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Carbon Finance: Regulation for Zambian Carbon Market in the Pipeline



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Carbon trading has gained momentum in recent years with demand being driven by businesses in developed countries with high carbon emissions seeking to offset their carbon footprint through the purchase of carbon credits from voluntary carbon offset projects.

In the 2023 Budget delivered by the Minister of Finance on 30 September, the Government of Zambia, recognised that carbon trading is emerging as a promising source of financing while contributing to the global challenge of climate change.

The Government of Zambia in the 2023 budget speech announced the intention to develop legislation to regulate the carbon market in line with the Kyoto Protocol on Climate Change. Zambia will join other African countries such as Uganda, Nigeria and Kenya that have already enacted climate change legislation. South Africa also recently introduced a Climate Change Bill.

Carbon offset projects provide an opportunity for a developer to monetise carbon sequestration by attaching a value to carbon

stock through a process of registration and verification. The developing carbon market will enable developing countries such as Zambia, place a value on Carbon as an asset or resource to be measured as it would mineral reserves.

Zambia is ahead of many African countries having undertaken REDD+ readiness preparatory steps to take advantage of this opportunity. With COP 27 coming up in November, the scaling of carbon markets in Africa will be a topical issue on the agenda.

Zambia is one of the few countries that has in place a regulatory framework for forest carbon, developed between 2015 and 2021. Sound due diligence, robust risk assessment and careful stakeholder management is critical for the successful development of a carbon project. Zambia is ripe with opportunities for carbon projects and already hosts a few existing carbon projects.

Look out for our articles in the coming weeks on the Zambian carbon regulatory framework.

Get in touch if you wish to learn more and about the forest carbon regulatory framework and the developing carbon market in Zambia.

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