreement (hereinafter referred to as the “CDA”), is made on this..... day of 20..... betweenof P.O. Box(include physical address) (which shall include its successors and assigns where the context so admits) hereinafter referred to as the “project proponent”) of the one part, and Community in County of P.O. Box(hereinafter referred to as the “Community” and represented by the members of the Community Development Agreement Committee) and whose respective definition and composition are as set out in the Interpretation Section of this Agreement, on the other part.

WHEREAS

1. The Community is an affected community;
2. The Community Development Agreement Committee (hereinafter the “Committee”) forcommunity in County was formed through(e.g. registration, gazette notice);
3. The Project Proponent has conducted consultations with the Community in accordance with the laws of Kenya and the requirements of the applicable carbon standard, and obtained their free, prior, and informed consent (FPIC), to design and implement the carbon project. The Project Proponent's community consultation process and FPIC report is annexed to this CDA.
4. The Committee has conducted consultations with the Community in accordance with the laws of Kenya and the requirements of the applicable carbon standard and obtained their free, prior, and informed consent to this CDA, and the CDA's content is consistent with the community's consent. The Committee's consultation process is annexed to this CDA (*attach record of meetings*).

NOW THEREFORE

In consideration of the mutual conditions contained in this Agreement, the Project Proponent and the Community HEREBY AGREE as follows:

1. Interpretation Section

In this Agreement, unless the context otherwise requires-

“Administrative Expenses” has the meaning given in clause 21(2)(b);

“Administrative Expenses Account” has the meaning given in clause 21(2)(b) and 21 (4);

“Affected community” shall have the meaning implied in the definition of the word “stakeholder” in the interpretation section of the Climate Change Act in respect of carbon projects;

“Aggregate earnings” shall have the meaning given in the Climate Change Act.

“Community” for purposes of this Agreement is made up of the Community in County;

“Community Projects Development Costs” has the meaning given in clause 21(2) (a)

“Community Projects Development Expenses Account” has the meaning given in clause 21(2)(a) and 21 (4)

“Committee” refers to the (*insert name of community*) CDA Committee;

“Financial year” means the 12-month period commencing on the day of signing this Agreement;

“Parties” refers to the Project Proponent and the Community;

2. Commencement and duration of the Agreement

This Agreement commences immediately upon the signing of this Agreement by the Parties and shall be in force for the Productive Life of the Carbon Project.

3. Mutual Understanding

- (1) The Project Proponent commits to the sustainable economic and social development of the Community and its environs by complying with this Agreement.
- (2) The Project Proponent shall, at all times, reasonably promote peace and harmony between itself and the Community.
- (2) The Community commits to discussions and consultations with the Project Proponent on issues of mutual interest arising under this Agreement and, at all times, reasonably promote peace and harmony between itself and the Project Proponent.
- (3) The Parties herein agree to abide by the principles of openness and the sharing of information that will enable them to understand each other’s perspectives on issues of mutual interest arising under this Agreement.
- (4) The Parties hereby further agree to take steps to maintain trust, sustain good working relations and resolve challenges arising from the implementation of development projects under this Agreement and other conflicts through negotiations and discussions in accordance with this Agreement.

4. Objectives of the Agreement

The objectives of this Agreement are to:

1. Implement projects that contribute to the sustainable development of the Community;
 2. Provide the Community with the opportunity to participate in the Project Proponent's decisions and plans that may affect Community development in its environs;
 3. Set out the key principles and directions on how the Parties will work together for their mutual benefit;
 4. Provide a clear, transparent and explicit statement of the commitments of the Parties herein;
 5. Define the key issues that the Parties intend to address; and
 6. Provide a platform for Parties to deliberate on the implementation of the Agreement herein.
5. Nature of the Agreement
- (1) This document sets forth the Parties' agreement regarding community development initiatives for the Community.
 - (2) The Parties further confirm that this Agreement has been prepared solely to record the mutual understandings reached after extensive negotiations.
6. Guiding Principles
- This Agreement shall be guided by the following principles:
- (a) sustainable development;
 - (b) transparency and accountability;
 - (c) effectiveness and efficiency;
 - (d) social justice;
 - (e) inclusiveness;
 - (f) equity;
 - (g) equality;
 - (h) value for money;
 - (i) non-discrimination.
7. Obligations of the Community
- (1) Cooperate with the Project Proponent and mobilize social capital;
 - (2) Provide any relevant information to aid the CDA Projects implementation; and
 - (3) Follow up on CDA project implementation and raise any concerns with the relevant Parties.
8. Obligations of the Project Proponent

- (1) Make payments of the annual social contribution in each financial year, towards community development projects as provided in the Climate Change Act and these Regulations;
- (2) Provide an annual report to the Committee setting out the project Proponent's annual aggregate earnings for the applicable financial year in accordance with this Agreement; and
- (3) Prepare an annual report of the annual social contribution paid to the community for their benefit with specifics on amounts disbursed for administrative expenses and community projects development, for the applicable financial year in accordance with this Agreement.

B. GOVERNANCE FRAMEWORK

9. The Community Development Agreement Committee

(1) The Committee shall have oversight responsibility for implementing this Agreement.

(2) The Committee shall always maintain an odd number of members and shall comprise the following:

- (a) a county government representative appointed by the Governor;
 - (b) a national government representative in charge of administration in the county;
 - (c) one representative of women elected by the community;
 - (d) two representatives of the village elders of either gender elected by the community;
 - (e) two representatives of the youth of either gender elected by the community;
 - (f) one representative elected by civil society organisations working in the area of climate change in the County;
 - (g) one representative of marginalised groups, ethnic and other minorities elected by the community;
 - (h) one representative of persons with disability elected by the community; and
 - (i) one representative of the Project Proponent.
- (3) The Committee members shall at the first meeting of the Committee elect the Chairperson and Secretary from among the members.
 - (4) The position of Chairperson or Secretary shall not be held by persons occupying a political office such as the Governor or his representative.
 - (5) Where the carbon project is on community land, and the community has elected its Community Land Management Committee members in accordance with the Community Land Act, the members of the Community Land Management Committee who are elected taking into account geographical considerations, cultural diversity, two third gender

rule, special interests, youth and persons with disabilities, shall be the representatives of the community in the CDA Committee.

10. Functions of the Committee

The Committee shall—

- (a) monitor and evaluate compliance with the terms of this Agreement;
- (b) provide a platform for the Community to debate whether the use of revenues provided by the Project Proponent to fund programmes under the Agreement conform to the development priorities of the Community;
- (c) provide adequate notice to a media accessible to the Community before it conducts a consultation exercise;
- (d) facilitate continuous engagement and serve as the link between the Community and the Project Proponent on relevant issues pertaining to Community development;
- (e) review existing development priorities by the National and County Government and develop an action plan to implement CDA priorities in recognition of development projects underway or planned by said governments. Parties acknowledge that such review had already been undertaken and action plan developed prior to the date of this Agreement, with the outcome of both being the projects specified in Schedule 5 to this Agreement;
- (f) together with the Project Proponent, ensure there are transparent and accountable systems in place by maintaining clear and up to date records;
- (g) prepare quarterly written reports on status of implementation of the community development projects and amounts paid. The quarterly report shall include the nature of the payment, amount paid, names of the recipients, attestation by the Chairperson that the details in the report are true and accurate;
- (h) sensitize the community on the projects agreed to be implemented under this Agreement;
- (i) engage with the County and National government in implementation of development projects;
- (j) settle all disputes that may arise between parties to the Agreement in respect of any matter in connection with or under the Agreement according to Schedule 1 in this Agreement; and
- (k) settle any other issue, matter, grievance or complaint that is not related to the Agreement that may be raised by the Project Proponent or the Community to the Committee for resolution according to Schedule 1 in this Agreement.

11. Term of Office of the Committee Members

- (1) Every member of the Committee whose membership is by virtue of occupation of a particular office, be it political, traditional, or by

appointment under law shall continue to retain that membership until he or she ceases to occupy such position and the person who next occupies the position shall automatically replace him or her.

- (2) Every other member of the Committee shall serve for a period of three (3) years, which may be renewed once.
- (3) A member of the Committee may resign by giving thirty (30) days written notice to the Chairperson, or Secretary, in case of a resignation by the Chairperson.

12. General Meetings and Decisions of the Committee

- (1) The Committee shall meet at such time and place as the Chairperson may determine for the discharge of its business.
- (2) The Committee shall meet quarterly in each financial year.
- (3) The quorum at a meeting shall be two-thirds majority of the members.
- (4) The Committee shall determine its own procedures for every meeting.
- (5) All the Committee decisions shall be arrived at through consensus or as shall be otherwise agreed upon by all the Committee members.
- (6) The Secretary of the Committee shall take minutes of each meeting of the Committee and make such minutes available to Committee members for review and comment and reflect all reasonable comments provided by the Committee members.
- (7) Should the need arise, a special meeting(s) of the Committee may be convened in consultation between the Parties. Any such meeting shall have a clear statement of matters to be discussed.
- (8) The Committee may invite any person(s) or representative(s) of any organization or body to attend its meetings to participate based on expertise.
- (9) After every general meeting, the Committee shall submit a quarterly report.

13. Sub-committees of the Committee

- (1) The Committee shall constitute the following sub-committees for the effective and efficient execution of its mandate:
 - (a) the Monitoring, Evaluation and Reporting sub-committee; and
 - (b) the Grievance Resolution sub-committee.
- (2) The Parties agree that the number of meetings of both sub-committees shall not exceed fifteen (15) in total in each financial year.
- (3) Each sub- committee shall elect a Chairperson and Secretary.
- (4) The Secretary shall take minutes of each meeting of that sub-committee and must make the minutes so taken available to the other members for review and comment and reflect all reasonable comments provided by such other members.

14. The Monitoring, Evaluation and Reporting sub-committee

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- (1) There shall be a Monitoring, Evaluation and Reporting Sub-Committee of the Committee.
 - (2) The composition of the Monitoring, Evaluation and Reporting Sub-Committee shall be as follows:
 - (a) the Chairperson;
 - (b) the Secretary;
 - (c) five (5) other members of the Committee;
 - (d) the sub-committee shall co-opt experts, such as structural engineers, civil engineers, quantity surveyors, and others on an “as needs” basis, depending on the nature of the project to assist them in their work. The co-opted experts shall have no decision-making rights.
15. Functions of the Monitoring, Evaluation and Reporting sub-committee
- The Monitoring, Evaluation and Reporting Sub-Committee shall:
- (1) Monitor and evaluate progress on the implementation of the projects as per the monitoring sheet in Schedule 5 to this Agreement;
 - (2) Provide oversight of the Agreement’s activities including its operations, control, monitoring and evaluation;
 - (3) Ensure the projects under this Agreement are implemented in accordance with the agreed specifications and schedules as defined in the relevant contract(s);
 - (4) Provide quarterly written and oral reports to the Committee ensuring that the oral reports are presented in languages understood by all members;
 - (5) Provide guidance for those directly involved in projects to be implemented under this Agreement on project planning, implementation and management;
 - (6) Address any issue that has major implications for a project to be implemented under this Agreement; and
 - (7) Ensure the Community is adequately consulted as part of the implementation of projects under this Agreement.
16. Tenure of the Monitoring, Evaluation and Reporting Sub-Committee Members
- (1) A member of the sub-committee shall cease being a member of the committee, upon death, expiry of their term under clause 11(2) or through resignation.
 - (2) A member of the Sub-Committee may resign by giving thirty (30) days written notice to the Chairperson of the Committee.
17. Meetings and Decisions of the Monitoring, Evaluation and Reporting Sub-Committee

- (1) The sub-committee shall not convene more than eight (8) times in each financial year unless there are exceptional circumstances that warrant the holding of an additional meeting(s).
- (2) Should the need arise, a special meeting(s) of the Committee may be convened in consultation with the Parties. Any such meeting shall have a clear statement of matters to be discussed.
- (3) Pursuant to sub-paragraph (2), the additional meeting(s) shall only be convened after adequate consultations between the Parties.

18. The Grievance Resolution Sub-Committee

- (1) There shall be a Grievance Resolution Sub-Committee which shall be responsible for resolving any complaints relating to the implementation of this Agreement.
- (2) The composition of the Grievance Resolution Sub-Committee shall be as follows:
 - (a) the Chairperson;
 - (b) the Secretary;
 - (c) five (5) other members of the Committee, provided that at least one (1) of the members is a representative of the Project Proponent, and at least three (3) of the members are representatives of the community;
 - (d) the members of the sub-committee shall have capability or experience in conflict management.
- (3) The Sub-Committee shall:
 - (a) settle all disputes that may arise between the Parties in respect of any matter in connection with or under this Agreement;
 - (b) settle any other issue, matter, grievance or complaint that is not related to the Agreement that may be raised by the Project Proponent or the Community to the sub-Committee for resolution;
 - (c) manage disputes, issues, concerns, matters or grievances referred to in paragraph (a) and (b) in accordance with the procedure set out in Schedule 1 to this Agreement; and
 - (d) develop the relevant forms that are easy to use in lodging issues, grievances and disputes in respect of any matter in connection with or under this Agreement with the sub-committee.
- (4) Parties agree that where any issue of potential conflict is identified or where any conflict arises between them, they shall exercise patience and tolerance and make an attempt to resolve the issue through dialogue and negotiation so as to maintain good working relations.
- (5) Where requested by the Committee, the Project Proponent shall in consultation with the Committee assist in capacity building by providing training for people who will participate in the different aspects of conflict identification, management and resolution.
- (6) Parties agree to recognise and support the grievance resolution management mechanism.

19. Tenure of the Grievance Resolution Sub-Committee Members

- (1) A member of the sub-committee shall cease being a member of the committee, upon death, expiry of their term under clause 11(2) or through resignation.
- (2) A member of the Sub-Committee may resign by giving thirty (30) days written notice to the Chairperson of the Committee.

20. Meetings and Decisions of the Grievance Resolution Sub-Committee

- (1) The Grievance Resolution Sub-Committee shall meet at such times and places as the Chairperson of the sub-committee may decide and shall meet, whenever it becomes necessary to resolve a complaint relating to the implementation of this Agreement and referred to it as per the channels specified in Schedule 1 to this Agreement.
- (2) Should the need arise, a special sub-committee meeting(s) of the Committee may be convened in consultation between the Parties. Any such meeting shall have a clear statement of matters to be discussed.
- (3) The quorum for a meeting shall be two-thirds of the membership of the sub-committee.
- (4) Decisions shall be by consensus or as shall be agreed by the sub-committee members.

21. Financial Disbursement and Management

- (1) In each financial year, the Project Proponent shall make payments of the annual social contribution for the benefit of the community in accordance with the Climate Change Act and these Regulations.
- (2) The annual social contribution payable by the Project Proponent shall be utilized for the development of projects and Administrative Expenses under this Agreement as follows:
 - (a) payment to the Community Projects Development Account to cater for the costs incurred in connection with community projects to be implemented under this Agreement;
 - (b) payment to the Administrative Expense Account to cater for the allowances set out in this Agreement for the members of the Committee, rent for an office for the Committee and minor incidental costs associated with such office (“Administrative Expenses”); and
 - (c) payment of other costs incurred for the proper and effective functioning of the Committee and the sub-committees as agreed by parties.
- (3) Payments for the Community Projects Development costs shall comprise.....% of the annual social contribution and the Parties further agree that payments for administrative expenses shall not exceed% of the annual social contribution.
- (4) The signatories to the Administrative Expenses Account and the Community Projects Development Account shall be the Chairperson, at least one representative of the community in the Committee and any other member nominated by the Committee and in the case of community Land,

the signatories shall be community members and the accounts shall be managed in accordance with the community Land Act.

- (5) The Parties agree that the Committee shall furnish the Project Proponent with all the information required in the preparation of the annual report under clause 8 (3).
- (6) In the case of a carbon project on community land that has a Community Land Management Committee established, the executive members of the Community Land Management Committee and in particular the Treasurer shall be involved in decision-making on financial disbursement and management, have access to accounts and be furnished with all information necessary to ensure they fulfill their responsibility to the community as per the Community Land Act and regulations thereunder.

22. Remuneration

Members of the Committee shall not be entitled to a salary. However, members of the Committee shall be entitled to allowances as outlined in Schedule 4 to this Agreement.

C. COMMUNITY DEVELOPMENT PROJECTS

24. Types of Projects to be Funded under this Agreement

- (1) The projects to be implemented under the Agreement may include, but are not limited to:
 - (a) educational scholarship, apprenticeship, technical training and employment opportunities for the people;
 - (b) employment for members from the communities;
 - (c) financial or other forms of support for infrastructural development and maintenance including education, health, roads, water and power;
 - (d) assistance with the setting up of and support to small-scale and micro- enterprises;
 - (e) special programmes that benefit women, youth and persons with disabilities;
 - (f) agricultural product marketing;
 - (g) protection of the environment and natural resources;
 - (h) support for cultural heritage and sports;
 - (i) protection of ecological systems.

25. Selection and prioritization of Community Development Projects

- (1) The Committee has approved all the development projects in Schedule 5 for implementation under this Agreement, with such projects ordered according to their priority.
- (2) The process for selecting the projects under this agreement entailed potential community development projects being identified by the Committee and a shortlist of projects considered feasible for implementation was produced, bearing in mind the immediate identifiable needs of the Community following consultation and the availability of funds to complete the projects.

- (3) The Committee shall regularly update the Community on all proposed development projects and those chosen to be implemented in a given financial year.

26. Restrictions on the use of CDA Funds

- (1) Notwithstanding any other provision to the contrary, the Project Proponent shall not be required to provide any funds under this Agreement for:
 - (a) the provision of any vehicle to any individual or single-family unit of the Community other than a specialized purpose vehicle such as an ambulance, fire engine, water truck, or bus for the benefit of the entire Community;
 - (b) the provision of any monetary amount, service, good, or facility for the sole benefit of any group, an individual, clan or single-family unit in the Community, political party or other person; or
 - (c) any matter that is illegal under any written law.

D. PARTICIPATION AND TRANSPARENCY MANAGEMENT

27. Information and communication management

- (1) The Parties agree to recognise and support the Committee, and its principles and activities.
- (2) The Parties agree to manage information and communication according to the plans outlined in Annex 1 to this Agreement.

28. Project-Closure Consultations

The Committee shall ensure information about the Project Proponent's closure programmes is disseminated to the Community.

29. Local Employment

The Project Proponent shall ensure the continued employment of skilled and unskilled labour from the Community and share such information with the Committee during each quarterly meeting.

E. REVIEW AND AMENDMENT OF THE AGREEMENT

- (1) The Agreement may only be modified or amended with the prior written consent of both Parties.
- (2) Without limiting the foregoing, the review or amendment of any part of this Agreement shall be in accordance with Schedule 2 to this Agreement.

F. TRANSFER

In the event that the Project Proponent transfers the carbon project to a third party, the transferee shall be deemed to have assumed all rights and obligations of the transferor under this Agreement.

G. APPLICABLE LAW

This Agreement shall be governed by the Laws of Kenya.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by as of the Agreement Date first above written.

PROJECT PROPONENT

Name:

Signature:

COMMUNITY
REPRESENTATIVES

COMMITTEE

Name:

Signature:

Name:

Signature:

EXECUTIVE OFFICERS OF THE COMMUNITY LAND MANAGEMENT
COMMITTEE (in the case of community Land)

Chairman

Name:

Signature:

Vice Chairman

Name:

Signature:

Secretary/Treasurer

Name:

Signature:

Agreement Witnessed by a Representative of the Ministry of Environment, Climate
Change and Forestry

Name:

Signature:

Prepared By: -

Ministry of Environment, Climate Change and Forestry

SCHEDULES

Schedule 1: Grievance Management and Resolution
Procedure

- (1) Parties agree that whenever any issue, concern, complaint, grievance or dispute relating to the implementation of this Agreement arises, it shall seek to be resolved through dialogue and negotiation in an atmosphere of understanding, patience and tolerance.
- (2) Pursuant to subsection (1) herein, the following procedures shall be used to seek to resolve a complaint or dispute relating to the implementation of this Agreement:
 - (a) If a Party has such an issue, concern, grievance or dispute, it shall lodge the dispute with the Chairperson of the Grievance Resolution Sub-Committee.

- (b) The Chairperson of the Grievance Resolution Sub-Committee shall within ten (10) days of receipt of the dispute, grievance or complaint acknowledge receipt of the dispute, grievance or complaint.
- (c) Subsequent to sub-section (b), and not longer than sixty (60) days, the Chairperson shall invite in writing the concerned parties to a meeting(s) of the sub-committee indicating the venue and time.
- (d) The sub-committee shall then seek to resolve the dispute, grievance or complaint within thirty (30) days.
- (e) Where the Grievance Resolution Sub-Committee considers that the dispute, grievance or complaint does not directly relate to the Agreement or implementation of the Agreement, it shall refer the same to other existing formal grievance resolution mechanisms, authorities or bodies and advise the complainant thereof.
- (f) If the Grievance Resolution Sub-Committee is unable to resolve a dispute, issue, concern, matter, grievance or complaint, it shall be referred to the Committee for resolution at its next meeting or at an emergency meeting convened for that purpose.

Schedule 2: Procedures for the Review/Amendment of the Agreement

- (1) Any person proposing the review or Amendment of any part of this Agreement shall present the proposed review/amendment with reasons thereof through and endorsed by a member of the Committee to the Chairperson of the Committee.
- (2) In the case of an amendment, the proposed amendments shall be received a month before the Committee's last quarterly meeting in the year is convened.
- (3) The proposals and recommendations for review/amendment of the Agreement shall be discussed by members of the Committee and the decision to review/amend any part of the agreement shall be by consensus.
- (4) No review/amendment shall be valid unless at least two-thirds of the members of the Committee are present. (5) Additionally, no amendment of any provision(s) of this Agreement shall be done unless there is full consultation between the Parties and there is prior written consent in that regard.

Schedule 3: Rules, Regulations and By-laws

- (1) Every member of the Committee shall be committed to the implementation of this Agreement and any Rules, Regulations and by-laws made hereunder.
- (2) Every member of the Committee who knowingly, and without reasonable cause directly or indirectly obstructs or causes the obstruction of the implementation of this Agreement shall be suspended.

Schedule 4: Allowances payable to Committee members for Meetings

- (1) The allowances payable for attending a full General Committee meeting shall be as follows:

- (a) Chairperson: Kshs.;
- (b) Secretary: Kshs.
- (c) Members: Kshs.....

(2) The allowances payable for attending a Sub-Committee meeting shall be as follows:

- (a) Sub – committee Chairperson: Kshs.....
- (b) Sub – committee Secretary: Kshs.....;
- (c) Members: Kshs.....
- (3) For the avoidance of doubt, the Project Proponent's representatives in the Committee shall donate their allowances for charitable purposes or to a charity in the Sub-County identified by the Committee.

Schedule 5: Prioritization of Community Development Projects

(1).....

(2).....

Schedule 6: Community Development Agreement Project Monitoring Sheet

<i>Project Name</i>	<i>Location/ward</i>	<i>Project cost</i>	<i>Expected project outputs</i>	<i>Start date</i>	<i>End date</i>	<i>Expenditure</i>	<i>Implementation status</i>	<i>Remark</i>

I. ANNEXES

Annex 1 Information and Communication Management Plan

- (1) The Committee shall after every meeting prepare a summary of issues discussed and decisions taken for dissemination in the Community. Such dissemination shall only occur once all Committee members have had a reasonable opportunity to review and comment on the summary of issues and all reasonable comments have been incorporated.
- (2) The Committee, in consultation with the Project Proponent, shall organize radio, television and newspaper announcements and give a summary of issues discussed, decisions taken and progress on the implementation of this Agreement for the benefit of the Community.
- (3) The Project Proponent shall produce an annual flyer/bulletin on the Committee's decisions and all matters of interest relating to this Agreement and its implementation and distribute copies of the

flyer/bulletin to members of the Committee for distribution to the Community.

Annex 2 Project Closure Consultations

- (1) The Parties agree to work together through consultations during project closure.
- (2) The Project Proponent shall assist the Community in capacity building especially for those who will participate in the project-closure programmes.

FIFTH SCHEDULE

LETTER OF APPROVAL

(r.22(9(a)))

Our Ref:

Date.....

Address of the proponent(s).....

RE: Letter of Approval for project titled

Reference is made to the above captioned subject and your Project Design Document number

1. The Designated National Authority received and considered your project document.
2. This is to inform you that this office hereby approves the project for implementation as per the Project Document.

Dated.....20.....

FOR: DESIGNATED NATIONAL AUTHORITY

SIXTH SCHEDULE

REQUEST FOR AUTHORISATION (r.23(1))

Please complete all fields in the following table (*If the requested information is unavailable, provide a brief explanation as to why this is the case*):

Name of Project Proponent	
Date of submission of Letter of Authorisation request	
A. Project details	
Project name	
Submission request: (Please mark the relevant box with X) <i>Note: For requests related to the renewal of an authorisation period, the original. Letter(s) of Authorisation must be submitted</i>	☐ Request for authorisation. ☐ Request for renewal of authorisation period.
Has the Designated National Authority previously rejected a request for authorisation related to the same carbon project? If YES, please provide the date of first submission and the reason for rejection (1-2 lines only)	☐ Yes ☐ No If YES, reason for rejection:
Specify the volume of carbon credits/Internationally Transferred Mitigation Outcomes (ITMOs) (in tCO ₂ eq) for which authorisation is being sought	
B. Alignment to eligibility criteria	
1. Please specify how the carbon project aligns to Kenya's whitelist	
2. Specify the share of carbon credits that will be reserved for domestic use (i.e. that will not be authorised)	
3. Specify the period for which authorisation is being requested (start date – end date)	
4. Specify the type of carbon mechanism in which the project is or	☐ Article 6.2 ☐ Article 6.4 Mechanism

will be registered	☐ Voluntary Carbon Markets ☐ Other Mechanisms
	Registration number of carbon project (if applicable):
5. Specify how the carbon project ensures environmental integrity in the following respects:	<i>Baselines are set conservatively and below 'business-as-usual' emission projections.</i>
Please refer to the project design document and/or validation report where relevant.	<i>The risk of non-permanence of mitigation is minimized.</i>
6. Specify how the carbon project is aligned with Kenya's sustainable development priorities.	
C. Buyer details	
Has a buyer for the ITMOs/authorised carbon credits been identified?	☐ Yes – complete Section C ☐ No – skip to Section D
Type of buyer	☐ National government (or authorised representative) ☐ Other buyer
Details of buyer	Insert name of buyer and contact details
Specify the use of carbon credits for which authorisation is being requested (select all options that apply)	☐ Use towards the achievement of an NDC ☐ CORSIA ☐ Other international mitigation purposes (provide details and if use is more than one set out apportioned carbon credits for each use type)
Has the country in which the buyer is based entered into a framework agreement for Article 6.2 cooperation with the Republic of Kenya?	☐ Yes ☐ No If YES, specify country name
D. Acknowledgements and declarations	
I (project proponent) acknowledge that issuance of a Letter of Authorisation granted by the Republic of Kenya is contingent on the Project's compliance with the Climate Change Act, regulations thereunder, Guidelines on Article 6 issued by the Designated National Authority pursuant to the Climate Change (Carbon Market) Regulations, 2024, and all	

other applicable laws and regulations of the Republic of Kenya.	
I (project proponent) acknowledge that Designated National Authority may request the provision of additional clarification and supporting documentation/evidence to aid in the review of this request for a Letter of Authorisation.	
I (project proponent) hereby declare to adhere to Kenya's existing laws and regulations on Environmental and Social Impact Assessment (ESIA), as well as Environmental and Social Safeguards specific to the carbon project.	
I (project proponent) hereby declare to refrain from double registration for the same project under two or more international carbon mechanisms that results in double counting and accept the cancelation of credits and applicable sanctions in the event of double counting.	
I (project proponent) hereby agree to implement the carbon project in a timely manner and pay any fees related to the issuance of a letter of Authorisation under the Climate Change Act, 2016 and its regulations.	
I (project proponent) hereby acknowledge that all information submitted to the Designated National Authority is accurate, true and complete to the best of my knowledge.	
E. Project proponent's contact details	
Name of project proponent's designated representative	
Email address	
Phone number	

NOTE

1. The following supporting documentation must be submitted in conjunction with this request for a Letter of Authorisation:
 - (a) Letter of Approval
 - (b) Project Design Document.
 - (c) Prior Letter/s of Authorisation (only applicable if requesting the renewal of an authorisation period).
 - (d) Agreement entered into with buyer for the authorised carbon credits (where existing).
2. The project proponent may retain information classified as confidential due to the project proponent's commercial contractual obligations to third parties.

SEVENTH SCHEDULE

LETTER OF AUTHORISATION

(r.23(2))

[REF:]

[DATE]

Letter of Authorisation for [Name of Carbon Project]

Mandate for Authorisation

1. The Ministry of Environment, Climate Change and Forestry (Ministry) is the Government's Ministry for the time being responsible for climate change in the Republic of Kenya.
2. The Cabinet Secretary in the Ministry is the entity mandated with the authority to approve international transfers of mitigation outcomes based on advice from the Climate Change Directorate (CCD).
3. The Designated National Authority (DNA) is the entity or organization granted the responsibility to authorise and approve participation in projects under the Paris Agreement on Climate Change and is responsible for providing guidance to project proponents on the operationalization of Article 6.2 on cooperative approaches under the Paris Agreement and the relevant decisions adopted pursuant to the United Nations Framework Convention on Climate Change (UNFCCC), particularly, Decision 2/CMA.3.

Authorisation Statement

4. The DNA has received a request for issuance of a Letter of Authorisation dated *[Insert Date of Request]* from *[Insert Name of Project Proponent]* who are implementing the *[Insert Name of Carbon Project]* registered as *[Insert Project Details]*.
5. With the approval of the Cabinet Secretary, the DNA hereby issues the letter of authorisation to *[Insert Project Proponent's name]* for the international transfer of mitigation outcomes (ITMOs) of the following quantity *[Insert the volume of ITMOs]* generated from implementing the Carbon Project to be transferred to *[Insert Buyer for the carbon credits/ITMOs]*, for the period from to, and totalling an estimatedtCO₂e of the Carbon Project's emission reductions or removals generated over the crediting period.

Implications of Authorisation

6. By this Letter of Authorisation, the Republic of Kenya confirms that:
 - (a) It is a party to the United Nations Conventions on Climate Change (UNFCCC) (ratified on August 30th, 1994), Kyoto Protocol (ratified on 25th February 2005), and the Paris Agreement (ratified on 28th December 2016;

- (b) It has prepared, communicated and is maintaining a Nationally Determined Contribution (NDC), and submitted its updated NDC on 31st December 2020;
 - (c) [It has entered into a Framework Agreement for Article 6.2 Cooperation approached with *[Name of participating Party]* as the receiving Party;
 - (d) Its participation in the Framework Agreement for Article 6.2 Cooperative approaches of the Paris Agreement with *[Name of participating Party]* as the receiving Party, is voluntary;
 - (e) It shall follow all requirements of the Paris Agreement, including on reporting, preventing double counting and undertaking Corresponding Adjustments, as needed;
 - (f) It shall record in its National Carbon Registry any transferred and used ITMOs, and that all transfers and use of ITMOs are consistent with the Climate Change Act.
 - (g) Its commitment to transfer the number of issued carbon credits arising from the implementation of the *[Name of the Carbon Project]* shall NOT prevent Republic of Kenya from achieving its NDC target.
7. Kenya will not use the Carbon Project's emission reductions authorised as ITMOs to implement and achieve its NDC and that Kenya shall account for the Carbon Project's emission reductions and removals by applying corresponding adjustments in accordance with relevant decisions made under the Paris Agreement.
8. The Project Proponent will be obligated under this Letter of Authorisation to:
- (a) Make payment of any fees required in relation to the Letter of Authorisation or application of Corresponding Adjustments;
 - (b) Submit annual reports to the DNA, at the end of the Carbon Project's annual financial year, on the actual issuance of carbon credits, as well as the use of the carbon credits by other countries or entities, including volumes cancelled for use by each country and entity;
 - (c) Make available to the Government of Kenya, for purposes of achieving the Republic's NDC target,% of total carbon credits submitted for ITMO authorisation;
 - (d) Contribute an additional% of total carbon credits submitted for ITMO authorisation to contribute towards global emission reductions;
 - (e) Contribute towards sustainable development in Kenya.

Authorisation Conditions

9. The Conditions in the table below shall apply to this authorisation:

Authorisation Element	Details
Authorised Project	[Insert name of Carbon Project]
Authorised Entity	[Insert name of Project Proponent]
Total cumulative maximum volume of carbon credits for which international transfer and use are authorised	[Insert tCO ₂ eq covering all years of the cooperative approach]
Authorisation Period	[Years over which volume above may be generated for international transfer under Article 6]
NDC Period during which the carbon credits are authorised for use	[Insert years of NDC period]
Issuing body	[Insert name of carbon standard body from which authorised carbon credits will be issued]
Authorised use for carbon credits	A. ☐ Use towards the achievement of a nationally determined contribution B. ☐ Use for other international mitigation purposes
	If B, the authorised carbon credits will be deemed 'first transferred' at: ☐ Authorisation ☐ Issuance ☐ Use or cancellation
Name of acquiring party	[Insert name of the Party acquiring the ITMOs]
Crediting Period	[Insert the period of time (years) for which net GHG emissions reductions or removals will be verified]
Method of corresponding adjustments	[Insert the method of corresponding adjustment applied]

10. Through this letter, the Government of Kenya commits that it shall support the transfer and accounting of carbon credits from the project in line with the requirements of the Paris Agreement.

11. This letter does not imply or provide a commitment on the part of the Republic of Kenya to support or fund the authorised carbon project in the event that any parties have legal or environmental requirements for the construction and operation of the carbon project not fulfilled and the carbon project, therefore, is unable to proceed.

Unforeseen Circumstances

12. This letter shall be applicable until the timing of the authorisation elapses, unless under unforeseeable circumstances that may prevent the Republic of Kenya or the project proponent or receiving Party from fulfilling the terms and conditions of this letter. In which case the republic of Kenya, the project proponent and the receiving Party will agree on an alternative resolution arrangement.

Under the hand and seal of the Authorising Entity

.....

DESIGNATED NATIONAL AUTHORITY – KENYA

EIGHTH SCHEDULE

NOTICE OF ISSUANCE

(r.25)

1. *General Information*

Name of Project Proponent.....
 Title of Project.....
 Type of Project.....
 Project Crediting Period.....
 Project Document Number.....
 Date of Letter of Approval.....

2. *Details of Issuance*

Reference of project proponent on the recognized carbon standards
 registry.....
 Reference of the carbon project on the recognized carbon standards
 registry.....
 Carbon credit (in tCO₂eq) issued in tonnes units:.....
 Carbon credit (in tCO₂eq) issued with serial number units (if
applicable):.....
 Carbon credit use labels on the registry.....
 Date of issuance of carbon credit on registry.....
 Estimated revenues accruing from issued carbon credits (*provide details/evidence of how
 estimate is arrived at*).....

**If this is the project's first issuance attach evidence of payment of Administrative Fee*

on notification of project approval.

3. Declaration

I..... do true hereby declare that the information provided in this application is to the best of my knowledge.

Name.....

Qualification.....

Signature.....

Date.....

NINTH SCHEDULE

ANNUAL PROGRESS REPORTING FORM

(r. 26(1))

Project name.....

Project Proponent Name

Project Registration Number.....

Reporting period.....

Completed by (*insert name, designation and contact details*)

.....

1. Project performance during reporting period

(a) Technical

Provide the following technical information on the project:

- (i) Description of project activities implemented during the reporting period.
- (ii) Carbon credits generated compared to the expected carbon credits from the project design document.
- (iii) Amount of carbon credits generated compared to the carbon credits generated by the project in the previous period.
- (iv) Amount of carbon credits estimated ex-ante for the incoming project reporting period.
- (v) Amount of greenhouse gas emissions reductions or removals achieved by the project within the reporting period.
- (vi) Amount of greenhouse gas emissions reductions or removals expected from the project in the incoming reporting period.

(b) Financial

Provide a brief financial statement highlighting the volume of carbon credits sold in the reporting period, the price per carbon credit, name and contact address of the buyer (s), the date of carbon credit transfer to the buyer (s), the carbon revenue generated by the project, the project's operating expenses and the annual social contribution made by the project proponent to the community.

(c) Disputes

Provide a brief description of all disputes arising from the implementation of the project and the status of the disputes whether they have been resolved, directed to the correct dispute resolution mechanism, whether they are pending and what is being done to ensure the prompt resolution of the disputes.

2. Impacts of the project

Provide a brief assessment of the impact of the project at the local, national and international level (as applicable). This includes alignment of the project with Kenya's Nationally Determined Contributions, uses of carbon credits from the project including whether the carbon credits were used to meet another country's Nationally Determined Contributions, the project's environmental benefits as well as socio-economic benefits including a quantitative assessment of job creation and technology transfer, among others.

3. Adaptive management

- (a) Describe the constraints and opportunities faced by the project during reporting period (an explanation of major deviations from the plan)
- (b) Highlight the project response (an assessment of the need for adjustments to activity plans or inputs and outputs, including actions for risk mitigation)
- (c) Provide details on the project's future risk and opportunity assessment (an assessment of problems and risks (internal or external to the Project) that may affect success, as well as opportunities.

4. Summary of Updates

Provide summary of any updates to the Project Design Document or monitoring & reporting plan from previous reporting period

5. Way forward

Describe the project's planned activities for the next reporting period.

6. Declaration

I..... do hereby declare that the information provided in this report is true to the best of my knowledge.

Name:

Designation:

Signature of authorised representative of the project proponent:

.....

Date:

Location:

** This progress report should not exceed 10 pages. In completing the Form, the project proponent may highlight information to be classified as confidential due to the project proponent's commercial contractual obligations to third parties. The Designated*

National Authority may request the project proponent to provide additional clarification and supporting documentation/evidence to aid in the review of this report.

Dated the 16th May, 2024.

SOIPAN TUYA,
*Cabinet Secretary for Environment,
Climate Change and Forestry.*