



UNLOCKING CARBON MARKETS IN TANZANIA: UNDERSTANDING PROJECT REGISTRATION

Introduction

Carbon trading is a financial system that involves the buying and selling of carbon credits. These credits allow businesses or organizations to emit a specific amount of greenhouse gases (GHGs) or, alternatively, to offset those emissions by reducing or removing an equivalent amount of GHGs. GHGs include carbon dioxide (CO₂), methane, nitrous oxide, sulfur hexafluoride, and hydrofluorocarbons.

CO₂ is the most significant contributor, accounting for 70-80% of all GHG emissions, according to the Intergovernmental Panel on Climate Change (IPCC). The consequences of unchecked emissions are severe: floods, food and water shortages, droughts, the spread of diseases like malaria, and even the disappearance of small islands and glaciers. Carbon trading aims at reducing these environmental threats by incentivizing companies to cut their emissions.

Qualifications of a Person who needs to Engage in Carbon Trading

According to Environmental Management (Control and Management of Carbon Trading) Regulations, GN No.636 of 2022 a natural person and legal person are allowed to operate in carbon trading projects provided they have the following capacity:

- a. possession of relevant expertise on carbon trading,
- b. possession of financial capacity to invest in carbon trading projects, and
- c. adherence to all applicable legal requirements in operating carbon trading projects

Project Requirements of Carbon Trading

For a project to be registered as a carbon trading project in Tanzania, it must have the following elements as provided under Environmental Management (Control and Management of Carbon Trading) Regulations, GN No.636 of 2022:

- a. Be in line with national policies, laws and strategies
- b. Indicate how the project shall contribute to the Nationally Determined Contributions,
- c. Adhere to national priority carbon trading sectors,
- d. Obtained a letter of consent and participation of partners engaged in the project,

- e. Clearance of ownership of the property involved in the project,
- f. Involvement of local communities in the project implementation,
- g. Adhere to transparency and fairness in business,
- h. Adhere to national investment priorities, ecological, social, cultural and economic safeguards,
- i. Disclose relevant project information including costs incurred, verified emission reductions and estimated revenues,
- j. Indicate expected employment creation to the national experts and local communities, and
- k. Indicate commitment to corporate social responsibility.

Procedures for Registering Carbon Trading Project

1. Conducting Environmental Impact Assessment

This is the first procedure under Environmental Management (Control and Management of Carbon Trading) Regulations, GN No.636 of 2022. Carbon trading projects are required to undergo environmental and social impacts assessment in accordance with the Environmental Impacts Assessment Regulations.

The following steps are involved for the project to undergo environmental and social impacts assessment:

- a. *Registration:* One has to register the proposed project with National Environmental Management Council (NEMC) by submitting an application for the Environmental Impact Assessment (EIA) certificate. The applicant is required to fill in a 'Preliminary Environmental Assessment Registration Form' for the project and pay the requisite application fee. It is advised to engage Environmental Experts when filling in registration form and during preparation of the project as required by Regulation.
- b. *Screening:* At this stage the applicant is required to submit to NEMC three copies of a duly filled Application Form attached with 10 copies of the Project Brief for screening by NEMC. The contents of the Project Brief must comply with the EIA and Audit Regulations of 2005. Screening report is approved by NEMC within 45 days from the date of submission of the brief as per Regulation.
- c. *Scoping:* At this stage, an Environmental Expert/EIA Consultant recognized by NEMC prepares a Scoping Report and Terms of Reference (TORs) for conducting the

Environmental Impact Assessment (EIA) and submit them to NEMC for review and approval before the commencement of the EIA. Terms of References are approved by the Council within 14 days as per Regulation.

- d. *Environmental Assessment*: At this stage the contacted EIA consultant conducts EIA study in accordance with the approved TOR, the Environmental Management Act Cap. 191 and The Environmental Impact Assessment and Audit Regulations of 2005. The duration for the completion of the EIA depends on the type and complexity of the individual project.
 - e. *Review*: The Environmental Impact Statement (EIS) also called Environmental Impact Assessment (EIA) Report is submitted to NEMC for review by a Cross-sectoral Technical Advisory Committee (TAC). The Environmental Impact Statement is submitted along with dully filled Environment Impact Statement submission form i.e. form no. 2. Prior to the review by TAC, NEMC and key stakeholders from other sectors (depending on the type of project) may visit the proposed site for verification of issues that have been raised on the EIS and confirmation of stakeholder consultation at the proponent's costs. NEMC is required to carry out its review within 60 days following submission of EIS.
 - f. *Recommendations of The Technical Advisory Committee (TAC)*: At this point, the consultant makes improvements of the EIS by incorporating all comments and recommendations raised by the TAC
 - g. *Submission to the Minister for Environment*: The Consultant submits the improved version of the EIS to NEMC for final scrutiny. NEMC will forward recommendations to the Minister for Environment for final approval.
 - h. *Approval of the Environmental Impact Statement*: Upon signing of the Certificate by the Minister, it will be brought back to NEMC for collection by the Developer. The Minister may approve or disapprove the EIS within 30 days of EMA Cap. 191.
 - i. *Issuance of Certificate*: The signed Environmental Impact Statement Certificate will be attached with the General and Specific conditions that must be adhered to by the Developer.
2. Application for approval of carbon trading project idea

Application for carbon Trading Projects are conducted through the submission of an application form/project idea and payment of an application fee as prescribed under the first schedule of GN No. 636 of 2022 in which for a non-citizen has to pay 500USD for and for citizen is 250USD plus 1% of the expected CER from the project to the Designated National Authority.

3. Respond to proponent on the registration of the Project idea

The Minister responsible for environment through Designated National Authority or National Focal Point processes and responds to the proponent on the registration of the project idea within 30 days.

4. Development of Concept Note

Where the requirements for application have been complied with, the Designated National Authority or National Focal Point directs the proponent or the Managing Authority to develop Project Concept Note.

The project proponent in collaboration with Designated National Authority or National Focal Point or project partners are required, within a period of ninety (90) days from the date of registration of the project idea, to develop a Project Concept Note. The concept note has to contain the following elements:

- (a) title of the project;
- (b) name and contacts of the proponent;
- (c) brief project description;
- (d) proposed activities;
- (e) stakeholders to be involved;
- (f) proposed project location, site and size;
- (g) potential project benefits;
- (h) sources of finance and estimated investment cost;
- (i) mode of financing or crediting mechanism; and
- (j) adherence to environmental and socioeconomic safeguards.

5. Submission of Concept Note

The developed Project Concept Note is submitted to the Designated National Authority or National Focal Point for review and scrutiny accompanied by proof of payment of project requisite registration fees.

6. Issuance of a letter of no objection or letter of recommendation for improvement of the Project Concept Note

Within thirty (90) days from the date of receiving the Project Concept Note, the Designated National Authority or National Focal Point has to issue letter of no objection for a qualified Project Concept Note or a letter of recommendation for improvement of the Project Concept Note.

7. Development and submission of Project Document

After obtaining the letter of no objection, within twelve (12) months, the proponent in collaboration with Designated Authority or National Focal Point or project partners shall develop a Project Document that shall contain the following elements:

- (a) general description of the project activity;
- (b) detailed description of the baseline and monitoring methodology;
- (c) duration of the implementation of the project activity; and
- (d) crediting period

If fails to develop the Project Document within twelve months then they have to write a written notice, requesting for extension of time by stating the reasons for delay to develop and submit the Project Document.

8. Review and Response by the Designated Authority or National Focal Point

The developed Project Document is submitted to the Designated National Authority or National Focal Point for review and scrutiny. In the event, it is determined that the project document needs to be improved, the Designated National Authority or National Focal Point has to issue to the proponent a letter to recommend the required improvements.

9. Submission to the Minister the project proposal for endorsement of implementation

The Designated National Authority or National Focal Point is required, upon satisfaction that the Project Document meets the requirement, to submit to the Minister the project proposal for endorsement of implementation. The letter of endorsement for implementation has to be in prescribed form as provided for in the fourth schedule of Environmental Management (Control and Management of Carbon Trading) GN. No. 636.

10. Commencement of Project

The proponent is required to commence the implementation of the project within two years after receiving the endorsement.

Conclusion

The established procedures for registering carbon trading projects in Tanzania underscore a commitment to a meticulous and accountable process. Beginning with the essential Environmental Impact Assessment, the pathway progresses through formal project idea registration, the articulation of the project through a Concept Note and a comprehensive Project Document, and rigorous evaluation by the Designated National Authority. The Minister's endorsement, paving the way for project implementation. This multi-faceted approach reflects Tanzania's dedication to fostering carbon trading initiatives that not only contribute to climate change mitigation but also adhere to national policies, prioritize environmental and social safeguards, and ensure meaningful engagement with local communities. Ultimately, these well-defined steps aim to cultivate a carbon market in Tanzania that is both environmentally credible and economically beneficial.

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