A Carbon Market That Delivers for Counties and Communities

Climate change has, over the years, been shaped by important global discussions, international commitments and efforts to reduce greenhouse gas emissions. While these global commitments provide an essential foundation for climate action, their significance is ultimately measured by how they translate into meaningful change at the local level. For millions of Kenyans, climate change is experienced much closer to home: when boreholes and streams dry up, when crops fail, when floods damage infrastructure, when drainage systems are overwhelmed, when the rising water levels persist or when families face rising costs of energy and food.

This is why the future of Kenya's carbon markets must be connected and contextualized to local climate risks, vulnerabilities affecting service delivery and development priorities of communities.

County Governments are at the frontline of both climate change and service delivery to citizens. As stipulated in the Constitution, they are responsible for many of the functions most directly affected by climate risks including water and sanitation, agriculture, waste management, local infrastructure, environmental management and natural resource management. County Governments are therefore not only critical actors in responding to climate change but also important partners in shaping the emerging carbon market. They are best placed to understand local vulnerabilities, identify opportunities and ensure that carbon market initiatives are aligned with local priorities, development plans and the needs of County economies.

The evidence shows that Counties already have created an enabling environment to support carbon investments. During the 2025/26 financial year, County Governments collectively allocated approximately **Ksh7.6 billion to climate change response**, translating to about 1.5% -6% of their development budgets. All 47 Counties have climate change legislation, climate action plans, climate change units and climate change funds.

In forestry, the 47 Counties planted approximately 72.5 million trees in FY2025/26, supported by 192 mega tree nurseries, alongside investments in afforestation, ecosystem restoration and community participation. These efforts have the potential to generate measurable carbon credits where projects meet the required standards for environmental integrity, additionality, permanence, credible monitoring and verification.

Waste management presents another significant opportunity for County Governments. With Counties responsible for solid waste management, the shift towards circular economy approaches is creating opportunities for methane capture, composting, recycling and waste valorisation. With 23 Counties having enacted solid waste management legislation and growing private sector and community participation, these interventions can reduce

emissions, generate carbon market opportunities, create jobs and support cleaner, more sustainable local economies.

Additionally, County Governments invested approximately Ksh.16 billion in water and sanitation programs in FY2025/26, including the construction, rehabilitation and expansion of water infrastructure. Yet, climate change is increasingly putting these investments under pressure through droughts, floods, changing rainfall patterns and degraded water catchments. This underscores the need to integrate climate considerations into development planning and explore innovative financing mechanisms, including carbon markets, that can support both climate resilience and sustainable development.

As carbon markets expand, however, the question of who benefits must be considered alongside who owns, manages and protects the resources generating carbon value. Where carbon projects utilize County-managed public land, forests or other natural resources, County Governments should have a clear and legitimate role, while ensuring that the rights and benefits of affected communities are fully protected.

County participation should therefore go beyond providing letters of support. Counties should be able to assess the legal status of project areas, resource ownership and management arrangements, community rights, benefit-sharing mechanisms, environmental and social safeguards and alignment with County development priorities. Carbon projects should also be consistent with CIDPs, County Spatial Plans, County Climate Action Plans and relevant sector plans, ensuring that they complement public investments and deliver measurable climate and development outcomes.

Stronger and more structured County engagement in Kenya's carbon market framework, including clear guidance on County participation, project approval, carbon rights and the use of County land and natural resources is an imperative. This is not about turning every County Program into a carbon project, but about ensuring that viable opportunities in areas such as forestry, ecosystem restoration, waste management, clean cooking, renewable energy and climate-smart agriculture are developed responsibly.

County Governments have already demonstrated leadership through significant investments in climate action, enabling legislation and institutional frameworks. The next step is to ensure that the growth of carbon markets strengthens, rather than bypasses, Devolution, creating opportunities for Counties and communities to build resilience, protect natural resources and share equitably in the emerging carbon economy.

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