

Press Release

## Developers welcome South Africa Carbon Tax certainty but warn Phase 3 gaps threatens long-term supply

**Tuesday 28th April, 2026:** Renewed policy certainty around South Africa's carbon tax will unlock a pipeline of domestic investment, says the Project Developer Forum. But developers caution that attention must now turn to Phase 3 if the country is to secure the long-term supply needed to meet its climate commitments.

South Africa's carbon project developers say the market has returned to "business as usual" following the National Treasury's reaffirmation of the carbon tax framework through to 2030, easing concerns that had threatened to disrupt investment pipelines. The Project Developer Forum (PD Forum), which represents over 60 carbon project developers globally, said the stabilisation of the policy environment allows the industry to refocus on delivery.

The confirmation that Phase 2 will run from January 2026 through to the end of 2030 is particularly significant for project developers. The four-year window provides enough certainty to restart stalled pipelines, deploy capital and move projects that had been in a holding pattern back into active delivery. Earlier concerns had centred on a much shorter policy adjustment window, which could have disrupted pipelines and delayed investment decisions.

Policy stability matters not just for emissions reductions, but for the broader development role carbon markets already play in South Africa. A predictable framework helps unlock investment into projects supporting job creation, community income, energy access and land restoration, particularly in rural areas where traditional finance rarely reaches.

South Africa hosts a diverse pipeline of carbon projects spanning renewable energy, grassland restoration, reforestation, soil carbon, cookstoves, and waste and fuel-switching initiatives. The launch of JSE Ventures with Xpansiv and the first local carbon credit trades in 2025 marked an important step toward additional routes to market, making policy consistency more important as the ecosystem matures.

Commenting on the developments **Olivia Tuchten, Director at Promethium Carbon** said: "The latest developments around South Africa's carbon tax provide welcome reassurance and give developers and investors the confidence to plan, deploy capital and deliver projects without the risk of sudden policy changes disrupting established pipelines. The concern earlier this year around a potentially shorter adjustment window was real, and the reaffirmation of the existing framework allows the market to return to business as usual."

**Storm Patel, Commercial Director at TASC and PD Forum member**, added: "Carbon markets are already doing real work in South Africa's economy, directing capital into land restoration, rural income streams and emissions reductions in areas that struggle to attract traditional finance. With policy certainty in place, we can position carbon markets not as a



niche compliance tool, but as part of South Africa's broader development and transition infrastructure."

But for projects with development timelines that extend beyond 2030, particularly nature-based initiatives, the picture is less clear. The absence of any signal on Phase 3, due to commence in January 2031, presents a growing concern among developers that Phase 2 certainty alone cannot resolve.

"The lion's share of credits from projects being considered today will only become available between 2031 and 2035," noted Patel. "Without some indication of what Phase 3 looks like, developers face a difficult question: do we commit capital now only to find the framework isn't there when our credits come to market? That uncertainty is just as unsettling as the Phase 2 speculation was."

**Nick Marshall, Chair of the Project Developer Forum**, said the issue extends beyond South Africa: "This speaks to a broader market reality. Developers and host countries want to bring supply to international markets that will demonstrably exist and have liquidity. Long-term compliance demand signals, for example from CORSIA, are essential, and without them, the supply needed to meet stated climate commitments simply won't materialise. For South Africa, Phase 2 certainty is a welcome step, but the conversation on Phase 3 needs to start now."

**ENDS**

### **Issued by Frame on behalf of the Project Developer Forum**

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### **About the Project Developer Forum**

The Project Developer Forum is a global network and collective voice of over 65 companies and practitioners dedicated to developing and financing greenhouse gas emission reduction and removal projects.

With a diverse membership that spans all regions, we bring together in-depth technical expertise and practical experience with international carbon markets.

Our members have an extensive track record within the voluntary carbon markets and under Article 6 of the Paris Agreement, in addition to historical mechanisms such as the Clean Development Mechanism, Joint Implementation, and country-specific initiatives like Nationally Appropriate Mitigation Actions.

The Project Developer Forum plays a pivotal role in advancing the technical knowledge and credibility of carbon project development, actively engaging with global regulatory bodies to influence standards and policies. By shaping the future of emission reduction mechanisms, we ensure the continued integrity and effectiveness of carbon projects, driving progress in





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