



## **Checklist of requirements- Guidance and direction on National Carbon Market Framework in Rwanda**

### **1. BACKGROUND**

The Government of Rwanda has recognized the importance of addressing climate change and has implemented various policies and initiatives to mitigate its impacts and adapt to the changing climate and establish Rwanda Green Fund to mobilize financial resources for climate resilience and green growth projects. Furthermore, Rwanda is a signatory to international agreements like UNFCCC and Paris Agreement, which commits the country to reducing greenhouse gas emissions and enhancing climate resilience.

Rwanda submitted an updated Nationally Determined Contributions (NDC) in May 2020, to the UN Framework Convention on Climate Change (UNFCCC), with stronger climate targets by committing to reduce greenhouse gas emissions by 38% by 20230 through unconditional and conditional measures in agriculture, energy, waste, and industrial processes and product use; and drive adaptation through 24 interventions across eight (8) sectors: water, agriculture, and forestry, human settlement, health, transport, mining, and cross-sectional.

The Rwanda Environment Management Authority (REMA), under the Ministry of Environment, is Designated National Authority (DNA) for Article 6.4 mechanism and consideration and approval of carbon market projects. The main task of the Designated National Authority (DNA) is to assess potential carbon market projects to determine whether they will assist the host country in achieving its sustainable development goals, environmental integrity and emission reductions. Now, it serves as the secretariat for Article 6 of Paris Agreement and provides administrative and technical services to Article 6 structures.

So far, the Republic of Rwanda, though REMA/DNA has the following tools in place to participate in carbon market mechanisms under article 6 of Paris agreement:

- a. **National carbon market framework:** The Government of Rwanda has developed and established the Article 6 framework to facilitate Rwanda's participation in carbon market, under article 6 of Paris Agreement.
- b. **Manual of Procedures:** The Manual of Procedures under Article 6 of the Paris Agreement in Rwanda provides a detailed set of procedures for the development and implementation of Article 6 activities taking into consideration Rwanda's Policy Framework and Guiding Principles as described in Rwanda's Article 6 Framework document.

- c. **Carbon registry:** Rwanda has developed and operationalized the carbon registry for tracking, maintaining records and accounts for internationally transferred mitigations outcomes (ITMOs) and for robust accounting and avoidance of double counting.

## 2. OBJECTIVES

The objects of national guidance are:

- To regulate carbon market and provide a framework for carbon credit projects and programme;
- The guidance in the development and implementation of carbon markets and non-market approaches in compliance with international obligations;
- Benefit-sharing mechanisms in carbon markets;

## 3. SCOPE

The guidance and direction shall apply to carbon trading process, participation in carbon market and share of proceeds in Rwanda.

- **Additionality, Measurability and Permanence**

The administration shall be in keeping with the fundamental principles enshrined in the Paris Agreement namely:

- All transactions in carbon trading as carried out, must result in the additional effect of a reduction of greenhouse gas emissions. A carbon project is additional if the emissions reductions or removals would not have occurred without revenue from the sale of carbon credits.
- All mitigation outcomes which are reported under article 6 of Paris Agreement, are to be accounted for in tonnes of carbon dioxide equivalent;
- All emission reductions must be carefully recorded and documented for every offset scheme, utilizing appropriate accounting terms, corresponding adjustments, and location of offset as required by the UNFCCC and other standard bodies.

- **Prohibition against double counting**

- a. Prohibition of double counting: No two countries or actors (including a private individual, company or organization) may count the same emission reductions towards their emission reduction commitments.
- b. Participants shall apply corresponding adjustments to ensure that there is no increase in net emissions or double counting.

## 4. GOVERNANCE AND INSTITUTIONAL FRAMEWORK

The Government of Rwanda has established the Article 6 framework to facilitate Rwanda's participation in carbon market, under article 6 of Paris Agreement.

The framework contributes to bringing confidence to the market and reduce uncertainty for project participants particularly for the private sector. The framework establishes a governance and institutional structure that makes the carbon market possible and further considerations regarding participation in carbon markets. It ensures the robustness of the international transfer process under Article 6 as follows:

- **The Oversight Body/Governing Board:** is responsible for a longer-term oversight, to support the process of adopting the necessary legislation and institutional mandates and to oversee that the implementation processes work as intended.
- **The Technical Committee** coordinated by the carbon market office under the division of environmental analytics and Lake Kivu Monitoring of REMA/DNA, is responsible for:
  - Communicating which methodological approaches, approving crediting period and renewal of crediting periods, approval and authorization of public or private entities to be activity participants.
  - Reviewing the requests from project developers;
  - Ensuring the application of Article 6.2 guidance, including reporting requirements, when A6.4ERs are authorized for international transfer.
  - Ensuring compliance with national sustainable development priorities.
  - Ensuring the application of corresponding adjustments.

## 5. ADMINISTRATION OF THE REGULATIONS

The administration shall be undertaken by the Designated National Authority (DNA)/REMA.

The Designated National Authority Shall:

- a. Advise the project proponent to adhere to insurance policies on carbon markets;
- b. Approve the project idea note;
- c. Submit the project concept note to the technical committee for approval and issuance of a letter of no objection;
- d. Receive the project document from the proponent for transmission to the committee;
- e. Provide key information to proponent in carbon market;
- f. Monitoring and Reporting;
- g. Coordinate and conduct monitoring and evaluation of registered carbon projects.
- h. Manage or supervise transparency and accounting requirements: recording, reporting, the emissions balance, and corresponding adjustments. Advising the government of measures and the control of carbon market activities being carried out by stakeholders in order to ensure compliance to these regulations;
- i. Monitoring and assessing carbon markets activities being carried out by stakeholders in order to ensure compliance with regulations;

## **6. AGREEMENTS**

- The Governing Board may enter into international, multilateral or bilateral agreements with another approved country to trade carbons for internationally transferred mitigation outcomes.
- The Governing Board may enter into agreements with private entities weather local or international to offset carbon emissions.
- The Governing Board may, with the approval of the Ministry of Environment (MoE), enter into agreements on carbon markets established or overseen by an internationally recognized entity, approved by a recognized credible international body.

## **7. PROJECT REQUIREMENTS**

A person shall not operate a carbon market project without being registered by the Registrar/administrator in REMA/DNA.

The project to be registered as a carbon project shall have the following elements:

- a. Be in line with national policies, laws and strategies;
- b. Indicate how the project shall contribute to the Nationally Determined Contributions (emission reductions at national level);
- c. Adhere to national priority carbon market sectors;
- d. Indicate how the project will contribute to the SDGs;
- e. Ownership of the property involved in the project; community development agreements or agreements with property owners and other relevant entities;
- f. Involvement of local communities in the project conceptualization and development;
- g. Adhere to transparency and fairness;
- h. Adhere to national investment priorities, ecological, social, cultural and economic safeguards; and
- i. Indicate expected employment creation to the national experts and local communities.

## **8. PROCEDURES FOR DEVELOPING CARBON MARKET PROJECTS**

A carbon market project shall be required to undergo the following process:

- The project proponent shall apply for non-objection of carbon market project idea to the Designated National Authority (DNA) by filling the Project Idea Note template ;  
[https://climatechange.gov.rw/fileadmin/user\\_upload/Project\\_Idea\\_Note\\_Template.docx](https://climatechange.gov.rw/fileadmin/user_upload/Project_Idea_Note_Template.docx)
- The project proponent shall apply for approval of carbon market project to the Designated National Authority (DNA) by filling the mitigation activity design document (MADD) and contribution to sustainable development (SD) templates, within 90 days from the date of issuance of non-objection of the project idea by the DNA;  
[https://climatechange.gov.rw/fileadmin/user\\_upload/Justification\\_for\\_contribution\\_to\\_sustainable\\_development\\_SD\\_Template.docx](https://climatechange.gov.rw/fileadmin/user_upload/Justification_for_contribution_to_sustainable_development_SD_Template.docx)
- The completed application forms of the project idea shall be accompanied by other relevant supporting documents (e.g: agreements, MoU, registration certificate, Lab testing certificate, green technology specifications);  
[https://climatechange.gov.rw/fileadmin/user\\_upload/Mitigation\\_Activity\\_Design\\_Document\\_Template.docx](https://climatechange.gov.rw/fileadmin/user_upload/Mitigation_Activity_Design_Document_Template.docx)

## 9. BENEFIT SHARING

- **National entity projects**
  - The share of proceeds for national carbon market projects shall be arrived at through negotiations between the proponent, Ministry of Environment (MoE), REMA/DNA, Finance and Economic Planning (MINECOFIN) and Rwanda Green Fund
- **Private entity Projects**
  - The share of proceeds in a carbon market project where a private entity is the proponent, shall be arrived at through negotiations between the proponent, Ministry of Environment, and REMA/DNA.