



Climate Action
Platform Africa

Unlocking Local Value: Rethinking Benefit Sharing in African Carbon Projects

August 2024



Authors

Keshinee Shah

Director, Climate Policy
Climate Action Platform for Africa (CAP-A)

Ash Berman

Lead, Carbon Markets
Climate Action Platform for Africa (CAP-A)

Caroline Kimani

Associate, Carbon Markets
Climate Action Platform for Africa (CAP-A)

Clinton Shamakamba

Environmental Engineer

CAP-A gratefully acknowledges the valuable insights provided by carbon project developers, governments, and development partners throughout this research. We also appreciate the input and support from FSD Africa.

We express our gratitude to FSD Africa for funding this project.





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Glossary

Benefit-sharing arrangement: An agreement outlining how the positive social, economic and environmental benefits generated by a carbon project will be distributed among stakeholders.

Benefit-sharing mechanism (BSM): The set of processes and institutions involved in applying the benefit-sharing arrangement.

Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA): A market-based emissions reduction and carbon offsetting measure developed by the International Civil Aviation Organisation (ICAO), which sets standards for the aviation industry.

Community advocate: A legal professional or firm who specialises in representing and supporting the legal rights and interests of local communities impacted by carbon projects. Their work focuses on ensuring fair and equitable outcomes throughout the project.

Clean Development Mechanism (CDM): United Nations-run carbon offset scheme established under the Kyoto Protocol, which is now being superseded by Article 6 mechanisms under the Paris Agreement.

Core Carbon Principles (CCPs): A global benchmark for high-integrity carbon credits, developed by the Integrity Council for the Voluntary Carbon Market (ICVCM), which sets rigorous thresholds on disclosure and sustainable development.

Free, prior and informed consent (FPIC): The right of Communities and Indigenous Peoples to collectively decide whether to agree to a project that affects their lands, territories or way of life.

Indigenous Peoples and Local Communities (IPLCs): The ethnic groups representing the original inhabitants of a given geographical area and who possess unique knowledge and cultural practices regarding their environment.

Integrity Council for the Voluntary Carbon Market (ICVCM): Independent governance body that sets best practices and high-quality standards for carbon projects through its core carbon principles and assessment framework.

Nature-based solutions: Initiatives that conserve, enhance, restore or sustainably manage natural ecosystems, addressing global challenges such as food security, poverty and climate change.

Nationally Determined Contributions: Under the Paris Agreement of 2015, countries make commitments to reducing greenhouse gas emissions and adapting to climate change through these national pledges.

Non-market approaches: Climate change mitigation and adaptation strategies such as technological transfer and policy advancements that do not fall under carbon trading markets.

Reducing emissions from deforestation and forest degradation (REDD+): An international mechanism under the Paris Agreement that compensates countries for protecting and restoring their forests.

United Nations Framework Convention on Climate Change: An international treaty adopted in 1992 that serves as the primary framework for global cooperation to address climate change.

Voluntary Carbon Markets Integrity Initiative: Independent organisation that enables companies to make high-integrity claims on carbon credits they use towards their net-zero pledges.



Executive summary

The quality bar for carbon credits is rising in the global market. Buyers increasingly demand credits that are verifiable and achieved through transparent and socially responsible benefit-sharing mechanisms (BSMs). Cheap, low-quality carbon credits undermine the entire system of carbon offsetting by failing to deliver the climate impact claimed, enabling corporate greenwashing by giving corporates an ‘out’ to avoid reducing emissions, and eroding community trust by rarely delivering the social and environmental benefits claimed. These low-quality projects shape public perception of the entire market, making it more difficult for the many legitimate projects that exist to secure investment from buyers and investors acting in good faith.

African countries are well positioned to generate high-impact carbon projects due to their potential to deliver socio-economic, biodiversity and environmental benefits – alongside their climate impact. However, Africa’s share of the Voluntary Carbon Market (VCM) stands at only 13% of credits issued by projects initiated over the course of 2013–2023, while over the same period just 36% of credits issued by African projects have been retired, indicating that most credits have failed to find buyers.¹ By elevating African projects to best-in-class for their climate, environmental and socio-economic impact, African developers can increase their VCM market share – and increase the volume and quality of offtake for their credits. Further, compliance market transactions facilitated through bilateral Article 6 agreements² will create another revenue channel for African projects, with significantly more scale and higher prices.

To unlock the full potential of carbon credits, strong social benefits supported by effective BSMs are crucial. These mechanisms should prioritise transparency, fairness and equitable distribution of benefits to local communities. This not only ensures ethical practices but also strengthens project feasibility and long-term sustainability by aligning incentives

and increasing community buy-in. Tailoring BSMs to Africa’s specific social, cultural and economic contexts can unlock their full potential, but requires the right enabling environment.

With a global shift in demand for high-integrity and government-led Article 6 transaction credits, African countries need to align with global standards and have an opportunity to develop tailored approaches to realise additionality and competitive differentiation. The current lack of robust BSM governance frameworks in most African countries presents a unique opportunity to shape and develop an African-centric approach that defines best practices for benefit sharing. This approach should:

- (i) integrate traditional resource-sharing practices to ensure cultural relevance and community acceptance;
- (ii) empower communities by involving them in both designing and implementing BSMs; and
- (iii) incentivise investment by demonstrating clear benefits for communities and project sustainability.

While the opportunity and need are well understood, the current low price point of carbon credits³ fails to accommodate the true cost associated with effectively implementing BSMs.

¹ Sylvera, The State of Carbon Credits 2023, <https://7608351.fs1.hubspotusercontent-na1.net/hubfs/7608351/The%20State%20of%20Carbon%20Credits%202023.pdf>

² Article 6 of the Paris Agreement is a framework for countries to work together to meet their emission reduction goals. It increases demand for carbon credits in two ways. First, it does so through voluntary cooperation: countries can collaborate to achieve their emissions targets. This means a country that’s ahead of schedule on reductions can sell credits to one that’s lagging. These credits represent verified emission reductions, allowing the buying country to ‘count’ those reductions towards their own goals. Second, it increases demand by transferring mitigation outcomes: Article 6 allows for the transfer of carbon credits, which are certificates representing a specific amount of greenhouse gas emission reduction. This creates a system for trading carbon credits. This encourages investment in emission reduction projects that generate those credits, leading to more demand.

³ In voluntary carbon markets.

Effective BSMs require a deep understanding of local context, as well as community engagement. Project developers face challenges including the fact that:

1. **Community engagement** is often complex and time consuming, requiring investment and potentially further delaying project approval and licensing processes;
2. **Limited upfront capital** is a barrier to the early investment required to engage in these complex community processes and understanding of community needs; and
3. **Current low carbon** prices do not support the cost structures required for in-depth engagement with communities and related risk mitigation.

All activities associated with establishing effective BSMs should be incorporated into the project design and budget, and should flow through to the bottom-up pricing of carbon credits, reflected in the prices paid by VCM and compliance buyers. In the absence of pricing reflecting the resource intensity of effective BSMs, the principles put forward in this report will not proliferate – and much of the industry will continue to rely on supplementary concessionary funding.

The risk of negative impact on communities varies by type of project. Four categories of carbon projects have been identified, with varying risks of negative impacts on communities:

The infographic is a vertical list of four categories, each with an icon and a label. The categories are:

- Non-land/product-based**: Represented by an icon of a sun with rays shining on three small plants.
- Large-scale engineered**: Represented by an icon of a glowing lightbulb with a plant growing inside it.
- Individual or private land-based**: Represented by an icon of two stylized human figures.
- Community land-based**: Represented by an icon of a group of stylized human figures.

Non-land projects offer low risk with benefits such as subsidised cookstoves but carry the risk of low-quality products or misused profits, which can be mitigated through transparency and accountability. Large-scale engineered projects offer low to medium risk, providing community development benefits but potentially lacking community control over how these benefits are allocated. Individual or private land-based projects present medium risk, with benefits like payments for adopting sustainable agricultural practices, but also the risk of decreased yields during the transition period if not adequately compensated. Community land-based projects pose the highest risk due to potential for significant opportunity cost resulting from land conversion and unfair benefit allocation, particularly when cash payouts are involved. This report primarily focuses on community land-based projects due to their heightened risk profile.

The analysis found that the most important overarching drivers of effective BSMs for carbon projects are transparency, accountability of project developers, fairness, community agency and appropriate governance:

Transparency



Full disclosure of project design, revenue distribution and reporting on at least an annual basis to all stakeholders.

Accountability



Accountability of project developers for promises made to communities, supported by appropriate grievance mechanisms and independent verification.

Fairness



Fair distribution of project benefits to the community, considering the project’s impact, the community’s contributions, established rights, and economic factors. Communities have advocates to represent their interests, can freely give informed consent and can renegotiate agreements as circumstances change.



Community agency

In community-based land projects, communities are engaged as core partners involved in design, implementation and decision-making on benefit distribution.



Governance

Governance structures are designed based on local contexts to ensure effective, broad-based community representation, enable community-led decision-making and require regular financial reporting.

Interventions to increase and deepen effective BSMs require a collective effort by all project stakeholders, focused on five key areas to achieve sustainable change:

1. Empowerment and capacity building

Equip communities with knowledge and skills to understand carbon projects and participate meaningfully in design, implementation and benefit distribution. Elevate and share best practice in project development and policy.

2. Policy and regulation

Develop regulations that promote transparency, accountability, fairness and good governance in BSMs. This includes minimum benefit thresholds for communities, clear grievance mechanisms, and free, prior and informed consent (FPIC) requirements.

3. Leveraging existing industry standards

Ensure industry standards integrate strong BSM practices into carbon crediting, verification and quality assessment processes.

4. Shifting incentives

Create market signals that reward developers with strong BSM practices through informed buyer choices and penalties for non-compliance.

5. Increase and diversify investment

Develop models to ensure that BSMs are commercially viable and adaptable, considering upfront capital needs, diverse funding sources and income generation opportunities alongside carbon revenue.

These principles and interventions need to be situated within the realities of the current market. Despite growing demand for high-quality carbon credits generated through effective BSMs, there is a fundamental barrier to unlocking Africa's carbon potential. Current VCM prices simply do not cover the upfront costs and extended timelines associated with developing high integrity projects, particularly those that implement robust BSMs. While blended finance solutions combining carbon credits with grants and alternative revenue streams can improve project feasibility, a more focused approach is needed. This approach should prioritise the development of commercial financing instruments specifically designed for African carbon projects. These instruments need to consider the unique needs and risk profiles of these projects to ensure financial viability for investors. In addition, stakeholders – governments, businesses, NGOs and local communities – must collaborate to address the economic and social factors impacting BSMs. This collaborative effort is key to maximising social and environmental impact, fostering well designed BSMs and achieving a win-win scenario: high-integrity carbon credits, empowered communities and sustainable carbon markets. Governments have a critical role to play in creating clear policies that incentivise and promote these high-integrity projects.

While this study offers valuable insights, the findings are by no means representative of all carbon projects in the two countries reviewed, nor of projects in other African countries. Future research with a larger sample size of projects would be beneficial to validate these results and explore potential variations. Additionally, the selection of the two countries might

have introduced bias, specifically in terms of advanced carbon market development, diversity of stakeholders engaged in the market and progress towards / implementation of policies and regulations. Nevertheless, these countries and case studies are intended to provide a useful understanding of the topic under investigation, laying the groundwork for further exploration.

What is benefit sharing?

In the context of this study, a BSM is a comprehensive framework encompassing the design, implementation, distribution and monitoring of direct and indirect monetary and non-monetary incentives generated from carbon credits to different stakeholders in a project. This framework outlines the principles, institutions and governance structures applicable at each stage

of the project lifecycle to inform how a BSM should be defined, implemented and reported in project-specific contexts. While benefit sharing applies to all carbon projects, land-based projects often have a more formalised approach, with communities frequently receiving financial compensation for their participation in carbon reduction activities.

Why effective benefit sharing matters

The global carbon market increasingly demands high-integrity⁸ credits, where transparency, social responsibility and verifiable emission reductions are paramount. The market is shifting from an emphasis on scale to one on quality, with buyers highly cognisant of the potential reputational risk associated with purchasing credits that prove to be of low integrity. According to a survey by Boston Consulting Group, buyers across all market segments are demonstrably willing to pay a significant price premium for high-quality carbon credits.⁹ Further, Article 6 credits are already trading at a premium¹⁰ and are expected

to trade at double the price of prevailing market rates for non-authorised credits.¹¹

Countries in Africa hold a unique position to generate high-integrity credits with rich co-benefits. Their high potential for socio-economic, biodiversity and environmental benefits present an opportunity to create high-impact projects with significant benefits reaching local populations as increasingly demanded by the market. For land-based community projects, community buy-in – both at the outset of the project and over the course of

⁸ The ICVCM defines high-integrity carbon credits as those that demonstrably and transparently reduce emissions while promoting sustainable development. These credits are additional, permanent and accurately measured to ensure they represent real, lasting climate impact. They are not double-counted and contribute to a net-zero future. They are issued through programmes with strong governance, unique tracking systems and independent verification.

⁹ Boston Consulting Group, 2023, In the Voluntary Carbon Market, Buyers Will Pay for Quality <https://www.bcg.com/publications/2023/why-vc-m-buyers-will-pay-for-quality>

¹⁰ Tanzania National Carbon Monitoring Center, 2024, Expert predicts 'Double-Digit' price hike for CCP carbon credits <https://www.ncmc.sua.ac.tz/news/expert-predicts-double-digit-price-hike-for-ccp-carbon-credits>

¹¹ Carbon Pulse, 2023, Article 6 cookstove carbon credits set to trade at double the price of non-adjusted units <https://carbon-pulse.com/247792/#:~:text=non%2Dadjusted%20units,-Article%206%20cookstove%20carbon%20credits%20set%20to%20trade%20at,price%20of%20non%2Dadjusted%20units&text=Cookstove%20carbon%20credits%20tagged%20with,these%20types%20of%20units%20emerge.>

its life – is critical to success. Effective benefit sharing ensures fair revenue distribution and local community development, increasing the likelihood of project success and enabling project developers to demonstrate high integrity – and meet demand

at the premium end of the market. High integrity in BSMs for carbon projects ensures that project benefits are distributed fairly and transparently, and contribute to the well-being of local communities.



'Projects that provide 60 to 75% of benefits to communities are considered high-value, projects providing 45 to 60% to communities are considered good with room for improvement, while for projects that channel less than 45%, considerations have to be made for improvement. Most projects proposing 70% to the community are donor funded, as opposed to being funded by for-profit developers who need to pay back investments.' – Investor

International integrity standards are emerging as important structures promoting equitable benefit sharing within carbon projects, encompassing principles for both the demand and supply sides of the market. Under the Core Carbon Principles (CCPs), the Voluntary Carbon Markets Integrity Initiative (VCMI) emphasises the general principle of equitable benefit distribution and utilisation of split shares by buyers, acknowledging the specific needs of Indigenous Peoples and Local Communities (IPLCs). The Integrity Council for the Voluntary Carbon Market (ICVCM) focuses on the quality of credits from the supply side. It also mandates the sharing of draft and final benefit-sharing plans with IPLCs and requires their inclusion in project documentation. This entails working with IPLCs, women and other marginalised groups to develop a plan together.¹² In addition, People's Forest Partnerships, endorsed by the VCMI, highlight the need for

transparent, inclusive and fair revenue sharing that aligns with IPLC aspirations.¹³

Most carbon standards now require developers to disclose BSMs as part of the project design documents, although disclosure requirements are insufficiently detailed. The Gold Standard, Verified Carbon Standard (with Climate Community Biodiversity Standard and SD Vista (Sustainable Development Verified Impact Standard)) and Plan Vivo¹⁴ require developers to implement BSMs with varying degrees of specificity and disclosure requirements, but emphasise co-benefits and safeguards. After COP28, crediting programmes resolved to join forces to strengthen standards with specific mention to 'promoting the use of robust and pragmatic indicators for benefit sharing and safeguards'.¹⁵



'We assess projects through social impact due diligence, including how the FPIC was done. We also assess how communities are involved: as partners or beneficiaries. Where communities are partners there are Trusts and community bank accounts, as opposed to where the projects simply propose what they will do for the community, in which case they are just beneficiaries.' – Investor

¹² Tropical Forest Credit Integrity, 2024, Tropical Forest Credit Integrity Guide for Companies Version 2, https://www.edf.org/sites/default/files/2023-08/TFCI-Guide-2023-English.pdf?_gl=1*1okpd9f*_ga*MTk4MTY4NjY0Ny4xNzA5ODM0ODIw*_ga_Y9K5R97GF4*MTcwOTgzNDgxOS4xLjEuMTcwOTgzNDg0MS4wLjAuMA

¹³ People's Forest Partnerships, Principles for working with forest communities, <https://www.peoplesforestpartnership.org/principles>

¹⁴ The Plan Vivo standard specifically requires 60% of revenue from carbon revenues be paid to communities.

¹⁵ IETA, 2023, Promoting scale and integrity in carbon markets to help operationalise Article 6 and Nationally Determined Contributions under the Paris Agreement, <https://www.ieta.org/wp-content/uploads/2023/12/COP28-ICP-joint-statement.pdf>

The UN-led market architecture provided by Article 6 (bilateral and central UN mechanism) is emerging and is expected to establish a global benchmark for integrity. The demand for non-authorized credits is expected to decline, while authorized credits, in both voluntary and compliance markets, are perceived as high-integrity credits for net-zero corporates and much larger emerging compliance markets (e.g. Singapore). More robust transparency conditions for authorized credits (Article 6.2 'Internationally Transferred Mitigations Outcomes (ITMOs)' and Article 6.4 'Emission Reductions for which countries apply corresponding adjustments') are, therefore, expected. While Article 6.4 of the Paris Agreement is currently under development and is expected to define 'high integrity' and 'transparency', it will not prescribe specific benefit-sharing mechanisms. This necessitates that African carbon market stakeholders continue to design and

implement their own BSMs, while ensuring adherence to evolving definitions and standards of integrity.


This presents a significant opportunity to develop an Africa-centric approach to benefit sharing. These approaches can define what 'good' benefit sharing looks like in the African context, considering specific socio-economic realities and community needs. Articles 6.4 and 6.2 are expected to set a high bar for integrity within carbon markets. This will lead to price discovery mechanisms that reward high-integrity projects. As a result, more meaningful carbon revenue will be directed towards projects demonstrating strong integrity. This increased revenue stream has the potential to cascade down to local communities through well-designed benefit-sharing mechanisms and strengthen the sustainability of carbon projects.




Benefit-sharing approaches and project categories

Four categories of carbon project are identified in the study:



Each category of project carries a varying risk of adverse community outcomes.

Category	Example project types	Financial benefit-sharing models adopted	Risk of adverse community outcomes	Key risks to communities
 Non-land / product-based	<ul style="list-style-type: none"> Improved cookstoves Solar irrigation Bio-digesters Water sanitation E-mobility 	Benefits are usually in the form of a subsidy passed on to the consumer, making the product or service (which delivers some combination of climate benefits and economic / health / social benefits) more accessible to a wider demographic.	LOW – Some behaviour change required; consumer benefits through lower cost of product / service. If the consumer fails to benefit, the market responds (e.g. uptake / usage will be low and developers will become unprofitable).	<ul style="list-style-type: none"> Developer provides a low-quality product and/or service that fails to deliver value to the consumer (e.g. cookstoves without the supporting infrastructure to ensure access to clean cooking fuel). Developer seeks to maximise profit by internalising most of the carbon revenue, instead of passing it on to the consumer in the form of a subsidy.

Category	Example project types	Financial benefit-sharing models adopted	Risk of adverse community outcomes	Key risks to communities
 <p>Large-scale engineered projects</p>	<ul style="list-style-type: none"> Renewable energy Direct air carbon capture 	<p>Corporate Social Responsibility (CSR) initiatives such as community development projects: building infrastructure like schools, clinics or water wells, installing microgrids for local communities.</p> <p>In-kind benefits like skills training and capacity building.</p>	<p>LOW – Communities might not own the land on which the project is undertaken but may be subject to externalities from the projects.</p> <p>Communities often have less control over how benefits are allocated or prioritised.</p> <p>Where land is leased from communities, project developers may fail to integrate community inputs into the project.</p>	<ul style="list-style-type: none"> CSR programmes might be short-lived or not well integrated with the long-term needs of the community.
 <p>Individual or private land-based projects</p>	<ul style="list-style-type: none"> Agroforestry Regenerative agriculture REDD+ on private forests 	<p>Benefits take the form of a subsidy (discounted access to inputs / agricultural services) and/or an annual farmer payout.</p> <p>Benefits may also be paid out at community level where individuals are organised in cooperatives, self-help groups or Village Savings and Loans Associations.</p>	<p>MEDIUM – Changes to land use or agricultural practice by smallholders could result in depleted yields for some period, requiring adequate compensation to the smallholders to ensure they are not worse off. However, managing risk is less complex when the landowner is an individual.</p>	<ul style="list-style-type: none"> Farmers experience negative yield outcomes during the transition period because of change in land use (e.g. adopting inter-cropping) or practice (e.g. bio-inputs) and are not adequately compensated through carbon revenue.
 <p>Community land-based projects</p>	<ul style="list-style-type: none"> Community-based REDD+ Afforestation, Reforestation, Revegetation (ARR) Holistic rangeland management 	<p>Benefit sharing is in the form of direct (cash) payouts to community members and/or the delivery of community projects (e.g. bursaries, hospitals, schools), employment, etc.</p>	<p>HIGH – Unfactored opportunity costs for the community, who are custodians of / derive commerce from the land. This might lead to unfair benefit allocation and a lack of sustainability in behaviour change.</p> <p>Projects often involve multiple communities or sub-groups within communities, often with different interests.</p> <p>Distributing benefits in cash leads to elite capture and a lack of transparency.</p> <p>Complex project norms; communities struggle to participate meaningfully in negotiations and manage funds.</p>	<ul style="list-style-type: none"> Uneven distribution of project benefits among beneficiaries, resulting from elite capture or conflict between communities. Unfair benefit-sharing terms resulting from lack of community understanding of carbon / their rights, or from a change in circumstances over the lifetime of the project (e.g. natural disasters, change to carbon markets).

While the application of benefit-sharing principles should be universal to all carbon projects, it is most relevant for community land-based projects, which entail the highest risk

of adverse community outcomes. Accordingly, most insights and recommendations in this report apply to community land-based projects.

Key insights¹⁶

Benefit-sharing mechanisms vary by project type. Projects apply benefit-sharing models differently, with significant variance in terms across the case studies reviewed based on project types, local context, nature / objectives of project development partners and regulatory requirements.

Non-land-based projects such as clean cooking projects use carbon revenue to lower the upfront cost, enabling improved access to climate-smart interventions, improved health outcomes, increased time for income-generating activities and

improved gender equity.¹⁷ In addition, these projects create jobs across the clean cooking value chain, and reduce deforestation and emissions associated with traditional cooking methods. There is a growing awareness of the need to effectively allocate and manage carbon revenues to realise additional community benefits. For example, one clean cooking project is aiming to establish a dedicated foundation to manage a fund (based on carbon revenue) to implement additional interventions, based on the needs of the community.



‘The benefits from our clean cooking products include health benefits from reduced emissions, gender benefits, time savings ... and other forms of employment across the value chain, employing thousands. We have provided billions in subsidised clean cooking so far.’ – Improved cookstove developer

Large-scale engineering projects, including renewable energy projects, implemented on public land tend to allocate pre-determined percentages (e.g. 10% of net revenue) to community projects, identified by community committees. These funds are used for a variety of projects such as the construction or

rehabilitation of classrooms, sanitation and health projects, water infrastructure, and the construction of market access routes. They are also used to create new employment opportunities and to support biodiversity conservation activities.



‘Communities form committees who identify projects that would be of benefit to the community such as education, sanitation and health projects. Once the revenue comes in, we implement the projects. Such projects have included construction of an early childhood development centre, water supply infrastructure, classrooms and footpaths.’ – Renewable energy developer

In individual or private land-based projects (e.g. agroforestry) the preference is direct payments to landowners or subsidies to farmers. This provides the landowner a financial incentive to allocate land and participate in the carbon project and/ or incentivises smallholder farmers to adopt climate-smart interventions and practices. Direct payments give landowners

the liberty and flexibility to use funds towards personal aspirations while also proportionately compensating risk at an individual level. Challenges however exist where carbon projects do not generate enough revenue to cover the opportunity costs of the landowner.

¹⁶ Based on carbon project case studies in Kenya and Zambia and consultations with regional stakeholders / experts.

¹⁷ For example, women require less time to collect cooking fuel which they can then dedicate to education or income-generating activities

Community land-based projects (e.g. ARR, REDD+) tend to allocate a portion of net revenue to communities. The percentage tends to be higher when the project developer is a non-profit organisation than when it is a for-profit entity. These projects¹⁸ offer a variety of benefits to stakeholders, with community development projects emerging as the most popular choice. Community development initiatives, such as infrastructure improvements or social programmes like scholarships, provide lasting advantages for a broader segment of the community. Additionally, their impact can be readily verified by independent auditors, ensuring transparency and responsible use of funds. The community revenue share is pooled in a central fund before being distributed to committee-managed accounts for specific projects. Cash payments are viewed as less favourable due to documented cases of mismanagement by some communities. That said, cash payments can be an effective tool when coupled

with strong community organisation and clear accountability structures, such as cooperatives. This ensures responsible use of the funds and maximises the positive impact on individual households.

In addition to economic benefits, private and community land-based projects offer in-kind support to the community. This support includes capacity-building and skills development programmes that help individuals diversify their livelihoods and generate income through various initiatives.

Some projects are moving beyond a simple percentage-based model to a framework that acknowledges the trade-offs various community members make to participate in carbon projects. This involves differentiating between:



Many of the case studies demonstrate strong, community-based governance. Many communities already have well-established community governance mechanisms in place, which carbon projects can leverage. In one case study, an annual community assembly with a high quorum requirement enables transparency and allows residents to make informed decisions based on financial reports. Projects are implemented on a rotating basis across community settlement zones – each with representation

on the project governance board – to help promote fairness. A portion of the funds is reserved for emergencies and public initiatives. The governing board is inclusive, with representatives from each community zone, and subcommittees oversee specific project thematic areas. Regular reporting, with penalties for non-compliance, strengthens accountability. The project is considering negotiating a higher share for communities in the future.

¹⁸ Refers to the projects / case studies in Kenya and Zambia, evaluated as part of this study.



'The communal assembly is held annually with a quorum of 60% of the conservancy members ... The project has a Board (serving for two years) where every community area zone has a Board representative, inclusive of gender and people with disability. The Board members elect the Executive which oversees subcommittees that manage day-to-day project activities and provide quarterly reports. There is regular community outreach, and each project must undergo public participation. – Community group representative

Most projects struggle to be commercially viable and BSMS create additional costs that are often not factored in. There is a tension between maximising social impact (required for high integrity) through BSMS and maintaining project financial

viability. Stakeholders noted that the ability to ensure rigorous BSMS hinges on deep local understanding and community engagement. However, project developers encounter several obstacles, including:



Current project structures become more expensive when factoring in community involvement



Lengthy project approval and licensing processes create delays, particularly for community-based projects that require in-depth community engagement



Interlinked challenges: limited upfront capital, complex community engagement processes and difficulty understanding specific community needs.



'Most people overlook the cost of development despite the fact that developers take all of the project risk. There is also no benchmark for benefit-sharing mechanisms and the landscape is difficult when everything is changing. For BSMS it's easier for us to implement a share of profits. There is a need to define benefit-sharing mechanisms that will actually realise benefits and not just sound appealing.' – REDD+ developer

Transparency of project commercials is lacking and inhibits trust. A key barrier to effective BSMS is the lack of transparency

surrounding financial details. This lack of clarity arises from several factors:

1.

Project developers often consider the number of shared benefits 'commercially sensitive', making them reluctant to disclose details;

2.

The use of various terms, like gross revenue, net profit or carbon credit sales, without clear definitions creates confusion

3.

Even when a percentage share is defined, the actual amount communities receive may be unclear due to factors like project expenses, taxes and other stakeholder contributions.

This lack of transparency has significant consequences. Communities may struggle to understand their true potential

benefits and how these benefits are allocated, and vague financial communication hinders trust and accountability within projects.



'Communities do not have access to documents such as contracts, letters of interest, waivers and carbon agreements. Even the framing of BSMs is a problem. How do you discuss the BSM without knowledge of the project and the benefits? We have mobilised communities to frame their asks ... Communities need to get access to agreements and disclosures of the gross revenue, expenditures for the project and what has remained and been split across community groups. They need a sense of how money is shared with carbon technical consultants. Agreements often include non-disclosure of sensitive information, such as the gross revenue, which is inconsistent with requirements for transparency.' – Civil society organisation

Elite capture can prevent benefits from being shared equitably across the community. Elite capture occurs when a select group within the community, such as traditional leaders or elected officials, use resources intended for the broader community for their own personal gain. Examples reported by community members include local leaders inflating the cost of materials or services needed for the project and leaders receiving a share of the community benefits without transparent accounting for how these funds are used. To address this challenge, CSOs propose auditing community financial records to ensure transparency

in resource allocation and implementing performance-based benchmarks for leaders receiving a portion of community benefits.

Communities lack representation and agency in carbon project development. The current approach to carbon projects often positions communities solely as beneficiaries rather than active partners. This discourages a sense of ownership, incentivises unsustainable practices and often fails to address specific community needs. This is compounded by a number of factors, such as:



Pre-determined benefit shares with limited decision-making power over their use restricting community agency



Communities not adequately represented in negotiations or agreements not signed with the appropriate legal entities, raising fairness concerns;



Media portrayals creating unrealistic expectations about project profitability, leading to frustration among stakeholders, particularly governments and communities



Demands for immediate cash payouts, which while understandable, are often not the best strategy for long-term community development.



'Benefit-sharing models need to be improved upon to be fair and inclusive of communities as major stakeholders and not merely beneficiaries. Communities need representation by legal bodies, conservation NGOs and others alike when entering BSM or project agreements to protect their rights and secure sustainable development.' – Civil society organisation

Current regulatory approaches fail to adequately enshrine the principles of best practice benefit sharing. Governments are moving to regulate carbon markets within their jurisdictions and prescribe BSM approaches, but capacity to do this effectively is limited. African government regulations on BSMS for carbon projects are still evolving. While some countries like Kenya mandate that a portion of carbon revenue goes directly to communities, others like Tanzania¹⁹ and Zimbabwe²⁰ also require project developers to contribute to a government fund, alongside

any benefits directed to communities. Countries like Zambia require the submission of a project's benefit-sharing mechanism for approval²¹ but do not specify any thresholds. Ghana²² on the other hand stipulates a fixed fee per credit for authorised and non-authorised mitigation outcomes. These variations in regulations highlight the ongoing debate about how to best distribute carbon project benefits in Africa. While some countries prioritise government control, others recognise the critical role empowered communities play in project success and long-term sustainability.



'The Clean Development Mechanism did not have any particular requirements for benefit sharing; just that the projects contribute to the sustainable development of the host country which was a prerequisite for obtaining a letter of approval. National carbon guidelines and regulations will now set the tone for such requirements.' – Renewable energy developer

Regulatory uncertainty hinders investment and the capital required to implement effective BSMS. The lack of clear regulations on BSM processes creates challenges for both project developers and investors. Uncertainties around BSM requirements make it difficult to secure financing for carbon projects, with investors lacking the long-term certainty they are

looking for. In addition, without clear Article 6 markets, projects miss out on access to higher-priced carbon markets. Policymakers have a crucial role to play in promoting transparency, trust and certainty among stakeholders, while allowing flexibility for adapting to specific contexts and changing circumstances, and implementing clear guidelines.



'Our ambition is not to play in the VCM but in compliance markets where the prices are higher. We are following up with the government on the bilateral agreements and project-positive list for Article 6.2. Through this channel we have committed to channelling more community benefits to reach even poorer households.' – Improved cookstove developer

In many markets, investors face an array of overlapping, conflicting and/or incomplete regulations and laws, making it harder to develop a business case and de-risk investment. In some cases, national policy frameworks actively discourage investment. For

example, Zimbabwe's announcement²³ requiring all projects to share 50% revenue with the state led to Gold Standard pausing issuance of carbon offsets from all Zimbabwean projects.

¹⁹ The Environmental Management (Control and Management of Carbon Trading) Regulations, 2022, require 70% of gross revenue to different government entities for land-based projects. See: [https://www.vpo.go.tz/uploads/files/The%20Environmental%20Management%20\(Control%20and%20Management%20of%20Carbon%20Trading\)%20Regulations,%202022.pdf](https://www.vpo.go.tz/uploads/files/The%20Environmental%20Management%20(Control%20and%20Management%20of%20Carbon%20Trading)%20Regulations,%202022.pdf)

²⁰ Zimbabwe Carbon Credits Trading (General) Regulations. Statutory Instrument 150 of 2023 provides for 30% of proceeds to government. See: https://www.veritaszim.net/sites/veritas_d/files/SI%202023-150%20Carbon%20Credits%20Trading%20%28General%29%20Regulations%2C%202023.pdf

²¹ Zambia Forest (Carbon Stock Management) Regulations, Statutory Instrument 66 of 2021, <https://zambialii.org/akn/zm/act/si/2021/66/eng@2021-06-25/source.pdf>

²² Ghana's Framework on International Carbon Markets and Non-Market Approaches, 2022, https://cmo.epa.gov.gh/wp-content/uploads/2022/12/Ghana-Carbon-Market-Framework-For-Public-Release_15122022.pdf

²³ Zimbabwe updated its carbon credit revenue-sharing plan in September 2023. Developers now keep 70%, with the government maintaining a 30% share (previously communities received 25% of the developer's share). See: <https://www.bloomberg.com/news/articles/2023-09-27/zimbabwe-amends-carbon-law-to-boost-developers-profit-share>

Many African governments lack the technical expertise, resources and market knowledge to implement Article 6-compliant governance and reporting structures. To drive effective carbon policies – including but not limited to BSMs – African policymakers need support on developing carbon expertise. Furthermore, carbon regulation and administration require inter-ministerial alignment and cooperation, both at

national and local government levels. In some instances, ministries and local government jostle for ownership of carbon projects (and the government revenue potential therein), resulting in differing ministries or local governments doing deals with different developers for the same project rights. This creates further delay and complexity and risks project feasibility.



‘We need to adopt learnings from existing relevant legal frameworks such as the Natural Resources Benefit Sharing Bill. Ghana looks like a benchmark for the continent. In my opinion, countries should begin with a framework instead of law like Ghana to allow for learnings and the ongoing UNFCCC negotiations.’ – Government official

Principles for effective benefit-sharing mechanisms

The five principles of best practice benefit sharing proposed by this research are:



Transparency



Accountability



Fairness



Community agency





Good governance

These principles, elaborated on below, are informed by discussions with project stakeholders in Kenya and Zambia, and a review of existing materials and other third-party sources.²⁴

While the principles of transparency, accountability and fairness are relevant to all project types, community agency and good governance are only relevant to community land-based projects.

²⁴ These sources include West Africa Blue (WAB) and The Nature Conservancy. WAB’s analysis focused on afforestation, reforestation, and revegetation (ARR) and REDD projects, all land-based in Tanzania, Sierra Leone, PNG (Papua New Guinea). WAB focused on afforestation, reforestation, revegetation, and REDD projects in Tanzania, Sierra Leone, and PNG, aligning with effective BSM principles for transparency, embedding BSMs in standards, and community agency. The Nature Conservancy has a global focus on proven models in developed countries.

Principle	Applicability (by type of project)	Description	Examples of best practice from case studies
 <p>Transparency</p>	All	Project developers provide full disclosure of the project design and the distribution of carbon revenues, with annual reporting made available to all stakeholders. To ensure informed consent, the concept of 'community' should be clearly defined (i.e. who these terms apply to). Terms should be transparent and clearly explained, ensuring that communities can engage with the terms and can effectively participate in the agreement. Additionally, community representatives negotiating the terms should reflect the diversity of the community, including women and minorities.	<p>Regular disclosure of carbon revenue, budgets and distribution of benefits to all stakeholders.</p> <p>Annual and special general meetings with community at which project performance is discussed.</p>
 <p>Accountability</p>	All	Project developers are accountable for the representations they make to communities regarding financial and non-financial project benefits. Project developers that make false representations to the community or fail to deliver on project activities should face appropriate penalties.	<p>Effective grievance mechanisms where stakeholders can channel any dissatisfactions.</p> <p>Independent verification of project outcomes and benefit-sharing mechanisms.</p> <p>Published annual reports disclosing how budgets are used within each community.</p>
 <p>Fairness</p>	All	<p>Communities receive a fair share of carbon revenue and/or other benefits, considering the extent to which they are impacted by project externalities, their contribution to project activities, ownership rights, opportunity cost, and the economics of the project. 'Fairness' is subjective and community perception of the project is likely to vary across stakeholders and over the life of the project.</p> <p>Accordingly, developers are required to demonstrate procedural fairness, including: (i) appointment of a community advocate during all commercial negotiations; (ii) proof of free, prior and informed consent; (iii) use of dynamic agreements that allow for renegotiation of terms at agreed intervals or upon occurrence of certain triggers; and (iv) commercial terms that protect communities from project downsides and enable them to share in project upside.</p>	<p>Cash incentives provided to farmers before realisation of carbon revenues.</p> <p>Appointment of a community advocate during contract negotiations.</p> <p>Consideration of the risks that all stakeholders (developers, implementing partners and communities) take, with rewards apportioned accordingly.</p> <p>Compensate communities (and individuals within communities) for opportunity costs from forgone economic opportunities.</p> <p>BSM designed in such a way that compensates communities for the downsides and upsides of the project.</p> <p>Set aside a portion of project revenue in a dedicated buffer fund. This fund is used to cover unexpected expenses arising from events like fires, natural disasters, political instability or future taxation.</p>
 <p>Community agency</p>	Community land-based only	The community is involved in the project design and implementation as a core partner / stakeholder – not just as a beneficiary. This requires investment in training the community on how carbon projects work, their rights and their role in the project. Communities should have agency to decide how project benefits are distributed and spent.	Community engagement and awareness sessions, before distributing climate-smart interventions (for example, solar-powered irrigation, biodigesters, cookstoves) to communities, on using the intervention as well as the benefits.

Principle	Applicability (by type of project)	Description	Examples of best practice from case studies
 <p>Good governance</p>	Community-land based only	Governance structures are designed based on the local context, ensuring all community stakeholders are adequately represented. Project developers should invest in setting up structures and processes that support regular reporting on financial flows and allow for effective community-led decision-making.	<p>Using existing community governance structures as stipulated in the legal frameworks.</p> <p>Working with communities to strengthen land tenure security and support communities in interpreting commercial terms.</p>

Recommendations

While these recommendations, derived from analysing projects in Kenya and Zambia, primarily target policymakers who play a crucial role in establishing effective governance for benefit-sharing mechanisms, a multi-stakeholder approach is essential for success. Transparent and culturally appropriate community engagement is a key element and achieving this necessitates

collaboration across various actors. This can involve leveraging the existing efforts of donor agencies and NGOs, even those not directly involved in the carbon market. Their experience and established relationships with communities can prove invaluable in fostering trust and facilitating effective communication.

1

Equip communities with the knowledge and skills to understand carbon projects and participate meaningfully in design, implementation and benefit distribution.

A. Train communities to understand how carbon projects work: Communities should be empowered to understand how carbon projects work and why they are important in mitigating against the effects of climate change. Further, in the case of community land-based projects, communities should understand their role and their rights as custodians of the land. This should be done in the local language and utilise familiar and interactive communication methods.

B. Engage communities from initial project design: Many projects suffer from pre-determined benefit allocations that fail to consider community needs. A more equitable approach involves collaborative design of benefit-sharing mechanisms. Communities should be actively involved in discussions to ensure allocations reflect their priorities, whether those be direct cash payments, investment in community development projects, or a combination of both. Furthermore, communities should have a say in how benefits are distributed, allowing them to invest in local initiatives that address their specific needs. BSMs should be the reflection of an inclusive dialogue that encompasses a broad view, empowering communities to decide which terms are 'fair' for them.

C. Share learnings and elevate best practice: Identify ways to disseminate learnings from projects on the ground to enable benchmarking and reduce transaction costs for project developers and other stakeholders. For example, sharing standardised or well-regarded BSM agreement templates can provide a strong foundation for project developers and other stakeholders, reducing the need to reinvent the wheel and minimising transaction costs. It would also be valuable to create digital forums that enable different communities to connect and engage with one another.

D. Develop local capacity: Most carbon project development in Africa is outside-in, with international experts driving audit, development and brokerage activities. An opportunity exists to: (i) create high-skilled employment opportunities on the continent; and (ii) drive towards better outcomes for communities through leveraging local talent that better understands the local community context.

2

Develop regulations that promote transparency, accountability, fairness and good governance in BSMs. This includes minimum benefit thresholds for communities, clear grievance mechanisms, and FPIC requirements.

A. Transparency – Project developers should be legally required to disclose key information necessary for transparency. This should include disclosure of stakeholder engagement plans, proof of FPIC, breakdown of the flow of project revenue (including definition of how revenue and cost categories are defined), and risk management plans. Transparency should also be required at community level within existing governance structures, and project developers they should be required to disclose how finances flow horizontally across different community members or towards community-based initiatives.

B. Accountability – Penalise actors who fail to demonstrate compliance with the BSM principles through sanctions such as suspending licenses, issuing fines, naming and shaming bad actors and – in egregious cases – criminal proceedings against directors. The system should also address bad actors within communities by penalising leaders who engage in unfair gatekeeping or embezzle community benefits, ensuring all stakeholders are held responsible for ethical conduct within the carbon project space.

C. Fairness – Regulations should focus on ensuring procedural fairness to enable a fair outcome for the community and ensure that communities are protected from project downside. For example:

- **Establish a minimum share²⁵ allocated to communities**, varying based on the project categories. Projects that impact significantly on communities should be required to channel higher percentages of revenue to communities. It should also be clear which operational aspects or liabilities are factored into the community share and which are borne by the project developer or implementing partner.
- Consider the value of non-monetary contributions, such as capacity building and infrastructure development, in the benefit-sharing structure.
- Require independent social and environmental impact assessments before project commencement. Include ongoing independent monitoring plans to identify and address any negative impacts on the community.
- If the project disrupts livelihoods or displaces communities, clearly define fair compensation packages and resettlement plans that prioritise the well-being of affected people.

²³ Revenue-based benefit sharing can discourage investment in African carbon projects due to low margins. Governments should consider a more comprehensive approach to BSMs, including: (i) profit sharing to ensure communities benefit directly from the project's success; (ii) fixed dollar amount of tonne to provide clarity and predictability; and (iii) non-monetary benefits, for example capacity building and infrastructure development.

- Consider including limited veto rights for communities on specific project aspects that could significantly impact them.
- Develop clear, well-defined grievance mechanisms that are easy for communities to understand and utilise. Information on grievance procedures should be accessible and provided through contextually appropriate communication channels. Require a system for investigating grievances within projects linked to legal structures at local and national levels.
- Account for opportunity costs, representing potential income opportunities foregone by participating in a project and shifting away from traditional land uses. Determining the economic activities communities would engage in on the land if the project wasn't there, along with quantifying the income generated from these activities, helps in assessing opportunity costs. Methods such as Net Present Value (NPV), market prices and the replacement cost approach aid in quantifying these costs.
- Require the appointment of a community advocate, at the expense of the developer. This advocate acts as an independent representative, providing legal and technical support to the community throughout the project cycle, safeguarding their interests and ensuring their voices are heard. The services of the advocate should be required right at the onset of community entry before FPIC agreements are signed.
- Require projects to show proof of FPIC. Communities must be fully and effectively informed about the project, potential impacts (both positive and negative), their role and benefit-sharing mechanisms before giving their consent to participate. An FPIC agreement should be required before approval of carbon projects by governments and require periodic review and renewal-based changes in the project scope or likely impacts.
- Provide information and updates in the local language to ensure community members understand project performance. Include communities in project design to ensure that proposed project activities are culturally appropriate and have community buy-in. For example, cookstove projects should factor in local context before distribution to ensure that the technology is fit for purpose, given socio-cultural dynamics.

D. Governance – Require establishment of independent community governance structures that enshrine representation for the full range of local community interests. The governance group should have agency in defining how BSMs are developed and how projects are managed. Where possible, project developers should leverage existing community governance structures.

In addition, there is a need to strengthen governance to:

- Establish the connection between land tenure and carbon rights. In many markets, proof of land tenure is a critical precursor to engaging in carbon markets. However, official proof of land ownership is often lacking. Clear land ownership rules that connect land rights to carbon rights can empower Indigenous Peoples and Local Communities (IPLCs) by recognising their right to benefit from the carbon stored in their traditional lands. This recognition would ensure IPLCs are not excluded from the economic benefits generated by carbon projects operating on their territories and help address ambiguity in the market around who owns the carbon.
- Incorporate high-integrity and transparent BSMs. Carbon projects should be required to uphold high integrity standards through transparent reporting, full and effective community participation, and adaptive and locally contextualised benefit-sharing models developed through participatory approaches.
- Include a range of community and industry stakeholders in policy dialogues. Governments should promote transparent multi-sectoral and comprehensive stakeholder dialogue to define BSMs in a broad and inclusive way. The definition should encompass share of proceeds for Article 6, baseline revenue shares, administration fees for Designated National Authorities, and taxation regimes, to ensure an enabling environment for project development. These dialogues should give IPLCs, community-based organisations and industry a seat at the table – alongside government representatives from all relevant ministries.

3

Integrate strong BSM practices into existing standards and carbon crediting, verification and quality assessment processes through:

A. Equipping buyers with the information to be informed consumers. Collaborate with carbon credit buyers and project investors to establish robust due-diligence criteria that prioritise projects with strong benefit-sharing practices. This will help establish a market signal, where investors and buyers set expectations around proof of effective BSMs to unlock investment or access to premium offtake. This work can build on the ICVCM Core Carbon Principles which reference the need for effective BSMs at a high level but don't provide more detailed guidance around what this looks like in practice.

B. Holding developers to account. Project investors and buyers should provide implications for project developers who fail to act in line with BSM principles, for example by including clauses in purchase agreements that provide high-integrity performance guarantees, with penalties should provisions be contravened. In addition, these stakeholders could consider including the right to recall credits purchased should significant issues with integrity be reported.

C. Embedding BSM in industry standards and quality assessment. Carbon crediting standards, third-party rating organisations and independent quality governance bodies such as the ICVCM and the VCMI should employ evaluation criteria that assess the extent to which procedural fairness has been observed in establishing BSMs, ensuring communities receive an equitable share of project benefits. Additionally, they should require project developers to demonstrate transparent communication and accountable financial management practices related to benefit sharing.

4

Develop models to ensure that BSMs are commercially viable and adaptable, considering upfront capital needs, diverse funding sources and income-generation opportunities alongside carbon revenue by:

A. Prioritising transparent costing for high-integrity carbon projects. Effective BSMs require upfront investment in community engagement, robust governance structures, comprehensive project reporting, and compensation for opportunity costs. These crucial expenses should be budgeted as core project costs, not afterthoughts. Open communication with investors and buyers is essential. Highlighting these costs as key drivers of the project base price fosters a market that prioritises both financial viability and social responsibility. This transparency leads to high-integrity carbon credits that investors and buyers can confidently support.

B. Enabling dynamic BSMs that balance the need for certainty and fairness. Community-based land projects have a long lifetime (typically 30–40 years), over which a lot can change, both within the confines of the project and at the macro level. Dynamic BSMs embed a requirement for the terms of the BSM to be reconsidered at a specified cadence (e.g. every five years) and upon a significant change in project circumstances (e.g. a drought or flood, or significant change in the carbon markets). Dynamic BSMs can help ensure continued buy-in from the community, while also ensuring the project is responsive to shifts in the broader market context.

C. Leveraging intrinsic and market-dependent benefits²⁶ to optimise behaviour change towards environmental benefits. Carbon projects are not only results-based finance schemes but can also provide payment for ecosystem services. Intrinsic²⁷ and market-dependent²⁸ benefits may cover opportunity cost and create additional incentives to realise the longer-term community behaviour change required to ensure project success and sustainability.

D. Collaborating with communities to identify opportunities for additional income generation. Governance mechanisms established for carbon projects can be used to develop other income-generating opportunities for communities. For example, they could be used to raise grant funding for community development projects, or to establish commercial projects based on forestry, ecotourism or payments for ecosystem services. Value-added products from community-managed resources, such as sustainably harvested timber or non-timber forest products, can also increase community income and create a more diversified financial base.

Conclusion

Africa is uniquely positioned to deliver high-impact carbon projects with robust social benefits. Effective benefit-sharing mechanisms (BSMs) are the cornerstone of this success, ensuring communities directly participate and prosper. While high-integrity standards are crucial, a strategic approach that tailors BSMs to local needs can differentiate African projects in the competitive market, attracting a premium for their strong social impact.

A critical challenge identified in this research and stakeholder discussions is the significant financial gap between current carbon credit prices and the upfront costs of high-integrity projects, particularly those with strong BSMs. This gap hinders project feasibility. Blended finance solutions and leveraging existing community initiatives are promising strategies to bridge this gap.

Unlocking Africa's full carbon potential requires governments to implement governance to foster transparency, build trust with communities and investors and align with international standards. This can help dispel negative narratives and unlock higher carbon prices, attracting much-needed investment.

Collaboration among stakeholders is another critical factor. Through collaborative efforts, stakeholders can address the economic and social factors that impact the effectiveness of benefit-sharing mechanisms. Knowledge sharing, strong regulations and developing commercially viable BSM models with flexible funding options and community income generation become key elements in this process. This comprehensive approach transcends carbon projects. It paves the way for a just and equitable future for Africa, fostering a sustainable and climate-resilient continent.

²⁶ Adkins, 2023, Thoughts on Benefit Sharing in Forest Carbon Projects, <https://www.linkedin.com/pulse/thoughts-benefit-sharing-forest-carbon-projects-bryan-adkins%3FtrackingId=9DH%252FIn9pTQakGuaru6OdXA%253D%253D/?trackingId=9DH%2FIn9pTQakGuaru6OdXA%3D%3D>

²⁷ For example, employment, agricultural inputs for agroforestry projects, etc.

²⁸ Performance-based payment schemes tied to the verification of additional environmental or social co-benefits, for example biodiversity improvement, improved water quality, etc.

Annex 1:

Current national legislative frameworks in African countries

Country	Benefit sharing description
DRC	Prescribed tax on carbon credit sales (50%) shelved, but new taxes proposed. Details are not provided.
Ghana	Mandatory benefit sharing with communities: benefit sharing regulation has been announced but details are still unknown. Other charges on carbon revenue: NA.
Kenya	Mandatory benefit sharing with communities: Kenya has officially published draft regulations mandating that a minimum of 40% of total earnings be directed to local communities for land-based projects on community land.
Liberia	Communities to receive (1) harvest-based fee, (2) 30% of all area-based fee.
Tanzania	30% of revenue to proponent. Mandatory benefit sharing with communities. Other charges on carbon revenue: 70% of revenue is shared with the government, which includes allocations to the village government and community activities.
Uganda	Guidance available for REDD+ projects but no requirements on split.
Zambia	In July 2023, Zambia said it had plans to regulate the sale of carbon credits and take a share of the proceeds for itself, following similar moves by Zimbabwe and other African countries. 'The biggest issue in this market is revenue sharing,' Collins Nzovu, Minister of the Green Economy and Environment, said in an interview with Bloomberg. 'If we got 50%, we would be very happy,' he added, suggesting that deals would be negotiated case by case. Mandatory benefit sharing with communities: NA. Other charges on carbon revenue: Zambia announced it had plans to regulate credit sales and take a share of the revenue for itself. ⁹ The Change Bill is under public consultation as of April 1.
Zimbabwe	Mandatory benefit sharing with communities: NA. Other charges on carbon revenue: Zimbabwe requires developers to pay a 30% levy on project revenue for the first decade of the project – thereafter unknown.

Annex 2:

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For more information on this report or to discuss our findings further, please reach out to:

Keshinee Shah
Director, Climate Policy
Climate Action Platform for Africa (CAP-A)
keshinee.shah@cap-a.org
www.cap-a.org

Reshma Shah
Lead, Carbon Markets
FSD Africa
reshma@fsdafrica.org
www.fsdafrica.org