



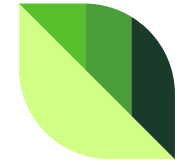
National Carbon Market Framework

REMA

14 May 2024

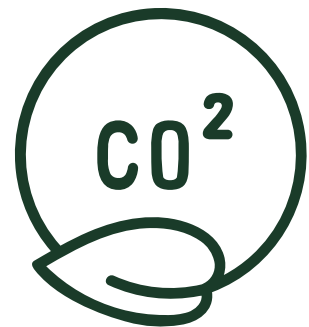
Outlines

- **Background- Article 6 of Paris Agreement**
- **National Carbon Market Framework**



Introduction to Carbon Market

- **Carbon market:** Trading systems in which carbon credits “**Emissions**” are sold and bought.
- **Carbon market incentivizes** climate action by enabling parties to trade **carbon credits/carbon units/ITMOs/CERs** generated by the reduction or removal of GHGs from the atmosphere.



Requirements for Carbon Market Engagement

- **Global context**

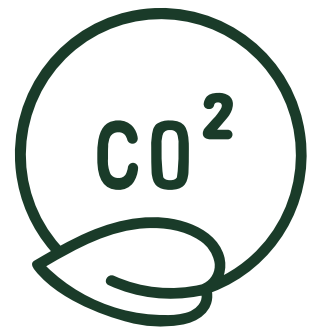
- United Nations Framework Convention on Climate Change (UNFCCC), 1992- Stabilization of greenhouse gas concentrations in the atmosphere
- Paris Agreement, 2015- Keeping a global temperature rise below 2 degrees Celsius

- **National context**

- National Environment and Climate Change Policy, 2019
- Green Growth Climate Resilience Strategy (GGCRS), 2023
- Nationally Determined Contributions (NDC), 2020



Background- Article 6 of PA



The Paris Agreement paved the way for a new era of carbon trading with the establishment of Article 6 of PA, which enables countries to collaborate in achieving their Nationally Determined Contributions (NDCs) by trading mitigation outcomes.

Article 6 offers countries a way to invest in actions outside their borders and raise global ambition to limit temperature rise to 1.5C.



Objectives of article 6

- Article 6 of the Paris Agreement allows countries to **collaborate to achieve their NDC targets through carbon trade**
- This creates an international **carbon market**
- **Governments** have a high involvement, but the participation of the **private sector is key.**
- Countries exchange ITMOs (Internationally Transferrable Mitigation Outcomes) which represent units of emission reductions.
- These units can be used towards the achievement of NDC (Nationally Determined Contribution) in the country that acquires them.

Objectives of article 6



Article 6 approaches for cooperation

Countries voluntarily cooperate to achieve their NDCs. There are several different options for cooperation, including:

Article 6.2: cooperative approaches- Decentralized approach with basic guidance from the parties.

Article 6.4: the new mechanism approaches- Centralized approach similar to the Clean Development Mechanism (CDM)- baseline and crediting mechanism subject to UNFCCC governance.

Article 6.8: Non-market approach: Promoting mitigation and adaptation cooperative that does not involve the transfer of mitigation outcomes.

Approaches

Article 6.2 vs Article 6.4

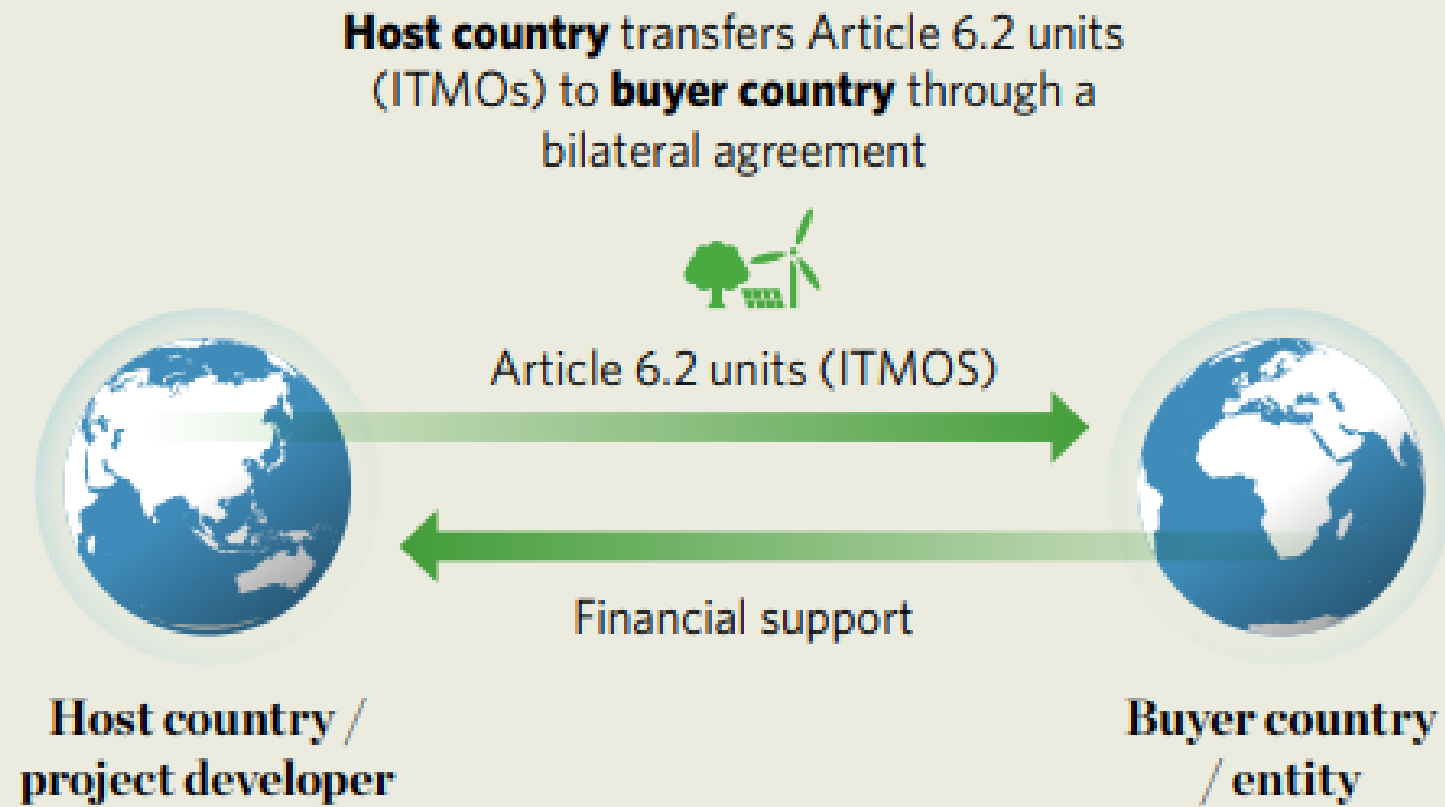


Figure 1: Article 6.2

Article 6.2

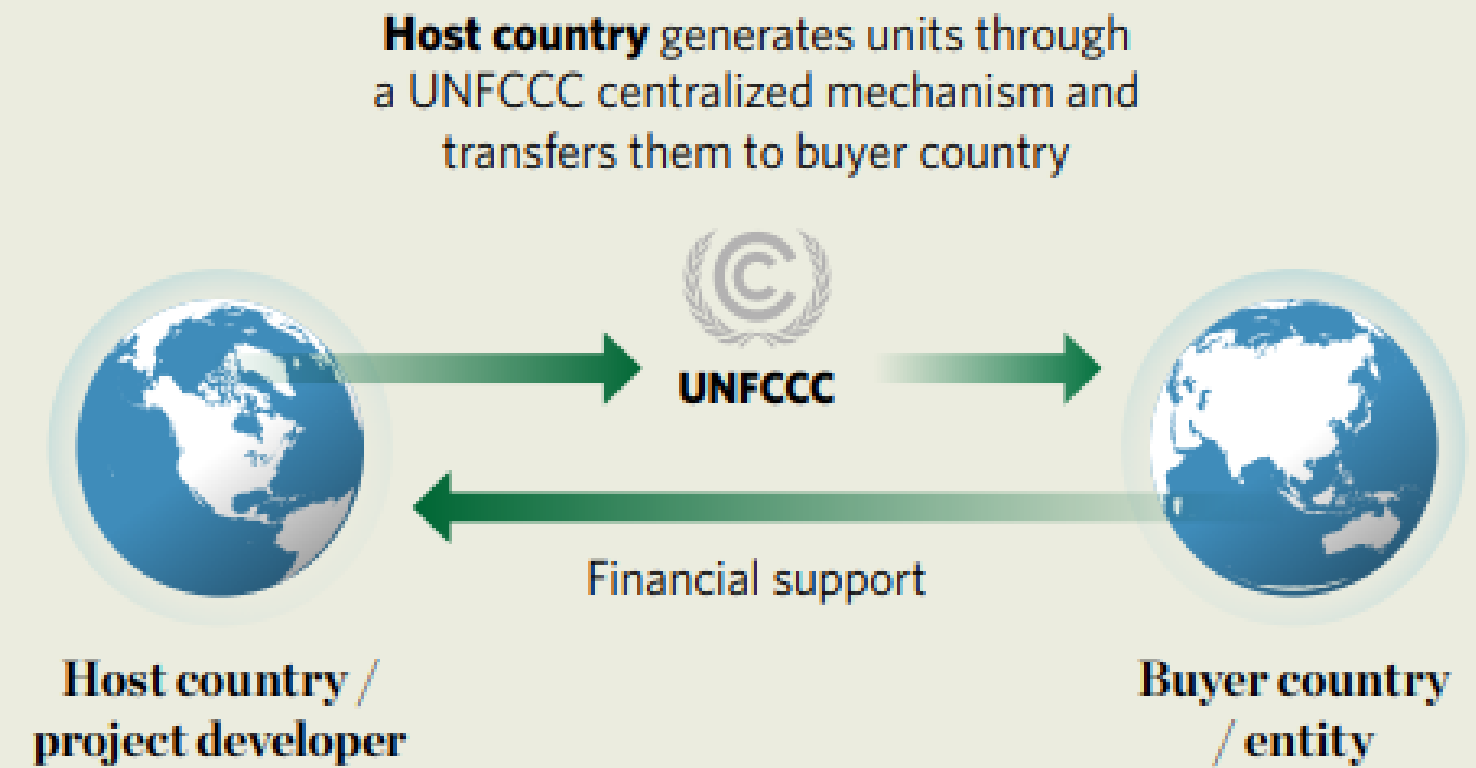
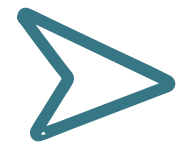


Figure 2: Article 6.4

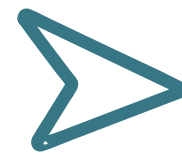
Article 6.4

National Carbon Market Framework

So far, the Republic of Rwanda, through REMA/DNA, the following tools are in place:



National article 6 framework for carbon market in Rwanda



Manual of procedures for Carbon Market under article 6 of Paris Agreement in Rwanda



Operational Online Carbon registry: Centralized accounting and reporting platform



National Carbon Market Framework

- The purpose of developing and establishing the Article 6 framework is to facilitate Rwanda's participation in carbon markets, under article 6 of Paris Agreement.
- 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 framework establishes a governance and institutional structure that makes the carbon market possible and further considerations regarding participation in carbon markets under article 6 of Paris Agreement.



Manual of Procedures

- The **Manual of Procedures** under Article 6 of the Paris Agreement, 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.
- Each procedure defines specific principles for implementation, responsibility, activities, timeframes and relevant templates.



Procedures

- Identification of eligible mitigation activities
- Approval / authorization of cooperative approaches
- Approval and no objection decisions related to carbon market and non-market activities to be developed in Rwanda
- Authorization of use and ITMOs transfer
- Verification and issuance of ITMOs
- Process for Managing the Infrastructure for Tracking
- Process for Applying Corresponding Adjustments
- Processes for integrating Article 6.2 reporting and accounting in the national system for the UNFCCC reporting

Phase I: Establishment of a Carbon Market Project

Step 1: Application for non objection letter:

Process:

- Fill the Project Idea Note (PIN) template.
- Apply for non objection letter
- The response to be provided within 30 days from REMA after review.

Step 2: Application for letter of approval

Process:

- Fill the Mitigation Activity Design Document (MADD) template
- Fill the contribution to Sustainable Development (SD) template
- Other relevant documents (e.g: RSB test results for ICS, agreement, MoUs, company registration certificate, etc..)
- The response to be provided within 60 days from REMA

Phase II: Project implementation

Step 3: Application for issuance letter of ITMOs

Process:

- Project implementation and monitoring
- Hire independent verifier/auditor
- Submit a verification report
- REMA provides the issuance letter within 60 days after review

Step 4: Application for authorization Letter of ITMOs

Process:

- Apply for authorization
- Submit the issuance letter
- REMA provides the authorization letter within 30 days after review



Registry



Tracking of ITMOs in a registry is necessary to comply with the requirements of article 6 of PA for robust accounting and avoidance of double counting.



Each Party participating in a cooperative approach referred to in Article 6.2, of the Paris Agreement shall have a registry for the purpose of tracking that:

- Has accounts for ITMOs.
- Records the actions relating to ITMOs, including authorization for use towards OIMPs, and
- Tracks, maintains records and accounts for ITMOs
- Provide access to the party and other entities for which is authorized by the party to implement the actions
- Produces and compiles records, information and data, consistently with the annual information submitted in the agreed electronic format.

Registry



Carbon Stocks & potentials of Rwanda



Rwanda has potential for participation in Article 6 of the Paris Agreement in several sectors (e.g: Transport, Energy, Agriculture, Waste management, Forests...)

Rwanda also has the possibility to transition Clean Development Mechanism (CDM) Programme of Activities (PoAs).



The NDC lists measures for the unconditional and conditional targets respectively. This division of measures can be used for an initial definition of negative (not eligible for ITMO transfer and are needed for achieving the unconditional NDC target) and positive lists.



Updates on Carbon Market in Rwanda



In December 2023, the GoR launched the National Carbon Market Framework in COP28- Dubai, to facilitate Rwanda's participation and maximize carbon market opportunities, under article 6 of Paris Agreement that involve the use of internationally transferred mitigation outcomes (ITMOs) to achieve emission reduction targets set out in our Nationally Determined Contributions (NDC).



Rwanda hosts 7 single project activities (4 energy efficient stoves/improved cook stoves), 2 agroforestry, afforestation and reforestation projects and 1 ceramic water filters under new national carbon market framework (art 6.2 and voluntary carbon market).





Updates on Carbon Market in Rwanda

- The improved cookstoves remain dominant initiative in Rwanda.
- The World Bank Carbon Initiative for Development (Ci-Dev) supported REMA, to upgrade the Standardized Crediting Framework (SCF) in support of an Energy Access and Quality Improvement Project (EAQIP) in Rwanda which provides result-based financing through the purchase of greenhouse gas emission reductions (ERs) from the Projects (efficient cookstoves and solar home systems programs) funded by World Bank through BRD and EDCL.
- The Standardized Crediting Framework (SCF) owned by REMA, will serve as the standard under which emission reductions (ERs) generated from EAQIP are monitored, reported and verified.





Thank you!