Zambia's Carbon Market Transition: Policy Priorities for Transparent, Equitable, and Regulated Governance

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Key Messages for Policymakers

- **Invest in province-level carbon stock assessments and sectoral emissions inventories to enable accurate measurement and robust carbon accounting.** Zambia's carbon market lacks provincial-level baseline data on emissions, carbon stocks, and land-use patterns. This risks undervaluing carbon assets, weakening negotiating positions, and undermining the country's international credibility.
- **Mandate and monitor legally binding benefit-sharing agreements under Free, Prior and Informed Consent (FPIC).** This should include clear provisions for transparency, grievance redress, and community withdrawal in cases of non-performance.
- **Invest in sustained, institutionalised training for government officials and communities.** While Zambia's legal framework provides strong provisions, its effectiveness depends on institutional capacity. The Ministry of Green Economy and Environment faces significant technical and human resource constraints in monitoring compliance and enforcing regulations. Officials and communities require training on carbon market governance, Article 6 mechanisms, and Monitoring, Reporting, and Verification (MRV) systems.
- **Enforce transparent benefit-sharing mechanisms.** Current benefit-sharing arrangements risk elite capture and inequitable distribution. There is also a high risk of reversal of gains if communities opt out of the jurisdiction programme. Binding, enforceable agreements under FPIC must be mandated and monitored to protect communities.
- **Build negotiation and pricing capacity.** Zambia risks selling credits at undervalued prices compared to compliance markets. Immediate investment in government and developer capacity to negotiate fair prices is critical to avoid long-term revenue loss.
- **Expand beyond forestry to diversify carbon assets.** Over-reliance on forestry projects leaves Zambia vulnerable to reversal and leakage risks. An enabling policy and investment environment is required to accelerate carbon market development in renewable energy, sustainable agriculture, waste management, and green transport, including support for the development and adoption of sector-specific methodologies for baseline carbon accounting.



Mahogany Forest – National Park of South Luangwa, Zambia

Executive Summary

This Policy Paper analyses Zambia's transition from unregulated voluntary carbon markets to a compliance-driven framework governed by the Green Economy and Climate Change (GECC) Act No. 18 of 2024 and the Carbon Market Regulations (S.I. No. 5 of 2026). It examines how carbon market governance, benefit-sharing arrangements, and institutional capacity have evolved, and what remains to be done to ensure transparent, equitable, and effective carbon markets. The analysis draws on a systematic review of academic literature, national policy documents, international reports, and legislative instruments, complemented by ten semi-structured interviews with key informants and one focus group discussion with Zambia-based experts from the government, private sector, civil society, and development partners. Data collection took place between November 2025 and March 2026. The paper finds that Zambia has made significant regulatory progress. The new legal framework mandates legally binding benefit-sharing agreements, Free, Prior and Informed Consent (FPIC), a national carbon registry, and independent verification, directly addressing the inequities of earlier voluntary projects, where communities received as little as 16% of revenues while developers retained 66%. The jurisdictional Eastern Province programme now allocates 55% to chiefdoms and communities. However, critical gaps remain, including weak institutional capacity for enforcement, absent provincial baseline data, fragmented coordination across sectors, power asymmetries between developers and communities, and risks of elite capture. The paper concludes that regulation alone is insufficient. Sustained investment in institutional capacity, community education, legal support, and transparent oversight is essential if Zambia is to convert its natural resources into equitable and durable development outcomes.

1 Introduction

Carbon markets are trading systems in which carbon credits are bought and sold, with one credit typically representing one tonne of carbon dioxide equivalent (CO_2e) that has been reduced, avoided, or removed from the atmosphere [1]. These markets create financial incentives for countries, companies, and other entities to invest in cleaner technologies and practices by putting a price on carbon [2]. They are generally classified into three main types: compliance markets, where governments regulate emissions through mechanisms such as emissions trading systems or carbon taxes; voluntary carbon markets (VCMs), where individuals and companies voluntarily purchase credits to offset their residual emissions; and international trading under Article 6 of the Paris Agreement, where nations sign bilateral agreements to trade Internationally Transferred Mitigation Outcomes (ITMOs) towards their Nationally Determined Contributions (NDCs) [2].

For developing countries, particularly Least Developed Countries (LDCs), carbon markets present a significant opportunity to mobilise climate finance, attract private sector investment, and support sustainable development [1]. LDCs, which contribute less than 4% of global emissions, are among the hardest hit by climate change; this is exemplified, for instance, by statistics which show that since the 1970s LDCs have borne 69% of global climate-related deaths [3]. Carbon markets can provide much-needed supplementary financial

support, with the potential to generate revenue, create jobs, and support technology transfer [1, 2]. However, carbon markets are a tool, not a substitute for climate finance or Official Development Assistance, and they should complement, not replace, committed climate finance flows [1, 4]. Structural barriers such as high transaction costs, weak institutional frameworks, and limited technical capacity constrain LDCs' ability to access fair benefits from carbon markets [1].

The Clean Development Mechanism (CDM) was the first global carbon market mechanism, established under the Kyoto Protocol with the promise of delivering both emission reductions and sustainable development. The CDM allowed developed countries to invest in emission-reduction projects in developing countries and use the resulting credits towards meeting their own climate targets. However, its benefits were unevenly distributed, with Africa accounting for less than 3% of CDM projects [5]. Zambia has been an early participant in carbon markets and, along with Bangladesh, Cambodia, the Democratic Republic of Congo, and Uganda, accounts for over 75% of all carbon credits issued in voluntary markets and 80% of credits under the CDM [1]. Malawi has also been an active participant, ranking among the top six least-developed countries that together dominate carbon credit issuance. Over 1.5 million credits from its clean cooking programme have been certified as eligible under the CORSIA aviation offset scheme, and it has multiple CDM-registered projects under the Biomass Energy Conservation Programme [6, 7]. Despite this early participation, the country's carbon market governance has historically lacked centralised oversight, resulting in fiscal leakage and inconsistent community benefits [8]. Article 6 of the Paris Agreement seeks to address these gaps by emphasising country ownership, alignment with national climate plans, and stronger accounting rules to avoid double counting of emission reductions [4]. In 2024, Zambia signed a Bilateral Agreement with Switzerland for cooperation under Article 6, establishing a framework for trading carbon credits and providing carbon financing for mitigation projects in Zambia [9].

To reclaim sovereign authority over its carbon assets and establish a more regulated framework, Zambia enacted the Green Economy and Climate Change (GECC) Act No. 18 of 2024, which operationalises Article 6 of the Paris Agreement. This was followed by the Carbon Market Regulations (SI No. 5 of 2026) [10], which created a two-tiered oversight system for both Article 6 and VCM projects. Together, these legal documents ensure national taxation and structured revenue routing through the Ministry of Finance and National Planning.

Zambia's forests cover approximately 60% of the country and play a critical role in rural livelihoods, water regulation, biodiversity, and climate mitigation. Forest carbon initiatives are expanding rapidly, bringing opportunities to finance forest conservation and support rural livelihoods [8]. This shift has transformed the opportunities for local communities to benefit from carbon markets. While older project-based models, like the Luangwa Community Forest Project, often saw local communities receive just 16% of revenues, the new regulations mandate structured benefit-sharing agreements that earmark over 55% of proceeds for community-wide development [11]. However, critical bottlenecks remain. Policymakers must still resolve complex land tenure challenges within customary systems, strengthen institutional capacity for monitoring and enforcement, and scale up Monitoring, Reporting, and Verification (MRV) systems to ensure carbon credits represent permanent, verifiable emission reductions.

This policy paper summarises the history and status of carbon markets in Zambia, reviews benefit-sharing models and institutional challenges, and provides key recommendations for policymakers to advance transparent, equitable, and effective carbon markets in Zambia. Insights are drawn from an extensive document review and consultations with national experts. The paper examines Zambia's shift from project-based voluntary carbon markets to a regulated framework, comparing the outcomes of the Voluntary Carbon Market (VCM) model with the emerging Jurisdictional Compliance model, as exemplified by the Eastern Province Jurisdictional Sustainable Landscape Programme (EP-JSLP).

2 Methodology

This study employed a mixed-methods approach to provide an evidence-based and balanced assessment of Zambia's carbon market trajectory. The methodology was designed to integrate a rigorous review of policy and academic literature with qualitative, on-the-ground perspectives from key stakeholders, ensuring that the analysis is both theoretically grounded and practically relevant. The approach was centred on the following core components: a systematic literature review, qualitative data collection, and data analysis.

2.1 Systematic Literature Review

A comprehensive and systematic review of academic research, national policy documents, international reports, and legislative instruments was conducted. This review served to map the historical evolution and current regulatory landscape of carbon markets in Zambia, with a particular focus on the Green Economy and Climate Change (GECC) Act No. 18 of 2024 and the Carbon Market Regulations (S.I. No. 5 of 2026). The literature review provided the foundational evidence for the analysis of benefit-sharing models, Monitoring, Reporting, and Verification (MRV) systems, and institutional frameworks.

2.2 Qualitative Data Collection

To capture expert perspectives and empirical insights on the implementation and impact of Zambia's carbon market framework, primary data was collected through one-on-one Key Informant Interviews (KIIs) and a Focus Group Discussion (FGD). Ten (10) semi-structured, in-depth interviews were conducted with a purposively selected sample of experts. Selection was based on their direct professional involvement in the design, regulation, financing, or implementation of carbon market projects in Zambia. The sample was drawn from both public and private sector institutions to ensure a balanced perspective. One (1) FGD was held with nine (9) participants. The group was composed of representatives from government institutions, civil society organisations (CSOs), and international development partners to elicit a diversity of views on the practical challenges of carbon market governance. The profile of the FGD participants is summarised in **Table 2**.

The sample participants were all Zambia-based, ensuring that the findings reflect the national context. The KII and FGD participants were distinct groups, with no overlap between them, resulting in a total of nineteen (19) experts consulted for the study. All interviews and the focus group discussion were conducted between November 2025 and March 2026. The profile of the KII participants is summarised in **Table 1**.

Table 1: *Profile of Key Informant Interview (KII) Participants*

Institution Type	Number of Interviewees	Description of Role/Expertise
Government	4	Senior officials from the Ministry of Green Economy and Environment (MGEE) and the Eastern Province Jurisdictional Sustainable Landscape Programme (EPJSLP) involved in policy design and regulation.
Private Sector / Consultant / Project Developers	4	Private consultants in carbon markets, project development firms and credit-generating companies operational in different parts of Zambia.
Civil Society / NGOs / Academia	2	Experts from non-governmental organisations and academic institutions with research or advocacy focus on community rights, environmental justice, or carbon markets.
Total	10	

Table 2: *Profile of Focus Group Discussion (FGD) Participants*

Institution Type	Number of Participants	Description of Role/Expertise
Government	2	Representatives from relevant line ministries and agencies involved in carbon market regulation and implementation.
Civil Society Organisations (CSOs)	3	Representatives from NGOs focused on community rights, environmental justice, and local stakeholder engagement.
Project Developers	2	Representatives from an organisation that has been working in carbon markets in Eastern, Central, and Muchinga Provinces of Zambia
International Development Partners	2	Representatives from donor agencies or multilateral institutions supporting climate finance and carbon market readiness in Zambia.
Total	9	

2.3 Data Analysis

The analysis was conducted in two stages. First, data from the literature review were used to conduct a comparative analysis of carbon market models, specifically evaluating the outcomes of the voluntary carbon market (VCM) model against the emerging jurisdictional compliance model. Second, the qualitative data from the KIIs and FGD were transcribed and analysed thematically. The thematic analysis followed a systematic, six-phase process described by Braun and Clarke (2006), which includes Familiarisation, Initial Coding, Theme Development, Reviewing Themes, Defining and Naming Themes, and Reporting [12]. The coding framework and the resulting thematic structure are summarised in **Table 3**. The interview and FGD data were used to triangulate and enrich the findings from the literature review, providing empirical evidence for the identified systemic challenges. The insights from this analysis are presented throughout the paper to illustrate and substantiate the arguments made.

Table 3: *Summary of Themes and Sub-Themes from Qualitative Analysis*

Theme	Sub-Themes	Key Issues Addressed	Where Addressed in Paper
Inefficiency of Voluntary Carbon Markets	1.1 Developer dominance and community marginalisation 1.2 Lack of transparency in revenue flows 1.3 Community dissatisfaction and loss of trust.	The failure of the Luangwa Community Forest Project (LCFP) model to deliver equitable outcomes due to power imbalances and opaque financial flows.	Section 5.1
Towards a Regulated Framework (The Jurisdictional Model)	2.1 Government assertion of sovereignty 2.2 Structured benefit-sharing plans 2.3 Perceived improvements in community benefit and transparency.	The transition to a state-led compliance model (EP-JSLP) as a response to VCM failures, with a focus on the formalisation of benefit-sharing.	Section 5.2
Institutional and Capacity Constraints	3.1 Weak coordination and a siloed approach 3.2 Lack of provincial baseline data 3.3 Limited technical capacity for MRV and enforcement 3.4 Under-resourced regulatory institutions.	The practical barriers to implementing the new legal framework, including human, technical, and financial resource gaps.	Section 6
Power Asymmetries and Elite Capture	4.1 The dominance of international developers 4.2 The role of traditional leaders and local elites 4.3 The limitations of Free, Prior and Informed Consent (FPIC) in practice.	The persistent risks to equitable outcomes under the new framework due to unequal bargaining power and local power dynamics.	Sections 5.3 and 6
Legal and Policy Gaps	5.1 The absence of fixed benefit-sharing percentages 5.2 Reliance on IPCC default factors vs. country-specific data 5.3 The need for community legal support.	The remaining gaps in the regulatory framework that could undermine its effectiveness and the need for further policy refinement.	Section 5.3

3 The Evolution of Carbon Markets in Zambia

Zambia's carbon market history began in the mid-2000s with national assessments by the Forestry Department through the Integrated Land Use Assessment (ILUA I, 2005–2008). The country was among the first African countries to join the expanded UN Reducing Emissions from Deforestation and forest Degradation plus (REDD+) Programme, alongside Tanzania and the Democratic Republic of Congo. A key informant who was part of the initial conversations that contributed to Zambia's inclusion in carbon markets said the country faced exclusion from the global UN-REDD initiative because its vegetation, with trees rarely exceeding 23 metres, was deemed less carbon-dense than taller tropical forests (KII, November 2025). However, as a result of the formal expansion of REDD to REDD+ which was adopted at COP16 in Cancún in 2010, Zambia's participation in international carbon negotiations was confirmed [13].

A key informant who was part of the early initiatives in piloting carbon markets in Zambia reported that early initiatives involved establishing the Africa Carbon Credit Exchange (ACCE) in 2010 as an independent corporate entity. This was done by Lloyds Financials Limited, a Zambian financial services firm, which had a mandate to create a continental trading platform for African carbon credits and other green products (KII, November 2025). Its founders, drawing on extensive experience in project finance across Africa, recognised the persistent difficulties in raising capital for carbon projects and designed the ACCE to address these market barriers. The initiative was intended to be a public–private partnership involving multiple stakeholders, including the Zambian government, to establish Africa's first regional trading platform. As reported by a key informant who was part of the initial efforts to establish the ACCE, the entity sought to redefine natural resources as 'green gold', structuring governance as a public–private partnership. The process involved securing a USD 25 million line of credit from Afreximbank, signing Memoranda of Understanding (MoUs) with UNECA, and integrating social safeguards such as Free, Prior and Informed Consent (FPIC) (KII, January 2026). A key informant from the private sector involved in the early discussions noted that government scepticism was a significant hurdle, with the initiative dismissed by some officials as 'too fancy' or a 'waste of time' (KII, November 2025). This scepticism stemmed from several factors: first, government officials viewed the exchange as a foreign-led initiative that did not adequately align with national development priorities; second, there was a lack of clarity on how the exchange would generate tangible local benefits, particularly for rural communities; third, the government was concerned about potential sovereignty issues, especially regarding the pricing and control of Zambia's natural resources; and fourth, there was general mistrust of private-sector-led platforms that were perceived as prioritising profit over national interests (KII, January 2026). Despite government engagement and initial high-level backing, the initiative ultimately struggled to become operational as initially envisioned and is no longer active. Instead, Zambia's carbon market framework is now governed by the Green Economy and Climate Change Act (2024) and its associated regulations [10]. A significant shift occurred with the Supporting Preparedness for Article 6 Cooperation (SPAR6C) Project, which transitioned Zambia into a more regulated framework. The programme, funded by the German government through its International Climate Initiative and implemented by a consortium led by the Global Green Growth Institute (GGGI), has been providing technical assistance to the Ministry of Green Economy and Environment (MGEE) since 2022. In Zambia, MGEE is the lead government institution responsible for designing and regulating carbon markets. This mandate is operationalised through the Zambian Environmental Management Agency (ZEMA), which serves as the implementing agency for carbon market governance. ZEMA developed a Carbon Market Registry requiring developers to register projects with MGEE. Approved projects receive a letter of 'no objection' and must prepare detailed proposals covering financing, transparency and benefit-sharing validated by certified auditors. The GECC Act, 2024 and S.I. No. 5 of 2026 do not stipulate fixed percentages for benefit sharing [10]; arrangements must be negotiated through binding agreements developed via FPIC.

Over time, Zambia has shifted from localised, project-based carbon initiatives towards jurisdictional approaches that manage emission reductions across entire provinces under a unified governance and accounting framework. This transition is intended to improve coordination, strengthen transparency, prevent

double counting, and align carbon market activities with national climate objectives. The Zambia Integrated Forest Landscape Project (ZIFLP), launched in 2017 with support from the World Bank's BioCarbon Fund, served as the country's readiness and capacity-building programme for jurisdictional carbon markets. Rather than generating carbon credits directly, ZIFLP focused on establishing the enabling conditions for future carbon market participation by training farmers in climate-smart agriculture, strengthening community forest management groups, developing land-use plans and carbon monitoring systems, and building institutional capacity for results-based payment mechanisms for emission reductions.

Building on this foundation, the Eastern Province Jurisdictional Sustainable Landscape Programme (EP-JSLP) was launched in 2024 as Zambia's first pilot jurisdictional programme for carbon emission reductions. Also supported by the World Bank's BioCarbon Fund under its Initiative for Sustainable Forest Landscapes (ISFL), the EP-JSLP covers all 14 districts within the Eastern Province and applies a province-wide approach to reducing greenhouse gas emissions from Agriculture, Forestry and Other Land Use (AFOLU) activities while strengthening rural livelihoods through performance-based carbon finance.

***Box 1:** Defining Zambia's Jurisdictional Compliance Carbon Market Programme*

Zambia's Jurisdictional Compliance carbon market programme refers to the government's planned network of province-level carbon crediting jurisdictions, each operating under a unified national governance and accounting framework. The Eastern Province (EP-JSLP) is the first and currently the only operational jurisdiction. A second jurisdiction is planned for Muchinga Province but has not yet been established. All jurisdictions within this programme will be required to transition to internationally recognised REDD+ standards, as described below.

To support high-integrity carbon accounting across this emerging programme, Zambia's Jurisdictional Compliance carbon markets are transitioning away from the World Bank's ISFL methodology towards two alternative REDD+ standards: (i) ART TREES and (ii) Verra's VCS (Verified Carbon Standard) Jurisdictional and Nested REDD+ (JNR) Framework [14]. In November 2024, both methodologies were approved by the Integrity Council for the Voluntary Carbon Market (ICVCM) as meeting its Core Carbon Principles (CCPs), signalling that carbon credits generated under these standards meet internationally recognised requirements for additionality, permanence, and robust quantification. This transition is a strategic decision by the Government of Zambia to ensure that all future jurisdictional programmes, including the planned Muchinga Province jurisdiction, are developed using standards that are compatible with international compliance markets and Article 6 of the Paris Agreement. The ISFL methodology was previously used for the EP-JSLP. The transition to ART TREES or Verra JNR therefore applies directly to the EP-JSLP at this stage, providing a pathway for the programme after the World Bank's funding concludes. The ART TREES standard, in particular, offers a clear transition route for World Bank-supported programmes. For jurisdictions not yet established, such as Muchinga Province, the government intends to adopt these standards from the outset, ensuring consistency and avoiding the need for future methodological transitions.

It is important to note that these jurisdictional standards are primarily designed for AFOLU-based projects, particularly those focused on reducing emissions from deforestation and forest degradation, sustainable forest management, and conservation. However, the Zambian carbon market extends beyond forestry to include other project types that are highly relevant to the country's emission reduction priorities and that

operate outside the jurisdictional compliance framework. For instance, household devices such as improved cookstoves and clean cooking solutions are a significant and growing segment of Zambia's carbon market, as they address deforestation caused by charcoal production and firewood collection, while also delivering health and livelihood benefits to rural communities. A notable example is the BioLite Improved Cookstoves activity, which was authorised under the Article 6.2 bilateral agreement between Zambia and Switzerland in August 2026 and aims to distribute over 160,000 fuel-efficient cookstoves across the country [15]. This project proposes to reduce fuel consumption by approximately 65% per household compared to traditional cooking methods, contributing to Zambia's Nationally Determined Contribution (NDC) target of increasing access to clean cooking solutions from 8.9% to 40% by 2030 [15]. Other non-AFOLU project types active in Zambia include renewable energy generation, waste management and biogas recovery, and energy efficiency initiatives. These projects typically follow different standards, such as the Gold Standard, Verra's Verified Carbon Standard (VCS), and the Clean Development Mechanism (CDM), which are better suited to their specific methodologies. For example, the Gold Standard has been used to certify improved cookstove programmes in Zambia, including the ETG Live Better Improved Cookstove Programme, which proposes to cut household firewood use by more than half and is expected to issue its first carbon credits in late 2026 [16]. These project-level activities are distinct from the jurisdictional compliance programme and may continue to use different standards, as they operate outside the province-wide accounting framework.

4 Key Actors and Standard-Setting Organisations in Zambia's Carbon Market Ecosystem

4.1 Key Actors in Zambia's Carbon Markets

Zambia's carbon market is supported by a diverse network of stakeholders (**Table 4**), including government institutions, project developers, financiers, local communities, development partners, international standard-setting organisations, and independent validation and verification bodies. These actors play complementary roles in project development, financing, regulation, implementation, quality assurance, and carbon credit certification, collectively ensuring the integrity and functioning of the carbon market.

Not all projects involve actors from every category, and the composition of stakeholders varies significantly depending on the project type, scale, and market segment. For instance, project developers range from large international firms (such as BioCarbon Partners (BCP)) to local social enterprises (such as COMACO or UpEnergy), with some focusing exclusively on forestry and REDD+ projects while others specialise in clean energy, efficient cookstoves, or sustainable agriculture. Similarly, financiers include multilateral development banks (such as the World Bank) providing concessional funding for jurisdictional programmes, commercial banks (such as the Zambia National Commercial Bank or AfrAsia) offering debt financing for individual projects, and impact investors seeking both environmental and social returns. While larger jurisdictional programmes like the EP-JSLP involve actors from most categories (including government, communities, service providers, and international financiers), smaller voluntary projects may involve only a project developer, a community, and a verification body, without direct government or development partner involvement.

***Table 4:** Key Actors in Zambia's Carbon Market Ecosystem and Their Roles*

Actor Category	Key Players	Role / Contribution
Project Developers	BioCarbon Partners, COMACO, One Acre Fund, Eden Reforestation, SupaMoto, Burn Manufacturing, Namene Solar, UpEnergy	Design and implement carbon projects, including forest conservation, reforestation, clean energy, and sustainable agriculture. Range from large international firms to local social enterprises.
Financiers	Multilateral: World Bank (ISFL, REDD+) Commercial: AfrAsia, Rabobank (Acorn initiative) Impact investors	Provide capital, investment frameworks, and ensure long-term financial sustainability of projects. Different financiers offer concessional funding, debt financing, or equity investment depending on project type and scale.
Government Institutions	Ministry of Green Economy and Environment, Ministry of Tourism, Ministry of Infrastructure, Housing and Urban Development, Zambia Electricity Supply Corporation (ZESCO)	Oversee forest and climate policy, land use, conservation, and energy. Provide policy alignment and oversight through the Green Economy and Climate Change Act (2024). MGEE is responsible for project authorisation, Article 6 approvals, national registry management, and overall carbon credit governance.
Communities	Local cooperatives and trusts (Kabompo, Dongwe, Mafisa); Chiefdoms; Community Forest Management Groups (CFMGs)	Central to project implementation, ensuring benefit-sharing, participation, and local ownership of carbon initiatives. Represent the primary custodians of forest and land resources.
International Validators and Auditors	Designated Operational Entities (DOE), such as 4K Earth Science, AENOR, EBP Schweiz AG	Provide independent accreditation and validation under UNFCCC Article 6.4 and voluntary standards like Verra and Gold Standard, ensuring credibility, compliance, and environmental integrity.
Standard-Setting Organisations	Verra (VCS), Gold Standard, ART TREES, World Bank ISFL, UNFCCC (CDM/Article 6.4)	Establish methodologies, rules, and requirements for quantifying emission reductions, ensuring additionality, permanence, and robust MRV. Provide the credibility frameworks that enable credits to be traded internationally.
Development Partners and Exchanges	USAID, FAO, UN agencies, European Union, World Bank, African Carbon Exchange	Strengthen technical capacity, governance, and international linkages; facilitate carbon trading and market access through technical assistance, capacity building, and market infrastructure development.

4.2 Standard-Setting Organisations in Zambia's Carbon Market

As seen in Table 4, Zambia's carbon market relies on several international standard-setting organisations that provide the operational frameworks, methodologies, and credibility mechanisms enabling Zambian carbon credits to be traded internationally. These standards establish the rules for quantifying emission reductions, ensuring additionality, permanence, and robust MRV.

Verra (with its Verified Carbon Standard) and the Gold Standard are the most widely used voluntary standards, particularly for project-based initiatives in forestry, clean energy, and sustainable agriculture. For jurisdictional REDD+ programmes, Zambia is transitioning from the World Bank's ISFL methodology towards ART TREES (and, in parallel, Verra's JNR Framework), a shift that applies to the existing EP-JSLP and will apply from the outset to the planned Muchinga Province jurisdiction (see Section 3 and Box 1). The CDM methodologies, while no longer active for new projects, have informed the development of many early initiatives and continue to influence Article 6.4 mechanism discussions under the Paris Agreement (UNFCCC, 2024). These standards, together with the validation and verification bodies that audit projects against their requirements, provide the necessary credibility and integrity for Zambia's carbon credits to access international markets.



Aerial view of Luangwa River in Zambia

PHOTO: GIUSEPPE D'AMICO, SHUTTERSTOCK

5 Benefit-Sharing Arrangements in Carbon Markets

Benefit sharing in carbon markets refers to the distribution of revenues and other benefits from carbon credit sales among developers, government, communities, and all stakeholders involved in or affected by mitigation activities. Benefit sharing remains a core element of Zambia's carbon market governance framework. National and programme-level benefit-sharing plans emphasise redistributing carbon revenues to local communities, often allocating a substantial share of proceeds to community beneficiaries [17]. Despite Zambia adopting relatively progressive revenue-sharing ratios, empirical evidence highlights persistent challenges [18]. For example, the literature identifies gaps in the monitoring and enforcement of benefit-sharing commitments, as well as ambiguities surrounding benefit valuation, grievance redress, and long-term sustainability of community benefits [20, 21]. Although recent regulatory reforms under the GECC Act aim to address some of these concerns, institutional capacity constraints and power asymmetries between state actors, project developers, and local communities continue to shape outcomes [11, 19].

5.1 Benefit-Sharing Arrangements in Voluntary Carbon Market Systems: Example from the Luangwa Community Forest Project

The Luangwa Community Forest Project (LCFP) serves as an example of how benefit-sharing mechanisms operated under Zambia's VCM framework prior to the introduction of the 2024 legal reforms. **Table 5** illustrates the four-stage benefit-sharing structure that governed the distribution of carbon revenues under the LCFP. The table demonstrates three critical features of the VCM: first, the dominance of developers in revenue retention; second, the limited share allocated to communities; and third, the opaque flow of funds, which allowed developers to control even funds nominally designated for community development. Together, these features highlight perceived inequities that prompted Zambia's shift towards a regulated compliance framework.

Table 5: *Stages in Benefit-Sharing Mechanisms in Voluntary Markets (the LCFP example, pre-2024) (Adapted from Mushimbei, 2024 [23]).*

Stage 1: Gross Revenue Deductions (40% of gross sales). Operational costs deducted before any community benefits				
Component	**Percentage (of gross)**	**Purpose**		
Cost of sales	10%	Broker commissions, VCS, certification, registry costs		
General, administrative & overhead	10%	Board governance, staff salaries, marketing, rent, insurance		
Management fees	20%	BCP's exclusive use for capital repayment, debt financing, project expansion, profit sharing		
TOTAL DEDUCTIONS (OF GROSS SALES)	40%	(Remaining: 60% Net Profit)		
Stage 2: Net Profit Distribution (60% of gross sales (net profit)). The remaining net profit allocated as:				
Allocation	**% of Gross**	**% of Net**	**Purpose**	
LCFP operations (Developer-retained)	26%	43%	Co-management, infrastructure, biodiversity conservation, encroachment surveillance, governance capacity building, forest marketing	
Community livelihood projects	34%	57%	Community development initiatives	
TOTAL NET PROFIT DISTRIBUTION (OF GROSS SALES)	60%	100%		
Stage 3: Community Livelihood Project Fund Distribution (34% of gross sales). The 34% allocated to communities is further divided as:				
Recipient	**% of CLPF**	**% of Net**	**% of Gross**	
Her Royal Highness Chieftainess Mphangwe	6%	3%	2%	
CFMG operations and administration	9%	5%	3%	
Community	85%	49%	29%	
TOTAL COMMUNITY LIVELIHOOD PROJECT FUND	100% of CLPF	57% of net	34% of gross	
Stage 4: Community Allocation Breakdown (29% of gross sales). The 29% designated for community livelihoods is distributed as follows:				
Component	**% of Alloc.**	**% of Net**	**% of Gross**	**Control**
Government support	10.3%	5%	3%	BCP-controlled
Chiefdom livelihood fund	10.3%	5%	3%	Developer-controlled
Community livelihoods	79.4%	39%	23%	Community-controlled
TOTAL COMMUNITY ALLOCATION	100% of allocation	49% of gross	29%	
FINAL DISTRIBUTION SUMMARY (Share of Gross Sales)				
Category	**% of Gross**	**Control Status**		
Developer-direct (Stage 1 + Stage 2 LCFP operations)	66%	Developer		
Community-controlled (Stage 3 CFMG ops + Stage 4 community livelihoods)	26%	Community		
Chiefdom livelihood fund (Stage 4)	3%	Developer-controlled		

Zambia's carbon credit revenue-sharing mechanisms reveal significant inequities and transparency gaps, undermining the equitable distribution of benefits to local communities. As exemplified in the LCFP example, shown in Table 5, despite bearing the costs of forest conservation, host communities received only 26% of total carbon credit sales in directly controlled benefits [23]. Meanwhile, developers retained approximately 66% of total revenue [23], not only through direct allocations but also by controlling the Government Support fund (3%) and the Chiefdom Livelihood Fund (3%), which further diminishes local autonomy. Despite the inequitable distribution, the LCFP established governance structures for community-level decision-making. The carbon revenues allocated to communities are managed through Community Forest Management Groups (CFMGs), which are locally elected bodies to manage projects within the community.

According to an interviewee from the government, under the LCFP transparency concerns were rampant, as community members and government representatives had limited visibility into how funds were calculated, allocated, and spent, raising questions about accountability and potential misappropriation (KII, March 2026). These interview findings corroborate the growing body of literature, such as Mushimbei (2024) [23], which documented significant community dissatisfaction with the VCM model's outcomes. Mushimbei conducted household surveys and focus group discussions with LCFP community members. This revealed that the existing benefit-sharing arrangement under VCMs generated significant community dissatisfaction, with 36% of respondents expressing preference to return to traditional forest-use practices, citing inadequate compensation for livelihood losses and lack of transparency in benefit distribution. This corroborated the concerns raised by a key informant interviewed for this study (KII, March 2026). The BCP benefit-sharing mechanism allocated Government Support Funds (3% of gross sales) for monitoring and oversight support [22]. However, these funds were held by the developer rather than government-controlled accounts, further limiting oversight and public accountability. Traditional leadership, which is typically the entry point for project developers and the highest power structure at community level, received a dedicated 2% allocation, reinforcing hierarchical disparities (Table 5). Communities were not completely excluded from project forest areas; rather, access and resource use were managed through the CFMG and forest management plans, with communities retaining access to non-timber forest products while forest-use activities that could undermine conservation objectives were controlled. The systemic failures provided the empirical rationale for the government's shift from VCM towards a regulated compliance market framework (KII, March 2026).

5.2 The Benefit Sharing Plan in the Jurisdictional Province

The experience of project-based voluntary carbon markets, as illustrated by the LCFP, provides an important point of comparison with Zambia's emerging jurisdictional approach to benefit sharing. While the LCFP arrangement was negotiated at project level and channelled a relatively small proportion of carbon revenues into directly community-controlled benefits, the jurisdictional model introduces a programme-wide Benefit Sharing Plan (BSP) that explicitly defines beneficiary categories and their respective shares of Emission Reduction payments. The EP-JSLP BSP was developed by the Government of Zambia through MGEE, in partnership with the World Bank's BioCarbon Fund ISFL, and through consultations with participating local actors and communities. The EP-JSLP therefore represents a shift towards a more

structured benefit-sharing framework, with a larger proportion of benefits allocated to chiefdoms and communities and with clearer provisions for community development, conservation, livelihood support and local governance.

The BSP for the EP-JSLP is designed to distribute revenues from emission reduction payments in a way that balances government oversight, private sector contributions, and direct community benefits (**Table 6**).

Table 6: *Benefit-Sharing Allocation in the Jurisdictional project in Zambia (Adapted from GRZ 2022 [24])*

Beneficiary Category	Share of Total Emission Reduction Payments	Notes
Government & Project Implementation Unit (PIU)	15%	Covers programme management, Monitoring, Reporting, and Verification (MRV), policy/legal regulation, grievance redress
Private Sector & Service Providers	30%	Community Markets for Conservation: Home (COMACO), Bio-Carbon Partners (BCP), Non-Governmental Organisation (NGOs), Civil Society Organisations (CSOs), extension services, MRV in nested chiefdoms
Chiefdoms & Communities	55%	Largest share, subdivided below
▪ Chief (individual royalty)	5% of 55%	Direct support to traditional leaders
▪ Chief as institution	5% of 55%	Chiefdom Development Trusts
▪ Community construction	32% of 55%	Infrastructure such as schools, clinics, bridges, etc.
▪ Conservation	30% of 55%	Forest management, climate-smart agriculture adoption, patrols, fire management
▪ Livelihood support	20% of 55%	Low-carbon investments, livestock, aquaculture, resilience
▪ Traditional activities	5% of 55%	Ceremonies, shrines, cultural heritage
▪ Community Resource Boards (CRBs) / Community Forest Management Group (CFMGs) / Farmer Groups	3% of 55%	Local governance and administration
Performance Buffer	~5% (separate)	Safeguards against under-performance

Compared with the project-specific LCFP arrangement, the EP-JSLP places greater emphasis on formally allocating benefits to chiefdoms and communities, which collectively receive the largest beneficiary share (55%) of emission reduction payments. The jurisdictional model also broadens the purposes for which community-level benefits may be used, including infrastructure, conservation, livelihood support, cultural activities and local governance. However, the two models are not directly comparable on a percentage-for-percentage basis because their benefit-sharing structures and allocation categories differ. While the EP-JSLP plan represents a more structured and equitable approach, focus group participants expressed concerns about the complexity of the new benefit-sharing arrangements and whether local governance structures, such as Community Forest Management Groups (CFMGs), have the capacity to manage and account for the increased funds and responsibilities (FGD, November 2025).

5.3 Benefit-Sharing Provisions in Zambia's Legal Framework

Beyond the project-specific and jurisdictional benefit-sharing arrangements discussed above, Zambia has introduced a national legal framework to provide greater consistency, transparency, and accountability in how carbon market benefits are determined and distributed.

This framework responds to concerns arising from earlier voluntary arrangements, including limited transparency, unequal bargaining power, weak community safeguards and inconsistencies in benefit-sharing practices.

The framework is established through two complementary legal instruments: The Green Economy and Climate Change Act No. 18 of 2024, which provides the overarching statutory basis for carbon market governance and benefit sharing, and the Carbon Market Regulations, S.I. No. 5 of 2026 [10], which provide more detailed procedural and implementation requirements. The SI mandates that project developers sign legally binding community development and benefit-sharing agreements, establishes a national carbon registry for lifecycle credit monitoring, and creates a government-regulated fee structure.

The GECC Act No. 18 of 2024 aims to address transparency issues, weak regulation, the risk of exploitation of participants, and revenue loss in carbon markets. To operationalise the Act, the government developed the Carbon Market Regulations, Statutory Instrument (SI) No. 5 of 2026 [10]. Implementation is led by the Department of Green Economy and Climate Change under the MGEE, working through the Director and the Green Economy and Climate Change Technical Committee as the Designated National Authority. It also requires coordination with relevant sectoral authorities, project developers, and beneficiary communities. The SI aims to ensure that carbon trading delivers both environmental integrity and tangible, equitable benefits to the forest-dependent communities that serve as the true custodians of Zambia's forests, which provide for marketable carbon credits.

The Carbon Market Regulations (2026) [10] establish comprehensive benefit-sharing requirements that directly address the exploitation documented in previous voluntary carbon



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projects negotiated through binding agreements developed via FPIC. Crucially, verifiers must confirm during project monitoring that the BSP and agreement are implemented as approved, with this requirement specifically applicable to REDD+ projects and community-based afforestation/reforestation activities. **Figure 1** illustrates a clear evolution from the VCM model (eg LCFP), where developers retained 66% and communities received only 26% with limited transparency, to the jurisdictional programme (EP-JSLP), which allocates 55% to communities, and finally to the national legal framework, which mandates legally binding benefit-sharing agreements and independent verification. However, regulation alone is insufficient. Key challenges remain, including weak institutional capacity for enforcement, power asymmetries between developers and communities, risks of elite capture, and the need for sustained investment in community education and legal support to ensure genuine participation in benefit-sharing decisions.

The new legal framework represents a significant improvement over the voluntary arrangements that preceded it. It addresses the documented failures of the project-based VCMs by mandating binding agreements, FPIC processes, transparency in benefit distribution, and independent verification. The regulatory power to hold developers accountable and

Figure 1: *Summary Comparison of Benefit-Sharing Plans in Zambia's Carbon Market. Source: Authors' compilation from project documents and legal frameworks (see Sections 5.1–5.3).*

CATEGORY	Voluntary Carbon Market (LCFP)	Jurisdictional Programme (EP-JSLP)	Legal Framework (Act No. 18 of 2024 & SI No. 68 of 2025)
Primary Beneficiaries	**Developers** (66%), **Communities** (26%), Traditional Leadership (2%), CFMG (3%), **Government** (3%)	**Chiefdoms & Communities** (55%), **Private Sector** (30%), **Government** (15%)	**Communities** (primary), **Government Private Sector** (regulated shares)
Developer Share	**72%** (direct and total developer-controlled funds)	**30%** (Private Sector & Service Providers)	**Regulated;** must be transparent and agreed upon in legally binding agreements
Community Share	**26%** (directly controlled)	**55%** (subdivided for chiefs, conservation, livelihoods, etc.)	**Mandated to be equitable:** FPIC principles required, detailed in a Benefit Sharing Agreement
Government Share	(3%, developer-controlled Government Support Fund)	**15%** (oversight, MRV, policy)	**Regulated,** national registry and fee structure; oversight and transparency
Traditional Leadership Share	**2%**	**10%** of 55% community share (5.5% of total ER payments)	Included in community agreements; role defined in Benefit Sharing Agreement
Transparency and Accountability	Limited visibility into calculations and spend; high community dissatisfaction	Vast visibility; grievance redress, performance buffer	**Legally binding agreements;** national registry; regular reporting; grievance redress
Safeguards	None for community withdrawal	Performance buffer; diversified allocations	FPIC principles; conflict resolution; verifier confirmation of implementation
Community Autonomy	**Low** (developer-controlled funds)	**High** (majority of funds for community projects)	**High** (community involvement in agreements; legal safeguards)
Risk of Elite Capture	**High** (developer and traditional leadership control)	**Mitigated** (transparent chief royalties; diversified fund use)	**Mitigated** (FPIC; legally binding agreements; community oversight)

the creation of a national registry are important structural advances. However, several limitations still exist.

- The effectiveness of the framework depends heavily on institutional capacity, which remains weak. MGEE faces significant technical and human resource constraints in monitoring compliance and enforcing regulations.
- The SI mandates FPIC, but the power asymmetry between experienced international project developers and rural communities with limited technical knowledge, negotiation skills, or legal support persists, raising concerns about whether communities can genuinely negotiate equitable agreements.
- The regulations do not prescribe fixed benefit percentages (unlike the jurisdictional programme's 55% community share), leaving substantial discretion to project-level negotiations where community bargaining power may be uneven.
- Political interference and elite capture remain risks, particularly in contexts where traditional leaders and local authorities may have interests that diverge from broader community welfare.
- The success of the SI requires sustained political will and adequate resources for oversight, which are not guaranteed in Zambia's fiscal environment.

The central message for policymakers is that while Zambia's regulatory framework for carbon market benefit sharing is progressive, achieving equitable outcomes will require sustained investment in institutional capacity, community education and legal support, transparent oversight mechanisms, and vigilance against elite capture. This caution was echoed by several key informants from civil society, who emphasised that the power imbalance between international developers and rural communities remains a critical barrier to genuinely equitable negotiations, despite the legal requirement for Free, Prior and Informed Consent (FPIC) (KII, November 2025).

6 Institutional and Capacity Challenges for Managing Carbon Markets in Zambia

The preceding analysis of Zambia's carbon market approaches and benefit-sharing arrangements reveals persistent institutional and capacity constraints that continue to shape the effective management and development of the country's carbon market. The institutional and capacity constraints identified through the literature review were strongly corroborated by key informants, who described in detail the practical challenges they face in their work. These include:

Weak Coordination. A challenge highlighted by multiple private sector informants was fragmented collaboration among the key sectors, which results in the market being 'siloed' within the forestry sector, leaving the carbon potential of renewable energy, transport, and waste management largely unexplored. This sectoral narrowness has direct consequences for institutional capacity. As noted in the key messages for policymakers, the MGEE faces significant technical and human resource constraints. These are compounded when carbon market expertise is concentrated in a single sector rather than distributed across the energy, transport, and waste agencies that would need to design and oversee projects in those areas. The practical result is that even where Zambia's legal framework provides for broad participation under the GECC Act of 2024 and the Carbon Market Regulations of 2026, the administrative and technical machinery to process projects outside forestry is underdeveloped, limiting the pipeline of diversified carbon assets that the new regulations were intended to enable.

Lack of Baseline Studies. As noted by one government official (KII, March 2026), the absence of provincial baseline data prevents accurate emission measurement. This baseline data provides comprehensive reference information on greenhouse gas emissions, carbon stocks, land-use patterns, and sectoral conditions for each province prior to carbon market interventions. The EP-JSLP lacks long-term impact data, complicating its expansion to Muchinga and other provinces. Reliance on Intergovernmental Panel on Climate Change (IPCC) default emission factors often results in undervalued carbon stocks and weakened negotiating power in international transactions [25].

Transparency and Equity. A government official further noted that jurisdictional models aim for equity, but the voluntary market suffers from buyer price-dictation and limited local transparency (KII, March 2026). Government efforts to track sales and project data are hampered by the lack of a centralised system. While ZEMA has developed a national carbon registry, it remains non-comprehensive for historical projects, creating accountability gaps.

Capacity Constraints. Zambia's limited local technical expertise in forest carbon and land-use modelling constrains its ability to move beyond IPCC default emission factors. Long-term, institutionalised training for officials and communities, rather than short-term project-based technical assistance, is essential to strengthen national MRV systems and unlock greater value from carbon markets (FGD, November 2025).

7 Conclusion

Zambia is transitioning from unregulated voluntary projects to a robust, compliance-driven carbon market governed by the Green Economy and Climate Change Act (2024). The analysis, informed by insights from key stakeholders across government, civil society, and the private sector, confirms that regulation alone is insufficient. While the country's high biomass potential has historically favoured REDD+ initiatives, the new framework asserts sovereign authority to rectify 'fiscal leakage' and ensure equitable benefit-sharing through binding community agreements. Despite this progress, critical gaps remain in provincial baseline data, institutional coordination, and technical modelling. To maximise its 'green gold', policymakers should consider the following recommendations that stem from this analysis:

1. **Build the baseline evidence.** Invest in province-level carbon stock assessments and sectoral emissions inventories so that Zambia measures its own carbon rather than relying on IPCC default factors, which undervalue its assets and weaken its negotiating position.
2. **Make benefit-sharing binding and verifiable.** Mandate and monitor legally binding benefit-sharing agreements under Free, Prior and Informed Consent (FPIC), with clear provisions for transparency, grievance redress, and community withdrawal in cases of non-performance.
3. **Invest in people and institutions.** Fund sustained, institutionalised training for government officials and communities on carbon market governance, Article 6 mechanisms, and Monitoring, Reporting, and Verification (MRV) systems, rather than short-term project-based technical assistance.
4. **Enforce transparency.** Establish oversight mechanisms that protect communities from elite capture and inequitable distribution, and reduce the risk that communities opt out of the jurisdictional programme.
5. **Build negotiation and pricing capacity.** Invest in government and developer capacity to negotiate fair prices, so that Zambia does not sell credits at undervalued prices relative to compliance markets.
6. **Diversify beyond forestry.** Create an enabling policy and investment environment for carbon market development in renewable energy, sustainable agriculture, waste management, and green transport, including support for sector-specific baseline methodologies.

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Recommended Citation:

Mubanga, K. H., Mulunda, M., Tomei, J., Cronin, J., Mayenga, L., and Serenje, N. (2026). Zambia's Carbon Market Transition: Policy Priorities for Transparent, Equitable, and Regulated Governance. Climate Compatible Growth Programme Policy Paper. Available at: https://doi.org/10.13140/RG.2.2.11549.88802

Acknowledgement

This material has been produced with support from the Climate Compatible Growth programme, which is funded by the UK Government's Foreign, Commonwealth & Development Office (FCDO) through its Global Research and Technology Development portfolio. The views expressed are those of the authors and do not necessarily reflect the official policy or positions of the UK Government's Foreign, Commonwealth & Development Office (FCDO) or its partners.

The authors extend their sincere gratitude to the Key Informant Interview and Focus Group Discussion participants, whose valuable insights and time significantly enriched this study. We also thank the peer reviewers for their constructive feedback and thoughtful suggestions, which greatly improved the quality of this work. Finally, we acknowledge the graphic designer, Sarel Greyling, for his creative and professional contributions to the visual presentation of this material.