



## Carbon market and forestry in Rwanda

### *Afforestation and Reforestation Projects*

#### **Clean Development Mechanism (CDM)**

Under the Clean Development Mechanism of the Kyoto Protocol, afforestation and reforestation projects may be eligible to receive carbon credits, called Certified Emissions Reductions (CERs). These CERs are regulated by the United Nations Framework Convention on Climate Change (UNFCCC). In Rwanda, there is potential for reforestation projects. However, due to the complexities of the CDM with forestry and the low demand for credits from forestry CDM projects<sup>1</sup>, most forestry projects in Rwanda have chosen to apply Voluntary Carbon Market standards.

In order to complete forestry CDM projects, the host country must provide the CDM definition of a forest. In Rwanda, this has been defined as:

- Minimum crown cover: 10%
- Minimum tree height: 3 meters
- Minimum forest area: 0.05 hectare

#### **Voluntary Carbon Market (VCM)**

The Voluntary Carbon Market is a market with buyers who choose to buy credits by choice, in order to offset their emissions or prepare for regulatory schemes, as opposed to those who buy credits from CDM projects in order to comply with their Kyoto Protocol targets. The VCM is comprised of many different standards. Some of these, such as the Voluntary Carbon Standard, are general standards and allow many project types. Other VCM standards are specifically for certain project types; Plan Vivo and Carbon Fix, among others, are specifically for forestry projects.

In Rwanda, there is currently a number of Voluntary Carbon Market forestry projects planned. This includes: two projects in the Gishwati Forest, two projects in the Eastern Province, a project in the Volcanoes National Park and a project in the Nyungwe National Park.

### ***Reducing emissions from deforestation and degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (REDD+)***

REDD+ is a mechanism to financially compensate countries that are willing and able to reduce emissions from deforestation and sustainable management of forests. Although

---

<sup>1</sup> The European Emissions Trading Scheme, into which many CERs are sold, does not allow for forestry CERs. In additions, forestry CERs are given only a temporary status (tCERs), further decreasing demand for forestry CERs.

the UNFCCC has not yet finalized the rules for this mechanism, negotiations have been consistently moving forward and the importance of REDD+ was recognized in the Copenhagen Accord at the 15<sup>th</sup> Conference of Parties of the Kyoto Protocol in December 2009 (COP15). International partners have been funding the preparation for REDD+, called REDD Readiness, in numerous countries.

Although the UNFCCC has not yet approved the REDD+ mechanism, certain voluntary carbon market standards, such as the Voluntary Carbon Standard, are currently allowing REDD+ projects.

Due to the fact that much of Rwanda was deforested from the 1960s until the 1990s, Rwanda has limited potential for REDD+. The main potential lies in Gishwati Forest and potentially Nyungwe and Volcano National Parks. However, potential in the national parks will most likely be restricted as REDD+ seeks to protect forests that would otherwise be deforested or managed poorly. The national parks of Rwanda are already well protected; however, there may be some scope under REDD+ for eligible projects in conservation areas.

To date, there has been limited work on REDD+ in Rwanda. However, there is the potential that work will begin soon, under the funding of the Congo Basin Forest Fund (CBFF). Two project idea notes have made it to the second round to achieve funding under the CBFF. One project has been proposed by the National Forest Authority (NAFA) and has the following objective: *“Forest and tree cover in State and District forests (remnant natural and plantation forests) and private land increased, forest carbon assessment and monitoring system applied and livelihoods of forest/tree dependent communities improved”*. Another project has been proposed by the Woods Hole Research Center (WHRC) for four Congo Basin countries including Rwanda; the project has the following objective: *“to develop human capacity in forest policy and management using novel applied research as a vehicle for regional training and capacity building in advanced economic, social and remote sensing methods.”* The WHRC project is not directly connected to REDD+ but will assist in overall awareness and improve institutional capacity.

### ***Forestry carbon market coordination***

The Secretariat of Designated National Authority (DNA) of Rwanda, which coordinates carbon market projects, is based in the Rwanda Environmental Management Authority (REMA). Under UNFCCC procedures, all CDM projects must receive a Letter of Approval from the DNA prior to proceeding to requesting registration from the UNFCCC. The DNA Secretariat has CDM Project Approval Procedures which have been officially approved by the DNA Steering Committee, which consists of members from public, private, non-profit and academic institutions. CDM projects in Rwanda are assessed by appropriate Technical Committees. Technical committee members are designated by the Secretariat from the DNA Steering Committee organizations to ensure that members with relevant knowledge review projects.

REMA is currently working on Voluntary Carbon Market (VCM) Project Approval Procedures to ensure that all VCM projects in Rwanda contribute to sustainable development and apply an established voluntary carbon market standard which requires the use of an independent 3<sup>rd</sup> party auditor to certify emissions reductions. These procedures will apply to the forestry voluntary carbon market projects in Rwanda,

including REDD+ projects. Projects will be assessed by forestry related Technical Committees with the final Letter of Approval signed by the Director General of REMA.

REDD+ activities asides from the final approval of projects will be coordinated by the National Forestry Authority (NAFA), in collaboration with the DNA Secretariat in REMA. NAFA will be the key focal point for interest in REDD+ projects. In order to ensure proper collaboration, REMA will be kept informed of ongoing REDD+ activities. For projects in national parks, it will also be crucial that the Rwanda Development Board (RDB) is involved as the management of national parks fall under the jurisdiction of RDB. Furthermore, the Ministry in Charge of Forest and Mines (MINIFOM) will also be kept involved in forestry related projects.

### ***Issues of consideration***

#### **Sharing of carbon credits**

If forestry projects are to occur on government land, the sharing of the revenue from the carbon credits between the Government of Rwanda (GoR) and the project developer must be discussed. In one instance where the GoR leased land to a project for free, the government will receive a 40% share of the carbon credit revenue for the first 10 years and 50% for the remaining years. The sharing of the credits should be discussed on an individual project basis depending on factors such as the price of the lease of the land, whether the company will invest profits back into Rwanda and what taxes the developer will pay.

In order to decide upon the sharing of carbon credits, cross agency teams should discuss the contract with the project developers. Agencies which could be involved include the RDB, REMA, NAFA and the National Land Centre (NLC).

#### **Need for a National Forest Inventory**

A preliminary National Forest Inventory was conducted in 2007 by the Ministry that was in charge of National Resources for forests with areas greater than 0.5 hectare. There are plans to conduct a new forest inventory which includes forest areas of less than 0.5 hectare. The inclusion of carbon biomass estimates in the inventory is recommended. Completing a National Forestry Inventory that can be made publicly available will be an important tool to assist in the development of carbon market forestry projects.