



CATALYST FUND BFA GLOBAL



# Voluntary carbon markets and opportunities for African Climatech ventures

MODULE 2

2025



1 Carbon Market 101 for  
African Climatechs

**2 Macro Trends and  
opportunities in Africa's VCM**

3 Buyers of African carbon credits

4 Supply-side Opportunities for African Climatech  
Ventures



# ICYMI: Module #1

In case you missed it (ICYMI), Module 1 blog demystified the carbon market for African climate startups by explaining key concepts, stakeholder roles, and pathways to unlock carbon financing. It outlined the different project scopes where startups can generate value and provided a step-by-step view of the costs, processes, and timelines involved in monetizing carbon credits.

[DOWNLOAD IT HERE](#)







## MODULE 2

# Macro Trends and Opportunities in Africa's VCM

## Before You Flip Through: What This Module Covers

Welcome to **Module 2: Macro Trends and Opportunities in Africa's Voluntary Carbon Market (VCM)** — a deep dive into the big-picture shifts shaping Africa's role in the global carbon credit landscape, and where climate tech ventures can lead next.

This module outlines the macro trends that define today's VCM — from global market corrections and shifting buyer expectations to Africa's growing credit issuance and the factors driving demand. While the global carbon market is going through a reset, with falling prices and increased scrutiny, Africa is emerging as a vital supply region, offering credits with strong community benefits and natural climate solutions.

You'll learn that **Africa's strengths lie in three key areas: Forestry & Land Use, Household & Community Projects** (especially cookstoves and clean water), and Renewable Energy. Together, these scopes account for over 98% of Africa's issued carbon credits. However, the module also highlights the opportunity to expand into underutilized areas, such as waste management, transportation, agriculture, and industrial efficiency — sectors ripe for climate tech innovation.

This module also looks at how credit issuance and retirement are accelerating. As of the end of 2023, Africa's issuance has grown at a **17% CAGR**, with countries like Kenya, Nigeria, Malawi, Rwanda, and South Africa leading. Still, the landscape is concentrated, with just 13 countries generating 90% of the continent's credits, leaving room for expansion across emerging markets like Senegal and Madagascar.

You'll also explore how **regulation is evolving**. As of 2024, fewer than 40% of African countries have implemented formal carbon market policies, but several are advancing. Kenya, South Africa, Egypt, and Rwanda have enacted national regulations and even signed bilateral Article 6 agreements — opening new channels for internationally traded credits. Understanding where your country stands is key to navigating compliance and unlocking opportunities.

Throughout this module, you're encouraged to see beyond current barriers and instead focus on the growing momentum: increased buyer demand for high-integrity African credits, stronger regional regulation, and a maturing carbon ecosystem that still has space for African climate tech ventures to shape the future of carbon supply.

If you're wondering where your startup fits — by sector, geography, or scale — this module offers practical insights into how to identify your entry points, partner wisely, and scale impact through carbon financing.

Let's explore where the biggest opportunities lie.



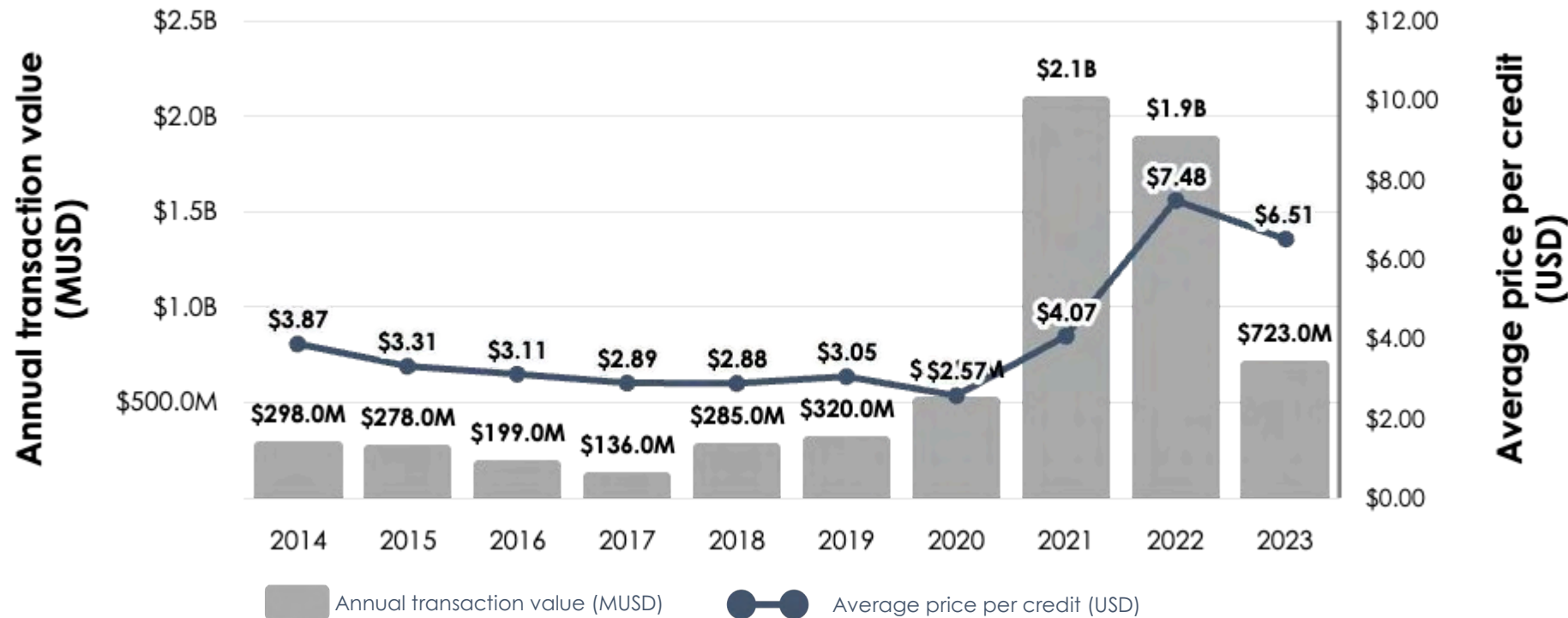
# Africa's Voluntary Carbon Market is growing fast, offering climate tech startups a unique opportunity to lead in high-value, high-impact carbon credit generation.

- **VCM growth is real** but undergoing a correction.
- **Africa's current strength lies in three scopes**—Forestry, Household, and Renewables.
- **13 countries account for 90% of Africa's** carbon credit output, but many others are primed for growth
- **Regulation is maturing but still fragmented** across the continent – Less than 2 in 5 countries in Africa have formulated carbon market regulations.
- **Understanding** country-level **regulation is crucial for startups** operating in or entering carbon markets.



# The global VCM is undergoing a reset as carbon credit prices and volumes drop amid greater scrutiny.

VCM Size, by Value of Traded Carbon Credits, 2014 to 2023



60%

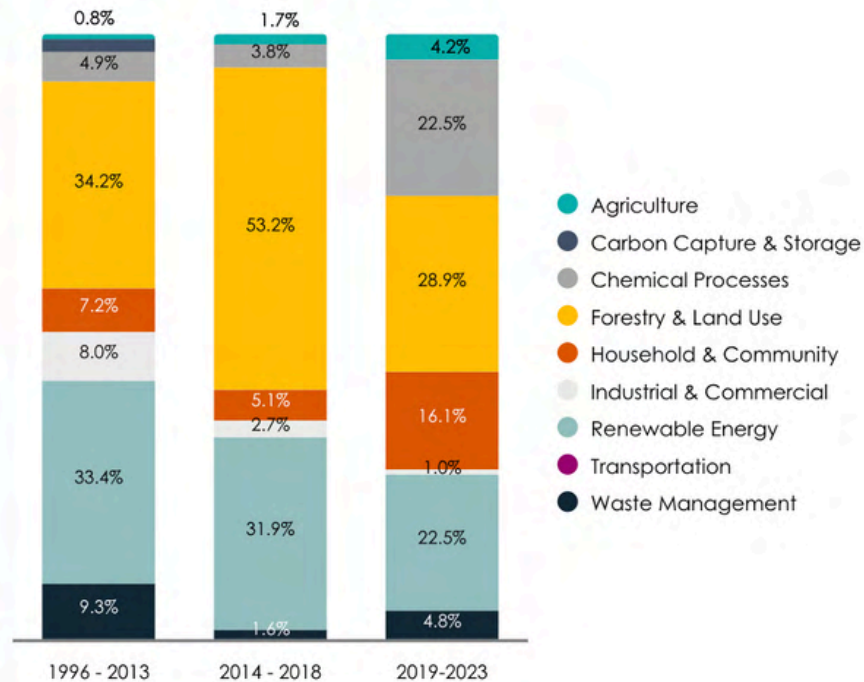
YoY decline in value of traded carbon between 2022 and 2023

Value of issued credits fell 62% in the same period. Key drivers include oversupply, REDD+ controversies, and shifting buyer preferences.

Source: Ecosystem Marketplace State of the Voluntary Carbon Market 2024

# Buyers are signaling demand for credits beyond forestry and renewables, opening up new scope categories.

## Categories of carbon credits retired globally



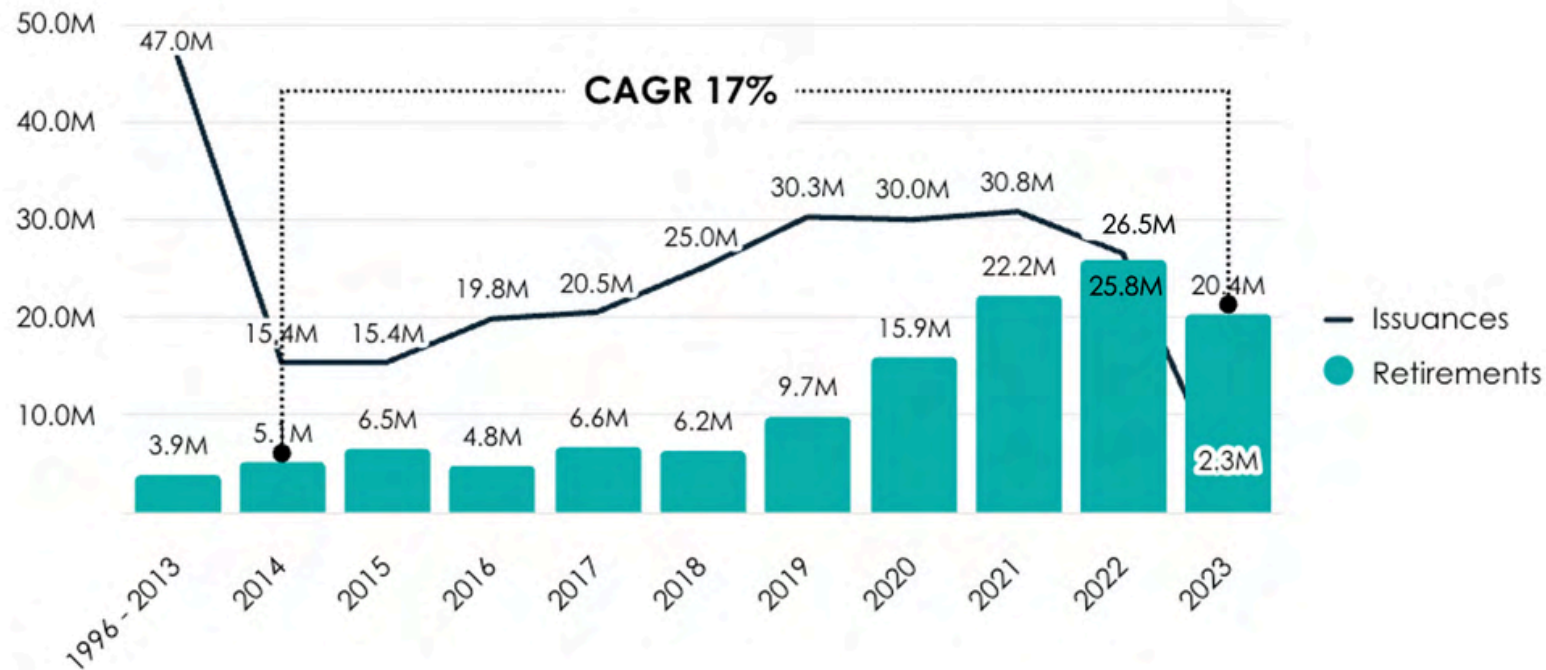
- Chemical processes, household and community, and agricultural scopes are growing globally.
- African startups have room to **innovate in underrepresented and locally relevant scopes** as buyers increasingly value co-benefits and traceability.

Source: Voluntary Registry Offsets Database, v10, 2024



# Africa's carbon credit issuance has grown at a 17% CAGR, driven by Household and Community projects.

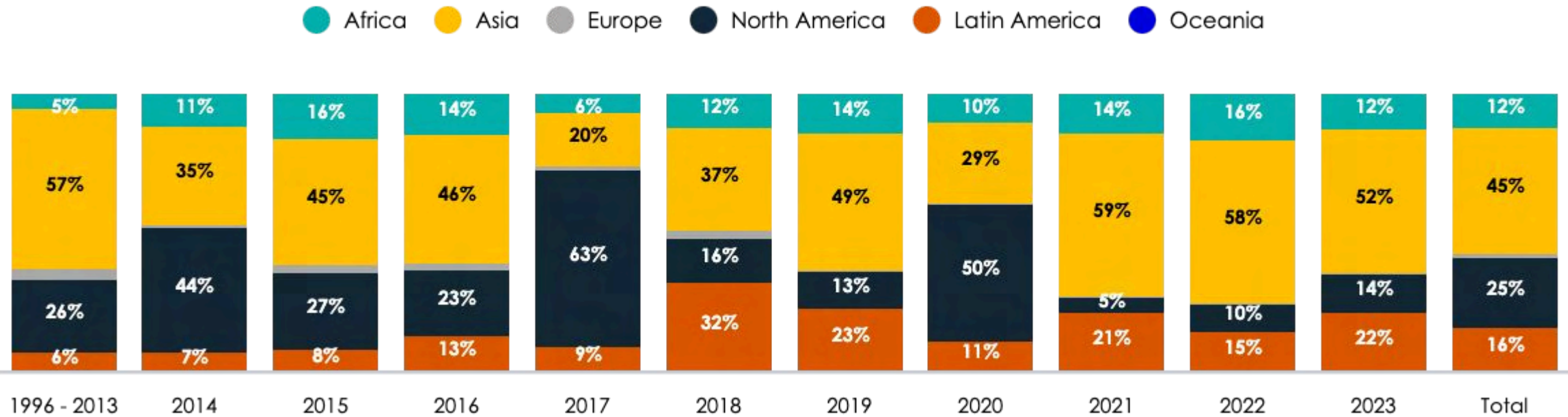
Africa's credit issuances and retirements from the VCM (MTCO<sub>2</sub>e)



- Africa issued ~47M credits as of 2023, with retirements increasing in tandem.
- The continent's market share in VCM is steadily rising.
- Growing buyer interest is validating Africa's project potential.

Over the past decade, Africa's share of carbon retirement figures have fluctuated cyclically, representing 12% of the global total to date

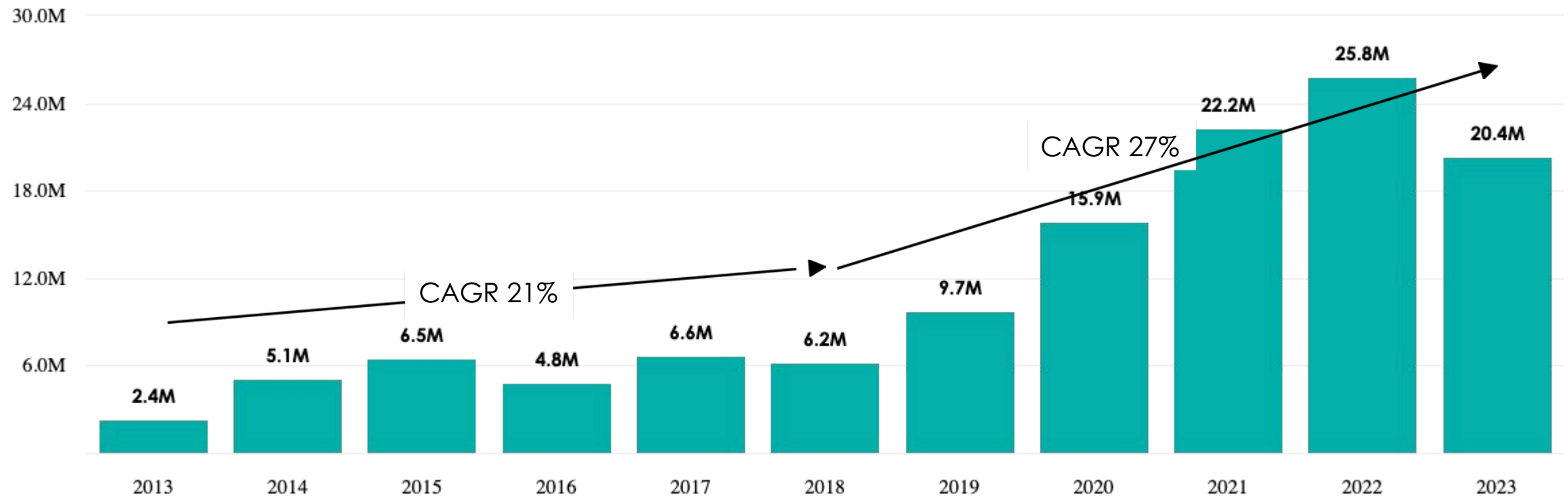
Breakdown of Credits Retired Yearly





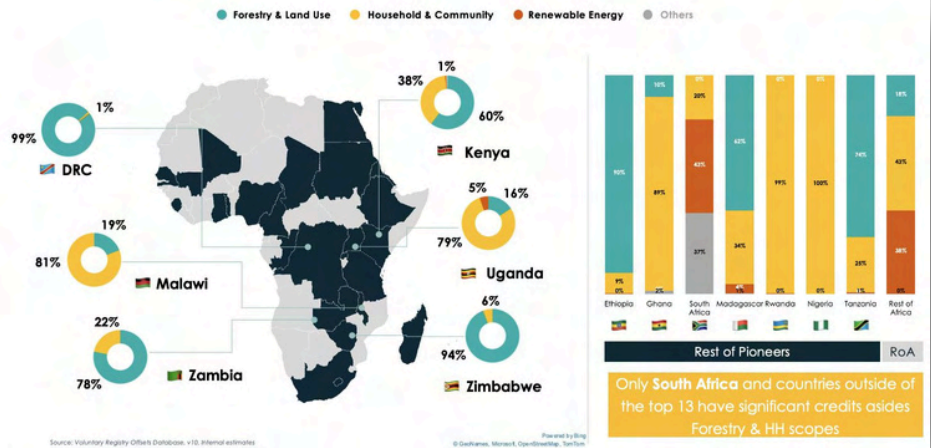
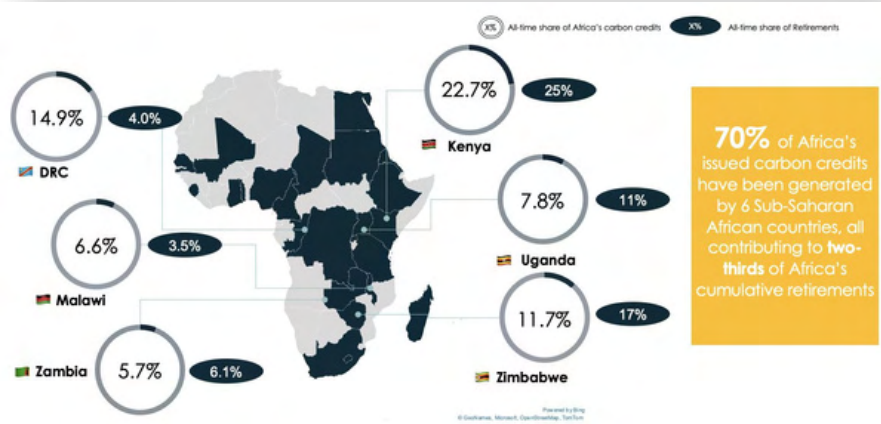
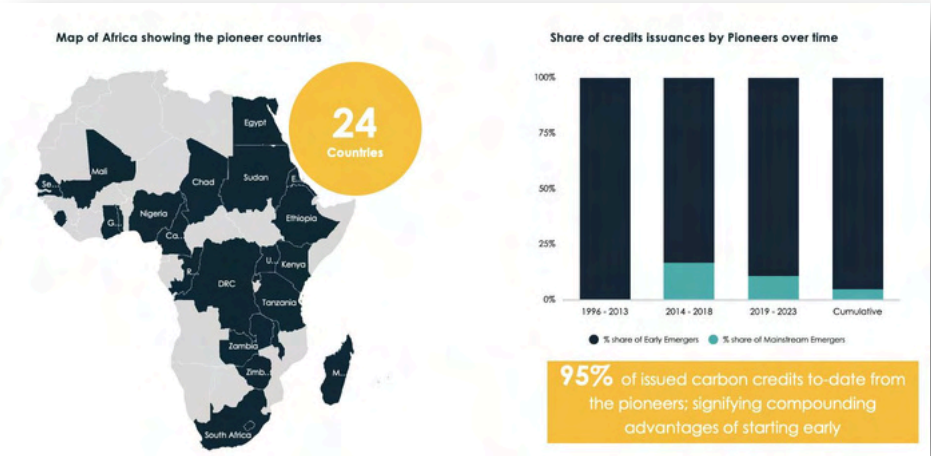
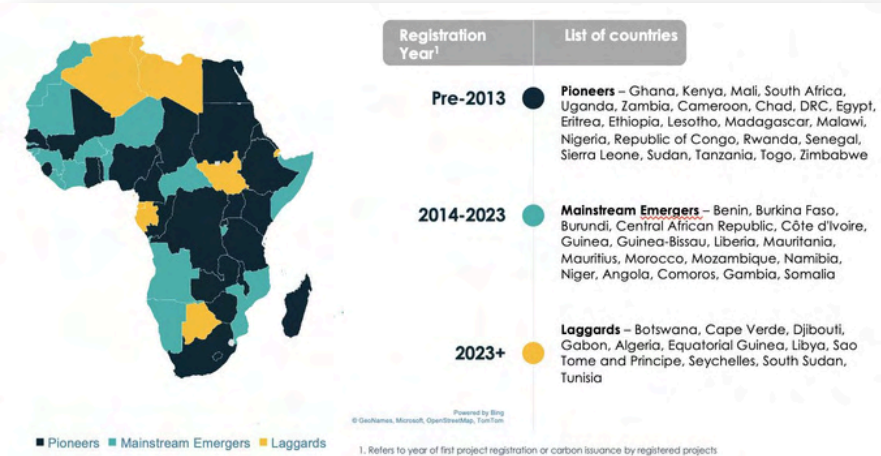
# Demand for Africa's carbon credits has increased in the past 5 years

Africa's credit retirements from the VCM (MTCO<sub>2</sub>e)



Source: Voluntary Registry Offsets Database, v10, Internal estimates

# 13 countries dominate 90% of Africa's carbon credit output, but many others are primed for growth.



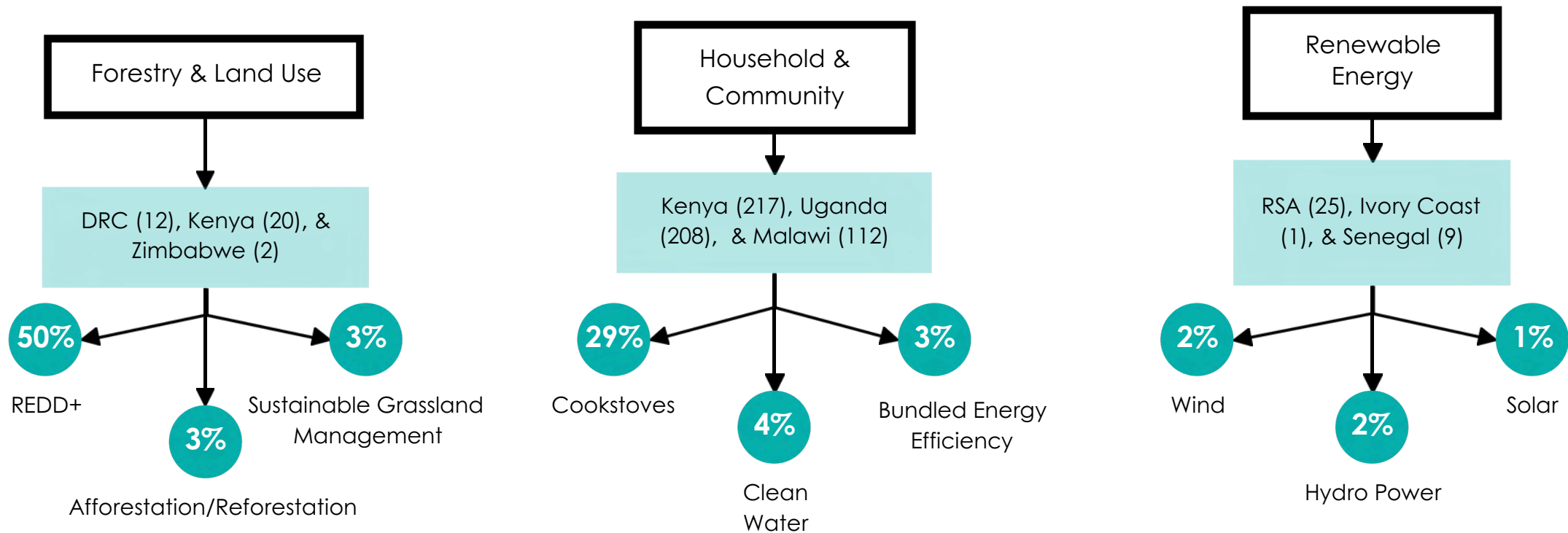
- Kenya, Nigeria, Malawi, Rwanda, and South Africa are leading contributors.
- These countries show clear trends in scope specialization.
- Emerging nations like Senegal and Madagascar show early promise.



# Forestry & Land Use, Household & Community, and Renewable Energy account for 98.5% of Africa's issued credits

Locally relevant scopes like waste mgt. and agriculture remain largely untapped.

# of Countries (# of projects) ● x% Share of Credits

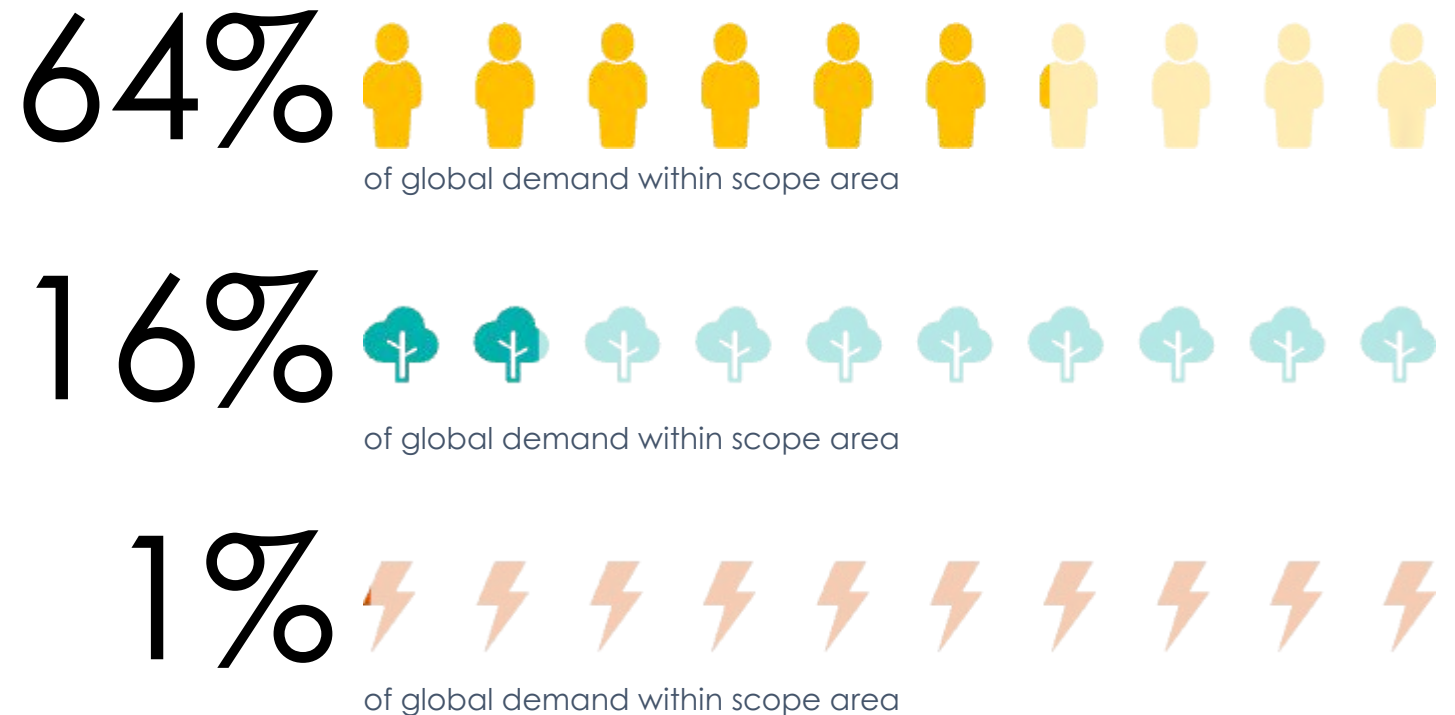


# Cookstoves and REDD+ projects have generated the most competitive credits globally

Africa's credit sales from...



Accounts for...

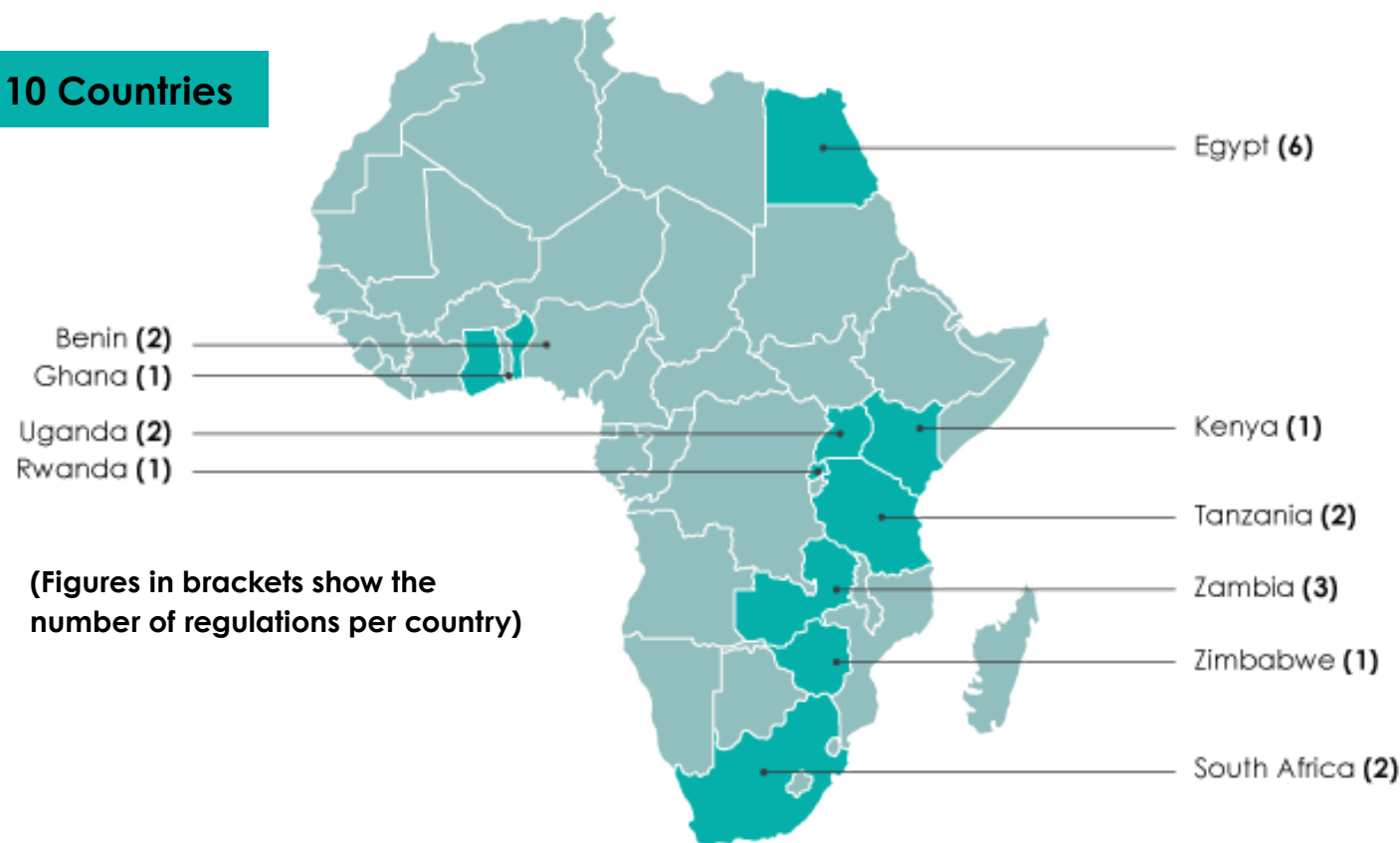




# Carbon regulation within the continent can be slow as only 10 countries have at least one implemented

Map of Africa showing the pioneer countries in the VCM that have implemented various versions of market regulation and bi-lateral agreements.

**10 Countries**



**3** of the four leading African countries attracting startup capital have regulations for key stakeholders, with Nigeria being the exception

Climate tech startups can still develop and sell accredited carbon credits; the government may, in the future, apply retroactive taxes and fees to generated revenues

Deep dives for Egypt, Kenya, Nigeria, and RSA in appendix

# Key Regulatory Terms in African Carbon Market Policies



## Jurisdiction / Regulation Type

Defines the legal level (e.g., national or subnational) and format of the regulation (e.g., act, decree).



## Share of Proceeds (SoP)

Refers to taxes, fees, or levies on carbon credit revenue—often redistributed to the government or communities.



## Authority Issuing Regulation

The government body or agency with the mandate to enact or enforce carbon market policies.



## Bilateral Agreements

Formal agreements signed with other countries to enable international trading of carbon credits under Article 6 of the Paris Agreement.

Understanding these key regulatory terms is crucial for startups operating in or entering African carbon markets, as they define the legal and operational boundaries for participation.



# Appendix

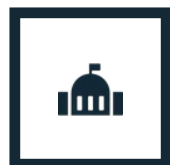
# Egypt



**JURISDICTION / REGULATION TYPE**  
National / Legal instrument



**ENFORCEMENT DATE**<sup>2</sup>  
Dec 25, 2022 / Jan 1, 2025



**AUTHORITY ISSUING REGULATION**  
Ministry of Economy and Trade



**STAKEHOLDERS**  
Project Developers,  
Independent Crediting  
Standards, Validation and  
Verification Bodies, Buyers



**SHARE OF PROCEEDS**  
(SoP)<sup>1</sup>  
To be defined



**BILATERAL AGREEMENTS**  
None in place

## Overview

Decree No. 4664/2022 establishes a domestic carbon credit market on the Egyptian Stock Exchange. Carbon credits are defined as certificates of emission reduction. Project entities must notify the Financial Regulatory Authority (FRA), which maintains a database. A Supervisory Committee will oversee the market and the Exchange will issue trading rules, pending FRA approval. Decree No. 636/2024 adds the Egyptian Accounting Explanation No. 2, "Certificates of Carbon Emissions Reduction (Carbon Credits) to the Egyptian Accounting Standards.

1. This includes fees and contributions to either the government or community groups and stakeholders  
2. Enforcement date of earliest and latest regulation where there are multiple enacted

# Kenya



**JURISDICTION / REGULATION TYPE**  
National / Legal instrument



**ENFORCEMENT DATE**  
May 17, 2024



**AUTHORITY ISSUING REGULATION**  
Cabinet Secretary for  
Environment, Climate Change  
and Forestry



**STAKEHOLDERS**  
Project Developers, Buyers,



**SHARE OF PROCEEDS**  
Up to 40%



**BILATERAL AGREEMENTS**  
Japan, Singapore, Switzerland

## Overview

The 2024 Climate Change (Amendment) Act defines Kenya's participation in carbon markets and guides trading principles. It incentivizes emissions reductions, removals, and social contributions from community/public land projects, disbursed to relevant communities. The Cabinet Secretary may enter carbon market agreements with internationally recognized entities.

1. This includes fees and contributions to either the government or community groups and stakeholders  
2. Enforcement date of earliest regulation where there are multiple enacted



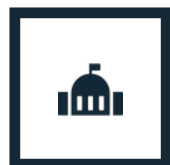
# Nigeria



**JURISDICTION / REGULATION TYPE**  
National / Legal instrument



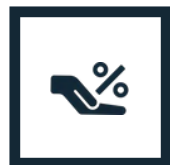
**ENFORCEMENT DATE**  
TBD



**AUTHORITY ISSUING REGULATION**  
National Council on Climate Change (NCCC3)



**STAKEHOLDERS**  
TBD



**SHARE OF PROCEEDS (SoP)**  
To be defined



**BILATERAL AGREEMENTS**  
None in place

## Overview

Nigeria has drafted a "Carbon Markets Framework" and "Manual of Procedures" in June 2024, outlining the development, governance, and trading of carbon mitigation projects. Predominantly African host countries are establishing these frameworks to regulate carbon as a resource and facilitate trading under Article 6 of the Paris Agreement, addressing the previously unregulated market.

1. This includes fees and contributions to either the government or community groups and stakeholders  
2. Enforcement date of earliest and latest regulation where there are multiple enacted  
3. The National Council on Climate Change (NCCC) is the body charged with the power to make policies on all matters relating to climate change in Nigeria.

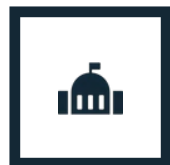
# South Africa



**JURISDICTION / REGULATION TYPE**  
National / Legal instrument



**ENFORCEMENT DATE**  
June 1, 2019 / Nov 29, 2019



**AUTHORITY ISSUING REGULATION**  
Ministry of Finance



**STAKEHOLDERS**  
Project Developers, Buyers



**SHARE OF PROCEEDS (SoP)**  
To be defined



**BILATERAL AGREEMENTS**  
None in place

## Overview

South Africa's Carbon Tax Act 15 imposes a carbon pricing mechanism for large emitters. The tax, set at ZAR 190/tCO<sub>2</sub>e in 2024, aims to incentivize businesses to reduce emissions and adopt cleaner technologies. The Carbon Offset Regulations detail the use of domestic carbon offsets, capped at 5-10%, with the cap increasing by 5 percentage points from 2026 to encourage low-carbon investment.

1. This includes fees and contributions to either the government or community groups and stakeholders  
2. Enforcement date of earliest and latest regulation where there are multiple enacted

# References

- Gold Standard Carbon Market Regulations Tracker (2024)
- Climate Change (Amendment) Act, Kenya (2024)
- Egypt Decrees No. 4664/2022 & 636/2024
- South Africa Carbon Tax Act





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# Thank you!

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