



# Uganda Operationalizes Carbon Markets

## *Inside the 2025 Climate Change Mechanisms Regulations*

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### Key Highlights

- The regulations establish clear roles for national authorities and technical committees to oversee carbon market activities, ensuring robust regulatory oversight and preventing issues like double counting.
  - A two-stage process enables project proponents to secure a “letter of no objection” for initial feasibility studies before proceeding to full project approval, supported by comprehensive project design documents and benefit-sharing plans.
  - Only accredited third-party verifiers can validate and verify emission reductions, leading to the issuance of certified emissions reduction units that are recorded in a national registry.
  - The framework specifies transparent procedures for both domestic and international carbon credit transfers, including pre-notification requirements and authorization steps to maintain market integrity.
  - Projects must demonstrate environmental integrity and equitable benefit sharing, ensuring that local communities and stakeholders receive tangible benefits from carbon market activities.
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### Executive Summary

Uganda’s recently published National Climate Change (Climate Change Mechanisms) Regulations, 2025 operationalize the National Climate Change Act, 2021 by establishing a comprehensive framework for carbon projects. This article outlines how the new regulations streamline the project lifecycle, from approval and verification to credit issuance and trading, ensuring environmental integrity and supporting sustainable development across key sectors. With a focus on governance, market transparency, and benefit sharing, Uganda is poised to lead Africa’s carbon market transformation.

In a rapidly evolving climate landscape, Uganda has demonstrated proactive leadership by translating high-level policy into actionable regulatory frameworks. The National Climate Change Act, 2021 set ambitious goals for emissions reduction and sustainable development, and the 2025 Regulations provide the necessary operational detail. Designed to align with international standards under Article 6 of the Paris Agreement, these regulations support environmental goals as well as economic development in sectors such as forestry, renewable energy, and agriculture.

### Governance & Institutional Framework

Uganda’s approach assigns oversight to a designated national authority supported by a multi-sectoral technical committee. This structure ensures compliance with regulatory requirements and facilitates coordination among key sectors. The framework helps safeguard against misreporting and enhances transparency by maintaining updated registries of approved carbon projects.

### Project Approval Process

The approval process begins with obtaining a “letter of no objection”, a crucial step that allows proponents to conduct feasibility studies while ensuring alignment with national sustainability criteria. Following this, proponents submit detailed project design documents and benefit-sharing plans. This process mitigates risks and reduces uncertainties for investors, as only projects meeting strict environmental and social benchmarks are fully approved.

### Verification & Credit Issuance

To uphold environmental integrity, the regulations mandate that only verifiers accredited under internationally recognized standards (such as the Gold Standard or Verified Carbon Standard) may validate

projects. After verification, certified emissions reduction units are issued and recorded in a national registry, ensuring that every ton of reduced or removed greenhouse gas is accounted for and can be traded with confidence.

### Trading Mechanisms

A transparent and structured trading mechanism is in place for both domestic and international transactions. Project proponents must adhere to pre-notification and post-transfer reporting requirements. International transfers require additional authorization, ensuring compliance with global best practices and safeguarding against double counting of emissions reductions.

### Sustainable Development & Benefit Sharing

Emphasis is placed on ensuring that carbon projects contribute to sustainable development. Projects must integrate robust benefit-sharing mechanisms so that local communities are compensated and actively participate in the success of the projects. This aspect is particularly significant for land-based projects, where community development agreements play a central role.

### Implications for Stakeholders

For industry professionals and investors, Uganda's new regulatory framework offers a predictable, transparent, and rigorous process for participating in the carbon market. It reduces uncertainties associated with project approval and verification, while aligning national efforts with international climate commitments. Moreover, the emphasis on sustainable development and benefit sharing enhances the social license for carbon projects, potentially opening up new avenues for private investment and international cooperation.

### Conclusion & Recommendations

Uganda's 2025 Climate Change Mechanisms Regulations provide an end-to-end framework that bridges policy with practical implementation. By streamlining project approval, ensuring rigorous verification, and establishing transparent trading mechanisms, the framework supports Uganda's environmental goals and drives economic growth in key sectors. Stakeholders are encouraged to review the high-level provisions outlined here and consider how these regulatory changes can be leveraged for strategic advantage in carbon market participation.

### Next Steps

For a deeper analysis or tailored advice on how the new regulations might impact your operations, please contact us for further engagement. We are here to help you navigate these developments and explore opportunities in Uganda's dynamic carbon market.

## Contributors



**Birungi Kaburara-Mugisha**

Partner & Chief Operating Officer  
[bkaburara@ortusadvocates.com](mailto:bkaburara@ortusadvocates.com)



**Emmanuel Tumuhaise**

Senior Associate  
[etumuhaise@ortusadvocates.com](mailto:etumuhaise@ortusadvocates.com)